

Inconsistency of economic policies in Pakistan - Causes and Effects:

(1) Introduction

Thesis Statement

Inconsistency of economic policies in Pakistan, triggered by multi structural and political issues, causes have rendered devastating socio-economic impact on Pakistan

Outline:

(1) Introduction

(2) Overview of economic policies in Pakistan

(3) Causes behind inconsistent economic policies in Pakistan

(a) lack of clear roadmap to offset the economic policies of Pakistan

(b) Increasing populism in Pakistan - A Dilemma for the current Government

(c) Growing menace of polarized politics in Pakistan

(d) Pakistan's institutional clashes obscure its existential economic crisis

(e) Pakistan's economy slow down while inflation rises

(f) Failure of accountability and rises of corruption

(4) Effects of the inconsistent economic policies in Pakistan:

(4.1) Pakistan faces Long Roads to sustainable growth.

(4.2) Tax Pakistan faced by tax Challenges.

(4.3) Depleting foreign reserves.

(4.4) Heavy debt front towards Pakistan

(4.5) Human development in Pakistan.

(4.6) Strengthening Exports is critical for Pakistan's sustained Economic growth.

(5) Remedial measures

(5.1) Active and independent judiciary

(5.2) To increase exports for Pakistan's sustainable economic growth.

(6) Conclusion

However the lack of clear road map to offset the economic policies of Pakistan are increasing populism in Pakistan, therefore a dilemma for the current government is growing menace of polarized politics in Pakistan. Although Pakistan's institutional clashes obscure its existential economic crisis so Pakistan's economy slow down while inflation rises and failure of accountability and revolts in corruption increasing day by day. In that case Pakistan is facing long roads to sustainable growth. Hence Pakistan is also in front of huge challenges and depleting foreign reserves, heavy debt is on the head of Pakistan. As much as lack of human development, strength exports are both critical for Pakistan's sustainable economic growth. In order that active, and independent judiciary, and to increase export will make bright future of economic policies growth. However Ambassador Amir Khan tells the General Assembly second committee, which deals with the economic and financial matter

He saved Pakistan, speaking for the group of seventy seven (developing countries and, chairs has called for a clear road map to overcome the recent year series of "shocks" to the world economy, including the deadly coronavirus pandemic and the spike in commodities prices, that have disproportionately impacted the poorest countries. The unequal impacts have been accompanied by a deficit in solidarity as visible on vaccines availability and the liquidity support of seventeen trillion dollars generated in the richer, less than one hundred dollar billion for the developing, hence the deputy permanent representative of Pakistan to the United Nations told the General Assembly Second committee. Consequently increasing populism in Pakistan from a civil disobedience campaign when in opposition to the dissolution of this own assemblies, when in government, the former Prime minister Imran Khan's political manoeuvres have always been bold and surprising. Ever since his twenty six-days long Azadi March in two thousand sixteen Khan has notably promoted populist rhetoric in public through his slogan and choice of words in his speeches but there are two primary challenges that the current government faces. First, it lacks the relative populist charisma compared to Khan. Second, it needs to take the hard decisions to tackle the country's economic turmoil at home and diplomatic crisis abroad. After several indications by the Pakistan Muslim League - Nawaz (PML-N) leaders that the government would rather quit than

take the burden of the economic crisis created by the previous regimes, the current administration has decided to complete its tenure and take tough financial decisions. The present administration is convincing the security establishment that the economic crisis is the most prominent security issues that the country is facing right now. Therefore, it must support to the government in its decision to end the petroleum subsidies and revive the IMF programs. Some avoiding the populist sentiments has been gravely counterproductive for the government, it will be wise incorporate aspects of populism in its political approach. However Populism translates into every single domain of politics and socio economic affairs, for the shaping such as the results of Punjab by-elections. Furthermore Khan tells Pakistan that, notwithstanding their low literacy and school enrollment rates, they are a great people who have been held back only by poor leadership. Now that they have found an honest leader but unfortunately Khan dissolved the assemblies and kicked out himself. Similarly, the Political Polarization in Pakistan in case of recent floods their attempts to undermine their opponents, Pakistan's political elite have polarized the citizens of the state. Hamra Tariq notes that this political polarization has prevented the state of Pakistan from reaching an agreement in matters of national security. She takes the case of the recent floods in Pakistan to demonstrate the impacts of this divide on the effective management of the crisis, and on the formulation of climate policy. The present time Political

