



## Addressing the Social and Economic Consequences of COVID-19 Pandemic in South Asian Economies

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### ABSTRACT

The recent COVID-19 pandemic spread around the globe and presented serious challenges to the lives and livelihoods of the people around the world. The global economy has begun to experience significant disruptions and is on the verge of a severe recession and an unparalleled economic catastrophe. The objective of this review is to address the impact of COVID-19 on major macroeconomic indicators in selected South Asian countries. According to the result, the COVID-19 induced lockdown which has severely hampered economic activity and the cyclical flow of major macroeconomic indicators. The GDP growth rate of all South Asian countries have been shrink compared to pre-pandemic growth rate. Further, the current account balance and unemployment level also effected badly by the COVID-19 pandemic in selected South Asian countries. As a result, the economic and social repercussions of the COVID-19 epidemic in South Asia are expected to be considerable and long lasting.

**Keywords:** COVID-19; Social and Economic Impact; South Asian Economies

### INTRODUCTION

The Coronavirus disease of 2019 (COVID-19) rapid expansion has presented the greatest threat not just to the global economy, but also to people's lives and livelihoods. The pandemic has started as a health shock and evolved greatly into the social economic crises around the world. This has resulted in an unprecedented economic recession in a highly globalized and interconnected globe (Ozili and Arun 2020). The outbreak of COVID-19 now become the greatest systematic economic crises, since it has affected all the countries around the globe, irrespective of their size and nature of development (Rasul et al., 2020). Because, of globalization and interconnection among different sector of an economy, Because of the high level of globalization, economic integration, and interconnection among the many sectors of the economy, any changes occur in one sector directly affect other sectors around the globe. Pandemics, like climate change, are becoming global threats because they can quickly spread over the world, regardless of where they begin (Ibn-Mohammed et al., 2020).

COVID-19's social and economic repercussions are being felt more strongly in least developed, developing, and emerging market economies, regardless of their income level. The majority of them will see a decline in GDP, as well as job and income losses, leading to increased poverty, food insecurity, and hunger. At the same time, global capacities and resources for combating the epidemic and its interrelated health, social, and economic effects differ. With nearly two billion people, South Asia is one of the world's most populous areas, riven by political instability and a lack of economic progress. The region does not yet have a well-developed health-care infrastructure. Due to the high frequency of multidimensional poverty throughout the region, combating a significant pandemic like COVID-19 will surely present a big challenge for any country. India and Pakistan had the highest number of reported Covid-19 cases in South Asia, followed by Bangladesh, Afghanistan, Sri Lanka, and the Maldives. The number of COVID-19 positive patients in Nepal and Bhutan is minimal.

Although South Asian countries were relatively successful in containing the virus's spread and saving people's lives in the early months of the pandemic (both infection and death rates are low in comparison to many developed economies), the success came at a high economic cost due to extended lockdowns that directly impacted economic activity. According to simulations, a month of economic lockdown may result in an annual GDP loss of 1.5 percent to 2.0 percent. The Indian economy is predicted to lose US\$ 4.64 billion if the economy is shut down for a single day (Ratings, 2020).

The health-care systems in South Asian countries are inadequate. Afghanistan has only 2.8 physicians per 10,000 inhabitants, Bhutan has 3.8, Bangladesh has 5.3, and Nepal has 6.5, less than a tenth of the number found in more developed countries. Even India, which has one of the region's best health systems, has only 7.8 doctors per 10,000 inhabitants (Rasul, 2020). Due to a lack of health facilities and resources, South Asian countries have implemented very strict policy measures to stop the spread of the corona virus and save people's lives. Except for a few vital services, economic operations have ceased, travel has been prohibited, commodities and services movement has been restricted, and cross-border movements have been halted. Labor has been isolated, borders have been closed, and national, regional, and global supply lines have been disrupted, primarily in the South Asian region.

The actual socioeconomic impact of Coronavirus, as well as the end outcome of each governmental action to limit its influence on South Asian countries, remain unknown at this time. In the extant literature, there are just a few studies that evaluate the socioeconomic impact of the COVID-19 epidemic, particularly in the South Asian region. Again, the growing literature has primarily focused on certain sectors, such as healthcare (Ather et al., 2020), tourism (Gossling et al., 2020), mining (Laing, 2020), and the economy (Laing, 2020). (Fernandes, 2020; Ozili and Arun, 2020; Fornaro and Wolf, 2020). This study adds to the existing body of knowledge by examining the socioeconomic impact of COVID-19 and policy responses in South Asian countries.

