

# SOUTH ASIA'S CORONA STRUGGLE

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 Analysis

Things have not been a smooth sailing for South Asia. New Year was already bleak for most South Asian countries. Throughout the South Asian region growth have been slowing down. The animosity between India and Pakistan was on its peak and political uncertainty in Afghanistan too was grave. Communal violence had rocked India; Muslim minority had been pushed to the wall. Now the region is overwhelmed with the spread of COVID-19, which could further depress economic activity, damage supply chains, and stress the already weak public health systems in the whole region.

The latest numbers show an obvious increase in the confirmed cases of the new coronavirus across the region. As on 11 April 2020 India has been hit the most with 7,062 cases and 229 deaths. Pakistan now has 6,495 cases and 66 deaths. Bangladesh has 424 cases and 27 deaths

and Afghanistan has reached 521 confirmed cases. Experts say that an adverse situation is likely, given a shortage of testing kits and poor reporting practices because of poor literacy rates and weak healthcare infrastructure. If the experience of countries such as Italy, USA, the UK and others is anything to go by, things are bound to get worse before they get better.

Experts say that South Asia is more vulnerable to coronavirus than other countries. Firstly, it's because many South Asian countries are among the most densely populated countries in the world. Literacy rates are low, general hygiene awareness is low, and access to clean water not to mention masks is lacking. Private hospitals tend to be small and expensive, while government-run ones are mostly understaffed and unprepared for major crises. Secondly, the region's media also seems to be very weak and



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fares poorly on most global surveys, making it unlikely for the journalists to raise awareness quick enough or hold governments to anticipate in the event of an outbreak. Thirdly, the illiteracy and lack of information worsen the crises and mismanagement poses a dangerous threat during such a pandemic, as India shows. Some India's legislators have falsely claimed that cow urine and cow dung could combat the coronavirus. Meanwhile social media platforms, particularly WhatsApp, have been a hotbed of home remedies and incorrect advisories.

In a sense, most South Asian countries have the perfect storm for a mass outbreak: high population density, poor public hygiene practices, and large numbers of people on the Internet with questionable health tips. It is predicted that the spread of the virus particularly in South Asia, could become a problem in itself if their governments don't take proper measures.

Even if South Asia still has relatively fewer coronavirus cases, the region is already feeling the economic repercussions. India is already reeling from its slowest pace of growth in years. Pakistan and Bangladesh are also witnessing the similar economic slowdowns. If it serves a small consolation to the economies of the region is that South Asia's economies are all net importers of energy, and a sharp drop in crude oil prices may be beneficial. With more reported daily cases of coronavirus, the countries of South Asia have already put in place mandatory quarantines and lockdowns.

The countries of South Asia are trying to slow the spread of the virus and prepare their health care systems for potential overload. As is the case in other countries around the world, the social distancing measures in the region have sent markets plunging and threaten to slow or completely halt economic activity. Governments in India, Pakistan and Bangladesh are preparing or have already passed massive stimulus packages aimed at providing support for the most economically vulnerable in their countries and emergency funding for businesses to weather the current shutdowns.

## **Weak health system in South Asia's Pakistan, India and Bangladesh:**

India, Pakistan and Bangladesh together account for 1.7 billion people, making South Asia the most-populated part of the world. All three have weak health systems. Most South Asian countries rank low in healthcare's access and quality. For instance, in 2016, Bangladesh ranked 133rd, India 145th and Pakistan 154th in these areas. Therefore, the risk of deaths as a result of a possible coronavirus outbreak is very high. Let's take India, the biggest among the regional economies, as an example. India's healthcare spending is among the lowest in the world - just 3.7 percent of its gross domestic product. That has left it with a patchwork of overcrowded public hospitals, with private ones that being unaffordable for many people.

Containing the outbreak in Southeast Asia is also a serious concern for global health authorities. "Our greatest concern is the potential for the virus to spread to countries with weaker health systems, which are ill-prepared to deal with it," said T. A. Ghebreyesus, WHO's Director General. Dr Poonam Khetrapal Singh, Regional Director of WHO's Southeast Asia region said, "More cases can be expected. Rapidly identifying these cases, isolating them and following their contacts are important initiatives to help limit person-to-person transmission. The speed of our response is critical, which is only possible if we are prepared," she said in a statement recently.

