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Covid-19 and its Global Impact on Economy

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ABSTRACT: The World Health Organization (WHO) has stated that the new outbreak of coronavirus is an international public health emergency, officials announced on Thursday, January 30th, 2020. The WHO recommended that the condition be called acute respiratory condition 2019-nCoV. The 2019 novel corona virus (2019-nCoV), which originated in Wuhan, China, has spread alarming public health authorities around the world to more than 100 countries. According to the WHO on 14 May, 2020, more than 393,616 people died and over 6,726,982 were infected worldwide. India recorded 2, 27,273 positive cases on 5 June 2020, 6,397 people died, and 1, 09,462 have recorded according to Situation Report on Coronavirus Disease 2019 COVID-19. The emergence of the Covid-19 pandemic worldwide has disrupted the entire world's political, social, cultural, religious and financial systems. The world's top economies like the US, China, UK, Germany, France, Italy, Japan, India and many more are on the brink of collapse. It also noted that economic recovery from this fatal disease is only possible by 2021 as it has left serious impacts on the global economy and the countries face many difficulties in getting it back into a stable state.

I.INTRODUCTION

A Novel Virus Covid-19 is nowadays an infectious disease caused by the respiratory syndrome. Covid-19 was first detected in this world's chine outbreak of affected viruses in the capital of Wuhan. A variety of pandemic diseases have been affected in this world for the 20th century, but from December 2019 until now this is one of the global pandemic diseases affecting many countries. In this world the corona virus diseases spread easily among people at high numerous rates. WHO has declared lock-downs and social distancing is mandatory for various countries to prevent transmitting covid-19 virus.

Table 1. Virus Affected Diseases in this World

Sl.No	Virus	Period	Death
1.	Spanish Flu	1918-1919	50 Million
2.	Asian Flu	1957-1958	1-1 Million
3.	Hong Kung Flu	1968-1970	1 Million
4.	HIV/AIDS	1981-Present	36 (Million Upto 2019)
5.	COVID-19	December 2019- Present	393,616 Upto 5 June 2020

COVID-19 cases grew rapidly in the region. The Indian government has taken a variety of steps to flatten the curve, such as implementing a national 5 Three Month lockdown and a full travel ban. One of the first industries to be affected by the outbreak was the travel & tourism industry, which would most likely be the hardest hit too. The Indian Tour Operators Association (IATO) estimates that the hotel, transport and aviation sectors will result in losses of up to Rs 8,500 crores due to transport restrictions imposed on international tourists. The drop in numbers in the tour operating and ticketing space is already affecting several small and medium sized players. Liquidity crunch will most likely lead to significant job losses in the coming months. Ticket cancelations, refunds and low airline utilization rates have made matters worse for the already distressed aviation industry in the midst of a cash crunch. The industry association seeks relief in the form of tax cuts, deferment of GST payment, addition of jet fuel under GST, reduction of airport charges, a temporary reduction in excise duty on jet fuel, and other financial assistance to cushion the impact.

II. GLOBAL IMPACT

The Association for Events and Entertainment Management (EEMA) has sought assistance to help its 60 million workers following the postponement or cancelation of all major national events due to the pandemic. The industry has a large section of blue-collared daily wage workers, whose survival is at risk because of the nationwide lockout. There is no behind the popular cinema industry. All the new releases and film shoots were put on hold. In the next 2–3 months, the Indian movie industry will likely face a loss of ~INR200–250 crores.

With social distancing being a norm, travel & tourism as well as entertainment industries are not expected to recover quickly for at least the next few months. In turn, the situation will be compounded by unemployment and a decline in income rates. The automobile sector also feels the pinch. It is estimated that the lockdown has reduced production by ~240,000 units in passenger cars alone (~10 per cent of total annual production). Each day of production loss causes the industry to lose on average revenue in excess of INR2,300 crores, aggregating to over INR48,700 crores (~2 percent of total revenue from the automotive industry) over 21 days. Globally, the propagation of the pandemic has had a whiplash effect through the supply chain. Automotive manufacturers in India are highly dependent on automotive components imported from the countries affected by COVID-19 such as China, Germany and South Korea. This aspect will have an adverse impact on production too. The pandemic has crippled economies and has forced corporations to reassess their strategies. Companies will need to build up their financial resources and concentrate on building a lean framework to stir the volatile market climate up.

