

Issue

Brief

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As India Acts East, the Role of West Bengal

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Abstract

This brief examines the role of West Bengal as a leverage for India to enhance its relations with its eastern and southeastern neighbours. It identifies the domestic and geo-economic aspirations of the state, and outlines the impact of certain misplaced policies and the state's conflictual relationship with the union government on West Bengal's development goals. The brief calls on India to nurture a pragmatic, cooperative brand of federalism that will draw from the tenets of paradiplomacy and emphasise West Bengal's strategic importance in the Bay of Bengal region for realising the country's geopolitical aspirations.

It might not be an overstretch to say that the state of West Bengal is in the doldrums: economic progress is unsatisfactory and the political challenges are mounting. For decades now, the state has discouraged industrialisation and has frequently severed ties with the government at the centre—both paths have proven detrimental to its own development.

This brief makes an assessment of the potential that West Bengal's geographic location offers for serving as a springboard for the operationalisation of India's foreign policy outreach towards its east. In doing so, the brief argues for more balanced and objective centre-state relations in order to realise the developmental goals of the state itself as well as simultaneously reaping the benefits of cross-border interconnections. Finally, the brief advocates for the reimagining of the state's capital, Kolkata, as a centre for paradiplomacy to enable the optimisation of its strategic location and also utilise the wealth of human, physical, social and natural capital at its disposal. It could thereby contribute to the growing interest on the role of local and provincial governments in international relations, particularly in economic engagements.

West Bengal as a Catalyst for India's Indo-Pacific Outreach

Domestic goals and geopolitical aspirations can often be bridged through connectivity networks.¹ Many such road, rail and maritime connectivity networks have been established or are proposed for better integrating a region that is known to be one of the least connected in the world. India's Act East Policy (AEP) is an umbrella framework forming part of the country's efforts towards establishing networks of both diplomatic as well as physical connectivity with its neighbours in East and Southeast Asia. AEP aims to expand the country's diplomatic and economic integration by taking into consideration altered realities and exigent circumstances. For instance, the recent advances in India's economic capabilities and enhanced political reach have occurred alongside China's growing influence and the inadequacies of the regional security order that such rise has revealed.² Consequently, New Delhi's outlook has been remodeled to respond to these shifts, resulting in foreign policy frameworks such as 'Neighbourhood First' and 'Act East', as well as strategies to engage with the wider and increasingly more prominent Indo-Pacific region. The successful operationalisation of these initiatives rests to a considerable extent on how the states of India engage internationally, especially with the neighbouring countries.

Map 1: West Bengal's strategic location



Source: *Encyclopedia Britannica*

The key to West Bengal's significance is geography (see Map 1): it shares borders with the Indian states of Jharkhand, Bihar, Odisha, Sikkim and Assam; and is positioned to connect with neighbouring countries such as Nepal, Bhutan and Bangladesh – with which it shares borders – and also countries like Myanmar and Thailand with which it has maritime linkages. The capital, Kolkata, is the biggest and most proximate city in terms of India's connectivity with its eastern and south-eastern neighbours. Therefore, while the Northeastern Region (NER) is geographically the final frontier for manifesting the Act East Policy, it is West Bengal—as the largest and more connected easternmost state—which can link the NER to New Delhi to facilitate the AEP, particularly in terms of last-mile connectivity.

Various projects have been initiated to connect India with Southeast Asia, including the Chilahati-Haldibari Rail Link and the Kaladan Multi-Modal Transit Transport Corridor, in which Bengal is a vital point of connectivity.³ The possibility of extending the India-Bangladesh rail links to Myanmar and further to Thailand, Laos, Singapore, Cambodia and Vietnam, cannot be ruled out. This would link Bengal directly to the countries of Southeast Asia and make it a direct participant in realising the so-called 3Cs of India's foreign policy: Connectivity, Commerce, and Cultural Commonalities.⁴

These linkages are interdependent in many ways— for instance, strengthening connectivity between India and Bangladesh has a direct and positive impact on the development of the NER.⁵ Similarly, if Bengal contributes to augmenting the AEP, it will only be giving a boost to the state's economy by increasing employment and state revenue. Bengal can expand its involvement with the AEP by enhancing physical, commercial, socio-economic, energy, and cultural connectivity with the ASEAN and BIMSTEC nations.⁶ Even before the advent of multimodal networks of connectivity, the North Bengal Region (NBR) has played a role in the BBIN sub-region.^b The NBR straddles Bhutan and the NER to the east, Nepal to the west, and Bangladesh to the southeast; the narrow 'chicken's neck' corridor has served the region's trade well for decades.

