

**Analysis of Impacts of COVID-19 Pandemic on Low/Middle Income People and
Micro Level Business**

By

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Submitted to the

International e-Conference on Microeconomic Impacts of COVID-19 Pandemic

October 2-3, 2021

Organized by

Center for Academic & Professional Career Development and Research (CAPCDR)

CAPCDR

Abstract

The COVID-19 pandemic has not only prompted a major health crisis, but also has gravely wounded the world economy with serious consequences impacting all communities and individuals. While nearly all spheres of life has been affected by the pandemic and the resulting socio economic impacts, the focus of this paper is on the massive impact on microeconomic level. It shows that this pandemic has severely affected the household economy as well as at the firm level, cost and unemployment has increased while the productivity and income have decreased. This pandemic has affected almost every sector such as tourism, travel, IT sector, education, shops and local vendors, hospitality, hotels and restaurants etc. Effect of these sectors has been seen on microeconomic level. Many of the micro level businesses and staffs have incurred loss of jobs and huge loss working for these sectors. According to a data from CRISIL, unemployment rate has been increased to 26% and almost every country has seen their GDP growth going to negative. COVID-19 has spurred on a number of already visible trends magnifying some obstacles to development, but has also opened up new opportunities for development and also it has been seen that some sector has been grown up enormously such as startups through online platform, some household business, pharmacy sector, online video meeting, work from home etc. Emerging from the natural environment and paralyzing our societies and our economies, the coronavirus disease demonstrates the interdependence implicit in the Sustainable Development Goals. Covid-19 has also shown to strengthen the public health system to meet continued challenge and also possible such challenge arising in the future. The needs of proper health infrastructure with updated equipment and protection gears must be adequately met. It also indicates to be self-reliance. This therefore calls for the concerted efforts on the part of all the stakeholders, more importantly the government to adopt a policy-mix that can adequately manage the health crisis on the one hand and the livelihood on the other, keeping in mind their long term effects on accumulation of financial, physical and human capital.

Keywords – Pandemic, Sector, COVID

01. Introduction

01.1. History of Global Pandemics

It's obviously true that transmittable diseases have definitely molded mankind's set of experiences and will change in the future too. In this way, the present COVID-19 episode will not be the last pandemic and thusly inspect authentic perspective and flare-up of such pandemics and thusly nations will actually want to take better prudent for any conceivable emergency later on. Truth to be told,

pandemic or pestilence suggests an unnecessary far and wide of illness in a geological region. One of the key reasons identified with event of such pandemic is moving toward agrarian networks where there is a successive human-animal creature association. Also, fast expansion in international trade is one of transmission instrument of such pandemics and hence epidemics such as Malaria, Influenza, Smallpox, Leprosy and Tuberculosis widespread across the globe.¹

Name	Time period	Type	Death toll
Antonine plague	165-180	Either smallpox or measles	5 M
Japanese smallpox	735-737	Variola major virus	1 M
Plague of Justinian	541-542	Yersinia pestis bacteria/ Rats, fleas	30-50M
Black Death	1347-1351	Yersinia pestis bacteria/ Rats, fleas	200 M
New World Smallpox	1520-onwards	Variola major virus	6M
Great Plague of London	1665	Yersinia pestis bacteria/ Rats, fleas	100000
Italian plague	1629-1631	Yersinia pestis bacteria/ Rats, fleas	1M
Cholera Pandemics	1817-1923	Cholera bacteria	1M+
Third Plague	1885	Yersinia pestis bacteria/ Rats, fleas	12M
Yellow Fever	Late 1800s	Virus/mosquitos	1-1.5 Lacs
Russian Flu	1889-1890	H2N2	1M
Spanish Flu	1918-1919	H1N1 virus/Pigs	40-50M
Asian Flu	1957-1958	H2N2 virus	1.1M
Hong Kong Flu	1968-1970	H3N2 virus	1M
HIV AIDS	1981-Present	Virus/Bats	25-35M
Swine Flu	2009-2010	H1N1 virus/Pigs	200000
SARS	2002-2003	Coronavirus/Bats	770
Ebola	2014-2016	Ebola virus/wild animals	11000
MERS	2015-Present	Coronavirus/Bats, camels	850
COVID-19	2019-Present	Coronavirus	45.5M(ongoing)

Sources: visual capitalist (2020)

Above data indicates, there was huge number of death due to world-wide pandemics. The main reason behind this is that, there was a traditional myth on spirits and gods inflicted such diseases and therefore there is no recovery from such diseases. Hence, such traditional myths and unscientific opinions led to catastrophic results accounting for millions of deaths. However, gradual improvement in education and healthcare sector has significantly reduced the death rate related to current pandemics and also occurred in the recent past.²

01.02. Origin of COVID-19 and Current Situation

A new coronavirus disease, now known as COVID-19, was first identified in Wuhan, People's Republic of China (PRC), in early January 2020. From the information known at this point, several facts are pertinent. First, it belongs to the same

family of coronaviruses that caused the Severe Acute Respiratory Syndrome (SARS) outbreak in 2003 and the Middle East Respiratory Syndrome (MERS) outbreak in 2012. Second, the mortality rate (number of deaths relative to number of cases), is probably in the range of 1%–3.4%, significantly lower than 10% for SARS and 34% for MERS, but substantially higher than the mortality rate for seasonal flu, which is less than 0.1%. Third, even though it emerged from animal hosts, it now spreads through human to human contact transmission.

The world woke up to an unsafe reality on the 11th March, 2020 when the World Health Organization (WHO) announced Novel coronavirus (COVID-19) as a pandemic. Starting from Wuhan, China, cases quickly spread to Japan, South Korea, Europe and the United States as it arrived at worldwide extent.³

The pandemic caused by COVID-19 has created a shock and awe among us all, putting two-thirds of the global population under lockdown. Humanity, Knowledge & Science stands challenged, posing socio-economic and political risks for the whole world. The worldwide spread of the pandemic resulted in unfathomable economic fallouts, zero economic activity, disruption of supply chains networks, falling global demands, supply gluts leading to price fall, loss of trust and confidence, and fear of a gloomy future.

