INTERNATIONAL RELATIONS OF SOUTH ASIA

Crises of Governance in South Asia

By **Brajabandhu Mahanta** • November 18, 2026 • 15 min read



Topic 4 examined whether South Asian states are democratic. This topic asks a related but different question: **how well are they governed?** A state can hold regular elections and still suffer from corruption, weak institutions, poor service delivery, economic mismanagement and loss of public trust. When these problems become severe enough to threaten the state's ability to function, maintain order or retain legitimacy, we speak of a **crisis of governance**.

South Asia has seen many such crises: the economic collapse and *Aragalaya* in Sri Lanka (2022), repeated balance-of-payments crises and political turmoil in Pakistan, the 2024 uprising in Bangladesh, the Gen Z protests in Nepal (2025), the Taliban takeover in

Afghanistan (2021), and constitutional battles in the Maldives. Understanding these crises is essential, because **weak governance at home is one of the main sources of insecurity in the region**.

Key concepts

- **Governance**: the World Bank (1992) defined it as "the manner in which power is exercised in the management of a country's economic and social resources for development". It is broader than government: it includes institutions, processes, civil society and markets.
- **Good governance**: the UNDP and the World Bank list its features as **participation, rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness and efficiency, and accountability**.
- **Worldwide Governance Indicators (World Bank)**: six dimensions – voice and accountability; political stability and absence of violence; government effectiveness; regulatory quality; rule of law; and control of corruption.
- **Crisis of governance**: a situation in which institutions fail to deliver security, justice, services or economic stability, leading to a loss of legitimacy and often to protests, violence or regime change.
- **Failed / fragile state**: a state that cannot perform core functions. **Robert Rotberg** and the **Fragile States Index** use this idea; Afghanistan and at times Pakistan have been placed high on such indices.

Theoretical perspectives

Perspective	Thinker	Idea	South Asian relevance
Political order and decay	Samuel Huntington, *Political Order in Changing Societies* (1968)	When participation grows faster than institutions, the result is instability	Rapid mobilisation in Bangladesh, Nepal, Pakistan

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Strong societies, weak states	Joel Migdal (1988)	Social forces (landlords, clans, strongmen) limit the state's capacity	Feudal and tribal power in Pakistan; local strongmen
Crisis of governability	Atul Kohli, *Democracy and Discontent* (1990)	Weakening institutions and rising demands create a "governability crisis" in India	India in the 1980s
Extractive vs inclusive institutions	Daron Acemoglu and James Robinson, *Why Nations Fail* (2012)	Elites capture the state for their own benefit	Rent-seeking and patronage across the region
Patronage / clientelism	Kanchan Chandra and others	Politics as the exchange of benefits for votes	Ethnic and caste-based patronage
Military guardianship	Aqil Shah, Ayesha Siddiqa	The army sees itself as guardian of the nation	Pakistan, Bangladesh

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Dimensions of the Governance Crisis

Weak institutions and institutional decay

- Parliaments that meet rarely and pass laws with little debate; bureaucracies that are politicised and slow.
- **Election commissions, anti-corruption bodies, central banks and police** that are not seen as neutral (a core complaint in Bangladesh before 2024 and in Pakistan in 2024).
- **Frequent constitutional amendments** to suit rulers: Sri Lanka's 18th (2010) and 20th (2020) Amendments, Bangladesh's 15th Amendment (2011), Pakistan's 26th and 27th Amendments (2024–25), and the Maldives' amendments (2024–26).

Corruption

- Corruption is widespread in most of the region. In **Transparency International's Corruption Perceptions Index (CPI) 2025**: Bhutan scored **71** (18th globally, the region's best), India and the Maldives **39**, Sri Lanka **35**, Nepal **34**, Pakistan **28**, Bangladesh **24** and Afghanistan **16** (out of 100).
- Forms: grand corruption (large contracts, "mega-projects"), petty corruption in services, **crony capitalism**, money laundering and capital flight.
- Corruption was a central grievance in the uprisings of **Sri Lanka (2022), Bangladesh (2024) and Nepal (2025)**.

