



SAB

SOUTH ASIA BULLETIN

COOPERATION • HARMONY • CONFLICT

May 2024

Volume 2, Issue 9

WHAT'S INSIDE ?

- **National elections begins in India, BJP favoured to win**
- **Pakistan reaches out to Saudi Arabia, Iran**
- **Muizzu's party sweeps parliamentary election in Maldives**
- **Afghanistan on the verge of multiple humanitarian crises**
- **China restructures its military to enhance capabilities in space and cyber warfare**

Contributors

Samridhi Pant

Santosh Sharma Poudel

Copyright © 2024, Nepal Institute for Policy Research (NIPoRe)

Disclaimer: The opinions expressed in the Bulletin are of the contributors. They do not represent NIPoRe's position.

Suggested Citation: Pant, S., and Poudel, S.S. (2024). South Asia Bulletin. Nepal Institute for Policy Research (NIPoRe). Vol 2, Issue 9

Designed by: Saurav Thapa Shrestha, Everything Creatives Pvt. Ltd.

Editor's Note

April in South Asia saw significant political and geopolitical shifts. In India, the ruling Bharatiya Janata Party (BJP), led by Prime Minister Narendra Modi, is poised for a third consecutive term. The BJP's campaign merges Modi's development agenda with Hindu-nationalist themes, sharply criticizing the opposition Indian National Congress (INC) for perceived favoritism towards Muslims and alleged plans to implement Sharia law. Modi's assertive rhetoric on cross-border strikes against terrorists in Pakistan underscores the BJP's portrayal of a strong, decisive India, contrasting with the INC's focus on social safety nets and democratic norms.

In a rare positive development, the Taliban's initiative to return private land to Hindu and Sikh minorities in Afghanistan marks a step towards reconciliation and improved regional relations, particularly with India.

In the Maldives, President Mohamed Muizzu's party, the People's National Congress, achieved a sweeping parliamentary victory, bolstering his nationalist platform and potentially shifting the Maldives' foreign policy dynamics, especially with India and China.

President Xi Jinping's European tour in April highlighted China's commitment to strengthening ties with Europe amidst rising protectionism. Domestically, China is restructuring its military to enhance capabilities in space and cyber warfare, and its economy grew by 5.3 percent in the first quarter, driven by high-tech manufacturing and infrastructure investments.

Pakistan has been navigating a complex geopolitical landscape, balancing relationships with Iran, Saudi Arabia, and China while addressing internal challenges. Prime Minister Shehbaz Sharif's diplomacy aims to strengthen economic ties and regional security, but tensions with India remain high, exacerbated by allegations of cross-border assassinations and judicial pressures from powerful intelligence agencies.

These shifts highlight the evolving landscape of South Asian geopolitics and domestic affairs. The region's future will depend on how these nations navigate internal challenges, bilateral relationships, and global issues like climate change, revealing a dynamic and interconnected regional tapestry.

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.

For more on South Asia, follow the South Asia Bulletin. Feel free to write to us at [samridhipant\[at\]nipore\[at\]gmail\[dot\]com](mailto:samridhipant@nipore.org) if you have comments or criticisms or want to partner with us in this endeavor. To enjoy our other research works, visit our website at www.nipore.org.

Samridhi Pant

Senior Researcher and Program Manager
Nepal Institute for Policy Research

Country Brief

Afghanistan

Najibullah Haqqani, minister of telecommunications and Information, [finalized](#) a proposal to limit access to social media platform Facebook, pending approval by the Taliban. Media freedom advocates like the Committee to Protect Journalists [expressed](#) alarm over the proposal and urged the government to reconsider the move. The Taliban also [suspended](#) two TV stations in Afghanistan- Noor TV and Barya TV- for their failure to 'consider national and Islamic values.' Earlier, Taliban officials [arrested](#) a journalist for Radio Free Europe. Taliban stated that he was arrested for 'blasphemy' and not his media activities.

