

**Emerging Conflict in Trade and Connectivity
between India and Nepal: A Study of Integrated
Check Post of Raxaul**

A Dissertation Submitted

To

Sikkim University



In Partial Fulfilment of the Requirement for the
Degree of Master of Philosophy

By

Shreya Tamang

Department of Peace and Conflict Studies and Management

School of Social Science

Sikkim University

December 2022

Date: 23/12/2022

DECLARATION

I Shreya Tamang, hereby declare that the thesis entitled "Emerging Conflict in Trade and Connectivity between India and Nepal: A Study of Integrated Check Post of Raxaul" submitted to Sikkim University for the award degree of Masters of Philosophy, is my original work. This thesis has not been submitted earlier to this or any other University or Institution for any degree.

Shreya Tamang

Shreya Tamang

Roll No: 20MPPC05

Registration No: 20/M.Phil./PCM/05

Department of Peace and Conflict Studies and Management

School of Social Sciences

Sikkim University



**DEPARTMENT OF PEACE AND CONFLICT
STUDIES AND MANAGEMENT**

SCHOOL OF SOCIAL SCIENCES

SIKKIM UNIVERSITY

[Central University established by an Act of Parliament of India]

Date: 23/12/2022

Certificate

This is to certify that the dissertation entitled “**Emerging Conflict in Trade and Connectivity between India and Nepal: A Study of Integrated Check Post of Raxaul**” submitted to Sikkim University in partial fulfilment of the degree of Masters of Philosophy in the Department of Peace and Conflict Studies and Management embodies the result of bonafide research work carried out by **Ms. Shreya Tamang** under my guidance and supervision. No part of the dissertation has been submitted earlier to this or any other university for any degree, associateship and fellowship.

All the assistance and help received during the course of the investigation have been duly acknowledged by her.

I recommend this dissertation to be placed before the examiner for evaluation.

Prof. Nawal K Paswan

(Supervisor)

Department of Peace and Conflict

Studies and Management

School of Social Science

Sikkim University

Prof. Nawal K Paswan

Head of the Department

Department of Peace and Conflict

Studies and Management

School of Social Science

Sikkim University

अध्यक्ष
Head
शांति एवं द्वन्द्व अध्ययन एवं प्रबंधन वि
Department of Peace and Confl
Studies and Management
सिक्किम विश्वविद्यालय
Sikkim University



**DEPARTMENT OF PEACE AND CONFLICT
STUDIES AND MANAGEMENT**

SCHOOL OF SOCIAL SCIENCES

SIKKIM UNIVERSITY

[Central University established by an Act of Parliament of India]

Date: 23/12/2022

PLAGIARISM CHECK REPORT

This is to certify that the plagiarism check has been carried out for the following M.Phil. Dissertation with the help of **URKUND Software** and the result is 5% which is within the permissible limit (below 10% tolerance rate) as per the norm of Sikkim University.

**“Emerging Conflict in Trade and Connectivity between India and Nepal: A
Study of Integrated Check Post of Raxaul”**

Submitted by **Shreya Tamang** under the supervision of **Prof. Nawal K. Paswan**, Head of the Department, Department of Peace and Conflict Studies and Management, School of Social Sciences, Sikkim University, Gangtok.

Shreya Tamang
.....
Shreya Tamang
Signature of the Scholar

Prof. Nawal K. Paswan
23/12/2022
.....

Prof. Nawal K. Paswan
Countersigned by Supervisor

Librarian
27/12/2022
.....
Vetted by Librarian

Acknowledgement

An individual's growth is guided by the presence of words of encouragement, support and motivation. This Dissertation was guided by the mere presence of these loving people around me. I consider working on this Dissertation as a process of learning on every step and would like to express my sincere gratitude towards my supervisor and mentor, Professor Nawal K. Paswan for giving me an opportunity for working on the dissertation titled "Emerging Conflict between India and Nepal. A Study of Integrated Check Post of Raxaul" and his immense guidance throughout. I would also like to extend my gratitude towards my family for being a source of my strength in every step, Thank Your Amma, Appa, Samir Dada, Sandeep bhai.

I would also like to seize this opportunity for thanking Dr. Salvin Paul for his unending support and guidance throughout and making my journey of M.Phil. and the process of learning beautiful. The experience of working on this study has not only given me an opportunity to explore my area of interest but also brought me closer to the valuable insights and interaction with the knowledgeable and experienced faculty of Sikkim University whom I will be forever indebted to, thank you Dr. Vimal Khawas for your guidance, support and encouragement and Dr Dinesh Ahirwar for his valuable comments and suggestions.

I would also like to extend my appreciation to my friends for being my backbone in the entire journey, thank you Wangchu Lama for your presence in the whole journey as my backbone and my constant, I would also like to thank Dr. Maheema Rai for being the warmest person to approach in every situation and my senior Navin Rai for always being there. I cannot conclude without thanking my dearest friend and sister Samprada Chettri for her support and encouragement. Lastly, I would like to thank Ginesh Chettri for his unending support and encouragement throughout this journey.

-Shreya Tamang

List of Tables

Table No.	Title	Page No.
4.1	List of Operationalised Integrated Check Post of India with the neighbouring States	89
4.2	List of ICPs to be constructed under Phase 2 between India and neighbouring countries	90
4.3	Top Exports and Imports from ICP Raxaul	122
4.4	India- Nepal Trade through ICP Raxaul F.Y. 2017- 2022	123
4.5	Trade Data of the ICP Raxaul for the F.Y. 2020- 2021	124
4.6	Trade Data of ICP Raxaul for the F.Y. 2021- 2022	125
4.7	List of Regulatory Approvals and Documentation required as per import/export process via ICP Raxaul	129
4.8	Facilities provided to the Integrated Check Post of Raxaul	130
4.9	Total Number of Respondent (ICP Raxaul/ICP Birgunj and Market Study)	131
4.10	Age Group of the respondents (ICP Raxaul)	132
4.11	Infrastructure of ICP Birgunj	143
4.12	Age Group of the respondent (ICP Birgunj)	144
4.13	Population of Raxaul Bazaar	151
4.14	Age of the respondents of Raxaul market	152
4.15	Age of the Respondent (Birgunj Market)	157

List of Figures

Figure No.	Title	Page No.
4.1	Three main border related functions of ICPs	86
4.2	India- Pakistan Trade through ICP Attari (2017-2020)	94
4.3	India- Pakistan Trade through ICP PTB Dera Baba Nanak (2019- 2020)	96
4.4	India- Bangladesh Trade through ICP Petrapole (2017-2022)	100
4.5	India-Bangladesh Trade through ICP Agartala (2017-2022)	101
4.6	India- Bangladesh Trade through ICP Sutarkandi (2017-2022)	102
4.7	India-Bangladesh Trade through ICP Srimantapur (2017-2022)	103
4.8	India- Myanmar Trade through ICP Moreh (2018- 2021)	105
4.9	India- Nepal Trade through ICP Jogbani (2015- 2022)	119
4.10	Trade through Raxaul route (F.Y. 2009- 2022)	122
4.11	Trade through ICP Raxaul (F.Y. 2017- 2022)	124
4.12	Import Process	126
4.13	The import process between India and Nepal through ICP Raxaul	127
4.14	Export Process of the ICPs	127
4.15	The Export Process between India and Nepal through ICP Raxaul	128
4.16	Import Process Flow of the ICP Raxaul	129
4.17	Age Group of the respondent (Truck Drivers of ICP Raxaul)	133
4.18	Working Experience of the respondents as a part of ICP Raxaul	134
4.19	Reasons addressed by the respondents for provision of peaceful environment in ICP Raxaul for the respondents	135
4.20	The views of the respondents on positive impact on delivery system after the existence of ICP Raxaul in the area	136
4.21	Reasons addressed by the respondents for positive impact of the delivery system of ICP Raxaul	137
4.22	The Views of the respondents on the existence of problems in the ICP Raxaul (Truck Drivers working in ICP Raxaul)	138
4.23	Problems addressed by the respondents for existence of problems in ICP Raxaul	139

4.24	Views of the respondents on ICP Raxaul as a facilitator of trade and connectivity	140
4.25	The reasons addressed by the respondents on ICP as a facilitator of trade and connectivity	141
4.26	Age Group of the respondents (ICP Birgunj)	145
4.27	The provision of peaceful environment for the respondents by ICP Birgunj	146
4.28	Reasons stated by the respondents on the provision of peaceful environment towards the workers by ICP Birgunj	147
4.29	Impact of ICP Birgunj on the delivery system after the establishment of ICP Birgunj based on the views of the respondents	148
4.30	Reasons stated by the respondents on the impact of ICP Birgunj on the delivery system after the establishment of ICP Birgunj	148
4.31	Problems faced by the respondents in ICP Birgunj	149
4.32	Reasons addressed by the respondents on the existence of problems in the ICP Birgunj	150
4.33	The views on positive impact of ICP Birgunj by the respondents	151
4.34	Age of the respondents of Raxaul market	152
4.35	Gender Profile of the Respondents (Raxaul Market)	153
4.36	Division of the market study (Raxaul)	153
4.37	Views of Business experience in the Raxaul border market by the respondents	155
4.38	The Flow of goods in Raxaul Market	155
4.39	The views of the respondents on the establishment of the ICP Raxaul in the area as a resident and business personals	156
4.40	Age of the Respondents	157
4.41	Gender Profile of the Respondents	158
4.42	Division of Birgunj Market for the Study	158
4.43	Business experience in the Birgunj market	159
4.44	The flow of goods in Birgunj Market	160
4.45	The views of the respondents on the establishment of the ICP Birgunj in the area as a resident and business personals	160

List of Abbreviations

ATTA	Afghan Trade and Transit Agreement
AL	Arab League
AU	African Union
ASEAN	Association of South East Asian Nations
BBIN	Bangladesh, Bhutan, India and Nepal
BBIN-MVA	Bangladesh-Bhutan-India- Nepal Motor Vehicles Agreement
BRO	Border Road Organisation
BS	Basket System
BVS	Bonus Voucher Scheme
CBIC	Central Board of Indirect Taxes & Custom
CBMP	Coordinated Border Management Plan
DDC	District Development Committee
DERS	Dual Exchange Rate System
DUDBC	Department of Urban Development and Building Construction
ECTS	Electronic Cargo Tracking System
EPZ	Export Processing Zone
FDI	Foreign Direct Investments
GDP	Gross Domestic Product
GPGC	Galvanised plain sheets and coil
GI	Galvanised Iron
ImCPs	Immigration Check Posts
LCS	Land Custom Stations

IEZ	Indian Economic Zone
LDCs	Least Developed Countries
LPG	Liquefied Petroleum Gas
LPAI	Land Port Authority of India
MOU	Memorandum of Understanding
NCTF	National Committee on Trade Facilitation
NDRF	National Disaster Response Force
NTFAP	National Trade Facilitation Action Plan
NAFTA	North American Free Trade Agreement
NISA	Nepal Infrastructure Sector Assessment
NTP	New Trade Policy
NPCC	National Projects Construction Cooperation
ORF	Observer Research Foundation
PTB	Passenger Terminal Building
PWD	Public Works Departments
rites	Rail India Technical and Economic Service
RTA	Regional Trade Agreement
RSA	Rail Service Agreement
SAARC	South Asian Association for Regional Cooperation
SAPTA	South Asian Preferential Trade Agreement
SASEC	South Asia Subregional Economic Cooperation Programme
SDP	Small Development Projects
TIR	Transport Internationaux Routiers
TFA	Trade Facilitation Agreement

ICC	International Chamber of Commerce
ICP	Integrated Check Post
UNCLOS	United Nations Convention on Law of the Sea
UNECE	United Nation Economic Commission for Europe
UNTAD	United Nations Conference on Trade and Development
	United Nations Commission on International Trade Law
WTO	World Trade Organisation

Executive Summary

The concept of trade and connectivity is an emerging concept with regard to an expanding horizon in global trade. The Global trade as a concept has evolved and gained importance along with metamorphosis in this area. The alteration in global trade perspective has introduced variations in trade practices in terms of global, regional, bilateral to multilateral levels. The bilateral trade is a complex and vital explored area in terms of trade and connectivity specially in the world dominated by globalisation backed by the concepts of interdependence, mutual growth, mutual development and interconnectedness.

The neighbourhood ties between India and Nepal in terms of bilateral relation has given an example for the establishment of the cordial and special relation despite the existing differences. India and Nepal like any other States has some conflicting areas like territorial disputes yet the differences have failed to create a disturbance in terms of one common goal that is mutual development. The sharing of commonalities on the grounds of culture, religion, social, geographical and historical linkages has resulted in the creation of a special relation among the two neighbouring States. India and Nepal both has a crucial role to play on both ends. The strategic importance that Nepal holds due to the geographical location as a buffer state between India and China has created some advantageous side on Nepal's ends. The geographically handicap landlocked situation of Nepal has however shown dependence and importance for India on Nepal's side. The existing bilateral relation between India and Nepal hence can be viewed through the prism of mutual dependence, mutual interdependence and inclination towards one common motive of mutual economic growth.

The need for growth in the field of trade has created a need for the establishment of better medium of communication and connectivity. Trade and connectivity are interconnected in nature hence ignorance in one part could have an adverse impact on the other. India and Nepal have also maintained keen interest in this area for the purpose of mutual economic development as the establishment of a strong military power remains paralysed without the support of economic power. The world dominated by a web of globalisation demands undivided attention to both military and economic growth along with the influence of soft power which has been an area of debate for a larger scale due to the growing complexities of the world order. In the field of trade and connectivity both India and Nepal have shown mutual concern and interest for the facilitation of better trade and connectivity.

India and Nepal have shown an engaging and collective efforts in the creation of seamless and secure border trade. The border management of any State is an important aspect that explores more than just security dynamics. The cross-border trade plays a vital role explored beyond the security dynamics. The concern for connectivity on Nepal's side acts as a major concern mainly due to the landlocked status and dependence of India for transit. India has been providing transit facilities to Nepal for the promotion of trade. The access to international markets can be viewed as a major concern for almost every State irrespective of their size and economy which has an enhanced concern more in case of the landlocked States.

Nepal being a landlocked State has various area of concern in case of trade and connectivity like the open borders and the hindrances that comes along with it like smuggling, trafficking, red-tapism, illegal activities and so on. Hence the existence of open border and landlocked status both has an impact on the Nepalese economy. However, the steps have been taken from both ends for better analysis of the problem

and if not eradicating lessening its adverse result. India and Nepal have established a cooperative and collaborative efforts in case of trade and connectivity for improvement and growth in trade between the two friendly neighbours. The connectivity projects have increased on both ends mainly due to India's active role in involvement in establishing cordial relation with the neighbouring countries as a part of "India's Neighbourhood First Policy". India's involvement with Nepal has grown much more due to consideration of Nepal as "India- linked" more than landlocked. India and Nepal have taken a major step as part of the infrastructure development plan for secure, smart and safe border management and border trade.

The establishment of the Integrated Check Posts (ICPs) along the India- Nepal border can be viewed as a crucial step for not only security perspective but also promotion and facilitation of seamless, smart and secure border trade. The Integrated Check Post has made the entire process of trade facilitation easier as it has brought important departments like customs, immigration, plant and animal quarantine, security under one umbrella which has made the process free from complexities. The functioning of these departments separately would lead to requirement of extra attention and time management on an individual ground resulting in the slow growth of the economy. India has 9 existing operational ICPs with the bordering neighbouring countries like ICP Attari, PTB Dera Baba Nanak, Agartala, Petrapole, Sutarkandi, Simantapur, Raxaul, Jogbani and Moreh. The ICPs of Raxaul and Jogbani plays a vital role in the facilitation of trade and connectivity between India and Nepal. The ICP Raxaul has a major contribution as a facilitator of trade and connectivity between India and Nepal. The establishment of the ICP Raxaul has been a major step for increasing the existing trade between the two neighbouring States.

This Study explores the role of the ICP Raxaul as a facilitator of trade and connectivity between India and Nepal highlighting the need for the indulgement of border management and infrastructure development programme between the two States. The Study also is an attempt to explore the emerging areas of conflict between India and Nepal and the role of the growing attempt on both ends (India and Nepal) like infrastructure development like the Integrated Check Posts across the border for seamless, secure and smart process of trade facilitation. The Indo- Nepal trade is an important aspect for both the states as the relationship among the two states have always been of interdependence. The study was conducted with the following objectives: (a) to explore the problems of Trade and Connectivity in land-locked states (b) to examine the issues of conflict in trade between India and Nepal and (c) to analyze the role of the Integrated- Check Post as a facilitator of trade and connectivity between India and Nepal.

The Study has been divided into five chapters, the first Chapter deals with the introductory part of the study outlining the rationale, scope and objective of the study. This chapter gives the background of the study and include objectives, research questions and methodology that will provide proper insight to the study.

The second Chapter titled “Trade and Connectivity Problems in the Land-Locked States” has encompassed the trade and connectivity problems in the Land locked states. The landlocked status of a country acts as a major hinderance in case of trade and connectivity which leads to problems like higher transportation rates, delay in the export and import process. The geographically handicap situation delays the growth rate of the land-locked states. India’s nearest neighbouring state Nepal also has been facing similar problems and resulted to major dependence on the nearest transit state

(India) for transit facilities. The problem of transit is a major problem faced by these land-locked states like Nepal, Bhutan and Afghanistan in case of trade and connectivity. India has maintained a cordial relationship with the neighbouring states leading to establishment of a cordial bilateral and trade relation aiding the neighbouring states specially Nepal in the reduction of trade and connectivity problems with mutual development projects like infrastructure development and provision of undisrupted transit facilities.

The third Chapter titled “Emerging Conflict in Trade and Connectivity between India and Nepal” has highlighted the challenges and conflicts of the Land locked state of Nepal and India. The chapter has explored the challenges and conflicts in area of trade and connectivity with special reference to India and Nepal relation. There are several factors that aid in the process of trade and connectivity along with the maintenance of a cordial bilateral relationship like treaties. India and Nepal have maintained a cordial bilateral relationship leading to the growth in trade and connectivity with the aid of treaties. The treaties play a crucial role in the facilitation of trade and connectivity between any country and India and Nepal has been no exception to it. India and Nepal have certain area of concern apart from territorial disputes like the fear of Nepal for growing dependency on India. The open border borders have also opened doors for major trade hinderance like illegal activities, illegal migration, smuggling which has certainly led to a mutual step towards border management and collective steps like the establishment of Integrated Check Post.

The fourth Chapter titled “Trade and Connectivity between India and Nepal through the Integrated Check-Post of Raxaul” has encompassed the trade relation between the two states that is India and Nepal with an analysis on the areas of conflict in case of

trade and connectivity covering major areas in more than just economic parlance focusing on the Integrated Check Post of Raxaul. The Integrated Check-Post of Raxaul is one of the major trade route land-medium) for facilitation of trade between India and Nepal. The establishment of the Integrated Check- Posts has led to the establishment of smarter, secure and seamless trade. The establishment has led to the growth in trade and connectivity by resolving many major issues like traffic in the area and uninterrupted flow of trade but there has been existence of certain unresolved areas.

CONTENTS

SL. No.	Title	Page No.
1	Acknowledgement	i
2	List of Tables	ii
3	List of Figures	iii-iv
4	List of Abbreviations	v-vii
5	Executive Summery	viii-xiii
Chapter No.	Title	Page No.
Chapter 1	Introduction	1-26
1.1	Background	1-5
1.2	Statement of the Problem	5-7
1.3	Review of Literature	7-22
1.4	Rationale and Scope of the Study	22-23
1.5	Research Objectives	23
1.6	Research Questions	24
1.7	Research Methodology	24-25
1.8	Organisation of the Study	25-26
Chapter 2	Trade and connectivity problems in Land-locked states	27-53
2.1	Introduction	27-33
2.2	Role of Bilateral Relation	33-40
2.3	Problem of Transit	40-45
2.4	Comparative Study of the Trade Problems of Three Landlocked States: Bhutan, Nepal and Afghanistan	45-51
2.5	Conclusion	52-53
Chapter 3	Emerging conflict in trade and connectivity between India and Nepal	54-78
3.1	Introduction	54-58
3.2	India- Nepal Relations	58-62
3.3	Role of Treaties in facilitating Nepal's trade with India	62-67
3.4	India–Nepal Problems and Prospective in Trade	68-76
3.5	Conclusion	77-78
Chapter 4	Trade and connectivity between India and Nepal through the Integrated Check Post of Raxaul	79-168
4.1	Introduction	79-83
4.2	The Integrated Check Post: Medium of Trade and Connectivity	83-93

4.3	The Operational Integrated Check Posts of India	93-105
4.3.1	Indo-Pak Bilateral Relations	93-96
4.3.1.1	ICP Attari	93-94
4.3.1.2	PTB Dera Baba Nayak	95-96
4.3.2	Indo-Bangladesh Bilateral Trade	96-98
4.3.2.1	ICP Petrapole	98-100
4.3.2.2	ICP Agartala	100-101
4.3.2.3	ICP Sutarkandi	101-102
4.3.2.4	ICP Srimantapur	102-103
4.3.3	India-Myanmar Bilateral Trade	103-104
4.3.3.1	ICP Moreh	104-105
4.4	India-Nepal Bilateral Trade	105-110
4.5	India- Nepal Infrastructure and Connectivity Projects	110-115
4.6	Trade through India-Nepal Integrated Check Posts	116-166
4.6.1	India-Nepal trade through ICP Jogbani	118-119
4.6.2	A Study of Integrated Check Post of Raxaul	119-125
4.6.2.1	EXIM Process (ICP Raxaul)	126-127
4.6.3	Data Analysis	131-166
4.6.3.1	ICP Raxaul	132-141
4.6.3.2	ICP Birgunj	141-151
4.6.3.3	India- Nepal Border Market Study	151-160
4.6.3.3.1	Raxaul Market Study	151-156
4.6.3.3.2	Birgunj Market Study	156-160
4.6.3.4	Field Study Observation	160-162
4.6.3.5	The ICP Raxaul: Problems and Perspective	162-164
4.6.3.6	Ways to remove impediments in trade and connectivity	164-166
4.7	Conclusion	167-168
Chapter 5	Conclusion	169-176
	Bibliography	177-188
	Annexure	189-212

Chapter 1

Introduction

1.1. Background

Conflict can be regarded as an intrinsic and inevitable aspect of social life. There has always been place for conflict before the existence of peace. In the backdrop of changing world order and areas of emerging conflicts almost 80% of all humanitarian crisis can be regarded as a result of conflict according to Galtung (2004) in his article “Conflict Transformation by Peaceful Means”. Peace and Conflict can be said to go hand in hand with each other. There has been existence of various kinds of conflicts like ethnic, environmental, political, territorial, social, economic and so on. Nonetheless what has been an ever-growing conflict that either has direct or indirect impact on every state has been in terms of economy.

Conflict in trade has been an area of concern specially in the era of globalization. Globalization is the process of thinking local on a global scale. It has moved the world towards interconnectedness, interdependence and mutual cooperation. However, what brings peace and development can also invent some dark sides. There has been growing need for further exploration in this area for shift towards the ultimate goal of mutual development which has been stated by Galtung (2004) in his article “Conflict Transformation by Peaceful means”.

When it comes to trade relations it explores beyond the economic lenses as stated by De (2013) in his article “Connectivity, Economic Trade Facilitation and Regional Cooperation in South Asia” as trade has been an existing phenomenon ever since the “Gift Economy” that is trading of goods without the use of money. It goes back to the barter system but the series of metamorphosis in the world order brought some drastic

changes in the system as a whole. These changes introduced a web of complexities which led to the emergence of conflict in case of trade. It is a well-known fact that there can be no trade without connectivity as both are complementary in nature specially when it comes to inter-state, intra-regional and global trade. Hence exploration in terms of trade and connectivity has been an important aspect specially with the emergence of organizations like World Trade Organization (WTO), World Custom Organization (WCO), International Chamber of Commerce (ICC), United Nation Conference on Trade and Development (UNTAD), United Nations Commission on International Trade Law (UNCITL) and many more.

When the question of involvement of great powers comes into consideration then the concerns for conflicts cannot go unnoticed. There has always been place for growing conflicts as trade relations cannot just be grounded to trade barriers but the inclusion of influence of many factors like political, social, cultural and many more areas. Hence in this aspect the world order in today's era has to be broadened. Narrowing it down, India has been no exception to be a part of this growing debate. India being one of the leading economies in terms of growth and development has various issues to look after but one of the major issues to be addressed in this context has been trade and connectivity. As the Indian state holds strategic importance with a complex land border of 15,106 km and a coastline of 7516 km sharing its borders with countries like China, Pakistan, Bhutan, Nepal, Myanmar, Bangladesh and small portion of Afghanistan as mentioned in an article of Sinha (2013) in "Linking Land Border: India's Integrated Check Post".

The state that India has been sharing a cordial relation ever since independence due to various commonalities like rich cultural and religious link, people to people contact has been Nepal. India and Nepal irrespective of the growing differences in many areas like territorial dispute has always maintained a cordial relation in terms of trade and

connectivity for mutual economic growth and prosperity. India and Nepal share a unique tie of friendship which has some dark sides too but the two countries have always kept their differences aside when it comes to economic cooperation and mutual development. India has been the largest trading partner of Nepal. If given a figurative description given in De's (2013) article "Connectivity, Economic Trade Facilitation and Regional Cooperation in South Asia" then the total bilateral trade in the year 2018-2019 had reached Rs 57,858 cr. while Nepal's exports to India was Rs 3558cr and imports was Rs 54300 cr. The turn of events and the beginning of reformed relation between India and Nepal was mainly due to the signing of the India Nepal Peace and Friendship treaty of 1950s. The treaty laid the foundation for the present-day existing relation between the two friendly states.

However, there does exist some areas of loophole in case of the trade relation in case of India and Nepal that are caused mainly due to the problem in connectivity. The main problem arises with Nepal being the land-locked state and its difficulty to access the sea. For this purpose, Nepal has been inclined towards the Indian state. India has always been the state that has been taking care of its growing market along with addressing several security issues. The "neighborhood first" policy being the motto of India has shown an interconnected nature towards the state of Nepal considering it more than a land-locked state that is "India-Linked" state with the focus of mutual cooperation and development. As for a country with a large population and a larger market the existence of a cordial relationship with the neighbors becomes an important aspect to look after.

However, there does exist some areas of loophole in case of the trade relation in case of India and Nepal that are caused mainly due to the problem in connectivity. The main problem arises as mentioned by Milic (1981) in "Access of Land Locked States to and From the Sea" with Nepal being the land-locked state and its difficulty to access the

sea. For this purpose, Nepal has been inclined towards the Indian state. India has always been the state that has been taking care of its growing market along with addressing several security issues. The “neighborhood first” policy being the moto of India has shown an interconnected nature towards the state of Nepal considering it more than a land-locked state that is “India-Linked” state with the focus of mutual cooperation and development. As for a country with a large population and a larger market the existence of a cordial relationship with the neighbors becomes an important aspect to look after.

According to Sinha (2013) in “Linking Land Borders: India’s Integrated Check Post” the need for judicious planning not only in the growth of trade but eradicating the hindrances that comes along with it due to the existing territorial dispute has still been an issue of concern. Hence the establishment of these Integrated Check Post (ICPs) along the borders of the state can be counted as the need of an hour. Integrated Check Posts are basically an area along two borders which facilitates cross border trade and movement of the people. When it comes to Border Management the establishment of these Integrated Check Post becomes an important factor in the process of securitization. Though there has been certain point of dispute like territorial but irrespective of that India-Nepal ties still has remained cordial paving the way for uninterrupted functioning of the ICPs.

When it comes to infrastructure and connectivity the development and cross checking of these ICPs has been an important task as stated in the report by Ministry of External Affairs (2014) further elaborating the role of India in aiding and providing assistance in the development of border infrastructure keeping in mind the security dynamics of both the countries interest. In the recent years India has been providing assistance in the development of border infrastructure through upgradation of ten roads in the Terai area, cross border rail tracks at the Jogbani- Biratnagar, Jayanagar-Bardias area. India

has also been providing assistance in the establishment of the Integrated Check Post at Birgunj, Biratnagar and Nepalgunj.

The ICPs though have acted as a facilitator of trade and has been aiding in making the process easier along with the hinderances that comes along with it. As for trade to take place even between any two regions needs certain procedures and time hence for an economic activity to take place between nations becomes more cumbersome in nature. There are various types of trade barriers like cumbersome, documentation, import procedures, procedural requirement and high cost at gateway ports in transit. The Overseas Development Institute Report (2015) shows the areas of conflict in case of trade and connectivity with the survey clearly stating the lengthy transaction times gateways at the gateway ports with special reference to India- Nepal ties due to delays in the Raxaul-Birgunj Integrated Check Post taking more than 16 days for the import procedures and complexities in the documentation process. These issues need further exploration in addressing the areas of conflict in trade and connectivity for decreasing the gap in trade and connectivity specially in case of Nepal, a land locked states and having an interdependent bend towards the State of India.

1.2. Statement of the Problem

The globalized world brings with it various challenges despite the advantages. The advent of globalization has also paved the way for better connectivity and trade. But this also comes with certain cost and conflict. The exploration in case of trade and connectivity needs a better understanding. The land-locked states specially have been witnessing hurdles and hinderances in the area of trade and connectivity due to its lack of direct access to the sea ports further resulting in difficulties in the trade and connectivity procedures. The land-locked state of Nepal and India have been sharing a cordial relation ever since independence and has been moving towards the path of

mutual development and cooperation with special reference to blooming economic ties. Though Nepal possesses all the features of a land-locked state India has considered it more than that including it as a “India-linked” state with the motto of “neighbourhood policy” first and “Sab ka Saath Sab ka Vikas”. The study focuses firstly on exploring the problems of trade and connectivity in case of land-locked states for the latter that is elaborative study of the hurdles faced by India and Nepal in case trade and connectivity. India and Nepal keeping other areas of differences like political, social has always worked towards one common agenda that is mutual economic cooperation. The economic cooperation though does come with various issues to be addressed for better cooperation.

The study focuses on examining these areas of conflict in trade and connectivity. When it comes to trade and connectivity the medium of facilitation becomes an important aspect hence India and Nepal have been taking active participation in enhancing these medium. The study also focuses on understanding one such land medium that is the Integrated Check Post as a facilitator of trade. India and Nepal have been working towards better transport and connectivity through the Integrated Check Post. However, there can be no area that are specified conflict free hence these Integrated Check Post also comes with certain conflicts and barriers like cumbersome, documentation, lengthy import procedures, high cost at gateways and many more with the inclusion of effect in other areas as well.

India and Nepal have also taken active participation in infrastructure development through the Memorandum of Agreement (MOU) signed in the year 2005 for the construction of four Integrated Check Post at Raxaul, Joghani, Sonauli, Rupaidehi along the India-Nepal border that speaks in volumes. The Integrated Check Post at Raxaul (India) and Birgunj (Nepal), Joghani (India) and Biratnagar covers most of the trade.

The study will be focusing on the role played by one of the Integrated Check Post that is the Integrated Check Post of Raxaul as maximum trade takes place through this route between India and Nepal. The major problem in the trade process through the Integrated Check Post (ICP) of Raxaul however lies in the poor trade practices in case of paperwork, inadequate facilities, bottleneck at the India-Nepal border that has an extending impact.

1.3. Review of Literature

The Review of Literature gives the basic idea about the emerging conflict in trade and connectivity and for that purpose the Review of literature has been divided into three section that is Globalization and Emerging Conflict in Trade and Connectivity, Conflict in Trade and Connectivity: Land-Locked States and Conflict in Trade and Connectivity: India and Nepal for the understanding of the study.

a. Globalization and Emerging Conflict in Trade and Connectivity

Surugui and Surugui (2015) in their article “International Trade, Globalization and Economic Interdependence between European Countries: Implications for Business and Marketing Framework” gives a very simple understanding of Globalization as a complex process that inculcates various aspects like social, environmental and cultural implications that has a strong connection with the economic mechanism which acts as an influencing factor in the process of expansion of investments in different countries, international trade development, communication development and so on. Hence the era of Globalization has resulted in the change in dynamics of the world order that has introduced many aspects to cater to. As it’s an accepted phenomenon that what brings metamorphosis can also bring complexities that can further raise space for conflicts.

The word conflict itself shows the volume of it. The word “Conflict” has a Latin origin that means to clash or engage in a fight” and has been better analyzed by Adegbonmire (2016) in the article “Conflicts Situation and Ways to Resolve Conflict” by simplifying it as the absence of mutually accepted decisions or disagreement. Human Beings have always been considered as a rational being safeguarding their own interest and individuality. A state without any trace of conflict itself becomes conflicting in nature. Hence for a state of peace to prevail filling the gap between the ongoing or emerging conflict and peaceful coexistence has become the need of an hour.

The concept of Conflict in a Peace Research has its own understanding and importance as it has become intrinsic and inevitable in nature which has been existing in reality and social change which has been well elaborated by the pioneer of the Peace and Conflict Studies that is Johan Galtung (2004) in his article “Conflict Transformation by Peaceful Means”. Galtung has justified the concept of conflict as a dynamic process in which there can be existence of constant influence and change in structure, attitude and behavior which plays a major role in the existence of conflict. In the world today, various forms of violence can be visible specially with the advent of globalization though history has shown the dynamic nature of conflicts like ethnic, cultural, social, political conflicts etc. but ever since the leap of change towards Globalization even Trade Conflicts have played a major role both in direct and indirect manner. Hence the understanding of these existing and emerging conflicts in terms of trade and connectivity has been a growing challenge for not just mere scholars interested in Peace Research but other fields as well that has been highlighted by Akinyonde (2013) in the article “Theories in Peace and Conflict Research”.

Trade in a globalized parlance refers to the output crossing the border hence if globalization of trade represents the share of total volume of trade in GDP (Gross

Domestic Product) then at a global level it is represented as the share of total trade GDP. However according to an analysis made by the Report given by International Press Institute (2016) titled “Economic Connectivity: A Basis for Rebuilding Stability and Confidence in Europe” there lies a variation even in case of global trade, as it varies due to time constrain, the changing world scenario and various external and internal factors. While exploring the process of growth in terms of trade and connectivity at global parlance it can be traced that it has never been a new concept and its mere existence can be traced through different forms like free trade agreement, reduction of custom duties and existence of international bodies like World Trade Organization (WTO) , World Custom Organization (WCO), International Chamber of Commerce (ICC), United Nation Conference on Trade and Development (UNTAD), United Nations Commission on International Trade Law (UNCITL) and many more.

It’s a well-known fact that efficient connectivity has always played a major role in the regional economic integration. A study led by the World Bank in De’s (2013) article “Connectivity, Trade Facilitation and Regional Cooperation in South Asia” speculated the trade between the South Asian Countries could be three times more than the actual figure of US\$23 billion close to US\$ 63 billion. Though the connectivity in the process may have increased but due to some barriers or the maintenance of a closed border taking the problem of porosity of border into consideration.

The variation in trade during the year 2012 of the European Nations has been given by Surugui and Surugui (2015) in their article “International Trade, Globalization and Economic Interdependence between European Countries: Implications for Business and Marketing Framework” that provides a proper explanation in such case, Countries like Belgium (86.1%), Netherland (88%), Estonia (90.6%) had shared higher values of export than countries like Greece (27%), France (27.4) and Italy (30.2%). On the other

hand, the amount of import was seen high in countries like Netherlands (79%), Belgium (85%), Estonia (90.3%) and low in countries like Italy (30.2%), France (27.4%). The conclusion that can be drawn from the differences in trade values is that several factors affect the trade and connectivity of the states especially in the globalized world and there also lies place for conflicts and hinderances in the process.

Global Trade on its own has certain areas of conflicts and issues to cater. When the question of trade and connectivity arises then the main areas of conflict that can be highlighted are in case of tariffs, Intellectual Property Theft and Counterfeiting and the confiscation of ships by the respective government. The problems in trade in specific though varies and are influenced by several factors like the geographical location, external and internal disputes, political, economic and so on. The problems faced by the land-locked states are more severe when it comes to connectivity that leads to suitable environment and conditions for the facilitation of trade which has been highlighted by O'Brien (2019) in his article "3 Key Issues Affecting Trade Right Now".

The key challenges facing in the global context has been given mainly in terms of the importance given to the transit facilitation for the development of the landlocked states as stated by Saggi (2014) in the article "Including landlocked developing countries: Trade facilitation potential of existing Asian transit agreement". The key challenges have been in case of transit facilitation in preferential trade agreements with many countries dealing with these matters through a variety of other bilateral and regional instrument.

Trade facilitation has been an issue of concern at all levels from global, regional to national. The establishment of the World Trade Organization (WTO) in 1995 marked the beginning of the indulgement of the world powers in trade facilitation. The

importance of trade and connectivity had been the highlight since then as economic growth and mutual development can be counted as a common goal. The accomplishment of Trade Facilitation Agreement (TFA) at the ninth WTO Ministerial Conference in December 2013 marked the importance of trade relation at all level with the view to enhance cooperation among all sections including special attention to the developing countries and the land- locked states. A WTO report (2017) on “United Nations Economic and Social Commission for Asia and the Pacific’s (UNESCAP) Trade and Transport Facilitation Monitoring Mechanism in Nepal” has stated the importance of improving the trade and connectivity leading to a powerful boost to developing countries exports that faces hindrances like high trade costs, Custom delays, cumbersome procedures and so on. The adoption of UN treaty titled Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (2016) highlights the importance of trade and connectivity in this globalized era. The South Asia Subregional Economic Cooperation Program (SASEC) further initiated the move by highlighting the need and benefits of fast and efficient transport infrastructure networks for the movement of goods, people, business around South Asia for the development of a community as a whole that could lead to rise in about 60% in region’s trade and 30% at global context.

b. Conflict in Trade and Connectivity: Land-Locked States

When the word “land-locked” is referred then the immediate interpretation that follows is a state that has no access to the sea. The major problem that these land-locked states could face would be isolation form the world trade that has been explained by Glassner (1983) in the article “Transit Problems of Three Asian Land-Locked Countries: Afghanistan, Nepal and Laos”. These land-locked states could always have the risk at various areas like inadequate transport facilities, maintenance and management. There

are at present 44 land-locked states in the world and five states are partially recognized, Kazakhstan being one of the largest landlocked countries in the world.

According to an observation made by UNECE (United Nation Economic Commission For Europe) (2018) in “Strengthening Connectivity of Countries in South and Central Asia, particularly Landlocked and Least Developed Countries” the geopolitical feature can be considered as the key player in case of the land locked States at a global context. The land-locked States face various challenges when it comes to trade and connectivity which can be analyzed on the basis of physical and non-physical barriers. The physical barriers occur mainly due to many reasons like poor infrastructure and maintenance, shortage of network, absence of particular section of transport network or certain objects like bridge, logistics center and so on.

While addressing every conflict or challenges related to the trade and connectivity of the land locked state the immediate solution for the problems of every land locked state would definitely be elimination of all international boundaries that separates them from the sea. But this can be considered far from reality as it would question the built-in concept of Sovereignty. Therefore, regional integrity could be considered as an alternative for resolving the issues regarding trade and connectivity that has been well explained by Milic (1981; p.501-506) in the article “Access of Land-Locked States to and From the Sea”.

According to De (2013) in his article “Connectivity, Trade Facilitation and Regional Cooperation in South Asia” though South Asia’s diversity has led to the development of opportunities in the field of trade, investment and economic growth there has been areas of loophole in the process. The economic integration exploring beyond the land-locked state depends on many factors like density, connectivity and infrastructure

development. The lack of trade facilities, infrastructure, human resource, institution results in the gradual decline in economic integration. The growing non-tariff and tariff barriers both have been the concern and resulted in the development of both national and international infrastructure services resulting to the connectivity challenges in both hardware and software specially in case of the land-locked states.

The disadvantage that the land-locked states face in terms of trade and connectivity are more mainly in case of the developing and under developing states that has been has been put forward by Soobramanien and Worrall (2017) in their article “Emerging Trade Issues for Small Developing Countries. Scrutinizing the Horizon”. The disadvantage in terms of trade have mostly been in areas of export related costs due to higher export related cost, geographical remoteness and many other factors in the backdrop of growing economic competitiveness. However, the larger problem in terms of international connectivity lies in more than just technical capacity but in the political clout to participate effectively in multilateral trade negotiations under the world trade Organization as an individual countries which results in formation of coalition such as the African Group, African, Caribbean and Pacific Group of States (ACP), Association of South East Asian Nations (ASEAN), African Union (AU), Arab League (AL), North American Free Trade Agreement (NAFTA) and so on. Hence the land-locked states face several challenges in case of trade and connectivity and the areas of conflict have been emerging but several steps have been taking place to fill this trade gap.

According to Sarkar and Ray (2018) in the article “Two Nineteenth Century Trade Routes in Eastern Himalayas: the Bhutanese trade with Tibet and Bengal” when the question of trade and connectivity arises India has one advantage that is it has surrounded itself with friendly neighborhood of land-locked countries like Nepal and Bhutan. These two Himalayan countries are land-locked between the two great powers

of South Asia that is India and China. India and Bhutan have been sharing a trade route on the rugged Himalayan terrain with Bengal on the South and Tibet on the North. The evidence of the trade was also visible through some of the contemporary Bengali literature and writings of foreign travelers that had been showing traces of Chinese influence as an observation had been noted by a Chinese traveler in 1626 of availability of Chinese merchandise such as silk, gold and porcelain.

The India-Nepal-China nexus also plays a crucial role in terms determining the of connectivity in the long run. As the strategic location of Nepal and Bhutan changes the entire geopolitical structure and the landmark of being a land-locked states acting as a buffer state between two powers that is India and China. The buffer zone mainly become important after the occupation of Tibet and the strategic importance of the Himalayan mountains as the barrier between China and the resource rich Ganga Plains. However due to this geopolitical characteristic of Nepal there remains some areas of conflict that directly or indirectly affect the trade relations. The case of economic blockade on Nepal from 1989-1990 by India as a response to the growing inclination towards the other big power that is China through the signing of the signing of an agreement of anti-air craft guns shows the importance of Nepal in not just security perspective but also in terms of trade and connectivity and the reciprocal relation of both India and Nepal as mentioned by Cambell (2018) in his article “China and conflict-affected states. Between principle and pragmatism”. The 135-day blockade witnessed direct impact on Nepal’s economy leading to unusual stoppage of goods and transportation vehicles from India to Nepal that led to the biggest fear of the land locked state that is isolation.

Nepal and Bhutan not only being a land-locked state but also a buffer zone highlights a major problem in case of trade and connectivity that also shows the at amount of

dependent on mostly India which has been highlighted by De (2015) in his article “Disentangling transit cost and time in South Asia”. But one cannot exclude the importance of Nepal when it comes to the security dilemma of India. However, the main area of hinderance lies in the access routes to the sea ports followed by various trade barriers like cumbersome, documentation, import procedures, lengthy period to complete the procedural requirement and high cost at the gateway ports in transit.

Some of the European states though possess all the features of the land-locked states, the advantage of easy access to the sea still acts as a boon as compared to other land locked states that are completely isolated from the coast due to the existence of river routes connecting to the sea that has been internationalized by the bilateral and multilateral treaties. Taking the case of the African states the added advantage of a river route has been limited only in the Central African Republic by using the Bangui and Congo rivers with certain limitation of the river itself being navigable only till Brazzaville resulting in the use of the land communication like rail from Brazzaville to Pointe Noire on the Atlantic Ocean. Hence the location of these land-locked states does play an important role in trade and connectivity according to Uprety (2006) in the article “The Transit Regime for Land-Locked States. International Law and Development Perspectives”.

While most of the land-locked states lack the facility of even direct partial access to the sea the application of concepts like Third Country Trade plays a crucial role in the process. If given the example of such case then Nepal fits perfectly in this category as it has been practicing it through the Treaty of Transit which has been analyzed in the study proposed by Ministry of External Affairs (2020) titled “Asian Institute of Transport Development on Study of Transport Facilitation India- Nepal”. The detailed procedure for Nepal’s third country trade through has been laid in the Treaty of Transit.

The Rail Service Agreement signed by the two countries in 2004 has given a new direction to the third country trade by enabling the transportation of containers by rail from the ports of Kolkata/Haldia to Integrated Check Post of Birgunj. Hence the Raxaul-Birgunj trade route plays a very vital role in the process.

c. Conflict in Trade and Connectivity: India and Nepal

India shares an open border of 1770 km long including the Himalayan territories as well as the Gangetic Plains. The land-locked state of Nepal on the other hand shares a border of about 1870 km sharing its boundaries with the Indian states of Uttarkhand, Uttar Pradesh, Bihar, West Bengal and Sikkim. India and Nepal have been sharing a cordial relation not only in terms of bilateral relation but also in terms of trade, transit and connectivity that has been highlighted in a report of the Ministry of External Affairs on India-Nepal Relations (2014) on “India Nepal Relations”. Between 1991-1992 and 2004-2005 there has been nine-fold increase in India’s export to Nepal on the other hand leading to twelve-fold increase in imports from Nepal holding the place of the largest trading partner of Nepal. To sum it up Nepal’s import had increased from 35% in 1991-1992 to 65% in 2004-2005. The total bilateral trade in 2018-2019 had reached to Rs 57,858 crore. products imported according to Sinha (2013) in the article “Linking Land Borders: India’s Integrated Check Post” was mainly petroleum products, iron and steel, motor vehicles and dairy related machinery and many more likewise the imports from Nepal mainly considered of items like vegetable oil, processed items, yarn and fabrics, cosmetics, leather and so on.

The land-locked state of Nepal and India have always been sharing a unique bond irrespective of the growing hurdles. The grounds for mutual cooperation and development still remains along with the existing territorial dispute. There had always been a gradual progress in the relation between India and Nepal but one event that

formed the bedrock for the growth of the India Nepal relation was the signing of the “India Nepal Treaty of Peace and Friendship” of the 1950.

The revised treaty in 1996 can be considered as a turning point in trade relations resulting to the growth of exports to India more than eleven-fold. The comparison between the year between 1995-1996 that is 29.8% and 2012-2013 that is 66% speaks in volumes. The main items of export from India being petroleum products, vehicles and spare parts, mid-steel billets, machinery and parts, hot and cold rolled sheets, wires, rods, coils, bars, electrical equipment, cement, cement, threads and chemicals. The main items of exports from Nepal to India being polyester yarn, textiles, jute goods, threads, zinc sheet, jute, cardamom, wire, ms pipe, copper wire rid. The treaty laid the foundation for the relation that has been established in the present era that makes it easier for both the parties to carry out various projects together which has been put forward by the report of Ministry of External Affairs on “India-Nepal Bilateral Relations” (2014).

This cooperation has been playing a major role when it comes to not just trade and connectivity but covering broader areas. The treaties that had been signed by these two states laid the foundation for a better trade relation like the “Treaty of Trade and Commerce” of 1950, Agreement to Control the cross-border flow of goods between India and Nepal was governed by three legal instrument that is Bilateral Trade Treaties, South Asian Preferential Trade Agreement (SAPTA) as an initiative taken by the South Asian Association for Regional Cooperation (SAARC) and finally the Trade Patterns and Potentials. Through The Treaty of Trade and Commerce (1950) India provides duty free access without any quantitative restrictions to the Indian market for all Nepalese-manufactured articles and the imports (from India) are normally paid in Indian Rupees due to the advantage of convertible currency according to a study by the Asian Institute

of Transport Development (2020) titled “Trade and Transport Facilitation India-Nepal”.

The cross-border flow of goods between India and Nepal was governed by three legal instrument that is Bilateral Trade Treaties, South Asian Preferential Trade Agreement (SAPTA) as an initiative taken by the South Asian Association for Regional Cooperation (SAARC) and finally the Trade Patterns and Potentials that has been highlighted by Taneja, et al., (2019) in the article “Strengthening India-Nepal Economic Relations. Indian Council for Research on International Economic Relations”.

As it’s a well-established notion that trade and connectivity are interconnected in nature and for the establishment of proper trade there has to be a medium of connectivity. For the proper management and establishment of this connectivity the two states have also indulged in the rail service agreement that has been extended to bilateral trade for the movement of goods in transit between Kolkata and Haldia and Birgunj (Nepal) which has been mentioned in a study by the Asian Institute of Transport Development (2020) titled “Trade and Transport Facilitation India-Nepal”.

According to Sinha (2013) in the article “Linking Land Borders: India’s Integrated Check Post” the need of an hour demands for better medium for trade facilitation. This led to the signing of a Memorandum of Understanding (MoU) in the year 2005 for the construction of Four ICPs at Jogbani, Raxaul, Sonauli and Rupaidhi along the India-Nepal border. India had also taken a step in the contribution of Rs500 crore for the infrastructure development project through the construction of mirror ICPs on the Nepal’s side. There area at present two main operational ICPs that is the Raxaul (India)-Birgunj (Nepal) and Jogbani (India)- Biratnagar (Nepal) that has been covering almost 58% of the total trade between India and Nepal. The establishment of these ICPs have

acted in favor of the growing India-Nepal Connectivity with the increase in exports by 75% from US\$ 139 billion in 2015-2016 to US\$2.43 billion in 2016- 2017. The share of ICP Raxaul in the overall trade had stood at approximately 45% in 2016. The initiative though may have acted in favor of both the countries but there lie some areas of conflict.

