

## IMPACT OF COVID-19 PANDEMIC ON HOUSEHOLDS AND INSTITUTIONAL SUPPORT: A CASE OF PAKISTAN.

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### ABSTRACT

Covid-19 affected the whole world. It not only affected the health of people but due to lockdowns, the economies of countries also gone into recession. Pakistan was also badly hit by covid-19. The severity of covid-19 in Pakistan is comparatively low as compared to its neighboring countries. Due to covid-19, Pakistan's GDP growth became negative in 2020. Other sectors of society are also affected. Not only economy as a whole are affected but the households in economy are badly hit by pandemic as well. People have lost their jobs; small businesses have been shut down to immense losses occurred by lockdowns. To provide relief to the affected households, the government have Pakistan have introduced different programs. These programs include a special stimulus package to provide relief to low income households under Ehsaas program. Government has taken steps through state bank of Pakistan to reduce inflation in pandemic period. Government also provided relief by allowing installment payments of Gas and electricity bills for low income households. Private sector and Non-governmental organizations also provide relief to covid-19 affected households.

### INTRODUCTION

Covid-19 pandemic has affected the whole world including Pakistan. It was originated in an animal market in Wuhan province of china. On December 31,2019 WHO country office announced that some low respiratory infections were found. It was initially declared at pneumonia because the agent causing this respiratory disease was not identified yet. After some research, the scientist discovered that, this pneumonia was caused by a novel virus.

Covid-19 has affected 200 countries worldwide including Pakistan. WHO deemed the corona virus as pandemic on March 11,2020 because it has spread to all the major countries of the world with each passing day resulting in increasing confirmed cases and deaths from covid-19. As of May 11, 2021, there are 158,651,638 confirmed cases of COVID-19 infections worldwide, with 3,299,764 deaths. From

the figure1 we can see top countries of the world that have registered the highest number of cases till now. USA is at top with total 33,528,205 confirmed cases. India is lagging behind with 23,340,428 daily cases. India is experience worst possible scenario. Its healthcare system has collapsed with average of 3,00,000 new cases daily. Iran has recorded total of 2.67 million covid-19 infections and 75,261 deaths.

Figure 1.1

All													
Europe North America Asia South America Africa Oceania													
#	Country, Other	Total Cases	New Cases	Total Deaths	New Deaths	Total Recovered	Active Cases	Serious, Critical	Tot Cases/ 1M pop	Deaths/ 1M pop	Total Tests	Tests/ 1M pop	Population
	World	160,148,869	+538,866	3,326,204	+8,793	138,846,617	17,976,048	106,308	20,546	426.7			
1	USA	33,528,205	+12,897	596,445	+266	26,516,722	6,415,038	8,785	100,787	1,793	459,683,175	1,381,823	332,664,383
2	India	23,340,428	+348,501	254,225	+4,200	19,376,648	3,709,555	8,944	16,772	183	305,600,187	219,603	1,391,605,161
3	Brazil	15,214,030		423,436		13,759,125	1,031,469	8,318	71,143	1,980	46,834,128	219,002	213,852,486
4	France	5,800,170	+19,791	106,935	+240	4,951,985	741,250	4,743	88,691	1,635	79,617,249	1,217,439	65,397,303
5	Turkey	5,059,433	+14,497	43,589	+278	4,766,124	249,720	2,975	59,442	512	49,830,456	585,450	85,114,793
6	Russia	4,896,842	+8,115	113,976	+329	4,509,915	272,951	2,300	33,543	781	131,900,000	903,498	145,988,122
7	UK	4,439,691	+2,474	127,629	+20	4,253,367	58,695	143	65,106	1,872	166,942,214	2,448,143	68,191,369
8	Italy	4,123,230	+6,946	123,282	+251	3,636,089	363,859	2,056	68,282	2,042	61,513,452	1,018,678	60,385,546
9	Spain	3,586,333	+4,941	79,100	+205	3,283,915	223,318	2,038	76,680	1,691	47,213,067	1,009,467	46,770,308
10	Germany	3,540,143	+4,789	85,647	+166	3,196,900	257,596	5,049	42,138	1,019	56,836,969	676,522	84,013,487
11	Argentina	3,165,121		67,821		2,837,058	260,242	5,357	69,486	1,489	11,891,364	261,059	45,550,456
12	Colombia	3,015,301		78,342		2,835,554	101,405	6,582	58,725	1,526	15,477,840	301,439	51,346,483

The “Health ministry of Pakistan” recorded the first case of COVID-19 in Pakistan on February 26, 2020, in Karachi. As the cases surged, the Pakistan government imposed complete lockdown in cities with high positivity rates. This lockdown was followed by partial lockdowns and smart lockdown. The idea behind smart lockdown was Identifying COVID hotspots and isolating those specific regions. Contact tracing of covid-19 patients was carried out and tests were carried out of all those people that came in contact with a covid-19 positive person. This resulted in flattening of covid-19 curve in Pakistan. In the mid of august, Total global infections crossed 23 millions with 810,000 fatalities, but in Pakistan the case was different. Pakistan experienced 292,00 cases with 6200 mortalities. Another factor that contributed in flattening the curve was, Pakistan’s large young population. 64 percent of Pakistan’s population is younger than 30 and 29 percent are between 15 years of age and 29 years.

