

# Modi's charm offensive in Dhaka

MAHMOOD HASAN

INDIAN Prime Minister Narendra Modi's visit to Bangladesh comes a year after Modi took office. Soon after BJP won a landslide victory, Modi dispatched External Affairs Minister Sushma Swaraj to Dhaka in June 2014. Earlier Bangladesh Parliament Speaker Dr. Shirin Sharmin Chaudhury represented Bangladesh at Modi's swearing-in ceremony in May 2014.

When Modi met Prime Minister Sheikh Hasina in New York in September 2014 and in Kathmandu in November 2014, he told Hasina to have trust in him. All these contacts at the highest level laid the foundation for Bangladesh-India relations to move forward.

To make the visit meaningful, Modi focused on two important issues that Bangladesh had been waiting for – the Land Boundary Agreement (LBA) and Teesta Water Sharing Treaty. Since Chief Minister of West Bengal Mamata Banerjee was still not on board over the Teesta Treaty, Modi gave his full attention to the LBA. After some drama in the Indian Parliament, Modi steered the LBA bill through both houses of the Parliament and got it passed without any dissenting vote. He was thus armed with a 'gift' that Bangladesh was waiting for four decades.

The impression that Bangladesh got everything from the LBA and India got nothing is not correct. India too has gained a lot by settling this long perplexing problem.

The 22 documents signed by the two countries broadly involve the following sectors – commerce; connectivity; finance; administrative cooperation; and cultural.

The significant ones are – exchange of Instruments of Ratification of 1974 LBA and modalities for its implementation; \$2 billion new line of credit; connecting Dhaka with Agartala and Guwahati by road; renewal of trade agreement; use of Bangladesh ports; and setting up of Indian Economic Zones. India's Reliance Power and Adani Power signed deals with the Bangladesh Power Development Board to invest \$5.5 billion to generate 4,600 Megawatts of electricity.

From a closer look it would appear that Bangladesh has opened its doors for wide-ranging economic cooperation based on connectivity. There, however, are some



missing links. Chief Minister Mamata Banerjee, who arrived a day earlier, was with Modi and Sheikh Hasina to flag off the bus service to Guwahati and Agartala. Mamata was also present at the handing over of the LBA ratification documents.

Through these bus services, Bangladesh has effectively given road transit to India, a long standing Indian demand. This road connectivity will naturally be extended to carrying goods by rail from mainland India to North Eastern states through Bangladesh. What will be Bangladesh's financial gain? We shall have to wait and see.

What is missing in connectivity is the air connection between Dhaka and Guwahati and Agartala. That probably would have contributed more in developing tourism.

Road connectivity will be workable only if the Indian High Commission in Dhaka makes it easy for Bangladeshis to get visas to go to these destinations. However, connectivity will create security challenges for both countries.

The line of credit will be used mostly to upgrade and build new infrastructure, particularly roads and railways. Connectivity through Bangladesh should give the much needed boost to the depressed economies of the seven North Eastern States. Bangladesh should have asked for 'Bangladesh Economic Zones' in Tripura and Assam.

Although Modi assured Hasina to do everything to reduce the massive trade imbalance, there was no specific MOU. Though this is not a big problem in accounting terms, it does have political implications in Bangladesh. A look at the

figures of the past two years is distressing. In 2013-14, Bangladesh could send goods worth \$457 million to India, while Indian exports to Bangladesh were worth over \$6 billion. During 2014-15 (up to March), Bangladesh exported goods worth \$396 million to India and India has already exported \$4.5 billion to our country.

The North Eastern States offer a ready market for Bangladeshi products. India needs to remove non-tariff barriers quickly and allow Bangladeshi exports to enter North East India. This will help reduce the huge trade imbalance.

Modi's visit would have been a complete success had he been able to deliver on the Teesta Treaty. India must not forget that as a lower riparian country, it is having serious problems with China over dams built on the

upper reaches of Brahmaputra. Bangladesh, India and Nepal need to seriously engage to manage waters of the Ganges-Brahmaputra basin for the benefit of the people of the region. According to some reports, the Teesta Treaty will be concluded when Sheikh Hasina next visits Delhi.

India's policy towards Bangladesh could be motivated by a number of reasons.

Modi's visit came on the heels of Chinese Vice-Premier Liu Yangdong's visit in May, when six MOUs were signed to strengthen bilateral ties. India is deeply worried that China has made deep inroads in South Asia with massive economic assistance. Besides, Bangladesh has shown great interest in China's One Belt One Road (OBOR) development paradigm. India deeply mistrusts OBOR, as it feels it is a Chinese ploy to encircle and undermine India. Pakistan is a frontline state of OBOR. India clearly wants to allay Chinese influence in South Asia, particularly on its eastern front. Besides, Bangladesh is central to India's 'Act East' policy.

