

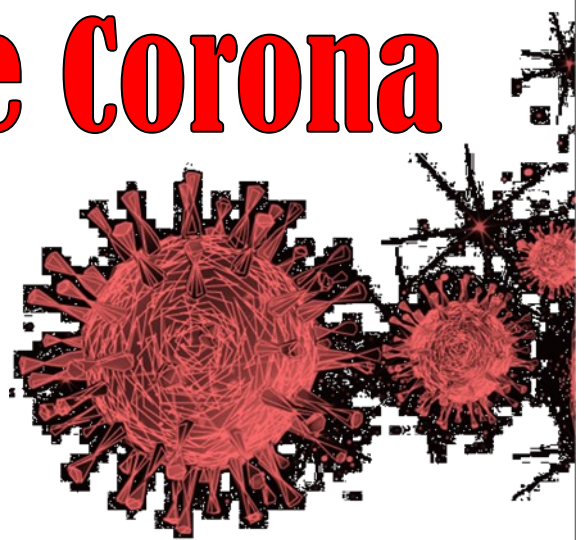
# Pakistan Coping with the Corona Crisis

## A fortnightly report on **ECONOMY**

**15 April –30 April**

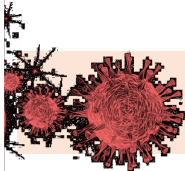
*This report documents the unwinding of the government's economic stimulus package worth Rs 1.25 trillion, including measures taken by the State Bank of Pakistan, to stem the effects of languid economic activity under lockdown orders. With the virtual absence of a social safety net to fall back on, the livelihoods of teeming millions of Pakistanis face a precarious future with factories, businesses and most other non-essential workplaces either remaining closed or functioning under restraint, in order to contain the spread of the Covid-19 pandemic.*

*In this report, we articulate the unfolding of several relief packages, designed to mitigate the financial strains placed on blue-collar workers and industrialists alike, both of whom are running low on cash reserves, while employers ponder whether to retain or axe their regular workforce. Furthermore, the efficacy of relief measures, including their scope and intent, are measured from the feedback procured from a labor union & labor rights group, small business owners, and distraught industrialists.*



### **Economic Highlights**

- ★ The launching of a utility bills support program called "Karobar-o-Sanat", worth Rs 50.7 billion, providing upto 3 months of prepaid bills facility to qualifying micro & cottage industrial units.
- ★ An unwinding of a social safety relief package for workers made redundant while furloughed, worth Rs 75 billion, called "Mazdoor Ka Ehsas" program.
- ★ Announcement of interest free/ discounted loan packages for Micro, Small and Medium Enterprises for the purpose of lending support to their ability to maintain payrolls during the lockdown.
- ★ An offer of extended deferment of loan principal's amortization scheme, put together to assist struggling businesses cope with low cash flow(s) emanating from temporary closures.
- ★ Pakistan Stock Exchange demands a liberal Capital Gains Tax regime to stem capital flight from the bourse, occurring simultaneously with several companies delisting their stocks, all happening under a pandemic emergency.



## **The Government launches two Economic Relief programs: "Karoobar-o-Sanat" and "Mazdoor ka Ehsas"**

The first program, better known as "Karoobar-o-Sanat" is worth Rs 50.7 billion; launched during the last week of April. It aims to provide reprieve to qualifying industrialists and business owners, through the provision of prepaid electricity bill incentives for up to three months. According to government sources, 3.2 million commercial enterprise owners can avail themselves of this package, having an electric connectivity upload of up to 5KW. Additionally, another 400,000 industrial enterprises with a maximum electric upload of up to 70KW are also eligible to apply. Conversely, commercial consumers are eligible for utility grants of up to Rs 100,000 per month, while industrial consumers can get up to Rs 450,000 in utility grants. Responding to a question regarding the efficacy of the program, an owner of a medium-sized industrial unit expressed some skepticism, pointing out limitations of the aforementioned utility bills relief package. When asked to elaborate, the said industrialist opined that the State Bank of Pakistan and the Small and Medium Enterprise Authority define SMEs with utility consumption ranging between 100 KWs and 400 KWs.

This excludes most SMEs from benefiting from the program, nevertheless, while only micro and cottage industrial units, whose maximum daily electric capacities are comparatively lower, could easily qualify for benefits under the program.

