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## **Impact of COVID-19 Pandemic on Global Economy and The Direct and Indirect Impact on Bangladesh Economy**

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### **ABSTRACT**

The objective of this paper is to examine the impact of Covid-19's impact on the major economic and financial indicators of the economy of Bangladesh and recommended policy responses for recovery based on the analysis. This paper reflects a few main variables such as GDP Growth, settlements, consumption and distinctive other vital factors to measure the probable outcome of this widespread. At the beginning, the negative impact of the GDP decline on the global economy occurred. In numerous major nations, including the USA, China and Japan respectively, we have seen a massive decline in GDP Growth. Additionally, the level of global subsidence has appeared in this region, the drop in the rate of GDP growth has appeared for numerous developed and developing nations. At that point, the effect on the economy of Bangladesh appeared in detail. Effect on Apparel Industry, Remote settlement, Banking and Financial institutions, Impact on health, food and Agriculture, Tourism industries, Local trade, impact on Education, SME Market, GDP, Pharma sectors, Remittance and ICT. Both domestic and international demands declined due to the outbreak and subsequent lockdown, and the producers responded by lowering output to minimize the loss, especially in the manufacturing sectors. This article clarified the full situation from each corner. From which measurements the Covid19 widespread has treated us in clarified in this segment, the dynamic of this widespread, how the worldwide economy is influenced, how difficult the distinctive segments of Bangladesh are influenced is examined in this segment. However as the virus is yet to be contained and an effective vaccine for it is yet to be made available in Bangladesh everywhere and to everyone, its economic repercussions are likely to continue in the foreseeable future.

**Keywords:** Covid19, Impact, Bangladesh

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### **Introduction**

In December 31, 2019, a viral respiratory disease caused by an unusual strain of coronavirus erupted and spread across Wuhan, Hubei province of China. The disease, later named Covid-19, caused a widespread epidemic throughout china. Bangladesh can be identified as a highly spreading zone like any other effect countries. Though in many countries the virus started to affect people much earlier, in Bangladesh the 1<sup>st</sup> corona patient was detected in March 2020. In this manner, governments over the world are undertaking critical activities to overcome the pandemic's quick financial results and comprehensive change programs for upcoming economic recuperation. Like other nations' scenario, the quick reaction of the Bangladeshi government to anticipate the spread of covid-19 was too closed down the economy. The paper discusses Bangladesh's economy's performance in both the pre-covid era and within the covid period. Before Covid, all the economic was achieving exponential growth throughout the last decade. The covid-19 shock intervened in the development of the economic indicators in Bangladesh, especially readymade garments, foreign remittance, local trade, international trade, government revenue employment, financial institutions, production and distributions due the isolation, quarantine, distancing and shutdown measures. Therefore, the main purpose of the study is to make review and evaluations of the potential impact of covid-19 on the economy of Bangladesh.

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### **Methodology of the study**

#### *Sources of information*

The sources which have utilized for collecting important information and other insights are journals and distributions shape conspicuous inquire about the organization, investigate papers, national and international daily papers and magazines, national and international journals. The auxiliary dataset is collected from the centre for policy Dialogue, SANEM reports, IMF website, who and from distinctive other projects and reports.

#### *Process of Data search*

All data has been collected from various organization's website and journals.

## Data Analysis

The events and data which are used for this paper are given below:

1. The data collection was done as per the pre-set standards and without any bias. And the process followed the research criteria and other necessary steps.
2. Reorganized the information to differing extents of the subject for capturing information on the subject matter.
3. Divided and classified content to make clarifications and comprehensive subjects in the information.
4. Organized the guideline and speak to the strategies that were utilized from text to translation.

