



# Perception Study of Passenger Movement Between India & Nepal Via Land Ports

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**OCTOBER 2023**





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# Executive Summary

Passenger movement between India and Nepal reflects the historical, cultural and religious ties between the two countries, based on the India–Nepal Treaty of Peace and Friendship of 1950. The treaty allows for free movement of goods and passengers across the open border. It must be noted that nearly 8 million Nepali citizens are living and working in India who travel frequently across the border. Further, the Regulation for Passenger Traffic between the two countries as well as the BBIN Motor Vehicles Act govern passenger/vehicular movement between the two countries. Bilateral passenger movement between India and Nepal is influenced by various factors such as economic opportunities, tourism potential, social and religious ties, etc.

Roadways connect the two countries through multiple ports of entry and exit. Road transport is the most common and convenient mode of travel between India and Nepal, as it offers flexibility, affordability and accessibility. There are several designated crossing points along the border that provide immigration and customs clearance for passengers travelling on foot or by vehicles i.e., buses, cars, motorcycles, etc. These land ports have the capacity to handle large passenger traffic. For instance, in 2019–20, the Raxaul land port recorded around 2.93 lakh passengers crossing the border.

To improve the infrastructure and security at the various ports of entry/exit, India and Nepal have agreed to develop Integrated Check Posts (ICPs) at major border crossings, to provide modern facilities and amenities for smooth and efficient movement of people and goods. However, there are still some roadblocks both at the regulatory and operational levels which hamper seamless movement of passengers across the border. Some of the major challenges include:

- ◆ **Travel permits not issued at the border by Indian authorities:** Unlike Nepal, India does not issue travel permit to travel to the Indian hinterland at the border. Instead, Nepali passengers who want to travel using private cars have to travel to the Indian embassy in Kathmandu to get the travel permits.
- ◆ **Longer turnaround time for the issuance of travel permits by the Indian Embassy:** Issuance of travel permit by the Indian embassy, on an average, takes 5–7 days as compared to the Nepali authorities who issue the travel permits within hours at the borders.
- ◆ **Bank Guarantee as part of the documentary compliance:** The documentary compliance for the travel permit application in the Indian Embassy includes a bank guarantee (valued at around INR 3,00,000) that the owner of the vehicle has to submit. This makes the overall process costly and further time-consuming.
- ◆ **Lack of separate route and congestion at the border points:** Border vehicular movement currently face considerable congestion as observed at the select border points visited during the study. Such border points currently handle both cargo and passenger movement, leading to choking as well as difficulties in overall management.
- ◆ **Lack of adequate infrastructure and support facilities:** The infrastructure on offer currently for border movement is highly inadequate. At most border points, challenges include inadequate parking space, poor infrastructure, lack of washrooms, inadequate waiting area for passengers, congestion due to cargo trucks, poor handling of luggage, inadequate scanning equipment adding to security risk, multiple checks leading to delays, etc.

- ◆ **Issues with vehicle insurance coverage:** There are issues that have been reported by the passengers regarding the validity of vehicle insurance across the border. Insurance coverage for Indian vehicles is not considered valid in Nepal, as indicated by stakeholders. There is a lack of clarity on the Indian side too, which needs to be addressed.

In order to mitigate the existing challenges and facilitate bilateral passenger movement, the passenger vehicle movement can be directed through the ICPs. This would potentially improve operational feasibility and efficiency, leading to reduced logistics costs as well as enhanced bilateral trade and people to people cooperation. However, this requires improving connectivity and understanding the perception of the masses using these land ports, as they may have different preferences, expectations and apprehensions regarding movement through the ICPs. In order to address the challenges and lead the way in aligning bilateral connectivity on the lines of BBIN MVA, suggestions have been laid out in the report, identifying key steps to be taken:

- ◆ Designating ICPs as a single window for bilateral passenger movement, with Land Ports Authority of India (LPAI) as the nodal agency for the overall process
- ◆ Issuance of travel permits at the borders by the Indian government; LPAI should be authorised to issue the travel permits
- ◆ Operationalising ICPs from both sides of the border for better passenger movement regulation
- ◆ Shifting of four-wheeler movement to ICPs as a starting point
- ◆ Shifting of movement of buses through the ICPs for better security
- ◆ Aligning the operations with the BBIN MVA framework

In the above context, the principal aim of this study has been to assess the existing vehicular and passenger movement – for travellers formally going to the hinterland of both countries (covered under the BBIN MVA, comprising 17 routes and 18 check points) – and to explore the possibilities of utilising the ICPs on both sides as integrated facilities to facilitate the same. The study has covered four ICPs on the Indian side i.e., ICP Raxaul, ICP Jogbani, ICP Sonauli and ICP Rupaidiha, and has tried to explore the existing routes of travel, modes of travel, stakeholders, operational aspects, regulatory framework, etc.

The study has also gathered perception-based feedback from various stakeholders to explore the possibilities of redirecting the existing traffic to the ICPs. Special focus has been on understanding the modus operandi of vehicular movement into the hinterland of both countries, including permits, regulations, charges, insurance, vehicle tracking, etc. with a view to outline the challenges as well as gauge future requirements in the area.

The findings of the study are expected to facilitate the development of requisite infrastructure/facilities as well as streamlining of key processes to bolster tourism as well as other kinds of movement into the hinterland on both sides, utilising the ICPs as the principal nodes for the same.

India and Nepal share friendly ties marked by strong historical and cultural linkages, an open border and strong people-to-people connections. The age-old bilateral ties have experienced considerable boost in the recent years through intensified exchanges between the policy establishments, introduction of bilateral mechanisms to foster cooperation in multiple sectors, expansion of economic and developmental partnership, enhancement of connectivity, etc. as well as initiatives aimed at improving people-to-people contacts between the two countries. Further, in the light of the Indian government's Neighbourhood First Policy, there have been regular high-level visits by the policy establishment of both sides, leading to the strengthening of multiple aspects of bilateral cooperation.

The Government of India provides considerable financial and technical assistance to Nepal for the implementation of both large infrastructure and connectivity projects as well as small development projects and high impact community development projects in key areas such as education, health, irrigation, rural infrastructure, livelihood development, etc. Across Nepal, a series of cross-border connectivity projects like rail links, roads, Integrated Check Posts (ICP), etc. are under implementation with grant assistance of the Indian government<sup>1</sup>.