Civil–military imbalance

- In **Pakistan**, the military dominates security, foreign and increasingly economic policy (for example, through the Special Investment Facilitation Council, 2023). No prime minister has completed a full term.
- In **Bangladesh**, the army has intervened directly (1975, 1982, 2007) and acted as arbiter (2024).

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- In **Sri Lanka**, the militarisation of administration increased after the civil war.
- Civilian control of the military is firm in **India**.

Dynastic and personalised politics

- Political families dominate many parties: the Nehru–Gandhi, Bhutto–Zardari, Sharif, Rajapaksa, Sheikh and Zia families, and many regional dynasties in India.
- Effects: weak inner-party democracy, concentration of power, and public frustration with the "old guard" (a key theme of the 2022–25 uprisings).

Over-centralisation and weak local government

- Power is concentrated in the executive and the capital. Federal and local institutions are weak (despite India's 73rd and 74th Amendments, Nepal's 2015 federal constitution and Pakistan's 18th Amendment).
- Provinces and regions feel neglected (Balochistan, Khyber Pakhtunkhwa, Sri Lanka's north and east, Nepal's Madhesh).

Judicial weakness or overreach

- Courts are sometimes seen as captured by the executive (Pakistan's "doctrine of necessity" validating coups; recent amendments affecting judicial appointments).
- At other times courts take an activist role and come into conflict with the executive (Pakistan's Supreme Court disqualifying PMs in 2012 and 2017; the Maldives' Supreme Court crises).
- **Huge case backlogs** in India, Pakistan and Bangladesh delay justice.

Policing, rule of law and human rights

- Colonial-era police laws, political control of the police, custodial violence and **enforced disappearances** (Balochistan, Bangladesh before 2024, Sri Lanka during the war).
- Use of **emergency and anti-terror laws** against political opponents and dissent.

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Majoritarianism and exclusion

- Governance that privileges a majority community or region weakens legitimacy among minorities: Sri Lanka's Sinhala-Buddhist nationalism, Bhutan's treatment of Lhotshampas, attacks on minorities in Bangladesh and Pakistan, and debates in India.

Weak service delivery

- Low public spending on **health and education**, poor infrastructure and urban services, and absenteeism among public employees. (Human development is covered in Topic 7.)

Youth unemployment and the "demographic dividend"

- South Asia has one of the world's largest youth populations. Lack of jobs, **mass labour migration** (especially from Nepal and Bangladesh), and frustration with elites drove the Gen Z and student movements.

Economic Governance Crises

Economic mismanagement has repeatedly turned into political crisis in South Asia. Debt, inflation and shortages directly affect people's lives and can quickly destroy a government's legitimacy.

Sri Lanka: from default to recovery

- **Causes of the crisis**: a long-term "twin deficit" (budget and current account), heavy borrowing including commercial sovereign bonds and loans for prestige projects (Hambantota port, Mattala airport), large **tax cuts in 2019**, the collapse of tourism after the **Easter bombings (2019)** and COVID-19, and a sudden **ban on chemical fertilisers (2021)** that hit farm output.
- **Collapse**: foreign reserves ran out; there were severe shortages of fuel, food and medicines; inflation rose to around 70%. In **April 2022 Sri Lanka defaulted** on its foreign debt for the first time.
- **Political effect**: the *Aragalaya* forced the Rajapaksas from power (Topic 4).

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- **Recovery**: an IMF **Extended Fund Facility** (about US$2.9 billion, 2023), about US$4 billion of emergency support from **India** (2022), and debt restructuring with bilateral creditors (including China, India and the Paris Club) and bondholders. Public debt fell from a peak of about 145% of GDP (2022) to about 105%. By 2026 the IMF described the economy as **remarkably resilient**, with reserves nearing US$7 billion and debt restructuring largely completed, though Cyclone Ditwah and the Middle East war created new pressures.
- **Lesson**: populist fiscal decisions, poor policy-making by a narrow circle of rulers, and unsustainable debt can bring down even a long-established democracy's economy.

