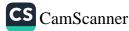
0 Zubairs Mustafa 15-12-2024 Informal economy: the way forward Essay Outline Thesis Statement: Informal economy can be addressed through economic and social reports at individual, institutional and structour fact. Introduction What is informal economy? I A. "Informal economy is a segment of unregistered and undocumented economy " - USAID 1[The contemporary situation of informal economy in Paristan "\$"457 billion" World Bank Phrase it B. "Nearly 75% of the total Coroperly force is engaged in informal sector employement."- (Labour Force Survey 2020/21) What are the major causes TIL of informal economy of Palaistar? A. Individual Level 1 · Lack of tax movality Unnecessary details



2. High poverty rate Case in point: 39,4% is poverty rate of Palaistan World Bank B - Institutional Leve 1. High illiteracy rate Case in point: 62% of Pakistanis are illitrate What are the ways forward for Pakiston's informal Iv economy A. Individual level 1. Creating sense of tax movality "Free viders who do not pay" from - why Pakusdan will survive by Mohsin Hamid 2. Ending economic marginality 3. providing the education to all i- Lowering illiteracy rate B. Institutional level 2. Giving technical and vocational training to all



2. Ensuring ease of doing business 3. Spreading awareness about tax system C- Structural level 1. Addressing correption i. Digitalization 2. Increasing threat of detection 3. Introducing supportive program for informal postivers. Further mature your arguments Conclusion Ever since independence, Pakistan has been Luxching from one crises to another crises. It one crisés buries its head, then another rears its ugly head presently, rising the issue of informal economy has become 9 sexious threat to economy of Paristany Informal economy can be



addressed through economic and social reports at individual, institutional and structureal level. There are several causes of informal economy including high illiteracy rate and high poverty rate which create an uncertain environment tor formalizing of economy As every cloud has a silver lining, Pakistan can also address the The significant reasons of informal economy by using realistic approach. The dark clouds of informal economy can be mitigated by creating sense of tax morality among people across the country. To achieve the aim of Domalizing economy, there is dire need. to eliminate economic marginality. Pakistan can bounce balla prom this quagmive by providing education to all without any need to give technica



5 and vocational training training to all. Ensuring ease of doing business, greading awareness and adobressing corruption, informal economy can convertento pormal etonomy. This essay defines the this essay adjoines the meaning of informal economy and the contemporary situation th this phenomenon Examining the definition and magnitude, it turns into highlighting the leading causes of informal economy, and after this, the discussion suggests robust solutions to tackle the issue of informal economy. No need of adding connecting paragraph paragraphymal economy refers to unregistered economy USATO defines the informal economy is a segment of the economy which posters activities balling outside the ambit of state imposed regulation,



kaxation and observation. some i si i i i The definition clearly reflects that informal economy is an unregistered and undocumented worom To understand the concept of informal economy of Pakistan, it is an emperative that to highlight the current position of informal economy of Pakistan The dynal panaxoma of informal economy is showing dark picture of Pakistan's economy. According to the World Bank spot, Pakistan has \$457 billion is marked as an informal economy. It is a huge amount of a country which affects the development of Pahistan. Moreover, there are a number of labour forces which are not registered, and they use overy source of



7 the country, but does not pay it. As per the report of Labour Force Survey 2020/21, hearly 75% of the total Labour borce in Pakistan is engaged in informal sectors employement. There is no denying the fact that these reports are sending alarming bell to the country, and which warrant immodiate remarkes. Therefore, the current position of informal omy of Pakistan Ps very dangerous, but the situation is not all bleak for the country. It can be addressed with holistic . approach. Irrelevant details Before suggesting the ways borward, it is essential to highlight the leading causes of informal economy. The essay is turning to discuss the cove causes of informal economy which create conducive environment Dos entrepreneurs,



8 informal workers and and Labour force. The most important Loading cause of informal economy is Lack of tax morality among people. Regrethully, a huge number of citizens avoid to register. Their meone and work in the record of government. The size of informal economy is more than 40% of the GDP of Patristan. It show that people are unwilling to pay tax to the country. This act contributes to economic crisés which hamper not only the survival of Pakistan but also the surviscal of the people. Thus, the alfure of avoid to pay tax is a serious cause of informal economy. Besides the Lack of tax morality, high poverty rate of Pakistan is also



responsible for informal economy Pakistan's poverty rate is 39.4% meaning that 95 million people in the country live in poverty. It show that the high poverty vate forces to people to remain in informal sector. However, due to high poverty rate , Pakistan Ps. suffering from the problem of informal economy. Furthermore, exploring the main reasons of informal economy, high illiteracy rate of Patrictan poses serious threat to formal economy of Pakistan. 62 % of Pakistani people ave illiterate. Due to high illiteracy rate, the citizens are unable to segretes them in Dormal sector. They also have no awaveness about the advantages not only for the state but also por the citizens. Although



