WEEKLY NEWS HIGHLIGHTS

BANGLADESH ENTERPRISE INSTITUTE (BEI)
| Brief Highlights on Current Issues of South Asia |
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BANGLADESH

IMF TO ASSESS BANGLADESH'S NEED FOR FRESH LOAN

An IMF delegation is set to visit Dhaka from September 24 to 30 to assess Bangladesh's financial needs as the country seeks a fresh $3 billion loan. Julie Kozack, IMF Communications Director, stated that the IMF will closely evaluate economic developments and any potential financing requirements during the visit. The IMF is committed to supporting Bangladesh's reform agenda, and discussions have already taken place between Bangladesh's Finance Adviser Salehuddin Ahmed and the IMF. Bangladesh's foreign reserves have been falling, recently at $19.44 billion, which is barely enough to cover two months of imports. The country also faces significant energy sector debts and needs around $1 billion monthly for import payments. The interim government is seeking budgetary support from development partners to stabilize the reserves.

***Source**: IMF Loan for Bangladesh $3 Billion | IMF to assess Bangladesh's need for fresh loan (thedailystar.net)*

FOREX RESERVES DROP TO $19.4B AFTER ACU PAYMENT

Bangladesh's foreign exchange reserves dropped to $19.44 billion after paying $1.37 billion in import bills for July and August through the Asian Clearing Union (ACU). The reserve fell from $20.54 billion on August 29, according to the IMF's Balance of Payment Manual. Using conventional calculations, the gross reserve now stands at $24.5 billion, down from $25.56 billion before the ACU payment. Reserves have steadily declined since their peak of $48 billion in August 2021 due to rising import costs and lower exports and remittances. However, following the recent political transition and the devaluation of the taka to Tk 120 per US dollar, remittances surged by 39% year-on-year to $2.2 billion in August, offering some relief to the reserves.

***Source**: https://www.thedailystar.net/business/news/forex-reserves-drop-194b-after-acu-payment-3701916*

INDIA SLASHES ONION EXPORT DUTY, PRICES LIKELY TO FALL IN BANGLADESH

India has lifted its 40% export duty on onions after four months and nine days, a move expected to increase imports and reduce prices in Bangladesh's local market. The decision was communicated to Indian traders through a circular issued by India's Director General of Foreign Trade, Santosh Kumar Sarangi, and shared with Bangladeshi importers. Onion importers at Hili land port noted that while India had resumed onion exports in May 2024, the imposed duty kept prices high, leading Bangladesh to source onions from Egypt, Pakistan, and other countries. With the removal of the duty, onion imports from India are expected to rise, bringing down prices in Bangladesh. Previously, India raised the export price of onions to $800 per ton in October last year and imposed an export ban due to production disruptions from floods, later replaced by the duty in May.

***Source**: India slashes onion export duty, prices likely to fall in Bangladesh (dhakatribune.com)*

USAID TO PROVIDE OVER $200M

The United States Agency for International Development (USAID) will provide over $200 million in aid to support Bangladesh's interim government in advancing development, empowering youth, and strengthening democracy and governance. The agreement was signed between USAID and Bangladesh's Economic Relations Division (ERD) at the State Guest House

INSIDE ISSUES

Padma in Dhaka. Anjali Kaur, deputy assistant administrator at USAID, emphasized the focus on economic stability, growth, health improvement, and youth empowerment. The $202 million grant is part of USAID's $954 million commitment to Bangladesh for 2021-2026. Since 1972, the US has contributed over $8 billion to Bangladesh through USAID, primarily supporting sectors like governance, food security, and climate change. Finance Adviser Salehuddin Ahmed also discussed financial sector reforms and export diversification with US officials.

***Source**: USAID to provide over $200m | The Daily Star*

WORLD BANK TO PROVIDE $1 BILLION LOAN WITH FOUR CONDITIONS

The World Bank has agreed to provide a $1 billion loan to Bangladesh, with four conditions aimed at reforming the banking and financial sectors. Of this, $750 million must be used for policy reforms, with the loan expected by December. The conditions include establishing asset management companies to recover non-performing loans, determining loan beneficiaries, conducting forensic audits, and creating a regulatory enforcement department within Bangladesh Bank. The remaining $250 million is allocated for investment loans and guarantees. The Asian Development Bank (ADB) is also interested in providing a $1.5 billion loan, conditional on redefining non-performing loans and launching SME projects. Bangladesh Bank has already addressed 50% of the required reforms. Following the fall of the Awami League government, the interim government has focused on banking sector reforms, reorganizing the boards of 11 banks, including nine previously controlled by the controversial S Alam Group, which is accused of siphoning Tk 2000 billion.

***Source**: https://en.prothomalo.com/bangladesh/5yoxz3s0r3*

MALAYSIAN ENVOY FOR BROADENING TIES WITH BANGLADESH ON TRADE, INVESTMENT, MIGRATION

The High Commissioner of Malaysia to Bangladesh, Haznah Md Hashim, highlighted the importance of strengthening bilateral relations between Bangladesh and Malaysia in various sectors such as trade, investment, labour migration, technology, human resource development, and diplomatic cooperation. She made these remarks during the Bangladesh Institute of International and Strategic Studies (BIISS) Country Lecture Series (CLS) titled “Bangladesh-Malaysia Relations: Moving towards Prosperity,” held at the BIISS auditorium. The event was chaired by BIISS Chairman Ambassador AFM Gousal Azam Sarker, with Additional Foreign Secretary M Riaz Hamidullah as a special guest. The session featured discussions on enhancing Bangladesh-Malaysia ties, marking the first CLS of 2024 after a pause due to Covid-19. Participants included senior officials, diplomats, military personnel, researchers, and representatives from various sectors. The CLS, introduced by BIISS in 2013, aims to deepen understanding and explore potential in Bangladesh's relationships with partner countries.

