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Editor's Note

The election season in South Asia continues. India, the largest democracy, decided to hold its national election between April and May over seven phases. Almost a billion people are eligible to vote. The ruling alliance, led by Narendra Modi's BJP, is expected to win. The opposition remains fractured and has struggled to find traction with the voters. However, the concern over India's turn against democratic spirit is real.

Pakistan re-elected Shehbaz Sharif as the Prime Minister. He was formerly the PM before he made way for a caretaker government to take reign to hold elections. He formed a 19-member cabinet with ministers close to the military establishment holding key positions. Meanwhile, Asif Ali Zardari became the president, which is largely ceremonial. The tasks in front of the new government are momentous. The economy is in a dire state, and insurgency has increased. The government, which hardly has the voters' mandate, has to address those concerns while being under the thumb of the powerful military establishment.

China held its 'two sessions' amidst concerns over its economy. The real estate sector, which accounts for as much as 30 percent of the Chinese GDP, has gone through a crisis. After Evergrande and Country Garden, China Vanke is on the verge of collapse. Beijing laid out a three-pronged industrial policy to allay the distress. Amidst this, a press conference by the premier, which is a regular feature during the sessions, was canceled. Many analysts took it as a sign that China was trying to hide the real state of the economy or that Xi Jinping is centralizing more power.

Meanwhile, India was forced to replace its military officers stationed in Maldives with 'civilian experts.' The process has started in phases, with final replacement to be carried out by May. It was a key promise of President Mohamed Muizzu, and his anti-India stance is likely to play a role in upcoming national elections in Maldives.

Read these stories and more in the current South Asia Bulletin. The stories on most countries are more detailed than in previous issues to provide more context to the region's development.

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Country Brief

Afghanistan

In a dire warning to Afghanistan's economy, a United Nations Development Program (UNDP) [report](#) states that the economy has 'basically collapsed.' Almost 7 in 10 people are subsistence insecure, meaning they do not have enough basic resources. The Taliban economy has contracted by more than a quarter since the Taliban takeover in 2021. Sadly, the end of the tunnel is still dark. Meanwhile, the Swedish Committee for Afghanistan, a major foreign humanitarian organization, has [suspended](#) all its operations following a Taliban decree demanding a halt to Sweden's activities in the country.

Meanwhile, the oppression of women continues unabated. Taliban's Supreme Leader [announced](#) that his government would begin enforcing its interpretation of the sharia law, including public flogging and stoning of women for adultery. He dismissed concerns against such practice by saying he represented Allah. Additionally, the new academic session started without girls beyond the sixth grade. The Taliban prohibited female education beyond the grade. "The priority is Islamic studies and Beliefs," [quipped](#) acting deputy Prime Minister Abdul Salam Hanafi.

In mid-March, Pakistan [launched](#) air attacks inside Afghanistan. It claimed that the air strike was 'retaliatory,' which targeted the hideouts of the commanders of the Tahreek-e-Taliban (TTP) due to the organization's terrorist activities conducted in Pakistan from across the border. Kabul said the Pakistani jets hit 'ordinary people,' killing five women and three children. It [summoned](#) the Pakistani envoy in Kabul and launched retaliatory firing. Both countries were keen not to escalate the situation. Earlier, the Taliban [declared](#) a USD 35 million investment in Iran's Southern port of Chabahar to reduce its dependence on Pakistani ports.

The war in Afghanistan and the subsequent withdrawal continues to reverberate in the Western capitals. The US heard from two retired Generals on the withdrawal in their testimony to the US Congress. General Mark Milley, the former Chairman of the Joint Chief of Staff, [called](#) the US evacuation a 'strategic failure' and said that the US [lost](#) the war 'in a broader sense.' Meanwhile, the minister of veterans affairs of the UK gave a damning [testimony](#) about the shocking accounts of serial murder and attempted cover-ups by SAS personnel in Afghanistan.

Meanwhile, the United Nations Security Council [renewed](#) the mandate of the United Nations Mission in Afghanistan for a year.

Bangladesh

Bangladesh marked its 53rd Independence Day on March 26. Prime Minister Sheikh Hasina [addressed](#)

the country on this occasion, portraying Bangladesh as a success story in the developing world. She emphasized the role of the ruling Awami League (AL) in driving progress.

In a state where the health of Bangladesh's democracy is being questioned, Hasina, through her speech, sought to legitimize her government's authority and maintain popular support by showcasing the government's efforts to address socio-economic challenges. She also tried reinforcing AL's position by portraying the ruling party as the vanguard of democracy and national development and marginalizing political opposition. She stated, "The only obstacle on their [opposition's] way is the AL. If the AL can be annihilated or weakened by any trick, the rise of the defeated forces is inevitable. So, be careful,".

