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India's Leadership In Bimstec: Navigating The Prospects And Challenges

SRISHTI SINHA

RESEARCH SCHOLAR

UNIVERSITY OF LUCKNOW

Abstract

India has played an instrumental role in influencing regional cooperation in South and Southeast Asia with its leadership in the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). The agenda of BIMSTEC has been primarily guided by India, the largest economy and founding member, particularly concerning areas like commerce, connectivity, security, and sustainable development. Ineffective institutions, geopolitical rivalries, economic inequality, and the conflicting interests of regional and extra regional actors like China, however, present a threat to India's leadership. This paper focuses on prospects of BIMSTEC for India and the primary obstacles to BIMSTEC's efficacy as well as India's strategic vision for the initiative and the opportunities it offers for regional economic integration. By reviewing India's diplomatic efforts, policy initiatives, and infrastructural projects, the study suggests strategies to bolster India's leadership in BIMSTEC. The paper concludes with recommendations for enhancing India's position through reconciling institutional gaps, boosting inclusive collaboration, and using BIMSTEC as an anchor for economic expansion and stability in the region.

Keywords- BIMSTEC, regional leadership, South Asia, economic integration, connectivity, geopolitics, multilateral cooperation, regional security.

Introduction

The Bay of Bengal region's four nations—Bangladesh, India, Sri Lanka, and Thailand—began their journey in June 1997 with the goal of creating a sub-regional economic cooperation (BIST-EC), which will capitalize on collaborative efforts to accelerate social and economic advancement in the sub-region.[1] By signing the Bangkok Declaration in 1997, these four nations agreed to "promote sub-regional cooperation in the areas of trade, investment, and technological exchange" with the objective to advance regional peace and prosperity. Myanmar soon joined, and in 2004 it was joined by Nepal and Bhutan. The group then updated its name to BIMSTEC. BIMSTEC was formed to promote economic collaboration between emerging economies in South and Southeast Asia and act as a conduit between the two regions in order to enhance connectivity in the Bay of Bengal. The original impetus for the formation of this multilateral group was a functional synergy between Thailand's "Look West" and India's "Look East" initiatives.

Since it is a sector driven economic cooperation so initially eight categories were identified that BIMSTEC initially prioritized for possible collaboration. These areas of cooperation in BIMSTEC were increased to 14 sectors, ranging from agricultural issues to public health, that were identified in various ministerial meetings of the forum. India leads in security (sub sectors- counter terrorism and transnational crime, disaster management, energy); Bangladesh leads in trade, investment and development (sub sector-blue economy); Bhutan leads in environment and climate change (sub sector- mountain economy); Myanmar leads in agriculture and food (sub sectors- agriculture, fisheries and livestock); Nepal leads in people-to-people contact(sub sectors- culture, tourism, poverty alleviation, people-to-people contact); Sri Lanka leads in science, technology and innovation(sub sectors- technology, health and human resource development); and Thailand leads in connectivity.

Today, BIMSTEC as a "unique cross-regional grouping"[2] between South and Southeast Asia and with an emphasis on cooperative action through a shared institutional framework with interrelated opportunities and challenges has been positioned as a forum for regional solidarity.

Importance of BIMSTEC for India

BIMSTEC is important to India in comparison to other member nations for a number of reasons.

Firstly, India sees BIMSTEC as a viable alternative to the lifeless SAARC as a regional economic powerhouse and a platform to leverage economic and political developments through its 'Act East' policy with increased interconnections with the Association of South East Asian Nations (ASEAN). The BIMSTEC can function as a liaison organisation in actualising these projects as there are common members in both groupings (i.e., Myanmar and Thailand) [3]

Secondly, The Northeast Region (NER) of India has increased the strategic importance of BIMSTEC. In December 2020, Foreign Secretary Harsh Vardhan Shringla highlighted the Northeast Region as a "gateway" between the two pillars of Indian foreign policy—'Neighbourhood First' and 'Act East'. [4]. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura are the eight states that together make up this region.. The NER shares borders with four BIMSTEC nations: Bangladesh, Bhutan, Nepal, and Myanmar and has over 5,300 km of international borders, is home to roughly 3.8% of India's population, and occupies 8% of the nation's land area.[5]

