



COUNCIL FOR
STRATEGIC AND
DEFENSE RESEARCH



NON-TRADITIONAL SECURITY AND REGIONAL COOPERATION IN THE BBIN* REGION

*BANGLADESH, BHUTAN, INDIA, NEPAL

VIEWS OF EXPERTS FROM BANGLADESH, BHUTAN AND NEPAL

SURVEY REPORT
2022

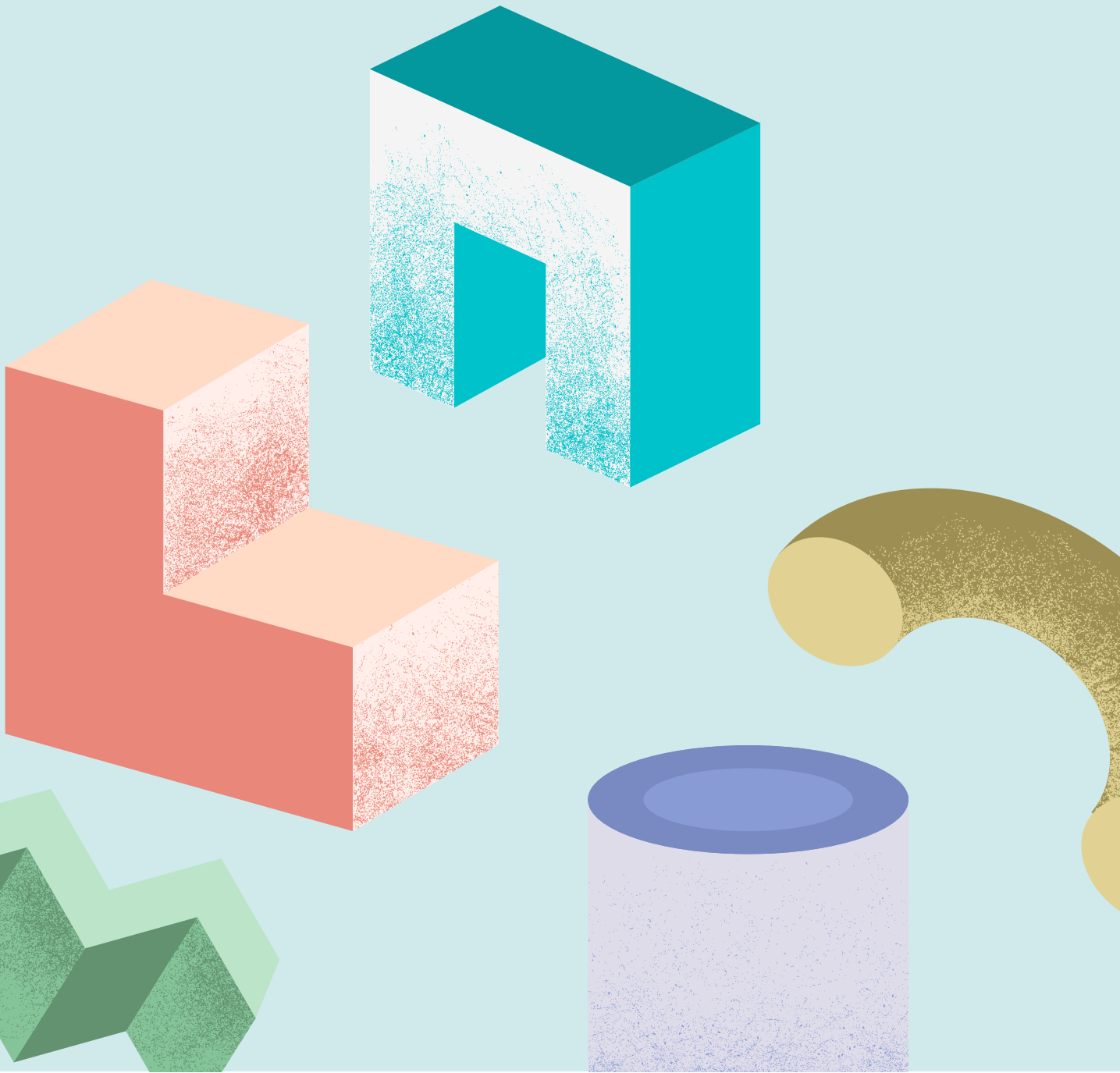
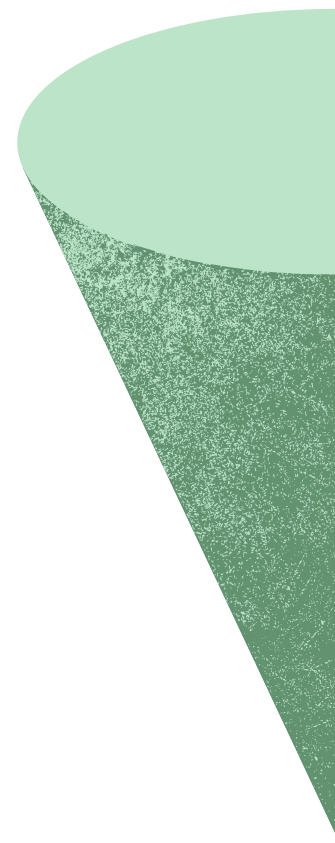
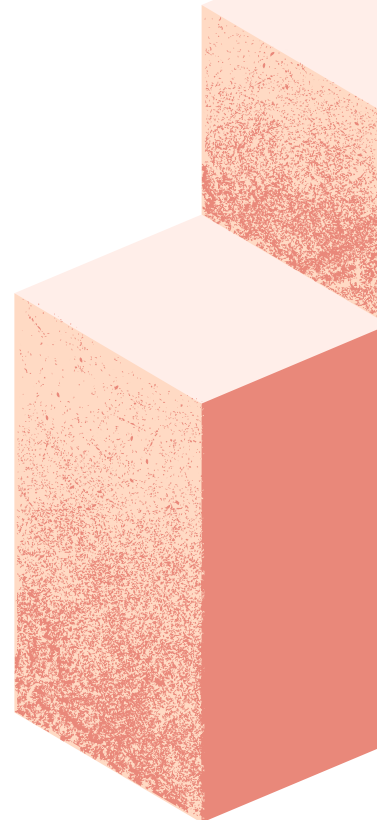


TABLE OF CONTENTS

1	ABOUT THE SURVEY
2	EXECUTIVE SUMMARY
4	INDIA'S REGIONAL ROLE: PERCEPTIONS OF EXPERTS FROM BANGLADESH
5	COOPERATION WITH INDIA ON NON-TRADITIONAL SECURITY ISSUES: PERCEPTIONS OF EXPERTS FROM BANGLADESH
11	INDIA'S REGIONAL ROLE: PERCEPTIONS OF EXPERTS FROM BHUTAN
13	COOPERATION WITH INDIA ON NON-TRADITIONAL SECURITY ISSUES: PERCEPTIONS OF EXPERTS FROM BHUTAN
17	INDIA'S REGIONAL ROLE: PERCEPTIONS OF EXPERTS FROM NEPAL
19	COOPERATION WITH INDIA ON NON-TRADITIONAL SECURITY ISSUES: PERCEPTIONS OF EXPERTS FROM NEPAL
24	CROSS-CUTTING THEMES
26	THE EMERGING REGIONAL OUTLOOK
31	ENDNOTES



ABOUT THE SURVEY

CSDR in partnership with FES, India conducted a Regional Experts Survey to study perceptions and attitudes among experts from Bangladesh, Bhutan, India and Nepal (BBIN Countries) on regional cooperation in various non-traditional security areas. The survey aims to draw up a picture of India's cooperation efforts in the region according to what experts perceive as its strong points and those that need more sustained work. Together, these non-traditional security issues depict areas of cooperation which hold the potential to further enhance regional integration in the BBIN sub-region.

The rationale for organising the survey around India is twofold. First, geographically, India is the link between BBIN countries. India forms the land bridges that connect the three countries. Second, India's degree of bilateral cooperation with the three countries is high and there are existing mechanisms of cooperation in place which can support further regional cooperation in the BBIN sub-region.

Experts were asked questions on India's past, present and future role in the BBIN sub-region, sector-specific cooperation, and their expectations regarding future cooperation. Perceptions on cooperation on the following non-traditional security issue areas were measured: Climate resilience, trade and connectivity, electricity connectivity, transboundary resource management, internet governance, public health cooperation, food security, regional knowledge networks, economic migration and gender inclusive development cooperation.

This survey received 65 responses from experts based in Bangladesh, Bhutan and Nepal. This included experts from academia, government, think-tanks and NGOs. The findings of the survey and the desk-based research is further supplemented by interviews of sector specific experts.

The survey report is organised into three sections. The first section highlights the Key Findings of the survey. It covers expert perceptions on India's role in the region and bilateral cooperation across various non-traditional security issues. These are presented country-wise in the following order: Bangladesh, Bhutan and Nepal. The next discusses cross-cutting themes that emerged from the survey and the final section discusses the emerging regional outlook.

EXECUTIVE SUMMARY

The survey found that experts from Bangladesh, Bhutan and Nepal perceive the *present level of cooperation on non-traditional security issues with India as less than adequate*, indicating that there exists significant potential to increase bilateral cooperation which will enhance regional integration in the BBIN sub-region.

Experts from Bangladesh recognize the Indo-Bangladesh relationship as regionally significant and *consider India to be a valuable and important partner for the South Asian region*. Bangladeshi experts believe that Indo-Bangladesh trade does not meet its potential yet. Similarly, *present levels of connectivity, especially inland water ways, is largely perceived as unsatisfactory*. Transboundary resource management is also an important frontier in the Indo-Bangladesh bilateral relationship where cooperation is found wanting and existing arrangements inadequate. *This is also true for economic migration where experts indicated a large scope for developing policy coherence*. Post Covid-19 pandemic, public health cooperation emerges as an important issue area where collaboration will guarantee mutual benefits and goodwill.

In Bhutan, India is seen as a valuable neighbour with a positive influence on the region. Electricity trade, particularly hydropower between India and Bhutan is an important aspect of this relationship. *Most Bhutanese experts were satisfied with India efforts to cultivate a regional power market* and agreed that legal and regulatory frameworks to enhance

electricity trade between the two countries were well aligned. On Connectivity, Bhutanese experts believe the two countries are reasonably well connected, barring inland waterways which are still poorly developed. Cooperation around the management of transboundary resources is perceived as effective with *scope for updating agreements being indicated to include aspects that speak to current problems of climate change* and incorporate technological advancements for joint research and monitoring.

Perceptions from Nepal offer interesting trends. *Survey responses indicate that relations between the two countries are strained and India's influence in the region is perceived in a negative light*. Despite these assessments, Nepalese experts acknowledge India's continued value in the region and expectations regarding the future trajectory of the bilateral relationship are positive.

On trade, attempts to improve market access in each other's countries are perceived as insufficient. *Nepalese experts also believe that connectivity- key to regional integration, is underdeveloped*. Electricity connectivity and power trade are increasingly important to the bilateral relationship, according to Nepalese experts with scope to enhance trading remaining underexplored. Lastly, as per Nepalese experts, economic migration- an important theme in the Indo-Nepal relationship because of its unique open border policy, requires work to improve policy coherence on smooth and safe economic migration.

Two cross-cutting themes have been identified as significantly important by experts from Bangladesh, Bhutan, and Nepal. *First, developing regional knowledge networks to institutionalize sustained research collaboration on shared issues* is unanimously backed by most experts from Bangladesh, Bhutan, and Nepal. Second, majority of experts agree that *mainstreaming gender in bilateral and regional cooperation is important to enhance regional integration*.

With respect to the emerging regional outlook on future cooperation, *expert perceptions from Bhutan, Bangladesh and Nepal identify trade, connectivity (particularly inland waterways connectivity and electricity connectivity), public health cooperation and regional knowledge networks as holding potential for boosting regional integration in the BBIN sub-region*.



