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THE ECONOMIC IMPACT BY COVID-19 PANDEMIC IN SOUTH ASIA: ISLAMIC ECONOMICAL TOOL BASED SHORT AND LONG TERM POLICY RESPONSES FOR SOUTH ASIAN MUSLIM COUNTRIES

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ABSTRACT

The Covid-19 pandemic has direly smacked over 200 countries, threatening global economic growth that has adversely been peevied by the outbreak. It has patterned jeopardizes globally encompassing economic recession, probable high unemployment rate, mounting the poverty line and death of over 2.5 million people. Meanwhile, the second peak of the pandemic is infuriating many countries which may result in around 13% to 32% projected global trade downgrade. Alike, the South Asian economy is suffering from a dire hit of the pandemic and undergoing an atrocious economical mishap. It resulted in a potential decline in the economy than in a normal downturn which materialized different rebounds in habitual recession. Islam safeguards all necessities to authenticate people's well-being. Protecting 'life' and 'wealth' from those necessities means securing the human being from natural and human-made shocks. Islam, therefore, represents a set of principles to exile the shocks like the Covid-19 pandemic. The paper aims to highlight the Islamic framework and policy responses using its financial tools to get rid of the pandemic crisis in South Asia, especially in the Muslim countries of the reign.

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INTRODUCTION

The china identified disease Covid-19 (Huang et al., 2020) has affected around 212 countries (Mohiuddin, 2020) of the world which due to that are suffering from numerous setbacks including a downturn in global economic growth by 3.0% to 6.0%, noteworthy unemployment toll and imminent poverty line (Jackson, Weiss, Schwarzenberg, & Nelson, 2020). It appeared one of the deadliest crises that have become ominous to the economy all over the world causing the loss of millions of jobs (Gopinath, 2020; ILO, 2020). However, the newly terrifying wave is being occurred in many countries that will adjoin crucial exposure to the economy as well (Jackson et al., 2020). Considering one of the world's poorest and most inhabited regions, South Asia is observing its fragile healthcare facilities as it has only between 0.3 (Afghanistan) to 1.0 (Maldives, Pakistan, and Sri Lanka) physicians for every 1000 people and very insufficient health assistants (Chalise, 2020) which manifests the economical drawback of the reign. However, the reign encountered the pandemic after having a severe economic struggle in 2019 as it has undergone the worst growth in 40 years (World Bank, 2020). This delicate growth in the reign caused up-surgings the public debt levels and non-performing assets (NPAs) in banking sectors which affirms that the authorities are facing the tight fiscal challenge to deal with the pandemic crisis and to retain the liquid smoothness of banking sectors (World Bank, 2020). Hence, this is crucial for now, not only to highlight the best way to get back to the growth, rather, how to reconstruct precise economies that ensure outcomes for people and the planet, which may implement through deeper reflection and policy-making based on priorities across three timeframes: a. which were existing before the crisis, b. essential priorities for shorter-term revival and c. pivotal priorities for long term transformation for better outcomes

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on shared prosperity and sustainability in the future (Schwab & Zahidi, 2020). However, this priority management is called “Fiqh al-Awlawiyyat” in Islam.

The Islamic economic policies are enshrined to guarantee the incorporation of ethos and realization of the socio-economic goals, which are, a sustainable economic strength that connotes decent employment for all, optimum economic growth, socio-economic justice and fair circulation of wealth, and stabilizing the value of money (Chapra, 1983) which all have been exposed by the Covid-19 pandemic in South Asia. Being the complete code of life (Quran, 02:19), Islam furnishes a set of economical tools to enhance economical progress and to deal with abrupt crises. Early Islamic states were fully adhered to those tools to manage the state treasury and fund mobilization. Hence, through individual, societal and institutional practices, it is seen that the compulsory (Qardawi, 2010, p. 62), perpetual and optional (Khan, 2001) payment methods have been applied to functionalize the state treasury. Being Muslim countries in the reign, Bangladesh, Pakistan, Afghanistan and Maldives are convenient for the policy-shaping through employing Islamic tools which would saliently be workable to deal with the Covid-19 crisis as they are suffering from negative fiscal, high unemployment rate and possible poverty line towering. The study discusses the economical crises by Covid-19 in South Asia, further, a brief explanation of the crisis in Muslim countries in the reign. Finally, it demonstrates an economical framework of Islam and universal policy responses for South Asia and its Muslim countries.

