

EFFECT OF PANDEMIC COVID-19 ON ECONOMIC CRISIS AND HEALTH ISSUES GLOBALLY

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Abstract

We are facing a global crisis- one that is killing people, spreading human suffering and upending people's lives. But this is more than a health crisis. It is human, economic and social crisis. The only way is to begin strategizing about the actions a country must take now to emerge from the crisis for the better. Social distancing, self-isolation and travel restrictions have led to a reduced workforce in economic sectors and caused many jobs to be lost. Schools have closed down, and the need for commodities and manufactured products has decreased, need for medical supplies have significantly increased.

Keywords: Strategizing, Economy, Remote Learning, Social Distancing.

Introduction

"Today the greatest risk of global catastrophe is not at macroscopic instead microscopic level. Not missiles but microbes. We are not ready for next epidemic. The problem is that we do not have any system at all to fight this kind of pandemic." These were the lines said by Bill Gates (2015) that has turned out to be a reality for 2020.

After COVID-19 (the disease caused by Severe Acute Respiratory Syndrome Corona virus 2 (SARS-COV-2)) has been declared as pandemic on 30 January, 2020 by WHO, around 7,915,913 cases have been registered all over the world affecting 213 countries and territories around the world. In a response to 'flatten the curve', governments have enforced border shutdowns, travel restrictions and quarantine in countries which constitute the world's largest economies, sparking fears of an impending economic crisis and recession. [1]

"The best defence against any outbreak is a strong health system." COVID-19 is revealing how fragile many of the world health systems and services are forcing countries to make difficult choices on how to best meet the needs of their people. Nevertheless, government responses have been robust and are expected to bolster their respective healthcare systems in coming months. [2]

A global crisis on this scale requires global solidarity- we all need to ensure that health workers are protected and patients can be safely treated.

Effect on Education System

The COVID-19 pandemic has led to an education emergency of unprecedented global scale. The COVID-19 crisis has caught most of the world's education systems unprepared. As a result, countries have been scrambling to implement immediate, wide-scale distance learning for the first time. [11-14, 18]

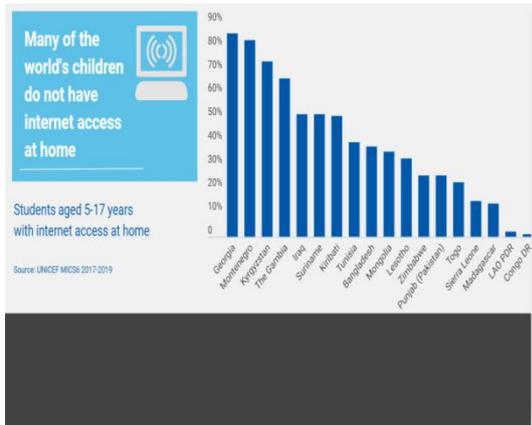
Effect of school closures on children:-

Nearly all the countries have imposed countrywide lockdown, affecting more than 1.5 billion children and youth. In the midst of the COVID-19 pandemic, UNICEF warns inherent inequalities in access to tools and technology threaten to deepen the global learning crisis. UNICEF Chief of Education Robert Jenkins said, "A learning crisis already existed before COVID-19 hit. We are now looking at an even more divisive and deepening education crisis."

➤ Despite all, many of the countries are exploring alternative ways to provide continuous education using technologies such as internet, TV, and radio. However, access to these technologies is limited in many low- and middle-income countries, especially among poor households.

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shared through social media channels such as WhatsApp and Facebook.

Vast inequities exist between the richest and the poorest households. Almost all technologies used to deliver education while schools remain closed require **electricity**. Yet, in the 28 countries with data, only 65 per cent of households from the poorest quintile have electricity, compared to 98 per cent of households from the wealthiest quintile.

