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First wave's Impact of COVID 19 on Global Economy: Where are we and where will we go? Assessment from Cross country evidence

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ABSTRACT

The first wave of Covid-19 originated from Wuhan of China has jolted the entire world compelling governments of most of the countries in the world to follow stringent measures like shutting down of offices, public places, educational institutions, maintaining social distancing, partial to complete lockdown etc to curb spread of pandemic. This study tries to assess the impending impact of COVID-19 induced pandemic on gross domestic product (GDP) and foreign trade, employment, domestic demand, manufacturing growth, (Foreign Direct Investment) FDI and also on commodity market. This effort is enlightening, but it is not high time till now to make a full assessment or objective evaluation regarding impact of pandemic on several aspects of the global economy on the basis of fractional facts and figures. Nevertheless, everyday's mortality and its contamination rate are depicting some worst indication, but it is very difficult to estimate gravity of the pandemic as well as to assess prominently how long it will take to become an endemic from pandemic and make it possible to bring human life back to normal. But, definitely, it does put across probable degree of impending global economic ache, particularly for emerging and developing economies and their possible requirement of several kinds of support. The researchers suppose this article, although based on short term fractional but factual data will throw light to an improved perception of the effects of COVID-19 induced pandemic on global economy and facilitate in policy formulation to ease the hurdles caused on several aspects of human lives and their economic periphery by the pandemic.

JEL Codes: F17, I15, C68

Keywords: *COVID-19; International Trade; FDI; GDP; Global Economy*

INTRODUCTION

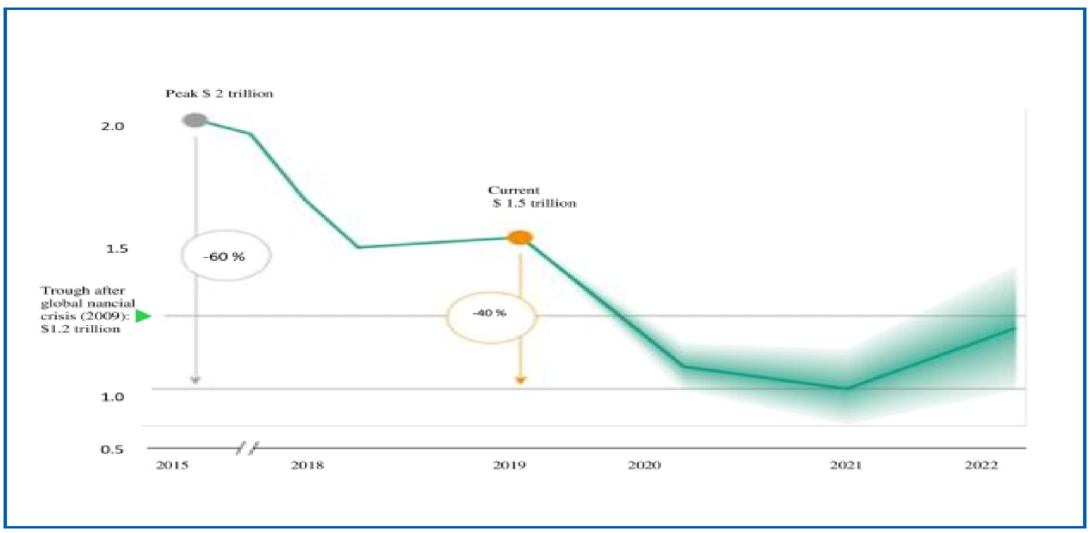
The first wave of Covid-19 originated from Wuhan of China has jolted the entire world compelling governments of most of the countries in the world to follow stringent measures like shutting down of offices, public places, educational institutions, maintaining social distancing, partial to complete lockdown etc to curb spread of pandemic. Apart from mammoth loss of human lives, the lockdown disrupted supply chain in major sectors, stoppage of production, unemployment growth, shrinkage of commodity demand, sharp decline in GDP growth, FDI flow as well as investment growth across countries. Industries which are affected typically are tourism automobile and extractive. Internationally, this pandemic has long lasting impact on cross broader investment including hindrance in project implementation, abandoning new projects etc. So, called economically powerful countries like United Kingdom, USA, France, Germany and emerging economies like China, Japan, Korea and also India were on the economically catastrophic situation whose immediate recovery was hard to think. In accordance with World Investment Report 2020 (UNCTAD, 2020) during peak phase of pandemic in 2020, a double digit turn down was anticipated in import and export in most of the prominent economics of the world except Commonwealth of Independent States (CIS), Africa and Middle East countries. In a nutshell, all economies of the world have gone through socially and economically turbulent phases. According to the WHO website as of 6th August, 2020, more than 7,02,642 confirmed death cases from COVID-19,1,86,14177 confirmed contamination cases and 216 affected countries have been reported and recorded all over the world and number is progressively multiplying rapidly in geometric progression. Keeping in mind the gravity of the destructive power that pandemic has caused initially in global economy in terms of several parameters, World Trade Organization has evaluated and compared it with great depression of 1930 (Crafts & Fearon, 2010).In accordance with report published by World Economic Outlook, 2020, and global economy is anticipated to shrink stridently by 3 percent in 2020.

