

AN EFFECT OF COVID-19 PANADMIC ON GLOBAL ECONOMY

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ABSTRACT:

The coronavirus outbreak called COVID-19 has disturbed the Chinese economy and is spreading around the world. The characteristics of the disease and its economic impact are highly uncertain which makes figuring an effective macroeconomic policy response critical for policymakers. The scenarios in this paper show that a corona outbreak could have a significant short-term impact on the global economy, and this report discusses the widespread worldwide pandemic and the financial effect of the COVID-19 crisis across businesses, as well as nations and asymmetric impact across sectors due to the collapse of stock prices.

Keywords: COVID-19, Global Pandemic, Global economy,

1.1 INTRODUCTION

At the end of December 2019, several local health facilities announced instances of patients with pneumonia of unsure causes that were epidemiologically identified with fish and wet creature market in Wuhan, Hubei Province, China. On 31st December, The Chinese Center for Disease Control and Prevention (CDC) conveyed a group to epidemiology and etiological underpinnings of the disease with the Hubei Provincial Health commission. Since 31 December 2019 the national authorities in china reported to the WHO a total 44 cases Patients with pneumonia unknown etiology. Following a series of Chinese researcher's segregation of virus from lower respiratory tract samples on 7 January 2020, deep genomic sequencing analysis identified the virus as a new beta corona virus.

The infection was then alluded to as the new corona virus (2019-nCoV) by WHO. Coronavirus is one of the noteworthy microbes influencing fundamentally the human respiratory system. Corona virus are wrapped, non-separated, single-abandoned, positive-sense RNA infections named for their crown or crown-like surface projections seen on electron microscopy that fit bigger surface spike proteins. Coronavirus are grouped in the order of Nidovirales. These viruses are explicit and can taint people and a wide range of creatures also. Four distinct genera have been distinguished: alpha, beta, gamma, and delta coronavirus. SARS and MERS are both in the beta coronavirus variety, On 30 January 2020, the WHO announced the Chinese coronal epidemic to be a public health emergency of international significance finally a pandemic posing a high risk to countries with a weak health system.

SYMPTOMS

The indications of COVID-19 are vague and the presence of the disease will go from no signs (asymptomatic) to extraordinary pneumonia and death. Starting at 20 February 2020 and dependent on 55924 research center affirmed cases, basic signs and indications may seem 2-14 days after introduction to the infection and the side effects are fever, cough, trouble breathing, shivering, Muscular agony, Sore throat.

1.2 OBJECTIVE

- To study the spread of COVID-19 on worldwide.
- To study and analyze the effect of COVID-19 on global economy.

1.3 Review of Literature

What Coronavirus Could Mean for the Global Economy, Harvard Business Review.

Coronavirus dangers have been so vigorously estimated over various resource classes that some accept a worldwide economy slowdown might be an inevitable conclusion. The key discussion is whether the market drawdown really flags a recession, how terrible a Covid-19 downturn will be what the opportunities for development and recuperation are, and whether any suffering fundamental impacts would result from the unfurling crisis.

The epidemiology and pathogenesis of coronavirus disease (COVID-19) outbreak.

By Hussin A. Rothana, Siddappa N. Byrareddy

Throughout this paper, the author discusses the effects, symptoms, epidemiology, transmission, pathogenesis, phylogenetic study, as well as the need for rigorous steps to limit the person-to-person spread of COVID-19 to contain the ongoing epidemic. Specific consideration and efforts to prevent or reduce transmission should be extended to vulnerable groups, including infants, health care professionals.

COVID19 PANDEMIC: WHY DOES IT HAPPEN AND WHERE DOES IT TAKE US TO? By Dmytro Klokol, Lingeswaran Nallenthiran, Yuriy Nalapko, Michael Papacharalampous

In this article, the author addresses how this pandemic occurred, or rather, why did we allow it to happen? Find the ecological, scientific and metaphysical dimensions of the COVID19 pandemic. Author also discusses the clinical results, Diagnosis, therapeutic methods for COVID 19 virus. Paper also portrays that let us confront realities and accept the possibility that our life will never be the same hereafter: not from a biological and medical point of view, nor from an cultural, social or even philosophic point of view Authors believes that this pandemic will have a huge effect on civilization. And that's how evolution of Life on this planet was, is and will be. After the natural selection has done its job, We, the Mankind, will know the lessons, conform to the current reality and move on towards current accomplishments and better greatness.

