



INDIA-BANGLADESH RELATIONS

TOWARDS
INCREASED PARTNERSHIP

A Report



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Contents

I	Foreword	01
II	Introduction	02
III	India's ties with Bangladesh: Areas of Cooperation & Challenges	05
IV	Aspen India Recommendations for a stronger Indo-Bangladesh Relationship	12
V	Annexure: List of Participants	13

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Foreword

Aspen Institute India organised a round table on one of India's key and closest neighbour Bangladesh and discussed the current state of bilateral ties to explore avenues and identify challenges to deepen the bonds between the two countries, in July 2012. India and Bangladesh share a common history and culture. People-to-people contacts are excellent and the relationship has deepened over the past few years. India and Bangladesh's geographical locations complement each other and present an opportunity for both to further develop their connectivity links and economies.

Ministry of External Affairs, senior editors, business and industry leaders, analysts and former diplomats including one of India's former High Commissioner to Bangladesh. The round table identified the challenges in relationship and explored new areas of cooperation between India and Bangladesh.

This report presents a set of recommendations based on the round table that could deepen ties between the two countries. Aspen Institute India trusts this document will be of value in better understanding of India-Bangladesh relationship.

The round table brought together the Prime Minister's Special Envoy, a senior official in the

India-Bangladesh Relations: Towards Increased Partnership



National Maritime Museum, London

Introduction

The last decade has seen a new development in India's foreign policy. Both the Congress-led United Progressive Alliance (UPA) and the BJP-led National Democratic Alliance (NDA) governments have sought to improve political relations and deepen economic partnerships with neighbouring countries.

India's quest for self reliance, initiated soon after Independence, steadily reduced the salience of

economic engagement with its neighbours. This approach cost India economically and diplomatically; trade barriers within South Asia have limited growth potential. Certain key unresolved issues between the two countries resulted in the under-exploitation of the potential for mutual growth. While India played a critical role in 1971 in the birth of Bangladesh, this did not however result in close bilateral ties. India was even present in Bangladesh's threat

perception, with public opinion in Bangladesh accusing India of embracing a heavy-handed approach.

But the opening up of India's economy and the renewed political emphasis on building a peaceful periphery represented a unique opportunity for India to realise its ambition of resecuring strategic ties in its immediate neighbourhood. Additionally, geo-strategic equations with China, whose rise has cast a lengthening shadow over the subcontinent, presented an added urgency in New Delhi to transform its regional policy.

Bangladesh formed an important component in this strategy. India and Bangladesh, two sub-continental neighbours, have always shared strong cultural, linguistic and geographical ties. Historically the destiny of the Bangladeshi people has never been far removed from that of the other communities that make up the Indian sub-continent. Bangladesh has fought alongside India twice in the cause of the right of peoples to self determination, and the two countries have shared a porous border for over 40 years. Today, as the recent improvement in relations suggests, there is a growing realisation that increased cooperation will bring substantial socio-economic benefits that can no longer be overlooked.

Bangladesh Prime Minister Sheikh Hasina's landmark visit to India in 2010 was followed by

Prime Minister Manmohan Singh calling on Dhaka in September 2011. These visits unveiled a sweeping agenda for the transformation of bilateral relations by committing the two leaders to resolve all major outstanding issues left behind since the partition.

The ambition in 2010 was to reaffirm their shared history and build a new basis for a cooperative relationship, with both sides making a substantive effort to overcome issues. A comprehensive framework of cooperation for development aimed at promoting trans-border cooperation in the management of shared water resources, hydro-power potential and ecosystems and in the areas of connectivity and trade and economic cooperation was signed between the two countries.

However, some of the progress that was made in the run-up to the second visit was undermined when the Teesta Waters Agreement did not fructify at the last minute. Given the emotion attached to the water issue in Bangladesh, there was some disappointment during Indian Prime Minister Dr. Manmohan Singh's visit to Dhaka. Nevertheless, it is to be noted that the Joint Communiqué of 2010 and the Joint Statement of 2011 were major steps in charting the future course of relations between India and Bangladesh. It is now up to both the countries to restore confidence and rebuild upon what has already been achieved and advance the bilateral relationship.