Pakistan: the IMF cycle

- Pakistan has had **more than 20 IMF programmes** since 1958 – more than almost any other country.
- **Structural problems**: a narrow tax base (tax-to-GDP ratio around 10%), large losses in state-owned enterprises (power sector "circular debt", PIA), high defence and debt-servicing costs, low exports and dependence on remittances and foreign loans (China, the Gulf states).
- **2022–23 crisis**: political turmoil after Imran Khan's removal, devastating **floods (2022)**, inflation near 38% (May 2023) and reserves falling to a few weeks of imports, bringing Pakistan close to default.
- **Stabilisation**: a short-term IMF arrangement (2023) and a **US$7 billion Extended Fund Facility (2024)**. In 2025–26, the IMF reported that the programme had helped **stabilise the economy and rebuild confidence**, and continued to release tranches, while urging deeper structural reforms.
- **Lesson**: stabilisation is achieved repeatedly but **structural reform** is not, because of elite capture ("elite privilege" estimated by UNDP's 2021 Pakistan National Human Development Report at billions of dollars a year).

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Bangladesh: growth with governance deficits

- Bangladesh was a development success story (high growth, garment exports, poverty reduction, better social indicators).
- But under Awami League rule there were serious concerns about **banking sector looting**, money laundering, capital flight and crony capitalism, highlighted by the interim government's **White Paper on the economy (2024)**.
- Inflation and reserve pressures led to an **IMF programme (2023)**.
- **Lesson**: economic growth does not guarantee good governance; political exclusion and corruption can undermine legitimacy.

Nepal and the Maldives

- **Nepal**: dependence on **remittances** (around a quarter of GDP), youth out-migration, slow implementation of federalism, corruption scandals (for example, the fake Bhutanese refugee scam and the Lalita Niwas land scam) – all feeding the 2025 Gen Z anger.
- **Maldives**: high **external debt** (including to China and India), dependence on tourism and imports, and risk of default; India provided currency swaps and Treasury bill rollovers in 2024–25.

Common features of economic governance crises

Feature	Examples
Unsustainable debt and twin deficits	Sri Lanka, Pakistan, Maldives
Narrow tax base and elite exemptions	Pakistan, Sri Lanka
Prestige projects and poor investment choices	Sri Lanka (Hambantota), Pakistan (some CPEC projects)
Policy-making by small circles	Sri Lanka (fertiliser ban), Pakistan
Dependence on remittances and external aid	Nepal, Bangladesh, Pakistan
Vulnerability to external shocks	COVID-19, floods, oil-price shocks, Middle East war

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Country Profiles: Governance at a Glance

Country	Main governance challenges	Recent crisis / turning point
India	Judicial delays, police reform, corruption, centre–state tensions, debates on institutional autonomy; ethnic violence in Manipur	Manipur crisis and President's Rule (2025–26)
Pakistan	Military dominance, economic fragility, political polarisation, terrorism, weak provinces	Removal of Imran Khan (2022); 9 May 2023; 2024 election; 26th and 27th Amendments
Bangladesh	Winner-takes-all politics, politicised institutions, corruption, mob violence after 2024	July 2024 uprising; February 2026 election and July Charter
Sri Lanka	Debt, ethnic reconciliation, executive presidency	2022 default and *Aragalaya*; NPP government (2024)
Nepal	Coalition instability, corruption, weak federal institutions, youth exodus	Gen Z uprising (Sept 2025); RSP majority (March 2026)
Bhutan	Small economy, youth migration (to Australia and elsewhere), dependence on hydropower and India	Gelephu Mindfulness City project; generally good governance (best CPI score in region)
Maldives	Strong presidency, judicial crises, debt, radicalisation concerns	Constitutional amendments; failed referendum (April 2026)
Afghanistan	Unrecognised Taliban regime, humanitarian crisis, exclusion of women, terrorism	Taliban takeover (August 2021)

India: a note on governance debates

- **Strengths**: a strong Election Commission, an active judiciary (Public Interest Litigation), the Right to Information Act (2005), digital public infrastructure (Aadhaar, UPI, direct benefit transfers) that has reduced leakages, and federal competition between states.
- **Challenges**: over **5 crore pending court cases**, slow **police reforms** (the Supreme Court's *Prakash Singh* judgment of 2006 is poorly implemented), corruption in lower bureaucracy, centre–state conflicts over governors and agencies, and debates about the

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independence of institutions.

