

# MP-IDSA

## *Issue Brief*

# Sheikh Hasina's State Visit to India

*Anand Kumar*

July 15, 2024

## **S***ummary*

Prime Minister Sheikh Hasina's visit highlighted the consolidation of bilateral ties in traditional areas even as both countries are exploring new frontiers. The agreements signed reflect the extensive and diverse nature of this partnership, encompassing collaboration across all facets of human endeavour—from seas to space, digital to green initiatives, health to military cooperation, and rail to disaster management.

## Introduction

At the invitation of Prime Minister Narendra Modi, Bangladesh Prime Minister Sheikh Hasina paid a state visit to India on 21–22 June 2024. Sheikh Hasina was the first Head of State to visit India after the Modi government assumed office for its third term.<sup>1</sup> It was also her first bilateral visit to India following re-election on 7 January 2024.

During the visit, Prime Minister Hasina met President Droupadi Murmu and Vice President Jagdeep Dhankhar. She acknowledged India's significant contribution to Bangladesh's independence and emphasised the importance of the bilateral relationship. Additionally, Hasina extended an invitation to Prime Minister Modi to visit Bangladesh.

Prime Minister Modi highlighted Bangladesh's strategic position at the intersection of India's Neighbourhood First, Act East, SAGAR and Indo-Pacific policies. He stressed the importance of regional stability and shared prosperity, considering Bangladesh an indispensable partner in the development of India’s northeastern region.

Bangladesh, in turn, views India as a key partner in its Neighborhood Foreign Policy for ensuring shared peace and prosperity. Both leaders reaffirmed that the progress and prosperity of India and Bangladesh are interconnected, expressing their mutual desire to elevate India–Bangladesh relations to a new era of future-oriented partnership. This aligns with their respective national development visions of ‘Viksit Bharat 2047’ and ‘Smart Bangladesh Vision 2041’.<sup>2</sup>

## Possible Reasons for the Visit

In July 2024, Sheikh Hasina is scheduled to visit China. She aims to maintain a balanced relationship with both India and China, emphasising Bangladesh's foreign policy of ‘Friendship to All, Malice to None’. Hasina believes in the importance of learning from China's development experiences while also recognising India's historical support during Bangladesh's independence struggle.

Bangladesh is currently facing a foreign currency crisis, particularly with the US dollar. To address this issue, Bangladesh sought fresh loans from India under a new framework. This matter was a significant topic during the bilateral talks.<sup>3</sup> Although

---

<sup>1</sup> [“State Visit of Prime Minister of Bangladesh to India \(June 21-22, 2024\)”](#), Press Release, Ministry of External Affairs, Government of India, 20 June 2024.

<sup>2</sup> [“India-Bangladesh Shared Vision for Future: Enhancing Connectivity, Commerce and Collaboration for Shared Prosperity”](#), Ministry of External Affairs, Government of India, 22 June 2024.

<sup>3</sup> Porimol Palma and Pallab Bhattacharya, [“PM’s India Visit: Defence, Teesta Project, Port Likely to be on Agenda”](#), *The Daily Star*, 20 June 2024.

Bangladesh has applied for a US\$ 4.7 billion loan from the International Monetary Fund (IMF) and has already received US\$ 1.15 billion to boost its foreign exchange reserves, this loan comes with 33 new conditions that must be met by June 2025 to receive the next two installments.<sup>4</sup> These conditions aim to help Bangladesh overcome four persistent challenges—depleting foreign currency reserves, rising inflation, lower revenue earnings, and a lack of governance in the banking sector.

Additionally, Bangladesh relies on imports for several essential commodities. Ensuring a smooth supply of essentials like wheat, sugar and onions from India was also a priority.

