



## The lifeline for cross border trade

Integrated Check Posts need to catch up with digitalisation, so that cargo processing gets faster, bringing down the longer queues of cargo trucks waiting at the borders.



“We will establish such contacts between India-Nepal that our borders do not become barriers between us. A “hit” formula for India-Nepal relations - Highways, I-ways, and Trans-ways, will be a multi pronged strategy.”

- **Narendra Modi**  
Hon'ble Prime Minister of India

India is Nepal's largest trade partner accounting for about two-third of Nepal's merchandise trade, one-third of trade in services, one-third of FDIs and almost 100% of petroleum supplies.

India has 109 border check posts with its immediate neighbours, of these check posts, 11 are upgraded from a Land Customs Station (LCS) to an Integrated Check Post (ICP).

On Nepal side, ICPs at Biratnagar, Birgunj, Bhairawa and Nepalgunj border points have been developed to offer a single window service for trade. Currently, only container cargo is allowed for transport by rail from Visakhapatnam Port to Jogbani. The trade community has raised a demand for open top, bulk, or break bulk should also be permitted.

The unexploited trade potential

List of functional and upcoming Integrated Check Posts		
Integrated Check Post	State	Status
Rupaidiha	Uttar Pradesh	Operational
Jogbani	Bihar	Operational
Raxaul	Bihar	Operational
Sonauli	Uttar Pradesh	Under construction
Bhithamore	Bihar	Land acquisition is in process
Panitanki	West Bengal	Under construction
Banbasa	Uttarakhand	Yet to be developed

between India and Nepal stands at 76%. Raxaul-Birgunj are the busiest trading points and also the focus of government efforts towards improving logistics and infrastructure. More than 40% of the bilateral trade (\$9 billion) occurs through the Raxaul-Birgunj land port. India's National Trade Facilitation Action Plan (NTFAP) is committed to bring down the import clearance time to within 48 hours and export clearance time to within

24 hours at land borders.

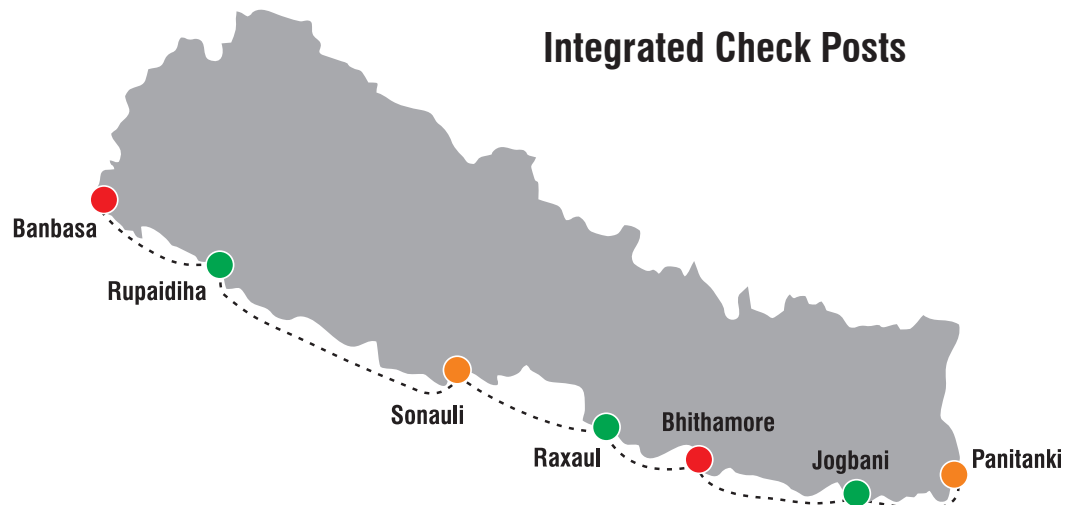
It has been frequently reiterated that one of the most important non-physical barriers affecting the region's integration through land transport is the delays at border crossings. With the development of ICPs, there is a continuous focus on addressing the infrastructural and operational constraints, along with a notable commitment to making land ports gender-sensitive.

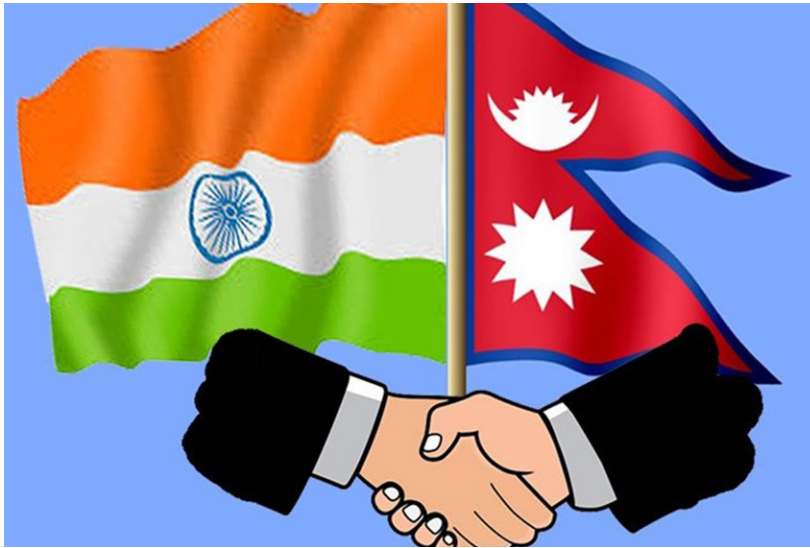


“I am committed to working closely to strengthen Nepal-India relations for mutual benefit of people in our countries. Together, we can elevate our historic ties to new heights, fostering economic growth.”

