

Federation of Indian Export Organisations Eastern Region

Report

**National Conference on 'Facilitating India - Bangladesh Bilateral Trade',
jointly Organized by FIEO(ER) and CSIRD, held on 19th April 2008, at
Bengal Club, Kolkata**

The Government of India's Ministry of Commerce and Industry (MoCI) has been proactively promoting various trade and transport facilitation issues such as infrastructural facilities like Integrated Check Posts (ICPs). In the eastern and northeastern India, two ICPs have been planned to be set-up in the first phase; one is at Petrapole to facilitate India-Bangladesh trade, and the other is at Moreh to facilitate the trade between India and Myanmar. Another ICP is slated to be set-up at Raxaul to facilitate India-Nepal trade.

It was felt that a lot of ground is still required to be covered on issues like infrastructure, high transaction cost, poor port facilities, etc. in order to enhance India's overland trade with countries like Bangladesh, Bhutan, China, Nepal and Myanmar.

In this connection, the Centre for Studies in International Relations and Development (CSIRD), a Kolkata-based Think-Tank, has proposed to FIEO (ER) series of workshops that could be jointly organized in the Eastern and Northeastern India to deliberate on issues related to trade facilitation with countries like Bangladesh, Bhutan, China, Nepal and Myanmar. Close on the heels of resumption of India – Bangladesh passenger railway services on 14 April 2008, the first such national conference on '**Facilitating India - Bangladesh Bilateral Trade**' was jointly Organized by FIEO(ER) and CSIRD on 19th April 2008 in Kolkata.

As elicited by Mr. Rajiv Kumar, IRS, Director in the Ministry of Commerce and Industry, Govt. of India at the conference, the MoC&I Ministry has been contemplating development of infrastructure along the land customs stations

located in India interfacing with countries like Bhutan, Bangladesh, Nepal and China. A separate company called the Land Port Authority of India is proposed to be set up for carrying out this infrastructure development at border.

The daylong conference had eminent speakers from various fields, who made presentations on India's trade with Bangladesh and the scope and opportunities therein. The conference was attended among others by Mr. Jayanta Sarkar, Director, CSIRD, Mr. Sanjeev Nandwani, ITS, DGFT, Dr. Prabir De, RIS, Dr. Biswajit Nag, IIFT, Mr. S. K. Jain, Chairman, FIEO(ER), Mr. Sushil Patwari, Managing Committee Member, FIEO and Convenor, Committee on Infrastructure and Mr. Pravin Saraf, Managing Committee Member, FIEO. A list of participants is annexed with this report.

Welcoming the panelists and the guests at the Conference, Mr. Jain, Chairman FIEO(ER) stated that against the backdrop of India's international trade of US\$ 400 billion, announced by the Hon'ble Minister of Commerce & Industry, and considering the population of India and Bangladesh, the trade between the two countries should not be less than US\$ 15 billion. However, present bilateral formal trade is only US\$ 3 billion, which is very low compared to the potential. Considering the fact that India and Bangladesh are historically connected and the geographical interface is the third largest in the world, we can both mutually benefit from increased trade between the two countries. The conference intends to highlight how this can be done, he added.

The first session focusing on *Prospects and Opportunities of Indo-Bangladesh Trade* was chaired by Mr. Jayanta Sarkar, Director, CSIRD. The first presentation by Dr. Biswajit Nag, IIFT, dealt upon FTA between India and Bangladesh, giving dimensions of the trade and the product structure, the tariff barriers of Bangladesh, transport issues, services trade, other linkages, among others. The estimated transaction cost in respect of exports to Bangladesh has now been reduced to 12% in 2005 and for imports from Bangladesh it came down to 33% in 2005. However, this remained static in recent years.

Dr. Prabir De, RIS, in his presentation discussed the emerging challenges in Indo-Bangladesh trade in the areas of transportation services, namely, road, rail, aviation and maritime networks. He also provided an insight into the future logistical solutions being provided for facilitating trade between India and Bangladesh. Dr. De estimated the trade costs at 14 LCSs in the eastern India, which, in other words, indicates “behind the border” issues are much more important than tariff barriers in order to enhance bilateral trade.

