Attempt on lined loose sheets for better practice

What major economic Challenges are being faced by Pakistan. What recommendations do you suggest to deal with these Issues?

DUESTION DO # 01

"The conomy is the start and end of everything. Jou com't have successful educational reform or any other reform of you don't have a strong ero--nomy."

Start with the introduction of the

Pailed and indeveloped country faces several services economic challinges that impedes its growth and development. Shese challenges includes low economic growth, fiscal deficits, energy aists, regulatory hundles, limited access to finance, lack of Reseach and development (R&D), taxation issues, export concentration inpastructure challenges effectively. a comprehensive approach is needed, encompassing economic reforms fiscal management, energy Sector reforms, refultory implification, improved access to finance, investment in Research and Development, tax reforms export a versification, infrastructure development and policy worsistency by addressing the challenges



that causes economie wisis and implementing recommended strategies Paristan can pave the way for instainable economic growth, enhance its competitiveness in the global market and creates a constactive environment, for Investid and development

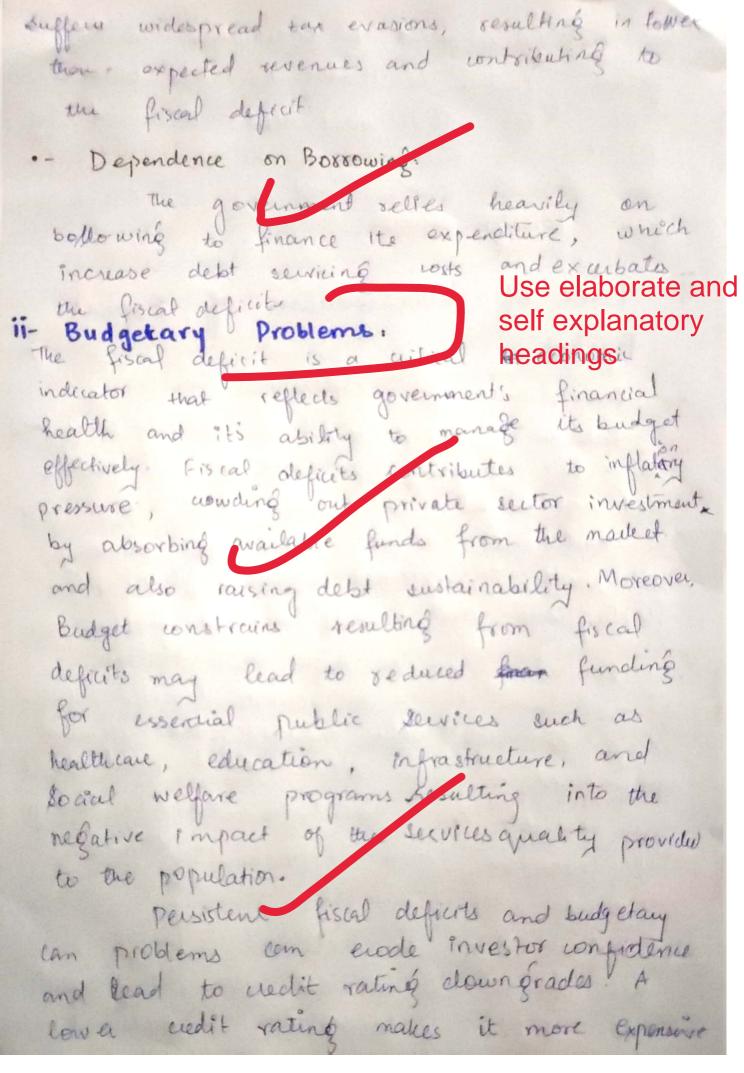
MAJOR ELONOMIC CHALLENGES BEING FACED BY PAKISTAN:

Pakistan has been grappling with a range of economic challenges for several decades. Following are the major Economic challenges being faced by pakistan.

