

## **EFFECT OF COVID-19 ON THE GLOBAL MARKET**

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### **ABSTRACT**

This particular research paper deals with the effect of the COVID 19 pandemic on the different sectors and branches of the economy. The introduction briefly explains that since a long time this pandemic has been the factor that has shook the entire economy as well as the global market to a deeper extent. The paper initially specifies the result of lockdown that was imposed by different nations to curb the spread of the disease. The worldwide lockdown had paused and even suspended all the day to day working of every branch of the Global economy. Secondly, it focuses on the various effect on different sectors of the economy. Then the economic global stagnation is linked and compared to the Global shift of power, that how the economic slowdown in some countries has made other more economically stronger. Also, it talks about the different problems that are faced by many countries internally including India. To conclude this one can identify that this spread and stagnation of the economic functioning has caused such a dent in the economic growth that it seems difficult to function again on the same pace.

**Keywords:** pandemic, global market, stagnation

### **Introduction**

COVID 19 has affected the world and none of the country is spared by it. The pandemic has caused serious consequences on each and every sector but one of the main sectors hugely impacted by it is the Economic sector. It has caused the worst recession in the world since the Great Depression of 1930s. This recession meant that the global economic growth and development stagnated and also leading to the shrinking of the history long developments.

### **I. Effect Of World-Wide Lockdowns**

The fast-spreading nature of the corona virus had led to worldwide lock down, imposed by the countries themselves to tackle the situation with much easier. The lockdown in almost every country had not only temporary stopped the global trade, commerce, travel etc. but also the internal trading within the countries had stopped from one state to the other. Leading to various shortages of food, groceries, medical items, necessity etc. People throughout the world placed such major problems. It was prima facie that the economic shock by the lock down would be more adverse and problematic than the pandemic. Study has shown apart from the underdeveloped or less developed countries that have much lesser capacity to deal with such economic instability; the developed ones or the comparatively advanced states also have similar impact on the economy like the others. Even the countries who had not imposed a strict lockdown like Sweden had to face similar economic shrinkage like the other countries where the lockdown was much more severe. This can be majorly analyzed due to the public thought of taking precautions at personal level, spending less, staying home, minimum interactions at public places even in countries where the lock down was much more lenient.

Many countries were also considering to delay 2020 as a zero year or delay a financial emergency; in which also the activities in the country specially the economic activities were to be put on hold.

## **II. Effect On Different Sectors Of The Economy**

Various sectors of the economy like the tourism sector have been majorly affected by this pandemic and is likely to be seen that the effect would remain same or will have a very minute improvement in the future few years. Also, the industrial and manufacturing sector has been affected largely as well because it requires the employees and workers to be compactly working together. While on the other hand the industries like medicine and health care have been on the mode of profit. The pharmaceutical sector has faced high profits due to the constant need of medicines, masks, PPE kits etc. The tertiary sector was affected significantly which can be easily seen and anticipated as the different nations had announced a lock down resulting into temporary closure of the international as well as domestic borders. Even if some countries had not strictly imposed a lockdown but the international trading was stopped to prevent the transfer of corona virus. Even the cargos and the shipments around the world was stopped leading to a huge loss for the distribution sector of the economy. At domestic level in India the trucks, lorries etc. vehicles carry the grains and necessity from one state to other on daily basis had to go through regular checking as well as there was a need of certain passes to continue the trading facilities. Some restaurants and hotels faced a temporary closure while the others were closed permanently. Also, even after the lockdown was lifted off the people continued to enjoy homemade food rather than

ordering from outside. This resulted in the fall in the demand of ordered food from the restaurants eventually effecting a lot of restaurant businesses. Apart from that slowly when the lockdown was lifted off various shops, brands, restaurant etc. introduced various offers, schemes, discounts to attract customers and ensure them to buy their goods even at a low price. This was mainly done in order to sustain their businesses and prevent themselves from permanently closing down.

