

Impact of COVID19 on Global Economy

Mrs. Amita Kulkarni and Anita Choudhary

The Byramjee Jeejeebhoy College of Commerce, Mumbai, Maharashtra

Abstract: *With the advancement of cosmopolitanization and globalization, thick populace and enormous scope populace stream make the economy more coordinated, yet in addition make the spread of the plague all the more quickly. The effect is uncommon. The episode of Corona virus has disturbed the Chinese economy and is spreading around the world. The advancement of the illness and its monetary effect is profoundly unsure. As a result of its high infectivity, high mortality and hatching period, the really preventive measures are to control social distance and segregation, which makes numerous monetary exercises inconceivable. Worldwide Gross domestic product will fall by as much as 3%, while emerging nations will be the hardest hit, however much 4% overall, yet some were over 6.5% and world product exchange will dive by 13% in 2020 because of the Coronavirus pandemic. This paper examines the full-scale monetary effect of new Covid on the world Gross domestic product, stock exchange (accepting China as an illustration with different nations), and different ventures, and proposes a few countermeasures*

Keywords: Coronavirus pandemic

I. INTRODUCTION

Coronavirus is spreading quickly all over the planet. It's anything but a straightforward mishap from the primary disclosure of the new Covid in Wuhan, China toward the finish of 2019. Tedros Adhanom Ghebreyesus brought up that the new Covid will exist together with us for quite a while. The episode of Coronavirus has disturbed the world economy. Due to its high infectivity, high mortality and brooding period, the really preventive measures are to control social distance and segregation, which makes numerous financial exercises unimaginable. The Coronavirus will change the large-scale climate of the world economy from the parts of total interest and complete stockpile, work pay and monetary market exchange. The advancement of the illness and its monetary effect is exceptionally questionable. In any case, before that, individuals didn't regard irresistible illnesses as a significant component influencing the economy.

As per yearly Exchange Attitude toward 8 April gave by WTO, world product exchange will fall by somewhere in the range of 13 and 32% in 2020 because of the Coronavirus pandemic. WTO business analysts accept the decay will probably surpass the exchange droop welcomed on by the worldwide monetary emergency of 2008-09. Exchange is probably going to fall all the more steeply, especially in hardware and auto items. Administrations exchange will likewise be exceptionally affected because of the burden of transport and travel limitations and the conclusion of many retail and neighbourliness foundations. It is said worldwide Gross domestic product will fall by as much as 3%, while emerging nations will be the hardest hit, however much 4% overall, yet some were over 6.5% (Maliszewska et al., 2020).

This paper will break down the full-scale monetary effect of new Covid on the world, and accept China as an illustration to investigate its effect on three principal ventures, as well as World Exchange arrangements.

II. THE IMPACT OF COVID-19 ON WORLD ECONOMY

2.1. The impact of the new COVID-19 on GDP in various countries

The Coronavirus pandemic contrasts uniquely from past triggers of slumps. Diseases diminish work supply. Quarantines, provincial lockdowns, and social separating are typically taken on to contain the infection. Work environment terminations upset supply chains and lower efficiency. Cutbacks, pay declines, apprehension about disease, and uplifted vulnerability cause individuals to spend less, setting off additional business terminations and employment misfortunes. All lead to a closure of a huge piece of the economy (IMF). These homegrown interruptions spill over to exchanging accomplices through exchange and worldwide worth chain. Contrasted and the economic crisis of the early 20s in 2008, the effect of Coronavirus on worldwide economy is more extreme. As indicated by IMF, the

world will lose 9 trillion US dollars, comparable to the Gross domestic product of Japan and Germany, multiple times that of South Korea. The effect of new Covid on Gross domestic product in different nations is as the accompanying Table 1.

