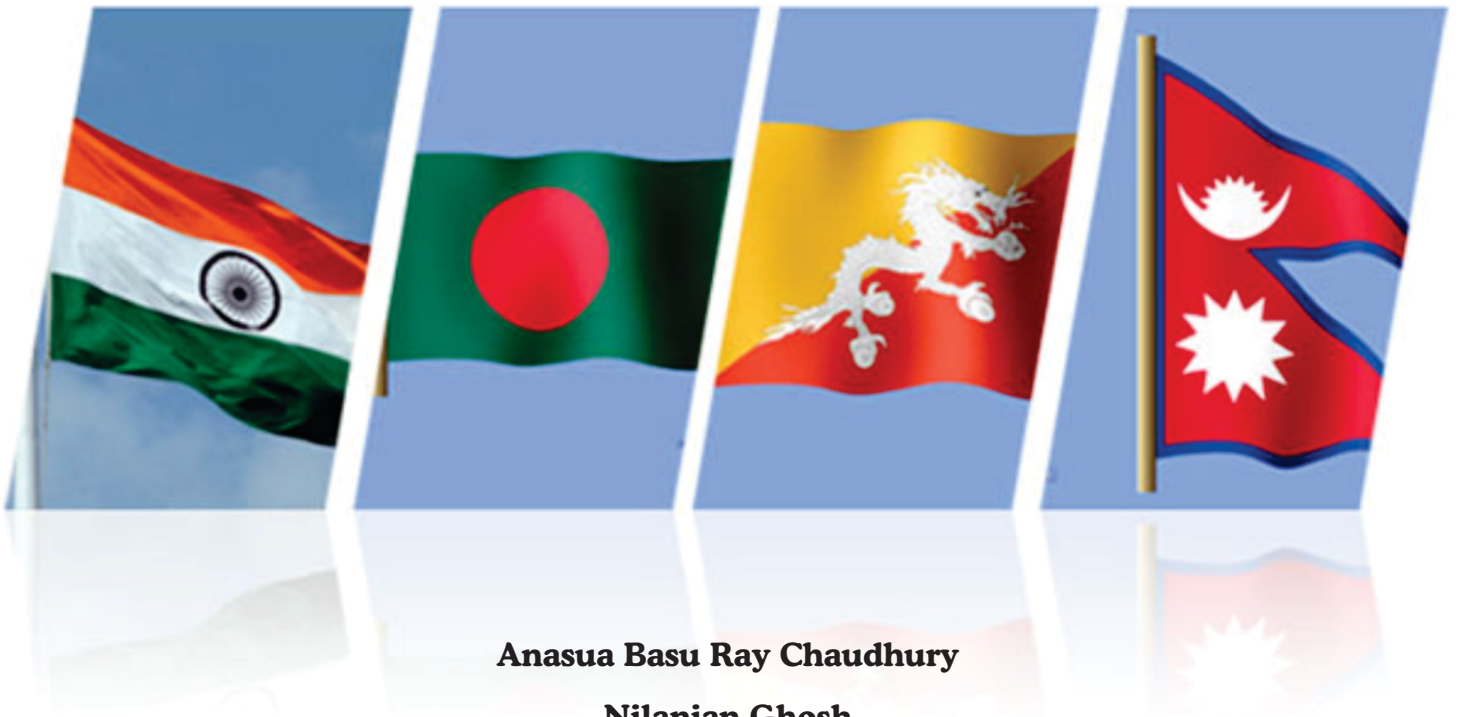




British Deputy
High Commission
Kolkata



BBIN: OPPORTUNITIES & CHALLENGES



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Building Partnerships for a Global India

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Introduction

This publication is an offshoot of the Young Thinkers' Conference (YTC), entitled “BBIN: Opportunities and Challenges,” held on 8–9 November 2017 in Kolkata. This conference was unique in its attempt to harness the active engagement and energy of the youth. The young crowd present at The Oberoi Grand reflected the enthusiasm of students, researchers, officials and other stakeholders, most of them below the age of 45. Young minds can be the driving force of change, cutting through stagnant ideas, and the Observer Research Foundation, Kolkata Chapter along with the British Deputy High Commission, Kolkata took the initiative to build a platform that encourages fresh debates among young adults.

This was the first YTC in Eastern and Northeastern India. It is a collective flagship programme of the British High Commission and the Observer Research Foundation focusing on issues related to foreign and security policies. The endeavour brought together experts and young thinkers across various disciplines from India and its neighbouring countries, Bangladesh, Bhutan and Nepal, to discuss a wide range of issues related to the BBIN subregion. The deliberation was a success, yielding important suggestions that may be utilised in forming the BBIN subregional framework. The dynamic spectrum of connectivity is considered the mainstay of interaction and interdependence between geographically contiguous regions of the world. The BBIN region has long observed the workings of niche elements within productive regional cooperation, allowing further correspondence among them. The intensity with which India is trying to focus on this aspect of subregional affinity—in the geopolitical and geostrategic realms—finds expression in the BBIN interaction. While other member countries perceive the initiative as India-centric, they are nonetheless eager to enhance interface within the subregion, preserving their own social, economic, political and cultural identity. This strategic thought process is the product of the need for stronger economic ties, security, peace, stability and prosperity in the region. These requirements call for increased people-to-people interaction, better management of resources and the development of multi-modal transportation systems, all for better subregional connectivity. The coordinative architecture of the BBIN has given rise to the South Asian Growth Quadrangle, which facilitates, formulates, implements and reviews quadrilateral agreements for the benefit of the entire area. Such partnership will not only pave the way for a transport corridor but also facilitate the flow of trade. The YTC had three major themes: a) Connectivity and Business Opportunities in BBIN; b) BBIN: Security Concerns; and c) BBIN: The Way Ahead.

This publication embodies the views of the participants in the form of contributed papers and the discussions held during the conference. The aim of this document is to bring forward policy recommendations that will enable the BBIN to undertake better movement in the long run.

1

Strengthening Connectivity in the BBIN

Anasua Basu Ray Chaudhury and Sohini Nayak

Abstract

The BBIN (Bangladesh, Bhutan, India and Nepal) initiative predominantly focuses on establishing connectivity, with all four member countries equally driven towards this goal. Narrowing connectivity gaps have helped foster regional trade and improve sustainable resource management. With increased cooperation among the four countries, it is now possible to fix a number of logistical handicaps. To increase connectivity in the subregion, several important measures can be taken up, redrawing the connectivity pattern.

The Background

The ever-transitional regional dynamics of South Asia has always been a response to multitudinous geopolitical demands, incongruent with its ambitions of substantial competition in the wider global order. Consequently, many cooperative mechanisms and theories have been formulated to improve and augment the pursuit for balance and integration. A remarkable and dynamic instance of one such programme is the BBIN collegial framework, which aims to cater to these requirements of South Asian integrative prospects.

The BBIN subregional initiative was conceived in the backdrop of the South Asian Association for Regional Organisation (SAARC) and Bay of Bengal Initiative for Multi-

Map Identifying the BBIN Subregion



Source: <https://www.masterbuilder.co.in/india-approves-1-billion-road-projects-across-bbin-nations/>.

Sectoral Technical and Economic Cooperation (BIMSTEC). With the goal of attaining socio-economic development in the four South Asian countries, BBIN operates through Joint Working Groups (JWGs), in which each member state has official representation to formulate, implement and review the activities of this endeavour.

When the concept of 'regionalism' was being ideated at the end of World War II, various regional and subregional organisations emerged with a common vision and collective endeavour for the economic and social development of the respective regions. The South Asia Growth Quadrangle (SAGQ) is a precursor to the BBIN initiative. Launched at the Ninth SAARC Summit, by the foreign ministers of Bangladesh, Bhutan, India and Nepal in Male, Maldives, this was the first subregional initiative under SAARC. Based on India's ambition to create a stable neighbourhood, a more conducive and enabling environment was crafted to accelerate economic growth. In addition, it was necessary to overcome infrastructural constraints, a prerequisite for making optimal use of complementarities in the subregion.¹

While the plan to bring about sustainable economic development was commendable, it was under the SAARC, and therefore posed the potential of including Pakistan, an immediate neighbour. This was deemed unsuitable for future collaborative efforts, since it was under the umbrella of SAARC but not fully so. Thus, a framework was required that could structurally move out of the SAARC and establish itself as a separate identity of subregional collaboration. At this juncture the four member countries of the SAGQ—Bangladesh, Bhutan, India and Nepal—requested the Asian Development Bank for aid in facilitating their economic cooperation initiative, which led to the creation of the SASEC programme.

Within the BBIN subregion, the areas of focus are water resource management, connectivity of power grids, multi-modal transport, and freight and transport infrastructure.² The BBIN holds tremendous potential to bring about an incremental boost in every sphere of development, from political to economic to cultural. The coming together of the member countries is therefore essential for their collective growth, as well as for the development of the region as a whole.³

The BBIN is expected to facilitate continuous proceedings to make the plan of integrating the four participating countries successful. However, until the major drivers of trade and transit address certain specificities such as simplification, harmonisation, standardisation and modernisation, the initiative will never be able to gain concrete ground.

Although other members consider the initiative as India-centric, they are nonetheless eager to enhance consolidation within the subregion, recognising the need for stronger ties as essential for stability in the region. Such a partnership, if successful, can pave the way for establishing a transport corridor as well as facilitating the flow of trade. It is also important to identify what the Motor Vehicle Agreement (MVA) actually is and whether or not it can address sector-specific concerns. The MVA is a basic agreement with 16 articles, focusing only on the transport of cargo and passengers. However, such provisions are already present under the bilateral agreement with renewable permits. Further, the MVA does not address regulatory bottlenecks and is yet to bring in harmony.

Thus, an elaborate agreement on trade and investment—along the lines of the WTO (World Trade Organization)—is still due. Some important agreements such as the Customs Convention on International Transport of Goods (governed by the UN) can expedite customs cooperation and can therefore be taken into consideration. India is the 71st contracting party, and it enables standardised customs documents. In this regard, the TIR (Transports Internationaux Routiers or International Road Transports) Convention must be considered, which will boost trade and regional integration across South Asia. TIR will help India in integrating Bangladesh, Nepal, Bhutan, Myanmar as well as Thailand. If the smaller problems are resolved first, the inadequacies of the framework will become clearer, and problems such as lack of computerisation or uneven roads can be addressed.

Export is lower in the subregion, indicating a trade deficit. It is important for landlocked countries such as Nepal and Bhutan to gain access to the international market, and the current situation must be improved to bring about such a proposition with accountability coming from within. India stands to benefit from the restoration of regional harmony along with the doubling of the Indo-Pacific links and strengthening of the Act East Policy. The landlocked countries, too, will benefit from this. The Northeastern part of India can play an active role in regional consolidation, which will also help fix India's image of being a 'big brother' to the region.

The BBIN-MVA will, most significantly, ease the movement of goods from mainland India to its Northeast economic centres, namely Agartala (Tripura), Guwahati (Assam), and Shillong (Meghalaya) along with the cross-country routes. Poor infrastructure, difficult terrain, insurgent politics and geopolitical constraints have thus far kept India's Northeast region underdeveloped and isolated. However, these states are important given their natural resources and international border access.

