

A study on Indian participation in the Protocol of Inland Water Transit & Trade (PIWTT)

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A Study on Indian Participation in Transit and Transshipment trade under the PIWTT

(The following report had been developed after extensive interactions with number of Indian shippers and ship operators based in Kolkata, IWAI, State & Central Government officials, political personalities and private business people accumulated in a recent FICI NE connectivity Summit held in Agartala (21-23 Sept., 2016), Tripura

Introduction

The PIWTT has taken a new dimension in recent times for east west connectivity by inland waterways. World Bank has extended their hands in funding intensive dredging of the protocol river routes in particular for improving the navigational conditions for better connectivity between India and Bangladesh throughout the year. The recent agreements between the four SA countries for example BBIN motor vehicle agreement (MVA) and Coastal shipping agreement between India and Bangladesh have further provided impetus to the PIWTT by creating more transshipment opportunities for quicker access to NE from the mainland India. The development of NW-1 under 'Jal Marg Vikas' project by the Ministry of Road Transport, Highways & Shipping in India (assisted by WB) have created an opportunity for connecting it with NW-2 (Brahmaputra river) through the protocol route will soon create a far greater east-west connectivity from Allahabad to Pandu/ Silghat in Assam. This development if taken up by the governments of India & Bangladesh will create huge opportunities for Indian shippers & ship operators in near future.

Recent connectivity conferences organized by FICCI in Shillong (2015) and Agartala (2016) have witnessed active participation by the concerned central & state government officials, representatives from international organizations such as WB, ADB, JICA, IUCN & UNCTD, Businesses and other stakeholders from across

India & Bangladesh including NGO's and Environmentalists. There had been a general consensus among the participants that waterways connectivity is more sustainable and most appropriate means of transportation which will help maintain the rich diversity of NE India so unique and important to the region.

However, in recent times the Indian participation in transit and transshipment under PIWTT remained insignificant or yet to pick up. Partly due to the fact that the cargo transportation at commercial level between the NE and the mainland India through Kolkata under PIWTT is yet to begin. Mainly for two reasons, one being the time factor (travel time+ unloading at Ashugonj) and the other is the navigability issue particularly for direct transit trade, have together appeared discouraging for the stakeholders. In spite of this fact, the opportunities for quicker movement of goods and increased number of Indian participation (both at shipper and ship level) is possible through intermodal transportation (by nominating more than one inland river transshipment port) which will be discussed later in the recommendation section.

Section-I

Points of Entry/ Exit in the Protocol route

- a) To & from Kolkata:
Hemnagar in West Bengal/ India and Angtihara (Sheikbaria) in Khulna/ Bangladesh. River connecting: Behari Khal river

- b) To & From Pandu/Silghat in Assam India:
Dhubri in Assam/ India and Chilmari in Bangladesh (both being the Customs/ Immigration check post) 1.6km No man's land exists between Daikhawa (furthest point north of Chilmari) and Dhubri
River connecting: NW-2 Brahmaputra/India & Jamuna/ Bangladesh

- c) To and from Farakka/ WB in India and Rajshahi in Bangladesh:
Dhulian in India and Godhagari Ghat (Rajshahi) in Bangladesh.
Route earmarked for Indian transit traffic
River connecting: Ganges/ India and Padma (in Bangladesh)

- d) To & from Karimgonj (lower Assam):
Karimgonj / India and Zakigonj/ Sylhet, Bangladesh
Route primarily used for Indian transit traffic
River connecting: Barak river (India) & Kushiara river in Bangladesh

- e) **Transshipment Port** for transit cargo using surface transport to NE India via Akhaura/Bangladesh and Agartala land port in Tripura :
Ashugonj river Port in Brahmanbaria (planned to be developed as a modern transshipment hub for both containers and bulk cargo including ODC's).
Currently is used as bulk cargo port

River Routes & Ports of Call:

1. Kolkata-Haladia-Raimongal-Chalna-Khulna-Mongla-Kaukhali-Barisal-Hizla-Chandpur-Narayanganj-Aricha-Sirajganj-Bahadurabad-Chilmari-Dhubri-Pandu-Silghat.
2. Silghat-Pandu-Dhubri-Chilmari-Bahadurabad-Sirajganj-Aricha-Narayanganj-Chandpur-Hizla-Barisal-Kaukhali-Mongla-Khulna-Chalna-Raimongal-Haldia-Kolkata.
3. Kolkata-Haldia-Raimongal-Mongla-Kaukhali-Barisal-Hizla-Chandpur-Narayanganj-BhairabBazar-Ashuganj-Ajmiriganj-Markuli-Sherpur-Fenchuganj-Zakiganj-Karimganj.
4. Karimganj-Zakiganj-Fenchuganj-Sherpur-Markuli-Ajmiriganj-Ashuganj-Bhairab Bazar-Narayanganj-Chandpur-Hizla-Barisal-Kaukhali-Mongla-Raimongal-Haldia-Kolkata.
5. Rajshahi-Godagari-Dhulian.
6. Dhulian-Godagari-Rajshahi.
7. Karimganj-Zakiganj-Fenchuganj-Sherpur-Markuli-Ajmiriganj-Bhairab Bazar-Narayanganj-Chandpur-Aricha-Sirajganj-Bahadurabad-Chilmari-Dhubri-Pandu-Silghat.
8. Silghat-Pandu-Dhubri-Chilmari-Bahadurabad-Sirajganj-Aricha-Chandpur-Narayanganj-BhairabBazar-Ajmiriganj-Markuli-Sherpur-Fenchuganj-Zakiganj-Karimganj

