

Impact of COVID-19 on the World Economy

Shaheen Manna, Sayantika Mukherjee*, Dipanwita Das and Amrita Saha

Department of Environmental Science, Amity Institute of Applied Sciences, Amity University, Kolkata
✉ sgmukherjee@kol.amity.edu

Received November 7, 2022; revised and accepted February 2, 2023

Abstract: Coronavirus is impacting the world we live in for the most vanquished way and all regions of the planet are left with hung economic loss. This pandemic has not just negatively affected medical care frameworks and communities' lives yet additionally influenced world economies and brought about employment misfortunes, and business disturbances, and made us head towards one of the most awful times ever for individuals on the planet. Nearly, every one of the enterprises is going through huge decreases in their business, and the effect is so much tremendous of this pandemic, that they are extending more terrible times ahead. The outburst of the Covid-19 pandemic has a remarkable shock to the Indian economy. The economy was at that point in a dreadful state before COVID-19 struck. With the persistent far-reaching lockdown, worldwide financial crisis, and related interruption of interest and supply chains, the economy has likely confronted an extended time of stand stillness. The extent of the financial effect is presently subject to the span and seriousness of the well-being emergency, the period of the lockdown, and how the circumstance unfurls once the lockdown is lifted. This study depicts the condition of the global economy in the pre-COVID-19 period, surveys the possible effect of the shock on different portions of the economy, and dissects the strategies that have been declared such a long way by the central government and the international banks to improve the financial shock and set forward a bunch of strategy proposals for explicit areas.

Keywords: COVID-19; Economic crisis; Employment misfortunes; Business disturbances.

Introduction

The COVID-19 pandemic has presumably given the greatest disaster for the world economy after the economic crisis of the early 20s (1930s). Around 60% of the total population is either under serious or halfway lockdown without having a clinical answer for the COVID and financial activities across nations have either slowed down or essentially decelerated removing a huge number of vocations. Because of the pandemic, the worldwide economy is projected to contract strongly by 4.9% in 2020, much more regrettable than during the 2008-2009 monetary emergency (International Monetary Fund [IMF], 2020). The world economy was set out toward a downturn and India was no exemption. The ongoing pandemic is managing an

exceptionally globalised world with interconnected production organisations and financial business sectors. The dropout of COVID-19 on the Indian economy is enormous given its lockdown, which was important to contain the spread of Covid, and in light of India's combination with the remainder of the world. Here is an analysis of the reasonable dropout of lockdown and prohibitive approach measures attributable to the pandemic on manufacturing, trade, the world's Gross Value Added (GVA), and micro, small, and medium endeavors (MSME) area.

Literature Review

The continuous COVID-19 pandemic has made remarkable interruptions to financial activities across

*Corresponding Author

nations, and India is no special case. The pandemic has seriously impacted and kept on disturbing worldwide value chains (GVCs), local production organizations, exchange/trade, administrations, and MSMEs accordingly influencing general development and government assistance. The ongoing pandemic is managing an exceptionally globalized world with interconnected monetary business sectors and production organizations. Hence, the monetary effect of COVID-19 is normal in each circle including development, global exchange, monetary business sectors, unemployment, earning, poverty, and a lot more factors. The Indian development model relies upon commodity driven development (Mishra, 2019), and subsequently can encounter a gigantic effect on development because of the lockdown amid the infection spread. On the global exchange front, it is normal to plunge into a scope of 13% mystic and critical situations, separately (WTO, 2020). Ozili and Arun (2023) noticed the overflow impacts of COVID-19 and hailed that the social removal proportion of the infection controlled the closure of monetary business sectors, corporate workplaces, organizations, and occasions which thus may essentially affect financial development. According to the International Labor Organization (ILO) assessment, the complete worth added by modern undertakings in China declined by 13.5% during the initial 2 months of 2020 (National Bureau of Statistics of China, 2020). There are numerous projections and assessments by organisations and researchers on the financial aftermath of the COVID-19 pandemic. Concerning influencing work and earning, ILO (2020) assessed that worldwide unemployment can go between 5.3 million and 24.7 million from a base degree of 188 million in 2019 pushing these individuals underneath the poverty line. Most existing research has concentrated on worldwide development, exchange, and unemployment, a some are nation explicit, particularly in India. In this specific situation, the current review means to make an appraisal of COVID-19 on the global economy and features key strategy measures to control the conceivable aftermath on the economy.

