Bangladesh Crisis and its Impact on India

Why in News?

In Bangladesh, Sheikh Hasina had resigned as Prime Minister and fled the country as the army took control.

What are the reasons for crisis in Bangladesh?

- **Political causes** – Consecutive elections in 2014, 2018, and 2024 were *allegedly rigged* with the opposition either boycotting or being forced out of the contest following crackdowns.
- **Undemocratic governance** - The *personal authoritarianism* of Hasina, once seen as an icon for democracy, has grown steadily over the years
  - Mass arrests of political opponents, activists, and dissidents
  - Forced disappearances and alleged extrajudicial killings
  - Crackdown on press freedoms, NGOs, and critics, including Nobel laureate Muhammad Yunus.
- **Biased quota system in jobs** - In a time of economic distress and acute job scarcity, the restoration of a *30% quota* in coveted government jobs *for freedom fighters and their progeny*.
- It unleashed waves of protests by students and young people.
- **Infiltration of terrorist forces** – The ranks of the protesting students had been infiltrated by cadres of the Jamaat-e-Islami and other Islamist forces.
- **Impact of Covid pandemic** – It had hit the Bangladeshi economy hard and stalled its celebrated growth model.
- **Economic crisis** - The collapse of demand abroad *impacted Bangladesh's textile and garment industry*, the engine of its manufacturing-led growth.
- The current rate of *inflation is close to 10%.*
- **Decreasing FOREX** - Since 2022, the Bangladeshi taka has depreciated more than 40% against the dollar, and its *reserves of foreign currency have more than halved*.
- **Increasing debt** – Its total external *debt had crossed $100 billion b*y the end of the 2023.
- **Role of external powers** - Some experts blame China and Pakistan for the unrest, suggesting they want to end Hasina's moderate Islamic rule.

How India-Bangladesh relations fared under Hasina government?

- **Political relations** - Since 2009, Sheikh Hasina has been a *key ally for India* and fostered economic, social, and cultural ties.
- **Security** - Her tenure saw *eradication of anti-India terrorist* groups and this has helped bring relative peace to India's Northeast.
- **Boundary dispute settlement** - *Maritime and land boundary* issues were resolved.

- **Economic ties** - *Bangladesh is India's biggest partner* in the subcontinent and India is Bangladesh's second biggest partner in Asia after China.
- **Infrastructure & Connectivity** – India has also emerged as a major source of power for Bangladesh.
- India extended three lines of credit worth $8 billion for infrastructure development since 2016.
- Joint projects include the *Akhaura-Agartala cross-border rail link* and *Khulna-Mongla Port rail line* has significantly reduced travel time and boosted tourism and trade.

What are the impacts on India?

- **Political implications** – Her departure after a 17-year tenure means that India has *lost a trusted partner* in the region.
- India would face some questions from the new regime in Dhaka about giving refuge to an unpopular leader and there is a real risk of *blowback from the Bangladeshi people* as well.
- India's backing of her, despite allegations of rigging in elections, has been a bone of contention between India and the West.
- **Potential refugee influx –** Instability in Bangladesh could lead to an influx of refugees into India, posing a security challenge.
- **Security issues** – Fear of a *return to Islamist radicalism* in its eastern neighbourhood.
- When Opposition parties in Bangladesh have ruled the country, India has had an unpleasant experience with *anti-India terror outfits* operating across the India-Bangladesh border.

The LoC and the border with Pakistan is hot again, and the Indian Army is in a long standoff with the PLA in eastern Ladakh. The Myanmar border is also extremely volatile.

- **Economic implications** – There is a *possibility of stalling the free trade agreement (FTA)* between India and Bangladesh.
- It could jeopardize growing trade ties and restrict movement of people and goods.
- Indian manufacturing and infrastructure companies having business or project operations or supply linkages therein are likely to witness *some disruption and uncertainty* in the near term.
- On a positive front, it could result in a short-term shift of garment orders to India but India wishes for the normalcy to return.

What lies ahead?

- India should *move beyond romanticizing the 1971 liberation* of Bangladesh and should *express its readiness* to *engage with a successor government*.
- India as a vibrant multi-party democracy, *should support the expression of popular will* in a sensitive neighbouring country.
- This may also go some way in diluting the negativity born out of the admittedly close relations between the two governments and Indian and Bangladesh leaders.

- Avoid the temptation to brand the ongoing political change as anti-India or anti-Hindu.
- India needs to take proactive measures to *mitigate the impacts of the crisis* and ensure continued economic stability and growth.

References

1. The Indian Express| Causes of Bangladesh Crisis
2. The Indian Express| Challenges for India

