

INDIA'S BANGLADESH BETS SURGED BEFORE CRISIS

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India has over the years stepped up its economic bets in Bangladesh, where an interim government has been formed after Sheikh Hasina resigned as Prime Minister and fled amid a mass uprising that left hundreds of people dead.

India has the second highest proposed investments in foreign and joint venture projects in the neighbouring country in the latest available 2022-23 data from the Bangladesh Investment Development Authority. China has the largest investments. India has 1.9 billion Bangladeshi Taka (\$185 million) of proposed projects compared to China's 4.4 billion Bangladeshi Taka (\$425 million). This marks a break from the past when India had lower investments than peers. India with \$689 million was ranked ninth in terms of foreign direct investment in Bangladesh in 2000-2023, behind China (\$1.3 billion), the US (\$3.9 billion), the UK (\$2.8 billion) and five others including Malaysia (\$851 million).

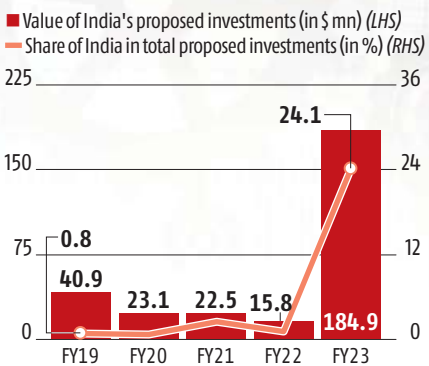
India's share in investment proposals in Bangladesh rose to 24.1 per cent in 2022-23 than 0.8 per cent in 2018-19, marking a 350 per cent growth in absolute terms (chart 1).

Overseas direct investment in Bangladesh for 2022-23 worked out to more than \$110 million, according to data from India's Department of Economic Affairs, suggesting that much of the proposals have translated into actual investments. This also corresponds to a similar figure seen for 2022-23 in Bangladesh official data. Textile and weaving accounted for 44 per cent of the inflows. This was followed by banking (15.4 per cent), trading (9.1 per cent) and other services (19.04 per cent), according to sectoral foreign direct investment numbers from Bangladesh government reports.

There has been a 20 per cent increase in the number of Indian-origin commercial offices opened in Bangladesh since the pre-pandemic year of 2018-19. Foreign companies can set up branch, liaison and representative offices to explore opportunities in the Bangladesh market. Such offices have numbered over 80 for three years in a row, including those seeking new and renewed permits (chart 2).

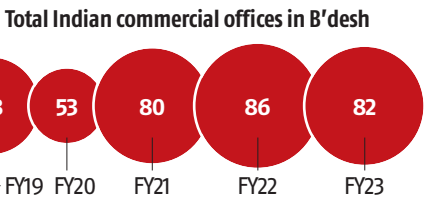
The number of Indians seeking work permits in Bangladesh has nearly doubled since 2018-19 (chart 3). Indians got the highest number of work permits among citizens of 101 countries granted such consent.

1: SURGE IN INVESTMENT PROPOSALS



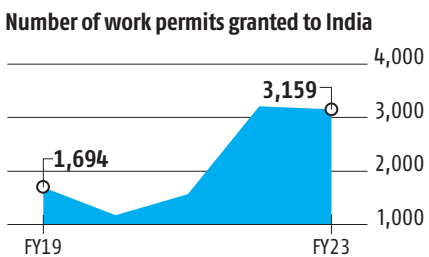
Note: Reflects proposed investments in foreign and joint venture projects by source of capital
Source: Bangladesh Investment Development Authority, Business Standard calculations

2: RISE IN COMMERCIAL OFFICES THAN FY19



Note: Reflects new and renewed permits granted for commercial offices of Indian-origin in Bangladesh
Source: Bangladesh Investment Development Authority

3: MORE INDIANS WITH BANGLADESHI WORK PERMITS



Note: Reflects work permits granted and extended during the year
Source: Bangladesh Investment Development Authority