The coronavirus spreads from person to person in close proximity, similar to other respiratory illnesses such as the flu. WHO has asked countries in South Asia region to strengthen their preparedness for "all possible scenarios and ensure early containment measures."

The shortages of medical supplies like respirators, ventilators and PPE are leaving doctors, nurses and other frontline workers dangerously ill-equipped. The WHO has supplied nearly 300,000 pieces of PPE such as caps, goggles, surgical masks, gloves and gowns to South Asian nations and nearly 200,000 more

pieces are being procured. The question is, will the PPE production be faster than the spread of the virus?

## **Pandemic impact on Economies of South Asia:**

### ***India:***

Indian economy was already experiencing a prolonged slowdown over the past few quarters. India's government had undertaken a number of actions to stimulate the economy of the country. But the present world scenario predicts that the COVID-19 pandemic will significantly impact India's future economic outlook and will make recovery efforts extremely difficult in the near future. The outbreak continues to severely disrupt both demand and supply. India is already among the top countries affected by a general manufacturing slowdown caused by the COVID-19 outbreak. According to United Nations Conference on Trade and Development, the outbreak has cost India's trade impact more than \$600 million. The Asian Development Bank (ADB) estimates that the outbreak could cost the Indian economy about \$29.9 billion. Without provisions for the poor, India could be facing a full-blown humanitarian crisis, especially if the government decides to extend the lockdown. The government has announced \$22.6 billion relief package but tens of millions of Indians stand to see few benefits from the coronavirus relief package. Although India's relief package promises free food for roughly 800 million beneficiaries, economists and activists say few of those in need are registered with the federal food welfare scheme, or have the documents needed to secure benefits.

In the absence of much wider deficit spending to save livelihoods, the Indian government will fail to avert the crippling effects that could deepen social and recessionary pressures.

### ***Pakistan:***

Economies all over the world, including Pakistan, have been hit by the Covid-19 crisis. Pakistan's economy was just recovering from an external crisis. This crisis saw the country

crawling back to the International Monetary Fund (IMF). The impact of an outbreak will be unimaginable for Pakistan's economy. During each of the economic crisis in Pakistan, the informal sector stands to lose the most. The tens of millions of workers in this sector with the bare-minimum income are hit even worse.

But, the country's measures to face the outbreak should be appreciated. Pakistan's federal government has started to take action to deal with the economic ramifications of this crisis. A \$7 billion economic plan has been unveiled with a focus on minimizing the economic damage on the weak segments of society. Under this program, direct cash support will be provided to 10 million households in the coming weeks. This support will be held through monthly transfers of about \$15/month/household for the next four months, benefiting almost 4.5 million households. Secondly, 3 million additional households will be identified through the National Socio-Economic Registry and given a cash transfer of \$15/month for the next four months. Finally, the government will identify an additional 2.5 million households and verify them through the local district administration setup. Once verified, these households will also be provided with financial support by the federal government.

The government has also announced support funds for businesses which include Rs. 100 billion in tax refunds and an additional Rs. 100 billion in deferred interest payments. The State Bank of Pakistan has swiftly cut rates by 225 basis points in the last few days, calming both the federal government and businesses facing cash flow problems.

### ***Bangladesh:***

The COVID-19 crisis is likely to have significant impacts on the Bangladeshi economy. The crisis has come at a time when major indicators of the economy were already on a descending slope. Before the pandemic, economists in Bangladesh warned that the country's economy was under pressure more than at any time in the past ten years. The government's underestimating the scale of the pandemic in the country, the trust

deficit between the citizens and the government, poor health infrastructure, and lack of a comprehensive strategy to deal with the public health crisis will exacerbate the situation. The Asian Development Bank (ADB) has estimated that Bangladesh will lose about 1.1 percent of its GDP. This means that \$3.02 billion from Bangladesh's economy may be lost.

Prime Minister Sheikh Hasina has declared a stimulus package which falls short in addressing

the potential impacts on low and middle-income citizens. The package offers \$59 million to export-oriented industries with the condition that it can only be disbursed in the form of salaries and wages for employees and workers of the industries. The package's skewed focus is likely to benefit a small number of people and leave the most vulnerable segments of society behind. Unfortunately, the package does not include any other concrete steps to address low and middle-income citizens.