In a separate event, Hasina [criticized](#) the opposition parties, particularly the Bangladesh Nationalist Party (BNP), for their alleged disregard for democratic principles. She accused them of resorting to violence, arson, and terrorism instead of participating in democratic processes. By juxtaposing the AL's commitment to democracy with the perceived shortcomings of the BNP, Hasina sought to bolster her party's legitimacy and discredit the political opponents.

She also questioned the sincerity of the opposition leaders advocating for the boycott of Indian goods, highlighting what she perceived as hypocrisy, ridiculing their stance and portraying it as insincere or impractical. She [said](#), "BNP leaders are saying #BoycottIndian products. But BNP leaders should make sure their wives don't wear Indian sarees. The day you burn them (your wives' Indian sarees) in front of the (BNP) office, that day I will believe you are actually boycotting Indian goods."

Bhutan

Prime Minister Tshering Tobgay of Bhutan embarked on a significant [five-day official visit](#) to India, where he held crucial meetings with Prime Minister Narendra Modi and President Droupadi Murmu. This visit, his first overseas trip since re-election, underscored the importance of the partnership between India and Bhutan in various sectors such as hydropower, space technology, connectivity, education, and sports. Modi reiterated India's unwavering support for Bhutan's journey towards becoming a high-income nation and its commitment to bolstering support for Bhutan's 13th FYP, including considering a request for the Economic Stimulus Program. The visit also witnessed the signing of a significant MoU on India's Concessionary Financing of INR 1500 crores to Bhutan for GyalSung- Bhutan's National Service Program.

In return, Prime Minister Modi [visited Bhutan](#) for two days, becoming the first foreign leader to be [awarded](#) Bhutan's highest civilian honor, the 'Order of the Druk Gyalpo.' During these visits, [agreements](#) were reached to bolster cooperation in sports, initiate railway projects, enhance digital connectivity, improve energy efficiency in Bhutan, streamline food inspection processes, enhance space cooperation, and standardize medicine regulations. Both sides also agreed on and initialed

the MoU on the Establishment of Rail Links between India and Bhutan, which provides for the establishment of two proposed rail links between India and Bhutan, including the Kokrajhar-Gelephu rail link and Banarhat-Samtse rail link and their implementation modalities.

The deepening Bhutan-India ties come amid Bhutan's efforts to resolve border disputes with China and India's intensified engagement following its shifting focus from the Maldives.

Additionally, Bhutan is actively engaging with another key regional neighbor, Bangladesh. King Jigme Khesar Namgyel Wangchuck [attended](#) Bangladesh's Independence Day celebration, marking the first state visit under Bangladesh's new government. Bhutan was also the first country to recognize Bangladesh as an independent nation at its birth. MoUs were [signed](#) to establish a special economic zone (SEZ) in Kurigram, Bangladesh, and a Burn and Plastic Surgery Unit in Thimphu, Bhutan's capital. Establishing SEZ is crucial for Bhutan as Kurigram is just 190 kilometers from Gelephu, which allows Bhutan to reduce freight costs and time and replace imports.

China

China held the "Two Sessions" - meetings of the National People's Congress and the Chinese People's Political Consultative in March. Standard policies with a few nuances characterized the sentiment during the Two Sessions. In diplomacy, China maintained its commitment to a foreign policy of peaceful development and a multi-polar world order. On Taiwan, the Two Sessions reaffirmed China's adherence to the "One China" principle and opposition to Taiwan's independence. While the phrase "peaceful reunification" was omitted from the work report, it reappeared in subsequent [statements](#) by officials like Wang Yi.

Before the two sessions, the traditional press conference by the premier that had been held since 1988 was [canceled](#), signaling a heightened level of opacity in China's political landscape. Two former premiers had used this platform to express their concerns about China's political and economic issues. As the politics of China becomes increasingly obscure, the Cyberspace Administration of China has announced a campaign to monitor and control generative artificial intelligence. The decision follows a period of [online cleanup](#) where the government-disapproved content was removed.

In terms of the economy, China has laid out a three-pronged industrial policy centered on upgrading traditional industries, expanding emerging industries, and cultivating future industries. The GDP growth target has been [set](#) at around 5 percent. For this, a new tech policy initiative encapsulated by the catchphrase "new productive forces," has been coined, pointing toward technology-led development. Accordingly, the government has [allocated](#) RMB 370.8 billion (USD 52 billion approx) for technological research. Beijing shall also issue RMB 1 trillion (USD 140 billion approx) "ultra-long" bonds with terms of 30 to 50 years to help cash-strapped local governments with liquidity.

