

WEEKLY NEWS HIGHLIGHTS

BANGLADESH ENTERPRISE INSTITUTE (BEI)

| Brief Highlights on Current Issues of South Asia |

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BANGLADESH



UN REPORTS GRAVE RIGHTS VIOLATIONS IN BANGLADESH PROTEST RESPONSE

A United Nations fact-finding report has accused former Bangladesh Prime Minister Sheikh Hasina's government of committing possible crimes against humanity during a violent crackdown on protesters between July 1 and August 15 last year, resulting in up to 1,400 deaths and thousands of injuries. The report by the UN human rights office, presented by High Commissioner Volker Turk in Geneva, highlighted systematic attacks on protesters by the government, security forces, and Awami League elements to suppress dissent and retain power. Hasina, who fled to India after resigning during a student-led uprising, faces allegations of murder, torture, corruption, and money laundering, with Dhaka seeking her extradition. The interim government, led by Nobel laureate Muhammad Yunus, expressed regret over the findings and pledged to prosecute those responsible. The UN has called for further criminal investigation into human rights violations. [Source: UN reports grave rights violations in Bangladesh protest response | Reuters](#)

TRUMP DENIES US DEEP STATE ROLE IN BANGLADESH REGIME CHANGE



US President Donald Trump has denied allegations of US deep state involvement in the mass uprising that led to the ouster of Sheikh Hasina's government in Bangladesh last year, deferring the issue to Indian Prime Minister Narendra Modi, who avoided addressing it during their meeting at the White House on February 13. Trump acknowledged Modi's longstanding interest in the region but refrained from further comments, while Indian Foreign Secretary Vikram Misri confirmed that the Bangladesh situation was discussed privately between the leaders. Modi expressed concerns over recent developments in Bangladesh, where the interim government led by Prof Muhammad Yunus has sought Hasina's extradition from India, which remains unaddressed. The meeting focused on US-India trade and defense cooperation, with Trump

announcing increased military sales, including F-35 fighter jets, and expanded energy exports to India, aiming to double bilateral trade by 2030.

[Source: Trump denies US deep state role in Bangladesh regime change, passes question to Modi | The Business Standard](#)

TOUHID, JAISHANKAR FOR WORKING ON BILATERAL CHALLENGES



Bangladesh Foreign Adviser Touhid Hossain and Indian External Affairs Minister S Jaishankar, during a bilateral meeting at the 8th Indian Ocean Conference in Muscat, Oman, acknowledged the challenges in bilateral relations and stressed the need for joint efforts to address them. Touhid emphasized the importance of renewing the Ganga Water Sharing Treaty and sought India's support for convening the SAARC Standing Committee meeting. Both sides expressed optimism about resolving border-related issues at the upcoming border forces meeting in New Delhi from February 18 to 20. Reflecting on their last meeting at the UN General Assembly in September 2024, they noted continued bilateral engagements, including Foreign Office Consultations in Dhaka in December. Touhid also held discussions with foreign ministers from Brunei, Vietnam, and Tanzania and is scheduled to meet Oman's Foreign Minister. [Source: Touhid, Jaishankar for working on bilateral challenges | undefined](#)

CRITICAL UN REPORT MUST SPUR ACCOUNTABILITY AND JUSTICE: AMNESTY INTERNATIONAL

Amnesty International's South Asia Regional Director, Smriti Singh, has urged continued international efforts to ensure accountability and justice following the UN fact-finding report that found Bangladesh's former government, led by Sheikh Hasina, systematically committed serious human rights violations during last year's anti-government protests. Singh emphasized that the 105-page report highlights the scale of abuses and aligns with findings from Amnesty International and other organizations. She called on the interim government to heed the UN's recommendation to refer incidents from July 1 to August 15 to the International Criminal Court, implement reforms in the justice and security sectors, ensure fair trials, and repeal repressive laws. Singh stressed that sustained engagement with UN mechanisms is essential to secure truth, justice, reparations, and non-recurrence for victims and survivors.



Source: [Critical UN report must spur accountability & justice in Bangladesh](#)

UN REPORT: CA URGES OFFICIALS TO UPHOLD JUSTICE, HOLD LAWBREAKERS ACCOUNTABLE FOR JULY UPRISING CRIMES

Chief Adviser Muhammad Yunus has urged officials to uphold justice and hold those responsible for crimes during the 2024 student-led uprising accountable, following the release of a UN fact-finding report detailing human rights violations during the July-August protests. Yunus reiterated the interim government's commitment to the rule of law and called on the judiciary, police, and prosecutors to ensure accountability. He emphasized the need for institutional reforms in Bangladesh's law enforcement and justice sectors, which the report identified as having "structural deficiencies" after years under the Hasina regime, to build a society where all citizens can live with security and dignity.

