

The Changing Bilateral Contours of Indo-Bangladesh Relations

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The Sheikh Hasina led Awami League government came to power in Bangladesh in January 2009. This paper attempts to capture two contrasting phases in the bilateral context in the last decade despite the issues remaining more or less the same. In view of the several outstanding issues that exist between India and Bangladesh the positions adopted by Bangladesh's two main political parties – Awami League and Bangladesh Nationalist Party (BNP) – have changed the contours of the bilateral relations between the two South Asian neighbours. Over the years, bilateral issues have remained unchanged although a new dimension was added in the last decade. Irrespective of the political party in power in Bangladesh, India's policies vis-à-vis its neighbouring country have not altered significantly. Bangladesh, however, has approached India rather differently wherein its two main political parties adopted significantly different policies. The differences these parties had in their domestic agenda also spilled over to the bilateral relations. However, it now appears that both India and Bangladesh have shown keenness to make optimum use of the opportunity to progress towards forging strong and friendly ties.

The Sheikh Hasina led Awami League government came to power in Bangladesh in January 2009. Within days of taking over, the importance it accorded to its bilateral ties with India was evident. In less than four months, the Bangladesh government hosted two high-level Indian visitors. The subsequent joint statements and bilateral agreements, all within this short span of time, reflect the close relations shared by the

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two nations. Indeed, the past few months can be seen as continuation of the ties that the two neighbours enjoyed not only during the Awami League's previous stint (1996-2001), but also that existed over the past two years (2007-08) prior to the Ninth *Jatiya Sangsad* (Bangladesh National Parliament) elections in December 2008. However, the current friendly relations have not always been the norm. During the previous Bangladesh Nationalist Party (BNP)-led coalition government's rule, these bilateral ties were far from cordial. For a variety of reasons, India was unable to establish close cooperation with former Prime Minister Khaleda Zia's government (2001-2006). Several unresolved outstanding issues continued to hold hostage the bilateral ties during the five years. However, the situation changed with the installation of a caretaker government and the uneasy relations were soon forgotten. Beginning January 2007 the bilateral atmospherics changed almost overnight, ushering in its place a phase of warm and friendly ties.

This paper attempts to capture the two contrasting phases in the bilateral context in the last one decade despite the issues between the two sides remaining more or less the same. Arguably India is maintaining a similar position on almost all issues, while Bangladesh has viewed the issues differently depending on the party in power there. In view of the several outstanding issues that exist between the two neighbours, the positions adopted by the Awami League and BNP have changed the contours of the bilateral relations.

The first section briefly traces the history of Indo-Bangladesh bilateral relations ever since the inception of Bangladesh. The second section traces the trajectory of the five years under Khaleda Zia's rule in Bangladesh and identifies the factors that aggravated the tension between the two nations. The third section highlights the caretaker government phase and the common ground that was covered and the differences that dominated the bilateral relations during this period. The fourth and last section seeks to understand whether Indo-Bangladesh bilateral relations are held hostage to personalities and ideologies rather than issues, and also how the CTG has changed the stereotypes that besieged ties in the past.

Section I

The Emerging Trend

India and Bangladesh have more in common than any other two countries in South Asia. Yet, the shared borders and cultural-linguistic overlaps have not been compelling

enough for them to establish a cohesive political linkage. On the contrary, over the years, Bangladesh has determinedly maintained a distant and almost defiant stance vis-à-vis India. In turn, India has kept its engagement with its neighbour on a very low key. Some in Bangladesh have argued that it was the domestically unpopular BAKSAL experiment of Mujibur Rahman that prejudiced their country's view of India. The earlier political proximity between India and Mujibur Rahman gradually became a liability.¹ The desire and determination of his successors to make a complete break from the past meant adopting an anti-Indian stance. Many have argued that citizens of Bangladesh have been unable to forget the looting and trauma of the post-liberation period, which was largely blamed upon the soldiers of the Indian army who fought Pakistani forces in the then East Pakistan.²

The assassination of Mujibur Rahman in 1975 irreversibly ruptured the special relations that existed between the two nations. Thereafter, as Bangladesh gradually achieved domestic stability, its foreign policy became more outward looking. Together with the phase of military rule, it prevented renewal of any warm relations as witnessed during the early years of Bangladesh.

Multiparty Democracy

With the ushering of democracy in Bangladesh following a long period of military rule, its bilateral relations with India became stable, if not improved. The BNP-led government, which came to power following the first multiparty elections in 1991, opened up the economy. This resulted in a manifold increase of trade with India and deepened the economic linkages. Bangladesh, however, was unable to tap Indian markets effectively and this resulted in a rapidly growing trade deficit in favour of India. While Bangladesh became more dependent on the Indian economy, it moved away from India politically. It refused to acknowledge that its largest export industry, namely, readymade garments, depends heavily upon the import of raw materials from India and persistently harped on the lack of Indian initiative to address Bangladesh's problem. For its part, India did not take any large-scale unilateral measures to bridge the trade gap. Unilateral measures to bring down the trade barriers would have only partially mitigated the problem. Indeed, the economic potential of this move was rather limited and political dividends uncertain. Despite innumerable talks the two governments were not able to find any common grounds. Reflecting on this, a Bangladeshi scholar has observed:

“... persistent and growing deficit with India demands attention because of its political as distinct from economic implications.”³

The inherent complexity of this problem and a corresponding lack of understanding of each other's concerns has been a predominant feature in the bilateral relations. But the victory of Awami League in the 1996 *Jatiya Sangsad* elections gave a temporary boost to Indo-Bangladesh relations. This period witnessed the signing of two historic agreements – the Ganges Accord in 1996 and the Chittagong Hills Tract Accord in 1997. The conducive atmosphere provided by a supposedly pro-India Awami League-led government made these Accords possible. Although negotiations had been progressing with various governments in Bangladesh, their conclusion had to wait until the Awami League came to power. Despite domestic criticism, both Accords have endured for nearly a decade thereby reflecting the substantive basis of the agreements. However, the warm ties witnessed during the previous Awami League government (1996-2001), were undone by the Khaleda Zia government (2001-2006).