Afghanistan is on the verge of multiple humanitarian catastrophes. Almost two-thirds of Afghans, including 16 million children and 11 million women, [require](#) humanitarian assistance. Almost 16 million people are [food insecure](#). One in 10 Afghan children under five years old is [malnourished](#), and almost half are stunted. The [European Union](#) has provided Euro 15 million to UNICEF to prevent and treat malnutrition among women, adolescent girls, and children and improve water sanitation services. The World Food Crisis [distributes](#) food and cash to six million people monthly. Climatic changes worsen such a crisis. Flash floods caused by unseasonably heavy rain [killed](#) more than 70 Afghans and destroyed 2,600 homes. Afghanistan is among the countries most vulnerable to climate change.

Besides, suicide bombings and open fires have become regular features. On 30 April, a gunman [stormed](#) a mosque in Western Afghanistan, killing six people as they were praying. The mosque belonged to the Shiite Muslim minority. Also, an old landmine [killed](#) nine children in Ghazni province. Afghanistan is one of the most mine-contaminated countries in the world, a legacy of continued insurgency for more than half a century.

Afghanistan, Kazakhstan, and Turkmenistan [agreed](#) to enhance transit and transport infrastructure. They decided to create favourable and competitive tariffs to ensure the swift movement of containers from China through the Central Asian countries to Afghanistan and onward to Pakistan, India, and Middle Eastern countries.

Speaking at the Shanghai Cooperation Organization (SCO) Defense Ministers Meeting in Astana, Russian Defense Minister Sergey Shoygu [said](#) the main threat to the SCO members emanated from Afghanistan. International terrorist groups have found shelter due to the unstable political situation in the region. However, Russia is [considering](#) taking the Taliban off its list of terrorist organizations.

In a positive turn of events, The Taliban is undertaking initiatives to [return](#) private land to Hindu and Sikh minorities, reclaiming these properties from warlords linked to previous West-backed regimes. New Delhi viewed this as a positive gesture towards India.

Bangladesh

Prime Minister Sheikh Hasina [paid an official visit](#) to Thailand from 24 to 29 April 2024. This is the first visit at the Head of Government level from Bangladesh to Thailand since establishing diplomatic relations. During the visit number of documents were [signed](#) including an Agreement on Visa Exemption for Holders of Official Passports, a Letter of Intent to Commence the Negotiation of a Free Trade Agreement by 2024, a Memorandum of Understanding (MoU) on Energy Cooperation, an MoU on Cooperation in the Field of Tourism, and an MoU concerning Cooperation and Mutual Assistance in Customs Matters.

The World Bank has [projected](#) Bangladesh's real GDP growth to remain relatively subdued at 5.6 percent in the current fiscal year and 5.7 percent in the upcoming fiscal year. The persistent inflation is expected to weigh on private consumption growth, and shortages of energy and imported inputs combined with rising interest rates and financial sector vulnerabilities are expected to dampen investor sentiment. The Asian Development Bank (ADB) on the other hand has [projected](#) growth up to 6.1 percent in FY 2024 and 6.6 percent in FY 2025 pushed by increased garments export.

The ADB has [signed](#) a USD 121.55 million financing package to build and operate a 100-megawatt (MW) grid-connected solar photovoltaic power plant. The plant is the country's first private-sector utility-scale solar facility to secure support from global financiers.

Bangladesh [experienced](#) record-high temperatures in April, which caused intense heat waves across the country. Extreme heat forced the closure of all schools as temperatures soared to 42°C, 16 degrees more than the annual average.

Bhutan

The Ministry of Finance [projected](#) Bhutan's economy to grow 5.68 percent in 2024 and 8.97 percent in 2025. The increased growth is based on the commissioning of the mega hydropower projects and increased government spending in the 13th Plan. Funding [sources](#) for the 13th Plan include domestic resources amounting to Nu 318.89 billion and grants totalling Nu 140 billion (Nu 100 billion from India and remaining from the European Union, Japan, and international organizations). In addition, Nu 10 billion has been allocated from green or climate financing. Regarding international assistance, the World Food Programme [announced](#) investing USD 14,603,177 in Bhutan to support Bhutan's goal of achieving 'zero hunger'. Similarly, Japan shall [support](#) Bhutan in developing a Digital Topographic Map to provide essential geospatial information with precise coordinate data. Similarly, the European Union and UNICEF shall [provide](#) €1 million in funding to Bhutan to support digitalization in education and skills.

