

**‘Impact of Covid-19 on the Asia-Pacific region: Policy responses and prospects’**

**Special Interactive Session**

**with**

**Dr Yasuyuki Sawada, Chief Economist**

**Asian Development Bank**

**July 28, 2020**

**Outcome Report**

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## Context:

The covid-19 pandemic has been of unparalleled stature. The crisis, which began as a fallout on the health front, in no time has magnified into a full-blown economic crisis. With social distancing being the only plausible solution, the countries have had no option but to undertake lockdowns and seal international borders – bringing economic activity to a nearstandstill.

The scale of slowdown across countries has been unprecedented and the global economic outlook has been adversely hit. The Asian Development Outlook 2020 published by ADB provides details on the economic impact of Covid-19.

Asia, which has been the engine of global growth in recent times – being home to the world's two fastest growing economies - China & India – is likely to witness zero percent growth in 2020. This is unprecedented.

Though China has been successful to a large extent in stopping the spread of the pandemic and has initiated economic activity once again, other countries in the region are still struggling to cope with the rising number of cases.

While India has been able to limit the pandemic spread curve through stringent lockdown measures, the country's economic activity has been hit significantly. India is expected to witness negative growth in the year 2020-21 – which will be the first time in about 40 years.

Amidst the current state of affairs, FICCI & India Office of KAS jointly conducted a special session on 'Impact of Covid-19 on the Asia-Pacific region: Policy responses and prospects' with Dr Yasuyuki Sawada, Chief Economist of Asian Development Bank, to gain better insights into the future of the global economy with emphasis on the Asian economies and India.

## Programme Overview:

Special interactive session with  
**Dr Yasuyuki Sawada, Chief Economist**  
 Asian Development Bank

on

**‘Impact of Covid-19 on the Asia-Pacific region: Policy responses and prospects’**

Date – 28 July 2020

Time – 11.30 am to 01:00 pm (India Time)

### Agenda

Time	Particulars
11:15 – 11:30 a.m.	Participants to join the webinar over the CISCO WebEx Platform
11:30 – 11:35 a.m.	Welcome by <b>Dr Sangita Reddy</b> , President, FICCI and Joint Managing Director, Apollo Hospitals
11:35 – 11:40 a.m.	Introductory Remarks by <b>Mr Peter Rimmele</b> , Resident Representative to India, KAS
11:40 – 12:05 p.m.	Presentation by <b>Dr Yasuyuki Sawada</b> , Chief Economist, Asian Development Bank
12:05 – 12:55 p.m.	Question and Answers / Interaction with Participants
12:55 – 1:00 p.m.	Vote of Thanks by <b>Dr Ajit Ranade</b> , Chairman, FICCI Economists’ Forum and President and Chief Economist, Aditya Birla Group

Session moderated by **Mr Dilip Chenoy**, Secretary General, FICCI

## Glimpses:



Dr Yasuyuki Sawada, Chief Economist &  
Director General, Economic Research and Regional Cooperation Department  
Asian Development Bank



Dr Sangita Reddy, President, FICCI



Mr Peter Rimmele  
Resident Representative  
Konrad- Adenauer-Stiftung Office,  
India

Cont...



Dr Ajit Ranade, Chairman, FICCI Economists' Forum & President and Chief Economist, Aditya Birla Group



MrDilipChenoy, Secretary General, FICCI

## Key Takeaways:

- Asian Development Bank in its latest Economic Outlook released in June 2020 built projections based on two scenarios – (i) outlook under a basic containment of 3 months and (ii) outlook under a longer containment of 6 months. The Bank estimated a total loss of \$ 6-9 trillion to the global economy, with the losses to Developing Asia amounting to \$ 1.3-2 trillion. It was pointed out that stringency pertaining to lockdowns was much higher in South Asia and the mobility impact was much greater in the region. In fact, countries across the world have been caught in a similar trade-off between imposing containments and facing economic losses.
- However, the concept of ‘Smart Lockdowns’ can help us minimise the risks from these trade-offs. Countries like South Korea and Taipei, China have successfully minimized the economic losses through smart containment measures. Both countries applied a digital based lockdown – using digital platforms and apps to keep the activities going. Digital technology was also massively applied to the basic principles of testing, tracing and isolating. Various important lessons can be learnt from these two countries. Nonetheless, this approach requires availability of high-quality ICT infrastructure (Information and Communication Technology) and its easy accessibility.
- The Covid -19 pandemic is likely to have a grave impact on Poverty and Employment as well. According to estimates by the Asian Development Bank, at a global level 158.1-242.1 million jobs are expected to be lost and the number for Asia is likely to be 109.1-166.7 million. Further, about 70% of the expected job losses are likely to be concentrated in Asia Pacific region since a majority (about 60%) of employment in the region is in the informal sector. Moreover, in South Asia the concentration of informal jobs is about 90%.
- Pre Covid-19, a continuous decline in the poverty rates was being noted. However, the pandemic has had a serious negative impact on incomes. The current crisis is expected to halt the gains made in the declining poverty

about 140 million additional people are likely to be pushed into poverty due to the Covid-19 pandemic.

