

Debt servicing

The debt servicing is the major challenge facing by Pakistan's economy. Since 1980, it took loans from International Monetary Fund and still looking forward to external organizations ~~and~~ or countries. Unfortunately, Pakistan is listed in top ten countries that possess high external loans. It is paying interest rate on these loans and thus, it cuts the biggest ratio in budget. Consequently, the amount left in budget is lower for development of the country. In addition, the ~~rest~~ country caught in vicious circle of loans. For instance, Pakistan's external debt servicing obligations in July 2023 was \$2.44 billion with \$2.07 billion owed to China and \$195^m billion to Saudi Arabia. Pakistan's crippling economy is sitting on large pile of debt taken from international organizations and countries like China. (www.livemint.com, Pakistan has to repay \$2.44 billion of external debt, 22 July, 2023). In short, Pakistan is caught up in vicious circle of debt trap.

Trade deficit

Pakistan has been facing the trade deficit in the country. Trade deficit occurs when the imports of goods and services is more than exports. Notably, Pakistan is having consumable items market, and most of them are imports, because of its low production in the country. Apart from this, Pakistan has been running consistent trade of deficit since 2023 mainly due to high imports of energy. Around forty percent, of energy imports are such as, oil, natural gas, and coal. Sadly, the domestic energy production is lower than its demand. As a result, Pakistan imports it from external market for energy production. According to Central Asia Economic cooperation programme, Pakistan energy demand will continue to increase and expected to reach 108-126 million tons by 2030, which definitely Pakistan will import it and then trade deficit will happen. (Shahran haq, Pakistan a major fossil fuel importer, 6 Jan, 2023) In short, Pakistan deficit volume is increasing with the passage of time.