POLICY BRIEF

10

Facilitating India's Act East Policy

Gap Analysis in Infrastructure at Land Custom Stations in the North Eastern Region of India

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Table of Content

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Abstract

The study has identified infrastructure gaps and assessed the quality of existing infrastructure at all the Land Customs Stations (LCSs) and Integrated Check Posts (ICP) in the North Eastern Region (NER) of India and North Bengal. The study has also covered four ICPs outside NER - Jogbani, Raxaul, Petrapole and Attari to benchmark the availability and quality of trade infrastructure in NER. The survey instrument took into account five infrastructure categories (basic utilities, cargo handling, digitization, public utilities, and design and safety covering 43 infrastructure elements. The study finds that that none of the surveyed LCSs or ICPs had all 43 infrastructure facilities. In terms of quality of infrastructure, it was found that many infrastructure facilities, though available were of poor quality. The study proposes region wide and state wide recommendations for policymakers.

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Background

The *Act East Policy* (AEP) was set in motion by Prime Minister Narendra Modi at the East Asia Summit in Myanmar in November 2014 underlining the need for a more action-oriented policy to deepen India's focus on the countries to India's east. In this context, the economic development of the North Eastern Region (NER) via deeper economic integration of the region with South East Asia has also received special focus. In recent years, several development initiatives in the northeast region at the State and Centre level, and bilateral/regional agreements with neighbouring countries have not only mainstreamed the north eastern region but have brought it to the centre stage of India's *Act East Policy*.

In this context, the importance of border infrastructure in facilitating trade with the neighbouring countries and energising *India's Act East Policy* is widely accepted. India's National Trade Facilitation Action Plan (2017-2020) as well as the subsequent National Trade Facilitation Action Plan (2020-2023) have both specifically highlighted the need to "undertake a detailed gap analysis in infrastructure and resolve issues related to the logistics and infrastructure improvement at Land Custom Stations (LCS)/ Integrated Check Posts (ICP).

Introduction to Study

The NER shares land borders with five neighboring countries, however, total international trade through the NER in 2019-20 was only INR 2888.3 crores.

The objective of this study has been to:

- Identify physical/hard infrastructure gaps at all Land Customs Stations (LCS) and Integrated Check Posts (ICP) in the Northeast region.
- Identify non-physical/soft infrastructure gaps at all LCSs Stations and ICPs in the Northeast region.
- Assess the quality of existing infrastructure at all LCSs in the Northeast region.
- Assess the potential for trade at the non-functional LCSs.
- Suggest measures to improve the quality of infrastructure at the LCSs in the NER for more efficient border crossings and facilitating greater trade flows.
- Facilitate and enhance trade between India's northeastern states and the neighboring countries and provide greater traction to the *Act East Policy*.