LITERATURE REVIEW

The Covid-19 pandemic has affected several economical territories all over the world which is analyzed through various economical fluctuations (Jackson et al., (2020). Consequently, being one of the populous reigns in the world, South Asia is direly hit by the pandemic as its major economic domains and their habitual cycles are showing obscure nature. The Maldives as a Muslim country of the reign is in the hardest hit as it has seen the acute decline of GDP due to drying up its tourism. Pakistan and Afghanistan as other two important Muslim countries have also been smashed by the GDP decline and Bangladesh is suffering from economic tremble because of ready-made garments (RMG) order cancellation as well as local and migrant worker’s job dismissal (World Bank, 2020; Asghar, Batool, Farooq, & ur Rehman, 2020; Uddin, 2020). The pretty weaknesses of health services in South Asia encompassing its Muslim countries are extremely worrisome having insufficient physicians, health assistances and other health facilities (Chalise, 2020) that affirm the financial inability of those countries. Islamic economic approaches are conceived based on ethical harmony and awareness of socio-economic objectives which ensure people’s sustainable livelihood (Chapra, 1983). It, therefore, advocates several financial tools (Qardawi, 2010 & 1985) along with adaptive frameworks (Akhtar & Arif, 2001; Naqvi, 1994) to deal with any abrupt crisis like Covid-19.

RESEARCH METHODOLOGY

Based on secondary data, the study has been conducted through descriptive and analytical approaches of qualitative and quantitative methods to shape the policies that might be adopted in the economical process to keep the region shielded from the pandemic economical shock.

DISCUSSION

The South Asian Economic Outlook during Covid-19

The South Asian economical functions have experienced potential disruptions due to several lockdowns in the reign and resulted in different consequences than usual cycles (World Bank, 2020). Several forecasts indicate that the normal recessions are materialized due to the decline of expected demand, this time the crisis is for an inverted reason like supply obstruction, whilst the service sectors are direly encountered, GDP in a rapid fall compared to consumption, albeit consumption is moreover in sharp decline (World Bank, 2020). Typically, the correlation between global food and oil prices is determinant the food prices in the South Asian reign (World Bank, 2019; Mittal & Sethi 2009; Cudjoe, Breisinger, & Diao, 2010) but this time, lockdown, border closure and social distancing measures seemed to be obstacles for local supply and hence, panic buying causes have been formulated for food price scramble (World Bank, 2020). As such, Afghanistan has seen price escalation for wheat and flour by about 15% and for cooking oil by 9%, meanwhile, in Pakistan, prices have mounted by 13% for the same products. Bangladesh, right away the lockdown declaration has undergone the climbing of wholesale prices; Bhutan has observed a sudden jump of the people in the market because of the crucial ban on meat, fruits and vegetables that are mainly imported from India (World Bank, 2020). Therefore, starvation, food supply lacking and price elevation terrify millions of unprivileged people across the reign. However, most of them in the urban and rural areas are likely to be victimized by food price mounting due to their income-expenditure up to four-fifth on food. (Hertel, Preckel, & Eales, 2004; Mittal, 2009; Akter & Basher, 2014).

Likewise, the reign is jeopardized of food price hike since most of its population subsists very close to the poverty line (Carrasco & Mukhopadhyay, 2012) and thereby, it will perceive a high forecast of food insecurity and prevalent malnutrition of the children (World Bank, 2020). Conversely, there is an ignited discrimination in the reign by Covid-19 disaster due to the downturn of the global growth in investments and trade that is more daunting to make the poorest harshly vulnerable (World Bank, 2020) and by which the deprived people are seemed to lose their jobs and domestic migrant employees who have eluded from rural poverty being employed in cities are forced back into rural poverty again and ground significant intimidation of food insecurity (World Bank, 2020). Furthermore, many South Asian migrant workers have lost their jobs in their host countries due to the pandemic crisis which negatively impacted the remittance inflows in the reign and resulted in an atypical sharp drop in remittances (World Bank, 2020). Indeed, reducing the remittance inflows due to this global crisis will intensify the setback in many South Asian countries that lean on remittances (World Bank, 2020) like Bangladesh, Pakistan, India, Sri Lanka and Nepal formulating an outrageous storm on the shoulder. Apart from that, the worst decline has appeared in the tourism and garments industry and supply chains (World Bank, 2020) which produce a

