Connectivity-led development of Northeast India through BBIN corridor



Foreword



Ranjit Barthakur
Chairman, FICCI North East Advisory Council

3rd Connect North East 2016: It is our proud privilege to present the 3rd Connect North East, a brand created to promote economic and socially inclusive strategies for the North East India. We are pleased to note that the North East has slowly, but surely featured in an aggressive agenda by successive Governments, both in Delhi and the States, focusing on People to People, Government to Government and Business to Business connect. No doubt the emphasis on connectivity by road, river, rail and air has been well received, but the implementation has been challenging.

We are hopeful that over the next 20 years of India's growth story, our country's North East Region (NER) will be in the spotlight. With 45 million people in the region and abundant natural resources, the region has the potential to make a significant impact on India's economic and social development.

Pan Asian Connectivity: We believe the core issue impacting development in the region is that of connectivity. With 5,300 km of international borders and its geographic position, the NER can easily be positioned as the hub of trade, commerce and connectivity between India and SE Asia and even China in times to come. Already, three major projects of Pan Asian Connectivity, the Asian Highway I and II and the Trans-Asian Railway are proposed to criss-cross the region before connecting Bangladesh, Nepal, the Indian Mainland and beyond. While these initiatives inspire hope, a lot more will be required in terms of planning and action on the ground. We believe the potential in energy is another area where there is an inherent scope for cooperation with neighbouring countries. FICCI has proposed a comprehensive development strategy which aims to fulfil the aspirations of the region and presents a vision for the region when Independent India turns 75, six years from now.

Connect North East 2014 & 2015, organised by FICCI, highlighted the need for connectivity through roads, IWT, railways, air, digital connectivity and improved market access. **Connect Northeast 2016** will highlight the potential for value creation by enhancing connectivity networks.

Bangladesh–Bhutan–India–Nepal (BBIN) corridor is of vast geostrategic and economic relevance to the region as it has the power to unlock significant value by improving connectivity, which will enhance trade, transhipment, and the movement of people.

Border Trade: The theme of this conference is focused on Border trade and this report highlights the potential impact of the BBIN corridor on economic development, trade, transhipment and passenger movement. The report also discusses current conditions, identifies interventions that will be needed to accelerate development and delves into the idea of creating cross-border value chains and potential benefits for the region and the neighbouring countries.

North-East Implementation Agency: Over the years, we have seen several strategic plans laid out for the North East which have resulted in benefitting the region in varied aspects. If some of these plans did not achieve the full measure of success, it is because the agencies implementing those plans were not synced with the plans. It is, therefore, pertinent that we work on augmenting the implementation capacity within the region. I feel this can best be achieved by setting up a North-East Regional Project Implementing Authority, which will not only handle funding but will also be in charge of hands-on monitoring of projects, coordinating with State Governments and all other relevant agencies, which will implement and monitor each vertical with select private sector partners.

I would like to thank A.T. Kearney for partnering with us in creating this report.



Mayank Bansal
Partner, A.T. Kearney

Developing India's North East Region has long been on the country's national interest radar, especially when it comes to initiatives to enhance the region's connectivity. With the signing of the Bangladesh, Bhutan, India, Nepal Motor Vehicle Agreement, the region's development has moved into the spotlight.

The BBIN corridor would bring substantial economic and cultural value to the region thanks to its strategic location, and it would have a significant impact on the region's connectivity. But despite significant support within the North East states, development has been slow with only a few programs facilitating regional trade, transport, and passenger movement.

To identify a targeted approach for developing the BBIN corridor, we have conducted a thorough assessment of the current state of affairs. This report begins by baselining the existing situation in the BBIN region while keeping the NER in focus. We also examine several examples of successful inter-country corridors and tourism development in other Indian states to understand best practices. Then, we detail the necessary interventions and expected benefits for the North East Region with the development of the BBIN corridor.

A.T. Kearney would like to thank the NER chapter of the FICCI for its support in creating this report, to be presented at the North East Connectivity Summit in Agartala, Tripura.

Message



Dr. A. Didar Singh
Secretary General, Federation of Indian Chambers of Commerce and Industry

North-eastern India and the neighbouring countries of Bangladesh, Bhutan and Nepal have natural complementarities which could be exploited to create robust, mutually beneficial economic relationships. Trade relations between these countries and the North East India date back many centuries and strengthening these relations will give a major boost to the region's development.

FICCI has taken up a number of initiatives aimed at catalysing economic development in North East India. The North East Connectivity summit, organised by FICCI in November 2015, highlighted the key connectivity and infrastructure requirements that need to be addressed to harness the full economic potential of the region. We are happy to note a lot of forward movement and an overall improvement in connectivity.

The signing of the BBIN Motor Vehicle Agreement has lent new impetus to the collaborative efforts to harness economic complementarities and create value chains that transcend borders. The agreement envisages free movement of goods and people between the BBIN countries and once fully implemented, will bring about far reaching changes in the course of economic development of the region.

This report on "Connectivity-led development of Northeast India through BBIN corridor" makes an attempt to assess the potential benefits of developing the BBIN corridor, identifies the key interventions necessary to realise these benefits and proposes a way forward to create few sustainable cross border value chains.

I would like to thank A.T. Kearney for collaborating with us in preparing this report and I hope the report stimulates thought and provides a starting point for further work in fast-pacing the economic development in North East India.

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Introduction



The development of the corridor for the Bangladesh, Bhutan, India, Nepal (BBIN) Motor Vehicle Agreement is rooted in the formation of the South Asian Growth Quadrangle (SAGQ), a collective organization established by the four South Asian nations. SAGQ was formed in 1996 in a bid to emulate the success of other regional organizations such as the European Union (EU) and the Association of Southeast Asian Nations (ASEAN), which have ensured cooperation, political and economic integration, and dialogue among states within the organizations' geographical or geopolitical boundaries.

To meet its goal, SAGQ was tasked with improving cross-border connectivity, boosting trade among member countries, and strengthening subregional economic integration. Although the four nations were members of the South Asian Association for Regional Cooperation (SAARC), this new subregional framework allowed them to engage in direct discussions focused on enhancing cooperation in regional transport, tourism, trade and investment, and the environment.

The strategic location of North East India implies that the BBIN corridor will significantly impact the development of the region. Because of this, the North East states have been strong BBIN supporters.

However, over the past 20 years, despite dedicated programs and attempts from multiple stakeholders within the SAGQ to promote development within BBIN, not enough has happened to facilitate regional trade, transport, and the movement of goods and people across the region.

Consider the existing state of affairs: intraregional trade among South Asian countries accounted for only 5 percent of their trade in 2015[1]. In stark contrast, the trade among ASEAN countries during the same period was about 25 percent of their total trade. This low level of regional integration in South Asia is manifested in poor intraregional investment. Higher levels of integration to ensure smooth access to regional and international markets is even more important for smaller, less developed, and landlocked nations such as Nepal and Bhutan. There are many reasons for this subpar performance, ranging from lack of adequate connectivity in the region to more complex political barriers.

Within India, keeping the North East Region (NER) in focus, there is much to be desired in terms of infrastructure development and growth of trade. This has led to NER contributing only 3 per cent to India's gross domestic product, while commanding 9 per cent of the country's geographical area[2]. However, given its natural resources and strategic location, the region has the potential to be an important player in India's trade and investment.

[1] Intra-BBIN Trade: Opportunities and Challenges, Observer Research Foundation Issue Brief, Issue No. 135, March 2016

[2] Gross state domestic product, Government of India Planning Commission, May 2014

The above suggests that a targeted approach is needed to develop the BBIN corridor—both for the development of trade and for passenger movement within the BBIN nations and around the NER.

Ensuring improved connectivity within and beyond the region will be the first step. Connectivity, in turn, will involve identifying key freight routes and land ports, which will be crucial in setting up adequate communication channels. Procedural, regulatory, and documentation requirements, along with bilateral and multilateral agreements, form the foundation of physical connectivity and will need to be assessed in order to develop well-rounded recommendations that will eventually lead to the creation of a smooth-functioning BBIN corridor.

The development of the corridor will also need to be complemented with initiatives to increase passenger movement within the region. These would include:

- **Infrastructure development** to improve overall connectivity, including rail, air and water
- **Creation of tourist spots** and **restoration of sites** along with **development of passenger amenities** such as hotels, restaurants, and intra-city mobility
- **Government interventions** to implement policies for taxation, training, and licensing as well as marketing the NER to attract tourists

The benefits of this development project are manifold. The BBIN corridor will significantly increase trade activities between BBIN nations, which in turn will allow for greater market access for production centres in these countries, chiefly for the NER. Moreover, transporters moving from mainland India towards the NER and vice versa will be able to take advantage of transiting through Bangladesh, thereby reducing their logistics cost and time by a sizeable margin. Lastly, with the development and extension of the corridor, there will be greater economic integration, not only between the BBIN nations, but also with other neighbouring regional alliances such as the Greater Mekong Subregion (GMS) and ASEAN.

The focus of this report is on understanding the impact of the BBIN corridor along two dimensions: trade and transhipment; and the impact on passenger movement.



Baselining the flow of freight and passengers

Before formulating initiatives for the development of the BBIN corridor, it is important to have a thorough understanding of the existing trade, transhipment, and passenger movement within the region.

A detailed baseline of India's trade with Bangladesh and Bhutan has been developed to examine trade within the BBIN corridor with respect to the NER. Moreover, the flow of domestic freight within the region has also been baselined using the origin-destination freight study.[3]

In addition, existing passenger movement from tourism within the NER has been detailed to understand the current state of tourism across various categories.

2.1 Baselining current freight flows

India's collective trade, including exports and imports, with the BBIN nations in fiscal year 2016 was $9.8 billion (see figure 1).[4,5] The flow of trade shows a heavy skew, with exports from India amounting to $8.6 billion (87 per cent) and imports to India adding up to $1.2 billion (13 per cent).

Among the three nations, Bangladesh emerges as the largest trading partner with $5.6 billion of total trade. Exports from India accounted for about 88 per cent and imports about 12 per cent. India–Bhutan trade was the smallest in the group, adding up to only $0.5 billion. However, the split of exports (75 per cent) and imports (25 per cent) was slightly more balanced when compared with India–Bangladesh and India–Nepal trade. An assessment of the current trade profile with two countries, Bangladesh and Bhutan, which are of strategic importance to the NER, is detailed in this section.

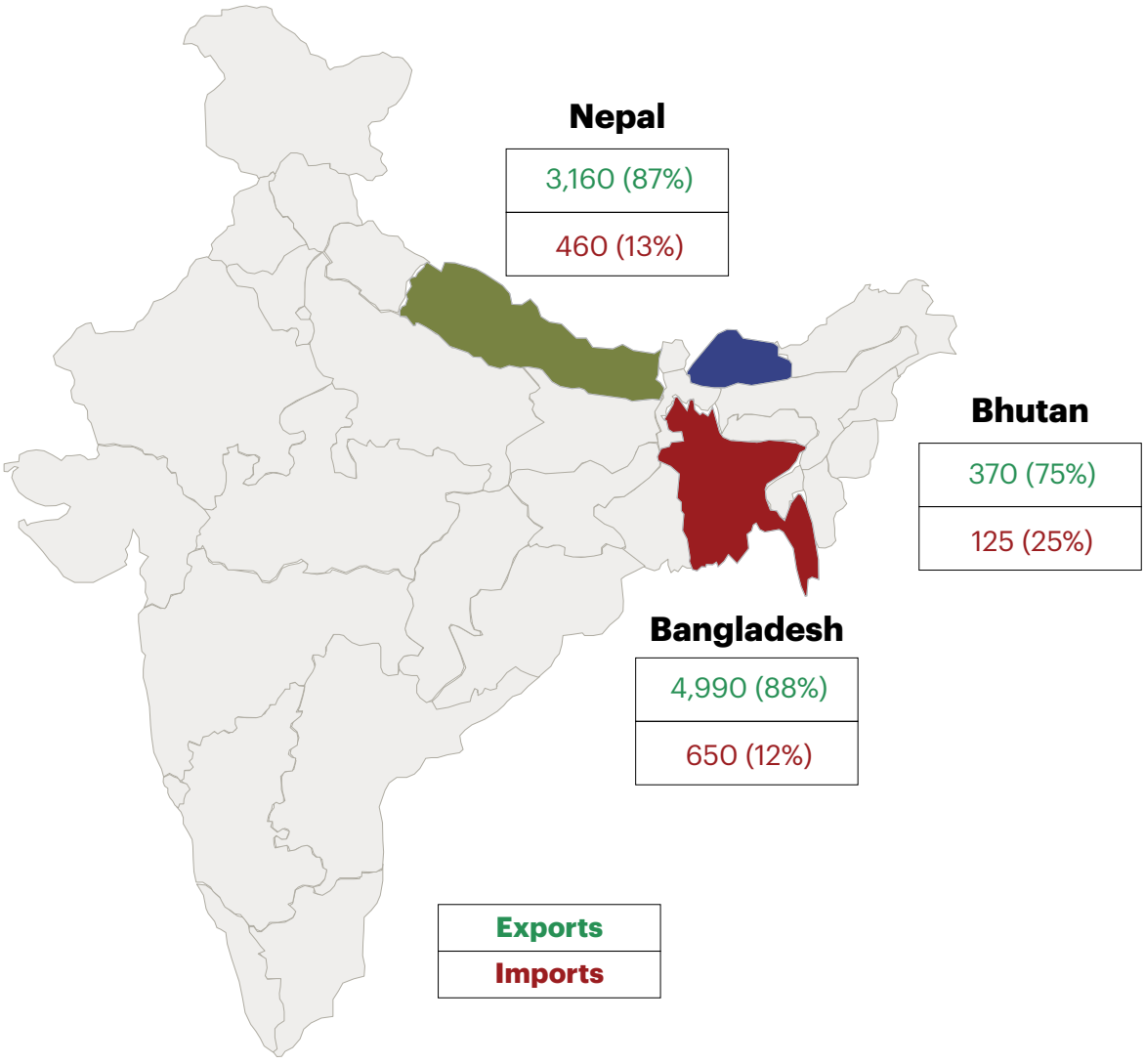
[3] Trade values include cargo cleared through inland container depots, air cargo complexes, special economic zones, and container freight station.

[4] Trade data excluding electrical energy, fiscal year, Directorate General of Commercial Intelligence and Statistics

[5] Trade values include cargo cleared through inland container depots, air cargo complexes, special economic zones, and container freight station.

Figure 1:
Trade between India and Bangladesh, Bhutan, and Nepal

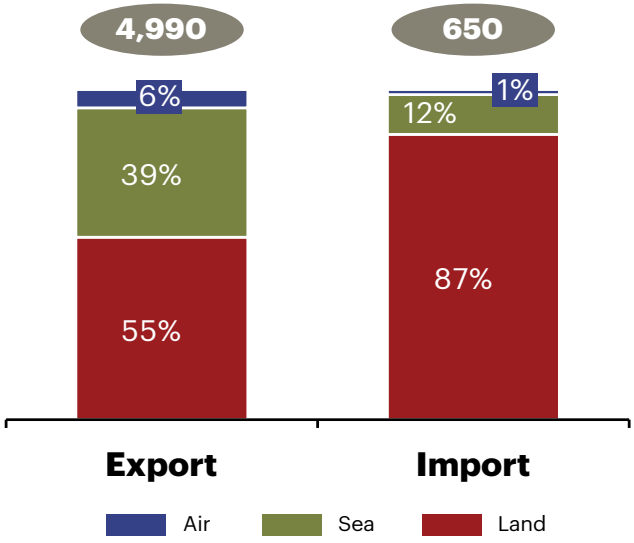
Fiscal year 2016 ($ million)



2.1.1 India–Bangladesh trade

Figure 2:
Split of trade between India and Bangladesh

$ million



In fiscal year 2016, exports from India to Bangladesh totalled $5.0 billion with a share of 88 per cent in total trade (see figure 2). The split of exports based on modes of transport showed 55 per cent land, 39 per cent sea, and 6 per cent air. Major commodities exported from India included cotton, iron and steel, onions, wheat, rice, coal, and vehicles (motorcycles and three-wheelers) and their spare parts.

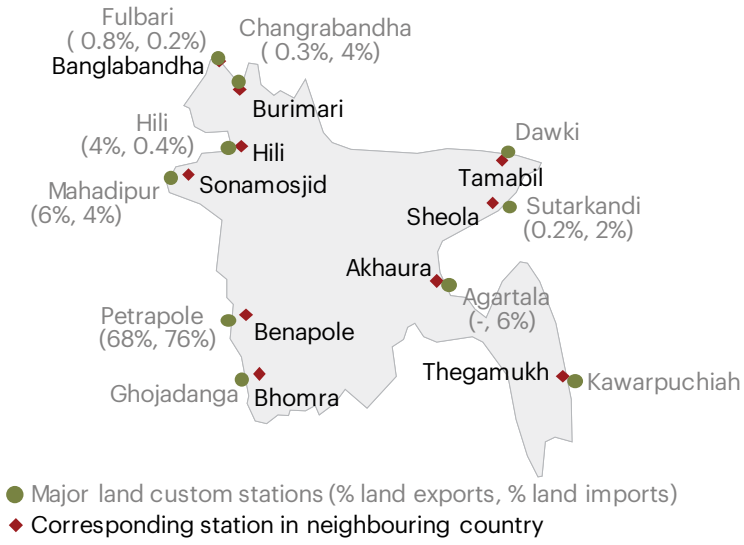
Imports to India from Bangladesh accounted for $0.65 billion (12 per cent) in fiscal year 2016. Land was the dominant mode of transport with a share of 87 per cent, while sea and air transport were 12 and 1 per cent respectively. Jute (raw and finished products such as sacking bags), ready-made garments, nuts, finished products of cotton, vessels for goods and people transportation, unrefined lead, and shingle ballast were major components of imports.

India–Bangladesh trade and transhipment via road

In fiscal year 2016, the India–Bangladesh value of trade and transhipment via road totalled $3.3 billion, of which $2.7 billion came through exports and the remaining $0.6 billion through imports.

Trade with Bangladesh, using road, is facilitated through designated land ports or land custom stations (LCS) dispersed on the India–Bangladesh border. More than 40 stations have been established over the years; however, many are either not functional or have minimal trade. Figure 3 shows major LCSs for India–Bangladesh trade.

Figure 3:
Land custom stations at the India–Bangladesh border

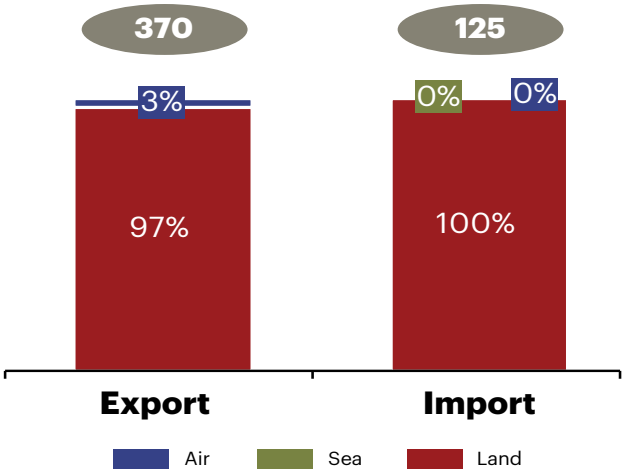


The Petrapole–Benapole border dominates trade volumes. The LCS handled 68 per cent exports and 76 per cent imports that happened via land-based transport modes in fiscal year 2016. Mahadipur and Hili are important points on the western Bangladesh border, cumulatively handling about 10 per cent land exports and 5 per cent land imports. Changrabandha on the North Bangladesh border is a strategic point from the perspective of subregional connectivity of Bangladesh–India–Bhutan. On the eastern border of Bangladesh, Agartala is a significant import location, accounting for about 6 per cent of land imports.

2.1.2 India–Bhutan trade

Figure 4:
Split of trade between India and Bhutan

$ million



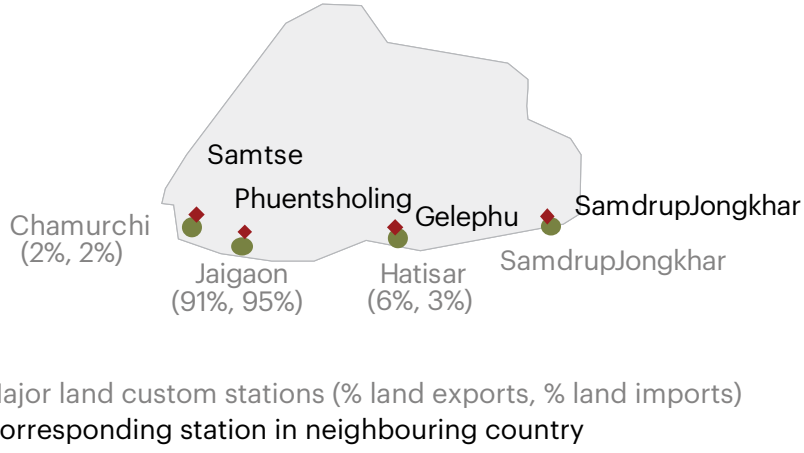
India's trade with Bhutan in fiscal year 2016 was smaller than with Bangladesh. Exports from India to Bhutan added up to $0.37 billion, with a share of 75 per cent in total trade (see figure 4). Since Bhutan is landlocked, trade is dominated by land transport. Major commodities exported from India include high-speed diesel, chemicals, machinery, motor cars, aviation turbine fuel, iron and steel, coal, and food products.

Imports to India from Bhutan were $0.125 billion, with land transport accounting for almost all import. Major commodities imported include chemicals, especially silicon-related. In addition, electrical energy contributed $0.15 billion to total imports.

India–Bhutan trade and transhipment via road

India–Bhutan trade based on land transport added up to $0.36 billion in exports (97 per cent of total exports) and $0.125 billion in imports (100 per cent of total imports). Land transport with Bhutan is facilitated through 6-8 LCSs. Figure 5 shows the major points of India–Bhutan trade.

Figure 5:
Land custom stations at the India–Bhutan border



The Jaigon–Phuentsholing border is the most crucial site for India–Bhutan trade, accounting for more than 90 per cent of total imports and exports. Other important LCSs include Hatisar, Chamurchi, and Samdrup Jongkhar.