- **KP Sharma Oli**  
Hon'ble Prime Minister of Nepal

### Integrated Check Posts





# Taking bilateral relations to Himalayan heights

Indo-Nepal relations get stronger with power purchase agreement, announcement of new crossborder railway lines and connectivity through waterways.



## Wishing the 30th Nepal Cargo Day a grand success

Nepal Cargo Day, the annual flagship event organised by NEFFA, is a confluence of minds, where the freight forwarding and trade community of Nepal along with representatives from Customs and various Government departments discuss challenges related to movement of cargo. The event is well attended by representatives from Indian ports and logistics service providers involved in movement of Nepal bound cargo. *Maritime Gateway* has been associated with this mega event for the past three years, bringing to the fore the concerns of the trade community in Nepal, while exploring avenues for further strengthening the Indo-Nepal bilateral trade and connectivity, through its extensive pre and post event coverage in print and online media. *Maritime Gateway* congratulates NEFFA on the 30th Nepal Cargo Day and wishes the event a grand success.

**Ramprasad Ravi**  
Editor-in-Chief, *Maritime Gateway*  
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Almost 9 years ago, in 2014, when Prime Minister of India, Narendra Modi made his first visit to Nepal, he shared a vision to take bilateral ties to Himalayan heights. "The slogan "sab ka saath, sab ka vikas," is not limited to national boundaries and includes our immediate neighbours as well," he stressed. Working forward, multimodal connectivity to Nepal is being improved gradually – new rail links have been announced and plans are afoot to move Nepal cargo from Kolkata using inland waterways. Exactly one year ago, in June 2023, Integrated Check Posts at Rupaidiha in India and Nepalgunj in Nepal were inaugurated and a cargo train was flagged off from Bathnaha in Bihar to the Nepal Custom yard.

The Government of India has, in principle, allowed Nepal access to three inland waterway routes: (i) Kolkata-Kalughat, Raxaul; (ii) Kolkata-Sahebgunj, Biratnagar; and (iii) Kolkata-Varanasi-Raxaul. These new routes will expand Nepal's transit options to the sea. The Sahebgunj, Kalughat and Devi Ghat terminals which are built to target Nepal market need to be Customs notified for the use of Nepal cargo. The main factor that decides the success of cargo movement through waterways is the logistics cost, hence terminal charges need to be optimised.

Long-term power trade agreements have been established under which Nepal exports 450 MW of electricity to India. India has

also built several hydroelectric projects, like Pokhara (1 MW), Trisuli (21 MW), Western Gandak (15 MW), and Devighat (14.1 MW) etc. Further, agreements have been signed between Satluj Jal Vidyut Nigam Ltd and the Nepal Electricity Authority for the development and implementation of the 490.2 MW Arun-4 hydropower project. On the tourism side projects related to the Ramayana Circuit - one of the 15 tourism circuits identified for development will be expedited.

Nepal is progressing economically and in the next two years the Himalayan nation will graduate from the Least Developed Countries category. Nepal exports need to become more competitive complying with the phytosanitary and quality standards of the importing nations. Conventional issues with tedious Customs procedures and complex documentation for moving cargo by road need to be streamlined. For import of cargo into Nepal, custodian right is still given to Indian CHAs whereas the Nepali Freight Forwarders should have the custodian right for Nepal Cargo. Further, there is no transshipment facility for road movement and the permitted load carrying capacity for trucks into Nepal needs to be improved.

With a new government in place, The Nepal Cargo Day is being organised at a very apt time, offering a perfect platform for brainstorming on several trade and regulatory issues, while chalking out the way forward. 



**Vikash Agarwal,**  
Managing Director, South Asia, Maersk

## Maersk: “we provide robust solutions for Nepal trade”

Maersk has become increasingly resilient to the current geopolitical scenario, ensuring containers are railed out from both Visakhapatnam and Kolkata Port reaching consistently into Nepal hinterland.

### **Q. How is Maersk serving the Nepal cargo movement?**

Maersk has provided robust logistics solutions in Nepal over the years through innovative solutions such as consistent and reliable ocean transportation through Kolkata and Visakhapatnam seaports and offering door connectivity to and from Nepal through rail and road solutions, including cross-border containerised rake movements via Vizag. Maersk’s competitive cross-border shipping and integrated logistics solutions for Indo-Nepal EXIM movements allow the customers to choose from additional services like Customs clearances, store door movements and various value-added and customised services.

### **Q. What are the logistics challenges you have noticed in Nepal?**

Nepal is strategically located between two of the world’s largest economies, enabling a high potential for trade connections. Proximity to other growing economies in South and East Asia, too, provides significant trade opportunities. However, Nepal also faces significant logistics challenges due to its topography, infrastructure, socio-economic conditions, and lack of navigable waterways. Its terrain limits road accessibility and

connectivity, especially during monsoons caused by natural calamities, frequently disrupting transportation. A limited rail network restricts its long-haul connectivity.

