

## Covid-19 Pandemic impact on World Economy

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### Abstract

*This study is being conducted when the Corona virus spreads around the world and becomes an economic major crisis in 2020. This study answers certain questions, such as how many countries are affected with corona viruses and decrease their economic activities. What are the most effective international monetary and fiscal measures for dealing with the crisis? Is monetary and fiscal policy employed as a vaccination to keep the global economy from collapsing? It's a major topic these days, especially with the globe facing Covid-19. Researchers explain the impact of the Corona virus on the world economy by getting information from Standard & poverty agencies (S&P), Organization of Economic Cooperation and Development (OECD), and from different websites and reports. moreover, researchers obtain information from the International Monetary Fund (IMF). In addition, Explain the losses from one industry to another and concluded that the global economy is confronted by dual crises in nature. The deaths of millions of people are on the one hand and the economy crisis on the other. The first problem comprises saving people from death, and the second in saving the universe against economic crises. But both challenges are inconsistent. If individuals want to preserve lives, a remain at home and a social distance policy are imposed, and the country is shut down. However, we can rescue our citizens living, but the economy collapses fast because all the companies in the country have been shut down. If economic crisis is saved, people are supposed to go out and work as normal, the global economy would boost but soon millions or billions of people are lost who will also have an impact on the economic downturn. Policymakers, doctors and manufacturers of health should work together to identify solutions to benefit both individuals living and saving economic crisis.*

**Keywords.** Covid-19 pandemic, Global Economy, monetary and fiscal policy measures, liquidity provision

### 1. Introduction

A virus named Severe Acute Respiratory Syndrome (SARS-CoV-2) causes a Corona virus at the end of 2019. The occurrence of this respiratory infection was first exposed in Wuhan city of China. Dr. Li was the first person in the early days of his outbreak to detect corona virus epidemic. During his investigation, he realizes that there is a virus such as SARS that was a global 2003 epidemic. Corona viruses originated in Hunan marketplace for seafood, and victims were hospitalized with quarantine.

Dr. Li sends messages to his fellow medical practitioners, but after three days, Wuhan police urge Dr. Li to stop spreading such misinformation. Later, Dr. Li contracted the Corona virus from one of his patients and died because of it. Later on, Chinese health officials reported the ground facts of this Corona virus, its symptoms, and precautions. It is vital to note that Wuhan is a Chinese mid-city, and the Corona virus begins with China's spring festival. During this event, all Chinese people return to their hometown to see their parents, friends, and

relatives and to celebrate the spring festival with their loved ones by eating and dancing.

This is the busiest times travel season in China. Prior to the Chinese government's formal statement, millions of individuals passed through Wuhan and became infected with the Corona virus. This is one of the main reasons the Corona virus spread so swiftly, with millions of people infected within a day. This rapid spread aroused grave consciousness at the national and global levels, and within weeks, it was recognized as an epidemic by the World Health Organization (WHO, 2021) in Wuhan, and rapidly dispersing in 200 countries worldwide. According to World master info at present on 10 June 2021, total numbers of Corona cases is 175,232,818, out of these 3,778,635 death cases and recovered case are 158,762,858.

Globalization has resulted in incorporating all countries around the world. If something happens in one region of the world, it will have a medium or high impact on the economies of the rest of the world. The world's major economies, particularly China, have a significant impact on the rest of the world's economies. China has the world's second largest economy. It is valued at \$13.6 trillion. China contributes approximately 16% of the global GDP. It is the world's largest exporter. Most of the world's largest corporations rely on China for backward and forward connectivity. Because of the Epidemic Corona virus in China, most factories have shuttered, affecting the global economy.

According to (Bentolila et al., 2018; Morana & Bagliano, 2010) several literatures have been found on the causes of world economy recession because of corona virus in huge amount. However, the world recession 2020, which is called a recession due to (covid-19) is new in the modern history. According to (Radelet & Sachs, 1998) the 1997 Asian debt crisis was caused by a decline in the Thai baht, which created fear and prompted an economic slump and financial crisis in Asia.

