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# India-Bangladesh Relations – The Yunus Transition and Bilateral Reset

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**SUBJECTS COVERED****IR****POLITY****CURATED & WRITTEN BY****Bharat Choudhary**

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# India-Bangladesh Relations — The Yunus Transition and Bilateral Reset

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## WHY IN NEWS

India-Bangladesh bilateral relations have entered a complex new phase following the August 2024 fall of the Sheikh Hasina government and the appointment of Nobel laureate Muhammad Yunus as head of Bangladesh's interim government. Issues of minority protection, Hasina's continued presence in India, the Teesta water treaty, and Chinese engagement with the Yunus government have defined the relationship in early 2026.

## THE AUGUST 2024 TRANSITION — WHAT HAPPENED

Bangladesh's **Anti-Discrimination Student Movement** emerged in June–July 2024 against a Supreme Court ruling upholding a 30 percent reservation in government jobs for descendants of 1971 Liberation War veterans. The movement rapidly expanded into a general uprising against the Hasina government's 15-year rule, reaching its peak on August 4–5, 2024.

On August 5, 2024, **Prime Minister Sheikh Hasina resigned and fled Bangladesh**, flying to India in a military aircraft. She has remained in India since, in an undisclosed location. Bangladesh's military facilitated a transition; President Mohammed Shahabuddin dissolved Parliament. **Muhammad Yunus** — the 84-year-old economist, social entrepreneur, and Nobel Peace Prize laureate (2006) — returned from abroad and was sworn in as Chief Adviser of an interim government on August 8, 2024.

### Sheikh Hasina's background:

Daughter of **Sheikh Mujibur Rahman** (Bangabandhu), founding leader of Bangladesh and its first President

Led Bangladesh's Awami League to successive election victories

PM Bangladesh: 1996–2001 and 2009–2024

Her government deepened strategic ties with India significantly — transit corridors, power supply agreements, connectivity projects

## MUHAMMAD YUNUS — WHO LEADS BANGLADESH NOW

**Muhammad Yunus** (born June 28, 1940, Chittagong) is one of Bangladesh's most internationally recognised figures.

**Nobel Prize (2006):** Yunus and his **Grameen Bank** (founded 1983) were jointly awarded the Nobel Peace Prize “for their efforts to create economic and social development from below.” Grameen Bank pioneered the **microcredit** model — small, collateral-free loans to the rural poor (predominantly women) — which has been replicated globally.

#### Model innovation:

Grameen Bank’s “solidarity group” lending model: small groups of borrowers guarantee each other’s loans — creating peer accountability without collateral

Over 10 million borrowers at peak; over 97% female borrowers

Repayment rates historically above 95%

Yunus also developed the concept of **social business** — profit-making enterprises that reinvest all profits into the enterprise’s social mission rather than distributing dividends. This influenced the global impact investing movement.

## KEY BILATERAL ISSUES — INDIA-BANGLADESH UNDER YUNUS

### Issue 1: Sheikh Hasina’s Status

The Yunus government has filed multiple criminal cases against Hasina in Bangladesh courts, ranging from corruption to incitement during the uprising. Bangladesh has informally sought Hasina’s return or extradition from India.

**India’s position:** India and Bangladesh do not have an operative extradition treaty that could compel Hasina’s return. India’s government has not publicly committed to extradition proceedings. The issue complicates high-level bilateral engagement — Bangladesh cannot normalise relations while India hosts its most-wanted former leader, and India cannot hand over a long-term strategic partner.

### Issue 2: Hindu Minority Protection

During and after the August 2024 uprising, approximately **50–200 incidents** of attacks on Hindu temples, idols, homes, and businesses were reported across Bangladesh, according to Hindu Sangha (a Bangladeshi Hindu advocacy group) and international media. The interim government acknowledged some incidents and arrested some perpetrators, but Hindu communities reported that law enforcement response was inadequate.

India has formally raised the issue of minority protection in Bangladesh through diplomatic channels. The Ministry of External Affairs has expressed concern about attacks on Hindus and other religious minorities.

**Context:** Bangladesh’s Hindu population is approximately **8–9 percent** of the population (~13–14 million people). The 1971 Liberation War was partly driven by Pakistani military violence against Hindus; the founding Awami League government was broadly secular. However, Bangladesh’s Eighth Constitutional Amendment (1988) made Islam the state religion.

### Issue 3: Teesta River Water-Sharing

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The **Teesta River** originates in Sikkim, flows through West Bengal, and enters Bangladesh before joining the Jamuna (Brahmaputra). Bangladesh depends on Teesta water for irrigation in its northern districts during the dry season (December–May).

An India-Bangladesh Teesta water-sharing agreement was negotiated and nearly finalised in 2011 during PM Manmohan Singh’s visit to Dhaka — but was blocked at the last minute by **West Bengal Chief Minister Mamata Banerjee**, who objected that the proposed 50-50 water sharing would harm downstream Bengali farmers.

As of 2026, the Teesta treaty remains unsigned. China has offered to fund a **Teesta Comprehensive Management and Restoration Project** — a major infrastructure investment in the Teesta basin in Bangladesh. If realised, this would give China a significant presence in river management directly affecting India’s eastern flank. India has protested diplomatically.

### Issue 4: China-Bangladesh Engagement

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The Yunus government has signalled greater openness to China than the Hasina government. While Hasina’s government balanced India-China engagement (India: connectivity and strategic ties; China: infrastructure loans), the Yunus government’s engagement with China on the Teesta project and other investments has been a concern for India.

