

Impact of Covid 19 on the Global Economy

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Abstract

This entire context is a brief explanation of the impact of COVID-19 on the global economy. Regarding economic effects, some articles will be chosen and critically evaluated as well. Eventually, an analysis of the impact of pandemics on the global economy will also be conducted. On the other hand, the data sets regarding this topic are produced by analysing different aspects such as income, place of residence, and many more. The pandemic situation has had a drastic impact on the economy of the entire world.

Keywords

Economic effects, Impact of Covid 19, the impact of the pandemic on the global economy.

INTRODUCTION

Covid 19 outbreak was determined, and it has affected almost 200 countries and variable states of the entire world. Eventually, the pandemic situation affected the growth rate of the economy negatively and it is mostly considered the worst experience for the entire world. In terms of the global pandemic, it can be predicted that countries were facing serious trouble during this pandemic situation. Apart from that, it is also evident that the baseline of global pandemic scenarios faced GDP fall within the developing countries and different industrial countries as well.

LITERATURE REVIEW

In terms of this scenario, a significant drop was observed within the global economy and the entire market of the world is seeing the GDP fall. Markets for stocks also observed a variable percentage of loss. Eventually, significant losses are derived within the financial markets of the entire world and the businesses could not determine their most required expansion process in the upcoming future. Apart from that, the increasing rate of instances and fatalities also affects the economy and for that reason, the chances of investment return were quite difficult [1]. Usually, the potential tourist industries faced lots of troubles and also recovered quite slower than other stock market exchanges. In terms of COVID-19, it is responsible for halting the entire tourism sector of the entire world and it has affected the entire economy of the world. After the implementation of the siege, some problems were derived such as requirements for energy supplies, essential aircraft fuel in terms of plummet, and many more. Based on this aspect, it can be clearly stated that the entire economy of the world deteriorated due to the declining process of median global GDP in terms of the international stock market.

On the other hand, due to the pandemic situation, employment also decreased significantly, and contacts were not extended, and worker lost their jobs. The traditional process of recruiting is changed, and some businesses were recruited during this situation [2]. Usually, the frontline

employees mostly suffered, and they were in danger due to this situation. Based on the economic policy institute, approximately 300000 jobs were lost in the United States, and approximately 25 million employments are also lost in the entire world as well.

The global recession is also observed due to the pandemic situation, and it is also responsible for the decreasing rate of economic growth. The global recession is mostly derived in February 2020 within most of the regions [3]. It has happened due to the market instability and lockdown, and it results in the deterioration of stock markets which has had a drastic impact on the enhancement process of the global economy. During this situation, lockdown measures and different types of precautions were taken to deal with the enormous crisis in terms of the world economy. The economic activities declined in different aspects which are demand, supply, trading, finance, and many more [4]. On the other hand, this situation is also responsible for affecting the hospitality and travel industry. Based on the mentioned aspects, it is evident that the covid pandemic has had a drastic impact on the economy of the entire world.

MATERIALS AND METHODS

In terms of the methods regarding this topic, the secondary qualitative research method is chosen. During the process of secondary qualitative research, some materials are determined such as the global computable general equilibrium model, transmission channels, and many more [5]. This research has been done by the use of different tools such as MS office, Google scholar and different journals.

The global computable general equilibrium model

This entire model is mostly relying on a short-term closure with variable assumptions. Those assumptions are mentioned below.

- In terms of production elasticities, it has been reduced and is close to zero. Due to this situation, few substitution possibilities can be implemented in production.
- In order to determine the durable relationship within the global value chain and trade elasticities about

goods have been reduced than their real values. It mainly highlights the short-run inability to replace different types of imported components and final goods along with products from variable countries [6].

- In terms of labour supply, it is mostly renowned as exogenous, and wages are trying to adjust the requirements of demand and supply of labour. The capital return is almost fixed, and the supply of capital is endogenous.

Transmission channels

In terms of the pandemic outbreak, it is responsible for impacting several crucial factors of the entire world such as political, social, economic, and many structures of the entire world. In terms of the transmission channels, the three shocks are mainly observed which are mentioned below.