In the recent times, there has been considerable thrust on passenger movement between the two countries – under the aegis of the Bangladesh, Bhutan, India, Nepal (BBIN) Motor Vehicle Agreement, which covers 17 routes and 8 check points between India and Nepal – to further enhance people-to-people connect, augment business and promote tourism among others. The BBIN MVA provides a framework for a sub-regional integration detailing procedures and process of insurance, permits, visa, applicability of local laws, business facilitation, etc. In order to align the current connectivity framework with the one outlined in the BBIN MVA, it is important evaluate the bilateral connectivity process between India and Nepal. The Agreement for Regulation of Passenger Traffic between India and Nepal lays down all the modalities for passenger travel between the two countries.

## Scope of the Study

### Policy and Procedural review



Understand the modalities of vehicular movement on both sides of the border - formal movements into the hinterland

### Identify Challenges



Identify challenges faced by passengers

### Recommendations



Suggest reforms at policy and operational level to mitigate the challenges

### Develop a Roadmap



Develop a roadmap for seamless regulation of passenger movement between India & Nepal

1. India Nepal Bilateral Brief (March 22, 2022), Ministry of External Affairs, GoI



In the current context, it is imperative to understand the modalities of vehicular movement on both sides of the border – formal movements into the hinterland – and identify prevalent challenges as well as potential reforms to augment the same. It is also essential to understand the infrastructure/facilities required, regulations to be implemented and other conditionalities to ensure streamlined vehicular movement across the India-Nepal border. In the context of the BBIN MVA, there is scope for India to lead the way in implementing seamless cross-border vehicular movement. This report tries to explore these areas so as to lay down an indicative roadmap to achieve the envisaged goals. It must be noted that this report is specifically aimed at streamlining movement of private vehicles to hinterland between the two countries.

## 1.1 Methodology

The research methodology employed for the study is a combination of primary and secondary research. Secondary research includes sources such as press releases, policy documents, reports and research papers related to the bilateral passenger movement. In addition, government and LPAI websites were also reviewed for gathering precise data and information on border points, connectivity projects and procedural details.



- ◆ **Literature Review:** The existing literature on the bilateral passenger movement between India and Nepal, especially the policy documents, government orders, legal framework was reviewed extensively to gain understanding of the prevailing situation, modalities, and understand the context and backdrop in which this study becomes relevant.
- ◆ **Field Visits:** The research team visited the four border points – Rupaidhia, Sonauli, Raxaul and Jogbani to gain first hand understanding of the existing procedures, prevailing operational roadblocks and to understand the perception on the ground. In order to add technical depth to our research, relevant qualitative and quantitative information was sourced from stakeholders.
- ◆ **Stakeholder Interaction:** Sourcing information from primary sources is always an advantage for any research endeavour. Interaction with relevant stakeholders including passengers, travel operators, vehicle owners, customs officials, immigration personnel, security agencies, etc. at the border crossing is a critical aspect of this study especially in the identification of challenges faced. This study has gained immensely from the inputs provided by the stakeholders and some of the strategic recommendations mentioned have come directly from the stakeholders.

- ◆ **Validation and Triangulation:** Critical information, pre-dominantly qualitative information sourced from secondary sources was validated post interviews, as it would form basis for developing strategic recommendations and the roadmap for the seamless regulation of passenger movement.
- ◆ **Strategic Recommendations:** In order to recommend reforms in the passenger movement, the existing policy structure, prevailing operational procedures, and stakeholder inputs were all taken into consideration.
- ◆ **Report Writing:** All the above steps culminated into a draft report that was shared with the LPAI leadership. After incorporating the feedback, the final report was prepared, which is presented here.

## 1.2 Trends in Passenger Movement

Nepal occupied 5th position in 2021 among top 15 tourist generating markets for India, with 3.4% of the total share of arrivals. Of the South Asian countries, Nepal has been the third largest source of tourism into India, following Bangladesh and Sri Lanka.

The arrivals from Nepal grew from 41,135 in 2001 to 164,018 in 2017, which increased by 6.1% in 2018, declined by 5.8% in 2019 and witnessed a sudden fall of 75% in 2020, largely attributed to the outbreak of COVID-19.

### Arrival of Tourists in India, 2017-2021<sup>2</sup>

Nepal	2017	2018	2019	2020	2021
Arrivals	164,018	174,096	164,040	40,822	52,544
Percentage Change	-	6.1	-5.6	-75.1	28.7

From 2018 to 2021, it is seen that the share of arrival by road has increased from 5.3% to 10.4%.

Mode of Arrival	Air	Road	Rail	Sea
2018	94.7	5.3	-	-
2021	89.5	10.4	-	-

In 2021, the predominant mode of travel for Nepalese tourists was air which accounted for (89.5%) followed by land route (10.4%). During 2021, the maximum tourists disembarked at Delhi airport (83.8%) and majority of the arrivals (62.7%) were male. The age-group which dominated the arrivals during 2021 was 25-34 years (31.5%) followed by 15-24 years (22.9%). The peak quarter for arrivals was October-December (36.1%) followed by January-March (38.8%).

Out of total arrivals, in 2021, from Nepal, (71.9%) were for the purpose of Leisure Holiday and Recreation followed by Indian Diaspora (9.7%) and Business and Professional (1.8%). If compared to 2018, while the majority share (63.4%) was for leisure holiday and recreation, a significant 15.3% was for business and professional purposes.

2. <https://tourism.gov.in/flipbook/4>

## Departure of Tourists from India, 2017–2021

To Nepal	2017	2018	2019	2020	2021
Departures	160,832	-	238,395	44,218	59,142
Percentage Change	-	-	-	-81.6	33.8

Mode of Departure	Air	Road	Rail	Sea
2021	99.7	0.3	-	-

The above figures, though reported, are very conservative and do not present the real picture of the passenger movement and the potential that exists between the two countries. There are far more people who travel between the two countries using land borders as reported, the only issue is that these numbers are not recorded properly, hence they do not get reported. India and Nepal share an approximately 1700 km land border spanning across the states of Uttarakhand, Uttar Pradesh, Bihar and West Bengal. Across this 1700 km long borderline there are multiple crossing points that can be used by passengers to cross from one country into another. Basis our field visits, among the crossing points, Sonauli, Raxaul and Rupaidhia are used more frequently by passengers than other crossing points.



