

## **Impact of Covid on the Global Economy in Tourism Perspective**

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### **Abstract**

Corona virus has become the most dangerous disaster of the twenty-first century. All the sectors in the whole world have stopped functioning, which leads the global GDP and many more factors to have a sharp decline. The majority of the developed countries had faced huge losses, and their economies had to face a downfall in trade, FDI, import-Export ratio and many more vital aspects of the economy. The study is going to find out exciting data related to the financial aspect of the countries. The data will be collected by the secondary data collection method due to the high quantity of data and then the data is going to be sorted out by the exclusion and inclusion method. Then the data are going to be analyzed to find out the exact stage of the country or global economy at that time especially in the tourism sector all over the world. The research article is going to be very helpful for the researchers and the statistical data is going to be very helpful for further research.

**Keywords-**COVID-19 pandemic, global GDP, developed countries, economic downturn, trade, FDI, import-export ratio, financial aspect, secondary data collection, exclusion and inclusion method, tourism sector, global economy, statistical data.

### **Background**

The entire world is running in its financial stability. The smoothness of various functions of various countries like the Import and export, the Global economy increase and, many things happen because of the growth of the GDP of several countries, The majority of the countries set some goals to reach that after the competition of the financial year. Economic growth is related to several sectors of the economy like industries, fuel, green products, food items and many more. Even the countries used to keep some funds for disaster time. However the covid 19 that occurred in late 2019 and stayed for almost one and a half years, still some cases are active of that disaster and crashed the global economy in the year 2020 several countries responded according to their quantity and capacity and the global organization also stood behind the poor countries await a lot of supplies (Khan & Shafiq, 2021). The countries had to follow some strict rules and protocols to run their operations in every sector as the contamination of the virus was very severe. The global index, share market and many more financial sectors had to face huge losses. Still, the country had to run their economy to feed their people.

### **Research problem**

The study is developed to find out several aspects of data that have been terribly harmed in the covid 19 situation. The aspects like global recession, rising inflation, import and export problems, exchange rate and instability of the foreign currencies, geopolitical tensions, foreign policy of India, the effect on the tourism industry etc and, many more are going to be discussed. After covid 19 hit, the world economy the closure of several sectors in the world became a major problem to figure out for all types of countries (Menegaki, 2020). The contaminated areas were marked as contaminated zone and the necessary item shop was also closed in these areas, so the entire government had to suffer. Every sector that needs a lot of people to come together had to get stopped or continue working from home. The output of work from the home system was not up to the mark.

### **Aim and objectives**

The study aimed to find out the adverse effects of covid 19 pandemic on the global economy in terms of various aspects. There are various indicators on various sides of the economy, and the study is going to determine all the negative aspects of those aspects that belong to the covid 19 pandemic. Then the analysis will be done to find out the exact position of the economical aspects. The study is also going to show several graphs, and charts related to the exact data of the situation all

over the world and the difference in economics from normal time to that period of the pandemic. The data collection method is going to be a secondary data collection due to the huge area of data included in the study. Even the study is going to show several graphic presentations of the increase or decrease of several factors in the economy of various countries including India to find out t exact data related to various financial terms.

**Objectives:**

1. To understand the impact of the global recession on the global economy from the perspective of tourism.
2. To identify the effects of rising inflation all over the world and the consequences.
3. To determine the exact scenario of the export and import in all the countries along with the exchange rate of currencies.
4. To find the roots of the trade deficit in all the sectors due to severer reasons.

**Methodology**

The study is developed to analyze the impact of covid on the aspect of tourism in India along with other aspects related to the economic affairs of India. The majority of the data belongs to every major country so the collection is next to impossible if taking every country's physical visit, so the secondary data related to the aspects of that country is the major source of dat. Thus the genuinely of the data is not completely guaranteed. However, the majority of the data is collected with the topic's relevance and then sorted to eliminate the extra data relevant to this study. The sorting was done on the base of the inclusion and exclusion method.

**Data analysis**

The study is related to the global recession, inflammation, import and export, various exchange rates of currencies, forex reserves, various geo-political tensions, financial risks, India's foreign policy, crypto currency and many more. So the study needs to get a lot of data related to all the problems. The data collection is not easy so the data is collected through a secondary data collection method. The majority of the data is taken from various websites, journals, Google scholar and many more books and many more online and offline publications that are been published based in different countries.