However, to the best of the knowledge, the researchers have found no research studies which have empirically investigated the impacts of COVID-19 across the world in terms of economic growth, foreign trade, unemployment growth, manufacturing growth, domestic demand growth, investment growth, impact on commodity market and above all, impact on FDI flow.

More specifically, this endeavor intensely aspires to afford early substantiation for the impacts of the long-standing corona virus pandemic on several aspects of global economy in terms of the above economic parameters. The researchers are optimistic that this initial effort will pave the way for superior understanding of the effect of COVID-19 led pandemic on the global economy and assist in framing policy responses to alleviate them.

LITERATURE REVIEW

It is anticipated that in 2020 at initial stage of the outbreak, global movement of FDI will be strained. The COVID-19 is supposed to be demand, supply and policy induced distress which is against congenial movement of FDI. UNCTAD report, 2020 anticipated that a sharp decline in FDI flow upto 40 percent would bring down FDI flow to one trillion dollar for the first time ever since 2005.This situation is expected to improve in 2021 with further decline up to 5 to 10 percent and initial recovery will be palpable in 2022.



Source: UNCTAD, 2020

Figure 1: Worldwide FDI movement, 2015–2019 and 2020–2022 estimate (Trillions of dollars)Source: UNCTAD, 2020

The first wave of covid-19 has been found to be ruthless everywhere in the world and more prominently it fluctuates erratically across region. Developing and emerging countries are anticipated to witness largest decline in foreign direct investment (FDI). This is because of the fact that developing countries depend more upon GVC (global value chain). During this critical phase, this has been hard hit and these countries are not in a position to provide similar financial support like developed countries. UNCTAD database presents us that developed economies are anticipated to confront with discriminative FDI flow. Among developed nations, European countries are anticipated to visualize 30 to 45 per cent decline in FDI flow whereas North America and other developed nations lying on same footing are anticipated to having a decline in FDI inflow by 20 to 35 per cent on average. This is probably because of the reason that the later countries confronted the catastrophe on a comparatively more delicate footing. The remarkable fact is that before the outbreak of pandemic, in 2019, there has been an increase in FDI flow in developed nations as a group by 5 percent which tantamount to nearly 800 billion dollars.

Although South-East Asia, India and China witnessed gain in FDI flow, other developing Asian countries have been brutally affected by decline in FDI flow. This may probably be due to disturbance in supply chain and worldwide demands to broaden the horizons of production locations. Flow of FDI in Latin American countries and the Caribbean islands is anticipated to see 50 percent decline in 2020. Investment projections are unwelcoming because the pandemic multifaceted political turmoil, affected tourism as well as structural fault manifested in quite a lot of economies.

The COVID-19 crisis is expected to have some glaring short run instant effects and have some long-standing impact on foreign direct investment. The intense lockdown suspending business activities, closures of manufacturing operations worldwide to combat pandemic has trapped the FDI flow, delayed the proclamation of greenfield projects, accomplishment of existing investment projects, perched the numerous mergers and acquisitions (M&As) across the world.

