

INDO-BANGLADESH TRADE: OPPORTUNITIES FOR NORTH EAST INDIA

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ABSTRACT

India and Bangladesh have long shared common objectives for closer economic integration within the South Asia region. Cross-border trade between the two countries has grown rapidly since the early 1990s. However, with the new wave of recession set in since 2008, the pattern of cross border trade has started to change. The present paper tries to find out the trend in Indo-Bangladesh trade in the recession affected period. So, the study is made on trends of exports and imports between India and Bangladesh during 2008 to 2011. The paper has also examined the composition of goods traded between these two nations. Since Bangladesh is bordering India on its north-eastern part, promotion of large scale trade between India and Bangladesh may give the much needed boost to the economy of the north-eastern region of India. This paper also explores such possibilities and analyses the opportunities that may open up to the region through international trade between India and Bangladesh.

KEYWORDS: Cross-Border Trade, Comparative Cost Advantage Indo-Bangladesh, North-East India, Opportunities

INTRODUCTION

The cross-border trade between India and Bangladesh began in post independence era itself. But there was no significant improvement in the trade between the two countries at the initial stage. Following adoption of new economic reforms by India in 1991, the trade relations between India and Bangladesh witnessed a significant improvement, and it has been growing gradually. In 2010-11, two-way trade crossed the \$ 551500000 mark as a result of a significant increase in Bangladesh's exports to India (68 percent over the previous year) and India's exports to Bangladesh (43 percent over the previous year).

Bangladesh's exports to India in 2010-11 was \$.10250000, and India's exports to Bangladesh in the same period was \$.91730000. India is the largest export destination for Bangladesh outside the Western world comprising USA and Europe. Bangladesh is surrounded by four-north-eastern states which all together share a 1,880 km border with Bangladesh with 1,434 km on land and 446 km riverine [I].North-east India may serve a gate-way for Bangladesh's access to Indian markets and in the course of time may act as a game changer in the Bangladesh-India trade relations. Bangladesh is one of the largest export markets for Indian trade. The bilateral trade between the two nations is carried out as per guidelines given in the Bangladesh Trade Agreement with India [II], which provides beneficial arrangement for the use of waterways, railways and roadways passage of goods between two places in one country through the territory of the other. There are factors contributing to the growth of trade between India and Bangladesh. These factors jointly point to the locational advantages, i.e proximity between the two countries and coordination between the two governments at the political level.

In 2008, global recession has struck worldwide. It has changed the global trade. The impact of the financial crisis is felt by the developing economies as well. Growth is slowing down in all these countries. India's growth rate in 2008-09

was 6.7 per cent as compared to 9 per cent in the previous year (Economic Survey 2009-2010). In this context, this paper has tried to find the trend in India-Bangladesh trade from 2008 to 2011.

OBJECTIVE OF THE STUDY

- To observe the trend in India-Bangladesh trade.
- To examine the changes in the composition of goods traded between India and Bangladesh.
- To examine the opportunities of trade between India and Bangladesh with special focus to northeast India.

RESEARCH METHODOLOGY

- The study is based on secondary data. The data has been collected from ministry of commerce, Govt. of India.
- Simple statistical tools has been used, like-summation, average, percentage.
- The value of all commodities are expressed in terms of US\$.

Table 1: Trend in India's Export to Bangladesh (2008-11): (Value: In US\$ Million)

	2008-09	2009-10	2010-11
World Export	168151.01175	169106.72876	228584.38436
Total Export To Ban.	2263.44294	2300.21366	295.0495
% Of Global Growth	1.35	1.36	1.2907684
% Of Industry	53.15204673	53.09851794	77.49150777
% Of Agriculture	46.84795327	46.90148206	22.50849223
Growth Rate		1.624548132	28.27047553
Growth Rate Of Global Export		0.57	35.17

Source: Ministry of commerce, Govt. of India, 2012 [III].

From table 1 we find that in 2008-09, India's worldwide total export was \$168151.01175 million. In the same period India's total export to Bangladesh was \$2263.44294 million. Only 1.35% of total exports were being made from Bangladesh. 53.15% of the goods exported to Bangladesh were of industrial nature and 46.84% of the goods exported to Bangladesh were of agricultural nature.

