

Indo-Bangla Trade: Focus on the North East Stakeholder Consultation

August 09, 2009, Agartala, Tripura

Introduction

Consumer Unity & Trust Society (CUTS) International with the support of *Friedrich Ebert Stiftung* (FES) India organised a stakeholder workshop titled *Indo-Bangla Trade: Focus on the North East* in Agartala on August 09, 2009 with the following objectives:

- To elicit the views of stakeholders in North Eastern India, especially Tripura, and Bangladesh about potential for trade, connectivity and investment involving these two regions
- To involve business representatives, civil society representatives, and government in creating awareness and momentum towards economic cooperation between North Eastern India, especially Tripura, and Bangladesh

Participants

About 80 participants including representatives from business chambers and associations; civil society; exporters; government officials; academicians and researchers from both India and Bangladesh attended the workshop. The workshop witnessed overwhelming participation from both electronic and print news media. The Honourable Commerce Minister of Tripura, Jitendra Chowdhury also attended the workshop and delivered his comments and suggestions on issues discussed at the workshop. Other key people at the workshop included Sudip Roy, Principal Secretary, Directorate of Industries & Commerce, Tripura; Matlub Ahmad, President, Indo-Bangla Chamber of Commerce; M.L Debnath, President, Tripura Chamber of Commerce; Anil Saraf, Director, Federation of Industries & Commerce of North Eastern (FINER); R.C. Agrawal, President, North East Federation on International Trade. Guwahati; M. Rahmatullah, Transport Policy Advisor, Bangladesh Planning Commission; Sanjib Deb, Chief of Bureau, NE Bangla, Agartala; Jayanta Bhattacharya, Press Trust of India; Biswendu Bhattacharjee, United News of India and many other.

Inaugural Session

Siddhartha Mitra, Research Director, CUTS International started the deliberations by welcoming the participants and flagging the main issue of enhancement of trade between North East India and Bangladesh, with emphasis on Tripura-Bangla trade. He further added that the provision of connectivity for North East India by Bangladesh to the 'rest of India' as well as 'the rest of the world' would be discussed with the objective of creating a win-win situation for both countries. He then requested Matlub Ahmed, President, Indo Bangla Chamber of Commerce, to say a few introductory words on the issue

Matlub Ahmed, *President, Indo Bangla Chamber of Commerce* averred that for Bangladesh, Agartala is the gateway to North East India and such connectivity is in turn very crucial for Indo-Bangla trade. Improvements in mentioned connectivity, he said, should be supplemented by workable solutions to the problems of transit and transshipment to significantly reduce the time and transportation cost incurred in regional trade involving India and Bangladesh and even Bhutan and Nepal.

M.L. Debnath, *President, Tripura Chamber of Commerce*, echoed these views in pointing out the importance of Indo-Bangla trade for the NE states of India. He drew attention to the recent improvements in the ground situation – in 1995, five customs check posts on the NE-Bangla border, which had hitherto remained closed, were opened due to sustained efforts. He stressed the emergence of transit as a crucial economic as well as political issue which was, however, controversial in nature.

Anil Saraf, *Director, Federation of Industries & Commerce of North Eastern Region (FINER)*, stressed the need for the setting up of a joint venture company following the norms laid down by the International Road Union (IRU) for facilitating road transport between countries. This would not only facilitate increased investment but also the exploitation of potential for trade among neighbouring countries.



Figure 1. L-R: Anil Saraf, Matlub Ahmed, Siddhartha Mitra, M.L. Debnath

Session – I: Regional cooperation between Bangladesh and North Eastern India, especially Tripura: Trade, Connectivity and Investment

R.C. Agrawal, *President, North East Federation on International Trade, Guwahati*, chaired this session. He set the tone of the session by saying that though India and Bangladesh could both benefit from bilateral trade and commerce, a number of issues need to be addressed. He gave the example of *Rangna Bridge*, for which four crore rupees had been sanctioned in 2002. Work had not started on this bridge due to objections from *Bangladesh Rifles*. Only bilateral cooperation could resolve these problems standing in the way of sub-regional trade. With these words he invited Siddhartha Mitra to make his presentation.