Table 1 The impact of COVID-19 on global economy compared with the economic crisis in 2009(%)

| GDP growth rate | 2008 | 2009 | 2019 | 2020 | 2021 |
|-----------------|------|------|------|------|------|
| World | 3 | -0.1 | 2.9 | -3 | 5.8 |
| China | 9.7 | 9.4 | 6.1 | 1.2 | 9.2 |
| Japan | -1.1 | -5.4 | 0.7 | -5.2 | 3 |
| Korea | 3 | 0.8 | 2 | -1.2 | 3.4 |
| United States | -0.1 | -2.5 | 2.3 | -5.9 | 4.7 |
| ASEAN-5 | 5.4 | 2.5 | 4.8 | -0.6 | 7.8 |
| European Union | 0.9 | -4.2 | 1.7 | -7.1 | 4.8 |
| Africa | 4.5 | 3.2 | 3.2 | -1.7 | 4.6 |

Source: https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEO/WORLD

As found in Table 1, in 2009, because of the monetary emergency, the worldwide Gross domestic product was just decreased by 0.1%, yet in 2020, the worldwide economy will be diminished by 3%. In every one of the nations recorded, with the exception of China, the monetary development is all negative, however all things being equal, China's financial development is 4.8% lower than the IMF anticipated before the flare-up in January. The greatest adverse consequence on the EU will be 7.1%, trailed by 5.9% in the US and 5.2% in Japan.

2.2. Impact on merchandise trade

As per Korea exchange affiliation information, the flare-up of Coronavirus has disturbed the world ware exchange enormously. Accept China as an illustration to make sense of its effect on the imports and products with Korea, Japan and the US as found in Table 2.

It shows that in the main quarter, all most every one of the imports and commodities of China with USA, Korea, Japan, are negative. Particularly with USA, the greatest import and product development rates are - 23.54%, and - 36.47% individually on Spring. The greatest import development pace of China with Korea was - 17.91% on April, and product of - 13.01% on February. With Japan, the greatest product development rate came to - 47.02% on February and import of - 8.75% on Spring.

Table 2 Growth rate of commodity trade between China and other countries

| Trade amount and growth rate | | 2020 | 2019 | | 2020 | 2019 | |
|------------------------------|-------|---------------|------------|-------------|---------------|------------|-------------|
| Countries | Month | Import amount | | Growth rate | Export amount | | Growth rate |
| United States | 3 | 7,971,890 | 10,426,534 | -23.54% | 19,805,426 | 31,175,673 | -36.47% |
| | 2 | 6,815,003 | 8,433,552 | -19.19% | 22,813,059 | 33,194,398 | -31.27% |
| | 1 | 7,215,277 | 7,134,336 | 1.13% | 33,280,571 | 41,603,831 | -20.01% |
| Japan | 3 | 11,072,992 | 12,134,768 | -8.75% | 13,316,389 | 13,935,852 | -4.45% |
| Korea | 2 | 10,565,088 | 10,599,601 | -0.33% | 6,265,724 | 11,826,917 | -47.02% |
| | 1 | 8,338,718 | 8,910,999 | -6.42% | 16,144,501 | 17,103,441 | -5.61% |
| | 4 | 10,203,532 | 12,429,814 | -17.91% | 9,616,908 | 9,793,054 | -1.80% |
| | 3 | 10,684,398 | 11,442,781 | -6.63% | 8,949,028 | 8,804,782 | 1.64% |
| | 2 | 8,827,088 | 9,532,194 | -7.40% | 5,552,953 | 6,383,455 | -13.01% |
| | 1 | 9,645,824 | 10,836,336 | -10.99% | 9,424,173 | 10,338,825 | -8.85% |

Source: <https://www.kita.net/>

Both import and product sum among China and USA, Japan and Korea are diminished in the Primary quarter of this current year contrasted and the Last quarter of Last year, as Fig. 1 and Fig.2.