potential unemployment threat in the reign. On top of that, consumption and investment responses are experiencing an unpleasant downturn, international capital is being withdrawn as well as a large part of the domestic economy is being frozen in most countries (World Bank, 2020). Following all risk issues, the South Asian economy was predicted to shrink between 1.8 and 2.8% in 2020, which means a sharp fall from the 6.3% expected growth trend of six months earlier (World Bank, 2020). Despite that, the recovery trend of the worst-case scenario economy seems fragile as to be fatally affected by a second wave of the pandemic (World Bank, 2020). Consequently, the GDP decline would be more toxic by which a weaker recuperation will take place due to the production struggle to recover from the trough well into 2021 (World Bank, 2020).

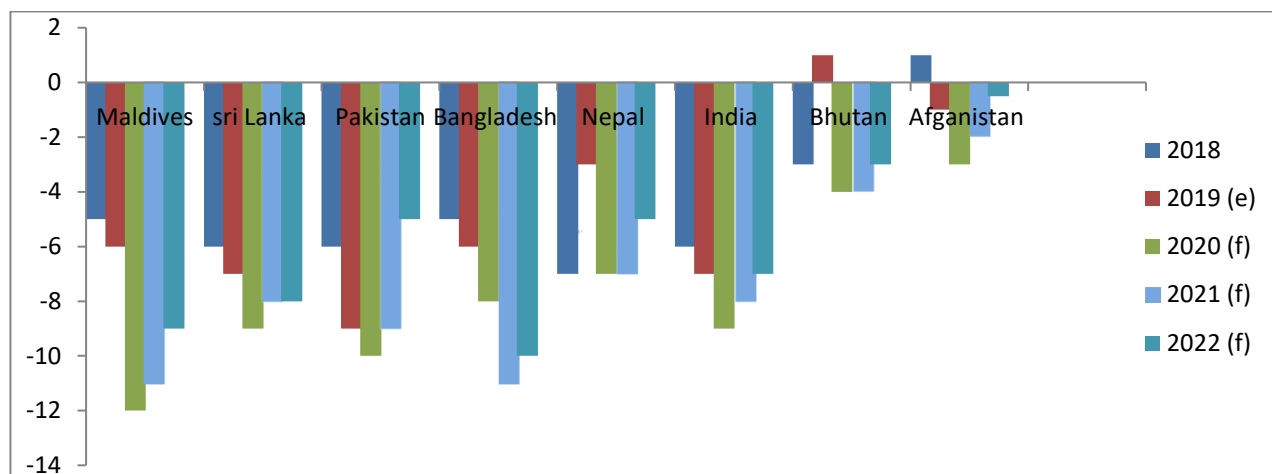


Figure 1. Indicators of fiscal sustainability are worsening. Overall fiscal balance, Percentage of GDP
Source: World Bank, 2020.

