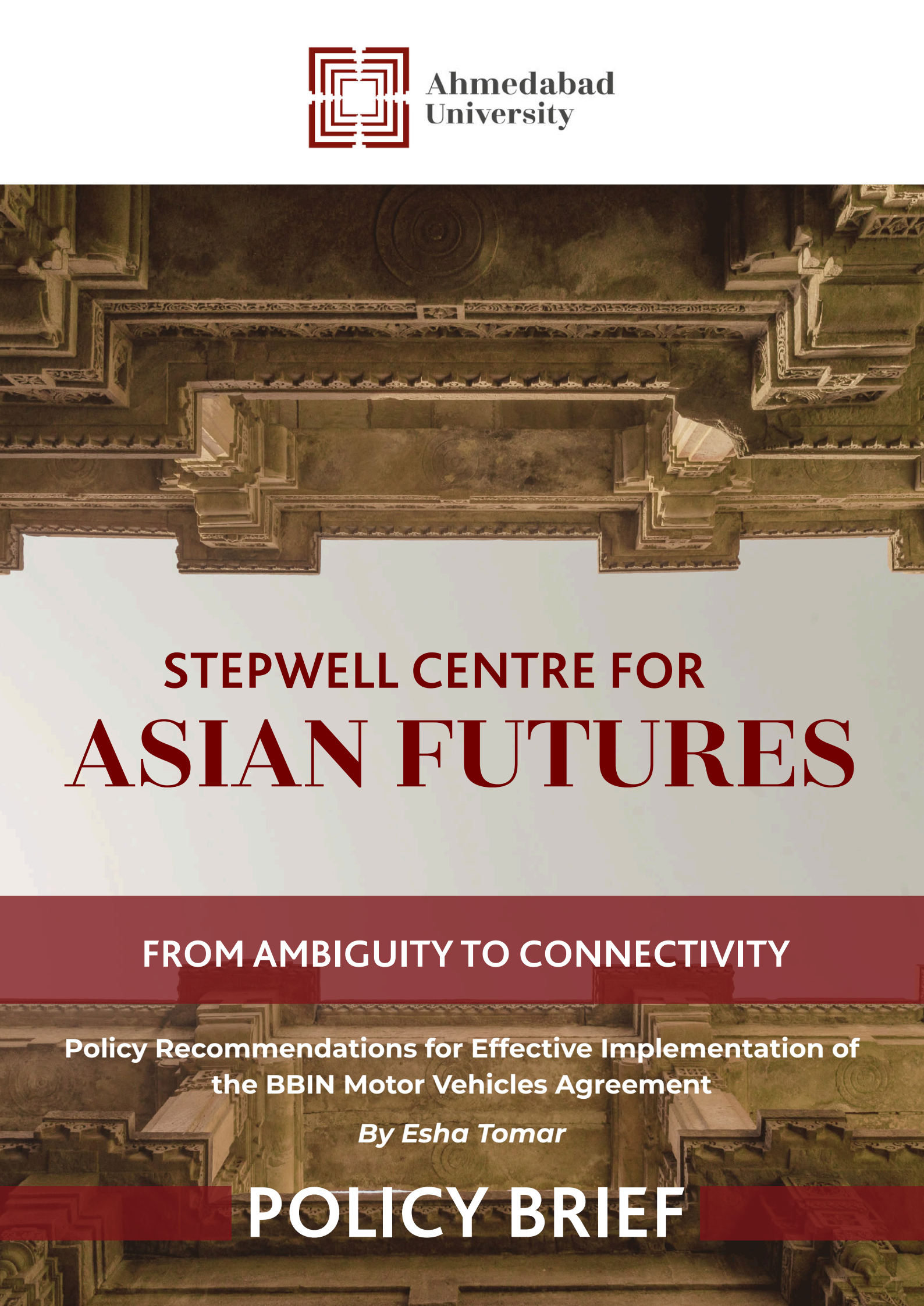


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STEPWELL CENTRE FOR ASIAN FUTURES

FROM AMBIGUITY TO CONNECTIVITY

Policy Recommendations for Effective Implementation of
the BBIN Motor Vehicles Agreement

By Esha Tomar

POLICY BRIEF



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Summary

The Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement (BBIN MVA), signed in 2015, was intended to facilitate seamless cross-border movement of passenger and cargo vehicles and to enhance regional trade and connectivity. However, despite its potential, the Agreement remains largely under-implemented and, in practice, functions as a trilateral (Bangladesh-India-Nepal) arrangement following Bhutan's withdrawal in 2017, although Bhutan retains the option to rejoin BBIN in future.

This limited implementation reflects broader inefficiencies in South Asian regional trade, where intra-regional trade among the countries of the South Asian Association for Regional Cooperation, or SAARC accounts for only around 5 per cent of total trade¹—significantly lower than comparable regions such as Southeast Asia, where a sizable 22-23 per cent of the total foreign trade is intra-ASEAN², among countries of the Association of Southeast Asian Nations.

While geographical and infrastructural constraints persist, this paper argues that the principal barriers to the BBIN MVA's implementation are “soft” in nature—namely legal ambiguity, regulatory divergence, and a trust deficit among state parties. First, the Agreement itself is drafted as a skeletal framework, leaving critical operational details—such as customs procedures, insurance liability, and dispute resolution—to unspecified “competent authorities.” This excessive delegation creates uncertainty, enables discretionary enforcement, and undermines predictability in cross-border movement.

Second, there exists significant legal and regulatory disharmony among the member states. Divergent customs regimes, varying degrees of procedural digitisation, incompatible insurance frameworks, and differing transport and sanitary standards result in repeated inspections, compliance delays, and increased transaction costs. These inefficiencies negate the core objective of seamless connectivity and render regional trade less competitive than extra-regional alternatives.

Third, these structural challenges are compounded by political constraints, including protectionist concerns, asymmetrical economic relationships, and fluctuating bilateral relations—particularly between India and Bangladesh, and India and Nepal. Bhutan’s withdrawal further underscores the role of domestic economic and environmental considerations in shaping participation. In such a context, the Agreement’s reliance on sustained intergovernmental coordination becomes a critical vulnerability.

To address these challenges, the paper proposes a phased, technocratic approach focused on targeted institutional and regulatory reforms rather than broad political integration. Key recommendations include:

- Establishment of a Technical Commission comprising national and joint subgroups on customs, transport, insurance, and SPS (sanitary and phytosanitary) standards.
- Creation of a formal dispute resolution body; and the adoption of existing international frameworks such as the WTO Trade Facilitation Agreement (TFA) and SPS Agreement to harmonise procedures and reduce costs of trade and of production.
- Development of common operational standards such as a common/pan-BBIN permits system, mutually recognised driving license, and
- Region-wide insurance coverage.

As the largest economy and most centrally positioned country in the region, India is uniquely placed to facilitate these efforts. Effective implementation of the BBIN MVA could significantly reduce trade costs, improve connectivity—particularly for India’s Northeastern states—and enhance sub-regional economic activity. More broadly, it offers a pragmatic pathway for subregional cooperation in a region where wider multilateral frameworks have struggled.