With an estimated job loss of between 12.3 million and 18.5 million (Ministry of Planning), the government last week announced the unwinding of its income support and wage supplement program, also known as "Mazdoor Ka Ehsas," with an initial monetary allocation of Rs 75 billion. Under the program, blue-collar workers recently losing their jobs due to the halting of normal business activities during the emergency Covid-19 lockdown or were furloughed without pay, may register themselves and receive Rs 12000 (\$75) each month, up until the program runs out of money. Some of the hurdles that may become apparent, include the figuring out of who qualifies for the monthly cash transfers; requiring a thorough identification of undocumented workers for inclusion in this scheme, especially since millions were suddenly made jobless.

## **Interest Free/Discounted Loan Packages for Micro, Small and Medium Enterprises (MSMEs)**

According to the Federal industries minister, Hammad Azhar, the government is currently working out the details of an interest-free loans facility for MSMEs, who are facing an acute shortage of cash flow, however, they have continued to make regular salary



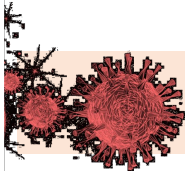
payments to their furloughed workers. Additionally, the State Bank of Pakistan has recently announced a generous payroll support program for Small and Medium sized Enterprises (SMEs). Already, 700 firms have applied for a combined loan of Rs 65 billion. This is a temporary refinance scheme meant to support payroll payments for up to three months under lockdown orders.

## **What does a Labor Rights group and Labor Union's conglomerate say about the intent of the Government's Stimulus Package?**

According to the Pakistan Institute of Labor Education & Research (PILER), a non-government think tank and advocacy group for labor rights, approximately 75 percent of Pakistan's 65 million laborers work informally i.e., without proper registration or bound by a job contract with stipulated benefits



and terms. These laborers are most vulnerable when it comes to employment security and the first to be shown the door during a downsizing frenzy. As an example, a week before the International Labor Day, hundreds of workers at two temporarily shut garment factories in Karachi, arrived at their work site to demand their salaries, only to be told that their services were no longer required. They held demonstrations but to no avail as factory owners stated their inability to retain all payrolls. According to the National Labor Federation (NLF), a conglomeration of Pakistani labor unions, the government has realized the vulnerability of informal workers and devised the Ehsas (care) emergency cash relief package for (recently) laid off workers, with the view of providing temporary cash assistance, under lockdown orders. Although, the government has reprimanded companies for laying off their staff, simultaneously, massive layoffs have taken place throughout the country. The government dedicated a portion of its Rs 1.25 trillion economic stimulus package for providing financial incentives to industries and business who demonstrated responsible corporate citizenry, during the pandemic emergency closures, by retaining all their employees and paying them with regular salaries. The following financial relief package aims to bolster such companies' cash flow and consolidate their ability to continue paying their employees.



## **Extended Deferment of Loan Principals' Amortization Scheme**

Another financial relief package, launched under the auspices of the State Bank of Pakistan, considers businesses who are facing difficulties in amortizing their loan's principal, mainly due to the halting of or constraints in business activity under lockdown orders. This program allows qualified business owners an opportunity to request a moratorium on amortization payments of loan principals, for up to a year, after proving financial hardship in servicing their loans.

According to Hashim Raza, Director of Small and Medium Enterprises Development Authority (SMEDA), a premier agency advocating for the better functioning of SMEs in Pakistan, a rationale for setting up the above two programs was a joint consensus amongst SMEs that their ability to remain solvent, during the lockdown, and restart normal business activity once such restrictions were lifted, relied upon a resilient balance sheet, allowing firms to honor obligations related to their fixed and variable costs of running businesses. Most SMEs stated that they were already overburdened by multiple order cancellations, therefore, the announcement of relief packages, provides hope of staying afloat under the economic uncertainty. According to a small auto-parts owner, who wanted to remain anonymous, the SBP's income-support and loan payment deferral programs are limited in their outreach as about 75% of MSMEs operating in Pakistan belonged to the informal economy, preferring to remain obscure. The lack of financial inclusion of such firms and their oft inability to present collateral as loan guarantees present a huge obstacle in convincing banks to provide subsidized loans to these marginalized businesses.

## **COVID & THE ECONOMIES AROUND THE GLOBE**

The IMF said that it expects the global economy to shrink 3 per cent this year — far worse than its 0.1pc dip in the Great Recession year of 2009 — before rebounding in 2021 with 5.8pc growth. It acknowledges, though, that prospects for a rebound next year are clouded by uncertainty.