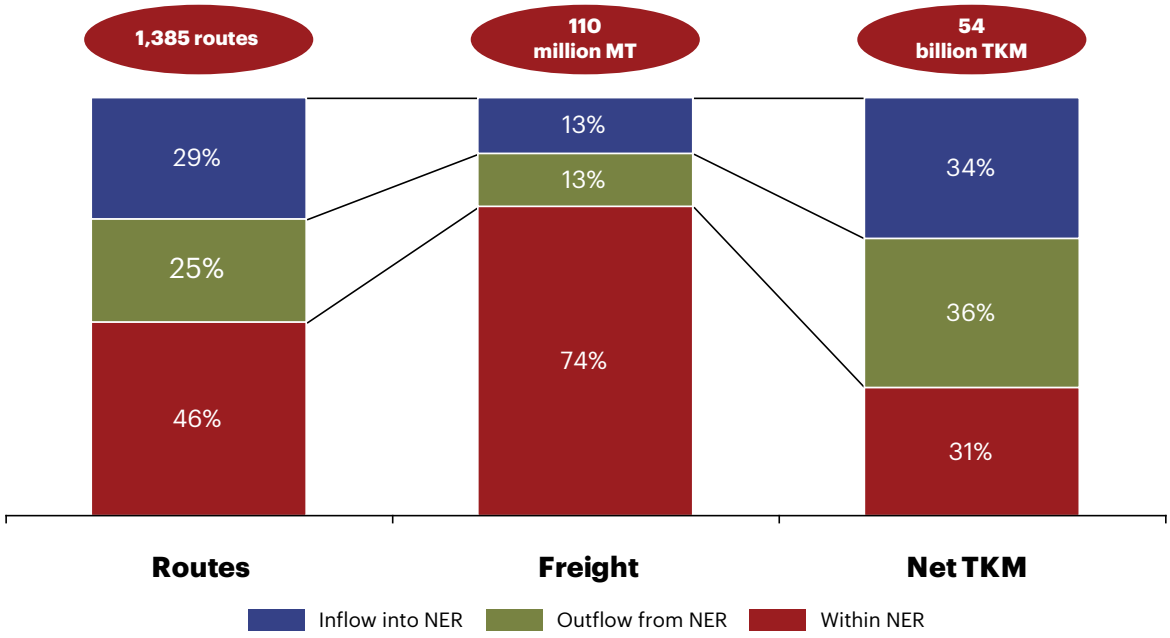
2.1.3 Domestic freight in the North East Region

The NER is landlocked and only connected to the rest of India via the Siliguri Corridor, a narrow strip of Indian land that runs between Nepal and Bangladesh and connects West Bengal to Assam. The NER's border with India is a mere 83 kilometres (km), which is only 2 per cent of the region's total international border of 5,437 km.[6] The NER stands to gain immensely through the improvement of India–Bangladesh connectivity as part of the corridor development. India and Bangladesh share more than 4000 km of contiguous border. If domestic freight to or from NER is permitted to transit through Bangladesh, this would lead to substantial improvements in NER connectivity.

[6] Ministry for Development of the North East Region

Figure 6:
Freight landscape in the North East Region

Fiscal year 2016

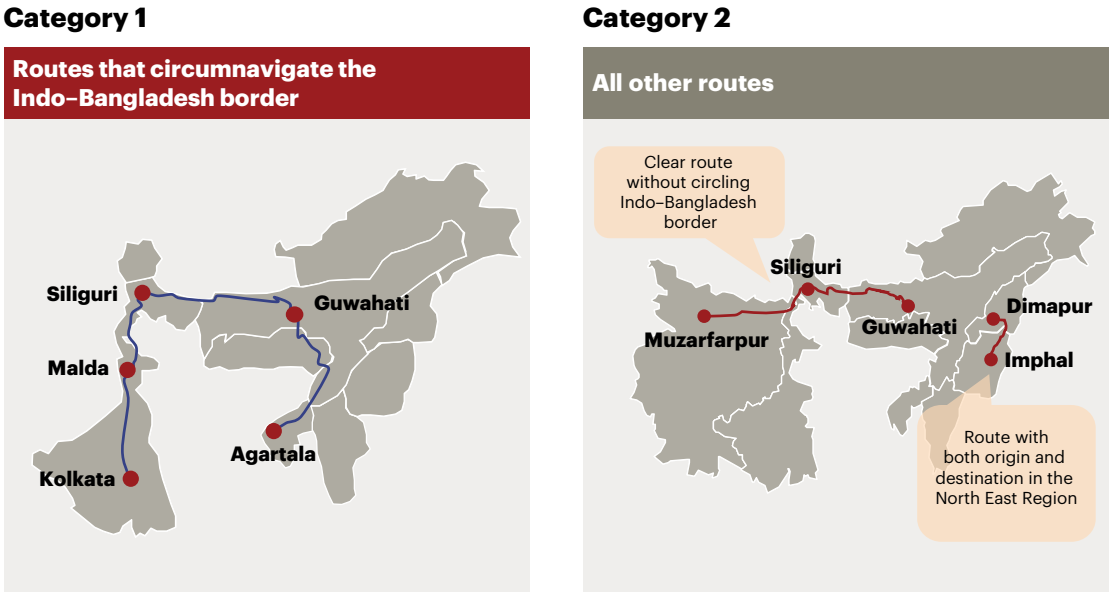


As part of baseline development, all domestic freight flows in and out of the NER were assessed (see figure 6). There are almost 1,400 routes carrying a cumulative freight of 110 million tons either into or out of NER or both. About 74 per cent of total freight is such that both origin and destination are within the NER while origin only or destination only (with respect to NER) freight volumes are evenly distributed to about 13 per cent each. However, when the flow of freight is assessed from the angle of net ton-km, the split is much more balanced. Routes within the region contribute about 31 per cent of the total 54 billion ton km as a result of the shorter travel distance compared with routes that have one point outside the NER.[7]

As mentioned, the real advantage of the corridor development among these 1,400 routes will be for the routes that circle the India–Bangladesh border to connect NER with the rest of the nation, as shown in category 1 in figure 7. Transit via Bangladesh will be vital to achieving time and cost efficiencies on these routes.

[7] Planning Commission, 2008, RITES Total Transport System Study, projected for fiscal years 2015 and 2025 levels using state-wise commodity growth and state GDP growth

Figure 7:
Freight routes in the North East Region



2.2 Baselining the current flow of passengers

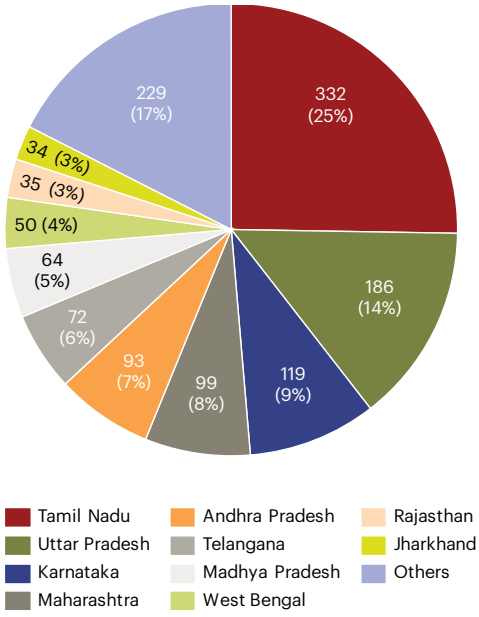
India's rapidly growing travel and tourism industry contributed 6.9 per cent to the country's GDP in fiscal year 2012–13.[8] The industry has also contributed INR 135,193 crores to the foreign exchange reserves in 2015 with a growth of 9.6 per cent compared with the previous year.[9] Highly labour intensive, the sector is the second major employment generator after agriculture and has a 12.4 per cent share of employment. India is ranked 12th in the Asia Pacific region and 52nd globally based on The Travel and Tourism Competitive Index 2015.[10]

- India is an attractive tourism destination for foreign tourist thanks to its vast natural and cultural resources. The country attracted 7.7 million tourists in 2014 with an annual growth of 10.6 per cent.[11]
- Being the second most populous country in the world, India has huge domestic tourism. The number of domestic tourists in 2014 was 1,290 million—12.9 per cent more than in 2013.[12] Some states such as Tamil Nadu, Uttar Pradesh, and Karnataka are the front-runners in attracting tourists and hosted close to 50 per cent of all tourists in India in 2014 (see figure 8).

[8] E-book Ministry of Tourism, August 2016
[9] Annual Report 2015–16, Ministry of Tourism
[10] Travel and Tourism Competitive Index 2015, World Economic Forum
[11] Indian Tourism Statistics 2014, Ministry of Tourism
[12] Indian Tourism Statistics 2014, Ministry of Tourism

Figure 8:
Tourist arrivals in Indian states

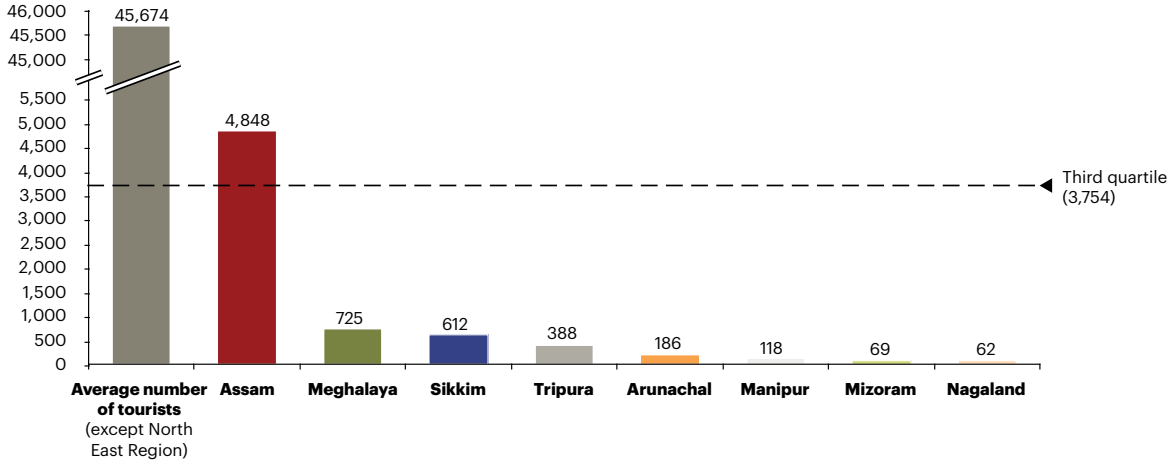
Million, 2014



None of the NER states appear in the top 10 despite the region's rich cultural and natural heritage. The NER hosts less than 1 per cent of tourists but is home to 4 per cent of India's population. Assam alone attracts 70 per cent of all tourists in the region, while the rest of the seven states fall in the bottom quartile in terms of number of tourists (see figure 9).[13]

Figure 9:
Tourist arrivals in North Eastern states

Annual number of tourists, 2014 ('000)

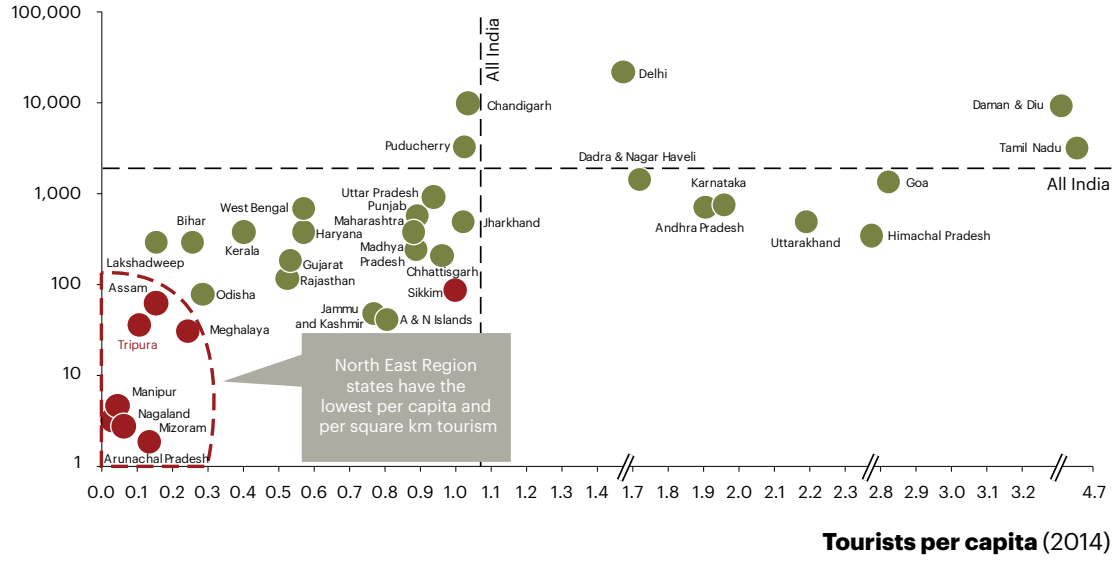


[13] Indian Tourism Statistics 2014, Ministry of Tourism

A closer look reveals the top-performing states in terms of attracting tourists annually are also the biggest states in terms of land area. To eliminate this bias, the performance of the states with respect to per capita tourism and per square km was also studied. The analysis shows that all the NER states fall in the bottom quartile except Sikkim, which is performing better but below the national average (see figure 10).

Figure 10:
States' performance on number of tourists

Tourists per square kilometre, 2014
(log scale)

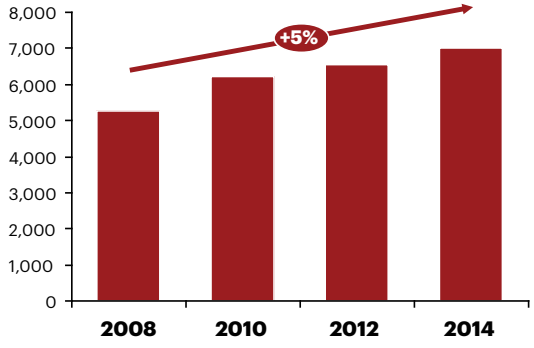


Tourists per capita (2014)

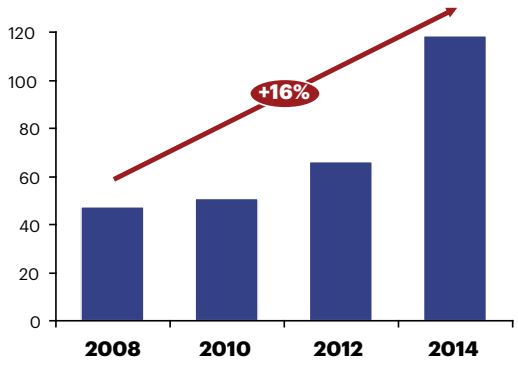
The growth rate of tourist arrivals in the NER is also low at 5 per cent, compared with 13 per cent for India. However, the growth rate of foreign tourist arrivals is higher at 16 per cent compared with 11 per cent for India (see figure 11).[14]

Figure 11:
Tourism growth in North Eastern states

Total number of tourist arrivals
('000)



Number of foreign tourist arrivals
('000)

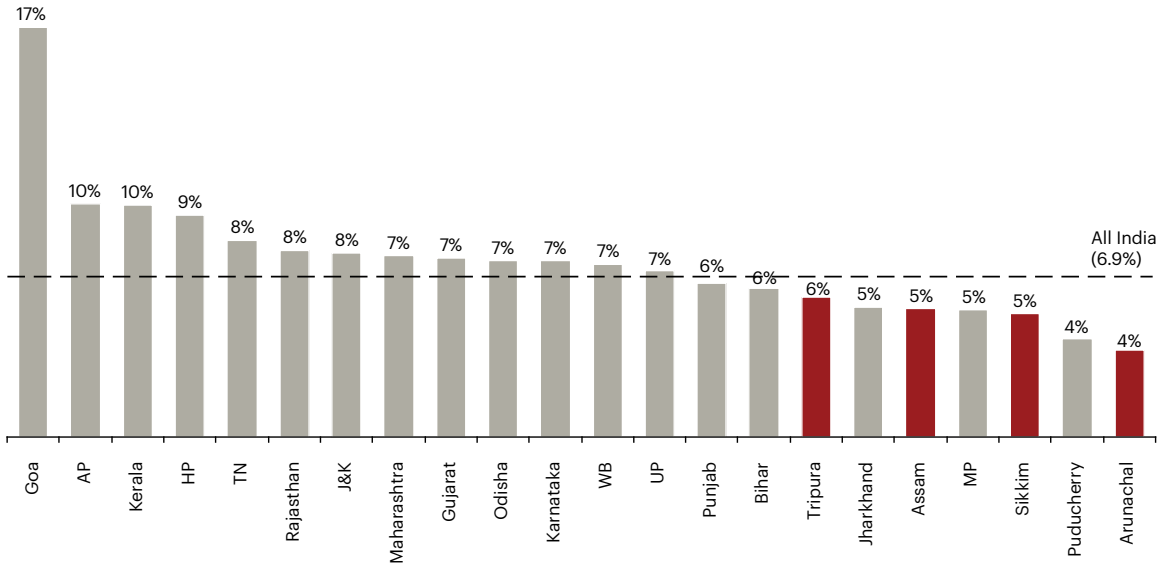


[14] Indian Tourism Statistics 2014, Ministry of Tourism

The contribution of the travel and tourism sector to state gross value added (GVA) for the NER states (averaging 4.9 per cent) is also much lower than the national average of 6.9 per cent (see figure 12).[15] This indicates that the NER states as a whole have huge potential to draw more value from travel and tourism, which will generate employment and improve the quality of life in the region.

Figure 12:
State-wise percentage of tourism

TDGVA/GVA
(% GDP contribution by tourism, 2010)



To design the interventions, it is important to understand the categories of tourism:

- **Direct tourism** such as leisure, shopping, religious, and wellness tourism can be developed in the short term.
- **Indirect tourism** such as education and training and medical and business tourism needs more investments and infrastructure development.
- **Social tourism**, such as visiting friends and family, is one of the largest categories, but it has minimum contribution to the state GDP.

The subcategories within direct and indirect tourism are detailed in the following section.

2.2.1 Direct tourism categories

Direct tourism categories can be developed in a short timeframe. Some of the subcategories are detailed below:

[15] Tourist Satellite Account Data for 2010, Ministry of Tourism

Leisure and shopping tourism. This category has the highest spending per trip and draws a significant number of inter-state and foreign tourists. It also creates the most employment within the state while boosting hospitality and allied services transport.

Religious tourism. This is usually categorized by low spending per trip. However, it draws a significant number of tourists. Uttarakhand, for example, has 36 per cent of its tourists in the religious category, which is the highest in the country.[16] This category is extremely seasonal but helps generate income for low-skill workers. The downside is that it puts significant pressure on the tourism infrastructure during the season.

Wellness tourism. This category is associated with travel taken to improve the physical and psychological well-being. Ayurveda and natural wellness has recently gained a lot of traction. For example, Patanjali Yogpeeth and Haridwar attract a huge number of people for Ayurvedic treatment and yoga practice. In addition, the Uttarkahand government funded the research of herbal plantation on a commercial basis to develop the wellness tourism category even further.

2.2.2 Indirect tourism categories

Indirect tourism categories need a significant amount of infrastructure development and investment. Some of these categories are detailed below:

Medical tourism. In contrast to wellness tourism, medical tourism, which is associated with complex surgeries and critical illnesses, needs significant infrastructure and skills that can only be developed over time.

Education and training tourism. This category creates an ecosystem for skill development within the state and equips people for employment. Infrastructure such as training institutions and universities, along with quality faculty, are needed to develop this category.

Business tourism. This is defined as travel for an official purpose. It is a high spend category and attracts substantial foreign and interstate tourists. The main way to develop this category is to enhance the ease of doing business and create an ecosystem to attract private investments.

[16] Indian Tourism Statistics 2014, Ministry of Tourism

Best practices to improve the flow of freight and passengers



Examining examples of established systems that have enhanced the flow of freight and passengers is useful for distilling best practices, which can then be used to help design interventions by BBIN nations, and NER states in particular, to enhance the flow of freight and passengers within the corridor.

In the first half of this section, international examples of cross-country corridors are examined to provide insights about enhancing the flow of freight. The latter half takes a look at three case studies of Indian states that have increased the flow of passengers by enhancing tourism and allied industries.

3.1 Best practices from cross-country corridors and customs transit systems

Successful cross-country freight corridors have been developed in several geographies, including Africa (Northern Corridor), Asia (Greater Mekong Subregion Corridor), and North America (CANAMEX). Moreover, transnational customs transit systems such as the Transports Internationaux Routiers (TIR) in Euro-Russia can be showcased as successful examples of international collaboration that enables efficient movement of trade and transhipment across borders.

All of these programs have had a significant impact in terms of reducing transit times, leading to lower transportation costs. Additionally, these programs led to substantial trade growth between participating countries. This section details the initiatives implemented as part of the development of these corridors and the impact on reducing transit times and increasing trade between participating countries. Best practices from these examples have been gathered and used to design interventions for the BBIN corridor.

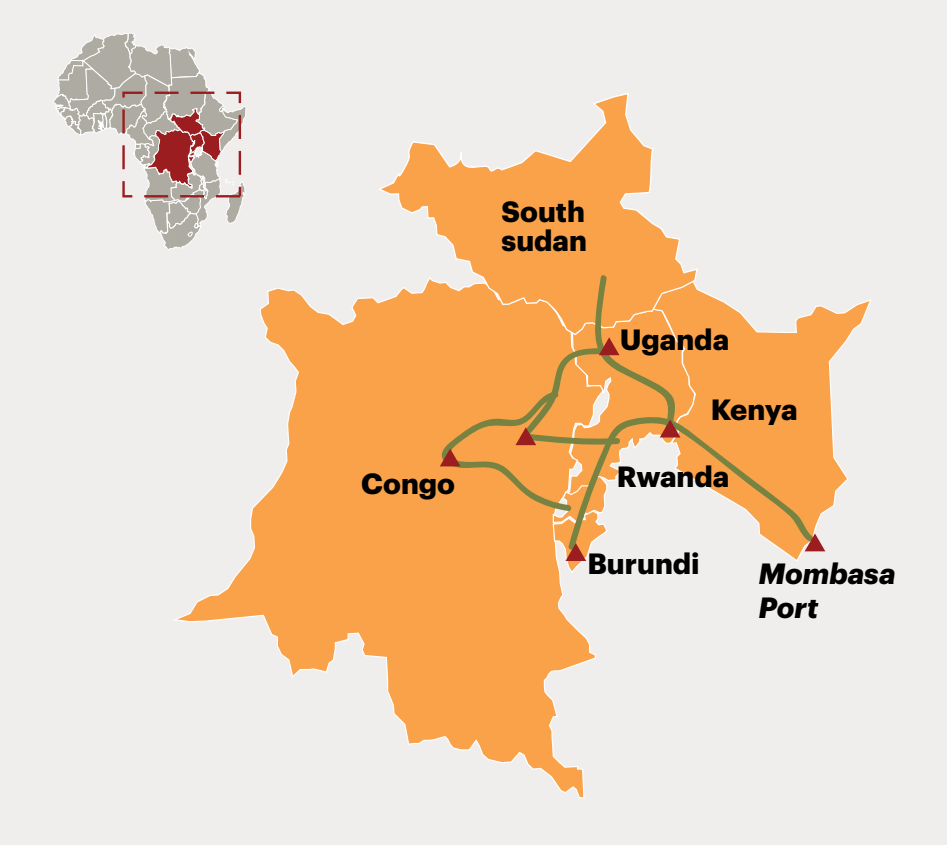
3.1.1 Northern Corridor, Africa

The Northern Corridor links the landlocked countries of Uganda, Rwanda, Burundi, Democratic Republic of Congo, and South Sudan with Kenya's maritime port of Mombasa (see figure 13).[17] It is governed by the Northern Corridor Transit Agreement (NCTA), which was signed in 1985 and came into force in 1986 after ratifications.[18]

[17] Background of Northern Corridor, Northern Corridor Transit and Transport Coordination Authority

[18] The Norther Corridor Transit Agreement, Northern Corridor Transit and Transport Coordination Authority Road Network, Northern Corridor Transit and Transport Coordination Authority

Figure 13:
Africa's Northern Corridor



The Northern Corridor is a multimodal corridor encompassing road, rail, pipeline, and inland waterways transport. It has a total road network length of 8,800 km and accounts for more than 70 per cent of the total transit flow within the region.[19] The rail network accounts for more than 20 per cent of the total transit flow and has a length of 1,650 km.[20] The annual transit and transhipment traffic through this corridor exceeds 2.2 million metric tons (MT), which has been growing at a rate of 20 per cent a year.