The development of proper infrastructure for the promotion of tourism is also part of the BBIN-MVA. The South Asian region has a rich history and cultural heritage which the Asian Development Bank (ADB) heavily promoted while investing in the region. All four countries should take full advantage of their tourism potential, highlighting natural and cultural attractions, including many of the world's major Buddhist sites. Recently, an amount of US\$57.5 million⁵ was approved by the ADB Board of Directors in the form of grants and loans for the South Asia Tourism Infrastructure Development Project, to establish new and improved infrastructure along with traditional services for key tourism sites in the four countries. If the tourism sector uses this investment to better itself, it will inevitably increase the capacity of the sector agencies to sustainably manage these historical sites. At the same time, it is necessary to ensure a sound involvement of the local communities, a bottom-up approach of integration. A suitable rail connection will simply add to this trend. The idea lies in the integration of the four countries to develop a separate collective tourism sector, allowing more economic benefits for tourists and greater revenue for the countries. This setup will especially benefit the landlocked countries of Nepal and Bhutan, which rely on tourism for a substantial part of the national economy.⁶

BBIN AT A GLANCE

Country	Area (sq. km)	Population (in millions)	GDP (in US\$ billion)	GDP Growth %	Inflation %
Bangladesh	147,570	162	221.415	6.8	5.57
Bhutan	38,394	0.82	2.237	9.9	5.45
India	3,287,263	1324	2264	7.6	3.36
Nepal	147,181	28	21.144	5	3.4

Source: World Bank country profile, tabulation done according to 2016–17 figures; Trading Economics data sheet on the inflation percentage of the BBIN countries.⁷

Promoting Connectivity

Despite being linked geographically, the BBIN countries still face connectivity barriers, slowing down the provision of cheaper access to goods and services, creation of jobs, and people-to-people contact. The BBIN initiative has always focused on building connectivity. Its vision involves increasing trade and cooperation within eastern South Asia, ensuring faster movements of goods and people, building sustainable development through water resource management and striving for climate protection.

There is a famous saying by John F. Kennedy: “Geography has made us neighbours. History has made us friends. Economics has made us partners, and necessity has made us allies.”⁸ While discussing the BBIN initiative, these words are relevant. Bangladesh, Bhutan, India

Measures to Address Connectivity

- **Simple rules and procedures**
- **Avoidance of duplication**
- **Memoranda of Understanding (MoUs)**
- **Time release measures**
- **Alignment of procedures and adherence to international conventions**
- **Trade consultation**
- **Transparent and operable rules and procedure**
- **Accommodation of business practices**
- **Operational Flexibility**
- **Paperless trade**
- **Risk management and trade authorisation**
- **Public service standards and performance measures**
- **Mechanisms for correction and appeals**
- **Fair and consistent enforcement**
- **Proportionality of legislation and control of risk**
- **Standardisation of documents and electronic data requirements along with automation and single-window system facilities**

and Nepal are the neighbouring countries and their proximity, shared history and socioeconomic interdependence makes it necessary for them to have seamless communication and interface to facilitate regional trade and commerce. To this end, the BBIN is making efforts to improve economic cooperation and enhance trade connectivity among the four neighbouring countries.

Although these countries have separate bilateral trade and transit treaties amongst themselves, the BBIN initiative forms a wider platform to enable the member countries to take a quantum leap by tapping into the economic potential of the region.

Necessity for a Convergence in Political and Economic Outlook in the BBIN

Geographical proximity, shared history, and cultural and ethnic kinship are major aspects that form this subregional identity. The four countries, through the BBIN, can cooperate on a range of issues to boost confidence, reduce mistrust and promote complementary economic benefits for all. The member countries must also promote the culture of reciprocal concessions consistent with the principle of mutuality. If they can generate a condition of mutual interdependence, enhancing cooperation by building road and rail connectivity and energy cooperation, they will find benefits from this regional initiative. It is important for the four countries to formulate an accurate vision, conceptual focus and clarity, with an aim to strengthen cooperation for serving the interest of four countries.

From the experience of other institutionalised regional and subregional forums available, it is clear that congruence in threat perceptions, common foreign-policy orientations and consensus on the role of pivotal power in the grouping among the member states plays a substantial role for the promotion of any regional or subregional initiatives in any parts of the world.⁹ For the BBIN initiative to be successful, a convergence in political and economic outlook among the member states is necessary; economic factors alone will not be enough to promote this initiative given the history of regionalism and subregionalism in South Asia.

The South Asian region is one of the most poverty-stricken areas in the world. India, with its huge geographic and demographic dividend, should play a constructive role—the role of pivotal power—to facilitate the initiative, since it has been designed in an asymmetric power setting where India is perceived to be the major country to drive the process. However, divergent views, priorities and interests of the member states must be recognised. Multilayered discussions will help generate consensus among member states to develop a shared political and economic vision, taking the initiative in a meaningful direction.

The Potential of Subregional Cooperation through the BBIN

The BBIN subregion has immense potential to develop into a dynamic growth zone. Thus, innovation should drive the entire process. Member states must undertake an in-depth study to identify areas where countries can cooperate and extend their collaboration on a range of issues for the promotion of mutual benefit and mutual interest. The ability to facilitate freer movements of goods, services and investments, and setting up intraregional power-sharing and sharing of water resources following a basin-wide approach can transform the lives of the citizens of these four countries.

Subregional Motor Vehicles Agreement

The ratification and signing of the Motor Vehicles Agreement (MVA) by the transport ministers of all four countries on 15 June 2015 in Thimpu, Bhutan, can be considered a 'benchmark' of subregional initiative in South Asia.¹⁰ The stagnation of the SAARC MVA (18th SAARC Summit, Kathmandu, 2014) led to quick legal action being taken, as well as the formulation, arbitration and finalisation of the operating procedures.¹¹ The deceleration of the six-month work plan was declared in a joint statement, to manage the programme in accordance with transport connectivity as introduced in the European Union.¹² The agreement, signed under this subregional initiative, will enter into force after all four member nations ratify it. Till date, only Bangladesh, India and Nepal have done so. Despite being approved by the lower house of the Bhutanese Parliament in early 2016, it was rejected by the upper house in November 2016.

Regardless, this MVA agreement is a significant step to bypass the drawbacks that have plagued SAFTA for a long time. The agreement has been prepared in line with the existing bilateral transit agreements on trade. Under the MVA agreement, the Chittagong and Mongla port might become the gateway for the Northeast Indian states, Nepal and Bhutan. The Bangladeshi policymakers have begun to realise the importance of transport integration as an effective tool for market integration to attract investments for export-led growth. However, to operationalise this subregional initiative, the establishment of necessary infrastructure and better connectivity within the region will be vital. The BBIN-MVA is a framework agreement that needs tools to be operational. The International Road Transport System (TIR: Transports Internationaux Routiers) can allow freights and containers to move across countries with one single document to ensure customs formalities are performed at origin and destination. This will streamline border-crossing procedures and ensure a uniform and transparent payment system.¹³

In recent times, exploratory runs have taken place along the Kolkata–Dhaka–Agartala and Delhi–Kolkata–Dhaka routes. After the successful completion of the tentative framework, a meeting was held on 10–11 January 2018 in Bengaluru, India, convened and chaired by the Minister of Road Transport and Highways (MoRTH) of the Government of India. A Bhutanese official delegation was also present at the meeting to observe.¹⁴ Delegations were led by Safiqul Islam, Additional Secretary from the Ministry of Road Transport and Bridges of Bangladesh and Keshab Kumar Sharma, Joint Secretary from the Ministry of Physical Infrastructure and Transport of Nepal. The two agreed on the passenger protocol and declared that there would be cross-border movement of buses and private vehicles to help the subregion gain its momentum in transport facilitation. The MVA is only one of the dimensions of the subregional effort, with various other wide-ranging capacities and prospects.

In the process of enhancing sustainable economic development along with enhanced security perceptions, ADB's role has been crucial. Without investments from ADB, no cooperative project in South Asia can bear fruits, due to the lack of physical and technological infrastructure. As declared, "We acknowledge the technical and facilitating

role played by the ADB taking the BBIN-MVA initiative this far and request ADB to continue providing the much-needed technical support and other related arrangements necessary to ensure effective and efficient implementation of the work-plan.”¹⁵

Sharing of Power Grid Activity

Energy security is a vital factor among non-traditional security (NTS) issues in the BBIN. The subregion has substantial potential for safe, clean and renewable sources of energy such as hydropower and solar power, which can be utilised and shared to meet the growing demands of actors within the region. Bangladesh and Nepal have recently been experiencing huge energy shortages. Although many sites with hydropower potential have been identified in the subregion, particularly in India, Nepal and Bhutan, a lot needs to be done to tap into these resources and set up transmission systems for the transfer of power between countries. Absence of 'subregional power trading system' and regulatory frameworks is also an obstacle. The hydropower potential of this subregion is 58,900 megawatts, out of which only 2.5 percent has been harnessed till now.¹⁶

The BBIN subregion is in need of a critical rearrangement from socio-economic perspectives. Moreover, shortage of power has led to a low growth equilibrium condition. 'Relatively low per capita electricity consumption' has had direct social implications as well. A major part of the population cannot afford modern sources of energy. Since the subregion is still unable to access its own resources, a major part of it must be imported to cater to the increasing demand of energy and the rising prices. Moreover, long hours of load shedding—with direct influence on social, economic and commercial activities—have political implications. There is tremendous public pressure on the government to offer an immediate solution. Only a proper energy exchange through power trading in the BBIN can emerge as a feasible solution to this crisis.

a) The Indian Posture

Multipurpose hydroelectric projects represent post-Independence India's development and modernisation. Such projects remained the cornerstone of India's development policy. Since the 2000s, there has been a major push to utilise India's untapped water resources, particularly in the Northeast region, to meet the energy needs of other states in India as well as neighbouring countries in the subregion. The Northeast region holds the potential to become the “powerhouse of India.” By 2018, around 1,000 MW is expected to be generated from this front, to be made accessible to the rest of the country as well. The total installed capacity of the seven Northeastern states, excluding Sikkim, is 2,690 MW, but since the plants are old, output is relatively low with 100 MW shortage, where the demand is around 2,200–2,300 MW.¹⁷ However, with regard to self-sufficient Sikkim and its turnover of around 95.70 MW, there is a surplus of 300 MW. Recent data suggests that hydroelectric power plants under construction in the Northeastern region, including Sikkim, may be divided into three sectors: the central sector, the state sector and the private sector. The capacity of the central sector is 2,770 MW, of the state sector 166 MW, and that of the private sector 2,421 MW. The total capacity will thus be 5,357 MW.¹⁸

People in the rural areas do not have access to electricity and around one-third of Indian businesses have put forward expensive and unreliable power as one of the major hindrances. With 10 percent (and up to 13.5 percent during peak demand), India's energy shortfall has contributed to the poor getting poorer.¹⁹ The Northeast plays a very important role in this regard, accumulating power and channelising it for consumption and surplus.

Recently, Mizoram became an important third power surplus state after Sikkim and Tripura. Prime Minister Narendra Modi elaborated upon the various new growth schemes regarding power and how the government was committed to the development of the region. The 60-MW Tuiriul hydropower project has been inaugurated by the Indian Prime Minister, as one of the most promising projects in the state and the country, producing 251 million units of electrical energy every year and thus contributing to the economic stability of the region. The project was first passed in 1998 by then Prime Minister Atal Bihari Vajpayee.²⁰

A similar proposition has been implemented in Tripura. Both the central and state governments have accelerated the pace of development of the Dumbur hydroelectric project at the Amarpur subdivision. It is expected to generate 10–12 MW of power after the renovation plan is implemented. Apart from this, two more projects of importance are the 42-MW Barmuragas Thermal power project and the 63-MW Rukhia gas thermal power project, which will eventually increase the power capacity and the surplus of the state, accentuating the development of power in the Northeast.²¹

b) *The Indo-Bangladesh Energy Scenario*

The energy dynamics in the Indo-Bangladesh relationship has entered a new phase, post 2014, described by Prime Minister Modi as something 'historic'. In exchange for internet bandwidth to connect the Northeast, India has begun supplying electricity to Bangladesh. Around 100 MW of power was in supply to Bangladesh from Tripura. The 400 KV d/c line by the Power Grid Corporation of India Ltd was constructed from Suryamaninagar in Agartala. Similar facilities have also been implemented by the Power Grid Corporation of Bangladesh Ltd with a line to Comila, Bangladesh. All such efforts contribute to Bangladesh's vision for an installed power capacity of 24,000 MW by 2021, in which India has promised to be a major partner.²² The partner countries suffer a deficit in power production and consumption. For instance, the demand of electricity in Bangladesh is increasing and is estimated to hit 34,000 MW by 2030. Therefore, Bangladesh government is considering investing US\$70.5 billion over the next 15 years.²³ The Government of Bangladesh plans to increase power generation capacity to propel a fast-growing export-oriented economy. The fuel mix of Bangladesh's power plants is heavily sourced from natural gas. The country is desperately looking for other sources to expedite the process of power generation. Additionally, Bangladesh is interested in forming a cross-border subregional power grid for the promotion of electricity sharing among the member states. The estimated hydropower generation capacity of the member states is immense. India's Northeastern states account for 58,000 MW, Bhutan for 30,000 MW and Nepal for 42,000 MW.²⁴ If these countries can be brought under one subregional power grid, it will ensure a sustained flow of hydroelectricity with a market competitive price.

c) *The Indo-Nepal Energy Nexus*

The Nepalese economy is highly dependent on traditional sources of energy, with higher consumption in relation to its Gross Domestic Product (GDP). Biomass and water remain the primary resources available in this country, creating a huge hydropower potential. Unfortunately, less than one percent of it is currently being harnessed. The government has realised the importance of the energy sector in creating an inclusive economic development and is focused on designing quantitative targets for electricity generation as well as promoting private-sector participation.