Furthermore, in 2008 financial crisis was caused by a fragile monetary policy, a free regulatory system, and significant leverage in the banking sector, according to (Allen & Carletti, 2010). In Nigeria, the recession in 2016 was caused by a balance-of-payments imbalance, and crude oil prices fell to their nadir. However, in this exploratory study, we will analyze how the Corona virus affects various economies around the world.

A number of confirmed cases of corona virus out of which death cases, and recovered cases on all over the world on the can be checked from the (Worldmeter, 2021).

Following table shows the number of confirmed cases, death cases and recovered cases. Of the few countries

Table 1

<b>Countries</b>	<b>Confirmed cases</b>	<b>Confirmed death</b>	<b>Recovered cases</b>
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<b>World</b>	175,232,818	3,778,635	159,059,327
<b>USA</b>	34,264,727	613,494	28,254,091
<b>Spain</b>	3,715,454	3,715,454	3,501,083
<b>Italy</b>	4,237,790	126,767	3,936,088
<b>France</b>	5,725,492	110,202	5,458,349
<b>Germany</b>	3,715,870	90,187	3,563,800
<b>China</b>	91,337	4,636	86,285
<b>UK</b>	4,535,754	127,860	4,281,627
<b>Turkey</b>	5,306,690	48,428	5,179,833
<b>Afghanistan</b>	85,892	3,356	59,871
<b>Pakistan</b>	937,434	21,529	871,669

Source: World meter statistics 10 June 2021

According to World Health Organization (2021) on territory basis or region basis America has the highest numbers of Corona cases as compared to other regions

<b>Territory/Region</b>	<b>Confirmed case</b>	<b>New case</b>	<b>Total death</b>	<b>New death</b>
Western Pacific Region	3,206,476	17,321	48,902	343
European	54,770,591	46,451	1,161,608	1,400
South East Asian	33,101,517	113,472	439,694	6,551
Eastern Mediterranean	10,384,040	30,704	207,111	538
America	68,932,684	152,822	1,810,788	5,090
African	3,593,021	12,199	88,831	246
<b>Total (global),</b>	<b>173,989,093</b>	<b>372,822</b>	<b>3,756,947</b>	<b>14,169</b>

Source: World Health Organization (WHO)

## **2. Impact of Corona virus on World economy**

Initially, it was predicted that the corona virus (covid-19) pandemic would be limited to China. However, because of the movement of people, the corona virus has spread worldwide, with over 200 countries being affected by it. As a preventive move, the World Health Organization has declared that the Corona

virus is spreading over the world and is easily transmitted from person to person. Everyone should keep their distance from one another. They also stated that staying at home was vital to avoid the corona virus.

Every country on the globe took precautionary measures to protect themselves from the Corona virus, which has caused the entire world to be shut down. Instead of some fundamental good generating factories, the entire world's industries lock down. According to (Elliott, 2020; Horowitz, 2020) all countries are detached from one another, which has a negative impact on the aviation business. Along with the cancellation of major sporting events such as the PSL (Pakistan Super League), the sports sector suffers.

According to Covid-19, the 2020 crisis will be not only devastating, but will also have a spillover effect on the global economy due to supply and demand shocks in every area of businesses (El-Erian, 2020).

According to the US Federal Reserve's monetary policy report, the size of the Chinese economy will have a significant impact on the global economy and the US. China's total GDP contribution to the global economy is 13.6 percent, the second biggest after the US economy, which contributes 16.8 percent. Some economists predict that the world's developed economies' GDP would increase less in 2022-2021 than it did in 2019. It is up to the government to decide how to deal with Covid-19. According to John Detrixhe, the world's GDP prediction table is shown below.