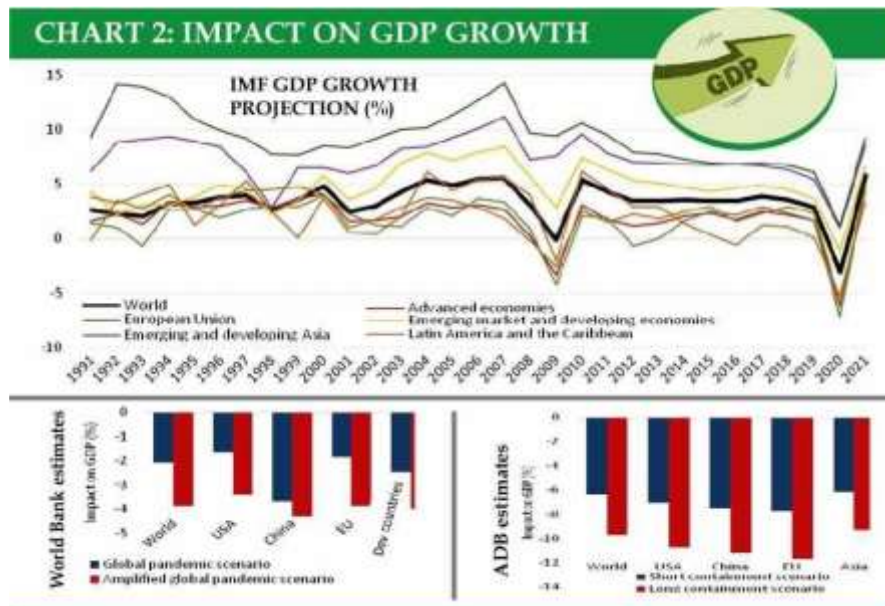
## Limitations

The data was taken from different sources. They could not be merge in certain contexts. Biased news and blogs have been pursued to minimize this. Moreover the major sectors were only focused so in some sections the information and data were not attached.

## Results

### Impact of Covid-19 on the Global economy

The Covid-19 pandemic is causing an exceptional disturbance to the worldwide economy. The covid-19 epidemic has affected millions of people and claimed the lives of more than three hundred thousand people around the world. The global economic growth in the first half of 2020 has been severely affected, and the global economic growth projection was at 4.9% in 2020. (World economic outlook, 2020) It had anticipated that the covid-19 pandemic would cause tremendous job losses for migrant workers and thus impact remittance flows. Migrant staff is especially likely to work in accommodation and food services, one of the most impacted sectors of the covid situation, according to the institute for public policy Research. In the world, impacting more than 208 nations and the world. The spread is still on the rise, having a huge influence on the global economy. The economy has almost come to a halt and weakening effects are being observed in almost all sectors. Approximately 34 million people or 20.5% of the population living below the poverty line in Bangladesh according to the Bangladesh Bureau of statistics (BBS). A study by the south Asian network on economic modeling (SANEM) based in Dhaka indicates that this figure would increase by 36 million if the poverty income level were to increase by 36 million. The line is 1.25 percent higher. Many are likely to slip into the pit of poverty. There are differences of opinion on the potential impacts of covid-19 on the economy of Bangladesh.