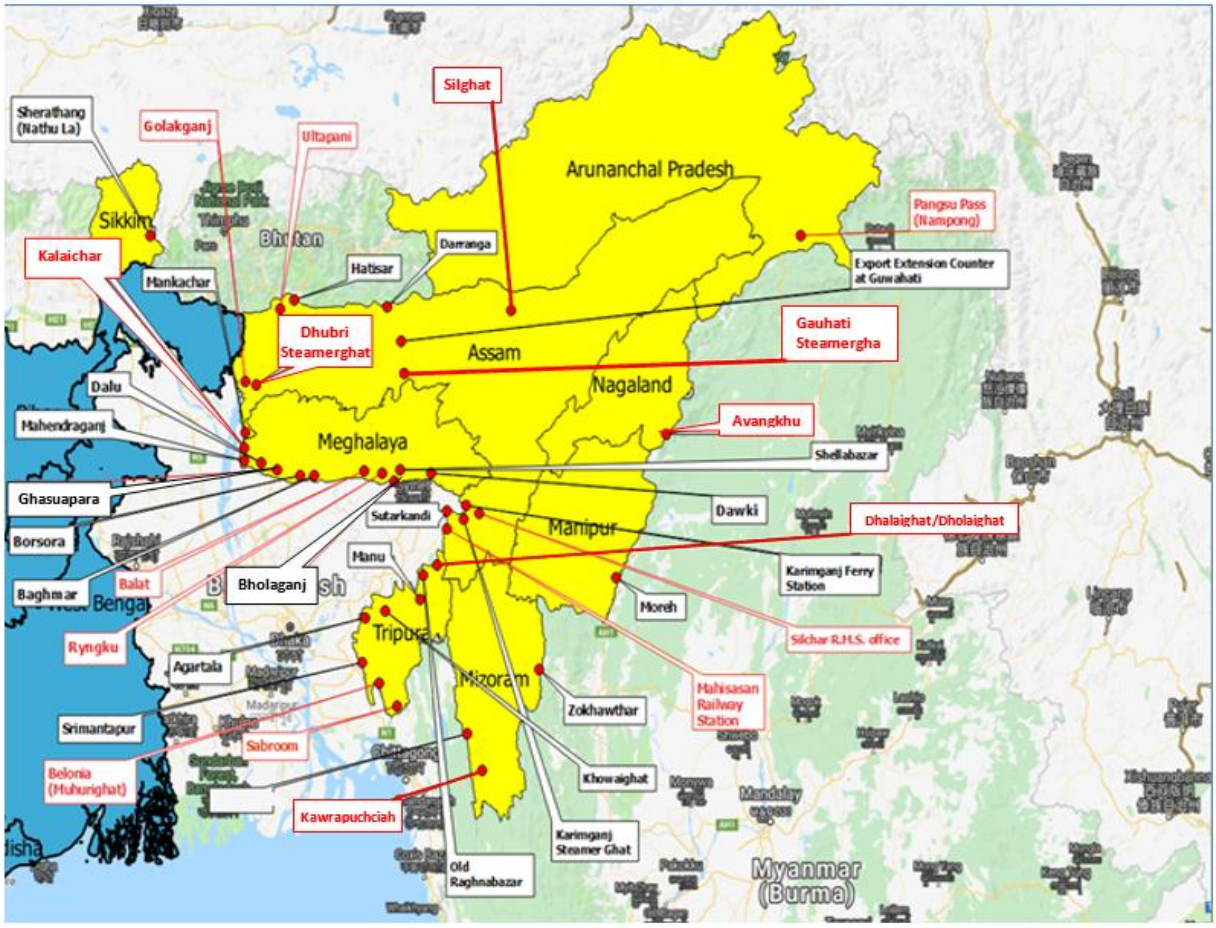
The study findings and subsequent policy recommendations are based on a comprehensive survey and analysis of the availability and quality of infrastructure (both hard and soft) at all the LCSs and ICPs in the region. No previous study has attempted this.

An important access route for trade between NER and the neighbouring countries is also through North Bengal. Hence, the study also included the major LCSs in North Bengal namely Fulbari, Panitanki, Jaigaon and Chandrabanga.

The study has also covered four ICPs outside NER - Jogbani, Raxaul, Petrapole and Attari (which were operational at the time of the survey) to benchmark the availability and quality of trade infrastructure in NER.

Methodology

Among the 38 LCSs in NER, 24 LCS are functional and 14 are non-functional.



The survey, conducted between April 2019 to December 2019, covered 32 custodians of LCS/ICP to get an assessment of availability of infrastructure at the LCSs. In addition, 335 traders were interviewed personally, 11 workshops were conducted in all the north east states and 233 stakeholder interviews were held with Government officials, security personnel,

industry/trade associations to get an understanding of the quality of infrastructure and assessment of impediments to cross border trade.

The survey instrument took into account five infrastructure categories (basic utilities, cargo handling, digitization, public utilities, and design and safety covering 43 infrastructure elements.