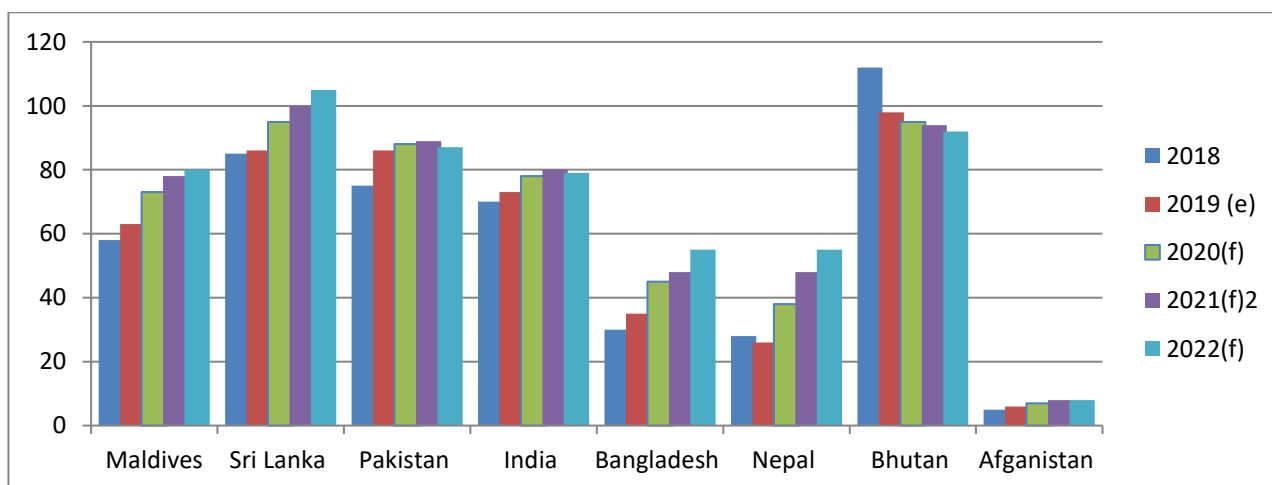


Figure 2. General government total debt: Percentage of GDP
Source: World Bank 2020

Economy in the South Asian Muslim Countries during Covid-19

The Afghan economy has somewhat recovered in 2019 from the previous negative realm, unfortunately, it approaching the negative turn again due to the Covid-19 pandemic, which resulted in -5% of GDP growth and contribution in 2020 from 3% in 2019 (World Bank, 2020). Hence, the fiscal deficit was projected to be amplified to 2.9% of GDP from 1.1% in the previous year (World Bank, 2020). Bangladesh experiencing a sharp decline in GDP growth and contribution from 8% in 2019 to 3% in 2020, which indicates the catastrophic economic challenge of the country resulting from declining garment exports which is 80% of the country's export earnings and 13% of total GDP (Uddin, 2020), lower private investment growth and broader disruptions (World Bank, 2020). However, insignificant revenue collection and higher recurring expenditures led to paramount the fiscal deficit to 7.7% of GDP in FY20, while growth was predicted to return over the medium term, downside risks remain, particularly from a domestic outbreak of Covid-19 and delicate in the financial sector. Due to the lack of gap narrowing measures, poverty is expected to increase significantly, as several pieces of research reveal that per capita daily income of urban and rural poor declines by 80% due to the nationwide closure enforced (Uddin, 2020) which is the reflection of the worrisome of the economy that will even affect the year 2021 (World Bank, 2020). The Maldives, in this case, is fatal, where GDP is dropped by between 8.5% and 13% in 2020, as tourism and construction have dried up (World Bank, 2020). The capital expenditures are vulnerable to be recovered due to the loss in tourism revenue, leading to an upturn in fiscal deficit and public debt. However, there is an anticipation of a potential poverty bump as livelihoods are closely connected to tourism and fisheries (World Bank, 2020). In Pakistan, the domestic and international

supply chain is interrupted by the pandemic because of a lack of efforts and necessities and demand in both levels diminished occurring to immense layoff and poverty shock (Asghar et al., 2020). The country has witnessed a loss of around \$1.3 trillion caused by the pandemic and a 40% increase in poverty with the existing poverty line in the first half of 2020 (Asghar et al., 2020). However, due to random export order termination, the country had to accept the negative spillover from the global economy (Asghar et al., 2020). The spillover from the Chinese economy in the textile sector alone has been estimated to be \$44 million which caused a massive layoff in the textile sector (Asghar et al., 2020). Along with all these jeopardizes, Pakistan has experienced a drastic decline in remittance inflows from 20.50% in December 2019 to 1.12% in April 2020 and a disparity between revenue collection and expenditure, while revenue collection was around PKR3000 billion, the expenditure at the same time is more than PKR4000 billion from July-December for FY20, that denote a relentless budget deficit and tax-to-GDP ratio that yet to meet the international standard (Asghar et al., 2020). Hence, being Muslim countries of South Asian reign, Bangladesh, Afghanistan, Pakistan and Maldives are in the discomfort of the economy caused by Covid-19, which on the other hand, necessitate creating rooms for policymaking to get rid of the pandemic disaster implementing the Islamic economic approaches. However, India, being the second largest Muslim populated country in the reign and country itself, may also induce the Islamic economic approaches at least for its Muslim populations to narrow the pandemic economic adversity.