Bunkering Facility Points under PIWTT:

Vessels of one country may be bunkered at the following points of other country:

Bangladesh

Sheikbaria

Mongla

Khulna

Barisal

Chandpur

India

Kolkata

Budge Budge

Haldia

Namkhana

Karimganj

Section-II

Regulatory/ standard procedures and charges applicable for Indian vessels entering Bangladesh with transit/ transshipment cargo bound for NE India

Regulatory standards/ procedures and charges applicable are unique to each partner country and their regulatory bodies. The following describes those related to transit and transshipment cargo and vessels only.

A. Regulatory & Procedural requirements as per IWAI office, Kolkata (India)

Following Procedure is being followed for allowing Indian flag Ship/Barge Operator to operate under PIWTT between India & Bangladesh.

- a) The vessel must have minimum RSV-II certification for plying the PIWTT route.
- b) The Indian Shipping agent firm submits an application along with Trade License, Deed Agreement signed with Bangladesh Agent, Latest Income Tax clearance certificate, PAN number and self attested photograph requesting to operate under IWT & T protocol between India & Bangladesh.
- c) On receipt of same this office issues a letter to the agency to attend the office of Director, IWAI, Kolkata along with the original documents on a specific date for verification of the same.

- d) After completion of verification of documents IWAI issues a letter to the firm intimating that Authority has approved his request for registration as Shipping Agent to operate as a Barge operator on Inland Water Transit & Trade Protocol between India & Bangladesh.
- e) The shipping agent after verification of records submits applications on day to day basis seeking inward / outward permissions for Bangladesh vessels which are processed accordingly.

Note: IWAI office in Kolkata have recently introduced online submission and approval procedures.

B. Applicable charges payable to IWAI in Kolkata/ India for transit & transshipment trade through the India-Bangladesh protocol route.

1. Cargo vessel related charges:

1.1 Indian Rs. 0.02 per GRT per km in the Protocol route within Indian territory.

1.2 Berthing charge at Kolkata & Haldia ports: Indian Rs. 1000 for per day/ 24 hrs. or part thereof
(Day: 6AM to 6AM)

1.3 Pilotage charge: Indian Rs. 750 per day or part thereof per pilot.

2. Cargo related charges:

2.1 Dry Cargo (bulk): Rs. 1 per ton

2.2 Liquid Cargo : Rs. 1 per ton

2.3 Containerized Cargo: Rs. 50 per TEU (20') & Rs 75 per FEU (40')

2.4 Transit Shed Charges: 7 days free time. Rs. 5 /mt per day for next 14 days. Rs. 10 per mt/day for further 14 days. Beyond 35 days, penalty and other legal measures will apply.

2.5 Open Storage Charge: 7 days free. Rs 1 per ton/ day for next 14 days. Rs 2 per ton/ day for further 14 days.

3. Movement of over dimensional cargo (ODC) Charges: Indian Rs. 1.50 per ton / km inclusive of waterways usage within Indian territory of the Protocol route and all vessel related charges.
4. Crane usage Charges: Indian Rs. 800 per shift/ 8 hrs for 5 (five) mt capacity crane. Rs. 2000 per shift up to 20 mt and Rs. 2500 per shift for more than 20mt capacity.
5. Container Crane charge: Indian Rs. 1100 per hour or part thereof
6. Fork Lift usage charge: Indian Rs. 600 per shift/ 8hrs. Capacity 3mt.

C. Regulatory & Procedural requirements as per BIWTA, Dhaka, Bangladesh

Indian ship/ barge operators have to follow the following procedures for entry/ exit permit to engage in transit/ transshipment trade through Bangladesh territory

Bangladeshi representative/ agent of IWAI ship agent has to apply to BIWTA traffic department through their Bangladesh agent for entry permit with the following documents duly attested;

1. Outward/ exit permit from IWAI, Kolkata
2. Voyage focus
3. Ship survey certificate
4. Ship registration certificate
5. Ship Master's & Driver's certificate
6. Pilotage coupon

