



The BRICS and COVID-19: Navigating a Sustainable Post-Pandemic Recovery

INTRODUCTION

Over the years, the BRICS has continued to be the growth engine of the world. The bloc has much-untapped potential to influence the global economy and bring in a new era of regional cooperation, reinforce multilateralism, and align global governance where issues of the Global South are prioritised. Table 1 provides an overview of BRICS

in key economic indicators vis-à-vis G7 countries and Emerging Markets and Developing Economies.

Note that in this paper data for Emerging Markets and Developing Economies and G7 countries, as of April 2023, is extracted from IMF's World Economic Outlook Database. Data for the BRICS is extracted for individual BRICS nations from the World Bank Database. The aggregate BRICS figures are a simple average of the most recent values available for the five BRICS economies.

The COVID-19 pandemic exposed several fissures within the global economy and further amplified socio-economic vulnerabilities across the globe. Given that the BRICS accounts for 41% of the world's population including the most vulnerable sections of the society, the pandemic had a significant

Table 1: Key economic indicators of BRICS, G7 and Emerging Markets (2022)

Indicators	BRICS	Emerging Markets and Developing Economies	G7
Population	3.24 billion	6.77 billion	776.55 million
GDP (current trillion USD)	24.71	45.10	42.92
Inflation (average consumer prices)	6.04%	8.10%	4.70%
Unemployment	10.52%	n/a	4.20%

Source: World Economic Outlook Database, 2023; World Bank Database, 2023

Table 2: Cases of COVID-19 and Deaths in the World and BRICS Countries

Country	No. of Covid cases	Share in global Covid cases	Deaths from Covid	Deaths from Covid cases in BRICS
World	69,17,93,096	-	69,01,825	-
India	4,49,95,055	6.5	5,31,915	7.7
Brazil	3,77,04,598	5.5	7,04,488	10.2
Russia	2,29,71,107	3.3	3,99,772	5.8
South Africa	40,76,463	0.6	1,02,595	1.5
China	5,03,302	0.1	5,272	0.1
Total (BRICS)	11,02,50,525	15.9	17,44,042	25.3

Source: WorldMeter.info, 2023

impact on these economies (BRICS, 2023). As per the reported figures, the BRICS collectively saw 110 million active COVID-19 cases which accounted for 15% of global COVID-19 cases. Within the BRICS, the highest number of reported cases were in India (44 million) followed by Brazil (37 million). Table 2 provides an overview of the magnitude of the pandemic's impact on human life in the BRICS economies.

Further, the BRICS nations suffered from severely restricted mobility, loss of livelihood, complete collapse of supply lines, limited access to essential goods and services, and burden on public infrastructure.

The pandemic response by different countries, which was a complex interplay between pandemic recovery, geopolitical conflicts, and climate crisis, necessitated deliberations on fostering agile and resilient pathways for a sustainable post-pandemic socio-economic recovery. This policy reflection firstly reviews the experience of the BRICS in economic recovery as of 2023, secondly it focuses on India's as well as BRICS's collective post-pandemic measures and thirdly, it underscores key learnings and proposes way forward to drive collective action for strengthening post-pandemic socio-economic recovery.

IMPACT OF COVID-19 ON THE BRICS

Taking a closer look at COVID-19's impact on the BRICS highlights that the pandemic brought in disruptions, led to several new challenges, and magnified many pre-existing ones for the BRICS nations. All the BRICS countries rolled out stimulus packages to provide income support and ease financial burdens. An immediate impact of this was significant increase in public debt. Table 3 provides the pre- and post-pandemic public debt ratio of BRICS economies.