***Source**: Malaysian envoy for broadening ties with Bangladesh on trade, investment, migration (dhakatribune.com)*

MASSIVE 5TCF GAS RESOURCE FOUND IN BHOLA, VALUED AT TK6.5 LAKH CRORE

A joint study by Russian energy giant Gazprom and Bangladesh Petroleum Exploration and Production Company Limited (Bapex) has identified a potential gas resource of up to 5.109 trillion cubic feet (tcf) in Bhola, Bangladesh. The study, conducted between 2020 and June 2024, included a 3D seismic survey revealing a recoverable resource of 2.423 tcf and a 2D survey identifying an additional 2.686 tcf. The findings, submitted to the Ministry of Power, Petrobangla, and Bapex, indicate a 10% chance of finding the full 5.109 tcf, with a 50% chance of 3.391 tcf and a 90% chance of 1.809 tcf. The discovery, the largest since the Bibiyana field in 1998, could address Bangladesh's gas shortages if 49 new wells are drilled. Current production in Bhola stands at 80 million cubic feet of gas per day (mmcfd), and future drilling could potentially increase daily output to 920 mmcfd. Efforts are underway to connect Bhola’s gas to the national grid and reduce reliance on expensive LNG imports.

***Source**: https://www.tbsnews.net/bangladesh/energy/massive-5tcf-gas-reserve-found-bhola-valued-tk65-lakh-crore-942486*

EXTERNAL DEBT CROSSES $100B AGAIN

Bangladesh's external debt has risen to $103 billion as of June 2024, with the public sector holding $83.21 billion and the private sector $20.57 billion, according to central bank data. This marks a 4% increase in the April-June quarter, following a slight decrease in March when total external debt dipped to $99.30 billion. Despite surpassing the $100-billion mark for the first time in December 2023, the debt remains within the IMF's recommended threshold. However, concerns are growing due to rising global interest rates and the increasing value of the US dollar

INSIDE ISSUES

against the taka, which have slowed private sector borrowing. Interest rates for foreign loans, which were previously as low as 1-2%, have risen to 8-9%, significantly affecting debt growth in the private sector. Experts warn that the ongoing increase in external debt, coupled with a 25.73% surge in debt servicing in the 2023-24 fiscal year, will present mounting repayment challenges for Bangladesh, particularly as revenue and foreign exchange earnings slow down. Debt servicing for 2023-24 totaled $3.35 billion, adding further pressure on the country's economic outlook.

Source: *Bangladesh External Debt 2024 | External debt crosses $100b again (thedailystar.net)*

MONEY IN CIRCULATION ROSE IN JULY

In July 2024, the amount of currency in circulation outside the banking system surged to Tk291,630 crore, up from Tk290,436 crore in June. This increase was driven by a combination of political instability, public distrust in banks, and inflationary pressures. The surge follows widespread irregularities in the banking sector during the Awami League government, which was ousted by a student-led uprising on August 5. Bankers report that depositors have been withdrawing significant amounts since the start of the year due to concerns over the safety of their funds. This fear intensified in July amid protests organized by the Anti-Discrimination Students Movement, demanding reforms to the government job quota system. The situation worsened following a nationwide curfew and internet blackout imposed on July 19, which disrupted banking and business activities. Rising inflation, which reached 11.66% in July, has also played a significant role in the increase in cash withdrawals. Many households, particularly those with fixed and low incomes, have struggled with the rising cost of living, prompting more cash withdrawals to meet basic needs. As a result, bank deposits fell by Tk8,197 crore in July, and loan disbursement dropped by Tk3,882 crore. The erosion of trust in the banking sector, exacerbated by loan scandals and irregularities, has led some depositors, including politicians and business figures, to move their money out of banks, fearing political shifts. This increase in cash outside the banking system is troubling for the central bank, as it hampers its ability to manage the money supply and control inflation, further threatening economic stability.

Source: *Money in circulation rose in July (dhakatribune.com)*

IMF: BB CAN INTRODUCE PRICE INDEX FOR RESIDENTIAL PROPERTIES

The International Monetary Fund (IMF) has recommended that Bangladesh Bank publish a publicly available Residential Property Price Index (RPPI) to assess property market developments and risks. An experimental RPPI for Dhaka has already been calculated, a significant achievement, and the IMF suggests publishing it on the central bank's website with quarterly updates and sub-indices for six regions. The IMF advises removing the "experimental" label once improvements are made. The central bank introduced a new data collection template in 2022 but has been slow in mandating its use for all financial institutions. The IMF recommends prioritizing this, expanding the Residential Property Price Analysis (RPPA) wing, and increasing staff with relevant skills. The current RPPI uses mortgage data from financial institutions, but it does not cover cash transactions, limiting the scope of the index.

Source: *IMF: BB can introduce price index for residential properties (dhakatribune.com)*

NEW CUSTOMS CODES TO STREAMLINE EXPORT REPORTING

The government of Bangladesh is introducing three new Customs Procedure Codes (CPCs) to improve the accuracy of export data and eliminate multiple entries for the same items. These codes will differentiate sample exports, "Cut, Make, and Trim" (CMT) exports, and local exports, enhancing tracking and reporting. The new system mandates that export numbers must be included in the bill of export to ensure proper registration in the automated customs platform, Asycuda. This reform follows the discovery of a $10.81 billion discrepancy in export data between Bangladesh Bank and the Export Promotion Bureau (EPB) for the period of July 2023 to May 2024. An inter-ministerial committee has been tasked with resolving these discrepancies within three months. Additionally, a special monitoring cell will verify monthly export data to reduce errors in the future. Accurate reporting is crucial for meeting the country's export targets of $50 billion in goods and $7 billion in services for the current fiscal year.