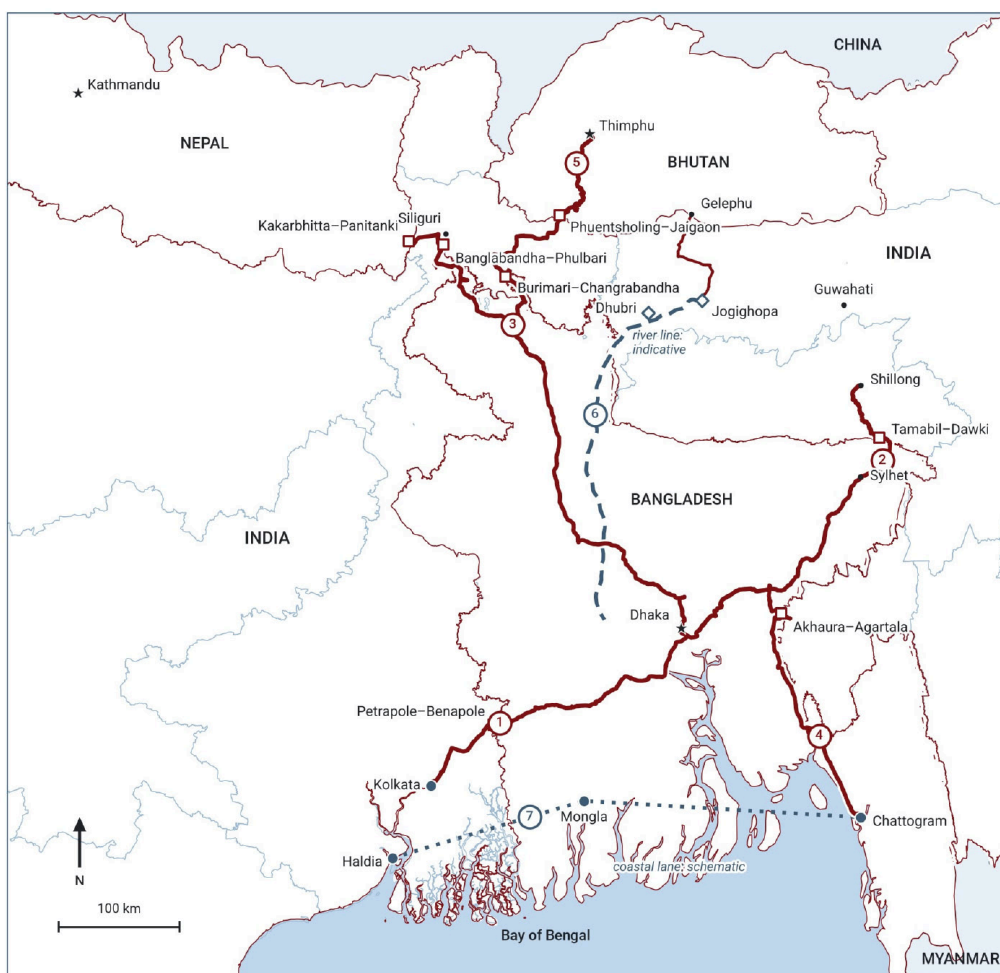
Ultimately, the BBIN MVA’s success depends not on the ambition of its objectives, but on the effectiveness of its implementation. With sustained political will and focused institutional reform, the Agreement has the potential to transform regional trade and connectivity in South Asia.

¹ Prithvi Gupta and Shivam Shekhawat, “Integrating South Asia through the BBIN Corridor,” Observer Research Foundation, July 25, 2024, <https://www.orfonline.org/expert-speak/integrating-south-asia-through-the-bbin-corridor#:~:text=Yet%2C%20progressing%20rail%20connectivity%20and,5%20percent%20of%20total%20trade.>

² HKTDRC Research, “ASEAN: Market Profile,” updated February 12, 2026, <https://research.hktdc.com/en/article/Mzk5MzcxNjEz#:~:text=4,27.>

The corridors the BBIN Motor Vehicles Agreement would open

Road corridors across Bangladesh, Bhutan, India and Nepal, with the Brahmaputra waterway and the coastal shipping lane



ROUTES

- ① Kolkata–Petrapole/Benapole–Dhaka–Akhaura–Agartala
Asian Highway 1 and South Asian Association for Regional Cooperation (SAARC) Highway Corridor 1 as far as Sarail, then a spur to Akhaura. Route of the November 2015 cargo trial run.
- ② Dhaka–Sylhet–Tamabil/Dawki–Shillong
Asian Highway 1; SAARC Highway Corridors 1 and 5
- ③ Kakarbhitta–Phulbari–Banglabandha–Dhaka
Asian Highway 2; SAARC Highway Corridor 4. Crosses about 45 km of Indian territory between the Nepal and Bangladesh borders
- ④ Chattogram–Feni–Cumilla–Akhaura–Agartala
SAARC Highway Corridor 6
- ⑤ Thimphu–Phuentsholing–Jaigaon–Burimari
Asian Highway 48 in India; SAARC Highway Corridor 8
- ⑥ Gelephu–Jogighopa, then Brahmaputra–Jamuna
National Waterway 2 and the Indo-Bangladesh Protocol Route; road leg of about 91 km
- ⑦ Kolkata/Haldia–Mongla–Chattogram
India–Bangladesh coastal shipping

SYMBOLS

- Road corridor, traced on the OpenStreetMap road network
- - - Inland waterway (indicative river line)
- ... Coastal shipping (schematic)
- Land border crossing
- Seaport
- ◆ River port
- ★ Capital

Sources: Roads Division, Government of Bangladesh, presentation to the United Nations Economic and Social Commission for Asia and the Pacific, March 2014; P. Goel, India country presentation to the same Commission, November 2023; Trade and Export Promotion Centre, Nepal; South Asia Subregional Economic Cooperation programme, 1 November 2015. Road lines follow OpenStreetMap.
Boundaries: India from the Survey of India; other countries from Natural Earth. Based on Figure 1 in E. Tomar, 'From Ambiguity to Connectivity'.
Graphic: Sahasrik Ragani, Stepwell Centre for Asian Futures.

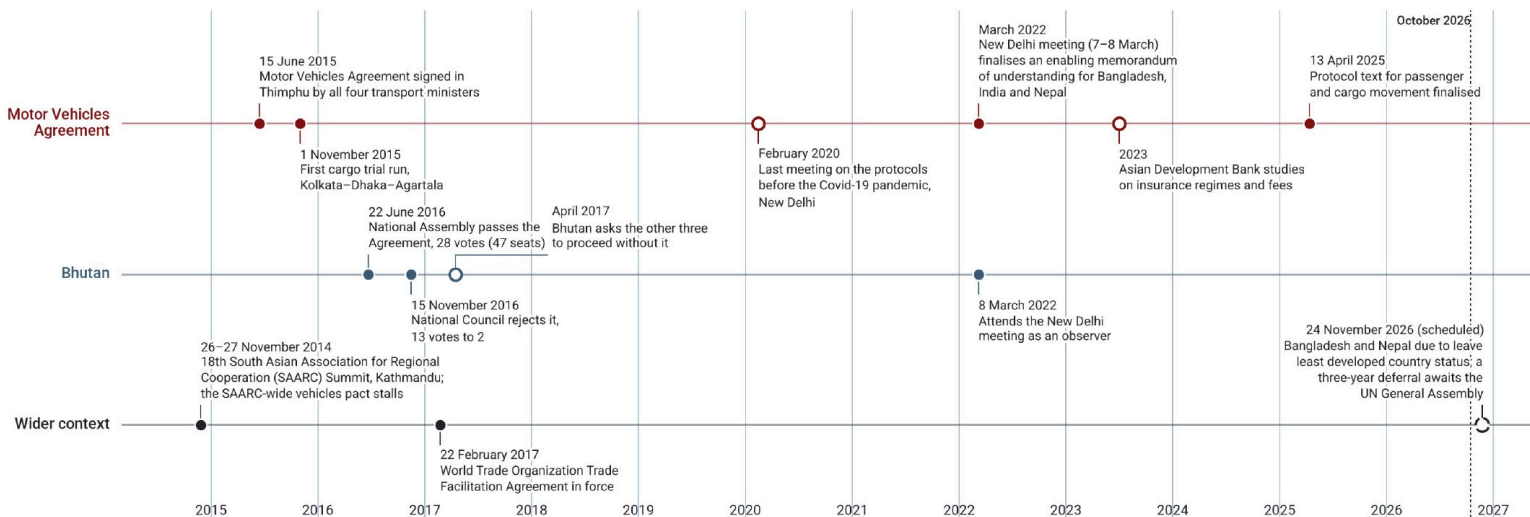
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THE AGREEMENT AS A BOTTLENECK

BBIN MOTOR VEHICLES AGREEMENT - TIMELINE

A decade from signature to an agreed protocol text

Signed by four countries in 2015 and rejected by Bhutan's upper house in 2016; protocol text for vehicle movement was finalised only in 2025



Sources: Ministry of External Affairs, India (15 June 2015; 8 March 2022); South Asia Subregional Economic Cooperation programme (1 November 2015; 13 April 2025); Dialogue Earth (4 July 2016); The Wire, citing Kuensel and The Bhutanese (2017); The Kathmandu Post (29 April 2017); World Trade Organization; P. Goel, presentation to the United Nations Economic and Social Commission for Asia and the Pacific (November 2023); UN General Assembly resolution A/76/L.6/Rev.1; The Daily Star; The Financial Express (October 2026).

