Economic and financial impact of the COVID-19 pandemic in South Asia

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Abstract
The world is facing a COVID-19 pandemic outbreak with an unprecedented and enormous impact on the lives of human-kind. The economic engine has suffered a big blow in economic and financial performance in all the regions. South Asian countries are also trying to cope with the challenges posed by the pandemic. This paper attempts to understand the severity of the pandemic, the responses by the governments of the region, and the way forward. The pandemic affected the services, manufacturing, trade, supply chain, and particularly the small businesses, which disrupted all the economic indicators, forecasts, and growth patterns. The paper also discusses the strategies devised by the countries to counter the shocks of pandemics and what new opportunities are identified under the circumstances.

Keywords Covid-19 · Pandemic · South Asia · Economy · Job market · Policy response

JEL Classification I15 · I18 · O57

Introduction
South Asia a home to almost two billion people is facing the challenge to tackle COVID-19 pandemic. The sheer scale of infections has pushed the regional economic and financial activities on the backfoot. Across the region, the pandemic brought severe economic activity disruption because almost all the countries of the world, as suggested by World Health Organization, implemented lockdowns, stay at home orders, community quarantines, travel restriction, and temporary business closures. Which shut down entire sectors of the economy, especially those that involve interpersonal contact. Forcefully closure of such establishments by authorities involving interpersonal contacts, to reduce the spread of COVID 19, left large numbers of workers unemployed. Further, newly unemployed workers reduced their consumption of all goods and services. Output in the region contracted by an estimated 6.7% in 2020, reflecting the effects of severe COVID-19 outbreaks and nationwide lockdowns, particularly in Bangladesh and India (Ruch and Ye 2021; Max Roser 2021; Ratna 2020).

In the South Asian region, Nepal was the first country to report COVID-19 on January 23, followed by Sri Lanka on January 27, India on January 30, Afghanistan on February 24, Pakistan on February 26, Bhutan on March 6, and the Maldives and Bangladesh on March 7, and it was spread in the South Asian region by the tourists and students from Italy, USA, China, and Iran (Chalise and Pathak 2020; ADB 2020; IMF 2020; World Bank 2020; World Bank 2021). It is also observed that the spread is largely not under control, particularly the threat of new variants of
COVID-19, which are considered more contagious, is on the horizon (Amitabha Sarkar 2020; Times of India 2021; (Iqbal et al. 2020). As shown in Table 1, a remarkable recovery from the pandemic is observed in Maldives and Bhutan as the active number of cases has dropped to almost zero. India has the highest number of total deaths, while Bhutan has the lowest number of total deaths. But the fear of another wave is there, and particularly, India has suffered a big blow in terms of daily cases and deaths during the attack by delta variant in the past few months. India is among the most affected countries, along with Brazil and the USA. Another spike in COVID 19 cases might trigger the new lockdown and containment measures in India.

The epidemic caused significant economic disruption throughout the area, as virtually every country globally imposed lockdowns, stay-at-home orders, community quarantines, travel restrictions, and temporary company closures, as recommended by the World Health Organization. This caused whole sections of the economy to shut down, particularly those involving human interaction. The forced closure of such businesses by authorities involving interpersonal connections in order to stop the spread of COVID 19 resulted in the layoff of a significant number of employees. In addition, newly jobless employees cut down on their overall consumption of goods and services. In 2020, output in the area is expected to fall by 6.7%, owing to significant COVID-19 outbreaks and countrywide lockdowns, especially in Bangladesh and India (Ruch and Ye 2021).

Furthermore, the lockdown strategy resulted in a significant drop in domestic consumption and investment, as well as a drop in business and vacation travel, supply-side production and trade disruptions, and demand-side shocks impacting trade and production linkages. South Asian nations, like the rest of the globe, are employing traditional fiscal and monetary policy to counteract aggregate demand shocks. The temporary shutdown of industries in industrial cities disrupted supply networks, causing activities to be reduced across the supply chain, even those in other countries. This has an impact on individuals involved in supply chains, including the AMS. The government implemented additional measures with caution to deal with such supply shocks since they did not want to encourage activity in particular service sectors due to fears of the epidemic spreading further. On the other hand, governments boosted sectors that were not subject to the lockdown but were affected by aggregate shocks.