Methodology

The current review depends on peripheral information to have an effective evaluation of COVID-19 on the Indian economy. The information sources are reports of National Account Statistics, a declaration of the Ministry of Statistics and Program Implementation (MOSPI); Reserve Bank of India; Export-Import

Database, Handbook of Statistics on Indian Economy and Monthly Bulletin, Government of India, Ministry of Commerce, and yearly reports (different issues), Ministry of Micro, Small, and Medium Enterprises.

Findings

The infection Coronavirus began in China in late 2019. Notwithstanding, in the early part of 2020, it began to spread to different areas of the planet (Wu et al., 2020). The ejection of the Covid-19 pandemic gave a remarkable shock to not only the Indian economy but to the whole global economy. The economy was by then in a hazardous state when Covid-19 struck. With COVID-19 spreading rapidly in and around the world, policymakers focused on the most proficient method to fight the disease and cut off its impact on the economy (McKibben and Fernando, 2020). This Coronavirus pandemic just obliterated the World economy. The level of GDP may also fall, even more so when nations aren't impervious to the overall slump. Economies all over the planet are destroyed and financial exchanges have imploded more than ever; the incredible downturn has begun and kept on harming profound organisations overall except for medical services, and FMCG (Fast Moving Consumer Goods) as they are the fundamental requirements (Barua, 2020).

COVID-19 and Stock Markets

All around the world, COVID-19 cases have crossed 100 million imprints with more than 2 million demises. This is perhaps the deadliest pandemic to date, which caused the loss of living souls as well as prompted billions of dollars of misfortune to world economies. In early 2020, the infection was accepted to be a China-explicit issue, and individuals outside China scarcely recognised it as a central issue. Yet, with the fast spread of the illness and the resulting statement of the infection as a pandemic (Sohrabi et al., 2020; the World Health Organization [WHO], 2020) on March 11, 2020, the consideration moved emphatically and individuals were grasped by dread and vulnerability. Financial backers from one side of the globe to the other at first avoided stocks with China's disclosure, and with the spread of infection, markets gauged the monetary results of these critically on firms (Ramelli and Wagner, 2020).

The early to mid of the year 2020 saw one of the most emotional stock market crashes ever. Numerous nations were forced through severe lockdowns to stop the further spread of the infection and ended all

major monetary tasks, which eventually were gotten adversely by financial exchanges, thus the unavoidable market decline in March 2020. Stocks across the areas responded contrastingly to COVID-19 given the impact it has on the activities of the business, for instance, in S&P 1,500 example zones like flammable gas, food, medical care, and programming stocks acquired emphatically better yields when contrasted with shares in petrol, land, diversion, and hospitality zones which fell radically (Mazur et al., 2020). The Indian records NIFTY 50 and Sensex were stopped two times in 15 days in March 2020 when the market fell by 10% (Dasgupta, 2020). One S&P investigation, Coronavirus day-to-day update (2020) shows that at whatever point the market goes somewhere around 20%, it takes a normal of 536 days to recuperate. According to the report of the World Economic Forum (WEF, 2020), toward the finish of February 2020, the unpredictability in monetary business sectors had expanded manifold because of the offer given by financial backers and merchants to safeguard their capital.

