
SUSTAINABILITY AND GROWTH OF THE GLOBAL ECONOMY POST COVID-19: AN OPPORTUNITY THREAT ANALYSIS

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ABSTRACT

How did a health crisis translate to an economic dilemma? Why did the escalation of the coronavirus bring the global economy to its knees? The COVID-19² pandemic is scrutinizing as the most crucial global health calamity of the century. It is the greatest impose or challenge faced by the people since 2nd World War. The relationship between human health and disease is neither a new concept, nor a new subject. The emergence COVID-19 in China at the end of 2019 said as December which caused a large universal or global outbreak. There is a major public health issue due to Covid-19. This coronavirus is highly toxic, contagious, infectious, transmitted through close contact, droplets, if our hand is without sanitized, if we forget to wash our hands after 30 min and many more.

As covid-19 is considered as a crucial global health collapse because there are mainly two methods due to which it is covered universally through the world and coronavirus stifled or squelch economic activities. First, the spread of the virus emboldens social distancing which led to the shutdown of financial markets, corporate offices, businesses etc. Second, the aggressive rate at which the virus was spreading, and the heightened suspicious, anxiety or uncertainty about how bad the situation could get, led to flight to safety in utilizing and investment among consumers, venture capitalist and international trade partners.

As we focus on the period from the start of 2020 through March when the coronavirus has taken lead spreading into other countries and markets. We draw on world remark or the observations in assessing the prohibitors measures, monetary policy measures, fiscal policy measures and the public health measures that were adopted during the period. We empirically probe or consider the impact of social distancing policies on economic action, motions and stock market indices. The outbreak of coronavirus named COVID-19³ has disarray or disrupted the Chinese economy and is spreading globally.

The evolution of the disease and its economic clash is highly uncertain, which makes it difficult for policymakers to formulate an appropriate macroeconomic policy return. This

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² **COVID-19** stands for ‘CO’ in COVID stands corona, while ‘VI’ is for virus and ‘D’ for disease.

³ Ibid para 1

paper describes the impact of COVID-19 on society and global environment, and the possible ways in which the disease can be controlled has also been discussed therein. It has promptly and briskly spread around the world, posing enormous health, economic, environmental and social challenges to the entire human population.

The coronavirus outbreak is severely disrupting the overall economy. Almost all the nations are struggling to slow down the hauling of the disease by testing & treating patients, quarantining suspected persons through contact tracing, restricting large crowd or gatherings, maintaining complete or partial lock down etc. Loss of lives due to any pandemic causes definite irretrievable damage to the society. To control the conditions of the world every government is trying and facing many problem to take the situation in hand and after the covid-19 or post covid-19 as well the situation should be in control or the impact of COVID- 19 on the economy, inflation, GDP, migration should be in control their should be minimum amount of loss or decrease in rate should, every situation should be in control, This paper describes the impact of COVID-19 on society and global environment.

Keywords: *Covid-19, Coronavirus, outbreak, social distancing, pandemic, financial crisis, global recession, public health, fiscal policy.*

INTRODUCTION

Pandemics in general are not merely serious public health concern, rather these disastrous socio-economic and political crises in the infected countries. The outbreak of the covid-19 pandemic is an unprecedented shock to the Indian economy. The economy was already in a parlous state before Covid-19 struck. With the prolonged country-wide lockdown, global economic downturn and associated disruption of demand and supply chains, the economy is likely to face a protracted period of slowdown. The magnitude of the economic impact will depend upon the duration and severity of the health crisis, the duration of the lockdown and the manner in which the situation unfolds once the lockdown is lifted.

We are in the middle of a global Covid-19 pandemic, which is inflicting two kinds of shocks on countries: a health shock and an economic shock. On April 9, the chief of International Monetary Fund, Kristalina Georgieva said that the year 2020 could see the worst global

economic fallout since the Great Depression in the 1930s, with over 170 countries likely to experience negative per capita GDP growth due to the raging coronavirus pandemic.⁴

India recorded the first case of corona on January 30, 2020. Since then the cases have increased steadily and significantly. As shown in the figures India has recorded lower number of cases (6,825 total confirmed cases and 229 deaths) compared to other countries, especially those in the developed world, which have been badly affected such as the United States (3,95,030), Spain (1,46,690), Italy (1,39,422), Germany (1,08,202), France (81,095), Iran (66,220) and the United Kingdom (60,737) among others.⁵

However according to experts, India appears to be at the early stages of the outbreak and could very soon get overwhelmed with a large number of cases. Globally there have been 1.4 million confirmed cases and close to 85,000 deaths (World Health Organization). As we can see that Figure 3 shows the state-wise distribution of confirmed cases in India in which Maharashtra has high no. of cases as compared to other states, then Tamil Nadu, Delhi, Madhya Pradesh, Kerala, etc. In order to curb the spread of the virus, the government of India announced a three week long nationwide lockdown starting March 25, 2020 for the next 21 days in nationwide.