Source: *New customs codes to streamline export reporting (dhakatribune.com)*

US FOR PROTECTING BANGLADESH'S NAT'L MINORITIES FROM VIOLENCE, DISCRIMINATION

Bangladesh's interim government Chattogram Hill Tracts (CHT) affairs adviser, Supradip

INSIDE ISSUES

SRI LANKA

MALDIVES

AFGHANISTAN

Chakma, met with a delegation from the U.S. Embassy to discuss efforts to build a non-discriminatory society in the country. He emphasized the government's focus on ensuring justice for all citizens and building confidence among the people. The U.S. delegation, led by Charge d'Affaires Helen LaFave, expressed support for the rights of indigenous communities and all Bangladeshis, stressing the need to protect the national minority communities from discrimination and violence. The meeting highlighted the importance of law and order, equal development, and improved education in the CHT. The discussion followed a period of tension after recent sectarian violence in Khagrachari and Rangamati, which left four national minority individuals dead.

Source: *New Age | US for protecting Bangladesh's nat'l minorities from violence, discrimination (newagebd.net)*

NBR OPENS E-RETURN SERVICE CENTRE

The National Board of Revenue (NBR) launched an e-return service centre today to help taxpayers submit tax returns in line with regulations. NBR Chairman Md Abdur Rahman Khan and EU representative Michal Krejza inaugurated the centre, which will be staffed by trained NBR officials and supported by the EU's Public Financial Management Programme. Taxpayers can receive assistance via phone on workdays or through the NBR's eTax service online. The NBR chairman emphasized that the initiative is part of a broader digital transformation aimed at building a corruption-free Bangladesh. Krejza highlighted the importance of this reform for the country's development, noting a goal of significantly increasing e-return submissions this year.

Source*: NBR opens e-return service centre | The Daily Star*

INDIA

INDIA'S KASHMIR HOLDS FIRST REGIONAL ELECTION SINCE LOSING AUTONOMY

Voters in Indian-administered Kashmir are casting ballots in local government elections, the first since the region lost its semi-autonomous status in 2019. Nine million voters are electing members to the 90-seat legislature, with voting phases on September 25 and October 1. The elections are seen as a referendum on the revocation of Kashmir's special status by Prime Minister Narendra Modi, which sparked anger in the Muslim-majority region. Modi's government claims the change restored normalcy and development. Key issues include restoring the region's special status, unemployment, drug abuse, and the imprisonment of young Kashmiris. The BJP focuses on development and ending militancy, while voter turnout remains a critical factor. Results are expected on October 8.

Source*: India's Kashmir holds first regional election since losing autonomy | India-Pakistan Partition News | Al Jazeera*

ATISHI NEW CHIEF MINISTER OF INDIA'S CAPITAL TERRITORY AFTER KEJRIWAL QUITS

Delhi minister Atishi will become the new chief minister of India's national capital territory following Arvind Kejriwal's resignation, according to an announcement by the Aam Aadmi Party (AAP). Kejriwal, who served as Delhi's chief minister since 2015, announced his resignation after being released on bail in a corruption case. The AAP claims his arrest was politically motivated by Prime Minister Narendra Modi's BJP. Atishi, a key figure in AAP, will serve as interim chief minister until elections in February 2024. She expressed her commitment to continuing Kejriwal's vision and hopes to see him re-elected.

Source*: Atishi new chief minister of India's capital territory after Kejriwal quits | Politics News | Al Jazeera*

INDIA INVESTIGATES SIX LOCAL INVESTMENT BANKS OVER HANDLING OF SMALL IPOS, SOURCES SAY

India's securities regulator, SEBI, is investigating six domestic investment banks for charging unusually high fees in small business IPOs, according to confidential sources. These banks reportedly charged up to 15% of funds raised, compared to the typical 1-3% in India. SEBI's probe began earlier this year, focusing on the practice of oversubscribing IPOs by coordinating with investors to attract more bids. This activity has raised concerns about the integrity of the IPO process for small businesses, which face fewer regulatory requirements. SEBI is preparing to introduce tighter rules and recently capped first-day share gains for small businesses at 90%. SEBI has also called on auditors and exchanges to be more vigilant in reviewing IPO disclosures.

Source*: https://www.reuters.com/world/india/india-investigates-six-local-investment-banks-over-handling-small-ipos-sources-2024-09-24/*

INDIA TO OPEN NEW CONSULATES IN BOSTON, LOS ANGELES: PM MODI IN US VISIT

India will open two new consulates in Boston and Los Angeles, Prime Minister Narendra Modi announced, addressing a long-standing demand of the Indian American community. Boston is known for its education and pharma sectors, while Los Angeles, home to Hollywood and the upcoming Olympics, is also the former mayoral city of US Ambassador to India, Eric Garcetti. The new consulates will add to the six already operational in New York, Atlanta, Chicago, Houston, San Francisco, and Seattle. The announcement was welcomed by the Los Angeles community, with local leaders like Gunjan Bagla, CEO of Amritt Inc, expressing gratitude and highlighting the importance of India's presence in the Indo-Pacific hub. Bagla had led efforts to gather support for the consulate, citing its benefits for trade and emergency travel needs for Indian Americans.