However, despite its potential, Nepal is increasingly dependent on India to meet the power-demand and crisis in electricity supply. The Maoist insurgency until 2006, along with political instability and the massive earthquake of 2015, has aggravated this dependence on a particular country. but The power exchange agreement of 1971 is a milestone, with several transmission links like the Butwal (Nepal)–Ananda Nagar (India) line or the Dhalkebar (Nepal)–Sitamari (India) line. Moreover, there is still no sufficient cross-border transmission infrastructure, which hinders the timely completion of projects. Suggestions for developing the Duhabi–Purnea 400 kV transmission line and the Butwal–Gorakhpur 400 kV line are also yet to be taken up.²⁵

The countries have been signing treaties related to hydropower for a long time now, with the Sharda Treaty (1920) being the first one, followed by the Koshi Treaty (1954), the Gandak Treaty (1959) and the Mahakali Treaty (1996) for expanding cooperation in water-sharing. In 2014, Prime Minister Narendra Modi's visit to Nepal led to the signing of the Power Trade Agreement (PTA), a boost for both the countries. However, the problems of grid-synchronisation persist between the two countries, mainly during the monsoon months, when Nepal has sufficiently generated energy through its 'run-of-the river projects'. Some of these projects include the Pancheshwar Development Project, the Amlekhgunj-Raxaul oil pipeline construction and the upper Karnali project. There was also an extension of the line of credit for Nepal by the Indian government, of US\$1 billion in 2014.²⁶ However, during the 2015 unofficial blockade, the Nepal government's decision to utilise its domestic resources (instead of the line of credit) to continue with the Budhi–Gandaki Hydroelectric project, led to intense energy inadequacy in the country, which could have been curtailed if the nexus was beyond bilateral ties and involved all four BBIN countries. China's presence—intermittently involved in energy connectivity to provide technical support to the Arun Kimathanka Hydropower project—can also lead to apprehensions in India.²⁷

d) *The Indo-Bhutan Energy Aspect*

Bhutan has a highly conducive physical gradient with snow-fed rivers and natural slope for hydropower generation, motivating the government to harness its 20,000 MW capability by 2020. The four major river basins that help in equipping the country include the Ammochu (Torsha), Punatsangchu (Sankosh), Wangchu (Raidak) and Manas, all of which join the Brahmaputra.

Energy cooperation between India and Bhutan represents the friendship and stable relations between the two countries. The Chukha Hydroelectric Project (HEP) with 336 MW on River Wangchu in 1974 had initiated this relationship. India imports 1542 MW of power from the small neighbour under the bilateral agreement between the two. In 2014, the intergovernmental agreement on Joint Venture Projects was signed. This was in addition to the already existing projects: the Punatsangchu-I, the Punatsangchu- II and Mangdechu. During the maiden visit of the Indian PM, the foundation of the 600 MW Kholongchu HEP project was laid. However, there have been massive delays due to environmental conditions such as loose soil and mud blocking, which need to be addressed as soon as possible.²⁸

Despite all hurdles, massive reforms have been attempted in the power sector of the BBIN subregional grouping. New actors are now involved—known as independent power producers (IPPs)—who are trying to set up better accessibility to the exchange of power. The scope of transborder public and private investments have also emerged, e.g. the Arun-III (900 MW) developed by SJNV joint venture group of Himachal Pradesh and the Government of India, and the Upper Marsyangdi-2 (600 MW), both developed by India's Bangalore-based private sector GMR Energy Group. There are several technical and professional power-sector organisations, such as Petrobangla, Power Grid and Power Trading Corporations of India, and Electricity Authorities of Nepal and Bhutan, who have been actively promoting the exchange of power.²⁹ ADB's recent study (2015) on the economic and reliability benefits of six cross-border transmission interconnections with elaborate power system load flow in South Asia stated that the Bhutan–India additional grid reinforcement, the India–Nepal 400 kilovolt transmission link and Bangladesh–India high voltage direct current transmission link (commissioned October 2013) could fetch benefits ranging from US\$105 million to US\$1840 million. For instance, a grid reinforcement project between India and Bhutan, which could cost US\$140–160 million, can facilitate additional hydropower output of 15,193 GWh from Bhutan. This will fetch US\$1,840 million per annum in 2016–17 and achieve an estimated reduction of 15 million tonnes of CO₂.³⁰ India can thus play a leading role in attracting investments for the subregion, given its position in comparison to the other member countries. Energy trade is only one aspect of the several integrative measures that can be adopted in the subregion.

Inland Connectivity through India

Multimodal congruence serves as one of the pivotal premises of establishing a successful subregional connectivity network, inevitably widening the scope and reach of the same. In this regard, the BBIN's function can extend beyond road connectivity, to rail and water. The attitudes of the landlocked countries, as well as Bangladesh, are of great importance in forming connectivity.

a) Nepal

Multimodal transport facility has become the sole component of import and export in Nepal. Terminals at Birganj, Nepal, along with proper access to the Kolkata port are evident.

Along with this, utilisation of the Vizag Port is picking up pace as well. Significant improvements have also been witnessed in rail links, despite damages in railway infrastructure, such as snapping of the key Darbhanga–Sitamari–Raxaul rail link during the devastating floods in North Bihar this August.

This facility has gained a lot of prominence, as is evident from the import of nearly 300 containers, mostly carrying pulses from Myanmar through Vizag. In using the Kolkata Port, Visakhapatnam attracts higher rail freight as the distance from Birgunj is double that of Kolkata. Vizag Port offers lower sea freight and higher efficiency than Kolkata Port, making the Vizag Port cost-competitive for users. Additionally, the rail movement from Kolkata is disorganised and inefficient, taking around seven long days to unload the containers from the ships and then load it to the rakes. The “pendency rate” (containers waiting to be loaded in rakes) at Kolkata is high. Therefore, imports are costly and there is a detention fee associated with it as well, making the situation more complex. However, the Sitamari rail link is potent enough to reduce the distance between Kolkata and Birgunj, which will in turn shorten the turnaround time for the rakes and increase capacity utilisation of the Himalayan Terminals in the next few months. The entire design will come under the subregional schema. The inland waterway connectivity has also improved in recent times, rotating around the India–Nepal Joint Working Group (JWG), which also facilitates the ongoing cross-border rail link projects. There are three other railway projects: New Jalpaiguri–Kakarbhitta, Nautanwa–Bhairahawa and Nepalgunj Road–Nepalgunj.³¹

The development of inland river-water connectivity plays an important role in strengthening the Indo-Nepal collaboration. In this regard, the vitality of the Kosi River basin has much significance, capable of bringing about sustainable development for both the countries. This is the only basin that directly connects China, India and Nepal. In the times of enhanced water politics, the strategic calibre of this area is noteworthy. Unfortunately for India, increased water connectivity is also likely to lead to stronger Sino-Nepal ties. However, despite the political implications, it might be of utility in the long run, in countering water-based natural disasters.³²

b) *Bhutan*

Several areas of contemplation apart from the MVA require identification. In Bhutan, the rivers are not navigable by large vessels. Therefore, their loading and unloading has to be done by road. The port at Sahibganj on the Ganga can be of much support to them. The India–Bangladesh Protocol on Inland Water Transit and Trade has been in place between the two countries since 1972. Narayanganj is used as a by Bhutan as well. Though Bangladesh and Bhutan have a well-established MoU (The Protocol of Transit and Trade, 2014) on the usage of the Bangladeshi maritime facilities and sustainable trade, a more structured framework involving all the four countries will be more beneficial. The new bilateral Agreement on Trade, Commerce and Transit between India and Bhutan, which came into force in July 2017, further strengthens ties. To avoid congestion and traffic, the World Bank's new Trade and Transport Corridor Management Toolkit has been designed to diagnose problems like these and identify solutions.³³

c) *Bangladesh*

In the area of enhanced connectivity, Bangladesh has a strategic location with the Inland Waterway Transport Authority (IWT), providing large inland vessels and other maritime transport service, primarily during the monsoons. If integrated, all the other three countries can benefit from it with a planned structure. The Ports of Chittagong, Mongla and the still-developing Paira are associated with the hinterland by rivers and 28 river ports. There is also a large-scale involvement of the private sector in establishing container terminals in Dhaka. Despite the presence of the routes, however, the problems identified need to be addressed and resolved. There is still a lack of proper connectivity between North India, Nepal and Bhutan, in addition to over-regulation of customs services and the need of permission from authorities for each voyage. Ashuganj in Bangladesh was declared a trans-shipment hub that never became serviceable due to the lack of proper spontaneity.

If the BBIN is the area of focus, the horizon of consideration can be widened beyond the MVA. The BBIN is more than just the road connectivity agreement. It has its roots ingrained in the overall and holistic accommodation of the subregion into one whole. The specific routes that can bring out the best of the arena and may provide efficient regional multimodal connectivity are Chittagong–Mongla–Chandpur–Mawa–Aricha–Shirajgunj–Chirmari by river then by Burimari at Bangladesh border, then by Thimpu to India; Chittagong–Mongla–Chirmari by road and then by river to Banglabanda at Bangladesh border and by road to Kakarbita in Nepal through India. The land and water routes can be combined together by bringing in the IWT agreement between Bangladesh and India and MVA to enhance the structure and reach the Bay of Bengal, specifically for Nepal and Bhutan. This kind of an inland river system will not disrupt the ecosystem, a major concern for Bhutan and the reason the country did not sign the MVA. The trade statistics that Bangladesh shares with the landlocked countries is dynamic in nature with increased impetus leading to better access to the mutual resources. Bangladesh imports around US\$25 million worth of goods from Bhutan and exports around US\$2 million to that country. Nepal exports US\$35.6 million worth of goods to Bangladesh and in turn imports US\$26.41 million.³⁴

The Ganges–Brahmaputra–Meghna (GBM) Basin

Transboundary water politics greatly influences the relationship between the four BBIN countries. There has been much cooperation in this domain with regard to the Ganges–Brahmaputra–Meghna Basin, which is one of the most important river systems in South Asia.³⁵ However, there is an asymmetry of power among the stakeholders. An upstream power dynamic colours all political, economic and military domains between India, Nepal, Bhutan and Bangladesh. India, being one of the major powers, follows the National Water Policy of 2012. As elaborated, “For example, Arunachal Pradesh opposes the restructuring of the Brahmaputra Board (which consists of India's Northeastern states) because the new configuration may undermine its power position. India, meanwhile, is the undisputed hydro-hegemon of the Ganges-Brahmaputra-Meghna basin despite being

downstream of three co-riparians, namely, China, Nepal and Bhutan. Likewise, the political context matters; negotiations over water are about 'horse trading' and the actors with the most issue power hold the upper hand.” Further data-sharing on transboundary hydropower projects will ensure better management of the river basin.³⁶

The Ganges–Brahmaputra–Meghna (GBM) Basin



Source: https://www.google.co.in/search?q=the+GBM+basin+map&source=lnms&tbm=isch&sa=X&ved=0ahUKEwjWhITet9zbAhXHs48KHQa8BQUQ_AUICigB&biw=1366&bih=662#imgrc=vKuccFSi4MmVsM

There is a joint river commission entrusted to deal with water-related matters between India and Bangladesh, not addressing the water issues with Nepal and Bhutan. This subregional initiative might create an opportunity to discuss water issues, covering the landlocked countries as well. A collective understanding of water resources and water-sharing throughout the region will enable flood control and ensure the availability of water in lean period. This initiative will boost mutual trust and confidence among member states in the subregion. In addition, the countries can also explore waterways to facilitate trade among themselves in the GBM Basin.³⁷

Expansion of the BBIN: Need for Developing Linkages with Other Regional and Inter-Regional Initiatives

The BBIN initiative may be envisaged as a means for developing conditions for greater regional and inter-regional integration. The geographic locations of the BBIN countries are such that they can serve as a gateway for connecting with several regional and inter-regional initiatives. The multimodal BBIN-MVA can be linked through the BCIM Economic Corridor, the Kaladan Multi Modal Transit Transport Project and other subregional development projects, widening opportunities for trade, investments, tourism, energy and resource management and national security. The BBIN initiative can also fit well into the ADB's proposed plan of trans-Asia road and rail networks. Creation of a subregional value chain could develop a regional value chain, which can be integrated with global production networks.