Siddhartha Mitra, *Director, Research, CUTS International*, made a presentation titled *Trade, Regional Cooperation and Connectivity between North East India and Bangladesh: Focus on Tripura*. He said that Tripura shares 85 percent of its border with Bangladesh and accounts for 50 percent of the NE border with Bangladesh. He further added that about 150 years back, Tripura was one of the major centres for trade and commerce with China. However,, a number of historical and political happenings had made it a land locked island.

He pointed out that Tripura is rich in natural gas and has tremendous potential for the expansion of horticulture and plantation crops. Further, it has a potentially high level of human capital (literacy rate of 73.2 percent as against 63.4 percent for India as a whole) and has enjoyed rapid growth in state income over the last decade. One of the reasons for Tripura's backwardness according to him has been the lack of accessibility to markets and the resulting lack of economies of scale generated for production.

He said that the land customs station (LCS) at Agartala is practically the only port through which Bangladeshi exports enter India -- in 2001-02 nearly 80 percent of Bangladeshi exports to NE states took place through this LCS. However, the condition of the Indian LCS at Agartala and the corresponding Bangladeshi one at Akhaura is still far from developed. Entries are still being done manually and the approaching roads are still not prepared to handle heavy consignments.

Moreover, there are no warehouses nearby to store perishable items. Thus, he emphasised the necessity for installing infrastructure to enable better trade relations between the two countries.

He further added that Bangladesh could provide better connectivity for North East India to the rest of India by land and through Chittagong Port to the rest of the world. He substantiated this by saying that in pre-partition India, the distance corresponding to travel by land from Kolkata to Agartala was barely 360 km as compared to 1600 km now. The important question, he mentioned, is regarding the form such connectivity would take i.e. whether it should be *transshipment* in which case Indian goods destined for NE India through Bangladesh would be offloaded onto Bangladesh trucks; or, *transit* whereby Indian trucks would be allowed to pass through Bangladesh. In conclusion, he stressed that connectivity provided by Bangladesh would lead to a win-win situation for both the countries as India, especially states in the NE, would gain access to easier trade routes and the Bangladesh Government would earn revenues in the process.

After Siddhartha Mitra's presentation, R.C.Agrawal invited the discussants to present their views:



Figure 2. L-R: Sanjib Deb, Selima Ahmed, Siddhartha Mitra, R.C.Agrawal, Parvez K. Abbasi

Sanjib Deb, *Chief of Bureau, NE Bangla, Agartala*, was the first discussant of the day. He started by saying that Tripura shares long borders with Bangladesh and its geographical location not only helps trade with Bangladesh but also Bhutan, Nepal, Thailand and Myanmar. Tripura's close proximity to the river/sea port at *Ashuganj/Chittagong* favours trade and commerce. He added that access to Bangladeshi ports and roads would give a boost to

the industrial development of NE states. However, he too emphasised the need for removing transport bottlenecks in this regard through workable solutions for transit and transshipment. As an example, he cited the case of the incense stick industry of Tripura which had been facing steep competition from Vietnamese producers due to the high cost of transportation.

On sub regional cooperation between India and Bangladesh, he pointed out that movement of goods originating in NE India through Bangladesh would not only add to the competitiveness of Indian goods but also help Bangladesh strengthen their transportation sector as well. In addition, investors can explore possibilities of increased foreign direct investment (FDI) in the region. He ended his submission on a positive note by saying that many entrepreneurs in Bangladesh as well as in India are interested in this regard and reciprocity in trade policies would strengthen the economic ties among South Asian countries in the region.

Parvez Karim Abbasi, *Senior Research Fellow, Bangladesh Enterprise Institute*, was the next discussant. He started out by pointing to the bad condition of the approach roads to the Akhaura LCS both on the Bangladeshi as well as the Indian side. He further stressed upon the huge amount of investment required to develop appropriate infrastructure at the LCS. In this regard he proposed two alternate ways to finance this investment – *first*, through donor agencies or multilateral organisations and *second*, through a private company with stakes held by both Indian and Bangladeshi entrepreneurs. This would also work as a confidence building process.