In research conducted in Trade and Connectivity under the Centre for Social and Economic Progress marks the importance of not just connectivity but infrastructure as well. If given the case of India then the time taken for a container to be shipped from Kolkata Port to Singapore Port takes 2 days the same amount of time is taken by land transport through the ICP Petrapole to the neighboring state of Bangladesh. Nepal has been given the access facility in trade through India with the third countries without any quantitative restrictions with a provision for classifying few goods transiting through India as sensitive. The development of the ICPs in India and its immediate neighbor shows the step towards the growth in connectivity and trade. According to Uprety (2006) in the article “The Transit Regime for Land-Locked States. International Law and Development Perspectives” the establishment of these ICPs there has been an increase in the mutual cooperation and connectivity between India and Nepal that has led to more than just better bilateral relations and also form a deep-rooted people to people contact. India still holds the place for the largest trading partner.

The establishment of ICPs though may have lessened the burden of exhausting hindrances in the process of trade and connectivity but there still lies some areas that needs to be further explored. De (2013) however has highlighted some of the trade barriers include in case of cumbersome, documentation, import procedures, lengthy time period for transit and procedural requirement and high cost at gateway ports in transit in an article “Trade Facilitation and Regional Cooperation in South Asia” that

affect trade relations of states in many ways. In case of documentation, in a comparative study between Nepal and Bhutan the two-buffer land-locked states. ¹Nepal requires more documentation in case of import facilities. For example, for the importation of goods through the main route that is the Kolkata and Haldia routes Nepal requires 22 documents and Bhutan on the contrary requires 16 documents.

In the Overseas Development Institute Report (2015) the survey reports clearly show the lengthy transaction times at gateway ports by Nepal firms in transit and connectivity, Nepal in particular. In 2015 the time taken for completion of import procedures by the Nepal firms was more than 16 days in order to complete all 20 major import procedures of which five procedures were necessary to fulfil the requirements imposed by the transit country that India and 15 by the importing country that is Nepal itself. However, the longer import times are the result of the longer transit time taken between the Kolkata or Haldia Ports (Raxaul and Birgunj) due to lengthy custom clearance process and transportation (time taken to transport goods from the land border to the warehouse) time according to De (2015) in his article “Disentangling transit cost and time in South Asia”.

The establishment of the Integrated Check Post have been an important step for building connectivity between the two friendly states. This step was mainly taken in a meeting of the Committee of secretaries in October 2003 resulting to the idea of construction for the four major Integrated Check Post along the India- Nepal border at Jogbani, Raxaul, Sonauli and Rupaidiha. According to Sarkaritel (2018) in the article “Nepal, India to boost security, connectivity, trade ties” approximately 58% of the total trade between India and Nepal takes place through the above-mentioned Integrated Check

¹For more details visit [Connectivity in South Asia \(ris.org.in\)](https://ris.org.in) Accessed on 10/09/2022

Post mainly situated at Raxaul (India)- Birgunj (Nepal) and Jogbani (India)- Biratnagar (Nepal). Among the two the Raxaul (India)- Birgunj (Nepal) is considered as the most important route for interchange of bilateral and third country trade.

Covering the Integrated Check-Post at Raxaul-Birgunj and Jogbani – Biratnagar the article of Ministry of External Affairs (2020) titled “Free Trade Agreement Between His Majesty’s Government of Nepal and The Government of India” has mentioned the complexities that comes along with the advantage in the Integrated Check Post. The Integrated Check Post at Raxaul and Birgunj was the first made operationalised and in the year 2016 and covering almost 45% of the total trade in the year 2019- 2020. However, the challenges that comes along with it are the 700 km long unpaved roads to the Integrated Check Post of Birgunj that acts as a hinderance in the movement of trucks and passenger vehicles, the limited storage space that handles up to only six containers, the lack of digitalisation at ICP at Raxaul as the processes are still limited to manual processing and lastly the lack of testing facilities for example in case of Agricultural exports from Nepal due to lack of plant quarantine facilities near Raxaul.

The ICP at Jogbani (India) and Biratnagar (Nepal) was built with the assistance of US\$19.64 million by India and foundation stone was laid on June 26, 2010. The recent figures of trade between 2011-2020 ranged between US\$ 0.5 billion to US\$ 1.2 billion according to the Ministry of External Affairs (2020). The major commodities exported by India mainly consisted of petroleum, cold rolled sheets, non-alloy steel, liquefied petroleum gas (LPG) and milt steel billets. On the other hand, Nepal exports consisted of galvanised plain sheets and coils (GPGC), woven fabrics, galvanised iron (GI) wire, yarn, brass sheets and so on. However, it goes through some major challenges like cumbersome, documentation, import procedures like in case of other ICPs. The Government of India has however taken a major step to curb these areas of conflict by

the introduction of Electronic Cargo Tracking System (ECTS) based on the Government of Nepal's proposal.

The major problem in the trade process through the Integrated Check Post (ICP) of Raxaul however lies in the poor trade practices in case of paperwork, inadequate facilities, bottleneck at the India-Nepal border that has an extending impact. According to a report provided by Bose (2018) in an article "Delays continue to plague trade at Raxaul-Birgunj integrated check post" there has been a loophole in the trade practices as a large number of trucks reach the ICP without the necessary documents that give access to these ICPs like the shipping bills that results in heavy congestion resulting in the delays in speeding up the cargo clearance which has been the rising concern among the Nepalese traders. In case of expenditure though the keeping the cordial relation of India and Nepal there has not been much issue in the charges for the ICP service yet the other factors like charges for entry, weighing charges, parking fee and custom appraisal makes the process costly though it has been pointed out by Bose that these areas have been under the keen observation and has been taking care of by reduction of charges in these areas.

1.4. Rationale and Scope of the Study

The bilateral relation between India and Nepal have witnessed some areas of conflict like the territorial disputes but the main concern for the two states have been a steady economic tie for mutual goal of cooperation, interdependence and development specially in this era of globalization. Though the efforts have been consistent at both ends there has been some areas of conflict existing in trade and connectivity specially with Nepal being a land-locked state. The fear of every land-locked state has been isolation from the global trade due to its direct inaccessibility to the sea. However, India

and Nepal have been cooperating on this aspect by considering Nepal as “India-Linked” more than just a land locked and a buffer zone.

The study highlights the areas of conflict in trade and connectivity in case of land-locked states framing a base for the latter part of the study. The study also provides a specific analysis of the conflict in trade and connectivity between India and Nepal. The infrastructure development can be considered as the focus of both states with regard to better trade and connectivity but this cannot be separated from the complexities and conflict that comes along with it. The development of the Integrated Check Posts has been a major step taken by the government in the process of better economic ties. The establishment of these Integrated Check Post however does come with hindrances like cumbersome, documentation, lengthy import procedures, high cost at gateways and many more with the inclusion of effect in other areas as well.

The study focuses on the role played by the Integrated Check Post as a facilitator of trade and connectivity with special reference to Integrated Check Post of Raxaul, playing a major role in curbing the gap in trade and connectivity between India and the land-locked state of Nepal covering maximum trade along with some major problem that needs to be addressed in the trade process like poor trade practices in case of paperwork, inadequate facilities, bottleneck at the India-Nepal border that has an extending impact.

1.5. Research Objectives

- a. To explore the problems of Trade and Connectivity in land-locked states.
- b. To examine the issues of conflict in trade between India and Nepal.
- c. To analyze the role of the Integrated-Check Post as a facilitator of trade and connectivity between India and Nepal.

1.6. Research Questions

- a. What are the conflicts in trade and connectivity with special focus to the land-locked states?
- b. What are the issues of conflict in trade between India and Nepal?
- c. How has the Integrated Check-Post served to facilitate trade and connectivity between India and Nepal?

1.7. Research Methodology

The study employs mixed method approach that is combination of both quantitative and qualitative data. Quantitative data has been retrieved from both primary and secondary sources. Primary quantitative data has been retrieved from official documents while secondary data has been retrieved from the secondary sources extracted from the literature review. Furthermore, qualitative data has been collected from the field study carried out during the course of study. For qualitative data, semi-structured interview has been carried out with the people residing in the vicinity of the check post as well as the traders using the check post. Interviews have also been done using snowball sampling under non-probability sampling.

In all, the sample size of 110 respondents have been surveyed, out of which 20 respondents are the truck drivers of the ICP Raxaul for understanding the core of the conflict, their working condition and views on the establishment of ICP Raxaul and 20 respondents are the truck drivers of ICP located in Birgunj. Raxaul and Birgunj market are an important border market for the cross-border flow of people hence 40 respondents have been taken from the Raxaul market including the vendors (business community) and 40 respondents (vendors) from the Birgunj Market. The study includes the interviews of the Chief Custom Officer, one Custom Officer, two SSB Officers and one Custom House Agent from the ICP Raxaul and Chief Custom Officer and two

Custom Officer from the ICP at Birgunj along with 2 focused group discussion with the respondents (truckdrivers) both in the ICP Raxaul and ICP Birgunj.

The study also includes an interview session with an Assistant Commissioner of Central Goods and Services Tax in Darjeeling District. The Integrated Check Post plays a vital role in the field of trade and connectivity. On this context, the study area for the proposed research is the Integrated Check Post of Raxaul which is situated approximately 250km from Patna in Bihar. The study aims to focus on the conflicts arising in this area in field of trade and connectivity.

1.8. Organisation of the Study

This Study has been organised under the following five Chapters:

Chapter 1: Introduction

The first chapter of the dissertation deals with the introductory part of the study. This chapter gives the background of the study with the inclusion of objectives, research questions and methodology providing proper insight to the study. As conflicts are bound to take place and a society without the absence of conflict itself is considered conflicting in nature this chapter also introduces the emerging conflicts in the trade and connectivity highlighting the focused area that is India and Nepal.

Chapter 2: Trade and Connectivity Problems in the Land-Locked States

The second chapter of the study encompasses the trade and connectivity in the land-locked states briefly explaining the world view in general and regional in detail. The chapter also focuses on exploring the existing and emerging conflicts in the field of trade and connectivity as these two areas covers not only the economic aspect of any state but also the security perspective keeping globalization in the forefront.

Chapter 3: Emerging Conflict in Trade and Connectivity between India and Nepal

This chapter provides an analysis about the challenges and conflicts of the land-locked state of Nepal and India. As conflicts are bound to take place in any form and are inevitable for any state irrespective of its size and impact on global parlance. This chapter provides the detail exploration about these challenges and conflicts in area of trade and connectivity with special reference to India and Nepal relation.

Chapter 4: Trade and Connectivity between India and Nepal through the Integrated Check-Post of Raxaul

This chapter encompasses the trade relation between the two states that is India and Nepal giving an analysis on the areas of conflict in case of trade and connectivity covering major areas in more than just economic parlance focusing on the Integrated Check Post of Raxaul. Furthermore, importance has been given on the role played by Integrated Check Post with special reference to the Integrated Check Post of Raxaul in terms of trade and connectivity between India and the land locked state of Nepal. This chapter also highlights the importance of ICP Birgunj (Nepal) for more clarity

Chapter 5: Conclusion

This is the concluding chapter of the entire dissertation with the summery of the dissertation and the future scope of the proposed study. Since this chapter consists of the concluding part of the study has also included the findings of the proposed research.

Chapter 2

Trade and Connectivity Problems in the Land-Locked States

2.1. Introduction

In general terms land-locked states are those states that lacks direct access to the sea coast. However, a precise definition has been provided by ²Article 124 (1(a)) of the United Nation Convention on Law of the Sea 1982 mentioned as ‘a state which has no sea coast’ with its sheer dependence on its transit states (Bayeh, 2015). If put in a simplified manner then transit basically means the road transportation to and from these land-locked states. Hence what can be articulated is that transit states play a vital role in the trade flow of these land-locked states. If put in a simplified manner than transit basically means the road transportation to and from these landlocked states (Fulk, 2017).

The economic growth of a country is as important as military growth as both goes hand in hand with each other. The economic growth of a state can be affected by many factors and several research has been conducted on this area, one among the findings that has an adverse effect on trade resulting to slow growth in a state’s economy has been regarded as the landlocked status making up to 20% of the countries in the world distributed as approximately 40% of the world’s low-income economies and less than 10% in the world’s high-income countries (Fulk, 2017).

The sea has always acted as a boon to any country’s economy if taken into account from the trade point of view firstly as a major medium of communication and secondly

² For a summary list of these agreements visit [\(PDF\) The Rights of Land-Locked States in the International Law: The Role of Bilateral/Multilateral Agreements | Endalcachew Bayeh - Academia.edu](#) Accessed on 12/10/2022

as the vast reservoir of living and non-living resources covering up to more than 70% of the world. The sea plays a pivotal role in case of trade and connectivity worldwide as the foremost reason being access to international trade covering about 90% of the world's trade as a cheaper means of communication compared to overland trading. On a comparative basis trade through sea routes can be considered much more preferential mainly for two reasons. The primary reason being low transaction cost that can be a win-win situation for any state and secondly less time consumption in terms of transit as the route being shorter compared to inland trade (Uprety, 2006).

Giving an overview of the land-locked States worldwide there are at present 44 land-locked states in the world with five partially recognized status, Kazakhstan being one of the largest land-locked countries in the world (Glassner,1983). These land-locked States have their own historical basis of their origin with their own individualistic characteristic that has an influential impact on the policies and practices covering economic, social, political and structural sphere. While taking the cases of the land-locked States world-wide gives a pellucid understanding of the above statement. Taking some examples from the Western European land-locked States showcases diverse political background leading to the adoption of their individualistic identity and roots while some emerging from the feudal system like Switzerland, Luxembourg and Liechtenstein and some after the disappearance of the Austro-Hungarian Empire like Czechoslovakia, Austria, and Hungary (Jayaram & Shrestha,1976).

The advantageous factor of a landlocked state can be counted as a security point of view since the land-locked State are separated by mountains, forests, steep ravines acting as an advantage for a time period, with the exception of isolation could have acted as an advantage in withstanding any external forces but as the situation changed so did the

priorities (as the world is not a static place and changes with growing time) (Jayaram & Shrestha, 1976).

Nepal is a perfect example in such case as the geographical condition being mostly covered by Hilly slopes, terrains, dense forest and mountains and harsh climatic conditioned acted as a shield from any foreign invasion but if viewed through the economic lens then the same advantage could act as a major disadvantage in the present scenario. The distance of these land-locked state from the sea can however also have an added advantage that is less threat from the natural calamities associated with the coastal areas like Cyclone, beach erosion, tsunamis and many more. These land-locked States can also be considered as rich in agriculture with high fertility resulting in the growth variety in crops (Dharamdarsani, 2000).

One area that these land-locked states could face was the economic consequences. The logic being simple that it would drift them apart from the world's international trade compounding the problem of distance irrespective of the technological improvement in transport resulting in relatively slow growth as compared to their maritime neighbours (Faye, et al.,2004). The land-locked states have been associated with the risk of having an inadequate transport facilities, maintenance and management. From the economic parlance the land-locked situation bound by its geographical barriers naturally limits its flow of trade in a state (Dotin, 2008).

Therefore, in case of trade and connectivity the land-locked states have less advantage compared to the states with easy access to the sea coast which further makes them highly dependent on the transit state. The economic consequences are the most crucial and immediate barrier the land-locked states are associated with as even viewed from the basic lens that most of the world's commerce are carried through the medium of

sea. The immediate effect that are borne by the land-locked states are higher export related cost, geographical remoteness and many other factors in the backdrop of growing economic competitiveness. One of the main obstacles that these land-locked States face due to the direct result of the geographical barrier are in the area of development (Dottin, 2008). According to an analysis made in “The Effectiveness of Transport Corridor Agreements in Landlocked Developing Countries: An Evaluation of The Northern Corridor Transit Agreement in Uganda” by Dottin (2008) almost 31 land-locked states face slow development due to higher transportation cost that directly hinder the pace of development.

Glassner (1983) in his “Transit Problems of Three Asian Land-Locked Countries: Afghanistan, Nepal and Laos” has given a very specific outlook for the landlocked states for lacking the “window on the world” that leads to one of the strongest fears of every state irrespective of their size and might that be the fear of isolation specially with changing world scenario and advent of globalization. Globalization in a very simple context can be looked as a process that inculcates various aspects like social, environmental and cultural implications that has a strong connection with the economic mechanism which acts as an influencing factor in the process of expansion of investments in different countries, international trade development, communication development and so on (Surugiu & Surugiu, 2015). Therefore, naturally resulting in lesser volume of trade in the land-locked states than the coastal states which automatically leads to weaker growth rate. The geographical location of these land-locked states can be regarded as a major factor having utmost influence on area concerned that is trade and connectivity with the reduction in the possible growth rate by about 1.5% and trade 30% less as compared to the coastal states (Arvis, 2020).

Such cases can have deteriorating effect on any state specially making the land-locked states twice as vulnerable to disruption in many forms like natural disasters, political unrest and violent international conflict to name a few. When it comes to land-lockedness the disadvantage that any state has to bear is in the case of broadening distance in the international market leading to 16 out of the world's 31 land-locked developing countries being listed as the poorest in the world (Arvis, 2020)

Most of the land-locked states in the world economy are in the developing phase. The favorability of the location of these land-locked states also plays a major role in the pace of development of these land-locked states. The duality of the subject though lies in the extend of isolation from the sea these land-locked states undergo given the example of some of the European states that despite possessing all the features of land-lockedness are not aloof to the access routes that gives them the advantage of partial isolation unlike other land-locked states due to the existence of river routes connecting to the sea internationalized by the bilateral and multilateral treaties. The case of the African states fits in perfect scenario, these African states with the added advantage of a river route has been limited only in the Central African Republic by using the Bangui and Congo rivers with certain limitation of the river itself being navigable only till Brazzaville resulting in the use of the land communication like rail from Brazzaville to Pointe Noire on the Atlantic Ocean (Uprety, 2006).

The favorability of the location itself though cannot be considered an advantage when it comes to these land-locked states as even though the land-lockedness might not have much adverse effect being surrounded by coastal economies but other factors like political, socio- economic, diplomatic and bilateral relations can always be counted as a threat (Lahiri & Masjidi, 2012). The immediate impact that the existence of a political or diplomatic disruption can have on any country's economy is adverse as the damage

made on a wholesome scenario. When it specifically comes to land-locked states then the problem can heighten as the result could be as damageable as the blockage by the coastal economy in case of transit of goods and services.

In the world filled with conflict, trade conflict cannot be regarded as something new and has been a growing phenomenon. During such conflicting situation the flow of bilateral trade can be objectified as a solution for the emergence of bilateral war showcasing the important link between the trade policy and conflict also known as the Liberal Peace argument (Martin et al., 2012). Hence the political and bilateral relations among the landlocked states and the transit state becomes a crucial factor. The better the bilateral relation among the states the chances of better communication resulting to less difficulties in the access to the coast with the aid and support of these neighboring states. The bitter the relation the bitter can be the impact on the trade and it is an acceptable phenomenon that the trade policies of any state irrespective of the geographical condition, social, political that shapes the economy which can be recognized as the backbone of a state's security through direct or indirect means (Lahiri & Masjidi, 2012)

When it comes to trade of the land-locked state the major disadvantage that comes along with it are higher transportation cost for the purpose of access to the ocean through the neighboring states hence the political and bilateral relations play a key role. Trade therefore cannot just be associated with mere economic activity between these states but inclusion of many factors. The disadvantage of higher price on imports and export revenue as rents to these neighboring state (transit states) for the usage of the territory of the coastal economy for the sole purpose of transit of goods always exists (Lahiri & Masjidi, 2012).

The trade policies of these land-locked states are influenced by the political conditions and are also influenced by the ideological, socio-economic and cultural factors of the larger neighbour bringing some traces of similarity. The political conflicts can be considered as an important aspect to look into along with other growing trade barriers the first and foremost reason being the transcending nature of political conflicts having an equally adverse effect on larger areas like trade, supply chain and transport logistic (Whitten et al., 2020). One of the vivid examples is that of Mongolia for the adoption of nonalignment having situated among two great powers that is China and Russia, Hungary and Austria (Uprety, 2006).

The adoption of such policies like the nonalignment also has a preferential basis among the land-locked states as these states either follow the alignment, nonalignment or a neutral stand but what brings in solidarity despite the adoption of political policies are their realisation of the geographical handicaps and one common goal of economic development. These land-locked states despite sharing an ideological drift are well aware of their dependence in the Coastal States (Uprety, 2006). For this sole purpose also the bilateral relation among the land-locked states plays a key role not just limiting from the trade perspective but also many other factors like security, socio-cultural to state a few.

2.2. The Role of Bilateral Relations

Trade is much more than just an economic activity it transcends the boundary of mere economic parlance. Before understanding the areas of conflict in case of land-locked states with regard to international trade it's important to understand the conflict prone areas in the international areas as bilateral relations are one of the major influencing factors in case of trade and connectivity especially with regard to the land-locked States keeping with their naturally bound barriers (Pollins, 1989).

The trade issues are naturally an important part of any economy and these problems need to be looked from a border perspective and like every small conflict can be resolved through negotiations and cooperation even the trade conflicts can't be separated from the application of this method. What can be analysed here is that it is a universal approach in resolving every conflict. The trade conflicts that have been growing with the changing world order are subjected to a number of regional and international influence. There are many examples that can aid in the process of simplification of issue. Some of the relevant issues being discussed in the sphere of trade are Trade and Climate Change as a part of the United Nations Conference on Climate Change, e-commerce as a part of the United Nations Conference on Trade and Development (UNCTAD), implementation of trade as a means in the United Nations Sustainable Development Goals (Soobramanien & Worrall, 2017).

There has been growing role of the mega-regional agreements and the Transatlantic Trade and Investment Partnership and Trans-Pacific Partnership creating an impact on the enhancement of multilateral trade that specifically has a crucial role in the land-locked States. The Agreements are the core of the trade multiplication and development of these geographically land-locked states (Lahiri & Masjidi, 2012). When it comes to Regional Cooperation then it can be looked as the backbone of any economic development that comes along with positive arenas like in the field of unemployment, new business opportunities, technological advancement, infrastructure development that are directly related to trade creation and has been accomplished through trade and investment agreements, technological cooperation, cross-border infrastructure projects and so on (Susantono & Park, 2020). All of the above mentioned factors are united by a common goal of economic development with the aim of encouragement in the field of trade and connectivity.

The Regional Trade Agreements (RTA) can be viewed from the trade enhancement point of view along leading to the creation of both favourable and disadvantageous side. Evaluating from the side of favourability ³RTAs can be viewed from the lens of trade creation and if looked from the strategic point of view also as a peace-making settlement with the probability of not complete eradication but limitation of the chances of war (Philippe, M. et al., 2012).

The inclusion of the traditional security has a direct or indirect way of linking to the trade perspective considering even the import procedures. The logical explanation behind the statement can be looked from a very simple lens that is even in the context of interstate trade the dependence of the import-export procedures, pricing and quality of goods and services depends on a very simple yet explicit factor that is the origin of the products and the political relationship between the importing and export states. If the trade procedures are further explored in the global context the complexities also increase (Pollins, 1989).

One of the best examples for the fragile link between the international trade and connectivity excluding the land-lockedness which can be further explored comparatively in case of the land-locked states is that of China (one of the fastest growing economies of the world). China irrespective of growing economic significance and increase in the export and import manufactures and services ever since 1949 has always been subjected to criticism from the world market for overlooking the international norms leading to criticism with an instant follow up of tension in the

³Regional Trade Agreements (RTA) are important step towards establishment of a cordial bilateral relation and are basically treaty signed by two or more countries.

diplomatic relations having an impact on the trade relations that comes along as a major blockage in case of both trade and connectivity issues (Whitten et al., 2020).

To sum it up the complexities in the global context becomes much more enormous in nature from the import-export procedures to connectivity issues. India and Pakistan have more complicated relationship than a cordial one due to the history it shares. The creation of an independent Pakistan led to the rise of both territorial and diplomatic disputes between India and Pakistan. The two states however could not be completely separated due to its geographical links and India being the immediate neighbour. The trade relation between India and Pakistan though has been limited as compared to other neighbouring countries with restricted list of import commodities by the latter (Lahiri & Masjidi, 2012).

According to a Report by Asian Institute of Transport Development (2021) the goods permitted for import from India are limited to only 600 commodities. (Development A. I., 2001). Deeper understanding and cautious decisions become the backbone of the trade policies and procedures highly dependent on many factors one of the main being the political relationship among the neighbouring states. The case of the landlocked States becomes more critical in nature with scrupulous attention to the political and bilateral relations with every neighbouring states irrespective of the coastal advantage (Pollins, 1989). Hence there has always been an utmost importance of deep economic integration with special concern to land-locked states for the sole purpose of bridging the growing gap in the international market specially the countries that emanate from overall impact of country specific socio-political factors of trade flow through and reducing the segmentation effects of domestic regulatory policies through policy reforms and policy cooperation across partner countries (Kalirajan, 2007).

The coastal states are on the advantageous side and richer in comparison to the land-locked states though there has been practice of various reforms integration programmes by the land-locked states on a collective basis. Some of the cases that provides a clear understanding of the economic condition of the land-locked states are that of Afghanistan, Nepal and Laos. The contradiction though lies in the fact that the above mentioned three states are considered as the states with greatest volume of transit states (Glassner, 1983).

The situation of Afghanistan clearly highlights the position of the land-locked states in case of world market and also a major role and dependence on the coastal states that are beyond control of these land-locked states. Afghanistan is a state that has dependency on Pakistan and an incident that highlighted the obvious was when the borders of Pakistan had been closed to ⁴NATO (North Atlantic Treaty Organisation) supplies. This shows the major problems all land-locked states face irrespective of the economic stability due to its geographical blockade and also the importance of the bilateral relations concerning trade and connectivity (Lahiri & Masjidi, 2012).

India and Nepal can be seen through the prism of great interdependence in trade and connectivity. It can be viewed as one of the perfect examples of everlasting and obscure opportunities with a cordial bilateral relationship establishing a smooth path in the field of trade and connectivity. On a comparative study on the trade volume between 1991-1992 and 2004-2005 the traces have been nine-fold increase in India's export to Nepal and twelve-fold increase in exports from Nepal which also makes India the largest

⁴The North Atlantic Treaty Organization (NATO) is an intergovernmental military alliance between thirty member states out of which twenty- eight are members from the European countries and two from North America. The member countries of the NATO are namely Albania, Bulgaria, Belgium, Croatia, Canada, Denmark, France, Greece, the Czech Republic, Estonia, Latvia, Germany, Hungary, Lithuania, Iceland, Italy, Luxembourg, the Netherlands, Montenegro, North Macedonia, Romania, Norway, Poland, Portugal, Slovakia Slovenia, the United Kingdom, The United States and Spain.

trading partner of Nepal (MEA, 2014). If given the figurative analysis then the total bilateral trade in 2018-2019 had reached to Rs 57,858cr according to Sinha (2013) in the article “Linking Land Borders: India’s Integrated Check Post” was mainly petroleum products, iron and steel, motor vehicles and dairy related machinery and many more likewise the imports from Nepal mainly considered of items like vegetable oil, processed items, yarn and fabrics, cosmetics, leather and so on (Sinha, 2013).

This also shows the monopoly of India over the economy of Nepal which brings to one of the major problems of the land-locked states precisely highlighted by the case of India. However, what cannot be compromised is a state’s sovereignty hence Nepal has also been undertaking and practicing some polies and measures for the sole purpose like “Exporters’ Exchange Entitlement Scheme in 1988 (Lahiri & Masjidi, 2012). The turning point on any trade relation lies in the application of strict policies due to some of the emerging bilateral and political issues through economic embargos that can have an adverse effect on any state’s economy but more on the land-locked states as it already has certain restrictions on various areas. When given the specific case of Nepal not only a land-locked state but a major buffer zone between India and China. The above-mentioned case of the bilateral relationship shows the impact it has on trade specially with the developing economy like Nepal that is land-locked by all ways. The case of Nepal can be compared to other land-locked economies as almost all the land-locked states face similar problems and the bilateral relation with the coastal states plays a major role in the enhancement of trade and building connectivity (MEA, 2014).

The problem lies when the bilateral relationship comes under certain scrutinization. As when it comes to human tendency or a state ruled by human construction it has its own ups and down and in this case the downside of the relationship between the land-locked states and the Coastal Economies always has the chances of having an impact in either

direct or indirect manner especially in areas like trade that certainly marks the core of every economy irrespective of its stand on a global sphere. India and Nepal also irrespective of its blooming friendship and the signing of the “India Nepal Treaty of Peace and Friendship” signed on 1950 has some dark areas to explore (MEA, 2014). The signing of the “India Nepal Treaty of Peace and Friendship” can be looked from different perspective in order to strengthen all areas in the bilateral relation between the two neighbouring states with an added motive of perpetuating peace in the region. The treaty contained ten articles laying the foundation of the stable bilateral relation between the India and Nepal (Manhas & Sharma, 2014).

Since the bilateral relation are the core of the establishment of every trade relation an example of the India-Nepal-China nexus in a precise manner can provide better understanding of the impact it has in case of trade and connectivity. The establishment of a cordial relationship comes in utmost priority specially for a land-locked state like Nepal. Nepal is surrounded by two gigantic neighbouring power-driven states that is India and China (Cambell, 2018). The sandwiched situation of Nepal certainly has a challenging concern for a country like Nepal but the importance of the existence of Nepal as a buffer state lies on both ends. The location of Nepal and Bhutan acting as a barrier due to the Himalayan mountains has become more strategic and India-China driven ever since the occupation of Tibet (De, 2015). Hence keeping into account, the position of Nepal and the land-lockedness maintaining a non-bias stand and establishing a cordial relation with both the neighbouring state has become one of the important challenges to meet and consequential at certain span (Cambell, 2018).

The fear of baring direct impact on trade has always been an issue of concern with all the land-locked nations and Nepal has also borne the consequences in the past. In the world where globalization has been spreading its roots rapidly military attack cannot

only be counted as a threat but economic embargoes and blockade can have an adverse effect and Nepal on 1989-1990 had to face such consequences of economic blockade by India in response to growing inclination towards China by the signing of signing of an agreement of anti-air craft guns. The 135-day blockade witnessed direct impact on Nepal's economy leading to unusual stoppage of goods and transportation vehicles from India to Nepal that led to the biggest fear of the land locked state that is isolation (Cambell, 2018).

2.3. The Problem of Transit

The core conflict that lies with the relationship between the land-locked and transit states are the fear of direct impact on trade irrespective of the legal basis for the rights of the land-locked states that has been specifically outlined in Article ⁵125(1) of the United Nations Convention on Law of the Sea (United Nation, 1982). The balanced understanding and practicality though depend on consensus by the transit neighbouring states solely determined by the relationship between the countries (Sachs, 2004). The legal access to and from the transit states has been outlined by Article 125 (1) of the United Nations Convention on the Law of the Sea. The interesting fact that lies here is on the limitation of facility to the land-locked states as Article 125 (1) does not give the full-fledged access to the sea keeping the issue of sovereignty in priority. Hence Article 125 (2) of the Convention states the limitation to the landlocked states by providing an equal premise for the agreement of the transit facility along with the terms and condition for the purpose to both the transit and the landlocked States (Bayeh, 2015).

The transit issues have been an important chapter of the land-locked state's economic development. The matters concerning the rights of transit or passage through the coastal

⁵ For a Summery list of the agreements please visit [Trade and Transport Facilitation Monitoring Mechanism in Nepal: Baseline Study \(adb.org\)](#) Accessed on 12/12/2022

states and access to the marine resources have always been guided by the International Law of the Sea (Landis Mackeller, 2000). The Freedom of Transit is vital aspect for the land-locked nations due to the reliance of rapid, reliable and cost-effective international trade for modern economic progress of the economies. The land-locked States for the purpose of trade diversification and economic development has been working mutually with the vital essence of the Freedom of Transit despite the obstacles like distance to the sea resulting in other major problems like high cost of transportation along with other problems (Uprety, 2006).

The major hindrance caused due to the geographically handicap situation can be on the import and export procedure that naturally takes time, distance and travel by land to the nearest ports showing high level of dependency on the cross-border transit system (Dottin, 2008). The transit rights given to every land-locked state plays a major role in the economic growth. It shows more than just interdependent character on both ends. The land-locked states however have much more dependable approach towards the coastal economies specially for the import and export facilities of their goods and services. Hence apart from the transit rights given to these land-locked states the bilateral and political relation also plays a key role in mutual development specially in case of trade and connectivity (Bayeh, 2015).

The core dependence of these land-locked countries has shown mainly through various aspects of the neighbouring transit states like infrastructure, cross-border political relations, administrative practices and peace and stability. The core dependence factor of the land-locked states has been on the transit baring higher transportation costs and infrastructure management. The transportation cost has a major impact on the bilateral trade determining the trade variation having higher expense rate of upto 55% in case of the landlocked States than the coastal states with a disadvantageous situation as

compared to the coastal economies. The transit states focus more on infrastructure development and maintenance with highly technological and modern mediums which leads to creation of better trade opportunities and increase in the international trade of the land-locked countries by 52%. Therefore, the dependence factor of the land-locked states has existed with the establishment of a cooperative relation mainly based on the existing bilateral relation with the coastal or transit States (Lahiri & Masjidi, 2012).

The sovereignty of the transit states plays a key role in the completion of barrier free transportation process. The legal administrative hurdles can also lead to the series of economic and political problems. The land-locked countries dealing with legal administration can undergo through severe problems if the situation demands dealing with several transit countries at the same time. The situation however can lead to a more drastic stage in terms of those landlocked countries that are contiguous to other land-locked countries. The coastal states like Brazil have also dealt with similar problem in regard to the internal regions. Brazil despite of its coastal status undergoes through some areas of problems like the greater distance between the regions and the sea than some of the land-locked states and the sea coast which has an adverse impact on the products originating in the internal regions of the coastal states that must only cross the territory of a single country (De, 2015).

The country lacking direct access to the sea coast for the import and export trade must cross through the territories of a foreign country leading to legal and administrative hurdles. The land-locked countries however, has more chance of exploration to such situation doubling the impact on trade and commerce (specially connectivity and transit) (De, 2015). The result of this imbalance in the transit procedures can result in high transportation causing the land-locked states due to the obvious stated fact that is access to the coast with the aid of the neighbouring states are in terms of raise in the

trade cost along with some areas of damage in the cost of infrastructure development (Lahiri & Masjidi, 2012). This shows a clear sign of dependency on the neighbouring states and also leading to subjugation to not only higher transport cost and regulations by these transit states but also lower trade volumes in comparison to the coastal states (Dottin, 2008).

The land-locked states have always had the problem of increase in the import prices and reduced export revenues as compared to the coastal economies leading to many drawbacks in the trade perspective. The first and foremost effect that the land-locked states get prone to is on the economy and result can be seen on analysing most of the land-locked states drawn towards longer assistance by the International Monetary Fund (IMF) (Arvis, et al., 2010). The price of a country being land-locked has different economic constraints mainly due to the distance factor from major markets making them dependent on the coastal economies as the main factor that the landlocked status of a country associates itself with vulnerable distance from the sea (Lahiri & Masjidi, 2012).

The lack of an alternative transit routes hence has always acted as a hurdle in case of the land-locked economies (Lahiri & Masjidi, 2012). The relationship established between the land-locked states and the transit coastal states goes beyond just addressing the criteria for transit or the bilateral relations. The sharing of a common international boundary has also resulted to sharing of some of the problems of the land-locked states by the interior district of the coastal states. The developing coastal transit states can be considered prone to such issues resulting to the loss at both ends. For example, the results of the transit issues can cause communication, traffic, delays in transit which can have an adverse impact on both the land-locked as well as the interior of the coastal

states. One of the common effects that both the sides face being loss in income due to delays in transit (Ira, 1983).

The land-locked states have been prone to economic and social instability mainly due to lack of direct access to the sea which has been noted in the 1970's study by the UN Conference on Trade and Development (UNCTAD). The study has also made observation of the slow growth rates of the landlocked states due to various factors like their dependence of the export revenues on a limited number of products and insufficient diversification of the productive activities. The dependence on the transit states for transportation of goods due to the lack of direct access to the sea has acted as a hurdle particularly in the area of trade resulting in additional expenses for transportation of goods through the transit states causing problems like delays, interruption in the economic growth and apparently less participation in the international trade leading to less than competitive international trade (Uprety, 2004).

The initiatives for increasing connectivity like the BBIN (Bangladesh, Bhutan, India and Nepal) has focused on establishing connectivity with all four countries with the goal of narrowing connectivity gaps and fostering regional trade with the improvement in sustainable resource management. The issue of concern in case of trade for the landlocked countries such as Bhutan and Nepal have been accessing to the international markets. The major problem that the land-locked states face in this case has been lower export rate indicating a trade deficit and connectivity barriers with additional barriers like slowing down the provision of cheaper access to goods and services, creation of jobs and people-to-people contact (Chaudary, et al., 2018).

The geographical disadvantages of the land-locked states lead to the problem of marginalisation from major international markets which significantly results in the raise

of transit costs. In case of the nearest example of Nepal and Bhutan has dependence on transit through the neighbouring country India for the access in both regional and international markets. The dependence of both the countries for their export purposes rests on the nearest port of Kolkata and Haldia (the east coast of India) and the entrance through two gateway ports for import before the transportation to the final destination. There also exists a major influence on the trade of the two countries as a result of the efficiency of trade logistics services at the ports of Kolkata and Haldia along with the transportation costs for the transportation of goods along the transit corridors between these ports and Nepal and Bhutan (De, 2015).

2.4. Comparative Study of the Trade Problems of three Land-locked States: Bhutan, Nepal and Afghanistan

When it comes to understanding the role of a transit state in aiding the economy of a state then the India-Bhutan trade relations cannot be excluded. Bhutan is as important as any other state for a country like India that has been facing not only threat in security perspective but also probable dominance from the close neighbouring states like China. India and Bhutan have been sharing a cordial relation with the practice of free trade and commerce (Development A. I., 2001). As per report by Asian Institute of Transport Development (2021) the external trade of India in Bhutan leads to 82% and 97% with all the SAARC countries. Bhutan being a land-locked state has also been facing similar problems like that of Nepal and is as depended on India for transit.

Bhutan is however relatively holding an important part in the Indian foreign policy and security point of view. The relationship shared by the two countries can be hence termed more as interdependent than dependent in nature. The first and the foremost factor that has been considered when discussing the importance of Bhutan in the Indian context

although bounded by its geographically restricted land-locked feature is buffer zone between two giant states (Ramacharan, et al., 2008).

Nepal and Bhutan hold not only strategically important position but also economic value in case of both India and China (Sudha Ramacharan, 2008). There has been a major growth in the economy of Bhutan focusing on polity, economy and security issues with cordial relation with the neighbouring state specially India. The three pillars of concern that is polity, economy and security which has been the driving force for the established bilateral relation between Bhutan and the state of focus that is India. Bhutan has been expanding and moving towards swift liberalization more since 2010 for investment policies also resulting to the passing of rules and regulations relating to Foreign Direct Investments (FDI) in 2012 for the establishment of major and key criteria for the business purpose related to the State (Bisht, 2014).

In the world influenced by globalisation the two states that is India and Bhutan like Nepal has been safeguarding their sovereignty concerns maintaining a special relationship. The sovereignty as a priority in case of Bhutan was taken into full consideration by India with the amendment of ⁶Treaty of Perpetual Peace and Friendship of 1949 in 2007 that recognized Bhutan's independent decision-making power in foreign policy and arms purchase without seeking the approval and guidance from India (Ramacharan, 2008).

According to the Report on Study on Facilitation of Cross-Border Movement of Goods and People in the SAARC Region (2001) the imports from Bhutan to India consists of

⁶The Treaty of Perpetual Peace and Friendship of 1949 creates a peaceful environment and cooperation between the Government of two countries that is India and Bhutan with India's no interference policy in the administration of Bhutan. The renewal of the Treaty in 2007 was done with the aim to focus on other important areas like hydropower cooperation, trade and commerce and human resource development.

goods like alcoholic beverages, electronic items and footwears and Indian export to Bhutan consists of goods like rice, flour, aluminium, garments, flour, yarn, sugar and rice with an estimated value of Rs 1031 million. When it comes to trade the route through which the trade is carried out becomes an important aspect to cater to and in case of Bhutan it has been highly dependent on road transportation due to its land-lockedness and transit through the coastal states and India in this case has been a reliable transit point. The acknowledgement of the infrastructure development in case of trade and connectivity has become an issue of concern specially with the need to focus more on maintenance of existing infrastructure with already facing problems like steep and fragile terrain and budgetary constraints

The major difficulties that Bhutan has been facing is transportation mainly due to several area of concern some avoidable like narrow roads resulting in traffic, high transportation cost, temporary blockages while some unavoidable natural disasters like landslides. The example of the road from Phuentsholing the border town to Thimphu gives clear explanation of the problem faced in trade due to its threat from natural disasters like landslide at certain locations like Sorehen, Jumja and Takhtislid covering main area for the smooth flow of traffic (Development A. I., 2001). Apart from the road conditions there has been other areas of focus when it comes to trade and connectivity in the land-locked states and these are cumbersome, documentation, import procedures, lengthy time period for transit and procedural requirement and high cost at gateway ports in transit (De, 2015).

In case of documentation, in a comparative study between Nepal and Bhutan the two-buffer land-locked states. Nepal requires more documentation in case of import facilities. For example, for the importation of goods through the main route that is the Kolkata and Haldia routes Nepal requires 22 documents and Bhutan on the contrary

requires 16 documents. In the ODI Report (2015) the survey reports clearly show the lengthy transaction times at gateway ports by Nepal firms in transit and connectivity, Nepal in particular. In 2015 the time taken for completion of import procedures by the Nepal firms was more than 16 days in order to complete all 20 major import procedures of which five procedures were necessary to fulfil the requirements imposed by the transit country that India and 15 by the importing country that is Nepal itself. However, the longer import times are the result of the longer transit time taken between the Kolkata or Haldia Ports (Raxaul and Birgunj) due to lengthy custom clearance process and transportation (time taken to transport goods from the land border to the warehouse) (De, 2015). The establishment of ICPs though may have lessened the burden of exhausting hindrances in the process of trade and connectivity but there still lies some areas that needs to be further explored.

The state of Afghanistan located in South-Central Asia that shares 2430 km border with the Pakistan and 106 km land border with India cannot be excluded from the barriers faced due to its land-lockedness as Afghanistan has a barrier of distance from the coast but unlike all other land-locked states it is highly dependent on the transit states for the transit of goods and services (Paswan, 2017). When it comes to Pakistan then the relation between the two States has not been cordial but historically tense. The main issues of concern between Pakistan and Afghanistan have been on many grounds like cross-border infiltration, illegal activities to give an example of drug trafficking, growing refugees, counter terrorism leading to trust deficit (Hussain, 2015).

The attention these drawbacks draw is beyond mere security dynamics but also the inclusion of complications in trade and connectivity (Ishrat Hussain, 2015). A major part of contribution in the economy of Afghanistan has been agriculture regarded as the backbone of the growing economy with almost three quarters of national income's

dependence despite the contribution from other industrial areas. Some of the important activities consists of mining, natural gas, coal and iron ore. The importance given to the economic development programs resulted in the increase in the foreign trade ever since 1954 with the growth in the export of fruits, nuts, cotton, carpets, rugs, oil seeds, wool, hides and skins and sausage casings. The growing foreign trade of Afghanistan has also led to the opening of market like Russia, India, United Kingdom, United States, West Germany while also witnessing a growth in the import rate from Afghanistan to Russia for natural gas (Ira, 1983).

The state of Afghanistan like Bhutan and Nepal does depend on the coastal states for the freedom of transit and for this purpose the two neighbouring states of Pakistan and Afghanistan had become the signatories of the ⁷Afghan Transit Trade Agreement keeping in view the United Nations Convention (ATTA) on Transit Trade of 1965 defining the two transit routes that is Peshawar-Torkhum and Chaman-Spin Baldak (Paswan, 2017).

The relationship of Afghanistan on the contrary holds a different strategic importance with India which dates back even before the partition of India. The signing of two treaties that is Treaty for the Establishment of Neighbourly Relations that has been signed under the vigilance of British Government in 1921 with the exemption of custom duties and customs clearance procedures of most of the goods from Afghanistan while entering the Indian Ports and Anglo-Afghan Trade Convention of 1923 with the specification of the trade routes and procedures for administration depicted the importance of not just trade but also the medium for its facilitation. Both the treaties though did not have any direct impact on the transit facilities but it covered the principle

⁷Afghan Transit Trade Agreement (ATTA) was signed in 1965. The main objective for the signing of ATTA was the freedom of transit to both the signatory parties.

of freedom of transit as mentioned in the Convention and Statute on Freedom of Transit that had been adopted at the League of Nations conference in Barcelona in 1921 (Glassner, 1983).

The bilateral relation between the two countries can be hence analysed on the basis of historical and cultural links and people to people relation further intensified on a strategic level. The Strategic Partnership Agreement that was signed between India and Afghanistan in October 2011 for mutual development with the aid to Afghanistan for infrastructure development with clarity has shown the growing interest in trade by both the countries. This was also done for catering the interest of development in trade and connectivity and vivid vision for development in many areas in Afghanistan's trade and commerce (Dr. Balbir Singh, 2022).

This led to the possible increase in not only the investment in Afghanistan's natural resources but also provision for duty-free access to the Indian market with the vision and need for the establishment of long-term sustainable relation and commitment of friendship and trade partnership. This established relation between the two countries (India and Afghanistan) has led to the increase in the volume of trade resulting to India's trade being US\$ 2 billion with Afghanistan that is 0.19% of India's world trade (Dr. Balbir Singh, 2022). The state of Afghanistan has been associated with the trading activities, passage for soldiers and migrants proving the crossroads with a significant historical trait. The presence of the ancient Silk Road and Spice Road which has been revived with modern technology has shown the importance of the country's trade since time memorial (Dr. Balbir Singh, 2022).

The well-established notion of bilateral relation playing an important role in shaping specially the trade relation cannot be denied and in the case of Afghanistan also some

of the events highlights the impact of bilateral basis for transit issues that has direct impact on trade. The relation of Afghanistan with both the state that is India and Pakistan has been through tough edges leading to search for an alternative transit route through Iran and assistance from Russia. The deterioration of the relation with both India and Pakistan with the partition for the demand for a sovereign state for Pathans of Northwest Frontier Province and the rejection by the Indian Muslims and also Pakistan's stand in delaying of transit traffic in retaliation which worsened with the Kashmir dispute led to stagnant point of transit traffic through Karachi led to drift towards Russia (Glassner,1983).

The signing of Four-Year Barter Agreement in 1950 with the Russian assistance and free transit route for Afghan goods through Soviet Union clearly showed the drift. Hence hinderances in trade and connectivity of a State are also caused by internal, political and bilateral relations (Glassner,1983). Afghanistan holds a strategic importance in the Indian perspective as India has been seeking transit facility through Pakistan to Afghanistan and beyond. The transit facilities are highly dependable on the infrastructure development and maintenance of the road and transport facilities and every country has an aim for the contribution in the development procedures. Afghanistan being a land-locked state has paying taking extra attention to it as the development of these sectors would only have a beneficial result to not only both the trading and transit States (Paswan, 2017).

2.5. Conclusion

In the world dominated by globalization the changes become inevitable and visible in every sphere. Trade has become one such sphere that has undergone through changes and are still undergoing. These changes come with certain drawbacks and the added existing disadvantage of every state has an adverse impact on it. The case of land-locked states has added disadvantages due to its geographically restricted features. These land-locked states since are distant from the sea coast has more area of concern especially with regard to trade and connectivity.

Trade has been an important aspect of every state that transcends mere economic boundaries. Though the disadvantage of being a land-locked state does come with certain disadvantage but the globalized world lessens the problem with its interconnected and interdependent characteristic. Trade definitely has been accompanied by different issues and concern but due to the aid of the transit states it has become less complex. The land-locked states though may lack direct access to the sea coast but due to the United Nations Convention on Law of the Sea 1982 trade through the transit states have been possible. Transit states has become an important part for the continuity of trade and commerce specially to the land-locked states. The land-locked states however face certain challenge with this regard as the transit facility provided by these coastal states also depends on the existing bilateral relation between the transit and land-locked states. Trade itself is a complex procedure resulting in affecting a country's political and economic environment.

Hence trade is accompanied by various hinderances. The land-locked states undergo through these obstacles more than the coastal states. The land-locked states though cannot just be viewed through one perspective of threat and disadvantage it does have an added advantage of being distant from the threat from the natural calamities like

cyclone, beach erosion, tsunamis and many more that the coastal states are in constant fear of. On a comparative basis though the land-locked states lie on the higher level of threat from having inadequate transport facilities, maintenance and management than the coastal economies leading to slow growth rate than the coastal states. The fear of isolation is faced by every land-locked state and the blockade by the coastal economy in case of transit of goods and services.

The land-locked states face various challenges when it comes to trade and connectivity which can be analyzed on the basis of physical and non-physical barriers. The physical barriers occur mainly due to many reasons like poor infrastructure and maintenance, shortage of network, absence of particular section of transport network or certain objects like bridge, logistics center and so on. The disadvantage in terms of trade have mostly been in areas of export related costs due to higher export related cost, geographical remoteness and many other factors in the backdrop of growing economic competitiveness. Hence the trade problems need greater attention and judicious planning and execution. The globalized world with added complexities needs a lens through which the problem of these land-locked states needs further attention.