Being landlocked, Nepal depends heavily on its neighbouring countries, which act as logistics gateways. Therefore, diplomatic and political engagements strongly influence Nepal’s trade capabilities. The scarcity of skilled labour, fragmented supply chains, low-tech adoption, and lack of modern facilities like warehouses and cold storage are other challenges the trade needs to overcome.

### **Q. The freight forwarding community in Nepal have often complained about the high shipping costs, delays in the release of cargo at Indian ports and delays in the turnaround of rakes. How are these issues being addressed?**

Logistics is globally faced with varied challenges, and South Asia is no exception. Be it because of limited infrastructure, slow & manual processes, congestion at seaports, global pandemic or geopolitical tensions – the global logistics ecosystem has undergone disruptions now and then but eventually weathered the challenges to come out stronger.

Maersk has demonstrated agility to overcome these challenges

and restore stability for our customers in Nepal. Besides a few exceptions that are out of the logistics sector’s control, Maersk’s operations have remained consistent in Nepal. Becoming increasingly resilient to the current time, Maersk is ensuring that containers are railed out from Vizag as per schedule. Similarly, at Kolkata, we have overcome the supply challenges faced in the first quarter, bridged the demand gap, and streamlined cargo movement since then.

Over the years, Indian Customs has evolved to promote ease of doing business, bring transparency to processes and ensure safety through various digitalisation initiatives. Today, the Customs Transit Declaration (CTD) and Electronic Cargo Tracking System (ECTS) processes allow for the seamless release of cargo.

Finally, the shipping costs have been high over the last few years owing to multiple disruptions. This is a global phenomenon and not particular to Nepal. With rising operational costs in the shipping sector, maintaining a reliable and consistent product at these times of uncertainty calls for higher investments due to various aspects like longer transit times, port congestions, additional capacity deployment and the safety of cargo & crew.



“The northeast region with its vast network of rivers offers unique chance to enhance tourism, trade and connectivity with neighbouring countries. This connectivity aligns well with neighbourhood first policy of the Central government.”

**- Sarbananda Sonowal**  
Hon'ble Minister  
Ministry of Ports, Shipping and  
Waterways  
Government of India

Every supply chain aspect today is impacted, considering fuel price escalations, high chartering costs, asset imbalance and frequent disruptions. 



## Compliance with international standards – An uphill task

Efforts to harmonize international standards and simplify compliance procedures can help reduce the burden on developing countries and enable them to better utilize WTO provisions for trade.

**Rajan Sharma**, Past President, NEFFA  
Transport, Logistics and Trade Consultant

Nepal faced challenges in aligning its laws and regulations with WTO requirements due to issues within its legislative mechanisms. Additionally, a lack of coordination between various ministries and departments demonstrated a lack of willingness to address these challenges. Weak governance, corruption, and inadequate infrastructure further hindered Nepal's ability to benefit from WTO membership.

Nepal faces significant challenges in competing with other markets and meeting destination market preferences and certifications. Importing countries often impose rigorous technical standards and regulations, including quality, safety, and labeling requirements, which can be difficult for developing countries like Nepal to meet. These standards necessitate sophisticated testing and certification processes, which Nepal lacks the financial resources and technical expertise to implement.

Nepal has a limited capacity for effective negotiation in the WTO, resulting in less influence compared to developed nations. Additionally, the government

lacks the appropriate mindset to support and protect the private sector in its endeavors, further hindering the country's ability to navigate and benefit from international trade regulations.

There is no commodity diversification in Nepal, as both the government and the private sector are focused on a limited range of commodities. Although 34 items have been included in the NTIS 2023, no effective strategic mechanism has been developed to enhance their productivity or quality to access markets. Additionally, fluctuations in the dollar price and the market liberalization provisions of the WTO present significant challenges.

The protection of patents and intellectual property, as well as the sanitary and phytosanitary measures required by developed countries, are lacking in Nepal. Underdeveloped countries like Nepal often lack the technical expertise and infrastructure needed to comply with these product and environmental standards, limiting their ability to export to lucrative markets.

Furthermore, the lack of harmonization in standards across different importing countries means that developing countries must often comply

with multiple, and sometimes conflicting, standards, complicating their export efforts. Private standards often exceed national regulatory requirements and can vary widely between different markets and buyers. Meeting these requirements is a lengthy and costly process, as it often has to be done abroad.

WTO rules limit the ability of underdeveloped countries to implement policies that protect their emerging industries or support economic development. For example, restrictions on subsidies and tariffs reduce the tools available for promoting industrialization and economic diversification. The cost of compliance with international standards is relatively high

for producers and exporters in developing countries. This includes expenses related to upgrading facilities, obtaining certifications, and maintaining ongoing compliance with changing standards.