As far as short-term impact on FDI is concerned, the profit of foreign affiliates is anticipated to crash down during first wave of pandemic in 2020 keeping a large number of MNCs in challenging situations. As a part of policy measures, some countries have adopted short term trade restrictions in order to avert dearth of critical medical supplies during the initial critical phase of pandemic. A large number of governments in many countries have adopted policies to keep away from fire sales of domestic firms in times of initial phase of crises; they initiate new screening requirements as well as new investment restrictions.

Medium term effect of pandemic on FDI was predicted through the path of demand reduction which is expected to have pessimistic consequences on international production. In 2020, demand reduction has hit FDI severely. If there exist doubt and uncertainty about economic recovery via GDP growth in 2021 afterwards, this may dampen down new investment plans. In practice, liquidity crunch during this critical phase has compelled many MNCs to divert funds kept for new investment plans to maintaining working capital. Depending on the intensity of lockdown and recession, the continuing projects which were delayed in lockdown were permanently abandoned in some cases. Overall, pandemic has steered a worldwide Economic Recession. Since during peak phase of pandemic, strict restrictions have been imposed on foreign trade and investment, MNEs may opt for policy measures for achieving higher degree self reliance in manufacture of critical supplies. This may, in turn, broaden industrial capacity strategically.

Table 1: Mean and Mean Difference of Pre-COVID and Post-COVID Ratios of GDP growth rate [average of 4 quarters pre and 3 quarter post COVID-19 Outburst period data]

Countries/Region	Pre-and post- COVID outburst period	Mean	Mean Difference	Change in Ratios
Advanced Economies				
Euro area (7 countries) [AUT, BEL, EST, FIN, FRA, GRC, DEU]	Pre-COVID	1.199	-6.91	D*
	Post- COVID	-5.711		

USA	Pre-COVID	2.329	-11.541	D*
	Post- COVID	-9.212		
JAPAN	Pre-COVID	-0.6467	-2.578	D*
	Post- COVID	-3.2254		
United Kingdom	Pre-COVID	1.067	-11.417	D*
	Post- COVID	-10.35		
Spain	Pre-COVID	1.776	-1.827	D*
	Post- COVID	-0.0514		
Italy	Pre-COVID	0.0744	-3.462	D*
	Post- COVID	-3.388		
France	Pre-COVID	0.888	-2.074	D*
	Post- COVID	-1.186		
Emerging Market				
(A)Commodity exporting EMDEs	Pre-COVID	0.6645	-0.675	D*
[Chile, Columbia]	Post- COVID	-0.0109		
(B)South Asia				
Korea	Pre-COVID	2.407	-5.775	D*
	Post- COVID	-3.368		
India	Pre-COVID	4.718	-1.416	D*
	Post- COVID	3.302		
OECD Countries	Pre-COVID	1.618	-8.567	D*
	Post- COVID	-6.949		

Source: Compiled and computed from OECD database, 2020
D stands for decrease*

World Bank has estimated that developed countries will witness a decline in growth rate to 7 percent on an average up to the second quarter (Q2) of crucial initial year of pandemic, 2020.Emerging and other developing countries including India will witness a decrease in growth rate to 2.5 percent on an average during the same time period (UNCTAD, 2020). Our computed result also confirms the declining GDP growth rate worldwide to the same direction as stipulated by World Bank. Most of the developed and emerging, developing economies excepting a few, under our study undergo negative growth rate during post covid-19 period. GDP growth in India during second quarter (Q2) of the initial outbreak of pandemic in 2020 declined to 3.3%. It is the most sluggish rate in 11 years which dragged down the country's whole year growth to 4.2% as compared to 6.1% in the preceding year. The reduced GDP growth rate may be due to dip in all sorts of economic activities, manufacturing activities, and service sectors' downturn due to prolonged lockdown (UNCTAD, 2020).