Table 3

<b>Forecast for percentage Change in GDP</b>			
<b>Countries</b>	<b>2019</b>	<b>2020 to 2021 GDP</b>	<b>Change %</b>
World	2.9	2.5	-0.5
USA	2.3	1.9	-0.4
UK	1.4	0.8	-0.6
China	1.4	0.8	-0.6
Euro Countries	1.2	0.8	-0.4
South Korea	2.0	2.0	0
South Africa	0.3	0.6	0.3

Source: John Detrixhe forecast for percentage change in GDP

According to above table it has been shown that world's GDP is falling down from 2.9 in 2019 to 2.5 in 2020- 2021. Which shows that decrease in the world GDP with negative 0.5. International monetary fund (IMF) managing director (Tao Zhang) said currently world economy in front of three biggest challenges, which

contain tension on trade front, financial and fiscal risk, how to achieve inclusive growth. He believed global economy sun is still shining. But world largest economy US and China have trade war, diverse models try to access both economy impact on probable trade war, and to mitigate the possible effective measures. But condition truth is much complex than predicted model. Difference or disagreements at all essential points need to resolve with cooperative approach. If not, then trade tension would consequence in global economy losses. Zhang says about financial or fiscal risk, he elaborated that total world debt was recorded \$164 trillion in 2016. But currently in 2021 crisis, it is superior to the level seen in 2008 crisis. Countries must awake of their fiscal conditions and maintain economic growth. Some countries approach like fully employment, government expenditures will definitely reduce the risk to sustainability. Economies should focus on innovative ideas and there is a potential for financial technology and implement these ideas to bring efficiency gain.

The rapid increase the virus in China, shows that over 3000 death and over 80 thousand infected people of the world's 2nd largest economy implicit to lockdown the domestic and international travel. Which result in declining the economy of China and ultimately affects the world economy? According to S&P rating agency, China shows that 20% of worldwide manufacturing output in 2018, which is now expected to decline approximately from 5% to 5.7% because of an outbreak of coronavirus. Government of China injected 1.2tn Yuan into a financial market by reducing the rate of interest to support the economy. Further, China also reduced the tariff by halves on US goods, and taxes also reduced by 5% instead of 10%, now it reduced more from 2.5% instead of 5%. Fed notice Asian economies will affect because of Corona virus spread. According to head of European central bank (Lagarde, 2021) Virus intimidation is a novel risk to economic stance, replacing China-US trade war.

### **2.1. Impact on the tourism industry**

The Corona virus is spread over 200 countries. The situation is panic in the entire world. Government of all countries restrict their people to unnecessary travel, domestic or internationally. Mostly countries suspended tourist visa, residential visa and work visa.

If we take an example of Kingdom of Saudi Arabia (KSA) which is Holy Country for all Muslim world.

Every year millions of people visit Makah (city of Saudi Arabia) to perform Hajj, which is one pillar of Islam. As per the government statistics of KSA, in 2019 before corona approximately 2.5 million Muslim around the world visit for Hajj prayer. But during corona KSA announced to stop Hajj application to prevent people from (covid-19). Same as other countries wholly prohibited inbound and outbound travel. Government forced travel restriction impact on numbers of passenger decreases in the entire world. With a reduction of number of passengers, some airlines stopped their operations, such as polish airline, Baltic airline. These travel restrictions will affect the tourism industry worldwide and approximately \$200 billion losses foreseeable. Aviation industry losses cross the

figure of 113\$billion by IATA estimation. American Airlines Seeks \$50 Billion Compensation.

According to World Travel and Tourism Council (WTTC) mention that because of corona virus pandemic situation over 50 million jobs cut down in travel industry. Tourism industry contributes 10% for Global GDP. After the epidemic of corona virus tourism industry needs 10 months for revival of tourism industry. Further WTTC said that Asia is mainly affected continent.

According to Virginia Messina (WTTC Managing Director) said policies are general and not verified to be effectual to hold the virus. She further said tourism restriction could also affect not only to medical supplies delivery but also on medical expert's travel. Messina said every month over 850,000 citizens take a trip from Europe to USA. This is comparable to \$3.4 billion monthly payment to US economy. She said out of 50 million employments lost, near about 30 million is from Asia, 7 million from Europe, 5 million from Americas and other territories.

WTTC recommends countries should make trouble-free policies regarding visa process, and trim down the taxes on traveling and start incentives later than the epidemic situation.