KEY FINDINGS

INDIA'S REGIONAL ROLE: PERCEPTIONS OF EXPERTS FROM BANGLADESH

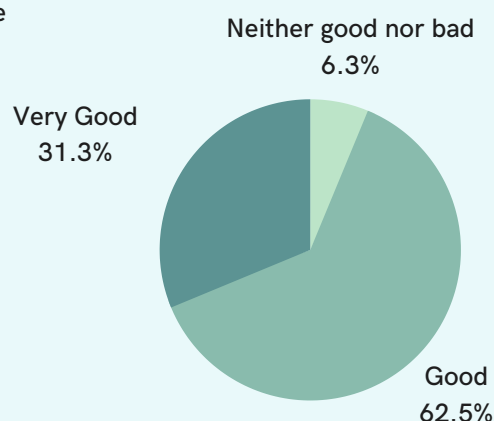
India is a valuable and reliable partner for Bangladesh

India-Bangladesh relations have improved considerably in the past decade. There has been significant progress in ties on security, trade and development cooperation, energy security and connectivity. Relations between the two countries are largely perceived as good or very good by most Bangladeshi experts (93.75 percent). Most respondents in Bangladesh (68.75 percent) cite India as a very valuable neighbour, while the rest (31.25 percent) cite it as a somewhat valuable neighbour.

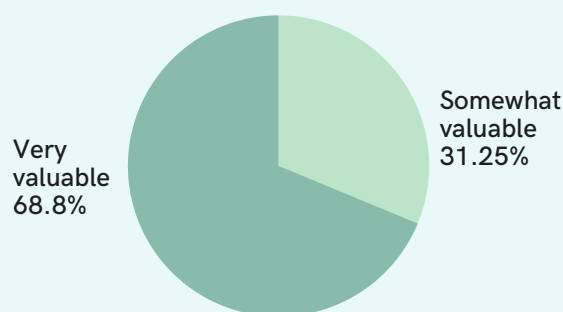
Most experts from Bangladesh (62.5 percent) also agree that that India is a reliable partner in times of a crisis. However, Indian responses to bilateral and regional challenges fall short of having lasting positive impression in Bangladesh. Most respondents assessed India's response to regional and bilateral challenges in the South Asian region in the last 10 years negatively (37.5 percent), while the rest of the respondents were divided between neither good nor bad (31.25) and good (31.25 percent).

These responses could indicate the presence of some issues in the India-Bangladesh bilateral which are causing a backsliding of goodwill towards India. For instance, the persistence of Teesta river water sharing stalemate is one such issue which is evoking negative reactions in Bangladesh's strategic circles.[i] On her

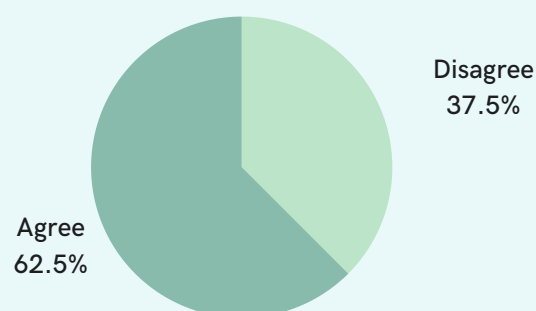
At present India-Bangladesh relations are



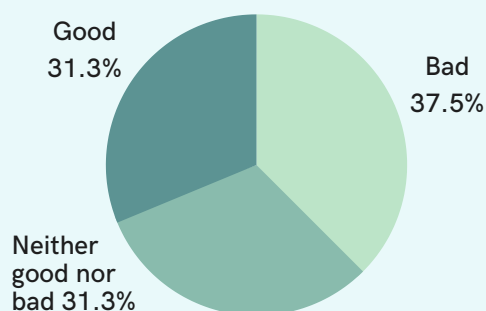
India is a _____ neighbour in the region.



In times of crisis, Bangladesh can rely on India.



In the last 10 years, India's response to regional and bilateral challenges in the region has been

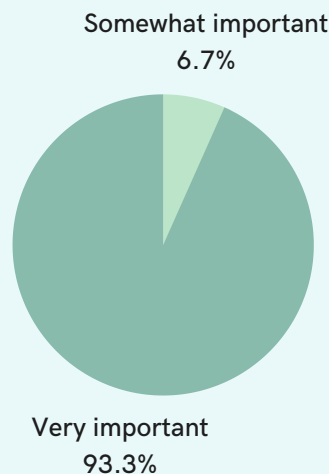


recent visit to Delhi in September 2022, Bangladesh PM Sheikh Hasina again reminded India to conclude discussions on the Teesta river and arrive at an agreement “at an early date” .[ii]

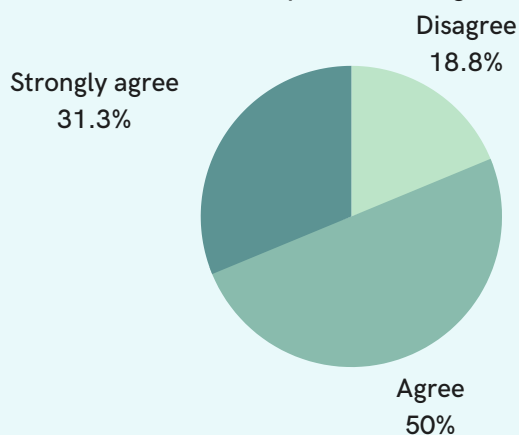
Bangladesh’s expectations of India’s future role in the region are overwhelmingly positive

Respondents were also questioned on predictive aspects of India’s position in the region. Overwhelmingly, most respondents (93.33 percent) cited India’s role in the region’s future stability as very important. On India’s ability to lead the regional integration efforts in South Asia, most respondents (50 percent) agree with India’s ability, followed by 31.25 percent respondents who strongly agree. Half the experts also expect Bangladesh’s relations to further improve with India over the next 5 years.

India’s role in the future stability of the region.



India has the ability to lead regional integration efforts in the next 5 years in the region.



COOPERATION WITH INDIA ON NON-TRADITIONAL SECURITY ISSUES: PERCEPTIONS OF EXPERTS FROM BANGLADESH

Bilateral trade is falling short of its potential, needs a boost

Trade is a key aspect of India’s relationship with Bangladesh. Most respondents from Bangladesh indicate that the trade potential between India and Bangladesh is not met. 68.75 percent disagreed and 12.50 percent disagreed strongly that India-Bangladesh trade met its potential. However, at the time of this survey in September 2022, Prime Minister Modi announced that India and Bangladesh are now set to begin negotiations for a

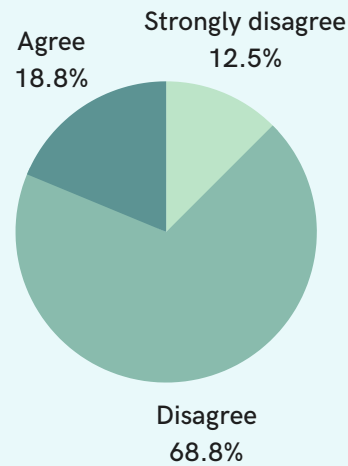
Comprehensive Economic Partnership Agreement.

62.5 percent Bangladeshi experts surveyed agree or strongly agree that the participation of India and Bangladesh in regional trade mechanisms like the South Asian Free Trade Agreement (SAFTA) has been a beneficial instrument for improving trade relations.

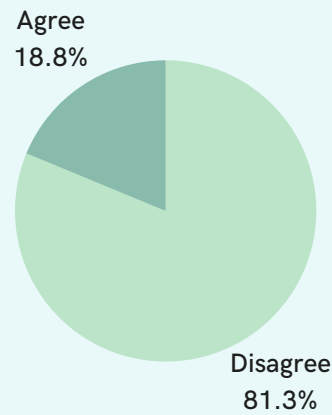
Despite the geographical proximity and close ties, Bangladesh is only the 4th largest export destination for Indian goods. According to majority of Bangladeshi experts (81.25 percent), a lot more still remains to be done to ease bilateral trade and realize its true potential.

Slow progress on India-Bangladesh trade integration may be a point of concern for India given that China has grown to become Bangladesh’s largest trading partner. However, recent developments show that India and Bangladesh are making efforts to increase bilateral trade. A joint feasibility study conducted by both the countries for a proposed Comprehensive Economic Partnership Agreement (CEPA) has projected an increase of USD 10 Billion in a time span of five years if a free trade agreement (FTA) is signed. The joint statement released after a meeting between the two Prime Ministers in September 2022 stated that the two leaders have directed trade officials to start negotiations at the earliest to formalise CEPA by the time Bangladesh graduates from least developed country (LDC) status in 2026. Experts believe that the CEPA would not only lead to enhanced trade but will have wider economic benefits for the BBIN sub-region.[iii]

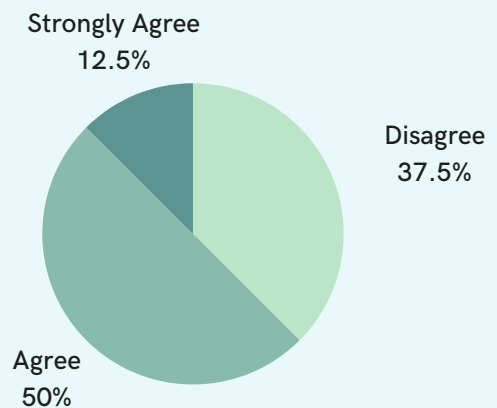
Bilateral trade between India and Bangladesh meets its potential.



Sufficient attempts are being made to reduce tariff and non-tariff barriers to bilateral trade.



Free Trade Agreements like SAFTA have been beneficial in improving bilateral trade.



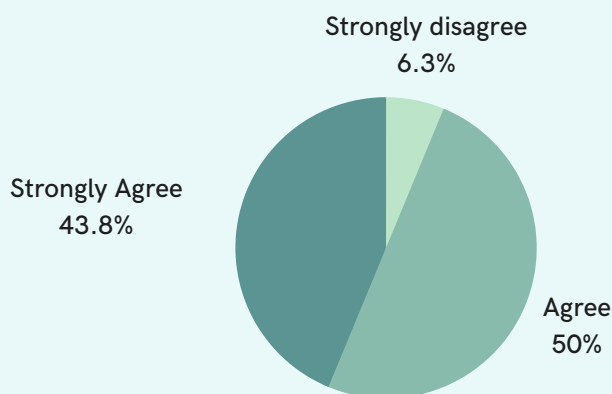
India and Bangladesh need to be better connected to enhance regional integration

There is widespread agreement among respondents (93.75 percent) regarding connectivity between India and Bangladesh being an essential element for the process of regional integration. Since 2013, India has extended USD 8 billion worth Lines of Credit (LOC) for infrastructure development in various sectors such as roads, railways, shipping and ports. This infrastructure development, in some instances, is connectivity focused like the Chilahati-Haldibari railway link which was inaugurated in 2020 by PMs Narendra Modi and Sheikh Hasina.[iv] There is also the upgradation of roads along river ports and border areas to connect India's East and North-East with ports in Bangladesh. This is also supported by enabling soft infrastructure such as Integrated Check Posts for more seamless movement of goods across borders.[v] However, most Bangladeshi experts (62.5 percent) expressed dissatisfaction with the pace of implementation of connectivity projects between India and Bangladesh.

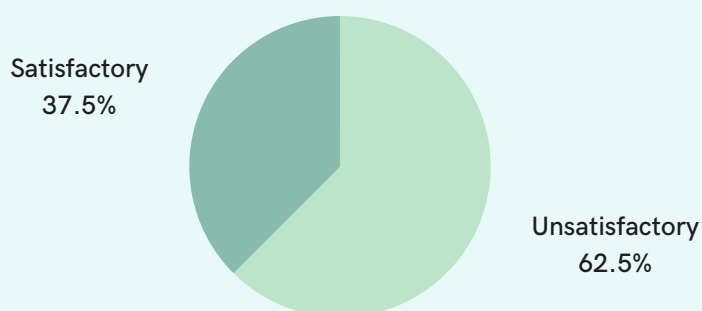
Bangladeshi experts are also of the opinion that the opportunity to enhance connectivity through inland waterways still remains underexplored. In recent years, the governments of both countries have acknowledged this potential and steadily increased inland waterways connectivity between India's north eastern states and Bangladesh as it offers cheaper, faster and an environment-friendly alternative to road transport. For instance, early this year India announced the decision to extend India-Bangladesh international transport protocol route by 40 kms inside Indian

territory in Tripura to encourage water transport through River Gomati.[vi]

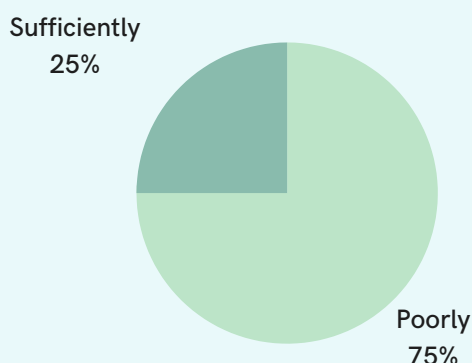
Good connectivity between India and Bangladesh is key to enhancing regional integration



Pace of implementation of connectivity plans between India and Bangladesh is



Inland waterways between India and Bangladesh are ____ developed.