The Islamic Framework to Deal with Covid-19 Crisis

Being the creatures of one God, the ‘unity’ (Tawhid) concept could be the primary framework to deal with the Covid-19 crisis that enhances a moral based strong correspondence among the people that incites the holy accountability to help each other (Hossain, 2019) in such difficulty. ‘Representation’ (Khilafah), (Akhtar & Arif, 2001, p. 636) considering as a framework, deploys accreditation of human beings over the resources (ni’amah) that solely are devoted for them being the vicegerent of Allah (Chapra, 2008) to entail the progress (Hossain, 2019) and eliminate hardship like Covid-19. ‘Justice’ (‘Adalah), (Akhtar & Arif, 2001, p. 637) to be a further framework to deal with the Covid-19 hardship, constitutes multi-level equity (Quran, 57:25) through fair distribution of resources (ni’amah), ownership control and malpractice prevention. Alike, ‘benevolence’ (Ihsan) and ‘responsibility (Fard) (Naqvi, 1994, p. 31) as to be frameworks to deal with the pandemic, have the salient feat to rescue the Covid-19 unprivileged fellows from its shocks awakening sacred kindness and obligations. On the other hand, ‘participation’ (musharakah) as a framework, may devise up a strong state of togetherness to fight against any calamity jointly and potentially influence the reduction of discrimination caused by Covid-19. However, ‘austerity’ (zuhud), ‘simplicity’ (basatah), “social capital” (arham), ‘cooperation’ (ta’aun), reliance (tawakkul) and patience (sabr) are potential frameworks that are pivotal to getting rid of the Covid-19 economical shocks. Austerity (zuhud) implies a motivation to avail strong capacity to be transformed from adversity to diversity, ‘simplicity’ (basatah) demotivates people from unnecessary and overconsumption instead refers to a necessity-based moderate lifestyle, “social capital” (arham) builds a society based micro-relationship, ‘cooperation’ (ta’aun) develops a regional and global macro-relationship to tackle any predicted or abrupted crisis like Covid-19 while reliance (tawakkul) and patience (sabr) work as an eventual mental support system when corporal supports i.e. inventions, power, rationale come into an end due to natural or fabricated reasons.

Potential Islamic Tools to Deal with the Covid-19 Economical Crisis in South Asia

Zakat, being a mandatory tax (Huq, 1996, p. 229-230) and waqf as an optional charity have the absolute sustainable aptitude to deal with the Covid-19 economical disaster. Both may generate a hefty protective shield for the country's economical territories if they are paired in the mainstream development process and diversified to be matched with several institutional operations (Ahmad, 2004, p.15). However, zakat particularly has an enormous potential to be replaced by interest-based heavy foreign debt for developing countries like Bangladesh (Hassan, 2006). On the other hand, through awqaf, the government debt burden and the budget deficit reduction, lessening issues with supply disruption of public goods, narrowing the gap of crowding-out effect and removing the key obstructions in private investment and growth are very likely to be settled (Cizakca, 2002) that all were in the negative sphere during Covid-19 in South Asia. Alike, to policy-shaping for reproduction and distribution of assets and opportunities, skill development schemes and widening income consistency, both zakat and awqaf have the much-needed potential being compliant with the institutional strategies (Ahmed, 2004, p.15). Islamic banking and finance nowadays is a big player in the financial domain that achieved incredible growth (Hossain, 2017) by offering SME, industrial investment and various deposit and development schemes. The universal participatory methods of profit and loss-sharing, direct investments, non-profit and loss-sharing are unique for the countries to escape Covid-19 financial shock. However, as significant tools, micro-credit and micro-finance (Hassan & Alamgir, 2002; Obaidullah, 2008) may speed up wage creation (Akhtar & Arif 2001) and self-employment opportunities (Hassan & Alamgir, 2002) at various levels of society that have been affected by Covid-19 crisis. Besides, takaful has also much feasibility to protect people from financial and natural shock (Bakar, 2002). Alternatively, usher (tax of farming produces), kharaj (agriculture tax from non-Muslim), and other supporting economical surpluses like ‘afwu, infaq and sadaqah are enhancing forces to fight against poverty (Qardawi, 1985, p.107) caused by the pandemic. voluntary charities that include hibah and involuntary charities such as the property of inheritance (Huq, 1996, p. 229-230), zakat al-fitr (Qardawi, 1985, p. 67), distribution of meat from eid al-Adha, the substances derived from oath (kaffarah), fidyah, hadiyi, (Qardawi, 1985, p. 118-119), mahr, qard al-hashanah etc can play a significant role in economical processes which have been devastated due to the pandemic.

