Promoting Bangladesh’s Exports to India

A study prepared as part of the BEI project on Trade and Investment

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Executive Summary

India is the fastest growing country amongst the world’s largest economies and is set to become the third largest economy soon after 2030, only behind China and the United States. Bangladesh and India enjoy strong bilateral economic and trade relationship, which in recent times has grown from strength to strength. Trade between the two countries stood at US$7.8 billion in 2017, rising from US$2.3 billion a decade ago. Bangladesh’s exports to India remain quite modest. However, the already large and rapidly growing Indian market holds huge export prospects. Furthermore, foreign direct investment (FDI) inflows from India have started occupying an important place as Bangladesh has allocated three Special Economic Zones (SEZs) exclusively for Indian companies. This is expected to promote bilateral trade and Indian investment in the country. Bangladesh is working closely with India to develop and strengthen hard and soft infrastructures for better bilateral connectivity through road, rail, inland waterway and coastal shipping both under bilateral as well as several regional and sub-regional initiatives.

Bangladesh’s Exports to India

Bangladesh’s total exports to India grew gradually over the past two decades and reached US$873 million in 2017-18. The average annual growth of exports to India has been 18.2 per cent against the overall export growth rate of 11.2 per cent, although the share of India in Bangladesh’s in total exports remains low (only 2.38 per cent). Bangladesh’s actual exports to India, nevertheless, are much lower than an estimated potential of nearly US$6 billion.

Readymade garments (RMG) comprised almost one-third of total exports to India. Jute and allied products, basic engineering products, food and beverage, home textiles, chemical products, and plastic items are other major export products. An analysis of trade complementarity suggests that the two countries have comparative advantages in two different segments and therefore their respective specialisations should facilitate more bilateral trade to take place. For example, in textile and apparel items, India has a comparative advantage in the upstream textile segment, and it is an important supplier of key raw materials and intermediate inputs to Bangladesh. On the other hand, Bangladesh specialises in the downstream segment, exporting mainly finished products to India. This complementarity should foster the value-chain-led trade between the two countries.

Bangladesh's Exports Facing the problems of NTBs and NTMs

While tariffs have been reduced to zero across all the major export items of Bangladesh, various NTBs and NTMs act as constraints to export expansion. India's trade regime, according to many Bangladeshi traders, is characterised by onerous administrative procedures, stringent testing requirements and standard-related regulations applied against imports only, para-tariffs, frequent procedural changes, and arbitrary interpretations of the regulatory regime, which discourage Bangladeshi products to enter the Indian market. On the whole, diversified NTBs and NTMs appear to be much more stringent than tariff barriers. Many export items which Bangladesh is exporting to other countries are not exported to India possibly due to these barriers. The most recent imposition of antidumping duties (ADD) on Bangladesh's jute products is the biggest NTM in the recent history of Bangladesh-India trade. There is a strong perception in Bangladesh that the decision taken by Indian authorities were not fair.

Investment and Trade Connectivity

The export supply response is linked to investment. It is generally recognized that the Indian investment into Bangladesh can unlock export potential. The net FDI inflow from India is lower than those from some other Asian countries, but it has been increasing over the recent years. The major areas of Indian investment are textiles and clothing, banking, and telecommunications. Bangladesh has allocated three special economic zones exclusively for Indian investors. Attracting investments from India into these SEZs and thereby to broaden the range of export items and expand exports to India is a policy target.

Bangladesh resumed its discussion with India to implement different projects with loans from the latter. Albeit of a limited form, the transit between Bangladesh and India formally started in June 2016, which aims to transport Indian goods from Kolkata to Tripura via Bangladesh’s Ashuganj port. A loan of US$338.8 million was provided to improve the road from Ashuganj to Akhaura. A river port to handle container and upgrading of roads are two of the projects being implemented under India’s second Line of Credit.

The overall condition of land port infrastructure and ancillary physical facilities are far from being adequate to facilitate seamless movement of goods across the border. Benapole is the biggest land port that handles the majority of exports to India. However, it has long been characterised by digital deficiency, congestions, and a shortage of sheds and warehousing capacity even though its counterpart Petrapole port is equipped with modern facilities. Physical facilities, digitisation and building approach roads in most other land ports, such as Hili, Sonamasjid, Akhaura, Burimari and Banglabandh need upgrading.

For Bangladesh, India’s northeast provinces offer considerable business and economic interests. Along with improving infrastructure and easing movement of goods and passengers through the existing land ports, increasing the number ‘border haats’ could be helpful to develop and strengthen business ties. Tripura, Assam and Meghalaya have the advantage of bordering with Bangladesh. But, the export potential in other states, such as Nagaland, Manipur and Mizoram are yet to be explored. Readymade garments, furniture, medicines, and food items are thought to have a very good prospect in these states.

Promotion of Bangladesh’s Exports: Way Forward

- Indian investment is likely to be one of the major drivers of Bangladesh’s overall exports to India. Bangladesh should try to attract Indian investment in the RMG sector on a priority basis where the country has proven supply-side capacity. According to the information available form secondary sources, Indian investors are currently planning to invest in light engineering, automobiles, electronics assembling, leather, and information technology (IT) in Bangladesh SEZs. While the existing investment propositions are helpful, consideration of RMG will advance Bangladesh’s export prospects in India and strengthen the bilateral textile-clothing value chains.
- Bangladesh is going to graduate from the group of least developed countries (LDCs) by 2024, when the duty-free access of almost all Bangladeshi products to the Indian market is unlikely to be applicable. Therefore, Bangladesh will have to proactively pursue the continuation of the duty-free access beyond its LDC graduation. This may require putting in place a comprehensive bilateral trade agreement. Since trade discussions and negotiations are usually lengthy, the work on a possible post-graduation trade strategy with India must begin now.
- Diversification of the export basket should be given serious consideration keeping in mind the rapidly expanding Indian middle class. Exporters can target the products that Bangladesh produces and exports to other markets but not to India, while the latter imports from similar products from elsewhere but not from Bangladesh.

- Both perceived and real NTBs and NTMs are recognised as amongst the most important long-standing problems in accessing the Indian market despite the duty-free access. Therefore, a high-level committee should be formed to look into the NTM and NTB issues case-by-case basis and to develop guidelines for dealing with them. In some instances, certain issues may need to be raised with authorities in India for clarification and reconsideration. It will establish an avenue for generating an information base to reassure the business community in addressing any unreasonable perceptions. Technical assistance from India can be sought to improve the relevant capacity in Bangladesh to achieve the standards required by India.

- A strengthened Bilateral Cooperation Agreement between Bangladesh Standards and Testing Institution (BSTI) and Bureau of Indian Standards (BIS) is an important step towards harmonising standards of traded goods between the two countries. The Ministry of Commerce of Bangladesh should actively pursue to enlist several export products under the Mutual Recognition Agreement (MRA) including cement, MS rod, MS angle and plate, GI pipe, textile, etc. at the earliest. In addition, Bangladesh should request India to extend long-term support of BIS to enhance BSTI capacity for expanding the list of products under MRA.

- Bangladesh's offer of transit to sub-regional countries has been widely accepted as a viable means of improving trade-related connectivity that should help expand Bangladesh's exports to India. Therefore, the transit infrastructure via Ashuganj port should be effectively utilised for exporting Bangladeshi goods to India's northeast after establishing the Agartala-Akhaura rail link.

- Bangladesh must improve infrastructure and physical facilities in all 22 land ports. In addition, land ports should modernise the currently manual loading-unloading as well as paperwork in customs procedures. Infrastructure at Ashuganj port must be improved significantly and be consistent with the integrated check post of Tripura border. Ashuganj should be developed as the hub for goods transportation in trading with the northeastern provinces of India.

- Coastal shipping has opened up considerable opportunity in trade between Bangladesh and the West Bengal (Bangla), especially with Kolkata, and it can significantly reduce the time of transportation as well as load on Benapole land port. Shifting a part of the bilateral trade to rail through container trains from the road route will also help ease pressure on Benapole port. The Coastal Shipping Agreement, signed in June 2015, which was expected to increase bilateral trade. However, the shippers want amendments of the agreement to carry goods of the third country for making the business more viable. This issue should be reviewed by the Ministry of Shipping of Bangladesh.

- Most of northeast India is still unexplored by Bangladeshi exporters. Initiatives should be taken to promote Bangladesh's exports in all states including Manipur, Mizoram and Nagaland. Bangladesh's processed food products, furniture and apparel products should perform well in the growing northeastern market. A market prospect analysis can be undertaken by Bangladesh to identify prospective products in this region.

- India has emerged as one of the leading countries in the world in exporting tourism services. Bangladesh can seek India's technical support and investment to develop the tourism sector including the tourism parks that are part of SEZs. Bangladesh can be an integral part of multi-country package tours including India, Nepal and Bhutan, that can be offered to global tourists.

Chapter 1: Introduction

India is the fastest growing country amongst the world's largest economies. Rapid expansion in economic activities over the past two decades or so has made it currently the seventh largest economy of the world with its gross domestic product (GDP) valued at US$2.6 trillion. According to most recent projections, it is set to become the third largest economy soon after 2030, only behind China and the United States. The Bangladesh economy has also seen an impressive economic growth sustained over now a relatively long period of time since the mid-1990s. India is currently the third biggest trading partner of Bangladesh and the second most important source of imports. Both the countries enjoy strong bilateral economic and trade relationship, which in recent times has grown from strength to strength.[1] Buoyant economic growth over the past several years has already helped Bangladesh and India to expand their economic and trade ties. For instance, trade between the two countries stood at US$7.8 billion in 2017 — rising from US$2.3 billion a decade ago.[2] Despite such bilateral issues as border management and river water sharing requiring more political attention, trade and economic engagements are poised to break new grounds given both of their strong medium-term growth outlooks. In the backdrop of such factors as geographical proximity along with a long common border, existing trade and investment linkages, similar value systems, common linguistic competencies, economic development expanding the scope of trade complementarities, etc. can certainly unlock huge trade potentials.

[1] Mahfuz Kabir, Surendar Singh and Michael J. Ferrantino (2019), The Textile-Clothing Value Chain in India and Bangladesh: How Appropriate Policies Can Promote (or Inhibit) Trade and Investment*, Policy Research Working Paper 8731*, Washington, DC: The World Bank.

[2] According to ITC Trade Map Database, 2018.

While a growing bilateral trade deficit with India is often considered as a major issue, for Bangladesh a more rational objective is to grow its exports in the vast Indian market. It is a general phenomenon of global economies is that countries manage to break into their affluent neighbours' markets. As the Indian economy grows bigger, Bangladesh's export potential in that market should only grow. Beside trade, foreign direct investment (FDI) from India has started occupying an important place in Bangladesh, especially in textile and clothing, telecommunications, banking, and pharmaceutical and chemical sector among others.[3] Bangladesh has allocated three Special Economic Zones (SEZs) exclusively for Indian companies, which is expected to promote bilateral trade and Indian investment in the country. Moreover, Bangladesh is working closely with India to strengthen hard and soft infrastructures for enhanced bilateral connectivity through road, rail, inland waterway and coastal shipping under bilateral as well as several regional and sub-regional initiatives.

The recent momentum of bilateral relationship is marked by several constructive and deeper engagements that include, amongst others, implementation of the Land Boundary Agreement (LBA); India's engagement in the development of rail link in Mongla-Khulna and Akhaura-Agartala as well transport and trade infrastructure through credit; India's participation in Bangladesh's SEZs; the joint declaration during India's Prime Minister Narendra Modi's visit to Bangladesh in June 2015[4]; and the joint statement of the two prime ministers during Bangladesh's Prime Minister Sheikh Hasina's visit to India in April 2017[5] and their subsequent implementation. One of the important pledges made in the high-level political engagements is to increase trade and investment to be facilitated through improved land ports for trade facilitation between the two countries. Increasing exports to India would be an important means of strengthening economic ties by utilising duty-free access, achieving better connectivity and attracting Indian investment into the export-oriented sectors.

[3] Bangladesh Bank (2018), *Foreign Direct Investment (FDI) in Bangladesh: Survey Report July-December 2017*, Dhaka: Bangladesh Bank.
[4] Joint Declaration between Bangladesh and India during Visit of Prime Minister of India to Bangladesh — "Notun Projonmo – Nayi Disha", 07 June 2015.
[5] Joint Statement during the visit of Prime Minister of Bangladesh to India, 08 April 2017.

The present paper intends to provide an analysis of the recent trend and salient features of Bangladesh's exports to India while highlighting areas of intervention for promoting such exports further. In doing so, it analyses the pattern of products-wise exports, identifies products that have significant untapped potential, considers some challenges faced by the exporters in the Indian market including policy-induced barriers and infrastructural deficiency, and examines the scope of Indian investment in boosting exports. Based on the analysis and discussion, the paper suggests a set of policy recommendations to boost Bangladesh's exports to India in the near term.

Chapter 2: Bilateral trade between Bangladesh and India

2.1 Trends in exports to India and export potential

The need for expanding Bangladesh's exports to India has been recognized in high-level engagements between the countries. The Indo-Bangla Bilateral Trade Agreement was renewed during the visit of India's Prime Minister Narendra Modi to Bangladesh. In the joint declaration, dated 7 June 2015, the two Prime Ministers expected that implementation of the agreement would help increase bilateral trade, investment and strengthen economic cooperation in a "balanced and sustainable manner" (para 29 of the declaration). The Framework Agreement on Cooperation for Development between the two countries suggests removing "all barriers" to ensure unhindered bilateral trade and lessen the trade imbalance which has been heavily titled against Bangladesh.

Bangladesh's total exports to India have grown gradually over the past two decades with some fluctuations – from US$80 million in 2000-01 to US$873 million in 2017-18 (Figure 2.1). The average annual growth of exports to India has been 18.2 per cent against the overall export growth rate of 11.2 per cent (Figure 2.2). This is largely because of the very small base of exports to India in the early 2000s. It is quite clear that the Indian market is becoming more important although the pace of export expansion is widely recognised to be only modest. Despite the relatively high annual average growth in the Indian market, as mentioned above, the share of India in Bangladesh's in total exports remains low (just 2.38 per cent). It is worth noting that the relative significance of India in Bangladesh's exports is on the rise: from 1.52 per cent in 2013-14 to 2.38 per cent in 2017-18, when it reached the maximum for India during the past two decades or so (Figure 2.1).

Figure 2. 1

Bangladesh's exports to India and India's share in Bangladesh's exports

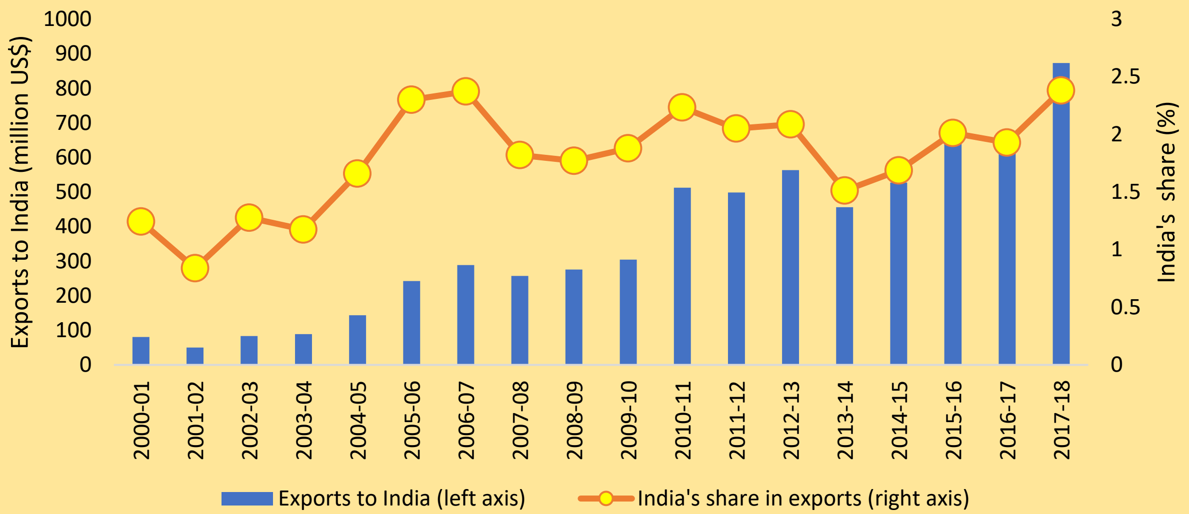


Figure 2. 2

Growth in exports to India vis-à-vis world (%)

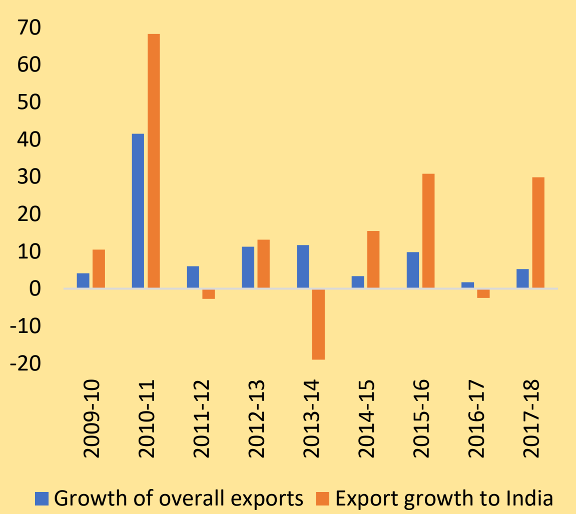
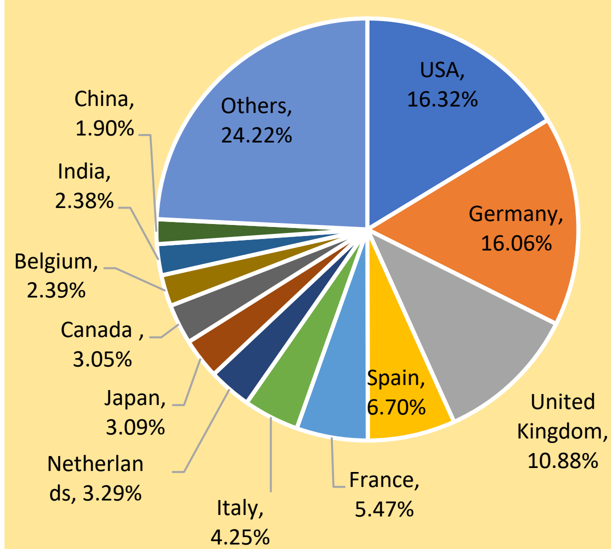


Figure 2. 3

Share of India in Bangladesh's total exports is still low



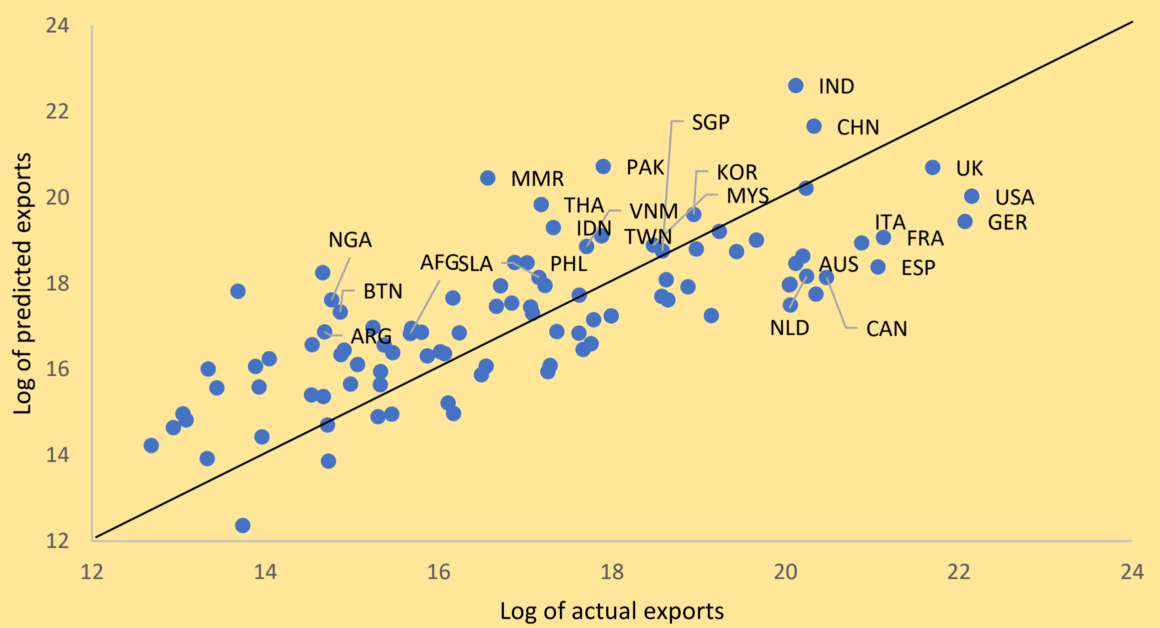
Source: Authors’ presentation using data from the Export Promotion Bureau. Partners’ share in Bangladesh’s total exports has been calculated using data for 2017-18.