Bhutan's government is [revising](#) its foreign direct investment (FDI) policy to achieve a target FDI inflows of Nu 500 billion in the next five years. The existing FDI projects in the country include agro-based, forest-based, education, IT services, hospitality and tourism, and mineral-based. On financing, the

European Investment Bank [signed](#) its first-ever investment support for Bhutan, a 30-year loan for USD 160.1 million to construct small to mid-size run-of-river hydropower plants and solar photovoltaic generation. Similarly, the International Solar Alliance [committed](#) a grant of between USD 200,000 and 300,000 to Bhutan to facilitate the establishment of a Solar Technology Application Resource Centre designed to become a leading hub for solar research, development, and application in Bhutan.

Bhutan [hosted](#) the Sustainable Finance for Tiger Landscapes Conference to preserve tiger landscapes. The conference marked the release of the [Paro Statement](#), which urged stakeholders to catalyze USD 1 billion in additional funding for tiger conservation by 2034.

China

Chinese President Xi Jinping concluded his European tour, affirming China's commitment to cooperation with Europe. Visiting France, Serbia, and Hungary, he [stressed](#) the significance of the China-Europe relationship amidst rising protectionism. During a trilateral meeting, Xi underscored the mutual benefits in China-EU cooperation, independent of third-party influence. The French President Emmanuel Macron echoed this stance, emphasizing strengthened ties with China for Europe's future. Xi's visits to Serbia and Hungary signaled elevated bilateral relations, aligning with increased Chinese investment in the region.

President Jinping has [ordered](#) a major overhaul of the nation's military, terminating the Strategic Support Force established in 2015. In its place, a new Information Support Force is being created, with aerospace and cyber units now operating independently. This restructuring aims to bolster China's capabilities in space and cyber warfare amidst increasing global tensions, particularly with the United States. On the other hand, U.S. Secretary of State Antony Blinken met Jinping [stressed](#) the importance of "responsibly managing" the differences between the two nations. Blinken also raised concerns about China's support for Russia and its invasion of Ukraine, as well as other issues including Taiwan and the South China Sea, human rights and the production and export of synthetic opioid precursor. Recently, Jinping had [met](#) with Russian Foreign Minister Sergey Lavrov in a sign of mutual support and shared opposition to Western democracies amid Moscow's invasion of Ukraine.

China's economy exceeded expectations, [growing](#) by 5.3 percent in the first quarter, driven by strong growth in high-tech manufacturing. Investments in factories, equipment, and infrastructure increased, but consumer demand remains weak, and property development investment is pessimistic.

India

The national elections in India began on 19 April. With almost a billion eligible voters, the election will be held over seven phases till 1 June. The second phase was held on 26 April. The ruling Bharatiya Janata Party (BJP) is expected to win a third consecutive term [for more, see SAB 2(8)].

The BJP's agenda is a merger between Modi's development rhetoric on a Hindu-nationalist platform. Modi **told** a rally that the opposition Indian National Congress (INC) party would distribute wealth to those with 'many children', a not-so-subtle reference to Muslims. Meanwhile, Uttar Pradesh Chief Minister Yogi Adityanath, seen by some as a successor to Modi, **claimed** that the INC intended to implement Sharia laws. Meanwhile, the opposition has focused its attacks on BJP and Modi's authoritarian tendencies. They have made the elections about **preventing** India's 'slide into autocracy.' It has **accused** the BJP of Islamophobia. Even the Communist Party of India Marxist (CPI-M) **manifesto** states that the polls are taking place at a time when 'the secular, democratic, republic of India faces an existential crisis' created by the Modi-led rule of the BJP government.