COVID-19 and Jobs

Fundamental proof shows that the COVID-19 emergency is extensively more significant than the 2009 Global Financial Crisis (OECD, 2020). The blend of dread of disease, public rules, and extraordinary vulnerability delivered a sharp constriction in financial action and upset worldwide value chains with a profound and boundless shock to the work market. A few examinations have attempted to give a gauge of the positions that can be performed straightforwardly from home (Dingel and Neiman, 2020; Espinoza and Reznikova, 2020), showing that around 30% of labourers across the OECD can without much of a stretch perform their occupation related works from a distance (Espinoza and Reznikova, 2020). The chance of working remotely is, lower among labourers without tertiary schooling and labourers with lower levels of numeracy and proficiency abilities, an impression of contrasts in the undertakings performed and the degree of knowledge of data and correspondence advances of labourers (Espinoza and Reznikova, 2020). The investigation of online vacancies shows that some low-paid, frequently low-taught, labourers have been especially impacted during the underlying period of the COVID-19 emergency. Low-taught labourers are less inclined to work in positions that permit remote working plans and are less inclined to have adequate computerised abilities to have the option to exploit such courses of action when these are available (Dingel and Neiman, 2020; Fana et al., 2020; Sostero et al., 2020).

COVID-19 and Travel and Tourism Industry

The travel and tourism industry assumes a significant part in the development of the worldwide economy. In 2019, the travel industry represented 29% of the world's administration trades and 300 million positions universally (UNCTAD, 2020). The travel industry is a significant source of worldwide earnings and business and contributes fundamentally to the GDP of the nations. The worldwide withdrawal of the travel industry because of COVID-19 destroyed influences around the world.

As per *UNWTO* coming up next are the significant insights and information affirming the staggering effect of COVID-19 pandemic on the overall travel industry.

- There is a decay of 70% in International Tourist Arrivals (short-term guests) from January to August 2020 because of travel limitations due to the pandemic effect. It addresses 700 million fewer travel appearances when contrasted with a similar time in 2019. Also, as far as monetary misfortune, it addresses the deficiency of US \$ 730 billion in export incomes.
- Area-wise, Asia and the Pacific are the most impacted locale with a decay of 79% in traveller appearances from January to August 2020. Africa and The Middle East both recorded a 69% drop during these eight months. While Europe saw a drop of 68% and America 65%.

According to the WTTC report, 2019, Tourism contributed US\$ 8.9 trillion to the world's GDP and made around 330 million jobs around the world. But the situation has been turned around after the start of COVID-19. The Covid-19 pandemic has seriously influenced the travel industry across the globe covering areas like hospitality, tour administrators, travel planners, air, land, and ocean transportation industry, and others. Tourism, the travel industry, and the hotel industries have been destroyed by the effect of COVID-19 (Phocuswire, 2020). It is anticipated that 120 million jobs are in danger, with financial harm liable to surpass more than \$1 trillion (Weforum, 2020). The transportation area was also devastated and hit by COVID-19. From cart pullers to aircraft, all have been impacted financially by the pandemic. As the illness spread, its effect on air transport was felt worldwide, starting in February to April, when traveller traffic was down by 94% from the prior year and a large part of the business was grounded (IATA, 2020). As per the ICAO report, 2020, there is a decrease of 51% of

seats presented via airlines and 2,887 to 2,892 million travellers in the year 2020 when contrasted with the standard.

COVID-19 and the Manufacturing Industry

Manufacturing Industry is a course that is essential for a part of the industry that utilises a few present-day types of gear like modern hardware, and a normal and estimated administration programme to change crude products into completed merchandise that merit selling. The stages in the assembling business require a cycle for creating and coordinating the different parts utilised. Manufacturing organisations are the pillars of modern improvement in a country. The impact of the Covid-19 pandemic enormously influences the worldwide economy so it will influence the assembling business, in getting raw components received from different nations, where some nations like America, Germany, and European Union stop the course productions so it will hamper the assembling business production process, the Covid-19 pandemic extraordinarily influences the assembling business, in terms of natural substance supply is obstructed, raw substance costs are unstable, and declining deals which brings about low buying power, this will surely affect the supportability of the manufacturing business.

