

INDIA-BANGLADESH BI-LATERAL TRADE REALTIONSHIP SINCE 2010-2019

Mainul Hoque

Asstt. Professor

Department of Economics

Mankachar College, Mankachar

Email : mainulhoquemc@gmail.com

Abstract

The relationship between India Bangladesh is anchored in history, culture, languish, democracy, and Bilateral trade relationship. In this paper I shall try to focus only Bilateral trade relationship between India and Bangladesh. The first trade agreement between India and Bangladesh was signed in 28 March 1972 after a few years there are a number of other trade related agreement that have been signed between both the two country has grown steady ever the last decade. India exports a wide range of products to Bangladesh. But Bangladesh has largely fail to increase its exports to the Indian market. Basically Bangladesh exports are dominated by labour intensive manufacture commodities. India is the second biggest trade partner of Bangladesh during the financial year 2018-19 India's exports to Bangladesh were \$8.2 billion and import were only \$1.26 billion. From this trade relation, India is trade surplus country and Bangladesh is trade deficit country.

KEY WORDS : Export, Import, Bilateral trade, Trade surplus, Trade deficit.

Introduction

India was the first country to recognize Bangladesh as a separate and independent state and established diplomatic relationship with the country immediately after it independent in December 1971, The relationship between India and Bangladesh is anchored in history, culture, language and shared values of secularism, democracy, Bilateral trade policy etc. In this paper, I shall try to focus only Bilateral trade between India and Bangladesh. The beginning of Bangladesh trade relationship with India can be traced to 28 March 1972. Where both the country signed the trade and payment agreement. This trade agreement was last renewed in prime minister of India visit Bangladesh in June 2015 for a period of five years with a provision for auto renewal. There are a number of other trade related agreements that have been signed between both the countries. Bilateral trade over the last decade. In the last seven year's total trade between the two country has duty free, quote free access to Bangladesh on all tariff line except tobacco and alcohol under South Asian free trade Area (SAFTA) since 2011 Four border haats, Two each in Tripura and Meghalaya have been established for the benefits of bordering communities. Additional border haats on the India Bangladesh border are under consideration. Both the country are common member's of SAARC, BIMSTC, IORA and common wealth, the countries share many cultural ties. Bangladesh has largely fail to increase its exports to the Indian market. Bangladesh exports are dominated by labour intensive manufacture commodities. The large trade deficits of Bangladesh with India. Similarly the large trade surplus of India with Bangladesh.

Statement of the problem :

The structural and policy change in the two countries over the past two decade. Bangladesh exports to India are not likely to substitute commodities previously exported

by East Pakistan and therefore remain for Bangladesh the possible dangers of a division of exports away from their markets and since trade between India and Bangladesh would be financed by rupees, such trade diversion, re exports or export of import substitutes would amount to increase in the foreign exchange, liability of the country exporting them. Exchanges between the two countries are likely to be influenced by large scale 'Smuggling' across the frontier and by possible disputes on different issues such as transit trade, fiscal allocation, quote provisions, or financing methods for trade. Such policies should be crucial to determining both the over all 'trade bias' and the net implications of such bias for the trade between the two countries.

Related Literature Review : A brief review of literature is conduct.

Gupta and Rather (2014) discusses the role and significance of Bangladesh India cooperation to improve cross border trade and investment between two countries and emphasized that increase Indian investment in the Bangladesh economy could increase integration generate employment and help reduce the large trade deficits of Bangladesh with India. The paper did not undertake any rigorous empirical analysis of the trade partner between two countries.

Islam (2011) examine the Bangladesh-India trade trends for a limited number of years and made some efforts to analysis the trade patterns between two countries from 2005 to 2009 fiscal years. Along with the rising trade deficits problems facing Bangladesh with India. The paper also examined a number of trade barriers issue limited trade between this two countries.

Basu and Dutta (2007) examined the cosine measure of export import similarity and export import complementary between the two countries. There estimates also clearly

showed much stronger advantages for India against Bangladesh in their mutual trade prospects in each other markets.