The major initiatives used to develop the Northern Corridor fall into three categories:

Policy initiatives. Framing and ratification of policies has been the most significant step in the development and eventual success of this corridor. Some of the key policy interventions are described below:

[19] Road Network, Northern Corridor Transit and Transport Coordination Authority
[20] Rail Network, Northern Corridor Transit and Transport Coordination Authority

- **COMESA Treaty:** Except for South Sudan, all countries that are part of the Northern Corridor are signatories of the 1993 Common Market for Eastern and Southern Africa (COMESA) Treaty. COMESA is an overarching framework to institutionalize trade facilitation with 19 member states stretching from Libya to Swaziland.
- **Standardisation of NCTTA provisions:** The provisions of the Northern Corridor Transit and Transport Agreement (NCTTA) are being standardized by member states across respective national laws to streamline the Northern Corridor regulations and procedures.[21]
- **The Northern Corridor Transport Observatory:** The Northern Corridor Transit and Transport Coordination Authority (NCTTCA) has set up a fully operational department that is tracking 25 key performance indicators related to volume and capacity, transit time and delays, rates and costs, efficiency, and productivity.[22]

Procedural simplifications. The main initiatives used to simplify procedures for freight movement along the Northern Corridor are described below:

- **One-stop border posts:** A one-stop border post (OSBP) is essentially a single-step border crossing that is jointly managed by the neighbouring countries with activities streamlined to maximize efficiency. The OSBP was implemented as a pilot at the Malaba border post (between Kenya and Uganda), where average border-crossing time dropped from 24 hours to four hours, resulting in economic benefits to the tune of $70 million per year.[22]
- **Electronic single window system:** The electronic single window system (e-SWS) is designed to allow parties in trade and transport to lodge standardized information and documents once through a single entry point to fulfil all import, export, and trade-related regulatory requirements for various stakeholders. The same window is also used to return responses and approvals. The system also enables electronic payment of duties and taxes on goods imported or exported.[23]
- **Single customs document:** The Northern Corridor member states have adopted the Common Market Customs Document (COMESA-CD) by merging customs documents used in various countries for import, export, warehousing, transit, transhipment, and re-exports. The benefits of standardization include reduced documentation costs and easier exchange of information across the transit route.

[21] E-transit Motor, Issue 1, Northern Corridor Transit and Transport Coordination Authority

[22] Border crossing along the Northern Corridor, April 2013, Sub-Saharan Africa Transport Policy Program

[23] Transforming the Northern Corridor into an Economic Development Corridor, April 2012, 6th Northern Corridor Stakeholders Consultative Forum Meeting

Infrastructure improvements. Some of the major developments are described below:

- **Highway network expansion:** The highway network across Kenya, Uganda, Rwanda, Burundi, and the Democratic Republic of Congo has been significantly expanded. The total highway network within the Northern Corridor is 8,800 km.
- **Increased port capacity:** The Port of Mombasa at Kenya is the gateway port for East Africa and has seen strong growth in traffic as a result of the Northern Corridor. To handle the increased demand, the Kenya Ports Authority has embarked on major expansion projects to increase the cargo-handling capacity at the port from 1.2 million containers to 2.5 million by 2018.[24]
- **Enhanced ICT infrastructure:** The member states of the Northern Corridor have developed a centralized data exchange system (RADDEx 2.0 Centralized Architecture), which enables efficient cargo tracking and corridor management.[25]

The Northern Corridor had a significant impact in terms of growth in trade and freight between member states, passenger movement, and other areas of economic integration. These are described below:

- **Trade and freight:** The Northern Corridor led to growth in intraregional trade between member nations by 50 per cent from an estimated 3.6 million tonnes to 5.4 million tonnes between 2008 and 2013.[26] One of the driving factors behind this increased freight movement was reduced transit time between member states. For instance, the transit time between Mombasa, Kenya, and Bujumbura, Burundi has been reduced from more than 30 days to about 15 days.[27]
- **Passenger movement:** The Norther Corridor improved cooperation among East African nations, indirectly easing the movement of passengers. For example, Kenya, Rwanda, and Uganda have partnered to create the East Africa Tourist Visa, which allows seamless travel for visitors between Kenya, Rwanda, and Uganda.[28]
- **Other economic benefits:** The Northern Corridor also led to economic integration in other areas apart from freight and passenger movement, such as power trading. For instance, Kenya would start exporting power to Uganda under the Northern Corridor Infrastructure Power pool.[29]

[24] Ongoing port expansion to boost capacity, December 2015, KBC Channel

[25] The Northern Corridor Trade and Transport Facilitation study on improving the use of COMESA facilitation instruments and strength ening the Northern Corridor stakeholders forum, National Trade Facilitation Committees, November 2014, Pohl Consulting and Associates

[26] Impact Assessment of the Northern Corridor Performance Improvement Activities, May 2015, Northern Corridor Transit and Transport Coordination Authority

[27] Achievements of Northern Corridor, Northern Corridor Transit and Transport Coordination Authority

[28] East Africa Borderless Visa, Borderless Borders

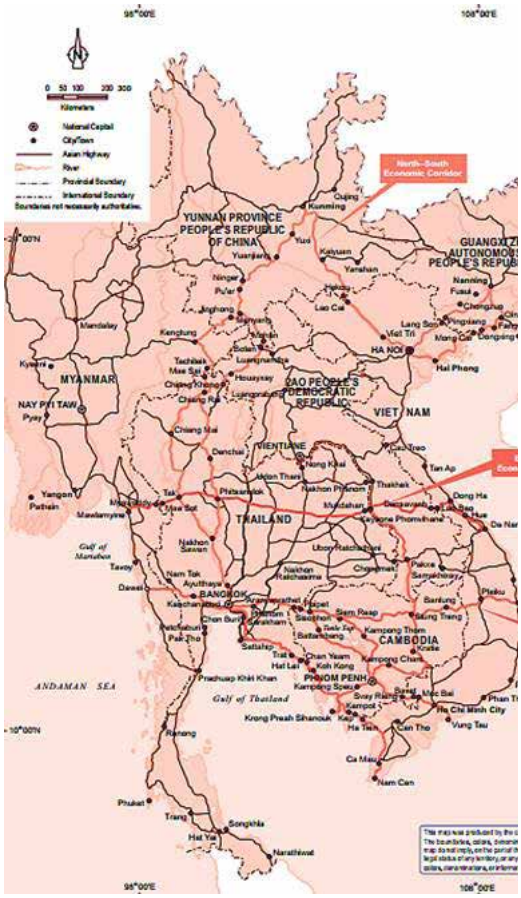
[29] Kenya to sell power to Uganda, October 2015, Business Daily Africa

3.1.2 Greater Mekong Subregion Corridor, Asia

Located in the Mekong River Basin in Southeast Asia, the Greater Mekong Subregion Corridor links six counties: Cambodia, Laos, Myanmar, Thailand, Vietnam, and China's Yunnan Province (see figure 14). Established in 1992, the Greater Mekong Subregion (GMS) Economic Cooperation Program is the first regional cooperation initiative of Asian Development Bank. These countries have cooperated in investment projects that cumulatively amounted to $15 billion as of June 2012. Investments in the transport sector have been focused on developing three regional corridors in the GMS:[30]

- East–West Economic Corridor from Mawlamyine (Myanmar) to Da Nang (Vietnam)
- North–South Economic Corridor across Kunming (People's Republic of China) to Bangkok (Thailand) and Hai Phong (Vietnam) via Hanoi (Vietnam) and Nanning (People's Republic of China) to Hai Phong (Vietnam) via Hanoi (Vietnam)
- Southern Economic Corridor from Bangkok (Thailand) to Ho Chi Minh City (Vietnam) via Phnom Penh (Cambodia)

Figure 14:
The Greater Mekong Subregion Corridor



[30] Trade and Trade Facilitation in the Greater Mekong Subregion, 2012, Asian Development Bank

The major initiatives of the GMS Corridor are classified into three categories:

Policy initiatives. The biggest policy intervention in the GMS Corridor is the Cross-Border Transport Facilitation Agreement (CBTA), which creates provisions for trade and transit in the GMS. The CBTA consolidates all non-physical measures to facilitate cross-border goods and passenger movement into a single legal instrument. The CBTA does not intend to change any policies related to immigration or trade, but aims to provide time- and cost-efficient transboundary movement. This is pursued in all areas, including the following:[31]

- **People:** To ease the movement of people within member states, the CBTA contains provisions to recognize drivers' licenses, facilitate the issuance of visas, harmonize health inspections according to international standards, and allow for customs exemptions for personal belongings.
- **Transport operators and motor vehicles:** The CBTA allows transport operators established in one signatory state to operate in the other signatory states. It also removes the customs constraints on motor vehicles by giving temporary admission in member states on the basis of home country registration, technical standards, roadworthiness inspection, and insurance cover.
- **Goods:** The CBTA eases the flow of goods between member states by providing a clear definition of prohibited goods and special categories of goods that require appropriate treatment before entry into the host country.

Procedural simplifications. The main initiatives used to simplify procedures for freight movement along the GMS Corridor are described below:

- **Fast-track lanes:** Several border-crossing points within the GMS have been designated with fast-track lanes for truck drivers with valid CBTA documents along the East–West Economic Corridor. These lanes ensure minimum inspection by authorities to ease freight movement between these countries.[32]
- **Harmonized customs documents:** Customs documents are now designed in a standardized manner for nations not only within the GMS but also within the ASEAN region.
- **ICT-enabled customs management system:** Member states of the GMS have rolled out ICT-enabled customs management systems such as the Automated System for Customs Data (ASYCUDA), a computerized system that handles manifests and customs declarations, accounting, and transit procedures.[33]

[31] Greater Mekong Subregion Cross-Border Transport Facilitation Agreement, 2011, Asian Development Bank

[32] Greater Mekong Subregion Cross-Border Transport Facilitation Agreement, 2011, Asian Development Bank

[33] About ASYCUDA, Automated System for Customs Data

Infrastructure improvements. Some of the major infrastructure improvements are described below:

- **Construction of expressways:** As part of the development of the GMS Corridor, there have been major investments in highway construction. For instance, the Yunnan Yuanmo Expressway, which connects Kunming and Simao in China's Yunnan Province, was constructed under the aegis of the GMS and has reduced travel time across the stretch from twelve hours to less than six.[34]
- **Construction of arterial infrastructure:** On certain stretches, missing links such as bridges and link roads still impede the realization of full corridor benefits. Some of these infrastructure upgrades are under way, including the Champasack Road Improvement Project-enabled development of a link road between Lao People's Democratic Republic and Cambodia at Veun Kham, which reduced travel time by 40 to 50 per cent.[35]

The GMS Corridor has had a significant impact on the growth of trade and freight between member states, passenger movement, and other areas of economic integration. These are described below:

- **Trade and freight:** The GMS Corridor has led to significant growth in trade, driven by a greater outward orientation and increased economic integration with global economies. The trade-to-GDP ratio has increased significantly for all GMS countries, except Myanmar. Additionally, with implementation of initiatives, there has been a substantial reduction in border-crossing times, for instance from 118 to 194 minutes at Lao Bao–Dansavanh in August 2005 to about 30 minutes in 2009. However, this hasn't significantly impacted the land-based cross-border trade along the GMS Corridors.[36]
- **Passenger movement:** Passenger traffic has increased significantly on the GMS Corridor. For instance, at the Bavet (Cambodia)–Moc Bai (Vietnam) border, the number of passengers has increased more than five times between 2005 and 2007, reaching an average of 1,660 passengers per day.
- **Other benefits:** The GMS Corridor also led to cooperation between member states in other areas apart from freight and passenger movement, such as access to quality healthcare. For instance, villagers from border areas in Laos have access to Vietnam hospitals for treatment of serious diseases.

3.1.3 Transports Internationaux Routiers (TIR) System

The TIR system is an internationally successful customs transit system that enables movement of goods between countries affiliated to the TIR Convention, a 1975 UN-ratified agreement allowing for duty-free movement of freight across nations.

[34] Transport and Trade Facilitation in the Greater Mekong Subregion: Time to Shift Gears, December 2008, Asian Development Bank
[35] Transport and Trade Facilitation in the Greater Mekong Subregion: Time to Shift Gears, December 2008, Asian Development Bank
[36] Trade and Trade Facilitation in the Greater Mekong Subregion, 2012, Asian Development Bank

Under the TIR convention, a container or vehicle is sealed after loading at the customs office in the country of departure. An internationally standardized customs document with details of the consignment, called the TIR carnet, is then issued and carried with the vehicle. At inter-country borders, only the TIR carnet and the customs seal are required to be verified by officials, thereby reducing the time and cost of traveling across borders. Vehicles using the TIR Convention are marked with blue-and-white TIR plates and are allowed to use dedicated fast-track "green lanes" at checkpoints for faster movement through electronic pre-declaration.

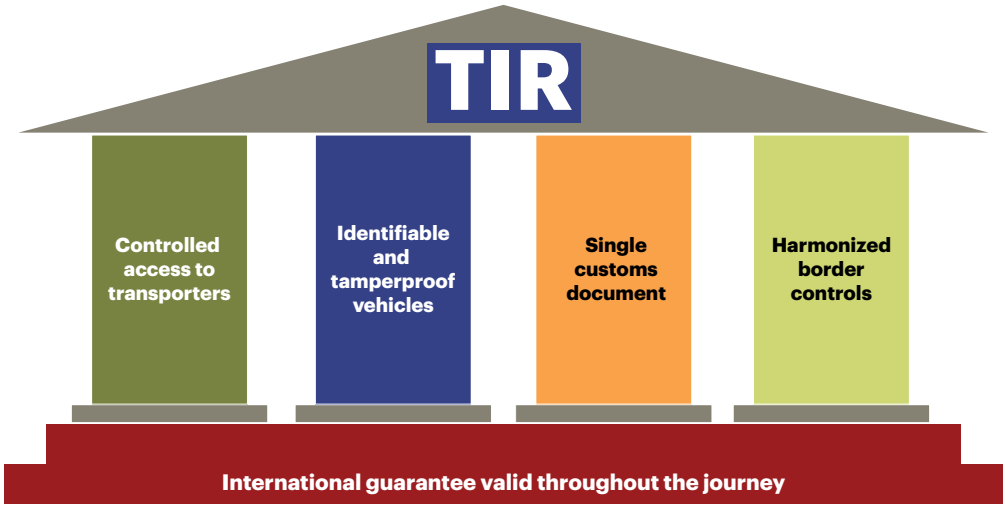
The mainstay of the TIR Convention is an international guarantee system that allows payment-less movement of goods across other TIR nations. Within this system, an authorised national association in each TIR nation guarantees all duties and taxes at risk throughout the transit operations of a transport operator of that nation. Transport operators across each TIR nation are guaranteed duty-free transit across the TIR region with the support of their local national association.

All of the national associations across the TIR nations constitute a network that is overseen by a single international body, the International Road Union, a private body that represents the interests of road transporters worldwide. To become a participant in the TIR system, a transport operator needs to deposit a predetermined "admissions guarantee" to the national association. This is a monetary deposit with a value equivalent to the maximum duties at risk during the transport operator's journey.

Before beginning a TIR journey, the operator must get a TIR carnet issued in its name. This document, which has been standardized across every TIR nation, acts as a financial guarantee. In the event of any irregularity during a transport operator's journey, the TIR carnet enables compliance-checking agencies to invoke the payments cover of duties and taxes provided by the operator's national association.

In addition to the customs transit guarantee system, four elements support the TIR Convention (see figure 15):

Figure 15:
Four pillars of the TIR Convention



Controlled access to transporters. Stringent admissions criteria apply to transporters at the time of entry into the TIR to ensure the security and reliability of the system. Among a host of other requirements, transporters must be able to provide proof of strong financial standing, have sustained experience in the domain of international transport, and provide adequate knowledge of the tenets governing the TIR Convention. Moreover, the transporter must deposit an admission guarantee of at least $5,000 per carnet before the first carnet can be issued.

Identifiable and tamper-proof vehicles. National guaranteeing associations issue certificates of approval only to vehicles that are secure, which by definition implies the vehicle is tamper-proof, has no concealed spaces, and can have customs seals easily affixed to its body. While on the TIR journey, approved vehicles must bear an identifiable metallic blue plate with the TIR logo on its body to enable easy identification by customs officials at country borders.

A single customs document. The TIR carnet is one customs document that is issued for every TIR journey. This document is accepted as an instrument of financial guarantee by every transit nation's customs office, thereby allowing duty-free travel. The TIR carnet is transitioning from paper-based to electronic with e-carnets, which has been piloted in some member states.

Harmonised border controls. A key enabler of the TIR system is the harmonisation of border controls across TIR nations. This implies a mutual recognition of control measures across TIR nations, thereby enabling inspection-less movement of goods across TIR nation borders. According to the TIR system, countries of transit and destination must accept the customs control measures taken at the country of origin as thorough and complete. Vehicles traveling with TIR carnets, inspected thoroughly by customs at the point of origin, are allowed to pass without having their goods inspected by customs at points of transit and destination.

The benefits of the TIR system are shown in figure 16.

Figure 16:
Benefits of the TIR system

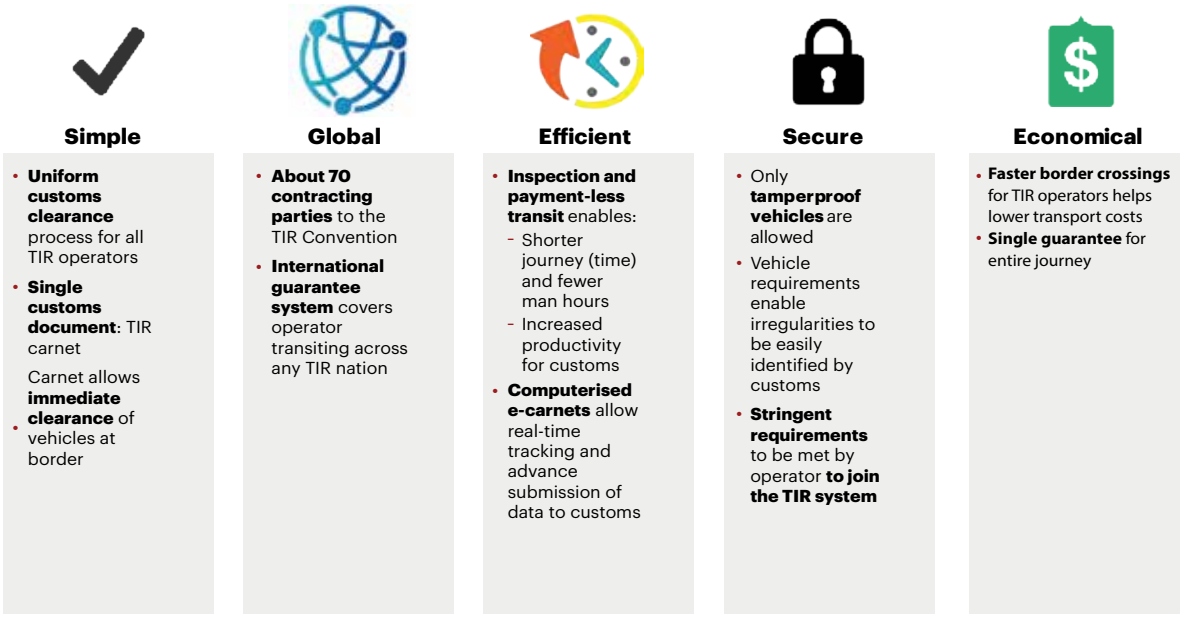


Table 1 summarizes the main lessons learned from the international programs profiled for enhancing the movement of trade and transhipment across regions:

Table 1:
Lesson learned from international corridors

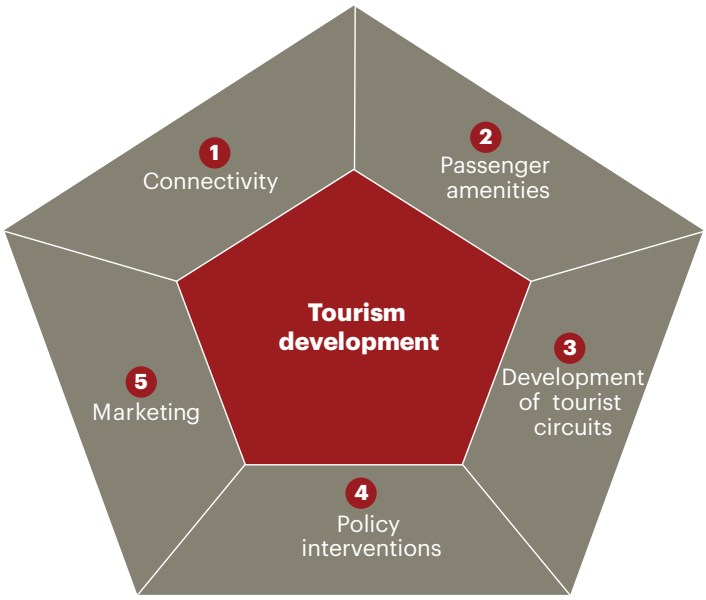
Type	Key learnings
Infrastructure improvement	• Upgrade key highway stretches to handle increased traffic; enable fast-track lanes for goods in transit • Upgrade existing integrated checkpoints for transit, and provide priority clearances for transit cargo • Enhance port capacities and draft to handle intermodal traffic
Procedure simplification	• Enable single-window clearance with relevant departments for both countries (customs, forests, etc.) at the same checkpoint • Eliminate physical inspection of goods in transit
ICT enablement	• Develop infra to enable seamless data exchange between authorities and countries • Develop electronic cargo tracking system for real-time tracking • Develop a Web-based system to monitor corridor performance and identify specific bottlenecks
Customs transit guarantee	• Develop a regional customs transit guarantee framework to ensure duties and taxes at risk during transit journeys • Develop a risk-management system to check for fraud and expedite transport for operators with a proven record • Enable electronic inspection of guarantees to reduce paperwork and cases of fraud
Harmonisation of standards	• Harmonize standards between participating countries for truck size and weights; carrier licensing, transit plates, and transit charges; and road design and classification

3.2 Best practices from Indian states for tourism development

Multiple Indian states have been able to develop the tourism industry with focused interventions. To identify ways to develop tourism in the NER, it is essential to study the existing best practices. In the section below, best practices from Rajasthan, Gujarat, and Uttarakhand are examined in detail. These states have been selected based on their tourism performance, the initiatives used to develop tourism, and the topographic similarities with the NER.

Tourism development depends on five elements (see figure 17):

Figure 17:
Framework for tourism development



Connectivity. It is important to ease tourists' mobility with road, rail, and air connectivity to the region. Connectivity is a significant factor for tourists and has a substantial impact on affordability.

Passenger amenities. The availability of passenger amenities such as hotels, cabs, and restaurants affects travellers' comfort and experience and plays a significant role in consumers' decisions about destinations, especially for business and leisure travellers.

Development of tourism circuits. A tourist circuit is defined as a route typically covering three or more tourism destinations in different cities, separated by moderate distances, with well-defined entry and exit points. Focused development of tourist circuits enhances the attractiveness of individual tourist locations and helps increase the duration of stays and tourists' spending.

Policy interventions. State government policy interventions are necessary to create a private-player ecosystem to develop tourism-related infrastructure.

Marketing. Tourists choose vacation destinations based on top-of-the-mind recall, especially when they are visiting a place for the first time. Hence, state marketing efforts are needed to attract tourists.