Chapter 3

Emerging Conflict in Trade and Connectivity between India and Nepal

3.1. Introduction

Globalization has changed the world order and made the world a small place with the expanding connections and interdependence. The aspect that has grown importance with the changing world order has been realization of the creation of a peaceful co-existence, co-dependency and development. These three areas' mere existence can be viewed as a base for mutual development and peaceful practice of economic practices like trade that forms the core of every economy irrespective of their size, geography and hierarchy in terms of power. The world politics has not been new to power struggle and the resulting conflicts. Conflicts can be regarded as an inevitable part of human life specially ever since the advancement towards a Globalized world.

In the era of ever-growing conflicts space for mutual cooperation, mutual dependency and mutual development are the ways to keep peaceful coexistence alive and for this purpose the bilateral relations among the states have been providing a protective layer. The need for keeping the neighbours close and enemy closer has been the core of diplomacy. Hence, this era of constant struggle and growing complexities marks the need for cordial bilateral and multilateral relation.

The focus of the study that is India and Nepal has been sharing an age-old tale of friendship irrespective of many areas of conflicts. India and Nepal have been in good terms sharing various areas of commonality like socio-cultural and also borders. India shares an open border of 1770 km and Nepal on the other hand with 1870 km long

border sharing its boundaries with the Indian states of Uttarakhand, Uttar Pradesh, West Bengal and Sikkim (MEA, 2014).

India and Nepal though may have been united by various factors like geography, culture, linguistic and social factors yet there lies a point of difference when it comes to the historical background. Every State has been unique in a way and the historical delicacy somehow makes its way as a major influencing factor in terms of practices and policies adopted in many areas like political, social and the most important economic. Nepal and colonialization have always been apart maintaining the sovereignty of the nation. Nepal is a land-locked state that kept itself free from the shadows of growing colonization whereas the political condition of the neighbouring state that is India has broken free from the clutches of the British Colonial domination.

Nepal is more than just a land-locked state and is important to two big neighbouring state that is India and China. Nepal's role as a buffer zone has been crucial to both India and China that has been sharing the relation of a frenemy. Looking back at the historical development around two centuries ago the geostrategic location of Nepal was metaphorically depicted by King Prithvinarayan Shah also considered as the founder of modern Nepal as a “yam” between two borders (Dharamdarsani, 2000). The geographically sandwiched situation that Nepal has been facing comes with more cons than pros as maintain a cordial relation with both the big nation comes as a challenging factor specially for a state like Nepal that has been geographically handicapped in terms of its landlockedness (Jayaram & Shrestha, 1976).

Due to this situation the major hinderance that a land-locked state like Nepal can face is naturally in terms of trade and connectivity from a larger area of drawback in emanating huge commodity concentration and higher geographic centralization in

export trade (Jayaram & Shrestha, 1976). The strategic location of Nepal itself shows the blend of cultural, political and social impact as it is situated between the Indian Gangetic Basin and the Tibetan Plateau which naturally marks the fusion of two cultures that is Indian and Tibetan that makes the relation closer and stronger. These aspects act as a soft power having an influential impact on the blooming relation between both India and Nepal (Iyer, 2000). Nepal has always had a lean towards monarchical rule in the history before the major changes in the political scenario.

The connection between the two states has been destined even before the end of monarchy in Nepal that shows deeper historical connection and roots in the cooperation and codependency between the two states. When the political history of Nepal is explored the reign of the Shah Dynasty has been an important chapter in the Nepalese History. The legacy of rule by the Gorkhali monarch in 1769 led by the rule of King Prithvinarayan Shah shows the interconnected in the relation between the two countries specially with the origin of Shah lineage going back to the ⁸“Kot Massacre” of 1846 that laid the foundation of the Rana regime (Iyer, 2000). The common ground that has been drawn by the two states even on the freedom struggle speaks on volume of co-dependency and historical linkages.

Though the state of Nepal had maintained a safe distance from the British colonialization the imperial influence it had on the Rana rule reflected on the political set- up and diplomatic relations. The first step of revolution from the autocratic of Ranas by the young Nepalese leaders also had an influential impact by the Indian revolution against the British rule. ⁹The historical traces of an active participation by the Nepalese

⁸Kot Massacre took place on 14th September 1846 and is considered one of the most important epochs - making events in the history of Nepal.

⁹The Nepalese leaders to name a few like B.P. Koirala, Tanka Prasad Acharya, Ganesh Man Singh, K.P Bhattarai Man Mohan Adhikari influenced by the Indian freedom struggle and the practices of Indian leaders like Mahatma Gandhi, Jawaharlal Nehru, Sardar Patel, Subash Chandra Bose and many more.

leaders in the Indian freedom struggle and the lean towards Gandhian philosophy also speaks in volumes in case of co-dependency level between the two states leading to the establishment of cordial relation transcending the national leaders and inclusion of people-to-people relation (Jaiswal, 2000). These series of event also can be marked as the stepping stone for a major political change in the history of Nepal that is the introduction of the monarchial state towards the leap towards democracy.

The political changes however can be looked through the prism of economic connectivity and development that can also provide some clarity on the basis of trade and commercial relation among the two nations. India ever since and before the independence has in some way shown their dominance in the Nepalese market with their easy access to the goods manufactured in British India leading to observation by some of the Nepalese scholars of Nepal being the 2 economic colony of British India in a virtual sense (Lohani, 2000). The cooperation in case of trade and commerce between India and Nepal depends highly on the movement of goods and services across the 1600 km Nepal-India border. There are other positive factors that has been playing an influencing role resulting in free and spontaneous movements like social, cultural and marriage relations (Tamilsina, 2000).

The trade relation between India and Nepal had some issues of concern ever since the British dominance in India irrespective of the challenges faced by a smaller nation like Nepal it has maintained a stable relation without even having an agreement until 1923 with the imports of precious stones, tobacco, spices etc. from India and exports of mostly primary products like ghee, rice, timber etc. from Nepal to India. Hence both the nation had been building the foundation of the existing relation that exists till date (Tamilsina, 2000).

It is a well-established notion that no state in the world politics remained aloof or unbothered by the events around the world. The world politics specially moving towards the globalized world the impact and interdependence that every nation shared with the fellow state was inevitable. The wave of globalization specially during the post-cold war had an influencing impact on almost every nation and India and Nepal could not be excluded from this picture. The growing breeze of liberalization and globalization led to the adoption of liberal economic policies and need for economic modernization including the growing importance for the growth of private sectors and export promotions. The importance was also given to the growth of private sectors in industrial growth (Lohani, 2000).

3.2. India-Nepal Relation

It is a very well-established notion that India has been much more than just a mighty neighbour to the land-locked state of Nepal. One of the main reasons being the commonality shared by these two nations like on the grounds of social, cultural, economic, historical and geographical. India and colonialism had a prolonged history sharing both adverse effect and sharing the benefits of the rule. Nepal on the other hand was never a victim of colonization maintaining the independent status. Hence the establishment of the bilateral relation between India and Nepal witnessed a hype after the independence of India that is 1947 marking the new dimension in the history of both the states (Singh, 2000). This gave rise to a new dimension in the bilateral relation with the growing partnership in various grounds like economic being the highlight of the study.

The existence of trade relation between the two states though had been established much before 1957 ever since the seventh century B.C which has gained relevance through various historical sources like the old testaments, manuscripts and books and

mainly Kautilya's Arthashastra that stated the exportation of goods like woolen cloth, metals, spices, salt, etc. to the Himalayan region (Singh & Khanal, 2008). The two communities "Newar" and "Kirat" were mentioned in the works of the historians analyzing the Indo-Nepal trade relation as the original communities for the establishment of an efficient trade relation with India. The historical background and the vital roles played by some of the major ruling dynasties of Nepal namely the Mauryas, the Lichhavis, the Thakuries and Mallas for enhancing and expanding their trade with their native territories of Bihar, Uttar Pradesh and Bengal with the evidence of exportation of utensils, bells, statues of metal, wooden goods and luxurious goods from Nepal to India shows the existence of a cordial trade relation between India and Nepal (Singh & Khanal, 2008).

In terms of geopolitics the two states that is India and Nepal has always been considered as one unit as a result of its interconnected and interdependent characteristics. The Indo-Nepal trade had remained unhampered due to the close geographical proximity which added the advantage of hassle-free mobility of people to zero restrictions on trade and travel permits which aided in continuation of remaining the major trading partner on both case scenario (Lohani, 2000).

The major buffer zone between the two giant nations that is India and China has been a challenging task with the inclusion of parts of Gangetic Plains and Central parts of the Himalayas foothills and mountains extending 3000 miles between China and the subcontinent and 500 miles of India's northern borders of Nepal's lowland areas (Singh, 2000). India and Nepal in terms of geopolitical structure has shown more than just interdependent characteristics and have often considered as "one unit" from both the Himalayan as well as the sea. The low lands areas of Nepal are a part of the Gangetic Plains and it occupies the central part of the Himalayan foothills and mountains that

extends 3000 miles between China and the subcontinent. The state of Nepal skirts 500 miles of the northern borders of India and to its west, south, the east are the Indian states of Uttar Pradesh, Bihar and Bengal (Singh, 2000).

India with efforts to establish not only a cordial relationship with Nepal and Bhutan making these states an integral part of the security format and trade has been an important achievement with the acceptance of policy like “Neighbourhood First” and “Sab ka Shaath Sab ka Bikas” (Singh , 2000). The relation shared by India and Nepal can be viewed from different dimension but the main being continuity with regard to India’s continuous effort to strengthen the bilateral ties based on more than areas of security but economic development.

The “Treaty of Peace and Friendship” of 1950 can be looked as a turning point in the history of India-Nepal Relations and the basis for the establishment of the cordial relation that has been existing till date sufficing to deal with the areas of problems between the two states. The step for strengthening of the bilateral relationship between India-Nepal can be witnessed from the Article 6 and Article 7 that deals with the “people relation” between both the states with the aim of better treatment to and between the citizens of both India and Nepal (see details in Annexure 13), Article 6 provides the nationals of both the states an opportunity for participation on industrial and economic development, Article 7 provides a sense of equality and privileges in matters concerning residence, ownership of property, trade and commerce and movement (Singh, 2000).

The Mahakali Treaty of 1996 was signed between His Majesty’s Government of Nepal and the Government of India with the initiative towards the integrated development of the Mahakali River with the inclusion of Sarada Barrage, Tanakpur Barrage and

Pancheswer Project. This was a major step taken by both the states in view of strengthening the neighbourhood ties. One of the important aspects of the treaty was to put forward the rights and duties for equal utilization of waters of Mahakali by both India and Nepal (Jal, 2019).

The growing collaboration and partnership between India and Nepal in terms of trade that also brought the two key sectors like government and private of both the states realizing the importance of these sectors in better economic cooperation and modernization along with the signing of the Trade Treaty in 1996 (Lohani, 2000). There has been an increase in trade between India and Nepal and the bilateral relations does play a crucial role. The establishment of a stable trade relations are however taken by the policies and steps taken by the government in favor of the mutual cooperation. The treaties can be counted as an important trait for the purpose. The “Treaty of Trade and Commerce” signed in 1950 marked the beginning of the drift towards more liberalized Nepal which did undergo through a series of revision with the inclusion of a Protocol defining the operational modalities with the inclusion of the list of bilateral trade routes (Singh, 2000).

The signing of “Treaty of Transit” in 1999 has a major role to play as it deals with one of the immediate challenges faced by specially a land-locked state like Nepal that is the issue of transit. The treaty holds a significant relevance due to the maritime transit given to Nepal at the two main ports of India that is the Kolkata and Haldia ports. The road transport and infrastructure facilities can act either as a positive or negative side. Hence the two states have been giving special focus to the infrastructure development. The signing of the Rail Service Agreement (RSA) is an example for the purpose with an initiative for the operation and management of the rail services that could boast the

trade between the two countries with the transit trade between the Kolkata or Haldia ports in India and Birgunj in Nepal through Raxaul in India (De, 2015).

The bilateral relation between any states can be considered as a fragile link consisting of many factors that can lead to the development of a complex relationship. One of the most fragile yet important link is that of “water”. The issues concerning water sharing or trade can be also looked from the political lens and if not taken care of can lead to disastrous results like natural calamity. Hence this inter-connectedness between the two states is an important factor to be considered mainly with the development programs and concerns being linked with India, the mutual cooperation could only aid in eradication of common problems like poverty (Jaiswal, 2000). India has always considered Nepal as “India-linked” more than “land-locked” and the mutual cooperation could lead to the way for resolving issues faced on common ground and move towards mutual cooperation in areas that are of importance like trade that has a direct impact on not only a country’s economy but also security.

3.3. Role of Treaties in facilitating Nepal’s trade with India

The Treaties in the present era can be considered as an important link of establishment of an interdependent relation among the countries with the growth in both national and international interaction. The national and international interaction and cooperation for mutual development requires certain rules and treaties play an important role in catering to the interest and concerns of the signatory parties in a given time and context. The world order has undergone through series of metamorphosis hence the treaties also have a certainty to undergo certain changes through the process of amendment in order to adapt with every situation (Manhas & Sharma, 2014).

The first treaty that formalized the economic trade ties between India and Nepal was the Treaty of Friendship signed between British India and Nepal in 1923. Nepal being a land-locked state needed an access route to the sea coast hence this treaty extended trade and transit facilities to Nepal through India along with the recognition of Nepal's right to import free duty on goods to India. The emergence of an independent India in 1947 changed the dynamics on Indo-Nepal trade with the replacement of 1923 treaty with the new one in 1950 (Rizvi, 2022). India and Nepal have a cordial relationship till date irrespective of the existing areas of conflict and disagreement. The two neighbouring countries have been maintaining a stable relation with mutual cooperation in many fields specially trade and connectivity (Thapliyal, 2012).

The two countries have signed many treaties for the eradication of hassle-free cooperation. The Treaty of Peace and Friendship of 1950 is an important treaty in the history of India-Nepal Relation. The Treaty has gained importance with time as an important aspect for the current day India-Nepal bilateral relationship. The main motto of the treaty was to take into consideration the mutual interest of both the signatory parties within a particular regional context (Thapliyal, 2012).

The 1815 Treaty of Sugauli (signed during the weaker position of Nepal) was signed before the Treaty of Peace and Friendship was a Nepal-India Boundary treaty signed with the British India (Pant, 2000). The signing of any treaty however has an influencing factor and both the countries shared their own share of influence. The background on which the Treaty of Peace and Friendship was signed based the domestic politics, regional politics in both India and Nepal acted as an influencing factor on both ends. The alteration in the regional context with China's step in the annexation of Tibet (1950) had an impact on the neighbouring countries as well (Thapliyal, 2012).

This was viewed as a security threat for both Nepal and India as it was considered as an infringement of the line of security considering the importance of the north of Nepal that is Tibet. The capture of Tibet raised concern towards India more as Nepal was the buffer state and the security issue of Nepal would be as important for the neighbouring countries which was also highlighted by then Prime Minister of India Jawaharlal Nehru focusing on the military alliance with Nepal stating that any security threat towards Nepal would be viewed as equal to that of the safety of India (Thapliyal, 2012). The land-locked state of Nepal has shown its inclination and dependence towards India mainly due to the geographical condition.

The land-locked status of Nepal along with an open border with the nearest neighbouring state (India) is one of the main reasons for inclination towards India adding the problem of access to the nearest sea port located about 1,127 km from the border adds further complications in trade and connectivity leading to major setback in case of Nepal. Hence the geographical condition of Nepal demands closeness with India (Pant, 2000). The bilateral treaties play a crucial role in the facilitation of trade in a country. India and Nepal have shown dominant traits of these bilateral treaties specially in case of trade and connectivity. The Trade and Transit Treaties signed in 1950, 1960, 1971 and 1978 has major contribution in the growth of India-Nepal trade relation along with the frequent bilateral talks held between the two countries realizing the importance of trade flow. The 1950 Treaty was responsible for the maintenance of overall trade pattern of trade and transit prevailing under the 1923 Treaty with emphasis on strengthening trade relation between India and Nepal with focus on both transit facilities through India for Nepal's trade with other countries and growth in bilateral trade (Rizvi, 2022).

The recognition of Nepal's full and unrestricted rights of commercial transit of all goods through the territory and ports in India was undertaken by this Treaty. In simple words the right to import goods from any third country through India without payment of any duty at the Indian port was given to Nepal (Rizvi, 2022). The bilateral Trade Treaty signed in 1971 which has been revisited and revised as per requirement in 1991, 1993, 1996, 2002 and 2009 covers one of the main issues faced by the two countries in trade that is tariff and other duty concession on primary and manufactured products (products imported from both country's territory). The Treaty addresses the concern of special provision under the duty-free access on imports for the primary products of both the countries (Taneja, N et al., 2019).

In 1991 duty-free access was given on imports of 14 primary products on a reciprocal basis which was slowly expanded to the list of 16 products under the 2009 treaty. The imports of some products like certain agricultural goods however did not fall under this category and levied an Agricultural Reform Fee at the rate of 5% for 384 items and 8% for 9 products. Nepal however, did provided India a rebate (5% of the applicable tariff rate of upto 30% and 3% of applicable tariff rate of more than 30%) in the chargeable custom duty based on ad valorem except goods attracting specific duty. In case of the Indian side of the duty concession to Nepal for vivid understanding has varied from time to time with the rules of origin criteria as an important part in the determination of the concession offered to Nepal by India, for example in India had allowed duty-free access to manufactured products in Nepal with 90% Nepalese/Indian material content for imports to India under the 1971 treaty which was subsequently reduced to 80% in 1991 and 50% in 1993 (Taneja, N et al., 2019).

However, the duty-free access to all the manufactured products was provided by India in Nepal in 1996 on the basis of a ¹⁰Certificate of Origin and no value-added criteria. The revision of the treaty in 2002 led to re-introduction of two conditions for duty free access of Nepalese goods in India that is a value addition norm of 30% and the requirement of the manufacturing process leading to a change in classification at the four-digit level of the Harmonised Commodities Description and Coding System along with the imposition of tariff rates on four items like vegetable ghee, acrylin yarn, copper products and zinc oxide. The tariff quota for copper products was increased by 2,500 metric tons in the 2009 treaty. (Taneja, N et al., 2019).

The changing times along with the changing trade patterns have resulted in taking major steps for mutual benefit of both the countries. In case of treaties too certain alteration has taken place taking mutual consent, cooperation and development into consideration. The signing of the Treaty of Trade and Transit in 1960 was a step taken with regard to realization of inadequacy for the development of trade and commerce in Nepal by the aid of Treaty of Trade and Commerce of 1950. The Treaty of Trade and Transit included broader perspective like expansion of the exchange of goods between respective territories with better collaboration in economic development and facilitation of trade through third country making it the first treaty dealing with the most important issue for a land-locked state that is transit (see detail in Annexure 140. This treaty included the transit issue under separate heading. The treaty contained fourteen articles with six articles dealing with trade and eight articles with transit (Singh & Khanal, 2008).

¹⁰The non-preferential certificates of origin are a document used to certify that the products are wholly obtained, produced or manufactured in respective country.

The trade treaty of 1960 (The Treaty of Trade and Transit) included three main criteria which added as an advantage to Nepal like facilities of free trade, maintenance of separate foreign exchange account and transit facilities. The treaty also included the exclusion of tariff on the goods on transit along with the provision of separate shed in Calcutta Port area for the storage purpose of all the goods on transit to and from Nepal (Tamilsina, 2000). The Trade Treaty of 1960 though had some criticism and had expired as a result with several negotiations in 1971 Nepal had signed a Treaty of Trade and Transit with the aim of strengthening areas of economic cooperations between India and Nepal and for the purpose provision for preferential treatment was given to Nepal in case of exports of industrial products to India containing not less than 90% of the Nepalese and Indian raw materials. The basis difference between the Trade Treaty signed in 1960 and 1970 was the provision of subject to duty under which a special preference was given by India with the exception of 80 products with the need for raise in resources and protection of industries under the Treaty of 1960. The Trade Treaty of 1971 on the other hand excluded the protective or revenue duties (Singh & Khanal, 2008).

The important fact however lied in the collective decision of both the contracting parties that is Nepal and India for the accordance of preferential treatment to each other respecting the custom duties and import/export regulations and duties with the inclusion of qualitative restrictions (Singh & Khanal, 2008). India and Nepal apart from the bilateral treaties have also engaged in the South Asian Free Trade Agreement (SAFTA) under which the two countries offer concession to each other. Nepal has benefited from this agreement leading to expectation of zero duty to all products with the exception on 1062 items (HS-6-digit level) on the sensitive lists (Taneja, et al., 2019).

3.4. India-Nepal Problems and Prospective in Trade

The hurdles that every state goes through due to multiple factors can be considered inevitable in nature. The management of the closest social circle like a family, society is accompanied with various minor and major complexities. Likewise, in case of possibility of various obstacles in a small social group the hurdles in case of any state becomes much more complex in nature. The major problem that a state like Nepal faces is in terms of its land-lockedness but the major complications can be in terms of its borders (Pant, 2000).

Nepal had been listed by the World Bank in the list of least developed countries. Nepal though may be looked as a small economic land-locked state but it has been taking steps towards the promotion of developing state from least developing state. The progress has been slow yet impactful like in the year 2016/2017 the involvement in trade and commerce was with more than 165 countries having the largest co-relation and dependency with India (with imports of Rs 641,423,623,000 and exports of Rs 41,640,226,000 and the trade deficit of Rs 599,783,406,000) and countries like China, UAE, France, Indonesia, Argentina, Thailand etc. (Paudel, 2018).

Borders define more than just security aspect of any state. The traditional viewpoint of importance of borders regarding just the security dilemma has transcended with time and globalization. The land-locked condition of a state like Nepal has hindersome impact especially with the open borders as the nearest port from Nepal is situated 1,127 km away and 5,000 km on the largest neighbouring state's side that cannot be ignored and plays a vital role in terms of trade perspective that is China. The two major problems that has been mentioned in terms of trade and connectivity firstly the open border and secondly land-lockedness can be viewed as interconnected. If joined the

dots of these two obstacles the direct impact results to poor physical facilities and red-tapism (Pant, 2000).

The problems like open border and land-locked condition are geographically bound in nature apart from this the other problem that Nepal has been facing having a subsequent changed over time but not leading to complete eradication is India concentrated trade which has changed over time with opening up of market more by Nepal internationally yet due to open-border and similarity in socio-economic conditions of people even historically the dependence on India and lack of establishment of diplomatic and trade ties with many overseas countries the traces of India centric trade has been visible. The problem was severe prior to 1960s when Nepal had not opened up the market and was limited to India and small amount of Tibet which changed overtime (Singh & Khanal, 2008).

Nepal despite being a small country has maintained independence and has been making ways for the establishment of independent trade system based on trading principles but mainly due to geographically handicapped situation along with other added difficulties has been maintaining a special trade relation with two big neighbouring countries that is India and China. Nepal though has shown more lineage towards India the maintenance of a peaceful buffer state between India and China has given place for both positive and negative impacts on trade (Tamilsina, 2000).

Nepal sharing an open border can be viewed from both sides of the coin. It's a well-built notion that no factor can be inclusive of just the negative reality. There does remain some traces of a positive side specially when it comes to the bilateral relation of the states. India and Nepal have also been dealing with both the pros and cons of an

open border that can be counted as one of the major reasons for the slow growth rate of the land-locked state of Nepal (Singh, 2000).

One of the positive sides of an open border has been in case of identification with free movement of the people without going through difficult documentation procedures. According to Singh (2000) in “Perception and Realities of Indo-Nepal Relations” there was settlement of about 6 million Nepalese in India and on the other hand 1 million Indians settled in Nepal. The cultural and traditional relations between the two states linked by Hinduism have always acted in favor of not just relation or strong people to people contact but also trade as a whole (Singh , 2000).

The search for wider market has been a key aspect and growing concern for every state and Nepal stands no exception to it. India also has been sharing a similar interest and where there lies match of similar interest and goal the best resort has been co-dependency and interconnect values. In case of Nepal the search for a wider market holds more importance with regard to its land-lockedness and the level of an organized internal market. Nepal is a smaller state in a comparatively than India and special focus on trade and connectivity always holds an utmost importance specially for the developmental criteria (Tamilsina, 2000).

In such cases the open border can have a challenging impact and effect. The major problems faced by a state like Nepal has been growing misuse of border by the criminals, smugglers, underground gangs that naturally adds to the slow pace of development and a threat to the neighbouring state with complex territorial disputes and security threat like India. The growing infiltration of the people from both ends of India and Nepal has also been an issue of concern as it creates a sense of fear of security

for both the states. The national security of both the states holds an important part on both ends (Singh, 2000).

The open and free border that exists within India and Nepal has brought many challenges in case of trade which has been mentioned but the continuous effort in establishing better economic integration by both the states has been of key importance. The need for judicious and strategic planning and policies has remained an apex priority without the exclusion of the concept of sovereignty that both the states of India and Nepal. The concept of sovereignty, open border and cross border trade has never been an easy task specially with growing wave of a globalized world (Singh, 2000).

The growing malpractices like smuggling between the citizens of India and Nepal due to an open border has a direct impact on foreign trade sector of National economy. The direct or indirect involvement in smuggling from both ends (India and Nepal) has had a deleterious impact on the bilateral trade giving rise to severe problems like corruption, black-marketing and other problems making a secure and safe border administrative efficiency the key concern (Tamilsina, 2000).

The maintenance of sovereignty has always been a matter of concern specially when it comes to a smaller state like Nepal and the Indian factor plays a crucial role in it. On this backdrop the elaborate explanation that can be given is on the basis of the role played by India in South Asia. There are four categories that India has a dominating advantage as compared to the other neighbouring states firstly being the size that straddles the whole of South Asian subcontinent touching all its neighbours, secondly in terms of population, thirdly in terms of diversity and lastly as one of the fastest growing economies. When it comes to the role of India in South Asia then it also acts as the protectorate against the bigger dominating nations like China but this added

advantage alongside the fear of Indian dominance specially by the smaller nations does come with certain disadvantage (Singh, 2000).

Nepal has been lacking commitment in the introduction of innovation in new products areas. There has been introduction of various policies and measures on Nepal's part for better trade like the Bonus Voucher Scheme (1962), Dual Exchange Rate System (1978), Single Exchange Rate (1981), the Basket System (1986), New Trade Policy (1982), Nine-Point Programme (1883), the Devaluation of 1985 and 1981, Export Processing Zone (1990) and Industrial Policies (1990) for the promotion of overseas trade with Nepal which had marked development in the foreign currency and reduction of concentration of trade with India but lack of proper implementation from the pronouncing authority could not fulfill its utmost goal (Tamilsina, 2000).

The trade and transit problems have always considered as a rising issue when it comes to Nepal specially as a land-locked state. The rising rate in the illegal activities caused due to the open border has also been an issue between the two states that has been having damageable impact on the existing relation between the two friendly neighbouring states. Some problems transcend boundaries and can be considered difficult to handle but the root cause being human intervention. The growing effect of globalization has however added more to the existing problems and growth in the problems with common interest like climate, agriculture, irrigation, silting, hydropower, vegetation and many more (Pant, 2000).

The immediate solution for the eradication of such problems with direct impact on trade and connectivity can be viewed as limitation or closure of the border but can also be considered as an impossible task with the commercial and mutual growth of every state specially in the world influenced by Globalization (Pant, 2000). The trade problems

cannot be just analyzed from the external factors but also with the inclusion of internal factors. The internal problems like mainly political can act as a major hinderance in the trade and connectivity directly or indirectly. The main area of focus however has been the external factors in this case such as weak export base and lack in various areas like diversification, commitment, import demand export-base and regional cooperation (Tamilsina, 2000).

The other major problem on the Nepal side is the creation of a relation of dependency in terms of trade and transit facilities. India has considered Nepal as “India-locked” more than “land-locked” due to its practice of neighbourhood policy first which has shown a cordial relationship reflecting in socio- economic dynamics of India-Nepal bilateral relation. Nepal due to its geographical restrictions has shown dependency on the closest neighbour in many areas one of the crucial areas being trade and connectivity. India has contributed in the economic development of Nepal with the contribution on economy, technology, trade and transit facilities for both bilateral and third country trade but this has led to a creation of relationship of dependency (Rizvi, 2022).

The relation of dependency can be beneficial for a country but hindrance on many instances like creation of fear of foreign over-lordship. This dilemma has often surrounded Nepal because on one hand the importance of India on Nepalese economy has been evident while the resentment on the dependency on India has always been an existential factor leading to the fear of leverage to India over Nepal. This was also viewed as one of the key factors in the creation of mutual distrust and hostility among the two nations (Rizvi, 2022).

The lack of a strong export base leading to low volume of Export Trade has further led to weakening of the economy making the position of Nepal weak in the arena of international trade. The initiated development efforts have caused place for more imports of both capital and consumer goods from India with a handful of industries developed in Nepal during the recent past based on imported raw materials leading to further complication by exerting a great pressure on the demand for foreign exchange (Tamilsina, 2000).

The excessive concentration of trade with India had taken a serious turn of realisation since the early 1960s when its dependence was visible on India for export and import activities on many grounds like India's inability for meeting Nepal's import demands for items like cement, iron and other developmental materials with reflection on the imposition of export quotas on these products with a creation of look out for alteration in sources of supply of these materials (Singh & Khanal, 2008).

The phase of 1960s and 1970s had been based on trade diversification in terms of both trade (in terms of goods) and geographical patterns. Therefore, with the policy of diversification the 1962-1963 had witnessed the adoption of one of the major policy instruments with an objective of ¹¹“Import Entitlement Scheme” with a purpose of increase in the export to hard currency countries deviating from total dependence from India (Singh & Khanal, 2008). The other main hindrance in the Indo-Nepal trade was weak export base due to confinement of Nepal's export to primary products and few manufactured products. The manufacturing sector of the economy's lack of product

¹¹The “Import Entitlement Scheme” initiated in 1962-1963 was similar to the export initiatives prevalent in countries like Pakistan. The Nepalese Exporters exporting to the third countries under this scheme was granted an export entitlement as high as upto 90% of value of the goods exported with 60% of the import entitlement depending on the commodities could be used to import virtually anything from those countries and 40% was to be spend in imports of “development goods”.

specialisation had an adverse impact along with the other factors adding to threat in trade sector as more than 50% of the total foreign exchange earning of the country was depended sometimes solely on only one of such products. The low volume of export trade has direct impact on a country's economy and Nepal also faced the same situation of weak economy mainly due to weak delivery system (Tamilsina, 2000).

The infrastructure development in this particular scenario plays a vital role and collective efforts has been taking place by both the countries in this area with some unresolved issues. India and Nepal for better infrastructure development has taken steps like the signing of Memorandum of Understanding (MoU) in the year 2005 for the construction of four Integrated Check Posts at Jogbani, Sonauli, Raxaul and Rupaidhi along the India-Nepal border with two vital operational ICPs of Raxaul (India)- Birgunj (Nepal) and Jogbani (India) and Biratnagar (Nepal) (Sinha, 2013).

The ICPs have played a major role in the facilitation of trade and connectivity resolving some matters of bilateral trade with some unresolved concerns (De, 2013). In 2015 the time taken for completion of import procedures by the Nepal firms was more than 16 days for the completion of all 20 major import procedures of which five procedures were necessary for the fulfillment of the requirements imposed by the transit country that is India and 15 by the importing country that is Nepal itself. However, the longer import times are the result of the longer transit time taken between the Kolkata or Haldia Ports (Raxaul and Birgunj) due to lengthy custom clearance process and transportation (time taken to transport goods from the land border to the warehouse) (De, 2015).

The ICPs has been viewed as an important connection for the flow of trade and the major problem in the trade process through one of the important route that is the Integrated Check Post (ICP) of Raxaul was the poor trade practices in case of

paperwork, inadequate facilities, bottleneck at the India-Nepal border with an extending impact along with a loophole in the trade practices as a large number of trucks reach the ICP without the necessary documents that give access to these ICPs like the shipping bills that results in heavy congestion resulting in the delays in speeding up the cargo clearance which has been the rising concern among the Nepalese traders (Bose, 2018).

In case of expenditure though keeping the cordial relation of India and Nepal there has not been much issue in the charges for the ICP service yet the other factors like charges for entry, weighing charges, parking fee and custom appraisal makes the process costly though these areas have been under the keen observation and has been taking care of by reduction of charges in these areas (Bose, 2018).

3.5. Conclusion

The existence of a unique relationship has been the core strength of the India-Nepal trade relations. The sharing of common culture, socio-economic and religious values has added put India in an advantageous position in case of trade and connectivity. The share of mutual share of interest like mutual development has been the driving force between India-Nepal trade.

The India-Nepal trade has some areas of concern as trade is an important aspect on any country's part and the smooth facilitation of trade is a vital concern baring fruitful result in boosting of the economy. The first major concern of the India-Nepal trade has been the land-locked situation of Nepal which has an extending effect on other areas. The land-locked status of Nepal has imposed Nepal with some geographical restriction which has induced more dependency on areas like transit, transportation of goods and services.

The areas of concern exist between the two friendly neighbouring countries yet steps have been continuously taken for the improvement in the field of trade and connectivity. The two countries have shared mutual interest in various projects like infrastructural development. The mutual interest in the border infrastructure development has resulted in creation of better trade and connectivity medium despite the areas of conflict. The trade between India and Nepal is a broad concept.

The existence of open border between India and Nepal has created many areas of threat like growth of illegal activities like smuggling, trafficking but the construction of border infrastructure has played its role in the reduction of such activities through it. The trade between India and Nepal has been affected by many factors like cultural and social aspect having a positive impact but there exist areas with negative impact on which

both the countries have mutual interest. The treaties have a positive impact on trade facilitation.

Therefore, if there are existence of some areas of problems and concerns in area of trade and connectivity the existence of collective and mutual steps for not complete eradication but lessening the problems has also existed between the two nations. India and Nepal despite some of the major concerns like territorial disputes due to the historical lineage has kept the areas of differences aside and worked together for a better facilitation and establishment of trade and connectivity.

Chapter 4

Trade and Connectivity between India and Nepal through the Integrated Check Post of Raxaul

4.1. Introduction

Trade and Connectivity are two areas that shows more than just interlinked effect. It has a major impact in a direct and indirect manner on a country's economy specially with the influence of globalization. Globalization has shifted the dynamics of connectivity and increased the importance of trade relations as it transcends beyond the economic parlance. There has been existence of more than just the importance of hard and economic power with the growing importance of soft power especially with globalization as the dominant factor.

Hence the maintenance of balance between the strategic utilization of military and economic power still poses as a challenge for every state irrespective of their similarities and differences (Porter & Patrick, 2016). India being one of the fastest-growing economy and an emerging power with GDP growth of 4.2 in 2019 and contribution of over 40% of GDP against world average of 60% has undivided focus on both military and economic needs therefore making trade relations a major concern with active role in boosting trade (especially in terms of export) (India L. P., 2021). The contribution of trade in the year 2020 was approximately 36.5% of the GDP against the world average of 53% even in times of Covid-19 pandemic (India L. P., 2022). The world order though has changed its course from high uncertainty and the struggle for constant power as stated by the classical realism's standpoint the need for a secure and safe border still asserts importance (Porter & Patrick, 2016).

The concept of effective border management practices could be traced in the mid-1990s in Europe for the purpose of improvement of the existing effectiveness of the border procedures. The concept though gained more importance in the 2008 in the 21st Century with the Customs Document which deals with the involvement of all the agencies in the regulation and border security management applicable to goods, passengers and conveyances moving across borders for coordinated border management practices (Iyer, 2018). The power dynamics though has undergone through metamorphosis the importance of both hard and economic power has gained undivided attention therefore there has been an increasing focus on not only expanding military strength but also economic power through expanding diversity in promotion of trade and connectivity (Porter & Patrick, 2016).

In the globalised world order the promotion of trade and connectivity showcases a vivid vision of expanding more than just market. The development of the country with growing interconnectedness comes with taking of crucial steps like the management of better trade and connectivity through infrastructural development with an initiative of easy cross border movement of goods and services leading to stimulus growth in trade. India has been playing an important role in the process by providing transit facility for continuation of undisrupted third-country trade without major restrictions and access rights of the ports of Kolkata, Haldia and the ports of Mumbai, Nhava Sheva and Kandla for the accommodation of larger shipment (Development A. I., 2020).

The well-connected land routes of India and its north eastern side to the South and South-East Asian countries like Nepal, Bangladesh, Bhutan, Myanmar, Pakistan, Afghanistan and China has had a positive impact with further potential of growth of trade through land routes (India L. P., 2021). Trade and commerce for any country can be considered as an important factor especially for the least developed countries (LDCs)

like Nepal and Bhutan whose 70% and 80% of exports are approximately dependent on the Indian market (Sinha, 2021). According to Riya Sinha in the article “Linking Land Borders: Integrated Check Posts” there has been subsequent increase in the trade volume from US\$0.03 million in 2000-2001 to US\$ 7.9 billion in 2019-2020. The comparative increase in the trade volume from 2001-2020 shows the larger dependency towards India specially for transit purpose.

The global ties have undergone through significant changes which has resulted in the metamorphosis in the trading environment of not only India but on a global parlance. India has shown significant changes and growth in terms of their trading practices and environment. The trade and commerce of India has moved towards the evolution of “port sector” which has relatively led to growth in trade and connectivity (Sinha, et al., 2016). The international obligations, however have also added in the improvement of cross-border trade infrastructure. The two cases in international scenario like ratification of the World Trade Facilitation Agreement (TFA) in April 2016 and formulation of a National Trade Facilitation Action Plan 2020-2023 for reduction of time taken for releasing cargo from ports depicts influence of international participation and politics in case of trade and connectivity.

Apart from the above-mentioned statement the target of the National Committee on Trade Facilitation (NCTF, 2020) for paperless transaction and infrastructure augmentation for the clearance of goods from Land Custom Stations within 48 hours for imports and 24 hours for exports gives justification for the growing need for border infrastructure development. The ratification of Transport Internationaux Routiers or International Road Transport (TIR) Convention by India with Pakistan and Afghanistan as the signatories are well taken initiative (Sinha, 2021). The Indian Government with constant effort towards modernisation of not only the existing border infrastructural

facilities and ongoing projects, policy reforms in the port sector have led to development of major initiatives such as “Make in India” has increased the flow of Foreign Direct Investments and growth in global engagement (Sinha, et al., 2016).

The ongoing political conditions in the world order also plays a dominant role in the need for infrastructure development. India’s stand and growing influence on the regional context (South Asia) has resulted in growing interest in the border infrastructure development and modernisation. The influencing character of the Chinese Economy in South Asia has also led to India’s growing interest on the infrastructure development on the basis of increasing connectivity with the neighbouring states and leading to identification for improving regional connectivity infrastructure through advance, modern and improved border management infrastructure in the 2000s which further gained more importance and accelerated under the “Neighbourhood First” Policy in 2014 (Sinha, 2021).

The promotion of regional trade which is the basis for development on a mutual level has resulted in the growth of border checkpoints. The disadvantage of lacking in this area can act as a major hurdle in a country’s economy as it has direct impact on trade. Apart from some major drawbacks like inadequacy in terms of development of border infrastructure it can have a negative impact on two most important cross-border activity like movement of goods and people in and out of the neighbouring countries having direct impact on the regional trade (Bhattacharjee, 2019).

Therefore, the need for efficient and modern border infrastructure has become necessary and the role that the Integrated Check Posts are playing a crucial role in the process of trade and connectivity which cannot be ignored. The lack in infrastructure development can only cause delay in facilitation of trade and hinder the connectivity as

a whole. The maintenance and modernization of the border infrastructure has become an important aspect on which the Government of India has been giving special focus (Bhattacharjee, 2019). India's neighbourhood policy first has developed a close co-dependent trade relation between the neighbouring states. On this context of neighbourhood relationship, India-Nepal relation has a relevant importance sharing a cordial trade relation. India has been an important and major trading partner of Nepal which has exceeded the political relation showing a positive outcome in the established trade relation between the two countries.

4.2. The Integrated Check Post: Medium of Trade and Connectivity

Borders plays a vital role in determining more than just the security dilemma that a country undergoes. The security factor has become an important and unavoidable aspect of every state especially with the advent of globalisation where following the terms of closed economy can be a disadvantage for the growth of any state's economy. The presence of globalisation has made co-dependency, interdependency and mutual cooperation with mutual growth a significant aspect of every state. Hence maintenance of a safe border with smooth functioning of trade and commerce has become a challenging factor.

The challenges that a state faces in this process can have a ten-fold difficulty in case of porous border. Therefore, more emphasis has been given to border management system as the inter-state and intra-state trade has an ambiguous dependency on safe and sound border management system followed by the states. In the process more importance has been given to infrastructure development for smooth functioning and facilitation of unhindered trade and connectivity. Narrowing it down to India the maintenance of border security has always been a priority and this sole purpose has led to the

establishment of Integrated Check Posts. India's land border can be termed as a fragile link and an important part.

The steps taken by the Indian Government for the improvement of infrastructure and transit points for better facilitation of trade and connectivity can be traced through the establishment of the Land Ports Authority of India (LPAI) in 2012. The existence of LPAI has led to judicious effort of establishment of developed and operationalised Integrated Check Posts with the aim of providing better trading routes and facilities across the international land border of India (MEA, 2022). ¹²The LPAI has been performing a notable task of management of the ICPs through effective functioning, operation and construction purpose with the aim of provision for better infrastructure facilities.

The LPAI aims at providing better facilities to the established ICPs like currency exchange, passenger terminal building, buildings for cargo processing with cargo inspection sheds, warehouse along with cold storage facilities, quarantine laboratory, passenger terminal building, Banks and scanners (Sinha, 2021). In the world order under increasing influence of globalisation a country that is developing at a faster pace like India has been shifting the focus to modernisation and development of trade and connectivity as the central plan. This initiative for connectivity has increased with ICPs being the central focus for not only the growth of trade but also leaving its impact on the international market. The reason for the growth in the establishment of ICPs are more than just easy and seamless facilitation of trade (Sinha, 2020).

¹²The Land Port Authority of India (LPAI) is a statutory body established with an aim of development, sanitization and management of more than just cross-border trade like cross-border movement of passengers and goods with the powers vested by Section 11 of the LPAI Act 2010. The LPAI was established under the Land Port Authority of India Act 2010 for the provision of efficient infrastructure (land ports on Indian borders) and functioning of secure and seamless trade in an efficient manner (cargo and passenger movement).

The vision towards ICPs have altered to more than just border infrastructure for the provision of trade (cross-border trade) and given new dimension as centres for the advancement of other multi-model, intra-model and inter-regional connectivity initiative such as implementation of Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement (BBIN-MVA), smooth transportation to India's North East region through Chattogram and Mongla ports in Bangladesh, the Kaladan Multi-Transport Project to connect Southeast Asia to South Asia and also improvement in the rail connectivity (Sinha, 2021). The setting up of ICPs along the international border by the Indian Government can be considered a judicious plan with an initial outlay of Rs 635 crore as part of the Plan scheme during the Eleventh Five Year Plan (NetIndia, 2010).

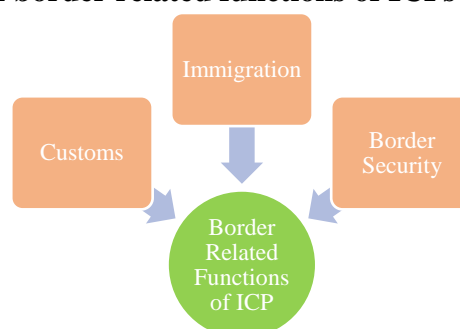
The border management of any State focuses on the infrastructure development with an initiative of seamless cross-border trade and security reasons. The better the management of these international land border in this case there will be better flow of trade and less threat from any external factor. Hence with the focus on modernisation and maintenance of border management through these infrastructure development India has established Integrated Check Posts across the international land border which has also resulted in about 40% of India's total trade with countries like Nepal, Bangladesh, Myanmar and Pakistan in 2019-2020 through the presence of six ICPs at Agartala, Petrapole, Raxaul, Joghani, Moreh and Attari (Sinha, 2021).

The growing importance of efficient management of border infrastructure with the focus of smooth movement of goods and services has led to undivided attention to other border infrastructural development like the Land Custom Stations (LCS) and Immigration Check Posts (ImCPs) including the Integrated Check Posts as an important part along with other border- trade centres like border haats, trade facilitation centres for barter trade etc. (Sinha, 2021).

The ICPs are the core of smooth, systematic, seamless and secure trade and commerce. These sanitised zones at the border crossings aims for provision of efficient passenger flows and adequate passenger flows by efficient and well managed cross-border movements of goods and services. The establishment of the ICPs have further smoothed the entire trade process mainly due to optimization of the use of facilities like warehouse, open yards for storage, parking facilities for cargos, in- house weighing facilities, prevention pilferage at the warehouse, etc., systematic support facilities and improvement in the traffic flow (Bhattacharjee, 2019). The ICPs are responsible for carrying out three main functions respectively related to the Border Management which is shown by the figure below for clear understanding.

The figure 4.1 highlights the three main border related functions performed by the ICPs which are in case of Custom, Immigration and Border Security. In case of customs the ICP mainly deals with cargo clearance (cargo, valuable items, currency, etc.) with the help of equipment's that are installed in the ICP and advanced monitoring mechanism. The ICP is also a responsible body for the checking of passports, visas and passenger identification as one of the key functions related to immigration. The threat of flow of illegal arms or lethal weapons and maintenance of secure trade are taken care as per the part of the Border Security function by providing also supporting the other two areas that is customs and immigration (Bhattacharjee, 2019).

Figure: 4.1 Three main border related functions of ICPs



Source: Information collected from ICP Raxaul during field visit on 5/05/2022

The aftermath of Kargil-War (1999) though had an impact on the improvement of the border infrastructure leading to taking major steps for the purpose in the year 2000 like the establishment of an institutionalised border management system like the Department of Border Management in January 2004 under the supervision of the Ministry of Home Affairs (Sinha, 2021). There has been great improvement in the infrastructure development with the identification of almost 20 checkpoints aiding in the growth of regional trade.

The development of ICPs can be viewed as an effort for the creation of “one-stop” solution for the growing queries of immigration, customs and border security aimed to develop in two phases with the development of seven ICPs in the first phase (Phase 1) with six operational position and covering the plans for the development of the remaining ICPs in the second phase (Phase 2) (Bhattacharjee, 2019). There had been subsequent replacement in the phase- wise development of the ICPs to prioritisation of the development of ICPs on the basis of passenger volume with the target of having 23 ICPs on the Indian borders by 2025 (Sinha, 2021).

The focus on infrastructure development by the Government of India can be guided by interdependent nature as the growth in international trade can be aided by the infrastructure development based on self-reinforcing relationship. The growth in international trade can be directly proportional to the growth in infrastructure that plays a major role in the flow of seamless trade and connectivity. The increase in share of ICPs with the neighbouring states from 41.87% in 2012-2013 to 63.59% in 2020-2021 shows the importance and attribution of ICPs for the growing need for seamless, peaceful and hassle-free flow of Cross-Border trade which has direct impact on international trade (Mishra & De, 2022).

The ICPs are an integral part of the land trading system and are comparatively smaller than the sea ports build at the cost up to Rs 200 crore. There are two kinds of land-crossings when it comes to India and the neighbouring countries that is ¹³Land Customs Stations (LCS) and Immigration Check Posts (ImCPs). Apart from the existence of these two crossings there remains the need and importance for the establishment of ICPs mainly because of its inclusive characteristics of possessing both the facilities of LCS and ¹⁴ImCPs (Sinha, 2021).

The trade between any two countries takes place through the border crossings given the example of India and the neighbouring countries there are several border crossings which aid in the process of trade in goods which are known as the Land Custom Stations (LCS). On the contrary there are ImCPs which deals with only passenger movement. At present according to the report “Linking Land Borders: India’s Integrated Check Posts” by Sinha, R. there are currently 86 ImCPs of which 37 are manned by the Bureau of Immigration (BoI) under the Ministry of Home Affairs and the remaining by the state governments (Sinha, 2021).

The table 4.1 states the lists of the Integrated Check Posts stationed along the borders of India with the neighbouring countries for the facilitation of better trade and connectivity.

¹³The Land Custom Stations (LCS) fall under the Central Board of Indirect Taxes and Customs. “The place which alone shall be land customs stations for the clearance of goods imported or to be exported by land or inland water or any class of such goods” as stated by Chapter III (7) of The Customs Act of 1962.

¹⁴The ImCPs are responsible for facilitation of passenger movement across India’s land, sea and air borders.