In seven countries including Côte d'Ivoire, Lesotho, Kiribati, Sudan, The Gambia, Guinea-Bissau and Mauritania less than 10 per cent of the poorest households have electricity. [3-6]

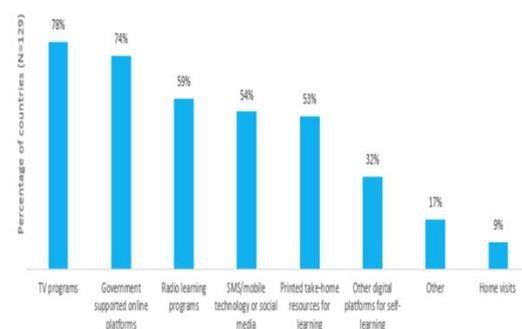
Some of the tools that countries are using for remote learning are-

- **Internet:** In 71 countries worldwide, less than half the population has access to the internet. Despite this disparity, 73 per cent of governments out of 127 reporting countries are using online platforms to deliver education while schools remain closed. In reporting countries across Latin America and the Caribbean region 90 per cent of government continuity learning responses include online platforms.

On the other hand, in the majority of countries across Africa less than a quarter of the population has internet access.

- **Television:** More than 90 per cent of countries in Europe and Central Asia use television as a means of delivering remote learning, and 100 per cent of countries in South Asia. In India, HRD Ministry have signed MoU with Rotary (a social organization) to create audio and visual educational content across India that will be available via television. In Bangladesh, the Government, UNICEF and Access to Information (a2i) are supporting children in primary and secondary levels to access lessons through televised recorded classes. In 40 out of 88 countries, children living in urban households are at least twice as likely to have a TV than children in rural households. The largest disparities are in sub-Saharan Africa. In rural Chad, only 1 in 100 households has a television, compared to 1 in 3 households in urban areas.
- **Radio:** Radio is the third most-used platform by governments to deliver education while schools are closed, with 60 per cent of 127 reporting countries using this method.
- **Social Media:** In India, HRD Ministry has launched different applications like 'SWAYAM' and 'DIKSHA' that has emerged among the biggest online education portals. In Somalia, offline recorded lessons are being uploaded onto solar-powered tablets and made available to children. Video lessons are also

Figure 1: Countries' use of distance learning methods in COVID-19 response



- Students lacking access to the technologies needed for home-based learning have limited means to continue their education. As a result, many face the risk of never returning to school, undoing years of progress made in education around the world. Considering these data, it is important that countries do not rely on any single remote learning channel to reach all children. Additionally, expanding access to internet and other digital solutions for all children would be one key long-term priority to reduce learning.
- Extended interrupted education that disengages students from the learning process has the potential cost of reversing gains in learning results. An even higher cost comes from the disengagement of students with learning challenges (academic, socio-economic, students with special/diverse educational needs or persons with disabilities) who may not effectively cope with remote learning strategies or cannot access the information. In secondary schools, longer school closures could result in an increased risk of dropout for youth, particularly from lower income groups. School closings also impact labor supply as they increase the burden on parents, who need to stay home or find new arrangements if

children have to stay at home (even worse if playground and children centers are closed). In countries where the breakout is isolated, some governments have opted to close schools in the immediate location or region or schools have self-selected themselves to close as a precautionary measure or to sanitize before returning kids to the classroom. Portugal, Spain, and India are examples of countries that used regional closures as an attempt to contain or slow the spread.

- COVID-19 also has impact on undergraduate education, the most significant impact is on the postgraduate research community with research into many non-COVID related topics being placed on hold. In UK, the national funding body for health research has halted all non-COVID research in order to allow clinically trained staffs who are normally on academic secondments to return to the frontline. In the United States, similar action has been taken by the National Institute for Health to shut down all non-critical research in order to free up staff and resources for 'mission-critical' research.