Domestic Situation in Bangladesh

The evolving political situation in Dhaka has always played a key role in determining Bangladesh's foreign policy and its relations with India. The 2008 general elections saw the Awami League come to power in Bangladesh, with the Sheikh Hasina-led government decimating Khaleda Zia's Bangladesh Nationalist Party (BNP) in the polls.

Over the years, India has enjoyed strong relations with Bangladesh under an Awami League government. This was further demonstrated by Bangladesh cracking down on insurgent groups operating within its borders and tempering anti-Indian Islamist sentiments within the country. The success or failure of Sheikh Hasina's policies will not only affect the future prosperity of Bangladesh, but will also impact the prospects of Indo-Bangladesh relations.

The spectacular manner in which the Awami League came to power in 2008 has allowed the government to undertake certain bold decisions that it was not capable of making during its previous term. In a bid to remove the caretaker system of government during elections, the government passed the 15th amendment to the constitution in 2011. The BNP, which is extremely critical of the amendment, is afraid that the Awami League will take advantage of the highly politicized nature of Bangladesh's institutions like the judiciary, police force and election commission and has threatened to boycott the elections.

The last time elections were boycotted by the opposition party, the army was forced to step in amidst allegations that the caretaker government was partisan. Crucially, going forward, India must be aware of developments occurring in real time in Bangladesh, lest it be caught off guard by unfavourable political changes.

One concern experts cite is that India may be relying too heavily on Sheikh Hasina and the Awami League to maintain stable relations with Bangladesh. While the Awami League shall remain in power till 2013, and might even return to power in an unprecedented fashion, it is imperative that India cultivate relations with the opposition party. It is no secret that India shares a certain affinity with Sheikh Hasina's liberal and pro-democratic government, but a propensity to vote incumbents out of power necessitates that India engages all shades of Bangladeshi public opinion.

Conscious of the present mindset of the people of Bangladesh, the BNP has also significantly toned down its anti-India stand of late. Certain BNP leaders have voiced the need to improve and strengthen India-Bangladesh relations, indicating that they can no longer exploit anti-India sentiments for narrow and immediate political gains. With the political situation precariously balanced in Bangladesh, taking this window of opportunity, the Indian government must look to the future and engage all sides of Bangladesh's political spectrum.

India's ties with Bangladesh: Areas of Cooperation & Challenges

Cooperation in Counter-terrorism

Over the years the war against terrorism and its causes have come to be viewed as a collective effort of all members of the international community. International terrorism cannot be fought unless we cooperate. With terror groups acquiring transnational networks, they now possess the ability to cross national lines and establish sanctuaries in nations that they perceive to be the weakest link. Once there, they exploit the differences between nations and cultures. Facing an evolving terror threat and with Indian investigative agencies encountering several difficulties with other countries while following up terror related cases, Indian counter-terrorism efforts were provided a major boost, when Sheikh Hasina responded to Indian security concerns and began clamping down on anti-India terror outfits operating out of Bangladesh territory. Both governments voiced the need to work together on security issues and "reaffirmed their unequivocal and uncompromising position against terrorism in all its forms and manifestations, including insurgency". As a commitment towards this course, Dhaka recognised that certain Pakistan-based terror groups had formed close connections with militant networks in Bangladesh on account of its proximity to India and the porous nature of their shared border.

Sheikh Hasina and the Awami League have been true to their word and have severely restricted

the activities of Indian insurgent groups such as ULFA and terror groups such as LeT and Harkat-ul-Mujahideen. It is this context that Bangladesh handed over ULFA leader Anup Chetia and reopened Chittagong arms haul case of 2004. Soon after the Mumbai terror attacks the Indian government conveyed to Dhaka its concerns about Bangladeshi links to the terror outfits responsible for the assault. Quickly following up on Indian concerns, Bangladesh arrested Abdul Rouf Daud Merchant, an operative of the mafia gang headed by Dawood Ibrahim.

It is time for India to reciprocate what has largely been a gesture of goodwill on Bangladesh's part; the progress that India and Bangladesh have jointly made on counter terrorism must now transcend the narrow bounds of security cooperation and permeate other bilateral issues in their relationship.

