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Economy or Politics: Pakistan's Conundrum

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The economy and politics in Pakistan are intertwined in a complex conundrum. In these years Pakistan face many economic and political challenges. But the economy conundrum is the huge issue ⁱⁿ Pakistan. The economic reforms in Pakistan are crucial for sustainable development and growth in different key sectors. One of the biggest challenges policy makers face in Pakistan is the low saving rates, which limits the ability to generate domestic savings. Remittances from overseas Pakistanis are a major source of foreign exchange, for the country the remittances decline rapidly. The sluggish economic growth, is characterized by a number of factors they include slow economic growth, decline in foreign Direct Investment (FDI) and rupee devaluation. Pakistan's fragile domestic industry also ~~faces~~ ^{faces} challenges such as lack of competitiveness, outdated technology and limited access to finance. Besides, economic challenges Pakistan is also passing through political challenges. The Pakistan's political changes are the political instability and frequent regime change in government. Corruption, effective governance and accountability are essential for the progress and the stability of country. It is important to make progress in the democratic institutions the lack of true democracy can pull downward to the country. The institutional clash between the judiciary and government and between the military and government. It is important for these institutions to work together and respecting the separation

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of power and upholding the rule and law. The poverty and unemployment has been increased the people are ever angry for their leaders. ~~with~~ Strong political will leaders can prioritize the necessary reforms and policies to ~~drive~~ drive economic growth and political stability through community engagement. However, the same possible solution for the betterment of Pakistan's economic condition which can try to stable the Pakistani economy. that is the importance economic policies in promoting political stability which can help to strong economy and create opportunities for youth. The institutional reforms in government sector by implementing reforms that enhance transparency, effectiveness and efficiency the government can better serve the need of the people. To curb corruption implementing strong anti-corruption measures at all scale and scope. Through international cooperation and support Pakistan can access resources, expertise and technical assistance that can help in various areas. creating a favourable business and supporting aspiring entrepreneurs attract both domestic and foreign investors. Increase domestic revenue mobilization and the incentive ~~masses~~ flow of private capital in key sectors of economy such as agriculture. By addressing these issues Pakistan can pave the way for a brighter future. Indeed, the economic and political challenges are a biggest conundrum for Pakistan, the nation navigates the intertwined issues of economic development and political governance which significantly impact its trajectory.

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and Prospects for a Prosperous future.

Pakistan has been facing serious economic and Political Problem Since Independence. The economy refers to the financial system and activities in the country and on the otherhand, the politics deal with the governance and decision-making process in the country. In Pakistan, when political parties come to and leaves power, economic policies often change in accordance with ideology and interest of the party in power. This can impact the area of economy such as low saving rates, GDP, food security, disaster management and fiscal-policy, these change in the country can in turn prompt new political laws and policies. Moreover, the clash between the Government and Judiciary and between the Government and Military can halted the growth of the country and pull it downward. Its pertinent to address these burning issues to make country politically and economically stable.

A stable economy of a country plays an important and vital role in collective prosperity and development. It is crucial to focus on important economic reforms and invest in key sectors. Some key sectors that require attention include, agriculture sector, industrial sector and energy services. The failure to start running the closed or sick industrial unit and to setup new ones was partly responsible for the slowdown in industrial progress. Another, area of imbalance was the sugarcane production in the field

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of sugar production in the factories. Pakistan's need to implement strong policies to tackle this issue. ultimately, this ignorance along with the poor policies result in the unstable economy of the country.

In addition to this, Pakistan has been facing challenges with low saving rates which can hinder economic growth. The policymakers face these challenges which limits the ability to generate domestic savings. The major reason for this was the PTI's government decision to reduce interest rates on saving schemes. This discouraged people who shied away from these schemes, and even refrained from depositing their savings in the bank accounts. This aim achieved through incentives such as tax breaks, attraction ~~interest~~ interest rates and financial literacy programs. Besides, suffering from low rates of saving, Pakistan is one of the most unequal countries in the world.

Moreover, The Remittances from overseas Pakistanis are a major source of foreign exchange for the country. For instance, the State Bank of Pakistan (SBP) Pakistan received record high remittance of \$18 billion in the first seven months (July-January) of fiscal year 2022. However, the inflow shrank to a 17 (seventeenth) months low in January 2022. The remittances decline partly because of the easing of travel restrictions. These decrease in the range of 6-20 percent from around the world including, Saudi Arabia, the UAE, UK, US and Europe. Accordingly, the

flow of remittances through banking channel decrease. Because the money sent by overseas Pakistanis through Banks and register money exchangers. Remittance play a major role in stabilizing economy, but ~~the~~ despite these high remittances the country has low source of revenue and high non-development expenditures, which is a sure recipe for economic disaster.