D. Applicable charges payable to BIWTA in Bangladesh for transit and transshipment through Ashugonj Port.

1. Voyage Permission : BDT 2500 per voyage (US\$32)
2. Pilotage Coupon: 7 bit (1 bit= 8 hrs. or part thereof X BDT 400 = 2800)
3. Canal Charge (incl. VAT)
 - 3.1 Mongla-Ghasiakhali Canal : BDT 6.00 per GRT (Ship weight)
 - 3.2 Ghabkhan Canal: BDT 7.00 per GRT
4. Berthing Charges at Ashugonj Port for vessels with cargo carrying capacity (not per GRT of the vessel) are shown below including VAT.
 - 4.1 751 - 1000 tons: BDT 315.00 per day.
 - 4.2 1001 - 1500 tons: BDT 400.00 per day
 - 4.3 1501- 2000 tons: BDT 565.00 per day
 - 4.4 2001-2500 tons: BDT 850.00 per day
 - 4.5 2501-3000 tons: BDT 1125.00 per day
 - 4.6 Above 3001 tons 1690.00 per day
5. Landing & Shipping Charge(LSC): BDT 34.50 per ton (incl. VAT)
6. Loading/ unloading (Bulk Cargo) labor handling Charge: Without Crane: BDT 50.00 per ton (incl. VAT)
With Crane: BDT 60.00 per ton (incl. VAT)
7. BIWTA foreshore warehouse storage charge (incl. Vat) :
Covered: BDT 5.75 per sqm.
Open space: BDT 3.45 per sqm .

Note-1: Indian Transit cargo vessels using the protocol route bound for Indian ports of call across the border will have to pay the vessel related charges only (D 1,2,3)

Note-2: Items D-1&2 payable in BIWTA Office, Dhaka through agent. Item D-3 payable at site. Items D-4 to 7 payable at BIWTA office in Ashugonj Port.

E. Transshipment Charges for Cargo

Other than the vessel related charges, total transshipment cost for transit cargo stands at **BDT 192.22 (about US\$ 2.46) per ton as per following levies applied by different concerned authorities in Bangladesh;**

1. BIWTA Supervision Charge for transit cargo at Ashugonj Port: BDT 10 per ton payable to BIWTA HO in Dhaka during unloading of the transit cargo.
2. National Board of Revenue (NBR) Fee payable at Khulna Customs Office: BDT 130 per ton of cargo
(Escort Charge: BDT 50 per ton where applicable only)
3. Department of Roads & Highway charges for road transport between Ashugonj to Akahura land port: BDT 1.02 per ton/ km rounded up at BDT 52.22 per ton for 51.19 km. Payable to R&H office in Ashugonj.

F. Immigration & Custom's Procedures at the points of entry and at intermediate points

As per Clause 21 of the Protocol, both Bangladesh & India agreed to keep the documentation requirement at minimum at the entry-exit & intermediate points to avoid unnecessary delays.

1. Every crew will have to carry a certificate of their employment with a photo card duly endorsed by the authorities of their respective countries i.e. BIWTA & IWAI. Officials/ supervisors of the vessel, if any, will have to carry Passport with multiple Visa's.

2. The Bangladesh/ Indian immigration authority at the exit point check to ascertain that all members of crew are on board who were there at the time of entry. After such inspection the vessel proceeds towards Indian waters during transit.
3. Every vessel will have to carry updated ship survey certificates/ documents from the concerned authorities of respective countries for inspection as and when required.
4. Each Indian/ Bangladeshi vessel whether carrying cargo for inter-country trade or transit will carry a cargo manifest book and in addition will carry a separate duplicate manifest for transit or transshipment cargo. Which will be handed over to the first Customs entry point who will retain one copy and will hand over the other copy signed & sealed to the Master of the vessel for inspection by the Customs at exit or intermediate points or at the last port of call before entering the Indian territory.
5. In regard to Indian transshipment cargo, Bangladesh Customs inspects the duplicate cargo manifest at the Ashugonj transshipment Port, signs and issue approval to proceed by road to Akhaura land Customs & Immigration post. Where applicable, a provision for Customs escort up to the land border Customs at Akhaura, is kept for discretionary use by Bangladesh Customs.
6. At Angtihar entry point in Bangladesh, Customs authority inspects the vessel and ascertain that the seal of the Indian Customs is not damaged. The immigration authority inspects and ascertains that the members of crew who were on board at the time of exit are there. Then the vessel proceeds further: (i) if Laden with inter country trade cargo to the 'port of call' and if (ii) laden with transit cargo to the exit point at other end.

F. Freights earned by Indian Vessels in the PIWTT

1. Kolkata- Narayangonj inter country route : USD 13-15.00 per ton
2. Kolkata- Karimgonj transit route: :USD 17-18.00 per ton
3. Kolkata- Pandu transit route: IRS 850-900,000 per trip per ship loading 1800-2400 tons of cargo
4. Kolkata- Ashugonj transshipment port route: USD 15-17 per ton depending on the nature of cargo.

Section-III

Review of the current level of transit/ transshipment activity by Indian Shippers under the PIWTT

The direct transit of Indian cargo under the PIWTT is in place since 1972 but the by modal (waterways & road) transshipment of Indian transit cargo through Kolkata-Ashugonj-Agartala route began in May 2016 after all the regulatory notifications were made public by the concerned Bangladesh authorities in the same month.