Soon after the electoral victory of the BNP-led four-party coalition, there was a distinct change in the bilateral relations. Beginning with an outbreak of violence against the Hindu minority soon after the Eighth *Jatiya Sangsad* elections, the five years of BNP-led rule witnessed several discords with India. Not only did existing differences such as over illegal migration from Bangladesh into India and support for Indian insurgents in Bangladesh, gain prominence, but new irritants such as Al Qaida's terror linkages in the region also emerged to undermine the bilateral relations and began to shape India's Bangladesh policy.

This period also saw the emergence of an economically vibrant India seeking a wider role for itself beyond the South Asian region. There was a distinct strategic shift in India's policy toward other great powers, especially the United States (US), with a corresponding lessening of the importance of smaller countries. Following the nuclear tests, India's interests and involvement in the Third World appears to be on the wane.⁴ Its aspiration and the need to go beyond the limiting South Asian region was increasingly being articulated. For India, the post-Cold War years altered its fundamental foreign policy priorities. Countries like Bangladesh no longer figure on its radar screen except when they threaten its vital security interests. The growing economic clout coupled with an increasing desire to befriend bigger powers meant that India's attention towards its neighbourhood diminished considerably. Its interest lay in seeking convergence with

powers outside the region. This lessening priority of South Asia partly contributes to Bangladesh nursing feelings of India's indifference and neglect.

Section II

The period of 2001-2006 can easily be described as the worst phase in Indo-Bangladesh relations. It was marked by very limited high level contacts and exchanges. Each side freely levelled charges against the other. At times, Bangladesh adopted an openly hostile stance. Ironically, there were no burning issues between the two nations. Apart from the controversy over Al Qaida's presence in Bangladesh, no new issues have been added since 2001. Given the geographical proximity, long boundaries and shared history till 1947, there is plenty in common between the two nations. At the same time, both had obvious differences to such an extent that the existing gaps widened and new fronts of tension opened up. With an anti-Indian government (as perceived by India) in the *Jatiya Sangsad*, India did not hesitate in articulating its differences with Bangladesh.

Both sides had a long list of complaints over trade, water, border demarcation, illegal migration, insurgency and terrorism related issues. Each accused the other of indifference over these issues of vital importance. For example, Bangladesh was annoyed at India's lack of diplomatic courtesy over its refusal to attend the South Asian Association for Regional Cooperation (SAARC) Summit hosted in Dhaka in February 2005. On its part, India was perplexed at Bangladesh's refusal to join the Trans Asian Highway that would pass through Bangladeshi territory and thereby bring economic benefits to both countries.⁵ In fact, both India and Bangladesh have approached the bilateral relations with an aggrieved feeling of neglect and thereby brought the ties to the nadir.

Trade

For Bangladesh the biggest problem has been the growing trade deficit with India and its perennial fear of water shortage in light of India's ever growing agricultural and other needs. For a brief period India had hoped that given BNP's economic thrust, Bangladesh would take some hard-nosed economic decisions. Without any pro-India baggage the government would be in a better position to formulate policies even if they appeared to be pro-Indian. Unfortunately, India's hope vanished fast. With every passing day, it became apparent that the political environment in Bangladesh was not conducive to increasing the economic engagement with India.

For example, the issue of gas exports to India was quickly hijacked by nationalistic arguments and became a closed bilateral subject. Not only did Bangladesh miss the chance to re-infuse its economy with the profits from gas exports, but it has also been unable to utilise the gas for its domestic industry because of lack of domestic expertise and investments. In its search for energy, India began showing interest in Myanmar's oil fields. Given the physical proximity and the location of the gas fields, both states were keen to involve Bangladesh in a tripartite agreement; the pipelines through Bangladesh would bring the oil from Myanmar to India. However, despite the initial euphoria, India and Bangladesh were unable to arrive at an agreement. India lost a chance to diversify its energy requirements and Bangladesh failed to earn substantial transit money.

A glimmer of hope was seen when the reputed Indian multinational M/s Tata Group offered to bring foreign investment into Bangladesh. However, the issue of gas price and financial decisions quickly became a political agenda. Thus, it is no exaggeration to conclude that on the issue of formalising economic deals with India, Bangladesh developed lethargy and suffered from indecision during this period. In addition, despite a successful Ganges Accord being in place, the issue of water sharing continued to be an irritant in relations between the two nations.

Water

With 54 common rivers criss-crossing India and Bangladesh and sizeable agrarian societies on both sides of the border, the issue of water sharing has always been a prime subject of bilateral parleys. This issue has always assumed critical political significance and caused much concern to both the sides. The past decades has witnessed long, intense negotiations and bargaining taking place for an equitable share of water between the two nations.

