

Modi's Visit to Bangladesh- View from Bangladesh

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By any standard, the 36 hours visit to Bangladesh by Indian Prime Minister has been highly successful.

Most of the bilateral issues still unresolved had been settled to the satisfaction of both parties. The visit also reflected the priority given by Narendra Modi to India's relations with her neighbours. It was essential for India to have a seamless relations with South Asian countries to enable her to assume her positions as a great power in the world as a legitimate candidate for permanent membership of the UNSC, and stronger relations with APEC, ASEAN, BRICS, NAM and some others.

One must also recognize that if China with her large population and strong economy(China is the largest or the second largest global economy depending on how it is calculated) with an authoritarian system of government, India aspires to become second or third largest world economy in the coming decades retaining her position as the largest democracy in the world. Understandably the world leaders, particularly from the West, are flocking in droves to New Delhi to renew their friendship with India. Indians, however, would be well advised to realize that she is yet to become a peacock, one of nature's most beautiful birds, because her destiny, as pointed out by Amartya Sen and Jeane Dreze (*An uncertain glory- India and its contradictions*) remains to lead her to greater heights.

Modi, if compared with Dr. Manmohan Singh's governance during UPA-2, comes out much better as a decisive leader who, hopefully, would be able to leave behind the baggage of Gujrat communal riots and his accession to the top from a balswaymsevak (junior cadet) of the of the morbidly Hindu RSS. One would not be amiss to mention Dr Singh's once Foreign Minister Natwar Singh's autobiography *One Life is not Enough* in which the author writes "What will be history's verdict on Dr Manmohan Singh's prime ministership? It will either be benignly

indifferent or reduce it to a mere footnote. What will be Manmohan Singh's legacy? Sadly, there will be none," . These are harsh words indeed about a man who remains to be highly regarded by the international community.

As for UPA-2 perhaps diarchy in governance more than Dr. Singh's "incompetence" was more responsible for the decimation of Congress in the 2014 General Elections. Coming close on the heels of Sanjay Baru's book *The Accidental Prime Minister* where he has painted Manmohan Singh to be a prisoner at the mercy of Sonia Gandhi is something neither Sonia nor the Congress could have wished for . In fact many things that Natwar Singh says and has written further confirm Baru's revelations made earlier.

A former diplomat closely associated with the recent developments in Indo-Bangladesh relations praised Modi for making it abundantly clear immediately after his landslide victory in the 2014 elections that gave him such a massive mandate that he was going to pursue a "neighbors first" policy, placing his immediate South Asian neighbors in the inner core of a several concentric circles of relations. When the totality of his enunciated goals and regional goals are viewed together, they remind one late Deng Xiaoping's goals and strategy after he assumed power in 1979, when declared that the 20th century would be China's century. Accordingly he launched his "four modernizations" program for China's economic development and growth and for their realization he emphasized two foundational prerequisites – "stability at home and peace with neighbors" .

In his first year as Prime Minister Narendra Modi visited Bhutan, Nepal and Bangladesh- all SAARC members- and met Pakistan's Prime Minister Nawaz Sharif at Modi's inauguration as PM. His tour itinerary included USA, China, Australia, Brazil, Canada, Fiji, Germany, France, Japan, Mauritius, Myanmar, Singapore, South Korea and Sri Lanka. Each of these visits not only strengthened India's relations with the countries visited but also aimed at promoting India's current slogan of "Make in India", her determination to play a critical role in the international financial organizations like the World Bank and International Monetary Fund. India did not hesitate to join the China led Asia Infrastructure Investment Bank (AIIB).

In Bangladesh Narendra Modi and Bangladesh Prime Minister Sheikh Hasina formalized the Mujib-Indira Land Boundary Agreement signed in 1974 that would help the people living in the enclaves the choice, for the first time in their life, to choose their nationality of either being an Indian or a Bangladeshi. Narendra Modi compared the operationalization of LBA with the fall of the Berlin Wall that removed for all time to come politico-economic and mental block the West had in dealing with then East European countries. His leadership quality was demonstrated when the LBA was ratified in both houses of Parliament without a single dissenting vote. This removal of the thorn in Indo-Bangladesh relations was necessary because the skeptics and virulent critics who oppose improvement of bilateral relations and unnecessarily apprehend that Bangladesh would become a client state. This also assuaged India of her concern of Bangladesh becoming a thoroughfare of Pakistani and aberrant Bangladeshi terrorist to enter India for committing acts of terror . Alyssa Ayres of the Council of Foreign Relations had succinctly put India's security concerns in that "the violence in Bangladesh surrounding the national elections—with sustained days of strikes, attacks on buses and trains, and transportation blockades called by the opposition BNP and their ally the Jama'at-e-Islami—aroused

concerns in India.

Also worrisome for New Delhi: during 2013, a new radical Islamist force with an avowed "anti-secular" agenda—the Hefazat-e-Islam coalition—seemed to strengthen fear of Islamist violence. Should radical elements gain ground in Bangladesh, the potential threat of terrorism emanating from Bangladeshi terrorists could be a great concern, along with attacks on the Hindu minority in Bangladesh, and the lost opportunities for increasing trade and connectivity”.