Table 2: Mean, Mean Difference of Pre- COVID and Post - COVID period'sForeign Trade growth rate [average of 4 months pre and 4 months post COVID-19 Outburst period data]

Import					Export					
Countries/Region	**Pre-and post-COVID outburst period**	**Mean**	**Mean Difference**	**Change in ratios**	**Pre-and post-COVID outburst period**	**Mean**	**Mean Differenc**	**Change in ratios**	**Trade Balance growth[EXPG-IMPG]**	
Advanced Economies										
Euro area (7 countries) [AUT, BEL, EST, FIN, FRA, GRC, DEU]	Pre-COVID	0.042	-8.842	D*	Pre-COVID	0.7	-10.3	D*	0.658	
	Post- COVID	-8.8			Post-COVID	-9.6			-0.8	
USA	Pre-COVID	-0.5	-4.2	D*	Pre-COVID	0.181	-9.489	D*	0.681	
	Post- COVID	-4.7			Post-COVID	-9.308			-4.608	
JAPAN	Pre-COVID	-1.7	-0.7	D*	Pre-COVID	-2.5	-2	D*	-0.8	
	Post- COVID	-2.4			Post-COVID	-4.5			-2.1	
United Kingdom	Pre-COVID	-0.4	-11.3	D*	Pre-COVID	0.4	-12.9	D*	0.8	
	Post- COVID	-11.7			Post-COVID	-12.5			-0.8	
Spain	Pre-COVID	-0.4	-14.2	D*	Pre-COVID	0.3	-16	D*	0.7	
	Post- COVID	-14.6			Post-COVID	-15.7			-1.1	
Italy	Pre-COVID	0.2	-13.6	D*	Pre-COVID	0.6	-18.1	D*	0.4	
	Post- COVID	-13.4			Post-COVID	-17.5			-4.1	
France	Pre-COVID	-0.2	-14.2	D*	Pre-COVID	-0.2	-15	D*	0	
	Post- COVID	-14.4			Post-COVID	-15.2			-0.8	
Emerging Market										
(A) Commodity exporting EMDEs	Pre-COVID	1.1	-10.3	D*	Pre-COVID	3.7	-17.4	D*	2.6	
[Chile, Columbia]	Post- COVID	-9.2			Post-COVID	-13.7			-4.5	
(B)Emerging Latin America[Brazil,Mexico,Argentina]	Pre-COVID	-0.8	-4.6	D*	Pre-COVID	-1.2	-5.4	D*	-0.4	
	Post- COVID	-5.4			Post-COVID	-6.6			-1.2	
(C) Asia										
Korea	Pre-COVID	0.8	-3.8	D*	Pre-COVID	0.3	-6.9	D*	-0.5	
	Post- COVID	-3			Post-COVID	-6.6			-3.6	
India	Pre-COVID	2.5	-15	D*	Pre-COVID	1.4	-0.6	D*	-1.1	
	Post- COVID	-12.5			Post-COVID	0.8			13.3	
China	Pre-COVID	-1.8	1.1	I*	Pre-COVID	-7.2	18.8	I*	-5.4	
	Post- COVID	-0.7			Post-COVID	11.6			12.3	

Source: Compiled and computed from OECD database, 2020
I stands for increase*

The table-2 above shows that trade balance in most of the countries except china is adverse. This is quite obvious. This may probably be due to disturbance in supply chain and foreign trade owing to the outbreak of the Covid-19 led pandemic. During the first couple of months of outbreak of first wave of pandemic, protracted lockdown coupled with closure of national boundaries of more than 100 countries has resulted in complete restrictions of the movements of people as well as flow of tourism. Specially, developing countries suffer much in terms of decrease in export than those of developed countries. In an exporting economy, Covid-19 led pandemic are having impacts in two ways: decrease in scale of production leading to contraction of export supply; another is decline in domestic demand for exported products. There will be increase in net export if the country can divert the amount of production not consumed by home market to export market. During lockdown, telecommunication or remote servicing may act as boost up in improving productivity or efficiency where it is feasible; but labour intensive industries requiring physical presence of persons for production may find it difficult to realize suck operation. In case of importing countries, effect of pandemic has come from decrease in aggregate demand of the economy. This may be due to the fact that intense lockdown has dropped the earning capacity of the people of the country and even if they can maintain their earnings, owing to 'contagion effect', there is prohibition to visit to supermarkets or other shopping malls resulting in decrease in aggregate consumers' demand.