Despite the relative significance being low, there is strong evidence of untapped export potential of Bangladesh in India. Economists often use the so-called 'gravity model', which is regarded as the most successful analytical tool in explaining trade flows between countries, to examine potential trade flows between a pair of countries. This analytical workhorse suggests larger and richer countries to trade more (and more between themselves) than the smaller and poorer countries, other factors remaining the same, and geographical proximity promotes bilateral trade flows as it reduces transport and information costs.6 Additional factors, such as having land borders, common language, past colonial linkages and being members of the same regional trade agreements, etc., also tend to augment trade flows between two countries. The results from the model suggest that controlling for all factors, Bangladesh's actual exports to India are much lower than what can be predicted using experiences of global economies (Figure 2.4 and 2.5). That is, Bangladesh's actual exports to India is found to be more than US$6 billion lower than what the gravity model predicts (Figure 2.5). This implies that more than 90 per cent of current potential in the Indian market is unutilized. These results are comparable with the World Bank's assessments. According to the World Bank, bilateral trade (exports and imports) between Bangladesh and India falls short by about US$10 billion (Kathuria and Mathur, 2018). The estimated unexplored potential clearly shows Bangladesh's not exploiting the full benefits of the duty-free access7 in India for almost all products.

[6] The gravity model depicts that bilateral trade flows between countries are directly proportional to the economic sizes (measured by GDP) and inversely proportional to the distance between the trading countries.
[7] India allows duty-free access to all Bangladeshi products except for some alcoholic beverages.

Figure 2. 2

Actual and predicted exports of Bangladesh partners

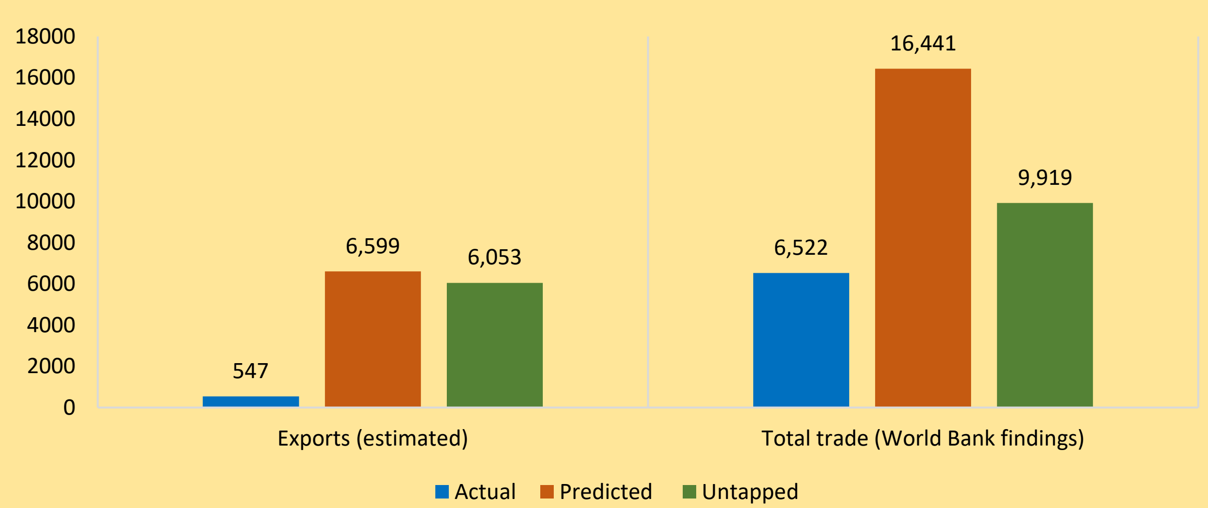


Note: The graph presented here is based on a global gravity model explaining bi-lateral trade flows for the period 1995-2015. The number of observations used in the exercise was 1,053,696. Predicted exports for Bangladesh are then calculated based on the estimated regression parameters. In the graph, actual exports are lower than the predicted exports for the countries lying above the 45-degree line.

Source: Authors' estimation.

Figure 2. 3

High untapped export and trade potential



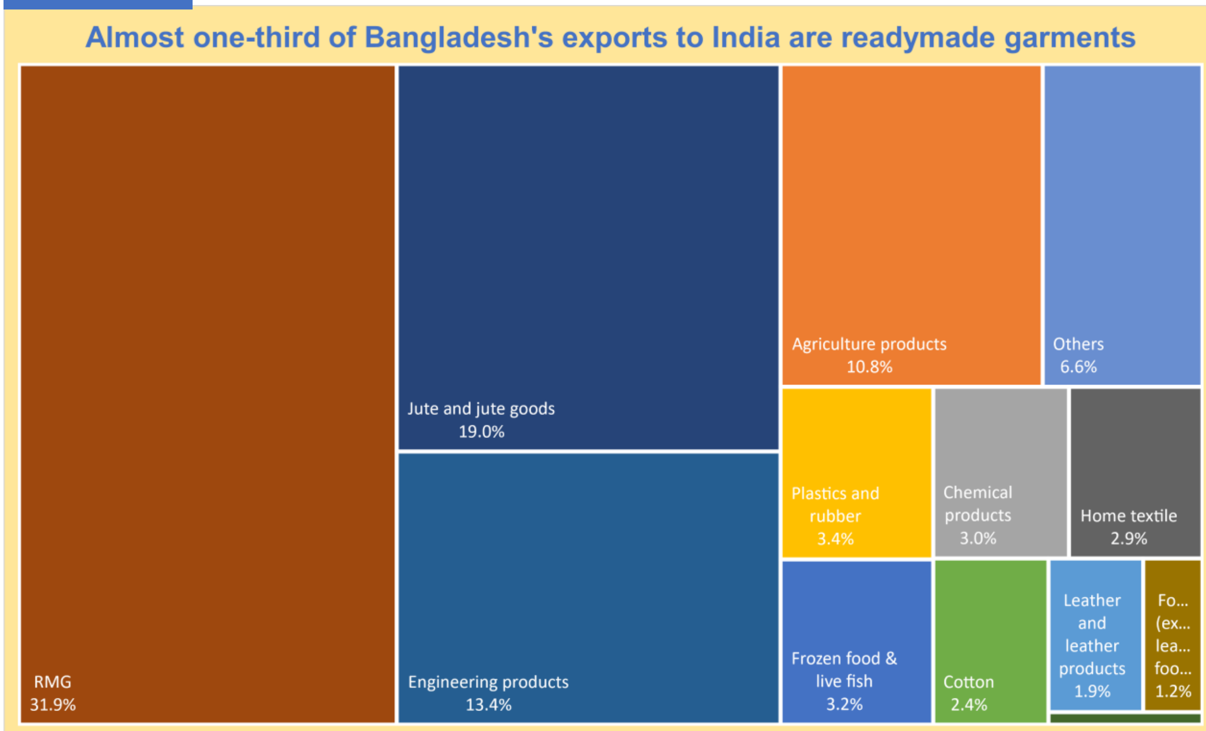
Source: Authors' estimation and World Bank (2018).

Of the US$873.3 million exports to India in 2017-18, readymade garments (RMG) comprised almost one-third (Figure 2.6). The RMG exports to India have seen a sharp rise to reach US$278.7 million, up by 115 per cent from the previous year. Woven clothing garments (HS 62) were the most important export in the Indian market, fetching US$207.6 million (Table 1). Knitwear items also grew to almost double within a year (to above US$70 million). Amongst others, according to industry sources, the high growth of RMG exports in 2017-18 was facilitated by India's introduction of Goods and Services Tax (GST) as it simplified the tax regime affecting traded goods as well.[8]

Jute and allied products (HS 53 and HS 6305) contributed 19 per cent of Bangladesh's total export to India whereas the share of engineering products was 12 per cent (Figure 2.6). Other notable products include food and beverage, home textiles, chemical products, and plastic items (Figure 2.6 and Table 2.1). These products together accounted for a significant portion of export receipt albeit of notable fluctuations in most of the products in the last five fiscal years. For example, the export receipt of jute products (HS 53) was US$203 million in 2015-16 which decreased sharply to US$152 million in the following year. A similar pattern can be observed in home textiles (HS 63).

[8] Goods and Service Tax (GST) is an indirect tax levied on the supply of goods and services at every stage of value addition. The operation of GST was initiated from 1 July 2017.

Figure 2. 4



Note: Products exported under HS71 to HS93 are defined ad Engineering products.
Source: Authors' presentation using data from EPB.

Table 2. 1 Top ten export items at HS 2-digit level (million US$)

HS Code	Product description	2013-14	2014-15	2015-16	2016-17	2017-18
62	Articles of apparel and clothing accessories, not knitted or crocheted	76.44	81.93	102.17	92.35	207.62
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	80.71	90.08	203.03	151.93	158.10
61	Articles of apparel and clothing accessories, knitted or crocheted	19.81	22.32	34.25	37.48	71.06
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats, animal or vegetable waxes.	8.51	7.55	21.31	39.83	39.16
63	Other made up textile articles; sets; worn clothing and worn textile articles; rags	41.32	52.57	72.37	34.52	33.62
78	Lead and articles thereof	8.02	15.58	18.41	30.37	29.96
03	Fish and crustaceans, mollusc and other aquatic invertebrates	4.01	6.32	6.68	13.06	27.13
22	Beverages, spirits and vinegar	9.78	13.47	10.44	14.95	25.67
74	Copper and articles thereof	13.82	8.19	4.89	10.95	23.80
39	Plastics and articles thereof	5.68	13.16	7.58	6.72	23.49
	Total (10 product category)	268.1	311.17	481.13	432.16	639.61
	% of total exports to India	58.71	59.03	69.77	64.27	73.24

Source: Authors' presentation using data from EPB.

At a highly disaggregated level (e.g. using 8-digit HS code), the top ten items together accounted for about 42 per cent export earnings in the fiscal year 2017-18 (Table 2.2). The top products included woven garments and knitwear, jute products, home textiles, lead and non-alcoholic beverages. Export earnings from jute products are subject to fluctuations: the item HS 53072000 has shown an upward trend during the past three years unlike the trend in two others, viz. HS 53101000 and HS 53031000. Indeed, volatility of export performance at the product level, especially for many smaller items, has been a characteristic feature implying that targeting specific products to devise policy support for boosting export earnings can be difficult.

Table 2. 2 Top ten export items at HS 8-digit level (million US$)

HS Code	Product description	2015-16	2016-17	2017-18
62034200	Men's or boys' bib & amp; brace trousers, breeches, shorts, of cotton	34.92	36.06	71.95
53101000	Unbleached woven fabrics of jute or of other textile bast fibre	19.34	18.50	49.52
53031000	Jute and other textile bast fibres, raw or retted	88.34	65.18	44.93
62052000	Men's or boys' shirts of cotton	18.90	12.17	36.79
53072000	Multiple (folded) of cabled	9.07	28.28	32.44
78019900	Unwrought lead (excl. refined and containing antimony)	18.41	30.37	29.96
53071000	Single yarn of jute or of other textile bast fibres of 53.03	77.87	38.63	26.46
63109000	Used or new rags, scrap twine, cordage, rope and cables and worn out art., excl. sorted	14.20	15.26	24.21
61091000	T-shirts, singlets and other vests, of cotton, knitted or crocheted	13.26	11.95	24.03
22029900	Other non-alcoholic beverages, nes	3.50	9.25	23.89
Total (10 product category)		297.81	265.65	364.18
% of total exports to India		43.18	39.51	41.70

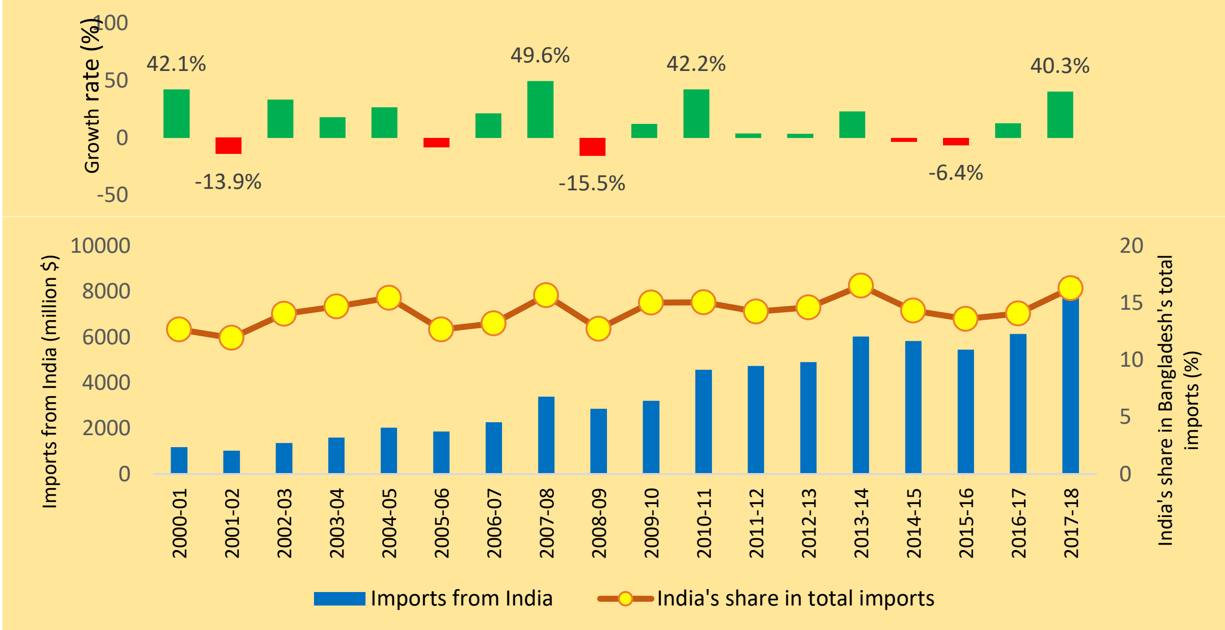
Source: Authors' presentation using EPB data.

On the import side, India is the second largest source country for Bangladesh, accounting for about 16 per cent of total import payments in 2017-18 (Figure 2.7).[9] Bangladesh's total imports from India in the same reached 8.6 billion, registering a whopping 40 per cent increase over the immediate past year. Given the low level of exports, the high import dependence contributes to a large trade deficit.

[9] China is the largest source of import for Bangladesh.

Figure 2. 5

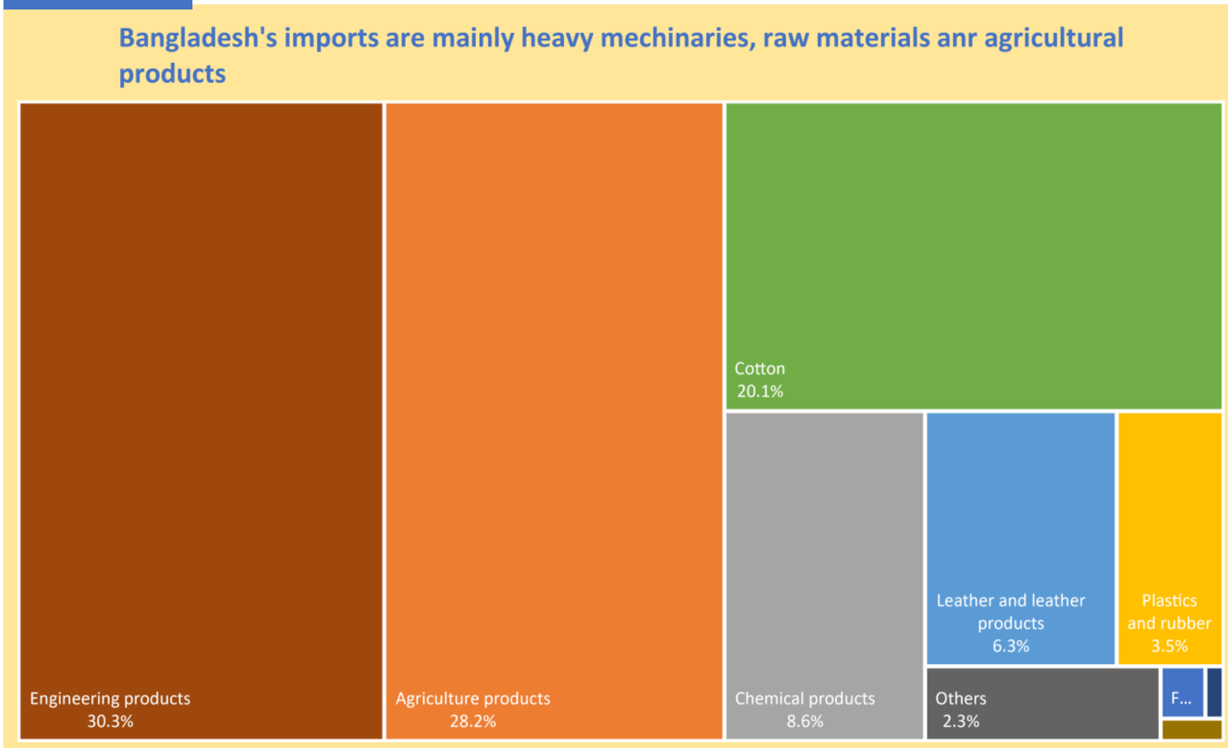
Imports from India



Source: Authors' presentation using data from Bangladesh Bank.

Bangladesh's major importing items from India are raw materials, machinery and agricultural products. Engineering items (HS 71 to HS 93) comprising heavy machinery and vehicles, constituted 30 per cent of total imports from India, followed by agricultural products (28%) and cotton (20%) (Figure 2.8). The top 10 items at HS 2-digit level together comprised about three-quarters of all merchandise imports from India (Table 3).

Figure 2. 6



Source: Authors' presentation using data from Bangladesh Bank.

Table 2. 3 Top ten import Items at HS 2-digit level (million US$)

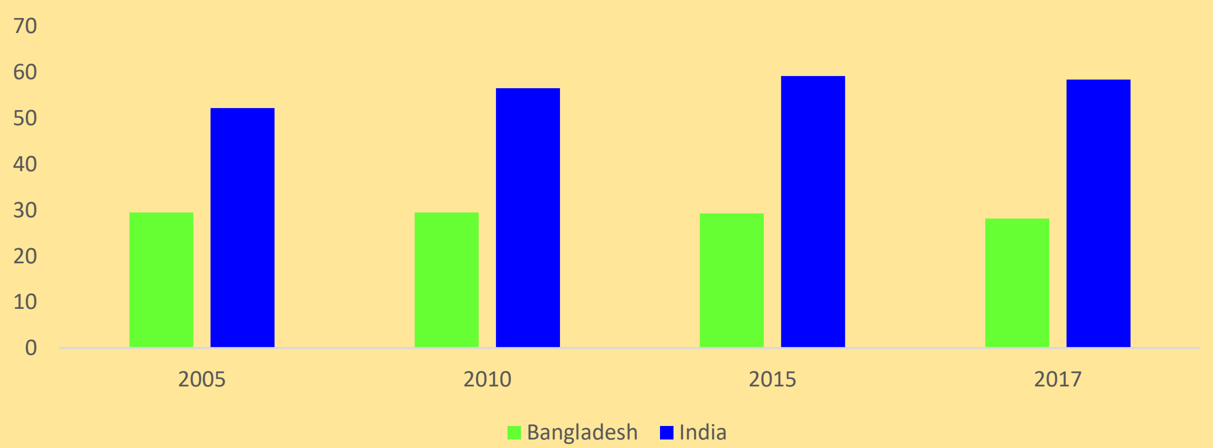
HS code	Product description	2016-17	2017-18
52	Cotton	1585.68	1729.89
10	Cereals	111.43	1330.1
87	Vehicles other than railway or tramway	736.49	983.82
84	Nuclear reactors, boilers, machinery	463.05	649.84
23	Residues and waste from the food industry	283.55	371.14
7	Edible vegetable and certain roots	200.90	341.89
85	Electrical machinery and equipment and parts	206.57	282.12
72	Iron and Steel	301.63	279.44
39	Plastics and articles thereof	193.93	220.97
29	Organic chemicals	204.69	213.42
	Total (10 product category)	4459.24	6601.67
	% of total imports from India	72.55	76.57

Source: Authors' presentation using data from Bangladesh Bank.