Pakistan is currently facing the third wave of covid-19. Initially it was thought that 3<sup>rd</sup> wave has a more potential of destruction than the first wave but numbers of new infections are seem to be following a declining trend. As of 12<sup>th</sup> of may ,2021 Pakistan

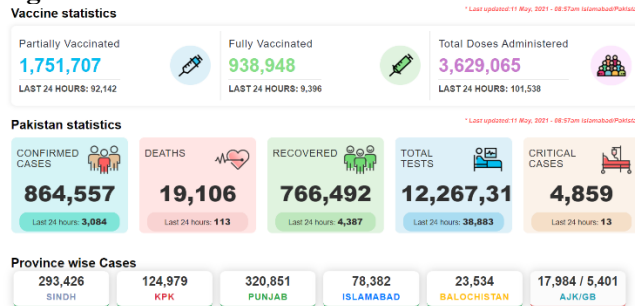
has 864,557 confirmed cases of covid-19 with 19,106 deaths and 766,492 recoveries.

Countries of developed world are equipped with the necessary facilities to deal with the pandemic. These countries had enough amount of oxygen supply for people needing oxygen and enough ventilators for people that ended on ventilators. The pre-pandemic situation of healthcare in Pakistan was already in shatters. The pandemic further increased the load and burden of Healthcare workers and Hospitals. The measures taken by Pakistan government in flattening the covid-19 curve during the first wave was remarkable.

By the end of 2020 vaccines for covid-19 were developed by different companies in US, Russia and China. Till now a total of 1,206,243,409 vaccine doses had been distributed worldwide. Pakistan also has started its vaccination drive with the administration of vaccine first to frontline health workers. After that vaccination was opened for people with ages 65 plus. Then age bracket was decreased to 60 plus, 50 plus and currently Pakistan is administering vaccine to people of 40 plus age group. Pakistan has administered total 3,629,065 of vaccine doses. Among them 1,751,707 people are partially vaccinated while 938,948 are fully

vaccinated. Pakistan is administering mostly Chinese made vaccines. These vaccines include Single dose CansinoBio, two dose Sinopharm and Sinovac. Pakistan has recently received 1.2 m doses of Astrazeneca vaccines under Covax facility of WHO. Statistics are given below in figure 1.2.

Figure 1.2.



The COVID-19 pandemic has led to a drastic loss of human life worldwide and presents an unprecedented challenge to public health and the world economies. The covid-19 pandemic's economic and social effects are devastating worldwide. Millions of people have fell into poverty all over the world owing to covid-19 pandemic. Worldwide 3.3 billion workers are in risk of falling into unemployment. Small businesses all over the world have been affected due to imposition of lockdowns.

The covid-19 pandemic has badly affected the Pakistan economy as well. Before the onset of COVID-19 pandemic, 35 percent of Pakistan's population that are above the age of 10 or approximately 55.74 million people were working. but due to imposition of lockdowns and closure of small businesses it has dropped to 22%. The Sindh province of Pakistan was affected the most with a reduction of its working population by about 23% during the period of April-July,2020 when covid-19 was in peak in pakistan as compared to pre-covid-19 times that was 38 %. Sindh was followed by Punjab with 14% drop and then came balochistan with 11% drop in working population.

Households in Pakistan have also been affected by the pandemic. Households have various sources of income. Some households rely solely on domestic or international monetary support from relatives or family members (remittances), others have income from jobs/businesses as well as income from lands, such as rent, and still others rely solely on gifts and assistance. Due to the closure of business activities

during the lockdown from April to July 2020, household finances were impacted heavily. Nearly 53% of households across Pakistan have registered reduced income, either earned or unearned. Only 37% of households in Pakistan did not perceive the financial impact of Covid-19 on their household's general well-being during the period of covid-19, 26% of households recorded mild shock, while 36% of households reported moderate, high, or serious financial impact of Covid-19 lockdowns.

Pakistan governments response in curbing the pandemic and institutional support lended to the affected population and households was impressive. During Covid, the government of Pakistan announces Social Protection Packages, but the kindness of the entire nation, combined with government assistance, allows the country to cope with the situation generated by the pandemic, which has been greatly appreciated on a global scale. In Pakistan, approximately 17.07 million households, or 33 percent of all households, received assistance during the covid era. Government assistance accounts for 19 percent of total assistance, while private sector assistance accounts for 18 percent. NGO's account for just 2% of the total. However, 5.5 percent of the 33 percent of households earned both government and private sector assistance.

## LITERATURE REVIEW

The coronavirus illness (COVID-19) has had a significant influence on economies worldwide and in Pakistan, according to Shafi et al. (2020). The COVID-19 pandemic has had a disproportionately negative impact on micro, small, and medium-sized enterprises (MSMEs). In order to help micro, small, and medium-sized enterprises (MSMEs) mitigate their vulnerability to the COVID-19 pandemic, this paper will assess the impact of the epidemic on these companies and provide policy recommendations.

