

UK, West Bengal & Eastern India - Shared Prosperity for a Shared Future





British Deputy
High Commission
Kolkata



The Dialogue

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ABOUT THE DIALOGUE

The Dialogue is an emerging public-policy think-tank with a vision to drive a progressive narrative in India's policy discourse. Founded in 2017, we believe in facilitating well-researched policy debates at various levels to help develop a more informed citizenry, on areas around technology, strategic affairs, sustainability and development issues.

Our aim is to enable a more coherent policy discourse in India backed by evidence and layered with the passion for transforming India's growth, for helping inform on public policies, analyse the impact of governance and subsequently, developing robust solutions to tackle our challenges and capitalise on our opportunities. To achieve our objectives, we deploy a multi-stakeholder approach and work with the Government, academia, civil society, industry and other important stakeholders.

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INTRODUCTION

The Act East Policy launched at ASEAN summit at Nay Pyi Taw, Myanmar is aimed to strengthen ties between India and the ASEAN countries. Changed geopolitical realities necessitated India to reach out to its ASEAN neighbors with shared historical, cultural, and civilisational linkages. Post-1990's, tremendous strides in Indo-ASEAN relation were made, from India becoming a sectoral partner of ASEAN in 1992 to entering summit partnership in 2001. However, in the decades after that, the momentum somewhat fizzled out. Given the scheme of things, West Bengal and North Eastern India by default occupy an important position in the successful realization of India's Act East Policy.

Taking this discourse forward, The Dialogue, with the support from British Deputy High Commission, Kolkata, organized the 2nd Young Thinkers' Conference in Kolkata titled **“UK, West Bengal & Eastern India - Shared Prosperity for a Shared Future”**.

Over 150 young delegates, senior government representatives and emerging startups actively participated in the 2nd edition of the British High Commission's Young Thinkers' Conference in Kolkata, to co-create a new collaborative growth model.

On the sidelines of the conference, a roundtable discussion was organised with elected representatives and energy experts on creation of green jobs through innovative low carbon and climate resilient models.

The objective of the conference was to bring together experts and young thinkers to discuss the role of West Bengal and East India as a trade and investment hub in South Asia and the potential to trade with the UK.

Mr. Sobhandeb Chattopadhyay, Hon. Minister for Power and Non-Conventional Energy Sources, Government of West Bengal, in his keynote speech mentioned that West Bengal is focused on generating clean energy through solar power, and has made considerable investments towards increasing green jobs.

“Our digital world known no borders. If our countries are to thrive in the age of instant global communications, we need to find new ways to cooperate. We need to develop the networks and contacts to share our ideas, and shape the global debate and build a better world. Britain and India have a shared history. The Indian diaspora in Britain is the most successful community and helps power ‘Global Britain’. That is the hub of ideas, connections and technology that my government wants to develop so as to compete in the interconnected world we live in. The youth drive the future. The conference is a platform for them to come together and exchange ideas on India’s prosperity and growth - in which the UK seeks to be a partner” said Mr. Bruce Bucknell, Deputy High Commissioner, British Deputy High Commission at the event.

Bengal is in the forefront of the eastern states that are likely to benefit from the Look East policy, initiated in 1991. However, to benefit from this, the state needs to have a long-term strategy in place. One that includes the development of physical and social infrastructure, leverages its position in agriculture, develops manufacturing excellence and encourages rapid growth in services.

Bengal also acts as a natural corridor to the north eastern states. It can leverage that fact to the fullest by increasing trade with these states. Similarly, it can also coordinate with states like Bihar, Jharkhand and Orissa, which have abundant natural resources, to become a formidable force on the eastern coast.

The 2nd Young Thinkers’ Conference, 2018 recognizes the potential of West Bengal to drive India’s Act East Policy, and the trade and investment opportunities the eastern India region presents. The focus for the conference was on the role of West Bengal and Eastern India as a trade and investment hub in South Asia and



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the technology and entrepreneurship. The conference brought together issues that concern the youth of the region and to drive participation from young professionals in order to shape the partnership of West Bengal and the UK for the future.

