



Podcast

All Things Policy

Speaker: Riya Sinha

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Kripa Koshy [KK]: Welcome to All Things Policy, a daily podcast by the Takshashila Institution. We are a bunch of policy nerds based in Bengaluru and we like bringing fresh perspectives to Indian affairs and Indian perspectives to global affairs. So grab a cup of coffee, sit back, and join us for today's chat. Hello everybody, and welcome to a new episode of All Things Policy. My name is Kripa Koshy from the Takshashila Institution. I'm a program manager here and I'll be your host for today's episode. So, today I have the pleasure actually of being joined by a guest; we actually just had a brief chat before recording this and who's actually a little bit far away and not based India right now. I'm mindful of the time difference even as we're having this conversation. But not to keep again our listeners in suspense - my guest today is Riya Sinha, who'll be joining us to talk about something really interesting, actually a topic around land connectivity, particularly in the Bay of Bengal region. So I'll just do a little bit of an introduction for Riya. First, [I'd like] to say welcome to ATP. It's a pleasure to have you here, Riya.

Riya Sinha [RS]: Thank you for inviting me to the All Things Policy podcast, Kripa. I've been following the podcast for a while and I'm happy to be a part of it today and talk about the recently released Working Paper [co-authored] with Dr. Constantino Xavier. I look forward to the podcast.

KK: Fantastic. Lovely to have you here. I'll just do a brief introduction for Riya, just for folks who might not know some of your experience and expertise coming into this. Riya Sinha is an Associate Fellow in the Foreign Policy and Security vertical at the Centre for Social and Economic Progress where she coordinates the Sambandh Regional Connectivity Initiative, which is focused on conducting data-driven research to map India's links with its neighbouring countries. In 2022, Riya was a Visiting Fellow at the Stimson Centre in Washington, DC. Her research interests include regional economic connectivity in South Asia, particularly in trade, logistics, infrastructure and border management. So, I think we'll jump right into the conversation here today.

Riya, as you already sort of foreshadowed for our listeners, we are going to be discussing a recently released working paper which touches on a number of really interesting themes here around connectivity [including] some historical considerations around the Bay of Bengal region.

And as we go through this episode, I'll flag to our listeners that we'll be elaborating on some of this. If it's not a topic that you might be too familiar with, prepare yourselves. You're going to learn a lot more in the next little while with us. So, I'll just set a little bit of context area before I invite you to answer a few questions on the report.

Today's conversation is going to be framed around India's Act East and Neighbourhood First policies. The recent report that we had flagged here was authored by Riya as well as Dr. Constantino Xavier, who argues that India's regional connectivity strategy has predominantly focused on the maritime domain.

And this report makes a case for greater inland connectivity and the rationale being that it provides potential for greater economic corridors around the Bay of Bengal, particularly the Bangladesh, Bhutan, India, Nepal subregion.

I'll just turn to you with my first question. The report talks about the region I mentioned previously that there's this deep economic, security and geopolitical divide in this region, but noting that this was not always the case. Could you elaborate a little bit more, particularly on the economic divides? Because the argument I think for the report is that by having greater connectivity in the region that economic quarters would be opened more.

Could give us a little bit of a sense of the history of the region as well as the opportunities that need to be leveraged in the current contemporary context?

RS: Thank you for that question, Kripa. It's a very important question as we talk about connectivity and something to think about when we talk about the Bay of Bengal region. This is a region that is much less connected today as it was compared to, say, the mid 20th century around the 1950s or 60s.

Countries like Nepal, Bhutan, Bangladesh, and India's Northeastern region (NER) used to have strong links with Burma and Southeast Asia. And these links were across a range of sectors. In transportation for example, there were air linkages between Burma and various Indian cities. Other linkages included trade and education.

Kolkata and Yangon, in fact, as we mentioned in the paper, were historical regional hubs. However, later both India and the neighbouring countries neglected this connectivity due to various reasons. They range from political, security, and economic.

As a result, what we see today is low intra-regional economic integration here in South Asia. A World Bank report states that it stands at 5%. But even in the Bay of Bengal region, it hovers around the same figure. When we look at all the Bay of Bengal countries and countries in this region, even though they have expressed openness to trade, they continue to impose ad hoc barriers.