Effect on Global Economy

Amid the corona virus pandemic, several countries across the world resorted to lockdowns to “flatten the curve” of the infection that meant confining millions of citizens to their homes, shutting down businesses and ceasing almost all economic activity. According to the International Monetary Fund (IMF), the global economy is expected to shrink by over 3 per cent in 2020 – the steepest slowdown since the Great Depression of the 1930s. The pandemic has pushed the global economy into a **recession**. The IMF’s estimate of the global economy growing at -3 per cent in 2020 is an outcome “far worse” than the 2009 global financial crises. Economies such as the US, Japan, the UK, Germany, France, Italy and Spain are expected to contract this year by 5.9, 5.2, 6.5, 7, 7.2, 9.1 and 8 per cent respectively.

Advanced economies have been hit harder, and together they are expected to grow by -6 per cent in 2020. Emerging markets and developing economies are expected to contract by -1 per cent.

In an attempt to understand the turmoil effect on the economy, we summarise the effect of COVID-19 on individual aspects of the world economy, focusing on primary sectors, secondary sector and tertiary sectors.

Agriculture and Food: The resilience of the agricultural sector has been tested by the COVID-19 outbreak. A global crash in demand from hotels

and restaurants has seen prices of agricultural commodities drop by 20%. Countries around the world have imposed a number of protective measures to contain the exponentially increasing spread. This includes social distancing, avoiding unnecessary travel, and a ban on congregations. Furthermore, markets have gone a step further by shutting down floor trading which has impacted the ability to exchange commodities. The Chicago Mercantile Exchange is a recent example. ‘Panic buying’ is further complicating shortages beyond supermarket shelves. The American Veterinary Medical Association (AVMA) have expressed concern over low levels of animal pharmaceuticals from several large drug suppliers.

IMF projects a decrease in food prices by 2.6 per cent in 2020, caused by supply chain disruptions, border delays, food security concerns in regions affected by Covid-19 and export restrictions. In the lockdown period, while the price of cereals, oranges, seafood and Arabica coffee has increased, prices of tea, meat, wool and cotton have declined. Further, the decline in oil prices has put a downward pressure on the prices for palm oil, soy oil, sugar and corn. [7-10]

Manufacturing Industry: A survey conducted by the British Plastics Federation (BPF) explored how COVID-19 is impacting manufacturing businesses in the United Kingdom (UK). Over 80% of respondents anticipated a decline in turnover over the next 2 quarters, with 98% admitting concern about the negative impact of the pandemic on business operations. Importation issues and staffing deficiencies stood out as the key concerns for businesses due to disruption to supply chains and self-isolation policies. Indeed, for many roles within a manufacturing company, ‘working from home’ is not a viable option. As the UK is adopting similar protective measures to the rest of the world, and due to the global overlap of supply chains, we can expect these anxieties to transcend borders. The Chemical Industry is predicted to reduce its global production by 1.2%, the worst growth for the sector since the 2008 financial crash. Major chemical manufacturing companies such as BASF who were in the process of up scaling production in China have had to delay their activities, contributing to a slowdown in predicted growth.

Information Technology, Media, R&D: With the WHO raising COVID-19’s status to a pandemic, 35 companies and academic institutions are racing to develop an effective vaccine. Four potential vaccines are currently being tested on animals with the biotech firm Moderna entering human trials imminently. The Coalition for Epidemic Preparedness Innovations (CEPI), is leading various efforts to finance and coordinate COVID-19 vaccine development. They have announced a

\$4.4m partnership fund with No-vavax and University of Oxford to develop a viable solution. The Gates Foundation, Wellcome and MasterCard have also committed \$125m to find new treatments for COVID-19. [15-17]