The IMF's chief economist, Gita Gopinath said the cumulative loss to the global gross domestic product (GDP), the broadest gauge of economic output, could amount to \$9 trillion — more than the economies of Germany and Japan combined. The IMF's twice-yearly World Economic



Outlook was prepared for this week's spring meetings of the 189-nation IMF and its sister lending organisation, the World Bank.

The IMF expects economic contractions this year of 5.9pc in the United States, 7.5pc in the 19 European countries that share the euro currency, 5.2pc in Japan and 6.5pc in the United Kingdom. China, where the pandemic originated, is expected to eke out 1.2pc growth this year.

The world's second-biggest economy, which had gone into lockdown, has begun to open up well before other countries. Worldwide trade will plummet 11pc this year, the IMF predicts, and then grow 8.4pc in 2021. the IMF's managing director, Kristalina Georgieva, said that emerging markets and low-income nations across Africa, Latin America and much of Asia were at especially high risk.. the IMF approved \$500 million to cancel six months of debt payments for 25 impoverished countries.

( Source: *Dawn*, 15 April 2020)

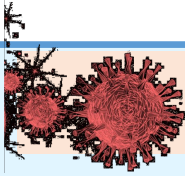
## **Pakistan Stock Exchange (PSX) demands a liberal Capital Gains Tax**

In light of the recent capital flight and falling stock market indices, the PSX Chairman, this week, requested the Securities and Exchange Commissions of Pakistan (SECP) to reconsider its existing taxation policies with regards to capital gains made in the stock market. In its budget proposal for 2020-2021, the PSX asked for an exemption in the capital gains tax for the next 12-24 months. If the Stock regulator did not like the above proposal, the PSX presented an alternative taxation plan asking the SECP to wind down its 15 percent taxation on all holdings to a more reasonable lower figure, in order to stem the capital flight and provide an incentive for investments to stay. PSX chairman. Suleiman Mehdi, emphasized that stock yields in Pakistan provided a handsome 6.5 percent gain, beating the regional average of 3 percent. A low capital gains tax would harmonize the tax regime of both equity and debt instruments, allowing for more competition between the two investments. This is necessary, especially since more companies have delisted from the PSX (in recent times) than they have enlisted on the bourse, the PSX Chairman stated. Since the pandemic has rattled the stock market, another PSX proposal called for the gradual reduction in the corporate tax rate from its present 29 percent, which was higher than the Asian average of 21.32 percent. Approval and implementation of some or all of the above tax amendment proposals would allow the PSX some breathing space to retrench gains made by Pakistani corporations under the precarious economic circumstances.

### **Situations Reports and Latest Studies on Corona Virus Crisis:**

- ◆ Global And National Mitigation Strength, this website explores mitigation measures via their impact on effective transmission rate, since the same mitigation strength can be often achieved in multiple ways [http://epidemicforecasting.org/?scenario=2W\\_None](http://epidemicforecasting.org/?scenario=2W_None)
- ◆ Pakistan: COVID-19 – Situation Report: Source OCHA, <https://reliefweb.int/report/pakistan/pakistan-covid-19-situation-report-7th-may-2020>
- ◆ COVID-19 delays activities of Pakistan's domestic tourism industry: <https://blogs.worldbank.org/endpovertyinsouthasia/covid-19-delays-activities-pakistans-domestic-tourism-industry>
- ◆ Detailed E-Book on Coronavirus analysis by Pakistan Institute of Development Economics (PIDE): <https://www.pide.org.pk/pdf/PIDE-COVID19-EBook.pdf>
- ◆ Assessing the Covid-19 economic fallout in Pakistan: <https://blogs.tribune.com.pk/story/95806/assessing-the-covid-19-economic-fallout-in-pakistan/>





## **Sustenance in the midst of lockdown**

By Afshan Subohi

**"The government must ensure the availability of agricultural inputs at affordable rates to skirt disruptions in the food supplies"**

The future depends on the Covid-19 tra-

jectory, but the good news is that Pakistan will not run out of food anytime soon. Thanks to the nature and the farming community, Pakistan is food secure for now.

Experts believe that if the health crisis exacerbates, the risk to food security can only be mitigated by radical plans to divert the requisite resources to support the rural economy.