Three following transshipment movement have taken place in the meanwhile between May and September 30, 2016 . The only Indian shipper was Darcel Logistics Ltd. of Kolkata, India and transporter was Anvis Development Ltd. of Bangladesh. Out of three vessels, the highlighted one was Indian flag vessel.

Table-01

| Sl. Nos. | Date of Approval | Name of Vessel & Flag | Type of Cargo | Volume of cargo (MT) |
|----------|------------------|--------------------------------------|------------------------------|----------------------|
| 1 | 13/05/16 | MV Newtech-06 RN: 7773 Bangladesh | Steel products | 1000.410 |
| 2 | 11/08/16 | MV AVI RN: WB1470/ India | Food grains | 2334.195 |
| 3 | 18/08/16 | MV Master Suman RN: 13070 | Food Grain Steel Products | 200 800 |

In regard to the transit trade, the following table (Table-02) will illustrate the volume of transit trade and participation of **Indian ships/ operators** in the transit trade under PIWTT from 2001-2002 to 2015-16 (July-June financial year).

Table-2**Statistics of vessels and cargo movement Under PIWT&T****(Protocol on Inland Water Transit & Trade between Bangladesh & India) from 2001-2002 to 2015-2016 (Source: BIWTA)**

| Year June to July | Quantity of goods | | Quantity of Goods carried in total (M.ton) | Number of trip by Bangladeshi vessels | Number of trip by Indian vessels | Total trips under protocol | Ratio of goods carried by Bangladesh : Indian Vessels |
|-------------------------|---|--|--|--|---|----------------------------------|--|
| | Carried By Bangladeshi vessels (M.ton) | Carried By Indian vessels (M.ton) | | | | | |
| 1 | 2 | 3 | 2+3=4 | 5 | 6 | (5+6)=7 | |
| 2001-2002 | 47,858 | 58,170 | 1,06,028. | 170 | 258 | 428 | 45:55 |
| 2002-2003 | 1,22,335 | 87,100 | 2,09,435 | 458 | 390 | 848 | 58:42 |
| 2003-2004 | 1,21,926 | 61,627 | 1,83,553 | 372 | 120 | 492 | 66:34 |
| 2004-2005 | 3,76,839 | 36,993 | 4,13,832 | 1,142 | 90 | 1,232 | 91:09 |
| 2005-2006 | 5,38,020 | – | 5,38,020 | 1,492 | 00 | 1,492 | 100:00 |
| 2006-2007 | 8,81,011 | – | 8,81,011 | 1,540 | 00 | 1,540 | 100:00 |
| 2007-2008 | 9,94,345 | 1,900 | 9,96,245 | 1,976 | 02 | 1,978 | 99:01 |
| 2008-2009 | 9,30,094 | 14,328 | 9,44,422 | 1329 | 11 | 1340 | 98:02 |
| 2009-2010 | 12,77,436 | 4,474 | 12,81,910 | 1,918 | 16 | 1,934 | 99:01 |
| 2010-2011 | 14,24,767 | 12,697 | 14,37,464 | 2,063 | 21 | 2,084 | 99:01 |
| 2011-2012 | 14,29,444 | 55,558 | 14,85,002 | 2033 | 36 | 2069 | 96:04 |
| 2012-2013 | 15,07,357 | 46,661 | 15,54,018 | 1,977 | 32 | 2,009 | 97.03 |
| 2013-2014 | 19,12,622 | 21,327 | 1933949 | 2332 | 31 | 2363 | 99.01 |
| 2014-2015 | 19,36,564 | 12,890 | 19,49,454 | 2332 | 23 | 2355 | 99.3:07 |
| 2015-2016 | 22,50,974 | 8,680 | 22,59,654 | 2,632 | 17 | 2,651 | 99.62:38 |

It is to be noted here that **the** over dimensional cargo (ODC's) and food grains were transhipped through Kolkata-Ashugonj-Agartala by modal route between 2010 & 2015 under special arrangement between India & Bangladesh.

Movement of regular cargo however started in the said route in May 2016 under new transshipment agreement under payment of transit fee to related Bangladesh government agencies. (Section-II). The Table-03 below will illustrate the route wise transit cargo movement till June 2016

Table-3
Statistics of Transit trade cargo transported under PIWT&T between
Bangladesh and India (route wise Transit cargo statement)
from 2005-2006 to 2014-2015 (July-June) in M.ton.

