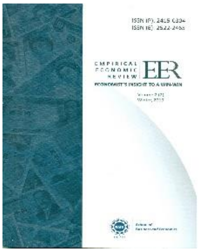

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Article: **Measuring the Impact of Coronavirus at Grassroot Level in Pakistan: Perils, Pitfalls and Preventive Strategies**

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Measuring the Impact of Coronavirus at Grassroot Level in Pakistan: Perils, Pitfalls and Preventive Strategies

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Abstract

At the forefront of strategists' and policymakers' minds stand the catastrophic circumstances of COVID-19 in Pakistan. Unprecedented economic shocks and financial crises brought by the pandemic caused the country's mechanism to experience a sudden halt. It is necessary to consider how to accelerate recovery and mitigate the spread of negative consequences affecting various sectors including industries, institutions, and diverse ventures. Amid the existing vulnerabilities imposed by inadequate resources and constrained mobility of necessities, sustainable measures balancing costs and benefits will equip Pakistani communities to fight the corona war proficiently. We analyzed the size of adversities hurting various types of individuals, variations in the inflow of economic and financial activities and reactions to massive disturbances, albeit to different levels. Aligned with in-depth insights and findings, the development of preventive strategies in these desperate times can protect Pakistan's economy from long-lasting disruptions, thus landing on the safe zone over the coming years.

Keywords: COVID-19, economic shocks, financial crises, Pakistan, recovery, preventive strategies, sustainable measures
JEL Classification: E31, F62, O11, Q02

Introduction

1.1. Background of Study

Over the past decades, economic meltdown and trade disruptions have never emerged to such an extent that would enfeeble the rate of recovery and deepen geographical instability, throwing multiple countries into the shambles. While epochs of

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digital integration were about to transform the world's face, the upsurge of the novel coronavirus halted the innovative opportunities to be realized. It silently wounded millions of people by developing severe respiratory symptoms.

Reaching the peak of 213,470 confirmed cases out of which 108,273 were active cases and resulting in the deaths of 4,395 patients, it signifies the massive potential of the virus to infect more than 50 per cent of the population dwelling across the cities of Pakistan (Government of Pakistan, 2020). From underprivileged individuals to prosperous families, vulnerability to the outbreak has huge implications for each household in the form of restricted mobility and social distancing.

The infected patients from the state of Wuhan, Hubei province, China were admitted to the hospital until World Health Organization (WHO) declared the outbreak a catastrophe. It was labeled as Coronavirus Disease 2019 (COVID-19) in the presence of international professionals belonging to diverse sectors, especially health associations and communities (World Health Organization, 2020). A comprehensive review of the radiological role was made and reverse transcription-polymerase chain reaction (PT-PCR) was developed for diagnosis in Chinese clinics (Zu et al., 2020). At an initial stage, the unavailability of standard diagnosis for the infection and the lack of resources for radiological examination (chest CT scan and X-ray) aimed to test the evidence of common symptoms including fever, anorexia, dry cough, nausea, diarrhoea, fatigue, and other respiratory issues caused the rapid progression of the disease in several cases, worldwide.

Until the first week of February, novel coronavirus was not prominent in Pakistan, then this disease was imported from Iran. Overseas Pakistanis were accused of spreading the pandemic by skipping the compulsory quarantine period of 14 days. Economic devastation and the catastrophic coronavirus situation caused Pakistani citizens to evacuate Iran on an immediate basis (The News, 2020). On 17th March, a "state of panic" was declared by the Prime Minister who publicly announced that Pakistan's citizens must prepare themselves to combat the coronavirus. Pakistan Army and Balochistan government were praised for their endless efforts to quarantine pilgrims returning from Iran to various provinces. Approximately, 0.9 million people arriving at airports were screened for COVID-19 to protect the rest of the population from the dreadful virus. Prime Minister conducted the meeting with National Security Committee after the coronavirus test of 20 people came positive. With this the Government of Pakistan initiated the process to close educational institutions, ban large public gatherings, and form a national coordination committee. Recovery plans were laid down under the supervision of the National Disaster Management Authority (NDMA), while appropriate medical equipment and ventilators were imported. Indeed, it was predicted that severe economic shocks would adversely affect domestic businesses and the balance of trade, resulting in the escalating fears of food inflation due to the hoarding of basic provisions such as rice, sugar, and wheat (Dawn Newspaper, 2020a). Without any doubt, strict actions were taken against the hoarders to manage prices and control supply disruptions. However, the country was not prepared to fight the outbreak from financial and economic dimensions.