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Filled marker: exact date; hollow marker: month or year only; dashed marker: scheduled. Graphic: Sahasrik Ragani, Stepwell Centre for Asian Futures.

A key challenge is posed by the text of the BBIN MVA itself. The text of the Agreement reads skeletal, omitting major details and specifications. Instead of accounting for various situations and clarifying the course of action to be taken in case of any doubts, the BBIN MVA leaves the task of filling these gaps to the state parties.

This excessive delegation is evidenced by the frequent use of the phrase “competent authority” in several Articles, referring to the concerned authorities (government agency or organisation) within each state party tasked with dealing with specific issues, be they related to customs, road transport, insurance, or environmental clearances, et cetera. These “competent authorities” have not been specified anywhere in the Agreement.

This gap is most palpable in the context of Article IX, which lays down that in the event of force majeure, the driver of the vehicle must inform the “concerned authority” in the country the vehicle happens to be in at the time of such a natural disaster/accident.

It is, therefore, unrealistic to expect a driver from a foreign country to know the traffic rules of his destination country thoroughly. Besides issues of transport, customs and insurance regimes differ by country and are not designed keeping free passage of vehicles across countries in mind. They are only equipped to account for scenarios that may arise domestically. The BBIN MVA contains no provisions streamlining the rules and laws applicable in four different countries, instead delegating the same.

This gap creates vagueness on the Agreement's operation in the real world, resulting in an implementation bottleneck that leads to a dead end in the event of a natural disaster or accident, which are frequent in mountainous border regions.

Although the BBIN MVA lays down that a single fee will be charged of vehicles crossing international borders, it does not specify what this fee will be or suggest an approximate range the fee must lie within, instead leaving the issue to the discretion of member states.

A major example of excessive delegation is visible in Article X, which grants customs officials the authority to check vehicles entering the country. Notably, the rank/position of such customs officials is not specified, nor are any limits placed on the exercise of their powers under the Agreement. Delegation in this form may lead to the unchecked exercise of discretion, resulting in decision-making that is based on the inspecting official's biases or pecuniary motives rather than on any discernible criteria under the law.

The Agreement also allows excessive room for vagueness in other areas where conflict of laws is expected to emerge. For example, it is laid down that vehicles require "valid" registration certificates, fitness certificates, and insurance policies in order to be allowed to cross borders. However, there is a clear lack of definition or minimum standards to determine what standards must be met to achieve validity. This lacuna is particularly glaring due to the differing laws and standards in all four countries; if a vehicle is allowed to ply on the roads of one country, is it also motorable in another? How will insurance claims arising out of an accident in a foreign country be handled? How will jurisdiction be determined in such cases?

Article VIII (2) states that drivers of vehicles will follow the traffic rules of the country they happen to be in, even if it is not their home country. However, traffic rules often vary by state, and they invariably vary by country.

Article VII (7) recommends that a customs subgroup be set up in order to solve the issues that arise from disparate customs regimes, but it does not recommend the composition of such a subgroup or any guidelines/rules for its functioning.

Similarly, as far as insurance is concerned, the BBIN MVA does not provide for a mechanism to lay down minimum standards or account for the issues of liability that may arise.

Significantly, the BBIN MVA does not envision or recommend a dispute settlement or investigation mechanism. It is expressly left to the discretion of and communication between state parties to choose a mutually agreeable forum for resolving disputes. This leaves ample room for ambiguity, lengthy disagreements, and the lack of a readily available mechanism for when a trade- or immigration- related dispute arises.

In the absence of clearly defined directions or guidelines governing dispute resolution, harmonisation of laws, and competent authorities under the Agreement, its implementation has come to a standstill. This stalemate is further exacerbated by the environment of mutual mistrust currently prevalent between countries in the region. The tense relationship between India and Bangladesh is a case in point.

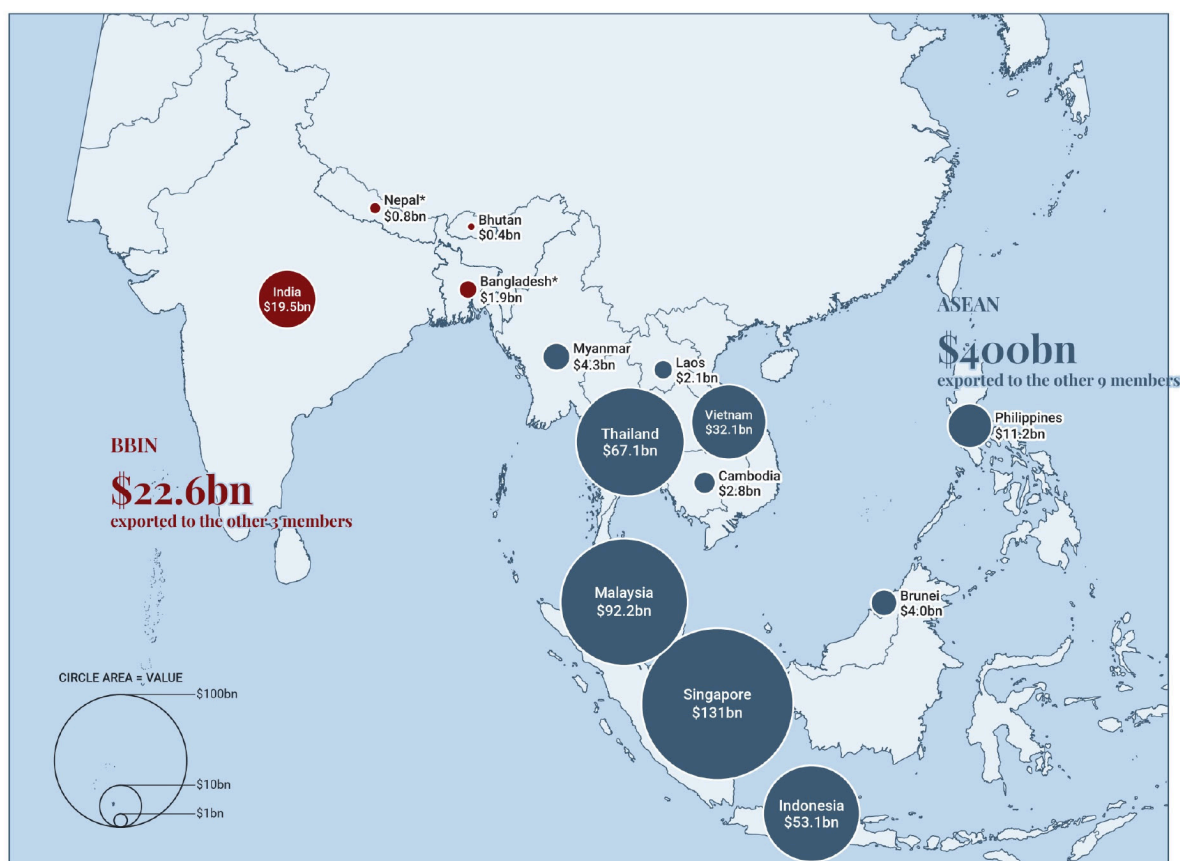
Bhutan's decision to withdraw from the Motor Vehicles Agreement, motivated in part by protectionism towards its own transport industry, is also a key political stalling factor. Political tensions contribute to this deadlock because the formation of regional subgroups and any talks related to interpretation or implementation of the BBIN MVA require a baseline level of cooperation between state parties, which is not sustained consistently.

The text of the agreement itself is, therefore, a key impediment in its implementation. In its present form, it reads as a statement of objectives rather than a robust agreement meaningfully facilitating seamless trade and transport between the four state parties. In order to reap the benefits promised by successful implementation of the BBIN MVA, namely seamless road connectivity, lowered costs of trade and production, and a boost to the tourism sector, it is recommended that state parties prioritise implementation of the Agreement, and collaborate in a spirit to fill in the lacunae caused by unclear drafting and excessive delegation.