The possibility of building a dam in Nepal to augment the flows was discussed, but in the post-Ganges Accord phase a new point of discord arose over India's river linking project.⁶ Despite the Indian proposal still being on the drawing board, it added yet another dimension to the already politicised issue of water sharing. Concerns were raised in Bangladesh by the civil society as well as media. For a greater part of the next few years this issue continued to create tension between the two neighbours. Although India has formally reassured that the proposed river-linking project would not include the Ganges and the Brahmaputra (source of 65 per cent of water) and, therefore, will

not directly affect availability of water to Bangladesh, the latter persistently raised their apprehensions about unfair unilateral withdrawal of common river waters by India.

After the Ganges Accord was signed, the two sides began discussions on the River Teesta. But given the divergent stance adopted by each side very little progress was made on this front.

Borders

The land and maritime borders between India and Bangladesh are a recurring bilateral issue. It is not so much the matter of the unresolved boundary demarcation, which is often highlighted by Bangladesh, but the problem has more to do with the nature of the border itself. In the historical as well as geographical context, daily interaction is a way of life for the people living near the border. The availability of better employment opportunities, not only in the India's Northeast region but also in other parts of the country has led to a large number of Bangladeshis moving across the border. Bangladeshis have found employment in various sectors in India, both rural and urban, which has led to two major problems. Firstly, India has not been able to maintain any official documentation about those entering the country from across the borders. Secondly, once Bangladeshis cross the border they hide their nationality and acquire papers to establish their Indian credentials. Another aspect to this migrant population is the presence of those Bangladeshis who entered India legally, but, thereafter, never go back.

The problems of migrants and militants are linked to border management. While the border terrain itself is difficult to administer, non-demarcation of 6.7 km of land has added to the prevailing difficulties. The Indian proposal on demarcation has been with Bangladesh since 1999. India claims to have fulfilled the border concessions that were demanded of it while Bangladesh needs to do the same in some sectors in West Bengal, Tripura and Assam.⁷ Although the issue figures prominently and even regularly in all bilateral talks, there is very little convergence. Two Joint Boundary Working Groups (JBWG) were set up in June 2001 to resolve all pending issues relating to the implementation of the Joint Border Management Guidelines (JBMG) of 1975. Despite two rounds of meetings both sides have been unable to arrive at any agreement.

Anti-India Operations

For India, its most serious concern revolves around Bangladesh's insensitivity to the presence of Indian insurgents operating from its territory. Various terrorist attacks that

have taken place in different parts of India point to Bangladeshi connections. More specifically, for long India had harboured grievances over Bangladesh's indifference towards its security concerns, especially over illegal migration and the support that Indian north-eastern insurgents enjoy in Bangladeshi. Despite India repeatedly voicing concerns over wanted militants taking refuge in Bangladesh, both sides have not been able to sign an extradition treaty.⁸ It seems as long as these insurgents do not threaten Bangladesh's security, the country would not take any serious stand against them. On the contrary, successful commercial enterprises run by some of the insurgent leaders in and around the capital city Dhaka have given many vested interests an opportunity to benefit from their presence inside Bangladesh. While in office, the Awami League government was more sympathetic towards India's security concerns and had acted upon some of the militant training camps in its hill tracts. Yet, India found itself unable to impress upon the Sheikh Hasina led government to extradite any of the leaders residing there. It was obvious that there were forces within the Bangladeshi establishment that were not cognizant of their Prime Minister's interest in disallowing insurgents from operating out of Bangladeshi territory. Anti-India sentiments are gaining among both the society elite as well at general public in Bangladesh.

Over time the insurgents' camps inside Bangladesh have been multiplying. The issue of continuous influx of illegal Bangladeshi migrants into various parts of India and the consequent long-term demographic-security threat to India are too widely known to be recounted here. Likewise, India's prolonged concerns over Islamic extremism seem to have fallen on deaf ears in Bangladesh.

Over the years Bangladesh has become a springboard for various anti-India forces in the neighbourhood. It has not only become a willing partner in this endeavour but given its problems of governance and absence of controls over law and order, many have found the country useful for their activities against India. In recent years, the porous Indo-Bangladesh borders have become the preferred route for Pakistan-backed infiltration into India. The strong domestic anti-India sentiments are exploited by external elements who have gained greater access to the Bangladesh establishment.

In April 2000, Bangladesh's Home Minister Mohammad Nasim had tacitly admitted that for long the Inter Services Intelligence (ISI), Pakistan's intelligence agency, had been training militants on Bangladeshi soil.⁹ Evidently, the Awami League has been more receptive to India's security concerns. But given the level of nexus between Directorate General of Forces Intelligence (Bangladesh) and ISI that functions almost

independent of the Prime Minister's Office in Bangladesh, the actual efficacy of political leadership is questionable.¹⁰

Khaleda Zia's return to power brought in a perceptible shift in Bangladesh's attitude towards this issue. The BNP government released a few militant leaders that were arrested by the previous government. In the past, Khaleda Zia had even portrayed the Indian militants as "freedom fighters." Taking cue from the changed political climate Samjib Deb Barman (an insurgent from Tripura) applied for political asylum in Bangladesh. The failure of the Bangladeshi government to block this move was not viewed well by India. Likewise, Anup Chetia, one of the leaders of the banned outfit United Liberation Front of Assam (ULFA), who was arrested during Sheikh Hasina's regime, sought political asylum upon completing his jail term in 2005.

