

# Impact Of Covid-19 On Trade Between India And South Asian Countries

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## **Abstract:-**

Corona virus disease (Covid-19) has out broken in Wuhan, China in Dec-2019 latter was declared Pandemic by WHO on 11 March 2020. The pandemic has caused distressing and devastating economic, health and social impact worldwide. The pandemic has caused one of the most serious Economic and public health crises faced by South Asian Countries. The present paper aims to analyse the impact of Covid-19 on India's trade with South Asian Countries based on the reports and data collected from Ministry of Industries and Trade Govt. of India. Out of the total exports of India to all the countries of the world the share of export to South Asian countries were 7.681% in 2018-19 just before Covid-19 which has fallen to 7.0036% in 2019-20 which gradually rises to 7.5495% in 2020-21 and 8.1451% in 2021-22. Similarly imports has also been affected by the pandemic out of the total imports of India to all the countries of the world the share of import to South Asian countries were 0.8502% in 2018-19 and deteriorated to .8094% in 2019-20 which gradually improves and started to rise in 2020-21 it was 0.8555% which has further increased to 0.9174% in 2021-22.

**Keywords:** - Covid-19, Export, Import, South Asia, WHO.

## **Introduction**

South Asia is one of the least economically integrated regions in the world despite its geographical proximity and the existence of bilateral and multilateral free trade agreements. By reason of protectionist policies, high logistics cost, lack of political will and broader trust deficit, intra-regional trade in South Asia remains well below its potential at 5% of the region's global trade. This makes South Asia one of the most disconnected regions in the world, especially when compared with other regions such as East Asia and the Pacific, where intra-regional trade accounts for approximately 50% of total trade, and Sub-Saharan Africa, where intra-regional trade has improved over the years to 22% due to the steps taken by governments or create transparent mechanisms for trade facilitation. Intra-regional trade in the South Asian Region amounts to only 5.6% (2017).

Enhancing intra-regional trade is necessary to increase connectivity in the South Asian region. Facilitated by the flow of goods, services, people and knowledge such an initiative would provide access to new markets as well as attract foreign direct investment (FDI) in diverse sectors. The ensuing economic growth would also play a key role in bridging the trust deficit in the region and raise the opportunity cost of conflict.

The novel corona virus 2019 (hereinafter, Covid-19), which was initially detected in the Wuhan province of China, has resulted in over 17 million cases globally spread across 188 countries. Countries in South Asia which includes India, Pakistan, Bangladesh, Nepal .Bhutan, Maldives Afghanistan and Sri Lanka are no exception. The region currently hosts around a quarter of World's population, has around 2 million confirmed cases of Covid-19 in 2019-20. This makes south Asia to account for over 12 percent of confirmed cases of Covid-19, globally. Covid-19 Pandemic and global response to control its spreads and mortality has been freakish both in terms of global health crisis as well as effort to combat its spread. As of February 2021, has reported more than 12 million Covid-19 cases with vast majority in India more than 10.9 million. Different ways ranging from social distancing, mass utilisation of face mask and isolation once if affected by the virus to nationwide lockdown etc has been adopted. In addition to the direct impact of Covid-19 on mortality and morbidity there is increasing concern among the health communities about the extent and scope of the impact of the pandemic and response on health, nutrition and social wellbeing among the vulnerable population specially women, children and elderly population. The outbreaks are testing the government capacities and health systems across nations, and handle its socio economic consequences. As per the various reports, the crisis which originally

started as health emergency has translated into a global economic crisis on scales similar to the great recession of 2007-08. As per the world economic outlook, the projection of global growth in 2020 will fall to -3 percent which is significantly lower than the growth rates of -0.1 percent during the 2009 financial crisis. This makes the economic impact of Covid-19 far worse compared to the 2009 global financial crisis, making it the worst recession since the Great Depression of 1930s.

