

COVID-19 and Income distribution - A case study of South Asia

Topic: Computable General Equilibrium Modeling and Social Accounting Matrices (Chair: Mun S. Ho, Harvard University)

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COVID-19, more commonly known as the coronavirus has disrupted the economies around the globe. The impact of this prolonged virus is beyond mortality and morbidity. The outbreak began as a health crisis which later evolved into a global economic crisis. The control actions measure like restrictions on movement, less labor mobility, and closure of workplaces lead to serious economic implications, especially in the developing world. South Asia – with a population of around 1.7 billion people are hit hard by this pandemic. Against this backdrop, this research quantitatively seeks the impact of COVID-19 on macro as well as household levels in the case of South Asia. A global computable general equilibrium model is used to quantify the impact of the economic trade model calibrated with the latest Social Accounting Matrices. This research calculated the complete lockdown days in which the control actions measure like restrictions on tourism, less labor mobility, and closure of workplaces takes place in South Asia and then use a production shock to quantify the impact on macro as well as household income in South Asia. This research finds that production shock in case of lockdown will hurt the macroeconomic variables like GDP, real imports, real exports, and government income in the south Asian economies. According to the findings of this study, South Asian countries should facilitate and prioritize support for exporters identified as having significant potential by not only ensuring the continuous movement of goods across their supply chains, both foreign and domestic but also by easing their business constraints.