Another major property developer, China Vanke, is on the [verge of collapse](#). In the first two months of 2024, it saw a 50.6 percent drop in 2023 core profit and sales, falling below its monthly break-even point. Twelve Chinese banks are in talks with Vanke to [provide](#) 80 billion yuan in financing to support the company with repayment deadlines. It comes on the heels of other major property developers, such as Evergrande, facing similar collapses.

India

India, the world's largest democracy, will hold its general elections in seven phases over April and May. Voting will begin on 19 April and end on 1 June, with results expected within a few days of elections. It is the largest exercise in voting, with almost a billion eligible voters. Prime Minister Narendra Modi-led ruling party, the Bharatiya Janata Party (BJP), and its allies are heavily favored to win a third consecutive term. The BJP has the organization (including the Rashtriya Swyamsewak Sangh), agenda (development and Hindutva), and means (financial strength), as well as a charismatic leader headlining the elections.

The opposition parties are in disarray. More than two dozen parties, including the traditional heavyweight Indian National Congress (INC), formed a coalition bloc called the Indian National Development Inclusive Alliance (INDIA), but it is [unraveling](#). The opposition posits that the soul of India as a liberal and secular democracy is on the ballot in the coming election and accuses the BJP of majoritarian and authoritarian rule.

As if on cue, the government arrested the New Delhi Chief Minister Arvind Kejriwal of the opposing Aam Admi Party (AAP) for a 'liquor scam.' India's financial Crimes unit, the Enforcement Directorate, [accused](#) Kejriwal of receiving kickbacks from private retailers who benefitted from ending the government's monopoly on liquor sales in New Delhi. The government claimed it acted against corruption, but Kejriwal accused the government of political conspiracy. Last month, the tax department virtually sealed the INC's bank account. Besides, several leaders from opposition parties, including INC leader Rahul Gandhi, have been arrested in the last few months for corruption or otherwise.

The US and Germany expressed concerns over the arrest of Kejriwal. The US encouraged a 'fair, transparent, and timely legal process.' New Delhi summoned the acting deputy chief of the US mission in New Delhi and called on the US to desist from interfering in the internal affairs of fellow democracies. The Ministry of External Affairs strongly [objected](#) to the American remarks and expected the US to be 'respectful of the sovereignty and internal affairs of others.' The US doubled, saying no one should object to a [call](#) for a fair process.

Similarly, the German foreign ministry [called](#) for a 'fair and impartial trial' for Kejriwal. New Delhi summoned the deputy chief of mission for a dressing down. New Delhi [called](#) Munich's statement based on biased assumptions and registered strong protest against 'interfering in our [Indian] judicial process and undermining the independence of our judiciary.' It reflects the confident and assertive nature of Indian diplomacy since Modi's reign.

Despite being in cruise control in the election race, the BJP also faces some challenges at home. The Supreme Court followed up its decision to unanimously strike down the 2018 electoral bonds scheme for violating the ‘voter’s right to information’ in February 2024 with a [directive](#) to disclose the details of all bonds purchased after April 2019. It revealed some troubling facets for the ruling party. First, the BJP received a lion’s share of electoral bonds, [accounting](#) for almost 60 percent. Second, though the bonds were supposed to be anonymous, the State Bank of India could identify the buyer via the unique identifier during the audit. Third, there was a clear [correlation](#) between large donations and the donor receiving high-value infrastructure contracts. In some cases, donations were used by some companies to buy out of their troubles, such as tax raids. Ironically, the scheme was introduced supposedly to ensure ‘transparency’ in political financing, but nothing could be further from the goal.

In addition, the return of farmer protests since February and the high unemployment rate, especially among educated youths, are other causes of concern for the BJP. International Labor Organization [reported](#) that the unemployed proportion of educated young people had almost doubled to 65.7 percent as of 2022 from 35.2 percent in 2000 (for more, read the following article).

Meanwhile, the BJP has banked on the implementation plan of the Citizens Amendment Act (CAA), which was passed four years ago but stalled implementation due to protests, to win the elections. The CAA has provisions for non-Muslims in other ways if they do not have proof of citizenship. It also allows for a fast track for non-Muslim refugees fleeing from neighboring countries to receive Indian citizenship.