Today Nepal and Bhutan are engaged in significant volumes of trade with India.⁶ The BBIN initiative has the potential to develop into a regional stock exchange, subject to removal of the various tariff and non-tariff barriers.⁷ As a proactive measure, the BBIN motor vehicle agreement (BBIN-MVA) was signed by the corresponding countries in 2015 to ease the movement of goods across the border.⁸ Although such initiatives can offer opportunities, Bengal might be unable to reap the benefits for various reasons. Districts in NBR, for example, lack infrastructure (Land Customs Stations and financial services at border points) and have low productive capacities (neglect of resource-linked advantages such as tea and tourism both of which hold immense potential for these districts).⁹ The same lack of infrastructure and security in the region is responsible for the unfettered movement of undocumented individuals across the borders. If initiatives such as the BBIN-MVA are operationalised effectively, it would bring in development to the regions which have largely remained isolated due to manifold reasons, including lack of infrastructure.¹⁰ The resulting decrease in transport and energy costs, and the expanded access to cheap labour would attract more industrial development in the BBIN sub-region.¹¹

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- a The Bay of Bengal Initiative for Multi-Sectoral and Economic Cooperation (BIMSTEC) is a grouping of seven countries in South and Southeast Asia: India, Bangladesh, Sri Lanka, Myanmar, Thailand, Nepal, and Bhutan. It was conceived in 1997. The Association of Southeast Asian Nations (ASEAN), meanwhile, was formed much earlier, in 1967 and comprises 10 member countries.
- b The Bangladesh, Bhutan, India, Nepal (BBIN) is a subregional initiative envisioned to improve economic cooperation and connectivity among these nations.

In addition to land links, maritime trade and connectivity forms a vital component of augmenting India's ties with its neighbours. Over the past few decades, the Bay of Bengal has gained increasing geopolitical interest from regional and extra-regional stakeholders—as the wider Indo-Pacific has. The Bay is particularly vital for the ports on India's eastern seaboard, and it has played an important role in connecting the subcontinent and the adjacent regions to the east right up to the southern coast of China especially during the 16th century.¹² The recent renewed emphasis is inextricably linked to factors such as the rise of China, and the protection of maritime sea lanes of communication especially for trade, including of energy. Indeed, the Bay has moved from obscurity to reclaim its geostrategic space,¹³ and littoral countries have tried to adapt to the attendant policy imperatives.

The Kolkata port played a prominent role until the 18th and 19th centuries. After the Suez Canal was opened in 1869, the importance of the port was magnified in Britain's trade with the world.¹⁴ After independence, the Kolkata port lost its preeminent position in cargo handling to Mumbai and Kandla ports on the West coast and Chennai and Vishakhapatnam ports in the East. In 2013 the port came under even more threat as its service stagnated and it lost more than half of its cargo shares from Nepal and Bhutan—two key, landlocked buyers—to Bangladesh and Chittagong ports.⁷ The port authority suffered heavy losses and Bengal's contribution to that part of India's foreign policy objectives dwindled.