Source: [UN report: CA urges officials to uphold justice, hold lawbreakers accountable for July uprising crimes | The Business Standard](#)



'HORRIFIC': YUNUS ON SECRET DETENTION CENTRES IN DHAKA

Chief Adviser Muhammad Yunus described as "horrific" the conditions in secret detention centers, known as *Aynaghor*, after visiting three such locations in Dhaka's Agargaon, Kochukhet, and Uttara. Yunus expressed disbelief at the brutality faced by detainees, who were often falsely accused of terrorism or militancy and subjected to torture. He revealed that

Aynaghor is not confined to Dhaka but exists nationwide, with estimates ranging from 700 to 800 such sites, many still unidentified. Yunus emphasized the urgent need for justice and accountability for the victims of these secret detention centers.

Source: ['Horrific': Yunus on secret detention centres in Dhaka](#)

HUMAN RIGHTS VIOLATIONS ONGOING EVEN DURING INTERIM GOVERNMENT'S TENURE: UN REPORT

The UN Human Rights Office (OHCHR) has reported that human rights violations in Bangladesh continue under the interim government led by Prof Muhammad Yunus, including revenge abuses targeting police, Awami League members, and the media, as well as violence against religious and indigenous groups such as Hindus and communities in the Chittagong Hill Tracts. Documented abuses include lynching, arson, sexual violence, and attacks on journalists. The report also detailed systematic violence by the former Sheikh Hasina-led Awami League government during last year's protests, including extrajudicial killings, mass arrests, torture, and excessive use of force, with an estimated 1,400 deaths, 12% being children—and over 13,500 injuries. The UN calls for further investigations to determine potential crimes against humanity and other serious violations under international and domestic law.

Source: [Human rights violations ongoing even during interim government's tenure: UN Report | The Business Standard](#)



Bangladesh

YUNUS, MUSK DISCUSS BRINGING STARLINK IN BANGLADESH

Chief Adviser Muhammad Yunus and Elon Musk have discussed bringing Starlink satellite internet to Bangladesh, aiming to bridge the digital divide, especially for rural communities, youth, and vulnerable women. Yunus highlighted how Starlink's high-speed, low-cost connectivity could enhance education, healthcare, and entrepreneurship, integrating Bangladesh into the global digital economy. Musk praised Grameen Bank's microfinance model and expressed interest in contributing to Bangladesh's economic empowerment through technology. Yunus invited Musk to Bangladesh for Starlink's launch, and both sides committed to expediting the initiative's progress.

Source: [Elon Musk Starlink Bangladesh Launch | Yunus, Musk discuss bringing Starlink in](#)

INT'L FIRMS TO BE HIRED TO RECOVER LAUNDERED MONEY

The Bangladesh Financial Intelligence Unit (BFIU) plans to hire international litigation firms to recover over Tk 200 crore each in laundered funds from 19 commercial banks. The firms will be compensated with a percentage of the recovered funds, with no financial burden on the banks or Bangladesh Bank. This initiative excludes 10 major business groups and the family of former PM Sheikh Hasina, which are being investigated separately. International organizations are assisting in the recovery process, which could take 3-4 years, with a short-term goal of identifying foreign assets within a year.

Source: [Int'l firms to be hired to recover laundered money | The Daily Star](#)

AT A GLANCE



Global litigation firms will be engaged to recover siphoned-off funds (Tk **200**cr or above)



Ten major business groups and Sheikh Hasina's family will be excluded from the initiative



Global organisations helping govt recover money laundered by ten business groups and Hasina family



BB governor earlier said recovery process would take three to four years



Govt panel estimated that **\$16**b was siphoned off annually over the past 15 years

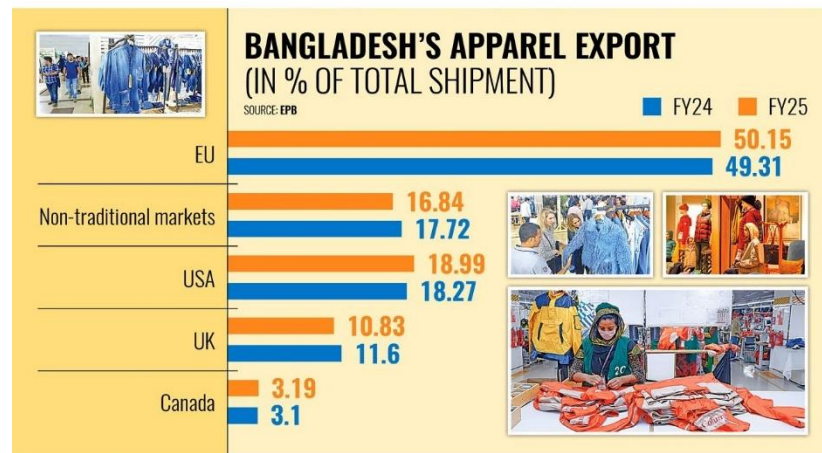
ADANI TO RESTORE FULL POWER SUPPLY TO BANGLADESH IN DAYS

Adani Power has agreed to restore full power supply from its 1,600 MW plant to Bangladesh within a few days after a three-month reduction in supply. This was due to payment delays as Bangladesh faced a foreign exchange shortage. While the company will resume full supply, it has rejected Bangladesh Power Development Board's (BPDB) requests for discounts and tax benefits, which were worth millions of dollars. The payment dispute involves a calculation of power tariffs, with BPDB claiming it owes about \$650 million to Adani Power, while the latter's internal sources suggest it is around \$900 million. Source: [Adani to restore full power supply to Bangladesh in days](#)

