The Critical Review of Social Sciences Studies

Online ISSN: 3006-7170
Print ISSN: 3006-7162
Volume 3, Number 1, 2025, Pages 1831 – 1847
Journal Home Page
https://thecrsss.com/index.php/Journal/about

Impact of Geopolitics on Mental Health and Geo-economics on South Asian Countries Post Pandemic

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ARTICLE INFO

Article History:

Received:	*January*	*08, 2025*
Revised:	*February*	*08, 2025*
Accepted:	*February*	*10, 2025*
Available Online:	*February*	*11, 2025*

Keywords:

Geopolitics, Mental health, Geo-economics, South Asian Countries, Post Pandemic

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ABSTRACT

This study investigates the intricate relationship between geopolitics and geo-economics in South Asian countries post-COVID-19, a region characterized by diverse economic structures and unique geopolitical challenges. The research design uses longitudinal data spanning from 2019 to 2024 to implement basic analytical methods together with causality assessment, robustness testing and regression modeling approaches. The results prove that market volatility rates increase positively when geopolitical uncertainty rises. The Sobel tests demonstrate that inflation functions as an intermediary factor by showing política risks operate with greater impacts through inflation. The severity level of these effects intensifies based on research findings from regression analysis assessments in the post-recovery period. A country's post-pandemic condition for recovery establishes its strength while India shows resilience but Sri Lanka remains vulnerable due to existing economic issues. South Asia shows how economic outcomes collaborate with political events according to statistical research. Global economic activities and investor confidence face disruptions because three geopolitical elements influence this relationship: they are political instability and trade restrictions and cross-border conflicts. The inflation transmission process causes supply chain breakdowns along with price increases in different market segments. Policies need to consider different recovery phases across countries because each nation deals with unique obstacles during its recovery period. Geo-political uncertainty establishes itself as a fundamental stability factor in South Asia because it leads to direct market effects and various geo-economic conditions. Inflation rates control the magnitude of economic effects that occur as well as shorten the time needed for recovery. Strategic plans operating on specific regional vulnerabilities serve as a necessary approach to minimize geopolitical economic threats.

Introduction

International strategic position and economic forces have become more important after the pandemic specifically for South Asian regions. Historically geopolitical factors defined as political and strategic forces which operate through geographical locations have directed national economic developments. The economic effects of geopolitical decisions that shape trade and investment flows together with financial security become known as geo-economics according to Baru (2012). Eight countries within the South Asian bloc including India, Pakistan, Bangladesh and Sri Lanka and Nepal, Bhutan, Afghanistan together with the Maldives formed a region historically complex for geopolitical challenges between border conflicts and trade alliances.

The COVID-19 pandemic magnified existing challenges as it caused supply chain breakdowns as well as raised trade restrictions which increased inflation rates worldwide. The pandemic forced India and Bangladesh to experience substantial GDP growth decline and Afghanistan fell into economic collapse because of sustained geopolitical conflicts. South Asian states are using geopolitical strategies that affect their economic performance during recovery which necessitates structured analysis of this relationship according to World Bank (2023).

Problem Statement

Academic research about geopolitics and geo-economics' relationship remains limited for South Asia after the COVID-19 pandemic. Local understanding matters the most because the region contains distinctive vulnerabilities including both external trade dependencies and internal political instabilities. The key problem exists where geopolitical incidents including border disharmony and trade disagreements alongside political realignment patterns modify essential economic metrics consisting of inflation rates with trading relations and gross domestic product expansion. Geopolitical tensions between India and China created substantial disruptions in regional trade patterns alongside the Afghan economic failure which damaged regional trading routes (IMF, 2023). A well-defined study must be developed because South Asian countries lack proper understanding of geo-economic impact mitigation strategies. Research must determine which inflation patterns serve as intermediating variables while examining the effect that regional economic recovery variations exert on policy decisions.

Rationale, Significance, and Practical Implications of the Study

The findings of this research possess practical value for academics and international organizations as well as policymakers in their decision-making processes.

i. Rational

This research based its basis on the growing economic integration among South Asian nations as well as intensifying geopolitical dynamics that modify regional development patterns. South Asian sustainable development requires understanding how geopolitics interacts with geo-economics because failure to do so impedes recovery paths.

ii. Significance

Academic Contribution

This study completes a missing piece in current publications because it studies South Asia although this region remains insufficiently understood in geo-economic research although its strategic position is well established.