International support for addressing these problems has not been well channeled towards capacity building and domestic policy reforms. Additionally, the Nepalese government has been reluctant to take the suggestions of development partners. Therefore, efforts to harmonize international standards and simplify compliance procedures can help reduce the burden on developing countries and enable them to better utilize WTO provisions for trade. [MEF](#)

### Delhi – Kathmandu – Lhasa: Train to success

Nepal has expressed plans for developing a railway line that will connect Kathmandu with New Delhi in its south and another connecting it to Beijing on its north, in addition to an east-west rail link connecting Mechi in the Southeast to Mahakali in southwest. Serious national and bilateral commitments have been drawn up and policy makers know that railway connectivity to Kathmandu can transform the economic trajectories for all stakeholders, a move guided by the motto 'Samriddha Nepal, Sukhi Nepal.' A key part of this vision is connecting Kathmandu with Raxaul in India through a 140km railway line. This will give Kathmandu valley seamless access to entire Indian and Bangladesh railway networks.



## MSC: Bringing down the logistics cost

MSC has most competitive tariffs from Kolkata/Haldia to ICD Birgunj, or even by road to Biratnagar, Kakarbitta or Bhairawa. The local costs at Port and Customs processing is kept to minimum by MSC in order to ensure that customer costs are lower.

**Capt. Nitin Puri**  
Regional Sr. Vice President, East India  
MSC Agency (India) Private Limited

### **Q. How is MSC serving Nepal bound cargo?**

MSC serves Nepal inland location both by Rail and Road via Kolkata/Haldia ports. MSC has facilities to issue direct BLs with Place of Delivery at almost all location within Nepal. ICD BIRGUNJ is served by rail connection ex Kolkata/Haldia and other inland points at Nepal by Road- Biratnagar, Kakarbitta, Bhairawa, Nepalgunj. Also, MSC Delivers cargo upto Kathmandu by Road.

### **Q. Nepal Trade Often complains that they are burdened with high shipping cost. What is your take on this?**

MSC has most competitive tariffs from Kolkata/Haldia to ICD Birgunj, or even by Road to Biratnagar, Kakarbitta or Bhairawa. In recent times with BL referring as final place of delivery in Nepal, trade in Nepal has been enjoying extended free time, the local costs at Port and Customs processing

is kept to minimum by MSC in order that customer costs are lower. Costs to Nepal trade over the years have come down considerably. The Line detention what the trade was incurring previously with CHAs involved in moving the cargo on merchant haulage, is practically over now, but if customer wants his cargo to move ex Vizag to Nepal hinterland, the costs in comparison to Kolkata/Haldia will be higher.


### **Q. What are challenges in moving cargo from India ports to Nepal Hinterland?**

Challenges in moving cargo from Indian ports to Nepal hinterland depends upon the rail/road conditions, if the sector or connectivity is congested, then the movement to Nepal slows down. The problem on Rail connectivity is that this route is dominated by passenger traffic and bulk cargo movement, if the sector is congested, then rail connectivity

does gets affected. Also weather plays its part during heavy monsoon period, when various situations, the connectivity is affected. Other challenges are posed by the trade itself when they import goods without government restrictions, then they get cargo being stuck up at Port due to documents required for Indian Customs and transshipment processes are not able to be carried out. And Nepal customers at times take time to clear original documents from banks, hence the transshipment permits can't be processed.

Arrival of big lots of Nepal cargo at Indian port – Kolkata/haldia or Vizag is also a reason for creation of backlog at ports, thus the evacuation from port to Nepal hinterland is not able to connect the whole volume within short time, it has to depend upon the transport infrastructure available- both of Rail or Road.

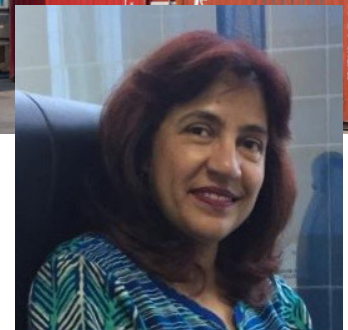
### **Q. How is the Road and rail connectivity to Nepal and how is the infrastructure at Land side ports in Nepal?**

Present infrastructure within Nepal land side is enough to handle the volumes which are bound for Nepal, but if it goes up, then it will come under pressure. Majority of cargo to Nepal is moving into ICD BIRGUNJ (60%) by Rail, Road connectivity for Biratnagar and other point of entry into Nepal are well connected through Indian highways, except during monsoon season and at times some bridges enroute to Nepal hinterland are susceptible to heavy loads and the traffic get restricted to move through those routes, then the trade moves through longer routes and hence cost goes up for the customers. But as the developments are taking place across this region, we will see that the movement of any kind of load is connected smoothly. 



## Pristine: The most preferred logistics partner

Pristine Logistics has emerged as the most preferred service provider in moving Nepal bound cargo, handling major chunk of Nepal's exim trade at both Visakhapatnam and Kolkata ports.



**Poroma Munshi Rebello**  
President, Business Development  
Pristine Logistics & Infraprojects Ltd

**Q. Tell us about the services offered by Pristine Logistics & Infraprojects Limited (PLIL) in Nepal Cargo movement?**

Pristine Logistics offers Rail connectivity for imports & exports to/from ICD Birgunj in Nepal via gateway ports of Visakhapatnam (Vizag) and Kolkata in India, along with pool partners. From Vizag, Pristine has 50% market share of rail business and operates 7-8 services/week and from Kolkata 85% rail market share operating 2-3 services/week into ICD Birgunj.