- **Reports**: the **2nd Administrative Reforms Commission (2005–09)** made extensive recommendations on ethics, citizen-centric administration and local governance.

Governance Crises and Regional Security

Why does governance belong in a course on International Relations? Because in South Asia **domestic governance failures quickly become regional security problems**.

Links between governance and security

1. **Internal conflict**: poor governance, exclusion and repression fuel insurgencies (Balochistan, Manipur, Sri Lanka's civil war, Nepal's Maoists) – Topic 3.
2. **Terrorism and safe havens**: weak state control allows militant groups to operate across borders (Afghanistan, Pakistan's tribal areas).
3. **Refugees and migration**: crises push people across borders (Rohingya, Afghans, Sri Lankan Tamils) – Topic 6.
4. **Diversionary nationalism**: governments facing domestic trouble may use hostility to neighbours to rally support.
5. **External intervention and influence**: weak or crisis-hit governments become dependent on outside powers for loans and support, opening the door to great-power competition (China, the US, the Gulf states, India).
6. **Regional cooperation suffers**: unstable governments cannot make long-term commitments; SAARC has been paralysed since 2016.
7. **Nuclear security**: political instability in a nuclear-armed state (Pakistan) raises concerns about command and control (Unit III).

India's neighbourhood policy and governance crises

- India's **"Neighbourhood First"** policy has made it the **first responder** in many crises: emergency aid to Sri Lanka in 2022 (about US$4 billion), support to the Maldives,

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earthquake relief to Nepal (2015, Operation Maitri), and help to Afghanistan.

- **Dilemmas**:
  - India is often accused of **interference** (Nepal's 2015 blockade, Maldives' "India Out" campaign) or of backing particular leaders (Sheikh Hasina in Bangladesh).
  - When governments change suddenly, India must rebuild relations with new leaders (Bangladesh after 2024, Nepal after 2026, Sri Lanka's NPP).
  - India has learned to engage **all political actors**, not just ruling parties.

China's role

- China offers loans and infrastructure through the **Belt and Road Initiative** (CPEC in Pakistan, Hambantota and Colombo Port City in Sri Lanka, projects in the Maldives and Nepal) without governance conditions.
- Critics speak of **"debt-trap diplomacy"** (the Hambantota port lease of 2017 is the usual example); others, such as Deborah Bräutigam, argue that this is exaggerated and that domestic decisions and Western bonds were larger causes of debt crises.
- Governance crises therefore become arenas of **India–China competition**.

Western and multilateral actors

- The **IMF, World Bank and ADB** play a central role in rescues, attaching conditions on fiscal discipline, transparency and anti-corruption measures. Critics argue that austerity hurts the poor; supporters argue that conditions force overdue reforms.
- Western governments stress democracy and human rights, but their influence has declined relative to China and the Gulf states.

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Reforms and the Way Forward

Institutional reforms

1. **Independent institutions**: protect the autonomy of election commissions, anti-corruption agencies, central banks, auditors and courts; transparent appointment processes (for example, Bangladesh's July Charter proposals for a caretaker system and constitutional appointments).
2. **Judicial reform**: reduce backlogs, use technology, ensure judicial independence.
3. **Police reform**: implement the *Prakash Singh* directions in India; depoliticise police across the region.
4. **Decentralisation**: empower provinces, local governments and panchayats with funds and functions.
5. **Civil–military balance**: firm civilian control, parliamentary oversight of defence budgets.