Table 3: Mean and Mean Difference of Pre- COVID and Post- COVID period's Unemployment growth rate and manufacturing growth rate [average of 4 quarter pre and 3 quarter post COVID-19 Outburst period data]

Unemployment Rate					Manufacturing growth rate [IIP(manufacturing)]			
Countries/Region	**Pre-and post-COVID outburst period**	**Mean**	**Mean Difference**	**Change in ratios**	**Pre-and post-COVID outburst period**	**Mean**	**Mean Difference**	**Change in ratios**
Advanced Economies								
Euro area (7 countries) [AUT, BEL, EST, FIN, FRA, GRC, DEU]	Pre-COVID	7.076	-0.524	D*	Pre-COVID	-0.28	-0.693	D*
	Post-COVID	6.552			Post-COVID	-0.973		
USA	Pre-COVID	3.54	5.86	I*	Pre-COVID	-0.265	-1.191	D*
	Post-COVID	9.4			Post-COVID	-1.456		
JAPAN	Pre-COVID	2.32	0.28	I*	Pre-COVID	-1.61	2.077	I*
	Post-COVID	2.6			Post-COVID	0.467		
United Kingdom	Pre-COVID	3.74	0.11	I*	Pre-COVID	-1.436	0.4	I*
	Post-COVID	3.85			Post-COVID	-1.036		
Spain	Pre-COVID	13.92	0.33	I*	Pre-COVID	-0.458	-5.629	D*
	Post-COVID	14.25			Post-COVID	-6.087		

Italy	Pre-COVID	9.48	-1.58	D*	Pre-COVID	-0.744	-8.755	D*
	Post-COVID	7.9			Post-COVID	-9.499		
France	Pre-COVID	8.22	-0.22	D*	Pre-COVID	-0.615	-5.981	D*
	Post-COVID	8			Post-COVID	-6.596		
Emerging Market								
(A)Commodity exporting EMDEs	Pre-COVID	9.07	3.64	I*	Pre-COVID	0.15792	-0.365	D*
[Chile, Columbia]	Post-COVID	12.71			Post-COVID	-0.2067		
(B)Emerging Latin America[Brazil,Mexico,Argentina)	Pre-COVID	3.498	0.446	I*	Pre-COVID	-0.66453	-0.990	D*
	Post-COVID	3.944			Post-COVID	-1.6547		
(C) Asia								
Korea	Pre-COVID	3.64	0.21	I*	Pre-COVID	1.7111	-1.6444	D*
	Post-COVID	3.85			Post-COVID	0.0667		
India	Pre-COVID	7.46	7.46	I*	Pre-COVID	0.7	-14.58	D*
	Post-COVID	14.92			Post-COVID	-13.88		
OECD Countries	Pre-COVID	5.278	1.622	I*	Pre-COVID	-0.28	-1.34	D*
	Post-COVID	6.9			Post-COVID	-1.62		

Source: Compiled and computed from OECD database, 2020

From the table-3 above, it is found that Japan and United Kingdom are two countries in the world which showed positive manufacturing growth during the pandemic period under our study. Manufacturers of the chemical, automobile, electronics and aircraft have been confronted with scarcity of raw material resulting in reduction in production operations in every part of the world. The shutting down of factories by major automobile manufacturers results a loss in automobile production. This in turn has affected the automobile sector in Europe in particular as well as entire world in general. Electronic industry all over the world has been affected most because most of the Chinese factories supplying and exporting important components, such as mobile displays, memory, printed circuit boards, LED chips, open cell TV panels and capacitors has been forced to enter into shut down owing to the Covid led pandemic.

Seven countries of Euro area (Austria, Belgium, Estonia, Finland, France, Greece, and Germany) showed declining unemployment rate which is a positive sign amidst pessimism. In all other countries, except Euro area, unemployment rate is gradually increasing which is quite expected due to prolonged lockdown of industrial set up, service sector as well as suspension of all sorts of economic activities.

Unemployment rates in almost all the economies except France, Italy and other Euro countries have been showing alarmingly increasing trend during initial wave of Covid-19. The increasing unemployment rate may be due to the fact that under intensive lockdown in most of the economies, need for human labour decreases because of tightening or suspension of productive activity coupled with reducing customers demand, contraction of tourism. Unskilled, informal and provisional workers are probable to be the earliest to lose their jobs and find it hard to seek jobs in other sectors of the nation. Displaced workers may find it difficult to get job in other sectors during lockdown. Covid-19 has impacted manufacturing industries sector wise as well as region wise.