Spillover of COVID-19: impact on the Global Economy By Peterson Ozili, Thankom Arun

In this report, author reflects on real-world findings in analyzing regulatory policies, monetary policy initiatives, fiscal policy policies and public health steps that were taken from the beginning of 2020 to March when the coronavirus started to extend to other nations and markets. Paper also analyzes the coronavirus epidemic and its flashflood to the global financial system that leads to the recession in 2020

Economics in the time of COVID-19. By Richard Baldwin and Beatrice Weder di Mauro

The key economic questions addressed in the book are: How, and how far and fast, will the economic damage spread? How bad will it get? How long will the resulting damage last? What are Financial Contagion Mechanisms? And what will policymakers do with that, above all? Three chapters in the eBook put numbers to this, and we'll summarize those below, but the bottom line is that while there's too much uncertainty to be sure about the

outcomes, it's clear that this economic shock could cause lingering pain and perhaps leave deep scars – far larger than the other post-war pandemics.

1.4 METHODOLOGY

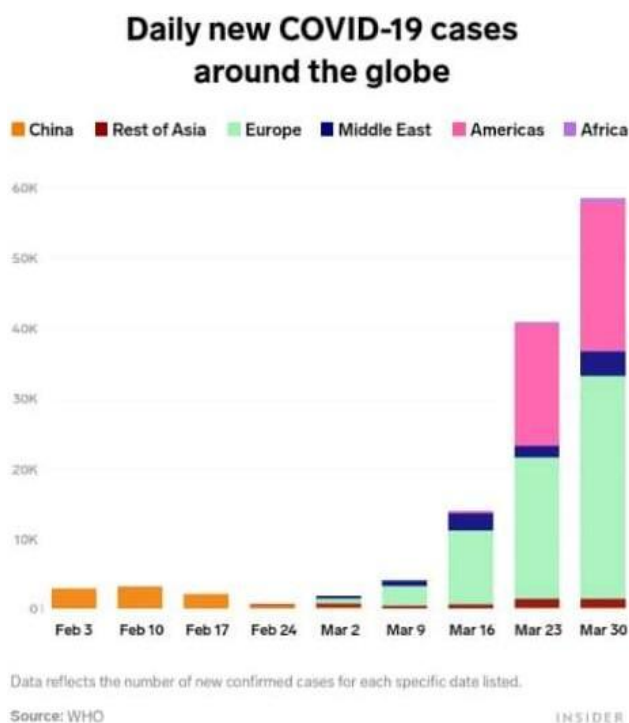
This study is mainly focused on secondary information which has been collected from various websites, articles published in national and international journals and Newspapers.

1.5 SPREAD OF CORONA VIRUS ACROSS THE GLOBE

Following the underlying outbreak, secondary cases began to be recognized after around 10 days. Notwithstanding, despite the fact that these new individuals had no contact with the business sectors, they had a past loaded up with human communication there. Ongoing examinations detailed by a few tainted wellbeing laborers in Wuhan show that human-to-human infection can occur. The first non-Chinese case of disease, which spread to the Chinese areas, and a while later to the Asian terrain, was represented from Thailand on January 13, 2020. The case reported being a Chinese traveler who had moved to Thailand and had no epidemiological connect to the market center. Numerous cases from abroad nations, for example, the USA and France have kept on being distributed. Human-to-human correspondence likewise happens in direct cooperation with one another. Transmission happens mostly while the infected individual is sneezing and by the respiratory droplets framed just as the transmission of flu and other respiratory microorganisms. Such droplets can be found in the mouth or in the nasal mucosa and lungs of individuals with breathed in air. At present, it stays uncertain climate an individual might be contaminated with COVID-19 by contacting the corrupted surface or substance and afterward contacting the mouth, nose, or conceivably the eyes.