Table 4.1: List of Operationalised Integrated Check Posts of India with the neighbouring States

List of Operationalised Integrated Check Posts (Phase 1) of India with Neighbouring Countries			
Sl. No.	ICPs	Bordering Country	Operational Status
1.	Atari	Pakistan	13 th April 2012
2.	PTB Dera Baba Nanak	Pakistan	9 th November 2019
3.	Agartala	Bangladesh	17 th November 2013
4.	Petrapole	Bangladesh	12 th February 2016
5.	Sutarkandi	Bangladesh	2019
6.	Srimantapur	Bangladesh	2019
7.	Raxaul	Nepal	3 rd June 2016
8.	Jogbani	Nepal	15 th January 2018
9.	Moreh	Myanmar	15 th November 2018

Source: Information collected from ICP Raxaul during field visit on 5/05/2022

The Passenger Terminal Building (PTB) at Dera Baba Nanak's purpose is comparatively different than the rest as the purpose of the PTB is for facilitation of pilgrims for the Gurudwara Kartarpur Sahib Ji located in Pakistan (MEA, 2022). The steps have been taken by the Indian government for the purpose of facilitation of trade and connectivity apart from the above mentioned 9 ICPs in the Table 4.1 that has been constructed in Phase 1 with successful operationalisation the other ICPs that have been listed on table 4.2 are to be constructed in Phase 2 of the connectivity project that are as follows:

Table 4.2: List of ICPs to be constructed under Phase 2 between India and neighbouring countries

List of ICPs to be constructed under Phase 2 between India and neighbouring countries			
Sl. No.	Integrated Check Posts	Neighbouring Country	Bordering States
1.	Hilli	Bangladesh	West Bengal
2.	Changrabandha	Bangladesh	West Bengal
3.	Fulbari	Bangladesh	West Bengal
4.	Mahadipur	Bangladesh	West Bengal
5.	Ghojadanga	Bangladesh	West Bengal
6.	Kawrpuchhuah	Bangladesh	Mizoram
7.	Dawki	Bangladesh	Meghalaya
8.	Panitanki	Nepal	West Bengal
9.	Sanauli	Nepal	Uttar Pradesh
10.	Rupaidiha	Nepal	Uttar Pradesh
11.	Banbasa	Nepal	Bihar
12.	Bhitamore	Nepal	Bihar
13.	Jaigaon	Bhutan	West Bengal

Source: Information collected from ICP Raxaul during the field visit on 5/05/2022

The need for promotion of trade and connectivity has gained more attention after its inclusion as the major goal in “India’s Neighbourhood Policy First Policy”. The major step from the Indian government has been to increase the flow of trade through mainly infrastructure development in the border as cross border trade plays an ideal part in the free flow of trade and commerce in the globalised world. India has been taking major steps in the field of trade and connectivity which has shown progressive results specially in terms of cross-border trade.

According to an article published in Business Today. In on “India better ranking in ease of cross-border trade aided by reforms” UN Survey has made an evaluation of 143 countries’ progress which has given a positive report on its ranking in cross-border trade due to collective effort of several departments particularly stating the effective role played by ¹⁵Central Board of Indirect Taxes & Custom (CBIC). India has increased and stepped from 78.49% in 2019 to 90.32% in 2021 as per the latest UN Global Survey on Digital and Sustainable Trade Facilitation (Business Today. In, 2021).

Border management has widened its perspective and led to the inclusion of construction and maintenance of Integrated Check Post as an important aspect of their infrastructure development plan. The operation of Land Ports Authority of India (LPAI) that covers the management of various Land Custom Stations and Integrated Check Posts comes under the second phase of the ¹⁶Border Management-II the first phase of the Border Management-II dealing with coordination and concerted action by the administrative, diplomatic, security, intelligence, legal regulatory and economic agencies of the country (Iyer, 2018).

The growth in trade and connectivity as far as India is concerned has multiplied due to various reasons leading to need for modernisation of border infrastructure specially with the enhancement of ICPs. One of the main reasons behind the growing importance of border infrastructure development that can be looked beyond the prism of security

¹⁵ The Central Board of Indirect Taxes & Customs (CBIC) is a statutory body established under the Central Boards of Revenue Act, 1963 which is responsible for the collection of Goods and Services Tax, Custom Duty on Land Custom Stations, Inland Container Depots, Special economic Zones and Container Freight Stations. It also has some additional responsibilities of collection of Customs Duty on International Airports, Seaports, Custom Houses, International Air Cargo Stations and International ICDs, prevention of smuggling on International Airports and Sea and through land Custom and Border Checkpoints.

¹⁶The Border Management -II Division takes into consideration the matters related to coordination and concerted action by administrative, diplomatic, security, intelligence, legal, regulatory and economic agencies for the purpose of management of international border, coastal securities, establishment of ICPs through LPAI and border area development programme (BADP).

can be the continuous growth in trade between the neighbouring countries. The growing importance of the economic corridors have not only served for the purpose of growth in trade but also evolvement of South Asian countries as a transit corridor (Sinha, 2021).

The connectivity projects undertaken by India like the construction of the border roads are handled by the BMD-I. The connectivity projects however play as important role as the ICPs in the flow of trade and commerce and are taken care by ¹⁷Border Road Organisation (BRO), Public Works Departments (PWD) and the National Projects Construction Cooperation (NPCC). The Border Road Organisation can be viewed as a transnational construction organisation with an initiative for catering to the needs of the Indian Armed Force (Iyer, 2018).

The Government of India has taken some crucial steps for the better facilitation of trade one of the major steps being the formulation of the National Trade Facilitation Action Plan (NTFAP). The NTFAP was formulated with an initiative for improvement in India's ranking on Trading Across borders indicator of World Bank's Doing Business ranking under 50 and deducting the time taken for cargo release along with the provision of enabling paperless regulatory environment for faster and easier trade procedure (India L.P., 2022).

The implementation of specific measures was assigned to each stakeholder for implementation with indicative timelines and deduction of cargo release time in case of clearance of goods. The main motive was to complete the overall cargo release time in less than 48 hours for Sea, ICD, and ICP and less than 24 hours for Air and less than

¹⁷The Border Road Organisation (BRO) is functional under the Ministry of Defence since 2015 which was previously under the Ministry of Road Transport and Highways. The BRO plays an important part as per the infrastructural development is concerned and is operational in 21 states and 1 union territory along with neighbouring countries like Afghanistan, Bhutan, Myanmar and Sri Lanka.

24 hours for Sea, ICD, ICP and less than 12 hours for Air in case of Exports (India L. P., 2022).

The Government of India with the motive of promotion and better and modernized facilitation of trade and connectivity in the region has given utmost priority to not only infrastructure development but also maintenance of the border infrastructure.

4.3. The Operational Integrated Check Posts of India

4.3.1. Indo-Pak Bilateral Relations

The India-Pakistan has been that of immediate neighbours with the common traces of culture and history along with the hostile relationship. The total bilateral trade between India and Pakistan was USD 329 million in 2020-2021 which has gone up to USD 514 million in 2012-2022. The bilateral relation between the two countries have remained largely complex and hostile (Yaseen, Jathol , & Muzaffar, 2016).

4.3.1.1. ICP Attari

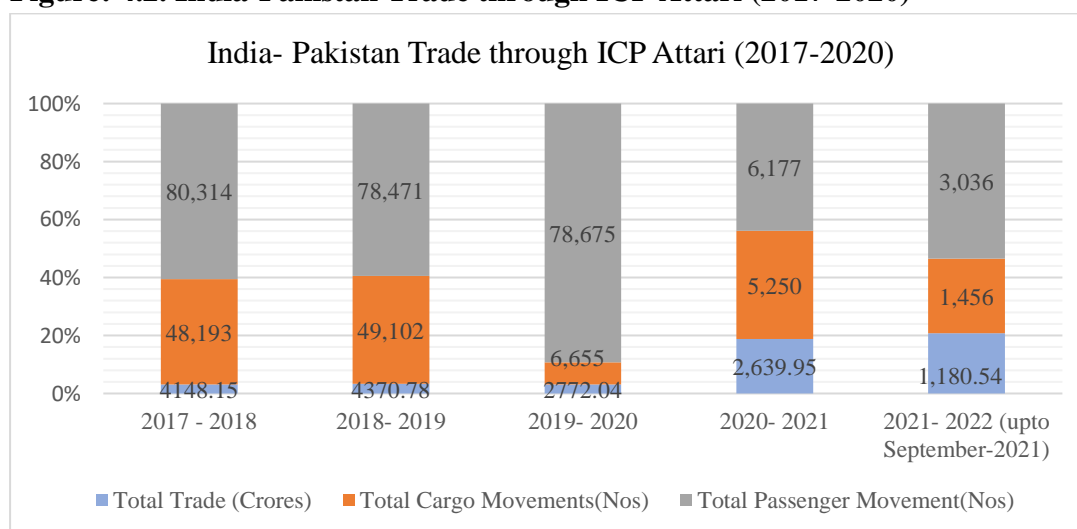
The fact that bilateral relation plays an important role in determining the flow of trade but it cannot be ignored that flow of healthy trade and commerce in a country also has a positive impact on the existing bilateral relation. India and Pakistan may have various areas of differences but the share of common interest for development has led to various initiatives like the establishment of first ever Integrated Check Post in Attari with its functional status since 2012. The ICP of Attari with an area of approximately 130 acres with cargo terminal building (covering an area of 4700 square metres), import warehouses (covering 7400 square metres), export warehouse (covering 3400 square metres) and parking area for trucks (covering 55000 metres) has been responsible for the movement of almost 250 trucks a day through the India-Pakistan Border. The ICP

(Attari) also has additional facilities such as quarantine, isolation rooms, public address system and dormitories (Sinha, Hussain, Chakraborty, & Sinha, 2016).

The ICP of Attari is strategically located at about 30km from Amritsar and mid-way between the town of Amritsar and Lahore. The foundation stone of the ICP of Attari was laid by then Union Home Minister of India P. Chidambaram on 2010 followed by joint inauguration of the ICP by the Union Home Minister and the Chief Minister of Punjab Prakash Singh Badal on 2012 with the presence of Commerce Minister of India Anand Sharma and Commerce Minister of Pakistan Shahbaz Sharif (Press Information Bureau, 2018). Despite the political tension the two countries has been making efforts in maintaining peaceful environment in terms of trade especially with the inauguration of the ICP along the Attari-Wagah Border aiding in boosting regional trade.

The figure 4.2 shows the bilateral trade between India and Pakistan through the Integrated Check Post of Attari from the year 2017-2020 (upto September 2021) (see detail in Annexure 1). The figure 4.2 shows the role of ICP of Attari in the trade between India and Pakistan through 3 main factors which are total trade, total cargo movements and total passenger movements from the year 2017-2020 (upto September 2021).

Figure: 4.2. India-Pakistan Trade through ICP Attari (2017-2020)



Source : Information collected from ICP Raxaul during the field visit on 5/05/2022

4.3.1.2. PTB Dera Baba Nanak

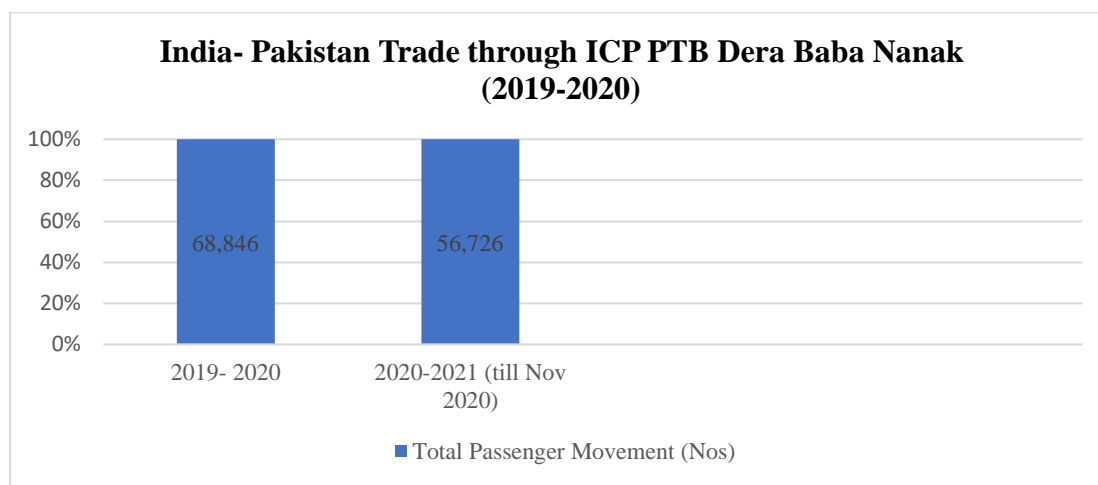
The infrastructural developments along with other development projects are undertaken under the influence of many factors. The religious and cultural link can act as a pushing factor for the purpose of developmental projects as it can be viewed as a soft power agenda. The construction of the PTB Dera Baba Nanak showcases such initiative and motive as it is built for the facilitation of pilgrims for the Gurudwara Kartarpur Sahib Ji located in Pakistan (MEA, 2022). The Gurdwara Dera Baba Nanak has a significant role as it is grounded by the religious sentiments of the citizens across both Indian and Pakistan Border and is located about 1 km from the Indo- Pakistan border and on the east bank of Ravi river (Jain, 2019).

The Kartarpur village (Pakistan) is located to the west side of the river Ravi which is associated with the religious sentiments of the people as Sri Guru Nanak Dev had spend 18 years of his life on this village. The 4.1km four lane highway from Dera Baba Nanak to International border and a state-of-art PTB at international on the other hand comes under the Indian part of the Dera Baba Nanak-Sri Kartarpur Sahib Corridor (MEA, nd). According to an article on The Times of India on “Government approves state-of-art- Passenger Terminal Building for Kartarpur Corridor” by Bharti Jain (2019) the work of LPAI was carried on fast track basis under the direction of completion of the infrastructure before November 2019 for the special occasion of Shri Guru Nanak Dev’s 550th birth anniversary with the approximate cost of 190 crore with adequate facilities like immigration and custom clearance for the promotion of movement for 5000 pilgrims per day approximately (Jain, 2019).

The figure 4.3 shows the Integrated Check Post of Passenger Terminal Building Dera Baba Nanak’s role in the trade facilitation between India and Pakistan after its

operationalisation from the year 2019-2021 (till November 2020) (see detail in Annexure 1).

Figure: 4.3 India-Pakistan Trade through ICP PTB Dera Baba Nanak (2019-2020)



Source: Information collected from ICP Raxaul during the field visit on 5/05/2022

4.3.2. Indo-Bangladesh Bilateral Trade

Bangladesh being the largest trading partners of India in South Asia holds a very important position when it comes to trade and connectivity as one-fourth of total regional trade is covered by the bilateral-trade between India and Bangladesh (De & Ghosh, 2008). Apart from Bangladesh’s role in being one of the largest trading partners of India it also shares the longest land border (4,096.9 km) hence the requirement for having a strong border management system becomes a priority especially with the problem of porous border (Bhattacharjee, 2019). India shares a cordial bilateral and trade relation with Bangladesh due to which is considered as the largest trading partner of India in the South Asian region. ¹⁸The bilateral trade agreement signed in 1972 and further amended in intervals provides the foundation for the trading arrangements among India and Bangladesh (CUTS & FICCI, 2017).

¹⁸Bangladesh and India signed the “Treaty of Friendship, Cooperation and Peace” on March 28, 1972 in Dhaka.

The concept of cross-border trade plays an important role in Indo-Bangladesh bilateral relation and for this purpose 31 Land Custom Stations has been set up across the international borders in North East India until 2012 (CUTS & FICCI, 2017). The porosity of border facilitates illegal activities like smuggling, human trafficking and transnational crimes which in turn acts as a blockade in terms of not only security but also trade. Therefore, India and Bangladesh have been showing collective efforts in making mutually beneficial policies and practices like giving special focus to agreements related to security cooperations. The Coordinated Border Management Plan (CBMP) was signed in 2011 as a collective effort of the Border Guarding Force of both the countries for maintenance of peaceful border by taking care of the illegal activities and crime in the bordering areas (MEA, 2016).

In case of trade and connectivity the two countries have signed the India-Bangladesh Treaty of Trade in 2015 which focuses on collective efforts in making arrangements that would be beneficial for both the signatory parties specially for transit facilities (passage for goods both between two countries or third country trade) along with the usage of waterways, roadways and railways. The above stated arrangements have also been stated under Article VIII of the India-Bangladesh Treaty of Trade (Sinha, 2021). India has been considerable and enthusiastic towards maintaining a cordial relationship with the neighbouring countries.

In this process, the economic aid provided by India had also been highlighted during the visit of Indian Prime Minister Narendra Modi in June 2015 with an announcement of Line of Credit (LOC) of US \$ 2 billion covering developmental projects like infrastructure development like roads and railways, Health and Medical Care and Technical Education and lastly power, shipping and SEZs most of which has been completed under first LOC (MEA, 2016). The promotion of healthy and seamless trade

was the motive of both the countries therefore several meetings were held by Commerce and Shipping ministers and LCS/ICP infrastructure. India-Bangladesh CEOs Forum was launched in 2020 which provided policy level initiatives in areas of trade, connectivity and investments (MEA, 2021).

The other crucial step taken was the establishment of ¹⁹Indian Economic Zone. The need for improvement in the connectivity procedure for uninterrupted trade between the two countries there was collective effort on the inauguration of the Feni Bridge (Maitree Setu) for the purpose of connecting LCS Subroom (Tripura) and LCS Ramgarh (Bangladesh) on 9th March 2021 through virtual platform (MEA, 2021).

4.3.2.1. ICP Petrapole

The ICP Petrapole was a functional Land Custom Station prior to the operationalization as a fully functioning ICP located approximately 80 kms from Kolkata. The ICP Petrapole was operationalised on 2016 while its foundation stone was laid in 2011 addressing several issues faced while still functioning as a Land Custom Station (LCS) like limitation in parking for trucks (the need for the parking space was for atleast 450 trucks but the adjustment could be provided only for 250 trucks), inadequate storage facilities, lack of testing laboratories and road congestion (Sinha, 2021).

The ICP Petrapole is considered the largest ICP in South Asia as not only it covers almost 65% of India-Bangladesh bilateral trade but also is an important land link as it accounts for around 80% by value and 50% by volume of India's exports to Bangladesh (Sinha, et al.,2016).The heaviest traffic is said to have covered by the Petrapole-Benapole route and for further clarity Petrapole being the Indian side of the

¹⁹The Government of India and Bangladesh under an agreement in 2015 build the economic zone in the Mirshani part of the Bangabandhu Sheikh Mujib Shilpa (expected to be ready within the time span of a year and half)

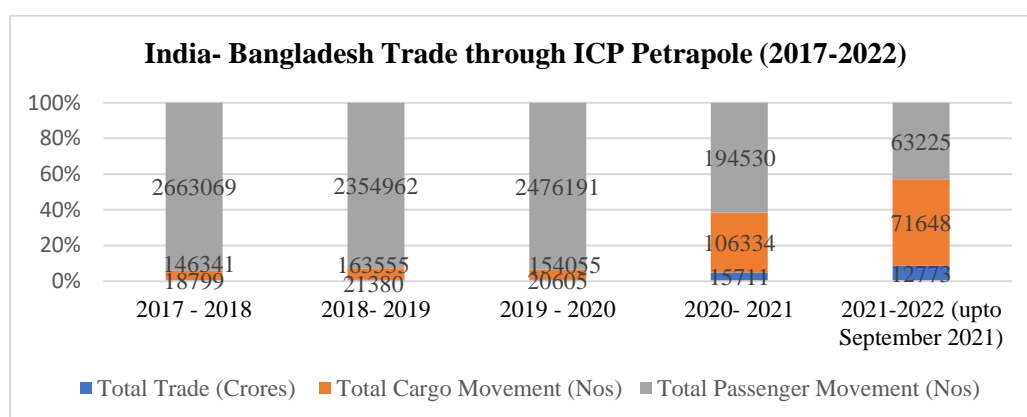
Petrapole- Benapole border check point and Benapole the corresponding land port in Bangladesh side which directly comes under the management of ²⁰Bangladesh Land Port Authority (BLPA) along with Bhomra, Birumari, Akhaura and Nakugaon (Sinha, 2021).

The increase in export from India to Bangladesh naturally opens up road for traffic in the ICP. In this case ICP Petrapole has been facing such problem being one of the busiest ICP but efforts have been continuously made and for further simplification of the land routes the Petrapole in road on and Ranaghat/Gede in rail are used to carry the growing bulk of India's Export to India. There has been constant increase in the exportation of goods from India to Bangladesh which includes onions, garlic, cotton, clothing materials like denims, woven articles, organic colouring materials, unwrought aluminium, iron and steel, pneumatic tyres, chassis of cars with engines, radio receivers, video apparatus, cement, cotton yarn, coal, briquettes, wheat, etc. (De & Ghosh, 2008).

The figure 4.4 shows the trade between India and Bangladesh through one of the major ICP that is ICP Petrapole with the aid of 3 factors which are Total Trade, Total Passenger Movement and Total Cargo Movement (see detail in Annexure 1).

²⁰The Bangladesh Land Port Authority (BLPA) was established in 2001 which manages the trade through land ports and functions under the Ministry of Shipping. The Benapole and Akhaura Check Posts were operationalised in 2002 and 2010 respectively by the Bangladesh Land Port Authority.

Figure: 4.4. India-Bangladesh Trade through ICP Petrapole (2017-2022)



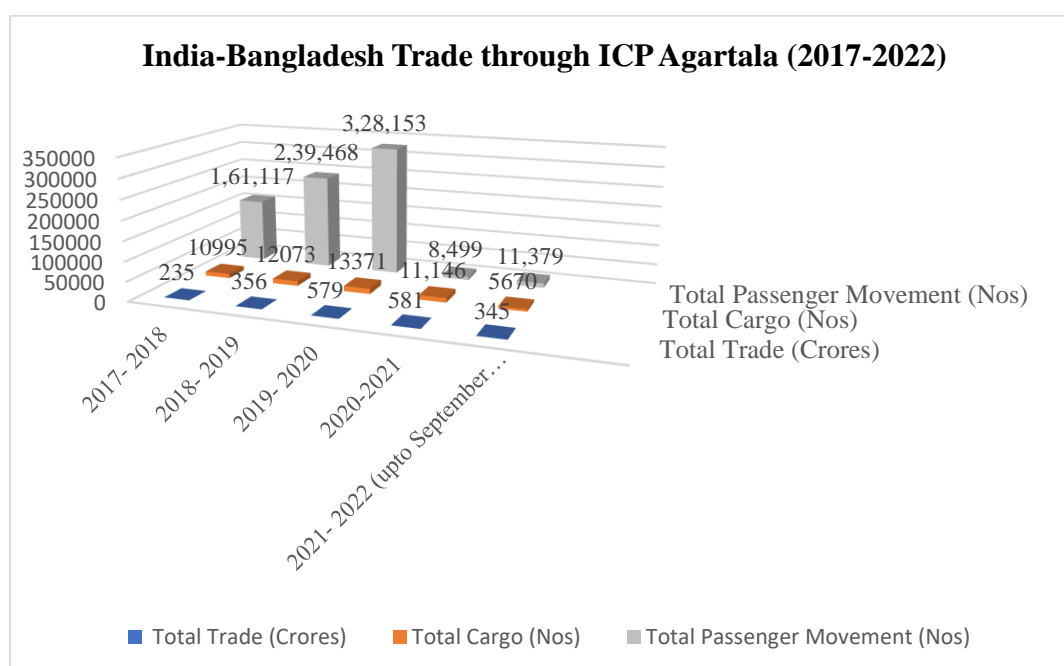
Source: Information collected from ICP Raxaul during the field visit on 5/05/2022

4.3.2.2. ICP Agartala

After the Petrapole-Benapole ICP, the ICP of Agartala operationalised since 2013 acts as an important trade route between India and Bangladesh with facilities like passenger terminal, public health office, a cargo building, a warehouse, an inspection shed, a plant-quarantine area, a parking area and a loose-cargo area with major imports being crushed stone, lay flat tubes, float glass and cement, bamboo, dry fish and dry chilli, etc. (Bhattacharjee, 2019). The ICP spread over an area of 11.72 acres holds strategically important role as a gateway of India’s corridor with South-East Asia located in the vicinity of the capital city of the state of Tripura within the municipal area and is located at the Agartala-Akhuara border point between India and Bangladesh (LPAI, nd.).

The figure 4.5 shows the contribution of trade through ICP Agartala from 2017-2022 (upto September 2021) to the India-Bangladesh bilateral trade (see detail in Annexure 1).

Figure: 4.5. India-Bangladesh Trade through ICP Agartala (2017-2022)

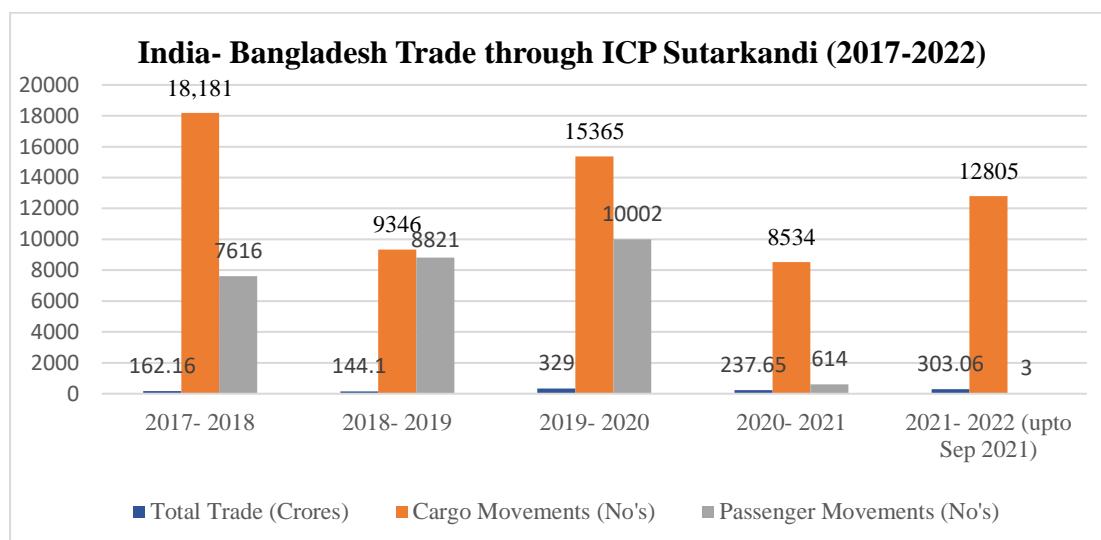


Source: Information collected from ICP Raxaul during the field visit on 5/05/2022

4.3.2.3. ICP Sutarkandi

The ICP of Sutarkandi was inaugurated in the year 2000 with minimal operational status as it was set to be fully developed under Phase 2 of Infrastructure Plan. The location of the ICP is strategically located in the state of Assam about 10km away from the district town of Karimganj with movement of 20 trucks on a daily basis. In 2016 the ICP was accountable for trade of Rs 140 crore (Bhattacharjee, 2019). The figure 4.6 shows the trade through ICP Sutarkandi (see detail in Annexure 1) for enhancement of trade and connectivity between India and the neighbouring state of Bangladesh from the year 2017-2022 (upto September 2021).

Figure: 4.6. India-Bangladesh Trade through ICP Sutarkandi (2017-2022)



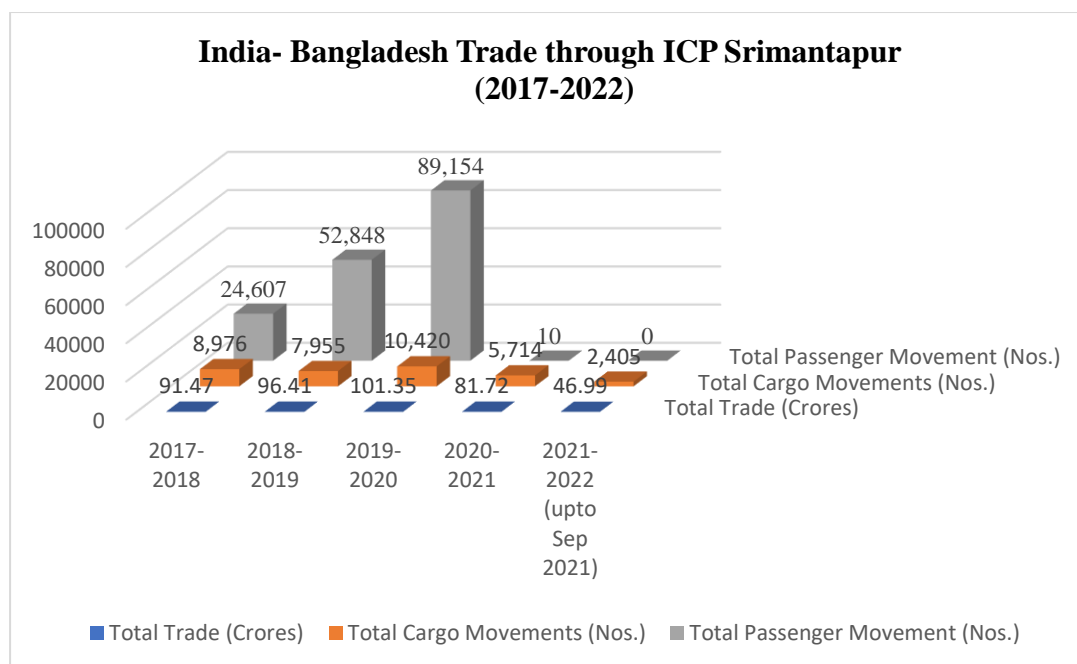
Source: Information collected from ICP Raxaul during the field visit on 5/05/2022

4.3.2.4. ICP Srimantapur

The ICP Srimantapur has been considered as a viable and cost-efficient route to trade between the two countries (India-Bangladesh) spread over an area of 3.51 acers and is also located along the India-Bangladesh Border. The ICP Srimantapur, for further discussion is located about 4kms from Sonamura Sub- Division town and 63kms from the city of Agartala with a distance of 8-10 kms from the neighbouring country that is Bangladesh's Comilla district. The additional importance of the ICP Srimantapur has been accountable to the floating jetty on the Gomati River (flows through Tripura and Comilla district in Bangladesh) which has been seen as a good initiative for further boosting the existing bilateral trade specially with Tripura joining the map of Indus Water Transport (LPAI, nd.).

The figure 4.7 shows the India- Bangladesh trade through the Integrated Check Posts of Srimantapur from the year 2017-2020 (upto September 2021) highlighting the Total trade, Total cargo movements and Total Passenger Movement from 2017-2022 upto September 2021 (see detail in Annexure 1).

Figure: 4.7. India-Bangladesh Trade through ICP Srimantapur (2017-2022)



Source: Information collected from ICP Raxaul during the field visit on 5/05/2022

4.3.3. India-Myanmar Bilateral Trade

India with the motive of expanding its market has also been focusing on Myanmar as it shares 1643 km international border with Myanmar mainly through the north eastern states like Arunachal Pradesh, Manipur, Mizoram and Nagaland. In 1994 the two countries have also signed the Border Trade Agreement (BTA) which effected on 1995 for the formalisation of the border trade practices between both the countries with permission for 62 identified items at a concessional duty of five percent. The matter of importance that the Border Trade (1995) highlighted is the facilitation of trade through designated routes via custom check posts making Moreh (Manipur) in India and Tamu (Myanmar), Zokhawthar (Champai) in India and Rhi (Hri) in Myanmar the important custom points and trade routes (CUTS & FICCI, 2017).

The border trade between India and Myanmar has though not been equivalent but low in comparison with the Sino-Myanmar, Thai-Myanmar border trade due to the

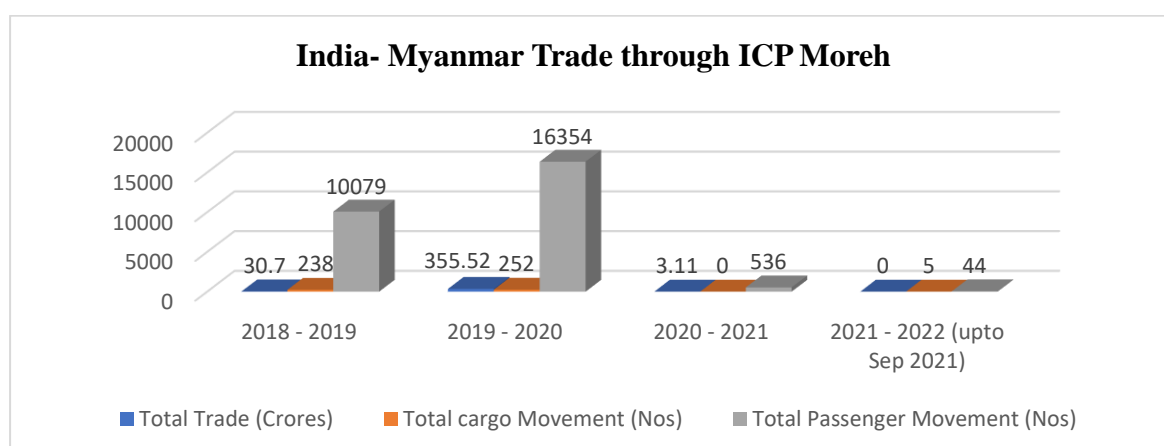
restrictive border policies but India's initiative with the introduction of two main policies namely shift from "Barter Trade to Normal Trade" and "Border Trade to Normal Trade" in 2015 has shifted the trade dynamics with the growth in India-Myanmar Bilateral trade from US\$ 999.45 million in 2007-2008 to US\$ 1.6 billion in 2017-2018 (Taneja, et al., 2019).

4.3.3.1. ICP Moreh

The ICP Moreh is an important border check-point along the India-Myanmar international border inaugurated in 2019 with a total area of 38.34 acres constructed by RITES at a cost of approximately 130 crores (Sinha, 2021). The ICP Moreh is an important border check point and is located strategically between the India- Myanmar international border. The ICP to be more precise is located at a distance of about 110 km from the city of Imphal with an added advantage and importance of acting as India's Gateway to the East through the only feasible land route for trade between India- Myanmar and South Asian Countries that is the Moreh-Tamu border point (LPAI. nd.). The corresponding side of the ICP Moreh is Tamu which is not operational as an ICP (Sinha, 2021).

The figure 4.8 gives clear understanding on the trade through ICP Moreh between India and Myanmar (see detail in Annexure 1). ICP Moreh being an important route for trade facilitation for uninterrupted bilateral trade between India and Myanmar maximum cross-border trade takes place through it which has been shown clearly in the figure 4.8. The total trade, Total Cargo Movements and Total Passenger movements are given for clarity in the explanation of trade between India and Myanmar through the ICP Moreh.

Figure: 4.8. India-Myanmar Trade through ICP Moreh



Source: Information collected from ICP Raxaul during the field visit on 5/05/2022

4.4. India-Nepal Bilateral Trade

The economic relations of any two countries are based on many factors and can be further developed with special focus on various areas like sharing of markets, common pricing of products and joint ventures for beneficial results among the citizens of both the country. The case of India-Nepal holds the same ground and by establishment of better policies and joint efforts for the control of illicit border trade could expand the horizon of foreign trade (Dharamdasani, 2000). India and Nepal share an open border which has traced both positive and negative sides. The negative and hazardous impact having direct link to country's economy being migration like in the case of Bhutanese refugees which created more than just humanitarian problem specially for Nepal's security which also highlighted grounds for mutual cooperation from the Indian side mainly also because of the status of first entry point of asylum for the refugees from Bhutan (Lohani, 2000).

The other highlighted issues are terrorism, subversion, drug-smuggling, trade deflection, human trafficking but there remains some of the advantageous factors of open borders like free movement of goods and services which has had a positive impact

on many grounds like religious, cultural, sharing of mutual economic activities and improved people-to-people contact which has provided an opportunity for better bilateral relations leading to several joint ventures for not only cross-border infrastructure projects but mutual economic cooperations (Lohani, 2000). The maintenance of a cordial relationship with the neighbouring States had been established before opening up of Nepal towards liberalization and privatization which could be historically traced in King Prithvinarayan Shah's *Divyopadesha* recognising Nepal as a "yam between two stones" with the foresight of maintenance of friendly relationship with the Emperor of China and Emperor beyond the Southern Sea (Nanak, 2000).

The relationship of Nepal with India though had a different perspective as it was geographically contiguous to India and with the British dominance in India had changed the foreign policy dynamics as the British India had maintained their dominance exceeding the Indian boundary with their influencing characteristics rather than territorial encroachment in the Himalayas including Tibet due to their own strategic gains in the region justifiable with their "forward policy" (Nayak, 2000). The growing wave of globalisation and liberalisation had a major impact on almost all economies to which India and Nepal was not excluded from. The adaptation of policies leaning towards a globalised and liberalised world during the post-cold war era had led to adaptation of major changes in the foreign policies and economic practices (Lohani, 2000).

During the process both India and Nepal had diverted their economic policies to a liberalistic approach with special focus to export promotion and economic modernization with growing importance to privatisation with regard to the benefit of industrial growth (Lohani, 2000). The current scenario of India and Nepal bilateral relations is stable and peaceful but the relation did have to undergo through series of

metamorphosis like various peaceful negotiations. The first Treaty that is the Treaty of Sugauli in 1816 was the basis for the Treaty of 1923 which enhanced the relationship between Nepal and British India until 1947. In 1950 the Treaty of Peace and Friendship was signed between the two friendly neighbouring countries (India-Nepal) which established the basis for enhanced relationship between India and Nepal with extension and modification of the former treaties (Sarwar, 2018).

The 1950 though witnessed the signing of another important treaty with the vision of establishment of better trade relation that is the Treaty of Trade and Commerce (1950) which was further replaced by the first treaty to address an issue of importance for a landlocked State like Nepal that is the Treaty of Trade and Transit (1960) (Sarwar, 2018).

In 1960 an effort was vividly made towards better India- Nepal cooperation with signing of the Treaty of Trade and Transit with the provision of close collaboration between both the private and government sectors of both the countries. In case of Nepal the implication of the Treaty of Trade and Transit had an advantageous side as it led to an increase in the growth rate of the Nepalese exports to India which had been even been stated by Dr R.S Mahat, the former Finance Minister of Nepal and Padma Jyoti (businessman and well-known industrialist) in their public statements with a considerable growth in the Nepalese export of manufactured goods to India from one and half billion rupees to over ten billion rupees (Lohani, 2000).

The need for cooperation between the two countries was based on development of their respective economies with special focus on common markets that would expand the exchange of goods and services and facilitation of trade through third country. The Treaty of Trade and Transit gave importance to such growing issues for the purpose of

mutual growth and development. The clear understanding can be provided by highlighting some of the key points of the treaty that provides equal importance to maintenance of peaceful trade and commerce between India and Nepal as put forward on Article 10 of the treaty that gives importance on mutually agreed arrangements in case of traffic in transit through the territories of one Contracting party (from one place to another) to the territories of another party (MEA, 1960).

²¹The first Article of (Article 1) Treaty of Trade and Transit itself highlights the promotion of expansion of trade in goods originating from both the countries avoiding the disturbances on the process like maximum extent practicable diversion of commercial traffic or defection of trade. The bilateral relation between India and Nepal has always been cordial which can be even traced through Article 2 of the Treaty which exempts the custom duties and other equivalent charges in case of mutually agreed required goods from both ends. The restrictions though prevail on the goods and services on the grounds of public morals, protection of life (human, animal and plant), safeguarding of national treasures, implementation of laws relating to the import and export of gold and silver bullion and lastly maintenance of peace by giving special focus on the safeguard of interest of mutual concerns as provided in Article 3 of the Treaty (MEA, 1960).

The Treaty of Trade and Transit was considered the first step for highlighting the transit issues under a separate heading understanding the importance of transit for a land-locked country for mainly three purposes firstly with the expansion of the exchange of goods between the respective territories, secondly with the economic

²¹ For a summery list of these agreements please view Ministry of External Affairs. (1960). Treaty of Trade and Transit. Government of India [MEA | Statements : Bilateral/Multilateral Documents](#) Accessed on 21/10/2022

development at its peak encourage mutual economic collaboration and thirdly addressing the major issue of transit (facilitation of trade with third country) (Singh & Khanal, 2008).

The Treaty was a perfect example of mutual cooperation and consensus eradicating any space for invasion on the Contracting party's territory or foreign affairs, Nepal with regard to third country trade was on a safer ground as the treaty permitted with the adoption of own foreign exchange laws and maintenance of foreign exchange earned from the trade from third country with storage and transit facilities at Calcutta Port (Singh & Khanal, 2008).

The port facilities are provided to Nepal at Calcutta with specification of 15 transit routes between Calcutta and the India-Nepal border with additional facilities of a separate Custom Cells at Haldia (operational from August 2004) and lastly 22 entry/exit points along the India-Nepal border for facilitation of disturbance free bilateral trade (Nepal, nd.).²²The Article 8 of the Treaty of Trade and Transit mainly deals with the transit issue addressing the mutual concession of both the countries that is India and Nepal on goods being deemed to transit across the "territory of a contracting party when the passage across such territory, with or without transshipment, warehousing, breaking bulk or change in the mode of transport, is only a portion of a complete journey beginning and terminating beyond the frontier of the Contracting Party across whose territory the traffic passes" terming such case as "traffic in transit". The Article 9 however works on exemption of Traffic in transit from custom duties or any other charges with the exception of valid charges for transportation (MEA, 1960).

²² For a summery list of these agreements please view Ministry of External Affairs. (1960). Treaty of Trade and Transit. Government of India [MEA | Statements : Bilateral/Multilateral Documents Accessed on 11/11/2022](#)

The Treaty of Trade and Transit is however renewed in every seven years and works for one goal of mutual development. India has a special relationship with Nepal due to both historical, cultural, socio-economic reasons and hence the treaty aids in enhancement of this bilateral tie by providing duty-free access to the Indian markets barring a negative list of Cigarettes, alcohol and cosmetics among all the Nepalese manufactured products and duty-free exports to India for four sensitive items like vegetable fats (100,000 tonnes), acrylic yarn (10,000 tonnes), copper products (10,000 tonnes) and zinc oxide (2,500 tonnes) (Nepal, nd.).

4.5. India-Nepal Infrastructure and Connectivity Projects

The infrastructure development of a country has a major impact on trade, connectivity and economic development. The physical infrastructure plays a key role and transportation plays a dominant role in influencing the development of the productive sectors like agriculture, industry, commerce etc and social sectors like education, health etc. (Singh & Khanal, 2008). India's investment projects with Nepal have increased drastically with the engagement of about 150 Indian ventures in the field of manufacturing, power sector, tourism industries, Services like banking, insurance, dry port, education and telecom (MEA, 2019).

There are a number of Indian investors in Nepal some of the well-known investors being ITC, Dabur India, Hindustan Unilever, VSNL, TCIL, MTNL, State Bank of India, Punjab National Bank, Life Insurance Cooperation of India, Asian Paints, CONCOR, GMR India, IL&FS, Manipal Group, MIT Group Holdings, Nupur International, Transworld Group, Patel Engineering, Bhilwara Energy, Bhushan Group, Feedback Ventures, RJ Corp, KSK Energy, Berger Paints, Essel Infra Project Ltd. And Tata Power, etc. as per the September 2019 Report on India-Nepal Relations by the Ministry of External Affairs.

The development in case of transportation has a direct impact on the development of other infrastructure. Nepal has been giving special attention to this area for the overall development and economic growth (Singh & Khanal, 2008). India has always shown interest in aiding Nepal due to the existing special relationship and mutual development has been priority of both the states. The foreign policy is an integral part of a country's development and development assistance can be considered as a platform for creation of interdependent, Co-dependent and mutual relationship in bilateral as well as multi-lateral relation which has gained importance after the end of Second World War (Pulipaka, R. et al., 2018).

India giving first priority to the neighbouring states with the “Neighbourhood Policy First” though can be differentiated from the classical example of the cold-war dynamics due to their existing relationship based on the premise of cultural similarities, close people-to-people contact (Pulipaka, et al., 2018). Infrastructure development has a broad perspective and includes not just on surface level with this vision India has been aiding the neighbouring state of Nepal in infrastructure development programmes even at the grass-root level in areas of health, water resources, education and rural and community development. In the area of border infrastructure development India has been aiding in the upgradation of 10 roads in the Terai area (MEA, 2019).

In 2013 India and Nepal had taken a major step with mutual agreement on the implementation of “Small Development Projects (SDP)” in Nepal with a motive of reducing unwarranted overseas costs along with better involvement of stakeholders ensuring greater participation. The main motive was though to keep the overall process simple and flexible with the involvement of “local bodies of the Government of Nepal” like District Development Committee (DDC), Municipality, Divisional Office of Department of Urban Development and Building Construction (DUDBC) to name a

few for the purpose of hazardless experience to all communities within shorter span of time (Pulipaka, R. et al., 2018).

The SDP (Small Development Projects) focused on maximum involvement of local voice and participation as the schemes under this project was implemented through a District Development Committee (DDC). The District Development Committee (DDC) had a representation from local officials of the department concerned, local governments and local community organisation. On the contrary the SDPs scheme has been under criticism with the need for re-examination due to emergence of new institutional structures yet there was a significant rise in the number of SDPs with the total number of SDPs scheme in 2004 amounting to 26 with the expansion of about 510 SDPs in 2015. India has though not only limited the SDP scheme beyond the Nepal boundaries with the inclusion of countries like Afghanistan, Sri Lanka as part of development assistance programme (Pulipaka, R. et al., 2018).

The relationship between infrastructure development and trade flows are self-reinforcing in nature. In simpler terms the higher the infrastructure spur higher are the chances of better and larger trade flows. The border infrastructure development has contributed in India's trade with the neighbouring states leading to significant increase in the share in trade. There has been significant increase in the share of ICPs in India's trade with the neighbouring states from 41.87 percent in 2012-2013 to 63.59 percent in 2020-2021 (Mishra & De, 2022).

The development of Integrated Check Posts has been of key importance specially related to trade and connectivity hence steps have been made in the establishment of ICP of Birgunj, Biratnagar, Bhairahawa and Nepalgunj along with the cross-border rail links at Jogbani-Biratnagar, Jaynagar-Bardibas. The ICP of Birgunj which was built

with the assistance of Government of India was inaugurated during the 2018 visit of Indian Prime Minister. The joint inauguration venture was also visible on 2018 where both the Prime Ministers of India and Nepal had inaugurated the Nepal-Bharat-Maitri Pashupati Dharmashala in Kathmandu (Pilipaka, 2018).

The inauguration of South Asia's first cross-border petroleum products pipeline from Moithari (India) to Amlekhgunj (Nepal) on 2019 was a very judicious step taken via a video conference and the presence of the Prime Ministers of both the countries. The Government of India has also extended support for infrastructure development through Lines of Credit of US\$ 1.65 billion (MEA, 2019). The border infrastructure can be considered a major step in the infrastructure development keeping both security and trade into consideration hence India and Nepal for the facilitation of easy movements of goods between the two countries the ICPs are being developed and operationalised.

This joint venture has been beneficial for both the countries and shows mutual cooperation to meet mutual ends for example the ICP of Birgunj was followed by financial assistance (construction costs) from the Indian Government and provision of land for the ICP by the Nepal Government. This mutual step for the easy facilitation of goods and services with the aim of trade maximization further resulted in the construction and operationalisation of three additional ICPs that is Jogbani-Biratnagar, Sunauli-Bhairahawa and Nepalganj Road-Nepalganj (Pulipaka, 2018).

The development of India-Nepal relation has deepened on all grounds mainly economic though sharing of cultural, social, religious similarities have acted as a soft power in making the engagement between the two friendly neighbouring states better (Pulipaka, 2018). There has been exchange of many high-level visits, interactions and several bilateral institutional dialogue mechanisms including the India-Nepal Joint

Commission co-chaired by External Affairs Minister of India and Foreign Minister of Nepal for the sole purpose of mutual development and maintenance of the cordial bilateral relationships (MEA, 2019).

The visits have on a frequent basis like the recent visits of the Prime Minister of India Narendra Modi on 2014 for bilateral visit on 3rd April 2014 and 18th SAARC Summit on 18th November 2014. The Prime Minister of Nepal K.P. Sharma Oli also paid a visit to India on 2016. Therefore, the efforts for a healthy bilateral relation leading to a well-established trade relation have been visible on both ends (MEA, 2019).

The involvement of the Indian government in minor assistance programmes like development of series of roads covering smaller distance shows equal involvement of both the States in minor and major projects. In 1957-1998 India has assisted Nepal in the development of border infrastructural projects like the 8 km road linking Kakrawa on the India-Nepal border with Lumbini with an estimated cost of Rs 4.20 lakh. The other development assistance is the 3 km road at an estimated expense of Rs 1.70 lakh connecting Lanchaur (near the Royal Palace) and Mahendra Park (Balaju) in 1964-1996. In 1965-1996 an estimated cost of Rs 1 lakh was invested in the 9 km road connecting Kathmandu city with Tribhuvan Rajpath terminating at Thankot (Pulipaka, R. et al., 2018).

The connectivity between the two major means of travel that is airport to the railway station at Janakpur along with an approach road to Janaki Mandir was completed at the cost of Rs 3.08 lakh between 1966-1967 (Pulipaka, et al.,2018). India has been taking active steps for aiding the neighbouring states in times of crisis. The natural disasters are something that can have an unavoidable and devastating circumstances. The State of Nepal had to undergo through such natural disaster in the year 2015 that had a

devastating effect that is an earthquake (followed by a powerful aftershock of 7.4 magnitude) (MEA, 2019).

India had actively participated in the rescue operations within six hours of the earthquake with 16 National Disaster Response Force (NDRF) teams, 39 Indian Air Force aircraft sorties with 571 tons of relief materials (equipment, medical supplies, food, water, tents, blankets and tarpaulin). The Government of India had also announced a post-earthquake reconstruction package of over US\$ 1 billion during the International Conference on Nepal's Reconstruction held in Kathmandu on 25th June 2015 (MEA, 2019).

Nepal has undergone through several conflicts in the past in terms of environmental, political (unstable government), disruption in trade yet the progress has been gradual but remarkable and has shown keen interest in accelerating the economic growth and taken steps for major improvement and establishing itself as “middle-income country” by 2030 according to the report on Nepal Infrastructure Sector Assessment (2019).

