Conclusions

The world is witnessing a rapid phase of globalisation. Societies and economies are interacting amongst themselves like never before. The world has become a global village, where any body can reach the other part of the world in a short time physically and in almost no time virtually. Information is flowing at a speed as we see the sun rays. Sitting in a small room one can keep track of the happenings of the whole world. He or she does not have to go to market to get essential things rather it can be delivered at his/her doorstep as and when he requires. An entrepreneur can start his/her business in any part of the world. Software professionals can develop and sell the product without moving anywhere. Therefore, now the whole world is the playground. All this has been possible for the simple reason that, the nature and function of infrastructure has undergone a drastic change. Now a days, any particular product is not being produced in one place; rather being assembled from various components manufactured at different places, possibly outside national borders. This has been possible due to development in transport and communication system and other allied infrastructure and services. Therefore, the role of transport and communication is crucial in the process of globalisation. In developing countries, the transport and communication infrastructure is quite developed. But, the scenario in the developing countries is different. Although there has been huge investment in this sector, in developing countries like India, this sector is in transition. The transport infrastructure in Bangladesh is also in transition but a lot has to be done. From the nineties, the trend of regional and sub-regional cooperation has emerged. Nations of the world have realised that doing business amongst the neighbours yields good result than searching for partners elsewhere in the world. Therefore, nations are deliberately diversifying their trade and other
economic relations within their own region. That is why the countries are developing cross-border infrastructural linkages like road, rail, waterways, air connectivity, telecommunication and related services. This kind of cross-border linkages becomes more important in case of land locked countries. There have been number of studies that prove that there is a strong linkage between transport infrastructure and the quality of life. Good transport infrastructure also ensures economic development. However as we have discussed in the first chapter, investment in transport infrastructure is necessary for economic development but not sufficient. Other factors like positive externalities, location, timing and political will also determines the course of economic development. Development of efficient transport system in recent years has resulted in high growth of international trade although this is not the only factor. But, it is one of the prominent factors. In order to do more business with neighbours, the countries have agreed to different trading arrangements otherwise known as Regional Trading Arrangements (RTA) with different countries on different terms and conditions. RTAs aim in creating/diverting more trade among the member countries. The main instrument for this is tariff reduction. The nations have also realised that only tariff reduction does not result increase in trade. There are other issues involved. One of them is trade facilitation measure which mainly includes the transit of goods from the seller to the buyer in foreign markets. So transport coordination among the countries has become important. Therefore, some of the RTAs have dealt with this issue either directly by including provisions of transport cooperation in the agreement or by other bilateral and multilateral arrangement. We have observed from the first chapter, how international trade has become smoother after investing heavily in transport facilities at unilateral and multilateral levels. One more noteworthy feature is that there has been emergence of growth triangles involving parts of countries, not the whole country. This is in sharp contrast to the traditional theories of
international relations where only nation-states are party to any kind of intergovernmental arrangements. The prominent among these kinds are Southern China Growth Triangle and Johor-Singapore-Riau Growth Triangle. These growth triangles have invested heavily in transport and communication infrastructure resulting in an increase in intra-regional trade and investment.

In South Asian region, there are two land locked nation-states. Although India is not a land locked nation, but the north eastern part of India has only two percent of border with India and rest with China, Myanmar and Bangladesh. So it is virtually a land locked region for many practical purposes. As we have seen in the first chapter, the South Asian countries are having deficit in terms of transport infrastructure. Even, in many places the condition of roads is not good. Many places in the South Asian region are not connected by rail services. Port infrastructure is not of international standard. Clearing time in ports of South Asia is very long. This affects the competitiveness of the products. In recent years, efforts have been made to improve the state of transport infrastructure. National Highways Authority of India (NHAI) is implementing the much discussed National Highways Development Projects (NHDP) joining the length and breadth of India by good quality 4 lane road. Funding agencies like Asian Development Bank and Japan Bank for International Cooperation have funding various infrastructural projects in the region.