**Q. What were the volumes in ICD Birgunj last year?**

In container volume, from April 2023-March 2024, ICD Birgunj received over 54,000 TEU of 3rd country import volume and

3,900 TEU Bilateral volume. Non-containerised volume was over 560,000MT bagged cargo and 460,000MT breakbulk/loose cargo.

**Q. How do you see the prospects in terms of cargo growth?**

Nepal's economy saw improved growth in the first half of FY24 (H1FY24) compared to FY23, supported by the services sector, helping its economic growth rebound from a low of 1.9 percent in FY23 to a forecast of 3.3 percent in FY24.

**Q. As Nepal trade largely moves through India, what are the border issues and transit related challenges?**

Nepal containers coming through gateway ports of Vizag & Kolkata are cleared at Raxaul Land Customs Station. Raxaul

(India) – Birgunj (Nepal) is the most important route for interchange of bilateral and third country trade between India and Nepal. Land Port Raxaul is located at a distance of approx. 5 kms from Railway Station, Raxaul. Apart from regular, timely and dependable rail service, Pristine also facilitates border clearance of export/import containers at Raxaul station.

**Q. What are the challenges related to Customs services for Nepal bound cargo?**

With the implementation of the Electronic Cargo Tracking System (ECTS) regulations by Indian Customs under Notification No.68/2019, for third country imports to Birgunj by rail, documentary procedures in Customs services have been greatly simplified. The

ECTS, which uses satellite positioning systems, cellular communications, radio frequency identification, electronic seals, and monitoring software, provides several benefits to facilitate safe & secure cross-border transit of cargo & containers, and simplification of border formalities and procedures. Some third country imports continue to move by Road from Kolkata/Haldia under merchant haulage mode which are not protected by ECTS tracking.

**Q. What is the infrastructure at inland container depots in Nepal for loading/unloading of rakes? What is the time taken in rake turnaround? Is the infrastructure under or over-utilized?**

ICD Birgunj is Nepal's only Rail-Linked Inland Container Depot.

Nepal Intermodal Transport Development Board (NITDB) awarded the operational contract for ICD Birgunj to Pristine Valley in August 2020. ICD Birgunj is spread over 94 acres of land with handling capacity of 100,000 TEU annually. There are 6 rail sidings for rake loading/unloading and for handling containers, bagged, breakbulk & loose cargo. There are separate warehouses for containerized, bulk and loose cargo.

Impact of Pristine Valley in the development & modernization of ICD Birgunj has been significant:


- Started 24 x 7 rail & yard operations to improve productivity of the ICD.
- Installed CCTVs and Wi-Fi enabled infrastructure.
- Implemented ERP to facilitate the trade.
- Started sending container arrival & despatch information to shipping lines, their agents & Customs agents to ensure timely information flow.
- Creation of Customer Relations Cell to address urgent requirements of importers, Customs agents, freight forwarders & shipping lines.
- Provides office space for customs house & shipping line agents near the Admin building.
- Provides office space for customers at BCN goods shed.
- Modernised & revamped Admin Block & Customer Building to offer professional services.
- Created separate waiting area for loaded & empty vehicles.
- Implemented traffic management system to ease congestion.
- Systematic stacking of loaded & empty containers in the yard.
- Implemented labour services for bagged cargo.
- Levelled uneven area between railway line 6 & boundary wall.
- New gate complex for

evacuating BCN & BRN vehicles to facilitate traffic movement within the ICD.

- Separate gates for handling containerised & bulk cargo.

Time taken in rake turnaround: Loading of rakes is done between 2-2.5 hours and unloading in about 2 hours. Total rake turnaround, in & out to ICD Birgunj is about 10 hours.

#### **Q. Is the infrastructure under or over-utilized?**

There is a drop in volume in 2024 due to global supply chain bottle necks and service disruptions. As a result, the ICD is not full utilized for container or non-container cargo. However, the storage and stacking areas are fully utilized. 

## Balmer Lawrie: Seamless cargo movement

Balmer Lawrie offers CHA services from both Visakhapatnam and Kolkata Ports for moving rail and road freight, either containerised or break bulk into Nepal hinterland.



**Adhip Nath Palchaudhuri**  
CMD (Additional Charge) and Director [Service Businesses]  
Balmer Lawrie & Co. Ltd

**B**almer Lawrie & Co. Ltd., has been extending CHA (Custom House Agents) services for import and export of Nepal cargo. In its endeavour to facilitate seamless bilateral and third country movement of cargo, Balmer Lawrie has been providing logistics services at Kolkata / Haldia ports as well as at Raxaul and Jogbani (districts in Bihar).

On 21st May 2004, a Rail Services Agreement was signed between India and Nepal, moving rail freight between Kolkata / Haldia ports

and Birgunj via Raxaul.

Balmer Lawrie has cleared more than 2 lakh containers from Kolkata / Haldia / Visakhapatnam ports to ICD Birgunj and vice versa. The company has been extending CHA services for clearance of bilateral movement of rakes from various steel plants of India to Nepal which is in addition to clearance of trucks carrying export goods to Nepal.

The Company has executed CHA jobs for clearance of more than 55 Lakh MT of Steel and Petroleum products

from its three Land Customs stations at Raxaul, Jogbani and Sonauli. Major services offered to the trade includes parking, weighment services, customs examination of cargo, warehousing of cargo, loading and unloading facilities etc. The ICPs offer a common strategic place where trade enjoyed availability of all Govt. departments, such as Customs, PQ Dept., SSB etc.