Table 4: Mean and Mean Difference of Pre- COVID and Post- COVID period's Investment growth rate [GFCF growth] and Domestic demand growth rate [average of 4 quarter pre and 3 quarter post COVID-19 Outburst period data]

Investment growth rate [GFCF growth]					Domestic demand growth rate			
Countries/Region	**Pre-and post- COVID outburst period**	**Mean**	**Mean Difference**	**Change in ratios**	**Pre-and post- COVID outburst period**	**Mean**	**Mean Difference**	**Change in ratios**
Advanced Economies								
Euro area (7 countries) [AUT, BEL, EST, FIN, FRA, GRC, DEU]	Pre-COVID	0.842	-5.163	D*	Pre-COVID	0.877	0.923	I*
	Post- COVID	-4.321			Post- COVID	1.8		
USA	Pre-COVID	0.26	-0.416	I*	Pre-COVID	2.305	-0.226	D*
	Post- COVID	-0.156			Post- COVID	2.079		
JAPAN	Pre-COVID	-0.397	0.995	I*	Pre-COVID	0.921	-0.353	D*
	Post- COVID	0.598			Post- COVID	0.568		
United Kingdom	Pre-COVID	-0.074	-1.008	D*	Pre-COVID	0.079	1.296	I*
	Post- COVID	-1.082			Post- COVID	1.375		
Spain	Pre-COVID	0.158	-5.814	D*	Pre-COVID	2.22	-0.35	D*
	Post- COVID	-5.656			Post- COVID	1.87		
Italy	Pre-COVID	0.331	-8.479	D*	Pre-COVID	- 0.391	0.881	I*
	Post- COVID	-8.148			Post- COVID	0.49		
France	Pre-COVID	0.939	-11.43	D*	Pre-COVID	1.86	-0.58	D*
	Post- COVID	-10.49			Post- COVID	1.28		
Emerging Market								
(A)Commodity exporting EMDEs	Pre-COVID	0.348	-1.778	D*	Pre-COVID	1.248	1.011	I*
[Chile, Columbia]	Post- COVID	-1.43			Post- COVID	2.259		
(B)Emerging Latin America[Brazil,Mexico,Argentina)	Pre-COVID	-1.27	-0.88	D*	Pre-COVID	- 0.731	2.439	I*
	Post- COVID	-2.15			Post- COVID	1.708		
(C) Asia								
Korea	Pre-COVID	0.464	0.005	I*	Pre-COVID	1.28	0.71	I*
	Post- COVID	0.469			Post- COVID	1.99		
India	Pre-COVID	-1.37	-0.62	D*	Pre-COVID	1.40	0.08	I*
	Post- COVID	-1.99			Post- COVID	1.48		
OECD Countries	Pre-COVID	0.436	-1.826	D*	Pre-COVID	1.634	0.223	I*
	Post- COVID	-1.39			Post- COVID	1.857		

Source: Compiled and computed from OECD database, 2020

From the table 4, it has been found that growth in investment (in terms of GFCF growth) has found in USA, Japan Korea, and the leading economies in the world. The dreadful social and financial impact of Covid 19 on the country as a whole can be managed in the long run by sound investment policies. Protecting domestic industries need specific investment policy measures which many countries have adopted in first of wave of pandemic. Developing and emerging countries are more susceptible to the covid led crisis. This is because of having their comparatively less diversified investment footprint which calls for more systematic risk and on the other hand, reliance on commodities for the Caribbean, Latin America and Africa and on GVC-intensive industries for Asia, reshoring as well as regionalization of intercontinental production.

Domestic demand falls, as noticed from computed table, in major advanced countries whereas emerging economies shows upward trend in domestic demand growth. The manufacturing production in a lot of countries (in our study, USA, Japan, Spain, France) has declined, resulting a collapse in outside demand and emergent expectations of a decrease in domestic demand.

Effect of the pandemic on trade may have come in form of adverse shock in domestic as well as intercontinental demand. This could diminish expenditure on durable products and enhance expenditure on non-durable products because durable goods are 'postpone-able' and on the other hand, 'panic buying' during pandemic period may enhance demand for non-durable goods like hand sanitizers, facemasks etc. to defend against pandemic.