India’s North East and Bangladesh are rich in natural resources. Area wise India’s North East is bigger than Bangladesh but population and population density is much higher in Bangladesh than India’s North Eastern region. In terms of religion, Bangladesh is dominated by Muslims where as India’s North East is dominated by Hindus. Bangla is the principal language in Bangladesh while there is no uniformity of language in India’s North Eastern region. Service sector dominates the economic structure both in
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Bangladesh and India’s North East, constituting about the half of the GDP. Share of secondary sector is more than the primary sector in Bangladesh. But in case of India’s North East the reverse is true. As we have discussed in the third chapter that the state of infrastructure are poor in both the region. The ranks of India’s North Eastern states are in the lower strata amongst 28 states (for which the infrastructure index was calculated by the Finance Commission of India).

In historical times the region was well integrated. India’s North East has always been a trade route between Indian subcontinent and South East Asia. This route was not only facilitating trade but also a facilitator of cultural exchanges. These interactions among the regions were key to the travel of Buddhism from India to South East Asia, China and further. Britishers annexed this region in 1820s both for strategic and economic reasons. They tampered with the territorial and social structure of the region to fulfil their economic interests. They drew a line to separate the tribal region in India’s North East from the tea producing areas in order to secure their economic interests. This kind of arrangement proved to be a major problem in the years to come. Some writers see roots of the current unrest in India’s North East in this arrangement by the British. Transport infrastructure of the region was integrated. At that time inland waterways was the most important mode of transport in the region. Road and rail transport system were complementary to the water transport system. A number of railway companies were operating in the region. But, the railway lines were laid to serve the interests of the British rather than that of the local population. Similarly, a number of steam navigation companies were operating in the waterways of the region. They covered most part of Bangladesh as it is a country of rivers. Partition of the subcontinent in 1947 disrupted all the transport linkages upside down. Due to this many industries were closed down, agricultural products did not find market and India’s North Eastern virtually became a land locked region.
After the partition, Indian government did not pay much attention to its north eastern parts. Of late the government took the matter seriously and a Department for Development of North Eastern Region was established to deal with matters pertaining to socio-economic development of the eight states of North East. In 2001, this department was elevated to a full-fledged ministry. Much has been done to increase connectivity and smooth flow of traffic in the North East as well as it connectivity with the mainland India. Due to difficult terrain, the construction work suffers a lot. States like Manipur and Sikkim do not have rail lines. Except Assam, all other states have negligible length of rail lines and that too in metre gauge. Further, we examined how the inland waterways are not being utilised properly due to various reasons. But the potential in this mode of transportation is very high both in terms of carriage capacity and employment generation.

In Bangladesh about two third of the goods are transported by road followed by water transport system. The rail transport system carries negligible amount of total good carriage. Bangladesh had 2768 kms of rail line in 2000-01 out of which only 936 kms are broad gauge and rest of them are metre gauge. This acts as a major barrier as far as future regional traffic is concerned. Gauge conversion should be taken up in urgent basis. Inland water transport has a lot of role to play in country’s economy in general and the transport system in particular. Jamuna Multi-purpose Bridge was opened to traffic in June 1998. But, all traffic from east to west of Bangladesh and vice-versa do not necessarily move through this bridge as it is possible to cross the river by ferry services run by BIWTC and other private players. Even the international bus service between Kolkata and Dhaka is carried by the ferry services to cross the river Padma at Faridpur. The importance of inland water transport is so much that the government of Bangladesh has acknowledged the fact that this mode of transport is a key contributor to poverty reduction in rural areas and for the economic development of the country. However,
full potential has not been utilised due to silting of waterways, lack of ghat berthing facilities and other infrastructural problems. Two major ports of Bangladesh namely Mongla and Chittagong port need drastic reform in order to facilitate faster handling of goods. Bangladeshi goods will be more competitive in international market only if the port sector reform is undertaken to meet the international standards.