Modi’s visit also addressed the adverse trade balance in bilateral trade. One may not realize that formal and informal trade of Indian exports to Bangladesh is in the vicinity of 15 billion dollars. Thus Bangladesh becomes a country of immense importance to India. For the first time ever, in the fiscal year ending on June 30, 2014, Bangladesh’s exports to China overtook its exports to India, that too by a huge margin. At the same time, exports to India actually declined significantly. Official statistics, (Bangladesh Export Promotion Bureau) also show that Bangladesh’s exports to China are growing at a much faster rate and increased fourfold within four years.

During the Saarc summit in the Maldives in November 2011, then Indian Prime Minister Manmohan Singh announced reduction of the ‘sensitive list’ of goods for South Asian Least Developed Countries (LDCs) to 25 from the earlier 480, providing zero duty market access for 99.7 per cent of goods from Bangladesh, Nepal, Bhutan and the Maldives. On the other hand, China has allowed tariff-free access to 4,888 products for the LDCs since 2010, which covered around 90 per cent of Bangladeshi exportable items. The only condition to avail the tariff preference is 35 per cent local value addition.

Against this backdrop, the key question is why Bangladeshi exporters are tapping China more than India, where they have wider access. The big depreciation of Indian currency against major currencies, as well as the Bangladeshi currency, is one reason for the decline in Bangladesh’s export to \$456.6 million in the last fiscal year, from \$563.9 million in FY13. Besides an unfavorable exchange rate Bangladeshi exporters face several non-tariff measures (NTMs) as well as non-tariff barriers (NTBs) imposed by India. Though correction of trade balance would primarily depend on enlarging Bangladesh’s export basket removal of NTA and NTB by India would help reducing the trade gap.

Closely related to trade is the conclusion of the agreement on coastal shipping between the two countries that would reduce the time spent on shipping goods, cut transportation cost, and lessen the load on busy roads. The freight charge for carrying one tonne of rice to Bangladesh from India would be between \$30 and \$35, whereas it costs \$90 now. Importers have to pay the high charge since the ships reach Bangladesh via Singapore or Colombo as they could not ply directly between the two countries. Now, importers need to pay \$1,700-\$2,400 as freight charge per container, with 4,000-5,000 tonne capacity, and have to wait 30 to 40 days to get their goods. Importers now would need to pay only \$400 for carrying the same amount of goods and they would reach Bangladesh in eight days. The lessening of freight charge will have a positive impact on the prices of commodities, as Bangladesh mainly imports basic commodities from India like

onion, rice, lentils, cotton, industrial raw materials and machinery. Bangladeshi shipping companies would also be benefited as they would have the opportunity to open up a new business avenue. Under the agreement, Indian vessels would be allowed to carry goods using Chittagong and Mongla sea ports in Bangladesh. Bangladeshi ships would be allowed to carry goods using the Indian sea ports, including Visakhapatnam of Andhra Pradesh, Paradip of Orissa, and Haldia of West Bengal. The formal trade has the potential to touch \$10 billion by 2018.

In order to reach the \$10 billion target, the two countries should aim at opening new land customs stations, harmonization and recognition of standards, pruning of negative lists, and banking and finance cooperation. The coastal shipping route have been launched under the Protocol on Inland Water Transit and Trade (PIWTT) that was signed between the two countries in 1972 for increasing trade and commerce through river routes. Next item of Modi's visit, assuming a priority list, is connectivity between the two countries. Bangladesh and India can both work towards linking up their respective national waterways and expand it to assume sub-regional dimensions, by facilitating, directly or by developing nearby hubs for freeing Bhutan and Nepal from their land-locked situations. Both would need to develop communication infrastructure in harmony with each other and always keeping the larger goal of connectivity regionally for economic development of all. Both should also seek to break out from remaining hostage to Benapole-Petrapole and Akhaura-Agartala being the two principal gateways for trade. While Dawki-Tamabil is in the process of upgradation, some more points facilitating more direct north south movement should be made user-friendly and more meaningfully operational, that would immensely benefit Bhutan and Nepal as well. The leaders formally inaugurated Dhaka-Shillong-Guwahati and Kolkata-Dhaka-Agartala bus services.

The two PMs also unveiled foundation stones for construction of Khulna-Mongla railway line, rehabilitation of Kalaura-Shahbajpur section of Bangladesh Railways, Bangladesh-India Friendship Building at National Police Academy in Sardah, Rabindra Bhaban at Kuthibari in Shilaidaha, and construction of Bangladesh-India Friendship Bridge-1 over Feni River. They also inaugurated upgraded laboratories at the BSTI and Tarapur-Kamlasagar Border Haat.