FOREIGN INVESTMENTS NOSEDIVE, 71PC FALL IN 6 MONTHS

Bangladesh has experienced a significant drop in foreign direct investment (FDI) in the first six months of the 2024-25 fiscal year, with a 71% decline compared to the same period last year. FDI during this period amounted to only \$213 million, down from \$744 million. Experts attribute this decline to sluggish foreign investment, stagnation in local investment, and a challenging business environment. Political uncertainty, corruption, and weak governance are also key deterrents for new foreign investments. The finance ministry's report highlighted that much of the FDI came from reinvested earnings rather than new capital inflows, further underscoring the struggle to attract fresh investments.

Source: [Foreign investment nosedives, 71pc fall in six months](#)



APPAREL EXPORTS TO EUROPE, US POST ROBUST GROWTH

Bangladesh's apparel exports to Europe and the US have seen strong growth in the first seven months of the 2024-25 fiscal year. Exports to the European Union rose by 13.91% to \$11.81 billion, while exports to the US surged by 16.45% to \$4.47 billion. These increases are attributed to stronger economic conditions in both regions, as well as shifts in trade patterns due to the US-China tariff war, which led some buyers to move their orders to Bangladesh. Major markets within the EU include Germany, Spain, France, and the Netherlands, while the UK also saw a 4.55% increase in imports. The positive trend is expected to continue if Bangladesh can manage challenges such as payment issues for workers and ensure a stable energy supply. Additionally, Bangladesh is looking to diversify its exports to non-traditional markets, with countries like Japan and Australia

showing increased demand. Source: [Apparel exports to Europe, US post robust growth | The Daily Star](#)

RSF STATEMENT: VIOLENT ATTACKS ON JOURNALISTS SURGING IN BANGLADESH, GOVT HAS TO TAKE ACTIONS

Reporters Without Borders (RSF) has expressed alarm over a sharp rise in violent attacks on journalists in Bangladesh since February 2024, with incidents including beatings by police and political activists and raids on newsrooms. Journalists have faced physical assaults, such as the hammer and knife attack on Shohag Khan in Shariatpur, and police have targeted reporters covering protests, even after they showed press

credentials. RSF urges the Bangladeshi authorities to ensure the safety of media professionals and hold perpetrators accountable. In response, the government denied the claims, emphasizing that actions have been taken against those responsible for such incidents, but the escalating violence suggests further measures may be necessary. [Source: Violent attacks on journalists surging in Bangladesh, govt to take actions](#)



CHIEF ADVISER SEEKS CONTINUED US SUPPORT FOR KEY PROJECTS, REFORMS

During a meeting with US Charge d'affaires Tracey Ann Jacobson, Chief Adviser Professor Muhammad Yunus sought continued US support for key projects and reforms in Bangladesh, especially in light of the US decision to freeze USAID's global operations. They discussed the interim government's reform agenda, the Rohingya crisis, and the country's law and order situation, with Yunus emphasizing his efforts to form a consensus commission for political dialogue. Jacobson stressed the importance of free, fair, and inclusive elections, while also inquiring about 'Operation Devil's Hunt,' a security force operation. Yunus expressed concerns over the impact of USAID cuts, especially on vital projects like the ICDDR'B, and called for continued US humanitarian assistance for Rohingya refugees.

[Source: Chief Adviser seeks continued US support for key projects, reforms](#)

SUPPLY CHAIN DISRUPTIONS THWART INFLATION FIGHT

Bangladesh has taken measures to address inflation, including tighter spending controls, higher interest rates, and subsidies on essential goods. While inflation has shown signs of easing, supply chain disruptions remain a significant challenge, particularly for staples like rice, onions, and potatoes. A report from the Finance Division highlights the need for long-term solutions to address structural supply chain issues. The government is focusing on improving storage and distribution networks, enhancing cold storage facilities, and preventing price manipulation through mobile court drives and oversight. Despite these efforts, inflation remains elevated, with the government aiming to reduce it to around 8% by June 2025. Additionally, challenges in food security, exacerbated by floods, have led to a decline in food stock, necessitating imports to stabilize the supply.