- India has become a centre for the Covid-19 pandemic and the country has witnessed a rapid surge in new cases. In Developing Asia, domestic cases have occurred in 21 out of the 46 developing member countries and South Asia has been reporting the maximum number of cases.
- In fact, all countries have been negatively impacted to some extent especially the tourism dependent economies. For instance, Fiji is likely to witness (-) 50 percent growth in 2020. Further, South East Asian countries like Singapore, Honk Kong – which are dependent on external demand, are also likely to witness significant moderation.
- As for India, the Bank has forecast a growth of (-) 4.0 percent for 2020 and 5.0 percent for 2021. The phased re-opening of the economy since May 2020 has led to nascent recovery in some of the high frequency indicators like farm tractor sales, vehicle registrations etc. However, the risks remain tilted to the downside.
- To counter the economic impact of the pandemic, the Developing Asian countries have announced stimulus package to the tune of USD 3.4 trillion – which is about 14.1 percent of the regional GDP. Most of the countries have focused on providing direct income support to households through transfers in kind – which is positive. Policies have softened the immediate impact significantly. Also, the reproduction rate in the region has come down and is under control.
- Developing Asia is expected to record 0.1 percent growth in 2020- the lowest since 1961. The growth is expected to recover to 6.2 percent in 2021. However, according to the Bank the expected recovery in 2021 is not likely to be enough to push the Asian economies to a pre-covid level growth

trajectory. A V-shaped recovery cannot be envisioned immediately. The situation would largely depend on vaccine

development and how widely it is distributed. If the optimistic scenario of vaccine announcement plays out then a V-shaped recovery would be possible.

- The possible elements of the expanded scenario of the current pandemic include five aspects. One, recurrent waves of outbreaks, as in case of Spanish Flu and MERs. Two, health systems being over-whelmed. Three, sovereign debt crises and a financial crisis. Four, worsened inequality and social unrest due to polarization, inadequate support. Five, post outbreak world doesn't return to the old normal in medium/long term. It remains critical to carefully examine the counter acts for these concerns.
- Also, a changing pattern has been noted in Asia's trade especially in light of the US-China trade war. Nonetheless, the region is still expected to drive global growth in the post covid-19 world. Next year onwards, Asia will play a very important role towards rebound in global economy.
- Moving towards the post-outbreak 'new normal' should entail a 'building back better' approach by : (i) reaffirming the importance of open economic systems; (ii) aiming at building back greener; (iii) addressing inequality created by digitization (iv) strengthening complementarities among market, government and community against different (compounded) disasters.
- A European perspective was also provided with regard to the pandemic. It was highlighted that default response to the pandemic throughout the world has seen nationalistic tendencies – which was also witnessed in the Euro area besides, of course, adoption of quarantining measures and lockdowns. Disruptions were noted in regular supply chains, trade and movement of people which led to an establishment of new set of rules as countries had to compete against each other for limited resources (especially medical

- While some grave situations emerged initially, the European leaders have pledged a historic deal recently which is expected to mend the fences between Covid-19 stricken members. There was an urgent need to come together and find solutions for the current crisis and we will have to wait and see if the recent stimulus package provides suitable answers for the Euro area.
- The Indian side has been comprehensive in its strategy, in the sense, it reached out to its immediate neighborhood from the very beginning providing support and assistance - recognizing the importance of strategizing as a region to have maximum policy impact. Health and safety of an entire region implies our own health and safety.
- India is committed to playing a major role in providing solutions and bouncing back to its earlier growth trajectory. The country is strengthened not only by the sheer size of its market but by its capabilities as well. India has been focusing increasingly on digitization, system designs, manufacturing for future etc with dedicated focus on ensuring inclusiveness through adoption of new age technologies for growth and progress. In the current situation, the key to normalisation is announcement of a vaccine, but the outlook over next six to twelve months is positive.
- There is more room left for another fiscal impetus by the Indian government and we might soon hear of another fiscal stimulus package from India. This may help us put on par with the packages being announced by the East Asian countries. As of now the size of fiscal commitment made by India is relatively smaller compared to the stimulus amount announced by the East Asian region.
- It was also mentioned that Asian Development Bank is playing a critical role



in extending support to its member countries in this time of crisis. A special Covid Response Scheme has been initiated under which budgetary support is being offered to members, which includes India. Also, technical, knowledge and policy

assistance is being provided through the Bank's academic resources. Private sector is also being offered concessional support.

- Tourism sector has been most adversely hit which includes the impact on aviation and hospitality sectors. Tourist arrivals have declined by 90-100% given the stringent restraints imposed on cross border movement. As health risks continue to remain, normalcy in the sector will take much longer to come back. A survey conducted by International Air Transport Association (IATA) reveals that majority of the respondents are unlikely to undertake travel for the next 6-12 months. Nonetheless, countries are adopting strategies to revive and support the sector. For instance, Japan is looking at promoting domestic tourism and the government is offering incentives by meeting 20-30% of the expenses to encourage travellers. Moreover, digital means can be leveraged to showcase UNESCO Heritage sites electronically.

