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The North East and Adjoining Bangladesh Districts: Exploring Development Possibilities through Economic Linkages

Muhammad Masum

Abstract

Under British colonial rule, the two regions comprising the northeastern states of India and Bangladesh respectively shared common infrastructure and developed economic linkages to the benefit of both the regions. After partition of India in 1947, as these two regions joined two separate states, India and Pakistan, which were not on good terms, the economic linkages were severed and adversely affected the economic prospects of both the North East and her adjoining Bangladesh districts. With the emergence of Bangladesh as an independent country in 1971, it was expected that the economic linkages would be restored again, but little progress has been made so far in this regard. This paper explores the development possibilities of both the regions from enhanced economic linkages, identifies key sectors and activities, and suggests certain measures to activate economic exchanges.

Introduction

Flanked by Bangladesh, Bhutan, China, Nepal and Myanmar, India's Northeastern region, also known as the North East, constitutes the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. Although extremely rich in natural resources, the North East remains one of the most backward regions of India. Bangladesh shares with the North East 1956 kilometers of common border - with Assam 350 kms, with Meghalaya 400 kms, with Mizoram 350 kms, and with Tripura 856 kms (Hazarika, 2006 p.123).

Before 1947, the North East's adjoining Bangladesh districts, Sylhet, Maulvibazar, Sunamganj and Habiganj, then sub-divisions of Sylhet district, were parts of the then Assam province of British India. Through a plebiscite they opted to join East Bengal, the eastern wing of the then Pakistan, and thereby became part of Bangladesh. During British rule, in areas comprising Bangladesh and the North East, there was free flow of people, goods and services. Surplus manpower from densely populated East Bengal migrated to resource rich but thinly populated Assam in search of a living, and contributed immensely to her agricultural growth and prosperity. The physical infrastructures such as transportation and communication networks that were developed during that period also aimed at serving both the regions. As a result, a lot of complementarities developed between the two regions. For example, tea produced in Assam used to be transported by railways passing through East Bengal to the nearest port, Chittagong, for export. After partition of British India in 1947, as these two regions joined two separate, independent states, India and Pakistan, they virtually got separated from each other with gradual

deterioration of relationship between the two countries.

After emergence of Bangladesh as an independent state in 1971, it was hoped that there would be greater linkages between the two regions, but so far little progress has been made in that direction. It is, however, widely believed that greater economic linkages can significantly enhance development possibilities of both the North East and Bangladesh, particularly their adjoining districts.

The objective of this paper is to explore the prospects of such linkages from the Bangladesh perspective. Essentially exploratory in nature, in the next section we draw the socio-economic profiles of Bangladesh districts bordering the North East. In subsequent sections we focus on certain socio-economic indicators of these districts with a view to highlighting how they fared compared to other Bangladesh districts. Next we discuss the past and current linkages between the North East and Bangladesh, followed by an attempt to identify activities/sectors that might benefit from greater economic linkages between the two regions. Concluding observations are presented in the final section.

Socio-economic Profiles of Bangladesh Districts Bordering the North East

North East's adjoining Bangladesh districts are Panchagarh, Nilphamari, Lalmonirhat, Kurigram, Jamalpur, Sherpur, Mymensingh, Netrokona, Sunamganj, Sylhet, Maulvibazar, Habiganj, Brahmanbaria, Comilla, Feni, Chittagong, Khagrachari, Rangamati and Bandarban.

Land and People

Table 1 presents selected characteristics of land and population of the Bangladesh districts bordering the North East. Average density of population per square kilometer varies widely. Tribal people account for a substantive proportion of the total population in the above districts, compared to 1.20% for the country as a whole. With the exception of Chittagong, where 34.01% of the total population live in urban areas, in all other districts bordering the North East, the population are primarily rural, with urban population accounting for less than the national average of 15.22%. Agriculture being the predominant economic activity of the rural labor force, availability of cultivable land per capita serves as a crucial determinant of household income. With the exception of the hill districts, Bandarban, Rangamati and Khagrachari, where per capita cultivable land are, 1.45, 1.10 and 0.49 hectares, respectively, per capita availability of land in other districts are not significantly different from the national average of 0.09 hectare.

Non-agricultural Activities

Table 2 presents the distribution of permanent establishments and persons engaged by major economic activity. In Bangladesh, the manufacturing sector accounted for 8.57% of all permanent establishments, and employed 23.85% of all those engaged in these establishments. In only 2 out of 19 districts adjoining the North East, however, manufacturing employment was more than 20%-21.27% in Chittagong, and 22.25% in Maulvibazar, while in others, it was significantly lower than the national average.