Furthermore, The fragile domestic industry can play a significant role in the economic stability of the country. In Pakistan, the failure to start running the closed or sick industrial unit and to set up new one was partly responsible for the slowdown in industrial progress. For instance, According to Pakistan Bureau of Statistics: show that the ISM industry has contracted 8.1 percent in the nine month period from July to March 2022. from a robust growth of 11.7pc in the previous fiscal year. as difficult economic condition, responsible ~~from~~ for ~~Shutdown~~ ^{factory} shutdown and production cuts. The textile industry the country's largest employer after agriculture and the biggest earner of export dollars has slump by nearly 31pc from a year ago. Pharmaceutical and automobiles industries have decline by over 28pc and 25pc respectively due to bad government policies. Another area of imbalance was the sugarcane production in the field and sugar production in the factories were decline due to huge taxes impose by government. By nurturing, the domestic industry Pakistan can boost its economy, create job opportunities and reduce

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reliance on imports.

More importantly, The Post-financial crisis period indicates that terrorist and energy shortage are the main drivers of decline in Foreign Direct investment (FDI) inflows to Pakistan. Market size, inflation, and exchange rates affect FDI inflows positively. For instance, ~~the~~ according to SBP; FDI shrank 23.27 percent month-on-month to \$577 million in July and prevailing unfavourable political and economic condition. A significant reducing in international investment due to ongoing economic uncertainty. Pakistan being low-income country, is confronted with an ongoing crisis and needs FDI to bring stability to the economy which lead a ~~so~~ sustainable economic growth and development. ~~Moreover~~, the global terrorism index has ranked Pakistan as the 10th most affected ~~and~~ country to terrorism. Furthermore, the stock holders have to take the collective goods of the state into account rather than adopting policies that benefit a small chunk of the country. ~~Moreover~~, working on a such factors will allow the country to attract more inflow which play a catalyst role in boosting the pace of growth and development.

~~At~~ last but not least, The Pakistani rupee has been steadily devaluing in comparison to the US dollar over the past years. Pakistan's import ~~is~~ ~~comparison~~ for more goods and services than exports, leading to a significant outflow of foreign currency from the country.

This trade imbalance puts downward pressure on the value of the Pakistani rupee, as a country requires more dollars to pay for imports than it earns from exports. The price of goods and services in the country increases, the value of rupee declines in comparison of US dollar. This is because the purchasing power of the currency decreases, making it less valuable in the global market place. The interest rate is also a factor contributing to the devaluation of rupee. The government needs to carefully manage the exchange rates to strike a balance and ensure stability in the economy. The cost of inflation potentially leads to increase in imported goods.

As there are economic challenges, there are also political challenges of the country. In Pakistan the Parliament is the weakest among state institutions which include the judiciary, executive, bureaucracy and military establishment. The treasury and opposition benches have had no working relationship during the three and a half years under Prime Minister Imran Khan. About political instability and institutional disharmony has hampered the government's ability to frame effective economic policies and implement governance and financial savings in the ailing economy.

For instance: A case study: ~~Sing~~ Singapore got independence after Pakistan in 1960. It was far behind Pakistan in terms of GDP and development, but today it is a head only because it vigorously fought against corruption.

while carrying out development projects. The such like situation among state organs has undermined the government ability to formulate policies to address the country's pressing domestic economic challenges, blaster investor's confidence and attract much needed external financial support from official ~~teacher~~ lenders and donors.

In addition to this, Pakistan's economy has remained the prey of political unrest. An unstable political system is the hazard that halts smooth running of governance and enforcement of law and authority in a country. It is obvious that due to political disparity the country's economic growth remained low and unemployment and low production were witnessed. For instance according to Economist Dr. Hafiz-A-Pasha's calculation 17 million youth in Pakistan are either 'idle' or '~~unemployment~~^{unemployed}': of these almost 7 million are young men. In 2022 more than 8 lac people left the country ~~to~~ to work abroad. About two million people enters the labour force of the country every year. To absorb a huge proposition of unemployment in jobs, the country need to have atleast 7.8 percent economic growth rate for at least five years running. In the contrary, the current trend is compounding jobless and pushing more into poverty trap. Therefore, political stability is must for a prosperous and progressive ~~everyday~~^{economy} else the country ~~can~~ sink down into the darkness of economic recessions.

