

IMPACT OF COVID19 ON PAKISTAN'S ECONOMY.

Since 1947, Pakistan has been struggling and has ups and downs from many aspects including Industrialization, SME and so many macro and micro economics issues. Here, we'll be discussing the impact of covid19 on Pakistan economy by elaborating the positive and negative of pre-2018 era and now.

1. Up to 2018 Era.

The interest rate is now at 8.75%. back in 2019, in the early stage of PTI it was raised to 10.50 from 10.00 and it goes up till 13.25%. However, the interest rate in Nawaz's government was stable around at 5 to 6%. Moreover, when Nawaz's took oath the rate was around 10.0% and ended up at 5.75%. The foreign reserves Pakistan had back in 2018 was around 14 USD Bn. The exchange rate was 121.57 PKR against 1USD. Pakistan had best exchange rate was 139 PKR against 1USD back in 2018. Furthermore, Pakistan economic growth was 4.5 plus back in 2018 thus it was expected to be 6.5% or plus.

The positive takeaway was that the economy and stock market were rising. Pakistan's current account was in deficit and so as export was low and import was high. The export was around 20b. However, industry was growing rapidly. The dollar was stagnant at 106 for a longer period of time.

2. OCT 2018 till JAN 2020.

A timeframe when PTI gets hold. PTI take oath on 18th august 2018. Since then interest rate has been the eye-catching topic. When PTI take hold, the interest rate was around 6.50% to 7.00%. Listed are the rates changed by the time.

Year	Rate%
Before oath	5.75
August 18 th 2018	6.75
Sept 18	7.00
Dec 18	8.50
Feb 19	10.25
May	10.75
July 19- March20	13.25

July 19 till march 2020, Interest rate was stagnant at 13.25%. However, Pakistan enjoys hot money and foreign investments but on the other hand import duties increased, along with, industry declined. The scenario was disastrous. Due to the decline of industry caused unemployment, stock market, economic growth and purchasing power goes down. However, the current account was going up and it was showing zero for some time. Pakistan had declined their foreign reserves from 14b USD to 10.00 USD bn. Pakistan had imported more on crude oil and so.

3. FEB 2020 till AUG 2020.

A phase where covid19 introduces itself and then almost every country faced many problems where they almost down. Well, Pakistan was affected badly but recovered very soon. Every third world country faced recession so as Pakistan. Due to Covid19, Pakistan had to shutdown itself and goes to isolation. Lockdown created recession in the country. There was no demand and supply in any of country of the world. Industry was closed all overworld so as in Pakistan. The positive for the Pakistan was that industry was shutdown and there was no required of oil which means Pakistan didn't need to import or use the reserved

oil. On the other hand, industry, health care sector was closed. unemployment and recession were increased. Pakistan hasn't been good at exporting in terms of units, due to lockdown all over the world, Pakistan wasn't able to generate revenues through export. Let's talk about the positives that helps in maintaining the current account deficit, here it is first one, Pakistan didn't need to pay crude payments. secondly, got payment relief. Thirdly, Pakistan hadn't imported so Pakistan didn't pay raw material cost. Fifth one, the finest thing is that interest rate, it goes down to 7%. It was happened for the first time in PTI two years tenure. Few good things from government to Industry. They got bailout of loan, they were offered refinancing. SME got electricity support for the 6 months. Government leverage industry to just pay the principle amount. Government was ready to pay 4 to 6 months salary to the employee which will be paid by the industry to government after some time so that unemployment shouldn't goes up. Industry can get \$5B against the purchase of machinery. Since, the biggest export markets such as India and china were closed due to covid19 attack. Pakistan got the opportunity to increase export. Moreover, investor asked t restart the production. And the good thinking was demand was good so they were ready to established plant here in Pakistan. Government has supported industry that is called as supportive prices.

Product	Support Price
Sugar	40
Cotton	30

Farmers prefer to purchase the sugar instead of cotton. Pakistan started facing food insecurities. Around 38% Pakistan are food insecure that is 90.7m Pakistanis. Let's see the import and export during this session or period.

Import	↓ ↑	Export	↓ ↑
Oil/ Gas	↓	Remittance/ Foreign Exchange	↓
Energy	↓	Industry	↓
Transportation	↓	Unemployment	↑
Raw Material	↓	Reserves Amount	↓
Industrial Expenses	↓	Balance of Payments	↓ ↑
Luxury Goods	↓	Stock Market	↓
		Interest Rate	↓

Stock market goes down from 42000 to 42000 or 25000. Interest also goes down to 13.25 to 7%. Pakistan also launched Roshan Digital account. The advantage of this was one can invest and welfare his funds digitally. Plus, it was for both overseas and locally Pakistanis. On this, return rate was 7% on \$ and 5.5% on PKR.

4. Partial Post Covid19 to SEPT 2020 & SEPT 2020 to July 2021.

Covid19 turned out to be somewhat blessings for Pakistan. As Pakistan gets the opportunity to grow up the industry, increased export, investment and employment opportunities begins due to industrial growth and foreign orders. Stock market goes up to 4700 from 2500. Reserves also gone up to 26 USD bn. Current account goes to surplus for some period of time. Overall, Pakistan was stable curtesy of covid19. There was boost up in the housing schemes. Cement and steel industry gone up.

5. Post Covid19 April 21 till august 2021.

Pakistan is facing food insecurity severely and that is alarming situation for Pakistan. Shipping charges and import duties again increased that isn't good for Pakistan. Freight charges are most 4 times more than previous. Pakistan are still lacking of containers. And again, Pakistan hasn't been able to coped and grab the opportunity.

As on today, I think, because of Covid19, yes, many people died but if we see in terms of monetary and betterment of Pakistan we can conclude that yes, covid19 was blessings for us. If we see, Pakistan could've lowered the interest rate up to 5 to 6% during covid19. And again, it is rising. Pakistan could've catches the opportunity and growth the industry. What I've seen through out the tenure is that PTI is keen on delivery speech but they haven't done particularly good though it was covid19 that played a vital role while baking and standing up Pakistan. Listed are the economic growth rate with respective year. You can access how we ere and now how we are going.

GDP Growth %	Year	Annual change %
0.53	2020	-0.46
0.99	2019	-4.85
5.84	2018	0.28
5.55	2017	0.03
5.53	2016	0.80
4.73	2015	0.06
4.67	2014	0.28
4.40	2013	0.89

- Pakistan GDP growth rate for 2020 was 0.53% which is declined 0.46% declined from 2019.
 - In 2019, it was 0.99% that is 4.85% declined from 2018
 - 2018, 5.84%, that is 0.28% increased from 2017.
 - 2017, 5.55%, that is 0.03% increased from 2016.

I think interest rate might go more up, may be up to 10.00%. And I see here, there's no industrial growth and looks government won't bother it to work here. Unemployment will go up since lack of industrialization. Well, we can only hope for the best.