I- FISCAL DEFICIT AND BUDGETARY PROBLEMS IN PARISTAN:

The fiscal deficit in Pakistan occurs when governments total expenditure exceeds its total revenue. It is an indication of the total borrowing needed by the & overnment rakistan has consistently struggled with a high fiscal deficit, leading to increased > causes of Fiscal deficit. borrowing and debt servicing costs · - Excessive government subsidies: governnet often engages in excessive spendig. especially on subsidies and non-developmental expenditures, leading to a indening fiscal deficit - Inefficient The collection: Pakistan's tex collection system is in efficient .







for the government to borrowers in the fiture, further exacibating the debt burden The lofal government debt meleased by Rs 58.999 trillion with Rs 36.55 trillion from domestic sources and Rs 28.050 trillion Add source against your 11- Lack of diversification of Export Basket : - Overreliance on Traditional Sectors: Pakiston's export basket is heavily concentrated in a few primary products such as textiles, und agricultural commodius. This overrelience on traditional sectors makes the economy valnerable to external shocks, global price fluctuations, and markets demand fluctuations. .. Limited Access to High-value Markets: The lack of diversification limits Pakistans access to high - value markets That demend specialized or high value - added products. This restarcts the country's ability to tap into lucrative export opportunities and maximize export earnings

... Vulnerability to External factors: Relying on a narrow range of exports makes pakistan susceptible to external factors



demand, that when such as changes in global demand, trade policies of importing counteres, and fluctuating in commodity prices. This vulnerability can expose the economy to sples and uncertainties.

.- Reduced competitiveness:

A lack of diversification can hinder Pakistonic competitiveness in the global market. Without a diverse range of experi products, the country may struggle to differentiate i itself from competitors, innovate in new sector and capture emerging market trends.

- Limited value addition:

Focusing on limited set of export products may restrict opportunities for value addition and product differentiation. Diversification into lighter value - added products can enhance export earnings, meate employment opportunities and drive economic growth

iii - Tax Reforms and Revenue Collection challengest.

- Tax Evasion and Informal Economy: Paristan faces significant challinges in revenue collection due to widespread tax evasion, a large informal economy and underscripting of miome. Many individuals and large businesses engage in



tax avoidance practices leading to revenue. leakages and reduced tox compliance A report by the Intrational Growth centre estimated that tax evation costs Pakistan PKR 1.7 trillion annually.

- complete tax system : The complexity of Pakistan's Law lystem with multiple fares, exemptions and bopholes. complicates the tax collection process. Inchicient tax administration and enforcement meetanisms further rinder effective revenue collection.

- about tax compliance.

- Energy wists

Low levels of tex compliance among taxpayers, both individads and business, contributes to revenues collection problems. Pakistan also struggles with a low tax - to - GDP ratio. Accordy to the Federal board of nevenue (FBR) reported test the Eax -to - GN valio was 10.3%. as q June 2022

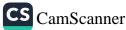
(source : Federal Board of Revenue)

IV - Energy Crisis and Infrastructure chall--enges in Pakistan:

Pabilitan faces a presistent energy vises



characteristed by power shortages, inodequates apply and unreliable electricity access the energy deput has severe implications for the earnony, leading to disruption in industrial production, reduced investment' attractivents, and hindered economic growth. The energy visis has resulted in a loss of \$ 82 billion in GDP between 2007 and 2020. according to the World Bank, the energy misis in Pakistan is estimated to cost the country \$8.8 billion in GDP losses in 2022 - 23. This represents 3.8.1. of GDP. The factors iontributing to energy crisis includes insufficient energy generation capacity, reliance on costly imported fuels, transmission and distribution losses and in efficiencies in the energy sector. - Infrastructure challinges: Pakistan's Infrastoucture sector faces various challinges including inadequate a transportation systems, energy shortages timited access to reliable : telecommunication Services, and insufficient logistics networks. The Global competitiveness Report 2023 ranked pabistan 106 out of 141 wintries. Then Infrastructure apainer hunder for eign direct investment (FDI) inflows, impede



industrial growth and constrains goodth and development. Addressing infrastructural stallinges is avoid for enhancing connecting, seducing production cobs, and improving the competitivenes g Pawstemi Industries in global mathets

V- Unemployment and Underemployment in Pakistane.

- Unemployment: vnemployment semains a significant challenges in Pakiston, with a large portion of the population unable to secure gainput employment opportunities. High levels of remeloyment lead to economic In stability, social unrest, and reduced living Standards for individuals and families The unemployment rate is 7.1. in pakistan. The factors' contributing To unexployment include limited job relation mis match between Skills and job requirements, inadequate investment in labor-intensive sectors and a growing working age population outpacing job opportunity - Under employment: tende employment is a prevalent Sul 100



Prelisten, where individuals are employed in jobs that do not fully utilize their skills, education, or potential underemployment often results in lower wayes, job dissantisfaction, and reduced preductivity. Many warkers in parkistan are engaged in informal or Low - paying jobs that do not provide adequate income or job security. Out of 71 million total labor force, only 67 million is employed and 4 million unemployed.