## **LITERATURE REVIEW**

Ozili, K.P. (2021) undertakes a discourse analysis study to assess COVID-19's socioeconomic impact on African countries. According to the study, the impact of a coronavirus pandemic is more severe in African countries than in other regions. Through imposed social distancing policies, the rising Covid-19 epidemic is impacting not just social connection but also economic operations. However, in various African countries, the degree of strictness with which social distance is maintained varies.

According to Haleem et al. (2020), the COVID-19 pandemic has affected daily life and is slowing down the global economy. The economic consequences of COVID-19 include a narrowing of basic goods manufacturing, disruption of item supply chains, losses in national and international commerce, a depleted cash flow within the market, and a significant slowing down in revenue growth, while the social consequences include the cancellation or postponement of large-scale sports and competitions, as well as disruption of celebrations.

According to Goodell (2020), it is necessary to consider COVID-19 in the light of previous historical occurrences that are similar to the COVID-19 pandemic in some aspects. According to Ramelli and Wagner (2020), the health crisis morphed into an economic catastrophe, which was exacerbated by financial channels. Barro et al. (2020) investigate whether the Great Influenza Pandemic of 1918–1920 resulted in economic contraction and mortality. They discover that higher fludeath rates reduced realized real returns on stocks and short-term government bills. Ozili and Arun (2020) discover that the growing number of lockdown days, monetary policy decisions, and international travel restrictions had a significant impact on global economic activity and the closing, opening, lowest, and highest stock prices of major stock market indices in the. They also note that the restrictions on internal

mobility of persons and increased fiscal spending had a positive influence on economic activity levels. According to Zhang et al. (2020), the coronavirus (COVID-19) has an impact on financial markets all around the world. It introduced an unprecedented amount of risk, resulting in large losses for investors in a short period of time. Using a basic model, Fornaro and Wolf (2020) show that the coronavirus caused a negative supply shock. They argue that strong policy actions – both monetary and fiscal – may be required to avoid this negative supply shock having a significant impact on employment and productivity.

The epidemic has had a significant impact on trade. The consequences of this instability will have a long-term impact on globalization. It will affect both the corporate and public sectors (Donald, 2020). Previously, all huge corporations had solely financial objectives. The amount of interconnected trade, on the other hand, has lost its significance currently. The benefits of globalization have been distributed unequally (Roome, 2011). Furthermore, the COVID-19 epidemic and its related crises have damaged people's psychological well-being, particularly those who have lost their jobs. Because the divide between their professional and personal life has narrowed, the well-being of employees who work from home is jeopardized (Pratt and Frost, 2020). Employees have been worried by the circumstance, which has resulted in an uneasy and confrontational connection with the business, which has harmed their psychological sustainability on a macro level. The world before and after this pandemic, according to Mahase (2020), will never be the same since people have separated themselves, millions of lives have already been lost, and the global economy has slowed exponentially. People have been forced to face the harsh reality of unemployment, disease, and bereavement as a result of COVID-19, and long-term challenges and battles are required to lessen the situation's detrimental impact. Coronavirus has had a significant impact on people's mentality and has resulted in a large-scale psychological experiment on humans, which will eventually alter present and future generations' lifestyles.

## **METHODOLOGY**

The purpose of this review is to address the social and economic consequences of the COVID-19 pandemic on the South Asian economies included Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. This review focuses on the impact of first wave of COVID-19 which was began in early March 2020 in South Asian Countries, although some cases have been registered in February. Following the initial epidemic, the government in South Asian countries have implemented a series of stringent preventative measures, including house confinement and complete lockdown from March 2020 to Jun 2020, followed by gradually increasing social engagement, employment, and commercial activities with subject to strict Standards Operating Procedures (SOPs). The preventive measure and lockdown greatly influence the social and economic life of households in South Asian countries, therefore this study address the impact of COVID-19 on major economic indicators for the selected countries.

The study material and information such as COVID-19 cases, macroeconomic indicators, we used World meter (worldometer.com), World Bank database, Asian Development Bank and websites of Central Bank of selected South Asian countries. The graphical and descriptive statistical methods have been applied to address the social and economic consequences of COVID-19 pandemic on South Asian Economies for the period of 2014 to 2020. The study period has been chosen to address the pre-pandemic and post-pandemic socio-economic consequences on South Asian economies.