All non-essential services and businesses, including retail establishments, educational institutions, places of religious worship, public utilities and government offices across the country will stay closed during this period and all means of travel have been stopped. This is by far the most far-reaching measure undertaken by any government in response to the pandemic.

India's public health system is relatively weaker than other countries. The government spends only 1.5% of the total GDP on public health as a result of which the system is grossly underprepared to deal with a health crisis such as this.⁶ But the government has done upto his best and provided many new facilities as well as the health system to the country. During the lockdown government has put their efforts to use ramp up testing, contact-tracing, isolating Confirmed patients and setting up treatment facilities including makeshift hospitals.

⁴The name of the virus is SARS-COV-2 (Severe acute respiratory syndrome coronavirus 2) which causes the coronavirus disease 2019 referred to as Covid-19. Accordingly in our paper we use Covid-19 to refer to the disease.

⁵ Data on Indian cases are from <https://www.covid19india.org/> and the Ministry of Health and Family Welfare. Data on cases from other countries is sourced from World Health Organisation. Numbers in parentheses are total confirmed cases as of April 9, 2020

⁶ Economic Survey, 2019-20; <https://www.indiabudget.gov.in/economicsurvey>

Also important is the training of medical staff given that this is uncharted territory. This is especially important in the rural areas. There has to be collaboration between the state and the private sector to deal with this crisis by pooling in their combined skills and resources. Without these policy actions, the lockdown will only postpone the problem.

Figure 1: Confirmed Covid-19 cases in India

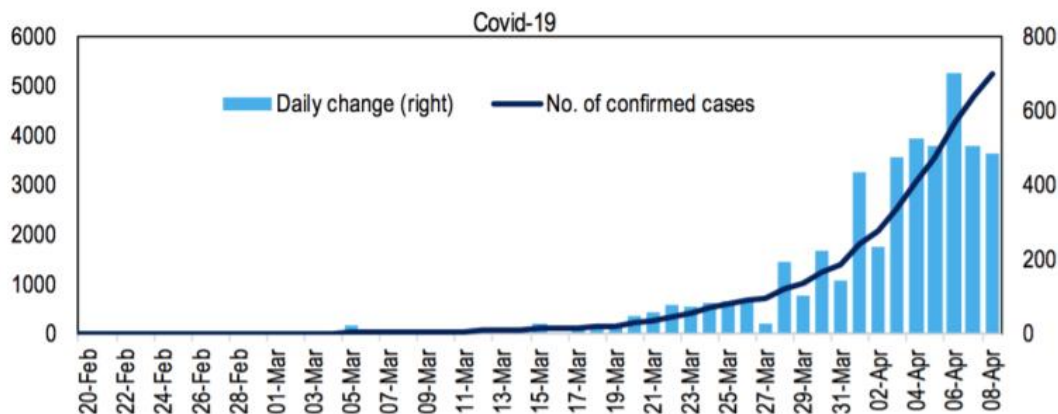
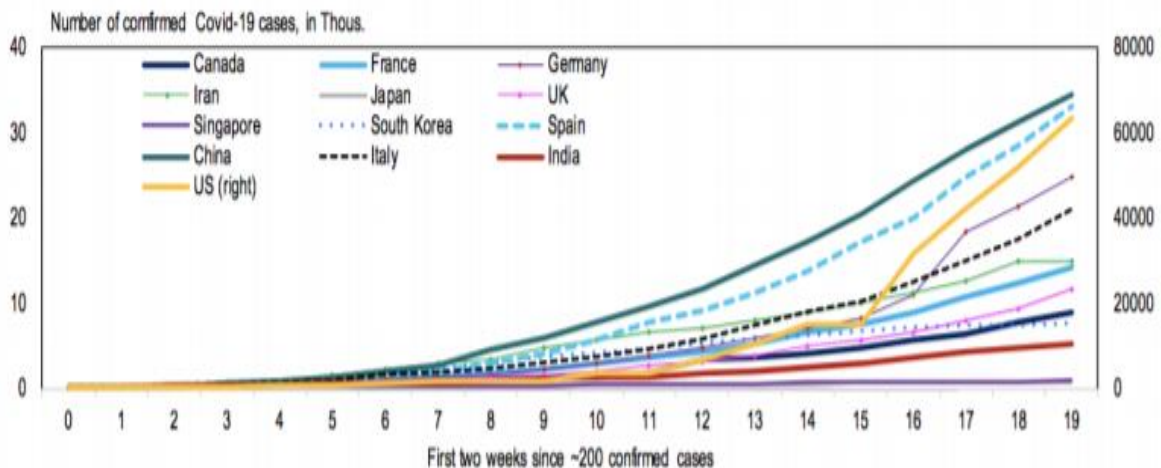