All-round Progress

In many ways, that has already started happening. At a symbolic level, during her visit in 2010, Prime Minister Sheikh Hasina was conferred the prestigious Indira Gandhi Prize for Peace, Disarmament and Development for 2009 at a ceremony at Rashtrapati Bhavan in New Delhi. The government of Bangladesh also conferred the Bangladesh Swadhinata Sammanona (Bangladesh Freedom Honour), the highest Award of Bangladesh for foreign nationals, on the former Prime Minister of India,

Smt. Indira Gandhi, for her extraordinary contribution to the historic Liberation War of Bangladesh.

Befitting the shared legacy of the great poet laureate Rabindranath Tagore, the two countries jointly celebrated the 150th Birth Anniversary of Rabindranath Tagore in 2011 in a manner befitting his vision and spirit. The joint celebration enthused the people on both sides to explore the common cultural heritage and linkages and had promoted exchanges not only among Tagore experts, but also a whole range of artists, singers, dancers, dramatists, poets, writers and actors which has led to greater understanding among the two sides. It was also agreed that the 90th Anniversary of the publication of Bidrohi by Poet Nazrul Islam would be jointly celebrated.

There has been progress on other fronts too. While it was decided to amicably demarcate the maritime boundary between India and Bangladesh, it was also agreed that Bangladesh will allow the use of Mongla and Chittagong sea ports for movement of goods to and from India through road and rail. Work on the proposed Akhaura - Agartala railway link to be financed by a grant from India would also start shortly, even as exchange of travel between the people of both countries was enhanced with the starting of "Maitree Express" between Kolkata and Dhaka.

India has offered 300 scholarships annually to Bangladesh for a period of five years for study and training of its students in universities and training institutions in India, covering a wide range of disciplines. Further, recognising the urgent need of trained doctors and specialists in the field of healthcare in Bangladesh, the two Prime Ministers agreed to set up a programme for training of Bangladesh doctors in premier Indian medical institutes.

Both Prime Ministers also recognised that poverty eradication and ensuring food security were great challenges to both the countries. They also recognized the need to give added focus on rural development policies, transfer and diffusion of technology and development, in particular to enhance agricultural productivity.

Border haats have also been opened in Baliamari (Kurigram)-Kalaichar (West Garo Hills) and another one is proposed in Balat (East Khasi Hills)-Dalora (Sunamganj). This is a fulfillment of the long standing demand of the local people of the area and it is hoped that the resulting economic activity would contribute to the economic upliftment of the people of the area surrounding the border haats.

Recognising the urgency of protecting and conserving the fragile ecosystem of Sundarban, the world's largest mangrove forest, work on the conservation of the Sundarban and the Royal Bengal Tiger of the Sundarban have started.

Clearly, over the last decade, both the countries have witnessed a qualitative transformation in virtually all areas of bilateral cooperation making the relationship a truly multi-faceted one. But as in many such relationships, there are continued challenges to overcome too.

Challenges and Potential Concerns

India and Bangladesh share a 4094 km border with India contiguous to Bangladesh on three sides. Such proximity has contributed to hostilities in the past, and both sides need to resolve certain issues in order for the relationship to move forward.

Trade

Trade has always been an irritant in India-Bangladesh relations. The unfavourable trade deficit for Bangladesh and a number of tariff and non-tariff barriers to trade on the Indian side has caused significant resentment amongst Bangladeshi's, who believe that India has devised numerous trade barriers that deny mutually beneficial trade. The unrecorded trade between the two nations adds to the trade deficit, and the potential loss of customs duties is a major problem for Bangladesh due to the volume of illegal goods flowing into the country. The greater part of this trade is characterised as quasi legal or informal, and involves the participation of locals living along the border area who usually bypass the customs posts or work in collusion with anti-smuggling agencies.

Non-tariff barriers (NTBs) remain the single greatest impediment to increasing trade. The non-tariff barriers introduced by India as pointed out by Bangladesh's Commerce Ministry include packaging requirements, laboratory testing for food and cosmetic products, inadequate infrastructure facilities such as warehousing and trans-shipment yards, customs clearances, visa restrictions and poor connectivity to customs stations.

Over the past few years both countries have agreed to work together on the issue of removal of tariff and non-tariff barriers with the aim of facilitating greater trade ties. India has allowed Bangladesh duty free access to its markets for 10 million pieces of readymade garments, removed 46 items from the negative list and even allowed Nepal and Bhutan transit access to Bangladesh. India has also begun dismantling some of its NTB practices; testing facilities for Bangladeshi exports are being set up at the Petrapole border and sanitary tests for food items such as the Hilsa fish are now taking place in Kolkata and not Petrapole.

