

## **INDO-BANGLADESH RELATIONS POST MODI**

**Farooq Sobhan**

**President, Bangladesh Enterprise Institute**

Since Bangladesh's independence in 1971, Indo-Bangladesh relations have gone through periods of cooperation and periods of friction. A new dynamic phase began in January 2009 following the landslide victory of the Awami League in the December 2008 elections. While Congress was in power, the AL government enjoyed what some people would call a 'special' relationship. This had a lot to do with Sheikh Hasina's close relations with the Gandhi family and also with Mr. Pranab Mukherjee. It also had a lot to do with India's support during Bangladesh's Liberation War, the secular credentials of the Awami League and the issue of mutual trust and confidence.

Over the last five years, the two countries signed a number of agreements on energy, trade and economic cooperation, India provided a one billion dollar soft loan to finance some infrastructure projects and most importantly, addressed a number of security issues that had strained Indo-Bangladesh relations in the past. The question being asked by a lot of people in Bangladesh and India and also here in Washington, is what will be the impact of Mr. Modi's landslide victory on Indo-Bangladesh relations? Some commentators, specially in Bangladesh, have suggested that relations are likely to take a new turn. Some commentators have argued that the recent visit of Ms Sushma Swaraj, the Indian Minister of External Affairs, who will be referred to hereafter as the Indian FM, demonstrated quite clearly that there has already been a shift in India's policy to Bangladesh.

During her visit to Dhaka the Indian FM indicated very clearly that the Modi government would like to further expand and strengthen bilateral relations with Bangladesh. From the Bangladesh government's point of view the Indian Foreign Minister said all the right things, in particular her speech at an event organized by the Bangladesh Institute of International and Strategic Studies, was viewed as a clear indication of the desire of the Modi government to expand relations. Let me quote a few lines from her speech: " I come to Bangladesh with a message of friendship and goodwill from the newly elected Government of India. I come with the goal of enhancing our relationship and mutual understanding. I come with the belief that the potential of our partnership is vast. I come with the faith that the people of both our countries desire and deserve closer relations and concrete results".

There have of course been other interpretations of the speech. Apart from her meetings with Prime Minister Hasina and her counterpart, Mr.Mahmud Ali, the Indian FM also met with Begum Zia. The BNP appeared to be quite pleased with this meeting. It would therefore seem that both the Government as well as the BNP, were pleased with the outcome of the Indian FM's visit to Dhaka.

I was in Delhi on the eve of the elections and the view expressed by a cross section of Indian foreign policy experts was that Mr. Modi would continue to give special attention to security and economic cooperation with Bangladesh, as was the case with the Congress government. The Indian FM's visit confirms this. But while there is reason for some cautious optimism, we should not ignore the many challenges that have to be confronted and

overcome if Indo-Bangladesh relations are to move to a higher level.

## **AREAS OF CONCERN AND PENDING ISSUES BETWEEN THE TWO COUNTRIES**

**Water sharing:** In Bangladesh, expectations are high that Prime Minister Modi will be able to implement commitments made by his government as compared to that of his predecessor, Dr. Manmohan Singh. The political weakness of the UPA government was made painfully evident in its inability to deliver on its commitment on the Teesta waters. The two governments had negotiated an agreement to share the Teesta waters. The agreement was to have been signed during the visit of Dr. Manmohan Singh to Dhaka in September, 2011. However, at the last minute Ms.Mamata Banerjee, the Chief Minister of West Bengal, opposed the Teesta water sharing agreement, for which reason, inspite of the efforts of the UPA government, no agreement could be signed until the end of its tenure.

It is also imperative that India and Bangladesh engage in dialogue regarding the integrated management of the Ganga and Brahmaputra river basins. If Bangladesh, Bhutan, Nepal and India can undertake such an approach, their leverage to negotiate with China on the upstream will improve considerably. Sharing of the waters of the 54 common rivers is perhaps the most emotive issue influencing public opinion about India in Bangladesh. It is therefore essential that India should be both

sensitive and responsive to the need for early action on the Teesta agreement.

It is also important that at a time when Bangladesh faces a host of environmental problems, that India

be aware and sensitive to public opinion about the Tipaimukh project and a host of other issues which can have a direct impact on the lives of millions of people in Bangladesh. In order to forge comprehensive and meaningful socio-economic-political ties between the two countries, India must ensure prompt action on any commitments that it may make to Bangladesh.