The existing trade imbalance among the member countries must be redressed. The bilateral trade between India and Bangladesh stood at US\$7.5 billion in 2016–17 where Indian

export is estimated at US\$6.8 billion, a 13 percent increase from the year before.³⁸ Similarly, the total import of Bangladesh is around US\$25 million from Bhutan, but its export to Bhutan is only around US\$2 million. Nepal's export stands at US\$35.6 million, compared to its import of US\$26.41 million from Bangladesh.³⁹ India alone has the largest export market in South Asia, which is around US\$460 billion compared to Bhutan (US\$1 billion), Bangladesh (US\$46 billion) and Nepal (US\$8.5 billion). Investment from other countries, diversification of export baskets, and development of infrastructure will help balance this trade imbalance.

The Challenges Ahead

- **Political violence mixed with radicalisation;**
- **Violent extremism;**
- **Lack of appropriate access, finance, and the availability of skilled labour and managerial skills;**
- **Lack of sufficient infrastructure among the BBIN countries;**
- **Low intraregional trade and investment; and**
- **Lack of proper trade facilitation, which hinders the 30 BBIN-MVA-identified transport connectivity projects that need US\$8 billion.**

The Way Ahead

- **Mutual trust and confidence-building is the key to materialise the initiative throughout the subregion.**
- **It is important to recognise the divergent views and interests of the member states to develop a common political and economic outlook.**
- **There is a need for cooperation among different institutions of the private sector with the policymaking bodies of the four countries exploring new areas of cooperation.**
- **A consensus is required among the concerned countries for standard operating procedures with harmonisation. All the transit facilities should be user friendly.**
- **Border trade facilities with land ports, inland waterways and sea ports are extremely important concerns.**
- **The role of the multilateral funding agencies is also very crucial. The World Bank and the Asian Development Bank should be encouraged to invest more in the subregional initiative.**

A subregional initiative can create a peaceful strategic environment if it fulfils the political and developmental aspirations of the people, building on cultural links and economic cooperation. The BBIN initiative can best be promoted by promoting the common perception in measuring threats and economic complementarities and by strengthening existing synergies among member states. If a common political and economic vision drives the concerned players of the region, the initiative will facilitate cooperative security and the well-being of the people in this region.

2

Connectivity for Development in South Asia: Why the BBIN Economic Corridor is a Preferred Option for India

Nilanjan Ghosh

Free trade is supposed open up previously closed areas to competition and innovation, and hold promises of better jobs, newer markets and increased investment. The hypothesis is so strongly proposed across the line by champions of the cause of free trade that it is almost taken as a fact. It is proposed that cooperation in international trade through free trade between nations is Pareto-improving for participating nations. However, one needs to keep in mind that though unbridled free trade may be well-being enhancing for certain stakeholders in the concerned commodity value-chain, it might not be beneficial for all. As an example, free trade has often proved beneficial for the consumers, but not always for the producers in the short run.⁴⁰ This situation occurs when the domestic industry is ill-equipped to compete with global competition brought about by free trade. On the other hand, there may also be concerns of increasing negative balance of trade, which may put pressure on macroeconomic variables. Therefore, the entire proposition of “free trade being an unmixed boon” is a misnomer.

This is the argument presented in this section, keeping in view the concerns of regional and subregional cooperation in trade, free-trade agreements (FTAs), and creation of economic corridors. With regard to this, there are two important concerns. One is related to the Indian position with respect to FTAs; the other is related to the Indian position in the context of two probable economic corridors: Bangladesh–Bhutan–India–Nepal (BBIN) and Bangladesh–China–India–Myanmar (BCIM). As such, the issue of free trade is inextricably linked with the creation of economic corridors. As argued in this paper, considering India's experience with FTAs, the country needs to create economic corridors carefully. The paper also discusses why India should prefer the BBIN economic corridor and free-trade area, over the Chinese lure of BCIM, which is now subsumed under China's Belt and Road Initiative (BRI).

India and Free-trade Agreements (FTAs)

India has already signed FTAs with 20 countries and is in the process of negotiating more agreements with Australia, New Zealand, Canada and the European Union (EU).⁴¹ The Government of India's take on these agreements, as revealed by a closer observation of the reports of the JWGs preceding the signing of the agreements, is that trade expansions as a result of tariff reduction will benefit all signatories. In East and South East Asia, India has signed six FTAs/CEPAs/CECAs.

Figure 1: Trade Deficit of India with Thailand

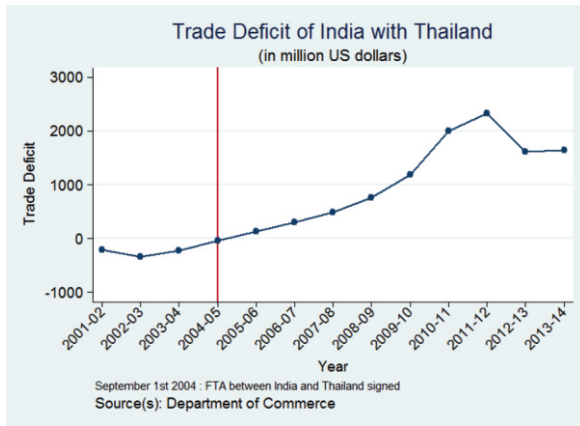
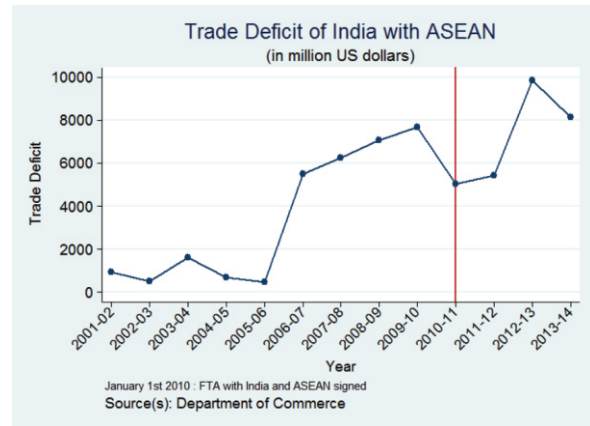


Figure 2: Trade Deficit of India with ASEAN



However, the situation is neither as simple nor as linear as governmental considers it to be. This section focuses on India's trade balance with its various East and South-East trading partners, with whom it has signed the FTAs. Figure 1 presents the trade deficit between India and Thailand. The balance of trade in this case is tilted in Thailand's favour. Negative trade balance before the FTA in 2003–04 was US\$1.22 billion. In 2013–14, it deteriorated to US\$1.63 billion. Figure 2 presents the trade deficit of India with ASEAN countries. In the case of this particular AIFTA, which has been operational since 2010, India's negative trade balance with ASEAN stood at US\$7.68 billion in 2009–10 and increased to US\$8.144 billion in 2013–14, a deterioration of 5.99 percent. Figure 3 considers the Malaysia–India CECA and presents the trade deficit of India with Malaysia. In this case too, the balance tilts in Malaysia's favour. Negative trade balance in 2009–10 was US\$2.34 billion; in 2013–14, it was US\$5031.95 billion. This is a deterioration of 114.91 percent.

Figure 3: Trade Deficit of India with Malaysia

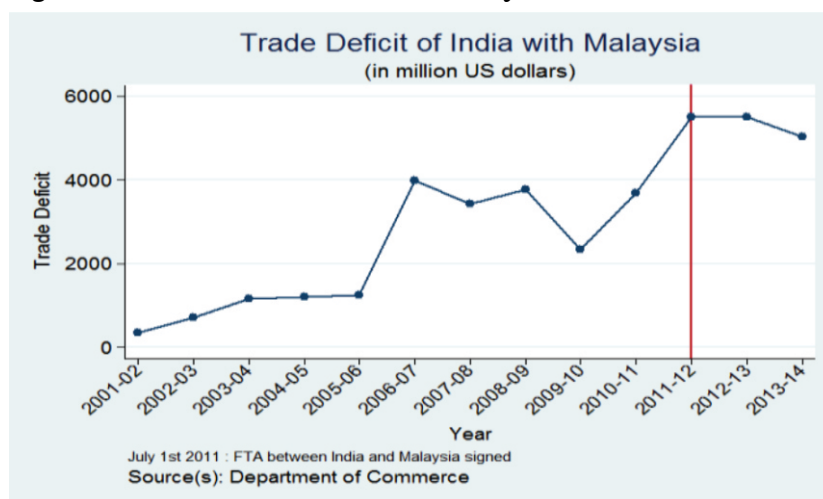


Figure 4: Trade Deficit of India with Korea

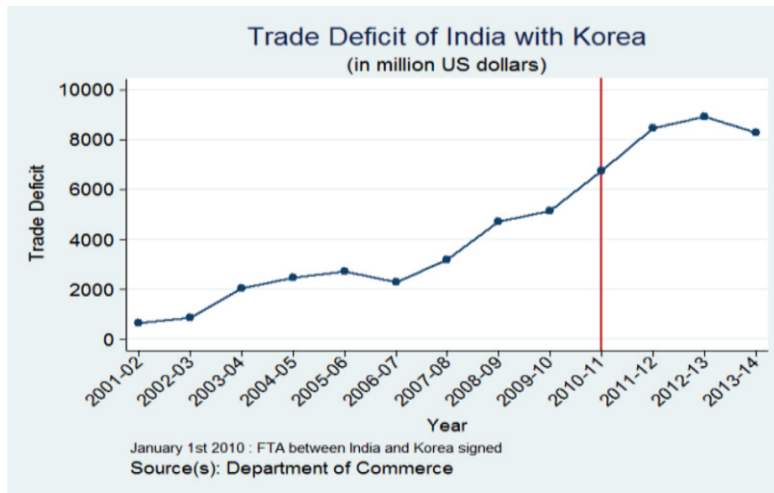
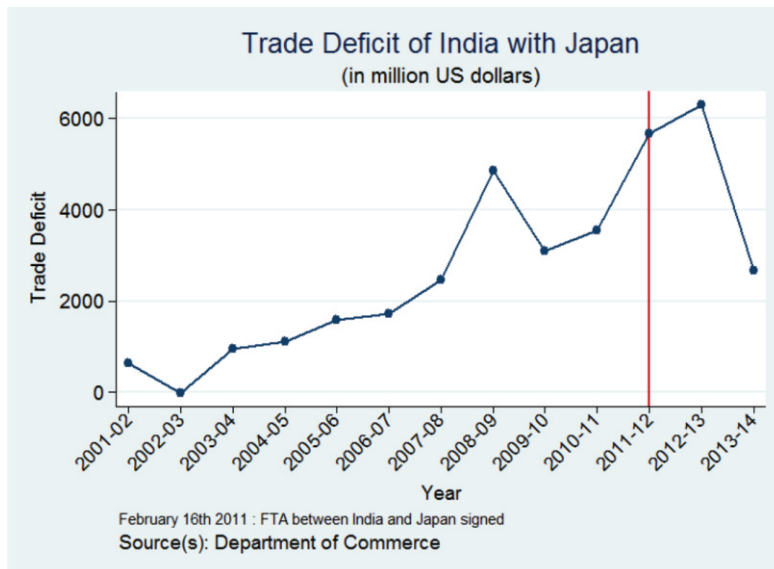


Figure 4 presents the trade deficit of India with Korea. Here, the negative balance of trade for India was US\$5155.02 million in 2009–10. This increased to US\$8261.91 million in 2013–14, representing a deterioration of 60.26 per cent. The trade deficit of India vis-à-vis Japan is presented in Figure 6. In 2009–10, the negative balance of trade was US\$3.10 billion, which declined in 2013–14 to US\$2.66 billion. However, despite a reduction in the negative balance, the balance of trade is still not in India's favour.