Currently, the country has sufficient stocks of wheat, rice, sugar, pulses, edible oil, onions, tomatoes, potatoes and greens besides cattle stocks. The government has banned the export of wheat and wheat products, pulses and onions for a year. This will also serve to ensure the price stability in Ramazan when food demand spikes.

According to dependable sources in the Ministry of Food Security and Research, the wheat harvest is good and should be sufficient for a year. Stocks of imported cooking oil can last for seven months. Stocks of pulses will give a cover of over a month. Supplies of fruits and vegetables are normal with no sign of stress so far.

Some progressive farmers from Sindh and Punjab noted a dip in demand for fruits and vegetables in cities. The lockdown, they said over the phone, has affected perishable horticulture products the most. They called for enhanced trading through smartphones and a settlement through e-payments so that only truckers would need to travel. "The government needs to guarantee the availability of agricultural inputs at affordable rates to skirt disruptions in food supplies," a Sindh farmer said.

Agriculture experts are worried about mid-sized farmers who are said to be bearing the brunt of the lockdown. They are facing difficulties in acquiring farm inputs and selling their produce. Experts urged policymakers to ensure the well-being of the farming community for steady grains and greens supplies. "Much will depend on access to quality seeds and affordable fertilizer and pesticides," a retired agriculturist noted.

With the textile industry in trouble, demand prospects for cotton are not bright. Besides, a greater interest from the government in food crops can nudge farmers in the cotton belt to switch to food crops in the Kharif season for which sowing has started and will continue till June. Rice, sugar cane, cotton, maize, moong, mash, bajra and jowar are key Kharif crops.

In the absence of the geographical mapping of food stocks, the extent of coordination among the provinces is important. When contacted, the Ministry of Inter-Provincial Coordination appeared to be dormant. Its minister, Dr Fahmida Mirza, attributed the state of inactivity to the



reluctance of the provinces. She said the provinces are opting for independent positioning instead of complementing the federal policies in the current difficult phase.

"A holistic approach is required for food security. The provinces should bring to table all the relevant data and draft proposals to ensure the sufficient stocks of essentials to feed the population of the entire country. Collectively, they can streamline mechanisms and pen policy advice for the federal government.

"Unfortunately, the provinces have pushed their independence post-18th Amendment a bit too far and the value of consultation is lost on them," she said.

The reports about mob attacks on grain depots in some parts of the country were brushed aside as isolated incidents by government functionaries in Islamabad. "The issue, as far as we know, was that of affordability. The high anxiety level amongst people who lost livelihoods to the lockdown caused commotions at

some places," said a close watcher of the commodity market in Punjab.

Fakhar Imam, who assumed the charge of federal food minister in place of Khusro Bakhtiar in a cabinet reshuffle early this month, was too busy to make time to share his views. But the hierarchy of his ministry was hopeful that Pakistan would ride out the challenge of feeding its population despite economic distress.

Dr Javed Humayun, spokesperson for the Ministry of National Food Security and Research, told *Dawn* that the ministry is closely tracking, monitoring and reporting the updates on food supplies to the command and control operation Center on a daily basis.

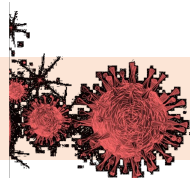
"It is our primary mandate to keep an eye on all the four components of food security — availability of stocks, accessibility through transportation from farm gates to the market, utilization based on ensuring minimum quality standards and stability in the market based on affordable prices. We are at it to the best of our capacity beating all odds."

"Based on the assumption of 115-kilogram requirement of wheat per person annually, the average yearly requirement is about 27m tones, about the same as the country's production. To provide a buffer in emergencies/shocks and check market manipulation, the federal and provincial governments maintain their own buffer stocks of the staple grain besides the Pakistan Agriculture Storage and Services Corporation Ltd (Passco) operations.

As the harvesting of wheat started last month, the Economic Coordination Committee decided to acquire 8.25m tonnes of wheat collectively. Punjab has been asked to buy 4.5m, Sindh 1.4m, Khyber Pakhtunkhwa 0.45m, Balochistan 0.1m and Passco 1.8m tonnes," he told *Dawn* by phone from Islamabad.

"With the threat of Covid-19 spreading to rural Pakistan still lingering, the government can't afford to be complacent," said a member of the economic team.

