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# The Shining Star of The Lackluster Performance in The South Asian Region: Who Will Win The Race of COVID 19?

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## ABSTRACT

The COVID 19 crisis has exposed the countries in the region to its worst performance ever thereby focusing on the harsh realities of the system. The condition of the South Asian region will be likely its worst performance since the last 40 years. According to the estimates the regional growth in this particular region will fall between 1.8 and 2.8 percent from 6.3 percent which was projected six months ago. The impact of the crisis can be seen in the social and economic conditions prevalent in these countries. The poor people will most likely become poorer after this crisis. Also, they have limited access to hygiene and related goods like soaps, masks, gloves etc. Furthermore, they are unable to maintain social distancing as it is important to return to their jobs as most of them earn daily and eat daily. The risk is of losing their jobs and at the same time handling the spike in food prices. The study evaluates the impact of the outbreak of COVID-19 and critically analyses how it will affect the country amidst all the steps taken by the Government to curb its spread.

***Keywords:* *COVID-19; South Asia; Pandemic; Crisis***

## INTRODUCTION

The condition of the South Asian region will be likely its worst performance since the last 40 years. According to the estimates the regional growth in this particular region will fall between 1.8 and 2.8 percent from 6.3 percent which was projected six months ago. Worst more the deteriorated forecast is further expected to linger around in 2021 with growth projections to hover around 3.1 and 4.0 percent. The level of the economic conditions in all the eight countries is very fluid at present and is constantly changing.

The COVID 19 crisis has exposed the countries in the region to its worst performance ever thereby focusing on the harsh realities of the system. Where on one hand the condition of the poor people is always a matter of concern in these countries there are other prominent issues too which deserve equal attention. They are the low level of hygiene, limited medical facilities, untouchability, racial discrimination and caste system. Inflation further has just worsened the problems. The segment of the population which is affected very much in such countries in not the rich but only the middle class and the poor people. For this category of people earning money on a continual basis is mandatory and they are put into a situation of saving themselves from dying of hunger or from corona virus. Their plight is such that in spite of knowing very well the danger of COVID 19 they are unable to maintain social distancing which is considered to be a foremost tool to prevent oneself from catching the infection.

The impact of the crisis can further be seen in the figures of job retrenchment, drop in the tourism sector, increase in the prices of food products.

**South Asia in COVID 19**

People in the South Asian region have limited access not only to the monetary resources but also to the medical and health facilities, transportation, availability of jobs, and the likes. This pandemic and its effect has worsened the situation all the more. Working and travelling does not even ensure maintaining social distancing. This makes the condition of most of the people in these countries extremely vulnerable not only for the present times but it will be having fa reaching implications in decades to come too.

**SAARC**

The SAARC or the South Asian Regional Cooperation is a union of states in South Asia. This intergovernmental organization has Southern Asia as its geographic scope and has Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka as its member countries. The union gives the people in South Asia a platform to work together in close cooperation and cohesion in all trade dealings. Founded in the year 1985 in Dhaka the organization is well recognized for promoting the economic and regional integration. It has maintained relations with multilateral entities including the European Union. The main purpose of SAARC is to aim and work towards improving the quality of life of people through economic growth and social progress. Efforts have also been incorporated in the direction of the cultural development in the region.

In the recent COVID 19 scenario all the countries of the SAARC have come together to deliberate upon the need for robust regional cooperation to overcome the aftermaths of this pandemic. All the representatives of the member states were present in the video conference held in April except for Pakistan. The proposal by India to launch an emergency fund was given a positive response. A modest amount of $18.8 million has been accumulated as a result of the conference. India has received requests for medical equipments, medicines and other supplies from Bhutan, Nepal, Afghanistan, Maldives, Bangladesh and Sri Lanka. It is evident that a new mechanism for workable cooperation can be witnessed with the imaginative diplomacy of India. It can be further deepened if the member countries see advantages in working together.

**REVIEWS OF LITERATURE**

In the opinion of Bhutta, Basnyat, Saha and Laxminarayan (2020) the South Asian region may not have sufficient information to face the pandemic and is ill prepared to handle the consequences well of the potential crisis. The collective efforts of all the countries in the SAARC took about two months to put aside their political differences and come together to discuss about the dangers posed by the epidemic. All the countries need to join and act in unison. The authors were of the opinion that the testing capacity for the countries need to be increased as that is the main solution towards handling the problem effectively. Priority should also be given to the rapid diagnostic systems, high quality deployment and rapid development of biotechnology. Overall the scenario evident from Covid-19 has exposed gaps in the preparedness for infectious diseases in the South Asia region. The need of the hour is that the rapid spread of dangerous and malicious information is curbed and healthcare professions must stand together to overcome one of the greatest health challenge of our times.