In 2009-10, India's worldwide total export was \$.169106.72876 million. It has increased marginally from 2008-09, where total export of India was \$168151.01175 million. India's total export to Bangladesh in the subsequent period has also increased from 2008-09. It was \$2300.21366 million in 2009-10. Only 1.36% of total exports were being made from Bangladesh. It has also increased from the period 2008-09 to 2009-10. 53.09% of the goods exported to Bangladesh were of industrial nature in 2009-10. The percentage of industrial goods exported to Bangladesh in 2009-10 has decreased from the previous period 2008-09. 46.90% of the goods exported to Bangladesh were of agricultural nature in 2009-10. The percentage of agricultural goods exported to Bangladesh in 2009-10 has increased from the previous period 2008-09. The growth rate of India's total export to Bangladesh between 2008-09 to 2009-10 was 1.624%. The growth rate of India's total export to worldwide between 2008-09 to 2009-10 was 0.57%.

In 2010-11, India's worldwide total export was \$228584.38436 million. It has increased significantly from 2009-10, where total export of India was \$169106.72876 million. India's total export to Bangladesh in the same period has also increased from 2009-10. It was \$295.0495 million in 2010-11. Only 1.36% of total exports were being made from Bangladesh. It has also increased from the period 2008-09 to 2009-10. 53.09% of the goods exported to Bangladesh were of industrial nature in 2009-10. The percentage of industrial goods exported to Bangladesh in 2009-10 has decreased from the previous period 2008-09. 46.90% of the goods exported to Bangladesh were of agricultural nature in 2009-10. The

percentage of agricultural goods exported to Bangladesh in 2009-10 has increased from the previous period 2008-09. The growth rate of India's total export to Bangladesh between 2008-09 to 2009-10 was 1.624%. The growth rate of India's total export to worldwide between 2008-09 to 2009-10 was 0.57%.

Table 2: Trend in India's Import to Bangladesh (2008-11): (Value: In US\$ Million)

	2008-09	2009-10	2010-11
World Import	274887.11	272747.10952	336693.39114
Total Import To Ban.	283.69	241.05628	406.27728
% Of Global Growth	0.103203144	0.088380874	0.120666841
% Of Industry	83.68035105	84.38627838	84.33345389
% Of Agriculture	16.319	15.61372162	15.66
Growth Rate		-15.03	68.54
Growth Rate Of Global Import		-0.78	23.45

Source: Ministry of commerce, Govt. of India, 2012.

From Table 2 we find that in 2008-09, India's worldwide total import was \$27488.7.11 million. In the same period India's total import from Bangladesh was \$.28.369 million. Only 1.35% of total imports were being made from Bangladesh. 83.68% of the goods imported to Bangladesh were of industrial nature and 16.31% of the goods imported to Bangladesh were of agricultural nature.

In 2009-10, India's worldwide total import was \$.272747.10952 million. It has decreased marginally from 2008-09, where total import of India was \$.27488.711 million. India's total import to Bangladesh in the subsequent period has also decreased from 2008-09. It was Rs. 24.1.05628 lacs in 2009-10. Only 1.36% of total imports were being made from Bangladesh. It has also increased from the period 2008-09 to 2009-10. 84.09% of the goods imported to Bangladesh were of industrial nature in 2009-10. The percentage of industrial goods imported to Bangladesh in 2009-10 has decreased from the previous period 2008-09. 15.90% of the goods imported to Bangladesh were of agricultural nature in 2009-10. The percentage of agricultural goods imported to Bangladesh in 2009-10 has increased from the previous period 2008-09. The growth rate of India's total import to Bangladesh between 2008-09 to 2009-10 was 1.624%. The growth rate of India's total import to worldwide between 2008-09 to 2009-10 was 0.57%.

In 2010-11, India's worldwide total import was \$ 336693.39114 million. It has increased significantly from 2009-10, where total import of India was \$. 272747.10952 million. India's total import to Bangladesh in the same period has also increased from 2009-10. It was \$ 406.27728 million in 2010-11. Only 1.36% of total imports were being made from Bangladesh. It has also increased from the period 2008-09 to 2009-10. 53.09% of the goods imported to Bangladesh were of industrial nature in 2009-10. The percentage of industrial goods imported to Bangladesh in 2009-10 has decreased from the previous period 2008-09. 46.90% of the goods imported to Bangladesh were of agricultural nature in 2009-10. The percentage of agricultural goods exported to Bangladesh in 2009-10 has increased from the previous period 2008-09. The growth rate of India's total import to Bangladesh between 2008-09 to 2009-10 was 1.624%. The growth rate of India's total import to worldwide between 2008-09 to 2009-10 was 0.57%.