The impact of Covid-19 in India being a home of 1.4 billion population is worst economically, both wealth and income inequality has been on the rise in India. Estimates suggest that in 2020, the top 1% of the population held 42.5% of the total wealth, while the bottom 50% had only 2.5% of the total wealth. Post-pandemic, the number of poor in India is projected to have more than doubled and the number of people in the middle class to have fallen by a third<sup>9</sup>. During India's first stringent national lockdown between April and May 2020, individual income dropped by approximately 40%. The Bottom deciles of households lost three month's worth of income. In the post independent period, India's national income has declined only four times before 2020- in 1958, 1966, 1973 and 1980-with the largest drop being in 1980 (5.2%) and in 2020-21 the GDP drop in India was 7.3% , this means that 2020-21 is the worst year in terms of economic contraction in the country's history. The decline is solely responsible for reversing the trend in global inequality, which has been falling but has now started to rise again after three decades<sup>3</sup>. The SAARC intra Regional Trade was at that point drifting around an extremely low level at less than 5 percent, the flare-up of Covid-19, further influenced the intra-regional trade in South Asia.<sup>7</sup> This paper attempts to compare and present the trade scenario between India and South Asian countries before and after Covid-19.

### Review of literature

In this section various studies on trade between India and South Asia as well as various other studies of Intra Regional Trade during Covid-19 has been reviewed. Following are some of the important studies which have been gone through.

Sharma. V., 2021 in his study he has found that India's trade with south Asian Countries has increased surprisingly during Covid-19 period. Further Covid-19 has led to an increased India's trade trend in these countries. Surprisingly,

though the trade between India –SAARC has not grown substantially, there has been a change in the significance of India's trading partners over time.

OECD, 2022, international trade plunged in 2020 but recovered sharply in 2021. While total trade flows are now comfortably above pre-pandemic levels, trade impacts across specific goods, services and trade partners are highly diverse, creating pressure on specific sectors and supply chains.

Mewal. K, 2020, Covid-19 has changed the dimension of global economic order and is constantly reshaping the concept of globalisation, leading to breaking and forming new ties. In a situation where the US and China are trapped in a bubble of blame game to decide upon the responsibility of the crisis, what strategy should India deploy to subdue the effects of the crisis to save the international trade and its foreign ties? In this paper she attempts to find answers to all the aforementioned questions.

Baker. P, Roy. R, the immediate fallout from this pandemic is a situation where India's economy would experience a drop in economic growth and got disrupted by lower access to its critical supply chains overseas, therefore affecting import and export markets.

### Objectives of the study

Following are the two main objectives of the present study

1. To find out whether Covid-19 had any impact on India's Trade with South Asian Countries.
2. To examine which South Asian countries are the major trade partner of India.

### Data and methodology

The present study is completely based on secondary data collected from Ministry of Commerce and Industry, Government of India. Region wise export to and Import from South Asian Countries of 2018-19 to 2021-22 has been collected for incorporating in analysing and comparison. Descriptive statistics, tables and graphs are the tools that have been applied in presenting, analysing and interpretation of data.

### Analysis and interpretation

The secondary data collected from the website of Ministry of Commerce and Industry, government

of India has been presented and analysed with tables and popular diagrams for better understanding of the readers. The analysis part contains two composite tables and five diagrams.

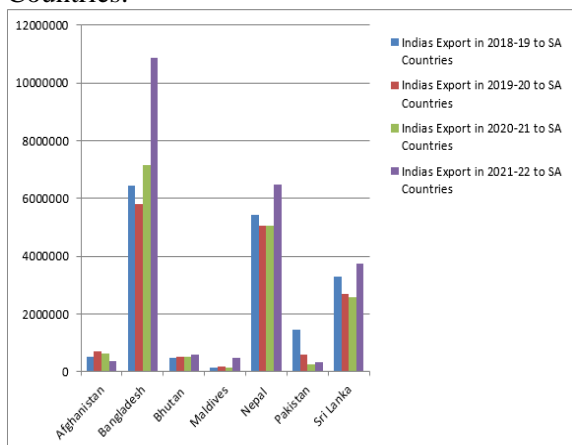
**Table: 1** Export to South Asian Countries in terms of INR

Countries	Year			
	2018-19	2019-20	2020-21	2021-22
Afghanistan	499237.48	708458.5	6,10,620.02	371976.72
Bangladesh	6439152.25	5817661	7150929.35	10857267
Bhutan	459132.95	523528.6	5,19,322.07	591582.2
Maldives	155689.22	160809.5	145155.52	472381.49
Nepal	5430053.6	5071276	5046548.59	6494576.7
Pakistan	1442651.41	571773.5	241471.01	340066.75
Sri Lanka	3299621	2693454	2585729.09	3737083.7
Total	17725537.92	15546961	16299775.65	22864935
India's total	230772619.4	221985418.1	215904322.1	280721024
Share to SA	7.681%	7.0036%	7.5495%	8.1451%

**Source:** Ministry of Commerce and Industry, Government of India

If we talk about individual countries of South Asia it is seen that India's export has rises marginally to Afghanistan, Bhutan and Maldives during Covid-19 i.e., 2019-20 as compared to pre Covid-19 financial year 2018-19 but to rest South Asian Countries India's export has decreases, significant decreases has been recorded to Bangladesh, Nepal and Sri Lanka. The export scenario gradually geared up after 2019-20 as seen in Table-1 and Fig.-1. The Percentage share of export recorded .68% decrease in 2019-20 than 2018-9 which gradually started to increase in succeeding years.