One salient feature of the trade between Bangladesh and India is that the two countries have comparative advantages in two different segments and therefore their respective specialisations should facilitate more bilateral trade to take place. This is evident from the analysis of the trade complementarity index (TCI). The TCI shows the correlation between a country's export to the world and to another country's import, implying that the country can gain by exporting the product to the other in which it has comparative advantage and the partner has comparative disadvantage. The maximum value of the index (often set at 100) implies a perfect correlation between exporting and importing countries, and the two countries are ideal trading partners. Both the countries then can gain from trade liberalization. The lowest score, (generally set to at 0) suggests a perfect negative correlation between importing and exporting patterns. That is the two countries export similar products and there is limited/no scope in expanding one's export to others. The high values of complementarity indices, in Figure 2.9, suggest that both Bangladesh and India specialise and export dissimilar products and thus the two countries should be able to expand trade between them in a complementary manner.[10]

Figure 2. 7

High value of trade complementarity index – pattern of specialisations are different



Source: Estimated from the World Integrated Trade Solution (WITS) database.

[10] One important limitation of these indices is that they fail to capture prospects of intra-industry trade.

Consider the case of textile and apparel items that now dominant Bangladesh's exports to India. These are also important items in India's export. However, the nature of bilateral trade in textiles and clothing demonstrates that Bangladesh and India specialise in different segments of the value chain. India has a comparative advantage in the upstream textile segment, and it is an important supplier of key raw materials and intermediate inputs to Bangladesh. India's key exports include silk, yarn, cotton, cotton yarn, denim fabrics, and woven and knit fabrics (Table 2.4). Bangladesh specialises in the downstream segment, exporting mainly finished products to India. Therefore, both countries possess comparative advantages in different product lines, and it has significantly contributed to the growth of bilateral trade, fostering value chain links in the textile and clothing (T&C) sector. Bangladesh's imports of textile products have been hovering around one-third of total imports from India since 2010.

Bilateral trade in T&C products at a disaggregated level offers a reasonable understanding of existing value chains in these items between both the countries. India's top 10 exports of textile items include cotton (not carded or combed), cotton yarn, denim fabrics, woven fabrics, twill weave cotton, and textured yarn. Bangladesh's top 10 T&C exports to India include yarn of jute, men and boys' trousers, sacks and bags, jute and other textile bast-fibres, woven fabrics of jute, T-shirts and singlets, men/boys' jackets, and blazers. It implies that imports of textile items and clothing inputs are being used in the apparel sector, which is now Bangladesh's most important export products in India. Thus, the existing value chain links in T&C sector could act as a catalyst to deepen trade and investment linkages between the two, fostering the growth of Bangladesh's exports to India (Kabir and Singh, 2019).

Table 2. 4 Bangladesh and India are specialized in different segments of the value chain

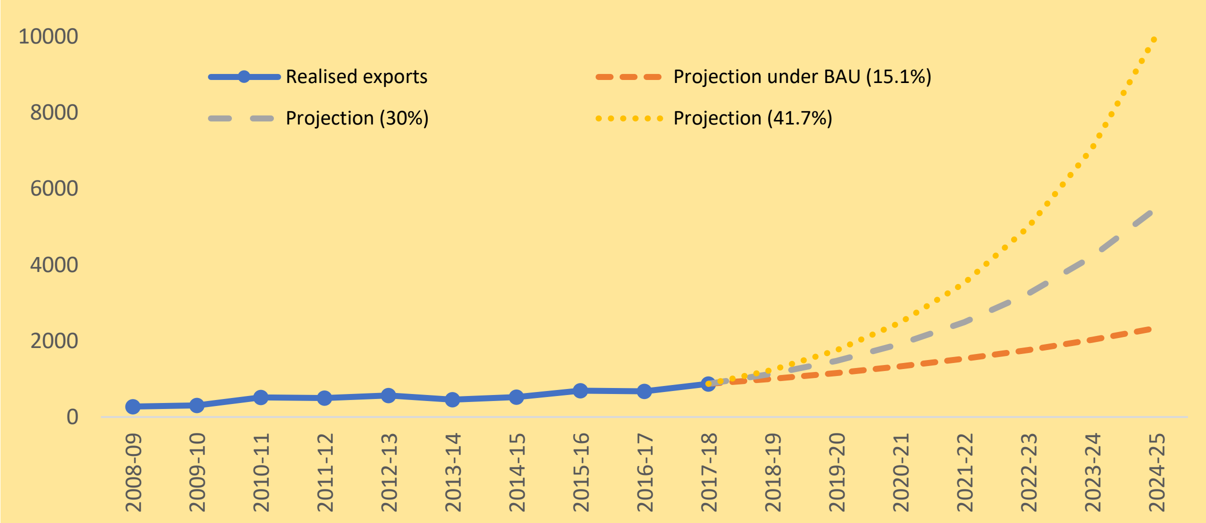
HS code	Product description	Bangladesh's exports to India			Bangladesh's imports from India		
		2016-17 (US$ mln)	2017-18 (US$ mln)	Share in total exports to India (%) (2017-18)	2016-17 (US$ mln)	2017-18 (US$ mln)	Share in total imports from India (%) (2017-18)
50	Silk	-	-	-	1.11	1.49	0.02
51	Wool, fine or coarse animal hair; woven	-	-	-	1.62	2.65	0.03
52	Cotton	13.57	21.38	2.45	1585.68	1729.89	20.06
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	151.93	158.10	18.10	1.71	1.70	0.02
54	Man-made filaments	0.53	0.45	0.05	99.00	101.37	1.18
55	Man-made staple fibres	0.25	0.81	0.09	105.22	89.70	1.04
56	Wadding felts and non-wovens; special yarn; twine, cordage, ropes and cables and articles thereof	19.36	9.23	1.06	1.70	2.20	0.03
57	Carpets and other textile floor covering	-	0.02	0.00	0.08	0.05	0.00
58	Special woven fabrics; tufted textile fabrics; lace; tapestries;trimmings; embroidery	0.44	0.48	0.05	6.11	5.26	0.06
59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	0.00	0.33	0.04	5.67	7.49	0.09
60	Knitted or crocheted fabrics	8.93	16.10	1.84	34.33	30.13	0.35
61	Articles of apparel and clothing accessories, knitted or crocheted	37.45	71.06	8.14	1.75	2.93	0.03
62	Articles of apparel and clothing accessories, not knitted or crocheted	92.36	207.62	23.78	12.32	7.72	0.09
63	Other made up textile articles; sets; worn clothing and worn textile articles	34.52	33.62	3.85	0.60	0.45	0.01
	Textile and clothing	359.32	519.19	59.45	1856.91	1983.02	23.0

Source: Author's analysis using data from EBP and Bangladesh Bank.

If the average growth of Bangladesh's exports to India during the past 10 years (which is 15.1) is sustained, the value of exports will be US$2.33 billion by 2024-25. However, the export receipt US$5 billion would require the annual average growth rate to be 30 per cent. Achieving this growth rate might not be difficult as the base of exports is still very small and the market size of readymade garments in India is potentially very big. Just for comparison, attaining a US$10 billion export volume to India over the next 7 years or so would require a yearly average export growth rate of more than 40 per cent. While such a high growth may be a daunting prospect, two things need to be kept in mind. First, India is going to be a vast market and export potential for Bangladesh will remain high going beyond a short time horizon. Second, notwithstanding, achieving and sustaining high growth momentum in the short term will be helpful as it can be projected that under plausible assumptions imports from India would exceed US$15 billion by 2024-25. In the absence of a robust export performance in India, Bangladesh is likely to face a huge trade deficit in goods' trade alone. Export success in India would require a number of measures adopted by Bangladesh with cooperation from India in facilitating trade, addressing technical and non-tariff barriers/measures, dealing with other supply-side constraints, and attracting Indian FDI in Bangladesh.

Figure 2. 8

Projected exports in Indian market under various growth assumptions



BAU = Business as Usual.
Source: Authors' simulation.

2.2 Market prospects in India

It is important to analyze Bangladesh's relative positions in Indian market considering all other suppliers to have an idea about export prospects. Developed by the International Trade Centre (ITC), this analysis shows the recent growth of exports of all rival suppliers in the destination market and how the import demand in the destination countries by suppliers is changing. When applied at the disaggregated product level, it can offer important insights. In this paper, the analysis is done for overall exports and the readymade garment items only.

The analysis is based on four primary factors: (i) export growth rates of competing countries in the Indian market, (ii) all competing countries' export growth in the global market, (iii) competing countries' market share in Indian markets.

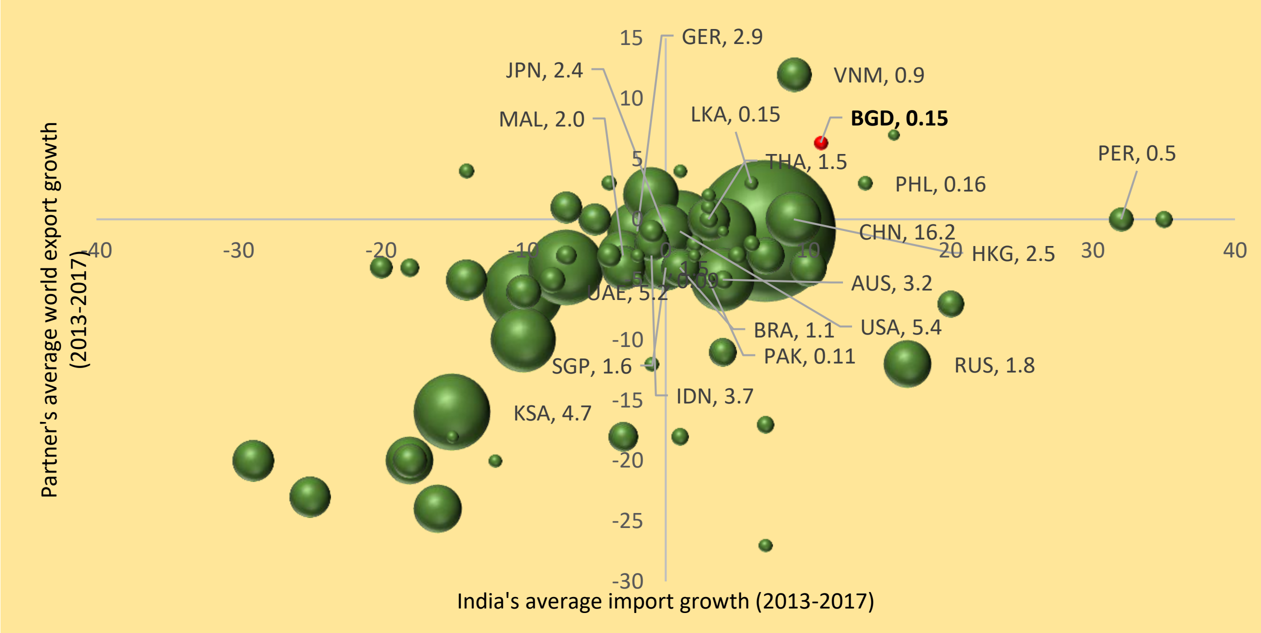
The bubble sizes represent relative shares of various suppliers in Indian market with China having the largest share of 16 per cent followed by the United States (5.4%), the United Arab Emirates (UAE) (5.2%), Saudi Arabia (4.7%) and Switzerland (4.6%) (Figure 2.11). From the horizontal axis, it can be inferred that over the five-year period (2013-17), China has grown its exports to the Indian market at an average annual rate of 7 per cent, and the United States at 1 per cent, while the UAE, Saudi Arabia and Switzerland witnessed negative growth rates of 10 per cent, 15 per cent and 7 per cent, respectively. It is worth noting that during 2015 and 2016 the world witnessed an unprecedented slowdown in global trade (Razzaque, 2017) affecting exports and imports of almost all global economies including India. It is chiefly because of this reason most important suppliers are depicting low growth in the Indian market (measured on the horizontal axis) and also in the world marked (measured on the vertical axis).

The information presented on the vertical axis shows that the overall export growth for most of the partners during the same period have been either negative or close to zero. It is striking to note that although Chinese exports in the world declined during the reference period of 2013-

17, its export growth to India was positive and quite substantial (7%) against the overall decline in India's imports (i.e. India's imports fell by 3 per cent during the same time). Bangladesh's share in the Indian market was only 0.15 per cent, but its exports to India grew at about 11 per cent per annum during 2013-17 against the overall export growth rate of 6.3 per cent. The high export growth in India seems to suggest good prospect for Bangladesh. Vietnam, with a share of close to 1 per cent, expanded its exports to India at a rate of 9 per cent per annum.

Figure 2. 9

Analysing export market prospects for overall exports to India – prospects are very high relative to comparators

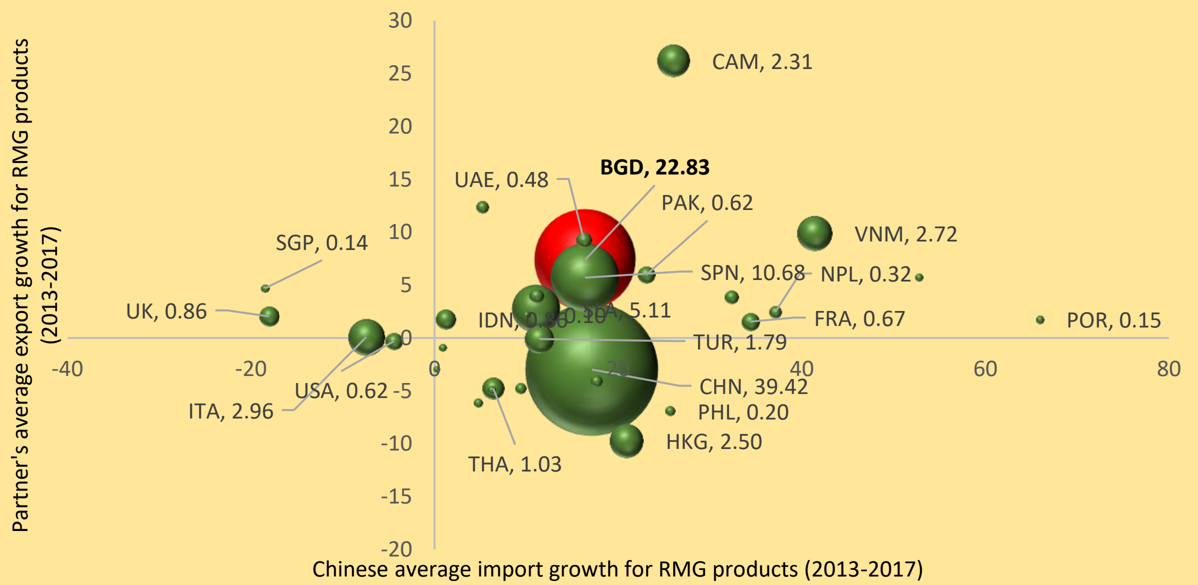


Note: The bubble sizes represent shares of various suppliers in the Indian market. The numbers indicate the per cent of market share.
Source: Author's calculation using data from the International Trade Centre (ITC).

Bangladesh is the second largest source of readymade garments import into India, capturing about 23 per cent of the market (Figure 2.12). During the past five years, Bangladesh's RMG exports to India expanded at an annual average rate of 16.4 per cent against its overall RMG export growth rate of 7.4 per cent. During the same time, India's apparel imports grew at 13.5 per cent per annum. The high expansion rate of Indian RMG market along with Bangladesh's high exports growth rate seems to suggest huge export prospects for Bangladesh. However, it must be pointed out that India's imported apparel market is small; it is still less than a billion dollar. China is also expanding fast its supplies: against its overall export decline in the world market, it expanded at 17 per cent per annum in the Indian market. Vietnam with a market share of 2.7 per cent, grew at a staggering rate of 41 per cent between 2013 and 2017. Cambodia also expanded in the Indian market at a considerable high rate.

Figure 2. 10

Market prospects for RMGs in the Indian market



Note: The bubble sizes represent shares of various suppliers in the Indian market. The numbers indicate the per cent of market share.
Source: Author's calculation using data from the International Trade Centre (ITC).

Chapter 3: Non-tariff Barriers or Measures

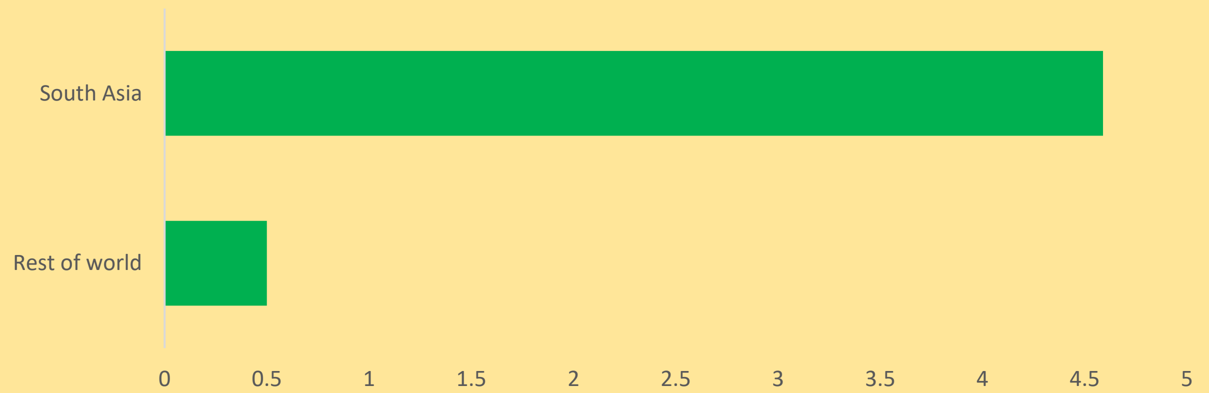
Trade regimes in South Asian countries have long been known as more discriminatory against countries within the region than the rest of the world. A recent report (World Bank, 2018) points out that despite the South Asian Free Trade Area (SAFTA) since 2006, almost all countries in the region adopt opaque para-tariffs, i.e., taxes imposed on imports in addition to customs duties to discourage imports along with a host of nontariff barriers. The application of non-tariff barriers (NTBs) and nontariff measures (NTMs) has eroded access to each other's markets. These barriers and measures resulted in large gaps between actual and potential trade between trading pairs in the region. High and discouraging costs of trading within the region stem from, inter alia, unavailability of information on trade procedures; poor transportation and logistics infrastructure and inefficient trade facilitation; complicated and nontransparent NTMs; and procedural obstacles perceived by exporters in meeting the NTM requirements related to Sanitary and Phyto-Sanitary (SPS)- and Technical Barriers to Trade (TBT).[11] There is evidence that in South Asia, the overall protection is greater for imports from the South Asian region compared to that from the rest of the world. World Bank (2018) constructs a trade restrictiveness index for overall protection, which captures the trade policy distortions that each country imposes on the import bundle. It measures the uniform tariff equivalent of the country's tariff and nontariff barriers that would generate the same level of import value for the country in a given year. The indexes, constructed for different South Asian countries, are two to nine times higher for imports from the South Asia region than for imports from the rest of the world in almost all countries.

[11] Sanjay Kathuria (ed.), *A Glass Half Full: The Promise of Regional Trade in South Asia*, Washington, DC: The World Bank, pp. 1-16. NTMs are policy measures other than tariffs that affect the free trade across borders in the region.

For India, the index is nine times higher for imports from the South Asia region than for imports from the rest of the world (Figure 3.1).[12]

Figure 3. 1

Overall trade restrictiveness indexes – India's protection is nine times higher for South Asia than rest of the World



Source: World Bank (2018)

Introduction of GST helped eliminate disharmony in state-level taxes and other recent reform measures in India. However, the country's trade-related national policies and regulatory regime in many cases would have discriminated imports from neighbours more. The most recent imposition of an antidumping duty on Bangladesh's jute products is unfortunate especially when overall exports from Bangladesh is so low.