The disease has stretched all over all through China and with its people voyaging generally around the globe, especially during the festival of the lunar New Year, Nations everywhere on over the world are getting ready for the inundation of all the added cases. Individual to individual transmission is increasing and instances have increased in many countries. The corona virus has spread to more than 200 countries since it was first discovered in Wuhan, China, toward the finish of the most last year. The Chinese government shut down the city of Wuhan and numerous others in the Hubei region in the late January, but the cases had already been transferred to other parts of China and other countries.

As the quantity of new COVID 19 cases slowed down in China, the epidemic in other countries started to increase. On January 20, the virus spread to four nations, China, Japan, South Korea and Thailand, and by February 15, it spread to 28 nations and spread to 109 countries as of March 10, and spread to 213 countries as of April 21. Number of COVID 19 cases worldwide as of April 3, 2020 is 2,489,956 and number of death cases are 1, 65,082.



Source: WHO (Businessinsider.com)

Region	Confirmed cases	New cases	Total Deaths	New Deaths
Global	216207	85678	146088	6710
Western Pacific Region	129256	1661	5598	40
European region	1086889	36018	97201	3721
South East Asia	25291	1731	1134	83
Eastern Mediterranean	120683	4859	5784	122
Region of the Americas	784272	40665	35742	2714
African region	13104	744	616	30

Source: WHO

Quarantine assume incredible job in corona infection control. It prevents transmitting the corona virus from one country to another. Through Quarantine infected people are analyzed and afterward put them in discrete spots till recuperation. This process helps in reduction of corona virus . Corona pandemic has upset the world economy and on the off chance that time become enormous, at that point the world economy slamming is conceivable. All specialists of the world are going after for its control measure yet the circumstance of the world is exacerbate step by step and have infected enormous number of nations of the world. There the primary explanation is quarantine deficiency in the world, and without effective quarantine it is impossible to control coronavirus.

1.6 EFFECT OF COVID 19 ON GLOBAL ECONOMY

Having to a great extent overlooked Covid-19 as it scattered in China, worldwide financial related markets responded unequivocally for the scatter of virus to Europe and the Middle East, Sparking fears of a worldwide pandemic. The progressing spread of the coronavirus (covid-19) has gotten perhaps the greatest risk to the worldwide economy and budgetary markets. Significant organizations and banks have cut their estimates for the worldwide economy. The disease's emergence and its monetary effect is profoundly dubious which makes it hard for policymakers to define a suitable macroeconomic strategy reaction. The global economy could withdraw by up to 1 percent in 2020 because of the pandemic, a reversal from the past measure of 2.5 percent improvement, the UN has expressed, alerting that it could collapse even more if limitations on limits on economic operations are expanded without sufficient monetary reactions.

Since the outbreak, the impacts of the infection part mortality (those who die) and morbidity (the individuals who are incapacitated or thinking about the impaired and can't work for a period) have gotten evident in an immovably related and facilitated world. The operations of worldwide supply chains have been disturbed due to the production interference in china. Companies around the globe, paying little heed to measure, dependent on Chinese supplies have started to experience yield compressions.. Transport being constrained and even confined among nations has additionally hindered worldwide financial exercises. . Worldwide monetary business sectors have additionally reacted to the changes, with worldwide value lists plunging .In the midst of the worldwide choppiness, in an underlying appraisal, the International Monetary Fund anticipate that China should back off by 0.4 rate focuses contrasted with its underlying development focus to 5.6 percent, additionally hindering worldwide development by 0.1 rate focuses

There are systems of supply, Demand and Confidence through which the virus influences the economy. These initiatives entail wide-ranging limitations on passenger transport and labor mobility, impacting in particular the tourism and travel industry and the entertainment and recreation market, as well as plant closures or decreased production flowing into global supply chains.

