

A DISCOURSE ON CHANGING SCENARIO OF GLOBAL ECONOMY IN PRESENT AND POST PANDEMIC

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Abstract:

Due to the coronavirus pandemic in 2020, the world economy could decline by up to 1%, a reversal from the previous forecast of 2.5%, the UN said, warning that it can contract further, if economic activity restrictions are extended without adequate fiscal responses. The UN Ministry of Economic and Social Affairs (DESA) analysis indicated that the Covid-19 pandemic is disrupting international supplier chains and trade. The movements of people and tourist flows have stopped shouting with almost 100 countries shutting national boundaries over the last month. It is a virus and infection pandemic which is badly hitting the whole World. Amid the corona virus pandemic, several countries across the world resorted to LOCKDOWN to flatten the curve of the infection. This lockdown meant as a confinement millions of citizens to their homes, shutting down businesses and ceasing almost all the economic activities. The pandemic has pushed the Global Economy into recession which means the economy starts shrinking and growth stops. The GDP of China dropped by almost 36.6 % in the first quarter of 2020 while the South Korea's domestic output fell by 5.5%. All the countries followed a strategy of aggressive testing, contact tracing and quarantining. Outlook of April 2020 projects the Global output in 2020 to contract by 3.3% with output of advance countries contracting more than emerging markets and developing economies. Global growth has hit unprecedented depths of despair amidst COVID-19 So, it is important to recognise that this is an unprecedented crisis. Everyone has their role to play as uncertainty is inevitable. The present paper intends to discuss how India can overcome the challenges and emerge as a front-runner in the Global Economy.

Key References: Concept of Covid-19 and its implications, Psychological, political and economic impact on global economy, Strategies to overcome Covid-19 crisis, Opportunities

Introduction:

WHO confirmed on 11 February that the sickness would be labelled COVID-19, with the only backstory explanation being "following the guidelines previously developed by the World Organization for Animal Health (OIE) and the Food and Agriculture Organization of the United Nations (FAO)." Lacking that, it seems to be a partly political decision, e.g. to prevent "Wuhan Virus" or even "Chinese Flu" from being the norm. This is reasonable, as the WHO wants to manage sensitive nationalistic sentiment and get employees to work around each other. As during the year 2019, that's when it started, and "COVID" stands for "coronavirus disease." We've had a few coronavirus outbreaks, they're not particularly common, and it's very unlikely that they will occur in the same year, but there's a non-trivial chance that there will be another one in 2020 in addition to the existing one, ergo, it would make sense to lock "19" for this time.

The spread of COVID-19 across the globe has driven companies to adapt and adjust their way of operating. Offices have become less important and work from home has suddenly become compulsory. The unexpected demand for home employment is pushing the digital transition of the workplace and the development of the work climate at an unparalleled pace. Mass adoption of telecommunications has become a vital business change since the outbreak of the virus. This paper explores the unforeseen effect of the coronavirus pandemic on the unexpected need for work from home and the resulting drive towards digital transformation of the workforce.

Objectives of the Study:

- **To know the concept of COVID 19 and its implications.**
- **To know the impact of COVID 19 on Global Economy**
- **To know the psychological and political impacts on the economy.**
- **To identify the challenges and opportunities amid pandemic crisis.**

Impact of COVID 19 on the global economy:

Economic growth reached unparalleled levels of desperation in the middle of COVID-19. Substantial risks remain of even more serious outcomes. The IMF's World Economic Outlook of April 2020 projects global production to be contracted by 3% in 2020 with performance from advanced countries that contract more than emerging markets and developing economies. Aptly called the 'Economic Lockout' month of April 2020 saw large production and utility indices around countries fall to record lows on the basis of supply-side disturbances.

This demand shock heavily relied on commodity exporters as their exchange rates dropped in value relatively sharply. Global financial markets dramatically sold out equity and debt in March 2020 which led to the collapse of benchmark equity indices and the tightening of bond yields before a modest recovery in April 2020. Governments and central banks responded by introducing stimulus programs and injections of liquidity. On 12 May 2020, the Prime Minister of India announced a package of Rs. 20 lakh crore for the country, amounting to 10% of GDP, including all previous liquidity requirements.

