



# ORF Discourse

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## India-Bangladesh Relations: Past, Present and Future

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*Mr. Farooq Sobhan, President of the Bangladesh Enterprise Institute and former Foreign Secretary of Bangladesh, addressed the ORF Faculty on March 12, 2008. In his speech, he stressed on building a strong relationship between India and Bangladesh by encouraging greater connectivity and investments. Both countries, he felt, should leave behind the baggage of mistrust and neglect and recognise that they can gain much through a closer relationship.*

It is important to look at the past to understand where we are today and what lies ahead. We go back to 1971, the birth of Bangladesh. Clearly, no country could have got off to a better start. India's role in the birth of Bangladesh is well known and well appreciated by everyone in Bangladesh. Yet, within a few years, this relationship started turning sour. The question crops up every now and again, what went wrong? Why have India and Bangladesh become estranged and distant?

This is a relationship which has really suffered because of a sense of mistrust and neglect. Yes, we in Bangladesh had some issues, for instance the issues of water and the Farakka Barrage. Our own domestic politics clearly played an important role; the assassination of Sheikh Mujib in August 1975 was certainly a major turning point in our relationship. However, people tend to forget that problems in our relations had surfaced even prior to the assassination of Sheikh Mujib.

On the Indian side, you had problems which you raised and which you still continue to do. There is the problem of cross-border insurgency. Insurgents from



Mr. Farooq Sobhan

India have, according to India, been given refuge in Bangladesh. This has been a major irritant over the years. The other issue has been India's quest for transit facilities. Ironically, connectivity between the two countries was much better during the Pakistan days than in the post-Independence period, particularly in terms of train services, movement of goods and people.

There were other issues, which surfaced from time

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to time, on the Indian side. You have raised with us the issue of illegal movement of people. There is a perception in India that there are large numbers of illegal immigrants from Bangladesh in the North-East, West Bengal and in far-off places like Mumbai and Delhi. From our side also there have been a host of issues, including the border problem and smuggling. Sadly, as the story goes, there are a lot of Indian products and goods being smuggled across the border and, in return, you get people or illegal Bangladeshis.

The trade gap has been another major issue and here, again, perceptions are important. The perception in Dhaka has been that while Bangladesh has been, both on the official and unofficial account, a major market for Indian products, India has devised a number of non-tariff barriers that have stood in the way of mutually beneficial trade.

There have been, from time to time, efforts to push the relationship forward. What usually happens is that you have a summit-level meeting and commitments on both sides to do various things. But, thereafter, the follow-up, in most cases, is extremely poor and disappointing. Expectations that frequently arise out of these high-level summit meetings then lead to disappointments and, if anything, further accentuation of the mistrust and suspicion on both sides. Thus, if we look back over these last 37 years, we can only conclude that India-Bangladesh relations have been a source of disappointment and frustration for the people of both countries.

There are some of us who feel very strongly about this and we feel that we really deserve better; that this is a relationship which must be turned around. Bangladesh, certainly, will be the better for it and, we hope, so will India. So, there are enormous win-win opportunities for both sides.

The relationship, notwithstanding all these problems, which I have very briefly touched upon, has nonetheless moved in several directions. I referred to

trade and economic relations. But here too, we have just scratched the surface. Why is this so? Why is it that even though we have had opportunities, things have not moved forward? I did refer to a number of good summit meetings but with very little follow-up action. Looking to the future, perhaps, this is something we certainly need to look at more closely.

There is a sense of frustration about Indo-Bangladesh relations. People in India profess a degree of anger and believe that Bangladesh is now either on the verge of becoming a failed state or that it is rapidly following the path of Pakistan and Afghanistan and becoming an extremist Islamic state. A lot of these feelings and perceptions arise out of a sense of ignorance about the real Bangladesh and this is one of the major problems in this relationship. On the Bangladesh side, there is a feeling that we have been neglected and ignored, that we just don't figure on the Indian list of foreign policy priorities. It is really difficult, even after you have had good summits, to engage the Indian bureaucracy in moving forward on issues because Bangladesh gets brushed aside once the visit is over.

On the Indian side, the feeling is that we have tried and we are getting nowhere with Bangladesh. Part of this also has something to do with the rather fractured politics we have had in our country over a period of 15 years. It is ironical: we were able to get rid of the dictatorship of Gen. Ershad and replace it with an elected government. But, despite having had three very good elections in Bangladesh since December 1990, the governments that they gave birth to unfortunately proved very disappointing in terms of meeting the expectations of the people. The primary reason for this was that what we ended up with the dictatorship of the Prime Minister and, correspondingly, a Parliament which did not function and perform the role of a Parliament, the role of a watchdog on the executive. So, the traditional checks and balances of a parliamentary democracy were missing.

Finally, an extremely frustrating relationship between our two ladies, Begum Khaleda Zia and

Begum Sheikh Hasina, where the whole approach or psychology of ‘winner takes all’ and ‘God help the loser’ was paramount in the way the government functioned. So, in three successive Parliaments, the Opposition took to the streets and boycotted the Parliament proceedings. It was always a case of one lady pointing a finger at the other and saying, “It’s all your fault”.