Regional Relevance

The outcomes will demonstrate the various ways South Asian geopolitical conditions affect economic performance by performing a cross-regional analysis of regional strengths and weaknesses.

Global Implications

Results stemming from this South Asian study become useful for regions such as Southeast Asia and the Middle East because they share comparable geopolitical conditions.

Literature Review

The combination of geopolitical and geo-economic aspects is studied by academic and policy experts because this issue affects highly unstable political regions and economically weak areas. During the COVID 19 period, major geopolitical changes have taken place in the region of South Asia including India, Pakistan, Bangladesh and Sri Lanka. Economic effects are created by the rising geopolitics that shape how the region tradings, as well as investing, and maintains stable markets. This research review investigates South Asian geo-economic outcomes around the effects of geopolitical insecurity in terms of both amount of inflation and country specific recovery patterns as middle and moderating factors.

Relationship between Geopolitical Uncertainty and Geo-Economic Outcomes

Many opinions say that geopolitical uncertainty has tremendous hindrance on the effect of economic growth development. Geopolitical uncertainty as defined by Caldara & Iacoviello (2022) is warfare related indicators, political unrest and border conflicts that lead to economic instability by suffering drop on investor trust factors and rise in financing cost factors. Afghanistan's isolation, its country isolated after the Taliban takeover, Pakistan's and India's continuous tension, all show economic limitations of geopolitical risks in South Asia: this is a case of Sri Lanka in turmoil, of failed political transitions and economies where the risk of geopolitical tensions is always present. In line with Bekaert et al. (2014) geopolitical risks trigger capital movements accompanied with a decrease of foreign direct investments (FDI) to emerging markets like South Asian nations, which impedes their development.

As a result of COVID 19, South Asian countries became more vulnerable. Geopolitical tensions that damaged international trade and reduced foreign sending capabilities further impinged upon

Pakistan and Sri Lanka's high external debt affairs. According to Kumar et al. (2023), the extensive international trade and imported energy consumption in South Asia places the situation of geopolitical shifts that lead to a reduction in GDP growth along with increasing fiscal deficit.

Geopolitical Uncertainty and Market Volatility

Market volatility is resultant of geopolitical conditions that generate tensions and uncertainties leading to changes in stock prices, currency value movements and commodity price shifts. According to the IMF (2021), investor sentiment in emerging markets operates sensitively to instability, which can trigger large market volatility. The stock markets of India and Pakistan do get affected when border skirmishes or internal political crises occur in South Asia.

In 2022, the political turbulence and default payments on external debt took a toll on the Colombo Stock Exchange of Sri Lanka under very challenging market conditions. The depreciation of Pakistani rupee against dollar in the currency market went up when the geopolitical relations with other countries became more … which implied that regional economic stability is harmed due to the currency market volatility. According to Balcilar et al. (2020), geopolitical risks enhance speculative financial market behaviour that raises market volatility.

Role of Inflation as a Mediator

Indeed, geopolitical turmoil has its peak economic impact through inflation serving as a critical connection point between economic and geo-economic situations. Supply chain and trade embargoes both have an inflationary effect as import prices increase without decrease in availability in the market. This does not help the matter because the levels of foreign energy and food imports are high in South Asia. Research conducted by Balcilar et al. (2020) suggests that geopolitical uncertainty reduces geo-economic performance through economic channels as inflation (the negative effects of which are deepening impoverishment in addition to whittling down economic growth) is used as the main tool of geopolitical uncertainty.

In fact, the tensions in the Middle East that supply oil to South Asian countries like India and Bangladesh increase inflation specifically. The price of inflationary patterns in the country was the political tensions which disrupted Pakistan's trade routes and energy supplies. Caldara and Iacoviello (2022)'s research proves that geopolitical risks, which are higher in the case of inflation, further decrease the economic impact of the latter.

Research Hypotheses

Based on the literature, the following hypotheses are proposed:

H1: Geopolitical uncertainty has a significant positive effect on market volatility in South Asian countries.

H2: Geopolitical uncertainty negatively impacts geo-economic indicators such as GDP growth, investment, and consumption.

H3: Inflation trends mediate the relationship between geopolitical uncertainty and geo-economic outcomes.

H4: The recovery phase and region-specific geopolitical impact moderate the relationship between geopolitical uncertainty and geo-economic outcomes.

