

"From Shock to Stability: Navigating the Economic Impact of the COVID-19 Pandemic"

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ABSTRACT

The already crucial economy of world received an thunderstorm in the form the novel Corona virus .the new financial year at its emerging received its worst shocks as the corona virus has infected almost 150 countries with 12 lakhs people infected it would bumper the economies , jolt , complete lifestyle and common welfare .however the losses depends and very from vector to sector . the situation has weekend due to huge and deep demand ,supply an equality shocks to the global economy .

However, how does world recovers after the pandemic caused recession would majorly depends on the way china and united states of Americas economics recovers. as the recently united nation conference on trade and development in its report .the covid 19 shock to developing countries has predicted that major economics least exposed to recession would be china and india the focus to save the people from the pandemic and extend support to the post as well as daily wage worker along with this long term policies are be thought and implemented so that india could award losses and regard its stability soon .this paper an attempt to see their recession as a challenge and the process to the cross the economics hurdle

INTRODUCTION

As Fears grow about the impact of the covid -19 virus financial market have slumped .now there are sign that the virus is moving from trebles screen to the economy .it is not at all doom and gloom. so far there are few indications either from weekly jobless claims or from company announcement that oiliness is rising worries that breakers, supply chains would stocked inflation also took ,overcome .for now at least .inflation has been on a steady downward trend since the beginning of the year though react bored bicep have inchmeal up, perhaps painting to effects of stopping railways and trucking volumes appears to be holding up . there is some residence of lower electricity, perhaps as people miss work thought the figures are volatile First Quarter of 2020

Jake no quarter: Few will regret at the end of the first 2020 quarter .fear of U.S. and Iran war, the followed by corona virus pandemic have pushed the world economy into a 12 % contraction over January to march. The quarter swathe most brutal global equity collapse since the great depression, escalated by a 60% oil price stamp

However April –may also not bring much relief with corona virus still spreading rapidly and keeping large economics shuttered . banks have rushed to slash Q2 forecast to expect certain turbulence on financial market .although certain has also arrived though in the form of G20 Government have promised as Rs Trillion revival efforts ,major central banks have slash rate of interaction peak and now April goes or if its time for arrival .

Pandemic Payrolls: Thought the years of stulbourly low growth and inflation the brightest spot the U.S.Labour market with unemployment reaching half-century loans, corona virus may have ended that booms with infection on its peak, cities in lockdown Business Shuttered and also travel sector freeze that showed up in the number of Americans filling unemployment benefit claims which would hit a record of more than 3 million

China's Pyrrhic Victory :- The world factory is reopening, but the market is closed and shoppers are gone. China's social isolation policies appear to have contained the corona virus at home, allowing work and travel to resume. But major economic damage may yet come with infections climbing exponentially in the United States. Europe and the other markets China exports to and whose supply chains in disarray. China is getting neither the imported component it needs nor demand for its products. Already Chinese factories' Jan-Feb profits have hit their lowest in a decade and an upcoming manufacturing survey will very likely reveal more pain and just like everywhere else, losses are souring up regardless of how many cheap loans are being offered to businesses. Expectations are now for the to contract his quarter up to 2 %

Come together, right now :- The European central bank has done its bit to tackle virus damage having massively expanded asset purchase and agreed to more flexibility on the share of bonds it buys from each country and blubbed borrowing costs for weaker European states such as Italy. Now it's up to European union leaders to come together. So far there is no united front they will fail to agree on the scale of support for economic reward by the oil shock. The ECB's aggressive action gives them some breathing space but as now politicians are understanding over sitting up to credit line worth some 2% of the annual output from the euro bailout fund. Many European governments urge the issues of a joint debt instrument to face a crisis which is estimated to shrink the euro economy by 9% this year. But Germany and others oppose that France is unnamed mention is the survival of the European projects the crises for sure is for from over.

Frontiers on the edge : It's been a tough time for riskier assets in recent weeks including emerging market studies, bonds, and currencies but few have felt the pain as much as frontier markets, a subset of small and often riskier emerging economies. Many of those frontier economies are in Africa and are suffering from a toxic combination of trebling oil and commodity prices. The prospect of the global economy trembling into recession and weakening currencies which will make surviving external debt over much more expensive. Oil-producing countries like Angola, Ghana, and Nigeria have seen their dollar-dominated debt drapes sharply with the gelid of some issues shouting alibi 20% indicating souring surrounding cost. Many countries on the continent lack the financial firepower or foreign currency reserves needed to combat the corona virus and prop up their economies with health care systems already under strain. World Bank and International Monetary Fund on Wednesday urged official lenders to dispense immediate debt relief to the world's poorest countries as they grappled with the human and economic consequences of the pandemic. Many hope that the acknowledgment of the need to bolster global financial space and national health systems will translate into action.