Figure 5: Trade Deficit of India with Japan



Overall, in most of the FTAs that India has signed in the region, the partner countries and ASEAN have a positive balance of trade over India. India's total trade deficit with the countries of this region was US\$14.75 billion in 2015–16.

A detailed empirical assessment of the already existing FTAs is crucial. In analysing the FTAs of India with other countries, existing literature has preponderantly focused on the

balance-of-trade (BoT) situation of India vis-à-vis the partner country in question. While it is important to acknowledge the BoT situation, it cannot be the sole metric for calculating trade-generated social welfare. While choosing the tariff regime or while getting into FTAs, governments need to consider the ex-ante or ex-post impacts on various stakeholders in the value chain. This is a tricky situation for policymakers, as a “zero-sum” condition will always arise: at least one stakeholder will be affected negatively to benefit others, through tinkering of tariff regimes (or rates). An analysis by Ghosh et al. (2015)⁴² looks at the impact of FTAs (through tariff regimes) on the well-being of an economy through a disaggregated sectoral or value-chain level analysis. This helps in understanding the trade-offs across the value chain.

From a policy perspective, one often needs to take normative positions that are value-judgmental. On the assumption of this normative position that the government might take, while an FTA that might result in lowering of tariff and non-tariff barriers will positively affect the consumers, it may be counterproductive for the domestic industry and, as argued by Ghosh (2009), even for the primary producer. It is here that a broader concern arises when one considers the Government of India's “Make in India” initiative programme, which encourages multinational and domestic companies to manufacture their products in India. A deeper and a more comprehensive analysis will be needed across various commodities and their value chains to deduce whether FTAs are enablers of the “Make in India” philosophy or irreconcilable principles. This remains a critical and unanswered policy research question.

Discussion about FTAs and regimes will be relevant while dealing with the BBIN and BCIM economic corridors. This is because economic corridors generally entail the creation of free-trade areas, making it necessary to consider carefully when choosing between the BBIN and BCIM economic corridors.

BBIN and BCIM: The Indian Concern

Ever since the BBIN signed the landmark multilateral MVA on 15 June 2015, for the Regulation of Passenger, Personnel and Cargo Vehicular Traffic, there have been many discussions about subregional connectivity in South Asia. The MVA will pave the way for a seamless movement of people and goods across borders, leading to regional integration and development.

Connectivity in South and East Asia has become a frequently discussed issue in various diplomatic, bureaucratic and academic corners. The prime driver in this initiative is the economic interest of two emerging Asian economies: China and India. China is contemplating actualising the design of its new maritime silk route, creating new trade avenues through the BRI initiative, of which the BCIM economic corridor is a component. India's Act East Policy essentially reckons that opening the trading corridors with its Eastern and Southeastern neighbours will usher in an era of development of its Northeastern states. Further, connectivity is also meant to unlock India's tremendous

untapped trading potential with its immediate South Asian neighbouring economies. People-to-people connect and cultural ties are important objectives of such initiatives, and have deep geopolitical implications in promoting regional peace and harmony. However, the major underlying driver is economics.⁴³

India is thus faced with the choice of being part of two regional blocs: BBIN (Bangladesh, Bhutan, India, and Nepal) and BCIM (Bangladesh, China, India and Myanmar). In both blocs, India has Bangladesh as a common partner. The motivation for being a member of the regional blocs is two-fold: economic and political. As such, the BCIM economic corridor will offer significant benefits through subregional economic cooperation within the region. The multi-modal corridor, if realised, can be the first expressway between India and China and will pass through Myanmar and Bangladesh. The proposed corridor, covering 1.65 million square kilometres, entails China's Yunnan province, Bangladesh, Myanmar and Bihar (North India) through the combination of road, rail, water and air linkages in the region.

This interconnectedness is envisaged to facilitate cross-border flow of people and goods, minimise overland trade obstacles, ensure greater market access and increase multilateral trade. China, however, has an added interest in the BCIM economic corridor, i.e. the development of the relatively underdeveloped Yunnan province by connecting it with other parts of the South Asia, and promoting it as a major economic hub. China's other interest in the BCIM comes from a labour-cost perspective. The Chinese vision of promoting consumption-led growth will lead to an increase in wages and salaries, which might negatively affect labour-intensive industries such as textile and agro-processing. As a rational economic agent, China will likely transfer certain industries to hubs of lower labour costs. Thus, Chinese industry will give priority to the trade corridor, since it provides ease of access and a ready market. This is evident from the Chinese interests in funding infrastructure projects in certain parts of the corridor.

On the other hand, after India signed the BBIN-MVA on 15 June 2015, there has been a renewed interest among policy academics to discuss the potential of the BBIN as the new emerging economic order of South Asia. A study by the ADB proposed 10 regional road networks as South Asian Corridors (SAC), out of which seven are in the BBIN region. The landlocked trading centres of Nepal and Bhutan can access ports in India and Bangladesh. Tripura can access Bangladesh's Ashugunj port; and Chittagong and Mongla ports can be accessed to move foodgrain from Kolkata to the Northeast.

The opening of the Bangabandhu Bridge over the Jamuna river (the Jamuna multipurpose bridge) and the development of the Padma bridge, the Dhaka–Chittagong transport corridor, and other strategic transport corridors will facilitate trade between Bangladesh and India's Northeast and West Bengal. India trades the most in the BBIN subregional bloc. India's trade ties with Nepal and Bhutan comprise a significant share of the total international trade of the latter two countries. Bhutan's exports to India account for about 90 percent of its total exports. However, if

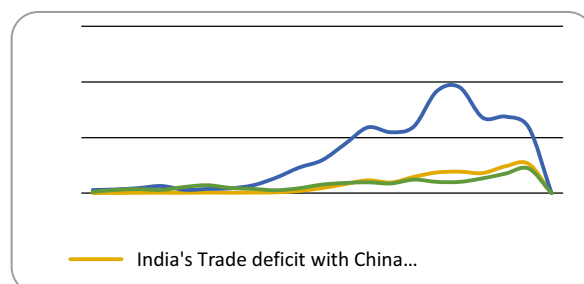
analysed properly, the advantages that may be accrued for BCIM seem to peter out significantly in the face of the BBIN initiative. While trade may flourish in the BBIN through the removal of all sorts of tariff and non-tariff barriers, thereby helping in the creation of a free-trade zone, there remain possibilities of having smoother international mobility of capital and labour in the block. If the capital movement restrictions are removed over time, it may even be possible to develop a regional stock exchange, a regional agricultural spot exchange etc. This is because there is a higher possibility of achieving fiscal and monetary convergence in the BBIN, than in the BCIM. Eventually, the BBIN could even think of creating a common currency.

On the other hand, China wants BCIM to flourish more for its own market development. The country is intent on defining the oceans off its shores as territory to be owned and controlled. Beijing is poised to assume a more prominent presence in both the Indian Ocean and the South China Sea. While this in itself may not indicate an intimidating prospect, the situation may go either way.⁴⁴ On the other hand, regional economic integration with China as a partner is a distant dream. The nature of capital market, currency regulations and fiscal management parameters in China are very different from the economies of India and Bangladesh. Moreover, China is on a completely different developmental trajectory, as compared to South Asia.

In her chapter in this volume, Jayati Chakrabarty has shown that India has a trade surplus with all the South Asian economies of the BBIN and is thus in a perfect position to be a driver of the BBIN economic corridor. When it comes to China, however, the situation is reversed.

As seen in Table 1, the values of India's import intensity index with China are greater than one and the values of the export intensity index are lesser than one over the select duration. Therefore, India is highly dependent on Chinese imports, but the same is not true for China. Moreover, both India's trade deficit with China and the trade deficit with China as a percentage of India's total trade deficit have been increasing, indicating the crucial role of Chinese imports in driving the increase in India's trade deficit (See Figure 6).

Figure 6: India's Total Trade Deficit and Trade Deficit with China



Source: Author's calculation based on data sourced from the Ministry of Commerce and Industry.

Table 1: India's Trade Intensity Index with China

Year	China	
	Export Intensity Index	Import Intensity Index
2008	0.07	2.13
2009	0.07	2.13
2010	0.08	3.12
2011	0.06	3.12
2012	0.06	2.10
2013	0.04	2.10
2014	0.04	3.12
2015	0.04	1.13
2016	0.03	2.14

Source: Nilanjan Ghosh, Parthapratim Pal, Jayati Chakraborty and Ronjini Ray, [Forthcoming] "China-India Relations in International Economic Forums: Imperatives and Concerns of India from the Perspective of Regional Comprehensive Economic Partnership (RCEP)."

Thus, the very presence of China in an economic corridor or in the context of any regional agreements or FTAs raises significant concerns. The section on FTAs discussed this issue. With most of the South East Asian economies with whom India has signed FTAs, the trade deficits are increasing. However, this has not proved beneficial for the domestic industries. In the context of the RCEP, the very presence of China has made India exercise substantial caution.⁴⁵ Considering these factors, the BCIM corridor that has now been subsumed under China's grand One Belt One Road (OBOR) project need not be an Indian priority.

Challenges for BBIN

On the other hand, while BBIN-MVA is definitely a departure from the virtual stagnation of initiatives for South Asian integration, this move is only a small beginning. As such, the success of the move is yet to be realised. Signing the MVA clearly signals the willingness of countries in the region to promote connectivity, ignoring broader obstacles created by politics. In the past as well, there have been attempts to create a strong subregion within South Asia, e.g. in 1994 the eastern states intended to form the SAGQ. However, the initiative could not take off for various reasons.⁴⁶

It is perhaps too early to predict the fate of the BBIN initiative. The opportunities are immense, as has already been stated in the previous section. But the challenges are significant too. First, one needs to understand that while discussing "connectivity,"

definition cannot be contained to road constructions, aviation and maritime. The bigger concern is the development of the region. As already stated, economics is the prime driver of connectivity. The big challenges for the BBIN include the various developmental parameters as well as resource use.

The BBIN is one of the very few regions of the world that presents the critical paradox of development theory: “ample water, ample poverty.”⁴⁷ Ghosh and Khan have inferred that the major problem with resource-sharing in the BBIN has created a threat for the general environmental security in the region.⁴⁸ The other concern is trade within the region. BBIN trade relations are significant, given that Bangladesh's exports to India comprise 2.09 percent of its total exports. Bangladesh's exports today stand at US\$27 billion. Similarly, 1.79 percent of India's exports is bound for Bangladesh. India's trade ties with Nepal and Bhutan comprise a significant share of the total international trade of the latter two countries. Bhutan's exports to India account for about 90 percent of its total exports. A joint statement by four transport ministers of the BBIN during the MVA meeting stated, “... transforming transport corridors into economic corridors could potentially increase intra-regional trade within South Asia by almost 60 percent and with the rest of the world by over 30 percent.” However, this is not an easy task. Poor physical infrastructure in the subregion is one of the most serious causes of concern. Road density in Bangladesh, Bhutan, Nepal and Northeast India is poor; even parts of the connecting highways in this region are in bad shape, which certainly exacerbate the time and cost of transportation.⁴⁹

Further, though the joint statement adequately acknowledges the benefits from trade, the costs of the initiatives are not yet known. There is uncertainty about the sunk costs of construction of roadways and the recurring externality cost, once some of the proposed roadways come up. These externality costs are social and environmental. There are certain costs to be borne by the communities in the context of relocation, as also in the context of ecological costs. The concern is whether these social–environmental costs will exceed the expected benefits of trading.⁵⁰

The trade multiplier within the BBIN region is supposed to generate growth and development if an economic corridor can be realised. However, mere infrastructure connectivity is not sufficient to promote trade, unless the non-tariff barriers are removed. While tariff barriers within the concerned nations in South Asia have been ameliorated substantially, domestic interests often prevail over regional connectivity issues and non-tariff barriers have traditionally been used for movements of goods and services. Ronjini Roy, in her paper in this volume, has mentioned the problems of non-tariff barriers in the region, which poses a serious challenge and, at times, creates a higher barrier than the high tariffs themselves. Nonetheless, there has been a substantial increase in trade between South Asian nations in the recent past.

