

# Perceived Economic Crisis due to COVID-19 and its Impact on Health

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**Abstract**— A mixed research design was adopted to explore the perceived economic impact of COVID-19 and its impact on health. Quantitative data was used to find out the status of microeconomic parameters and FGD was done to find out the perceived economic impact and its impact on health. The quantitative data was retrieved from the Nepal Rastriya Bank's database. FGD was conducted among experts in the field of economics and health. The quantitative analysis showed decline in remittance and economic growth. The thematic analysis of the FGD revealed that remittance will decrease further and will have a negative economic growth. The participants predicted that the population falling under poverty line will also increase. They also predicted that mental health problems like depression, anxiety, PTSD, substance and alcohol use and sleep problems are likely to increase. They also predicted that the after effects of this pandemic will bring a huge burden on public health and the non-communicable disease is likely to increase. This study recommends that employment opportunities needs to be created and the health service points need to be strengthened. Mental health assessment should be made a part of health assessment in quarantine. This study emphasizes on maintaining physical distance while being socially connected.

**Keywords**— Covid-19, Economic Crisis, FDP, Economy in Covid-19.

## I. INTRODUCTION

Pneumonia of unknown cause detected in Wuhan, China was first reported to the WHO Country Office in China on 31 December 2019. The outbreak was declared a Public Health Emergency of International Concern on 30 January 2020. On 11 February 2020, WHO announced a name for the new coronavirus disease: COVID-19.<sup>1</sup>

COVID-19 has emerged as a global health emergency. It has not spared any continent, the exception of Antarctica. As of 27<sup>th</sup> May, 2020, the cases of COVID-19 has been recorded as 5 488 825 cases (84 314) globally with 349 095 deaths (5 581) (WHO, 2020). Worldometer has reported a total case of 886 with 5 deaths as of 27<sup>th</sup> May 2020 in Nepal.<sup>1</sup>

Very country it touches, it has the potential to create devastating social, economic and political crises that will leave deep scars. This crisis will have a direct and indirect impact on health as well. The International Labour Organization estimates that 195 million jobs could be lost.

The Economic Times: India Times (28 May, 2020) has reported that Some 122 million Indians were forced out of jobs last month alone, according to estimates from the CMIE. Daily wage workers and those employed by small businesses have taken the worst hit. These include hawkers, roadside vendors, workers employed in the construction industry and many others.<sup>4</sup>

According to the economic survey 2076-2077 (2019-2020) of Nepal, the international monetary fund has estimated that there will be shrinkage of 3% in the world economy in 2020. The survey has

mentioned that the economic growth of Nepal estimated to be 2.3% as compared to 7.3% in the last three years.<sup>2</sup>

The estimated poverty headcount ratio (at the \$1.90 per person per day international poverty line) was 15 percent in 2010 in Nepal, which further declined to 8 percent in 2019. At a higher line of \$3.20 a day, 39 percent of the population in Nepal is estimated to be poor in 2019, a 15 percentage-point decrease from 2010. About 31.2 percent of the population that is estimated to live between \$1.9 and \$3.2 a day face significant risks of falling into extreme poverty, primarily because of reduced remittances, foregone earnings of potential migrants, job losses in the informal sector, and rising prices for essential commodities as a result of COVID-19.<sup>5</sup>

Several studies support the fact that financial depressions have a direct impact on the overall health, on the public spending directed to the health care system, on the quality of the provided services and the restructuring the roles and functions of the health care personnel. The downturns in economic activity increase the rates of unemployment which consequently affect mental and physical health.

The Asian economic recession of 2008, which caused a sudden increase in unemployment, has also led to an increase in suicide mortality rates, reflecting a significant harmful mental health effect associated with the recession. As described by (Economou, 2008) in a workshop that was held in 13 European Union countries, there is a strong relationship between unemployment and an increase in cardiovascular mortality. One possible explanation is that acute stress and depression have been associated with elevated levels of cytokines and leukocyte which lead to elevated blood pressure via catecholamines.<sup>3</sup>

We know that the level of anxiety rose significantly when the SARS outbreak occurred. For example, in Hong Kong, about 70% of people expressed anxiety about getting SARS and people reported they believed they were more likely to contract SARS than the common cold.

Global Economic Effects of COVID-19 Congressional Research Service 5 global financial crisis, the IMF estimated that the global economy could decline by 3.0% in 2020, before growing by 5.8% in 2021; global trade is projected to fall in 2020 by 11.0% and oil prices are projected to fall by 42%. The economic effects of the pandemic are being spread through three trade channels: (1) directly through supply chains as reduced economic activity is spread from intermediate goods producers to finished goods producers; (2) as a result of a drop overall in economic activity, which reduces demand for goods in general, including imports; and (3) through reduced trade with commodity exporters that supply producers, which, in turn, reduces their imports and negatively affects trade and economic activity of exporters.