Al-Qaida and Terrorism

The period between 2001 and 2006 witnessed the growth of several international terror groups, especially Al Qaida spreading its wing in South Asia, including Bangladesh. This issue gathered momentum during the October 2001 *Jatiya Sangsad* elections and media reports in Bangladesh suggested that the Islamic parties, especially Jama'at (a coalition partner of the BNP government) had taken advantage of Taliban activists who dispersed from Afghanistan following the US military offensive. Ever since the *Far Eastern Economic Review* broke the story in April 2002, this controversy acquired greater visibility. India also lost no opportunity to highlight its concerns on this front. In addition to Deputy Prime Minister L.K. Advani referring to Al Qaida's presence in Bangladesh, Foreign Minister Yashwant Sinha reiterated the same in the *Lok Sabha* (lower house of the Parliament of India) and said that "some Al Qaida elements have taken shelter in Bangladesh".¹¹ Following his meeting with opposition leader Sheikh Hasina in New Delhi, Defence Minister George Fernandes repeated the same charge.¹² External Affairs Minister Sinha also added that the Pakistan High Commission in Dhaka "is the nerve-centre of ISI activities, which encourages terrorism, illegal drug-trafficking and is also involved in the counterfeit currency racket in our country."¹³ In the absence of any positive response from Bangladesh to India's security concerns, the latter opted to focus on the high profile Al Qaida terrorists in Bangladesh territory and its various linkages in South Asia. India hoped that this strategy would eventually lead to a tougher Bangladeshi posture vis-à-vis various Indian militant groups operating from its territory.

Khaleda Zia's government also had to grapple with one of Bangladesh's worst violent phase. Growth of Islamic extremists led to large-scale violence and terrorism. The failure of the state in effectively dealing with these and other violent attacks against various opposition leaders did not go unnoticed in India and elsewhere. The attack on opposition leader Sheikh Hasina and the assassination of former Finance Minister S.M.A.S. Kibria raised doubts in India about the ability and intentions of the Bangladeshi government to address some of its basic problems. India was worried over Bangladesh's lack of control over the worsening violence and its possible spillover effect across the border into India. Responding to the spate of violent incidents in Bangladesh, India cancelled its participation to the SAARC Summit slated for February 2005. This decision caused a major rift in the Indo-Bangladesh relations.

In the prevailing scenario, the installation of a caretaker government and preparations for the Ninth *Jatiya Sangsad* elections in Bangladesh were keenly awaited by India. However, unprecedented developments leading to an unpopular caretaker government being unable to hold elections as scheduled and the eventual installation of a second caretaker government led by Fakhruddin Ahmed in January 2007, took the world community, including India, by surprise.

Khaleda Zia completed her tenure in October 2006. As per the Bangladeshi Constitution, a caretaker governments could assist the Election Commission to hold elections within the next three months. But in the face of several BNP machinations that were strongly opposed by rival political groups, Bangladesh plunged into a political crises. A series of unprecedented developments led to two consecutive caretaker governments taking charge in quick succession. The first caretaker government led by Iajuddin Ahmed was unable to resolve the deep political schism that had developed within the two main opposing political groups – the Awami League alliance and the BNP alliance. The inability to find common ground before elections led to a civil war-like situation in Bangladesh. This not only led to the dissolution of the first caretaker government but also the postponement of elections, thus, giving way to a second caretaker government in less than three months in January 2007.

The Caretaker Government Years

In another unexpected move, the Chief Advisor of the second caretaker government Fakhruddin Ahmed decided to stay on longer than the three months that had been mandated by Bangladesh's 13th constitutional amendment. For a nation facing prolonged

violence and uncertainty, Fakhruddin Ahmed's decision was met with very little domestic opposition. Disproving various sceptics, his Army-backed caretaker government finally held the Ninth *Jatiya Sangsad* elections towards the end of 2008. In its 23-month long tenure the caretaker government functioned like an interim government and undertook several significant domestic and foreign policy decisions. Amongst others, some specific initiatives were taken towards relation with India, which changed the entire bilateral dynamics in the course of a few months.

Ironically, despite the non-elected nature of the caretaker government, India found several issues of convergences with Bangladesh, which was in sharp contrast to the period that preceded this development. It all began with the visit of External Affairs Minister Pranab Mukherjee to Dhaka to invite Chief Advisor Fakhruddin Ahmed to represent Bangladesh at the SAARC Summit hosted by India in 2007, which set the right tone for the bilateral ties to follow. India's unequivocal support to Fakhruddin Ahmed and his team of advisors was significant for Bangladesh. This was soon followed by the announcement of access of two million (eventually raised to eight million) duty free readymade garments that Bangladesh had been demanding for long. The impasse of the past few years, especially over trade, was immediately broken. It led to the ushering of economic cooperation that had not been witnessed in recent past.

The new caretaker government infused new dynamism into the bilateral relations. To begin with both sides resumed the high-level visits that had been suspended for some period of time. The controversies surrounding the state visit of Khaleda Zia to India towards the end of her tenure,¹⁴ which basically underscored the asymmetry between the two nations, were completely swept aside. The resumption of high-level meetings, which had been invisible during the BNP-led coalition government's tenure, was certainly a high point of the caretaker government's rule. Within months of taking over, Fakhruddin Ahmed visited New Delhi to attend the 14th SAARC Summit in April, 2007. Thereafter, the next 23 months witnessed a number of high-level visits;

- After a gap of over two years the foreign secretaries of both countries met first in June, 2007 when India's Foreign Secretary Shiv Shankar Menon visited Dhaka. He visited Dhaka again in 2008 and his Bangladeshi counterpart Touhid Hossain visited India in July, 2008.
- The Indo-Bangladesh Chambers of Commerce and Industry was formally inaugurated by India's Minister of State Jairam Ramesh in Dhaka in July, 2007.