One of the biggest challenges lies in the movement of capital. The BBIN nations have not opted for full capital account convertibility. Therefore, free movement of capital is

still restricted. There is an immense opportunity to open up the BBIN economies for capital movement, which will essentially diminish the transaction costs of trade manifold (the extent of the reduction must be estimated through a separate study). What is needed is political will and vision to move in this direction.

The Bhutan parliament has raised concerns about the fate of the BBIN-MVA. Bhutan feels that vehicles may create environmental problems, claiming to currently be a carbon-negative country. Bhutan's resistance has stalled the actualisation of the MVA.

From Economics to Politics

The MVA marks the beginning of a much broader objective of subregional cooperation. The route chosen in achieving this goal is inherently “economics,” which can lead to trade cooperation and eventual creation of free-trade areas.

- **As the BBIN connectivity initiative moves in its desired direction, socio-cultural cohesion and economic interdependency among the BBIN member countries can only increase.**
- **Seamless connectivity is directly linked with regional economic prosperity and people-to-people contact.**
- **India has been the prime mover of the BBIN initiative so far. Being the largest and the most powerful nation (both politically and economically), India's role will be critical.**
- **The BBIN initiative reflects the clinical shift of the trajectory of India's neighbourhood policy with 'economics and trade' being the key driver. Therefore, the success of the BBIN initiative will help India alter its image of hegemonic power.**
- **One need not look at BBIN through the narrow lens of the MVA alone. The apprehensions of the Bhutanese government must be respected and addressed properly.**
- **The BBIN's vision is a better economic, political and cultural future, and not merely in the context of motor movement.**

3

BBIN: Security Concerns and Risks of Conflict

Pahi Saikia and Pratinashree Basu

The session entitled “BBIN: Security Concerns and Risks of Conflict” garnered a lot of attention for its thought-provoking discussions on the security impediments present in the subregion. The session also generated many probable solutions. This section focuses on the NTS aspects, grounded in local perspectives and everyday narratives, along with the more traditional issues of border securitisation and militarisation. On the verge of eliminating physical boundaries in the BBIN substructure, there are vital bottlenecks that need to be resolved.

The BBIN subregion does not share a progressive economic unity, and has been always characterised by strategic threats and suspicion amongst themselves, despite a common cultural past. The three other member countries view India as a regional heavyweight. Thus, the management of the peripheries is a top priority. Another area of concern is cross-border terrorism, and security concerns assume greater importance due to shared borders.

A critical area of focus is confidence-building in the subregion as a composite whole. The states must move beyond narrow national interests to address and cooperate in areas of larger security concerns, such as human trafficking, often regarded as one of the direct consequences of the unequal distribution of wealth and opportunities. The contiguous borders target more vulnerable sections of the society, i.e. women and children, who make up for around 150 billion global dollars of the human trafficking network. Unless countries move beyond state-centric perspectives, catering to such lingering psychological shadows of securitisation will be impossible. While sovereignty matters, nations must realise that allowing human security concerns to take a backseat can backfire in the long run.

What are Security Concerns?

In recent decades, the political economy and security landscape in the BBIN subregion has gained much attention in foreign-policy discussions and diplomatic meetings between India and its immediate neighbours. The subregion has become important for closer scrutiny by the national governments of India, Bangladesh, Nepal and Bhutan because of untapped minerals and energy resources, fluid territorial boundaries, continuing multidirectional exchanges, cross-border ethnic ties and, most critically, persisting challenges of NTS issues, such as transborder criminal networks, human trafficking, public health and disaster relief. Interestingly, diverse cultural formations and geographical contiguity mark the geopolitics

of the subregion. Cross-cultural encounters surpass the national political boundaries of the countries in the BBIN subregion. Historical records provide ample evidence to indicate intraregional connections, which developed during the first millennium or even earlier, through trade and migration. Intimate relationships existed between pre-colonial Assam and the Assam–Bhutan duars, for instance, through commercial linkages and the introduction of a tribute system called *posa*, paid to the hill tribes to maintain peace and order. These linkages were restricted during the colonial period when the British annexed the Bengal duars in 1864.⁵¹

Similarly, rail links were established in 1902 between Assam and Bengal in colonial Assam. These ties were disrupted after the partition of the subcontinent in 1947. Intractable confrontations in the region further plagued intraregional linkages. The geopolitical dynamics of the subregion was mostly driven by realist perceptions. At the same time, bilateral and multilateral initiatives were taken between states in the BBIN subregion, such as the India–Bhutan Friendship Treaty in 1949, India–Nepal Treaty of Peace and Friendship signed in June 1950, and the SAARC engagement. The latter presented a dismal record. In the recent decades, certain developments have shifted the focus to revive subregional cooperative arrangements. India's strategic eastward policy has been the cornerstone of such endeavour, aimed at erasing the discontinuities of commercial links with the Asia-Pacific. In the 1990s, both seafaring and continental links were renewed under India's neo-liberal policies. The government decided to 'Act East' by investing in joint economic ventures with South East Asia. The new phase of this policy indicates the expansion of linkages from East Asia to Australia with ASEAN at its core. It also underlines “a shift from trade to wider economic and security issues including joint efforts to protect the sea lanes and counterterrorism activities.”⁵²

The BBIN initiatives for trade, energy security, connectivity, river water management can be considered within these frameworks of subregional initiatives. In addition to a political economy discourse, the subregional partners have reiterated the need for a cooperative framework to combat NTS issues. In the panel discussion, the panellists shared comprehensive insights on NTS based on grounded experiences gathered in their respective fields of expertise. Two interrelated issues were highlighted: a) statist perceptions of security represented by hard borders and tariff walls; and b) human and non-traditional perceptions of security in the absence of any formal security arrangement within the subregion.

It was also mentioned that, most often, the mitigation of security concerns becomes myopic in scope as short-term interests obfuscate the primacy of sustainable measures. Thus, stop-gap procedures or knee-jerk reactions can hamper the achievement of lucid and well-rounded policy initiatives.

Comprehensive Definition of 'Security'

Security studies have expanded the scope of “security” in response to transborder flow of people, goods, information and the changing security landscape. During the Cold War, the focus of security studies was confined to traditional security concerns and military statecraft.

These assumptions were later challenged and criticised by scholars who found the conventional approaches to security narrow and limited.

The attempt was to deepen the analytical framework of understanding security by incorporating non-military security dimensions such as society and economy.⁵³ Individuals, environment and identities became the referent objects of non-traditional perspectives of security. The Copenhagen School—represented by the works of Buzan, Weaver, Wilde and others—considered security to be an issue of survival, where the state is a necessary actor that can regulate violence and provide security to individuals and communities.⁵⁴ Critical studies and constructivist approaches equated security with the removal of structural obstacles, emancipation, empowerment and agency of actors within the security environment.⁵⁵ Removal of poverty, gender discrimination, disease, food shortages, resource scarcity, hunger, cultural threats and state repression are just a few examples of existential threats identified by critical theorists and constructivists. In the same context, the UN Development Programme defined human security as safety from chronic threats (hunger, disease and repression) and protection and hurtful disruptions of daily life.⁵⁶ In the recent decades, challenges to maritime security (especially piracy), threats to demography, transnational crime and regional governance have been added to the list of NTS threats.

These issues may have deep and wide-ranging impacts on the identity, domestic governance and national sovereignty of a state. They may also have profound implications on the geopolitical strategic environment of sovereign states. “Multidimensionality,” to use Buzan's term, and transnationalism are therefore two key features of NTS threats. These threats may spill over rapidly across the borders of a state through modern technologies. Their transnational characteristics necessitate the development of norms, cooperative institutions and preventive mechanisms at the national, regional and multilateral levels.

Security Environment in Asia: NTS Debates

In the recent decades, Asia has faced enormous NTS challenges including poverty, undocumented migration, manufacturing and trafficking of narcotics, informal small arms trade, environmental disaster and infectious diseases. Evidence shows that the region has experienced recurring problems of infectious diseases such as the H5N1 bird flu and severe acute respiratory syndrome, which had a direct bearing on the economy and regional security of Asia. Forest fires and the associated health hazards caused by haze in Indonesia are significant challenges to human security in the region. It was estimated that nearly 70 million people were affected by haze in the late 1990s.⁵⁷ Similarly, concerns have been raised about the problem of transnational crime ranging from trafficking of people to money-laundering, sea piracy, cyber crime etc., which have plagued the region's security environment.

The transnational nature of the NTS threats requires individual actors to take adequate measure to deal with them. As a result, there is a growing recognition of the need for “regional and multi-level approaches” among the regional actors to address the NTS security challenges.⁵⁸ Regional organisations in Asia have taken some steps to mitigate these problems through increased interaction for establishing security norms for the region.

ASEAN Ministerial Meeting on Transnational Crime (AMMTC), established in 1997, is an example of such steps taken by multilateral organisations in Asia to combat organised crime. AMMTC is making efforts to promote information-sharing, training and capacity-building of institutions and cooperation in law enforcement, in line with prevailing norms of cooperation in the region.⁵⁹ Another important feature of regional cooperation is the recognition and the opening up of spaces for non-state actors as mediators to address NTS threats. Non-state actors such as NGOs and other civil society groups work as conduits and bridge the gaps between the state and citizens or between development bodies and beneficiaries by sensitising and articulating problems in a language that local people can understand.⁶⁰

NTS: BBIN in Perspective

Undocumented Migration and Transnational Crime

One of the most significant NTS challenges facing the BBIN subregion is undocumented migration of population across the borders of the region. Borders became a political reality after the partition of the subcontinent in 1947, which came with the restriction of mobility and free flow of goods. Socioeconomic activities across borders in the region were disrupted. Regional commercial links through agriculture-based industries producing silk, indigo, tea, rice, sugar, jute and other products were also affected. Political partition transformed local identities into translocal, excluded and incompatible identities.

While the security check-posts and fences, particularly in the eastern sector, imposed limits on mobility, they failed to completely terminate the movement of people and goods across the subregion. Porous borders and cross-border historical linkages facilitated voluntary and involuntary movement of people across the international borders. Border regions precipitously became sites of unauthorised movements of both humans and contraband, followed by legal enforcements by some countries, including India. Border crossings in the BBIN subregion result from violence, lack of economic opportunities, social security and political instability in the place of origin, environmental degradation, and ethnic and religious ties across borders. Undocumented flow of population is also associated with transnational criminal networks and exacerbates NTS challenges in the subregion.

For instance, the provision of free cross-border movement of people across the India–Nepal border has been exploited by insurgent organisations for safe passage, shelter and cross-border networks to conduct subversive activities. Research shows that the provision has worked in favour of Sikh, Kashmiri, Bodo and ULFA insurgent groups operating in India.⁶¹ The porous border between the two countries has been routinely exploited by such groups and is a vital issue among security experts, often resulting in demands to close the borders. However, given the close social and economic interactions among people along the India–Nepal border, a regulated border with systematic patrols is more beneficial.⁶²

Human trafficking is responsible for a major portion of undocumented population movements and poses serious threats to the security situation in the BBIN subregion.

Although the exact numbers are unavailable, research conducted by NGOs and human rights organisations reveal that nearly 12,000 Nepali girls are trafficked from Nepal to India every year after the devastation caused by the 2015 earthquake.⁶³ Most of them are subjected to tissue and organ trading, prostitution, forced marriages and sexual exploitation. Similarly, estimates reveal that nearly 50,000 girls are trafficked from Bangladesh to India every year through agents in Dhaka and Kolkata. Studies also show that the victims are mostly trafficked from border villages in the Hakimpur, Jessore and Satkhira districts and sub-districts of Bangladesh.⁶⁴ The traffickers mostly use the Benopole border in West Bengal, between India and Bangladesh. Given the ever-changing dynamics of regional politics, quantifying trafficking has become more difficult than ever before. With the use of transit through third countries, it often becomes extremely complicated and challenging to rescue or offer support through institutional channels.

