

Answer is correct but

These headings are insufficient for this answer

Add more problems and then solutions

Add more references

Add more headings

Q. ^{economic} What are the major challenges ^{being} ~~are~~ being faced by Pakistan. What recommendations ~~do~~ you suggest to deal with these issues?

① Unfortunately, from the day ^{one} of independence, Pakistan has ~~inherited~~ severe economic issues like lack of infrastructure, resources, industries, no proper management system, lack of skilled staff and even insufficient furnitures and stationary equipments for office use. ~~From~~ Since 1947, ~~From~~ till now, Pakistan is facing ups and downs in economic sector. The economic challenges become worsening day by day. Chief of among are burden of loan which is behaving like a ticking time bomb. Similarly, Corruption, political instability, poor quality education, Trade deficit, circular debt and inadequate use of natural resources are at the top which badly affects Pakistan's economy. If serious steps are taken on these ~~other~~ issues, then our country's economy can be improved.

a) Pakistan's Major Economic Challenges

a. Burden of loan:

One of the major economic challenges of Pakistan is the burden of loan which is increasing rapidly. For example in 2008, total loan on Pakistan was 8 trillion rupees, in 2013, loan reached to 12 trillion rupees, similarly if we have look in 2018 loan reached to 82 billion dollars. The history of increasing loan proved it a dead trap. We take loan on difficult conditionalities such as high interest rate and to remove subsidies on some products. Moreover returning interest of loan has become difficult for Pakistan, what to say of returning loan payment. Therefore loan is considered as a major dead trap from which we have to get rid.

b. Issues in Taxation:

Major root of all economic issues is inadequate tax collection. Tax collecting board is facing challenges on all fronts i.e. cumbersome tax laws and procedures in

Pakistan, narrow tax net, weak enforcement mechanism of tax collection and burden of indirect taxes. Pakistan was at 144th out of 189 countries in ease of doing business in 2017, where ~~rank~~ situation went from back to worse since 2006 where the rank of ease of doing business dropped from 60 in 2006 to 2017. which is the major cause of fiscal deficit where revenues starts declining and ~~can~~ ^{can} not meet the expenditures.

c. Trade deficit

The issue of Trade deficit has become worsen. Our exports are shrinking and imports are rising rapidly. There are many reasons behind, chief of among is poor performance of our manufacturing sectors, poor performance of agriculture. Similarly our existing exports sector is not working efficiently and new ones are not being discovered. This is due to lack of confidence. ~~as~~ Now globalization seems to be peaking. But Pakistan was unable to become a part of globalization that

became established over the past three decades.

d. Political Instability

If we look at the political history of Pakistan ~~for~~ since its independence, we observe the major cause of ~~not~~ only economic issues ~~and~~ also social and political issues is political instability. No government could complete its tenure. When a government launches development projects ~~most of them~~ ~~are~~ assisted by foreign and local investors, the government ~~too~~ becomes change and the new government does not want to continue the projects of previous one. And launch ~~at~~ new projects due to which the money and time which spend on previous project, becomes waste. This causes lack of trust in investors. Since 1991, the investment rate in Pakistan has stayed below 20% of GDP. In recent years the investment rate in public sectors is 4% of GDP and in private sector remains 15% of GDP. If we compare these rates with high growth ~~rates~~ countries of East Asia, i.e. India, over the past 25 years

have average investment rate was 34% which is even ~~more~~ more than half of the investment rate of Pakistan.

e. Challenges of security:

Pakistan has been facing security challenges inside and outside. Foreign and local investors are feeling insecure to invest in Pakistan. ~~Not~~ Not only investors but also the students of foreign countries are victimized by ~~the~~ terrorists attacks. For example recently Chinese professor and students died in suicide bomb attack by a terrorist woman in Karachi and terrorists attacks on Chinese investors to create a dangerous environment which upsets developmental projects in Pakistan. A large number of employments are associated with these projects. Until, Pakistan's security system would not be improved, it is difficult to stabilize economy.

f. Challenges of Inadequate Human Capital

Pakistan is blessed with majority of youth population. Education and health is the main

factor of human capital. But unfortunately the system of education and health in Pakistan

First the rate of educational attainment growth has been very low. Primary school enrolment and secondary school enrolment have occurred very slow.

Second improvement of literacy ~~and~~ is very slow and quality of education has remained

very poor. Human capital matters on quality of education which a person can implement it ~~is~~ for the betterment of society or development of country;

Human capital ~~is~~ ~~not~~ matters on quantity of graduates. in a country where degree is not for knowledge

but just a piece of paper. Similarly, when we have

take to look on health system, a good quality of health

system is necessary for Pakistan because healthy

society is needed for a strong work force. Indicators

relating attainment of health and quality of health in

Pakistan remain dismal.

② Remedies to overcome the economic challenges of Pakistan

a. Institutional reforms
The recruitment of people on merit base and strict accountability of each institution is needed for the better performance. For this, strict law and order should be applied. For example in energy sector, theft of electricity must be controlled to get rid of shortage of electricity. Similarly ~~the~~ police sector, can play an important role to improve security system.

b. Trust gain of overseas

Remittances are the major source to uplift the economy. In Pakistan, hundred thousands of families rely on the income of their loved ones from outside the country. Moreover a huge chunk of Pakistani overseas send dollars to Pakistan (remittances). In 2021 ~~over~~ Pakistan govt. collected 8 bn ~~remittances~~ dollars from Saudi Arabia as remittances, \$5.5 bn from UAE, \$3.5 bn from UK

\$3 bn. from US and \$1 bn from Oman Govt. should take effective steps to gain trust of overseas Pakistanis to run its economy.

c. Utilization of loan for ~~save~~ developmental projects

Pakistan government has been utilize loan payment just to stable reserves and when it becomes difficult to return the interest payment of loan and also loan payment. Therefore it is necessary to invest the loan payment of developmental projects like we have done in CPEC to that country ~~of~~ ~~profit~~ can earn more revenue and can easily return loan payment. On the other hand ~~save~~ a huge chunk of population could get employment ~~from~~ ⁱⁿ these projects.

c) Conclusion

Pakistan is facing economic challenges are man made including circular debt, trade deficit, loan burden which can be overcome by doing reforms in countries like improve remittances, more developmental projects and institutional reforms etc.