

Foreign Policy of Bangladesh: Bilateral Trade between Bangladesh & India

Tahmina Akter (Dipu) & Md. Al Amin

Abstract

Foreign policy indicates the policy of a sovereign state in its interaction with other sovereign state. India is the neighbor country of Bangladesh & Bangladesh is surrounded by India from three sides. So Bangladesh cannot avoid India. From after the liberation war of Bangladesh Indo-Bangladesh relation become develop day by day. Bilateral trade is the result of good foreign policy of Bangladesh with India. In this research paper I discuss about the trade policy of Indo-Bangladesh. For data collection I use some methods & materials, I have collected data from Bangladesh Bank, Export-Import statistics & had been searched websites, Google Scholar, Research Gate. I selected my objective of research -economic policy of Bangladesh with India, find the problems of trade policy & giving a solution by foreign policy. In data of Bangladesh export-import we can see that the import of Bangladesh is more than export. The import items are -all types cotton, organic & chemical products, vehicles, cosmetics & plastic items etc. on the other hand export items of Bangladesh are-home textile, Jute & jute goods, frozen foods etc. From this export items Bangladesh earn millions of dollars as a result we can say Bangladesh foreign policy become develop. After some years it would become a great economic zone for others country. There are some problems Bangladesh foreign policy with India. They are geographical position, political problems, lacking of experts' people who make policy, as a poor country Bangladesh affected various treaties. These problems cannot be removed in a day we can reduce these problems by standard of the diplomacy, national resources should be used properly, the trends of party system should be avoided, create a peaceful place & friendly place by foreign policy.

Keywords: Bilateral, Export, Import, Deficit, Trade balance.



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Introduction

Bangladesh has developed an intricate maze of economic, political & cultural connections with its neighbor India. Bangladesh formal relationship with India commenced in 1971. Two Countries in South Asia are historically, geographically and culturally so close to each other that they cannot escape having significant bilateral interaction. Before achieving independence in 1971, the modern state of Bangladesh was part of a larger, non-contiguous Pakistan. It must be noted that Bangladeshis (then known as “East Pakistanis”) comprised a major part of the movement to establish the independent state of Pakistan before independence. As a result, many of the grievances that resulted in the original Partition of 1947 remain a part of a collective historical memory of modern-day Bangladesh. However, India’s role in establishing an independent Bangladesh meant that, at least for a few years, India enjoyed a privileged relationship with the new state. Bangladesh’s relationship with India has gone through an up and down curve during the last 47 years. This uneven relationship appears to be due to the misperception of one country against the other at different times. Both countries have misperceived each other’s attitude from time to time. Now in this paper I will discuss about the effect of foreign policy on Bangladesh-India trade market.

Method and materials:

For my article, at first, I selected the key the word “Bilateral Trade between Bangladesh and India” being the Starting of searching by which article had been searched in some article searching website. PubMed, Google Scholar, Science Direct and Research -Gate were these selected websites from which the primary article was collected. About 100 results were found primarily. From these articles again, some article was selected about trade, export, import and problems of Indo-Bangladesh bilateral trade. I also found a Bangladesh – India export & import statistics. I work on secondary data from various sources.

Objectives of the study:

There is some objective to work on Bangladesh-India foreign policy.

- 1) To find out the economic policy of Bangladesh with India.
- 2) To find the problem of Bangladesh economic & trade policy with India.
- 3) To compare the Bangladesh and India percentage of export & import.
- 4) To give a solution of problems by improving foreign policy Bangladesh with India.

Current Bilateral Trade Condition of Bangladesh & India:

India is the 10th investors in Bangladesh with total investment of US\$ 330 million and there are 29 Indian joint venture in Bangladesh 7 wholly-owned subsidiaries in areas, such as textile , constructions , industry ,chemical, paints, pharmaceutical, travel, goods ,information technology, coconut oil ayurvedic products, white cement & auto mobiles . Indian companies are also involved in projects in key infrastructure areas in Bangladesh, such as power generations and transmission telecommunication, roads and railway. On the other hand, large number of Indian citizens have been working in Bangladesh’s readymade garments industry, in developing its infrastructure and services industries, particularly in areas such as financial services, rail ways, roads, telecommunication and power transmission. About 250 Bangladeshi schoolteachers were trained in India and on average about 200 Bangladeshi students receive scholarship to study in professional educational institutions in India.

