



Impact of Covid 19 on Economy

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Abstract:

The pandemic of COVID-19 has had a huge influence on the global economy, resulting in a tremendous loss of employment. The virus has affected different countries and regions in various ways, depending on several factors such as government response, healthcare, infrastructure, and economic policies. This paper presents a statistical analysis of the economic consequences of the COVID-19 pandemic including its effect on Gross Domestic Product (GDP), employment, career choices and new prospects.

Index Word: Covid-19, Employment, GDP

Introduction:

The pandemic of COVID-19 has had a significant impact on the worldwide economy, impacting several sectors and businesses globally. Governments, organisations, and communities have been compelled to make substantial operational modifications and lifestyle changes, leading to economic disruptions and challenges.

The COVID-19 pandemic had a substantial effect on the global Gross Domestic Product (GDP). According to the International Monetary Fund (IMF), the global economy declined by 3.3% in 2020, marking the worst recession since the 1930s Great Depression [1]. The primary cause of the economic slowdown was the impact of the COVID-19 pandemic on companies and consumers, which led to decreased economic activity, supply chain disruptions, and decreased demand for products and services.

The impact on GDP varied significantly across countries, with developed economies being the hardest hit. The United States, for example, experienced a 3.5% decline in GDP in 2020, while the Eurozone recorded a 6.6% contraction. Emerging markets and developing economies (EMDEs) were also affected, with an average GDP contraction of 2.2%, representing the first decline in per capita income in several decades.

Impact on Global Economy

Globally, the COVID-19 epidemic has had a substantial effect on employment. Lockdowns, social distancing measures, and restricted economic activity resulted in severe job losses and decreased working hours, especially in the service sector. According to the International Labour Organization (ILO), the pandemic led to a global loss of 114 million jobs in 2020, with 72% of the losses occurring in the service sector. Women, young people, and workers in informal employment were particularly affected, with the unemployment rate for women increasing more than that for men. The impact on employment varied significantly across countries, with developing economies being the hardest hit. The ILO estimated that the employment rate for EMDEs fell by 3.4% in 2020, representing a loss of 200 million jobs [3]. In contrast, developed economies experienced a 2.2% decline in the employment rate, representing a loss of 22 million jobs.

In United States, massive job losses were witnessed across various sectors and businesses, with different sectors being affected differently. According to the Bureau of Labour Statistics, the US economy lost around 22 million jobs in 2020, with the unemployment rate reaching a peak of 14.8% in April. From the outlook of sectors, the leisure and hospitality sector lost around 3.5 million jobs in 2020, representing a 21% decline in employment, the education and health services sector declined with around 1.4 million jobs.

Similar to US, the European countries also experienced a hard hit on their employment rate and lost around 6.6 million jobs in 2020, with the unemployment rate reaching 7.5% in February 2021 as per Eurostat. Also, different sectors were hit in different ways. For instance, the accommodation and food services sector were hit hardest, with a decline in employment of around 20% in 2020. The retail trade sector also experienced a decline in employment, with a 4% decline in employment in 2020. In contrast, the healthcare and social work sector experienced job growth, with around 700,000 new jobs created in 2020.

The pandemic has had varying effects on employment throughout the EU, with some nations being more severely impacted than others. For instance, Spain and Italy had the highest unemployment rates in the EU in 2020, with rates of 16.1% and 9.4%, respectively. On the other hand, countries such as Germany and Denmark had lower unemployment rates of 3.7% and 4.2%, respectively.

Impact on Indian Economy:

The Indian economy was completely disrupted with the hit of the pandemic. The unemployment rate in India increased significantly rose from 7.7% in February 2020 to 23.5% in April 2020 as per the Centre for Monitoring Indian Economy (CMIE) and since then it has declined but remains high, standing at 7.3% in December 2021.

The impact was seen across both organized and informal sectors. The worst affected sectors were construction, manufacturing, and services with around 122 million people losing their jobs in 2020 alone. Moreover, the International Labour Organization (ILO) estimates that throughout the epidemic, 400 million employees in the unorganised sector were at danger of becoming impoverished, which was a sizable number.

The pandemic also had a disproportionate impact on women in the job market. According to a report by the Azim Premji University, women's employment fell by 13.9% in 2020, compared to a 5.8% decline for men [2].

In addition, a huge impact was seen on education and training and even career choices. With the global economy brought to a standstill and many businesses forced to shut down, many people have been forced to re-evaluate their career paths. This has resulted in some significant changes in the job market and has made it necessary for individuals to adapt to these changes and make informed decisions about their careers. Similarly in education, traditional forms of education had become inaccessible for many people. This has led to a rise in online learning and distance education, and people looked to acquire new skills and knowledge to adapt to changes in the job market. This has in turn created opportunities for individuals to upskill and reskill, making it easier for them to transition to new careers or advance in their current careers.

Conclusion:

India's job market has shown signs of recovery, but the pace of recovery has been slow. According to CMIE, the number of employed people in India increased by 11.8 million between April and December 2021, but the overall employment rate remains lower than pre-pandemic levels.

The career choice have also been the shift towards remote work. With many people unable to physically attend work due to lockdowns and social distancing measures, the number of individuals working from home has rapidly increased. This has made it necessary for individuals to have the skills and knowledge to work effectively in a remote environment and has resulted in a demand for careers that can be done from home. This has also led to an increased demand for careers in technology, as companies look to digitize their operations to accommodate remote work.

The pandemic has also had an impact on the way individuals think about their careers. With so many people losing their jobs or facing significant financial challenges, there has been a renewed focus on careers that offer stability and security. This has led to an increased demand for careers in healthcare, as people look to work in an industry that is considered essential and less likely to be impacted by economic downturns. It has also resulted in a shift towards careers in essential services, such as food production, delivery and distribution.

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