

Policy Brief on the Kaladan Multimodal Transit Transport Project: Implementation Challenges and Policy Priorities

*By Ananya Sahu, Senior Fellow Intern, Centre For Indian Foreign Policy,
Indosphere Foundation For World Affairs (IFWA)*

EXECUTIVE SUMMARY

The Kaladan Multimodal Transit Transport Project (KMMTTP) was intended to provide India's Northeast Region (NER) with an alternative route through Myanmar. Eighteen years after the 2008 agreement, the project is still not fully operational. Sittwe port has been operational since 2023 and the 158-km river link to Paletwa is in place but the 109-km Paletwa-Zorinpui road remains incomplete. The government has set 2027 as the target for full operationalisation. However, completing the road alone will not ensure that Kaladan functions as a reliable trade corridor. The project now operates in a conflict affected environment where the Arakan Army controls Paletwa while commercial and logistical infrastructure also remains very limited. The author thus argues that it would be ideal for New Delhi to approach Kaladan as a corridor which requires coordination, security planning, commercial preparation and local and environmental safeguards.

THE PROBLEM

India's Act East Policy relies partly on connectivity through Myanmar, but the Kaladan corridor exists only in parts. Sittwe port has been operational since May 2023, while the 158-km river route connecting Sittwe with Paletwa is in place (PIB Delhi, 2023; Embassy of India, Yangon, 2017). The remaining 109-km Paletwa-Zorinpui road is yet to be completed. The road was originally expected to be completed by 2014, but the deadline has been missed repeatedly (Chakraborty, 2026). In July 2025, the government stated that the project would be fully operational by 2027 once the road is completed (PIB Guwahati, 2025).

The delays are not only due to terrain or construction. Responsibilities have been divided across agencies, contractors have changed mid-process and the road now passes through territory controlled by the Arakan Army (AA) rather than the Myanmar government that originally signed the agreement. The project has also faced security disruptions. At the same time, Sittwe has so far handled more humanitarian cargo than commercial cargo, thus the commercial viability of the port should also be taken into account (Samaddar, 2024). The problem is therefore not simply how India completes the remaining road, but how it ensures that the completed infrastructure becomes a functioning corridor.

WHY IT MATTERS?

The Kaladan corridor has direct implications for India's NER, particularly Mizoram. Around 45.7 million people across the eight Northeastern states depend on a limited number of routes for connectivity with the rest of India (Dixit, 2026). The 20-22 km Siliguri Corridor also known as the "Chicken Neck" is one of the main land links connecting the Northeast to the rest of the country. The vulnerability of existing routes can be substantiated from an incident from July 2025, when poor conditions on NH-306 and NH-6 stranded trucks and led to shortages of fuel and other essential goods in Mizoram (Hub Network, 2025). Mizoram also produces commodities such as GI-tagged Mizo Bird's Eye Chilli, ginger, turmeric, passion fruit, bamboo and cane crafts but due to limited connectivity, their access to external markets remains vulnerable (PIB, 2025). Kaladan therefore offers India a route that can diversify connectivity rather than simply replace existing routes. Official projections have suggested that it could reduce Kolkata-Aizawl transport costs by around 50 percent (PIB Delhi, 2023). The project also has a strategic dimension because it gives India a connectivity presence in Rakhine where China has a much larger infrastructure presence through the Kyaukphyu project (Kobayashi & King, 2022).

The timing is also important. Min Aung Hlaing's visit to India from May 30 to June 3 2026 was his first visit to the country since becoming president in April 2026 and his first since 2019, when he was Myanmar's military chief (AFP & AP, 2026). During the visit, it was noted that Prime Minister Narendra Modi reportedly pushed for the early completion of the Kaladan

Project (NE Now, 2026). This renewed engagement also gives New Delhi an opportunity to take up the delays and other challenges facing the project.

EVIDENCE AND ANALYSIS

Institutional issues have also contributed to the delays.

The road component was formally taken up only in October 2015 and its budget later increased to ₹1,921.05 crore (MEA, 2023). Coordination was also a problem as the Power Ministry had not shared information with South Block about the planned Chhimtuipui and Lungleng hydropower projects on tributaries of the Kaladan. The projects were also being developed by different public-sector undertakings, creating further coordination issues (Dikshit, 2016). The government terminated the contract with the joint venture of Engineers Projects India Limited (EPIL) and C & C Construction Co. Ltd which had been tasked with constructing the highway in Myanmar. IRCON was subsequently appointed as the project implementing agency, requiring the project to go through another round of clearances (Bhattacharya, 2022). The approved project cost had already increased from ₹535.91 crore in 2008 to ₹2,904.04 crore in 2015 (PIB, 2015).