## **2.2.Impact of corona virus on global hospitality industry**

Hospitality industry affected because of corona virus epidemic situation. Various country's government announced the slogan "social distancing" and "Stay at home" lead to shut down the restaurant, parks, cafes, hotels, to prevent the spread of covid-19. Hotels from all around the world witnessed booking termination value billions of dollars, and the hotel industry bailout \$150bn. Executives of Restaurant and hotel industry lost their jobs and trying to find a new job.

According to Smith travel research (STR) weekly reports show that metrics are ongoing to catch worse because of pandemic Covid-19. This information based on 9.2 million rooms and 68000 properties around the globe. Reports show that in comparisons to last year 2019, tenancy is extremely down approx. 95% in Italy, 67% in UK, 68% in China, 59% down in USA, and in Singapore its down level is 48%. As we know China is an earliest market to deal with corona virus and luckily successfully defeat the Corona virus and now hospitality industry in China is forwarding to stabilization. Now 87% hotels are opened in whole China, which was only 40% in past 2 months. Tenancy is turned to positively. In May it was 10%, at the end of June it increased up to 22% and beginning of July it proximately increases to 30%. But if we talk about the world, still there is worse condition in hospitality industry until they stop covid-19. In USA still tenancy is 30%, which is not a good signal.

The Tenancy in US hotel industry did not fall down quickly as compared to other countries like China, Italy; the reason is US government did not announce lock down policy. Still people traveling in USA, and not practice the social and physical

distancing. That's the reason corona virus infection rate is much high in USA as compared to other countries.

According to Revenue per available room (Rev.PAR) performance measure in hospitality industry, shows statistics that now the hospitality industry falls down more than compared to financial crisis of 2008, and terror attack on 11 September. In China Rev.PAR, declines up to 85%, while in Europe it drops 69.5%, and in US it drops up to 44%.

According to STR, Rev.PAR breaks the record of declining of last 30 years. Cumulative data of top 25 markets in USA shows major declining, aggregate occupancy down over 66% to 26%.and Rev.PAR down from 80% to 27%. STR declared about the collapsed of occupancy in his report. According to Jasper Palmqvist STR area director predict the recovery phase hoping it almost takes 6 months for v shaped recovery which also seen in SARS crisis.

### **2.3.Impact of Corona virus on the global sports industry**

The impact of corona virus on sports industry is very high. According to sports global value analysis, currently sports market contributes annually US\$756bn, which includes US\$420bn by USA and remaining by Europe accounted US\$250bn. Below this China is the most growing sports industry which makes US\$415 billion annually. If we see all major sports events in the world from athletes, leagues, teams, media and broadcast stopped or delayed because of pandemic covid-19.

Football leagues in Scotland and England announced to instantaneous postponement of football matches. In USA National Basketball Association (NBA) paused their season and Revenue lost amount is 350 million to 450 million US dollar. The world's biggest sports event is Olympic Games, which is planned in Japan Tokyo at the end of July 2021, but because of corona virus International Olympic Committee (IOC) delayed this event till 2021. Now it starts from 23 July to 8<sup>th</sup> of August in 2021. Japan suffers a loss approx. 597 billion yen which it already invested to host this sports event.

Marathon's race was listed to get put on 26<sup>th</sup> April also postponed until October. World Athletics championship planned to organize on August 2021. But now it is delayed in July 2022, to avoid contradictory with the diary of Olympic Games. Formula one also stopped their events because of corona virus. In Portugal government stated emergency in the countryside and Motorsport's game occasion and other events postponed.

World snooker championship also postponed. A cricket league in Pakistan PSL (Pakistan Super league) postponed because of corona virus. In golf sector, LPGA rescheduled its event and resulting billions of dollars Revenue loss. According to (SimonDenyer), chief executive of television and internet sports streaming said, in 75 years it is a biggest disaster in sports industry.

#### **2.4. Impact of Corona virus on global Education industry**

According to United Nations Educational, Scientific and Cultural Organization (UNESCO), around 290 million students or learned affected because of corona virus covid-19. Mostly countries have temporarily closed their educational institutions to control the Corona virus from spread. It damages the education industry to \$600 billion. According to UNESCO observation, 188 countries have nationwide or complete closure their educational sectors. And 5 other countries closure educational institutions on local basis. Total impact is 99.4 percent of the world student's population.