Fighting corruption

- Strong and independent anti-corruption bodies (Lokpal in India, the Anti-Corruption Commission in Bangladesh, CIAA in Nepal, NAB in Pakistan) that are not used selectively against opponents.
- Transparency in political finance and asset declarations; **Right to Information** laws (India 2005, Bangladesh 2009, Nepal 2007, Pakistan 2017, Sri Lanka 2016).
- **Digital governance** to reduce discretion and leakages (direct benefit transfers, e-procurement).

Economic governance

- Broaden the **tax base** and end elite exemptions; reform loss-making state enterprises.
- Prudent debt management; independent fiscal councils.
- Invest in **health, education and jobs** for young people.

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Political culture

- Inner-party democracy and new leadership; reduce dynastic dominance.
- Inclusive politics that protects minorities and opposition.
- Respect for electoral outcomes and peaceful transfers of power.

Regional cooperation

- Revive regional cooperation (SAARC or BIMSTEC) on governance-related issues: anti-corruption, money laundering, disaster management and data sharing.
- India, as the largest state, can support capacity-building in neighbours (training of civil servants, digital public infrastructure) while respecting sovereignty.

Conclusion

South Asia's governance crises are not only about bad leaders; they reflect **deep structural problems**: weak and politicised institutions, corruption and elite capture, military dominance in some states, dynastic politics, over-centralisation, majoritarianism and fragile economies. When these problems combine with external shocks, they can produce sudden collapses, as in Sri Lanka in 2022, Bangladesh in 2024 and Nepal in 2025.

These crises matter for International Relations because they spill across borders: they fuel insurgency and terrorism, produce refugees, invite outside intervention and great-power competition, and paralyse regional cooperation. At the same time, the region also shows **capacity for renewal**: Sri Lanka's economic recovery, peaceful elections in Bangladesh and Nepal, Bhutan's relatively clean governance, and India's digital governance innovations.

The central lesson is that **security in South Asia depends as much on good governance at home as on military strength**. A balanced exam answer should combine theory (Huntington, Migdal, Kohli, Acemoglu–Robinson), comparative evidence and recent examples.

Quick Revision

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Item	Key fact
World Bank definition of governance	1992, “manner in which power is exercised…”
Worldwide Governance Indicators	6 dimensions (voice, stability, effectiveness, regulatory quality, rule of law, corruption control)
Huntington	*Political Order in Changing Societies* (1968)
Migdal	*Strong Societies and Weak States* (1988)
Kohli	*Democracy and Discontent* (1990): crisis of governability
Acemoglu–Robinson	*Why Nations Fail* (2012): extractive institutions
CPI 2025 (out of 100)	Bhutan 71; India 39; Maldives 39; Sri Lanka 35; Nepal 34; Pakistan 28; Bangladesh 24; Afghanistan 16
Sri Lanka default	April 2022
Sri Lanka IMF programme	2023 (~US$2.9 bn EFF)
India’s aid to Sri Lanka	~US$4 bn in 2022
Pakistan IMF EFF	US$7 bn (2024)
Hambantota port lease	2017 (99 years)
Prakash Singh judgment	2006 (police reform)
2nd ARC	2005–09
RTI Act (India)	2005

One-line memory aids

- **Good governance (UNDP)**: participation, rule of law, transparency, responsiveness, consensus, equity, effectiveness, accountability.
- **Crisis drivers**: weak institutions + corruption + military + dynasties + centralisation + majoritarianism + economic fragility.
- **Recent crises**: Afghanistan 2021, Sri Lanka 2022, Pakistan 2022–23, Bangladesh 2024, Nepal 2025.

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Exam Practice

Long-answer questions

1. What do you understand by a crisis of governance? Examine its main dimensions in South Asia.
2. “Economic crises in South Asia are essentially crises of governance.” Discuss with reference to Sri Lanka and Pakistan.
3. Examine the role of corruption and dynastic politics in the governance crises of South Asia.
4. How do governance failures in South Asian states affect regional security?
5. Discuss India’s role as a “first responder” to governance crises in its neighbourhood.
6. Critically evaluate the “debt-trap diplomacy” argument with reference to Sri Lanka.
7. Suggest reforms to address the crisis of governance in South Asia.