List of 43 Facilities Required at LCS/ICP

Basic Utilities	Cargo Handling	Digitization	Public Facilities	Design and Safety
• Electricity	• Weighbridge	• EDI	• Driver's resting rooms	• CCTV
• Communication	• Warehouse	• Remote EDI	• Public transportation	• Lighting
• Banking	• Cold storage	• RMS	• Health centre	• Fire fighting equipments
• Internet	• Quarantine	• E-single window	• Washrooms*	• Disaster management
	• Dumping space	• Pre-shipment inspection	• Running water	• Separate exp/ imp zone
	• Container handling eq.	• Online duty payment	• Childcare facility	• Separate exp/imp gates
	• Scanners	• E-submission of documents	• Cafeteria	• Counter for female
	• Testing labs	• E- signature	• Courier/ postal services	• Spaces CHAs
	• Parking	• E-Cargo tracking	• Repairing vehicles	• Signage for facilities
	• Transhipment		• Photocopying	• Signage for procedures

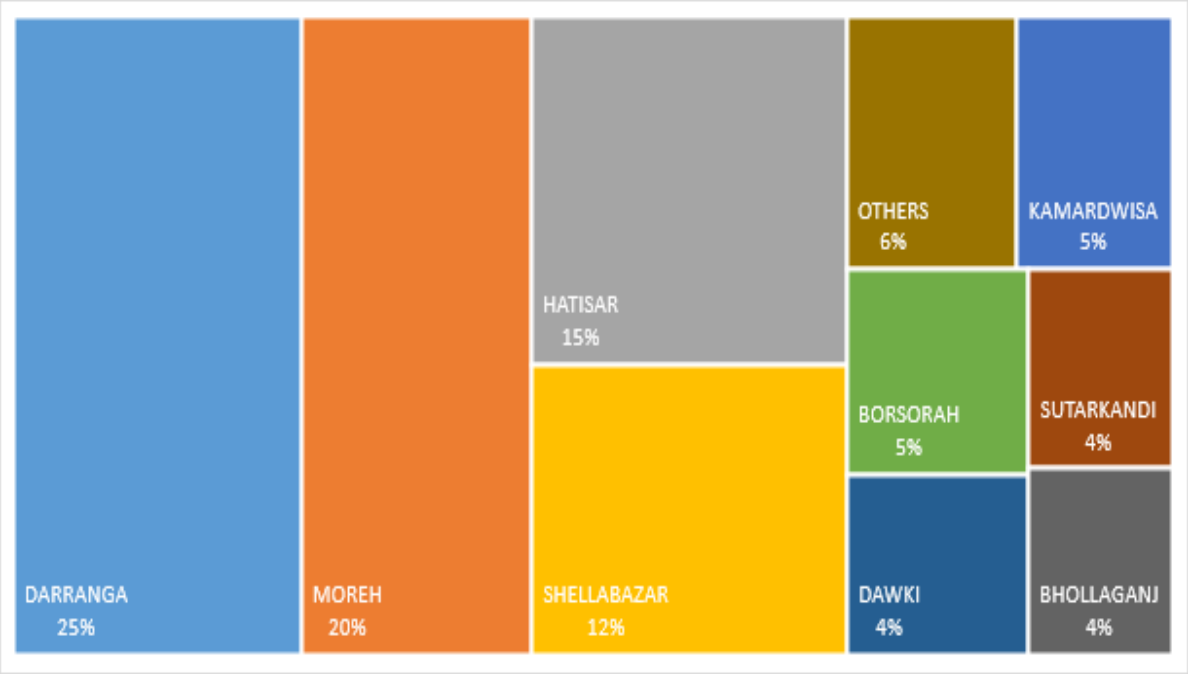
Note: * separate washroom for male and female

Information on the availability of infrastructure was collected in binary that is 0 and 1. Where 0 indicate the unavailability of particular infrastructural facility while 1 indicate the availability. Therefore, the score of an LCS can vary from 0 to 43 depending on the availability of infrastructure facilities.