They analyzed the existing literature, which included policy papers, academic articles, and publications in the linked field, as part of their exploratory methodology. Financial, supply chain disruption, decreasing demand, income, and benefit are just a few of the many challenges that the majority of participating firms are coping with, as seen in the results. In addition, more than 83% of companies either weren't ready or hadn't thought of a strategy to handle this kind of crisis. (Shafi, 2020)

With the use of the COVID-19 pandemic, Gul et al.(2020) examined the effects of the virus on Pakistan's poverty and unemployment rates. The global epidemic exacerbated already-existing socioeconomic issues, including as rising poverty and unemployment. A trifecta of seismic shifts has shaken the contemporary globe. Locusts, oil price shocks, and the COVID-19 pandemic all occurred within a span of fifteen months. One million people lost their employment in only two weeks, forcing another 33 million into poverty. The findings of this thorough analysis demonstrate a positive correlation between the two. Suicides, acts of violence, and other societal problems are on the rise as a result of COVID-19-related increases in poverty and unemployment. During COVID-19, global output was low because to lockouts, stay-at-home regulations, oil shock, and locusts. Many more individuals are now living below the poverty line and without jobs. Developed and advanced markets, together with emerging economies, are seeing increasing poverty and joblessness. The consequent decline of every facet of our globe is directly attributable to socioeconomic problems, which in turn impact the singular position of states and societies. In order to ensure the social economy's continued existence and to improve the current work-to-population ratio, this paper recommends the creation of new regulations. They argue that other social difficulties diminish as a result of the state's increased domestic employment. (Gul, 2020)

The national unemployment rate rose by 14.7% in a little over two months. At 26.5%, the national unemployment rate is greater than it was in 1930, during the Great Depression (Fairlie et al, 2020).

Developed nations' GDP dropped 2.5% below the baseline, industrial economies' GDP declined 1.8%, and employment decreased 3% globally (Maliszewska et al, 2020).

According to Rasheed et al. (2020), this article investigates the environmental and socioeconomic impacts of the COVID-19 peak on Pakistan, both in the short and long term. Forecasts indicate a 10% economic loss, or 1.1 trillion Pakistani rupees, for FY 2021. Lockdowns, social isolation, and travel restrictions were all part of the government's pandemic impediment strategy, and their impact on the lives of almost 7.15 million workers has been studied in depth. This should lead to a 33.7% spike

in poverty. Even if the lockdowns have a lot of bad impacts on the main, secondary, and tertiary parts of the economy, including farming, schools, and hospitals, the air quality index in the country's major cities has improved significantly. Given the present economic crisis, the instability of the healthcare system, and the critical importance of health literacy, a coordinated and well-managed response from all parts of society, spearheaded by government officials, is required.

The Punjabi government's agriculture department commissioned a research from the Asian Development Bank. In this study, researchers in Pakistan examined 400 farmers in the province of Punjab to find out how the country's lockdown in reaction to the COVID-19 epidemic and locust invasion had affected them. Approximately 33% of agricultural families had a decline in income due to the COVID-19 epidemic, and 22% of those households saw a return to rural life from urban regions among their family members. While the lockdown did have an impact on the distribution of farm supplies and high-value agricultural items like milk, vegetables, and fruits, it had little to no effect on the marketing and harvest of wheat in Punjab. The mix-cropping district in central Punjab has experienced locust invasions, which have resulted in crop damage.

According to Shaikh (2020), who wrote for the International Growth Center in a report titled "COVID-19: Pakistan's preparations and response," the government of Pakistan has taken extreme steps to stave off the pandemic's effects, but it's unclear whether these will be sufficient in light of the difficulties the nation faced before the outbreak. Public health preparation receives infrequent attention in Pakistan, usually in reaction to crises when risks are highest. Consequently, the country's healthcare system is not able to scale. successfully and swiftly control epidemics on a grand scale, it is necessary to detect and treat them. The economic ramifications of the crisis are significant in Pakistan as well. Economists had pegged Pakistan's economic growth for a downturn even before the pandemic struck. After initially predicting 3.5% GDP growth for the 2020 fiscal year, SBP has already lowered its prediction to 3%. The government of Pakistan has unveiled a stimulus and rescue plan of PKR 1.13 trillion (\$6.76 billion), which effectively protects

industries and enterprises while also assisting the most vulnerable. The actual impact will depend on the enforcement measures used, notwithstanding the size of the budget. The Asian Development Bank and the World Bank will each contribute to this package to varying degrees.

**Socio-economic Impact of covid-19 in Pakistan**

Worldwide, the COVID-19 epidemic has affected economies. Pakistan followed suit. The epidemic of coronavirus has had a devastating impact on Pakistan's economy. In developing nations like Pakistan, where poverty is rampant and income per capita is low, this is especially true. Initial estimates put the economic loss at \$1.3 trillion. Even before the epidemic, a third of the population was poor; by June of 2020, that number is expected to have risen to more than 40%. The global economy has repercussions even in Pakistan. The worldwide decline in demand for garments has led to order cancellations for exporters.