## Opening Remarks:

**Mr Dilip Chenoy, Secretary General, FICCI** welcomed everyone to the special interactive session. He set the tone of the session by laying out the broad agenda and formally introducing all the speakers.

Mr Chenoy invited Dr Sangita Reddy, President, FICCI to deliver the welcome address.

## Welcome Remarks:

**Dr Sangita Reddy, President FICCI** extended a warm welcome to Dr Yasuyuki Sawada, Chief Economist, Asian Development Bank and to all the participants who had joined the discussion.

She believed that the size, the scale and the aspect of the disruption due to covid-19 has been so unprecedented that everyone today is concerned about how one will cope with it and how one can do something new in these difficult times for revival and recovery of the economy for the sake of lives and livelihood.

She was of the view that the Indian economy has indeed had a significant setback compared to where it was and there were already the first signs of contractions for various other reasons in the financial year 2019-20. The year 2020-21, according to her, is really slated to be a year of India's slowest growth in the last three decades. She mentioned that ADB in its assessment, released last month, projected that the developing Asia will grow by only 0.1% in 2020, the lowest regional growth since 1961.

She was of the opinion that most of the people who are currently in the leadership positions and definitely the youth of today have never seen such times and, hence, they need to do too much and to do things so much differently.

She said that one of the most important words today are cooperation and collaboration. She appealed that we have to come together to breakdown the typical barriers of industries working in silos, thinking primarily about themselves. The banks and industries need to collaborate and cooperate more in an extremely progressive, proactive and a community-based approach.

Thereafter, she invited Dr. Sawada for his presentation to understand his perspective and to explore ways that India and ADB can work together and

## Key Remarks:

### **Dr Yasuyuki Sawada, Chief Economist, Asian Development Bank**

Dr. Sawada spoke about the impact of covid-19 on Asia Pacific region including India and its policy response and prospects.

He observed in his remarks that since the global pandemic, the number of covid-19 cases in developing Asia has continued to increase, and as of 5th of July, nearly 1.9 million cumulative cases have been recorded in Asia Pacific region. He clarified that by Asia Pacific region he meant developing Asian Pacific's 46 member economies and countries of ADB in the Asia Pacific, and out of almost 2 million cumulative cases most are now concentrated in South Asia.

He further added that South Asia is recording over 30,000 cases daily in a past few weeks and India has become the center of new covid cases as well as in cumulative number of cases. Domestic outbreaks have occurred in 21 out of ADB's 46 developing member countries and economies.

He mentioned that since the covid-19 pandemic began, ADB has undertaken numerous analysis of its impact. The very first impact analysis was put out on March 6, 2020 by ADB when the cases were largely concentrated in China. Since then the number of cases expanded sharply and spread globally, turning into pandemic. Thereafter, ADB has made a few updates on its impact assessment and growth forecast. On April 3, ADB put out the growth forecast which was revised on June 18. He observed that there are over 16,000,000 global cases and out of which around ¼ of cases are concentrated in US and another 20% or so in Europe.

He mentioned that ADB has made a latest covid-19 impact assessment using a multiregional input-output table so that one can track supply chain network



impact through a supply chain network on propagation spillover through global value chain.



The ADB set out the two scenarios, because it's so much uncertain: shorter containment scenario and longer containment scenario. Each country, since the outbreak, that seeks containment of the epidemic in three months is classified as a shorter containment scenario. Where six months are needed to control the epidemic, the case is classified as a longer containment scenario. Both the scenarios generated substantial negative impact.

He stated that as per ADB's latest estimate the global losses are \$6 trillion, of which developing Asia accounts for \$ 1.3 to 2 trillion and GDP impact is as high as almost 10% of global GDP and 9% of developing Asia's GDP.

On why we see such substantial economic losses, he mentioned that most governments imposed containment measures of various stringency which restricted mobility and domestic demand and that is causing economic losses. Within Asia, stringency or containment measures and declining mobility have been relatively high in South Asia.

Almost all the countries in South Asia imposed stringent containment policy in mid and late March 2020. Governments in all countries in developing Asia imposed the containment policy or very strict lockdown. Due to this containment restriction there was a deep pause in people's activity and mobility.

In case of India, since March 22, 2020 Indian government imposed a national lockdown and hence there was a sharp increase in level of stringency and as a result mobility, according to Google mobility data, sharply declined because of the stringent lockdown containment policy.

According to him, China and South Korea was successful in containment measures without encountering the sharp tradeoff between health and the economy. Both China and South Korea adopted the smart containment



measures using digital platform and digital app. These countries successfully implemented the basic principle of testing, tracing and isolating covid-19 patients.

This requires very high-quality investment in ICT infrastructure, and people owning smartphone and access to a digital platform.