Composition of Goods Traded between India and Bangladesh

The main items of Bangladesh exports to India include raw jute (\$.141510000); jute goods (\$.61410000); fish \$.49840000); mineral distillates (\$.24920000); fruits (Rs.24920000); garments (\$.22250000); copper/articles (\$. 22250000); minerals (\$.11570000); cotton waste (\$.97900000); iron/steel (\$.7120000) and articles (\$.9790000); knitwear (\$.8900000); leather (\$. 8900000); ceramic (\$.6230000) etc.

The main items of Bangladesh imports from India include cotton (raw, yarn, fabrics)- \$.1339895000; vehicles and parts, other than rail rolling stock (\$.421860000); animal feed/ food waste (\$.267000000); boilers, machinery/mechanical appliances (\$. 220720000); cereals (\$. 186010000); iron and steel (\$.153970000); organic chemicals (\$.116590000);electrical machinery and equipment (\$.102350000); vegetables/roots and tubers (\$.98790000); mineral fuels/waxes/ bituminous products (\$.94340000); plastics/articles (\$.86330000); tanning chemicals (\$.72980000); man-made fibres (\$.65860000); rubber/articles (\$. 57850000); coffee, tea, spices (\$. 51620000) etc.

Inputs imported from India such as cotton, machinery, tanning chemicals etc. are used for value-addition for products such as ready made garments, knitwear, leather goods etc., and get reflected in Bangladesh's trade surplus elsewhere [IV].

Tariff concessions granted by India to Bangladesh under SAFTA (as SAARC LDC) include a zero-duty market access for all, but 480 items in the sensitive list. India had further increased the duty-free access to 10000000 pieces of readymade garments (RMG) from Bangladesh every year. [V]

Top 10 products India exported to Bangladesh in terms of value are given below with table 4,5,6.

Table 3: Top 10 Goods Exported to Bangladesh during 2008-09: (Value: In US\$ Million)

Top 10 Products	2008-09	2009-10	2010-11
Cotton.	368.2041	427.27894	1081.39
Cereals.	219.78012	114.74322	172.41
Sugars And Sugar Confectionery.	161.79462		
Vehicles Other Than Railway Or Tramway Rolling Stock, And Parts And Accessories Thereof.	151.3774	230.887	248.27
Edible Vegetables And Certain Roots And Tubers.	150.9271	237.497	139.07
Nuclear Reactors, Boilers, Machinery And Mechanical Appliances; Parts Thereof.	136.3267	61.71276	122.95
Mineral Fuels, Mineral Oils And Products Of Their Distillation; Bituminous Substances; Mineral Waxes.	129.01066	124.25802	38.03206
Residues And Waste From The Food Industries; Prepared Animal Foder.	103.96972	188.10736	245.88
Iron And Steel	87.14902	126.31904	
Organic Chemicals	68.71478	80.05256	
Man-Made Filaments.		71.17928	
Other Vegetable Textile Fibres; Paper Yarn And Woven Fabrics Of Paper Yarn			90.23058
Plastic And Articles Thereof.			77.06
Electrical Machinery And Equipment And Parts Thereof; Sound Recorders And Reproducers, Television Image And Sound Recorders And Reproducers, And Parts.			69.44
Total	1577.25422	1662.03524	2338.79

Source: Ministry of commerce, Govt. of India, 2012.

From the above Table 3 we find that sugar and sugar confectionary was one of the top 10 products exported to Bangladesh in 2008-09 in terms of value. But it has lost it's position from top 10 commodities exported to Bangladesh from India in 2009-10. India's total export to Bangladesh in 2009-10 was \$ 41.294 million which was less than the value of 2008-09. Organic chemicals was one of the top 10 products exported to Bangladesh in 2009-10 in terms of value. But it has lost it's position from top 10 commodities exported to Bangladesh from India in 2010-11. India's total export to Bangladesh in 2010-11 was \$ 45,24.267 million which was higher than the value of 2009-10. Man-made filaments was one of the top 10 products exported to Bangladesh in 2009-10 in terms of value. But it has lost it's position from top 10 commodities

exported to Bangladesh from India in 2010-11. India's total export to Bangladesh in 2010-11 was \$ 30,05.957 million which was less than the value of 2009-10. Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn Top 10 products was one of the top 10 products exported to Bangladesh in 2010-11 in terms of value. Plastic and articles thereof was one of the top 10 products exported to Bangladesh in 2010-11 in terms of value. Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts was one of the top 10 products exported to Bangladesh in 2010-11 in terms of value.

India imported from Bangladesh in terms of value are given below with table 7,8,9.