For example - the South Asian Free Trade Agreement, for example, under the SAARC umbrella. Even though there is a tariff liberalisation scheme, countries continue to maintain something called a negative list wherein goods cannot be traded at all and a sensitive list where limited number of goods can be traded, or these are goods with higher tariffs. Other barriers include infrastructure deficits, high logistics costs and high regulatory requirements. This is also because economic similarities exist in the region.

We delve into many such examples in our paper on how [trade] asymmetry in the region has led to high protectionist measures. In fact, trade deficit by itself may not be such a big issue when looked at it in economic terms, but it is often used as a political tool by various countries in the region to restrict trade.

Therefore, to improve economic connectivity in the region, there's a holistic approach required that addresses both tariff and non-tariff barriers. That means trade liberalisation, infrastructure development, cooperation on regulatory norms, on customs procedure, trying to reduce logistics cost in the region. These are some things that are going to improve economic connectivity in this Bay of Bengal region.

KK: Yeah, that's helpful for us to set the stage for the rest of our conversation and just for our listeners to know where there are potential opportunities for us to improve some of this or lend itself to greater connectivity. I enjoyed that.

The report outlines some suggestions of different dimensions that we need to be examining more closely that might have the potential to bridge some of these divides, right? And I get excited when I hear about solutions that are being proposed. I'm sure our listeners also are keen to hear, knowing that there are some of these gaps, how we can plug in some of them.

Your report does talk about 4 dimensions of inland connectivity to bridge some of these divides and essentially you classify them as hard and soft dimensions of connectivity. Those outlined were road linkages, rail connectivity and land and dry ports. Would you be able to elaborate on each of these hard dimensions and what some of the implications would be to explore each of these in the region?

RS: Certainly, Thanks, Kripa. As you mentioned, the objective of this research paper was really to provide solutions because there's a significant amount of literature that highlights the challenges.

But what Dr. Xavier and I wanted to do in this paper was to give options and recommendations for acting on some of these challenges which can improve land connectivity in this between South and

Southeast Asia. And one of the ways that can be done is through addressing the challenges in the hard infrastructure space which we divide into road, railways, land ports and dry ports.

And all four of these collectively are essential for efficient land transportation in the region. Road, for example, is the dominant form of cross-border movement. Almost 70% of movement, cross-border movement of trucks and passengers, takes place through road. This is also an area where road improvement projects face high delays. India-Nepal border roads projects is an example in this, where the project was delayed by five years. And roads are also something that lead to land ports, which I'll come to in a bit.

Without good quality roads, the borders will remain congested to our most important land ports such as Raxaul with Nepal, and Petrapole in West Bengal with Bangladesh. The roads remain narrow and congested and not in a very good condition. And there's also the case where if a road may be good on the Indian side, it may not be the same case that the road is good, or of the same standard, on the other side of the border. So, these kinds of challenges also need to be factored in.

Railways can help overcome challenges in road connectivity. There's so much literature that talks about the potential of railways. 1 rake, in fact, can carry approximately [an equivalent of] 120 to 150 trucks. It leads to lower logistics costs, and it is also a greener mode of transportation.

Yet, the development of railway links in the region is lacking. And I say this because even though we have revived 6 out of seven railway lines with Bangladesh that existed in pre-1965, and developed the first passenger train with Nepal, the frequency of railway movement remains low, and traders usually prefer to use roads as a means of transport. Railways has still not reached the border with Myanmar even though there is a focus on railway development in the NER. But the talks about connecting India to Myanmar via railways have been on more recently since 2005.

So, there is a lot of work that needs to be done for [developing] this land connectivity infrastructure. The land ports that we talk about in the paper or Integrated Check Posts (ICPs) as they are also called, play an integral role in cross-border connectivity. They streamline trade and passenger movement because both operations happen in a single sanitised area and improve efficiency of cross-border movement.

Now, the issue here is that the on the Indian side, because India has focused on developing these land ports through a body called the Land Ports Authority of India. We have well-developed land ports. The road connectivity to the land port may be an issue, but the land port by itself functions very well with customs, immigration, warehousing, space protective agencies within the ICP monitoring the movement.

However, except Nepal, where India has built land ports on a grant basis, there are no similar standard land ports on any other side of the border. Bangladesh is trying to improve its land ports, but that will still take some time.

