

# WEEKLY NEWS HIGHLIGHTS

BANGLADESH ENTERPRISE INSTITUTE (BEI)  
| Brief Highlights on Current Issues of South Asia |  
| 19 January –02 February 2025 |



## BANGLADESH



Source: [Finance News: Latest Financial News, Finance News today in Bangladesh](#)

### DR YUNUS CALLS FOR SYSTEM ALLOWING PEOPLE TO VOTE FREELY

Chief Adviser Prof Muhammad Yunus, speaking at the World Economic Forum in Davos, emphasized ensuring free and fair elections in Bangladesh, allowing all citizens to vote without threats. In a conversation with WEF founder Klaus Schwab, Yunus noted that young voters had been deprived of elections for 16 years, calling it unfortunate. He said the interim government is awaiting public consensus on electoral reforms, targeting late 2025 for polls. Yunus highlighted student-led protests that ended Sheikh Hasina's 15-year rule and stressed the need for a "new Bangladesh." He described international support for Bangladesh's reforms and promoted youth entrepreneurship. Schwab praised Yunus as a visionary.

### KEY RECOMMENDATIONS

- ➔ Prevention of tax evasion, avoidance
- ➔ Strong monitoring to stop hoarding
- ➔ FTAs, comprehensive economic partnerships to increase export
- ➔ Low-interest credit for SMEs
- ➔ Proper estimation of rice demand
- ➔ Specific plan to end rising debt cycle
- ➔ Freezing of accounts, liquidating assets of wilful defaulters

### CPD PAINTS A BLEAK PICTURE OF ECONOMY

The Centre for Policy Dialogue (CPD) has painted a grim picture of Bangladesh's economy, stating that government reforms have yet to yield significant relief for businesses and the general public. In its report "*Navigating Expectations in Turbulent Times*," presented by Executive Director Fahmida Khatun, CPD noted sluggish economic activity in the first half of FY 2024-25 and rising inflation, particularly in rural areas. While export and remittance earnings have improved, challenges such as high debt, low tax revenue, and weak investment persist. CPD recommended measures including curbing tax evasion, boosting direct taxes, improving infrastructure, expanding trade partnerships, and addressing financial instability in the power sector. It also called for political and economic reforms in parallel, stressing the need for consensus to sustain long-term stability.

Source: [CPD paints a bleak picture of economy | The Daily Star](#)

### 'ECONOMY MY TOP PRIORITY', YUNUS TELLS FT IN PODCAST

Chief Adviser Prof Muhammad Yunus has declared reviving Bangladesh's economy as his top priority, stating that the country was left devastated by the previous regime. In a *Financial Times* podcast, recorded at the World Economic Forum in Davos, Yunus accused the former government of looting banks and mismanaging the economy. He suggested that student protesters who led the uprising might form a political party, dismissing doubts about their electoral prospects. Addressing concerns over Islamist influence, he rejected claims of instability. Yunus highlighted Bangladesh's young, tech-savvy population and its

potential in manufacturing, advocating regional cooperation for energy solutions.

Source: ['Economy my top priority' | The Daily Star](#)

## DHAKA EXPRESSES CONCERN ABOUT DECLINING FUNDS FOR ROHINGYAS

Dhaka has voiced concern over the declining international funding for Rohingya refugees, with Foreign Secretary Md Jashim Uddin highlighting the ongoing challenges Bangladesh faces in hosting over a million Rohingyas. In a meeting with UNHCR Regional Director Hai Kyung Jun, he emphasized the need for global support ahead of an upcoming UN high-level conference on Rohingyas and Myanmar's minorities. Jun assured that UNHCR is seeking alternative funding sources and plans to launch the Joint Response Plan (JRP)-2025 soon. Jashim Uddin also stressed better coordination among UN agencies to support both refugees and host communities.

Source: [Dhaka expresses concern about declining funds for Rohingyas](#)



## BEI HANDS OVER RECOMMENDATIONS FOR 'CONSTITUTIONAL REFORM COMMISSION' & 'ELECTORAL REFORM COMMISSION'



Bangladesh Enterprise Institute (BEI) launched a nationwide Listening Tour from November to December 2024, titled "What Kind of Bangladesh Do We Want: Public Thoughts and Recommendations." The initiative aimed to engage communities in eight divisional and district-level locations—Khulna, Barisal, Rangpur, Bogura, Mymensingh, Chandpur, Sylhet, and Cox's Bazar—to gather public perspectives on governance reforms and policy



initiatives under the Interim Government. As part of its research on contemporary political issues, BEI developed conceptual frameworks on governance and democracy and sought to validate its findings through grassroots-level discussions with various stakeholders.

Source: [BEI | Welcome to Bangladesh Enterprise Institute](#)

## ROHINGYA SITUATION IS GETTING COMPLICATED, YUNUS TELLS FILIPPO GRANDI

Chief Adviser Prof. Muhammad Yunus has warned that the Rohingya situation is becoming more complicated, citing the influx of 100,000 additional refugees into Bangladesh. During a meeting with UN High Commissioner for Refugees Filippo Grandi on the sidelines of the World Economic Forum in Davos, Yunus urged greater global attention and sought UNHCR's support for a major international conference on the crisis. Grandi assured Bangladesh of continued cooperation and welcomed its decision to allow improved shelter materials for the refugees. They also discussed Myanmar's worsening humanitarian situation amid fighting between the Arakan Army and the military. Yunus revealed that a high representative has been appointed to coordinate efforts on the crisis.

Source: [Rohingya situation is getting complicated, Yunus tells Filippo Grandi](#)

## TOUHID IN BEIJING: CHINA AGREES TO EXTEND LOAN REPAYMENT PERIOD BY 10 YEARS FOR BANGLADESH

Bangladesh and China have reaffirmed their Comprehensive Strategic Cooperative Partnership, with Beijing agreeing in principle to extend



Bangladesh's loan repayment period from 20 to 30 years and considering a lower interest rate for concessional loans. During Foreign Adviser Md Touhid Hossain's official visit to China, both sides discussed a wide range of issues, including trade, investment, infrastructure, energy, and regional stability. China assured continued duty-free access for Bangladeshi exports post-LDC graduation and designated hospitals in Kunming for Bangladeshi patients. They emphasized cooperation under the Belt and Road Initiative (BRI) and agreed to work closely on key Chinese-funded projects, such as the Mongla Port upgrade, metro rail expansion, and digital connectivity. Discussions also covered the Rohingya crisis, with China pledging continued diplomatic engagement with Myanmar. The visit coincides with the 50th anniversary of diplomatic relations, with both nations committing to deepening collaboration across multiple sectors and engaging in multilateral cooperation.

Source: [Touhid in Beijing: China agrees to extend loan repayment period by 10 years for Bangladesh | The Business Standard](#)

## BANGLADESH TO IMPORT 5 MILLION MTS OF LNG ANNUALLY FROM US

Argent LNG has signed a non-binding agreement with Bangladesh to supply up to 5 million metric tons of liquefied natural gas (LNG) annually from its planned 25 MTPA facility in Louisiana. This marks the first major US LNG deal since President Donald Trump took office, aligning with his

administration's pro-energy policies, including lifting export restrictions. If completed, the project would allow shipments to Petrobangla, Bangladesh's state-owned energy company. Bangladesh, seeking long-term energy security, has been shifting toward LNG but remains price-sensitive, as seen in its temporary return to coal in 2022 amid soaring LNG prices.

*Source: [Bangladesh to import 5m MTs of LNG annually from US](#)*

## **POLITICAL CHALLENGES IN BANGLADESH LIKELY TO INCREASE THIS YEAR: ICG**

The Brussels-based International Crisis Group (ICG) has cautioned that political tensions in Bangladesh will intensify as parties negotiate reforms and electoral advantages, marking the end of the interim government's 'honeymoon period.' The ICG's EU Watchlist 2025 highlights Bangladesh's democratic transition, emphasizing that free and fair elections are crucial to restoring public faith in electoral politics. The report notes economic challenges, strained India-Bangladesh relations, and the unresolved Rohingya crisis as major concerns. It urges the EU to support Bangladesh's reforms, assist in recovering assets linked to the Hasina regime, and strengthen humanitarian efforts for Rohingya refugees. Led by Prof Muhammad Yunus, the interim government aims to reshape Bangladesh's political system, and the ICG sees this as a rare opportunity for greater inclusivity and



accountability.

*Source: [Political challenges in Bangladesh likely to increase this year: ICG](#)*

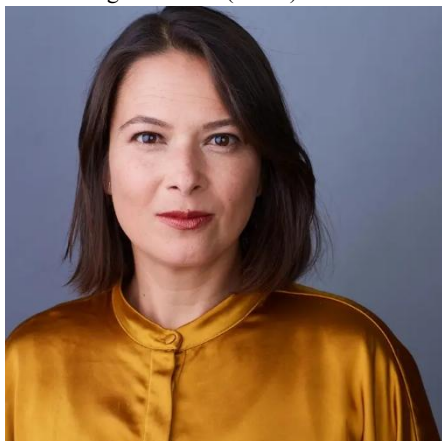
## **GOVERNMENT DEBT NOW IN UNEASY TERRITORY**

Government debt surged by 13.3% to a record Tk 18.3 lakh crore in the last fiscal year, driven by rising interest payments and weak revenue growth. Domestic debt constituted 55.7% of the total, while foreign debt accounted for the rest, pushing the debt-to-GDP ratio to 36.3%, which remains within the IMF's safe limit. However, economists warn that debt servicing pressures, worsened by liquidity shortages and reduced foreign loans, are straining fiscal health. Interest payments soared by 21% to Tk 1.1 lakh crore, or one-sixth of the national budget, with foreign interest payments spiking by 60%. A report highlighted rising debt servicing costs, shrinking fiscal space, and looming repayment burdens for major projects like Rooppur and Padma Bridge. Economists urged better fiscal discipline and value-for-money borrowing to mitigate risks.