Table 4: Top 10 goods imported from Bangladesh during 2008-09: (Value: In US\$ Million)

TOP 10 PRODUCTS	(2008-09)	2009-10	2010-11
Other Made Up Textile Articles; Sets; Worn Clothing And Worn Textile Articles; Rags	52.3234	48.1916	58.8439
Fertilisers.	40.27232	7.073	
Inorganic Chemicals; Organic Or Inorganic Compounds Of Precious Metals, Of Rare-Earth Metals, Or Radi. Elem. Or Of Isotopes.	36.0097	9.57286	
Fish And Crustaceans, Molluscs And Other Aquatic Invertabrates.	33.33986	23.98978	59.17
Other Vegetable Textile Fibres; Paper Yarn And Woven Fabrics Of Paper Yarn.	29.29626	52.4898	99.54
Salt; Sulphur; Earths And Stone; Plastering Materials, Lime And Cement.	14.95508	18.88808	33.06
Mineral Fuels, Mineral Oils And Products Of Their Distillation; Bituminous Substances; Mineral Waxes.	11.01842		41.30
Raw Hides And Skins (Other Than Furskins) And Leather	7.64072	7.4573	12.06
Cotton.	4.82532	5.82746	
Articles Of Apparel And Clothing Accessories, Not Knitted Or Crocheted.	4.17922		16.28
Copper And Articles Thereof		10.92304	14.71
Iron And Steel		6.555	16.80
Edible Fruit And Nuts; Peel Or Citrus Fruit Or Melons			25.84
Total	233.8603	190.96818	377.60

Source: Ministry of commerce, Govt. of India, 2012.

Mineral fuels, mineral oils and products of their distillation, bituminous substances, mineral waxes was one of the top 10 products imported from Bangladesh in 2008-09 in terms of value. But it has lost its position from top 10 commodities imported from Bangladesh to India in 2009-10. India's total import from Bangladesh in 2009-10 was \$ 7.600 million which was less than the value of 2008-09. Articles of apparel and clothing accessories; not knitted or crocheted was one of the top 10 products imported from Bangladesh in 2008-09 in terms of value. But it has lost its position from top 10 commodities imported from Bangladesh to India in 2009-10. India's total import from Bangladesh in 2009-10 was \$ 69.5051 million which was higher than the value of 2008-09. Inorganic chemicals, organic and inorganic compounds of precious metals of rare earth metals or radi.elem or of isotopes, was one of the top 10 products imported from Bangladesh in 2008-09 in terms of value. But it has lost its position from top 10 commodities imported from Bangladesh to India in 2010-10. India's total import from Bangladesh in 2010-09 was \$69.505 million which was less than the value of 2009-10. Fertilisers was one of the top 10 products imported from Bangladesh in 2008-09, 2009-10 in terms of value. But it has lost its position from top 10 commodities imported from Bangladesh to India in 2010-11. Cotton was one of the top 10 products imported from Bangladesh in 2008-09, 2009-10 in terms of value. But it has lost its position from top 10 commodities imported from Bangladesh to India in 2010-11. Edible Fruit And Nuts; Peel Or Citrus Fruit Or Melons was

one of the top 10 products imported from Bangladesh in 2010-11. Iron and steel was not in the top 10 products imported from Bangladesh in 2008-09. It has come in the top 10 products imported from Bangladesh in 2009-10, 2010-11.

Changes in Composition of Goods Traded between India and Bangladesh

There were number of products for export and import to and from Bangladesh, out of which top 20 products were singled out for both export and import. Some of the products, which found place in top 10 of both export and import in 2008-09, failed to remain in top 10 during 2009-10 due to fall in the value of the products and some other products took the place of those products. Some of the products, which found place in top 10 of both export and import in 2009-10, failed to remain in top 10 during 2010-11 due to fall in the value of the products and some other products took the place of those products. The growth rate in respect of some products which, were in top 10 during 2008-09, fell but their place in top 10 remained the same for both export and import, in 2009-10. The growth rate in respect of some products which, were in top 10 during 2009-10, fell but their place in top 10 remained the same for both export and import, in 2010-11.