Source*: India to open new consulates in Boston, Los Angeles: PM Modi in US visit | India News - Business Standard (business-standard.com)*

PM MODI MEETS PALESTINIAN PM ABBAS IN NEW YORK, EXPRESSES DEEP CONCERN OVER GAZA HUMANITARIAN CRISIS

Indian Prime Minister Narendra Modi met Palestinian President Mahmoud Abbas in New York on Sunday, expressing concern over the humanitarian crisis in Gaza and reaffirming India's support for peace and stability in the region. The meeting took place on the sidelines of the UN General Assembly session. Modi highlighted India's longstanding friendship with the Palestinian people and emphasized continued support for them. Ministry of External Affairs spokesperson Randhir Jaiswal confirmed Modi's message of concern and support for Palestine. Modi is currently in New York after attending the Quad Leaders' Summit in Wilmington and later addressed the Indian-American community at a large event in Long Island..

***Source**: Narendra Modi in US: PM meets Palestinian President, expresses 'deep concern' over Gaza situation | Latest News India - Hindustan Times*

US SUPPORTS INDIA'S PUSH FOR PERMANENT MEMBERSHIP IN UN SECURITY COUNCIL

The United States has reiterated its support for India's bid for a permanent seat on the United Nations Security Council (UNSC), following bilateral talks between Prime Minister Narendra Modi and President Joe Biden during the Quad Leaders' Summit in Wilmington, Delaware. The Quad nations (US, India, Japan, and Australia) jointly emphasized the need for comprehensive reform of the UNSC, advocating for greater representation, inclusivity, and transparency. The leaders highlighted the importance of expanding permanent membership to include regions such as Africa, Asia, Latin America, and the Caribbean. India has long sought a permanent seat, citing its contributions to global peacekeeping and its status as the world's largest democracy. President Biden has consistently backed India's candidature, including during a G20 meeting in 2023. India has previously held a non-permanent seat on the UNSC eight times, most recently during 2021-22.

***Source**: US backs India bid for permanent seat in UN Security Council - India Today*

SUCCESS OF HUMANITY LIES NOT IN BATTLEFIELD: PM MODI AT UN

Prime Minister Narendra Modi addressed the United Nations General Assembly, emphasizing the need for global peace and reforms in international institutions. Speaking at the "Summit of the Future" in New York, he stressed that collective strength, not conflict, is essential for humanity's success. Modi called for reforms in global organizations to address emerging threats like terrorism, cyber, maritime, and space conflicts. His remarks followed the UN's adoption of the "Pact for the Future," aimed at tackling 21st-century challenges such as climate change and human rights. Russia, leading a group of dissenting nations, criticized the pact, arguing it lacked sufficient negotiation opportunities for dissatisfied countries.

***Source**: Success Of Humanity Lies Not In Battlefield: PM Narendra Modi At UN (ndtv.com)*

PAKISTAN

PAKISTAN REMOVES SPECIAL REPRESENTATIVE TO AFGHANISTAN: REPORT

Pakistan's special envoy for Afghanistan, Asif Durrani, has reportedly resigned from his position, though local media claims suggest it was due to policy differences with Pakistan's military establishment. Durrani, however, denies these reports, stating he resigned for personal reasons. Appointed in May 2023, Durrani's role involved maintaining contact with Afghanistan and neighboring countries to address security concerns, particularly the issue of Tehrik-e-Taliban Pakistan (TTP) militants allegedly operating from Afghan territory. Relations between Pakistan and the Afghan Taliban have become strained due to cross-border security issues, including militant attacks and deportation policies affecting Afghan refugees.

***Source**: Pakistan's special envoy for Afghanistan removed from office: Report (aa.com.tr)*

STOCKS FALTER ON MOUNTING POLITICAL TENSIONS

The stock market ended its six-day winning streak on Monday, with the KSE-100 index falling below 82,000 due to rising political tensions and profit-taking. After reaching an all-time high in the previous session, the index dropped 223.94 points, settling at 81,850.50. Ahsan Mehanti of Arif Habib Corporation cited political uncertainty, including the Supreme Court's support for PTI's bid for reserved seats and foreign selling, as key contributors to the decline. Concerns over the privatization of state-owned enterprises and the new IMF programme also affected market sentiment. The trading volume fell 17.01%, while the traded value dropped 38.08%. Significant contributors to the volume included companies like Pace Pak Ltd, WorldCall Telecom, and OGDCL. Foreign investors offloaded shares worth $3.20 million, further weighing on the market.

***Source:** Stocks falter on mounting political tensions - Business - DAWN.COM*

XI, SHEHBAZ AIM TO BUILD 'SHARED FUTURE'

Chinese President Xi Jinping and Pakistani Prime Minister Shehbaz Sharif reaffirmed their commitment to promoting the China-Pakistan Economic Corridor (CPEC) and strengthening strategic ties. In a birthday letter to PM Shehbaz, President Xi praised the strong bilateral partnership and recalled the PM's successful visit to China in June. Xi emphasized the importance of China-Pakistan cooperation and expressed his intent to work closely with Shehbaz to enhance their strategic relationship. PM Shehbaz responded by expressing gratitude and reiterated their shared goal of building a prosperous future together. Additionally, PM Shehbaz is set to attend the UN General Assembly session in New York, with meetings planned with key global leaders. He also extended greetings to Saudi Arabia on its 94th National Day, praising the kingdom's leadership and Vision 2030 initiative.