POLICY RESPONSES FOR SOUTH ASIAN MUSLIM COUNTRIES TO DEAL WITH ECONOMIC CRISIS

The person with mental and physical soundness is encouraged to hunt his livelihood in Islam as a means of self-employment creation initiative which is evident by the Quran (62:10) and Sunnah (Bukhari: 2072, Book of Transactions). Incorporating the importance of the self-employment creation might be the reason for all Prophet (pbuh) to be chosen as shepherds for a certain period of their lives including Prophet Muhammad (pbuh) (Bukhari: 2262, Book of Hiring). Hence, the primary policy to deal with the Covid-19 pandemic crisis can be called "Individual Initiative Policy (IIP)", which will lead affected people to clutch every possible opportunity so that they can contribute to the family livelihood and create family enterprises as the part of self-employment formation. The "Societal Initiative Policy (SIP)" has an auspicious intensity to reduce the economical crisis of Covid-19. People sometimes are incapable to create their employment due to inadequate essential supports, which necessitates the society to architect those supports (Qardawi, 1985, p. 35) or facilitate employment opportunities for them (Akhtar, 2014, p. 38). The practice of this policy has taken place through the employment creation initiative by Prophet (pbuh) for the beggar (Sunan Abu Daud: 1641, Book of Zakat) who was less-privileged due to the lack of underlying supports of skill to make a regular good into a business item. Hence, as part of this policy, uncultivated land and idle wealth can be distributed to the pandemic affected people that will pattern a way out of the shock. On the other hand, "old-age" or "food pack" donations that are kept in the rack of mosques or public warehouses loaded with necessary rations for free distribution, the "suspension meal" that is collected from a customer who buys it as an extra on top of his meal, and keeps with the seller to be given free to the needy ones upon their inquiry are workable to prevent the food insecurity during and post-pandemic. However, the appointment of Prophet (pbuh) under Khadzah (ra) as a business manager to take care of her business is also an instance of employment creation under SIP policy. There might be a policy called "Co-operational Initiative Policy (CIP)". People who are suffering from unemployment in their place due to a lack of resources and facilities may move to a place where they will have employment opportunities (Qardawi, 1985, p. 53). The privileged Muslim countries in this regard should unveil employment opportunities in their land as a part of sacred responsibility and cooperation which is inspired by the Quran (5:2). The examples of Ansar in terms of sacrifices and co-operations towards Muhajir (Bukhari, 2719, book of conditions) are vibrant to follow this policy. Hence, to exercise this policy, the privileged Muslim countries may allow emigrants from the pandemic affected unprivileged countries into their land. Likewise, the "Friendly Initiative Policy (FIP)" can rigorously help the classified misfortunate people of the society. The exposed cults such as mentally and physically disabled, widows, orphans, old aged unable to work or disaster-affected (Qardawi, 1985, p. 53) are entitled to be rehabilitated through the state, society, neighbour, relatives (Quran, 2:177) and adjacent philanthropists (Qardawi, 1985, p. 53) for a peaceful regular life as a means of justice and Ihsann (Quran, 16:90). A "Crisis-Response" emergency zakat and awqaf fund can be initiated to found countrywide food banks, cold storage, warehouses for sustainable food security as a means of "State Response Measures (SRM)" to Covid-19, which may fully be organized by the state under the "Institutional Initiative Policy (InIP)". Aside, from measuring the extent of the crisis, there can be food transfer and incentives given among the affected areas on a short and long term basis. Public utility charges such as water, electricity and fuel costs for public transportation can also be subsidized through this fund. Furthermore, the South Asian Muslim countries have observed the shutdown of many educational institutes, especially privately run ones. All these institutes deal with pandemic hindrances, are eligible to be funded to resume their regular operations and students also can be financed to escape the burden of tuition fees. South Asia as an agro-based reign, for example, agriculture is 45% of the labour force of Bangladesh (Bangladesh Bureau of Statistics, 2016) which is 84% of rural people's occupation (Uddin, 2015), which adds around 17% of the total GDP of the country (Bangladesh Bureau of Statistics, 2016), in Pakistan 21% GDP is contributed from agriculture with 2.7% annual growth (Azam & Shafique, 2017; Govt. of Pakistan, 2004/05), which is 44% of the total employment and the determinant of livelihood for 62% rural population (Azam & Shafique, 2017), is suffering severe economical vulnerability by Covid-19. Hence, this enlarged domain of economy should be granted free fertilizer, seeds, cultivating tractors, agriculture enhancement training, pieces of other light equipment and other underlying agriculture based services i.e research for sustainable agriculture through this fund. However, to enrich the infrastructures and resources to facilitate one-stop crisis centres to provide immediate medical support for Covid-19 infected, on and off-line one-stop service centres, trade zones for various trades, temporary employment information and creation assistance booths, constant innovations (Muslim: 2361, the Book of Virtues) to lessen infection spread and to share the business idea which had been embodied by Ansar and Muhajir in Medina are worthy to deal with the pandemic crisis. Setting up a nationwide pre-caution shelter booth through this fund is significantly important to distribute free protective gears, hand gloves, sanitizers, face masks and face shields for possible exposed ones to the pandemic. Yet, if there is a shortage of funds, the advance zakat disbursement scheme can be enforced by applying the *darurah* (necessity) policy of Islam. Establishing "Combined Islamic Community Bank (CICB)" can be a major way out from the pandemic economical recession across the reign. All Islamic social funds i.e zakat being separated scheme as it has classified recipients to distribute and others such as awqaf, *qard al-hasanah*, donation, *hibah* and CSR being unified are potential for the classified individuals and institutions that are discriminated by the pandemic. This policy may play a substantial role in slimming the financial shortage of the state, its debt burden, budget deficit and instalment payment loads along with creating huge employment opportunities.

