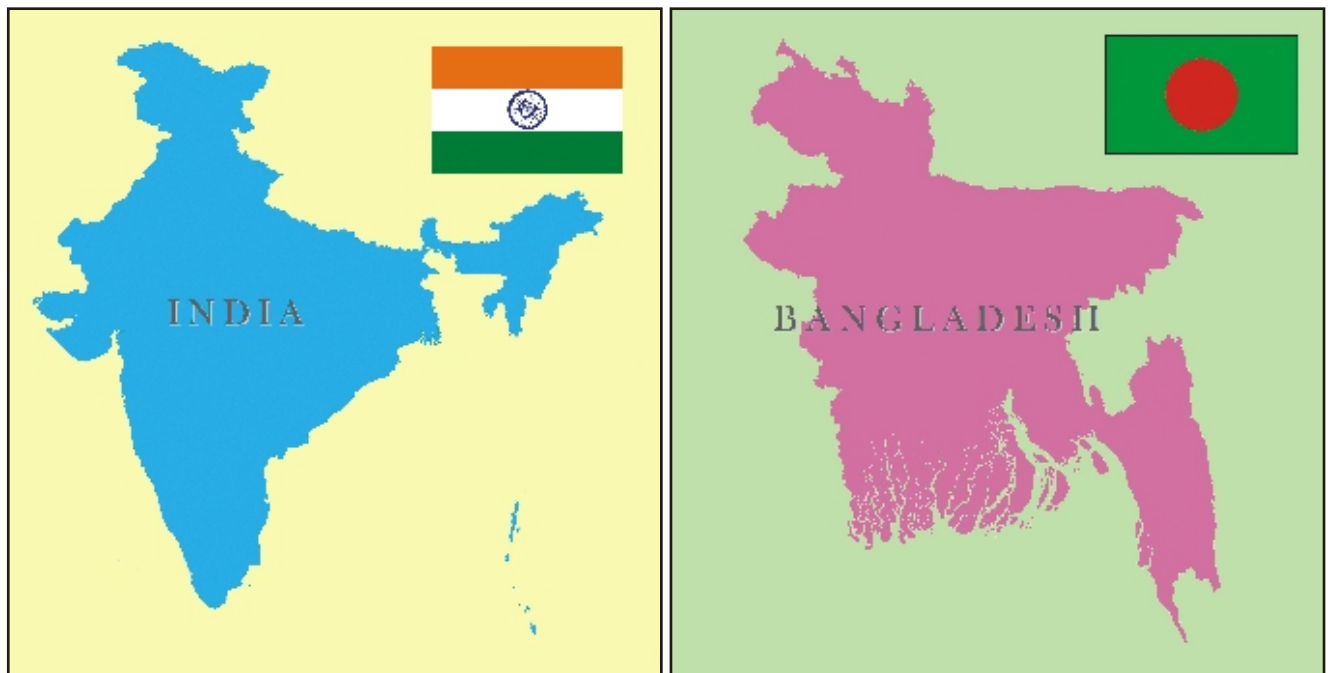


INDIA-BANGLADESH RELATIONS: TOWARDS CONVERGENCE



IDSAs Task Force Report

September 2011

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Institute for Defence Studies and Analyses
New Delhi



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E-mail: idsa@vsnl.com
Website: <http://www.idsa.in>

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FOREWORD

India-Bangladesh relations have improved significantly since the path-breaking visit of Sheikh Hasina, the Prime Minister of Bangladesh, in January 2010. Both the countries are engaged in the task of implementing an ambitious programme of cooperation which will address Indian concerns on security and connectivity and help Bangladesh emerge as a regional economic hub.

Both the countries are shedding their long-lasting suspicions and engaging each other purposefully. However, this process is still in a nascent stage and needs to be made irreversible. The challenge for India and Bangladesh is to take the relationship to a higher level and ensure that people of both the countries have a stake in it.

Prime Minister Manmohan Singh's upcoming visit to Bangladesh provides an historic opportunity to cement socio-cultural and economic ties between the two countries and elevate bilateral relationship to a higher trajectory.

This report, prepared by a Task Force of IDSA experts, analyses the concerns of both the countries, takes a close look at the domestic situation in Bangladesh, its foreign policy, takes stock of India-Bangladesh bilateral relations and argues that both the countries are moving towards convergence on various issues of mutual interest. But they need to accelerate the implementation of the agreed agenda of cooperation and make the process of deepening of bilateral cooperation irreversible.

I commend the efforts of South Asia Cluster at IDSA, and especially Anand Kumar, Smruti S. Pattanaik, Sreeradha Datta and Ashok Behuria under the supervision and leadership of Dr Arvind Gupta, for this timely report. We are grateful to Ambassador Deb Mukharji, India's former high commissioner to Bangladesh, for going through the draft and offering his insightful comments.

I hope this report will add to the understanding of the complexity of India-Bangladesh relations and encourage an informed debate on this vital subject.

September 2011
New Delhi

N. S. Sisodia
Director General, IDSA

LIST OF ABBREVIATIONS

ADP	Annual Development Plan
AL	Awami League
ATTF	All Tripura Tiger Force
BBS	Bangladesh Bureau of Statistics
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BIPPA	Bilateral Investment Promotion and Protection Agreement
BNP	Bangladesh National Party
BPDB	Bangladesh Power Development Board
BSTI	Bangladesh Standard and Technical Institution
CCVI	Climate Change Vulnerability Index
CDM	Clean Development Mechanism
DFID	Department for International Development
EPZ	Export Processing Zone
EU	European Union
FTA	Free Trade Agreement
FY	Fiscal Year
GDP	Gross Domestic Product
GPSA	Gas Purchase and Sales Agreement
HuJI	Harkat-ul-Jihad-al-Islami
IARC	International Adaptation and Research Centre
ICP	Integrated Check Posts
IOJ	Islami Oikya Jote
IWTT	Inland Water Transit and Trade
JBWG	Joint Boundary Working Group
JeM	Jaish-e-Mohammed
JMB	Jamaat-ul Mujahideen Bangladesh
JMJB	Jagrata Muslim Janata Bangladesh
JV	Joint Venture

LCS	Land Customs Station
LDCs	Least Developed Countries
LeT	Lashkar-e-Toiba
LNG	Liquefied Natural Gas
MDG	Millennium Developmental Goal
MoU	Memorandum of Understanding
MW	Mega Watt
NABL	National Accreditation Board for Calibration and Testing Laboratories
NTPC	National Thermal Power Corporation
ODC	Over Dimensional Cargoes
OIC	Organisation of the Islamic Conference
PGCIL	Power Grid Corporation of India Ltd
RMG	Ready Made Garment
SAARC	South Asian Association for Regional Cooperation
SAFTA	South Asian Free Trade Agreement
SAGQ	South Asian Growth quadrangle
SOP	Standard Operating Procedure
ULFA	United Liberation Front of Assam
UNFCC	United Nations Framework Convention on Climate Change
UNFCC	United Nations Framework Convention on Climate Change
UNIPCC	United Nations Intergovernmental Panel on Climate Change
US	United States
WIR	World Investment Report

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INTRODUCTION

Prime Minister's visit to Dhaka

India and Bangladesh share ties of blood and culture. The imperatives of geography and interdependence demand that the two countries should work together. Yet their bilateral relations have had a chequered history. Bangladesh's importance for India's security and prosperity cannot be overestimated. Likewise, Bangladesh can gain from a closer relationship with India. The challenge before the two countries is how to make bilateral relations irrevocably friendly.

Prime Minister Manmohan Singh will be travelling to Dhaka on September 7, 2011. The last Indian prime minister to visit Dhaka on a stand-alone bilateral visit was Atal Bihari Vajpayee in June 1999 to inaugurate Kolkata-Dhaka bus service. The prime minister's visit provides both countries with an opportunity to not only take stock of the current state of relations but also to take the relationship to the next level.

Prime Minister Sheikh Hasina's visit to India in January 2010 was a landmark visit as it reversed the falling trajectory of India-Bangladesh relations. The two prime ministers signed a historic joint communiqué which provided a fresh road map for bilateral cooperation. During Prime Minister Manmohan Singh's visit, the two sides will no doubt review the progress made so far in implementing the road map. Both sides are conscious that visible progress will be necessary to end the deep rooted cynicism that exists in Bangladesh - as well as India - with respect to each other.

The cynicism may have been reduced but it has not entirely gone away. Historically, India-Bangladesh relations have had a chequered history. Before Sheikh Hasina came to power in 2009, India-Bangladesh relations had stagnated. Of course, the relationship showed some improvement during the rule of the caretaker government (2006-2008) supported by the military. For India security issues were of paramount importance. Northeast insurgent groups had taken shelter in Bangladesh - often with official connivance. The border was used for illegal migration and trade. Several fundamentalist groups in Bangladesh, enjoying the Pakistan ISI's support, were involved in terrorist incidents in India. The border security forces on both sides had also clashed several times. India was concerned about the large scale illegal migration of Bangladeshis into India while Bangladesh denied these allegations. In order to deal with security issues India undertook the construction of a fence all along the India-Bangladesh border. This was an expensive exercise which addressed Indian concerns to some extent but created unhappiness in Bangladesh and also amongst the Indian population living along the border.

Bangladesh had its own list of grievances. It resented the large imbalance in bilateral trade, lack of progress on water sharing issues, non-ratification of Indira-Mujib Land Boundary Agreement etc. Bangladesh also protested against India's allegations that it was providing sanctuary to ULFA insurgents. It saw India as an unreliable partner. It sought to look beyond India for comfort and support. India loomed large in Bangladesh's threat perception.

In such a situation, there was an overall lack of trust. As a result, India-Bangladesh relations came to a standstill. However, the army-backed caretaker government (2006-2008), took steps to improve relations with India. For the first time the retired Indian army soldiers who fought in the liberation war of Bangladesh were invited to participate in the 'Victory Day' celebrations. After many years, the BD army chief visited India and the two countries also held a joint exercise in Jorhat in 2009. These positive signals emanating from Bangladesh were not lost on India.

The situation changed dramatically with Sheikh Hasina's historic election victory in December 2008. The coalition led by the Awami League came to power with 263 out of 300 seats which gave it a nearly eighty per cent majority. The Awami League itself won 230 seats which was more than three fourths of the total seats. With such a massive mandate, Sheikh Hasina embarked upon making major changes in her domestic and external policies.

Thus began the transformation of India-Bangladesh relations. Bangladesh's first move was to address India's security concerns and expel the Northeastern insurgents who had taken shelter in Bangladesh. Today India is satisfied with Bangladesh's unilateral action as the ULFA insurgency in Assam has begun to wind down. The Sheikh Hasina government's next step was to encourage connectivity between India and Bangladesh. Transit, a politically sensitive word in Bangladesh, has been replaced by the buzzword 'connectivity'. Several major projects, unthinkable just a few years ago have been announced. If these are implemented in the agreed time frame, India-Bangladesh relations will soon be on a higher trajectory. The two sides will be connected through road, rail and waterways. India is also prepared to invest in Bangladesh, the positive impact of which will be felt not only by the two countries but also by the region as a whole, including Nepal, Bhutan and Myanmar. The critical change in the

Bangladesh's approach has been occasioned by the realisation in Dhaka that it is in the country's interest not to allow insurgents on its territory. The two sides have also undertaken steps to resolve long-standing issues pertaining to boundary, border management, water, connectivity etc.

While these are positive developments, it would be too early to conclude that the negative mindset on both sides has been overcome and the ties have become irrevocably close. A recent analysis of Bangladesh's media shows that a section of Bangladesh society continues to view India with suspicion. The old political rivalries in Bangladesh are coming to the fore once again. This could be a sign of impending political instability which may have a negative impact on the normalisation of relations between the two countries. The refrain on the Bangladeshi side, not without justification, is that the implementation of the agreed projects has been delayed. The Bangladesh media often questions India's sincerity and attitude towards Bangladesh. There is sometimes a tendency to compare India unfavourably with China.

Many perceptive observers have written that the window of opportunity to improve and cement the bilateral relationship and make it irreversible is in danger of fast closing. There is need to overcome the inertia and bureaucratic lethargy. Thus, Prime Manmohan Singh's visit will be assessed by its ability to ensure early implementation of the ambitious action plan mutually agreed upon in January 2010. It is also being suggested that the political climate in Bangladesh would become increasingly confrontational as Sheikh Hasina's government enters the final phase of its five-year tenure. The electoral policies of the opposition in Bangladesh could adversely impact India-Bangladesh relations.

This IDSA Task Force report written by Anand Kumar, Smruti Pattanaik and Sreeradha Datta, all

members of the South Asia Cluster, being brought out on the eve of Prime Minister Manmohan Singh's visit to Dhaka, looks at the domestic and external dynamics in Bangladesh, critically examines the various issues that inform bilateral relations and makes certain recommendations. Dr Ashok Behuria contributed valuable comments on the initial draft of the report.

The key recommendation of the Task Force Report is that India has a major stake in normalising and further deepening its relations with Bangladesh. Bangladesh is critical to India's security concerns and can make positive contribution to the social and economic prosperity, particularly that of the Northeastern states. India's 'Look East policy' cannot be successful without a durable relationship with Bangladesh. India will need to redouble its efforts to deliver on its obligations so that the Bangladeshi side remains confident about India's continuing interest in strengthening and cementing of bilateral ties. At the same time the Bangladesh government needs to make its own contribution towards the early realisation of these projects and eschew the tendency to demand a quid pro quo for the actions it has taken on security front. It also needs to build consensus within Bangladesh that connectivity does not constitute a sell out to India and is in Bangladesh's own interest. Both sides need to consciously work on mitigating the hostile and suspicious mindsets by working on people-to-people contacts and by leveraging common

cultural ties and socio-economic concerns.

It is necessary to add newer areas of cooperation, particularly the field of science & technology (S&T), information technology (IT), Space, climate change, education, health, gender etc. India should seriously consider Sheikh Hasina's proposal of a South Asian Task Force to counter terrorism. The government of India can also take bold steps in addressing Bangladesh's concerns relating to non-tariff and para-tariff barriers to trade. It should hold regular consultations with the chief ministers of Northeastern state through an institutionalised mechanism to formulate an effective Bangladesh policy. The links between India's Northeastern states and Bangladesh should also be strengthened.

The statement issued by the Ministry of External Affairs after foreign secretary's visit to Dhaka in June 2011 showed clearly that there are areas of convergences on which significant progress has been made. At the same time it must be realised that there will be areas where convergence will not be easy to achieve. The impatience expressed in a section of the Bangladeshi media and polity about the slow progress in implementation of the 2010 agreement is understandable; but it needs to be appreciated that implementation will be a complex process requiring time and patience. Both sides need to realise that there is a historic opportunity to normalise relations and move them to a higher trajectory.

DOMESTIC DEVELOPMENTS IN BANGLADESH

On the eve of prime minister's visit it is worthwhile to take stock of internal developments in Bangladesh that could have a bearing on Indo-Bangladesh relations. A historic opportunity has presented itself before India and Bangladesh, two South Asian neighbouring countries, to leave the bitterness and mutual distrust of the past behind and move into an era of friendship and cooperation. Some even say that this is the best period in the Indo-Bangladesh relationship comparable only to the regime of Sheikh Mujib-ur -Rahman who headed the government till August 1975. But it is also a fact that this relationship is heavily dependent on Sheikh Hasina and her Awami League party that is currently in power in Bangladesh. This has made many people argue that the relationship may not remain same if the reins of power in Bangladesh are controlled by other political forces or even the military. Thus despite the present good relationship with Bangladesh it is a challenge for India to make this relationship sustainable.

Indo-Bangladesh relations have generally been good whenever an Awami League government is in power in Dhaka. This is partly due to the fact that the Bangladesh war of liberation –for which India contributed both men and material - was fought under the leadership of Sheikh Mujib-ur-Rahman, who was the leader of Awami League.

Unfortunately, this relationship takes a nosedive when the other major political party Bangladesh

Nationalist Party comes into power -- the party created by Lieutenant-General Zia-ur-Rahman. Zia not only rehabilitated Islamists in the polity of Bangladesh he also strengthened the relationship with China, an important strand of Bangladesh foreign policy now followed with equal vigour by both the political parties.

Sheikh Hasina's ascendance to power was welcomed with cautious optimism in India. Her friendliness towards India was never in doubt, but it was seen, that during her last tenure she was not able to implement many of her decisions. For instance, she wanted to go all out against Indian insurgent groups but a section of the army and the DGFI continued to shelter them. Moreover, she was ruling with a thin majority which gave her little room to take any bold decisions.

But this time things are quite different. Not only does Sheikh Hasina command a two thirds majority she also enjoys considerable support from the armed forces. Now Indo-Bangladesh relations are at a crucial juncture. However, the question whether the relationship will be transformed; and even if it does, how permanent would that be.

Domestic developments in Bangladesh have a major influence on Bangladesh's foreign policy as well as on Indo-Bangladesh relations. Since Sheikh Hasina's coming to power, the politics, economy and social dynamics of Bangladesh have undergone

significant change. The success or failure of Sheikh Hasina's policies will have an impact on Bangladesh's future as a stable and prosperous country. The recent developments indicate that the volatility in the politics of Bangladesh may be returning. This chapter looks at political, economy and social aspects of Bangladesh and tries to gauge their impact on Indo-Bangladesh relations.

Political Developments

The Sheikh Hasina government came to power in Bangladesh after a massive victory in December 2008 elections. This election virtually decimated the Khaleda Zia led Bangladesh Nationalist Party (BNP) and brought Awami League's grand alliance of 14 parties to power. The Awami League presently controls 229 of the 300 parliamentary seats. It commands a more than two-thirds majority on its own which is sufficient to bring about any constitutional amendment.

Democracy in Bangladesh has faced disruptions at regular intervals. It was kept in abeyance after the BNP led four party government's term got over in October 2006 only to be restored after December 2008 elections. In the interregnum there were two caretaker governments. The second one was strongly supported by the army. In fact, it was also felt that the army ruled by proxy during the rule of caretaker government headed by Fakharuddin Ahmed. Both Sheikh Hasina and her father Sheikh Mujib-ur-Rahman had suffered at the hands of army and the military dictators. What is worse is the two main political parties in Bangladesh are engaged in an extreme kind of confrontational politics. Therefore it is not surprising that after coming to

power the Awami League government wanted to rectify the flaws in the functioning of the Bangladeshi democracy. It also wanted to put certain events of the past in perspective. In this, the Bangladeshi courts played a supportive role. In the last two years, the Bangladeshi courts have declared a number of constitutional amendments invalid.

The first to be invalidated was the Fifth Amendment, which was signed into law in 1979 and revoked the ban on religion-based parties. It was also meant to provide constitutional legitimacy to some military and non-military governments that had come in power following the 1975 assassination of the founding president Sheikh Mujib-ur-Rahman. The Bangladesh High Court in response to a petition challenging the legality of the Martial Law Regulation of 1977 gave a ruling in August 2005, declaring the Fifth Amendment illegal. The High Court also declared illegal three regimes between August 15, 1975 and February 1979, headed by Khandaker Mushtaque Ahmed, Abu Sa'dat Mohammad Sayem and Ziaur Rahman. The ruling exempted certain measures taken by those regimes for public welfare. But the court in its judgment said all the changes in government from August 15, 1975 right up to the national elections of 1991 were unconstitutional.¹ This historic judgment was upheld by the Supreme Court of Bangladesh on February 2, 2010.²

The High Court of Bangladesh gave another landmark verdict on August 26, 2010 which declared illegal the Seventh Amendment to the Constitution. This amendment had legalised the autocratic regime of General Hussein Muhammad Ershad. The court observed that General Ershad,

¹ Fifth Amendment Ruling, 27 July 2010 at <http://bdnews24.com/details.php?id=169168&cid=2>

² Julfikar Ali Manik and Ashutosh Sarkar, Constitution to get back on '72 track

SC ruling upholds HC verdict with 'modifications', 'observations'; 2 petitions dismissed, *The Daily Star*, February 3, 2010 at <http://www.thedailystar.net/newDesign/news-details.php?nid=124640>

who ruled Bangladesh for nearly nine years, had made the country's Constitution subordinate to martial law, which was illegal and unconstitutional. It also observed the government would decide the fate of General Ershad, whose Jatiya Party is a part of Prime Minister Sheikh Hasina's ruling grand alliance.³ The court however, provisionally condoned the acts and deeds of the military strongman in the public interest to avoid chaos and confusion.⁴

The Supreme Court of Bangladesh also repealed the 13th amendment to the constitution which had allowed the non-party caretaker government system in the country. However, the court also said that the 10th and 11th parliamentary elections may be held under the system to avoid any chaos. The apex court, however, observed that the parliament, meanwhile, will be at liberty to amend the law under which the chief justice or any other judges of the Appellate Division of Supreme Court are not involved in the non-party government system in the next two elections.⁵

The 15th amendment to the constitution

The Jatiyo Sangsad (parliament of Bangladesh) on June 30, 2011 passed the Constitution (15th Amendment) Bill-2011, paving the way for abolition of the system of non-party caretaker government for holding free and fair general elections on the completion of the tenure of an elected government.⁶

The caretaker system was introduced by the Awami League government in 1996. All parliamentary elections since then have been held under a caretaker government, which is supposed to be non-partisan. The caretaker government is asked to conduct polls within a 90-day period. Though initially this system worked well but during the last election the caretaker government was mired in controversy. There was disagreement over the choice of leader for the caretaker government.

Democracy was restored in 1991. Since then the two main political parties have been alternatively in power. But there is so much distrust between them that they think that a free and fair election cannot be held under a political government.

Initially when democracy was restored in Bangladesh in 1991 both the BNP and the Awami League thought a caretaker system was necessary to hold free and fair elections. But it seems after the contentious role played by the two caretaker governments that were in power when the term of last BNP led four party alliance was over, the Awami League government has changed its perception about the caretaker government.

The government has cited recent court rulings as the reason behind the drafting of the 15th amendment. However, the recommendation of the Supreme Court that the next two elections should be held under the caretaker system to safeguard law and order in the country has been ignored by

³ Haroon Habib, Ershad's regime "illegal" *The Hindu*, 27 August, 2010 at <http://www.thehindu.com/news/international/article596332.ece>

⁴ Julfikar Ali Manik and Ashutosh Sarkar, Ershad's takeover also illegal: HC declares unlawful 7th amendment cover for his military regime, *The Daily Star*, 27 August 2010 at <http://www.thedailystar.net/newDesign/news-details.php?nid=152462>

⁵ Naim-Ul-Karim, Bangladesh's apex court declares non-party caretaker government system illegal, Xinhua, 10 May 2011, at http://news.xinhuanet.com/english2010/world/2011-05/10/c_13867917.htm

⁶ Caretaker govt system goes, parliament approves Constitutional Amendment Bill, *The Financial Express*, 1 July 2011 at http://www.thefinancialexpress-bd.com/more.php?news_id=141251

the government. Given the recent challenges to previous amendments, it has been widely reported that a provision was inserted into the 15th amendment to prevent future legal challenges.

The BNP is opposed to many items in the 15th amendment, but the party is particularly dissatisfied with the scrapping of the caretaker system. The BNP fears that the government will attempt to use Bangladesh's highly politicised institutions—the Election Commission, the judiciary, the police and the armed forces—to rig the polls. The BNP is opposed to the latest change, believing that parliamentary polls overseen by the incumbent government will be flawed, and has thus threatened to boycott the election unless the government led by the Awami League repeals it. It is feared that the latest constitutional change could set the stage for a showdown between the two largest political parties, which could stall the democratic process. The last time the opposition boycotted a parliamentary poll, the army stepped in. It was in January 2007, when the political process broke down, amid allegations by the then opposition Awami League that the head of the caretaker government was partisan and that the voter list was grossly inaccurate.

Islam Retained as Country's Official State Religion

The Sheikh Hasina government had promised that it would restore the secular character of Bangladesh polity by reinstating the original 1972 constitution. But it seems the government has given up that pledge and has accepted Islam as state religion of Bangladesh.⁷ The government possibly fears that any bold move towards secularism could fuel public unrest which is not desirable at this

juncture. Under the 15th Constitution Amendment Bill enacted by parliament, Islam has been retained as the state religion, along with Bismillahi-Ar-Rahman-Ar-Rahim. There are, in all, 15 proposals that have been included in the Bill. The nature of Bangladesh polity was changed by two military dictators - Lieutenant- General Zia-ur-Rahman post-1975 and General Ershad in the 1980s through a series of constitutional changes. General Ershad declared Islam as the state religion in 1988. The change in the stance of the Awami League has not been liked by Hasina's coalition partners and other minority leaders. However, it is believed that there is no fundamental shift in the ideology of the government and the decision is guided more by pragmatism.

War crimes tribunal

Another source of political tension in the country is the war crimes tribunal that began its work in 2010. Some of the top leaders of the BNP and its main ally, the Jamaat-e-Islami party, are accused of committing atrocities on local population during the 1971 War of Liberation against West Pakistan (now Pakistan). The Jamaat chief Matiur Rahman Nizami, Secretary-general Ali Ahsan Mohammad Mojaheed, executive council member Delwar Hossain Sayedee and assistant secretaries-general M Kamaruzzaman and Abdul Kader Molla are currently in jail. Hearing on the framing of charges against Sayedee in the International Crimes Tribunal began on August 10, 2011. Along with the Jamaat leaders, senior BNP leader Salahuddin Quader Chowdhury and former BNP minister Abdul Alim are also facing trial for crimes against humanity during the Liberation War. These leaders if convicted face possible execution. Although the BNP does not object to a war crimes

⁷ Salient features of 15th amendment of Constitution, The Daily Star, 30 June 2011 at http://www.thedailystar.net/newDesign/latest_news.php?nid=30610

tribunal in principle, the party along with Jamaat is opposing the trials, which both of them think are politically motivated.⁸ It is feared that the war crime trials could incite Jamaat's supporters and extremists to indulge in violent acts. BNP and its political allies can also launch street protests on this issue.

