

Recent Trends in India-Bangladesh Relations: Cooperation and Challenges



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Abstract

The bilateral relationship between India and Bangladesh, rooted in the Liberation War of 1971, has evolved into one of the most dynamic partnerships in South Asia. Shaped by shared history, cultural affinities, and mutual strategic interests, this relationship reflects both cooperation and contestation across five decades. The study examines the evolution of India-Bangladesh relations through a historical and analytical lens, focusing on major areas such as trade, connectivity, energy, water sharing, and border management. Using a qualitative, descriptive approach based on secondary sources including policy documents, official statements, and scholarly literature it traces the shifting nature of engagement under changing political and regional contexts. The paper highlights how progress in connectivity, security cooperation, and cultural exchange has deepened interdependence, while unresolved challenges such as the Teesta water-sharing dispute, border tensions, migration issues, and the growing influence of external actors continue to test bilateral trust. The analysis finds that political leadership has been a defining factor, with Sheikh Hasina's tenure marking a phase of unprecedented collaboration, followed by renewed uncertainty under the interim government. Overall, the study concludes that the India-Bangladesh relationship, despite periodic frictions, remains central to South Asia's stability and exemplifies the potential of pragmatic diplomacy in sustaining regional partnerships.

Keywords: Political Cooperation, Border Disputes, Water Sharing, Economic Ties, Immigration

Introduction

India and Bangladesh share one of the most consequential bilateral relationships in South Asia. Over the years, bilateral ties have evolved into a multi-dimensional partnership encompassing trade, connectivity, energy, security, and cultural exchange. Bangladesh holds a pivotal position in India's strategic calculus, serving as a gateway to the northeastern states and a bridge to Southeast Asia. Conversely, India remains one of Bangladesh's most significant partners in trade, transit, and development assistance. This mutual interdependence has been reflected in landmark agreements on the settlement of land and mari-

time boundaries, infrastructure connectivity, and power cooperation.

Between 2009 and 2024, under Prime Minister Sheikh Hasina's leadership, India-Bangladesh relations experienced what many describe as a "golden period" (Huq, 2023). Both countries advanced cooperation in security, trade, connectivity, and energy, while initiatives such as cross-border transport links and power-sharing projects strengthened interdependence (Quader, 2019). People-to-people and cultural exchanges further reinforced bilateral goodwill.

However, the 2024 student-led protests and Hasina's subsequent resignation introduced

uncertainty into this trajectory (Saqib & Moniruddin, 2025). For India, the political transition in Dhaka poses challenges to sustaining previous gains, amid ambiguities over Bangladesh's evolving domestic and foreign policy. Externally, China's expanding economic footprint and Pakistan's renewed diplomatic interest have added new strategic complexities (Rupok, 2025).

In essence, India-Bangladesh relations today reflect both promise and fragility. This study highlights how cooperation, contestation, and external influences continue to shape one of South Asia's most consequential partnerships.

Historical Background

The trajectory of India-Bangladesh relations has been deeply shaped by the 1971 Liberation War, which redefined regional geopolitics. India's decisive military and diplomatic support for Bangladesh's independence established an enduring foundation of trust and cooperation (Mishra, 2014; Rahman & Islam, 2025). In the immediate aftermath, relations flourished through extensive aid, refugee repatriation, and the 1972 Treaty of Friendship, symbolizing shared post-war solidarity (Pattanaik, 2012).

This early warmth, however, waned after the 1975 assassination of Sheikh Mujibur Rahman. Under Ziaur Rahman and H.M. Ershad, Bangladesh's foreign policy tilted toward China, the United States, and the Islamic world, generating suspicion and reducing India's influence (Bhardwaj, 2020). The restoration of democracy in 1990 introduced fluctuation, with Awami League governments pursuing cooperation and the BNP adopting a more cautious stance (Chakma, 2015). A major turning point came after 2009, when Sheikh Hasina prioritized security and connectivity with India. Her government's actions against anti-India insurgents and commitment to regional integration revitalized bilateral trust (Razaul Karim, 2020). This period witnessed landmark agreements on power trade, transit, and the ratification of the 2015 Land Boundary Agreement—resolving a decades-long territorial dispute (Bhardwaj, 2013). Yet, challenges such as

the unresolved Teesta water-sharing issue, trade imbalances, and border tensions persisted (Khara et al., 2025).