The security situation has also changed the nature of implementation.

Indian workers associated with the project were abducted by the Arakan Army in 2019, one of whom later died in custody (Scroll, 2019). The situation changed further when the AA captured Paletwa in January 2024 and expanded its control across parts of Rakhine and southern Chin State (Das, 2024). At the same time, the AA has indicated that it is willing to cooperate on the project. In 2024, its political wing stated that the project was “totally safe” and that it was “ready to cooperate for mutual benefit” (Seli, 2024). India has also maintained communication with the group. In March 2024, Rajya Sabha MP K. Vanlalvena met representatives of the AA in Chin State, who took him around 12 km inside the territory to discuss the project’s completion (Bhattacharjee, 2024). This creates a different implementation environment from the one in which the project was originally conceived. India continues to deal formally with Naypyitaw, but the authorities controlling territory along the corridor have changed. Construction is also affected by the region’s weather. Paletwa receives heavy rainfall during the southwest monsoon from May to October, causing flooding along the Kaladan and landslides. This leaves only about six

months from November to April, for road construction. However, these months also coincide with the local agricultural season which limits the availability of labour for construction. This further reduces the time available to complete the road before the 2027 deadline (Rajesh & Tripuraneni, 2026).

Commercial readiness remains another gap.

Sittwe handled around 109,000 tonnes of cargo in its first year, with 70 vessels carrying around 83,000 tonnes of relief cargo and 30 vessels carrying around 26,000 tonnes of commercial cargo (Samaddar, 2024). The corridor was designed to carry bulk cargo, while container-handling equipment is still required at Sittwe, Paletwa and Zorinpui (Seshadri, 2014). Informal payments account for around 46 percent of transaction costs in India-Myanmar border trade, with 13 percent going to government officials and personnel and 33 percent to social groups (Taneja et al., 2019). In addition, traders on some routes have reported paying a 5 percent tax to the AA, along with informal fees at Indian border checkpoints (Mizzima, 2026). This could make it difficult for the formal corridor to compete with existing informal trade routes. The question regarding Kaladan Multimodal Transit Transport remains whether the Project will actually be able to replace such informal systems or will it just be absorbed into the very system it was meant to replace. So, infrastructure, whether it be the roads or the transit routes, may end up actually facilitating both formal and informal flows simultaneously (Sahu, 2026).

There is also a need to connect the Kaladan corridor with India's domestic transport network. The Bairabi-Sairang railway, inaugurated in September 2025, brought the Aizawl region onto the national rail network for the first time (The Sentinel, 2026). India's logistics costs remain around 13-14 percent of GDP, compared with the global benchmark of 8-9 percent, highlighting the importance of improving connectivity and logistics in the Northeast (NeGD, 2025). Kaladan will be more useful if these domestic links are developed alongside the external corridor.

Finally, the project has local and environmental implications. Dredging at 35 locations is expected to remove around 2 million cubic metres of material, while the road passes through approximately 224 hectares of jhum land in a landslide-prone area receiving more than 350 cm of annual rainfall (Verma, 2025). The Kaladan Movement, an umbrella group of civil society and environmental organisations have criticised India for opacity in the project's implementation, arguing that local communities were not consulted or informed about its impacts and were

excluded from its benefits (Ramachandran, 2016). These concerns therefore need to be considered as part of the project's long-term sustainability.

POLICY OPTIONS

Option A: Continue the current approach.

India could continue with the existing arrangement of completing the road through IRCON and its subcontractors while dealing with security and coordination issues as they arise. This would avoid creating a new institutional mechanism, but would leave many of the existing coordination and operational problems unresolved.

Option B: Rely primarily on government-to-government diplomacy.

India could use its renewed engagement with Naypyitaw to press for the project's completion. This would strengthen diplomatic coordination, but the Myanmar government does not exercise effective control over all areas through which the corridor passes.

Option C: Adopt an integrated corridor approach.

India could treat the port, waterway, road, customs infrastructure and Indian-side connectivity as one system. This would combine a dedicated coordination mechanism with security planning, early commercial preparation and environmental and community safeguards.

RECOMMENDATIONS

Establish a Kaladan Corridor Coordination Mechanism.

A coordination mechanism should bring together MEA, MoPSW, MDoNER, the Mizoram government, IPGL and IRCON. It should have a named lead and coordinate the port, waterway, road, customs and Indian-side links. Progress should be reviewed regularly using indicators such as cargo volumes, transit times and clearance times.

Develop a conflict-resilient implementation framework.