He added that apart from this domestic demand impact from a reduced income and restricted mobility the projected contraction of the global economy also adversely affected Asia's economic prospects.

In Central and South Asian economies including India, the domestic demand declined sharply which affected India and other South Asian and Central Asian countries negatively. Decline in business, trade, personal and public services in India has had a large impact on its economy.

According to ADB's assessment impact on employment, he stated that a global impact on loss of employment is as high as 158 million to 242 million jobs and nearly 70% of global employment losses were concentrated in Asia.

Comparing the pre-covid and during covid scenario of poverty assessment, he mentioned that there was a continuous decline of poverty in developing Asia Pacific region. However, because of the negative impact of covid-19 which affected people's income and consumption, this continuous decline trend stopped in Asia Pacific region and led to the increase of poor people by 140 million.

In order to counteract sharp decline of the economy and large-scale job losses and its impact on poor and vulnerable, he mentioned that governments have already started responding with a massive stimulus packages.

As of July 13, 2020, regional governments have announced policy packages and have started implementing various packages amounting to \$ 3.4 trillion. Most of the developing Asia sub regions have focused on providing direct



fiscal support to mitigate adverse effect of covid-19 pandemic on households as well as firms.



According to him, Developing Asia is expected to record 0.1 percent growth in 2020- the lowest since 1961. The growth is expected to recover to 6.2 percent in 2021. However, according to ADB, the expected recovery in 2021 is not likely to be enough to push the Asian economies to a pre-covid level growth trajectory. A V-shaped recovery cannot be envisioned immediately. The situation would largely depend on vaccine development and how widely it is distributed. If the optimistic scenario of vaccine announcement plays out, then a V-shaped recovery would be possible.

According to ADB's Sub-Regional Forecast, he said, all the countries and economies in Asia will be affected by this pandemic. In fact, all countries, according to him, have been negatively impacted to some extent especially the tourism dependent economies. For instance, Fiji is likely to witness negative 50 percent growth in 2020. Further, South East Asian countries like Singapore, Hong Kong, which are dependent on external demand, are also likely to witness significant moderation.

He stated that as per the latest ADB forecast, India is expected to have a growth of negative 4.0 percent in 2020 and 5.3 percent in 2021. The phased re-opening of the Indian economy since late May 2020, despite the increasing number of covid cases, has led to nascent recovery in some of the high frequency indicators like farm tractor sales, vehicle registrations etc. However, the risks remain tilted to the downside.

He mentioned about the possible elements of the expanded scenario of the current pandemic including these five aspects: One, recurrent waves of outbreaks, as in case of Spanish Flu and MERs. Two, health systems being over-whelmed. Three, sovereign debt crises and a financial crisis. Four, worsened inequality and social unrest due to polarization, inadequate support. Five, post outbreak world doesn't return to the old normal in medium/long term. It remains critical to carefully examine the counter acts for these concerns.

He further talked about the deglobalization risk. He mentioned that US-China trade conflict has been an issue that has pre-dated covid-19 and is now running into two

years. Over the past two decades, Asia's overall trade has been rising, but with the start of trade war, developing Asia's trade began to drop.

He mentioned that trade is an important element of sustained Asia Pacific region's growth and development and to counteract deglobalization trend will be very important in post covid-19 period. He was of the view that it is very important to maintain this positive globalization trend. He emphasized that Asia's business supply chain is important for continued growth not only for the region but also for the global economy.

He stated that moving towards the post-outbreak 'new normal' should entail a 'building back better' approach by : (i) reaffirming the importance of open economic systems; (ii) aiming at building back greener; (iii) addressing inequality created by digitization (iv) strengthening complementarities among market, government and community against different (compounded) disasters.

**Dr Sawada summarized his presentation as follows:**

1. Covid-19 has affected all the sectors substantially and all the economies around the globe and developing Asia's expected growth will be 0.1% and one cannot right now envision V shaped recovery.
2. For opening economies, dynamic optimization for smart approach is a key. All countries and governments struggling as to how to successfully re-open their economy can learn from successful cases from South Korea and China in adopting a smart approach.
3. Policies, especially income-revenue support programmes, are very important to bridge resource gaps. ADB has been playing a critical role in supporting the government by providing emergency support programmes.
4. There is a need to prevent further worsening of the current situation and moving towards the post outbreak normal should entail a 'building back better' approach.

5. There is a need to strengthen complementarity between market mechanism and government measures.

## Introductory Remarks:

### Mr Peter Rimmele, Resident Representative to India, KAS

Mr Rimmele extended a warm welcome to the esteemed guest Dr Sawada from the Asian Development Bank for joining the webinar.

He talked about the change in the overall approach of not just the 'new normal' but also about the 'new national', which he feels will not be realized in the future. Many governments around the globe have perceived the fight against covid-19 as a responsibility of the nation state. Only on the national level, it is argued that leverage exists to combat the virus, which has been made possible by intertwined network of a globalizing world trade.