The Young Thinkers' Conference was a platform where the youth emerged as the real catalysts of change - spearheading a new narrative of growth for Eastern India and West Bengal, in collaboration with the UK.

WEST BENGAL IN INDIA'S NEIGHBOURHOOD – CONNECTIVITY, TRADE AND INVESTMENT

West Bengal is one of the most densely populated states of India, with a population density of 903 per sq km. Traditionally an agrarian economy, more than 70% of West Bengal's population lives in rural areas. However, in recent years the service sector has started dominating the state GDP, currently at around US\$ 85 bn. The share of agriculture to GDP has reduced. We have compared key indicators with the leading states to find out the state of West Bengal's economy and how it has changed in the last five years.

It is evident that the potential for growth in West Bengal remains untapped. The state needs to catch up with the rest of the Indian economy. The share of industry as a percentage of the net state domestic product at factor cost in West Bengal is only 10%, as opposed to 28% in Gujarat.¹

The North-Eastern region of India, spread over nine percent of India's total land mass, is riding on various trade and connectivity proposals floated by sub-regional or regional groupings, such as BBIN (Bangladesh, Bhutan, India, Nepal) and BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation).

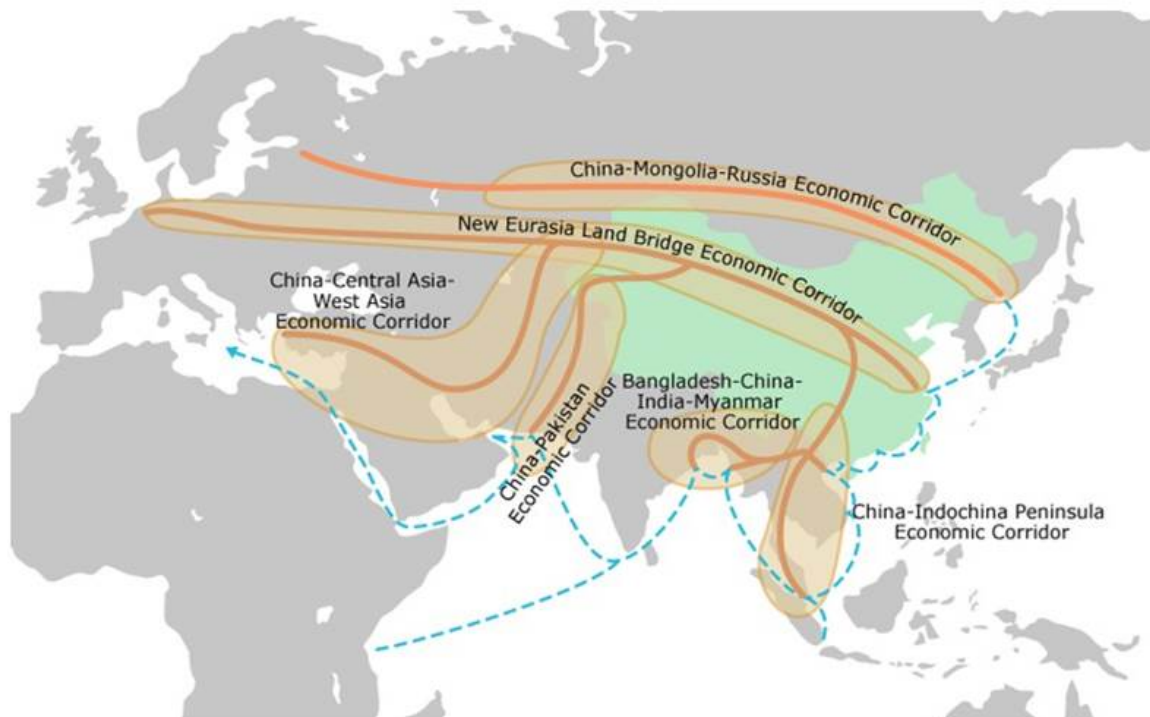
Recognising the potential of the regional corridors, the first panel titled "WEST BENGAL IN INDIA'S NEIGHBOURHOOD – CONNECTIVITY, TRADE AND INVESTMENT" outlined the strategic importance of West Bengal and its outreach to partner states and countries. The historical and cultural ties West Bengal has with Bangladesh was highlighted.