In Bangladesh, there is a section that strongly suspects that the determination of the Sheikh Hasina government to prosecute war criminals was a major reason behind the Bangladesh Rifles (BDR) rebellion that took place in February 2009. The forces who are opposed to the trial incited this mutiny. Through the mutiny they wanted to create a civil war kind of situation by pitting army against the BDR. The government however managed to tide over the situation as it was strongly supported by the army chief General Moeen U Ahmed.

Action against extremist groups

A number of terrorist groups have been active in Bangladesh. However the previous four-party alliance chose to live in denial. This policy has been changed by the Awami League government which has acknowledged the existence of such groups. The government has also been proactive in curbing their activities in the country. Several modules of Jama'atul Mujahideen Bangladesh (JMB), Harkatul-Jihad-al-Islami (HuJI), Lashkar-e-Toiba (LeT) and Jaish-e-Mohammed (JeM) have been busted. The activities of such groups are being closely monitored and laws have been enacted to check funding to terror groups. The government also presently exercises firm control over law enforcement agencies. This will allow them to quickly control any serious law and order issue.

Economic Developments

When Sheikh Hasina assumed power, the global financial and economic crisis was well on the way. With some luck and prudent fiscal and monetary policies, Bangladesh was able to emerge from the economic crisis relatively unscathed despite the weakening of global demand. It managed to maintain its macro economic stability sustaining annual GDP growth rates of 5.74 per cent in FY 2008-09, 5.83 per cent in 2009-10 and about 6.7 per cent in 2010-11. The government declared two incentive packages and adjusted its fiscal monetary policies to soften the impact of global financial crisis.

Table-I below gives a comparative overview of the performance of Bangladesh economy during the period 2008-09 - 2010-11. It will be noticed that the annual rates of GDP growth as well as per capital GDP have increased. There has also been a gradual increase in the total revenue as percentage of GDP from 11.3 per cent to 12.1 per cent. The budget deficit as percentage of GDP has been maintained around 4.4 per cent. Imports as percentage of GDP have decreased from 22.7 per cent to 19.5 per cent while exports have also gone down from 17.4 per cent to 14.5 per cent. The current account balance is in positive territory largely due to increased remittances from abroad and weakening of imports. Forex reserves have increased sharply from 7471 billion taka to 10328 billion taka in the period that Sheikh Hasina has been in power. Inflation has increased from 6.66 per cent to 8.27 per cent while exchange rate of the taka vs. the US dollar has deteriorated. This is a sign of worry.

⁸ Khaleda prays for Jamaat leaders' release, 6 August 2011 at <http://bdnews24.com/details.php?id=202802&cid=3>

Table 1: Macro-economic Indicators (Bangladesh)

	2008-09	2009-10	2010-11
Population mn	144.2	146.1	148.9
Total GDP at Current Prices (bn tk)	6148.0	6943.2	7875.0
GDP Growth rate	5.74	6.07	6.66
Per capita GDP (tk)	42628	47536	53236
Savings (bn tk)			
Domestic	1235.0	1395.5	1542.8
As % of GDP	20.1	20.1	19.6
National	1818.1	2084.0	2236.5
As % of GDP	29.6	30.0	28.4
Total Investment (bn tk)	1498.4	1695.1	1947.9
As % of GDP	24.4	24.4	24.7
Public	289.0	348.2	415.8
As % of GDP	4.7	5.0	5.3
Private	1209.4	1346.9	1532.1
As % of GDP	19.7	19.4	19.5
Budget (bn tk)			
Total Revenue	691.8	794.8	951.9
As % of GDP	11.3	11.4	12.1
Tax Revenue	555.3	639.6	790.5
As % of GDP	9.0	9.2	10.0
Non-tax Revenue	136.5	155.3	161.3
As % of GDP	2.2	2.2	2.0
Total Expenditure	941.4	1105.2	1298.8
As % of GDP	15.3	15.9	16.5
Budget Balance (except grants)	-249.6	-310.4	-346.9
As % of GDP	-4.1	-4.5	-4.4
Budget Balance (including grants)	-286.8	-200.3	-273.0
As % of GDP	-3.3	-3.9	-3.9
Imports (bn tk)	1396.0	1479.7	1535.5
As % of GDP	22.7	21.3	19.5
Exports (bn tk)	1072.0	1123.3	1143.8
As % of GDP	17.4	16.2	14.5
Trade Balance	-324.1	-356.4	-391.7
As % of GDP	-5.3	-5.1	-5.0
Current Account Balance	166.2	258.3	48.5
As % of GDP	2.7	3.7	0.6
Forex Reserve (bn tk)	7471	10750	10328
Inflation	6.66	7.31	8.27
Exchange Rate (1\$ to Taka)		69.18	70.32
Workers' Remittances		USD 10.987 bn	USD 9.587 bn
As % of GDP		11	8
Poverty figures			
Using upper line		40%	40%
Using lower line		25.1%	25.1%
Literacy Rate [11 +yrs (%)]		49.1	49.1
2009 figures			
National Highway		3478 mks	3492 kms
Regional Highways		4222 kms	4268 kms
Railways		2835 kms	2835 kms

Source: Bangladesh Economic Survey – 2009-10; 2010-11

On the whole, Bangladesh's economic performance can be assessed to be creditable; given the tricky global environment. Conscious of the need to reduce poverty, the government has outlined an ambitious economic reform agenda focusing on revenue mobilisation, expenditure reform and reforms in banking monetary and credit policies & increased spending on social sections. The government has adopted a wide ranging Annual Development Plan (ADP) covering a number of ministries and departments. Particular attention is being paid to the building of a modern agriculture system and to accelerate the pace of industrialisation. Currently, there are eight Export Processing Zones (EPZs) in Bangladesh that have attracted investments to the tune of \$1.8 billion. State owned enterprises contributing to industrial growth, power, gas, transport and communication have also been toned up. Bangladesh is suffering from acute power shortages. It has formulated a Power System Master Plan 2010 that aims to produce 20,000 MW of electricity by 2021, the current generation capacity being 4606 MW (2009-10). Nearly 120 development projects are included in annual development programme of the roads and highways department alone. Chittagong port, the biggest port in Bangladesh carrying about 92 per cent of the country's maritime trade, is being modernised.

Bangladesh has been lauded for notable achievements in realising the United Nation's Millennium Development Goals (MDGs) for education, health, poverty alleviation and social welfare. Considerable headway has been made in gender empowerment and micro credit schemes. While reforming the state sector, the government is also trying to encourage private investments in the

national economy which were about 20 per cent in 2009-10. The investment in social and physical infrastructure is being increased.

Bangladesh is acutely conscious of its vulnerability to climate change. It has formed a National Designated Authority to attract investment under UN's Clean Development Mechanism (CDM). A climate change fund of Taka 700 crores to finance 134 programmes covering six thematic areas including food security, disaster management, infrastructure to protect existing assets, research and knowledge management, mitigation of carbon and capacity building has been established.

Key Achievements- 2010-11

According to the Bangladesh Bureau of Statistics (BBS) data the growth of Bangladesh's manufacturing sector hovered around 9.51 per cent buoyed by soaring garment exports in the fiscal year 2010-11.⁹ Agriculture did well and grew by 4.9 per cent. Construction activity remained robust, with the sector expanding by 6.4 per cent year on year, compared with 6 per cent in 2009/10.

Strong Growth in Exports

Exports did well in the 2010-2011 fiscal and earned \$28.93 billion which was 41.47 per cent higher than in the previous fiscal. In the fiscal 2009-10, the exports stood at \$16.2 billion with a growth rate of 4.11 per cent. In the fiscal 2008-2009, revenue from export was \$15.56 billion with 10.31 per cent growth rate.¹⁰

The textile industry continued to grow despite gas shortages and constant complaints by manufacturers about increasing input costs. A

⁹ Economic growth beats record , *The Daily Star*, June 1, 2011 at <http://www.thedailystar.net/newDesign/news-details.php?nid=188136>

¹⁰ Export earning maintains uptrend, 9 August 2011 at <http://www.bdnews24.com/details.php?id=202991&cid=4>

number of foreign textile companies including those from China, India and Pakistan have chosen Bangladesh as their production base to take advantage of LDC status of the country.

Remittance

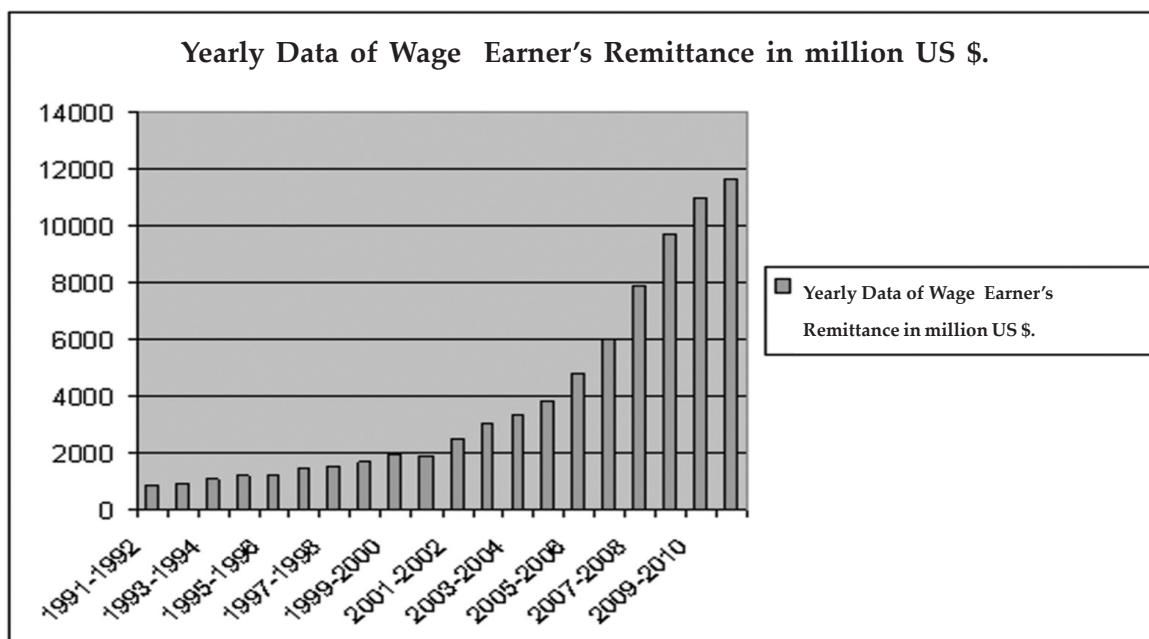
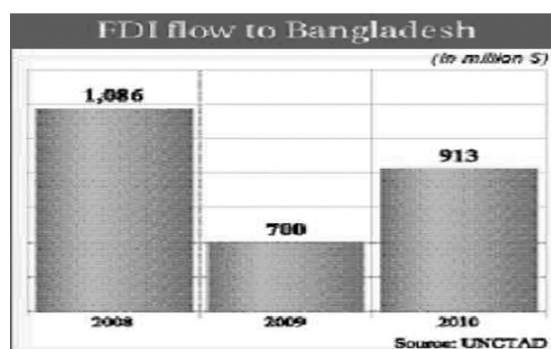
Bangladesh counts on the inflow of foreign exchange from migrant workers to fund its imports. The government data shows that poverty rates had declined significantly between 2005 and 2010, with remittances playing a key role. According to government figures, seven million Bangladeshis work overseas, although unofficial estimates put the figure at around nine million. Nearly 400,000 Bangladeshi go abroad every year.

In the financial year 2010-11 the remittances received by Bangladesh were the highest in the country's history. These are Bangladesh's second-highest foreign exchange earner after exports. According to Bangladesh Bank, Bangladeshi migrant labourers sent home a record \$11.65 billion

in this period defying expectations that unrest in the Arab world would cause a downturn in payments.¹¹ The remittances have seen 6 per cent rise from the previous financial year and amount to more than 10 per cent of the country's gross domestic product.

FDI in Bangladesh

According to the World Investment Report (WIR) Bangladesh attracted \$913 million in foreign direct investment (FDI) in the 2010 calendar year, a leap of 30 per cent. It has upgraded the country's position to 114 from 119 out of 141 nations. The telecom sector alone received \$360 million in FDI,



¹¹ Bangladesh migrant workers send home \$11.65 bln, AFP at <http://www.google.com/hostednews/afp/article/ALeqM5jkKN4Sg9vWw6kus9KKpfTYZkSBpQ?docId=CNG.89e7aaafd19ebbe231f710f5d5b53c29.6e1>

the manufacturing sector received \$238 million, textiles got \$145 million and the leather sector attracted \$46 million.¹²

In terms of absolute FDI inflow Bangladesh still figures at the bottom of the table. However, the country has better compared to other South Asian economies such as Nepal and Bhutan. Bangladesh can do still better if the country's growth rate and literacy keeps rising. Political instability, military intervention, lack of capacity in the public sector, bureaucratic tangles and natural disasters are some of the major obstacles to investment in the country. However, the risk factor perception of foreign investors is gradually declining.

Key Challenges / Weaknesses

Though the economy in Bangladesh is growing at a brisk pace it is not free from weaknesses. For instance, Bangladesh has a limited export basket. The performance of the export sector is largely dependent on the performance of readymade garment industry. They are also heavily dependent on their exports to the US and the EU. Unfortunately, both these regions are in the grip of recession. Presently, Bangladesh has managed to beat recession because it mostly produces low end garments which have been least affected by the recession. The situation however might change even in this segment in future.

Bangladesh is also heavily dependent on remittances to fund its imports. The foreign

exchange reserves of Bangladesh have been falling in recent months. The deterioration in balance of payment position was due to a rising import bill together with a slowdown in inflows of remittances. Though in absolute terms the remittances have grown the import bill has expanded significantly. The central bank projection shows foreign exchange reserves fell to \$10.85 billion in 2011-12 from \$10.91 billion the previous year.¹³

The continuously rising rate of inflation is another major challenge for the government. The annual average inflation was 8.8 per cent for the last fiscal, well above the 8.0 per cent projected in the revised FY11 budget.¹⁴ Though the government expects the annual average inflation rate to settle at 7-7.5 per cent in the current fiscal it is unlikely to be less than previous year. The overall consumer prices in Bangladesh are facing upward pressure due to the higher prices of food items and oil. The government hopes that the inflation would come under control due to the fall in global prices of oil and other commodities. The government is reducing duties to check prices of imported goods but the erosion of the value of Bangladeshi currency (taka) against dollar is proving to be a major hurdle. The average exchange rate of Bangladeshi currency in the year 2010 was Tk 69.7:US\$1. However Taka is expected to depreciate further because there is a significant differential between the local inflation rate and that in the US. It is feared that a bad harvest or an increase in public sector salaries would further raise the inflation rate.

¹² Bangladesh's FDI position upgraded to 114 from 119, The Financial Express, 5 August 2011 at http://www.thefinancialexpress-bd.com/more.php?news_id=144193&date=2011-07-27

¹³ Trade deficit yawns as fuel, food prices soar, at http://www.thefinancialexpress-bd.com/more.php?news_id=145137&date=2011-08-05

¹⁴ BB aims to tame inflation, credit growth, 27 July 2011, at <http://bdnews24.com/details.php?id=201953&cid=4>

Table 2

Rate of Inflation (as measured by CPI, base 1995-96)	June, 2011	May, 2011	June, 2010
Point to point	10.17%	10.20%	8.70%
Monthly Average(Twelve Month)	8.80%	8.67%	7.31%

Source: BBS (Bangladesh Bureau of Statistics) at <http://www.bangladesh-bank.org/econdata/inflation.php>

The rise in imports would have adverse impact on balance of payment position leading to downward pressure on the currency. But things might improve for Bangladesh once international institutions and donor agencies start disbursing their loans and assistance.

Bangladesh imports most of its essential goods from abroad. It also imports petroleum, which will continue to account for more than 10 per cent of the merchandise import bill in near future. Significantly, country's celebrated garment export depends on yarn import that accounts for one-fifth of the total import bill. Workers' remittances will remain an important feature of the current account. Bangladesh routinely runs a trade deficit, but high global commodity prices and increased volumes are widening the gap.

According to the Bangladesh Bank data, the trade deficit of Bangladesh widened 49 per cent to \$7.69 billion in the 2010-11 fiscal year that ended in June from \$5.15 billion the year before due to soaring fuel and food import costs.¹⁵ The central bank expects the trade deficit to keep widening out to \$8.84 billion in the year to next JuneUNCLEAR. Bills for imports - notably fuel, food and power generation equipment - soared,

offsetting strong exports led by clothing, while remittances grew more slowly. The Bangladesh Bank expects import bills to climb to \$35.17 billion in 2011-12 from \$30.58 billion in 2010-11. The current account surplus in 2010/11 slid to \$564 million from \$3.7 billion the previous year, while the balance of payments swung into a deficit of \$38 million from a surplus of \$2.86 billion last year.¹⁶

Government Response

The rising prices of essential items, shortage of power and energy and the increasing budget deficit are three major challenges before the government. The government is trying to contain the rise in food prices by importing them. India is also trying to help the Bangladesh government maintain food security by allowing export of wheat and rice to that country despite the rising prices even within India. The Bangladesh government spends about 10 per cent of its non-development budget to subsidise basic goods and services. The government's determination to continue to subsidise food and energy will place a considerable strain on the public finances. However, the maintenance of subsidies will help to support poverty-alleviation efforts and will greatly reduce the risk of social unrest.

¹⁵ Trade deficit yawns as fuel, food prices soar, *The Financial Express*, at http://www.thefinancialexpress-bd.com/more.php?news_id=145137&date=2011-08-05

¹⁶ Trade deficit yawns as fuel, food prices soar, *The Financial Express*, at http://www.thefinancialexpress-bd.com/more.php?news_id=145137&date=2011-08-05

The other challenge for the government is to improve the supply of energy. The main obstacles are a shortage of gas (the main fuel for electricity-generating plants in Bangladesh) and a large number of old, inefficient power stations. The government hopes to boost power supplies in the short term by buying power from several independent firms that are building diesel-powered electricity generating plants.

In June 2011 a US-based energy firm, ConocoPhillips, signed a production-sharing agreement with the Bangladeshi government and the country's state-owned energy company, Petrobangla. The deal gives ConocoPhillips the undisputed right to explore parts of two offshore blocks (designated maritime areas) in the Bay of Bengal. The other parts of the two blocks are located in an area that is the subject of dispute between Bangladesh and Myanmar. The deal also allows the US firm to export gas. Through this agreement the government hopes to overcome - at least in the short to medium term - the acute shortage of this particular natural resource. It also reflects a hardening stance on the part of the Bangladeshi government with regard to its claims on territory in the Bay of Bengal. The Hamburg-based International Tribunal for the Law of the Sea has announced that the verdict on the Myanmar and Bangladesh maritime boundary dispute will be given in early 2012.

Earlier, the government had allowed Santos as the first foreign company operating in the country to sell gas from its offshore fields in Block 16 in the Bay of Bengal to private buyers at market prices. Santos acquired Cairn Energy's interests in November 2010. State-owned Petrobangla signed

an amendment to the existing gas purchase and sales agreement (GPSA) which allows the Australian firm to sell its gas directly to private entrepreneurs bypassing Petrobangla.¹⁷ The revised deal has cleared all legal barriers to the selling of gas by the Australian firm to private buyers in Bangladesh. Currently, all foreign companies operating in the country sell their gas output to Petrobangla, which then sells it to state-owned gas distribution companies to reach end-users. Santos had sought an amendment to the GPSA in early this year, saying it needed a government decision on the matter before it could begin exploration in the offshore gas fields. In December 2010, Petrobangla approved Santos' \$110 million investment plan for drilling in the three prospective locations stretching over 8,621 sq km in the Bay of Bengal.

The Bangladeshi public, however, remains deeply suspicious of any deal for the export of a natural resource that they regard to be a national treasure. The National Committee to Protect Oil, Gas, Mineral Resources, Power and Ports, a local civil society group, organised a one-day hartal (mass strikes involving street protests) to demonstrate its objection to the ConocoPhillips deal.

The government is planning to raise tax collection to meet the budget deficit as tax-GDP ratio is still poor in Bangladesh compared to that of other countries. The government is trying to raise this ratio to 12 per cent as the economic situation and income levels have improved significantly, along with creation of new wealth. Currently, the tax-GDP ratio is less than 10 per cent. Earlier, the government did not pay much attention to tax collection, considering the country's economic situation and income level of the people. But the

¹⁷ M Azizur Rahman, Santos can sell gas to 3rd party under revised deal, http://www.thefinancialexpress-bd.com/more.php?news_id=135909&date=2011-05-17 also see, Bangladesh allows Santos to sell gas in the market, Reuters, May 16, 2011 at <http://af.reuters.com/article/energyOilNews/idAFSGE74F00V20110516>

situation has changed markedly over the years.¹⁸ The government is also thinking of a hassle-free tax payment system to encourage people to pay tax while noting that there is no alternative to raising tax-GDP ratios for financing development activities.

The 2011 -12 budget

The budget for the 2011-12 fiscal year with a GDP growth target of 7 per cent was passed by the Jatiya Sangsad (parliament of Bangladesh) on June 29, 2011. This was the third budget presently by the present Awami League government and was presented amid a boycott in parliament by the opposition BNP. The budget factors in Tk 232,464 crore of gross expenditure including revenue and development and Tk 163,589 crore of net expenditure.¹⁹ Among the 53 ministries and divisions, the defence ministry has received the maximum allocation of Tk 12,122 crore. The rural development and cooperatives division received the second highest allocation of Tk 10,911 crore followed by the education ministry Tk 10,873 crore and food division Tk 10,830 crore. Besides, the health and family welfare ministry, and the primary and mass education ministry got an allocation of more than Tk 8,000 crore each.

The government estimates a budget deficit (excluding grants) of Tk452bn in 2011/12, equivalent to 5 per cent of GDP, compared with the revised 4.5 per cent of GDP in 2010/11. The government expects total revenue (including foreign grants) to increase by 24 per cent to Tk1.2trn as it tries to improve tax collection and increase the tax take, which remains low by regional standards.

The income tax threshold was raised to account for rising inflation.

Social Development

The Bangladesh government is conscious that religious extremism is growing in the society. It has been trying to take steps to contain this phenomenon. It has also been trying to improve the status of women in the society. In both these areas, it has been moderately successful.

Fatwas Continue

In Bangladesh extremists have been using the fatwa (religious edict) as a major tool to violate women's rights in Bangladesh as part of their attempt to propagate their ideology. Between 2000 and 2011, 503 women fell victim to fatwas accusing them of adultery. Most of these women were from rural areas, where their crimes were determined by influential local leaders and mullahs who, setting aside the laws of the land, have taken upon themselves the responsibility of dictating social and moral standards of behaviour, interpreting religion and meting out extra-judicial punishments. There have also been instances where women accused of "immoral behaviour" have been raped.

The judiciary in Bangladesh has directed the authorities concerned to take punitive action against people involved in pronouncing fatwas against women. Despite this verdict, Islamic clerics are found presiding over courts that are based on Sharia Law and issue fatwas to deal with extra-marital relationships, rape and other domestic matters. This practice prevails in remote villages to which police do not have quick access.

¹⁸ No alternative to raising tax-GDP ratio: Muhith, *The Financial Express*, at http://www.thefinancialexpress-bd.com/more.php?news_id=142400&date=2011-07-11

¹⁹ Budget for next fiscal yr passed: GDP growth target 7pc, *The Daily Star*, June 30, 2011, at <http://www.thedailystar.net/newDesign/news-details.php?nid=192172>

Recently, a high court in Bangladesh has directed law enforcement authorities to report the steps they have taken to prevent extra-judicial punishment. But instead of restraining their action the religious fundamentalists have threatened to launch a massive country wide movement if the government moves to ban the fatwa. Mufti Fazlul Haque Amini, the leader of Islami Oikya Jote (IOJ), a group believed to have links with Al Qaeda, declared that "Fatwa is an Islamic right. Banning fatwa will be an anti-Islam act."²⁰

Equal right of inheritance to women opposed

Bangladesh also proposes to give women the equal right of inheritance. But this has been opposed by Islamist groups. Fazlul Huq Amini, head of the Islamic Law Implementation Committee, a grouping of several religious groups and political parties accuses the government of Sheikh Hasina of violating the Quran, the Islamic holy book, by introducing the new inheritance policy.²¹

Education

Madarasas play an important role in Bangladesh. There are two kinds of madarasas in Bangladesh – Aliya and Qaumi. In the past, the Qaumi madarasas have been accused of spreading extremism. But now government is taking several steps to streamline madarsa education.

Assessment

The Sheikh Hasina government in Bangladesh came to power with a brute majority. This allowed her to take many bold decisions, but it has also

sharpened political rivalry in the country. The steps taken by the government to nullify certain constitutional amendments of the past and passing of the 15th constitutional amendment to abolish the caretaker system has revived the confrontational politics in Bangladesh. The government had promised in the run up to the elections that it would try to assign due place to opposition in the democratic system of Bangladesh. But this promise was forgotten once Awami League was in power. The opposition is also to be blamed in equal measure. Right from the beginning the BNP led alliance had no intention of cooperating with the government in parliament and play the role of a responsible opposition party. Following the tradition of Bangladeshi politics the BNP is trying to settle the issue in streets rather than in parliament. They only go to parliament once in a 90 days to protect their membership. The party has been organising strikes over all sorts of issues. Presently, the most important issues are rising prices of essential commodities, war crimes trials and the abolition of the caretaker government.

