South Asia has emerged to be the fastest growing region while at the same time it also remains the least integrated region in the world with intraregional trade accounting for just 5% of the total external trade. In 1990s, countries in the region abandoned the import-substitution industrialization model by enacting macroeconomic reforms that has led to an increase in their respective growth rates. As a part of the reforms, these countries also integrated with the global economy at a fast pace. However, this same dynamism has been missing at the regional level so far. This paper aims to study the international and domestic political economy of South Asia from a regional integration perspective. It seeks to understand the current challenges to growth process in the region and if regional integration can be a viable strategy to ensure economic development. It looks at Bangladesh, India, Nepal and Pakistan as key case studies to understand their current development trajectory and how integrating regionally may benefit them. The findings of this study paint an optimistic picture of integration in South Asia where challenges such as protectionism in traditional export markets and waning multilateral trade architecture are a threat to the growth rate of the region. But availability of a large intraregional market, economic dynamism in regional economies, tectonic shift in the centre of global economy from west to east are positively influencing the respective national choices with regards to regional integration. This study concludes by noting that the changing political economy has presented regional integration as a viable strategy for securing current growth rates and ensuring economic development in the region where the market and the state actors have started recognizing the importance of integrating economically.

**Key Words:** South Asia, regional integration, political economy, economic reforms, economic development