He further added that in the era of the General Agreement on Trade in Services (GATS), sub-regional cooperation provides immense potential for development of service trade among neighbouring countries. Further, since Tripura has a high literacy rate, Bangladesh can utilise such skilled manpower in their country through appropriate visa policies.

Selima Ahmed, *President, Bangladesh Women's Chamber of Commerce and Industry*, stressed the role of the private sector as a source of employment and government revenue. She said that development of a country broadly depends upon how the private sector is functioning and mobilising resources for optimal investment. In this regard, she emphasised the need for developing women entrepreneurship as development of a region would remain largely vacuous without women empowerment and active



Figure 3. *Selima Ahmed expressing her views and comments*

participation of womenfolk in economic activity. Development of women entrepreneurship, she emphasised, should also take place in the NE states of India which would help exploit the immense potential for trade between Bangladesh and India that could be generated through cross border market access.

R.C.Agrawal ended the session by thanking the speaker as well as the discussants for their valuable inputs on issues of Indo-Bangla trade.

Session – II: Connectivity between Bangladesh & NE -India: Relative merits of transit and transshipment



Figure 4. *M.Rahmatullah giving his presentation*

Anil Saraf chaired the session and invited M. Rahmatullah to make his presentation on “*Connectivity between Bangladesh & NE India: Relative merits of transit and transshipment*”.

M.Rahmatullah, *Transport Policy Advisor, Bangladesh Planning Commission*, started by saying that his presentation would primarily focus on issues of connectivity that are adversely affecting trade and commerce among India, Bangladesh and other neighbouring countries and how Bangladesh could provide cooperation to achieve workable solutions to these problems.

As an illustration, he said that a consignment from New Delhi bound for Dhaka has to be first transported to Mumbai by road or rail. From Bombay a feeder ship carries it either to Colombo or Singapore from where it is transhipped onto another feeder ship that carries the consignment to Chittagong port. The consignment finally makes its way to Dhaka from Chittagong. It takes almost 20-25 days for the consignment to reach Dhaka. Instead, he continued, rail connectivity between Delhi and Dhaka would imply that the entire process would hardly take 5-6 days. In this context he emphasised the need for developing connectivity between Bangladesh and NE India to overcome these transport bottlenecks.

While explaining the role of Bangladesh in improving connectivity for NE India he pointed out that Bangladesh has a unique geographical location, with 3 land locked countries/territories (Nepal, Bhutan, NE-India) in the hinterland. If transport connectivity is provided to these countries, Bangladesh could benefit by trading in “*Transport Services*” which had no market outside the sub-region. He further added that Bangladesh is blessed with a sea port at *Mongla* with spare capacity and potential for building a deep sea port. However, he pointed out that building and maintaining deep sea ports is economically feasible only if neighbouring countries step forward and join hands in this venture to make Bangladesh a “transport hub” for the sub-region.

In an attempt to simplify the issues of transit and transshipment he said that “transit” in the NE-Indian context would imply Indian goods passing through Bangladesh using Indian owned trucks while “transshipment” would mean movement of Indian goods across Bangladesh using Bangladeshi trucks. He said that all transit/transshipment traffic would be subjected to inspection, scanning and supervision by Bangladesh authorities. He suggested that security concerns linked to transit/transshipment need to be spelled out clearly and further added that both Bangladesh and India had not faced any security problem along the inland water transit route and Nepal-Bangladesh land transit route so far.

For ensuring security and controlling overloading of trucks, he recommended subjecting transit traffic to inspection, scanning (if required), weighing and sealing by Bangladesh authorities at border crossings so as to prevent smuggling. While elaborating on some of the concerns often raised by Bangladesh in regard to transit he pointed out that Bangladeshi roads might not be suitable for movement of heavy trucks. A long term solution proposed by him was the construction of a network of expressways. Another alternative arrangement suggested was the establishment of a joint Bangladesh-India trucking company operating a fleet of relatively small multi-axle covered trucks of a special colour (for easy identification and security) for carrying transit traffic.