**LBA:** Geography has inseparably interlinked the destinies of Bangladesh and India. Both countries must deepen bilateral cooperation in the fight against terrorism and extremism, and the early ratification of the Land Boundary Agreement will not only clean up the territorial mess left by the partition of the subcontinent, but also help to improve the internal security landscape of both countries. It is hoped that the BJP government, with its overwhelming majority in the Lok Sabha and the expected support from the opposition Indian National Congress, will get the LBA bill ratified in the shortest possible time—thus ushering in a new era in Indo-Bangladesh bilateral relations.

**Trade imbalance:** Given Mr. Modi's trade-and-investment-led agenda, his approach has the potential to enhance India's economic cooperation with Bangladesh, as well as the region as a whole. Bangladesh remains India's largest trading partner

within SAARC, with trade amounting to over 5 billion US dollars in 2012-13. To this must be added the illegal trade or smuggling, which according to a World Bank report, is almost the same amount as the legal trade. If we add to this India's foreign exchange earnings from Bangladesh students in India, from the nearly one million Bangladesh tourists and medical patients who visit India each year, plus the 4 billion US dollars remitted by Indians working in Bangladesh, the total figure will be close to 20 billion US dollars.

During the Indian PM's visit to Dhaka in September, 2011 India agreed to provide duty free access to Bangladesh. Since then Bangladesh's exports to India have more than doubled. Nonetheless, there still exists a huge untapped market for Bangladeshi products in India . At the same time enormous opportunities exist in Bangladesh for Indian investments in industrial and infrastructure projects in Bangladesh. Trade between India and Bangladesh could increase to \$10 billion by 2018, with a substantial increase in Bangladesh's exports, provided all non-tariff barriers were removed and infrastructure constraints were removed.

The trade imbalance in favour of India could be off-set through expanding Indian investments in Bangladesh. Furthermore, Bangladesh and India offer natural markets for each other's exports and have the advantage of lower transaction costs and quick delivery due to geographical proximity. The two countries share common business practices, a similar legal system and many other common linkages. The Indian North East and Bangladesh could both benefit immensely through improved

connectivity and implementing a variety of trade facilitation measures.

**Connectivity:** Mr. Modi should, in the interest of not only India, but the entire region, help Bangladesh to become the hub or cross-road for the entire region. An agreement signed last year between the two countries is expected to result in rail linkages from Agartala in Tripura, India, to Akhaura in Bangladesh. This along with the existing rail link between Dhaka and Kolkata, would substantially increase the ability of India to have trans-shipment access to its Seven Sisters and would in due course of time pave the way for an integrated railway and highway network linking South Asia to all the ASEAN member states as well as to China. Bangladesh should seek to exploit its geographical location and become an integral part of Indo-Pacific Economic Corridor.

In order to make progress in the areas of regional cooperation on transport, the governments of Bangladesh, India, Nepal and Bhutan individually and jointly can consider adopting bilateral/multilateral road/rail transport agreements for movement of goods to each other's country. Reaching a consensus in this regard would allow the process of regional transport cooperation to commence.

**Extremism:** Since the Awami League returned to office in January 2009, the Bangladesh government has been determined in its efforts to root out any Indian insurgent groups operating covertly within its borders. However, political instability, the inability of key stake-holders to work together, can allow insurgent and extremist groups to try and take advantage of the situation.

**Illegal Migrants:** During Mr.Modi’s election campaign he spoke about taking a strong stance against what he called “illegal immigrants” from Bangladesh. Here, the Indian government must be cognizant of the ground realities. While there may be a number of undocumented workers in India, there are also several thousand Indians working in Bangladesh. The estimated half a million Indians, mainly professionals and businessmen, working in Bangladesh, in most cases are in the country without work permits. According to a news report, Bangladesh ranks fifth amongst the nations sending remittances to India. Indians working in Bangladesh sent as much as \$3.7 billion back to India in 2013.

The issue of undocumented workers or illegal immigrants as Mr. Modi put it, must be viewed through an economic framework rather than used as a political football. The issue is multi-dimensional. India, in its own interest needs to work closely with its neighbours on migration and mobility policies. During her visit to Dhaka, the Indian FM said “The illegal migrants issue is a sensitive subject in any country and needs careful handling.”