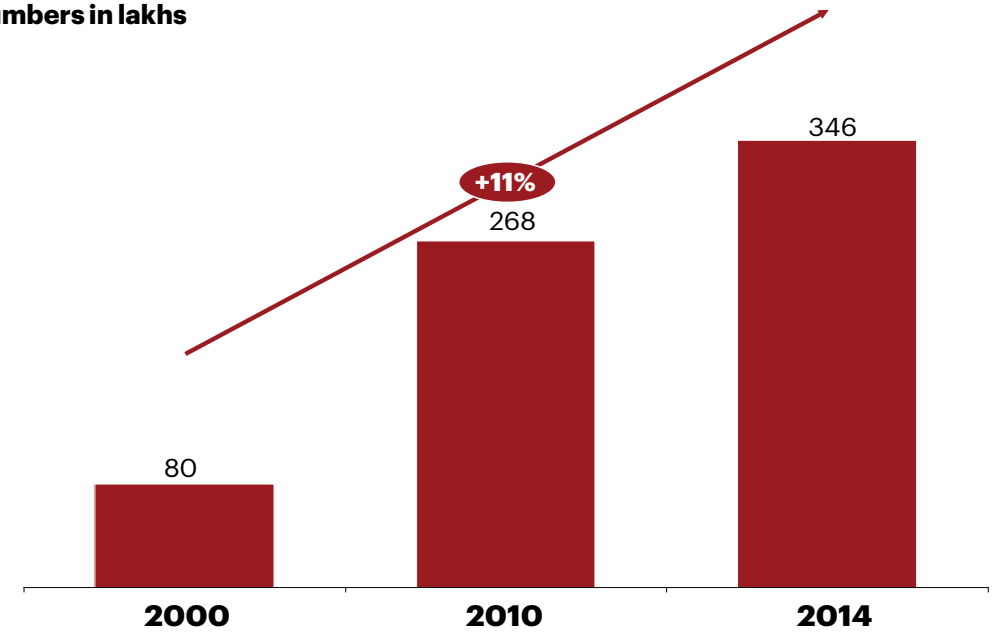
Three states have been studied across these five dimensions to understand the best practices.

3.2.1 Rajasthan

With an annualized growth in tourist arrivals of 11 per cent over the past 15 years, Rajasthan is one of the top-performing states in tourism (figure 18).[37] It has a rich cultural heritage, and state government has actively promoted Rajasthan to make it a sought-after tourist destination. The tourist highlights are Aravali Hills, Great Indian Thar Desert, traditional music, dance, cultural festival, ecotourism, forts, and Havelis.

Figure 18:
Tourist arrivals in Rajasthan

All numbers in lakhs



Connectivity

Rajasthan has good connectivity through road, rail, and air, which enhances the reach of the state's tourism destinations and creates easier mobility for tourists.

- **Road:** The road density is 705.1 km per 1,000 square km of land area, which is lower than the national average, but major tourist destinations are well-connected to the main cities by national and state highways.[38,39] More than 110 private buses connect Delhi to Jaipur on a daily basis, and Rajasthan State Road Transport Corporation provides luxury bus service from Bikaner House (the royal house, which is a landmark in Delhi).[40] Bikaner House is also used as a tourist information centre and bus stop to ensure smooth movement of visitors from the national capital while also ensuring that tourists are made aware of the history and culture of Rajasthan.

[37] Indian tourism statistics 2014, Ministry of Tourism
[38] Infrastructure statistics 2014, Ministry of Statistics and Programme Implementation, Government of India
[39] Rajasthan development report, Planning Commission
[40] Bus aggregator websites (MakeMyTrip)

- **Rail:** The state has good rail connectivity, and daily superfast and express trains connect Jaipur, Jodhpur, Bikaner, and Udaipur to Delhi and Mumbai. More than 119 weekly trains move between Delhi and Jaipur, easing travel to the state.[41]
- **Air:** Rajasthan has two domestic airports and one international airport. On par with India's average, there are 2,145 flights from Jaipur International Airport every month.[42] The state tourism department has also created infrastructure, extending the Jaipur airport runway by 9,000 feet so international chartered flights can operate in the region. Various airstrips have been constructed near major tourist destinations for chartered flights.[43]

Passenger amenities

Rajasthan has a vast network of budget, starred, and heritage hotels, giving travellers extensive choice when planning a rejuvenating holiday.

- **Hotels:** Rajasthan has 60 hotels and 17 heritage hotels that are approved by the Ministry of Tourism as of 31 December 2014; the number of rooms per lakh of tourists from these are nearly double the national average (11.5 for Rajasthan versus 6 for all Indian states).[44,45] Rajasthan Tourism Development Corporation has developed 44 hotels and motels across major tourist destinations, providing ample choice for travellers.[46] Overall, the state has more than 3,000 budget and star hotels.[47]
- **Paying guest scheme:** The government also runs a "paying guest scheme," under which any individual can register his residential property to provide boarding and lodging services to tourists. This helps travellers experience the local culture and traditions and boosts the earnings of local people.
- **Intercity connectivity:** Many luxury and non-luxury buses move between major tourist destinations. Operated by Rajasthan State Road Transport and private players, these buses provide connectivity to visitors.

[41] Train aggregator websites (Cleartrip)
[42] Airport Authority of India
[43] Best practices adopted by state governments, Ministry of Tourism
[44] Indian tourism statistics 2014, Ministry of Tourism
[45] Rajasthan Travel
[46] Rajasthan Tourism Development Corporation
[47] Hotel aggregator websites (Goibibo)

- **Maintenance:** The state not only ensures the availability of passenger amenities but also has enhanced the ambiance and user experience by creating an open-air art gallery.[48] Under the program, tourism-related facilities such as railway stations, bus stops, and autos are decorated with traditional paintings (see figure 19).

Figure 19:
Open-air art gallery



Development of tourist circuits

The state tourism department has developed many tourist circuits under seven divisions: Jaipur, Udaipur, Ajmer, Jodhpur, Bikaner, Kota, and Bharatpur.[49] These have the potential to engage tourists for about two weeks.[50] The state tourism department has followed a diversified approach to develop these circuits.

- **Central and state joint initiatives:** Rajasthan's tourism department has developed many travel destinations through a joint venture between the Government of India and other state governments. The prime example of this is the collaboration with Delhi and Uttar Pradesh state tourism departments and the Ministry of Tourism for developing a "golden triangle" with Delhi, Agra, and Jaipur. The circuit attracts a large number of domestic and foreign tourists; it is the fifth highest among all the states in foreign tourist arrival and was eighth largest in terms of domestic tourist arrival in 2010.[51] Within the state, the integrated Jaipur–Jodhpur–Bikaner–Jaisalmer–Shekhawati circuit was developed under the Government of India scheme executed by the Central Public Works Department and the tourism department.

[48] Interventions to improve tourism in Rajasthan, Rajasthan Government, 2015–16
[49] Tourist satellite account 2009 for Rajasthan
[50] Role of RTDC in promoting tourism in Rajasthan
[51] Tourist satellite account 2009 for Rajasthan

- **Public participation:** Rajasthan Tourism Development Corporation has adopted public-private partnership (PPP) approach for some major projects, such as Jal Mahal Tourism Project and Tijara Fort project.[52] The state government also runs an "adopt a monument" scheme under which nongovernmental organizations (NGOs), corporate houses, and High Net-Worth Individuals (HNIs) can adopt monuments for conservation and restoration work.[53]

Policy interventions

The state has formulated various investor-friendly policies for the development of tourism-related infrastructure:

- **Land allotment and development:** Rajasthan State Industrial Development and Investment Corporation identifies and develops land banks for the development of hotels, motels, restaurant, wayside amenities, and tourist activities. The state government also ensures single-window clearance for investments related to tourism infrastructure and activities.
- **Licensing:** The government provides licenses to private players to use vacant government buildings for tourism-related activities.[54] The state also provides licenses to private bus and fleet operators to ease connectivity between major destinations.
- **Taxation:** The government of Rajasthan provides various exemptions for new tourism units for seven years. These include a 100 per cent luxury tax exemption, 50 per cent stamp duty exemption, 50 per cent entertainment duty exemption, 50 per cent electricity charge exemption, and 50 per cent conversion charges exemption (in case land use is changed from any other industry to tourism).[55] These give private players an incentive to invest in tourism-related infrastructure development projects.
- **Financial assistance:** Rajasthan State Industrial Development and Investment Corporation runs a financial assistance scheme to develop hotels and tourism. Also, the state government provides interest subsidy on loans taken to develop tourism-related infrastructure such as hotels and motels.

Marketing

Active marketing by the state through electronic and print media has helped Rajasthan achieve top-of-the-mind recognition and recall by tourists who are planning to take a vacation. Successful brand-building campaigns such as "Rajasthan: Simply Colorful" and "Rajasthan: Jaane Kya Dikh Jaye" have positioned the state as a unique and attractive tourist destination.

The tourism department also invites world-renowned tourism writers, photographers, journalists, television teams, tour operators, actors, and travel trade-related personalities to visit and share their experiences in the public domain. In addition, the state hosts concerts and festivals to showcase traditional music and dance and boost tourism during lean periods.

[52] Rajasthan direct

[53] Rajasthan Government's "Adopt a Monument Scheme" finds takers, Business Line, 21 July 2006

[54] Best practices adopted by state governments, Ministry of Tourism

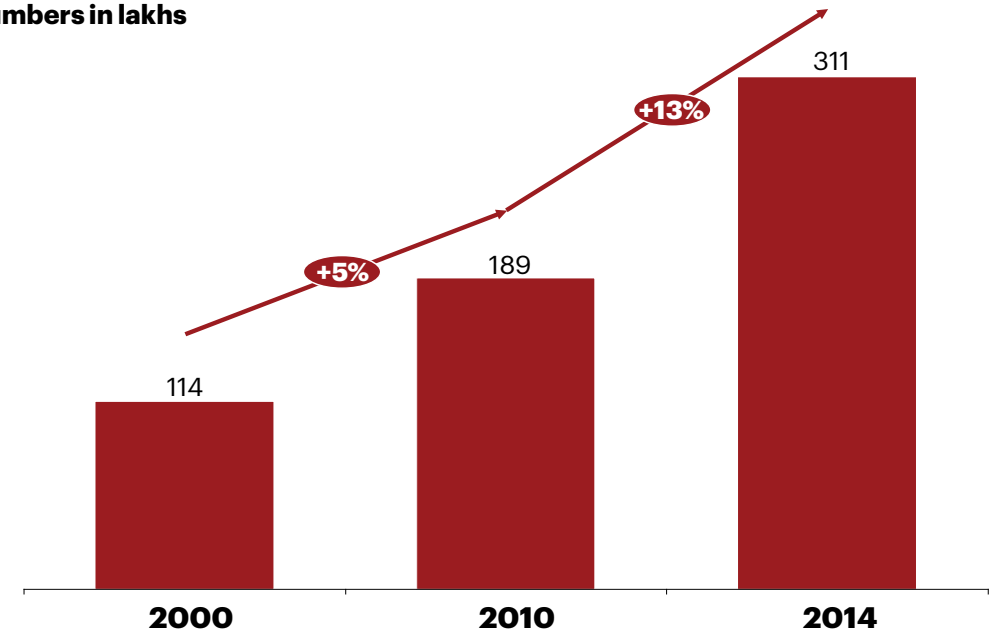
[55] MoT – IMRB report on taxes on tourism sector, December 2014

3.2.2 Gujarat

Gujarat has a rich culture. However, until a few years ago, the state was not looked upon as a tourism destination (5 per cent annualized growth in tourist arrivals between 2000 and 2010). Interventions by the state government for promoting tourism have transformed the state's image and have seen a good response from tourists: arrivals grew at an annualized rate of 13 per cent between 2010 and 2014 (see figure 20).

Figure 20:
Tourist arrivals in Gujarat

All numbers in lakhs



Gujarat is known for its nature, wildlife, places of historical importance, sculpture, handicraft and handlooms, and traditional culture.

Connectivity

Gujarat has good connectivity through various modes of transportation:

- **Road:** Road infrastructure does a good job of connecting the state with a network of national and state highways. A major stretch of National Highway under the Golden Quadrilateral Corridor (for the Delhi–Mumbai leg) passes through the state and connects key tourist locations, such as Ahmedabad, Vadodara, Surat, and Anand. The inter-city road network is considered to be a preferred mode for traveling between tourist destinations, on account of its good quality.
- **Rail:** Gujarat is well-connected with a rail network. By 2020, high-speed trains will move between Mumbai and Ahmedabad. The project, if successful, will further ease mobility of passengers, including tourists.

- **Air:** There are nine domestic airports, the highest number in any state, and one international airport. International and domestic airlines connect Ahmedabad to Mumbai, Delhi, and major cities of India. Ahmedabad airport alone has 4,143 monthly aircraft movements (as of December 2015), which have grown by 20 per cent compared with 2014.[56]

Passenger amenities

The state has a clear focus on the development of passenger amenities such as hotels, restaurants, wayside amenities, and tourist attractions.

- **Hotels:** Gujarat has 47 hotels approved by the Ministry of Tourism as of 31 December 2014; the number of rooms per lakh of tourists from these is nearly double the national average (11.1 for Gujarat versus 6 for all Indian states).[57] To attract short- and long-term guests, the tourism department has involved private players in developing budget hotels in the main cities. The tourism department website also allows online booking of hotels. Overall, there are more than 3,000 budget and star hotels in the state, giving tourists ample choices.[58]
- **Safety and security:** The state has a dedicated 24-hour tourist helpline and has a tourist warden to keep track of anti-social activities at tourist locations.[59]
- **Intercity and intracity connectivity:** As of March 2013, the state operates a fleet of 7,719 buses through Gujarat State Road Transport Corporation (GSRTC) to provide an extensive intracity network for ease of mobility.[60] The government is also supporting an NGO called G-Auto, which is an initiative that ensures auto service anytime through a mobile application and online platform.[61]

[56] Airport Authority of India

[57] Indian tourism statistics 2014, Ministry of Tourism

[58] Hotel aggregator websites (Goibibo)

[59] State tourism policy 2015

[60] Gujarat Intercity Transport Regulatory Authority

[61] Autos with a difference, Times of India, 20 February 2009

Development of tourist circuits

Tourism Corporation of Gujarat Limited undertakes the process of identifying and developing tourist destinations.

- **State government:** The government has a special focus on developing ecotourism spots, especially in terms of wildlife. In 2015, the tourism department budgeted INR 400 crores to develop tourism infrastructure and promote tourism.[62]
- **Private-sector participation:** The state government entity Sardar Sarovar Narmada Nigam Limited has developed 1,400 hectares of land as a tourist attraction by inviting private partnership.[63] The area is a 22 km tourist route that includes tourist points, lakes, religious places, ecotourism sites, and amenities such as parks and a parking facility.[64] Sacred places such as temples have emerged, along with spirituality hubs. Most of these locations are developed by attracting funds from corporations, NRIs, and HNIs.

Policy interventions

Gujarat Infrastructure Agenda – Vision 2010 was the first integrated infrastructure development plan drawn up by Gujarat Infrastructure Development Board. The Government of Gujarat has adopted the mission to establish and promote tourism as an "engine of growth" and to put Gujarat on the domestic and international tourism map.[65]

- **Land allotment and development:** The state runs a "land bank scheme" under which it identifies and develops land parcels and allots to private players for the development of tourism-related infrastructure. The state has also formed tourism special economic zones (SEZs) with tax incentives similar to those provided to other industries.
- **Taxation:** The state has special incentives and tax holidays on luxury tax for hotels. The government has also rationalized value-added tax and entertainment tax to promote private participation in the travel and tourism industries.
- **Financing:** Gujarat State Finance Corporation has funded various infrastructure projects by establishing a tourism venture capital fund and an infrastructure development fund. The government has also partnered with Infrastructure Leasing & Financial Services to develop 50 tourism sites and INR 2,000 crores of tourism-associated infrastructure investments.[66]
- **Training:** The state runs many awareness and training programs. State government institutes provide diplomas in tourism education and run training programs for porters, guides, and taxi drivers.

[62] "Ecotourism to get big push in new Gujarat," Economic Times, 18 September 2015

[63] Best practices adopted by state governments, Ministry of Tourism

[64] Sardar Sarovar Narmada Nigam Limited

[65] Best practices adopted by state governments, Ministry of Tourism

[66] MoT – IMRB report on taxes on tourism sector, December 2014

Marketing

Aggressive marketing by Gujarat is considered to be the force to turn Gujarat around as a tourist destination. The "Khushboo Gujarat Ki" campaign, which depicted cultural nuances, vibrant festivals, and unique aspects of Gujarat, played a strong role in showcasing Gujarat as a tourist destination (see figure 21). The marketing campaign by Amitabh Bachchan for Gujarat has contributed to a rise of 100 per cent in foreign tourists and 50 per cent in outside state tourists, including NRIs.

Figure 21:
Gujarat tourism marketing campaign



The Gujarat tourism department is also a front-runner in adopting technology for marketing. The state is one of the few to develop and promote a dedicated website and mobile application for tourist information, trip planning, and related products. The state has actively used all social media channels to promote outside state and foreign tourism.

The state has collaborated with other state tourism departments to organize and promote tourism. The partnership between Gujarat Tourism, Rajasthan Tourism, World Travel & Tourism Council, and Indian Tourism Development Corporation has resulted in exploring synergies in promotions and campaigns.[67]

Gujarat Tourism also hosts many festivals such as the kite festival and Navratri Utsav to attract tourists and position Gujarat as a land of festivals. These festivals also act as a fundraising initiative from NRIs that participate in these festivals and events.

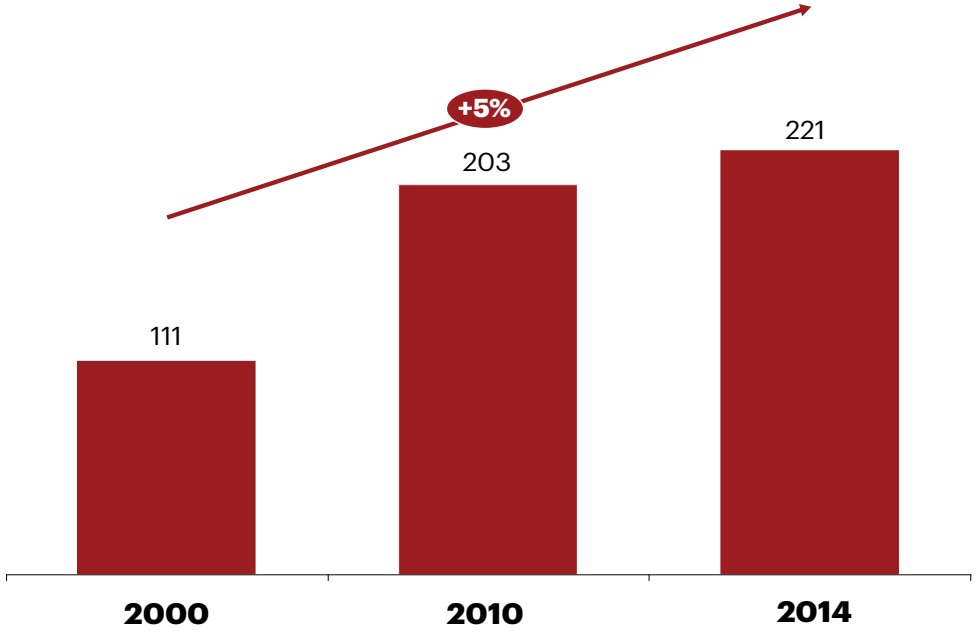
[67] Best practices adopted by state governments, Ministry of Tourism

3.2.3 Uttarakhand

Because most of the region is part of the Himalayan range, Uttarakhand has similar topography as the North Eastern states. Each year, it hosts a large number of tourists and has experienced 5 per cent growth in the past 15 years (see figure 22).[68] The state is known for its natural heritage, including scenic valleys, hills, lakes and wildlife, and religious places such as Haridwar, Chaar Dhaam, and Hemkundh Sahib, and has developed adventure tourism, ecotourism, and wellness tourism as an integral part of its tourism industry. There are various glaciers, trekking routes, and passes along with two major rivers, Ganga and Yamuna, to attract adventure enthusiasts.

Figure 22:
Tourist arrivals in Uttarakhand

All numbers in lakhs



Connectivity

Given the state's hilly terrain, connectivity on metrics such as road density and the number of trains is below Indian averages. However, the state's key tourist destinations are well connected:

- **Road:** With limited rail and air connectivity, the state relies heavily on the road network to connect tourists within and outside the state. Regular buses move between Dehradun and Delhi, operated by Uttarakhand Transport Corporation and private fleet owners. Luxury and non-luxury buses depart every hour from the Inter-State Bus Terminus, Delhi to Dehradun, easing passenger mobility.[69] Widening of key national highways (NH-87 and NH-27) is under way, which will improve connectivity with Delhi and Uttar Pradesh, thereby drawing more tourists to the state.[70]

[68] Indian tourism statistics 2014, Ministry of Tourism

[69] eUttaranchal (website for largest hotel network in Uttarakhand)

[70] Widening of NH87 to bring hill stations in Uttarakhand closer in next 3 years, Times of India, 31 March 2016

- **Rail:** The railway network connects tourist destinations such as Dehradun, Nainital, Haridwar, and Rudrapur to major cities. However, the other districts are not connected by rail. Dehradun's railway station is well linked to all major cities, including Delhi, Mumbai, Kolkata, Chennai, Amritsar, and the other main cities.[71]
- **Air:** The state has two domestic airports. Dehradun and Pantnagar airports have 334 and 26 monthly flight arrivals respectively, which is much lower than the national average of about 2,300.[72] The tourism department has recently launched a heli-taxi connecting Haldwani and Munsiyari to allow tourists to enjoy the panoramic view of the Himalayas.[73]

Passenger amenities

Although not developed by the state, Uttarakhand has good passenger amenities in the form of hotels and guest houses as a result of private participation, which has been supported by the state through easing documentation and procedures.

- **Hotels:** Uttarakhand has only six hotels approved by the Ministry of Tourism as of 31 December 2014; the number of rooms per lakh of tourists from these is very low compared with the national average (1.3 for Uttarakhand versus 6 for all Indian states). However, there are more than 1,200 hotels and resorts in the state, which include budget and starred hotels, providing ample choices to tourists.[74] The state government has also developed dormitories to provide low-cost accommodation to religious tourists.
- **Homestay:** The state has allowed individuals to register their residential property under the homestay scheme. Tourists can use the facility by filling a simple form on the Uttarakhand tourism website or by using a mobile application.
- **Maintenance:** Garhwal Mandal Vikas Nigam (GVMN), a state government entity, manages tourist rest houses, information centres, and convenience centres across the state.

Development of tourist circuits

Under the integrated tourism development strategy, the state has adopted a zonal approach for master planning and developing tourist circuits. The state is divided into seven zones (see figure 23). This approach helps in detailed planning for development of tourist circuits inclusive of infrastructure development, connectivity within circuits, energy sufficiency, and waste and water management.[75]

[71] eUttaranchal (website for largest hotel network in Uttarakhand)

[72] Airport Authority of India, December 2015

[73] Heli-taxi launched to promote state tourism, Indian Express, 19 January 2016

[74] eUttaranchal (website for largest hotel network in Uttarakhand)

[75] Uttarakhand Tourism Development Master Plan 2007–2022

Figure 23:
Zones for master planning



- **State-funded interventions:** The state government earmarks a significant amount of budget to the travel and tourism sector (2.4 per cent of state development budget, compared with 0.7 per cent for all states), which has led to the development of tourism related infrastructure within the state.[76] The state is also emphasizing the development of lesser-known hill stations by investing 400 crores to boost tourism.[77]
- **Private participation:** The state has adopted a PPP approach for developing individual circuits and destinations. It has signed memorandums of understanding with Asian Hotels Group for the development of 803 acres near Jim Corbett National Park with an investment of INR 512 crores. A similar approach has been adopted for the development of world-class high-end spa and reserve on 172 acres near Mussoorie.[78]

The state tourism department continuously monitors the performance of the circuits and stations on various parameters and takes appropriate action based on their performance. The department has developed a good mix of religious, leisure, and adventure tourism circuits. Ganga River passes through Rishikesh, which is emerging as a destination for adventure sports such as river rafting and trekking.