Cambridge international Examinations have canceled all their examinations for all levels worldwide. Corona virus had severe impact on those schools wherever the lack of online education platform. A credit rating agency (Moody's) downgrades the USA education system which is an outburst from stable to downbeat. The reason is that over 30% universities and colleges in US have low operating performance. So it is difficult for these institutions to adapt academic and financial changes which are necessary to manage with corona virus. Italy and Spain Nigeria, France, Israel, and Egypt closure all their schools, while Australia closures some of their schools. This worse condition in educational sectors creates unemployment for most of the teachers.

Government of Netherland also temporary suspended all examinations for students. The positivity of this condition is it increases the value of online education and distance learning, but a tiny proportion of institution to provide online educations. In USA only 15% undergraduates who studied online classes and get degrees in 2019. Other countries like Canada, UK bear billions of dollars lost in education Revenue because foreign students suspend their studies and went back home. According to Deloitte report, because of cancellation of Federation of English language teaching organization (FELTOM) monthly financial loss is near about Euro 1.4 million, whereas Malta's economy cost is Euro 3.4 million per month.

#### **2.5. Impact of Corona virus in Health industry**

As other sectors, hospital sectors are on the front line to fight with corona virus pandemic. Hospital industry faces supply chain dispute and knocks to its revenue from the termination of elective surgeries. Mostly countries have increased the services with higher level of demand but if we talk about testing, equipment which are in greater numbers in private hospitals.

China has closed all its hospitals in Wuhan, while in Iran hospital are doing more struggles to fight with this corona virus. In Spain government nationalized all



private hospitals and healthcare centers to fight with spreading of corona virus. Singapore has sufficient equipment and health facilities to control corona virus. Further Ministry of health (MOH) in Singapore advised to all doctors in private and public sectors not to accept any foreigner patient.

Pharmaceutical industry suffers billions of dollar losses because supply chain affected of medicine companies. Major drug making companies import ingredient from Chinese companies. Approx. before the Corona outbreak, China produces the 60% ingredients of world pharmaceutical industry. After the outbreak of Corona virus, all pharmaceutical ingredients stopped because of multiple reasons. First, China had shut down its factories which make drugs. And second, there is a big supply chain problem; thirdly various countries canceled their contract to import these ingredients from China. The excessive dependence or trust on

Chinese manufacturer raises the considerable risk to the worldwide pharmaceutical industry, and outbreak of Covid-19 proved it. The rating agency S& P shows that health industry fell down up to 7% at the start of March 2020 which shows that health investor felt industry hit severely. Moody's rating agency shows that cash flow is very low as compared to 2019. further he said nonprofit and public sectors of healthcare go downgraded from stable to negative cause of the Corona virus Covid-19.

### 3. Policy Responses to Covid-19

Different countries implemented different policies regarding monetary and fiscal policy, human Control policies, and health policies to sustain the economy of their countries. Over 200 countries affected with covid-19. Human control policies which are implemented by all affected countries include shutdown the airbase, sea border and land border. Some countries temporarily release the prisoner from overcrowded prison. Some countries nationwide closed all universities, colleges and schools to break the chain of virus.

Some countries impose "Curfew" in the whole country with slogan to stay at home. Countries suspended all tourist visas, residential visa for temporary time. Some countries ban to travel inside or outside the country. Public health policies include public quarantine, border quarantine, stay at home, social distancing. It is not possible to explain the Monetary and Fiscal Policy responses of all countries around the globe. Research randomly selects some developed and some developing countries, and explains their Policies against covid-19 situation. Below table 4 shows the monetary and fiscal policies of some randomly selected companies.