As COVID-19 spread rapidly in China, most South Asian countries limited or banned travel to and from China by canceling flight connections and closing borders. Thus, the travel and tourism industry effected directly by the mass cancellation of bookings within the tourism industry, which badly affected businesses and workers. This situation forced governments of South Asian countries to introduce relief policies to the tourism and allied industries. Hotels, restaurants, airlines, and small businesses were granted subsidies, tax breaks, and loans. Moreover, workers of these sectors were provided with cash assistance and subsidies.

Further mitigating measures instigated in varying degrees due to unprecedented spared of the pandemic—social distancing; temporary closure of non-essential businesses, offices, and schools; lockdowns; and quarantines have been imposed. The economic impact similarly deepened as the disruptions in business operations, slowdown in production, and extensive restrictions on the movement of people resulted in the loss of livelihood and income for workers and losses for businesses.

**Revisions on the growth outlook**

The world was unprepared for the coronavirus SARS-CoV-2. The emergence of the virus in Wuhan, China, in late 2019 to global spread just took a few months. Cases increased rapidly around the world, with few exceptions. Most of the countries were unable to foresee the consequential impact of the pandemic at first. That resulted in underestimated

### Table 1 COVID-19 situation in South Asia on September 19, 2021

| Country   | Total Cases | New Cases | Total Deaths | Total Recovered | Active Cases | Per Million Population |
|-----------|-------------|-----------|--------------|-----------------|--------------|------------------------|
|           |             |           |              |                 |              | Cases  | Deaths | Tests |
| India     | 33,529,986  | 27,242    | 445,799      | 32,775,282     | 308,905      | 24,009 | 319    | 397,439 |
| Pakistan  | 1,227,905   | 1979      | 27,327       | 1,137,656      | 62,922       | 5431    | 121    | 83,809  |
| Bangladesh| 1,545,800   | 1562      | 27,277       | 1,504,709      | 13,814       | 9274    | 164    | 56,983  |
| Sri Lanka | 506,009     | -         | 12,218       | 433,093        | 60,698       | 23,510  | 568    | 229,999 |
| Maldives  | 83,656      | -         | 229          | 81,804         | 1622         | 151,514 | 415    | 2,622,034 |
| Nepal     | 786,577     | 1036      | 11,053       | 754,000        | 21,524       | 26,418  | 371    | 138,156 |
| Afghanistan| 154,756    | 44        | 7193         | 122,754        | 24,809       | 3869    | 180    | 18,949  |
| Bhutan    | 2599        | 2         | 3            | 2593            | 3            | 3324    | 4      | 1,449,633 |

Sources: Our world in data, worldometer on coronavirus for South Asian countries, and World Health Organization
economic implications. Initially, the IMF quantified that the effect would be around 0.1 percentage point (ppt) off their 3.3% 2020 growth estimate for the global economy. However, after 1 month, the IMF announced deep cuts in its growth estimates for 2020. The Asian Development Bank (ADB) decreased its estimate for ASEAN by 3.7 ppts to 1.0%, and for Developing Asia by 3.0 ppts to 2.2% (Statista 2020; Worldometers.info 2021; WTTC 2020).

Likewise, growth forecasts for the South Asian countries were revised downwards as shown in Table 2. Initially, countries were expecting a limited impact; therefore, most of the targets were retained. However, by March 2020, the gravity of the situation was evident; the pandemic was shaking the ill-equipped and fragile health care systems in the whole region. Containment measures by governments resulted in a halt of economic activities. The growth projections were reduced, considering the impact on exports, remittances, consumption, transport, and tourism, and the broader effects of the lockdown on economic activities. We will explore each country’s outlook in a bit more detail.

**Afghanistan**

The war, protracted security issues, and the flimsy peace process are the main areas of concern for the country. The pandemic pushed the poverty-stricken economy’s GDP growth forecasts into the red. The projections were revised, and the numbers were expected to decrease by 5.5% initially and the second revision suppressed them further by 8.5 percentage points (ppt) due to the prolonged pandemic and security situation. And in the revision that took place on January 2021, the drag-out is expected to continue in 2021 and will reduce 1.5 ppt of the real GDP.