Giving the European perspective regarding the pandemic, he highlighted that default response to the pandemic throughout the world has seen nationalistic tendencies, which was also witnessed in the Euro area besides of course adoption of quarantining measures and lockdowns. Disruptions were noted in regular supply chains, trade and movement of people, which led to an establishment of new set of rules as countries had to compete against each other for scarce resources in the market (especially medical equipment and pharmaceuticals).

He further mentioned that this month, the leaders of the European Union have agreed on a historical deal to assist the recovery. Europe has managed with this new package to mend fences with his most Corona stricken members. It has finally mitigated its public relations disaster and the loss of confidence there. There was an urgent need to come together and find solutions for the current crisis and one will have to wait and see if the recent stimulus package provides suitable answers for the Euro area.

According to him, the Indian side has been comprehensive in its strategy, in the sense, it reached out to its immediate neighborhood from the very beginning providing support and assistance - recognizing the importance of strategizing as a region to have

maximum policy impact.

He mentioned that Germany, after a nationally focused initial response also freely calibrated its efforts on the regional level, aided by the additional layer the European Union provides and this is a key tenet of European and German political theory, what one call subsidiarity.

He concluded by adding that national political responsibilities do no longer end at national borders. With the virus sending countries into isolation that leaves one very vulnerable against the repercussions of pandemic. Health and safety of our neighbors implies our own health and safety.

## Closing Remarks:

### **Dr Sangita Reddy, President, FICCI**

Dr Reddy said that the government is looking at enhancing competitiveness of Indian industry, improving its manufacturing capability, opening up in terms of policy, further improving ease of doing business and having in place a new single point portal for all compliances. FICCI has played a key role with multiple meetings with different ministries and government officials in helping to guide this transition to things that we can do: whether it is manufacturing clusters, manufacturing 4.0 and looking at the future, working extensively with the SMEs, enhancing the quality consciousness of them, extensive training on digital etc. so that we have no gaps on any front that could impinge on our growth.

She mentioned that Indian government is not just well positioned but is committed to explore that India plays a major role in realm of digital economy. Referring to the point made earlier by Dr Sawada, she reiterated that Asia must contribute and will be a large player in the bounce back of the global economy.

She stated that India is strengthened by the size and capability of its market, and now there has been an intensive focus on infrastructure, digitalization, systems design, manufacturing for the future with a very dedicated focus on inclusiveness and on using New Age technologies towards its growth and progress.

She emphasized that digital has been an inflexion point for the development of many sectors and that people have definitely learned to live with what has been termed the new normal.

She mentioned that the previous day, a very significant video conferencing was held between the heads of all business chambers with our Minister of



Commerce and Industry and it was universally accepted that India will focus on rebuilding its



manufacturing.

She concluded that the process of globalization has already reached an irreversible inflexion point and there is no scope for any progressive country to think purely like an island. India will be a very important part of the global economy as has been expressed very often by all our ministries and industry, so globalization will continue and we will parallelly strengthen our own manufacturing geared towards deleveraging of dependence on any single economy.

## Q and A / Interaction with Dr Sawada

- Q.** What is the expected time span to restore the economy's growth to pre-covid levels going forward?
- A.** Towards the end of the last year many Asian economies were picking up and then suddenly the pandemic affected all the countries and economies. So, this was purely a health crisis. Once the health crisis is effectively controlled, everything can go back to normal. This was the initial understanding because if vaccine suddenly appears tomorrow, then everyone can go back to their normal routine. A few months after this outbreak of covid-19, it turned out to be clear that the development of vaccine or effective treatment cannot be done overnight. Hence, the big issue is how to maintain people's livelihood, household consumption, and reverse the temporary closure of businesses. The governments came up with stimulus packages to keep business and people alive. But again, it really depends on the how fast the health issues are controlled. Depending on that we can envision a V-shaped recovery. However, this is still marked with a lot of uncertainty given that we are still learning more about covid-19 and its impact.
- Q.** An economic emergency has emerged throughout the globe due to massive public health interventions. Is ADB making any special interventions in this regard in India or does ADB have suggestions of how we can address this going forward?
- A.** Yes, in the middle of April 2020, ADB has already announced and started collaborating with its members countries and economies with large scale package amounting to \$ 20 billion. A major proportion of this package is going to the newly established scheme called the covid-19 pandemic response option. In the past during the Asian financial crisis, ADB had this facility to support domestic resource requirements of the governments and now ADB has expended this to Covid-19 response option. Basically, this is supporting budgets of the government, as governments need financial support for providing income transfer, supporting employment by cash compensation or other associated compensation, and also medical and

medical supplies and other broader support to health sector.

As part of this package, ADB has been helping its member countries including Indian government. On top of this, it grants operational concession and grant resources like its technical studies that is part of technical assistance aiming at not only providing resource-based funding facility but also providing some type of knowledge and policy advise.

We also provide private sector non concessional support, by supporting trade credit, trade finance, and small and medium sized enterprises.