- India's Home Secretary Madhukar Gupta and Bangladesh's Home Secretary Abdul Karim met in New Delhi in August, 2007 and then in August, 2008 in Dhaka to discuss various issues relating to internal security.
- On February 24, 2008 General Moeen Ahmed came to India on a week-long visit. It marked the first visit by a serving Bangladeshi Chief of Army Staff to India since December 1998. His Indian counterpart General Deepak Kapoor undertook a reciprocal visit to Bangladesh during July 28-August 1, 2008.
- After a long interregnum, the Director Generals of Border Security Force (BSF) and Bangladesh Rifles (BDR) revived the Joint Working Group and met in New Delhi in April, 2008. Apart from the biannual meetings they also met in August, 2008 in Dhaka at the India-Bangladesh Border Coordination Conference.

This renewed interaction signalled a considerable improvement in the bilateral atmosphere. A number of bilateral issues that had seen no progress in the past several years were once again back on the discussion table and a wide range of issues were discussed. While some of them were on the path of being settled, like trade and border demarcation, others eluded resolution. The inability to reach any common ground did not come in the way to continue the process of dialogue between the two neighbours, especially on issues pertaining to security concerns.

Issues that Progressed

India addressed some of the longstanding Bangladeshi demands over trade and commerce. India's proposal of a bilateral Free Trade Agreement (FTA) in 2002 had failed to elicit a positive response from Bangladesh despite two rounds of discussions, which took place in 2003 and 2004. In the post-2006 phase, however, the two sides did not allow the past to come in the way of moving forward to find common grounds. Arguably some of the initiatives were taken by India at the same time, and the enabling environment in Bangladesh and its easy reciprocation paved the way for such moves. India brought down a number of non-tariff barriers that had existed between the two nations although Indian demands of a comprehensive trade agreement on the lines of a FTA as well as transit through Bangladeshi territory remained unresolved.

As part of its efforts to improve the bilateral economic ties, India offered a number of unilateral concessions, which include:

- With effect from January 1, 2008, 86 per cent of Bangladesh's tariff lines were exempted from any import duty by India. This was over and above the "duty free access" to eight million pieces that would accrue to Bangladesh an additional US\$ 50-70 million.
- In March, 2007 India accepted a long standing Bangladeshi request to set up a testing facility at Petrapole in West Bengal (North 24 Parganas district) rather than in Kolkata, as originally planned. This shift would reduce cost and other logistical bottlenecks at the borders. To follow-up, the Bureau of Indian Standards signed a Memorandum of Understanding (MoU) with Bangladesh Standards and Testing Institution to set up a Land Custom Station at Petrapole at a cost of Rs. 800 million. India recognised six laboratories in Bangladesh to test and certify its textiles and consumer products.¹⁵
- As part of the infrastructural development, India agreed to build a two-lane higher capacity bridge on the Umngot River (Piang) in Dwaki that would serve as an important trade corridor between Bangladesh and the Indian states of Assam and Meghalaya.¹⁶
- India agreed to upgrade five custom stations where Bangladesh has corresponding inland ports.
- In July, 2007 after prolonged internal discussion, India relaxed the norms of foreign direct investment (FDI) from Bangladesh.¹⁷ Indian proposals for investments in Bangladesh also increased. Nearly 200 FDI and joint venture investment proposals worth over US\$ 435 million and covering sectors such as agro industry, textiles, chemicals and engineering industries, were registered with the Board of Investment of Bangladesh.¹⁸
- In March, 2007 India's state-owned Bharat Heavy Electricals Limited secured a Rs. 0.5 billion contract for setting up a 230 KV substation at Baghabari and to expand the Ishurdi substation. Bangladesh would invest about US\$ 200 million in this project.
- In June, 2007 M/s Ispat Industries Ltd. singed a MoU to conduct a one-year feasibility study for an investment proposal in energy and petrochemical sectors. This US\$ 2.9 billion proposal included US\$ 300 million for mine development, US\$ 100 million for oil exploration and production, US\$ 500 million for power plants, US\$ 1.5 billion for petrochemicals and US\$ 500 million for liquefied natural gas (LNG).

- Bangladesh would buy 120,000 tons of diesel per annum from the Numaligarh Refinery in Assam.

During 2007-08, Bangladesh's imports from India increased by about 47 per cent to reach US\$ 3.274 billion, accounting for about 15 per cent of the country's global imports. During the same period, Bangladesh's exports to India increased by about 24 per cent from US\$ 289 to 358 million. Total bilateral trade stood at US\$ 3.631 billion. While imports from India have doubled in the last four years, Bangladesh's exports to India have grown by seven times during the same period.¹⁹

On his second visit to Dhaka in the past one year, India's External Affairs Minister Pranab Mukherjee expressed India's support and sympathy following the devastation caused by Cyclone *Sidr* in December 2007. India promised 500,000 tons of rice at a reduced price to Bangladesh to tide over the crises. It also launched a relief operation codenamed *Sahayata* (assistance), to provide relief materials – medical equipments, 20,000 packs of ready-to-eat food, 10,000 blankets, 400 tents and 2,400 kg of medicines – worth Rs. 30 million rupees (Taka 52 million) to the cyclone victims in Bangladesh.²⁰ Apart from pledging to rebuild 10 affected coastal villages, India also sent 10,000 metric tons of wheat and 1,000 metric tons of milk powder as a gift to Bangladesh.