Since the outbreak of the coronavirus disease of 2019(COVID-19), more than 4.5 million people have lost their lives and it is still continuing due to the pandemic, and therefore the global economy is predicted to contract by a staggering 4.3% in 2020. Many jobs have already been lost, many livelihoods are in danger and an estimated additional 130 million people are going to be living in extreme poverty if the crisis persists according to the data. These are grim gores that react the immense challenges and human suffering caused by this pandemic. Neither is an end to COVID-19 yet in view. In many countries, the amount of latest COVID-19 cases is rising at an alarming rate and the second wave is already took many lives in India and other countries. Much uncertainty remains about how and when the pandemic will run its course, but the unprecedented economic shock generated by the global health emergency has already sharply exposed the worldwide

economy's pre-existing weaknesses, severely setting back development progress round the world.⁴

Amidst the slowing down of the Chinese economy with interruptions to production, the functioning of global supply chains has been disrupted. Organizations across the world, independent of size, that are subject to inputs from China have begun encountering withdrawals underway. Transport being restricted and surprisingly limited among nations has additionally eased back worldwide financial exercises. In particular, some frenzy among purchasers and firms has misshaped common utilization designs and made market abnormalities. Worldwide monetary business sectors have likewise been receptive to the progressions and worldwide stock lists have plunged.

¹ The failure to control the COVID-19 pandemic has had far reaching impacts on the global economy, with global GDP falling by 3.3 percent in 2020. Even with the global economy projected to grow by 6 percent in 2021, recovery will depend on equitable distribution of the vaccine globally. Failure to do so could cost the world economy up to \$9 trillion, according to the International Chamber of Commerce, with the costs born equally by wealthy and poor countries, causing more economic devastation than the 2008 financial crisis.⁵

1,2 <https://www.visualcapitalist.com/history-of-pandemics-deadliest/>

3 www.elsevier.com/locate/resconrec

4 Impact of the COVID-19 Pandemic on Trade and Development: Transitioning to a New Norm, UN publication 2020

Figure 1- Asia GDP Projection as of April 2020

Country	Outlook Estimates and Latest Projections		Difference from Jan 2020 World Economic Outlook Estimates	
	2020	2021	2020	2021
 Thailand	-6.7	6.1	-9.2	2.6
 Brunei	1.3	3.5	-3.4	-0.1
 Cambodia	-1.6	6.1	-8.4	-0.6
 Indonesia	0.5	8.2	-4.4	3.2
 Lao PDR	0.7	5.6	-5.8	-1.1
 Malaysia	-1.7	9	-6.2	4.1
 Myanmar	1.8	7.5	-4.5	1.5
 Philippines	0.6	7.6	-5.7	1.2
 Singapore	-3.5	3	-4.7	1.3
 Vietnam	2.7	7	-3.8	0.5
 China	1.2	9.2	-4.8	3.4
 India	1.9	7.4	-3.9	0.9

Source IMF, World Economic Outlook database

Under this scenario, it is timely important to examine the economic impacts of COVID-19. Hence, the current study examines the economic impacts of COVID-19. More specifically, the study presents both Macro and microeconomic impact on Gross Domestic Production (GDP) and employment, tourism sector, low/middle income people and also the pressure on financial market. Apart from that, the paper also predicts the increasing patterns of poverty under present pandemic situation.

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02. Methodology

02.1. Data and Information

The entire study is based on secondary data and information from various sources such as Asian Development Bank, UN conference on trade and development, World Bank annual report, WHO report, Indian Tourism Development Authority, Regional bank of India and also from other recognized sources and websites. Apart from that,

⁵ <https://www.usgic.org/coronavirus/economies-of-developing-countries/>

Household Income and Expenditure Survey were used to project the impact of COVID-19 on poverty.

02.2. Analytical Scenarios

The study mainly employs a descriptive analysis which utilizes tables, charts and graphs to accomplish the objectives of the study. Especially, ADB (2020) database, World Bank group annual report, *COVID-19: Challenges for the Indian Economy - Trade and Foreign Policy Effects*, ASEAN-India Centre (AIC) - Engineering Export Promotion Council of India (EEPC) is used to calculate the impact of COVID-19 on GDP and unemployment.

03. Macroeconomic impacts

The continuous COVID-19 episode is influencing economies through various channels. COVID-19 has direct effects on health, such as increased morbidity and mortality in the short-term and medium-term, as well as diversion of healthcare spending toward addressing COVID-19 impacts. Aside from wellbeing impacts, notwithstanding, the

COVID-19 pandemic has critical financial impacts. These includes sharp decreases in homegrown utilization in episode influenced economies as individuals' versatility is controlled, bringing about extreme decreases in business sales, as well as in investment spending as the outbreak prompted less optimistic views on future business activity declines, and some of the time even end, in the travel industry and business travel because of border closures, overflows of more fragile interest to different areas and economies through trade and production and supply-side disturbances to production and trade, which are distinct from demand-side shocks gushing out over through trade and production linkages.

Since the beginning, governments have been forced to impose containment measures of various levels of stringency, which have restricted mobility and domestic activity. Within the region, the stringency of containment measures and the decline in mobility were relatively high in South Asia, largely reflecting India's strict lockdown measures. With people staying at home, private consumption dropped sharply.

The GDP growth is a major indicator of the macroeconomic impact of any type of shocks either economic or otherwise. According to ADB's report of 6 March 2020 there were only about 86,000 cases worldwide. Most of these cases were recorded in the People's Republic of China (PRC), which accounted for 93% of the total. The study considered a range of scenarios, from which estimates of global and regional losses were generated. This initial assessment produced, estimated global impacts of \$77–\$347 billion, or 0.1%–0.4% of global GDP. Two thirds of the impact fell on the PRC, where the outbreak had been concentrated thus far. According to *Asian Development Outlook, April 2020*, global cases then had reached 500,000, with Europe accounting for

50%, US 20%, the PRC 15%, and the rest of the world 15%. Updated scenarios produced larger estimates of global losses of \$2.0–\$4.1 trillion, or 2.3%–4.8% of global GDP. These two initial assessments were generated from ADB's Multi-Regional Input-Output Tables (MRIOT). Again ADB's study upgraded the estimates of global economic impacts to between \$5.8 trillion (6.4% of global GDP) and \$8.8 trillion (9.7% of global GDP). At that time, the PRC had contained domestic transmission and accounted for just 2% of the over 4 million global cases. In June 2020's study suggested a global impact of between \$6.1 trillion and \$9.1 trillion relative to a no-COVID baseline, equivalent to a loss of 7.1%–10.5% of global GDP. About 22% of the global loss accrues to developing Asian economies, where the impact is estimated at between \$1.3 trillion and \$2.0 trillion, or 5.7%–8.5% of developing Asia's GDP. Released in December 2020, study estimated the global losses to be 5.5%–8.7% of world GDP in 2020 and 3.6%–6.3% of world GDP in 2021. The corresponding losses for developing Asia amount to 6.0%–9.5% of regional GDP and 3.6%–6.3% of regional GDP in 2020 and 2021, respectively (Abiad et al. 2020c).⁶