Transboundary resource management is the weak point of the bilateral relationship

Transboundary management of resources such as rivers is an important element of the India-Bangladesh bilateral. There are 54 transboundary rivers between India and Bangladesh, yet due to the persisting stalemate over equitable sharing of the Teesta waters, the India-Bangladesh relationship has been negatively impacted. 75 percent of the respondents from Bangladesh hold the view that such cooperation between the two countries is either poor or very poor.

More recently, in September 2022 during the visit of Bangladesh's PM, Sheikh Hasina to India, an interim water sharing agreement over the Kushiyara river was signed. [vii] This may signal a pivotal point in Indo-Bangladesh water sharing relationship though it is being viewed with restrained scepticism by some in Bangladesh, who believe it diverts attention from the Teesta issue.

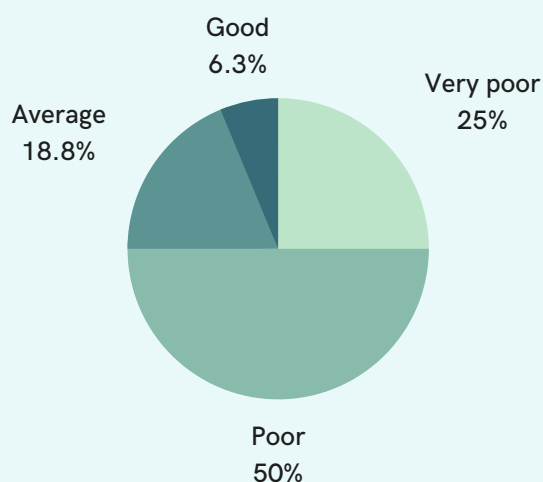
With regards to cooperation mechanisms on transboundary water sharing, most respondents (87.5 percent) stated that these are inadequate. In addition, 68.75 percent of the respondents agreed that existing arrangements between the two countries do not effectively address modern issues like climate change impact, technological advancements, water quality deterioration, and water use efficiency.

These findings indicate that the issue of transboundary environmental governance, specially of River Teesta has the potential to damage goodwill towards India and it would be in India's interest to engage Bangladesh on the issue rather than side-

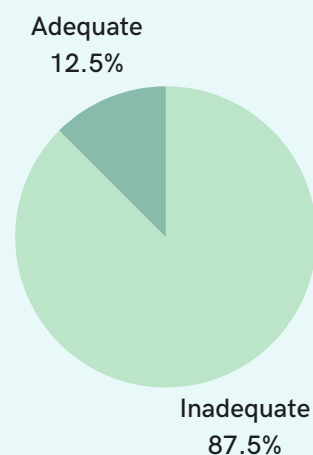
step it.

A related area of cooperation within the domain of transboundary resource management which can be explored further for its mutual benefits is collaboration on Climate, atmospheric and hydro research which was rated poor to very poor by 75 percent of the respondents.

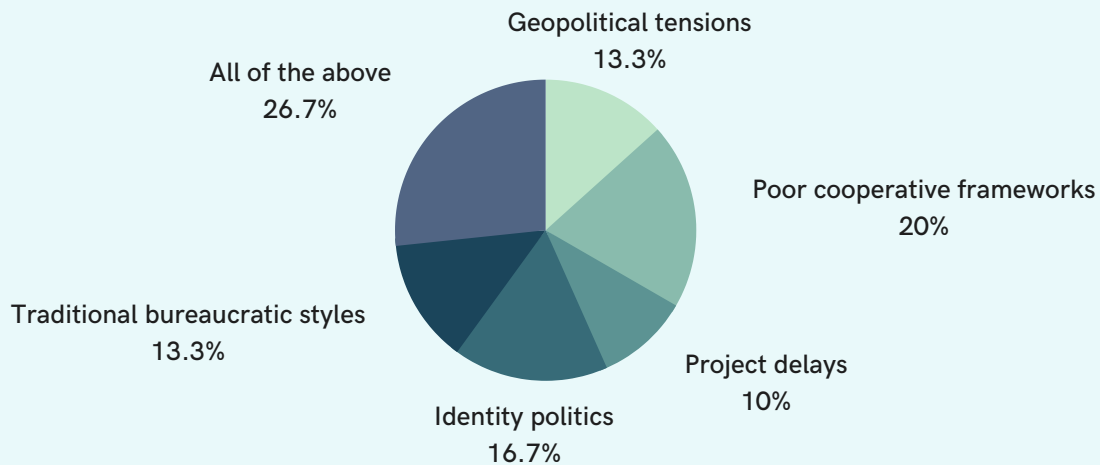
Cooperation between India and Bangladesh for management of transboundary resources like rivers and glaciers is



Cooperative mechanisms/arrangements between India and Bangladesh for effective management of transboundary resources like rivers and glaciers are



Which of the following impede bilateral cooperation over shared waters between India and Bangladesh?



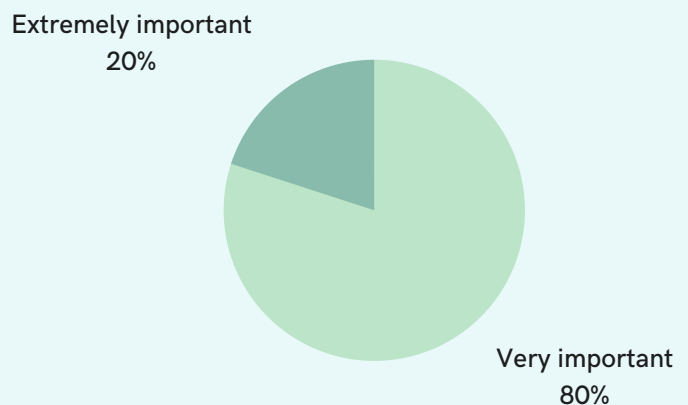
Public health rated as important but under-explored vector of bilateral cooperation

Public health has increasingly been part of inter-state and global cooperation narratives since the Covid-19 pandemic and has captured public imagination in the context of international cooperation. In South Asia as well, the public health crisis emanating from the Covid-19 pandemic created a platform for a meeting of the heads of government of SAARC countries in 2020.

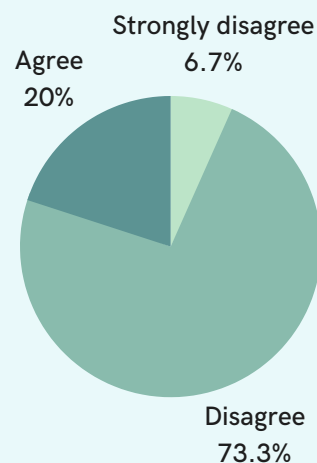
Most respondents (93.75 percent) believe cooperation in public health between India and Bangladesh to be very important or extremely important. An overwhelming majority of respondents (87.5 percent) indicated that investment in health cooperation between the two countries is not sufficient.

An area of health collaboration that is presently not sufficiently developed according to most respondents (75 percent) is collaboration between scientific and academic communities in the medicine and health domain.

Public health as an area of future cooperation between India and Bangladesh is



There is sufficient collaboration between the scientific and academic communities of India and Bangladesh on medicine and health.



Policy coherence on economic migration needs to be addressed

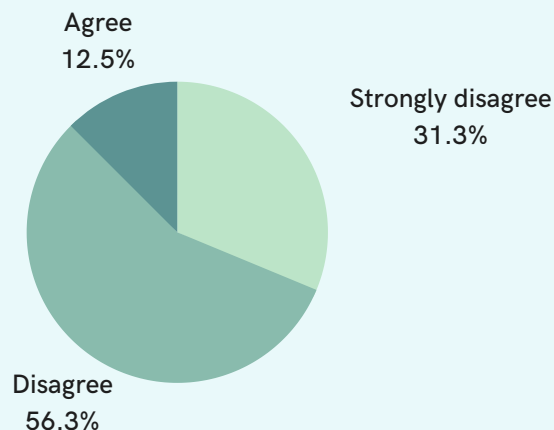
Illegal migration from Bangladesh continues to be a problem faced by India. Large scale illegal migration has resulted in the politization of demographic shifts being witnessed in the Indian state of Assam. Livelihood needs of the people of Bangladesh in regions bordering India continue to drive illegal immigration. India is now undergoing an exercise to fence over 4000 kms of its land and river border with Bangladesh in an attempt to stop illegal immigration and prevent further political, religious and communal flare-ups in India's north east region.

However, fencing of the border does not provide a complete solution as human smugglers are still able to bring in illegal migrants to the Indian side.[viii] Therefore, the solution lies in smoothening economic migration procedures between the two countries, so that the movement of people can be regulated.

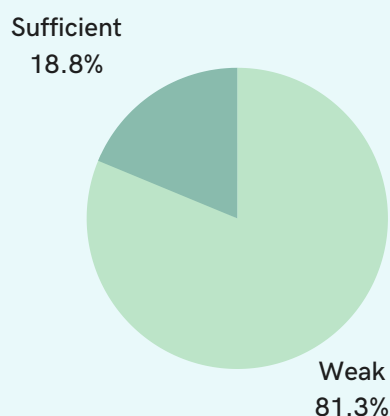
Most Bangladeshi experts (87.5 percent) are of the view that challenges that impede economic migration have not been sufficiently addressed. A large majority of the respondents (81.25 percent) describe bilateral governance of the issue and policy coherence as weak, while none of the respondents described them as strong.

These findings indicate that that further regularization and policy coherence around economic migration is an important cooperation domain that can address domestic polarization on the issue in both countries and contribute positive dividends with respect to the bilateral relationship, at the level of the state and among people.

Challenges that impede economic migration between India and Bangladesh have been sufficiently addressed.



Bilateral governance and policy coherence between India and Bangladesh on economic migration is



INDIA'S REGIONAL ROLE: PERCEPTIONS OF EXPERTS FROM BHUTAN

India is a valuable and reliable partner for Bhutan & BBIN

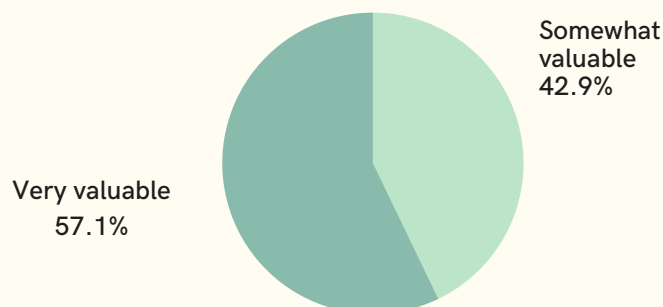
The Indo-Bhutan relationship has been viewed in terms of "interest-driven cooperation based on mutual benefits".[ix] Indian use of foreign aid, as well as financial and technological assistance, particularly in Bhutan's hydro electricity sector form the back-bone of this largely positive partnership. Bhutan and India signed a Treaty of Friendship in 1949, re-negotiated in 2007. The treaty encapsulates Bhutan's relationship with India from a cultural, economic and security perspective.

According to most experts, India is a very valuable neighbour (57.14 percent) and has a positive influence in the region (85.71 percent). Experts in Bhutan largely look at India as a valuable neighbour and a positive influence in the region. The nature of the bilateral relationship between Bhutan and India is broadly good and most respondents strongly agree (50 percent) or agree (35.71 percent) that India is a primary partner in the region in times of crisis. India continues to be Bhutan's largest trading partner both as a source and a market for its goods. In addition, most of Bhutan's third-country exports transit through India.

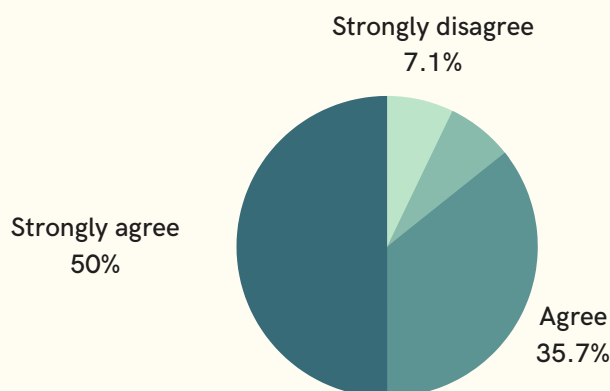
India is also an important development partner for Bhutan, investing in transport and critical hydropower infrastructure. The Government of India has committed approx. USD 700 Million for the implementation of development projects and approx. USD 60 Million for the

transitional Trade Support Facility during Bhutan's 12th Five Year Plan (2018 - 2023). 77 large and intermediate projects and 524 Small Development Projects (SDPs)/ High Impact Community Development Projects (HICDPs) are at various stages of implementation under this plan.