Kachroo (2020) in the study has highlighted the indications, the treatement, remedies, precautions and the guidelines given by the Government of India. The guidelines duly followed is the highlight of the study and only it shall be able to prevent one from getting the novel virus. In the study it has been highlighted that inspite of the doctors and the paramedical staff working to the best of their services people should be aware enough of following and adhering to the strict advisory norms issued by the Government. The virus cannot be taken for granted else the condition of the country can become like that of China and Italy. Furhter, though lockdown is the main solution for the Governments they cannot keep the cities always in lockdown. The responsibility should be well understood and acknowledged by the citizens in order to keep themselves safe during this tough time.

Chatterjee et al. (2020) have in their study highlighted the emerging evidence which can help guide the public health reponse in India. There have been some key areas which have been pointed out in the study to generate critical intelligence for advising prevention and control efforts. The emergence of the virus has once again exposed the reality of the medical facilties and issues of the global health systems. The preparedness of countries in facing the virus has again been questioned. Neirther have the countries been able to control the spread of the virus nor have they been able to respond to the infectious threat thereby leading to the rapid transmission across international borders. It has been concluded in the study that investment in the health syatems, community led response mechanism and preparedness for handling the global health security is the key towards fighting this virus effectively.

## Social Condition of the Countries in the Region

One of the main peculiar feature of the region is highest population densities in the countries. This is the highest in comparison to the other countries in the World. This makes the spread of the disease easier, uncontrollable and disrupts the supply chain too. With the consumption falling sharply the manufacturing sector is hit too. But service sector is the one which is badly hit due to disappearance of jobs and salary cuts. Though the Governments have done their bit by responding appropriately to the pandemic their task is really tasking. Maintaining social distancing strictly, giving relief packages to secure access to food, providing delays in payments of rents and other services were some of the measures taken by the Governments to curtail and help the needy in this time of crisis.

The poor are the ones who are hit more badly and are likely to become poorer and the rich and the affluent class will most likely be able to recover from the effect of this crisis. The poor have lost their jobs which was the only source of earning they had and the domestic migrants of these countries are forced to be a party to the rural poverty again.

## Economic Condition of the Countries in the Region

The economic outlook for the region is dreadful thereby presenting little hope for recovery. Hardest hit is Maldives which is known and recognized for tourism but is hardly hit during this time. Its GDP is expected to see a decline by 8.5% to 13% this year due to tourism being affected horribly. Pakistan, Afghanistan and Sri Lanka too are more likely to see a negative GDP growth as the whole region is expected to experience a contraction in the GDP. Global value chains too have been interrupted due to the crisis which has made the situation worse combined with outflow of international capital form this region. The hotels and restaurants have been closed down since March end and the transportation facilities too have disappeared. Supply constraints have also arisen due to hoarding of food.

## RESEARCH METHODOLOGY

The study in exploratory in nature and has made use of literatures and documents available on the outbreak of the COVID-19 pandemic and its implications. The South Asian region has been chosen for the study because it is one of the developing regions of the World and their response to the pandemic would be interesting to analyze. Furthermore, the analysis will also give insights as to the future economic conditions of these developing countries. The World Bank has categorized the South Asian region to have eight economies in it namely – Afghanistan, Bangladesh, Bhutan, India, Maldives, Pakistan, Nepal and Sri Lanka (Table 1). The following tables country wise present a picture of the demographics of the country and its likely projections. The estimates related to population, GDP, poverty headcount ratio, School enrollment and Life expectancy at birth for all the countries in the South Asian region has been derived from the Living Cndition Survey and the source of the same is World Bank. The forecasting method used in the study is calculation based on SAR-POV harmonization using 2017-BLSS. Projection is done using neutral distribution with pass-through = 0.7 based on GDP per capita in constant LCU and the source of the same is World Bank.

| **Table 1 - Economies of the South Asian Region** |
|---|
| Afghanistan |
| Bangladesh |
| Bhutan |
| India |
| Maldives |
| Pakistan |
| Nepal |
| Sri Lanka |
| *Source – World Bank* |

### Sustaining Growth

High growth in the region can only be sustained if both the investments and exports grow stronger. The creation of jobs is essential and to support it effort like the $250 million Jobs Programmatic Development Policy Project addresses the challenges related to Jobs and strengthening systems towards building resilience. In Afghanistan, the $100 million Women’s Economic Empowerment Rural Development Project aims to increase the social and economic empowerment of poor rural women. The project of $100 million for Nepal is aimed at supporting the financial viability and governance of the electricity sector.

i. **Afghanistan** – In the year 2019 the economy of Afghanistan had recovered somewhat which is again expected to have a major negative impact due to the COVID 19 in year 2020. The political insecurity, reduced remittance flows and economic disruption has worsened the situation. The political negotiations with the Taliban presents upside potential over the medium term.

The economic disruption of 2020 due to COVID 19 virus is projected to be recovering in 2021 if there is a gradual containment of the disease and its spread. The problems associated with the border posts might lead to a decline in the agricultural production and exports. Not just this even the imports are expected to decline, domestic demand might fall and there might also be a decline in the oil prices. Domestic revenues though are expected to improve after the introduction of the VAT in 2021 which should boost domestic revenues and offset the decline in the receipt of the grants. The welfare of the Nation will be at stake with the condition of economic contraction in 2020. The projected growth rates would remain insufficient to support productive employment creation and hence further lead to an increase in poverty.