[75] Uttarakhand Tourism Development Master Plan 2007–2022
[76] Planning Commission state plans outlays 2012–2013
[77] Best practices adopted by state governments, Ministry of Tourism
[78] Best practices adopted by state governments, Ministry of Tourism

Policy interventions

The state is one of the top-performing states in terms of budget allocation for tourism developmente. Integrated strategic planning for the short, medium and long term for expansion, operations, maintenance, and marketing is one of the state's unique aspects.[79]

- **Land allotment and development:** The state industrial development corporation ensures availability of land at a reasonable price for developing passenger amenities. There is also a policy of single-window clearance for investment projects in tourism, and the state government has established separate funds for tourism development.[80]
- **Taxation:** To enhance private participation, the state government offers various tax incentives such as a three-year 100 per cent entertainment tax exemption and 30 per cent for an additional five years, and five years of 100 per cent exemption for new amusement parks and ropeways development. The state also emphasizes sustainable tourism, actively promotes the use of biodegradable material, and collects an entry tax at the checkpoints on the lines of Goa and Himachal Pradesh.[81]
- **Financing:** The state government subsidizes capital investments in the travel and tourism sector, capped at INR 30 lakhs, and provides financial assistance of 20 per cent for investments of up to INR 10 lakhs.[82] Tourism Finance Corporation of India, a central government entity, provides a one-time capital grant of 10 per cent of the total loan taken from designated financial institutions or up to INR 25 lakh for one-star, INR 50 lakh for two-star, and INR 75 lakh for three-star and heritage category projects.[83]

Marketing

The tourism department follows a multichannel strategy to promote tourism. The state has earmarked INR 38 crores to promote tourism within the country and abroad.

The state government has also appointed Germany-based Tourism Management Group International to promote Uttarakhand as a travel destination outside the country.[84] The state has a liaison with tour operators across India to promote lesser-known tourist destinations.

[79] Uttarakhand Tourism Development Master Plan 2007–2022

[80] Best practices adopted by state governments, Ministry of Tourism

[81] Uttarakhand Government to introduce entry tax for tourist, goods and private vehicles, India Today, 21 August 2012

[82] Ministry of Tourism IMRB report on taxes on tourism sector, December 2014

[83] Tourism Finance Corporation of India report

[84] Best practices adopted by state governments, Ministry of Tourism

Launched in 2001, the state's website provides all the relevant information related to tourist destinations, activities, homestays, and accommodation, including yatra planning for religious tourists. The government has also installed touchscreen kiosks at tourist information centres run by villagers and managed by GMVNL.

The state also organizes many festivals throughout the year to attract visitors and cross-sell tourism products.

3.2.4 Summary of best practices

The best practices from Rajasthan, Gujarat, and Uttarakhand are summarized cover all elements of the tourism development framework (see table 2). These will be used to develop the interventions to improve tourism in the NER.

Table 2:
Best practices in tourism development

Intervention areas and states	Rajasthan	Gujarat	Uttarakhand
Connectivity	• Connectivity to major cities via road, rail and air, especially Delhi • Luxury bus service by state road transport undertakings (SRTU) and private bus operators	• Connectivity to major cities via road, rail and air, especially Mumbai • High-speed rail network (a work in progress)	• Limited air and rail connectivity compensated by road connectivity • Heli-taxi services actively explored
Passenger amenities	• Paying guest scheme for tourist accommodation • Open-air art gallery for amenities maintenance and ambience	• Mobile application (G-Auto) for anytime, anywhere auto service • Tourist wardens and 24/7 dedicated tourist helpline	• Passenger amenities operated and managed by GVMN, state entity • Homestay scheme for passenger amenities in remote areas, booking by mobile application
Development of tourist circuits	• Golden triangle (Delhi, Agra, and Jaipur) attracts tourists • PPP for destination development • "Adopt a monument" scheme: private participation for site conservation and restoration	• State focus to develop ecotourism and wildlife circuit and Sardar Patel circuit • Private-sector participation for holistic development of tourist destinations	• Adoption of integrated tourism development planning: state divided into seven zones • State government earmarks significant budget for travel and tourism sector along with private funds
Policy interventions	• State Industrial Development and Investment Corporation of India land development scheme • Licenses to use government buildings • Training programs for cabbies, mahawats, and porters	• Gujarat Infrastructure Agenda – Vision to position Gujarat in top global tourist destinations • Infrastructure projects funded by Gujarat State Finance Corporation • Training programs to eradicate the menace of beggars	• Tax incentives for creating private player ecosystem • Capital subsidy for private players investing in tourism infrastructure
Marketing	• Concerts and festivals to showcase traditional music and dance	• Extensive branding and marketing campaign boosted tourism (2.5 times increase in tourist arrival annualized growth from 2010 to 2014 compared with 2000 to 2010) • Mobile application for tourist information and trip planning • Festivals used as fundraising mechanism	• Tie-up with Germany-based Tourism Management group for international marketing • IT-enabled information kiosks installed at tourist information centres

Key areas of intervention



To mitigate the identified pain points and gaps highlighted in the baselining section, key areas of intervention have been identified to enhance the movement of trade, transhipment, and the flow of passengers across the BBIN corridor.

4.1 Interventions to increase the flow of freight

Three areas have been identified to enhance the flow of freight within the BBIN corridor:

- **Improve infrastructure and designing procedural interventions** at key land ports.
- **Upgrade road connectivity** between key land ports and national corridors of India, major intra-NER routes and state capitals, and regional corridors of Asia such as the Asian Highway Network and India–Myanmar–Thailand (IMT) corridor.
- **Amend the existing BBIN Motor Vehicle Agreement (MVA) agreement** and its protocols to ease international movement of freight within the corridor.

4.1.1 Infrastructural and procedural upgrades at land ports

Land ports, located on the borders of two nations, are stoppage points in the road trip of a vehicle traveling internationally. The stoppage process at a land port must be conducted in a manner that is as streamlined and smooth as possible. Needless to say, a network of land ports without sufficient infrastructure and facilities can gravely impair trade between neighbouring nations.

The road movement of goods for cross-border trade within the BBIN sub-region is still in a nascent stage. Most of the cargo is non-containerized, with uncovered or minimal storage across the land ports at the borders. Facilities such as warehousing, transhipment, and parking are very limited. Similarly, even though there is significant trade of vegetables, fruits, and other agricultural products, most borders do not have adequate testing laboratories. Additionally, modern trading practices, including single window clearances, harmonized procedures at borders, and risk management systems, have so far been missing. Further, the share of road transport is disproportionately high even though the region has access to waterways and sea-based transport.

In recent years, significant investments have been made to improve the efficiency of paperwork processing with the introduction of computerized facilities and making checkpoint procedures and regulations more streamlined. For instance, the government developed the Indian Customs Electronic Commerce/Electronic Data Interchange Gateway (ICEGATE) to facilitate the documentation needs of traders and other end users. Similarly, Bangladesh and Nepal have adopted the Automated System for Customs Data (ASYCUDA) for processing and recording customs transactions.

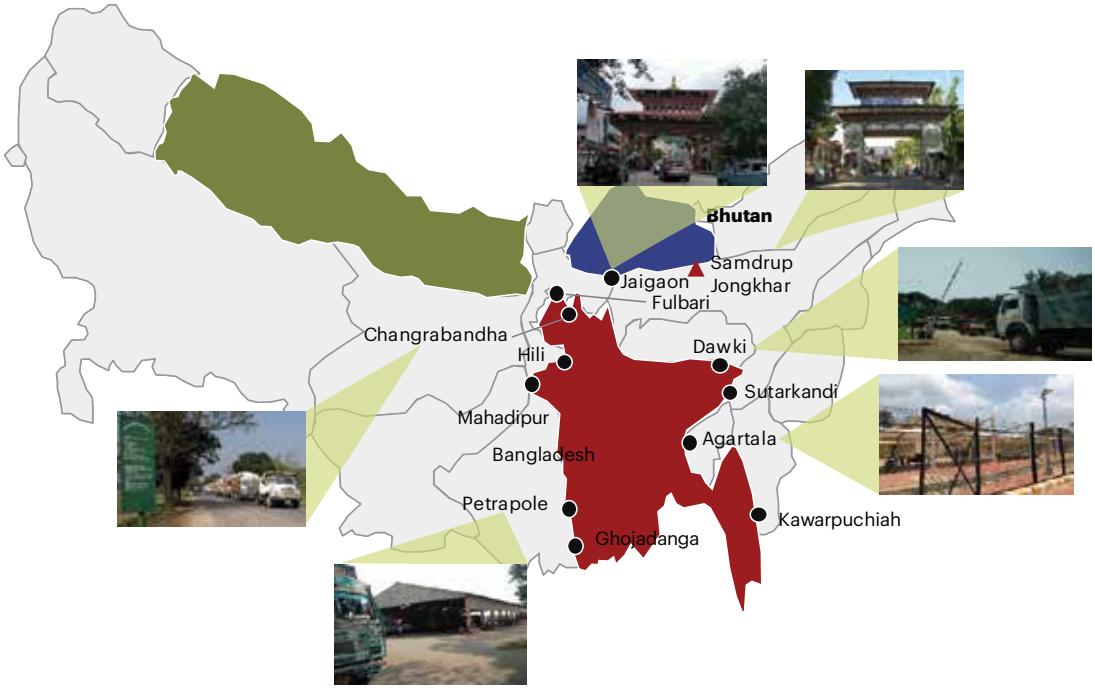
The system, however, is still not integrated with border gates and is only being used to store data; processes remain manual. At a policy level, trade and transhipment movement has been considered with a bilateral mind-set. Sub-regional initiatives such as the signing of the motor vehicles agreement between the BBIN countries are a step in the right direction.

In this study, the infrastructure status of Indian land ports across the North East with BBIN nations has been assessed to understand what procedural and infrastructural requirements are required to improve the movement of trade and transhipment commodity traffic going through BBIN nations.

Twelve land ports, either within the North East or strategically located near it, have been identified for priority development. These ports stand out because of their geostrategic and commercial importance to the region, and development needs to be prioritized to enhance the movement of trade and transhipment within the corridor.

The 12 land ports identified for development are Samdrup Jongkhar and Sutarkandi in Assam, Dawki in Meghalaya, Kawarpuchiah in Mizoram, Agartala in Tripura, and Petrapole, Hili, Changrabandha, Mahadipur, Fulbari, Ghojadanga, and Jaigaon in West Bengal (see figure 24). Of these 12, only Samdrup Jongkhar and Jaigaon neighbour Bhutan; the remaining land ports lie on the India–Bangladesh border.

Figure 24:
Key North East Region land ports in the BBIN corridor



Of these 12 ports, 11 have also been identified as land ports to be developed as integrated checkpoints (ICPs): Sutarkandi, Dawki, Kawarpuchiah, Agartala, Petrapole, Hili, Changrabandha, Mahadipur, Fulbari, Ghojadanga, and Jaigaon.[85] These ICPs are envisaged as having dedicated cargo and passenger terminals providing various facilities and services such as currency exchange, cargo inspection sheds, clearing agents, scanners (such as X-ray machines, doorframe metal detectors, and handheld metal detectors), banks, warehousing and cold storage, quarantine laboratory, isolation bays, passenger terminal building, and other public amenities including hotels and cafeterias.

The responsibility of overseeing and regulating the construction, management, and maintenance of ICPs has been given to a statutory authority called Land Ports Authority of India (LPAI). A subdivision under the Ministry of Home Affairs (MHA), the LPAI was founded in 2010 as a lean, regulatory body to provide better administration and cohesive management of cross-border movement of people and goods.

Samdrup Jongkhar has not yet been identified as an ICP to be developed by the government. Nonetheless, this land port has been highlighted for its commercial and geostrategic importance to the BBIN region. Although Samdrup Jongkhar is currently underused while Jaigaon commands more than 90 per cent of Bhutan's land trade movement, this land port can significantly contribute to the increased movement of goods between Bhutan and India.

In parallel to the development of ICPs across the region, upgrading infrastructure and facilities at existing LCSs in the North East Region is already under way with the support of the central government's Export Development Fund (EDF) under the Department of Commerce, set up to promote exports in the NER. The EDF program has identified the development of infrastructure at 11 land ports across Tripura, Meghalaya, Assam, and Manipur on a prioritized basis to facilitate trade in the region: Agartala, Old Raghana Bazar and Srimantapur in Tripura, Borsorah, Dawki, and Ghasuapara in Meghalaya, Kawarpucchiah and Zowkhawthar in Mizoram, and Karimganj, Steamer Ghat and Sutarkandi in Assam.[86]

Agartala, Dawki, Kawarpucchiah, and Sutarkandi have been identified for development in both the ICP and EDF programs. The agencies invested in developing the land port infrastructure in the NER will need to follow an integrated approach to ensure efficient coordination of resources across the board.

As mentioned, with investment from the ICP or EDF program, the facilities at the land ports are undergoing a sizeable transformation with some land ports in a more advanced state of development. To assess this, the infrastructure elements have been grouped into three categories:

Cargo facilities for enabling movement of the flow of diverse freight at the land port. These facilities include:

- Warehousing facilities for export and import of various commodities
- Parking bays for freight vehicles passing through borders

[85] Land Ports Authority of India: Projects – Roadmap of ICPs

[86] Trade Promotion Initiatives in the North East, Department of Commerce, Government of India Annual Report 2007–2008

- Basic inspection infrastructure for checking goods, including X-ray machines and full-body cargo scanners
- Dry testing labs (for items such as electrical appliances) and wet testing labs (for items such as chemicals and plastics)
- Quarantine facilities (separate ones for animals and plants)
- Impound areas for vehicle checks

Procedure enhancement enablers for facilitating more efficient movement of freight at the land port. These facilities include:

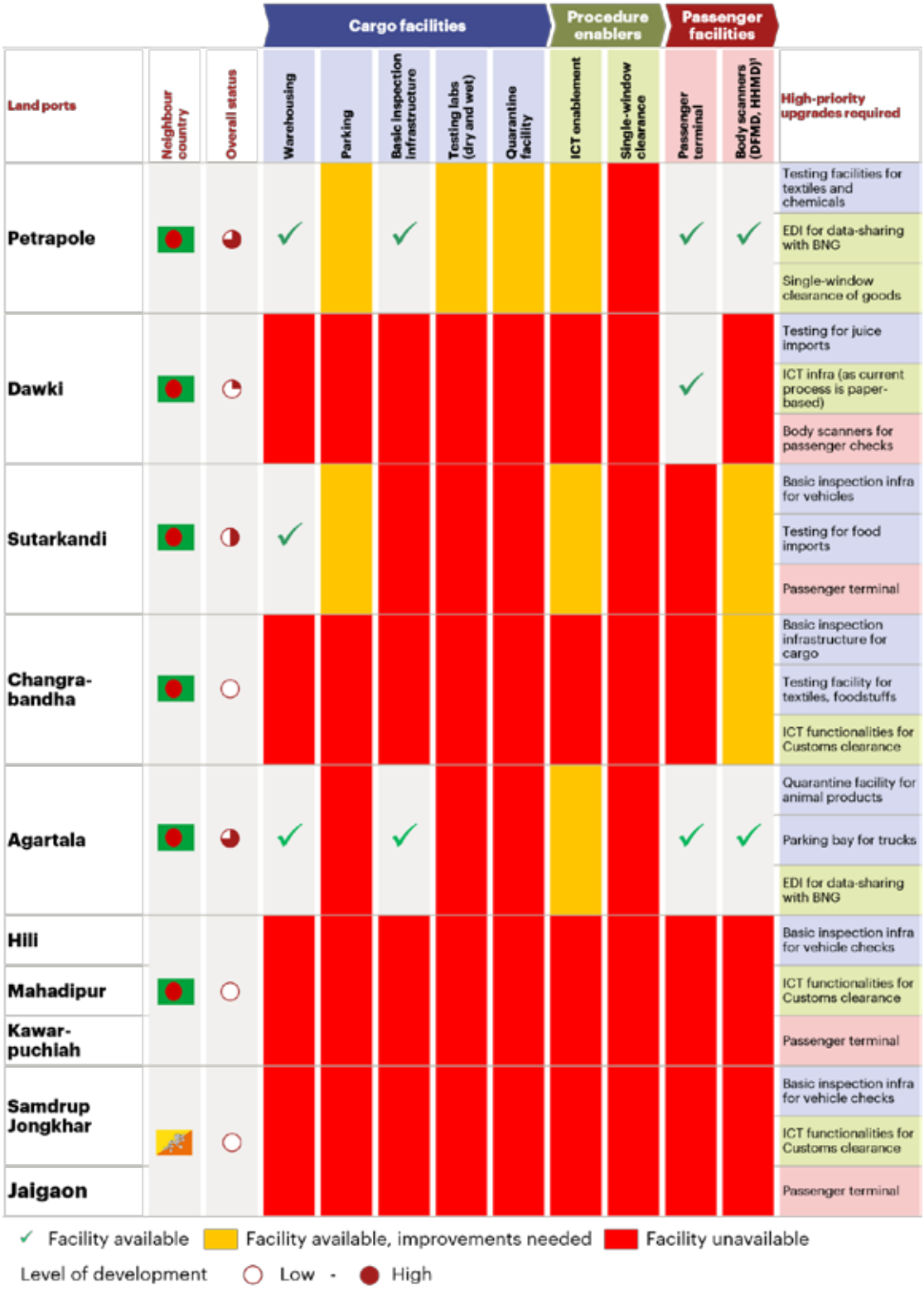
- ICT functionalities, including transitioning from paper-based to computerized customs clearances, a risk management system (RMS) for identifying the level of inspection to be conducted for a particular cargo load, and a single-window interface for facilitating trade (SWIFT) to ease the clearance of goods through customs
- Extended operational hours to increase daily productivity of land ports
- Prioritization of clearances for perishable goods such as fruits and vegetables

Passenger facilities for enabling smooth movement of passengers at borders. These facilities include:

- Passenger terminal housing immigrations, customs, and security clearances
- Currency exchange bureau and banking amenities, including ATMs
- Security systems, including closed-circuit televisions and body scanners, such as doorframe metal detectors and handheld metal detectors
- Internet connectivity via Wi-Fi hotspots across land port territory

Table 3 shows the assessment of 10 of the 12 identified land ports across the key elements within cargo facilities, procedural enablers, and passenger facilities given above. The remaining two, Ghojadanga and Fulbari, are still in preliminary phases of operation, and the facilities at these land ports are expected to be rudimentary. Assessment of these land ports should be done closer to implementation of infrastructural upgrades to identify high-priority interventions required. Interventions necessary for each of the land ports are also highlighted in the table.

Table 3:
Land port infrastructure assessment



4.1.2 Upgrading road connectivity

Transforming land ports (through ICP development or otherwise) is one vital part of enhancing the movement of trade and transhipment across the North East and beyond into the BBIN nations. The other crucial element in developing the BBIN corridor is building an efficient road network.

The alignment of the road network in the corridor must be completed in a way that ensures connectivity across three broad planes: within the NER, between BBIN nations, and with regional corridors of Asia.

The most important step is to identify the key routes to be developed across all three planes. This will enable the creation of an exhaustive list of all relevant routes that should be considered within the scope of the development of the BBIN corridor.

Connectivity within the NER

Considering the region's hilly terrain and remoteness from manufacturing centres, connecting the NER with a seamless road network will be challenging. It will be essential that road infrastructure upgrades occur in staggered phases, ensuring that high-priority routes are addressed first.

The first step in identifying high-priority stretches came with the establishment of a freight flow model to identify commodity-wise freight movement within the NER. The freight flow model used data from a comprehensive survey-based origin-destination study.[87] According to the developed freight model, 476 origin-destination freight-carrying routes were identified with both origin and destination lying in the NER. Of these 476, the top 90 routes, contributing to 80 per cent of the total freight flow within the region, were identified as key stretches and then mapped out. All of the key stretches were connected with each other and to the NER state capitals using feeder routes to develop a full road corridor within the NER extending to more than 3,300 km.

This corridor spans William Nagar, Meghalaya in the far west to Tinsukia, Assam in the east and from Itanagar, Arunachal Pradesh in the north to Agartala, Tripura, and Aizawl, Mizoram in the south (see figure 25).

[87] Planning Commission, 2008, RITES Total Transport System Study of origin-destination freight flows across India, projected for fiscal years 2015 and 2025 levels using state-wise commodity growth and state GDP growth

Figure 25:
North East Region road corridor



Note: Additional to the North East Region road corridor proposed, 2319 km of national highway construction has been approved as part of the Arunachal Package under the SARDP-NE program of the Ministry of Road Transport and Highways, Government of India.

Connectivity between BBIN nations

Improving the connectivity of land routes within NER is as essential to the development of the BBIN corridor as the improvement of road connectivity between the BBIN nations. On India's part, this would imply improving the road infrastructure leading up to all the land ports neighbouring Bangladesh and Bhutan, focusing chiefly on the 12 land ports identified in the earlier section. This initiative has two dimensions.

Connectivity of major land ports with Golden Quadrilateral and North South East West corridors. The Golden Quadrilateral (GQ) and North South East West (NSEW) are vital corridors that form an arterial network for movement of freight in India. To improve connectivity between BBIN nations, it is important to align routes leading from key land ports in a way that ensures their connectivity with GQ and NSEW, especially the Delhi–Kolkata (part of GQ) and East West (part of NSEW). Figures 26 and 27 show routes identified for enhancing connectivity of the 12 land ports to the GQ and NSEW. These routes span more than 1,500 km, not including the sections that have already been mapped in the NER road corridor as shown above.