Balmer Lawrie has three CFS at Mumbai, Chennai and Kolkata and a Central Warehouse at Andhra Pradesh MedTech Zone (AMTZ), Visakhapatnam.

Balmer Lawrie in association with Visakhapatnam Port Authority, through the JV Company Visakhapatnam Port Logistics Park Ltd. has a CFS at its MMLP in Visakhapatnam. Balmer Lawrie with its four Cold Chain Units at Medchal (Hyderabad), Rai (Haryana), Patalganga (Navi Mumbai) and Chhatabar (Bhubaneswar) offers one-stop solutions to all cold chain requirements under the brand LOGICOLD. The Company has the expertise to handle all products in the -25°C to +25°C range. 



**Manoj Adhikari**  
President, NEFFA

## Nepalese freight forwarders should control the freight cost

“Logistic cost can be brought down only if the FOB or FCA INCO term is implemented in case of imports to Nepal as that enables Nepalese freight forwarders control freight cost as well as be liable for on time delivery.”

**Q. How has been the trade scenario (both imports and exports) in Nepal during the past two years? What are the future projections?**

The trade across border in the past two years has not been very good . Exports have declined a lot with a gap of 1:14 but this is mostly due to essential items like fuel which is not available in Nepal and we need to depend on India .

The export is declined due to domestic productivity issues which has lot to do with climate change. The buying strength of the destination market has also weakened. Nepal always faces

the challenge of high logistic cost and with the recent havoc in the Swiss channel the cost of ocean freight has been very high. Similarly, the air freight cost is also high as airlines are covering the loss due to pandemic.

Import has decreased by nearly 20% which is due to weak expenditure power of consumers. Many external and internal factors contribute to deterioration of trade.

We think the future is not going to be better very soon . It will take another year more to adjust to adversities be in political , social or economical.

**Q. What are the major logistic challenges Nepal faces in cargo movement from Kolkata and Vizag Ports?**

The major challenge is the time factor due to high dwelling time in general but this year the delay in transit time has added to the woes. The fluctuating freight cost and in-transit cost are some major constrains.

**Q. The Electronic Cargo Tracking System (ECTS) was designed to monitor cargo from port to port and has been activated in both Nepal and India. However, on Nepal side the implementation has not been effective. What needs to be done?**

The ECTS was introduced as pilot project and the importers of Nepal are paying for tracking transit goods from Indian ports up to Indian border customs. This needs to be improved and expanded.

We need to revisit the cargo monitoring system by addressing the weaknesses by modifying the provisions and sharing cost. This tracking and tracing should be accessible to logistic service providers as the activity is that

of the freight forwarders and not exporters or importers.

**Q. In end-to-end logistics in which segment (shipping line, seaport, road and rail logistics) the logistics cost can be brought down?**

Logistic cost can be brought down only if the FOB or FCA INCO term is implemented in case of imports to Nepal as that enables Nepalese freight forwards control freight cost as well as be liable for on time delivery. That will help keep foreign currency within Nepal and remit the right sum through legal Chanel. That will help control over invoicing or under invoicing or money laundering as well. This suggested provision will help keep Shipping lines in track with transport architects.

**Q. How is the infrastructure at land ports in Nepal with respect to loading/unloading and storage of cargo?**

It is not bad at the moment but future planning needs to be done with right analysis. There is shortage of equipments as well as cost of handling is very high. <sup>UBS</sup>

## Nepal prepares to graduate from least developed country status

Nepal's Permanent Representative to the United Nations and the World Trade Organisation Ram Prasad Subedi called for a strengthened partnership with the International Trade Centre (ITC). The Nepali envoy emphasised the importance of the ITC's support in implementing Nepal's Trade Integration Strategy (NTIS) and its journey towards graduating from the Least Developed Country (LDC) status. Subedi also highlighted the need for continued technical assistance in the pashmina and coffee sectors, which hold significant export potential. He expressed Nepal's interest in collaborating with the ITC on high-growth sectors like medicinal and aromatic plants, IT, digital services, and tourism.





## Challenges at every step in cargo movement

While ECTS has been introduced and liners are providing door-to-door connectivity, inland waterways are being opened for movement of Nepal cargo, but the Nepal trade community is yet to realize the cost benefit, opines **Naresh Kumar Agrawal, Vice President, NEFFA.**



### **Q. Challenges faced by Nepal Freight Forwarding community in trade with India and also movement of third country export/import cargo through Indian ports?**

The presence of Nepali Freight Forwarders is negligible in Indo Nepal bilateral trade movement. This portion of trade is being controlled majorly by Indian Truckers/Transporters companies. Recently it is being noticed that MNC's are interested in cross border transportation and gradually the presence of Freight Forwarding companies in this lane will be increased.

The challenges faced are complex Customs Procedures and Documentation requirements, Border crossing issues like delays and unpredictability at border crossing, Infrastructure constraints, non-tariff barriers, high cost of transportation, limited adoption of modern ICT solutions for trade facilitation, such as electronic data interchange (EDI) and online Customs clearance systems and custodian rights of the cargo to Indian CHA and not to Nepali Freight Forwarders etc.