The BJP has projected a strong and muscular India willing to take on the world based on its national interests. Modi and the BJP have seized upon The Guardian **report** that alleged India assassinated almost 20 terrorist suspects on Pakistani soil. Modi **remarked**, "Aaj ka Bharat ghar mein ghus ke maarta hai (Today's India goes inside enemy territory to strike)." He contrasted this to INC's weak governments. The BJP has also highlighted the 'weaknesses' of the Indian National Congress (INC), the main opposition, and leaders- contemporary or historical. Modi **accused** the INC of callously giving away Katchatheevu- a small island along the Palk Strait, to Sri Lanka in 1974. He **dubbed** the INC a vine with no roots or branches and sucked dry those who support it.

Further on domestic politics, India's top court **granted** bail to an opposition member of parliament and leader of Aam Aadmi Party (AAP) in a money laundering case. However, Arvind Kejriwal, the Chief Minister of Delhi and the national convener of AAP, remains in jail.

Meanwhile, the relationship between India and China continues to be 'abnormal.' Beijing **released** a fourth list of 30 new names for various places in Arunachal Pradesh, which China calls South Tibet or Zangnan, which China also claims. India has rejected the names, asserting that the 'invented' names do not alter the reality that those parts are integral parts of Indian territory. Modi **called** for the two countries to 'urgently address the prolonged situation' on the Indo-China border to put behind the 'abnormality in bilateral interactions.'

The Maldives

The Maldives' parliamentary election (majlis) **resulted** in a massive victory for the incumbent President, Mohamed Muizzu. His party, the People's National Congress (PNC), secured 66 of the 93 seats. Seven of the 11 independent candidates that secured seats have signed onto the ruling party. It gives the PNC and Muizzu the supermajority in the parliament, giving them total control over all aspects of policymaking, including the ability to reshape the judiciary theoretically. It was a resounding endorsement of Muizzu's nationalist platform. "The result proves Maldivians want autonomy in choosing their future, without foreign intervention", **quipped** Muizzu. Muizzu won the presidential election in 2023 on the back of an 'India out' campaign, though he **claims** his foreign policy is 'pro-Maldives' and not anti/pro-India or China.

New Delhi may have hoped for a different result. However, Maldives-India relations are thawing after a frosty few months. As a result, Indian tourists visiting the Maldives almost halved in the first quarter of 2024 compared to a year earlier. Indian Ministry for External Affairs [reiterated](#) that New Delhi and Male have historical ties, and India is engaged in a development cooperation with the Maldives. New Delhi [announced](#) a decision to boost exports of essential commodities such as eggs, potatoes, onion, sugar, rice, and wheat flour, among others, in 2024 and 2025 at the request of the Maldivian government. Male is now trying to woo Indian tourists again to the island nation. Also, the junior minister was suspended earlier for disrespecting the Indian flag [and apologized](#) for her actions. However, it is undeniable that Muizzu can deal with India from a position of strength at home.

China congratulated Muizzu on his party's victory. "China stands ready to work with the Maldives to carry forward traditional friendship, expand exchanges and cooperation in various fields, deepen China-Maldives comprehensive strategic cooperative partnership and speed up the building of a China-Maldives community with a shared future to deliver greater benefits to our two peoples," Chinese foreign ministry spokesperson Wang Wenbin [said](#). Male [plans](#) to have the option to settle import payments in Renminbi (RMB) soon. Also, a 4,500-tonne high-tech [Chinese research ship](#) was back in the Maldivian waters in late April, two months after it spent a week docked in different ports in Maldives. Beijing hopes the election result will help inject more certainty into the bilateral relations. Muizzu went to China for his first foreign visit, though former Maldivian presidents have traditionally chosen New Delhi as their first destination.

Nepal

The Asian Development Bank has [projected](#) Nepal's economy to grow by 3.6 percent FY 2023-24, with the gradual relaxation of monetary policy coupled with improved consumer and investor confidence being the major stimulators of the economy. The World Bank has predicted similar numbers, with growth at 3.3 percent for Nepal.