However, there is no immediate threat to the survival of the Awami League government which is expected to serve its full term till January 2014. The party has not yet disclosed how the next elections would be conducted, but it is unlikely that the party would hand over power to any caretaker government. It is possible that the present government might like to oversee the holding of next elections. The BNP has threatened to boycott elections if they are not held under the caretaker government. Such a situation in 2007 had allowed the army to step in. Though the army had not

²⁰ Bangladesh Debates the Role of Fatwa, March 15, 2011 at http://www.idsa.in/idsacomments/BangladeshDebatesTheRoleofFatwa_akumar_150311?q=print/7014

²¹ Protests against women's policy cripple Bangladesh, *The China Post*, 5 April 2011 at <http://www.chinapost.com.tw/asia/other/2011/04/05/297448/Protests-against.htm>

assumed power directly because of pressure from the US and the UK, it was ruling by proxy.

The Sheikh Hasina government in Bangladesh has also to act carefully to retain the support of the armed forces. The opposition might continue its strategy of parliamentary boycotts and street agitation to create anti-government sentiments with the objective of unseating the government from power.

The economic performance of Bangladesh would depend on the performance of its exports largely driven by readymade garments, the agriculture sector and remittances from the country's diaspora and Bangladeshis working abroad. Although the agricultural sector will account for less than 20 per cent of GDP at factor cost, it will continue to be the country's largest employer and the main source of income for around one-half of the working population. Workers' remittances are also likely to grow steadily but they might face disruptions due to weak employment prospects in the Middle East—the most popular destination for Bangladeshi workers.

The economy of Bangladesh is doing extremely well and is projected to grow at 7 per cent in the current fiscal. But regular strikes and shutdowns are harming the business environment in the country. However, the prices of essentials have risen and there is no perceptible improvement in the energy situation. The factories and common people continue to face shortages of power and gas. Inflation is rising and there is erosion in value of Bangladeshi taka vis-à-vis dollar.

The government of Bangladesh is conscious of the economic hardship of the common people made

worse by soaring inflation. The government is not only trying to check inflation but is also bringing in greater foreign direct investment from India, China and Russia, as well as from members of the Bangladeshi diaspora in OECD countries. It will continue to provide subsidies to the poorer sections for essential items and energy. This will allow government to manage the discontent in a large section of population.

The economy also might face trouble because its exports are overly dependent on the US and the EU, the two regions in economic recession. The gulf countries where a large number of expatriate Bangladeshis are working are also in turbulence. So far, Bangladesh has managed to weather these storms well; but situation might worsen if food crops are damaged due to bad weather or if Islamic extremists, who have been making attempts to regroup, strike in a big way. Protests over war crimes could also lead to lawlessness. India can help Bangladesh to meet the shortage of essential goods and even the power situation. These are two critical issues which the Awami League government would be facing in the run up to the next elections.

If the Awami League manages to contain price rise and improve power situation and the BNP remains in a state of disarray then the ruling Awami League can achieve the unprecedented feat of returning to power for the second time. However, the whole electoral process would lose legitimacy if the BNP chooses to boycott the next parliamentary poll. The political, economic and social situation in Bangladesh is delicately poised. It all depends on how the present government handles various issues.

RECENT TRENDS IN BANGLADESH'S FOREIGN POLICY

Bangladesh's geo-strategic location offers it a natural advantage to become a bridge between South Asia and South East Asia. However, Bangladesh has not been able to capitalise on its locational advantage because of the self-defeating political considerations that have guided its foreign policy towards India for a very long time. Its relationship with India has been hamstrung by the ideological contestation between the two main political parties in Bangladesh and the popular sentiments that were whipped up against any efforts to have a better relationship with India. It failed to recognise the fact that without better relationship with India, Bangladesh, surrounded as it is by India from three sides, would not be able to realise its full potential and emerge as a regional economic hub.

The Awami League, since it assumed office in January 2009, embarked on a new direction in foreign policy by involving multiple stakeholders in its developmental initiatives. The party has taken a definitive decision to improve its relationship with India and by linking up with the Indian economy through mutual trade and transit agreements it intends to convert Bangladesh into a regional hub. To quote the party's election manifesto:

Friendly relationship will be maintained with India, Nepal, Bhutan and Myanmar, our neighbouring countries, in the context of further strengthening cooperation with

all. Regional and sub-regional cooperation will be further strengthened including relationship with the member countries of SAARC, BIMSTEC and D-8.

Bangladesh's domestic imperatives have guided its foreign policy and the economic development of the country has been one of the main priorities. Thus the AL government has focused on improving connectivity, port facilities and investing in infrastructure which would play a big role in its integration into regional market. This would facilitate trade and generate revenues that would improve the over all economic synergy of the country. Finding gainful employment for the youth who voted overwhelmingly for Awami League is a major concern of the government and it can only achieve this goal through sustained economic development that would generate opportunities for gainful employment. Political efforts have been directed at giving Bangladesh a visible regional role. It has been vocal on the issue of climate change that poses existential threat to the country. Bangladesh has also been a victim of terrorism and has witnessed suicide bombings in the past. Thus Sheikh Hasina has passionately argued for the establishment of a South Asia task force on terrorism. Her government has tried to evolve a balanced foreign policy which:

...predicates a consistent, long-term and viable instrument which must embody

identifiable indicia consistent with Bangladesh's statehood and national interests, balancing immediate, short term, specific issues, circumstances and processes constantly arising in an interdependent world.¹

Main Drivers Of Bangladesh's Foreign Policy

It needs to be emphasised that Bangladesh has preferred a multilateral approach to a bilateral approach in its foreign policy. To quote Dipu Moni, "Multilateralism is a cornerstone of our foreign policy, often a source of strength for small countries like Bangladesh"².

Historical experience, identity and ideological orientation

Bangladesh's world view, like that of any other country is shaped by its historical experience, geographical location, political aspirations, threat perceptions and the need for economic development especially in a globalised world. The circumstances under which the country was created as well as the political and ideological orientation of the ruling elite including its electoral support base have determined the contours of Bangladesh's relations with other countries and shaped its world view.

The role of India and the former Soviet Union in the creation of Bangladesh shaped its foreign policy in the initial years. In 1972 India and Bangladesh had signed the 1972 Treaty of Peace and Friendship. However, this treaty could not achieve its full potential because of tumultuous internal

political developments. After Sheikh-Mujib-ur Rahman's assassination, the relationship between India and Bangladesh suffered a set back. In the subsequent years, there has been a marked difference in the approaches of the two leading political parties towards India and Pakistan and coloured by their respective vision of the Bangladeshi nation-state.

Its identity as a Muslim majority country has also shaped its foreign policy—its decision to join the Organisation of the Islamic Conference (OIC) is a case in point. Bangladesh however retained its secular constitution and it was only after the assassination of Mujib that amendments were made by General Zia who removed secularism from the constitution and inserted Bismillah-ur-Rahman-ur-Rahim in the preamble to reinforce the Islamic identity of Bangladesh, underplaying, in a way, its linguistic identity. He also inserted clause (2) in article 25 of the constitution for developing fraternal relations with the Muslim countries as a foreign policy priority which apart from its ideological dimension marked a formal departure from its close ties with India.

The BNP, which took birth in the cantonment to provide political support to General Zia's decision to civilianise his regime, favours closer ties with Pakistan on ideological grounds which also explains its 'oppose-India' policy. It needs to be mentioned that India was critical of the military takeover in Bangladesh while Pakistan immediately welcomed Zia's assumption of power. Similarly, Awami League, the party that led the liberation war and whose leader Mujib-ur-Rahman was imprisoned by the Pakistan army has always been

¹ Speech of Foreign Minister on 'Foreign Policy of Bangladesh: Priorities and Challenges and issues of Bangladesh-China Relations' in Beijing, 20 June, 2011, available at http://www.mofa.gov.bd/index.php?option=com_wrapper&view=wrapper&Itemid=135, accessed on 7 August 2011

² Ibid, n.2

reluctant to strengthen relations with Pakistan. It prefers to have good relations with India because of the role that India played in the liberation war.³ There is however a bipartisan consensus to develop good relations with China and follow somewhat similar policies towards other countries of the world.

From diversification to greater role in region

Bangladesh's departure from its initial Indo-centric world view and diversify its foreign policy in 1977 led it to develop good relations with the United States, China and the Middle East countries. Moreover, China and Saudi Arabia had recognized Bangladesh after the assassination of Mujib. The oil boom of 1970s also provided opportunity for Bangladeshi workers to go to the Gulf countries for working in the oil and the construction industry. The invaluable contribution made by remittances from Bangladeshi workers in the Gulf also necessitated good relations with the UAE, Saudi Arabia, Kuwait and other oil-producing countries of the region.

In the post-Mujib period, while Bangladesh diversified its foreign policy and sought to connect itself with the wider world, its SAARC initiatives demonstrated its desire to play a greater regional role. This aspect of its foreign policy remains unchanged to this day. Dhaka's decision to participate in the Asian Highway project,⁴ to build a cross-country rail network, and to provide

countries of the region access to its port facilities are proof of its regional aspirations. This has led to its emergence as regional economic hub which will also give Bangladesh a decisive say in regional integration. Its greater regional role has led it to propose the South Asia Task force on Terrorism. Dhaka has also emerged as a leading player in the climate change related debates in international forums.

Emphasis on Economic Development

Given Bangladesh's desire for economically growth and for achieving the Millennium Developmental Goals (MDG) it has realised that its geographical position and natural ports give it a natural advantage to be a bridge between South Asia and South East Asia. This is one of the reasons that the government has dismissed the alarmist view of Indian threat and has taken a decision to allow it the use of its infrastructure and port facilities to India.

Bangladesh is also dependent on remittances from its workers employed abroad. Thus maintaining this flow of remittance has been one of the foreign policy challenges in view of the recession and the global economic crisis. The remittances have significantly contributed to Bangladesh's growth. Bangladesh is the 7th top recipient of migrant remittances and during 2004-2010 the average annual growth of remittance was 20.2 per cent.⁵

³ Two issues that have been critical are the division of asset and apology for the 1971 killing of Bengalis by the Pakistan army.

⁴ The Asian Highway network is a network of 141,000 kilometres of standardised roadways crisscrossing 32 Asian countries with linkages to Europe. The Inter-governmental Agreement on the Asian Highway Network was adopted on 18 November 2003 by an intergovernmental meeting held in Bangkok, was open for signature in April 2004 in Shanghai and entered into force on 4 July 2005. Bangladesh decide to accede to the Intergovernmental Agreement on 10 August 2009 and it came into force on 8 November 2009.

⁵ "Remittance Growth at Risk: Inflow Expected to Remain Resilient", *Priyo* 19 August 2011, <http://news.priyo.com/business/2011/04/22/remittance-growth-risk-inflow-24229.html>

Threat perception

Some sections of the Bangladeshi elite perceive India as a threat especially since the military came to power after Mujib's assassination. The fact that Bangladesh is surrounded by India on all the three sides creates a natural apprehension in the minds of the Bangladeshis any external threat has to emanate from India, its bigger neighbour. This feeling has been accentuated by the mistrust that exists between the two countries. Given the political compulsions and the ideological underpinnings of the civilianised military regimes, the threat posed by India was deliberately fostered to strengthen the interest of these regimes, and lend them the legitimacy so critical for their political survival. In view of this threat perception, Bangladesh has sourced its weapons from China and built its army with India in mind. However, lately Bangladesh is realising that the non-military challenges that the country is facing are far more overwhelming than the perceived conventional threat posed by India.

Whether it is small arms, terrorism and political violence, issues of governance, problems of underdevelopment that have the potential to contribute to social unrest or issues like climate change and natural disasters, the challenges confronting Bangladesh are immense. Its foreign policy today therefore is geared towards addressing some of these challenges. The country also realises that to deal with the non-traditional challenges, cooperation with India would be the logical option. Moreover, small arms proliferation, trafficking of human being, smuggling, drug and narcotic problems cannot be resolved without the cooperation of India as the two countries share a 4156 km porous border.

The linkages between terrorist groups and small arms proliferation has several repercussions for Bangladesh's political stability. Thus, the present Hasina government after assuming power handed over some Indian insurgent leaders to India to break the unholy nexus between the smugglers and insurgent groups as well as their linkages with intelligence agencies. Rather than continuing the earlier policy of providing patronage to Indian insurgents and disregarding Indian request for greater economic cooperation, the Hasina government has taken a pragmatic view s and decided to improve relations with India and extract concessions from the latter with a view to improving Bangladeshi economy.

Similarly the threat of global warming and climate change has made Bangladesh vocal in multilateral global forums. Bangladesh is most vulnerable to climate change given its low coast line and thus is playing leading role in shaping the global debate on climate change and have played active role.

Bangladesh and South Asia: The Emerging Dynamics

Since it return to power the AL government has signed up for the Asian Highway Network with the aim of developing Bangladesh as a major regional economic hub, as per its election manifesto which stated clearly that "rail and road connection with neighbouring countries under the Asian Rail and Highways schemes will be established".⁶ The AL had also made an election promise to construct deep sea ports and modernise the Chittagong and Mongla ports and open them up to all of Asia.⁷ Sheikh Hasina visited India in January 2010 and signed a 50-point joint communiqué with the

⁶ Election Manifesto, 2008, www.albd.org

⁷ Election Manifesto, 2008 *Jatiyo Sangsad* Election, Awami League, available at www.albd.org

express aim of developing infrastructure and improving trade facilities to enable trade and transit links with India which will also link Bangladesh with Bhutan and Nepal and allow them use of Bangladeshi ports.

This decision to extend port facilities to other South Asian neighbours reflects Bangladesh's aspiration to emerge as a leader in the region. The country has also proposed a South Asia Task Force on terrorism. This was a natural initiative of a party whose top leadership was nearly wiped out in a bomb attack in 2004. To quote Hasina:

Bangladesh also recognises the value of regional anti-terrorism arrangements, and instruments for combating terrorism. Thus, my government has proposed establishment of a South Asian Task Force on Counter-Terrorism, and is now working with regional partners on its scope, dimension and modalities.⁸

Though the initiative is still in an embryonic stage nevertheless it reflects Bangladesh's ambition to play a significant role in the region.

Bangladesh-Bhutan

Bangladesh has taken special care to improve relations with its South Asian neighbours. Sheikh Hasina made her first bilateral state visit to Bhutan in 2009. During her visit she requested Bhutan to involve Bangladesh in electricity generation and electricity export as Bangladesh is facing a serious power shortage. In January 2011, Bhutan's Prime

Minister Jigme Y Thinley made a return visit to Dhaka. Both the countries are trying to finalise a transit agreement after India agreed to allow transit through its territory. Direct air services between the two countries have already started and they have also decided to increase cultural exchanges. Thimpu has agreed to recruit 90 medical specialists and physicians from Bangladesh over the next three years. The two countries have agreed to increase their trade from current \$30 million to \$100 million within next few years. Bhutan has also agreed to share data on the flow of Brahmaputra. It also needs to be mentioned that Bhutan was the first country after India to recognise Bangladesh on December 7, 1971.

Bangladesh- Maldives

Bangladesh and Maldives have similar issues regarding climate change. Bangladesh is also considering the option of offering space to Maldives in its diplomatic missions as Maldives has only 13 missions around the world. It is estimated that there are about 35,000 people of Bangladeshi origin in Maldives and they constitute 11 per cent of the total population of the country.⁹ Approximately 60,000 Bangladesh workers are now working in Maldives¹⁰. The foreign minister of Maldives visited Bangladesh in 2010. Maldives has also expressed an interest in establishing shipping links between Male and Chittagong.

Bangladesh-Nepal

Bangladesh and Nepal are now seriously discussing a transit treaty s after India agreed to extend transit facilities to Bangladesh for trade with

⁸ Sheikh Hasina's speech to the 15th Summit of NAM, 15-19 July 2009, http://www.pmo.gov.bd/index.php?option=com_content&task=view&id=382&Itemid=353

⁹ "Bangladesh to Offer Maldives help with Diplomacy". See <http://minivannews.com/politics/bangladesh-to-offer-maldives-help-with-diplomacy-11376>

¹⁰ Maldives to Recruit More Manpower from Bangladesh. See *Financial Express*, available at http://www.thefinancialexpress-bd.com/more.php?news_id=137428&date=2011-05-30

Nepal through its territory. Earlier in 1997 Nepal was provided with Phulbari-Radhikapur route to trade with Bangladesh. However, trade through this route was not economically feasible. The two countries have signed an agreement on operating modalities for the carriage of transit/trade cargo between Nepal and Bangladesh. It has been decided that 24 Nepali trucks can enter Bangladesh to unload goods at Mongla. They would not be allowed to stay for more than 10 hours and transit cargo would not be verified by customs if the seal is intact and trade by rail and truck would carry pilfer-proof containers.

Bangladesh-Sri Lanka

The Sri Lankan prime minister Mahinda Rajapakse visited Bangladesh in April 2011. The two countries took steps to increase cooperation in the field of agriculture and shipping and strengthen the existing cultural cooperation. They also jointly celebrated 100th birth anniversary of Tagore this year in Colombo. Earlier in 2007, Bangladesh had presented a Buddha hair relic to Sri Lanka. Though trade between the two countries is not much, both the countries have agreed to expand trade. They are now proposing feeder services to Chittagong and Mongla from the newly built port of Hambantota in Sri Lanka.

Bangladesh-India

Bangladesh's relations with India improved after the Awami League assumed power. The government took the initiative to address Indian security concerns by arresting the top leaders of ULFA and handing them over to India. Dhaka is also mulling over the possibility of handing over Anup Chetia one of the top ULFA leaders wanted

by India. Both the countries have agreed on number of initiatives like connectivity and building of road infrastructure. India has extended a loan of \$1 billion, the largest bilateral credit line provided to any country at a very low rate of interest. India also agreed to supply 250 MW of electricity to Bangladesh to help it overcome its power shortage and transmission lines are now being laid. Agreements on demarcation of land boundary, exchange of enclaves and river water sharing are on cards and both the governments are trying their best to settle these intractable issues which have bedevilled relations for long.

The two countries have also signed a Business Investment Promotion Agreement in 2009 to boost trade and investment. This is important because the trade gap between the two countries is growing and coupled with the non-tariff barriers, bureaucratic hassles, delay in customs etc have contributed to the anti-India sentiment among the Bangladesh traders.

India and Bangladesh share 54 common rivers between them. Therefore, the sharing of river water has been a major issue between the two countries. To quote Bangladesh's foreign minister:

Securing an equitable share of the waters of our common rivers has been a persistent pre-occupation of our foreign policy endeavours and has been a yardstick for good neighbourly relations. It is therefore, a major issue between Bangladesh and our closest neighbour, India, with whom we share boundaries on almost all three sides. This is likely to continue to dominate our bilateral agenda for years to come¹¹.

¹¹ Speech of Foreign Minister on 'Foreign Policy of Bangladesh: Priorities and Challenges and issues of Bangladesh-China Relations' in Beijing, 20 June, 2011, available at http://www.mofa.gov.bd/index.php?option=com_wrapper&view=wrapper&Itemid=135, accessed on 7 August 2011

India and Bangladesh signed the Farakka Treaty in 1996 that was valid for 30 years. However, there is an across the board concern in Bangladesh with regard to future river flows. As of now, sharing agreement applies only to the Ganga. Some elements in Bangladesh wish to use this concern for arousing anti-India sentiments, while others would like reasonable solutions and assurances from India. Against this backdrop, India has been sensitive to the Bangladeshi concerns and has assured Bangladesh that it will take their viewpoint into account over the Tipaimukh project. The two countries are very close to reaching an agreement on Teesta.

Bangladesh-Myanmar

Bangladesh witnessed increased tension on its border with Myanmar as Yangon tried to erect a barbed wire fence on the Bangladesh-Myanmar border to prevent problems relating to the Rohingyas. Their two navies also came had a confrontation over the contested claims over the oil and gas blocks in the Bay of Bengal. It was only after China's intervention that the two countries withdrew their navies. Bangladesh, Myanmar and India have contested claims relating to maritime boundaries in the Bay of Bengal. Bangladesh is planning to sign river transport protocol with Myanmar that will allow 25 non-conventional Bangladeshi and Myanmar ships to use each other's inland river waterway systems¹².

Bangladesh-Pakistan

Bangladesh's relations with Pakistan have been tense given the government's decision to try the 1971 war criminals. Immediately after Sheikh Hasina assumed office President Zardari sent his special

envoy Zia Ispahani to request her not to take up the war crimes issue at this point as it would embitter the relationship. The 1971 war and the atrocities committed by Pakistan army and its accomplices in Bangladesh have been a contentious issue between the two countries. Given its election pledge to bring these war criminals to justice the government has set up a war crimes tribunal to investigate crimes committed during the nine months of war. The long pending issue of the 'stranded Pakistanis' and division of assets have also bedevilled Bangladesh's relationship with Pakistan.

In sum, Sheikh Hasina government has tried to invigorate its relations with its regional neighbours in South Asia. To fulfil its promises of economic development at home, it has embarked on infrastructure development and connectivity. Not only it has tried to improve its relations with India but has strived to emerge as a gateway to East Asia by connecting Bangladesh to India, China, Nepal, Bhutan and Myanmar.

Bangladesh and China

As has been pointed out above, there is bipartisan support in Bangladesh for strengthening ties with China. While Awami League has sought to strengthen its ties with India, it has been, at the same time, extremely conscious of China's importance as an economic partner of Bangladesh and a source of its military hardware. Dhaka under AL has balanced its relations with China and India. Apart from Beijing, Hasina has also visited Kunming and offered China to build the Chittagong port and the road links to connect it with Kunming via Myanmar.

¹² "Water Transport Protocol with Dhaka soon: Myanmar Envoy", *New Age*, 19 August 2011, <http://newagebd.com/newspaper1/national/23036.html>

The Chinese vice president Xi Jinping visited Dhaka in June 2010 to celebrate 35 years of diplomatic relations between the two countries. China is also building a deep sea port at Sonadia and has offered RMB 150 million as grant for socio-economic development of Bangladesh.¹³ China has emerged as the largest trading partner of Bangladesh and the trade gap between the two is growing. The present trade with China has crossed \$7 billion annually¹⁴, compared to \$3.3 billion with India.

Bangladesh has close defence ties with China, which has emerged as an important supplier of weapons. The BNP government in 2001 had signed a defence cooperation agreement with China. Recently, the country is planning to buy 44 new tanks and three armoured recovery vehicles from China as a part of modernisation of its army. These would be delivered within next 27 months.¹⁵

West Asia: Source of Remittance flow

Similarly Bangladesh shares very good relations with the countries of West Asia. Both from the point of view of religious affinity as well as source of employment for Bangladeshi citizens, the countries of West Asia have played an important role in economic and political life of the country. Following global recession, many workers returned home forcing Hasina to visit East Asia

and the Middle East countries to request their governments to employ workers from Bangladesh. The AL which in its election manifesto had promised that, “Solidarity with the Muslim Ummah and economic cooperation within the framework of OIC will be enhanced”, suddenly found itself in difficult situation given the turbulence in the Arab world. According to Prime Minister Hasina, the “Remittance is the second largest source of foreign exchange earning for Bangladesh”, accounting for about 11 per cent of its GDP and her government had “identified this as a thrust sector”¹⁶. Out of 7 million Bangladeshis working abroad, 60 per cent are employed in the Middle East.¹⁷ Remittances contributed to nearly 11 per cent of the GDP in the 2010 which declined to about 8 per cent in 2011.¹⁸

According to available statistics the “total remittance inflow for the fiscal year 2009-2010 was USD 10,987.4 million which is 13.40 per cent higher compared to the fiscal year 2008-2009. This remittance growth rate is the lowest in the last six years”. Bangladesh’s remittances mostly come from the GCC countries followed by UAE and US. Total amount of remittance flow for FY2010-2011 was \$11,649 million¹⁹. Many Bangladeshi workers also returned home following unrest in West Asian and African countries like Libya, Egypt, Bahrain and Yemen.

¹³ <http://www.priyo.com/business/2011/06/23/china-offers-rmb-150-million-g-29604.html>

¹⁴ Speech of Foreign Minister on ‘Foreign Policy of Bangladesh: Priorities and Challenges and issues of Bangladesh-China Relations’ in Beijing, 20 June, 2011, available at http://www.mofa.gov.bd/index.php?option=com_wrapper&view=wrapper&Itemid=135, accessed on 7 August 2011

¹⁵ Hasan Jahis Tusher, “Army to get 44 Tanks”, *Daily Star*, June 27, 2011, <http://www.thedailystar.net/newDesign/news-details.php?nid=191737>

¹⁶ Fourth Ministerial Consultation on Colombo Process: Statement of Prime Minister Sheikh Hasina, 20 April 2011, www.pmo.gov.bd

¹⁷ Uprising in the Middle East: Bangladesh Labour paying the price. <http://www.perspectivebd.com/uprising-in-the-middle-east-bangladeshi-labors-paying-the-price/>

¹⁸ [http://www.ep1bangladesh.com/brokerage/economy/1303621628Remittance%20-%20Risk%20of%20slowdown%20\(April%2018,%202011\).pdf](http://www.ep1bangladesh.com/brokerage/economy/1303621628Remittance%20-%20Risk%20of%20slowdown%20(April%2018,%202011).pdf)

¹⁹ Ibid

US and Western countries

Bangladesh shares very good relations with the US and other Western countries. One of the major concerns for the US has been the presence of radical groups in Bangladesh who threaten to use its territory for terrorist activities in the region as well as outside it.