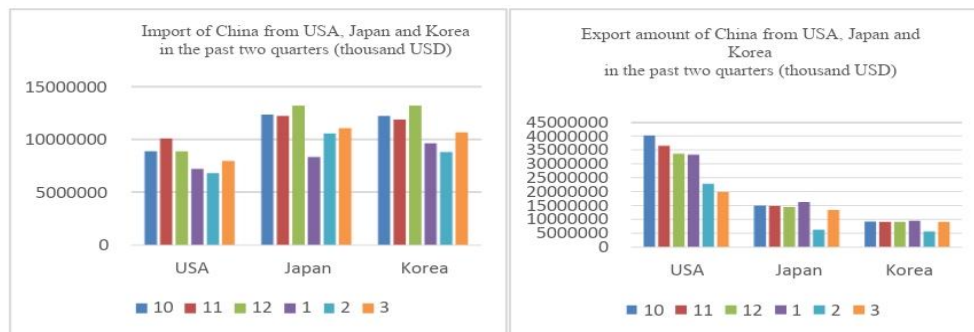


Fig. 1 Import amount of China in the past two quarters Fig.2 Export amount of China in the past two quarters

As should be visible from the import and product graph, contrasted and the last quarter of last year, imports in the primary quarter of 2020 have been essentially diminished. With the lockdown of Wuhan on January 23, China entered the most extreme time of the pestilence, and its commodity sum fell strongly. Products to Japan fell by 61%. As the pestilence in the US became extreme, it dropped forcefully in February and Walk, while Korea and Japan recuperated somewhat as the pandemic facilitated.

III. THE IMPACT OF COVID-19 ON THE THREE INDUSTRIES

3.1. Impact on primary industry

At the point when the pestilence is as yet happening in numerous nations, the effect of the essential business will be additionally strengthened. The US euthanized pigs, unloaded milk and other financial downturn scenes rehashed. Germany spilled out a ton of lager. Many drive-thru eateries couldn't deliver burgers. Due to the episode of the pestilence, the transportation of rural method for creation is obstructed, the channel for animals and poultry reproducing is hard to get in and out of the market, and mature vegetables can't enter the market, which makes the vegetables spoiled on the ground, animals butchered and covered, causing extraordinary misfortunes and waste (<http://www.fao.org/news/story/en/thing/1269721/icode/>).

3.2. Impact on secondary industry

The assembling area is a significant piece of the economy as it represents almost 16% of the worldwide Gross domestic product in 2018. According to the assessment by Joined Countries Meeting on Exchange and Improvement (UNCTAD), the Coronavirus episode could cause worldwide FDI to shrivel by 5%-15%, because of the destruction in assembling area combined with manufacturing plant closure.

Because of the pandemics of Coronavirus across the globe, the producers of vehicle, food and drink, compound, hardware, electrical and gadgets, metal, avionics, drug and airplane are confronting concerns in regards to the accessibility of unrefined components. Lately, there has been serious areas of strength for a for clinical materials. As per the information estimation of UN COMTRADE, in 2018, China's product of clinical covers represented 46.0% of the world's complete commodity, and the product of defensive attire represented 49.3% of the world's absolute commodity. Under the worldwide spread of the pandemic, in 2020, the items with enormous assessed trade worth of public guard pestilence items are primarily clinical covers, dispensable caps, clinical gloves (plastic materials), ultrasonic CT, clinical goggles, defensive attire, patient screens, liquor cotton ball q-tofs, respirators and infrared thermometers (Shen,2020).

3.3. Impact on the tertiary industry

The movement and the travel industry area with Coronavirus flare-up, has been especially hard hit. The European Association's travel industry is assessed to lose around €1 billion in income each month because of the flare-up. Because of the seriousness of movement limitations and the normal worldwide downturn, the Global Air Transport Affiliation (IATA) gauges that industry traveller incomes could fall by US\$252 billion, 44 percent beneath the 2019 figure. As per the measurements of the Service of Transport of Individuals' Republic of China, in 2020 the Spring

Celebration Rail line sent travellers 210 million travellers, a year-on-year decline of 47.3%, thruway travellers 1.21 billion travellers, a year-on-year reduction of 50.8%, stream travellers 16.89 million travellers, a year-on-year lessening of 58.6%, and common flight travellers 38.39 million, a year-on-year decline 47.5% (http://www.mot.gov.cn/jiaotongyaowen/202002/t20200220_3334989.html).