[Source: Supply Chain Disruptions in Bangladesh | Supply chain disruptions thwart inflation fight](#)

RMG EXPORTS TO US GROW AFTER A GAP OF TWO YEARS

Bangladesh's garment exports to the US saw a 0.75% growth in 2024, reaching \$7.34 billion after two years of decline. This growth comes as the US market recovers from high inflation, with a 4.86% increase in export volume. However, a 3.94% drop in unit prices affected profitability. Despite challenges from the Covid-19 pandemic and the Russia-Ukraine war, the US's overall apparel imports grew by 1.71%, with China remaining the largest supplier. [Source: RMG exports to US grow after a gap of two years | The Daily Star](#)



IT'S AN OPPORTUNITY FOR BANGLADESH TO RE-DEMONSTRATE ITS COMMITMENT TO WORLD: BIMSTEC CHIEF

BIMSTEC Secretary General Indra Mani Pandey emphasized that Bangladesh, as the next chair of the regional organization, has a significant opportunity to reaffirm its commitment to regional cooperation by leading initiatives across diverse sectors. Speaking ahead of the 6th BIMSTEC Summit, scheduled for April 2024, Pandey highlighted Bangladesh's strong history of support for regional collaboration and expressed confidence in future progress under its leadership. He also discussed ongoing efforts to strengthen the organization's goals, such as the BIMSTEC Bangkok Vision 2030, and assured that the cooperation from member states, including Bangladesh, will continue despite political changes. Pandey also addressed the role of Myanmar in BIMSTEC and expressed hope for positive outcomes from the upcoming summit, which will focus on regional economic and social security, climate adaptation, and enhanced cooperation in areas like connectivity and food security.

[Source: It's an opportunity for Bangladesh to re-demonstrate its commitment to world: BIMSTEC chief](#)



RAMPAL POWER PLANT, JOINTLY RUN BY BANGLADESH-INDIA COS, SHUTS DOWN

The Rampal power plant, a joint venture between Bangladesh and India, has been shut down due to a coal shortage, triggered by the ongoing dollar crisis. The plant, which requires around 6,000 tonnes of coal daily to operate, exhausted its supply, and the dollar shortage has hindered the purchase of new coal. While efforts are underway to secure fresh supplies, it may take up to a month for a new coal import deal to be completed, with the plant potentially remaining closed into March. This closure is the first to invoke the force majeure clause, which relieves the plant from compensating for disruptions due to factors beyond its control. The plant's frequent closures have also raised concerns about technical issues and the environmental impact of its operations. Despite these challenges, officials remain hopeful that the plant will resume operation within a week. *Source: [New Age |](#)*

[Rampal power plant, jointly run by Bangladesh-India cos, shuts down](#)

BB EASES LOAN RESCHEDULING POLICY FOR RAW-JUTE EXPORTERS



Bangladesh Bank has introduced a more lenient loan rescheduling policy for raw-jute exporters, allowing them to reschedule loans with a 2% down payment on their outstanding loans, based on figures from March 31, 2024. This move is aimed at alleviating the financial strain on exporters, who have faced difficulties due to rising production costs and stagnant export prices. The raw-jute industry has been struggling with outdated technology, inefficient management, and a lack of investment in modernization, which have diminished its competitiveness in the global market. With this new policy, exporters can access loans from scheduled banks, offering some relief in a challenging economic climate.

Source: [New Age | BB eases loan rescheduling policy for raw-jute exporters](#)



RACE REGAINS CONTROL OVER MUTUAL FUNDS AS REGULATOR HALTS ITS PROBE

RACE Asset Management has regained control over its mutual fund operations following the withdrawal of two orders issued by the Bangladesh Securities and Exchange Commission (BSEC) eight months ago. This includes the restoration of beneficiary owner (BO) accounts, which were previously suspended due to alleged fund mismanagement. The BSEC had found discrepancies in cash and shares under RACE's management, leading to an investigation and the suspension of certain accounts, including unauthorized ones. However, following a High Court stay order on the investigation, the BSEC decided to withdraw its earlier directives for the sake of unitholders. Despite the lifting of these suspensions, concerns over the security of unitholder interests remain. RACE,

which manages 10 mutual funds and holds a significant market share, had faced challenges due to breaches of mutual fund rules. The company resumed its operations on Sunday, with further legal proceedings pending.

Source: [RACE regains control over mutual funds as regulator halts its probe | The Financial Express](#)

INDIA



MODI HAILS US-INDIA 'MEGA PARTNERSHIP' IN TRUMP MEETING

Indian Prime Minister Narendra Modi, during his visit to the US, praised the growing "mega partnership" between India and the United States, highlighting deals on energy and defense. Modi and President Trump agreed to boost India's imports of US oil and gas and increase defense procurement, including F-35 fighter jets. Trump criticized India's high trade tariffs, while Modi expressed openness to reducing them and addressing immigration issues, including the repatriation of undocumented Indian nationals. The leaders also discussed tariffs, with Trump emphasizing the trade imbalance and India's higher tariffs on US goods, amidst broader concerns about Trump's global tariff policies.