**3.1 Supply and Demand Shocks in Pakistan Economy due to Covid-19 Pandemic**

Prior to the pandemic, the IMF predicted that Pakistan's GDP would rise at 2.4 percent, while inflation would reach double digits. This suggests that the Pakistani economy was engulfed by a slew of economic issues stemming from the twin deficit. Pakistan's government has taken a number of steps in recent years to help the country escape its economic problems. For Fiscal year 2020, the country's growth rate was negative, ranging from -2.2 to -1.3 percent (World Bank). The economic effect of the covid-19 pandemic is serious, affecting both the supply and demand sides of the economy.

The production process is linked to supply side shocks. The Covid-19 pandemic had an effect on both production and distribution. Pakistan, as an open economy, was severely impacted by the Covid-19 pandemic, as its major trading partners were severely impacted. As the pandemic spread, several countries implemented lockdowns, halted international travel, and cancelled export orders, causing global supply chains to be disrupted. Pakistan's imports have decreased in almost all industries, putting a halt to the country's demand. Figure 3.1 shows a comparison of selected commodity imports from April 2019 to April 2020. The lack of required inputs such as machinery, raw

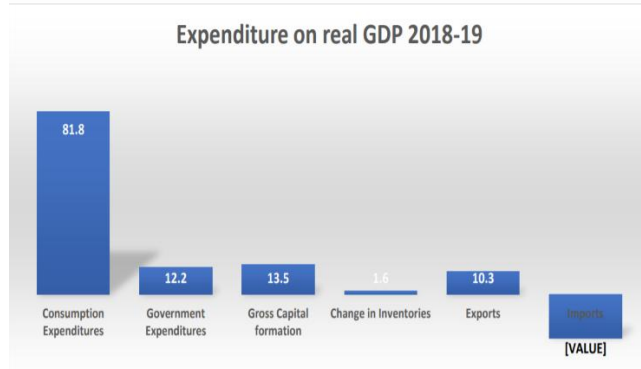
materials, metals, and fertilisers has harmed production in all sectors of the economy. As a result of the lockdown and transportation suspension, workers have been forced to leave their jobs. In this case, several occupations have introduced a "work-from-home" approach. The Pakistani economy, on the other hand, is not digitalized, and all forms of work cannot be done from home. Furthermore, the country's supply chain was distorted as a result of the restrictions on interprovincial travel. One of, if not the only, positive effects of the Covid-19 pandemic on Pakistan's economy was a drop in oil prices due to low demand for petroleum products, which lowered Pakistan's import bill and helped to minimise the country's trade deficit.

**Figure.3.1.**

Import Group	Commodity	Imports (April 2019)	Import (April 2020)	Percentage change
Food		62,266	85,306	37.00
Machinery		110,620	80,646	-27.10
Transport		28,882	19,937	-30.97
Petroleum		188,488	95,429	-47.42
Textile		50,643	38,257	-24.46
Agriculture and other chemical		112,063	101,933	-9.04
Metal		54,396	49,827	-8.40
Miscellaneous		12,169	10,020	-17.66
All Other		52,891	45,524	-13.93
Grand Total		665,418	526,880	-20.82

The effect of the Covid-19 pandemic on the Pakistani economy has resulted in a drop in consumer spending, as millions of low-wage workers have lost their jobs and are now struggling to make ends meet. Middle-income groups have also cut back on discretionary expenses in order to increase their savings and financial stability. People were also unable to spend due to the closing of shopping malls and restaurants, as well as a ban on transportation and travel. Figure 3.2 shows that consumption accounts for 82 percent of total GDP in Pakistan, and any shift in consumption expenditures could have a significant impact on GDP growth. People have cut back on non-essential spending due to the lockdown and concerns of a prolonged recession.

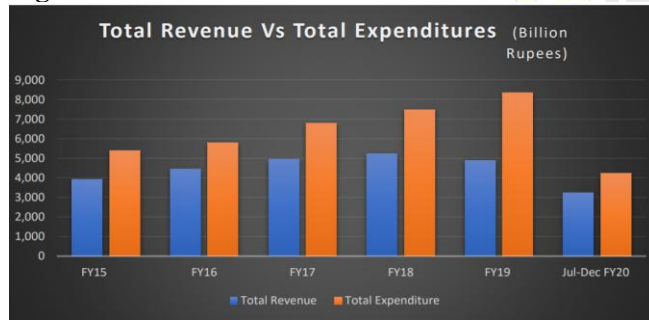
Figure.3.2



Source: Pakistan bureau of Statistics

For years, Pakistan has had a severe budget deficit, and the country's tax-to-GDP ratio has yet to reach international standards. From 2015 to 2020, Figure 3.3 shows a comparison of government spending and revenue. Tax receipts have always been smaller than government expenses, resulting in a budget deficit. Due to major budget cuts in FY20, the gap has widened. Government spending on many relief packages has increased, while tax collection has decreased due to smart lockdown.