While the Kolkata and Haldia ports are the nearest points of entry and exit for third-country trade for Nepal and Bhutan, investing in a deep-sea port can also benefit Bengal and help it overcome the constraints of the riverine ports of Kolkata and Haldia in terms of depth and regular dredging. The Kolkata port has also lagged in terms of infrastructure development and operations in comparison to other prominent ports on the east coast such as Vizag and Kattupalli. The state government must actively participate in initiatives like Sagarmala^c in order to enhance the Kolkata port's ability to attract business and handle larger volumes of cargo. In this respect, the Sagar deep-sea Port (under construction) is poised to boost Bengal's trade figures, as are the proposed Tajpur Port and the small Kulpi port.¹⁵

Acknowledging the cost-effectiveness and geostrategic importance of reviving maritime connectivity linkages, India finalised in late 2020 the coastal shipping agreement with Myanmar, which would allow Indian ships to reach Mizoram via Sittwe Port on the Bay of Bengal through the Kaladan river multi-modal link.⁴ The Sittwe port is also to be directly linked to the Kolkata port and thus enable West Bengal to tap into the opportunities provided by the Sagarmala

^c Sagarmala is a Government of India initiative for the enhancement of the country's port logistics and port-led development.

project. Mention must also be made of inland waterway connectivity as an extension of coastal and maritime trade connectivity that allows the regulated reciprocal use of river waterways for the transit of goods. The Jal Marg Vikas Project is at present the biggest waterways project in India—it connects Haldia in West Bengal to Varanasi in Uttar Pradesh and aims to create thousands of jobs in the region. It will also transport goods like food grains, fertilisers and minerals—currently moved using subsidised railway tracks—through inland waterways; this will reduce costs.¹⁶ The India-Bangladesh Protocol on Inland Water Trade and Transit, which provides a 50:50 sharing ratio based on tonnage for inter-country transit of cargo, is a time-tested tool of cross-border connectivity links.¹⁷ Third countries like Bhutan are also set to use the Chittagong port through the National Waterways 1 and 2 in India.¹⁸

Kolkata has huge reserves of natural and human capital, and the cost of living is lower than in other large metros of the country.¹⁹ In this context, the latest 2019 MOU²⁰ signed between the port trusts of Kolkata, Vizhakhapatanam and Chennai and the Ranong Port in Thailand, is a positive development. The high trading dependency of Bhutan and Nepal²¹ on the region should also be utilised as it could prove beneficial for India on both economic and strategic ends.

In recent years, the state of Assam has offered an illustration of how locational advantages can be employed both to boost development within the state and as a conduit for India's Act East outreach.²² The last few years have been vital in creating connectivity not just to and within Assam but also to the Northeast, Myanmar and Bangladesh, which has paved the way for the eventual push by road, sea, and air, further east to Vietnam. Arguably, this has been possible in Assam because the political party in power at the Centre is the same one ruling the state.^d

“The Kolkata port played a prominent role in trade until the 18th and 19th centuries; it would eventually lose its position to other ports like Mumbai and Chennai.”

^d This is not to say that centre-state tussle can be avoided only when the same political party sits in power in both domains, as that would imply that in all other contrary cases, there will inevitably be a constant tug-of-war between the state and central governments.

The Perils of Conflictual Federalism

Cooperation amongst the Indian states and also with the Union Government is crucial in the implementation of policies – from the formation of the GST^e Council which gave equal weightage to the states in the application of GST, to the formation of a national fiscal policy, to the high-powered committee of state chief ministers that recommend reforms in the Indian agricultural markets.²³ In West Bengal, the tussle between the TMC-led state government and the BJP-led union government has often been an impediment to effective governance, including in development planning.²⁴

An area where Centre-state feud has impacted Bengal is related to the Teesta river, which flows through the Indian states of Sikkim and West Bengal, through Bangladesh, before meeting the Bay of Bengal. In 2011, when India's then Prime Minister Manmohan Singh visited Dhaka, the two countries agreed that they will share Teesta's water in an equitable manner as envisioned in the Ganga Water Treaty of 1966: India would receive 42.5 percent of the river water, and Bangladesh, 37.5 percent.²⁵ However, analysts have said,²⁶ Chief Minister Mamata Banerjee was opposed to the idea of sharing the Teesta waters with Bangladesh. This has on occasion led to elevated tensions between the centre and state and also between New Delhi and Dhaka. In a recent campaign event for the ongoing West Bengal Legislative Assembly elections, CM Banerjee mentioned:²⁷ "They (central government) didn't bother to consult the state (West Bengal) government before finalising the sharing of Teesta waters. We have cordial relations with Bangladesh and I respect (its) Prime Minister Sheikh Hasina. But we can afford to provide water only when we have enough for ourselves." She also used a slogan, "*Teesta, uttarbanga ka hissa* (Teesta, a part of north Bengal)."