#### China’s investments in Bangladesh:

**Padma Rail Link (partially Chinese-financed):** extends Bangladesh’s railway connectivity

**Karnaphuli Tunnel (Bangabandhu Tunnel):** undersea tunnel in Chittagong; Chinese-built

**Special Economic Zones:** Chinese companies in several Bangladeshi SEZs

BRI participation: Bangladesh joined China’s Belt and Road Initiative in 2016

### Issue 5: Trade and Connectivity

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India-Bangladesh bilateral trade is approximately **\$14 billion** per year (2024–25). India is Bangladesh’s second-largest import source (after China). Bangladesh is India’s largest trading partner in SAARC.

#### Key connectivity links:

**Petrapole-Benapole:** largest land port in South Asia (West Bengal–Bangladesh border)

**Agartala-Akhaura Rail Link:** opened October 2023 — connects Tripura to Bangladesh’s rail network

**India-Bangladesh Friendship Pipeline:** Noonmati (Assam) to Parbatipur (Bangladesh); 131.5 km; first cross-border petroleum pipeline in South Asia; inaugurated March 18, 2023

**Maitri Setu:** bridge over Feni River connecting Sabroom, Tripura with Ramgarh, Bangladesh

## INDIA-BANGLADESH IN THE LARGER FRAMEWORK

Bangladesh is critical to India's **Act East Policy** — the country is the land bridge between mainland India and India's northeastern states. India's seven northeastern states (the "Seven Sisters") have a combined land border of approximately 1,600 km with Bangladesh.

**Transit corridors:** India has secured transit rights through Bangladesh to connect its northeastern states — reducing the dependence on the narrow **Siliguri Corridor** (Chicken's Neck), a 22-km-wide strip connecting the northeast to the rest of India.

**BIMSTEC:** Bangladesh is a founding member of BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) — the grouping that India is promoting as its preferred regional cooperation framework (as opposed to the Pakistan-blocked SAARC).

## UPSC RELEVANCE

### Prelims:

Muhammad Yunus: Nobel Peace Prize 2006; Grameen Bank (founded 1983); microcredit; social business

Sheikh Hasina: fled Bangladesh August 5, 2024; in India since

Teesta River: originates Sikkim; flows through West Bengal and Bangladesh

India-Bangladesh Friendship Pipeline: Noonmati to Parbatipur; 131.5 km; inaugurated March 2023

Petrapole-Benapole: largest land port in South Asia

Bangladesh joined BRI: 2016

Karnaphuli Tunnel: Chinese-built undersea tunnel, Chittagong

Bangladesh's Hindu population: ~8–9% (~13–14 million)

**Mains GS-2:** India-Bangladesh relations — strategic importance; Teesta treaty impasse; impact of political transitions on bilateral ties; minorities issue; China's growing presence.

**★ FACTS CORNER — KNOWLEDGE PEDIA**
**BANGLADESH POLITICAL TRANSITION:**

August 5, 2024: PM Sheikh Hasina resigned and fled to India

August 8, 2024: Muhammad Yunus sworn in as Chief Adviser, interim government

Trigger: Anti-Discrimination Student Movement vs civil service reservation (30% for 1971 war veterans' descendants)

**MUHAMMAD YUNUS:**

Born: June 28, 1940, Chittagong

Nobel Peace Prize 2006: jointly with Grameen Bank

Grameen Bank: founded 1983; microcredit for the rural poor; ~97% female borrowers

Concept: social business (profit reinvested, no dividends)

**SHEIKH HASINA:**

Daughter of Sheikh Mujibur Rahman (Bangabandhu; founding leader of Bangladesh)

PM Bangladesh: 1996–2001 and 2009–2024

Currently in India (undisclosed location); multiple criminal cases pending in Bangladesh

**INDIA-BANGLADESH CONNECTIVITY:**

Agartala-Akhaura Rail Link: opened October 2023

India-Bangladesh Friendship Pipeline: Noonmati (Assam) → Parbatipur (Bangladesh); 131.5 km; first cross-border petroleum pipeline in South Asia; March 2023

Maitri Setu: Sabroom (Tripura) — Ramgarh (Bangladesh); bridge over Feni River

Petrapole-Benapole: largest land port in South Asia

**TEESTA RIVER:**

Origin: Sikkim (Tso Lhamo Lake)

Flows through: North Sikkim → Darjeeling (WB) → Bangladesh → joins Jamuna

Treaty status: negotiations ongoing since 1983; nearly finalised 2011 but blocked by West Bengal

China's offer: Teesta Comprehensive Management and Restoration Project (in Bangladesh)

**INDIA-BANGLADESH TRADE:**

Bilateral trade: ~\$14 billion annually

India exports: ~\$11 billion; India imports from Bangladesh: ~\$2–3 billion

Bangladesh is India's largest SAARC trading partner

**OTHER RELEVANT FACTS:**

Siliguri Corridor (Chicken's Neck): 22–24 km wide strip connecting NE India to mainland India

Bangladesh joined BRI: 2016

Karnaphuli Tunnel (Bangabandhu Tunnel): first undersea road tunnel in South Asia; Chinese-built; Chittagong, Bangladesh

Bangladesh's Eighth Constitutional Amendment (1988): made Islam state religion

BIMSTEC: Bangladesh, India, Myanmar, Sri Lanka, Thailand, Nepal, Bhutan

Sources: MEA, PIB, The Hindu

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