Source: Modi hails US-India 'mega-partnership' in Trump meeting

TRUMP ANNOUNCES ENERGY DEAL WITH INDIA FOLLOWING TALKS WITH MODI

US President Donald Trump and Indian Prime Minister Narendra Modi have strengthened their partnership with several key agreements, focusing on energy, defense, and trade. During Modi's two-day visit, both leaders announced a significant deal where India will increase imports of US oil and gas, aimed at reducing the trade deficit between the two countries. Additionally, Trump revealed plans to supply India with F-35 fighter jets, enhancing their defense cooperation. Despite their strong personal bond, trade tensions remain, with Trump criticizing India's high tariffs and calling for reciprocal measures. Modi, while acknowledging the challenges, vowed to protect India's national interests. The discussions also touched on broader regional security issues, including competition with China and ongoing cooperation with Russia. Immigration was another topic, with Trump urging India to address unauthorized immigration. Both leaders highlighted the importance of furthering collaboration on technologies such as artificial intelligence, and efforts to resolve trade imbalances were emphasized, marking a significant moment in US-India relations.



Source: Trump announces energy deal with India following talks with Modi | The Business Standard



UNILATERAL CHANGES TO STATUS QUO A CONCERN IN INDO-PACIFIC: EAM

India's External Affairs Minister S. Jaishankar expressed concerns about the growing tensions and challenges in the Indo-Pacific, particularly highlighting China's aggressive actions and the increasing threat of unilateral changes to the region's status quo. Speaking at the 8th Indian Ocean Conference in Muscat, Jaishankar pointed out the common issues faced by Indian Ocean nations, including resource constraints, economic challenges, and the need to rebuild connectivity disrupted during the colonial era. He also emphasized the struggle of these nations to monitor their Exclusive Economic Zones (EEZ), secure fishing rights, and combat illegal trafficking and terrorism. India has been actively addressing these issues by strengthening its capabilities and forging partnerships with regional neighbors. Jaishankar noted that while the Middle East faces escalating conflict, the Indo-Pacific is also experiencing growing maritime tensions, with countries asserting their interests and concerns about changes to territorial norms. He stressed that respecting international law and adhering to agreements is vital for maintaining stability in the region.

Source: Unilateral changes to status quo a concern in Indo-Pacific: EAM | India News - The Indian Express

IN DOUBLING BILATERAL TRADE TO \$500 BILLION, DELHI WILL HAVE TO PICK UP THREADS FROM TRUMP 1.0



India and the US have revived discussions on a bilateral trade agreement (BTA) with the aim of reaching \$500 billion in bilateral trade by 2030. This follows similar talks from Trump's first term (2017-2021), where the US expressed interest in negotiating a broad trade deal with India. Prime Minister Modi and President Trump, in their joint statement, confirmed their commitment to begin negotiations for the "first tranche" of a multi-sector BTA by autumn 2025. Notably, the US has welcomed India's recent tariff reductions on key American exports such as motorcycles, agricultural products, and medical devices. In a move to foster goodwill ahead of Modi's visit, India also reduced its duty on bourbon whisky from 150% to 100%.

Source: [In doubling bilateral trade to \\$500 billion, Delhi will have to pick up threads from Trump 1.0 | Business News - The Indian Express](#)

FIVE KEY TAKEAWAYS FROM MODI-TRUMP TALKS: BBC

Reciprocal Tariffs: India may have dodged immediate tariff increases from the US, though experts remain cautious. India has already cut some tariffs, but concerns remain that Trump's broader trade strategy could include non-tariff barriers and push for greater access to India's procurement market.

Trade Deal Goal: Modi and Trump aim to double bilateral trade to \$500 billion by 2030. Negotiations for the first phase of the trade agreement will focus on tariff reductions, market access, and supply chain integration. The deal's specifics, including whether it's a free trade agreement or a tariff reduction deal, remain unclear.

US Defence Sales: Trump announced plans to increase US military sales to India, including fighter jets. However, challenges like bureaucratic hurdles and export controls may slow down progress, even though the defence partnership is expected to deepen.

Tech and AI Collaboration: Modi met with Elon Musk to discuss AI and emerging technologies. While the details of their talks weren't disclosed, they may have touched upon Tesla's India plans and Musk's push for Starlink's launch in the country.

Press Conference Moment: Modi broke his tradition of avoiding press interactions by answering questions alongside Trump, touching on topics like immigration and the bribery charges against the Adani Group. His rare press conference moment highlighted the ongoing political scrutiny in India-US relations.

Source: <https://www.bbc.com/news/articles/c23ndleveyemo>

PAKISTAN

PAKISTAN ROLLS OUT RED CARPET FOR TÜRKIYE'S ERDOGAN



Turkish President Recep Tayyip Erdogan's visit to Pakistan, which began with a red carpet welcome and a 21-gun salute, marks a significant moment in strengthening the bilateral ties between Ankara and Islamabad. Accompanied by a high-level delegation, Erdogan is scheduled to hold talks with President Asif Ali Zardari and Prime Minister Shehbaz Sharif, focusing on boosting trade and military cooperation. The visit is seen as crucial amid evolving regional geopolitics, including the return of US President Donald Trump to the White House. The discussions are also expected to cover issues like Palestine, alongside military and economic collaborations.