Source: *Xi, Shehbaz aim to build 'shared future' - World - DAWN.COM*

CHINESE FIRM TO SET UP TEXTILE PARKS IN PAKISTAN

Chinese investment company RUYI plans to establish textile parks in Pakistan, inviting around 100 Chinese textile firms to invest in these facilities, according to a statement from Prime Minister Shehbaz Sharif's office. The first park will be inaugurated later this year, with completion expected in three years. In the first phase, these parks are projected to export $2 billion worth of products, with a further $5 billion in the second phase, creating between 300,000 and 500,000 jobs. The parks will utilize zero-carbon automatic technology, powered by solar energy. RUYI also operates a coal power plant in Punjab's Sahiwal district. This initiative is part of the China Pakistan Economic Corridor (CPEC) under China's Belt and Road Initiative (BRI).

Source: *Chinese firm to set up textile parks in Pakistan - World - DAWN.COM*

POWER SECTOR CIRCULAR DEBT TO HIT RS2.8TRN DESPITE 51% HIKE IN ELECTRICITY TARIFF

Pakistan's power sector circular debt is projected to reach a record Rs2.8 trillion by the end of fiscal year 2024-25, according to the Ministry of Energy. Despite a 51% increase in power tariffs in July, the circular debt is expected to rise by Rs417 billion during FY25. As of June, the debt stood at Rs2.383 trillion, surpassing the cap agreed with the IMF and the federal cabinet's Circular Debt Management Plan. The government has allocated Rs381 billion in subsidies to curb the debt at Rs2.42 trillion by June 2025, but consistently missing reduction targets remains a challenge. Electricity prices for consumers have risen to Rs64-72 per unit, contributing to the debt increase. The debt is expected to reach over Rs2.7 trillion by December and peak at Rs2.8 trillion by March 2025, before subsidies reduce it to Rs2.42 trillion by the fiscal year's end.

Source: *Power sector circular debt to hit Rs2.8trn despite 51% hike in electricity tariff - Profit by Pakistan Today*

NEPAL

IMF SEES SIGNS OF RECOVERY IN NEPAL'S ECONOMY

Nepal's economy is showing early signs of recovery, according to the International Monetary Fund (IMF). An IMF staff team, led by Sarwat Jahan, visited Kathmandu from September 11-22, 2024, to assess the economy and the implementation of the Extended Credit Facility (ECF) programme. Positive indicators include growing imports, improved tax collections, and increased public investment. Credit growth is also recovering, while inflation has slowed to 3.6% by mid-July, helped by lower commodity prices and weak demand. Jahan emphasized the importance of reforms to sustain economic growth, including enhancing public investment, strengthening revenue mobilization, and addressing vulnerabilities in savings and credit cooperatives. Amendments to the Anti-Money Laundering Act and progress on governance reforms, such as the NRB Act, are seen as positive steps. The IMF team praised Nepal's efforts in meeting programme commitments and held meetings with senior government officials and private sector representatives.

Source: *IMF sees signs of recovery in Nepal's economy - The Himalayan Times - Nepal's No.1 English Daily Newspaper | Nepal News, Latest Politics, Business, World, Sports, Entertainment, Travel, Life Style News*

UNDP, EU LAUNCH USD 2.68 MILLION PROJECT TO STRENGTHEN EARTHQUAKE PREPAREDNESS IN WESTERN NEPAL

The United Nations Development Programme (UNDP), in collaboration with the Government of Nepal, UNICEF, and UN Women, has launched the "SUPER II: Strengthening Urban Preparedness and Earthquake Response in Western region of Nepal" project. Funded by the European Union with a budget of USD 2.68 million, the project will enhance earthquake preparedness and urban risk management for over 500,000 people in Lumbini, Karnali, and Sudurpaschim provinces, including marginalized communities. The project will focus on Nepalgunj, Dhangadhi, and Birendranagar municipalities. Building on the earlier SUPER-I initiative, it aims to strengthen local and federal disaster risk management systems, incorporating lessons from previous earthquakes. European Union Ambassador Veronique Lorenzo highlighted the importance of community and authority cooperation in disaster preparedness. UNDP Resident Representative Kyoko Yokosuka emphasized the commitment to include at-risk populations in disaster interventions. The project will involve various stakeholders, including parliamentarians, NGOs, media, and the private sector..

Source: *UNDP, EU launch USD 2.68 million project to strengthen earthquake preparedness in Western Nepal - The Himalayan Times - Nepal's No.1 English Daily Newspaper | Nepal News, Latest Politics, Business, World, Sports, Entertainment, Travel, Life Style News*

NEPAL'S CHEQUE ERA FADING AS DIGITAL PAYMENTS TAKE PRECEDENCE

The use of cheques in Nepal has significantly declined as digital payments become more prevalent, according to the Nepal Rastra Bank's Payment Oversight Report. In the fiscal year 2022-23, cheque usage dropped by 8.97 percent, while cheque transactions fell by one-fourth in value. Mobile banking and QR code transactions, on the other hand, have surged by 60.19 percent and 104.81 percent, respectively. Experts, including fintech professional Sanjib Subba, emphasize that the shift to digital payments is a positive step toward a cashless society, with cheques potentially becoming obsolete. Subba also noted that digital payments reduce fraud, streamline financial processes, and lower operational costs for banks.

However, challenges remain, such as high data costs and tax policies on digital transactions, which could slow the growth of the digital economy. To further promote digital payments, experts argue for better digital infrastructure, including e-KYC, payment systems, and affordable data access.

