

Land Port Shutdown

Posted at: 27/05/2025

Land Port Shutdown: A New Chapter in India-Bangladesh Trade Relations

Context

India has recently **shut down all land ports for the import of readymade garments from Bangladesh**, a decision that significantly impacts cross-border trade. This move comes in the backdrop of emerging **geopolitical tensions, strategic recalibrations**, and efforts to **assert trade reciprocity**. The restriction, while allowing seaborne imports, blocks several crucial land-based trade routes primarily used by northeastern states.

What Is the Decision?

- India has **prohibited the import of readymade garments from Bangladesh through all land ports**.
- However, the import is still **permitted via two seaports**:
 - **Nhava Sheva (Jawaharlal Nehru Port, Maharashtra)**
 - **Kolkata Port (West Bengal)**
- **Affected land ports** include those in:
 - **Assam**
 - **Tripura**
 - **Meghalaya**
 - **Mizoram**

- **West Bengal's Changrabandha and Fulbari ports**
-

Reasons Behind the Move

1. Reciprocity in Trade

- Bangladesh had earlier **restricted Indian cotton yarn imports**.
- It also **delayed transit permissions for Indian rice** through its land territory.
- India's move is seen as a **retaliatory measure** ensuring reciprocal market access.

2. Strategic and Security Concerns

- India is wary of **Bangladesh's increasing strategic alignment with China**, including infrastructural and defence ties.
- New Delhi perceives these ties as potentially **undermining India's influence in the Northeast**.

3. Correcting Trade Asymmetry

- The ban seeks to **address the imbalance** in bilateral trade and strengthen India's regional bargaining power.
-

Key Features of the Ban

- **Items affected:**

- **Readymade garments**
- **Processed food**
- **Plastic products**

- **Wooden furniture**
- **Cotton waste**
- **Exemptions:**
 - **Fish**
 - **Liquefied Petroleum Gas (LPG)**
 - **Edible oils**
 - **Crushed stone**

These essential and high-demand items continue to be traded via land routes.

Implications

On Bangladesh

- **Major setback to textile exports**
 - Bangladesh exports **nearly \$700 million worth of apparel to India** annually.
 - Land-based exporters, particularly SMEs near the border, are most affected.
- **Disruption in regional trade chains**
 - Orders to **Nepal and Bhutan** may face delays or diversion, affecting the **subcontinental supply chain**.
- **Impact on foreign investment**
 - Rising **diplomatic friction** could affect **investor confidence**, particularly in Bangladesh's **Export Processing Zones (EPZs)**.

On India

- **Encouraging local entrepreneurship in Northeast**

- The ban can promote **indigenous manufacturing** and reduce reliance on Bangladeshi goods, aligning with **Atmanirbhar Bharat**.

- **Diplomatic strain with a key neighbour**

- This action may lead to **loss of trust** and push **Bangladesh closer to China**, counterproductive to India's strategic interests.

- **Increased logistics cost for importers**

- Rerouting imports via seaports may lead to **higher transit times** and **freight charges**, especially for small traders.

Way Forward

1. Restore Bilateral Dialogue

- Re-engagement through structured platforms like the **Joint Consultative Commission (JCC)** is vital for de-escalation.

2. Balanced Trade Policies

- Both countries should **review trade policies objectively**, addressing imbalances without harming regional growth.

3. Regional Cooperation Mechanisms

- **BIMSTEC** and **BBIN** should be leveraged for **harmonising transit, trade, and infrastructure development**.

Conclusion

The restriction on land port imports from Bangladesh is a reminder of how **geopolitics directly affects economic relations**. While India's decision reflects **strategic assertiveness and economic safeguarding**, it also carries risks of **diplomatic fallout and regional disruption**.

The long-term solution lies in **cooperative dialogue**, **regional connectivity**, and **mutual economic integration** to sustain peace and prosperity in South Asia.

Dr. Shivakumar's



AKKA IAS ACADEMY
www.akkaias.com