Polarization in Pakistan has made it extremely difficult to differentiate between manipulation and guidance. The gradual ~~abstract~~ of reason and evidence from debates has widened the divide in society. The fragmented social fabric of society finds it difficult to arrive at point of agreement. The increasing lack of political convergence is hampering the process of political evolution in Pakistan. In the first and foremost cause of polarization in Pakistan lies in the lack of political consensus among the leading national parties. The opposition and government find it impossible to negotiate even on national security issues. State institutions, as important as the parliament, fail to bring political parties to agree on certain important political issues without getting indecent. The prime example is visible each year in annual budget sessions when economic policy of succeeding year is presented at parliament without it being peaceful. Similarly, since the ouster of former Prime Minister Imran Khan, through a no-confidence motion, intolerance has only increased. The lack of willingness to cooperate on public issues is apparent from the regular press conferences primarily based on demeaning political opponents. Opinions remain inflexible, even facts and evidence cannot alter them. Hence the political elites usually work towards national unity, order, and solidarity ensuring the progress and development of the country. In Pakistan, the elites have quite opposite agendas. They tend to fracture societal formation through religious, ethnic and ideological lines.

SOLO

Teacher's Signature

Simultaneously, the rise of an abusive culture in society is taking away patience. It starts from the acrimonious speeches by a party leader, addressing the opponent with indeed remarks reflecting hatred, and this trickles down to their supporters. Very recently, the visuals in Punjab Assembly mirrored the level of intolerance that, unfortunately, turned into violence inside a provincial assembly however the role of mainstream media too, in polarization in Pakistan is unprecedented. In the same way growing menace of polarized politics in Pakistan is to exacerbates the menace of such divisive politics, it is some-
 que-~~non~~ to sign a new charter of democracy that ensures the peaceful transition of power among parties and upholding of political rights such as free and fair elections without political engineering and manipulative tactics. There is fragmentation across the board due to such polarized politics, even the younger generation has been compelled to take sides of political parties on social media forums. However, this changing nature of politics will certainly shake the edifice of national unity and cross-provincial integration as it brings with it multiple negative elements which become toxic for societal development.

Besides the major causes of political polarization or divisive politics are multifarious, however one of the most prominent ones is the lack of political consensus. Muhammad Wazir, wrote in his recent book "Political Conflict in Pakistan", he has aptly described it as one of the major symptoms of Pakistan's political features. There have

always been acute difference between treasury benches and opposition on concerns of national importance. In the same meanwhile the clash of institutions has badly affected good governance in Pakistan. There are three organs, the state-judiciary, legislature, and executive. Now media is also considered as the fourth pillar of the state, these institutions co-operate, coordinate and work together in order to ensure the smooth and efficient working of the government.

Recently Pakistan is passing through a very critical juncture in its history. The country is engulfed in many internal and external threats. However the parliament is the weakest among state institutions in Pakistan which include the judiciary, bureaucracy and military establishment. The treasury and opposition benches have had no working relationships during the three half years of former Prime Minister Imran Khan and two months under Prime Minister Shahbaz Sharif. The Pakistan Tehreek-e-Insaf government chose to run the system without a meaningful role for parliament. It