Table 4

Countries	Monetary Policy Measures	Fiscal Policy Measures
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<p>USA</p>	<p>Lowered 150bp to 0-0.25bp, purchase treasury and agency securities, expand term repos, lower cost of lending discount, reduce swap cost, temporary repo facility for foreign n international monetary, federal reserve support facility flow of credit, which include primary dealer credit facility, mutual market liquidity facility, corporate credit facility, asset back security loan, paycheck protection liquidity facility, street lending program, municipal liquidity facility,</p>	<p>\$2.3 trillion (11% of GDP) relief for corona aid, include 1 time tax rebate to individual is US\$250 billion, unemployment benefit US\$250 billion, food safety US\$24 billion, provide loan, guarantees to corporate bankruptcy prevent US\$510 billion, SME loan US\$359 billion to keep worker, hospital US\$4100 billion, state n local government US\$150 billion, corona virus preparedness at response US\$8.3 billion, families first response at US\$83.4 billion,</p>
<p>UK</p>	<p>Monetary measure includes, decrease bank rate by 65 bps, expand the UK government bond which hold by central banks and also expand the £200 billion of non-financial corporate bonds. Planned new funding scheme to reinforce the rate cut. More incentives for lending to real estate economy. Use of government overdraft account with BOE to provide liquidity. Joint BOE and HM treasury for corporate financial facility with business loan scheme to give loan and guarantees of £330 billion. Activate repo for liquidity facility. Lower UK countercyclical rate to 0 %.</p>	<p>UK fiscal measure includes, £5.7 billion for charities and public services, £27 billion for business support, means property tax holidays, grant for most affected sectors, sick pay leave compensation, £7 billion for social safety for people, introduce corona virus interruption for business loan scheme with the help of British business bank and government, on large and small scale. For next quarter deferred VAT payments, provide 80% earning of self-employed, which is £2500, is given for initial three months. £150 million to IMF for catastrophe relief trust.</p>