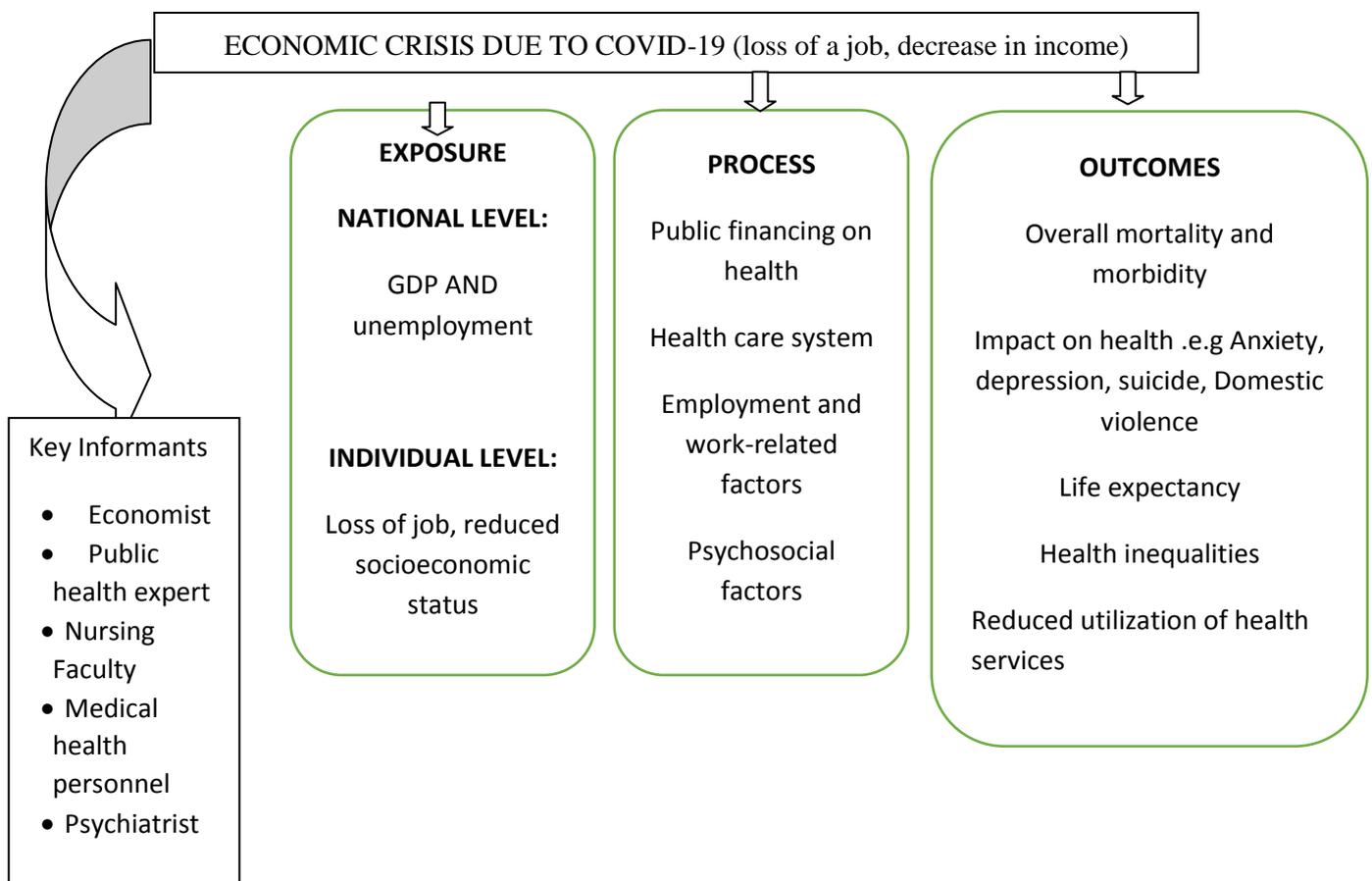
- The economic impact of coronavirus is a rising strain across the world.
- A new survey found respondents in Vietnam, China, India and Italy expect to take the greatest personal financial impact.
- The perceived threat to health increases in proximity to hotspots.
- The Ipsos poll of 10,000 adults in 12 countries, conducted 12-14 March, suggests rising anxiety about personal financial exposure, including employment. The perception of threat to health increases with proximity to hotspots, despite social distancing measures and travel bans in place across large areas of the world.