Structure of GDP

In 2005/06, agriculture accounted for 18% of Bangladesh's GDP. The share of industry and services were 28% (see Table 3) and 52% respectively. Of the 19 districts adjoining the North East, all but Chittagong had agriculture's share in their respective district GDPs at a level equal or more than the national average.

Table 1: Land and Population

Districts	Total Area (km ²)	Population	Population Density per km ²	Cultivable land (hectares)	Cultivable land per capita (ha)	Urban Population (%)	Tribal households (% of total)
Bandarban	4479	298120	67	430986	1.45	10.78	47.51
Brahmanbaria	1927	2398254	1245	158113	0.07	9.09	0.12
Chittagong	5283	6612140	1252	345797	0.05	34.01	0.97
Comilla	3085	4595557	1490	255406	0.06	7.10	0.10
Feni	928	1240384	1337	72399	0.06	9.58	0.02
Habiganj	2637	1757665	667	224922	0.13	6.25	2.10
Jamalpur	2032	2107209	1037	174164	0.08	14.22	0.25
Khagrachari	2700	525664	195	258613	0.49	7.40	47.27
Kurigram	2296	1792073	781	167459	0.09	6.09	0.18
Lalmonirhat	1241	1109343	894	102053	0.09	7.44	0.17
Maulvibazar	2799	1612374	576	217046	0.13	5.86	2.54
Mymensingh	4363	4489726	1029	344295	0.08	8.91	0.96
Netrokona	2744	1988188	725	263998	0.13	5.92	1.86
Nilphamari	1581	1571690	994	140891	0.09	10.77	0.23
Panchagarh	1405	836196	595	118487	0.14	4.61	0.24
Rangamati	6116	508182	83	556769	1.10	13.15	53.22
Sherpur	1364	1279542	938	120453	0.09	8.69	1.44
Sunamganj	3670	2013738	549	323729	0.16	7.07	0.44
Sylhet	3490	2555566	732	277748	0.11	10.72	0.68
Bangladesh	147570	124355263	843	11036277	0.09	15.22	1.20

Source: (BBS, 2007): Statistical Yearbook of Bangladesh 2006, and author's calculations

**Table 2: Permanent establishments and total persons engaged by major activity
(% of total)**

Districts	Data item	All sectors	Manuf-acturing	Wholesale and retail trade	Hotels and restaurants	Transport, storage & communication	Public Administration and defense	Educa-tion	Communi-ty, social & personal services
Bandarban	Estabs.	7575	9.73	43.45	12.65	0.89	5.77	9.15	14.48
	Persons	31700	19.04	25.93	8.9	0.09	22.82	8.65	7.52
Brahmanbaria	Estabs.	49905	8.48	62.54	8.52	2.40	0.05	3.82	11.16
	Persons	137880	15.87	50.69	7.76	2.37	2.24	7.81	8.69
Chittagong	Estabs.	174290	7.98	61.73	8.29	2.50	0.04	3.44	11.71
	Persons	653588	21.27	44.54	8.91	2.15	1.82	6.38	8.23
Comilla	Estabs.	108878	6.77	58.48	9.41	2.43	0.05	5.78	13.61
	Persons	304792	14.56	46.39	9.02	2.13	1.90	10.00	10.68
Feni	Estabs.	37677	7.37	58.36	11.01	1.84	0.07	5.52	12.46
	Persons	110651	17.96	43.29	10.92	1.50	2.22	8.95	10.54
Habiganj	Estabs.	26802	9.31	56.01	7.39	2.54	1.25	6.28	13.86
	Persons	75443	19.97	42.15	8.00	2.01	3.75	9.17	8.70
Jamalpur	Estabs.	40992	8.11	60.06	4.32	1.68	1.30	6.23	14.20
	Persons	104886	12.52	46.40	5.38	1.94	3.89	11.90	12.02
Khagrachari	Estabs.	12038	9.64	54.15	10.82	1.99	1.79	7.22	12.13
	Persons	35347	10.98	43.38	11.41	1.38	9.35	8.54	10.61
Kurigram	Estabs.	34939	7.53	55.77	6.16	1.26	1.15	7.44	17.79
	Persons	95119	10.07	39.69	7.45	1.77	4.87	16.75	12.61
Lalmonirhat	Estabs.	23543	6.64	58.88	7.28	2.55	1.12	5.87	14.52
	Persons	58737	11.66	41.97	9.92	4.01	3.99	11.55	11.51
Maulvibazar	Estabs.	31813	9.81	58.66	7.27	2.48	0.08	4.94	13.12
	Persons	88397	22.25	44.21	7.07	2.01	3.34	7.92	8.67
Mymensingh	Estabs.	88873	8.80	60.55	6.23	1.54	0.05	6.04	13.54
	Persons	226740	16.45	46.99	6.65	1.66	2.51	11.09	10.20
Netrokona	Estabs.	37112	10.60	57.27	8.43	1.04	0.07	5.62	13.54
	Persons	86840	15.24	48.93	8.25	2.27	2.55	10.71	9.24
Nilphamarii	Estabs.	36036	5.80	59.20	6.32	1.73	0.09	7.81	15.13
	Persons	96199	11.87	42.03	9.13	2.15	2.97	13.86	11.72
Panchagarh	Estabs.	19792	5.57	54.28	6.59	2.21	1.47	8.20	17.91
	Persons	57710	12.38	34.56	7.36	2.13	5.40	15.72	12.34
Rangamati	Estabs.	14518	7.39	57.85	8.84	1.26	2.53	7.28	11.52
	Persons	63492	14.37	32.24	7.16	0.08	24.85	7.70	7.71
Sherpur	Estabs.	23956	8.88	61.63	4.20	1.13	0.06	6.18	14.06
	Persons	61443	15.95	50.25	5.75	1.06	1.93	9.88	10.71
Sunamganj	Estabs.	30552	7.14	55.75	7.88	1.93	1.04	6.72	14.99
	Persons	84758	12.43	45.48	8.91	1.66	4.05	11.18	10.97
Sylhet	Estabs.	63289	7.64	62.57	5.93	3.52	1.10	3.76	12.34
	Persons	214192	12.68	48.49	8.12	3.06	5.74	6.75	8.73
Bangladesh	Estabs.	2991249	8.57	59.31	6.82	1.99	0.08	4.85	13.68
	Persons	9702282	23.85	39.71	6.41	2.04	3.51	8.68	9.21