Pakistan	State bank of Pakistan (SBP) cut the policy rate from 225bps to 11.0%. Introduce two refinancing facilities. One is (TERF) temporary economic refinancing facility with worth of PKR 100 billion to invest in buying latest manufacturing equipment and plants at 7% fixed for next 10 years. Secondly (RFCC) refinance facility for combating covid-19, SPB took some other measure to sustain economic activities. Reduce capital conservation from 100bps to 1.5%, PKR 180 million for extension of credit to SMEs, 50 to 60 % relaxation on debt ratio.	PKR 1.2 trillion relief package announced by authorities. Remove the import duties on health equipment. PKR 200 billion for daily wages worker, PKR 150 billion allocated to low-income families cash support, PKR 100 billion for export industry to relief from tax refund. PKR 100 billion support to SMEs, PKR 280 billion for wheat procurement resources, PKR 50 billion for utility stores, PKR 70 billion for fuel prices, PKR 50 billion for food and health equipment, PKR 110 billion relief on electricity bill payment. PKR 25 billion for NDMA to buy equipment for fight the covid-19.
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<p>Spain</p>	<p>ECB provide monetary policy support include buy asset (€120 billion) until last of 2020 with APP program, auction of full allotment, fixed rate, liquidity facility at deposit facility rate, €750 billion for asset purchase for pandemic emergency, relaxation for euro system refinancing (MROs, LTROs, TLTROs), provide loans to SMEs, individual and household. ECB allowed institution to operate below pillar 2 guidance. Liquidity coverage ratio, new rule on composition of capital, release countercyclical capital buffer, relaxation for non-performing loan, €100 billion government loan for companies and self-employed, €2 billion for exporter, loan maturity extension for farmers, €83 billion leverage to help private sector, €10 billion for other institutions funding, €400 million 3-month mortgage payment.</p>	<p>13.9% (1% GDP) key measures, contingency budget support fund to health ministry (€1 billion), region health services (€2.8 billion), research funding for covid-19 vaccine and drug (€110 million), unemployment benefits for worker laid off, increase 60 to 75% sick pay for quarantined or infected workers, allowance self-employed workers for suspension of activities, subsidy for household employees up to 70%, monthly allowance €430 to workers for expiring their contract during these emergency days, extra budget fund is €300 million, €25 million for meal of kids affected by school, landlord provide energy provision, 50% exemption for employer social security, deferral tax payment for SME amount (€14 billion),</p>
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<p>Italy</p>	<p>ECB provide monetary policy support include buy asset (€120 billion) until last of 2020 with APP program, auction of full allotment, fixed rate, liquidity facility at deposit facility rate, €750 billion for asset purchase for pandemic emergency, relaxation for euro system refinancing (MROs, LTROs, TLTROs), provide loans to SMEs, individual and household. ECB allowed institution to operate below pillar 2 guidance. Liquidity coverage ratio, new rule on composition of capital, release countercyclical capital buffer, relaxation for non-performing loan, €100 billion government loan for companies and self-employed, €2 billion for exporter, loan maturity extension for farmers, €83 billion leverage to help private sector, €10 billion for other institutions funding, €400 million 3 month mortgage payment.</p>	<p>Government adopted €25 billion (1.4% of GDP), for emergency package. (€3.2 billion) Fund to strengthen Italian health system, €10.3 billion to preserve job and help income laid-off worker, €6.4 billion for deferral tax and postponement of utility bills payment, €5.1 billion for supply of credit, €400billion (25% of GDP) for liquidity decree for state guarantees, €750 billion liquidity for household and business.</p>
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<p>France</p>	<p>ECB provide monetary policy support include buy asset (€120 billion) until last of 2020 with APP program, auction of full allotment, fixed rate, liquidity facility at deposit facility rate, €750 billion for asset purchase for pandemic emergency, relaxation for euro system refinancing (MROs, LTROs, TLTROs), provide loans to SMEs, individual and household. ECB allowed institution to operate below pillar 2 guidance. Liquidity coverage ratio, new rule on composition of capital, release countercyclical capital buffer, relaxation for non-performing loan, €100 billion government loan for companies and self-employed, €2 billion for exporter, loan maturity extension for farmers, €83 billion leverage to help private sector, €10 billion for other institutions funding, €400 million 3-month mortgage payment. Decrease the counter cyclical bank capital buffer to 0%, which was increased from 0.25% to 0.5% which is effective from April. Fully banned on sale of short stock till April.</p>	<p>Authorities announced €100 billion more than (4% of GDP), to fight with corona virus, include liquidity measure, include more €45 billion in annual budget which is expected to introduce 13 April to 17 april,2020, €312 billion) for guarantees of bank loan and credit reinsurance, which include boosting health insurance for caregiver or sick, rise in the health spending, postponed for tax payment for firms, liquidity support for social security, support worker wager under reduced hours schedule, financial help for small enterprises, individual worker and professional, postpone for utility bills and rent for small business, grant exceptional bonuses, extend the unemployment benefits expiration during this emergency</p>
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Germany	<p>ECB monetary policy support + release counter cyclical capital buffer from 0.25 to 0%, further €100 billion refinance for SME to short term liquidity, financial stabilization €100 billion for companies to strengthen capital positions,</p>	<p>Federal government adopted additional budget €156 billion, (4.9% of GDP), include R&amp;D vaccine for covid-19, health care supplies and equipment, short-term worker access, subsidy to preserve jobs and workers income, increase childcare benefits for low-income parents, support of self-employed with income benefits, €50 billion grant for small enterprises and infected patients, tax free deferral for this year, create economic stabilization fund and KfW bank, increase the access and volume to provide loans for all firm sizes. €757 billion for increase the volume, €48 billion for direct support and €63 billion for state level guarantees loans.</p>
Turkey	<p>CBRT decreases the policy rate from 100bps to 9.75% provide liquidity facilities, provide an instrument for longer term at discounted rate. Requirement for reserve of foreign currency decrease by 500bps. Facility for exporter and SMEs. Maturities for exporter inventory extend and give discount credit. Limit of LTV on mortgages increase from 80 to 90%. Provide 3-month moratorium for repayment of bank loans. Companies' bankruptcy has been suspended</p>	<p>Turkey announced TL100 billion packages to support his economy. Which include TL75 billion or \$11.6 billion (1.5% of GDP) used for fiscal measure. Other TL25 or \$3.8 billion (0.5% of GDP) used to increase the credit funds. Some other measures include increase pension of fund, and provide cash to needy families. Employment protection with the help of short-term work allowance rules. Postpone or reduced taxes for different sectors industries which major affected by covid-19. Support Turkish airline. Increase the extension of personal, corporate income tax.</p>