India has been looking at this region with the goal of boosting investments through transnational connectivity, especially with Thailand, Bangladesh, and Myanmar. Half of the India's northeast region (NER) is covered by forests, and it is rich in biodiversity and has abundant natural resources offering a trillion-dollar economic potential that can be expanded through modernized cross-border supply chains, improved transportation, improved border infrastructure, and e-commerce integration—all of which are currently unrealized.[6] Indian authorities anticipate that if this potential is realized, the nation's exports will increase, more investments would come in and India wants to use regional economic cooperation to elevate its NER to the forefront of economic development. Therefore, strong infrastructure and connectivity are essential for the northeast's development. Bangladesh, China, India, and Myanmar (BCIM) is another sub-regional partnership that has the potential to further the development of its NER specifically.

Thirdly, BIMSTEC is geo-strategically important for India because the majority of its members with the exception of Bhutan and India. have stronger relations with China which is evident by their rising support for China's Belt and Road Initiative (BRI).

Fourthly, the Bay of Bengal is the largest bay in the world and is strategically located between the Indian Ocean and the Pacific, linking through the Strait of Malacca and playing an important role in establishing maritime security and India's larger ambition to realise its blue economy.

And last but not the least, India wants to demonstrate its dominance in the area, and the BIMSTEC alliance is essential to this goal. [7]

India and BIMSTEC: Economic Prospects

BIMSTEC with approximately 22% of world's population i.e. around 1.73 billion people and a combined Gross Domestic Product (GDP) of around US\$4.3 trillion (2023) offers a large consumer market. India's trade with BIMSTEC countries as of 2023-24 is around \$75 billion but has a huge potential.

India leads the BIMSTEC group in promoting growth and regional integration and has by far the largest economy in terms of GDP, land area, and people. India's economy is expanding at the fastest rate in the globe and the region, drawing significant foreign direct investment (FDI) inflows. The growing middle class in BIMSTEC countries increases demand for goods and services, creating lucrative trade opportunities. The region has a strong agricultural base (e.g., rice, tea, spices, and seafood). Enhanced trade facilitation can boost exports. Bangladesh and India are major textile exporters, with Myanmar and Sri Lanka emerging as competitors. Hydropower from Bhutan & Nepal, LNG from Myanmar, and renewable energy projects have strong trade potential. India's pharmaceutical industry can meet the healthcare demands of BIMSTEC countries. India and Thailand have strong IT sectors, offering trade opportunities in digital services and e-commerce.

One of the important objectives of BIMSTEC is to promote Free Trade among the member countries for which the BIMSTEC Free Trade Agreement has been in discussion since 2004.

On December 1, 2017, in New Delhi, the draft BIMSTEC Coastal Shipping Agreement was discussed. Once this agreement is in force, many cargo movements can be carried out using the more economical, environmentally beneficial, and expedient coastal shipping routes.

India and BIMSTEC: Connectivity Prospects

Connectivity remains a key priority area for BIMSTEC to accelerate long-term economic growth and development in the member countries. India is the lead country for this sector, focusing on the various forms of connectivity—trade, transport, digital, and people-to-people. To build connectivity with Thailand, India plans to explore the area via train, road, and other means, passing through Bangladesh and Myanmar. The first meeting of the BIMSTEC Expert Group on Transport and Communication was held in April 2001 in New Delhi to discuss "Transportation and Cross-border Facilitation, Multimodal Transport and Logistics, Infrastructure Development, Aviation, Maritime Transport, Human Resource Development, as well as Communication Linkages and Networking."

The BIMSTEC Motor Vehicles Agreement for the regulation of passenger and cargo vehicular traffic (drafted by India in 2018) and the Coastal Shipping Agreement (drafted by India in 2017); the creation of the BIMSTEC Transport and Connectivity Working Group; and provisions to provide high-speed internet connectivity and mobile connections at affordable rates throughout the subregion are just a few of the negotiations and meetings that have since taken place.