Overall, India-Bangladesh relations reflect a complex journey from wartime solidarity to estrangement and renewed partnership. Each phase—1971 cooperation, post-1975 divergence, democratic fluctuation, and post-2009 convergence illustrates the resilience and evolving character of one of South Asia's most significant bilateral relationships.

Areas of Cooperation

Trade and economic integration: Trade has historically been a driving force in shaping India-Bangladesh relations, functioning as both a practical necessity and a mechanism for fostering peace and stability in South Asia. Economic cooperation was among the earliest priorities after both established diplomatic ties in 1971 (Jamwal, 2002). The first trade agreement signed in March 1972 emphasized strengthening relations on the basis of equality and mutual benefit, while subsequent renewals in 1973, 1980, and later in 2015 institutionalized the framework of bilateral commerce (Ali, 2023). The 2015 agreement was particularly significant, providing for automatic renewal every five years unless terminated, which ensured continuity and predictability in trade relations (ibid).

Despite this institutional base, trade flows were modest in the early decades. For instance, in 1980, Bangladesh's exports to India were valued at just USD 12.35 million, while imports reached USD 105 million, highlighting a severe imbalance (Ali, 2023). However, with the liberalization of economies and regional integration mechanisms, bilateral trade grew rapidly. A major boost came in 2008, when India granted duty-free access to exports from least-developed SAARC members, including Bangladesh, alongside reducing items in its sensitive list (ibid). This move significantly increased Bangladesh's export opportunities. The creation of Border Haats (local border markets) also gave cross-border communities new livelihood avenues and helped curb informal trade

(Md. Sayedur Rahman & Md. Shariful Islam, 2024).

Over time, Bangladesh emerged as India's largest trading partner in South Asia, accounting for around 35% of India's exports to the region. Bilateral trade was USD 12.9 billion in the FY 24, with India's exports to Bangladesh at USD 11.07 billion and imports from Bangladesh at USD 1.85 billion. High-profile energy investments underscore this trend: Reliance Power and Adani Power together committed over USD 5 billion for large-scale power projects in Bangladesh (Ali, 2023). Medical tourism adds another layer of economic engagement. India has become the primary healthcare destination for Bangladeshis, thereby deepening bilateral economic engagement (Ahmad et al., 2024).

Connectivity: Connectivity has emerged as a central pillar of India-Bangladesh relations, driving trade, mobility, and regional integration. Both countries view transport linkages as instruments of economic growth and mutual trust, aligning with India's foreign policy focus on "commerce, culture, and connectivity" (Ali, 2023).

Significant progress has been made in multimodal transport. Rail cooperation revived pre-Partition routes through the Maitree Express (2008), Bandhan Express (2017), and the Haldibari-Chilahati link (2020). Road connectivity expanded via bus services between Kolkata, Dhaka, Khulna, and Agartala, notably reducing travel distances and time. The 1972 Protocol on Inland Water Transit and Trade, renewed automatically, along with the 2015 Coastal Shipping Agreement, has facilitated cross-border cargo movement and improved access to Chattogram and Mongla ports for India's Northeast.

Although broader regional initiatives such as the BCIM corridor remain stalled amid China's Belt and Road dynamics, bilateral projects have yielded tangible results. Overall, connectivity has evolved from a diplomatic aspiration into a practical framework enhancing trade efficiency, economic interdependence, and people-to-people contact.

Security cooperation: Security cooperation forms a cornerstone of India-Bangladesh relations, shaped by both traditional and non-traditional threats such as insurgencies, terrorism, drug trafficking, human trafficking, cyber insecurity, and maritime piracy. Both countries face shared vulnerabilities along their 4,096-kilometre border and in the wider South Asian region, making bilateral collaboration indispensable. Following Bangladesh's independence, Dhaka pledged that its territory would not be used for hostile activities against India or any other nation, a commitment reinforced by Prime Minister Sheikh Hasina during her 2010 visit to India. That same year, three landmark agreements were signed covering criminal mutual legal assistance, counter-terrorism and organized crime, and the transfer of sentenced persons, establishing institutional mechanisms for cooperation (Ali, 2023).