Figure3.3



Source: Ministry of finance

Public spending is currently increasing in order to offer relief services to the public. On the one hand, the lethal pandemic has had a negative impact on the Federal Board of Revenue (FBR). Revenue collections have plummeted. Due to low demand, FBR faced a 31 percent drop in sales tax revenue from local manufacturers in March 2020. According to a press release from the FBR, tax collections in April 2020 were nearly 40 billion dollars lower than in April 2019. Figure 3.4 compares government's debt in March 2019 and March 2020 which shows a 23 percent increase.

Figure 3.4

March 2019	March 2020	Percentage Change
18,170.6	22,477.7	23.70
7,900.0	16,706.2	111.47
10,270.6	5,771.4	-43.81
9,625.7	11,658.1	21.11
9,469.4	11,210.6	18.39
156.4	447.5	186.17
27,796.3	34,135.8	22.81

Source: Ministry of finance

**Impact of covid-19 pandemic on households**

The Adverse effect of covid-19 on Pakistan's economy trickled down to the individual households. Households in Pakistan faced difficulty in making their ends meet due to the devastating pandemic. Unemployment, Inflation and other adverse effects of covid-19 have trickled down to households. In Pakistan almost 27.31 million people has lost their jobs or their income levels decrease. Figure 4.1 shows percentage of working population that has face unemployment or decrease in their income levels.

Figure 4.1

Percentage of Working Population Faced Job Loss/ Decrease in Income During Covid-19-%



Source: Covid-19 survey by Govt of Pakistan

Figure 4.2 shows the province wise incidence of working population has either lost their jobs or experienced a reduction in their income levels. Punjab tops the list with 48% working population that was affected. Among which 37 lost jobs or could not work and 10 % experienced decrease in their incomes. Sindh is second in list, then KP and Balochistan is last.

Figure 4.2

incidence of Working Population Faced Job Loss/ Decrease in Income During Covid-19-%

	Affected	Job Loss/ Could not work	Decrease in Income
Pakistan	49	37	12
Punjab	48	37	10
Sindh	51	39	11
Khyber Pakhtunkhwa	55	29	26
Balochistan	46	39	8

Source: Covid-19 survey by Govt of Pakistan

Due to lockdowns and business closures, approximately half of the working population was greatly affected by COVID-19. The most hit were the day-to-day wage earners and independent contractors in the non-farming industries, including store owners, street vendors, and cab drivers. Since the informal sector is notoriously susceptible to shocks like these, it follows that 74% of the impacted people are part of this sector. Based on these facts, it is critical to have a plan in place to incorporate these employees into social security systems immediately. According to the survey by the Government of Pakistan, Manufacturing, construction, transportation and storage, and wholesale and retail trade are the four most affected sectors in terms of job losses. (See Figure 4.3) When we look at the situation of workers inside the sectors, we find that workers in the construction sector were the hardest hit, with nearly 80% of workers losing their jobs or seeing a decrease in income, followed by workers in the manufacturing sector, with 72% of workers losing their jobs or seeing a decrease in income. These results indicate that, immediately after the Covid period(April-July), 46 percent of the total economic shock was caused by closure and opening of the manufacturing and building industries.

**Figure 4.3**  
*Incidence of Working Population Faced Job Loss/ Decrease in Income by Industry*

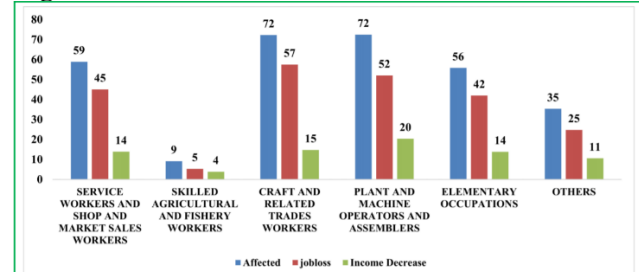
	Affected	Job Loss	Decrease In Income
Construction	80	59	21
Manufacturing	72	58	14
Transport, Storage	67	55	12
Wholesale and Retail Trade	63	44	19
Mining and Quarrying	38	31	7
Community, Social and Personal Services	36	27	9
Agriculture, Forestry Hunting and Fishing	14	7	7
Others	33	25	7

Source: Covid-19 survey by Govt of Pakistan.

If we look at the number of employees affected by occupation (Figure 4.4), it's clear that 72 percent of Craft/Related and Plant & Machine Operators/Assemblers were severely impacted, with 57 percent and 52 percent of both occupations losing their employment during the Covid-19 timeframe (first wave), respectively. Other occupations with a higher rate of affected employees include service/shop/sales workers and elementary occupations, where 45 percent and 42 percent of

workers lost their jobs, respectively. During the shock time, I was unable to function. Agriculture was the least affected profession, accounting for just 9% of the total.