| Name of Route | 2005-2006 | 2006-2007 | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | |
| Kolkata-Dhubri (Pandu) | 7000 | 1305 | 600 | 300 | 2992 | - | 140 | 1118 | 2373 | 4322 | 2,430 |
| Dhubri (Pandu)-Kolkata | 1500 | 7700 | 3188 | Nil | Nil | - | - | - | - | - | - |
| Kolkata-Karimganj | Nil | 3550 | 1642 | 14,328 | 1,482 | 590 | 2055 | 14397 | - | 12,928 | 3,495 |
| Karimganj-Kolkata | Nil | 2 | 2800 | 0.200 | Nil | - | 500 | 3170 | - | - | - |
| Kolkata-Ashuganj-Agartala (By modal waterways & road) | - | - | - | - | - | 7297.972 | - | - | - | 19537.292 | 1,004 |
| Total | 8500 | 12557 | 8230 | 14628 | 4474 | 7888 | 2695 | 18,685 | 2373 | 36788 | 6,929 |

Data Source: BIWTA

Table-04

Quantum of Transit Cargo

| Year June to July | Quantity Carried by Bangladeshi vessels (M.T.) | Quantity Carried by Indian vessels (M.T.) | Total |
|----------------------|--|--|--------|
| July'08-June'09 | 188 | 14,328 | 14,516 |
| July'09-June'10 | 1,291 | 4,474 | 5,765 |
| July'10- June'11 | 5,926 | 1,372 | 7,298 |
| July'11- June'12 | - | 2,695 | 2,695 |
| July'12- June'13 | 12,620 | 6,065 | 18,685 |
| July'13- June'14 | - | 2373 | 2373 |
| July'14- Jun'15 | 32,606 | 4,322 | 36,928 |
| July'15- Jun'16 | 4,499 | 2,430 | 6,929 |
| | | | |

Note: Total 6,929 tons of transit cargo movement is recorded as per Table-4 where Indian vessels carried only 2430 tons in the last 7 years The composition of transit & transshipment cargo during the period mentioned above was limited to the following categories of goods;

1. Electrical transformers
2. Generators
3. Turbine packages
4. Different types of heavy machineries & machinery parts
5. Construction Equipment
6. Coal

7. Cement
8. Over dimensional project cargo (on special permit through Ashugonj and then by road to Tripura via Akhaura land port in Bangladesh)
9. Steel Products such as TMT bars & CI Sheet
10. Food grains (on special permit through the same route as above)

Source: BIWTA

The current outlook of transit & transshipment under PIWTT.

The review of above tables (1-4) reveals the fact that (a) the movement of transit cargo and (b) participation of Indian vessels are both insignificant. Inter country trade also exposes a dismal picture of Indian vessel participation, well below the agreed quota stipulated in the PIWTT. Through the personal interaction with ship operators and shippers in Kolkata/ India, IWAI officials and some of the business personalities of NE India, the following list of reasons may be drawn for this discouraging picture of activity by Indian Shippers & ship operators in the PIWTT so far.

1. Limited scale of transit cargo movement

The composition and volume stated (Table-4) do not suggest movement of any commercial, consumer or household products from mainland India to NE through PIWTT but is essentially restricted to heavier project, infra-structure & construction based cargo which are by rule is occasional. These had been the mainstay of transit cargo in the recent years. The introduction of transit fee and by-modal transshipment facility from Ashugonj river port to Agartala ICP is yet to see large scale transit cargo movement.

Other than the by-modal Kolkata-Agartala by-modal transshipment, a very stray movement of cargo (oversized & heavier cargoes like electrical & mechanical components) takes place through the Kolkata-Karimgonj and Kolkata-Pandu route under PIWTT. While movement in Kolkata-Karimgonj route is seasonal due to navigational issue, the traffic in Kolkata-Pandu is slightly regular minimum once a

month throughout the year. In between 2012 & 2015 Kolkata- Karimgonj and Kolkata-Agartala (by modal) route saw a significant movement of project cargo and provided some upward variations but did not contribute much to the overall growth pattern of Indian vessels or cargo.

Therefore, Indian entrepreneurs, particularly in West Bengal engaged in the periodic transit cargo movement is not very keen to invest anew and increase their capacity in view of the limited transit cargo movement through the PIWTT route.

2. Absence of return cargo for WB vessels coming back from NE India:

Most Vessel Operators find it difficult to secure return cargo to sustain their profit structure or to cut their operational cost. Mineral resource products, Coal, forest products like timber & bamboo, Agricultural/ horticultural products, Tea chests, canned petroleum products etc. once dominated protocol route now is hard to come by, according to a Ship Operator from Kolkata, who is still the major & regular player in Kolkata-Pandu- Kolkata route. Agricultural & horticultural products as return cargo are subject to degradation/ perish en-route and the current type of transit vessels in the protocol routes are not feasible to carry such temperature sensitive cargo.

3. Time Factor/ delay in cargo movement:

Commercial & household cargo which still travels to NE from Kolkata through the chicken neck is yet to shift their transport modal. Time factor is considered as a major concern for modal shift. From Kolkata, it takes about 15 days to reach Pandu (delay is basically due to navigational issues). Similarly, it takes about the same number of days to reach Karimgonj. The Chilmari Customs & Immigration post on the Sirajgonj-Dhubri segment of the protocol route is almost non-existent except a signboard and is administered from Kurigram district town 2hrs. drive away. This often results in additional one to two days layover/ delay in Chilmari

than necessary. However, BIWTA pilot bit stations are all stationed at the designated posts in the route.