## RESULTS AND DISCUSSION

### Spread of COVID 19 in South Asian Countries

We present an overview of the recent number of persons affected, dead, and recovered to comprehend the magnitude of the current COVID-19 epidemic in the South Asian economy. The World meter (worldometer.com) provided real-time statistics on the spread of the coronavirus. **Table 1** shows the total confirmed COVID-19 cases, deaths, and recovered for the selected South Asian nations.

The table shows the comparative picture of Covid-19 scenarios of all the countries in South Asian regions. India is in the first position in terms of numbers of confirmed cases of Covid-19, total deaths and total recovered cases recorded. Bangladesh is in the second position of identifying the confirmed cases but Pakistan is in the second in terms of facing the number of death cases. Bhutan is in the best position comparing with other countries forming SAARC. In Bhutan, the numbers of confirmed cases are the lowest among the countries in this region.

**Table 1.** Spread of COVID-19 in South Asian countries

Country	Population	Total cases	Total deaths	Total tests	Positive rate
Afghanistan	38,041,754	51,526	2,191		
Bangladesh	163,046,161	513,510	7,559	3,224,409	8.10%
Bhutan	763,092	670		281,699	0.30%
India	1,366,417,754	10,266,674	148,738	172,049,274	1.80%
Maldives	530,953	13,757	48	314,600	1.10%
Nepal	28,608,710	260,593	1,856	1,932,477	11.00%
Pakistan	216,565,318	482,178	10,176	6,696,068	5.60%
Sri Lanka	21,803,000	43,299	204	1,250,417	4.90%

Source: World meter of COVID-19

### Impact of Lockdown Measure on Social Life

While the current policy measures of physical separation and lockdown are crucial for saving lives and combating the spread of the corona virus, they have harmed the lives and livelihoods of millions of people in South Asia, which is home to one-third of the world's poorest people (ESCAP, 2020). Closure of offices, restaurants, hotels, schools, universities, and educational institutions, international borders, visa suspension, complete international and domestic travel prohibitions, and bans on public gatherings were among the key actions taken by several governments (**Table 2**). While these interventions were effective in slowing the spread of the coronavirus in South Asia, they came at a tremendous financial and social cost to society. Tourism, exports, and remittances, all vital sources of foreign cash for South Asian countries, have been adversely impacted.

Households have experienced a range of economic shocks since schools were closed and emergency stay-at-home orders were issued, some of which are linked to the closures and others which are simply part of the intrinsically precarious lifestyles of many households in low-income nations. Job losses, business closures, farm activity disruptions, rising input prices, declining output prices, rising food prices, or an income earner's illness or death are examples of these shocks. Further, the government of all the countries in South Asia announced the temporarily shut down of all institutions educational in the month of March, 2020. However, with the spread of covid-19 pandemic, the governments extend the time frame of closure of the educational institutions.

**Table 2.** COVID 19 Lockdown Measure in South Asian Countries

Country	Lockdown Measure	Education Institute	International Travel	Land Transport
Afghanistan	Starts from 22 March to 24 May	Closure form 14 March	Open for immigrants only	Neighbor countries imposed passive restriction at border
Bangladesh	Starts from 26 March and extended further to May 30.	Closure form 17 March	Closed	Cargo trains
Bhutan	Tourism entry closed from 6 March; lockdown from April 1 to 21	Closure form 5 March	Closed	Open only for Basic goods
India	Starts from 25 March to 31 May and further extend till 30 <sup>th</sup> June in containment zones.	Closure form 16 March	Closed	Neighbor countries imposed passive restriction at border
Maldives	On March 19 Public health emergency was declared, and from 1 April to 12th June lockdown imposed in greater Male'	Closure form 13 March	Closed	Not Applicable
Nepal	Starts 23 March to 2 June and extended to 14 June	Closure form 19 March	Closed	Conflicting information
Pakistan	1 April to 9 May. lockdown lifted	Closure form 12 March	Closed	Banned
Sri Lanka	On 15 March Public holiday was declared and from 20 March to 11 May lockdown imposed	Closure form 12 March	Closed	Banned

