



An Analysis - Indo – Nepal Trade & Changing Landscapes



ICD Birgunj – Story Behind Inception

Higher Freight Costs & Transit Time

- Nepal Trade was suffering from Higher Lead Times and Road Freight Costs before ICD Birgunj came up in 2004

Loan from World Bank

- 10.50 Million USD Funding from World Bank

Investment by Indian Railways

- 2.50 Million USD Funding by Indian Railways for Laying of Tracks

Capacity of Storage

- 4578 Containers at a Time

Final Commissioning

- Commissioned after years of Negotiations between the Governments on 16th June 2004

ICD Birgunj – The Growth Story

Comparison Heads	First Year of ICD F.Y 2004-05	F.Y 2018-19	Growth
Import TEUs	3575	47982	13.42 Times
Export TEUs	59	1414	24 Times
Rakes Handled	54	540	10 Times

Source: Government of Nepal

Benefits from ICD, Birgunj:

- ❖ Development & Facilitation of Trade
- ❖ Lower Intermodal Transport Costs
- ❖ Development of Entrepreneurship
- ❖ Employment Generation
- ❖ Lower Lead Time

Through B/L & ECTS Scenario : Random 40 Ft. Container Upto 20MT Weight

Head of Cost	Phase 1 (Before ICD Birgunj)	Phase 2 (After ICD Birgunj but Before introduction of Through B/L)	Phase 3 (After Introduction of through B/L)
Delivery Order Charges at Kolkata Port	23000.00	23000.00	14000.00
Freight	126000.00	69000.00	99000.00
CHA Charges	7500.00	7500.00	-
Misc. Charges	5000.00	5000.00	-
Total (in INR)	161500.00	104500.00	113000.00
Total (in USD)	2307.00	1493.00	1614.30
Transit Time (Kolkata to Birgunj)	13-15 Days	8-10 Days	7-8 Days

Source: Consignments handled by Indomatrix Logistics Pvt. Ltd. – Maersk Tariff

Summary:

- ❖ Reduction in Inland Transportation Costs by 35% Post ICD Birgunj
- ❖ Increment of Costs by 8% Post Introduction of ECTS & Through B/L from Kolkata Port

Present Scenario – Kolkata Vs. Vizag: A Sample Case Study: 40 Ft Container from Tianjin, China to Nepal

Comparison Parameter	Kolkata Port	Vizag Port
Ocean Freight from Tianjin to Destination Port	USD 1300	USD 800
Delivery Order Charges	USD 200	USD 200
Inland Haulage Charges (Upto 20 MT) under ECTS	USD 1415	USD 1720
TOTAL COST (USD)	USD 2915	USD 2720
Transit Time (From Tianjin to Destination Port)	25 Days	23 Days
Inland Transport Time (From Destination Port to ICD Birgunj)	10 Days	27 Days
Total Transit Time	35 Days	50 Days

Source: Consignments handled by Indomatrix Logistics Pvt. Ltd. – Maersk Tariff

Summary:

- ❖ Cost Synergy from Vizag Compared to Kolkata Port
- ❖ Higher Lead time from Vizag Compared to Kolkata Port

The Way Forward : Indo-Nepal Trade & Logistics

1

Opening up Other Ports : Dhamra, Mundhra, Nhava Sheva : Exploring the Possibilities

2

Amending & Re-Framing Transit Treaty & Rail Service Agreement

3

Allowing Private Players to Enter : Cost Reduction & Service Efficiency Improvement

4

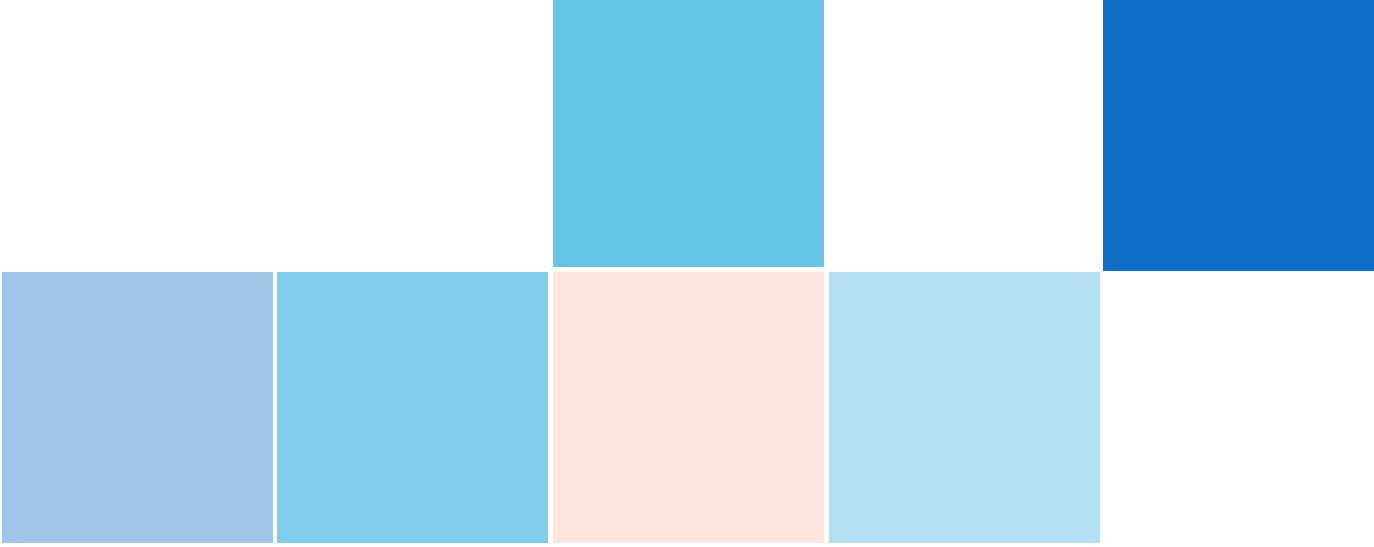
Seamless Transit Procedures to Reduce Lead Times further

5

Re-Negotiating with Lines for Lower Inland Haulage Charges

6

Automation of Documentation & Promoting an Importer Friendly Environment



THANK YOU!



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