*Published in Dawn, The Business and Finance (Weekly, April 20th, 2020)*



## Lock down & Employment Catastrophe in Pakistan

By Saba

### Introduction

Pakistan is a developing country that is homeland of about 212.82 million people and stands as the 5<sup>th</sup> most populous country of the world. The country is facing numerous economic challenges and is struggling to survive with its weak social and economic base since its inception.

Since the beginning of year 2020, the country is dealing with pandemic, COVID-19. Being much more than a health crisis, the pandemic is posing serious challenges to its governance and worsening its political, social and most importantly the economic situations. The pandemic caused strict lockdown and confined people to their homes, and restricted all the business activities in the country. Following government orders many offices have been shut down partially while shopping malls, markets and shops (except grocery stores and pharmacies), restaurants, marriage halls, parks and picnic points have been closed completely. Inter-city bus and some air services have also been suspended in the country.

As a result many small and medium enterprises failed to perform enough economic activity that revenues could meet the operating cost of business (rent, plant operation cost, etc.) and pay worker's salaries, hence lock down threatened jobs of millions of people leaving most of them unemployed. In this connection, International Labour Organization (ILO) warned that certain groups will be disproportionately affected by job crisis widening inequality. People at higher risk include people in low-paid less protected jobs, youth and old workers, and women and migrants (ILO, 2020).

According to United Nation Development Program (UNDP) the shutdown measures have already impacted small businesses, small and medium enterprises and daily wagers associated with various sectors of the economy and informal sector in Pakistan, that accounts for a major share of the national economy and employs 27.3 million individuals, an increase in un(der)employment and poverty coupled with implications on food production and overall food securi-



A fruit vendor waits for customers as he sells guava from a wheelbarrow along a closed market during a lockdown, following an outbreak of coronavirus disease (COVID-19), in Lahore. PHOTO: (Rana, 2020).

ty are anticipated. Owing to a slowdown in economic activity and high proportion of vulnerable employment in the country, Pakistan could see a significant increase in poverty and unemployment in coming months (Hanif, 2020).

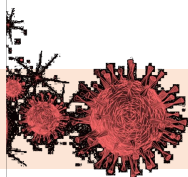
Keeping the potential risk of pandemic in focus, many production units have reported layoffs in their respective industries during past few months. Paracha

(2020) reported that careem a ride-hailing company has announced layoff of 536 employees that constitutes 31% of its workforce. CEO of the company reported that business of the company is down by more than 80% and recovery time line is highly uncertain. Therefore, similar to the other businesses in the industry, the pandemic has affected the company. It was reported that the

**Table 1** Distribution of Workers across Major Industry Groups

Major industry groups	Freq.	Percent
Agriculture, Forestry and Fishing	21,355,115	38.49
Manufacturing	8,904,972	16.05
Wholesale and retail trade; repair of motor vehicles and motorcycles	8,277,063	14.92
Construction	4,223,138	7.61
Transportation and storage	3,147,502	5.67
Education	2,245,649	4.05
Public administration and defence; compulsory activities	1,383,921	2.49
Other service activities	1,163,802	2.1
Accommodation and food service activities	1,095,226	1.97
Other services	3,680,603	6.64
	55,476,991	100.00

Source: Author's estimation based on Pakistan Labour Force Survey (2017-18)

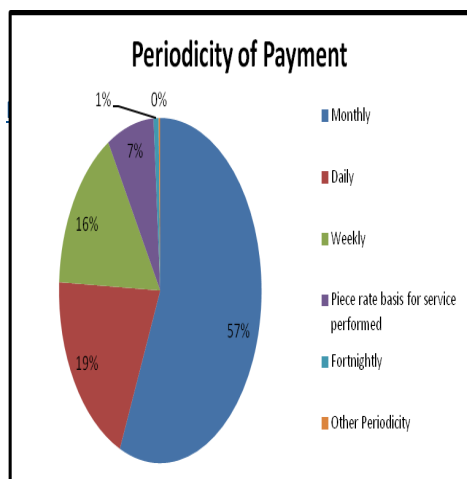


company has given priority to its tech over non-tech workers while taking the decision. The distinction was made to support its future goals and improved services coping with new challenges and situations of pandemic.