- The first shock defines the employment dropping by 3 percent and that is below the baseline. Eventually, several uncertainties are observed, and the availability of labour was quite low as well.
- The second shock is responsible for raising the international trade costs of imports and exports. Usually, this shock applies to all goods and services and for that reason, it affects the entire economy of the world [7].
- The third shock mostly defines the dropping percentage of international tourism and travel agents observed almost 50% of booking slowdown after the pandemic has derived.

As a result, it can be clearly stated after analysing all the aspects the covid 19 pandemic has had a drastic impact on the entire world economy. This situation is responsible for decreasing the GDP rate of the economy and economic growth is also affected due to this situation as well.

DISCUSSION AND FINDINGS

In terms of the discussion and finding regarding this topic there are several aspects found which are decreasing rate of the global market, different types of employment opportunities, global recession, the slowly increasing rate of the hospitality and tourism industry, and many more. After analysing the research topic, it is evident that the global market is affected mostly by the COVID 19 and for that reason, the GDP rate is fallen, and the future expansion process of different business organizations were also decreased [8]. Eventually, supply chain disruption is also observed due to this pandemic and a dropping rate is also observed due to the international stock market. On the other hand, employment opportunities were also decreased, and the traditional way of recruiting is affected as well [9]. Many employees lost their job in the entire world and mainly frontline employees suffered mostly. Apart from that, some organizations recruited employees during the pandemic, but almost 25 million employments have lost due to the pandemic situation. The demand and supply of labour are also quite challenging things during the pandemic situation.

Another thing defines that economic activities were responsible for declining demand, supply, and many more aspects.

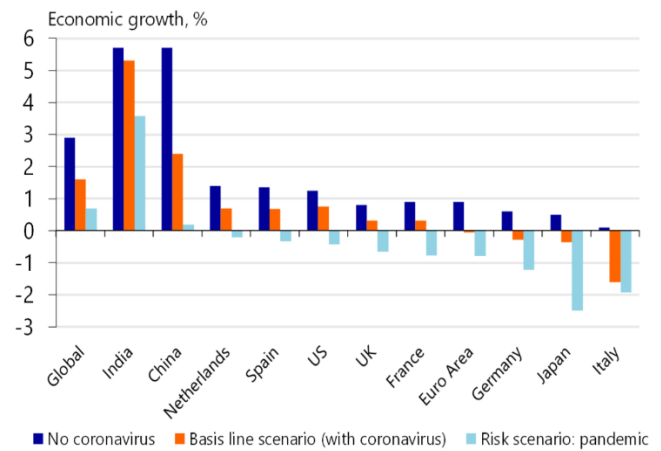


Figure 1. Economic growth during covid 19
(Source: [9])

The recession mostly affects different countries due to the pandemic situation and those are dependent on some crucial aspects such as global trade, tourism, external financing, and many more. During the pandemic situation, the two most well-known industries were affected such as hospitality and tourism. There are many countries present that are depending on these two industries and the maximum amount of the economy is relying on them [10]. Within this situation, the tourist agents also observed that the booking rate is decreasing constantly, and many guests were showing less interest in making a tour due to the lockdown process. According to an economic report, it is evident that almost four trillion dollars in the loss were made within this industry due to the pandemic situation. Shutting down the process of these two industries is responsible for the low revenue creation and a GDP drop is also observed within the entire world economy [11]. Eventually, global supply chain disruptions were also observed, and large supply companies are affected mostly during this situation. It is evident that, in those situations, the shops were closing down, declining orders, and also postponing the orders as well. Employees of them were vulnerable and also facing a high risk of COVID-19 infection.

CONCLUSION

In the end, it can be concluded that COVID-19 affected different types of daily operations in businesses, and due to the closing down of shops and lockdown restrictions the entire economy of the world is affected mostly. The percentage of customers was reduced, and people are also lost, and the entire imports and exports processes were disrupted due to the covid 19. As a result, it can be clearly stated that due to the pandemic the entire GDP rate of the world economy is affected, and the international stock market also faced a massive loss as well.

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