

# Welcome to the Presentation on **Case Study on Transport Economics**

## **Presented by**

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# Title

- Incentive policy for rail-water multimodal transport:  
Subsidizing price or constructing dry port?



# Clues

- The impact of incentive policies on the rail-water multimodal transport is inspected.
- Subsidy policy can make carriers better off, but may have adverse effects on social welfare.
- Subsidy policy expands carrier volume and stimulates transport structure transformation.
- Although dry port is conducive to social welfare, it hurts the revenue of carriers.
- The dry port is beneficial for achieving long-distance carbon emissions reduction.

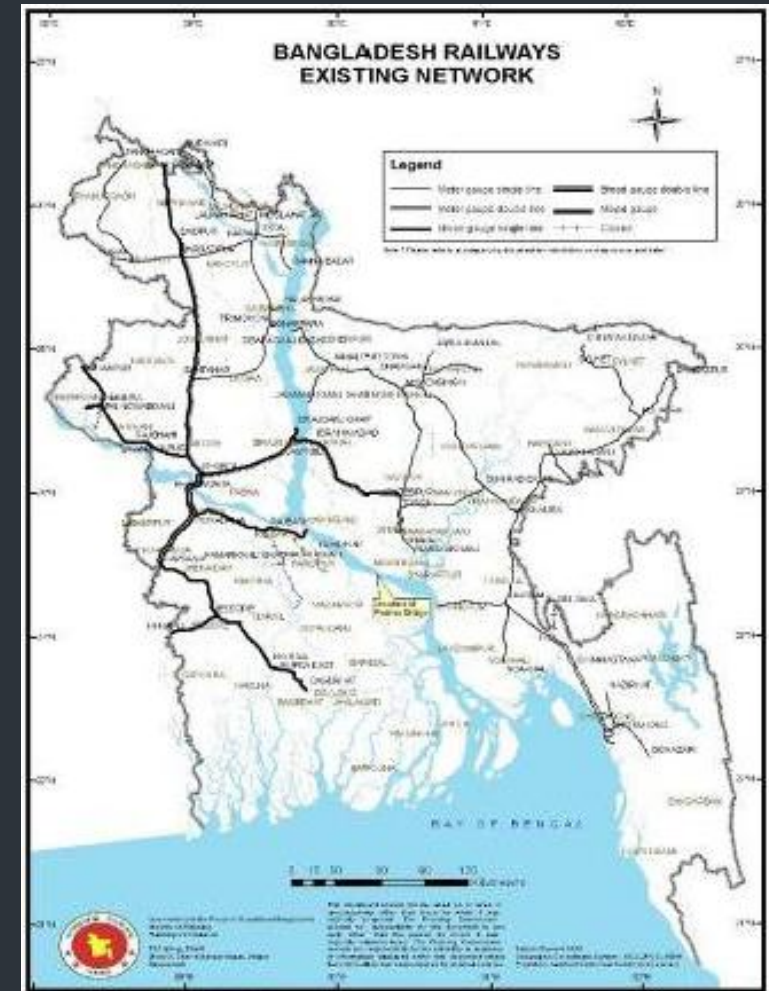


# Introduction

This presentation explores the provided case study in the context of Bangladesh, addressing environmental priorities, transport structure optimization, and government incentives. It covers the exercise points: impacts on cost/time/environment, dry ports, policies for modal shift, ministerial supports, Bangladesh Railway's role, and recommendations.