A number of rationales justify further development and integration of the transport infrastructure in the region connecting India’s North East and Bangladesh and further to Nepal and Bhutan. Some of these issues have been discussed in the third chapter. It has been noted that some level of trade complementarities exist between the two regions. Secondly, Bangladesh can be a transit point for goods originating from India’s North East and destined for international markets. Chittagong port can act as a gateway for exports from India’s North Eastern region. Further, India’s North East can become the transit route for Bangladesh to reach China and Myanmar, reducing the transit time and cost. Thirdly, the region under study is rich in natural tourist spots. Tourism industry can emerge as a major industry once the transport system of the region is integrated. This will increase the tourism service industry as well as generate enormous job opportunities. Fourthly, the integration of inland water system will be beneficial to avoid the difficult terrain for moving bulk goods and heavy machinery across the region. India’s North East is a mountainous region where movement by land transport is time consuming and expensive. Similarly, being a riverine country, moving goods by road involves several ferry services on its route. If properly managed, inland waterways can prove to be a boon for both India’s North East and Bangladesh. Further, it has high employment generation potential. Thus our first hypothesis that high economic complementarity exists between India’s North East and Bangladesh to justify the development of transport linkages holds good as per the discussion in this study.
Conclusions

India – Bangladesh relations have gone up and down with the changing time. Border conflicts including conflicts on certain islands, sharing of common rivers like Ganges and illegal migrations are some of the contentious issues in the bilateral relations. In bilateral economic relations, Bangladesh continues to have trade deficit with India. The imbalance is increasing day by day. Major products exported by India to Bangladesh are cotton, cereals, mineral fuels, edible vegetables, etc. Similarly, major exports of Bangladesh to India are inorganic chemicals, other-vegetable textile fibres, fertilisers, etc. Bangladesh alleges that India has been adopting various non-tariff barriers and para-tariff barriers. The prevalence of informal trade across the borders is high. Live animals (cattle) constitute more than half of the illegal exports from India to Bangladesh. The streamlining of tariff along with other removal of other barriers like documentation, border procedure is expected to convert a large volume of informal trade towards formal trade.

Data collected from the Indian government indicates that, there is increase in trade between India’s North East and Bangladesh. It further shows that the share of INE’s export to total trade between INE and Bangladesh is decreasing. In other words, Bangladesh’s exports to INE are increasing in comparison to INE’s exports to Bangladesh. This is a good sign for Bangladesh. If the transport system is improved along with other trade facilitation measures, then Bangladesh can improve its trade balance with India as a whole. Not much has been done to integrate the transport system of Bangladesh with INE at a bilateral level. Efforts have been undertaken to integrate Indian state of West Bengal with Bangladesh by operating bus and train service between Kolkata and Dhaka. But much less is done in case of India’s North East. Currently, only one bus is operating between Agartala and Dhaka. The route is in pathetic condition. The bus journey time can be reduced to half only if the roads are repaired and widened. There is no rail connectivity between INE and Bangladesh. Recent initiative by Indian
government to establish Land Port Authority of India on the lines of Airport Authority of India holds considerable amount of hope as far as trade and economic interaction between INE and Bangladesh is concerned.

BIMSTEC has taken up its plan to join the member countries by road, rail, inland waterways and by connecting sea ports of the region. Out of 14 identified road corridors, 4 passes both through INE and Bangladesh. Similarly, out of four identified regional rail corridors, two passes through the area under our study. BIMSTEC has also identified two regional inland waterways. However, this is in preliminary stage and a lot has to be done before these routes materialised.

SAARC has taken up the issue in the fourteenth SAARC Summit held during April 2007. The head of the states or governments have committed themselves to connect the SAARC member countries with one another with various modes of transport of international standard. The first meeting of SAARC Transport Ministers was held in New Delhi from 29th to 31st August 2007. Then new member of the SAARC, Afghanistan participated in it along with all other members. The Meeting discussed on the Report of the SAARC Regional Multimodal Transport Study prepared and funded by Asian Development Bank (ADB) and recommended extending the SAARC Regional Multimodal Transport Study (SRMTS) to include Afghanistan, new member of SAARC. In this meeting 9 pilot sub-regional and regional projects were recommended by Bhutan, India and Sri Lanka for consideration of the SAARC Member States. Out of these 9 proposed projects one is concerned with India’s North East and Bangladesh as we have discussed in the fourth chapter.