Figure 26:
North East Region routes identified for enhancing land port connectivity

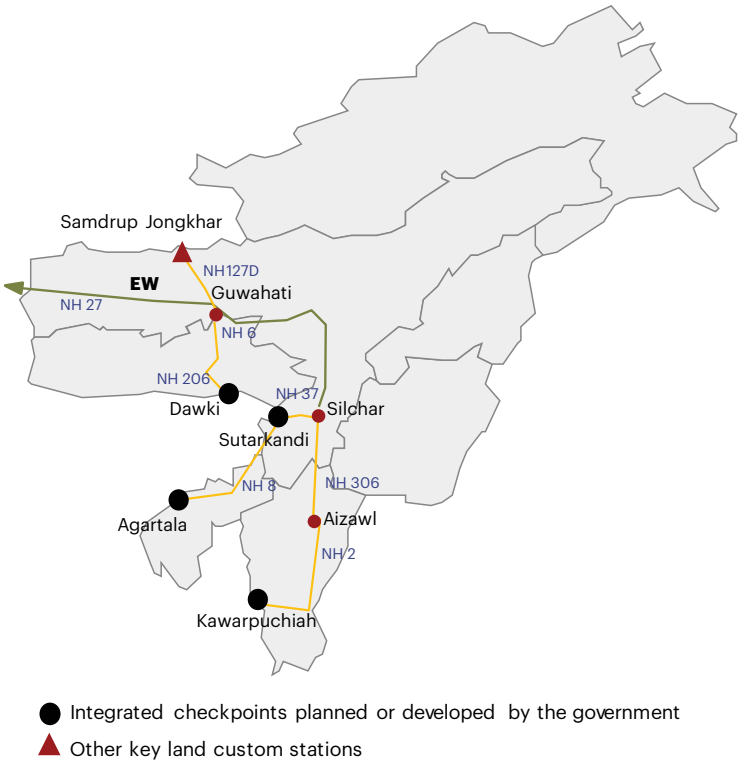
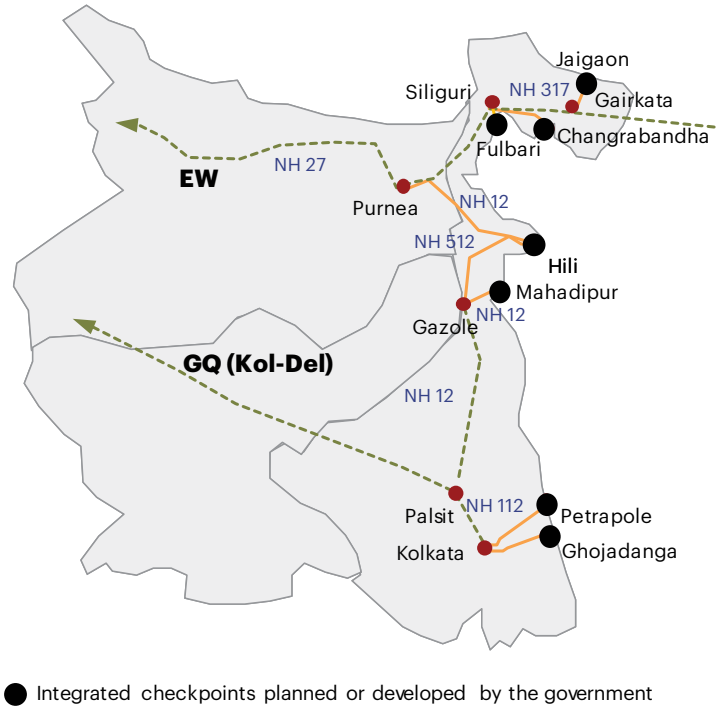


Figure 27:
West Bengal routes identified for enhancing land port connectivity



Connectivity on the routes listed in the existing bilateral agreements and other subregional corridors such as the South Asia Subregional Economic Cooperation (SASEC) can also be developed once the flow of freight and passengers increases on the BBIN corridor.

Connectivity for Indian domestic freight routes by transiting through Bangladesh. Today, a cargo load traveling from mainland India to the NER—say from Kolkata to Agartala—has to circle around the Bangladeshi border for more than 1,500 km to reach its destination. However, with the development of the BBIN corridor, such cargo loads could alter their routes by choosing to transit through Bangladesh, thereby reducing their travel distance by more than 1,000 km. Such routes, where either the origin or the destination is located in the NER, are a great advantage and should be included in the list of routes to be upgraded to improve road connectivity between BBIN nations. Routes within Bangladesh that could enhance movement of Indian domestic freight have been identified and detailed (see figure 28).

Figure 28:
Transit routes via Bangladesh



Connectivity with regional corridors of Asia

The development of the BBIN corridor will lead to improved and efficient connectivity infrastructure and facilitate trade between the South Asian states of Bangladesh, Bhutan, India, and Nepal. In addition, the corridor is important from the perspective of connectivity at an Asia-wide level and linking BBIN with other regional collaborations such as the GMS and ASEAN. Hence, it is crucial to ensure connectivity of the BBIN corridor with key regional Asian corridors.

India–Myanmar–Thailand Motor Vehicle Agreement. Another subregional policy framework similar to the BBIN Motor Vehicle Agreement and in the midst of negotiations between India, Myanmar, and Thailand is the IMT Motor Vehicle Agreement. This trilateral agreement between the three nations primarily focuses on developing a 1,400 km highway, connecting South and South East Asia by linking Moreh in India to Mae Sot in Thailand via Tamu City in Myanmar.[88] Being the first transport facilitation agreement between South Asia and Southeast Asia, this will enable economical and time-efficient movement of goods and people across borders, enhancing trade and regional economic integration. Because India's East–West corridor terminates at Silchar in Assam, connecting Moreh to Silchar will ensure connectivity of IMT with the EW corridor and thus by extension, the BBIN corridor could become connected to the IMT highway. This is a good example of subregional initiatives coming together to developing larger value chains at an Asia level.

Asian Highway Network. The Asian Highway (AH) Network is a cooperative project among countries in Asia, Europe, and the UN Economic and Social Commission for Asia and the Pacific (UNESCAP) to improve the highway systems in Asia. Funded by institutions such as the Asian Development Bank (ADB), the project seeks to make the most of the existing road infrastructure in participating countries, developing new roads only for missing links. The network envisages the development of more than 50 routes spanning multiple geographies and jurisdictions across Asia. The AH Network (namely AH 1) overlaps at several stretches within the NER Road Corridor identified earlier in this section. These stretches include Shillong–Guwahati, Guwahati–Nagaon, and Dimapur–Imphal. Moreover, AH 1 overlaps with the stretch from Imphal to Moreh, a route identified for development under the IMT motor vehicle agreement. An integrated approach between the AH program and NER road development programs is needed to capture the most benefits from the many synergies that can emerge from developing the AH Network along with road connectivity in the NER.

4.1.3 Amendments to BBIN MVA agreements

Developing the BBIN corridor involves complex political interplays that drastically increase the significance of agreements and regulations in serving as guidebooks for on-the-ground movement of goods and people. Hence, an analysis of existing agreements and regulations must be done to identify key gaps in policy governing movement of trade and the flow of passengers.

[88] 1,400 Kilometre Highway to Link India, Myanmar, and Thailand, 2016, South Asia Subregional Economic Cooperation

The BBIN Motor Vehicle Agreement is considered to be a game changer in the subregion as it will not only increase cross-border business activities but also improve passenger connectivity. However, potential benefits notwithstanding, there are some open areas in terms of understanding, interpreting, and applying the policy tenets.

With this in mind, a preliminary analysis of the MVA has been undertaken by juxtaposing it against the key elements of the TIR system, as detailed in Section 3.1.3.

The analysis of the MVA vis-à-vis the TIR Convention is shown in table 4:

Table 4:
Comparison of the MVA to the TIR system

#	Key elements of TIR	Addressed in the MVA?	Implications to BBIN MVA
1.	Single international body to provide guarantee for duty-free movement	✗	**Option 1** • Joint task force with representation from all nations grants special permits to transporters without customs guarantee **Option 2** • Customs guarantee system similar to TIR granting access to transporters for permit fee equivalent to duties at risk **Option 3** • Customs guarantee system with custom duties at risk covered by an insurance product approved across nations
2.	Controlled access of transporters on transit routes with admission fee commensurate with duties at risk	✗	
3.	Identifiable (with logo) and tamper-proof vehicles allowed for easy identification and minimum inspection	✓[1]	• Standards to be defined for secure vehicles with select vehicle type approval or approval by national guarantor • Secure, tamper-proof, and technologically enabled seals
4.	Single, uniform Customs document (TIR carnet) issued per journey	✗	• Design a single, standardized document that can be used for customs clearances across Transition to Document of Temporary Admission (DTA) as single, standardized Customs document across BBIN nations • Transition to electronic documents (paper currently)
5.	Harmonized border controls	✗	• Provision to be added to the Protocols • Checks by customs office at origin should be acceptable to all nations' customs during transit operations • Arrangement for joint control of goods and documents through shared facilities at borders • Acceptance of the International Vehicle Weight Certificate to avoid repetitive vehicle weighing procedures at borders

1. not adequately

The above list of suggested changes could be included as part of the standard operating procedures to be developed for cargo movement. In addition, the following changes may also be explored:

- Adoption of high quality electronic seals that ensure greater degree of security
- Introduction of e-carnet to eliminate need for physical documents and predict transit vehicle arrivals
- Fast-tracked clearances to be provided for perishable and fragile goods at borders
- Arrangement for joint control of goods and documents through shared facilities at borders
- Standardization of BBIN country-wise vehicle types in line with UN-ratified Global Technical Regulations for both freight and passenger vehicles

4.2 Interventions to increase the flow of passengers

Five areas of intervention have been identified to boost travel and tourism in the NER. The interventions under each of the elements are discussed below:

4.2.1 Connectivity

The NER states need to build a comprehensive plan to enhance connectivity to ease tourist flows and make travel more affordable. The connectivity via road, rail, and air is necessary to provide a choice of mode to various categories of travellers to suit their requirements. The following section details the initiatives that can be spearheaded by the NER to improve connectivity by road, rail, and air.

Road connectivity

Improving road connectivity entails two key elements:

- Developing road infrastructure by upgrading critical routes and allied infrastructure such as wayside amenities and bus terminals
- Improving intercity and state bus services

Targeted interventions to improve connectivity along these two dimensions are listed below:

Infrastructure. Development of the NER Economic Corridor, as defined in section 4.2, would play a strong role in improving road connectivity in the NER. In addition to road infrastructure, the NER states should focus on developing allied infrastructure such as wayside amenities, signage, bus stops, and bus terminals. Alternate financing mechanism of public-private partnerships such as build-operate-transfer (BOT), BOT annuity, and hybrid annuity can be explored to develop this infrastructure.[89]

Intercity and state bus service. The department of tourism should also take steps to improve interstate and long intercity bus routes in collaboration with SRTUs and private operators. The tourism department can explore launching luxury sleeper and comfort buses to promote leisure tourism in the region. For example, to draw tourists from the main cities such as Delhi and Chandigarh, Himachal Pradesh Tourism Development Corporation runs luxury buses connecting key tourist destinations.

[89] Public Private Partnerships, Ministry of Finance

Rail connectivity

One of the major initiatives to increase rail connectivity in the NER is to connect all the state capitals in the region with a broad-gauge line. The project has been initiated by Indian Railways and is due to be completed by 2020. Also, various railway programs with total rail length development of 750 km are under way to enhance rail connectivity that will expand the rail network in NER.

Despite large-scale projects undertaken by railways, state intervention is needed in the following areas:

Fast-track land acquisition. There is a need for state government support to fast-track land acquisition for key railway projects, as listed below:[90]

- A new broad-gauge line from Tetelia to Byrnihat in Assam Meghalaya (21.5 km); awaiting forest clearance, which needs to be facilitated by state government
- A new line having alignment with Dhansiri–Sukhobi–Zuzba in Nagaland (91.8 km); awaiting land acquisition by state government
- The Agartala–Sabroom line in Tripura (112 km): government land of 8.53 hectares (ha) and Patta land (ownership with individuals) of 16.79 ha needs to be handed over by state government for approaches of railway over and under bridges and station approach roads
- New broad-gauge line from Byrnihat to Shillong in Meghalaya (108.4 km); awaiting land acquisition by state government

Improvement of law and order. Certain projects have been affected by ongoing blockades and bandhs in the NER. State governments need to provide security for working personnel and improve law and order to minimize the adverse effect on ongoing work.[91] One project that has been hampered by these issues and needs priority support is the new broad-gauge line from Jiribam to Imphal in Manipur (110.63 km).

Air connectivity

Air connectivity is important since more than 85 per cent of foreign tourist arrivals come through airways.[92] However, the number of monthly flight arrivals in the NER is below India's average. There is a need to address the concerns of poor infrastructure and low service levels to improve air connectivity.

The following initiatives are suggested to address the concerns:

Infrastructure development. The states should fast-track the greenfield project work for the development of the Pakyong (Sikkim) and Itanagar airports (Arunachal Pradesh) through supporting land acquisition and forest clearances. This will provide air connectivity to states that currently lack these.[93] The completion of these projects, along with a proposed hotel and convention centre, will increase tourism in the relevant states.

[90] Indian Express, 22 July 2016

[91] North East Frontier Railway Performance Booklet, 2014–15

[92] Indian Tourism Statistics 2014, Ministry of Tourism

[93] Airport Authority of India, December 2015

Additionally, the North Eastern states can develop a value proposition for private players to develop helipads in five-star and luxury properties by providing subsidies under the tourism development scheme, based on the model followed by Himachal Pradesh.[94] These helipads boost passenger connectivity in harsh terrains and act as emergency response infrastructure.

Infrastructure upgradation. The tourism department should collaborate with the Airport Authority of India to equip airports for operations in low-visibility situations, which will improve connectivity and reduce flight cancellations from bad weather.[95] Implementation should occur in phases based on the flow of passengers. Airports with more traffic, such as Guwahati, Agartala, and Dibrugarh, should be upgraded in the first phase. Additional upgrades at other airports can be done as passenger flow increases.

Services. The states should also formulate a value proposition for non-scheduled flight operators to start heli-taxi and chartered flight services in the NER. The state governments can get into contracts using the viability gap funding clause to initiate such services in the region.[96] In addition, active intervention from the state is required to make air routes viable. For example, Alliance Air, a fully owned subsidiary of Air India, operates ATR aircraft in the region and gets compensated from North East Council under the viability gap-funding clause.

Waterways connectivity

With the major push from the central government to develop national waterways, inland waterways can be explored and developed to connect pilgrimages along the Brahmaputra River, such as Hajo and Aswaklanta temple. The state governments can also start passenger ferries to reduce congestion on roads and improve connectivity to the region. These activities have a potential to attract religious tourists to the NER.[97]

4.2.2 Development of passenger amenities

Developing passenger amenities will enrich visitors' experience and enhance tourism. Passenger amenities include hotels, motels, wayside amenities, tour operators, tourist information centres and information sharing platforms, public transport system, and safety and security enablers. The interventions needed to develop passenger amenities have been categorized into four categories:

Convenience

Interventions to enhance passenger convenience need to focus on infrastructure development, providing financial assistance to private operators to play an active role and enhance availability of tourism information.

Infrastructure development. The states should identify the major tourist attractions and study the current level of infrastructure in these locations. Necessary steps should be taken to develop passenger amenities by inviting private parties to participate via build-operate-transfer (BOT), operate-maintain-transfer (OMT) and build-own-operate (BOO) route.[98] Two specific interventions can be focused upon:

[94] Strategic plan, Ministry of Civil Aviation

[95] International Business Times, 2 August 2016

[96] Economic Times, 28 June 2012

[97] Economic Times, 15 August 2016

- **Land availability and development:** The state tourism departments, in collaboration with industrial development corporations of respective states, need to identify land parcels on the main tourist circuits around monuments and national and state highways and support sale and lease of the same to the interested private players for developing tourism-related infrastructure. For example, Gujarat Industrial Development Corporation runs a land bank scheme under which land parcels are developed and transferred for the development of amenities under BOT mode.
- **Homestay:** To develop accommodation for tourists in remote locations, the state governments can allow people to register their residential premises for homestay, which will promote local cultural integrity and let visitors experience ethnic food. This option is provided by governments in Uttarakhand and Himachal to overcome the shortage of tourist accommodation, especially in rural areas.

Financial assistance. The states should collaborate with Tourism Finance Corporation of India (TFCI) to boost adoption of a capital grant provided by TFCI to various categories of hotels.

Tourist information. Tourist Information Centres play a vital role in enhancing convenience to travellers as they provide information related to an area's attractions, lodging, maps, and other related tourism information. The NER states can collaborate with other states to provide information to tourists through the tourist information centres of other states. The state tourism departments should also actively adopt technology such as mobile applications and IT-enabled information kiosks to provide relevant information and engage with travellers. For example, Malaysia Tourism has developed a mobile application, Malaysia Tourism Trip Planner, which provides site information and allows detailed trip planning to tourists.[99]

Tour operators. Five out of eight NER states did not have any registered tour operator: Arunachal Pradesh, Meghalaya, Mizoram, Sikkim, and Tripura.[100] The lack of registered tour operators impairs the availability of information to tourists and deprives the region of being considered for vacations by prospective travellers. The respective state governments should collaborate with the Indian Association of Tour Operators (IATO), the national apex body of the tourism industry, to develop tour operators within the region, which will act as an enabler to attract more tourists.[101] For example, the government in Jammu and Kashmir provides financial assistance of up to 50 per cent for infrastructure upgrades of travel and tour operators.[102] The states can potentially collaborate with e-travel portals such as MakeMyTrip, Yatra, and Goibibo to promote tourism products and acquire new customers.

Intercity and intracity mobility

Intercity mobility within a state is necessary to ease passenger movement between tourist destinations. The states need to enhance intercity mobility by introducing buses on critical circuits through SRTUs and private operators.

[98] Public Private Partnership in India, Ministry of Finance

[99] Malaysia Tourism

[100] Indian tourism statistics 2014, Ministry of Tourism

[101] Indian Association of Tour Operators

[102] Ministry of Tourism IMRB report on taxes on tourism sector, December 2014

For intracity mobility, states should also promote cabs, autos, and other public road transport within tourism cities.

Safety and security

Safety and security are major concerns for tourists and directly impact tourist arrivals in any region. NER states should take steps to make visitors feel safe when they travel to the region. Safety and security can be enhanced through several areas:

Training. To promote cultural integrity and acceptance of outside state and foreign tourists, NER states can introduce training programs for tourist interaction points such as police, taxi drivers, and tour guides. Similar initiatives have been successfully undertaken by Rajasthan and other state tourism departments.

Regulation. There is also a need to regulate hotels, tour operators, and taxi operators to ensure security compliance and training of these private parties. For example, the Goa state government ensures registration of hotels, tour operators, taxi operators, and adventure activity operators under the Goa Registration of Tourist Trade Act 1982 and Rules 1985. The act helps the state government ensure compliance by all involved parties.

Technology. States can adopt various technology initiatives. Examples include a mobile app for tourists and a toll-free number to provide tourist information and to address security concerns. For example, the tourism departments in Goa and Kerala have launched multilingual toll-free numbers to address travel-related queries as well as safety and security concerns.

4.2.3 Development of tourist circuits

A tourist circuit is typically defined as a route covering three or more tourism destinations in different cities, separated by moderate distances, with well-defined entry and exit points. Focused development of tourist circuits enhances the attractiveness of individual tourist locations and helps lengthen the duration of tourists' stay as well as how much they spend. The tourist sites need to be carefully selected based on their potential and type and should be integrated to form a circuit with optimal connectivity.

Developing tourist circuits requires an all-encompassing approach, covering elements of operations, expansion, maintenance, marketing, and environmental sustenance. Tourist circuit development in India is done by states, in collaboration with the Ministry of Tourism under the Swadesh Darshan and Prasad schemes. For NER states, the Ministry of Tourism has sanctioned more than 700 crores for development of circuits under the Swadesh Darshan scheme.[103] States need to use the sanctioned funds efficiently and explore options of private participation wherever possible. The circuits can be developed based on tourism interests such as leisure, religious, cultural, ecotourism, and adventure tourism.[104] In the following sections, interventions are suggested to develop specific tourist circuits within NER states.

[103] Annual Report 2015–16, Ministry of Tourism

[104] Product/Infrastructure Development for Destinations and Circuits (PIDDC) scheme for tourism development, Ministry of Tourism

Leisure and religious circuit

The states need to develop leisure and religious circuits, which have great potential to attract tourists. The state should involve private players for destination development and restoration to meet the funding requirement and to fast-track development work. Gujarat has collaborated with Infrastructure Leasing & Financial Services, a private infrastructure development and financing company, to develop 50 tourist sites. Development of four leisure circuits and one religious circuit have been approved by Ministry of Tourism, and funds have been sanctioned. The states may supplement the funding for developing tourist circuits from their planned annual outlay for land allocation, rehabilitation of displaced people, and development and upgrading of external infrastructures such as water supply, electricity, and roads. Following are the approved circuits:

Leisure circuits:

- Bhalukpong–Bomdila–Tawang circuit in Arunachal Pradesh: 49.77 Cr sanctioned
- Imphal–Moirang–Khongjom–Moreh circuit in Manipur: 89.66 Cr sanctioned
- Rangpo (entry) –Rorathang–Aritar–Phadamchen–Nathang–Sherathang–Tsongmo–Gangtok–Phodong–Mangan–Lachung–Yumthang–Lachen–Thangu–Gurudongmer–Mangan–Gangtok–Tumin Lingee–Singtam (exit) circuit in Sikkim: 98.05 Cr sanctioned
- Agartala–Sipahijala–Melaghar–Udaipur–Amarpur–Tirthamukh–Mandirghat–Dumboor–Narikel-Kunja–Gandachara–Ambassa circuit in Tripura: 99.59 Cr sanctioned

Religious circuit:

- Kamakhya temple and pilgrimage destination in and around Guwahati: 33.98 Cr sanctioned

Cultural circuit

Cultural circuit is an upcoming theme and multiple states, like Rajasthan and Gujarat, have developed cultural circuits to boost local income and employment successfully. The cultural circuit needs to be developed keeping in mind the interests of the local community. State interventions required to develop the circuit are highlighted below:

Showcase villages. States can develop showcase cultural villages by actively involving villagers and tribal people. The villages can be developed around the associated history and arts and crafts of the village. As an example, Kerala government has developed craft-based cultural tourism in Arumala village. For NER, the Ministry of Tourism has sanctioned 97.36 crores for development of Peren–Kohima-Wokha (Nagaland) tribal circuit.

The showcase villages are to be developed in such a way as to ensure protection of rights and human development of the local and tribal community under the initiatives suggested below:

- **Protection of rights:** The NER states are the home of many tribal communities. State governments need to protect the rights of tribal people and create an inclusive culture. Also, outside tourists should be sensitized before undertaking such tours.
- **Human development:** The respective state governments also have to keep the human development needs of tribal people in mind while developing such circuits. Programs can be designed to train tribal boys to be cave guides, kiosk operators, and parking assistants, as Andhra Pradesh Tourism Development Corporation did.

Ecotourism and adventure circuits

Ecotourism and adventure tourism is an upcoming and widely sought-after theme. NER is home to ample natural reserves that can be developed as tourist attractions to promote eco and adventure tourism. The state governments need to develop national parks, treks, and adventure sports to attract tourists, as suggested below:

National parks and wildlife sanctuaries. The states need to develop national parks and wildlife sanctuaries, in collaboration with Department of Forests, to make them more attractive for tourists (e.g., a state of the art facility, Jungle Bells, has been developed by Andhra Pradesh Tourism Development Corporation in collaboration with the forest department). Certain national parks which are considered as world heritage sites, such as Khangchendzonga National Park (Sikkim), Kaziranga Wild Life Sanctuary, and Manas Wild Life Sanctuary (Assam) could be prioritised for development as it would be easy to attract tourists to these destinations.

The Ministry of Tourism has approved two circuits as wildlife and eco circuits:

- Manas–Pobitora–Nameri–Kaziranga–Dibru Saikhowa as a wildlife circuit in Assam: 95.67 Cr sanctioned
- Integrated development of a new ecotourism circuit at Thenzawl and South Zote, District Serchhip and Reiek, Mizoram: 94.91 Cr sanctioned

The areas near national parks must also be developed to include passenger amenities such as hotels, tourist guest houses, hides, and other facilities. These services must be developed using local material and design to maintain the authenticity of such eco sites.

Treks and passes. States must also develop treks and bypasses to attract tourists interested in ecotourism. These treks should be developed in collaboration with tour operators and private players to ensure the availability of necessary amenities around the sites.

Adventure sports. The state governments need to identify and develop sites for adventure tourism such as rafting and skiing. Appropriate interventions are required to ensure quality, safety, and availability of trained human resource. The Orissa government has executed such projects via PPPs.

4.2.4 Policy interventions

The right policy interventions by state governments can create a private player ecosystem and help promote tourism. These interventions should focus on ensuring connectivity to all the main tourist destinations, augmenting infrastructure to enhance passenger convenience, developing tourist destinations, marketing tourism-related products, and developing human resources. The policies covering the above aspects can be broadly categorized under taxation, licensing, and human resource development.

