

Q Explain economic crisis of Sri Lanka and Pakistan. Describe suggestive measures for it.

Answer: Introduction

"These scenarios changed, but story remains the same."

(Tejveer Hussain, 2023)

Pakistan has been facing economic crisis & in fact economic crisis of Pakistan are like economic crisis of Sri Lanka.

Major economic crisis of both countries can be compared. However, some recommendations will help to eradicate economic crisis.

1- J=H

2- Ec - Sh

3- Ec  
Crisis

4- Ec - Sh

a) Tariff

b) Imp

c) PT

d) Dumping

e) BOP

f) Inflation

g- WIF

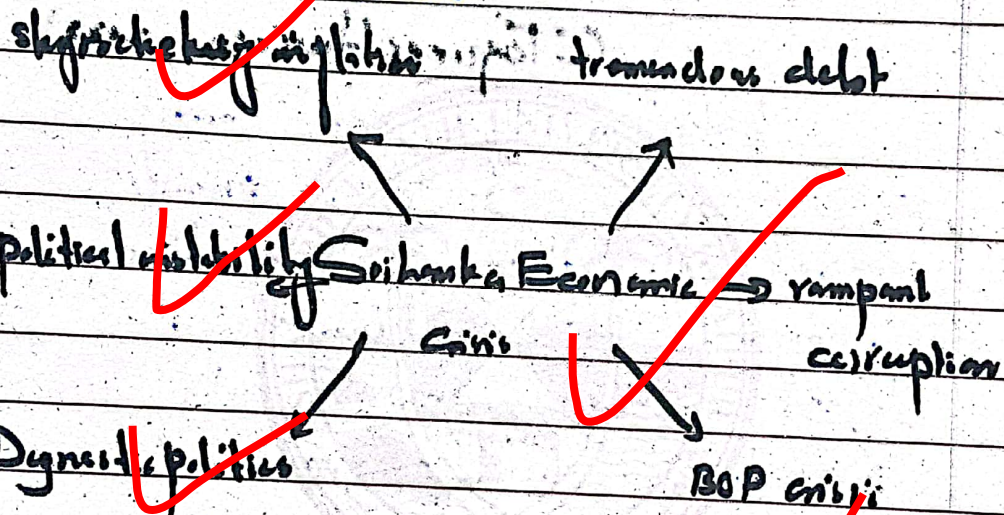
2. Economic crisis of Sri Lanka - an overview

"Sri Lankan trade deficit reached at \$2 bn in the end of 2022."

(A - Tejveer, 2023)

Sri Lanka has defaulted

due to weaknesses of its  
economy. In fact, political  
instability, dynastic politics, ramp-  
ant corruption, tremendous debt,  
and sky rocketing inflation  
led to Sindh's default.  
Hence, Sindh is in bleak  
economic crisis.