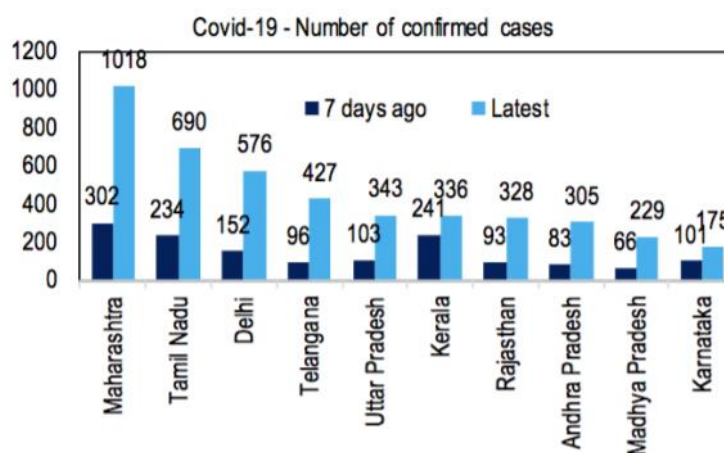
Figure 2: Global trajectory over 19 days since 200 confirmed cases in India



In the figure 2 it shows the global trajectory of the covid-19 in whole over the world. the data is of 1st two weeks during the nationwide lockdown, it shows US has high no. of cases as compared to other countries. India has lower no. of cases below the 2000 also the Singapore has the minimum or lower no. of cases compared to other countries.

The unprecedented lockdown is expected to have a significant adverse effect on the economy. Millions of jobs and livelihoods are at stake. As activity around the country has

come to a halt, with no job or income, more than 50 million migrant workers have either returned to their native villages or are staying at camps inside the cities because state borders have been sealed. Transportation of raw materials and finished goods across states is also severely constrained. Countries have closed national borders bringing international trade and commerce to an abrupt halt. All these are severely disrupting supply mechanisms and distribution chains in almost all sectors. At the same time, there has been a complete collapse of consumption demand as millions of people stay home and postpone their non-essential expenditures.



Source: Ministry of Health and Family Welfare, Citibank Research.

Figure 3: State-wise confirmed cases in India (Top 10)⁷

IMPACT OF COVID-19

The magnitude of the impact will depend upon the duration and severity of the health crisis, the duration of the lockdown and the manner in which the situation unfolds once the lockdown is lifted. The loss to the economy is already substantial. the lockdown continues beyond the month of April, the damage to economy and to livelihoods is catastrophic.

This crisis comes at a time when India's GDP growth was already slowing down, and unemployment was on the rise owing to poor economic performance over the last several years. The precarious situation that the economy was in before getting hit by this shock will potentially worsen the effect of the shock. This is especially because the financial sector which is the brain of the economy has not been functioning properly and the macroeconomic policy space to respond to such a crisis is severely limited.