The next item had been the sub-regional sale of energy. Energy security is required to fuel the South Asian industrial revolution to lift its teeming millions (40% or more of its total population) out of poverty. This increasing cooperation in the energy and power sector is an area that offers numerous win-win scenarios. India's Northeast has latent hydro power of over 70,000 MW, but it can evacuate at the most only about 10,000 or 15000 MW through the narrow and difficult terrain that is its "chicken neck". So no significant investment has been made in the power sector in the North-eastern states. Bangladesh could enter into joint or sole investments, in hydro and other modes of power generation and also offer evacuation through Bangladesh in return for a sizeable quantum of that power being dropped in Bangladesh.

In return, Bangladesh needs Indian approval for evacuation of hydro-power (of 10,000 MW at least, should we so desire, from Bhutan alone) from Bhutan and Nepal. Whether, and to what extent, progress can, or will be made is dependent on one single factor that looms large over everything else – deeply entrenched mind-sets, perhaps more now in the smaller neighbors than in India, today a far more self-

confident nation than it was a decade or two earlier. It is equally incumbent on the latter to lower their guards that are frozen in perpetual belligerence of self-defense and more often than not loathe to recognize the moment when a good offer is being made, and accept the hand offered hand.

Such a moment is now upon South Asia, which bodes well for bilateral relations as well for regional economic integration – at least in the eastern BBIN (Bangladesh-Bhutan-India and Nepal) sub-region of SAARC. Reliance Power, a part of the Reliance Group, is India's leading private sector power generation and coal resources company would invest \$3 billion while Gujarat-based Adani Power, which is the largest private sector power producer in India, plans to invest \$2.5 billion to build a 1,600 megawatts coal-fired power plant,

During the visit Narendra Modi called for quick implementation of the line credit of \$800 million and full disbursement of \$200 million in grants as "a tribute to our cooperation". He also announced extending another line of credit of \$2 billion for infrastructure and other development activities in Bangladesh with interest at 1%, repayment period being 20 Years with a grace period of 5 years.

Bangladesh, however, was disappointed that the agreement on Teesta water remained unsigned. One may recall that the agreement that was finalized could not be signed when Dr. Man mohan Singh visited Bangladesh last due to opposition by West Bengal Chief Minister Mamta Bannerjee who opted out of Dr. Singh's entourage at the last moment. This time she came to Dhaka before Narendra Modi arrived and wanted to leave early. She is yet to indicate her agreement to the Teesta deal. Indian Prime Minister Narendra Modi expressed his confidence about reaching a fair solution on Teesta and Feni rivers with the support of his country's state governments.

In Bangladesh the Teesta River is considered a solitary supplier of water resources in larger North-west region and also branded as a prominent water supplier of Jamuna River. Since there are not such big rivers in the North-Western region of the country, people from these districts are dependent on this river – the fourth largest trans-boundary river for irrigation and fishing activities. Specially, more than one lakh hectares of agricultural land under the Teesta Barrage Project (TBP) is extremely reliant on the water of the Teesta river for surface water based irrigation. When water flow is reduced in Teesta by India, the livelihood and socio-economic circumstances and ecosystem of the entire region are affected. Besides, the major food production of the country comes from the northern part which is at larger risk due to scarcity of water (Arfanuzzaman and Ahmad, "Assessing the Regional Food Insecurity in Bangladesh Due to Irrigation Water Shortage in the Teesta Catchment Area" Water Policy, Vol. 17). There is an abundant water flow available in the Teesta River, which can easily meet the irrigation demands in both countries but in the dry season, water flow squeezed from India lowers water availability in the entire area. India uses Teesta's water for agriculture and to generate hydropower. However, Bangladesh uses the water only for agriculture purposes. In 1996 water flow of Teesta was recorded at just about 6,500 cusecs in the Bangladesh region during the dry season, which was severely trimmed down to 1,380 cusecs in 2007 and further went down to 794 cusecs in 2014. In order to provide irrigation facility in the entire irrigable area of TBP, India and Bangladesh require 43,905 and 25,714 cusecs water respectively. The virgin or pre-project (1973-1985) flow, however, was recorded at only 6,984 cusecs in Teesta river during dry seasons. Thus, the total demand of water in the Bangladeshi barrage area cannot

be met in dry seasons even if we receive the entire volume of the virgin flow.

Bangladesh needs to go ahead with four core agendas such as: compensation for reduced water flow after constructing Gazaldoba barrage, equitable water sharing, sufficient environmental flow during critical climate moments (extreme dry season) and joint river basin management to ensure maximum economic and environmental gains. In conclusion Bangladesh may wish to consider having the best of relations with India given her centrality in the region and her growing importance globally.

Sheikh Hasina's government desires to maintain very friendly and mutually beneficial relations with India. There is no reason for India not to reciprocate. Indo—Pak tension is not going to go away. After all it is the raison d'être of Pakistan's existence and the dominance of the military in Pakistan's domestic and foreign affairs. In our case given the leadership demonstrated by Narendra Modi Bangladesh should be able to have confidence in his assurance that Teesta and other outstanding issues would be resolved to the satisfaction of both countries.

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