COVID-19 and the Gold Industry

The effect of the COVID-19 pandemic and the ensuing response by national banks have a few ramifications for the gold-mining industry. Gold costs rose by 28% from January 1 to August 14, 2020. In the meantime, energy costs and monetary standards in some gold-mining nations have declined, so the edges of gold excavators have expanded.

The Coronavirus pandemic has harmed India's economy. Similarly, as different ventures, the jewel business likewise has been hit hard owing to a significant drop off or conceded events, shows, presentations, and weddings for the accompanying span of months.

COVID-19 and the IT Industry

The COVID-19 pandemic has proactively disturbed typical monetary action and life all over the planet. Organisations working in the service areas are probably going to be right away affected by the actions taken to contain the pandemic's extended lockdown and mobility limitations. To report the difficulties, innovation organisations have conveyed assets on account of representatives in the safer work areas that are from home to execute their agreements. IT sector is

likewise having a portion of the effect as top Software Companies like Tata Consultancy Services, Infosys, and HCL are affected as mechanical spending decreased in US and Europe amid lockdowns across the globe. HDFC Securities expect around a 2-7% decrease in IT income because of the slow decision-making in the following half year as organisations will assess the deficiency of the worldwide economy because of the COVID-19 pandemic. There will be cost pressure and decreased income, and client failures because of lower spending in the market according to ICICI Direct. According to Global Data reports, IT Services have been hit hardest during COVID-19, and they recorded all 17 tech, media, and telecom-related areas to have adverse consequences during COVID-19 as shown in Figure 1.

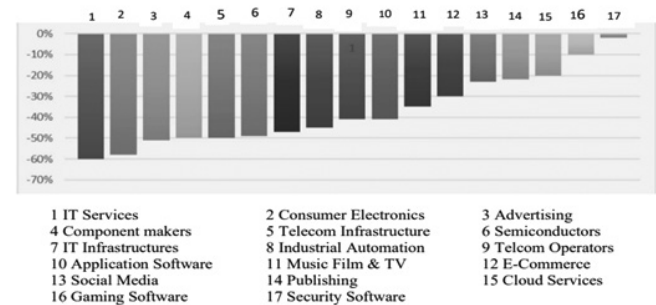


Figure 1: COVID-19 impacts on tech sectors.

COVID-19 Oil Industry

Oil costs have tumbled to the new least since June 2001, as the majority of the world is in a lockdown state, and oil request is diminishing consistently (Albulescu, 2020). Aside from Coronavirus, there's a row happening between the OPEC gathering of oil makers and Russia, which further denotes the diminishing in oil costs on the planet. The Indian government draws a tremendous piece of its earnings from exercise commitments with 90% emerging from oil imports. As per the Reserve Bank of India, India's Current Account Deficit (CAD) stays at 0.2% of GDP, as of the December quarter in FY20 when differentiated to 2.7% of a similar quarter in FY19. Since, India imports more than 80% of its oil use, bringing down oil costs is presumably going to reduce the CAD accounting for the economy. The ongoing speculation concerning the assets in CAD at this very point be used to keep the funding easing against the Covid-19 episode.

COVID-19 and the Hotel Industry

Measures to straighten the COVID-19 curve, such as local area lockdowns, social distancing, stay-at-home requests, and travel and mobility limitations have

brought about the impermanent stoppage of numerous hospitality organisations and essentially diminished the interest for organisations that were permitted to keep on working (Bartik et al., 2020; Gurshoy & Chi, 2020). With the high possibility of the coherence of this infection and individuals being isolated in their separate homes, the lodgings are seeing almost zero incomes over the costs of maintenance and other fixed costs that they need to bear (Expert Market Research, 2020).

