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# Economic Crisis of Pakistan:

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## 1) Introduction

Thesis Statement: Pakistan has tremendous potential of economic growth but it has failed to perform on economic front primarily due to the erroneous policies of previous governments that have landed the country into the whirlpool of economic crisis. It resulted in the financial woes for the people of Pakistan, therefore, it is mandatory to fix the daunting problems of poor economic growth of country by introducing robust economic reforms in order to steer the country towards the corridor of financial stability which is essential for the survival of Pakistan.

## 2) Pakistan's Economic Woes

### 3) Rational behind Economic Predicament of Pakistan,

#### i) Trade deficit:

a) Declining exports

b) Increasing import bill

- ii) Tax Evasion Amplify Economic Crisis
- iii) Neglected Agriculture Sector
- iv) De-industrialization
- v) Shrinking Foreign Direct Investment (FDI)
- vi) Devaluation of Rupee
- vii) Current Account Deficit.
- viii) Political Instability
- ix) Corruption in country.
- x) Resurgence of Terrorism in Pakistan's soil
- xi) Budget Deficit.
- xii) Excessive loans and Debt Servicing
- xiii) Lack of Good Governance
- xiv) Insufficient Remittances
- xv) Service Sector Growth faces hurdles
- xvi) Issues of State Owned Enterprises.

#### 4) Suggestions

- xvii) Neglected Tourism

#### 4) Effects of Bleeding Economic Outlook:

- i) Low Human Development Index
- ii) Unemployment
- iii) Increasing Inflation
- iv) Poverty trap widened
- v) Illiteracy

#### 5) Suggestions to Salvage the Economy

- i) Bring Structural Reforms in FBR
- ii) Increase the Exports
- iii) Invest in Research and Development
- iv) Public - Private Partnership for Economic Growth
- v) Need to promote Regional Trade
- vi) Eradicate Corruption
- vii) Invest in Tourism Sector
- viii) Curb Terrorism
- ix) Focus on Service Sector of Pakistan

x) Politically Stabilize the Pakistan

6) Conclusion

# Economic Crisis of Pakistan :-

"The economy is the start and end of everything. You can not have successful education reform or any other reform if you do not have a strong economy." David Cameron

## Introduction

One of the mainstays of any country around the world for economic development is its existing reserves of the natural resources and assets base. Pakistan is a developing country in south Asia. It has plenty of natural resources such as reserves of oil and gas, huge coal and salts pits, great quality of copper. Likewise, it possesses sound manufacturing industries of textile, cotton ginning factories, sugarcane mills sports goods and leather industries. Apart from these mineral resources & industries, Pakistan has vast land tracts of agriculture land. It is also blessed with warm water sea. Despite being blessed with fertile land, abundance of minerals and sound industrial base, Pakistan is facing economic predicament. Since 1990s Pakistan has lagged behind many countries in the region such as India, Bangladesh, Vietnam etc., due to poor economic growth. In-addition, current economic crisis of Pakistan

is in unprecedented in nature and is exacerbating by the day. The economy of Pakistan started slowing down from 2019 and reached its lowest ebb in July 2022. According to Economic Freedom Index 2022, Pakistan's economy ranked 153 out of 177 countries. The main cause of this situation is the financial crunch owing to the extreme paucity of foreign exchange reserves. According to State Bank of Pakistan, at the end of the March 2022, the reserves of Pakistan stood at \$ 11.425 Bn but they gradually depleted to \$ 6.715 Bn in December. This massive decline of reserves is due to ~~bad~~ debt servicing, trade deficit, energy crisis, low foreign direct investment (FDI), terrorism, climate change, budget deficit etc. In other words, Pakistan has tremendous potential of economic growth. The economic problems hinder the growth of the country. It affects every institution of a country. The financial troubles cause security issues, educational backwardness, unemployment etc. in country like Pakistan. In order words, Pakistan has tremendous potential of economic growth but it has failed

to perform on the economic front primarily due to the erroneous policies of previous governments that landed the country in the whirlpool of economic crisis. It resulted in the financial woes for the people of Pakistan, therefore, it is mandatory to fix this daunting problem of poor economic growth of country by introducing robust economic reforms in order to steer the country towards the corridor of financial stability which is essential for the survival of Pakistan.