Nepal [hosted](#) the third investment summit, where investments worth NPR 9 billion were approved. In addition, 12 Memorandum of Understanding (MoUs) between Nepal and its development partners and foreign investors countries, including India, China, Japan, the UK, the US, the UAE and Germany. Ahead of the summit, Nepal and China [signed](#) two agreements focused on human resources development and the improved bone marrow transplantation service.

Regarding regional developments, China has [exempted](#) visa fees for Nepali nationals, with express charges and other services remaining [unchanged](#). Similarly, Bangladesh and Nepal have [agreed](#) to sign a Customs Mutual Assistance Agreement to exchange customs-related data and information between the two countries.

With the visit of Amir of the State of Qatar Sheikh Tamim bin Hamad Al-Thani's visit to Nepal, the ties between the two countries have been strengthened. During his [visit](#), six MoUs were signed regarding cooperation between various government agencies of the two countries. Two private sector Agreements/MoUs were signed between the Federation of Nepalese Chambers of Commerce and

Industry (FNCCI) and the Qatar Chamber.

Pakistan

April was a critical month in Pakistan's diplomacy. After elections in February and government formation under the Premiership of Shehbaz Sharif, Islamabad engaged its major partners. Iranian President Ebrahim Raisi [made](#) a three-day visit (22-24 April) to Islamabad to discuss regional and bilateral issues. It comes hot on the heels of the tit-for-tat missile attacks between the two neighbours in January. Iran said economic and commercial issues, energy, and border issues were on the agenda. Pakistan stated that connectivity and people-to-people contacts were also part of the agenda.

Sharif and Raisi [condemned](#) Israel's war against Hamas in Gaza and vowed to cooperate to fight terrorism. They also pledged to enhance efforts at a 'united front' against serious threats to regional and global security emanating from Afghanistan-based militants. Besides, Tehran and Islamabad [agreed](#) to increase the annual value of bilateral trade fivefold from USD 2 billion currently over the next five years. They would also set up joint border markets and economic free zones and work on the long-touted Iran-Pakistan gas pipeline.

The pipeline has Islamabad on a hook. On one hand, it faces billions of dollars in fines if it fails to build the pipeline in its territory. Such a pipeline will help mitigate Pakistan's energy crisis cheaply. On the other hand, the US has [threatened](#) Pakistan with 'potential risk of sanctions' if it does business deals with Iran. Separately, the US has [imposed](#) sanctions on three Chinese companies and one from Belarus for supplying missile-applicable items for Pakistan's ballistic missile program.

On 16 April, the foreign minister of Saudi Arabia, Prince Faisal bin Farhan bin Abdullah, [led](#) a high-level delegation to Pakistan. He met with Pakistan Chief of Army Staff Gen. Asim Munir. The two discussed enhancing strategic and security cooperation between the two countries. Abdullah's visit was sandwiched by Sharif's twin visits to the Kingdom in April. He visited in the first week of April and met with the all-powerful Saudi Crown Prince Mohamed bin Salman. Riyadh agreed to accelerate the initial round of a USD 5 billion investment package that had been previously discussed. Pakistan has [assured](#) Saudi investors of priority in profits without any hindrances. Riyadh is closer to a potential deal to [acquire](#) a minority stake in a mine controlled by Barrick Gold Corp. in Pakistan. Later, Sharif revisited Saudi Arabia to attend the World Economic Forum.

Meanwhile, former Prime Minister Nawaz Sharif [left](#) for a five-day 'private visit' to Beijing on 22 April. His visit coincides with the [launching](#) ceremony of the first of eight Hangor-class submarines to be built by China for Pakistan. Pakistani navy chief attended the ceremony.

Islamabad's relations with New Delhi got tenser after a British newspaper, The Guardian, [published](#) a report alleging India assassinated almost 20 terrorist suspects on Pakistani soil. The ruling Bharatiya Janata Party (BJP) latched into the report to claim the new India is confident of killing terrorists in Pakistan if they escape there. Indian Defense Minister Rajnath Singh said that India will enter Pakistan and kill terrorists (*ghus ke marenges*). Pakistan [denounced](#) the remarks as provocative. Some

prominent business leaders [advised](#) that Pakistan should start trade talks with India to benefit the troubled Pakistani economy.