If economic integration is a shared goal, both India and Bangladesh must make it easier for investors and tourists to travel across the border. Last week, the Assamese government opposed the central government’s proposal to give visa-free entry to Bangladeshi nationals below 18 years and above 65 years of age—India has announced that this new visa policy will be introduced. Thus, there remains a pressing need for the two countries to get involved in a meaningful dialogue with each other to ensure peace and stability in the border areas. Initiatives

could be taken such as issuing ‘Special Border Passes’ for people living in the border areas. This could ensure their safety as well as deter illegal crossing of the border. Both sides must learn to manage labour mobility in the subcontinent through “work permits”, rather than trying to prevent it unilaterally.

### **Mr. Modi’s Foreign Policy agenda**

It is undeniable that the arrival of the BJP leader as the PM of India has set a new tone for India’s domestic and foreign policy. Mr.Modi has clearly stated the goals of his new government, including the priority of focusing on a pragmatic growth strategy to get the Indian economy back on track. In order to achieve this goal, expansion of trade and economic cooperation as well as economic diplomacy will be given greater importance in the conduct of Indian foreign policy.

Mr.Modi has also underscored the point that if India is to develop itself as a regional power, then it must ensure a friendly and stable neighbourhood. His reaching out to India’s neighbours before engaging with big powers such as the US, China and the EU, is indicative of the importance Mr.Modi attaches to the region. Mr. Modi needs to be congratulated for his initiative in inviting the Heads of the SAARC member states to his swearing-in ceremony. Equally praise-worthy were the sentiments voiced by the Indian FM about SAARC, BIMSTEC and regional and sub-regional cooperation during her visit to Dhaka. She said in her speech at BISS that India, “...*will pursue the goal of economic integration and interconnectedness through trade, investment, transportation, capacity building,*

*environment friendly practices and means that promote equitable development in the region.”*

**In addition to strengthening relations with India’s neighbors, Mr.Modi is expected to strengthen India’s economic cooperation with China.** Given that over the years Beijing has developed close economic ties with India’s neighbours, becoming an increasingly important foreign investor as well as provider of infrastructure loans to countries across South Asia. Will India welcome China being involved in regional projects in South Asia? Will Mr.Modi embrace China’s BCIM initiative?

One of the priorities of Mr. Modi’s government in its relations with Bangladesh will be regional connectivity and economic integration in the sub-region covering India, Nepal, Bhutan and Bangladesh. In this context, strengthening relations with Bangladesh could well be one of the key foreign policy objectives on Mr. Modi’s agenda.

Mr.Modi’s other objective will be to ensure that Bangladesh’s territory is not used for training, sanctuary and other operations, by domestic or foreign insurgent and militant groups. On matters of national security, the BJP platform promises a “zero tolerance” on terrorism. The Modi government is therefore likely seek to revamp India’s intelligence agencies and external cooperation, strengthen the armed forces and expand defence production in order to better secure India and its borders. In this regard, it will be important for India to continue its high-level of cooperation with Bangladesh.

## CHALLENGES

India's domestic politics and the bureaucratic implementation of the political commitments may pose a challenge for both India and Bangladesh. Mr.Modi may have to tackle differences between the central government in Delhi and one or more state governments. The possibility of the RSS creating problems for Mr.Modi in regard to Bangladesh can not also be ignored. In the past there has been ample evidence that although there is a willingness at the political level to strengthen relations through implementation of projects, the bureaucracy can some times impede progress.

It will certainly be a challenge for Mr. Modi to overcome the growing anti-India sentiments in Bangladesh triggered by India's failure to ratify the LBA and sign the Teesta Agreement. It is important that India offers a roadmap for its ties with Bangladesh, that reassures the people of Bangladesh and convinces key-stakeholders in Bangladesh that both sides will benefit equally from the expansion of relations. *Both countries must also craft a cultural agenda to develop a better understanding of each other. Indians tend to associate Bangladesh with floods, illegal migration, microcredit and politically instability. The fact that no less a person than Professor Amartya Sen, the Nobel Prize winner, has on more than one occasion said that Bangladesh's social indicators are far better than those of India, has done very little to alter the distinctly negative image most Indians have of Bangladesh.*