**Q Assuming that there will be massive unemployment and rising inequality. What happens to law and order and issue of social unrest and what are the best practices addressing that and how should India look at that going forward.**

**A** Yes, that's a very important question. The immediate negative impact on poverty, poor and vulnerable makes it clear that Covid-19 is going to increase inequality, so actually whole range of direct support, cash transfers and income transfers supporting food and minimum level of subsistence is very important. Those who have lost temporary employment, we need to support them directly or indirectly. MGNREGA is one type of provision to support together with work. Already Indian government has adopted this nation-wide very important and very successful best practice.

On the business side, some type of forbearance is necessary either existing forbearance of some sort or providing a new resource. ADB and our research staff have been doing a study on micro, small and medium sized enterprises in the Philippines. Yesterday, the report on Philippines was released and launched on the website.

According to the initial findings based on May 2020 information, covid-19 affected the whole range of businesses. 75% of 2500 firms surveyed

were closed down temporarily due to a covid-19. Micro firms were most adversely affected due to limited access to finance, drop in income and sales. It is, therefore, important to

provide some targeted intervention for the vulnerable groups.

Japanese government is providing the loan guarantees, so that the micro enterprises can get the access to new money during this covid-19 lockdown phase.

We can take stock of the different policies and customize in the context of India. India has a very good experience in the direct income support policy. This is very important to emphasize.

**Q What are the long-term changes expected in travel and tourism and what would be the structural change and how could Asia come out of it.**

**A** We can see from the data that on year-on-year basis, the total number of tourist arrivals in April and May has declined by 90%-100% around the Asia Pacific region. This year there has been an immediate large impact on the tourism and aviation sectors.

According to an IATA survey more than half of the respondents expressed that they have postponed their travel plan by six months or more. It shows that even if health risk is substantially mitigated, tourism is going to come back very slowly.

There are two directions that we are observing now. First one, some of the countries like Vietnam and Japan, the governments have started putting emphasis on domestic tourists rather than international tourists. That seems to be quite successful to partially fill-in the negative losses of international tourists.

Further, there are some encouragements by governments, for example

Japanese government is supporting 20-30% of the total tourism expenses of the domestic tourists. This monetary support or price incentive can facilitate tourism.

Second one is digitization. There are some unique programme, one can visit domestic or UNESCO heritage sites through the website, instead of undertaking

physical travel.

We see these two things already happening in the tourism, so I think these are quite interesting.

**Q The stock market seems to be going in one direction where the economies are going in another direction. What is your understanding of this and how can you explain this behavior?**

**A** The textbook explanation is that the stock market should reflect present value of the future earnings or revenue flow of a company. If the economy is growing well and a company has good prospects, their stock market prices should go up. All these are based on expectations. If expectations are affected by some type of negative signal, then some markets in the short term can show decline. Long term trend of stock market should really go hand-in-hand with fundamentals of the real economy.

In short term, we see some deviation or discrepancy, but in the medium term, we should see stock market prices and fundamental should go hand-in-hand.

## Vote of Thanks:

### **Dr Ajit Ranade, Chairman, FICCI Economists' Forum and President and Chief Economist, Aditya Birla Group**

Dr Ajit Ranade complimented Dr Sawada for a very broad ranging and comprehensive view and a very in-depth analysis.

He referred to Dr Sawada's remarks on the role of intensive testing, ICT and smartphone ownership that enabled relatively low stringency in terms of lockdown, highermobility, and yet low infection numbers. Dr Ranade mentioned that this was an important insight to look at.

Dr Ranade mentioned that he noticed a lot of usage of google mobility data by an institution like ADB. Google and big data are becoming very important and Google is still a private sector agency and still being used extensively. He was of the view that this is something for ADB and others to look at how this becomes the new normal.

He remarked that in Dr Sawada's presentation under the fiscal package description South Asia is quite an outlier, especially India in terms of how much fiscal commitment has been made by the governments. In fact, 77% of the packages comes from East Asia. But South Asia's contribution is relatively low in terms of the share of total package as well as in the share of their real GDP.

Dr Ranade interpreted this fiscal package description in a very positive way, at least in the Indian context. He said that there is much more room left for Indian government to actually increase the fiscal impetus. He further mentioned that there is talk of fiscal package 2.0, which may be forthcoming with greater focus on increasing support to SMEs business as well.

Referring to Dr Sawada's statement of India's being relatively successful in dispensing direct cash transfers because its mechanism is very sound, Dr Ranade said that he expected the same for India's fiscal package 2.0.

Dr Ranade agreed that one should watch out for what Dr Sawada cautioned in his presentation about recurrent waves, risk of health systems being overwhelmed and to watch out for sovereign debt crisis or financial crisis.

He further mentioned that while Dr Sawada referred in his presentation that there can't be a V-shaped recovery, in India we look at V-shape recovery as a rapid recovery. He submitted that what Dr Sawada meant by V shape recovery in context of India is that India is not going to come back to the pre-covid trajectory of growth anytime soon. Dr Ranade feels that even if we are close enough, important is the speed at which we will get there perhaps with prolonged three-four years of recession. He was of the view that the pandemic be seen as an episode and not as long drawn stretch of recession or depression.