marginalized the opposition for the purpose of legislation and launched a witch-hunt against the PML-N and PPP leadership through the much trumpeted accountability drive. The absence of institutions or improved back-channel communication network for conflict resolution created a situation of uncertainty along with its grossly negative impact on the economy in these clashes between political parties. Pakistan's economy has slowed down according to World Bank. Pakistan's Economy slow down while inflation rises. Pakistan's economy is expected to grow by two percent in the current

fiscal year ending June 2023. Inflation and poor, the slower growth will reflect changes and disruptions caused by catastrophic floods at tight monetary stance, high inflation, and a less conducive global environment. Recovery will be gradual, with real GDP growth projected to reach 3.2 percent in fiscal year 2024. Poverty in the hardest hit regions will likely worsen in the context of the recent flooding. Preliminary estimates suggest that, without decisive relief and recovery efforts to help poor, the national poverty rate may increase by 2.5 to 4 percentage points pushing between 5.8 and million people into poverty, however recent floods are expected to have a substantial negative impact on Pakistan's economy and on the poor, mostly through the disruption of agriculture production. This update also outlines strategies to manage the impact of high inflation. Inflation in Pakistan is expected to reach around 23 percent in FY23, reflecting flood-related disruption to the supply of food and other goods, higher energy crisis and difficult external conditions, including tighter global monetary conditions. The update shows the high inflation will disproportionately impact the poor. Whereas Pakistan is a democratic country. But the lack of accountability is giving rise to many problems. The country is being governed by set of corrupt bureaucrats, officers on higher rank have no interest in helping the public. We need a corruption free system which can uproot the phony policies of government and establish new policies based on the will of people. The lack of accountability cause many problems today we can see that Pakistan is in the top of economic

crisis, this is because of lack of accountability in this the corruption is reason behind this, corruption is seen in every part of the country, it can be seen in the high prices of goods and dishonesty of the government towards the people. The government should establish a corruption free department which should eradicate the lack of accountability. And civil servant should be given handsome salaries. As a consequence Pakistan faces a long road to sustainable growth at the turn of the century. Pakistan had the highest GDP per capita when compared with other neighbour countries like India, Bangladesh and Vietnam. However when Pakistani former Prime minister Imran Khan entered office, Pakistan's economy was facing twin deficits the country's foreign exchange reserves was running low and its fiscal deficit had reached breaking point. A return to the International Monetary Fund IMF, along with bilateral support from countries like China and Saudi Arabia, was necessary to stabilize the economy. The economic upheaval in those early months of Khan's government led to declining economic growth, devaluation of currency, double digit inflation, and sky-high interest rates. The government's initial attempts to fend off an IMF bailout did not help and Umar resigned from the job of finance minister after losing Imran Khan's trust. Less than a year later, the COVID-19 pandemic dealt a body blow Pakistan's economy. Lockdowns in response to the health crisis turned economic growth negative.

hence the inflation is still the biggest issue facing the government today. The government has argued that these issues have abated as the economy has run a current account surplus in the last few months. While this must definitely ease balance of payments pressures, the fact is that this decline has been achieved largely due to a drop in machinery imports and energy prices. While State Bank of Pakistan is also warning that the economic recovery remains uneven and that growth will recover to slightly over two percent in the current fiscal year. Besides everyone talks about tax in Pakistan. Business talk about paying too much in taxes. Government talk about not being able to collect any taxes. Usually Macro Pakistani points out international benchmarks to show how Pakistan is lagging behind other countries. However, in the case of tax to GDP, Pakistan has performed slightly better than India. Since both India has many of the same problems that Pakistan has form of taxes: A large informal economy and weakness in compliance enforcement that enables large scale taxes evasion. Pakistan and India be somewhere middle of that range but are not. However Revenues are calculated using GDP growth. The more the government can tax in opposite to more income of public. The Federal Board of Revenue has claimed in the past that one percent of Pakistanis pay taxes. There is a myth's Macro Pakistani is out to bust. It is true that just over two million people file taxes in Pakistan but the truth is every pays taxes.