Tourism sub-regions	International tourist arrivals by sub-region (in million)			YTD	% of change over same period of the previous year (2020)					
	2017	2018	2019*		Jan	Feb	Mar	Apr	May	Jun
Northern Europe	81.01	81.04	82.62	- 64.21	5.42	4.32	- 56.63	- 96.71	- 96.63	- 94.27
Western Europe	192.72	200.21	204.74	- 62.72	8.21	6.21	- 64.42	- 98.12	- 96.61	- 82.45
Central/Eastern Eur	135.05	146.22	152.92	- 61.94	1.02	- 2.11	- 45.61	- 97.31	- 97.2	- 88.74
Southern/Medit. Eur	267.91	288.64	304.11	- 72.42	4.81	1.31	- 69.54	- 97.44	- 95.74	- 93.87
North- East Asia	159.54	169.21	170.62	- 82.53	- 19.41	- 80.21	- 94.43	- 99.33	- 98.92	- 98.52
South- East Asia	120.62	128.61	136.81	- 64.44	6.92	- 35.91	- 72.07	- 98.21	- 98.28	- 98.41
Oceania	16.61	17.04	17.52	- 58.22	5.51	- 20.22	- 60.01	- 97.84	- 99.23	- 99.21
South Asia	27.52	32.81	35.21	- 55.02	6.94	- 4.11	- 70.21	- 97.32	- 97.74	- 99.62
North America	137.48	142.23	146.42	- 55.51	3.72	4.14	- 45.12	- 91.21	- 90.12	- 89.53
Caribbean	25.82	25.78	26.82	- 57.73	- 2.21	0.31	- 57.22	- 97.62	- 99.35	- 98.68
Central America	11.11	10.79	10.94	- 54.74	- 2.75	6.61	- 55.04	- 96.4	- 99.14	- 99.17
South America	36.65	37.11	35.31	- 52.32	- 5.31	1.22	- 56.45	- 98.88	- 99.68	- 99.65
North Africa	21.73	24.13	25.62	- 62.45	5.33	4.81	- 56.64	- 97.29	- 99.47	- 98.23
Sub- Saharan Africa	41.71	44.62	46.82	- 54.12	1.04	- 0.21	- 36.32	- 99.68	- 99.52	- 99.55
Middle East	57.66	60.14	61.42	- 56.91	5.32	- 24.72	- 44.62	- 94.12	- 94.31	- 93.68

*YTD* Year-to-date refers to the change in the months with data available, compared to the same period of the previous year. The Sub-regional totals are approximations for the whole Sub-region based on trends in countries for which data is available

Figure 1: International tourist arrival in various countries in 2020.

(Source: Richards & Morrill, 2020)

The gathered data related to the international tourist arrivals in various international airports and their degradation of quality is the class symbol of difference in the mindset of tourism (Richards & Morrill, 2020). However in Western Europe tourism has grown 8 to 12, million in the count of people travelling, however, other parts of the countries have no such intention of tourism.