Study Findings

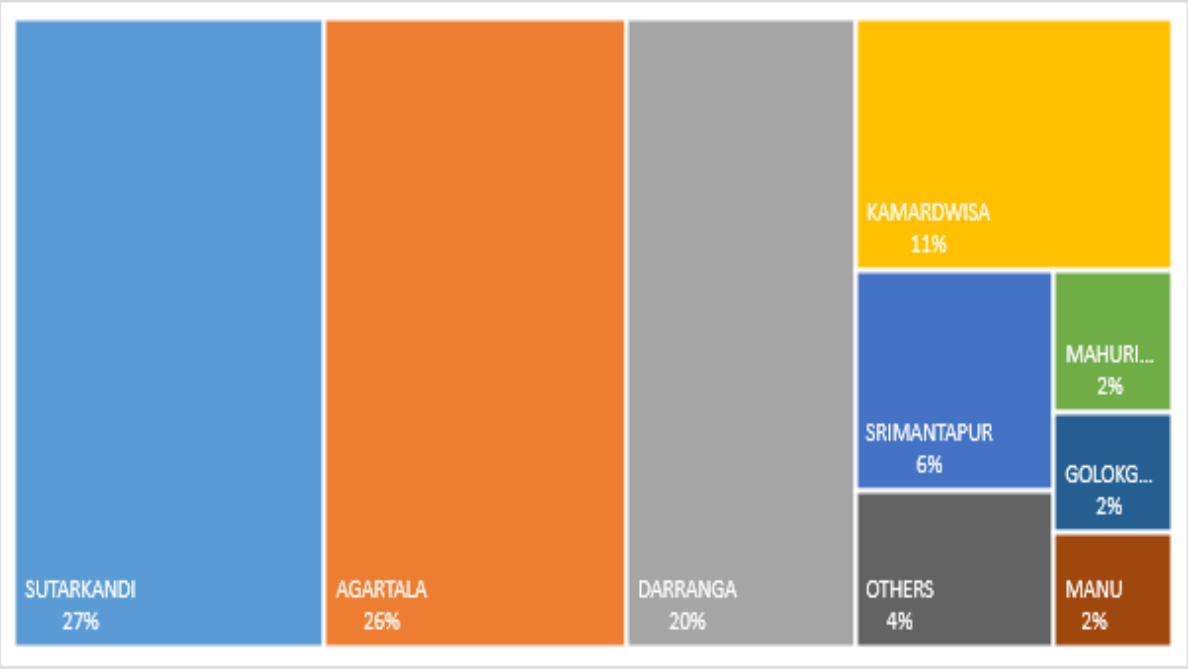
1. Among the LCSs in the NER, the bulk of exports to neighbouring countries are taking place through only 9 locations.

Share of LCS in NER Exports 2019-20



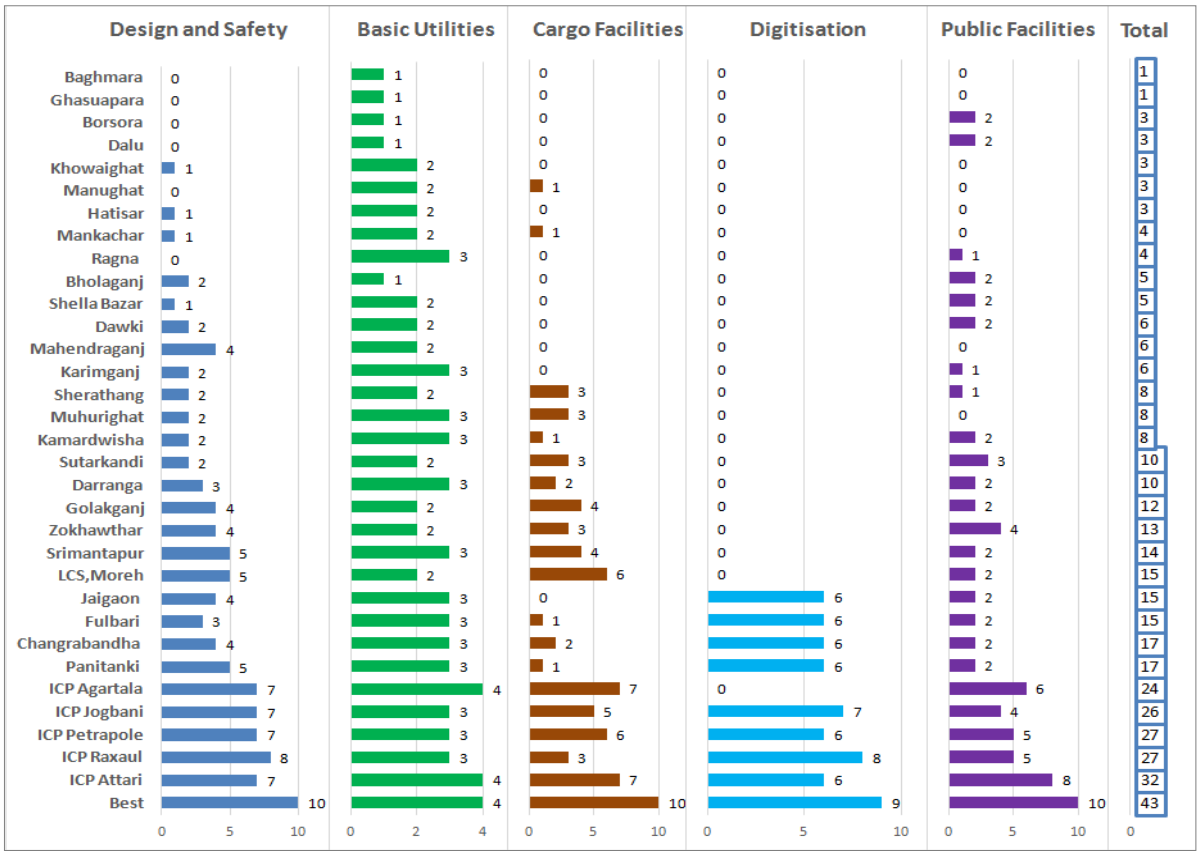
2. Among the LCSs in the NER, the bulk of imports from neighbouring countries are taking place through only 8 locations.