The 1,360-kilometer India-Myanmar-Thailand Trilateral Highway Project aims to connect India's Northeast (Moreh, Manipur) to Thailand (Mae Sot) via Myanmar and is expected to extend to Laos, Cambodia, and Vietnam, linking BIMSTEC to ASEAN [8]. The road from Dawki-Tamabil along the India-Bangladesh border in Meghalaya connects all continental ASEAN countries and 1.8-km-long Feni bridge connects India

and Bangladesh for the transportation of goods from the ports of Chittagong and Kolkata. The Kaladan Multimodal Transit Transport Project (India-Myanmar) connects India's Kolkata Port to Myanmar's Sittwe Port, and further to India's Mizoram state. It is expected to boost trade and reduce dependency on land routes through Bangladesh. BIMSTEC Energy Grid Interconnection plans to create a regional power grid for electricity trade among BIMSTEC members. India, Bhutan, and Nepal already engage in hydropower trade, and this could extend to Myanmar and Thailand.

The inland waterways port at Sipahijala district and the Agartala-Akhaura railway will soon link Tripura's Sabroom town with Bangladesh.[9] The Yamuna River in Daudakandi, Bangladesh, will be connected to the Gomati River in Sonamur, Tripura, via floating jetties as part of the inland waterways project. Additionally, it will establish a 1,400-kilometer connection between Varanasi and the Haldia port in West Bengal, facilitating the flow of people and products.[10]. Additionally, India has connected transnational marine security in the Northeast for trade, tourism, and people-to-people connectivity with its SAGARMALA (port-led development) idea. BIMSTEC Master Plan for Transport Connectivity (2022-2030) has been adopted in the 5th BIMSTEC Summit (2022) to improve regional transport networks and it focuses on road, rail, air, and maritime connectivity to facilitate trade and movement. It identifies 267 connectivity projects requiring an investment of over \$126 billion.

India and BIMSTEC: Security Prospects

Considering economic cooperation from a security perspective is also essential. BIMSTEC is significant from a security standpoint as well. India sees BIMSTEC as a key platform for regional security cooperation in areas such as counter-terrorism, maritime security, cyber threats, and disaster management. Given its geopolitical position and strategic interests, India is actively working to strengthen BIMSTEC's security architecture to counter emerging threats and enhance regional stability. Both classic and non-traditional security challenges exist, which compel members of various regional groups to work together on shared issues that require cross-border security inspections, such as drug trafficking, piracy, terrorism smuggling, and human trafficking.

India faces cross-border terrorism and insurgencies along its Northeast border. This has further increased the issue's urgency. The Counter-Terrorism and Transnational Crime (CTTC) mechanism of BIMSTEC works to prevent radicalization and the funding of terrorism, particularly in Bangladesh and Myanmar, Drug trafficking and arms smuggling from the Golden Triangle (Myanmar, Thailand, and Laos), militant operations through Myanmar in the northeastern region of India (ULFA, NSCN). With Frequent cyclones, floods, and rising sea levels threatening BIMSTEC nations Disaster Management & Climate Security have also become an area of concern.

Challenges

Intra-regional trade among BIMSTEC countries remains low (around 5% of total trade) compared to ASEAN (25%) or EU (50%). India's trade with BIMSTEC nations remains lower than with ASEAN & SAARC.

Despite being under negotiation since 2004, BIMSTEC Free Trade Agreement (FTA) has not been implemented yet. Several obstacles have prevented the deal from being finalized. The first is the tariff reduction dispute, in which larger economies are reluctant to open their markets to smaller ones without reciprocity. Second, non-tariff barriers (NTBs) slow down trade. These include regulatory discrepancies, licensing requirements, and inefficient customs procedures. Thirdly, poor port, rail, and road facilities have an impact on the effectiveness of cross-border trade.

Bhutan opted out of BBIN (Bangladesh-Bhutan-India-Nepal) Motor Vehicle Agreement limiting full regional integration. Cooperation among BIMSTEC is currently under strain, with two countries, Myanmar and Thailand, engulfed in political turmoil. A 110-km road, a significant part of India's Kaladan multimodal project which passes through Myanmar's Rakhine state has suffered a series of hurdles in construction due to clashes between the insurgent group Arakan Army (AA) and the Tatmadaw (the state armed forces) [11]. The coup has also impacted several other infrastructure projects as well as Myanmar's economy. The India-Myanmar-Thailand Trilateral Highway—crucial to the development of the Northeast as a gateway to ASEAN—is also under a cloud of uncertainty.

The Northeast and wider BIMSTEC region also face issues like illegal migration, and drug and human trafficking. Drug production and trafficking are rampant in the Golden Triangle region.

