

COVID-19: WORLD CHALLENGE AND INDIA'S OPPORTUNITY

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ABSTRACT

As per the greatest economists, COVID-19 pandemic is ready to result in the worst recession since the 1920s Great Depression. If we see the International Monetary Fund's 2020's April forecast, it already predicts the global output to fall by 4.9% this year. The magnitude of recovery is inevitably uncertain.

Keywords: COVID-19 Pandemic, Worst Recession, Great Depression, Global Output.

Introduction

The COVID-19 pandemic led the economies worldwide push for Great Lockdown, which certainly helped contain the virus and save many lives, but also stimulated the worst recession after the very Great Depression. More than 75 percent of countries are now planning or already have reopened their economies at this same time when the pandemic is increasing in many emerging market and developing nations. Indeed there are many examples of several countries which have started to recover. However, in the need and dire absence of a medical solution, the magnitude of the recovery is highly uncertain and the high impact on all sectors and countries are uneven.

What World Bank Says

According to the IMF - There are many ways in which promoting the global economic recovery is possible. World Bank says COVID-19 recession could be twice as bad as the financial crisis of 2009. Compared to April World Economic Outlook forecast, we are now going forward towards a deeper recession in 2020 and a much slower recovery in 2021. Global output is said to be declined by 4.9 percent in 2020 and 1.9 percentage points below our April forecast, followed by a partial recovery, with the chances of growth at 5.4 percent in 2021.

High Uncertainty

A high degree of uncertainty is around the corner, with both upside and downside risks to the future. On the upside, the good news on vaccines and treatments, and upcoming an additional policies support can strengthen and lead to the quicker and faster resumption.

On the downside, many waves of new infections can take all back the increased mobility and spending, and rapidly tightening the financial conditions leading to triggered debt distress. Geopolitical and trade tensions could lead to damaging the fragile global relationships.

Recovery

First, the never-seen-before global effect of this crisis is likely to effect the recovery chances for economies which are totally driven and dependent on exports and jeopardizes the future for income convergence between developing and advanced economies. We are seeing forward to a synched deep downturn in 2020 for both the economies which are advanced and have emerging market and economies which are developing and over 95 percent of countries are projected to have negative per capita income growth in 2020. The cumulative hit to GDP growth over 2020–21 for emerging market and developing economies, excluding China, is expected to exceed that in advanced economies.

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Partial Recovery

As the countries will reopen, the demand toward the sectors like retail will grow massively. On the other hand, the hospitality sector like hospitality, travel and sectors included in contact-intensive will remain effected for a long time. Countries heavily dependent on such services or sectors will be highly impacted for a longer duration.

The market dependent on labor has been badly hit and majorly for lower-income and semi-skilled workers who do not have the option of working from home. With activity in labor-intensive sectors like tourism and hospitality expected to remain subdued, a full recovery is projected in the labor market that it may take a while and this would led to worsening the income inequality and sadly increasing poverty.

Opportunities to India

However as this is right said, with every new crisis, there is a hope for a solution. This Covid-19 crisis is an appropriate time and opportunity for traditional artisans and small businesses of handicrafts. Also India's much needed and appreciated agro industries can touch new heights at this pandemic times.

Opportunities may expand manifolds in Artificial Intelligence and Machine Learning , crypto currency, Blockchain technology, Fintech and many more. more and more countries will move towards safe, hygenic and cleaner outdoors, entertainment and transportation. Overall the entire economic service industry will be towards safer and cleaner. The new global order is expected to create many new jobs and skills. Global institutions require reforms to deal with the emerging situation.

At the same time, countries will be more focused to strengthen the digital economy and e-commerce, this will not only handle the pandemic but also to facilitate trade.

Trade barriers should not be allowed to happen in trade in goods and services particularly those feed the health science.

In such times of medical emergency, the entire world crave for togetherness and partnership.

Countries need to work together and heal together from this crisis wherein the highly impacted economies are suffering massively.

India's diplomacy has played a great role in managing the crisis on a 24x7 basis, be it imposing the lockdown in the early stages to massive level of testing in all part of countries. Educating the youth and elderlies about the effects and much needed precautions, Government effectively leveraged celebrities to reach out to the masees. Also through media, the necessity ofwashing hands, at-least 6 feet distance and mask is now inherited in every being of nation.

India is undoubtedly gaining mass level of appreciation worldwide for its actions on this pandemic. This pandemic has effected and hurt all the corners of this world. It can hurt us, but it cannot kill us. This is the new normal and this new normal will make our economies better.

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