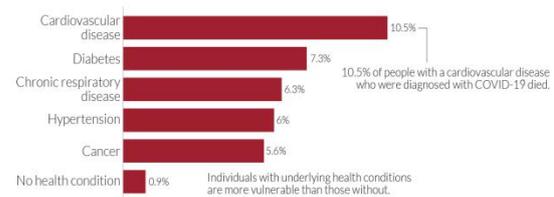
Social distancing precautions are paramount to the containment effort. Additionally, COVID-19 has left several hospitals in turmoil, having reached maximal capacity. As a result, various countries are turning towards technological solutions, to care for patients and at the same time, minimise the risk of person to person transmission. In various cities across China, tele-response bots powered by fifth-generation wireless networks are being utilised that allow health care staff to communicate with patients, monitor their health and deliver medical supplies. Drones that deliver medication and work-from-home apps are also being adopted. Automation of services has been a major goal for China. COVID-19 has helped to accelerate uptake and has taken them one step closer to this goal. The demand for respiratory ventilators has skyrocketed due to the outbreak of COVID-19 but the current supply across the United States and Europe does not meet demand. It is estimated that the USA has 160,000 ventilators. This is 580,000 short of what would be required in a severe pandemic. Governments around the world are attempting to buy ventilators. In the United Kingdom, the prime minister has asked companies such as Rolls Royce and Dyson to divert their manufacturing power to medical supplies. However, industry leaders have stated that this is easier said than done as many of these companies do not produce medical equipment such as ventilators. In addition to this, production of ventilators requires strict regulation and testing to ensure their safety which can be a lengthy process.

Effects on Health Issues

COVID-19 typically causes flu-like symptoms including a fever and cough. In some patients - particularly the elderly and others with other chronic health conditions - these symptoms can develop into pneumonia, with chest tightness, chest pain, and shortness of breath. It seems to start with a fever, followed by a dry cough and difficulty in breathing. Pre-existing illnesses that put patients at higher risk: cardiovascular disease, diabetes, chronic respiratory disease, and hypertension. Otherwise healthy people do seem to develop a severe form of pneumonia after being infected by the virus. The reason for this is being investigated as we try to learn more about this new virus.

Coronavirus: early-stage case fatality rates by underlying health condition in China

Case fatality rate (CFR) is calculated by dividing the total number of deaths from a disease by the number of confirmed cases. Data is based on early-stage analysis of the COVID-19 outbreak in China in the period up to February 11, 2020.



Data source: Novel Coronavirus (Pneumonia) Emergency Response Epidemiology Team. Vital surveillance: the epidemiological characteristics of an outbreak of 2019 novel coronavirus disease (COVID-19)—China, 2020. China CDC Weekly. OurWorldInData.org - Research and data to make progress against the world's largest problems. Licensed under CC BY by the authors.

The Democratic Republic of Congo, which is already battling Covid-19 and measles, reported a new Ebola outbreak in the western city of Mbandaka. “This outbreak is a reminder that Covid-19 is not the only health threat people face,” said Director General WHO.

Crisis within a crisis: Drivers of indirect health impacts include diversion or depletion of resources to provide routine care and decreased access to routine care resulting from an inability to travel, fear, or other factors. Additionally, fear can lead to an upsurge of the “worried well” seeking unnecessary care, further burdening the health care system. However, amidst COVID-19 exponentially increasing cases, distinguishing which deaths are attributable to the virus itself and which are merely coincidental may be impossible.

The availability of health care workers has also decreased because of illness, deaths, and fear-driven absenteeism. The most common reasons for discontinuing or reducing services were cancellations of planned treatments, a decrease in public transport available and a lack of staff because health workers had been reassigned to support COVID19 services. In one in five countries (20%) reporting disruptions, one of the main reasons for discontinuing services was a shortage of medicines, diagnostics and other technologies.

Dr Tedros Adhanom Ghebreyesus, Director-General of the WHO said, “Many people who need treatment for diseases like cancer, cardiovascular disease and diabetes have not been receiving the health services and medicines they need since the COVID-19 pandemic began. It’s vital that countries find innovative ways to ensure that essential services for NCDs continue, even as they fight COVID-19.” Encouraging findings of the survey were that alternative strategies have been established in most countries to support the people at highest risk to continue receiving treatment for NCDs. Among the countries reporting service disruptions, globally 58% of countries are now using telemedicine (advice by telephone or online means) to replace in-person consultations; in low-income countries this figure is 42%. Triaging to

determine priorities has also been widely used, in two-thirds of countries reporting.