The risks for the country includes the intensification of the economic disruption as a result of COVID-19, instability in the whole system, deterioration of the security conditions and adverse regional and economic developments. The GDP could decline by 5.9 percent in 2020. COVID 19 is also expected to negative poverty impacts, shortages of basic goods, increased costs for health treatments, reduced levels of incomes etc. In order to avoid fiscal crisis, the Government should maintain recent gains in revenue performance. Reforms related to anti-corruption should be implemented in order to reinvigorate private investment and assuring the capacity of the government to make effective and efficient use of grants received. International partners and their commitments in supporting the structure can further help in aiding and boosting the economy of Afghanistan.

| | |
|---|---|
| Population, million | 38 |
| GDP, current USD billion | 19.4 |
| GDP per capita, current USD | 510 |
| Poverty headcount ratio[a] | 54.5 |
| School enrollment, primary (percent gross)[a] | 72.5 |
| Life expectancy at birth, years[b] | 64.1 |

| | 2017 | 2018 | 2019 | 2020 (f) | 2021 (f) | 2022 (f) |
|---|---|---|---|---|---|---|
| Real GDP growth, at constant market prices | 2.7 | 1.8 | 2.9 | -3.8 | 3.3 | 5.2 |
| Private consumption | 4.3 | 1.2 | 0.5 | -3 | 3.6 | 4 |
| Government consumption | 1.5 | 4.2 | 3.7 | 5.1 | 3.9 | 4.1 |
| Gross fixed capital investment | 6.4 | 0.5 | -3.4 | -14.8 | 0.7 | 9 |
| Exports, goods and services | 7 | 5 | -2 | -9 | 6 | 8.5 |
| Imports, goods and services | 8 | 1 | -5.5 | -7 | 3 | 5 |
| Real GDP growth, at constant factor prices | 2.2 | 1.3 | 2.9 | -3.8 | 3.3 | 5.2 |
| Agriculture | 3.8 | 0.8 | 7.5 | 5 | 4.5 | 4.5 |
| Industry | 0.4 | 2.5 | 2 | -3 | 3 | 3 |
| Services | 2.5 | 1 | 1.8 | -7.5 | 2.9 | 6.6 |
| Inflation (consumer price index) | 4.7 | 0.6 | 2.3 | 4.5 | 4.5 | 5 |
| Current account balance (percent of GDP) | 2.2 | 2.7 | 2.9 | 4.2 | 0.3 | -1.5 |
| Net foreign direct investment (percent of GDP) | -0.1 | -0.1 | -0.1 | 0 | 0 | 0.1 |
| Fiscal balance (percent of GDP) | -0.5 | 0.7 | -1.1 | -2.9 | -1.6 | -0.5 |
| Debt (percent of GDP) | 6.2 | 5.4 | 6.5 | 7.8 | 8.1 | 8.1 |
| Primary balance (percent of GDP) | -0.4 | 1.7 | -0.4 | -2.6 | -1.3 | -0.2 |

ii. **Bangladesh** – The growth is expected to decelerate to 3% in the FY 2020 for Bangladesh. This is due to the factors like declining garment exports, lower private investment growth and broader disruptions caused due to COVID-19. Since the level of improvement and mitigation measures is low the poverty in the region is expected to increase significantly. The shutdown in the country due to COVID-19 is likely to impact adversely the private consumption. The global trade and external competitiveness combined with a decline in trade for the readymade garments have put a dent in the financial condition of the country. Inflation too has reached 5.6 % driven mainly by the high prices of vegetables and gas prices. A decline in the exports has led to an increase in the trade deficit.

However, the financial account remained in surplus resulting in a small balance of payments surplus. There was also an appreciation in the real effective exchange rate while the nominal taka depreciated against the US Dollar in a significant manner. The foreign exchange reserves remained adequate at USD 32.4 billion at the end of January 2020.

There is a package announced by the Government to support the manufacturing sector. The fiscal deficit is projected to increase. Poverty too is expected to increase substantially. The decline in the national and global demand is further expected to create unemployment and increase poverty. The role of the Government in handling the pandemic through testing, quarantining and treating the patients.

| | 2019 |
|---|---|
| Population, million | 168.6 |
| GDP, current USD billion | 303 |
| GDP per capita, current USD | 1797 |
| International poverty rate (USD 1.9)[a] | 14.8 |
| Lower middle-income poverty rate (USD 3.2)[a] | 52.9 |
| Upper middle-income poverty rate (USD 5.5)[a] | 84.5 |
| Gini index[a] | 32.4 |
| Life expectancy at birth, years[b] | 72.1 |