*Source: [Government debt now in uneasy territory | The Daily Star](#)*

## **BANGLADESH NEEDS SYSTEMIC REFORM TO END RIGHTS ABUSE: HRW**

Human Rights Watch (HRW) has warned that Bangladesh's interim government must enact comprehensive reforms to prevent a resurgence of the rights abuses seen under former Prime Minister Sheikh Hasina. In a report released on Monday, HRW stressed the need for reforms that ensure legal detention practices and the repeal of laws targeting critics. The NGO highlighted ongoing arbitrary arrests and violence against protesters, emphasizing that the country risks undoing the progress made towards democracy if systemic changes are not implemented. HRW recommended strengthening the separation of powers and ensuring neutrality across key institutions such as the civil service, police, military, and judiciary. Elaine Pearson, HRW's Asia director, stated, "Nearly 1,000 Bangladeshis lost their lives fighting for democracy, ushering in a landmark opportunity to build a rights-respecting future in Bangladesh. This hard-won progress could all be lost if the interim government does not create swift and structural reforms that can withstand any repression by future governments." The interim government, led by Nobel laureate Muhammad Yunus, has initiated some reforms but is facing criticism over the continued abuse of power, including actions against Hasina's supporters and journalists. HRW called for collaboration with UN rights experts to ensure lasting reforms. Yunus, who assumed office after Hasina's departure, has pledged to rebuild Bangladesh's institutions and ensure accountability for past wrongdoings. After his swearing-in in August, Yunus stated, "Bangladesh is a family. We have to unite it. It has immense possibility," but also affirmed that "those who committed wrongdoing during Hasina's tenure will be held accountable."



*Source: [Bangladesh needs systemic reform to end rights abuse: HRW | Human Rights News | Al Jazeera](#)*

## **PRICES OF VARIOUS PRODUCTS GO UP DUE TO INFLATED VAT**

Following the government's increase in VAT rates on various goods and services, Bangladesh is seeing significant price hikes, further straining the middle and lower classes. VAT on branded clothing was raised to 10%, increasing consumer costs, while items like biscuits, fruit juices, and imported fruits have seen price surges due to VAT and supplementary duty hikes. Entrepreneurs have warned that the new VAT structure is already dampening sales, with consumers cutting back on spending. As products like paints, spectacle frames, and even cinema tickets are expected to become costlier, experts like Khondaker Golam Moazzem from the Centre for Policy Dialogue suggest that the VAT increases will harm the cost of living, urging the government to focus on boosting direct tax collection rather than relying on indirect tax hikes, which heavily impact everyday consumers.

*Source: [Prices of various products go up due to inflated VAT](#)*

## **ADANI PUSHES FOR PAYMENT ROADMAP AS PDB ARREARS MOUNT TO \$845M**

Adani Group has urged Bangladesh's interim government to provide a roadmap for clearing \$845 million in unpaid power bills for electricity supplied from its Godda plant. The Bangladesh Power Development Board (PDB) has struggled with overdue payments since 2023, with \$771 million of the debt still unpaid. Adani's request, detailed in a letter to Finance Adviser Dr. Salehuddin Ahmed and Power and Energy Adviser M Fouzul Kabir Khan, stresses the urgency of settling arrears, given upcoming power demands during Ramadan and the Boro rice season. The unresolved financial tensions, coupled with disputes between PDB and Adani Power, highlight ongoing strain in energy cooperation. Additionally, local independent power producers (IPPs) have demanded at least half of their overdue dues, amounting to Tk9,000 crore, to be cleared to ensure timely fuel imports for power generation. Meanwhile, Petrobangla has warned that delayed payments for LNG imports could disrupt gas supplies,

further intensifying the pressure on Bangladesh's energy sector.



*Source: [Adani pushes for payment roadmap as PDB arrears mount to \\$845m | The Business Standard](#)*

### **EU KEEN TO SIGN COMPREHENSIVE PARTNERSHIP, COOPERATION AGREEMENT WITH BANGLADESH**

European Commission President Ursula von der Leyen has expressed the EU's interest in signing a Comprehensive Partnership and Cooperation Agreement with Bangladesh. In a recent letter to Chief Adviser Professor Muhammad Yunus, von der Leyen emphasized the EU's readiness to support Bangladesh's reform process, highlighting the importance of a peaceful, inclusive, and transparent approach in line with democratic principles and human rights. She commended Bangladesh's commitment to sustainable development, green transition, and the digitalization of financial systems. Von der Leyen also noted that the EU is eager to continue its collaboration, including through potential investments under the Global Gateway in areas like infrastructure, climate

adaptation, health, and energy, while also strengthening key institutions within Bangladesh's governance framework. She expressed appreciation for their meeting during the UN General Assembly in September 2024.

*Source: [EU keen to sign Comprehensive Partnership, Cooperation Agreement with Bangladesh](#)*



### **WE GIVE IMPORTANCE TO LONGSTANDING RELATIONS WITH BANGLADESH: PRANAY VERMA**

Indian High Commissioner to Bangladesh Pranay Verma emphasized the importance of India's longstanding relationship with Bangladesh during a reception marking India's 76th Republic Day on Sunday. He reiterated India's support for a democratic, stable, and inclusive Bangladesh and expressed well wishes for its future. Speaking as the chief guest, Interim Government's planning and education adviser Wahiduddin Mahmud highlighted the need for bilateral ties to be based on "fairness and equity." He underscored the importance of mutual respect, shared history, and cultural affinity in strengthening the Bangladesh-India relationship. Mahmud also emphasized the interim government's commitment to fostering an inclusive democracy and holding free, fair, and participatory elections. He reflected on India's crucial support during

Bangladesh's Liberation War in 1971 and the ongoing people-to-people academic exchanges between the two nations. The event was attended by political leaders, diplomats, business leaders, and civil society members.

*Source: [We give importance to longstanding relations with Bangladesh: Pranay Verma](#)*

### **US FUND FREEZE HITS DEVELOPMENT PROJECTS IN BANGLADESH**

The US government's decision to freeze development funds in Bangladesh following an executive order by President Trump has halted USAID projects, leaving thousands of professionals in uncertainty. Many employees have been terminated, and project activities have ceased, while officials have been advised not to speak publicly on the issue. The suspension affects 96 projects worth \$450 million, threatening initiatives on gender rights, health, and climate change. Development experts warn of severe consequences as over 20,000 professionals, vendors, and millions of beneficiaries could suffer. Bangladesh, already struggling with inflation and economic challenges, faces further setbacks, with icddr,b sacking over 1,000 workers and AUW's Afghan students at risk of losing funding. The aid freeze may also push Bangladesh closer to China, which has already increased investments amid shifting geopolitical alignments. Experts fear US disengagement could alter South Asia's balance of power, benefiting Beijing. Transparency International Bangladesh criticized the decision, calling it an unprecedented setback to global aid effectiveness.

*Source: [US Fund Crisis in Bangladesh | US fund freeze hits development projects in Bangladesh](#)*



### **IT IS DIFFICULT TO COMPLETELY SOLVE INFLATION BEFORE AN ELECTED GOVERNMENT-FINANCIAL ADVISOR WITH THE BBC**

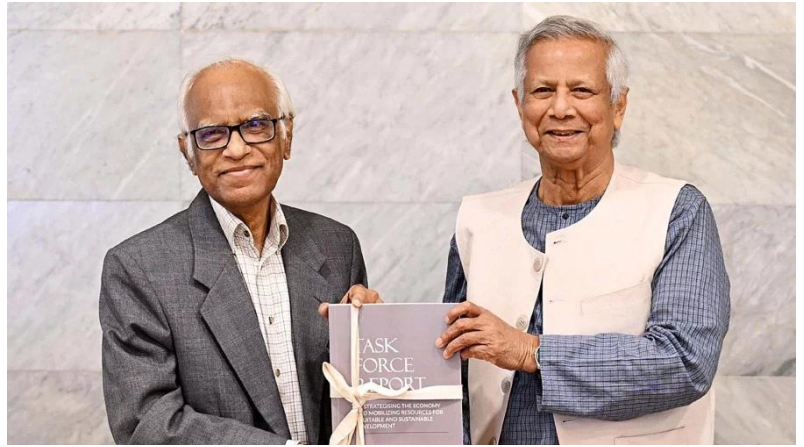
Bangladesh's interim government is struggling to control high inflation due to persistent extortion at various levels, according to Finance Adviser Salehuddin Ahmed. In a BBC Bangla interview, he stated that extortion is carried out not only by previous groups but also by emerging political actors and local elements, making full resolution difficult before an elected government takes office. He highlighted banking sector irregularities, corruption, and mismanagement over the past 15 years as key economic challenges. Inflation, hovering around 10-11%, stems from excessive money circulation, declining remittances, and supply

chain disruptions. He acknowledged the difficulty of breaking syndicates and reducing extortion without strong political backing. While efforts continue, including market monitoring and consumer awareness initiatives, he expects inflation to drop below 8% by June but not reach the ideal 5-6% level. Additionally, natural disasters like floods and excessive rainfall have worsened inflationary pressures. Salehuddin admitted the government's limited capacity to dismantle middlemen-dominated supply chains and emphasized the need for public awareness alongside government intervention.

*Source: [বিবিসি বাংলার সাথে সাক্ষাৎকারে অর্থ উপদেষ্টা সালেহউদ্দিন আহমেদ - BBC News বাংলা](#)*

## TASKFORCE SUGGESTS REGULATORY REFORM COMMISSION TO ADDRESS BUREAUCRATIC RED TAPE

A government taskforce has recommended establishing a Regulatory Reform Commission (RRC) to streamline bureaucratic processes, reduce over-regulation, and enhance economic governance. The RRC would monitor regulations affecting businesses, taxation, and trade, identifying inefficiencies and advocating reforms to improve the business environment. The taskforce, led by Professor Wahiduddin Mahmud, also suggested an NBR Oversight Committee to reform tax policies and reduce regulatory inconsistencies. Additionally, it proposed setting up a Center of Global Excellence for STEM and AI research, restructuring Biman Bangladesh Airlines for competitiveness, and creating an independent Centre for Social and Behavioural Change Communication. The taskforce aims to address financial leakages and improve development strategies.