The other reason is that Bangladesh does not believe in state terrorism. Despite all the odds, Bangladesh has consistently expanded its economy over the past decades and is a lucrative market.

The visit has gone smoothly. Bangladesh has given a very warm welcome to the Indian leader. Modi has charmed everyone with his tweets and statements. Apart from official engagements, Modi took the time to meet BNP chief Khaleda Zia and several other political leaders.

Interestingly, the Indian media, which is traditionally dismissive about news on Bangladesh, has given wide coverage to Modi's visit. Most of the editorials in major newspapers have projected Bangladesh positively.

What is surprising is that Modi, a leader of the ultra-nationalist BJP, has drawn a line between himself and the RSS and has successfully projected a mellow, secular image.

Modi's visit has put Bangladesh-India relations on a higher pedestal. He has truly behaved like an 'elder brother' and not a 'big brother'. To carry forward this relationship, the trust that has been built must continue as between two friends.

The writer is a former Ambassador and Secretary.

# Optimising water transit

DR. ABU REZA

INDIAN need for an optimal mode of transit across Bangladesh is well recognised. To extend friendly cooperation to India, Bangabandhu Sheikh Mujibur Rahman displayed his foresight and sagacity by restoring the Protocol on Inland Water Transit and Trade in 1972 which had been suspended by the Pakistan authorities in 1965. The protocol, importantly, was conditioned on the (i) use of the Bangladesh vessels and (ii) for India to meet the navigation cost over the designated six river channels. This clearly implied that Bangladeshis will have employment opportunities, constructing those vessels and in operating them.

The traffic performance indicates that India has made the most gainful use of the facility, as the manifold increase in India's 'transit' traffic through Bangladesh since 1972 will bear out. This is so because the Inland Water Transit (IWT) is a less costly mode of transport compared to road or the railway. A recent study titled, *Revival of Inland Water Transport: Options and Strategies*, undertaken by the World Bank suggested that unit cost of Bangladesh IWT is significantly lower compared to the roads or the railway. It is estimated that while road transport per tonne kilometre is Tk. 4.5, on IWT it is Tk. 0.98.

The recent proposal by India to make way for coastal shipping across Bangladesh waterways, presumably along the approved six routes, may have adverse ramifications for the Bangladesh IWT. The river ports of Ashuganj and Pangaon are not on the coast of Bangladesh. Coastal vessels, larger compared to our sea-going coasters, would require much deeper draft entailing extensive dredging. Bigger in capacity, incurring less unit cost, coastal ships would potentially displace Bangladeshi vessels engaged in the Indian transit operation presently. Understanding that the Bangladesh river

routes are cost effective, both in time and operational costs, India has logically proposed for a comprehensive transit/transport plan which would include use of sea/river ports, river routes, as well as the trans-shipment, transfer facilities in Ashuganj and the recently built Pangaon.

It is important to recognise that allowing 'coastal shipping' up to Ashuganj or even up to Pangaon, essentially seeking engagement in transit operation, would violate the existing protocol, approved by Bangabandhu, unless those vessels are owned by Bangladeshis.

It has been reported that many of the Indian coastal vessels, which operate up to Singapore, are sitting idle. Also, presently it is less important for the Bangladesh shipping industry to gain reciprocal rights to visit many of the Indian ports, for it does not have much business there.

The more relevant issue is that bigger sized Indian coastal vessels will need a deeper draft, hence intensive dredging requirement, in the designated transit channels for which Bangladesh is currently responsible for their navigability. Recently, India has renegotiated and agreed to double the navigation charges over what prevailed in 1972, whereas the cost had increased manifold. Small wonder, the Indian High Commissioner has expressed willingness to make a 'joint' (?) request to the World Bank to allow Bangladesh to undertake the necessary dredging to maintain navigability.

An efficient dredger is an expensive piece of equipment and relatively costly to maintain. A dredger cannot be utilised throughout the year nor can it be used continuously. For an optimum outcome, its operation has to observe seasonal fluctuations of river drafts and adhere to varying tidal conditions. Capital dredging is done to dig new channels or for deepening the river draft if the vessel size is increased, as the coastal vessels would entail. Therefore, the argument for India to be invited to do the dredging of its designated routes is very strong. The same dredger employed

in Bangladesh, in off-seasons, could also be deployed elsewhere in India to optimise its capacity utilisation. Besides, it has extensive dredger building capability. Bangladesh IWT may be allowed to operate a fleet of less costly dredgers for maintenance of many river channels (153 presently). Its current capacity is not adequate for domestic needs. It may provide the traffic furniture for the designated transit routes, by way of marking and lighting the channels, allowing for night navigation, and providing river security and safety.