**Bangladesh**

The country’s economy was booming before the pandemic and became the second largest in the region. The country suffered the same fate, and COVID-19-related lockdowns and other restrictive measures influenced the economic output. Initial estimates were 2.0% growth for the fiscal year (July to June) 2019/2020. The second revision in October 2019 realized the pandemic’s spin-out and reduced the forecasts to negative 5.2 ppt for 2019/2020. The pandemic will augment the complications for the economy with another contraction of 5.7 ppt in fiscal year 2020/2021, but the January 2021 revisions suggested a growth of 1.7 ppt which is a remarkable expected recovery. The decrease or elimination of wages and reduction in foreign remittance can subjugate private consumption with a substantial increase in poverty.

### Table 2 South Asian real GDP growth at market prices in percent

| Country       | Fiscal year | 2019 | 2020(e) | 2021(f) | 2022(f) | 2020(e) | 2021(f) | 2021(f) | 2022(f) |
|---------------|-------------|------|---------|---------|---------|---------|---------|---------|---------|
| Afghanistan   | Dec. to Dec | 3.9  | −1.9    | 1       | 2.6     | −8.5    | −1      | −1.5    | −0.7    |
| Maldives      | Jan. to Dec | 7    | −28     | 17.1    | 11.5    | −25     | 3.9     | 7.6     | 0       |
| Sri Lanka     | Jan. to Dec | 2.3  | −3.6    | 3.4     | 2       | −10     | −0.4    | 0.1     | 0       |
| Fiscal year   | 2019/2020(e)| 2020/2021(f)| 2021/2022(f)| 2022/2023(f)| 2019/2020(e)| 2020/2021(f)| 2020/2021(f)| 2021/2022(f)| 2021/2022(f)|
| Bangladesh    | Jul. to Jun | 2.4  | 3.6     | 5.1     | 6.2     | −5.2    | −5.7    | 2       | 1.7     |
| Bhutan        | Jul. to Jun | −0.8 | −1.8    | 2.9     | 4.5     | −5.9    | −4.1    | −1.1    | 0.6     |
| Nepal         | mid-Jul. to mid-Jul. | −1.9 | 2.7     | 3.9     | 5.1     | −6.2    | −5.9    | 2.1     | 1.4     |
| Pakistan      | Jul. to Jun | −1.5 | 1.3     | 2       | 3.4     | −3.9    | −2.5    | 0.8     | 0       |
| Fiscal year   | 2020/2021(e)| 2020/2021(f)| 2022/2023(f)| 2023/2024(f)| 2020/2021(f)| 2021/2022(f)| 2020/2021(f)| 2021/2022(f)|
| India         | Apr. to Mar  | −8.5 | 10.1    | 5.8     | 6.5     | −16.5   | −1.8    | 1.1     | 4.7     |

Notes: e estimate, f forecast. The table includes the updates of 2020 and 2021. Source: World Bank 2021, Available at https://www.worldbank.org/en/region/sar/overview
Bhutan

The towering dependence and strong integration of economic output with a neighboring country put “Bhutan’s economy” into the pressure zone. The country experienced a 5.5% average growth before COVID-19. Tourism was among the hardest-hit sectors, while the slowdown in India will keep the pressure on manufacturing and export-related industries. The initial estimates remained in the green zone, with a 1.5% GDP growth rate for the fiscal year (July to June) 2019/2020, but after March 2021 updated was a negative 0.8%. The October 2019 revisions changed the fiscal year 2019/2020 forecasts to 5.9 ppt contraction and a shrink of 4.1 ppt for the fiscal year 2020/2021 and the January 2021 revision changed this figure to contraction of 1.1 ppt. This will eventually impact the poverty reduction initiatives and require a revisit of the relevant goals in the near future.