“An area where Centre-state feud has impacted Bengal is related to the sharing of Teesta river, as CM Mamata Banerjee is opposed to its very idea.”

^e Since 2017, the Goods and Services Tax (GST) is an indirect tax levied across India on the supply of goods and services. It has subsumed almost all the indirect taxes except for a few state taxes.

The Perils of Conflictual Federalism

The nature of Centre-state relations can manifest in many other areas of governance. These include West Bengal's progress (or lack thereof) in the UN Sustainable Development Goals (SDGs), the promotion of equitable public financing, allocation of green subsidies, and the growth of businesses. This becomes even more relevant because the promotion of the SDGs (see Appendix 1) creates an enabling business environment (see Appendix 2) and attracts FDI by nurturing capital in its human, social, natural and physical forms.²⁸ Indeed, econometric analysis suggests that the SDG index is a statistically significant variable explaining the Ease of Doing Business (EDB) index and the manner in which Foreign Direct Investments (FDI) flow to the Indian states.²⁹

Therefore, West Bengal's relationship with the union government can either directly or indirectly influence regional geoeconomics—in terms of achieving the state's development goals that would have a long-term bearing on the state's business environment and in turn, to the inflow of foreign investment and the nurturing of global economic partnerships.

West Bengal has been lagging in FDI and industrialisation in the past few decades. Over a period of 10 years (2008-2018), Kolkata has recorded one of the lowest rates of FDI growth among the country's metropolitan cities (see Appendix 3). However, given its prime geographical location, Kolkata has immense potential to become a hub of economic activity, not only in eastern India, but the entire South Asia and Southeast Asia.

The Case for Paradiplomacy

Paradiplomacy is a fairly recent theoretical framework^e for understanding the involvement of local or regional governments in foreign policy, yet it has garnered both academic and on-ground support nonetheless.³⁰ Paradiplomacy—or the conduct of international relations by sub-national governments—has been prompted by the effects of globalisation³¹ and the steadily increasing inter-dependencies between countries. In this sense, paradiplomacy is essentially an enabling mechanism for leveraging and pooling the strengths of individual countries towards deeper assimilation, subsequently resulting in the reaping of ensuing benefits.

Most often, the concept finds relevance in fostering direct trade links between local states and provinces of sovereign countries. The functions of paradiplomacy cover a spectrum: in some countries, states are empowered by the Constitution to engage in economic diplomacy (Canada); in other countries (China), municipal diplomacy is conducted, and under the aegis of the central government; and in other countries like Brazil, highly decentralised, city-level models exist.³²

In India, the applications of paradiplomacy are in the nascent stage, with no constitutional powers being granted to state governments in foreign policy outreach. The Constitution precludes states from passing legislation regarding foreign affairs; diplomatic, consular and trade representation; participation in international conferences; entering into treaties and agreements with foreign countries and implementation of treaties, agreements, and conventions with foreign countries; and trade and commerce with foreign countries.³³ The establishment of *border haats* for the facilitation of cross-border trade and greater people-to-people links is a partial indicator of local involvement but one that is nonetheless without decision-making authority and constrained in terms of implementation.

Paradiplomacy comprises a set of tools for swifter and more direct foreign engagement. In practice, paradiplomacy approaches ideally need not be independent of federal or central oversight but are rather powers granted to local governments for harnessing available advantages. In India, the impact that sub-national governments can have on foreign policy can be difficult to assess. However, what is clear is that local governments can assume a larger role in

e Proposed by John Kincaid in 1990.