## **ISSUES OF IMPORTANCE TO BANGLADESH**

With regard to cross-border security, India will continue to rely on Bangladesh's cooperation to prevent insurgent groups. The situation in the Northeast improved significantly due to Bangladesh's action against insurgent groups on its soil working against India's interest. The UPA government had laid a framework for future bilateral relations in the Joint Communique issued after Sheikh Hasina's visit to India in January 2010. While Bangladesh cooperated closely with India on security matters, the paramount issue for India, the UPA government failed to deliver on two important commitments made to Bangladesh, the signing of the Teesta water agreement and the ratification of the Land Boundary Agreement.

India's relations with China and the US are of enormous importance to Bangladesh. Tension between India and either of these two global powers has had and will no doubt continue to have, an enormous impact on Bangladesh, including on Bangladesh's relations with both the US and China. Despite wide-ranging cooperation with both China and the US, India's relations with both these countries in recent months have been marked by suspicion and mistrust. One possible reason for this could well be the fact that India has not been on the same wave-length as both these countries in regard to Bangladesh. On the other hand, these two powers overall share friendly and cordial ties with Bangladesh. They both want to increase their presence in the Bay of Bengal, and China has been showing significant interest in financing and implementing some major infrastructure projects in Bangladesh. China, in particular, is keen to build a deep-sea port in Sonadia, not far from

Chittagong. India, has not been very enthusiastic about Chinese involvement in this key infrastructure project.

Both the US and China are keen to be actively involved in supporting both regional and sub-regional cooperation initiatives, including support for some key infrastructure projects. The challenge for Bangladesh is to be mindful of India's sensitivities while at the same time moving forward to build its relations with the US and China. One of the key challenges will be cooperation on maritime security in the Bay of Bengal.

Relations with Myanmar, one of Bangladesh's two neighbours, is of vital importance to Bangladesh. Bangladesh would like to strengthen its trade and economic relations with Myanmar and also strengthen cooperation within the framework of BIMSTEC and BCIM. One of the main objectives of both these regional initiatives is road and rail connectivity. Bangladesh has for many years tried to promote the idea of a direct road link between Teknaf on the Bangladesh border and Yangon. Myanmar, because such a road link would run through the Rakhine province, has not been very enthusiastic about the project. The problem has been further complicated by the unresolved problem of the treatment of the Rohingyas inside Myanmar. India, the US and China are keen to help in improving relations between Myanmar and Bangladesh. India has even mooted the idea of strengthening cooperation between India, Myanmar and Bangladesh, with the focus being on energy and maritime cooperation.

## **ISSUES BANGLADESH WANTS RESOLVED**

From the Bangladeshi side, the primary issue would be the implementation of agreements and MOUs signed between the two governments. In September 2011, the two sides agreed to resolve the enclave issue by means of swapping 162 enclaves, giving residents a choice of nationality. People living in the enclaves want to be recognised as citizens of the country inside which these enclaves are located and they have been agitating for this. Adversely Possessed Land (APL) is another legacy of the partition in 1947 that both governments agreed to resolve. The Land Boundary Agreement (LBA) that addresses these issues is now awaiting ratification by the Indian Parliament, as mentioned earlier.

Water issues, and specifically the Teesta agreement, come next in the order of priority. The failure to sign the treaty was a huge disappointment and strained Indo-Bangladesh relations. In order to salvage the situation, the Modi government, can now discuss the issue with Ms. Mamata Bannerjee from a position of strength and, in effect, can sign the Teesta agreement with or without her support. Given the emphasis that India is placing on its neighbourhood and regional cooperation, greater cooperation at the sub-regional level would surely help foster better relations and rebuild trust.

In addition to the cooperation on countering insurgency, both the countries need to cooperate on keeping the border areas peaceful. Both governments must work closely to curb smuggling and human trafficking. Another major factor fostering anti-Indian sentiment in Bangladesh has been border killings. Over 1,000 Bangladesh nationals have been killed on

the border by the BSF in a little over a decade. The issue needs to be addressed immediately. With regard to transit, the issue has to be examined against the infrastructure capacity in Bangladesh covering all modes of transport (roads, railways, waterways, river ports and sea). India, in its own interest, needs to contribute to the modernization of infrastructure within Bangladesh. During the next Prime Minister-level visit, the leaders must explore the possibilities of greater investments in significant infrastructure projects in Bangladesh. Bangladesh wants sub-regional transit rights through India to Nepal and Bhutan from and to Bangladesh in accordance with the 2011 Indo-Bangladesh Framework Agreement on Cooperation and Development. The Modi government should view this as a key opportunity to accelerate growth throughout the sub-region as a whole.