Trade between Bangladesh and India rests at US\$ 5.099 billion during the financial year 2010-11. However, the geographical proximity between the two countries represents a significant potential for expanding trade relations. Due to the relative size of their respective economies, the trade relationship between India and

Bangladesh is of greater significance for Bangladesh; nevertheless increased economic integration between these South Asian neighbours would mean better connectivity for India's North Eastern States that remain in political and economic isolation even today. While a case for greater economic engagement between the two countries can be safely made, it is yet unclear whether India should pursue a Free Trade Agreement (FTA) with Bangladesh or presently maintain a general import liberalisation process as advocated under SAFTA. As India opens its markets unilaterally there might be a different political context for FTA negotiations.

Water Sharing

It has been argued by many security experts that water shall become a major source of conflict in the 21st century. The contemporary scenario in India-Bangladesh relations reflects to an extent this dismal truth. Water sharing remains the critical element in shaping of India-Bangladesh ties, with the Teesta River dispute and the proposed construction of the Tipaimukh dam at the centre of the controversy. The 1983 Teesta River Agreement allows India and Bangladesh to share 75 percent of the river water on a 39 and 36 percent basis.

During Prime Minister Manmohan Singh's visit to Bangladesh in 2011, it was announced that India would share the remaining 25 percent of

the river water on a 50:50 basis. However, the announcement was met by stiff opposition from Mamata Banerjee and therefore India refrained from signing the agreement. The West Bengal government has argued that such an agreement would adversely affect irrigation projects and formed an "expert" committee to review the ground realities of water sharing, with progress on the issue directly linked to the committee report. Although resistance from one of the participating states could not have been anticipated, the last minute cancellation was an "avoidable mess" that did some damage to India's image as a reliable partner.

Recent foreign secretary level talks between India and Bangladesh have revealed that internal discussions within the government are taking place on the Teesta issue. The river water is critical for agricultural use in North and North-west Bengal which is a designated dry zone and depends upon trans-boundary water flows from India to Bangladesh. Adequate water flow in this region would allow three seasonal crops a year. India must remain sensitive to Bangladesh's vulnerability during the lean season and arrive at an equitable water sharing agreement.

Simultaneously, India's intention to build the Tipaimukh hydroelectric project is also bringing in some tension in its bilateral relations with Bangladesh. According to the Bangladeshi government, the construction of the dam would

lead to reduced river flow from the Barak River and its two downstream channels, which in turn would cause great ecological damage on the Bangladeshi side and potentially turn Northeast Bangladesh into a desert and destroy the livelihood of thousands of people that depend upon the river.

India however believes that the dam will actually help control floods, improve river navigation and aid the fisheries sector. While it is impossible for India and Bangladesh to unanimously agree on all bilateral issues, it is important that water sharing does not adversely affect the broad-spectrum of Indo-Bangladesh ties.

Transit Access

One of the biggest casualties of India and Bangladesh not seeing eye to eye in the water sharing issue has been the issue of transit rights for India. The two countries were supposed to sign an agreement in 2011 allowing transit access to India. However, with India holding back on the Teesta issue, Bangladesh decided not to go forward and sign the agreement. Transit access through Bangladesh would be hugely beneficial for India and would significantly reduce transport time and costs between India and its Northeastern states, with Bangladesh profiting in millions of dollars through transit fees.

The issue of granting transit rights to India has been a controversial affair in Bangladesh, with

many in the country arguing that India will take advantage of the transit access to more easily transport its military personnel to its far flung borders across Arunachal Pradesh. Such indirect support to India which is actively trying to contain the Chinese threat, they believe, would also result in reprisals from China. They also assume that India will exploit the transit access to put down the insurgency in the Northeast. Military affairs aside, transit rights would also harm Bangladeshi exports to India's northeast which is presently dependent on Bangladeshi manufactured products due to its isolated geographic position.

Having reached an impasse on certain interconnected issues and unable to "fashion solutions in single domains", relations between India and Bangladesh on this issue remain in a deadlock. It is again imperative that India curtails growing frustration in Dhaka and convinces Bangladesh that it has invested equally in the relationship.