III. GLOBAL NATURE

Together with its high severity and long duration, the global nature of the outbreak is expected to change the market environment by changing trade flows, investment trends and consumption patterns. For businesses, therefore, the priority should be to draft a comprehensive action and recovery plan to mitigate the risks and address the major challenges. In FY 2020, which began in April, the economy will suffer as a result of containment measures and weaker external demand and growth forecasts for India to 1.9% from the 5.8% expected in January, maintaining that the 'Extension of Lockdown' to counter the covid-19 outbreak would plunge the global economy into the worst recession since the Great Depression in the 1930s.

India's manufacturing PMI fell from 51.8 in the previous month to 27.4 in April 2020 and far below market consensus of 42 and India services PMI fell from 49.3 to 5.4 in April 2020 and far below market expectations of 40.0. Owing to the effects of the COVID19 pandemic, the latest reading pointed to the second straight month of contraction in the sector, amid restrictions on citizens' movement and company shutdowns. Nonetheless, India's economy could pick up in the second quarter as companies restart their operations with supply chains streamlined.

There are 231 Special Economic Zone (SEZ) operational, and about 355 SEZ notified in India. COVID-19 pandemic may be good news for Indian competitiveness and capital inflows as long as the government can balance the recovery after the second quarter of 2020 by offering incentives and other benefits to foreign investors that support their business plans in India. Nevertheless, in the end, the advantages of India's SEZ policy have been significant, as it is one of the reasons why the number of foreign companies operating in India is rising. From 1995 till 2020, foreign direct investment in India totalled \$1412.87 million. While, FDI in India increased during the COVID-19 pandemic

IV. MSME

The Indian Micro, Small, and Medium Enterprises (MSMEs) sector is the backbone of the country's economy. Approximately 97 percent of the industries in India fall under the category of MSMEs and are the main drivers of economic growth, innovation, jobs, and also contribute 31 percent of India's GDP. Around 75 million companies are based in India and around 45 per cent contribute to manufacturing production, more than 45 per cent contribute to Indian exports and generate about 114 million jobs. Some Indian companies are directly interested in exports and most of the MSMEs are indirectly engaged in the ecosystem of exports through intermediate goods manufacturing for larger companies. This has significant effect on MSMEs due to the COVID19 lockdown in India on March 24, 2020, and the contribution of 31 percent of Indian GDP has already dropped. Nearly 25 per cent of businesses are on the road to being completely shut down and more than 60 per cent of companies do not have wage-paying assets. "Make in India" initiative has the potential to revolutionize the Indian economy, all for better reasons. It can also generate employment opportunities with the investment in the manufacturing sector and the advancement of technology. Such an initiative requires a well-coordinated effort on the part of both the Ministry of Trade and Industry and the state governments.

V. WORLD ECONOMY NATURE

For India, China is the largest trading partner, India imports \$480 trillion valued product from around the world, valuing \$68.16 trillion of goods from China, where India exports \$322,786 trillion valued product to the world and exports \$16.96 trillion valued products to China in 2019. In Asia, India is one of the top countries withholding the maximum number of Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs) either in operation or under negotiation or proposed and most of them exist with Asian countries which are quite different in terms of their level of economic development from one another.

India has 42 trade agreements (including PTAs), where 13 are in operation, 16 are under negotiation, 12 are proposed / under negotiation / study, and 1 is signed but not yet enforced, according to the Asian Development Bank Institute. India also needs to concentrate on more trade agreements to enhance bilateral trade, while trade agreements are an important path to integrating into the global economy and improving economic cooperation with other nations. Nearly 162 countries are steadily going into lockdown, and businesses around the globe are operating in fear of a global financial markets collapse.

Nearly 55 per cent of India-imported electronics originate in China. In view of the coronavirus outbreak and subsequent lockdown, these imports have already fallen to 40 per cent. India is considering promoting indigenous production as a countermeasure, in an effort to reduce dependence on a single market. In addition, China is India's third-largest export partner for exporting raw materials such as organic chemicals, mineral fuels, cotton, etc.; and a country lockdown is likely to result in India's substantial trade deficit. India is big on cultural and historic tourism, attracting nationals from home and abroad all year round. After the Government of India indefinitely suspended tourist visas, airlines are said to be working under pressure.