The COVID19 Pandemic has brought several alarming risk factors such as social isolation, anxiety and depression, inadequate treatment and availability and poor seasonal timing as reported by JAMA psychiatry (2020). There is evidence that during the 1918-19 influenza pandemic there was an increase in the number of suicide deaths in the USA. And among Hong kong elders during severe acute respiratory syndrome (SARS) epidemic in 2003. (Cheung et al, 2008).

It has been projected that in 2020, suicide accounts for one death every 20 seconds, and the large majority of those occur in low and middle-income countries (WHO, 2016).The stressors caused by the pandemic are sure to exacerbate the suicide rate worldwide.

In Nepal, almost 15 people committed suicide everyday with a total of 5317 persons killing themselves in 2017/2018. During the lockdown period from March 24 to May 2 this year, a total of 492 people committed suicide.

### CONCEPTUAL FRAMEWORK



## II. OBJECTIVES OF THE STUDY:

### 2.1 General objectives:

To explore the perceived economic crisis and its impact on health.

### 2.2 Specific objectives

To compare the different economical parameters before and during the COVID-19 pandemic.

To determine the perceived economical impact of COVID-19.

To explore the perceived health impact due to the economic crisis on health from the experts working on health (public health expert, nursing experts and psychiatrists)

### 2.3 Research questions

- What is the status of the macroeconomic parameters of FY 2076/77? (will be quantitatively analyzed).
- What can be the perceived impact of Covid-19 on economy of Nepal? (will be qualitatively analyzed).
- How will the changes in economy affect on the health sector of Nepal? (will be qualitatively analyzed).

**Remittance:** Remittance inflows decreased by 0.5% to Rs. 875.03 billion in the review period. It had increased by 16.5% in the same period of the previous year.

## III. MATERIALS AND METHODS

### 3.1 Study designs

Mixed method design was used to explore the perceived economic crisis and its impact on health.. Quantitative study was done to find out the changes in economical parameters. A qualitative approach was most appropriate to explore the perceived economic crisis due to COVID-19 and its impact on health as we can get in-depth information from the experts working in the field of economics and health. Also, the information that this study explores is more analytical and the use of quantitative tools might narrow the exploration of information.

The populations of the study will were experts working in the field of economics and health.

#### 3.1.1 The requirement of Respondents and Sample Size

Experts (atleast 5 years of work experience in their respective field) working in the field of economics and health were eligible to participate in the study. Creswell (2007) suggest 4-8 participants for focus group discussion. However, the authors believe that these are only rules of thumb. So for this study 2 economist, 1 psychiatrist, 1 physician, 2 public health experts and 2 nursing professionals and 1 nutritionist were invited for focus group discussion. Participants were selected using a purposive sampling technique.

#### 3.1.2 Philosophical Paradigm

This was an ontological study. An interpretative approach was applied to get in the base of knowledge.

#### 3.1.3 Inclusion criteria

The inclusion criteria for the participants was atleast 5 years of experience in the respective field of economics and health. And those who were willing to participate.

#### 3.1.4 Study variables

Perceived economic impact and its impact on health.

### **3.2 Data collection tools**

The data on economical parameters was retrieved from published source (macroeconomic report based on the 12 months data of FY 2076/77) from Nepal Rastriya Bank. The unstructured interview guide was developed in such a way that it ensured coherence in the study approach and gives the interview sessions a general direction concerning the topic raised and discussed.

### **3.3 Data collection procedures**

Quantitative data regarding economic parameters was obtained from report published by NRB.

### **3.4 Qualitative data collection procedure:**

Informed consent was taken from the respondents via email. A Focused Group Discussion was conducted using Zoom Meetings. FGD was conducted in two sessions; one with the experts in the field of economics and other with the experts from the field of health (psychiatrist, public health expert, nursing academician and a nutritionist). FGD was used as the measure to collect data because they provide opportunities to explore issues deeper. And time for the Focus group discussion was 1 hour. Data was collected based on the question and objectives. FGDs are interactive thereby providing room to clarify the issues and encourage discussions during the interview.

The session was recorded with consent from the respondents. The discussion was continued until the information reached saturation based on the study questions.

Pretest was conducted before initiation of real study. After that modified the questionnaire if needed.

### **3.5 Data analysis**

The quantitative analysis was done through the secondary data of economic parameter.

For qualitative study, thematic analysis was used to analyze the perceived economic impact and its impact on health.

