



View Point

A Leap Forward in Indo-Bangladesh Relations

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Mr Pranab Mukherjee's visit to Bangladesh on August 7, 2010 reflects the measure of political will on both sides to forge a new direction in Indo-Bangladesh relationship. This was the first visit by a key Indian leader since Bangladesh's Prime Minister Sheikh Hasina visited India in January, 2010. The leaders of both countries discussed overall direction of bilateral relations and in particular reviewed progress in the implementation of the decisions taken during the visit of Bangladesh Prime Minister to India.

For Bangladesh, the issue of allowing India, transit to its north-eastern states through Bangladesh, was a bone of contention between the two countries. The geographical proximity in the region provides immense opportunity for mutual transit facilities across each other's territories. Keeping this in mind, Bangladesh had decided to give transit facility to India, Nepal and Bhutan to Chittagong and Mongla ports through road and rail. In turn, India had agreed to grant transit facility to Bangladesh to Nepal and Bhutan. This will allow India easier access to its far-flung north-eastern states and to Bangladesh access to the markets of Nepal and Bhutan. The connectivity will ensure maximum utilization of the capacity of Chittagong and Mongla ports. Not only trucks from Nepal will have access to Bangladesh, similarly Bangladeshi trucks will also have access to Nepal through India. People and goods will move freely as soon as the connectivity is established. The connectivity will be a win-win situation. It is important to note that in March, 2010, Bangladesh's Prime Minister Sheikh Hasina also sought Chinese assistance for establishing direct road and rail links with China. A specific proposal was

put forward for construction of Chittagong-Kunming highway through Myanmar to boost trade and economic cooperation.

Pranab Mukherjee also witnessed the signing of a US \$1 billion loan agreement between India and Bangladesh. In January, 2010, India offered a US \$ 1 billion line of credit to Bangladesh which was the largest ever one-time bilateral financial assistance by India to any country. It has a twenty year repayment period on a rate of interest at 1.75 percent, which in the commercial category, is considered to be rather moderate. The EXIM Bank of India usually gives loan at 4 per cent interest rate but it charges Bangladesh 1.75 per cent and the rest 2.25 per cent will be subsidized by India.

The loan will be spent to implement 14 specific development projects designed to provide both a quantum and qualitative leap to road, railway and navigational connectivity between India and Bangladesh with transit for Bangladesh to Nepal and Bhutan and vice-versa. The array of infrastructures, equipment and facilities includes dredgers for Mongla Port, internal container river port at Ashuganj, broad gauge locomotive engines and passenger coaches, tank wagon for fuel transportation, second Bhairab bridge, second Titas bridge, double-decker buses for BRTC, developed land port, overpasses at Jurain and Malibagh, connectivity road between Ramgarh and Sabroom, and power grid line. Since it is a tied loan, equipment and materials will be supplied by India. Joint implementing agencies and oversight bodies would be needed to ensure that project implementation is manifestly beneficial to both sides.

This decision is an important landmark in Indo-Bangladesh relations and has been welcomed by a large section of the people, including business leaders and intellectuals, who believe that enhanced economic ties could lead to the dawn of a new era in regional cooperation. It also underlined India's resolve to spur the economic development of the neighboring country.

The Opposition BNP Chairperson, Khaleda Zia termed the deal as a "pact of slavery as well as suicidal" and demanded the government to scrap it. She said that "there was no need to borrow the amount from India. Even those who are not born yet will have to shoulder the burden." She further added that "the multilateral financing agencies could be approached; particularly in the

present global financial climate, and for the types of projects specified in the loan agreement signed with India.”

Once the projects get completed, Bangladesh could emerge as a hub of regional connectivity by improving road, rail and seaport infrastructures and allowing all neighbours, including India, Nepal, Bhutan, Myanmar and China, to use the facilities. Bangladesh's infrastructures would be significantly improved and enlarged by these developments. Development of infrastructures will encourage greater local and foreign investments in the country. Pranab Mukherjee's visit to Bangladesh provided an opportunity to review the developments and also added significant impetus to the ongoing process of cooperation. It is widely believed that this move will give a fillip to the process of resolving some outstanding issues India has with Bangladesh, especially those related to sharing of common river waters, border demarcation, delimitation of maritime boundaries and the like.

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