The impact can be cleared from the following figures:

Fig A: PMI manufacturing across the Countries

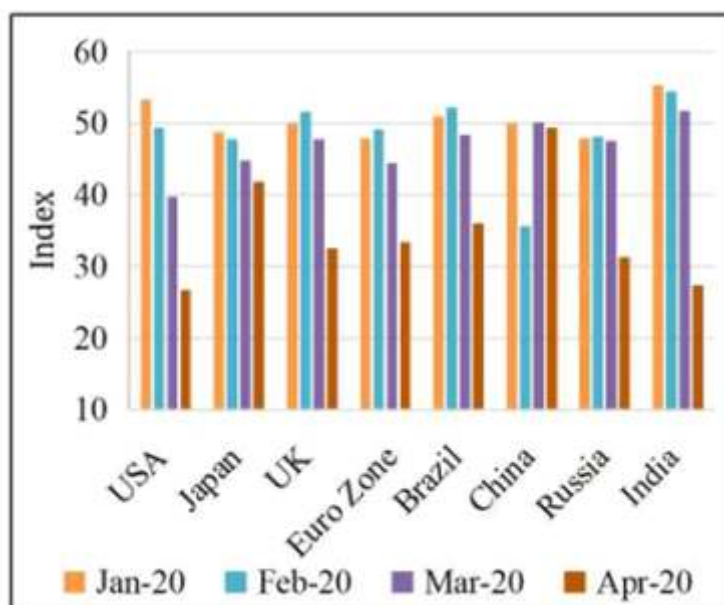


Fig B: PMI services across the Countries

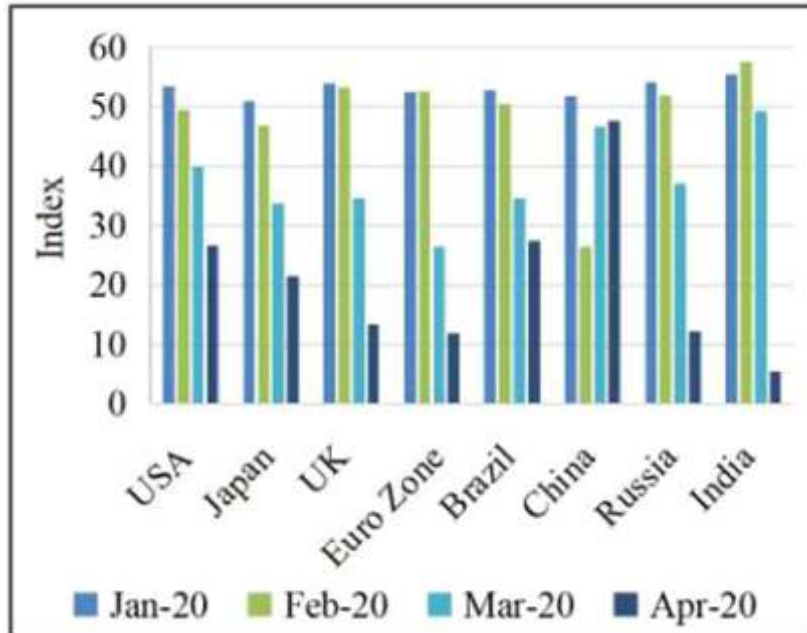


Fig C: Global Equity Indices

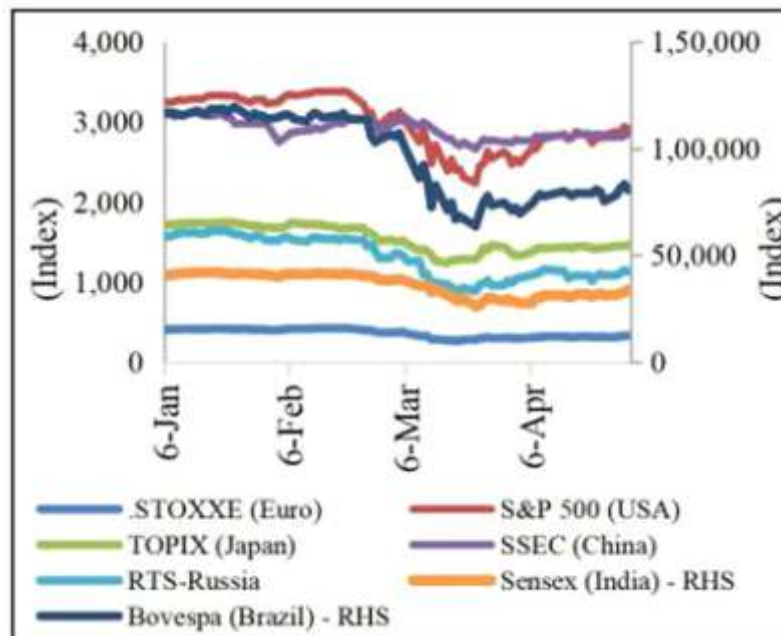
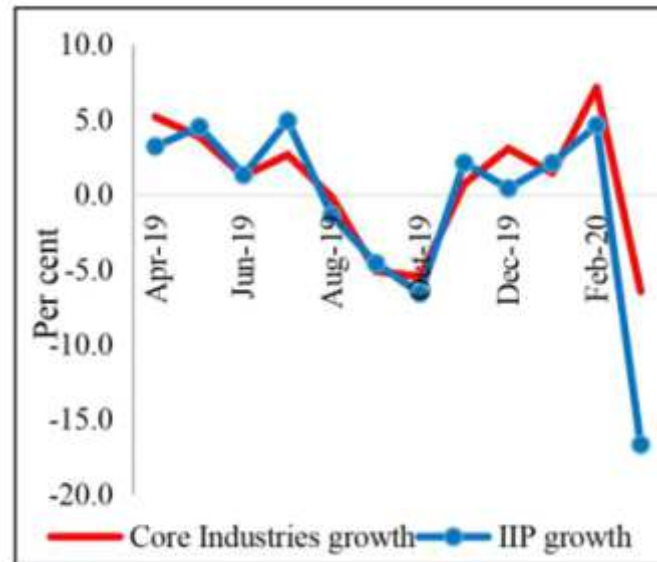


Fig D: Growth rate across 8 core sectors:



Thus, Indian benchmark stock indices reported the largest gains after April 2020. Plumping in March 2020, bolstered by optimism over lock-down easing in major global economies, stimulation packages by banks and other financial institutions, expanding business activity in China, and encouraging COVID-19 drug testing in the US. The IMF estimated India's GDP growth in 2020-21 at 1.9% and 7.4% a year later. Government is mindful of the magnitude of the lockout on economic development in the nation and is cautiously hopeful that growth will be resumed later in the year.

Psychological & Political impact of covid-19

Covid -19 has been declared as pandemic by WHO after its outbreak in China. It is a virus infection pandemic which is badly hitting the whole world. All most all the countries are facing this challenge at large scale. USA, UK, Brazil, Spain etc. are the most vicious of the disease. It has various psychological impacts in the society. it has imposed various restrictions on human behaviour and activities. Due to lockdown it has created lot of economic problems at large scale. Problem of hunger, starvation, unemployment and large-scale migration and other feeling of insecurity have created problems for the psychological and physical existence of the individual. Mental health is going to be a

serious problem. People are facing psychological problems at large scale. Basically, the pandemic has created the psyche of insecurity in the mind of the masses. Due to various steps taken to contain the spread of the pandemic, new problems have taken place related to sociological and psychological aspects of life. The process of social distancing and decreasing interactions between people has directly influenced the mental health of the masses.

Covid-19 pandemic also has political implications at national and international levels. Drastic changes are taking place in the bilateral and multi-lateral relations between the states. At international level China and USA bilateral relations are going under change on large scale. Both the powers are blaming each other for the outbreak of the pandemic. Bilateral relations are changing of the states. On the humanitarian ground all the states are cooperating each other with the exchange of medical and other help to the needy countries.