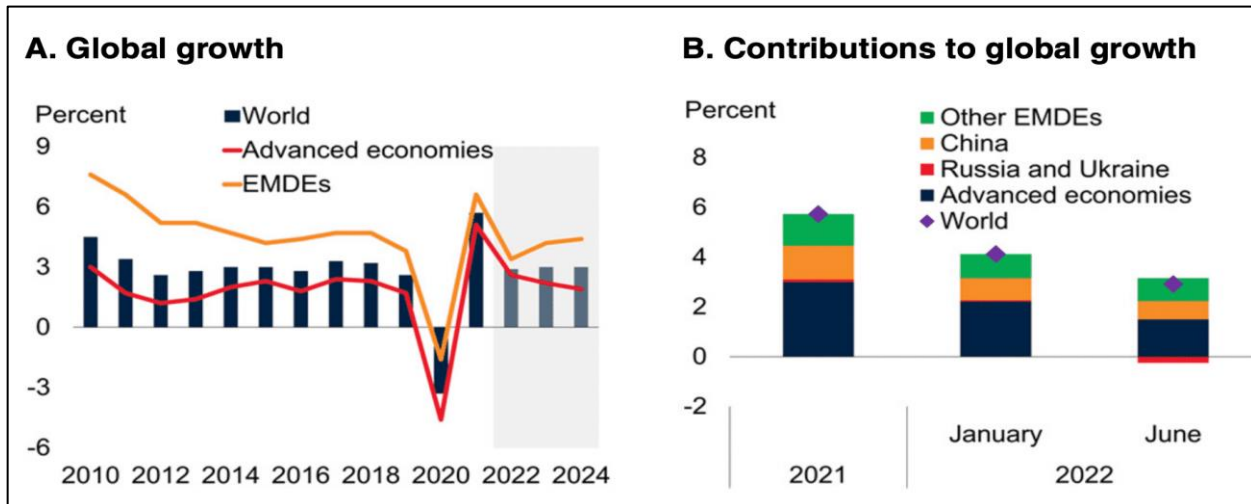


Figure 2: global recession in covid period  
 (Source: Gössling et al, 2020)

**Global recession:** The recession over the world due to the corona virus lockdown and the stoppage of every trade is very much negatively affecting and harming the world economy. As the above graph is showing most downfalls of the economies of the advanced countries are seen in 2020, the year of covid 19. Even in 2022 as Russia and Ukraine are still having a situation of war, a lot of losses are been faced by several trade companies due to the continuous war the late stats of June 2022 (Gössling et al, 2020). The Russian and Ukraine economy has become the last position of growth among all the economies in the world, even compared to the world economy.

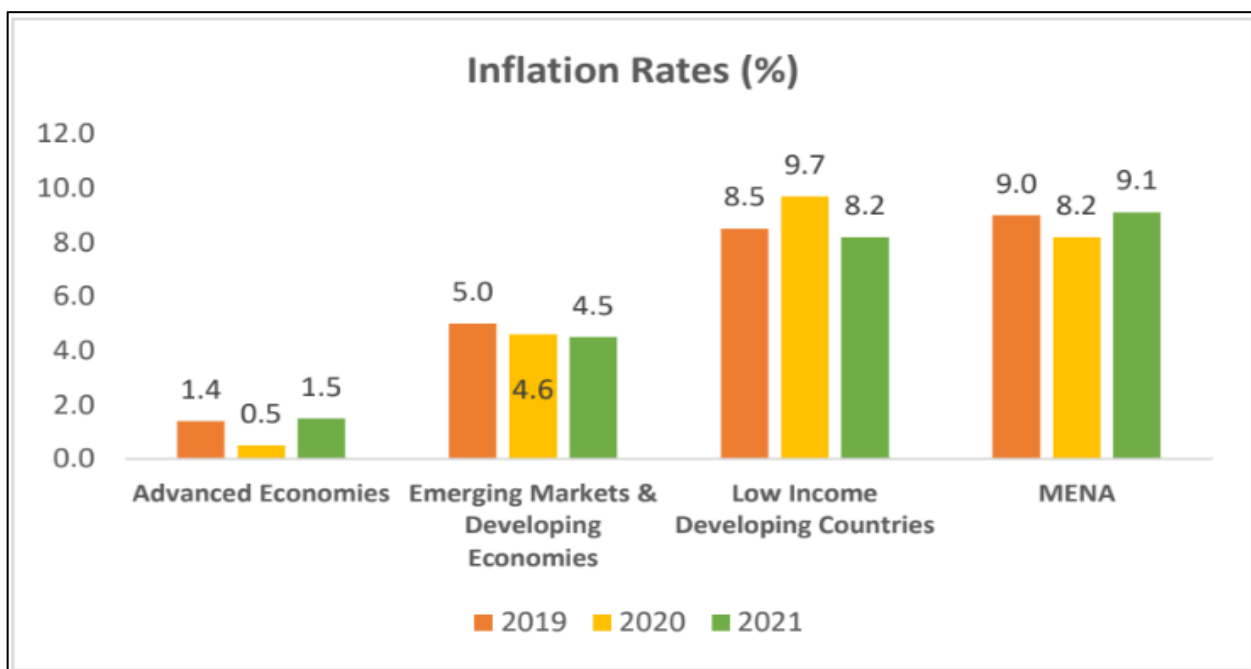


Figure 3: Global inflation rate in 2020  
 (Source: Wang et al,2021)

**Inflation rate:** As the above figure is showing the inflation rate before and after covid belongs to different types of organizations or people. The majority of the infiltrate has hiked after 2019. The low-income countries and MENA are the most affected sector due to covid (Wang et al,2021). The high inflation rates are related to the low income of the people and the tourism department of every country has faced severe losses too.