In the realization of *Fiqh al-Waqi'* and *Fiqh al-Awlawiyaat*, "Social Industry (SI)" can be founded through zakat and awqaf donations to produce protective gears which would have a dynamic aptitude to fight against the unemployment disaster by of Covid-19. Employees who have lost their jobs in various sectors such as the garment sector in Bangladesh can be mobilized into the factories that produce ventilators, oxygen cylinders, personal protective equipment (PPE), ICU beds, face masks and shields, hand sanitizers and gloves and oximeters etc which have already been highly demanded all over the world. However, "Temporary Public Work Program (TPWP)" (World bank, 2020, p 50-51) realizing the *Fiqh al-Waqi'* can also be manifested. People who are in grief due to losing their permanent job may be engaged in temporary food delivery, sanitizing public places (World bank, 2020, p 50-51), old-aged and child care for the parents and offspring of

Covid-19 patients and front-liners, emergency health and protective items dropping-off to the doorsteps of affected people and mobile health services. "Private-Public Partnership Fund (PPPF)" running under a Special Purpose Vehicle (SPV) for its flawless function might be a unique initiative. Realizing the musharakah (participating) framework, all private and public entities, NGOs, charities and relief organizations can be the master sponsors for this fund that will help to set up Covid-19 hospitals and clinics, nationwide emergency health assistance booths, call centers to follow-up the quarantine people, vaccine research lab and to implement free mass vaccination program.