| | 2017 | 2018 | 2019 | 2020 (f) | 2021 (f) | 2022 (f) |
|---|---|---|---|---|---|---|
| Real GDP growth, at constant market prices | 7.3 | 7.9 | 8.2 | 3 | 2.9 | 3.9 |
| Private consumption | 7.4 | 11 | 3.9 | 2.4 | 2.3 | 2.7 |
| Government consumption | 7.8 | 15.4 | 9 | 7.7 | 2.3 | 2.9 |
| Gross fixed capital investment | 10.1 | 10.5 | 8.4 | 5.7 | 4.5 | 6.2 |
| Exports, goods and services | -2.3 | 8.1 | 10.9 | -19.8 | -7.4 | 8.2 |
| Imports, goods and services | 2.9 | 27 | -2 | -10.9 | -3.7 | 6.9 |
| Real GDP growth, at constant factor prices | 7.2 | 7.9 | 8.4 | 3 | 2.9 | 3.9 |
| Agriculture | 3 | 4.2 | 3.9 | 3.5 | 3.1 | 3.1 |
| Industry | 10.2 | 12.1 | 12.7 | 2 | 3.5 | 6.1 |
| Services | 6.7 | 6.4 | 6.8 | 3.5 | 2.4 | 2.6 |
| Inflation (consumer price index) | 5.4 | 5.8 | 5.5 | 5.7 | 5.7 | 5.8 |
| Current account balance (percent of GDP) | -0.5 | -3.5 | -1.7 | -2.9 | -3.2 | -2.9 |
| Net foreign direct investment (percent of GDP) | 0.7 | 0.6 | 0.8 | 0.7 | 0.3 | 0.6 |
| Fiscal balance (percent of GDP) | -3.4 | -4.6 | -5.4 | -7.7 | -9.8 | -8.4 |
| Debt (percent of GDP) | 30.8 | 31.9 | 33.8 | 39.1 | 45.6 | 50.2 |
| Primary balance (percent of GDP) | -1.6 | -2.8 | -3.5 | -5.3 | -7.1 | -5.5 |
| International poverty rate (USD 1.9 in 2011 PPP)[a,b] | 14.1 | 13.5 | 12.8 | 21.8 | 21.5 | 21.1 |
| Lower middle-income poverty rate (USD 3.2 in 2011 PPP)[a,b] | 51.7 | 50.6 | 49.3 | 58.3 | 57.9 | 57.4 |
| Upper middle-income poverty rate (USD 5.5 in 2011 PPP)[a,b] | 84 | 83.4 | 82.8 | 91.8 | 91.6 | 91.4 |

iii. **Bhutan** – The country is expected to see a decline in the real GDP to about 2.9 percent in FY2020 due to the disruption caused due to COVID-19. The efforts done by the Government is expected to increase the fiscal deficit. The domestic outbreak of COVID-19 has led to a subdued growth and downside risks remain intact. The main drivers of growth for the country are tourism and hydropower. Due to the outbreak of COVID-19 in Bhutan the tourism industry has come to a standstill. This decline in the tourist arrivals is expected to further dampen services growth and exports. The agriculture, construction and exporting sectors are expected to see a decline caused due to supply related disruptions. The exports and imports are expected to decline and so are the domestic production. Due to the dependence of Bhutan on essential imports the current account deficit is likely to persist. The fiscal deficit is expected to widen to 3.4 percent in FY20 due to a pickup in current spending in response to the outbreak of COVID-19. Poverty reduction is going to continue at a modest rate as most of the poor people work in subsistence agriculture. Households and businesses which are directly or indirectly related in one or the other manner to the tourism and related services are expected to suffer an earning loss. Food security needs to be addressed in an effective manner given the high levels of malnutrition. The risks associated with hydro projects and lower than expected rainfall will negatively impact the growth and reduce the exports and government revenues.

| | 2019 |
|---|---|
| Population, million | 0.8 |
| GDP, current USD billion | 2.6 |
| GDP per capita, current USD | 3412 |
| International poverty rate (USD 1.9)[a] | 1.5 |
| Lower middle-income poverty rate (USD 3.2)[a] | 12 |
| Upper middle-income poverty rate (USD 5.5)[a] | 38.6 |
| Gini index[a] | 37.4 |
| School enrollment, primary (percent gross)[b] | 101.3 |
| Life expectancy at birth, years[b] | 71.1 |

