

## India and the World

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### **Bangladesh upheaval: political and economic implications for India**

Protests in Bangladesh eventually forced then Prime Minister Sheikh Hasina to resign and leave the country for India on August 5. An interim government, led by Nobel laureate professor Muhammad Yunus, was sworn in on August 8. The dramatic ousting of Hasina after 15 years in power was closely watched in New Delhi, as well as in Nordic capitals.

For the Nordics, Bangladesh is both an important partner for development cooperation, and a hub for clothing and apparel industries. Swedish brand H&M, for example, has been the single largest foreign clothing buyer in Bangladesh; according to estimates, the company has in recent years been sourcing around 20 percent of its products from the country. The country's economic future is now uncertain, given the breakdown of law and order. Three dozen industrial units were attacked by protestors, and 20 more – particularly in textiles and pharmaceuticals – are shut because of strikes.

For New Delhi the situation in Bangladesh presents a much wider set of issues pertinent to India's own security, economy and regional influence. Given New Delhi's heavy investment in its political relationship with Sheikh Hasina for more than a decade – at the cost, it now appears, of contacts with the opposition – India's leadership must now tread carefully in managing its relations with Dhaka. Although the interim government in Dhaka has refrained from explicitly singling out India's support for Hasina, anti-India rhetoric, as well as instances

of violence against Bangladesh's Hindu minority, emerged during the protests that led to her downfall, and through the weeks that have followed.

India's bet on Hasina began gradually, but over the course of the past decade or more has become the cornerstone to New Delhi's efforts to revive the Bay of Bengal region. Trade, institution building, and security cooperation have been central elements in the deepening of ties. This effort should not only be seen as a foreign policy priority from New Delhi's side, but is also part of a regional approach to provide stability and more vibrant economic scenarios for India's own northeastern states. External partnerships, especially with Japan and ASEAN, have been central to India's plan for management of its own northeast and to create a narrative that knits together the Bay of Bengal.

In terms of security, deepening ties have been manifested in a more controlled management of the often porous western India-Bangladesh border, but also sustained efforts from Dhaka to minimise militant and criminal activities spreading from Myanmar into India's northeastern states. India and Bangladesh armed forces have jointly conducted the SAMPRITI exercise for eleven years, and last year's exercise, which was held in Assam, was to a large extent centred on fine-tuning joint anti-terrorist measures.

Bangladesh has emerged as India's foremost trading partner in South Asia. The country's share in India's export basket is higher than Japan's, France's or Germany's. India's imports from Bangladesh are almost 60% made up of clothing and textiles. For bilateral trade, and especially for the sensitive Indian border states of Assam, Meghalaya, Mizoram and Tripura, improved port facilities in Bangladesh have become increasingly important. Possible political challenges in the India-Bangladesh partnership coupled with reduced demand and uncertain prices post-Covid, may affect the two countries economic cooperation negatively. Indian investment that was poised to head into Bangladesh, especially into the readymade garments sector, may not now be realised.

Finally, Dhaka has been a defining partner to New Delhi's diplomatic initiatives to provide an institutional anchoring to the revival of the Bay of Bengal region. This effort has primarily been channelled through the establishment of BIMSTEC. Bangladesh hosts the permanent secretariat of BIMSTEC and also leads the organisation's important section for trade, investment and development. Given BIMSTEC's inclusion of Nepal and Bhutan, the organisation now forms the backbone of India's South Asia policy, as SAARC continues to be paralysed by the India-Pakistan rivalry.

India has a difficult balancing act to deal with. On the one hand, it will need to protect its contacts to Sheikh Hasina and its Awami League; it cannot be seen to be faithless to its closest friends in the region's politics. On the other hand, it will need to reach out swiftly not just to the interim government led by Yunus, but also to the military – which provides crucial support to the transition government, and whose abandonment of Hasina precipitated her downfall and flight – as well as to the likely next government, in the Bangladesh National Party and its allies. This balancing act is complicated by increasing anger in India over what is being presented in the media as relentless targeting of Bangladesh's Hindu minority.


Much will depend upon the ideological direction of the new Bangladeshi regime. Initial signs are not entirely hopeful. Not only have Hindus been the target of violence, but there have been demands that passages in official textbooks urging respect for sexual minorities be taken out. Vigilante violence and intimidation has led to 40 of 56 public universities losing their senior leadership; Dhaka South is running without the services of the councillors for 66 of its 75 city wards. Multiple ministers in past governments – and even one cricketer – have been hauled before the courts on dubious charges, where angry anti-government lawyers have prevented

the presentation of any defence and even in some cases physically assaulted them within the court premises.

Bangladesh, since it attained independence from Pakistan in 1971, has always been more secular and liberal and than the state it left. Over time, however, those principles coalesced into support for the party of independence, the Awami League, and for Sheikh Hasina in particular. Anti-Hasina forces, including the BNP, have always been more sympathetic to Islamism and to Pakistan than the Awamis. This is perhaps what caused New Delhi to bet so strongly on Hasina. If the consequences of that bet are a turn away from liberalism and secularism and (perhaps justified) anger against Indian meddling, then New Delhi will have few good options.



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