*Source: [Taskforce suggests Regulatory Reform Commission to address bureaucratic red tape](#)*



## 4 REFORM COMMISSIONS SUBMIT REPORTS TO CA

Four major reform commissions—Electoral System Reform Commission, Anti-Corruption Commission Reform Commission, Police Administration Reform Commission, and Constitution Reform Commission—submitted their reports to Chief Adviser Dr. Muhammad Yunus today at his office in Tejgaon, Dhaka. These commissions were formed by the interim government through a gazette notification on October 3 to propose structural reforms addressing key governance challenges. The Electoral System Reform Commission, led by Badiul Alam Majumdar, aims to enhance electoral transparency and fairness, while the Anti-Corruption Commission Reform Commission, headed by Iftekharuzzaman, focuses on strengthening anti-corruption measures. The Police Administration Reform Commission, chaired by Sarfaraz Hossain,

seeks to modernize law enforcement, and the Constitution Reform Commission, led by Ali Riaz, is tasked with reviewing constitutional provisions. Chief Adviser's Press Secretary Shafiqul Alam confirmed the submission, sharing a picture of the Constitution Reform Commission's proposal. Two remaining commissions—Judiciary Reform Commission, chaired by Justice Shah Abu Naeem Mominur Rahman, and Public Administration Reform Commission, led by Abdul Mueyed Chowdhury—are yet to submit their reports. These commissions collectively aim to bring long-term improvements in governance, law enforcement, elections, and anti-corruption frameworks in Bangladesh.

*Source: [4 reform commissions submit reports to CA | The Business Standard](#)*

## JAPAN REAFFIRMS SUPPORT FOR BANGLADESH INTERIM GOVT

Japan's Parliamentary Vice-Minister for Foreign Affairs, Ikuina Akiko, reaffirmed Japan's support for Bangladesh's interim government and expressed interest in strengthening bilateral trade and development cooperation during a meeting with Chief Adviser Muhammad Yunus at the State Guest House Jamuna. Akiko emphasized Japan's long-standing support for Bangladesh and reiterated its commitment to enhancing the partnership. Japan remains Bangladesh's largest bilateral development partner, with over 350 Japanese companies operating in the country and bilateral trade reaching \$4 billion. Akiko discussed Bangladesh's ongoing reform initiatives and election plans and extended invitations to Professor Yunus for the Nikkei 30th Future of Asia event in Tokyo and the Osaka Expo 2025, where May 11 will be observed as Bangladesh Day. Professor Yunus welcomed Japan's continued support, highlighting the importance of strong cooperation in this pivotal period.

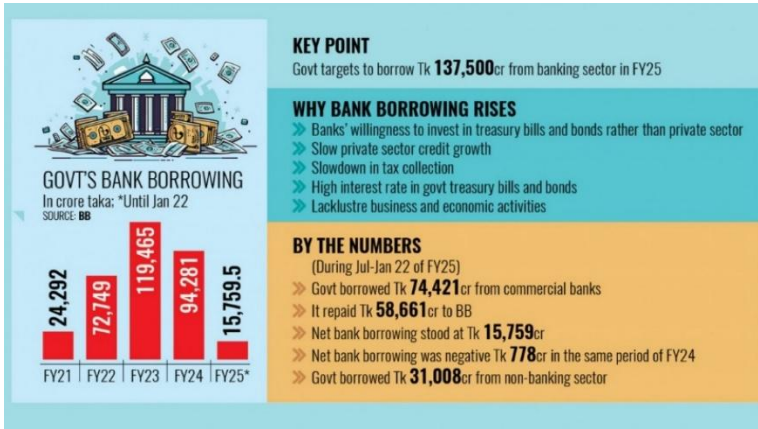
*Source: [Japan reaffirms support for Bangladesh interim govt](#)*

## ADB TO PROVIDE UP TO \$1B BY JUNE

The Asian Development Bank (ADB) has agreed to provide up to \$1 billion in budget support for Bangladesh by June 2025, contingent on key banking sector and climate change reforms. During a meeting with Finance Adviser Salehuddin Ahmed, ADB's South Asia Director General Takeo Konishi outlined funding conditions, including reducing the tenure and number of private bank directors, rolling back amendments to the Bank Company Act (2013-2023), and strengthening climate resilience. The banking sector could receive \$500 million, while \$300-\$500 million is earmarked for climate mitigation, subject to 16 conditions. These include implementing the National Strategy for Pourashava Governance (2026-2035), Strategic Transport Masterplan for Dhaka (2025-2041), and Disaster and Climate Risk Information Platform at the upazila level. The plan emphasizes AI-driven early warning systems, climate-proof agriculture, and sustainable urban policies. Adviser Ahmed noted that securing international funds requires meeting strict conditions, but the low-cost loan will support key reforms.

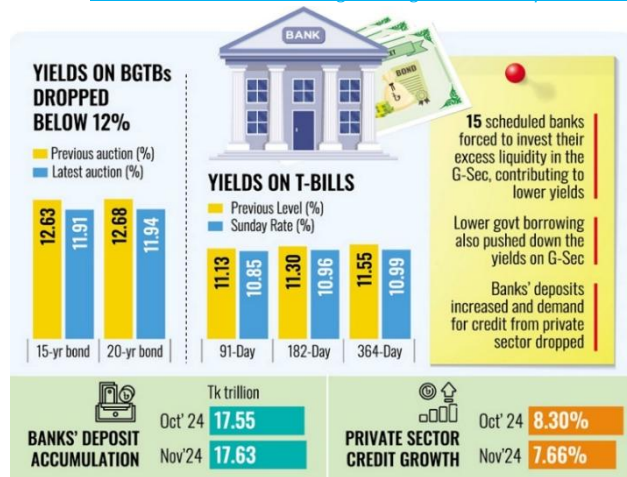
*Source: [Asian Development Bank Funding Bangladesh | ADB to provide up to \\$1b by June](#)*

## GOVT'S BORROWING FROM BANKS RISES TO TK 16,000CR SO FAR THIS FISCAL YEAR



The Bangladesh government's net bank borrowing has surged to Tk 15,759 crore as of January 22, FY25, compared to a negative balance of Tk 778.3 crore in the same period last year. This rise, attributed to sluggish tax collection, slow private sector credit growth, and the economic slowdown since the August 2024 political changeover, highlights a growing reliance on commercial banks. The government has borrowed around Tk 74,420 crore from commercial banks, while repaying Tk 58,661 crore to the Bangladesh Bank. With private sector credit growth slowing to 7.66% in November 2024, the banking system has excess funds, and banks are increasingly investing in government treasury bills and bonds. The government's need for funds is urgent, particularly as revenue collection and foreign fund inflows have fallen short, partly due to the disruption of business activities during the July uprising. Despite the rise in borrowing, economists suggest that the private sector remains largely unaffected, as demand for loans is currently low.

Source: [Government Bank Borrowing in Bangladesh FY25 | Govt's borrowing from banks rises to Tk 16,000cr so far this fiscal year](#)



## BANKS' DEPOSIT, LENDING RATES LIKELY TO FOLLOW SUIT

The yields on treasury bills (T-bills) have fallen below 11% for the first time in over a year, suggesting a potential decrease in bank deposit and lending rates in the near future. On Sunday, the 91-Day T-bill yield dropped to 10.85%, down from 11.13%, while the 182-Day T-bill yield decreased to 10.96% from 11.30%, and the 364-Day T-bill yield fell to 10.99% from 11.55%. The decline in T-bill rates reflects banks' willingness to invest excess liquidity in short-term government securities amid lower demand for private sector credit. The aggregate deposit in the banking system rose by 0.44% to Tk 17,628.56 billion in November 2024, while the growth in credit flow to the private sector slowed to 7.66% year-on-year. Banks are increasingly turning to government securities, which offer better returns and security amid the slowdown in credit demand and the central bank's halted dollar sales, which have stabilized liquidity. Officials also note that the interim government's lower expenditures have reduced its borrowing demand, contributing to the declining yields.

Source: [Banks' deposit, lending rates likely to follow suit | The Financial Express](#)



## INDIA MAINTAINS AID TO BANGLADESH DESPITE CUTS IN FOREIGN ASSISTANCE

In its 2025-26 national budget, India has reduced its total foreign aid allocation from Rs 58.06 billion to Rs 54.83 billion. However, despite these cuts, India's financial support for Bangladesh remains steady, with the country receiving Rs 1.2 billion in aid, the same amount as the previous fiscal year. The decision to maintain this level of aid to Bangladesh is notable, particularly as bilateral relations have soured following the political changes in Bangladesh, including the removal of Sheikh Hasina from power. This budget also reflects India's broader foreign aid strategy, with Nepal receiving the largest share, about Rs 21.5 billion, for hydropower, economic cooperation, and infrastructure projects. On the other hand, aid to Afghanistan and Myanmar has been reduced significantly due to ongoing political instability in these

countries. Sri Lanka's aid allocation has been adjusted to Rs 3 billion as the country continues its recovery from an economic crisis, and Africa has seen a slight increase in funding. Additionally, the Maldives saw a rise in aid to Rs 6 billion, reflecting India's efforts to strengthen diplomatic relations in the region.

Source: [India maintains aid to Bangladesh despite cuts in foreign assistance | The Financial Express](#)



## RURAL ENTREPRENEURSHIP TICKS UP

Bangladesh has seen a significant rise in rural entrepreneurship, according to the 2024 Economic Census report unveiled by the Bangladesh Bureau of Statistics (BBS). The number of economic households in the country surged to 5.01 million, up from 2.82 million in the previous 2013 census. Notably, 82.2% of these households are based in rural areas. The report highlights a growing trend of entrepreneurship in villages, with the rural economy expanding its contribution to the national landscape. The service sector now dominates Bangladesh's economy, comprising 91.23% of economic units, while the manufacturing sector has seen a decline to 8.77%. The industrial sector's contribution to the national GDP rose to 37.95% in FY 2023-24, with 25.07% of this stemming from manufacturing. Additionally, e-commerce has made its mark, with 116,000 economic units involved in online trading. However, challenges persist, such as limited access to capital, loans, and infrastructure for small businesses. Despite these barriers, the increase in economic units and the rise in rural entrepreneurship is seen as a positive development by experts like Dr. Wahiduddin Mahmud, Planning and Education Advisor, who emphasized the importance of supporting these ventures.