| | **2017** | **2018** | **2019** | **2020 (f)** | **2021 (f)** | **2022 (f)** |
|---|---|---|---|---|---|---|
| Real GDP growth, at constant market prices | *6.3* | *3.8* | *3.9* | *2.9* | *2.5* | *3.5* |
| Private consumption | *0* | *10.1* | *6* | *2.5* | *1.5* | *3.2* |
| Government consumption | *4.3* | *3.7* | *4.5* | *8* | *7* | *3* |
| Gross fixed capital investment | *4.4* | *-3.6* | *-0.5* | *-0.7* | *0.5* | *3.1* |
| Exports, goods and services | *0.4* | *5.5* | *-2.5* | *-2* | *-1.2* | *3.2* |
| Imports, goods and services | *-5.3* | *3.6* | *-1.2* | *-1.9* | *-1* | *2.4* |
| Real GDP growth, at constant factor prices | *6* | *3.3* | *3.9* | *2.9* | *2.5* | *3.5* |
| Agriculture | *3.6* | *3.7* | *4.2* | *3* | *3.3* | *3.5* |
| Industry | *4.7* | *-1.2* | *-0.5* | *3.3* | *2.7* | *3.6* |
| Services | *8.2* | *7.9* | *8.1* | *2.4* | *2* | *3.4* |
| Inflation (consumer price index) | *4.3* | *3.7* | *2.8* | *2.7* | *3.1* | *2.7* |
| Current account balance (percent of GDP) | *-23.6* | *-19.6* | *-23.9* | *-19.7* | *-22.3* | *-21.8* |
| Fiscal balance (percent of GDP) | *-4.8* | *-3.3* | *0.8* | *-3.4* | *-3.5* | *-2.7* |
| Debt (percent of GDP) | *111.5* | *110.1* | *105.4* | *104.2* | *103.2* | *101* |
| Primary balance (percent of GDP) | *-3.5* | *-2* | *1.7* | *-2.5* | *-2.2* | *-1.5* |
| International poverty rate (USD 1.9 in 2011 PPP)[a,b] | *1.5* | *1.4* | *1.3* | *1.1* | *0.9* | *0.8* |
| Lower middle-income poverty rate (USD 3.2 in 2011 PPP)[a,b] | *12* | *11.3* | *10.7* | *9.8* | *8.8* | *8.1* |
| Upper middle-income poverty rate (USD 5.5 in 2011 PPP)[a,b] | *38.6* | *37.6* | *36.7* | *35.4* | *33.1* | *31.4* |

iv. **India** - The growth in India is expected to have decelerated to 5 percent in FY 2020 and is further expected to slowdown in FY21. The tax proceeds and high spending needs are also affecting the fiscal balances. While poverty declines to 13.4 percent the slowdown in the growth has dampened the pace of poverty reduction. The general government deficit is expected to widen to 7.5 percent of GDP in FY20. The outbreak of COVID-19 in India compelled the Government to resort to a complete lockdown of goods and of people immediately. The country is densely populated and the pattern of the spread of the disease called for something like this immediately. As a result, however due to disruption in supply and demand the growth deceleration in FY21 is expected to be 2.8%. It is even expected to bounce back to 5% in FY22 after the impact of COVID-19 is over. In India, maintaining social distancing for the poorer lot of people is quite difficult. The lockdown has brought adverse effects economically on the middle class people, casual workers and also small businesses particularly. The containment of the contagion is a major challenge before the Government combined with distress in the rural people over unemployment.

| | 2019 |
|---|---|
| Population, million | 1371.3 |
| GDP, current USD billion | 2924.9 |
| GDP per capita, current USD | 2133 |
| International poverty rate (USD 1.9)[a] | 21.6 |
| Lower middle-income poverty rate (USD 3.2)[a] | 61.1 |
| Upper middle-income poverty rate (USD 5.5)[a] | 87.3 |
| Gini index[a] | 35.4 |
| School enrollment, primary (percent gross)[b] | 113 |
| Life expectancy at birth, years[b] | 69.2 |

| | **2017** | **2018** | **2019** | **2020 (f)** | **2021 (f)** | **2022 (f)** |
|---|---|---|---|---|---|---|
| Real GDP growth, at constant market prices | 7 | 6.1 | 5 | 2.8 | 5 | 7 |
| Private consumption | 7 | 7.2 | 5.4 | 2 | 4.5 | 7.5 |
| Government consumption | 11.8 | 10.1 | 8.1 | 9.1 | 9.1 | 3 |
| Gross fixed capital investment | 7.2 | 9.8 | -0.9 | 0.6 | 2.4 | 5.3 |
| Exports, goods and services | 4.6 | 12.3 | -2 | -1 | 4 | 10 |
| Imports, goods and services | 17.4 | 8.6 | -6.5 | -3 | 1 | 6 |
| Real GDP growth, at constant factor prices | 6.6 | 6 | 4.9 | 2.7 | 5 | 7 |
| Agriculture | 5.9 | 2.4 | 3.5 | 2.7 | 3 | 3.5 |
| Industry | 6.3 | 4.9 | 1.9 | 0 | 3 | 6.5 |
| Services | 6.9 | 7.7 | 6.9 | 4.1 | 6.6 | 8.2 |
| Inflation (consumer price index) | 3.6 | 3.4 | 4.1 | 3 | 3.5 | 4 |
| Current account balance (percent of GDP) | -1.8 | -2.1 | -1 | -0.2 | -0.3 | -0.3 |
| Net foreign direct investment (percent of GDP) | 1.1 | 1.1 | 1.3 | 0.9 | 1.1 | 1.5 |
| Fiscal balance (percent of GDP) | -5.8 | -6.2 | -7.5 | -9 | -7.9 | -7.7 |
| Debt (percent of GDP) | 69.5 | 70.2 | 72.3 | 76.7 | 78.4 | 78 |
| Primary balance (percent of GDP) | -1.1 | -1.4 | -2.6 | -3.8 | -2.4 | -2 |