As stated earlier, (Abiad et al. 2020c) assessed the extent of worldwide losses to be between \$4.8 trillion and \$7.4 trillion or 5.5%–8.7% of global GDP in 2020 and between \$3.1 trillion and \$5.4 trillion or 3.6%–6.3% of global GDP in 2021 (Figure 2). The same study also finds that about 27%–30% of the global losses accrue to developing Asian economies, where the impact is estimated at \$1.4 trillion–\$2.2 trillion in 2020, equivalent to 6.0%–9.5% of regional GDP, and \$0.8 trillion–\$1.5 trillion in 2021, equivalent to 3.6%–6.3% of regional GDP. Compared to developing Asia, losses in the US are slightly smaller in absolute terms and in terms of shares of GDP in both years. Meanwhile, estimated losses in Europe are larger than in developing Asia both in absolute terms and as a share of GDP.⁷

Figure 2: Estimated global and regional losses due to COVID-19
(Relative to no COVID baseline)

	2020					
	GDP (%)			GDP Loss (\$ billions)		
	Better	Baseline	Worse	Better	Baseline	Worse
World	-5.5	-7.2	-8.7	4,757	6,165	7,441
Developing Asia	-6.0	-7.8	-9.5	1,394	1,818	2,211
<i>Central Asia</i>	-9.3	-11.9	-14.2	34	43	51
<i>East Asia</i>	-4.6	-6.0	-7.4	761	999	1,223
<i>Southeast Asia</i>	-8.6	-10.9	-12.7	253	320	374
<i>South Asia</i>	-10.0	-13.2	-16.3	343	453	560
<i>The Pacific</i>	-7.0	-8.7	-9.6	2	3	3
United States	-4.9	-6.4	-7.8	1,038	1,349	1,634
Europe	-7.9	-10.2	-12.2	1,488	1,913	2,285
Rest of the World	-3.6	-4.6	-5.6	836	1,084	1,310
	2021					
	GDP (%)			GDP Loss (\$ billions)		
	Better	Baseline	Worse	Better	Baseline	Worse
World	-3.6	-4.9	-6.3	3,108	4,234	5,407
Developing Asia	-3.6	-4.9	-6.3	844	1,148	1,470
<i>Central Asia</i>	-6.2	-8.6	-11.1	23	31	40
<i>East Asia</i>	-2.4	-3.3	-4.2	402	547	698
<i>Southeast Asia</i>	-6.1	-8.4	-11.0	178	246	322
<i>South Asia</i>	-7.0	-9.4	-11.8	240	322	406
<i>The Pacific</i>	-3.8	-5.6	-7.8	1	2	3
United States	-3.3	-4.5	-5.8	696	947	1,212
Europe	-5.1	-7.0	-9.0	956	1,311	1,697
Rest of the World	-2.6	-3.5	-4.4	612	828	1,027

Source: The impact of COVID 19 on developing Asia: The pandemic extends to 2021 , ADB brief 159, manila³

In India the second advance estimate (SAE) that were released by the National Statistical Office (NSO) in February 2021 revealed that aggregate demand, measured by real GDP, contracted by 8.0 per cent in 2020-21 (Figure 3). This is the first

contraction experienced since 1980-81 and the severest ever. In fact, the contraction was of the order of 15.9 per cent in the first half of 2020-21 under the full brunt of the lockdown imposed to curb the transmission of COVID-19.⁸

6 ADBI Working Paper 1251

7 The impact of COVID 19 on developing Asia: The pandemic extends to 2021 ,ADB brief 159

Figure 3: real GDP growth(India)

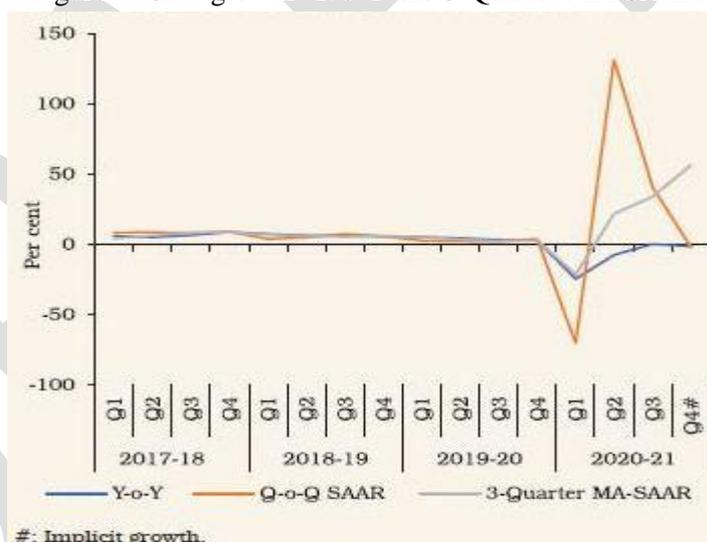
Component	(Per cent)				
	2016-17	2017-18	2018-19	2019-20	2020-21
1	2	3	4	5	6
I. Total Consumption Expenditure	7.8	7.1	7.4	5.9	-7.1
Private	8.1	6.2	7.6	5.5	-9.0
Government	6.1	11.9	6.3	7.9	2.9
II. Gross Capital Formation	3.7	10.8	9.7	2.3	-12.9
Fixed Investment	8.5	7.8	9.9	5.4	-12.4
Change in Stocks	-48.8	68.3	27.2	-39.7	-3.5
Valuables	-18.6	40.2	-9.7	-14.2	-38.0
III. Net Exports					
Exports	5.0	4.6	12.3	-3.3	-8.1
Imports	4.4	17.4	8.6	-0.8	-17.6
IV. GDP	8.3	6.8	6.5	4.0	-8.0

Source: NSO

Progressive restoration in demand conditions was evident with a sharp rebound in seasonally adjusted annualized growth rate (SAAR) in Q2:2020-21, indicating a recovery in momentum. This was

sustained in the next quarter as well, reflected in an uptick in the three-quarter moving average (MA-SAAR) of GDP in Q3:2020-21 (Figure 4).