**Figure 4.4**



Source: Covid-19 survey by Government of Pakistan

**Financial Implications Faced by Households during COVID-19**

Different households have different sources of income. others depend only on remittances sent home or abroad, others have employment or enterprises that generate revenue from land (in the form of rent), while still others depend only on gifts and help. Data from the figure 4.4 shows that the closure of business activities during the lockdown, which lasted from April to July 2020, had a significant impact on household finances. Almost 53% of Pakistani households reported having less money, either earned or unearned. Khyber Pakhtunkhwa households had a 64% drop in income, with the urban regions seeing a greater drop (67%) than the rural areas (63%). One possible explanation is that the loss of jobs in the region has reduced domestic and international remittances, which constitute a significant portion of Khyber Pakhtunkhwa's GDP. After Punjab (51%), Balochistan (59%), and Sindh (49%), the provinces with the highest number of impacted households are Punjab (51%), and Punjab (49%).

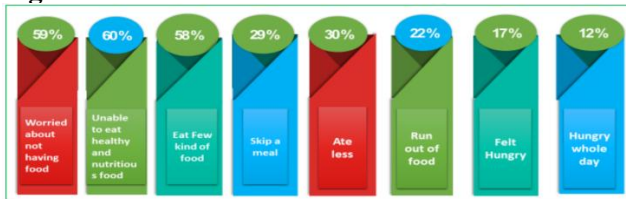
**Figure 4.4**  
 Percentage of Household Reported Reduced Income (Earned Or Un Earned) by Region

	Urban	Rural	Total
<b>Pakistan</b>	<b>57</b>	<b>49</b>	<b>53</b>
<b>Punjab</b>	53	44	49
<b>Sindh</b>	64	51	59
<b>Khyber Pakhtunkhwa</b>	67	63	64
<b>Balochistan</b>	51	51	51

Source: Covid-19 survey by Government of Pakistan. Despite the fact that Pakistan is a food surplus country and a major wheat producer, food insecurity remains a major concern in Pakistan. Malnutrition affects women and children the most in Pakistan, with just 15% of children eating a minimally acceptable diet. During the Covid Era, severe food insecurity in the country increased to 10%, up from about 3% in HIES 2018-19. Although 30% of the households indicated Moderate Food Insecurity, this is up from 13% in the HIES 2018-19. It's worth noting, however, that 60 percent of households were food safe during the covid.

Figure 4.5 shows experience of households regarding food insecurity in covid times.

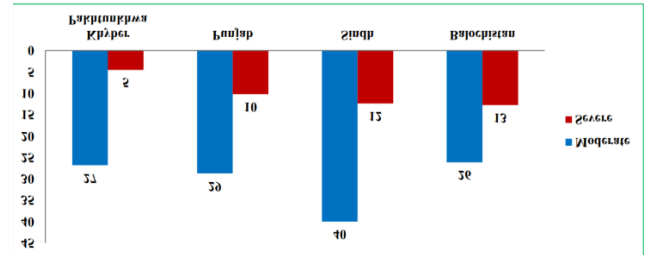
**Figure 4.5**



Source: Covid-19 survey by Government of Pakistan. According to the survey by Government of Pakistan severe food insecurity is higher in urban areas, at 13%, than in rural areas, where it is at 8%. Moderate food insecurity is also higher in urban areas, with 33% versus 30% in rural areas. In a provincial contrast, Sindh had the highest percentage of households with moderate to extreme food insecurity, at 52 percent, followed by Punjab and Balochistan, both at 39 percent. However, households in Balochistan Province had the highest level of severe food insecurity (13%) while households in Khyber Pakhtunkhwa province had the

lowest level of severe food insecurity (5%). The result is depicted in figure 4.6.

**Figure 4.4**  
 Province wise percentage of household that faced Poverty

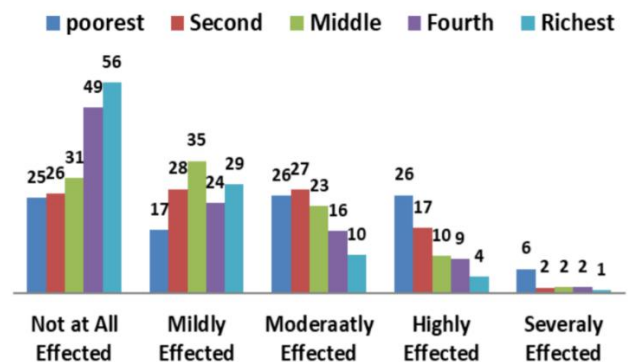


Source: Covid-19 survey by Government of Pakistan

**Perception of Households Regarding Impact of Shock**

According to data analysed by the Pakistan Bureau of Statistics, only 37% of households did not felt the financial effect of Covid-19 on general well-being in their lives during the period of covid-19. 26% of households reported mild shock, and 36% of households reported moderate, high, or severe financial impact of Covid-19 during the Covid period. When households were examined by wealth quintiles, it was discovered that the highest percentage of households in the wealthiest quintile, 56 percent, did not experience any shock, compared to just 25% of the poorest quintile. Result is shown in figure 4.5

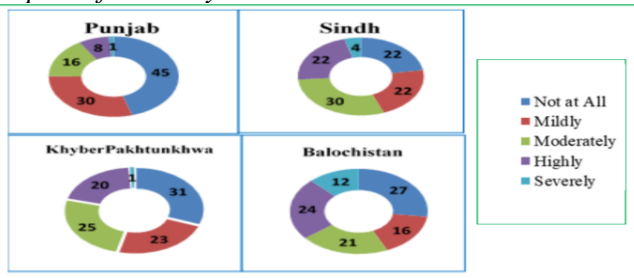
**Figure 4.5**  
 Perception of households regarding impact of shock



When looking at the results by province, it's clear that Punjab has the highest percentage of households reporting no financial effect from the Covid-19

lockdowns, at 45 percent. After that Khyber Pakhtunkhwa comes with 31 percent. The number of households in Balochistan and Sindh reported highest percentage (57 and 56 percent, respectively) that their livelihoods had been impacted. Result is portrayed in figure 4.6.

