

Exploring the Impact in Economy Caused by Corona Virus

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Abstract: The world is at a high alert on the corona virus, many nations have announced emergencies. This creates an impact on economy and how this virus leads the world economy oscillating. In this paper we have discussed about the economic impacts because of the corona virus and with this how this changes the Indian economy.

Keywords: Corona Virus, Economy, Impact, Indian Economy, World Economy.

I. Introduction

The latest threat to global health is the ongoing outbreak of the respiratory disease that was recently given the name Coronavirus Disease 2019 (Covid-19). Covid-19 was recognized in December 2019. It was rapidly shown to be caused by a novel coronavirus that is structurally related to the virus that causes severe acute respiratory syndrome (SARS).

Symptoms

- suffer coughs
- fever
- breathing difficulties
- severe cases there can be organ failure
- As this is viral pneumonia, antibiotics are of no use
- antiviral drugs we have against flu will not work
- Recovery depends on the strength of the immune system.
- Many of those who have died were already in poor health.

Should I go to the doctor if I have a cough?

The medical advice is that if you have recently travelled from areas affected by coronavirus, you should: Stay indoors and avoid contact with other people as you would with the flu

Is the virus being transmitted from one person to another?

- confirmed human-to-human transmission

How many people have been affected?

As of 4 March, the global death toll is 3,190, while more than 93,000 people have been infected in more than 80 countries. In China there have been 2,981 deaths, and there are 80,270 cases in all. South Korea, the nation worst hit by the outbreak outside China, has had 5,328 cases.

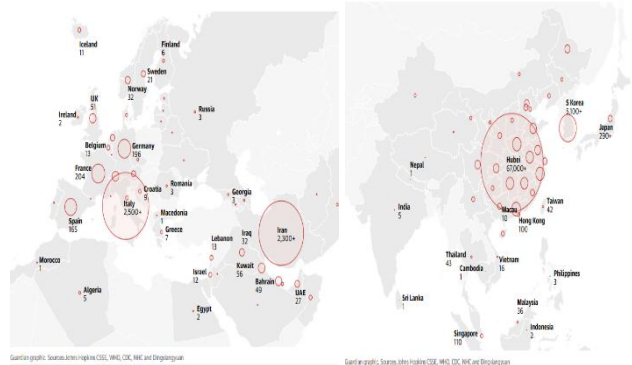
More than 44,000 people in China have recovered from Covid-19.

Have there been other coronaviruses?

- Severe acute respiratory syndrome (SARS)
- Middle Eastern respiratory syndrome (MERS)

both caused by coronaviruses that came from animals. In 2002, SARS spread virtually unchecked to 37 countries, causing global panic, infecting more than 8,000 people and killing more than

750. MERS appears to be less easily passed from human to human, but has greater lethality, killing 35% of about 2,500 people who have been infected.



Economy after Coronavirus

It's spread has left businesses around the world counting costs.

- Growth could stagnate
- Global shares take a hit
- Factories slowing down
- Customers buying less
- Travel among hardest hit
- Some bright spots

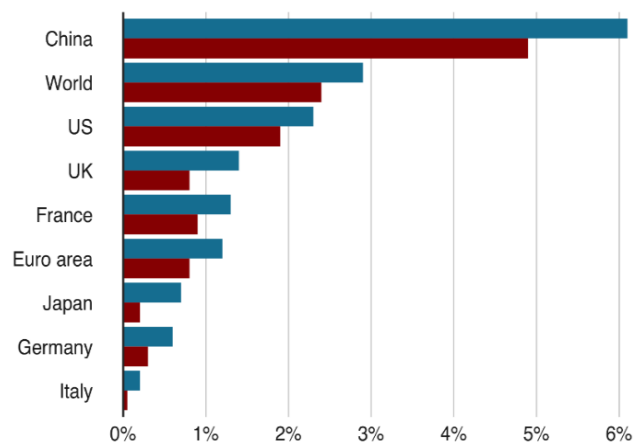
Growth could stagnate

If the economy is growing, that generally means more wealth and more new jobs. It's measured by looking at the percentage change in gross domestic product, or the value of goods and services produced, typically over three months or a year.

OECD downgrades growth forecasts

Economic growth (GDP) expected to slow down in 2020

■ Growth in 2019 ■ Growth forecast for 2020



Source: OECD

BBC

The think tank has forecast growth of just 2.4% in 2020, down from 2.9% in November. It also said that a "longer lasting and

more intensive" outbreak could halve growth to 1.5% in 2020 as factories suspend their activity and workers stay at home to try to contain the virus.

dealerships and shops have all reported a fall in customer demand.