The movement from Vizag is 100% through rail whereas Kolkata/Haldia consists of Rail & road both. The shipment by rail

is being handled by the Liner. The challenge besides above is the transshipment bond. As per provision of Rail Service agreement transshipment bond is filled by Liner and we do not have authority to file the same. This has led to a monopolistic environment and rail freight charges benefit is not passed to the importer as a result the cost has increased. Liners provide service up to Nepal but they do not accept payment in Nepal and none of the liners are registered in Nepal. Due to this business cost is increased and the liability of liners is not fixed.

### **Q. What are the advantages and issues with the ECTS?**

No doubt, the ECTS has reduced the requirement of original documents at Indian port and facilitated the direct delivery of shipment to Nepal. It was a long standing demand of NEFFA that the transshipment facility for Nepal shipment to be provided and Nepal shipment should move directly to and from Indian ports. The ECTS has somehow provided the direct movement of Nepal bound shipment up to ICD Birgunj but at the same time it has increased the cost and created monopoly in terms of rail freight by liner and ECTS seal provider. ECTS was implemented as a pilot project for 6 month and the contract for providing

seal is given to one company only. It is high time now, it is to be reviewed with other type of seal which are economical and there should be multiple vendor. NTWCL, the only Nepalese company which is a part of Indo Nepal Transit Treaty should also be given the task of ECTS and authority to file transshipment bond.

The ECTS seal to each and every container on rail is not required since containers are loaded facing each other. Moreover, the ECTS covers only Indian Territory upto Raxaul and the Nepali territory from Raxaul to ICD Birgunj is not covered by ECTS. The provision of ECTS should be reviewed and seals which are economic and cover end points (ICD Birgunj) should be used.

### **Q. The government of India is also planning to move Nepal cargo through waterways. Can this be a game changer for Nepal trade movement?**

Yes, this may be a Game changer in Future. The waterways in Indian side are developed and there is a need for connectivity to Nepalese rivers. First of all, the Sahebgunj, Kalughat and

Devi Ghat terminals which are built to target Nepal Market needs to be Customs notified for the use of Nepal cargo. The handling procedure and protocol thereof for plying Nepalese flag barges in Indian waterways to be finalized. Again the use of waterways may depend on the terminal charges. The success of use of waterways depends on the logistics cost. There should not be multiple terminal charges i.e. at the loading terminal Haldia and delivery terminal Sahebgunj.

### **Q. Nepal has transit agreements with India and Bangladesh. What are the strengths and weaknesses of these treaties? What is the perception of the trade community about these agreements?**

The main strength is that the treaty of transit and Rail Service Agreement gets renewed automatically unless any of the party notifies other party of the changes before its expiry. The weakness is that the custodian right is given to Indian CHAs whereas the Nepali Freight Forwarders should have the custodian right for Nepal Cargo. There is no transshipment facility for road movement and documentation is cumbersome. 



## Linkages of ICDs with ICPs will enable smooth supply chains

For maintaining a smooth supply chain, the linkages of Nepalese ICDs and the Integrated Check Posts may be established with the land ports in India. These linkages would be an additional feature in streamlining trade and transit arrangements.



### Purushottam Ojha

Former Commerce Secretary, Government of Nepal & Consultant on Trade, Transit, Investment and Private Sector Development.

Transport and logistic services play an important role in international trade. For a landlocked country like Nepal, decreasing the trade cost is crucial because it requires offsetting the additional cost incurred in the transit movement of goods. The development of necessary infrastructures and creation of a regulatory and institutional framework for transport and logistics was first mooted in the Trade Policy 1992 and thus got into action with the development of three

ICDs in Birgunj, Biratnagar, and Bhairahawa during the later years of the 1990s. Of these, Birgunj ICD was considered highly important to serve the Nepalese trade as 60 percent of the trade passes through this border post only. Three important initiatives took place along with the development of this ICD. The first was the construction of a 5 km railway spur connecting Birgunj ICD from Raxaul station; the creation of a regulatory board to oversee the operation, and management of the ICDs, and an arrangement of leasing out the facility to private sector.

Consequently, Nepal made a dent in developing other ICDs in major border posts like Tatopani, Rasuawagarhi, Kakarbhitta, and Chandani-Dodhara. The former two border posts are connected with Tibet, China while the latter two are located in the eastern and western borders of Nepal. Another ICD in the hinterland has

been developed in Kathmandu lately, which is supposed to function as a satellite facility for other border posts.

Among all modes of transport, inland waterways and railways are cheaper and safer, thus, a series of negotiations between the two countries culminated in the signing of the Rail Services Agreement in 2004, and the ECTS in rail transportation was issued in 2019. It was further consolidated by enabling the application of ECTS on transit traffic moving through inland waterways, as incorporated in the treaty of transit in 2023.

Experiences so far, reveal that merely the development of physical infrastructure does not suffice to facilitate the movement of goods. Rather, it requires creating a sound and fair regulatory system and institution in place, reengineering, and simplification of outdated procedures and documentation,

and better coordination among cross-border agencies like customs, food security, quarantine, and other law enforcement agencies.