Countries like the US and European Union reportedly exerted pressure on the Bangladesh army to take direct control of administration in 2007 January, when the situation was sliding towards chaos and civil war. Similarly, it is believed that they also influenced the military backed caretaker government's decision to hold elections and transfer power to the elected civilian government. The US shares good relations with the two main political parties, and thus, at times it has urged them to desist from the *hartal* politics. Both the countries share concerns on the issue of terrorism and US has been supportive of Bangladesh's counter-terrorism efforts to deal with incidents like the country-wide bomb-blasts and also to address the issue of fundamentalism.

There are many elements in Bangladesh who had fought along with the Afghan mujahideen in the 1980s and later with the Taliban in Afghanistan. Groups like HuJI, with a significant presence in Bangladesh, are a major concern for the US. HuJI was involved in the attack on American Centre in Kolkata in 2002.

The US wants Bangladesh to develop as a moderate Muslim country, and as a model for the entire Islamic world. It has been providing developmental assistance to Bangladesh and is major market for its garment export. US provides duty free quota to Bangladesh's readymade garments. Quota restrictions on Bangladesh readymade garments was lifted in 2005 as the multi-fibre agreement was phased out. "In fiscal year (FY) 2011, Bangladesh exported an estimated \$5.0 billion worth of goods to the USA. It earned another \$500 million of imports and \$1.5 billion of remittance in the same fiscal.²⁰ US foreign assistance in the FY 2010 was \$168.5 million²¹. Taking into account Bangladesh's exports to the US and remittances from the US, "the net foreign earnings from the USA amounted to \$6.0 billion, which was about 6.0 per cent of Bangladesh's annual gross domestic product (GDP) in FY 2011".²² Bangladesh also expects the US to contribute to its climate mitigation fund. According to a report, a Trade and Investment Framework Agreement to further bilateral trade is to be formalised. The US, in the recent past, has been critical of the manner in which Mohammad Yunus was removed from the Grameen Bank. Recently, the US Ambassador to Bangladesh said that US investment in Bangladesh would be affected by worker unrest and the energy crisis.

Another major destination for Bangladesh readymade garments (RMG) is European Union (EU). The EU countries focus on social sector development - on education, good governance,

²⁰ Sadeq Ahmed: "Strengthening Economic Relations with US", Policy Research Institute, http://www.pri-bd.org/index.php?option=com_content&view=article&id=233:strengthening-economic-relations-with-the-us-part-i-ii&catid=47:bangladesh-economy&Itemid=59

²¹ Congressional Research Committee report, "Bangladesh: Political and Strategic Development and US interest", *CRS Report*, April 1, 2010, p.1.

²² Sadiq Ahmed, "Strengthening Economic Relations with the US", *Financial Express*, July 29, 2011, see http://www.thefinancialexpress-bd.com/more.php?news_id=144401&date=2011-07-29

human rights and trade linkages. The EU also provides technical and vocational training to the people of Bangladesh to help the country to export skilled manpower, as it enables Bangladesh to earn foreign currency. The EU has also financed the Comprehensive Disaster Management programme and has regularly supported private sector development. The total allocation for Multi-annual Indicative Programme 2011-2013 is Euro 198 million.²³ The UK is the largest grant donor to Bangladesh. Organisations like the DFID are funding various projects in Bangladesh.²⁴

Major Issues in Foreign Policy

Look East policy and Asian Highway

Bangladesh embarked on a 'Look East' policy in 2001 in search of markets and investment in South East Asia. Yet surprisingly, the BNP which is the chief architect of this policy chose not to sign the Asian Highway agreement that would link Bangladesh with East Asia. It had reservations about cooperating with India on the matter. It was distinctly unwilling to grant India transit through its territory to better access its Northeast states—a transit facility that India has been seeking since its suspension during the 1965 war. The BNP government wanted the highway to bypass India's Northeast and run through its south eastern border (Dhaka-Chittagong-Cox's Bazar-Teknaf-Yangon route) with Myanmar instead of the Benapole-Jessore-Kanchpur-Dhaka-Sylhet-Tamabil or the Banglabandha-Hatikamrul-Dhaka-Kanchpur-Sylhet-Tamabil route. Myanmar has opposed Benapole-Tamabil route because it passes through

its troubled Rakhine province populated by a substantial population (40 per cent) of Muslim Rohingyas. Myanmar has instead built fences along this border much to the chagrin of the Bangladesh.

The Awami League government, has pursued Bangladesh's look east policy initiated by the BNP regime. Ironically, this policy was initiated by the BNP to lessen Bangladesh's dependence on India and integrate the country economically with South East Asia. Apart from developmental needs and economic integration, Bangladesh also has a large number of workers that are working in various countries in south East Asia. The Bangladesh government acceded to the Asian Highway agreement in August 2009 and its entry came into force in November 2009.

Hasina visited Malaysia to attend 6th World Islamic Economic Forum in May 2010. Malaysia has been hiring Bangladeshi workers since 2006 and it is estimated that 400,000 workers are still working there. However, Malaysia had banned the import of Bangladesh labourers in 2007, however, the bilateral relationship has improved since then. Malaysia has been the largest investor in Bangladesh among the South East Asian states. Bangladesh also has good relations with other countries in the region.

Securing Energy

The country has signed agreement with India to meet its energy needs. India has agreed to provide 250 MW of electricity. It has also reached an understanding with Bhutan for electricity import.

²³ Out of which 74 per cent is allocated to education. Apart from this, the EU invests in social development and health which receives 20 million euros, governance and human rights 54 million euros, 10 million euros for building further on achievement of electoral process, support to policy making 20 million Euro, pro poor private sector development 30 million euros, environment and disaster management, food security 20 million euros each. http://www.eas.europa.eu/bangladesh/csp/11_13_mtr_en.pdf

²⁴ <http://www.dfid.gov.uk/Documents/publications1/op/Bangladesh-2011.pdf>

Similarly China and Canada are involved in the construction of coal based power plants in Bangladesh. The prime minister of Bangladesh visited Russia and the two countries have signed agreement on nuclear energy cooperation to develop Roopur nuclear power plant in Pabna. This agreement is renewable after every five years. This power plant is expected to generate 2000MW of electricity by 2020. Russia will remain responsible for the management of this power plant and disposal of the spent fuel. Earlier, Bangladesh had explored the possibility of developing nuclear energy with the help of China. However, it is reported that terms and condition for nuclear power cooperation with Russia were much more attractive than China forcing the government to prefer the former.

Inviting Investment

One of the priority areas of Bangladesh's foreign policy is to make Bangladesh an investor's paradise. The government has thus decided to take firm steps to deal with terrorism as it would hamper Bangladesh's investment climate. The government passed the Special Economic Zone act in the Parliament in 2010 to attract foreign investment. According to World Bank's Doing Business in 2011, Bangladesh has moved up by four places and now ranks 107 out of 183 countries, which is the largest improvement among South Asian countries.²⁵

Climate Change and UN Peace Keeping

At the international conference on climate change, the Bangladesh prime minister warned that if the issue is not addressed, Bangladesh is likely to

have 50 million climate refugees in 2050 due to the adverse impact of climate change. It has urged the developed countries to come forward and take steps to address the issue of carbon emission. On Bangladesh's part, it is involved in the maintenance and dredging of the country's major rivers to improve their navigability and it is also creating green belts around the coastal belt.²⁶ It needs to be mentioned that India has provided Bangladesh with funds to dredge rivers that caused frequent flooding given the rising siltation level in the rivers. The government is also taking steps to tap solar power as well.

According to the Bangladesh foreign minister the government has "already approved of 134 Climate Change Action Plans, established a \$100 million US dollar Climate Change Fund and a Multi-Donor Trust Fund with \$150 million US dollars from friends"²⁷. While speaking at the 16th SAARC Summit at Thimpu, Prime Minister Hasina proposed setting up Himalayan Council on the model of the Arctic Council to help the climate-victim nations in South Asia. She further proposed an International Adaptation and Research Centre (IARC) to be established in Bangladesh to recommend measures to cope with the impact of climate change and to facilitate exchange of scientific data and eco friendly technology²⁸. She urged the countries of South Asia to mobilise the support of the world community to establish a legal regime under United Nations Framework Convention on Climate Change (UNFCCC) protocol to ensure social, economic and cultural rehabilitation of climate refugees.

²⁵ Asian Development Bank Report, p.9

²⁶ "Hasina Seeks International Help in Climate Change battle", *Daily Star*, October 22, 2009

²⁷ Speech of Foreign Minister in Berlin, 1 September 2010, http://www.mofa.gov.bd/index.php?option=com_wrapper&view=wrapper&Itemid=135, accessed on 7 August 2011.

²⁸ For Prime Minister's speech see <http://www.saarc-sec.org/userfiles/BangladeshPM.pdf>

Bangladesh is also playing a pioneering role in international peacekeeping in many countries of the world. It has currently about 10,900 military and police personnel in 12 UN peacekeeping missions in 11 countries. It ranks first in terms of police contingents.²⁹

Regional Cooperation: SAARC and BIMSTEC

Bangladesh has played an important role in the creation of SAARC and is a strong advocate of regional cooperation. In fact in 1997, the Awami League had proposed a South Asian Growth quadrangle (SAGQ) as a means for enhancing sub-regional cooperation. Within SAARC, it has been vocal about advocating trade concession for least developed countries (LDCs). It negotiated tariff concessions for LDCs when the countries signed the South Asian Free Trade agreement (SAFTA). It has also been vocal on the issue of terrorism. At the 16th SAARC summit held in Thimpu in April 2010, Sheikh Hasina rejected terrorism in all forms and held that nothing could justify violence in the name of religion. She pledged that Bangladesh would not allow its territory to be used for launching terrorism elsewhere. She also emphasised cooperation at bilateral, regional and sub-regional levels to harness member countries' capacity and resources to fight the menace. She also advocated establishment of seed bank and regional initiative on climate change and greater people to people contact among the states of south Asia.

In a successful diplomatic campaign, Bangladesh won the bid to establish BIMSTEC secretariat in Dhaka in January 2011. The BIMSTEC member countries are committed to establishing regional connectivity in which Dhaka is bound to

play an important role given its geographical location. Currently Bangladesh is the chair of BIMSTEC and it has headed the task force on trade and investment within the forum. The organisation is an important component of Dhaka's look east policy. The country has been striving to establish road and rail links with South East Asian countries through Thailand.

Conclusion

The Awami League government has been eager to play a greater regional role as is evident from its attempt to bring in China, Myanmar, Nepal, Bhutan and India in a regional transit and connectivity arrangement. It has actively participated in the world forums as well as in SAARC and BIMSTEC and emphasised on regional economic cooperation. By so doing the government successfully dealt with the issue of transit to India which was a point of contention earlier. This policy of developing infrastructure and port facilities has also been woven well into Bangladesh's look east policy.

The pragmatic approach adopted by the AL government is likely to help Bangladesh boost economic development and create employment opportunities for its large numbers of unemployed youth. The country will also benefit from the transit fee and its economy will grow given the regional dimension of these projects. The AL has also taken initiatives for energy cooperation with India and has proposed a South Asia energy grid to address the issue of severe power shortage.

Sheikh Hasina's government has shown great diplomatic ability by successfully persuading Malaysia and Saudi Arabia to lift their bans on

²⁹ Foreign Minister's statement as cited in n.2

Bangladeshi workers, especially at a time when the global economic meltdown threatens to reduce the flow of remittances, which form a major source of foreign exchange for Bangladesh.

The government has taken initiative to deal with the issue of terrorism in the broader framework of regional security. Whether it is the arrest and surrender of Indian insurgents groups that were provided shelter by the previous governments or cooperation on the issue of terrorism with US, the state has taken definitive action against militant groups like the Jamaat-ul Mujahideen Bangladesh (JMB) and Jagrata Muslim Janata Bangladesh (JMJB)

which were behind serial bombings earlier in August 2005.

The government's initiatives in the past two and half years reflect its commitment to achieve domestic economic and political goals in its election manifesto and to place Bangladesh prominently on the global geo-political map. The Awami League's policy to engage the regional countries especially India and China for developing port and infrastructure facility in Bangladesh and thereby creating multiple stakeholders also attests to its deft diplomacy and would ensure, to a large extent, sustainability of these projects beyond its tenure.

INDIA AND BANGLADESH: TOWARDS CONVERGENCE

The Awami League coalition's victory giving it an over three-fourths majority in the 9th Jatiya Sangsad elections was extraordinary. After months the sombre and watchful mood was charged with excitement and joy. Bangladesh was once again brimming with hope and expectations. With Bangladesh's return to democracy and an Awami League-led coalition government in Dhaka, India looked forward to friendly ties with Bangladesh.

It soon became clear that, both New Delhi and Dhaka were equally keen to maximise the convergences and minimise the divergences. During the visit of Bangladeshi Prime Minister Sheikh Hasina to India in January 2010, both sides signalled a keenness to take advantage of the window of opportunity available to them. The two states took a leap of faith with the joint communiqué that was signed during the visit. The promise of a shared prosperity would become the cornerstone of Indo-Bangladeshi ties from now onwards.

Given the uneven trend of bilateral relations in the past, the moot question that arises almost a year and half later is: can the two neighbours deliver on the promises made? Can the two governments walk the talk and ensure that the bilateral track does not go down the slippery slope again? With Bangladesh having addressed Indian security concerns, the expectations are high in Dhaka. Bangladeshis are especially keen to see evidences of India's commitment. In this context, will Manomhan

Singh's upcoming visit to Bangladesh in September 2011 go down in history as the game changer?

Backdrop

BNP-Led Coalition Govt (2001-2006): Lack of Convergence

India's experience with the last two elected governments of 1996 and 2001 has been varied. It has ranged from friendship to near hostility. New Delhi enjoyed stable and cordial ties with Dhaka, during the first tenure of the Sheikh Hasina led Awami League government (1996-2001). Bangladesh concluded two landmark agreements, namely: the sharing of the Ganga waters in 1998 and the Chittagong Hill Tracts (CHT) agreement the following year. The latter resulted in the repatriation of 65000 Chakmas from India. Belying all expectations, the bilateral relationship plummeted to a new low from October 2001, when the BNP-led coalition was returned to power in Bangladesh. Apart from a few high level visits made by the Indian ministers for external affairs Yashwant Sinha (2002) and Jaswant Singh (2005) and the Bangladeshi foreign minister Morshed Khan (2003), the relationship between both countries could not gather any momentum. In view of the negative inertia that had set in during BNP rule, the visit of Prime Minister Khaleda Zia to India in March 2006, just months before she demitted office, was not expected to make any significant impact. In fact, on

the eve of this visit, Bangladesh had insisted that Indian prime minister should visit Bangladesh before Khaleda's visit to India.¹

From the Indian point of view, its core security concerns emanating from Bangladesh were exacerbated during this phase while the latter was concerned with trade issues that were largely ignored by India. Unlike the past, this phase (2001-2006) witnessed aggressive posturing by both sides leading to a hardening of positions and creation of roadblocks in resolving bilateral differences. The Khaleda Zia government largely ignored Indian security concerns. The ULFA leader Anup Chetia and ATTF leader Sanjeev Deb Barman, who were arrested by the previous Awami League government (1996-2001) were allowed to seek political asylum in Bangladesh and their movements, activities and political statements were periodically documented by the Bangladeshi media.² Khaleda even termed the Indian militants as 'freedom fighters.'

India has time and again identified and named a number of terrorist training camps run by Northeast insurgents within Bangladesh. This allegation was firmly denied by the BNP government. In addition, the Bangladesh border chief even went to the extent of accusing India of involvement in the nation-wide blasts that rocked Bangladesh on August 17, 2005.³ This period also witnessed wide scale violence against the Hindu

minorities which started soon after Khaleda came to power in 2001. There were reports of the growing presence of Taliban and Al Qaeda elements in Bangladesh. Links between terrorist activities in India and terrorist groups in Bangladesh also came to the fore. Bangladesh also witnessed a spate of terrorist attacks against minority groups, secular institutions and prominent personalities.⁴

This was also the phase when Bangladesh was debating the issue of the possible export of natural gas to India. International oil companies and various funding agencies felt that there were substantial natural gas deposits in Bangladesh which could be commercially exploited and exported. Owing to pressures from international companies Prime Minister Khaleda Zia formed two committees to examine the issue of exporting gas to neighbouring countries. The committees reported that the existing reserves did not warrant exports and suggested further exploration of gas.

During this period, India had offered Bangladesh a free trade agreement (FTA) in line with the FTA it had with Sri Lanka. This was not received well in Bangladesh, which even went to the extent of turning down an Indian proposal to be part of the Asian highway project floated by the ADB because such a road would pass through India. It was not ready to offer transit or transshipment facilities to India for transferring goods to Northeast. It was under these

¹ Bangladesh did not consider the travel of Atal Behari Vajpayee to Bangladesh in 1999 to inaugurate the Kolkata Dhaka bus service as a state visit. It insisted that it was India's turn to send its prime minister to Dhaka.

² Amongst others, "Anup Chetia's jail term ends today" Daily Star 25 February 2005; "Two govts may discuss it if there is official request: Foreign Ministry source: India wants Anup Chetia extradited" at <http://nation.ittefaq.com/artman/exec/view.cgi/27/16374> downloaded on 18 February 2005.

³ In fact in the latest BSF BDR(27-30 September 2005) meeting in New Delhi India handed over a list of 307 militant leaders /wanted criminals and 172 northeast insurgents camps operating in Bangladesh

⁴ Sreeradha Datta, 'Bangladesh: A Fragile Democracy' (New Delhi); Shipra, 2004 pp148-151

circumstances the caretaker government assumed office and took initiatives to repair Bangladesh's relationship with India.

***Caretaker Government (2006-2008):
Balancing the ties***

Like the rest of the world India was taken aback by the turn of events in October 2006. The end of the Khaleda government brought the country closer to internal chaos. The growing unpopularity of the Khaleda nominated caretaker government led to uncertainty over electoral process and finally brought about a second caretaker government which was backed by the army. It was undoubtedly faced with a herculean task. India recognised the professionalism of the caretaker government in fighting terror on Bangladeshi soil and responded positively to its sympathy attitude towards Indian concerns.

Under the caretaker government headed by Chief Advisor Fakhuruddin Ahmed Indo-Bangladesh relations improved considerably. While no major bilateral problems were resolved during this phase it was marked by regular and periodic high level contacts. India's approach to Bangladesh during this phase was marked by understanding, accommodation and concessions. These were duly reciprocated by the caretaker government leading to greater synergy between the two.

Free from partisan politics, the second caretaker government demonstrated its willingness to consider Indo-Bangladesh relations objectively. Apart from high profile visits as that of the Indian minister for external affairs, Pranab Mukherjee, to Dhaka, soon after Fakhuruddin Ahmed assumed office in February 2007, both sides worked towards improving the bilateral atmospherics. The BDR director General Shakil Ahmed's visited India in March, 2007 and the foreign secretaries—

Shivshankar Menon and his Bangladeshi counterpart Md. Touhid Hossain—met after a gap of two years. The Indian move of offering trade sops was received well in Bangladesh and took bilateral relations to an "irreversible higher trajectory". Various outstanding issues including security, trade imbalance, peaceful border management and cooperation in management of water resources were covered during these talks. On the economic front, both Indian and Bangladeshi leaders initiated various measures that resulted in a number of agreements. However, despite many bilateral meetings, the core Indian security concerns vis-à-vis Bangladesh remained largely unaddressed.

Hasina Government's Pragmatic Policy: Upswing in India-Bangladesh Relations

The Awami League government, which came to power in January 2009, adopted a pragmatic foreign policy towards India under Sheikh Hasina's leadership. It charted out a new path of friendship and cooperation with India. The joint communiqué signed between the prime ministers of the two countries in New Delhi in January 2010 included new areas of bilateral cooperation. Significantly, the India and Bangladesh militaries were seen to be working together as well. With a perceptible change in Indo-Bangladesh relations, there are better prospects of Bangladesh developing as a hub for inter and intra-regional trade and transit.

Addressing Mutual Concerns

Political and Security ties

In sharp contrast to the earlier phase, the number of visits between the two countries have also increased. Indian Prime Minister Manmohan Singh's visit in early September will be a landmark visit after a gap of 13 years. The regular exchange of cultural envoys, academicians, think-tankers and

journalists has buttressed the positive atmospherics that have been generated over the last two years. Indeed the floodgates of cooperation seem to have opened now with Bangladesh expressing its willingness to address India's long-standing security concerns. In 2010, both sides had underscored the need for both countries to actively cooperate on security issues and had assured each other that the territory of either would not be allowed for activities inimical to the other. They had also resolved not to allow their respective territories to be used for training, sanctuary and other operations by domestic or foreign terrorist/militant and insurgent organisations and their operatives. In this context, it is encouraging to see Bangladesh initiating the process to hand over ULFA leader Anup Chetia (arrested in Dhaka and kept in custody since 1997) to India ahead of Prime Minister Manmohan Singh's September visit.

Immediately after coming to power, the Sheikh Hasina government's reopened the Chittagong arms haul case (2004)⁵ and arrested the former national security Intelligence chiefs Maj Gen (ret'd) Rezaqul Haider Chowdhury and Brig Gen (ret'd) Abdur Rahim, who were involved in that case. This sent the right signals to India. India had maintained for long that the insurgents from the Northeast found safe havens in Bangladesh and enjoyed the support of the Bangladeshi state as well. With the confessional statements of Md. Hafizur Rahman and Din Mohammad, the linkages between Bangladesh security agencies and Indian militants have improved beyond any doubt.⁶

The Hasina government has also arrested some of the noted Indian terrorists based Bangladesh. The investigation into the Mumbai attack had revealed links between outfits in Pakistan and HuJI of Bangladesh and this concern was conveyed to the authorities in Bangladesh. As a follow up, on May 27, 2009, Abdul Rouf Daud Merchant, an operative of the mafia gang headed by Dawood Ibrahim, hiding in Bangladesh, was arrested with his accomplices from Brahmanbaria in the Chittagong division. Daud had fled to Bangladesh following his conviction in April 2002 for the killing of the Indian music baron Gulshan Kumar. Daud along with a few other operatives of the mafia gang had been living in the country under false identities for seven years. Arif Hossain alias *chacha*, another Indian fugitive and accomplice of Daud was also arrested from Dhaka in June 2009. On July 20, 2009, another notorious terrorist Moulana Mohammad Mansur Ali, an Indian national linked to Pakistan-based militant group *Lashkar-e-Taiba* (LeT) was arrested from a madrassa in the Dakkhin Khan area of Dhaka on July 20, 2009. Ali was also an organiser of Asif Reza commando force, the terrorist outfit responsible for the attack on American Centre in Kolkata on January 22, 2002.⁷ Ali's arrest came a day after another LeT operative, Mufti Obaidullah, linked to the Dawood gang was apprehended from Dhaka.

Effective security cooperation between India and Bangladesh is likely to form the basis of a lasting bilateral relationship and help both governments to overcome mutual distrust. Of the five MoUs

⁵ This was the largest arms haul in Bangladesh (10 truck loads of weapons and ammunition, enough to arm an entire brigade), which had taken place on April 1, 2004 in the Chittagong area. Subsequent investigation revealed that the arms were to be supplied to insurgent groups—ULFA and even NSCN-IM— operating in north eastern India. The BNP government had underplayed the issue because some of the top BNP leaders were involved in this case.

⁶ Sreeradha Datta, 'Complicity of state actors', IDSA Strategic Comments, March 9, 2009

⁷ The merchants of crime,' *New Age Extra*, July 3-9, 2009

signed during Sheikh Hasina's visit to India in January 2010, three related to security issues. Discussions on a bilateral extradition treaty are underway. The three MoUs are:

- Agreement on mutual legal assistance on criminal matters
- Agreement on the transfer of sentenced persons (those on death row are outside the purview of this agreement, also If a similar agreement exists with a third country, Bangladesh and India will provide transit facility for extradition of sentenced persons)
- Agreement on combating international terrorism, organised crime and illicit drug trafficking (terrorist activities perpetrated in and against India and Bangladesh, the two countries can exchange intelligence and general information)

Security cooperation by Bangladesh has been quite convincing during the last three years. Earlier this year, media reports suggested that the ULFA 'captain' Antu Chaudang, 'second lieutenant' Pradeep Chetia and Saurav were pushed back from the Dawki border (Meghalaya) to India. In November 2009, Dhaka had facilitated the arrest and hand over of five top leaders of ULFA, including its 'chairman' Arabinda Rajkhowa. In February 2011, Home Minister Chidambaram submitted a list of 50 wanted Indians who were believed to be either hiding in Bangladesh or have been kept under detention. Dhaka has also given Delhi a list of 100 criminals hiding in India which includes two convicted killers of Bangabandhu Mujibur Rahman and a few accused of involvement in a grenade attack on the ruling Awami League in 2004.

This issue was also discussed during Indian foreign minister SM Krishna's visit to Dhaka between July 6-8 2011. Both the countries expressed their 'determination to jointly combat the menace of terrorism and insurgency and agreed not to allow their territories to be used by elements inimical to each other'. Apart from the criminal gangs and terrorists, movement of illegal economic migrants and border clashes are the other issues that have continued to vex the two neighbours for long.

Border demarcation and Enclaves issue

The problem of illegal trade and smuggling has often led to firing and violent incidents on the border in the past. Although most of the killings take place at night during curfew, and there have been casualties on both the sides. After the New Delhi joint communiqué of January 2011, India government issued strict orders to the Border Security Force not to shoot unarmed civilians even if they were found crossing the porous border illegally.⁸ Moreover, a coordinated border management plan to synergise the efforts of both the Border Security Forces for more effective control over cross-border illegal activities and crimes along the India-Bangladesh border was signed by the chiefs of the border forces during the visit of the Indian home minister to Dhaka on July 30, 2011. Both the countries have decided to coordinate their activities to prevent trafficking and smuggling of arms, narcotics and fake currency notes and control criminal activities along the border.