As time passed, the government moved towards complete lockdown including restrictions placed on international travel and western borders with Iran and Afghanistan were shut down. The government of Pakistan had "quarantined" the nation effectively, while different provinces attempted to control the pandemic situation by taking specific measures. Sindh was reported to have the highest number of coronavirus cases; so, the Government of Sindh implemented the lockdown aggressively. On the other side, Punjab experienced a relatively less strict lockdown involving companies, government offices, restaurants, shopping malls, and other institutions to remain closed. Indeed, stringent restrictions on pillion riders travelling on motorbikes, limiting vehicles' movement and banning public transport were implemented across various cities. In case of emergency, intra-city travel was permitted and it raised the number of affected patients to break previous records instantly (Dawn Newspaper, 2020b). To "flatten the curve," a painful lockdown seemed to be the only remedy until any useful vaccine or cure was discovered.

While imperative precautionary measures were taken, the economists and policymakers of Pakistan were not able to measure the economic balance between challenges posed during the pandemic and prescribed preventive strategies appropriately; in turn, facing the shadow side of the "lockdown paradox" in health, tourism, transportation, retail, energy, agricultural, industrial and other sectors of the economy (PIDE, 2020). Being a developing country, economic meltdown might leave a lifelong impression until all the factors deepening the crisis have been addressed. For an in-depth analysis of the outbreak, a critical review of currency, commodity, and stock markets in Pakistan was carried out. Section 2 sheds light on various countries willing to visualize the "new normal" ahead by adopting strategies necessary to mobilize limited resources. Furthermore, the methodology and data variables used to assess the impact of the corona war are revealed in Section 3, followed by results and discussion in Section 4. The rest of the study comprises recommendations for government institutions and authorities about how to expect a better tomorrow in Pakistan.

1.2. Scope of the Study

The current study highlights the effects of obstacles and downturns faced by the Pakistani communities during COVID-19. Moreover, the significance of preventive strategies is assessed at the grassroot level to ensure their applicability in the prevailing situation subjected to limited mobility of insufficient resources.

1.3. Objectives of the Study

The current study aims to measure the intensity of damage to Pakistan manifested through various economic indicators. It also aims to monitor the effect of smart lockdown and other preventive strategies and give recommendations to fight the corona war proficiently.

1.4. Statement of the Problem

The massive spread of COVID-19 has been primarily controlled by implementing lockdowns and through practising social distancing nationwide, although it does not promise complete relief from the pandemic in Pakistan's fractured economy.

2. Literature Review

2.1. Global Economy during COVID-19

This recent incidence of COVID-19 has challenged the current norms of governance. Governments all over the world adopted contingency plans and disaster recovery policies to sustain the pillars of their economies. Replicating China's mitigation strategy, severe lockdowns were conducted to offset the implications of the outbreak, throwing the global supply chain into shambles.

As compared to the financial crisis of 2008-09, global markets experienced a sharp decline in prices and volumes, while most companies found themselves on the brink of bankruptcy. Within a few months, millions of people became jobless and companies minimized the scope of their operations. A sudden shift in consumption patterns was noted at the consumers' end and shortages of necessities changed the face of the global village.

In an uncertain environment, several countries are in the lockdown mode to practice social distancing and to limit the mobility of their citizens. Some sectors have suffered spillover effects to a great extent including tourism sector, pharmaceutical sector, hospitality sector, and logistics sector. As the curve of disruptions deepens, the supply chain networks bear the costs of the crisis in the form of contract re-negotiations, supplier relationships, digital aspirations, and supply risk assessments, making it extremely difficult for companies to survive in catastrophic times.

Economic growth is expected to slowdown in the first half of 2020, hitting commodities and supply networks across the countries including developed countries such as Japan and the United Kingdom. For the whole year, growth levels tend to remain stagnant at 2.4% as compared to 2.9% in the year 2019. The gravest threat of recession seems to falter the confidence in each country's production and consumption capabilities, further weakened by international trade tensions (OECD, 2020).

The global outbreak's actual impact affected the migrant workers and the flow of remittances, resulting recession-hits in sectors such as manufacturing, production, construction, livestock and services, similar to the severe conditions prevalent in 2008-09 (Bauer & Thant, 2015). Without any doubt, the massive influx of migrant workers carried forth the novel coronavirus disease and infected the other citizens of various countries, especially those belonging to GCC countries such as Kuwait and Iraq.

The global economy was struck with a devastating blow with spontaneous contraction in economic activities, an unprecedented recessionary shock, and a public health crisis. Long-lasting impressions of COVID-19 through diverse channels caused the astonishing erosion of human capital, further erasing the signs of potential growth in international trade and supply linkages, drastically. The unanticipated collapse in oil prices and a surge in oil inventories' demand multiplied the pandemic effects in Emerging Markets and Developing Economies (EMDE). The commitment to sustainable policies and medium-term contracts with developed countries will ascertain them financial gains and improve their long-term growth prospects (World Bank, 2020).