And therefore, even if there is no problem on the Indian side of the border for the land ports, there is a problem on the other side of the border. And this is not a railway or air link. You're literally going across the border and that's going to impact your logistics cost significantly.

The fourth infrastructure that we talk about in the paper are the dry ports and these are lesser talked about when we speak about land connectivity and they're more relevant for sea connectivity, but they do hold immense potential for land connectivity movement. These are inland ports, or cargo aggregation points from where trucks and railways can take cargo up to seaports and land ports, any of the designated ports.

However, there are not enough dry ports [in this region] or even something called Multi Modal Logistics Park, which as the name itself suggests, that it's a multi-mode transportation logistics park. To not only decongest the land border but also [lead to] improved trade [in and] through the region.

We need more of them, especially in India's NER. These dry ports need to be recognised as ports of entry and exit in trade and transit agreements, which currently they're not. As a result, the land ports are congested because suppose if an exporter from Bangladesh is sending goods, the end port is usually, say, the Petrapole Land Port. It's not a dry port inland. If it's a dry port inland, that's going to decongest our borders. Right now, trucks have a very high waiting time and turn-around time at the borders. And therefore, we propose that there is a need to recognise dry ports as ports of entry or exit in various bilateral trade and transit agreements.

KK: Oh, that's interesting. I have a few follow up questions I think from that, Riya. The first is, I'm curious, do you think that there have in fact been agreements that do a good job, or do you have examples of agreements that have done a good job sort of recognising ports as part of the dialogue on trade?

RS: See, we have standard trade and transit agreements that recognise a certain number of ports as points of entry and exit. India-Nepal has that agreement and India-Bangladesh also have that agreement. Between India and Nepal, if I'm not wrong, it's about 24 or 27 points that are recognised at points of entry and exit and they are all border points.

They're not any of the inland points. Similarly with Bangladesh, although we have about 54 land crossing points, which are called land custom stations or immigration check post or ICPs. They again

are border points, not inland. That's why we propose that dry ports need to be recognised at points of entry or exit.

I mean we don't really need to go outside India for that matter [to look for a good example]. For example, [at] seaports when goods come to our seaport even, more specifically, if a container is coming to the Jawaharlal Nehru or the Nhava Sheva Port in Navi Mumbai, it's not the JNPT ports that is recognised as a port of entry or exit. It's the Inland container Depot (ICD) or dry port. For example, dry port in Tughlakabad is the port of exit. So, the whole transportation corridor is covered and you're not congesting the seaports. But the same logic is not applied to land ports. We really don't need to go across the borders to see that there is a disparity in practices across different modes of transportation.

KK: I think that makes sense. Another question I had was about, and maybe it is putting you in a bit of a tough spot, but just to hear your thoughts on it personally. If you had to prioritise from the four dimensions that you've mentioned, what would you think or even if you want to categorise as something that would be a short-term versus medium versus long-term endeavour? What would be the sequence, perhaps, in which you would pursue each of these dimensions?

RS: If I want to prioritise development of a particular mode, I will really want a lot more emphasis on railway development in the region. And not just cross-border railways, not just India-Bangladesh, not just India-Nepal, but a regional railway development.

Because globally, you know the globally railways are used much more efficiently compared to within this region where like I said, 70% of the transportation takes place via road, whereas in Western countries, in Europe and countries the figure is actually reversed, 60 to 70% takes place rail and the rest by road has a lot of potential because one rake can carry a lot of cargo.

Second, railways also have a flexibility of use in the sense we can get road or wagons where a truck can get on a railway wagon and then disembark in a neighboring country to deliver cargo at the final location. So, the potential of using railways for multimodal transportation is much more efficient than the others.

And it also leads to dry port to dry port connectivity because railways would leave from one dry port to another dry port, say in the neighboring countries. And then the last mile connectivity issue is also sorted with [connected] the truck movement. So, railways have a lot of potential in the region.

I mean, that to answer if I want to prioritise something, but there's another factor here that what we need to develop is in this region and something that's done in ASEAN also is the concept of economic corridors where certain land corridors are identified and on those land corridors the infrastructure is

good, customs procedures have been streamlined, traffic regulations have been streamlined, etc. so that there is non-stop movement of truck. Today, if a truck comes, there are formal and informal practices that we need to account for in cross-border movement, which unfortunately, does increase the logistics cost. There have been interventions to address these challenges. Many improvements have also taken place, but there's more still to be done.