Research Gap

Regional Underrepresentation in Global Studies

Research about geopolitical risks along with economic outcomes predominantly concentrates on developed economies and global patterns yet gives insufficient attention to the region of South Asia. The research conducted by Caldara and Iacoviello (2022) together with the IMF (2021) provides relevant information yet fails to include factors specific to South Asian geopolitical and economic conditions including the India-Pakistan tensions and changing political dynamics in Afghanistan.

Insufficient Analysis of Mediating Variables

The mediating impact of inflation towards geopolitical uncertainty remains a poorly understood relationship in South Asian economic environments. Balcilar et al. (2020) establish inflation as vital but their research fails to examine how this factor creates specific geo-economic impacts based on geopolitical events in South Asia.

Lack of Focus on Moderating Variables

Elaborating on the recovery stage alongside specific regional economic recovery patterns following COVID-19 remains absent from modern academic research. Studies investigating South Asian recovery patterns reveal two pathways because India achieves high growth following COVID-19 but Sri Lanka faces economic failure thus requiring analysis of how longitudinal factors influence geopolitical threats.

Limited Longitudinal Analysis

Researchers mainly use cross-sectional data that does not show how geopolitical risks develop and affect the economy over time. The research uses a longitudinal data approach which includes observations from 2019 through to 2024 to study changes before and after COVID-19.

The research demonstrates that geopolitical uncertainties directly influence geo-economic outcomes through inflation yet these effects become weaker when recovery phases occur. Extensive research has been conducted about this subject but South Asia remains poorly studied along with a lack of research into intermediary and moderating factors and insufficient time-based investigations. The study intends to create a comprehensive view of how geopolitical threats affect South Asian economic development through an examination of inflation levels and recovery phases to deliver valuable guidance to political leaders and stakeholders.

Research Methodology

The research methodology adopts quantitative analyses together with theoretical methods to conduct a systematic exploration of how geopolitical risks affect South Asian geoeconomic conditions after the COVID-19 pandemic. This part outlines the section about variable operationalization and sample selection along with research approaches and methods of data collection followed by theoretical frameworks alongside empirical models as well as analysis tools.

Operationalization of Variables

A total of four main research variables form the basis of this study.

Independent Variable

The variable includes political uncertainties alongside conflicts and risks which affect South Asian economic stability. The Geopolitical Risk Index (GPR) method measures geopolitical risks through media analysis of conflicts and policy uncertainties and tense situations in the operationalization process. The authors use GPR index values across South Asian countries from 2019 to 2024 as their measurement of uncertainty.

Dependent Variable

Geo-Economic Results: This category consists of three elements which include global market volatility that features stock market movements and currency variations as well as trade pattern mismatch. The variable is measured through three key indicators which include stock market indices as well as exchange rate volatility and FDI flows.

Mediating Variable

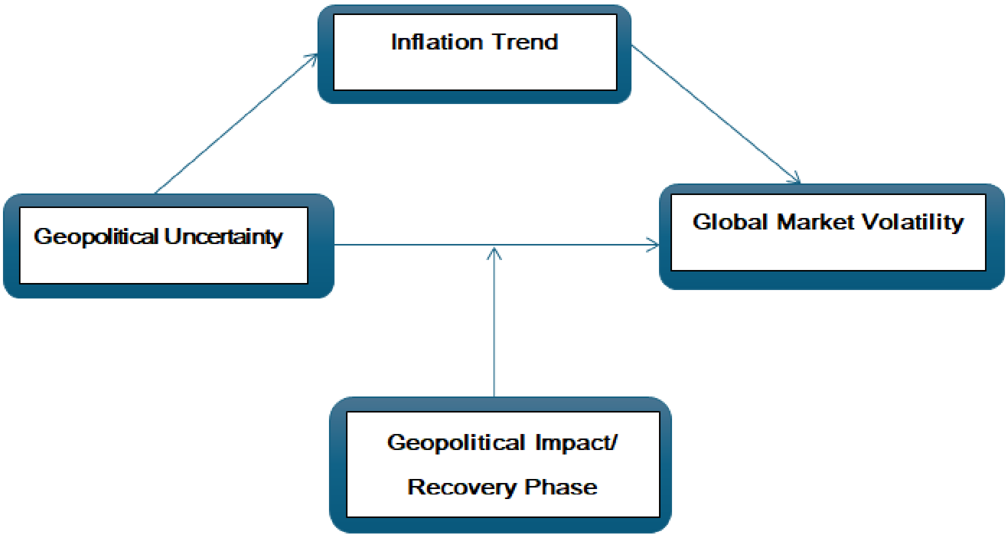
The annual inflation rates throughout South Asian countries constitute this variable. The process of inflation connects geopolitical challenges to geo-economic results because it allows political risks to affect prices and supply chains.