Over the years, joint counterinsurgency operations, intelligence sharing, and enhanced border management have significantly reduced cross-border militancy. Bangladesh's decisive action against groups such as ULFA and Bodo militants has complemented India's security priorities. Defence cooperation expanded substantially between 2016 and 2017, with India extending a USD 500 million line of credit for military hardware and signing two unique defence agreements with Bangladesh. Additional MoUs focused on joint exercises, training, and capacity-building programs, while participation of Bangladesh's armed forces in India's Republic Day parade and Indian contingents in Dhaka's Victory Day celebrations symbolized mutual trust and shared historical sacrifices (Khara et al., 2025).

Socio-cultural and people-to-people linkages: Socio-cultural and people-to-people linkages form a vital pillar of India-Bangladesh relations, rooted in shared history, language, and cultural heritage, particularly the Bengali language (Khara et al., 2025). Cultural exchanges in literature, music, film, sports, and religious activities have historically strengthened mutual understanding, while the shared memory of India's support during the 1971 Liberation War reinforces a collec-

tive identity. Educational programs, tourism, and cross-border travel have further sustained these links, ensuring continued interaction despite political fluctuations.

Under Prime Minister Narendra Modi's visit to Bangladesh, structured initiatives like the 2015-2017 Cultural Exchange Programs were launched to deepen collaboration in arts, education, and sports. Another significant initiative is the establishment of Border Haats, which began in 2012 at Kalaichar in Meghalaya and have now expanded to five locations along the India-Bangladesh border. These Haats not only facilitate local trade but also enhance interpersonal interactions between communities, promoting trust and goodwill at the grassroots level (Ali, 2023).

Humanitarian cooperation: Humanitarian cooperation has emerged as a key dimension of India-Bangladesh relations, particularly during crises such as the COVID-19 pandemic. The pandemic severely disrupted bilateral trade, medical treatment, and people-to-people interactions, highlighting the need for coordinated responses. In August 2020, Indian Foreign Secretary Harsh Vardhan Shringla visited Dhaka to assess the state of bilateral ties and discuss joint strategies to mitigate the impacts of COVID-19. During these talks, India assured Bangladesh of priority access to COVID-19 vaccines once produced domestically (ibid).

Areas of Challenges

Border, Disputes and Cross-Border Security

Issues: The 4,096.7 km India-Bangladesh border the longest border India shares with any neighbor has faced persistent disputes since the Radcliffe Award of 1947. Major issues included undemarcated stretches, enclaves, and adverse possessions. The border's fragmented geography, cutting across villages and rivers, made administration and patrolling difficult, often leading to clashes and smuggling. Enclave residents on both sides lived for decades without citizenship rights or basic services (Jamwal, 2002). The 1974 Land Boundary Agreement, supplemented by the 2011 Protocol and ratified in 2015, resolved most of these disputes through enclave exchanges and

demarcation, though shifting riverine borders continue to pose challenges (Bhardwaj, 2013).

Security concerns have evolved from local disputes to transnational threats involving insurgent activity, trafficking, and illegal migration. Groups such as ULFA and NSCN earlier operated from Bangladeshi soil, while smuggling of arms, cattle, and narcotics sustains an informal border economy. Illegal migration, particularly into Assam, Tripura, and West Bengal, remains the most sensitive issue, fueling demographic and political tensions. Measures like the NRC have further complicated perceptions, with Bangladesh voicing concern over minority rights (Khara et al., 2025).

Water-Sharing Disputes: The management of shared water resources remains one of the most sensitive dimensions of India-Bangladesh relations. The two countries share 54 transboundary rivers, making equitable distribution vital for agriculture, livelihoods, and ecology on both sides. The Joint River Commission (JRC), established in 1972, serves as the main institutional mechanism but has achieved limited success, producing only two major accords—the Ganga Water Treaty of 1996 and the Feni River Agreement of 2019 (Ali, 2023; Huq, 2023).

The Ganges dispute originated with India's Farakka Barrage (1951), which diverted water toward the Hooghly and reduced downstream flows, impacting Bangladesh's agriculture and fisheries. The 1996 Treaty established a 30-year framework for sharing, yet seasonal variations continue to cause friction. The Teesta River issue remains unresolved, as India's hydropower projects and the Gozaldoba Barrage restrict flow to Bangladesh's northern districts. A proposed 2011 agreement failed due to opposition from West Bengal, underscoring how domestic politics constrain regional cooperation. Despite overall progress in bilateral ties, water sharing continues to test the resilience of India-Bangladesh diplomacy (Bhardwaj, 2020).