China	Monetary measure includes, decrease bank rate by 65 bps, expand the UK government bond which hold by central banks and also expand the pound 200 billion of non-financial corporate bonds. Planned new funding scheme to reinforce the rate cut. More incentives for lending to real estate economy. Use of government overdraft account with BOE to provide liquidity. Joint BOE and HM treasury for corporate financial facility with business loan scheme to give loan and guarantees of pound 330 billion. Activate repo for liquidity facility. Lower UK countercyclical rate to 0 %.	RMB 2.6 trillion (2.5% of GDP) financing plan announced by China, out of 2.5 GDP, 1.2% of GDP implemented in first quarter of 2020, which include increase the amount on prevention and control from covid-19, to expand medical equipment production, accelerate unemployment insurance disbursement, relief from taxes and social security payment, expand overall fiscal measures. Improvement in public health management system for emergency
<b>Afghanistan</b>	Financial stability committee monitoring risk regarding monetary and showed to bank to provide liquidity. Provide uninterrupted financial services, enhanced foreign currency transaction and remote services which are closure.	1.9billion (0.1% GDP) budget for health emergency, testing lab, medical supplies, 57%rise (0.55%GDP), social relief packages for household, cut down nonessential spending, get finance from World bank, Asian development bank, Islamic development bank, IMF

#### 4. Issues in Policy Responses

The world affected the corona virus pandemic took some policy measure regarding monetary policy, fiscal policy, human control policy and healthcare policies. There are some issues regarding these measures due to which these measures cannot stop the recession. First, if we talk about the monetary policy in which central bank, International monetary fund reduces the rate of interest, to increase the supply of money in market. But on the other side demand for money is not high, people are staying at home, all business shut down. Business executive not interested to take a loan even at low interest rate.

There is a slogan stay at home and social distancing stopped people to go outside and buy anything. If no customer or consumer then there is no business, if no business then no need of capital to invest. Now situation is, banks are ready to give loan, but cannot find an investor to take this loan at low interest rate. So, this monetary policy step is not beneficial for global economy.



Mostly economist said that monetary policy is not a vaccine to stop recession. Various countries took different monetary policies to increase the economic activities. But to save people's life government also imposed stay at home and social distancing. Which result a fear in the mind of people, and all economic agents are powerless to interact with each other regarding economic activities.

Covid-19 is now a big political issue in most of the countries regarding fiscal policy. It is difficult for government to take some fiscal measures, like which sector are more deserving for packages and which sectors are less important. Currently, it is a big debatable issue in developed and underdeveloped economies like USA and UK. Now every sector of the industry trying to get more packages from government to keep sustain from this covid-19.

Some big businesses argue that government is giving more packages to banking industry, education industry, health industry, manufacturing industry as compared to entertainment industry, hospitality industry. They protested against government and saying why government did not consider other sectors like entertainment and hospitality industry significant contributor to the economy

## **5. Conclusion and recommendation**

Entire world is suffering covid-19 and the policy maker in central bank and other biggest institution who introduce new policies to ease the global economy are at high pressure. Previous crisis in 2008 is just a challenge to fight with financial crisis. But currently covid-19 crisis is dual nature. First to save the people, second is to save the economy. Each measure is difficult to achieve because if we choose to save the people means took measure like to stay at home, social distancing, shut down the country to protect our people from death, it is ultimately we cannot save the economy globally. Because all businesses shut down, from lower wages worker to executives suffer from this shut down and economy falls down quickly. But on the other side if we save economy then government needs to ignore the precautionary measure from covid-19, everything is going as usual. No shutdown in the countries. No social distancing and stay at home. With this second step maybe, our economy will go up but we cannot save the lives of people, it is expected millions of people died if they infected with this corona virus. If we see in the long term, millions of people to death will also directly affect the fall of economy. But if we save our people, it is chance we can boost our economy near future. There is a big challenge for policy maker to take such measure which not only save the people but also save the economy. This is a time to work together. All policies failed if there are no health precautionary measures. Doctors, economist, policy maker should sit together and implement those measures which have dual effect like it not only save people but also save economy.

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