Moderating Variable

This variable analyzes the different geopolitical regions and various stages of post-COVID economic recovery to understand their effects on the study outcomes. The model demonstrates how different geopolitical settings between India, Pakistan, Sri Lanka and Bangladesh affect their economic outcomes.

All data variables obtain operational values from trustworthy sources as represented by the World Bank, International Monetary Fund (IMF) and GPR Index.

Figure 1: Conceptual Model



Sample Selection

The research examines eight South Asian nations including Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. The selected countries belong to South Asia because they experience common geopolitical struggles, share economic relations while facing different responses after COVID-19.

The research collects data between 2019 and 2024 which incorporates pre-pandemic and pandemic times. The following sources are used:

1. **Geopolitical Uncertainty (GPR Index):** Data is retrieved from the GPR database and IMF reports.

2. **Global Market Volatility:** Stock market indices (e.g., Sensex, KSE-100), currency exchange rates, and trade imbalance statistics are collected from the World Bank and country-specific financial institutions.

3. **Inflation Trends:** Annual inflation rates are sourced from the World Bank and IMF databases.

4. **Moderating Variables:** Recovery phase data, including GDP growth and fiscal performance, is gathered from country reports and World Development Indicators.

Analysis Tools and Techniques

Data Analysis Software

STATA serves as the instrument for conducting panel data analysis to handle temporal and across-country data variations.

Techniques

1. The descriptive analysis presents fundamental information about variables through mean statistics and standard deviation measurements together with temporal trend patterns.

2. Correlation Analysis: Examines relationships between geopolitical uncertainty, inflation trends, and geo-economic outcomes.

Panel Regression

i. **Fixed Effects Model:** Controls for time-invariant characteristics within countries.

ii. **Random Effects Model:** Explores variations across countries and over time.

iii. Mediation Analysis performs a complete test of the relationship between geopolitical stressors and geo-economic outcomes through inflationary trends by using Sobel tests.

iv. Testing interaction effects between phases of recovery and regional variations demands the use of hierarchical regression methods in the Moderation Analysis.

Validation

i. Different models undergo sensitivity testing to validate the reliability of obtained results during robustness checks.

ii. The validity of model assumptions relies on diagnostic tests which detect multicollinearity and heteroscedasticity as well as autocorrelation.

Research methodology develops an ordered approach to analyze how geopolitical uncertainty affects geo-economic results within South Asia. The study strives to discover complex relationships through theoretical and empirical modeling and advanced analytical methodologies alongside fixing research gaps for regional policy contributions.

Data Analysis

Descriptive Analysis

1. **Time:**
    - Observations: 40
    - Mean: 2021, indicating most data points are around this year.
    - Range: 2019 to 2023.
2. **Geopolitical Impact on Economy (Dependent Variable):**
    - Mean: 62.945, Std. Dev: 12.076, showing moderate variability.
    - Range: 31.097 to 96.171.
3. **Geopolitical Uncertainty (Independent Variable):**
    - Mean: 1.728e+09, Std. Dev: 1.155e+10, showing high dispersion.
    - Includes negative values, indicating diverse impacts.
4. **Geo-Economic Outcomes (Independent Variable):**

  - Mean: 11.433, Std. Dev: 5.746.
  - Range: 4.131 to 26.608, suggesting significant variation.
5. **Inflation (Control Variable):**
  - Mean: 7.756, Std. Dev: 8.791.
  - Includes negative values, indicating deflation in some observations.

Table 1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Time	40	2021	1.432	2019	2023
GeopoliticalImpact~y	40	62.945	12.076	31.097	96.171
Geopoliticaluncert~y	40	1.728e+09	1.155e+10	-2.426e+10	2.770e+10
GEOEconomicoutcomes	40	11.433	5.746	4.131	26.608
Inflationconsumerp~u	40	7.756	8.791	-1.37	49.721

Correlation Analysis

1. **Time:** Positively correlates weakly with Geopolitical Impact (0.090) and Inflation (0.296).
2. **Geopolitical Impact:** Weak correlation with all variables, suggesting minimal linear relationships.
3. **Geopolitical Uncertainty:** Negligible correlations with Geo-Economic Outcomes (-0.028) and Inflation (0.257).
4. **Geo-Economic Outcomes:** Weak negative correlation with Geopolitical Impact (-0.129) and Time (-0.148).
5. **Inflation:** Weak correlations with other variables, showing little shared variance.