The political changes has affected the trade and connectivity and economy as a whole. The transition of Nepal to a federal state system with about 3,4000 village development councils consolidated into 753 local government unit had estimated a growth by 3-4% of Gross Domestic Product (GDP) within 2019-2021. The increase in the infrastructural development and service provision through the inclusion of both private and public sector through Public-Private Partnership (PPPs) in the field of energy, transport and urban sectors has shown scope in better development opportunities. The Government of Nepal in 2015 had shown considerable progress in the infrastructure development via the PPP policy through the inclusion of participation of the private sector (Development I. B., 2019).

4.6. Trade through India-Nepal Integrated Check Posts

India and Nepal share a cordial relation which has benefitted both the countries in case of trade and connectivity. India has continued to be Nepal's preferred source for import of manufactured goods leading to growth in the bilateral trade (Development A. I., 2020). The chances of conflict are always high between countries and India and Nepal has been no exception to that making way for several barriers to trade and investments despite the odds India has always been the closest commercial partner of Nepal making India as the largest export market and source of its import, topmost investor of foreign capital and largest donor of foreign aid (Taneja, et al., 2019).

The land-locked status of Nepal bordered by India on three sides further has shown more dependency on India mainly for transit facilities (Taneja, N. et al., 2019). India and Nepal have also signed treaties of trade and transit for the facilitation of bilateral and third country trade without any quantitative restrictions. The right to access to and from the sea for its third country trade has been given to Nepal with the access of ports of Kolkata and Haldia (on the east coast of India) along with the access to the ports of Mumbai, Nhava Sheva and Kandla (west coast of India) (Development A I., 2020).

The rail services agreement for the purpose of movement of goods in transit between Kolkata/Haldia and Birgunj has also played an important role further expanding to bilateral trade and containerised services. The land routes also have a curtail role in the facilitation of trade and for the purpose twenty-two routes have been specified so far (fifteen have been specified for third-country trade) along with five specific and important routes for bulk of interchange through Raxaul (Birgunj), Jogbani (Biratnagar), Naxalbari (Kakarbita), Nautanwa (Bhairahawa) and Nepalgunj Road (Nepalgunj) (Development A. I., 2020).

The cross-border trade has a major impact on a country's economy and for the facilitation of secure and safe border trade border infrastructure plays a key role giving rise to a country's overall competitiveness. The safe and secure border trade between India and Nepal is dependent on stable and safe infrastructure development like the establishment of Integrated Check Posts. The Land Port Authority of India (LPAI) established in 2012 has a dominant role in the maintenance and development of these transit points (land ports) that aims at providing beneficial results to both the neighbouring states of India and Nepal (MEA, 2022).

The LPAI has played an active role in the development along with the operationalisation of nine ICPs across India's international border among these nine established ICPs the ICP of Raxaul and Jogbani handles India's Trade with the nearest neighbour that is Nepal (MEA, 2022). The connectivity and trade between India and Nepal have largely been dependent on these ICPs.

The establishment of these ICPs was considered as an advantage to the flow of trade and as a result in a meeting of the Committee of Secretaries in October 2003 decision was made for the construction of four major ICPs along the India-Nepal border at Jogbani, Raxaul, Sonauli and Rupaidhi. According to Sarkaritel (2018) in the article "Nepal, India to boast security, connectivity, trade ties" approximately 58% of the total trade between India and Nepal takes place through the above-mentioned Integrated Check Post mainly situated at Raxaul (India)-Birgunj (Nepal) and Jogbani (India)-Biratnagar (Nepal) (LPAI, nd.).

Among the two the Raxaul (India)-Birgunj (Nepal) is considered as the most important route for interchange of bilateral and third country trade.²³The total trade between India

²³ For a summery list of these agreements please view [Microsoft Word - India-Nepal.do \(worldbank.org\)](https://www.worldbank.org/india-nepal) Accessed on 9/10/2022

and Nepal in the year 2020 was USD 6.46 billion with USD 5.85 India's export to Nepal with major export products being petroleum, vehicles and spare parts and USD 611 million Nepal's export to India with major import products being soyabean oil, palm oil, nutmeg, mace and cardamoms etc. The advantage of an advanced, modern and developed cross-border logistics and infrastructure has also been one of the major reasons for the growth in trade and connectivity between the two states (MEA, 2020).

The establishment of a modernised border infrastructure has also assisted in third country trade. The two main border infrastructure established for facilitation of better trade and connectivity with common objective of strengthening mutually beneficial economic and people-to-people trading contact are the two ICPs that is Raxaul and Jogbani which has contributed in total trade of INR 32,445 crores in 2019-2020 and INR 29,369 crores in 2020-2021 respectively (India L. P., nd.).

4.6.1. Trade through India-Nepal Integrated Check Posts

The Jogbani (India)-Biratnagar (Nepal) is an important route for the interchange of bilateral and third country. The ICP Jogbani inaugurated by Honourable Home Minister Sh. Raj Nath Singh on 2019 spread across an area of 186 acres is located along the India- Nepal international border located at a distance of about 325 kms from the city of Patna (LPAI, nd.).

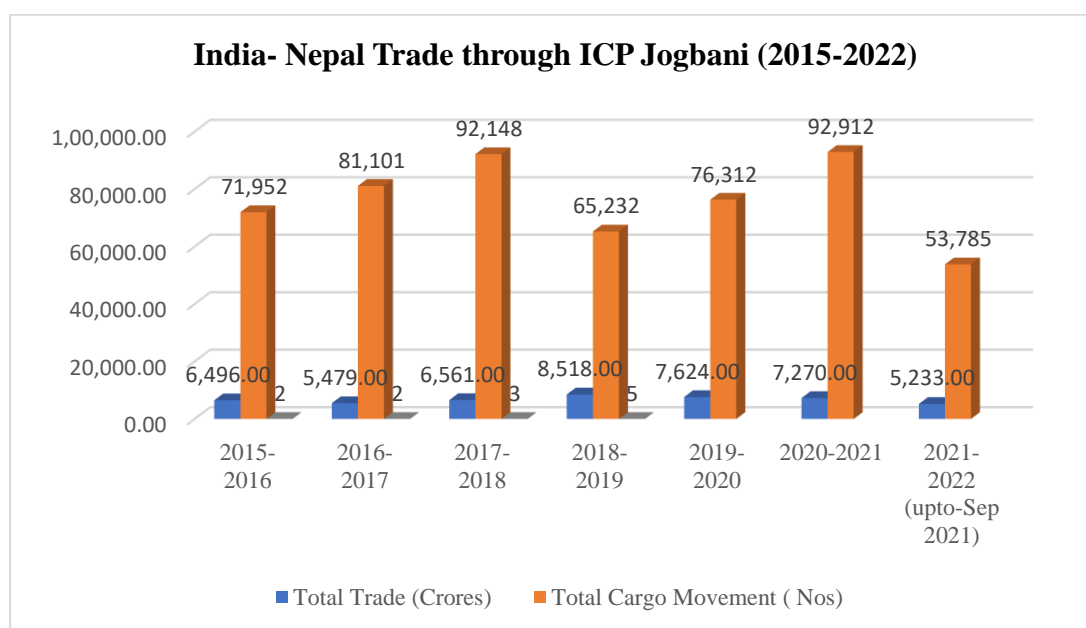
The ICP at Jogbani-Biratnagar was an Indian Government Project at the cost of NPR 2.24 billion with an objective of systematic, planned inter-connected and efficiently managed border check-posts at the authorised Jogbani-Biratnagar border crossing point. The ICP has been built with well-equipped facilities like warehouse, refrigerated cargo, electronic weighbridges, 100 percent power backup, fire safety,

dedicated communication network, advanced monitoring system and public announcement system (Standard, 2020).

The ICP Jogbani is considered as an important route for interchange of bilateral and third country trade.

The figure 4.9 justifies the importance of ICP Jogbani in trade facilitation between India and Nepal. The figure 4.9 shows the total volume of trade from the year 2015-2020 with total trade in crores (blue) and total cargo movement in numbers that shows the involvement of the ICP Jogbani in trade and connectivity (see detail in Annexure 1).

Figure: 4.9. India-Nepal Trade through ICP Jogbani (2015-2022)



Source: Information collected from ICP Raxaul during the field visit on 5/05/2022

4.6.2. A Study of Integrated Check Post of Raxaul

India and Nepal share close and unique ties of friendship based on mutual cooperation, common culture, deep rooted people-to-people contact. The State of Nepal shares an open border of over 1850 km sharing its boundary with five Indian states of Sikkim, West Bengal, Bihar, Uttar Pradesh and Uttarkhand (MEA, 2019). The five mentioned

states of India sharing its land border with Nepal has a significant role and importance. The border management for the five states have been given importance with regard to not only border security reasons due to its open border but also trade and connectivity (MEA, 2019).

The large part of Nepal's border is shared by the state of Bihar with the inclusion of 10 transit points for the purpose of India-Nepal trade. The Raxaul falling in district of East Champaran and Jogbani in Araria (325 km from the city of Patna) accounts for maximum India-Nepal trade through Bihar (Choudhary & Ghosh, 2015). Raxaul is a sub-divisional town in East Champaran district of the Indian state of Bihar situated at the India- Nepal border with Birgunj city of Nepal considered as one of the busiest towns because of its contribution in high volume of trade (almost 56 percent of total products of Birgunj are exported to Indian state of Bihar through this route) (Sinha R, 2021).

The establishment of ICPs at Raxaul and Birgunj between India and Nepal were the first ICPs to be given operational status with major contribution in trade and connectivity (Sinha, 2021). The ICP Raxaul was operationalised in 2016 and is located at a distance of about 230 kms from the city of Patna along the international border between India and Nepal spread over a total area of 235.33 acres at a construction cost of Rs 139.31 crores (LPAI, nd.). In 2016 the ICP Raxaul's share in overall bilateral trade was 45 percent with the top five commodities exported by India such as petroleum, iron and steel, drug formulations, motor vehicles and dairy-related industrial machinery and India's import items such as vegetable oil, processed items, yarn and fabrics, cosmetics and leather (Sinha, 2021).

The ICP Raxaul has played a key role in cross-border trade specially with upgradation of infrastructure taking two or four days from Raxaul to Birgunj earlier to one-and-a-half days for both export and import an average of 1,000 trucks crossing through the ICP on a daily basis (Sinha, 2021). The ICP Raxaul has close proximity with the Raxaul railway station as the ICP is located at a distance of 5 kms from the Raxaul railway station which has given an added advantage of establishing itself as an important junction in connectivity with the ports in both Western and Eastern India leading upto Bangladesh and Myanmar making Raxaul an important border transit town (LPAI, nd.).

The movement of goods and services have been largely dependent on the ICP Raxaul which has indeed established a better trade relation with the neighbouring state of Nepal. The transit town of Raxaul has both ICP and old land Custom Stations for the purpose of movement of goods and services. The accessibility of Raxaul railway station from the old LCS and the absence of proper connectivity to the ICP has acted as a stumbling block to the ICP leading to restriction in the shift of entire trade to the ICP Raxaul (Sinha, 2020).

The LPAI has however taken several initiatives in the development of better infrastructure facilities like development of additional parking, development of railway siding through the ICP for the purpose of increasing trade handling capacity (LPAI, nd.). The ICP Raxaul has shown an instrumental characteristic in the facilitation of trade between India and Nepal along with the inclusion of third country trade resulting the gradual increase in the trade flow since the inception of the ICP.

Table 4.3. given below shows the Top exports and imports from the ICP of Raxaul

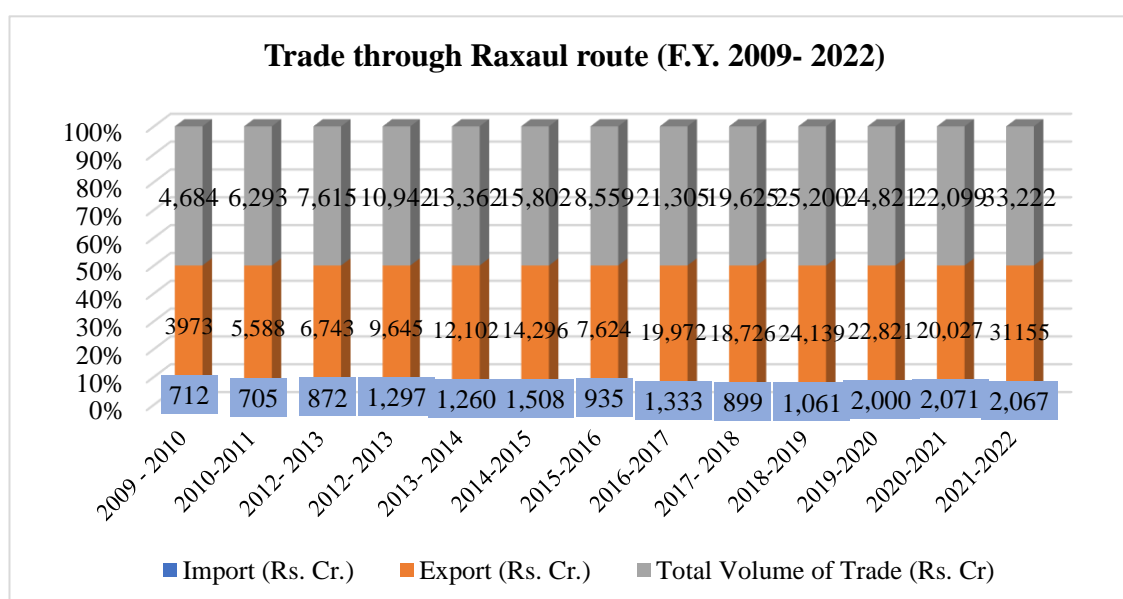
Table: 4.3 Top Exports and Imports from the ICP of Raxaul

S. N	Top 10 Exports from the ICP Raxaul	Percentage (%)	Top 10 Imports from the ICP Raxaul	Percentage (%)
1.	Petroleum Products	34%	Vegetable Oils	82%
2.	Iron and Steel	17%	Misc. Processed Items	6%
3.	Drug Formulations, Biologicals	4%	Oil Meals	2%
4.	Motor Vehicle/ Cars	3%	Ayush And Herbal Products	2%
5.	Indl. Machinery For Dairy Etc	3%	Manmade Yarn, Fabrics	2%
6.	Electric Machinery and Equipment's	2%	Cosmetic and Toiletries	1%
7.	Rice (other than Basmati)	2%	Moulded and Extruded Goods	1%
8.	Auto Components/Parts	2%	Footwear of Leather	1%
9.	Two and Three-Wheeler & construction machinery	3%	Other Commodity	3%

Source: Information collected from ICP Raxaul during the field visit on 5/05/2022

The figure 4.10 shows the volume of trade through the Raxaul route from the F.Y. 2009-2022 through Import/ Export and Total volume of trade.

Figure: 4.10. Trade through Raxaul route from F.Y. 2009-2022



Source: Information collected from ICP Raxaul during the field visit on 5/05/2022

The ICP of Raxaul has a major contribution in the growth of India-Nepal trade with an exponential growth from 6 percent to 31 percent in the year 2016-2019. In the year 2015-2016 there was an increase from INR 8,561 crore to INR 25,000 crore in 2018-2019 with major impact in both trade and passenger movement. The figure 10 given below shows the trade volume from 2017-2022. The Figure below shows the total amount of import (crores), export (crores) and total volume of trade (crores) from the year 2017-2022 through the ICP Raxaul between India and Nepal. The ICP Raxaul has a major contribution in the Indo-Nepal trade resulting to the contribution of approximately 40%-45% which has been stated by one of the Officer of the ICP Raxaul in an interview with an insight to the integrated contribution of the ICP Raxaul, functioning old Land Custom Station of Raxaul and the Motihari (India)-Amlekhgunj (Oil Depot in Parsa in Nepal) to 47%-48% in the India- Nepal trade through the Raxaul trade route making it as one of the largest transport routes.

The table 4.4 shows the India-Nepal trade through ICP Raxaul from the Financial Year 2017-2022.

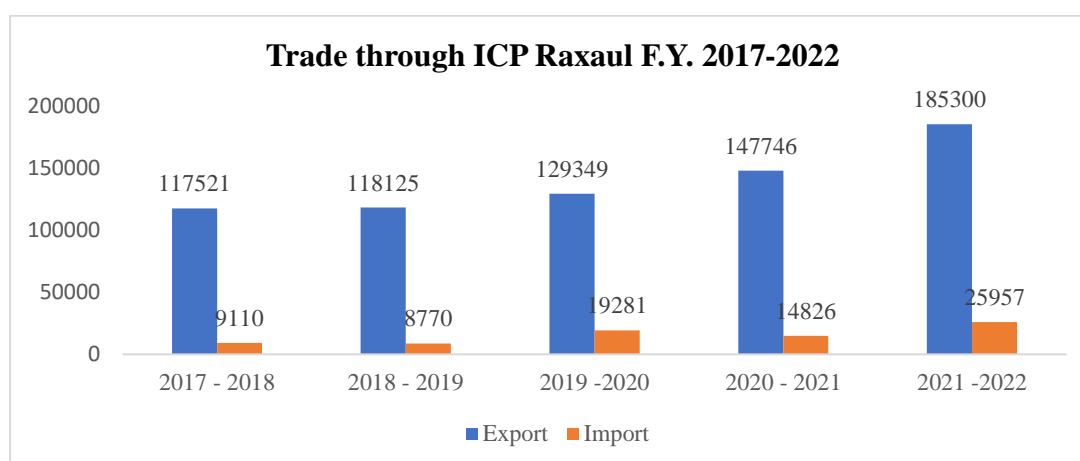
Table: 4.4. India-Nepal Trade through ICP Raxaul F.Y. 2017-2022

	Trade through ICP Raxaul F.Y. 2017-2022	
	Number of Vehicles	
Financial Year	Exports (Nos)	Imports (Nos)
2017-2018	117521	9110
2018-2019	118125	8770
2019-2020	129349	19281
2020-2021	147746	14826
2021-2022	185300	25957

Source: Information collected from ICP Raxaul during the field visit on 6/05/2022

The figure 4.11 shows an increase in the import volume shown through cargo movements (number of vehicles) from 117521 in 2017-2018 to 25957 in 2021-2022. The establishment of ICP Raxaul has clearly impacted in the trade between India and Nepal which has been shown in table and explained in details in figure 4.11 (see detail in Annexure 2).

Figure: 4.11. Trade through ICP Raxaul F.Y. 2017-2022



Source: Information collected from ICP Raxaul during the field visit on 6/05/2022

The table 4.5 shown below gives a detail analysis of the trade between India and Nepal through the ICP of Raxaul from the Financial Year 2020-2021.

Table: 4.5. Trade Data of the ICP Raxaul for the F.Y. 2020-2021

Trade Data of the ICP Raxaul for the F.Y. 2020-2021		
F.Y. 2020-2021	N0. Of Vehicles (Nos)	
Month	Export (Nos)	Import (Nos)
Apr-20	4,316	427
May-20	7,842	737
Jun-20	11,491	1,363
Jul-20	10,632	1,139
Aug- 20	10,273	1,205
Sep-20	11,826	1,487
Oct-20	13,010	1,343
Nov-20	12,325	1,255
Dec-20	15,721	1,401
Jan – 20	16,647	1,286
Feb-20	16,422	1,378
Mar-20	17,241	1,805

Source: Information collected from ICP Raxaul during the field visit on 6/05/2022

The establishment of the ICP Raxaul has aided in the process of development of a systematic trade due to the world class infrastructure development as said by one of the officers working in the ICP Raxaul free from the problems faced by the Land Custom Stations which lacked proper infrastructure development for example a weighbridge. The process of cargo clearance took place without proper weighing of the vehicles but the ICP gave a systematic procedure with the help of modern infrastructure like the Electronic Weighbridge and EDI system for the Custom that maintains a proper track record of the entry and exit of the vehicles based on advanced computerised system that avoids any chance for misdeclaration and lead to fall in the informal trade through ICP that acts as the main hurdle in bilateral trade.

The other important changes that the ICP Raxaul has brought in case of internal matters are that it has led to the reduction in the waiting hours of the vehicles in crossing the international border which has made ICP Raxaul as per the Time Release Study of the Land Port Authority of India as an ICP that takes minimum time in the completion of import/export procedure with faster cargo clearance.

The table 4.6 given below shows the trade between India and Nepal through the ICP of Raxaul of the Financial Year 2021-2022.

Table: 4.6. Trade Data of ICP Raxaul for the F.Y. 2021-2022

Trade Data of ICP Raxaul for the F.Y. 2021-2022		
F.Y. 2021-2022	No. of Vehicles	
Month	Exports (Nos)	Imports (Nos)
Apr-21	1,7490	1,974
May-21	13,524	1,883
Jun-21	11,871	2,054
Jul-21	14,157	2,577
Aug-21	16,299	2,911
Sep-21	18,816	3,064
Oct-21	16,673	2,872
Nov-21	15,261	2,001
Dec-21	18,363	2,048
Jan-21	15,589	1,506
Feb-21	13,864	1,414
Mar-21	13,393	1,653

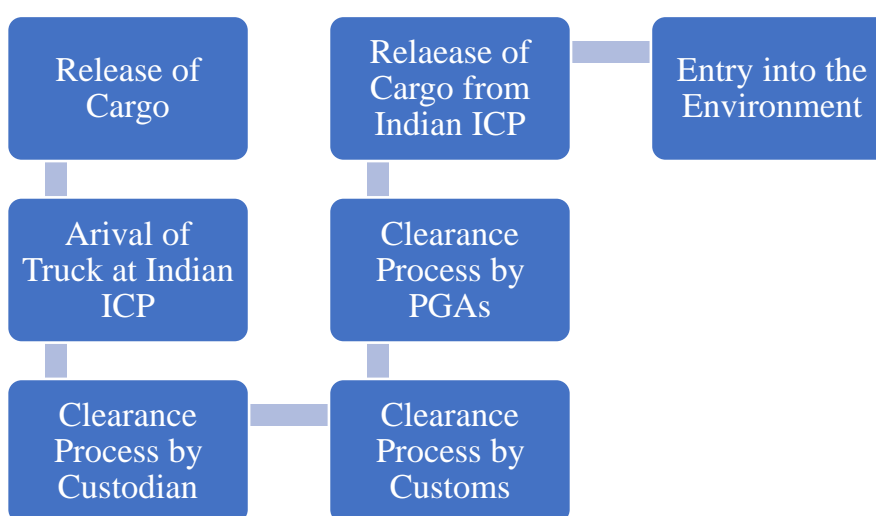
Source: Information collected from ICP Raxaul during the field visit on 6/05/2022

4.6.2.1. EXIM Process (ICP Raxaul)

4.6.2.1.1. Import Process

The import and export procedure are an important part of smooth functioning of trade and commerce of any country. The ICP plays a vital role in the process. The import process of the ICP is done in a systematic manner for a hassle-free facilitation of trade and connectivity which has been mentioned in the figure 4.12.

Figure: 4.12. Import Process

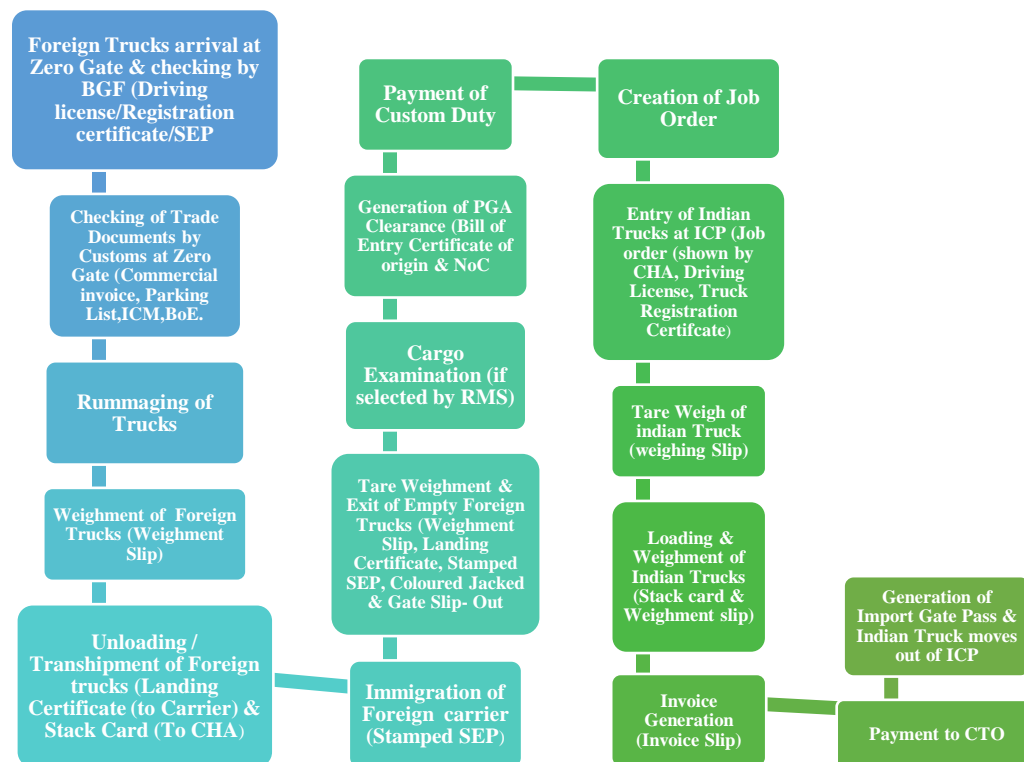


Source: Information collected from ICP Raxaul during the field visit on 5/05/2022

The import process between India and Nepal through the ICP Raxaul has been provided in an elaborative manner in figure 4.13.

The figure 4.13 shows the export process of the ICP that is carried in a systematic manner.

Figure: 4.13. The import process between India and Nepal through ICP Raxaul

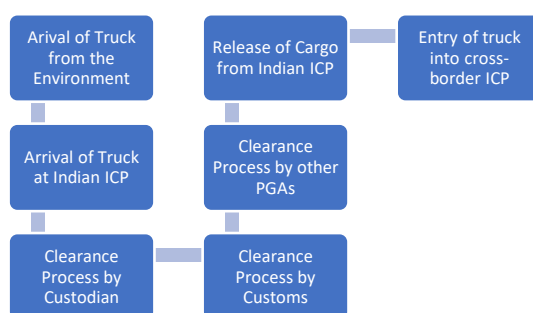


Source: Land Port Authority of India (Time Release Study of the ICP 2020)

4.6.2.1.2. Export Process

The figure 4.14 provides the export process of the Integrated Check Posts. The figure explains the procedure of the export process followed by the ICPs in a simplified manner.

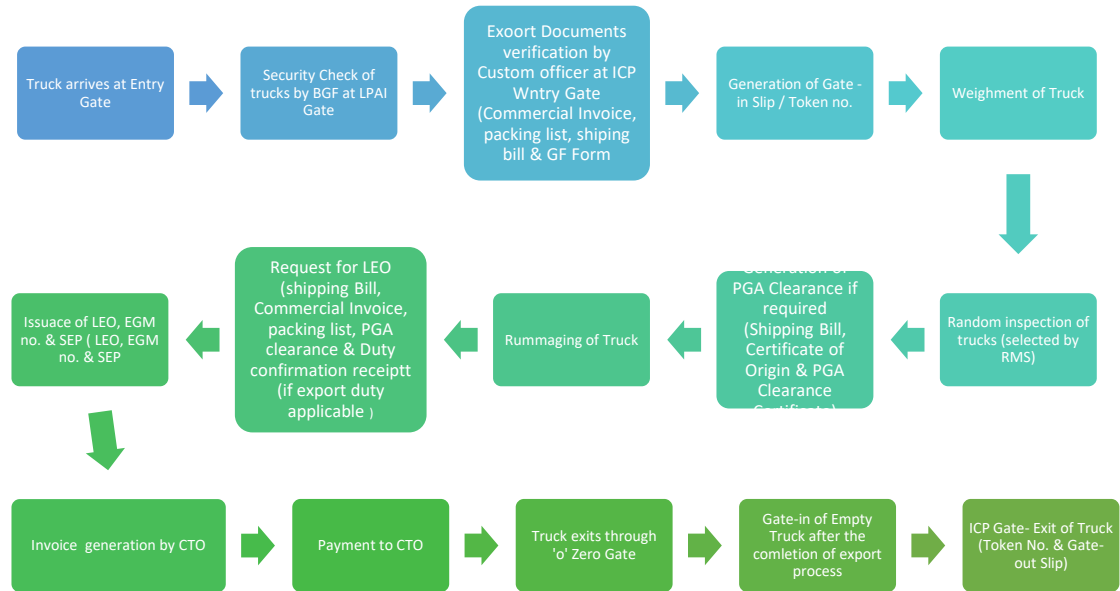
Figure: 4.14 Export Process of the ICPs



Source: Information collected from ICP Raxaul during the field visit on 6/05/2022

The export process between India and Nepal through the ICP Raxaul has been provided in an elaborative manner in the figure 4.15.

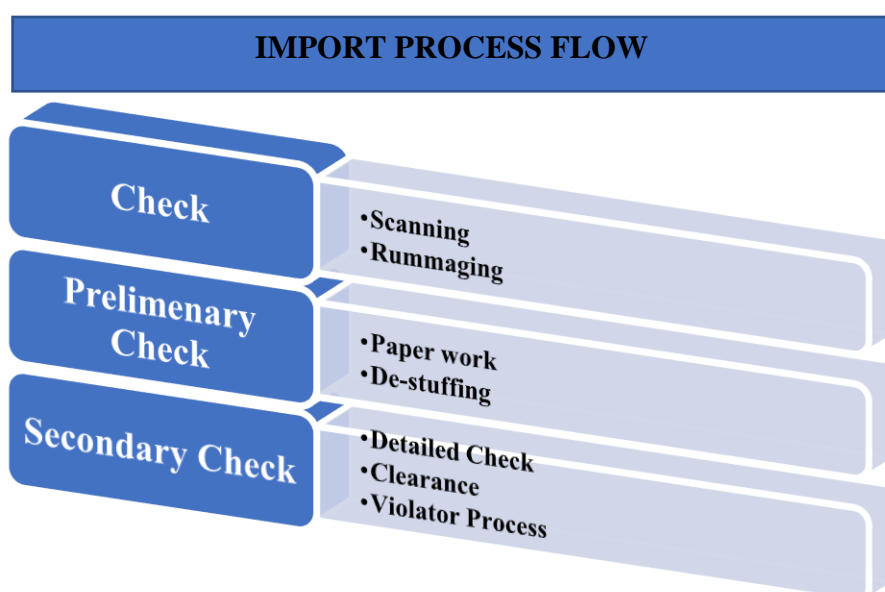
Figure: 4.15. The export process between India and Nepal through the ICP Raxaul



Source: Land Port Authority of India (Time Release Study of the ICP 2022)

The process allows the vehicles from Nepal to be examined and allowed to enter the Indian territory. The same process holds goods for Indian Vehicles entering Nepal. All the trucks coming into the India shall be scanned through truck scanners. Toll Plaza type processors are used for preliminary checking to swiftly clear the passenger freight. Detailed checking in the secondary check area is to be conducted selectively. The figure 4.16 gives further clarification and explanation of the process.

Figure: 4.16. Import Process Flow of the ICP Raxaul



Source: Information collected from ICP Raxaul during the field visit on 6/05/2022

The table 4.7 shows the list of regulatory approvals and documentation as per import/export process through ICP Raxaul.

Table: 4.7. List of Regulatory Approvals and Documentation required as per import/export process via ICP Raxaul

ICP Raxaul		
List of Regulatory Approvals required for cargo clearance (Stakeholders interactions):	Documentation required as per Import Process	Documentation required as per Export Process
1. Assistant Commissioner 2. Group Superintendent 3. Shed Inspector 4. Gate Inspector	1. Certificate of Origin 2. Commercial Invoice and Packing List 3. PGA Certificates (if applicable such as FSSAI and BIS and any other certificate as application as per import policy) 4. Bill of Lading 5. Car Pass 6. Duty Deposit 7. Import Export Code (IEC) Certificate 8. Pan card 9. GST Certificate 10. SAFTA Certificate if applicable	1. Certificate of Origin 2. Purchase Invoice/ Tax Invoice and E-Way Bill 3. Export Contract 4. Letter of Credit/ Telegraphic Transfer (TT) in advance 5. Authorised Dealer (AD) Code 6. Export Invoice 7. Packing List 8. Export Report 9. Car Pass 10. Export Declaration Form 11. Drivers Declaration 12. Consignment Note/ Truck Receipt

		13. Tare Weigh Declaration x 2 Per Invoice 14. Any other certificate if directed through letter of contract / Profoma invoice/ Letter of Credit 15. Import / Export Code (IEC) Certificate (one-time) 16. Pan Card 17. GST Certificate
--	--	--

Source: Land Port Authority of India (Time Release Study of the ICP)

The table 4.8 shows the importance of the proper infrastructure development. The ICP Raxaul has been constructed with the vision of systematic, seamless and secure trade with the facilities as stated in the table 4.8.

The table 4.8 gives a clear understanding of the Stakeholders and facilities of the ICP Raxaul.

Table: 4.8. Facilities provided to the Integrated Check Post of Raxaul

Facilities Provided to Integrated Check Posts			
India-Nepal Border	ICP Raxaul	Stakeholders	Facilities
		1. Land Port Authority of India 2. Customs 3. Bureau of Immigration 4. Plant Quarantine, Ministry of Agriculture & Farmers Welfare 5. Sashastra Seema Bal	6. Immigration Clearance 7. Import and Export Warehouse 8. Electronic Weigh Bridges 9. Customs Clearance 10. Public Utilities Block 11. Cargo Terminal Building 12. Parking Area 13. Bank/ATM Money Exchange Counter (IN Pipeline) 14. Rummaging Shed 15. Cafeteria 16. Quarantine Block 17. Cold Storage Area 18. Isolation Bay 19. Fumigation Shed

Source: Information collected from ICP Raxaul during the field visit on 6/05/2022

4.6.3. Data Analysis

In all, the sample size of 150 respondent have been surveyed, out of which 20 respondents are the truck drivers of the ICP Raxaul for understanding the core part of the conflict, their working condition and views on the establishment of ICP Raxaul and 20 respondents are the truck drivers of ICP located in Birgunj. Raxaul and Birgunj market are an important border market for the cross-border flow of people hence 40 respondents have been taken from the Raxaul market including the vendors (business community) and 40 respondents (vendors) from the Birgunj Market.

The study also includes the interviews of the Chief Custom Officer, one Custom Officer, two SSB Officers and one Custom House Agent from the ICP Raxaul and Chief Custom Officer and two Custom Officer from the ICP at Birgunj. The study has also included an interview session with an Assistant Commissioner of Central Goods and Services Tax in Darjeeling District and a focused group interview with the respondents (truck drivers) of ICP Raxaul (10 members and the respondents of the ICP Birgunj (10 members) has been done.

Table: 4.9. Total number of Respondents (ICP Raxaul/ICP Birgunj and Market Study)

ICP Raxaul Truck Drivers	20
ICP Birgunj Truck Drivers	20
Raxaul Market Study	40
Birgunj Market Study	40
Total	80

Source: Field Study, May, 2022

4.6.3.1. ICP Raxaul

This section focuses on understanding the role of Integrated Check Post as a facilitator of trade and connectivity with the inclusion of a crucial aspect of the Integrated Check Post that is the truck drivers who depend on their livelihood on the ICP with their direct involvement in the core process of trade with the inclusion of experience of the truck drivers working in the ICP Raxaul , understanding the changes in the delivery process of import/export (Cargo movement) after the establishment along with the problems faced by them in working as a part of ICP Raxaul based on their personal views and lastly the role of ICP as a facilitator of trade and connectivity between India and Nepal as a layman.

The table 4.10 shows the Age Group of the respondents (truck drivers of ICP Raxaul) with 40% from the age group 20-25, 5% from the age group 25-30, 25% from the age group 30-35, 15% from the age group 35-40 and lastly 15% above the age of 40 (see detail in Annexure 3).

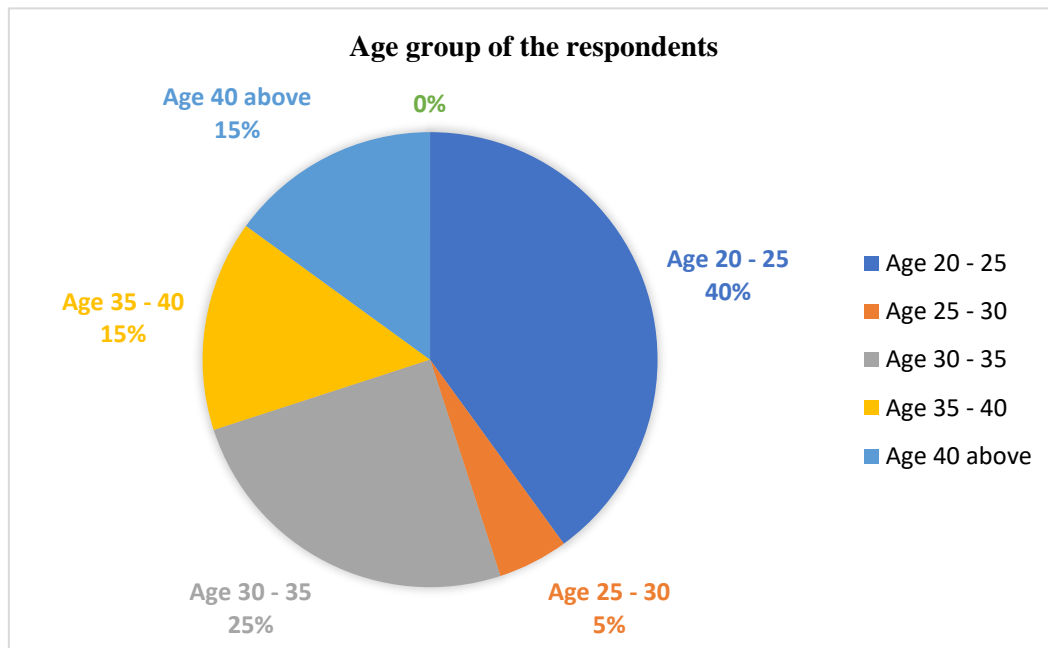
Table: 4.10 Age Group of the respondents (ICP Raxaul)

Age	Frequency	Percentage
20-25	8	40.00
25-30	1	5.00
30-35	5	25.00
35-40	3	15.00
40 above	3	15.00
Total	20	100.00

Source: Field Study, ICP Raxaul, May, 2022

The figure 4.17 shows the Age Group of the respondents (truck drivers of ICP Raxaul) which provides more clarity which shows 40% from the age group 20-25, 5% from the age group 25-30, 25% from the age group 30-35, 15% from the age group 35-40 and lastly 15% above the age of 40 (see detail in Annexure 3).

Figure: 4.17. Age Group of the respondents (Truck Drivers of ICP Raxaul)

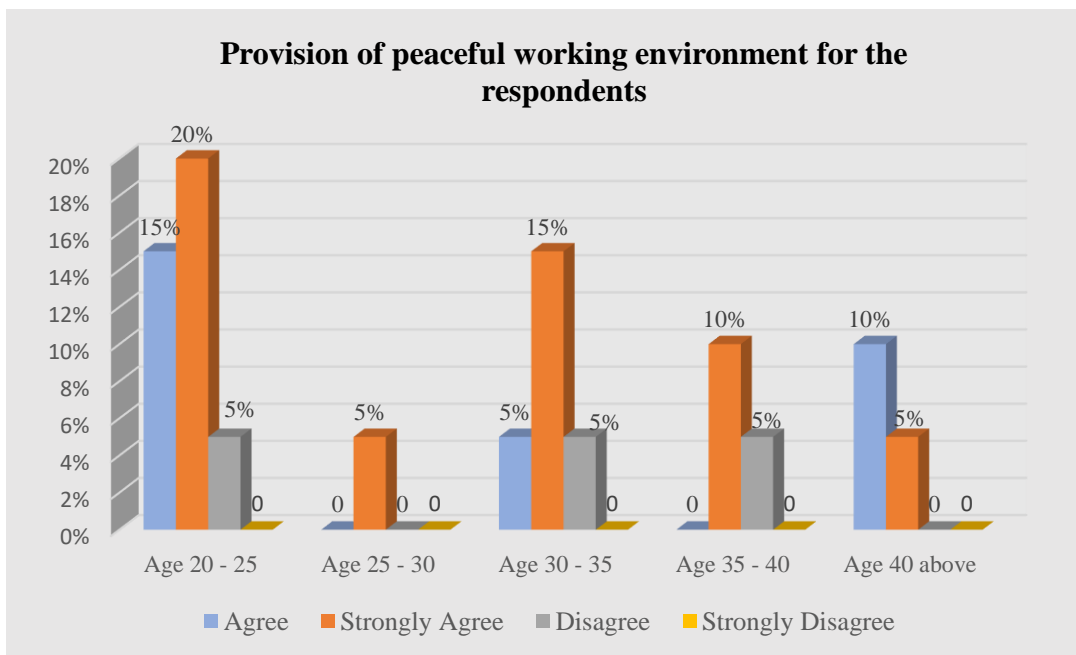


Source: Field Study, ICP Raxaul, May, 2022

The functioning of any department or institution are known by the treatment of the institution or departments towards the workers. The ICP Raxaul since its establishment has been taking care of this factor and giving special attention to the working condition of the workers (truck drivers). The ICP Raxaul has facilities like resting area and cafeterias and worker's sheds taking the convenience of the workers into consideration. The figure 4.18 shows diverse views of the respondents about the working condition of the respondents in ICP Raxaul. The Figure 4.18 shows the experience of the truck drivers working in the ICP Raxaul which shows positive impact on the working experience through ICP Raxaul agreeing to the fact that the ICP Raxaul has provided good service and experience while carrying out their day-to-day activities (see detail in Annexure 7). The respondents were of the view that the establishment of the ICP in Raxaul has given better opportunity and growth in their financial and working environment. The respondents showed clear admiration for the ICP in the creation of a healthy work place environment and as a resident of Raxaul gave a positive role in even

solving the traffic problems that they experienced before the establishment of ICP in Raxaul. The vast majority of the respondents are of the view that the ICP Raxaul has created a good working environment while a minority in the age group of 20-25, 30-35 and 40 above shows their disagreement. The problem highlighted by this minority was in case of the difficulties facing in the entry and exit points during the import and export process. The disagreement lied in two main areas one being the correction of the vehicle number in the entry slip taking more than 24 hours or more and resulting in the delay of consignment and the failure in the provision of entry pass and sometimes mistakes in the weighment slip.

Figure: 4.18. Working Experience of the respondents as a part of ICP Raxaul

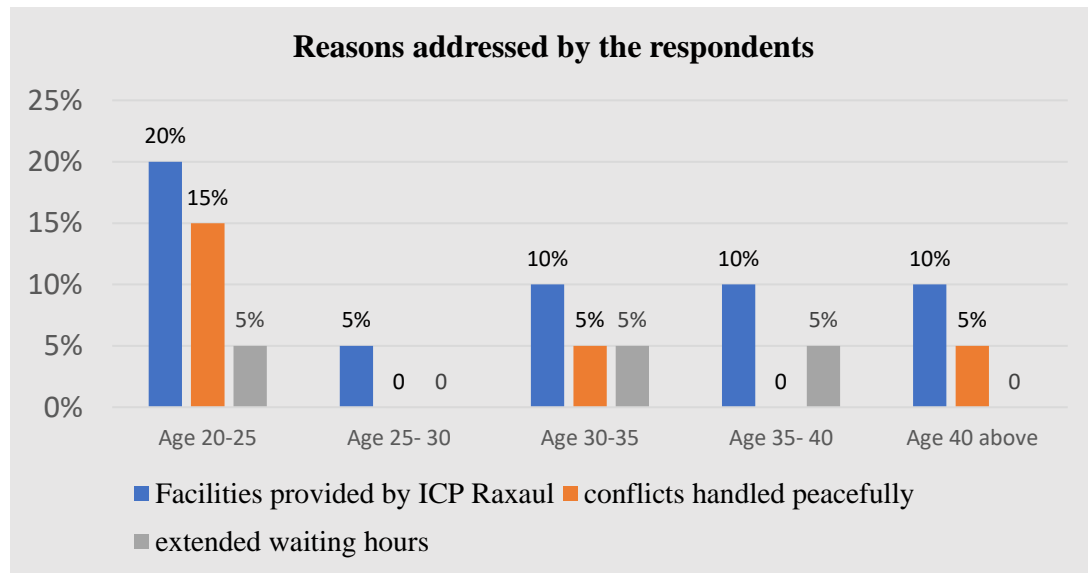


Source: Source: Field Study, ICP Raxaul, May, 2022

The figure 4.19 explores the reasons given by the respondents (truck drivers) of ICP Raxaul as per their views on the provision of peaceful environment in the ICP Raxaul which has a direct reflection on their working experience. The figure highlights three divided views of the respondents that is firstly on facilities provided by the ICP Raxaul

secondly the satisfaction with the peaceful conflict handling procedures of the ICP Raxaul and lastly the problems created due to extended waiting hours (longer period of time taken in the ICP Raxaul).

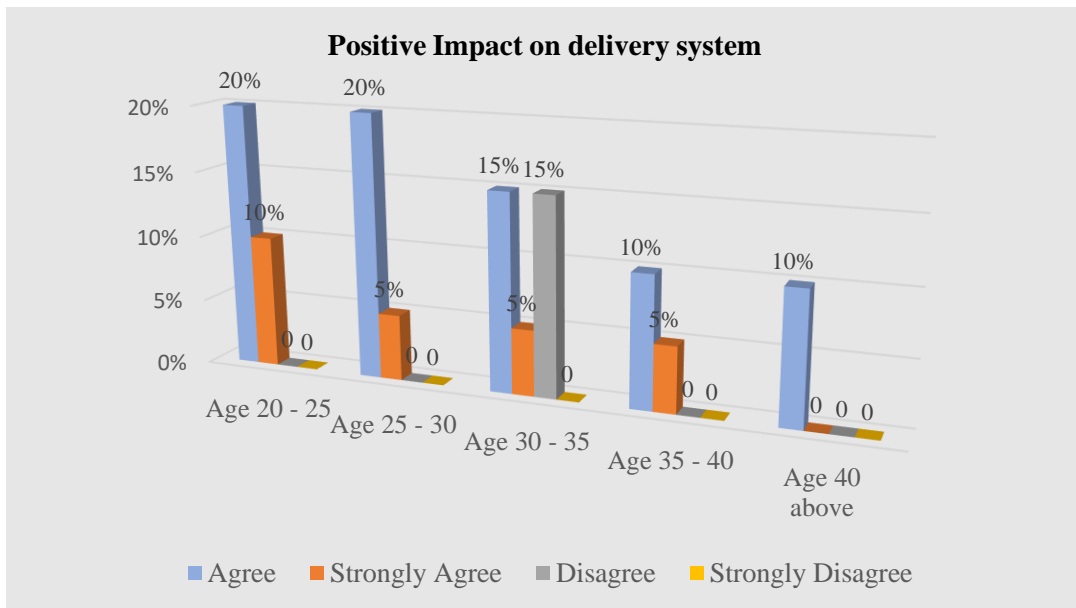
Figure: 4.19. Reasons addressed by the respondents for provision of peaceful environment in ICP Raxaul



Source: Field Study, ICP Raxaul, May, 2022

The figure 4.20 shows the views of the respondents on the positive impact on delivery system after the existence of ICP Raxaul in the area (see detail in Annexure 8). The views of the respondents are divided mostly into two categories that is agree (Age 20-25-20%, Age 25-30-20%, Age 30-35-10% and lastly Age above 40-10%) and strongly agree (Age 20-25-10%, Age 25-30-10%, Age 30-35-15%, Age 35-40-10% and Age 40 above-10%). The figure 4.20 clearly shows the disagreement on the positive impact of delivery system after the establishment of ICP Raxaul by only 15% in the Age Group 30-35 the reasons for which has been elaborated in figure 4.21.

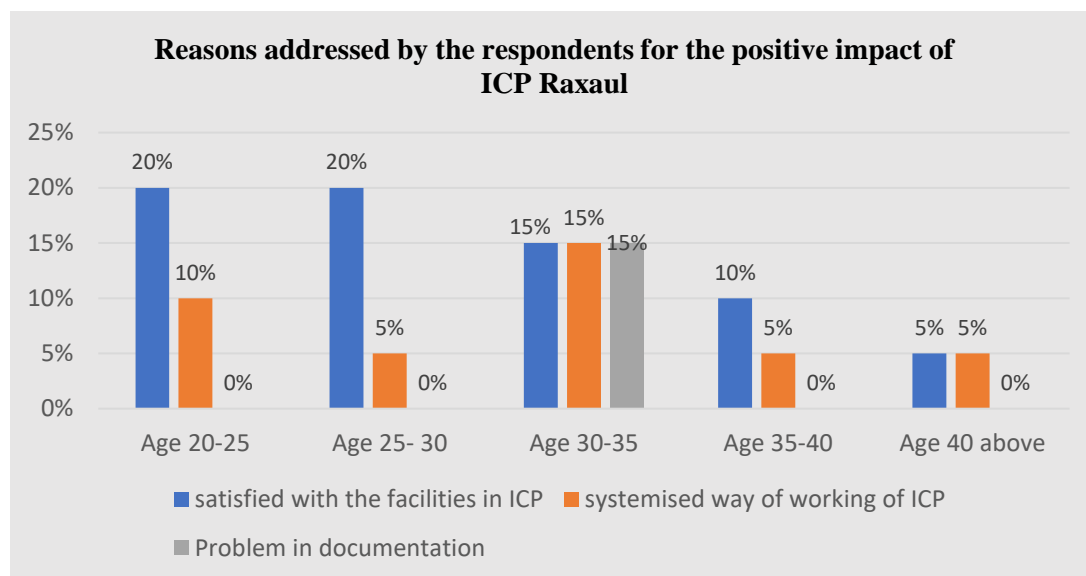
Figure: 4.20. The views of the respondents on positive impact on delivery system after the existence of ICP Raxaul in the area



Source: Field Study, ICP Raxaul, May, 2022

The figure 4.21 highlights the reasons of the respondents (truck drivers) of ICP Raxaul for their views either in support or against the positive impact on delivery system after the existence of ICP Raxaul in the area. The figure 4.21 shows the divided viewpoints of the respondents on three grounds with majority of agreement on the positive impact on the delivery system after the establishment of ICP Raxaul which can be vividly traced through 20% supporting the views on the satisfaction with the positive impact on the delivery system in the Age Group 20-25 and Age Group 25-30. The satisfaction with the systemized way of working of the ICP has been justified highest by the Age Group 30-35, and 10% by the age group 20-25 and 5% by the age group 20-25, age group 30-35 and age group 40 above. Hence the figure shows the response more towards the positive side and only 15% agreement on the problems faced by the respondents from age group 30- 35 as not in favour of the positive impact on the delivery system of the ICP.