Source: [Rural entrepreneurship ticks up | The Financial Express](#)



Forward premium must not exceed policy rates of various global currencies

It will apply to declared spot rates for forward sales, purchases

Non-compliance will result in punitive actions, including financial penalties

### **BANKS CAN APPLY FORWARD PREMIUM TO FOREX: BB**

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*Source: [Banks can apply forward premium to forex: BB | The Financial Express](#)*



### **WORLD BANK LOWERS BANGLADESH'S ECONOMIC GROWTH FORECAST**

The World Bank has revised Bangladesh's economic growth forecast down to 4.1% for the fiscal year 2024-25, significantly lower than its previous projection of 5.7% made in June 2024. This downgrade is attributed to political instability and waning investor confidence, which have adversely impacted industrial activities and investment. The report also highlights supply-side constraints, such as energy shortages and import restrictions, which have further weakened industrial output and contributed to rising inflation, reducing household purchasing power. The Bangladesh Bureau of Statistics (BBS) reported that GDP growth slowed to 1.8% in the July-September period, marking the

lowest growth in nearly four years. Despite these challenges, the World Bank anticipates a modest recovery, projecting a 5.4% growth for FY2026.

*Source: [World Bank lowers Bangladesh's economic growth forecast | The Financial Express](#)*

### **FINANCIAL ACCOUNT DEFICIT HIT \$581M IN JULY-NOV**

Bangladesh's financial account deficit surged to \$581 million in the first five months of FY2024-25, up from \$206 million in the previous period,



driven by increased loan repayments and declining foreign loan inflows. Initially, a surplus of \$1,187 million was reported for the July-October period, but it was later revised to a deficit due to data inaccuracies. The deficit reflects a broader trend of reduced foreign direct investment (FDI), lower net foreign loans, and a drop in aid flows, which together strained the country's financial position. Despite these challenges, Bangladesh saw an improvement in its trade balance, with a narrower trade deficit, supported by lower imports and higher export earnings. However, the country still faces significant financial pressures, including a widening trade services deficit, which limits the positive impact of the reduced trade deficit. With foreign exchange reserves at \$19.93 billion, concerns about inflation, currency depreciation, and potential economic slowdowns remain, exacerbated by the rising costs of borrowing and the weakening financial account balance.

- Financial Account Deficit: \$581 million for July–November FY25, up from \$206 million in July–October FY25.
- Loan Repayments vs. Loan Inflows: Loan repayments rose to \$1,079 million, while net foreign loans decreased to \$1,348 million.
- FDI and Aid Decline: Net FDI fell to \$177 million, and net aid flows dropped to \$269 million.
- Trade Balance Improvement: The trade deficit narrowed to \$7.88 billion, driven by a 1.2% reduction in imports and a 10.1% increase in exports.
- Current Account Deficit: The current account deficit improved to \$226 million, a significant reduction from the previous year's \$3.93 billion deficit.
- Foreign Exchange Reserves: As of January 23, reserves stood at \$19.93 billion.
- Currency Pressure: The interbank dollar rate increased to Tk 122 per dollar, reflecting ongoing currency challenges.

*Source: [New Age | Financial account deficit hit \\$581m in July-Nov](#)*

# INDIA

## TRUMP SAYS INDIA 'WILL DO WHAT'S RIGHT' ON ILLEGAL IMMIGRATION



US President Donald Trump and Indian Prime Minister Narendra Modi had their first phone conversation since Trump's inauguration, discussing a range of issues, including immigration, security, and trade. Trump emphasized that India would "do what's right" regarding the deportation of illegal migrants, following his efforts to crack down on undocumented immigrants in the US. Trump also mentioned that Modi was likely to visit the US in February. The two leaders discussed enhancing bilateral relations in technology, trade, investment, energy, and defense, with Trump urging India to increase its procurement of US-made security equipment. They also talked about security in the Indo-Pacific, the Middle East, and Europe, while reaffirming their commitment to advancing the Indo-Pacific Quad partnership with Japan and Australia. Modi referred to Trump as a "dear friend" and emphasized their commitment to a mutually beneficial partnership. Despite previous trade tensions, analysts will closely watch how this renewed rapport addresses concerns in areas like trade and immigration.

*Source: [Modi and Trump call: US president says India 'will do what's right' on illegal immigration](#)*

## DONALD TRUMP EXCLUDES INDIA IN NEW TARIFFS, IMPOSES ON CHINA, MEXICO AND CANADA

US President Donald Trump announced new tariffs on China, Mexico, and Canada, while excluding India from the list, despite India contributing 3.2% to the US trade deficit. The tariffs, effective from February 1, target countries with the largest trade deficits with the US: China (30.2%), Mexico (19%), and Canada (14%). The measures include a 25% tariff on Mexico and Canada, and 10% on China. India, ranked as the ninth-largest contributor, was not included due to its relatively smaller impact on the deficit. The Indian Economic Survey highlighted India's balanced tariff policy, which complies with WTO rules while protecting sensitive sectors and promoting global integration. While the tariffs are expected to affect global trade dynamics, experts warn that the measures could result in economic losses, including a projected \$55 billion reduction in US GDP over four years, according to the Peterson Institute for International Economics. Despite these challenges, some experts believe trade policy shifts under Trump could present opportunities for India, particularly in light of global trade diversions.

*Source: [Donald Trump excludes India in new tariffs, imposes on China, Mexico and Canada | Latest News India - Hindustan Times](#)*



## U.S. WANTS TO ADDRESS CONCERNS ON 'IRREGULAR MIGRATION' WITH INDIA, SAYS RUBIO TO JAISHANKAR; QUAD FOREIGN MINISTERS MEET IN WASHINGTON



U.S. Secretary of State Marco Rubio and India's External Affairs Minister S. Jaishankar held their first bilateral meeting in Washington, where they discussed a range of topics, including irregular migration, economic ties, defense cooperation, and regional issues. Rubio emphasized the U.S. desire to work with India on addressing concerns related to illegal migration, following President Donald Trump's executive orders aimed at cracking down on undocumented immigrants, including a potential move to revoke birthright citizenship. While the U.S. Immigration and Customs Enforcement (ICE) estimates there are around 725,000 undocumented Indian migrants in the U.S., reports suggest that 18,000 are on the deportation list. However, it is still unclear whether India will fully cooperate in deporting these individuals. In addition to the migration issue, Jaishankar participated in the Quad Foreign Ministers' Meeting (FMM) alongside the foreign ministers of Australia and Japan. The Quad group reaffirmed their commitment to opposing unilateral actions that seek to alter the status quo in the Indo-Pacific region, particularly referencing China's activities. The meeting underscored the importance of a free and open Indo-Pacific, with the next Quad Summit slated to be hosted by India. Rubio's first meeting with Jaishankar and his engagement with the Quad signals a focus on strengthening ties with Indo-Pacific allies, emphasizing economic cooperation, defense collaboration, and the advancement of regional security priorities.

*Source: [Foreign Secretary Misri meets Afghan Foreign Minister Muttaqi in Dubai](#)*

## TAX RELIEF FOR INDIAN MIDDLE CLASS

India's government has introduced tax relief measures in the 2025-26 budget aimed at boosting consumption and addressing the country's slowing economy. Prime Minister Modi's government has raised income tax exemption limits, making earnings up to 1.2 million rupees tax-free and adjusted income tax slabs to provide further relief to the middle class. This move is seen as an attempt to stimulate urban consumption, which has been sluggish due to stagnant wages and high food prices. However, the impact could be limited, as only a small percentage of the population pays income taxes. The market responded positively, with stocks in sectors like automobiles, consumer goods, and online grocery services rising. The budget also focuses on infrastructure, with a continued emphasis on state-funded projects. The government has modestly increased its infrastructure spending target to 11.2 trillion rupees, with plans to offer interest-free loans to states for further infrastructure development. Additionally, the budget sets ambitious goals for nuclear energy expansion and increased foreign investment in the insurance sector. Small and micro industries, which contribute significantly to India's



manufacturing sector, have received fiscal support to encourage growth. However, the government faces the challenge of balancing growth with fiscal prudence, aiming to reduce the deficit while managing slow economic growth. India's GDP growth is expected to slow to 6.3-6.8% in the next fiscal year, adding to the complexity of the economic landscape. Highlights:

- Tax relief: Income tax exemptions raised for the middle class to boost consumption.
- Infrastructure spending: Increased budget for state-led infrastructure projects, with interest-free loans for states.
- Nuclear energy & insurance: Significant push for nuclear energy and higher foreign investment in the insurance sector.
- Support for small industries: Fiscal aid to small and micro industries to promote growth.
- Fiscal balance: The government aims to reduce the fiscal deficit to 4.4% by 2026.

Source: [Budget: Tax relief for Indian middle class /www.bbc.com/news/articles](https://www.bbc.com/news/articles)

## ANY CORRECTION IN US MARKETS COULD HAVE A CASCADING EFFECT ON INDIA: ECONOMIC SURVEY

India's Economic Survey for 2024-25 has warned that a potential correction in the U.S. stock market could have a cascading effect on Indian markets, particularly impacting domestic retail investors. The Survey highlighted the strong correlation between Indian stock markets and U.S. movements, emphasizing that any downturn on Wall Street could severely affect investor sentiment in India. The U.S. market, currently characterized by high stock valuations and optimistic investor sentiment, is at risk of a significant correction in 2025. If such a correction occurs, it could influence the spending and investment behavior of India's growing base of retail investors, many of whom have not experienced a major market downturn. This could lead to a slowdown in consumption, further affecting the economy. The Survey noted that retail participation in India's stock market has surged dramatically, with the number of domestic investors increasing from 4.9 crore in FY20 to 13.2 crore in December 2024. However, this increased participation also poses risks, as many investors are relatively new and could be unprepared for market corrections. Historical data reveals a strong correlation between the S&P 500 and the Nifty 50, with Indian markets generally reacting more significantly to U.S. market trends. For example, in 22 instances when the S&P 500 corrected by more than 10%, the Nifty 50 experienced negative returns, averaging a 10.7% decline. The Survey suggests that India's equity market is particularly sensitive to U.S. market shocks, reinforcing the need for caution as global volatility increases. Highlights:

- U.S. market risks: A correction in the U.S. stock market could impact Indian investor sentiment.
- Increased retail participation: Retail investor base in India has surged, but many are unprepared for market downturns.
- Historical correlation: The Nifty 50 has shown a strong negative correlation with the S&P 500, especially during market shocks.
- Impact on consumption: Potential market correction could influence retail investor spending and sentiment.