10 the government of Parkistan has taken potential measures to address this issue, still it has need to introduce more supportive program to meet this fundamental right. Therefore, Pakistan has high illiterary Nate which provide priendly environment to informal economy. Considering above causes of informal economy, it is a grave situation which sequires robust ways forward. Soy the essay suggests the Suitable waysforward to address informal economy. The discussion proposes most important ways forward to eliminate informal convery. There is always a light at the end of the tunnel. Informal economy can convert into formal sector by creating sense of morality. Mohsin



Hamid, the prominent author, Criticizes those who do not pay tax to country by calling "bree siders" in his book "why Paustan will survive". Undoubtedly, everyonce has to pay tax to state because it is our moral responsibelity. Thus, everyone should pay tax to country and create sense of morality which can reduce the thread of informal economu. Furthermore, it is dire need to address informal economy by ending economic marginality. which can play pivotal sole in eliminating the main reasons of informal economy To meet the purpose of reducing informal economy, the government should istroduce supportive program for poor people which can



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12 Bulfil the Jundamental need of people. Benazis Income Support Program (BISP) and These program are green Signals to reduce poverty. Such type of programs can play significant role in eliminating economic marginality which can help in addressing the issue of informal economy Hence, Pakistan can exadicate the major sources of informal economy by ending economic marginality. In addition to, there is an imperate need to provide education to all which Can support in climenating informal economy Education has the ability to build sense of noval responsibilities among the people to convert informal economy into Dormal economy, first of all, the government of has to take robust measures



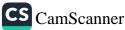
13 box seducing high illiteracy rate. Article 25- A of the Constitution of Pakerstan states that the state is responsible For providing free and compuls-oxy education to all. Despite the fact that so many initia-tives have taken to diminish illiteracy, still there is a dire need to assess strategies and provide all bundamental pacelities to active the aim of education To conclude, providing to education to all care help formatizing economy. Moreover, to stiffle the core causes of informal economy : Technical and Vocational Training (TVET) can play pivotal sole in this second-Pakistan has 3.740 technical institutions, and it produces 0.45 million of skilled workforce annually. As per the



14 current population of Pakistan (241.5 million) these institutions are nothing. The author ties concertered must introduce technical program along with bull and half scholarship in order to in decrease the source of informal economy. Hence, to exadicate informal economy, TVET can play significant the. Reducing the sources of informal economy, the govern-ment has to ensure ease of doing business which can help in addressing the issue. Due to complexe sup system of registration and wastage of time, businessman are avoiding to register their business and prefer. to remain in informal sector. In 2021, the Securities and Exchange Commission of Pakistan (ECP) released a



15 List of over 100 companies involved in illegal business activities. It reflects that the Companies are contributing to damage the economic sector of Pathiston by avoiding to pay tax Therefore, the governme ent has to introduce friendly program which provide ease of doing business. It is also pertinent to mention that spreading awaveness about tax system can support to address informal economy. In this regard, Media is the potential tool which can build an environment of moral responsibility of Paying tax to government. The platforms of social media like Facebook you tube and Whatsapp can develop tax culture by spreading awayenen about tax system. Hence, to solve the problem of informal



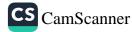
16 elonomy, it is an essential to spread swaveness about tax system Suggesting the ways forward of informal economy, there is a vigorous requirement to address the plague of corruption. Unfortunately, there are so many harbingers which paint the along picture of transparence To address the sources of corruption, digitalization is one of the effective methods which yan play an important sole in evadicating corruption. Estonia has digitalized its infrastructure that enables secure and transparent data sharing between government agencies and citizens. So, digitalization is one of the potential sources of eliminating corruption which can help in gadressing informal economy.



17 Furthermore, informal economy can be diminished by increasing threat of detection Government bodies must take action againt must the ave not registered in the second of government. The bear of detection can help in exadicating the problem of informal economy. Therefore, increasing threat of detection can play pirotal tole in informal economy. there is also need of introducing supportive programs for informal workforce to meet the notice of exaging informal economy These programs would provide facilities to informal workforce in which it can bulfil its hereb. In Covid-19 Lower and middle class workers faced unprecedent cerel of difficulti-es, and due to unregistered.



18 government sto unable to reach them to provide base needs Therefore, government can solve the problem of informal economy by infroducing supportive program for workforce books. To conclude, in the Light of above discussion, it can be said that informal economy has emerged in Pakistan due to hig illiteries rate and high poverty the. However, there is always a Light at the end oftertunnel, so Pakistan can bounce back from this quagnise by taking initigives to address informal economy. In this regard, the government D Pakistan can translate this vision into reality by institutional and structural repormer It is an imperative need that the authorities concerned must introduce programs to provide Jundam.



ental education to all, to reduce poverty across the pa country and to entry ease of doing business. If the government adopt these remadies, there & a high Chance to convert informa economy in formal economy. For me, this essay would score around 12-15 marks Areas to improve: Deconstruction of the topic Knowledge gap Maturity of argumentation