BBIN MOTOR VEHICLES AGREEMENT · REGIONAL TRADE

ASEAN members sell each other nearly 18 times what BBIN members do

Goods exports from each country to the rest of its bloc in 2023, in US dollars; circles are shifted only to avoid overlap



Source: UN Comtrade. Calendar year 2023. *Bangladesh's and Nepal's exports are taken from their partners' records (UN Comtrade) and from the International Monetary Fund's International Trade in Goods statistics. Customs records exclude most of Bhutan's hydropower sales to India.
BBIN: Bangladesh, Bhutan, India and Nepal. ASEAN: Association of Southeast Asian Nations. Boundaries: India from the Survey of India; other countries from Natural Earth. Graphic: Sahasrik Ragani, Stepwell Centre for Asian Futures.

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LEGAL AND REGULATORY DISHARMONY BETWEEN STATES

BBIN MOTOR VEHICLES AGREEMENT · REGULATORY DIVERGENCE

Four countries, four rulebooks

The national laws a truck crossing the borders of Bangladesh, Bhutan, India and Nepal must satisfy, and where they diverge

	India	Bangladesh	Nepal	Bhutan
CUSTOMS	Customs Act, 1962 Stringent, reflecting concerns about smuggling and illegal immigration. The most digitised checks and documentation in the bloc.	Customs Act, 2023 Focused on trade facilitation, with comparatively liberal checks. Mostly manual, with electronic declarations being introduced.	Customs Act, 2064 (2007) Less stringent: Nepal is landlocked and relies on Indian ports. Duties follow an annual tariff schedule; importers and exporters must register.	Customs Act of Bhutan, 2017 Strict rules on non-Indian goods and permits for restricted items; tobacco, drugs and used vehicles are banned. Bhutan has not ratified the Motor Vehicles Agreement.
MOTOR INSURANCE	Motor Vehicles Act, 1988 Liability and cover are written for accidents inside India only.	Road Transport Act, 2018 Replaced the Motor Vehicles Ordinance, 1983. Section 60 makes motor insurance optional.	Motor Vehicles and Transport Management Act, 2049 (1993) Liability and cover are written for accidents inside Nepal only.	Road Safety and Transport Act, 1999 Liability and cover are written for accidents inside Bhutan only.
TRANSPORT STANDARDS	Bharat Stage VI emission norms The strictest in the bloc. A two-axle truck may weigh up to 18.5 tonnes gross (Ministry of Road Transport and Highways, 2018).	Emission norms being upgraded Less stringent than India's. No common driving licence or shared axle-load standard across the BBIN countries.	Emission norms being upgraded Being standardised domestically. No common driving licence or shared axle-load standard across the BBIN countries.	Euro 2 emission standard Most vehicles are imported from India, whose norms are stricter. No common driving licence or shared axle-load standard across the BBIN countries.
SANITARY AND PHYTOSANITARY STANDARDS	Food Safety and Standards Regulations, 2011 Maximum residue limits for pesticides in tea and rice differ from Bangladesh's; there is no India–Bangladesh mutual recognition agreement.	Bangladesh Food Safety Authority Stricter standards and testing: Indian tea and rice are retested at the border, and rice also needs a radionuclide test.	Department of Food Technology and Quality Control; Plant Quarantine and Pesticide Management Centre Laboratory pesticide tests on all imported fruit and vegetables were ordered on 17 June 2019 and withdrawn on 4 July 2019. Border units test for only two groups of pesticides.	Food Act of Bhutan, 2005; Plant Quarantine Act of Bhutan, 1993; Pesticide Act of Bhutan, 2000 The Bhutan Food and Drug Authority is the enquiry point. Bhutan is not a World Trade Organization member, so the Agreement on Sanitary and Phytosanitary Measures does not bind it.

Sources: the national statutes named; E. Tomar, 'From Ambiguity to Connectivity', Stepwell Centre for Asian Futures; CUTS International, India–Bangladesh Agriculture Trade (2019); The Daily Star; The Kathmandu Post; Kerala High Court; Asian Development Bank; Bhutan Food and Drug Authority; World Trade Organization. BBIN: Bangladesh, Bhutan, India and Nepal. Graphic: Sahasrik Ragani, Stepwell Centre for Asian Futures.

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Customs:

The customs regimes of Bhutan, Bangladesh, India, and Nepal differ significantly from one another due to their differing priorities and political contexts.

India, which has well-founded concerns about smuggling and illegal immigration from neighbouring countries, has a particularly stringent customs regime, as laid down in the Customs Act, 1962³.

³ Customs Act, 1962, No. 52, Acts of Parliament, 1962 (India), https://www.indiacode.nic.in/handle/123456789/2475?view_type=browse.

Bangladesh, with its primary focus on trade facilitation, is comparatively liberal in conducting checks and inspections, as evidenced by the Customs Act, 2023⁴.

Nepal, too, is less stringent in this regard, because as a landlocked country, it has a dependence on Indian ports, and considers free entry of goods and vehicles advantageous rather than risky. Nonetheless, its Customs Act, 2064 (2007)⁵ levies customs duty based on an annually published Tariff Schedule, and requires mandatory registrations for importers as well as exporters.

Bhutan, motivated by protectionism, has not ratified the BBIN MVA, citing a lack of suitable infrastructure, potential threats to the livelihoods of local transporters, and environmental harm caused by an influx of vehicles⁶. Bhutan's Customs Act of 2017⁷ imposes strict import regulations for non-Indian goods, compulsory permits for certain restricted items, and prohibition of tobacco, drugs, and used vehicles.

Each country's customs regime is, thus, contingent on its individual context and challenges. Although all four countries prioritise security, law and order, as well as trade facilitation, they each seek to find a balance through different means.

Additionally, there are differences in the degrees of automation employed by customs departments in these countries. While India has digitised checking procedures and documentation to a large extent, Bangladesh and Nepal are more dependent on manual procedures, although efforts have been made recently to introduce electronic declarations to Bangladesh.

⁴ Customs Act, 2023, Act No. 57, 2023 (Bangladesh), <https://nbr.gov.bd/regulations/acts/customs-acts/eng>.

⁵ Customs Act, 2064 (2007), Act No. 12, 2007 (Nepal), https://giwmscdntwo.gov.np/media/pdf_upload/CUSTOMS%20ACT%202064_rgwrhk4.pdf.

⁶ Dawa Gyelmo, "Bhutan's opposition protests regional transport deal," Dialogue Earth, July 4, 2016, <https://dialogue.earth/en/pollution/bhutans-opposition-protests-regional-transport-deal/>.

⁷ Customs Act of Bhutan 2017 (Bhutan), <https://mof.gov.bt/wp-content/uploads/2025/04/The-Customs-Acts-of-Bhutan-2017.pdf>.

These differences contribute to time-consuming checks and re-checks of vehicles when crossing borders, thus driving up the associated costs of trade and production. Modernisation and harmonisation of customs procedures is, therefore, essential for the BBIN MVA's successful implementation.

The Asian Development Bank (ADB) has pointed out that the BBIN MVA does not provide for any means of harmonising four distinct customs regimes. It has also highlighted that customs modernisation and harmonisation are key components of the BBIN MVA's proper implementation, recommending a computerised permit system as a cost-effective replacement to physical/paper-based permits⁸.

The World Trade Organization (WTO)'s Trade Facilitation Agreement, which came into effect on February 22, 2017, provides for customs modernisation and harmonisation procedures which, if implemented properly, can reduce costs of trade by approximately 14.3 per cent and significantly boost the volume of global trade by up to \$1 trillion per annum, with the maximum benefit accruing to developing and least-developed countries (LDCs)⁹. Its provisions are aimed at expediting the movement, release, and clearance of goods, including goods in transit, as well as facilitating the necessary cooperation between the customs authorities of different countries.

Additionally, the Trade Facilitation Agreement provides for special and differential treatment (SDT), which allows LDCs to determine by what date they will be able to implement the provisions, and what provisions they need additional technical assistance to implement. Every country is to set up a national committee to oversee the smooth implementation of the Trade Facilitation Agreement, and a permanent committee of trade facilitation at the WTO is tasked with coordinating between the various national committees to ensure effective overall implementation.