Construction should be planned around the November-April dry season, with worker-safety protocols and contingency plans for disruption. India should maintain authorised and

documented communication with the authorities controlling the alignment on issues such as safe passage, worker protection, access, alongside its formal engagement with Naypyitaw.

Prepare commercial infrastructure before completion.

India should begin preparing container-handling, customs, warehousing and cargo facilities at Sittwe, Paletwa and Zorinpui before the road is completed. Pilot shipments of products such as ginger, turmeric and chilli could help identify logistical problems and informal charges along the route.

Reduce informal costs through transparent procedures.

Given the prevalence of informal payments in India-Myanmar border trade, the formal corridor will need predictable costs and procedures. India should introduce published fee schedules, single window clearance and digital documentation at Zorinpui and the Indian-side checkpoints with clearance times and reported charges monitored regularly.

Integrate Kaladan with the Northeast's domestic logistics network.

The project should be linked with Gati Shakti, the Bairabi-Sairang railway and the national highway network so that producers in Mizoram can access the corridor more easily. Land compensation issues on the Indian side, including the Zorinpui-Lawngtlai section should also be resolved before the external route is ready.

Strengthen environmental and community safeguards.

Independent monitoring should cover dredging, slope stability, jhum land and local livelihoods. A transparent grievance and compensation mechanism along with public disclosure of impact assessments would also address concerns raised by the Kaladan Movement.

CONCLUSION

Kaladan's central problem is no longer construction alone. India has completed important components of the project and has renewed diplomatic engagement but the corridor still faces security, commercial, logistical and local challenges. Completing the Paletwa-Zorinpui road is necessary but it will not by itself make Kaladan functional. India therefore needs to plan the project as an integrated corridor where infrastructure, security, trade and local concerns are addressed together and not in isolation.

REFERENCES

- AFP, & AP. (2026, June 1). *Indian PM Modi meets Myanmar military govt leader in New Delhi*. Al Jazeera.
<https://www.aljazeera.com/news/2026/6/1/indian-pm-modi-meets-myanmar-military-govt-leader-in-new-delhi>
- Bhattacharya, R. (2022, October 13). *Challenges Await New Contractor as India Rejigs Plan for Completion of Kaladan Project in Myanmar*. The Irrawaddy.
<https://www.irrawaddy.com/opinion/guest-column/challenges-await-new-contractor-or-as-india-rejigs-plan-for-completion-of-kaladan-project-in-myanmar.html>
- Bhattacharjee, K. (2024, March 1). *Rajya sabha member, team meet rebel Arakan army inside Myanmar, discover poor condition of Kaladan project on Myanmar side*. The Hindu.
<https://www.thehindu.com/news/national/indian-delegation-led-by-rajya-sabha-member-vanlalvena-meets-rebels-of-myanmar-to-discuss-infrastructure/article67902979.ece>
- Chakraborty, P. (2026, March 2). *Re-strategising the Kaladan multi-modal transit transport project: Securing India's connectivity to the Bay of Bengal*. HEGEMONIQ.
<https://hegemoniq.com/kaladan-multi-modal-transit-transport-project/>
- Das, O. P. (2024, July 22). *The Kaladan transport project amidst the Civil War in Myanmar*. MP-IDSA.
<https://idsa.in/publisher/comments/the-kaladan-transport-project-amidst-the-civil-war-in-myanmar>
- Dikshit, S. (2016, July 11). *India-Myanmar transport project hits roadblock*. The Hindu.
<https://www.thehindu.com/news/national/indiamyanmar-transport-project-hits-roadblock/article3377718.ece>
- Dixit, A. (2026, April 27). *Urbanization in North-East India: A New Frontier for Growth*. Indian School Of Public Policy (ISPP).
<https://www.ispp.org.in/urbanization-northeast-india/>