Dun & Bradstreet Company reported that due to the closure of production units, business in manufacturing sector industries had been severely affected and few manufacturers have cancelled or postponed the awarded contracts. It was further reported that as a result of panic buying and hoarding in fast moving consumer goods (FMCG) and retail, business in these sectors remained somewhat positive. Rise in sales of the sector was also due to bulk purchases for donations and ration distribution (Hanif, 2020). In this connection, Punjab Planning & Development Board (PPDB) has assessed that due to lock down around, 18.65 million people are at risk of losing their jobs (Report, 2020).

No accurate estimates can be provided to measure the economic loss of the country due to the pandemic (lockdown). However, this report attempts to measure the proportion of workers vulnerable to the risk of losing jobs across major industries and whose bread and butter is highly uncertain during lockdown. The report also attempts to review the initiatives taken by government to protect or support people who are at (either short term or long term) risk of uncertain livelihood nowadays.

## Overview of Employment situations in



Source: Author's estimation based on Pakistan Labour Force Survey (2017-18).

## Pakistan

Pakistan is a labour abundant country and is blessed with highest youth share in the world. Around 65.50 million persons (45% of population) participate in labour force out of which 50.74 million (77.4%) are males and 14.76 million (22.53%) are females. Out of this 61.71 million (94.21%) are employed persons and remaining 3.79 million (5.79 %) are unemployed persons. Out of these employed persons 48.17 million persons (78.05%) are male and 13.54 million (21.94%) are females (Pakistan Labour Force Survey, 2017-18). About 28.2% of population belongs to the age group 15 to 29 years that offers demographic dividend to the country (Pakistan Economic Survey, 2018-19).

Table 1 shows the distribution of workers across main industry groups in Pakistan. It shows that country mainly relies upon agriculture sector to support the employment. The sector employs about 21.35 million persons constituting about 38.5% of national workforce.

Second largest sector of employment is manufacturing sector that employs about 8.9 million persons constituting about 16% of national workforce. Third large sector of employment is wholesale & retail trade and repair of motor vehicles and motorcycles that employs about 8.27 million persons constituting about 15% of national workforce.

Construction industry is another important sector of employment that employs about 4.22 million persons constituting about 7.61% of national workforce. Transport and storage industry employs about 3.14 millions of workers constituting about 5.67% of national workforce. Other industries include education and public administration and defence respectively employs about 4% and 2.4% of national workforce. Accommodation & food service industry employs about 1.97% of national workforce in the country.

Other service industries including, mining & quarrying, electricity, gas & water, financing, insurance, real estate & business services and extraterritorial organizations and bodies, collectively employs about 3.67 million persons constituting about 6.64% of national workforce in the country.

Workers are usually paid on monthly basis in Pakistan. Figure 1 shows that about 57% of workers are paid on monthly basis. However, a large share about 19% of workers is daily wagers, and about 16% of workers are weekly wagers. Another significant share of workers 7% receive payments on piece rate basis for service performed.

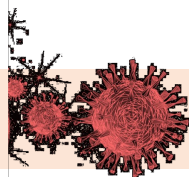
## COVID 19 & Vulnerable Employment in Pakistan

Present study attempts to measure the vulnerable employment across main industry groups. Pandemic lockdown is expected to affect workers at all levels in the country, however according to a report of Dun & Bradstreet Pakistan, poor workers generally depend on daily wages and such workers are likely to be the most vulnerable individuals who could lose their jobs due to the Covid-19 pandemic. As daily wagers and weekly wage earners are at greater risk of losing jobs and facing food insecurity during the pandemic lock down, their proportion in national workforce represents the share of vulnerable in national work force.

Present study attempts to identify the industries likely to pose greater risk on employees along with the measurement of the proportion of vulnerable in respective industries. Study sample consists of 55.47 million workers representing the national workforce; however, 31.95 million workers did not make response for the question of periodicity of payments and hence are excluded from the analysis. Therefore, distribution across industries by periodicity of payments includes 23.52 million persons, representing 42.4% of national worker force.