Border Management and Land Boundary Agreement

The India-Bangladesh border that stretches for over 4094 km and is extremely porous facilitates the illicit flow of goods across the border and illegal migration from Bangladesh into India. In fact, illegal trade and smuggling has led to violent incidents in the past with Bangladesh accusing India's Border Security Force (BSF) of

shooting innocents. India, which has always maintained that the supposed innocents were in fact gangs of cattle smugglers, has now issued strict guidelines for the use of non-lethal weapons against illegal trespassers. With the majority of the trespassers evading security forces, it is evident that not enough resources are being allocated to the border.

India's greater focus on the Indo-China and Indo-Pak borders has relegated the India's border with Bangladesh to relative obscurity over the last few decades, with the neglected border only receiving the central government's attention in the last decade only, due to rapidly escalating security concerns.

While both countries now recognise the significance of checking cross border crime they also acknowledge that the border guarding forces must exercise restraint. In July 2011 both nations signed the Coordinated Border Management Plan to effectively control cross border illegal activities. Both governments directed the concerned agencies to meet regularly to discuss coordination efforts, share information and identify vulnerable areas.

Related to the border issue is the problem of illegal migration from Bangladesh into India. Historically, migration has been a recurring cause of concern in India-Bangladesh relations; and Bangladesh's role in facilitating the

movement of its population beyond its borders has always been a question mark. Today, with population pressures beginning to tell in several Indian states and influx from Bangladesh rising at an alarming rate, the issue has taken on great significance. Over and above the economic and demographic risk that migration poses to India through drain of resources and employment strains, migration has also led to a rise in crime and other subversive activities that pose a considerable challenge for India's security apparatus.

With the termination of the Illegal Migrants Determination by Tribunal Act (IMDT), the government took an important step in detecting and deporting illegal immigrants. However, in order for the Indian government to make considerable headway with the migration issue it needs the support of the sending country, in this case Bangladesh. Many European countries that are faced with the same migration problem are increasingly resorting to re-admission agreements in order to tackle the problem. Whether India should enter into a similar readmission agreement with Bangladesh remains unclear; yet it is evident that it needs to engage with Bangladesh on this issue.

The Land Boundary Agreement signed on the 6th of September 2011 was meant to mark a watershed in India-Bangladesh relations and resolve a decade old boundary dispute between

the two countries. This long overdue exchange of territory concentrated over 200 enclaves would give India a clear and demarcated border with Bangladesh and would bring these enclaves, which are like islands of Indian and Bangladeshi territory surrounded by each other's land, out of isolation and abject poverty.

The Indira-Mujib Land Boundary Agreement of 1974 (upon which the current agreement was built) was meant to do just that, but was not ratified by the Indian parliament. However, the agreement which has yet to be ratified by the parliament, was stalled when UPA ally Trinamool Congress and sections of the opposing NDA voiced reservations against the historic deal, arguing that the deal gives away too much territory to Bangladesh. The non-resolution of the enclaves remains a major problem for the current Bangladeshi government which has repeatedly been criticised by opposition parties for extending too much support to India.

Aspen India Recommendations for a stronger Indo-Bangladesh Relationship

- The challenge for India to build on the achievements vis-a-vis neighbouring Bangladesh is to have political will and create consensus to seal the big deals like Land Boundary Agreement (LBA) and proposed Teesta water sharing pact.
- Much of the positive sentiment generated in Indo-Bangla ties during last few years is under-mined by the inability of Indian polity to come through on the proposed Teesta water sharing pact and LBA. Both the Manmohan Singh and Mamata Banerjee led-governments need to act fast in order to conclude Teesta pact and implement LBA.
- Bangladesh faces general elections in early 2014 and the Indian government must engage all political players across Bangladesh's political spectrum, civil society members, prominent citi-zens, media and key institutions ahead of the polls. A stable Bangladesh is in India's interest.
- Killings along Indo-Bangla boundary by border guards have been an irritant in bilateral ties. The two sides are trying hard to address this. Border management should be given more importance with emphasis on joint patrolling to prevent border killings.
- A transit agreement with Bangladesh is in India's interest to develop both its landlocked North-east and make its Look East Policy more effective. The proposed transit agreement is a win-win proposition for both countries. But the delay in concluding transit agreement is linked to delay in inking Teesta pact. Conclusion of Teesta pact at the earliest will enable Dhaka offer transit rights to New Delhi.

Annexure

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