- Embassy of India, Yangon, Myanmar. (2017, June 23). *Press Note on handing over of 300T capacity, six nos General Cargo Vessels.*
<https://www.embassyofindiayangon.gov.in/listarchview/MjMz>
- Hub Network. (2025, July 29). *Mizoram faces a fuel crisis as tanker drivers halt operations over bad highways.* Hub News.
<https://hubnetwork.in/mizoram-faces-fuel-crisis-as-tanker-drivers-halt-operations-over-bad-highways/>
- Kobayashi, Y., & King, J. (2022). Myanmar's strategy in the China-Myanmar economic corridor: A failure in hedging? *International Affairs*, 98(3), 1013-1032.
<https://doi.org/10.1093/ia/iia049>
- MEA. (2023, February 9). *Question No- 865 Construction Of Roads Under Kmmttp.* Ministry of External Affairs, Government of India.
<https://www.mea.gov.in/rajya-sabha?dtl/36219/question+no865+construction+of+roads+under+kmmttp>
- Mizzima. (2026, March 14). *Mizoram chief minister confirms Arakan Army control over strategic Kaladan project as cross-border trade shifts to rebel-taxed routes.*
<https://eng.mizzima.com/2026/03/14/32167>
- NeGD. (2025, October 1). *PM Gati Shakti National Mission Plan (NMP) : A Case Study.* National e-Governance Division.
<https://negd.gov.in/wp-content/uploads/2025/11/Ready-to-publish-PM-Gati-Shakti-NMP-Case-Study-Final-Draft-01-10-2025-1.pdf>
- NorthEast Now News. (2026, June 2). *Modi urges early completion of Kaladan project in talks with Myanmar's MIN Aung Hlaing.*
<https://nenow.in/national/modi-urges-early-completion-of-kaladan-project-in-talks-with-myanmars-min-aung-hlaing.html>
- PIB Delhi. (2023, May 5). *Shri Sarbananda Sonowal to receive the first Indian cargo ship docking at the Sittwe Port on May 9, 2023.* Press Information Bureau, Government of India.
<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1922176®=3&lang=2>
- PIB Guwahati. (2025, July 7). *Union minister of ports, shipping and waterways addresses a press conference on 11 years of government achievements.* Ministry

of Ports, Shipping and Waterways. Press Information Bureau, Government of India.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2142938®=48&lang=2>

PIB. (2015, October 14). *Implementation of the Kaladan multi modal transit transport project in Myanmar at the revised cost estimate of Rs 2904.04 crore*. Press Information Bureau, Government of India.

<https://www.pib.gov.in/newsite/printrelease.aspx?relid=128699®=48&lang=2>

PIB. (2025, October 13). *GST Rationalisation: Cultivating Growth, Crafting Prosperity in Mizoram*. Press Information Bureau, Government of India.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2178461®=48&lang=2>

Rajesh, A. M., & Tripuraneni, V. (2026, February 12). *Will India's Kaladan project in Myanmar meet the 2027 deadline?* The Diplomat.

<https://thediplomat.com/2026/02/will-indias-kaladan-project-in-myanmar-meet-the-2027-deadline/>

Ramachandran, S. (2016, September 21). *The Trouble With India's Projects in Myanmar*. The Diplomat.

<https://thediplomat.com/2016/09/the-trouble-with-indias-projects-in-myanmar/>

Sahu, A. (2026). *India-Myanmar Relations Since 2014: A Case Study Of The Kaladan Project* [Unpublished undergraduate thesis]. Gargi College, University of Delhi.

Samaddar, S. (2024). *Sittwe in Myanmar: Partnering for Clean and Green Energy* ((RIS-DP # 297). Research and Information System for Developing Countries (RIS).

Scroll. (2019, November 4). *Myanmar: Indian man dies in custody of insurgent group after being taken hostage with 9 others*. Scroll.in.

<https://scroll.in/latest/942691/myanmar-indian-man-dies-in-custody-of-%20insurgent-group-after-being-taken-hostage-with-9-others>

Seli, Y. (2024, February 16). *Kaladan project can be completed in Myanmar, we have no problem with India: Arakan army spokesperson*. The New Indian Express.

<https://www.newindianexpress.com/india/2024/Feb/16/kaladan-project-can-be-completed-in-myanmar-we-have-no-problem-with-india-arakan-army-spokesperson>

- The Sentinel. (2026, September 14). *Mizoram: Bairabi-sairang rail line transforms Aizawl's connectivity, economic prospects*.
<https://www.sentinelassam.com/north-east-india-news/mizoram-news/mizoram-bairabi-sairang-rail-line-transforms-aizawls-connectivity-economic-prospects>
- Seshadri, V. S. (2014). *Transforming Connectivity Corridors between India and Myanmar into Development Corridors*. Research and Information System for Developing Countries (RIS). <https://www.ris.org.in/en/node/431>
- Taneja, N., Naing, T. H., Joshi, S., Singh, T. B., Bimal, S., Garg, S., Roy, R., & Sharma, M. (2019). *India's Act East Policy: Facilitating India-Myanmar Border Trade*. Indian Council for Research on International Economic Relations. .
https://icrier.org/pdf/India_Myanmar_Border_Trade.pdf?form=MG0AV3
- Verma, R. (2025). Appraisal of Geoenvironmental threats posed by Indo-Myanmar Kaladan multi modal transit transport project (KMTTP) in southern Mizoram, India. *SSRN Electronic Journal*, 18(7), 61-67.
<https://doi.org/10.2139/ssrn.5323899>