Islamic banking and finance industry has an enormous responsibility based on fard and Ihsan frameworks to its customers who are in direly need of credit extension and necessary funds to prevail their business operations that have been affected by the pandemic. Especially, the pandemic affected large scale companies that have a potential contribution to inclusive growth should be financed to secure regular growth and employment flow. Issuing "COVID-19 SUKUK (C19S)" through the Capital Market has possible prosperity to rejuvenate affected private and public entities. Existing potential players in the market may subscribe to the Sukuk realizing the ta'aun (Cooperation) (Quran, 5:2) framework. Similarly, IBF may yield the firms and individuals debt-services and instalments moratoriums for this considering period to protect them from the financial downturn. However, it may escalate the remote area's social functions representing its services through the nationwide branch network. The role of micro-credit and finance is also immense in this crucial circumstance; they may introduce a "Comprehensive Qard al-Hasanah Scheme (CQHS)" as the safeguard of Small-Medium Enterprises (SME) that have severely been devastated by several lockdowns. The existing micro-credit loan can be distinguished as a moratorium facility for those who are unable to pay (mu'sir, Quran, 2:280) until a new normal realizing the Ihsan framework. On the other hand, takaful may also have a dominant posture to deal with the pandemic disaster. The classified low-income people such as garments, constructions, restaurants, public transport workers and Covid-19 front-liners who are exposed might be granted takaful policies with a nominal (free if possible) fee along with the policy revision of existing clients covering the Covid-19 treatment cost.

The awareness of the "Hayat al-Mutawassitah Policy (HMP)" (cost-effective livelihood or simplicity) may lead to an accommodating life standard to deal with the Covid-19 economical crisis. The teaching of Prophet Yusuf (pbuh) (Quran, Yusuf: 47 & 48) can be a parameter in this regard. This HMP can be carried out by avoiding heavy debt by the individual and country, overconsumption, waste (Quran, 07:41) and luxury. However, branding the "simple-life", emphasizing the necessity and needfulness of people's life can be a significant way to get rid of the pandemic crisis. The country's print, electronic and social media may voluntarily promote the idea nationwide. Alongside, the Tashaddud (desperate) state of policy should also be avoided to let affected people safe from the pandemic shock. For instance, potential employers should empathize with employees by not paying them off rather lessening their salary at least to keep their hope not to be unemployed (Word bank, 2020, p 51).

CONCLUDING REMARKS

It can be said that the application of the aforementioned policies using Islamic financial tools creates various rooms to escape the Covid-19 pandemic crisis and to stabilize the economic process. The previous Islamic state authority was fully reliant on the discussed tools for hundreds of years for the state-owned treasury that was spent for infrastructural and human development projects which are alike to the current time activities of the ministry of the finance and economy, the central bank and the capital market.

The paper furthermore, demonstrated the dire outlook of the South Asian economy caused by Covid-19 and analyzed several forecasts, then proposed the policies to be adopted in the South Asian countries, more specifically South Asian Muslim countries like Bangladesh, Pakistan, Maldives and Afghanistan. There are still much-needed rooms to adopt the proposed policies because of their diversified approaches that include individual, societal and institutional sufferers. Hence, the application of the policies such as Individual Initiative Policy (IIP), Societal Initiative Policy (SIP), Co-operational Initiative Policy (CIP), Friendly Initiative Policy (FIP) and Institutional Initiative Policy (InIP) that refers to "State Response Measure (SRM)", "Combined Community Bank (CCB)", "Private-Public Partnership Fund (PPPF)", "Social Industry (SI)", "Temporary Public Work Program (TPWP)", "Comprehensive Qard al-Hasanah Scheme (CQHS)", "Hayat al-Mutawassitah Policy (HMP)" or cost-effective livelihood awareness, enhancing and stabilizing social operations, issuing Covid-19 Sukuk (C19S) and moratoriums utilizing the underlying tools like zakat, awqaf, micro-credit and finance, IBF and other supplementary tools like sadaqah, irfaq, mahr, hibah has leading workability as to be authenticated by Allah (sw).

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