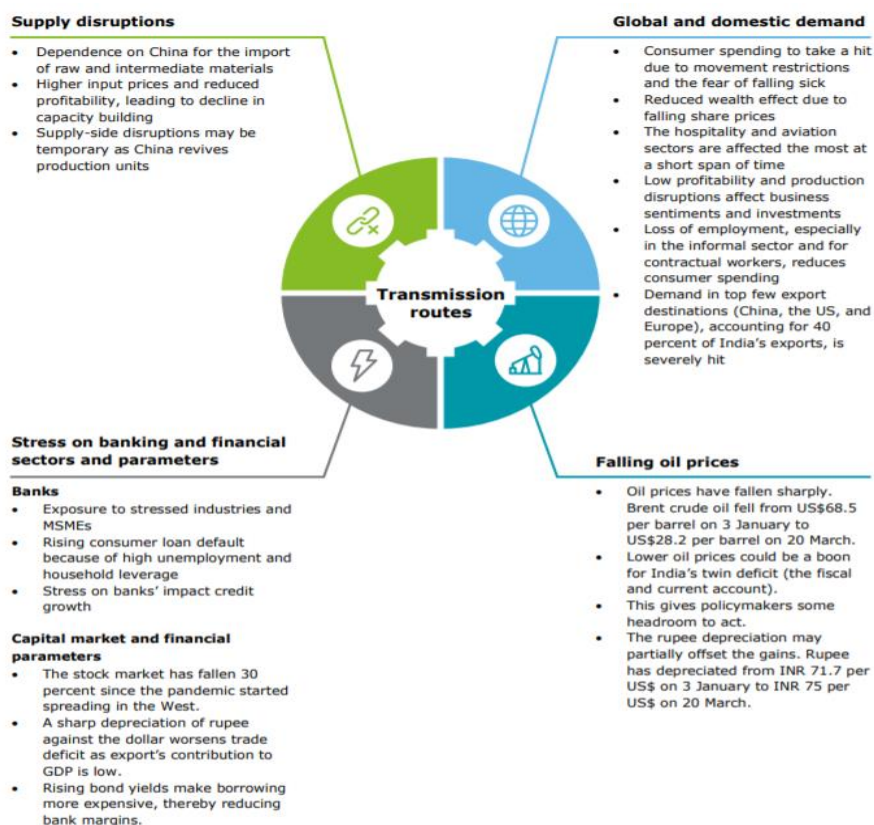
⁷ Ministry of health and family welfare, Citibank research.

Along with an unprecedented human toll, COVID-19 has triggered a deep economic crisis. The global economic impact could be broader than any that we have seen since the Great Depression.

Earlier, Indian economy was primarily experiencing a demand slowdown whereas now both demand and supply have been disrupted. There are four channels through which the impact will get transmitted to output growth. These are: external supply and demand constraints due to global recession and disruption of global supply chains, domestic supply disruptions, and decline in domestic demand. The economic shock will have impact on both formal and informal sectors. It may take a long time for the economy to recover from this shock even as the lockdown is lifted by April 14, 2020. To a large extent the recovery will depend on the policy responses of the government and the Reserve Bank of India (RBI) during the crisis period. The policymakers have already announced an initial round of actions. Much more needs to be done to minimize the impact of the shock on the economy.

THE FOUR TRANSMISSION VECTORS THROUGH WHICH COVID-19 MAY AFFECT THE ECONOMY

Figure 4- transmission routes through which covid-19 affect



THE ECONOMIC IMPACT OF COVID-19 IN INDIA WILL VARY BY SECTOR

Scenario 2 (lockdown continues until mid-May 2020): Potential impact on key sectors