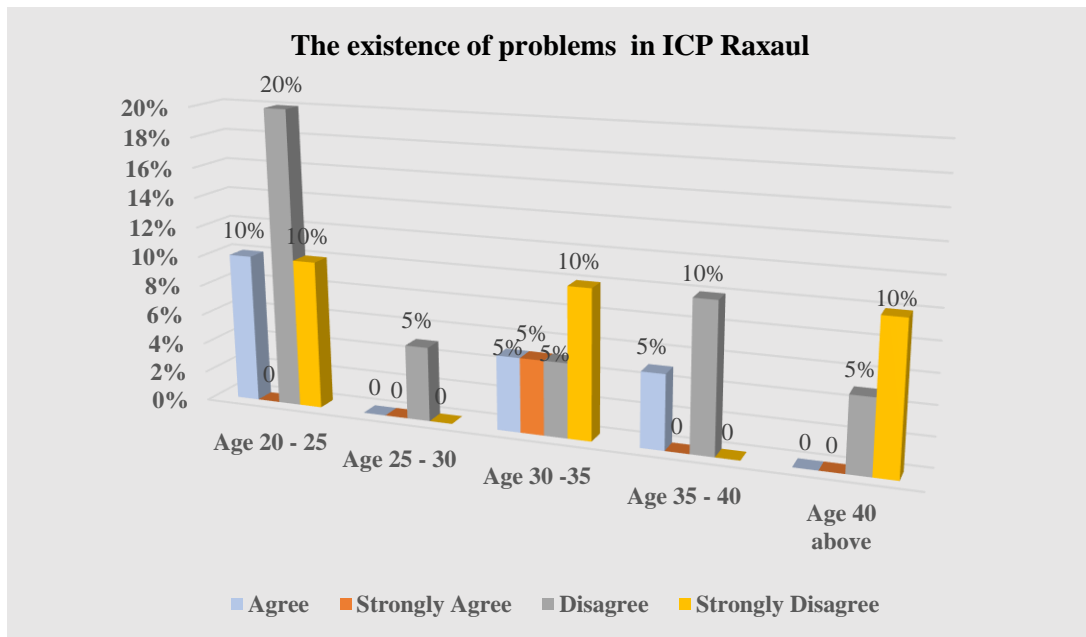
Figure: 4.21. Reasons addressed by the respondents for positive impact of delivery system of ICP Raxaul



Source: Field Study, ICP Raxaul, May, 2022

The Government has taken major step through the establishment of ICPs between the borders of two countries for trade facilitation and in the organisation and management of such an important infrastructure like the ICPs there exists some problems on the sides of both the institution and the workers. The figure 4.22 given below shows the problems faced by the respondents in the ICP Raxaul (see detail in Annexure 8). The views of the respondents are divided by 20% on agreeing and 5% strongly agreeing to the existence of problems in the ICP Raxaul and 45% disagreeing and 30% strongly disagreeing to the existence of problems in the ICP Raxaul. The 20% and 5% of the respondent were of the problems faced on a regular basis are mainly due to paperwork and delay due to exhausting traffic issues whereas the 45% and 30% with the different opinion of not facing any problems was of the view that the traffic issues have lessened and the advanced technologies have aided in smooth delivery of their consignment to the destination.

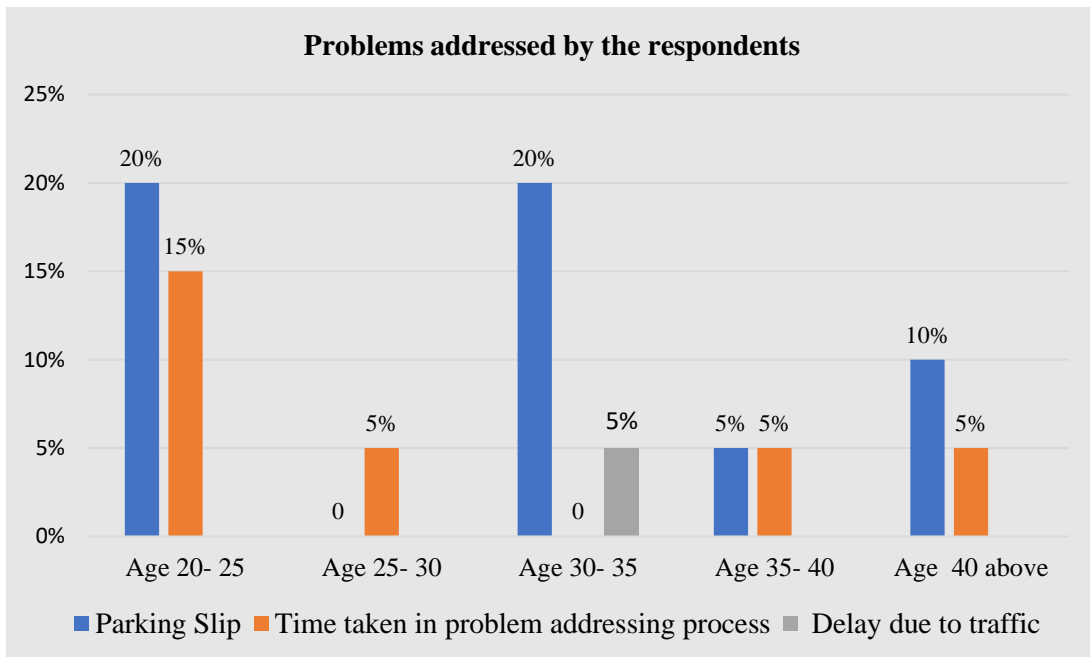
Figure 4.22. The Views of the respondents on the existence of problems in the ICP Raxaul



Source: Field Study, ICP Raxaul, May, 2022

The figure 4.23 shows the problems addressed by the respondents in the ICP Raxaul. The main problems are shown in the figure as in case of parking slip, time taken in the problem addressing and solving approach towards the respondents and lastly the delay due to traffic. The 20% views on parking slip between the age group 20-25, 25-30 and 10% in the age group 40 above and 5% between the age group 35-40 shows the majority of respondents agreement on the parking slip being a major problem. The 5% views show in the figure depicts the existence of delay on the problem-solving process supported by the age group 35-40 and 40 above and only 5% on the delay due to traffic.

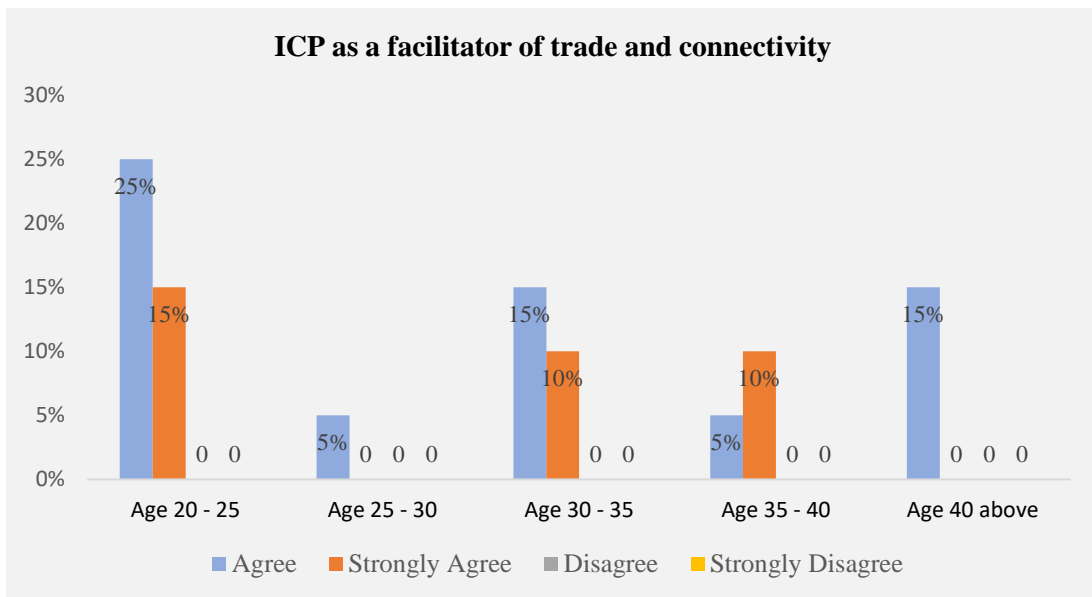
Figure: 4.23. Problems addressed by the respondents for existence of problems in ICP Raxaul



Source: Field Study, ICP Raxaul, May, 2022

The ICP of Raxaul has a major role in the facilitation of trade between India and Nepal. The figure given below shows the perception of the workers of ICP Raxaul in its role as a facilitator of trade and connectivity between India and Nepal. The figure 4.24 gives a clear understanding on the vast majority of the respondent’s positive view on the impact of the ICP Raxaul in India and Nepal trade regardless of age groups with either agreeing or strongly agreeing to the importance of ICP Raxaul as a better facilitator of trade and connectivity (see detail in Annexure 8). The respondents were of the view that before the establishment of the ICP Raxaul they faced problems like lack of management and other threats like loots which has lessened due to the establishment of a proper border infrastructure system.

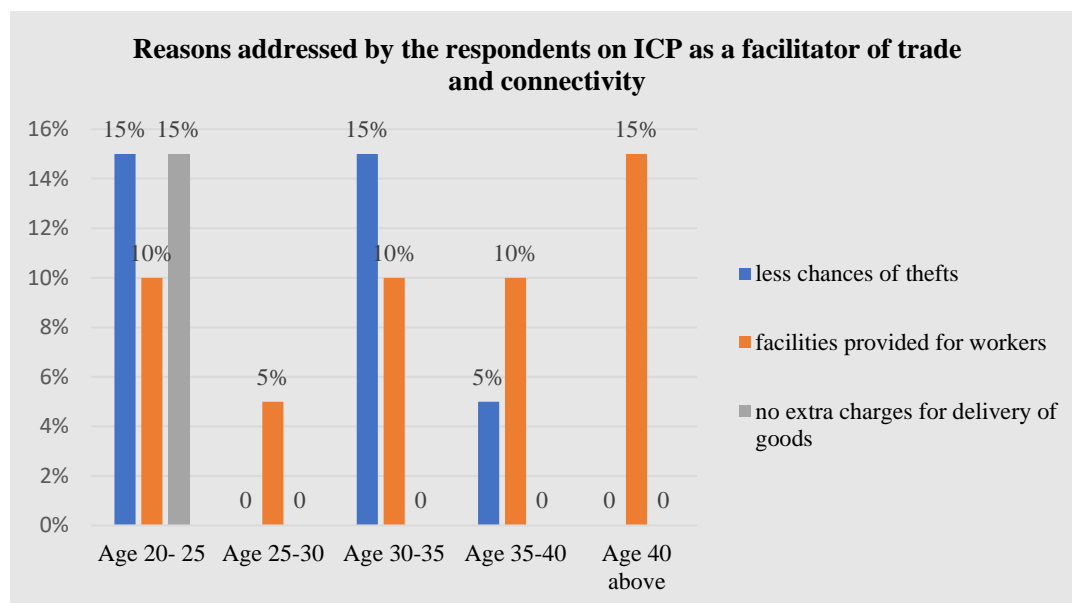
Figure: 4.24. Views of the respondents on ICP as a facilitator of trade and connectivity



Source: Field Study, ICP Raxaul, May, 2022

The figure 4.25 shows the reasons stated by the respondents on their views on the establishment of ICP as a facilitator of trade and connectivity, the views are in majority on the ICP on positive side as shown in the figure with 20% agreement with the existence of less conflicts among the age group 20-25 and age group 25-30 and 10% among the age groups 30-35 and age group 35-40 and 5% with the age group 40 above. The problem-solving approach has been justified by the 5% of the respondents between the age group 25-30 and others like 10% - age group 20-25 and age group 30-35, 5% between the age group 35-40 and age group 40 above on the facilities provided by the ICP Raxaul towards the respondents (truck drivers).

Figure: 4.25. The reasons addressed by the respondents on ICP as a facilitator of trade and connectivity



Source: Field Study, ICP Raxaul, May, 2022

4.6.3.2 ICP Birgunj

The ICP Birgunj was inaugurated by the Nepal Prime Minister K.P Oli and Indian Prime Minister Narendra Modi in 2018. The ICP Birgunj was established with the aid of the Indian Government and build in the same modality in Raxaul of India and Birgunj of Nepal (Service, 2018). India and Nepal in 2005 had signed an accord for the building of a string of check-posts near the border at Biratnagar, Birgunj, Bhairawa and Nepalgunj (PTI, 2016). The opening of the Kalimpong Dhatung Road (near Darjeeling), the historically Nepal-Bhot trade had been facing decline in trade resulting in the increase in Indo-Nepal trade along with the emergence of new markets along the Nepal-India border. The signing of the treaty between Nepal and the United Kingdom in 1980 had a different impact on the policy of Birgunj bazaar with the levying of market duties on both imported and exported goods along with tax-free import permits for overseas goods coming to Nepal through India and other markets in foreign exchange concessions. The other alteration was in the goods imported from Raxaul

which had apparently started moving from Birgunj to Chimpu and then to Goshwara Customs in Kathmandu. The Madhes Bandovasta Adda was the centre for the work of the Madhes side before the year 2007. In 2013 there was further alteration with the conversion of all the bazaar adda in the Terai into custom offices transforming the Birgunj Bazaar Adda into Birgunj Custom Office. The aftermath of the promulgation of the Custom Act in 2019 the customs has been functioning as a modern custom in Birgunj Municipality (Ward no. 19 Inarwa) with Birgunj Customs Office having two main branches that is the Main Office at Birgunj as Birgunj Office and Birgunj ICP Customs Office at Alau as the next office with major imports consisting of vehicles , spare parts of vehicles, petroleum, coal, iron rods, pipes, cement clinker, readymade garments, soft drink concentrates, industrial machinery and raw materials, feed supplements, sport shoes (synthetic swelling) and the exports including goods like juice, jam, Khudo, aluminium rods, jam-both cloth, CR seat, hand bag, iron sheet, hat and copper goods with more than 42% of total custom revenue of Nepal (Office, nd.).

The table 4.11 given below shows the infrastructure of the ICP Birgunj.

Table: 4.11. Infrastructure of ICP Birgunj

ICP Birgunj		
Construction Completed on April 2018 Construction Company: RITES Limited (Government of India Enterprise) Inauguration: 7 th April 2018		
Infrastructure Facilities		
Building	Pre- engineered Sheds/ godowns	Roads and Parking Areas
<ol style="list-style-type: none"> 1. Admin Building Double Storey approx. 1350 sqm 2. Dispensary building Single Story approx. 160 sqm 3. Cargo Building-2 No. Single Story-approx. 658 sqm 4. Dormitory Building Import and export- 2 No. single storey- approx. 690 sqm 5. Food Court Import and Export 2 No. single storey- approx. 324 sqm 6. Security Barrack -1 No. Double Storey-approx. 837 sqm 7. Quarantine Building 1 No. Single Storey-approx. 325 sqm 8. Electric Substation 1 No. Single Storey-approx. 36 sqm 9. Pump House 1 No. Single Storey approx. 154 sqm 10. Entrance gate 1 No. Single Storey total approx. 688 sqm 11. Toilet Blocks 6 No. Single Storey total approx. 688 sqm 	<ol style="list-style-type: none"> 1. Warehouse (Import side approx. 1374 sqm) with refrigeration facility 2. Warehouse (Export side approx. 692 sqm) 3. Inspection Shed (Import side approx. 402 sqm) 4. Inspection side (Export side approx. 234 sqm) 5. Confiscated Shed (Import & Export side approx. 100 sqm) 6. Animal Sheds (Import side approx. 100 sqm) 7. Processing Sheds total 6 No., One each at Road No. 5,6,7,8, approx. 1250 sqm each) 8. 16 No. Processing Cabins 4 No. Frisking cabins and 14 No. Police Post 	<ol style="list-style-type: none"> 1. Parking area around buildings/sheds and in isolation bay with concrete paver block 2. Bituminous roads 3. Isolation Bay in Import side 4. Footpaths for crossing connection paths
Other Facilities:		
<ol style="list-style-type: none"> 1. Weigh Bridges 80 tonne capacity (Import & Export Side) 2. Electric Sub- Station equipment 3. Firefighting system (Pumps/ water storage, supply lines and hydrants) 4. Water Supply System (including 2 tube wells, U/G water tanks) 5. Sewage Treatment Plant (120 KLD Capacity) 6. Telephone System (with connectivity from main supply from main supply point to various buildings and telephone equipment) 7. External electrification and lighting system 8. External and internal signages 9. External drainage system 		

Source: Information collected from ICP Birgunj during the field visit on 8/05/2022

This section gives a brief understanding of the ICP established on the opposite side of Raxaul that is Birgunj for giving an analysis on the functioning of ICP on the Nepal side with the inclusion of the views of the truck drivers who depend on their livelihood on the ICP and also directly involved in the core process of trade with the experience of the truck drivers working in the ICP Birgunj, the problems faced by them in working as a part of ICP Birgunj based on their personal views. The ICP Birgunj has opened the opportunity for working in a peaceful working environment for the respondents.

The table 4.12 shows the Age Group of the respondents. According to the Table 4.12 the respondents (truck drivers) of the ICP Birgunj are more in the age groups of 20- 25 with 30%, 25- 30 with 25% and 30-35 with 20% less in the Age Group of 35-40 with 15% each covering the Age Group of 40-45 with 15% and 10% in 40 above (see detail in Annexure 3).

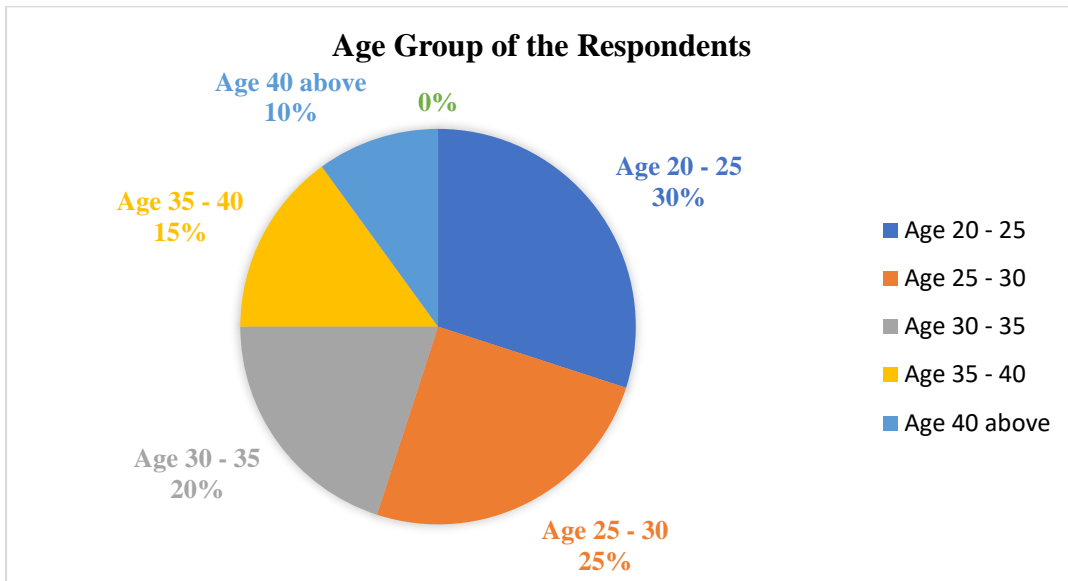
Table: 4.12. Age Group of the respondents (ICP Birgunj)

Age	Frequency	Percentage
20-25	6	30.00
25-30	5	25.00
30-35	4	20.00
35-40	3	15.00
40 above	2	10.00
Total	20	100.00

Source: Field Study, ICP Birgunj, May 2022

The figure 4.26 shows the age group of the respondents (Truck Drivers of ICP Birgunj) which are more in the age groups of 20- 25 with 30%, 25-30 with 25% and 30-35 with 20% less in the Age Group of 35-40 with 15% each covering the Age Group of 40-45 with 15% and 10% in 40 above (see detail in Annexure 4).

Figure: 4.26. Age Group of the respondents (ICP Birgunj)

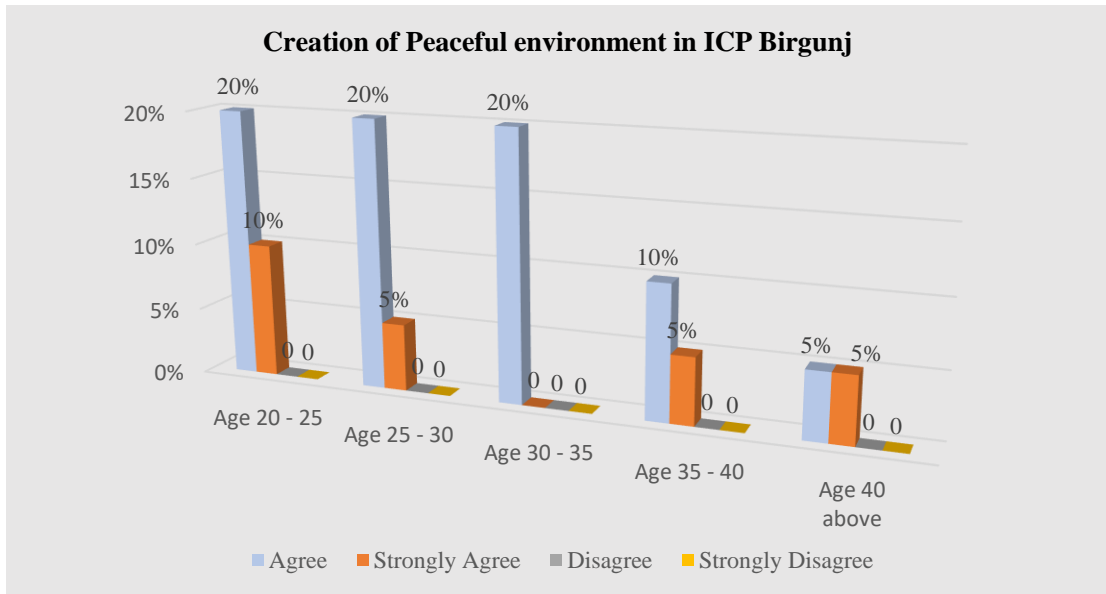


Source: Field Study, ICP Birgunj, May 2022

The figure 4.27 shows a positive impact on the working condition provided by the ICP Birgunj on all age groups as the viewpoint is divided into agreeing and strongly agreeing to the ICP Birgunj creating a peaceful working environment (see detail in Annexure 9). The figure shows with 80% irrespective of age groups agreeing to the ICP Birgunj as a peaceful environment for workers and 20% on strongly agreeing. The respondents were of the view that the ICP Birgunj has given them a peaceful working environment with the ICP catering to their needs and facilities for their convenience and aided in the reduction in the time of import/ export procedure. The ICP Birgunj although has been built in the same modality in Raxaul of India has certain areas of differences which has been also mentioned by one of the Custom Officer working in the ICP. The main area of difference lies in the fact that despite the similar ways of construction Nepal being more inclined towards imports nearly about 60% to 70% and less export of about 10% clearly firstly shows the imbalance and secondly the import procedures require undivided attention takes more time hence there exists some problem of traffic and lack of some infrastructure facilities like warehouse (due to more

export and less import through ICP). The other problem is in case of connectivity (internet connectivity) which causes some problem in delay of the process.

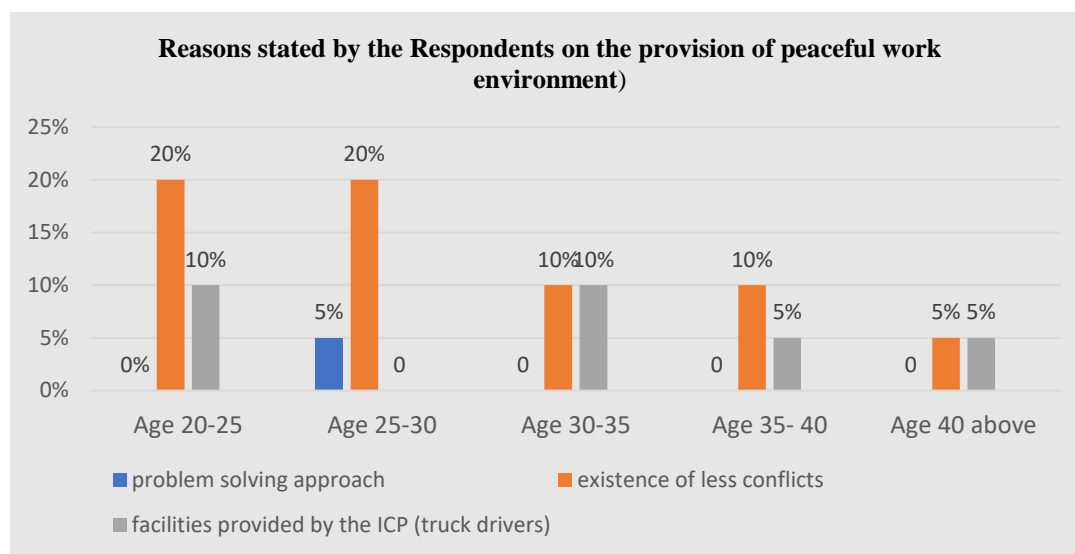
Figure: 4.27. The provision of peaceful environment for the respondents by ICP Birgunj



Source: Field Study, ICP Birgunj, May, 2022

The figure 4.28 shows the reasons of the respondents on their views on the creation of peaceful environment for the respondents in ICP Birgunj (see detail in Annexure 7). The three main reasons have been highlighted that is problem solving approach, existence of less conflicts and lastly the Facilities provided by the ICP Birgunj. The figure shows majority of views on the existence of less conflicts in the ICP Birgunj leading to creation of a peaceful working space (20% -Age Group 20-25 and Age Group 25-30, 10%-Age Group 30-35 and Age Group 35-40 and lastly 5%-Above 40%). The other reason stated by the respondents that is the satisfaction with the facilities provided by the ICP Birgunj is divided (Age 20-25 and 30-35-10%, Age 35-40 and Age 40 above -5%). Lastly with 5% agreement by the respondents on the problem-solving approach.

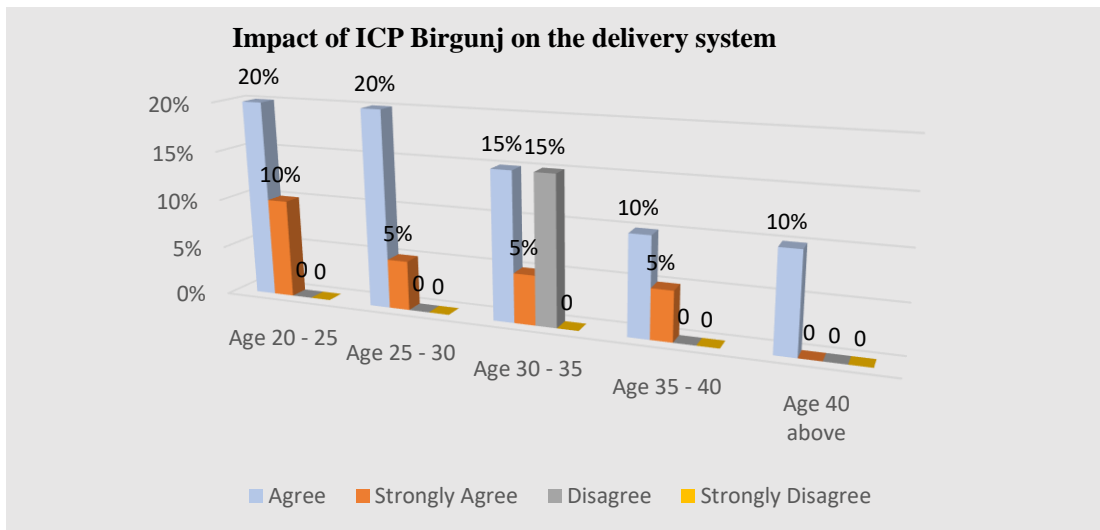
Figure: 4.28. Reasons stated by the respondents on the provision of peaceful environment towards the workers by ICP Birgunj



Source: Field Study, ICP Birgunj, May, 2022

The ICP Birgunj has a positive impact on the Indo-Nepal trade due to systematic and seamless procedure of import and export of goods. The figure 4.29 shows the views of the respondents on the impact of ICP Birgunj (see detail in Annexure 9) in the cross-border trade. The respondents were of the view that ever since the establishment of ICP Birgunj there has been improvement in not only trade but also performing their daily duties without any threats like stealing, loots and has resulted in faster medium of communication. The divided view of the respondent was on 50% agreeing to the fact that ICP Birgunj has created better trade facilities and development in the area and 45% strongly agreeing to the positive role of ICP Birgunj in cross-border trade. The ICP Birgunj has aided in various areas like creation of job opportunity, existence of less traffic and space for development in the area.

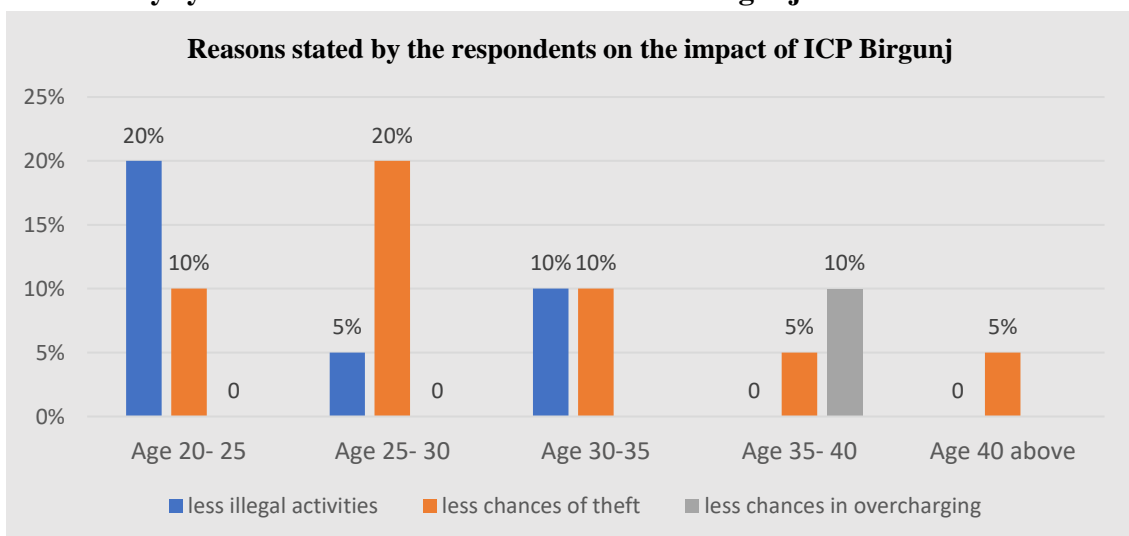
Figure: 4.29. Impact of ICP Birgunj on the delivery system after the establishment of ICP Birgunj based on the views of the respondents



Source: Field Study, ICP Birgunj, May, 2022

The figure 4.30 shows the views of the respondents on the reasons on the impact on the delivery system with three major addressed issues namely fewer illegal activities, less chances of theft and lastly less chances of overcharging which has been shown in the figure 4.30. The figure shows a positive impact on the working condition provided by the ICP Birgunj on all age groups as the viewpoint is divided into agreeing and strongly agreeing to the ICP Birgunj being a good working place.

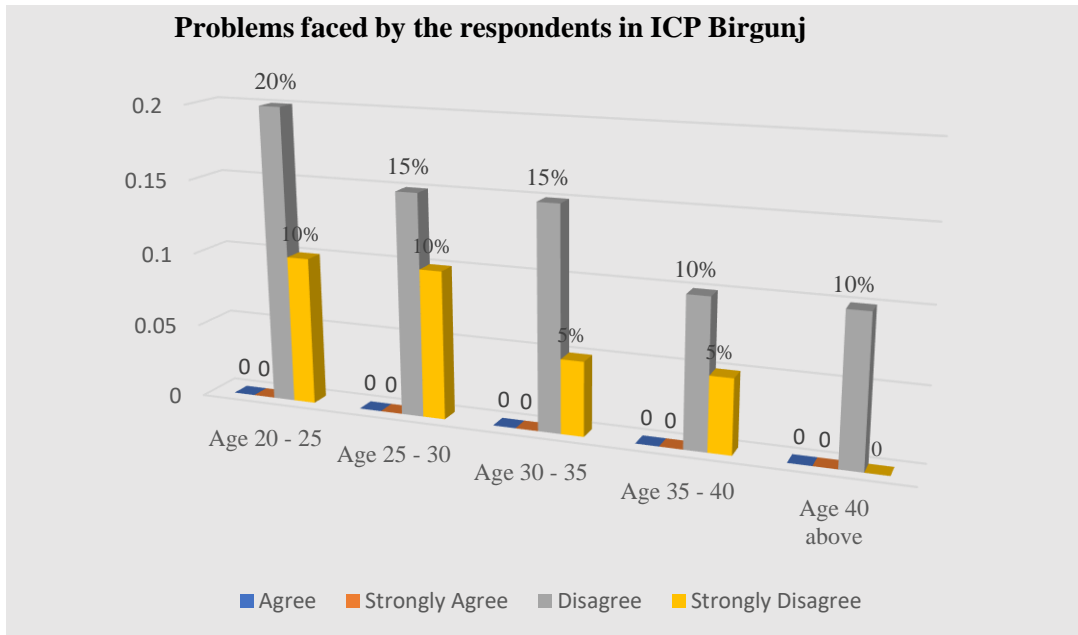
Figure: 4.30. Reasons stated by the respondents on the impact of ICP Birgunj on the delivery system after the establishment of ICP Birgunj



Source: Field Study, ICP Birgunj, May, 2022

The figure 4.31 given below shows the views of the respondents on the existing problems in the ICP Birgunj (see detail in Annexure 10). The figure shows the divided views with disagreement and strong disagreement on the existence of problems in the ICP Birgunj.

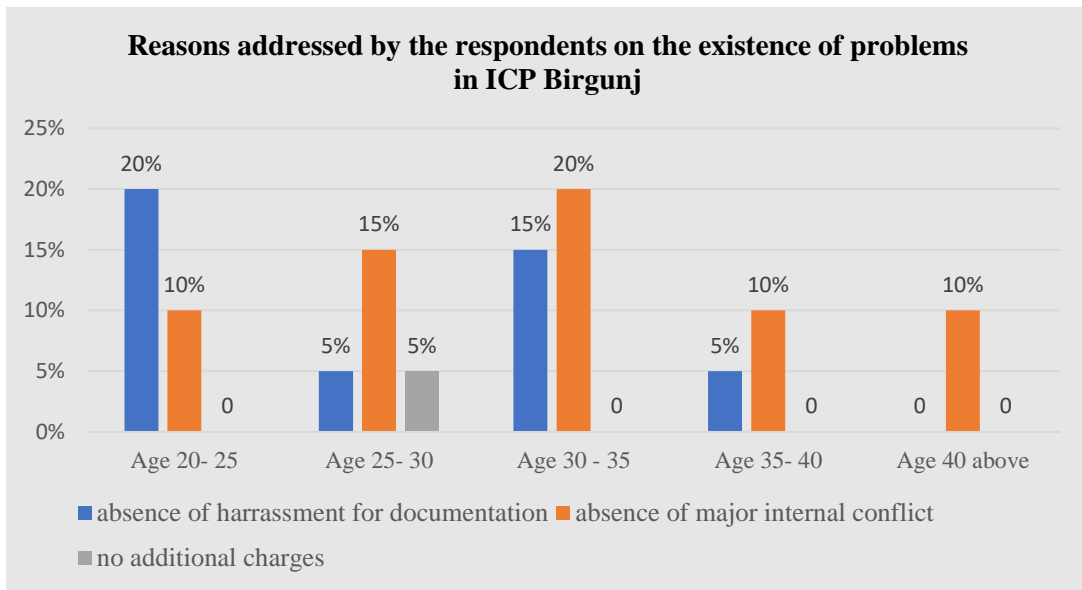
Figure: 4.31. Problems faced by the respondents in ICP Birgunj



Source: Field Study, ICP Birgunj, May, 2022

The figure 4.32 shows the reasons given by the respondents on the existence of problems in the ICP Birgunj with the positive views on the existence of very fewer conflicting matters in the ICP Birgunj.

Figure:4.32 Reasons addressed by the respondents on the existence of problems in the ICP Birgunj

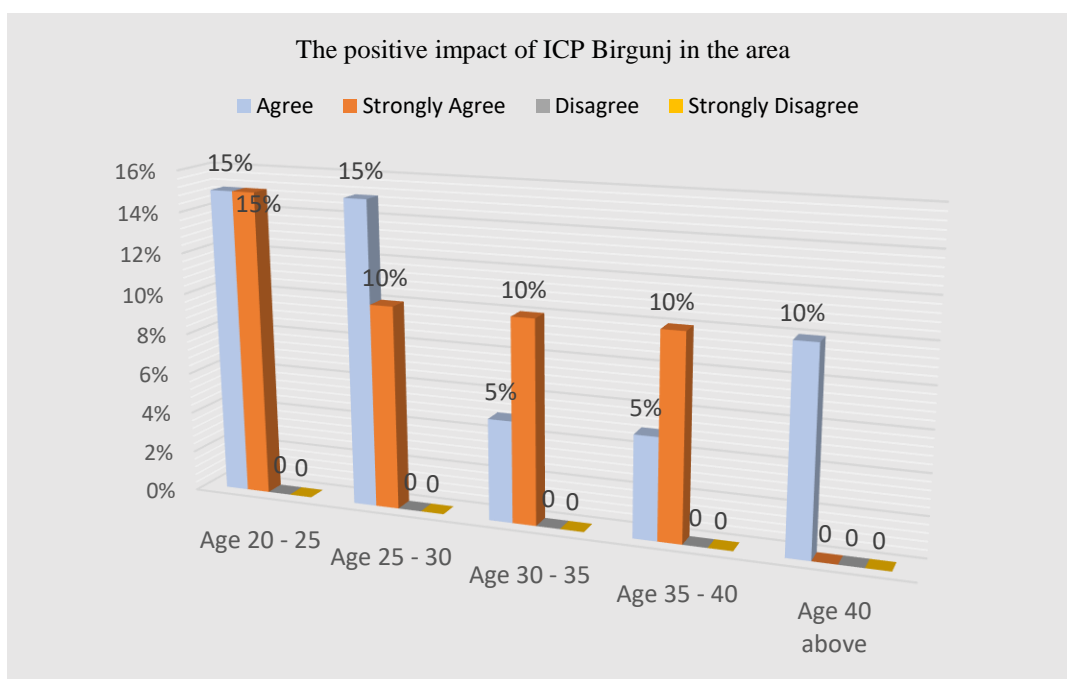


Source: Field Study, ICP Birgunj, May, 2022

The ICP Birgunj is responsible for maximum trade creation between India and Nepal. The ICP Birgunj has aided in the facilitation of better trade and connectivity and the respondents also supports this viewpoint which has been elaborated by the figure 4.33 (see detail in Annexure 10). The figure shows a positive impact on the working condition provided by the ICP Birgunj on all age groups as the viewpoint is divided into agreeing and strongly agreeing to the ICP Birgunj being a good working place.

The figure 4.33 shows a positive impact on the working condition provided by the ICP Birgunj on all age groups as the viewpoint is divided into agreeing and strongly agreeing to the ICP Birgunj being a good working place.

Figure: 4.33. The views on positive impact of ICP Birgunj by the respondents



Source: Field Study, ICP Birgunj, May, 2022

4.6.3.3. India-Nepal Border Market Study

4.6.3.3.1. Raxaul (India)

The Raxaul Bazar is a Nagar Parishad city in the district of East Champaran divided into 25 wards with the population of 55,536 as per 2011 Census Data situated at the India-Nepal border with Birgunj city of Nepal considered as one of the busiest towns because of its contribution in high volume of trade (Census India, 2011). The population of Raxaul Bazar has been further elaborated by the Table given below:

Table 4.13. Population of Raxaul Bazaar

Town	Population	Hindu	Muslim	Christian	Sikh	Buddhist	Jain	Others	Not stated
Raxaul Bazar	55,536	82.70%	16.16%	0.99%	0.06%	0.01%	0.02%	0.01%	0.06%

Source: Census India 2011

According to Report released by 2011 Census India the total population of Raxaul Bazar in 2011 was 55,536 with 29,410 males and 26,126 females with the literacy rate

of 75.62% considered higher than the state average of 61.80%. The male literacy rate was around 82.14% and female literacy rate was about 68.25%.

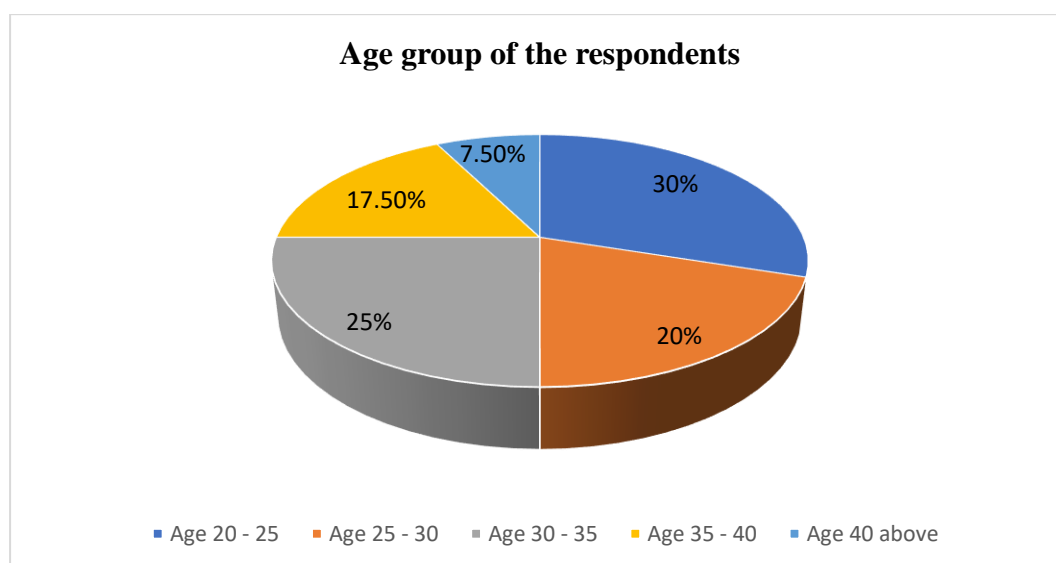
The table 4.14 shows the age of the respondents of the Raxaul market (see detail in Annexure 3). The table 4.14 and the figure 4.34 shows the Age Group of the respondents. According to the table 4.14 given below and the figure 4.36 for clear understanding the workers (truck drivers) of the ICP Birgunj are more in the age groups of 20- 25 with 30%, 25- 30 with 25% and 30-35 with 20% less in the Age Group of 35-40 with 15% each covering the Age Group of 40-45 with 15% and 10% in 40 above (see detail in Annexure 7).

Table: 4.14 Age of the respondents of Raxaul market

Age	Frequency	Percentage
20-25	12	30.00
25-30	8	20.00
30-35	10	25.00
35-40	7	17.50
40 above	3	7.50
Total	40	100.00

Source: Field Study, Raxaul Market, May, 2022

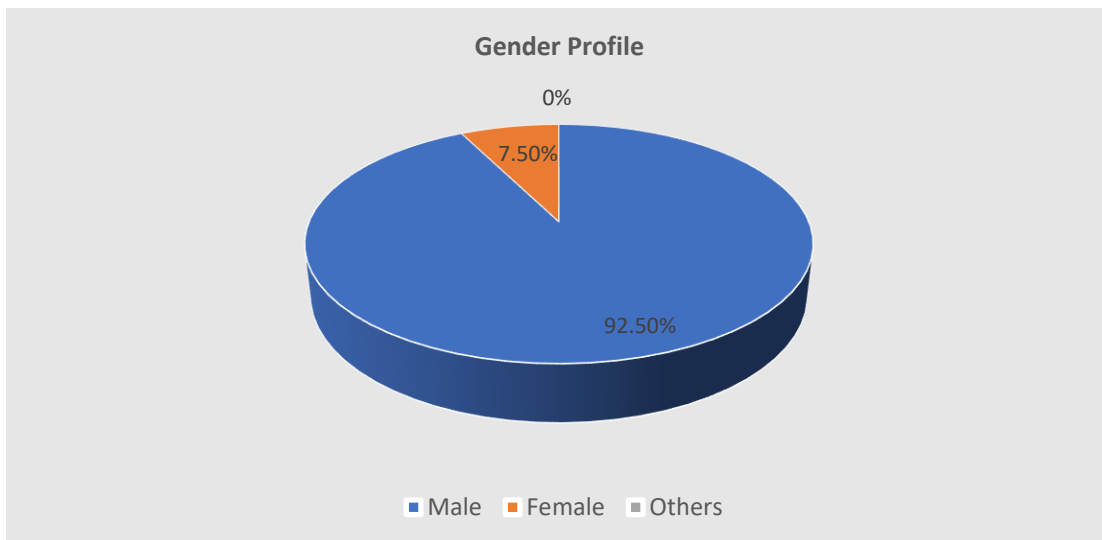
Figure: 4.34. Age of the respondents of Raxaul market



Source: Field Study, Raxaul Market, May, 2022

The figure 4.35 shows the Gender Profile of the Raxaul Market with the involvement of 7.5% women in the business (Market) and 92.50% Male in the business (market).

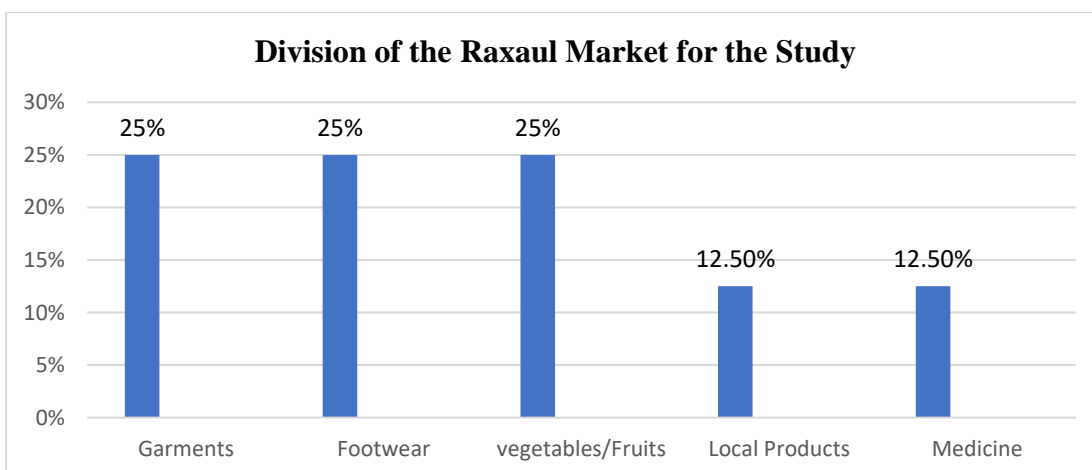
Figure 4.35 Gender Profile of the Respondents (Raxaul Market)



Source: Field Study, Raxaul Market, May 2022

The purpose of the Market Study is to study the impact of Indo-Nepal trade on Indian side (Raxaul Market). The figure 4.36 shows the division of the market study of the Raxaul. The respondent is divided into Garments (25%), Footwear (25%), vegetable and fruit stalls (25%), Local products (12.5%) and medicine (12.5%) for the detail analysis of the market of Raxaul (see detail in Annexure 7).