v. **Maldives** – Due to the outbreak of COVID-19 the growth is expected to contract by 8.5 percent in Maldives. Tourism is one of the major highlights of the county and it flourished in 2019 as the number of tourists increased by 14.7 percent (y-o-y). This development on the front of tourism was not long lived and in 2020 the tourism was badly hit due to COVID-19. The number of visitors to the country has seen a huge fall and is expected to further contract as there are still many restrictions with respect to the travel around the World. Due to COVID-19 in the first quarter of 2020 the revenues have fallen by 23.4 percent due to a shrinking in revenues from tourism but the spending has increased by 10.2 percent. The real GDP of the country is expected to contract by 8.5 percent in 2020 due to a fall in tourism figures as it is the major contributor accounting for about two-thirds of the GDP. Most of the adults in the country are engaged in tourism and its related jobs thus the pandemic makes it difficult for people to earn their livelihood too. It is challenging for the Government to contain the spread of Corona Virus in the country as a negative shock to tourism will affect even the household incomes of the country due to temporary or permanent job losses. The expansion of the private sector can create more and better jobs.

| | 2019 |
|---|---|
| Population, million | 0.5 |
| GDP, current USD billion | 5.7 |
| GDP per capita, current USD | 12677 |
| School enrollment, primary (percent gross)[a] | 97.1 |
| Life expectancy at birth, years[a] | 78.3 |

| | 2017 | 2018 | 2019 | 2020 (f) | 2021 (f) | 2022 (f) |
|---|---|---|---|---|---|---|
| Real GDP growth, at constant market prices | 6.8 | 6.9 | 5.2 | -8.5 | 7.3 | 5.5 |
| Real GDP growth, at constant factor prices | 6.7 | 6.9 | 5.2 | -8.5 | 7.3 | 5.5 |
| Agriculture | 8.3 | 4.8 | 6 | 2 | 3.5 | 4 |
| Industry | 10.7 | 10.5 | 5 | -0.5 | 1.5 | 3 |
| Services | 6 | 6.5 | 5.2 | -10.3 | 8.5 | 6 |
| Inflation (consumer price index) | 2.8 | -0.1 | 0.2 | 1.3 | 1.2 | 1.1 |
| Current account balance (percent of GDP) | -21.7 | -26.1 | -21.8 | -15.7 | -16.3 | -17.7 |
| Fiscal balance (percent of GDP) | -3.1 | -4.7 | -6.4 | -12.9 | -11.9 | -9.9 |
| Debt (percent of GDP) | 60.1 | 58.5 | 61.8 | 72.9 | 74.3 | 75.7 |
| Primary balance (percent of GDP) | -1.4 | -3.4 | -4.6 | -10.6 | -9.9 | -7.9 |

vi. **Nepal** – The disruption caused due to COVID-19 combined with slump in trade and tourism has led to a deceleration in the growth rates to 2.8 percent in FY20. The agricultural activity has depressed the economic growth in the country. The growth in the industrial sector is expected to decline due to lower industrial imports, disruption in the supply chains and the shortages related to skilled workers. In the FY21 also the economic growth is expected to remain subdued due to the lingering effect of the pandemic. As the Government is spending on quarantining and health related facilities the fiscal deficit is expected to increase to 7.3 percent. The large scale domestic transmission of the COVID-19 will call for significant economic and social costs.

| | 2019 |
|---|---|
| Population, million | 29.9 |
| GDP, current USD billion | 30.7 |
| GDP per capita, current USD | 1025 |
| International poverty rate (USD 1.9)[a] | 15 |
| Lower middle-income poverty rate (USD 3.2)[a] | 50.9 |
| Upper middle-income poverty rate (USD 5.5)[a] | 83 |
| Gini index[a] | 32.8 |
| School enrollment, primary (percent gross)[b] | 143.9 |
| Life expectancy at birth, years[b] | 70.2 |

| | 2017 | 2018 | 2019 | 2020 (f) | 2021 (f) | 2022 (f) |
|---|---|---|---|---|---|---|
| Real GDP growth, at constant market prices | 8.2 | 6.7 | 7.1 | 2.8 | 2.9 | 3.6 |
| Private consumption | 2.6 | 2.5 | 6.5 | -1.5 | 0.8 | 1.1 |
| Government consumption | 10.5 | 13.4 | 8.3 | 6.2 | 9.2 | 12 |
| Gross fixed capital investment | 44.3 | 18.1 | 14.3 | -8.7 | -5.8 | 5.4 |
| Exports, goods and services | 11.3 | 7.8 | 7.9 | -14.6 | 3.2 | 4.6 |
| Imports, goods and services | 27.2 | 19 | 17.9 | -9.4 | -2.3 | 3.5 |
| Real GDP growth, at constant factor prices | 7.7 | 6.1 | 6.7 | 2.8 | 2.9 | 3.6 |
| Agriculture | 5.2 | 2.8 | 5 | 3.8 | 3.3 | 3.9 |
| Industry | 12.4 | 9.6 | 8.1 | 1.7 | 2.6 | 4.1 |
| Services | 8.1 | 7.2 | 7.3 | 2.5 | 2.8 | 3.3 |
| Inflation (consumer price index) | 4.5 | 4.2 | 4.5 | 5.8 | 6 | 5.9 |
| Current account balance (percent of GDP) | -0.4 | -8.2 | -7.7 | -10.2 | -8.8 | -4.7 |
| Fiscal balance (percent of GDP) | -3.1 | -6.7 | -2.6 | -7.3 | -6.7 | -5.3 |
| Debt (percent of GDP) | 26.1 | 30.2 | 30.1 | 35.5 | 39.8 | 41.9 |
| Primary balance (percent of GDP) | -2.7 | -6.1 | -2 | -6.5 | -5.9 | -4.3 |

