

Current Affairs (Special case Q-2)

Question:

Pakistan's economy is currently under severe stress with low foreign reserves, a depreciating currency and exponentially high inflation. What measures can be taken in the short and medium terms to stabilize the deteriorating economic conditions.

Introduction

Pakistan is constantly suffering from low foreign reserves, depreciating currency and high inflation. This phenomenon is not new and Pakistan is in this vicious circle for past many decades. The primary reason of these problems are lack of directional approach and no mechanism to enforce reforms and lack of policy guidelines. Political stability, law and order situation inside the country, and hostile neighbourhood, etc these all have also made an impact on country's economical deterioration. To overcome these issues country has to take some calculated, long term and short term measures. These measures will be discussed in below paragraphs.

Measures to overcome the Pakistan's economic deterioration.

To overcome the financial crisis

it is necessary to create opportunities of growth and restrict the outflow of resources. For that matter country should adopt the following measures.

a Increase trade: Decrease import and increase export

Unfortunately, Pakistan is an import based economy, due to this, there is more outflow of dollars and less inflow. Outflow of dollars put pressure on Pakistani currency, resultantly rupee depreciates against dollars. To avoid this phenomenon it is necessary for the country's policy makers to curb the imports and increase exports.

b Industrialization:

To increase the export it is necessary to have well oiled industries. A country cannot progress until her industries do not progress. The greatest example in this regard is China which is the most industrialized country in the world and China has sucked out the 1.4 billion of her

population through industrialization and China is known as factory of the world.

c Agriculturalization

To make a country an industrial country, it is necessary that country must give proper focus to agricultural growth. During 1960s Pakistan enhanced its agricultural yield and that era is known as golden era of Pakistan. Agricultural output not only increases the export but it also helps industrial yield because ~~because~~ industries acquire raw material for production and agriculture is primary source of raw materials. For example, textile industry of Pakistan is entirely based on cotton yield. Without the yield of cotton, Pakistan's textile sector will be doomed.

d General Sources of Renewable Energy

Pakistan is facing energy crisis for a long time. It is also a fact that Pakistan has the most

expensive electricity prices in Asia. Furthermore, Pakistan has severe electricity shortage crisis. One of the reasons behind this daunting issue is non-renewable sources of energy generation. It is unfortunate for Pakistan that it has not shifted its energy generation from non-renewable to renewable sources. For energy generation Pakistan imports oil and gas. Variation in prices of oil and gas put direct impact on energy generation. Global scenario and shifting dynamics in international relations decide the oil prices make Pakistan its direct victim. It is necessary for Pakistan to shift its energy generation from non-renewable to renewable sources before it gets too late.

e Construction of Dams

According to Intergovernmental Panel on climate change (IPCC) report (2012) Pakistan is the fifth most vulnerable country to climate change. According to World Bank (WB) report (2018), Pakistan

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will become water scarce country by 2025. It is unfortunate that after these reports Pakistani policy makers have not taken any action yet. Dams are extremely necessary to save Pakistan from economic devastation. E.g. The floods of 2022 caused the loss of \$ 30 billion (approx) excluding human loss. In those floods Pakistan faced the inundation of 26 million cubic feet of water, the Kalabagh dam could have stored the 10 million cubic feet of water single-handedly, other dams such as Diamer Bhasha Dam, and Mohmand Dam could have saved the 8.1 million cubic feet and 1.3 million cubic feet of water (WAPDA). If Pakistan would not construct dams Pakistan will always remain vulnerable to floods and ~~is~~ just like other commodities Pakistan will export water in the future.

3 Short term measures to save economy.

Apart from long term measures, Pakistan should adopt the short term

measures such as:

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Stop Brain Drain

Pakistani youth is leaving the country at an alarming rate. This is very alarming because if skilled and educated youth leaves, there will be a huge void in every field, e.g. there will be a leadership crisis, lack of academia intellectuals, shortage of researchers etc. Overall, Pakistan will face difficulties in international representation. Afghanistan is the country currently facing this crisis of representation because they failed to stop brain drain a few years ago.

b Stop Corruption and ensure rule of law.

Primary reason of brain drain is lack of meritocracy, high nepotism and corruption. There is no rule of law, institutions have failed to give prompt justice, stopping of corruption and ensuring rule of law. Most vital institute is to promote peace and harmony is Police in every country. Unfortunately in

Pakistan, Police is the most notorious for corruption, not only that Police in Pakistan is politicized which shows the failure of Pakistan policy makers.

C Provide Basic Necessities

Pakistan also required to provide basic necessities to its citizens such as basic health, primary education and shelter. In human development index Pakistan ranks 161/191. This shows the poor states of affairs from Pakistan policy makers. Pakistan needs to promote quality education, provide health care facilities, food and shelter to promote confidence of those who have lost hope.

Conclusion

Pakistan cannot achieve economic development until, all Pakistani institutes donot work together for development. All institutes must work on their flaws and rectify it. It is the job of policy makers not only to implement policies, and to monitor it for countrys growth and prosperity.