### Impact on Economic Growth

The pandemic has put a strain on the world's economies. It has had a detrimental impact on economic growth unlike anything seen in nearly a century (Jackson et al. 2020). In comparison to other South Asian countries, Bangladesh's GDP growth rate is increasing, as shown in the graph. Bangladesh's growth rate has slowed from 8.2 percent in 2019 to 0.5 percent this year 2020, as major customers have shied away from the country's fast-fashion garment exports. India also showing an increasing trend in the GDP growth rate from 2014 to 2018, however due to pandemic the GDP growth rate has become worsen and shrink to 41.8 percent and -7.97 percent in 2019 and 2020 respectively. Similarly, COVID-19 led Pakistan's GDP growth rate to plummet to -0.4%, a contraction of 2.6 percent, compared to pre-COVID-19 predictions of 2.2 percent. The Maldives' GDP growth rate varies and is expected to decline more following the pandemic. The Maldives, a tourism-dependent country, has badly effected due to COVID-19, as all international traveling has been restricted from various government. The negative impact of COVID-19 on real GDP growth in Afghanistan and Sri Lanka was also greater, with GDP

contracting by 2.1 percent and 5.2, respectively, in 2020. Nepal's growth is predicted to slow from 6.99 percent in 2019 to -1.88 percent in 2020, due to weakening agriculture and tourism. In 2020, Bhutan's growth rate is expected to be approximately -0.2 percent, contracted from 5.46 percent in 2019 (**Table 3**).

**Table 3.** Impact on GDP Growth Rate

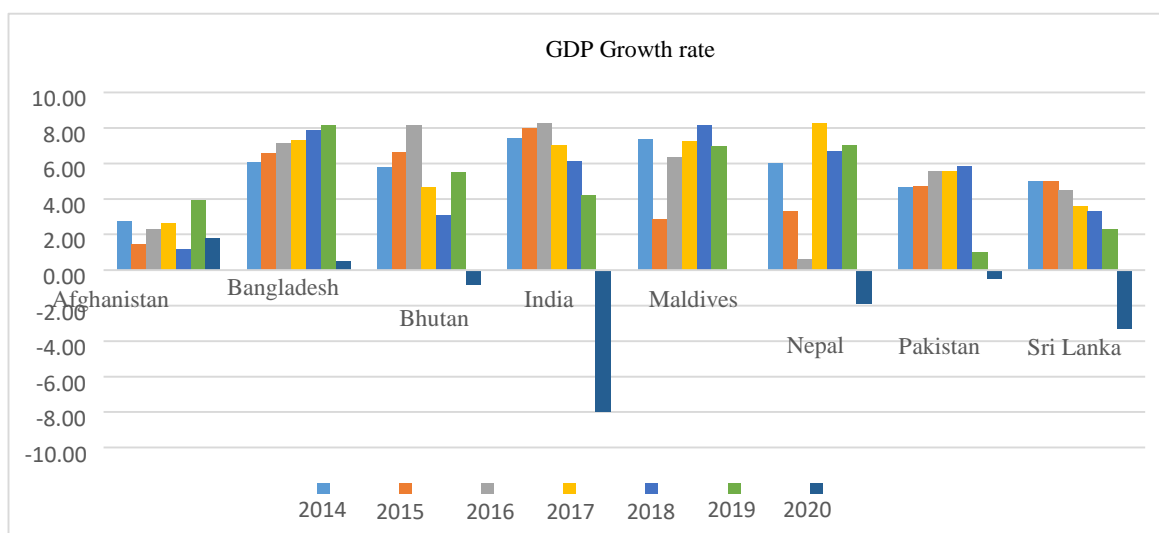
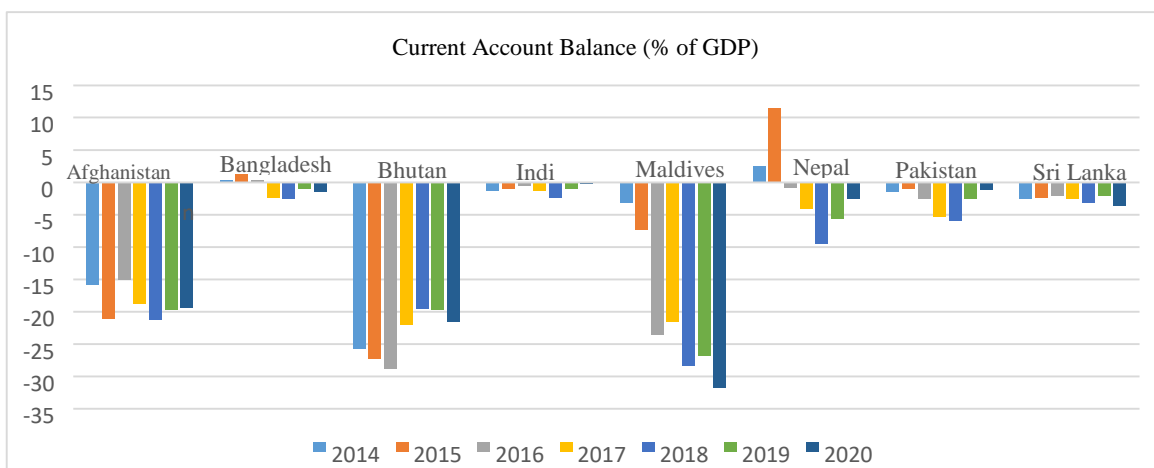
<b>Country</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Afghanistan	2.72	1.45	2.26	2.65	1.19	3.91	1.80
Bangladesh	6.06	6.55	7.11	7.28	7.86	8.15	0.50
Bhutan	5.78	6.64	8.13	4.65	3.06	5.46	-0.82
India	7.41	8.00	8.26	7.04	6.12	4.18	-7.97
Maldives	7.33	2.88	6.34	7.21	8.13	6.99	0.00
Nepal	5.99	3.32	0.59	8.22	6.70	6.99	-1.88
Pakistan	4.67	4.73	5.53	5.55	5.84	0.99	-0.50
Sri Lanka	4.96	5.01	4.49	3.58	3.31	2.28	-3.30

