

Anwar Iqbal

Covid-19 pushing millions of South Asians into poverty

WASHINGTON: Of the 176 million people expected to be pushed into poverty by the coronavirus crisis, two-thirds are in South Asia, warned a World Bank report released this week.

Officially, India, Pakistan and Bangladesh had the third, seventh and tenth-most new cases in the world this week.

But experts warned that the real situation could be worse as testing rates in the region were still extremely low.

Reports in the US media suggested India was testing at one-twentieth the rate of the US.

Bangladesh's capital, Dhaka, had up to 750,000 cases, 12 times the official tally.

Daily counts in Pakistan, despite low testing, were on a par with Britain's and six times Germany's, adjusted for population.

The US Institute of Peace (USIP) noted that this week that South Asia's 'diverse, densely situated, and economically precarious populations add further complexity to fighting the coronavirus pandemic'.

Another US think tank, the Hudson Institute, noted that the pandemic was 'testing the capacities of states to provide security and effective healthcare and to maintain essential services'.

'Recent steps to re-open economies are fueling a rise in cases and risk overwhelming health and governance systems,' USIP added.

The Hudson Institute pointed out that the crisis was also 'having an impact on fragile democratic institutions and societal bonds, in addition to putting considerable strains on the economy'.

The International Monetary Fund (IMF), which approved around \$732 million of emergency loans for Bangladesh on Friday, noted that up until the crisis, the country's economy was growing close to seven per cent a year on average but, 'We now project two per cent for 2020, a drop of six percentage points from 2019.

While announcing a \$1.386 billion disbursement to Pakistan in late April, the IMF warned that the pandemic's impact on its economy would be significant, 'giving rise to large fiscal and external financing needs'.

On Thursday, Finance Adviser Dr Abdul Hafeez Shaikh said the crisis could cause a loss of Rs3tr to Pakistan's gross domestic product (GDP), which was expected to increase by three per cent, but it will now go down by -0.4pc.

Children at risk A World Bank report released this week noted that its new Global Economic Prospects report depicted 'a particularly sobering picture for India, which is home to many of the world's poor'.

India is predicted to have per capita growth rates in real GDP of 2.1 per cent.

With population growth rate of 1.0 per cent, 'this is hardly enough for sustainable decreases in the poverty headcount'.

The most alarming projection, however, came from the International Labour Organisation (ILO) and Unicef, which warned in a report on Friday that millions more children now risk being pushed into child labour, a major problem in South Asia.

The report noted that Covid-19 lockdowns have crippled livelihoods for about a billion people living in slums and working in the informal economy.

Declining remittances and business failures would further reduce demand for workers, cause lower wages and eliminate jobs, the report added.

Consequently, 'the number of people in extreme poverty could skyrocket by 40 million to 60 million this year alone compared to before the crisis,' the report warned.

'With poverty comes child labour as households use every available means to survive ... A one percentage point rise in poverty leads to at least a 0.7 percentage point increase in child labour.