Moreover, The current political instability

represents the tumultuous engulph by the country Powerful Army, to dominate the political system. Government are generally unstable in under-developed nations. A new set of policies are introduced by every new government and the old policies are not in much favour of new government. It is greatly hindering these nation's progress and ~~causing~~ ^{causing} significant problems. It is important to establish strong democratic institutions. Pakistan Political crisis after the removal of PM Imran Khan through a successful no-confidence motion against PTI government. The country major opposition parties submitted a joint motion of no-confidence in the Imran Khan government. The motion accused the poor governance, victimization of the opposition and failures in economic and foreign policy. This political ~~is~~ unrest and frequently changes in government can badly affect the country economy.

Furthermore, corruption is a disease that is prevalent in all parts of the world with varying degree. Pakistan has historically shown poor performance in ~~doing~~ ^{term of} ~~business~~ ^{business} corruption. The corruption is the greatest problem for companies doing business in the country. The general public also consider corruption as the core issue in the country. The public trust and good governance practices have normally been observed as directly interrelated. Corruption weakened institution, undermine the delivery of public services and hamper economic growth. One of the most prominent form of corruption in ~~the~~ ⁱⁿ Pakistan is corruption in the

Public Sector. The Political leaders who have been elected and then join government as a Minister or adviser level offers the public to ~~some~~ government service and then they ~~contribute~~ ^{unificate to} the local people. From head of state to judiciary and to local officers to Political leaders, corruption has found to be present in many areas of Pakistani society.

More importantly, Pakistan has been experienced authoritative and democratic form of government since independence. Many democratic government have governed the country but despite that politicians in Pakistan could not provide the basic facilities of life to the general public. Democracy in Pakistan is lacking its true essence due to the unawareness of the people about the form of democracy. The main reason is the lack of reforms in the absence of Public Pressure on the leadership throughout Pakistan's political history. Defection with various parties had created problem for various government. Another cause of democracy in Pakistan have been the lack of regard for the country constitution and misuse of power. The country constitution has been ignored and tampered with time and again. The process of democratization has been slow and passive in the country.

Last but not least, In the modern world, good governance is accorded the highest priority in both corporate and public sector. Many political problems experienced by developing countries have increasingly been attribute to a

Culture of poor governance in these countries. In this context, governance is considered the capacity of state institutions to deliver services and other goods demanded by the public in an effective, transparent and accountable manner. Good governance requires that political leaders and public officials share the interest of citizens. This in turn requires a political system that aligns the incentives of policy makers with voters to ensure the formulation of appropriate policies and public sector management that monitors and incentivizes bureaucrats and service delivery agents to work toward implementing policies. Pakistan has established many institutions like ACP, NAB, FIA and Anti-corruption department with respect to mandate to carry out the process of Accountability. The prudent use of public funds and resources demands a governance structure which ensures transparency and accountability in decision making and actions of ~~Public~~ public functionaries. Public expenditure - as tax payers, money and its accountability has been enshrined in the constitution of Pakistan.

As every problem has some solutions, the political stability denotes perennial peaceful condition in country. In Pakistan, the institutions are a key ingredient to sustained economic growth and same is true for state institutions such as executive, parliament and bureaucracy and judicial, these are systematic issues that if addressed can help bring about stable and representative institutions that drive sustained rapid economic growth - when the economy is strong and thriving. It helps

alleviate poverty, create jobs and improve living standards that in turn, reduce social unrest and political volatility. The problem in Pakistan is that every political party once it comes into power, prefers to ignore long term projects, the past government mostly ~~invested~~ invested in projects that were popular, visible and could give immediate return to support their political gain, investment in skill and development, knowledge promotion, health sector and infrastructure projects that yield return in long run was given least priority. By implementing effective economic policies, that can foster political stability and create favourable environment for progress.

In addition, The governance involves interaction of public, private, cooperate sector and civil society. It is responsibility for the management of sound development by addressing the issue of accountability, transparency, ~~participati~~ participation, Rule of law - Governance is not limited to a single sector or single stakeholders but is rather a ~~crossing~~ cross-cutting and joint action of multiple stake-holders. It is critical to the successful achievement of the strategic thrust, policies, programmes and target and prerequisite for economic growth and development - Responsibility of the state is to create conducive political, legal and economic environment for building individuals capabilities and encourage private initiatives while market is expected to create opportunities for people and civil society - is to facilitate.