### Impact of Covid-19 on the economy of Bangladesh

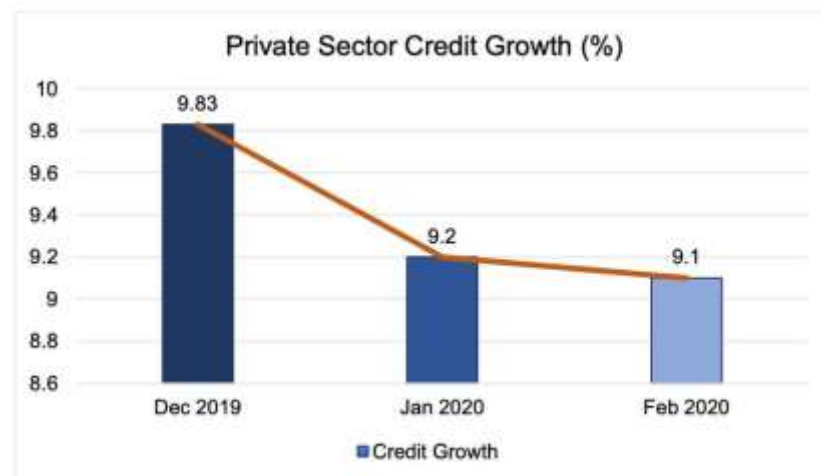
The new coronavirus has already created lethal havoc. In the world, impacting more than 208 nations and the world. The spread is still on the rise, having a huge influence on the global economy. Bangladesh's lockdown until the end of May has had a debilitating impact on employees and companies across the country. The economy has almost come to a halt and weakening effects are being observed in almost all sectors. Approximately 34 million people or 20.5% of the population living below the poverty line in Bangladesh according to Bangladesh Bureau of Statistics (BBS). An study by the South Asian Network on Economic Modeling (SANEM) based in Dhaka indicates that this figure would increase by 36 million if the poverty income level were to

increase by 36 million. The line is 1.25 percent higher. Many are likely to slip into the pit of poverty. There are differences of opinion on the potential impacts of Covid-19 on the economy of Bangladesh. Both the Bangladesh Bank and the International Monetary Fund (IMF) have expressed concerns about economic growth that could fall to just over 2.0% in the current fiscal year. The risk to the Bangladesh economy, however, would depend to a large extent on the length and omnipresence of Covid-19, as well as the effectiveness of government intervention to tackle the pandemic.

### *Bangladesh's Apparel industry*

For an economy like Bangladesh, the success of the RMG sector is more important, as apparel accounts for 84% of the country's exports, employing almost 3.5 million people. The readymade garments industries are the principal source of foreign exchange earnings. Manufacturers of Bangladesh Garments and Exporters Association (BGMEA) revealed this recently analyzing data of the nation Board of Revenue (NBR). BGMEA said that a huge number of orders are cancelled or postponed due to the global outbreak of Coronavirus. Furthermore, in the post-Covid-19 world, there is a growing fear of automation in the industry to reduce the human interface in production.

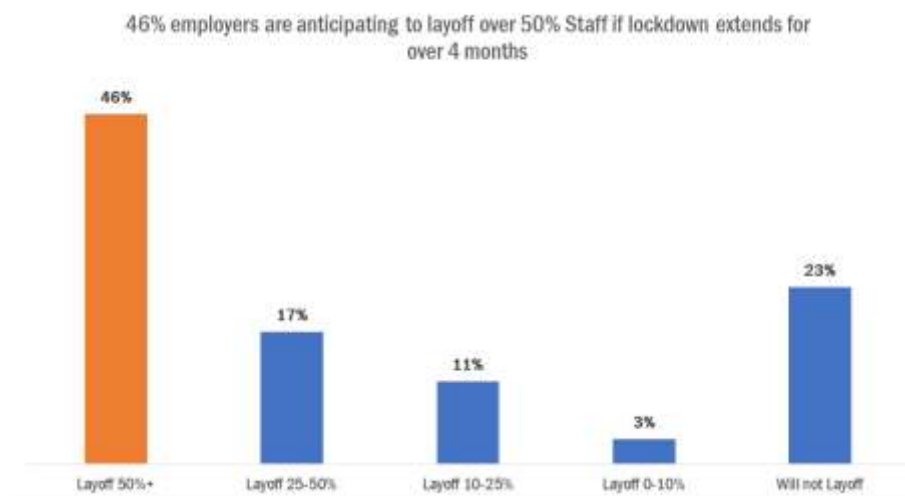
Figure 3: Growth Rate of Private Sector Credit