⁸ Ronald Antonio Butiong, "High Hopes for BBIN Vehicle Agreement, One Year On," Asian Development Blog, June 15, 2016, <https://blogs.adb.org/blog/high-hopes-bbin-vehicle-agreement-one-year#:~:text=Initially%2C%20these%20protocols%20will%20define,spent%20borders%20is%20also%20cut.>

⁹ World Trade Organization, World Trade Report 2015: Speeding Up Trade: Market Access and Development in the WTO Trade Facilitation Agreement (Geneva: WTO, 2015), 78–82, https://www.wto.org/english/res_e/booksp_e/world_trade_report15_e.pdf.

It is estimated that the cost incurred by developing countries and LDCs in implementing the provisions of the Trade Facilitation Agreement will be outweighed by the profits they stand to make through the consequently lowered costs of trade. Bangladesh, Nepal, and India—the three remaining parties to the MVA—have accepted the Protocol of Amendment to insert the WTO Trade Facilitation Agreement into Annex1A of the WTO Agreement. That is, they have formally agreed to its implementation. Formal adoption of the WTO Trade Facilitation Agreement would fill the blank left by the BBIN MVA's vagueness on customs harmonisation and facilitate its implementation.

It is therefore recommended that the state parties to the BBIN MVA also take concerted steps towards implementation of the WTO Trade Facilitation Agreement.

The use of blockchain and related digital technologies has also been recommended to expedite cargo clearance at border checkpoints. This can be done by building online trade facilitation and risk management systems, so that permits are granted instantly without compromising national security¹⁰.

Towards this end, it has also been suggested that digital locks be affixed on vehicles carrying goods between the BBIN countries, and an online database record the contents of each vehicle registered with such a system, so that repeated stoppage and physical inspections are avoided. In addition to expediting the flow of goods and raw materials, the incorporation of digital technologies into the functioning of the BBIN MVA will serve to limit unreasonable and discriminatory exercises of discretion by border agents.

¹⁰ "Enable BBIN MVA with Financial, Digital Connectivity: Speakers," CUTS Centre for International Trade, Economics & Environment (CUTS CITEE), September 4, 2019, <https://cuts-citee.org/enable-bbin-mva-with-financial-digital-connectivity-speakers/>.

Insurance:

The insurance regimes in the four BBIN countries are disparate, and governed by four distinct, inward-looking legislations; the Motor Vehicles Act, 1988 in India¹¹, the Road Transport Act, 2018 in Bangladesh, which makes motor insurance optional¹², the Road Safety and Transport Act, 1999 in Bhutan¹³, and the Motor Vehicles Transport and Management Act of 1993 in Nepal¹⁴. The insurance laws in each country only establish liability/coverage for domestic accident scenarios and have not been drafted with foreign trade in mind. For example, a vehicle crossing a border with a valid permit under the BBIN MVA may meet with an accident in a partner country. Although insured in its country of origin, this vehicle may not be insured in the destination or transit country where the accident took place. In such a situation, there exists no written provision, nor any agreement between the four state parties establishing liability to pay. Similarly, there is no clarity on the appropriate forum the operator may approach, thus leaving room for a legal vacuum and conflict of laws.

It has been recommended that a single comprehensive insurance policy for the BBIN countries be instituted, whereby the same insurance coverage is made applicable to all cargo or passenger vehicles crossing borders under the MVA. In a 2023 study of the BBIN countries' insurance frameworks, ADB acknowledged this gap, and made the following recommendations to address it:

1. The formation of national- and joint-insurance subgroups to govern any insurance related issues, disputes, or questions that may arise,
2. That the insurance requirements to be met by any vehicle crossing borders under the auspices of the BBIN MVA supersede the insurance requirements applicable within individual countries, and
3. The creation of an online portal or app to facilitate clarity.¹⁵

¹¹ Motor Vehicles Act, 1988, No. 59, Acts of Parliament, 1988 (India), https://www.indiacode.nic.in/bitstream/123456789/19318/1/the_motor_vehicle_act_1988.pdf.

¹² Road Transport Act, Act No. XLVII of Bangladesh (2018).

¹³ Road Safety and Transport Act of the Kingdom of Bhutan 1999 (Bhutan), Bhutan Construction and Transport Authority.

¹⁴ Motor Vehicles and Transport Management Act, 2049 (1993), Act No. 20, 1993 (Nepal), Nepal Law Commission.

¹⁵ Paresh Goel, "BBIN Transport Connectivity: Role of Asian Highway and Challenges in Implementation" (PowerPoint presentation, UNESCAP Workshop on the Asian Highway Network, Bangkok, Thailand, November 28–29, 2023), 11, https://www.unescap.org/sites/default/d8files/event-documents/Session1_AH_India.pdf.

A single comprehensive insurance policy for the BBIN region will help resolve the present deadlock.

This is closely related to another pressing policy gap: the absence of a designated dispute settlement mechanism. A fixed body with the subject-matter jurisdiction to decide insurance claims, along with a uniform set of applicable rules, will serve to streamline the present BBIN-wide insurance regime, which is vague and fragmented.

Transport:

The disparity in transport laws between the state parties is a significant roadblock to the agreement's implementation. This includes the lack of a commonly recognised driver's license, differences in axle load limits (how much weight a vehicle is permitted to carry), emission norms, and traffic laws, among others. This prevents seamless travel of goods and passenger vehicles, as was intended by the letter and spirit of the BBIN MVA.

While India adheres to the strict Bharat Stage-VI (BSVI) emission norms¹⁶, Bangladesh and Nepal are in the process of upgrading norms and standardising them domestically¹⁷.

¹⁶ Tim Dallmann and Anup Bandivadekar, India Bharat Stage VI Emission Standards (New Delhi: International Council on Clean Transportation, 2016), <https://theicct.org/wp-content/uploads/2021/06/India-BS-VI-Policy-Update-vF.pdf>. A draft notification of BS-VI norms was issued in 2016, and the norms came into force W.E.F. 1 APRIL 2020. BS-VI norms are still in force. BS-VI PHASE 2 came into effect on 1 April 2023, introducing On-Board Diagnostics (OBD2) and Real Driving Emissions (RDE) testing to ensure vehicles meet pollution standards under actual on-road driving conditions rather than just laboratory environments.

¹⁷ Dr. Rahul Mishra, "BBIN: A New Tool in India's Sub-Regional Diplomacy," Indian Council of World Affairs, July 8, 2015, <https://www.icwa.in/WriteReadData/L45218/1496389436.pdf#:~:text=According%20to%20the%20joint%20statement%20issued%20during,transform%20the%20border%20roads/transport%20corridors%20into%20econo>.

Divergence in emission norms and compliance thereto is also caused by the inconsistency in fuel quality across countries and at borders. The discrepancies in axle load limits follow a similar pattern. While India permits a maximum weight of 11.5 tonnes for heavy vehicles¹⁸, a lack of standardisation across the BBIN region persists¹⁹. These differences cause increased costs and delays when a vehicle leaving one country and entering another does not conform to standards in the destination or transit country it subsequently enters, thus obstructing transport and acting as an obstacle to free movement generally speaking.

These differences cause increased costs and delays when a vehicle leaving one country and entering another does not conform to standards in the destination or transit country it subsequently enters, thus obstructing transport and acting as an obstacle to free movement generally speaking.

The standardisation of rules/laws is therefore necessary. A common drivers' license recognised across the state parties, for example, is a step towards the intended seamless transportation. This will prevent repeated stoppage of drivers on account of a lack of recognition of their drivers' licenses. A common axle load limit, too, is a way to prevent repeated stoppage and protect drivers and vehicles from repeated checks.

Similar to the ADB's suggestion that national- and joint-insurance subgroups be created to streamline the insurance regime, the creation of national- and joint-transport subgroups is recommended for the streamlining of transport laws across the state parties to the BBIN MVA.