At domestic level, the pandemic has its own impacts on Indian politics. Political controversies are going on between the ruling and opposition political parties. Modi government has played significant role in the containment of the virus-based pandemic. But opposition political parties are blaming it, as failure of the government. They are criticizing the process of lockdown, migrant labours and economic package given by the government for the upliftment of the economic activities. Beside this, a new form of cooperative federalism is emerging in India. Though federal government is taking all the major decisions in this regard, states are also cooperating the federal government. All the states are following the directions of the federal government.

In fact, the pandemic has westly affected the whole world. People are facing various socio-economic, psychological, political and other problems at large scale.

Challenges and Opportunities Ahead

The crisis of COVID-19 has impacted economies and societies around the globe and will indefinitely redefine our world as it continues to change. While the consequences of the crisis are both intensifying familiar risks and adding new ones, change on this magnitude also creates new opportunities for managing critical issues and ways to build a better recovery.

As the pandemic occurs, it induces economic pestilence, above the morbidity and mortality of the epidemic itself. Economic activity has been reduced in order to enforce social distance — an imperative bullet in the war on corona virus disease (Covid-19).

The World Bank and the International Monetary Fund (IMF) warned that the virus is putting the global economy in a worse recession than it did after the financial crisis of 2008. Moody downgraded India's GDP growth forecast for 2020 from 5.5 per cent to 2.5 per cent. The United Nations Trade and Development Conference (UNCTAD) paper, The Covid-19 Shock to Developed Countries, called for "Governments to do whatever it takes" to avoid global downturn being a recession or worse, a protracted crisis, and to protect the weakest.

Developing countries, including India, face a number of economic challenges. These include uncertainty and dramatic declines in financial markets and commodity prices, and financing gaps due to shrinking fiscal revenues and Covid-19 spending. Currency crisis, disruption of international trade and transport, depletion of foreign exchange reserves, devaluation of their currencies, decline in export revenues due to export controls and contraction in global markets and economic engines are also cause for concern.

These deaths will be under control in the post COVID-19. In post COVID-19, there is an opportunity to build an economy that is more flexible, more diversified and that is more attractive to global manufacturing and global services.

Apart of all this, I request everyone to stay indoors and maintain social distancing.

“LETS BEAT CORONA-VIRUS”

In brief following are the challenges and opportunities:

Developing countries included India face severe economic challenge. These include volatility and precipitous fall in financial markets and commodity prices, and financial gap due to shrinking fiscal revenue and Covid-19 expenditure.

A sector big blow to globalization and connectivity with China, its flag bearer, becoming the epi centre of the crisis and economic contagion.

There is no permanent cure and prevention mechanism for this disease yet unless a vaccine is rolled out.

During the covid-19 lockdown people are facing severe psychological problems due to depression either because of losing their jobs or just by being captured at their homes. Moreover, the cases of domestic violence are also on a record rise.

Strategies to overcome Covid-19 crisis:

1. Integrating architecture and changing of thinking:

Covid-19 's expansion has fundamentally altered the demand-supply dynamics in many sectors, including travel, ticketing, restaurants, and so on, and the best way to get around that will be to modify the company models carefully according to the modified market structure. Edtech, Health tech, social responsibility companies, forestry, and food manufacturing star-tups are projected to gain momentum post COVID-19 crisis.

2. Financing and investment management

To prepare for effective financial performance over the coming months, a more in-depth study of fixed v/s contingent expense components within the total expense structure will be carried out. It will take flexibility to boost investments post-crisis. And if creditors would finally relax their purse strings in the near run, it will take someone a long time to shut their investment calls. Through the point of view of the creditors a software play will be tried.

3. Incorporating the planning of short cycles:

Post the pandemic and once the operations get back to normal, planning for short durations and short cycles should be the mantra. Instead of looking at long-term plans, the plans should be ready for three months , six months, and one year. In the current scenario, it is necessary to focus on compensating for the lag due to lockdown and preparing the organization to cope with the situation.

4. Effective mentoring to re-strategize

In a given time the requirement for mentoring would be the greatest. Since we are looking at re-strategizing business models, startups should endeavor to include relevant mentors. Businesses can also look to connect with experts from different sectors who can benefit significantly from their inputs to the operational cycle.

5. Maintaining the contact path in crisis time:

During times like these, reliable and productive management of the contact channel is important. It becomes extremely important to be open and available to the concerns of all stakeholders, including clients and investors, so as to maintain their association with the business.