The Guardian also [reported](#) that an all-powerful Pakistani intelligence agency pressured the judges on cases involving the former prime minister Imran Khan. Six high-court judges wrote a letter to the Supreme Court alleging abduction of family members, torture, and installation of cameras in judges' bedrooms by the intelligence agency.

Pakistan is [poised](#) to receive a USD 1.1 billion loan as the last tranche from the International Monetary Fund (IMF) bailout after a key meeting of the lender's executive board on 20 April. However, Pakistan has formally [approached](#) the IMF seeking a next bailout package of USD 6-8 billion. Finance Minister Muhammad Aurangzeb visited Washington for the discussion. Pakistan has already [received](#) 23 bailouts from the IMF, the first of which was in 1958.

Sri Lanka

The Asian Development Outlook has [forecasted](#) Sri Lanka's economy to record moderate growth of 1.9 percent in 2024 and 2.5 percent in 2025. The World Bank also [expects](#) the growth to turn positive in 2024 and remain moderately positive over the medium term, while insufficient debt restructuring remains a key risk.

The Ministry of Technology has [released](#) the National Digital Economy Strategy 2030 to drive economic transformation through digitalization and maximize the benefits of emerging technologies for inclusive economic recovery. Concerning other government decisions, the Sri Lankan Department of Immigration and Emigration has [launched](#) a new visa process and online application portal, which replaces the current ETA (Electronic Travel Authorization) method. Similarly, the government of Sri Lanka has [approved](#) the amendment to the Penal Code and the Criminal Procedure Code for the banning of all corporal or physical punishments in all sectors.

Concerning diplomacy, Sri Lanka and Estonia [convened](#) their inaugural bilateral political consultations, where discussions were held on strengthening collaboration in green development, tourism, education, technical assistance, and capacity building. Further, the Ministry of Foreign Affairs and the Sri Lanka Police have [started](#) investigating racketeers luring Sri Lankans for fake job opportunities in Ukraine and Russia to be deployed to fight in the war.

Mattala Rajapaksa International Airport's management has been [awarded](#) to a joint venture between an Indian and a Russian firm. The airport has been strategically important to India, given China's initial financing of the airport and its presence at the nearby Hambantota shipping port, which has been leased for 99 years.

Macroeconomic Growth of South Asia in 2024

The Asian Development Bank and the World Bank have recently published reports on the macroeconomic update of countries and clusters, according to which South Asia's economy is expected to grow faster than any other emerging market and developing economy region in 2024–25. The details of each South Asian country are detailed below.

Afghanistan's economy is expected to remain stagnant until at least 2025, with real GDP growth projected to flatline. Continued deflationary pressures are anticipated due to low demand, a shrinking money supply, and the appreciation of the Afghani. The opium ban has resulted in a loss equivalent to 8 percent of GDP, with significant reductions in cultivation areas and associated employment. Efforts to shift land use to food production have pressured domestic food prices but increased unemployment. Gains in food and textiles have offset a decline in coal exports, though the overvalued exchange rate has negatively affected overall exports. Imports surged by 23 percent in 2023 and continued to rise in early 2024, adding to the trade deficit. Despite a 9 percent increase in total revenue in FY2023, the FY2023-24 budget prioritizes security spending over essential social sectors. Off-budget transfers are projected to decline significantly, reducing overall demand and spending on poverty alleviation.