¹⁸ India, Ministry of Road Transport and Highways, Notification S.O. 3881(E), The Gazette of India: Extraordinary, pt. II, sec. 3, sub-sec. (ii) (August 6, 2018), https://morth.nic.in/sites/default/files/notifications_document/Notification_no_S_O_3881_E_dated_06_08_2018_regarding_Safe_Axle_Weight%C2%A0.pdf. The maximum safe axle weight for a single axle with 4 tyres is currently 11.5 tonnes, as per regulations updated by India's Ministry of Road Transport and Highways in 2018. <https://www.pib.gov.in/Pressreleaseshare.aspx?PRID=1538941®=48&lang=2>

¹⁹ United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), "Chapter III: Recommended Standards on Weights and Dimensions of Commercial Vehicles," in Intergovernmental Agreement on the Asian Highway Network, 41, accessed April 2024, <https://www.unescap.org/sites/default/files/Chapter03.pdf>.

Sanitary and Phytosanitary Standards:

Another significant regulatory challenge is the difference in SPS (sanitary and phytosanitary) standards in the BBIN area. SPS standards refer to specifications related to food safety, plant- and animal-health that food products must meet in order to be declared fit for consumption. This disparity in SPS standards is an important regulatory non-tariff barrier to seamless trade in the BBIN sub-region, because goods that are legally cleared in one country may fail to meet the standards set by the destination country.

For example, India and Bangladesh have different Maximum Residual Limits (MRLs) for pesticides in agricultural produce such as tea and rice. Due to Bangladesh's stricter standards and testing requirements as well as the absence of relevant Mutual Recognition Agreements (MRAs), Indian exporters often face issues at the stage of testing once their exports cross over into Bangladesh²⁰.

Additionally, this repeated testing leads to inefficiency and creates a significant barrier to trade, especially when it comes to foodstuffs and agricultural produce. Differences in nutritional labelling requirements and quarantine protocols concerning perishable items such as fruit and vegetables also lead to repeated testing and often, perishing of viable produce. This problem is exacerbated by a lack of adequate storage facilities along borders.

With India, Nepal, and Bangladesh being members of the WTO, it is recommended that they implement the WTO Agreement on Sanitary and Phytosanitary Measures (SPS Agreement)²¹, so as to ensure uniformity in standards and compliance with international accreditations such as standards set by the Codex Alimentarius Commission for food safety, the World Organisation on Animal Health for animal health, and the International Plant Protection Convention for plant health.

²⁰ Consumer Unity & Trust Society (CUTS) International, India-Bangladesh Agriculture Trade: Demystifying Non-Tariff Barriers to India-Bangladesh Trade in Agricultural Products and their Linkages with Food Security and Livelihood (Jaipur, India: CUTS International, 2019), 55–61, https://cuts-citee.org/pdf/project_report-ntbagr.pdf. Bangladesh rejected an 11,500-tonne shipment of non-basmati parboiled rice from India at Chittagong Port in July 2026, citing poor quality and health concerns; critics argue that the dispute may have political overtones. <https://iref.net/rice-news/bangladesh-rejects-indian-rice-shipments>

²¹ World Trade Organization, "Understanding the WTO Agreement on Sanitary and Phytosanitary Measures," accessed April 13, 2026, https://www.wto.org/english/tratop_e/sps_e/spsund_e.htm#:~:text=The%20Agreement%20on%20Sanitary%20and,unnecessary%20barriers%20to%20international%20trade.

In addition to harmonisation in accordance with scientific principles, member states receive the required assistance from the WTO Secretariat towards the implementation of the WTO SPS Agreement. Moreover, the provisions of the Agreement are geared towards promoting standardisation while avoiding disguised protectionism, a sentiment which is not conducive to thriving and seamless regional trade, especially among developing countries.

In order to modernise as well as harmonise SPS standards at a regional level, therefore, it is recommended that the state parties to the BBIN MVA work towards implementing the WTO SPS Agreement jointly and severally, and implement more bilateral Mutual Recognition Agreements (or MRAs), particularly where exports are proved to have been safe for consumption in their countries of origin.

Trust deficit:

At the root of the policy, legal, and regulatory constraints lies a lack of trust between Bangladesh, Bhutan, India and Nepal. The MVA, heavily dependent on cooperation and joint decision making, is in limbo largely due to declining bilateral relations and a tense regional climate. For example, relations between India and Bangladesh have seen fluctuations due to various issues, in a range from illegal immigration and sharing of river waters to perceptions of undue transshipment benefits and transshipment restrictions. This trust deficit and has peaked particularly since August 2024, with the ouster of the Sheikh Hasina-led government in Bangladesh.

As the two most populous countries and largest economies by market size among the BBIN countries, these complications in diplomatic and economic relations between them to some degree mirror the effective immobilisation of SAARC by increasingly irreconcilable disagreements between India and Pakistan.

Bhutan's decision to refrain from ratifying the BBIN MVA is ostensibly rooted in its emphasis on Gross National Happiness (GNH) as a policy goal. Gross National Happiness is a subjective measure of environmental and human developmental indicators to holistically estimate the wellbeing of citizens. Bhutan has cited vehicular pollution and a lack of suitable road infrastructure as reasons for its decision to refrain from the BBIN MVA despite its earlier commitments to ratify it.

PATHWAYS AND INCENTIVES FOR INDIA

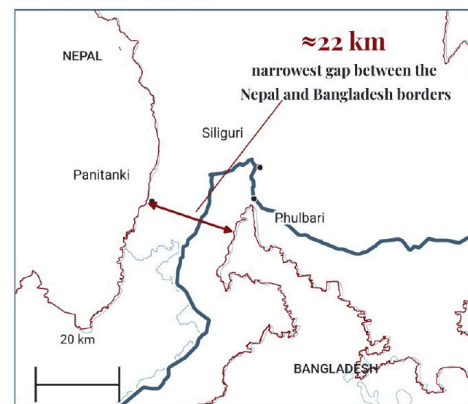
BBIN MOTOR VEHICLES AGREEMENT · THE SILIGURI CORRIDOR

Through Bangladesh, Kolkata to Agartala is less than half the distance

India's road link to its Northeast runs through a corridor about 22 km wide; the 2015 trial run through Bangladesh cut some 900 km



THE CORRIDOR, AT ITS NARROWEST



ROAD DISTANCE, KOLKATA TO AGARTALA

Via Siliguri

~1,550 km

Via Bangladesh

~640 km

Distances for the November 2015 cargo trial run, as reported by the South Asia Subregional Economic Cooperation programme.

Sources: South Asia Subregional Economic Cooperation programme, 'Cargo Transport Trial Run Starts under BBIN Motor Vehicles Agreement', 1 November 2015. Corridor width measured on the Survey of India boundary. Route via Siliguri follows National Highways 12, 27, 6 and 8 on OpenStreetMap. Boundaries: India from the Survey of India; other countries from Natural Earth. Based on Figure 2 in E. Tomar, 'From Ambiguity to Connectivity'. Graphic: Sahasrik Ragani, Stepwell Centre for Asian Futures.

Stepwell Centre for Asian Futures

As the largest country and economy in the region, India has strategic as well as economic interests in facilitating the revival of the implementation process. India has the infrastructure to support the implementation of the BBIN MVA as well as the diplomatic influence to initiate cooperation with the other state parties. Although the political climate in South Asia is characterised by bilateral tensions and a regional trust deficit, ensuring freedom of movement for passenger and cargo vehicles is in the best individual as well as collective interest. As per a Joint Statement on the ministerial meeting between Bangladesh, Bhutan, India, and Nepal's Ministers of Transport, intra-regional trade in South Asia is projected to increase by 60% and trade with the rest of the world by 30%, with the conversion of transport corridors into economic corridors²². The World Bank Group has projected an 8 per cent increase in India's own national income should the goal of relatively free regional trade be realised²³.

The expansion of free trade and free movement of persons with its eastern neighbours may help India expand its influence, thus effectively countering China's rapidly expanding influence by presenting itself as a viable alternative for economic partnership. Such an eastward expansion in influence and economic activity is projected to deepen ties between South and Southeast Asia, leading to the formalisation and strengthening of cooperation between BBIN and BIMSTEC, or the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, a grouping that has the BBIN countries besides Myanmar, Thailand and Sri Lanka. Due to BIMSTEC's success as an economic and trade grouping it has often been suggested that BBIN aim for complete merger with BIMSTEC in the longer term. While access to the developed and rapidly developing economies of Southeast Asia would lead to net positive outcomes, South Asia, as a large and distinct geographical region, requires its own economic and trade cooperation mechanism.

