

# ISAS Brief

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Destination Dhaka-I

## Modi ‘Acts’ Near-East, and Hasina Responds

*The display of political bonhomie, evident during the latest visit to Dhaka by India’s Prime Minister Narendra Modi, and a sense of finality over the Indo-Bangladesh Land Boundary Agreement, have injected a new dynamic in the interactions between these two South Asian countries. However, other crucial issues, in particular, the sharing of river waters, remain to be solved. These will require the continuation of the good neighbourly spirit.*

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India’s Prime Minister Narendra Modi seems to like travelling. None of his predecessors had packed so many trips into his or her first year in office. Of course all these have been undertaken in the furtherance of his foreign policy goals. Some, such as those to the United States, China and Japan have been perceived by analysts to be more successful. Others, like those to Mongolia, Fiji and Mauritius, less so – arguably at least. No matter, for such an outcome was to be expected in terms of logic. Many of Mr Modi’s foreign sojourns have been targeted at the expatriate non-resident Indians (NRIs) and foreign nationals of Indian origin. Their numbers and clout are growing. They cannot as yet vote in India. But they have money, and no politician can afford to discount its value in electoral politics. Neither does Mr

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Modi. The massive endorsement, bordering on adulation, he receives from the crowds seems to buttress his sense of satisfaction. Indians abroad sometimes suffer from perceptions, rightly or wrongly, of marginalisation in their host communities. Mr Modi's international stature, representing an India on the rise, has been an awesome morale-booster.

His aim in choosing Dhaka in Bangladesh as his nineteenth foreign destination was different. It was at the core of his South Asian policy. Currying favours with NRIs formed no part of it. The purpose was to try and win the hearts and minds of a people and government, with whom India's relationship has been legendarily fraught with bitter-sweet complexities. Its path has been marked by petulance and pitfalls. This is why Mr Modi took his time to go. Much homework had to be done both at home, and also with Bangladesh. Chief Ministers of States bordering Bangladesh had to be brought in line with Delhi's purposes. Mr Modi's comfort levels with foreign dignitaries have often been higher than those with his compatriot leadership.

The relationship between Bangladesh and India has been tricky from the start. This, despite the fact that Bangladesh's nascence as a sovereign nation-state in 1971 would not have been possible without Indian military and political support. But the history of the Indian subcontinent, dating back to pre-colonial times, has been replete with examples of Bengal standing up to Delhi. At independence Bangladesh found itself geographically 'India-locked'. In order to consolidate its identity, it sought to follow a policy of living 'in concord with', but 'distinct from' its larger and more powerful neighbour. On occasions, it tended to follow the 'pilot-fish' behaviour pattern, that is 'tacking close to the shark' (or a larger fish) in order to avoid being eaten. At other times, Bangladesh wanted to expand its room for manoeuvre. This included the creation of external linkages (such as with China) to reduce the power-gap with, or at least dependence upon the neighbour. India saw itself as the pre-eminent regional actor and, at times, behaved accordingly. This was, at times, frowned upon by its smaller neighbours. For instance, Bangladesh's demands for an equitable share of the common rivers, or the exchange of tiny enclaves (an issue that was a left-over from the past), were often seen by Dhaka to have been ignored. Bangladesh was also accused of providing a safe haven to India's insurgents, among other things. From time to time it created bad blood.

## Nuances of Bangladeshi Identity

Sometimes, the nature of this relationship depended on who were in power in Dhaka and in Delhi. Broadly speaking, there are two constituent elements in the Bangladeshi national identity: ‘Bengaliness’ and ‘Muslimness’. The Awami League, headed by the current Prime Minister Sheikh Hasina, with its secularist tendencies, represents the former; the Bangladesh Nationalist Party (BNP), led by former Prime Minister Khaleda Zia, with its right-of-centre predilections, the latter. The dichotomy is not a happy one. It has spawned a kind of chaotic democracy, often marred by extreme violence. The Awami League was often seen as leaning towards the India’s Congress Party, and vice-versa. The BNP, some have assessed, is being ambivalent towards India in general and the Congress in particular, precisely because of the perceived Congress-League linkages. When Mr Modi and his Bharatiya Janata Party (BJP) swept to power in the Indian elections in May 2014, both sides in Bangladesh sent feelers. Mr Modi chose neither, wisely preferring non-commitment. Eventually, when he came to Dhaka, Mr Modi’s interactions of necessity were those with Ms Hasina. Undoubtedly, she was in control. Nonetheless, Mr Modi endeavoured to underscore his political neutrality towards the two ladies, by meeting Ms Khaleda too. This involved some tight-rope walking, but it is a measure of Mr Modi’s political prowess that he appears to have succeeded. At least for now, till one or the other is disappointed with him. As of now, at least, that point in time seems well beyond the rim of the saucer.

There is, however, a perceptible transformation coming over Bangladesh. This includes how India is viewed. The changes in Bangladesh are also in keeping with those in the rest of the world. While its economic growth is slower than that of India’s, it is comparatively more equitable. Its successes in the social sectors, including in women’s empowerment, are more remarkable. It has a more vibrant civil society that sets the tune to much of the developing world to march to. Micro-credit, poverty graduation models, and non-formal education are examples. Bangladesh is responding to an increasing globalisation with burgeoning contacts with the rest of the world. Garments, its key export, link it to Europe and America. Its migrant workers, largely in the Middle East, transmit home ever-growing amounts of remittances. As a result, ‘Indo-centrism’ is no longer that much of a factor in Bangladesh’s politics or economics. Being ‘for’ or ‘against’ India can only be used – increasingly less frequently – as a rallying cry by the Bangladeshi political parties. Indeed most of Bangladesh’s 160 million people are young, and anxious to be rid of the past political baggage. Many of them, as also the rapidly growing middle-class or *bhadralok*, see their

future linked to the rest of the world, including India. Needless quibbles with Delhi do not interest them.

