

We consume more and save less

One of the challenges to Pakistan's economy is that we consume more and save less. Out of every hundred rupees of our national income, we consume 85-rupees and save only 15-rupees. This means that the amount of money which is available to invest for economic growth and advancement is too little. Because to grow by 6 percent, you need at least 24-25 percent investment rate. Additionally if you want to rely on domestic saving, your saving rate should be 25 percent. Pakistan's saving rate compares unfavorably with East Asian countries and South Asian peers. For example, according to the World Bank report, Pakistan's saving as percent of GDP is 10.4 percent in 2022. While India and China's saving rate is 34 percent and 50 percent respectively. In sum, it can be said that low saving rate of Pakistan pose formidable challenge to the economic growth of the country.