Stimulus packages by these countries, while they

Table 3: Public debt as a percentage of GDP of BRICS economies

Members	2019	2021
Brazil	82.68	87.75
Russia	13.16	16.90
India	46.77	54.27
China	60.4	71.80
South Africa	56.22	68.98

Source: IMF Global Debt Database, 2023

Table 4: Annual inflation (consumer prices) rates of BRICS economies

Members	2019	2022
Brazil	3.7	9.3
Russia	4.5	6.7*
India	3.7	5.1*
China	2.9	2
South Africa	4.1	7

Source: World Bank Database, 2023. * Data for Russia and India is from 2021

may have helped in taming a crisis, in the post-pandemic recovery, it caused high inflation. For instance, while in Brazil the inflation reached almost a double-digit mark, in South Africa and Russia it was nearly 7% (See Table 4).

Any inflationary pressure severely aggravates poverty and food insecurity – a collective threat to the BRICS nations. This was true for all the BRICS countries post the pandemic recovery periods. Inflation also has a disproportionate impact on low-income households (Jayashankar and Murphy, 2023). It must be noted that BRICS economies account for more than 50% of the world's poor (Nilsen and Von Holdt, 2020).

Another major impact of the pandemic was that it led to high structural unemployment. Job losses

Table 5: *Unemployment as a percentage of the total labour force in BRICS*

Members	2019	2022
Brazil	12.1	9.5
Russia	4.5	4.7*
India	6.5	7.3
China	4.6	4.9
South Africa	25.5	29.8

Source: World Bank Database, 2023. * Data for Russia is for 2021.

and income cutbacks resulting from the pandemic, particularly in the informal economy, were major economic shocks. A healthy economy maintains an unemployment rate that hovers between 3% and 5% (Kim, 2022). However, post pandemic, the BRICS economies are experiencing unemployment rates of over and above 5% (See Table 4). Considering that the BRICS accounts for 41% of the world's population, including the most vulnerable sections of the society, the severity of the impact was more on BRICS countries than any other countries in the world (BRICS, 2023) (See Table 5).

The economic and livelihood conditions of the people in BRICS countries was further aggravated by the massive supply chain disruptions across the BRICS economies. It affected the supply of essential goods, limited access to critical raw materials, and increased trade costs.

With high inflation, high unemployment rate, and a large population, the BRICS countries are also susceptible to severe impacts of food insecurity. China, with the second highest population of 1.4 billion people, has been left vulnerable to food insecurity due to the pandemic and the ongoing climate change. This situation of food insecurity is likely to continue as a study reveals that China's food self-sufficiency ratio is likely to decline to 58.8% by 2030, from 65.8% in 2020 (Wang, 2022). Additionally, the adverse impact of the pandemic on the Medium and Small-scale Manufacturing Enterprises (MSMEs) in the BRICs economies disrupted livelihood of millions of people in BRICS countries.

The pandemic led to a widening inequality within the BRICS Economies. At the time of the pandemic, in South Africa, the top 10% earn 65% of all income and control 85.6% of all wealth; in Russia, the top decile of wealthy own 77% of all household wealth; and in India, the top 10% of the population controls 77% of the national wealth (Nilsen and Von Holdt, 2020).

As an immediate measure, all the nations responded with what would be best to drive their country's immediate economic recovery—an

approach that was more locally oriented. But as the economies enter the post-pandemic years, it is essential to undertake measures for stimulating resilient global and national economic growth with active cooperation.