Source: *Nepal's cheque era fading as digital payments take precedence (kathmandupost.com)*

BHUTAN

VEHICLE IMPORT BAN SAVES NU 5.3 BILLION

Bhutan's ban on vehicle imports has helped the country save Nu 5.3 billion in foreign reserves between August 2022 and December 2023. Vehicle imports dropped significantly, from Nu 3.2 billion in 2022 to Nu 926.09 million last year, a decline of 71 percent. The government implemented this ban to protect dwindling foreign reserves, which were at USD 736 million at the time. Certain vehicles, such as utility vehicles under Nu 1.5 million, pickup trucks, and approved taxis and buses, remain exempt from the ban. As of November last year, Bhutan's total external reserves were USD 533.29 million, requiring a 27.5 percent increase to lift the ban. Bhutan previously banned vehicle imports during the rupee crisis in 2012, lifting it in July 2014 after reserves improved. However, new taxation policies on imported vehicles were introduced following the ban's lift. With the trade deficit rising from Nu 18.38 billion in 2020 to Nu 55.5 billion last year, Bhutan faces economic challenges if it does not reduce imports or boost exports.

Source: *Vehicle import ban saves Nu 5.3 Billion | Kuensel Online*

BHUTAN OWNS OVER 13,000 BITCOIN WORTH USD 780 MILLION

Bhutan has become the fourth-largest government holder of Bitcoin globally, with over 13,011 BTC valued at USD 780.49 million, representing about 25 percent of the country's GDP for 2023. This information comes from Arkham Intelligence, which noted that Bhutan's Bitcoin holdings result from mining operations rather than law enforcement seizures. The country began mining in 2019-2020 when Bitcoin prices ranged from USD 5,000 to USD 8,000. Bhutan has established mining facilities, the largest located at the defunct Education City project, and plans to expand capacity to 600 megawatts by 2025 in partnership with Bitdeer. However, Bhutan has invested USD 539 million in cryptocurrency mining over the last two fiscal years, leading to a significant decline in reserves from USD 1.27 billion in June 2021 to USD 573 million by June 2023. Druk Holding and Investments (DHI) financed these mining operations through loans from the Royal Monetary Authority (RMA), with bond issuances contributing to imports of IT equipment. Although recent increases in cryptocurrency values have helped DHI repay loans, the government has stated there will be no further imports of IT equipment in the 2023-24 fiscal year.

Source: *Bhutan owns over 13,000 Bitcoin worth USD 780 million | Kuensel Online*

PM ATTENDS SPECIAL SESSION OF UN THAT ADOPTS 'PACT FOR THE FUTURE' COVERING PEACE, CLIMATE FINANCING, DIGITAL COOPERATION, YOUTH AND HUMAN RIGHTS

PM Lyonchhen Dasho Tshering Tobgay addressed the Summit of the Future at the UN General Assembly, highlighting the Summit as a beacon of hope during challenging times. He emphasized the need for collective commitment to achieving a brighter future, aligning the Pact for the Future with Bhutan's aspiration to become a developed country by 2034. The Prime Minister called for political will, equitable resource distribution, and strong partnerships to ensure no country is left behind. He stressed the importance of bridging the digital divide and engaging youth in decision-making. The Summit led to the adoption of the Pact for the Future, which includes a Global Digital Compact and a Declaration on Future Generations, focusing on peace, sustainable development, and human rights. The Pact aims to reform international cooperation and includes commitments to nuclear disarmament, climate action, and digital cooperation. Over 4,000 participants contributed to the Summit, which featured Action Days that gathered more than 7,000 individuals advocating for digital inclusion.

Source: *PM attends special session of UN that adopts 'Pact for the future' covering peace, climate financing, digital cooperation, youth and human rights – The Bhutanese*

SRI LANKA

ANURA KUMARA DISSANAYAKE SWORN IN AS SRI LANKA'S PRESIDENT

Sri Lanka's new president, Anura Kumara Dissanayake, has been sworn into office, promising to bring "clean" politics as the country recovers from its severe economic crisis. Dissanayake, a left-leaning leader, positions himself as a disruptor of the political status quo, aiming to address corruption and cronyism that have long affected the nation. His election follows widespread protests in 2022 that led to the ousting of former president Gotabaya

Rajapaksa. In his address, Dissanayake emphasized the need to strengthen democracy and pledged to establish a new political culture that earns the public's trust. He highlighted the importance of national unity among Sri Lankans of all ethnicities and religions. During his campaign, he promised good governance, anti-corruption measures, and support for sectors like manufacturing, agriculture, and IT. Dissanayake's victory, with 5,740,179 votes, was confirmed after a close election that required a second round of counting. His anti-corruption platform resonated with voters eager for systemic change, helping him overcome concerns about his party's violent past. Outgoing President Ranil Wickremesinghe congratulated Dissanayake, marking a significant political shift in Sri Lanka.

Source: *Anura Kumara Dissanayake sworn in as Sri Lanka's president (bbc.com)*

HARINI AMARASURIYA SWORN IN AS PRIME MINISTER

Dr. Harini Amarasuriya of the National People's Power (NPP) has been sworn in as Sri Lanka's new Prime Minister, becoming the 16th individual to hold this position. In addition to her role as Prime Minister, she will serve as the Minister of Justice, Education, Labour, Industries, Science & Technology, Health, and Investments. Reports indicate that MPs Vijitha Herath and Lakshman Nipuna Arachchi are also set to be appointed as ministers. In a significant political move, Parliament is scheduled to be dissolved this evening, paving the way for potential changes in the government structure.

Source: *Harini Amarasuriya sworn in as Prime Minister - Top Story | Daily Mirror*

APPAREL SECTOR EARNINGS CROSS US $ 3BN

Sri Lanka's apparel sector has achieved remarkable success, crossing the US $3 billion mark in export earnings, with a notable 22% year-on-year growth in August. According to provisional data from Sri Lanka Customs, the sector's export earnings for August totaled US $485.62 million. Exports to various markets showed positive growth, with shipments to the United States increasing by 22.9% year-on-year to US $209.4 million, while exports to the European Union rose by 18.84% to US $140.51 million. The United Kingdom and other markets also experienced growth, with increases of 17.74% and 30.91% to US $62.39 million and US $73.32 million, respectively. In total, the apparel sector generated US $3.158 billion in revenue during the first eight months of the year, reflecting a 2.41% increase year-on-year. While exports to most markets saw growth, the European Union experienced a slight contraction of 1.16% to US $914 million.