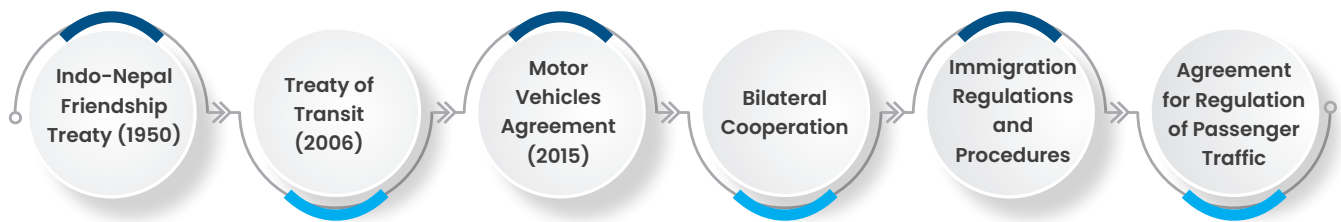
Source: Passengers survey

Broadly, the passengers crossing the border from both sides include, tourists, people visiting for commercial purposes/work, Nepali students studying in various parts of India, people visiting relatives, working or studying, across the border, people visiting to access better healthcare or other services across the border among others. One of the major reasons, other than tourism, for passengers from India to go to Nepal is medical treatment; eye and neuro hospitals on the other side are in demand. Border crossings near Biratnagar, Nepalganj, Raxaul, etc. are frequently visited by passengers who are headed towards Nepal for treatment purposes. Tourism is a prominent reason for travel across the border. For instance, in Sonauli, an increasingly growing number of passengers - including Buddhist pilgrims cross the LCS on a daily basis. A major reason for the same is that the birth place of Lord Buddha i.e., Lumbini is only around 26 kilometres from the Sonauli border. The Sonauli route is also a traditional route for Hindu pilgrims going from Varanasi to Pashupatinath in Kathmandu. Soe of the other prominent destinations for Indian tourists include Kathmandu, Ram-Janaki temple in Janakpur, etc.

## Legal Framework, Treaties & Agreements

The section below highlights the key legal frameworks, treaties and agreements that govern the movement of passengers between India and Nepal. The Indo-Nepal Friendship Treaty of 1950 establishes the foundation for free movement and equal rights for citizens of both countries. The Treaty of Transit of 2006 provides the framework for smooth transit, including passenger movement, at designated checkpoints. Additionally, the BBIN MVA of 2015 and various bilateral agreements contribute to enhancing regional connectivity and promoting cross-border travel. The bilateral 'Agreement between the Government of the Republic of India and the Government of Nepal for the Regulation of Passenger Traffic between the Two Countries – 2014' provides the operational framework detailing modalities of vehicular movement and roles of various departments/stakeholders. It is important for policymakers and stakeholders to understand these legal frameworks to ensure efficient and hassle-free passenger movement between India and Nepal.

Some of the major treaties, agreements and regulations have been summarised in this section.



### Major Treaties, Agreements and Regulations

Particulars	Key Highlights
Indo-Nepal Friendship Treaty (1950)	<ul style="list-style-type: none"> <li>◆ The cornerstone of bilateral relations between India and Nepal, endorsing everlasting peace and friendship between the Government of India and the Government of Nepal</li> <li>◆ Efficient diplomatic relations with each other by means of relevant representatives for various functions</li> <li>◆ Facilitation of import of arms, ammunition or warlike material and equipment necessary for the security of Nepal from or through the territory of India</li> <li>◆ National treatment for nationals of the other with regard to participation in industrial and economic development, including grant of concessions and contracts</li> <li>◆ Grant of 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</li> </ul>

Particulars	Key Highlights
Treaty of Transit (2006)	<ul style="list-style-type: none"> <li>◆ The Treaty of Transit between India and Nepal, signed on June 6, 2006, regulates the transit of goods and passengers between the two countries. While the primary focus of the treaty is on transit facilities for trade, it also covers provisions related to passenger movement. It establishes the basis for seamless travel by road and rail, and facilitates transit through designated checkpoints along the India-Nepal border.</li> <li>◆ Contracting parties accord to “traffic-in-transit” freedom of transit across their respective territories through routes mutually agreed upon</li> <li>◆ “Traffic-in-transit” means the passage of goods, including unaccompanied baggage, across the territory of a Contracting party when the passage is a portion of a complete journey which begins or terminates within the territory of the other Contracting Party</li> <li>◆ Traffic-in-transit is exempt from customs duties and from all transit duties or other charges, except reasonable charges for transportation and such other charges, as are commensurate with the costs of services rendered in respect of such transit</li> <li>◆ The Contracting Parties have the provision to give at point or points of entry or exit, on relevant terms, warehouses or sheds, for the storage of traffic-in-transit awaiting customs clearance before onward transmission</li> <li>◆ Merchant ships sailing under the flag of Nepal are accorded, subject to Indian laws and regulations, treatment no less favourable than that accorded to ships of any other foreign country</li> </ul>
Motor Vehicles Agreement (2015)	<ul style="list-style-type: none"> <li>◆ Enhancement of regional connectivity by facilitating the movement of passenger and cargo vehicles among the member countries</li> <li>◆ Positive implications for passenger movement between India and Nepal, through streamlined border procedures, harmonized standards for road transport, and promotion of cross-border tourism and travel</li> <li>◆ Articles include permits for passenger and goods movement along with regulations, directions, restrictions and limitations</li> <li>◆ Allowance for contracting parties for movement of their registered vehicles for bilateral and third-country trade, into the territories of the member countries</li> <li>◆ Provisions of permits for regular passengers, regular cargo, personal vehicles and non-regular passenger vehicles</li> <li>◆ Lays down specific routes for the movement of passenger and cargo goods and restricts the traffic to land ports/dry ports and LCSs as listed in the agreement</li> </ul>