Despite unilateral liberalisation since early-1990s, preferential liberalisation under South Asian Free Trade Area (SAFTA) and duty-free market access for Bangladesh's most of the products under LDC category, India's trade regime, according to many Bangladeshi traders, is characterised by onerous administrative procedures, stringent testing requirements and standard-related regulations applied against imports only, para-tariffs, frequent procedural

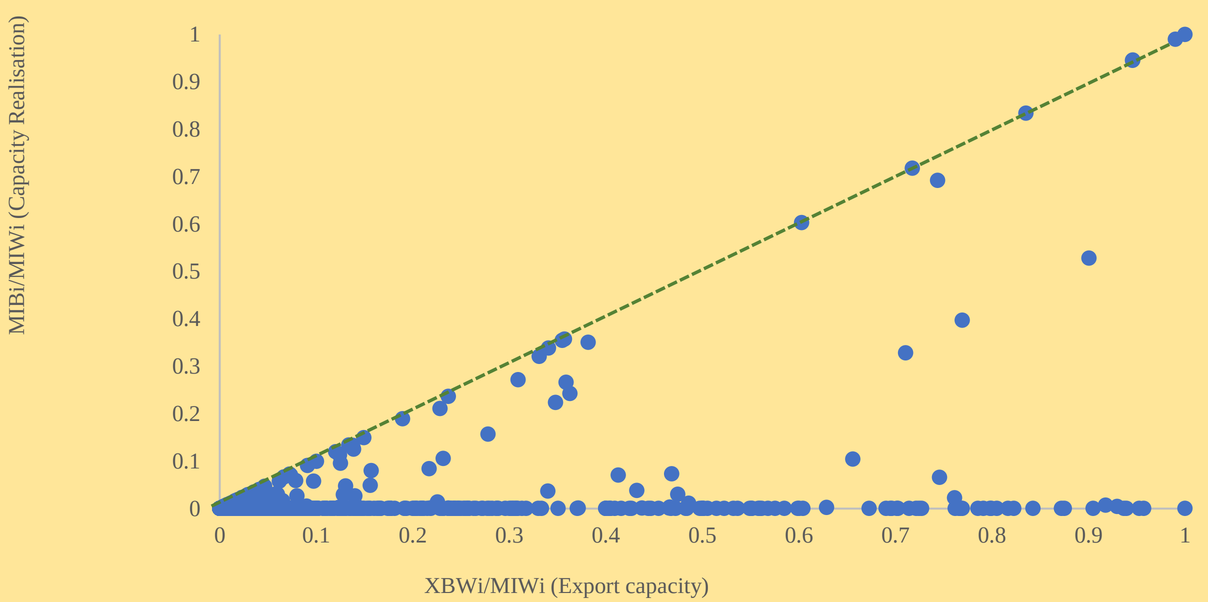
[12] For Pakistan, the comparable index value shown discriminatory protection against South Asian region is 6 times higher. The index for Bangladesh is not available.

changes, and arbitrary interpretations of regulatory regime which discourage Bangladeshi products to enter Indian market.

The diversified NTBs and NTMs appear to be much more stringent than tariff barriers. While tariff has been reduced to zero across all the major export items of Bangladesh, various NTBs and NTMs tend to neutralise the benefits of export in a duty-free market. The nitty-gritty of standards for a range of products also limits entry of potential products into India.

Figure 3. 2

Bangladesh's export capacity versus realised export to India, 2017



Note: (1) XBW_i and MIW_i indicate Bangladesh's exports to the world market and India's import from the world market of product I, respectively. MIB_i and MIW_i imply India's import from Bangladesh and world of product i, respectively.
(2) If the round dots remain below the 45º line (green dashed line), it indicates that the export capacity is partly realised. If the dots remain along the horizontal axis, it implies that the export capacity is not realized.
Source: Author's calculation based on ITC Trade Map Database.

An analysis of the recent pattern of product-wise realisation of export capacity reveals that a majority of the export items has not realised the capacity to export to India despite a large common border and duty-free access to Indian market. It is mainly due to various NTBs and NTMs

(Figure 3.2). India's NTMs include mandatory licensing for import; import of some selected products through State Trading Corporation of India; several certification and other TBT measures on importing Genetically Modified (GM) food, feed, GM Organism and Living Modified Organisms (LMOs) or any product containing any of these ingredients; SPS measures; restricted port of entry; packaging, labelling, certifications, and conformity assessments, or other restrictions under TBT; mandatory Indian Quality Standards, and safeguard measures. Despite the fact that Bangladesh's woven garments (code 62) and home textile products (code 63) are performing well in the Indian market, some items of these product categories were not being exported in this market in 2017 (shaded products in Table 4).

The NTBs and NTMs are imposed on various products and the direction and magnitude change frequently based on the pattern of adopting these measures. The most critical NTMs that Bangladeshi exporters are currently facing can be listed below:

i. Antidumping duty (ADD): The Government of India has started imposing ADD on jute products from Bangladesh and Nepal as an NTM. The amount of ADD on Bangladeshi jute ranges from US$19 to 351 per metric tonne and it is imposed on almost all jute exporting companies. However, Bangladesh is much more adversely affected compared to Nepal because of relatively high export receipt from these products in the Indian market before imposition of this duty. Export earnings from jute have declined sharply after imposing ADD.

ii. SPS measures: Despite having a mutual recognition agreement (MRA) on standards, SPS measures related to human, animal and plant health as well as food safety issues are still prevalent, which are experienced by general exporters. These increase the cost of exporting to India since these products are subject to quarantine laws, certifications, and inspections. Complicated steps are also involved in performing the SPS procedure. For instance, processed food products undergo mandatory testing at the Central Food Laboratory (CFL) entering the Indian market.

iii. Rapidly changing standards and procedures: India’s standards and procedural steps often change, which makes it for Bangladeshi exporters to deal with officials in India. Many of these difficulties result from poor coordination and dissemination between state-based officials and the business community. At times, lack of capacity of officials in LCSs and arbitrary interpretation of regulations leads to unnecessary complications in exporting to India, causes delays in shipments and increases the cost of exporting.

iv. TBT restrictions: Packaging, labelling, certifications, and conformity assessments are included in this NTM category. The products undergo TBT requirements are machinery and equipment, and chemicals for industrial use, processed food, and household and consumer products. An instance of such restrictions is to label with the words, ’Made in Bangladesh’ in jute hessian bags usually used for transporting bulk items, such as sugar, fertilisers, grains, etc. (Raihan et al. 2014).[13]

In a study on agricultural trade between India and Bangladesh, CUTS International (2019) has found a number of NTBs and NTMs. It revealed various SPS and TBT regulations that hinder cross-border movement of bilateral agricultural products, which include excessive testing requirements of contaminants, maximum residue limits, additives and preservatives. It also found the delay in trade processing because of unavailability of required facilities adjacent to land ports and unavailability of Electronic Data Interchange (EDI) at designated ports. Smooth movement of cargo vehicles and products is also challenged by weak physical infrastructure (such as narrow approach roads to port, absence of testing laboratories, inadequate transhipment facilities, and insufficient warehousing and cold-storage facilities) and presence of manual

[13] See, Raihan, S., M. A. Khan and S. Quoreshi (2014). *NTMs in South Asia: Assessment and Analysis*, Kathmandu: SAARC-TPN.

loading-unloading at surveyed land ports. These increase time and costs in the clearance of agricultural products which are mostly perishable.

Table 3. 1 Most Common NTBs affecting India-Bangladesh Agriculture Trade

Regulatory/Technical	Policy-induced	Procedural	Infrastructural
• Import/ban/quota/licences/ seasonal import regime • Quality conditions by importing country • Unjustified SPS conditions • Unjustified packaging and labelling conditions • Complex regulatory structure • Product classification (sensitive/negative lists)	• Subsidies (production/ export) • Government procurement • Benefits to government undertakings • Minimum import price • Control through foreign exchange market	• Lengthy customs procedure • Excessive trade documents • Complex/discriminatory rules of origin	• Inadequate infrastructure at the border • Inadequate infrastructure off the border

Source: CUTS (2019).[14]

Kathuria and Mathur (2018, p.37)[15] reveal that India-Bangladesh trade potential was US$16.44 billion instead of the realised US$6.52 in 2016. The gap between potential and realised trade can be attributed to disproportionately high costs of trade that includes NTBs and NTMs among others. It creates considerable trust deficit within the region. They also argue that port restrictions constitute a genuine nontariff barrier in South Asia that affects natural trade flow through convenient land ports. For example, Bangladesh faces prohibition in exports of ceramics and electronic goods to India through the Dawki-Tamabil customs station. Moreover, since small and medium exporters of Bangladesh and importers of India have less financial capacity and influence to get certificates and code numbers from Indian authorities, they are the most adversely affected by NTMs also disproportionately impact. They find it very difficult to comply

[14] Non-Tariff Barriers to India-Bangladesh Agriculture Trade, *Policy Briefs*, CUTS International, March 2019.
[15] Kathuria, S. and Mathur, P. 2018. South Asia: A Work in Progress. In S. Kathuria (ed.), *A Glass Half Full: The Promise of Regional Trade in South Asia*, Washington, DC: World Bank, pp.27-85.

with the regulatory burden of importing-country NTMs, including access to information, capacity, and financial resources, that pose a challenge to their exporting capacity. Exporters are affected by procedural obstacles in complying with NTM requirements which are related to SPS and TBT.

Observations of the business community in Bangladesh regarding India's NTBs and NTMs also support the presence of these barriers and measures. In addition to the above, Siddiqui (2018)[16] mentions that sometimes Indian Customs authorities reject the HS classification which importers declare according to nomenclature rule and letter of credit (L/C) opened in Indian banks. The Customs frequently refuses to accept the invoice value of the exported items. Rather, they assess the consignment based on retail prices in India. The country of origin (COO) certificate issued by the Export Promotion Bureau (EPB) of Bangladesh is also refused occasionally. Goods remain stuck at the port of entry for an indefinite time because of this refusal. Another problem is the arbitrary imposition and frequent change of tariff values by the Customs authorities[17] without a prior notice issued to the traders. It leads to an increase in import duty and local taxes for which the Indian traders are discouraged to import from Bangladesh. The Indian traders, especially who are located in the Northeast, find it difficult to obtain the Import-Export Code (IEC) from the Director General of Foreign Trade (DGFT) in Kolkata as well as Health Certificates from the Port Health Officer (PHO) in Kolkata. For example, an importer from Agartala has to travel 1,680 km to collect the code and health certificate from Kolkata, which impedes trade flows. Similarly, it is mandatory for Bangladesh's cement and building materials exporters to obtain certificates from the Bureau of Indian Standard (BIS) in New Delhi, which involves considerable costs along with complicated procedures.

Bangladesh exports a large number of products to other contries but not to Indian market. It implies that the country has a significant export capacity of the products but because of various NTBs and NTMs these are not being exported to India. A list of such important products is

[16] Siddiqui, M. S. Challenges for Bangladeshi exports to India, The Financial Express, Dhaka, 13 August 2018.
[17] Tariff value is set by department of revenue.

presented in Table 3.1 at the harmonised system six-digit level. The products can be broadly classified into agriculture, fish (shrimp and prawn) and fruits; chemical and pharmaceuticals; plastic products (excluding waste); different type of bags and wallets; some products under textile, apparel and home textiles; tableware, kitchenware, other household articles and toilet articles; jewelry; optical products; and some furniture items. It indicates that the country already has the capacity to produce and export these products to the Indian market. Kathuria and Mathur (2018) also argued that 'missing market' of a large number of South Asian products in India is due to "high trade costs and inability to comply with NTMs at a reasonable cost" (p.45).

Table 3. 2 Top products Bangladesh exports to world market* but no exports to India, 2017

HS Code	Product Name
030616	Frozen cold-water shrimps and prawns "Pandalus spp., Crangon crangon", even smoked
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns
080830	Fresh pears
090240	Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings
091030	Turmeric "curcuma"
091099	Spices (excluding pepper of the genus Piper, fruit of the genus Capsicum or of the genus Pimenta)
120740	Sesamum seeds, whether or not broken
170114	Raw cane sugar, in solid form, not containing added flavouring or colouring matter (excluding
200990	Mixtures of fruit juices, incl. grape must, and vegetable juices, unfermented
261900	Slag, dross, scalings and other waste from the manufacture of iron or steel excluding granulated
300420	Medicaments containing antibiotics, put up in measured doses incl. those in the form of transdermal
300440	Medicaments containing alkaloids or derivatives thereof, not containing hormones, steroids ...
350300	Gelatin, whether or not in square or rectangular sheets, whether or not surface-worked or coloured
391590	Waste, parings and scrap of plastics excluding that of polymers of ethylene, styrene and vinyl
410622	Hides and skins of goats or kids, in the dry state "crust", without wool on, whether or not ...
420221	Handbags, whether or not with shoulder straps, incl. those without handles, with outer surface
420231	Wallets, purses, key-pouches, cigarette-cases, tobacco-pouches and similar articles carried
420291	Travelling-bags, insulated food or beverage bags, toilet bags, rucksacks, shopping-bags, map-cases
540233	Textured filament yarn of polyester (excluding that put up for retail sale)
550922	Multiple "folded" or cabled yarn containing ≥ 85% polyester staple fibres by weight
620341	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of wool or fine animal
621050	Women's or girls' garments of textile fabrics, rubberised or impregnated, coated, covered
621710	Made-up clothing accessories, of all types of textile materials, n.e.s. excluding knitted
630222	Printed bedlinen of man-made fibres (excluding knitted or crocheted)
630419	Bedspreads of all types of textile materials excluding knitted or crocheted, bedlinen, quilts
630492	Articles for interior furnishing, of cotton excluding knitted or crocheted, blankets and travelling

HS Code	Product Name
630532	Flexible intermediate bulk containers, for the packing of goods, of synthetic or man-made textile
640359	Footwear with outer soles and uppers of leather excluding covering the ankle, etc.
640590	Footwear with outer soles of rubber or plastics, with uppers other than rubber, plastics, leather
640610	Uppers and parts thereof (excluding stiffeners and general parts made of asbestos)
660110	Garden or similar umbrellas (excluding beach tents)
670420	Wigs, false beards, eyebrows and eyelashes, switches and the like, of human hair, and articles
681510	Articles of graphite or other carbon, incl. carbon fibres, for non-electrical purposes
691200	Tableware, kitchenware, other household articles and toilet articles, of ceramics
710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes
711311	Articles of jewellery and parts thereof, of silver, whether or not plated or clad with other
847690	Parts of automatic goods-vending machines, incl. money changing machines, n.e.s.
850431	Transformers having a power handling capacity <= 1 kVA (excluding liquid dielectric transformers)
850720	Lead acid accumulators (excluding spent and starter batteries)
851712	Telephones for cellular networks "mobile telephones" or for other wireless networks
852990	Parts suitable for use solely or principally with transmission and reception apparatus
853120	Indicator panels with liquid crystal devices "LCD" or light emitting diodes "LED"
853950	Light-emitting diode "LED" lamps
854140	Photosensitive semiconductor devices, incl. photovoltaic cells whether or not assembled
890800	Vessels and other floating structures for breaking up
900190	Lenses, prisms, mirrors and other optical elements, of any material, unmounted
900211	Objective lenses for cameras, projectors or photographic enlargers or reducers
900290	Lenses, prisms, mirrors and other optical elements, mounted, of any material, being parts of
900311	Frames and mountings for spectacles, goggles or the like, of plastics
900319	Frames and mountings for spectacles, goggles or the like (excluding of plastics)
901380	Liquid crystal devices, n.e.s. and other optical appliances and instruments n.e.s.
940161	Upholstered seats, with wooden frames (excluding convertible into beds)
940490	Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled
950300	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys
950590	Festival, carnival or other entertainment articles, incl. conjuring tricks and novelty jokes
950699	Articles and equipment for sport and outdoor games n.e.s.; swimming and paddling pools

* At least US$0.1 million exports to world market.

Source: Authors' analysis based on ITC Trade Map Database.

If Bangladesh adheres compliance to the standards and technical regulations, agro and agro-processing, jute and jute goods, plastics, textiles and clothing, leather and leather goods (at HS six-digit level) can unlock considerable potential for export to India, which still remains an unpredictable market for an overwhelming majority of individual Bangladeshi products even though the total value of export receipt shows an increasing trend. Because of a fast-growing middle-class and wealthy population, there is a very good potential of fish, food and high-end agricultural items in India. Exporters of these products need support from South Asian Regional

Standards Organization (SARSO) to harmonise and attain the standard requirements to access the expanding Indian market. Shrimps and prawns are already being exported to the European Union (EU), North America, and other developed countries with the required product standards. Therefore, these can be exported to India after certification of SARSO since its mandate is to enhance coordination and cooperation among SAARC members to develop harmonized standards towards facilitating intra-regional trade. The other agricultural and fish products which are being exported in the world market can also be facilitated for easy access to the Indian market.

In the case of textiles and clothing products, Bangladesh can export all the items to India which it has been currently exporting to the world market because of quality and standards it already maintains. But, as mentioned above, the market for imported apparel is small. Furthermore, India's domestic supply-side capacity is also large. Nevertheless, with the rising per capita income, consumers will increasingly prefer product variety. This is where Bangladesh will likely to see more exporting opportunities.

Bangladesh is currently exporting bulk amount of plastic wastes to India. After China's ban on imported plastic wastes, a portion of Bangladesh's supplies of the same has been shifted to India (Razzaque et al. 2019). However, Bangladesh needs to move towards high value-added plastic products where some significant supply-side capacity has been developed in recent years. Some wooden and plastic furniture are being exported to India mainly to its north-eastern part. It is important to proactively look for expanded exporting opportunities by assessing all possible NTBs and NTMs and considering options for dealing with them. In addition, an adequate emphasis should be given on exporting tableware, kitchenware, other household articles and toilet articles as well as different furniture goods to meet the increasing demand of Indian growing middle class.

The Food Safety Standard Authority India (FSSAI) has authorised Bangladesh Standards and Testing Institute (BSTI) to issue certificates for 21 food products in exporting to India.[18] The recent export performance is contributed by these products. However, Bangladesh requested additional 27 export products that include cement, MS Rod, MS angle & plate, GI pipe, textile to enlist under the bilateral Mutual Recognition Agreement (MRA) on Standards. Bangladesh's exports to India would increase significantly if these later six items are included in the agreement. In the gazette notification, the time for which the certificate is issued was not mentioned but the BSTI usually certifies a product for three years. This also needs to be clarified through a revised notification.

The case of jute export

Jute and jute products together occupy a major portion in the export basket of Bangladesh in the Indian market. Export of these items in 2015-16 was 37.8 per cent of total exports, which was the highest in the preceding five fiscal years. However, the jute exports are on the decline since raising the anti-dumping duty (ADD)[19] from 5 to 30 per cent over Bangladeshi jute products on 5 January 2017. The jute goods that are exposed to ADD include jute yarn/twine, hessian and sacking bags. The ADD imposed by the Indian Directorate General of Anti-Dumping Duty and Allied Duties (DGAD) ranges from US$19 to 352 per metric tonne on these products of 255 Bangladeshi jute mills and exporters. However, only two of the exporting jute mills that exported do not face any ADD from India.

[18] It is an outcome of the Bilateral Cooperation Agreement between the BSTI and the Bureau of Indian Standards (BIS), which was exchanged during India's Prime Minister Modi's visit to Bangladesh in June 2015.

[19] According to WTO, if a company exports a product at a price lower than the price it normally charges on its own home market, it is said to be "dumping" the product. GATT Article 6 allows countries to take action against dumping. The Anti-Dumping Agreement clarifies and expands Article 6, and the two operate together. They allow countries to act in a way that would normally break the GATT principles of binding a tariff and not discriminating between trading partners — typically anti-dumping action means charging extra import duty on the particular product from the particular exporting country in order to bring its price closer to the "normal value" or to remove the injury to domestic industry in the importing country. There are three methods to calculate a product's "normal value". The main one is based on the price in the exporter's domestic market, which has been used by India. The two other methods are (i) the price charged by the exporter in another country, or (ii) a calculation based on the combination of the exporter's production costs, other expenses and normal profit margins. However, calculating the extent of dumping on a product is not enough. Anti-dumping measures can only be applied if the dumping is hurting the industry in the importing country. Therefore, a detailed investigation has to be conducted according to specified rules first, which India has conducted before imposition of ADD. See https://www.wto.org for details.

Table 3. 3 Export of jute and jute products (million US$)

HS Code	Product description	2013-14	2014-15	2015-16	2016-17	2017-18
53031000	Jute and other textile bast fibres, raw or retted	19.65	14.04	88.34	65.18	44.93
53039000	Jute, etc. (excl. flax, true hemp and ramie), nes; tow and waste	2.82	2.34	8.34	1.26	4.51
53071000	Single yarn of jute or of other textile bast fibres of 53.03	47.23	50.96	77.87	38.63	26.46
53072000	Yarn of jute or of other textile bast fibres of heading 53.03, multiple (folded) of cabled	1.20	4.42	9.07	28.28	32.44
53101000	Unbleached woven fabrics of jute or of other textile bast fibre	9.01	17.44	19.34	18.50	49.52
53109000	Woven fabrics of jute or other textile bast fibres (excl. unbleached)	0.69	0.78			0.22
63051000	Sacks and bags, used for packing goods, of jute, etc.	26.53	32.75	57.72	18.15	8.00
Total		107.13	122.73	260.68	170	166.08
% of Total Exports to India		23.46	23.28	37.80	25.28	19.02

Data source: Authors' presentation from EPB.

The products that are the most adversely affected by Indian ADD are: jute and other textile bast fibres, raw or retted, (ii) single yarn of jute or of other textile bast fibres, and (iii) sacks and bags, used for packing goods, of jute, etc. With a declining share of jute products in the export earnings, the growth of exports would be driven heavily by clothing products (HS codes 61 and 62) as well as other made-up textile articles and worn clothing. Therefore, the issue of ADD has emerged as a major concern in growing trade relationship with India. The Government of Bangladesh has requested the Government of India to reconsider the issue. Two countries engaged in bilateral negotiation to settle the issue amicably, but the effort was futile for Bangladesh.