As for vessels, the private sector of Bangladesh has enormous capacity to construct the desired kind of vessels, facilitating Indian transit. A recent World Bank study has highlighted the comparative cost advantages of the country's long neglected inland water transport. The Prime Minister herself has stressed for proper upkeep of our river routes by dredging, and has allocated resources for acquisition of dredgers. The phenomenal Indian traffic growth on the six IWT routes, confirms viability and cost efficiency of the IWT operation. It will be appropriate to engage the Indian transit traffic on our IWT system as much as possible. This will help develop a genuine Indian stake to the maintenance of the river drafts, thus securing the goal of our water strategy. From this point of view, India may be encouraged to deploy bigger capacity vessels for cost efficiency. This may also alert India that interference with the flow of water on the international rivers may prove self defeating, requiring more dredging, translating into costlier transit.

There is apparently acute desire on the part of Indian officials for the use of Ashuganj river port, requiring trans-shipment and multimodal operation, both by road and the railway. The reality is that it will entail short-haul operations between, say, Ashuganj and Agartala. Ashuganj inland river port will have to have a container handling terminal, warehouses for the general

cargo, require customs and trade facilitation procedures, road and railway sidings etc. Railway in Bangladesh is a loss making entity, such short haul operations will inevitably add to its perennial loss.

Devoid of proper aggregates, adverse weather conditions, relatively costly road maintenance, onward transit clearance by road transport will also prove costly. Thus the Ashuganj option may not be an attractive one, vis-a-vis an existing IWT option. For, at the end of the day, all facilities of India will have to be paid for by the users.

Germany realises 'cost recovery' tolls for the use

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of its railways, roads, pipeline, tunnels, rivers etc. from all its EU members; here the SAARC partners could not be treated on a different basis. So, it would be appropriate to examine alternative options, study origin/destinations of present and future transit traffic flows, their commodity compositions, desired unitisation, determination of ideal vessel size and its draft requirement, and, of course, to study their cost benefit ramifications, and thus optimise an economically sustainable transit operation.

The writer is a transport economist.

**QUOTABLE Quote**

**CONFUCIUS**

THE SUPERIOR MAN IS MODEST IN HIS SPEECH, BUT EXCEEDS IN HIS ACTIONS.

**CROSSWORD BY THOMAS JOSEPH**

**ACROSS**

- Broadway's Bernadette
- Historic time
- Highway exit
- Pinnacle
- Patch type
- Vigor
- At any time
- Judicial garb
- African bovine
- Give the cold shoulder
- Defy authority
- Knee jerk, for one
- Cloth tatters
- Gardner of film
- Moore of "Ghost"
- Singer Tillis
- Duplicate
- Debate side
- Best man's wear
- Disgusted
- Smart phone download
- Caught in a rodeo
- Went need
- Cobbler fruit
- Key first
- Notions
- Metal worker
- Crow cry
- Peruse
- Black goo
- College head
- Peculiar
- Regrets
- Caruso, for one
- Blue egg tender
- Cloud over
- Bruce Banner's
- Seek, as office
- portrayer in films
- Hunting weapon
- Lotion additive
- Entomology subjects
- Was radiant
- Atlas page
- Lowly chessman
- In the style of
- Peaceful
- Join the crew
- Stunned wonder
- Writer Deighton
- Poem of praise

**DOWN**

- Snap-shot

**YESTERDAY'S ANSWER**

FIRST HAZEL  
IDAHO ALIVE  
GOTON SINEW  
REFS END  
NOSTRILS  
AVIS BEHALF  
MALTA SOFIA  
ELTOR RANK  
PEARTREE  
PEW ARES  
AXIOM STOUT  
LINDA TAUPE  
STEEP SYRIA

**শেল্টেক্ বাজেটেরী ফেয়ার ২০১৫**

ঢাকার বিভিন্ন প্রাইম লোকেশনে

**সাম্রয়ী মূল্যে**

শেল্টেক্-এর অ্যাপার্টমেন্ট

**বিক্রয় চলছে ...**

২২ মে - ১০ জুন ২০১৫  
(সকাল ৯টা থেকে ৫টা পর্যন্ত)

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