Particulars	Key Highlights
	<ul style="list-style-type: none"> <li>◆ Proposal to formulate a custom subgroup amongst the member countries that is required to formulate a common customs and other relevant procedures and safeguards for the movement of vehicles</li> </ul>
Agreement between the Government of the Republic of India and the Government of Nepal for the Regulation of Passenger Traffic between the Two Countries - 2014	<ul style="list-style-type: none"> <li>◆ The defining agreement dealing with the expansion and promotion of vehicular traffic between the two countries on the basis of mutual advantage and reciprocity and with a view to strengthening the economic bonds between the two countries on the basis of common interests, for operating passenger traffic between the two countries</li> <li>◆ <b>The various articles include the following:</b> <ul style="list-style-type: none"> <li>• The nature of vehicles and operators allowed</li> <li>• The requisite permits for regular and non-regular passenger transportation</li> <li>• Documentation requirements for entering into the territory of the other country</li> <li>• The various restrictions on passenger transport, repair work of vehicles, etc.</li> <li>• The various fees and charges with respect to border formalities, customs formalities, taxation, etc.</li> <li>• Compliance with traffic laws</li> <li>• Right to inspect and search</li> <li>• Insurance requirements for regular as well as non-regular passenger transportation</li> <li>• Measures for business facilitation</li> <li>• Consultation mechanisms between the two countries</li> <li>• Applicability of local laws</li> <li>• Dispute settlement mechanism</li> </ul> </li> </ul>
Immigration Regulations and Procedures	<ul style="list-style-type: none"> <li>◆ Indian citizens travelling between India and Nepal by air must have a valid Indian passport or a voter ID issued by the Government of India. However, they do not need a passport or visa if they enter India by land or air over the Nepal border and have certain specified identity documents</li> <li>◆ Nepalese citizens travelling between Nepal and India by land or air do not need a passport or visa if they have certain specified identity documents. However, they must have a passport when entering India from a place other than Nepal. They must also have a visa for India if they are entering India from China, Macau, Hong Kong, Pakistan and Maldives</li> </ul>

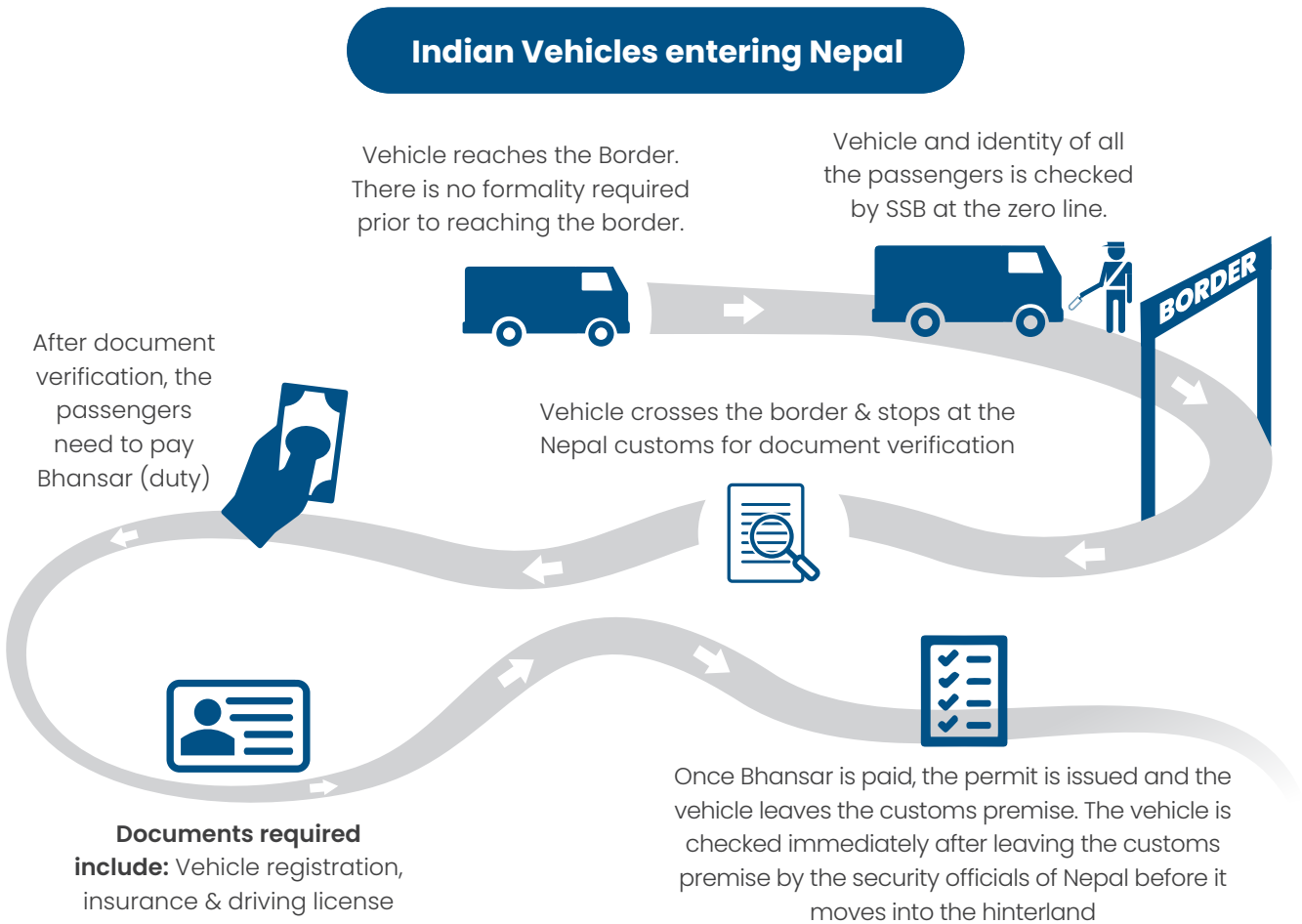
Particulars	Key Highlights
	<ul style="list-style-type: none"> <li>◆ Both Indian and Nepalese citizens who visit each other’s country on valid passports may not be allowed to proceed to any third country from there, unless they obtain a ‘No objection Certificate’ from the Embassy of their country in the host country</li> </ul>
Bilateral Cooperation	<ul style="list-style-type: none"> <li>◆ <b>Air Services Agreement:</b> <ul style="list-style-type: none"> <li>• India and Nepal enjoying the rights to fly without landing across the territory of the other country, to make stops in the territory of the other country for non-traffic purposes, and while operating an agreed service, the designated airlines enjoy the right to embark and disembark, in the territory of the other country, international traffic in passengers and cargo including mail separately or in combination .</li> </ul> </li> <li>◆ <b>Rail Services:</b> <ul style="list-style-type: none"> <li>• The Rail Services Agreement was executed in 2004 between the Ministry of Railways, Government of India and the Ministry of Commerce, the Govt. of Nepal for introduction of freight train services between these two countries to and from Birgunj (Nepal) via Raxaul (India).</li> <li>• India and Nepal jointly flagged off a new cross-border passenger train between Jaynagar in India and Kurtha in Nepal - 35-km cross-border with a capacity of 1,000 passengers .</li> <li>• MoUs have been signed between India and Nepal for laying an electric rail track linking Kathmandu with Raxaul in India.</li> </ul> </li> </ul>