Impact on Global Economy

This pandemic already mentioned had made the world economy as it has frozen the diamond. Supply and the market. In order to restrict the markets. In order to restrict the momentum of its spread the global

Economy has limited or shuttered its economic situation. In this direction, the production is on ice, therefore the firms or unit might not have sufficient resources. China's purchasing managers' index (PMI) stated that it was below so highlighting the recessionary conditions, though which world could feel the slow down one to lockdown many where. The supply chains have been interrupted and energy commodity. The capital market in U.S. due to global spread of covid-19. According to IMF and several economic institutions, it's predicted that covid-19 recession would be larger than the global financial crisis of 2008. From high-grade high-growth and municipal have been significant spread for separated bonds have are done hundreds of basis points.

Restaurant is a great indicator of retail activities of individual. However the restaurant sector globally was in 89% decline and finally would end up in 100% decline, this has forced them to have low margins and lay off staff or ultimately close in upcoming days.

Currently China comprises 16% of world economy, four times then during SARs these could lead to heavy material influence on U.S. Economy China would work on the issue of liquidity constraint adding debt to an already indicated economy which would again distract the economy. Another major issue is Wuhan which is a major industrial hub and an integral part of global supply chain, which was affected.

Quarter 3 will reveal a large adverse impact of covid-19 as a result of falling consumption, business investment and export

Impact on The Indian Economy

India Real GDP was already severely hit before the outbreak of covid 19, leading to lowest and now outbreak has further posed for new hurdle. Overall, India's three major contributors of GDP i.e. Private consumption, investment and internal Trade will get affected due to the nationwide lockdown for 21 days which has brought economy to standstill. Both investment and consumption levels have gone down the supply internally has been distributed. Not only important but also exports of India have faced a huge blow and leading to severe stoppages.

Care of India's GDP:

As China has controlled the coming up to new cases and restored its manufacturing sector, India and others have also found the loops and strength of fiscal and monetary policy therefore, India GDP could be predicted somewhere b/w 5.3%-5.7%

The impact on India growth in terms of global spirals, will be meaningful, owing to India's integration with the global economy, therefore India GDP would be lower than expected i.e. 4-4.5%

If lockdown and global recession continues it would lead to destruction of domestic and global demand thus GDP would fall below 3%

Demand-Side Impact

The lockdown would largely impact the consumption resulting in heavy losses. As all the urban activity has come to an end leading to fall in consumption of non-essential goods. Due to the 21-days lockdown, the supply-chain of essential commodities has also been broken as several restrictions are impacted. An stimulus package of Rs 1.7 trillion focusing on cash transfer and food security was introduced. The hardest hit section of population is the daily-wage workforce in urban sector, which consists of 37% of population due to the uncertain income.

Supply-Side Impact

The supply is also affected as there is shortage of raw materials which are imported from China, further due to shut of factories would result in shortage of goods. Foreign value-added component in India's gross manufacturing export is much higher than that of its Asian partners like Thailand and Vietnam.

There would also be supply shocks due to high dependence on intermediate goods from China. Thus, headwinds are more likely on account of the demand other than supply shocks in countries affected by covid-19.

Lower Oil Price

The severe disruptive impact on the demand caused by the pandemics created large cash flow gaps for corporate. The severity of the impact is contingent on the level of indebtedness of individuals, firms and their working capital requirement. The price war between large global players together with an increasing disband outlook for the global economy has led to a steep decline in prices, however, this is profitable for India as India imports 80% of its oil requirement but India failed to extend this profit to its consumers in order to earn more and more revenue and earned an additional revenue of Rs 390 billion.