India

The largest economy in the region experienced a national lockdown after the emergence of COVID-19. The pandemic-induced reduction in income and widespread shocks will keep the economy on the ground. The initial estimates were a reduction of 9.6% in GDP for the fiscal year (April to March) 2020/2021, which was changed to 8.5% in the March 2021 update. The protracted influence of the pandemic has jolted the economy, as the October 2019 revised projections anticipated a reduction of 16.5 ppt in 2020/2021 and 1.8 ppt in 2021/2022. In contrast, the January 2021 revised projections show a health sign of recovery into green zone by 1.1%. The global recovery in late 2021 is expected to boost the exports and revival of the export-led industrial network.

Maldives

The tourist-dependent economy was the hardest hit, even the baseline projections estimated a decrease of 19.5% in GDP, and it was expected to further decline to 28% according to the March 2021 update. Global travel restrictions since early 2020 conveyed the message without any ambiguity. The revision in October 2019 kept the GDP in the red as it was expected to contract by 25 ppt in 2020. The January 2021 revised forecast showed a healthy sign of recovery in the 2020/2021 forecast, which are largely linked to the ease of global travel restrictions. The country’s GDP will augment by 7.6 ppt in 2021. The poverty alleviation programs will bear the burnt as COVID-19 will negate all the gains during the last 5 years.

Nepal

The landlocked country is also dependent on neighboring nations for trade. The growth was expected to slow with emergence of the pandemic in the region, and the country was anticipating a nominal increase of 0.2% in GDP which was revised to a contraction of 1.9 ppt for the fiscal year (mid-July to mid-July). The revised estimates are much more severe, a contraction of 6.2 ppt for the fiscal year 2019/2020, and 5.9 ppt for the fiscal year 2020/2021. However, the revised forecast of January 2021 shows a health growth of 1.7%. Nepal is also famous for its tourist attractions and Everest climbing expeditions. The travel and mobility restrictions terminated all tourist-related activities since early 2020 and the impact will continue until the gradual retreat of COVID-19 in near future.

Pakistan

The country is considered an exception as no countrywide lockdown was implemented, yet the number of COVID-19-related deaths was not in very high numbers. The initial estimates for the fiscal year (July to June) 2019/2020 was a contraction of 1.5% in GDP. The revised estimates are in line with regional counterparts, a reduction of 3.9 ppt in fiscal year 2019/2020 and a contraction of 2.5 ppt in fiscal year 2020/2021. However, the revised forecast of January 2021 shows a growth of 0.8%. The decrease in wages suppressed consumption and economic activity. The political instability and issues related to governance will be taking a toll in near future.

Sri Lanka

The pandemic pushed the fragile economy into a difficult situation. The country is another famous tourist destination in the South Asian region, with substantial dependence on the service sector. The baseline scenario was already bleak with an anticipated contraction of 6.7% in 2020. The lengthening pandemic will result in a 10 ppt contraction in the revised estimates for the same year. The expectations of vaccine availability and gradual removal of travel restrictions can help the economy in 2021 and the country can expect a nominal 0.4 ppt reduction in the GDP in that year. Although the revised forecast of January 2021 shows a mild sign of recovery, a 0.1% growth is expected in the forecast of 2021. The government is trying to help low-income families with short-term support measures. But it will be difficult for them to sustain such programs while facing resource limitations in the long term.
Financial market disruptions

The confidence lost by the restriction triggered by Covid-19 around the world claimed its toll in South Asia as well in the economic and financial sectors. Closure of businesses particularly affected the supply chain at all levels of businesses, travel and tourism, and the small and medium businesses. The lockdowns raised the possibilities of debt defaults and ultimately the loss of confidence by investors in the financial markets and the foreign direct investment.

The effect of Covid-19 and the subsequent steps taken by the countries around the world are reflected in the performance of financial markets. South Asian markets are no different than their counterparts in the world as shown in Fig. 1. The stock market performance is indicating the damage caused by the restrictions. The Dow Jones Industrial Average closed 2997.10 points lower, or 12.9%, at 20,188.52. The 30-stock Dow was briefly down more than 3000 points in the final minutes of trading. The S&P 500 dropped 12% to 2386.13 — hitting its lowest level since December 2018 — while the Nasdaq Composite closed 12.3% lower at 6904.59 on its worst day ever (Imbert, 2020).