**Figure: 1** India's Export to South Asian Countries.



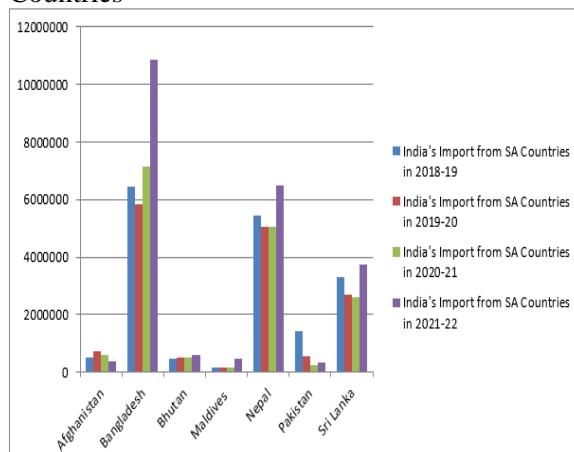
**Table: 2** Import from South Asian Countries

Countries	Year			
	2018-19	2019-20	2020-21	2021-22
Afghanistan	307843.46	376560.85	375347.66	3,52,012.97
Bangladesh	733869.49	897514.07	805347.95	13,39,969.32
Bhutan	259008.62	287076.86	321422.74	378849.35
Maldives	14720.8	4247.81	18063.14	33445.1
Nepal	355843.04	504496.71	497537.21	957586.06
Pakistan	347648.12	9764.83	1768.51	1630.97
Sri Lanka	1037423.3	640663.4	475214.29	689485.17
Total	3056356.8	2720324.5	2494701.5	3752978.94
India's total	359467461	336095446	291595770	409107952.4
Share from SA	0.8502%	0.8094%	0.8555%	0.9174%

**Source:** Ministry of Commerce and Industry, Government of India

Regarding Import again from Afghanistan Bhutan and Maldives India's import has rises marginally during Covid-19 period i.e., 2019-20 compared to 2018-19. Import figures from rest of the South Asian Countries decreases during the same period. From the data of export and import presented above in table 1and table 2 interestingly India's export and import i.e., India's trade with these three countries has increased during 2019-20 compared to previous financial year. India's total volume of trade both export and import has been affected with major trade partners in trade volume Bangladesh, Pakistan, Sri Lanka and Nepal during Covid-19 period. Percentage share of import also recorded decrease by. 0408 % in 2019-20 compare to 2018-19 and started to go back to earlier tune in 2020-21 and after.

**Figure: 2** India's Import from South Asian Countries



**Figure: 3** India's Export and Import with South Asian Countries in Comparison to Rest of the World

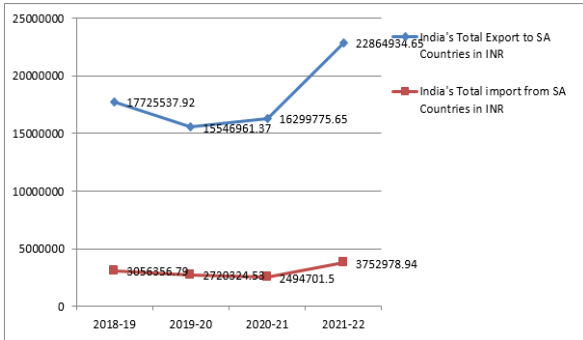
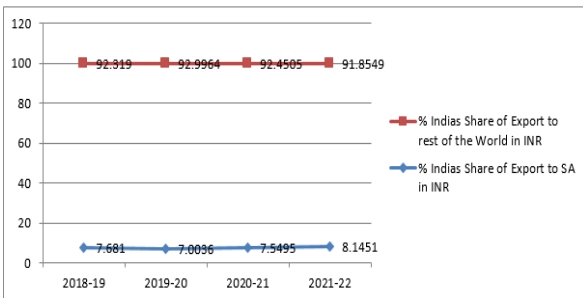
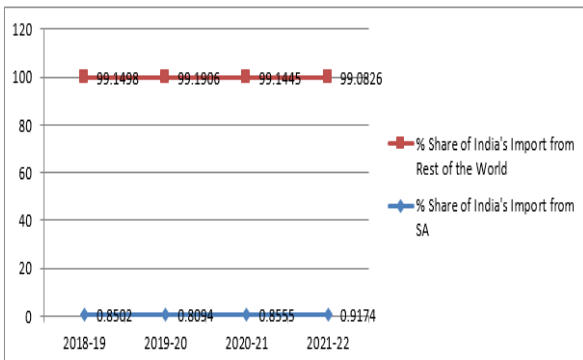