# 3

## Existing Procedure of Passenger Movement Between India & Nepal

### 3.1. Procedure for Indian private vehicle entering Nepal

The processes of private passenger vehicular traffic from India to Nepal has been depicted below:



#### Modus Operandi

The passenger movement between India and Nepal using private vehicles is significantly higher from Indian side compared to the Nepali side. One of the main reasons of a higher number of private Indian vehicles going to hinterland in Nepal is the ease of availing the requisite permit. The permit for travelling in Nepal for Indians using their private vehicle can be availed at the crossing point on any border designated for passenger movement. There are no formalities to be completed before reaching the crossing point at the border for an Indian vehicle intending to travel to the hinterland in Nepal. The travellers can get the permit on the same day within minutes after crossing the border. The permit is issued at the border by Nepal customs upon document verification and Bhansar (duty) payment. The Indian vehicle upon crossing the zero line stops at the Nepal customs premise. The vehicle owner/traveller submits the documents with the Nepal customs personnel who check the same. The documents required to avail a permit include: vehicle registration, vehicle insurance, and driving license. Usually, these three documents are enough for availing a permit, however, sometimes the customs personnel also ask for vehicle fitness and pollution certificates. It should be noted that

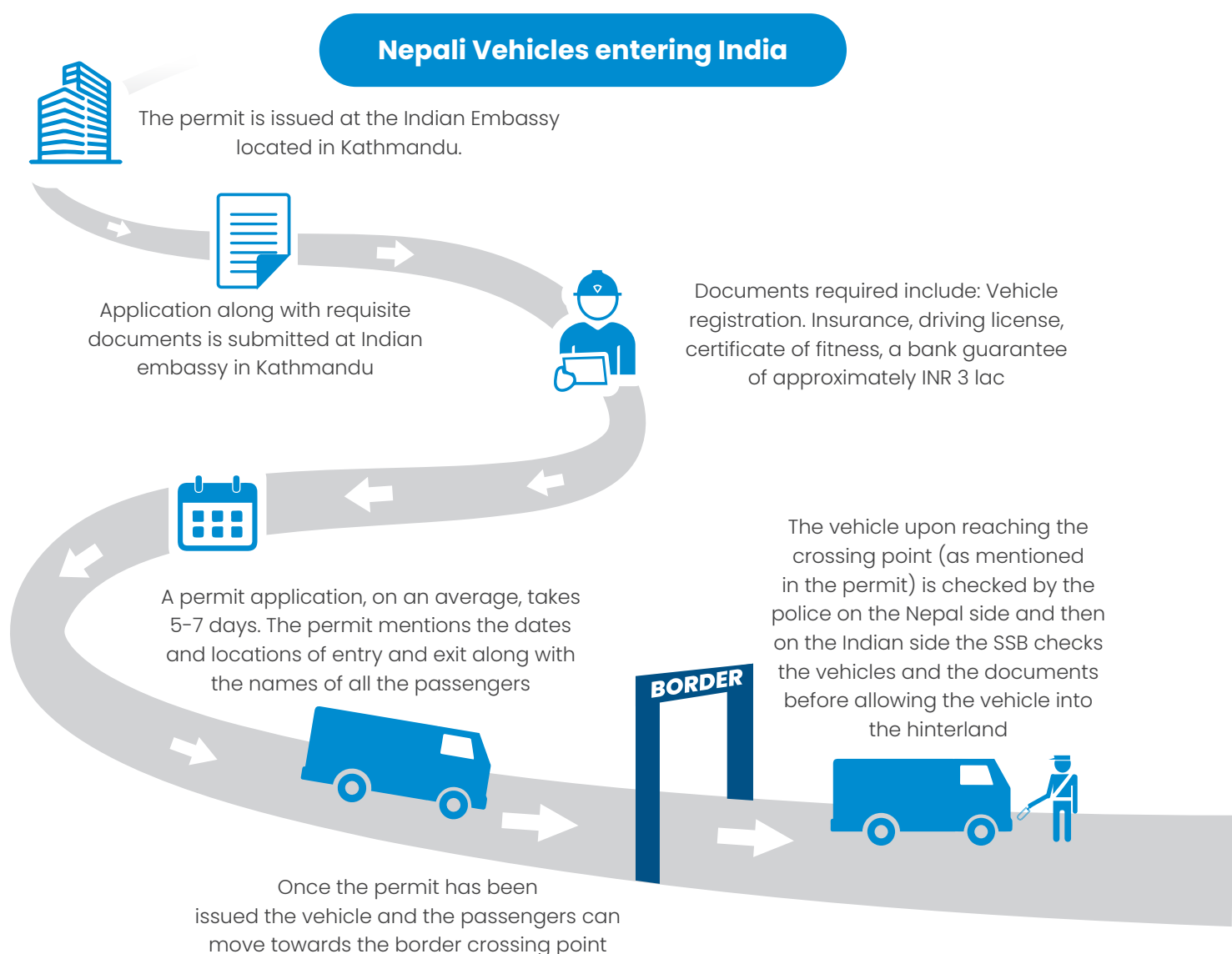


all the aforementioned documents are part of the list of documents mentioned in the 'Agreement between India & Nepal for the regulation of passenger traffic between the two countries' as detailed in the section 4.6 below. The customs and the Nepal police check the vehicle, any goods in the car are checked. If the vehicle is carrying goods beyond traveller's normal use as deemed by the officers at site, the customs either seizes them or imposes duties on them. The vehicle owner has to pay Bhansar (duty) of approximately INR 400 (for a 4-wheeler) per day before a travel permit is issued. Every Indian vehicle has to pay Bhansar upon crossing the zero line. The amount of Bhansar tax to be levied depends on two factors:

- ◆ Number of days the vehicle intends to stay in the hinterland in Nepal. At one time, only 7-days permit can be issued at the border, therefore the maximum Bhansar that can be levied would be equal to seven days, approximately INR 2800.
- ◆ Bhansar is only collected if the vehicle is staying in Nepal beyond 24 hours and travels beyond a particular geographic point – which is usually 3-5 KM from the border. If a vehicle is travelling within these limits and returns back to India within 24 hours, Bhansar tax is not levied.