3. Methodology

The study used secondary data for a critical review of the pandemic's impact on Pakistan's economy. It was compiled from various sources such as Forex Exchange Historical Rates, Gold Market Historical Rates, KSE 100 Index, and KSE 30 Index. The records for economic indicators such as interest rates, inflation rates, and figures for the balance of trade were taken from the Pakistan Bureau of Statistics between November 2019 and June 2020.

4. Results and Discussion

4.1. Pandemic's Impact on Pakistan's Economy

Contrary to the past predictions of a GDP growth rate of 2.3 per cent according to World Bank's estimate, the forthcoming fiscal year 2020-21 would certainly have a negative GDP growth rate of approximately one (1) per cent. Moreover, the growth rate of 2019-20 was cut down to 0.3 per cent. The downward trend in Pakistan's economic growth relies heavily on the success of mitigation policies, expecting private consumption to contract by contributing only 2.6 per cent in 2019-20 and respectively turning out to be 5.5 per cent. The majority of the industries most dependent on labour intensive business activities had to face a sharp decline in the supply of resources, especially the textile sector. Key trading channels in this region have witnessed unfortunate disruptions. During 2020, the collapse in oil prices may provide some cushion to Pakistan by improving current and fiscal account balances, as prescribed in the Global Economic Prospects Report (World Bank, 2020).

Dealing with the twin challenges of pandemic and a sharp decline in oil prices, consumption and services provision levels would be hindered, while constraints on private investment inflows remain intact. In the current environment, the contraction in global economic activities would significantly impact the countries of the South Asia Region (SAR) – India, Nepal, Bhutan, Bangladesh, Afghanistan, and Pakistan. In the case of the implementation of stringent measures, economic and financial markets would experience a sudden halt. Spillover effects from the internal financial sector and global economic pressure would demand support from an expansionary monetary policy and fiscal stabilizers.

In Pakistan, the government planned to adjust the monetary policy and streamlined the interest rates in response to macroeconomic imbalances. The sheer depth of the domestic demand curve significantly reflects the depreciation of the Pakistani rupee, causing inflationary pressures to affect consumption patterns adversely. In tightening of the monetary policy, constrained access to public investment and credit would cause deficits to multiply and international reserves to lose their value in times of elevated inflation (Haider, 2020). However, the flip side of weak progress corresponds to fiscal stimulus, massively contributing to budget deficit and reduced government revenues, and severely damaging the existing economic conditions as compared to India.

4.1.1. Currency market. South Asian countries have witnessed the crises of financial markets because of pandemic. Capital flows in developed countries were reversed and this demonstrates the risk aversion strategy of investors. While equity indexes were tumbling, the balance of payments caused uncertainty in large economies by debilitating exchange rates intensely, as illustrated in Figure 1.

The upward pressure on Pakistani rupee and Indian rupee caused their values to worsen by 2.79% and 8.14%, respectively. It shows that lower oil prices were able to ease the situation but not to such an extent as to recover from the impact of COVID-19. Bangladesh and Sri Lanka attained the safe zone even though the inevitable havoc plummeted their investors' confidence.

Industrial and service sector activities in Pakistan and Bangladesh reflected a deceleration in demand for local products, shrinking confidence in production and sales operations vastly.

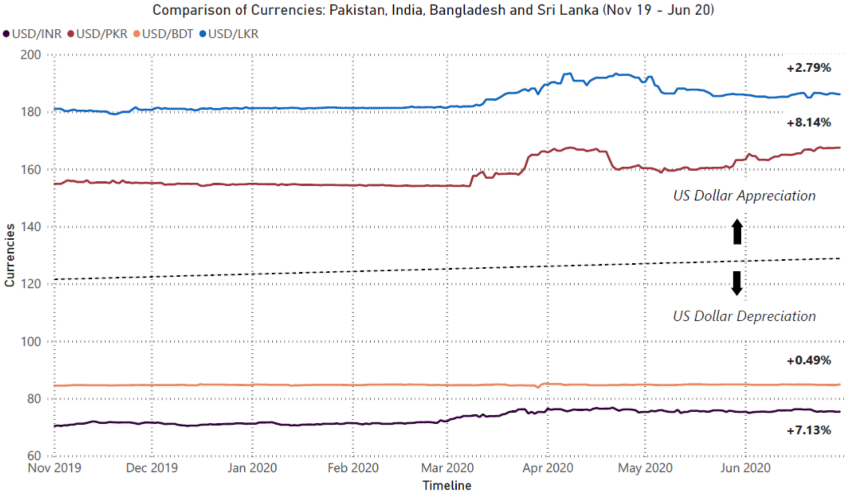

Figure 1. Comparison of currencies in US dollar from november 2019 till june 2020. Source: markets insider (2020)