Taxation

The states should rationalize various taxes levied on tourism-related products and services to attract private investments in the sector. In the current taxation regime, these taxes include a service tax, VAT, luxury tax, and entertainment tax, and the states can look towards rationalizing the same in the short term. Once a GST is implemented, the states can incentivize tourism products and services by lowering the rate for these for a definite time period. Rationalization efforts by other states such as Gujarat and Rajasthan have seen good results. Priority initiatives, which have had a substantial impact in other states and countries and should be taken up by NER, are listed below:

Deduction on capital expenditure. The government can consider allowing 100 per cent deduction for capital expenses incurred for renovation/ upgradation of infrastructure for all hotels (currently applicable for 2 star and above properties only). For example, the Malaysian government taxes only 30 per cent of income for all categories of hotel, which incentivizes private players to undertake upgradation work and ensures the quality of infrastructure.

Double deduction for overseas promotion. The government can allow double deduction on expenses incurred for overseas promotion and attending trade fairs. It ensures that private players undertake efforts to promote tourism at an international level. For example, the Malaysian government allows a double deduction to players that promote tourism or related products to attract foreign tourists.

Tax-free SEZ. The state governments should consider developing tax-free tourism SEZs in identified circuits near major tourist destinations. The tax holiday will attract organized players to develop required infrastructure within the designated area. For example, the Dubai government does not charge corporate income tax from players operating in the tourism sector for 15 years.

Forex earning-based income tax deduction. The government may allow a foreign exchange earnings-linked deduction on profits for income tax computation, as enjoyed by manufacturing and information technology and information technology-enabled services (in SEZ) to make travel and tourism industry attractive.[105]

Licensing

Effective licensing policies can promote the role of private players in helping states overcome issues related to infrastructure development and operational efficiency. The areas discussed below can help improve a licensing scheme:

[105] Ministry of Tourism IMRB report on taxes on tourism sector, December 2014

Single-window clearance for tourism infrastructure development. The state governments need to design policies and procedures to provide single window clearance to private investors for hotels and tourism related infrastructure, and simplify rules for land allotment and conversion. Similar policies have been adopted by Rajasthan, Andhra Pradesh, and Uttar Pradesh governments to fast track clearance for tourism projects.

Leasing of government property. Government offices are usually housed in prime properties. The state should identify unused government properties and lease them to private parties to promote tourism activities.

Licensing of private operations. The state policies should address the needs for intercity and intracity mobility.

- **Intercity mobility.** The respective state governments should also incentivize private players so cabs can ensure desired mobility within cities and tourist destinations. For example, the Jammu and Kashmir tourism department offers taxi operators a capital subsidy of up to INR 0.7 million to buy new cars and develop infrastructure.
- **Intracity mobility.** The respective state government needs to provide licenses to private operators so luxury buses can be introduced on the main tourist destinations to improve connectivity. For example, the Madhya Pradesh government allows exemption from road tax payment for five years to private operators of caravan buses used for tourist purpose.[106]

Human resource development

Developing human resources will be essential for developing tourism in NER states. Well-trained tourist touchpoints, including well-informed guides, well-mannered cab drivers, and hospitable hotel staff, create a positive perception for visitors and enhance the consumer experience. Key interventions for human resource development, linked to improvement of tourism, are listed below:

Training programs. The states need to provide etiquette training to tourist touch points such as porters, cabbies, and police officers, as undertaken by Uttar Pradesh tourism (in association with Union Ministry of tourism, Indian Institute of Tourism & Travel Management and Banaras Hindu University) for boatmen, rickshaw pullers, pandas, porters, shopkeepers, and street vendors near and around Kashi ghats. Central and state government institutes should focus on providing more skill-based courses such as diplomas in reception management, front office, and housekeeping and training sessions for delivery boys, parking assistants, and guards.

Training institutes. The government needs to open more training institutes such as the Institute of Hotel Management and the Food Craft Institute to cater to the needs of the hospitality industry. The states also need to use grants budgeted by the Ministry of Tourism to create infrastructure for imparting training through mainstream institutions such as industrial training institutes and universities.

[106] Ministry of Tourism IMRB report on taxes on tourism sector, December 2014

4.2.5 Marketing

Effective marketing can be an active enabler for developing tourism. The effect has been seen in multiple states. For example, Gujarat saw a robust increase in tourism through its marketing and support of other infrastructure and policy initiatives (2.5 times increase in tourist arrival annualized growth from 2010 to 2014 compared with 2000 to 2010).

There is a need to address all the components of marketing to have an impact on tourism development. The initiatives should cut across promotion, branding, and events.

Promotion

The states need to promote the rich cultural and natural heritage of NER region to attract tourists. Marketing campaigns must be developed to cover all tourism categories.

- The states need to develop customized marketing campaigns to reach out to all probable customers across all categories. The campaign should include print, television, and social media based on the reach of the particular media to the specific set of tourists.
- The states can explore collaboration with travel portals such as MakeMyTrip and Trip Advisor for customer acquisition and with travel writers and journalists to encourage them to visit the state and share their travel experience on a public platform.

Branding

Brand building is an important way to transform the image of the state as a tourist destination and enhance recall and recognition by the tourists planning for a vacation.

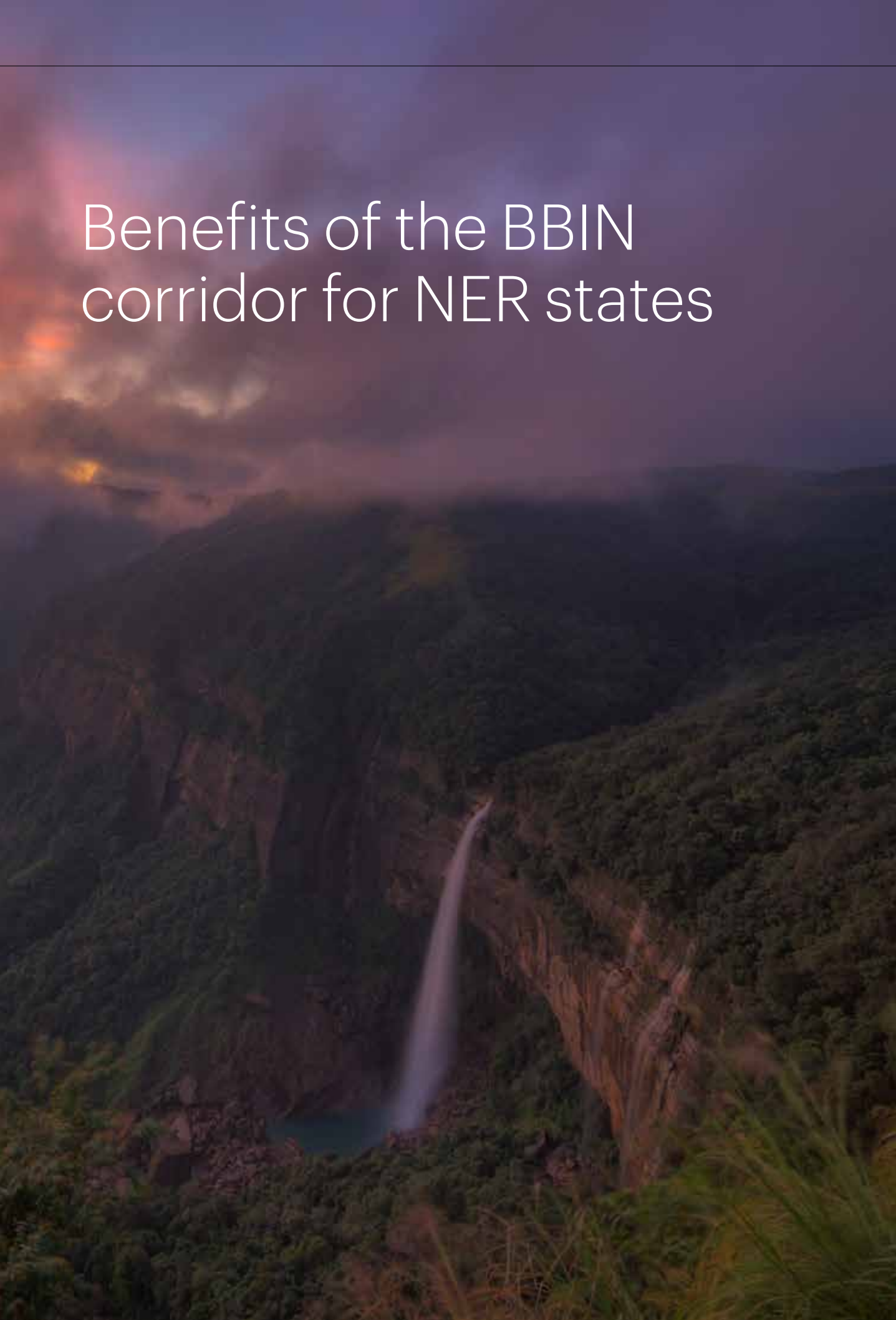
- The NER states need to reposition the region as a complete tourist destination by improving communication with their prospective customers.
- The states also need to have a brand ambassador who has credibility and can represent the North East in demeanour, values, and culture.

Events

Concerts and festivals. The NER states are culturally rich and diverse. The state governments need to organize concerts and festivals that can showcase the rich diversity and heritage of NER and attract tourists. Many states host such events with great success. For example, Rajasthan Tourism hosts many concerts and festivals year-round to attract visitors and showcase the rich cultural heritage. Along similar lines, Jammu and Kashmir Tourism has recently invited applications from event management companies for organizing folk art performances across the country for three years to promote tourism and culture.

Sports events. Sports events can be a significant way to draw media attention and use it as a means of secondary marketing to showcase the potential of the region. The government of Himachal Pradesh and Gujarat organize such events annually to attract tourists from around the world.

Benefits of the BBIN corridor for NER states



The development of the BBIN corridor will have significant benefits for India, but most importantly, the corridor will have an immense impact on the North East Region. This impact can be categorized into four areas:

- Improved connectivity of the NER to India and the BBIN nations
- Increase in intraregional trade among BBIN nations
- Increase in GDP for NER states and employment generation
- Creation of value chains within the NER, thereby promoting interregional production-consumption collaborations

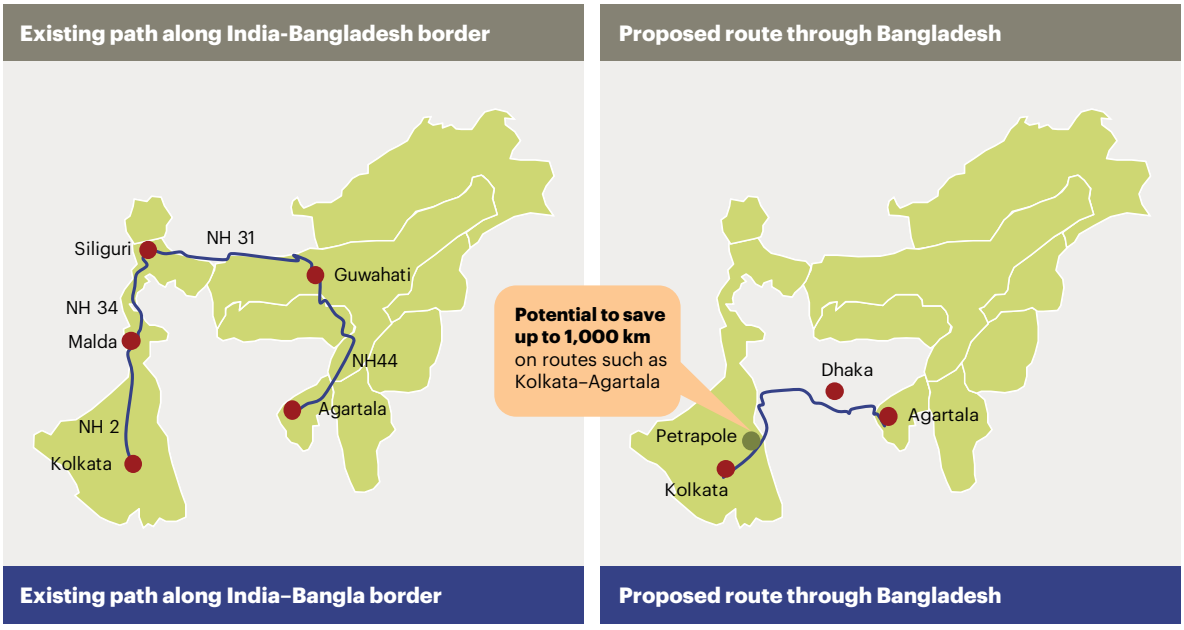
In addition, the operationalization of the BBIN corridor will have a huge tangible and intangible impact on the economic and cultural integration of all four nations in the corridor. Beyond the benefits to trade, transhipment, and tourism to the region, opening up country borders will establish a platform for unrestricted knowledge-sharing and cultural exchanges, thus promoting interregional interactions and synergies across borders.

In addition, with the corridor's continuing growth, this interregional community will be able to extend its presence to neighbouring regional associations such as the GMS, ASEAN, and IMT to connect India and BBIN to other rising Asian economies such as Thailand, Malaysia, and Indonesia.

5.1 Improved connectivity of the North East Region

The BBIN corridor will greatly improve road connectivity to the NER. This improvement will be chiefly influenced by the opening up of Bangladesh for vehicles traveling from NER to mainland India and vice versa. Currently, to access the NER via road, a vehicle has to go through Malda and Siliguri and circle almost the entire Bangladeshi border (mostly for routes originating or terminating in central and south India). This elongated route leads to unduly high transportation costs and time for a transport load traversing mainland India and NER. However, with the BBIN corridor, shipments traveling across NER and mainland India will be able to use routes within Bangladesh to pass through, thus saving a significant portion of the shipments' logistics cost and time. For instance, to reach Agartala from Kolkata, a vehicle would be able to save about 1,000 km of distance and more than 60 per cent of transit time (see figure 29).

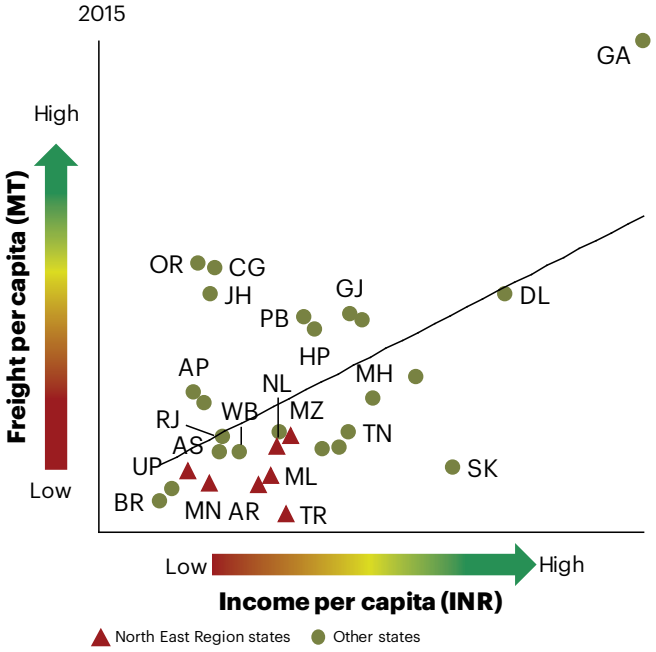
Figure 29:
Reduced cost and time of moving freight in and out of the North East Region



Rerouting NER freight via Bangladesh for such routes could save 14 to 18 per cent of total transportation costs, translating to INR 350 to 400 crores.

The corridor would also enable connectivity within the region, which would then help alleviate the subpar freight flow for NER states. To illustrate this, per capita freight and per capita income of North Eastern states have been benchmarked with other Indian states. The per capita freight of North East states is far lower than other Indian states with similar per capita income levels (see figure 30). This is driven primarily by poor road connectivity within the region; only 35 per cent of national highways in NER are double lane or more—a sharp contrast to the national average of 55 per cent. Moreover, NER's existing connectivity to the rest of India revolves around one road, the Siliguri Corridor, which is a major bottleneck to the region's connectivity by slowing the movement of traffic.

Figure 30:
Freight per capita vs. Income per capita (2015)



With the development of the BBIN corridor, freight flow across the region will be substantially enhanced. With this increased movement (assuming that North East states move to freight flow equivalent to the national average relative to their per capita income), there is potential to increase freight flow by about 150 million MT on account of higher production and consumption in the NER.

5.2 Increase in intraregional trade

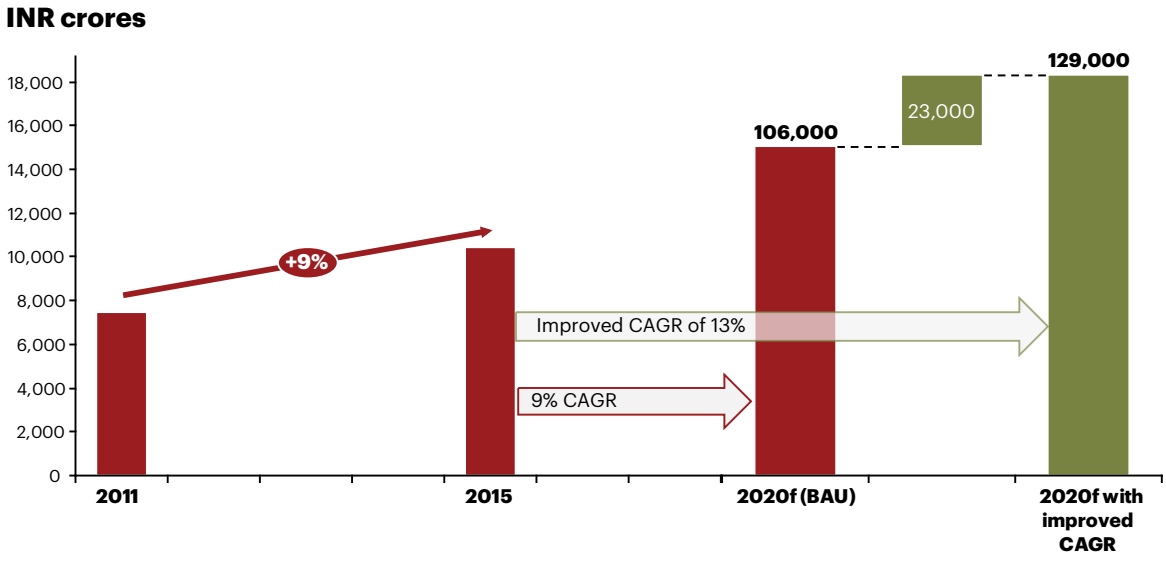
The reasons for the advances in intraregional trade with the operationalization of the corridor are clear. First, all stakeholders vested in the corridor (from the BBIN partner nations to the NER) will greatly benefit from the improved connectivity and infrastructure development within the region. Furthermore, the corridor will ease the flow of goods across borders, thereby giving Bangladeshi, Bhutanese, Nepali, and Indian industries opportunities to expand their consumer base internationally.

As discussed in the third section of this report, international examples also suggest that developing dedicated regional corridors can go a long way to boost intraregional trade. For instance, with the operationalization of the Greater Mekong Subdivision Corridor, trade between China and Laos, which grew at only 25 per cent CAGR between 2003 and 2007, saw growth at 38 per cent CAGR from 2008 to 2012—a 50 per cent increase.[107] This was enabled chiefly by the completion of a 220 km highway connecting the northwest province of Laos with China within the GMS Corridor.

[107] UN Comtrade

The trade between India and the rest of the BBIN nations has been growing at a CAGR of 9 per cent for the past five years (see figure 31). Assuming this growth rate continues, the total trade between India and rest of BBIN nations is expected to reach INR 106,000 crores in 2020. However, with the development of the corridor, this growth rate could be boosted to 13 per cent, which would imply a total trade value of INR 129,000 crores in 2020. Thus, the BBIN corridor could advance India's trade with the rest of the BBIN nations by INR 23,000 crores by 2020.

Figure 31:
Flow of trade between India and Bangladesh, Bhutan, and Nepal



Currently, the NER contributes to 1.5 to 2 per cent of the trade that India shares with the BBIN nations. Developing the BBIN corridor will create maximum impact for the NER. Thus, the NER's contribution to the value added to India from the operationalization of the BBIN corridor could be in the same proportion of 1.5 to 2 per cent—if not more.

Thus, in 2020, the NER states stand to make a trade contribution of at least INR 350-450 crores to the trade boost of INR 23,000 crores that India could benefit from through the BBIN corridor.

5.3 Increase in GDP for NER states and employment generation

The travel and tourism industry plays an important role in economic development and employment generation. The BBIN corridor development, along with the tourism improvement initiatives outlined, would boost the flow of passengers, leading to addition to the region's GVA and generation of employment.

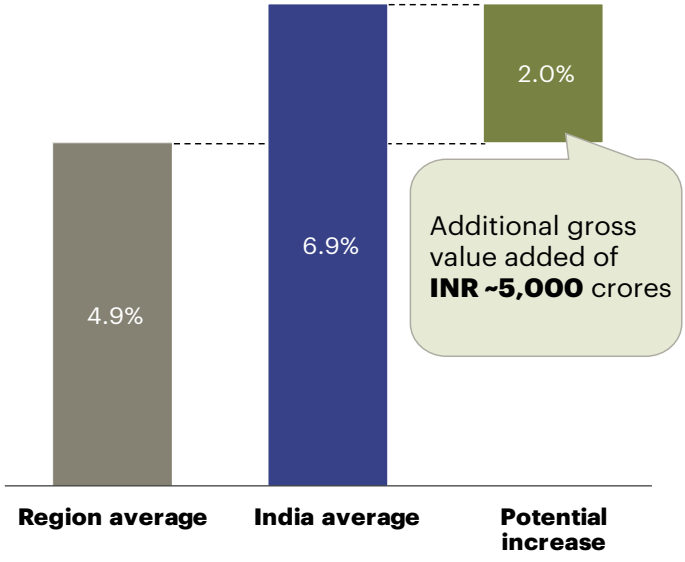
5.3.1 Increase in gross value addition

The travel and tourism industry, on average, contributed 6.9 per cent to the India's gross value added (GVA) compared with 4.9 per cent for NER states.[108] The contribution of this industry to state GVA can be as high as 17 per cent, as seen in Goa. This gap highlights the potential of travel and tourism for the NER.

If the NER states are able to achieve the level of India's average, it will boost GVA by 2 per cent, which translates to about INR 5000 crores (see figure 32).

Figure 32:
Potential gross value addition for NER States

% contribution of tourism to state gross value added



5.3.2 Employment generation

In addition to a GVA increase, travel and tourism has the potential to generate significant employment because the sector is very labour intensive. Estimates suggest travel and tourism can generate 78 jobs per INR 10 lakhs of investment verses 45 for agriculture and 18 for manufacturing.[109]

The percentage of people currently employed by travel and tourism (directly and indirectly) is 9.4 per cent in the NER (see figure 33).[110] If the region's states reach India's average of 12.8 per cent, this represents 3.4 per cent more jobs, which translates to more than 15 lakh additional jobs for the region.