Source: [Any correction in US markets could have a cascading effect on India: Economic Survey | Business News - The Indian Express](https://www.thehindu.com/news/international/any-correction-in-us-markets-could-have-a-cascading-effect-on-india-economic-survey-business-news-the-indian-express)

## 'DAM FOR A DAM': INDIA, CHINA EDGE TOWARDS A HIMALAYAN WATER WAR

India is advancing the \$13.2 billion Siang Upper Multipurpose Project in Arunachal Pradesh, despite local opposition, to counter China's \$137 billion Medog dam over the Yarlung Zangbo in Tibet. The Indian project, expected to generate 11,000 MW of electricity, is facing strong protests from Indigenous communities, fearing displacement and environmental risks. China's dam, the world's largest, is seen as a strategic threat, potentially giving Beijing control over downstream water flow. Experts warn that the escalating "dam-for-a-dam" strategy could destabilize the fragile Himalayan ecosystem and worsen regional tensions, with Bangladesh likely to suffer the most severe consequences.

- India vs. China Water Conflict: Both countries are building massive dams on the Siang/Yarlung Zangbo River, escalating tensions.
- India's Response: India is constructing the \$13.2 billion Siang Upper Multipurpose Project to counter China's \$137 billion Medog mega-dam.
- Local Protests: Indigenous Adi tribes in Arunachal Pradesh strongly oppose India's dam, fearing displacement and ecological damage.
- Geopolitical Risks: Experts warn China's control over the river could give it a strategic advantage, potentially weaponizing water.
- Environmental Concerns: The fragile Himalayan ecosystem is prone to earthquakes and landslides, making both dams highly risky.
- Bangladesh's Worries: As a lower riparian country, Bangladesh faces severe threats from disruptions in water flow and sediment balance.
- Diplomatic Uncertainty: India and China lack a formal water-sharing treaty, and Bangladesh has limited influence over the crisis.
- Growing Climate Risks: Climate change could intensify water-related conflicts in the region over the coming decade.

Source: ['Dam for a dam': India, China edge towards a Himalayan water war | Water | Al Jazeera](https://www.aljazeera.com/news/2024/12/19/dam-for-a-dam-india-china-edge-towards-a-himalayan-water-war)

## BUDGET NEGLECTS CHALLENGES FACING INDIAN ECONOMY, SAY LEFT PARTIES

The Left parties criticized the Union Budget, stating that it neglects the challenges facing the Indian economy and fails to provide relief to the poor amid high inflation, unemployment, and stagnant wages. The CPI(M) accused the BJP-led government of benefiting the wealthy through tax cuts while reducing public expenditures, deepening income inequality. It highlighted that despite claims of middle-class relief, the real beneficiaries are the rich, as no higher tax rates were imposed on top earners. The CPI slammed the budget for ignoring rising unemployment, inflation, and regional disparities while neglecting key social sectors like education, health, and rural development. The CPI(ML) condemned the budget for failing to address worker and farmer concerns, citing reduced allocations for MGNREGA and other rural schemes. It noted a nearly ₹94,000 crore shortfall in central scheme expenditures compared to initial estimates. The party also criticized the lack of action on social security, pensions, and gender equality. Overall, the Left called the budget "anti-people" and vowed to mobilize protests against it.

*Source: [Budget neglects challenges facing Indian economy, say Left parties | Budget 2025 News - Business Standard](#)*



## INDIA GROWS FASTER, YET HAS MILES TO GO TO BEAT CHINA'S TRILLIONS

India is set to achieve its highest single-year GDP addition of \$383 billion in 2025, but still lags far behind China, which is expected to add \$1.26 trillion during the same period, according to IMF estimates. Despite India's projected 6.5% growth surpassing China's 4.5%, China's economic expansion remains significantly larger due to its history of double-digit growth. Since 1980, China has recorded growth above 10% in 15 years, while India has never reached double-digit GDP growth. In 1980, both countries had similar-sized economies, but by 2029, China's GDP is expected to be four times larger than India's. To match China's 2025 GDP addition, India would need an unrealistic 32% growth in dollar terms. The economic gap is likely to widen as China benefits from a shrinking population, leading to higher per capita income and greater

prosperity. Although India has shown strong post-pandemic recovery, structural challenges remain in bridging the economic disparity with China.

*Source: [budget 2025: India grows faster, yet has miles to go to beat China's trillions - The Economic Times](#)*

## INDIA CELEBRATES REPUBLIC DAY WITH INDONESIAN PRESIDENT AS CHIEF GUEST



India celebrated its 76th Republic Day on Sunday with a grand parade showcasing its military strength and cultural diversity, held on Rajpath Avenue in the heart of the capital. Indonesian President Prabowo Subianto attended as the chief guest, marking the first time ASEAN troops joined a foreign parade, with a 342-member band and marching contingent from the Indonesian National Armed Forces participating. The parade featured various floats representing India's cultural heritage, including one dedicated to the Maha Kumbh festival, the world's largest religious gathering. The event also highlighted India's domestically built defense systems, including tanks, missile systems, and radar. Thousands of artists performed traditional dances and played music, concluding with a fly-past by India's air force, including Rafale jets. In Kashmir, where additional security measures were in place, regional officials also marked the occasion despite ongoing tensions. Republic Day celebrations were broadcast live, with similar parades held in state capitals across India.

*Source: [India celebrates Republic Day with Indonesian president as chief guest | AP News](#)*

## INDIA, EU DISCUSS IMPORTANCE OF PROTECTING HUMAN RIGHTS, FREEDOM OF EXPRESSION

India and the European Union (EU) held their 11th Human Rights Dialogue in New Delhi on January 8, 2025, reaffirming their commitment to democracy, rule of law, and human rights. The discussions covered a broad range of issues, including civil and political rights, social, economic, and cultural rights, combating religious hatred, eliminating discrimination, and protecting freedoms such as religion, belief, and expression—both online and offline. India reiterated its stance on the right to development, while the EU maintained its opposition to the death penalty. The dialogue also focused on the rights of the LGBTQI+ community, women's empowerment, technology, and business-related human rights concerns. Both sides emphasized the importance of strengthening international human rights mechanisms and agreed to enhance cooperation, particularly in multilateral forums like the UN General Assembly and Human Rights Council, as well as on humanitarian aid and disaster relief efforts.

*Source: [India, EU discuss importance of protecting human rights, freedom of expression - The Hindu](#)*

## PAKISTAN

### AZERBAIJAN TO INVEST \$2BN AS PM SHEHBAZ PLANS BAKU VISIT

Azerbaijan is set to invest \$2 billion in Pakistan through agreements to be signed during Prime Minister Shehbaz Sharif's visit to Baku later this month. The investment is expected to focus on the exploration of oil and gas, renewable energy, and energy efficiency, which will enhance bilateral cooperation in these key sectors. Minister for Privatisation, Investment and Communications Abdul Aleem Khan, who is currently in Baku leading a Pakistani delegation, emphasized the potential of Pakistan's privatization program and infrastructure projects, particularly in the motorway sector. During his visit, Aleem Khan met Azerbaijani officials, including Prime Minister Ali Asadov, to discuss economic cooperation, trade, and investment opportunities. The talks highlighted mutual interest in expanding relations, particularly in energy, transport, and privatization of state-owned enterprises. Azerbaijani officials expressed strong support for increasing investments and strengthening bilateral ties.



*Source: [Azerbaijan to invest \\$2bn as PM Shehbaz plans Baku visit - Pakistan - DAWN.COM](#)*

### PM SHEHBAZ ASSURES US INVESTOR DELEGATION OF BUSINESS-FRIENDLY ENVIRONMENT

Prime Minister Shehbaz Sharif assured a US investor delegation, led by hedge fund manager Gentry Beach, of Pakistan's commitment to creating a business-friendly environment with streamlined processes and robust institutional support. During the meeting in Islamabad, the Prime Minister highlighted Pakistan's strategic location, skilled workforce, and growing consumer market, making it an appealing destination for investment. Beach praised Pakistan's economic potential and expressed enthusiasm for exploring opportunities in sectors like mining, renewable energy, infrastructure, and technology. He also acknowledged the government's pro-investment policies and expressed confidence in Pakistan's growth. Beach, emphasizing the country's overlooked potential, noted plans to invest billions in Pakistan, including in critical minerals, real estate, energy, and technology. He further discussed the strong historical ties between the US and Pakistan, emphasizing the alignment of their leadership's vision for peace and prosperity. Despite concerns over US policies towards India and China, Beach's delegation views Pakistan as a unique investment opportunity.

*Source: [PM Shehbaz assures US investor delegation of business-friendly environment - Pakistan - DAWN.COM](#)*



### PAKISTAN'S TRADE DEFICIT WITH NEIGHBOURING COUNTRIES SURGES 43PC

Pakistan's trade deficit with its nine neighboring countries rose by 43.22% during the first half of the current fiscal year (July 2024 - June 2025), according to the State Bank of Pakistan (SBP). This increase is mainly attributed to higher imports from China, India, and Bangladesh. Despite the widening deficit, Pakistan's exports to Afghanistan, Bangladesh, and Sri Lanka saw significant growth, which partially offset the overall decline in exports. The value of exports to the nine countries, including China, Afghanistan, Bangladesh, Sri Lanka, India, Iran, Nepal, Bhutan, and the Maldives, rose by 7.85%, totaling \$2.4 billion in the July-December period. However, imports from these countries surged by 29.97%, reaching \$7.73 billion during the same period, up from \$5.95 billion a year ago.