Source: World bank dataset and ADB forecast

### **Impact on Current Account Balance**

Because the current account balance should theoretically be zero, it may identify whether a country is in surplus or deficit in practice. A surplus indicates that a country's economy is net creditor to the rest of the globe. A budget deficit indicates that the government and economy are net debtors to the rest of the world. Shocks to commerce, oil prices, tourism, and remittances are causing significant fluctuations in current account balances (CABs) as a result of the coronavirus epidemic.

Although it may seem reasonable to assume negative trade consequences as a result of the epidemic, the effect might go either way at the country level. The epidemic offered a shock from both the supply and demand sides, as Baldwin (2020) pointed out at the outset. The impact on a country's import demand – defined as the difference between domestic demand and domestic supply – is a priori unclear because both are negative. The impact of a pandemic on a country's other trading partners, as well as on its own demand for imports from a given country, is unclear, depending on how third-country demand and supply factors are influenced. Many countries have closed their borders temporarily, curtailed or stopped non-essential imports, and cancelled import orders from other countries. Export development has supported the expansion of South Asian countries in recent decades. South Asia's key commercial partners, the United States, Europe, and China, have all been severely impacted by the pandemic, with their economies stagnating. Trade and exports both shrank as a result of the substantial reduction in external demand. COVID-19 has thus had a significant impact on South Asian exports and imports. The graphical presentations showing that current account balance of Maldives, Afghanistan and Bhutan has been effected greatly due to COVID-19, whereas other Asian countries are least effected by the current pandemic.



**Table 4.** Current Account Balance (% of GDP)

<b>Country</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Afghanistan	-15.8	-21.1	-15.0	-18.8	-21.2	-19.7	-19.5
Bangladesh	0.4	1.3	0.4	-2.4	-2.6	-1.0	-1.5
Bhutan	-25.7	-27.4	-28.8	-22.1	-19.5	-19.8	-21.6
India	-1.3	-1.1	-0.5	-1.4	-2.4	-1.0	-0.3
Maldives	-3.2	-7.3	-23.6	-21.6	-28.4	-26.8	-31.8
Nepal	2.5	11.4	-0.8	-4.1	-9.5	-5.6	-2.5
Pakistan	-1.5	-1.0	-2.6	-5.3	-6.0	-2.6	-1.1
Sri Lanka	-2.5	-2.3	-2.1	-2.6	-3.2	-2.2	-3.6