He concluded by once again thanking Dr Sawada for his deep and insightful presentation.

## Speaker Profiles:



### **Dr Yasuyuki Sawada**

Chief Economist &  
Director General, Economic Research and Regional  
Cooperation Department  
Asian Development Bank

Dr Yasuyuki Sawada is Chief Economist of the Asian Development Bank (ADB). He is the chief spokesperson for ADB on economic and development trends and serves as Director General of the Economic Research and Regional Cooperation Department, which publishes ADB's flagship knowledge products.

Prior to assuming his current post, Dr. Sawada was a professor at the University of Tokyo's Graduate School of Economics. A Japanese national, Dr. Sawada has over 20 years of experience as an economist, researcher, and academic. He has worked at the ADB Institute in Tokyo and served as consultant for various projects at the World Bank Group. A leading figure in development economics and applied micro-econometrics, he has also served as a visiting professor at Stanford University's Stanford Centre for International Development and adjunct professor of economics at Korea University.

Dr. Sawada has conducted many field studies in developing countries and has a deep insight about development issues. His research has contributed to the works of various development institutions including the Japan International Cooperation Agency, Bangladesh Institute of Development Studies, Crawford School of Public Policy's Australia–Japan Research Centre at the Australian National University, and the Pakistan Institute of Development Economics. He has published and reviewed numerous books, reports, and journal articles, particularly on the topics of economics, disaster resilience and recovery, foreign aid, and poverty dynamics.

Dr. Sawada holds a Ph.D. in Economics and a Master's degree in International Development Policy at Stanford University. He received Master's degrees in International Relations at the University of Tokyo and in Economics at Osaka University, as well as a Bachelor's degree in Economics at Keio University.



**Mr Peter Rimmele**

Resident Representative  
Konrad-Adenauer-Stiftung Office, India

Mr Peter Rimmele is currently the Resident Representative of Konrad-Adenauer-Stiftung Office, India. He has a First Law Degree from Freiburg University, as well as a Second Law Degree from the Ministry of Justice Baden-Württemberg, Germany and a M.A. in Geography.

After working as, a jurist, judge and lecturer, he took public office as Ministerialrat, Head of Division at the State Ministry of the Interior in Saxony, Germany, from November 1991 on until 2000. There he first served in the Police and Security Department and later in the Local Government Department.

On behalf of the German Foreign Ministry he served in East Timor as Registrar General, Head of Civil Registry and Notary Services (UNTAET), and became later the principal Advisor for Governance Reform for GIZ (German International Cooperation) to the Ministry of Administrative Reform and the Anti-Corruption Commission of the Republic of Indonesia, where he served for 7 years. He then moved to Rwanda, also as Principal Advisor Good Governance/Justice Program. Earlier he was Resident Representative Lebanon, Director of Rule of Law Program Middle East North Africa, Konrad-



**Dr Sangita Reddy**  
President, FICCI

Dr Sangita Reddy is a Global Healthcare Influencer, Healthcare Technocrat, Social Entrepreneur and Humanitarian. She has been conferred with an Honorary Doctorate by Macquarie University, Australia, in recognition of transformative changes in healthcare and development of Health IT. She is an Honorary Consul of Brazil in Hyderabad.

*Influencing Global Healthcare-* Dr. Sangita Reddy is a member of The World Economic Forum, Rockefeller Working Group, past member on Healthcare Group for the Twelfth Five Year Plan, Planning Commission, Govt of India. She is also a Member of the Tech Devpt Board, Department of Science and Tech, Govt of India and is an Executive Member at NASSCOM.

*Driving Healthcare Technology & Innovation-* Dr. Sangita Reddy is focused on setting benchmarks in futuristic health care projects enabling IOT, AI, Data Analytics, Drone Tech and Block Chain. Under her leadership, Apollo Hospitals received three consecutive HiMSS-Elsevier ICT achievement awards and four hospitals have achieved the HiMSS Level-6 certification.

*An Entrepreneur Promoting Affordable and Sustainable Social Initiatives-* One of her initiatives, Apollo Reach, aims to build a string of secondary care hospitals in rural India.

Dr. Sangita Reddy is also Chairman at Apollo Knowledge, an education initiative focused on shaping healthcare human capital for tomorrow by setting up of Medical Colleges, the online learning platform Medvarsity and ApolloMedSkills.

*Driving Humanitarian Initiatives-* Dr. Sangita Reddy heads Apollo Philanthropy, an umbrella entity encompassing 'Save a Child's Heart Initiative', SAHI, CURE and the Billion Hearts Beating Foundation and Total Health Foundation.

*Awards and Recognitions-* Dr. Sangita Reddy has been a recipient of numerous prestigious awards for business and leadership in the health care industry.



