



India Ends Trans-Shipment Facility for Bangladesh

[Source: IE](#)

Why in News?

India has ended the **2020 transshipment facility** that allowed **Bangladeshi exports** to pass through its ports and airports. This decision comes after **Bangladesh's remarks in China**, where it described **Northeast India as 'landlocked'** and positioned itself as the 'guardian of the ocean' for the region, as well as a **strategic gateway for China's influence in [Northeast India](#)**.

Note: The transshipment facility for Bangladesh, introduced by India in 2020, allowed Bangladeshi exporters to use Indian [Land Customs Stations \(LCSs\)](#) to transport goods to third countries like **Bhutan, Nepal, and Myanmar**.

- This arrangement aimed to streamline trade flows, reduce logistical costs, and benefit **Bangladesh's readymade garment (RMG) sector** by cutting transit costs and time.

Why did India Withdraw Transshipment Facility for Bangladesh?

- **Industry Pushback:** The [Apparel Export Promotion Council \(AEPC\)](#) lobbied for the facility's removal.
 - India and Bangladesh are direct competitors in global textile markets, especially in the RMG sector (China ranks 1st, Bangladesh 2nd, and India 6th in global garment exports).
 - Indian exporters argued that the **facility favored Bangladesh**, hurting India's market share and logistics infrastructure.
- **Rising Air Freight Costs:** Sharp increases in **freight rates to destinations** like the US and Europe prompted calls to reduce external cargo burden on Indian facilities.
- **China Factor:** India's move reflects its strategic unease over China's growing presence near the [Siliguri Corridor \(Chicken Neck corridor\)](#), where Bangladesh has invited Chinese investment in the **Lalmonirhat Airbase**, close to India's **northeastern frontier**.
 - The Northeast region, known as the "**Seven Sisters**," is connected to mainland India through the narrow Siliguri Corridor. It shares international borders with **Bangladesh, Bhutan, Myanmar, China and Nepal**, making it highly geopolitically sensitive.



▪ Implications:

- **Bangladesh:** In 2024, Bangladesh's USD 50 billion export sector, led by RMG, faces higher costs and delays after India's move, impacting its global competitiveness in textiles.
- **India:** The decision signals growing strain in **India-Bangladesh relations**, particularly as Bangladesh moves closer to China.
 - Experts also warn the move may conflict with [World Trade Organization \(WTO\) General Agreement on Tariffs and Trade \(GATT\) Article V](#) and **Trade Facilitation Agreement (TFA) Article 11**, which ensure freedom of transit for **landlocked nations**.

Read more: [India-Bangladesh Relations](#)

Drishti Mains Question:

Examine the reasons for India's withdrawal of the transshipment facility to Bangladesh. What are its implications for regional trade and connectivity?

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims

Q. With reference to river Teesta, consider the following statements: (2017)

1. The source of river Teesta is the same as that of Brahmaputra but it flows through Sikkim.
2. River Rangeet originates in Sikkim and it is a tributary of river Teesta.
3. River Teesta flows into Bay of Bengal on the border of India and Bangladesh.

Which of the statements given above is/are correct?

- (a) 1 and 3 only
- (b) 2 only
- (c) 2 and 3 only
- (d) 1, 2 and 3

Ans: (b)

Mains

Q. Analyze internal security threats and transborder crimes along Myanmar, Bangladesh and Pakistan borders including Line of Control (LoC). Also discuss the role played by various security forces in this regard. **(2018)**

PDF Refernece URL: <https://www.drishtias.com/printpdf/india-ends-trans-shipment-facility-for-bangladesh>

