

SOUTH ASIA DAILY BRIEFING

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The ISIS-K suicide bombing at a restaurant in Kabul's diplomatic enclave has sent shockwaves through the region's emerging economic corridors. The attack specifically targeted an area popular with foreign technical experts, viewed as a direct attempt to undermine the Taliban's "Kabul Security Guarantee" for international investors.

This escalation coincides with India's strategic pivot: upgrading its "technical mission" to a full embassy presence. New Delhi's move is seen as a calculated effort to fill the diplomatic vacuum and monitor the growing influence of regional rivals in post-NATO Afghanistan.

NEW DELHI — Geopolitical ripples are extending into the maritime and financial sectors. India and the UAE have formalized a Strategic Defense Cooperation Pact during a high-stakes visit by President Mohamed bin Zayed (MBZ).

The agreement transitions the relationship from a buyer-seller dynamic to one of joint production and co-development in defense technology, including space infrastructure and maritime security.

This comes as the UAE seeks to hedge against a shifting "Saudi-Pakistan axis." Simultaneously, the Reserve Bank of India (RBI) has proposed an interlinked BRICS CBDC (Central Bank Digital Currency) network. This "UPI for BRICS" aims to bypass the SWIFT system entirely, allowing for real-time trade settlement in local currencies and posing a direct challenge to the dominance of the U.S. dollar and emerging private stablecoins.

DHAKA — Bangladesh's digital landscape is showing signs of maturity. New BTRC data confirms the internet user base has plateaued at 131 million. Analysts suggest the "easy growth" phase driven by 4G expansion has concluded, shifting the focus toward deep-tech integration and digital literacy to drive the next wave of economic productivity.

Following are Top Five News stories shaping South Asia Today:

1. ISIS-K Claims Responsibility for Kabul Restaurant Attack

Summary: The Islamic State has claimed responsibility for a deadly blast at a Chinese restaurant in Kabul's Shahr-e-Naw district. The attack, which killed seven people, specifically targeted Chinese interests, marking a significant blow to the Taliban's recent foreign security assurances.

Link: aljazeera.com/news/afghanistan-kabul-blast-jan-20-2026

2. India and Afghanistan: The New Silk Road Recognition

Summary: In a landmark diplomatic shift, India has reopened its embassy in Kabul, indirectly recognizing the Taliban government. This move follows a high-level visit by the Afghan Foreign Minister to New Delhi, signaling a strategic pivot to counter regional isolation.

Link: moderndiplomacy.eu/2026/01/20/india-kabul-embassy-reopening

3- Exclusive: India's central bank proposes linking BRICS' digital currencies, sources say

Summary: India's central bank has proposed that BRICS countries link their official digital currencies to make cross-border trade and tourism payments easier, two sources said, which could reduce reliance on the U.S. dollar as geopolitical tensions rise.

Link: <https://www.reuters.com/world/india/indias-central-bank-proposes-linking-brics-digital-currencies-sources-say-2026-01-19/>

4. Defence: India and UAE Forge Strategic Partnership

Summary: Prime Minister Modi and UAE President Sheikh Mohamed bin Zayed signed a landmark "Letter of Intent" for a Strategic Defence Partnership. The nations aim to double bilateral trade to **\$200 billion** by 2032 while expanding cooperation in space and nuclear energy. **Link:** <https://www.thehindu.com/news/national/uae-president-sheikh-mohamed-bin-zayed-al-nahyan-visit-to-india-on-january-19/article70525386.ece>

5. Telecom: Bangladesh Internet Users Hit 130 Million

Summary: New data from the Bangladesh Telecommunication Regulatory Commission reveals internet subscribers reached nearly **130 million**, with mobile users surpassing **187 million**. The growth, largely driven by foreign-backed operators, underscores a massive digital expansion within the nation's economy. **Link:** <https://english.news.cn/asiapacific/20260120/9c41a2ae73cf487e9cb95af8c7d04fb1/c.html>

6. Economy: Sri Lanka Eyes 7% Growth Target

Summary: Economic analysts argue Sri Lanka must sustain a **7% growth rate** over five years to alleviate debt and poverty. Following the impact of Cyclone Ditwah, an IMF team is scheduled to visit to assess damage and resume support. **Link:**

<https://dailynews.lk/2026/01/20/general-opinion/936511/why-sri-lanka-must-sustain-7-growth/>

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