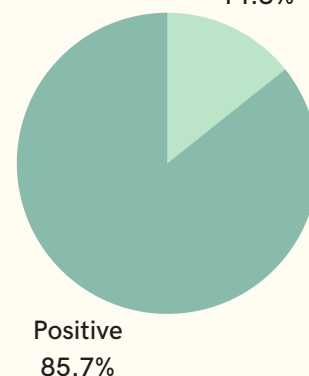
India is a _____ neighbour in the region.



In times of crisis, Bhutan can rely on India as the primary partner in the region.



India's overall influence in the region is



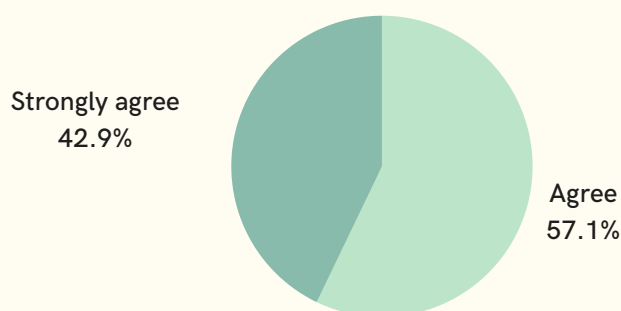
India's role in the future of regional integration is very important

India's role in the future stability of the South Asian region received overwhelming importance from respondents in Bhutan. 92.86 percent respondents reported India's role to be very significant. Furthermore, India's ability to lead efforts of regional integration in South Asia over the next 5 years elicited unanimous agreement from experts.

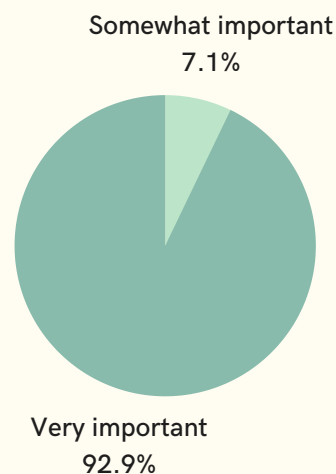
India has made concerted efforts to provide much needed connectivity to a land locked Bhutan. Apart from bilateral measures like opening up of new entry and exit point to increase trade connectivity[x] and rail connectivity from Kokrajhar (India) to Gelephu (Bhutan)[xi], India has played a central role in integrating Bhutan into sub-regional frameworks like the BBIN and Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). While progress has been slow on these sub-regional frameworks, a new impetus is visible in India's regional outlook. This is evident from the recent meeting on the BBIN Motor Vehicles Agreement held in New Delhi and the opening up on Indian inland waterways to Bhutan for transportation of construction materials to Bangladesh.[xii]

In addition, India's actions during the Covid19 pandemic and the Sri Lankan economic crisis have shown its intention to play a stabilizing role in the region. In the context of the Bhutan-China relationship, India remains crucial in any future escalations over the unresolved border. [xiii]

India has the ability to lead regional integration efforts in the next 5 years in South Asia.



India's role for the future stability of the region is



COOPERATION WITH INDIA ON NON-TRADITIONAL SECURITY ISSUES: PERCEPTIONS OF EXPERTS FROM BHUTAN

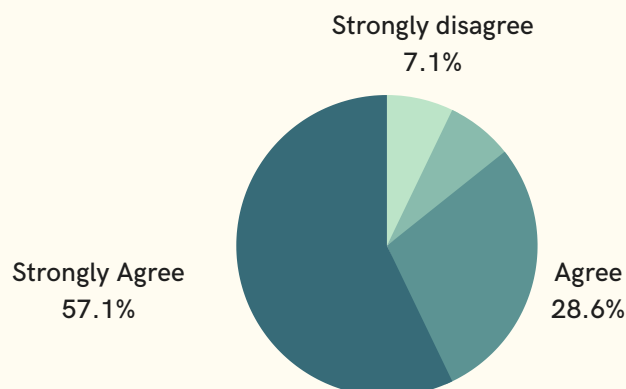
Land connectivity good but inland waterways remain underdeveloped

There is agreement among experts in Bhutan that good connectivity between India and Bhutan is essential for enhancing regional integration.

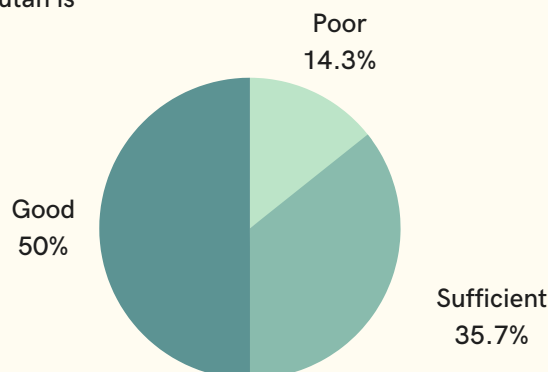
Half the experts from Bhutan rated land and air connectivity between India and Bhutan as good, while others rate it as sufficient. However, on inland waterways, experts report that connectivity is not well developed. Expert respondents from Bhutan remain unsatisfied and most (85.71 percent) claim that waterways are poorly developed.

There is growing awareness in both national governments as well as in state governments of India's north east region of the importance of Inland waterways for commercial reasons. However, this realization is fairly recent and plans are in process to enhance inland water ways connectivity between the two countries. For instance, on 11th April 2022, Indian Union Minister Sarbananda Sonowal held a dialogue on harnessing the potential of inland waterways with a team from Bhutan led by its Economic Affairs Minister Lyonpo Loknath Sharma in Dibrugarh, Assam. The two sides identified National Waterway 2 in India i.e., the Brahmaputra River as crucial for improving economic connectivity.

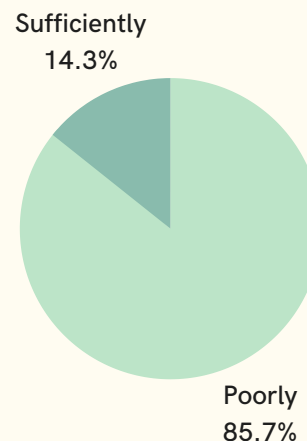
Good connectivity between India and Bhutan is key to enhancing regional integration



Land, rail and air connectivity between India and Bhutan is



Inland waterways between India and Bhutan are ---- developed.



Signs of an emerging integrated energy grid and regional power market

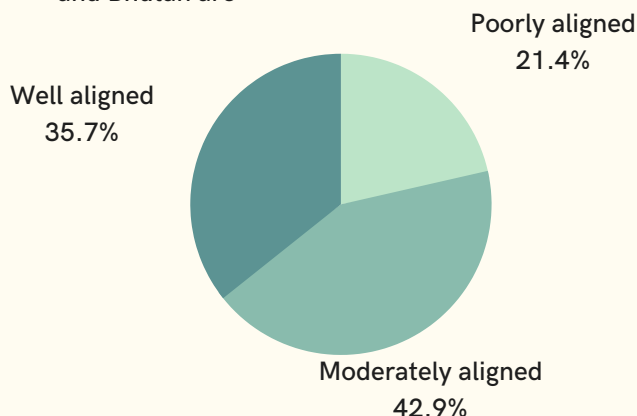
Electricity connectivity and transboundary power transmission between India and Bhutan is rated as good by most respondents (71.43 percent). Electricity is among Bhutan’s major exports to India. This is consistent with comparative advantages of both countries, given Bhutan’s terrain and potential for production of hydropower while India is a readily available market for Bhutan’s surplus power. Currently, India imports 2000 MW of hydropower from Bhutan, with more plans to expand generation to up to 10,000MW under the 2009 Protocol Agreement.[xiv]

On the degree of alignment between the legislative and regulatory frameworks that enables greater electricity trade between the two neighbours, most respondents (78.57 percent) agreed that these frameworks are moderate to well aligned.

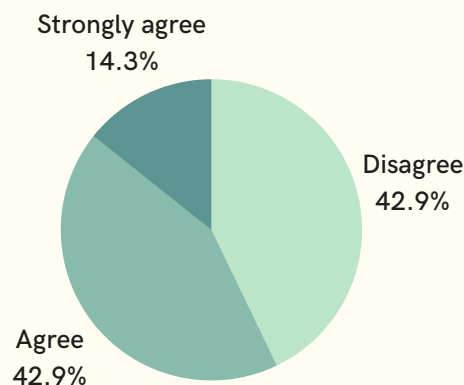
India has also been encouraging policy development in the region for the creation of an integrated energy grid and power market in South Asia. As an effort toward this, India announced the Indian Energy Exchange (IEX) in 2021: “a first-of-its-kind initiative for the exchanges to expand their power markets beyond India to the South Asian region towards building an integrated South Asian regional power market”.[xv] Most Bhutanese respondents indicated agreement (42.86 percent) or strong agreement (14.29 percent) with viewing India’s efforts as satisfactory for the development of an integrated grid. About 42.86 percent of the Bhutanese experts remained unconvinced by Indian efforts.

There are some challenges which remain to be ironed out in this respect. In March 2021, at a New Delhi policy research institute (RIS), Indian Foreign Secretary Harsh Vardhan Shringla cited “inadequate transmission infrastructure or unnecessary duplication, lack of guarantee of power availability or offtake, insufficient coordination among national authorities, technical differences, and regulatory mismatch” as some of the challenges countries in the BBIN sub-region will have to overcome.[xvi]

Legislative and regulatory frameworks that enable greater electricity trade between India and Bhutan are



Bhutan is satisfied with Indian efforts to build an integrated regional power market beyond Indian borders.



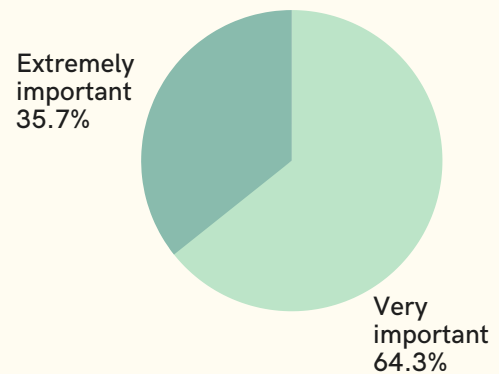
More cooperation and collaboration on public health needed

All Bhutanese experts consulted during the survey identified public health as a very important area of future cooperation between India and Bhutan. Most respondents (64.29 percent) highlighted it as an important area for future cooperation, while the rest (35.71 percent) cite it as an extremely important area of cooperation. There is overwhelming agreement on the need of a South Asian regional strategy for public health cooperation and pandemic preparedness among 92.86 percent respondents.

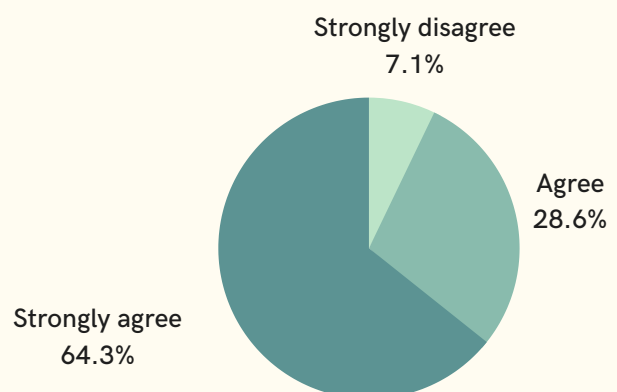
During the Covid19 pandemic, India provided Bhutan with 400,000 vaccine doses under India's Vaccine Maitri initiative.[xvii] However, India was unable to provide the second dose of vaccines due to vaccine shortage in India itself. The pandemic experience also exposed policy weakness when it comes to public health crises. Countries are left to mobilize financial support, medicines and equipment under emergency circumstances as no regional systems have been developed to prepare for public health disasters.

In addition, there is no synchronization of standards for regional level data collection which makes the development of regional public health policies that much more difficult.

Public health as an area of future cooperation between India and Bhutan is



South Asia needs a regional strategy for public health cooperation and pandemic preparedness.



