

## Government and Public Debt in South Asia: Borrow Now, Worry Later?

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Debt levels worldwide have reached an alarming level especially in the wake of the pandemic and public and private efforts to revive economies by spending more. As the debt-to-GDP ratios of many developed countries exceed the well-known threshold of 90%, developing countries can be expected to follow suit. Using a panel dataset, this study explores the impact of debt levels of South Asian countries on economic growth to provide context for the expected rise in debt levels. The study finds that at the current levels of GDP, included countries observe a statistically significant and negative relationship between debt servicing and GDP, but a statistically insignificant relationship between GDP and the levels of debts itself. Based on the findings, South Asian countries can, therefore, keep borrowing at current or increasing levels and not expect to see any drastic consequences in terms of economic growth.