Simultaneously, the demarcation of the 6.5-km stretch along the India-Bangladesh border, transfer of enclaves and adversely possessed territories are also being worked out. The Joint Boundary Working Group (JBWG) meeting was

⁸ Haroon Habib, 'Entente across the border,' *The Hindu*, 2 August 2011 at <http://www.thehindu.com/opinion/lead/article2316965.ece?homepage=true>

held in November 2010 and since then India and Bangladesh have been engaged in a process to seek a comprehensive resolution of outstanding land boundary issues. India has offered a reasonable package to finalise the 6.5 km undemarcated border issue. As per this package:

- In the Tripura Sector, the midstream of the Muhuri river has been proposed as the boundary as per the 1974 agreement;
- In the West Bengal Sector, the Sui River to become the natural boundary;
- In the Assam Sector, demarcation to be based on available cadastral (*mouza*) maps (as the theodolite traverse data for the survey season 1915–16 as insisted by Bangladesh is not traceable in either country).⁹

The two countries have recently concluded a joint headcount in 162 enclaves on both sides of the border. In the previous surveys of 2007 and 2008, a broad understanding had been arrived at. The people living in the enclaves have largely been well integrated in the area where they lived. Over the years the local populations had moved and settled down in each others enclaves and they wished to continue to do so. As far as the adverse possession of lands was concerned, the residents have been administered directly by the state occupying the land and they have legal rights including voting and, they are mostly unwilling to move. Even though no formal agreements have been concluded, the results of these surveys could serve as the basic parameters for any eventual settlement.¹⁰

The decision to conduct a survey on the Sylhet-Meghalaya border has come up against the backdrop of long-standing disputes on the much talked about border areas like Sonarhat, Dibirhaor, Sripur, Tamabil, Bichhnakandi, Protappur and Lalakhal in Sylhet. The issue of 24 hour access through the *Tin Bigha* corridor to Bangladeshi enclaves has rankled Bangladesh for long. India's likely concession on this front of providing Bangladeshis unfettered 24 hour access to Anagrpotia and Dahagram enclaves in India will definitely generate some goodwill for India in Bangladesh. India has facilitated the electrification of Dahagram and Angarpota in early 2011 and the setting up of schools and hospitals in this enclave by Bangladesh, was welcomed by the local population. The improved border climate has also led to resumption of bilateral border trade after a long break.

Trade and Economic Ties

Border haats

As per the joint communiqué of January 2010, border haats have begun to be held on July 23, 2011, along the Kalaichar border (West Garo Hills district of Meghalaya) and Baliamari border (in Roumari and Rajibpur upazilas of Kurigram) in Bangladesh. Others locations for such haats have been identified in Sonarhat-Lyngkhat border (Sylhet-East Khasi Hills), and Narayantala-Balat border (Sunamganj-East Khasi Hills). The haats will provide the locals a platform to sell locally produced vegetables, fruits, spices, fish, poultry, minor forest produce, produce of local cottage industry, small agricultural

⁹ Sreeradha Datta , 'Caretaking Democracy : Political Processes in Bangladesh, 2006-08, IDSA 2009. New Delhi. pp 106

¹⁰ Sreeradha Datta , 'Caretaking Democracy : Political Processes in Bangladesh, 2006-08, IDSA 2009. New Delhi. pp 106-7

household implements, second hand garments, melamine products and processed food items. The Tripura government has also expressed its keenness to open border haats at six points on the 856 km border it shares with Bangladesh.

Further, India is seeking to upgrade the existing land customs stations into Integrated Check Posts (ICP) with a view to facilitating bilateral trade. A new land customs station (LCS) at Fulbari-Banglabandha was opened in January 2011. The first Akhaura ICP was inaugurated in May 2011. India intends to establish another six ICPs and 20 more custom stations.

Trade and Investment related issues

Trade has been quite a sensitive issue between the two countries. Bangladesh has always raised the issue of tariff and non-tariff barriers from the Indian side as a major irritant, allegedly responsible for an unfavourable balance of trade situation vis-à-vis India. However, the trajectory of India-Bangladesh trade has had an upward swing following the New Delhi joint communiqué of 2010. In fact, as per official estimates exports from Bangladesh to India have increased by 56 per cent in the first 10 months of 2010-11. The unofficial trade is almost equal to the official trade between the two neighbours.

The issue of tariff and non-tariff barriers

Both countries have agreed to address the issue of the removal of tariff and non-tariff barriers and port restrictions and facilitate movement of containerised cargo by rail and water. In this context, Bangladesh has welcomed India's initiative to provide duty-free access to SAARC LDCs to the Indian market and reducing the number of items on India's negative list. In January 2008, under the SAFTA provisions the government of India had permitted duty-free entry of Bangladeshi products into India. The negative list had also been reduced

from over 700 products to about 400. This includes about 50 items from the 101 items suggested for duty-free access by Bangladesh. The tariff free quota system has been applied where duty-free entry was not possible. Bangladesh was given access to 8 million pieces of readymade garments in 2007 which was raised to 10 million pieces in July 2011.

India upgraded the Bangladesh Standard and Technical Institution (BSTI) which will help in dealing with the problem of rules of origin. On March 18, 2011, the Indian National Accreditation Board for Calibration and Testing Laboratories (NABL) has accorded accreditation to the chemical, mechanical and biological laboratories of the BSTI, facilitating the latter's technical capability to issue certificates on quality and standards for some products traded between the two countries. The BSTI has improved the testing facility of 83 ingredients including food items, cement and textiles by setting up new machineries and infrastructure. It is now hoped that the product coverage of BSTI certification jurisdiction would be progressively expanded with the continued cooperation of the Indian standards institutions in the coming days.

India has also dismantled some non-tariff procedures, which had necessitated that Jamdani saris be tested for dyes in Lucknow instead of Kolkata. The colour/dye used in making the saris was tested to check whether the chemicals could pose health hazards. Similarly, the Hilsa fish imported from Bangladesh was also put through a 'sanitary clearing' test in Kolkata instead of Petrapole to ensure that it was fit for consumption. Three laboratories in Bangladesh have been identified for testing export samples meant for India, with testing facilities being set up at the Petrapole border. Indian government has provided some of the Bangladeshi items duty-free access to India as part of South Asian Free Trade Agreement(SAFTA). The number of items under

the 'negative list' has been brought down further by 47 items from 260 items.

Investment

During S. M. Krishna's visit in July 2011, the high commissioners of the two countries signed an agreement for the protection and promotion of investments. This agreement pertained to exchange of instruments of ratification in respect of the Bilateral Investment Promotion and Protection Agreement (BIPPA). Another agreement concerning SOP (Standard Operating Procedure) for entry of trucks from Bhutan into territories of the two countries near the border was also signed during Krishna's visit. BIPPA was received well by the business community in Bangladesh. While it is expected to encourage substantial Indian investment in Bangladesh, it could also lead to Bangladeshi investments in Northeast India.¹¹ So far, the interaction between the two business communities has been quite encouraging. It has resulted in several joint venture agreements for export-oriented manufacturing activities in Bangladesh.

Credit Line offer

India has provided a \$1 billion credit line to Bangladesh for a range of projects including railway infrastructure, supply of locomotives and passenger coaches, rehabilitation of Saidpur railway workshop, procurement of buses, and for dredging projects. The agreement also includes purchase of double-decker buses from India and setting up of a power grid between India and Bangladesh and establishment of state-run standards and testing institute facilities in Bangladesh by India. This is

the largest credit loan that India has offered to any state - including its neighbours.

The Export-Import Bank of India and the secretary of Bangladesh's Economic Relations Division signed an agreement on August 7, 2010 for delivery of the \$1 billion credit. The time period for credit is 20 years with 1.75 per cent per annum fixed interest rate with commitment fee of 0.5 per cent per annum on unutilised credit after 12 months from the date of contract approval. The repayment period of 20 years can also be extended for another five years. As per the agreement, 85 per cent of the companies who would be given work for the projects would be of Indian origin.

Transit and Connectivity

Within days of taking over, the new Bangladesh government approved the renewal of the bilateral trade agreement between Bangladesh and India. This agreement allows both the countries to use their waterways, roadways and railways for transportation of goods between two places in one country through the territory of the other. The lack of clarity surrounding India being granted transit rights has led to all kinds of reactions—both positive and negative— in Bangladesh. However, no agreement has been signed as yet and it has been clarified that India will pay a realistic fee including the cost of administration, maintenance of the infrastructure, wear and tear cost and depreciation as is done elsewhere in the world in similar circumstances. Indeed, India needs to invest nearly \$7 billion to build the necessary infrastructure for transit facilities which, experts say, can be recovered in three to four years. It is hoped that limited transit linking Chittagong Port with Agartala will become

¹¹ Haroon Habib, 'Entente across the border,' *The Hindu*, 2 August 2011 at <http://www.thehindu.com/opinion/lead/article2316965.ece?homepage=true>

a reality within a year.¹² It must be mentioned here that Bangladesh has provided India the trans-shipment facility to send goods from Kolkata to Tripura through Bangladesh. The first four consignments of over dimensional cargoes (ODC) for the 726 megawatt Palatana power plant to Tripura passed through the Akhaura border in April 2011. The consignments were sent from Kolkata to Ashuganj port by the river route and later these were carried by trailers to Akhaura. Sixteen diversions, three parking bays and 15 kilometres of new roads were been constructed for this purpose. Trans-shipment facility using dual modes of transport (both river and road), was provided to India under the Protocol on Inland Water Transit and Trade (IWTT) signed in 1972 but it was availed only after recent improvement of relations.

Both the countries have also decided to facilitate movement of containerised cargo by rail and water. India and Bangladesh have, at present, 24 points for road and rail connectivity. Bus and Sumo services are operational on the Dhaka-Kolkata, Dhaka-Agartala routes. A Guwahati-Dhaka bus service may be introduced soon. As against some routes suggested by India, Bangladesh has suggested the Chittagong-Tamabil route for Meghalaya, Chittagong-Sutarkandhi for Assam, Chittagong-Akhaura and Baraiyerhat-Chittagong-Ramganj for Tripura and Mongla-Banglabandha as well as Mongla-Burimari-Lalmोनirhat routes for Nepal.

The existing railway freight movement takes place along the Petrapole-Benapole, Gede-Darshana, Singhabad-Rohanpur and Radhikapur-Birjol routes. There has been some progress on the

new 11.5 km long railway linking Agartala with Akhaur in Bangladesh and the Indian railway ministry allocated Rs 251 crores for laying this track in May 2011. If Bangladesh provides transit rights through this route, the distance between Kolkata and Agartala would be shortened by 1200 km, from the current distance of 1645 km via Guwahati. India is also looking at railway transit through Rohanpur-Singala, as well as Holdibari-Jhilaihati. By agreeing to provide Bangladesh transit links to Nepal and Bhutan, India has shed its erstwhile inhibitions on this issue. If the two countries open up transit through their land and water routes as per their mutual commitment, Bangladesh is likely to emerge as a regional hub for inter-state trade and commerce.

India has undertaken several infrastructural projects in Bangladesh with a view to boost India-Bangladesh trade and economic cooperation. Apart from the construction of the Akhaura-Agartala rail link, India is also engaged in the construction of bridges on the river Feni which will connect Ramgarh (Khagrachhari district, Bangladesh) with Sabroom (South Tripura). The final alignment for the 150 metre-long bridge has already been made by a joint team of engineers of Bangladesh and India. India will construct the bridge at a cost of about Rs 13 crore to connect Sabroom in South Tripura with the Chittagong Port, which is just 75 kms away. This will provide a major boost to the connectivity between the two sides. India has also agreed to help Bangladesh in upgrading its internal waterways by the dredging of the choked river channels. The Bangladesh government has put the dredging of rivers in fast forward mode and intends to cover 300 rivers by 2025.

¹² Transit fees to be fixed during PMs Bangladesh visit, The Daily Star, June 28, 2011, Tariff Commission Chairman Mozibur Rahman statements.

Other than the use of the Ashugunj river port¹³, Bangladesh has also agreed to offer India the use of Mongla and Chittagong sea ports for movement of goods to and from India through road and railway network (See Map 1 & 2). If Chittagong port gets connected through railway line with Agartala, it will enable shorter access to the Indian Northeastern states for goods destined to and from other parts of India as well as third countries. This will also give Bangladesh substantial transit revenue.

Energy cooperation

India has agreed to supply 250 MW electricity from its grid to Bangladesh. Both the countries are now emphasising the need to expedite inter-grid connectivity. They have also agreed to cooperate in the development and exchange of electricity, including generation from renewable sources. Bangladesh Power Development Board (PDB) and Power Grid Corporation of India Ltd (PGCIL) signed a 35-year power transmission agreement in July 26, 2010. Under this agreement, Bangladesh will start importing 250 MW electricity in the first year from India from late 2012, going up to 500 MW subsequently. The 250MW grid interconnection requires an investment of Rs 869.21 crore, of which Rs 160.33 crore will be used for building infrastructure on the Indian side. Bangladesh has a dire need to bridge its demand and supply gap and Indian help in this sector will help build trust and popular goodwill.

The bilateral power grid through which India and Bangladesh will be transmitting power to each other is poised to grow into a regional grid and these two South Asian neighbours will be able to share each other's energy potential - as never before witnessed. The two sides also have plans to

cooperate in the power sector. Indian National Thermal Power Corporation (NTPC) has plans to set up two imported coal-based power projects with a total capacity of 3,960MW at Khulna and Chittagong in Bangladesh. India has also proposed to set up of a liquefied natural gas (LNG) terminal as a joint venture (JV) in Bangladesh to create a power generation capacity of around 1,000MW.

In view of the above, India's Northeast region will be closely linked with Bangladesh. Successful implementation of agreements on various connectivity routes and border trade will definitely boost the economy of the region alongside bilateral trade with Bangladesh.

Water Sharing

Recognising the scarcity of water experienced by people on both sides during the lean season flows of the Teesta River, the two prime ministers agreed in the January 2010 joint communiqué to hold and conclude discussions on the sharing of the Teesta waters expeditiously. The water resources ministers of the two countries have discussed the issue in great detail and both the countries are now reportedly poised to sign a 15-year interim agreement on Teesta and Feni rivers. As per media reports, each of the two countries may be seeking to share about 40 per cent of the total water flow while the remaining 20 percent will be kept for the river's own retention, during the lean season. Apart from that, the river bank protection and embankment construction and the dredging of the Ichhamati River has been completed and similar work on other common rivers will be initiated soon.

The regional focus on river water sharing underlines the critical importance of engaging China and other downstream countries as well.

¹³ This transit has facilitated the transportation of heavy overhead cargos required for the Tripura Palatana power station

Map: 1



Map: 2



Scholars of the region have undertaken studies on the Ganga-Brahmaputra-Meghna river basin systems. It has been deemed necessary to revive the regional focus and frame of analysis and develop greater understanding of the political and other implications of taking a region-wide approach. Bangladesh is working towards a joint water resources management plan in the sub-regional context involving Bhutan, Nepal and India.¹⁴ The main elements of the proposed plan are:

- Water should be managed on regional basis
- Development of river basins should be encouraged
- The Himalayan river basin management should be undertaken for optimum utilisation of all rivers in the region

Climate change

As a country which is affected by climate change, Bangladesh has taken up the issue with all seriousness in international forums. According to a study by the United Nations Intergovernmental Panel on Climate Change (UNIPCC) about 17 per cent of Bangladesh will be submerged under water by 2050, if sea levels rise by 3.3 feet due to climate change. Reports suggest that 40 per cent of the coastal land has already been affected by salinity and the Bangladesh Climate Change Strategy and Action Plan published in 2009 anticipates permanent displacement of 6-8 million people by 2050.

Climate change is an issue of common interest for India, Bangladesh and other neighbouring

countries in the region. A new study on Climate Change Vulnerability Index (CCVI) 2011, released by global risks advisory firm Maplecroft, which calculated the vulnerability of 170 countries to the impact of climate change over the next 30 years, identified Bangladesh, India and Pakistan as “facing the greatest risks to their populations, ecosystems and business environments”.¹⁵ Therefore, there is a need for Bangladesh and India to recognise their shared climate change concerns, engage each other closely, and exchange knowledge and experience on climate change impact, mitigation and adaptation.

Illegal migration

Illegal migration from Bangladesh to India continues unabated. Rising population pressure and the likely adverse effects of climate change resulting in submergence of coastal lands have the potential to sustain this trend in years to come. Resultant demographic changes, sectarian discord and larger security concerns for India need to be assessed and evaluated to be able to find appropriate responses to this problem over the next two decades. This is likely to become a foreign policy challenge for India.

People, culture and media

Irrespective of the relationship between the countries, bilateral ties between people of India and Bangladesh have continued to be close. Not only between West Bengal and Bangladesh the social, medical cultural links cuts across a wide section of population. This momentum was given greater fillip after the January 2010 communiqué. Apart from the common celebrations on the centenary year

¹⁴ August 5, 2011 Govt slams Economist report, *The Daily Star*

http://www.thedailystar.net/newDesign/print_news.php?nid=197317

¹⁵ “Big economies of the future - Bangladesh, India, Philippines, Vietnam and Pakistan - most at risk from climate change”, 21 October 2010, available at <http://maplecroft.com/about/news/ccvi.html>.

of National Poet Rabindranath Tagore, India has taken few more initiatives to increase the level of interaction at this level.

As part of the Track II initiative a delegation of researchers and experts from Institute for Defence Studies and Analyses (IDSA) and Bangladesh Heritage Foundation (BHF) visited Tripura in 2010. The high point of this visit was the joint tour of the Bharat-Bangladesh Maitree Udyan park, Chottakhola, Belonia. Chottakhola, a border town 130 kms from Agartala, was one of the base camps of the *Muktijuddhas* (Bangladeshi freedom fighters) from where they launched their war against Pakistani troops in Noakhali, Feni and parts of Comilla districts. The Bangladeshi foreign minister Dipu Moni had laid the foundation stone of the Bharat-Bangladesh *Maitree Udyan* in 2010. This park to be built over 20 hectares will have an entrance that will represent the region's rich cultural heritage and the links that exist between India and Bangladesh.

The IDSA and the BHF plan to initiate a joint project on India's role in Bangladesh's Liberation War which will specially record the role of Tripura in the Bangladesh freedom movement. Apart from

a documentation section, this project intends to chronicle oral history and tap available local narratives on the subject, both in India and Bangladesh. The IDSA will also be attempting to source any available unpublished work, along with contemporary research on the subject and bring out a joint publication.

The Future ahead

With New Delhi and Dhaka responding to each other's concerns without the baggage of the past, a new chapter in relations between the two nations has begun.¹⁶ If the relationship, as envisaged by the leadership in both the countries, proceeds on its current trajectory, within a few years the two neighbours will be on the road of growth and prosperity. This could provide a model for other countries in the region to emulate. India and Bangladesh believe that the 'positive impact' of regional connectivity should be felt beyond the borders of the two countries. Nepal and Bhutan will also benefit immensely if India and Bangladesh achieve the targets set in the joint communiqué of January 2010. The two countries will have to ensure that the process of on going engagement becomes irreversible.

¹⁶ Philip Bowring, 'India's opening with Bangladesh,' New York Times, January 12, 2010

CHAPTER IV

RECOMMENDATIONS

The Prime Minister's visit offers an excellent opportunity for both countries to raise their relationship to a new level. The cost of not cooperating is too high for both. Given the fact that both countries are doing well economically, this is the opportune time to enhance mutual dependence. Following Sheikh Hasina's visit, both countries have already come up with an ambitious roadmap to take bilateral relations further. Significant progress has been made on removing the doubts and suspicions of the past. However, it is yet early to conclude that the relationship has become irreversible. To minimise the possibility of a setback, it is necessary to work hard on delivering on the promises made in 2009.

The relationship also needs to be made resistant to political changes in the countries. Those in Bangladesh who have reservations about having good ties with India will need to be convinced about the benefits of close relations.

Based on the analysis presented in this report, the following recommendations are made:

1. The trade deficit of Bangladesh has been a long-standing issue in bilateral relations. Bangladesh, after having cooperated with India in security matters and the landmark visit of Sheikh Hasina, is now looking for a major concession to boost its trade. Though an FTA with Bangladesh is preferable, in the event of its not being realised in short term the government of India can think of making unilateral concessions. It can consider abrogating the negative list or at least make it as small as possible.
2. The legacy issues— demarcation of the land border, exchange of enclaves and adverse possessions, Teen Bigha corridor flyover, etc.— should be settled as a package.
3. Bangladesh would be seeking an agreement on river water sharing. Both countries have nearly reached an agreement on sharing of the water of Teesta and four other rivers. Minor differences should not be allowed to come in the way and an agreement should be signed.
4. Resolution of the maritime dispute is desirable. But given the high stakes for both sides we should wait for the decision of the tribunal and propose the joint exploration of hydrocarbon resources in the Bay of Bengal. Indian companies can also offer technical assistance to Petrobangla.
5. Security cooperation with Bangladesh is commendable. But there is need to institutionalise it, so that it is not limited to any particular regime. Information sharing, joint patrolling etc. should be given top priority. The US-Mexico model on the joint management of border can be considered.

6. The Sheikh Hasina government has proposed a South Asia Task Force on terrorism. Bangladesh should play a lead role in this. A counter-terrorism centre based in Dhaka can be set up to help the task force. India could offer to fund the centre.
7. Connectivity should be a top priority. Both countries should work to operationalise it as soon as possible. A public campaign as to why connectivity will be advantageous for the people on both sides can be launched.
8. India should persuade Bangladesh to acknowledge the problem of illegal migration. Both sides should try to create an environment where this issue can be amicably dealt with. Innovative methods like work permits can be considered.
9. Increased connectivity will need to be supplemented by a liberal visa regime to facilitate tourism, student exchanges, cultural contacts etc. However, given security concerns, liberalisation will have to be undertaken gradually.
10. Both countries should establish cooperation in science and technology. The most promising areas are climate change, environment, agricultural research, water management, remote sensing, IT and communications technologies, marine technologies, medicine and health etc. Linkages between appropriate institutions can be established. The focus should be on joint research and capacity building. Both countries should work jointly for meeting the challenge of pandemics and water contaminated with arsenic.
11. Educational links should be strengthened. Indian private universities could organise education fairs in Bangladesh so that more and more Bangladeshi students can use the facilities available in India. To foster academic research, both countries could consider setting up academic chairs in each other's countries.
12. To redress the trade issues and strengthen economic linkages, both countries should create a suitable enabling environment for investment. In particular, Bangladesh should make special efforts to attract Indian investment.
13. Recently, the Indian army chief visited Bangladesh. Both sides should build on that visit. The two sides can enhance cooperation in the military sphere, including in search and rescue, joint patrolling of piracy infested areas of the Bay of Bengal, capacity building, joint exercises etc. Defence cooperation will build mutual confidence.
14. Just as connectivity has emerged as an important theme in Indo-Bangladesh relations, disaster management, food and energy security could also provide common platform for further deepening the relationship. India could consider extending assistance to Bangladesh for renovating and modernising its power generation, transmission and distribution infrastructure.
15. Both sides are prone to natural disasters including floods, droughts and cyclones. Information sharing, disaster relief, rehabilitation should be high on the common agenda of cooperation. Disaster relief authorities should share their experience and expertise in this area.
16. Food security is a common concern for both sides. Both sides could consider establishing a common food bank to tide over the difficulties. They could cooperate in, food distribution, and grain storage etc to store the crops in surplus years.

17. Fundamentalism and extremism are a shared threat. Both sides should work closely to meet this challenge. A dialogue mechanism involving the governments as well as non-governmental organisations working in the area of de-radicalisation should be set up. The common cultural heritage of the two countries should help in meeting the challenge.
18. The coverage of Bangladesh in Indian media is limited. *Doordarshan* may be encouraged to give greater coverage to all neighbours including Bangladesh. Innovative and interesting programmes may be considered in this regard. This will help promote mutual understanding at the people to people level.
19. Bangladesh shares borders with many Indian states. The government of India should encourage participation of the state governments and people in formulating policies, which would encourage people to people contacts between the two countries. Initiatives taken by Indian think tanks to strengthen track II engagement should be encouraged. IDSA has initiated an oral history project with Bangladesh Heritage Foundation (BHF) to document Bangladesh liberation movement. Further, such initiatives should be encouraged.
20. In the end, both countries should overcome mutual suspicions and display a practical will to convert their ties into a strategic partnership.

INDIA-BANGLADESH RELATIONS: BANGLADESH MEDIA REACTIONS (EXTRACTS)

Much-awaited visit

Akmal Hussain

The foreign policy of Bangladesh is very much characterised by its focus on the biggest neighbour India not only due to geographic location but also because of history, economic compulsions and security imperatives.....

.....Public opinion in the country is critical of India as being hegemonic. Bangladesh foreign policy cannot be but India-centric in the existing strategic environment in South Asia. The governing elites either perceive India vitally important as an ally or a threat to our country's security for economic, military or environmental reasons.

In the foreign policy establishment of India, Bangladesh has not always been painted as a positive friend..... There is an upward swing in bilateral relations during Awami League rule. But the relations quite often become strained during BNP rule and India's attitude to Bangladesh also gets stiffened. These two parties have not demonstrated any common approach on how to deal with India on issues like water, transit, trade and northeastern insurgents.

We should differentiate between Bangladesh-India relations at official level from the non-official or people's level. People in general in Bangladesh are keen to maintain cordiality and warmth with

the Indian people.....