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facilitating foreign policy outreach through direct regulation of international business, aid and promotion expenditures, establishing offices abroad, and conducting high-level visits.³⁴

Sub-national involvement in certain key domains of foreign policy is of utmost importance to advance India's ambitions, especially in sectors such as trade and commerce, FDI, and cultural exchanges. The COVID-19 pandemic has shown that there is hardly a single nation that is not in some way dependent on others, either for raw materials, labour services, or imports of finished goods. The post-pandemic world would require emphasis on subregionalism for strengthening local economies.

For a country as large and diverse as India, it is common to find state governments—like that of West Bengal—that differ with the central government. To be sure, the kind of federalism that exists in India will be key to the evolution of paradiplomacy in different parts of the country. This is because as states or cities develop their own economic and political capacities, they will more likely promote their local interests through international interactions.³⁵ Therefore, while analysing the scope for amicable ties between federal states and neighbouring countries, West Bengal is also well-connected both geographically and through historical ties to provide, for instance, medical tourism to Bangladesh, or port facilities to landlocked countries like Nepal and Bhutan.

Kolkata, in particular, is well-positioned to advance the evolving concepts of paradiplomacy or 'city diplomacy'—wherein the institutions mobilised by the city, such as the local governments, the state government or even civil society, could engage in international networks on a global political stage to represent the regional as well as national interests. Such engagements could be in the fields of national security, sustainable development, economic partnerships, cultural ties, administrative networks, and city representations.³⁶ There are various methods of implementing paradiplomatic institutions—ranging from the setting up of consular offices in cities, to establishing state foreign affairs offices under the supervision of the Ministry of External Affairs.³⁷

With the COVID-19 pandemic disrupting global supply chains, many foreign investors have considered shifting their manufacturing activities to countries like India, Bangladesh, Thailand, Vietnam, and the Philippines.³⁸ The pandemic could be an opportunity for India to become a manufacturing hub and expand its export base. Many cities in South Asia and Southeast Asia are projected to

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become the focal points of foreign investments. While Singapore has already made early gains on this front,³⁹ in India, the state governments of Telangana and Tamil Nadu are stepping up to attract firms to their largest cities (Hyderabad and Chennai, respectively).

Kolkata, for its part, is one of the crucial hubs in eastern India and has been visibly lagging in this competition despite its two crucial advantages:⁴⁰ First, the city's strategic location makes it convenient to catalyse the process of integrating the larger markets of Southeast Asia with those of India; and second, the ability to mobilise the endowments of physical, social, human and natural capital available in eastern India.

In the context of the AEP, eastern and northeastern cities such as Kolkata and Guwahati (in Assam) can enhance regional ties as “gateways to Southeast Asia” via Thailand and Myanmar.⁴¹ This not only could turn these eastern cities and regions into self-sufficient units, but could also employ alternative frameworks of paradiplomacy across governance regimes.

However, it must be noted that within the evolving frameworks of paradiplomacy in India, maintaining cooperative ties between the state and the centre is key to achieving social, economic and political stability. It strengthens the robustness of India's federalist structure and has the potential to advance the country's international economic and diplomatic ties. Thus, a cooperative centre-state relationship will prove to be a turning point for India, in its impact not only on the domestic political climate but also on India's relationship with its immediate neighbours in the Indo-Pacific, especially Bangladesh. Efforts must thus be made to strengthen India's federal structure to ensure stability at various levels.

“Sub-national involvement in key domains of foreign policy is of utmost importance to advance India's ambitions, including in sectors like trade, FDI, and cultural exchange.”

Conclusion

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Despite the virtues of its geographical location, West Bengal has thus far been untapped in terms of its potential because of the reasons analysed in this brief. Governments both at the state and at the centre are therefore required to readjust approaches towards each other and develop a more constructive framework of functioning based on the tenets offered by paradiplomacy.

As the world adapts to the changing nature and applications of politics, trade and technology, development and integration is set to occur simultaneously at the levels of cities, states, countries, and wider regional constructs. Indeed, while the objective of the erstwhile Look East Policy was to facilitate India's economic development, the AEP is broader in scope and looks to preserve a favourable regional balance of power.⁴² Political and diplomatic overtures, together with avenues for economic betterment, comprise contemporary realities.