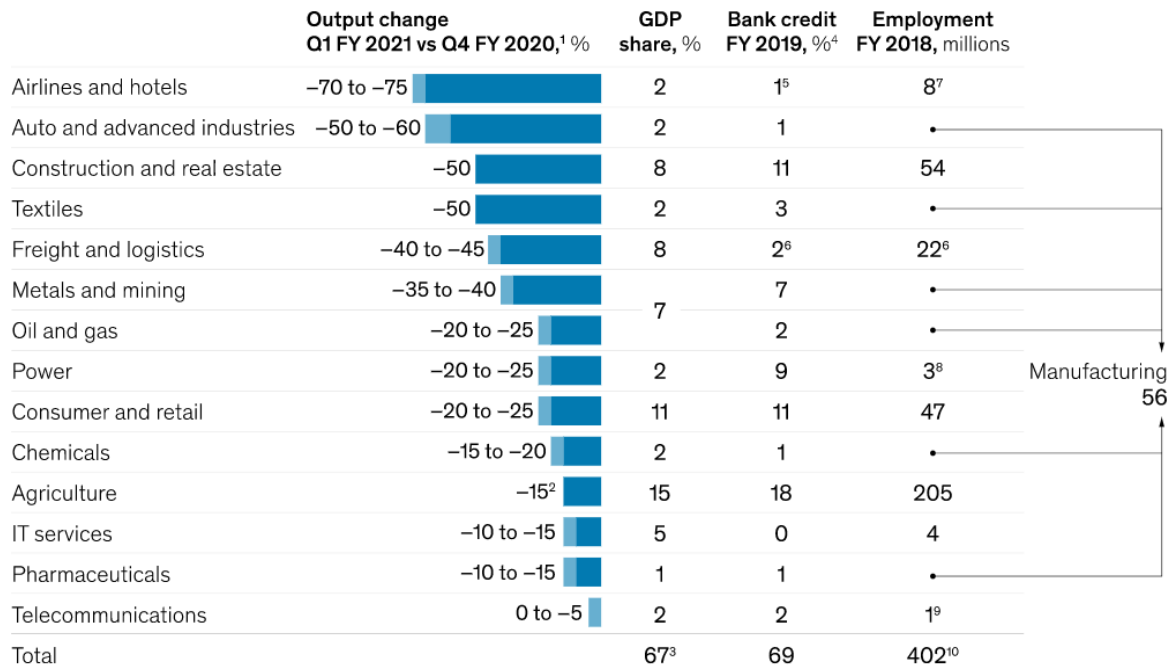


Figure 5: sector wise impact⁸

The lockdown continues until mid-may 2020 scenario is here by sector wise in India. As we can see that the total percent of GDP share is 67% where bank credit as per 2019 is 69% and the output changes according to sector as in IT sector it became -10 to -15 where in power its -20 to -25, textiles -50, oil and gas -20 to -25, agriculture -15 and many more as shown in figure.

IMPACTS: HOW WILL COVID-19 AFFECT THE WORLD OF WORK?

- The Covid-19 pandemic is not only the most serious global health crisis since the 1918 Great Influenza (Spanish flu), but is set to become one of the most economically costly pandemics in recent history. Experience with past epidemics provides some insights into the various channels through which economic costs could arise, in the short as well as longer term. At the same time, Covid-19 differs from previous episodes in several important ways. Notably, the globally synchronised lockdowns

⁸ <https://www.mckinsey.com/featured-insights/india/getting-ahead-of-coronavirus-saving-lives-and-livelihoods-in-india>

and trauma of financial markets reinforce one another into an unprecedented economic sudden stop. For these reasons, the Covid-19 global recession is unique.

○ COVID-19 will have far-reaching impacts on labour market outcomes. Beyond the urgent concerns about the health of workers and their families, the virus and the subsequent economic shocks will impact the world of work across three key dimensions:

- 1) The quantity of jobs (both unemployment and underemployment);
- 2) The quality of work (e.g. wages and access to social protection); and
- 3) Effects on specific groups who are more vulnerable to adverse labour market outcomes.

COMPARISON OF COVID-19 WITH SOME PAST PANDEMIC

Factors	1918 pandemic	SARS	Covid-19 1 March	Covid-19 8 April
Death toll	50 million Higher among younger people, significant fall in workforce	774	2,996	82,220 Higher among older people, likely limited fall in workforce
Containment measures	Social distancing; vary across jurisdictions	Social distancing in China and Hong Kong SAR	Wuhan and Lombardy lockdowns	Global lockdown
Financial amplification	Little	Little	Some market sell-off	Sharp tightening in financial conditions
Real amplification	Little	Little	Supply chain disruptions	Supply chain disruptions; sudden stop in demand
Context	WWI; high share of manufacturing sector in GDP in advanced economies	Chinese growth accelerating	Highly globalised economies and integrated cross-border supply chains; high share of services sector in GDP in advanced economies; high leverage in parts of real sector	

Figure 6: comparison with some past pandemic

THREE ECONOMIC SCENARIOS MODEL INDIA GDP ESTIMATES

Three economic scenarios model India GDP estimates.