China through its Belt and Road Initiative provides massive infrastructure investments in Myanmar (Kyaukpyu Port, China-Myanmar Economic Corridor), Sri Lanka (Hambantota Port, Colombo Port City), Thailand (High-speed rail projects). This economic dependency on China among BIMSTEC countries reduces India's influence. There exists differences in economic and regional priorities among BIMSTEC members where Thailand and Myanmar are more focused on ASEAN integration than BIMSTEC, Sri Lanka and Nepal have stronger trade ties with China, reducing engagement with BIMSTEC, Smaller BIMSTEC economies (Bhutan, Nepal) are less developed, creating an economic imbalance. Even India's first-ever military drill amongst the BIMSTEC members in September 2018 was not successful as both Nepal and Thailand remained aloof from the exercise as they considered the drill an act of countering China's growing influence in the region [12].

BIMSTEC is also plagued with the problem of Slow decision-making & many institutional weaknesses like a lack of a strong trade secretariat like ASEAN to coordinate economic policies, absence of a common dispute resolution mechanism for trade conflicts and limited funding & bureaucratic delays in executing major projects.

Suggestions

Some of the suggestions to improve the functioning of BIMSTEC are-

1. Economic prospects of BIMSTEC can be improved by **fast-tracking BIMSTEC Free Trade Agreement (FTA)**, accelerating negotiations on tariff reductions and trade in services, and removing non-tariff barriers (NTBs) such as customs delays and inconsistent regulations. **Investments should be increased in Bangladesh, Myanmar, and Sri Lanka** to counter China's influence. Private sector participation in manufacturing and digital economy projects should be encouraged. A financial mechanism should also be established to fund regional economic projects.
2. To strengthen security cooperation the **BIMSTEC Counter-Terrorism Convention (2009) should be operationalised** with legal enforcement. Intelligence sharing among BIMSTEC countries should be improved and also joint military training & counter-terrorism exercises should be conducted regularly.
3. **BIMSTEC Coastal Security Cooperation** and **BIMSTEC Maritime Security Framework** to counter piracy & illegal activities should be strengthened to improve the Maritime Security & Indo-Pacific Strategy of the organisation.
4. To enhance Connectivity Prospects of BIMSTEC the **India-Myanmar-Thailand Trilateral Highway** and **Kaladan Multimodal Transit Project** should be accelerated by resolving Myanmar-related delays and **BBIN (Bangladesh-Bhutan-India-Nepal) Motor Vehicle Agreement** should be expanded to include all BIMSTEC nations. Also, regional ports like Chittagong, Colombo, Sittwe should be upgraded for improved

trade routes along with launching more direct flights between BIMSTEC capitals to facilitate business & tourism.

5. To Strengthen **Digital & Energy Connectivity a BIMSTEC Energy Grid** for cross-border electricity trade should be established

6. For **Institutional & Policy Reforms the BIMSTEC Secretariat** should be strengthened with more funding & decision-making power and a regional funding mechanism should be established for infrastructure & security projects.

7. For Improved Policy Coordination among BIMSTEC Nations, **annual and regular BIMSTEC Economic Summits for trade & investment promotion** should be conducted.

Conclusion

In conclusion, India's interest in and expectations for BIMSTEC are clearly viewed as a substitute for SAARC in terms of India's engagement with the subregional organization. BIMSTEC's existing external strategy has highlighted its strategic interest in the Bay of Bengal's growing importance to the various power centers. By adding a distinctive element, this has advanced the realization of India's "Act East Policy" in the area. In the near future, it will act as a foundation for the integration of two distinct regional groups: SAARC and ASEAN. India's recent push for BIMSTEC is crucial for its policymakers as it has the scope to connect its major foreign policymaking decisions. Firstly, it will help to foster its Neighbourhood First policy in the neighbouring countries. Secondly, the BIMSTEC initiative will help to develop India's NER to its full potential and further use the land connectivity to Myanmar that will open up the doors for ASEAN countries. Thirdly, it will help India make a common security space in the Bay of Bengal, thereby pushing its Indo-Pacific strategy. The future prospects of BIMSTEC and its regional economic aspiration will only come true with the dedicated efforts of the group members. To make it a reality, India needs to take a more active role for its success as part of a larger regional organisation that facilitates the growing demands of transnational aspirations of the member countries in the region.

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