¹ "Rising Bengal - PwC India." <https://www.pwc.in/assets/pdfs/industries/rising-bengal-151211.pdf>. Accessed 30 Oct. 2018.

Throughout this panel, it was emphasized how West Bengal is reflected as the hub of Eastern India and gateway to the northeast. The rise in ease of doing ranking and the reduction in red tapism in the past few years reflects the current situation. Another observation made by a panelist was the strategic positioning of West Bengal in current geopolitics in southeast Asia discussing the Border Road Initiative and other regional corridors taken up by China and how India is planning to counter it through BBIN and BIMSTEC.

The panel started out by outlining the strategic importance of West Bengal and its outreach to partner states and countries and the historical and cultural ties West Bengal has with Bangladesh. A key observation that was pointed out was how, in recent times, China has been reaching out to West Bengal to improve its strategic stronghold.

The Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa



Source: *Lehman Brown*²

Throughout the panel, it was emphasized how West Bengal is the hub of Eastern India and gateway to the northeast. The rise in ease of doing ranking and the reduction in red tapes in the past few years reflects the current situation. The strategic positioning of West Bengal in current geopolitics in Southeast Asia was highlighted. The Border Road Initiative and other regional corridors taken up by China and how the translinking corridors are reshaping geopolitics nowadays - whether it's Land based or Maritime or Multi-modal.

The eastern part of India is strategically located and acts as a gateway for Southeast Asian countries. Since China has overtaken the US as the largest trading partner of India, the east Indian ports have become busy. Traditionally, ports in the west coast had a significant share in container traffic, at least twice that of the ports in eastern India. However, the trend has shown a reversal as India's merchandise trade with Asian nations is growing faster than that with the West. The eastern ports are closer to where the action in Asia is and are therefore growing. A study by a consulting firm showed that the share of capacity of western ports is estimated to decline to 66% in 2014 from the current 77%. This indicates that the share of eastern ports is set to rise. Similarly, our trade with countries like Singapore, Japan, Thailand and Indonesia is increasing at a rapid pace. This will lead to increased business opportunities and overall growth for the states on the eastern coast of India.

As the Indian logistics sector is likely to grow from 160 billion USD in 2017 to a staggering 215 billion USD by 2020, West Bengal has a huge potential to emerge as the main logistics hub of the entire Eastern and North Eastern region of the country.³

² <https://www.lehmanbrown.com/insights-newsletter/belt-road-initiative/>

³ "'Bengal has huge potential to be India's prime Logistics Hub' - Dailyhunt." 24 Nov. 2018, <https://m.dailyhunt.in/news/bangladesh/english/hindusthan+samachar+english-epaper->

The huge growth of Logistics sector in West Bengal would also benefit from the structural positives of upcoming major infrastructural projects in the region including major economic corridors like the "Eastern Dedicated Freight Corridor", the "Amritsar-Kolkata Industrial Corridor", "East Coast Economic Corridor", "Kaladan Multi-modal Transit Transport Project" and "Bangladesh-China-India-Myanmar (BCIM) Trade Corridor" which were all likely to boost logistical demand and operations.

The South Asia-Southeast Asia grouping known as Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (Bimstec) comprises of countries like Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand, and brings together 1.5 billion people or 21% of the world population and a combined gross domestic product (GDP) of over \$2.5 trillion

Over the past decade, India has played a key role in Bangladesh's graduation from Least Developed Country (LDC) category to Developing Country status through investments, Line of Credit at concessional rates, grants, market access for Bangladeshi products and easier visa regime.

Bangladesh is the biggest recipient of India's Line of Credit amounting to almost eight billion USD besides a healthy amount of grant which have contributed to country's infrastructure, power and railway sectors. Bilateral trade is growing and Bangladesh desires to take advantage of India's growth story and market including markets in Northeast India and West Bengal. Indian private sector has also committed to invest over USD 13 bn in Bangladesh particularly in the power sector.⁴

[hinsamen/bengal+has+huge+potential+to+be+india+s+prime+logistics+hub-news-102278244](https://hinsamen.com/bengal+has+huge+potential+to+be+india+s+prime+logistics+hub-news-102278244). Accessed 30 Oct. 2018.