Indian DGAD was quite thorough before adopting ADD and conducting oral hearing from 21 October 2015 to 22 November 2018, which can be observed from various stages and final finding text of the Gazette of India-Extraordinary on the case of Janata Jute Mills of Bangladesh. However, the past experience of bilateral negotiation on ADD imposed by India on Bangladeshi lead-acid battery from 2001 to 2004 was also unsuccessful. Later on, the Government of Bangladesh went to the Dispute Settlement Body (DSB) of the World Trade Organisation (WTO) to resolve the matter. The matter was then resolved, with the outcome favouring Bangladesh, even before any formal DSB proceedings taking place. Even though Bangladesh is currently enjoying a near zero-tariff market access in India, the practice of imposing ADD makes the market prospect uncertain and unpredictable.

Bangladesh's Prime Minister Sheikh Hasina raised this issue during her visit to India in April 2017 and requested India's Prime Minister Modi to review the decision of imposing the ADD. He assured to look into the matter.[20] Nevertheless, Indian DGAD continued to strictly impose the duty. There is a strong perception in Bangladesh that the decision taken by Indian authorities were not fair.[21] Given the strong bilateral relationship between the two countries, this issue needs resolving amicably.

[20] Article 35 of the Joint Statement, 08 April 2017.

[21] Experts in Bangladesh think the determination of ADD was deeply flawed. For example, Indian Jute Mills Association (IJMA) on behalf of 17 petitioner companies comprising 42 per cent of domestic market share lodged the complaint against Bangladeshi exporters. They reported that 19 Indian companies were shut down ("injured") while there was no strong evidence that those occurred only due to imports from Bangladesh. The DGAD applied 'plus' and 'minus' formula of accounting principles and constructed the financial data furnished by exporters, not based on the principles of economics. Of the 93 IJMA members, only 17 companies provided injury information. It implies that other members were perhaps not injured due to jute exports from Bangladesh. Sales of the Indian domestic industry declined in the period of investigation. Nevertheless, the domestic market share has grown by 1.44 and 0.44 per cent, in year 2011-12, and 2012-13, respectively. Conversely, even though the domestic production of complaining declined in the period of investigation, the other domestic producers experienced around 10.28 per cent growth. Overall, the profitability of the domestic industry has declined over the injury period. The complaint, investigation, hearing and decision making were done with strict confidentiality and where financial calculations of Bangladeshi and Indian companies were not shown in the gazettes. For example, please see http://www.dgtr.gov.in/sites/default/files/Jute_FF_NCV_20.10.16.pdf

Chapter 4: Investment

Attracting foreign direct investment (FDI) that leads to exports to India is essential for realising the export potential of Bangladesh. Both global and Indian retailers are currently showing a great interest in procuring Bangladeshi products to tap the benefits of duty-free access in India. Indian Prime Minister Modi underscored the importance and need to increase Indian private investment in Bangladesh during his visit in June 2015 (see, article 33 of the joint declaration). Indeed, Bangladesh follows a quite liberal FD regime that allows full foreign equity with free exit policy, easy remittance of royalty, and repatriation of profits among others. There are many attractive *ex-post* facilities as well, such as tax holidays, tax exemptions, and duty concessions to attract FDI inflow in the country. The FDI policy and fiscal facilities provided under different instruments welcome India’s investment in almost all major sectors and areas of the economy that include both in joint-venture and in full Indian ownership in export-oriented industries located in export processing zones (EPZs) and other geographical locations in Bangladesh.

Bangladesh’s Foreign Private Investment (Promotion & Protection) Act 1980 ensures legal protection to foreign investors against nationalisation and expropriation. The country is a signatory to a number of international agreements related to the foreign investment that ensure investors to get necessary protection and support from international organisations. Apart from these general privileges and legal protections for the foreign investors, the country has two special agreements with India, viz. Bilateral Investment Promotion and Protection Agreement (BIPPA) and Double Taxation Avoidance Agreement (DTAA) to benefit Indian investors. The BIPPA includes important provisions and benefits, such as the promotion and protection of investment, national treatment, most favoured nation (MFN), expropriation of investment, compensation of losses and dispute settlement between investors, etc. that facilitates Indian direct investment in Bangladesh (see, Annex Table 3 for details).

The figure of net FDI inflow shows an increasing trend in recent years (Figure 4.1). Nevertheless, such investment into Bangladesh is lower than those from other Asian countries and territories, such as China, Hong Kong SAR, Singapore and South Korea. India was the 10th largest FDI investor at the end of June 2018 with the stock of investment totalling at US$539.91 million (Bangladesh Bank, 2018). In 2017-18, the main sectors with FDI stock were as follows: US$128.47 million in telecommunication, US$118.22 million in banking, US$74.29 million in textile & apparel, US$41.94 million in power, and US$21.15 million in pharmaceuticals & chemicals. India's position was eighth in term of gross FDI inflow with US$142.01 million and net inflow was US$125.28 million in the fiscal year 2017-18. Textiles & apparel is the most important sector in which FDI can promote exports to India.

Figure 4. 1

FDI Inflows (Net) from India

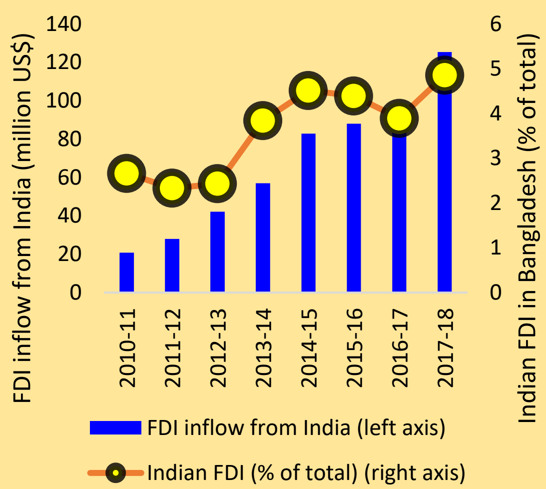
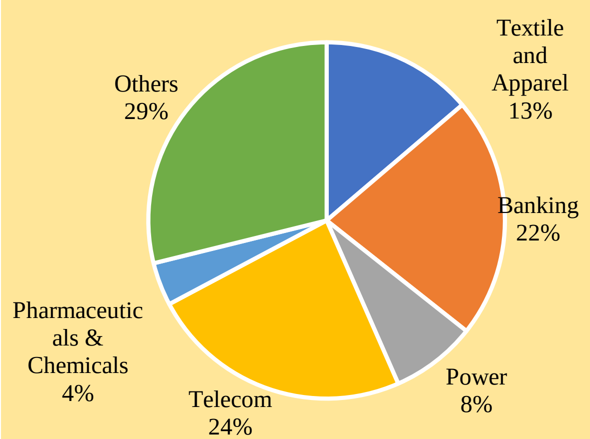


Figure 4. 2

FDI Stock of India by major sectors as of end-June, 2018



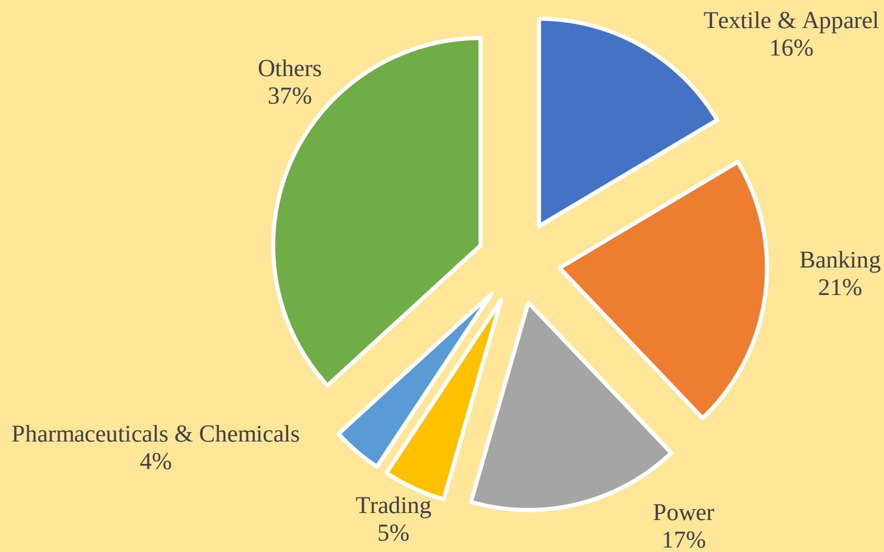
Note: 1. Stock of Indian FDI is US$539.91 million

2. India's position is 10th in terms of stock of FDI.

Source: Bangladesh Bank, *Foreign Direct Investment (FDI) in Bangladesh: Survey Report January-June, 2018.*

Figure 4. 1

FDI gross inflow from India into Bangladesh by major sectors in 2017-18



Source: Bangladesh Bank, *Foreign Direct Investment (FDI) in Bangladesh: Survey Report January-June, 2018*.

The Government of Bangladesh has successfully institutionalised FDI through a two-pronged strategy: engaging BIDA in facilitating FDI in the domestic tariff area (DTA), and setting up the Bangladesh Export Processing Zones Authority (BEPZA) as the lead agency for investment in the export-processing zones. The government's one of the most important policy decisions was to establish the Bangladesh Economic Zones Authority (BEZA) in 2012 for attracting more and diversified FDIs. BEZA is setting up 100 SEZs for private and public companies. Bangladesh has offered three SEZs to India: Mongla in Bagerhat district and Bheramara in Kushtia district, and Mirsharai in Chittagong district for Indian investors. The development of physical facilities at the SEZs is currently underway where Indian firms have shown active interest to establish their manufacturing units in various sectors. Bangladesh expects a substantial investment from India in these SEZs to broaden the range of its export items and expand exports to India.

Chapter 5: Connectivity

5.1 Transit

There are five overlapping areas of interest for Bangladesh in strengthening connectivity with India. These are: (i) sub-regional transit, viz. granting multi-modal transit facility by Bangladesh to allow transportation of goods for India (north-eastern states, NES), Nepal and Bhutan; (ii) Bangladesh, Bhutan, India and Nepal Motor Vehicles Agreement (BBIN MVA) that allows movement of motor vehicles (including water transport vehicles); (iii) physical connectivity through SAARC corridor; (iv) connectivity routes in BIMSTEC; and (v) BCIM Economic Corridor that is expected to connect Bangladesh with multiple states of India. All the connectivity initiatives have significant implications for Bangladesh's trade with India. However, except sub-regional transit, other initiatives have become either dormant or controversial with very little possibility to move forward in the near future.

Given this backdrop, Bangladesh and India have been implementing a number of infrastructural projects along the transit-transhipment routes where multi-modal transportation facilities are involved that includes road, rail, inland waterway and seaports (both Mongla and Chattogram). In the early stage of discussion in 2010-2011, Government of Bangladesh formed a national committee (called the National Core Committee) to identify routes, fees and other charges, and necessary protocols. The committee prepared a detailed technical report that identified two phases of transit facility: (i) initial phase when the infrastructure will not be fully ready and about 10 per cent of cargo (1.8 million cargo per year) will move inside Bangladesh; and (ii) full phase when all infrastructure will be developed to carry the load of vehicles, and there will be an estimated 17.3 million cargos per year to carry goods to India, Nepal and Bhutan.[22] The discussion and negotiations, however, did not progress afterwards mainly because of the unsuccessful attempt to conduct the Teesta water sharing treaty when Indian Prime Minister Manmohan Singh visited Bangladesh in September 2011. In addition, the debate on the amount of fee and other charges also restrained progress on the matter during the next couple of years.

The Government of Bangladesh has started the discussion again with India to implement different projects with loans from India. Albeit of a limited form, the transit between Bangladesh and India formally started in June 2016. It aims to transport Indian goods from Kolkata to Tripura via Bangladesh's Ashuganj port. The consignments would be unloaded at Ashuganj port and then loaded onto Bangladeshi trucks, which would cross the Indo-Bangla border in Akhaura. The vehicles would travel another 32 km to deliver the consignment to warehouses in India. Under the transit, goods would be carried from Kolkata to Ashuganj through a river route and then from Ashuganj to Agartala through a land route.

Bangladesh and India have signed several agreements for enhancing inland and coastal waterways connectivity for trade and cruise movements, which include using Chattogram and Mongla ports for bilateral movement of goods, i.e., Bangladesh and India's NES. The Government of Bangladesh has confirmed India that the existing facilities at these two seaports can handle the extra loads of transportation. India, in return, agreed to allow Bangladesh to use Kolkata and Haldia Ports for transporting goods including RMG to South Asian countries.

Both the countries have also signed an agreement to revise the existing Protocol on Inland Water Transit and Trade (PIWTT). Indian goods can be transported through four entry points, viz. Agartala-Akhaura, Tamabil-Dawki, Sheola-Sutarkandi and Srimantapur (Tripura)-Cumilla. India is,

[22] Mahfuz Kabir and Shaheen Afroze. 2013. Realising the Potential of Bangladesh's Location through Connectivity. *BIISS Journal* 34(4): 293-310.

however, interested to keep the option of "transit" open as it can be used for transporting the essentials in case of emergency.

Bangladesh has received loans from India to develop multi-modal transport infrastructure, viz. port, road and rail in Ashuganj and Akhaurha to facilitate smooth movement of goods between the two countries. India is undertaking several projects to develop infrastructure at Ashuganj to facilitate transhipment of goods via Bangladesh. India has sanctioned a soft loan to Bangladesh for constructing container terminal at Ashugunj. A loan of US$338.8 million was provided to improve the road from Ashuganj to Akhaura. A river port to handle container, bulk and trade cargo and upgrading of the 51 km road into a four-lane road are two of the projects being implemented under India's second Line of Credit (LoC). This will be offloaded now and taken further to Agartala, Tripura by a 51 km long road.

The upgrading of the Akhaurha-Agartala rail link has also recently been sanctioned under the Indian prime minister's Pragati programme. These projects, apart from strengthening infrastructure in Bangladesh, also provide for transit and transhipment through the river port. It significantly reduces the distance between the East and North East of India, as currently goods travel through the Siliguri corridor into Assam and further into other northeastern states.

Rates for transhipment of goods through Ashuganj to Tripura were agreed under PIWTT during Bangladesh-India shipping secretary-level talks held at New Delhi in November 2015. Bangladesh will charge Tk.192.22 per ton for transhipment. In addition, Bangladesh will impose passage permission fee, landing fee, channel charge, etc. India would also give an annual fee for using the river route, which would be spent on "ensuring navigability" of the rivers that would be used for transhipment. If the Bangladesh side provides security for consignments, it would cost the Indian side an additional Tk.50 for transport of a tonne of goods from Ashuganj to Akhaura. India would give Tk.10 for shipment of one tonne of goods via Mongla Ghosiakhali and the Gabkhan canals.

Labour handling and other charges would cost the users Tk.70 a tonne at Ashuganj port. Besides, piloting charge would be Tk.2,100 and berthing charge a minimum of Tk.250 per consignment. The fees were set after analysing opinions of Bangladesh Tariff Commission and different ministries, and the high level of the government.

A consignment is supposed to take around 10 days to reach Tripura from Kolkata via Ashuganj. The goods are being carried under transhipment arrangement, which means offloading a container from one ship at a "hub port" and loading it onto another to be carried to the final port of discharge. Although the transhipment facility has been granted to India via Ashuganj, the port there was not ready for it in 2016. Therefore, a modern inland container depot was recently constructed in Ashuganj to facilitate transit under Tk. 4 billion credit from India. Bangladesh also spent around Tk.100 million on its own to facilitate transit.

Currently, trucks from Kolkata have to travel around 1,600 km to reach Agartala while the distance would be just 800 km if they are transported through Bangladesh. It would significantly reduce the cost of transportation since the cost of transporting goods to Agartala from Kolkata now is US$67 per tonne and it takes 30 days for trucks to reach there. Nevertheless, if the trucks travel through the Kolkata-Ashuganj-Agartala route, the cost would be a maximum of US$35 per tonne and it would them take around 10 days to reach the destination.

An inland container terminal has been constructed at Ashuganj to help increase transshipment. Government of Bangladesh acquired 31 acres of land and the project was implemented under the Indian Line of Credit (LoC). Government of Bangladesh is dredging the river even though navigability is not a major concern in his port. The road between Ashuganj and Akhaura border must be improved to ensure smooth traffic. The Road Transport and Highways Division has undertaken a project to upgrade the Ashuganj-Akhaura Highway into four lanes.

5.2 Facilities at Land Ports

Despite having a large number of non-tariff and para-tariff barriers described above, the growth of exports to India over the last three years demonstrates a quite impressive trend. It means that Bangladesh has good potential to boost its current level of exports if various connectivity-related barriers are addressed. Currently, about half of the total trade between Bangladesh and India take place through land ports. The present government has fully activated ten land ports in several parts of Bangladesh since 2009. Undoubtedly, better land ports are the most crucial prerequisite for trading with the neighbour having land border from three sides of the country's geographical territory. These are also essential for seamless movement of goods and proper advancement of trading activities between the two countries. In addition, there is a strong need for proper development and maintenance of the supporting infrastructural with coherence on both sides of the border.

During the Prime Minister's Modi's visit to Bangladesh in June 2015, both the Prime Ministers emphasised the importance of upgradation of infrastructure of the Land Customs Stations (LCSs), Land Ports, and Integrated Check Posts (ICPs) in a coordinated manner for harmonised service provision to facilitate seamless movement of good and passenger movement through land routes (article 31 of the joint declaration of 2015). The matter was also highlighted in Prime Minister Sheikh Hasina's visit to India in April 2017 (article 38 of the joint statement of 2017).

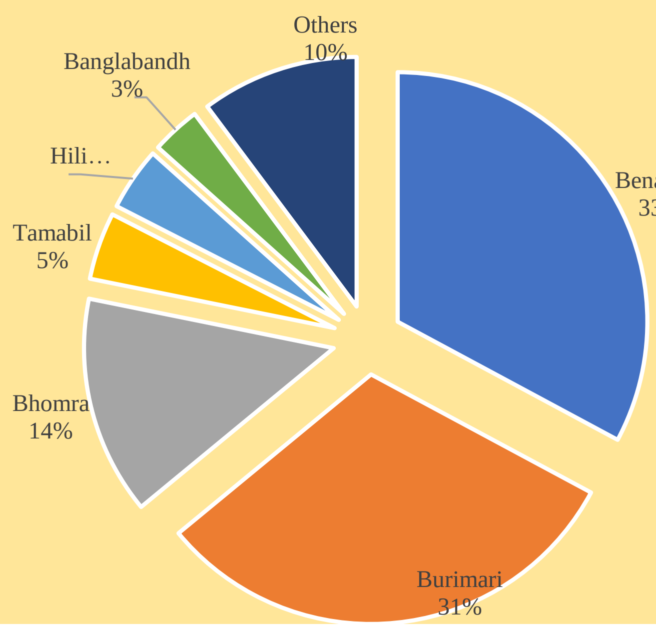
Bangladesh currently has 23 land ports, in which 17 ports are operated by Bangladesh Land Port Authority (BLPA) and the rest six ports are operated under Build, Operated & Transfer (BOT) basis of which 22 are used for trading with India and one with Myanmar.[23] Keeping in mind the recent dynamics of trade volume with India, BLPA must enable Bangladeshi traders to communicate

[23] http://bsbk.portal.gov.bd

better with their Indian counterparts and access the Indian market through all land ports. The processes of exports through the land ports must be further simplified and expedited through automation and faster services in all land ports of Bangladesh. Integrated Check Posts (ICPs) were established to bring different agencies and services, such as customs, immigration, border security, etc. under one integrated complex and facilitate seamless movement of goods and people. Agartala land port in Tripura is modern and well-equipped, while its counterpart, Akhaura LCS in Bangladesh, is not advanced enough to provide the same level of services. Indian traders cannot properly use Akhaura LCS for importing commodities from Bangladesh. Conversely, the Hili LCS allows very limited clearance of goods because of extremely inadequate infrastructure and support services. Benapole LCS accounted for 37 per cent of the total trade between the two countries in 2016-17, which indicates the importance of land ports in Bangladesh's trade with India in general and access of Bangladeshi products in the Indian market through desired trade facilitation.

Figure 5. 1

Revenue Generation of the Land Ports, 2017-18



Note: Total revenue = Tk.148.33 crore

Source: Authors' presentation from National Broad of Revenue (NBR), Bangladesh.