4. Transshipment cargo movement in sorry state:

Interestingly, it takes 8-9 days to reach Ashugonj transshipment Port from Kolkata but it takes about another 10-15 days to reach Agartala (51km away). The detention period in Ashugonj for unloading the cargo particularly steel products takes such time without exceptions. The last two transshipment cargo (steel & food grains) in August 2016 from Darcel Logistics Ltd Kolkata took 17 & 14 days respectively according to the industry source and BIWTA. The inadequate civil infra-structures at Ashugonj Port, incompetency of workers and lack of crange facility, Custom's office being located 1.5 hr. driving distance away are all to be blamed for the ship's detention cost about BDT 3000.00 per day for the Indian shippers above 5 days in addition to the labor cost of BDT 1100.00 per ton for unloading the cargo & loading onto the trucks bound for Akahaura land port.

5. Absence of safeguarding against navigational and other security hazard in the no-man's land.

The Indian ship operators in the Kolkata-Gauhati route, complain about absence of help against navigational and security hazards when the vessel is aground or stuck in the no man's land for days between Chilmari & Dhubri segment. According to their information ship crews often refuse to tread this route in the lean season when the chances of going aground in the unmarked or newly developed shoals are more.

Section- IV

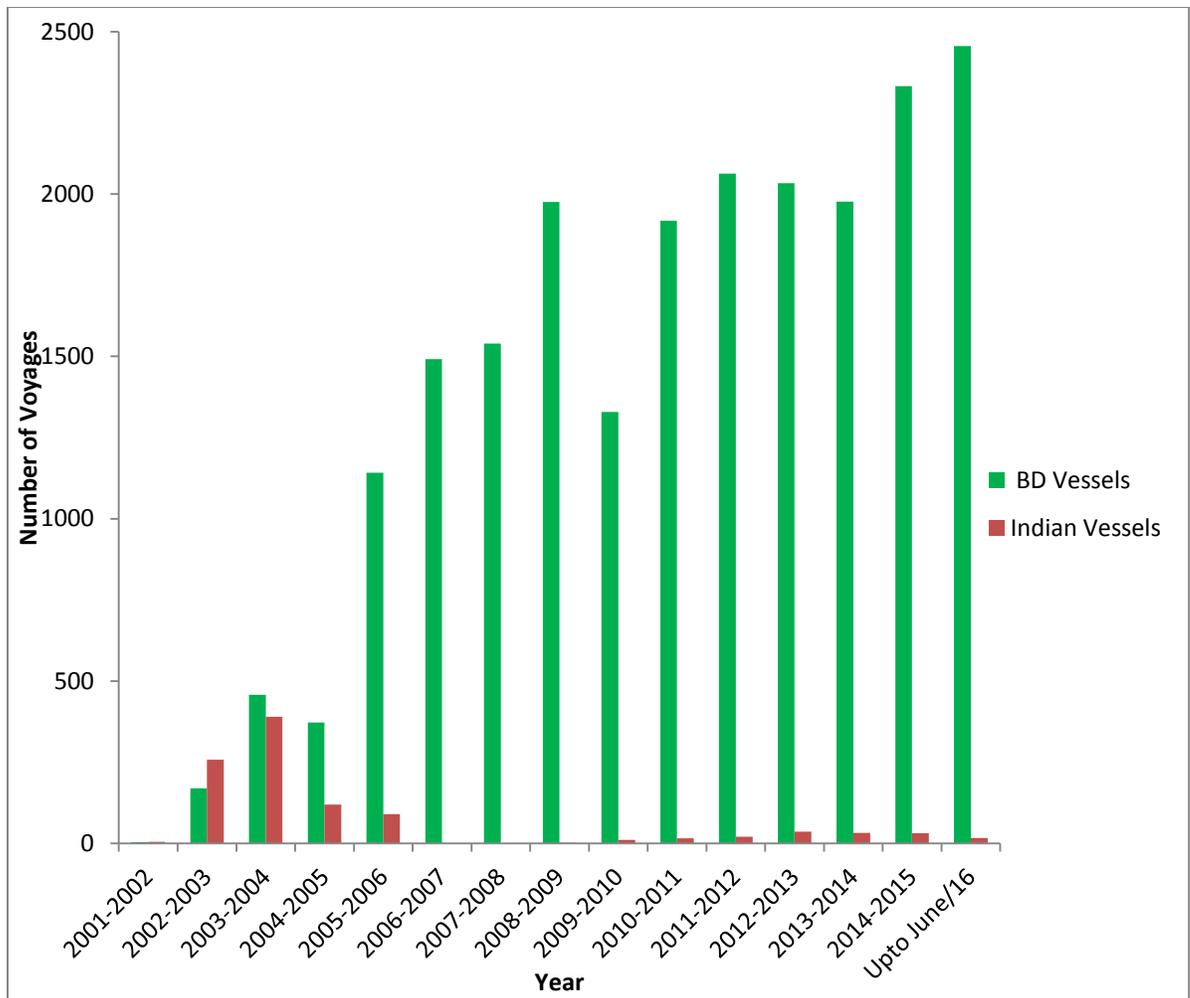
Evaluation of dismal participation of Indian vessels under the PIWTT