⁴ "ET ANALYSIS: India's key contribution in Bangladesh's graduation" 21 Jun. 2018, <https://economictimes.indiatimes.com/news/politics-and-nation/et-analysis-indias-key-contribution-in-bangladeshs-graduation-from-ldc-status/articleshow/64675599.cms>. Accessed 30 Oct. 2018.

Economically and commercially, the two countries are becoming increasingly interlinked and interdependent. India is fast emerging as a global power and Bangladesh aims to take full advantage of the high growth of the Indian economy to hasten pace of its own economic development. Simultaneously, a strong and stable Bangladesh provides the best security guarantee for India. Among all its neighbours, India has the longest land boundary with Bangladesh, with over 4,000 km border along three sides of the country besides maritime boundary.

As much as 600 MW of power is flowing through the two existing inter-connections between India and Bangladesh. Additional power connections could enable Bangladesh to draw another 1,000 MW of power. Bangladesh will also receive 340 MW from various India. Besides, ONGC has been awarded gas exploration in two blocks of the Bay of Bengal and fresh MoUs have been concluded for the supply of renewable energy and nuclear cooperation.

Bangladesh has also expressed its desire to take part in hydro-power projects in the North-Eastern States as well as in Bhutan and Nepal which will also include cooperation under BBIN format. Cooperation in other sectors of power/energy is also shaping, especially in the fields of supply of high-speed diesel, natural gas, LNG, LPG and transboundary pipelines. Petrobangla and Petronet have signed a MoU for the setting up of a joint venture regasification LNG Terminal.

In the sphere of connectivity, Bangladesh figures prominently in India's Act East policy including BIMSTEC. Delhi and Dhaka are also working to restore road, rail and coastal shipping links that existed before 1947. This would throw up huge potential for cross-border trade contributing towards Dhaka's goal towards achieving middle income country status.

UK AND EASTERN INDIA - WORKING TOGETHER FOR A BETTER FUTURE

Since 2000 there has been increasing trade in goods and services between the UK and India, both in terms of value and percentage share of overall UK exports. In 2016, bilateral trade was approximately £15.4 billion. In that year, trade in goods was £10.1 billion, and in services it was £5.3 billion. In 2016, exports to India accounted for 1.0% of the UK export market – up from 0.9% in 2000, making it the UK's 13th largest services export market outside the EU and 13th largest goods export market.

A trend, which we see only accelerating, has been a rise on tech-focussed services, such as: telecommunications, computer and information services; and intellectual property. Similarly, financial and insurance and pension services are on the rise. As India's financial inclusion scheme – Jan Dhan Yojana – expands and the insurance and pensions market matures, we will see ever-more UK exports in this area. And, as the number of visitors from India to the UK, and the spending power of those visitors, has increased, the export of travel services has grown.⁵

The EU accounts for 18.7 percent of India's exports and 13.8 percent of imports, making the EU India's largest trading partner for both imports and exports. The EU's diplomatic service states that there is "untapped potential" for a trade deal between the EU and India to continue growing, highlighting the textile and agricultural sectors as target areas.

⁵ "the uk and india: the bilateral trade relationship - UK India Business" 3 Apr. 2018, <https://www.ukibc.com/wp-content/uploads/2018/04/The-UK-and-India-Bilateral-Trade-Relationship.pdf>. Accessed 30 Oct. 2018.

The panel deliberated upon the partnership between West Bengal, Odisha, Jharkhand, the North-Eastern states and the UK. India and the UK share a modern partnership bound by strong trade & investment ties as well as institutional and people to people links. The UK has been the largest G20 investor in India since 2010, with cumulative investment of nearly \$20 billion. Bilateral trade including goods and services increased by 17% between 2016 and 2017. Meanwhile, the UK is India's 15th largest goods trading partner with trade in goods valuing \$14.5 billion during the year 2017-18.

The discussion revolved around the potential to enhance cooperation on education, skills and technology along with driving projects that can empower youth of both the UK and the eastern region - especially the North Eastern Region.