Recently, revenue earnings from the land ports have been maintaining an increasing trend due to the gradual development of infrastructure and services along with increased trade volume with India. However, despite being the largest and busiest land port of the country[24], Benapole has continued to be plagued with manual operation, digital deficiency and lack of modern surveillance systems that lead to mismanagement and rampant theft of goods. Trucks moving toward India experience a number of challenges during monsoon as they have to wait in knee-deep water due to bad road condition inside the port and inadequate shading. It discourages the exporters to use this port. The problems are aggravated when goods stored in shades are damaged since rainwater easily enters warehouses during the monsoon. Because of inadequate sheds, many traders compel to keep their goods under open sky even though the situation has improved recently.[25] Conversely, the Government of India has set up an integrated check post on 300 acres of land at Petrapole port with a large number of installed modern facilities, such as CCTV surveillance, warehouses are airconditioned and a modern scanning system. The existing 60,000 square feet government-owned warehouse in Benapole port is extremely inadequate to significantly increase exports to India, which largely depends on importing raw materials and intermediate good from India as well. [26] Due to congestion in Benapole side of the border and problems in clearance in the port, some traders need to wait for even 25 days in the port. This long waiting time leads to considerable loss of the traders including deterioration of quality and theft of goods.

Every day on average 400 trucks enter Bangladesh from India while around 1,500 trucks wait at Petrapole at the Integrated Check Post (ICP) for entering Bangladesh.[27] The current official warehousing capacity of Benapole around 40,000 tonnes against the requirement of at least 100,000 metric ton (MT). As a result, nearly 60,000 MT products are stored in warehouses of bystander areas. The location of sheds is both sides of the road with one gateway for both entry

[24] Benapole port, which is only 84 kilometres away from Kolkata city.
[25] Based on qualitative interviews with port officials, employees and truckers by the field survey team in November-December 2018.
[26] http://www.bangladeshmonitor.com/news_update/829/Private-warehouse-at-Benapole-port-will-boost-Indo-Bangla-trade
[27] Ibid.

and exit of vehicles. In addition, the approach roads are narrow and full of common transport vehicles. Despite recent infrastructural developments in Benapole port, these lead to traffic congestions and hinder the passage of trucks with consignments.[28] To address these problems in the medium term, approach road must be widened, and the number of sheds be increased for which the government needs to acquire more lands nearby the port area. Moreover, the government also need to facilitate establishing warehouses by private investors.

The government has launched a fresh project to develop the infrastructures of three land ports to boost trade with India through regional connectivity. The security features of Benapole land port will also be modernised under the project. Under the Bangladesh Regional Connectivity Project-I, immigration and customs facilities will be upgraded through the necessary infrastructural development to expedite trade and business with India. The Executive Committee of the National Economic Council (ECNEC) has approved the project of Tk 6.93 billion. The Bangladesh Land Port Authority is implementing the project, which is expected to finish by June 2021.

The operation of Bhomra land port started in 2013, and open yard, warehouse and other infrastructures have been constructed for it. However, the expansion of yard for non-perishable goods is essential for high pressure of cargos. Moreover, after the construction of the Padma Bridge, communication and traffic through this port will increase due to closeness with Kolkata than Benapole land port. Therefore, it would be the centre of goods transportation to and from India. Ramgarh land port located in Ramgarh upazila of Khagrachhari district would be a vibrant place to expand exports to Tripura. In addition, the development of the port will pave the way for using Chattogram port.

[28] http://sanemnet.org/boosting-bangladesh-india-bilateral-trade/

As the Benapole port is a more important land port to Bangladesh, the government is implementing "SASEC Road Connectivity Project: Development of Benapole and Burimari Land Ports". The Government of India has been upgrading seven more Land Customs Stations (LCSs) into Integrated Check Posts at different points on the India-Bangladesh border. Upgrading the Dawki Land Customs Station on the Meghalaya-Bangladesh border is going on.

The Government of India has initiated the upgradation of infrastructure at Land Customs Stations. LCSs at Petrapole and Agartala have already been converted into Integrated Check Posts with modern infrastructure for facilitating movement of cargo and passengers. However, since both India and Bangladesh are working on the improvement of infrastructure of their land ports, there is a need to coordinate these efforts to avoid mismatch in capacity on the two sides of the border. Petrapole has improved the cargo handling capacity substantially, while capacity in Benapole side remains inadequate. This has led to congestion at the port, which increases the cost of transporting goods. It is, therefore, important to address the deficiency of Benapole port at the earliest given its importance in bilateral trade.

Export of T&C products has been demonstrating an impressive trend in the most recent years. It implies that Bangladesh can easily expand its market in India if modern and adequate facilities are established in the land ports. For example, an office of the Bangladesh Standards and Testing Institution (BSTI) must be established at the land ports for rapidly issuing of standard certificates.

Chapter 6: Exploring Market in India's Northeast

For Bangladesh, India's northeast has been an area of considerable business and economic interest. Beside improving infrastructure and easing movement of goods and passengers through the existing land ports, the initiative of increasing the number 'border haats' is expected to be catalytic to strengthen business ties between Bangladesh and India's northeast provinces. Despite the states like Tripura, Assam and Meghalaya utilizing the benefits of sharing a common border with Bangladesh and accessing the mainland India through the country, other states, such as Nagaland, Manipur and Mizoram are yet to tap the benefit of accessing the rest of India via Bangladesh. Indeed, Bangladesh is potentially the most important business and economic partner for India's northeast given its size and location.

Three states of India's northeast, *viz*. Mizoram, Manipur and Nagaland are comparatively less connected in terms of trade and business vis-à-vis other states. It is believed from both Bangladesh side and those states that further trade and economic linkages through new corridors would enhance the welfare of the people living in both sides. Mizoram shares long 318km boundary with Bangladesh. It is the third largest power surplus state in India[29]and can be a source of electricity for Chittagong hill districts of Bangladesh, which are currently suffering from power shortage. The Mizoram State Roads II — Regional Transport Connectivity Project (RTCP) is the World Bank's US$107 million project to improve transport connectivity for Mizoram and to help utilize the potential for regional trade among neighbouring countries, *viz*. Bangladesh and

[29] https://www.hindustantimes.com/india-news/mizoram-can-become-key-transit-for-trade-with-myanmar-bangladesh-pm-modi/story-TnnyWcJNGP6hAWud6gxEyL.html

Myanmar. The project aimed to enhance the road links of Mizoram and other northeastern states with Bangladesh. Connectivity is essential for a distant hill state Mizoram, which is geographically isolated from the mainland and its shared border area on Bangladesh side is also a hilly area. Difficult transport routes in its predominantly mountainous terrain have long hindered trade and business with mainland India and neighbouring Bangladesh.

Mizoram's road network is poor, underdeveloped with among the lowest density in India that leads to difficulties to connect with larger markets. The distance from its capital Aizawl to the nearest Indian port of Kolkata via 11 km-wide Siliguri corridor ("Chicken's Neck") is 1,547km and extremely time-consuming compared to Chittagong port in Bangladesh, which is very closely located. Basic food items, such as rice, sugar, tea and tomato are three times costlier in Mizoram than Bangladesh, especially in comparison with Chittagong hill districts, which just touches its border. The World Bank project, therefore, aims to increase the connectivity within the state and improve access to transport infrastructure and services to important international trunk roads and transport corridors that connect to Bangladesh and especially Chittagong sea port.[30] On Mizoram side, the road that has been considered to establish a new business corridor is a 22 km section of Lunglei-Tlabung-Kawrpuichhuah road on the border with Bangladesh. On the other hand, Bangladesh and India's bilateral decision to construct a bridge over the Karnaphuli river to establish a business corridor would improve road connectivity and strengthen people-to-people contact in both sides of the border. For that to happen, the location of the bridge has been proposed to be as close as possible to the nearest land customs station in the Bangladesh side.[31] Bangladesh will be able to export to Mizoram the staple food and daily necessities that have huge demand. Thus, Bangladesh's export market prospects could get significant boosting from improved transport infrastructures.

[30] https://www.mmbiztoday.com/articles/wb-fund-107m-connect-mizoram-bangladesh-and-myanmar

[31] http://www.business-standard.com/article/news-ians/india-bangladesh-to-construct-bridge-along-mizoram-border-117070800220_1.html

Another northeastern potential business partner is Manipur, which also suffers from weak transport and communication network. However, a new 15-kilometre rail link between Akhaura and Agartala has been initiated to help reduce time and costs of goods transportation on both sides of the border. It is likely to foster Bangladesh's exports directly to Tripura and its adjacent Manipur, Mizoram and Nagaland. Bangladesh's agricultural products that already have a huge market in the Northeastern states is expected to ease significantly through this rail connectivity.[32]

Table 6. 1 Basic socio-economic profile of seven Northeastern states of India

	Tripura	Mizoram	Nagaland	Manipur	Meghalaya	Assam	Arunachal Pradesh
Area (km^2)	10,492	21,087	16,579	22,327	22,429	78,438	83,743
Population (million), 2011	3.67	1.09	1.99	2.86	3.2	39.21	1.38
GDP (US$ billion), 2012-13 (constant 2004-05 prices)	2.80	0.86	1.76	1.26	1.97	13.77	0.94
Per capita GDP (US$), 2012-13	763	786	883	439	616	351	680
GDP growth (%), 2012-13	8.70	7.23	6.45	3.95	2.18	6.06	4.65
Poverty rate (%)	14.05	20.40	18.88	36.89	11.87	31.98	34.67
Literacy rate (%)	94.65	91.58	80.1		75.84	72.19	66.95
HDI Index	0.662 (medium, 2014)	0.651 (medium, 2011)	0.770 (high, 2005)	0.707 (high, 2005)	0.585 (medium, 2005)	0.598 (medium, 2005)	0.617 (medium, 2005)

Source: Based on the 15th Indian Census 2011; State of Literacy, Office of the Registrar General & Census Commissioner, India; State governments' economy reports; and Indian Planning Commission data tables, 2014.

Bangladesh's exports to Manipur is beneficial for both the parties because of the former's comparative advantage in exports and the latter's cost advantage in the import of food and other necessary items. Bangladesh is interested to export other items, such as readymade garments, furniture, medicines, and food items Manipur and Nagaland.[33] Considerable demand for

[32] http://www.observerbd.com/details.php?id=108463

[33] http://www.daily-sun.com/post/126941/Bangladesh-eager-to-export-quality-products-to-Indias-Manipur:-Tofail; http://www.worldbank.org/en/news/opinion/2017/09/27/bangladesh-corridor-vital-indias-act-east-policy.

Bangladeshi products in Manipur and higher cost and scarcity of those products from mainland India indicates mutually beneficial business between Bangladesh and Manipur.[34]

[34] Mahfuz Kabir. 2018.Potential of New Business Corridors between Bangladesh and India's Northeast: Bangladesh Perspective", paper presented in International Seminar on *North-East India and its International Neighbours: New Directions*, organised by Department of Political Science, North-Eastern Hill University, Shillong, India; 27-28 March 2018.

Chapter 7: Promotion of Bangladesh's Exports: Way Forward

India is undoubtedly a potentially very big export market for Bangladesh because of, inter alia, its magnificent economic performance, fast-growing middle-class consumers and trade along value chains. It provides access of a wide range of Bangladeshi products in its rapidly expanding market, which is evident from its duty-free access of almost all Bangladeshi products, granting loans to develop trade-related infrastructure, and active engagement in Bangladesh's SEZs, which are conceived to be the country's next generation economic hubs. Bangladesh should, therefore, judiciously tap the opportunity to get a predictable market by means of understanding the pattern of demand and consumer preference, attracting investment along the bilateral value chains engagement, and addressing behind and beyond the border constraints. In doing so, the following issues must be given topmost priority.

7.1 Attracting Indian investment

Indian investment is likely to be one of the major drivers of Bangladesh's overall exports to India. This is because of two reasons: first, any investment will add to productive capacity in Bangladesh, and second, Indian investment could help ensure predictability and sustainability of India's trade policy regime affecting Bangladesh's export prospects. With regards to the latter, frequent changes in the policy regime is a common phenomenon in developing countries and investments from preference-granting countries can provide leverages for policy consistency.

Given the recent trends in exports, Bangladesh should try to attract Indian investment in the RMG sector on a priority basis. It is the sector where the country has proven supply-side capacity, and because of perceived policy uncertainty, many exporters are currently discouraged from pursuing the Indian market. India also has a strong textile and apparel sector and, given the past experiences, any import surge from Bangladesh could lead to demand for protection in India. Indian-FDI led exports of RMG would help establish Bangladesh's comparative advantage and deal with any lobbying pressure for policy reversals.

Bangladesh is currently enjoying benefits under the least developed country (LDC) status in both SAFTA and Indian market. Over the next five years or so, the Indian market should expand significantly for Bangladeshi RMG products. Indian raw materials and intermediate goods are significantly used in Bangladesh's export-oriented RMG as well as domestic manufacturing of textile and apparel products. Jute was the top export item for many years. However, being its subject to anti-dumping duties vis-à-vis strong export response from the apparel sector mean the readymade garment industry has become the largest exporter to India. This is likely to persist in the future.

In the above context, it is important to assess whether Bangladesh can attract Indian investment in RMG. Intuitively, such investment will be mutually beneficial for both the countries because of value chain-led export. This involves import of raw materials and intermediate inputs from India and Bangladesh's exporting finished products to India. Currently, Indian investors are planning to invest in light engineering, automobiles, electronics assembling, leather, and information technology (IT) in the SEZs in Bangladesh. While the existing investment propositions are helpful, consideration of readymade garments will advance Bangladesh's export prospects in India.

7.2 A comprehensive bilateral trade agreement with India

As indicated above, Bangladesh currently enjoys duty-free market access in the Indian market. This is mainly due to the implementation of the SAFTA agreement, in which Bangladesh is recognized as a least developed country, enjoying more concessionary treatment than other developing countries. However, as Bangladesh is going to graduate from the group of least developed countries (LDCs) by 2024, the special concessions granted would cease to exist.

Therefore, Bangladesh will have to proactively pursue the continuation of duty-free access beyond its LDC graduation. There are two issues to consider in this respect. First of all, considering the case of the Maldives that continued received LDC benefits under SAFTA, Bangladesh can ask for similar concessions. Another option is to ask for an extension of the same status for Bangladesh, Bhutan and Nepal – as all three countries are going to graduate within the next five years or so.

Bangladesh could also take a bilateral route in securing the existing market access. This will require striking a comprehensive bilateral trade agreement with India. Bangladesh does not have any experience of bilateral FTA with any country. Currently, the Government of Bangladesh is pursuing an FTA with Sri Lanka, which would be a test case to comprehend its capacity in bilateral trade negotiation for all products. However, an initial process of an FTA with India was started back in 2006 when a study was conducted with support from the World Bank.[35] Nevertheless, the attempt did not continue subsequently due mainly to political uncertainties in Bangladesh for more than two years. Bangladesh also wanted to observe the successes and challenges in the execution of SAFTA since July 2006.

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[35] World Bank (2006), India-Bangladesh Bilateral Trade and Potential Free Trade Agreement, Bangladesh *Development Series Paper No: 13*, The World Bank Office, Dhaka.

Since a large number of goods from Bangladesh, including readymade garments, are allowed duty-free access into the Indian market, it would be a good idea to secure the existing trade regime through a bilateral FTA. Since trade discussions and negotiations are lengthy, the work on a possible post-graduation trade strategy with India must begin now. Reaching a positive outcome within a short possible time – and certainly considerably before the graduation deadline – can give the investors and exporters the much-needed policy certainty.

7.3 Diversifying export portfolio

Diversification of export items is a must keeping in mind the need of the Indian market. Exporters can target the products that Bangladesh produces and exports to the international market, while India imports from the world but not from Bangladesh. A list of such potential products has been provided and discussed above. These products are possibly subject to various NTBs and NTMs that need bilateral negotiations at the government level for opening up the Indian market. In addition, there are many potential products that India is importing significantly from the world market while it is importing very low amount from Bangladesh. For example, significant potential is still untapped in both knitwear and woven garments (HS codes 61 and 62); tableware, kitchenware, and toilet articles made of plastic (HS code 39, 48 and 69); waste and scrap of aluminium, iron, steel, copper and zinc (codes 72, 74, 76 and 79); and furniture of plastics (code 94) (please see, Annex Tables 1 and 2 for a detailed list of products).

7.4 Addressing NTBs and NTMs

NTBs and NTMs seem to be iterative phenomena in Bangladeshi products, market access in India despite notable progress in recent years. However, standard-related requirements and technical barriers are sometimes regarded as testing grounds for Bangladeshi products in performing well in the international market. Some stakeholders in Bangladesh are of the view that stringent and onerous requirements associated with standards and their confirmation outweigh the benefits of generous facilities provided by India and creates an adverse impact on the bilateral relationship at a broader level. This issue has generated mistrust and suspicion for a long time. The imposition of ADD on Bangladeshi jute products is a recent example of such NTMs spurring questions and controversies among many regarding India's good intents to advance its trade and business relations with Bangladesh. Although Bangladesh can resort to the WTO to challenge this measure, a bilateral solution of this problem is imperative at the earliest too. Otherwise, it may be counterproductive to many successes that brought Bangladesh-India relations at a new height.

The problems of NTBs and NTMs are long-standing and recognised as amongst the most important problems by all stakeholders. In some cases, perceptions also matter in discouraging exports. It would be a good idea to form a high-level committee comprising senior officials from the Ministry of Commerce, Bangladesh Tariff Commission, Bangladesh Foreign Trade Institute, Ministry of Foreign Affairs, representatives from business chambers and experts among others to look into the NTM and NTB issues as a case by case basis and develop guidelines. In some instances, certain issues may need to be raised with authorities in India for clarification and reconsideration. It will establish an avenue for generating an information base to reassure the business community in addressing any unreasonable perception.

It is however also important to acknowledge that Bangladesh has limited technical and enforcement capacities in establishing and maintaining product quality of international standards. Any improved in this area can not only improve export prospects in India but also in many other countries. Therefore, technical assistance from India can be sought to improve the relevant capacity in Bangladesh. A strengthened Bilateral Cooperation Agreement between BSTI and Bureau of Indian Standards (BIS) is an important step towards harmonising standard of traded goods between the two countries. The Ministry of Commerce of Bangladesh should actively pursue to enlist the aforementioned 27 export products under the MRA that include cement, MS Rod, MS angle & plate, GI pipe, textile at the earliest according to the demand of the business community. In addition, Bangladesh should request India to extend long-term support of BIS to enhance BSTI capacity for expanding the list of products under MRA.

7.5 Using transit infrastructure for boosting exports

Bangladesh's offer of transit to sub-regional countries is no longer a matter of criticism and controversy. Rather, it has been accepted as a viable means of improving trade-related connectivity that would be utilised for increasing Bangladesh's exports to India, Nepal and Bhutan, and investments in northeastern districts of Bangladesh which are currently lagging behind. Recently, however, the interest of the Indian business community in Ashuganj port has appeared to have slightly declined because of the improvement in rail connectivity between Guwahati and Agartala. However, when the Agartala-Akhaura rail link will be opened, the Ashuganj port should also become profitable. This is an opportunity for Bangladesh to utilise this infrastructure for exporting Bangladeshi goods to NES.

7.6 Improving port facilities

In order to significantly increase the volume of exports to India in the medium term, Bangladesh must ensure that the 22 land ports and bystander areas remain fully operational irrespective of their capacity and volume of operation. The country must invest significantly for improving physical facilities at all land ports, such as approach roads, sheds, loading-unloading space and warehouse. In addition, port infrastructure in Bangladesh must be consistent with that of the other side of the border for ensuring greater harmony in customs clearances. Moreover, land ports should rapidly terminate the manual loading-unloading as well as paperwork in customs procedures. Recently, Benapole land port has been improved significantly by widening approach road and improving some other facilities. Nevertheless, the port is still suffering from vehicle congestions.[36] The congestion in this port could be reduced when Bhomra land port would

[36] It is evident from field visit during the study period.

become fully functional as it is much closer to Kolkata than Benapole port.[37] Infrastructure at Ashuganj port must be improved significantly. Its physical facilities should be consistent with the integrated check post of Tripura border because it would work as the hub of goods transportation with NES and transit port. Moreover, infrastructure inside the premises and approach roads are very poor in Hili, Dawki, Chengrabandh, Sonamasjid ports, which need to be improved immediately.