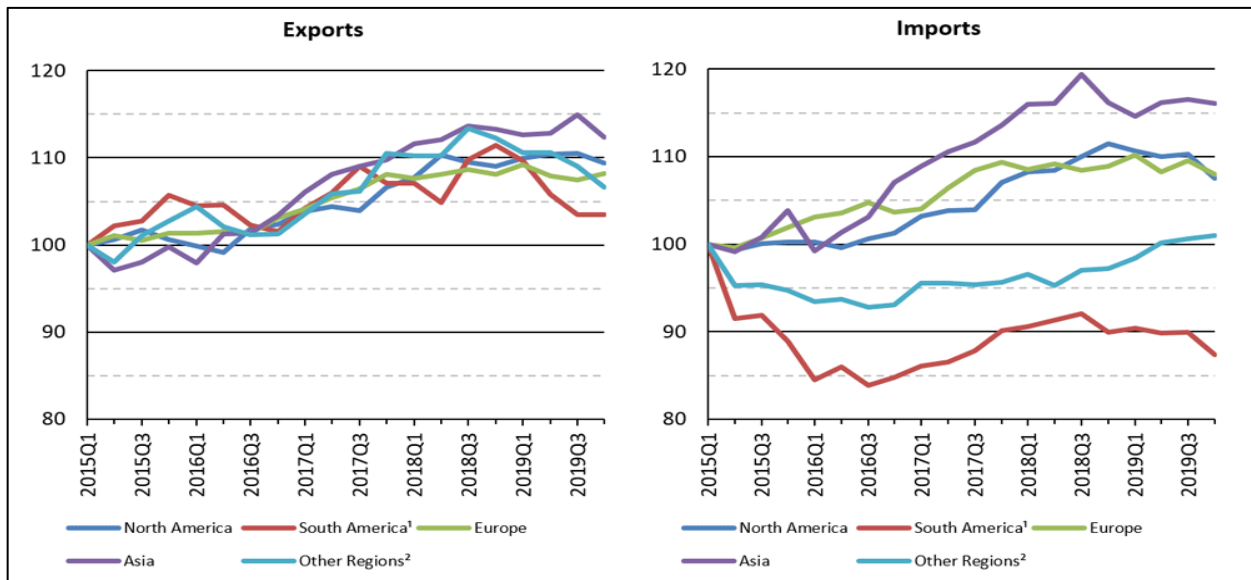


Figure 4: global export import in 2020  
 (Source: Sharma et al, 2021)

**Export import:** As it's seen all over the world the export-import rates have also gone down and the majority of the exports by several countries stopped due to the covid pandemic and the various protocols that were imposed by several governments. As the pandemic could not be stopped at an earlier time in the year 2020 most countries stopped exporting to keep stock of the items. The imports were still going on mainly related to the necessary item for life and medication items. In the year 2020, the importation was mainly done of medical items like PPE kits, injections, covid testing kits and many more (Sharma et al, 2021). However, the pandemic had a severe negative effect on the whole world. As the good supply was stopped by the government's tourism had a huge loss due to the lack of vehicles and special people had fear of the most contaminated country, so they preferred to stay at their place.