The Asian Land Transport and Infrastructure Development (ALTID) has been a much talked about and dreamt about programme of UN-ESCAP. Two components of this programme Asian Highway and Trans Asian Railway try to connect Asia with Europe. India has already become a party to
Asian Highway Network. But due to political reasons Bangladesh has not signed the Intergovernmental Agreement on the Asian Highway Network. However, Both India and Bangladesh are party to the Intergovernmental Agreement on the Trans-Asian Railway.

In spite of the potential gains out of bilateral and regional cooperation in transport sector, there are some roadblocks on the way. They are two fold. One is infrastructural constraints and another is lack of political will. Roads in India’s North East are not in good condition for heavy traffic. Difficult terrain is one reason for that. But, during the field visit to the region, it was felt that the Land Custom Stations (LCSs) do not have adequate infrastructure to handle goods at the borders. As we discussed in the fifth chapter, very few LCS have good connecting road with the nearest town or district head quarter. Roads at the no man’s land are not in good condition. The office building of the LCS is not good in many places. Non-availability or non-functioning of Weigh Bridge is a common feature in most of the LCSs. Other facilities like parking space, dumping yard, electricity, telephone, LC counter in nearest banks are not available in many LCSs. All this discourage traders across the border for increasing trade relation with each other.

Apart from these infrastructural bottleneck, lack of political will and perceived security threat hinders the development of integrated transport network. Both the countries have apprehensions about their security once the border is opened up for greater economic interactions. But, as we have discussed in the fifth chapter, the security issues can be tackled easily once the government of the two countries show their political will to do so. Bangladesh has not been in favour of giving transit right to India. Therefore if Bangladesh signs the Intergovernmental Agreement on the Asian Highway Network without modifying the route connecting India’s North East with the Indian state of West Bengal, then it feels that it will lose its only bargaining chip with India through which it can have duty-free access to Indian market. But studies
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found that the cost of not signing the Intergovernmental Agreement on the Asian Highway Network is very high. If Bangladesh is not becoming the part of the regional arrangement, then transport network will be developed without Bangladesh. In that scenario Bangladesh have to pay heavily. Further, Bangladesh can get a good amount of foreign currency by imposing transit fee and royalty on the goods consignment moving through its territory. In a nutshell, for Bangladesh, gains are high if it becomes a part of the arrangement and the cost is also high if it does not. Thus it may be concluded as per our hypotheses that economic benefits are enormous and perceived political apprehension combined with security threats can be major roadblocks in greater cooperation in this sector. Management of these issues will have direct impact on the economic development of both the region.

Policy Implications

After studying the topic in detail, we felt the necessity of strong policy intervention by the two governments. The policy implications can be two fold. One is at the national or unilateral level and another being at the international level including bilateral and multilateral level. The policy implications at the national or unilateral levels are:

- Well developed and integrated road communication is one of the integrating factors. India's North Eastern is not adequately integrated by good quality road. Regular maintenance work needs to be undertaken as about half of the roads in India's North East are in poor condition. Constructing new roads in the states having low road density like Arunachal Pradesh, Mizoram, Sikkim and Tripura will help in overall development of the region.
- India's North Eastern is not adequately connected by rail. Out of eight states two do not have rail line at all. Further, four have
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only metre gauge. Addition of rail network and upgradation of the metre gauge to broad gauge needs urgent attention from the central government. Allocation of Rs 10,000 crore for completion of 14 rail projects in the 11th Five Year Plan is a positive move in this direction.

- Inland Water Transport (IWT) can prove to be a major boon to the region both for national and international transport of goods. Government of India needs to undertake the initiative on an urgent basis. IWT was the lifeline of the region in the pre-partition period. Upgrading the National Waterways 2 with adequate ghat and warehouse facility will open new opportunity in transportation system of the region. Apart from National Waterways 2, other river systems have the potentials which need government's intervention.