Source: (BBS, 2007a): Economic Census 2001 & 2003: National Report, and author's calculations

Table 3: GDP at Current Prices, 2005/06 and Structure of the Economies

Districts	Value added at current prices, 2005/06 (Million US\$)				Share in GDP (%)		
	Agriculture	Industry	Services	GDP	Agriculture	Industry	Services
Bandarban	19	20	66	105	18	19	63
Brahmanbaria	214	332	474	1020	21	33	46
Chittagong	421	1869	2581	4871	09	38	53
Comilla	410	338	887	1635	25	21	54
Feni	99	95	235	429	23	22	55
Habiganj	186	228	310	724	26	31	43
Jamalpur	201	162	429	792	25	21	54
Khagrachari	38	28	97	163	23	17	60
Kurigram	182	105	341	628	29	17	54
Lalmonirhat	107	61	200	368	29	17	54
Maulvibazar	142	128	294	564	25	23	52
Mymensingh	360	293	846	1499	24	20	56
Netrokona	174	113	342	629	28	18	54
Nilphamari	159	85	299	543	29	16	55
Panchagarh	111	48	156	315	35	15	50
Rangamati	39	32	116	187	21	17	62
Sherpur	131	89	241	461	29	19	52
Sunamganj	235	132	353	720	33	18	49
Sylhet	218	320	539	1077	20	30	50
Bangladesh	11014	16674	31356	59748	18	28	52

Source: (Deb et al, 2008) and author's calculations

Socio-economic Indicators and Their Changes over Time

Table 4 presents selected socio-economic indicators of Bangladesh districts bordering the North East, and also provides information on how they changed over time.

In 2005/06, Bangladesh had a per capita income of US\$ 431. Excepting Chittagong which had a per capita income of US\$ 657, all other districts had a per capita income significantly lower than the national average, none exceeding US\$ 400. Eleven out of nineteen districts had a per capita income less than three quarters of the national average. In terms of literacy also, the above districts generally lagged behind. In 2001, fifteen districts had a literacy rate less than the national average of 45.32%. Human Poverty Indices also remained quite high among these districts, varying from 26.72 in Comilla to 42.98 in Sherpur, over 35.00 in 13 out of 19 districts.

Over 1995/96 2005/06 period, although per capita income of Bangladesh increased by 33.31%, in the districts bordering the North East, it declined in two hill districts, Rangamati and Bandarban, by 40.8% and 5.7% respectively, and the increase was marginal in a few other districts, e.g. 2.5% in Netrokona and 8.7% in Mymensingh.

Over 1991-2001 period, all the districts experienced increase in literacy rates. The increase in literacy rates for females was particularly impressive.

Human Poverty Indices also declined over 1995-2000, for all the districts, although the annual changes widely varied between districts.