Major stock markets of South Asia including India, Pakistan, Bangladesh, and Sri Lanka are showing a sharp decline in their respective indices. The KSE 100 recorded the lowest level at 27,229 points on March 25, 2020; the BSE SENSEX reached an all-time high of 42,273.87 in January of 2020 before it dropped to 25,281 on March 23, 2020, to record the lowest point due to the Covid-19. DSE Bangladesh touched its lowest figures of 3604 on March 18, 2020, and in Sri Lanka, the CSE continued its downward trend to touch 4248 until May 12, 2020. After this initial shock, all the market is showing resilience and has shown a remarkable recovery.

Financial market recovery is largely related to the confidence regained through the reduced number of cases in the region. The improvement is primarily due the efforts to control the spread of COVID-19 and the roll out of vaccine campaigns. Most countries changed the complete lockdown policy to the idea of smart lockdown without halting the business activities. Moreover, encouraging monetary and fiscal policies helped to improve the financial performance. Most countries are taking a sigh of relief from the pandemic as the number of new infections has reduced considerably except in India where the number of daily infections reached almost to a million and now the number is around thirty thousand (WHO 2021).

![Fig. 1 Major stock market indices in selected countries (6 months’ frame). Source: Trading Economics 2021, available at https://tradingeconomics.com/stocks](https://tradingeconomics.com)
Simulations conducted within the framework of the UNESCAP-SANEM South Asia CGE Model suggest that almost 140 million might lose their jobs. As much 112.8 million might lose their jobs in India alone. The second biggest job loss is expected in Bangladesh followed by Pakistan with 11.71 million, Nepal with 2.27 million, and Sri Lanka 0.92 million.

**Inflation and job market disruption**

According to UN reports about 400 million people may sink into poverty due to the pandemic. Like other service sectors, travel and tourism sector is among the hardest hit sector in the economy. Inflation is seen in most parts of the region, but Pakistan is facing a surge in the prices but during the worst-hit period of the pandemic, prices are decreasing again which can be linked to a decrease in the demand for fuel, electricity, transportation, etc. Inflation dropped from 14.6% in January 2020 to 9.26 in July 2020, whereas India, Bangladesh, and Sri Lanka observed a moderate increase in inflation as compared to January 2020 as shown in Fig. 2. India’s unemployment rate fell to 11% in June 2020 from a record high of 23.5% in the previous 2 months, as many businesses resumed operations following weeks of closures due to the coronavirus pandemic.

The jobless rate in urban areas dropped to 12.0% from 25.8%, while that in rural areas was down to 10.5% from 22.5%. The unemployment rates are not expected to deteriorate in Pakistan, Bangladesh, and Sri Lanka. This is going to have serious repercussions on the GDP of these countries as shown in Fig. 3a and b.

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Fig. 2 Inflation rate in selected south Asian countries. Source: Inflation rates in selected economies, June 2021 available at http://www.tradingeconomics.com

Fig. 3 a, b Potential job loss due to lockdown in selected South Asian countries. a Source: UNESCAP-SANEM South Asia CGE Model Simulation, 2021 available at http://unescap.org/. b Source: Center for monitoring Indian economy, 2021 available at http://www.tradingeconomics.com
Travel and tourism

According to a report published by the world travel and tourism council, a remarkable growth was observed in the travel and tourism sector as it contributed US$ 8.9 trillion to the world GDP which makes 10.3% of the global GDP and 330 million jobs which makes it 10% of the total jobs in the world. Export related to travel and tourism accounted for US$ 1.7 trillion (6.8% of total exports) and US$ 948 billion capital investment (4.3% of total investment). The World Travel and Tourism Council has warned the COVID-19 pandemic could cut 50 million jobs worldwide in the travel and tourism industry and Asia is expected to be the worst affected (World Economic Forum 2020; Tradingeconomics 2020; Twining Ward and McComb 2020; UNESCAP 2020).