**Dr Ajit Ranade**

Chairman, FICCI Economists' Forum &  
Group Executive President and Chief Economist,  
Aditya Birla Group

Dr. Ajit Ranade is Group Executive President and Chief Economist with the Aditya Birla Group, which is an Indian Multinational company with operations in more than 48 countries with head office in Mumbai. The Group's businesses include metals, mining, chemicals, textiles, cement as well as telecom, fashion, insurance and asset management.

He is a Member of the National Executive Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI). He is Chair of the Research Advisory Panel of the Indian Institute of Banking and Finance and member of the Governing Council of CAFRAL of the RBI. He is a board member of the Gokhale Institute of Politics and Economics and Chairs the



Academic Council of Meghnad Desai Academy of  
Economics.



He is Chair of the Research Advisory Panel of the Indian Institute of Banking and Finance.

He is an engineer and MBA and received a PhD in Economics from Brown University, USA.

He received the Distinguished Alumnus Award from IIT Bombay in 2009, Scholar of the Year Award from Wadia Trust in 2010, and Ramchandra Parnerkar Economics Award in 2012.

He is a frequent contributor to the business press and writes regularly in newspapers on economic, social and political topics.

He is a co-founder and Trustee of the Association for Democratic Reforms, an NGO working in area of electoral and political reforms.



**Mr Dilip Chenoy**

Secretary General

Federation of Indian Chambers of Commerce & Industry

Mr Dilip Chenoy is currently Secretary General, FICCI. His last full-time assignment was when he served as Managing Director & CEO of the National Skill Development Corporation (NSDC). NSDC is a public-private partnership whose objective is to foster private sector investment and initiatives in training and skill development. While at NSDC he served as co-chair of the Australia-India Joint working group on Skill Development.

Currently, MrChenoy is a member of the Board of Governors, IILM, New Delhi (a leading business school); of the Board of studies, All India Management Association (AIMA), He is also Director General of ICC India, and of Indian Council of Arbitration (ICA). He advises start-ups including organisations in the digital, education, skills and livelihood space. He also serves on the Executive Committee of Bureau of Indian Standard (BIS) and is a Director of Invest India. He has served as the Chairman of Sant Longowal Institute of Engineering & Technology (SLIET), a fully government funded integrated skill development and degree-awarding institution.

He was awarded the Indian Achievers Award in 2018; The Game Changer Award in 2015 and the Rashtriya Media Ratan Award in 2013.

Prior to NSDC, MrChenoy was Director General of the advocacy group for the automobile industry in India, Society of Indian Automobile Manufacturers (SIAM). He also served as the Deputy Director General of the Confederation of Indian Industry (CII). He was a member of the Harvard Business School project that worked on the competitiveness of Indian industry with Professor Michael Porter.

He is a fellow of the World Academy of Productivity Science (WAPS).

**Presentation:**

# **Impact of Covid-19 on the Asia Pacific region: Policy responses and prospects**

**Yasuyuki Sawada**

Chief Economist, Asian Development Bank

Federation of Indian Chambers of Commerce and Industry [FICCI]

and Konrad Adenauer Foundation [KAS] India Office Webinar

28 July 2020, 11:30-a.m. - 1:00 p.m. (IST)

*For a copy of the presentations, please write to Mr Anshuman Khanna,  
Assistant Secretary General, FICCI at [anshuman.khanna@ficci.com](mailto:anshuman.khanna@ficci.com)*

## **About the Partners:**

### **Federation of Indian Chambers of Commerce and Industry (FICCI)**

Established in 1927, FICCI is the largest and oldest apex business organization in India. Its history is closely interwoven with India's struggle for independence, its industrialization, and its emergence as one of the most rapidly growing global economies.

A non-government, not-for-profit organization, FICCI is the voice of India's business and industry. From influencing policy to encouraging debate, engaging with policy makers and civil society, FICCI articulates the views and concerns of industry. It serves its members from the Indian private and public corporate sectors and multinational companies, drawing its strength from diverse regional chambers of commerce and industry across states, reaching out to over 2,50,000 companies.

FICCI provides a platform for networking and consensus building within and across sectors and is the first port of call for Indian industry, policy makers and the international business community. FICCI's vision is to be the thought leader for industry, its voice for policy change and its guardian for effective implementation.

### **Konrad-Adenauer-Stiftung (KAS)**

Freedom, justice and solidarity are the basic principles underlying the work of the Konrad Adenauer-Stiftung (KAS). The KAS is a political foundation, with a strong presence throughout Germany and all over the world. We cooperate with governmental institutions, political parties and civil society organisations building strong partnerships along the way. In particular, we seek to intensify political cooperation in the area of development cooperation at the national and international levels on the foundations of our objectives and values. Together with our partners, we contribute to the creation of an international order that enables every country to develop in freedom and under its own responsibility. The Konrad Adenauer-Stiftung has organized its program priorities in India into five working areas:

- Political Dialogue and cooperation
- Foreign and Security Policy including Energy Policy
- Economic policy and management
- Rule of Law
- Media and training programmes for students of journalism

In implementing its project and programmes the Foundation cooperates with Indian partner organizations such as think tanks, Government and Non- Governmental Institutions.