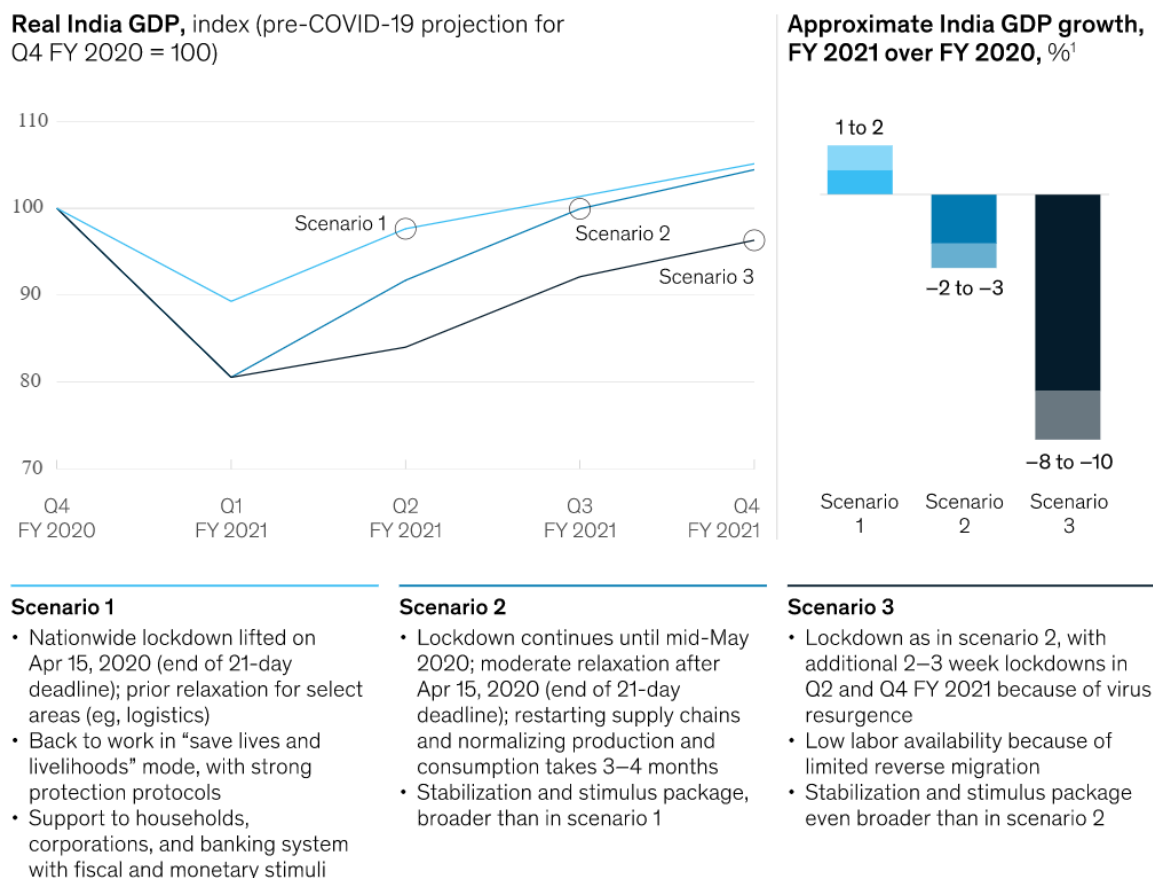


Figure 7: GST ESTIATES⁹

EMERGENCE FROM LOCKDOWN, SAFEGUARDING BOTH LIVES AND LIVELIHOODS

Countries that are experiencing COVID-19 have adopted different approaches to slow the spread of the virus. Some have tested extensively, carried out contact tracing, limited travel and large gatherings, encouraged physical distancing, and quarantined citizens. Others have implemented full lockdowns in cities with high infection rates and partial lockdowns in other regions, with strict protocols in place to prevent infections.

The pace and scale of opening up from lockdown for India may depend on the availability of the crucial testing capabilities that will be required to get a better handle on the spread of the virus, granular data and technology to track and trace infections, and the build-up of healthcare facilities to treat patients (such as hospital beds by district). In parallel, protection

⁹ <https://www.mckinsey.com/featured-insights/india/getting-ahead-of-coronavirus-saving-lives-and-livelihoods-in-india>

protocols, cocreated with industry, could be designed for different settings (such as *mandis* [rural markets], construction sites, factories, business-process-outsourcing [BPO] companies, urban transit, and rural–urban labor movement). As an example, industrial areas (such as Baddi, Vapi, and Tirupur) could be ring-fenced and made safe, with local dormitories set up for the labor force and minimal, controlled movement in and out of the site allowed. There could be on-site testing at factories and staggered shifts for workers. While the principles may be the same for construction sites and BPO companies, the specifics would differ.

WHAT WOULD BE INDIA’S IDEAL STRATEGY AFTER THIS PANDEMIC?