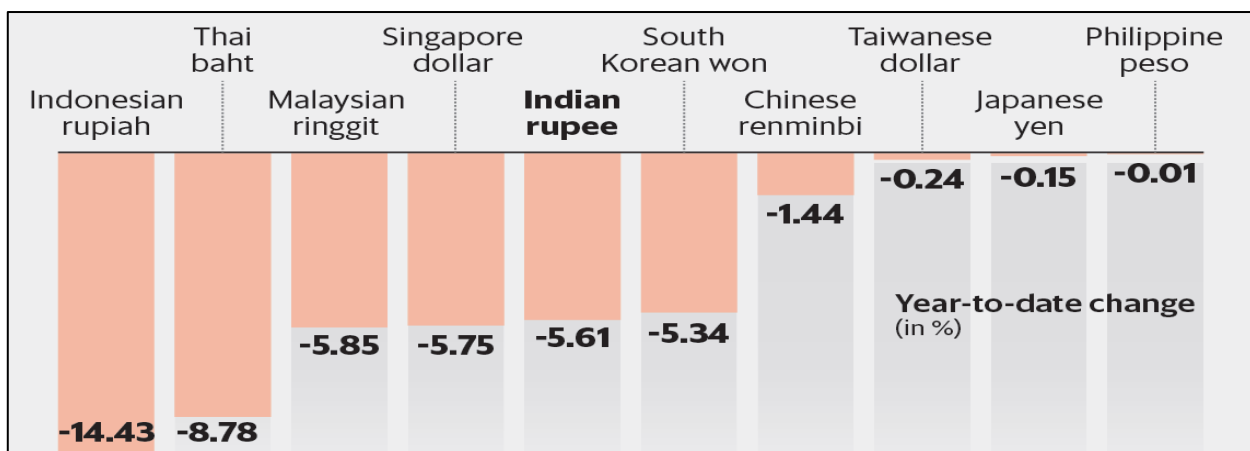


Figure 5: foreign currency value in several countries.  
 (Source: Liu et al, 2020)

**Foreign currency value:** As the Indian rupee has a huge difference in the currency exchange rates the Asian countries had also significant relationship of downfall for the value of the currency in the world market. As it is seen that the highest currency for value was the Philippines which is -0.01% and the highest downfall was witnessed by the Indonesian rupiah which is -14.43 %, however, the Indian rupee had a neutral downfall comparatively which is -5.61 %. So in the Asian context, the Indian rupee had a downfall in the value aspect (Liu et al, 2020).

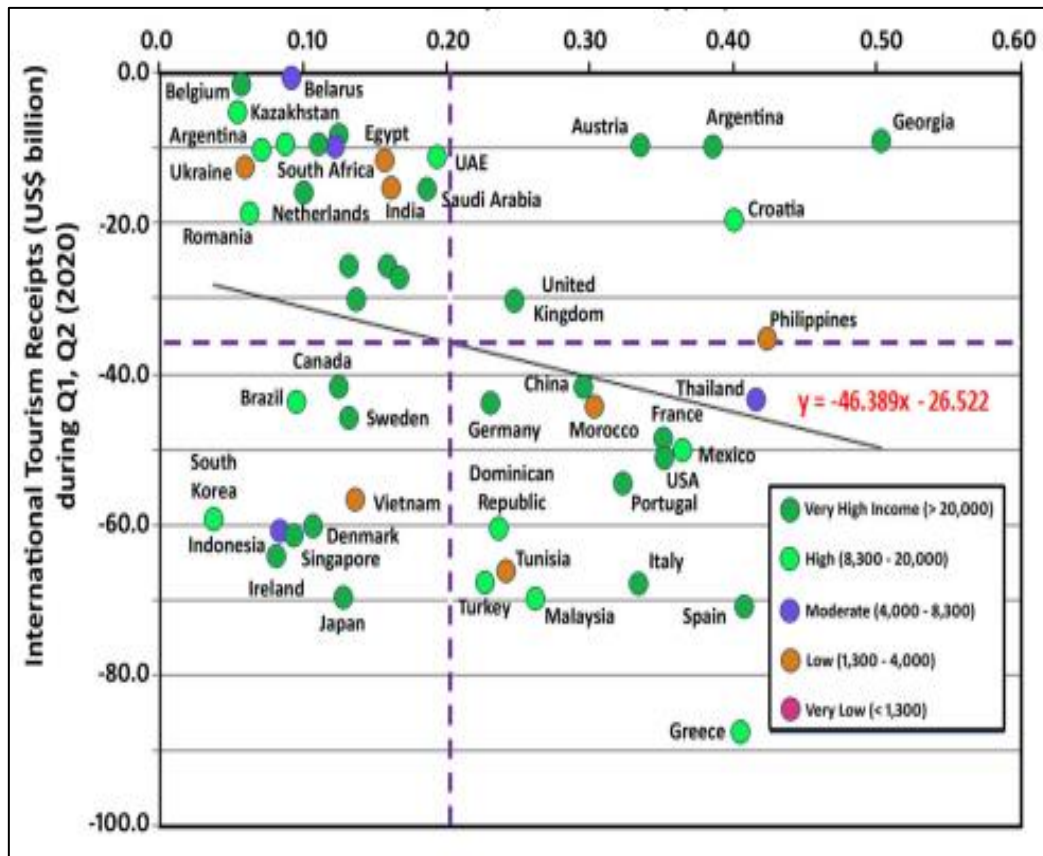


Figure 6: Tourism impact on economy  
 (Source: Kumar et al, 2020)