3- A brief comparison of economic  
indicators of Pakistan and  
Sindh

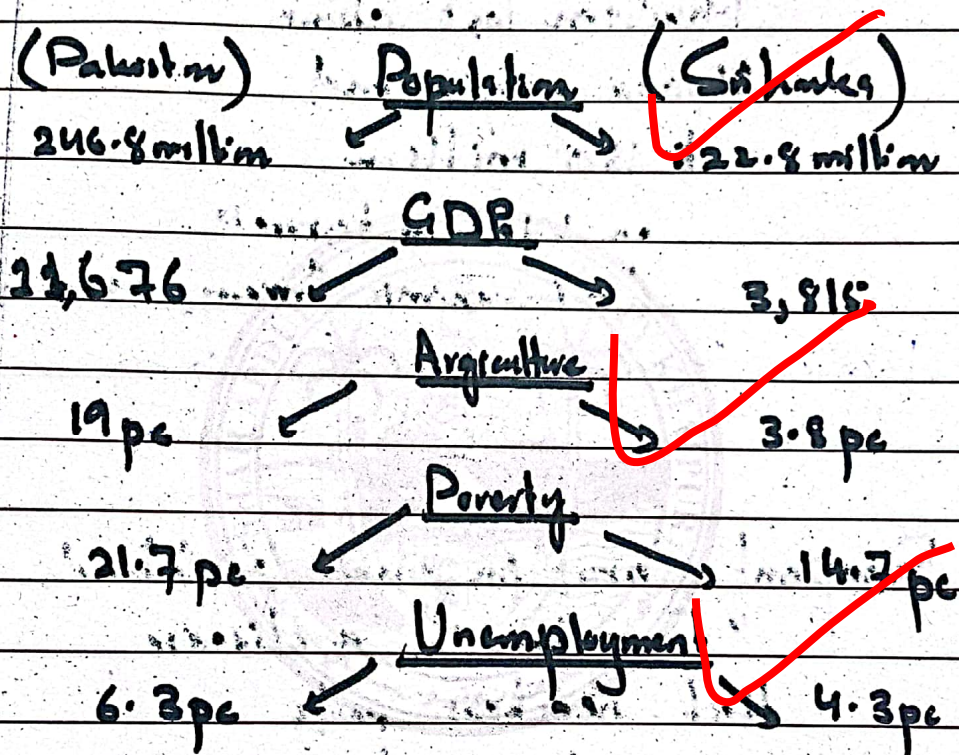
Pakistan and Sindh  
economic indicators can be  
compared as below.

• Pakistan's GDP  
is four times of GDP  
of Sindh, but  
is due to population bomb

Pakistan is in economic crisis.

(Fairal Bari, 2023)

### Comparison Chart of Economic Indicators



#### 4- Economic Crisis of Sri Lanka and Pakistan

Following are economic crisis:

1) Wave of terrorism and street attacks

Sri Lanka has faced

a long civil war since 1983 to 2009. This led to economic downturns. However, Pakistan fell in economic crisis due to long war in Afghanistan.

Pakistan lost about 7,000 people and \$ 150 million

on War in terror."

(- Economic Survey, 2012)

Hence, Pakistan and Sri Lanka faced the name of terrorism.

b) Rampant Corruption and Kickback

"Corruption is a disease that weakens roots of the system."

(- Mother's health)

Moreover, Pakistan and Sri Lanka both have and has been

having crisis of corruption. According to survey,

"Pakistan is ranked at 99 out of 144 - corruption index"

(- Corruption Perception Index, 2014)

Therefore, Pakistan and Sri Lanka both have faced rampant corruption.

### c) Political Instability in Sri Lanka and Pakistan

Further, Pakistan and Sri Lanka, both are become homes of political instability. According to BBC:

"Rajapaksa in Sri Lanka and Imran Khan in Pakistan were toppled down led to surge in political polarization"

← BBC, political polarization, 2023

Hence, Pakistan and Sri Lanka both have faced political polarization led to economic crisis.

### d) Dependency Syndrome on Foreign Loan

Further more, Pakistan and Sri Lanka can not survive without foreign loan. According to Barclays Bank,

• Pakistan's foreign debt is reached at \$15.5 billion. "

(Bordays, Bank, 2022)

While,

"Sri Lanka's type of economy is a kind of based on loan and

type of India."

(A. Jaseem, 2020)

Therefore, Pakistan and Sri Lanka economy depend on foreign loan.

e) Balance of Payment Crisis of Sri Lanka and Pakistan

Pakistan and Sri Lanka have been facing (BOP) crisis since 2010. Both are caught in a vicious cycle of BOP crisis.

"BOP crisis of Pakistan

in 2022, was of \$18 billion."

(Pakistan Bureau of Statistics, 2022)

However,

"Sri Lanka had faced BOP crisis about

\$ is billion in the end  
of 2022."

(- Sri Lanka Bureau of Statistics, 2022)

Therefore, both had went | BOP  
crisis. :

f) Skyrocketing inflation in Pakistan  
and Sri Lanka

Further more, Pakistan and  
Sri Lanka has been facing unprece-  
dented inflation for past years.