**Figure 4.6**  
*Province wise Perception of Households regarding Impact of Shock by Covid-19*



Source :Pakistan Bureau of Statistics

### Pakistan’s Response and Institutional Response

To cope with the adverse socio-economic impact of covid-19 on households and economy of Pakistan as a whole, the Pakistan government took many major steps to provide relief to low income households in country. Government of Pakistan has taken following steps to help households in Pakistan.

#### Ehsas Program

A fiscal stimulus program of PKR 1.2 trillion was announced by the Pakistani government in response to the COVID-19 pandemic. Along with allocating PKR 144 billion (PKR 12,000 per household), increasing the reach of the Ehsaas emergency program from 5.2 million to 12 million households, and providing a cash grant of PKR 158 billion to 3 million daily wage laborers in the formal sector, the provincial governments have also announced PKR 50 billion to subsidize food items for low-income families at Utility store. For the current five million BISP households, the government has provided an immediate boost by increasing the monthly payment from PKR 2000 to PKR 3000. A basic income initiative, which would provide eligible individuals with an emergency cash transfer of Rs 12,000 based on data analytics, was recently presented by the government. People who are about to go hungry, such rickshaw drivers, street sellers, and daily wage workers, will be able to get assistance, especially

during the lockdown, since the qualifying conditions are being expanded.

The Planning Commission of Pakistan will not only respond immediately, but will also draft a COVID-19 National Action Plan to guide further measures. The government adjusted its fiscal year (FY2020-21) budget to reflect shifting priorities in light of COVID-19. Within this framework, the Planning Commission has asked the UN Resident Coordinator's Office (UNRCO) to quickly evaluate the socioeconomic impacts of COVID-19 in Pakistan, focusing on companies, homes, and persons who are most at risk.

### Securing Food Security of Households

Reducing the price of all petroleum goods, allowing electricity and gas bills to be paid in three monthly installments, improving the capacity of public hospitals to handle the pandemic, refunding taxes to exporters, and increasing the procurement goals for wheat to inject funds into rural economies are additional steps. Pakistan is trying out various lockdown strategies, much like a lot of other nations. A lockdown similar to a curfew was first implemented in Sindh, the first province in Pakistan to do so. When compared to other parts of the globe, Karachi has the strictest regulations. At the same time, Khyber Pakhtunkhwa (KP) has instituted a partial shutdown while Punjab has implemented a less severe one. Prime Minister Imran Khan of Pakistan has refused to budge from his stance against a complete national shutdown, arguing that the country would be ill-prepared to handle the severe economic fallout. In addition to a significant reduction in gasoline costs, the government plans to temporarily do away with all food levies. Households whose bills were below a certain level will not be charged for three months. In order to guarantee the continued availability of food and other necessities, PKR 50 billion has been allocated for government-run service outlets. For the purpose of avoiding cash flow issues for wheat producers and facilitating smooth wheat procurement, a sum of PKR 280 billion has been reserved.

**Steps To Ensure Financial Stability and Protection of Small Businesses through State Bank of Pakistan**

Through the State Bank of Pakistan, the federal government has taken measures to guarantee financial stability. The government has lowered the policy rate to 9%, expanded refinancing programs, unveiled new infrastructure to bolster the housing, manufacturing, healthcare, and transportation sectors, and relaxed regulations on export refinancing and long-term financing. Also included are other interim regulatory actions. A capital conservation buffer of 1.5% was reduced by the government. The government increased the regulation ceiling for lending to small and medium-sized enterprises (SMEs) by 44%, to PKR 180 million. It extended the grace period for customers to pay back their consumer loans and reduced the debt load ratio from 50% to 60%. In order to get further funding, the administration has also sought the backing of the World Bank and the International Monetary Fund. The International Monetary Fund contributed \$1.4 billion, while the World Bank contributed \$200 million. The government has announced two stimulus packages totaling PKR 100 billion (\$600.42 million). One is for small and medium-sized enterprises (SMEs), which make up 90% of Pakistan's companies and are responsible for 40% of the country's non-agricultural employment. In an effort to entice fresh investment, Pakistan's State Bank (SBP) has unveiled a Temporary Economic Refinance Facility (TERF). The result will be low-interest financing for industrial enterprises.

**Social Protection Packages by Government**

During Covid, the Pakistani government announces Social Protection Packages, but the nobility of the entire population, combined with government assistance, allows the country to cope with the situation generated by the pandemic, which has been widely praised.