Source: Bangladesh Bank

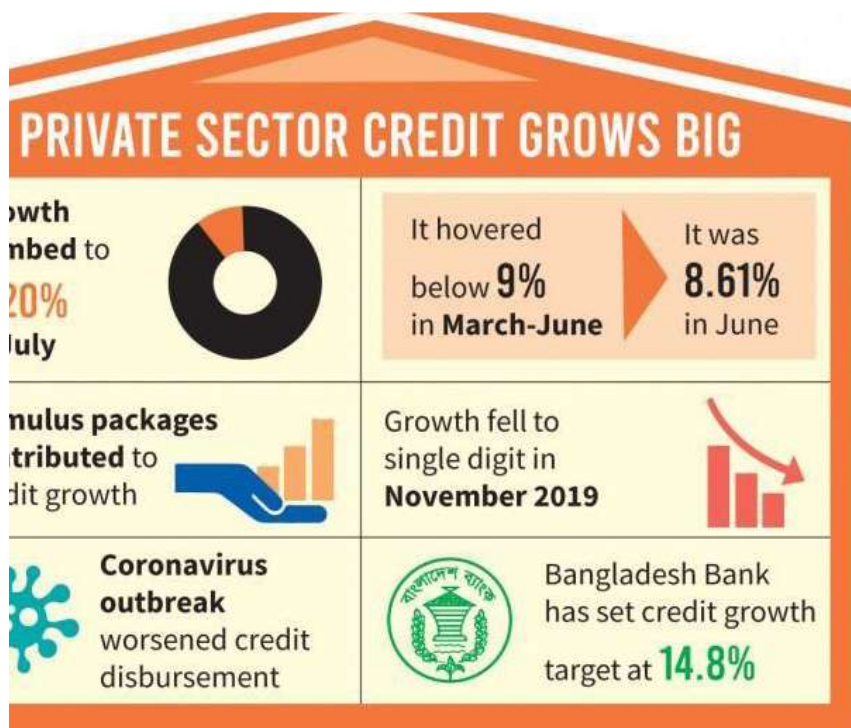
### *SME SECTOR*

SMEs are the lineage of Bangladesh's economy, directly generating jobs for 7.8 million people and providing a total livelihood of 31.2 million. One of the most severely affected by the Covid-19 Pandemic is already vulnerable small and medium-sized businesses due to shorter cash cycle dependency, disruption of the production chain and loss of revenue. In Bangladesh, the contribution of SMEs of the GDP is 20.25 percent. The sector accounts for 35.49% of total jobs according to a report conducted in Bangladesh by the international cooperation organization for small and medium sized enterprises cannot therefore be ignored if the government aims to achieve the objectives of sustainable development in terms of jobs and the contribution to GDP. The real potential of Bangladesh lies with small and medium-sized enterprises and therefore the sector should be given more focus on sustainable growth and development in the region.



### Banking sector

The banking sector is enjoying a modest growth in both time and demand deposits. With deposit growth and loan recovery also declining, the banking sector will face liquidity pressure. Credit growth in the private sector could drop between March 2020 and June 2020. Cutting the cash reserve requirement by 1% will add approximately 130 billion to the liquidity of the banking sector. Other than this, Bangladesh Bank has taken a few solid activities such as : lessening in repo intrigued rate, buy-back of government securities, the advancement of instalment administrations, renegotiate plot BDT 50bn for horticulture segment at a concessional rate, quarterly reimbursement for imports beneath supplier's/buyer's credit, renegotiate conspire of BDT 30bn for low wage professionals, ranchers, smaller-scale businessmen, delay of charging intrigued on advances, limitation on profit instalment by banks, disallowance of specialists lay-off, greatest edge restrain for moment of child nourishment, relaxations for holding gatherings and administrative detailing. In spite of the fact that the monetary showcase particularly the managing an account the division is battered intensely due to controlled cap of the rate of intrigued of store and progress exceptionally sometime recently of this widespread.