Figure 4: GDP growth: Y-o-Y and 3-Quarter MA-SAAR

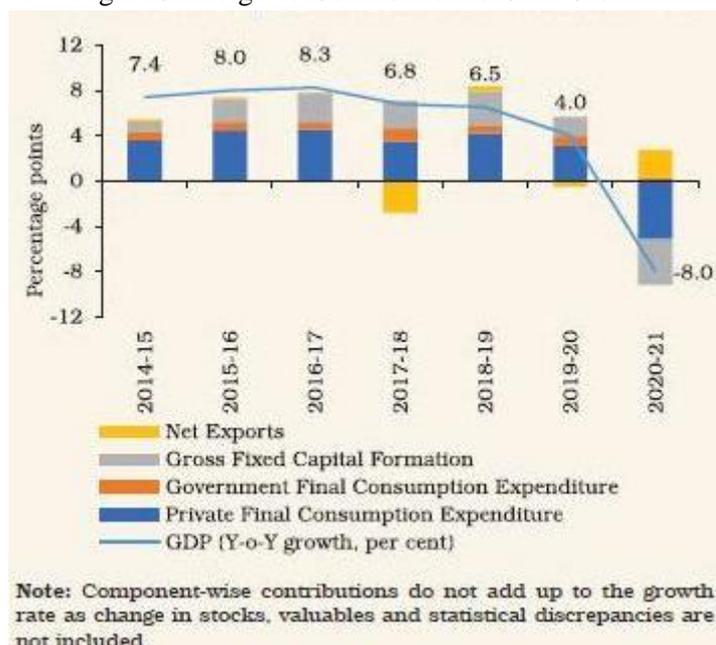


Source- NSO and RBI staff estimates⁴

Underlying the vicissitudes in aggregate demand conditions in 2020-21 were compositional shifts among constituents. Private final consumption expenditure (PFCE) registered a contraction for the first time in the past four decades (Figure 5). Government final consumption expenditure (GFCE) continued to provide support to aggregate demand; however, its contribution waned in 2020-21 as stress mounted on government finances. Gross fixed capital formation (GFCF) recorded a

contraction, primarily due to prevailing uncertainty and the imposition of lockdown. There was a marked contraction in the external sector too; however, with imports declining sharper than exports, overall net exports made a positive contribution to aggregate demand. The contraction in GDP outpaced the retrenchment in gross value added (GVA) at basic prices on account of Food Corporation of India (FCI) food subsidies being reflected on the Union Budget.

Figure 5: Weighted Contribution to GDP Growth



Source: NSO

According to the recent National Statistical Office (NSO) data, India's Gross Domestic Product (GDP) growth contracted by 23.9% in the first (April-June) quarter of 2020 compared to the same period (April-June) in 2019.

- It is the sharpest contraction since India started reporting quarterly data in 1996.
- Gross Value Added (GVA) growth rate also declined by 22.8% in the first quarter of this financial year.

Sector Wise Data:

- Construction, manufacturing, trade, hotels and other services and mining were the worst-hit sectors, recording contractions of 50.3%, 39.3%, 47.0% and 23% respectively (Figure 7).⁹

Figure 7: Quarterly estimates of GVA

INDUSTRY	CHANGE OVER PREVIOUS YEAR	
	April-June 2019-20	April-June 2020-21
Agriculture, forestry & fishing	3.0%	3.4%
Manufacturing	3.0%	-39.3%
Construction	5.2%	-50.3%
Trade, hotels, transport, communication & services related to broadcasting	3.5%	-47.0%
Public administration, defence & other services	7.7%	-10.3%
Gross Value Added (GVA)	4.8%	-22.8%
Gross Domestic Product (GDP)	5.2%	-23.9%

Source- NSO and Dristiiias.

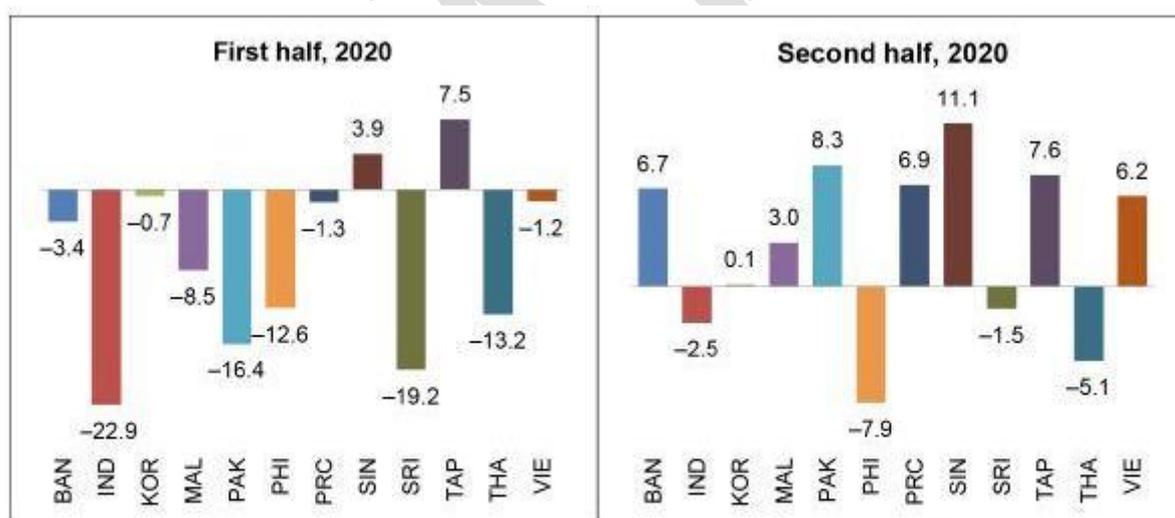
For a self-sustaining GDP growth trajectory post-COVID-19, a durable revival in private consumption and investment demand together would be critical as they account for around 85 per cent of GDP. In view of the limited share of government consumption demand in GDP (at around 13 per cent in 2020-21), a rebound in private demand is essential to sustain the recovery. Typically, post-crisis recoveries have been led more by consumption than investment; however, investment-led recoveries can be more sustainable and can also lift consumption in parts by better job creation. In either case, private demand plays a pivotal role. In this context, the turning points in the growth cycle, determined by identifying the local maxima and minima - using the first and fourth quartiles of GDP growth, i.e., the lowest 25 per cent and the highest 25 per cent of the growth are

examined. Additionally, a few censor rules are applied, such as eliminating back to back minima or maxima and ensuring that there is at least a one quarter gap between maxima and minima. These additional censor rules help to cleanly identify turning points in the GDP cycle.