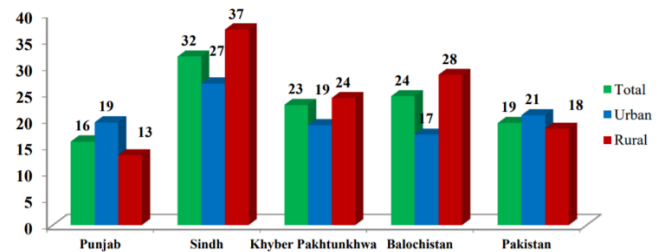
According to a survey conducted by Government of Pakistan to analyze the impact of covid-19, Households in Pakistan got assistance from three sectors which includes government sector, private sector and assistance from Non government organizations(NGO). According to the findings, approximately 17.07 million households, or 33 percent of all households, received assistance during

the covid era. Government assistance accounts for 19 percent of total assistance, while private sector assistance accounts for 18 percent. NGO's account for just 2% of the total. However, 5.5 percent of the 33 percent of households earned both government and private sector assistance.( source: Covid survey by Government of Pakistan).

According to the regional comparison, the government sector assisted 21 percent of urban households and 19 percent of rural households. When the data was broken down by province, it was discovered that the highest percentage of households, 32 percent, in Sindh obtained financial assistance from the government through the BISP/ Ehsaas programme , followed by 24 percent in Balochistan. Punjab, on the other hand, ranks last among all provinces, with just 16%. During the Covid period, the average household earned Rs. 12000 from the BISP/ Ehsaas program. Result is indicated in figure 5.1.

**Figure 5.1**

*Assistance received by Households from Government sector in provinces*



Source: Covid-19 survey by Government

Financial support from family members, colleagues, and neighbours is referred to as private sector assistance. Khyber Pakhtunkhwa has the highest percentage of households receiving assistance from the private sector (28%) among all provinces, whereas Balochistan has the lowest percentage (15%). During the Covid-19 Period, households across Pakistan received an average of Rs. 21000 in cash and in-kind assistance(See figure 5.2). Overall, the average assistance obtained (cash/in kind) from NGO/Others was Rs. 28000, but it only accounts for 2% of total assistance.

Figure 5.2



Source: Covid-19 survey by Government

### CONCLUSION

Corona virus emerged in Wuhan city of china and from there, it engulfed the whole world. It had spread to almost every country of the world. Corona virus not only impacted the health of people but it caused world economies to plunged into regression. Pakistan is also badly hit by corona virus. In Pakistan, corona virus resulted in human death toll as well Pakistan's annual GDP growth was negative for the year 2020.

Pakistani households have also felt the effects of the epidemic. Numerous sources of income are available to households. Income from occupations or enterprises and land, like rent, is the only source of income for some families; for others, gifts and help are the only sources of revenue. From April to July 2020, family budgets took a major hit since businesses were closed due to the lockdown. Whether earned or unearned, over 53% of Pakistani families have seen a decline in income. Only 37% of households in Pakistan did not perceive the financial impact of Covid-19 on their household's general well-being during the Covid period; however, 26% of households recorded mild shock, while 36% of households reported moderate, high, or serious financial impact of Covid-19 lockdowns.

As the pandemic spread, several countries implemented lockdowns, halted international travel, and cancelled export orders, causing global supply chains to be disrupted. Pakistan's imports have decreased in almost all industries, putting a halt to the country's demand. As a result of the lockdown and transportation suspension, workers have been forced to leave their jobs. In this case, several occupations have introduced a "work-from-home" approach. The Pakistani economy, on the other hand, is not digitalized, and all forms of work cannot be done

from home. Furthermore, the country's supply chain was distorted as a result of the restrictions on interprovincial travel. One of, if not the only, positive effects of the Covid-19 pandemic on Pakistan's economy was a drop in oil prices due to low demand for petroleum products, which lowered Pakistan's import bill and helped to minimise the country's trade deficit.

Due to lockdowns and business closures, approximately half of the working population was greatly affected by COVID-19. The most hit were the day-to-day wage earners and independent contractors in the non-farming industries, including store owners, street vendors, and cab drivers. The four industries that have been hit the worst by the loss of jobs, according to the Pakistani government's report, are manufacturing, construction, transportation and storage, and wholesale and retail trade. Workers in the construction industry took the worst blow when we break down the situation by sector. Almost 80% of construction workers either lost their employment or saw a decline in their pay. Covid affected Households in Pakistan received assistance from government as well as from private sector. As part of immediate response Pakistan's government declared a 1.2 trillion fiscal surplus package to lend support to covid-19 struck low income households. Provincial governments of Pakistan also announced relief packages to support its population. Pakistan government lowered the price of petroleum goods and allowed electricity and gas bills of low income households to be paid in three months installments.

Private sector of economy also lend support to low income households in form of financial assistance by family members, colleagues and neighbours. Households in Khyber Pakhtunkhwa received highest percentage of assistance from private sector while households in Balochistan received lowest assistance.

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