Figure 5. *Honorable Commerce Minister of Tripura Jitendra Chowdhury delivering his address*

He also added that while all land ports could be used for bilateral trade, for transit it is important to focus on selected land ports. For NE-India, he suggested Tamabil and Akhaura as potential land transit ports with the latter also functioning as a rail transit port. However, he too stressed that both India and Bangladesh need to invest in improving the quality of approach roads to national highway standards.

He concluded on the note that cost of non-cooperation was very high. Bangladesh and its neighbours, India, Nepal & Bhutan, could gain considerably from cross border connectivity and transit. It would be a win-win situation for all, because Bangladesh would gain from trading in transport services, while others would benefit from cost effective, faster and relatively efficient transport services. However, he pointed out that to solve these issues strong political commitment

is a must. After the presentation, Anil Saraf requested Sri Jitendra Chowdhury, Hon'ble Commerce Minister, Tripura to say a few words.

Jitendra Chowdhury, *Honourable Commerce Minister, Tripura*, thanked CUTS for organising the workshop as well as the participants from Bangladesh who had come all the way to share their views on facilitation of sub regional economic cooperation between NE India and Bangladesh. He observed that almost all speakers in the workshop had recognised that NE India is rich in both natural and human resources which are important preconditions for development. However, optimal use of resources would not be possible without proper connectivity among NE India, Bangladesh and other neighbouring countries for which mutual cooperation is necessary. This in turn, according to him, requires bridging of the gap between respective politicians/policy makers in the neighbouring countries. In this respect, he stressed upon the role of civil society in both India and Bangladesh in changing the mindset of politicians and taking necessary action to foster growth and development among neighbouring countries through sub-regional cooperation.

Anil Saraf thanked Jitendra Chowdhury for taking time out of his busy schedule for the workshop and pointing to the role that civil society and business communities could play in fostering Indo-Bangla trade and regional cooperation. He also drew attention to the need for facilitating cross border movement of people which would in turn have a beneficial impact on trade. He recommended that there should be a flight connecting Dhaka, Guwahati and Bangkok. He also emphasised the need for opening a visa office in Guwahati in this regard. Finally, he stressed the need for construction of an integrated export centre with all necessary facilities such as banking, cold storages and a parking place for goods vehicles. With these words he requested the discussants to present their observations and suggestions in regard to the presentation made by M.Rahmatullah.



Figure 6. L-R: Sahab Enam Khan, Biswendu Bhattacharjee, Jayanta Bhattacharjee, Matlub Ahmed

Jayanta Bhattacharya, *Principal Correspondent, Press Trust of India (PTI)*, started by praising M.Rahmatullah for his informative and insightful presentation. He stressed that NE India, Bhutan, Nepal and Bangladesh are in the Ganga-Brahmaputra basin and share many common problems regarding connectivity and transportation. In this context he averred that a common transport policy for the region was necessary and advocated the adoption of an integrated approach towards solving

problems pertaining to issues of transit, transshipment etc. He also raised a very pressing issue regarding the livelihood concerns arising from cross border trade between neighbouring countries. He pointed out that many people from Bangladesh come to India and vice versa to sell their produce. He thus emphasised setting up of informal border huts where on some specific days in a week people from both countries could come to sell their produce by crossing the border and return to their respective countries at the end of the day.

Matlub Ahmed, the next discussant, thanked M.Rahmatullah for coming up with the concept of a joint venture company involving India and Bangladesh to develop necessary infrastructure for connectivity. He stressed on the use of the Ashuganj port for riverine connectivity for NE India as well as the provision of maritime connectivity through the port at Mongla and another potential deep sea port. He further added that the Mongla port must be extensively used by neighbouring countries to make it sustainable.