The application of ICT in border control and regulation has transformed the way of handling cross-border trade. The application of a cross-border single window could help in reducing the border clearance time precipitously without compromising the basic tenets of security. Realigning the provision of the Nepal-India bilateral treaty of transit along with the content laid out in the WTO Trade Facilitation Agreement would be a watershed moment to simplify the transit and trade procedures. Digitization of trade procedures, aligning dedicated lanes, and transit corridors, pre-arrival processing, business process re-engineering, and application of cross-border single windows are some prominent features that could be made a part of the bilateral transit agreement.

India is now emerging as one of the leading countries in the development of seaport and land port facilities. For maintaining a smooth supply chain, the linkages of Nepalese ICDs and the integrated check posts may also be established with the land ports in India. These linkages would be an additional feature in streamlining trade and transit arrangements that provide direct access to Nepal's transit traffic to the seaports in Kolkata, Haldia, and Visakhapatnam. Additional port facilities in western India; mainly Kandla, and Mumbai could be considered for use of Nepal transit, to facilitate trade with middle-east USA, and EU countries. Thus, creating a cross-border transit transport network at the hinterland would be a win-win proposition; Nepali importers and exporters would thus have a choice to use the most efficient routes. [MEG](#)

## Railway line through Nepal connects northeast



India is planning to build a railway line through Nepal to connect Jogbani in Bihar, to New Mal junction in Bengal via Biratnagar. This will reduce the dependence on Siliguri corridor for connecting to the Northeast. The Indian Railways has sanctioned a 190 km route for final location survey between Biratnagar and New Mal junction. The proposed Galgalia (Bihar) – Bhadrapur (Nepal) – Kajali Bazar (Nepal) section will require an additional 12.5 km of new railway tracks. The Jogbani–Biratnagar broad gauge section will consist of 18.6 km of tracks in India and 13.15 km in Nepal. A 7.74km section between Bathnaha in Bihar and Nepal Customs yard is completed. ●

## Nepal's petroleum imports on a decline

Nepal's petroleum imports dropped by 4.35 percent to Rs337.34 billion in the last fiscal year ended July 15, due to lower international rates. Official data showed that the country continues to be dependent on fossil fuel despite the surge in electric vehicles (EVs) and more electricity generation.

The imports of three oil products – diesel, kerosene, and liquified petroleum gas – have dropped by Rs15.36 billion combined, mainly in terms of value.

A breakdown of the oil import bills shows diesel imports dropped by 6.36 percent to Rs143.97 billion, which translates to a decrease of Rs9.79 billion. However, in terms of quantity, Nepal imported 1.41 million kilolitres of diesel in the last fiscal year, a marginal drop of 2,946 kilolitres compared to the previous fiscal year's imports.

Similarly, petrol imports in terms of value dropped by Rs1.25 billion to Rs68.1 billion in the last fiscal year. But in terms of quantity, imports increased by 7,124 kilolitres to 687,931 kilolitres. ●

## Nepal sees rise in cement and clinker exports

Exports of cement and clinker reached \$48 billion in the 2024 financial year, tripling the figure from 2023, according to the Department of Customs. Exports of cement were \$23.5 million, while clinker exports stood at \$22.5 million.

This follows the government's

introduction of an 8% cash incentive for mine-based product exports and the identification of cement as a potential export item in the Nepal Trade Integration Strategy 2023. Policy changes, including tariff waivers on significant electricity usage by manufacturers, also contributed to this growth. ●

## People desperate for a bridge over river Karnali

Without a bridge over the Karnali River at Chuwa Khola of Kharpunath rural municipality, Simkot, the district headquarters of Humla, remains to be connected to the national road network. Villagers in the northwestern corner of Nepal bordering Tibet in China where the Humla Karnali crosses, face hardships in the absence of one bridge.

Though the track was opened to Simkot in mid-April, the construction of the bridge has yet to be completed. As a result, a 12 km section still needs to be completed to connect the district

headquarters. Now, vehicles carrying goods along the Karnali Corridor can only reach Kharpu. From there, the goods have to be transported by helicopters and carried over the river using cables, resulting in additional costs. This method, however, is possible only when the water level is low.

The price of daily consumable goods in Simkot is sky high. No goods-carriers operate here; small jeeps are permitted to carry passengers only. This means vendors have to transport goods using porters which increases prices of goods, say traders at Simkot. ●

## Digitisation of supply chains much needed

Nepal's logistic sector needs to work towards transforming supply chains through digital platforms and technologies. The World Bank has been suggesting the government on the agenda of digitalization, but progress is yet to be made on this front. The integrated border management system (IBMS) from the World Bank will help streamline the border issues as well as help proper planning from the transit point until the logistic centers and electrical cargo tracking (ETCS) system of ADB with some amendments would help in the transit and domestic flow of goods. The trade facilitation and cross-border paperless trade agendas have been pending for a very long time with little to no activities. Further, involving freight forwarders in the Nepal National Single Window (NNAW) is pending. ●



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  - 6 weekly services from Kolkata.

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- Border clearance of Export & Import containers at Raxaul Station.

**2** Border Clearance Services

Handling & Storage of Containers - Key impetus on safety of containers

**3**

- Brand New Equipment
  - Reach Stacker – 6 Nos, Hydra Crane – 2 Nos., Forklift – 2 Nos., Sling Cranes – 8 Nos.
- Well trained staff with regular training

Value Added Services – Providing all solution under one roof

**4**



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