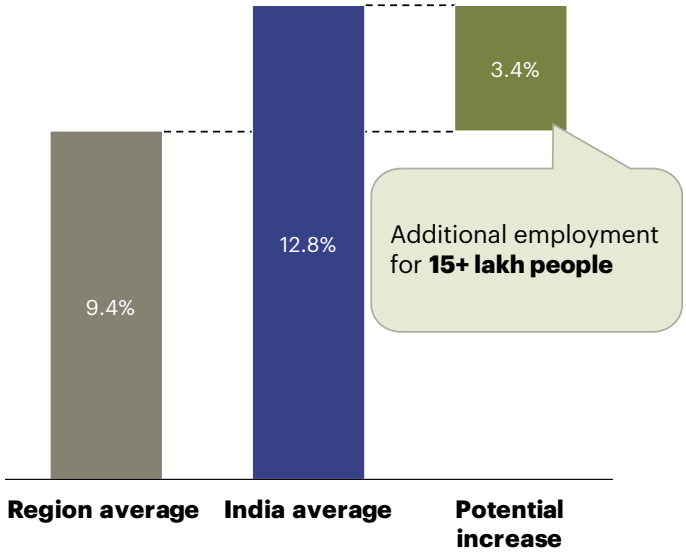
[108] E-book, Ministry of Tourism

[109] E-book, Ministry of Tourism

[110] Estimated based on percentage share of employment by tourism for India

Figure 33:
Potential employment generation for NER States

% employed in tourism industry



5.4 Creating value chains

Developing the BBIN corridor has the potential to create value chains across the NER and Bangladesh with enhanced connectivity, allowing for easier movement of freight and passengers. Specific industries where developing the BBIN corridor can create value chains are detailed in the subsections below.

5.4.1 Plastics

Plastics are widely used in an array of industries, including manufacturing (automotive and construction), healthcare, textiles, and fast-moving consumer goods along with direct household consumption. The plastics industry makes a significant contribution to the country's economic development.

The plastic value chain consists of two segments: the upstream segment, which includes manufacturing polymers from petroleum cracking, and the downstream segment, which includes converting polymers into plastic articles.

India's NER is rich in oil and natural gas reserves and thus provides good scope for developing the plastics value chain, especially the upstream segment. The country's government and big petrochemical players have realized the opportunity that lies within and nearby the NER and thus have made large investments in setting up upstream plants. For example, Brahmaputra Cracker and Polymer Limited's plant in Assam was inaugurated early this year. The project, which was commissioned in 2008, has been set up with an investment of about Rs10,000 crores. The plant will have the capacity to manufacture 2.8 lakh tonnes of polymer products per year, mostly high-density polyethylene, linear low-density polyethylene, and polypropylene.[111]

[111] Brahmaputra Cracker and Polymer Limited

However, the downstream segment of the plastics value chain is in poor shape in India's NER. This can be attributed to two reasons: first, the industrial sector, which is universally the major consumer of plastics, is insignificant in the region. Second, transporting plastics as polymers is not highly cost intensive, so it is possible to transport them over moderate distances for processing in the downstream segment. The state governments of the NER have started focusing on developing this segment. Growth in the long term will depend on the economics of transporting polymers versus plastics products.

Bangladesh, on the other hand, has limited crude oil reserves, which inhibit the development of a large upstream segment of the plastics value chain. However, it has a highly developed downstream segment to cater to the consumption needs of the country, as well for exports. The raw material, polymers, are imported for the downstream units. In 2010, it imported 0.75 million tons of plastic raw material (polymer resins) for downstream plastic industries, mostly from China, Saudi Arabia, Malaysia, Korea, and Thailand (66 per cent of total imports).[112]

Given the large upstream segment availability in the NER and the complementary flourishing downstream segment in Bangladesh, there is a significant potential for developing this cross-country value chain. The BBIN corridor can play a strong role in developing this value chain. Cross-country road connectivity will ease the transport of raw materials (polymers) from India to Bangladesh's plastics processing units. The BBIN corridor could also increase the availability of processed plastic material to the NER (per capita consumption of plastics is less than a third of India's average) from Bangladesh, which will further aid economic integration of India and Bangladesh.[113]

5.4.2 Cement

Cement manufacturing is a key industry for a developing economy, especially one that is focusing on infrastructure development, such as India and Bangladesh. Limestone is the key raw material, accounting for about 60 per cent, and coal is the major source of fuel.[114]

The cement manufacturing value chain consists of three steps: (1) procuring limestone, coal, and other raw materials such as clay, flyash, and gypsum, (2) clinkerisation, which includes burning limestone and clay in a kiln at around 1,500 degrees Celsius by burning coal or oil, and (3) grinding clinker with gypsum and flyash to produce the final product (cement)

Northeast India has large limestone reserves. Meghalaya has 9 per cent of India's limestone reserves.[115] Some reserves also exist in Assam. However, the NER only produced 4.7 per cent of India's limestone in 2012 and 2013.[116] Moreover, the NER does not have any big cement manufacturing units (clinker or grinding), and most limestone production is either used in other smaller industries such as lime, calcium carbonate, and calcium carbide production or exported to nearby countries.

[112] Plastic Manufacturing, potential for high growth, Business Review

[113] Move for plastic park in Guwahati

[114] Ministry of Mines

[115] Ministry of Mines

[116] Ministry of Mines

Investments in cement manufacturing in the NER have mainly come from the state governments and small- and medium-size local private companies. The major reason for low private investment is low regional demand (the NER's cement demand is only 2 per cent of India's total demand) and high cost transportation of cement and clinkers.[117] Moreover, a clinkerisation unit requires a large scale of production to be economical.

Bangladesh, on the other hand, does not have limestone reserves and imports raw materials to produce cement. In 2011, it imported about 15 million tonnes of raw materials for the cement sector from Thailand, Indonesia, Malaysia, China, and Philippines and in small quantities from India.[118] Except for Lafarge, no cement company has its own clinker unit.[119] Thus, a large proportion of import was clinker. On average, plants run at 70 per cent capacity, and their production volume is highly dependent on access to cheap clinker, which constitutes the majority of the cost of production.[120]

Given the resource structure of the NER and the demand structure of Bangladesh, the opportunity to complete the cross-border value chain can be exploited. Large companies can explore the possibility of setting up clinkerisation units closer to the limestone deposits in Assam and Meghalaya. Consequently, these units could supply clinker to grinding units in Bangladesh. The BBIN corridor will facilitate the joining of this value chain by allowing transport of materials across borders. A well-developed corridor will also ensure a lean supply chain, thus reducing the cost of production through minimal inventory.

5.4.3 Petroleum

The production of petroleum products is a capital-intensive industry that requires huge investments in three segments: upstream (crude oil exploration from sites), midstream (pumping crude oil from site to refineries), and downstream (converting crude oil to petroleum products by refineries).

In the NER, all three segments flourish because of rich crude oil reserves in the region. Assam alone has about 163 million metric tonnes (MMT) of crude oil reserves, which is about 40 per cent of India's total onshore reserves.[121] Still, there is a huge supply-demand gap of crude oil in the region. The current demand for crude oil from refineries in northeast India is around seven million metric tonnes per annum (MMTPA) and is expected to increase to 16 MMTPA by 2023–2024 after the expansion of Indian Oil Corporation Limited (IOCL) Guwahati, IOCL Bongaigaon, and Numaligarh Refinery (NRL). The current supply of crude oil is only 4.54 MMTPA from Oil India, Oil and Natural Gas Corporation Limited, and other fields (2014–2015) and is expected to remain at a similar level (about 4.6 MMTPA) without including indicative production.[122] This is mostly because of maturing fields and limitations on exploring and producing oil from yet-to-find hilly terrain regions, coupled with the absence of major oil discoveries over the past few years.

[117] India Brand Equity Foundation Report

[118] Research Report: Cement Sector of Bangladesh

[119] Lafarge website

[120] Research Report: Cement Sector of Bangladesh

[121] Hydrocarbon Vision – 2030, Ministry of Petroleum and Natural Gas

[122] Hydrocarbon Vision – 2030, Ministry of Petroleum and Natural Gas

To exploit the potential of the region, the government of India has launched Hydrocarbon Vision 2030, which aims to double the production of oil. To achieve this target, the government plans to invest Rs 1.3 lakh crore in the next 15 years in the NER (an annual investment of Rs 8,000 to 10,000 crore with most going to Assam. Of the Rs 1.3 lakh crore investment, Rs 80,000 crore are earmarked for upstream activities, Rs 20,000 crore for midstream, and Rs 30,000 crore for downstream.[123]

The BBIN corridor can play a significant role in achieving the government's vision. Crude oil reserves are mostly in tough hilly terrain regions that require huge technological investments. E&P companies are required to import massive equipment by ship, which are then transported to sites by road. Poor connectivity of the NER with ports and other parts of country has discouraged E&P companies from investing. The BBIN corridor would significantly ease the movement of equipment by giving E&P companies an opportunity to import through Bangladesh's Chittagong port and then transport to a site via the BBIN corridor.

On the downstream side, production of crude oil has left refineries with suboptimal capacity utilization. Further, companies with expansion plans will be relying on imported crude oil. For example, NRL, which has mooted a plan to expand its refining capacity from three MMTPA to nine MMTPA, is expected to meet its crude oil requirement through imports.[124] Here as well, a strong economic relation between India and Bangladesh could significantly cut down the capital expenditure of laying down pipeline. NRL could also explore the possibility of importing crude oil to the Chittagong port and build a pipeline from there on, rather than importing through the Paradip (Orissa) port.

Refineries in the NER produce a variety of petroleum products, with the region's production much higher than demand. In 2014, production was about 6.5 MMT, and demand was about 3.5 MMT.[125] The surplus will grow with future expansions of refineries. Refineries can capitalize on opportunities in international trade. For example, Nepal, Bhutan, and Bangladesh are lucrative markets as they are net importers of crude-oil and petroleum products. This will not only reduce stress of surplus production, but will also strengthen relations and fuel economic development of all four regions.

5.4.4 Textiles

Textile production is a long multistep process that involves fibre growth, yarn production, fabric manufacturing, fabric finishing such as dyeing, and stitching. Manufacturing could be through either power looms or handlooms, each having its own benefit. Power looms ensure speed and therefore low cost, whereas handloom provides flexibility in design. Adding to the complex value chain, there is a variety of raw materials ranging from natural fibres such as cotton, silk, jute, and wool to manmade fibres. Strong ties and connectivity among Bangladesh, Nepal, Bhutan, and India would allow countries to benefit from each other's strength at various stage of the value chain, thereby impacting the industry's growth and profitability.

[123] NE Hydrocarbon Vision 2030 proposes Rs 1,30,000 crore investments, Economic Times

[124] Hydrocarbon Vision – 2030, Ministry of Petroleum and Natural Gas

[125] Hydrocarbon Vision – 2030, Ministry of Petroleum and Natural Gas

Silk. India is the second-largest producer of silk, and the NER contributes 14 per cent of total production.[126,127] Bangladesh, on the other hand, relies on imported natural silk. (Research indicates that 75 per cent of imported silk comes from China and Vietnam, and 14.3 per cent comes from Korea and India.[128]) A stable and cheap supply of silk from the NER can help smooth the functioning of silk mills in Bangladesh.

Cotton. Despite India being the largest producer of cotton, the NER does not produce cotton.[129] Thus, very few textile manufactures have shown interest in setting up cotton mills in the region.[130] Bangladesh, which is also dependent on imports of raw cotton, has a well-developed cotton textile industry to manufacture garments for domestic consumption and export purpose.[131] The NER could leverage the strengths of nearby regions and explore the benefits of establishing a three-step cross-border value chain: East India (including West Bengal and Madhya Pradesh) exports cotton bales to Bangladesh, Bangladesh then processes the bales into intermediate products such as fabrics, and the NER then imports fabric and adds value with stitching and buttoning to produce finished garments ready for sale in the NER. This process would ultimately lower the cost and provide employment to people in the region.

Handloom. After agriculture, the handloom industry plays a dominant role in the cultural and economic development of the rural masses of India, especially of the North Eastern states. More than 60 per cent (about 17 lakh weaver households) of India's total handloom weaver households are in the NER.[132] Thus, development of the industry is crucial for the region. But for several decades, the industry has faced various challenges, the major ones being poor product quality because of poor raw material and handlooms, unstructured and individual production systems, and limited resources and infrastructure for distribution and marketing. The government has now taken several initiatives to address these challenges and expects the industry to bloom in few years. Strong relations with Bangladesh could fuel growth as well. It could help in the steady and cheap supply of good quality yarn and other raw materials to the handloom clusters set up by the government in every state of Northeast India. Along with sales to Bangladesh, Bhutan, and Nepal, access to other international markets would be crucial, for which potential exports through Chittagong port in Bangladesh to other SAARC countries could be explored.

The BBIN corridor will play a pivotal role in connecting these value chains by easing freight and passenger movement across Bangladesh and the NER region.

[126] International Sericulture Commission

[127] Open Government Data Platform India

[128] The plight of the Bangladeshi silk industry: An empirical investigation

[129] Central Institute for cotton research

[130] Cotton Corporation of India

[131] Cotton and Products Annual Bangladesh – GAIN

[132] Handloom Census of India

5.4.5 Food processing

The NER is endowed with diverse agro-climatic conditions and produces variety of crops. Crops such as oranges, bananas, pineapple, papaya, jackfruit, ginger, turmeric, chili, and potato are produced in substantial quantities, and production is much higher than demand. For example, in 2013, Assam produced 0.19 million MT of oranges—more than five times what the region required.[133,134] However, the NER faces various challenges that result in a high percentage of production surplus getting wasted at various stages in the value chain. For example, in Assam, waste is close to 6 to 8 per cent at farmers' level and 6 to 10 per cent at the wholesale level. Major reasons for waste are insufficient cold-storage facilities, the absence of a food processing industry, and poor access to domestic and international markets. Although the government is trying to address these challenges with initiatives such as a food mega park in Assam, developing the processing industry will take time. Meanwhile, to exploit the full potential of NER agricultural produce, surplus crops could be exported for processing.

Bangladesh, on the other hand, has a fast-growing food processing industry. The sector grew by 8 per cent per year between 2005 and 2012.[135] The $2.2 billion sector accounted for about 2 per cent of total GDP and $700 million worth of exports in 2012.[136] Major subsectors include processing sugar, rice, wheat, fruits, vegetables, and dairy products, resulting in production of a wide range of products. Popular products of the fruit and vegetable processing industry are juices and concentrates, pulp, jams and jellies, pickles, chutneys, and potato flakes. But Bangladesh faces a food deficit because of its growing population and increasing per capita consumption. To meet household and industry demand, Bangladesh imports a variety of crops. For example, in 2013, Bangladesh imported 75,000 tonnes of fresh and chilled vegetables and fruits such as onions, potatoes, peas, and oranges.[137] Further, it is estimated that Bangladesh will import 1.3 MMT of rice in fiscal year 2017.[138] With negligible scope for area expansion, as most of the arable lands of Bangladesh are already under cultivation, an increase in productivity and steady imports from neighbouring countries will be crucial for sustained growth of the processing industry.

In the current scenario of surplus production in the NER and the expanding processing industry in Bangladesh, there is huge potential to establish a cross-border value chain, which can benefit both nations. Crops such as potatoes and oranges could be exported through the BBIN corridor for processing in Bangladesh. Moreover, shorter in-transit times via the BBIN corridor coupled with cold storage logistics would ensure minimal waste during transportation, especially for perishable goods.

5.5 Other benefits

As highlighted earlier in this section, many more benefits beyond the four discussed above can be realised from the development of the BBIN corridor. Some of these benefits include:

[133] India horticulture data – 2013

[134] Household consumption of good in India – Government of India

[135] Global Agricultural Information Network, 2013

[136] Global Agricultural Information Network, 2013

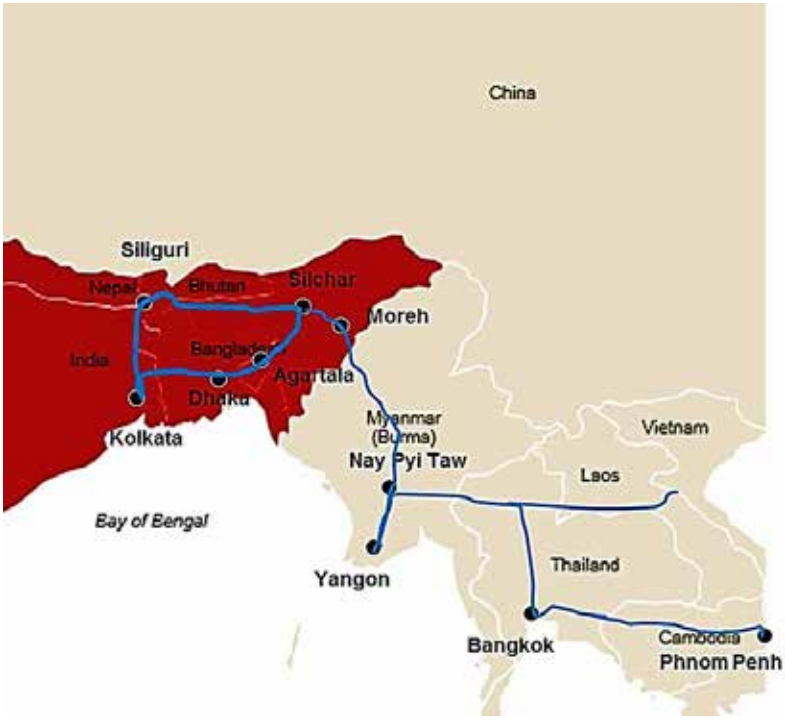
[137] Agricultural Statistics Bangladesh, 2013

[138] Global Agricultural Information Network, 2016

Higher use of infrastructure. Infrastructure (road, rail and port) usage for all partner nations is expected to improve on account of more freight and passengers coming through the corridor. This regional cooperation can also lead to sharing of infrastructure development costs.

Higher synergies with neighbouring regional associations such as the ASEAN. The BBIN corridor syncs well with other planned corridors, including the India–Myanmar–Thailand corridor, connecting South and South East Asia, which would enable seamless connectivity between South Asian and South East Asian nations and ensure higher economic integration with neighbouring associations such as the ASEAN (see figure 34).

Figure 34:
Improved connectivity between South Asia and Southeast Asia

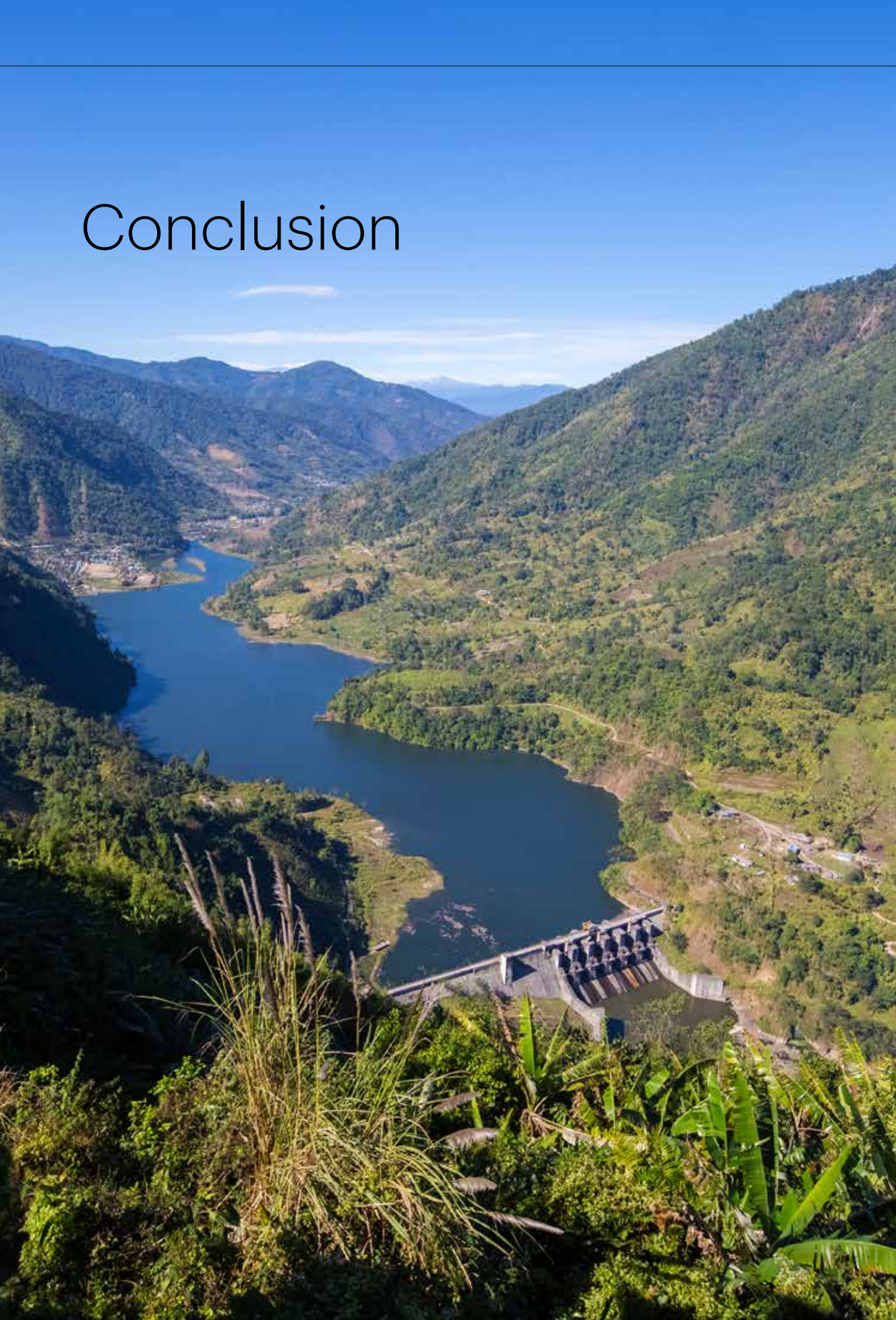


Better connectivity can enhance trading opportunities between the BBIN and South East Asian nations and boost tourism through higher passenger flow and other industries through skill transfer. Large subregional initiatives such as the India–Myanmar–Thailand MVA and the Kaladan Multi-Modal Transit Transport Project can also extend the reach of BBIN to a pan-Asia level.

Creation of investment opportunities. Better coordination between nations within the South and South East Asian nations could enhance investment opportunities and the flow of FDI into BBIN nations from the South East. For instance, India's FDI inflow from ASEAN nations was INR 1.39 lakhs crores between 2000 and 2014, representing 12.55 per cent of cumulative FDI inflow.[139] This can increase even more with the development of BBIN corridor.

[139] Strengthening of India–ASEAN ties, July 2014, Press Information Bureau

Conclusion



The development of the Bangladesh–Bhutan–India–Nepal corridor can have a strong impact on trade, transhipment, and passenger movement within the region. But, as discussed, significant infrastructural, procedural, and legislative developments are needed from each partner nation.

Several specific interventions are required from each partner nation to develop the BBIN corridor in an all-encompassing manner. First and foremost, to make the region more accessible to both cargo and passenger movement, India must make swift interventions to improve infrastructure, both at land ports trading with BBIN nations and for each mode of transport (road, rail, air, and water) within this region.

To complement these infrastructural upgrades, India and the other BBIN countries must also revisit past legislations and policies that govern the movement of freight and passengers in this region and make amendments to them as required. India must also focus on establishing and developing tourist spots and passenger amenities, including hotels and intra-city public transport, to attract and increase tourist footfalls in the region.

These interventions, when implemented, would unlock substantial benefits for the BBIN region and in particular, the North East. The development of this corridor would go a long way to improve the region's connectivity, thereby boosting economic growth and fostering economic integration among participating nations.

In addition, by enhancing the flow of passengers within the region, the BBIN corridor would make a significant contribution towards cultural integration and knowledge-sharing across international frontiers. This, in turn, would promote regional harmony and cooperation, thereby helping achieve the ideals under which the SAGQ was founded by the nations of Bangladesh, Bhutan, India, and Nepal.

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