Figure: 4.36. Division of the market study (Raxaul)

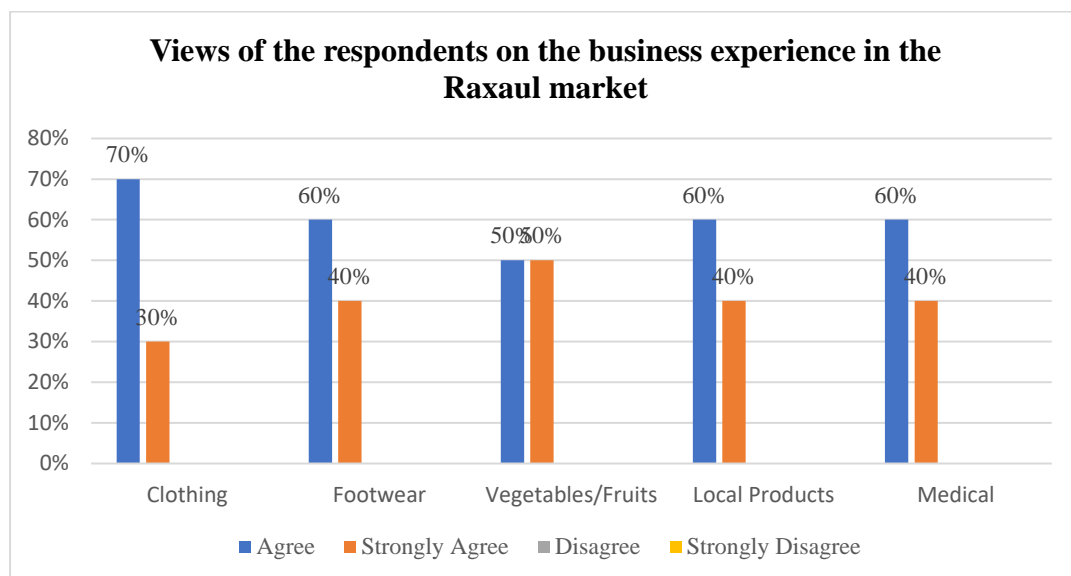


Source: Field Study, Raxaul Market, May 2022

The purpose of the market study is to study the impact of the Indo-Nepal trade on the border trade. The table gives an explanation on the dependence of the Raxaul market on the Nepal side. During the study of the market through the vendors and taking into consideration their feedbacks the maximum amount of goods for the business purpose are imported mostly from the Indian market or local areas and almost none from Nepal but the vendors did mention on Nepal's reliance on the Indian market and the constant flow of people across border giving them better business opportunities. The border market creates an opportunity in many areas like exchange of cultures and language.

The figure 4.37 shows positive feedback on Creation of better business opportunity in the Raxaul Market with a majority of agreement and strong agreement on it (see detail in Annexure 11). The respondents engaged in various business (Clothing, Footwear, Vegetables/ Fruits, Local Products and Medical) share a positive opinion with 30% agreeing and 70% Strongly agreeing by the respondents engaged in the Clothing business, 60% agreeing and 40% strongly agreeing by the respondents engaged in the footwear business, 50% agreeing and strongly agreeing by the respondents engaged in the vegetables and fruits business and 60% agreeing and 40% strongly agreeing in case of respondents engaged in local business and lastly 60% agreeing and 40% strongly agreeing in case of the respondents engaged in the medical business.

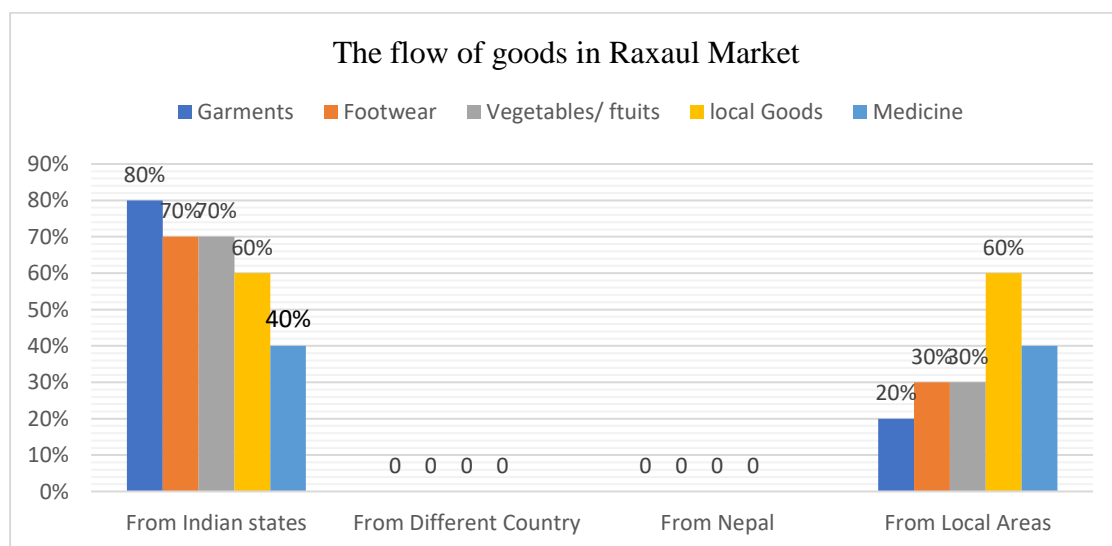
Figure: 4.37. Views of Business experience in the Raxaul border market by the respondents



Source: Field Study, Raxaul Market, May, 2022

The figure 4.38 shows the flow of goods from Nepal to the Indian markets, in this case the border market of Raxaul (see detail in Annexure 11). The figure clearly shows the inclination towards the goods coming from Indian states and the local areas. The findings in the process of the survey showed the composition of the market with no goods from the Nepal side.

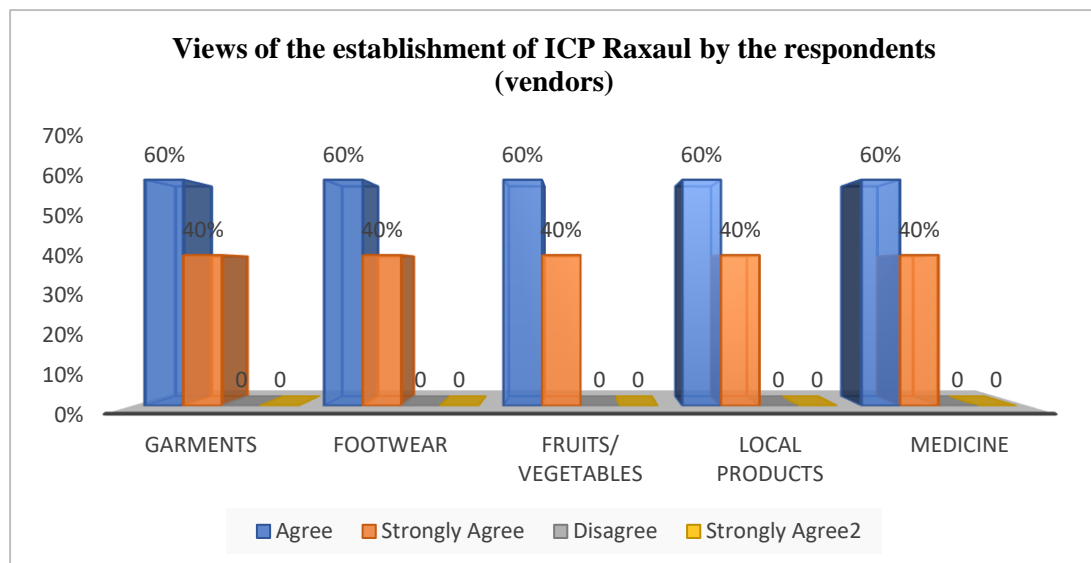
Figure: 4.38. The Flow of goods in Raxaul Market



Source: Field Study, Raxaul Market, May, 2022

The figure 4.39 shows the view of the respondents on the establishment of the ICP Raxaul in the area as a resident and business personals (see detail in Annexure 11). The figure shows with maximum agreement and strong support through strongly agreeing to the positive impact of the ICP Raxaul in the area. The respondents are of the view that the ICP has solved one of the major problems in the market that is traffic problem which affected the respondents both as a resident and business personal which was severe before with the cargo movement through the same medium and another positive impact is that the ICP has made the trade easier for them. The respondents were also of the view that due to constant flow of people from the neighbouring State has given more business opportunities and resulted in raising the standard of living.

Figure: 4.39 The views of the respondents on the establishment of the ICP Raxaul in the area as a resident and business personals



Source: Field Study, Raxaul Market, May ,2022

4.6.3.3.2. Birgunj Market Study

The table 4.15 shows the age of the respondents (see detail in Annexure 3). The total number of respondents for the Raxaul market study is 40 out of which are 8 respondents are between the age of 20-25, 10 respondents between the age 25-30, 9 respondents

between 30-35, 6 respondents between the age 35-40 and lastly 7 respondents above 40 (see detail in Annexure 6).

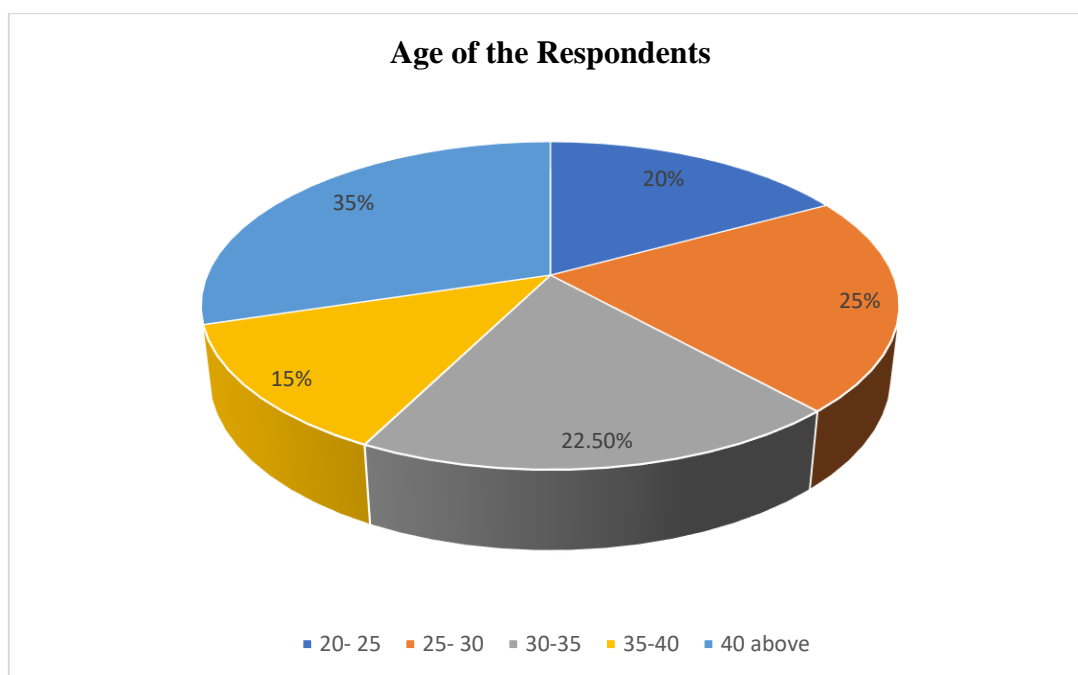
Table: 4.15. Age of the Respondent

Age	Frequency	Percentage
20-25	8	20.00
25-30	10	25.00
30-35	9	22.50
35-40	6	16.00
40 above	7	35.00
Total	40	100.00

Source: Field Study, Birgunj Market, May, 2022

The figure 4.40 shows the elaborative perspective of the age of the respondents.

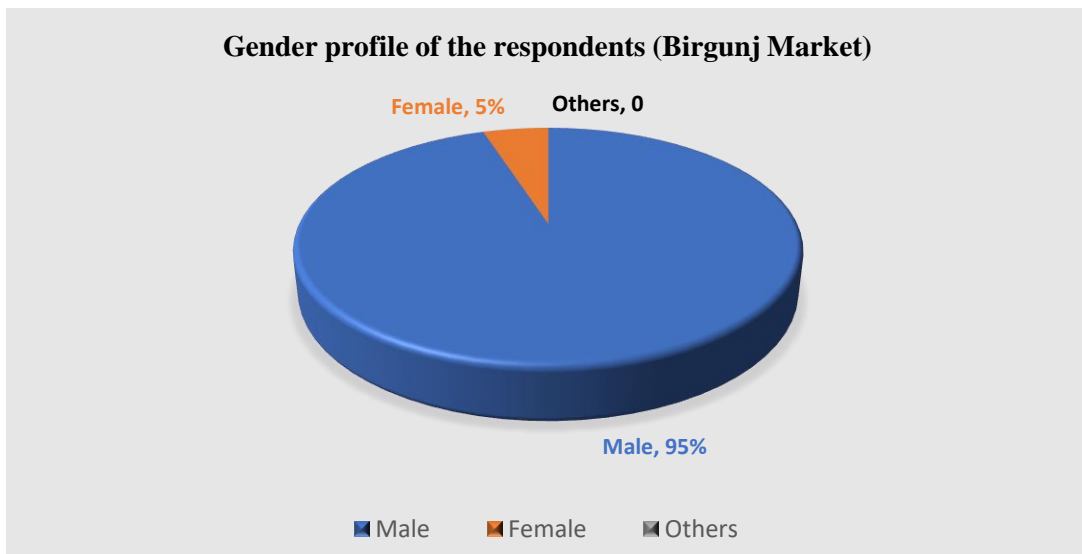
Figure: 4.40. Age of the Respondents



Source: Field Study, Birgunj Market, May, 2022

The figure 4.41 shows the Gender Profile of the Birgunj market Study with the involvement of 5% female in the market and 95% male in the Birgunj market (see detail in Annexure 6).

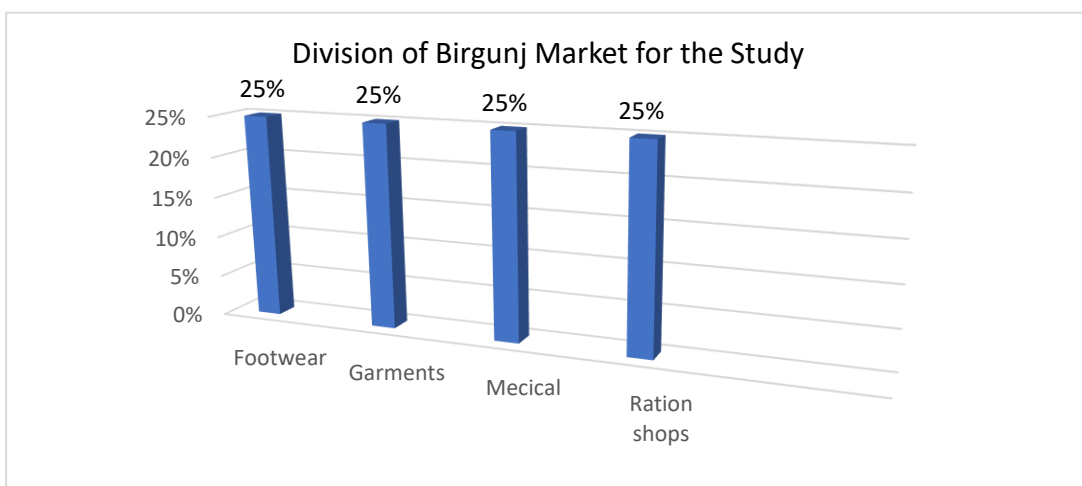
Figure: 4.41. Gender Profile of the Respondents



Source: Field Study, Birgunj Market, May, 2022

The figure 4.42 shows the division of the Birgunj Market for the study. The figure 4.41 shows the division of the market study of the Birgunj. The respondent is divided into Footwear (25%), Garments (25%), medical (25%), Ration shop (25%) and medicine (12.5%) for the detail analysis of the market of Raxaul (see detail in Annexure 6).

Figure: 4.42 Division of Birgunj Market for the Study

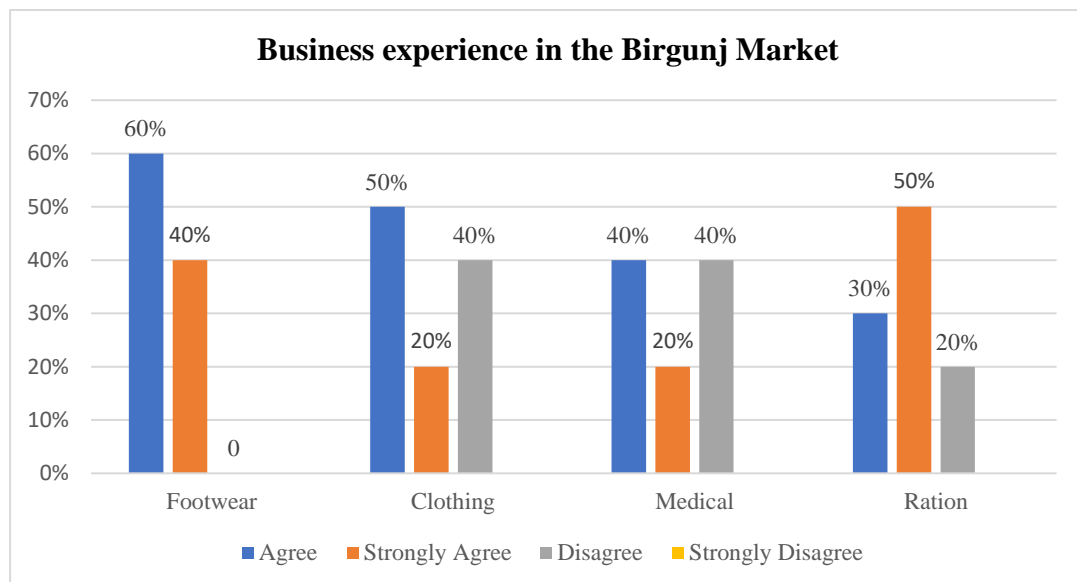


Source: Field work, Birgunj Market, May, 2022

The figure 4.43 shows the views of the respondents on the business experience that the border market has provided for them (see detail in Annexure 12). The figure shows a divided opinion of agreement, strong agreement and disagreement on all sections

(Footwear, Clothing, Medical and Ration).The figure 4.43 shows the views of the respondents on the business experience as a vendor and resident in the Birgunj market with the divided view with 60% agreeing and 40% strongly agreeing with Birgunj providing better business experience and 50% agreeing, 20% strongly agreeing and 40% disagreeing in clothing business and 40% agreeing and 20% strongly agreeing and 40% disagreeing with the business experience for doing business in the Birgunj market and finally with the divided opinion of the vendors on 30% agreement, 50% strong agreement and 20% disagreement among the vendors engaged in ration business.

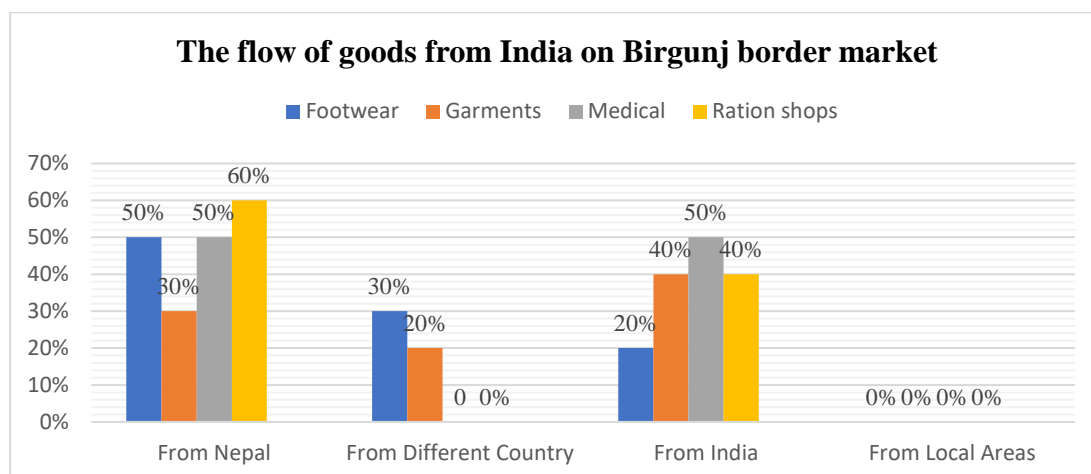
Figure: 4.43. Business experience in the Birgunj market



Source: Field Study, Birgunj Market, May 2022

The figure 4.44 shows the composition of the Birgunj market which shows the flow of goods mainly being dominated by the Indian products and the products from the home country (see detail in Annexure 13). The figure clearly shows difference from the case of Raxaul market which shows less dependency on the Nepal side.

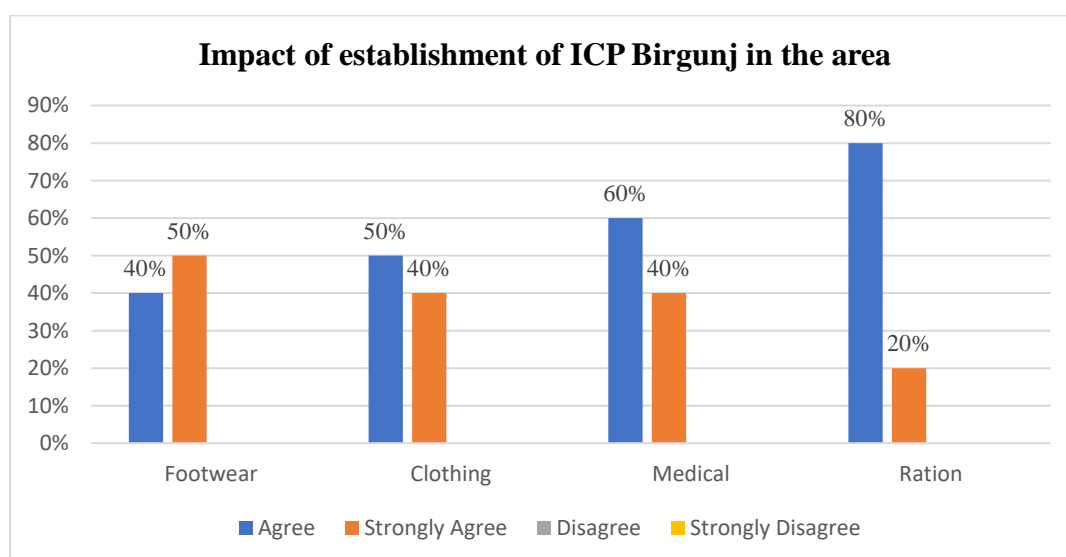
Figure: 4.44. The flow of goods in Birgunj Market



Source: Field work, Birgunj Market, May, 2022

The figure 4.45 shows the view of the respondents on the establishment of the ICP Birgunj in the area as a resident and business personals (see details in Annexure 12). The figure shows with maximum agreement and strong support through strongly agreeing to the positive impact of the ICP Birgunj in the area. The respondents were also of the view that due to constant flow of people from the neighbouring state has given more business opportunities and resulted in raising the standard of living.

Figure: 4.45. The views of the respondents on the establishment of the ICP Birgunj in the area as a resident and business personals



Source: Field Study, Birgunj Market, May, 2022

4.6.3.4. Field study Observations

The ICP Raxaul is considered as a State-of-the-Art facility having a sanitized zone with adequate passenger and freight processing facilities performing the main border related functions of Customs, Immigration, Border Security and Quarantine with other support facilities as an integral part of the ICP. The Government of India had approved the development of 13 ICPs of which the development of the ICP of Raxaul was listed as a priority with the allocation of Rs 120 crore for the ICP Raxaul Project. The detailed engineering designs was developed and submitted by ²⁴RITES a Government of India Enterprise and a leading consultancy organisation. The setting of ICP is an important step for the border infrastructure development which has been mentioned in an interview with an Officer of the ICP (Raxaul) during the visit to ICP Raxaul “as prior to the concept of ICP there was presence of Land Custom Stations and Immigration Check Posts that functioned on a separate basis along with Customs, Plant and Animal Quarantine. There was a lack of an integration of these department under one umbrella which was possible with the emergence of Land Port Authority of India (LPAI). The LPAI worked as an organisation for providing an umbrella for the scattered departments with the responsibility of development of the Integrated Check Post for modern, advanced and developed medium of trade facilitation including all these departments. The First Phase of the construction of ICP included the construction of five major ICPs and ICP Raxaul was an important part of the plan with an agenda for “single window system” with the moto of “systematic, seamless and secure trade” raising the bar as per

²⁴RITES (Rail India Technical and Economic Service) was established in 1974 with an aim for the provision of consultancy service in rail transport management to operators in India and abroad which was diversified into a planning and consultancy services for other infrastructure like airports, ports, highways and urban planning to name a few.

international level which was absent in the previous border infrastructure development programme with a creation of “a State-of-the-Art” infrastructure”.

4.6.3.5. The ICP Raxaul: Problems and Perspectives

The main issue that the ICPs not only Raxaul face have been due to the procedure for the acceptance of change has been mentioned by one of the Officer working in the ICP Raxaul “as acceptance of any change can take a longer period of time and the workers and the people residing in the vicinity finds difficulty in adjusting with the changes brought in certain policies in the ICP. The statement was justified by a very vivid example given by the officer of starting of the online entries of the cargo vehicles in the ICP Raxaul. The starting of the online entries of the cargo vehicles in the ICP Raxaul was a change that was not fully acceptable by the workers, drivers and Custom Agents of the ICP resulting in the clash of conflict hence the acceptance of any innovation is faced by challenging circumstances as such in this case hence such minor problems have been faced by the ICP Raxaul in the process of facilitator of trade and connectivity which leads to delay and not denial in the process but with gradual acceptance of the new innovation and technology”.

The ICP Raxaul though was inaugurated in 2018 it lacks a complete shift to the use of the ICP trade gates due to the existence and operational status of the old Land Custom Station routes therefore, the exports of items like petroleum and coal have continued to move from the old LCS gate mainly due to resistance from traders. The continuation in the use of the old LCS routes has been mentioned by one of the officers working in field in the ICP Raxaul. The other problem that has been mentioned before is the acceptance of changes like the online entries of the cargo vehicles.

The problem of lack of acceptance to changes however has not only been the sole reason for the conflict but also lack of proper digitalisation at the ICP Raxaul as the setting up and adaptation of any new technologies takes time. The ICP though has opened itself to advanced technological support yet a number of processes at the ICP has to take place on manual grounds including the maintenance of records at the gates and the requirement of physical copies of entry and exit slips in triplicate. The process of setting up good internet connectivity has been the goal of the ICP with its gradual shift to online entries but the area being isolated has been facing certain connectivity issues which the ICP Raxaul has been giving undivided focus on solving it.

The problems on the side of the workers of the ICP Raxaul has been analysed through the focused group discussion and the concerns were mainly on internal grounds. The workers (truck drivers) mentioned in the interview of the requirement of three main documents for the completion of their consignment that is the entry pass, weighment slip and parking slip. The acceptance in the alteration by the online entries has not been accepted as a whole by these workers and face certain difficulties on this procedure. The major difficulties mentioned by these workers in the process of the completion of the consignment was in the time taken or the waiting hours due to the problems of parking and entry slips though the workers did not fail to mention the satisfaction with the provision of waiting rooms/sheds by the ICP Raxaul.

The infrastructure development of the ICP Raxaul was under good condition and supervision. The other issue of concern mentioned by the truck drivers was on the ratification or alteration of the vehicle registration number. The mistakes in the vehicle's registration number are taken longer time for correction during which the truck drivers mentioned the inconvenience due to longer waiting hours (one to two days as mentioned by one of the truck drivers) causing them loss of time and money. Another

problem highlighted by one of the truck drivers was the payment of extra charges due to the inadequate paperwork leading them for the payment of extra money on the entrance of the ICP in Nepal (Birgunj) for the completion of their consignment. The severeness of the problem is mentioned below with the help of tables and charts along with their views on the establishment of ICP and their views on it.

The other problem that the ICP Raxaul faces which has even been mentioned in an article by Riya Sinha (2021) in “Linking Land Borders: India’s Integrated Check Posts” is the lack of testing facilities at the ICP. The working of ICP includes amalgamation of various departments under one integrated umbrella and the Plant Quarantine is an important Department the lack of better plant quarantine facilities in the ICP has acted as a hinderance in the agricultural exports from Nepal as the samples collected are collected at Raxaul and sent to Kolkata for testing which makes the process longer leading to the completion of the whole process in about 10 days leading to accrual of detention charges on the consignment along with additional problems of rotting of some items which showcases the need for the development of an integrated plan for testing facilities in the ICP Raxaul.

4.6.3.6. Ways to remove impediments in trade and connectivity

The land-locked status acts as a hurdle in the full participation of any countries in the globalisation process based on their geographic attributes. The developing countries have higher risk factor when it comes to their contribution in the global trade due to lack of territorial access to and distance from the sea. The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) region has the existence of 12 of the world’s 30 landlocked developing economies with Afghanistan, Bhutan, Lao People’s Democratic Republic and Nepal under the least developed countries status and

Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Lao People's Democratic Republic, Mongolia, Tajikistan, Turkmenistan and Uzbekistan in the transition phase (UN, 2003).

The flexibility of the participation on the international market are hindered by various obstacles firstly the distance and their dependence on the transit passage. The dependence of the landlocked countries for transit comes with the question of sovereignty. The dependence of the land-locked states on transit passage depends on the policies and agreement of the transit states for safeguarding their sovereignty along with the provision of transit facilities to the landlocked countries (Frederic, D. et al., 2021).

The dependence of the land-locked countries for transportation of goods through land mediums with the aid of one or more neighbouring countries can be viewed as a crucial deal for the land-locked countries due to mainly lack of territorial access to the seaports and the prohibited cost of airfreight. Hence the land medium plays a vital role in the case of trade and connectivity. The land and intermodal transport like road, rail and inland water transport have been growing importance and seen as a viable medium for accessing the international markets. The transportation by land has major dependence and requirement for the existence of a cordial relationship, coordination and harmonization between the neighbouring countries mainly due to overland transit being the subject of national sovereignty for every transit country. The main reason behind this perception of the transit countries have been backed by the involvement of the use of transport infrastructure, constant movement of vehicles and people across national borders (UN, 2003).

India and Nepal have been sharing a cordial relationship irrespective of some areas of conflict in case of trade and connectivity. India has been a major trading partner of

Nepal based on more than just cultural linguistic and ethnic unity making the existence of all-weather trading route possible. India has given the right to access for the third-country trade to Nepal and the use of Kolkata and Haldia ports and Mumbai, Nava Sheva and Kandla port. The land medium plays a vital role for transit and the Raxaul (India)-Birgunj (Nepal) has been considered as the most important route for India-Nepal bilateral and third country trade (Frederic, D. et al., 2021).

Conclusion

India and Nepal share close and unique ties of friendship based on mutual cooperation, common culture, deep rooted people-to-people contact. The establishment of ICPs at Raxaul and Birgunj between India and Nepal were the first ICPs to be given operational status with major contribution in trade and connectivity. The chances of conflict are always high between countries and India and Nepal has been no exception to that making way for several barriers to trade and investments despite the odds India has always been the closest commercial partner of Nepal making India as the largest export market and source of its import, topmost investor of foreign capital and largest doner of foreign aid. The land-locked status of Nepal bordered by India on three sides further has shown more dependency on India mainly for transit facilities.

The need for infrastructure development for the establishment of seamless, secure and safe trade has been the priority of both the countries and the establishment of the ICPs between the Indo-Nepal border has made the process much easier and secure. The ICPs has played a major role in curbing one of the major problems of illegal activities or illegal trade due to the presence of an open border between the two neighbouring countries. The establishment of ICP Raxaul (India) and Birgunj (Nepal) has major contribution in the facilitation of trade and connectivity between the two countries. The functioning of any institution/department has some issues of concern and so does the ICPs mainly dealing with crucial matter like trade. The area of conflicts has though been under the process of solving by both ends. The ICP's role as a facilitator of trade and connectivity has been crucial and made the process of trade and connectivity easier, safe and secure despite some of the existing issues which both the countries have been giving equal attention to look into it.

The emergence of ICPs as a facilitator of trade has aided in the growth of trade and creation of hassle-free trade and connectivity between India and Nepal. The border infrastructure plays a very important role in not only maintenance of security but also better chances of trade and connectivity in the region. The establishment of ICPs has firstly integrated department of importance like customs, immigration, quarantine under one umbrella which has firstly resulted in the presence of a systematic and seamless practice for the growth of trade and connectivity between India and Nepal. There are various issues of concern in matters of trade and connectivity. The first and the foremost is the landlocked situation which has created the need for greater dependence of Nepal towards India and border infrastructure like the ICPs which has some areas of internal problems but apart from that has some major contribution as the facilitator of trade and connectivity.

Chapter 5

Conclusion

The world without conflict is indispensable in nature as there has always been place for conflict before the existence of peace. The existence of various kinds of conflict can be traced like ethnic, environmental, political, territorial, social, economic, environmental and many more. The advent of globalisation has though introduced concept of interdependence, mutual development, mutual cooperation which has aided in mutual growth but it has also created a place for conflicts. The era of globalisation has introduced new dimension of conflicts that has both direct and indirect impact on every existing country in terms of economy that is conflict in trade and connectivity. Trade and connectivity are major part of a country's economic growth. The economic growth of a country plays a very vital role in determining many factors like security. The world order dominated by both hard and soft power requires undivided attention towards a country's economic as well as military strength. Hence the growing conflicts in areas of trade has been viewed as an important aspect. The concept of trade and connectivity has drawn attention due to its complementary nature as there can be no place for trade without the establishment of proper connectivity specially when it includes inter-state, intra-regional and global trade which has encouraged the exploration in terms of trade and connectivity specially with the emergence of organisations like World Trade Organisation (WTO), World Custom Organisation (WCO), International Chamber of Commerce (ICC), united Nations Conference on Trade and Development (UNTAD), United Nations Commission on International Trade Law and many more.

The trade and connectivity on global parlance have certain areas of conflicts like Intellectual Property Theft, counterfeiting and confiscation of ships by the respective governments and tariffs influenced by several factors like geographical location,

external and internal disputes, political, economic, social, cultural and many more. The involvement of any two or more powers in an agreement of mutual cooperation, mutual dependency with the motive of mutual growth has place for areas of conflict. The trade arrangements for the purpose of the establishment of better connectivity and trade relations also have certain areas of conflict. The bilateral, transnational or global relation between the states play a key role in determining many factors in case of both trade and connectivity. India and Nepal have been playing an active part for the purpose of establishment of a cordial relation in terms of trade and connectivity keeping aside the existing areas of disputes and conflicts. India and Nepal despite the existence of areas of disagreements has been sharing a cordial relationship mainly due to the presence of various grounds of commonalities like culture, religion, social and people-to-people contact which has given India the status of largest trading partner of Nepal. The maintenance of this status though comes with several complications as the matters of key importance like bilateral trade does not exclude areas of concern and difficulties which needs judicious steps for eradication. The complete eradication of these problems though can be viewed as unrealistic in nature yet judicious steps for lessening the areas of conflict for seamless, secure and safe trade has been the motive of both the friendly nations.

The existence of a cordial relation between India and Nepal has been visible since independence keeping aside some differences the two countries has always given priority to the larger part that is mutual development. India has been the largest trading partner of Nepal and the two countries has been sharing similar interest in case of trade and connectivity. The areas of trade and connectivity has been an exploring factor for the growth of economy for Nepal with undivided attention to the establishment of better trade routes, infrastructure development and import/export procedures mainly due to

the geographical limitation of land-lockedness. The land-locked status of Nepal has given rise to several areas of concern with a larger impact on trade. The cordial and peaceful bilateral relation with the neighbouring State of India has given rise to better opportunities specially in the field of trade specially with India's policy of "Neighbourhood Policy First" and consideration of Nepal as "India-linked" rather than "land-locked". Nepal being a landlocked State undergoes through severe problems in terms of trade and connectivity as it demands a suitable environment and conditions for the facilitation of trade and connectivity. The main problem that these landlocked States like Nepal has in terms of trade are mainly in transit facility. The global trade also has some areas of concern in case of transit facilitation in preferential trade agreements with many countries dealing with these matters through a variety of other bilateral and regional instrument. The problem though has an accelerated impact on land-locked states specially Nepal with its strategic location. The state of Nepal mainly due to its sandwiched situation between two main powers like India and China has some major decision-making problems when it comes to both maintenance of balance of bilateral relation between two big powers. Nepal plays a vital role of a buffer State for both India and China. The strategic importance of Nepal gives more importance to India for maintenance of a cordial relation with Nepal specially after the annexation of Tibet. India though has been successful in establishment of a cordial relation with Nepal ever since independence due to the existence of various areas of commonalities like rich culture, people-to-people contact, social, religious and geographical ties. The trade relation with India has also been an issue of major importance for Nepal as apart from India being one of the largest trading partners of Nepal both the countries has linked itself more with the motive of mutual development, mutual cooperation, mutual

collaboration and interdependence in case of not only economic terms but also cultural, social and political dynamics.

The motive of mutual dependence, mutual development and interdependence has certain areas of conflict as for the completion of such major goals the two countries have to take some major decisions. The decisions have to be taken on mutual understanding and for that it requires collaboration and agreement on various issues which does not exclude certain place for conflicts. India and Nepal in case of trade and connectivity has taken major steps and has certain areas of conflict. The issue of trade and connectivity can be considered of great importance mainly due to the dependence factor of Nepal towards India for transit. The problem of transit has both direct and indirect impact on a country's economy which has some severe impact on the land-locked states. Nepal being a land-locked nation has one major hurdles in case of trade and connectivity which cannot be excluded due to its geographical condition. The sandwiched situation of Nepal has future accelerated the problem of trade and connectivity. The land-locked situation of Nepal has created a dependence factor on the nearest coastal State of India for its transit facilities. The transit states though provide the transit facilities for the land-locked states it does not exclude the question of sovereignty on this matter. The sovereign status of the transit states comes as a major concern along with the provision of transit facilities for the land-locked states. The main factor that has a vital role in the determination of the transit facilities for the land-locked state can be considered as the establishment of a cordial bilateral relation with the transit states. The bilateral relation backed by peaceful social, cultural, political, economic relation between the landlocked and transit states aids in the creation of a favourable situation for the seamless, safe and secure facilitation of trade.

India and Nepal apart from the major problem of land-lockedness has other several issues in terms of trade. The connectivity is a major concern especially due to Nepal's geographical handicapped situation which both the countries have been working collectively on. India has given special attention on this matter with the motive of "Neighbourhood Policy First". The geographical disadvantages of the land-locked countries lead to the problem of marginalisation from major international markets which significantly results in the raise of transit costs. In case of the nearest example of Nepal and Bhutan has dependence on transit through the neighbouring country India for the access in both regional and international markets. The dependence of both the countries for their export purposes rests on the nearest port of Kolkata and Haldia (the east coast of India) and the entrance through two gateway ports for import before the transportation to the final destination. There also exists a major influence on the trade of the two countries as a result of the efficiency of trade logistics services at the ports of Kolkata and Haldia along with the transportation costs for the transportation of goods along the transit corridors between these ports and Nepal and Bhutan.

The case of India and Nepal has a positive side for the facilitation of trade and connectivity and has also led to the collaboration on various grounds on this matter. The major hurdle in case of secure, seamless and safe trade between the two countries has been in terms of open border. The border management of any state has a drastic impact on multiple grounds like security, trade, political and many more. The border management has a major role in the establishment of the creation of a peaceful environment for the facilitation of trade and connectivity. The first and the foremost problem that the open border has is on the security issues which has both direct and indirect impact on the bilateral trade. The open border can be viewed as an opportunity for the existence of major problems like thefts, smuggling, trafficking, red tapism and

many more which has a devastating impact on a country's trade. The two countries apart from their focus on the growth of bilateral trade has been giving attention to the problem of open borders as well. The other problem of trade between India and Nepal has been in case of territorial and political dispute which also has some problematic impact on trade. The existence of conflicts in these areas though has not given rise to a major conflict in trade and commerce between the two countries. India and Nepal have been giving undivided attention to the growth of trade and connectivity despite the existence of some areas of conflict. The establishment of cordial relation in terms of trade and connectivity has tied the two countries with the establishment of mutual consensus in terms of signing of treaties of importance. The treaties have played an important role in case of trade. The Treaty of Peace and Friendship (1950) is still considered as a foundation of the existing Indo-Nepal relation in the present times.

The promotion of regional trade which is the basis for development on a mutual level has resulted in the growth of border checkpoints. The disadvantage of lacking in this area can act as a major hurdle in a country's economy as it has direct impact on trade. Apart from some major drawbacks inadequacy in terms of development of this border infrastructure it can have a negative impact on two most important cross-border activity like movement of goods and people in and out of the neighbouring countries having direct impact on the regional trade. Therefore, the need for efficient and modern border infrastructure has become necessary and the role that the Integrated Check Posts are playing in the process of trade and connectivity cannot be ignored. India's neighbourhood policy first has developed a close co-dependency trade relation between the neighbouring states. In context of the neighbourhood relationship India-Nepal relation has a relevant importance sharing good trade relation. India has been an important and major trading partner of Nepal that has exceeded the political relation

which has shown positive outcome in the established trade relation between the two countries.

Major Findings

- The India and Nepal bilateral trade shows a dependency factor from the Nepal's side. The State of Nepal being a landlocked state has a dependent characteristic towards India for transit and transportation of their import/export goods from the Indian ports. The land ports play a vital role in the process.
- The Land Ports plays a major role in the facilitation of trade and connectivity between India and Nepal leading to a growth in the bilateral trade between the two countries.
- India and Nepal have been giving undivided attention towards infrastructure development and engaged in various connectivity projects. There has been growth in India's assistance towards Nepal mainly based on the "Neighbourhood Policy First". India and Nepal have engaged itself in major connectivity projects which has been discussed in detail in Chapter 4.
- The establishment of the Integrated Check Posts has given benefiting results to both India and Nepal. The ICPs have played a major role in not only trade facilitation but also maintenance of secure and smart border. The ICP of Raxaul (India)- ICP Birgunj (Nepal) has a major contribution in the Indo- Nepal trade. The establishment of the ICP Raxaul has solved one of the major concerns of traffic which existed before the construction of the ICP. The establishment of Integrated Check Post has
- There are many explored and exploring concerns with regard to the functioning of the ICPs as a facilitator of trade which both the countries have been collectively looking into it. The ICP Raxaul has major contribution in creation of a systematic, seamless and secure trade between India and Nepal. There are some internal problems

of the ICP which have been exploring and mentioned in detail in the dissertation. The existing and emerging problems in the ICP Raxaul has been explored like the lack of digitalization with the consideration of the viewpoints of the workers working in field which has addressed many areas of loophole which the ICP Raxaul has been handling as a priority.

- The problem on the Birgunj side is apparently different than that of Raxaul although it is considered a model ICP of Raxaul. The Nepal as a country has more import than export rate and the more the export rate the more attention needs to be given to the import procedures which results in longer hours in the completion of import process along with more consideration in the infrastructure like warehouse.
- The ICP Birgunj has two main areas of concern firstly the warehouse storage space leading to handling of only upto 6 containers at a time and due to the higher imports through this route and secondly the condition of the road to Birgunj which has created a major deterrent in the movement of the vehicles.

Bibliography

- Adegbonmire, J. (2016). Conflicts Situation and Ways to Resolve Conflict. Retrieved from <https://www.researchgate.net/publication/289211205> Accessed on 9/10/2021
- Akinyonde, V. Demola. (2013). Theories in Peace and Conflict Research. Retrieved From [\(PDF\) Theories in Peace and Conflict Research | Demola V Akinyoade - Academia.edu](#) Accessed on 13/10/2021
- Alam, S. (2015). A Macro Analysis of India and Nepal Bilateral Trade: Retrospect and Prospect. *IOSR Journal of Economics and Finance*, 6(2), pp.25-34. Retrieved From [C006622534.pdf \(iosrjournals.org\)](#) Accessed on 13/10/2021
- Asian Institute of Transport Development. (2020). Study of Trade and Transport Facilitation India- Nepal. Retrieved From [aitd.net.in/pdf/studies/4. Trade and Transport Facilitation-India-Nepal...](#) ·Accessed on 10/10/2021
- Asian Institute of Transport development. (2021). Study on Facilitation of Cross-border Movement of Goods and People in the SAARC Region (Phase II). Retrieved From [Inter-country Cross-border Movement of \(aitd.net.in\)](#) Accessed on 17/11/2022
- Arvis, F, J. et al. (2007). The Cost of Being Landlocked: Logistics Costs and Supply Chain Reliability. World Bank Policy Research Paper No. 4258. Retrieved From [The Cost of Being Landlocked: Logistics Costs and Supply Chain Reliability by Jean-Francois Arvis, Gaël Raballand, Jean-Francois Marteau :: SSRN](#) Accessed on 17/11/2022
- Bambang, S & Park, Y, C. (2020). Future OF Regional Cooperation In Asia And The Pacific. Asian Development Bank. Retrieved From [Future of Regional Cooperation in Asia and the Pacific \(adb.org\)](#) Accessed on 17/11/2022
- Border Security: Capacity Building And Institutions. (2017). Two Hundred Third Report. Retrieved From [203 Report on Border Security \(rajyasabha.nic.in\)](#) Accessed on 8/11/2021.

- Bose, R. P. (2018). Delays continue to plague trade at Raxaul – Birgunj Integrated Checkpost. Retrieved From [Delays continue to plague trade at Raxaul-Birgunj integrated checkpost - The Hindu BusinessLine](#) Accessed on 8/11/2021.
- Bayeh, E. (2015) The Rights of Landlocked States in the International Law: The Role of Bilateral/Multilateral Agreements. Retrieved From [\(PDF\) The Rights of Land-Locked States in the International Law: The Role of Bilateral/Multilateral Agreements | Endalcachew Bayeh - Academia.edu](#) Accessed on 15/11/ 2022.
- Bisht, M. (2014). An Agenda For The New Government Policy For India In Bhutan. Institute Of Peace And Conflict Studies. Retrieved From [An Agenda for the New Government: Policy Options for India in Bhutan \(ethz.ch\)](#) Accessed on 17/11/2022
- Bhattacharjee, J. (2019). Integrated Check Posts on the India- Bangladesh border: A field study and brief analysis. Retrieved From [Integrated check-posts on the India-Bangladesh border: A field survey and brief analysis | South Asia Journal](#) Accessed on 18/11/2022
- Business Today. In. (2021). India betters ranking in ease of cross-border trade aided by reforms. Retrieved from [India betters ranking in ease of cross-border trade aided by reforms - BusinessToday](#) Accessed on 24/11/2022
- Business Standard. (2020). Business Standard. Retrieved From https://www.business-standard.com/article/news-ani/icp-at-jogbani-biratnagar-border-will-help-india-nepal-120012201055_1.html Accessed on 21/11/2022
- Banerjee, S. (2020). Harnessing the Potential for Cross- Border Trade between North East India and its Neighbouring Countries. CUTS and FICCI. Retrieved From [ResearchGate](#) Accessed on 24/11/2022
- CUTS & FICCI. (2017). Harnessing the Potential for Cross- border Trade between North East India and its Neighbouring Countries. Retrieved From [Two Column- Harnessing Potential for Cross Border Trade.p65 \(ficci.in\)](#) Accessed on 24/11/2022

- Choudhary, N & Gosh, A. (2015). India- Nepal Economic Cooperation through Bihar: Bilateralism to Subregionalism. *Economic and Political Weekly*. 50 (10). Pp 20 – 22. Retrieved From [Indo–Nepal Economic Cooperation through Bihar: Bilateralism to Subregionalism \(jstor.org\)](#) Accessed on 24/11/ 2022
- Das, P. (2008). Towards a Regulated Indo- China Border. *Strategic Analysis*, 32(5) pp.879-900 Retrieved From [https://www.researchgate.net/publication/247526013 Towards a Regulated Indo-Nepal Border](https://www.researchgate.net/publication/247526013_Towards_a_Regulated_Indo-Nepal_Border) Accessed on 8/11/ 2021.
- Datta, S. (2017). India- the bridge linking South and Southeast Asia. *Observer Research Foundation*. Retrieved From [India - the bridge linking South and Southeast Asia | ORF \(orfonline.org\)](#) Accessed on 8/10/2021
- De, P. (2013). Connectivity, Trade Facilitation and Regional Cooperation in South Asia. Retrieved From [Connectivity in South Asia \(ris.org.in\)](#) Accessed on 14/10/2021
- De, P. (2013). Connectivity, Trade Facilitation and Regional Cooperation in South Asia. Retrieved From http://www.ris.org.in/images/RIS_images/pdf/South%20Asia%20meeting%202-3%20may%2020013%20PPT/Prabir%20De. Accessed on 10/10/2021
- De, P & Ghosh, B. (2018). Reassessing Transaction Cost of Trade at the India-Bangladesh Border. *Economic and Political Weekly*. Retrieved From [Reassessing Transaction Costs of Trade at the India-Bangladesh Border \(jstor.org\)](#) Accessed on 24/11/2022
- Dottin, N, N. (2008). The Effectiveness OF Transport Corridor Agreements IN Promoting Trade In Landlocked Developing Countries: An Evalustion Of The Northern Corridor Transit Agreement In Uganda. Retrieved From [Microsoft Word - 4802A049-189D-28D319.doc \(georgetown.edu\)](#) Accessed on 17/11/2022
- Dharamdarsani, D, M. (2000). India- Nepal Partnership and South Asian Resurgence. Kanishka Publisher.