²² Media Release, "Joint Statement on the meeting of the Ministers of Transport of Bangladesh, Bhutan, India, and Nepal on the Motor Vehicles Agreement," Government of India Ministry of External Affairs, June 15, 2015, <https://www.mea.gov.in/bilateral-documents?dtl/25365/Joint+Statement+on+the+meeting+of+the+Ministers+of+Transport+of+Bangladesh+Bhutan+India+and+Nepal+on+the+Motor+Vehicles+Agreement>.

²³ Press Release, "Seamless Transport Connectivity Can Create Significant Economic Gains for Bangladesh and India," World Bank Group, March 9, 2021, <https://www.worldbank.org/en/news/press-release/2021/03/09/seamless-transport-connectivity-can-create-major-economic-gains-for-bangladesh-and-india#:~:text=DHAKA%20and%20NEW%20DELHI%2C%20March,Bangladesh%2C%20the%20report%20points%20out>.

This paper therefore argues for effective implementation of the BBIN MVA in its own right, alongside the cultivation of a strategic, issue-based partnership with BIMSTEC. An approach that balances regional independence with strategic cooperation is projected to help India and eastern South Asia gain an edge amid rising strategic competition in the Bay of Bengal region.

Proper implementation of the BBIN MVA may bring India's remote Northeastern region closer to the mainland by cutting travel distances and time; this was confirmed by the success of an initial pilot project, which shortened the distance between Kolkata and Agartala by over 900 km; while the traditional route through the so-called "chicken's neck", that is, the Siliguri Corridor connecting Bengal and Assam, was over 1500 km long, direct passage through Bangladesh into Tripura shortened the distance to about 640 km²⁴.

Shorter, more efficient routes equipped with modernised customs procedures that eliminate the need for repeated checking may serve to expedite regional trade, making it more efficient and mutually profitable. For example, the long journey along the narrow, sometimes hilly Chicken's Neck route has exposed manufacturers, traders and businesses in Northeastern India to delays in the supply chain. Equally, there are days-long waiting times for cargo trucks at the Indo-Bangladesh at Benapole-Petrapole border in West Bengal as opposed to mere hours at relatively better integrated border checkpoints elsewhere²⁵. If seamless transport through Bangladesh to Northeastern India is ensured, it will serve to enhance productivity by preventing delays caused by transportation over a longer, more inefficient route.

²⁴ "Cargo Transport Trial Run Starts under BBIN Motor Vehicles Agreement," SASEC: South Asia Subregional Economic Cooperation, November 1, 2015, <https://www.sasec.asia/index.php?page=news&nid=319&url=cargo-transport-trial-run-starts-under-bbin-mva#:~:text=Cargo%20Transport%20Trial%20Run%20Starts%20under%20BBIN%20Motor%20Vehicles%20Agreement,According%20to%20Mr.>

²⁵ Mandakini Kaul, "A visit to India's busiest integrated border crossing shows need for regional cooperation and connectivity," World Bank Blogs, February 10, 2022, <https://blogs.worldbank.org/en/endpovertyinsouthasia/visit-indias-busiest-integrated-border-crossing-shows-need-regional#:~:text=But%20a%20modern%20facility%20like,of%20the%20border%20confirm%20this.>

This would not only allow Northeast Indian states easier access to Indian and Bangladeshi riverine ports and seaports, it would also facilitate trade between Northeast India and other parts of the country, as well as with other neighbouring countries, including Bangladesh. The delays caused by a combination of long distances and cumbersome, repetitive paperwork add economic cost to businesses and citizens alike.

For India, the development of its Northeastern states is of priority, also due to their strategic location at the intersection of Bangladesh, Nepal, Bhutan, as well China and Southeast Asia. Moreover, Northeastern India is well placed to attract investments in sectors as diverse as agri-business, semiconductors, hydropower generation, pharmaceuticals, and textiles, among other sectors. For these investments to yield economic growth and generate employment, it is imperative that the region be served by a robust, multi-modal transport network, so that it can benefit from an uninterrupted supply of raw materials and channels for the transportation of finished products.

The BBIN MVA, with its ambitious goal of ensuring free and efficient transportation of goods and services between the four countries, is seen as a framework for the achievement of these economic and strategic goals. Over the longer term it could also offer connectivity to Southeast Asia and the Indo-Pacific region²⁶.

From a strategic, geopolitical, and economic point of view, it is prudent for India to facilitate the BBIN MVA's effective and robust implementation in partnership with other countries in the sub-regional compact.

What is recommended, therefore, is an enhancement in technocratic and technical cooperation alongside more complex political and diplomatic questions. India, as the largest economy is well-placed to initiate targeted deliberations involving Bangladesh, Bhutan, and Nepal, with a pitch for thriving regional trade that is both efficient and predictable. Besides intent, India needs to take the lead in providing investment for this regional mechanism to come to fruition.

²⁶ Rakhee Bhattacharjee, "From Periphery to Gateway: Reframing India's Northeast in the Indo-Pacific," Observer Research Foundation, March 30, 2026, <https://www.orfonline.org/expert-speak/from-periphery-to-gateway-reframing-india-s-northeast-in-the-indo-pacific>.

INCENTIVES FOR BANGLADESH, BHUTAN, AND NEPAL

The European Union is a prime example where the collective as well as individual member states have benefited from seamless intra-region trade. This took several years of preparation, including direct investment in lower-income member states by relatively better-off member states, and a mechanism of grants and subsidies to scale up smaller economies.

Countries like Spain, Portugal, and Greece have benefited from gaining EU membership in the form of investments from wealthier EU states, massive funding and subsidies (albeit conditional on the observance of austerity measures), and access to EU-wide economic and information networks.

In Southeast Asia, less developed countries such as Vietnam and Laos, too, have reaped the benefits of joining a regional economic grouping like ASEAN, even though intra-regional trade is far from seamless; a free-trade agreement has boosted intra-regional trade about 25 per cent of overall trade, but procedural and non-tariff measures continue to hamper the intention of seamless movement of goods. Even so, the benefits have accrued to Vietnam and Laos on account of their membership include investments from wealthier ASEAN countries, enhanced regional connectivity, and infrastructural and supply-chain integration.

Following the examples of the EU and ASEAN, the BBIN countries may first begin by gauging each state party's individual context and objections, if any.

For example, Bhutan has expressed openness to ratifying the BBIN MVA, provided passage of vehicles into its territory is not completely free, and the concerned Bhutanese authorities are allowed to levy a certain entry fee.

Bangladesh, which is home to the Chittagong and Mongla seaports, stands to benefit significantly from its coastline and well-developed port facilities, as landlocked Nepal and Bhutan depend on these ports for their import and export needs. Being surrounded by India on three sides, Bangladesh also has the potential to connect India's Northeastern states to the Indian mainland bypassing the long, often hazardous Chicken's Neck route.

Bangladesh can therefore develop as a valuable link as well as transport and logistics hub, generating significant revenue in the form of port fees, warehousing revenue, and other connected levies.

Moreover, Bangladesh and Nepal are scheduled to graduate from their present designation as Least Developed Countries (LDCs). LDC status ensures that its holders receive certain protections in international trade, most notably special tariff exemptions. However, graduation from—or loss of—LDC status will also reduce or strip them of these protections. Graduation is projected to raise average tariffs by an anticipated 8-12 per cent in the case of Bangladesh²⁷, and cause Nepal to lose 4.3 per cent of its export revenue due to tariff changes²⁸. The BBIN MVA, which reduces border delays as well as regional export and production costs by ensuring expedited transport, can significantly cushion the shocks Bangladesh and Nepal may experience once their LDC protections and exemptions are withdrawn.

Bhutan, too, stands to gain from ratifying the BBIN MVA. Gelephu Mindfulness City, the country's work-in-progress wellness, technology, education, knowledge, agri-tech and logistics hub located in its south, bordering India's Assam, requires state-of-the-art transport and civic infrastructure. For these needs and in general, Bhutan is substantially dependent on investment from larger economies in Asia, including India. A shared commitment such as the BBIN MVA would enhance the benefit of such investments, thus contributing to Bhutan's growth and economic development.