Data analysis:

According to the DCCI Research Department of Bangladesh

Table1: Bangladesh-India Bilateral Trade Statistics (value in million US \$)

Year	Export	Import	Trade Ratio
2009-10	21680 (304.62)	221573 (3202.1)	1:11
2010-11	36475 (512.5)	324832 (4500)	1:9
2011-12	38792 (490.42)	3764228.5 (4758.89)	1:10
2012-13	45071.68 (563.96)	381598 (4776.9)	1:8:47
2013-14	35448.42 (456.633)	469080 (6035.5)	1:13:22
2014-15	40944.83 (527.16)	452668.2 (5828.10)	1:11:05
2015-16	53969.82 (689.622)	426847.36 (5452.9)	1:7.9

(Source: Import Statistics: Bangladesh Bank and Export Statistics: Export Promotion Bureau.)

In Table-1 we can see that the year of 2009-10 the export is less than import the trade ratio is 1:11, in 2012-11 the trade ratio of both countries are 1:9 the export & import became develop Indo-Bangladesh trade policy, but we see in the table in 2011-12 the lackings of foreign policy of Bangladesh the import is more than export & the trade ratio is 1:10 US dollar which is more than 2010-11,2012-13 the export & import both is higher than the previous years & trade ratio also became high,2013-16 the export & import of Indo-Bangladesh's are become higher more than others previous years it is possible only for diplomatic relation's of both countries. But it is a matter of sorrow that the Bangladesh export items of is less than Indian import items. Now I discuss about the export of Bangladesh & I give a diagram of export items of Bangladesh, our country is popular for home textile, jute products, leather & leather goods, frozen foods like-(vegetables,Hilsha fish, prawns etc),footwear & the others products .The home textile of Bangladesh is most popular in the world and also in India. Bangladesh earn a lot of US dollar from India by their export item. By the better the foreign policy Bangladesh become a good friend of India.

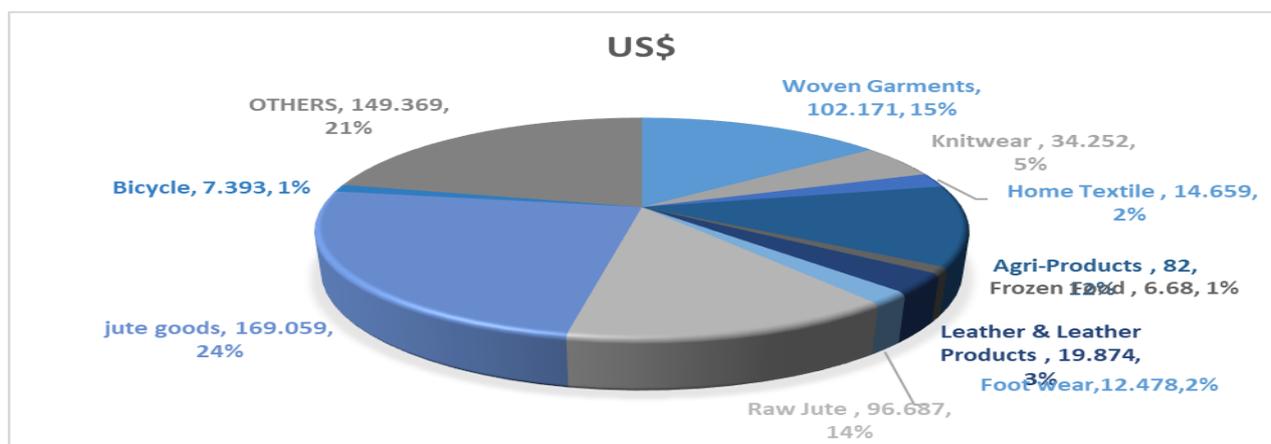


Table :2(Export items of Bangladeshi products in India)

Import Items:

Bangladesh has a large population. It has not enough resources for this reason Bangladesh Govt. & private organization import many things for country needs & business. The import item of Bangladesh is more than export. Mainly the import items Bangladesh depend on her neighbor country India. By her foreign policy with India she can be able to import these resources