6. Holding a good partnership with negotiating parties

It is understandable that the pay-out of vendors / suppliers during the lockdown could be difficult. Nevertheless, it will be good to provide adequate warning to the retailers , manufacturers, tenants, etc. in case there would be some pause in payments such that they will be informed as well so there is no resentment in this very tough period.

7. Employee training & internal optimisation

For big companies planning restructuring, the main alternative would be to slash the wages of the highest paying exec / employees in an effort to maintain the workers who can least afford to risk their employment. However, when the time comes to make the tough call, look out for government directives with compassion and offer extra compensation whenever and when necessary. This deployment can only take place once and not in phases.

Opportunities

1: More time: In today's overheated economy, time could be seen as the most precious and indistinct thing we have. Covid-19 reveals why: because we've filled our week with social events and activities such as cinema, birthdays, film, pub, cafe, sports club, gym, dance, parties, concerts and more. Suddenly, all of this is canceled or prohibited, giving us significant amounts of extra time. And somehow, live is going on. This illustrates how quick it is to clean up our calendars. Clearly, this does not apply to the healthcare industry and other key industries, but apart from that, it relates to the vast majority of sectors.

2: Reflect and rethink: This gives a wonderful opportunity to amend and improve our patterns and behaviors. You can now think of whether you really want to keep doing this

following the crisis now that you haven't been able to go to the restaurant twice a week, commute 2 hours per day, hang out with friends or go to a party every weekend. The virus compels you to modify your everyday life, which you may want to maintain even after the crisis.

3: Innovation: Covid-19 indicates that something will improve as long as there is ample stimuli. This contributes to major inventions. Restaurants, for example, are no longer allowed to open their doors. And suddenly schools do a great deal of the learning and some assessment procedures. This provides the chance to build technologies that can be continued during the crisis. And then it can also help maintain today 's speed and mode of innovation.

4. Better Meeting: We have been forced by the current crisis to reflect on how we handle meetings. When a community of citizens is no longer permitted to meet in several nations, a substantial amount of meetings are cancelled. And they are mostly virtual and shorter when they still take place.

It therefore provides an ideal chance to address one of the most challenging aspects of corporate existence. The technology is already there for a few years and matures, but the coronavirus causes a sudden need. The real chance here is to systematically modify meetings, including after the crisis, to be more effective.

5. Reconnecting with people: Difficult times present an opportunity to connect with and help people socially and other ways. Of course, the fact that friends or families can not visit has in some cases increased isolation and loneliness. The feeling that "we are together in this" has also led to interesting connections. Some have become viral, such as Europeans singing from their windows and balconies, but a number of small, local initiatives have been taken to connect people and help them.

6. Cleaner Ecosystem: The virus caused industrial activity to shut down or dramatically decrease. In over-crowded city centres, including Venice, Amsterdam and New York, filling stations are abandoned, or run well below their capacity and road traffic is decreased dramatically, and air traffic goes off. This can be bad news for most people , particularly in the industries concerned, but this is also good news for our planet. Covid-19 leads to a significant decrease of green-house gases and other pollutant outputs in air , water and land. In Venice, it was alleged that after only a few weeks the dolphin returned.

7. Modesty and reception: The ultimate opportunity offered by the Covid-19 crisis is an opportunity to highlight the awareness of the moderate role that we perform on this planet and to accept that it can't always go as we want. In modern times of stability, the Covid-19 pandemic is a global catastrophe talk. This virus shows that we are not controlled, no matter how well-planned, organized and how much of the Anthropocene, the age of considerable human impact, we live in. Anything is affected by a basic virus. This gives you a better shot. We want to be in control in nearly every aspect of life. We are illusory that complete control is possible, whether it comes to health, aviation security or our schedules. The virus can help us to realize that it's not. It is an opportunity to play a smaller role and to recognize that much is simply beyond our control.

Conclusion:

The whole world is facing the humungous challenge of COVID-19. Struggle for survival has been the most critical issue in the global economy. There is a dire need to assess the present theoretical and practical basis. To keep the society safe and secure from the deadly Corona Virus.

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