### Pharma sector

There are 273 recorded Pharmaceuticals companies in the county of them, 217 are in operation right presently. In 2019, deals of drugs within the neighbourhood advertise were BDT 22 thousand crores. After assembly household demand, medicines summing to BDT 1,108 crores were exported to diverse nations. The pharmaceutical industry's yearly development is 15 percent. There were 1.25 lakh enrolled, and around 18 thousand unregistered, pharmacies within the nation. Even though all the sedate stores were open taking after the government's order, deals of most shops have declined at this time of coronavirus shutdown. The supply of drugs moreover dropped amid the time.

### Remittance

Remittance inflow saw a 14 percent fall in May compared to the same month last year (2019) as numerous vagrant specialists misplaced their employments to the global economic emergency caused by covid-19. Be that as it may, in 2018-19 monetary, the nation got 16.42 billion dollars in settlement. Compared to 2018-19 remittance increased by 10.86 percent in the 2019-20 monetary year. Month-wise, the most elevated settlement within the country's history arrived in June which was 1833 million dollar. The moment most elevated 1748 million dollar remittance came in June 2019. International organization for Relocation Bangladesh in a recent articulation said, "Due to the financial and labour emergency made by the covid-19 pandemic, hundreds of thousands of transient labourers are expected to return by the conclusion of the year.

### E-commerce and ICT sector

E-commerce businesses are expecting a silver lining from the Covid-19 shutdown as a noteworthy number of customers are presently more slanted towards ordering online than ever sometime recently, which might boost the industry in the post pandemic period. Concurring to industry sources, the deals of items through computerized platforms-such as apps and Facebook pages-increased manifold. Health-related things-such as hand sanitizer or covers-seen approximately 200% increment in deals in the final few weeks and the request is more noteworthy outside Dhaka, industry insiders included. Agreeing to the E-commerce Affiliation of Bangladesh (E-CAB), About 100 E-commerce businesses generally with product lines of fundamental

commodities, foodstuffs and medicine-are seeing a hop in the trade as individuals are bound to arrange online due to the shutdown. While according to a later overview by the E-CAB, the E-commerce industry might confront around BDT 3480 crores operational and stock misfortunes in the midst of the novel coronavirus shutdown. The recent study titled "Affect of covid-19 on E-commerce industry of Bangladesh", showed that fiscally, 82 percent of the E-commerce firms have been extremely affected by the shutdown. ICT division earned USD 1 billion by trading software and ICT items final year. But this year, 70%-80% of global work orders were cancelled due to the pandemic and the consequent countrywide shutdown. Around USD 800 million identical of universal work orders, as well as USD 500 million worth of domestic work-from-home arrangement embraced by a few of the corporate trade houses, there's a rise within the utilize of online gatherings. Encourage, numerous businesses are focusing to move to cloud computing.

### **Tourism and Travel Agency**

The tourism and neighbourliness industry is antagonistically influenced by the pandemic. A recent study summarized the coronavirus episode influencing worldwide tourism and inn commerce due to travel limitations, fear of ailment overseas, fear of utilizing air terminals and other centres of mass social occasions, etc. Essentially, travel organizations constitute a fragmented segment in Bangladesh and owing to covid-19, numerous tittle ones are anticipated to close shop. Aircrafts and inns have too been gravely hit. In any case, Tourism and Inn Trade-in Bangladesh will be influenced by the widespread. Lower visitor investing will influence not as it were hotels, restaurants, taxi endeavours and visitor guides, but too nourishment preparing and horticulture. According to the Asian Development Bank (ADB) (2020) revenue from tourism had decline by 0.001% in the best-case scenario, 0.002% in the moderate case scenario and 0.003% in the worst case scenario.

### **Discussion**

Covid-19 widespread is secured to have serious financial suggestions. This is considered to worldwide economic crisis that requires successful prompt activities by governments, the private segment and people. Some financial packages from government is announced to help to mitigate this covid-19 pandemic damage, in the national budget that is announced in covid-19 the midst of this pandemic, the GDP level of 8.2% has raised in the light of hope. The pandemic is having a huge impact on the students' education, given the nature of the malady, It isn't yet predictable as to what will be the nature and degree of wellbeing and financial misfortunes. Be that as it may, the effect will depend on the term of the infection and the sort of medicinal measures taken to handle the disease and secure the economy.