In addition to the progress made in trade and commerce issues, India and Bangladesh achieved a breakthrough on the issue of demarcation of both land and maritime borders. For the first time the two sides undertook a joint survey to two border districts in an attempt to resolve the border demarcation issue. Although the issues discussed so far have not reached any resolution but the joint survey marked a complete break from the past problems when not only did Bangladesh remain unresponsive to the border demarcation package proposed by India, but its media and intelligentsia often laid the blame on India's inaction for the inability to achieve any resolution.

The first joint Indo-Bangla team of land record and survey went to Shyamnagar border, Satkhira, and also inspected the standard of border demarcation pillar at Bhetkhali, a border village in Shyamnagar *Upazilla* in May, 2007.²¹ The second visit took place in April, 2008 where the joint team surveyed the Tripura-Habibganj area in an attempt to demarcate the Tripura-Bangladesh border.²² The team conducted joint survey along 20 border pillars at Habibganj-Khowai from Bangladesh territory to review and finalise the draft demarcation along the Bangladesh-Tripura borders. Although Bangladesh preferred to keep this issue away from the public glare, its

willingness to jointly address the issue speaks volume of the political will that existed on both sides. In another breakthrough, Bangladesh tacitly agreed to India's fencing on the zero line, thus, ending its earlier opposition. In one of the periodic BSF-BDR meetings, Bangladesh accepted India's right to construct fences beyond the 150 yards from the border, following which fencing work began at 46 border points.

The other significant development was on the issue of maritime border demarcation. After a gap of 28 years, India and Bangladesh discussed the maritime boundary delimitation issue. Arguably, India's need to file its claims under the United Nations Convention on the Law of the Sea (UNCLOS), by June 29, 2009 can be construed as the *raison-d'être* for the bilateral talks to take place, but this would still go down as one the main achievements by the caretaker government in Bangladesh. Under the UNCLOS, Bangladesh too has to file its claim by July 27, 2011.

The main points of disagreement have revolved around the islands known as New Moore or South Talpatty and over the mid-flow of the Haribhanga River, which flows between South Parganas district in West Bengal and Satkhira district in Bangladesh, and is considered to be the borderline of the two neighbours.²³ Bangladesh claims that the main channel of the Haribhanga river flows through the West side of South Talpatty Islands while India claims that the eastern channel is the main flow. The islands were formed in 1970 following Cyclone *Bhola* and have led to both two countries staking claim and ownership. Although there are no permanent settlements, India has maintained its presence on these islands. Over the years, due to the land submergence, the islands are visible only during low tide, emerging in the estuary of the Haribhanga river. At present, their salience has diluted. The maritime demarcation acquired prominence due to competing economic claims and their energy and economic potentials. During 2005-06, India discovered 100 trillion cubic feet (tcf) of gas reserves in the Bay of Bengal region. Around the same time Myanmar discovered 7 tcf gas reserves. Bangladesh was equally keen to explore natural gas in the region and conducted an off-shore oil exploration around the islands, which was opposed by both India and Myanmar.

In 2004, the Bangladeshi foreign ministry formed a Committee comprising members from Petrobangla, Geological Survey of Bangladesh, the Bangladesh Navy, Spaarso, Inland Water Transport Authority and Surveyor of Bangladesh. The purpose of this Committee was to recommend how to mark the deep-sea territory fulfilling requirements of the UNCLOS. However, the Committee became dysfunctional within

a year. International law allows each country to have 200 nautical miles (NM) from its coastline to the sea to enjoy rights. But since the coasts of India, Bangladesh and Myanmar follow a curve, involving overlapping of territory, the issue requires serious technical brainstorming from both sides.

Apparently, India had not responded to an earlier proposal by Bangladesh for a joint survey for the delimitation of maritime boundary to ensure equitable share in the Bay of Bengal waters.²⁴ According to media reports, India had claimed that the mid-stream flowed on the eastern side of the Haribhanga river, while Bangladesh claimed that it flowed on the western side as the river is located at the estuary near the disputed New Moore/South Talpatty Islands. Bangladesh and India discussed these issues for the first time in 1982 but without much success. In the latest round of talks, in September 2008, the two sides continued to have “differences of opinion on the mid-flow of the Haribhanga, a border river, which will be considered the borderline of the two next-door neighbours.”²⁵ The technical experts used this platform to apprise each other of their positions. There has not been any definite shift in the positions that each side had taken in 1980, but with the past impasse broken both sides hoped that the next round of negotiations would help in reaching a consensus.

Security Concerns

The next set of issues, which only saw cursory progress, was over the India’s security concerns emanating from Bangladesh. In a significant departure from the past, the caretaker government even came very close to admitting the presence of anti-Indian insurgents and militants on Bangladeshi territory. Although a few low-level insurgents were handed over to India,²⁶ these actions can only be viewed as goodwill gestures. Certainly, they cannot be seen as shift in Bangladesh’s position on this issue. The Bangladesh Army Chief’s visit to India and a reciprocal visit by the Indian Army Chief took place after a gap of over one decade. This was also a period when India bore the brunt of many terrorist attacks. Despite India’s accusations of Bangladesh harbouring several Islamic terror groups, the latter took recourse to the excuse of lack of evidence and clinching evidence.

The issue of transit has not found favour with either side as both cite domestic internal issues to resist any pressure on this matter. Security remains India’s over-riding consideration for not allowing Bangladeshis 24 hour access to Nepal via the Phulbari corridor while Bangladesh cites several problems for denying Indians transit through

its territory. However, on the central issue of illegal migrants entering India from across the border, there is no major shift in Bangladeshi position. The caretaker government did not move away from the traditional position of not admitting that Bangladeshi citizens continuing to illegally enter India in search for livelihood.