**The tourism impact:** The tourism impact on economies is quite high as several countries have the economy dependent on pure tourism. Several countries are filled with mountains, deserts, and forests; hence they have less farming, industry, a natural treasure of minerals and many things to earn globally. Hence, they have only one way of tourism (Kumar et al, 2020). So the impact of the low quantity of tourism annually has hit the economies of those countries very badly. Egypt, Vietnam, Tunisia, India, and Ukraine had the lowest income in those years from tourism from the active case sod covid and the problems related to flights.

**Discussions**

The inclusion method was used in the data is relevant after that they are read and included in the data to be analyzed. The exclusive method is to check the publication of the data because a very old edition date is not relevant, however, the data is not cross-checked or has any obligation by anybody are also excluded (Mihai et al, 2020). The majority of the method is developed to make the entire gathered data relevant and with high quality to get analyzed properly. The current edition is very helpful to get the latest statistical data about various policies and affairs. Even several graphs and charts related to several geopolitical tensions. Crypto currency and their users, exchange rates of foreign exchange are daily exchange rate of currencies are taken for the Google, as these type of data changes regularly, so the latest edition of the data is highly demanded. Secondary data collection is also the best choice because several developed countries do not allow anybody to look into their economy ignoring their published figures and data related to their economy.

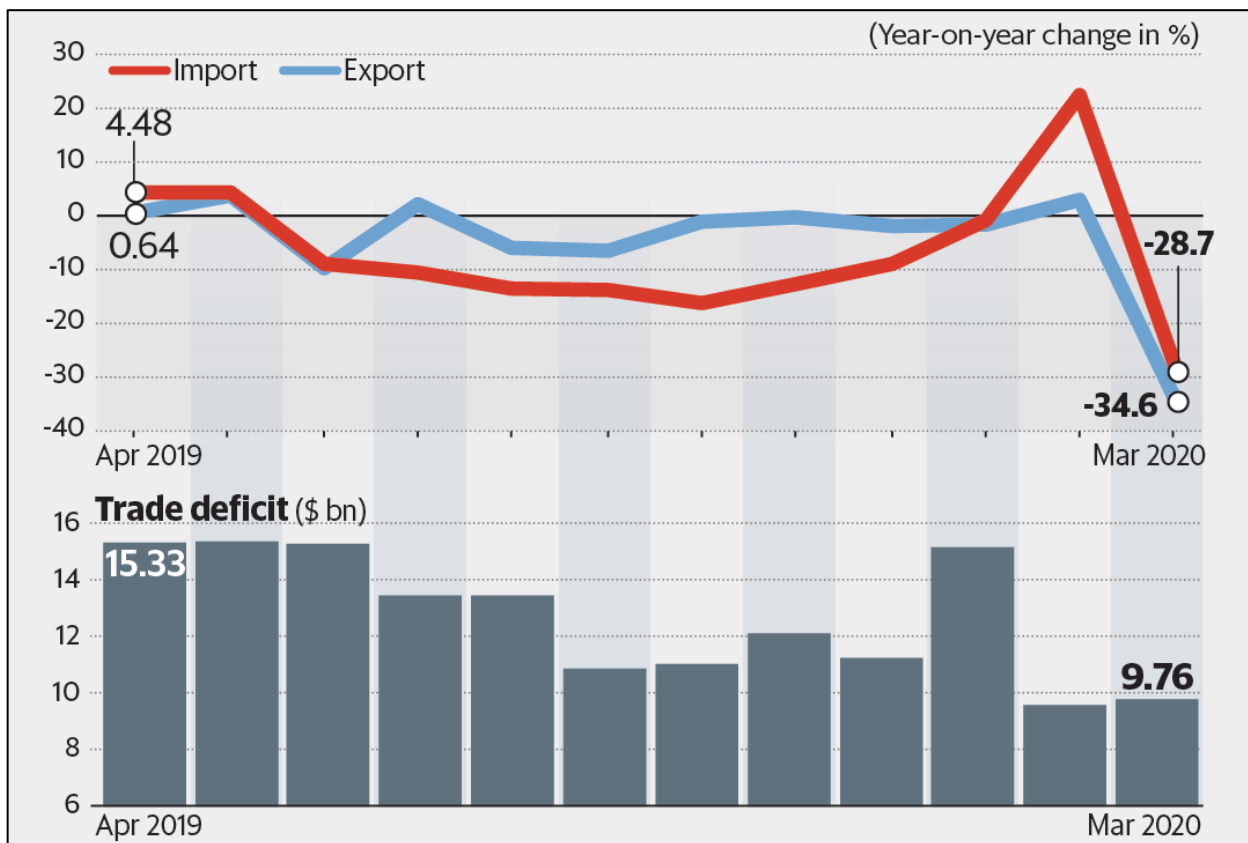


Figure 7: trade deficit of India  
 (Source: Welfens, 2020)

**Trade deficit:** Along with the mentioned topic, the trade deficit was also a huge problem related to the economies of several countries. India had a contract of export of 4.8% which is close to \$314.3 billion, and the imports decreased to 9.1% which is almost \$467.2 billion. So the trade deficit that India faced during the covid period was \$152.9 billion (Welfens, 2020). So the trade deficit faced by India was huge and that shows the effect all over the world was also very high. The recovery of this deficit is continuing, and it will take several years.

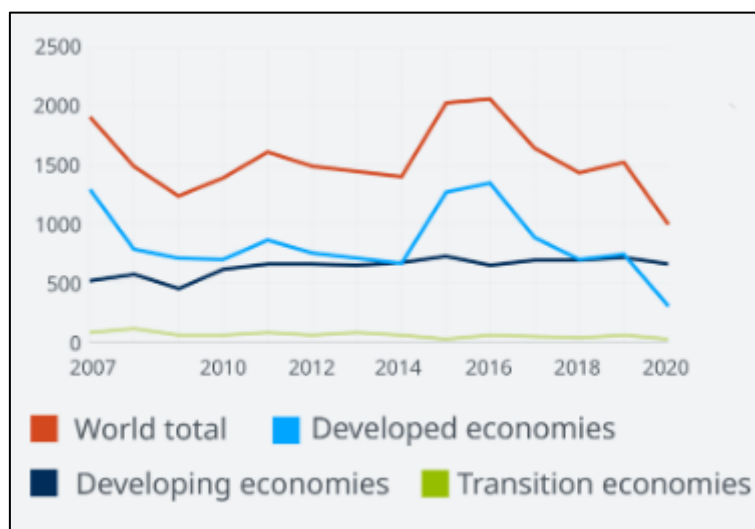


Figure 8: Global FDI ratio  
 (Source: Tanrıvermiş et al,2020)



**FDI ratio:** Apart from these things the FDI had also a downfall from last year's compositions. The majority of the country decreased the position of their economies due to the covid 19. The developed countries have the most shares in the global economy; hence the worst positions are held by the developed countries (Tanrıvermiş et al,2020). However, developing countries like India had a neutral position comparatively.