North Eastern India has nine percent of India's geographical area and contributes three percent to the country's gross domestic product (GDP). In relative terms, it is one of India's economically laggard regions. However, given its natural resources base and strategic location, NER has the potential to become India's "powerhouse" in terms of trade and investment. The region is best known for its cultural heritage, ethnic beauty and rich natural resources. The region has rich biodiversity, oil and natural gas, coal, limestone, hydro potential and forest wealth. Given the peculiar geopolitical location, the region can develop cross-border markets, which are likely to be more cost effective for North East India's surplus production than the distant national markets. The region is famous for its exotic flora and fauna. It is ideally situated to produce spices, fruit & vegetables, flowers and herbs. Therefore, the North East India can emerge as an exporter of orchids, flowers, apple, orange, pineapples, spices, herbs, etc. to the South East Asian Region. From the geo-political angle, the NER is located in a strategic location as it is bounded by several foreign countries. Naturally it has got both advantages and disadvantages due to its location. So far advantages are concerned it is connected with the South-East Asian countries mainly China, Myanmar, Bhutan, Bangladesh, Malaysia, Thailand,

Philippines, Cambodia and Indonesia etc where almost half of the world's population live. Border trade has special significance for the economies of the North-Eastern States, which have a large segment of international border on their boundaries. Of the border trade conducted through the international border of these states, it has been mentioned in the report of the Inter-Ministerial Task force that the trade with Bangladesh and Myanmar is especially important for a variety of reasons.⁶

The demand for the Information Technology or IT sector anticipates a general need for developing and great investment on the field and Manipur has come on top through multiple projects and schemes which has made it the IT hub of Northeast India.⁷

India's North-Eastern states are also fast emerging as the drivers of growth for some leading e-commerce companies, which claim double-digit growth in the market after having overcome last-mile delivery challenges. In this region, where hilly terrain and limited road and flight connectivity have posed hurdles for companies wanting to expand operations, demand for goods online is being fuelled by unavailability of certain products and the deep discounts being offered by e-commerce companies on a host of goods, including branded products.

The potential sectors identified for the development of West Bengal are Health, Education and a potential for PPP models.

⁶ "Opportunities of Border Trade in North East India: With Special"
https://www.wjrr.org/download_data/WJRR0101010.pdf. Accessed 30 Oct. 2018.

⁷ "Manipur: The IT hub of Northeast India! - TNT-The NorthEast Today."
<https://thenortheasttoday.com/archive/manipur-the-it-hub-of-northeast-india/>. Accessed 30 Oct. 2018.

ADVANCING INDIA-UK COOPERATION IN TECHNOLOGY, SKILLS AND ENTREPRENEURSHIP

Technology is the key drive of economic growth for the 21st Century. With new technologies such as Artificial Intelligence and Blockchain making an impact, the panel delved into the potential of using such emerging technologies to enhance governance in West Bengal. The panel explored on how entrepreneurship is taking lead towards delivering new solutions through the use of cutting-edge technologies, the role of education and skill development to develop the future entrepreneurs and how UK can support this initiative. The panel, comprised of tech startup founders, government representatives, professors and policy professionals, discussed how Ministry of Electronics and Information Technology, Government of India, through its flagship Digital India programme is planning to digitize the north-eastern region by 2020 by Optical Fiber Connectivity. Predictive analytics and AI based systems has made its way to socio-economic use cases such as health and education sectors. Open and coordinated innovation from the India-UK partnership in new and emerging areas can not only be beneficial to the regions, but to the world.

Technology

India and the UK have been engaging in bilateral collaborations for many years. This has evolved in recent years into innovation and developments in technology.

1. As the UK is preparing to leave the European Union by March 2019, it is looking to reinvigorate its economy and look for more partners. A shift in gears towards India in technology partnership can be a win-win for both countries.
2. India's established leadership in the software services industry, made possible on the back of a skilled talent pool, supportive policies and a culture

of innovation, positions it to contribute meaningfully to the partnership. Today, the country has moved beyond outsourced services and is rapidly gaining ground in technology innovation. For example, numerous companies have set up R&D centres in India to leverage the skilled talent pool and the conducive startup environment. With Bengaluru being recognised among the top 10 tech innovation hubs in the world, India is now in the elite club of tech leaders such as US, UK, China and Japan.

