

Q.NO:1.

DAY: _____

Explore the causes of current economic meltdown in Pakistan. Suggest some measures to address the core issues of this situation? (20).

Pakistan is passing through the very challenging time of his history. There are many crises i.e economic, political, Constitutional, dollar, electricity etc, facing by the nation. The economic crises is one of the main cause of all other crises. Some major reasons for economic meltdown are;

Devaluation of rupee.

One of the major reason for economic crises is devaluation of Pakistan rupee. The price of locally as well as import products are increased with the devaluation of rupee. The Pakistani currency lost over 125% of its value against the US A dollar, sliding from Rs. 125 per dollar in June 2018 to Rs 285 per dollar in June 2023.

currency devaluation is a reason for economic crises. (Source: State bank of Pakistan).

Natural diastor

In 2022, Pakistan has to faced the most worse floods of his history. As per world bank report Pakistan's economy lost \$30bn just because of floods. In fact, this is more than that. So, natural diastors are considered as one reason for the meltdown of economy.

Political instability

In 76th years of independence not even a single ~~Prime~~ ^{Prime} minister has completed its five year term in officie. In April 2022, ex-prime minister Imran Khan was ousted from power as a result of no confidence movement. Instead of accepting the parliament decision, he started planning Pakistan's institution for his ouster. Meanwhile he was able to gather a majority support from public and pushed the country in an uncertain condition. So, Pakistan has to lost the investment, because investors usually

invest in a political stable country.
Inconsistency in economic policies.

In July 2019, PTI government struck \$ 6bn deal with IMF. It was a 39 month extended arrangement under the extended fund facility for Pakistan.

In April 2022, when PTI government lost majority in parliament and ousted from power. New Government a Coalition government decided to renegotiate that agreement, by calling it anti-poor agreement. PDM Government failed to unlock \$ 1.1 bn tranche from IMF. In July 2023, when country not have enough dollars to cover a month or 2 imports, struck a new deal with IMF on much harsher conditions.

Such inconsistency in policies results in meltdown of economy.

Trade deficit:

Pakistan import bill is always higher than that of its export bill. This results in out-flux of dollar. The trade deficit results in rapid diminishing

of country foreign exchanger reserve.
It led to the Blance of payment
crises which ultimally give raise to
economic crises.

Pay off loan with interest.

In last decar paleistan
aquired loan from external and internal
Sources for developmental & non-develop-
mental project. Now it's time for
their pay off with interest. In last five
fiscal years paleistan pay off \$36 bn
The loan alongo with interest to
creditors (SBP &).

Suggestion:-

Acquired more loan.

It is a short-term solution
to acquire more loan, a handsome
amount of loan. So that, policy maker
get space to think on long term
Economic solution.

increase export:

Exports are the backbone of
good working economy. Therefore, increase

Exports by giving subsidies to some major industries like Textile industry and agricultural industry.

Industrial Revolution industries are important for the betterment of country's economy. For example, According to world Travel and Tourism Council; if Pakistan fully avail his tourism potential, locally and internationally, he can generate \$36 bn revenue. Likewise agricultural IT and lots of other industries can boost Pakistan's Economy with proper planning.

Reduced import

More than 60% of electricity is produced from fossil fuel. Although country total supply is 11.6 million tons per annum, that is against the current demand of 20 million tons per year.

Reduced import

Pakistan import bill is higher than that of country export bill. This results in balance of payment crises. To combat BOP crises, with the increase of ~~imp~~ exports, also ~~try~~ ^{try} to reduced ~~import~~ ^{import}. Put ban on luxuriz. item and on additional things

Grand national economy agreement.

It is high time, All stock holder must be brought on negotiation table for grand national economy dialogue. By signing an agreement on grand economy policies, all political parties will be bounded to follow that agreement. Hence fall and rise of political government will not effect economy much protective measure against natural diastor.

climate change is not just Pakistan problem it's world problem.

But Pakistan is much more effected by climate change due to lack

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steps like build dams to prevent floods

~~about~~

Conclusion

In mid 1970s and 2000 Turkiya ~~was~~ ^{was} also ~~facing~~ ^{faced} economic crisis, but with stronge will power and hard work They overcome the crisis. World is full of such countries who first faced crisis there emerged as a great nation. ~~Pakistan~~ Pakistan can get the better of economic crisis by above step.