The details showing the factual position of export and import between the two countries in keeping with what have been noted above are given in the tables below:

Table 5: Changes in Composition of Goods Exported to Bangladesh (2008-11): (Value: In US\$ Million)

Export	2009-10	2010-11	GR	2008-09	2009-10	GR
Fish And Crustaceans, Molluscs And Other Aquatic Invertebrates.	13.8343	8.1046	-41.42	6.076	13.834	127.68
Other Made Up Textile Articles; Sets; Worn Clothing And Worn Textile Articles; Rags	1.61672	1.82316	12.77	2.568	1.616	-37.06
Other Vegetable Textile Fibres; Paper Yarn And Woven Fabrics Of Paper Yarn.	1.55904	1.01324	-35.01	1.726	1.554	-9.7
Salt; Sulphur; Earths And Stone; Plastering Materials, Lime And Cement.	49.89138	25.51842	-48.85	37.575	49.891	32.78
Edible Fruit And Nuts; Peel Or Citrus Fruit Or Melons.	38.7968	41.68422	7.44	43.368	38.796	-10.54
Articles Of Apparel And Clothing Accessories, Not Knitted Or Crocheted.	8.889	14.70184	65.39	9.625	8.889	-7.65
Copper And Articles Thereof.	2.512	3.50972	39.69	4.189	2.512	-39.92
Raw Hides And Skins (Other Than Furskins) And Leather	2.26528	3.41984	50.97	1.969	2.265	15
Man-Made Filaments.	71.17924	60.11914	-15.54	41.530	71.179	71.39

Source: Ministry of commerce, Govt. of India, 2012.

In Table 5 we find those products which have come to the top position in export. Man-made filaments was not in the top position in 2008-09 in terms of value, but in 2009-10 it has come to the top position. The value of man-made filaments was \$71.17924 million in 2008-09 whereas in 2009-10 it has become \$60.11914 million. Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn was not in the top position in 2009-10 in terms of value, but in 2010-11 it has come to the top position. The value of other vegetable textile fibres; paper yarn and woven fabrics of paper yarn was \$1.55904 million in 2009-10 whereas in 2010-11 it has \$1.01324 million. Fish and crustaceans, molluscs and other aquatic invertebrates was not in the top position in 2009-10 in terms of value, but in 2010-11 it has come to the top position. The value of Fish and crustaceans, molluscs and other aquatic invertebrates was \$13.8343 million in 2009-10 whereas in 2010-11 it has become \$8.1046 million. Other made up textile articles; sets; worn clothing and worn textile articles; rags was not in the top position in 2009-10 in terms of value, but in 2010-11 it has come to the top position. The value of other vegetable textile fibres; paper yarn and woven fabrics of paper yarn was \$1.61672 million in 2009-10 whereas in 2010-11 it has become \$1.82316 million. Salt; sulphur; earths and stone; plastering materials, lime and cement was not in the top

position in 2009-10 in terms of value, but in 2010-11 it has come to the top position. The value of Salt; sulphur; earths and stone; plastering materials, lime and cement was \$49.89138 million in 2009-10 whereas in 2010-11 it has become \$25.51842 million. Edible fruit and nuts; peel or citrus fruit or melons was not in the top position in 2009-10 in terms of value, but in 2010-11 it has come to the top position. The value of Edible fruit and nuts; peel or citrus fruit or melons was \$38.7968 million in 2009-10 whereas in 2010-11 it has become \$41.68422 million. Copper and articles thereof was not in the top position in 2009-10 in terms of value, but in 2010-11 it has come to the top position. The value of Copper and articles thereof was \$2.512 million in 2009-10 whereas in 2010-11 it has become \$3.50972 million. Raw hides and skins (other than furskins) and leather was not in the top position in 2009-10 in terms of value, but in 2010-11 it has come to the top position. The value of Raw hides and skins (other than furskins) and leather was \$2.26528 million in 2009-10 whereas in 2010-11 it has become \$3.41984 million.

Table 6: Changes in Composition of Goods Imported from Bangladesh (2008-11): (Value: In US\$ Million)

Import	2008-09	2009-10	GR	2009-2010	2010-2011	GR
Copper And Articles Thereof.	3.1154	10.923	250.61	10.923	13.342	22.15
Iron And Steel	3.135	6.555	109.1	6.555	15.304	133.47
Edible Fruit And Nuts; Peel Or Citrus Fruit Or Melons.	3.811	4.952	29.96	4.952	23.450	373.5
Mineral Fuels, Mineral Oils And Products Of Their Distillation; Bituminous Substances; Mineral Waxes.	11.018	.152	-98.62	.152	38.032	24,920.43
Articles Of Apparel And Clothing Accessories, Not Knitted Or Crocheted.	4.179	4.096	-1.98	4.096	14.750	260.06

Source: Ministry of commerce, Govt. of India, 2012.