## Outcomes of the Visit

During the visit, ten Memorandums of Understanding (MoUs) and Vision Documents were exchanged, covering various areas of cooperation. Additionally, 13 significant announcements were made.<sup>5</sup>

### ***Economic and Trade Cooperation***

Bangladesh has emerged as one of India’s most significant trade partners, with bilateral trade reaching US\$ 15.9 billion in the financial year 2022–23.<sup>6</sup> As India’s largest trade partner in South Asia and the second-largest in Asia, Bangladesh demonstrates substantial economic interdependence with India. Notably, while Bangladesh’s garment industry, which generates over 80 per cent of its foreign currency from exports, relies heavily on China for raw material, India remains the largest market for Bangladeshi products in Asia. In 2022–23, Bangladesh exported approximately US\$ 2 billion worth of goods to India.

Both nations have expressed a strong desire to initiate negotiations for a Comprehensive Economic Partnership Agreement (CEPA) as soon as possible. Establishing free trade across India’s longest frontier with the second-largest economy in the subcontinent is seen as an urgent regional necessity, especially in light of the current global trading challenges. Bangladesh, as one of the world’s fastest-growing economies, is a natural partner for India in restructuring the South Asian regional economic order. The evolving economic relationship between India and Bangladesh lays a robust foundation for sub-regional integration in the eastern subcontinent and further afield, including the Bay of Bengal and the eastern Indian Ocean.

---

<sup>4</sup> Rejaul Karim Byron and Ahsan Habib, [“IMF Sets 33 Conditions for Next Two Loan Instalments”](#), *The Daily Star*, 26 June 2024.

<sup>5</sup> [“List of Outcomes: State Visit of Prime Minister of Bangladesh to India”](#), Ministry of External Affairs, Government of India, 22 June 2024.

<sup>6</sup> [“Bangladesh a Key Part of India's SAGAR Doctrine: MEA After PM Modi, Sheikh Hasina Hold Bilateral Talks”](#), *The Times of India*, 22 June 2024.

Additionally, both countries have agreed to expedite the operationalisation of two Special Economic Zones (SEZs) in Bangladesh, located in Mongla and Mirsharai, which have been designated for India. To further enhance bilateral trade, new border haats will be established, and various trade facilitation measures will be implemented.

Both governments aim to encourage and support their private sectors to explore and invest in each other's key economic development areas.<sup>7</sup> A MoU on Maritime Cooperation and the Blue Economy was signed, along with the renewal of an MoU for cooperation in Fisheries.

An agreement has also been reached on the construction of an Inland Container Depot (ICD) in Sirajganj, Bangladesh, which will receive grant assistance. Furthermore, India has committed to supporting Bangladesh with the supply of essential commodities, contingent upon availability and to the best of its abilities.

### ***A New Framework for India–Bangladesh Development Cooperation***

Bangladesh is India’s largest development partner. India has extended substantial Lines of Credit (LOC) and funded High Impact Community Development Projects (HICDPs) in Bangladesh. Over the past eight years, India has provided three LOCs totalling approximately US\$ 8 billion for infrastructure development across various sectors, including roads, railways, shipping and ports. Additionally, India has funded 93 HICDPs in Bangladesh, which support the construction of student hostels, academic buildings, skill development institutions, cultural centres and orphanages.

Both nations have agreed to enhance their development cooperation by finalising a new Framework Agreement for Development Partnership. This agreement aims to broaden the scope of projects and programmes, ensuring they align with the priorities of the Bangladeshi people and government. It will also focus on achieving a long-term vision of closer connectivity. Furthermore, both sides are committed to expanding capacity-building programmes for civil services, judicial officers, police and other specialised services in Bangladesh.

### ***Defence and Security***

Prime Ministers Hasina and Modi have outlined their ambition to modernise the bilateral defence relationship, which has lagged behind other areas such as commerce and connectivity.<sup>8</sup> This modernisation will involve wide-ranging collaboration between the armed forces of both countries. A substantive bilateral defence partnership will contribute to maintaining stability in the wider Indo-Pacific

---

<sup>7</sup> [“PM Urges Indian Businessmen to Make Investment in Bangladesh”](#), *Dhaka Tribune*, 21 June 2024.