Table 2 shows the distribution of workers across main industries by periodicity of payments. Findings reveal that about 10.67 million persons, constituting about 19.24% of national workforce, are daily wage earners and about 8.67 million persons, constituting about, 15.64% of national work force, are weekly wage earners and are likely to lose their jobs during complete lock down in the country. In addition to this few service industries that involves high degree of people mobility and interaction (transportation & storage industry, Wholesale and retail trade; repair of motor vehicles and motorcycles,





**Table 2 Distribution of Workers across Major Industry Groups by Periodicity of Payments**

Major industry groups	Daily	Weekly	Fort-night	Other Periodicity	Piece rate basis for service performed	Monthly	Total#	Share of Vulnerable
Construction	<b>8.89</b>	<b>6.41</b>	0.09	0.03	0.50	0.92	16.84	<b>15.30</b>
Wholesale and retail trade; repair of motor vehicles and motorcycles	<b>1.52</b>	<b>1.04</b>	<b>0.04</b>	<b>0.01</b>	<b>0.32</b>	<b>6.72</b>	<b>9.65</b>	<b>9.65*</b>
Manufacturing	<b>2.23</b>	<b>4.53</b>	0.47	0.04	4.01	13.18	24.47	<b>6.76</b>
Agriculture, Forestry and Fishing	<b>3.80</b>	<b>2.43</b>	0.07	0.06	2.11	2.69	11.15	<b>6.23</b>
Transportation and storage	<b>1.56</b>	<b>0.42</b>	<b>0.05</b>	<b>0.01</b>	<b>0.29</b>	<b>3.73</b>	<b>6.06</b>	<b>6.06*</b>
Accommodation and food service activities	<b>0.59</b>	<b>0.30</b>	<b>0.00</b>	<b>0</b>	<b>0.05</b>	<b>1.26</b>	<b>2.21</b>	<b>2.21*</b>
Other services	<b>0.65</b>	<b>0.51</b>	0.09	0.1	0.26	28.01	29.62	<b>1.16</b>
Total (%)	<b>19.24</b>	<b>15.64</b>	0.80	0.26	7.53	56.53	100.00	<b>47.36</b>

Source: Author's estimation based on Pakistan Labour Force Survey (2017-18); Share of vulnerable is measured as the proportion of daily and weekly wagers in national workforce; \*Share of all workers employed in the industry in national workforce have been considered as vulnerable; # total does not cover full sample because 57.6% of workers did not response the question of periodicity of payments and hence could not become the part of this analysis i.e. sample covers only 42.4% of total workforce consisting of 23.52 million workers out of national workforce of 55.47 million persons; Share of vulnerable workers is written in red bold format.

Accommodation and food service activities) have been completely restricted during the period making people employed in these industries vulnerable. Findings based on payment frequency and nature of industry implies that around 26.27 million persons, constituting about half (47.36%) of national workforce, are at risk of losing jobs and falling into food insecurity trap.

Among different production industries, construction industry is at the highest risk of vulnerable employment. Findings reveal that around 8.48 million workers, constituting about 15.30% of national workforce, are vulnerable in the industry. Out of these vulnerable about 4.93 million persons are daily wagers and about 3.55 million persons are weekly wage earners.

The second largest sector of vulnerable employment is wholesale & retail trade and repair of motor vehicles and motor cycle. The sector is third largest sector of employment that employs around 8.27 million persons. During strict lock down mobility of people is completely restricted; therefore, the industry is completely inactive during the period. Hence, irrespective of periodicity of payments work-

ers employed in the sector remained economically inactive and hence are considered vulnerable. However, findings suggest that around 5.35 million workers constituting about 9.65% of national workforce are vulnerable in this sector.

The third largest sector where workers are at highest risk of layoffs is the manufacturing industry, the second largest sector of employment. Findings reveal that around 3.71 million persons, constituting about 6.7% of workers are vulnerable in the sector. Out of these vulnerable 1.23 million persons are daily wagers and around 2.51 million persons are weekly wagers.

The fourth largest share of vulnerable belongs to agriculture, forestry and fishing industry. Findings reveal that around 3.45 million persons, constituting about 6.23% of national workforce are vulnerable in the sector. Out of these vulnerable 2.10 million persons are daily wagers and around 1.34 million persons are weekly wagers.

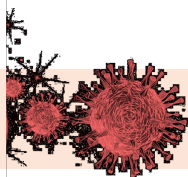
Transportation & storage industry is another threatened industry of employment. The industry employs about 3.14 million persons, constituting about 6% of national workforce. If the sector remains

completely inactive during the lock down it can threaten the employment of 3.14 million persons employed in the sector.