COVID-19 and the Marketing Industry

The COVID-19 pandemic has decisively affected firms and customers (Donthu and Gustafsson, 2020). On one hand, firms had the valuable chance to lay out and oversee associations with key market entertainers by rethinking laid-out business cycles of creation, conveyance, and even item advancement. On the other hand, customers had to temporarily or forever work on their propensities and how they purchase, shop, consume, and travel (Sheth, 2020). This new situation, ignited by the COVID-19 pandemic, caused significant ramifications for firms. It expected them to quickly rearrange their cycles and activities to keep maintaining their organisations (Seetharaman, 2020) and provoked new types of items (Ebersberger and Kuckertz, 2021) and administrations (Sharma et al., 2021) advancements to stay aware of new interest. Moreover, it acquired significant impacts on how firms oversee relationships and speak with their clients (Mangiò et al., 2021), and, most importantly, prompted serious changes in purchasers' ways of behaving (Zwanka and Buff, 2021).

Conclusion

The effect of the COVID-19 pandemic on a very wide range of businesses is unbelievable, and it will constantly disturb the world economy until its counteraction immunisation becomes available and is given to at least half of the populace. The pandemic brought about the deficiency of millions of occupations in all businesses and has a lot more extensive effect than the downturn in the year 2008. The most awful hit businesses are lodgings, travel, transport, oil, diversion, land, development, and promotion. In the US only Hotel Industry is projected to lose \$3.5 billion per week and around 6.5 million jobs out of 8.3 million were checked out at the COVID-19 growth as of now. Subsequently, what's in store is anticipated to push toward one of the most terrible downturns ever. Coronavirus is ending up being the most exceedingly terrible nightmare for people, and we can just hope that

a particular immunization ought to emerge or some wonder could end up finishing this pandemic and make our reality and economies more grounded once more. The accompanying estimates should help the economy with the prosperity of the general populace in this tough time. Digitalisation is not another discipline, rather the spotlight should be on esteem acknowledgment to catalyse COVID-19 furthermore. Computerisation can be vital for achieving speedier recovery right now and could conform to the new usual in the more extended term.

References

- Albulescu, C., 2020. Do COVID-19 and crude oil prices drive the US economic policy uncertainty? arXiv preprint arXiv:2003.07591.
- Bartik, A.W., Bertrand, M., Cullen, Z.B., Glaeser, E.L., Luca, M. and Stanton, C.T., 2020. How are small businesses adjusting to COVID-19? Early evidence from a survey (No. w26989). National Bureau of Economic Research.
- Barua, S., 2020. Understanding Coronanomics: The Economic Implications of the Coronavirus (COVID-19) Pandemic.
- Dasgupta, S., 2020, March 23. Trading halted on BSE, and NSE twice in 2 weeks. Circuit breaker explained. Livemint.
- Dingel, J. and Neiman, B., 2020. How many jobs can be done at home? *Journal of Public Economics*, **189**: 104235.
- Donthu, N. and Gustafsson, A., 2020. Effects of COVID-19 on business and research. *Journal of Business Research*, **117**: 284-289.
- Ebersberger, B. and Kuckertz, A., 2021. Hop to it! The impact of organization type on innovation response time to the COVID-19 crisis. *Journal of Business Research*, **124**: 126-135.
- Espinoza, R. and Reznikova, L., 2020. Who can log in? The importance of skills for the feasibility of teleworking arrangements across OECD countries, OECD Social, Employment and Migration Working Papers, No. 242, OECD Publishing, Paris.
- Fana, M., et al., 2020. The COVID confinement measures and EU labor markets, EUR 30190 EN 30190 IT, Publications Office of the European Union, Luxembourg.
- Gursoy, D., Chi, C.G. and Chi, O.H., 2020. COVID-19 Study 2 Report: Restaurant and Hotel Industry: Restaurant and hotel customers' sentiment analysis. Would they come back? If they would, WHEN? (Report No. 2), Carson College of Business, Washington State University.
- International Air Transport Association (IATA), 2020a. Air Passenger Market Analysis. Economics report. May 2020b. Recovery is Delayed as International Travel Remains Locked Down. Press release. 28 July, 2020-07-28-02.