⁵

Early in the pandemic, production in nonessential industries basically ground to a halt as authorities forced business closures, stopped public transportation operations, and limited the mobility of people and goods. On the whole, manufacturing production indices shrank in many regional economies in the first half of 2020, with India, Pakistan, the Philippines, Sri Lanka, and Thailand recording contractions exceeding 10% (Figure 6, left panel). In the second half of 2020, manufacturing in most economies recovered.

Figure 6: Growth in Manufacturing Production (% , Y-o-Y)



BAN = Bangladesh; IND = India; KOR = Republic of Korea; PAK = Pakistan; PHI = Philippines; PRC = People's Republic of China; SIN = Singapore; SRI = Sri Lanka; TAP = Taipei, China; THA = Thailand; VIE = Viet Nam.

Notes: Second half figure for Bangladesh is up to November. Figure for the PRC refers to value added of industry (in real terms).

Source: ADB staff calculation from CEIC Data Company and Haver Analytics

The above statistics reveal that COVID-19 and the consequent lockdown imposed significant economic cost. Almost all indicators show that the growth has either slowed down significantly or

have become negative. Later on it has been seen that there is a sharp recovery after government's COVID response and economy boost packages.

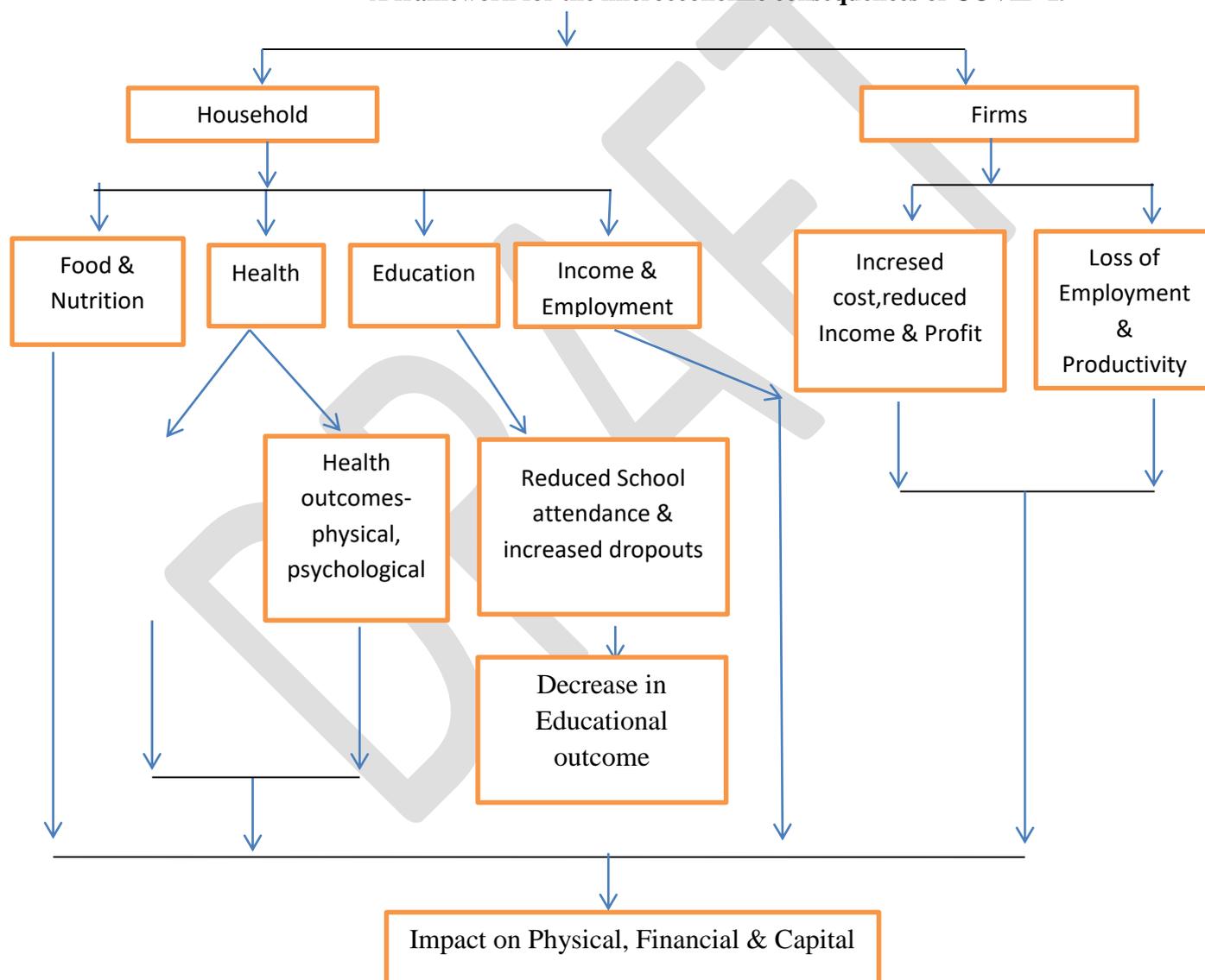
4. Microeconomic impact of covid-19

Currently, it is difficult to properly assess the economic consequences of COVID-19 at household level and firm levels. This is due to the inability of conducting household survey which has restrained the possibility of carrying out research in this particular area of knowledge. In this section, the paper discusses possible microeconomic

consequences based on recent literature available at national and international levels.

The microeconomic consequence of COVID-19 can be experienced at household level and at the firm level. At household level, the major effect will be on food security, health, education and labor market. At firm level, the businesses will suffer from increasing cost, reduced income, profit, and loss of productivity in the workplace.

A framework for the microeconomic consequences of COVID-19



The impact of the disease on society and economy can be witnessed from the lockdown of cities all over the world, labor mobility restrictions, travel

bans, airline suspensions, and most importantly slowdown of the economy.

Microenterprises and SMEs comprise the foundation of the worldwide economy, representing

more than 66% of business internationally and for 80 to 90 percent of work in low-income nations (ILO, 2020a). They are additionally among one of the weakest groups to pandemic-related shocks.