Firstly, information was extracted from the recording system and all the transcribed data was coded with the printed document with the help of underlined by researcher. Underlined words and sentences were rechecked by other researcher and confirmed the final one code. Coding was done with the rigorously and carefully integrated into both examination and interpretation of data. Themes of the events were analyzed and were developed based on the coding. All the transcripts was read and highlighted line by line and word by word which produced important message.

Secondly, after finding out the underline keywords, appropriate name was given or code to symbolize it. Code was written in the right hand side of the transcript after identify the highlighted key words. Code name was produced through the participant's information. Common codes were interconnected with the other transcription, which was compared and contrast with the analysis. After reading the transcript, research members were made consensus on extracting the significant keywords and code.

Thirdly, all the statements and developed meanings were checked by other expert who confirmed the method to be accurate and consistent.

### 3.6 Ethical Considerations

Ethical clearance was obtained from Nobel College, Kathmandu. Informed written consent was taken from the respondents. Confidentiality was maintained. Recording was done with consent from the respondents and the records were deleted after the analysis.

All the key informants were informed before start the zoom meeting interview with the objectives of the study. The entire interview was kept anonymous and confidential. Privacy and right to withdrawal was granted to all the key informants. No any incentive was given to the participants.

### 3.7 Trustworthiness of the study findings

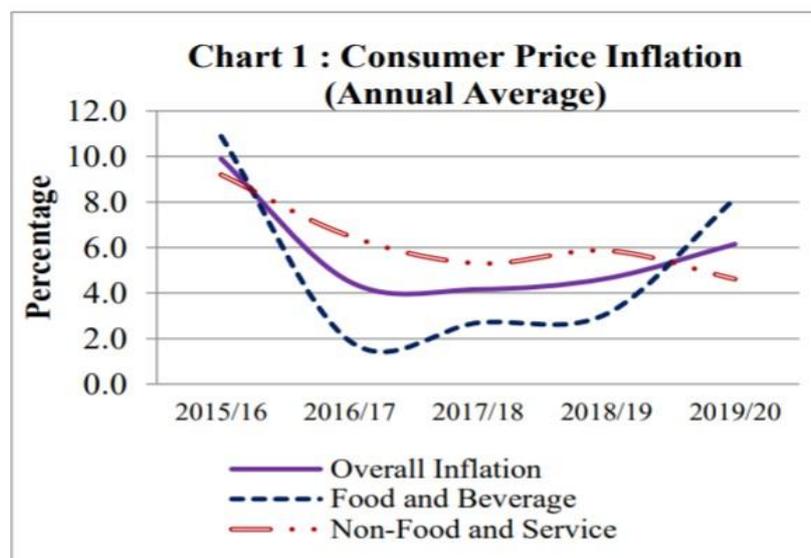
Validity and reliability of the qualitative research was maintained with the strength of the data collection, data analysis and descriptions. Trustworthiness was maintained throughout the study process. Pretest increased the credibility of the study. Validity was maintained by experts and the ideas and theme was developed independently and thorough discussion with the research member. All the translation and transcripts was doubled checked by a bilingual translator who is expert in English and Nepali. Coding process, analysis and descriptions was checked by other experts.

## IV. RESULT

### 4.1 Quantitative analysis of the macroeconomic status.

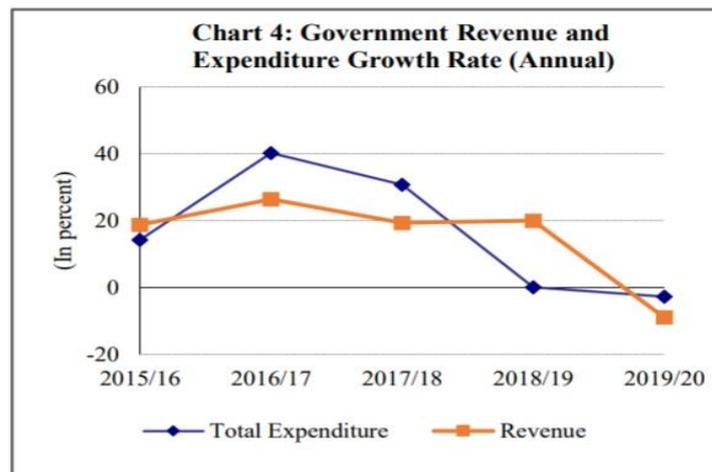
The macroeconomic status of Nepal has been published by the central bank based on 12 months data of the fiscal year 2076/77 (april 2019-15<sup>th</sup> july 2020). Some of the major highlights of the reports are:

**FIGURE 1: Inflation.**



The y-o-y consumer price inflation stood at 4.78% in mid-July 2020 compared to 6.02% a year ago. Food and beverage inflation stood at 8.16% whereas non-food and service inflation stood at 3.09% in the review month.