Share of LCS in NER Imports 2019-20



3. Based on the survey findings the study has identified the existing infrastructure gaps and also identified areas that need improvement.

Availability of Infrastructure Facilities at LCSs & ICPs



a. The survey findings indicate that none of the LCSs, including the state of art ICPs had all 43 infrastructure facilities.

b. The best LCS in the north east region is the LCS at Moreh which has only 15 of the 43 facilities and Agartala ICP ranks the lowest compared to all other ICPs with only 24 infrastructure facilities.

c. Most of the LCSs in NER score poorly on design and safety.

d. Cargo handling facilities, animal and plant quarantine, cold storage and testing facilities are not available at most of the LCSs.

e. No digitization at any LCSs in NER since none of the locations has any of the nine facilities required for digitisation.

f. Not much emphasis on providing public facilities at most of the LCSs in NER.

g. Gender responsive infrastructure and facilities such as separate counters and public facilities for females are completely missing.

h. In terms of quality of infrastructure, it was found that many infrastructure facilities, though available were of poor quality. For instance, even though electricity was available in most places, there were frequent outages, similarly internet connectivity was weak even in places where it was available. There are frequent breakdowns of weighbridges and storage and warehouse spaces are extremely inadequate.

4. Other impediments to cross border trade included poor last mile connectivity. Connectivity of LCS with main towns as well as with their counterpart LCS on the other side of the border is a major constraint. Many of the LCS, especially bordering Bangladesh are located near towns and cities and traffic congestion on route to the LCS severely delays the trade vehicles.

5. Another major impediment is related to lack of knowledge of trade and customs procedures amongst traders. There are no qualified Customs House Agents in the entire northeast region who can assist traders in this regard.

6. Further, there are restrictions on commodities permitted to be traded across the land-border between India and Myanmar and between India and Bangladesh. In sharp contrast, trade through other modes of transport such as sea and air has been un-restricted.

Study Recommendations for Facilitating India's Act East Policy

From India's perspective, strengthening overland connectivity with Southeast Asia as well as improving transport connectivity within the BBIN are vital in terms of economic development of the North East states. Indeed, economic engagement with these countries must be placed at the centre of *India's Act East Policy* and trade infrastructure and connectivity issues should be addressed on priority to catalyse the vision of NER at the heart of economic corridors linking India and East Asia.

1. The measures that require region-wide attention are:

   (i) Improved internet connectivity which will enable the digitization process for speedy clearance of cargo.

   (ii) Recognizing testing certificates of importing countries to reduce the burden of setting up testing infrastructure for imports. Currently India recognizes test certificates of only 21 items being imported from Bangladesh and there is no such agreement with Myanmar.