Solutions that are sustainable and mindful of Bhutan's needs can be found through sustained bilateral talks as well as consultation with environmental, technological, and policy experts, particularly in ecologically contentious areas such as road building.

²⁷ 1. Economic Relations Division (ERD), Ministry of Finance of Bangladesh, "Bangladesh's Graduation from the LDC Category," presentation for the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), December 4, 2024, slideshow, 4, <https://www.unescap.org/sites/default/d8files/event-documents/LDC%20Graduation%20for%20JS%2C%20ERD.pdf>.

²⁸ United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLS), "Nepal after LDC Graduation: New Avenues for Exports (ITC Collaboration with UN-OHRLS)," UN LDC Portal, April 19, 2022, <https://www.un.org/ldcportal/content/nepal-after-ldc-graduation-new-avenues-exports-itc-collaboration-un-ohrlls>.

In any case effective stakeholder management entails phased and conscious cooperation rather than avoidance, so that all four BBIN countries benefit from regional trade, cooperation, and investments. According to Dr Sanjeev Mehta, Senior Professor of Economics at the Royal Thimphu College, Bhutan, the mountainous country's industries, particularly its manufacturing and agribusiness sectors, stand to profit from the BBIN MVA's promise of lowered transportation and production costs. Better road connectivity with the rest of the region would lead to a steady, continuous supply of raw materials, access to more distant markets, improved inventory management, and therefore, increased profits and productivity.

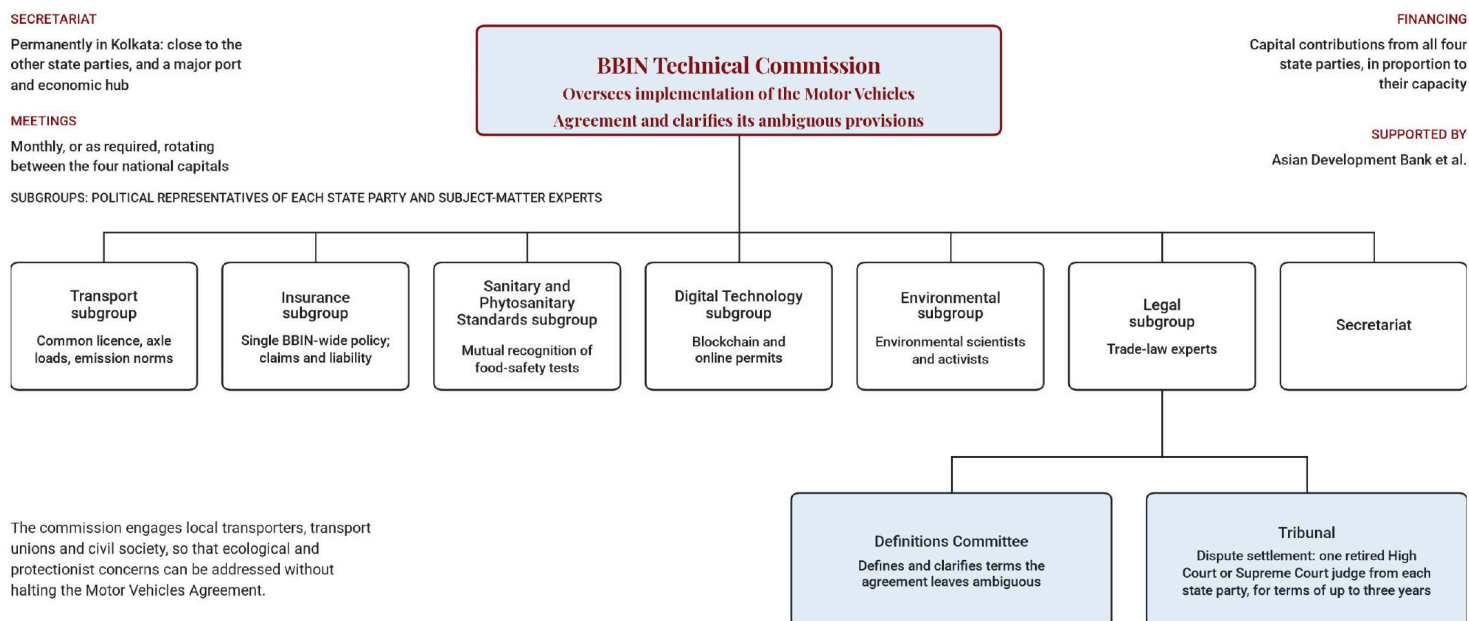
Dr. Mehta supported this point by citing the Bhutanese silicon industry's limited success in southern Indian markets despite their high quality, attributing it to relatively underdeveloped transport networks.

INSTITUTIONAL RECOMMENDATIONS

BBIN MOTOR VEHICLES AGREEMENT · INSTITUTIONAL RECOMMENDATION

A standing commission to fill the gaps in the agreement

The suggested institutional structure for implementing the BBIN Motor Vehicles Agreement



Source: E. Tomar, 'From Ambiguity to Connectivity: Policy Recommendations to Ensure Effective Implementation of the BBIN Motor Vehicles Agreement', Stepwell Centre for Asian Futures, section 'Institutional Recommendations'. The commission is a proposal, not an existing body.
BBIN: Bangladesh, Bhutan, India and Nepal. Graphic: Sahasrik Ragani, Stepwell Centre for Asian Futures.

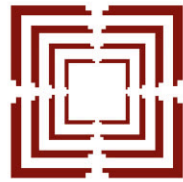
Stepwell Centre for Asian Futures

- It is imperative that a bureaucratic structure be agreed upon in order to fill in the gaps in areas that are currently ambiguous. **It is therefore recommended that a BBIN Technical Commission be set up to oversee the BBIN MVA's smooth implementation**, as well as to clarify the areas where institutional and legislative ambiguities persist. Such a Technical Commission may be financed by capital contributions from all four state parties, proportionate to their respective capacities, and aided by international financial institutions such as the World Bank and ADB—which has already provided substantial institutional and research support, and may continue to play a prominent role in these reforms.

- On account of the multi-faceted challenges the BBIN MVA faces—legal, political and economic—it is also recommended that **subgroups be formed under the Technical Commission to solve each problem.** As with the Customs subgroup, it would be useful to form a Transport subgroup, an Insurance subgroup, an Environmental subgroup, a Legal subgroup, and a Secretariat—perhaps in Kolkata or Guwahati, which are prominent hubs and do not yet house regional secretariats (Kathmandu hosts the SAARC Secretariat, Dhaka hosts the BIMSTEC Secretariat).
- **The Legal subgroup, in turn, may consist of a Committee appointed specifically to offer definitions and clarifications** where the text of the BBIN MVA leaves room for ambiguity, as well as a dispute settlement mechanism in the form of a Tribunal.
- **It is imperative that the membership of these subgroups is extended to political representatives from each country, as well as the respective subject matter experts.** This could take the form of consulting blockchain experts in the work of the Digital Technology subgroup, environmental scientists and activists for the Environmental subgroup, and trade law experts for the Legal Committee. A retired High Court or Supreme Court judge from each of the countries may be assigned to serve on the tribunal, with a limited term of up to 3 years.
- **It is recommended that the Commission and its subgroups engage adequately with various stakeholders, such as local transporters, transport unions, and civil society.** This is to ensure that ecological and protectionist concerns, among others, can be duly addressed without bringing the implementation and operation of the BBIN MVA itself to a standstill.
- **Additionally, it is recommended that efforts be made in the longer run to expand the ambit of the BBIN Agreement to multimodal transport: the incorporation of railways and waterways.**

If supported by sustained political will and practical institutional reform, the BBIN Agreement has the potential to significantly enhance regional connectivity, reduce trade and supply chain costs, and serve as a practicable model for regional and sub-regional cooperation in South Asia.

NOTE: The interview with Dr Sanjeev Mehta, Senior Professor of Economics at the Royal Thimphu College, Bhutan was conducted on 28 January 2026.



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**Orienting Policy and Practice to Secure
Positive Outcomes in Asia
and the Indian Ocean Region**

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