The Indian Navy [commissioned](#) a new base on Minicoy Island, part of the Lakshadweep archipelago. This base aligns with India’s plan to have a strong naval presence in the Indian Ocean and beyond. It comes amidst ongoing issues about the removal of uniformed Indian military men stationed in the Maldives. However, linking the base only to the events in the Maldives would be a disservice to India’s major power aspirations, with the Navy playing a critical role.

Bhutan’s newly elected prime minister, Tshering Tobgay, [visited](#) New Delhi in mid-March, and Modi returned to the Himalayan kingdom later in the month (for more, see the Bhutan section). The visits symbolize the close relations the two nations have and India’s centrality to Bhutan’s foreign and economic policy.

India concluded a free trade agreement with the European Free Trade Association (EFTA) after 15 years of negotiations. The EFTA includes Iceland, Liechtenstein, Norway and Switzerland. Modi called it a landmark pact. Earlier, India also concluded trade agreements with Australia and the UAE. In the recent decade, New Delhi has grown more confident about its domestic productive capacity, helping it to conclude such agreements.

The Maldives

India’s decision to replace the first batch of military personnel stationed in the Maldives, responsible for the maintenance of one helicopter, on 10 March, marks a significant shift in the region’s dynamics. The 89 Indian military officers, including 12 medical personnel, were stationed in the Maldives to

service two helicopters and a Dornier aircraft provided by India. They are now being replaced by 'civilian experts,' a move that fulfills one of the key promises of new President Mohamed Muizzu. The second batch is set to be replaced by 10 April, with all personnel being replaced by May, underlining the importance of this transition.

This was part of Muizzu's election campaign. He ran on a nationalist 'India Out' platform, promising to enhance Male's sovereignty. He has pulled closer to China, visiting Beijing in January, and made many critical remarks about New Delhi. The opposition has criticized his position on India. Former president Ibrahim Mohamed Solih [advised](#) Muizzu to mend ties with India. Solih visited India seeking to mend relations. Referring to the [declining](#) number of Indian tourists in the Maldives, Solih [apologized](#) for the downturn in relations with India and urged more Indians to visit the archipelago nation.

However, Muizzu has remained firm. He [remarked](#) that former Solih had 'operated on orders from a foreign ambassador' (read India) and that Male's maritime [surveillance](#) concerned no other country. However, he [called](#) India the 'closest ally,' urging India to extend debt relief to the Maldives.

In the meantime, a Chinese military delegation [visited](#) the Maldives in early March. The two countries [signed](#) an agreement for China's military assistance to the Maldives, fostering stronger bilateral ties. Separately, a Chinese company signed an [agreement](#) to establish an agricultural economic zone in the Maldives by reclaiming land for sustainable agriculture and enhancing Male's food security. Beijing also [sent](#) 1,500 tonnes of drinking water to the nation.

The Maldives has been actively forging strategic partnerships with various countries. Recently, it [received](#) three Unmanned Flying Vehicles (UAV) from Turkey for maritime surveillance, a move that enhances its security capabilities. The two countries also [held](#) their first round of negotiations to enter into a Preferential Trade Agreement (PTA), signaling a potential economic alliance. Similarly, Japan has [signed](#) four agreements to assist Male primarily for maritime security, further strengthening the Maldives' defense capabilities.

Nepal

In events leading to tensions between the Communist Party of Nepal (CPN) - Maoist Centre and Nepali Congress (see previous SAB), Prime Minister Pushpa Kamal Dahal has [switched alliances](#) with the CPN –United Marxist Leninist (UML), the second largest party in the parliament and other smaller parties to form a new coalition. With the fallout at the federal level, the provincial cabinets have also been [shuffled](#) along with the change in political appointees in [other](#) government agencies. Such reshuffling of provincial cabinets and political appointees in line with the power struggle at the national level raises doubts about federalism's stability, increases political uncertainty, and risks democratic institution stability. Moreover, easily replacing political appointees in key agencies suggests Nepal's

institutional weaknesses, compromising impartiality and effectiveness.

Nepal's newly appointed Foreign Minister and Deputy Prime Minister, Narayan Kaji Shrestha, made an [official trip](#) to Beijing on the invitation of his Chinese counterpart Wang Yi. Shrestha has proposed building Nepal-China economic and development corridors to boost economic growth, trade, tourism, and connectivity between Nepal and three Chinese Provinces, Tibet, Sichuan, and Chongqing. This proposal was made to align with China's Trans Himalayan Multi-Dimensional Connectivity Network (THMDCN). THMDCN involves China funding a feasibility study for a cross-border railway connecting China and Nepal under the Belt and Road Initiative.