- For Bangladesh government, the immediate task is to raise the load taking capacity of the roads to 10.2 ton axel load from the existing 8.2 ton axel load. Otherwise the Bangladeshi roads will not be able to serve regional traffic in sustained manner. Further, new roads and bridges have to be constructed.

- Railway in Bangladesh constitutes only 2 percent of total goods carriage in the country. This calls for serious thought on the railway transport system of Bangladesh. This sector needs massive investment for construction and up gradation of rail lines. Rail service also has to be taken care of.

- Bangladesh is a riverine country. More than one third of the total goods move through Inland waterways. Although reform in the IWT sector has been stated in the National Strategy for Accelerated Poverty Reduction released in October 2005, concrete action in this sector is required. Full potential of the
IWT is not being utilised due to silting of waterways, lack of ghat berthing facilities, and obstructions caused by low or narrow road bridges and irrigation channel sluice gates. These issues have to be addressed by the competent authority in Bangladeshi establishment.

- Port sector of Bangladesh needs urgent attention as the efficiency level of these ports are low. Due to this Bangladeshi goods are losing competitiveness in international market. Infrastructural facilities are not adequate to handle current traffic not to talk of future regional traffic. Increasing port efficiency is the most important factor for developing Bangladesh as a regional transport hub.

The above policy recommendations include the action to be taken by the national governments of both the countries. However, when we think of integrating transport infrastructure in the regional context, no single country can do it as it requires cross border movement of goods and people. There are two levels in it. One is at the bilateral level and another is at multilateral level. At the bilateral level, not much has been done between the two countries except the Protocol on Inland Water Transit and Trade. Further, India has become a party to the Intergovernmental Agreement on the Asian Highway Network. But Bangladesh has not signed it till date. Both India and Bangladesh are party to the Intergovernmental Agreement on the Trans-Asian Railway Network. Policy recommendations at the international level are as follows:

- Indian government should carefully consider the genuine demands of Bangladeshi exporters and simplify the non-tariff measures. This in turn will build Bangladesh's confidence in
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India which will have long term impact on the bilateral relations.

- As India shares its border with all the members of SAARC, it is in the interest of India that, it should push forward the SAARC initiatives to connect the region with adequate transport infrastructure.

- Indian government can show strong commitment to eliminate the perceived political apprehension of some of the policy makers in Bangladesh. Where as linking duty free access to the transit issue by Bangladesh is unfortunate and Bangladesh should reconsider it foreign policy for the economic development of its population.

- Inland Water Transit should be utilised to the fullest extent possible. The benefits of this are two fold. First, the inland water route will be developed and secondly, this will make Bangladesh feel confident for further cooperation with India. Therefore, both the governments should streamline the infrastructural bottleneckness and the border procedures.

- Both the governments should upgrade the Land Custom Stations (LCSs) in order to facilitate faster movement of goods across the border. The banking facility should be streamlined to process faster cross-border payments.

- Bangladesh should sign the Intergovernmental Agreement on the Asian Highway Network immediately to avoid delay in the regional process. It is further to kept in the minds of the policy makers in Bangladesh that, it can propose the change in Asian Highway routes only after becoming a signatory to it.

- Seminars, conferences can be organised to facilitate the meeting and sharing of views among the businessmen, policy makers
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and academicians across the borders. This will facilitate more trade linkages and will create number of stake holders beyond the borders. In long run these types of arrangements will act as confidence building measures between the two countries.

In today's globalising world, no country can develop itself on its own. Interdependence based on country's strengths and weaknesses are the key to success. Mutual benefits can be derived by directing the foreign policy in each other's favour. This does not necessarily mean that the country will compromise with its sovereignty. In this context, Bangladesh and India's North East have complimentarity with each other and this region can be developed by cooperating with each other. This will have great impact on the standard of living of the regional population. The cost of non-cooperation is very high. The first step in this direction is by connecting each others transport infrastructure of the region.