Global shares take a hit

Investors have been worried about the impact of the coronavirus as it spreads outside of China. Big shifts in stock markets, where shares in companies are bought and sold, can affect investments in some types of pension or individual savings accounts (ISAS). The last week of February saw the worst performance for major stock markets since the 2008 financial crisis. European and US stock markets have seen a slight uptick since then as it's hoped that countries will intervene to protect economies from the coronavirus outbreak.

Coronavirus impact on stock markets



Source: Bloomberg

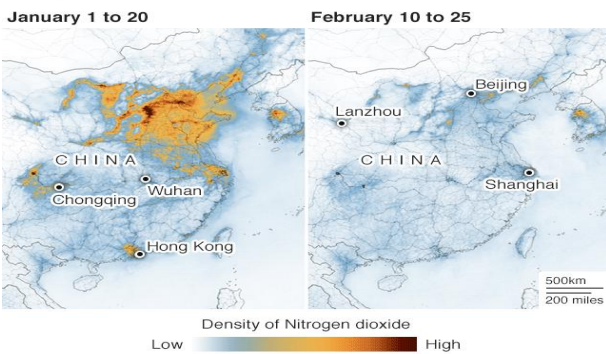


Factories slowing down

China makes up a third of manufacturing globally, and is the world's largest exporter of goods. But activity has decreased in the so-called "workshop of the world" as factories pause their operations to try to contain the spread of Covid-19.

Satellite images show pollution clear amid slowdown

Nitrogen dioxide levels in the lower atmosphere



Source: Nasa, ESA/Copernicus

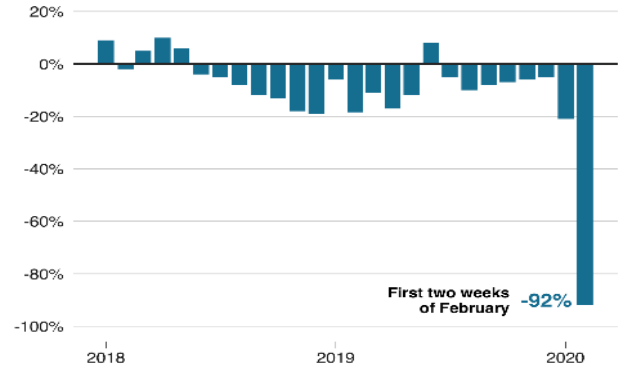


NASA said pollution-monitoring satellites had detected a significant drop in nitrogen dioxide over the country. Evidence suggests that's "at least partly" due to the economic slowdown caused by the outbreak. Restrictions have affected the supply chains of big companies such as Diageo, JCB and Nissan, who rely on China's production and its 300 million migrant workers. Jaguar Land Rover even said it had flown car parts in suitcases as some factories run out of parts for vehicles.

Customers buying less

Fear of the coronavirus outbreak means that some people are choosing to avoid activities that might expose them to the risk of infection, such as going out shopping. Restaurants, car

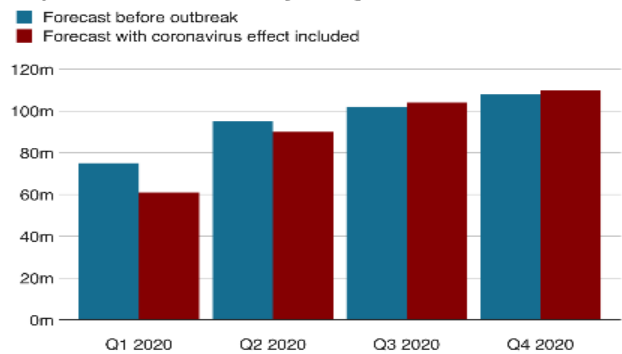
Car sales in China have fallen sharply



Source: China Passenger Car Association



Smartphone shipments in China are expected to recover quickly



Source: Bloomberg

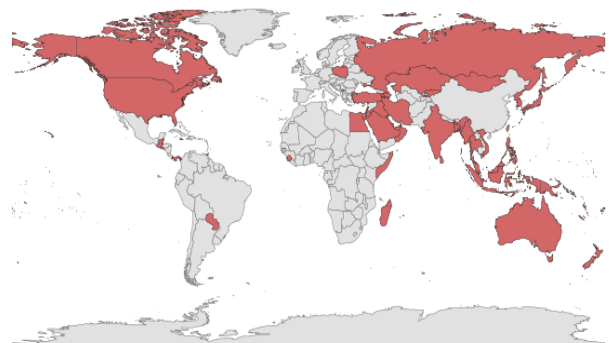


Chinese car sales, for example, dropped by 92% during the first half of February. More carmakers, like Tesla or Geely, are now selling cars online as customers stay away from showrooms. Shipments of smartphones are also expected to take a big hit in the first half of 2020, before seeing a recovery later on.