3. The UK has traditional strengths in science and innovation which can help India build a high-end science and technology ecosystem to propel the country in the right direction. The UK can leverage this partnership to assist India with developing superior technological skills as well as modern manufacturing and business processes, to help increase India's self-reliance ambitions.
4. The two countries have a long history of collaborative success. The UK is the largest G20 investor in India for decades and India has the fourth largest number of investment projects in the UK, where technology plays a key role. More than 700 British companies such as British Petroleum, JCB, Caparo and Vodafone already operate, assemble and manufacture in India, employing thousands of people. Tata, an Indian conglomerate, is one of UK's largest manufacturing employers.

The UK has also played a pivotal role in India's defence modernisation and shares a strong history of cooperation in sectors such technology, skills development and education.

Today, through its Science and Innovation Network (SIN) programme, the UK is accelerating on global collaboration to find solutions for the needs of a growing planet. Topics of interest include Clean Energy, Future Manufacturing, Cyber and Information Communications Technology (ICT), Quantum Technology, Future Cities, Space and Maritime services. These align with India's vision and provide the foundation for new business collaborations.

With technology as the foundation, both nations can further strengthen their ties through knowledge sharing, collaboration on research and development, partnerships between world-class innovation clusters as well as leading academia to continue to remain at the forefront of a technology revolution.⁸

With technology increasingly underpinning economic development and competitiveness the world over, the next step in the India-UK relationship would be collaborations in emerging tech areas such as Artificial Intelligence, health technologies, clean technologies, smart urbanisation and future mobility. The Government's current priorities of Make in India, Smart Cities, Digital India and Skill India also act as major enablers designed to facilitate the right investment, foster innovation, enhance skill development and build future-ready manufacturing infrastructure using technology as the foundation.

Industry 4.0 is another very important area of opportunity where India could benefit through its partnership with the UK. Through this, India can advance from low-cost manufacturing to high-end manufacturing. There are initiatives such as the UK-India Tech Hub to create state-level clusters which are a good step towards actualising the vision. A lot of work would need to be done in the domain of skills enhancement and capabilities in the areas of science and technology. This will also create high value jobs especially for the world-class innovation clusters in both countries.⁹

Skills & Entrepreneurship

An Memorandum of Understanding (MoU) signed between India and UK in 2014 on working together on identifying gaps in the areas of skill development and

⁸ "Why technology is a win-win game for boosting the India-UK"
<http://www.forbesindia.com/blog/economy-policy/why-technology-is-a-win-win-game-for-boosting-the-india-uk-relationship/>. Accessed 30 Oct. 2018.

⁹ "Why technology is a win-win game for boosting the India-UK"
<http://www.forbesindia.com/blog/business-strategy/why-technology-is-a-win-win-game-for-boosting-the-india-uk-relationship/>. Accessed 30 Oct. 2018.

employment services. The MoU will focus on collaboration and building partnership through sharing of technical expertise, building linkages and identification of gaps in the areas of skill development and employment services. Under the MoU, the two countries will also work for improvement in curriculum, benchmarking of assessment, certification and training methods. The MoU is aimed at enhancing the collaboration between the two countries within the framework of UK India Education and Research Initiative (UKIERI).¹⁰

India's economic success and development are vital to the global economy, to UK interests across South Asia and to global priorities like the sustainable development goals.

In this context, the target action areas include improvements in the business environment, skill development, employment generation, energy security and developing smarter cities as engines of growth.¹¹

¹⁰ "India-UK List of MOUs/Agreements/Initiatives during the visit of Prime" 18 Apr. 2018, http://mea.gov.in/bilateral-documents.htm?dtl/29831/IndiaUK_List_of_MOUsAgreementsInitiatives_during_the_visit_of_Prime_Minister_to_UK_London_April_18_2018. Accessed 30 Oct. 2018.

¹¹ "UK-India partnership through education, skills and entrepreneurship" 24 Aug. 2017, <https://www.gov.uk/government/speeches/uk-welcomes-the-brightest-and-best-international-students>. Accessed 30 Oct. 2018.