Psychological Effect of Pandemic

As countries introduce measures to restrict movement as part of efforts to reduce the number of people infected with COVID-19, more and more of us are making huge changes to our daily routines. The new realities of working from home, temporary unemployment, home-schooling of children, and lack of physical contact with other family members, friends and colleagues take time to get used to. Adapting to lifestyle changes such as these, and managing the fear of contracting the virus and worry about people close to us who are particularly vulnerable, are challenging for all of us. They can be particularly difficult for people with mental health conditions.

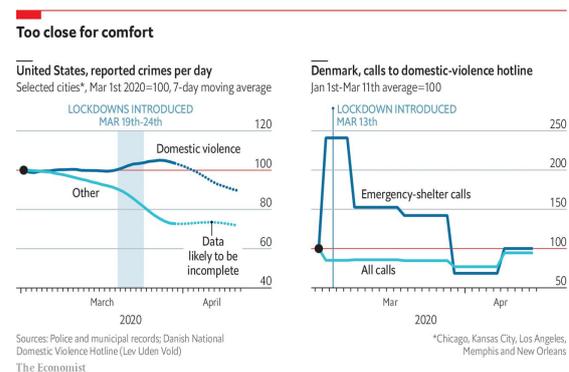
WHO, together with partners, is providing guidance and advice during the COVID-19 pandemic for health workers, managers of health facilities, people who are looking after children, older adults, people in isolation and members of the public more generally, to help us look after our mental health. This is indeed an unprecedented time for all of us, especially for children who face an enormous disruption to their lives. Children are likely to be experiencing worry, anxiety and fear, and this can include the types of fears that are very similar to those experienced by adults, such as a fear of dying, a fear of their relatives dying, or a fear of what it means to receive medical treatment. If schools have closed as part of necessary measures, then children may no longer have that sense of structure and stimulation that is provided by that environment, and now they have less opportunity to be with their friends and get that social support that is essential for good mental well-being. Being at home can place some children at increased risk of, or increased exposure to, child protection incidents or make them witness to interpersonal violence if their home is not a safe place. This is something that is very concerning. Regarding older people and also those with underlying health conditions, having been identified as more vulnerable to COVID-19, and to be told that you are very vulnerable, can be extremely frightening and very fear-inducing. The psychological impacts for these populations can include anxiety and feeling stressed or angry. Its impacts can be particularly difficult for older people who may be experiencing cognitive decline or dementia. And some older people may already be socially isolated and experiencing loneliness which can worsen mental health.

Social Effect of The Pandemic

The corona virus disease (COVID-19), which has been characterized as a pandemic by the World

Health Organization (WHO), is attacking societies at their core. The COVID-19 outbreak affects all segments of the population and is particularly detrimental to members of those social groups in the most vulnerable situations, continues to affect populations, including people living in poverty situations, older persons, persons with disabilities, youth, and indigenous peoples. If not properly addressed through policy the social crisis created by the COVID-19 pandemic may also increase inequality, exclusion, discrimination and global unemployment in the medium and long term. Comprehensive, universal social protection systems, when in place, play a much durable role in protecting workers and in reducing the prevalence of poverty, since they act as automatic stabilizers. That is, they provide basic income security at all times, thereby enhancing people's capacity to manage and overcome shocks.

On the other hand, Lockdown and social distancing measures to prevent spread of COVID-19 have heightened fears of increasing levels of domestic violence, which includes physical, emotional and sexual abuse. Refuge, one of the UK's domestic abuse charities, has reported a 25% increase in calls made to its helpline since lockdown measures were announced. The concentrated time spent in lockdown means that vulnerable people are more exposed to abuse and it is more difficult for them to seek help. In response to increasing concern, the UK government has published guidelines on how to recognise domestic abuse, how to report it and where, with a list of all the services available.