Bangladesh's economy is poised for moderate growth in 2024, supported by robust export performance, improved consumption, and strategic investments in infrastructure. The Asian Development Bank (ADB) projects Bangladesh's GDP growth to reach 6.1 percent in FY2024, up from 5.8 percent in FY2023. Growth is expected to further increase to 6.6 percent in FY2025. According to the World Bank, growth is projected to slow to 5.6 percent in FY2024 before improving to 5.7 percent in FY2025. Key growth drivers shall be increased private consumption due to easing inflation and increased remittances, a rise in public investment driven by priority infrastructure projects in energy and railways, and diminished uncertainty after the January 2024 general election. Both industry and services sectors are expected to rebound, contributing to higher GDP growth. The industry is projected to grow by 8.8 percent in FY2024, with a strong recovery in manufacturing. For agriculture, growth is expected to maintain a steady 3.2 percent, with good crop yields anticipated, barring natural calamities. Government support for modern farming techniques and better market prices will encourage production. Exports are expected to grow despite weaker global demand, aided by domestic materials. Current restrictions will constrain import growth but will rise in FY2025 as conditions improve.

Bhutan will register moderate economic growth driven by the growth of the service sector. According to the ADB, Bhutan's GDP will grow 4.4 percent in 2024, accelerating to 7.0 percent in 2025. The World Bank's forecast for FY23/24 is slightly higher at 4.9 percent, supported by increased tourism and government spending. The service sector is expected to expand by 6.5 percent in 2024

as tourism recovers, reaching 60 percent of pre-pandemic levels. This sector will remain a strong contributor in 2025, with a forecasted growth of 5.7 percent. The industry sector shall grow by 2.5 percent in 2024, driven by contributions from the newly commissioned Nikachhu hydropower plant. However, construction will decline due to ongoing credit moratoriums, with a rebound expected in 2025 when industry output is projected to surge to 15.6 percent due to new hydropower projects. Agriculture growth, on the other hand, will remain steady but sluggish at 1.4 percent in both 2024 and 2025. Private consumption will grow by 4.6 percent in 2024, driven by higher tourism earnings and increased civil service salaries. This growth will remain steady in 2025 with continued credit expansion and stable remittances.

China's economic growth is expected to slow to around 4.5-4.8 percent in 2024, influenced by a weak property market, subdued external demand, and cautious consumer spending.

Despite policy measures to support the housing market, such as lower down payment rates and buying restrictions, investment in real estate will remain sluggish due to weak housing demand and concerns over debt repayment. Fiscal policy will support growth through targeted measures focusing on strategic industries, affordable housing, urban renovation, and disaster recovery. A significant increase in local government bond issues and ultra-long special government bonds will help fund these initiatives. Public infrastructure investment and high-tech manufacturing will receive substantial policy support. The current account surplus is projected to decrease slightly due to weak external demand and the resumption of outbound travel. Exports, particularly in new industries like electric vehicles and renewables, will face headwinds from trade tensions.

India's economic outlook for 2024 is characterized by robust growth driven by strong performance in services and industry, supportive monetary and fiscal policies, and continued investment in infrastructure and housing.

India's GDP is projected to grow by 7.5 percent in 2024, according to the World Bank, driven by robust activities in services and industry. The ADB forecasts a slightly lower growth rate of 7.0 percent for FY2024, expecting a slight moderation due to slower global growth. Concerning sectors, the services sector is expected to continue its strong momentum, driven by financial, real estate, and professional services. Manufacturing will benefit from reduced input costs and supportive government policies to improve infrastructure and simplify regulations, while favourable monsoon conditions and higher food prices will support agricultural growth. Public capital expenditure is projected to rise by 17 percent in FY2024, while private sector investments, especially in housing, will be driven by stable interest rates and higher incomes. Urban consumption is expected to rise, helped by falling inflation and improved labour market conditions. Rural consumption will improve, assuming normal monsoon rainfall.

Maldives' economy is poised to grow robustly in 2024, driven by tourism and construction.

The Maldivian economy is forecasted to expand by 5.4 percent in 2024, driven by continued growth in tourism and construction. This growth is expected to accelerate to 6.0 percent in 2025. Half of the GDP increase is expected to come from tourism, with tourist arrivals forecasted to rise by 9.0 percent annually in 2024 and 2025. The government is focusing on promoting tourism, targeting

a significant increase in arrivals from China. Construction activity is projected to slow in 2024 due to fiscal constraints. Still, it is expected to pick up in 2025, supported by government and private infrastructure investments, particularly in tourism and real estate. Growth in fisheries is anticipated to be sustained, with the government diversifying and promoting the sector, including negotiating with European markets to reduce taxes on fish exports. Fiscal pressures are expected to persist, driven by debt servicing obligations and high refinancing risks.