KK: Thank you for sorting through how you would possibly characterize or even categorize some of it, because I think it seems like an ambitious task to take up. I think you make a good case that rail needs to be prioritised.

I'm going to make some transition here from the hard dimensions of what inland connectivity could look like. But [in] your paper, I really enjoyed that it talks about the soft dimensions of connectivity as well, beyond just the infrastructural investments. But talking about the soft dimensions of creating an enabling environment for some of these factors to become a reality. I really appreciated that about the report.

So, just for listeners who might not be aware, the paper has five soft dimensions of connectivity highlighted. I'll just list them out so that we're all on the same page. The first was that there's a recommendation for institutional capacity for coordinating connectivity initiatives between central and state level. That's an important point recognising the jurisdictional considerations there. Second, the instruments to support cross-border stability and security are an important factor. The third is the recommendation of new international partnerships especially with regional organisations and multilateral institutions.

The fourth is closer regional collaboration on infrastructure norms and standards and the fifth is increased engagement with the private sector. So, there are a lot of different threads I'm sure that could be pulled to examine this right because there's so much to unpack over here area. But I'll focus some of our listeners' attention on partnerships because you know the potential of collaboration.

And then you know arguably every one of these recommendations has a thematic connection, with partnerships being such a key aspect of it. It cannot just be, you know, an endeavor taken up solely by just one actor. But I'm going to focus on maybe the international partnerships with you know, regional and multilateral organisations.

In that regard, could you maybe highlight some of India's you know, current regional connectivity and infrastructural partnerships and where you anticipate that there's some more room to grow? And then maybe you know as a to tag on to that a second question, you know, how would you recommend that India's approach be to these types of partnerships? Should there be a bit of a slightly passive and reactive approach to it? Because I can see value in something like that. Or a proactive approach and setting a tone on what some of these partnerships should look like?

RS: One thing that we need to appreciate in today's India is that, you know, today New Delhi in fact is much more open to connectivity partnership than say, in the 20th century, whether it's through regional institutions, through bilateral partnerships, through multilateral institutions, particularly in its neighborhood.

And these are really essential. Partnerships are essential for project delivery, implementation, and political trust building. Some of the examples that come to my mind that India is a part of the Asian Development Banks SASEC program, the South Asian Sub Regional Economic Cooperation program, for multimodal transport connectivity.

India is also part of initiatives such as the Bangladesh, Bhutan, India, Nepal framework, which has been moving forward, albeit a little slowly on the Motor Vehicles Agreement at a sub-regional level. BIMSTEC is an important regional organisation that India has been a part of. The current Secretary General is from India and Bangladesh is up for the next chairmanship. And this also highlights that perhaps there is a potential now to implement the BIMSTEC Master Plan for Transport Connectivity. India has been engaged in these various forums at different levels giving inputs on connectivity through its, you know, years of work in this area. You know, one of the Seminal reports of India would be the India Transport Report of 2014, which every connectivity and transport researcher must read to get into this area.

But coming back to your question at a bilateral level, I think partnerships have also been developing and this is a different story [in terms of] what we see today. The US, for example, has supported a transmission line between Nepal and India. Japan, in fact, has emerged as a preferred partner for development projects in the Northeast region and Bangladesh. And I was recently in Shillong in a trilateral dialogue organised by the Asian confluence. And it was really good to see so much Japanese participation. And it was in the northeast region, MEA was involved, the border states were involved. It was organised by Asian confluence, along with the involvement of the Japanese.

There were at least 30 plus Japanese businessmen present in Shillong for this dialogue to highlight, you know, the potential for connectivity between Bangladesh and the northeast region. That is the kind of interest being generated today through different levels of partnerships.

Now the next step that India needs to do is deepen this partnership with the existing players as well as many more other players engaged in the region. Now, one of the difficult areas for India's connectivity between South and Southeast Asia is dealing with Myanmar. India has been dealing with Myanmar at a bilateral level, but connectivity projects require a little more, a little bit more of partnership.