As mentioned earlier, all the districts except Rangamati and Bandarban experienced growth in per capita income over 1995/96 and 2005/06. Table 5 focuses on the sources of growth.

GDP for Bangladesh as a whole, over this period, grew by 4.2% per annum, with agriculture, industry and services growing at 1.1%, 5.2% and 5% per annum respectively. Annual compound GDP growth rates of the districts bordering the North East varied between -1.9% in Rangamati and 7.5% in Khagrachari. Other districts experiencing low growth rates were Bandarban, Netrokona and Mymensingh with annual compound GDP growth rates at 0.7%, 1.4% and 2.1% respectively. Negative/low growth rates of GDP of these districts can be explained primarily by negative growth rates of agriculture, particularly of the crop sub-sector of these districts. Agricultural growth rates in Rangamati, Bandarban, Netrokona and Mymensingh were -8.3%, -8.0%, -4.0% and -3.4% respectively. In the hill districts of Bandarban, Rangamati and Khagrachari over

Table 4: Per Capita Income, Literacy Rate, and Poverty Index.

Districts	Per capita income (US \$)				Literacy Rate (Aged 7 and above)		Human Poverty Index		
	1995/ 1996	1999/ 2000	2005/ 2006	% change over 1995/ 1996 and 2005/2006	1991	2001	1995	2000	Annual Change
					Both Sexes	Both Sexes			
Bandarban	332	339	312	-5.7	23.82	31.66	51.50	39.77	-4.59
Brahmanbaria	283	304	384	36.0	26.59	39.45	39.26	37.65	-0.82
Chittagong	482	520	657	36.4	43.20	55.54	32.29	29.21	-1.91
Comilla	252	266	319	26.6	33.14	45.98	31.88	26.72	-3.24
Feni	237	262	318	34.6	40.65	54.26	30.83	28.15	-1.74
Habiganj	280	299	371	32.2	24.55	37.72	37.23	34.45	-1.49
Jamalpur	245	277	336	37.2	21.48	31.80	51.06	41.87	-3.60
Khagrachari	236	239	284	20.0	26.32	41.80	43.86	37.58	-2.87
Kurigram	235	282	319	35.1	22.33	33.45	43.14	39.42	-1.73
Lalmonirhat	230	265	299	30.0	28.81	42.33	40.67	35.63	-2.48
Maulvibazar	255	280	314	23.4	30.84	42.06	37.77	32.69	-2.69
Mymensingh	277	305	301	8.7	25.47	39.11	40.30	34.70	-2.78
Netrokona	279	303	286	2.5	25.97	34.94	39.04	37.06	-1.01
Nilphamari	235	261	311	32.5	25.35	38.84	46.86	38.50	-3.57
Panchagarh	249	277	337	35.5	30.58	43.89	38.71	35.03	-1.90
Rangamati	539	365	319	-40.8	36.48	43.59	46.24	35.74	-4.54
Sherpur	242	277	326	34.7	19.49	31.89	45.15	42.98	-0.96
Sunamganj	238	262	324	36.0	22.29	34.37	43.01	39.44	-1.66
Sylhet	274	315	378	38.0	33.85	45.59	39.11	35.06	-2.06
Bangladesh	323	355	431	33.31	32.40	45.32			

Source: (Deb et al, 2008), (BBS, 2007)

Table 5: Growth in GDP by source; 1995/96-2005/06

Districts	Annual Compound Growth Rate (%)							
	GDP	Services	Industry	Agriculture	Crop	Livestock	Fisheries	Forestry
Bandarban	0.7	3.8	5.4	-8.0	-13.6	-2.0	7.8	2.5
Brahmanbaria	4.3	5.3	4.0	2.8	1.4	-3.3	8.6	2.5
Chittagong	4.6	4.6	5.3	1.8	0.0	4.0	3.6	2.5
Comilla	3.8	5.3	3.5	1.3	1.3	2.0	0.6	2.5
Feni	4.1	5.4	4.8	1.0	0.0	0.9	2.2	2.5
Habiganj	4.2	5.3	3.4	1.4	1.9	-3.9	2.0	2.5
Jamalpur	4.3	5.5	5.4	1.4	1.3	2.6	-0.1	2.5
Khagrachari	7.5	6.4	5.4	8.6	9.3	4.5	0.0	2.5
Kurigram	3.6	5.2	5.5	0.3	0.4	-0.2	-0.4	2.5
Lalmonirhat	3.5	5.3	5.6	0.1	0.9	-3.5	-2.0	2.5
Maulvibazar	3.1	5.2	5.4	-1.5	-3.0	-3.0	3.0	2.5
Mymensingh	2.1	4.6	5.5	-3.4	-2.5	-0.6	-8.0	2.5
Netrokona	1.4	4.4	5.5	-4.0	-4.4	-3.2	-6.2	2.5
Nilphamari	4.1	5.4	5.5	1.5	1.4	-3.3	15.6	2.5
Panchagarh	4.6	6.0	5.5	2.6	2.9	-3.1	6.8	2.5
Rangamati	-1.9	3.2	-2.7	-8.3	-16.5	0.8	-1.8	2.5
Sherpur	3.9	5.5	5.5	0.5	1.2	-1.1	-4.5	2.5
Sunamganj	4.4	5.4	5.3	2.6	2.2	-5.1	9.2	2.5
Sylhet	4.6	5.0	8.3	0.2	1.5	-3.7	-2.1	2.5
Bangladesh	4.2	5.0	5.2	1.1	1.0	0.5	1.0	2.5