Figure-3 shows India's export import status before and after Covid-19, traditionally India's export to South Asian Countries recorded always much more than total import from this region. And trade balance always remains high in favour of India. During Covid-19 i.e., 2019-20 total export of India' to SA countries figured INR 15546961.37 which is INR 2178576.92 less than the previous year. The export rises by INR 752814.28 with decreasing Covid-19 cases in 2020-21 and continued the trend thereafter. The trade balance of India was INR 14669181.13 in 2018-19 which decreases to INR 12826636.84 in 2019-20. Similarly import decreases by INR 336032.26 during 2019-20 compared to 2018-19 and that decreasing trend of import continues for another one financial year.

**Figure: 4** Percentage Share of India's Export to South Asia and Rest of the World



**Figure: 5** Percentage Share of India's Import from South Asia and Rest of the World



Out of the total exports of India to all the countries of the world the share of export to South Asian countries were 7.681% in 2018-19 just

before Covid-19 which has fallen to 7.0036% in 2019-20 which gradually rises to 7.5495% in 2020-21 and 8.1451% in 2021-22. In the same years the 92 plus % of India's export has been recorded to rest of the world. Similarly imports has also been affected by the pandemic out of the total imports of India to all the countries of the world the share of import to South Asian countries were 0.8502% in 2018-19 and deteriorated to .8094% in 2019-20 which gradually improves and started to rise in 2020-21 it was 0.8555% which has further increased to 0.9174% in 2021-22 it is noted that 99 plus % of India's import recorded from other countries except South Asian Countries.

**Important findings**

1. During Covid-19 i.e., 2019-20 total export of India' to SA countries figured INR 15546961.37 which is INR 2178576.92 less than the previous year. Similarly import decreases by INR 336032.26 during 2019-20 compared to 2018-19 and that decreasing trend of import continues for another one financial year.
2. It is found that Bangladesh, Nepal and Sri Lanka are the major trade partners in terms of volume of trade.
3. With South Asian Countries India's trade balance always remains in favour of India.
4. One important finding is that India's import from South Asian Countries always remains low as below 1% in all four years under discussion.

**Research Gap**

In the present study only four financial years has been counted and decadal trade relations of India with south Asian Countries has been left for future study. Suitable statistical model could have been applied but have not done in this study.

**Conclusion**

The covid-19 pandemic and global response have dramatically changed people's lifestyle in much of the world. These major changes as well as the associated changes in impacts on the environment can alter the dynamics of the direct interactions between humans and nature. Covid-19 reminds us that though we are living in a most modern world, advanced in science and technology advanced in medical sciences with lot of scientific discoveries the nature is not fragile as we sometimes think. The year 2020 is supposed to become a strategic

year because India 2020: A vision for the New Millennium is a book written by APJ Abdul Kalam and Y.S Rajan where Kalam talks about idea's for India's future and for developing India has been written and govt is working on that direction that Kalam shows through his book. The year 2020 is also important as present Indian government has taken many important schemes like Garib Kalyan Rojgar Abhiyaan, Pradhan Mantri Street Vendors Atmanirbhar Nidhi Scheme, Atmanirbhar Bharat Scheme, Atmanirbhar Bharat Rozgar Yojana etc. So all the schemes that government has taken somehow has been affected by job loss, joblessness. Sharp drop in GDP is the largest in the country's history and the development wheels of the country halted temporarily. India has to recover the economic losses as incurred during Covid-19 and come up with newer ideas and strategies to fulfil the schemes promises and become Aatma Nirbhar Bharat and Economic Super Power in coming days.

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