- Fulk, N. (2017). Landlockedness vs. Democracy: Their Effect on Economic Growth. Retrieved From [The Effects of Democracy on Economic Growth - New Cultural Frontiers](#) Accessed on 17/11/2022
- Faye, M & McArthur, J. (2004). The Challenges Facing Landlocked Developing Countries. *Journal of Human Development*. 5.(1).pp1-38. Retrieved From [Journal of Human Development Mar 2004 with Faye McArthur Snow The Challenges Facing Landlocked Developing.pdf \(columbia.edu\)](#) Accessed on 17/11/2022
- Galtung, J. (2004). Conflict Transformation by Peaceful Means. Retrieved From [covnew.qxd \(transcend.org\)](#) Accessed on 13/10/2021
- Glassner, I.M. (1983). Transit Problems of Three Asian Land- Locked Countries: Afghanistan, Nepal and Laos. Retrieved from [Transit Problems of Three Asian Land-locked Countries: Afghanistan, Nepal and Laos \(umaryland.edu\)](#) Accessed on 9/10/2021
- Government of Nepal. Nd. Trade and Commerce. Ministry of Foreign Affairs. Retrieved From [Ministry of Foreign Affairs Nepal MOFA – Nepal Government Foreign Affairs Nepal MOFA Official Site](#) Accessed on 24/11/2022
- Hann, D. J & Siermann, J. L. (1996). New Evidence on the Relationship between Democracy and Economic Growth. *Springer*. 86 (1/2). Pp 175- 198 Retrieved From [New Evidence on the Relationship between Democracy and Economic Growth \(jstor.org\)](#) Accessed on 24/11/2022
- Hussain, I & Elahi, A, M. (2015). The Future of Afghanistan- Pakistan Trade Relations. *United States Institute of Peace. Peace Brief* 191. Retrieved From [PB191-The-Future-of-Afghanistan-Pakistan-Trade-Relations.pdf \(usip.org\)](#) Accessed on 17/11/2022
- IBEF. (2021). Nepal- India sign for Kathmandu – Raxaul railway link. Retrieved From [Nepal-India sign MoU for Kathmandu-Raxaul Railway Link | IBEF](#) Accessed on 9/10/2021

- Iyer, S. (2000). India- Nepal Relations: A Literary Perspectives. Dharamdasani, D, M. India- Nepal Partnership and South Asian Resurgence. Kanishka Publishers, Distributors. New Delhi. pp 96-105.
- Jayaram, K, T & Shrestha, L, O. (1976). Some Trade Problems of Landlocked Nepal. Asian Survey. 16 (12). Pp 1113- 1123. Retrieved From [\[PDF\] Some Trade Problems of Landlocked Nepal \(researchgate.net\)](#) Accessed on 17/11/2020
- Jaiswal, T, N. (2000). Nepal - India in the Twenty- First Century: Issues and Prospects. Pp. 67- 73. Dharamdasani, D, M. Kanishka Publishers. New Delhi.
- Jain, B. (2019). Government approves state -of - art Passenger Terminal Building for Kartarpur Corridor. Times of India. Retrieved From [Government approves state-of-the-art Passenger Terminal Building for Kartarpur Corridor | India News - Times of India \(indiatimes.com\)](#) Accessed on 24/11/2022
- Kaliranjan, K. (2007). Regional Cooperation and Bilateral Trade Flows: An Empirical Measurement of Resistance. *The International Trade Journal* 21 (2). Pp 85-107. Retrieved From <https://doi.org/10.1080/08853900701266555> Accessed on 17/11/2022
- Lahiri, B & Masjidi, K, F (2012). Landlocked Countries: A Way to Integrate with Coastal Economies. *Journal of Economic Integartion*. 27 (4). Pp 505- 519. Retrieved From [\[PDF\] Landlocked Countries: A Way to Integrate with Coastal Economies | Semantic Scholar](#) Accessed on 17/11/2022
- Lohani, M, P. (2000). Geography as a Factor in Nepal- India Relations. Dharamdasani, M, D. India- Nepal Partnership and South Asian Resurgence. Kanishka Publishers, Distributors. New Delhi. pp 3-12
- Land Port Authority of India. (2022). Time Release Study at ICP. Retrieved From [Time Release Study LPAI.pdf](#) Accessed on 18/11/2022
- Land Port Authority of India. (nd). Retrieved From [Welcome to Land Ports Authority of India | Land Ports Authority of India \(lpai.gov.in\)](#) Accessed on 24/11/2022

- MacKeller, L et al. (2000). Economic Development Problems of Landlocked Countries. *Institut fur Hohere Studien (HIS), Wien Institute for Advanced Studies, Vienna* 14 Reiche Transformationsokonomie/ Transition Economic Series 14. Retrieved From [\[PDF\] Economic Development Problems of Landlocked Countries | Semantic Scholar](#) Accessed on 17/11/2022
- Martin, P. et al. (2012). The Geography of Conflicts and Regional Trade Agreements. *American Economic Journal: Macroeconomics* 4(4). Pp 1-35. Retrieved From [The Geography of Conflicts and Regional Trade Agreements - American Economic Association \(aeaweb.org\)](#) Accessed on 17/11/2022
- Manhas, N. and Sharma,M.(2014). The 1950 Treaty of Peace & Friendship: An Issue of Contention between India and Nepal. Retrieved From [The 1950 Treaty of Peace & Friendship: An Issue of Contention between India and Nepal \(ijsrp.org\)](#) Accessed on 15/10/2021
- Milic,M.(1981). Access of Land Locked States To and From the Sea. Case Western Reserve *Journal of International Law*. 13(3). pp .501-506 Retrieved from [Access of Land-Locked States To and From the Sea \(case.edu\)](#) Accessed on 9/10/2021
- Ministry of External Affairs (2020). Free Trade Agreement Between His Majesty's Government Of Nepal and The Government Of India. Retrieved From [Microsoft Word - India-Nepal.do \(worldbank.org\)](#) Accessed on 9/10/2021
- Ministry of External Affairs, (2014). India Nepal Bilateral Relations. Retrieved from [Nepal July 2014 .pdf \(mea.gov.in\)](#) Accessed on 10/10/2021
- Ministry of External Affairs, (2014). India Nepal Relations. Retrieved from Accessed on <https://www.mea.gov.in> 15/10/2021
- Ministry of External Affairs, (2020). Agreement Between The Government of Nepal And The Government of Republic of India on Electric Power Trade, Cross – Border Transmission Interconnection and Connectivity. Retrieved From [Microsoft Word - PTA - English \[Grand Final 21 Oct 2014\] \(moewri.gov.np\)](#) Accessed on 9/10/2021

- Ministry of External Affairs. (1960). Treaty of Trade and Transit. Government of India. Retrieved From [MEA | Statements : Bilateral/Multilateral Documents](#) Accessed on 24/11/2022
- Ministry of External Affairs. (2016). India- Bangladesh Relations. Retrieved From
- Ministry of External Affairs. (2021). India- Bangladesh Bilateral Relations. Retrieved From [India Bangladesh MAR2021.pdf \(mea.gov.in\)](#) Accessed on 24/11/2022
- Ministry of Jal Shakti. (2019). Year End Review 2019: Ministry of Jal Shakti. Retrieved From [Year End Review 2019: Ministry of Jal Shakti \(drishtiias.com\)](#) Accessed on 18/11/2022
- Ministry of Home Affairs. (2022). Journal of Land Ports and Border Economy. Retrieved From [Journal_E-Issue_1.pdf \(lpai.gov.in\)](#) Accessed on 24/11/2022
- Ministry of Home Affairs. (2022). Integrated Check Post at International Land Border. PIB Delhi. Retrieved From [Integrated Check Posts at International Land Borders | Welcome To Our India](#) Accessed on 24/11/2022
- Ministry of Finance Office. (nd). Department of Customs Birgunj Customs. ICP Birgunj. Government of Nepal. Retrieved From [Birgunj Customs Office \(Main Office\) Birgunj - || Department of Customs ||](#) Accessed on 24/11/2022
- Mukherjee, N.I. (2010). Revision of India- Nepal Treaty of Trade and Its Implication for Strengthening Bilateral Trade and Investment Linkages. Research and Information System for Developing Nations. Retrieved From [Revision of India-Nepal Treaty of Trade and Its Implications for Strengthening Bilateral Trade and Investment Linkages | Research and Information System For Developing Countries \(ris.org.in\)](#) Accessed on 15/10/2021
- Mishra, A & De, P. (2022). Journal Of Land Ports And Border Economy Issue 1. Journal Of Land Ports And Border Economy. Pp 1-152 Retrieved From [Journal E-Issue 1.pdf \(lpai.gov.in\)](#) Accessed on 24/11/2022

- Net India. (2010). First ICP on India-Pakistan to be built at Attari. Net India News Network. Retrieved From [First ICP on India-Pakistan border to be built at Attari \(netindian.in\)](https://www.netindian.in) Accessed on 24/11/2022
- Nayak, C, S. (2000). Indo- Nepal Security Relations: Framework of Mutual Security Arrangements. Dharamdasani, M, D. India- Nepal Partnership and South Asian Resurgence. Kanishka Publishers, Distributors. New Delhi. pp 13-29
- O'Brien, B. (2019). 3 Key Issues affecting global trade right now. Retrieved from <https://www.tradeready.ca/2019/topics/researchdevelopment> Accessed on 9/10/2021
- O'Brien, B. (2019). 3 Key Issues affecting global trade right now. Retrieved from <https://www.tradeready.ca/2019/topics/researchdevelopment> Accessed on 9/10/2021
- PHD Research Bureau. (2018). India – Nepal Economic Ties. New Horizons. PHD (Peace Harmony Development) Chamber of Commerce and Industry. Retrieved From [India-Nepal-Economic-Ties New-Horizons-June-2018.pdf\(phdcci.in\)](https://www.phdcci.in) Accessed on 9/10/2021
- Pant, D, S. (2000). Nepal- India Relations: The Open Border Issues. Dharamdasani, M, D. India- Nepal Partnership and South Asian Resurgence. Kanishka Publishers, Distributors. New Delhi. pp 30- 49
- Pulipaka, S. et al., (2018). India's Development Assistance and Connectivity Projects in Nepal. Retrieved From [icrier.org/pdf/India s Development Connectivity Projects Nepal.pdf](https://www.icrier.org/pdf/India_s_Development_Connectivity_Projects_Nepal.pdf) Accessed on 9/10/2021
- Pollins, M, B. (1989). Conflict, Cooperation and Commerce: The Effect of International Political Interactions on Bilateral Trade Flows. American Journal of Political Science. 33 (3). Pp. 1-27. Retrieved From [\(PDF\) Conflict, Cooperation, and Commerce: The Effect of International Political Interactions on Bilateral Trade Flows \(researchgate.net\)](https://www.researchgate.net) Accessed on 17/11/2022

- Paudel, S. (2018). Import, Export and Economic Growth of Nepal: Empirical Analysis. *International Journal of Scientific & Engineering Research* 9 (12). Retrieved From [Import, Export and Economic Growth of Nepal: Empirical Analysis · 2019. 1. 4. · export, import reduces foreign currency reserve and exit of local currency and weaken the trade - \[PDF Document\] \(vdocument.in\)](#) Accessed on 18/11/2022
- Porter & Patrick. (2016). Taking Uncertainty Seriously: Classical Realism and National Security. *European Journal of International Security*. 1 (2). Retrieved From [Taking uncertainty seriously: Classical realism and national security | European Journal of International Security | Cambridge Core](#) Accessed on 18/11/2022
- PTI. (2016). Nepal, India agrees to complete work on Integrated Check Post in Birgunj by March. DNA. Retrieved From [Nepal, India agree to complete work on Integrated Check Post in Birgunj by March \(dnaindia.com\)](#) Accessed on 24/11/2022
- Research and Information System for Developing Countries. (2021). Trade, Investment and Economic Cooperation Retrieved From https://www.ris.org.in/sites/default/files/page/header_image/banner2_0.jpg Accessed on 8/10/2021
- Revised Indo – Nepal Treaty of Trade. Ministry of Commerce & Industry. Government of India New Delhi. (2009). Retrieved [Indo-Nepal Treaty of Trade Free Trade Agreement \(adb.org\)](#) Accessed on 8/11/2021 Accessed on 10/10/2021
- Rizvi, A, H. (1982). Indo- Nepalese Economic Relations. *Strategic Studies* 5(4). Institute of Strategic Studies Islamabad. Retrieved From [INDO-NEPALESE ECONOMIC RELATIONS \(jstor.org\)](#) Accessed on 18/11/2022
- Sachs, D, J. (2004). The Challenges Facing Landlocked Developing Countries. *Journal of Human Development and Capabilities* 5 (1). pp 31- 68. Retrieved From [\(PDF\) The Challenges Facing Landlocked Developing Countries \(researchgate.net\)](#) Accessed on 17/11/2022

- Saggu. (2014). Including landlocked developing countries: Trade facilitation potential of existing Asian transit agreement. Retrieved From [Part II Chapter II Including landlocked developing countries_0.pdf \(unescap.org\)](#) Accessed on 14/10/2021
- Saran, H. (2014). South Asia Regional Workshop on Competitive Electricity Markets- Design, Implementation & Benefit - Colombo, Sri Lanka. Retrieved From [Coolwater \(usea.org\)](#) Accessed on 9/10/2021
- Sarkaritel. (2018). Nepal, India to boast security, connectivity, trade ties. Retrieved From [India, Nepal agree to boost security, connectivity, trade ties | Sarkaritel.com](#) Accessed on 9/10/2021
- Sarwar, L (2018). India- Nepal Relationship: An Analysis Of Various Treaties *International Journal of Research in Management & Social Science* pp 1-7
- Shrestha, R. G. (2003). Nepal – India Bilateral Trade Relations. Problems and Prospects. Ministry of Finance, Nepal. Retrieved From [Nepal-India Bilateral Trade Relations Problems and Prospects | Research and Information System For Developing Countries \(ris.org.in\)](#) Accessed on 8/11/2021
- Singh, B. & Kaushal, V. (2021). India's Trade Relations with Afghanistan. Hill Quest: Multidisciplinary, National Peer- Reviewed Journal 7 (2). Retrieved From [\(PDF\) INDIA'S TRADE RELATIONS WITH AFGHANISTAN \(researchgate.net\)](#) Accessed on 17/11/2022
- Singh, K, A & Khanal. K, R (2008). Indo- Nepal Trade Relations. Regal Publications. New Delhi
- Sinha, R. (2013). Linking Land Borders: India's Integrated Check Post. Retrieved From <https://www.hindustantimes.com/ht-insight/international-affairs/>. Accessed on 10/10/2021
- Sinha, R. (2021). India's integrated check posts are boosting regional connectivity but challenges remain. Retrieved From [India's integrated check posts are boosting regional connectivity but challenges remain \(theprint.in\)](#) Accessed on 18/11/2022

- Soobramanien, Y. T and Worrall, L. (2017). Emerging Trade Issues for Small Developing Countries. Scrutinizing the Horizon. Retrieved From <https://unctad.org/system/files/non-official-document/ditc-ted-oceans-commonwealth> Accessed on 10/10/2021
- Surugui, R. M. and Surugui, C. (2015). International Trade, Globalization and Economic Interdependence between European Countries: Implications for Business and Marketing Framework. Retrieved From [International Trade, Globalization and Economic Interdependence between European Countries: Implications for Businesses and Marketing Framework | Elsevier Enhanced Reader](#) Accessed on 13/10/2021
- Susantono, B and Park, Y.P. (2020). Future of Regional Cooperation in Asia And The Pacific. Retrieved From [Future of Regional Cooperation in Asia and the Pacific \(adb.org\)](#) Accessed on 8/10/2021
- Singh, S. (2000). Some Reflection on Indo- Nepal Relations. Dharamdasani, M. D. India - Nepal Partnership and South Asian Resurgence. Kanishka Publishers. New Delhi. pp 81- 91
- Singh, B, S. (2000). Perception and Realities of Indo- Nepal Relations. Dharamdasani, M.D. India- Nepal Partnership and South Asian Resurgence. Kanishka Publishers. New Delhi. pp 73- 85
- Taneja, N. et al., (2019). Strengthening India- Nepal Economic Relations. Retrieved From [Working Paper 381.pdf \(icrier.org\)](#) Accessed on 9/10/2021
- Treaty of Trade, Treaty of Transit and Trade Related Agreements Between Government of Nepal and Neighbouring Countries (India, Republic of China & Bangladesh) (2010). Retrieved from [Treaty of Trade and Transit Final .PDF \(tepc.gov.np\)](#) Accessed on 9/10/2021
- Tamilsina, P, P. (2000). Nepal India Trade: Trends, Problems and Perspectives. Dharamdasani, M. D. India - Nepal Partnership and South Asian Resurgence. Kanishka Publishers, New Delhi. pp 105- 115

- Thapliyal, S. (2012). India- Nepal Treaty of 1950: The Continuing Discourse. *India Quarterly*. pp. 1-16
- United Nations Economic and Social Commission for Asian and the Pacific (ESCAP) (2017). Trade And Transport Facilitation Monitoring Mechanism in Nepal. Retrieved From [Trade and Transport Facilitation Monitoring Mechanism in Nepal: Baseline Study \(adb.org\)](#) Accessed on 15/10/2021
- United Nations ESCAP. (2015). Regional Approach of UN Regional Commission in Asia and the Pacific to Reducing Trade Costs. Retrieved From [Regional Approach of the UN Regional Commission in Asia and the Pacific.pdf \(unescap.org\)](#) Accessed on 14/10/2021
- Uprety, K. (2006). The Transit Regime for Landlocked States. *International Law and Development Perspectives*. Retrieved From <https://openknowledge.worldbank.org/handle/10986/7405> Accessed on 10/10/2021
- Verma, P. (2019). The pipeline between India and Nepal should spur trade and connectivity in the region. Retrieved From [The pipeline between India and Nepal should spur trade and connectivity in the region. Comment. \(250 Words\) – Civildaily](#) Accessed on 9/10/2021
- Whitten, G. (2020). Do political relations affect international trade? Evidence from China's twelve trading partners. *Journal of Shipping and Trade* 5 (21). Pp. 1-24. Retrieved From [Do political relations affect international trade? Evidence from China's twelve trading partners | Journal of Shipping and Trade | Full Text \(springeropen.com\)](#) Accessed on 17/11/2022
- Yaseen, Z. (2016). Pakistan and India Relationship: A political Analysis of Conflicts and Regional Security in South Asia. *Political Global Review*. 1 (1). pp 1-9. Retrieved From [\(PDF\) Pakistan and India Relations: A Political Analysis of Conflicts and Regional Security in South Asia \(researchgate.net\)](#) Accessed on 24/11/2022

Annexure 1

Trade Data of the 9 Operational Integrated Check Posts

Trade Data of ICP Attari (2017- 2020)			
Year	Total Trade (Crores)	Total Cargo Movements (Nos)	Total Passenger Movement (Nos)
2017-2018	4148.15	48,193	80,314
2018-2019	4370.78	49,102	78,471
2019-2020	2772.04	6,655	78,675
2020-2021	2,639.95	5,250	6,177
2021- 2022 (upto September- 2021)	1,180.54	1,456	3,036
Trade Data of PTB Dera Baba Nanak (2019- 2021)			
Year	Total Passenger Movement (Nos)		
2019- 2020	68,846		
2020- 2021 (till Nov 2020)	56,726		
Trade Data of ICP Petrapole (2017- 2018)			
Year	Total Trade (Crores)	Total-Cargo Movements (Nos)	Total-Passenger Movement (Nos)
2017- 2018	18799	146341	2663069
2018- 2019	21380	163555	2354962
2019- 2020	20605	154055	2476191
2020- 2021	15711	106334	194530
2021-2022(upto September 2021)	12773	71648	63225
Trade Data of ICP Agartala (2017- 2022)			
Year	Total Trade (Crores)	Total-Cargo Movements (Nos)	Total-Passenger Movements
2017-2018	235	10995	1,61,117
2018- 2019	356	12073	2,39,468
2019- 2020	579	13371	3,28,153
2020-2021	581	11,146	8,499
2021-2022(upto September 2021)	345	5670	11,379
Trade Data of ICP Sutarkandi (2017- 2022)			
Year	Total Trade	Total-Cargo Movements (Nos)	Total- Passenger Movement (Nos)
2017- 2018	162.16	18,181	7616
2018-2019	144.1	9346	8821
2019-2020	329	15365	10002
2020-2021	237.65	8534	614
2021-2022 (upto September 2021)	303.06	12805	3

Trade Data of ICP Srimantapur (2017- 2022)			
Year	Total Trade (crores)	Total-Cargo Movements (Nos)	Total-Passenger Movements (Nos)
2017- 2018	91.47	8,976	24,607
2018-2019	96.41	7,955	52,848
2019-2020	101.35	10,420	89,154
2020-2021	81.72	5,714	10
2021-2022(upto September 2021)	46.99	2,405	0
Trade Data of ICP Moreh (2018- 2019)			
Year	Total Trade (Crores)	Total-Cargo Movements (Nos)	Total-Passenger Movements (Nos)
2018- 2019	30.7	238	10079
2019- 2020	355.52	252	16354
2020-2021	3.11	0	536
2021- 2022 (upto September 2021)	0	5	44
Trade Data of ICP Jogbani (2015- 2022)			
Year	Total Trade (Crores)	Total-Cargo Movements (Nos)	
2015- 2016	6,496	71,952	
2016- 2017	5,479	81,101	
2017- 2018	6,561	92,148	
2018- 2019	8,518	65,232	
2019- 2020	7,624	76,312	
2020- 2021	7,270	92,912	
2021-2022(upto September 2021)	5,233	53,785	

Source: Information collected during Field Study from ICP Raxaul on 5/05/2022

Annexure 2

Trade Data of Integrated Check Post of Raxaul

Trade Data of ICP Raxaul (2015- 2016)			
Year	Import (Rs. Cr.)	Export (Rs. Cr.)	Total Volume of Trade (Rs. Cr.)
2015- 2016	935	7,624	8,599
2016- 2017	1,333	19,972	21,305
2017-2018	899	18,726	19,625
2018-2019	1,061	24,139	25,200
2019-2020	2,000	22,821	24,821
2020-2021	2,071	20,027	22,099
2021-2022	2,067	31,155	33,222
Trade through ICP Raxaul (2017- 2022)			
	Number of Vehicles		
Financial Year	Exports	Imports	
2017- 2018	117521	9110	
2018- 2019	118125	8770	
2019- 2020	129349	19281	
2020- 2021	147746	14826	
2021- 2022	185300	25957	
Trade Data of the ICP Raxaul (F.Y. 2020-2021)			
F.Y. 2020- 2021	Number of Vehicles (Nos)		
Month	Export	Import	
Apr-20	4,316	427	
May-20	7,842	737	
June-20	11,491	1,163	
July-20	10,632	1,139	
Aug-20	10,273	1,205	
Sep-20	11,826	1,487	
Oct-20	13,010	1,343	
Nov-20	12,325	1,255	
Dec-20	15,721	1,401	
Jan-20	16,647	1,286	
Feb-20	16,422	1,378	
Mar-20	17,241	1,805	
Trade Data of the ICP Raxaul (F.Y. 2021-2022)			
F.Y. 2020- 2021	Number of Vehicles (Nos)		
Month	Export	Import	
Apr-21	1,7490	1,974	
May-21	13,524	1,883	
Jun-21	11,871	2,054	
July-21	14,157	2,577	
Aug-21	16,299	2,911	
Sep-21	18,816	3,064	
Oct-21	16,673	2,872	
Nov-21	15,261	2,001	
Dec-21	18,363	2,048	
Jan-21	15,589	1,506	
Feb-21	13,864	1,414	
Mar-21	13,393	1,653	

Source: Information collected during Field Study from ICP Raxaul on 6/05/2022

Annexure 3

List of Respondents (Truck Drivers of ICP Raxaul)

Details of Truck Drivers of ICP Raxaul				
Sl. No	Name of the Respondent	Age	Gender	Nationality
1.	Hydar Ali	23	Male	Indian
2.	Nawaz Ali	22	Male	Indian
3.	Saheb Ali	23	Male	Indian
4.	Kumar Yadav	25	Male	Indian
5.	Munna Kumar	24	Male	Indian
6.	Kanwar Ali	23	Male	Indian
7.	Ramesh Mishra	22	Male	Indian
8.	Sham Yadav	25	Male	Indian
9.	Hari Yadav	26	Male	Indian
10.	Rajesh Kumar	31	Male	Indian
11.	Gopal Raj	32	Male	Indian
12.	Srikant Kumar	31	Male	Indian
13.	Shayam Nath	35	Male	Indian
14.	Raj Kumar	32	Male	Indian
15.	Vijay Krishna Hari	36	Male	Indian
16.	Prem Hari	35	Male	Indian
17.	Rajiv Singh	34	Male	Indian
18.	Saran Kumar	43	Male	Indian
19.	Manish Singh	41	Male	Indian
20.	Guru Kumar	42	Male	Indian

Source: Information collected during Field Study, ICP Birgunj, May, 2022

List of Respondents (Truck drivers of ICP Birgunj)

Details of Truck Drivers of ICP Birgunj				
Sl. No	Name	Age	Gender	Nationality
1.	Prem Kumar	22	Male	Nepali
2.	Lakpa Tamang	23	Male	Nepali
3.	Srijal Lama	22	Male	Nepali
4.	Prem Kumar	25	Male	Nepali
5.	Prakash Chettri	25	Male	Nepali
6.	Raj Kumar	24	Male	Nepali
7.	Bishnu Lama	26	Male	Nepali
8.	Pratap Lama	28	Male	Nepali
9.	Sahil Lama	26	Male	Nepali
10.	Prem Lamichamay	27	Male	Nepali
11.	Prem Bishwakarma	28	Male	Nepali
12.	Pawan Lama	31	Male	Nepali
13.	Bhola Kumar	33	Male	Nepali
14.	Sukdev Kumar	31	Male	Nepali
15.	Raghu Yadav	32	Male	Nepali
16.	Shiv Yadav	36	Male	Nepali
17.	Karma Lama	37	Male	Nepali
18.	Rajiv Prasad	36	Male	Nepali
19.	Ram Prasad	42	Male	Nepali
20.	Ram Yadav	41	Male	Nepali

Source: Information collected during Field Study, ICP Raxaul, May, 2022

Annexure 5

List of Respondents (Raxaul Market)

Details of the Respondents of Raxaul Market					
Sl. No	Name	Age	Gender	Nationality	Business
1.	Mahendra Yadav	37	Male	Indian	Garments
2.	Reshma Yadav	27	Female	Indian	Garments
3.	Lal Singh	25	Male	Indian	Garments
4.	Keshav Singh	30	Male	Indian	Garments
5.	Parul Mathur	45	Male	Indian	Garments
6.	Karan Singh	40	Male	Indian	Garments
7.	Salam Ahmed	35	Male	Indian	Garments
8.	Kishore Hari	23	Male	Indian	Garments
9.	Salim Ahmed	26	Male	Indian	Garments
10.	Ganesh Kumar	27	Male	Indian	Garments
11.	Munna Kumar	45	Male	Indian	Footwear
12.	Raju Kumar	24	Male	Indian	Footwear
13.	Sam Yadav	35	Male	Indian	Footwear
14.	Ravish Kumar	25	Male	Indian	Footwear
15.	Lal Singh	30	Male	Indian	Footwear
16.	Gulab Yadav	32	Male	Indian	Footwear
17.	Prem Kumar	40	Male	Indian	Footwear
18.	Sham Lal	34	Male	Indian	Footwear
19.	Hari Singh	25	Male	Indian	Footwear
20.	Iqbal Khan	24	Male	Indian	Footwear
21.	Bhim Rao	31	Male	Indian	Vegetable
22.	Salim Khan	40	Male	Indian	Vegetable
23.	Prem Chaudary	32	Male	Indian	Vegetable
24.	Sam Singh	25	Male	Indian	Fruits
25.	Meena Kumari	26	Female	Indian	Fruits
26.	Payal Yadav	31	Female	Indian	Vegetable
27.	Pradeep Kumar	40	Male	Indian	Vegetable
28.	Raju Kumar	31	Male	Indian	Fruits
29.	Kalim Khan	45	Male	Indian	Vegetable
30.	Prem Yadav	23	Male	Indian	Fruits
31.	Mahendra Singh	23	Male	Indian	Local Products
32.	Lal Yadav	40	Male	Indian	Local Products
33.	Meena Kumari	37	Female	Indian	Local Products
34.	Kritan Singh	32	Male	Indian	Local Products
35.	Salam Ahmed	25	Male	Indian	Local Products
36.	Shyam Kumar	23	Male	Indian	Medical
37.	Raju Kumar	25	Male	Indian	Medical
38.	Priyat Raj	27	Male	Indian	Medical
39.	Hari Kishore	31	Male	Indian	Medical
40.	Sonu Singh	28	Male	Indian	Medical

Source: Information collected during Field Study, Birgunj Market, May, 2022

List of the Respondents (Birgunj Market)

Details of the Respondents of Birgunj Market					
Sl. No.	Name	Age	Gender	Nationality	Business
1.	Ram Kumar	31	Male	Nepali	Footwear
2.	Rivaz Thapa	28	Male	Nepali	Footwear
3.	Prem Adhikari	25	Male	Nepali	Footwear
4.	Nirajan Adhikari	35	Male	Nepali	Footwear
5.	Shyam Mangal	32	Male	Nepali	Footwear
6.	Sham Kumar	25	Male	Nepali	Footwear
7.	Priyam Yonzen	38	Male	Nepali	Footwear
8.	Prem Kumar	41	Male	Nepali	Footwear
9.	Kumar Lama	42	Male	Nepali	Footwear
10.	Paral Thapa	29	Male	Nepali	Footwear
11.	Niraj Adhikari	25	Male	Nepali	Garments
12.	Sival Bantawa	28	Male	Nepali	Garments
13.	Prem Kumar	25	Male	Nepali	Garments
14.	Kishore Yadav	34	Male	Nepal	Garments
15.	Kapil Sharma	35	Male	Nepali	Garments
16.	Sakil Sharma	26	Male	Nepali	Garments
17.	Adil Yadav	41	Male	Nepali	Garments
18.	Sahil Kumar	45	Male	Nepali	Garments
19.	Kumar Singh	38	Male	Nepali	Garments
20.	Lal Singh	23	Male	Nepali	Garments
21.	Kalpu Singh	25	Male	Nepali	Medical
22.	Yadav Singh	28	Male	Nepali	Medical
23.	Kumar Sanu	29	Male	Nepali	Medical
24.	Shival Kumar	35	Male	Nepali	Medical
25.	Prem Singh	41	Male	Nepali	Medical
26.	Yanjan Chettri	39	Male	Nepali	Medical
27.	Shyam Kumar	29	Male	Nepali	Medical
28.	Paral Kumar	31	Male	Nepali	Medical
29.	Prem Kumar	26	Male	Nepali	Medical
30.	Mani Singh	25	Male	Nepali	Medical
31.	Param Gimiray	41	Male	Nepali	Ration Shop
32.	Priyam Gimiray	38	Male	Nepali	Ration Shop
33.	Prem Singh	28	Male	Nepali	Ration Shop
34.	Payal Yadav	25	Female	Nepali	Ration Shop
35.	B. K Gimiray	32	Male	Nepali	Ration Shop
36.	Niraj Adhikari	35	Male	Nepali	Ration Shop
37.	Kumar Soni	41	Male	Nepali	Ration Shop
38.	Payal Kumar	39	Female	Nepali	Ration Shop
39.	Khrishna Adhikari	38	Male	Nepali	Ration Shop
40.	Kapil Chettri	28	Male	Nepali	Ration Shop

Source: Information collected during Field Study, Raxaul Market, May, 2022

Questionnaire

This Questionnaire is designed for the truck drivers in the ICP Raxaul

This Questionnaire is conducted for the MPhil Dissertation on “Emerging Conflict in Trade and Connectivity between India and Nepal. A Study of Integrated Check Post of Raxaul” and will be strictly confidential and used only for Research purpose.

I ‘am a MPhil scholar from the Department of Peace and Conflict management and Studies, Sikkim University. I would kindly request you to grant this interview session. All the information you volunteer will be treated with strict confidentiality and used for research purpose.

Thanking You

Shreya Tamang

Part: I (Optional)

Name of the respondent _____

Sex _____

Age _____

Address _____

Educational Qualification _____

Category _____ (SC/ST/ OBC/ Gen)

Working Period _____

Part: (II)

Please fill with the tick mark (✓) wherever necessary

1. The existence of the ICP Raxaul in the area has created employment opportunity. Do you Agree with the statement?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly DisagreeIf other (Please specify) _____

2. The ICP Raxaul has led to development in the area. What are your views on the statement?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly DisagreeIf other (Please specify) _____

3. The working environment plays a major part in the functioning of any institution. What are your views on the working environment of ICP Raxaul?
 - a. Very Good
 - b. Good
 - c. Average
 - d. Below Average
 If other (please specify) _____

4. The ICP Raxaul has catered to the needs of the workers. What are your views on the statement?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If other (Please specify) _____

5. The ICP Raxaul has been a medium for the creation of good experience for the workers. What are your views on this statement?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (Please Specify) _____

6. The ICP Raxaul has created a positive impact on the delivery system (cargo movement). What are your views on the statement?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (Please specify) _____

7. The establishment of ICP has aided in the decrease of the hinderance in the connectivity process.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly
 If others (please specify) _____

Questionnaire

This Questionnaire is designed for the truck drivers in the ICP Raxaul

This Questionnaire is conducted for the MPhil Dissertation on “Emerging Conflict in Trade and Connectivity between India and Nepal. A Study of Integrated Check Post of Raxaul” and will be strictly confidential and used only for Research purpose.

I ‘am a MPhil scholar from the Department of Peace and Conflict management and Studies, Sikkim University. I would kindly request you to grant this interview session. All the information you volunteer will be treated with strict confidentiality and used for research purpose.

Thanking You

Shreya Tamang

Part: I (Optional)

Name of the respondent _____

Sex _____

Age _____

Address _____

Educational Qualification _____

Category _____ (SC/ST/ OBC/ Gen)

Working Period _____

Part: (II)

Please fill with the tick mark (✓) wherever necessary

1. The establishment of ICP Raxaul has brought positive changes in the transit process. What are your views on the statement?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (Please specify) _____

2. The ICP Raxaul has made the transit process flexible. What are your views on the statement?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (Please specify) _____

3. The ICP Raxaul has some areas of existing conflicts. What are your views on the statement?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (Please specify) _____

4. The workers face certain problems in doing their daily work (during the cargo movement). What are your views on the statement?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (Please specify) _____

5. In case of existing of any conflicting issues. Do you agree with the problem-solving ways practiced by the ICP Raxaul?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (Please specify) _____

6. The ICP Raxaul has brought positive changes in the area. What are your views on the statement as a resident of the area?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (Please specify) _____

7. The establishment of ICP has improved the facilitation of trade and connectivity. The ICP has a positive impact as a facilitator of trade and connectivity. What are your views on the statement?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (Please specify) _____

8. The experience shared in working as a part of ICP has been good. What are your views on the statement?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (Please specify) _____

Questionnaire

This Questionnaire is designed for the truck drivers in the ICP Birgunj

This Questionnaire is conducted for the MPhil Dissertation on “Emerging Conflict in Trade and Connectivity between India and Nepal. A Study of Integrated Check Post of Raxaul” and will be strictly confidential and used only for Research purpose.

I ‘am a MPhil scholar from the Department of Peace and Conflict management and Studies, Sikkim University. I would kindly request you to grant this interview session. All the information you volunteer will be treated with strict confidentiality and used for research purpose.

Thanking You

Shreya Tamang

Part: I (Optional)

Name of the respondent _____
 Sex _____
 Age _____
 Address _____
 Educational Qualification _____
 Category _____ (SC/ST/ OBC/ Gen)
 Working Period _____

Part: (II)

Please fill with the tick mark (✓) wherever necessary

1. The ICP Birgunj is a joint venture by the Government of India and Nepal. The ICP Birgunj has created a positive impact on India- Nepal trade. What are your views on the statement as a layman?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

2. The ICP Birgunj has brought development in the area.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

3. The ICP Birgunj has resulted better opportunity for the workers.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

4. The workers experience a good working environment in ICP Birgunj
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

5. The ICP Birgunj has impacted on the establishment of better transit procedure (Cargo movement)
 - a. Agree
 - b. Strongly agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

6. The workers are satisfied with the facilities provided by ICP Birgunj.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

7. The establishment of ICP Birgunj has provided a safe environment for the workers.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

8. There is existence of conflicts in the ICP Birgunj which hamper the everyday work of the workers.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

Questionnaire

This Questionnaire is designed for the truck drivers in the ICP Birgunj.

This Questionnaire is conducted for the MPhil Dissertation on “Emerging Conflict in Trade and Connectivity between India and Nepal. A Study of Integrated Check Post of Raxaul” and will be strictly confidential and used only for Research purpose.

I ‘am a MPhil scholar from the Department of Peace and Conflict management and Studies, Sikkim University. I would kindly request you to grant this interview session. All the information you volunteer will be treated with strict confidentiality and used for research purpose.

Thanking You

Shreya Tamang

Part: I (Optional)

Name of the respondent _____
 Sex _____
 Age _____
 Address _____
 Educational Qualification _____
 Category _____ (SC/ST/ OBC/ Gen)
 Working Period _____

Part: (II)

Please fill with the tick mark (✓) wherever necessary

1. The ICP Birgunj has some areas of existing conflict.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

2. The workers and the in charge share a cordial relationship that does not hamper the delivery process (movement of cargo).
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

3. The ICP Birgunj has contributed in the safe delivery of goods.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

4. The land medium of facilitation of trade that is ICP has lessened the threat of illegal activities.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly DisagreeIf others (please specify) _____

5. There is existence of technological issues in the ICP Birgunj.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly DisagreeIf others (please specify) _____

6. The workers are satisfied with the problem-solving ways of the ICP Birgunj.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly DisagreeIf others (please specify) _____

7. The ICP Birgunj has aided in the smooth facilitation of trade.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly DisagreeIf others (please specify) _____

8. The connectivity has increased due to the establishment and working of ICP Birgunj as a land medium of trade and connectivity.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly DisagreeIf others (please specify) _____

Questionnaire

This Questionnaire is designed for the vendors in Raxaul Market

This Questionnaire is conducted for the MPhil Dissertation on “Emerging Conflict in Trade and Connectivity between India and Nepal. A Study of Integrated Check Post of Raxaul” and will be strictly confidential and used only for Research purpose.

I ‘am a MPhil scholar from the Department of Peace and Conflict management and Studies, Sikkim University. I would kindly request you to grant this interview session. All the information you volunteer will be treated with strict confidentiality and used for research purpose.

Thanking You

Shreya Tamang

Part: I (Optional)

Name of the respondent _____
 Sex _____
 Age _____
 Address _____
 Educational Qualification _____
 Category _____ (SC/ST/ OBC/ Gen)
 Working Period _____

Part: (II)

Please fill with the tick mark (✓) wherever necessary

1. The location of the market (India- Nepal border) has a positive impact on the business.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

2. The cross-border movement of the citizens of both the countries have increased the productivity of the vendors.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

3. The importation of goods for the business takes place from?
 - a. Mostly Indian States
 - b. From Different Country apart from India
 - c. From the nearest Neighbour Nepal
 - d. From local areas (Raxaul)
 If others (please specify) _____

4. There are some existing problems in the Raxaul market.
 - a. Yes
 - b. No
 - If other (Please Specify) _____

5. The Raxaul Market being situated near the Indo- Nepal Border experience some areas of Conflict?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 - If others (Please specify) _____

6. The Establishment of ICP Raxaul in the area is a good step taken?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 - If others (please specify) _____

7. The establishment of Raxaul has resolved some of the existing problems in the Raxaul market.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 - If others (please specify) _____

8. There has been witnessed some positive changes in the Raxaul market after the establishment of ICP Raxaul in the market area.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 - If others (please specify) _____

9. The ICP Raxaul has aided the process of trade and connectivity in the area?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 - If others (please specify) _____

10. The ICP has been playing a vital role ever since its establishment as a facilitator of trade and connectivity between India- Nepal. What are your views?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 - If others (Please specify) _____

Questionnaire

This Questionnaire is designed for the vendors in Birgunj Market

This Questionnaire is conducted for the MPhil Dissertation on “Emerging Conflict in Trade and Connectivity between India and Nepal. A Study of Integrated Check Post of Raxaul” and will be strictly confidential and used only for Research purpose.

I ‘am a MPhil scholar from the Department of Peace and Conflict management and Studies, Sikkim University. I would kindly request you to grant this interview session. All the information you volunteer will be treated with strict confidentiality and used for research purpose.

Thanking You

Shreya Tamang

Part: I (Optional)

Name of the respondent _____
 Sex _____
 Age _____
 Address _____
 Educational Qualification _____
 Category _____ (SC/ST/ OBC/ Gen)
 Working Period _____

Part: (II)

Please fill with the tick mark (✓) wherever necessary

1. The Establishment of ICP Birgunj in the area is a good step taken?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

2. There has been witnessed some positive changes in the Birgunj market after the establishment of ICP Birgunj in the market area.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

3. The ICP Birgunj has aided the process of trade and connectivity in the area?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

4. The ICP has been playing a vital role ever since its establishment as a facilitator of trade and connectivity between India- Nepal. What are your views?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (Please specify) _____

5. The location of the market (India- Nepal border) has a positive impact on the business.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

6. The cross-border movement of the citizens of both the countries have increased the productivity of the vendors.
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (please specify) _____

7. The importation of goods for the business takes place from?
 - a. From Nepal
 - b. From Different Country
 - c. From the nearest Neighbour India
 - d. From local areas (Birgunj)
 If others (please specify) _____

8. There are some existing problems in the Birgunj market.
 - c. Yes
 - d. No
 If other (Please Specify) _____

9. The Birgunj Market being situated near the Indo- Nepal Border experience some areas of Conflict?
 - a. Agree
 - b. Strongly Agree
 - c. Disagree
 - d. Strongly Disagree
 If others (Please specify) _____

Treaty of Peace and Friendship Between the Government of India and the Government of Nepal.

Signed at Kathmandu, ON 31 July 1950.

The Government of India and the Government of Nepal, recognizing the ancient ties which have happily existed between the two countries; Desiring still further to strengthen and develop these ties and to perpetuate peace between the two countries; Have resolved therefore to enter into a Treaty of Peace and Friendship with each other, and have, for this purpose, appointed as their plenipotentiaries the following persons, namely,

The Government of India:

His Excellency Shri Chandreshwar Prasad Narain Singh, Ambassador of India in Nepal.

The Government of Nepal:

Maharaja Mohan Shamsher Jang Bahadur Rana, Prime Minister and Supreme Commander-in-Chief of Nepal,

who having examined each other's credentials and found them good and in due form have agreed as follows:

Article 1

There shall be everlasting peace and friendship between the Government of India and the Government of Nepal. The two Governments agree mutually to acknowledge and respect the complete sovereignty, territorial integrity and independence of each other,

Article 2

The two Governments hereby undertake to inform each other of any serious friction or misunderstanding with any neighboring State likely to cause any breach in the friendly relations subsisting between the two Governments.

Article 3

In order to establish and maintain the relations referred to in Article 1 the two Governments agree to continue diplomatic relations with each other by means of representatives with such staff as is necessary for the due performance of their functions. The representatives and such of their staff as may be agreed upon shall enjoy such diplomatic privileges and immunities as are customarily granted by international law on a reciprocal basis: Provided that in no case shall these be less than those granted to persons of a similar status of any other State having diplomatic relations with either Government.

Article 4

The two Governments agree to appoint Consuls-General, Consuls, Vice-Consuls and other consular agents, who shall reside in towns, ports and other places in each other's territory as may be agreed to. Consuls-General, Consuls, Vice-Consuls and consular agents shall be provided with exequaturs or other valid authorization of their appointment. Such exequatur or authorization is liable to be withdrawn by the country which issued it, if considered necessary. The reasons for the withdrawal shall be indicated wherever possible. The persons mentioned above shall enjoy on a reciprocal

basis all the rights, privileges, exemptions and immunities that are accorded to persons of corresponding status of any other State.

Article 5

The Government of Nepal shall be free to import, from or through the territory of India, arms, ammunition or warlike material and equipment necessary for the security of Nepal. The procedure for giving effect to this arrangement shall be worked out by the two Governments acting in consultation.

Article 6

Each Government undertakes, in token of the neighbourly friendship between India and Nepal, to give to the nationals of the other, in its territory, national treatment with regard to participation in industrial and economic development of such territory and to the grant of concessions and contracts, relating to such development.

Article 7

The Governments of India and Nepal agree to grant, on a reciprocal basis, to the nationals of one country in the territories of the other the same privileges in the matter of residence, ownership of property, participation in trade and commerce, movement and other privileges of a similar nature.

Article 8

So far as matters dealt with herein are concerned, this Treaty cancels all previous Treaties, agreements, and engagements entered into on behalf of India between the British Government and the Government of Nepal.

Article 9

This Treaty shall come into force from the date of signature by both Governments.

Article 10

This Treaty shall remain in force until it is terminated by either party by giving one year's notice.

Done in duplicate at Kathmandu this 31st day of July 1950.

(Signed)

Chandreshwar Prasad Narain Singh
For the Government of India

(Signed)

Mohan Shamsher Jang Bahadur Rana
For the Government of Nepal

**REVISED TREATY OF TRADE BETWEEN
THE GOVERNMENT OF INDIA AND
THE GOVERNMENT OF NEPAL**

The Government of India and the Government of Nepal (hereinafter referred to as the Contracting Parties),

Being conscious of the need to fortify the traditional connection between the markets of the two countries,

Being animated by the desire to strengthen economic cooperation between them,

Impelled by the urge to develop their economies for their several and mutual benefit, and

Convinced of the benefits of mutual sharing of scientific and technical knowledge and experience to promote mutual trade,

Have resolved to conclude a Treaty of Trade in order to expand trade between their respective territories and encourage collaboration in economic development, and

Have for this purpose appointed as their Plenipotentiaries the following persons, namely, Who, having exchanged their full powers and found them good and in due form, have agreed as follows:

ARTICLE I

The Contracting Parties shall explore and undertake all measures, including technical cooperation, to promote, facilitate, expand and diversify trade between their two countries.

ARTICLE II

The Contracting Parties shall endeavour to grant maximum facilities and to undertake all necessary measures for the free and unhampered flow of goods, needed by one country from the other, to and from their respective territories.

ARTICLE III

Both the Contracting Parties shall accord unconditionally to each other treatment no less favourable than that accorded to any third country with respect to (a) customs duties and charges of any kind imposed on or in connection with importation and exportation, and (b) import regulations including quantitative restrictions.

ARTICLE IV

The Contracting Parties agree, on a reciprocal basis, to exempt from basic customs duty as well as from quantitative restrictions the import of such primary products as may be mutually agreed upon, from each other.

ARTICLE V

Notwithstanding the provisions of Article III and subject to such exceptions as may be made after consultation with the Government of Nepal, the Government of India agree

to promote the industrial development of Nepal through the grant on the basis of non-reciprocity of specially favourable treatment to imports into India of industrial products manufactured in Nepal in respect of customs duty and quantitative restrictions normally applicable to them.

ARTICLE VI

With a view to facilitating greater interchange of goods between the two countries, the Government of Nepal shall endeavour to exempt, wholly or partially, imports from India from customs duty and quantitative restrictions to the maximum extent compatible with their development needs and protection of their industries.

ARTICLE VII

Payment for transactions between the two countries will continue to be made in accordance with their respective foreign exchange laws, rules and regulations. The Contracting Parties agree to consult each other in the event of either of them experiencing difficulties in their mutual transactions with a view to resolving such difficulties.

ARTICLE VIII

The Contracting Parties agree to co-operate effectively with each other to prevent infringement and circumvention of the laws, rules and regulations of either country in regard to matters relating to foreign exchange and foreign trade.

ARTICLE IX

Notwithstanding the foregoing provisions, either Contracting Party may maintain or introduce such restrictions as are necessary for the purpose of:

- (a) Protecting public morals,
- (b) Protecting human, animal and plant life,
- (c) Safeguarding national treasures,
- (d) Safeguarding the implementation of laws relating to the import and export of gold and silver bullion, and
- (e) Safeguarding such other interests as may be mutually agreed upon.

ARTICLE X

Nothing in this treaty shall prevent either Contracting Party from taking any measures which may be necessary for the protection of its essential security interests or in pursuance of general international conventions, whether already in existence or concluded hereafter, to which it is a party relating to transit, export or import of particular kinds of articles such as narcotics and psychotropic substances or in pursuance of general conventions intended to prevent infringement of industrial, literary or artistic property or relating to false marks, false indications of origin or other methods of unfair competition.

ARTICLE XI

In order to facilitate effective and harmonious implementation of this Treaty, the Contracting Parties shall consult each other regularly.

ARTICLE XII

(a) This Treaty shall come into force on the date of its signature. It shall supercede the Treaty of Trade concluded between the Government of India and the Government of Nepal on 6th December 1991, as amended or modified from time to time.

(b) This Treaty shall remain in force for a period of seven years and shall be automatically extended for further periods of seven years at a time, unless either of the parties gives to the other a written notice, three months in advance, of its intention to terminate the Treaty.

(c) This Treaty may be amended or modified by mutual consent of the Contracting Parties.

(d) The Protocol annexed to this Treaty shall constitute its integral part.

Done in duplicate in Hindi, Nepali and English languages, all the texts being equally authentic, at Kathmandu on 27th October, 2009. In case of doubt, the English text will prevail.

(Anand Sharma)

**Commerce and Industry Minister
For the Government of India**

(Rajendra Mahto)

**Minister of Commerce and Supplies
For the Government of Nepal**