Source: (Deb et al, 2008)

1995/96 and 2005/06, GDP growth rates were 0.7%, -1.9% and 7.5% respectively. Over the same period, however, per capita income of these three districts changed by -5.7%, -40.8% and 20% respectively (Table 5) which can be accounted for by population growth rates that were higher in these districts compared to others, as people from other regions of the country came and settled down in these districts.

Past and Current Linkages Between the North East and Bangladesh

Linkages between the North East and Bangladesh before Independence

Prior to 1947, particularly during the British rule, the economies of Bangladesh and the North East developed significant economic linkages that contributed to marked economic development in the North East, and brought some benefits to Bangladesh as well. Partition of India into independent states of Pakistan and India brought havoc to the economy of the North East, particularly because East Bengal with which its economy was deeply integrated became a part of Pakistan, and the relationship between the two countries could hardly be called friendly. As mentioned earlier, Assam and Meghalaya were directly linked with Calcutta by railways and river ways passing through East Bengal, and with the outside world by Chittagong port. Tripura was engulfed on all sides but one by East Bengal, and relied entirely on East Bengal Railway and high ways, just a few kilometers away from her borders, for communication with Assam in the north and Chittagong in the south. Although Mizoram had common borders and trade links with Myanmar, linkages were better through East Bengal, as the major river route passed through Chittagong Hill Tracts down the Karnaphuli river to the sea. Given the level of economic integration between East Bengal and the North East, had economic consideration been accorded due priority, it would have been in the interest of the North East to join Pakistan instead of India, but that did not happen. Politics triumphed over economics. Suddenly, the North East found itself virtually cut off from the rest of India and outside world as well as their traditional markets and sources of essential supplies.

Over the last six decades, the North East tried to develop alternate linkages but not very successfully. Other than by air, it is currently linked to mainland India only through the narrow Siliguri corridor that significantly increases distances, and thereby, transport costs, rendering many previously viable

economic activities of the region unviable. Despite state subsidy for transportation east of Siliguri corridor, the people have to pay dearly in terms of significantly higher prices compared to the rest of India for goods procured from the mainland and international markets while products of the region, particularly the bulky perishable agricultural products, rot for loss of their traditional markets across the border, and the vast natural resources that the North East possesses remain unexploited. From 1947 until 1971, i.e. after the departure of the British until Bangladesh gained her independence, because of hostile relationship prevailing between India and Pakistan, the people of the North East, particularly those of Assam, Meghalaya and Tripura immensely suffered, more so, due to large scale immigration from (East) Pakistan in the wake of communal disturbances following partition. With change in demographic composition, the tribal population felt particularly threatened. As different communities tried to secure their share of a shrinking cake by any means, ethnic conflicts erupted, often with violence, leading to insurgency by disgruntled elements and counter insurgency operations by the security forces. The above developments not only discouraged investment, but also caused significant capital flight away from the region, further constraining growth and development of the North East.

Linkages between the North East and Bangladesh after Independence

In 1971, in order to escape from the atrocities committed by the Pakistan army on unarmed civilian population of Bangladesh (then East Pakistan), about 10 million Bengalis from East Pakistan sought refuge in India. Although, the vast majority of these refugees (7 million) were sheltered in West Bengal, the North East also played an important role in hosting these refugees. Tripura with a population of 1.6 million provided shelter to 1.3 million refugees; Meghalaya with a population of 0.9 million hosted nearly 0.7 million refugees and Assam with a population of 14.9 million hosted 0.3 million refugees. (Franda, 1972). For about nine months, until Bangladesh gained her independence and the refugees returned home, the entire economy of the North East underwent severe stress and strain.