Source: [Pakistan rolls out red carpet for Türkiye's Erdoğan | Recep Tayyip Erdoğan News | Al Jazeera](#)

PAKISTAN EXTENDS 'UNWAVERING' SUPPORT TO TÜRKIYE ON CYPRUS ISSUE



During a joint news conference in Islamabad, Pakistan's Prime Minister Shehbaz Sharif reaffirmed the country's unwavering support for Turkey and the Turkish Republic of Northern Cyprus. He praised Turkish President Erdogan as a "very important leader" in the Islamic world, highlighting his strong advocacy for the rights of oppressed people, including those in Gaza, Palestine, and Kashmir. Sharif emphasized Pakistan's solidarity with Turkey, particularly in the fight against terrorism, and thanked Erdogan for his support following Pakistan's sacrifices in the battle against terrorism. To honor Erdogan's visit, Pakistan also named a newly constructed interchange in Islamabad after him.

Source: [Pakistan extends 'unwavering' support to Türkiye on Cyprus issue](#)

ISLAMABAD, RIYADH TO UPGRADE TRADE TIES

Pakistan and Saudi Arabia have pledged to strengthen their economic ties, focusing on enhancing cooperation in trade, investment, and finance. During a meeting on the sidelines of the AIUla Conference for Emerging Market Economies, Pakistan's Finance Minister Mohammad Aurangzeb and Saudi Finance Minister Muhammad bin Abdullah Al-Jadaan discussed ways to bolster bilateral commerce and explore new collaboration opportunities in sectors like infrastructure, energy, technology, and finance. Both sides emphasized the importance of continued dialogue and joint initiatives to unlock the full potential of their strategic partnership, reaffirming their commitment to shared prosperity and regional development.

Source: [Islamabad, Riyadh to upgrade trade ties - Business - DAWN.COM](#)

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](#)*

CLIMATE CHANGE TO BOOST NON-AGRI WATER USE: WORLD BANK

According to a World Bank report, climate change is expected to significantly increase non-agricultural water use in Pakistan, with demand projected to rise by 60% due to a 3°C temperature increase by 2047. This shift will require repurposing up to 10% of irrigation water to meet non-agricultural demands, which poses a challenge for food security. The World Bank's strategy focuses on supporting climate-resilient agriculture, water management reforms, and infrastructure improvements in flood-prone areas like Balochistan and Sindh. The plan includes promoting efficient water use, climate-smart farming, and financial inclusion for small farmers, alongside investments in agriculture value chains and climate finance efforts.

Source: [Climate change to boost non-agri water use: World Bank - Pakistan - DAWN.COM](#)

CALL FOR ENDING GRAFT TO ATTRACT INVESTMENT

During a meeting with the IMF mission, Pakistani legal leaders emphasized the need for judicial reforms to address corruption and inefficiencies, aiming to create an environment that would attract foreign investment. SCBA President Mian Muhammad Rauf Atta highlighted issues like case backlogs and insufficient judges, while discussing potential solutions such as the Alternative Dispute Resolution (ADR) system. The IMF mission expressed concerns about the delays in business matters, affecting the economy, and encouraged legal reforms to improve efficiency. Additionally, the discussion touched on the need for tax relief to alleviate the financial burden on citizens. Both sides agreed on the importance of continuing dialogue to support economic and judicial progress.

Source: [Call for ending graft to attract investment - Newspaper - DAWN.COM](#)

NEPAL

USAID FUNDING FREEZE: MINISTRY TERMINATES JOBS OF 36 STAFF NURSES IN FEDERAL, PROVINCIAL HOSPITALS

In Nepal, the abrupt suspension of USAID funding has led to the termination of 36 staff nurses across 18 federal and provincial hospitals, severely impacting key health programs, including those promoting exclusive breastfeeding. This funding freeze is part of a broader decision by the US government to halt nearly all global assistance for three months, affecting various healthcare initiatives supported by USAID, including exclusive breastfeeding programs. Health experts warn that this disruption could undo years of progress in Nepal's health sector, where the exclusive breastfeeding rate has steadily declined. The country had previously committed to improving this rate to over 90% by 2030, but recent trends show a decrease from 70% in 2011 to 56% in 2022. This setback, along with the suspension of other critical health programs, raises concerns about Nepal's ability to meet its Sustainable Development Goals, particularly in reducing neonatal mortality and improving maternal and child health.