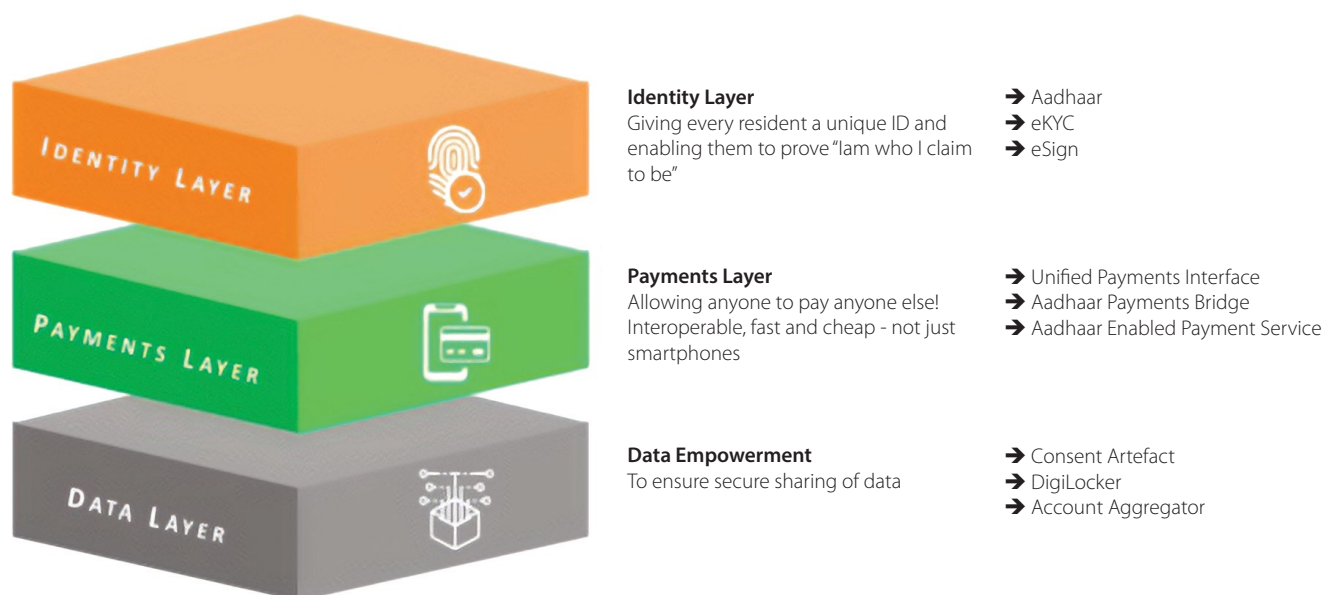
INDIA'S RECOVERY STRATEGY

India, like other BRICS nations, was significantly impacted by the pandemic. In its post-COVID-19 era, several factors have been and continue to be important in India's economic recovery. Three key factors stand out - investments, MSMEs, and digitisation.

Under the investment-led recovery, the government has been driving momentum to build domestic capacity, whether through shorter-term emergency measures, such as the Emergency Credit Line Guarantee Scheme, which provided relief for the Indian services sector, or longer-term measures. For instance, India's Production-Linked Incentive Scheme (PLI), is seeking to build India into a manufacturing and supply chain hub in the long term, from electronics to mobiles. Moreover, these measures are also supported by complementary regulatory reforms including improved FDI norms, continuing land, labour, and other regulatory reforms to facilitate ease of conducting business in the country.

MSMEs are the backbone of the Indian economy - over 63 million such firms in the manufacturing and services sectors employ over 100 million people and contribute close to 30 percent of India's GDP (Livemint, 2022). In India, the MSME sector was also one of the hardest hits during the pandemic - about 40% remained interrupted even by February 2021 (Tripathi, 2021). Under the MSME-led development, India has been active in boosting the sector. Several schemes were put in place to help MSMEs recover. This contributed to improving the ecosystem for the MSMEs, as by August of 2021, retail sales had surged to almost 90% of pre-pandemic levels (Tripathi, 2021). Currently, a broader set of initiatives are underway to ensure their resilience and improved

Figure 1: Foundations of India Stack



Source: A Public Digital Infrastructure: India Stack, IBEF (2023)

contribution to the domestic economy and global value chains, from skilling and capacity building and quality standardisation to e-commerce platforms and sectoral schemes addressing sector-specific gaps.

India is also heavily focusing on digitisation-led growth. During the pandemic, the Indian technology sector grew at 2.3% on a year-on-year basis harnessing accelerated digital transformation and tech adoption (IBEF, 2021). Digitalisation, led by the Digital India scheme, is becoming a critical part of India’s socio-economic ecosystem, from customs to logistics (See Figure 1). Currently, the *India Stack*, a public digital infrastructure, is helping formalise the Indian economy. Under the India Stack, there exist several digital initiatives such as e-Sanchit, Unified Payments Interface (UPI) for digital payments, DigiLocker, Open Network for Digital Commerce (ONDC) and many others.