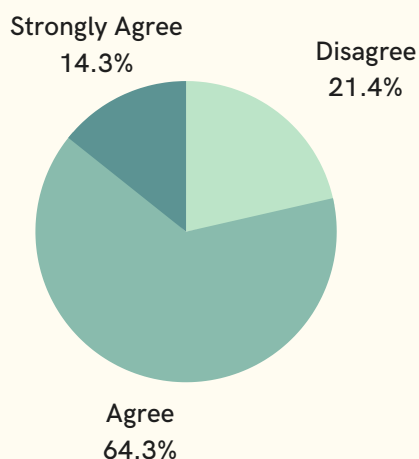
Bilateral trade moving in the right direction

Trade is an important part of the India-Bhutan bilateral. Bilateral trade between the two countries meets its potential according to 71.43 percent respondents. India and Bhutan trade a variety of goods. Bhutan exports electricity, ferro silicon, cement, certain vegetables among other goods to India[xviii] while India exports goods such as minerals, machinery, electrical equipment and vehicles.[xix]

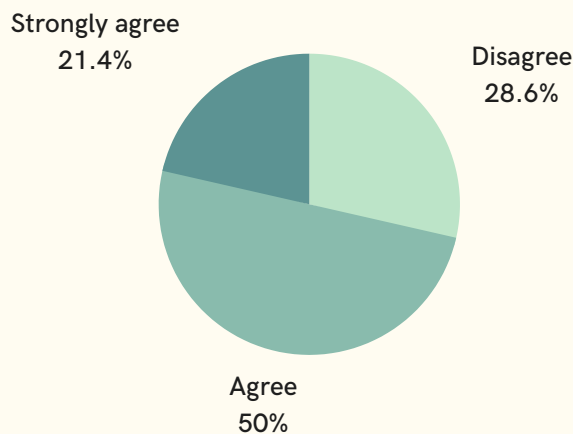
Most experts (78.57 percent) agree that Indian markets are sufficiently open to cross-border trade from Bhutan, while the rest (21.43 percent) disagree. On the progress being made by India and Bhutan to reduce tariff and non-tariff barriers to trade, opinion is divided. 57.14 percent respondents agree or strongly agree that sufficient attempts are being made on that front, while 42.86 percent experts disagree.

In November 2021 the two sides finalized seven additional entry/exit points for bilateral trade. This new decision will add to the upward trajectory of bilateral trade which has grown from USD 484 million in 2014-15 to USD 1083 million in 2020-21.

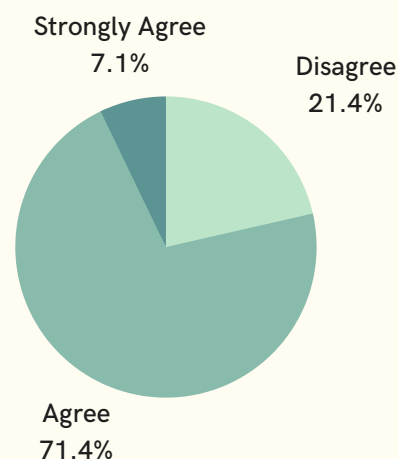
Free Trade Agreements like SAFTA have been beneficial in improving trade relations between India and Bhutan.



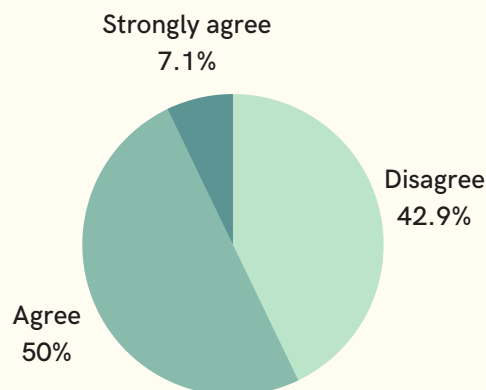
Bilateral trade between India and Bhutan meets its potential.



Indian markets are sufficiently open to cross-border trade from Bhutan.



Sufficient attempts are being made by India and Bhutan to reduce tariff and non-tariff barriers to bilateral trade.

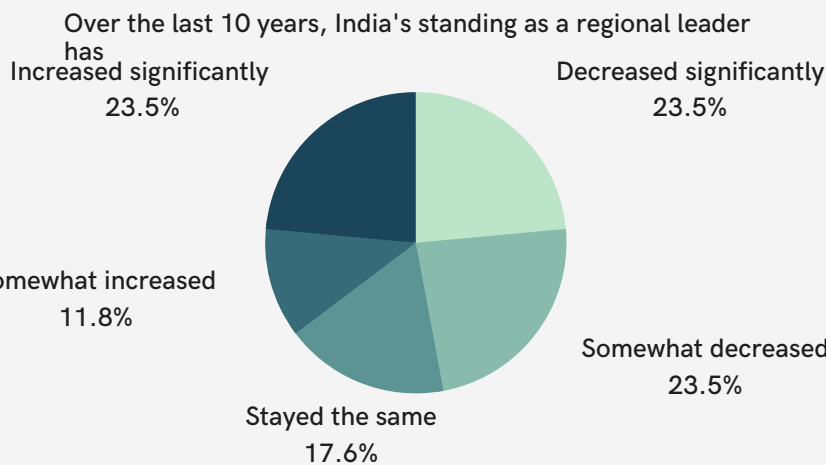
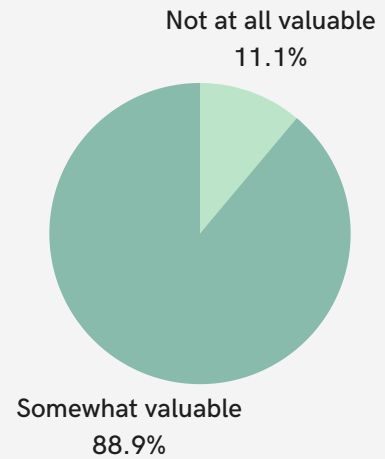


INDIA'S REGIONAL ROLE: PERCEPTIONS OF EXPERTS FROM NEPAL

Strained relations with a valuable neighbour

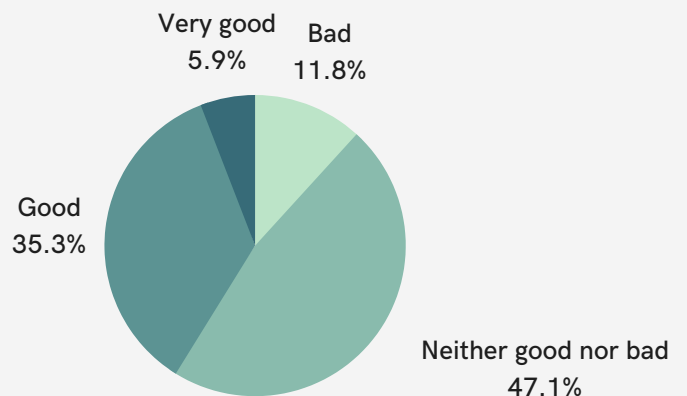
Experts in Nepal feel that India is a valuable neighbour in the region. Respondents call it a very valuable or somewhat valuable neighbour (47.06 percent). At the same time, most Nepalese experts (76.47 percent) look at India's influence in the region negatively and feel that India's standing as a regional leader in South Asia over the last 10 years has also decreased (47.06 percent). Only 35.29 percent respondents felt that India's standing has increased.

India is a _____ neighbour in the region.



Bilateral ties between the two countries are largely neutral, according to most respondents (47.06 percent). Over half the respondents (52.18 percent) agree that India is a reliable partner in the region in times of crisis, while another 41.18 percent respondents disagree.

At the moment, Nepal-India relations are



India's foreign policy towards its neighbours in the last 10 years also received diverse answers, with some experts (35.29 percent) calling it neither good nor bad and others (29.41 percent)

characterising it as very bad. This view is consistent when the question of India's response to regional and bilateral challenges in South Asia is considered over the past 10 years. Most experts surveyed (41.18 percent) call it neither good nor bad, while others cite India's response as very bad (29.41 percent) or bad (17.65 percent).

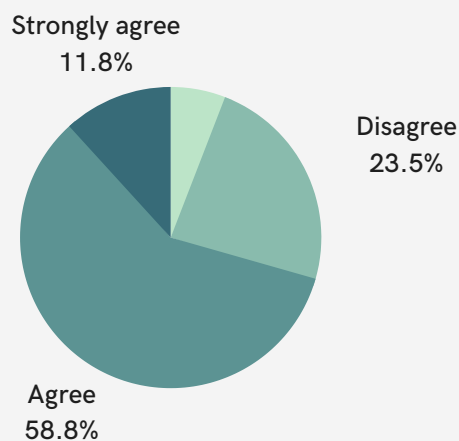
These views are largely a result of a downward turn in bilateral relations post 2015. The unofficial blockade at the India Nepal border in the same year, which prevented entry of crucial supplies in 2015 and the unresolved territorial dispute over Limpiyadhura, Lipulekh and Kalapani, has overshadowed progress in other areas of cooperation. The unresolved territorial dispute has generated political rhetoric on both sides and has been inflamed by the release of maps by India in 2019[xx] and by Nepal in 2020.[xxi] This being a political issue, both countries need to devise mechanisms for a sustainable and equitable mechanism to resolve it so that trust can be re-established in this relationship.

Still hope for better India-Nepal relations given India's critical roles in regional integration

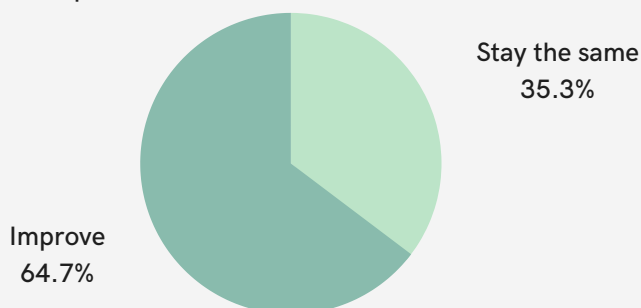
India's role in the future of the region is considered important by experts in Nepal. While over half the respondents somewhat agreed to its importance, while the rest called it very important. At the same time, most respondents (64.71 percent) expected the bilateral relationship between the two countries to improve, while the rest expected it to stay the same. Going forward India will have to address these perceptions. While India's development

assistance to Nepal has continued to grow, the dent left by the blockade, the simmering territorial dispute, and accusations of trying to influence internal politics persists. India will also have to factor in impacts of the growing Chinese engagement in Nepal on the future of the India-Nepal relationship.

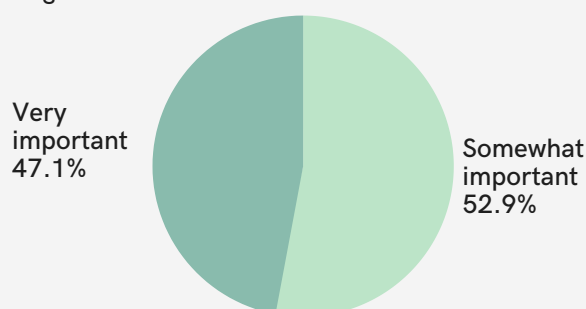
India has the ability to lead regional integration efforts in the next 5 years in South Asia.



In the next 5 years, India-Nepal relations are expected to



India's role is _____ for the future stability of the region.



At the same time, respondents have also shown trust in India’s ability to lead efforts of regional integration in South Asia over the next five years. Over half the respondents (58.82 percent) agree with India’s ability, though some (23.53 percent) disagree. There is still enough space to overcome the current challenges that this bilateral relationship is facing and a lot depends on how India engages with Nepal over the next few years.

COOPERATION WITH INDIA ON NON-TRADITIONAL SECURITY ISSUES: PERCEPTIONS OF EXPERTS FROM NEPAL

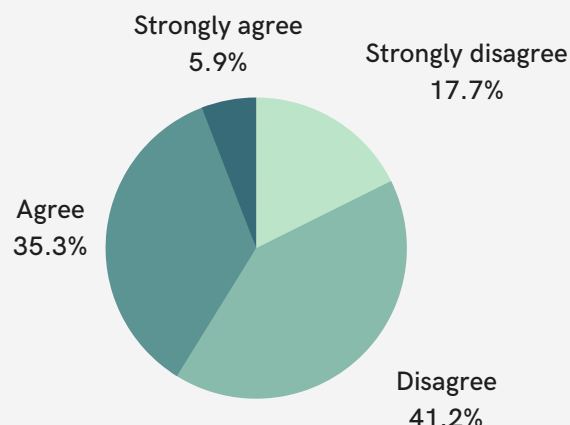
Unmet and inadequately addressed potential in trade

Trade is an important element in the regional integration calculus. In South Asia and the BBIN region, the focus of economic integration is largely on trade, and to a smaller degree on investments.