The travel and tourism sector is suffering the major blow due to the pandemic. Global tourism expenditure may be up to $8.1 trillion lower than predictions following the implication of COVID-19 and recovery to 2019 level may be as late as 2024 (Urs et al. 2020). India alone, where the pandemic is having no signs of subsiding, is estimated to face a potential loss of 43.4 billion US dollars with 9,000,000 jobs at risk as shown in Fig. 4. As a result, the tourism revenues in India alone decreased to 58,330 INR Million in March from 182,810 INR Million in February of 2020. Table 3 gives us a glimpse of the travel and tourism industry numbers and its performance during 2019 in the selected south Asian countries.

Supply chain and market disruption

For the last three decades, advances in information services and production technology, improvement in transport logistics and services, and the liberalization of cross-border transactions have provided businesses with greater motivations to fragment production processes and to geographically delocalize them. With intermediate inputs originating from several countries, global supply or production chains are now commonly practiced in developing countries. The consequent risks and vulnerabilities of this interconnectivity of the global economy were hidden until this outbreak. Since global supply chains are a dominant feature of the global economy, therefore it transmits the crisis across countries. Lockdown disruptions to manufacturing and shipping transmit shocks across countries through global supply chains. Measures introduced by governments may also cause disruption in the supply chain, either to lessen the spread of

Fig. 4 Travel and tourism potential loss to GDP and jobs at risk. Source: World Bank 2021, available at http://www.openknowledge.worldbank.org

| Country     | Share to GDP | Jobs generated | Visitor spending (in real terms) |
|-------------|--------------|----------------|---------------------------------|
|             | % | USD billion | in 000’s | Employment share (%) | US$ billion | Total exports share (%) |
| Pakistan    | 5.9 | 16.76 | 3881.9 | 6.2 | 0.852 | 3.1 |
| India       | 6.8 | 194.3 | 39,821.8 | 8 | 30.3 | 5.6 |
| Bangladesh  | 3 | 9.11 | 1858.9 | 2.9 | 0.333 | 0.7 |
| Sri Lanka   | 10.3 | 8.92 | 903.3 | 11 | 4.815 | 24.6 |
| Nepal       | 6.7 | 2.05 | 1034 | 6.9 | 0.833 | 30.8 |
| Maldives    | 56.6 | 3.14 | 155.6 | 59.6 | 3.18 | 79 |

Source: Data collected from world travel and tourism council at the country/region level, available at https://wttc.org/Research/Economic-Impact
the COVID-19 or due to fear of supply shortages of food and medical supplies for the domestic market, beyond the direct disruptions caused by travel and mobility restrictions, the contraction in demand, and interruptions in normal business operations.

This situation is quite unprecedented that governments must keep the flow of essential supplies going, like medical and food products supplies, in such a way that is not only consistent with the needs of the citizens but keeps the workers involved in the supply chains safe. It is not only important to ensure the livelihood of the infected and other vulnerable groups but also to protect both the consumers and producers. Therefore, despite lockdown imposed across the region, governments are focusing on the smooth flow of logistics through ports and cargo handling. Pakistan successfully used the smart lockdown concept to avoid supply chain disruption of essential supplies. Additionally, governments implemented social protection and food assistance programs to keep those people stay at home who cannot afford to lose their income. Since most of the South Asian economies are agri-based economies, therefore, the crisis is not about the scarcity of food products, but rather of logistics.

Policy responses by South Asian countries to COVID-19

South Asian countries have been quick in terms of a policy response to the pandemic crisis with short-term social assistance measures and macroeconomic policy responses to support economic activities and the health care sector. The main focus of fiscal policy has been a relief and social assistance for affected people through income and cash transfers, increasing resources for the health sector, wage support, and food vouchers. In addition to this, relief provided through deferred payments for rents, taxes, and public utilities. To ensure adequate liquidity and stability of the financial system, monetary authorities lowered reserve requirements and reduced monetary policy interest rates. Central banks of South Asian countries provided liquidity support to financial institutions and non-banking financial intermediaries and intervened in the foreign exchange markets to prevent exchange rate volatilities. Table 4 explains the fiscal package of South Asian countries. UNESCAP COVID-19 stimulus tracker summarizes some of the important measures undertaken by countries in South Asia in response to the socio-economic aspects of the crisis.