Moreover, ~~the~~ Promoting transparency and accountability within government institutions is

essential by ensuring that public funds are used efficiently and effectively, we can combat corruption and promote trust in government, conducting regular audit and enforcing strong accountability mechanism.

Streamlining regulations and reducing bureaucratic ~~barriers~~ hurdles can encourage business growth and investment improving access to finance. Fostering collaboration between government and private sector and civil society is vital by engaging stakeholders in policy making processes and creating platform for dialogue. We can ensure that the need and aspirations of all sector of society are taken into account. Furthermore, The government should have financial disclosure requirement for public officials and ensure open and competitive procurement process. The political disputes and the conflict between civilian and military authorities have not only led to the foundation of anti-corruption agencies at the national level.

More importantly, By collaborating with other countries, Pakistan can benefit from foreign investment, trade opportunities and technical expertise. Through international cooperation, Pakistan can attract FDI which can stimulate economic growth, create job opportunities and enhance technical advancement. This investment can help develop key sectors such as infrastructure, manufacturing, and services contributing to overall economy. By participating in international agreements and fostering bilateral trade relations, Pakistan can expand its ~~import~~ export market, increase foreign exchanges, earning and diversify its economy. This can lead to increase productivity

competitiveness and economic resilience ^{collaborating} ~~with~~ ~~with~~ other countries ~~and~~ ~~and~~ international organizations

can help Pakistan develop and implement effective policies, strategies and best production areas such as agriculture, energy, education and health care. The foreign Policy of Pakistan seeks to promote the internationally recognized norms and interstate-relationship.

Furthermore, The Proposed increased domestic resources mobilization program aims to support the Pakistan implement reforms that will help ensure fiscal sustainability and generate fiscal space to finance critical investment in human capital, infrastructure and poverty alleviation. The proposed program will support policy, legal and institutional actions in key reform areas that will help to increase domestic revenue mobilization and utilization of domestic saving and FDI. Promoting a culture of tax compliance and providing incentives for individuals and business to pay their taxes can contribute increase domestic revenue mobilization. Introduce a fair and a transparent tax system, Pakistan can generate more revenue to fund services, infrastructure development and social welfare program.

Last but not least, The new business ^{startup} ~~reform~~ and entrepreneurship play a vital role in driving economic growth by creating job opportunities, fostering innovation, and attracting foreign investment. Despite the challenges presented by Pakistan's current economic crisis, startups in the country remain resilient ~~and~~ ~~and~~ innovative with the support of the

government academia and industry. Pakistan can create a conducive environment for startup driving innovation and create a more prosperous future of its citizens. Program and policies to promote entrepreneurship have been initiated by ~~Programs & Policies~~ ^{the federal government} as well as in the provinces. The federal government and some NCO's provide subsidized loans for young people and micro-finance programs for females and other specific groups within the population. Major universities have started degree and short term training programs. These are limited efforts to establish incubator facilities in agri-food areas and even in the field of technology. Entrepreneurship; the well run programs also endeavours to provide mentorship to these starting business.

To conclude, Pakistan faces a complex conundrum when it comes to its economy or politics. Both sectors are interdependent. The country's economic challenges have a direct impact on its political stability, while the political landscape shapes economic policies and reforms. In this conundrum, finding a balance between the two is crucial for Pakistan's progress and prosperity. Pakistan's economy has been grappling with various issues for decades. For instance, high inflation, low saving rates, decline in remittances have been persistent problems. These economic challenges have resulted in poverty, and lack of basic amenities for many citizens. The country heavily relies on foreign direct investment and faces a mounting debt burden, limiting its economic sovereignty. Besides these, political factors play a significant role in exacerbating or addressing these

economic challenges. Political ^{Such as} ~~instability~~, political instability, and frequent regime change of government, corruption, lack of democracy and lack of key economic reforms, have hindered sustainable development. These conditions require a comprehensive approach. Pakistan needs to focus on enhancing political stability and strengthening democratic institutions. A stable political environment provides a conducive atmosphere for economic growth and policy implementation. To improve the business environment and attract investments and enhance competitiveness - Pakistan can benefit from regional and international cooperation to stimulate economic growth. Engaging with neighbouring countries for trade & investment opportunities can open up new avenues for economic progress. By addressing economic or political challenges and strengthening political stability, the country can pave the way for sustainable ^{development} economic growth and a better future. However, it requires concerted efforts from political leaders, policymakers and the society as a whole to overcome this conundrum and propel Pakistan towards prosperity.