7.7 Shifting towards coastal shipping and rail links

It needs to be recognised that coastal shipping has opened up considerable opportunity in trade between Bangladesh and the West Bengal (Bangla), especially with Kolkata, and it can significantly reduce the time of transportation as well as load on Benapole land port.[38] Shifting a part of the bilateral trade to rail through container trains from the road route will help ease pressure on Benapole port. The rail link between Bangladesh and West Bengal via the Padma Bridge can be a game changer in the near term as it will facilitate unhindered movement of goods by avoiding cumbersome and time-consuming procedural complexities and waiting time at land ports. Time taken to transport good from origin to destination is an increasing function of trading costs that reduce competitiveness and profit margin of the traders. It also artificially vanishes the surplus (welfare) of the traders through reducing efficiency in production and trading processed. Thus, trading through inefficient road network and land ports incurs significant opportunity costs that could be altered through utilising coastal shipping and rail network. The Coastal Shipping Agreement, signed in June 2015, which was expected to increase bilateral trade through improved connectivity due to leverage with other modes of transportation. However, the shippers want amendments of the agreement to carry goods of the third country for making the business more viable, which is currently under consideration subject to stakeholder consultation in Bangladesh by the Ministry of Shipping. It is true that trucking, loading-unloading,

[37] Even though trade volume between the two countries would be increased by that time, Bhomra port will help reduce enormous load on Benapole port.

[38] Interview with Bipul Chatterjee, Executive Director of CUTS International, an Indian think-tank specialising in India-Bangladesh trade, investment and connectivity.

warehousing, etc. create some employment, but in order to significantly increase exports to India in the near term, there is a need for developing alternative employment generation activities.

7.8 Northeast India as a potential market

Most of northeast India is still unexplored by Bangladeshi exporters. Initiatives should be taken to promote Bangladesh's exports there. Assam and Tripura are more advanced in the region and economic relations are more developed with them, but still there are prospects in Manipur, Mizoram and Nagaland as well. Most of the export products of Bangladesh will have competitiveness in the sub-region, in which improved transportation will play an important role in accessing these markets. The current excellent bilateral relationship with India should be utilised to unlock the trade potential. Bangladesh's processed food products, furniture and low-end apparel products are likely to perform well in the growing northeastern market. A market prospect analysis can be undertaken by Bangladesh to identify prospective products in this region. Recently, Adani Wilmar Limited, an India-Singapore joint venture, which has been leased a 100-acre land by BEZA in Bangabandhu Sheikh Mujib Industrial City,[39] has proposed an investment plan of US$400 million to tap into the potential of India's northeast regions along with Bangladesh's domestic market with agro-processing items. Bangladesh's own investment should also be increased to strengthen exports in these states given the momentum in socioeconomic development in that region.

7.9 Cooperation in tourism

India has emerged as one of the leading countries in the world in exporting tourism services. Bangladesh can benefit from India's experience in developing this sector. Bangladesh can seek India's technical support and investment to develop its tourism sector. Various tourism parks that are being developed as part of the special economic zones can greatly benefit from Indian

[39] https://www.dhakatribune.com/business/2019/01/21/adani-wilmar-to-invest-tk3-350cr-in-bangabandhu-industrial-city

investments and technical assistance. Bangladesh can also be an integral part of multi-country package tours including India, Nepal and Bhutan, that can be offered to global tourists. Indian investment can greatly help increase the number of tourists from India.

7.10 Collaboration in skill development

There is a dire need for skilled human resources in Bangladesh. Almost every export and manufacturing sector is affected by a shortage of skilled labourers and managers (Razzaque, 2017). For example, according to a recent study, the readymade garment sector will require 3.67 million skilled workers in 2021 and 7.45 million in 2026.[40] The demand for skilled labour will increase sharply for its restructuring and transformation into a technology-intensive industry. Many manufacturing firms employ foreign nationals, especially in management which requires high-level skills, and experiences. Given the mounting shortage of skilled workers and managers in the medium term, the export industry, in particular, would be compelled to hire more foreign workers. In this backdrop, while Bangladesh needs setting up technical and vocational institutes for skill development, managing these institutes for quality results will require technical assistance. India has huge expertise in this respect and should be in a position to help Bangladesh. A possible large-scale collaboration in skill development can greatly help Bangladesh deal with its problem of shortage of skilled workers and managers.

[40] Rushidan Islam Rahman and Mohammad Iqbal Hossain. 2017. Labour Market and Skill Gap Analysis for Readymade Garments Sector in Bangladesh. In: *Labor Market and Skills Gap in Bangladesh (Macro and Micro Level Study)*, Bangladesh Institute of Development Studies (BIDS), Skills for Employment Investment Program (SEIP), Dhaka: Finance Division (Ministry of Finance, Government of Bangladesh), pp. 27-48.

Chapter 8: Conclusion

India is currently the seventh largest economy in the world and the fastest growing among the biggest economies. Besides geographical proximity with a long common border, Bangladesh's multidimensional engagement in trade and investment as well in other developmental areas with India implies that the two countries will likely to trade more between them. Outcome documents of the recent official visits by the two Prime Ministers envisage Bangladesh's rising exports to India towards bridging the mounting bilateral trade deficit. However, despite duty-free access to most of the products, Bangladesh's exports to India remains quite small.

The present paper shows that Bangladesh's current export value to India is as much as $5 billion smaller than the estimated potential. The top export products to India include readymade garments (RMG), jute, home textiles, agricultural and fish products, and articles of copper and plastic. However, RMG and jute products constitute half of the total exports. Over the last ten years, Bangladesh's average annual exports to India grew at 15 per cent, which is quite encouraging. But, as the export volume gets bigger, the growth rate has been to be sustained to exploit the market potential. Attracting Indian investment into Bangladesh could significantly boost the export supply response. As such, the allocation of three special economic zones exclusively to Indian investors is a policy in the right direction.

To improve export market prospects, reinvigorated policy initiatives, including consultations with India, will have to be undertaken to address non-tariff barriers (NTBs) and non-tariff measures (NTMs) including the recent imposition of anti-dumping duty on Bangladesh's jute products. This paper has highlighted the general concern in Bangladesh of a large number of NTBs and NTMs in

India, discouraging exports. These include Sanitary and Phyto-sanitary (SPS) measures; rapidly changing standards and procedures; Technical Barriers to Trade (TBT) restrictions like packaging, labelling, certification and conformity assessments; documentation; non-acceptance of the country of origin certificate, HS classification and invoice value by Indian customs authority; etc. In some instances, to deal with the challenges Bangladesh needs capacity-building for which India can also be a source of assistance.

This paper emphasises that trade connectivity including port infrastructure should be significantly improved to facilitate transit and transhipment, which can be used to promote Bangladesh's exports to India. There is a need for substantial investment in developing and improving physical facilities at land ports and transit infrastructure for seamless and rapid clearance of consignments.

Amongst others, this paper also highlights that the current duty-free regime in India will be phased out in 2024 due to the scheduled graduation of Bangladesh from the LDCs. Therefore, Bangladesh should consider a comprehensive bilateral trade agreement with India to retain the duty-free market access.

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Annex

Table A 1 Export Potential Realised in High to Medium Performing Products

HS Code	Product label	Export to India (US$ ‘000’)					Potential Realisation $= \left({MB_{it}}/{MW_{it}}\right) \times 100$				
		2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
780199	Unwrought lead (excluding refined lead and lead containing by weight antimony as the principal ...	1,671	13,722	13,379	28,267	34,125	0.93	6.17	7.07	12.45	12.01
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume “incl. ...	17,939	0	20,047	25,488	20,710	1.36	0.00	1.04	1.76	2.89
252329	Portland cement (excluding white, whether or not artificially coloured)	14,316	12,690	9,801	8,459	17,484	38.38	21.29	17.37	9.54	18.95
720421	Waste and scrap of stainless steel (excluding radioactive, and waste and scrap of batteries ...	9,700	10,494	6,570	9,011	15,797	0.97	0.90	0.66	1.15	1.44
620520	Men’s or boys’ shirts of cotton (excl knitted or crocheted, ...)	21,334	14,358	16,560	20,125	14,314	46.89	38.56	42.45	45.12	39.27
740400	Waste and scrap, of copper (excluding ingots or other similar unwrought shapes, of remelted ...	19,403	10,807	6,678	4,574	13,952	2.37	1.20	0.86	0.68	1.76
890110	Cruise ships, excursion boats and similar vessels principally designed for the transport of ...	0	0	0	40	12,890	0.00	0.00	0.00	0.03	9.09
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	4,293	12,023	12,529	13,411	12,708	23.69	48.21	48.47	44.58	40.99
620462	Women’s or girls’ trousers, bib and brace overalls, breeches and shorts of cotton (excluding ...	2,241	5,096	6,392	10,620	10,727	11.75	24.69	23.51	35.10	33.22
640419	Footwear with outer soles of rubber or plastics and uppers of textile materials (excluding ...	2,358	5,464	9,114	11,779	8,255	5.52	9.21	12.31	11.90	7.24
420212	Trunks, suitcases, vanity cases, executive-cases, briefcases, school satchels and similar containers, ...	0	3,136	4,169	6,984	8,037	0.00	2.82	3.34	5.26	4.76
284700	Hydrogen peroxide, whether or not solidified with urea	3,852	5,962	5,601	6,084	7,169	16.48	22.02	33.02	27.10	27.14

HS Code	Product label	Export to India (US$ '000')					Potential Realisation = $\left({MB_{it}}/{MW_{it}}\right) \times 100$				
		2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
600634	Printed fabrics, knitted or crocheted, of synthetic fibres, of a width of > 30 cm (excluding ...	1,997	3,889	3,202	3,754	6,655	22.36	20.23	15.05	18.17	35.43
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted ...	240	2,427	5,509	3,574	5,627	2.99	19.89	32.34	20.02	23.53
630510	Sacks and bags, for the packing of goods, of jute or other textile bast fibres of heading 5303	49,030	31,802	50,878	41,682	5,064	86.11	61.25	71.18	94.88	20.46
220299	Non-alcoholic beverages (excl. water, juices, milk and beer)	0	0	0	0	4,644					5.79
871200	Bicycles and other cycles, incl. delivery tricycles, not motorised	3,722	6,324	5,110	6,677	4,396	16.05	20.38	16.54	17.67	9.09
620333	Men's or boys' jackets and blazers of synthetic fibres (excluding knitted or crocheted, and ...	240	5,499	5,096	1,861	4,144	2.35	33.99	32.55	15.94	30.55
400121	Smoked sheets of natural rubber	1,802	6,646	11,626	4,614	3,901	0.53	2.21	6.97	3.82	3.57
560790	Twine, cordage, ropes and cables, whether or not plaited or braided and whether or not impregnated, ...	4,600	2,796	8,694	14,120	3,892	35.55	20.65	42.87	67.60	26.29
850710	Lead-acid accumulators of a kind used for starting piston engine "starter batteries" (excluding ...	2,446	2,558	2,663	1,536	3,628	16.03	12.77	11.14	6.82	10.44
382319	Fatty acids, industrial, monocarboxylic; acid oils from refining (excluding stearic acid, oleic ...	0	0	498	2,658	3,516	0.00	0.00	0.28	1.19	1.10
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ...	912	2,200	2,357	2,871	3,328	13.35	24.77	22.83	24.45	23.77
610510	Men's or boys' shirts of cotton, knitted or crocheted (excluding nightshirts, T-shirts, singlets ...	1,461	1,215	1,170	1,443	3,292	15.12	12.12	10.94	13.63	23.87
080290	Nuts, fresh or dried, whether or not shelled or peeled (excluding coconuts, Brazil nuts, cashew ...	89,213	66,236	29,362	3,187	3,105	73.54	63.21	43.64	8.63	20.24
410449	Hides and skins of bovine "incl. buffalo" or equine animals, in the dry state "crust", without ...	761	2,533	3,438	4,267	3,087	0.86	1.90	1.97	3.26	2.96
790200	Zinc waste and scrap (excluding ash and residues from zinc production heading 2620", ingots ...	211	656	359	2,248	3,078	0.18	0.43	0.33	1.96	1.70
750300	Waste and scrap, of nickel (excluding ingots or other similar unwrought shapes, of remelted ...	0	236	280	25	2,914	0.00	1.14	1.70	0.20	11.33
170490	Sugar confectionery not containing cocoa, incl. white chocolate (excluding chewing gum)	485	1,498	1,233	2,576	2,849	3.61	9.81	8.80	15.31	15.66

HS Code	Product label	Export to India (US$ '000')					Potential Realisation $= \left({MB_{it}}/{MW_{it}}\right) \times 100$				
		2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
520299	Cotton waste (excl yarn waste, thread waste and garnetted stock)	1,529	656	2,145	2,437	2,840	93.98	47.54	77.35	55.86	52.80
621210	Brassieres of all types of textile materials, whether or not elasticated, incl. knitted or ...	1,199	1,228	2,956	3,398	2,736	12.33	10.03	17.46	19.81	11.75
620343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excluding ...	608	3,289	3,374	3,846	2,634	16.43	49.09	41.33	45.12	32.38
480261	Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, ...	0	0	0	0	2,621	0.00	0.00	0.00	0.00	12.51
790120	Unwrought zinc alloys	1,787	3,459	3,021	2,040	2,586	5.52	4.75	4.53	3.62	2.91
843143	Parts for boring or sinking machinery of subheading 8430.41 or 8430.49, n.e.s.	0	652	1,779	4	2,569	0.00	0.19	0.72	0.00	1.23
620433	Women's or girls' jackets and blazers of synthetic fibres (excluding knitted or crocheted, ...	25	1,057	1,246	171	2,503	0.88	18.45	20.19	3.97	32.63
732690	Articles of iron or steel, n.e.s. (excluding cast articles or articles of iron or steel wire)	539	1,776	2,328	2,206	2,417	0.12	0.36	0.42	0.42	0.44
410419	Hides and skins of bovine "incl. buffalo" or equine animals, in the wet state "incl. wet-blue", ...	1,813	2,399	1,744	3,911	2,165	1.35	1.35	1.46	4.06	2.53
560811	Made-up knotted fishing nets of man-made textile materials (excluding landing nets)	76	228	893	1,652	2,111	1.88	4.29	13.13	27.73	33.84
220290	Non-alcoholic beverages (excl water, fruit or vegetable juices and milk)	893	1,345	1,690	3,340	2,097	1.03	1.09	1.44	2.56	4.90
390769	Poly"ethylene terephthalate", in primary forms, having a viscosity number of < 78 ml/g	0	0	0	0	2,040					1.95
620349	Men's or boys' trousers, bib and brace overalls, breeches and shorts of textile materials (excluding ...	591	2,123	6,830	1,059	2,038	19.91	35.20	75.48	29.66	35.01
620640	Women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excluding knitted or ...	29	155	632	1,096	1,900	0.36	1.49	5.02	7.75	12.62
281410	Anhydrous ammonia	2,930	0	13,868	3,048	1,780	0.30	0.00	1.33	0.40	0.25
620463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres ...	37	48	1,087	1,612	1,775	1.96	1.44	21.39	28.81	25.07
611120	Babies' garments and clothing accessories of cotton, knitted or crocheted (excluding hats)	2,245	955	1,187	1,506	1,665	44.28	26.22	15.53	20.74	23.17

HS Code	Product label	Export to India (US$ '000')					Potential Realisation = $\left({MB_{it}}/{MW_{it}}\right) \times 100$				
		2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	603	1,374	1,730	1,771	1,567	4.47	7.58	9.29	8.42	6.95
220210	Waters, incl. mineral and aerated, with added sugar, sweetener or flavour, for direct consumption ...	2,868	3,163	2,717	2,818	1,540	75.20	64.88	77.23	68.85	27.73
610821	Women's or girls' briefs and panties of cotton, knitted or crocheted	354	313	1,220	1,510	1,507	31.19	23.95	43.68	52.63	60.09
292320	Lecithins and other phosphoaminolipids, whether or not chemically defined	0	0	99	752	1,437	0.00	0.00	0.49	3.25	6.61
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	0	0	13	256	1,436	0.00	0.00	0.00	0.05	0.23
281511	Sodium hydroxide "caustic soda" solid	80	404	1,356	1,538	1,383	0.88	1.73	9.28	20.79	22.40
620920	Babies' garments and clothing accessories of cotton (excluding knitted or crocheted and hats, ...	315	514	837	1,916	1,371	20.53	22.47	20.45	34.45	53.72
650500	Hats and other headgear, knitted or crocheted, or made up from lace, felt or other textile ...	0	2	62	1,299	1,307	0.00	0.05	1.08	18.83	14.66
600192	Pile fabrics of man-made fibres, knitted or crocheted (excluding "long pile" fabrics)	0	0	1,111	1,005	1,167	0.00	0.00	7.76	7.05	5.89
392490	Household articles and toilet articles, of plastics (excluding tableware, kitchenware, baths, ...	612	826	1,277	918	1,140	3.31	3.93	6.35	5.68	3.68
620469	Women's or girls' trousers, bib and brace overalls, breeches and shorts of textile materials ...	242	1,039	866	386	1,131	5.44	11.24	17.82	10.82	29.08
081090	Fresh tamarinds, cashew apples, jackfruit, lychees, sapodillo plums, passion fruit, carambola, ...	0	0	0	0	1,110	0.00	0.00	0.00	0.00	10.58
620530	Men's or boys' shirts of man-made fibres (excluding knitted or crocheted, nightshirts, singlets ...	822	1,674	881	832	1,094	56.30	84.72	66.29	51.42	46.55
392690	Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s (excluding ...	1,285	1,095	1,351	892	1,091	0.21	0.16	0.19	0.11	0.14
610463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, ...	26	195	480	978	1,078	0.99	5.52	10.27	15.11	14.06
340111	Soap and organic surface-active products and preparations, in the form of bars, cakes, moulded ...	1,606	1,337	1,485	948	1,073	20.53	15.26	16.07	12.61	13.35
841199	Parts of gas turbines, n.e.s.	0	0	866	49	964	0.00	0.00	0.37	0.03	0.63

HS Code	Product label	Export to India (US$ '000')					Potential Realisation = $\left({MB_{it}}/{MW_{it}}\right) \times 100$				
		2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
720429	Waste and scrap of alloy steel (excluding stainless steel, and waste and scrap, radioactive, ...	12	75	510	273	958	0.02	0.15	1.94	1.18	2.35
151590	Fixed vegetable fats and oils and their fractions, whether or not refined, but not chemically ...	318	411	859	785	922	2.71	11.38	13.80	11.63	24.26
691110	Tableware and kitchenware, of porcelain or china (excluding ornamental articles, pots, jars, ...	728	915	1,103	671	919	4.87	6.00	7.41	4.82	5.19
480300	Toilet or facial tissue stock, towel or napkin stock and similar paper for household or sanitary ...	852	762	707	488	875	16.93	9.98	7.96	5.11	8.02
392520	Doors, windows and their frames and thresholds for doors, of plastics	359	375	646	392	873	2.88	2.61	3.17	3.10	5.75
620113	Men's or boys' overcoats, raincoats, car coats, capes, cloaks and similar articles, of man-made ...	0	13	102	117	845	0.00	1.16	9.35	10.05	29.33
721070	Flat products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...	0	0	97	443	821	0.00	0.00	0.03	0.22	0.19
610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted ...	382	191	624	937	801	18.86	8.92	21.41	22.28	23.37
520831	Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing <= 100 g/m², ...	42	391	731	495	770	0.87	11.32	11.91	9.46	21.12
620630	Women's or girls' blouses, shirts and shirt-blouses of cotton (excluding knitted or crocheted ...	43	372	825	1,558	767	1.38	12.52	22.80	28.20	13.44
940370	Furniture of plastics (excluding medical, dental, surgical or veterinary, and seats)	787	498	800	394	722	9.99	6.49	9.57	5.32	9.54
701939	Webs, mattresses, boards and similar nonwoven products, of glass fibres (excluding mats and ...	0	0	216	784	720	0.00	0.00	1.02	5.54	3.99
190590	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion ...	897	249	3,737	496	706	9.25	3.25	35.05	7.58	7.35
610342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or ...	199	475	697	1,081	694	16.10	30.59	21.95	24.67	14.56
560890	Knotted netting of twine, cordage, ropes or cables, by the piece or metre; made-up fishing ...	0	40	0	30	661	0.00	11.17	0.00	9.77	35.05
392410	Tableware and kitchenware, of plastics	111	179	183	322	609	0.75	1.72	1.47	2.77	3.79
720449	Waste and scrap of iron or steel (excluding slag, scale and other waste of the production of ...	108	375	581	591	606	0.01	0.02	0.03	0.05	0.05

HS Code	Product label	Export to India (US$ '000')					Potential Realisation = $\left({}^{MB_{it}}/_{MW_{it}}\right) \times 100$				
		2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
252310	Cement clinkers	0	0	90	0	605	0.00	0.00	0.58	0.00	2.30
620442	Women's or girls' dresses of cotton (excluding knitted or crocheted and petticoats)	0	40	36	255	603	0.00	1.82	1.40	9.65	16.81
482110	Paper or paperboard labels of all kinds, printed	222	235	508	641	574	0.45	0.47	1.02	1.23	1.06
621143	Women's or girls' tracksuits and other garments, n.e.s. of man-made fibres (excluding knitted ...	0	6	23	52	573	0.00	0.89	1.64	3.18	22.23
410799	Leather "incl. parchment-dressed leather" of the portions, strips or sheets of hides and skins ...	2,654	5,556	6,693	4,973	568	6.00	8.83	9.47	6.64	0.90
620332	Men's or boys' jackets and blazers of cotton (excluding knitted or crocheted, and wind-jackets ...	127	2,171	886	563	560	3.81	35.26	26.56	22.85	24.11
721410	Bars and rods, of iron or non-alloy steel, not further worked than forged (excluding in irregularly ...	0	0	274	477	558	0.00	0.00	5.28	2.81	14.94
480257	Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, ...	0	0	0	0	525	0.00	0.00	0.00	0.00	0.16
630710	Floorcloths, dishcloths, dusters and similar cleaning cloths, of all types of textile materials	3,526	2,355	1,037	42	520	61.38	46.75	24.99	1.19	9.35
611090	Jerseys, pullovers, cardigans, waistcoats and similar articles, of textile materials, knitted ...	256	1,473	656	666	502	15.37	38.50	42.02	41.89	42.61
521031	Plain woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed ...	311	774	752	434	502	6.38	18.18	15.53	11.37	9.95

Note: M is import of India, B is Bangladesh, W indicates world market, i means products and t stands for time (year).