Strategy 1	Strategy 2	Strategy 3	Strategy 4
<ul style="list-style-type: none"> Identify the sectors where India can replace China in the short run (auto-components, metals, chemical products, engineering products, etc). Activate production at the earliest providing incentives to such sectors. In the medium run, India must tune its FDI policy in favour of such sectors. Domestic supply chains in many such sectors may spread across the states. However, necessary actions need to be taken to improve time efficiency. 	<ul style="list-style-type: none"> India must strengthen its relationship with ASEAN and East Europe and play a proactive role to be part of the newly developed value chain. India's leverage in sectors such as metal, electronics, chemicals, machine tools, capital goods, auto components and such value chains could be effective. In the medium term domestic supply chain inefficiency to be removed. Skill development and issues related to product, process and design innovation to be enhanced through SME initiatives. 	<ul style="list-style-type: none"> Invite Strategic Chinese companies in India and develop collaborative research to further joint initiatives for productivity and exports enhancement. In this case, India's primary role to protect the country from hostile take cover and encourage more Green-field investment cannot be ignored. At the technology front, India must develop an innovation ecosystem where companies from different countries can work together for product development and export from India. 	<ul style="list-style-type: none"> India might lose its valuable markets in South Asia, Africa, Middle East Central Asia, and East Europe. India's diplomatic channel shall be geared towards more development assistance, soft power and lines of credit etc. to manage and sustain current market share. India can also think of overseas investment in many such countries and connect them with domestic value chains.

Figure 8: India possible strategy

Figure 8-describes India’s possible response concerning the above-mentioned four scenarios.¹⁰ As we are not sure, in which way the world economy will move post-pandemic, India’s preparedness has to cover all four possibilities. Thus, a comprehensive approach is the way forward. A mix of trade openness and protectionism along with international diplomacy and tweaking of domestic policies to ensure and sustain gains are the future

¹⁰ Source of chart info: C:/Users/DELL/Desktop/iil%20conference%202020/617-Covid19_pdf

strategies. As global business takes a new turn, India has to redefine the country's position not only to leverage gains but also to minimise risks. Trade agreements are neither foregone nor shall a complete free market remain.

The judicious mix must vary from sector to sector. India must identify 10 strategic sectors for focused attention related to investment, technology development with market access strategy to remain a part of the global value chain. It must integrate its manufacturing, innovation and trade policy to the best possible convergence for enabling flexible, agile, technologically advanced and ready for innovation deals in these strategic sectors. How well Indian government is able to lead its resources, both financial and physical, will determine India's position towards 2050.

COVID-19, NEW NORMAL AND INDIA

The world is facing humanity's biggest crisis since World War II. Almost every country has been affected by the devastating Coronavirus disease (COVID-19). An outbreak from China has gone everywhere. In the last few months, Corona's epicentre has been shifted from China to Europe to the United States. Till 30 April 2020, over 3 million people had been affected by COVID-19 and about 210,000 people had died worldwide. Indirectly, billions of people have been suffering from the impact of the global pandemic of COVID-19.

What is alarming is that the numbers likely stem from under-reporting, and may probably rise in the weeks ahead if we factor in asymptomatic patients and more tests. Given that the pandemic-driven crisis is constantly changing, countries are desperate to flatten the curve for COVID-19. Undoubtedly, this Coronavirus has put the world economy at a major risk. Coronavirus ravages the economic foundations of world trade. Commentator have identified this outbreak as an outcome of hyper-globalisation or starting of de-globalisation.