Emergence of Bangladesh as an independent state generated high expectation amongst the people of the North East who hoped for an end to their relative isolation, with Bangladesh serving as an economic bridge to the mainland and the outside world. The people of Meghalaya bordering Bangladesh were

particularly excited about the prospect of reopening their traditional trade with the Sylhet plains, so vital for their local economy. Normal trade between Bangladesh and India resumed. In order to alleviate the sufferings of the people living close to the border areas on both sides, the first Indo-Bangladesh Trade Agreement signed on March 28, 1972, made a specific provision for border trade. Article IV of the agreement read as follows:

“In order to meet the day-to-day requirements of the people living within the sixteen kilometer belt of border between West Bengal, Assam, Tripura and Mizoram on the one hand and Bangladesh on the other and with a view to providing facilities to these people to dispose their goods, border trade shall be allowed in specific commodities... The guidelines for operation of the border trade stated that

- (i) entry of the individual trader was to be regulated by the issue of permit by the local authorities on both sides;
- (ii) only specific items in given quantities could be exchanged or purchased;
- (iii) border trade would not be subject to the normal export, import and exchange regulations as well as custom formalities; and
- (iv) each trade could carry an amount not more than Rs/Taka 100 when crossing the border from either country into the other.” (Gassah, 2006 pp.183-4)

Border trade that began in April 1972 was, however, suspended in October the same year on the ground that it opened the way for large scale smuggling of goods between the two countries.

Although border trade was officially suspended, both formal and informal trade between India and Bangladesh flourished. In 2005/06, Bangladesh exports to and imports from India through formal channels amounted to Taka 13.39 billion and 113.55 billion respectively (BBS, 2007). The volume of informal trade is believed to be even larger.

In 1996/97, while formal exports to India amounted to US\$ 46 million, informal exports were estimated at US\$ 125 million. While formal imports from India amounted to US \$ 876 million, informal imports were estimated at US\$ 1250 million. For services, official receipts and payments amounted to US\$ 13 million and US\$ 35 million respectively. Unofficial receipts and payments were estimated at US\$ 13 million and US\$ 300 million respectively (Cookson et al, 2002 p.22). The composition of trade indicated a growing volume of agricultural produce, particularly grain that

varied with the level of domestic production of rice. In 1998/99 Indian rice met 60% of Bangladesh's import needs. Textiles comprise another large component of imports, providing inputs for the export oriented garments industries and for meeting other local demands. A large variety of other manufactured goods which are not locally produced are also imported, and some of the imports pose threat to local products. Medical and educational services account for the largest service outflows (Cookson et al, 2002). North East's contribution to total Indian exports to Bangladesh has however been rather small.

Table 6 presents the North East's state-wise exports to Bangladesh for the years 1995/96 and 1996/97. Exports seem to vary widely from year to year; constitute only a limited number of items, of which, coal, limestone, stone boulders and rice dominate; and Meghalaya seems to be the major exporting state, followed by Assam. Unofficial trade, however, takes place primarily through Tripura border, estimated in the range, between Rs. 500 to 1000 crores, the main export items being cycle and cycle parts, automobile parts, textiles, medicines, plastic goods, chemicals, salt, sugar, kerosene, cereals and pulses, wood and bamboo, rubber and rubber products, fruits and vegetables (Sachdeva, 2000, p.152).

A World Bank study on informal trade between India and Bangladesh estimated the size of the informal imports of Bangladesh at US\$ 512 million (30% of total imports- both formal and informal) compared to total formal imports of US\$ 1210 million in 2002/03. The composition of informal imports indicated that live animals- cows and buffaloes, accounted for 43% of total informal imports, followed by agricultural products, pulses and timber (14%), processed foods (17%), textiles (16%) and others (10%). Rice and wheat accounted for 90% of informal imports of agricultural products; sugar accounted for 88% of informal imports of processed foods; and sarees accounted for 63% of informal textile imports (World Bank, 2005).

Substantial factor movements also take place between India and Bangladesh. The reluctance of some members of the Hindu community to make long term investment in Bangladesh cause some capital outflow from Bangladesh to India. The export oriented garments manufacturing sector of Bangladesh, both formally and informally, employ a sizable number of Indian professionals and highly skilled technicians. A number of unskilled workers of Bangladesh informally migrate to India in search of

Table 6: State-wise Exports through India's North-East Borders to Bangladesh (Rs. lakh)