Biswendu Bhattacharjee, *Correspondent, United News of India (UNI)*, stressed on the need for developing mutual trust between India and Bangladesh which is severely threatened by issues such as national security, transit and transshipment. He further stressed upon the fact that promotion of trade between India and Bangladesh through regional cooperation necessitates reduction of a number of tariff and non-tariff barriers by both sides. He concluded by saying that till rail, water or adequate air connectivity are in place it is always road connectivity that must be emphasised for easy movement of cargo through Bangladesh.

Shahab Enam Khan, *Assistant Professor, Jahangirnagar University, Dhaka*, was the last discussant of the session. He drew attention to the complete ignorance of most of the customs officers on both sides of the border about issues relating to harmonisation, specification and certification. Such ignorance was a potential source of trade disputes between neighbouring countries. He advocated for sub-regional cooperation between neighbouring India and Bangladesh in economic development. He supported Siddhartha Mitra in saying that Bangladesh is indeed a power hungry country and looked forward to supply from NE states which have tremendous potential for power generation. In this context he emphasised that NE states of India could gain by exporting power to Bangladesh, thereby leading to a win-win situation for both countries. He suggested a five point agenda in this context to be taken up by the relevant stakeholders of both countries:

- ⇒ More Government to Government dialogue with the assistance of the private sector
- ⇒ Important role of media in changing the mindset of policy makers and politicians
- ⇒ Emphasis on trade facilitation to boost trade and regional economic cooperation
- ⇒ Joint training programme for customs officials of both countries to facilitate harmonisation of practices across countries
- ⇒ Forwarding of recommendations emerging from multi stakeholder meetings to the relevant ministries in both India and Bangladesh.

Closing Session: The Way Forward for Regional Cooperation between North Eastern India, especially Tripura and the North East

In the closing session, Siddhartha Mitra proposed the establishment of a task force from among the participants present at the workshop – an idea that had originated from Anil Saraf. He also said that the task force needs to decide on a memorandum that would be submitted to the state government of Tripura, and the national governments of India and Bangladesh. To this end, the following points for the draft memorandum were agreed upon by the workshop participants:

- ⇒ *There is a huge potential for trade, investment and other forms of regional cooperation between North East India and Bangladesh which needs to be fully exploited.*

- ⇒ *Both Bangladesh and India can gain from connectivity / transshipment / transit which needs to be implemented on a reciprocal basis and should benefit all other countries (Nepal, Bhutan) in the neighbourhood.*
- ⇒ *Such connectivity/transshipment/transit can be implemented with minimum controversy through a joint private logistical venture involving India and Bangladesh catalysed by the business associations of both nations and duly approved by both national governments.*
- ⇒ *The facilitation of such connectivity/transshipment/transit requires the upgradation of adjoining customs stations in both India and Bangladesh, especially in regard to access roads and the institution of joint capacity building programmes for customs and immigration officials of both countries.*
- ⇒ *The port of Mongla in Bangladesh needs to be promoted as a source of connectivity by sea for all countries in the region (Bangladesh, India, Nepal and Bhutan) because of its significant unused capacity. Similarly, the use of the river ports of Ashuganj and Sherpur should also be promoted.*
- ⇒ *Human interaction between Bangladesh and India needs to be popularised by ensuring that any of the North Eastern capital cities can be reached from Dhaka by a single air journey.*
- ⇒ *Through this meeting a task force of civil society and private sector representatives has been founded to popularise trade among India, Bangladesh, Nepal and Bhutan. The participants in this meeting would constitute the nucleus of this group. CUTS International would coordinate this task force and would be assisted by Bangladesh Enterprise Institute.*

Keya Ghosh, Centre Head, CUTS Calcutta Resource Centre delivered the final vote of thanks. She thanked all the participants, especially Shri Jitendra Chowdhury and the delegates from Bangladesh. She also acknowledged the overwhelming participation of both electronic and print media.



Figure 7. *Keya Ghosh Delivering the Vote of Thanks*