There is no doubt that under the present....government Bangladesh-India relations have gained new dimensions. ...visits at political level have been taking place regularly to push bilateral relations to a new height.....

.....It should be pointed out that India gives more weight to fulfilling its interest in Bangladesh than addressing Bangladesh's interests. Issues like water-sharing and lessening the trade deficits with Bangladesh do not get adequate attention from India.Bangladesh remains hostage to upstream use by India. Quite often, Indian planning regarding rivers, like river-linking or Tipaimukh project, inject bad feelings and vitiate the relations.

.....the granting of transit to India may appear to be a one-sided action without any reciprocal gesture.....The economic adviser does not make sense when he reportedly says that Bangladesh cannot be "uncivilised" by asking for monetary gain from India. Transit is not only an economic issue, it has ramification as a political issue too. Bangladesh could have used this as a bargaining point with India regarding India's reciprocal gesture.

There is no doubt that visits at the highest political level can strengthen bilateral relations, but unless it benefits Bangladesh equally its significance will be little.

The writer is a Professor, Department of International Relations, University of Dhaka.

The Daily Star, Thursday, August 25, 2011

Indian FM's visit augurs well for Manmohan's visit to Bangladesh

Zaglul Ahmed Chowdhury

Only seldom so much of diplomatic flurry between Bangladesh and India is witnessed like what is being taking place now. Obviously, the visit ofDr. Manmohan Singh — to Bangladesh is at the centre of such activities.....New Delhi [appears] keen to maintain and deepen further the existing cordial bilateral ties and not willing to allow anything that might mar the current bonhomie between the two countries.....

On the bilateral plane, an accord on sharing the waters of the Teesta and finalisation on the demarcation of boundaries in a small segment, along with the resolution of the differences about the enclaves in adverse possession, now look to be on the cards. Such important issues like the transit to India through Bangladesh are also there on the table.

But some ambiguities seem to exist on the transit issue; whether this has been finalised or still remains at a draft stage is not clearly known yet. So also are the trade and business-related matters with the focus on reducing the trade gap that is hugely in favour of India. These issues are of interest from Bangladesh's point of view.

It is expected that there will be some forward movements on all these matters during the visit of Dr. Singh, for whom in particular there are much respect and admiration in this country.

The Indo-Bangladesh bilateral ties are not necessarily characterised by only political and economic considerations. But the very essence of "perception" is also quite relevant and this aspect

needs to be addressed meaningfully.....

The Indo-Bangladesh ties are not devoid of ramifications of the regional situation where China, Pakistan and some other nations also come in, because of the complex milieu of the scenario. All these aspects are likely to be covered in bilateral talks that will also take into account the regional and international scene.

Financial Express, July 11, 2011

Available at: http://www.thefinancialexpress-bd.com/more.php?news_id=142399&date=2011-07-11

Tryst with India

Ashfaqur Rahman

..S. M. Krishna was in Dhaka on a bilateral visit....[He said that] Bangladesh and India share a unique relationship based on an embedded culture and heritage.....this relationship is undergoing a historic transformation which is expected to breathe hope into millions of people in India and Bangladesh.....as both the countries share a cultural identity, there is likelihood of greater economic and social development in the two countries.....But how far are the minister's prognostications correct?

First, India has a poor track record in meeting her commitments with Bangladesh. We have seen this over and over again.....What Prime Minister Manmohan and his colleagues wish, can they attain it?

Secondly, public perceptions in both countries in some ways remain a stumbling block in developing closer relations. India has frittered away much of the political capital she had legitimately earned after the Bangladesh War of Independence.On several other matters, including elimination of non-tariff barriers in bilateral trade, a little understanding from India would have brought her closer to Bangladesh.

Thirdly, India has been less than generous towards Bangladeshis visiting India for medical treatment or even for plain tourism.....

The prime minister's visit to Dhaka in September is therefore critical..India has now another historic opportunity to build a relationship with Bangladesh that could be more than a model for other countries in Asia, if not the world, to follow.

*The writer is a former Ambassador and Chairman of the Centre for Foreign Affairs Studies.
E-mail: ashfaq303@hotmail.com*

The Daily Star, July 10, 2011

Available at :<http://www.thedailystar.net/newDesign/news-details.php?nid=193541>

Indo-Bangladesh relations

Relations between Bangladesh and ...India, are now in a significant state.... Sheikh Hasina visited India last year and the outcome of that visit was analysed by positivists as a successful one But later on concerns also developed about whether the Indian government has been reciprocating in equal measures the cooperative gestures that Bangladesh was seen as making in keeping its commitments made during the PM's visit.... But now, relations between the two...countries seem poised to enter a new and decisive phase.....It appears that India is keen on coming to a comprehensive settlement of border issues and irritants between India and Bangladeshto pave the ground for truly amicable feeling on both sides during the visit. India also has proposed signing of a 15-year deal on the Teesta river. ... Thus, a momentum is seen towards taking Indo-Bangladesh relations to a higher level of understanding and cooperation for mutual benefits. Indian authorities should appreciate the fact that Bangladesh is a reliable friend which does not pose itself as a staging area to add to its insecurity.It values Indian cooperation in meeting the common security needs of both countries.

Thus, the lifting up of bilateral relations between India and Bangladesh to a yet higher level is a sensible course and both countries need to keep their sights well focused on achieving that end by working together on the basis of a genuine spirit of friendship and give and take.

Editorial, *Financial Express* (Dhaka), Vol 18
No -72,, January 25, 2011

Encouragement from Indo-Bangladesh talks

The two-day secretary-level meeting [sought] to resolve all border-related issues within a maximum of two months. The final touch to a proposed formula involving people in border areas and the Border Security Force (BSF) will be given during the Indian premier's visit to Bangladesh. We hope the strategy the two countries have in mind will be equal to the task of eliminating the causes behind shootings from across the border. Additionally booty from smuggling plays a vital role in exchange of fire. So this has to be taken care of if the tragic incidents have to be avoided.....

Once again the talks have generated optimism but it is not for the first time that we looked forward to having a border where our citizens are not instantly killed. True, along the 4,095 kilometre long border enforcement of security for both countries is no easy task and security and illegal crossing of the border are not issues quite delinked from one another. But given the will, the incidents of firing can easily be minimised.Sunday, July 10, 2011

Editorial, *The Independent*,
January 21, 2011

Indo-Bangladesh relations: the importance of perception

Serajul Islam

The excitement spun by the Bangladesh government about a paradigm shift in Bangladesh-

India relations following....Hasina's visit to India....is receding. The promises made by India have either been slow in coming or where given, the Indian concessions have not been properly reflected in the media, particularly in Bangladesh.

It is to Bangladesh's credit that it has made the first move towards resolving the decades old problems with India....[it] handed the top ULFA extremists to India, [and] accepted India's long standing demand on land transitthat was very sensitive for Bangladesh....

The economic reasons forwarded by India and Bangladesh on connectivity are strong. Unfortunately,economics cannot be the sole rationale for moving relations forward. In fact, economic rationale will fall by the way side unless the political and other substantive issues from Bangladesh side such as water sharing, trade, resolution of land boundary, demarcation of the maritime boundary are handled first because the dividends of economics are not instant.

For Bangladesh, the impatience is also enhanced from the nature of its politics where even foreign policy is contentious.....BNP does not see much good in India's intentions towards Bangladesh. Although there has been a shift towards reality in Bangladesh about India with the people no longer willing to oppose India just because of the BNP stand, the perception that India is not trustworthy still persists because of past experiences. This is a very important reason why both India and Bangladesh must address the perception aspect that is deep rooted before expecting the people to believe that the relations are ready for a major thrust forward where there would be great economic dividends for both, particularly Bangladesh.

...The connectivity issue has not been explained in Bangladesh in a transparent manner....Even within the AL, there is a certain amount of

restlessness at India's inability to respond so far on issues of concern to Bangladesh.....The window of opportunity may thus not remain open for too long.

A group of us who had the opportunity to interact at important levels in New Delhifound on the Indian side a lack of proper awareness of politics and perception in Bangladesh. [India] does not have the luxury to wait for economics to launch bilateral relations; where delay would be playing into the hands of the opposition that has already asked for scratching of all agreements signed during Sheikh Hasina's visit.

..... The Indian Prime Minister must make major concessions on transboundary waters where an accord on the Teesta would be crucial. The Issue of land border demarcation[which] has contributed greatly to negative perception about India must be resolved during this important visit. The demarcation of maritime boundary is difficult but India must show positive attitude to negotiate on a basis of mutual benefit....

There must also be concession on trade where Bangladesh does not expect the huge gap to be reduced dramatically.For a world economic power, Indian attitude on trade has contributed largely to the negative perception. Allowing Bangladesh even the best opportunity of a non-reciprocal tariff free trade regime would not even scratch India adversely but could lead to a sea change in the negative perception in Bangladesh.

For improvement of relations the ball is now squarely in Indian court with a very short time span to change perception in Bangladesh that is crucial to forward movement....

The writer is a former Bangladesh Ambassador to Japan and Director, Centre for Foreign Affairs Studies.

The Daily Star, October 9, 2010, 2010

ANNEXURES

ANNEXURE I

Joint Communiqué issued on the occasion of the visit to India of Her Excellency Sheikh Hasina, Prime Minister of Bangladesh

January 12, 2010

1. Reaffirming the shared history, traditional links and the desire of the leaders of the two countries to launch a new phase in their bilateral relations, the Prime Minister of Bangladesh, Sheikh Hasina is paying a state visit to India from 10-13 January, 2010 at the invitation of Dr. Manmohan Singh, Prime Minister of India. Apart from attending the official programme in New Delhi, the Bangladesh Prime Minister will also visit Ajmer Sharif.
2. The Bangladesh Prime Minister was accorded a ceremonial reception at Rashtrapati Bhavan on 11 January 2010. She called on President of India Smt Pratibha Devisingh Patil.
3. Finance Minister Shri Pranab Mukherjee, External Affairs Minister Shri S.M. Krishna, Railway Minister Kumari Mamata Banerjee and Leader of the Opposition Smt. Sushma Swaraj called on Prime Minister Sheikh Hasina.
4. Reflecting the friendly relations existing between the two neighbouring countries, the Prime Minister of Bangladesh in her capacity as President of the Awami League and the Awami League-led Mohajote government also called on Smt Sonia Gandhi, Chairperson of the United Progressive Alliance. She also met with former Prime Minister Shri I.K. Gujral. The meetings and exchanges were marked by great warmth and cordiality on both sides.
5. The Prime Minister of Bangladesh paid tribute and respect to the memories of Mahatma Gandhi, Pandit Jawarlal Nehru, Smt Indira Gandhi and Shri Rajiv Gandhi at Rajghat, Shantivana, Shaktisthal and Virbhumi respectively.
6. During the visit, Prime Minister Sheikh Hasina was conferred the prestigious Indira Gandhi Prize for Peace, Disarmament and Development for 2009 at a ceremony at Rashtrapati Bhavan.
7. The Prime Minister of Bangladesh had a meeting with the Prime Minister of India on January 11, 2010, which was followed by delegation level talks. The talks were marked by great warmth, deep understanding and a spirit of close friendship between the two sides. Prime Minister Manmohan Singh hosted a banquet in honour of Prime Minister Sheikh Hasina and her accompanying delegation.
8. On the Bangladesh side, assisting the Prime Minister of Bangladesh in the talks were: Mr. Ramesh Chandra Sen, MP, Minister of Water Resources; Dr. Dipu Moni MP, Minister of Foreign Affairs, Advisers to the Prime Minister Mr. H.T. Imam, Mr. Mashiur Rahman and Mr. Gowher Rizvi; High Commissioner of Bangladesh to India Mr. Tariq A. Karim and other senior officials of the Bangladesh Government.

9. On the Indian side, assisting the Prime Minister of India were: Shri Pranab Mukherjee, Finance Minister; Shri P. Chidambaram, Home Minister; Shri S.M. Krishna, External Affairs Minister; Kumari Mamata Banerjee, Minister of Railways; Shri Anand Sharma, Minister of Commerce; Smt Preneet Kaur, Minister of State for External Affairs; Shri M.K. Narayanan, National Security Adviser; Shri T.K.A Nair, Principal Secretary to the Prime Minister and other senior officials of the Indian Government.
10. Prime Minister Dr. Manmohan Singh congratulated Prime Minister Sheikh Hasina on her party's impressive electoral victory in the general elections held in December 2008 and lauded the people of Bangladesh for their abiding faith in democracy, which eventually paved the way for return of multi-party democracy in Bangladesh. Both leaders agreed that the recent elections in both countries presented them with a historic opportunity to write a new chapter in their relationship.
11. The Bangladesh Prime Minister recalled the shared bonds of history, culture and aspirations that bind Bangladesh and India, and paid tribute to the sacred memory of the lives sacrificed for the freedom and independence of the two countries. She called for rededicating efforts to establish a society free from ignorance, fear and want.
12. Both the Prime Ministers agreed on a vision for the future in the pursuit of the common good - bilaterally, regionally and globally. In this context, they reiterated their commitment to work together to solve all issues through cooperation and mutual understanding. They also shared their outlook on the strengthening and reform of multilateral institutions in which developing countries have an effective voice and participation.
13. The Prime Minister of Bangladesh and the Prime Minister of India recognized that peace and stability in the region is necessary for development and well-being of the people of their respective countries. In this context, they emphasized the importance of close cooperation between India and Bangladesh and the need to effectively harness their respective resources for the good of the peoples of the two countries.
14. The two Prime Ministers agreed to put in place a comprehensive framework of cooperation for development between the two countries, encapsulating their mutually shared vision for the future, which would include cooperation in water resources, power, transportation and connectivity, tourism and education. They agreed on the need to operationalize the various areas of cooperation at the earliest.
15. Both Prime Ministers agreed to consider strengthening diplomatic and consular presence in each other's countries.
16. Both Prime Ministers reiterated their commitment to democracy, pluralism and rule of law. They expressed satisfaction that the people of both countries have rejected violence, extremism and terrorism and reaffirmed their faith in democracy and development. In this quest, the two leaders resolved to work together to strengthen the forces of democracy and moderation.
17. Both Prime Ministers condemned terrorism in all its forms and manifestations. They noted that security remained a priority for both countries, as terrorists, insurgents and criminals respect no boundaries. They underscored the need for both countries to actively cooperate on security issues. Both leaders reiterated the assurance that the territory of either would not

- be allowed for activities inimical to the other and resolved not to allow their respective territory to be used for training, sanctuary and other operations by domestic or foreign terrorist/militant and insurgent organizations and their operatives.
18. Welcoming the Home Secretary level talks held in New Delhi in December 2009, the two Prime Ministers directed their respective Ministries and agencies to cooperate closely and implement all decisions taken during the talks. While recognizing the need to check cross border crimes, both Prime Ministers agreed that the respective border guarding forces exercise restraint and underscored the importance of regular meetings between the border guarding forces to curtail illegal cross border activities and prevent loss of lives.
 19. The Prime Minister of Bangladesh thanked the Prime Minister of India for facilitating the provision of electricity in Dahagram-Angarpota and invited India to construct a flyover across Tin Bigha Corridor for exclusive Indian use, as agreed earlier.
 20. Both Prime Ministers agreed to comprehensively address all outstanding land boundary issues keeping in view the spirit of the 1974 Land Boundary Agreement. In this context, they agreed to convene the Joint Boundary Working Group to take this process forward.
 21. Both Prime Ministers agreed on the need to amicably demarcate the maritime boundary between India and Bangladesh. They noted the initiation of proceedings under Annex VII of the United Nations Convention on the Law of the Sea (UNCLOS) and, in this context, welcomed the visit of a delegation from Bangladesh to India.
 22. It was agreed that Ashuganj in Bangladesh and Silghat in India shall be declared ports of call. The IWTT Protocol shall be amended through exchange of letters. A joint team will assess the improvement of infrastructure and the cost for one-time or longer term transportation of ODCs (Over Dimensional Cargo) from Ashuganj. India will make the necessary investment. Both Governments agreed to expedite implementation. Contractors from both countries shall be eligible for the work.
 23. It was agreed that Bangladesh will allow use of Mongla and Chittagong sea ports for movement of goods to and from India through road and rail. Bangladesh also conveyed their intention to give Nepal and Bhutan access to Mongla and Chittagong ports.
 24. It was agreed that the construction of the proposed Akhaura – Agartala railway link be financed by grant from India. A joint team of the railway authorities of the two countries will identify the alignment for connectivity.
 25. They welcomed the starting of “Maitree Express” between Kolkata and Dhaka and called for resumption of road and rail links between the two countries.
 26. The Prime Ministers agreed that Rohanpur–Singabad broad gauge railway link would be available for transit to Nepal. Bangladesh informed of their intention to convert Radhikapur – Birol railway line into broad gauge and requested for railway transit link to Bhutan as well.
 27. Recognizing the sufferings of the people of both sides in the face of scarcity of lean season flows of the Teesta River, the Prime Ministers expressed that the discussions on the sharing of the Teesta waters between India and

Bangladesh should be concluded expeditiously. The two Prime Ministers directed their respective Water Resources Ministers to convene the Ministerial-level meeting of the Joint Rivers Commission in this quarter of 2010. The Joint Rivers Commission will also discuss issues relating to Feni, Manu, Muhuri, Khowai, Gumti, Dharla and Dudhkumar.

28. They also agreed that the following actions be taken:
 - a. Dredging of Ichhamati; and
 - b. River protection at Mahananda, Karatoa, Nagar, Kulik, Atrai, Dharla, and Feni
29. The Prime Minister of India agreed to support implementation of strategy of Government of Bangladesh to dredge rivers for flood control, navigation and access to ports. In this context, India agreed to provide, inter alia, dredgers to Bangladesh on an urgent basis. Bangladesh indicated the need for 9 (nine) dredgers.
30. The Prime Minister of India reiterated the assurance that India would not take steps on the Tipaimukh project that would adversely impact Bangladesh.
31. The Prime Minister of India agreed to supply to Bangladesh 250 MW electricity from its grid. In this context, both Prime Ministers emphasized the need to expedite inter-grid connectivity. They also agreed that the two countries shall cooperate in development and exchange of electricity, including generation from renewable sources, and may set up joint projects or corporate entities for that purpose.
32. With a view to encouraging imports from Bangladesh, both countries agreed to address removal of tariff and non-tariff barriers and port restrictions and facilitate movement of containerized cargo by rail and water. In this context, Bangladesh welcomed India's initiative to provide duty-free access to SAARC LDCs to the Indian market. Bangladesh also welcomed the reduction of the number of items from India's negative list that were of direct interest to Bangladesh and requested for further reduction in the list.
33. The Prime Minister of India agreed to support the upgradation of the Bangladesh Standard Testing Institute with a view to building capacity on certification.
34. The Prime Ministers agreed that investments, including joint investment and joint ventures, shall be encouraged by both countries. They agreed that the participation of the private sector in both countries will give an added fillip to economic engagement between the two countries.
35. The Prime Ministers agreed to operationalize land customs stations at Sabroom-Ramgarh and Demagiri-Thegamukh, including putting in place necessary infrastructure and issue necessary notifications. Further, with respect to existing land custom stations, it was agreed to take measures for strengthening infrastructure.
36. It was agreed that border haats shall be established on a pilot basis at selected areas, including on the Meghalaya border, to allow trade in specified produces and products and in accordance with the regulations agreed and notified by both Governments.
37. It was agreed that trucks for movement from Bhutan and Nepal be allowed to enter about 200 meters into Zero Point at Banglabandh at Banglabandh-Phulbari land customs station.

- Necessary arrangements shall be mutually agreed and put in place by both countries.
38. The Prime Minister of India announced a line of credit of US\$ 1 billion for a range of projects, including railway infrastructure, supply of BG locomotives and passenger coaches, rehabilitation of Saidpur workshop, procurement of buses including articulate buses and dredging projects.
 39. Bangladesh requested for assistance to construct road infrastructure in Dhaka, including flyovers. India agreed to consider this request.
 40. Recalling the shared legacy of the great poet laureate Rabindranath Tagore, the Prime Ministers agreed to oversee the joint celebrations of the 150th Birth Anniversary of Rabindranath Tagore in 2011 in a manner befitting his vision and spirit.
 41. Government of India would offer Bangladesh 300 scholarships annually for a period of five years for study and training in Universities and training institutions in India, covering a wide range of disciplines as may be required by scholars and persons in government employment. The number may be increased through mutual consultation.
 42. Both Prime Ministers underscored the role of SAARC in promoting regional cooperation. Both leaders agreed to work together in making SAARC a purposeful organization oriented towards implementation, which can revitalize the region through positive measures, concerted action and mutually reinforcing cooperation.
 43. Both leaders welcomed the various steps taken to strengthen regional cooperation under BIMSTEC. In this context, Bangladesh requested India to support its aspiration to host the BIMSTEC Secretariat in Dhaka. India agreed to give the request due consideration.
 44. The two Prime Ministers welcomed the initiatives taken at the Climate Change Summit at Copenhagen in December 2009. They underlined that climate change was one of the most important global challenges. They reaffirmed the provisions and principles of the United Nations Framework Convention on Climate Change (UNFCCC), including that of common but differentiated responsibilities and respective capabilities, and underscored the importance of its full, effective and sustained implementation, giving due consideration to the needs of those which are most vulnerable, especially Least Developed Countries (LDCs), Small Island Developing States (SIDS) and Africa.
 45. Both leaders recognized that the eradication of poverty and ensuring food security were great challenges of the century. They agreed that the international community should initiate a fully coordinated response and address these issues in a comprehensive manner, from short to medium and long term. 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.
 46. The Prime Ministers underscored the importance of an effective multilateral system, centered on a strong United Nations, as a key factor in tackling global challenges. In this context, they stressed the urgent need to pursue the reform of the United Nations, including the Security Council, to make it more representative, credible and effective, particularly with regard to its working method. They also advocated involvement of smaller

countries in the reform process.

47. Responding to the Prime Minister of India, the Prime Minister of Bangladesh conveyed her country's support in principle for India's candidature for the permanent membership of the United Nations Security Council as and when the reform of the UN Security Council is achieved. Bangladesh conveyed its support to the Indian Candidature for a non-permanent seat in the UNSC for the term 2011-2012. India also conveyed its support to the Bangladesh's candidature for a non-permanent seat in UNSC for the term 2016-2017.
48. The two Prime Ministers witnessed the signing in their presence of the following accords:
 - a. Agreement on Mutual Legal Assistance on Criminal Matters
 - b. Agreement on the Transfer of Sentenced Persons
 - c. Agreement on Combating International Terrorism, Organized Crime and Illicit Drug Trafficking
 - d. Memorandum of Understanding on Cooperation in Power Sector
 - e. Cultural Exchange Programme

The Prime Ministers also expressed the desire that Line of Credit and the comprehensive framework of cooperation for development be operationalized at the earliest.

49. The Prime Minister of Bangladesh thanked the Prime Minister of India and the Indian Government and people for the warm and gracious hospitality extended to her and the members of her delegation during their stay in India.
50. The Prime Minister of Bangladesh, on behalf of herself, her Government and the people of Bangladesh, extended her warm invitation to the Prime Minister of India and Mrs. Manmohan Singh to visit Bangladesh at a mutually convenient time. The Prime Minister of India thanked the Prime Minister of Bangladesh and accepted the invitation with great pleasure. The dates for the visit would be decided by mutual consultations through diplomatic channels.

New Delhi

January 12, 2010

Source: Ministry of External Affairs, Government of India, available at <http://www.mea.gov.in/mystart.php?id=100515482>

ANNEXURE II

India-Bangladesh 37th Joint Rivers Commission

March 19, 2010

The 37th India-Bangladesh Joint Rivers Commission met in New Delhi on 18-19 March, 2010. The Indian side was led by Shri Pawan Kumar Bansal, Hon'ble Minister for Water Resources and the Bangladesh side was led by H.E. Mr. Ramesh Chandra Sen, Hon'ble Minister for Water Resources.

The Bangladesh Minister of Water Resources called on Prime Minister, Finance Minister and External Affairs Minister. The Minister for Water Resources of India hosted a banquet in honour of the visiting dignitary.

The meeting between the two Ministers of Water Resources was held in an atmosphere of great warmth and cordiality. Both leaders recalled the historic visit of H.E. Prime Minister of Bangladesh to India in January, 2010 and expressed their resolve to carry forward the discussions on all water related issues, as mandated by the two Prime Ministers in the Joint Communique issued after the visit. The discussions were comprehensive in nature and included issues relating to water sharing of Teesta river and other common rivers, drinking water supply and minor lift irrigation schemes on rivers Feni and Muhuri, implementation of 1996 Ganga Waters Treaty, bank protection and embankment repair works, cooperation in flood forecasting and warning arrangements, cooperation in flood management measures including dredging of Ichhamati river, Tipaimukh Dam Project and river inter-linking project in India.

On the question of sharing of Teesta waters, India presented a draft Statement on Principles of Sharing of Teesta Waters during dry season. Both sides agreed to mandate the respective Secretaries of

Water Resources to examine the drafts presented by both sides towards an expeditious conclusion of an interim agreement on Teesta. This is a significant movement forward on this issue.

Both sides expressed satisfaction at the bank protection and embankments repair works being undertaken by mutual agreement on several sites in both countries. In addition to the 66 sites already agreed, both sides finalized 12 new Indian sites and 22 new Bangladesh sites. They also expressed satisfaction at the on-going dredging activities on the Ichhamati river. Bangladesh agreed to India withdrawing 1.82 cusec of water from Feni river for drinking water supply schemes.

In order to give Bangladesh more lead time for advance warning of floods, as a special gesture, Indian side agreed to provide flood data to enhance the lead time to more than 57 hours. The Bangladesh side thanked India for this gesture.