Source: [USAID funding freeze: Ministry terminates jobs of 36 staff nurses in federal, provincial hospitals](#)

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](#)



FOREIGN MINISTER DEUBA MEETS INDIAN COUNTERPART, JAISHANKAR, IN OMAN

Nepal's Foreign Minister Arzu Rana Deuba met her Indian counterpart, S. Jaishankar, in Muscat, Oman, to discuss bilateral relations, energy trade, and connectivity on the sidelines of the 8th Indian Ocean Conference. The two ministers reviewed recent diplomatic exchanges and progress in various sectors such as trade, transit, and hydropower cooperation. They also discussed the successful electricity trade agreement between Nepal, India, and Bangladesh, as well as plans to expand cross-border energy trade. Deuba thanked India for supporting Nepal's energy sector, particularly in facilitating the export of power to Bangladesh. The ministers also touched on the Pancheshwar Multipurpose Project, with both sides acknowledging progress on key technical issues. Minister Jaishankar expressed support for Nepal's Upper Arun Hydropower Project and emphasized the importance of regional cooperation under BIMSTEC. Deuba reiterated Nepal's commitment to

strengthening ties with India and fostering collaboration in areas of mutual interest.

Source: Foreign Minister Deuba meets Indian counterpart, Jaishankar, in Oman

BHUTAN

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

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'S NEW PRESIDENT PRESENTS FIRST BUDGET WITH FOCUS ON CRISIS RECOVERY

Sri Lanka's new President, Anura Kumara Dissanayake, will present the country's first full-year budget on Monday, focusing on extending the recovery from the financial crisis, which saw a \$25 billion foreign debt default and severe inflation. Following the IMF's \$2.9 billion bailout in 2023, Sri Lanka has made significant strides, with inflation easing and debt restructuring completed. The budget aims to lower taxes, increase welfare, and support local industries while meeting IMF targets to reduce the deficit and boost revenue. The government faces the challenge of aligning fiscal policies with IMF conditions to improve its credit rating, attract foreign investment, and restore its international financial standing.



Source: [Sri Lanka's new president presents first budget with focus on crisis recovery | Reuters](#)

LANKAN PRESIDENT VOWS TO END ISLAND'S IMAGE AS 'CORRUPT' COUNTRY

Sri Lanka's President Anura Kumara Dissanayake marked the country's independence anniversary by pledging to change its global image as a "corrupt" nation. The self-avowed Marxist leader emphasized his commitment to reducing lavish government spending, opting for a scaled-back military march instead of extravagant displays. Dissanayake assured the nation that his government, despite the challenges and the remnants of a flawed political system, is dedicated to transforming Sri Lanka's reputation. His government recently concluded a crucial debt restructuring, ending the country's status as a bankrupt nation after defaulting on its \$46 billion external debt in 2022.

Source: [Lankan president vows to end island's image as 'corrupt' country](#)

INDIA'S ADANI WITHDRAWS FROM TROUBLED \$442M SRI LANKA WIND POWER PROJECTS

The Adani Group has withdrawn from a \$442 million wind power project in Sri Lanka, citing financial unviability, after the Sri Lankan government sought to renegotiate the deal. The project, which involved the construction of two wind power plants and two transmission projects, was under review following accusations by US authorities that Adani and executives were involved in bribery schemes, charges the firm denies. The Sri Lankan government had been negotiating to lower the cost of power generated by the project. Despite the withdrawal, Adani expressed continued commitment to future collaborations in Sri Lanka.

Source: [India's Adani withdraws from troubled \\$442m Sri Lanka wind power projects | Business and Economy News | Al Jazeera](#)

PRESIDENT, IMF DISCUSS EXTENDED FUND FACILITY

Sri Lankan President Anura Kumara Dissanayake met with an IMF delegation at the Presidential Secretariat to discuss the progress of the Extended Fund Facility (EFF) program. The government has reached a staff-level agreement on the third review of the \$3 billion EFF, with details set to be presented to the IMF Board by the end of the month. Upon approval, Sri Lanka will receive a fourth tranche of \$333 million. The meeting included key officials from the IMF, the Ministry of Finance, and the Central Bank, focusing on the country's economic reforms and the continuation of the program.

Source: [President, IMF discuss Extended Fund Facility - Breaking News | Daily Mirror](#)

SRI LANKA APPAREL SECTOR TO GAIN FROM NEW US TARIFFS

The U.S. tariff hikes on China, Mexico, and Canada are prompting buyers to rethink their supply chains, creating opportunities for Sri Lanka. MAS Holdings CEO Suren Fernando noted increased inquiries from U.S. buyers looking to shift orders, positioning Sri Lanka as a premium alternative despite lower production volumes than Bangladesh and Vietnam. By focusing on high-value products like lingerie, sportswear, and swimwear, leveraging faster lead times, and adopting technological advancements, Sri Lanka aims to strengthen its trade position. With a revenue target of \$5-8 billion in the next three years, the country could benefit from shifting global trade dynamics.