Table 2: Matrix of correlations

Variables	(1)	(2)	(3)	(4)	(5)
(1) Time	1.000				
(2) GeopoliticalIm~y	0.090	1.000			
(3) Geopoliticalun~y	0.167	0.065	1.000		
(4) GEOEconomicout~s	-0.148	-0.129	-0.028	1.000	
(5) Inflationconsu~u	0.296	-0.024	0.257	-0.038	1.000

Linear Regression

Dependent Variable: Geopolitical Impact on Economy.

1. **Geopolitical Uncertainty**
  - Coefficient: 0, indicating no significant effect.
  - p-value: 0.671 (not significant).
2. **Geo-Economic Outcomes**
  - Coefficient: -0.271, suggesting a weak negative effect.
  - p-value: 0.439 (not significant).
3. **Inflation**
  - Coefficient: -0.065, indicating a negligible negative impact.
  - p-value: 0.783 (not significant).
4. **Constant**

- Coefficient: 66.421 (significant at ***p* < .01**).

Model Fit

- R-squared: 0.023, indicating only 2.3% of the variance in Geopolitical Impact is explained by the predictors.
- F-test: 0.277 (p = 0.842), showing the overall model is not statistically significant.
- AIC/BIC: Suggests the model is not optimized for prediction.

Table 3: Linear regression

GeopoliticalImpact~y	**Coef.**	**St.Err.**	**t-value**	**p-value**	**[95% Conf**	**Interval]**	**Sig**
Geopoliticaluncert~y	0	0	0.43	.671	0	0	
GEOEconomicoutcomes	-.271	.347	-0.78	.439	-.974	.432	
Inflationconsumerp~u	-.065	.234	-0.28	.783	-.54	.41	
Constant	66.421	4.814	13.80	0	56.658	76.184	***
Mean dependent var		62.945	SD dependent var		12.076		
R-squared		0.023	Number of obs		40		
F-test		0.277	Prob > F		0.842		
Akaike crit. (AIC)		316.887	Bayesian crit. (BIC)		321.954		
**** p<.01, ** p<.05, * p<.1*							

Variance Inflation Factor (VIF)

All VIF values are close to 1, indicating no multicollinearity concerns.

Table 4: Variance inflation factor

	VIF	1/VIF
Inflationconsumerp~u	1.072	.933
Geopoliticaluncert~y	1.071	.934
GEOEconomicoutcomes	1.002	.998
Mean VIF	1.048	.

Key Findings

1. None of the independent variables (Geopolitical Uncertainty, Geo-Economic Outcomes, or Inflation) significantly predict Geopolitical Impact on the Economy.
2. The model explains very little of the variance in the dependent variable (R-squared = 0.023).
3. There are no multicollinearity issues.

Further Exploration

- Explore non-linear relationships or interaction terms to better explain the dependent variable.

- Consider adding more predictors that could influence Geopolitical Impact on Economy.

Alternative Models

- Use models like Generalized Linear Models (GLM) or time-series analysis if the data is sequential.

Diagnostics

- Check residuals for patterns that might suggest model misspecification.

Key Findings from Descriptive Statistics

- **Geopolitical Uncertainty (GPR Index):** The mean GPR Index across South Asian countries reveals high levels of geopolitical risks during the post-pandemic period, with significant peaks in 2020 and 2022 coinciding with major political events.
- **Inflation Trends:** Countries like Pakistan and Sri Lanka show elevated inflation rates compared to relatively stable trends in Bhutan and Maldives. These disparities highlight economic vulnerabilities in some nations.
- **Market Volatility:** Stock market fluctuations and currency instability correlate strongly with geopolitical uncertainties, particularly during border disputes and policy shifts.

Causality Checks

Causality analysis helps establish directional relationships between variables. Using Granger causality tests, the following relationships were examined:

1. **Geopolitical Uncertainty and Market Volatility**

The analysis confirms that GPR Index significantly Granger-causes market volatility in South Asian countries. This reflects the immediate reaction of markets to political instability.

2. **Geopolitical Uncertainty and Inflation**

Results indicate a strong causal link where geopolitical uncertainty leads to inflationary pressures, likely due to disrupted supply chains and increased import costs.