While the THMDCN will prove advantageous for the Nepali economy, Nepal hesitates to implement the THMDCN projects on commercial loans. For China, the small scale of Nepal's market and lack of financing alternatives to commercial loans are problematic. Hence, while Shrestha's visit and proposal sound fruitful for Nepal on paper, concrete actions to garner the proposal's benefits seem far-fetched.

Pakistan

Pakistan's new Prime Minister, Shehbaz Sharif of Pakistan Muslim League-Nawaz (PLM-N), formed a 19-member cabinet. They were [sworn](#) in by the newly elected President, Asif Ali Zardari of the Pakistan People's Party (PPP), who holds a largely ceremonial role as head of state. During the ceremony, Sharif vowed to improve the country's economy and control prices. Among key appointees are Ishaq Dar (Foreign Minister), Khawaja Mohamed Asif (Defense Minister), and Muhammad Aurangzeb (Finance Minister).

The cabinet [shows](#) the military's deep influence, which has succeeded in placing reliable people in important posts. The military's backing of the coalition warns political opposition (read Imran Khan) that efforts to undermine the new government will be dealt with seriously. However, the coalition stands on a shaky foundation. It cannot effectively claim to have a voter's mandate and is incapable of challenging the all-powerful military.

The staff-level [agreement](#) with the IMF to disburse the final tranche of the USD 3 billion bailout provides a respite for the government. If approved, the IMF will disburse USD 1.1 billion. According to the IMF, Islamabad's economic and financial situation has improved, but it expects growth to be modest and inflation to be above the target rate. Beijing also [said](#) that it would help Islamabad overcome foreign debt woes. Meanwhile, Dar [conveyed](#) a serious intent to rejuvenate trade relations with India.

On 26 March, a suicide [terror attack](#) at the China-invested Dasu hydropower project killed five Chinese nationals and their Pakistani driver. The Chinese embassy in Islamabad condemned the attacks and demanded that Pakistan conduct a thorough investigation. Two years earlier, a similar terror attack

killed nine Chinese nationals. China has [halted](#) two dam projects, but Beijing is unlikely to let the attack impact relations with its ‘iron brother,’ especially at the beginning of the tenure of a new government.

The US State Department [warned](#) against Pakistan’s plan to build a pipeline to import gas from Iran. The Department spokesperson Mathew Miller cautioned that ‘doing business with Iran runs the risk of touching upon our sanctions’ and said, ‘we[the US] do not support this pipeline going forward.’ Nevertheless, Pakistan is [determined](#) to continue constructing its segment of the long-planned pipeline. This is partly informed by Pakistan’s desire to ease the power shortage at a lower price and to circumvent substantial penalties owed to Iran due to delays in the USD 7 billion project.

Sri Lanka

Sri Lanka’s cabinet has [approved](#) a proposal to reform the electoral system, a move that has sparked controversy. The new system will be a hybrid one, with 160 members appointed via the First Past-The-Post system and 65 members through Proportional Representation (PR). Currently, 196 members are elected under districts-based PR, while 29 members are appointed on the cumulative votes polled from the nationwide vote. The opposition parties have voiced their concerns, fearing that these electoral reforms might be a ploy to delay parliamentary elections, pointing to past incidents of election postponement through law manipulation. However, the ruling party has [vehemently denied](#) these allegations.

While the country is immersed in the election environment, Former President Gotabaya Rajapaksa released a book where he highlighted the polarization in voting patterns along ethnic lines among the people of Sri Lanka, [quoting](#), “The only reason I won the 2019 presidential election with over 52% of the vote was because of the Sinhala vote. From the time I was nominated as a candidate for the presidency, large sections of the Tamil population, the Muslim population, the overseas Tamil groups, the foreign-funded NGOs, and certain countries with large expatriate Tamil populations were openly hostile to the thought of having me as the President of Sri Lanka. Sections of the Roman Catholic Church joined this group after I became President.”

Prime Minister Dinesh Gunawardena met President Xi Jinping and Prime Minister Li Qiang on an [official visit](#) to China. Nine new agreements, details withheld, were [signed](#) between the two countries. Being the largest bilateral lender, Qiang [assured](#) Beijing would support Colombo’s debt restructuring process. On the other hand, the Chinese Embassy in Colombo has [protested](#) against a move by Sri Lanka to allow a German research vessel for a port call amid a one-year ban on foreign research vessels. Sri Lanka, in return, [stated](#) that the ban on foreign ships is for research purposes, not replenishment.

South Asia: World's Pollution Capital?