<sup>8</sup> Mausam Jha, [“‘Extensive Discussion on Boosting Defence Cooperation’ Says PM Modi After Meeting Bangladesh PM Sheikh Hasina”](#), *Mint*, 22 June 2024.

region through collaboration on disaster mitigation and building resilient infrastructure.

A MoU was signed between the Defence Services Staff College (DSSC) in Wellington and the Defence Services Command and Staff College (DSCSC) in Mirpur. This MoU establishes cooperation in military education, focusing on strategic and operational studies.<sup>9</sup> Both countries have also agreed to enhance collaboration on counterterrorism, border management, and defence modernisation. Additionally, they plan to explore defence industrial cooperation to modernise Bangladesh's armed forces. India has allocated 350 training slots for Bangladeshi police officers, and measures will be implemented to reduce border fatalities by using non-lethal weapons.

### ***Transit and Connectivity***

Both India and Bangladesh aim to transform their geographic proximity into new economic opportunities by enhancing connectivity in its broadest form—physical, energy and digital. They are eager to restore pre-1965 rail links between the two countries to improve connectivity further.

An MoU was signed between the Ministry of Railways of India and the Ministry of Railways of Bangladesh to boost railway connectivity. As part of this initiative, a new train service has been launched between Rajshahi and Kolkata. Additionally, India will provide transit facilities for Bangladeshi goods to Nepal and Bhutan via rail, with goods train services commencing on the Gede–Darsana and Haldibari–Chilahati routes, extending up to Dalgaon.<sup>10</sup>

Both countries are also keen on operationalising the BBIN Motor Vehicle Agreement to further improve regional connectivity.<sup>11</sup> Complementing these efforts, a new bus service has been inaugurated between Chittagong and Kolkata.

India has been granted permission to use the Chittagong and Mongla ports in Bangladesh. This agreement was operationalised in 2023, enabling India to utilise these ports for transit cargo between its Northeast region and the mainland. This step significantly enhances logistical connectivity. India is also interested in managing the Mongla river port to strengthen its connectivity with its northeastern states. Bangladesh is currently evaluating the implications of granting port handling rights to India, considering other international interests as well.<sup>12</sup>

---

<sup>9</sup> [“List of Outcomes: State Visit of Prime Minister of Bangladesh to India”](#), Ministry of External Affairs, Government of India, 22 June 2024.

<sup>10</sup> [“India-Bangladesh Shared Vision for Future: Enhancing Connectivity, Commerce and Collaboration for Shared Prosperity”](#), no. 2.

<sup>11</sup> Subhayan Chakraborty, [“Sheikh Hasina Visit: India, Bangladesh Expand Rail Ties, Open Trade Talks”](#), *Business Standard*, 22 June 2024.

<sup>12</sup> Porimol Palma and Pallab Bhattacharya, [“PM’s India Visit: Defence, Teesta Project, Port Likely to be on Agenda”](#), no. 3.

### ***Energy and Digital Connectivity***

An agreement was signed to enhance both digital and energy connectivity between the two countries. A notable commercial agreement was reached between the National Payments Corporation of India (NPCI) and Bangladesh Bank to launch the Unified Payments Interface (UPI) in Bangladesh.

Energy cooperation stands as a cornerstone of India–Bangladesh relations. Currently, Bangladesh imports 1,160 MW of power from India. The India–Bangladesh Friendship Pipeline, inaugurated in March 2023, enhances this collaboration by facilitating the transport of high-speed diesel from India to Bangladesh. Moreover, ONGC Videsh Limited (OVL), in partnership with Oil India Limited, is actively involved in offshore oil exploration, further solidifying their energy sector cooperation.