So, matters came to a head and on January 11, 2007 the Army stepped in and prevented an election, which was scheduled to be held on January 22. By all accounts, it was going to be a rigged election where Begum Zia and the BNP had ensured that they would come back to power. What we were witnessing was that the caretaker government formula which had been integral to the three free and fair elections in 1991, 1996 and 2001 gave way to a caretaker system which was clearly undermined to ensure a predetermined result. So, the Army then put in position a civilian government, headed by Dr. Fakruddin Ahmed, a bureaucrat and a former Governor of the Central Bank. The nature of the government, in terms of its composition, was apolitical. These people were given a free hand in running the government. The only difference was that whereas in the past the caretaker governments were there for a period of three months, in this case the government announced fairly early on that it was going to be there for two years because it would require that much time to prepare the electoral rolls and undo the damage which had been done by the previous Election Commission. So, the government put in place a new Election Commission, an independent one, and then proceeded from scratch to prepare the electoral rolls, which are with identity cards. As it turned out, this was a long and complicated process but is now well underway. The last report was that more than 50% of the work had been completed. The government has repeatedly expressed its commitment to hold general elections by the end of this year. We recently had a visit by the Bangladesh Army Chief to India and he too reaffirmed the government’s commitment to hold elections.

However, this caretaker process, extended over a two-year period, has had problems and difficulties. There has been some good news and some not-so-good news. The government has initiated a whole series of reforms, starting with the revamping of the anti-corruption body. We now have a drive against corruption in Bangladesh which is perhaps unprecedented in the annals of anti-corruption drives anywhere in the world. Around 200 top politicians, including the two former prime ministers, are currently in prison facing corruption charges. A number of top businessmen and top civil servants are also in prison.

Virtually all independent regulatory bodies, including the Election Commission, the anti-corruption commission and the public service commissions, have been revamped and people who enjoy credibility and are committed have been put in responsible positions. Organizations which had been seriously compromised and undermined under the previous government have been restored to their original authority and independence.

The Civil Service, which faced serious problems in terms of politicization under the previous elected governments, is also being revamped. The government has recently set up an independent regulatory reform commission. It has also set up the Better Business Forum to look at how the government can improve the current business and investment climate in the country. These are significant initiatives.

We have faced difficult times economically; there were two major floods in Bangladesh followed by a cyclone in November last year. There were serious food shortages but these have now been overcome. I would like to certainly place on record our appreciation for the help we received from the Government of India which allowed the export of rice to Bangladesh. There has been a slight downturn in the economy. We had been growing at 6.5% but the estimates are that this

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year growth will be under 6%. Exports have picked up, including the exports of readymade garments which had suffered a decline during the summer months. This is one of the principal exports of Bangladesh. Some 75% of our exports are of readymade garments and we estimate that the exports this year will cross the \$7 billion mark. The Indian private sector has been very actively involved in the garment industry in Bangladesh, both as supplier of raw materials/fabrics and also in the business end of it. We have a large number of Indian companies that manufacture in and export from Bangladesh.

The most positive trend in the economy has been the substantial increase in remittances from overseas Bangladeshis. The figure last year was \$6 billion on the official account, but we estimate that if we add the unofficial transaction of *hundi* or *hawala*, as the case might be, we are looking at nearly \$12 billion in terms of remittances. A part of this *hundi* flow goes towards financing the unofficial trade or smuggling that takes place between India and Bangladesh. Inflation has been high; it is now about 13%. So, the story on the economy has been fairly mixed but things are looking up now.

One of the important initiatives taken by the present government was with the regard to its relations with India. There were a number of bilateral exchanges; the two foreign ministers have met at least half-a-dozen times during the last six months alone. Our head of government, Dr. Farkruddin, was in Delhi for the SAARC Summit; he had a very good meeting with Dr. Manmohan Singh. Recently, the Bangladesh Army Chief visited India and both the Indian Foreign Minister and the Indian Foreign Secretary were quite satisfied with this visit. It is expected, in line with other meetings and discussions, that we will see some forward movement on a broad range of issues. It is believed that we are now poised to build a new and better relationship between our two countries.

The opportunities are there; it is not going to be easy but, today, there is widespread recognition that Bangladesh can gain enormously from an improved relationship with India.

We believe that three very important factors have helped in influencing Bangladesh's relations with India. First, the formidable growth of India in recent years. India is no longer just an emerging economic power. It has, indeed, emerged as a major economic power. So, it makes sense for a country like Bangladesh, as a next door neighbour which shares over 4000 km of border, to benefit from this growth, whether it's through trade, investment, technical and scientific cooperation or education cooperation. Second, for most thinking Bangladeshis, it's now patently clear that the geopolitics of the past where we had our own version of the Cold War in South Asia, is over. The alignments of the past — China and Pakistan on one side and India and the Soviet Union on the other — no longer apply. Today the Indo-U.S. relationship is a major feature of the changes that have taken place. And equally important are the dramatic developments in the area of Sino-Indian relations, India's relations with East Asia and South East Asia. India's foreign policy has evolved and is a demonstration to countries like Bangladesh that they could benefit enormously from the changes taking place in the South Asian landscape.