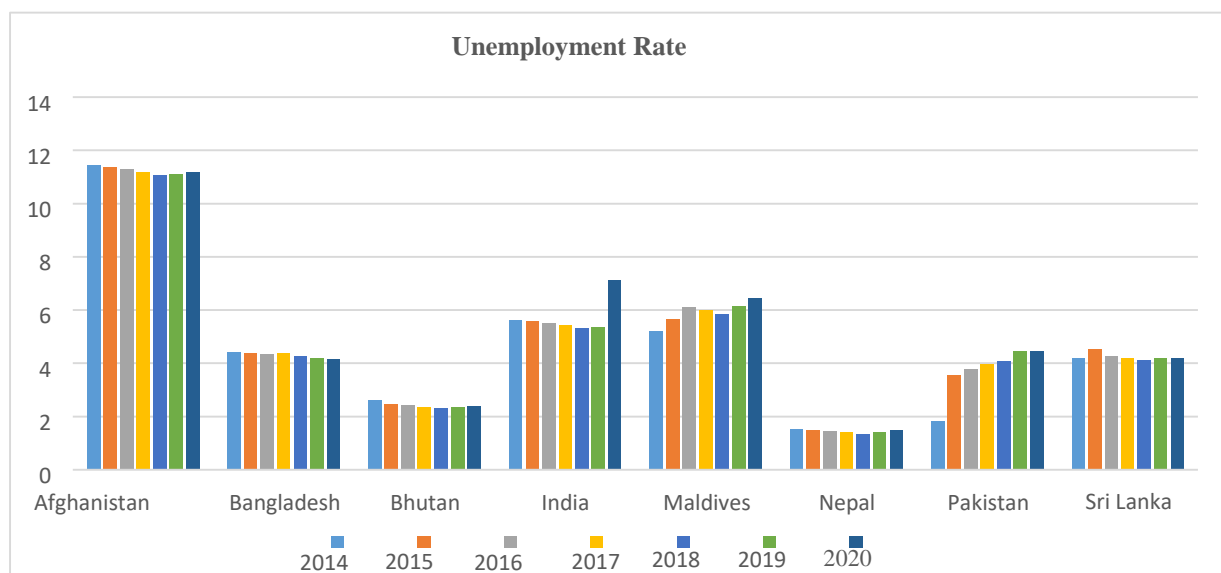
Source: World bank dataset and ADB forecast

## Impact on Employment

Hundreds of millions of people in low-income nations lost their jobs in both the formal and informal labor markets as authorities declared states of emergency, issued stay-at-home orders, and advised people to avoid social gatherings. As a result, household income has decreased from a variety of sources. With a population of 8 billion people, or roughly 25% of the world's total population, the South Asian region is densely inhabited, and it has the world's largest working-age population of around 1.7 billion people; yet, the current unemployment rate is just around 4%. (Bloom & MacKenna, 2015). The graphical presentation of the unemployment rate of the region's individual economies from 2014 to 2020, demonstrating that the pandemic has increased unemployment levels in almost all selected South Asian Economies. The pandemic has caused a halt in economic activity, which has resulted in lower profits and job losses in 2020. Across the region, the unemployment scenario is nearly identical in all countries.

**Table 4.** Impact on Unemployment Rate

Country	2014	2015	2016	2017	2018	2019	2020
Afghanistan	11.448	11.387	11.313	11.184	11.057	11.118	11.16
Bangladesh	4.395	4.378	4.35	4.372	4.281	4.19	4.15
Bhutan	2.63	2.45	2.416	2.358	2.303	2.342	2.39
India	5.608	5.565	5.511	5.419	5.33	5.355	7.11
Maldives	5.21	5.667	6.12	5.981	5.849	6.138	6.43
Nepal	1.499	1.475	1.446	1.396	1.35	1.407	1.47
Pakistan	1.827	3.566	3.789	3.945	4.083	4.453	4.45
Sri Lanka	4.194	4.519	4.242	4.18	4.119	4.198	4.18





## CONCLUSION

This article examines the socioeconomic impact of Coronavirus (COVID-19) in the countries that make up the SAARC (South Asia Association for Regional Cooperation) provincial association. India and Pakistan had the highest number of reported Covid-19 cases in South Asia, followed by Bangladesh, Afghanistan, Sri Lanka, and the Maldives. Only a few examples of COVID-19 positive patients have been reported in Nepal and Bhutan.

The data show that the coronavirus pandemic in South Asian economies had an impact on most residents' social and economic well-being throughout the period, despite the fact that the social separation measures were only temporary. Due to the imposed social distancing laws throughout the examined era, citizens were not allowed to mingle in large groups, and they were not allowed to engage in business activities in the market area. By stranding more than a third of the world's population, the Covid-19 pandemic has triggered one of the world's worst recessions in South Asian economies. The economic impacts of COVID-19 include: the narrowing of the manufacturing of basic goods, disturbance of the supply chain of items, losses in national and universal commerce, destitute cash stream within the market, significant abating down within the revenue growth, losses of jobs in small, medium and service sectors, narrow down the job market and so on.

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