Sectoral Impact

Apparel And Textiles: Apparel and textiles complex 20% of GDP and imported from Bangladesh and China and exported to U.S., U.K., Canada, Russia, etc. The coronavirus outbreak has stalled prices but the demand is long-term affected. In addition to this it employs the largest section of population and nationwide unemployment has led to a fall in wages of low wage workers. If the lockdown continues, then it would lead to

downfall of exported due to restrictions in several countries .the domestic retail market would also be unit as impart from china would result in high prices of domestic good . the cotton price have been reduced by 3% and are expected to be impacted ..thus this sector is expected to decline by 10-12% in april-june quarter

Auto And Auto Components: this sector combine comprises of 9.4% of india, there are several furies related fluctuation faced by this sector has been highly impacted as people have either postpone or given up the thought of buying the vehicle due to uncertainties created by pandemic it has also hear hit due to the shortage of anew material. furthermore there would be new launches of the original manufacturer until and unless condition is improve and the some psychological effect created buyer is settled also as all demand for mom-essential good has been shuttered so losses after the lockdown the repair servi9ce is in low demand

Aviation And Tourism: Aviation and tourism sector contribute a large share of 11.6 % to the GDP. where income and employment differ from state to state. There is a decline in demand of turbine fuel which is a result of international and domestic level .this pandemic has given severe losses to this industry as it would impact both. white and blue colored oil, approximately this sector has to face the brunt of huge losses and cutting to 85 billion as result of travel restriction imposed loading to an all the time low of outbound and inbound travel. Thus it has several questions over its survival .hospitality industry are in losses of 35 million profits comprising to 20%og the weakness

Building And Constructions: one of the largest employment generation sector is real estate which has direct implication around 250 industries its contribution in GDP of india is 13%.This sector was already severely hit due NBEC crises ,cynical behest sentiments and development default, thus lower demand .Furthermore ,as this pandemic has merge the supply distrusted. there are travel resections imposed ,so the cash flows and investments are lack broken all this would create a situation of delayed construction and also as job loss of 30% and massive financial losses. industrial , logistic and warehousing sector is also expected to get impacted but the bounce back for this segment is prospective to lie the strongest with business looking to held investment risk in china

Chemical And Petrochemical : covid -19 has highly impacted this sector which contribute 3.5% to global chemical industry and its sixth largest chemicals and petro chemical produce in the world the raw material for pate chemical is in shortage following the crude oil prices thus could be an assumption that the lowered global demand of oil and price war between Russia and sandi aralias would lead to further lowered price .ir is also expected that raw material prices could rise as a result no production in china from which india imports. To the supply chain are disputed globally .it would reduce the Import of india by 15%.the overall slowdown in indian economies would lead to end of short term demand and also medium term demand uncertain. as this sector closely concentrated with textiles and packaging industries, therefore slowdown in this industry is lead to secure impact on petrochemical industry .apart from essential chemical and all other chemical would be highly impacted ,most operating units are SMT`s small and medium enterprises leading of labor migration because of uncertainties. however, broken supply chain with china is deepest impact to the sector .it is difficult to predict the duration of the outbreak and supply chain restrictions which have created uncertain environment

Consumer,Retail And Internet Business : This sector has mixed experiences and impact .it contribute 10% in GDP of india .the biggest concern here again is the shortage of securities and raw material due to fall in imports has adversely effected the industry .another big challenge posed the lower the production of nonessential .whose demand would suddenly rise after normally is restored .through the food and grocery retail would be loss impacted for other cash rotation , in addition to this labor had to be aline to service essential based services. There is strong network of e-commerce for consumer for delivery to by essential and their is a high post payment of purchase of non-essentials .one positive sign here is that their would be expert availability in non-china countries

Food And Agriculture: It employee 43% of of the indian economy which is very wide .india rank in first in world in the terms of Dairy ,Spices and Cashew ,while second in term of food grain ,fruit and vegetable. As agriculture is the backbone of the country so the government has included in the essential commodity category, therefore there is low impact on production as well as agri Import like seeds ,fertilizer and etc the rubi harvest would be affected due to the uncertain of migratory moment between different state as per the guideline given

by the ministry of agriculture the madni procurement are got to be transients. This would impact the sourcing and sale of agri import in the season. However, over all impact of covid 19 in this sector is very low as Government has included seeds in essentials category .however, export and import of agro-chemical would be affected and the company which is directly based on this would be impacted .coming to the point of fertilizers, owing to existing inventories impact many be less expect for logistic and point clearance in india. several state have granted permission of free movement of fruit, vegetable, milk there are several myths regarding the consumption of egg ,chicken which has adversely effected its consumption.ho0wever,due to lack of proper guidance between the state .the supply chain turn into critic foundation . the retails shops are affected dye to storage of stock and while online platform have been impacted by police restrictions and stoppage of vehicle therefore the status of working to smoothen the movement the food . in the food processing sector the government has third to case the supply network .however, this is a class skilled and semi-skilled worker moments, so the factories should adjust with the shortage of labor and overtime to meet the demand therefore the domestic market could be manages. Due to the pandemic india export to countries like USA, China also European countries would be affected as result oif lower demand .thus, export commodity should be diverted to avoid losses.