Additionally, unequal opportunities of development among different sections of the demographic in the BBIN countries have resulted in disparities in the ways in which security issues impact different sections of the populace.

Despite the many challenges, however, the security cooperation between India and Bangladesh is often regarded as one of the success stories of bilateral cooperation in the South Asian region. The two countries have made mutual effort to enhance cross-border security measures over the recent years, taking into consideration economic dynamics such as livelihood. Thus, the bilateral relation between India and Bangladesh functions in parallel with economic diplomacy measures.

Energy Security

Some of the important questions raised by the panellists and discussants in the session on BBIN security concerns were related to energy and water resources. Energy security forms an important aspect of NTS issues in the BBIN subregion. The subregion has a huge potential for safe, clean and renewable sources of energy, such as hydropower and solar energy, which can be utilised and shared to meet the growing demand of actors within the region. Bangladesh and Nepal are the two countries that experience huge energy shortages. Although many sites with hydropower potential have been identified in the subregion—particularly in India, Nepal and Bhutan—a lot needs to be done in terms of tapping into these resources and setting up transmission system for the transfer of power between countries in the subregion. The lack of a subregional power-trading system in the subregion and regulatory frameworks have also hindered the utilisation of hydropower potential.

For long, multipurpose hydroelectric projects represented post-Independent India's development and modernisation and were the cornerstone of India's development policy. The government was all set to construct 157 hydropower schemes in the Northeast region with approximately 57,672 MW of installed capacity.⁶⁵ However, protests and other issues related to forests and environment stalled the implementation of these projects.

Conclusion

In summary, given the above pertinent NTS challenges facing the BBIN subregion, the following aspects are essential for countries of the region:

Revisiting frameworks	Institutional and procedural steps	High-level engagements
<ul style="list-style-type: none"> The need to rethink how the countries within this subregion can work towards cooperative regulatory frameworks to combat issues like human trafficking or energy scarcity. The need is to deliberate at a diplomatic level to set up a collective labour regime following the WTO standards. Establishment of security synergy through a joint security apparatus, which might be able to address the more non-negotiable issues in the subregion Public discourse needs to be both promoted and made more prominent. 	<ul style="list-style-type: none"> Data sharing can also contribute to the battle against criminal activities as the accused often seek shelter across borders. If an intelligence-sharing network is established among BBIN countries, it can help in the identification of criminals who cross borders after committing a crime. The same applies to issues such as cyber security and labour management concerns in the subregion. The subregion requires upgrading of border management systems and intelligence-sharing to combat cross border criminal networks. NGOs and other civil society groups have a greater role to play by coordinating with officials in the border areas of the subregion. 	<ul style="list-style-type: none"> The need is to deliberate at a diplomatic level to set up a collective labour regime following the WTO standards need to establish multilateral arrangements with increased interaction among the countries of the subregion and increased public discourses from time to time. High-level meets involving top ranking government officials and security personnel are required to keep the deliberations on security issues alive and to sustain efforts towards mitigating the same.

4

The Role of the BBIN as a Subregion in Asian Politics

Anasua Basu Ray Chaudhury, Sujeev Shakya and Sohini Nayak

Abstract

BBIN has emerged as one of the prospective projects in South Asia, marking its importance in Asia as a whole. To achieve the goal of collective growth, it is essential for the concerned countries to come together. The probable dissociation of Bhutan from the entire collaborative effort is thus of utmost concern, since it directly impacts the internal strategic dynamics of the multilateral effort. Moreover, India's position as the most stable partner, with its neighbourhood policy and attempt to move towards East Asia, will also have ramifications on all the other member countries. With the several identified gaps in the BBIN initiative, a few future prospects may be of value in bringing about better establishment of the subregional bonhomie.

Introduction

The strategic position and geopolitical dynamics of Asia has intrigued the world for several decades now. This sphere is the new power block and a hub of emerging economies. However, though aspiring, Asia remains mired in a number of issues threatening the region's progress. The BBIN holds tremendous potential in bringing about an incremental boost in every sphere of development, from political to economic to cultural. The coming together of these four countries is crucial for their collective growth, as well as for the growth of the continent as a whole.

Despite Bhutan's reluctance to sign the MVA due to environmental issues, the collaboration is set to move ahead, with internal approval of the processes for signing the passenger protocol with the remaining three countries.⁶⁶ The concerned countries have agreed to carry out trial runs, as stipulated under the agreement. The ADB has been providing technical, advisory and financial support to the initiative as a part of its aid to the SASEC programme.

The landmark MVA was signed by the transport Ministers of the BBIN countries in Thimpu, Bhutan on 15 June 2015. Exploratory runs had also taken place along the Kolkata–Dhaka–Agartala and Delhi–Kolkata–Dhaka routes in the past.

The Indian Stance

The 'neighbourhood first' policy of India under Prime Minister Narendra Modi is noteworthy because of its active engagement with the immediate neighbours.⁶⁷ On this basis, the BBIN

comes across as a viable option of making India play a lead role along with its collaboration with the rest of the member countries, creating a multilateral framework of understanding each other's perceptions and actions.

The primary benefit of the BBIN-MVA for India-based companies is capability to travel through Bangladesh. While India and Bangladesh already have a vehicle transport agreement, under the agreement, authorities restricted vehicles from travelling more than 150 km across the border.⁶⁸ Transporters that wanted to ship goods beyond 150 km of the border had to transfer the goods to another vehicle to complete the journey.

To avoid this logistical cost, some transporters simply preferred to drive around the problem. A manufacturer in Kolkata, West Bengal that needed to deliver products to Agartala, Tripura, for instance, could either plan for multiple permits and transport operators to reach Agartala directly through Bangladesh or plan a 1,700-km journey around Bangladesh. With the BBIN-MVA, that same manufacturer can use one transporter for a 450-km trip through Bangladesh, without having to deal with the existing administrative burdens.

Thus, the BBIN-MVA will, most significantly, ease the movement of goods from mainland India to its Northeast Economic Centres, namely Agartala (Tripura), Guwahati (Assam) and Shillong (Meghalaya). Poor infrastructure, difficult terrain, insurgent politics, and geopolitical constraints have thus far kept the Northeast region underdeveloped and isolated for many years. The Northeast of India is also an important region in terms of its natural resources and international border access.

India's Northeast contains 30 per cent of India's freshwater reserves.⁶⁹ This access to water has allowed hydropower operations and the agricultural industry to develop in the region, although the process has been slow and is yet to reach full potential. The MVA may accelerate this development. Further, the motor pact will allow for the setting up and expansion of the region's rubber, bamboo and food-processing industries. Recently, the region has attracted major foreign investments in its infrastructure, as the federal government continues to push for greater economic engagement and linkage between the Northeast and the rest of India as well as neighbouring countries.

Industrial development will also become a viable option for the Northeast as transport costs decrease and access to comparatively cheap labour opens up. The region has navigable rivers, but currently lacks direct access to any port. With the opening of roadways to Bangladesh, manufacturers will find it easier to transport products to ports in Chittagong, Bangladesh and larger urban centres in India.

The Treatment of Mixed Cargo

Combining cargoes for several destinations—i.e. mixed cargo with numerous delivery destinations—in one truck is important. For example, a truck could carry shipments from Bangladesh for Eastern UP and Nepal. Direct trans-shipment cannot be allowed for containers/trucks/trailers that have mixed cargo. This reduces the efficacy of having mixed cargo trucks and increases costs of servicing multi-country trade lanes using road freight. A

possible solution is to develop an efficient trans-shipment model for mixed cargo. Trucks or containers or trailers containing mixed or multi-country destination cargo should be allowed the facility of stuffing and sealing at customs (or excise as the case may be) at an inland location in the origin country, and this cargo can then be transported across borders by customs administration without any further physical inspection. The truck can subsequently travel to an inland location in the first country, clear the goods meant for first country at customs, pick up additional goods meant for the second country, and have the truck/trailer re-sealed by customs. Thereafter, the truck can travel to the second country without any inspection (other than seal and document check) at the border and undergo customs clearance for second country at an inland destination.⁷⁰

The BBIN-MVA will allow agglomeration of cargo in a single journey for the wider BBIN trade lane and greatly reduce costs by doing away with the need for multiple customs clearances and handling (loading/unloading). The motor vehicle movement and customs-related facilitation discussed here can have a tremendous developmental impact by integration and development of existing supply chains. The developmental impact will not be incremental but exponential, since trade and logistical facilitation not only allows existing businesses to expand and flourish but also creates opportunities for entrepreneurs to develop entirely new businesses. It is likely the existence of an efficient and enabled road freight network in itself will lead to the development of entirely new regional supply chains, creating jobs and prosperity all across the BBIN. BBIN participants can develop globally competitive production networks centred on the creative use of multiple fibres that are regionally sourced and processed (e.g. silk, cotton, wool and jute) or develop a globally successful organic agro-processing industry.⁷¹

Impact on South Asian Trade

The integration of the signatory economies will have a profound effect on South Asian trade flow. Based on the pact, there has been an estimation of 60 percent increment.⁷² Thus, the BBIN-MVA is a stepping stone to improve not only the investment climate of Northeast India, but of the entire South Asia. Eventually, this may convince Bhutan and other regional governments to consider joining the agreement.

Arguably, the current intensity of trade among these countries is relatively low, with the quantum of GDP for India at 90 percent of the total BBIN GDP, followed by Bangladesh at 8.85 percent, Nepal at 0.84 percent and Bhutan at 0.09 percent.⁷³ Given the poor exports, there is much potential that is not being utilised to its limit. It is very important for landlocked countries like Nepal and Bhutan to gain access to the international market, for which the current situation must be improved, with accountability coming from within.

The region has a substantial population, comparable to the size of the US. It is a dynamic and homogeneous population, making it a great market for products and services. Therefore, to remedy the disconnect between the four BBIN countries, the areas of opportunity must be accessed.

Some of the important areas of consideration are given below.

Bridging Trade Gaps

Improved transport infrastructure and its documentation are also a necessary to facilitate trade and investment

To remove the deficit, several ideas, such as the digitisation of documents and a common legal framework, have to be adopted. Overcoming these hindrances will determine the overall economic outcome.

The lack of connectivity is creating a hurdle in friendly negotiation that can be addressed through concepts like people to people and government to government interactions. If the gap in information and the issue of remittance, especially for Bangladesh, can be addressed, India can prove to be having one of the best advantages of affordability.

An elaborate agreement on trade is still due. The very basic arguments of the 16 articles of the MVA focus only on the transport of cargo and passengers.

Proper measures with the WTO standards and an adequate framework can be of help.

Pressing Issues Influencing the BBIN

The Increasing Presence of Chinese Investments in the Indian Neighbourhood

China's presence in South Asia as a significant economic partner plays a key role in determining the future of the BBIN within Asian politics. Over the past decade, this interaction has gained further momentum, resulting in particularly stronger ties with the smaller states in the Indian neighbourhood through trade, diplomacy, aid and heavy investment. One of the main agendas is the creation of an Asian connectivity network.⁷⁴

In addition to the four BBIN countries, China is extensively involved with Pakistan, which is evident in the making of the China–Pakistan Economic Corridor (CPEC).⁷⁵ This quandary can be attributed to the BRI, better known as the OBOR project. With extensive systematic engagement and connectivity prospects, the primary idea has been the creation of means through which China can make its position stable in the southern region of Asia. As a result, the Asian Infrastructure Investment Bank (AIIB) and its foundation have high chances of outpacing other financial resources. This threat of Chinese domination has been a source of much apprehension for India, and as a result, the foreign policy of the present Indian government has taken a “lift all boats” approach to assist the neighbours in gaining from its own rise.⁷⁶

All three smaller members of the BBIN have been engaged with China in their developmental process. One of the most important Chinese ties is the one with Nepal, which has become an integral part of OBOR. The strategic location of this Himalayan kingdom has attracted significant attention from both India and China. A 1996 trade agreement between India and Nepal had initially increased bilateral trade volume, which now accounts for more than half of Nepal's total trade. However, in 2005, at the peak of

Maoist insurgency in the country and a low point in its relations with India, the Sino-Nepal relations shifted drastically, both politically and economically.