### **III. Shift In Global Balance Of Power**

USA which has in every past situation played an important role in tackling or contributing in some way has not been able to play such an active role or play on front foot. Rather as the west believes China to spread the virus, China has a comparatively positive impact on its own economy as compared to other nations. Early tackling to the problems and taking significant steps by the Chinese government had made the country recover fast than various other countries which are still suffering now. Apart from this China due to early detection and handling did not go into a massive nation-wide lockdown rather only the believed epicenter of the spread of the virus i.e. Wuhan was locked completely. Resulting into the internal trade having minimal effect. While the international trading faced a slight back drop due to various countries protesting and banning Chinese goods. But we can also see that the countries like Italy, Spain and many more had taken help from China. China had assisted by giving PPE kits, various testing kits, also medical support in the means of medicines, sanitizers, masks and also had sent leading doctors and nurses to the countries including USA. China being the 2<sup>nd</sup> largest economy after USA is getting the prominence and more room for growing its economy at a much faster pace in today's scenario as USA is seen to be comparatively weak and still striving to deal with the corona virus. Also, the major problem is that the Chinese currency is not convertible. For sure China has got much more chances to accelerate itself at a faster rate and to be closer to USA but at the end of the global pandemic China would not suddenly be the next largest economy.

### **IV. Internal Economic Problems Faced By Countries**

Every country has faced almost similar problems in its economy and financial sector like any other nation. Also, the markets at every place showed the identical issues. As and when the lockdown was introduced there were many products that expired or depleted due to the closing of the market for an unrecognized time period. Further this led to loss of employments, this was due to lack of business in the market, that many firms and companies felt their employees to be in surplus resulting into rapid vacancy of their jobs and companies working with minimum number of people. The pandemic had not only affected the employments of millions of people

throughout the world but various businesses were also damaged intensively. Many companies, businesses, shops, hotels, restaurants etc. were permanently closed down due to no work and income but excessive rents. People themselves started taking their own precautions and spent relatively very less on their luxury goods and activities and instead save the money for future needs. during this time, it was seen that the online apps and services were in great demand due to the simple fact that the people resented from going out of their house even to buy simple necessary goods. Specially in India apps like amazon, swiggy, big basket, flipkart etc. played a crucial role during this period of hardship. Apart from that as and when the lockdown was announced there was massive waste of perishable goods in the market. Perishable goods like milk, fruits, vegetables, flowers, grains etc. were wasted in huge quantities. Apart from that the demand of luxury goods significantly reduced resulting into a massive loss faced by the manufacturers.

### **Research Methodology**

The methodology used to make this project is Secondary research method that involves the use of already existing information. It doesn't include field study or information gathered through personal interviews. It has been used mainly due to time constrain and limitations. This method includes books, articles, journals, internet information, data from already conducted interviews or surveys, government websites, research reports in libraries.

Sometimes non-governmental agencies also publish data which can also be used under this research methodology.

The benefits of this type of research is that it is less time consuming than primary data because the information is already available on internet and other sources. Also, it is cost efficient because one need not go and collect all firsthand information which may include travel and communication costs as well. Moreover, that data under this previously tested, edited and filtered so one can rely more freely on secondary data as compared to primary data which is raw. It also helps in getting a through and broader understanding of the research topic.

Moreover, this method personally suited well for this particular research project due to the need of vast information and the time constrains.

### **Research Problem**

The research topic of this particular subject deals with a study of the impact of the COVID 19 pandemic on the world economy and the global trade. The topic aims at a more detailed and

emphasis on the major global powers that are USA and CHINA. Also, the changes brought up by the pandemic in the global politics, international relations, global development, upliftment and downfall of certain nations etc. Also, the benefits that certain nations have got and the effect of other countries. It also emphasizes on the internal trade as well as export. It sees an impact on different sectors of the economy in which some have faced a major blow back while the others have been benefited a lot. The project also talks about the internal problems faced by every country and market situated in it. This topic was also chosen in order to relate with the contemporary world and identify the recent hardships faced by the entire world together.

### **Objectives**

1. To understand the current global economic nature
2. To study the impact of COVID 19 on the powerful states
3. Changes in the global politics and positioning of the leading powers
4. Mainly understanding the impact on USA and CHINA
5. Internal problems faced by all countries specially India

### **Conclusion**

The basic conclusion that I derive from the project is that there is a similar set of problems faced by every country, people, governments, sectors of the economy and despite of the fact that it has been more than a year of the spread of the corona virus there is hardly any change in the situation. But the economy has definitely improved after the opening up of the lockdowns. But we can definitely say that it has not become as stable as earlier i.e., what it was before the spread of such virus. Definitely the pandemic has given an added advantage to China to grow near to USA and grown economically but it can be concluded that China cannot become a superpower suddenly even in the next 5 years. To achieve such a status the country has to be superior in each and every sector and sphere. Also, this situation of the COVID pandemic is not seen to be ended in the next few months. Even if the pandemic ends the economy may not stabilize rapidly like earlier. It requires a gradual process to grown the economy back.

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