

Q Pakistan's rupee are getting devalue. What are its main reasons and implications?

Ans 1- Introduction

'Pakistan is a country of concern' -  
(USHR - 2023)

Pakistan has been facing economic crisis since the last few decades. Several reasons caused devaluation of rupee. As a result, Pakistan faces several economic crisis. Hence, Pakistan must embrace positive policies to stable rupee.

2+ A brief overview of devaluation of rupee

Pakistan's rupee is devalued since 2008.

The following table shows an overview of it:

SBP - Report

FY	Rupee against \$
2008	62
2013	84
2018	125
Jan 2022	178
Jan 2023	270

Thus, rupee devalued since 2008 till now.

3-

### Causes of devaluation of rupee

Following are main causes of devaluation of rupee:

a) Decline in dollar reserves

... Pakistan's foreign reserves declined and

Following are implications of rupee devaluations:

Implications of devaluation of rupee

4-

Devaluation of rupee	Balance of payment crisis
	IMR & policy shift
	Decline in reserves

Balance of payment crisis is a main issue. In FY, 2022, import was of \$ 80bn and export of only \$ 36bn. Hence, deficit fall by \$ 44bn. (SBP-2023) - Hence, rupee devalued.

Scan and orient the pages properly.

## a) Circular debt of loan

Unfortunately,  
Pakistan's economy can  
not survive without  
loan. In FY 2022,  
Pakistan got loan of  
\$36 bn. (SBP-2023)  
Due to circular revolve  
of taking loan, friends  
are also hesitant to  
give loan.

## b) Decline in foreign reserves

Pakistan's remitt-  
ance are declined. :  
As per latest updates,  
remittance decreased  
\$20.5 bn. Therefore,  
foreign reserves are  
declined, too.

## c) Unprecedented inflation

Pakistan is revolving

in a vicious sphere of  
inflation. Inflation  
reached at 35.5 pc  
since 1965. (Annual  
Price Inflation Index, 2023)

Hence, price reached

at inflation

Add more arguments. You have  
only added 3 arguments for the  
main part of the question. They  
should be around 15-20.

5. Macroeconomy

Stable

rupee

Pakistan must stable

rupee in a following manner

9) Start trading in rupee

Pakistan need to  
trade in currency. Trade  
with Afghanistan,  
Iran and China should  
be in currency. As per  
report, 2pc of trade is  
shifted in year with  
China. (PBS, 2022). Hence,  
promote trade in currency.

b) Control \$ outflow

Pakistan should  
bann luxuries items.  
Pakistan's import is  
more than export and  
rupee get devalued.  
Hence, Pakistan should  
rely on national products

c) Acquire loan from  
friend countries

Pakistan need  
to get loan from  
friend countries rather  
than IMF. According  
to recent report of  
SBP, 2023; China's inflow  
stabled rupee at \$4.6bn.  
Thus, move to friends  
countries to stable rupee.

d) Conclusion

"Pakistan has

a tremendous potential  
to bring stability."  
(WB-2023)

Pakistan, no doubt,  
is caught in a vicious  
cycle. But, Pakistan  
can still stand on  
own feet and can reduce  
severe implications of  
devaluation of rupee.

Short and incomplete answer.

Work on the structure of the  
answer.

6/20