Close to 600 international flights to and from India have been cancelled for various periods of time. Approximately 90 domestic flights were cancelled, resulting in a sharp drop in airline fares, even on popular local routes. Private airport operators have requested permission from the Government to impose a nominal passenger facilitation charge on airfares to cover the increased cost of operation. India is already running short on its collection of GST revenues and the fear of coronavirus could make matters worse.

Security of workers is the need of the hour. Nevertheless, with no experience dealing with a virus that has the potential to spread quickly, several companies are wiping off their hands by telling workers to stay home. However, some organizations are implementing measures such as temperature screening, disinfection of office premises, establishment of COVID-19 response teams, distribution of precautionary COVID-19 packages. Although COVID-19's mortality rate is lower than that of the influenza pandemic of 1918, it has caused widespread panic due to unclear communication lines. Organizations strengthen and maintain an open communication channel with all the stakeholders, including staff.

Like India, many foreign economies are becoming aware of the danger they face when they become too dependent on a single market. Making the current situation a learning opportunity, CXOs of Indian multinationals, which recently attended the Confederation of Indian Industry's (CII) Annual Meeting, believe that this is the time for India to work on capturing potentially 40 per cent of its competitor's market share by looking at indigenous commodity production, furthering the country's Make in India drive.

The World Bank and credit rating agencies discounted India's growth rate for fiscal year 2021 with the lowest numbers the country has ever seen in three decades since Indian economic policies liberalized in the 1990s. India's economy is likely to grow from 1.5 per cent to 2.8 per cent in the fiscal year 2020-21, which began on April 1, the World Bank said in its South Asian Economic Focus report. The novel coronavirus pandemic causes profound economic harm and could undo several decades of advances made in the industrial economy. There is a need to provide industry with immediate and significant funding to protect people, jobs and businesses.

According to data released by the National Statistical Office (NSO) on Friday (May 29) in the midst of the ongoing COVID-19 pandemic, India's economic growth slowed to 3.1 per cent in the fourth quarter of financial year 2019-2020. The government had implemented a lockdown from March 25, 2020 to curb the spread of coronavirus infections.

Notably, the Indian economy was affected during the quarter of January-March due to a worldwide slowdown in economic activity. Economic growth was the lowest since the global expansion of 3.1 per cent in 2008-09.

NSO data also showed that the growth of the nation's Gross Domestic Product (GDP) in the corresponding quarter of 2018-19 was 5.7 per cent. The Indian economy expanded 4.2 per cent in 2019-20 compared to 6.1 per cent in 2018-19. The Reserve Bank (RBI) had previously pegged GDP growth to 5 per cent for 2019-20, as projected by the NSO in its first and second forecast published in January and February this year. The CSO had revised downward growth from 4.7 per cent in the previous quarter of October-December 2019-20 to 4.1 per cent. Similarly, growth estimates for the first and second quarters were updated downwards from 5.6% and 5.1% to 5.2% and 4.4% respectively

VI. ADVISORY FOR FARMERS

The rabi crops are reaching maturity despite the danger of COVID-19 spreading. The processing and handling of the crop, including its transportation to the market, is unavoidable as it is time-bound for the agricultural operations. Farmers must however take precautions and safety measures to prevent the spread of the disease. Simple measures include social distance, personal hygiene by washing hands with soap, wearing face mask, protective clothing, and cleaning of tools and machines. Staff will obey safety measures and social distancing at any stage of the entire field operations cycle.

VII. CONCLUSION

The post-COVID-19 revival of the sputtering Indian economy is pivotal to the nation's 1.4 billion-larger population and increasing demand. Massive packages from the government are desperately needed to achieve that. This move will prove to be an elixir for the losses during the lockdown and will also allow the circulation of capital in the market. It's been weeks since PM Modi central government unveiled a Rs 1.7 lakh crore package to ease the economic pain caused by the COVID crisis, though several economists have called it an inadequate sum. Since a second kit is still awaited, hoping for a greater sum published for large micro, small and medium-sized enterprises (MSMEs).

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