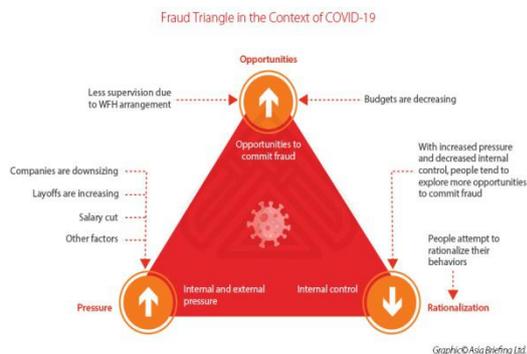
In addition, a significant impact of the COVID-19 pandemic has been seen within the video-gaming industry. With many individuals self-isolating and/or remaining home under strict governmental regulations, online gaming has seen the emergence of record numbers of players, which has facilitated a boost in revenue for many companies. Conversely, negative impacts include cancellation of the annual and major trade event E3 2020, alongside the rescheduling and/or cancellation of popular Esport leagues.

As emphasized by the United Nations Secretary-General, during the launch of a COVID-19 Global Humanitarian Response Plan “We must come to the aid of the ultra-vulnerable – millions upon millions of people who are least able to protect themselves. This is a matter of basic human solidarity. It is also crucial for combating the virus. This is the moment to step up for the vulnerable.”

Effect on Business Growth

Companies are facing significant operational, financial, and strategic challenges due to the COVID-19 outbreak. As countries restart their economies, businesses need to evaluate the risk of infection and effectively manage their liquidity to survive this difficult period. Such time of economic turmoil, however, is when most businesses become vulnerable to acts of fraud. In the era of COVID-19, where an employee are troubled by travel restrictions and when working-from-home is the new normal, MNCs are finding themselves particularly exposed to the risk of fraud.

Many people have either lost their jobs or have had their salary pay cut since the outbreak of the corona virus. Financial pressures on families will increase with the further downturn of the global economy. This may create or increase motivations to commit fraud and may have an impact on the business’ survival during a prolonged public health crisis.



To mitigate potential business management risks associated with the COVID-19 pandemic, companies are all advised to develop a thorough internal control mechanism, and periodically review their internal control procedures to ensure the effectiveness of the system over time.

Many businesses spent the first several weeks of the crisis reviewing continuity plans, establishing crisis command centers, and ensuring the safety and security of their workers. We thus would expect these businesses to be entering the “stabilize” wave of a three-wave crisis model, in which companies are learning to operate in “the new normal” yet are continuing to respond to

immediate fires. Much of the focus in the stabilize wave is on implementing tactical steps to preserve business value, including liquidity analysis, operational scenario planning, and an assessment of the various government stimulus programs.

The three waves of a COVID-19 crisis response

Organizations that successfully accelerate the speed with which they progress through the waves tend to emerge stronger.



Source: PwC

Many of the actions taken during the three waves overlap and evolve over time. There also will need to be a focus on financial concerns, tax, and supply chain operations across all three waves. Some countries may begin to introduce stricter regulations on movement just as others start to relax them.

Conclusion

With fears of a new recession and financial collapse, times like these call for resilient and strong leadership in healthcare, business, government and wider society. Immediate relief measures need to be implemented and adjusted for those that may fall through the cracks. Medium and longer term planning is needed to re-balance and re-energise the economy following this crisis. A broad socioeconomic development plan including entrepreneurship is also needed so that those with robust and sustainable business models can flourish. It is prudent that governments and financial institutions constantly re-assess and re-evaluate the state of play and ensure that the ‘whatever it takes’ promise is truly delivered.

Conflict of Interest

There is no conflict of Interest between the Authors of this paper.

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