*Source: [Pakistan's trade deficit with neighbouring countries surges 43pc | The Financial Express](#)*

### CPI INFLATION SLOWS TO 2.41PC FOR JANUARY — LOWEST IN 9 YEARS

Pakistan's consumer price index (CPI) inflation dropped sharply to 2.41% year-on-year (YoY) in January 2025, the lowest in 111 months, compared to 4.1% in December 2024 and 28.3% in January 2024. On a month-on-month basis, inflation increased by 0.2%. The decline reflects disinflation, with average inflation for the first seven months of the fiscal year at 6.5%, down from 28.73% last year. Significant YoY price hikes were observed in food items like potatoes and pulse gram, along with non-food items such as motor vehicle tax and dental services. Month-on-month, chicken, pulse moong, and sugar saw price increases in urban areas, while rural areas experienced price hikes in food and non-food items like medical tests and house rent.

*Source: [CPI inflation slows to 2.41pc for January — lowest in 9 years - Business - DAWN.COM](#)*

### PRESIDENT ZARDARI HEADS TO CHINA FOR KEY TALKS ON CPEC, DEFENSE TIES

President Asif Ali Zardari of Pakistan will undertake a five-day state visit to China from February 4 to 8 at the invitation of Chinese President Xi Jinping. The visit aims to strengthen bilateral ties, with meetings scheduled between Zardari, Xi, and other top Chinese officials. Discussions will focus on enhancing economic and defense cooperation, particularly the progress of the China-Pakistan Economic Corridor (CPEC). The second phase of the multi-billion-dollar CPEC project will be a key topic, emphasizing trade, transport, and energy collaboration. Launched in 2015, CPEC aims to link China's Xinjiang province with Pakistan's Gwadar Port through infrastructure development. The initiative includes roads, railways, ports, energy projects, and Special Economic Zones to boost Pakistan's industrial growth. The visit is expected to reinforce Pakistan-China strategic partnership and accelerate ongoing projects.

*Source: [President Zardari heads to China for key talks on CPEC, defense ties - Daily Pakistan English News](#)*



## PAKISTAN, SAUDI ARABIA INK TWO AGREEMENTS WORTH OVER \$1B

Pakistan and Saudi Arabia signed two agreements worth \$1.61 billion, witnessed by Prime Minister Shehbaz Sharif and Saudi Fund for Development (SFD) CEO Sultan Abdulrahman Al-Marshad. The agreements include a \$1.20 billion deferred payment facility for oil imports from Saudi Arabia for one year and a \$41 million concessional loan for a gravity-flow water scheme in Mansehra. Secretary Economic Affairs Division Dr. Kazim Niaz and SFD CEO Al-Marshad signed the deals on behalf of their governments. The agreements were welcomed by Pakistani authorities, including Deputy Prime Minister Ishaq Dar and Saudi Ambassador Nawaf bin Said Al-Malki. The oil financing facility aims to stabilize Pakistan's petroleum supply and ease fiscal pressures. The Mansehra water project will provide clean drinking water to 150,000 people, with capacity to

meet demand for over 200,000 by 2040, improving public health and quality of life.

*Source: [Pakistan, Saudi Arabia ink two agreements worth over \\$1b - Daily Pakistan English News](#)*

## PM HAILS \$20BN WORLD BANK PARTNERSHIP TO BOOST GROWTH

Prime Minister Shehbaz Sharif hailed the \$20 billion World Bank Country Partnership Framework (CPF) as a transformative initiative for Pakistan's economic growth, climate resilience, and digital progress. Launched as a decade-long collaboration, the CPF aims to enhance employment, IT development, and fiscal stability while addressing Pakistan's developmental challenges. World Bank officials acknowledged the risks involved but emphasized their commitment to long-term structural and policy reforms. The CPF will focus on six key outcomes, including reducing child stunting, improving education, and transitioning to cleaner energy. World Bank Vice President Martin Raiser highlighted the need for additional resources, urging private sector participation through IFC and MIGA. The plan aligns with the government's Uraan Pakistan strategy and will undergo periodic reviews to ensure effectiveness. Officials stressed that steady implementation, collaboration with global partners, and private investment are crucial for achieving the CPF's ambitious targets.

*Source: [PM hails \\$20bn World Bank partnership to boost growth - Pakistan - DAWN.COM](#)*



## PAKISTAN SETS DEADLINE FOR WESTERN NATIONS TO RELOCATE AFGHAN ALLIES

Pakistan has set a deadline for Western nations, including the U.S., to relocate Afghan allies by March 31, 2025, or face their deportation to Afghanistan. Around 40,000 Afghans remain in Pakistan, including 15,000 awaiting U.S. resettlement, after fleeing the Taliban's return to power in 2021. Prime Minister Shehbaz Sharif ordered the immediate relocation of Afghan migrants, including those without permits, from Islamabad and Rawalpindi. Pakistan has already expelled over 800,000 undocumented Afghans since 2023, with authorities instructed to ensure they do not return. Lawfully registered Afghan refugees, holding Proof of Registration (POR) cards, can stay until June 30, 2025, though many fear returning due to Afghanistan's economic crisis and Taliban restrictions on women. The U.N. warns that half of Afghanistan's population requires humanitarian aid, worsening the refugee crisis.

*Source: [Pakistan sets deadline for Western nations to relocate Afghan allies](#)*

## EU: HUMAN RIGHTS PROGRESS NEEDED TO PRESERVE PAKISTAN'S TRADE PRIVILEGES



The European Union has warned Pakistan that continued access to duty-free exports under the GSP+ scheme depends on tangible progress in addressing human rights concerns. EU special envoy Olof Skoog, after a weeklong visit, highlighted issues including blasphemy laws, enforced disappearances, media restrictions, and fair trial rights. The EU urged Pakistan to continue reforms ahead of its reapplication under the new GSP+ regulations. Since joining GSP+ in 2014, Pakistan has seen a 108% increase in exports to the EU, making it the scheme's largest beneficiary. The EU emphasized that human rights improvements are crucial for maintaining these trade benefits.

*Source: [EU: Human rights progress needed to preserve Pakistan's trade privileges](#)*

### NEPAL PM PUSHES FOR CONSTITUTIONAL AMENDMENTS AMID CALLS FOR STABILITY

Nepal's Prime Minister KP Sharma Oli has announced plans to introduce a constitutional amendment bill to strengthen political stability. Addressing the Federal Parliament's winter session, he emphasized the need for a review after a decade of the current constitution's implementation. A task force, formed by the ruling CPN-UML and opposition Nepali Congress, will assess necessary changes. The amendments aim to resolve ongoing disputes, particularly concerning Madhesh-based parties, which have long opposed the 2015 constitution. Oli, previously criticized for his handling of Madhesi protests, now seeks multi-party consensus to address key constitutional challenges.

*Source: [Nepal PM Pushes for Constitutional Amendments Amid Calls for Stability](#)*

### SIGNING BRI FRAMEWORK WITH CHINA, MODI MEETING KEY TO STRONGER TIES: OLI

Nepal's Prime Minister K.P. Sharma Oli has highlighted the signing of the Belt and Road Initiative (BRI) framework agreement with China and his meeting with Indian Prime Minister Narendra Modi during the 79th UN General Assembly as pivotal for strengthening bilateral relations. Speaking at the Communist Party of Nepal (UML) central committee meeting, Oli emphasized a balanced foreign policy rooted in national

interests to bolster diplomacy, economic ties, and cultural exchanges with neighbors and friendly nations. He underlined Nepal's commitment to fostering trust, mutual cooperation, and sensitivity to the legitimate concerns of all partners, advocating "friendship with all and enmity with none" as the core of Nepal's foreign policy.

*Source: [Signing BRI framework with China, Modi meeting key to stronger ties: Oli | World News - Business Standard](#)*

### PUBLIC DEBT REACHES OVER RS 2536 BILLION

Nepal's public debt has risen to Rs 2,536 billion as of mid-January 2025, surpassing 44% of GDP, according to the Public Debt Management Office. Over the past six months, the debt increased by Rs 102 billion, with foreign debt making up 51.31% and domestic debt 48.68%. The government has raised 43.89% of its annual borrowing target, securing more from domestic sources than external loans. Debt servicing, including principal and interest payments, accounted for 3.2% of GDP. The rising debt highlights growing fiscal challenges as Nepal balances borrowing with economic stability.

*Source: [Public debt reaches over Rs 2536 billion - The Himalayan Times - Nepal's No.1 English Daily Newspaper | Nepal News, Latest Politics, Business, World, Sports, Entertainment, Travel, Life Style News](#)*

### NEPAL RECORDS A TRADE DEFICIT OF RS 723.58 BILLION IN THE FIRST SIX MONTHS

Nepal recorded a trade deficit of Rs 723.58 billion in the first half of the current fiscal year, with total foreign trade reaching Rs 921.16 billion, according to the Department of Customs. Exports rose by 31.78% to Rs 98.79 billion, while imports increased by 7% to Rs 822.37 billion, widening the trade deficit by 4.38% year-on-year. India remains Nepal's largest trade partner, with a deficit of Rs 429.14 billion, followed by China at Rs 158.62 billion. Nepal maintains trade surpluses with 32 countries, including Denmark, Austria, Russia, and the Maldives.

*Source: [Nepal records a trade deficit of Rs 723.58 billion in the first six months - The Himalayan Times - Nepal's No.1 English Daily Newspaper | Nepal News, Latest Politics, Business, World, Sports, Entertainment, Travel, Life Style News](#)*



# BHUTAN

## **BHUTAN TOPS INDIA'S FOREIGN AID LIST FOR 2025-26 FISCAL YEAR**

India has allocated INR 21.5 billion in financial aid to Bhutan for the fiscal year 2025-26, making it the largest recipient of Indian foreign assistance, as per the Union Budget. This accounts for 39% of India's total foreign aid outlay of INR 54.83 billion, which marks a 20% increase from the previous year. The aid includes INR 17.75 billion in grants and INR 3.75 billion in loans. Bhutan remains India's top aid recipient, followed by Nepal (INR 7 billion) and Mauritius (INR 5 billion). Meanwhile, India has halved its aid to Afghanistan and reduced support to Myanmar due to political instability.