### 3.2. Procedure for Nepali private vehicle entering India

The processes of private passenger vehicular traffic from Nepal to India has been depicted below:



## Modus Operandi

Getting permit to travel to Indian hinterland for Nepali passengers using their own cars is quite difficult primarily because there is no permit issuance facility available at the borders. For Nepali passengers intending to travel to India using private cars, irrespective of their location, they have to apply for the travel permit at the Indian embassy located in Kathmandu. This is the single biggest roadblock for Nepali passengers travelling to India by road. Further, unlike the Nepali authorities issuing the travel permit on the same day, the Indian embassy, as per the respondents, take 5-7 days on an average to issue the permit. Another reason why Nepali passengers find applying for the permit difficult is that the Indian embassy requires a bank guarantee of approximately INR 3 lacs from the applying passengers. This amount, as per the respondents, is a guarantee from the passenger that they won't discard their vehicles in India upon their travel. The bank guarantee, as per the immigration officials posted at the border, is to prevent Nepalis from dumping their old vehicles in India. These two factors together have significantly limited the number of Nepali passengers travelling in private vehicles to India. With permits being difficult to get, the only option left with Nepali passengers intending to travel to Indian hinterland is busses or cabs. Approximately 75% of respondents travelling to Indian hinterland in busses noted that they would have rather used their own vehicles if the permit was available at the border. Some of the passengers also reported that they travel to the border area in their vehicles, park them on either side of the border and use local cabs to travel into the hinterland. This practice though prevalent has its own disadvantages. The respondents reported that there are security issues with parking vehicles near the border. One, there are not ample parking spaces around the zero line as such passengers have to park their vehicles in open areas with no security. Second, in case the passengers want to park the cars in spaces owned by residents of the border areas, the parking process are exorbitantly high (INR 100 per hour ) thereby making the overall process very costly.

### 5 hour journey that takes 8 days

During our field visits, we interacted with a group of young men at Belahiya (a small town in Nepal near Sonauli Border). They wanted to travel to Varanasi which is 287 KM from their place using their own vehicle. In order to make this journey, they had to first travel 277 KM to Kathmandu, stay there for 4-6 days, to collect the permit and travel back 277 KM before they could start the journey. Therefore, the journey of 287 KM that should have taken 5-6 hours maximum instead becomes a journey of 841 KM and takes 6-8 days. The group members said that they instead decided to cross the border in their vehicle and park it in Sonauli and make the journey in a local cab which was time saving but very costly.



# India Nepal Cross-Border Passenger Movement: Challenges & Recommendations

## 4.1 Challenges

Travel permits not issued at the border by Indian authorities

Longer turnaround time for the issuance of travel permits by the Indian Embassy

Bank Guarantee as part of the documentary compliance

Lack of separate routes and congestion at the border points

Lack of infrastructure and support facilities

Issues with vehicle insurance coverage

### **Travel permits not issued at the border by Indian authorities**

Nepali passengers intending to travel to India by road using private vehicles have to first visit the Indian Embassy in Kathmandu to apply for the requisite permit. The Indian government has designated the Indian Embassy at Kathmandu as the office for the issuance of travel permits to Nepali citizens travelling to India using land borders. This is in complete contrast to the procedure followed by the Nepali authorities who are issuing travel permits to Indian passengers at the border crossing. Travel permit issuance has been a major concern of passengers and it would be fair to say that the issue is a major reason for Nepali passengers not applying for travel permits. The Nepali authorities have taken up this matter repeatedly with the Indian counterparts during the Inter-Governmental Sub-Committee meetings.

### **Longer turnaround time for the issuance of travel permits by the Indian Embassy**

Whilst the Indian passengers, using their private vehicle, can drive up to any designated border crossing between India and Nepal, apply for the travel permit and get it within an hour or so, it takes 5-7 days on average for Nepali passengers to get the permit to travel to India. It is to be noted the procedure laid out in the agreement for the passenger movement between the two countries is the same, however, the time taken by the respective agencies to process the application varies. As per the passenger responses, the Indian embassy takes up to a week to issue a permit. The longer turnaround time discourages passengers from applying for the permit as an alternative they prefer to travel using other means of transport – busses or crossing the border and using cabs within the Indian hinterland.

### **Bank Guarantee as part of the documentary compliance**

The documentary compliance for the travel permit application in the Indian Embassy includes a bank guarantee (valued at around INR 3,00,000) that the owner of the vehicle has to submit. This adds another layer of operational and regulatory challenges associated with getting a travel permit for a Nepali passenger. The requirement of a bank guarantee makes the overall process costly – a bank guarantee would involve paying a commission and keeping an asset as collateral with the bank – and time-consuming as banks would also take a day or two to process and issue the guarantee. It

must be noted that Nepali authorities do not ask for a bank guarantee for the issuance of the travel permit. Although, the bilateral agreement on passenger movement does provide for a country to put additional documents as part of the compliance, however, the bank guarantee requirement needs a revisit as reported by Nepali passengers.

### **Lack of separate routes and congestion at the border points**

Border vehicular movement currently faces considerable congestion as observed at the select border points visited during the study. Such border points currently handle both vehicular movement and movement of people, leading to choking as well as difficulties in overall management. Further, all vehicles are subject to inspection, which adds to the congestion. Currently, movement through the select locations faces congestion due to the lack of separate routes for vehicles and passengers on foot. For instance, in places such as Jogbani, various issues are faced at the border point. It is very difficult to manage movement due to the porous nature of the border. Checking of cars can be conducted without hassle. However, checking people becomes difficult due to the very high number of passengers and the chaos created at the border.