# Rail Network of Bangladesh

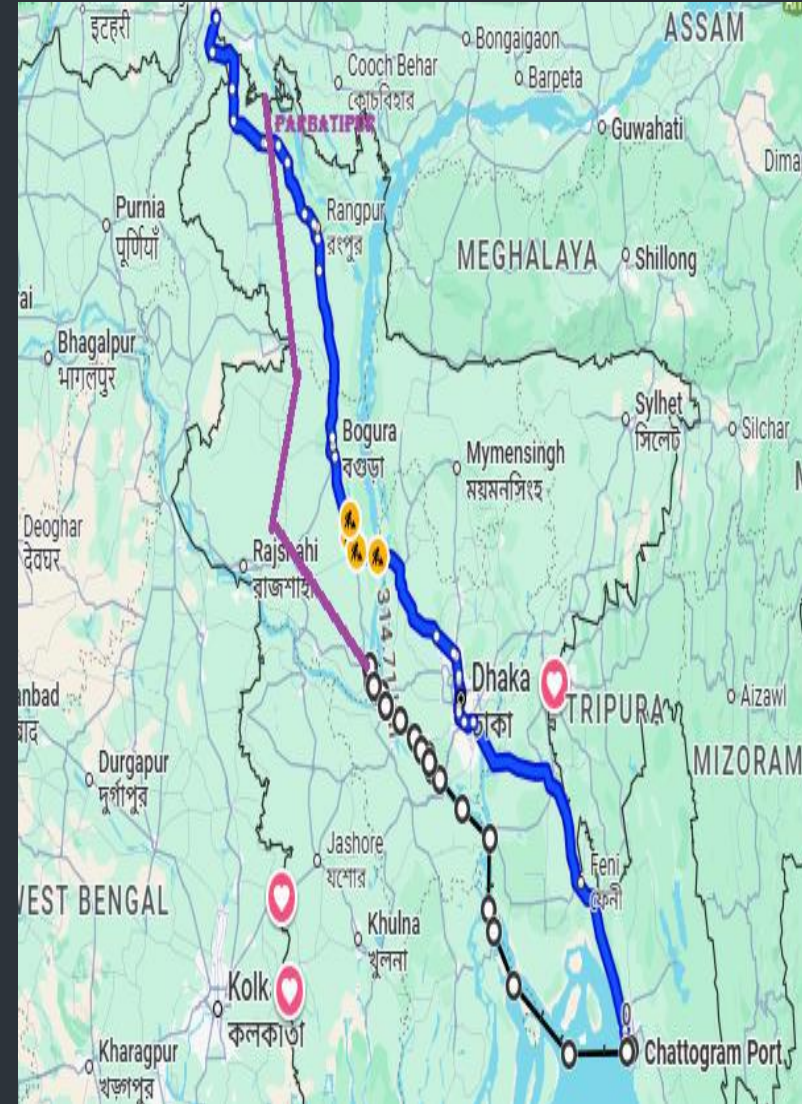
- ▶ Bangladesh Railway network length of around 2,877 km (covering both broad and meter-gauge lines).
- ▶ Dhaka Metro Rail system length of 20.1 km.



# Rail Network - Specific Distances

Focus: Chattogram Port to Parbatipur route.

- Road Distance: 569 km (Chattogram Port to Parbatipur).
- Waterways Distance: 314 km (Chattogram Port to Nagarbari).
- Rail Extension Needed: 4 km from Kashinathpur to Nagarbari Port.
- Rail: Nagarbari to Ishwardi Bypass - 70 km.
- Rail: Ishwardi Bypass to Parbatipur - 220 km.



# Benefits of Rail-Water multimodal transport

- Reduces road distance by 275 km (approximate).
- Cost savings.
- Less congestion.
- Reduce carbon emission (Rail-Water lower CO2 than road).
- Achieve environmental goals.
- Incentives/Subsidies directly lower freight rates for users.
- Enhance freight volume and expand carrier revenue.

# Disadvantages of Dry Port establishment and alternative mode development

- ▶ Dry ports enhance social welfare but hurt carrier revenues.
- ▶ Acts as a trans-modal hub connecting waterways with railway network.
- ▶ Requires high Infrastructure investment.
- ▶ Required integrated customs and efficient cargo handling.
  
- ▶ Alternative modes: Developing Inland Water Transport-Railway network links more relevant for long-haul freight.



# Required Policy to motivate and inspire for modal shift

- Integrated National Logistics Policy.
- Implement road pricing or carbon taxes to reflect the true social and environmental cost of road freight.
- Proper regulations for Single-window clearance, harmonized documentation for multimodal shipments.
- Attract private investment in dry port construction, terminal handling, and dedicated rolling stock.
- Incentives like green index for low-emission vehicles.
- Financial incentives for private sector, regulatory support for emissions reduction.

# Required supports from ministries

## **Ministry of Shipping (MoS) / BIWTA:**

- Develop and maintain navigability of the river.
- Funding for port construction/upgrading efficiency.
- Green incentives for efficient dry port.

## **Ministry of Road Transport and Bridges:**

- Support the policy shift by focusing road investments on first/last-mile connectivity to ports and dry ports, not on long-haul freight corridors.
- Guidelines for roads, modal shift strategies.

# Major Roles of Bangladesh Railway

- Expand network for port connectivity.
- Modernize rolling stock.
- Electrification for sustainability.
- Develop reliable & scheduled freight services with adequate wagon supply.
- Prioritize the construction to build the link.
- Competitive, transparent, and bundled tariffs for port-to-dry port movement.
- Collaborate with BIWTA and port authorities for seamless interchange.
- Supports modal shift for rail improvement.

# Suggestions and Recommendations

- Fast-track feasibility and funding for the rail link.
- Invest in Infrastructure & Phase-Out Subsidy.
- Introduce a time-bound subsidy to build initial volume and shipper confidence.
- Gradually phase out the operational subsidy as volumes increase and efficiency gains from the dry port materialize.
- Procure dedicated container flat wagons and improve scheduling.
- Integrate digital platforms for real-time visibility.
- Align transport pricing with environmental principles.
- Monitor carbon footprint tools to evaluate shifts.
- Government decision-making should balance carrier revenues with social/environmental benefits.
- Strategic implementation will support economic growth and environmental goals.

***Thank you***