Source: [Sri Lanka apparel sector to gain from new US tariffs | Print Edition - The Sunday Times, Sri Lanka](#)

MALDIVES

MUIZZU DELIVERED HIS SECOND STATE OF THE NATION ADDRESS AT THE OFFICIAL OPENING OF THE PEOPLE'S MAJLIS FOR 2025

In his second State of the Nation address for 2025, President Mohamed Muizzu laid out a comprehensive vision for the Maldives, focusing on a wide array of national priorities. He emphasized efforts to eradicate extreme poverty through reforms in the Zakat system, as well as proposed constitutional amendments to synchronize presidential and parliamentary elections. Muizzu highlighted key legislative measures, such as changes to the composition of the judiciary and policies on housing, including the delivery of low-interest loans for housing construction. Economic growth was a central theme, with GDP growth projected at 6.4%, and measures to ease foreign currency controls, promote renewable energy through floating solar projects, and expand tourism infrastructure. Plans to enhance public transport, including completing the Raajje Transport Link, and the development of international airports in various atolls were also outlined. In the judicial sector, Muizzu announced initiatives like the creation of a Public Defenders Office and the construction of a new Superior Courts Complex, signaling a push for both economic development and institutional reforms to support a more resilient and inclusive Maldives.

Source: [Highlights of President Muizzu's state of the nation address - Maldives Independent](#)

IMF ADVISES "URGENT ACTION" ON DELAYED REFORMS TO AVERT DEBT CRISIS

The IMF has issued a stark warning to the Maldives, advising urgent action to avoid a debt crisis. The country's mounting debt, exceeding 120% of GDP, and delayed fiscal reforms have raised concerns about its ability to avoid a default. Public debt reached \$8 billion in 2023, and the IMF cautioned that without significant policy adjustments, the deficit and debt will remain elevated, with external pressures growing. The IMF recommended implementing expenditure cuts, phasing out subsidies, and reforming state-owned enterprises. The country's growing reliance on tourism and infrastructure spending is also under scrutiny due to higher borrowing costs. The IMF stressed the need for structural reforms to ensure long-term economic stability and climate resilience.

Source: [IMF advises "urgent action" on delayed reforms to avert debt crisis - Maldives Independent](#)

ECONOMIC MINISTER: MALDIVES AND INDIA WILL REACH A FREE TRADE AGREEMENT 'SOON'

Maldivian Economic Minister Mohamed Saeed has revealed that the Maldives and India are set to reach a free trade agreement (FTA) "soon." This comes after discussions between Maldivian President Mohamed Muizzu and Indian Prime Minister Narendra Modi, both of whom expressed interest in signing the agreement during Muizzu's state visit to India in October 2024. Minister Saeed emphasized that President Muizzu is committed to forming trade agreements with major global markets, which would benefit Maldivians. He pointed to the recent preferential trade agreement with Turkey and the FTA with China, which has already led to significant tariff reductions for Maldivian exports, including seafood products. Saeed also discussed the need to reduce the Maldives' dependence on imports and its reliance on tourism, a sector that remains vulnerable to economic shocks. The anticipated FTA with India is seen as an essential step toward diversifying the economy and boosting exports while stabilizing the nation's trade balance.

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

AFGHANISTAN

US, CHINA CLASH OVER DRAFTING AFGHANISTAN RESOLUTIONS AT UN

The United States and China are clashing over who should draft United Nations Security Council resolutions on Afghanistan, escalating a diplomatic dispute that began in late 2024. This contention carries significant implications for the UN's engagement with the Taliban and China's influence in the Security Council. Pakistan and South Korea also sought the drafting role, but China's bid has faced strong opposition from the US, leading to a deadlock on extending the UNAMA mandate. Previously, the UAE and Japan handled Afghanistan's case, focusing on women's rights and peace efforts during their tenure. *Source: [US, China Clash Over Drafting Afghanistan Resolutions at UN | TOLONews](#)*

PAKISTAN, CHINA DISCUSS AFGHANISTAN'S INTEGRATION, REGIONAL STABILITY

During a meeting in Beijing, Pakistan's President Asif Ali Zardari and Chinese President Xi Jinping discussed Afghanistan's integration into the international community and the importance of sustainable development. Both leaders emphasized the need for Afghanistan's interim government to take action against terrorist groups and to work towards a stable future. A joint statement from both nations highlighted their commitment to maintaining close communication on Afghan issues and playing a constructive role in the country's development. Political analysts argue that regional powers like China and Pakistan are key players in fostering Afghanistan's stability, as they have long sought stronger relations with the country. Analysts suggest that Afghanistan's response to international demands and the actions of its current rulers will determine how the country integrates into the global community. Pakistan views Afghanistan's stability as beneficial for its own political, economic, and social growth, while also offering assistance in various development sectors. Despite concerns over terrorist groups in Afghanistan, the Islamic Emirate has repeatedly pledged that Afghan soil will not be used for actions against other countries. China's ongoing engagement with Afghanistan contrasts with Pakistan's more complicated relationship, which has faced numerous challenges since the Taliban's return to power. *Source: [Pakistan, China Discuss Afghanistan's Integration, Regional Stability | 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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