Mr. Sushil Patwari, MC Member FIEO and Convenor, Committee on Infrastructure in his presentation highlighted the various land customs stations existing between India and Bangladesh and the problems of exporting through Mahadipur and Petrapole Land Custom Stations. At the end, Chairman of this session Mr. Jayanta Sarkar, Director, CSIRD, recommended that if the physical difficulties in trade were removed, not only the bilateral trade will grow but it also will provide a lot of opportunities in the field of investments and services between India and Bangladesh.

In the second session on ***Recent Developments and Emerging Challenges***, Mr P.K. Shah, Past President, FIEO pointed out that extensive use of riverine route to Bangladesh and more barge services are expected to reduce the huge congestion of export cargo at the LCSs and eventually the transaction cost as well. A socio-economic bond has to be created by concentrating on opening up health care sectors in Bangladesh as thousands of patients are coming to India for treatment. Along with growth in export of commodities, in export of services also the untapped potential should be exploited.

Mr. Sanjeev Nandwani, ITS, JDGFT in his address stated that over 15% of Bangladesh imports come from India and Bangladesh exports account for only less than 1% of India’s imports. Informal trade is almost 3/4th of formal trade of Bangladesh with India. Investments from India could help formalize the trade. Major initiatives are like testing facilities for fish, up-gradation of five land Customs stations in West Bengal, grant of transit rights to Bangladeshi

truck drivers at the CWC parking in Petrapole, new mooring station at Chittagong and allowing of exporters from North East to use Chittagong Port for their international trade. This will help all the States in North East to export their commodities at much lesser cost. At the end of it, India should be prepared to give much more in the trade facilitation, duty concessions to concessions, etc. This will help reduce the trade deficit between India and Bangladesh. Also, India is the biggest users of anti dumping duty which should be reduced. On the Bangladesh side, banks should use greater caution for issuing letter of credit and needs to conform to UCP 600 norms to reduce trade dispute with India. Tourism is another sector which should be looked into.

Mr. Pravin Saraf, Managing Committee Member, FIEO in his address stated that though the trade is growing but it is highly in favour of India. This imbalance of trade should be corrected. Of the existing imports by Bangladesh, 8% is capital goods and 20% is consumer goods. Bangladesh, though least developed, is still liberalizing aggressively. The bottom line is Bangladesh needs a larger market access to India at concessional duty and Government of India should consider the issue sympathetically. India should have a long-term interest in a prosperous Bangladesh, which in turn will provide a large market for India's exports and investment, he observed.

Summing up, the Chairman of the second session, Prof. Ajitava Raychaudhury, Jadavpur University, stated that all the presentations led to one issue: opening up of more trade and investment with Bangladesh.

The third session, ***Removing Trade Barriers*** was chaired by Mr. Rajiv Kumar, IRS, Director in the Ministry of Commerce and Industry. The first presentation was made by Mr P. K. Halder, CES, ZJDGFT, Kolkata who provided an overview of the India-Bangladesh trade. The second presentation was made by Lt. Col. Nair, Regional In-charge, NHAI gave an overview of the road network in West Bengal and the improvements being done for NH 35 which ends at Petrapole. A detailed discussion followed the presentation where the CHAs were keen to know more about the other roadways in West

Bengal also. The third presentation was made by Mr. Chanchal Sarkar, IES, Dy. Director in the Ministry of Commerce and Industry. He dealt with the issue relating to the trade between India and Bangladesh and the difficulties existing in trade barriers and non-trade barriers. He explained in details salient issues under WTO regime.

The Chairman of the session Shri Rajeev Kumar while providing an overview of the presentations stated that the Ministry of Commerce and Industry was keenly interested in enhancing trade between India and its neighbors which are linked by land, by developing the land customs stations and providing infrastructure matching international standards in order to allow smooth bilateral trade of merchandise between India and Bangladesh, China, Myanmar and Nepal. The intention of the conference is to gather inputs and to make necessary changes, if felt required, to the base paper being prepared currently. The Petrapole-Benapole border will be having an Integrated Check Post (ICP) for which the Detailed Project Report (DPR) has been prepared by RITES. Similar ICPs are on the pipeline for other roads also. Similarly, testing also can be done in laboratories in Bangladesh and India is providing technical assistance for developing these laboratories to international standards.