South Asia is the world's most populated and among the most densely populated areas. Almost four billion people reside in the region, which has an area of 15 million square kilometers. The region's population density is 260 people per sq. kilometer, compared to around 16 per sq. kilometer globally. It is no wonder the region is amongst the most polluted in the world despite relatively low levels of industrialization in most parts of the sub-continent. Also, most industries in developing countries are generally 'dirty,' and evolve to be cleaner as countries progress.

The IQAir World Air Quality Report 2023 reflects this phenomenon. The report ranked the air quality of 7,812 cities from 134 countries (and territories). Unsurprisingly, three countries from the Indian subcontinent—Bangladesh, Pakistan, and India—are atop the notorious ranking. Nepal is closely followed in eighth place, and China is in 19th. Afghanistan would likely be in the top 20, too, but sufficient data was unavailable. Bhutan would have likely been among the cleaner countries, though Bhutan was amiss from the rankings.

All countries from the region, except China and Sri Lanka, ranked worse than the previous year in 2022. Only Sri Lanka's air quality improved in 2023. The rest of the countries, including China, had worse air quality, with Bangladesh worsening the most. It could be because of the Covid-19 impact and the subsequent closures of industries and transportation, which 'cleaned' the air. It is summarized in the following table: New Delhi is the most polluted capital city in the world, followed by Dhaka in

World Air Quality Report					
Country	2023		2022		No. of world's most polluted cities 2017-2022 (in top 50) ¹
	Global Ranking	PM 2.5 $\mu\text{g}/\text{m}^3$	Global ranking	PM 2.5 $\mu\text{g}/\text{m}^3$	
Bangladesh	1	79.9	3	70.9	1
Pakistan	2	73.7	5	65.8	3
India	3	54.4	8	53.3	42
Nepal	8	42.4	16	40.1	0
China	19	32.5	25	30.6	2
Sri Lanka	49	19.3	46	20.7	0
Maldives	69	15.3	90	10.9	0
Afghansitan	N/A	N/A	N/A	N/A	
Bhutan	N/A	N/A	N/A	N/A	

¹ The other two cities are from Indonesia and Kazakhstan.

Source: IQAir [2022](#), [2023](#)

second place. Islamabad (9th), Kathmandu (11th), and Beijing (19th) are all placed within the top 20. The pollution in the capital largely reflects the air quality in the rest of the country.

India tops the list of the most polluted cities historically (2017-2022). Of the 50 most polluted cities, 42 are from India, three from Pakistan, two from China, and one from Bangladesh. India's notoriety continues in the top 100, after which the Chinese cities dominate.

In saying that, some countries, such as China, had a good record of improving their air quality over the past decade. However, it increased approvals for coal-powered power plants. In 2023, 243 Gigawatts of such plants were permitted or under construction. This reversed China's progress in air quality improvement.

The Indian subcontinent is also at a geographical disadvantage. The pollutants generated in the region, combined with pollutants brought into the region by winds from the Indian Ocean, get trapped by the high Himalayas in the north of the region. Therefore, the low-lying areas of the subcontinent feel the wrath of the accumulation of air pollutants.

Crop-burning smoke, industrial and vehicular emissions, brick kilns, and coal-powered plants, among others, affect the air quality of the cities in the region. These developing countries have limited resources to invest in improving the region's air quality. Sometimes, it is a tug-of-war between improving air quality and promoting economic growth. Most cities have chosen the latter for short-term pragmatic reasons. Climate change, which has affected the rain patterns with longer droughts, has contributed to the problem, too.

To be fair, only five countries out of 134 met the World Health Organization's PM 2.5 guideline -less than an annual average of $5\mu\text{g}/\text{m}^3$. However, South Asia fares particularly worse.