It was against such a backdrop that the Modi visit to Bangladesh took place. His predecessor, Manmohan Singh, had also visited Bangladesh in September 2011. During that visit the foreign ministers of the two countries had inked a Protocol to the 1974 Mujib-Indira Land Boundary Agreement (LBA) concerning the demarcation of the border between these two neighbours, involving the adversely-possessed lands and enclaves. Dr Singh's visit failed due to a last-minute refusal by Mamata Banerjee, Chief Minister of West Bengal (an Indian state that borders Bangladesh), to accord her assent to an agreement that had been finalised on the distribution of the waters of the Teesta River, and also to accompany Dr Singh during his visit to Dhaka. Furthermore, the LBA Protocol was not ratified by the Indian Parliament until a massive effort towards that end was successfully coordinated by Mr Modi more recently. This paved the groundwork for his visit to Dhaka.

The disputes over the demarcation of 4,000-km or so of the Indo-Bangladesh land boundary, and the enclaves (106 Indian ones in Bangladesh and 92 Bangladeshi ones in India, totalling a population of 52,000), originally arose out of the quirks of irrational territorial apportionments between princely states, and the anomalies of the Radcliffe Award in 1947. In 1958 Pakistan and India reached the Noon-Nehru Agreement that provided for "exchange on the basis of enclaves for enclaves without any consideration for territorial loss or gain". Bangladesh inherited the unresolved problem in 1971. The Indira-Mujib Agreement of 1974 laid down the groundwork for demarcation of the unidentified portions of the border, and the settlement of issues relating to the enclaves. However the issues became hostage to other Indo-Bangladesh problems, and were not settled, until now.

## **The Teesta and Trade Issues**

The Dhaka visit enabled Mr Modi to pick up some additional mileage, and this in his domestic politics. Ms Banerjee had agreed to be in Dhaka for some time during his visit, and the two were said to have had amicable meetings prior to that. Their relations were sour at first, even before the BJP stalwart Amit Shah had, in the harsh terms one is sadly wont to use in South Asian politics, reportedly vowed to eliminate the Trinamool Congress (Ms Mamata's party) from West Bengal. (How he had planned to carry out the threat, he did not

elaborate). Ms Banerjee's latest trip to Dhaka was partly to mollify Ms Hasina by reiterating assurances about the sharing of the Teesta waters, though no substantive progress was made on the issue during Mr Modi's talks with Ms Hasina on this occasion.

The Teesta originates in So Lomo Lake in Sikkim, and flows through the northern regions of West Bengal before entering Bangladesh. An arrangement already in place (agreed upon in 1983) allows India and Bangladesh to share 75% of its waters, giving the former the right to use 39% and the latter 36%. There is need for an agreement between India and Bangladesh as to how to divide the balance 25%. Ostensibly the reason for Ms Banerjee's obduracy is that the previously-negotiated agreement was detrimental to the interests of West Bengal's northern districts. Reportedly, she objects to giving Bangladesh 50,000 cusecs of water, as mentioned in the final draft of the interim treaty, instead of the 33,000 cusecs as in the initial draft. She clearly has the 2016 state elections in West Bengal in mind, as also the political risks she might face as a result of any understanding on the issue. In total, 22 agreements and Memoranda of Understanding were signed between the two governments during Mr Modi's Dhaka visit. These covered a wide range of subjects. Of major importance was one on coastal shipping. It was designed to ease the congestion at the Indian Land Customs Stations, seen as an impediment to border trade. Also, to contribute to the growth of shipping industry in Bangladesh as well as the ancillary services sector. The coastal shipping agreement could also be critical to drawing the land-locked countries of Bhutan and Nepal into the India-Bangladesh growth-and-development story. This could provide an impetus to the emerging concept of BBIN (Bangladesh, Bhutan, India, and Nepal), a sub-regional developmental initiative within the eight-nation South Asian Association for Regional Cooperation (SAARC).

A slew of investment and trade agreements were also signed. India announced a new line of credit of US\$ 2-billion, in addition to the earlier one amounting to US\$ 1-billion in 2011. This was to be used for infrastructural development in Bangladesh. Many of the firms now coming to the fore in the Indian economic scene jumped on to the investment band-wagon. The Adani Group and Reliance signed deals worth over US\$ 4.5-billion with the state-run Bangladesh Power Development Board to develop six power plants, meant to produce 4,600 MW of electricity. Reliance would generate 3000 MW, with an investment of US\$ 3-billion, and Adani 1,600 MW in two coal-fired plants, with US\$ 1.5-billion. (At present, the cumulative Indian investments stand at US\$ 2.5-billion).

As for the current trade figures, they stood at US\$ 6.9-billion in 2014-2015. It is heavily tilted in India's favour, with the Bangladeshi export numbers barely touching US\$ 500-million. India accorded Bangladesh the status of zero-tariff imports for all but 25 tariff-lines. It was stated by Mr Modi that India would invest more, now that Bangladesh had offered it an exclusive economic zone, which would help narrow the existing trade gap.

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