### **Lack of infrastructure and support facilities**

The infrastructure on offer currently for border movement is highly inadequate. In places such as Sonauli, challenges include inadequate parking space, poor infrastructure, lack of washrooms, congestion due to cargo trucks, poor handling of luggage, multiple checks leading to delays, etc. Further, many of the border points currently lack waiting areas for passengers. For instance, in Sonauli, there is no waiting area for the passengers. The passengers form a queue in an open muddy area which is also the parking area for immigration officials.

### **Issues with vehicle insurance coverage**

As per the Agreement between India and Nepal for the Regulation of Passenger Traffic, non-regular passenger transportation – the movement of all types of passenger vehicles of one country in the territory of another for tourism, pilgrimage, marriage party, medical treatment, study tours, access to railway station and such other casual purposes – by vehicles to be operated under the Agreement shall have to be insured by a registered Insurance Company against at least third-party loss, in both the countries where the vehicle is allowed to ply. However, on the ground the implementation is weak. Insurance coverage for Indian vehicles is not considered valid in Nepal, as indicated by stakeholders. There is a lack of clarity on the Indian side too, which needs to be addressed.

The aforementioned challenges majorly discourage Nepali passengers to use their own vehicles while travelling to India. It also gives rise to a perception among Nepali people that they are not treated fairly. Upon discussions with Nepali people at the crossing points, an overwhelming majority acknowledged that it was unfair on the part of a friendly country like India to make the process so difficult whilst Indian vehicles could enter Nepal following a relatively simpler process. The respondents reported that such operational imbalances are major reasons why the number of Nepali vehicles travelling to India is significantly less. Nepali vehicles rarely venture into the Indian side, with their entry typically limited to a short distance, generally not extending beyond the nearest market, railway station, bus stands, etc. With restrictions prohibiting their entry beyond these points, the envisaged vehicular movement – as per the BBIN MVA and the Regulation for Passenger Traffic between the two countries – is not being realised currently.

## 4.2 Recommendations

Travel permit issuance at the border

ICPs as a single window for the facilitation of passenger movement between India and Nepal

Addressing congestion at the border

Introducing vehicle tracking mechanisms for better surveillance and security

Capacity development for hinterland movement

### Travel permit issuance at the border

The process of issuing travel permits to Nepali passengers using private cars needs to be shifted to the borders. Whilst Nepal is already doing it, Indian authorities related to the regulation of passenger movement should also be stationed at the borders. It must be noted that currently the issuance of travel permits for Nepali passengers using private vehicles is carried out by the Indian Embassy in Kathmandu. As per interactions on the field, the cumbersome processes associated with the issuance of travel permits have emerged as the predominant reason behind Nepali passengers refraining from using private vehicles to travel to India. Apart from procedural streamlining, shifting the issuance of permits to borders would also potentially allow flexibility to the Nepali passengers in choosing – as per convenience – the border point for crossing over to the Indian hinterland. Currently, the permit issued at the Indian Embassy mentions the entry and exit points that the passenger has to use. In case a passenger wants to access a different border point for crossing, which is not possible currently, a fresh permit has to be applied for in that scenario.

### ICPs as a single window for the facilitation of passenger movement between India and Nepal

In the context of the BBIN MVA, there is scope for India to lead the way in implementing seamless cross-border vehicular movement by using the Integrated Check Posts (ICP) as nodal points covering all aspects of passenger movement. A fully functional ICP can function as a single window for the facilitation, regulation and operationalization of seamless passenger movement. All the concerned departments and agencies such as customs, immigration, border security, vehicle insurance agents, representatives of banks (for matters related to financial transactions), etc. can operate together for streamlined passenger movement under a single roof with facilitation from the LPAI – in the form of ICPs. This would also be a step towards ensuring that the agreement for passenger movement between the two nations can be implemented in its entirety. This would also ensure the standardization of passenger movement and border regulation across all the border crossing points in the longer run because a single entity – LPAI, would be in charge of the integration of operations. This mechanism would also allow LPAI to use cross-ICP learnings to improve implementation from the regulatory, infrastructural and operational point of view.

### Addressing congestion at the border

The operationalization of vehicular movement through ICPs is expected to alleviate traffic congestion at the border entry points, thereby ensuring streamlined movement and easier access on both sides of the border. The current border points cannot provide separate routes for the movement of different types of vehicular traffic – such as cargo, busses, commercial passenger traffic, private vehicular

traffic, etc. – as well as passengers on foot. The ICPs have the necessary infrastructure to provide separate passages to different kinds of movement which needs to be leveraged.

### **Introducing vehicle tracking mechanisms for better surveillance and security**

The compliance requirement for a permit to be issued to a private Nepali vehicle intending to travel to the Indian hinterland includes a bank guarantee to the tune of INR 3 lacs. The requirement of a bank guarantee is a major reason for Nepali passengers to not apply for permits. During field interactions, a significant number of respondents reported that the bank guarantee requirement prevents them from applying for a permit. The reason for the bank guarantee, as per the respondents, is to ensure that the vehicle owner does not dispose of the vehicle inside Indian territory. To mitigate this security-related risk, the first step would be to use a much more economical and secure alternative to the vehicle tracking system. The bilateral agreement governing passenger movement between the two countries already provides a basis for the use of tracking mechanisms for vehicular traffic. The requisite vehicle tracking mechanism, once operational, can potentially provide security against the risk of vehicles being disposed of in the hinterland after crossing the border. Facilitation of the vehicle tracking mechanism can be offered at ICPs through a third-party operator.

### **Capacity development for hinterland movement**

To ensure seamless vehicular movement in the hinterland, there needs to be requisite infrastructure and hinterland travel facilities need to be created. For instance, the approach roads need to be in good condition and should have the capacity to handle substantial traffic. To take the example of Biratnagar, road infrastructure from the ICP to the hinterland is weak (effectively 2-lane with cargo traffic). There are plans of 4-laning the stretch from the ICP gate to the Bypass. The land has been acquired for the same, and the stretch needs to be widened at the earliest. Also, currently, there are no vehicles from the ICP to the main road – i.e. till 4.5 kilometers – for which public buses have to be introduced. There would be requirements for increased capacity in terms of bus parking (at the ICP), traffic management and document checks (currently there are customs facilities only for cargo vehicles). Further, there is a need for automated systems to monitor vehicular movement.