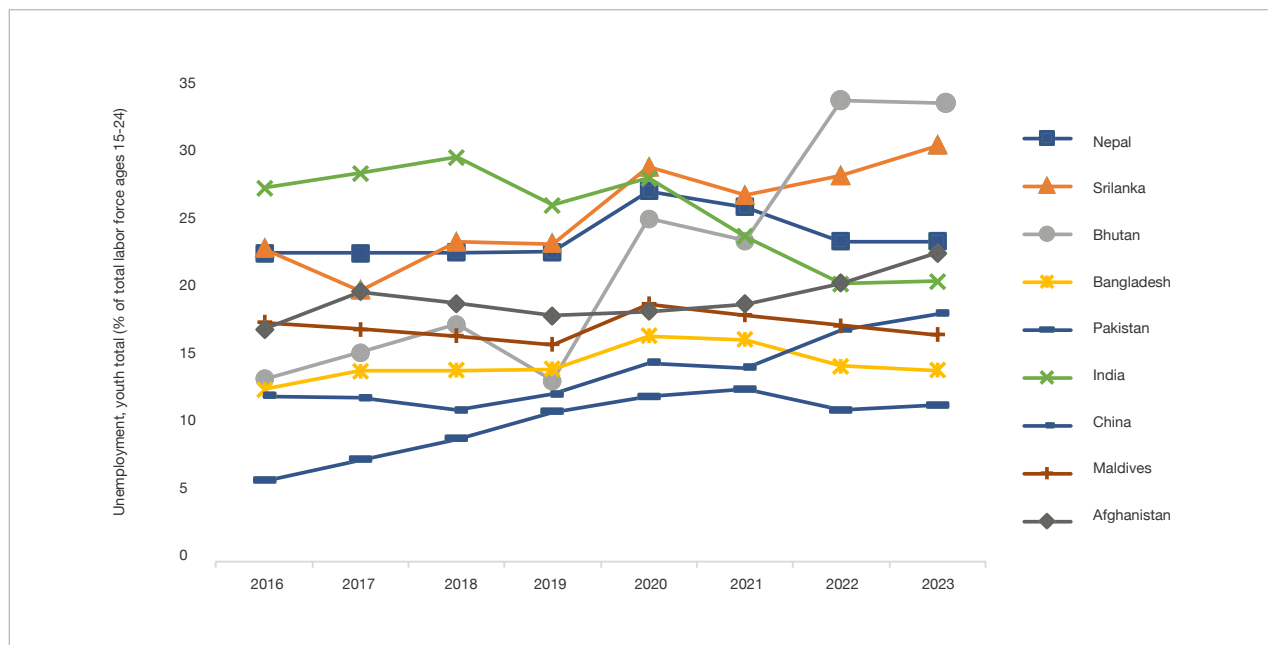
The region has made commitments to address the challenges. The Maldives has committed to achieving net-zero carbon emissions by 2030, Nepal by 2040, China, Bangladesh, Pakistan, Sri Lanka by 2050, and India by 2070. Bhutan is already a carbon-negative country. This is largely to address climate change, but the measures will also help achieve better air quality simultaneously if the countries are on the right track to achieve those commitments.

Youth Unemployment in South Asia

Youth account for 16 percent of the global population, and youth unemployment refers to the portion of this population willing to work but unemployed. High youth unemployment rates can harm a country's economy and social stability, leading to wasted human potential, increased poverty, social unrest, and long-term economic stagnation. South Asia is the largest contributor to global demography, contributing around 6 percent.¹ For the global population, dissecting the state of youth unemployment in the region is imperative.

Data suggests that Bhutan has the highest youth unemployment rate in South Asia, followed by Sri Lanka and Nepal. Comparing the performance of the countries over the past decade, Bhutan has seen the sharpest increase of more than threefold from 2014 to 2023, followed by Sri Lanka and Nepal, while India and Maldives have shown a decline in youth unemployment rates. These changes in the patterns are strongly related to factors such as the quantity and quality of the youth of the region as well as the workforce absorption capacity of the national economies.

Figure 1 Total Youth Unemployment Rates for South Asian Countries between 2014 and 2023