*Source: [Bhutan tops India's foreign aid list for 2025-26 fiscal year | Kuensel Online](#)*

## **HYDROPOWER IN THE COUNTRY FACES DECLINING EXPORTS AND GROWING LOCAL DEMAND**

Bhutan's hydropower sector, contributing 11.61% to GDP in 2023, is experiencing declining exports and growing domestic consumption. The total electricity supply increased by 1.42% to 11,157.60 GWh, but its monetary value dropped by 5.08% to Nu 26,415.25 million. Industrial electricity consumption surged by 77.53%, making up 93.83% of domestic use, while household consumption fell by 32.33%. Exports accounted for 46.10% of total supply, but fell by 28.95%, while imports rose by 151.50%, highlighting Bhutan's increasing reliance on foreign electricity during lean seasons.

*Source: [Hydropower in the country faces declining exports and growing local demand - The Bhutanese](#)*



## **KING OF BHUTAN ARRIVES IN LUCKNOW, TO VISIT MAHA KUMBH**

Bhutan's King Jigme Khesar Namgyel Wangchuck arrived in Lucknow on Monday ahead of his visit to the Maha Kumbh. Uttar Pradesh Chief Minister Yogi Adityanath welcomed him at Chaudhary Charan Singh International Airport with a bouquet and cultural performances. The King extended his greetings and acknowledged the artists. On Tuesday, he will visit the Maha Kumbh, take a holy dip at Triveni Sangam, and perform rituals at the sacred site.

*Source: [King Of Bhutan Arrives In Lucknow, To Visit Maha Kumbh Tomorrow | India News | Zee News](#)*

## **BHUTAN INFLATION DROPS TO 2 PER CENT IN 2024 - RMA**

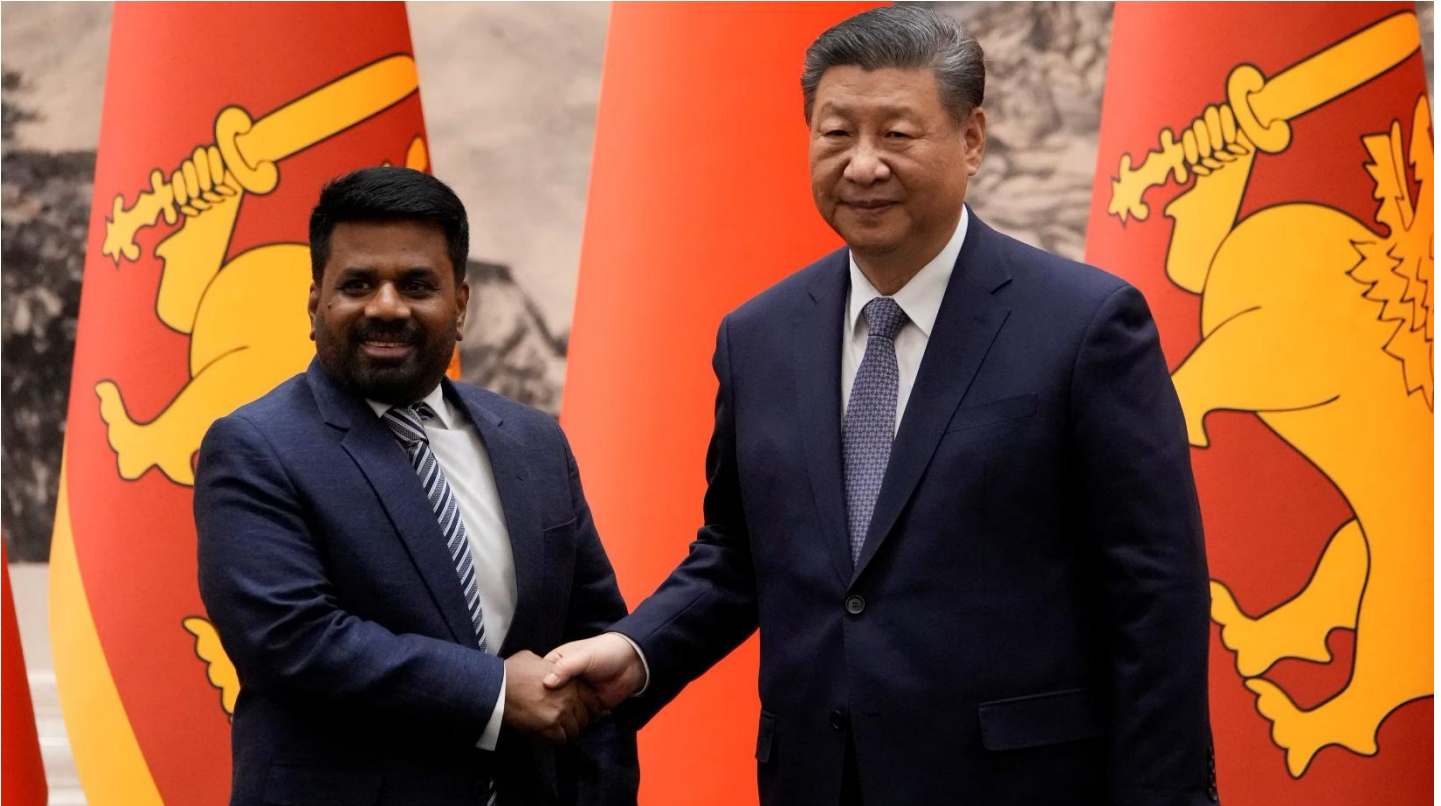
Bhutan's inflation rate has decreased significantly, dropping to 2% in August 2024 from 5.7% in the same month of 2023, largely due to falling fuel prices and slower increases in non-food costs. However, food prices surged, particularly in vegetables like tomatoes and onions, driven by poor weather conditions in India, Bhutan's primary supplier. Non-food inflation saw a reduction in transportation costs, reflecting global trends of easing energy prices. Despite these improvements, Bhutan faces a persistent issue with the declining purchasing power of ngultrum, which has lost 43.5% of its value over the past decade, making the currency's real value significantly weaker.

*Source: [Inflation drops to 2 per cent in 2024 - RMA - BBSCL](#)*

## SRI LANKA

### CHINA, SRI LANKA AGREE MORE INVESTMENT AND ECONOMIC COOPERATION

China and Sri Lanka have agreed to boost investment and economic cooperation, with both countries signing 15 cooperation documents during Sri Lankan President Anura Kumara Dissanayake's visit to Beijing. The agreements focus on economic and technological development, aligning China's Belt and Road Initiative with Sri Lanka's 2030 digital economy blueprint. Dissanayake, who previously visited India, emphasized Sri Lanka's need for a balanced approach between regional powers. Despite closer ties with China, Dissanayake's administration is also strengthening relations with India, seeking energy and security cooperation agreements. Key highlights from the agreements include:



- **Increased Chinese Investment:** The deals pave the way for more Chinese investment in Sri Lanka's infrastructure and economy.
- **Belt and Road Initiative:** China's Belt and Road Initiative will continue to play a central role in Sri Lanka's development, with new projects focusing on technology and digital advancements.
- **Economic Recovery:** The agreements come at a time when Sri Lanka is recovering from an economic crisis, with an IMF bailout and efforts to restructure foreign debt.
- **China-Sri Lanka Cooperation:** Xi Jinping pledged to further enhance bilateral relations and increase people-to-people exchanges between the nations.

*Source: [China, Sri Lanka agree more investment and economic cooperation | Reuters](#)*



### SRI LANKA SIGNS LANDMARK \$3.7 BN DEAL WITH CHINESE STATE OIL GIANT SINOPEC

Sri Lanka has secured its largest foreign investment to date, signing a \$3.7 billion deal with China's state-run oil giant Sinopec. The deal, finalized during President Anura Kumara Dissanayake's state visit to China, involves the construction of a 200,000-barrel capacity oil refinery in Hambantota. A significant portion of the refinery's output will be exported to boost Sri Lanka's foreign exchange earnings. The project follows a previous deal with an Indian company that was terminated due to construction delays. This agreement marks a major step in Sri Lanka's economic recovery while raising concerns over its increasing reliance on Chinese investments.

*Source: [Sri Lanka signs landmark \\$3.7 bn deal with Chinese state oil giant](#)*

## 'TAIWAN IS ONLY A PROVINCE OF CHINA,' AFFIRMS SRI LANKA

Sri Lanka's cabinet has reaffirmed the country's commitment to the "One China Policy" ahead of President Anura Kumara Disسانayake's visit to China. The decision, made this week, emphasizes that "Taiwan is only a province of China" and reinforces Sri Lanka's support for the People's Republic of China as the legitimate government of China. The cabinet also approved several Memoranda of Understanding (MoUs) aimed at strengthening ties with China, including agreements between the China Media Group and Sri Lanka's Tourism Promotion Bureau, as well as between multiple Sri Lankan media organizations and Chinese counterparts. These MoUs include collaborations with Xinhua News Agency, the National Radio and Television Administration of China, and the Sri Lanka Broadcasting Corporation. The approvals are part of ongoing efforts to bolster bilateral relations between Colombo and Beijing.

*Source: 'Taiwan is only a province of China,' affirms Sri Lanka | Tamil Guardian*



## JAPAN PROVIDES 300 MILLION YEN GRANT FOR 'CLEAN SRI LANKA' PROGRAMME

Japan has provided a grant of 300 million Japanese Yen (approximately LKR 565 million) to Sri Lanka for enhancing waste management infrastructure under the 'Clean Sri Lanka' programme. The grant will fund the procurement of 28 garbage compactors to improve waste transport capacity in the Western, Northern, and Eastern Provinces. The Memorandum of Understanding was signed by Japan's Parliamentary Vice-Minister of Foreign Affairs, Sayama Akiko, and Sri Lanka's Ministry of Finance Secretary Mahinda Siriwardana. Japan also expressed ongoing support for Sri Lanka's anti-corruption initiatives and broader governance reform.

*Source: Japan provides 300 million Yen grant for 'Clean Sri Lanka' programme - Breaking News | Daily Mirror*

## IMPORT GROWTH PICKS UP AS ECONOMY NORMALISES



Sri Lanka's imports reached a record monthly high of US\$ 1.93 billion in December 2024, marking a 29.3% increase from December 2023, driven by strong year-end demand and economic recovery. Exports also grew by 10% in December, reaching US\$ 1.1 billion, largely supported by higher petroleum and agricultural exports. Despite this, the monthly trade deficit widened to US\$ 822.7 million from US\$ 486.8 million in the previous year. For 2024, the trade deficit stood at US\$ 6.1 billion, up from US\$ 4.9 billion in 2023, with total imports at US\$ 18.8 billion and exports at US\$ 12.8

billion. Key export sectors included petroleum products, textiles and garments, and agricultural products such as tea, spices, and coconuts. Machinery and equipment, textiles, and fuel were the major contributors to Sri Lanka's imports, reflecting a rebound in public and private investments. The country also saw a rise in consumer goods imports, with food, beverages, and home appliances contributing to the increase. As Sri Lanka lifted the ban on personal vehicle imports, the Central Bank indicated support for up to US\$ 1 billion in vehicle imports in 2025 without affecting the economy.