Third, there is the turnaround in India's thinking in terms of both regional and sub-regional cooperation. Even as recently as three or four years ago, prior to the present government, there was a great deal of skepticism in Delhi about SAARC, regional cooperation and sub-regional cooperation. The feeling was that India would be better off in pushing the neighbourhood, as it were, to one side and moving ahead in its relationship with the rest of the world. The present government has made a very strong and unequivocal reaffirmation of India's commitment to SAARC and regional cooperation. This was stated loudly and clearly by the Indian Prime Minister in April last year during the SAARC Summit. There have been a number of developments since then in the whole process of regional cooperation, the most

significant of which was the action taken by India on the January 1 this year to provide unilateral duty-free access to the five least-developed countries in SAARC, including Bangladesh.

India has also completed the formalities for the SAARC Development Fund which will, hopefully, provide a major impetus to projects and cooperation at a regional level. India's reservations about a role for other countries and other institutions, most notably the World Bank and the ADB, in the regional and sub-regional cooperation process, have now undergone a sea change and this demonstrates the sense of confidence which is an important feature of India's foreign policy, globally, regionally and in terms of its relations with its neighbours.

We can now move towards a deeper relationship between India and Bangladesh, particularly in terms of India's North-East and West Bengal, and also explore greater connectivity, including transit and access to the Chittagong Port. Energy cooperation is an area where there are enormous opportunities, both at the bilateral as well as the regional levels. But most important of all is the inflow of investments. If the Bangladesh government had moved forward with regard to the \$3 billion Tata investment project, a further \$7 billion in investments would have followed from Reliance, the Mittals, the ESSAR group and many others,. So, much more than trade, investments offer an enormous opportunity for Bangladesh.

The moot point now is whether Bangladesh should address these issues within a regional or sub-regional framework, or whether there is still scope for pursuing a bilateral free trade, investment and services agreement, similar to the one that India has with Sri Lanka. There is an opportunity for such an agreement in order to fast-track the whole investment process because investment is still not a part of the South Asian Free Trade Area (SAFTA) Treaty. A strong Indo-Bangladesh relationship could add another two to three per cent to Bangladesh's economic growth.

We need to look very closely at the processes involved to bring about this transformation. First, there is a need for much more research and

interaction; both India and Bangladesh need to be fully sensitized to what is happening in each other's country and to the opportunities that exist. A lot of our problems, certainly on Bangladesh's side, stem from a certain degree of ignorance. But, then, India also is so 'obsessed' with Pakistan that Bangladesh gets totally marginalized in the process. If you look at the two relationships, certainly economically, politically and strategically, Bangladesh should be important to India but it has been a relationship which has been relegated, in football terms, to the third division. We want to be back on your list of priorities. We need much more interaction, whether it's between think-tanks, researchers or at the summit level.

As far as India's North-East is concerned, we were at one time geographically as well as economically connected. Now we have become total strangers. The North-East knows absolutely nothing about Bangladesh and vice-versa. So, we really need to reach out to each other. Secondly, there should be greater interaction between the business communities and chambers. There is a need for a direct air link between the North-East and Bangladesh instead of the present route through Kolkata. A new relationship between the North-East and Bangladesh could do wonders for the North-East economy. Thousands of Bangladeshi tourists, who travel to Bangkok and other parts of India, would, given a chance, happily visit the North-East. This means that we need to review the current visa policy on both sides. India gives around 500,000 visas to Bangladeshis every year but I would like to see a day in the near future when the two countries abolish all visas. It's a huge problem, both for Indians and Bangladeshis. Currently, around 100,000 Indians are working in various capacities in Bangladesh, including as professionals and teachers. They have problems relating to visas and work permits.

We must also look at some of the inter-governmental mechanisms which have not been working on both

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sides. You have, currently, in the MEA two Ministers of State. We would like to see a third Minister of State exclusively for Bangladesh with a team of 10 people, five of whom would be drawn from the private sector, and would work on a sustained basis to turn this relationship around. If Bangladesh did the same, in six months we should see some very dramatic results.

We need to think a little out of the box on how we move forward and set aside this baggage of the past. I would conclude by saying that this relationship deserves better; the time has come when we can turn things around and look at each other with a new sense of confidence and friendship.

### ABOUT THE AUTHOR

Mr. Farooq Sobhan served as a diplomat for 33 years from 1964 to 1977. He held postings in Cairo, Paris, Belgrade, Moscow, New York, Kuala Lumpur and Beijing. He was Bangladesh's High Commissioner in New Delhi from May 1992 until March 1995. Thereafter, he was Foreign Secretary of Bangladesh from March 1995 until September 1997. Earlier, Mr. Sobhan had served as Director General in charge of all multilateral affairs in the Ministry of Foreign Affairs in Dhaka from February 1978 until July 1981. As Executive Chairman of the Board of Investment, Prime Minister's Office, from 1997 to 1999, he was responsible for the promotion and facilitation of foreign and domestic investment in the country. During this period, he also served as the special envoy of the Prime Minister with the rank and status of a state minister and visited more than 40 countries.

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