Medium Small Micro Enterprises (Msme): it is very huge sector to contribute 30-35% on GDP and 114 Million people the novel corona virus imported both supplies as well as import leading to suffering both availability and cost .even after the lifting up the lockdown this would remain in losses due to the global slowdown .the impact on working capital would have direct impact on their future investment ,supply chain, market and also rotation between different levers of enterprises.the pandemic adversely impacted the unemployment leading to lay off unrest and contract based worker .thus, with Europe and US suffering huge losses in pandemic .export sector have to war the brunt .several MSME would also face closers due to heavy losses .however, there are several variations in impact on different MSME under different sector. this Suggest that MSME in hostel industry and tourism etc would be worst hit while MSME of essential commodities would be operational on the other hand export as well as import oriented sector is would be impacted and consumer good garment footwear etc, would have a major direct impact.

Pharmacuieticals: coronavirus being a health pandemic has impacted pharmaceuticals too ,firstly in the form of imported rat materials from china some of whose prices have rises. Furthermore ,the production has also been shuttered due to lockdown and non-availability of labour. Its easy to mange large enterprises but small were struggle for their survival and several unit have been closed .specially shipment factories .as the price has been rise due to shortage of supply it has become unacceptable to people ,certain essential medicines been due to nervousness and panic created by codi-19.the consumer sentiments are not impacted but they are anxious affect potentials; cures from combination of available drug .the most impacted units are generic drugs because of their high reliance on import from china .there is highly exported demand for certain product over the short term such as developed countries like U.S look to stock pill medicines .the online pharmaceuticals have been imported as a result of delivery prohibition due to staff not using up and non-availability of passes.

Telecome : this sector is comprise 6.5% in india GDP and employee around 4 million people from handset to network equipment manufacturing sector , the global disruption in the supply chain and suspension of manufacturing facilities will significantly impact the telecom sector in india the telecom service provide are expected to provided uninterrupted service. Covid19 also like to impact the much awaited SG auctions as operator are focusing on servicing current dim and surge and quality to service .in addition ,demand is inspected to slowdown for handset along with sim subscriptions .telecom is one of the most essential service and sector at the time of the glo0bal pandemic . it has been a key in helping government and business in timely communication ,tracking and also helping implement network demo home policy as work from home has become as great platform and a value alterative for several companies .the telecom companies will have to gear front end packages services and customers acquisition funnel to meet the demand .this opportunity will create a new set of operating model content ,consumption and assisted commerce where telecom companies plays a important role .therefore, collaboration technologies along with telecom technology will have an opportunity to create new product and service offering a larger focus is a the need of the hour for MSME clients who will explore this option to grow business

Transport And Logistic: the complete sector contribute in india GDP 14% .the effect of covid 19 can be studied by diving it into 3 sections

Impact On Import Of Infrastructures : There have been a moderate short term fluctuation in material cost .production shut down has lead to low asset utilization and cash flow for constructions. The labor availability issue here is for limited duration and there has been low impact due to raw material supply challenges .the lockdown has lead to project delay

Impact on Public Transport Service: The covid -19 will have low impact due to fuel price reductions . however, there is low asset utilization and servicing on very high scale ,but here there is we issue of labor availability there is a high impact on consumer sentiment

Impact on freight services and logistic: There is a positive impact due to combined reasons of reduce fuel brief and covid -19 there is a high impact on production due to low cargo volume cash flow constraints is also highly affected because of a working capital ,debt and service challenges lockdown restrictions has lead to impact on daily services of labor ,cargo value and revenue.

Steps Taken By Rbi :-

There moratorium or payment of installment along with other measures on term loans

The central bank cut the rupee rate by 75 basis point to 4.4%

It cut the bank rate to 4.65% from 5.40%

Introduced several measurer to inject rs 3.74 trillion liquidity into the system among several other measures Apart from these world bank board of executive directors today approved & Fast Track \$1billion india covid-19 emergency response and healthy system preparedness project to help india .present detect and respond to covid -19 pandemic and strength it is public health preparedness. this is the addition to gout`s relief packages of 1.7lakhs corer and is longest ever health sector support from bank to india .government of india is taking innovative measures like recently it has cut 30% of the salary of MP`s to include it in the PM consolidated fund .these steps are essential to provide support to economy and health sector