- December 2024 imports at US\$ 1.93bn, up 29.3% & highest for 2024
- 2024 total imports at US\$ 18.8bn while exports came in at US\$ 12.8bn
- Trade deficit expands to US\$ 6.1bn in 2024 from US\$ 4.9bn in 2023
- Officials confident of even up to a billion dollar worth of vehicle imports as Sri Lanka lifts remaining controls

*Source: Hambantota International Port achieves 22% growth rate in 2024 - DailyNews*

## SRI LANKA'S INFLATION DROPS TO MINUS 2% IN DECEMBER

Sri Lanka's consumer price inflation dropped to -2% year-on-year in December, a further improvement from -1.7% in November. The food category saw a decrease of -1.0%, reversing its 0.0% change in the previous month, while the non-food category saw a more modest reduction of -2.9%, compared to -3.1% in November. This deflationary trend is expected to continue in the coming months, with inflation projected to reach 2%-3% by mid-2025, helped by recent reductions in household, industrial, and tourism sector power tariffs. The central bank forecasts a return to 5% inflation by mid-2025. The country's economy, which suffered from its worst financial crisis in 2022, has shown signs of recovery, with an estimated 5% growth in 2024, supported by a \$2.9 billion IMF program.

*Source: Sri Lanka's inflation drops to minus 2% in December | The Business Standard*

## OVER 3,000 SRI LANKANS FACE US DEPORTATION ORDERS

As of November 24, 2024, the US Immigration and Customs Enforcement (ICE) has announced that 3,065 Sri Lankan nationals are among the 1,445,549 non-citizens on its non-detained docket with final orders of removal. While these individuals face potential deportation, legal challenges, such as asylum claims or protection under the Convention against Torture, can delay the process. Additionally, delays are often caused by a lack of cooperation from foreign governments in verifying nationality, issuing travel documents, and accepting repatriation flights. ICE has listed 15 countries as uncooperative, including Bhutan, Burma, Cuba, and several others, with 11 more nations at risk of non-compliance.

*Source: Over 3,000 Sri Lankans face US deportation orders - Breaking News | Daily Mirror*

## MALDIVES

### INDIA REBUKES MALDIVES OVER FREE TRADE DEALS WITH CHINA, TÜRKIYE



India has publicly expressed concern over the Maldives' recent free trade agreements with China and Türkiye, warning that these deals could jeopardize the country's fiscal stability and affect Indian policies. The Maldives began implementing its free trade agreement with China on January 1, 2024, and is set to begin a preferential trade agreement with Türkiye in the first quarter. India's Ministry of External Affairs noted that these agreements, which could result in revenue losses for the Maldives, are of particular concern. The Maldives' economic challenges, including high public debt and fiscal vulnerabilities, were highlighted by the World Bank. The agreements, particularly the revived China deal, have faced opposition from the Maldivian Democratic Party (MDP), which fears increased reliance on Chinese imports and loss of essential import duties. While the Maldives' government assures that revenue shortfalls will be offset, India has indicated it will consider the implications of these deals in shaping future policies.

*Source: [India Rebukes Maldives Over Free Trade Deals With China, Türkiye - The Wire](#)*



### JANUARY SEES RECORD TOURIST ARRIVALS, INCREASED FISHERMEN PAYMENTS

In January 2025, the Maldives saw remarkable growth in its key economic sectors, tourism and fisheries. Tourist arrivals surged by 8%, reaching 207,798 visitors compared to 192,385 in January 2024. The highest single-day arrival was recorded on January 31, with 9,495 tourists. China, Russia, and Italy were the top source markets. In the fisheries sector, the Maldives Industrial Fisheries Company (MIFCO) increased payments to fishermen by 47%, disbursing over USD 6.44 million in January 2025, up from USD 4.38 million in December 2024. The payments, made to 1,750 fishing vessels, were processed within 48 hours, in line with President Dr. Muizzu's pledge.

*Source: [January Sees Record Tourist Arrivals, Increased Fishermen Payments](#)*

## **PRESIDENT DR MUIZZU ASSERTS METICULOUS PLANNING BEHIND DEVELOPMENTAL INITIATIVES**

President Dr. Mohamed Muizzu, during his three-day tour of Haa Alifu Atoll, firmly addressed allegations that his administration was making unplanned promises for developmental initiatives. He reassured residents of Muraidhoo that every commitment made had been meticulously planned, with clear paths outlined for their implementation. The president acknowledged delays in 2024 due to economic prioritization and budget constraints but emphasized that ongoing and new projects would soon resume, funded through the latest budget. Key initiatives include addressing the harbour challenges, constructing roads, improving healthcare, and developing educational facilities in Muraidhoo. Additionally, he highlighted plans to build sports facilities and improve human resources across islands. During his visit, Muizzu also launched the construction of a new police station and Council Secretariat building in Muraidhoo as part of a broader initiative to strengthen local governance and law enforcement services.

*Source: [President Dr Muizzu Asserts Meticulous Planning Behind Developmental Initiatives](#)*

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## **AFGHANISTAN**

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### **TALIBAN CALLS INDIA A 'SIGNIFICANT REGIONAL PARTNER' AFTER OFFICIALS MEET**

The Taliban has referred to India as a "significant regional and economic partner" following high-level talks between Indian Foreign Secretary Vikram Misri and Taliban Foreign Minister Amir Khan Muttaqi in Dubai. The discussions focused on strengthening political and economic ties, particularly through the Chabahar Port in Iran. India expressed its readiness to engage in development projects and provide material support for Afghanistan's health sector and repatriated refugees. Despite not recognizing the Taliban government, India has continued providing humanitarian aid. The meeting occurred amid rising tensions between Afghanistan and Pakistan, with India condemning recent airstrikes by Pakistan on Afghan soil.

*Source: [Taliban calls India a 'significant regional partner' after officials meet | Taliban News | Al Jazeera](#)*

### **TALIBAN REJECT US REPORT ON PRESENCE OF ISIS IN AFGHANISTAN**

The Afghan Taliban has rejected a US report that highlights the presence of ISIS (Daesh) and other militant groups in Afghanistan. Taliban deputy spokesperson Hamdullah Fitrat dismissed the report by the US Special Inspector General for Afghanistan Reconstruction (SIGAR), asserting that ISIS has been suppressed in the country. He also criticized concerns about ISIS activities, calling them part of a "campaign" that supports the group. The SIGAR report raised alarms about ISIS, Tehreek-i-Taliban Pakistan (TTP), and Al-Qaeda in Afghanistan, while Pakistan has frequently accused Afghanistan of hosting TTP militants, which Kabul denies.

*Source: [Taliban reject US report on presence of ISIS in Afghanistan](#)*

### **ISLAMIC EMIRATE SEEKS TO REVIVE KABUL-BERLIN RELATIONS**

Zabihullah Mujahid, spokesperson for the Taliban, has emphasized the importance of reviving relations between Kabul and Berlin, acknowledging Germany's historical involvement in Afghanistan. He criticized Germany for its role in the 20-year occupation, which led to suffering among Afghans, and called for compensation. Mujahid expressed the Taliban's desire to establish good relations with Germany, which has had long-standing ties with Afghanistan. Meanwhile, Zalmay Afghanyar, a political analyst, noted that these discussions are a mix of intelligence and media-driven, aiming to secure national interests. The German Parliament's Enquete Commission recently acknowledged the failure of Germany's mission in Afghanistan, suggesting dialogue with the Taliban but distancing itself from collaboration. Analysts like Salim Paigir emphasized the need for Germany to recognize Afghanistan's current crisis and restore ties to provide much-needed economic assistance.

*Source: [Islamic Emirate Seeks to Revive Kabul-Berlin Relations | TOLONews](#)*

# ABOUT BEI

*Bangladesh Enterprise Institute is a non-profit, non-political research center. Established in October 2000, the Institute has established for itself a reputation for excellence in its research and advocacy work focusing on the growth of private enterprise in Bangladesh. The Institute promotes issues of importance to the private sector and seeks to initiate essential measures and influence policy for the development of a market-oriented economy. Through the promotion of sustainable growth in domestic trade, commerce and industry, BEI hopes to address the enormous challenge for Bangladesh in securing a fair share of the global market.*

*BEI has a particular interest in the support and growth of Small and Medium-Sized Enterprises (SMEs), which have the potential to be the engine of economic growth in Bangladesh. BEI also undertakes research and policy advocacy work focusing on the issues of foreign policy and security, particularly those of terrorism impacting Bangladesh and South Asia.*

*Being conscious of the enormous challenge to securing a fair share for Bangladesh in the global market as well as to address issues of trade and investment promotion, the Bangladesh Enterprise Institute (BEI) was established under the initiative of some leading business personalities of the country.*

*M Humayun Kabir, former Ambassador, has been working as the President and Chief Executive of the institute.*

*The institute is registered with the Registrar of Joint Stock Companies, Bangladesh, under the Societies Registration Act.*

## DISCLAIMER

In compiling this weekly news update, BEI has attempted to include the most relevant news accounts from the past week concerning South Asian Region. From time to time, news beyond South Asia has also been included if it finds relevance on any issues to the region. We recognize that some developments may have been overlooked, and that some sources may not be viewed by all as credible or balanced. Inclusion of a news story and its summary does not constitute any kind of endorsement or position taken by BEI, and the text and positions included in the above are solely extracted from various news articles published in the print media in various countries in South Asia and beyond. If you have any comments or feedback for us regarding this digest, please email at [bei@bol-online.com](mailto:bei@bol-online.com). For more information about BEI and our work, please visit <https://www.bei-bd.org/> ]

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