India also expressed satisfaction at the working of the 1996 Ganga Waters Treaty as well as the joint monitoring mechanism set up under this Treaty.

On the Tipaimukh Dam Project, the Indian side reiterated its commitment that it would not take steps that would adversely impact on Bangladesh. The Bangladesh side appreciated India's reassurance. India also conveyed its earlier stand that it would not take any unilateral decisions on its proposed river inter-linking project that might affect Bangladesh side.

**New Delhi
March 19, 2010**

Source: Ministry of External Affairs, Government of India, available at <http://www.mea.gov.in/mystart.php?id=100515656>

ANNEXURE III

Finance Minister's remarks to media on the occasion of the signing of US\$ One Billion Line of Credit Agreement between EXIM Bank and Government of Bangladesh

August 07, 2010

1. It is always a pleasure to be in Dhaka. I bring you warm greetings from the people and the Government of India.
2. We have had a landmark visit to India of H.E. Prime Minister Sheikh Hasina in January, 2010. The Joint communiqué issued during the visit is comprehensive, forward-looking and path-breaking. We are firmly committed to implementing the vision, which the two leaders have set out for India-Bangladesh relations.
3. The historic bonds between India and Bangladesh run deep and are nurtured by fraternal, linguistic and cultural ties. The peoples of our two countries desire closer ties and interaction in all spheres. To realise their hopes, it is incumbent on us to open new vistas and widen further our multi-dimensional ties.
4. I congratulate and laud H.E. Prime Minister Sheikh Hasina for her steadfast pursuit of democracy, social justice and greater economic development for Bangladesh and to promote peace and understanding in the region. We are committed to assisting each other in addressing their priorities for development and in their immediate requirements for people of both the countries. It is in that spirit that we have just agreed to export of 3 lakh tones of rice and 2 lakh tones of wheat, in spite of a ban in India on exports of these essential commodities.
5. During the visit of the Prime Minister of Bangladesh, we have embarked on several new initiatives. India has readily provided transit for Bangladesh to Nepal and Bhutan. We will soon have in place arrangements to allow trucks from Nepal to enter the Bangladesh side of the land custom station and Banglabanda. We have also agreed to contribute to alleviating your power requirements and to undertake joint ventures to build thermal power plants. These are significant developments.
6. We have agreed to revive Land Customs Stations along the Tripura and Mizoram border, build a bridge over river Feni at Sabroom-Ramgarh and strengthen other border infrastructure. We have already identified two areas on the Meghalaya border to set up Border Haats. We have trained your experts and will send ours this month to assist in upgrading the Standards and Certification procedures. After a gap of several years, the Joint Rivers Commission was convened as agreed in March this year and both sides have already exchanged drafts on Teesta water sharing. Works on 50 river embankments on both sides have started. The electrification cables for Dahagram and Angarpota have been laid. Both countries need to ensure that we remain focused on implementing these initiatives. It is a matter of satisfaction that we have made significant strides in the path of their realisation, given the fact that many of them require longer gestation period for implementation.

7. Security cooperation is an area which has engaged the attention of both our countries, given our common desire to root out the forces of extremism and terrorism from our midst. Insurgents and insurgent groups have the potential to affect our relations. We deeply appreciate the efforts of the Government of Bangladesh to tackle this menace and we will continue to be closely engaged.
8. I am indeed delighted to witness the signing of the Agreement on Line of Credit between Government of Bangladesh and EXIM Bank of India. The US\$ One Billion Line of Credit is the largest ever given by India to any country. The terms of this Line of Credit are extremely favourable. I am confident. That this Line of Credit will be the stepping stone for a shared destiny and will transform our bilateral engagement. India will do whatever possible to assist Bangladesh to implement the various projects envisaged under this Line of Credit, including in the areas of railway infrastructure, supply of coaches, locomotives, busses and dredging.
9. India and Bangladesh are both developing countries aiming to achieve a higher trajectory of growth. It is by coming together that we can realise this objective and we need to encourage collaborative ventures and investments be it in the private or public sector.
10. I have just met with H.E. Mr. Abdul Maal Abdul Muhith, Finance Minister and H.E. Dr. Dipu Moni, Foreign Minister. I shall soon be calling on H.E. Prime Minister Sheikh Hasina and very much look forward to meeting her.
11. I thank you for your presence.

Dhaka

August 7, 2010

Source: Ministry of External Affairs, Government of India, available at <http://www.mea.gov.in/mystart.php?id=100516289>

ANNEXURE IV

Meeting of India-Bangladesh Joint Boundary Working Group

November 11, 2010

1. The 4th India-Bangladesh Joint Boundary Working Group (JBWG) Meeting was held in New Delhi on November 10-11, 2010. The Indian delegation was led by Shri T.S. Tirumurti, Joint Secretary (BSM), Ministry of External Affairs, Government of the Republic of India and the Bangladesh delegation was led by Dr. Kamal Uddin Ahmed, Joint Secretary (Political), Ministry of Home Affairs, Government of the People's Republic of Bangladesh.
2. The JBWG was set up in December 2000 to resolve matters relating to the demarcation of the undemarcated boundary between India and Bangladesh and other outstanding issues pertaining to the territories in Adverse Possession (AP), Enclaves and also erection of permanent boundary pillars where necessary on the demarcated boundary. The Group first met in July 2001 and has held three earlier meetings.
3. In January 2010, during the visit of Prime Minister of Bangladesh to India, both the Prime Ministers of India and Bangladesh agreed to comprehensively address all outstanding issues keeping in view the spirit of the 1974 Land Boundary Agreement (LBA). They had also agreed to convene the JBWG to take the process forward.
4. The 4th meeting of JBWG discussed all outstanding issues pertaining to the land boundary in a cordial and friendly atmosphere, with a view to arriving at a comprehensive solution.
5. Both sides expressed satisfaction at the recent electrification of Dahagram and Angarpota of Bangladesh.
6. With a view to implementing the decision to allow 24-hour unfettered access through Tin Bigha Corridor to Bangladesh nationals, both sides agreed to put in place all necessary arrangements, including infrastructure and security, expeditiously.
7. Both sides agreed to work constructively towards resolving differences to demarcate the land boundary in all three undemarcated segments i.e. Daikhata-56, Lathitilla-Dumabari and Muhuri River (Belonia).
8. Both sides recalled the observations made during joint visits to enclaves and Adverse Possessions in May 2007 and agreed that the issues of Enclaves and APs should be addressed in a pragmatic manner.
9. Both sides expressed satisfaction that mutually reconciled list of enclaves have already been prepared and signed. There are 111 Indian enclaves in Bangladesh and 51 Bangladeshi enclaves in India. Both sides agreed to jointly take steps necessary to facilitate the process of exchange of these enclaves to their respective countries.

10. As regards territories under Adverse Possession, both sides agreed that there was a need to find pragmatic solution to the issue keeping in mind the spirit of Land Boundary Agreement and also in the light of ground realities. With a view to facilitating a solution, they agreed to jointly assess the areas in the lines of the joint exercise undertaken in 1996-97. As a part of this understanding, both sides agreed to take up the APLs along Meghalaya – Bangladesh Border on a priority basis. They reaffirmed that pending resolution of outstanding boundary issues, there should be no disturbance of the status quo and peaceful conditions shall be maintained in the border regions as stipulated in Article 3 of LBA. Both sides welcomed the understanding and cooperation between BSF and BDR on maintaining peace and tranquility in the border areas, especially in APLs, until the outstanding issues are resolved.
11. Both sides expressed satisfaction at the progress made during the JBWG meeting and described it an important and positive step towards resolving all the outstanding boundary issues. They agreed to meet in Dhaka at a mutually convenient time. The Bangladesh delegation thanked Government of India for the warm hospitality.

New Delhi

November 11, 2010

Source: Ministry of External Affairs, Government of India, available at <http://www.mea.gov.in/mystart.php?id=100516656>

ANNEXURE V

Remarks by Foreign Secretary at the Joint Press meet in Dhaka

June 07, 2011

1. At the outset, I would like to thank the Government of Bangladesh and my counterpart His Excellency Mijarul Quayes for the invitation and excellent hospitality extended to the Indian delegation and arrangements made for the Foreign Office Consultations. It is always delightful to visit Dhaka.
2. We have had very comprehensive consultations earlier today covering a range of issues of mutual interest and bilateral cooperation. The talks were marked by great warmth and cordiality reflecting the close ties and friendship between the two countries.
3. The Joint Communique signed by PM Dr Manmohan Singh and Her Excellency Prime Minister Sheikh Hasina during her landmark visit to India in January last year has outlined the roadmap for the relationship between India and Bangladesh. Both sides have made considerable progress in implementation of the Joint Communiqué since the visit. Implementation of projects under the \$1 billion LOC from India has been high priority for both sides. We have just conveyed our concurrence for a number of projects under the LOC in Railway infrastructure and the purchase of buses for the city of Dhaka. These can be implemented immediately. India is committed to implementation of far-reaching decisions taken by the leaders of both countries.
4. Our cooperation in the power sector, including grid connectivity, supply of upto 500 MW of power from India, including 250 MW of power at a preferential rate and Bangladesh request for setting up of a high technology joint venture thermal power plant of 1320 MW capacity is progressing well. During the visit of Minister for Commerce and Industry of India in April this year, the annual duty free quota for export of Bangladeshi garments to India has been raised from 8 to 10 million pieces. Cooperation to upgrade BSTI is progressing well. Both sides are working on several projects to improve trade infrastructure and connectivity. A new LCS at Fulbari-Banglabandha was opened in January and the Government of India has now undertaken to set up five ICPs and the foundation stone of the ICP at Agartala was laid by the Home Minister Shri P. Chidambaram in May. Border Haats in Meghalaya are expected to be inaugurated soon.
5. There has been regular exchange of business delegations. This has resulted in several joint venture agreements being concluded for export oriented manufacturing activities in Bangladesh. Indeed, we are happy to note that Bangladesh exports to India have, according to our figures, increased by 52% in the first nine months of 2010-11. I am sure that Indian investments in Bangladesh will provide employment and also generate export potential, including to India.
6. We have made substantial forward movement in respect of both water and land boundary

- issues. The Joint Boundary Working Group (JBWG) meeting was held in November 2010, and the Bangladesh Water Resources Secretary held talks in Delhi yesterday. Both sides are discussing interim water sharing of Teesta and Feni rivers. The work on river bank protection and embankment construction along the common rivers is progressing and the dredging of the Ichhamati River along the 20 km common stretch is nearing completion.
7. The joint Inaugural Ceremonies of the 150th Birth Anniversary of Rabindranath Tagore in both our capitals were very impressive. Several events are planned for the whole year.
 8. India attaches the highest importance to its relations with Bangladesh and seeks a deeper and stronger partnership. The historic bonds between India and Bangladesh are deep rooted and peoples on both sides want mutual prosperity and cooperation.
 9. Prime Minister Dr Manmohan Singh is looking forward to his visit to Bangladesh at the invitation of Prime Minister Sheikh Hasina to take forward the mutually beneficial cooperation agreed by the two Prime Ministers in January 2010.
 10. I am looking forward to calling on Her Excellency Prime Minister Sheikh Hasina right after this interaction. Yesterday, I had very productive interaction with H.E. Dr. Mashiur Rahman and H.E. Prof. Gowher Rizvi, Advisers to Prime Minister. I shall also call on Foreign Minister Dr. Dipu Moni later today.
 11. I thank you for your presence.

Dhaka

June 07, 2011

Source: Ministry of External Affairs, Government of India, available at <http://www.mea.gov.in/mystart.php?id=100517725>

ANNEXURE VI

Opening Remarks by Indian Home Minister at Joint Press Interaction in Dhaka

July 30, 2011

Your Excellency Advocate Shahara Khatun
Good Afternoon Ladies and Gentlemen
Good Afternoon

I am delighted to visit Bangladesh, a close and friendly neighbour. I wish to express my deep sense of gratitude to the Government of Bangladesh and my distinguished counterpart Advocate Shahara Khatun for the warm reception and excellent arrangements made for me and my delegation.

Home Minister Shahara Khatun and I had very constructive talks. We were able to review bilateral cooperation in areas of security, border management and other related matters, including implementation of agreements in the spirit of friendship and mutual understanding.

Ladies and Gentlemen

The relationship between India and Bangladesh is passing through a very promising phase in recent times with both sides embarking on a number of forward looking, pragmatic and mutually beneficial initiatives. The Prime Minister Sheikh Hasina's visit to India in January 2010 has given a new direction to the course of our relationship. The two Prime Ministers had a common vision for the future of cooperation between the two countries. The Joint Communiqué adopted during the visit outlines various decisions and initiatives implementation of which would transform the bilateral relationship. I am happy to note that considerable progress has been made in

implementation of Joint Communiqué and projects under the \$ 1 bn LOC from India.

The regular high level exchanges between our two countries in recent period have further cemented the bilateral relations. Hon'ble Vice President of India visited Dhaka in May on the occasion of inauguration of joint celebration of the 150th Birth Anniversary of Rabindranath Tagore. Smt. Sonia Gandhi, President, INC & Chairperson, UPA was here earlier this week as the Chief Guest at the Autism Conference and to receive Bangladesh Freedom Honour conferred on Smt. Indira Gandhi. These events testify the shared struggle and sacrifice by peoples of our two countries.

Both countries recognize the importance of cooperation in the field of security and are determined to jointly combat the menace of insurgency, militancy and terrorism. We are glad that our leadership had agreed that the territory of either would not be allowed for activities inimical to the other and resolved not to allow their respective territory to be used for training, sanctuary and other operations by domestic or foreign terrorists/militants and insurgent organizations and their operatives.

We share a long land border and ensuring its sanctity is the joint responsibility. India has taken several measures to enhance border controls and uphold peace and tranquility. We are committed to cooperating with Bangladesh in protecting our borders from illegal activities. I am glad that our

border guarding forces have concluded today a 'Border Management Plan'. We believe that this will help them to enhance together the management of border.

The Joint Boundary Working Group (JBWG) meeting was held in November 2010 and both sides are engaged in a process to seek a comprehensive resolution of outstanding land boundary issue. Both sides made substantial forward movement to resolve land boundary issue.

We are working on several projects to improve trade infrastructure and connectivity. Government of India has now undertaken to set up seven Integrated Check Posts (ICPs) and a foundation stone of the ICP at Agartala was laid in May 2011. A new LCS was opened at Fulbari-Banglabandha in January 2011 and a Border Haat was inaugurated on Meghalaya-Bangladesh border earlier this month.

Bangladesh is the first country where the online visa system with photo-affixed visa facility has been introduced by India. This includes online visa tracking system, which enables an applicant to check the status of visa application online. Over half a million visa applications are processed per annum by Indian Missions in Bangladesh. Special arrangements have been made to cater to applicants who need to visit India for emergency medical

treatment, conferences and personal emergency on fast track. India visa application centers are located in Dhaka, Chittagong, Khulna and Sylhet.

Ladies and Gentlemen

Let me reaffirm that India attaches the highest importance to its relations with Bangladesh and seeks a deeper and stronger partnership. We are guided by the fundamental premise that a stable, prosperous, democratic and peaceful Bangladesh is in our mutual interest. We are committed to pursuing cooperation with Bangladesh that brings prosperity to our peoples and development to the two countries.

Prime Minister Dr Manmohan Singh is looking forward to his visit to Bangladesh on 6-7 September 2011 at the invitation of Prime Minister Sheikh Hasina to take forward the mutually beneficial cooperation as envisaged by the two leaders.

I am looking forward to calling on Her Excellency Prime Minister Sheikh Hasina later today. I will also be meeting Foreign Minister Dr. Dipu Moni and Advisers to Prime Minister Prof. Gowher Rizvi and Dr. Mashiur Rahman.

Thank you

Source: Website of High Commission of India in Dhaka, available at <http://www.hcidhaka.org/SpechesDetails.php?id=101>

ANNEXURE VII

Joint Press Conference by Foreign Secretaries of India and Bangladesh after annual Foreign Office Consultations

July 17, 2008

Foreign Secretary (Shri Shivshankar Menon): Good afternoon, ladies and gentlemen. Thank you for coming. I am very happy to welcome Foreign Secretary of Bangladesh and his delegation to India for the annual Foreign Office Consultations between our two countries.

We have had very friendly, open, cordial and substantive discussion on our relationship this morning. We have covered all aspects of our relations. For us in India, as I informed the Foreign Secretary, relations with Bangladesh are a matter of the highest priority. We share a common cultural heritage and historical bonds. As a close and friendly neighbour we stand committed to strengthening our relationship with Bangladesh. We had a very good discussion today where we discussed our trade and economic relations, our political relations, common security issues, water issues and the other aspects where we would like to carry our relationship forward.

It has been a productive year for our relationship. In the last April we started the Maitri Express between Kolkata and Dhaka. We have also had the visit of the Chief of Army Staff of Bangladesh. Our Army Chief will be visiting Bangladesh soon. The Home Secretary will also be going to Bangladesh in the near future. Last year, our External Affairs Minister visited Bangladesh twice; and we tried to help Bangladesh to the extent that we could when she was hit by a series of natural disasters.

Today, we also discussed issues about connectivity between our two countries. From our point of view I think the discussions were very useful and have led to much greater understanding of each other's concerns and interests. We are convinced that our security is interlinked, and that terrorism will have to be tackled resolutely.

We both exchanged views on how to deal with some of the humanitarian aspects, water resources issues for instance; and we are trying to enhance cooperation in agriculture and in science and technology. I am confident that this round of Foreign Office Consultations helped build trust and understanding between our two countries, and we look forward to continuing this process.

Foreign Secretary of Bangladesh (Mr. Md. Touhid Hossain): I would first like to thank all of you for being here to cover the present round of Foreign Office Consultations between India and Bangladesh.

I know that for the media, both in Bangladesh and in India, there is a very keen interest to follow how the relations between our two countries are evolving. This is natural and this is also welcome for I believe that the media in both our countries can play a major positive role in creating the conditions that may help both our countries to remain on a positive trajectory to improve and strengthen their relations.

I thank Foreign Secretary Menon for inviting me over to Delhi for this round of Foreign Office Consultations between our two countries despite his extremely busy schedule and other important preoccupations. I am delighted to come here in response to his invitation; and we have had, as he has mentioned, very useful and constructive discussions on the entire range of issues in which we have shared interests.

The Foreign Secretary has indicated to you broadly the issues that we discussed. I can only add to what he has said by saying that we did not shy away from discussing all issues which we considered important for the present and the future of the robust, friendly relations between Bangladesh and India.

Our discussions have been candid, comprehensive and forward-looking. I have every reason to believe that ours has been a useful round of discussions which would enable us to continue to work constructively in the days and years ahead to enrich our already close bilateral relationship. I have invited Mr. Menon to visit Bangladesh at a time that he finds convenient to carry forward the useful discussions that we have had in Delhi.

I would like to mention here one small thing which is that on the water issue we have agreed that the Technical Committee should sit very quickly to resolve one small issue that can be resolved quickly which is the embankment protection of the rivers which has been harming the people on both sides of our border. We hope that very soon they

will sit and resolve this issue.

Thank you.

Question: This is addressed to both Foreign Secretaries. Recently in all the terror attacks that have taken place in India, fingers have pointed towards the HuJI which is supposed to have its base in Bangladesh. Was this discussed in the meeting between the two Foreign Secretaries?

Foreign Secretary of India: We discussed the issue of terrorism and how we both need to face it together. The details, of course, are dealt with in other fora. We have other places where we discuss these things, the Home Secretaries' talks and so on. And we look forward to working together against terrorism.

Foreign Secretary of Bangladesh: I fully agree with what he has said. I just have to add one thing that we think this is a global problem. We have a mechanism for cooperation in this sector and we will continue to do that.

Question: What is the status of BIPA?

Foreign Secretary of Bangladesh: This is in an advanced stage of finalization and we believe that in the near future we will be able to do something on that.

Foreign Secretary of India: I will ditto that.

Source: Ministry of External Affairs, Government of India, available at <http://www.mea.gov.in/mystart.php?id=100514082>

ANNEXURE VIII

Summary of Agreements signed during the visit of Prime Minister of Bangladesh Begum Khaleda Zia to India

March 21, 2006

Revised Trade Agreement between India and Bangladesh

The Revised Trade Agreement is being signed between India and Bangladesh upon expiry of the Trade Agreement originally signed in 1980. The agreement aims at expanding trade and economic relations between the two countries on the basis of equality and mutual benefits by facilitation, expansion and diversification of trade.

The agreement recognizes that expansion of trade is important for the development of the two countries and also takes into account the asymmetries that exist between the two countries. The agreement also calls for cooperation between the two governments to prevent infringement and circumvention of rules and regulations of either country in matters related to foreign exchange and foreign trade. Both the countries would make mutually beneficial arrangements for the use of their waterways, roadways and railways for commerce between the two countries for passage of goods between places in one country through the territory of the other. According to the agreement, both the countries would also facilitate holding of trade fairs and exhibitions and visits of business and trade delegations.

Agreement for mutual cooperation for preventing illicit trafficking in Narcotic Drugs and Psychotropic Substances & Related Matters

The agreement on cooperation for preventing illicit trafficking in Narcotic Drugs and Psychotropic Substances & Related Matters being signed during the visit of the Prime Minister of Bangladesh is a reaffirmation of the joint determination of India and Bangladesh to fight against drug abuse and illicit trafficking.

Under the agreement, the Narcotics Control Bureau would be the nodal agency for India and the Department of Narcotics Control would be the nodal agency for Bangladesh, which shall meet periodically with the aim of promoting field level contact and cooperation between the two countries. The agreement also envisages quick exchange of information regarding operational intelligence and to help each other build up records in respect of smugglers, suspects, financiers, organisers, etc.

New Delhi

March 21, 2006

Source: Ministry of External Affairs, Government of India, available at <http://www.mea.gov.in/mystart.php?id=100511114>

ANNEXURE IX

Agreement between the Government of the Republic of India and Government of the People's Republic of Bangladesh concerning the demarcation of the land boundary between India and Bangladesh and related matters

May 16, 1974

The Government of the Republic of India and the Government of the People's Republic of Bangladesh,

BEARING IN MIND the friendly relations existing between the two countries,

DESIRING TO define more accurately at certain points and to complete the demarcation of the land boundary between India and Bangladesh,

HAVE AGREED as follows :

Article 1

The land boundary between India and Bangladesh in the areas mentioned below shall be demarcated in the following manner :

MIZORAM-BANGLADESH SECTOR

Demarcation should be completed on the basis of the latest perpetration notifications and records.

TRIPURA-SYLHET SECTOR

Demarcation which is already in progress in this area on the agreed basis, should be completed as early as possible.

BHAGALPUR RAILWAY LINE

The boundary should be demarcated at a distance of 75 feet parallel to the toe of the railway embankment towards the east.

SIBPUR-GAURANGALA SECTOR

The boundary should be demarcated in continuation of the process started in 1951-52 on the basis of the District Settlement Maps of 1915-1918.

MUHURI RIVER (BELONIA) SECTOR

The boundary in this area should be demarcated along the mid-stream of the course of Muhuri River at the time of demarcation. This boundary will be a fixed boundary. The two Governments should raise embankments on their respective sides with a view to stabilizing the river in its present course.

REMAINING PORTION OF THE TRIPURA-NOAKHALI/COMILLA SECTOR

The demarcation in this sector should be completed on the basis of Chakia-Roshanabad Estate Maps of 1892-1894 and the District Settlement Maps of 1915-1918 for areas not covered by the CkakraRoshanabad Maps.

FENNY RIVER

The boundary should be demarcated along the mid-stream of the course at the time of demarcation of that branch of the Fenny River indicated as the Fenny River on Survey of India Map Sheet No. 79MI15, 1st Edition 1935, till it joins the stream shown as Asalong C on the said Map. From that point on, downstream, the boundary should be

demarcated along the mid-stream of the course of the Fenny River at the time of demarcation of the boundary. The boundary in this sector will be a fixed boundary.

REST OF TRIPURA-CHI'TTAGONG HILL TRACT SECTOR

The boundary will follow the mid-stream of that branch of the Fenny River, referred to in para 7 above, upto Grid reference 009779 (Map sheet as in para 7 above) from where the boundary will follow the mid-stream of the eastern-most tributary. From the source of this tributary, the boundary will run along the shortest distance to the mid-stream of the stream marked Bayan Asalong, on the map referred to above, and thence will run generally northwards along the mid-stream of this river till it reaches its source on the ridge (indicated by grid reference 046810 on the map referred to above). From there it will run along the crest of this ridge upto Boghoban Trig Station. From Boghoban Trig Station upto the tri-junction of the Bangladesh- Assam-Tripura boundary (Khan Talang Trig Station), the boundary will run along the watershed of the river systems of the two countries. In case of any difference between the map and the ground, the ground shall prevail. The boundary will be a fixed boundary in this sector.

BEANIBAZAR-KARIMGANJ SECTOR

The undemarcated portion of the boundary west of Umapati village should be demarcated in accordance with the agreed basis of demarcation, leaving Umapati village in India.

HAKAR KHAL

The boundary should be demarcated in accordance with the Nehru-Noon Agreement of September, 1958, treating Hakar Khal as a geographical feature distinct from the Ichhamati River. The boundary will be a fixed boundary.

BAIKARI KHAL

In the Baikari Khal, the boundary should be demarcated on the agreed basis and principles, namely, that the ground shall prevail, i.e. as per the agreement reached between the Directors of Land Records and Surveys of West Bengal and erstwhile East Pakistan in 1949. The boundary will be a fixed boundary.