<i>Item</i>	<i>Assam</i>		<i>Meghalaya</i>		<i>Tripura</i>	
	<i>1995/96</i>	<i>1996/97</i>	<i>1995/96</i>	<i>1996/97</i>	<i>1995/96</i>	<i>1996/07</i>
Onion	6.07	42.08	3.09	6.98	--	--
Citrus fruit	18.57	20.52	1.94	4.23	--	--
Apples	1.27	0.36	1.71	--	0.18	1.99
Oranges	131.30	85.63	90.86	20.27	--	--
Grapes	3.92	1.95	--	--	0.63	0.75
Ginger	6.00	3.39	5.88	16.04	--	--
Garlic	4.13	2.42	37.40	--	0.09	--
Dry Chilly	2.57	14.70	--	--	8.67	--
Pepper	--	0.38	4.53	0.32	2.09	--
Rice	4728.85	435.99	785.73	--	6.48	1.82
Coal	2847.42	416.72	4794.57	6400.04	--	--
Limestone	--	--	392.18	583.57	--	--
Stone boulder	--	29.31	11037.23	30.32	--	--
Total	200.61(?)	2390.25	18435.72	7059.39	18.15	4.56

Source: (Sachdeva, 2000 p.151)

jobs in the manufacturing and household service sector. The North East with a more favorable land-man ratio also attracts some peasants from the bordering Bangladesh districts.

Identifying Activities/ Sectors with Potential to Benefit the People of both the North East and the adjoining Bangladesh Districts

Energy

Availability of adequate energy is the basis of any economic activity in the modern world. The North East is extremely rich in coal deposits, possesses considerable oil resources, and commands tremendous potential for generating hydroelectricity. Despite all these, per capita electricity consumption in the North East has been the lowest in India-110.4 kilo watt hours (kwh), compared to 411.1 in India in 2004/05(NIPFC, 2007). Bangladesh as a whole, and the districts adjoining the North in particular, suffer from acute shortage of power. Only 29.90% of all manufacturing establishments in Bangladesh use electricity, and in 12 out of 19 Bangladesh districts adjoining the North East the above percentages are even lower than the Bangladesh average-only 7.32, 7.72 and 8.49 in Rangamati, Kushtia and Bandarban respectively.

For lack of adequate power, even those establishments which enjoy the privilege of having electricity connection, particularly those located outside the metropolitan cities, remain idle most of the time during the day, due to large scale load shedding. Improvement in the availability of energy,

therefore, is the key to increasing the share of manufacturing activities and output in the economy which alone can bring in a structural transformation of the economies of the North East and adjoining Bangladesh districts. As vast areas of both the regions are yet to come under irrigation, improvement in energy availability, by bringing in more land under irrigation, is also expected to contribute significantly to enhancing the agricultural productivity of both the regions.

Thus the thrust sector for development should be energy, particularly development of hydroelectricity in the North East, as the region currently generates less than 8% of her hydroelectricity generation potential of 63,257 megawatts (NIPFC, 2007). In developing any project for generating hydroelectricity, however, its possible consequences on environment, life and living of the people, and its contribution to mitigation of flood must receive due consideration.

Mining of Limestone and Cement Manufacturing

The North East, Meghalaya in particular, has rich limestone deposits. Limestone is used for production of cement, an indispensable input needed for all constructions. Limestone currently features as a major export item of Meghalaya to Bangladesh. There exists considerable scope for increased mining of limestone in Meghalaya, its transportation to adjoining Bangladesh districts by ropeway/ river, and production of cement to meet growing demand for cement for construction purposes of both the regions. Mining of limestone in Meghalaya and production of

cement in Bangladesh thus emerges as another key activity with considerable potential benefits for the people of both the regions.

Logging and Furniture Making

With 52% of its land under forests, the North East is extremely rich in forest resources. The adjoining Bangladesh districts, excepting Bandarban, Khagrachari and Rangamati, however, have only a small proportion of their land under forest cover, and therefore, need a lot more of forest resources than they produce. There exists therefore scope for a thriving furniture industry under joint ventures with logs from the North East and manpower drawn from both the regions in plants located close to customer concentrations. Location of the plants near a port such as Chittagong, and use of the Swedish technology of furniture making i.e. production of parts based on standard designs, for later assembly by the buyers, can make the industry export oriented. Thus, logging and furniture making for meeting domestic as well as international demand can emerge as another important activity with potential to benefit people of both the regions.

Fertilizer

A few Bangladesh districts adjoining the North East have considerable reserves of natural gas. At present natural gas is being exploited in Bangladesh to produce fertilizer (Urea) and for generating electricity, in addition to meeting the need for domestic use in certain urban areas. Use of natural gas for Urea production is highly efficient, but not so in the case of generating electricity. Development of the energy sector in the North East will not only be able to meet the growing energy needs of Bangladesh, it will also contribute to increased fertilizer production by releasing gas resources for use in fertilizer production, which are currently being used for generating electricity. Increased fertilizer production and use, will definitely contribute to increased agricultural productivity in both the regions.