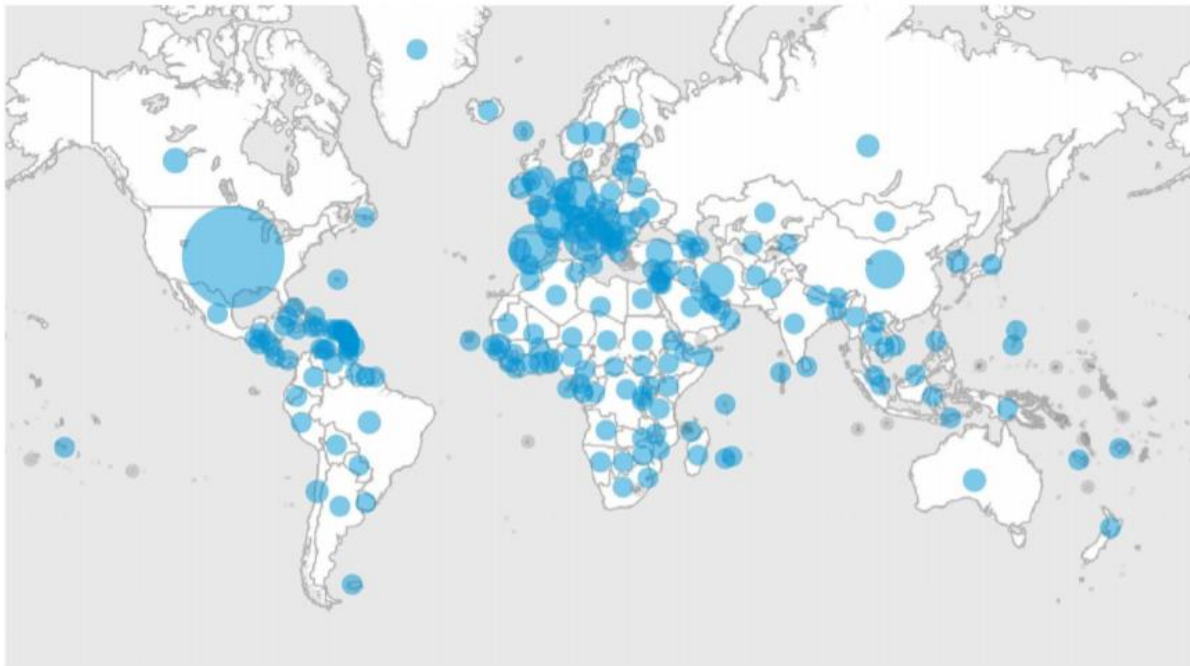
However, the world is going to face recession; and the global losses, according to some commentators, may exceed World Wars I and II combined. At the same time, the falling world price of crude oil has added further anxieties. Several estimates are now available on the economic loss and post-COVID-19 growth path, and most of the estimates show that the world is already in an economic crisis. South and Southeast Asian countries are no exception.

They are heavily affected, health or otherwise. Countries are under full or partial lockdown for the last few weeks. It is a global challenge and a global response is called for. Flattening the COVID-19 curve together helps everyone in an inclusive manner. Unlike the 2007-08

global financial crisis, it is primarily a health crisis, which has given birth to an economic crisis.

CURRENT DISTRIBUTION OF COVID-19 IN DIFFERENT COUNTRIES¹¹

Figure 9: - covid-19 in different countries¹²



CONCLUSION

Covid-19 has posed an unprecedented challenge for India. Given the large size of the population, the precarious situation of the economy, especially of the financial sector in the pre-Covid-19 period, and the economy’s dependence on informal labour, lockdowns and other social distancing measures would be hugely disruptive. The central and state governments have recognized the challenge and have responded but this response should be just the beginning. Policy makers need to be prepared to scale up the response as the events unfold so as to minimise the impact of the shock on both the formal and informal sectors and pave the way for a V-shaped recovery. At the same time they must ensure that the responses

¹¹ WHO, 2020, Accessed date:18th April 2020.

¹² Source of info.: <file:///C:/Users/DELL/Desktop/iil%20conference%202020/1-s2.0-S0048969720323998-main.pdf>

remain enshrined in a rules-based framework and limit the exercise of discretion in order to avoid long-term damage to the economy.

Environment change is one of the biggest and most vital challenges of the 21st century. In spite of all their efforts to restore the nature during the last few decades, humans could only move a few steps forward. But during the last few months, consequences of the pandemic have successfully recovered the environment to a large extent that should definitely set positive impact on global climate change. Whatever be the cause or origin, the occurrence of COVID-19 has emphasized to improve the mutually-affective connection between humans and nature. At this point of time, it is indispensable to control the source of disease, cut off the transmission path, and use the existing drugs & means to control the progress of the disease proactively. Like all the preceding disasters on the earth, let all be optimistic enough that, human beings will definitely win over the pandemic in due course of time, but they should know the limits to which they can thrust nature, before it is too late.

- The cost-benefit analysis in health policies certainly goes beyond accounting for economic gains and losses. But even from a narrow economic perspective, the adequate course of action is far from settled. On the one hand, the high output losses from global efforts to contain the Covid-19 pandemic are unprecedented.
- To manage the macroeconomic consequences of a large stabilization package, the government would also need to consider clearly communicating to the markets and population that these measures are deep but temporary. Given that India's fiscal resources are constrained, the Reserve Bank of India may need to finance a portion of such incremental government spending. The spending could be tracked as a COVID-19 portion of the budget to boost transparency. The inflationary effects may be low, as lockdowns severely constrict demand and the fiscal support provided would be a substitute for expenditure rather than additional stimulus. Price increases could, however, occur in some sectors, such as food, so appropriate steps would be needed to maintain harvests and keep the food supply chain operating smoothly.