- International Labour Organization (ILO) 2020, March 18. COVID-19 and the world of work: Impact and policy responses. International Labour Organization.
- International Monetary Fund (IMF), 2020, April. World economic outlook: The great lockdown. International Monetary Fund.
- LIVE BLOG: Coronavirus and the travel industry -impact and recovery | PhocusWire [accessed Dec 8, 2020].
- Mangiò, F., Pedeliento, G. and Andreini, D., 2021. Branding rhetoric in times of a global pandemic: A text-mining analysis. *Journal of Advertising*, **50(3)**: 240-252.
- Mazur, M., Dang, M. and Vega, M., 2020. COVID-19 and the March 2020 stock market crash. Evidence from S&P 500. Finance Research Letters, pp. 1-7.
- McKibben, W.J. and Fernando, R., 2020. The Global Macroeconomic Impacts of COVID-19: Seven Scenarios. CAMA Working Paper No. 19/2020.
- Mishra, B.R., 2019. Role of external and domestic demand in economic growth: A study of BRICS countries. *Global Business Review*, **21(2)**: 547-566.
- National Bureau of Statistics of China, 2020, March 16. The national economy withstood the impact of COVID-19 in the first two months.
- OECD, 2020. OECD Employment Outlook 2020: Worker Security and the COVID-19 Crisis, OECD Publishing, Paris.
- Ozili, P. and Arun, T.G., 2023. Spillover of COVID-19: Impact on the global economy. *In: Managing Inflation and Supply Chain Disruptions in the Global Economy* (pp. 41-61). IGI Global..
- Ramelli, S. and Wagner, A.F., 2020. Feverish stock price reactions to COVID-19. *The Review of Corporate Finance Studies*, pp. 622-655.
- Seetharaman, P., 2020. Business models shifts: Impact of Covid-19. *International Journal of Information Management*, **54**: 102173.
- Sharma, A., Shin, H., Santa-María, M.J. and Nicolau, J.L., 2021. Hotels' COVID-19 innovation and performance. *Annals of Tourism Research*, **88**: 103180.
- Sheth, J., 2020. Impact of Covid-19 on consumer behavior: Will the old habits return or die? *Journal of Business Research*, **117**: 280-283.
- Sohrabi, C., Alsafi, Z., O'Neill, N., Khan, M., Kerwan, A., Al-Jabir, A. and Aghad, R., 2020. World health organization declares global emergency: A review of the 2019 novel coronavirus (COVID-19). *International Journal of Surgery*, **76**: 71-76.
- Sostero, M. et al., 2020. Teleworkability and the COVID-19 crisis: A new digital divide, Seville: European Commission, 2020, JRC121193.
- United Nations (UN) and UN World Tourism Organization (UNWTO). 2008. International Recommendations for Tourism Statistics. Statistical Papers. Series M No. 83/ Rev. 1. New York, Madrid.
- UNWTO, 2020. UNWTO world tourism barometer (Vol. 18, Issue 2, May 2020).
- UNWTO, 2020. International Tourism Highlights, 2019 Edition. 24 August.
- WEF, 2020. Impact of COVID-19 on the global financial system. World Economic Forum.
- WHO, 2020, March 11. WHO Director-General's opening remarks at the media briefing on COVID-19—11 March 2020. World Health Organization.
- WTO, 2020, April 8. Trade set to plunge as COVID-19 Pandemic upends the global economy.
- Wu, F., Zhao, S., Yu, B., Chen, Y.M., Wang, W., Song, Z.G., Hu, Y., Tao, Z.W., Tian, J.H., Pei, Y.Y. and Yuan, M.L., 2020. A new coronavirus associated with human respiratory disease in China. *Nature*, **1**: 1-5.
- Zwanka, R.J. and Buff, C., 2021. COVID-19 generation: A conceptual framework of the consumer behavioral shifts to be caused by the COVID-19 pandemic. *Journal of International Consumer Marketing*, **33(1)**: 58-67.