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QUESTION: Write a report, of not more than two pages, on the corona virus pandemic and the effect of the lockdown and restriction of movement on Nigerians.

NIGERIAN ECONOMY

It is no longer news that the pandemic “corona virus” is on rampage all over the world. Each day, reports of deaths and newly infected persons are being broadcasted by media houses. Every country in the world has been affected adversely by this virus and is fighting this war with every resource they have. The fight of course is no longer to avoid, but to make the aftermath as tolerable as possible. Nigeria, of course has not been left out untouched as we have joined other countries in the warfront to fight this virus. Imitating other countries, the government has put in place measures such as social distancing and a quick total lockdown of major infected states to curtail the spread of this virus. The total lockdown just like a cutlass has a two edge to it. The good edge might be that a quick lockdown would give the NDDC an early control of the virus to avoid a viral spread that would put a severe strain on the medical sector. The bad edge to this is that people have not been given the opportunity to plan. A lot of Nigerians rely on daily wages or daily income to survive and most citizens have little or nothing saved. The federal government in bid to curtail the inevitable has initiated the Covid 19 Relief program which would see to the circulation of money and food items to affected citizens. Although, I haven’t seen or heard of these relief materials actually reaching the hands of those who they are intended for, I am writing this report based on the assumption that they have. Now what is the implication? Government is facilitating demand while some of the manufacturing companies have ceased operation or have reduced their workforce to ensure the safety of their employees. Experts are already pointing to the drastic decrease in the country’s GDP. All this points to the fact that there will be a hyper-inflation when the market resumes fully. This situation is bound to lead to increase in the rate of crime in the country because hunger is no one friend. The government in turn will be forced to channel funds which would have been used to either fight the virus or carryout other projects into the security sector. That is if there will be any left.

Looking at the business sector, billons of naira in revenue have in revenue have been lost due to closure of markets and firms in the country. Companies will no doubt be experiencing a lot of difficulties after phase as this will hamper seriously on their annual profit which would in turn lead to reduction in tax, dividend and its ability to carry out its social responsibility. But let us look at the effect of these on employees. Now let’s imagine the number of employees sitting at home due to the temporary shutdown. We have seen just like other countries lockdown is most likely to be extended. In china it was about a month, in Germany and some other Europeans countries, which they have already surpassed 2 month. Some companies in services sector have enacted the work from home policy but how about companies into manufacturing, transport, fast food and the likes? Of course, their workers cannot work from home too. After a month, this companies would likely stop paying its workers due to lack of revenue. But extended or not, it is clear that people’s job are already in jeopardy as companies seeking to reduce its financial loss will at pay cuts or even downsizing. In the United States alone, 6.6 million people filed for unemployment benefits in just a week. There has also been a raise too in the other countries Nigeria already has an unemployment rate of about 23.% and is being already ranked third in the world’s list of countries with the most unemployed. Statistics has it that Africian countries including Nigeria have a high rate of dependency. A job loss is most likely to affect an average of 2-4 lives in Nigeria. All this points to the direction that there will be significant rise in unemployment and poverty rate in the country after this pandemic.

Another aspect we need to look at is the export earning of the country. The drastic decrease in price of oil due this pandemic has already put the country’s finance in great turmoil. The drastic decrease in the price of oil due this pandemic has already put the country’s finance in great turmoil. The 2020 budget of N10.33 trillion was made on the anticipation of selling oil at $57-60 dollars per barrel but this reduced to $25 as at 23rd of March, 2020 due to the effect of the virus. Looking at this, it is quite clear that there will be variance which is a high deficit in the 2020 budget and government will be looking at other ways of generating revenue. But what other sector of the economy has the capability of generating such needed revenue at this point? The answer is none. The only other avenue of generating funds known to the government would be a difficult task to complete. Why do I say so? Currently, there are indications of countries especially the US and major European countries going into recession. This entails that there will be a drop in the availability of loans is not a total eradication for now. Even if we are lucky enough to find a willing partner, the cost of debt servicing (increased interest rate) is likely to be high. All this points to the fact that the country will have to make do with what is available which is clearly not enough.

The above points indicate that the world is likely entering a dark era and African countries including Nigeria will be seriously affected. No one had anticipated this neither has our leaders laid down blueprints or invested to fight such pandemic successfully. We can only hope a pray that the situation does not get as bad as it is being painted or worse.