Be that as it may, online administrations have risen emphatically. Paying attention to tunes, wellness, or learning through internet-based courses, make working from home, online clinical. The market size of online training in 2020 is supposed to surpass RMB300 billion yuan in China (Zheng et al., 2020).

In a word, because of the Coronavirus episode, it is challenging to move the horticultural items in the essential business to deal with in the optional business, bringing about misfortunes and squanders. Simultaneously, substance composts and machines created by the optional business can't be conveyed to ranchers, which further influences the essential business. The stoppage or lull of the auxiliary business has caused the deficiency of transportation of the tertiary business. Regardless of whether the auxiliary business produces items, the absence of labour supply for transportation will likewise make the items unfit to arrive at the following stage. The absence of deals staff in the tertiary business prompts the sluggish or misuse of wares in the essential and optional enterprises. It is additionally because of the conclusion of the travel industry and cooking industry that antagonistically influences the essential business. Due to keeping social separation and less individuals moving, all enterprises will limit one another. The impact of Coronavirus on the Three Enterprises is as the Fig. 3.

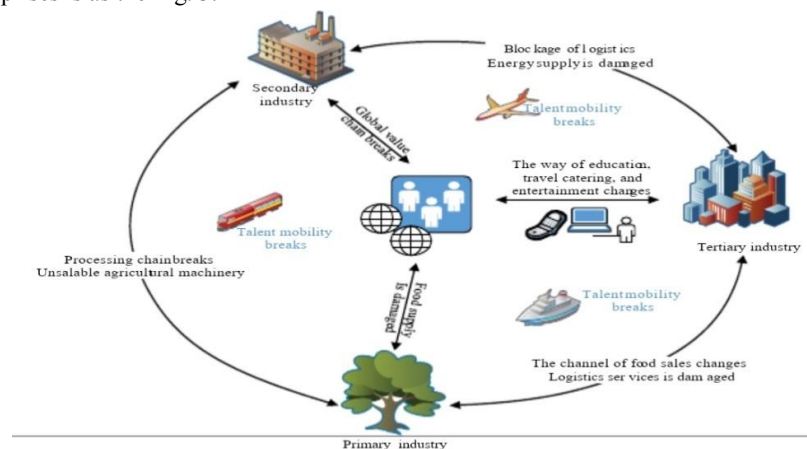


Fig. 3 The effect of COVID-19 on the three industries

IV. COUNTERMEASURES FOR ECONOMIC DEVELOPMENT IN COPING WITH COVID-19

With the consistent flare-up of new coronary pneumonia, the assurance exchange has extended, and different global associations have been compromised. Yet, to beat hardships, nations need to reinforce strategy coordination and participation, accomplish monetary dependability through financial salvage and upgrade programs, and keep the natural emergency from developing into a financial emergency ; To adapt to future plagues, foundation development, for example, medical coverage and man-made reasoning ought to be reinforced to investigate development focuses; To diminish work use in non-industrial nations, ceaseless advancement and change ought to be created (Tong, et al., 2020).

4.1. To strengthen international cooperation

WTO as an association laid out for worldwide exchange, it additionally does other financial exercises in view of the assurance of human security. Two WTO arrangements address measures embraced by individuals to safeguard general wellbeing or public security - the Settlement on the Use of Clean and Phytosanitary Measures (SPS Understanding) and the Settlement on Specialized Boundaries to Exchange (TBT Arrangement). The heads of the World Traditions Association (WCO) and the World Exchange Association (WTO) gave a joint assertion on April 6, promising to cooperate to advance the exchange of clinical supplies, food, energy and other essential materials. Individuals ought to reinforce collaboration to work with and improve on cross-line techniques, particularly to focus on those for sending

out and bringing in fundamental merchandise to adapt to Coronavirus. The UN framework on 25 Walk sent off a combined compassionate allure under which FAO requested benefactors for \$110 million to safeguard the food security from weak provincial populaces.