   (iii) Training and capacity building for traders on procedures are essential. Similarly, training should be given to those who wish to obtain a license for Customs House Agents.

2. Measures for improving availability and quality of infrastructure need to be prioritized in a systematic manner. The LCSs with high and diversified trade potential need to be prioritised for up-gradation of infrastructure.

3. Of the 14 non-functional LCS, there is potential to develop only four, namely Dhubri, Guwahati Steamer Ghat, Silghat in Assam and Nampong in Arunachal Pradesh. The remaining 10 LCSs do show much trade potential.

4. In Meghalaya, five out of eight LCS namely Bholaganj, Shella Bazar, Borsora, Baghmara and Ghasuapara have no trade potential except for the export of coal, boulders and lime stones. Therefore, these LCSs only need an office building, well-functioning weighbridges along with digitisation of export process. In contrast, Dawki, Dalu and Mahendragunj LCS have high and diversified trade potential and therefore need all hard and soft infrastructure facilities. Dawki is already being developed as an ICP. Dalu should also be considered for up-gradation to an ICP.

5. In Assam, the development of Sutarkandi, Golakgunj, Daranga and Hathisar LCSs needs to be prioritised. Ideally all these locations should be upgraded to ICP. The LCSs at Mankachar and Karimgunj are located in a very congested location and should be relocated with all hard and soft infrastructure facilities.

6. In South Tripura, focus should be on the development of Srimantapur and Sabroom ICP and expansion of certain facilities such as warehouse and parking space at existing ICP at Agartala. In North Tripura, development of an Integrated Development Complex (IDC) at Rangna should be expedited.

7. Last mile connectivity must be developed at Borsora, Bholagunj, Mahendergunj, Bhagmara (Meghalaya), Karimgunj (Assam), Moreh (Manipur), Khawaighat and Rangna Bazar (Tripura). There is a need to up-grade all these trade routes to two lanes which are resilient to weather conditions.

8. Bypass roads need to be constructed at Agartala ICP and LCSs at Sutarkandi, Mankachar, Karimgunj and Manughat. If a bypass is not possible, alternative locations for these LCS should be explored.

9. Trade and connectivity infrastructure development must also take into account the gender dimension and create gender responsive infrastructure and facilities. As pointed out in the National Trade Facilitation Action Plan (NTFAP) 2020-2023 gender mainstreaming "is the only parameter on which India has not performed as well as its regional counterparts" in the Global Survey on Digital and Sustainable Trade Facilitation organized by the United Nations. Accordingly, the NTFAP specifically recommends the promotion of "gender inclusiveness in trade" as an action point.

10. The current Covid-19 pandemic has further brought into sharp focus the need for more adaptable and resilient infrastructure – especially regular health screenings and sanitization measures that can be deployed at short notice at international border crossings and keep the trade flowing.

11. The northeast region should have international gateways with infrastructure facilities on par with international standards. These international gateways should co-exist with ICPs/LCS and border haats.

12. Three international gateways can be developed on the Indo-Bangladesh border and three on the Indo-Myanmar border.

13. On the India-Bangladesh border the gateways can be developed at Dawki, which is on the Asian Highway and connects the Indian hinterland and north Bengal to Myanmar through Moreh in Manipur. Two other gateways at Sabroom and Jogighopa can be developed in the future.

14. On the Myanmar Border three international gateways can be developed at Nampong, Moreh and Zorenpui. Nampong connects north Assam and Arunachal to Mytkina, a major business town in Myanmar which is only 300 kms from the Indian border. India could consider building the road from Nampong to Mytkina. India is already undertaking similar connectivity projects through Manipur and Mizoram to border towns in Myanmar.

15. It would be extremely useful to undertake further in-depth evidence-based studies to enhance the knowledge content and better inform policy making.