Both residential and worldwide requests declined due to the episode and ensuing lockdown and thus, makers reacted by bringing down yield to limit the misfortune, particularly within the manufacturing sectors. More particularly, the common occasion, executed towards the conclusion of walk in Bangladesh, had also forced supply limitations, which brought down yield levels advance. In any case, export-oriented industry's services were in this way permitted to function conditionally. The common occasion was lifted at the conclusion of May with progressive conditional reviving of the economy. General Index of the quantum list of Mechanical generation appears a sharp drop amid January to April 2020 and at that point it rises. This sharp drop was primarily driven by the fabricating division (i.e. pieces of clothing and knitwear), Petroleum products and other Non-Metallic Mineral items. In spite of the introductory distressing viewpoint for settlement influx, ensuing modifications appeared positive patterns due to the motivation pronounced by the government, surges and move of settlement from casual to formal channels. The send out of merchandise had fallen in FY 2019-2020, which was a sharp decrease. Both exports and imports of merchandise and benefit instalments fell strongly in April 2020. This can be an aggregate impact of the decline in residential and universal requests as well as beginning supply bottlenecks such as worldwide border restrictions and household lockdowns. This illustrates the critical work environment societies and versatility of our open and private sector authority. The infection may too have the unintended result of enhancing our social security and crisis reaction capacity. It may too thrust us further along the digital change bend.

In spite of the fact that the household economy has fared superior to desires, concerns with respect to the maintainability of this idealistic execution stay. The two development motors for the country-RMG and remote remittance-are closely interlaced with the outside economy, which is not beneath the control of the government. Be that as it may, as the infection is yet to be contained and a successful immunization for it is however to be made accessible all over and to proceed within the predictable future.

### **Conclusion**

Covid-19 has proved to be a significant threat to the growth in different sectors in Bangladesh. Since we still do not have a clear idea about when the impact of Covid-19 would be reduced, we must cope up and adjust our lifestyle and working procedures accordingly. If we can adapt ourselves with this new normal, we would be able to sustain at least a modest level of growth in all sectors require for more prominent trade broadening and the point of view Arrange 2022-41 has identified domestic materials, jute and jute merchandise, footwear calfskin merchandise, agro-processing light engineering and electronic merchandise as potential divisions. From the above discussion we can predict about the corona period in Bangladesh and we can also acknowledge that all this pandemic especially for a developing country like Bangladesh.

### **Recommendations and solution**

Bangladesh is confronting an exceptional financial challenge at the display, just like the rest of the world. But the widespread has hit Bangladesh at a significant time when the nation was making commendable advances on Covid-19's effect on Bangladesh economy different financial and social markers.

The silver lining to this financial situation is that the Bangladesh Government has come out emphatically and in a opportune way reporting a multi-sectoral jolt package that will shore up apparel industries, give co-ordinate liquidity within the economy, empower respite to exporters and importers and

give bolster to other affected divisions such as tourism and hospitality. In the long run, Covid-19 will have uncovered zones for change in our wellbeing care system, Its framework, work environment societies and versatility of our open and private sector authority. The infection may too have the unintended result of enhancing our social security and crisis reaction capacity. It may too thrust us further along the digital change bend. Usually a bend we don't wish to straighten, but only steepen.

In spite of the fact that the household economy has fared superior to desires, concerns with respect to the maintainability of this idealistic execution stay. The two development motors for the country-RMG and remote remittance-are closely interlaced with the outside economy which is not beneath the control of the government. Prudent measures ought to incorporate consistent checking and adjusting to the most recent improvements in major trading accomplices and have nations relieve the financial misfortunes caused. Be that as it may, as the infection is yet to be contained and a successful immunization for it is however to be made accessible all over and to everybody its economic repercussions are likely to proceed within the predictable future.

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