Historically, the number of Indian flag vessels participating in transit or inter-country trade projects a dismal picture compared to Bangladesh flag vessels Table-5 below will illustrate the scenario over the last 15 years (2001-2 to 2015-16). From the early years of this period Indian vessels were operating neck to neck with Bangladesh but decreased substantially from 3 digit to two digit in numbers, down the road. In the last 12 months of 2015-16 (June) only 17 voyages were made by Indian vessels under PIWTT. The ratio of Indian-Bangladeshi vessels are noted in Table-1 above.

Table-5

Number of Voyages by

| | BD Vessels | Indian Vessels |
|------------------|---------------|----------------|
| 2001-2002 | 4 | 5 |
| 2002-2003 | 170 | 258 |
| 2003-2004 | 458 | 390 |
| 2004-2005 | 372 | 120 |
| 2005-2006 | 1142 | 90 |
| 2006-2007 | 1492 | 0 |
| 2007-2008 | 1540 | 0 |
| 2008-2009 | 1976 | 2 |
| 2009-2010 | 1329 | 11 |
| 2010-2011 | 1918 | 16 |
| 2011-2012 | 2063 | 21 |
| 2012-2013 | 2033 | 36 |
| 2013-2014 | 1977 | 32 |
| 2014-2015 | 2332 | 31 |
| Up to June/16 | 2456 | 17 |



The reason put forward by shippers, vessel owners/ operators and IWAI officials in India for lack of interest in capacity development and consequent poor participation of Indian vessels in the PIWTT route may be summed up as follows;

1. Indian vessels find it difficult to compete with Bangladesh flag vessels in freight rates. Because cost of shipbuilding/ investment is higher in India. Secondly, Indian Registry of Shipping (IRS) rules and classification requirement/ standards are also stricter than the Department of Shipping in Bangladesh which adds up the cost in shipbuilding. New building or replacement of old one's activity in WB is negligible due to higher cost of shipbuilding.
2. Number of inland water vessels are limited in West Bengal and on the contrary Bangladesh has over capacity in terms of tonnage & number of ships available.
3. Transit Cargo is limited according to one ship operator in Kolkata operating in Kolkata-Pandu quite regularly in the last 7 years. He now charges lump sum price of IRS 850-900,000 per trip per vessel basis loading about 2000-2200 tons to Pandu for any type of dry cargo. This price covers his empty return cost and engagement of the vessel for about a month for each return trip.
4. The ship operators also complained about the navigability issues in the Kolkata-Pandu route. There is no guarantee that even a 1.8m draft vessel can move in the Sirajgonj-Dhubri leg of the PIWTT route in Bangladesh without negotiating shoals for days in the lean season. The situation in the 6km stretch 'no man's land' between Daikhawa and Dhubri is even worse according to their experience.

Section- V

State of Infrastructure and other facilities for Transshipment cargo movement.

- A. Bangladesh Customs office at the entry point at Angtihara is not adequately manned or equipped to handle transshipment inspection or accept transshipment charges (BDT 130.00 per ton). The agent has to pay the dues in Khulna city, 3-4 hrs. away by road and 10 hrs. by waterways. This factor results in additional layovers in days than necessary at Angtihara entry point.
- B. The existing berthing & unloading Jetty at Ashugonj Port is only 22 meters (71 feet) in length This is inadequate for an average 50m length overall (LOA) vessels with 1000-1250 mt capacity (plying the protocol route) to berth properly, often rolling over to the adjacent Jetty assigned for local cargo & passenger movement about 10m away. MV AVI an Indian vessel with about 55m LOA consumed both the adjacent jetties for 13 days.
- C. There is no crane available in Ashugonj Port. Transshipment cargoes are offloaded manually resulting in unprecedented delays. Cranes, when required are rented by the Bangladeshi transporting Company as agent of Indian shipper to unload heavier/ project cargoes including ODC's, construction materials like TMT bars & other steel products, CI Sheet etc.
- D. Because of unusual delay in unloading of the cargo in Ashugonj, the shippers end up paying hefty detention charges to the vessel owners

E. A 1200 ton cargo vessel require 60 large trucks/ covered vans to load maximum 20 ton cargo each. There are shortages of such number of vehicles to be available in a day or two and as well as the space to park that number of trucks/ Covered Vans at a time. Manually, the local port workers available can load (steel products) about 10-12 trucks a day. Even if a hired crane is engaged, it can unload the cargo for storing on the small yard for pick up manually by the laborers for loading on the truck.