ENCLAVES

The Indian enclaves in Bangladesh and the Bangladesh enclaves in India should be exchanged expeditiously, excepting the enclaves mentioned in paragraph 14 without claim to compensation for the additional area going to Bangladesh.

HILLI

The area will be demarcated in accordance with Radcliffe Award and the line drawn by him on the map.

BERUBARI

India will retain the southern half of South Berubari Union No.12 and the adjacent enclaves, measuring an area of 2.64 square miles approximately, and in exchange Bangladesh will retain the Dahagram and Angarpota enclaves. India will lease in perpetuity to Bangladesh an area of 178 metres x 85 metres ijeer 'Tin Bigha' to connect Dahagram with Panbari Mouza (P.S. Patgram) of Bangladesh.

LATHITILLA-DUMABARI

From point Y (the last demarcated boundary pillar position), the boundary shall run southwards along the Patharia Hills RF boundary upto the point where it meets the western boundary of Dumabari Mouza. Thence along the same Mouza boundary upto the tri-junction of Mouzas Dumabari, Lathitilla and Bara Putnigaon through the junction of the two Mouzas Dumabari and Lathitilla. From this point

it shall run along the shortest distance to meet the mid-stream of Putni Chara. Thence it shall run generally southwards along the midstream of the course of Putni Chara at the time of demarcation, till it meets the boundary between Sylhet (Bangladesh) and Tripura (India).

Article 2

The Governments of India and Bangladesh agree that territories in adverse possession in areas already demarcated in respect of which boundary strip maps are already prepared, shall be exchanged within six months of the signing of the boundary strip maps by the plenipotentiaries. They may sign the relevant maps as early as possible and in any case not later than the 31st December, 1974. Early measures may be taken to print maps in respect of other areas where demarcation has already taken place. These should be printed by 31st May 1975 and signed by the plenipotentiaries thereafter in order that the exchange of adversely held possessions in these areas may take place by the 31st December 1975. In sectors still to be demarcated, transfer of territorial jurisdiction may take place within six months of the signature by plenipotentiaries on the concerned boundary strip maps.

Article 3

The Governments of India and Bangladesh agree that when areas are transferred, the people in these areas shall be given the right of staying on where they are, as nationals of the State to which the areas are transferred. Pending demarcation of the boundary and exchange of territory by mutual

agreement, there should be no disturbance of the status quo and peaceful conditions shall be maintained in the border regions. Necessary instructions in this regard shall be issued to the local authorities on the border by the two countries.

Article 4

The Governments of India and Bangladesh agree that any dispute concerning the interpretation or implementation of this Agreement shall be settled peacefully through mutual consultations.

Article 5

This Agreement shall be subject to ratification by the Governments of India and Bangladesh and Instruments of Ratification shall be exchanged as early as possible. The Agreement shall take effect from the date of the exchange of the Instruments of Ratification.

SIGNED in New Delhi on May 16, 1974, in two originals each of which is equally authentic.

Sd/-	Sd/-
(Smt) INDIRA GANDHI	SHEIKH MUJIBUR RAHMAN
Prime Minister	Prime Minister
For the Republic of India	For the People's Republic of Bangladesh

Source: Website of High Commission of India in Dhaka, available at http://www.hcidhaka.org/agreement_india_bd.php

ANNEXURE X

Treaty of Peace and Friendship between the Government of India and the Government of the People's Republic of Bangladesh, Dacca

19 March 1972

INSPIRED by common ideals of peace, secularism, democracy, socialism and nationalism,

HAVING struggled together for the realisation of these ideals and cemented ties of friendship through blood and sacrifices which led to the triumphant emergence of a free, sovereign and independent Bangladesh,

DETERMINED to maintain fraternal and good-neighbourly relations and transform their border into a border of eternal peace and friendship,

ADHERING firmly to the basic tenets of non-alignment, peaceful co-existence, mutual cooperation, non-interference in internal affairs and respect for territorial integrity and sovereignty,

DETERMINED to safeguard peace, stability and security and to promote progress of their respective countries through all possible avenues of mutual cooperation,

DETERMINED further to expand and strengthen the existing relations of friendship between them, convinced that the further development of friendship and cooperation meets the national interests of both States as well as the interests of lasting peace in Asia and the world,

RESOLVED to contribute to strengthening world peace and security and to make efforts to bring about a relaxation of international tension and the final elimination of vestiges of colonialism, racialism and imperialism,

CONVINCED that in the present-day world international problems can be solved only through cooperation and not through conflict or confrontation,

REAFFIRMING their determination to follow the aims and principles of the United Nations Charter, the Republic of India, on the one hand, and the People's Republic of Bangladesh, on the other,

HAVE decided to conclude the present Treaty.

Article 1

The high Contracting Parties, inspired by the ideals for which their respective peoples struggled and made sacrifices together, solemnly declare that there shall be lasting peace and friendship between their two countries and their peoples, each side shall respect the independence, sovereignty and territorial integrity of the other and refrain from interfering in the internal affairs of the other side.

The high Contracting Parties shall further develop and strengthen the relations of friendship, good-neighbourliness and all-round cooperation existing between them, on the basis of the above-mentioned principles as well as the principles of equality and mutual benefit.

Article 2

Being guided by their devotion to the principles of equality of all peoples and states, irrespective of race or creed, the high Contracting

Parties condemn colonialism and racialism in all forms and manifestations and are determined to strive for their final and complete elimination.

The high Contracting Parties shall cooperate with other states in achieving these aims and support the just aspirations of people in their struggle against colonialism and racial discrimination and for their national liberation.

Article 3

The high Contracting Parties reaffirm their faith in the policy of non-alignment and peaceful co-existence as important factors for easing tension in the world, maintaining international peace and security, and strengthening national sovereignty and independence.

Article 4

The high Contracting Parties shall maintain regular contacts with each other on major international problems affecting the interests of both States, through meetings and exchanges of views at all levels.

Article 5

The high Contracting Parties shall continue to strengthen and widen their mutually advantageous and all-round cooperation in the economic, scientific and technical fields. The two countries shall develop mutual cooperation in the fields of trade, transport and communications between them on the basis of the principles of equality, mutual benefit and the most-favoured nation principle.

Article 6

The high Contracting Parties further agree to make joint studies and take point action in the fields of flood control, river basin development and the development of hydro-electric power and

irrigation.

Article 7

The high Contracting Parties shall promote relations in the fields of art, literature, education, culture, sports and health.

Article 8

In accordance with the ties of friendship existing between the two countries each of the high Contracting Parties solemnly declares that it shall not enter into or participate in any military alliance directed against the other party.

Each of the high Contracting Parties shall refrain from any aggression against the other party and shall not allow the use of its territory for committing any act that may cause military damage to or constitute a threat to the security of the other high contracting party.

Article 9

Each of the high Contracting Parties shall refrain from giving any assistance to any third party taking part in an armed conflict, against the other party. In case either party is attacked or threatened with attack, the high contracting parties shall immediately enter into mutual consultations in order to take appropriate effective measures to eliminate the threat and thus ensure the peace and security of their counties.

Article 10

Each of the high Contracting Parties solemnly declares that it shall not undertake any commitment secret or open, toward one or more States which may be incompatible with the present Treaty.

Article 11

The present Treaty is signed for a term of twenty five years and shall be subject to renewal by mutual

agreement of the high Contracting Parties.

The Treaty shall come into force with immediate effect from the date of its signature.

Article 12

Any differences in interpreting any article or articles of the present Treaty that may arise between the high Contracting Parties shall be settled on a bilateral basis by peaceful means in a spirit of mutual respect and understanding.

DONE in Dacca on the nineteenth day of March

nineteen hundred and seventy two.

Sd/-

(Smt) INDIRA GANDHI

Prime Minister

For the Republic
of India

Sd/-

SHEIKH MUJIBUR
RAHMAN

Prime Minister

For the People's
Republic of
Bangladesh

Source: Ministry of External Affairs, Government of India

ANNEXURE XI

Steps Taken on the Joint Communiqué of January 2010.

	Suggested Measures	Steps taken so far and Progress made	Remarks
1.	Border guarding forces to exercise restraint	India has already instructed its border guards not to fire on anyone. Non-lethal bullets have been introduced. Casualty rate has come down considerably.	This has gone down well with people in Bangladesh. However, border guards on the Indian side have a problem of deterring illegal migration and allege that such steps would encourage people to cross border illegally.
2.	India invited to construct a flyover across Tin Bigha Corridor for exclusive Indian use	India has provided 24-hour access via TBC	This arrangement should be sustained.
3.	Comprehensively address all outstanding land boundary issues keeping in view the spirit of the 1974 Land Boundary Agreement. To convene the Joint Boundary Working Group to take this process forward	JBWG meeting regularly. Both countries signed strip maps pertaining to border demarcation on August 21, 2011.	The earlier these issues are settled, the better for India-Bangladesh relations. It will steal the winds out of the sails of the opposition in Bangladesh and may boost Hasina's popularity, if she finds a way of selling any such solution (arrived at through talks) to her people.
4.	Amicably demarcate the maritime boundary. Noted the initiation of proceedings under Annex VII of the UNCLOS	It has gone for arbitration to ITLOS.	
5.	Ashuganj in Bangladesh and Silghat in India shall be declared ports of call.	Ashuganj was allowed to be used by India to transport its ODC to its Palatana power plant in Tripura. India has already designated Ashuganj in Bangladesh and Silghat in India as Ports of Call for the inland waterways transport.	Such measures to improve trade and economic linkages must be pursued with determination from either side.
6.	Inland Water Transit and Trade Protocol (IWTT) to be amended through exchange of letters.	Trans-shipment facility using both road and river granted to India under this Protocol in 1972.	India allowed to use it to transport equipment for its Palatana power plant. Amendment to be made

7.	Joint team to assess the improvement of infrastructure and the cost for one-time or longer term transportation of ODCs (Over Dimensional Cargo) from Ashuganj. India to make the necessary investment.	One time transportation has already taken place. Long-term transportation yet to be agreed upon.	Bangladesh must allow India such transit through its territory which will boost its revenues and simultaneously help build trust and goodwill in India.
8.	Bangladesh to allow use of Mongla and Chittagong sea ports for movement of goods to and from India through road and rail. Intention to give Nepal and Bhutan access to these ports.	Indian consent given and Nepal and Bhutan provided access. Rail transit started from July 2011.	Bangladesh and India have already permitted transit of 50,000 tonnes of DAP to Nepal
9.	Construction of Akhaura-Agartala railway link to be financed by grant from India. A joint team of the railway authorities of the two countries to identify the alignment for connectivity.	Rail link between Agartala and Akhaur is in progress. Indian Union Railway Ministry has allocated Rs 251 crores to lay this track in May 2011.	India has often been accused of poor implementation in the neighbourhood. It is time India must implement such projects well.
10.	Resumption of road and rail links between the two countries taking the example of Maitree express	Kolkata-Dhaka and Agratala-Dhaka services are on. Guwahati-Dhaka bus service to be introduced soon. Discussion on routes going on. India and Bangladesh have suggested different routes for further transport linkages. Discussions going on. ¹	Multiple travel and transport linkages will help both the countries build sustainable inter-linkages and transform the nature and scope of bilateral relations.
11.	Rohanpur-Singabad broad gauge railway link to be available for transit to Nepal.	To be operationalised soon.	India is also looking at railway transit through Rohanpur-Singala, as well as Holdibari-Jhilaihati. Bangladesh proposed Chilahati-Haldibari and Kulaura-Mahishashon links.
12.	Bangladeshi intention to convert Radhikapur-Birol railway line into broad gauge and requested for railway transit link to Bhutan.	Dual gauge conversion of Parbatipur-Birol rail section being undertaken. Transit to Bhutan granted by India.	The conversion of the rail-link to broad gauge on the Bangladesh side is pending. India must help Bangladesh in completing this section like in the Agartala-Akhaura sector.

¹ The routes proposed by India are Akhaura-Agartala, Sabroom-Ramgarh, Demagiri-Thegamukh, Bibir Bazar-Srimantpur, Belonia-Belonia, Betuli-Old Raghna Bazar, Chatlapur-Manu, Tamabil-Dawki, Borosora-Borosora, Haluaghat-Ghasuapara, Sonamganj-Shellbazar, Darshanak-Gede, Rohanpur-Singhabad, Birol-Radhikapur and Benapole-Petrapole. The routes proposed by Bangladesh are: Chittagong-Tamabil for Meghalaya, Chittagong-Sutarkandhi for Assam, Chittagong-Akhaura and Baraiyerhat-Chiitagong-Ramganj for Tripura; Mongla-Banglabandha and Mongla-Burimari-Lalmonirhat for Nepal.

13.	Discussions on the sharing of the Teesta waters keeping in mind the scarcity of water flow during lean seasons.	Interim agreement has been finalised, to be signed during PM's visit	Will address Bangladeshi concerns and build popular goodwill.
14.	Water Resources Ministers to convene the Ministerial-level meeting of the Joint Rivers Commission in this quarter of 2010. To discuss issues relating to Feni, Manu, Muhuri, Khowai, Gumti, Dharla and Dudhkumar.	Discussions are going on between the JRCs.	
15.	Dredging of Ichhamati	Dredging and embankment completed.	This was well-received in Bangladesh.
16.	River protection at Mahananda, Karatoa, Nagar, Kulik, Atrai, Dharla, and Feni	To be undertaken soon.	Ichhamati example should be replicated.
17.	India agreed to support implementation of strategy of Government of Bangladesh to dredge rivers for flood control, navigation and access to ports. India agreed to provide, inter alia, dredgers to Bangladesh on an urgent basis.	India has provided support for dredging of Bangladeshi rivers.	
18.	India reiterated the assurance that India would not take steps on the Tipaimukh project that would adversely impact Bangladesh.	India has assured Bangladesh that its concerns will be taken into account.	
19.	India agreed to supply to Bangladesh 250 MW electricity from its grid.	The work on this has started. India has promised to deliver 250 MW by 2013.	The project should be implemented as per schedule.
20.	The need to expedite inter-grid connectivity. To cooperate in development and exchange of electricity, including generation from renewable sources, and may set up joint projects or corporate entities for that purpose.	Bangladesh Power Development Board (PDB) and Power Grid Corporation of India Ltd (PGCIL) have signed a 35-year power transmission agreement in July 26, 2010.	Due care must be taken to implement this agreement soon.

21.	Agreed to address removal of tariff and non-tariff barriers and port restrictions and facilitate movement of containerized cargo by rail and water.	Three laboratories in Bangladesh have been identified for testing export samples meant for India, with testing facilities being set up at the Petrapole border. Some of the Bangladeshi items provided duty-free access to India as part of SAFTA. Duty free quota for export of Bangladeshi garments to India has been raised from 8 to 10 million pieces. The number of items under the 'negative list' has been brought down further by 47 items from 260 items.	More steps to be taken to reduce tariff and non-tariff barriers. This will bridge the trust deficit in big way.
22.	India agreed to support the upgradation of the Bangladesh Standard Testing Institute with a view to building capacity on certification.	India has upgraded BSTI which will help in dealing with the problem of rules of origin.	
23.	Joint investment and joint ventures, to be encouraged by both countries. Participation of the private sector to be encouraged	Work on Bangladesh request for setting up of a high technology joint venture thermal power plant of 1320 MW capacity is progressing well. Indian National Thermal Power Corporation (NTPC) has its plans to set up two imported coal-based power projects totalling 3,960MW at Khulna and Chittagong in Bangladesh.	India has also proposed to set up of a liquefied natural gas (LNG) terminal as a joint venture (JV) in Bangladesh to create a power generation capacity of around 1,000MW. Such measures should be encouraged by the Bangladesh government.
24.	Agreed to operationalize land customs stations at Sabroom-Ramgarh and Demagiri-Thegamukh, including putting in place necessary infrastructure and issue necessary notifications. Strengthen infrastructure at the existing land custom stations	ICP plan at Agratala-Akhaura border inaugurated. New LCS at Fulbari-Banglabandha was opened in January 2011. India has now undertaken to set up five ICPs and the foundation stone of the ICP at Agartala was laid by the Home Minister Shri P. Chidambaram in May 2011. Other ICPS to be operationalised on the Bangladeshi side are Petrapole, Sutarkhandi, Agartala, Hilli, Changrabandha, Dawki, Kawarpuchia (Demagiri)	Early implementation needed. While infrastructure on the Indian side can be further improved, Bangladesh needs to create similar infrastructure in those places where they do not exist.
25.	Border haats shall be established on a pilot basis at selected areas, including on the Meghalaya border, to allow trade in specified produce and products and in accordance with the regulations agreed and notified by both Governments.	Border haats were been launched on July 23, 2011, along the Kalaichar border (West Garo Hills district of Meghalaya) and Balamari border (in Roumari and Rajibpur upazilas of Kurigram) in Bangladesh.	Others locations for such haats have been identified in Sonarhat-Lyngkhat border (Sylhet-East Khasi Hills), and Narayantala-Balat border (Sunamganj-East Khasi Hills). More locations being identified.

26.	Trucks for movement from Bhutan and Nepal be allowed to enter about 200 meters into Zero Point at Banglabandh at Banglabandh-Phulbari land customs station	Implemented	Information on this should be disseminated widely.
27.	A line of credit of US\$ 1 billion for a range of projects, including railway infrastructure, supply of BG locomotives and passenger coaches, rehabilitation of Saidpur workshop, procurement of buses including articulate buses and dredging projects.	The credit line of US\$1 billion has been given.	Focus should be on quick implementation of the projects.
28.	Bangladesh requested for assistance to construct road infrastructure in Dhaka, including flyovers.	India is engaged in the construction of bridges on the river Feni which will connect Ramgarh (Khagrachhari district, Bangladesh) with Sabroom (South Tripura).	Indian companies should be encouraged to take up infrastructure projects in Bangladesh.
29.	Joint celebrations of the 150th Birth Anniversary of Rabindranath Tagore in 2011	Joint celebrations conducted with enthusiasm. Vice President of India, Hamid Ansari visited Bangladesh in May 2011 to participate in the 150th birth anniversary commemorations of Gurudev Rabindranath Tagore.	Cultural exchanges should be promoted further.
30.	300 scholarships annually for a period of five years for study and training in Universities and training institutions in India, covering a wide range of disciplines as may be required by scholars and persons in government employment.		This is a good initiative and Indian private universities and vocational institutions to market their courses in Bangladesh and take students from there.

[Prepared by Task Force Members]

Bilateral Concerns (Broad Points)

Irritants/Issues	Steps taken / Progress made	Remarks
<i>Indian Concerns</i>		
Insurgents from North East given shelter	Bangladesh has shown its sensitivity to Indian concerns. Some insurgent leaders (like Arabinda Rajkhowa, Deb Barman etc.) arrested. Discussion on extradition of Anup Chetia on. During Indian Home Minsiter's visit to Bangladesh in July 2011. Bangladesh has further assured that its territory would not be allowed to be used for activities inimical to India's interests.	Such cooperation needs to be strengthened.
Illegal Migration	Bangladesh has officially refused to acknowledge the issue. The root causes are economic. This problem is likely to remain as such until the root causes are addressed.	Innovative solutions need to be worked out.
Discouraging Indian investments	Of late, Bangladesh has shown its interest in Indian investment. High Commissioners of the two countries signed an agreement on protection and promotion of investments in July 2011. This agreement pertained to exchange of instruments of ratification in respect of the Bilateral Investment Promotion and Protection Agreement (BIPPA).	Initial grounds covered. The atmospherics are good now but more efforts need to be made to make the process irreversible.
Fractured polity hence poor implementation of assurances	Extreme bipolarity in Bangladesh politics tends to hamper the pace of progress in India-Bangladesh relations. If one party promotes relationship with India, the other tends to oppose it. The problem is likely to continue.	The fruits of cooperation need to be made visible. Information pertaining to the same need to be disseminated among larger public in both the countries.
BDR firing/ incursions	Discussion on joint border management on. An initial agreement has been signed in July 2011 between the chiefs of the border guards.	It is a work in progress. Both the sides need to work closely together to address the issue.
<i>Bangladeshi Concerns</i>		
River Water sharing (Farakka Barrage issue, Dams on Teesta)	JRC meeting to finalise agreements on Teesta and Feni continuing. Next round of talk on September 5, 2011, prior to the PM's visit.	Agreement likely during PM's visit.
Transit route from Nepal and Bhutan	India has agreed to allow transit to Nepal and Bhutan. Nepal-Bangladesh trade is in full swing.	Rail and road links should be improved to sustain such trade.
Asian Highway	Bangladesh has acceded to Intergovernmental Agreement on Asian Highway.	Domestic resistance to allowing transit to India through Bangladesh remains. This may be a cause of worry.

Dykes and Embankments along the border (<i>Bangladesh losing land due to river shifting its course</i>)	Dredging and embankment of Ichhamati river completed with Indian help. Work on other rivers being worked out.	Indian help in this area is appreciated by the people of Bangladesh and such initiatives need to be taken forward.
Maritime boundary	Discussions are on. The matter lies with ITLOS now.	Both the countries should work towards early solution
Border demarcation and Enclaves issue	Discussions on these issues have been positive. Some agreement likely.	The prospect of an agreement has drawn criticism from opposition parties in Bangladesh. Sheikh Hasina has to find a way of selling any such agreement to the people.
Poor follow up on commitments	India has delivered on its commitments made in the joint communiqué.	Bangladesh has to cooperate and allow the process to continue
Stringent visa policy	Bangladesh is the first country where the online visa system with photo-affixed visa facility has been introduced by India. Special arrangements have been made to cater to applicants who need to visit India for emergency medical treatment, conferences and personal emergency on fast track.	Visa policy should be relaxed to facilitate multi-track engagement.
Bangladesh insurgents Shanti Bahini (40 camps), Bangasena		India should look into the grievances and reassure Bangladesh about India's policy on this issue.

[Prepared by Task Force Members]

ANNEXURE XII

Economic Data on Bangladesh

Current national income aggregates

Items	2010-2011*	2009-2010	Changes over previous year	
			absolute	percentage
GDP at current prices, in million Taka	7874950	6943243	931707	13.42%
GNI at current prices, in million Taka	8528221	7589278	938943	12.37%
NNI at current prices, in million Taka	7924595	7057179	867416	12.29%
GDP at constant prices (base 1995-96), in million Taka	3848850	3608446	240404	6.66%
GNI at constant prices (base 1995-96), in million Taka	4168133	3944194	223939	5.68%
Per Capita GDP at current prices, in Taka	53236	47536	5700	11.99%
Per Capita GDP at constant prices (base 1995-96), in Taka	26019	24705	1314	5.32%
Per Capita GNI at current prices, in Taka	57652	51959	5693	10.96%
Per Capita GNI at constant prices (base 1995-96), in Taka	28177	27003	1174	4.35%

Source: BBS (Bangladesh Bureau of Statistics) * := Provisional
 at <http://www.bangladesh-bank.org/econdata/nationalincome.php>

Yearly data of Wage earner's remittance

Year/Month	Remittances in US dollors	Year/Month	Remittances in mn. US \$
1991-1992	849.66	2001-2002	2501.13
1992-1993	944.57	2002-2003	3061.97
1993-1994	1088.72	2003-2004	3371.97
1994-1995	1197.63	2004-2005	3848.29
1995-1996	1217.06	2005-2006	4802.41
1996-1997	1475.42	2006-2007	5998.47
1997-1998	1525.43	2007-2008	7914.78
1998-1999	1705.74	2008-2009	9689.26
1999-2000	1949.32	2009-2010	10987.40
2000-2001	1882.10	2010-2011	11650.32

Source: Foreign Exchange Policy Department, Bangladesh Bank
at <http://www.bangladesh-bank.org/econdata/wageremittance.php#>

Foreign aid and Govt's external debt

(Million US Dollars)			
Particulars	2006-07	2007-08	2008-09 ^P
1	2	3	4
1 .Foreign Aid			
A. Commitment	2256	2842	2444
B. Disbursement	1631	2062	1815
C. Total Commitment since 1972	56191	59033	61477
D. Total Disbursement since 1972	46461	48522	50337
2. Debt Services (Medium and Long-term)*	704	767	831
3. Outstanding External Debt as on June,30	19355	20266	20831
4. Outstanding Debt as percentage of GDP	28.3	25.5	23.3
5. Medium and Long Term Debt Services aspercentage of Export Earnings	5.8	5.4	5.4

Source: (i) Economic Relations Division, Ministry of Finance.

(ii) Statistics Department, Bangladesh Bank.

* =Excludes repayment in respect of loans from the IMF.

^P Provisional. ^R Revised.

<http://www.bangladesh-bank.org/econdata/debtserv.php>

TASK FORCE MEMBERS

Arvind Gupta is Lal Bhadur Shastri Chair at Institute for Defence Studies and Analyses (IDSA), New Delhi, India.

Anand Kumar is Associate Fellow, at Institute for Defence Studies and Analyses (IDSA), New Delhi, India.

Ashok K Behuria is Research Fellow, at Institute for Defence Studies and Analyses (IDSA), New Delhi, India.

Smruti S Pattanaik is Research Fellow, at Institute for Defence Studies and Analyses (IDSA), New Delhi, India.

Sreeradha Datta is Research Fellow at Institute for Defence Studies and Analyses (IDSA), New Delhi, India.

TASK FORCE MEMBERS

**Arvind Gupta
Anand Kumar
Ashok K Behuria
Smruti S Pattanaik
Sreeradha Datta**



Institute for Defence Studies and Analyses

No. 1, Development Enclave, Rao Tula Ram Marg
Delhi Cantt., New Delhi - 110 010

Tel.: 91-11-2671-7983 Fax: 91-11-2615-4191

E-mail: contactus@idsa.in Website: <http://www.idsa.in>

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