

What BJP's win in West Bengal means for Bangladesh



Jannatul Naym Pical
is a writer, researcher, and journalist. He can be reached at jn.pical@gmail.com.

JANNATUL NAYM PICAL

The rise of Bharatiya Janata Party (BJP) in West Bengal is more than just another electoral outcome. It represents a deeper structural shift along India's eastern frontier, one that carries significant implications for Bangladesh. For years, West Bengal operated as a quiet counterbalance within India's federal framework, at times slowing or reshaping decisions emerging from New Delhi. That moderating layer is now eroding. With BJP in control both at the centre and in Kolkata, India's eastern policy is poised to become more centralised, ideologically cohesive, and administratively decisive. For Dhaka, this signals a transition from dealing with a fragmented system to confronting a far more unified—though less accommodating—neighbour.

This shift creates a dual reality. Greater alignment within India may reduce the inconsistencies that once complicated bilateral engagement. But it also removes the informal cushions Bangladesh often relied on: those moments when state-level resistance could delay, dilute or deflect central policies. What now emerges instead is a more predictable yet more rigid framework of engagement.

The impact will be especially pronounced in water diplomacy as the long-delayed Teesta water-sharing agreement continues to symbolise the limitations of past negotiations. When India's then Prime Minister Manmohan Singh travelled to Dhaka in 2011, the agreement was on the verge of conclusion before it was blocked by Mamata Banerjee. With that obstacle now removed, there could be a narrow opening for renewed talks.

However, the political arithmetic within West Bengal complicates this optimism.

BJP's strong support in northern districts, where the Teesta flows, means that any agreement will have to account for local electoral pressures. To add to that, competing agricultural demands, India's broader river management strategies, and the fragile ecology of the delta continue to tilt the balance. While administrative coherence may accelerate negotiations, it does not ensure equitable outcomes. Bangladesh will need to push harder for basin-wide frameworks, credible data-sharing, and enforceable safeguards.

On the border, changes are likely to be swift and visible. A more synchronised Indian approach is expected to tighten surveillance, complete fencing, and strengthen coordination between agencies such as the Border Security Force (BSF). This transition from a loosely managed frontier to a more securitised one may reduce illicit movement, but it will also disrupt informal economies that sustain millions on both sides.

More concerning is the potential human cost. Bangladeshi civilian killings along the border, long a source of tension, could increase under a stricter enforcement regime. Without meaningful accountability and restraint, greater control may deepen grievances rather than resolve them, turning the border into a site of recurring humanitarian concern.

Politically, too, a striking parallel is emerging across the frontier. In Bangladesh's recent parliamentary election in February, Jamaat-e-Islami strengthened its position in border constituencies, while the BJP has now also consolidated its influence in adjacent districts on the Indian side. This convergence points to a broader shift: communities historically linked by language and culture

are increasingly gravitating towards religious identity-driven politics. Thus, the border, once defined by interdependence, now risks hardening into a line of polarisation.

It is also worth noting here the recent developments in another neighbouring Indian state, Assam, under Himanta Biswa Sarma. Over the past year, he has not only sharpened anti-Bangladesh rhetoric but also openly described controversial

may involve individuals brought from other parts of India, and suggested that strained bilateral ties make these practices easier to carry out. The scale is significant. According to Bangladesh authorities, at least 2,436 people—including Indian nationals and the Rohingya—were pushed into Bangladesh between May and December in 2025.

While these practices have so far been largely associated with Assam, the BJP's

complexity. A BJP-led West Bengal is likely to push forward infrastructure, industrial expansion, and improved connectivity with India's northeast. While Bangladesh may benefit from enhanced transit and energy cooperation, these gains come with trade-offs. The formalisation of economic flows threatens informal cross-border livelihoods, and a more competitive West Bengal could challenge Bangladeshi exports in sectors like textiles and jute. Economic engagement, therefore, requires careful calibration rather than automatic optimism.

Cultural and political sensitivities are also set to intensify. A more assertive Indian stance on minority issues in Bangladesh, amplified through political and media channels, could strain relations further, particularly as Islamist-leaning forces gain visibility within Bangladesh. In this environment, narratives and perceptions may prove as consequential as policy decisions themselves.

There is also a broader strategic layer to consider. As India consolidates its eastern flank, it is likely to view Bangladesh's external engagements—particularly with China—through a more security-conscious lens. This could narrow Dhaka's room for manoeuvre, even as it seeks to balance economic opportunities with geopolitical realities.