According to Sensitive Price  
Indicator

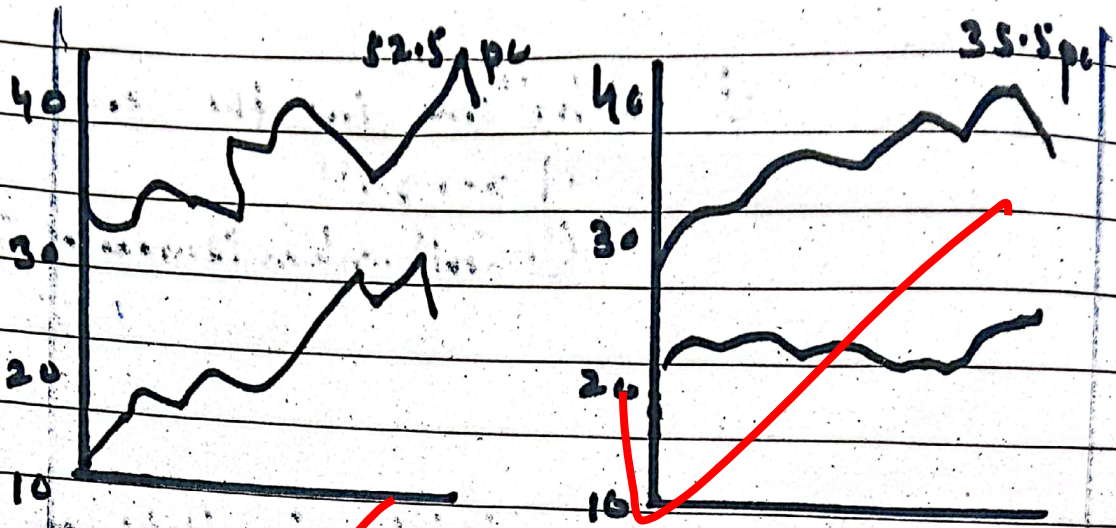
"Pakistan is become the  
seventh most expensive  
country in the world  
with inflation of  
35.5% in May 2022."

However,

"Inflation in Sri Lanka was  
at 52.5% in 2022"  
(- AI - Jazara, 2022)

Therefore, Sri Lanka and Pakistan  
have inflation at peak.

Below diagram shows index  
of inflation in both countries:



Inflation Index  
(Sri Lanka)

Inflation Index  
(Pakistan)

• Sensitive Price Index (SPI, 2022)

5. Recommendations to eradicate economic crisis in Sri Lanka and Pakistan

Following are recommended steps:

a) 3D - approach of Sri Lanka and Pakistan

"3D - Digitize, Devolve, and Deregulate economy."

(Based on Basis 2023)  
Pakistan and Sri Lanka need to frame long-term policies to



curb economic crisis. (Impact),  
 both countries have followed  
 short term goals for a long  
 period. Therefore, both  
 Sri Lanka and Pakistan adopt  
 3D approach to curb economic  
 crisis.

## b) Reform Agriculture Sector

Pakistan and Sri Lanka  
 are agriculture based economy.  
 Both needs to improve agriculture  
 techniques in order to revive  
 their economy.

"Pakistan and Sri Lanka  
 can get 24%  
 increase in their GDP  
 by improving its  
 agricultural sector."

(Irrigation Department, 2012)

Therefore, both Sri Lanka and  
 Pakistan should focus on their  
 agriculture.

## c) Ensure free and fair election

free and fair election

is necessary to achieve economic benefits. In order to revive economy, political stability and transparency matters.

"Only way out is free and fair election in order to get economy revival."

(-Molochkoddia, 2023)

Hence, Pakistan and Sri Lanka needs to ensure free and fair election system.

6-

Conclusion

"Economic stability is a symbol of prosperous nation."

(-Sajid, 2012)

Pakistan and Sri Lanka are

Work on the issues mentioned in your previous assigned of Linking

critically economy. Sri Lanka and Pakistan are compared on the same path. However, some measures be adopted to address economic crisis in Sri Lanka and in Pakistan.