Alam and Malakar (2009) they examined comparative advantage of Bangladesh and India has advantage in a variety of product categories. Another study that used disagreement data to examine composition and pattern of trade etc. some other study exist related to Bangladesh –India trade. However most of there studies focus on the impact of exchange trade imbalance between the two countries and that Bangladesh has large trade deficit with India and the volume of deficit has been increase over time.

Objectives of the study :

1. The current scenario of Bilateral trade between India and Bangladesh.
2. The current import situation of India with Bangladesh.
3. The current export situation of India with Bangladesh.

Data collection : To prepare this paper first I have taken secondary data which is collected from various sources. To under stand the expert impact-scenario of two countries. The time period of the study was 2010-2019.

India Export to Bangladesh

The major items exported to Bangladesh by India during the years 2010-2018 are cotton, cereals, electricity and fuel, vehicle, and vehicle parts, machinery and mechanical appliance, stone etc. India export to Bangladesh in the financial years 2018-19 stood at \$ 1.04 billion. Bilateral trade between India Bangladesh has grown steadily over the last decade more over India extended three lines of credits (LOC) to Bangladesh in the last eight years amounting to \$ 8 billion for the development of infrastructure in various

sectors including roads, railways, shipping and ports. Bangladesh is the biggest recipient of India concessional LOC. India has also been providing grant assistance to Bangladesh for various infrastructure projects including the construction of Akhaura-Agartala rail link, dredging of inland water ways and construction of India Bangladesh pipeline, India exports a wide range of products to Bangladesh agriculture, Fish live stock products, most of the rest manufactured products , textile and cloth experts. India was supplying 21.5% of Bangladesh total recorded imports for the use in the domestic market is 30% to 35%. The larger trade surplus of India.

India import from Bangladesh: The new Bangladeshi products which are being exported to India market in recent time include textile fabric, plastic goods cement, furnace oil, battery, cut flower, pharmaceutical products, copper wire, melamine etc. some other items have significant export opportunities. Almost all countries a onetime licensing procedure to act an import/ Exporter is required to completed, there are certain procedures which are required import goods to India from Bangladesh. There are import license process required in impending country, import license or import permit to import certain products import customs procedure both in importing country, follow customs procedure both in importing/exporting country, get all import documents ready to import goods and find suitable logistic company to transport your consignment from port to find destination. Access Bangladesh export data and know which goods are supplied to India.



Bangladesh export to India	Value	Year
1. Edible fruits, nuts, peel of citrus fruit, melons	\$ 24.47M	2015
2. Mineral fuels, oils, distillation product	\$ 19.84M	2015
3. Cotton	\$13.12M	2015
4. Wadding, felt, twine, cordage	\$ 12.63M	2015
5. Pharmaceutical product	\$ 55K	2015
6. Salt, cement, lime, plastic	\$ 15.48k	2015

Bangladesh export to India was US \$ 517.89 million during 2015 according to the united nation COMTRADE data base on international trade Bangladesh has largely fail to increase its exports its exports to the Indian market. Bangladesh exports are dominated by labour intensive manufacture commodities. Its exports to India is dominated by primary commodities.

Conclusion:

India and Bangladesh offer natural markets for each other's export products, In their mutual trade they enjoy the advantages of reduced transaction costs and quicker delivery due to geographical proximity, common language and a heritage of common physical infrastructure. That is why soon after the lancing of liberalization in Bangladesh in 1982 India's export to Bangladesh registered unprecedented growth. On the other hand Bangladesh export to India also increased but not at a commensurate rate. This

inevitably led to the increase of the official trade deficit of Bangladesh with India over the part decades.

It has been held that this trade imbalance was not just an economic issue but generated strong enough political resonance that was inimical to the cordial relations between the two countries. Thus in recent years India-Bangladesh bilateral trade has been an issue that has called for much concern. It has been hold at various level of policy making that a bilateral free trade area between the two economic will go a long way dealing with this ever increasing trade gap.

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