Vi- Policy Inconsisting Problems. Policy inconsistency refer to the lack of cotesence, continuity and predictability in the formulation and implementation of government pairies in Pakeston. Inconsistentes policies can create uncertainities for business, westors and other stareholders, leading to inefficiences reduced: confidence and hindered growth of economy. Addressing policy monsistency is unuial for promotions stability, attracting investments and fostering sustainable development in Pakistan.

Vii- External Imbalance and Exchange Rate Volatility in Pakistan.



·- External Imbalance:

Patistan faces a challenders related to extanal inbalances, characterized by mismatches in its trade, current account, and capital eaccount balances. Persistent external imbalances can lead to vulnerabilities in the economy. including reliance on memal financing, fluctuations in foreign exchangles reserves, and exposure to global economic subccles. The factors intributing to external imbalance dependency and fluctuations in International commodity Prikess.

- Exchange Rate volatility: Exchange rate volatility refers to the quictuations in the values of the Pakistani super relative to foreign worrenges, such as Us dollay and the Euro. High exchange rate volatility can have agnificant implications for the economy apecting hade competitiveness, inflation rates, foreign investment influens, and debt servicing costs. Factors contributy to exchange rate valatility include external Shocks, speculative activities in the foreign exchange markets, changes in global economics conditions and policy uncertainities. Add references and highlight



POLUTIONS JO DEAL WITH & CONOMIC ERISIS:

* Addressing Fiscal depicit and Budgetary Problems To Neal with Fiscal deficit and Budgetary Problems Problems Govt. should privatize spending on essent services, develop a sustainable debt managent itrategy, strengthen the budgetary process, and Implementing policies that stimulate economic growth and develop a comprehensive long-term fiscal plan to address structural issues and promote anonomic statelity for sustainable growth and development.

* Addressing hack of Export Diversification. Diversifying the export basket can boom the economy this can be done by focusing on value addition in existing export sectors to move up the value chain. Identify and target new export markets that offers opportunities for diversification, and by improving trade facilitation.

* Tax Reforms to Address Revenue Collection Problems:

In order to increase revenue collection goverment should streamline the tax system



the number of lares, enhancing by reducing tax comptiance, improving tax adminestration, Tax bases resulting in the development of and broaden Blonomy Energy crisis and Infrastructural * Addressing reforms.

To tackle the energy cusis and infrastructure challen jes effectively. Pakistan needs to adapt an integrated approach that combine shorttern measures with long-term Elizategic planny this approach should include energy sector oeforms such all emblending energy generation and distribution efficiency, diversifying energy sources and promoting renewable energy resources. For Infrastructural developments; references are prioritize investments in transportation returning, logistic infrastructure, energy generation and tears mission

* Advessing Unemployment and Under employment To address unemployment and under employment government chould emphasize or youth empowerment, labor market reforms, Job warrows, delelopment of shifts by investing in eduction and vocational training



programs ultimately weate a more indusive i and dynamic labor nachet that provide opperhity for all segments of the population, fosters economic growth and enhances social well being

* Addressing Policy Inconsistency problems: policy Inconsistency problems are addressed by Fransparent policymaking, woordination, boy-tumplating and effective monitoring. Palistan can create more stable predictorse, and woolucive policy environitiesent for reusiness, investors and other statehoteless. Lonsisten. and coherent policies are essential for prometing economic growth, attracting invested no fostering sustainable development in pakistar * Addressing External Imkalance and Exchange vote volatility. By Emplementing targeted strategies wich as

expost diversification, foreign etchage reserves nanagement, Exchange rate stability and Structural reporms; external imbalance and exchange rate valatility can be managed. Bleske con enhance its economic stability improve its external position and create a conducive environment for Sustainable growth and development.



Conclusion: Improve the references and the paper presentation part Pakistom faces significant économic challenges and addressing these challenges requires a multi-faceted approach. that includes job creation, export diversification, policy considering and infrastructure reports. By implementing there recommendations, la lister can enhance its conomic resilience, attract investments and foster sustainable growth. Collaboration between the government, and private + there blakeholders + 15 essential to ravigate these challenges I pave the way for a more prosperous 4 inclusive econo my m Pakistern

> The answer is lengthy and will affect your time management. So shorten it a bit