Nepal's economic outlook for FY2024 is optimistic, driven by eased monetary policies, increased government spending, and expanded electricity generation, but faces significant external and domestic risks. Nepal's economy is forecasted to grow by 3.6 percent in fiscal year 2024, up from an estimated 1.9 percent in FY2023, according to the ADB. The World Bank projects a slightly lower growth of 3.3 percent for the same period, with an anticipated further acceleration of 5 percent over FY25-26. The key drivers of growth shall be a gradual relaxation of monetary policy, improved confidence among consumers and investors, increased capital spending by the government, additional hydroelectric power generation, and growth in the service sector driven by eased credit controls, decreased interest rates, and expanded tourism revenues. Concerning sectors, industry is predicted to grow more rapidly due to increased government capital spending and expansion in electricity generation. At the same time, services shall be the key growth driver, with significant contributions expected from accommodation and food services spurred by rising tourist arrivals and new hotel constructions. Agriculture is expected to grow marginally -from 2.7 percent in FY2023 to 2.8 percent in FY2024, driven by a record rice harvest but tempered by a shortfall in winter crops due to insufficient rainfall and lumpy skin disease among livestock.

Pakistan's economy is forecasted to experience subdued growth in FY2024, driven by a rebound in agriculture and industry but constrained by high inflation and fiscal challenges. The economy is projected to grow by 1.9 percent in FY2024, driven by a rebound in private-sector investment and a rise in workers' remittances. Confidence is low due to living cost surges and IMF-imposed macroeconomic policies. Regarding sectors, growth will be led by a post-flood recovery in agriculture, with output expected to rise from improved weather conditions and government support. Manufacturing will benefit from increased farm output and improved global growth conditions despite elevated costs, and service growth is expected to strengthen as agriculture and industry recover.

Sri Lanka's economy is expected to experience a cautious recovery in 2024, supported by improving indicators and ongoing reforms. Economic growth is forecasted at 1.9 percent in 2024 and is expected to reach 2.5 percent in 2025. These projections hinge on the continuation of reforms and improved supply conditions. While construction is resuming, the increase in the value-added tax may hinder housing construction. The service sector will benefit from higher tourist arrivals and finance from lower interest rates. However, higher raw material costs, taxes, and unpredictable weather may affect overall growth. High recurrent expenditure may strain the fiscal balance despite efforts to increase revenue through higher taxes. Fiscal consolidation is ongoing, but limited fiscal space may restrain government expenditure. The current account surplus is expected to narrow due to an increasing trade deficit. Import restrictions loosen, leading to higher imports, while exports may remain flat. Poverty is estimated to stay above 22 percent until 2026, with the modest recovery insufficient to reverse welfare losses experienced during the crisis.

About Publishers

Nepal Institute for Policy Research (NIPoRe)

Nepal Institute for Policy Research (NIPoRe) is an independent and non-partisan research institute based in Kathmandu, Nepal. It works to generate evidence-based debates among citizens and critical development stakeholders in both the public and private sectors on contemporary policy issues from Nepal and other parts of Asia. The institution works on high policy priority areas through four research centres: the Center for New Economy and Inequality (CNEI), the Center for Strategic Affairs (CSA), the Center for Governance Studies (CGS), and the Center for Human Development (CHD). NIPoRe's team members represent diverse academic disciplines, professional backgrounds and geography. The institute adopts a multi-disciplinary approach in its analysis of policies and research, supported by researchers trained at universities and within professional environments across the globe. NIPoRe's key productions include the Nepal Competitiveness Index (NCI), the Nepal Risk Outlook (NRO), and the Diplomats' Forum.

<https://nipore.org/>

[f](#) [t](#) [in](#) niporeglobal

@ nipore.global

Flagship Initiatives



Other Initiatives