In the realm of energy collaboration, both countries have committed to expanding their partnership, focusing on intra-regional electricity trade. They aim to trade competitively-priced power generated from clean energy projects in India, Nepal and Bhutan, utilising the Indian electricity grid. To bolster this initiative, they plan to expedite the construction of a 765 kV high-capacity interconnection between Katihar, Parbatipur and Bornagar, supported by financial assistance from India, which will serve as a crucial link for regional grid connectivity.<sup>13</sup>

Additionally, the export of 40 MW of power from Nepal to Bangladesh through the Indian grid has been agreed upon, further strengthening regional energy cooperation. Prime Minister Modi highlighted that this export of electricity from Nepal to Bangladesh through the Indian grid is the first example of sub-regional cooperation in the energy sector.

### ***Cooperation in Frontier Technologies***

India and Bangladesh have decided to collaborate on frontier technologies, including civil nuclear energy, oceanography and space technology. A MoU was signed between the Indian National Space Promotion and Authorization Centre (IN-SPACe) and the Ministry of Posts, Telecommunications and Information Technology of Bangladesh for a joint small satellite project.<sup>14</sup> Another MoU was signed to enhance cooperation in oceanography between the Bangladesh Oceanographic Research Institute (BORI) and India’s National Institute of Oceanography (NIO) under CSIR, establishing a framework for collaborative research in this field.

Both countries are focusing on leveraging digital and green technologies to foster economic growth, sustainable development and climate resilience. A MoU was also

---

<sup>13</sup> [“India-Bangladesh Shared Vision for Future: Enhancing Connectivity, Commerce and Collaboration for Shared Prosperity”](#), no. 2.

<sup>14</sup> [“List of Outcomes: State Visit of Prime Minister of Bangladesh to India”](#), no. 9.

signed to formalise a Shared Vision for the India–Bangladesh Digital Partnership, along with another MoU for the India–Bangladesh Green Partnership.

### ***Humanitarian Issues***

The MoU between the National Disaster Management Authority (NDMA) and the Ministry of Disaster Management and Relief for cooperation in disaster management, resilience and mitigation has been renewed. An e-visa system for Bangladeshi patients has been introduced. Additionally, the Muktijoddha Scheme will be launched, providing medical assistance to patients with an upper limit of INR 8 lakh per patient.

### ***Regional and Diplomatic Issues***

Both India and Bangladesh reaffirmed their commitment to a free, open, inclusive, secure and rules-based Indo-Pacific region. Bangladesh has agreed to join the Indo-Pacific Oceans Initiative (IPOI) and will co-lead the 'Disaster Risk Reduction and Management' pillar, focusing on mitigating climate change impacts and enhancing regional resilience.

In a move to enhance bilateral relations, India will establish a new Assistant High Commission in Rangpur, Bangladesh. Both countries have also agreed to continue their collaborative efforts to address the Rohingya crisis, with India reaffirming its support for humanitarian assistance initiatives. Prime Minister Modi and his Bangladeshi counterpart engaged in discussions on the Rohingya issue, underscoring the ongoing dialogue and cooperation between the two nations at various levels.<sup>15</sup>

Additionally, the India–Bangladesh relationship is envisioned as a major anchor for regional and sub-regional integration under the BIMSTEC, SAARC and IORA frameworks.

### ***River Water Sharing Issues***

Water sharing from common rivers has always been a critical issue for Bangladesh, being a lower riparian state. There are 54 transboundary rivers between Bangladesh and India, yet a water-sharing treaty exists only for the Ganges. Both countries have collaborated on flood management, early warning systems and drinking water projects.

Recognising the significance of water resource management in their bilateral relationship, India and Bangladesh have committed to continuing their efforts. This includes prioritising the exchange of hydrological data and working towards

---

<sup>15</sup> [“Bangladesh a Key Part of India's SAGAR Doctrine: MEA After PM Modi, Sheikh Hasina Hold Bilateral Talks”](#), no. 6.

establishing a framework for interim water sharing, guided by recommendations from the Joint Rivers Commission.

The 1996 Ganga Water Sharing Treaty, also known as the Farakka Agreement, which regulates water sharing of the River Ganga between India and Bangladesh, is set to expire in 2026. This treaty has been crucial in managing the water flow between the two countries through the Farakka Barrage, impacting both upper riparian India and lower riparian Bangladesh.