vii. **Pakistan** – The economic activity in Pakistan has been strained by the pandemic. Since February when the spread of the deadly virus has started in Pakistan the economic activities have come to a halt. The partial lockdown in the country combined with the closure of non-essential businesses and domestic supply chain have an impact on the major wholesale and retail trade. The growth is expected to be affected in FY20. Export growth is expected to remain negative in FY21 but is expected to rebound and reach 6.7 percent in FY21. The long lasting impact of the crisis is dependent on the ability of the farm sector to recover from the crisis. If the outbreak lasts longer than expected the real GDP could contract by 2.2 percent before marginally recovering to 0.3 percent in FY21. The Government should focus on the implementation of the structural reforms while minimizing the economic losses and protecting the poorest.

| | 2019 |
|---|---|
| Population, million | 204.7 |
| GDP, current USD billion | 282.5 |
| GDP per capita, current USD | 1380 |
| International poverty rate (USD 1.9)[a] | 3.9 |
| Lower middle-income poverty rate (USD 3.2)[a] | 34.7 |
| Upper middle-income poverty rate (USD 5.5)[a] | 75.4 |
| Gini index[a] | 33.5 |
| School enrollment, primary (percent gross)[b] | 90.6 |
| Life expectancy at birth, years[b] | 66.9 |

| | **2017** | **2018** | **2019** | **2020 (f)** | **2021 (f)** | **2022 (f)** |
|---|---|---|---|---|---|---|
| Real GDP growth, at constant market prices | 5.6 | 5.8 | 3.3 | -1.3 | 0.9 | 3.2 |
| Private consumption | 8.5 | 6.8 | 4.1 | -4.9 | 0.3 | 3.2 |
| Government consumption | 5.3 | 8.6 | 10 | 1.4 | 1.1 | 1.9 |
| Gross fixed capital investment | 10.3 | 7.1 | -8.9 | -4.3 | -1 | 3.8 |
| Exports, goods and services | -0.6 | 10.4 | 13.2 | -19.7 | -5.3 | 7.3 |
| Imports, goods and services | 21.2 | 15.8 | 5.8 | -26.3 | -7.7 | 4.8 |
| Real GDP growth, at constant factor prices | 5.2 | 5.5 | 3.3 | -1.3 | 0.9 | 3.2 |
| Agriculture | 2.2 | 3.9 | 0.8 | 1 | 1.7 | 2.3 |
| Industry | 4.6 | 4.9 | 1.4 | -2.1 | 0.7 | 3.7 |
| Services | 6.5 | 6.2 | 4.7 | -1.7 | 0.8 | 3.4 |
| Inflation (consumer price index) | 4.2 | 3.9 | 7.3 | 11.8 | 9.5 | 6 |
| Current account balance (percent of GDP) | -4.1 | -6.3 | -4.9 | -1.9 | -2 | -2.2 |
| Net Foreign Direct Investment (percent of GDP) | 0.9 | 1.1 | 0.6 | 0.7 | 0.6 | 0.8 |
| Fiscal balance (percent of GDP) | -5.8 | -6.4 | -8.8 | -9.5 | -8.7 | -6 |
| Debt (percent of GDP) | 70 | 75.2 | 87.5 | 90.6 | 91.8 | 89.6 |
| Primary balance (percent of GDP) | -1.5 | -2.1 | -3.4 | -3.2 | -2.5 | -0.2 |

i. **Sri Lanka** – Like in the case of most of the countries in the South Asian region in the case of Sri Lanka too the outbreak will lead to a contraction in the economy. Poverty is expected to increase, vulnerabilities with respect to the macroeconomic indicators will remain high in the country. There is an expectation that the economy might contract by 0.5 percent in 2020 due to the dampening of export earnings, private consumption and investment. The fiscal deficit is expected to increase due to the stimulus package. The downfall in the economic activities will result into a loss in earnings, unemployment and construction activities too will be adversely affected. The apparel industry which accounts for about half a million jobs has announced significant job cuts due to loss in global demand and shortage of raw material too. Agricultural production too remains largely disrupted. All these factors combine together contribute to an increase in poverty.