Summing up the proceedings of the day, Mr. Tapan Chattopadhyay, Dy. Director General, FIEO (ER) thanked the Ministry of Commerce and Industry and CSIRD for initiating this conference and taking time out to come to Kolkata and sharing views with the exporting community. As recommended by the conference participants and in view of the huge success of this meeting, large participation and quality interaction by the prominent exporters, DDG (ER) suggested to Mr. Rajeev Kumar, Director, MoC&I similar interactive sessions in Moreh for India-Myanmar trade, Jaigaon/Phuntshilling for India-Bhutan trade, Nathu La for India-China trade, and Raxaul for India-Nepal trade that could be jointly organized by FIEO and CSIRD with support of Ministry of Commerce and Industry, Government of India. FIEO and CSIRD strongly urged the Government to consider the recommendations made by this Conference.

Selected List of Participants

No	Name	Organization
1	Mr. Rajeev Kumar	Director, Ministry of Commerce & Industry, Govt. of India, New Delhi
2	Mr. Chanchal Sarkar	Dy. Director, Ministry of Commerce & Industry, Govt. of India, New Delhi
3	Mr. S K Jain	Chairman, FIEO (ER) & LMJ International
4	Mr. S K Patwari	MC Member, FIEO, & Nagreeka Exports
5	Mr. Praveen Saraf	MC Member, FIEO & Saraf Impex (P) Ltd.
6	Mr. P K Shah	Past President, FIEO & Nipha Exports
7	Mr. Sanjeev Nandwani	Jt. Director, DGFT, Kolkata
8	Mr. Tapan Chattopadhyay	DDG, FIEO(ER)
9	Mr. P T Srinath	Dy. Director, FIEO (ER)
10	Mr. P. K. Halder	ZJDGFT, Kolkata
11	Mr. Arup Guha	Marine Container Services, Kolkata
12	Lt. Col. G. Nair	Regional In-charge, NHAI, Kolkata
13	Prof. Ajitava Raychaudhury	Jadavpur University, Kolkata
14	Mr. H L Kedia	A to Z Chemicals
15	Mr. B K Kedia	A to Z Chemicals
16	Mr. Gaurav Harlalaka	Birla Corporation Limited
17	Mr. Tanveer Ahmed	Danish Export Corporation
18	Mr. Samar Mohan Saha	F Ahmed & Co
19	Mr. Sajal Dutta	Ranu Handicraft Udyog
20	Mr. Nani Dutta	Ranu Handicraft Udyog
21	Mr. B Basu	Howrah Mills Limited
22	Mr. Rajeev Gupta	Nandayala Satyanarayana
23	Mr. P D Baidya	Sudeep Exports
24	Mr. Shyam Kanti Das	Sudeep Exports
25	Mr. P Dhar	Indikraft
26	Mr. Debashish Mohan Saha	Krishna Traders
27	Md. Shahbaz Siddiqui	S D Heavy Sea Food
28	Dr. Biswajit Nag	IIFT. New Delhi
29	Dr. Prabir De	RIS, New Delhi
30	Mr. Jayanta Sarkar	CSIRD, Kolkata
31	Mr. Sandip Singha Roy	CSIRD, Kolkata
32	Mr. Saurav Banerjee	CSIRD, Kolkata

Apart from above participants, senior officials from the Service sector, namely, Bank of Baroda, Union Bank, UCO Bank, Oriental Bank of Commerce, Express Clearing Agency, Indian Leather Product Association, Popular Shipping Agency, Seashore Ship Agencies Pvt. Ltd, Tantan Commercial (P) Ltd, Directorate of Industries, SGS India Pvt. Ltd (3rd party Inspection Agency appointed by Government of Bangladesh), Oriental Chamber of Commerce, West Bengal Exporters Coordination Committee and Malda Merchants Chamber of Commerce, also participated in this conference.

There were good participations from media as well. The event was covered in Economic Times, The Statesman, Financial Express, Business Standard,

Indian Express, Hindu Business Line, Dainik Statesman, E-TV, Inquilab, Jugantar, TV 18, News Today, Pratham Alo, Vorer kagaz, 24 Ghanta, Manab Zamin, among others.