A Bangladeshi Vessel berthed at Ashugonj port with transshipment cargo

Section- VI

Challenges & Opportunities for Indian Shippers & Ship operators using the Transit & Transshipment facilities

The challenges for Indian participation in the PIWTT are currently overriding but huge opportunities are lying ahead. The participation of Bangladeshi vessels are dominant only in the intercountry trade which is singularly due to the movement of fly ash also known as 'dirty cargo'. Movement of any other dry cargo is absent. Without fly ash, Bangladeshi participation in PIWTT would have been insignificant.

A. Challenges:

1. Indian vessels cannot compete with Bangladesh vessels in freight rates which is analyzed earlier in the 'review' section-III
2. Trans-loading at Ashugonj Port with the current status of infrastructure & available facilities makes transshipment expensive nsuming for the Shippers/ Businesses
3. Time bound commercial or industrial cargo is a mismatch for transshipment at the current state of affairs. It takes 15-20 days or more to reach Agartala, almost similar to the time required by road through the 'Chicken Neck'. It takes road transport 7-8 days to reach Pandu from Kolkata, whereas it takes 12 or more days to reach Pandu/ Assam through PIWTT.

4. Agricultural/ Horticultural products which abound in the NE India cannot be exported to the mainland India or Bangladesh in any form through the PIWTT route because of time factor and lack of temperature controlled transporting facilities.
5. Connectivity beyond Karimgonj (last port of call in the PIWTT) to lower Assam towns/ ports such as Badarpur, Silchar & Lakhimpur through the Barak river stretch is absent. Barak river (NW-06) beyond Karimgonj is not currently included in the protocol route.
6. There is no container movement facility in the PIWTT. No ports of call is equipped with container handling facility. The CWC at the new ICP at Agartala land port do not have any crane/ other equipment to handle container or containerized cargo for transshipment cargo.
7. The delay in building the Ashugonj transshipment port has dampened the initiative of the shippers/ businesses in mainland India and Tripura who wanted to see Agartala land port as the gateway to Manipur Mizoram, Nagaland and parts of lower Assam.
8. Navigability is an important issue in the PIWTT route particularly in the Bangladesh segment (Aricha-Daikhawa & Azmirigonj-Zakigonj stretch) of the Kolkata-Pandu & Kolkata-Karimgonj route respectively. Talking to one large Indian ship operator in this route it was noted that if a minimum water draft of 1.8m throughout this stretch (including the no man's land area) in all season is guaranteed, then newer Indian ships and shippers would emerge in PIWTT .

B. Opportunities:

1. Transporting Project Cargo

Development projects in NE planned through 2015-2027 is likely to improve the participation of Indian shippers and vessel operators by manifold. According to an IWAI document, it is working to secure transportation of 34 Hydel project cargo through the PIWTT route in the coming years. These private and government initiated Hydro-electric power projects are being built in the tributaries of Brahmaputra. Heavy machinery and equipment for the Numaligarh refinery in Assam and the Lower Subansiri hydroelectric project in Arunachal Pradesh have been transported by the protocol route.

2. Carrying of export cargo from Assam:

Petro-chemical industry is growing in oil & gas rich Assam. For example, Brahmaputra Cracker and Polymer Limited's plant in Assam was inaugurated in 2016 with an initial capacity to produce 2.8 lakh tons of polymer products per year. The catchment area of this plastic raw materials for export is mainland India and Bangladesh, the later imports more than one million tons of polymer resins. This product can be transported cheaply through the PIWTT in the near future and a value chain could be established. Similarly, cement clinkers, produced in Assam through the process of clinkerisation of limestone could be another upcoming product to flow downstream to clinker hungry 40+ clinker grinding/ cement producing factories in Bangladesh and also to the mainland India. The flow of other forestry & mineral products will take shape within years to see a leapfrog in shipping through the PIWTT by 2020-21.

3. Containerized cargo movement:

Container movement through the transshipment port Ashugonj (when completed) will be major boost to the east-west trade stretching beyond Myanmar through MTI corridor. According to one senior State Minister of Tripura, 1000 or so trucks enter Agartala everyday carrying commercial and daily essential cargo which can be substantially reduced if Ashugonj terminal could be built in time. Containerized transportation of goods could allow movement of temperature controlled cargo. The horticultural industry of Tripura and adjacent States would have gotten a big boost to develop agro-processing industry. Once the Ashugonj Port is completed the Indian businesses/ shippers and ship owners will all find themselves on the road to fulfillment of their long cherished goal.

4. Improvement in waterways connectivity through sustainable dredging.

BIWTA has taken up intensive dredging projects to improve the navigability of inland waterways in Bangladesh, particularly the routes connecting NE India under World Bank fund. WB has committed about USD 200 million to Bangladesh government in this regard. In fact the WB is guiding the connectivity issue. The improvement in navigability will allow shorter transit time in the Kolkata-Silghat and Kolkata-Karimgonj route, resulting in increased movement of cargo and vessels of Indian origin.