

# The Fall of Sheikh Hasina: Setbacks and Opportunities for India and China

By Byron Chong

The recent political upheaval in Bangladesh, culminating in the resignation of Prime Minister Sheikh Hasina on August 5, 2024, marks a pivotal moment in the geopolitics of South Asia. This sudden political vacuum in Dhaka has not only created disruptions in Bangladesh's domestic political order, but has also introduced uncertainties and opportunities for the region's key actors, India and China, with significant implications for their ongoing strategic rivalry.

The fall of Sheikh Hasina's government represents a significant rupture in Bangladesh's political landscape. Ironically, Hasina, who governed the country for fifteen years, was once viewed as a positive force for change in the region, credited with overseeing a period of economic growth in Bangladesh, as well as being a strong proponent of democracy. However, Hasina's increasingly authoritarian tendencies, highlighted by her government's crackdown on political opposition and civil society groups, generated widespread domestic discontent, erupting into a series of protests that eventually forced her to flee the country.



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## Setback for India

From India's perspective, Hasina's ouster represents a major strategic setback. It was during her tenure that the previously strained India-Bangladesh relationship improved significantly, culminating in both sides proclaiming a **'golden era'** (*Shonali Adhhaye*) in bilateral ties in 2021. Under Hasina, Bangladesh was a reliable partner that aligned with New Delhi on key issues. Her government played a crucial role in weakening the long-standing insurgency in India's restive Northeast region by dismantling training camps used by Indian separatists in Bangladesh. Hasina also intensified efforts to combat radical Islamic groups and disrupt operations by Pakistan's Inter-Services Intelligence network.

Economic and cultural ties deepened through infrastructure projects and trade agreements crucial for India's regional connectivity initiatives, especially in its Northeastern states. And although Hasina's government maintained a balance between New Delhi and Beijing, it carefully navigated these relationships to address India's regional sensitivities. This was demonstrated when Dhaka made the decision to scrap the China-supported **Sonadia deep-sea port**, likely due to opposition from India, and when it chose India rather than China to carry out a \$1 billion **Teesta River project**.

Hasina's departure now raises serious concerns in New Delhi, with fears of a potential **resurgence of Islamic extremism** in Bangladesh as well as renewed support for Indian insurgent groups. Even more troubling for India is the composition of the current interim government, which consists of the main opposition, the Bangladesh Nationalist Party (BNP)—which has traditionally favoured stronger ties with China and Pakistan over India—and members affiliated with the Islamic fundamentalist group, Jamaat-e-Islami (Jel). Notably, the absence of the former ruling Awami League party, which New Delhi had supported to the exclusion of everyone else, exacerbates India's predicament.

Compounding the situation, India faces widespread **populist anger** in Bangladesh over its prior support to Hasina despite her blatant human rights abuses and authoritarian behaviour.

Indeed, unlike countries like the US and United Kingdom, which had criticised the January 2024 general elections which returned Hasina to power as being neither free nor fair, India—the world's most populous democracy no less—had remained silent. For many in Bangladesh, New Delhi was seen as complicit in the country's democratic backsliding. Consequently, India now faces the challenging task of establishing new relationships with an administration—and a nation—that holds little goodwill toward it.

### Opportunities for China?

China, on the other hand, may actually stand to benefit from the political turmoil in Bangladesh. For years, Beijing has been steadily expanding its presence in South Asia through its Belt and Road Initiative (BRI), which includes significant investments in Bangladesh's infrastructure. Yet, despite China's largesse, Hasina had maintained a balanced relationship between Beijing and New Delhi, and often favouring the latter. Hasina's last trip to Beijing had even ended on a **sour note** after she received less financial assistance than anticipated from the Chinese leadership, allegedly prompting her to cut her visit short. The fall of Hasina's government could thus provide Beijing with an opportunity to deepen its economic and strategic ties with Dhaka, especially if a more China-friendly government comes to power.



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However, China's ambitions in Bangladesh are not without challenges. The political instability following Hasina's departure could make it difficult for Beijing to secure long-term commitments from the interim leadership. Additionally, unlike Hasina's secular government, the new administration appears poised to have **strong Islamic leanings**. China's treatment of its Uyghur Muslims had previously sparked **protests** in Bangladesh and could become a source of friction with the new government.

The economic crisis in Bangladesh also poses a risk. While China might consider extending loans to build favourable relations, this approach could be an expensive and high-risk gamble with potentially limited long-term benefits. Moreover, given its own economic difficulties, Beijing is likely to exercise tighter control over international financial support.

Additionally, China faces competition from the US, which may seek to strengthen its influence in Bangladesh, especially since Dhaka might turn to Washington for support in securing funding from the International Monetary Fund and the World Bank. The US has already shown **support** for the protest movement against Hasina and maintains close relations with the current interim government's Chief Advisor, Mohammad Yunus.

### **South Asia: A Shifting Strategic Landscape**

The unfolding events in Bangladesh represents the latest development in the broader strategic competition between India and China in South Asia, a region increasingly characterised by geopolitical flux and uncertainty. While India has traditionally relied on its historical, cultural, and economic ties, China has leveraged its economic might and strategic investments to cultivate relationships across the region.

This broader competition is reflected in recent setbacks for India's regional diplomacy. Despite efforts to foster stronger ties through its 'Neighbourhood First' policy, India has encountered challenges. In Sri Lanka, bilateral relations deteriorated over a dispute regarding **Katchatheevu island**, despite a brief improvement following Indian assistance to Colombo during its 2022 economic crisis. In the Maldives, newly elected President Mohamed Muizzu, who ran on an 'India Out' platform, fulfilled his campaign promise by **expelling Indian troops** who were stationed to operate aircraft gifted by India. Similarly, in Nepal, the return of Prime Minister K.P. Sharma Oli, who has favoured closer ties with Beijing, has resulted in new plans for **railway development** between Nepal and China.

Yet, there also remain bright spots for India in South Asia's regional politics. Bhutan, for instance, remains friendly towards India. And while Maldives had ended Indian military presence in the country, it accepted a new agreement that allowed Indian civilians to take on their roles. Similarly, despite recent tensions between Colombo and New Delhi, Sri Lanka **upheld its moratorium** on foreign research vessels—a ban it had put in place to address India's security concerns.

### Navigating an Uncertain Future

Looking ahead, India's immediate priority would be to rebuild relations with Bangladesh's new government to prevent further erosion of its influence.



It would likely leverage its historical and cultural ties with Bangladesh as a foundation for renewed engagement, but this must be balanced against the need to address past grievances and adapt to a rapidly changing political landscape. Failure to do so could result in a more isolated India, surrounded by countries increasingly aligned with China. For China, the goal is to continue leveraging its economic power to build stronger ties with Bangladesh, but without overextending itself in a politically volatile environment. China's strategy in South Asia has often involved supporting infrastructure development and defence cooperation, as seen in Bangladesh, Pakistan, and Maldives. However, Beijing must also be mindful of the risks associated with deepening involvement in a country facing significant political and economic uncertainties.

At the same time, the US's involvement adds another layer of complexity, as Washington may seek to capitalise on the current political landscape to counterbalance both India's and China's influence.

In the coming months, the actions of the interim government in Dhaka, the responses from New Delhi and Beijing, and Washington, and the broader regional dynamics will shape the future of Bangladesh's foreign relations and its role in South Asia. Both India and China, along with the US, must carefully consider their next moves, as the stakes are high and the consequences of missteps could resonate well beyond the borders of Bangladesh.

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