THE WAY FORWARD

Beginning in 2020, the BRICS nations now contribute more than the G7 industrialised nations toward world GDP, in terms of purchasing power parity (PPP) (Raghavan, 2023). The BRICS countries need to continue their efforts to promote economic recovery by strengthening macroeconomic policy coordination and multilateral cooperation. This brief proposes the following key actionable drivers of collective and sustainable post-pandemic recovery.

To support the bloc’s socio-economic recovery, the members have developed the Strategy for BRICS Economic Partnership 2023. However, it lacks a follow-up implementation plan. A detailed implementation plan which contains specific deliverables and timelines for each strategy, as well as the respective implementing bodies, is needed to ensure an effective realisation of the goals envisioned.

Collective and streamlined research is needed to support reforms and recovery. BRICS nations should collaborate with each other in undertaking research in areas of shared vulnerabilities to ensure evidence-based reforms. For instance, collective efforts are needed in assessing the pandemic’s impact on MSMEs which form the backbone of BRICS economies with respect to job creation and contribution to GDP. This area remains under-researched to drive collective action. Joint research initiatives are also needed on sustainable agriculture to address food security issues. It is suggested that the BRICS Agriculture Research Platform undertakes science-backed research to combat food insecurity.

Supply chain resilience also must be a priority area for interventions. The BRICS economies should develop a framework to mitigate information asymmetries that could lead to supply chain breakdowns. Similar to the G20’s Data Gap Initiative (Kumar and Saxena, 2023), accountable, efficient,

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and transparent supply-chain related data sharing between the BRICS economies would strengthen the bloc against information asymmetry-induced shocks. This can be undertaken under the BRICS Initiative on Enhancing Cooperation on Supply Chains.

Strengthening digital infrastructure and connectivity among BRICS members is also critical to a strong and inclusive post-pandemic economic recovery. The BRICS Institute of Future Network should foster closer cooperation among tech companies and start-ups across the BRICS nations to induce collective development of new technologies, especially in sectors of energy, climate risk mitigation and pharmaceuticals. Further, there should be active efforts to operationalise the Enabling Framework for the BRICS Network for Technology Transfer Cooperation (BRICS TechTransfer).

BRICS nations must also collaborate on digital policy coordination and security to ensure safe data sharing. This is of essence especially to ensure efficient implementation of the BRICS Integrated Early Warning System that aims to detect and mitigate future health risks without compromising on data security. This would also be of critical importance in developing.

Digital economy is rapidly growing in the BRICS countries and e-commerce is developing into a crucial source of employment generation. With

respect to this, BRICS should prioritise fostering a safe and efficient regional e-commerce ecosystem through digitalisation and policy coordination. Consumer protection is one such area of policy coordination that must be prioritised to foster greater intra-BRICS cross-border e-commerce. There is an urgent need to operationalise the BRICS Framework for Ensuring Consumer Protection in E-Commerce.

To support reforms, it is of utmost importance to foster deeper and greater financial collaboration. The BRICS Interbank Cooperation Mechanism (BICM) should further streamline action to strengthen Member banks' coordinated actions for pandemic response.

High public debt often also impacts investment attractiveness. Therefore, BRICS economies must prioritise investment facilitation by moving towards a more open, transparent, and supportive investment policy environment. These must be complemented by cooperation among BRICS nations at the multilateral discussions and negotiations to deliver on BRICS priorities.

Overall, it is imperative to deepen intra-BRICS cooperation, enhance local competitiveness, strengthen the overall economic participation of the members, and foster technology-led innovation with digital empowerment for collective, inclusive, and sustainable socio-economic prosperity. ●



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