And in that, I think Thailand is a particularly important actor because it has remained engaged with Myanmar even after the 2021 military coup and can play a role as a facilitator for key projects including the, you know, the India-Myanmar-Thailand Trilateral Highway, which is an important project for India.

My recommendation would be to really deepen the connectivity partnerships with as many number of players in the region, including the European Union, including Australia, because this is an area that is growing economically. It's a geo-strategically and geo-economically important area and players are going to be interested in the region. It will be in India's interest to cooperate with many of these players.

KK: Thank You. It's a very comprehensive response here and just a flag for those who might not be familiar with the acronym BIMSTEC, that's the Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation. And how would you sort of describe the regional organisation BIMSTEC?

RS: BIMSTEC is a regional organisation of the Bay of Bengal countries. It used to be a very sector-based organisation. Earlier it was, it started, I mean it was formed in 1997 and then it was a sector-based organisation in the sense that there were 14 sectors for countries to work together, which has thankfully now been reduced to seven just for more efficiency purposes.

But for many years BIMSTEC was not really functional, if I may use the word, or it was not very efficient in its initiatives. But in the last few years, also a lot because of India's push and trying to move away from SAARC, BIMSTEC has gained new momentum. The secretariat that Dhaka has an improved capacity compared to say you know, 5 or even 10 years ago. A charter has been adopted in the last BIMSTEC summit and a lot more movement on the initiatives is taking place. So, BIMSTEC is an organisation that is not just important for the region, but it is something that external players in the region like Australia are very much interested in.

KK: Useful to know, I think even just framing some of the potential, you know, partnerships that might be brewing in that, you know, regional organisation as well. We're almost done with our episode here today and there are a number of questions that I'm going to shelve I think because a lot of what you've shared, I think is really interesting to unpack.

And of course, I would recommend that all those listening today take the opportunity to explore this report in detail, which does a really good job of laying out some of these considerations, really, you know, and does probably better justice than, you know, half-hour discussion on it. So as even as we wrap up here, you'll have to forgive me for using a bit of a pun. We've covered a lot of ground today. But I'm going to ask that you do the hard task of summarising. If there were three things that you wanted to highlight for a listener who sat with us through this episode today, what would be the three key takeaways or the most important things you'd like to bring to their attention?

RS: You know, when you write a 13,000-word paper, it's very difficult to summarise things into three brief key takeaways. But I'll try to do this. I think the first important take away would be the gist of the paper that this region, this Bay of Bengal region, India's neighborhood, in fact cannot be fully connected, cannot harness economic dividends unless and until multimodal connectivity initiatives complement the maritime connectivity initiatives. Neither can work in isolation. We have been an historically connected region, both through land and maritime, and for continued economic prosperity. It is important that both modes are complementary to each other.

The second thing is addressing the challenges now in land connectivity would require both hard infrastructure development solutions as well as softer infrastructure as well as institutional interventions that we mentioned in the report. No country today can do this alone and India also cannot do this alone. That's why it is important to work with like-minded partners to fulfil the connectivity objectives.

And finally, a very important point in the paper is that India's northeastern region is currently its biggest economic development opportunity. If the northeastern region can be positioned as a transportation hub for the Bay of Bengal region, there will be immense growth due to the economic opportunities coming in. And India really needs to leverage this as part of its Act East policy.

KK: Those are three fantastic areas to land on as we conclude now. I think you couldn't have sort of stressed the point better. And I'm hoping that it inspires our listeners to take the opportunity to do a bit of a deep dive in the region because it's true that it might be something that doesn't typically catch, you know, headline attentions instinctively for a lot of folks that might be displaced as a consideration when, you know, some other factors might be coming up.

I'm really happy that we have the opportunity to highlight it here today as well. I'm going to wrap us up for today. I want to give you a big thank you for your time, for your expertise, for recording this as well. I know it's a late hour for you but thank you so much for joining us here today. An absolute pleasure to have you.

RS: Thank you so much, Kripa. It's been an absolute pleasure to be on the All Things Policy Podcast, and I'll continue to listen to your forthcoming episodes.

KK: Thank you. And to our listeners, please stay tuned for the next episode that's coming up. If you liked our show, dive into Takshashila's research on Technology, Strategy, and Economic Affairs, check us out at our Twitter handle at @TakshashilaInst or our website takshashila.org.in.