Short-answer questions

1. Good governance
2. Worldwide Governance Indicators
3. Crisis of governability (Kohli)
4. Strong societies, weak states (Migdal)
5. Sri Lanka’s 2022 default
6. Elite capture
7. Debt-trap diplomacy
8. Corruption Perceptions Index
9. Prakash Singh judgment
10. Neighbourhood First policy

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MCQs (UGC-NET / OPSC style)

1. *Political Order in Changing Societies* (1968) was written by:
   - (a) Robert Dahl (b) Samuel Huntington (c) Joel Migdal (d) Atul Kohli
   - **Answer: (b)**

2. The concept of “strong societies and weak states” is associated with:
   - (a) Joel Migdal (b) Gabriel Almond (c) Lucian Pye (d) Myron Weiner
   - **Answer: (a)**

3. *Democracy and Discontent: India’s Growing Crisis of Governability* was written by:
   - (a) Rajni Kothari (b) Atul Kohli (c) Paul Brass (d) Sunil Khilnani
   - **Answer: (b)**

4. In the Corruption Perceptions Index 2025, the best-performing South Asian country was:
   - (a) India (b) Sri Lanka (c) Bhutan (d) Maldives
   - **Answer: (c)**

5. Sri Lanka defaulted on its foreign debt for the first time in:
   - (a) 2019 (b) 2020 (c) 2022 (d) 2024
   - **Answer: (c)**

6. Which of the following is NOT one of the World Bank’s six Worldwide Governance Indicators?
   - (a) Rule of law (b) Control of corruption (c) Regulatory quality (d) GDP growth
   - **Answer: (d)**

7. Match the following:
   - A. *Why Nations Fail* – 1. Joel Migdal
   - B. *Strong Societies and Weak States* – 2. Acemoglu and Robinson

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- C. *Political Order in Changing Societies* – 3. Atul Kohli
- D. *Democracy and Discontent* – 4. Samuel Huntington
- **Answer: A-2, B-1, C-4, D-3**

8. Assertion (A): Pakistan has entered into more than 20 IMF programmes. Reason (R): It has failed to carry out structural reforms such as broadening its tax base.
   - **Answer: Both A and R are true, and R is the correct explanation of A.**

9. The Supreme Court judgment that laid down directions for police reform in India is:
   - (a) Kesavananda Bharati (b) Vineet Narain (c) Prakash Singh (d) S. R. Bommai
   - **Answer: (c)**

10. The Hambantota port, often cited in the "debt-trap" debate, is located in:
    - (a) Maldives (b) Bangladesh (c) Sri Lanka (d) Pakistan
    - **Answer: (c)**

Suggested readings

- Samuel P. Huntington, *Political Order in Changing Societies*.
- Joel S. Migdal, *Strong Societies and Weak States*.
- Atul Kohli, *Democracy and Discontent: India's Growing Crisis of Governability*.
- Daron Acemoglu and James Robinson, *Why Nations Fail*.
- Ishrat Husain, *Governing the Ungovernable: Institutional Reforms for Democratic Governance* (on Pakistan).
- Devesh Kapur, Pratap Bhanu Mehta and Milan Vaishnav (eds.), *Rethinking Public Institutions in India*.
- Ahilan Kadirgamar and others on Sri Lanka's economic crisis; Deborah Bräutigam on the "debt-trap" myth.

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Sources for recent developments

- Bangladesh in CPI 2025 (Transparency International Bangladesh)
- Corruption Perception Index 2025 (Drishti IAS)
- IMF Staff Team Concludes Visit to Sri Lanka (IMF, September 2026)
- Sri Lanka tells ISB investors: Govt. locks in IMF targets, reforms (Daily FT, February 2026)
- IMF’s Executive Board approves financing for Pakistan’s reform programme (Dawn, May 2026)

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