In order to keep pace with and respond to a near-permanent state of regional geopolitical and geoeconomic flux, political attitudes will require a readjustment to best suit a balance of short- and long-term agendas. This will demand practical centre-state relations alongside an adequate understanding of the most effective ways to leverage available resources. West Bengal has played a significant role in history and it has the potential to reclaim its place not only in India's domestic affairs but also as a vibrant building block for the country's engagement with east and southeast Asia. 

Appendix 1: West Bengal's Performance across the SDGs

SDG	Goals	2018-19 (scores out of 100)	2019-20 (scores out of 100)
1	No Poverty	57	52
2	Zero Hunger	50	40
3	Good Health And Well-Being	66	70
4	Quality Education	51	50
5	Gender Equality	40	38
6	Clean Water And Sanitation	54	83
7	Affordable And Clean Energy	40	58
8	Decent Work And Economic Growth	63	72
9	Industry, Innovation And Infrastructure	45	68
10	Reduced Inequalities	76	73
11	Sustainable Cities And Communities	25	34
12	Responsible Consumption And Production	No data	57
13	Climate Action	No data	37
14	Life Below Water	No data	43
15	Life On Land	No data	No data
16	Peace, Justice And Strong Institutions	No data	No data
17	Partnerships For The Goals	No data	No data

Source: Author's own; data from NITI Aayog^{43,44}

Note: According to NITI Aayog's Sustainable Development Goals (SDG) India Index 2019-20,⁴⁵ West Bengal was at 14th position out of the 29 Indian states and it scored 60 points (out of 100) which is the same as the national average. In 2018-19,⁴⁶ West Bengal was at the 17th position (out of 29) with 56 points (out of 100), while the national average that year was at 57 points.

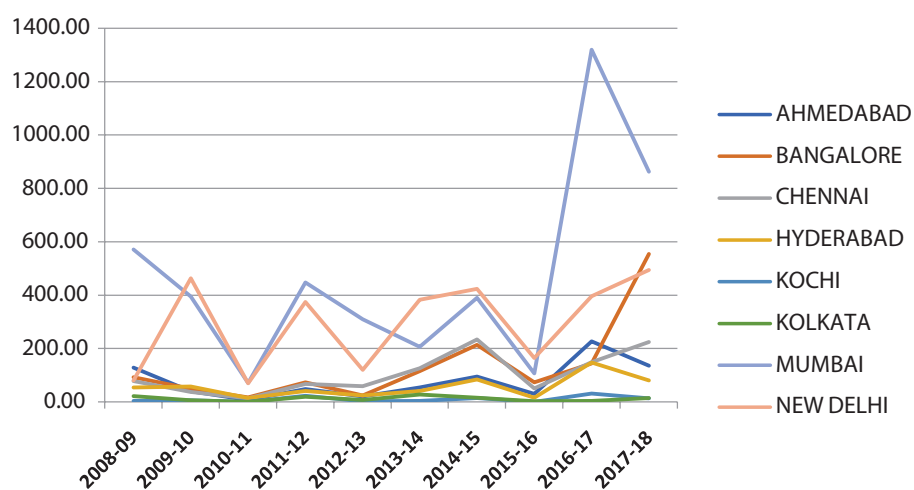
Appendix 2: Ease of Doing Business (EDB) in West Bengal

Year	Score (Out of 100)	Rank (Out of 36 States/UTs)
2015	46.90	11
2016	84.23	15
2017	94.59	10
2019	-	9

Source: Author's own; data from Reserve Bank of India⁴⁷

Note: EDB Index is based on how effectively the Business Reform Action Plan (BRAP) formulated by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India, has been implemented. Data for 2018 is unavailable and the scores for 2019 have not yet been published.

Appendix 3: FDI Inflow into Reserve Bank of India's Regional Offices (in INR billion)



Source: Authors' own; data from Ministry of Commerce and Industry, Government of India

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