Bhutan is the one with the largest package in the region whereas Sri Lanka has the smallest relief package. These fiscal packages as a percentage to GDP are only indicative, and not for comparisons across countries as their compositions vary. For mitigating an extraordinary and enormous crisis, the relief and incentive packages will need to be also extraordinary and enormous. The stimulus needed, to mitigate social/economic impacts in South Asian countries, is simulated by the UNESCAP-SANEM Model. The results of the simulation are given in Table 5.

Results of the simulation suggest that South Asian countries except Sri Lanka would need extensive stimulus packages varying between 7 and 14% of GDP, whereas Sri Lanka may need a package of around 2.5% of GDP. For India, this estimate is 14% of GDP. The magnitude of impact and initial conditions of India are the contributory factors for such a high estimate. Nevertheless, no cost is too large to survive this unprecedented kind of pandemic. Moreover, IMF has announced financial assistance and debt relief for the member countries for an effective response to tackle the pandemic.

Policy recommendation

South Asian countries earn a huge amount of their GDP from the remittances of migrant workers. According to a press release by the World Bank, remittances to South Asia are projected to decline by 22% to $109 billion in 2020, following the growth of 6.1% in 2019 (The World Bank 2020). Restrictions and lockdowns have hit certain sectors of the
The world is shifting from conventional modes of marketing, distribution, selling, and sale services. Most of the online businesses have increased their market share and entered into e-commerce. E-commerce is projected to grow by nearly 20% YoY in 2020. This growth was even more pronounced at the beginning of the pandemic, with US retail e-commerce up 44.5% YoY in Q2. Also in Q2, Walmart’s e-commerce sales were up 97% YoY and Target grew its same-day fulfillment services by 273% (Davis and Lauren 2021). Asia has the highest percentage of Internet users (49%), followed by Europe (16.8%), Africa (11%), and North America (8.2%) (Liedke 2020).

During the limitations imposed by COVID 19, online shopping has become the most popular internet activity. Figure 5 shows that the amount of internet sales grew at a fast rate. Most nations are moving to Internet commerce, especially during the COVID 19 crisis, and this is providing companies with a broader horizon to increase their market share globally. As a result, connected or supporting companies, such as online marketing, distribution, and online payment services, will thrive. South Asia is home to the bulk of the world’s lower and middle classes, with a large proportion of the people living in poverty. During this time of global constraints, governments may provide individuals with e-commerce training so that small and medium-sized businesses can maximize their potential. This will not only help companies survive, but it will also enhance people’s quality of life.

The policy recommendations for Asian countries are as follows. Firstly, an inclusive and comprehensive campaign to vaccinate the population is extremely important, as it will not only help restore the global financial activities but will provide a protection against the pandemic. Governments should try to convince all groups in the society to get vaccine so that any new variant may not trigger a panic situation again. Secondly, policymakers should introduce such measures that help postpone all debt obligations to prevent firms from bankruptcy. This policy will preserve the physical capital of the economy until the crisis is over. Thirdly, they should monitor the impact of the pandemic on employment and undertake direct measures to protect workers, businesses, especially the most affected sectors. Moreover, appropriate social measures need to be employed to protect the vulnerable members of the society. Fourthly, fiscal, monetary, and financial tools should be used to tackle the effects on demand shocks. This policy will help control the sharp decline in many services and manufacturing sectors. And lastly, policymakers of South Asian countries should review trade and taxation policy options and their likely impacts to create a favorable environment to continue flows of essential supplies.

**Author contribution** MA: conceptualization, data curation; HAN: methodology, writing—original draft; MH: data curation, visualization; GMuD: review and editing; NI: visualization, supervision, editing.

**Data availability** The data that support the findings of this study are openly available on request.

![Retail e-commerce sales worldwide](https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/)

Fig. 5 Retail e-commerce sales worldwide (in billions of USD). Source: Statistics, 2021, data available at [https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/](https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/)
Declarations

Ethical approval and consent to participate The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper. We declared that we do not have human participants, human data, or human tissue.

Consent for publication We do not have any individual person’s data in any form.

Competing interests The authors declare no competing interests.

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