The Farakka Barrage has been contentious, with states like West Bengal and Bihar blaming it for erosion, siltation and floods in their regions. These concerns have influenced their stance on the treaty renewal.<sup>16</sup>

During discussions between Prime Minister Modi and Prime Minister Hasina, the renewal of the 1996 Ganga Water Sharing Treaty was a key topic. Prime Minister Modi announced the initiation of technical-level talks with Bangladesh for the treaty's renewal. A Joint Technical Committee will discuss the renewal.

During their bilateral meeting, both leaders discussed the conservation of the Teesta River, marking a shift in approach from water sharing to water conservation and management within Bangladesh. They also talked about building reservoirs in Bangladesh to manage Teesta water, with India committing to send a technical team to assist in this effort. The new focus will be on water flow management rather than water sharing.

Additionally, Bangladesh has been discussing a US\$ 1 billion Teesta River Comprehensive Management and Restoration Project with China. This project aims to manage and restore the Teesta River through dredging, reservoir construction and township development. As India has now also shown interest in financing this project, Bangladesh is now considering both the options.

Both China and India have proposed separate plans for the Teesta Master Plan Project. Bangladesh will evaluate these proposals based on benefits, loan terms, repayment capabilities and overall project feasibility. China has already completed a physical survey, while India plans to conduct another survey as part of their proposal.

Prime Minister Hasina sees implementing the project with India's assistance as a potential solution to the longstanding Teesta water-sharing issue, potentially easing daily water-related problems.<sup>17</sup> The shift from water sharing to water conservation and management within Bangladesh is seen as a pragmatic approach to addressing the challenges associated with the Teesta River.

---

<sup>16</sup> [“West Bengal Not Consulted Over Ganga Water Treaty with Bangladesh: TMC”](#), *The Indian Express*, 24 June 2024.

<sup>17</sup> [“Will Implement Teesta Project with Help from India”](#), *The Daily Star*, 26 June 2024.



## Conclusion

Prime Minister Sheikh Hasina's state visit, the first during Prime Minister Narendra Modi's third consecutive term, underscores the importance both nations place on the India–Bangladesh relationship. Over the past decade, Prime Ministers Modi and Hasina have tirelessly advanced bilateral ties, transforming India and Bangladesh into invaluable partners. The two leaders now aim to build on these advances and turn the extraordinary relationship of the last decade into a transformational partnership.

The visit highlighted the consolidation of bilateral ties in traditional areas even as both countries are also exploring new frontiers. The agreements signed reflect the extensive and diverse nature of this partnership, encompassing collaboration across all facets of human endeavour—from seas to space, digital to green initiatives, health to military cooperation, and rail to disaster management. Under the leadership of Modi and Hasina, this momentum is expected to continue, with the India–Bangladesh relationship growing stronger and more comprehensive.

Over the last decade, the India–Bangladesh bilateral relationship has seen two strong leaders overcome the bitter legacies of Partition in the eastern subcontinent. While some issues, such as river water management, remain unresolved, the shared vision for the future articulated by both sides raises hopes for realising the full potential of their bilateral relationship.

## About the Author



**Dr. Anand Kumar** is Associate Fellow at the Manohar Parrikar Institute for Defence Studies and Analyses, New Delhi.

**Manohar Parrikar Institute for Defence Studies and Analyses** is a non-partisan, autonomous body dedicated to objective research and policy relevant studies on all aspects of defence and security. Its mission is to promote national and international security through the generation and dissemination of knowledge on defence and security-related issues.

*Disclaimer:* Views expressed in Manohar Parrikar IDSA's publications and on its website are those of the authors and do not necessarily reflect the views of the Manohar Parrikar IDSA or the Government of India.

© Manohar Parrikar Institute for Defence Studies and Analyses (MP-IDSA) 2024