Although the tax to GDP ratio has risen over the last three years from 8.45 percent to 10.5 percent, Pakistan significantly lags below other countries with comparable levels of income all about around seven trillion of an estimated total population of around 200 million Pakistanis are estimated to be eligible to pay income tax, but only around one-tenth do. Every people of Pakistan is paying taxes even poor or rich on everything. Similarly the foreign exchanges reserves of Pakistan clipped further to four point five billion dollars after it repaid loan of two foreign banks. The depleting foreign reserves has brought the country's import cover down to nearly ~~as days~~ adding to the woes of the importers and putting crucial imports like oil and LNG at the risk. Recently the State Bank of Pakistan reported that the foreign exchanges reserves hit an eight year low at \$2.576 billion dollars during week ended on December 30-2022. The reserves fell further as the country paid external debts amid a severe economic crisis. In that case Pakistan faces 6.4 billion dollar in debt due to over the next three years as Prime Minister Shehbaz Sharif's new government is trying to meet bailout terms set by the International Monetary Fund. Pakistan faces debt payments of about 38 billion dollars for rest of 2022. The resumption to avoid a balance of payments crisis. Said Patrick Curran, Senior economist at Tellimor Ltd. a London based emerging markets investment research firm. Tellimor have a by recommendation on Pakistan's 2023 dollars bond

which are trading at mid 60cents per dollar and yields near 18% as risks are now largely priced in. ~~But recently~~ Pakistan has received 4.2 billion dollars from Islamic Development Bank, 2 billion from World Bank, 500 million dollars from EU, 100 million dollars from USAID, Japan's Emergency Finance, UK's China's Saudi Arabia's ADB send dollar to Pakistan to save from default. Now the Pakistan is in a political and economical death spiral that could push it over the same cliff as Sri Lanka as internal conflict, regional instability, and global uncertainty all threaten the survival of the state. Pakistan has struggled to recover from the pandemic and is now grappling with another spike in COVID-19 cases. But the country faces life-threatening challenges similar to what Sri Lanka faced before the island government collapsed amid fifty percent inflation food fuel, and medicine shortages power cuts, and in May 2022 its first failure to make an interest payment on a foreign friends and emergency loan for Pakistan. However Human Development is far a broader concept in comparison to growth. It reflects social and economic progress which are being defined as a vital and necessary condition. These conditions are not sufficient as such conditions cannot only guarantee the development. The development is about creating freedom for people and removing hurdles to greater freedom. Greater freedom in such scenario enables people to chose their own destiny. Indicators such as poverty, lack



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Lack of economic opportunities, corruption, poor governance, lack of education and health. If these necessities are incomplete how could human develop in society or world. However due to strengthened domestic demand, imports have grown much higher than exports in recent leading to a large trade deficit. To sustain strong economic growth, Pakistan needs to increase private investment and export more. The long-term decline in exports as a share of GDP has implications for the country's foreign exchange job, and productivity growth. Therefore, confronting these challenges that are necessary for Pakistan to compete in global markets is an imperative for sustainable growth. Pakistan Development Update is a companion piece to the South Asia Economic Focus, a twice a year world Bank report that examines economic development and prospects in the region and analyzes policy challenges faced by country. Similarly the independence of judiciary for the smooth running of a state is as significant as the independence of legislature and executive. The protection of rights and adherence to the rule of law in a society are only possible through the independence of judiciary. To attain this all public institutions must strictly follow principle of separation of power of judiciary have independence power the country must developed in economic policies in Pakistan has constituted military courts as a result of 23rd Amendment to 1973 constitution such court have taken away the basic right of fair trial in the form of no hiring of lawyers

no proper hearing of the accused. Pakistan need to make the free and traditional judiciary system the independence of judiciary. So conclusively Pakistan is facing critical condition of policies making due to so many different causes and effect. Pakistan need to increase the exports of goods and make the private sector for the public of Pakistan by these works Pakistan will be the brightful and independence country in economic policies and growth.