Source: Based on Trade Map database.

Table A 2 Export Potential of Medium to Low Performing Products

HS Code	Product label	Export to India (US$ ‘000’)					Potential Realisation = $\left(MB_{it}/MW_{it}\right) \times 100$				
		2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
180690	Chocolate and other preparations containing cocoa, in containers or immediate packings of <= ...	108	130	122	118	486	0.30	0.32	0.38	0.33	1.12
610711	Men’s or boys’ underpants and briefs of cotton, knitted or crocheted	10	107	146	280	468	1.02	9.10	9.38	14.74	15.83
610620	Women’s or girls’ blouses, shirts and shirt-blouses of man-made fibres, knitted or crocheted ...	5	89	252	218	464	0.10	1.69	3.70	2.60	3.28
610442	Women’s or girls’ dresses of cotton, knitted or crocheted (excluding petticoats)	45	41	114	356	459	4.29	3.64	8.32	18.16	19.32
611610	Gloves, mittens and mitts, impregnated, coated or covered with plastics or rubber, knitted ...	581	500	339	415	458	26.37	12.39	8.24	8.15	6.19
080131	Fresh or dried cashew nuts, in shell	42	176	200	63	436	0.01	0.02	0.02	0.01	0.03
190531	Sweet biscuits	11	15	169	295	402	0.30	0.28	2.94	5.36	6.55
760200	Waste and scrap, of aluminium (excluding slags, scale and the like from iron and steel production, ...	0	35	0	0	399	0.00	0.00	0.00	0.00	0.02
400400	Waste, parings and scrap of soft rubber and powders and granules obtained therefrom	0	32	188	280	396	0.00	0.20	0.83	1.04	1.91
611011	Jerseys, pullovers, cardigans, waistcoats and similar articles, of wool, knitted or crocheted ...	79	698	493	520	395	2.31	20.35	19.43	22.90	15.48
610831	Women’s or girls’ nightdresses and pyjamas of cotton, knitted or crocheted (excluding T-shirts, ...	16	198	179	197	384	4.98	35.11	30.49	31.77	43.24
721041	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...	63	215	213	220	381	0.30	1.01	2.78	10.63	4.66
480269	Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, ...	0	0	11	0	370	0.00	0.00	2.68	0.00	39.70
640291	Footwear covering the ankle, with outer soles and uppers of rubber or plastics (excluding waterproof ...	240	82	143	579	356	32.09	3.49	7.26	14.59	7.99
520942	Denim, containing >= 85% cotton by weight and weighing > 200 g/m², made of yarn of different ...	0	0	129	61	352	0.00	0.00	0.71	0.37	2.68
90390	Textile fabrics impregnated, coated, covered or laminated with plastics other than poly”vinyl ...	66	45	27	0	346	0.04	0.03	0.02	0.00	0.21

HS Code	Product label	Export to India (US$ '000')					Potential Realisation = $\left(MB_{it}/MW_{it}\right) \times 100$				
		2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
611529	Pantyhose and tights of textile materials, knitted or crocheted (excluding graduated compression ...	478	361	254	90	344	15.78	11.02	5.29	1.39	3.03
610343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted ...	23	435	388	174	341	1.31	14.80	7.58	3.97	5.92
20213	Women's or girls' overcoats, raincoats, car coats, capes, cloaks and similar articles, of man-made ...	0	0	30	93	328	0.00	0.00	1.61	7.42	16.38
640399	Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather ...	329	79	79	283	325	0.73	0.25	0.18	0.53	0.94
620443	Women's or girls' dresses of synthetic fibres (excluding knitted or crocheted and petticoats)	1	15	32	110	321	0.03	0.34	0.58	1.93	4.52
520829	Woven fabrics of cotton, containing >= 85% cotton by weight and weighing <= 200 g/m², bleached ...	5	0	45	255	320	0.18	0.00	2.98	28.52	26.64
030289	Fresh or chilled fish, n.e.s.	5,362	16,456	16,363	9,470	319	96.56	100.0	99.96	99.66	32.85
600622	Dyed cotton fabrics, knitted or crocheted, of a width of > 30 cm (excluding warp knit fabrics ...	2,037	1445	221	103	318	23.38	22.06	4.38	2.35	3.03
901580	Instruments and appliances used in geodesy, topography, hydrography, oceanography, hydrology, ...	0	0	0	90	304	0.00	0.00	0.00	0.09	0.19
410441	Full grains leather, unsplit and grain splits leather, in the dry state "crust", of hides and ...	148	240	277	259	300	5.67	14.57	15.08	12.33	1.94
610433	Women's or girls' jackets and blazers of synthetic fibres, knitted or crocheted (excluding ...	0	2	233	224	298	0.00	0.26	14.37	13.07	16.16
410719	Leather "incl. parchment-dressed leather" of the whole hides and skins of bovine "incl. buffalo" ...	693	1,798	1,748	1,153	296	1.39	3.40	2.48	1.08	0.69
940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)	13	70	0	10	295	0.01	0.05	0.00	0.01	0.19
480255	Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, ...	0	0	0	0	275	0.00	0.00	0.00	0.00	0.53
480620	Greaseproof papers, in rolls of a width > 36 cm or in square or rectangular sheets with one ...	0	0	0	0	272	0.00	0.00	0.00	0.00	13.37
610443	Women's or girls' dresses of synthetic fibres, knitted or crocheted (excluding petticoats)	6	2	11	82	267	0.24	0.06	0.27	1.67	3.74
190219	Uncooked pasta, not stuffed or otherwise prepared, not containing eggs	35	93	25	102	262	0.80	0.87	0.25	0.96	7.34

HS Code	Product label	Export to India (US$ '000')					Potential Realisation = $\left(MB_{it}/MW_{it}\right) \times 100$				
		2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
581100	Quilted textile products in the piece, composed of one or more layers of textile materials ...	8	8	55	168	261	0.88	1.72	10.87	32.62	32.10
620331	Men's or boys' jackets and blazers of wool or fine animal hair (excluding knitted or crocheted, ...	7	0	0	0	257	0.21	0.00	0.00	0.00	7.58
420292	Travelling-bags, insulated food or beverage bags, toilet bags, rucksacks, shopping-bags, map-cases, ...	10	14	7	72	249	0.14	0.18	0.12	0.74	2.00
940430	Sleeping bags, whether or non-electrically heated	59	52	168	169	247	3.81	5.40	15.73	12.46	11.80
610822	Women's or girls' briefs and panties of man-made fibres, knitted or crocheted	408	138	267	285	241	20.21	5.54	6.19	7.38	8.37
610332	Men's or boys' jackets and blazers of cotton, knitted or crocheted (excluding wind-jackets ...	54	127	23	117	237	6.09	22.32	4.01	10.21	20.40
901590	Parts and accessories for instruments and appliances used in geodesy, topography, photogrammetrical ...	0	0	0	0	235	0.00	0.00	0.00	0.00	0.88
392290	Bidets, lavatory pans, flushing cisterns and similar sanitary ware, of plastics (excluding ...	0	0	0	19	228	0.00	0.00	0.00	0.04	0.49
382313	Tall oil fatty acids, industrial	0	0	0	0	228	0.00	0.00	0.00	0.00	2.75
580710	Labels, badges and similar articles, of textile materials, in the piece, in strips or cut to ...	53	38	82	128	220	0.26	0.13	0.34	0.68	1.09
999999	Commodities not elsewhere specified	10,664	74	155	704	219	0.09	0.00	0.00	0.01	0.01
392049	Plates, sheets, film, foil and strip, of non-cellular polymers of vinyl chloride, containing ...	0	21	0	22	219	0.00	0.03	0.00	0.04	0.34
550510	Waste of synthetic staple fibres, incl. noils, yarn waste and garnetted stock	30	6	54	125	205	0.21	0.03	0.27	0.70	1.16
610610	Women's or girls' blouses, shirts and shirt-blouses of cotton, knitted or crocheted (excluding ...	31	338	152	161	194	1.38	11.77	5.75	4.96	6.07
843420	Dairy machinery (excluding refrigerating or heat treatment equipment, cream separators, clarifying ...	0	0	0	0	194	0.00	0.00	0.00	0.00	1.86
620452	Women's or girls' skirts and divided skirts of cotton (excluding knitted or crocheted and ...	29	101	89	194	191	3.93	14.66	12.62	22.17	14.00
620193	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres ...	1,685	929	68	331	190	27.93	19.59	1.20	4.85	2.56

HS Code	Product label	Export to India (US$ ‘000’)					Potential Realisation = $\left({MB_{it}}/{MW_{it}}\right) \times 100$				
		2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
200819	Nuts and other seeds, incl. mixtures, prepared or preserved (excluding prepared or preserved ...	120	70	244	163	190	2.28	0.60	3.03	1.67	1.38
721399	Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel (excluding ...	15	0	0	64	189	0.06	0.00	0.00	0.64	1.56
110520	Flakes, granules and pellets of potatoes	20	593	1026	95	186	2.53	24.46	29.29	9.83	27.89
700510	Float glass and surface ground or polished glass, in sheets, having an absorbent, reflecting ...	55	44	401	175	181	0.09	0.06	0.50	0.20	0.15
610832	Women’s or girls’ nightdresses and pyjamas of man-made fibres, knitted or crocheted (excluding ...	0	0	167	16	179	0.00	0.00	10.88	1.15	7.03
392390	Articles for the conveyance or packaging of goods, of plastics (excluding boxes, cases, crates ...	49	43	6	54	179	0.08	0.06	0.01	0.07	0.21
631090	Used or new rags, scrap twine, cordage, rope and cables and worn-out articles thereof, of textile ...	2	61	715	3	174	0.00	0.11	1.21	0.00	0.26
903090	Parts and accessories for instruments and apparatus for measuring or checking electrical quantities ...	0	0	0	0	172	0.00	0.00	0.00	0.00	0.21
392350	Stoppers, lids, caps and other closures, of plastics	4	35	502	126	166	0.01	0.05	0.80	0.22	0.27
621490	Shawls, scarves, mufflers, mantillas, veils and similar articles of textile materials (excluding ...	132	354	146	185	164	20.59	43.28	25.04	35.44	22.68
610333	Men’s or boys’ jackets and blazers of synthetic fibres, knitted or crocheted (excluding wind-jackets ...	39	89	82	226	162	2.18	3.54	2.49	5.05	2.39
410190	Butts, bends, bellies and split raw hides and skins of bovine “incl. buffalo” or equine animals, ...	23	9	2	0	162	0.07	0.02	0.01	0.00	0.87
480256	Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, ...	0	0	0	0	160	0.00	0.00	0.00	0.00	0.26
610120	Overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets ...	0	0	20	53	149	0.00	0.00	2.15	3.27	7.78
840999	Parts suitable for use solely or principally with compression-ignition internal combustion ...	28	51	13	113	147	0.01	0.01	0.00	0.02	0.02
611420	Special garments for professional, sporting or other purposes, n.e.s., of cotton, knitted or ...	0	49	22	72	145	0.00	27.37	11.28	13.79	21.39

HS Code	Product label	Export to India (US$ '000')					Potential Realisation = $\left(MB_{it}/MW_{it}\right) \times 100$				
		2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
610220	Women's or girls' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, ...	2	11	48	194	145	1.33	5.64	12.21	26.72	21.45
611019	Jerseys, pullovers, cardigans, waistcoats and similar articles, of fine animal hair, knitted ...	38	0	14	14	143	17.51	0.00	5.96	8.38	47.99
291570	Palmitic acid, stearic acid, their salts and esters	0	337	116	105	143	0.00	0.53	0.36	0.40	0.46
621111	Men's or boys' swimwear (excluding knitted or crocheted)	106	76	135	122	141	45.11	5.22	16.75	28.57	42.99
480591	Paper and paperboard, uncoated, in rolls of a width > 36 cm or in square or rectangular sheets ...	0	0	0	0	140	0.00	0.00	0.00	0.00	0.21
850421	Liquid dielectric transformers, having a power handling capacity <= 650 kVA	0	23	122	32	139	0.00	0.65	2.32	2.04	2.66
721030	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...	0	0	0	0	138	0.00	0.00	0.00	0.00	0.16
490110	Printed books, brochures and similar printed matter, in single sheets, whether or not folded ...	189	66	63	97	136	0.36	0.11	0.12	0.21	0.22
392620	Articles of apparel and clothing accessories produced by the stitching or sticking together ...	3	13	11	23	134	0.01	0.07	0.09	0.14	1.11
620339	Men's or boys' jackets and blazers of textile materials (excluding of wool, fine animal hair, ...	0	67	437	55	130	0.00	2.97	20.23	2.67	4.43
901839	Needles, catheters, cannulae and the like, used in medical, surgical, dental or veterinary ...	0	0	0	0	130	0.00	0.00	0.00	0.00	0.06
620453	Women's or girls' skirts and divided skirts of synthetic fibres (excluding knitted or crocheted ...	0	12	41	87	129	0.00	0.82	2.63	5.69	6.93
620690	Women's or girls' blouses, shirts and shirt-blouses of textile materials (excluding of silk, ...	80	470	569	46	128	9.50	45.63	43.47	7.93	15.11
391739	Flexible tubes, pipes and hoses, of plastics, reinforced or otherwise combined with other materials ...	0	0	3	6	127	0.00	0.00	0.01	0.02	0.38
620293	Women's or girls' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres ...	639	728	118	153	126	30.72	23.69	4.87	6.12	3.89
480254	Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, ...	28	1	0	0	125	0.32	0.01	0.00	0.00	1.16
842619	Overhead travelling cranes, transporter cranes, gantry cranes, bridge cranes and mobile lifting ...	0	491	0	0	125	0.00	0.52	0.00	0.00	0.04

HS Code	Product label	Export to India (US$ '000')					Potential Realisation = $\left({MB_{it}}/{MW_{it}}\right) \times 100$				
		2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
390422	Plasticised poly'vinyl chloride", in primary forms, mixed with other substances	151	78	0	0	125	0.18	0.08	0.00	0.00	0.29
721049	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...	0	0	0	0	123	0.00	0.00	0.00	0.00	0.04
841989	Machinery, plant or laboratory equipment, whether or not electrically heated, for the treatment ...	0	0	0	5	123	0.00	0.00	0.00	0.00	0.06
841319	Pumps for liquids, fitted or designed to be fitted with a measuring device (excluding pumps ...	0	42	0	11	117	0.00	0.52	0.00	0.11	1.11
410792	Grain splits leather "incl. parchment-dressed leather", of the portions, strips or sheets of ...	115	0	0	0	116	10.24	0.00	0.00	0.00	1.00
741220	Copper alloy tube or pipe fittings "e.g., couplings, elbows, sleeves"	254	91	16	32	113	3.23	1.09	0.15	0.26	0.74
482190	Paper or paperboard labels of all kinds, non-printed	38	4	107	85	113	0.26	0.02	0.51	0.39	0.40
520832	Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 100 g to 200 ...	199	309	14	77	111	0.81	1.57	0.08	0.57	0.93
621133	Men's or boys' tracksuits and other garments, n.e.s. of man-made fibres (excluding knitted ...	0	0	3	32	110	0.00	0.00	0.46	4.49	6.01
843049	Boring or sinking machinery for boring earth or extracting minerals or ores, not self-propelled ...	0	60	0	0	107	0.00	0.04	0.00	0.00	0.10
151550	Sesame oil and its fractions, whether or not refined, but not chemically modified	6,001	5,915	112	357	105	93.43	92.15	13.76	36.39	8.56
844399	Parts and accessories of printers, copying machines and facsimile machines, n.e.s. (excluding ...	0	2	44	49	104	0.00	0.00	0.01	0.01	0.02
730791	Flanges of iron or steel (excluding cast or stainless products)	0	0	0	10	104	0.00	0.00	0.00	0.02	0.41
410120	Whole raw hides and skins of bovine "incl. buffalo" or equine animals, whether or not dehaired, ...	702	501	213	0	104	5.77	4.60	3.88	0.00	0.85
620432	Women's or girls' jackets and blazers of cotton (excluding knitted or crocheted, wind-jackets ...	0	155	91	165	102	0.00	13.03	7.63	12.76	8.17
847989	Machines and mechanical appliances, n.e.s.	1	98	0	82	102	0.00	0.01	0.00	0.01	0.01

Note: M is import of India, B is Bangladesh, W indicates world market, i means products and t stands for time (year).

Source: Based on Trade Map database.

Table A 3 Provisions Related to Indian Investment in Bangladesh

Areas	Provisions
Promotion and protection of investment	Bangladesh encourages condition for investment.
	Treatment of investment and return to India.
National and MFN treatment	Equal treatment for Bangladeshi and Indian investors.
Exclusion of principals in future integration	Provisions of equal treatment are not applicable in case of any future integration (free trade area, custom union or international agreement).
Expropriation of investment	• Indian investments are not to be expropriated except for public purpose according to the law; in which case compensation will be made equal to the market value of investment.
	• In case of any expropriation of investment of any Indian company, the said can approach for a review by the judicial or administrative authority for confirmation on such expropriation.
Compensation for losses	Loss faced by any Indian investor in Bangladesh territory due to war or armed conflict will be subject to compensation.
Repatriation of investment and return	Complete repatriation.
	Currency transfer is permitted in the currency of original investment or any other convertible currency; at prevailing market rate of exchange.
Application of other rules	If the provisions of laws and regulations of either contracting party, or obligations under international law existing at present in addition to the present agreement contain rules, contain more favourable provisions for the investor than is provided for by the present Agreement, then these rules shall also prevail.
Dispute settlement between investor and a contracting party	Settlement will be done on the basis of negotiation between the contracting parties.
	In case of the dispute not settled within six months, it will be submitted to either of the following: • Judicial, arbitral or administrative body of the contracting party which has admitted the investment; • International conciliation under the UN rule Commission on International Trade Law.
Arbitration	Arbitration in any of the following ways: • Through procedure of International Centre for the Settlement of Investment disputes; • In accordance with the Arbitration Rules of the United Nations Commission on International Trade Law, 1976.

Areas	Provisions
Dispute settlement between contracting parties	Dispute to be settled through negotiation.
	• If not settled within six months, upon the request of either of the contracting party, the dispute shall be forwarded to an arbitral tribunal.
	• Appointments of members by the contracting parties and a Chairman for the tribunal from a third state.
	• In case of failure of the above appointment process, the President of the International Court of Justice will make the appointments.
	• The decision of the arbitral tribunal shall be binding on the contracting parties.
Subrogation	If either of the contracting parties make any payment under an indemnity in respect of an investment in the territory of the other party, then the latter party shall recognise the assignment and the former party is entitled by virtue of subrogation to exercise the rights and enforce the claims of such a party.
Entry of Personnel	Personnel employed by companies of the contracting parties shall be permitted to enter and remain in the territory where investment is made, for the purpose of engaging in activities connected with investments.
Denial of Benefits	• A Contracting Party may deny the benefits under the agreement to an investor of the other Contracting Party if the investor is owned by a non-Party and the contracting party does not maintain diplomatic relations with such non-Party.
	• A Contracting Party may deny the benefits of an agreement to an investor of the other Contracting Party that is an enterprise if the enterprise has no substantial business activities in the territory of the other Contracting Party.

Source: Moazzem et al. (2014).[41]

[41] Moazzem, K.G., Basak, K.K. and Raz, S., 2014. *Investment and Financing in the BCIM EC: Opportunities, Challenges and Policies*. Ministry of Foreign Affairs, Dhaka (mimeo).