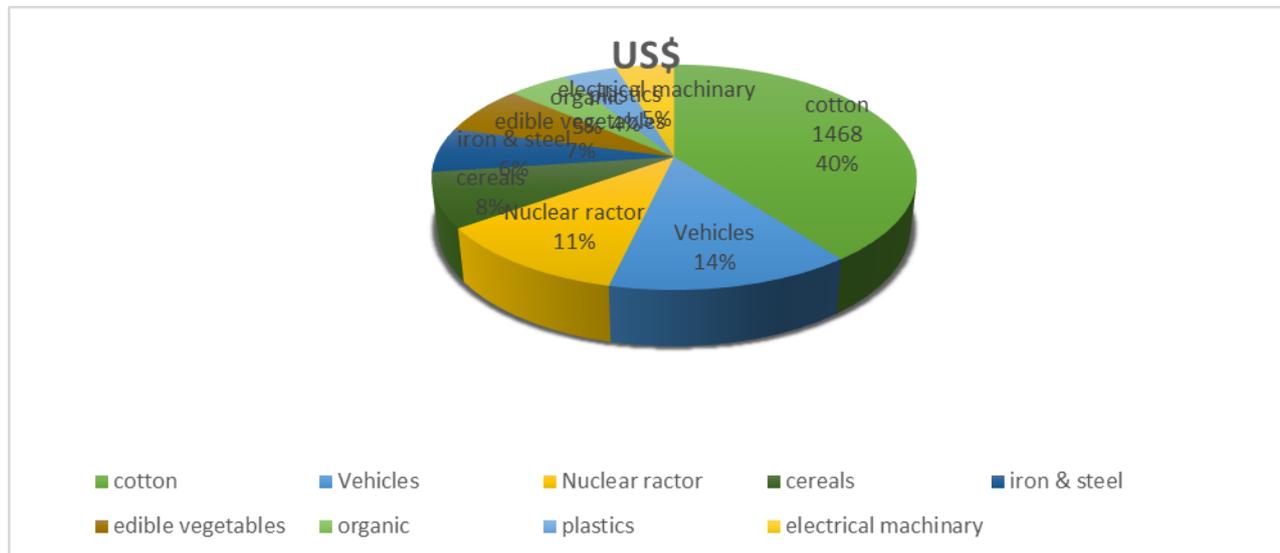


Table:3 (Major import items of Bangladesh from India)

Results:

The trade between two countries are increasing rapidly on an average 9.5% annually. In fiscal year 2015-16 Bangladesh imports 21.97 billion USD and export 14.37 billion USD. In deficit is 7.60 billion USD and it is growing up every year. we can say that it is a result of good foreign policy.

Problems of Bangladesh foreign policy in bilateral trade:

Bangladesh has some limitations & weakness from view points of the foreign policy. The problems of Bangladesh foreign policy in trade are given below:

- 1) The geographical Bangladesh is near to the India. It is surrounded by India from three sides. Thus, in Bangladesh trade India plays a big role like dominating role in policy making.
- 2) There are many problem in the border area- Indians customs bribery, lack of ware house, security, lack of infrastructure.
- 3) smuggling the border area which makes the huge problems in trade.
- 5) Banking facilities, absence of fuel stations, unavailability of labor due to labor strikes, harassment of truck driver because of language barrier etc are the reason which affects the volume of trade between the two countries.
- 6) political condition of Bangladesh is affected on the trade policy of Bangladesh. In Bangladesh there is multi-political system in democracy. But this doesn't give Bangladesh so many advantages for this reason investors don't want to invest in this country.
- 7) Carelessness in the trade policy with India, Irregularity in the administration regimes, disparities in service delivery between the LCSs along the border, difference in working hours and days, non-availability of authorized officials, etc. also delays and affect trade related activities.

Key Recommendations

- Make-up of a high-level joint study group involving government officials from various ministries and policy experts, in order to implement current deliberations and to plan future developments advantageously.
- Framing of joint action plan with the vision of successful trade facilitation, by way of responsibility sharing with time bound activities.
- The ultimate aim of any states foreign policy is to capitalize one's national interest which is not changeable at the cost of anything.
- Facilitate and sign a bilateral/regional motor vehicle agreement between the nations wherein vehicles can directly go to the final destination in both the countries/countries in the region and then carry back deliveries when travelling back. This will help in dealing with transference blockages at the LCS, ultimately reducing trade costs and enhancing consumer benefits.
- Coordination or mutual recognition of standards related to hygienic and Phyto-sanitary regulations by both countries, at least on those items that have high trade potential can help in dropping standard related NTBs, boosting trade.
- The standard of diplomacy should be improved highly in Indian trade. Bangladesh should follow the rule, Export is more than the import.
- Bi-lateral relationship should be continued with various countries by maximizing highest national interest for Bangladesh and policy should be made to associate this.
- Agency of custom officials and other well-informed stakeholders should be formed, with the agenda of generating consciousness in the local traders, through discussion meetings by making policy, for informing their knowledge on documentation, inspection and other trade related actions.

Conclusion

At last we can say that, the Indo-Bangladesh relation are not made in a day It was started from 1971-today. Potential for rise in bilateral trade relations between Bangladesh and India is huge as can be determined from various pointers. But a large part of that potential still remains un-explored. Though the large trade shortage that Bangladesh maintains with India is pointed out by some to warn against possible Indian domination in the face of increased bilateral trade openness, with a closer look it can be easily seen that the trade disparity in terms of volume is a mere reflection of the huge difference in the relative economic sizes of both countries. Nevertheless of the size of opportunities in absolute terms, both countries can be found to have large amounts of gains in store from improved bilateral trade. Emergence of India as a top export purpose for Bangladesh is one of the facts that support this claim. The export of Bangladesh should be developed and the complications of Bangladesh foreign policy should be suggested.

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