DISCUSSION

The initial jerk of pandemic during early, 2020 has multifaceted adverse impact on commodity demand and supply .Decline in commodity prices accompanied by drastic fall in crude oil prices owing to travel and transport restrictions have been noticed .In many countries, specially food importing countries have been facing severe problem with availability of food owing to disturbances in supply chain and closures of borders as a part of containment strategies restricting free flow of food supplies and free movement of labourers. So, food security remains an issue in food importing countries which compels them to engage in stockpiling of food commodities through intense importing. Energy prices declined nearly 20 percent (q/q) in first quarter (Q1) of 2020, along with major non-energy prices with increasing intensity of pandemic (World Bank Group, 2020).

The worst affected commodity market is crude oil market where two-third of crude oil demand has been dropped since January 2020 owing to travel and transport restrictions everywhere in the world. Metal prices are expected to decline nearly 13 percent (World Bank Group, 2020), although less than crude oil prices. But precious metal like gold as a means of safe haven rises slightly in the midst of mounting insecurity and uncertainty.

From above discussion, it can be easily realized and perceived from past downturn experience that this acute recession, 2020 caused due to global pandemic (COVID-19) has slashed down per capita output (GDP per capita) in such a way that it is less than per capita output as was in 1870. The recession, 2020 is different from others in that its speed and depth is so dominant that recovery of global economy would seem to be more sluggish, although recovery of general recession associates and brings sharp improvement in production. The developing as well as emerging countries are anticipated to undergo contraction by upto 2.5 percent which is lowest ever in last six decades (World Bank, 2020). This recession is different from other recession happened earlier because of the changing nature of COVID19 and gathering gradually new information about novel corona virus day by day which compels economists to estimate again and again the scale of depth of the jerk in the economy at lower level. Keneith Rogoff of Harvard University, an eminent growth economist is of the stipulation that Short-term downturn in world production after outburst of pandemic, 2020 may exceed any downturn in production happened during last 150 years (Bulow *et al.*, 2020). Jerom Powel, present chairperson of US Federal Reserve System opines that downturn in world production is exceptionally alarming which may exceed the downturn noticed in Second World War in 1940s.

The indices of world recession are gradually becoming worst with the prolonged persistence of COVID19. Unless and until effective vaccines are invented and come out in the market at affordable price after completion of successful trial run, it remains to be an urgent necessity to maintain physical distancing, use of protective mask and other precautionary measures resulting in lockdown of manufacturing activities, especially service sector's economic activities vis-a-vis resultant decline in global output coupled with gradual enhancement of unemployment rate and subsequent misery of unemployed people as a whole.

In view of IMF forecast of June (Q2 period), 2020, it reveals that all indicators of global economy become worse (Contraction of global economy by 4.9%) than economic indicators published for Q1 period (Contraction of global economy by 3%) published in April, 2020 which is 1.9% more in Q2 period than Q1 period. IMF report also forecasted that cumulative global GDP for the year 2020 and 2021 may be reduced by 12.5 trillion USD. Gita Gopinath, the Chief economist of IMF, reminds us that COVID 19 centric world recession may be placed after 'Great Depression of 1930s which extended from 1929 to 1933. The forecasted possibility of 'turn around 'of world economy in 2021 published by IMF in June, 2020 reveals that present recovery rate is 5.4% which is 0.4% lower as forecasted in April, 2020 (IMF, 2020).

It should be remembered that prolonged lockdown and post lockdown unlock periods claim maintaining social or physical distancing for further extended period which may slash down global value chain system for further extended period across the world and it may continue till first quarter of 2021. The economic activities in terms of trade commerce, manufacturing, especially service-related activities which may survive during post-pandemic period must have to incur additional expenditure in terms of safety measure, disinfection and sanitization resulting slower productivity growth rate. The wave of sluggish economic activities must have undoubtedly a jerk in global labour market. IMF report reveals that during 3 months of quarter-II (Q2-April-June, 2020) , there is a full time job loss of 300 millions across the world, although ILO report accounts for full time job loss of 400 million during Q2 of 2020 as compared to end period of 2019. It results in unemployment rate of 14 % on an average globally. Present unemployment rate in USA computed in June is 18.4% slightly lower than unemployment rate during great depression in 1930s (23%) (International Labour Organization, 2021).