Furthermore, small and medium-sized enterprises endured extreme losses for a short time period especially in rural areas. Investment and employment suffered significant losses in Pakistan, India, Bangladesh, and Sri Lanka. It can be observed that stability in Bangladeshi Taka (BDT) from USD 84.64 to USD 85.06 signifies its economy's strength to tolerate financial market stress and contradictions in the global economy. However, Indian Rupee (INR) was subjected to minor fluctuations in March, reaching the maximum value of USD 76.38 and maintaining a similar rate till it rose to a peak of USD 76.81 in April. On the contrary, the value of Pakistani Rupee (PKR) declined from USD 154.20 to USD 166.35 with a positive change of 7.88%, depreciating the value of the rupee to a large extent.

Further, decline in Pakistani rupee continued in April. The figure touched USD 167.63, then lingered down to USD 159.95 with a decrease of 4.58 per cent, followed by an elevation to USD 165.45 during June 2020.

On the other hand, the value of Sri Lankan Rupee (LKR) began to decline after reaching USD 182.33, decreasing at 6.16% and reaching USD 193.56 during April 2020. By the end of May 2020, the value of the currency was strengthened reaching USD 186.17 and persistently made its way towards USD 185.12 in mid-June 2020, favourably affecting the balance of payments and consumption levels amid the global economic recession. Indeed, the difference in the levels of currency rates denotes resilience in these countries' economies to absorb uncontrollable shocks due to the pandemic.

4.1.2. Commodity market. Economists observed gold prices to hit the heights as global oil prices plunged and affected currency by PKR 1.07, accumulating to the amount of PKR 167.65 against the US dollar after the private sector was permitted to import wheat, assuaging flour prices and recovering from pitfalls. It has been suggested that the rupee could not gain sufficient ground due to international pressure towards the end of the fiscal year on June 30, 2020. However, the foreign exchange required to pay for imported goods contracted due to restrictions imposed on airports and seaports; against the record of higher imports in the past years. Some research experts have anticipated exchange rate stability in the post-pandemic environment (Siddiqui, 2020).

Diving into the details of gold price instability, an upward trend can be noticed in Figure 2; historical values from November 2019 to June 2020 as the curve deepens in the initial period of novel coronavirus by tumbling to PKR 225,678 per ounce and PKR 7,255.71 per gram and flows towards PKR 236,662 per ounce and PKR 7,608.87 per gram in Dec-Jan 2020.

However, acceleration in gold prices from the sharp plunge approaching the value of PKR 234,032 per ounce and PKR 7,524.31 per gram on March 18, 2020, when lockdown was officially announced across the cities of Pakistan, remained below the average line of PKR 254,770. It maintained the upward trend till mid-April 2020 by gaining the value of PKR 287,692 per ounce and PKR 9,249.51 per gram. Later on, the upsurge was curtailed by losing 6.49% to land at the minimum value of PKR 269,011 per ounce and PKR 8,648.92 per gram during May-June 2020. When the small dip in figures was experienced in early June 2020 gold prices bolstered from PKR 275,191 per ounce and PKR 8,847.61 per gram to the maximum price of PKR 299,944 per ounce and PKR 9,643.44 per gram, which is a 9% rise by the end of June 2020, offsetting the contraction in remittances and export orders to anticipate GDP at 2% in the fiscal year of 2020-21.

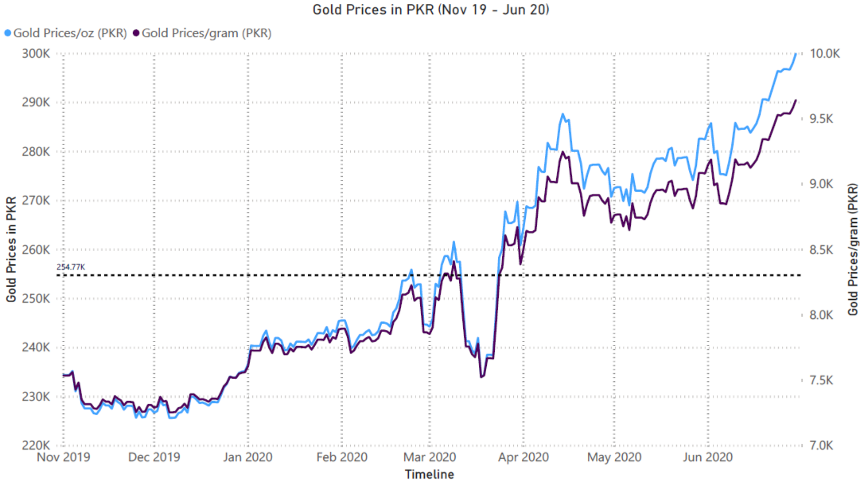

Figure 2. Gold prices per ounce and gold prices per gram from november 2019 till june 2020. Source: markets insider (2020)

Cumulatively, the price of the precious metal climbed to $1,782 from the value of $12 in the international market, attributing to the bleak future of the global economy as investment in precious metals such as silver and gold can serve as security in war-like times and during a devastating outbreak. Furthermore, the drop in the demand for gold was due to the postponement of weddings and people selling gold at unreasonable prices to fulfill their financial needs.