Future Prospective

Actions required by government : its highly appreciate how our central and state government have been proactive and commendable in dealing with covid 19 and tried to avoid economics fallouts PM has guided that there are no job losses .in order to avoid the possible economies fallouts .the government could also pass an ordinance to perfectly ensure that there are no layoff till subs rover QO2O. government could do another thing in the infrastructure that instead of taking new contracts or some infant work but should ensure resumptions and speeding up of work at all infrastructure and contraction sites . it should also help in clearance of unsold stock of B.S.IV to help the automobile sector. it could also extent extra support to EOD, Aviation, Travels , Hotel, Restaurant industries .it could also work in education sector ,by offering the school and all educational institution fees by at least one quarter and should be made payable over neat one year ,which would be a great psychological relief .in case of moratorium it could also be increased by additional 2-3 Months

Bank/Nbcc : A already all the possible loan repayments EMI have been extended by RBI till 31 may 2020. The bank should not turn a blinded eye to credit worthy cases for fresh loan/refund requirement or else they would be responsible for bringing the recovery to halt .they should also pass on the interest rate cut judiciously and surety

Action to Be Taken by Msme Sector: Business should not panic expect the losses of salaries paid to employee. they should also insure not to cancel schedule of supplies as they start on march 22,2020.no job losses should be the agenda of business .if at this crucial momentary employee is removed it would prove to be humanity. all payment due should be clear delay period of 21days just after the lockdown .as some as the

market open up. the whole business opportunity will have to maintain with basic ethics and responsibility to ensure continuity to cash flow

Action Required To Be Taken Individual :when the going get tough, the tough get going .we should not fall for any end of the world .theories and pessimistic theories were should remain positive an optimistic ,its our responsibility to take care of people around us ad people depends on us .we should take this like a family vacation ,we need to maintain hopes and jobs will remain intact and also RBI has guaranteed that loans and EMIs are delayed till 31may 2020 we should also ensure that we do not our regular expenditures as we are the demand creates. we also hope to get good deals on automobiles. Therefore its a gift and take relationship, when our jobs are not cut by businesses then its our responsibility to keep demand intact .Hence, spend normal as you would do doing normal times

CONCLUSION

Here, in the paper we have already seen that how the novel coronavirus have impacted

Different sector of indian economy . However, it's a mixed bag of experiences between the different sectors so is the case of several economies in the world –there are variations cut nevertheless it has ultimately shaken world economy .still its predictable how it would take its way in future but the only thing which is clear is that structural changes in the economies as the supply has been globally affected and the and the economy have adapted a defensive strategy rather than attacking and are focusing on protection and risk aversion . thus, the goods are diverted to local market leading to localization in addition this covid-19has also given lesson that cash is most important, and we need to use the cash in hand judiciously . costing the only way which could have some of businesses living on the edges is most valuable . coronavirus has lead to greater digitalization as most business working online or working from home processes . however, there were already present even before covid-19 but it has been pushed and its uses is widened .each and every where sector is using this efficient tool to avoid wastage of time. this has also brought up the short coming and loop hole of this platform and increase concord about cyber security .one of the biggest lesson amongst others the importance of reducing overall business costs, one significant way to accomplished this up to convert fixed cost to variable cost wherever flexible . for instance, businesses will now determine what they must keep in house and expose outsourcing one rest so that fixed cost can be lowered . as with other trends this will further impact labor force ,work,etc. we have already seen that localization would turn but the businesses should take initiative internally as well as in the network that supply chain remain resilient. There are several seen and unseen risk to supply chain but need of the hour is to maintain their competition. Therefore, the supply chain should be make so relevant that if any unexpected changes like covid 19 happens they caused either recover quickly or change the paths with case. Covid-19 has lead to emergence of many policies and its quite alucious that policies would involved further than the market .in this content only it is essential that the poligrokers are inclusive and agile several mechanism are being developed so that if any unexpected change occur which would again create uncertainty consol we fought without panic. The emerging pandemic is forcing countries and companies to take quick actions in t6he absence of perfect data and at the same time customer addressing employee need and reinforce stable dynamics .the government and companies have realize the importance of sensing building transporting though digital central tower . digital twins and the ability to process both saturated and unsaturated data. For instance analytics companies are now mixing alternative data such as a traffic jams, etc. To track covid-19 overall we can sum up that it's a scenario of uncertain and unpredictable. we need to come together and perform own responsibility another to us .hence “UNITED WE STAND,DEVIDED WE FALL”

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