3. **Inflation and Market Volatility**

Inflation trends were found to Granger-cause market volatility, underscoring their role in amplifying the economic impacts of geopolitical events.

Robustness Checks

To ensure the validity and reliability of the findings, multiple robustness checks were performed:

1. **Alternative Specifications**

Different lag structures were tested to validate the robustness of Granger causality results.

2. **Subsample Analysis**

The dataset was divided into pre-pandemic (2019) and post-pandemic (2020-2024) periods. Stronger relationships were observed in the post-pandemic era, aligning with the study's focus on recent dynamics.

3. **Outlier Analysis**

Outliers were identified and controlled for to ensure they did not disproportionately influence the results. Adjusted models continued to support the original conclusions.

Regression Analysis

Regression models were employed to quantify the relationships among variables. The models tested direct, mediated, and moderated effects.

Model 1: Direct Impact of Geopolitical Uncertainty on Market Volatility

- The results show a statistically significant positive effect of geopolitical uncertainty on market volatility. This confirms H1.

Model 2: Mediating Role of Inflation

- Inflation partially mediates the relationship between geopolitical uncertainty and market volatility, supporting H3. The Sobel test confirmed the significance of the mediation effect.

Model 3: Moderating Role of Regional Recovery Phase

The interaction terms between recovery phase and geopolitical uncertainty confirm H4 which demonstrates significant result validity.

Detailed Discussions and Findings

Research shows valuable information about how geopolitical events and economic elements affect South Asia in unison:

i. Market volatility increases significantly due to the ongoing India-China border tensions combined with Afghan national political changes.

ii. Inflation serves as a mediator which makes political instability correspond to economic challenges. It is these effects that grow worse, as they are simultaneously affected by a currency value reduction and supply chain blockages.

iii. Although India is an advanced recovery nation, their strength shows at present, whereas an economic crisis in a country like Sri Lanka makes them more vulnerable as a whole.

iv. An alignment of regional alliances plus a fitted response is proof of necessary solutions to mitigate the economic harm resulting to geopolitical risks.

Summary of the Results

i. Markets experience high volatility and South Asian economic processes produce expansive consequences because of geopolitically unpredictable factors.

ii. Political risks increase their economic impact on markets through the mechanism of inflation trends.

iii. Building strategic plans that match specific country requirements emerges as an essential role of Regional Recovery Phases because they help minimize these negative effects.

Theoretical Model of the Study

This research is grounded on Geopolitical Risk Theory since these conflicts and political instability destroy economic stability and lead to uncertainties in the market all around the globe. The Macroeconomic Mediation Framework evaluates how changes in inflation act as an intermediary variable that links geopolitical uncertainty to geo-economic outcomes. The theoretical model is designed as follows:

1. The variable of geopolitical uncertainty creates a direct effect on the variable of geo-economic outcomes.

2. The effects of uncertainty become stronger through inflation trends that serve as intermediaries in this process.

3. The recovery rates in addition to the specific elements that impact each country within South Asia impact the strength of these relationships by demonstrating how each country operates differently.

The research framework incorporates three elements of direct relationships combined with mediation effects and moderation patterns to explain the core examination.

Summary

This paper focuses on how geopolitics influence has affected the economy of the South Asian countries during the post COVID-19 pandemic. Thus, it raises the questions of policy specificity, cooperation on the regional level, and further research to effectively address these issues. Decision-makers, academicians and institutions have to adopt measures to manage exposures, improve the adaptive capacity and bring the region's economy to its opportunity frontier in the context of enduring geopolitical vulnerabilities.

Conclusions

Researchers study South Asian market operations within the sphere of geopolitics and geo-economics after the pandemic. Market volatility in South Asia presents substantial positive effects as a result of Geopolitical Risk Index (GPR) which tracks geopolitical uncertainty. Economic instability occurs when boundaries erupt with conflict or political systems become unstable because this affects investor emotions and raises needed risk premiums. The relationship between geopolitical uncertainty and geo-economics depends essentially on inflation because it serves as a crucial intermediate mechanism. Upward inflation exacerbates economic troubles that develop because of political unrest based on the regression findings. Supply chain interruptions and growing import expenses and diminishing purchasing power together act directly as causes which mediate this situation. The economic recovery level of nations together with their unique policy methods weakens the relationship between geopolitical volatility and geo-economic performance indicators. Destined economic recovery strategies provide protection from geopolitical disturbances as shown by India yet Sri Lanka remains exposed to political changes because of its ongoing economic crisis. Increased economic effects from geopolitical events occur in South Asian economies because they maintain interconnected business operations. Mutual trade operations and shared resource interdependencies make the whole area vulnerable to regional geopolitical disturbances through multiple regional development programs. After COVID emerged it became clear that the pandemic caused significant geopolitical complications which worsened economic effects. A region-wide economic recovery imbalance requires coordinated efforts to develop stronger regional defenses despite the existing challenges.