Within days after assuming office Prime Minister Sheikh Hasina reiterated her government's determination to pursue closer ties with India. This was followed by her approval of two bilateral trade agreements first signed in 1980 and renewed in 2006. Her government also approved the new Bilateral Investment Promotion and Protection Agreement (BIPA), which is expected to encourage both countries to facilitate the movement of goods within their respective territory by using the road and rail networks of the other. The Bilateral Trade Agreement and BIPA were signed during the day-long visit of India's External Affairs Minister Pranab Mukherjee to Dhaka on February 9, 2009. If pursued prudently, this could be a prelude to the transit agreement, which is a long-standing Indian demand. Keeping up with the present momentum during his visit to Dhaka on April 13, 2009 India's Foreign Secretary Shiv Shankar Menon also announced India's decision to give Bangladeshi goods duty-free access to Indian market by December 31, 2009 "in phases". To further smoothen trade and remove non-tariff barriers, India and Bangladesh have also signed a MoU to standardise their quality controls for certification, testing, measurement and quality assurance systems. In view of the improved bilateral mood and in an attempt to dispel Bangladesh's fears of the Meghna River drying up, India has suggested that Bangladeshi citizens may visit the site of the planned Tipaimukh dam. Notwithstanding the number of outstanding issues between the two neighbours, the presence of political will in India and Bangladesh to move ahead is clearly evident.

Personalities and Ideologies, Not Issues

Thus, over the years, bilateral issues have remained unchanged despite a new dimension being added in the last decade. Irrespective of the political party/group in power, India's policies vis-à-vis Bangladesh have not altered significantly. In the last decade India has had two coalition governments – National Democratic Alliance and United People's Alliance. Despite their differing ideological moorings, both have handled the Indo-Bangladesh relations more or less along similar lines. There might have been differences over their nuances, but the overall understanding and policies were not at variance.

Bangladesh however, approached India rather differently. Its two main political parties – the Awami league and BNP – adopted significantly differing policies. The differences they had in their domestic agenda also spill over to the bilateral relations. Their opposing ideological position is intrinsically linked to their origin and formation. The historical legacy between India and Bangladesh predates the 1971 Liberation War of Bangladesh. The proximity of Awami League leaders, including Mujibur Rahman, to Indian political leaders during the late 1960s emanated mainly from the common orientation that they shared. Secularism and socialism held special appeal for Mujibur Rahman and his supporters in India. Despite the subsequent dilution of this ethos both in India and Bangladesh, the history of the Liberation War remained a binding force between the two nations. This is in sharp contrast to the BNP's position that prefers to disassociate the Liberation War not only from the Awami League but also from India. From the BNP's point of view, its opposition to Awami League got extended to opposition to India.

Since 1971, both elected governments and the military have intermittently been at the helm of affairs in Bangladesh and the civil-military relations are still not amicable. Despite over two decades of multiparty elections, as the recent experience has revealed, the military plays a significant political role in Bangladesh. With the exception of the caretaker government's tenure, the BNP's affinity with the military has been more pronounced than that of Awami League's. The former was born out of the barracks under the military leadership of General Ziaur Rahman. Given BNP's origin, not only has its orientation been in sharp contrast to that of the Awami League, but it also differs widely with India's secular democratic norms. Indeed, India's problem with the Bangladeshi military elite began even before the state was formally formed. The East Pakistani military elite did not support Mujibur Rahman's leaning towards India and had expressed a desire to wage the Liberation War without any external support. In the post-Mujibur Rahman phase, the military played a vital role in shaping Bangladesh's future direction. The military and BNP's position on Islam and foreign policy converge to a great extent, as opposed to the Awami League, which represents the secular ethos of Bangladesh. Arguably, the sharp domestic polarisation in Bangladesh has direct consequences on the ruling political party's foreign policy towards India. Thus, for long, India had to navigate different sets of political forces in Bangladesh through different mechanisms.

The recent tenure of the caretaker government was, thus, significant for several reasons. For the first time in the history of Bangladesh, the Awami League and a military backed government was able to establish *modus vivendi* that had never existed between them before. Also, in a break from the past, the military extended a firm hand of friendship towards India. The recent experience has thrown open a window of opportunity for India that did not exist before. As it now appears, both India and Bangladesh have shown keenness to make the fullest use of this opportunity to work towards forging strong and friendly ties.

Notes

1. Taj Hashmi, "Islamic Resurgence in Bangladesh: Genesis Dynamics and Implications in Religious Resurgence and its Implications," in Satu P. Limaye, Mohan Malik, Robert G. Wirsing (ed.), *Religious Radicalism and Security in South Asia*, (Asia-Pacific Center for Security Studies, Honolulu, Hawaii 2004) pp. 35-72.
2. Emajuddin Ahamed, "The Military and Democracy in Bangladesh", in R.J. May and Viberto Selochan (eds), *The Military and Democracy in Asia and the Pacific*, (ANU E-press, 2004), <http://epress.anu.edu.au/mdap/ch07.pdf>, pp. 101-118 (accessed on April 4, 2009).
3. Mohammad Alauddin, "Trade Among South Asian Nations: Experiences and Prospects," in Mohammad Alauddin and Samaul Hasan, *Development, Governments and the Environment in South Asia* (New York: St. Martin's, 1999), p. 127.
4. See also, Raja Mohan, *Crossing the Rubicon: The Shaping of India's New Foreign Policy*, (New Delhi: Viking, 2003), p. 244.
5. The Bangladeshi opposition stems from the fact that this would inadvertently give India transit rights through Bangladesh. This has been a long-running dispute between the two countries.
6. In 2003, India announced a US\$ 2 billion plan to divert surplus water from rivers in its flood-prone Northeast to dry western and southern parts of the country.
7. The agreement signed by Prime Minister Indira Gandhi and her Bangladesh counterpart Sheikh Mujibur Rahman on May 16, 1974, states: "The boundary in the area should be demarcated along the mid-stream of the course of the Muhuri River at the time of demarcation. This boundary will be a fixed one. The two governments should raise embankments on their respective sides with a view to stabilising the river in its present course." However, the Bangladesh government has been insisting on following the Chakla Roshanabad map of 1893, which gives it 44 acres more land than its due. The Indian side maintains that this is against the letter and spirit of the agreement.