Source: *Apparel sector earnings cross US $ 3bn - Breaking News | Daily Mirror*

SRI LANKA'S BUSINESS SECTOR GROWTH RISES IN AUGUST 2024

Sri Lanka's Purchasing Manager's Index (PMI) report for August 2024 shows an increase in new businesses, particularly in personal and financial services. The PMI – Manufacturing recorded a value of 55.5, indicating growth in manufacturing activities, though at a slower pace compared to July. The expansion was primarily driven by new orders and production in the food & beverages sector, with a rise in stock purchases. However, employment decreased, and supplier delivery times lengthened. Despite election uncertainties, expectations for future manufacturing activities remain positive due to the anticipated year-end demand. The PMI – Services recorded an index value of 65.2, reflecting slower but continued growth in business activities. Key sectors such as entertainment, wholesale, retail trade, transportation, and financial services saw notable improvements, while telecommunications, real estate, and IT services remained stable.

Source: *Sri Lanka's business sector growth rises in August 2024 – The Island*

IMF TO WORK WITH SRI LANKA'S NEW PRESIDENT ON US$ 3BN LOAN

The International Monetary Fund (IMF) expressed its eagerness to collaborate with Sri Lanka's new president, Anura Kumara Dissanayake, on reviewing the country's US$ 3 billion bailout package. The IMF plans to discuss the timing of the third review of the loan program with the new administration soon. The organization emphasized its commitment to building on Sri Lanka's economic recovery since its 2022 crisis. Dissanayake, during his campaign, promised to renegotiate the IMF's loan terms, which included unpopular tax hikes and spending cuts. However, modifying the debt plan could delay further loans, as Sri Lanka needs to meet specific fiscal criteria. Investors hope Dissanayake will maintain the current loan plan, though his team seeks adjustments. The IMF acknowledged significant progress in Sri Lanka's debt restructuring, with further confirmation needed from the country's Official Creditors Committee.

Source: *IMF to work with Sri Lanka's new President on US$ 3bn loan - Business News | Daily Mirror*

MALDIVES

RESILIENT INFRASTRUCTURE KEY TO ECONOMIC GROWTH: PRESIDENT MUIZZU

President Dr. Mohamed Muizzu has called on the international community to support Small Island Developing States (SIDS) in diversifying their economies and boosting productive capacities during a side event at the United Nations. Highlighting the Maldives' growth from a low-income to an upper-middle-income nation, Muizzu acknowledged the challenges of escaping the middle-income trap. He proposed three strategic initiatives for SIDS: advancing technology by enhancing global payment access, building resilient infrastructure across transportation, energy, and digital sectors,

and implementing evidence-based policy-making with support for tools like the Productive Capacities Index. President Muizzu urged development partners to collaborate with UN agencies for tailored economic interventions and invited actionable suggestions from panellists for SIDS' innovation and capacity-building. The event was co-hosted by the Maldives, St. Vincent and the Grenadines, and UNCTAD.

Source: ***Resilient infrastructure key to economic growth: President Muizzu - The Edition***

WISH TO SEE THE MALDIVES AS A FULL-FLEDGED DEVELOPED NATION: PRESIDENT

President Dr. Mohamed Muizzu delivered an ambitious vision for the Maldives in his General Debate Statement at the 79th United Nations General Assembly (UNGA79). He expressed his hope that by 2040, the Maldives would become a developed nation characterized by resilience, inclusivity, sustainability, and democratic governance. To achieve this, the President emphasized the need to boost productivity, introduce new industries, and invest in the country's digital and AI-driven economy. He outlined plans to make the digital economy contribute up to 15% of GDP by 2030, utilizing technology such as AI for essential services and 5G for smart systems. Additionally, he highlighted the development of the financial sector, including a loan facility for women entrepreneurs and plans to expand the tourism industry through innovation. Dr. Muizzu also voiced concerns about global issues like climate change and called for reforms to the UN, stating that its relevance hinges on its ability to address such challenges effectively.

Source: *Wish to see the Maldives as a full-fledged developed nation: President - The Edition*

RESORT DOLLAR DEPOSITS DECLINE DESPITE RISING TOURISM REVENUE

The Maldives Monetary Authority (MMA) has reported a decline in the amount of dollars deposited by resorts in banks, despite increasing tourism revenue. In 2022, resorts generated $4.5 billion in revenue, with $2.3 billion deposited in banks. This is lower than in 2019, when resorts earned $3.4 billion, depositing $2.5 billion, or 74% of their revenue, in local banks. The amount of dollars sold by resorts to banks has also dropped, from $153 million in 2019 to $68 million in 2022. While deposits and dollar sales are decreasing, tourism revenue continues to rise.

Source: *Resort dollar deposits decline despite rising tourism revenue (avas.mv)*

CHINA-MALDIVES FTA SET TO BOOST TRADE TO $1 BLN

The Free Trade Agreement (FTA) between China and the Maldives is set to increase trade between the two countries to $1 billion, according to Economic Minister Mohamed Saeed. Signed in 2014 and approved in 2017, the agreement has not yet been implemented, but it will come into force on January 1, 2025. Trade between the Maldives and China is currently valued at $700 million annually. Minister Saeed emphasized the benefits of the FTA, including the facilitation of payment systems like WeChat, which is already in use at some Maldivian resorts and guesthouses. Addressing concerns about competition from large Chinese companies, Saeed assured that local businesses would not be at a disadvantage under the agreement.