The coronavirus as a supply shock

Production losses in highly integrated value chains spread rapidly around the world because of a lack of inputs. Numerous organizations today depend on Just in Time Production with low inventories. The segments provided are regularly exceptionally particular and custom-made to the requirements of the following stage in the value chain. Thus, there are often no substitute suppliers who can supply efficiently and at reasonable rates for businesses.

The height of these declines in productivity has still not totally reached the German economy. The plant closures in China peaked in early February, but production is now steadily rebooting. The full effect in Germany will not be felt until April, due to transport delays. Further disruptions can arise from quarantine steps in Italy, other EU countries and in Germany itself

An extra supply shock happens while workers are missing due to sickness or steps of quarantine. The closing of schools and pre-school services results in an unintentional reduction of staff, as do family illnesses. In theory, teleworking and working from home will reduce the supply shock. While these solutions are gradually being used, they are not feasible for personal services and development careers.

Maintaining supply chains is made more difficult by undermining transport service networks, as air links and transportation are seriously limited in general. Quarantine measures can have entirely sizeable monetary impacts during which a nation runs at half of limit adds up to lost yearly GDP of up to one percent.

The coronavirus as a demand shock

In the near future, China and other countries seriously affected by the coronavirus will be reducing their appetite for German intermediate materials, capital and luxury goods and tourist services. The full degree of these worldwide impacts relies upon the further course of the worldwide spread of the infection.

The spread of the infection remains basically gathered in China, is as of now obsolete, But now increasingly reasonable situation, the infection spreads quickly outside China. The economic effect would then be felt not only through the decrease in Chinese demand but also directly in the impacted countries. In this case, global GDP growth will decline by 1.5 percentage points in 2020 and world trade volume by 3.75 percentage points.

Additionally, reactions in the financial sector that cause a contraction in demand. Banks may continue to slash credit supply if they make profits on unpaid loans to businesses severely hit by the crisis. In fact, other businesses will make good use of their lines of credit to create cash reserves for the crisis. This credit expansion could ruin private investment banking financing

The money related trade has responded to the COVID-19 pandemic with focusing on flimsiness, as vendors have alert sold out of fear. For all intents and purposes Stock business sectors disintegrated in March 2020. Most stock documents the world over have enlisted their most noteworthy one-day falls on record. Besides, a couple of striking associations have seen their offer costs fall by over 80% in a few days

