

## Impact of Corona Virus (COVID-19) on Pakistan's Economy

Corona virus is one of deadly virus and pandemic which is already spread all over the world and caused to kill people, but the impact of corona virus is not just on bodies or human beings it also has a massive impact on the economy of one country. If we take the instance of Pakistan which is less developed poor country then it's been realized that the impact of such pandemic is more on economy rather than its people. We can analysis Pakistan's disturbed economy in bellow points.

### Lockdown:

Lockdown is a huge cause for the economy loss of Pakistan because Pakistan is not in a position like other developed countries to combat with such pandemic through lockdown because lockdown not just avoid the social distance and gathering but it destroy the entire GDP and GNP of one country, it also locks the movement of goods and cargo which makes it extremely difficult to maintain the flow of business. Also increase the ratio of unemployment and especially has a huge impact on structural unemployment.

### Export and Import:

Corona Virus has primarily disrupted the Global Value Chain also called GVC. It means that the movement of imports and exports has been disturbed which can cause a huge inflation rate within the country, mostly demand of the people increases when there is a ban on imported things for trading and the value and price of such things become many times greater than the previous price which cause of an unexpected inflation growth in a country.

### Physical and mental issues:

Moreover, COVID-19 also caused a physical and mental health issues of civilians and restricted the people from their day to day and regular jobs in the figure of quarantine which resulted an enormous health problems, high unemployment ratio and poverty within the country.

### Quarantine:

Quarantine might be a good idea for developed countries to avoid social distance and decrease the assault of corona virus though for less developed countries like Pakistan, Afghanistan, and India where people are self-employed and self-sponsors quarantine is not more than any torment to them

### Unemployment:

The most vulnerable groups are self-employed daily- income earners and employees of Small and medium enterprises. The lockdowns and the subsequent fall in the GDP could lead to unemployment of over 5 million more workers. This will raise the national unemployment rate to the unprecedented level of 14%. The number of people falling below the poverty line could be as many as 20 million, raising the number of poor in the country to almost 100 million.

## Functions of Central Bank:

A Central bank is an institution that manages a state's currency, money, supply and interest rate it also usually oversees the commercial banking system of their respective countries. It is the bank of a whole country which manages and controls other small banks within the country.

### Making of Policy:

Central bank makes a monetary policy, control the interest rate, manages foreign exchange rate, see the inflation rate and regulate the other baking industries.

### Printing of Money:

Central bank also prints money to the limited extent, because printing money for the country depends on its resources and wealth such as gold, silver etc.

### Target growth and unemployment.

Central Bank will consider other macroeconomic objectives such as economic growth and unemployment.

For example, in a period of temporary cost-push inflation, the Central Bank may accept a higher rate of inflation because it doesn't want to push the economy into a recession.

### Target low inflation.

Many governments give the Central Bank a target for inflation, e.g. the Bank of England has an inflation target of 2% +/- 1. See: Bank of England inflation target. Low inflation helps to create greater economic stability and preserves the value of money and savings.

### Reduce the supply of credit:

Central bank controls credit and money supply through its monetary policy which consists of two parts—currency and credit. Central bank has monopoly of issuing notes (except one-rupee notes, one-rupee coins and the small coins issued by the government) and thereby can control the volume of currency. The main objective of credit control function of central bank is price stability along with full employment (level of output). It controls credit and money supply by adopting quantitative and qualitative measures.

### Operate monetary policy/interest rates.

The Central Bank set interest rates to target low inflation and maintain economic growth. Every month the MPC will meet and evaluate whether inflationary pressures in the economy justify a rate increase. To make a judgment on inflationary pressures they will examine every aspect of the economic situation and look at a variety of economic statistics to get a picture of the whole economy.

### Banker of the Bank:

Commercial banks such as SBI and HDFC which gives the services to consumer or customer all these services are given by the Central bank to these commercial banks first.

### Giving of Loan:

Central banks accept the deposits of commercial banks (i.e. their money,) and then give them a loan central bank also perform the activity of discounting the commercial banks' bills also give them overdraft facility.

### Custodian of Foreign Balances:

Under the gold standard or when the country is on the gold standard, the management of that standard, with a view to securing stability of exchange rate, is left to the central bank.

### Protection of Depositors Interests:

The central bank has to supervise the functioning of commercial banks so as to protect the interest of the depositors and ensure development of banking on sound lines.

### Ensure stability of the financial system.

For example, regulate bank lending and financial derivatives.