Annexure

Annexure: State-wise Recommendations

State	LCS/ICP	Key Recommendations	
Arunachal Pradesh	Nampong (NF)	• Operationalize border haat • Make functional with ICP	• Gender sensitization of security forces
Assam	Sutarkandi (F)	• Weighbridge / Electricity • Construct bypass to avoid city traffic restrictions	• Upgrade to ICP
	Karimganj steamer (F)	• Relocate LCS/ build Infra • Bridge on Kushiyara river	• Construct jetty: allow motor boats
	Golakganj (F)	• Increase manpower to use infra. at BTC • Ideal candidate of ICP	• Address Import restrictions by Bangladesh
	Mankachar (F)	• Make BTC functional	• Relocate LCS: Shishumara ideal location
	Hatisar (F)	• Install Weighbridge • Upgrade to ICP	• Internet to ensure digitization
	Darranga (F)	• Make BTC functional • Upgrade to ICP	• Ensure access to basic utilities
	Kamardwisha (F)	• Build LCS premise • Urgent need of public facilities	• Ensure all infra facilities
	Ultapani (NF)	• Became non-functional in early 1990s due to insurgency: informal market exists: start border haat	
	Mahisasan Railway Station (NF)	• None: future depends on re-opening of cross border train services	
	Silchar R.M.S. office (NF)	• None: future depends on re-opening of cross border train services	
	Dhubri Steamerghat (NF)	• Important LCS for IWW: infra is being built: should be made functional	
	Gauhati Steamerghat (NF)	• Important LCS for IWW: infra is being built: should be made functional	
	Silghat (NF)	• Important LCS for IWW: infra is being built: should be made functional	
Manipur	Moreh (F)	• Make ICP operational • Curb informal payments • Control informal trade	• Improve last mile connectivity • Provide scanners to security forces
Meghalaya	Dalu (F)	• Upgrade to ICP	• Approach road should be 4 lane
	Mahendraganj (F)	• Improve connectivity with counterpart LCS • Relocate LCS	• Build approach road • Provide basic infra facilities
	Ghasuapara (F)	• Repair and make LCS building functional	• Digitization of export process and basic utilities
	Shella Bazar (F)	• None: trade mainly through conveyer belt: small boats via river Shella	

State	LCS/ICP	Key Recommendations	
	Borsora (F)	• Improve connectivity with counterpart LCS • Focus on digitization of export process and basic utilities	• Build road connecting LCS and mines • Streamline private Weighbridge policy
	Baghmara (F)	• Improve connectivity with counterpart LCS • Digitization of export process	• Build approach road • Improve last mile connectivity
	Dawki (F)	• Upgrade to ICP • Higher capacity bridge on Umyam River	• Widening of approach road • Improve last mile connectivity
	Bholaganj (F)	• Improve connectivity with counterpart LCS • Focus on digitization of export process and basic utilities	• Build road connecting LCS and mines • Improve coordination with BSF
	Ryngku (NF)	• Explore the possibility of border haat	
	Balat (NF)	• Expand the size and Scope of existing border haat	• Make participation in haat transparent
	Kalaichar (NF)	• Expand the size and scope of existing border haat	
Mizoram	Zokhawthar (F)	• Upgrade bridge connecting India and Myanmar • Control informal trade	• Improve connectivity with Champhai • Upgrade to ICP
	Kawrapuchciah (NF)	• Speed up construction of ICP • Explore IWW possibility	• Coordinate to ensure connectivity on Bangladesh side
Nagaland	Avangkhu (NF)	• Explore the possibility of border haat	
Tripura	Muhurighat (F)	• Provide storage and quarantine facilities	• Ensure digitisation
	Manughat (F)	• Build LCS compound with Infra facilities	• Improve connectivity: last mile and approach Road
	Ragna (F)	• Ensure hard and soft Infra: speed up construction of IDC	• Improve connectivity: widening of approach road
	Agartala (F)	• Internet connection / EDI • Widen the approach road	• Expand parking and storage • Ensure free access to all
	Srimantapur (F)	• Make IDC functional and upgrade to ICP	• Improve connectivity
	Khowaighat (F)	• Build LCS compound with Infra facilities	• Ensure connectivity with counterpart / bridge
	Sabroom (NF)	• Speedy completion of ICP and bridge over Feni River	
	Dholaighat (NF)	• None: no trade potential as of now	
Sikkim	Sherathang (F)	• LCS office with basic utilities • Public facilities for Females • Expand the list of items allowed	• Allow use of hired labour • Alternative route to avoid Gangtok

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