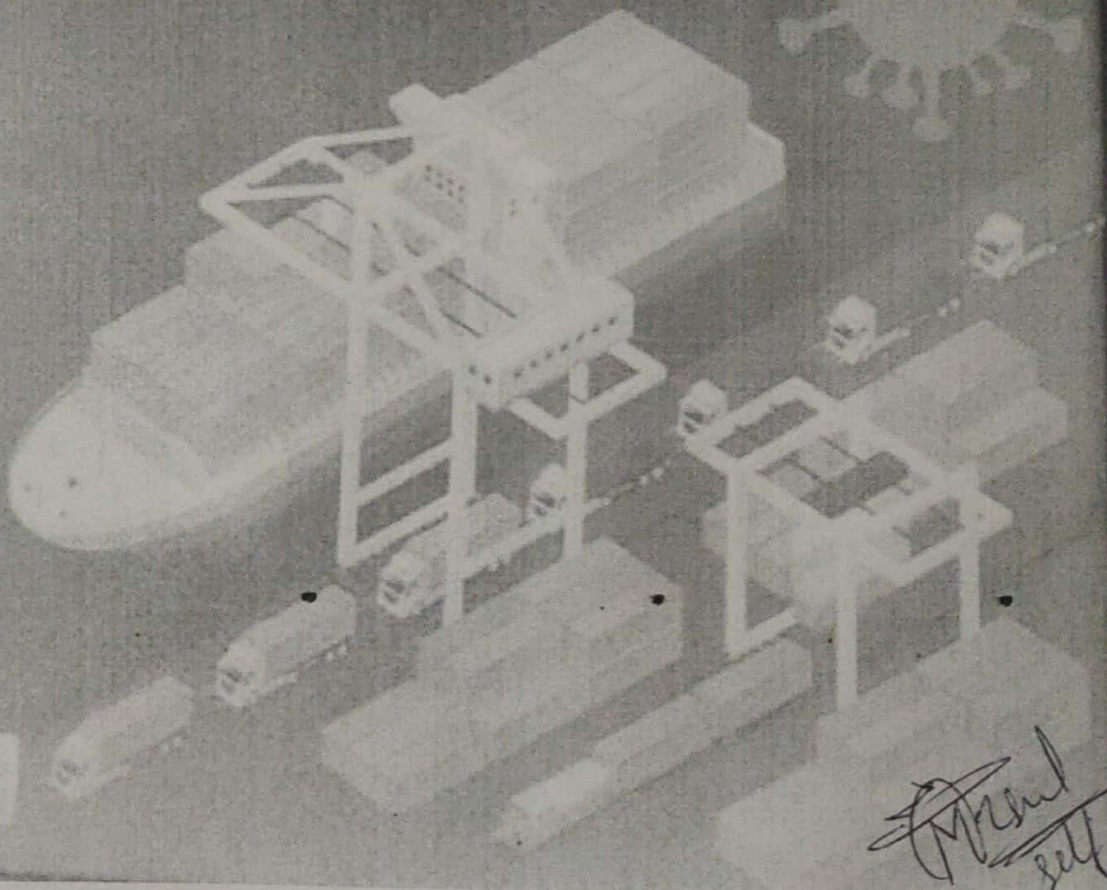


WORLD TRADE after COVID-19

Challenges and Opportunities

edited by
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World Trade In Covid-19 Era: Opportunities and Challenges -With Reference to Finance Sector and Degitalisation

PROF Y.S. THAKUR AND MOHSINA BANO

Introduction

The year 2020 has been the most difficult and challenging year till date, and cause of this sudden distress is not a natural calamity but a deadly virus known as CORONA virus or COVID-19. This virus has not only affected the health of living beings, specifically humans but has merely slowed and stopped the functioning of whole world, no matter which field it is, everything has been badly affected in terms of growth and development. For past few months it's about survival now instead of nurturing. From sole proprietor to MNC's, from management of stocks in kerana stores to economy of country, everything has been shaken till now. From financial sector to human resource sector, each of them had their own short comings.

It has affected the equation of $\text{Income} = \text{Savings} + \text{Consumption}$. As

continues cut in salary, wages and situation of unable to work and earn, made people to touch their savings and rely on it for the sake of survival, those who saved plenty of money for certain personal objectives had to use that money to continue their livelihood in the era of no earning.

Even though world is facing such tough time, every sector has found there loop holes to go ahead for the sake of their betterment and countries as well. This pandemic has created the situation of chaos in financial mobilisation, as physical money being the carrier of virus, movement of money is heavily affected by this scenario. And hence the economy.