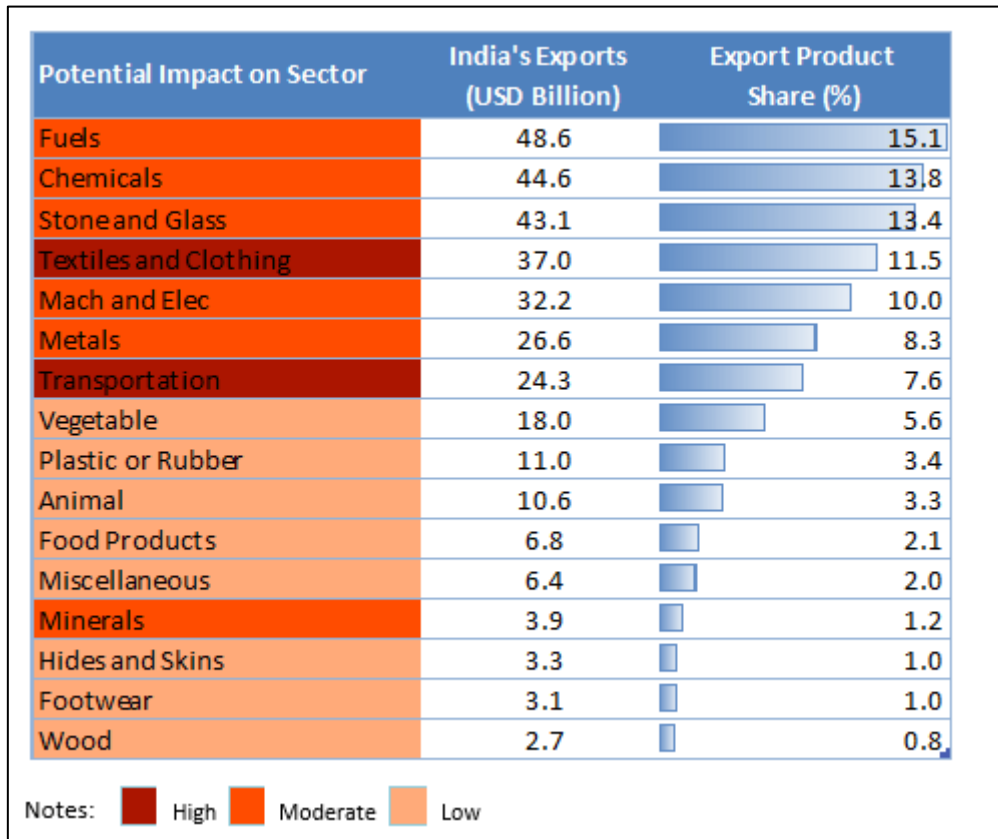


Figure 9: Indian export of various goods.  
(Source: Chebli et al, 2020)

**Indian export in 2020:** The impact of covid 19 on the Indian economy and its export-import sector has the impact severely. The majority of the exports and the share of the Indian government had not too much. In the covid 19, India had the highest export of fuel to other countries and the global share of the trade was also comparatively high (Chebli et al,2020). The lowest material that was exported was wood and footwear and skins or hides are following. So it concludes that the most important material to run an ant country is the fuel which was the main export item which helped the Indian economy to run its wheels.

**Findings**

Even the study is developed to analyze the severity of global affairs that are affecting the global economy and its development. The study is developed to cover several effects rated to the economical downfall of major countries and the overall global economy. After completing the analysis and discussion it found that the entire economy of India and the whole world the majority of the sectors were not having a good time during the pandemic. The entire world and all the sectors especially tourism, food and much more fashion industries had a huge negative impact that is not to be mentioned separately (Tiwari et al, 2021). As the safe distance protocol was been implemented by several countries people had huge fear to go out and go for exploration, so the entire world had to run their economies in various side-earning ways. Apart from the negative ways the economies also had to face the extra expense of medical equipment for purchasing medicine and many more necessary items. the corona treatment of the citizens was a major challenge for huge populatte countries like China and India. Even though there were several countries which had the most affected people, they also had to invest a lot in the discovery of the vaccine and the treatment for the affected people.

The study has excellently found several impacts of several factors in the global economy and their effects on all sectors and especially the tourism sector (Lee, 2022). The graphs were very helpful to understand the perspective, Tourism had to suffer due to its different expenses that were attached related to the sanitization of the rooms frequently, the use of the cleaning process, extra desire, and measures for the staff from getting affected with the virus. Frequent covid of all the staff, hence the hotel could not continue their service with the same rate (Bama et al,2021). The customer was very low in quantity rather they had to serve with the extra costs .so the tourism could not be motivated at all.

### **Conclusion**

After completion of the entire study and the analysis, the conclusion that has come in front is that the majority of the aspects like global recession, inflation, and the exchange rate of foreign currencies are now the most important aspects there harmed severely. It is found by the study that the negative aspects were related to the covid 19 lockdown and the stopped work every all over the world, so the industries and the closing trades were not able to earn and provide taxes to the economies of the world. The tourism industry suffered severely, due to the no entry that was been imposed in international airports in almost every country.

Thus the tourism industry stopped for that period. The external affairs ministry has stopped providing tourist visas to other countries due to the pandemic. So the earnings of the tourist industry almost stopped. The tourism-centered countries had to witness a very tough time due to the site of learning sing. Thus the economies could not afford to buy any medication or any other necessary. The study is very helpful for getting the exact picture of the economical crisis all over the wild, especially in the tourism industry. The majority of the study is filled with a lot of statistical data that was collected as secondary data from various sources, so the researchers can be helpful from the study.

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