Travel among hardest hit

The number of cases diagnosed is increasing around the world every day. Many countries have introduced travel restrictions to try to contain the virus's spread.

Countries with travel restrictions because of coronavirus



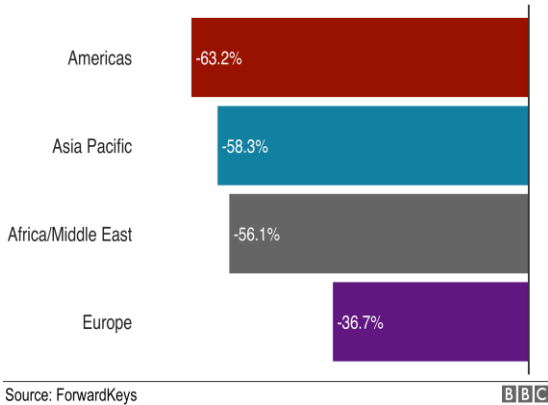
Source: International Air Transport Association, 2 March 2020



For example, the UK government advises against all travel to the Hubei province in China, where the virus originated. It's also issued special travel advice for Italy, which was the first European country to report a major surge in cases. The travel industry has been massively impacted, with airlines cutting flights and tourists cancelling business trips and holidays.

Chinese air departures to all destinations have fallen sharply

Change in bookings 1 March to 30 April year on year



Data from analytics firm Forward Keys shows international flights booked from China are behind by 55.9% in comparison with the same period in 2019. As more large-scale events are cancelled and the number of flight cancellations increases, there are fears the industry could take a bigger hit. Chinese travellers also spend three times more on an average visit to the UK at £1,680 each.

Some bright spots

It can be hard to find positives when people's jobs are affected, or - as in the case of the coronavirus outbreak - lives are being lost. But in purely business terms, there are some bright spots. Consumer goods giant Reckitt Benckiser, for example, has seen a boost in sales for its Dettol and Lysol products. The disinfectant is seen as providing protection against the spread of the disease, although its effectiveness has not yet been scientifically proven.

Gold sees return to 2012 price



The price of gold - which is often considered a "safe haven" in times of uncertainty - has also increased. Its spot price hit a seven-year high of \$1,682.35 per ounce in February. Investors are looking to it amid fears the coronavirus spread outside of China will further hit the global economy and demand.

INDIAN Economy after Coronavirus

The Chinese virus has so far affected India's manufacturing and exports sectors — notably medicines, electronics, textiles and chemicals. The govt said it was taking all necessary steps to protect Indian industry from the threat, especially in the area of intermediate goods where \$30 billion worth of bilateral trade happens every year.

After the new cases that emerged today, the total count of Indian patients has shot up to touch 28 — no longer a trivial tally. The fear is now palpable, and with good reason.

The theory about India's relative safety that had been doing the rounds lately, now seems to be rapidly losing steam. A few days ago, Nomura economist Robert Subbaraman said India had a factor going for it which was keeping the scourge at bay. While almost all of Asia could be a sitting duck, India's exposure levels to the virus' economic fallouts could be lower, he noted. According to Subbaraman, the reason is India's unwillingness to join the China-led Asian supply chain that may have played a role in keeping India's exposure to a minimum. It's long been one step forward, two steps back when it comes to India joining the Great Asian supply chain where China is the epicentre. This has helped India keep the damage from coronavirus limited even as it has brought industry to a standstill in many countries across the continent. "India does not have a strong links with China in terms of visitor arrivals and so forth in some of these other Asian countries but also the economic spill-overs from China on to India are not severe," Subbaraman said. FM Nirmala Sitharaman said her government would soon come out with steps to help industry limit coronavirus impact. After today's two new cases, Health minister Harsh Vardhan also reiterated Modi govt's commitment to countering the emerging threat. India's growth slowed to a near 7-year low of 4.7% in October-December 2019 on continued slump in manufacturing, and now faces the next big challenge of coronavirus outbreak stifling global growth. And the economy of China — the epicentre of the infection — now faces much weaker growth as the spread of the virus has hit both production and exports.

Two things need to be keenly watched now from India's viewpoint:

(a) The segments where India depends on China for imports — like electronics, chemicals, pharmaceutical, solar — are likely to see supply-side shocks, and

(b) A negative demand impact could be just a matter of time for India in case the world economy slows down because of China.

Part (b) could turn out to be serious news for India, especially after Moody's has cut its 2020 growth forecast for the country to 5.4% from an earlier estimate of 6.6%, mainly in the wake of increasingly weakening demand.

SUMMARY

Scientists have been working on the medicine for corona virus with prayer and God's grace, let them acquire the medicine as fast as possible and save many lives. All we need is cure for corona virus. From this we can get the economy and back to its track and make it grow and reach heights as predicted.

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