4.1.3. Stock market. Addressing the largest drop in a single day of around 2,300 points, Pakistan Stock Exchange (PSX) forced the traders to withdraw cash in order to secure it. This was because of the impact of a widespread coronavirus outbreak. When the number of infected cases was rising in March 2020, investors adopted the strategy to dump shares and run towards the exit doors. The unavoidable halt in trading activity – consistently for two months – was recorded after the KSE-30 Index decelerated approximately 5%

in early 2020. According to financial advisors, the unforeseeable future holding an intense and risky situation caused commodity prices and regional markets to tumble. Moreover, the crash in oil stocks going beyond the anticipated lower limits plummeted the world equity and forex marks; after interest rates were slashed within the range of 0% to 0.25% by the Federal Reserve (Express Tribune, 2020a).

The drastic effects of share prices driving towards the unimaginable limits attributed the drop in part to uncertainty regarding the upcoming monetary policy and global financial pressures. Most of the blue chip companies such as Engro Corporation, Hubco (Hub Power Company), HBL (Habib Bank Limited), PPL (Pakistan Petroleum Limited), and OGDCL (Oil and Gas Development Company Limited) suffered the gravest decline, cumulatively amounting to 1,095 points in 2020 as displayed in Figure 3.

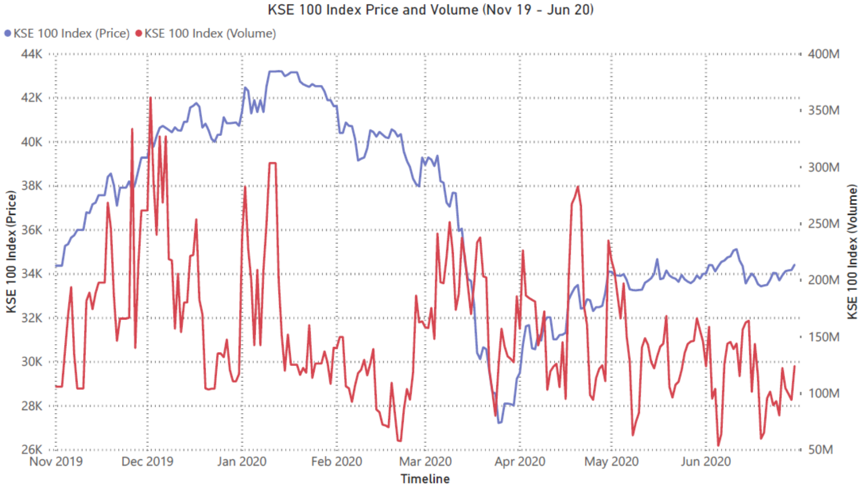

Figure 3. KSE-100 index price and volume from november 2019 till june 2020. Source: markets insider (2020)

For a couple of months, the stock market was predicted to remain bearish, signalling investors to remain cautious from time to time. Out of 346 companies, the stock value of 18 companies was able to gain some ground while share prices of 9 companies remained unchanged; however, drastic decline in the stocks of 319 companies faltered traders' confidence. The volume leaders turned out to be Unity Foods closing at PKR 11.34 with 9.3 million shares, followed by Maple Leaf Cement closing at PKR 25.54 with 13.5 million shares, and Bank of Punjab closing at PKR 9.10 with 44.4 million shares.

Approaching towards the end of March 2020, the pandemic worsened Pakistan's financial market through a downward spiral of share prices by a negative 8%, aggregating to a contraction of 2,557 points. With the record of reaching a minimum of 28,564 points on March 24, 2020, the worst stock prices were addressed since the financial crisis of 2008-09. Breaking the barrier of 29,000 points in February by touching 40,356 points, the fears of a global recession were instilled as the government focused on precautionary measures and the recovery of the affected patients. Policymakers were deeply involved in finding the solution to unfreeze the financial markets across the world (Express Tribune, 2020b).