We consider ourselves as one of the modern and advanced countries but we forget about the fact the we are still amount the developing once and are not fully digitalised. as we speak about turning our economy in to cashless economy we ignore the fact there is a high percentage of people who don't have access to digital world, or if have access, then is unable to use it because of the lack of knowledge and also due to illiteracy. So its true that we cannot rely on digitalisation for our survival at this hard times. Though its also true that it has been very helpful to use digital payment methods to stop the spread of corona virus by physically dealing in cash, and also made things easier by getting things available on our door steps when we can't go to market and deal normally.

Digital finance¹ is going to be heavily affected by the COVID-19 outbreak. A statistical model which can be employed to understand the contagion dynamics of the COVID-19, so that its impact on finance can possibly be anticipated, and digitally monitored. The model is a Poisson autoregression of the daily new observed cases, and considers both short-term and long-term dependence in the infections counts. Model results are presented for the observed time series of China, the first affected country, but can be easily reproduced for all countries.

Financial sector has been challenged to this extent for the first time in the past century, as soon as the World Health Organisation announced this virus as a pandemic it shook the financial sector as investors started pulling out there money, world stock market crashed, it lead to lower income, productions shutdown, lower demand of service sector and merely stopped the functioning of the bank though the employees of banks worked so hard just like the front line workers who took the responsibility of protection from the virus on their shoulders. As per the report of ETBFSI² on FINTECH, 'the impact of the outbreak of the novel coronavirus raises further risks to economic growth and non-banking financial institutions' it would be difficult for the non - banking sector to meet its asset requirements. The

1. Gladst, 11 May 2020

2. ETBFSI, 2020

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new fintech companies will face a hard time to gather funding as investors would like to take rest in investing.

Baker, 2020 explored how household consumption responds to epidemics, utilizing transaction-level household financial data to investigate the impact of the COVID-19 virus. As the number of cases grew, households began to radically alter their typical spending across a number of major categories. Initially spending increased sharply, particularly in retail, credit card spending and food items. This was followed by a sharp decrease in overall spending. Households responded most strongly in states with shelter-in-place orders in place by March 29th. We explore heterogeneity across partisan affiliation, demographics and income. Greater levels of social distancing are associated with drops in spending, particularly in restaurants and retail.

This has broken the monotony of thought process and has forced us to not only think but also implement the new and technological ways of dealing in financial sectors, from digital payments to video banking all must be implemented as soon as possible and in every part of the country and studies on behavioural finance must be done in increased numbers to understand the psychology of investors, and common masses and also to know how much our people are able to deal with technological change in financial sector.

Objective

To understand the importance of technological advancement in the form of digitalisation for human growth. This paper would tell us that, how digitalisation in financial fields can help us in moving further at these crucial times of pandemic. And yes, it's true that our economic status would hurt us more for this whole year than the pandemic itself.

We would understand how fintech played an important role to keep things running and to mobilise money digitally for sake of trade.

The unaccepted but true fact is that, India's economy is hardly going to reach above 1.5 %.

We would see how it has been affected, sector wise. As per the report: there are several industries that are severely hit by COVID-19 which are as follows:

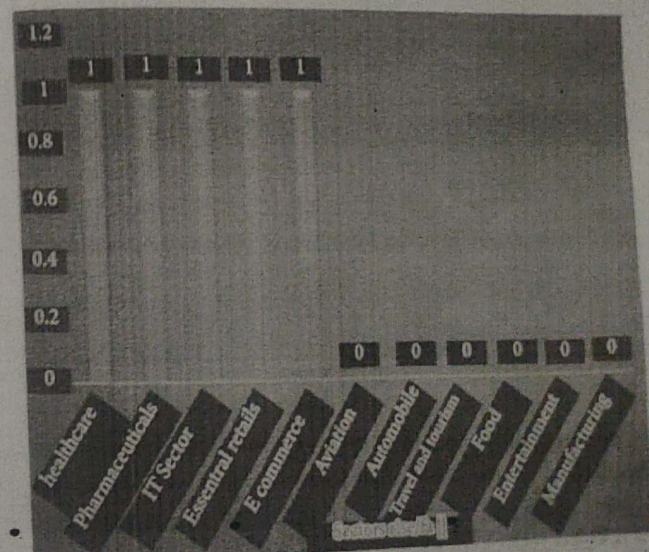
- Aviation
- Automobile

(Baker, 2020)

- Travel and tourism
- Food
- Entertainment
- Manufacturing

And due to this decrease in exchange of money in these particular sectors have been recorded at higher rate.

- Whereas there are several industries which has still not felt much wrath in this scenario, which are as follows:
- Healthcare
- Pharmaceuticals
- IT sector
- Essential retails
- E commerce.



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