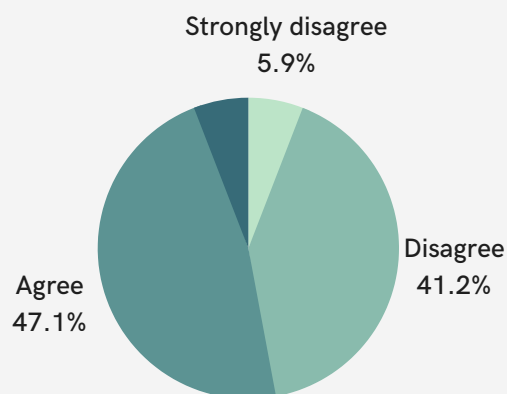
Indian markets are not sufficiently open to cross-border trade from Nepal, according to over 75 percent experts. On trade potential, over half the respondents feel that the trade potential between the two countries is not met. Some respondents agree (35.29 percent) or strongly agree (5.88 percent) that trade potential between the two countries is met. Simultaneously, respondents are of the view that sufficient attempts are not being made by both countries to reduce barrier to trade.

The link between improving India-Nepal trade relations and their participation in agreements like SAFTA has received a split opinion with more experts agreeing to the beneficial effect of SAFTA on trade relations.

Bilateral trade between India and Nepal meets its potential.



Free Trade Agreements like SAFTA have been beneficial in improving trade relations between India and Nepal.



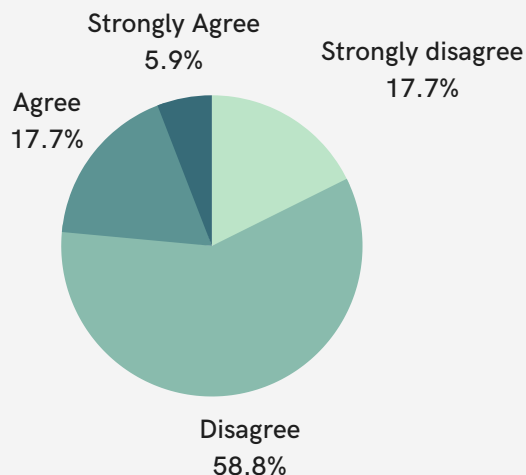
Experts suggest that a number of steps can be taken by both sides to realise the potential that bilateral trade holds. These include resolving ambiguities resulting from anomalies in tariff concessions between bilateral agreements and SAFTA, bridging information gaps around trade in agricultural products, establishing a non-tariff barrier resolution mechanism, and implement trade facilitation measures such as single windows at border points, among others. In addition, experts on both sides suggest that India and Nepal should harmonise their standards and regulations and address infrastructure gaps at land customs stations.[xxii]

Networks of transport connectivity are underdeveloped

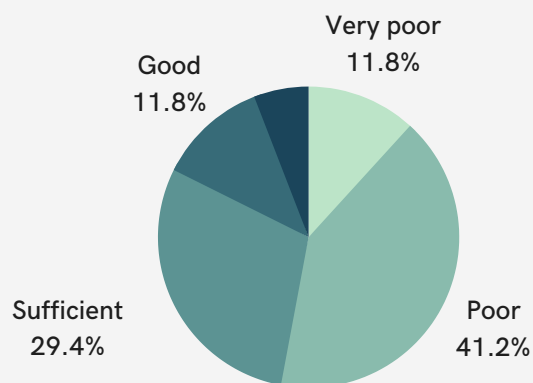
Transport connectivity between Nepal and India is vital for bilateral trade and is key for Nepal’s access to wider global markets through ports in the Bay of Bengal. According to respondents, land, rail and air connectivity between the two countries is mostly poor. Most respondents rate this connectivity as poor (41.18 percent) or very poor (11.76 percent). Another portion of respondents (29.41 percent) called this connectivity as sufficient.

At the same time, on development of inland waterways, all experts said that they have been poorly developed. Similarly, the pace of implementation of projects of connectivity between India and Nepal is unsatisfactory, according to most respondents (88.24 percent). For the wider region of South Asia, respondents unanimously agree that good connectivity between India and Nepal is key to enhance regional integration.

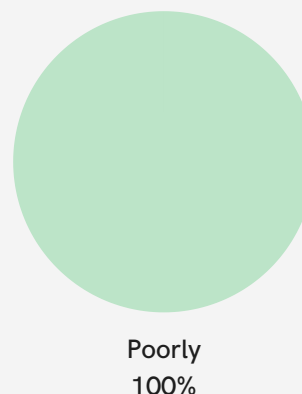
Indian markets are sufficiently open to cross-border trade from Nepal.



Land, rail and air connectivity between India and Nepal is



Inland waterways between India and Nepal are _____ developed.



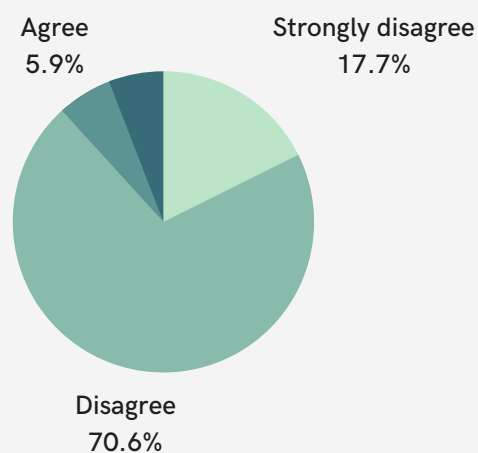
Recent trends in this sector are optimistic. In March 2022 representatives from the four BBIN countries met in New Delhi to arrive at a suitable conclusion of the Memorandum of Understanding on the BBIN Motor Vehicles Agreement. The agreement, once ratified will ease movement of passengers, personal and cargo through road, waterways, trains and ports. In addition to this, India is now considering opening up more ports to Nepal for both imports and exports. These include the Sittwe port in Myanmar which India is currently developing under the Kaladan Multi-Modal Transit Transport Project, the Dhamra port in Odisha and Mundra port in Gujarat. Further, India is assisting Nepal's Terai roads project that consists of ten roads connecting Nepal's East-West Highway to the Indian border. In addition, trade connectivity has been enhanced by construction of Integrated Check Posts at Birgunj and Biratnagar. Construction of two other Integrated check-posts is currently underway.

Pressing need to address climate vulnerabilities

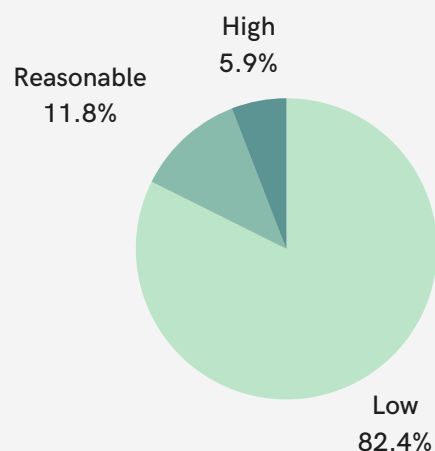
Nepal is among the most vulnerable countries to climate change.[xxiii] It therefore becomes important to ask if development programs concerning infrastructure development projects between India and Nepal sufficiently integrate climate-resilient measures within them. Most experts (70.59 percent) disagree on the sufficient nature of this integration. At the same time, most respondents (82.35 percent) categorise India and Nepal's level of climate finance investment for bilateral infrastructure projects as low.

The World Bank's Country Climate Development Reports (CCDR) on Nepal stress on the need to increase international investments in resilience across crucial infrastructure such as roads and hydropower dams, agriculture and human settlements.[xxiv] Therefore, there is an immediate need to assess India's ongoing and future projects in terms of their ability to be climate resilient as well as invest in new projects that directly address Nepal's need for clean technologies, climate finance and energy transition.

Climate-resilient measures are sufficiently integrated in bilateral infrastructure development projects between India and Nepal.



How would you categorize India and Nepal's climate finance investment for bilateral infrastructure projects?



Growing salience of power trade but current integration efforts unsatisfactory

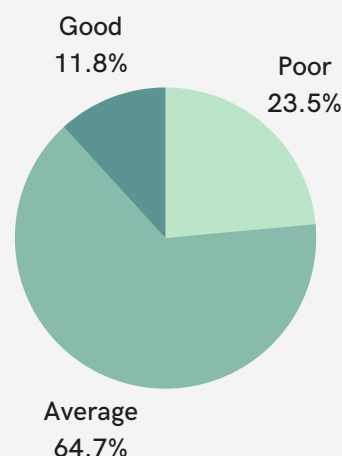
Power trade and cross border transmission is an increasingly important element of cooperation within the BBIN region with the respective comparative advantages of the four countries. India and Nepal have signed agreements at public and private levels to facilitate the trade of electricity. [xxvii]

Between India and Nepal, the bilateral electricity connectivity and cross border transmission is average, according to most respondents (64.71), followed by respondents reporting it as poor (23.53 percent). The alignment of legislative and regulatory frameworks that enable greater electricity trade between India and Nepal is poor, according to over half the respondents. Other respondents (41.18 percent) called these frameworks moderately aligned. While the creation of a regional power markets has gained attention, experts in Nepal are not satisfied with India’s efforts to build an integrated regional power market beyond Indian borders.

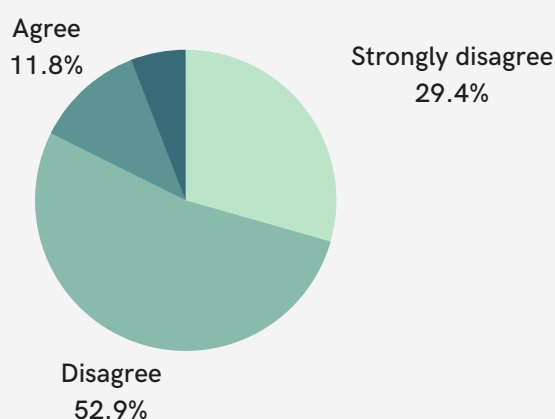
Nepal has recently started exporting 364 MW of electricity to the Indian market. Nepal and Bangladesh have also approached India to discuss a trilateral power trade agreement to enable export of 40 to 50 MW of power generated in Nepal to Bangladesh. Such an agreement seems likely as it was raised at Bangladeshi Prime Minister Sheikh Hasina’s recent visit to New Delhi. By facilitating such an agreement India stands to benefit as well since Bangladesh has indicated its interest

in buying 500 MW from the 900 MW Upper Karnali Hydropower Project being developed by India’s GMR Group in Nepal. [xxvi]

Inter-country electricity connectivity and cross border power transmission between India and Nepal is



Nepal is satisfied with Indian efforts to build an integrated regional power market beyond Indian borders.

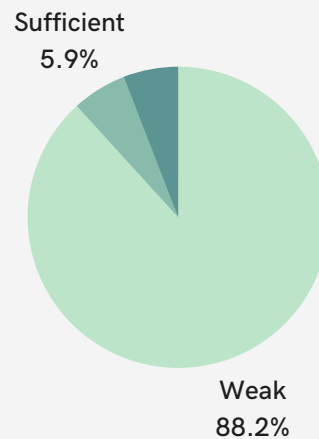


Open borders and economic migration need more policy coherence

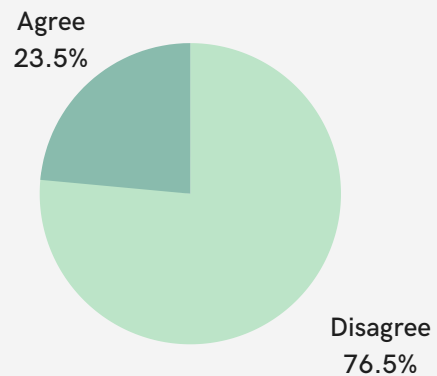
India and Nepal have a unique open border policy since 1950 which allows free movement of people across the borders. [xxvii] On economic migration between India and Nepal, most respondents agree (76.47 percent) or strongly agree (11.76 percent) that there is easy access to labour markets in each other's countries.

At the same time, according to respondents, the challenges that impede economic migration have not been sufficiently addressed. This is also true for bilateral governance and policy coherence on economic migration between the two countries which is identified as weak by most respondents (88.24 percent).

Bilateral governance and policy coherence between India and Nepal on economic migration is



Challenges that impede economic migration between India and Nepal have been sufficiently addressed.