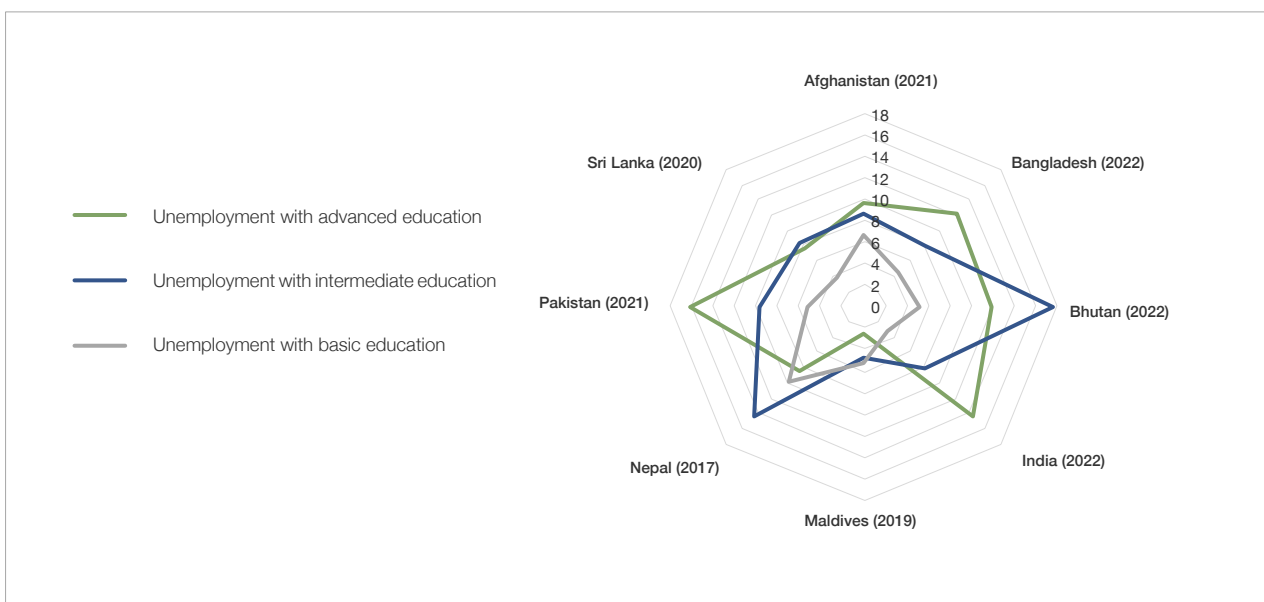
Source: World Development Indicators

Demographic bulge has been a major contributor to South Asia's increasing youth unemployment rates. With a large proportion of the population being young, there is a constant influx of new entrants into the labor force each year. The labor supply often outstrips the available job opportunities, leading to high youth unemployment. Further, with a high supply of young workforce, the educational

¹ Derived from the population estimates and projections provided in the World Bank Database for 2023.

infrastructure of these countries is strained, leading to overcrowded classrooms, shortages of qualified teachers, and insufficient resources for effective learning. All of these factors hamper the quality of education and lead to poor educational performance among students. As a result, their educational qualification does not meet the job market expectations.

On the other hand, gaining advanced degrees also does not guarantee employment. Data shows that except in the Maldives, in all South Asian countries (bar China – data not available), unemployment with basic education is the lowest compared to those with intermediate and advanced education. Given that educated youth have higher career aspirations and their skills are more specialized, it can take longer for them to secure suitable jobs. Moreover, educated young job seekers may be overqualified for low-skilled jobs and not possess the practical skills employers demand.



Source: World Development Indicators

On the demand side, the inability of the South Asian economies to absorb the young workforce is one of the root causes of increasing youth unemployment. Countries in South Asia are low- to middle-income countries, and these economies' growth pace is not enough to cater to the expanding workforce. Moreover, the prevalence of the informal sector in South Asia also presents unique challenges for young job seekers. Many youths aspire to secure formal, career-oriented positions, but the informal sector dominates the region's labor market, offering predominantly low-paying and precarious employment opportunities. This mismatch between youth aspirations and the realities of the job market further complicates efforts to address youth unemployment effectively.

The mismatch between educational outcomes and industry requirements exacerbates youth unemployment by limiting the employability of young job seekers. For instance, a [study](#) by Aspiring Minds found that despite producing many engineering graduates annually, only 7 percent of engineering graduates in India were deemed employable in core engineering roles. Traditional teaching methods,

curriculum misalignment, and limited industry engagement result in the supply of young workforce that do not meet the job market requirements.

Unlike adults, who may possess greater experience and practical skills, youth often face barriers related to their educational attainment, lack of work experience, and limited access to formal employment opportunities. The experience trap hinders the entry of the young workforce into the labor market.

However, this presents a Catch-22 situation: How can young individuals gain experience if employers require prior experience for entry-level positions? This dilemma perpetuates a cycle of exclusion, leaving many young people sidelined from job opportunities despite their qualifications and potential.

One key area for intervention to address youth unemployment in South Asia is aligning education and training systems with the labor market's needs. Initiatives such as stipend-based training programs, temporary contracts, and apprenticeships can provide young people with valuable skills and practical experience, enhancing their employability and job prospects.

Furthermore, efforts to improve the quality of the youth workforce through investments in education, skill development, and vocational training are crucial. By improving educational outcomes and equipping young people with relevant skills, South Asian countries can bridge the gap between education and employment, facilitating smoother transitions into the workforce. Moreover, policymakers must address structural barriers to youth employment by reviewing and adapting labor market regulations to foster greater flexibility and responsiveness to changing economic realities. Reforms aimed at promoting entrepreneurship, facilitating access to finance, and creating an enabling business environment can also spur job creation and economic growth, offering new opportunities for young job seekers.

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