Against this backdrop, traditional diplomacy alone will not suffice. Bangladesh must adjust to a more centralised and ideologically assertive India by strengthening technical negotiations, investing in data-driven policymaking, and diversifying its strategic engagements. The fundamental challenges such as water security, border governance, and economic resilience remain the same, but the context in which they must be addressed is likely to grow more complex and more political. Navigating this new terrain will require clarity, discipline, and strategic resolve from Dhaka.

In a region shaped by climate stress and shifting geopolitical currents, cooperation remains essential. However, it must be anchored in a clear-eyed defence of Bangladesh's interests, rather than assumptions inherited from a different political moment.



India's ruling BJP supporters celebrate as early trends show their party leading in the West Bengal state assembly election results, outside the party's regional office in Kolkata, India on May 4, 2026.

PHOTO: REUTERS

border practices operating outside formal diplomatic channels. In public remarks, he outlined so-called "pushback" operations, where individuals labelled as "illegal Bangladeshis" are detained and forced across the border without completing formal deportation procedures. He also acknowledged the lack of coordination with Dhaka, and indicated that such actions

control of West Bengal raises the possibility of their wider application. From on, border districts in West Bengal may increasingly see stricter enforcement and a rise in such "push-in" incidents, expanding what was once a region-specific approach into a broader pattern along India's eastern frontier.

Economic dynamics add another layer of

Can we ease dollar dependency without risking stability?



Dr M Kabir Hassan
is professor of finance and Moffett chair at the University of New Orleans in the US.

M KABIR HASSAN

The current structure of the global monetary system, long characterised by the hegemony of the US dollar, reveals several signs of fracture. In the case of Bangladesh, a trade-oriented, remittance-dependent nation in transition, the consequences of de-dollarisation attempts cannot be overlooked.

Empirical data confirms the ongoing trend. According to figures released by the International Monetary Fund (IMF), the US dollar's share of foreign currency reserves decreased from roughly 71 percent in 1999 to around 57 percent by the end of 2025, the lowest level recorded in the last 30 years. Central banks' gold reserves are increasing rapidly; in 2025, the amount of gold held by central banks exceeded the total of US treasury securities on their balance sheets for the first time.

Moreover, the practice of using economic sanctions to impose a political agenda has only reinforced countries' efforts to find alternatives. For example, the proportion of BRICS transactions in local currencies by Russia has reached 90 percent since the

country invaded Ukraine in 2022. Meanwhile, the Cross Border Interbank Payment System (CIPS), the Chinese counterpart of SWIFT, connects over 5,000 banking institutions across 190 countries.

Still, it would be inappropriate to say that the days of the US dollar are numbered. The currency maintains its dominance in foreign exchange markets, is used in around half of all international trade transactions, and has the deepest capital markets globally.

Bangladesh's dependency on the US dollar is evident in several respects. Almost all export revenues are denominated in dollars; in FY2025, they totalled \$39.35 billion of RMG exports alone. The country has attracted unprecedented remittance flows (\$30.33 billion in FY2025), mostly received in dollar terms. Forex reserves are also primarily held in US dollars, amounting to \$35 billion as of February 2026.

There are risks inherent in this reliance. Tighter monetary policy in the US results in depreciation of the taka against the dollar, higher import costs, and inflation,

as seen in 2022-2024 when the taka's value against the dollar fell from 86 to 121 and even further. Thus, Bangladesh was affected when Western sanctions on Russia made repayment of the \$12 billion loan for the Rooppur Nuclear Power Plant project through SWIFT impossible. Bangladesh is not merely a passive observer here. As early as in April 2023, Dhaka and Moscow decided to settle the Rooppur loan payments—the first instalment amounting to about \$318 million—in Chinese yuan via the CIPS.

Soon afterwards, Bangladesh Bank included the yuan in its RTGS system and considered joining CIPS. Further, in mid-2023, Bangladesh and India reached an agreement to settle their bilateral trade in rupees and taka using a nostro-vostro model. Subsequently, the Reserve Bank of India (RBI) issued a new currency swap programme for 2024-27, with a dedicated rupee swap window of 250 billion rupees—the facility available to Bangladesh.

Though the amounts are small, these transactions have significant implications as they indicate that Bangladesh's policymakers now see currency diversification as strategic.

Engaging in a strategic de-dollarisation process offers the country multiple benefits. First, there is a significant reduction in transaction costs. In light of an import cost of \$14 billion annually from India, when the dollar is used as the medium, the extra banking cost is high. Settling in rupees or yuan could eliminate a level of conversion, thus reducing banking fees and mitigating

the risk of exchange rate changes.