Accommodation & food service industry employs about 1.09 million persons that constitute about 1.97% of national workforce. Due to social distancing policy the sector is completely inactive during lock down period making employment in this sector highly vulnerable. Other services industries collectively employ around 8.4 million persons constituting about 15.28% of national work force. Findings reveal that around 0.64 million workers, constituting about 1.16% of national workforce, are vulnerable in the industry. Out of these vulnerable about 0.36 million persons are daily wagers and about 0.28 million persons are weekly earners.

## Recent Developments to compensate the employment victims

To cope with social and economic implications of COVID-19, Government of Pakistan has established COVID-19 Secretariat in the Planning Commission that is responsible to design evidence-informed interventions and to ensure coordination between Federal and provincial governments and UN and development partners (UNDP-Pakistan, 2020).



Federal and provincial government of Khyber Pakhtunkhwa have also requested UNDP'S support on a range of areas including coordination, strategic communications, crisis management, business community and digital solutions to manage government response to pandemic (UNDP -Pakistan, 2020).

Keeping in view the intensifying catastrophe during lock down, Government of Pakistan has called for not firing employees during the pandemic. Government has also promised future incentives for the private sector firms not following layoff strategies due to ongoing slowdown in economic activities. Despite these measures thousands of workers have been reported as fired during the month of February and March of current year (Latif, 2020).

In order to mitigate the poverty implications of pandemic, Government of Pakistan has also launched "Ehsas Emergency Cash Program". Under this program government has decided to distribute cash assistance of PKR. 12000 (equivalent to \$75) each to some 12 million affected families (Latif, 2020). To help strike a balance between saving people from virus and saving people from hunger, the government has launched a Corona Relief Tiger Force. The Tiger Force was set responsible to identify poor's and to help government to distribute cash among the deserving's under Ehsas Emergency Cash Program (PTI, 2020).

Keeping in view the employment catastrophe in Pakistan, Federal Government with the mutual consensus of members of National Coordination Committee, on April 14, 2020, took a bold decision to ease lockdown in few industries that are allowed to operate following certain SOP's. These industries include cement, fertilizer, chemical manufacturing, glass manufacturing, e-commerce (aimed at exports), mines, paper and packaging manufacturers and other small businesses (Hashim, 2020).

Strict lockdown will continue on public transport, railways, restaurants, marriage halls, big and small shopping plazas, political or religious congregations, playgrounds, shops, all educational institutes, non-essential businesses and public gatherings (Hashim, 2020; Abbas, 2020).

## Discussion

Pakistan is passing through its crucial periods of economic history. Pakistani people as a nation were already struggling to survive facing dual crisis of speedy rise in prices (lowering their purchasing power) and massive unemployment (giving no sources of income). Pandemic lockdown has added to the crisis. The ongoing lockdown has made, around 26.27 million persons vulnerable, that constitutes about 47.36% of national workforce. Out of them 10.67 million persons are daily wage earners and about 3.67 million persons are weekly wage earners. Among different production industries, the construction industry is expected to experience highest unemployment whereas, around 8.48 million workers are found vulnerable in the industry, constituting about 15.30% of national workforce.

Keeping in view the health and employment situations in the country, Federal Government has taken necessary actions and has kept revising the lockdown policy accordingly. However, the policy implementation has remained as political issue among federal and provincial governments particularly the government of Sindh. The governments have their differences over the degree of lockdown and priorities of health over hunger. In contrast to federal government, Sindh government has given priority to health over hunger and have strongly rejected the idea of partial lockdown. These differences caused great chaos and confusions among business persons, producers, traders, shopkeepers and low implementing bodies. Not only this despite the launch of ration distribution schemes of government number of people have become (temporary) beggars, asking for cash assistance, food and clothing from other natives. Where these begging poor's, confused with professional beggars, are treated as beggars and sometimes are granted with nominal assistance.

Given the countrywide situations, report suggests that though deadly virus is independent of geographical and racial boundaries and have the potential of devastating effects, however, strict lockdown is not the solution for already sinking boat of Pakistan. As the country is already trapped in foreign and domestic debt burden, the massive unemployment will put significant extra burden to the govern-

ment and may cause the country be insolvent with no escape opportunity through reviving economic activity. Hence, ease in lockdown will severe as earning ventilator for vulnerable and affecters.

It is further recommended that to control over turning beggars government should ease access of deserving poor's to their announced support programs for which registration process is online that restricts access to the most deserving segment of society. Combined with online option, registration process should also be linked with industries to collect data on vulnerable and their place of residence for effective implementation of these support programs.

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