



Impact of COVID-19 on Global economy

Description

Theme:-

- COVID-19 (Coronavirus Disease 2019) was first identified in Wuhan city of China in December 2019. On 30th January, the World Health Organization (WHO) declared COVID19 as a Public Health Emergency of International concern (pandemic). As of 16th April 2021, more than 13 crores 90 lakh people were affected by Covid globally and nearly 30 lakh people died due to the virus.
- Coronaviruses (CoV) are a group of viruses that affects animals and humans. The first coronavirus that can affect humans is discovered in the 1960s. Before COVID-19, this family of viruses caused the SARS outbreak in China in 2002, the MERS outbreak in Saudi Arabia in 2012.
- COVID-19 is not just affecting the health of the people, but also the economies of many countries. So the topic “Impact of COVID-19 on Global economy” is widely discussed.

Impact of COVID-19 on the Global economy:-

- Many people lost jobs, and the informal sector is badly hit. Unemployment is increasing. This is a huge setback for economies.
- Due to the consumption slowdown in the world, exports and imports are affected. So, this affects the economies of almost all countries.
- The International Monetary Fund (IMF) estimated that the global economy shrunk by 4.4% in 2020. This is the worst decline after the 1930sTM great depression. Many countries are facing a recession.
- The health care sector hit hard and the expenditure is a big burden on many countries.
- The movement of people is restricted due to the fears over the further spread of COVID-19, and hence tourism industry has faced huge losses in the initial months of the pandemic. Tourists spend money in the countries they visit, so the loss of this money is affecting the economies of many countries.



- Due to the low demand for fuel when several countries imposed lockdowns, crude oil prices have dropped. Low crude oil prices are beneficial to oil-importing countries like India and detrimental to the economies of OPEC (Organization of petroleum exporting countries) countries like Saudi Arabia. Now, crude oil prices are improving.
- According to the World Trade Organisation (WTO), China is the biggest exporter and second-biggest importer of merchandise as of 2019. Many industries in other countries are depending on China for many raw goods such as pharmaceutical ingredients, automobile components etc. So, coronavirus has hit global supply chains badly. As many factories in China were closed at the start of the pandemic, production has halted for the dependent companies in other countries. Some companies went for alternatives, which is the costlier option. At present, several countries are trying to be self-sufficient. This is resulting in the dominance of nationalism over globalism.
- Pharmaceutical companies, hygiene products manufacturing companies are benefitting from this situation.
- Just like past pandemics, Covid too is coming in waves. At the time when countries are recovering from the first wave, several countries are facing a second wave of Covid and thereby weakening their economic recovery.

Conclusion:-

COVID-19 caused severe damage to the global economy. Nations are trying hard to rebuild their economies and to prevent further downfall. Vaccination drive should be at a faster pace to prevent further loss of lives and also the collapse of economies.

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