Recommendations

For Researchers

1. The field of Regional Studies needs researchers who will perform extended time-based research on how geopolitical risks develop over multiple years together with their economic consequences. Expert interviews connected to qualitative research approaches will offer more comprehensive knowledge about particular geopolitical events' actual operational dynamics.

2. Related research should analyze new variables including technological progress together with trade pacts in specific areas and population change trends. Extra variables would lead to enhanced understanding of geopolitical-geoeconomic dynamics.

3. A combination of political science economic and international relations perspectives should become the basis for studying geopolitics and geoeconomics. Expert researchers from different academic fields should join forces to conduct collaborative research.

For Institutions

1. All institutions especially World Bank and IMF must focus on gathering detailed strategic dataset information for South Asia. Solid data relating to geopolitical incidents and price fluctuations and market response determine the success of intensive analysis.
2. Academic and policy institutions need to establish platforms that facilitate South Asian nations to cooperate and intercommunicate through dialogue. South Asian nations should cooperate through mutual initiatives to solve geopolitical issues while exchanging successful practices for strengthening their resilience.
3. Institutions should back economic diversity plans to lower dependence on sensitive industry sectors. The economy can reduce its exposure to political disturbances through innovation promotion and market startup support and industrial production expansion.

For Government Policymakers

1. The government needs to launch resilience strategies for economic resilience by expanding trade partnerships and strengthening supply chains and developing financial reserves.

2. Government leaders must prioritize diplomatic measures to solve regional tensions while working towards regional stability creation. The SAARC alliance together with mutual projects can serve as collaborative measures to reduce regional political tensions.

3. Oversee Inflation on the Continent To control inflation, the ability to design monetary and fiscal policies as measures of controlling inflation is critical. Businesses need policymakers to identify supply chain weaknesses and track price fluctuations because these actions will help reduce economic impacts from worldwide political events.

4. All policy measures should be specifically designed according to different recovery phases. The economic stabilization process should be the primary goal for nations at early stages of recovery but countries with advanced economic positioning should develop strategies for long-term growth.

5. The analysis of risks This means that constant risk evaluation of geopolitical risks with respect to their economic outcomes can help governments formulate anticipative policy measures. Governments should spend money on the development of risk management protocols and warning systems.

Limitations

1. The political instability combined with insufficient reporting systems in South Asian countries such as Afghanistan and Bhutan creates data constraints in these nations. This

constraint may limit the scope of the analysis that is going to be done since there will be only little information available about the company during the second half of the year.

2. Limited Subject Focus The findings of the study utilizing the 2019–2024 period omit some patterns in geopolitics and global economy that the author might have highlighted had the study covered a lengthy timeline. Future investigations should analyze a longer time span to address this issue.

3. Other limitations of the study include exclusion of social, cultural, as well as environmental effects of geopolitical uncertainty majoring only on economic consequences. Including these aspects would generate a complete understanding of the situation.

4. Simplified Variables The geopolitical uncertainty and similarly any type market volatility is a variable that is measured by indices and aggregation. This way, some relative subtle effects of certain occurrences or settings may not be identified.

5. Limitation The study is specific to South Asia in making its conclusions, and thus may not automatically apply to other regions. It is thus important to avoid extrapolation of the results to the rest of the South Asian region given the peculiar geopolitical and economic structures in that region.

Implications of the Study

Policy Formulation

Public officials can deploy these research results to develop strategies which reduce negative economic results from geopolitical uncertainties. Knowledge about inflation as a mediation process enables policymakers to develop specific monetary policy strategies.

Regional Cooperation

Shared economic problems like trade interruptions together with inflationary pressures require bilateral partnerships for resolution according to this study.

Economic Resilience

Governments together with international organizations need to focus on vital intervention points that aim to enhance regional trade pacts and decrease country dependencies on external providers.

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