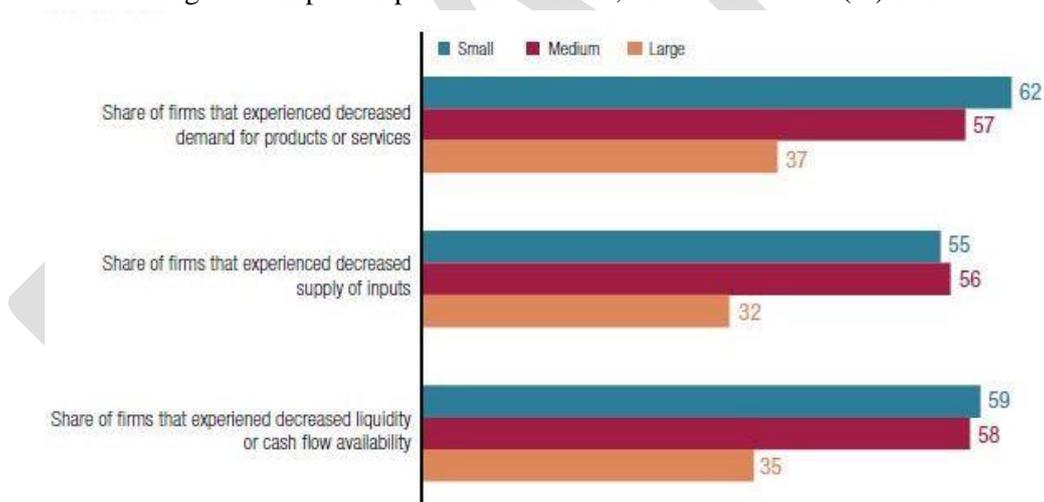
The pandemic has altered the business environment for microenterprises and SMEs and significantly reduced market demand for their products and services. At the sectorial level, supply and demand stagnation has been seen in many industries. Microenterprises and SMEs are major players in non-essential services. The definition of such services varies by country, but they're generally recreational businesses, like accommodation, catering, entertainment and tourism. Such services are the sectors most suffering from restrictions on movement and confinement measures. Additionally, many microenterprises and little businesses are within the

informal economy, which has been severely suffering from the pandemic.

A high proportion of microenterprises and SMEs has experienced heavy losses (that one third feared they would be out of business within one month) in revenue, and many such enterprises are out of operation due to confinement measures.¹⁰

Whether the shutdown will be temporary or lead to business closure or bankruptcy depends on the duration of confinement measures and the resilience of firms. Cash is vital during a crisis. Without timely external support, cash holdings largely determine the destiny of firms. An analysis of data from SMEs in 11 countries in Africa, Asia and Europe shows that, compared with large firms, more small firms have experienced a decrease in demand for products or services, in supply of input and in liquidity or cash flow availability as a result of the pandemic.⁶

Figure 7: impact of pandemic on firms, selected indicators(%) 2020



Source UNCTAD, based on data from enterprise surveys (www.enterprisesurveys.org)

The pandemic has also led to significant job and income losses, with negative consequences for microenterprises and SMEs. The rapidly rising levels of job losses among such enterprises highlight a severe unemployment crisis at the global level. ILO estimates show a worldwide decrease of working hours equivalent to 400 million full-time jobs for the second quarter of 2020.

Initial International Labour Organisation (ILO) estimates point to a significant rise in unemployment and underemployment in the wake of the virus. Based on different scenarios for the impact of COVID-19 on global GDP growth, preliminary ILO estimates indicate a rise in global unemployment of between 5.3 million (“low” scenario) and 24.7 million (“high” scenario) from a base level of 188 million in 2019. The “mid”

¹⁰ Organization for Economic Cooperation and Development (OECD), 2020

scenario suggests an increase of 13 million (7.4 million in high income countries). Though these estimates remain highly uncertain, all figures indicate a substantial rise in global unemployment. For comparison, the global financial crisis of 2008-9 increased unemployment by 22 million. Labour supply is declining because of quarantine measures and a fall in economic activity. At this point, a preliminary estimate (up to 10 March) suggests that infected workers have already

lost nearly 30,000 work months, with the consequent loss of income (for unprotected workers). Employment impacts imply large income losses for workers. Overall losses in labour income are expected in the range of between 860 and 3,440 billion USD (Figure 8). The loss of labour income will translate into lower consumption of goods and services, which is detrimental to the continuity of businesses and ensuring that economies are resilient.

Figure 8: estimated decline in labour income and increase in extreme/moderate working poverty

Income group	Low	Mid	High
Labour income (US\$ billion)	-860	-1,720	-3,440
Extreme and moderate working poverty (millions)			
World	8.8	20.1	35.0
Low income	1.2	2.9	5.0
Lower-middle income	3.7	8.5	14.8
Upper-middle income	3.6	8.3	14.5

Source- ILO

Based on past experience and current information on the COVID-19 pandemic and insights from previous crises, a number of groups can be identified:

- Those with underlying health conditions and older people are most at risk of developing serious health issues.
- Young persons, already facing higher rates of unemployment and underemployment, are more vulnerable to falling labour demand, as witnessed during the global financial crisis.
- Older workers can also suffer from economic vulnerabilities. After the MERS outbreak, older workers were found to be more likely than prime-age individuals to experience higher unemployment and underemployment rates, as well as decreased working hours.
- Women are over-represented in more affected sectors (such as services) or in occupations that are at the front line of dealing with the pandemic (e.g. nurses).

The ILO estimates that 58.6 per cent of employed women work in the services sector around the world, compared to 45.4 per cent of men. Women also have less access to social protection and will bear a disproportionate burden in the care economy, in the case of closure of schools or care systems (ILO, 2018).¹¹

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- Migrant workers are particularly vulnerable to the impact of the COVID-19 crisis, which will constrain both their ability to access their places of work in destination countries and return to their families.

These short-term economic impacts can translate into reductions in long-term growth. As the health sector soaks up more resources and as people reduce social activities, countries invest less in physical infrastructure. As schools close, students lose opportunities to learn (hopefully briefly) but more vulnerable students may not return to the

¹¹ <https://ilo.org/global/topics/coronavirus>

education system, translating to lower long-term earning trajectories for them and their families, and reduced overall human capital for their economies.

The tourism industry is the worst affected due to the COVID crisis, internationally. Until the COVID-19 outbreak, the travel and tourism sector had been a major source of revenue and jobs for many Asia and the Pacific economies. In 2019, the sector accounted for 9.8% of GDP, 9.6% of total employment (equivalent to 182.2 million jobs), and \$547.7 billion in international visitor spending (WTTC 2020). As border closures were implemented both within and across countries, domestic and international tourism took a huge dive. Some countries saw international tourist arrivals drop by 90%–100%. The World Tourism Organization (UNWTO, 2020) estimations depict a fall of 20–30 per cent in international tourist arrivals. Considering that international tourism receipts account for more than 25% of GDP in a few of developing Asia's economies, such as Maldives and Palau, before the pandemic, the drying up of international visitors would be devastating to these economies. Surveys conducted by the International Air Transport Association (IATA) suggest that even after travel restrictions are lifted, most travelers will wait several months to a year or more before resuming travel.