Second, de-dollarisation serves as a means to hedge against fluctuations in the dollar's value. It will therefore reduce dependency on dollar value fluctuations beyond Bangladesh's control.

Third, de-dollarisation could create opportunities for new financing mechanisms. For instance, by targeting the BRICS New Development Bank's lending portfolio in local currencies, which is set to rise to 30 percent by this year, Bangladesh could gain access to credit lines in currencies other than the US dollar.

However, the country should adopt a realistic view of de-dollarisation. China's capital controls limit its capability as a global reserve currency. In line with former World Bank lead economist Dr Zahid Hussain's analysis, Bangladesh's \$12 billion-plus trade deficit settled in rupees could be irrelevant unless Indians accept the taka. This is unlikely, since Indian exporters have little incentive to accept payment made in taka.

Additionally, there are issues regarding export markets. Over 80 percent of the country's RMG exports go to the EU and US markets, which deal with the US dollar.

In geopolitical terms, it is worth noting that Bangladesh is participating in a \$5.5 billion loan programme of the IMF. Therefore, the country should avoid anything that is viewed as destabilising the global dollar financial system. An example is the incident where US sanctions on NIKIMT led to a near-disruption of the yuan payment agreement in 2023.

Bangladesh does not have to take a side in the currency war. Instead, it needs a practical approach to diversifying its forex reserves. To do so, Bangladesh Bank should establish a reserve diversification policy under which holdings of the yuan, gold, and possibly even euros could increase over time, along with the development of an institutional arrangement for managing reserves across multiple currencies. The government needs to facilitate bilateral currency settlement arrangements with both India and China, and ultimately with all ASEAN countries, and to develop the relevant payment architecture to facilitate these transactions. Export diversification is essential as around 80 percent of our exports go to dollar denominated regions. Expansion of our trade in Asia, Africa, and Latin America, where local currency settlements are increasingly feasible, will help us both financially and commercially.

Lastly, participation in multilateral talks on designing payment mechanisms, such as the BRICS and Saarc dialogues, or in ASEAN discussions, is critical to ensuring our involvement in the international trade rulemaking process. The process of de-dollarisation is neither a revolution nor an illusion. This is a long-term and gradual process, one that will take decades to be realised. What Bangladesh needs to do now is build the capability to navigate this new world order. It has taken the initial steps. Now comes the part on whether the country will proceed with purpose or simply flow with the tide.

CROSSWORD
BY THOMAS JOSEPH

ACROSS
1 Sacred bird of Egypt
5 Milky gems
10 Hedgehog of games
12 Studio work
13 Game with a drawing
14 Not napping
15 Moody music
16 Cariou of "Blue Bloods"
18 Lasso of TV
19 Muscle connector
21 Buds
22 Journal words
24 Suspicious
25 Grassland rodent
29 Without
30 To some extent
32 Botch
33 Corp. or Sgt.
34 Summer sign
35 Fad
37 City on the Mohawk River
39 Forum garments
40 Shades
41 Cleaned, in a way

42 Mosquito or gnat
DOWN
1 Key
2 Sounded like thunder
3 Chant
4 Remain unused
5 Mideast sultanate
6 Punch sound
7 Film set on Pandora
8 Probable
9 Gardener's buy
11 Salon worker
17 Natural
20 Valleys
21 Settle the bill
23 Resolve
25 Scopes trial lawyer
26 Incense
27 Like tears
28 Puts up
29 Splinter groups
31 Tribute, of a sort
33 Egg holder
36 Ray-gun sound
38 Pointer

S	A	J	A	K		G	A	T	O	R
A	T	O	L	L		E	L	O	P	E
S	T	Y	L	E		T	O	P	E	S
S	I	T		I	N	S	T	O	R	E
E	C	O		N	A	M		F	A	T
D	A	T	E		P	A	C	T	S	
		H	A	R		D	U	H		
		C	E	R	E	S		B	E	S
P	A	W		T	I	S		W	O	E
A	N	O	D	Y	N	E		O	L	E
S	T	R	I	P		W	O	R	D	S
S	O	L	V	E		U	N	L	E	T
E	N	D	E	D		P	E	D	R	O

APRIL 28 ANSWERS

1	2	3	4		5	6	7	8	9
10				11		12			
13						14			
15				16	17			18	
19			20				21		
	22						23		
				24					
		25	26					27	28
29					30				31
32				33				34	
35			36			37	38		
39						40			
41							42		

12-16

WRITE FOR US. SEND US YOUR OPINION
PIECES TO
dsopinion@gmail.com