Recent Political developments: Bangladesh, a key partner for India in South Asia, plays a pivotal role in promoting regional peace, connectivity,

trade, and cross-border security. However, political turbulence in Bangladesh has the potential to significantly impact India's interests, spanning diplomatic relations, economic stability, and border management. The recent ousting of former Prime Minister Sheikh Hasina in August 2024 and the rise of an interim government led by Muhammad Yunus have introduced uncertainties that India must navigate carefully (Rupok, 2025). These upheavals underscore the broader significance of Bangladesh's political stability for South Asia's overall security and prosperity.

Sheikh Hasina's tenure is often described as Bangladesh's "golden period," marked by economic growth, social development, and strong bilateral relations with India (Huq, 2023). During her leadership, India-Bangladesh cooperation strengthened across trade, connectivity, and security domains. Infrastructure projects, energy collaboration, and cultural exchanges flourished, while India gained a reliable partner in addressing regional security challenges. Hasina's government also maintained close coordination on issues such as border management, counter-terrorism, and the Rohingya refugee crisis, ensuring stability along the shared frontier (Rupok, 2025).

The ousting of Sheikh Hasina ushered in the interim leadership of Muhammad Yunus, triggering economic, political, and social uncertainties. A key flashpoint is India's decision to ban the transshipment of Bangladeshi goods through its territory from April 8, 2025. Officially, this was attributed to logistical congestion at ports and airports, but geopolitical factors appear central. The move followed Muhammad Yunus's remarks in China, where he described India's Northeast as "landlocked" and suggested Bangladesh could serve as its "maritime gateway," indirectly opening avenues for Chinese influence. The remarks appeared to challenge new Delhi's strategic priorities and were viewed as diplomatically contentious (ibid). The ongoing political upheaval in Bangladesh has significantly strained its relations with India, particularly with former Prime Minister Sheikh Hasina taking refuge in India following her exile. The interim government's

sharp criticism of Hasina's administration, combined with the resulting political turbulence, has further deepened bilateral tensions. At the same time, Bangladesh continues to grapple with the humanitarian burden of hosting more than a million Rohingya refugees, largely concentrated in Cox's Bazar. The prolonged displacement not only strains Bangladesh's resources but also carries potential security and regional stability implications, making it a sensitive concern for both Dhaka and New Delhi (Khara et al., 2025).

Influence of External Factors: The trajectory of India-Bangladesh relations cannot be fully understood without accounting for the influence of external actors. Historically, India has been the principal determinant of Dhaka's strategic and economic choices, but in recent decades Bangladesh's external engagements have diversified significantly. China's expanding footprint, Pakistan's renewed diplomatic outreach, and Dhaka's balancing between global powers are now shaping the bilateral relationship in complex ways (Chakraborty, 2015). These dynamics carry important implications for regional geopolitics, security, and the balance of power in South Asia (Rupok, 2025; Ali, 2023; Khara et al., 2025).

Recommendations

To consolidate recent gains and address emerging challenges in India-Bangladesh relations, a pragmatic policy approach is necessary. India should work towards deepening economic engagement by reducing trade imbalances, promoting joint ventures, and fostering supply-chain integration so that Bangladesh continues to view New Delhi as a reliable partner. At the same time, longstanding irritants such as river-water sharing and border management require sustained dialogue and mutually acceptable solutions to build trust. Accelerating cross-border connectivity in transport, energy, and digital infrastructure can further generate tangible benefits for both societies and anchor bilateral cooperation. In managing external influences, particularly from China and Pakistan, India should avoid a zero-sum mindset and instead provide competitive alternatives that align with Bangladesh's development priorities.

Finally, strengthening people-to-people linkages through education, culture, and labor mobility will create enduring societal bonds. Together, these measures can transform challenges into opportunities and foster a more resilient strategic partnership.

Conclusion

India-Bangladesh relations today embody both consolidation and complexity. The two nations have deepened cooperation in trade, connectivity, energy, and security, reflecting growing interdependence and shared regional aspirations. Yet, unresolved issues border management, river-water sharing, and trade imbalances continue to challenge mutual trust. Bangladesh's expanding engagement with external powers, especially China, adds strategic nuance to India's neighborhood policy.

The study concludes that sustaining this partnership requires pragmatism and sensitivity from both sides. India must prioritize equitable economic outcomes and responsive diplomacy, while Bangladesh must balance strategic autonomy with stable regional cooperation. The resilience of this relationship will remain central to South Asia's broader peace and strategic balance.

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