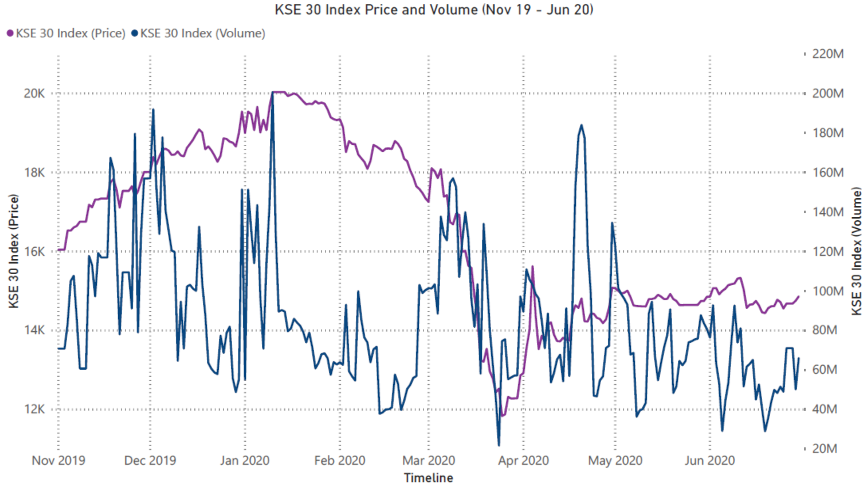

Figure 4. KSE-30 index price and volume from november 2019 till june 2020. Source: markets insider (2020)

While the stocks were bleeding at KSE-100 index, the companies forming the part of the KSE-30 index triggered panic by selling instantaneously, as illustrated by Figure 4. In the meantime, revised rates of monetary policy were announced that curbed 150 basis points (bps) to 11 per cent, effective from March 25, 2020. By easing the monetary policy, investors were invited to make the stock market bullish for sometime and carve the paths towards the recovery of lost margins. Pakistan Banks Association (PBA) and State Bank of Pakistan (SBP) attempted to fuel the upward trend in stock prices and volumes. Moreover, the request for an economic relief fund of $1.4 billion was approved by the International Monetary Fund (IMF) to buttress the position of KSE-100 Index during pandemic circumstances.

Dealing with the extension of losses shredding the stock market by 282 points due to insufficient positive triggers and the absence of business activities, the investors had never seen the KSE-100 Index volume reaching 53 million shares followed by the slight increase to 124 million shares and elevation in share price by 0.21%; attaining the final value of 34,422 points by the end of June 2020. Unfortunately, the terrorist attack on the Pakistan Stock Exchange on June 29, 2020 overburdened the situation with further challenges to restore local and foreign investors' confidence.

4.2. Economic Indicators

4.2.1. Inflation rate (%). Along with other developing countries, Pakistan is currently faced with price hikes as the Consumer Price Index (CPI) based inflation rate boosted to 8.6% from March 2020 to June 2020. According to Pakistan Bureau of Statistics, there was an acceleration in urban CPI from 7.3% to 7.6%; however, rural CPI rose from 9.7% to 10% in May at an year-on-year basis. The spike in the prices of pulses, wheat, condiments, potatoes, and spices caused food inflation in Pakistan. Moreover, inflation from the educational and housing sectors also pulled the cost of the basket to 0.82% in June 2020 from 0.04% in May 2020 with the base year 2015-16, as displayed by the Figure 3.

On the other side, the government decided to lift the retail fuel prices with the value of PKR 26 per litre; further weakening the domestic demand on the supply side. Specific measures were adopted to control the inflation rate and to provide public relief through subsidized packages for small-scale enterprises such as utility stores (Abbas, 2020a). The sheer contraction in global commodity prices including vegetable oil, palm oil, soya bean oil, cereal, and sugar caused the inflation to remain within the boundaries. In the same manner, the demand for whole milk powder and skimmed milk powder also diminished within the course of COVID-19.

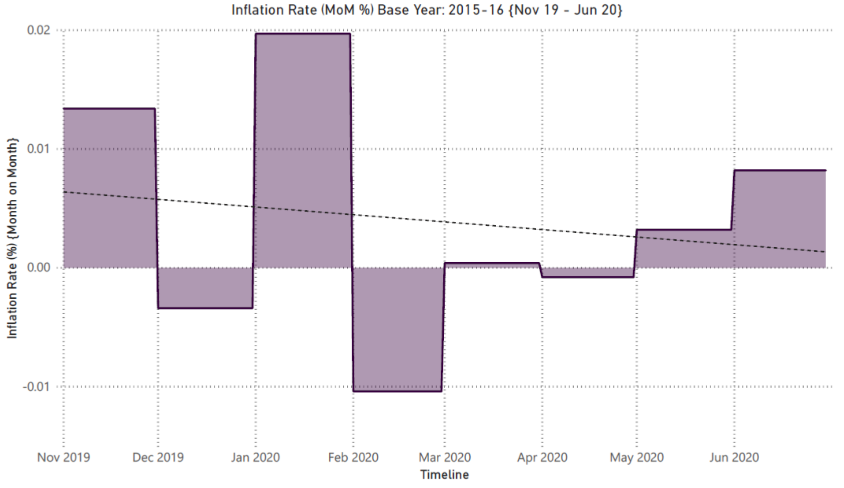

Figure 5. Inflation rate month-on-month basis from november 2019 till june 2020. Source: Pakistan bureau of statistics (2020)