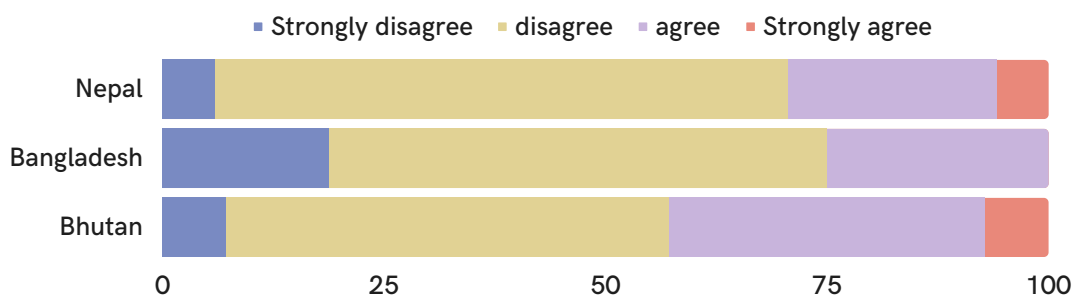
CROSS-CUTTING THEMES

Regional knowledge networks

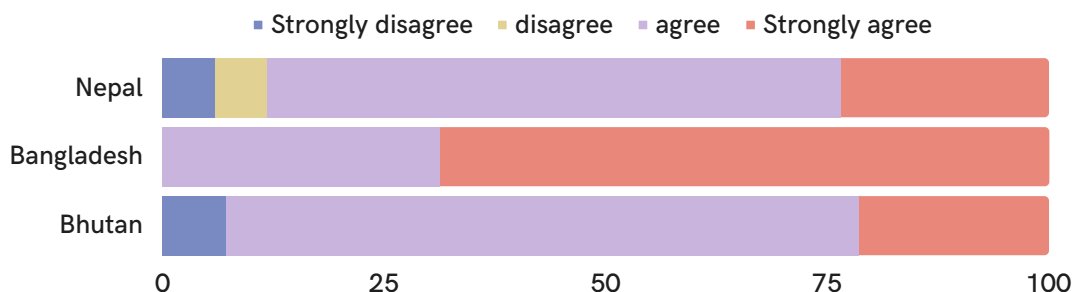
In Bangladesh, Bhutan and Nepal, experts largely agree over the enhancement of knowledge networks with India to facilitate better understanding of their respective perspectives and promote shared values to improve regional integration.

higher proportion of experts agreeing to the adequacy of exchange initiatives.

There is enough student and academic exchange initiatives between India and BBN countries to boost scientific and research collaborations.



Enhancing knowledge networks between India and BBN will help facilitate better understanding of each other's perspective; promote shared values to improve regional integration.

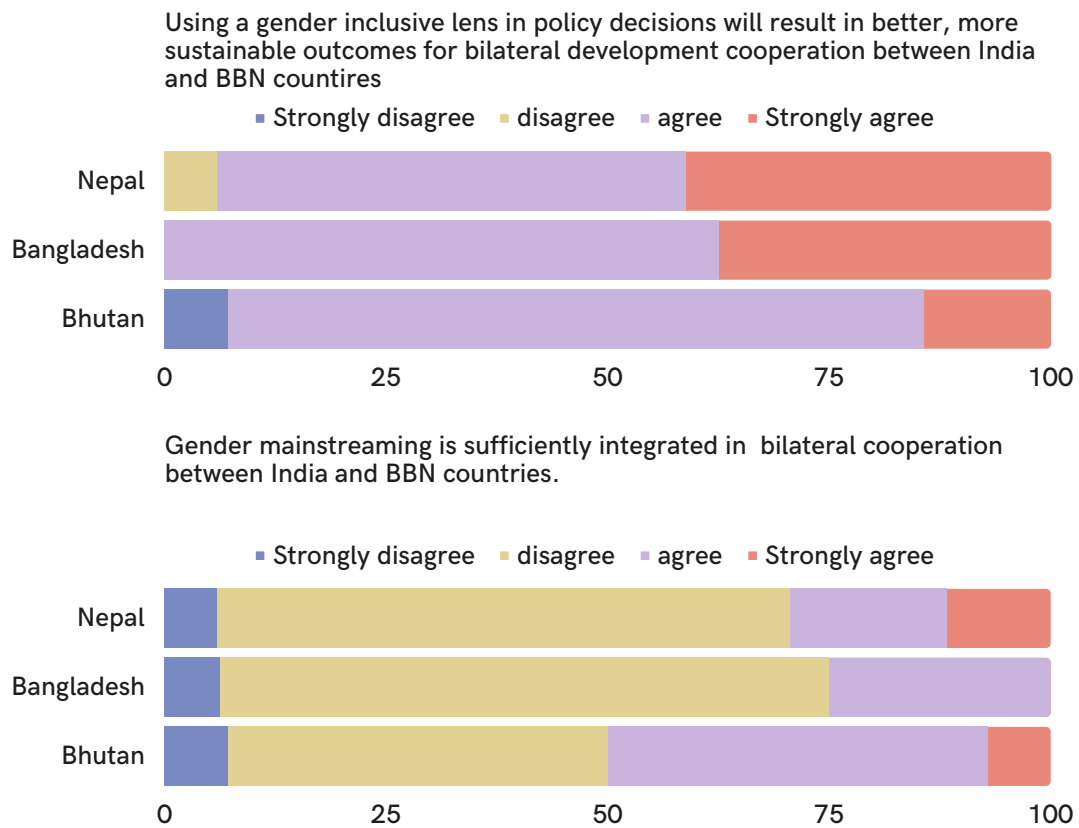


Respondents largely feel that the current level of student and academic exchange initiatives between India and the respective regional country are not enough. In Nepal, most respondents (64.71 percent) disagree that there are enough exchanges of this nature to boost scientific and research collaboration between the two countries. A similar proportion of respondents hold the same view in Bangladesh. In Bhutan, although most respondents hold a view consistent with the other countries, there is a relatively

Gender and Development

The gender lens is increasingly applied to bilateral and multilateral policies. Among development initiatives too this lens is increasingly instrumentalised for increased consideration of gender inclusivity in projects. In Bangladesh, Bhutan and Nepal, there is agreement among experts that a gender inclusive lens in policy decisions will result in better, more sustainable outcomes in their bilateral development cooperation with India. India's development partnerships in Africa have

employed a gender inclusive lens and undertaken capacity-building among women in the energy domain.



However, the extent of integration of gender mainstreaming in bilateral cooperation is insufficient between the three countries and India. Between India and Bangladesh, most respondents (68.75 percent) expressed disagreement with regards to gender mainstreaming being sufficiently integrated in current bilateral cooperation between India and Bangladesh. Similarly in Nepal, most respondents (64.71 percent) also disagree on the adequacy of gender mainstreaming in bilateral cooperation. In Bhutan, however, there is divided opinion.

THE EMERGING REGIONAL OUTLOOK

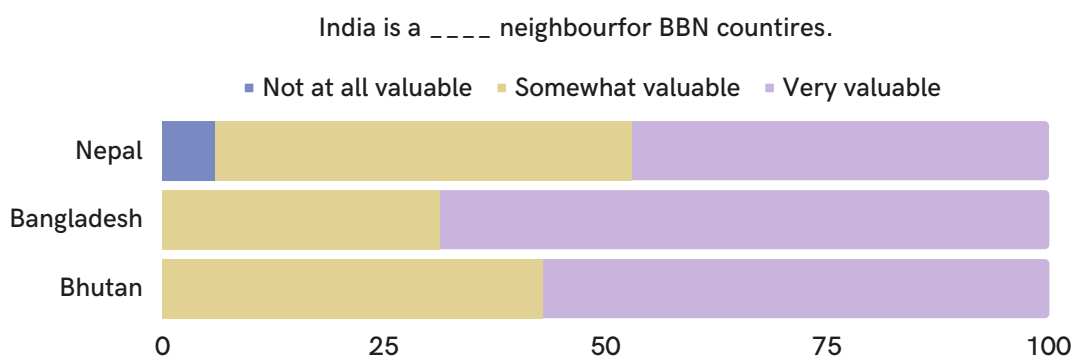
India’s bilateral relationships with Bangladesh, Bhutan and Nepal are defined by both values and interests. India has had diverse experiences with its relationships with these countries, and they have largely remained stable. The perception of experts across the BBIN sub-region on their respective countries’ relationship with India is largely good, although to varying degrees. Respondents from Nepal most often described the relationship in neutral terms, whereas respondents from Bangladesh and Bhutan described the relationship in more positive terms. On the value of India as a neighbour in the region, experts across the three attached value to India, albeit to a higher degree among respondents from Bhutan and Bangladesh.

The survey found that the perception around India’s position in the region in the last ten years is representative of India’s diverse experiences in the neighbourhood. Experts in Bhutan identify India’s standing in the region to have increased in the last 10 years, while perceptions from Nepal, speak of India’s decreased significance.

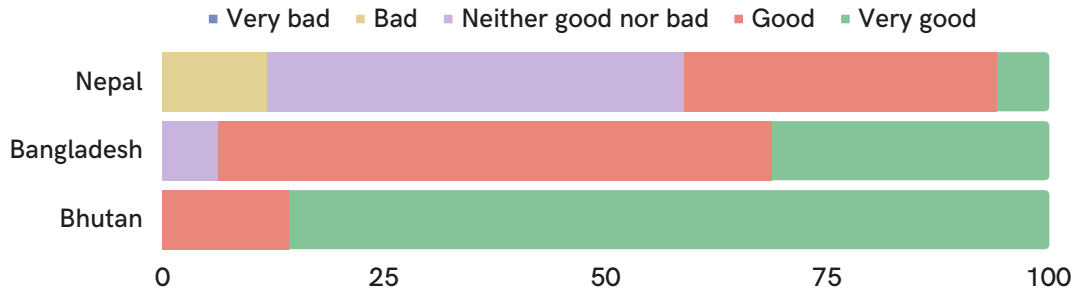
Perceptions from Bangladesh lie in the middle. We find that perceptions around India’s position in the region are informed by the state of the bilateral relationship.

Perceptions of India’s democratic credentials within the BBIN region appear to be a factor of the respective bilateral relationships. With the exception of Bhutan, experts in other countries do not have a positive outlook on Indian democracy as a model for the region. Experts in Bangladesh, for instance, point towards democratic backsliding in the country, while experts in Nepal also do not see India as a model democracy for the region. This gives way to a larger conversation on the democratic nature of states in the region and the democratic values essential for regional integration.

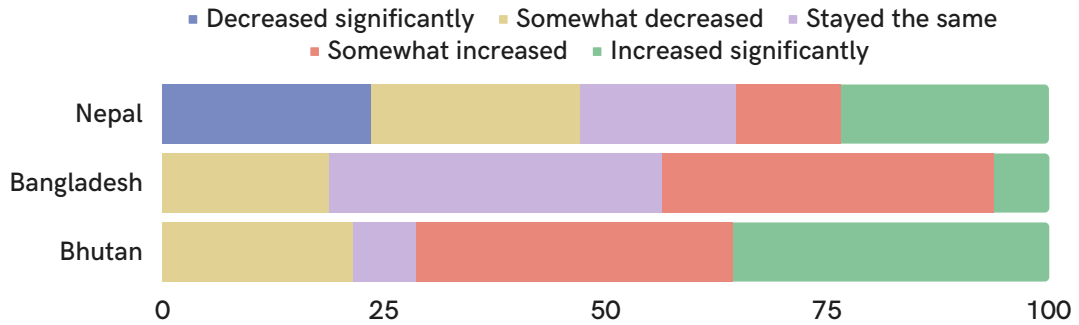
Of the various aspects in the relationship between India and its three neighbours explored in this survey, some themes had strong commonalities in their regional outlook and expectations for the future. These are discussed below.