8. Sensing the failure of Bangladesh to extradite wanted militants within the framework of the SAARC Treaty on Terrorism, in 2003 India made the proposal for a bilateral extradition treaty. In September 2006, during the secretary level talks both sides agreed for a bilateral mechanism, but there was no movements in the extradition arrangement.
9. This revised understanding and India abandoning its erstwhile support for Prabatya Chattagram Jana Sanghati Samity (PCJSS) partly enabled the December 1997 Chittagong Hill Tract Accord, *POT-Bangladesh*, May 10, 2000, p. 553.
10. For more details read, Sultan Shahin, "India Frets Over Pakistan-Bangladesh Nexus," *Asia Times*, March 6, 2004, www.atimes.com/atimes/South_Asia/FC06Df02.html (accessed on April 10, 2004).
11. "Sinha Blames Pak Mission in Dhaka," *The Hindu*, November 28, 2002, www.thehindu.com/2002/11/28/stories/2002112806780100.htm-14k, (accessed on April 10, 2009).
12. "ISI, Al Qaida Present in Bangladesh, We have proof: Fernandes," *The Hindu*, November 30, 2002, www.hindu.com/2002/11/30/stories/2002113006050100.htm-14k, (accessed on April 10, 2009)
13. "Sinha Blames Pak Mission in Dhaka," *The Hindu*, November 28, 2002; See also, "New Twist to ISI Work; Bangladeshi Nabbed," *The Hindu*, December 3, 2002, www.thehindu.com/2002/11/28/stories/2002112806780100.htm-14k, (accessed on April 10, 2009).
14. Since assuming office in October 2001, she had travelled to a number of countries including China, Japan, the US and Europe, but avoided India. This according to Bangladesh was due to India's refusal to adhere to 'reciprocity' and arrange 'return' the visit of the Indian Prime Minister to Bangladesh. The last state visit from Bangladesh took place in June 1998 when Prime Minister Sheikh Hasina came to India. Bangladesh, therefore, insisted that the visit of Prime Minister Khaleda Zia to India should be preceded by a state visit by her Indian counterpart.
15. "India May Relax FDI Norms for Bangladesh," *Indian Express*, July 23, 2007, available at www.indianexpress.com/news/india-may-relax-fdi-norms-for-bangladesh/206327/ (accessed on February 18, 2009).
16. The area where the new bridge is being planned falls along the 163 km road from Jorabat near Assam-Meghalaya border to Tamabil in Bangladesh via Shillong on NH 40, connecting the two north-eastern states to the international border. The upgradation of the Jamuna bridge across the border will need to be done by Bangladesh.
17. "India May Relax FDI Norms for Bangladesh," *Indian Express*, July 23, 2007, available at www.indianexpress.com/news/india-may-relax-fdi-norms-for-bangladesh/206327/ (accessed on February 18, 2009).
18. "India-Bangladesh Political and Economic Relations," *Ministry of External Affairs*, available at www.hcidhaka.org/pdf/Political%20and%20Economic%20relations.pdf (accessed on February 18, 2009).

19. Fact Sheet on Bangladesh Bilateral Trade, Ministry of External Affairs, India available at www.hcidhaka.org/pdf/Political%20and%20Economic%20relations.pdf (accessed on February 18, 2009).
20. "Donors Pledge US\$ 550 Million," *The Daily Star*, November 23, 2007, available at www.thedailystar.net/story.php?nid=12678-13k (accessed on February 18, 2009).
21. "Indo-Bangla Land Survey Ends in Satkhira," *The Daily Star*, August 19, 2007, available at www.thedailystar.net/story.php?nid=634 (accessed on February 18, 2009).
22. "Indo-Bangla Teams Complete Survey on Indian Side," *The Daily Star*, April 29, 2008, available at www.thedailystar.net/story.php?nid=33804 (accessed on February 18, 2009); The Bangladesh team entered the Khowai sub-divisional town of Tripura through Ballah borders in Chunarughat *Upazilla* in Habibganj and conducted a joint survey along the Habibganj-Khowai borders.
23. Haroon Habib, "India-Bangladesh Maritime Boundary Talks Inconclusive," *The Hindu*, September 19, 2008, available at www.thehindu.com/2008/09/19/stories/2008091956481400.htm (accessed on February 18, 2009).
24. *Ibid.*
25. *Ibid.*
26. In July, 2007 Bangladesh was behind the surrender of Julius Dorphang, a wanted militant leader operating from Chittagong Hill Tract (CHT). On September 14, 2008, 18 militants who were suspected of involvement in terrorism were handed over to India.