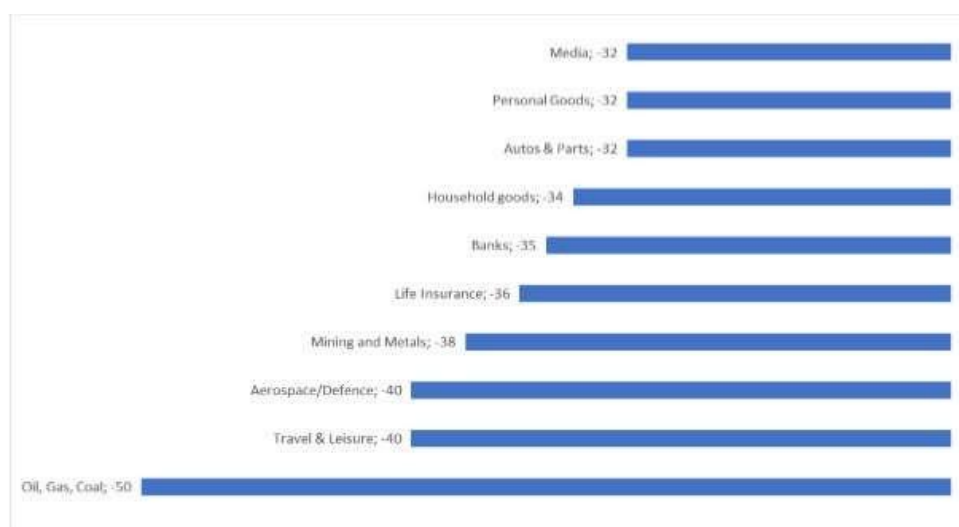


Fig shows the year-to-date return on stocks for divisions hit especially hard since the COVID-19 outbreak. Oil, gas, and coal organizations are driving the negative dividends (on normal 50 percent beneath beginning of-year costs) drove fundamentally by a decrease in oil costs and a decline in worldwide utilization. Travel and relaxation (counting lodgings, eateries, and so forth.), aviation, mining, banks, and media are largely instances of divisions that have fallen by over 30%. This breakdown in stock costs has left no part safe. Indeed, even generally stable enterprises, (for example, utilities, tobacco and drugs) are overall somewhere near 20 percent or more.

Global financial markets reacted strongly as virus spread around the globe. The brutal drawdown on the global financial market shows that world market economy is on a path to recession. The virus influences the supply and demand systems. significant changes have taking place in global supply chain, plant closures, cutbacks in many service sector areas and there is huge decrease in demands for various service sectors as well as production sector. The world is suffering from production losses due to lack of input since many of organizations follow just time production with low inventories. Reactions in the financial sector that cause a contraction in demand too. The economic pain became severe as people were asked to stay at home, and the severity was felt in various sectors of the economy.

The virus outbreak led the government to impose restrictions on unnecessary travel to affected countries and some countries put complete travel ban led to the reduction of all forms of travel and some airlines suspended their operation temporarily, which causes huge loss in travel industry. Restaurant business also have been affected by lockdown of countries, Governments announcements of stay-at home policies or social distancing policies was an indirect way of telling people not to come to the pubs, hotels and restaurants, which was a way of silently destroying the hospitality industry during the pandemic. Sports industry has been severely affected by pandemic. Many of the Olympic and Paralympic competitions and summer games have since been delayed and others have been canceled. The resultant loss of income to the promoters and organizers of the canceled games amounted to billions of dollars. Due to travel restrictions imposed by government demand for aviation fuel is declined. Corona virus pandemic severely affected the import dependent countries which depend on countries like china, India and Japan for the consumption of essential commodities. The event sector has made a significant contribution to economy. A significant number of cancellations of exhibitions, live music shows, corporate events, brand launches and more have affected the event industry financially. Due to lockdown global film industry incurred a huge losses as several movie production were indefinitely postponed which meant to goodbye to theaters and cinemas. The virus severely affected the higher education industry, as colleges and universities were ordered to shut down countries, educators and students around the world felt ripple effect of virus which also causes huge loss to education sector. Thus these triggered the global recession in 2020. The rapid downturn in global financial markets may seem to suggest that the global economy is on the road to recession.

Though market sentiment can be volatile, the possibility of recession is real. The instability of global economies, particularly the U.S economy, has increased as growth has accelerated and disruptions are now less likely to be sustained by expansions in various countries. In fact, the most plausible recessionary scenario for some time has been an exogenous shock that hits the U.S economy at a time of vulnerability.

1.7 CONCLUSION

As the COVID-19 crisis spread quickly across the world, The unexpected economic disturbance brought about by COVID-19 isn't just dangerous yet in addition has overflow suggestions since it made interest and supply stuns in pretty much every zone of human undertaking. The situation is haunting the people around the world, bringing misery of greater proportion as compared to world war 2. A global recession now appears likely But how severe and long the decline will depend on the effectiveness of steps taken to deter the spread of COVID-19, the results of government policy to ease liquidity issues in SMEs, to help families in financial distress, and to protect employment. It all depends on how the businesses respond and how long the new lockdowns continue. Steps should

be taken to provide financial support to people vulnerable to the disease and/or personally affected by it. This concerns those who lose their employment due to COVID-19 – for instance hospitality and transportation workers – as well as low-income households. To tackle the problems raised by the COVID-19 crisis, small companies such as restaurants, wholesale and retail, tourism and travel all need assistance. No one can precisely predict COVID-19's final financial damage. Obviously, this depends on timing, the magnitude of the pandemic into future weeks / months, and the policy responses of the world.

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