Dhaka has addressed India's concerns on cross-border security by extending unprecedented cooperation on the issue. Bangladesh has pushed for closer ties despite strong domestic opposition, cracked down on militant groups and signed an extradition treaty that would hand over any insurgent group members hiding in Bangladesh. Delhi, on the other hand, while it has provided duty free access to Bangladesh, now needs to remove all the non-tariff barriers standing in the way of Bangladesh's exports to India. However, it is important that both India and Bangladesh now give special attention to promoting Indian investments in Bangladesh. Given Mr. Modi's close links to some of the large business houses in India, he could play an important catalytic role in expanding Indian investments in Bangladesh.

## **THE WAY FORWARD**

*Enhanced cooperation with Bangladesh is vital for realizing the aims of New Delhi's Look East policy. A friendly regime in Dhaka allowed the UPA to make some headway in this direction. Now the NDA needs to elevate this relationship to a higher level, where shared benefits and close integration replace mutual suspicion. For far too long India has focused on its western border exclusively. However, good relations with Bangladesh — and with Myanmar, Bhutan and Nepal through bilateral and multilateral cooperation — can serve as an effective model of development, for that to happen, India must first make ties with Bangladesh irreversible and deliver on pending promises.*

Above all, Delhi should realize the enormous benefits of cooperation with Bangladesh. If Pakistan is a problem that India must manage, Bangladesh offers a rare strategic opportunity to transform the geopolitics of the subcontinent. A comprehensive partnership with Dhaka might be the key that will eventually open the door to a productive engagement with Pakistan.

All these factors indicate that India and Bangladesh relations are on the fast track. To augment their bilateral relations India is keen to establish political, economic and energy connectivity between the two countries. There is now strong political will to improve relations and take it to a greater height. BJP, which was opposed to some of the issues earlier, may see them in a new perspective given Prime Minister Modi's thrust on consolidating India regional position and the linkage it provides to India's economic development and security which remains a priority if India is to emerge as a global player.

In her speech in Dhaka, the Indian FM was keen to respond to the concerns of Bangladesh on sharing of the Teesta waters and implementation of the Land Boundary Agreement and its Protocol, when she said, “My Government is committed to addressing all these in a manner that improves the welfare & well being of both our people.”

Mr. Modi’s government is expected to be different from the governments of the past 67 years. He believes that India has to focus more on the region and establish stronger ties with its neighbours. While the initial indications are that Mr.Modi is genuinely interested in doing exactly this, everyone will want to see to what extent he can translate his vision into concrete measures on the ground.

For Bangladesh and its people, how serious Mr.Modi’s is about improving ties will be not just about the commitments that have been made but on delivering on those commitments.

The governments in both countries need to develop an effective communication strategy along with a comprehensive public diplomacy programme to convince people in both countries about the importance of further strengthening relations between the two countries. An outreach programme which reaches out to the media, NGOs, civil society, the private sector, students, in sum all sections of the population, is absolutely essential. The importance of increasing people to people contacts was also stressed by the Indian FM during her visit. In this connection it is important to relax the visa regime and do away with the lengthy immigration and customs procedures that passengers who travel by train between Dhaka and Kolkota are currently subjected to.

The two Prime Ministers should meet periodically and closely monitor the implementation of agreements and decisions taken by the two sides. Special attention should be given to implementation of infrastructure projects, including the overhaul of the railway system. A special effort should be made to begin work on the deep-sea port at Sonadia. In order to overcome the reservation of some countries, including India, this project can be implemented through a consortium of interested companies.

It is important that India and Bangladesh work closely together to facilitate some regional projects, in particular, in the energy sector. The two countries should encourage the World Bank, the IFC and the ADB to finance some of these regional infrastructure projects.

Progress in regional integration could be of immense benefit to both countries. In the case of Bangladesh this could add as much as two percent to its GDP in the next two to three years.