As Bill Doors said the world necessities WHO now like never before. When confronted with troubles, the world requirements participation like never before. Reinforcing participation would be more viable than acting alone, as it would have a positive overflow impact through exchange and further developed certainty (Boone, 2020).

4.2. To increase infrastructure construction

The foundation development remembers public speculation for medical services, traffic framework, and environmental change. In light of the Asian monetary emergency in 1998 and the worldwide financial emergency in 2008, the Chinese government has put resources into huge scope framework, enormously diminishing transportation costs, working on the proficiency of asset allotment among districts, and improving the worldwide seriousness of made in China. In the first place, qualified public venture is vital in medical care frameworks to safeguard individuals and limit the dangers from future plagues. Second, new frameworks, for example, 5G, man-made brainpower, modern Web, brilliant city, advanced economy, instruction, clinical and other new foundation ought to supplement the conventional frameworks to develop new monetary development point (Liao and Zhang, 2020).

4.3. To create more innovation and reform

In created nations, machines have made 85% of Gross domestic product. It is fundamental for non-industrial nations to stay aware of this and reinforce advancement and logical turn of events. Operations extraordinarily affects different businesses, and the advancement of coordinated factors strategies, for example, robots will assume a significant part in future turn of events. The South Korean government's sans vehicle quarantine, as well as car cinemas, whether in the scourge avoidance or administration enterprises, proceed to improve and stay up with the times.

V. CONCLUSION

The Coronavirus is spreading quickly all over the planet. Worldwide Gross domestic product will fall by as much as 3%, while agricultural nations will be the hardest hit, however much 4% by and large, yet some were over 6.5% and world product exchange will plunge by somewhere in the range of 13 and 32% in 2020 because of the Coronavirus pandemic. In the first place, this paper looks at the effect of Coronavirus on worldwide Gross domestic product with the financial emergency in 2009 and analyses the progressions in import and commodity sum impacted by the pandemic circumstance of China with the US, Japan and South Korea in the Principal quarter. Second, this paper clarifies the effect of different ventures for give a premise to future countermeasures. Last, this paper gives a few ideas for adapting the Coronavirus on the planet economy. For the vulnerability of COVID19 pneumonia, this paper just breaks down the effect on a few significant nations' economy since the flare-up of the pandemic and just makes a basic clarification on the item exchange the plainly visible viewpoint. A worldwide emergency requires a worldwide reaction and there is a requirement for worldwide joint effort and participation on wellbeing, yet additionally on exchange, finance and macroeconomic strategies.

References

- [1] Maliszewska M, Mattoo A, & Van Der Mensbrugge D. The potential impact of COVID-19 on GDP and trade: A preliminary assessment. World Bank Policy Research Working Paper, 2020,9211. [2] IMF. World economic outlook: The great lockdown, International Monetary Found Report, 2020.
- [3] <http://www.fao.org/news/story/en/item/1269721/icode/>.
- [4] Shen, G. The Impacts of Global Spread of COVID-19 Epidemic on International Trade and the Corresponding Countermeasures, Frontiers, <https://doi.org/10.16619/j.cnki.rmltxsqy.2020.30.005>
- [5] http://www.mot.gov.cn/jiaotongyaowen/202002/t20200220_3334989.html
- [6] Zheng J, Fu Y, Tao J. Impact of the Covid-19 Epidemic on Consumption Economy and Countermeasures Analysis. Consumer economics, 2020, (4):1-9.

- [7] Tong J, Sheng B, Jiang D, et al. Global Economy amid the COVID-19 Outbreak and Challenges for China. International Economic Review, 2020, (3):9-28.
- [8] Broone L. Tackling the fallout from COVID-19. China Policy Review, 2020, (2):138-144.
- [9] Liao M, Zhang M. Novel coronavirus pneumonia's impact on China's economic growth, Fujian Forum (Humanities and social sciences),2020, (4):25-33.