World Bank forecasts show that degree of contraction of world economy during 2020 will be 5.2% which is worse than any contraction rate occurred during 8 decades after world war-II and it is also 3 times more than 2008-09 global recessions (World Bank, 2020). The contraction rate is expected to be more prominent and steeper if it takes more time to curb and control this global pandemic. The report discloses that during 2020, developed countries is suspected to be contracted by 7%, emerging and developing economies by 2.5%, South Asian economies by 2.7%, contraction rate in case India would be 3.2% and Pakistan by 2.6%. The World Bank forecasts that China will grow by 1% and Bangladesh will grow by1.6% (Dhar, 2020).

If financial system of a country remains intact and revenue collection, financial and other economic system is in operation to recover the crises, then global may possibly be turned around. In that case, turn around rate in 2021 as estimated by world Bank would be 4.2% in medium sized economies, 3.9% in developed economies, 4.6% in emerging and developing economies, 6.9% in case of China, 2.8% in south Asia, 3.1% in India, 0.2% in Pakistan,1% in Bangladesh (The World Bank, 2021).

In times of crisis, trade is more volatile, instable and more elastic than output or production resulting sharp decline in trade rather than output. World Bank estimate forecasts world trade contraction at the rate of 13.4% in 2020 (Giordano, Campos & Michalczewsky, 2020). Recovery of world trade cannot be predicted in advance because it depends on lockdown continuation period, duration on restrictions of value chain system, rapidity of regaining confidence of general people, Rate at which generally economy recovers after recession will not be applicable in this pandemic period rather it be a historically sluggish recovery. It must be remembered that if GDP in India increases by 1%, GDP in other South Asian economies will increase by 0.49% (The Indian Express, 2020). Specially, Foreign trade of two neighboring countries-India and Bangladesh is a dominant indicator of growth of these two countries. Employability of labour force in different sectors in middle-east countries depends on crude oil price and volatility in crude oil market. More important fact is that foreign remittance inflow sent by labourers working in several sectors in Middle East countries is also an important determinant of South Asian economy. A World Bank estimate over last ten years suggests that remittance inflow in South Asia decreases by 0.28% with the decline in crude oil price by one USD (World Economic Forum, 2020).

CONCLUSION

The economists suspect that pandemic ridden economies will lose significant portion of their prospective income on the whole. More particularly, global GDP is anticipated to be declined by about 3.9 percent and this decline will vary from 4 percent to 6.5 percent depending upon the severity of contamination. The developing countries which rely more heavily on commodity import are more susceptible to the worst effect of pandemic owing to supply chain disruption and border restriction to curb down contamination. The final impact of pandemic is yet to assess because its final assessment will depend upon how long it will continue in the world to harm human beings as well their economies. But trend and behavoiur of covid19 with changing variants manifesting at different time interval are compelling us to think that it has long lasting implication. There have been structural changes in workplace culture from physical presence to online presence of employees resulting hybrid mode of workplace culture. A gradual deceleration in global value chain (GVC) may restrain demand for commodity.

The crisis still exists, and the society has to accept its hazardous countenance. In the midst of mounting health hazards globally, flow of trade among countries is very much essential for saving of human lives and their livelihood. To minimize uncertainty in trade flow, government of different countries should keep up uninterrupted supply chain of essential commodities like health equipments and food supplies. Covid19 led pandemic is global crisis which seems to be mitigated only by global cooperation in terms of trade, health and financial assistance and framing well defined congenial macroeconomic policies.

Limitations of the Study

The study has certain drawbacks. The researchers have, for ease of comparison, compared pre-covid and post-covid outbreak period taking December-January, 2019-2020 as COVID-19 outburst period across countries which is not probably true because outbreak of pandemic contagion took place subsequently in different continents in different phases and times. Moreover, during the first jerk of the crisis in early 2020, the human society have not yet surpassed long through the rough terrain of the critical journey. So it is not high time till now to make a full assessment or evaluation regarding impact of pandemic on the basis of fractional facts and figures. Nevertheless, everyday's mortality and its contamination rate are depicting some worst indication, but it is very difficult to estimate gravity of the pandemic as well as to assess prominently how long it will take to become an endemic from pandemic and make it possible to bring human life back to normal.

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