| | 2019 |
|---|---|
| Population, million | 21.8 |
| GDP, current USD billion | 87.7 |
| GDP per capita, current USD | 4030 |
| International poverty rate (USD 1.9)[a] | 0.8 |
| Lower middle-income poverty rate (USD 3.2)[a] | 10.1 |
| Upper middle-income poverty rate (USD 5.5)[a] | 40.4 |
| Gini index[a] | 39.8 |
| School enrollment, primary (percent gross)[b] | 100.6 |
| Life expectancy at birth, years[b] | 76.6 |

| | 2017 | 2018 | 2019 | 2020 (f) | 2021 (f) | 2022 (f) |
|---|---|---|---|---|---|---|
| Real GDP growth, at constant market prices | 3.4 | 3.2 | 2.6 | -0.5 | 1.2 | 2.5 |
| Private consumption | 2.5 | 2.3 | 2.3 | -0.6 | 1.2 | 2.5 |
| Government consumption | -5.4 | -5.5 | 2.7 | 5.8 | 3.9 | 2.5 |
| Gross fixed capital investment | 5.9 | -1.3 | 0.5 | -4.2 | -0.1 | 2.8 |
| Exports, goods and services | 7.6 | 0.5 | -0.8 | -17.8 | 1.3 | 2.9 |
| Imports, goods and services | 7.1 | 1.8 | -2.7 | -12.7 | 0.1 | 1.9 |
| Real GDP growth, at constant factor prices | 3.4 | 3.6 | 2.6 | -0.4 | 1.2 | 2.5 |
| Agriculture | -0.4 | 4.8 | 3.2 | 1 | 2 | 2.5 |
| Industry | 4.1 | 0.9 | 2.6 | -0.5 | 1.1 | 2.4 |
| Services | 3.6 | 4.7 | 2.5 | -0.5 | 1.2 | 2.5 |
| Inflation (consumer price index) | 6.6 | 4.3 | 4.3 | 5 | 5 | 5 |
| Current account balance (percent of GDP) | -2.6 | -3.2 | -2.1 | -2.1 | -2.3 | -2.4 |
| Net Foreign Direct Investment (percent of GDP) | 1.5 | 1.7 | 0.7 | 0.1 | 0.5 | 1.1 |
| Fiscal balance (percent of GDP) | -5.5 | -5.3 | -6.4 | -9.8 | -8.1 | -8.1 |
| Debt (percent of GDP) | 76.9 | 82.9 | 84.1 | 91.6 | 95.9 | 99 |
| Primary balance (percent of GDP) | 0 | 0.6 | -0.4 | -3.5 | -1.7 | -1.7 |
| International poverty rate (USD 1.9 in 2011 PPP)[a,b] | 0.7 | 0.6 | 0.5 | 1.2 | 1 | 0.9 |
| Lower middle-income poverty rate (USD 3.2 in 2011 PPP)[a,b] | 9.5 | 8.9 | 8.5 | 11.3 | 11 | 10.2 |
| Upper middle-income poverty rate (USD 5.5 in 2011 PPP)[a,b] | 39 | 37.6 | 36.5 | 41.7 | 41.1 | 39.7 |

**World Bank Initiative**

Fast action is taken by the World Bank in supporting the economies around the World to cope up and come out of this pandemic. To meet the economic and health needs of the people a package of $14 billion was rolled out for the immediate support of people and for the support over the coming 15 months a package of up to $160 billion is further released. The eight countries in the region had requested the World Bankfor an emergency support and hence the World Bank has ensured support tailored to the countries according to their specific needs. Out of the $1.5 billion rolled out by the World Bank, $100.4 million is for Afghanistan, $100 million is for Bangladesh, $1 billion is for India, $7.3 million is for Maldives, $29 million is for Nepal, $200 million is for Pakistan and $128 million is for Sri Lanka whereas the financing for Bhutan is yet to come. This money is to be used for training the nurses and doctors, procuring the personal protective equipment, laboratory equipment, increasing the number of intensive care units and isolation wards and food rations for the most vulnerable.

**Opportunities**

These countries will be creating conditions to jumpstart the economies through temporary work programs, debt servicing and rent payments. Fiscal prudence and debt relief initiatives will further help these countries in keeping their sovereign debt sustainable. The international connections too can be diversified and opportunities to expand digital technologies for payment systems and distant learning can be explored. The challenges for the Governments in this region is to prepare a health care system which has been revealed to be poor to handle treatment of such kind of deadly viruses. Providing food and health needs to the poor is another immediate task for the countries to be accomplished.

**CONCLUSION**

The study indicates towards sustainability of a country which is both fundamentally and politically strong to cope up with this crisis. Though the year 2020 does not indicate a good projection by any means the following years are capable of projecting good figures. The countries like India, Sri Lanka and Nepal are capable of recovering soon from this crisis. In the case of India, the strong leadership skills of the Prime Minister along with the capacity of the country to manufacture things on its own will further give a boost. Not just this in the pharmaceutical industry India's strong hold will come very handy.

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