4.2.2. Interest rate (%). According to the data provided by Pakistan Bureau of Statistics, the interest rate (%) dampened from the consistent rate of 13.25% during November 2019 till February 2020. To balance the demand side and supply side of the economy, interest rate was lowered down to 11% in March 2020 under the supervision of the State Bank of Pakistan. Consecutively slashing the policy rate for the fifth time from March 17, 2020 till June 25, 2020, the decrease of 625 basis points brought the interest rate to 7% as shown in Figure 6.

Following the footsteps of central banks worldwide, the government of Pakistan adopted an expansionary monetary policy along with Turkey, Peru, Ukraine, South Africa, and the United States.

Further expanding the rationale of cutting down policy rates, improved inflation is expected while responding to downside risks embedded in GDP growth. The reserves of the State Bank of Pakistan (SBP) were reduced to \$9.96 billion, comprising \$500 million from the Asian Development Bank (ADB) and \$725 million transferred from the World Bank. In comparison, the Asian

Infrastructure Investment Bank promised to transfer $500 million in the coming months (Shahid & Ali, 2020). From the perspective of SBP, inflation will likely remain neutral by lowering production costs imposed by lower import duties and the absence of new taxes according to the "corona budget" released on June 12, 2020. The wiggles of hope and trust began to stir in the pandemic's stressful environment as the International Monetary Fund projected an immediate recovery in the fiscal year 2020-21. However, the contractions in large scale manufacturing by 41.9% in April, subsequently followed by a decline in the revenue of the automotive sector, cement industry, and export businesses was observed. Alternatively, it is predicted that there will be a record current account surplus, minimization of trade deficit, and considerable inflows of foreign direct investment (FDI) in future years as compared to 2019-20.

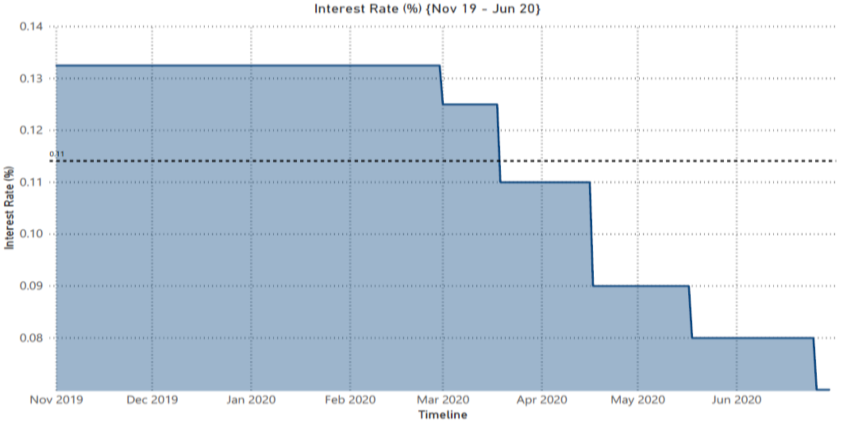

Figure 6. Inflation rate month-on-month basis from november 2019 till june 2020. Source: Pakistan bureau of statistics (2020)

4.2.3. Balance of trade (PKR in Millions). According to the Ministry of Commerce (MoC), Pakistan's exports continued to show a downward trend till June 2020 in the form of a 6.8% reduction at an year-on-year basis due to the sharp decline of 54% during April 2020, resulting into PKR 157,412 million. The ministry pinpointed the early signs of recovery as the exports of February amounting to PKR 330,188 million reduced at a rapid speed to PKR 223,536 million during May 2020, while the figures recovered by a positive 18% in June, finally settling at PKR 263,846 as displayed in Figure 7. The ministry studied the strategies for product and geographical diversification to stabilize the position of exports by gaining access to international markets efficiently, similarly to the African and Middle Eastern regions (Abbas, 2020b). Overall, the shadow side of the coronavirus outbreak substantially affected the textile sector, where the demand for fabric and cotton yarn reduced dramatically. The considerable amount of trade balance improvement by $8.7 billion highlighted that the current account deficit would remain under control in forthcoming months.