At present, this relationship is moving forward in full glory with several ongoing projects. Ranging from the supply of internet bandwidth to the reopening of the Tatopani border, funds are flooding in full swing. The China–Nepal railways project via the Gyirong Pass is another ambitious project, which takes into consideration the interaction of the Buddhist culture between China and Tibet and also provides better access to China. By 2022, the project will be completed, posing yet another challenge to India.

The recent visit of Prime Minister K.P. Oli is also an event of great importance. From the Pancheshwar Multipurpose Project to the Raxaul–Amlekhgunj pipeline, both the countries are all set to leave past hostilities behind and engage in diplomatic ties.⁷⁷ Bilateral relations between China and Bangladesh have also improved remarkably in the past one decade, with bilateral trade at US\$6.8 billion in 2017. Since the predominantly agro-based economy of Bangladesh has now aimed to digitise itself with better investment opportunities through its 'Vision 2021', China seems to be the most feasible option for collaboration.⁷⁸ From the economic and technical cooperation projects to the sinking apparel industry, Dhaka is now open to Chinese investments. The construction of a transnational highway, connecting West Bengal in India to Kunming via Myanmar and Bangladesh, has small but strategic implications for the BCIM countries. The Padma-Rail Road Bridge, the Bangobandhu International Conference Centre in Dhaka, the Barakpuria coal mine and coal-based electrical generation, and the introduction of 3D technology, are examples of Chinese influence.

Though Bhutan is closer to India, China has more control over it. There is increasing demand in Bhutan for stronger diplomatic ties with China, since the country has realised that China can offer better economic investment and more tourism exchanges.

Impact of the Doklam Crisis

The 70-day standoff at the Doklam plateau was an instance of Chinese brinkmanship that reiterated the reality of the bilateral relations between India and Bhutan. Though India claimed to have moved at Bhutanese request, there was silence on the latter's part. China's interest to build road in the disputed territory resulted in resistance from the Indian military, making Bhutan fear annexation from both countries.⁷⁹ To soften Bhutan's stance, China offered an assistance of US\$10 billion.⁸⁰ Since then, Bhutan has recanted its allegations that China violated its territorial claims.

The BBIN as a Bridge Builder between South and South East Asia

Creating new methodologies has always been key to creating new spaces of international relations. While the MVA was conceptualised as a continental connectivity network, the idea should not limit the platform to terrestrial connectivity alone.

Connecting BIMSTEC

The BBIN has a lot of potential to expand its connectivity to the maritime domain by collaborating with the BIMSTEC, a natural ally. This requires harnessing the true potential of the Bay of Bengal. Any hegemonic powerplay in the subregion can be restricted when benevolent national interest is prioritised. There is a regional cultural preservation framework under the BIMSTEC, which can further help in identifying perceptions and cultural negotiations among the four BBIN nations. There are several areas of potential partnerships, e.g. the HADR (Humanitarian Aid and Disaster Relief) mechanism. India is one of the major stakeholders here, and with its economic capability and size, it can be of much help to other smaller countries in the Bay littoral. How the structure could find its way ahead as an exemplary union of developing countries is the primary question.

The Bay of Bengal has been extremely important in influencing the civilisations of the entire Asia Pacific region as well as the western world through Arabia, Rome and Egypt. A sense of strategic interconnectedness had always prevailed in this area. In the past, 'South and South East Asia' together functioned as one integrated zone, sharing holistic culture, trade and security patterns, encouraged by the monsoons and Asian racial affinity. The arrival of the British in the early 1800s fostered this consolidation, and with time, the Indian subcontinent, Ceylone (present day Sri Lanka), Burma (Present day Myanmar) and Malaya (present day Malaysia)—all connected by the waters of the Bay—had come under its colonial dominance. This scenario continued until the first quarter of the last century. The end of World War I saw a resurgent Asia striving to move out of the colonial yoke, and with it emerged individual national struggles. World War II brought in a sea change both in South Asia and South East Asia, with the decline of the British Empire and the declaration of independence by the nation states of the region. However, though the new bipolar world order of the time and its violent aftermath was evident, in the Korean Peninsula, Vietnam, Indonesia and Malaysia, the Bay of Bengal remained a relative “backwater.”⁸¹

With the dawn of the Cold War, the cardinal theatres of the ocean had shifted to the Atlantic and the Pacific. No longer the zone of the strategic convergence of superpower rivalry, the Indian Ocean Region (IOR) had even lost its identity as the power hub of Asian interests. However, in the recent past, the seascape has changed. As Mohammad Humayun Kabir and Amanah Ahmad observe, “The unprecedented economic growth of China, doubling every seven years since Deng's reforms, the rise of India to the status of a major power in Asia through its increased trade and productivity, and the democratisation and economic growth of developing nations drastically increasing energy demand, have completely recalibrated the importance of the Indian Ocean Region (IOR) to the world.”⁸²

The Bay of Bengal offers many possibilities, including a collaboration between the BBIN and the BIMSTEC, two “natural allies.”⁸³ The BBIN as a hinterland of the Bay can be promoted in this arena of engagement. The presence of landlocked countries like Nepal and Bhutan need special consideration here, as they require the comprehensive development of inland waterways. Such development will not only help in cheap transportation of cargo but also skill development and better data-sharing. For instance, the non-navigability of major rivers

The Bay of Bengal



Source: "Indian PM addresses BIMSTEC Summit, pushes Free trade," *The Diplomat*, 8 March 2014, <https://thediplomat.com/2014/03/indian-pm-addresses-bimstec-summit-pushes-free-trade/>.

in Bhutan leads to increased usage of roads. Modern river information system (RIS); night time navigation facilities, digital global positioning system (DGPS), modern methods of channel marking; and the construction of a new state-of-the-art navigational lock at Farakka are some important areas that need contemplation. The Jalmarg Vikas Project is a dynamic example of involving immediate neighbouring countries and promoting the holistic development of the region.⁸⁴

The BBIN as a Catalyst to Promote South Asian Regionalism

Connecting the peripheries to bolster regional cooperation has been one of the agendas of the BBIN. Here, it can learn from the SAARC, an important organisation that had rekindled the idea of collaboration in South Asia, despite the political differences. However, the SAARC could not move beyond its limited diameter of success. It failed despite the huge potential of contributing to the global economic prosperity, and this failure was attributed to the Indo-Pakistan hostility. However, South Asian regionalism has long suffered from bilateral tensions, and the real reasons for the failure of the SAARC are deeper and structural in nature. Geographical, ethnic, historical and political factors have gridlocked the SAARC and will persist until and unless India moves ahead to adopt more comprehensive and proactive confidence-building measures.

India encompasses over 60 percent of the framework's geographical area, population, GDP, foreign exchange, gold reserves and armed forces.⁸⁵ The huge resource and power imbalance generates an acute sense of insecurity among other member countries. The Indo-Pakistan relation, with its long history of conflicts, further causes polarisation instead of regional harmony. Similarly, India shares boundaries (land and/or maritime) with all the member countries while they (barring Pakistan and Afghanistan) do not share boundaries

with each other. The existing unsettled border disputes and increasing conventional conflicts have instilled a sense of insecurity among the neighbours.

The BBIN initiative has the potential to influence the creation of a conducive environment of cooperation. By addressing the power asymmetry, insecurity and distrust can be kept at bay within the subregion. As a functioning alternative to the SAARC, the BBIN must attempt to foster cooperation at the subregional level to create stability in the region.

Areas of Action			
Swift implementation of the projects needed to make the common people see and reap their benefit	Conducive environment for small replicable projects must be furthered.	There must be trust-building with political stability in the subregion.	Joint HADR mechanisms can be organised within the BIMSTEC.
The presence of the South Asian Economic Union will ease the process.	Inclusiveness and increased investments are much needed.	Common trading zones and educational institutions are key to including young minds of the civil society.	A border prosperity zone within the Siliguri radius in Kolkata, functioning as the hub of interaction, can be formed.

Connecting the ASEAN

Prime Minister Narendra Modi's Act East Policy has been an instrumental part of his foreign policy. The ASEAN-India Commemorative Summit, held in New Delhi in January 2018, has marked 25 years of India's ties with the South East Asian block. The 32nd ASEAN Summit is due in April in Singapore, and it can lead to the creation of a new regional coalition with India, with the BBIN as a major player.

As a backdrop to these events is an aggressive China, involved in border disputes with many of the Asian neighbours and claiming most of the resource-rich South China Sea. The BBIN as a bridge between South East Asia and South Asia will make India counterbalance Asia as a whole. Moreover, it will help establish regional peace and stability. Whether or not India will be able to conduct proper negotiations in the presence of gigantic projects like OBOR, depends completely on time. The BBIN also comes at a time when India, Japan, Australia and the US are all prepared to participate in several rounds of talks with regard to the Indo-Pacific.

Established as a more concrete framework in the region, ASEAN can serve as an instance of success and an example of what to avoid in forming a perfect collaboration of neighbours with mutual interests.

Reviving Policies			
Regional cooperation requires political beliefs, which in turn are in need of a break through.	Insecurity among the member states has often forced the smaller members to bandwagon with external powers (or other member countries) to balance India, thereby harming cooperation.	The 'Neighbourhood First' policy from India' end has come as a vital step with the 'SAARC Yatra' 17 and the concept of 'SAARC minus One' as a durable alternative.	For the sake of subregionalism, the role of India is very important. India's absence will lead to the lack of contiguity and capacity constraints, thereby facilitating the country to play one of the major roles.

Conclusion

Asian dynamics has its own set of intricacies and only a step-by-step approach, in a time bound manner, can work in the long run. With the identification of the hidden barriers of engagement, proper solutions can be formulated to get rid of the asymmetry.

Moreover, there are areas that require urgent reconsideration, such as religious tourism and eco-tourism, and the protection of sensitive areas such as the Sundarbans. Contractual transborder enforcements must be put in place to curb terrorist activities. Trade differentiation and net back ideas have to be considered as well. This is where the attractiveness of trade lies.

The BBIN and its partnerships with other subsystems such as the BIMSTEC and HADR are crucial factors. To maximise gain, the BBIN must collaborate and formulate feasible agendas with the BIMSTEC and BCIMEC, whose membership extends outside the SAARC and who can function as 'natural allies'. Closeness can be achieved only through working together for the good of all.

The BBIN-MVA will be futile for the Northeast region if road and rail connectivity is not improved immediately. To this end, many programmes have been announced. However, progress is very slow with many projects lagging behind schedule.

A combination of expanding multilateralism and promoting sustainability must be the guiding star of the BBIN in the future. Putting people at the forefront of such initiatives will ease free movement of passengers, goods and services and take the BBIN to the next level. An improved BBIN will lead to a better SAARC and a better South Asia. The time is ripe for the objectives of the BBIN to be institutionalised in a fair and just manner and attract attention all throughout the world.

Key Points to be Considered for Future Deliberations

- One of the key problems with standard bilateral motor vehicle agreements (BMVA) in Asia is the process of obtaining permission for the vehicle for every journey, to operate across borders (cargo permit) with the associated requirement to identify the designated operator for that journey.
- The need for getting a permit for every occasion makes the system very cumbersome and adds significantly to transaction costs.
- A periodic authorisation of trucks with special licence plates is needed.
- Flexibility is key in combating congestion, road blocks and natural calamities such as underground pipe burst and flooding.
- There might be a business requirement to change routes. Operational flexibility for any sustainable road freight business will be a welcome step.
- In a system defined by journey-specific approvals of routes, monitoring whether or not trucks are keeping to the identified route will always be a challenge without the use of technology such as Global Positioning System (GPS). This, in turn, can lead to poor implementation of such a regulatory requirement and even sporadic acts of rent seeking.

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