The abrupt fall in tourist arrivals, the resulting demand plunge in the tourism sector, and negative spillover effects through industry linkages have caused millions of job losses and economic hardships and wiped out many firms, especially the micro-, small-, and medium-sized enterprises (MSMEs) that had catered to tourists or in related industries. Reduced employment and incomes, increased uncertainty, and renewed flare-ups of outbreaks in various countries will all hamper the recovery in this important industry as well as its closely associated sectors. These figures too are based on present circumstances and are likely to increase or decrease in future. Expectedly, the effect of COVID-19 on aviation has prompted a thump on impact on the travel industry, which are these days massively reliant upon air travel. For example, the United Nation World Tourism Organization UNWTO (2020) detailed a 22% fall

in worldwide the travel industry receipts of \$80 billion out of 2020, relating to a deficiency of 67 million global appearances. Contingent upon how long the movement restrictions and boundary terminations last, current situation demonstrating showed falls under 58% to 78% in the appearance of worldwide travelers; however the standpoint remains gigantically dubious. The persistent presence of the movement limitations could put between 100 to 120 million direct the travel industry related positions in danger. Right now, COVID-19 has delivered the area most noticeably awful in the chronicled examples of worldwide the travel industry since 1950 with an inclination to stop a 10-year time of supported development since the last worldwide financial downturn (UNWTO, 2020). The retail and local vendors, shops and food stalls, daily wages workers and daily basis income business have badly affected by this lockdown, border closure and less demand situation.

Above data and facts shows that how deeply COVID-19 has affected every economy and livelihood of low/middle income people and MSMEs in every sector.

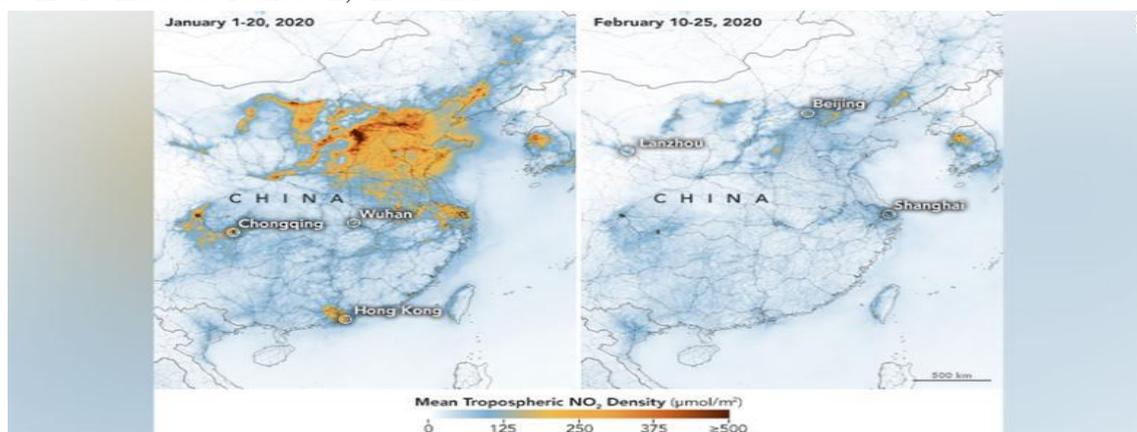
Some positive aspects of COVID-19

1. The requirement of social distancing, lockdowns and different measures because of the COVID-19 pandemic has driven customers to increase web based shopping, web-based media use, web communication and teleconferencing, and streaming of videos and films. This has brought about spikes in business-to-consumers (B2C) sales and an increase in business-to-business (B2B) e-commerce. The increase in B2C sales is particularly evident in online sales of medical supplies, household essentials and food products.
2. Internet and mobile data services demand has also increased.¹²
3. The pandemic has made it clear that e-commerce can be an important tool/solution for consumers. E-commerce can also support small businesses and, by making economies more competitive, be an

economic driver for both domestic growth and international trade.

4. The ⁸ pandemic has highlighted the importance of digital technologies in general, but also several vulnerabilities across the world.
5. Improvements in air quality- Due to the COVID-19-induced lockdown, industrial

activities have dropped, causing significant reductions in air pollution from exhaust fumes from cars, power plants and other sources of fuel combustion emissions in most cities across the globe, allowing for improved air quality (Le Quéré et al., 2020; Muhammad et al., 2020).¹³



Satellite images released by NASA and the European Space Agency

The satellite images have detected significant decreases in nitrogen dioxide over China during lockdown.

6. Reduction in environmental noise- alongside the air pollution, Environmental noise, particularly road traffic noise and industrial noise has been reduced to almost zero level, resulting in declination of problem affecting the health and well-being of several millions of people including distortion in sleep pattern, annoyance, and negative impacts on the metabolic and cardiovascular system as well as cognitive impairment in children.
7. Increased cleanliness of beaches and rivers- The pandemic has clearly benefited our natural resources, bird, animal, and plant life. The endangered River Dolphin was seen frolicking in the now-pollution-free rivers, the quality of water in many rivers and lakes have improved and many waterways in many countries are clean too.¹⁴

8. Decline in primary energy use- we have seen during COVID-19 lockdown period the oil demand across the globe had been declined to a great extent and oil prices have declined to a record low. Global electricity demand declined by >20% during full lockdown restrictions, with a corresponding spillover effect on the energy mix. However, there was a decline for all other sources of electricity including gas, coal and nuclear power (IEA, 2020).
9. Boost in digitalization- The covid-19 situation has given a boost to the digital platform such as, E-commerce, mode of E-payment etc. Also one can share his/her knowledge in e media for self-sustainability. The survival and thriving of many small business restaurants during the lockdown period depended on whether they had a digital resilience, via online platforms. Due to increase of online video conferencing travel cost has sharply declined.

12 <https://www.wto.org/>

13 <https://edition.cnn.com/2020/03/01/world/nasa-china-pollution-coronavirus-trnd-scn/index.html>

14 <https://www.thehindu.com/sci-tech/energy-and-environment/lockdown-due-to-covid-19-how-ourwaterbodies-are-cleaner/article31518267.ece>

10. Work from home- This pandemic has given us a feature as work from home, though it has many advantages but it has shut many local food stalls outside corporate office, cab facilities, guards and security systems of offices.
11. As pandemic has threatened health issues severely, the health sector business has grown up enormously.