**Remittance:** Remittance inflows decreased by 0.5% to Rs. 875.03 billion in the review period. It had increased by 16.5% in the same period of the previous year.

**FIGURE 2: Government revenue and growth rate.**

**Government expenditure:** Total expenditure of the federal government based on banking transactions (excluding direct payments and unrealized cheques) stood at Rs. 1094.34 billion.

**Government revenue:** It decreased to Rs. 793.78 billion which was Rs. 871.78 billion in the corresponding period the previous year.

## 4.2 Qualitative analysis of the perceived economic crisis and its impact on health

### 4.2.1 Economy of Nepal

All of the participants said that the unemployment rate will increase in Nepal since there will be return back of Nepali from abroad. All the participants said that there will be shrinkage in remittance will bear a negative trend.

One of the participants said “Even if the impact on remittance is not seen today, there will be a huge impact in the coming future. Remittance might shrink by 20%”.

All of the participants said that there will be a negative economic growth and the GDP will decline.

One of the participants said “Remittance contributes to 25% of the GDP, agriculture 25%, consumer and retail contributes 14% of GDP, tourism 6%, aviation 3%, and construction 7%. Since all of these sectors are affected by COVID-19, there will be an obvious decline in the GDP.”

Another participant said that “The world is expecting an economic recession more than ever seen or heard of”.

### 4.2.2 Poverty and quality of life

All of the participants said that the percentage of population falling under poverty line will increase due the effect of COVID-19.

One of the participants said “1.17% of the population was expected to fall below the poverty line even after 2.3% of economic growth. Now when we are expecting 0% economic growth, 21% of the population will fall below poverty (18.6% were under poverty before COVID-19. If the economic growth becomes negative, this figure will increase further.”

Most of the participants said that because of the reduced economic growth and job less, the quality of life of people will degrade.

### **4.2.3 Effect in health**

All of the experts on economics said that the expenditure on health will decrease.

One of them said “Now when income has reduced due to COVID-19, the expenditure in health also decreases, which means that people seeking private health services will go to government hospitals. So the pressure in government and community hospitals will increase.”

Experts on mental health said that Depression, anxiety, OCD, alcohol and substance abuse, PTSD, sleep problems are the main mental health effects of COVID-19.

Expert on nutrition stated that people do not have access to a balanced diet because of food scarcity and because farmers are not able to take the produced food to the market. The participant further mentioned that “People are consuming calorie-dense food instead of nutrition dense food. This will also bring health hazard among the population.”

Expert on public health said that COVID-19 has an iceberg phenomenon, being tested positive for COVID-19 is the tip of iceberg, while other effects are the submerged part. The participant further stated that “These effects can be mental health problems, but the most alarming is the increase in non-communicable disease.”

### **4.2.4 Addressing increasing inequalities**

All of the participants believed that employment opportunities must be created.

One of the participants said that “resources should be distributed equally to all the sectors like agriculture, health, industries etc”

Another participant said “the transfer is the main strategy to address the inequality. i.e. take a little more from rich and give a little more to the poor”.

Another participant said “income level should be increased, for which skill should be increased, for which education sector should be strengthened.”

### **4.2.5 Equipping future society for health emergencies**

Most of the participants said that the health care system of the country should be strengthened. Health care staffs should be given training.

One of the participants said that “there should be a separate budget allocated for nutrition. Agriculture technicians and biofertilizers should be made available.”

Drawing attention to mental health, the participants said that physical and mental health screening of the people in quarantine should be done and a mental health help desk with a focal person should be established in every hospital.

One of the participants emphasized on teaching people to live with COVID-19 rather than being scared of it and further added that “People should be connected socially more than ever during this pandemic but physical distancing is what should be maintained.”

## **V. CONCLUSION:**

COVID-19 has brought about a lot of changes in the economy of the nation, besides health. This negative change in economic status has further brought more health related effects. This study was

conducted to find the perceived economic impact due to COVID-19 and its effect on health. the results showed that there is a decline in GDP and remittance and will have an increment in poverty rate. This in turn will have an effect in health, in terms of increase in mental health problems and non communicable diseases. There will be a spike in nutritional related health issues also. This study further recommends that the health service point should be strengthened, mental health assessment and support should be made widely available. This study emphasize on physical distancing while being socially connected.

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