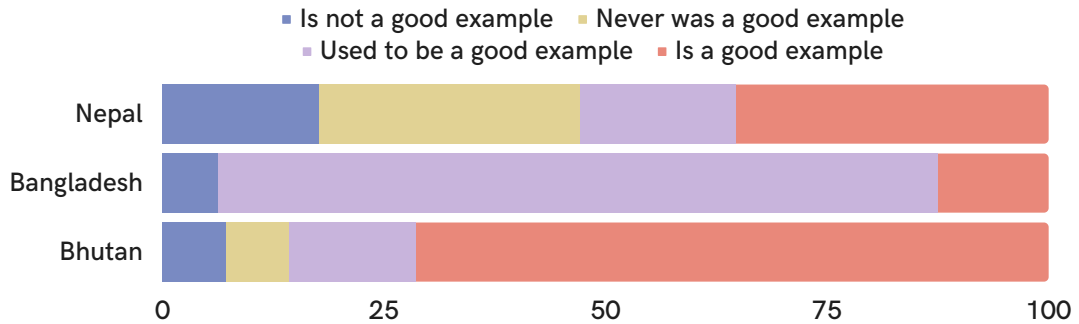
At the moment, India's relations with the following countries are



Over the last 10 years, India's standing as regional leader in South Asia has

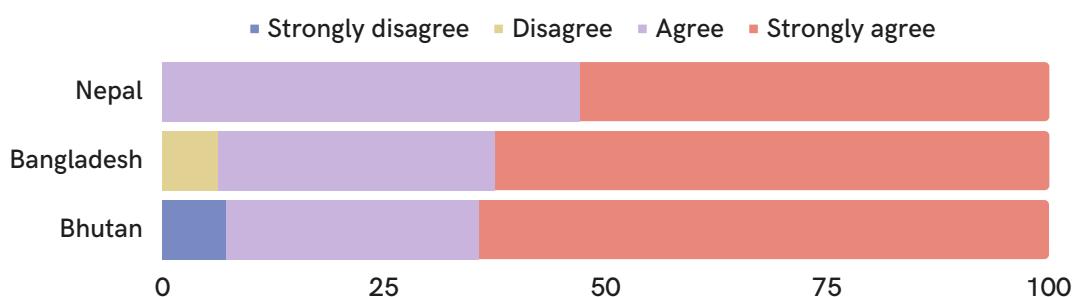


Indian Democracy _____ for the region.



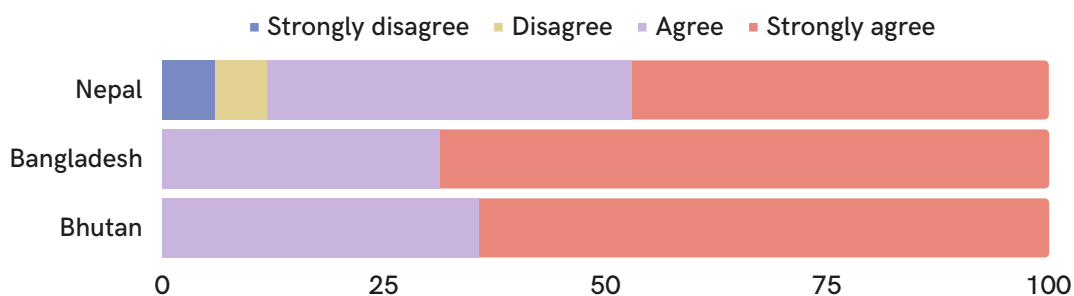
Public health is a domain where we see convergence in view between Bangladesh, Bhutan and Nepal. Increasingly, public health and pandemic preparedness have become important in the regional and global narratives as well, given the dependencies that were exposed during the Covid-19 pandemic. There is widespread agreement among experts from the three countries over the need for a regional strategy for public health and pandemic preparedness in South Asia.

South Asia needs a regional strategy for public health cooperation and pandemic preparedness.

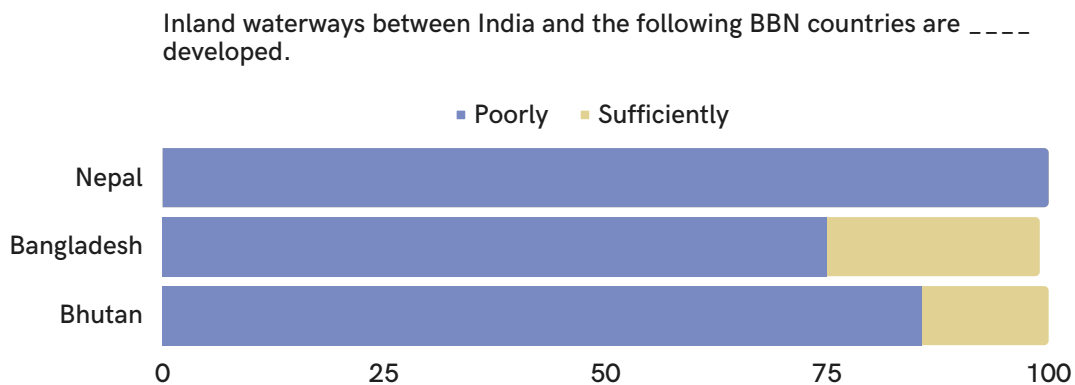


Another important domain that emerged from this study is *regional knowledge networks*. This refers to the creation of interlinkages in research, academia and education, such as the creation of an interconnected network of universities in South Asia that can help the younger generation have a regional outlook. Experts across Bangladesh, Bhutan and Nepal agree that such a network will enable students to acquire technical

An interconnected network of universities in South Asia is necessary to support students to gain technical skills and a regional outlook.



knowledge and develop a regional outlook. Such networks can further enable scientific research across domains and encourage linkages in higher education.



Connectivity is a common theme among BBIN countries which continues to be inadequate in the region, despite a significant proportion of focus among development programs on transport infrastructure and linkages. This is particularly true for inland waterways that continue to be inadequately developed across the region, despite their potential to enhance trade and connectivity in the region.

ENDNOTES

- [i] Asif Nazrul, "Teesta treaty: Modi's liability or Mamata's?," Prothomalo, Sept. 9, 2022, <https://en.prothomalo.com/opinion/op-ed/54w67l5mto>
- [ii] ANI, "Hope Teesta Water-sharing Issue will be Resolved Soon," The Times of India, Sept. 6, 2022, <https://timesofindia.indiatimes.com/india/hope-teesta-water-sharing-issue-will-be-resolved-soon-sheikh-hasina/articleshow/94025705.cms>
- [iii] Asit Ranjan Mishra, "FTA may boost India's exports to Bangladesh by \$10 billion in five years," Business Standard, Sept. 9, 2022, https://www.business-standard.com/article/economy-policy/fta-may-boost-india-s-exports-to-bangladesh-by-10-billion-in-five-years-122090801151_1.html
- [iv] Press Trust of India, Modi Sheikh Hasina Inaugurate Haldibari-Chailahati Rail Link," NDTV, Dec. 18, 2020, <https://www.ndtv.com/india-news/prime-minister-narendra-modi-sheikh-hasina-inaugurate-haldibari-chilahati-rail-link-between-india-and-bangladesh-2340290>
- [v] Rajesh Jha, "Five Integrated Check Posts (ICPs) to be Set up on India-Bangladesh Border," DD News, Nov. 14, 2021, <https://ddnews.gov.in/international/five-integrated-check-posts-icps-be-set-india-bangladesh-border>
- [vi] Debraj Deb, "Tripura: India-Bangladesh Inland Waterway Connectivity Route to be Extended till Gomati District," The Indian Express, Oct. 31, 2022, <https://indianexpress.com/article/north-east-india/tripura/tripura-india-bangladesh-inland-waterway-connectivity-gomati-8241209/>
- [vii] <https://pib.gov.in/PressReleasePage.aspx?PRID=1857392>
- [viii] Md Hizbullah, "How human smugglers along Bangladesh borders bring in illegal migrants," India Today, Apr. 20, 2022, <https://www.indiatoday.in/india/story/jhangirpuri-violence-how-human-smugglers-along-bangladesh-borders-bring-in-illegal-migrants-exclusive-1939404-2022-04-19>
- [ix] Medha Bisht, "Bhutan-India Power Cooperation: Benefits Beyond Bilateralism," Strategic Analysis, 36:5, 787-803, 2012, DOI: 10.1080/09700161.2012.712390, <https://www.tandfonline.com/doi/abs/10.1080/09700161.2012.712390>
- [x] PTI, "India, Bhutan to have 7 more entry and exit points for trade: Govt", Nov. 3, 2022, https://www.business-standard.com/article/economy-policy/india-bhutan-to-have-7-more-entry-and-exit-points-for-trade-govt-121110301690_1.html
- [xi] Dipak Das, "After Nepal, India plans rail link to Bhutan", Jun. 5, 2022, The Times of India, <https://timesofindia.indiatimes.com/india/after-nepal-india-plans-rail-link-to-bhutan/articleshow/92011347.cms>
- [xii] Dipak K Dash, "India connects Bangladesh to Bhutan, through waterway", Jul. 13, 2019, The Times of India, <https://timesofindia.indiatimes.com/india/india-connects-bangladesh-to-bhutan-through-waterway/articleshow/70200094.cms>
- [xiii] Aditya Gowdara Shivamurthy, "The Changing Contours of Bhutan's Foreign Policy and the Implications for China and India," ORF Occasional Paper No. 356, June 2022, Observer Research Foundation.
- [xiv] <https://pib.gov.in/newsite/PrintRelease.aspx?relid=77616>

ENDNOTES

- [xv] Rohit Bajaj , Shruti Bhatia Anshul Joshi, "Building An Integrated South Asian Regional Power Market," Dec. 6, 2021, Businessworld, <https://www.businessworld.in/article/Building-An-Integrated-South-Asian-Regional-Power-Market-/06-12-2021-413925/>
- [xvi] Elizabeth Roche, "New Delhi bats for integrated energy grid in South Asia," Mar. 10, 2021, Livemint, <https://www.livemint.com/news/world/india-bats-for-integrated-regional-energy-grid-in-south-asia-11615377340581.html>
- [xvii] India News, "Bhutan Prime Minister Thanks India for 4 Lakh Doses of Covid Vaccine," NDTV, Mar. 22, 2021, <https://www.ndtv.com/india-news/bhutan-prime-minister-thanks-india-for-4-lakh-doses-of-covid-vaccine-2396539>
- [xviii] Royal Bhutanese Embassy, New Delhi, Ministry of Foreign Affairs, "Bhutan India Trade Relations," <https://www.mfa.gov.bt/rbedelhi/bhutan-india-relations/bhutan-india-trade-relations/>
- [xix] Ministry of External Affairs, Government of India, "India-Bhutan Relations," https://www.mea.gov.in/Portal/ForeignRelation/Brief_Bilateral_Brief_bhutan_Feb_2020.pdf
- [xx] Santosh Sharma Poudel, "India-Nepal Territorial Dispute Flares up Again," The Diplomat, 2022, <https://thediplomat.com/2022/02/india-nepal-territorial-dispute-flares-up-again/>.
- [xxi] Kallol Bhattacharjee, "Nepal's New Political Map Claims India's Territories," The Hindu, May 20, 2020, <https://www.thehindu.com/news/national/nepals-new-political-map-claims-indias-territories/article31632033.ece>.
- [xxii] Nisha Taneja, Shravani Prakash, Samridhi Bimal, Sakshi Garg, and Riya Roy, "Strengthening India-Nepal Economic Relations," Indian Council for Research on International Economic Relations, 2019, <http://hdl.handle.net/11540/10947>.
- [xxiii] Climate Change Knowledge Portal, "Nepal," <https://climateknowledgeportal.worldbank.org/country/nepal>
- [xxiv] Martin Raiser, "The Resilience Imperative: For South Asia, strengthening resilience to climate change has never been more critical," World Bank Blogs, 2022, <https://blogs.worldbank.org/endpovertyinsouthasia/resilience-imperative-south-asia-strengthening-resilience-climate-change-has>
- [xxv] PTI, "Nepal Power Exchange Ltd. Signs Deal with India's Manikaran Power to Sell Electricity," The Times of India, Jan. 10, 2022, <https://timesofindia.indiatimes.com/nepal-power-exchange-ltd-signs-deal-with-indias-manikaran-power-to-sell-electricity/articleshow/88816773.cms>
- [xxvi] Prithvi Man Shrestha, "Nepal notifies India on deal with Bangladesh to seek facilitation for power trade," The Kathmandu Post, October 12, 2022, <https://kathmandupost.com/money/2022/10/16/nepal-notifies-india-on-deal-with-bangladesh-to-see-facilitation-for-power-trade>.
- [xxvii] Ministry of Foreign Affairs, Government of Nepal, "Nepal-India Relation," <https://mofa.gov.np/nepal-india-relations/>

Research Team

Dr. Tishya Khillare, Fellow, Council for Strategic and Defense Research, New Delhi.

Saeed Faridi, Research Associate, Council for Strategic and Defense Research.

Prathit Singh, Research Assistant, Council for Strategic and Defense Research.

The views expressed in this publication are not necessarily those of Friedrich-Ebert-Stiftung.

© 2022 Council for Strategic and Defense Research | New Delhi

© 2022 Friedrich-Ebert-Stiftung | India Office

Commercial use of all media published by the Friedrich-Ebert-Stiftung (FES) and Council for Strategic and Defense Research (CSDR) is not permitted without the written consent of the FES & CSDR.