Source: *China-Maldives FTA set to boost trade to $1 bln (avas.mv)*

AFGHANISTAN

TAPI PROJECT OFFICIALLY INAUGURATED IN HERAT

Afghanistan and Turkmenistan inaugurated the TAPI project and other key initiatives in energy, oil, gas, and transportation. Prime Minister Mullah Mohammad Hassan Akhund and Turkmenistan's National Leader Gurbanguly Berdimuhamedov attended the ceremony, marking a milestone in bilateral cooperation. These projects are expected to strengthen ties and bring economic and social benefits to both countries. The TAPI pipeline will transport gas to Pakistan and India through Afghanistan, creating 12,000 jobs, generating $1 billion annually, and providing Afghanistan with $400 million in transit fees. The event was hailed as a historic step for regional connectivity.

Source: *TAPI project officially inaugurated in Herat - The Kabul times, Afghanistan Trustable News Agency.*

IEA DELEGATION TO ATTEND MOSCOW FORMAT CONSULTATIONS, MUTTAQI

The Russian Ambassador to Afghanistan, Dmitry Zhirnov, officially invited Afghanistan's acting Foreign Minister, Mawlavi Amir Khan Muttaqi, to participate in the upcoming Moscow Format Consultations on Afghanistan. During their meeting, Zhirnov emphasized Russia's commitment to maintaining strong relations with the Islamic Emirate of Afghanistan. In response, Muttaqi expressed gratitude for the invitation and reaffirmed Afghanistan's active participation in the consultations. He noted the forum as an important platform for discussing bilateral and regional issues, promoting political reconciliation, and fostering peace in the region.

Source: *IEA delegation to attend Moscow Format Consultations, Muttaqi - The Kabul times, Afghanistan Trustable News Agency.*

AFGHANI'S VALUE RISES, BUT MARKET PRICES REMAIN UNCHANGED

The Central Bank of Afghanistan reports a 2.24 Afghani increase in the value of the national currency against foreign currencies over the past month, attributing the rise to improved monetary policies, the prevention of dollar smuggling, increased exports, and the use of Afghani in currency markets. Despite this improvement, Kabul residents have noted that food prices remain high, with no significant reduction. Economic experts emphasize the importance of maintaining the currency's stability for long-term economic growth and trade. Over the first six months of the current solar year, the Afghani has appreciated by three percent.

Source: *Afghani's Value Rises, But Market Prices Remain Unchanged | TOLOnews*

AFGHANISTAN'S GDP GROWS BY 2.7% IN PAST YEAR

The Ministry of Economy has reported a 2.7% increase in Afghanistan's Gross Domestic Product (GDP) over the past year, driven by factors such as expanded exports and support for the private sector. The agricultural sector grew by 2.1%, industrial by 2.6%, mining by 2.4%, water, electricity, and gas by 5%, and services by 46.8%. The Chamber of Commerce and Investment emphasized the need for continued support across various sectors to further boost GDP. Khanjan Alokozai noted that reduced taxes on industrialists and farmers have benefited domestic production and small businesses. Economic expert Abdul Naseer Rashtia highlighted that a focus on an inward-looking economy can prevent currency outflow, create jobs, and foster growth. The Ministry also credited factors like currency stability, reduced raw material prices, and infrastructure projects as contributors to the GDP increase.

Source: *Afghanistan's GDP Grows by 2.7% in Past Year | TOLOnews*

UN REPORT: CURRENT FISCAL YEAR SEES GROWTH IN AFGHANISTAN'S REVENUE

The United Nations Secretary-General's quarterly report indicates that Afghanistan's revenue reached $1 billion in the first four months of the current fiscal year, marking an 11% increase compared to the previous year. However, as of August 30, 2024, only 24.9% of the $2.9 billion required for humanitarian aid has been secured. The report also notes a 2% decrease in customs revenue during the same period. Economic expert Shams-ur-Rahman Ahmadi emphasized the importance of investing domestic revenue in job creation and infrastructure projects. Additionally, 23.7 million people in Afghanistan will need humanitarian assistance in 2024. Mir Shakib Mir cautioned that reduced international aid could exacerbate poverty, urging a focus on strengthening economic infrastructure. The Ministry of Economy stressed the necessity of continuing aid to improve the country's economic situation. Abdul Latif Nazari, the Deputy Minister of Economy, called for an increase in both the quantity and quality of aid provided to the Afghan people.

Source: *UN Report: Current Fiscal Year Sees Growth in Afghanistan's Revenue | TOLOnews*

MINISTRY: GERMAN, IRANIAN COMPANIES INTERESTED IN SOLAR ENERGY PROJECTS

During a meeting with the acting Minister of Energy and Water, several German and Iranian companies expressed interest in investing in solar energy production projects in Afghanistan, according to the ministry spokesperson. It was agreed that technical teams from both sides would collaborate to coordinate and define the projects for practical implementation. Matiullah Abid, the spokesperson for the Ministry of Energy and Water, noted that the minister welcomed the companies' interest and assured them of full cooperation. Additionally, a major conference will soon be held to attract more domestic and foreign investment in the energy sector, where the Breshna Company will showcase its plans and investment opportunities. Currently, Afghanistan produces only 20% of its electricity needs, relying heavily on imports from Tajikistan, Uzbekistan, Turkmenistan, and Iran.

Source: *Ministry: German, Iranian Companies Interested in Solar Energy Projects | 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. For more information about BEI and our work, please visit https://www.bei-bd.org/]

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