Induced Policies and reforms to strengthen and boost the economies

- With the pandemic's rapid spread into developing countries, the World Bank Group is working hard to deliver support to clients. Since the start of the COVID-19 crisis, the Bank Group has committed over \$157 billion to fight the impacts of the pandemic. Provided from April 2020 to June 2021, it includes over \$50 billion of IDA resources on grant and highly concessional terms.¹⁵

World Bank goals of ending extreme poverty and promoting shared prosperity.

1. Save lives.
 2. Protect the poor and most vulnerable.
 3. Ensure sustainable business growth and job creation.
 4. Strengthen policies, institutions and investments for rebuilding better.
- The World Bank announced that it is providing over \$4 billion for the purchase and deployment of COVID-19 vaccines for 51 developing countries.¹⁶
 - IFC is providing \$8 billion in fast-track financial support to existing clients to help sustain economies and preserve jobs during this global crisis, which is hitting the poorest and most vulnerable countries the hardest.¹⁷

- The Covid-19 pandemic has brought an opportunity for India to be self-reliant for which govt have announced a Rs 20 lac crore package which is 10% of India's GDP. The economic package will cover different aspects of the economy including Agriculture, MSMEs, Industries, Common Man, laborers and different vulnerable sections of the economy.
- In the March 2020 meeting, the RBI noted that macroeconomic risks brought on by the pandemic, both on the demand and supply sides, could be severe and there was a need to do whatever necessary to shield the domestic economy from the pandemic. Therefore the repo rate was cut to 4.40 per cent.¹⁸
- In May 2020, the Indian government announced the Atmanirbhar Bharat package (ANB 1.0). To sustain the recovery, further into the year, they also rolled out two more Atmanirbhar Bharat packages (ANB 2.0 and ANB 3.0). Total financial impact of all Atmanirbhar Bharat packages including measures taken by RBI was estimated to about 27.1 lakh crores which amounts to more than 13% of GDP. The PMGKY, the three ANB packages, and announcements made later were like five mini-budgets in themselves. The Atmanirbhar Packages accelerated pace of structural reforms. Redefinition of MSMEs, Commercialization of the Mineral Sector, Agriculture and Labour Reforms, Privatization of Public Sector Undertakings, One Nation One Ration Card, and Production Linked Incentive Schemes are some of the notable reforms carried out during this period. Faceless Income Tax Assessment, DBT and Financial Inclusion are the others.⁹

15 <https://www.worldbank.org/en/news/factsheet/2020/02/11/how-the-world-bank-group-is-helping-countries-with-covid-19-coronavirus>

16 <https://www.worldbank.org/en/news/press-release/2021/06/30/world-bank-financing-for-covid-19-vaccine-rollout-exceeds-4-billion-for-50-countries>

- PM AtmaNirbhar Swasth Bharat Yojana, has been launched with an outlay of about ` 64,180 crores over 6 years. This will develop capacities of primary, secondary, and tertiary care Health Systems, strengthen existing national institutions, and create new institutions to cater to detection and cure of new and emerging diseases. This will be in addition to the National Health Mission.
- Government also had a focus on privatization under the Atmanirbhar Bharat Package.
- Improvement in Infrastructure: India needs to unlock supply in land markets to reduce land costs by 20-25%, enable efficient power distribution to reduce commercial and industrial tariffs by 20-25%; and improve the ease and reduce the cost of doing business.¹⁰
- Efficient Financing: Streamlining fiscal resources can deliver USD 2.4 trillion in investment while boosting entrepreneurship by lowering the cost of capital for enterprises by about 3.5 percentage points.

Recommendation and Conclusions

As the incomes of individuals fall sharply, they reduce consumption. When consumption falls sharply, businesses stop investing. Since both of these are voluntary decisions, there is no way to force people to spend more and/or coerce businesses to invest more. Therefore under these circumstances, there is only one engine that can boost GDP, that is the government.¹⁹

- Only when the government spends more — either by building roads and bridges and paying salaries or by directly handing out money, can the economy revive in the short to medium term.
- If the government does not spend adequately enough then the economy will take a long time to recover.

The Indian Government can also adopt the measures suggested by McKinsey Global Institute in which an additional 3.5 % of the GDP can be raised by the government. This includes:

- Global Shift: Global trends such as digitization and automation, shifting supply chains, urbanization, rising incomes and demographic shifts, and a greater focus on sustainability, health, and safety can become the hallmarks of the post pandemic economy.
- Higher Productivity through Privatization: Privatization of 30 or so of the largest state owned enterprises to potentially double their productivity.

Policy responses should focus on two immediate goals: Health protection measures and economic support on both the demand and supply-side.

- First, workers and employers and their families should be protected from the health risks of COVID-19. Protective measures at the workplace and across communities should be introduced and strengthened, requiring large-scale public support and investment.
- Second, timely, large-scale and coordinated policy efforts should be taken to provide employment and income support and to stimulate the economy and labour demand. These measures not only cushion enterprises and workers against immediate employment and income losses, but they also help prevent a chain of supply shocks (e.g. losses in workers' productivity capacities) and demand shocks (e.g. suppressing consumption among workers and their families) that could lead to a prolonged economic recession.

There should be a policy to properly integrate the returnee migrants into the labour force, for example, by providing them subsidized loans for

¹⁷https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/covid-19

¹⁸ RBI Report

¹⁹ .dristias.com/printpdf/gdp-contacted-by-23-9-in-first-quarter

carrying out entrepreneurial activities such as commercial farming and small and medium enterprises. The adoption of commercial farming can also be crucial to address the problem of food insecurity and stimulate further employment.

Development of Information Communication and Technology (ICT) infrastructure in the schools, colleges and universities is a must so that online teaching-learning activities may be carried out during the periods of epidemics/pandemics. Since there are many students who do not have ICT facilities at homes, the local and provincial governments with the support of government should provide either a free or a subsidized ICT facilities to the children in poor and marginalized households.

Lastly COVID-19 has shown us the current status of health infrastructure of different developing countries. Even the developed country's health infrastructure has shaken up to handle the situation during this pandemic. Talking about the situation in India we have seen the pathetic situation during the second wave of COVID-19, where the health infrastructure had been totally collapsed. Thus the government should focus seriously to strengthen its health infrastructure for the future aspects

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