# Roadmap for the Facilitation of Vehicular Passenger Traffic between India and Nepal

In this section, an attempt has been made to create a holistic roadmap – one that complements the key tenets of bilateral relations between India and Nepal as well as policy and regulatory objectives – to achieve seamless bilateral passenger movement between India and Nepal. It outlines some of the specific points/activities that need to be emphasised with respect to cross-border passenger movement facilitation and the over-arching BBIN MVA framework.

## I. Authorising ICPs as single window for the passenger movement between India and Nepal:

With respect to facilitating and regulating passenger movement between the two countries, India can lead the way in implementing seamless cross-border vehicular movement by using ICP as a single window covering all aspects of the passenger movement. All the concerned departments and agencies such as customs, immigration, border security, vehicle insurance agents, representatives of banks for matters related to financial transactions, etc. would operate under a single roof in an ICP, facilitating seamless passenger movement across the border. Making ICPs the gateway of passenger movement would also mitigate many existing challenges faced by passengers at the operational border points/Land Custom Stations – including inadequate infrastructure, lack of parking space, unavailability of separate routes for cargo and passenger traffic leading to congestion and delays, dearth of scanners, lack of washrooms and inadequate waiting areas among others. ICPs acting as single window facilities would also strengthen inter-agency coordination and augment sharing of information among stakeholders.

II. **Issuance of travel permit at the borders:** Transforming ICPs into a designated single window for the regulation of vehicular traffic between India and Nepal would happen over time. The process involves the operationalisation and integration of multiple agencies/departments across various border points, which would inevitably be a gradual process. However, as an initial step to involve ICPs in the regulation of passenger movement, LPAI should be authorised to issue travel permits. This change would address two concerns, one, that the issuance of travel permit would be shifted from Kathmandu to the border and second, that it would be a soft start to the overall transformation of ICPs into a single window framework. The procedural aspect of travel permit issuance is a major challenge faced by Nepali passengers. This has been a long-standing demand from Nepal. The Nepali representatives have repeatedly taken up this matter at the Inter-Governmental Sub-Committee (IGSC) on Trade, Transit and Cooperation to Control Unauthorised Trade. The Nepali authorities have been constantly urging the Indian government to make provisions for an arrangement where travel permits can be issued at the border. It must be noted that at the IGSC held in 2020, the Indian representatives agreed to examine the issue and review the process. The shifting of permit issuance activities to the borders is going to provide necessary fillip to vehicular movement from Nepal to India.

- III. Operationalising ICPs from both sides of the border:** As part of operationalising ICPs to facilitate passenger movement, it is important to ensure that ICPs from both sides of the border are operational. The shifting of vehicular traffic to the ICPs is possible and beneficial only if the Nepali authorities reciprocate adequately. Operationalising ICPs from both sides would ensure harmonization of procedures which would eventually benefit passengers. Further, as a confidence building measure, data sharing may be promoted between both the countries. API (Advanced Passenger Information), immigration details, etc. may be shared for better risk management.
- IV. Shifting of four-wheeler movement to ICPs:** As a starting point, four-wheeler movement may be shifted to the ICPs. Since the number of passengers using four-wheelers to travel across the border is relatively less, it would be easier for ICPs to handle amidst ongoing capacity building in terms of infrastructure and operations. This would also prepare ICPs for a larger role in the regulation of passenger traffic in the times to come. All authorities such as customs, immigration, etc. may be fully functional at the ICPs on both sides to foster the same. For instance, the Indian policy establishment may talk to their respective counterparts in Nepal so that the immigration and customs department shifts to the ICPs on both sides. Within the ambit of vehicular movement, private vehicles may be given preference as far as shifting to the ICPs is concerned. Since ICPs would house travel permit counters, private vehicles from both sides would be able to seamlessly cross over using the ICPs. In due course, the movement of commercial four-wheelers can also be facilitated through the ICPs.

### Implementation Plan for the Passenger Movement through ICPs

The LPAI is working on a three - phased process for the operationalization of vehicular traffic through ICPs. The plan includes the following phases:

#### Phase -I:

In the initial phase passenger traffic would be shifted to the fully functional ICPs - Jogbani, Raxaul and Rupaidhia. ICPs at these locations would operate as a single window for the facilitation, regulation and operationalisation of the passenger movement.

#### Phase-II:

In the second phase, there are three more ICPs at different stages of Land Acquisition which would be added to the cross-border regulatory framework. These are at Sonauli (Uttar Pradesh, India) which connects Bhairahawa (Nepal), Bhithamore (Bihar, India) connecting Maliwara (Nepal) and Banbasa (Uttarakhand, India) connecting Mahendranagar (Nepal).

#### Phase-III:

In the third phase, 8 more LCSs have been identified which would be upgraded to ICPs and added to bilateral connectivity framework.



- V. Shifting of buses to the ICPs for better security:** Once four-wheeler traffic starts commuting through ICPs, it would augment relevant services and infrastructure required for vehicular traffic management. Following successful transition of four-wheeler traffic from existing LCS to ICPs, the subsequent step would be to shift the passenger movement using buses to ICPs. Currently, a significant number of passengers – Indian, Nepali and third country – travel across the border using buses. The capacity of the existing LCS to handle bus movement is limited owing to paucity of infrastructure, manpower and space. Shifting of bus movement to the ICPs is expected to positively impact the number of buses plying across the border on a daily basis, thereby boosting the number of passengers travelling between the two countries.
- VI. Aligning the operations with the BBIN MVA framework:** The overall objective behind the aforementioned reform measures is that the bilateral connectivity model paves way for the envisaged realisation of the BBIN MVA framework. The infrastructural, regulatory and operational augmentations should be able to provide necessary fillip to both passenger and cargo movement across the border. Safety and security measures adequately aligned so as to facilitate cross border travel. Connectivity of border crossings to the BBIN nodes as well as technical, procedural and regulatory harmonization of BBIN nodes across the country, which are pivotal to the success of the BBIN MVA, would start with streamlining and strengthening cross border operations.





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