Tourism

The North East, with her spectacular natural beauty features hills and valleys, rivers and lakes, species-rich tropical rain forests, diverse flora and fauna, wild life sanctuaries, tea gardens and rich cultural diversity. Some of the adjoining Bangladesh districts such as Bandarban, Khagrachari and Rangamati, with their hills, lakes, rivers and cultural mosaic, Sylhet with her tea gardens, and Chittagong with her sea beach can also be developed into attractive tourist

destinations. Standard tour packages covering both the regions can be developed and marketed widely to benefit people of both the regions.

Agro-processing Industry

A lot of agricultural produce of the region, particularly fruits of different varieties, and vegetables, for lack of adequate marketing facilities rot at present. Development of agro-processing industries, close to the production areas; and arrangement for marketing of the above products, will give a boost to production of these commodities and thereby contribute to well being of the people.

Concluding Observations

The North East lags behind the rest of the country in per capita gross state domestic product (GSDP), as do the Bangladesh districts adjoining the North East, excepting Chittagong which enjoys the unique privilege of housing the second largest metropolitan city and the largest sea port of the country. The North East and the adjoining Bangladesh districts have considerable similarity with agriculture accounting for the largest share of employment, a narrow manufacturing base, and low levels of consumption of electricity which significantly constrain their growth prospects.

The three hill districts of Bangladesh have large shares of tribal population, as do three states of the North East, and people of both these sub-regions have been using the same low productive agricultural technology featuring shifting cultivation called *Jhum* for generations. The two regions formed a single economic entity under the British rule, shared common infrastructure and developed close linkages which contributed to economic growth of both the regions. Partition of British India in 1947 into two separate states, India and Pakistan, and the two regions falling in two countries which did not maintain friendly relations, caused havoc to the economy of the North East, as severed economic linkages made its economy extremely vulnerable besides converting it into a virtually land-locked region.

The adjoining districts of Bangladesh (then East Pakistan) also suffered by losing their traditional sources of supplies and markets for their products, but as they retained most of the common infrastructure including access to the sea, and thereby to the outside world, their situation was not as bad. Their growth performance, however, indicates that they performed relatively poorly compared to most

other Bangladesh districts. With the emergence of Bangladesh as an independent country in 1971, it was expected that the linkages earlier lost would be restored, but little progress has been made so far in this direction. It is, however, believed that improved economic linkages between the North East and the adjoining Bangladesh districts, would promote development of both these regions.

In this paper certain activities/sectors have been identified as possible areas of cooperation. As both the North East, and adjoining Bangladesh districts currently suffer from acute energy shortages that constrain their growth prospects, the highest priority needs to be given to development of the energy sector, particularly hydroelectric power in the North East, financed with the help of international development agencies like the World Bank and the Asian Development Bank, with arrangements for guaranteed power supply to Bangladesh, overseen and enforced by international agencies. This will release the natural gas of Bangladesh which is currently being used for generating electricity to a far more efficient use in producing fertilizer, an input urgently required for raising agricultural productivity in both the regions, in a global environment of declining availability of food grains and their soaring prices, pushing increasingly larger number of people below the poverty line.

Private sector initiatives under joint ventures, for harnessing the mineral and forest resources of the North East, and processing of agricultural produce of both the regions need to be encouraged. Mining of limestone in Meghalaya to produce cement in Bangladesh to meet construction needs of both the regions; logging in the North East to produce furniture for domestic use in both the regions and for exports abroad; and industries for processing agricultural produce, particularly fruits and vegetables, have been identified as activities worth promoting. Finally, initiatives need to be taken under joint auspices to promote tourism in this enchanting land of hills and valleys, rivers, lakes and sea, rich flora and fauna, inhabited by culturally diverse people, covering both the regions.

The above measure, however, calls for significant up-gradation of infrastructure along the borders to facilitate trade and faster movement of goods between Bangladesh and the North East. Because of close proximity, the North East can serve as a market for Bangladesh manufactures, but unless the region experiences high rates of economic growth, the size of the market will not expand. The greatest constraint to the growth of the North East is its lack of access to

the sea, and thereby to the outside world. Bangladesh in its own interest, and, also as a goodwill gesture, should allow the North East access to Chittagong Port by the shortest possible route. Capacity and facilities at Chittagong Port need to be significantly enhanced for handling of the increased volume of goods that would flow to and from the North East. India may come forward with necessary financial and technical support in this regard and also for constructing the road that would connect Chittagong Port with the North East.

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