

BANGLADESH'S RISE IS AN OPPORTUNITY FOR INDIA, BUT IS OVERSHADOWED BY NEGATIVE DOMESTIC POLITICS

Relevant for: International Relations | Topic: India - Bangladesh

The International Monetary Fund's latest World Economic Outlook published last week has triggered much outrage in India. The provocation was the IMF's prediction that Bangladesh's per capita GDP will overtake that of India this year. The projected difference is rather small — \$1,888 to \$1,877 — and unlikely to last beyond this year. But it offered enough ammunition for a political attack on the NDA government's economic record.

There are many reasons for anxiety about India's economic slowdown in recent years. But in using Dhaka's impressive economic performance to attack Delhi's, India is missing the bigger story about the strategic consequences of Bangladesh's economic rise.

International development institutions are convinced that the rest of the subcontinent and developing countries around the world can learn much from Dhaka's experience — the so-called "Bangladesh model". Our focus here is different. It is about the regional implications of Bangladesh's economic success — five of them stand out.

First, rapid and sustained economic growth in Bangladesh has begun to alter the world's mental maps of the subcontinent. Over the last five decades and more, South Asia, for most purposes, has meant India and Pakistan. The other countries were generally described as the "smaller" states of the region. Bangladesh was never really small; its population today stands at about 160 million. It is demographically the eighth-largest nation in the world.

But it did not seem to matter. The global interest, of course, was riveted on Pakistan — its nuclear weapons, claims on Kashmir, wars with India, role in Afghanistan and its cosy relationship with international terrorism. The economic rise of Bangladesh is changing some of that. If there is no end to bad news from Pakistan, Bangladesh provides a positive narrative about the subcontinent's prospects.

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The second implication is about the changing economic weights of Bangladesh and Pakistan in South Asia. This year, Bangladesh's GDP is expected to reach about \$320 billion; the IMF did not have the 2020 numbers from Pakistan to report but in 2019, Pakistan's economy was at \$275 billion.

Even more consequently, while Bangladesh continues to grow, the IMF suggests that Pakistan's economy will contract further this year. A decade ago, Pakistan's economy was \$60 billion larger than Bangladesh. Today, Bangladesh's weight is bigger than Pakistan by the same margin.

A US dollar today gets you 85 Bangladeshi taka and 162 Pakistani rupees. The trend line is unlikely to change in the near future — for Bangladesh has controlled its population growth and Pakistan has not. Dhaka has a grip over its inflation and Islamabad does not.

There is no question that Pakistan's negative geopolitical weight in the world will endure, thanks to its muscular foreign policies driven by the army. Bangladesh does not have an atomic arsenal

like Pakistan nor does it weaponise violent religious extremism; but its growing economic muscle will help Dhaka steadily accumulate geopolitical salience in the years ahead.

Third, Bangladesh's economic growth can accelerate regional integration in the eastern subcontinent. Whether one likes it or not, the region's prospects for a collective economic advance are rather dim. Thanks to Pakistan's opposition to economic cooperation with India and its support for cross-border terror, the main regional forum for the subcontinent, the South Asian Association for Regional Cooperation (Saarc), is in a coma.

Instead of merely praying for the revival of Saarc, Delhi could usefully focus on promoting regionalism among Bangladesh, Bhutan, India and Nepal. The BBIN sub-regional forum — involving the four, activated in the middle of last decade — has not advanced fast enough. It is time for Delhi and Dhaka to take a fresh look at the forum and find ways to widen the scope and pace of BBIN activity. Meanwhile, there is growing interest in Bhutan and Nepal for economic integration with Bangladesh.

Fourth, the economic success of Bangladesh is drawing attention from a range of countries in East Asia, including China, Japan, South Korea, and Singapore. The US, which traditionally focused on India and Pakistan, has woken up to the possibilities in Bangladesh. That the US Deputy Secretary of State, Stephen Biegun, travelled last week from Delhi to Dhaka rather than Rawalpindi, says something about Washington's changing South Asian perspective. Bangladesh does not want to get into the fight between Beijing and Washington, but the great power wooing of Dhaka is bound to intensify in the new geopolitics of the Indo-Pacific.

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Finally, the economic rise of Bangladesh could boost India's national plans to accelerate the development of its eastern and northeastern states. Consider this: Bangladesh's economy is now one-and-a-half times as large as that of West Bengal; better integration between the two would provide a huge boost for eastern India. So would connectivity between India's landlocked Northeast and Bangladesh.

Undoubtedly, there has been some progress in strengthening economic ties and connectivity between eastern India and Bangladesh in recent years. But so much more is possible — those prospects are overshadowed by negative politics in India.

In Punjab, the chief ministers of both Congress and Akali Dal have often demanded greater economic engagement with West Punjab. This sentiment was reciprocated by the Sharif brothers in Lahore, but crushed by Rawalpindi's strong resistance. In the east, Delhi and Dhaka are eager to promote greater cooperation; but there has been little political enthusiasm in Kolkata. In Assam, the issue of migration continues to impose major political constraints.

Prime Minister [Narendra Modi](#) deserves much political credit for getting parliamentary approval of the boundary settlement in 2015, despite the opposition in his own party. The UPA government, which negotiated the boundary pact in 2011, could not muster sufficient political support. Modi also accepted the 2014 international arbitration award on the maritime boundary dispute between India and Bangladesh.

But the very positive dynamic surrounding the bilateral relationship in Modi's first term has, unfortunately, acquired a negative tone in the second amidst the poisonous rhetoric in India around the Citizenship Amendment Act. There is much room for course correction in Delhi and to shift the focus from legacy issues to future possibilities.

Bangladesh is getting ready to celebrate the golden jubilee of its liberation from Pakistan in March next year. Modi, who plans to join the celebrations, must use the special occasion to jointly develop and pursue with Dhaka an ambitious framework for shared prosperity. That would help India consolidate the golden chapter in India-Bangla relations that Modi has sought to script with Prime Minister Sheikh Hasina.

This article first appeared in the print edition on October 20,2020 under the title “Raja Mandala: The good neighbour”. The writer is director, Institute of South Asian Studies, National University of Singapore, and contributing editor on international affairs for [The Indian Express](#)

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