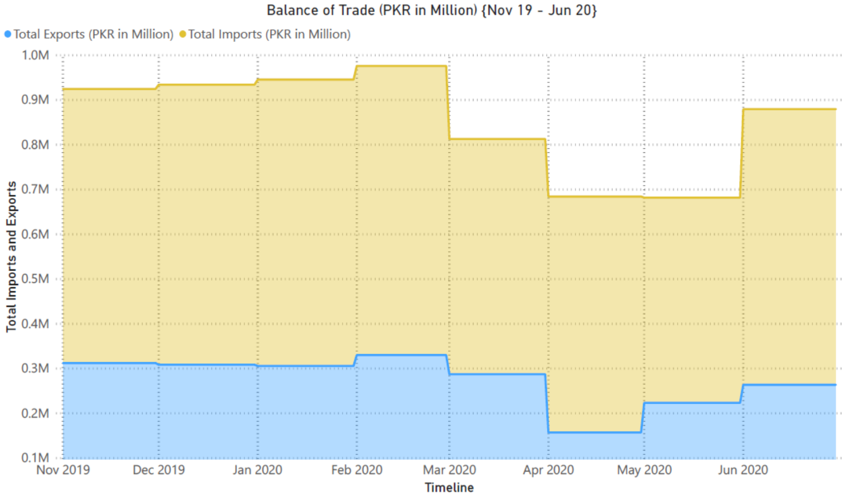

Figure 7. Balance of trade in PKR from november 2019 till june 2020. Source: Pakistan bureau of statistics (2020)

Amid the outbreak of coronavirus, the export of mangoes confronted massive hits resulting in catastrophic conditions to prevail in fruit markets. The rise in freight charges, suspension of international trade, and barriers on borders caused the demand for mangoes to decline in the summer season of 2019-20. For the entire year, fruit sellers and exporters wait for this period to arrive as mango exports alone contribute to over $90 million, which was curtailed by the pandemic to a great extent. A considerable quantity of mango exports to South Asian and Middle Eastern regions is only possible via sea routes, as timing is the critical factor in the case of perishable items. In 2018-19, the export of mangoes accounted for 1.9 million metric tons, thus Pakistan achieved the sixth rank in the global trade of mangoes following China, Indonesia, India, Mexico, and Thailand (Dawn News, 2020). However, the disastrous situation of 2019-20 made it impossible to reach the benchmark of $50 million, disappointing mango farmers, suppliers, sellers, and exporters alike.

On the other hand, the import of mobile phones increased by 63.17% as compared to the fiscal year of 2019-20. During May 2020, the import of mobile phones surged to $111.059 million from $65.810 million in the corresponding period of the previous year (Abbas, 2020b). Rising from the amount of PKR 305,986 million during January and landing at the value of PKR 330,188 million with a positive 7.9% growth caused the companies to rethink their import policies and to revamp their operations according to localization plans. Ministry of Commerce is looking forward to the "Made in Pakistan" policy to substitute imports and enhance exports. It was suggested that tariffs be rationalized to achieve this policy's aims and objectives, mainly focusing on raw materials required by the engineering sector to assemble home appliances, mobile phones, motors, and pumps. Furthermore, emphasis was laid on resolving the issues dealt by the exporters of Personal Protective Equipment (PPE) including face shields, shoe covers, biohazard bags, protective gloves, and disposable gowns required by the hospitals and private clinics on a daily basis under the supervision of the Ministry of Commerce (The Nation, 2020).

The country witnessed a significant decline of 18.93% in imports during the current fiscal year 2019-20 as compared to the last year 2018-19, especially in April (PKR 157,412 million) and May (PKR 223,536 million), which was beneficial in lessening the burden of current account deficit. For June 2020 imports aggregated to PKR 263,846 million, thus increasing by 18%. These economic developments would be fruitful for buttressing the exchange rate and building up the foreign reserves to eliminate the spillover effects of COVID-19 in the near future.

5. Conclusion

A global recession was triggered by the pandemic accompanied by the crash of oil prices pushing the demand curve to contract over time. Unfortunately, there is less capacity available with developing countries to recover without the support of strong monetary and fiscal policies. To alleviate the economic growth rate, collaboration of countries and strategic alliances of multinational companies can secure themselves from the misappropriation of resources, including both financial and human resources. By balancing inflationary pressures and controlling interest rates wisely, economic meltdown can be mitigated faster as compared to no intervention case (Yasmin & Sohail, 2020). It would be reflected in the restoration of investors' confidence, lower unemployment rate, optimization of value chains, and seamless movement of goods and services from one end of the world to the other.

5.1. Recommendations

Since the the second wave of COVID-19 is on its way, it is recommended to policymakers to opt for smart lockdown with strict SOPs, rather than a full or partial lockdown which results in economic downfall. Moreover, strong and effective campaigns should be launched to let the masses understand its seriousness.

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