In Table 6 we find those products which have come to the top position in import. Copper and articles thereof was not in the top position in 2008-09 in terms of value, but in 2009-10 it has come to the top position. The value of Copper and articles thereof was \$3.1154 million in 2008-09 whereas in 2009-10 it has become \$10.923 million. Iron and steel was not in the top position in 2008-09 in terms of value, but in 2009-10 it has come to the top position.

The value of Iron and steel was \$3.135 million in 2008-09 whereas in 2009-10 it has become \$6.555 million. Edible fruit and nuts; peel or citrus fruit or melons was not in the top position in 2009-10 in terms of value, but in 2010-11 it has come to the top position. The value of Edible fruit and nuts; peel or citrus fruit or melons was \$4.952 million in 2009-10 whereas in 2010-11 it has become \$23.450 million. Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes was not in the top position in 2009-10 in terms of value, but in 2010-11 it has come to the top position.

The value of Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes was .152 million in 2009-10 whereas in 2010-11 it has become \$38.032 million. Articles of apparel and clothing accessories, not knitted or crocheted was not in the top position in 2009-10 in terms of value, but in 2010-11 it has come to the top position. The value of Articles of apparel and clothing accessories, not knitted or crocheted was \$4.096 million in 2009-10 whereas in 2010-11 it has become \$14.750 million.

India and Bangladesh share close bond for along time now since 1971 when Bangladesh emerged as one individual nation with sovereign identity. In this context, north east region of India plays a significant role. Tripura is surrounded by Bangladesh on its north, south and west. It has the longest border with Bangladesh compared to other three India's north-eastern states namely Assam, Meghalaya and Mizoram bordering Bangladesh. Tripura has close cultural and linguistic proximity with Bangladesh [VI]. This relation has been capitalized in terms of increasing trade between the two.

There are still unexplored opportunities that need to be tapped to strengthen trade and commerce between the two. In this respect, exports of products specially produced and developed in Tripura enjoy the cost advantage because of its geographical location.

Trade between Bangladesh and Tripura alone has increased from \$.513585.4 in 1996 to \$.55150000 in the fiscal year (FY 2011-12), according to data of the Export Promotion Bureau (EPB). Tripura is one of the leading pineapple-growing states in the North-east with the total production estimated at around 117,531 tonnes in FY 2010-11. Besides pineapples, farmers of Tripura also used to sell other tropical fruits to Bangladesh through border outlets. The export of Edible fruit and nuts; peel or citrus fruit or melons has increased from 2009-10 to 2010-11. Lemon, Orange, Pineapple are the part of edible fruit [VII]. Tripura has a comparative advantage on those products. These products export to Bangladesh from Tripura has increased from 2009 to 2011. So Govt. should promote the export of Edible fruit and nuts; peel or citrus fruit or melons.

CONCLUSIONS

It is widely believed that due to geographical proximity, strategic position, close cultural and historical bond and above all economic complementarities, there are huge prospects and potentials for promoting trade and investment between Bangladesh and seven North-East States of India, popularly called “seven sisters”.

This would result in sustainable growth and development of the two economies and improving the fate and lot of the teeming millions of the region as a whole. The North-East region of India is endowed with huge resources like minerals, quarry, forestry, horticulture, crops, plantation and others. Despite rich in natural resources, this landlocked region is not well connected with the rest of India. A narrow Siliguri corridor of 22 km stretch connects the region with the rest of India. The seven state capitals are at a distance varying from 1080 km to 1680 km from their nearest mainland port city of Kolkata.

On the contrary the distance of those cities from Dhaka and Chittagong is much shorter than that of Kolkata. Moreover due to undulating topography and innate difficulties, this region is underdeveloped with poor infrastructure, transportation system and other logistic facilities. As a result, transportation cost of goods to and from this region to rest of India and within the region is exorbitantly higher than that of any strategic parts of Bangladesh. This fact postulates the efficacy of developing a good trade and investment relation between the NEI and Bangladesh.

RECOMMENDATIONS

For developing trade between Bangladesh and North East Region, the following measures should be taken.

- If the roads used for transportation of goods are not built evenly, it has a negative effect on trade because consumption of fuel is more and it is time-consuming as well.
- If there is cooperation among the traders transportation of goods may be, if needed, possible in one consignment and that goes to the advantage of all concerned.
- Since recession may take place any time, storage facilities need to be within reach. Otherwise, volatility of recession is sure to tell upon the momentum of trade.
- To begin with a number of formalities are in place to be taken care of. Single window system may go to help ease the situation to a great extent by saving time.

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