

Day: _____

Core issues Of Pakistan Economy

Outline

1 Introduction

2 Overview of Pakistan Economy

3 Core issues of Pakistan Economy

3.1 Import oriented economy

3.2 ~~Unstable~~ debt crisis

3.3 Improper Tax collection

3.4 Lack of Industrial development

3.5 Inefficient agriculture reforms

3.6 Looming crisis of default

3.7 Devaluation of PKR

4 Remedial measures to stabilize the economic issues

4.1 Increasing exports

4.2 Promoting tourism to attract FDI

5 Conclusion

Imagine a country that was known for its agrarian agrarian economy from its time of independence. And then suddenly that country shifted to an import oriented economy. Was this action would be actually a sudden shift made by the country? No, it was not. It resulted from the unprecedented challenges and reforms. The country faced them during its early early years of independence. ~~There~~ And because of this, a state become a state of crisis. Now let's name this the country. It is Pakistan. A nation that has been struggling with economic issues for last few decades. There are several issues that has shattered Pakistan's economy. But the core issues are an import oriented economy, ~~simultaneous~~ debt crisis, improper tax collections, lack of industrial and agriculture reform and a host of other issues that have invaded Pakistan's economy.

Day: _____

Date: _____

Due to these issues, unemployment rates, poverty ratio, crime rates and have all increased in Pakistan.

While some ~~peo~~ ^{Pakistanis} condemn ~~the economic~~ other factors are responsible for Pakistan unstable ^{Position} policies and changes, the main issues in its economy ^{issues} are inefficient agriculture reforms, improper tax collection, law and order problems, debt issues and several others, these have affected its ~~stable~~ economic growth.

Pakistan economy has witnessed several challenges in past few decades. At its ~~independ~~ independence time it was reliant on agriculture, one of the major sector of Pakistan economy. The GDP of ~~to~~ Pakistan derived from contribution of agriculture, industry and services sectors. In early two to three decades Pakistan economy was progressing. But since after 1980s Pakistan economic stability started

has been continuously decreasing. Pakistan is rich in natural resources and blessed with a agrarian land. However the inappropriate managements has turned its assest into liabilities. And today Pakistan is suffering to meet its basic needs.

There are various issues.

due to which Pakistan economy is strattered. One of the main reason is its ~~at~~ import oriended economy. Pakistan's almost every sector dep overly depend on imported goods. Even goods that can be manufactured domestically, Pakistan import them from others. According to Economic Survey 2024-25 75 bn invested in imports and 35 bn allocated to exports.

This shows that a country whose export imports are double than its export is surely facing economic crisis. Hence, the overreliance on import is ^{one of} the core reasons of

Pakistan economy issues.

Secondly, another ~~real~~ core issue of Pakistan economy is its ~~unstable~~ debt crisis. The trajectory of Pakistan economy cannot be described without its 75 years debt history. Pakistan is world's fifth largest borrower from IMF. The problem is not in taking borrowing debt but it is not using it effectively. due to which internal and external issues occur. The unstable debt crisis has negatively impacted Pakistan's GDP. It has reduced foreign reserves and caused inflation. Thus, debt crisis is also core issue of Pakistan's economy.

Thirdly, improper tax collection is also one of the core issue of Pakistan's economy. The inadequate tax collection has

caused ~~seasonally~~ tax evasion avoidance and tax evasion problems in economy. Due to improper taxation Pakistan's ^{middle} ~~urban~~ classes bear the burden of disproportionately large part of direct and indirect taxes. Since 1994 government has increased additional taxes on utilities like petroleum, gas, electricity gradually. Due to these policies economic stability was badly influenced at macro level since 1990s. Hence, such improper tax reforms have disrupted Pakistan's economy.

Moving ahead, lack of industrial development is also the issue in Pakistan's economic growth. As Pakistan is a developing country and there is shortage of capital, industrial development is impossible without capital. The ^{rise} hike in inflation and shortage of infrastructure such as gas, electricity, transport and communication are not ~~spreaded~~.

Day: _____

Date: _____

fulfilling the requirements of industrial growth. In 2022 more than 200 industries were either shifted to abroad or converted into real state. This is because of high prices of imported machineries and chemicals. These factors play major part in industrial backwardness. In result industries failed to ^{develop} grow and stir up economic issues.

Similarly, despite agriculture being a cornerstone of Pakistan's economy, its inefficient reforms ~~has~~ has been a core cause of economic issues. This sector has ^{either} major direct or indirect link with almost every sector of economy. But very small amount of financial resources is given on its research and development. The inefficiency in adopting innovations and ^{not} introducing new reforms has led to poor agriculture performance. This eventually affected the Pakistan's economic

ic issues. In result, this has made Pakistan net food importing country since 2013 and put additional debt burden. These inefficiencies contribute in poverty, food security and export competitiveness. Thus, inefficient agriculture reforms fails to provide stable economic growth.

Adding more to issues, from past to present looming crisis of default in Pakistan is also a core economic issue. An economy could have two big problems i.e., balance of payment crisis and budget deficit. Unfortunately, Pakistan is suffering from both. It is because its revenue collection is less than its expenditure. The government's inability to manage finance has led to repeated cycle of ~~the~~ bailout from International finance institution. These bailouts require some conditions that eventually reduce public spending on essential and stifle economic

growth. The continuous reliance of bailouts and default crises have frightened the investors to invest in Pakistan.

Resulting, capital flight, or devaluation of currency and reduce in foreign investment.

However, Pakistan can overcome ~~some~~ above mentioned core issues by taking effective measures. One of the most ^{important} way forward to boost Pakistan's economy is increasing exports. A robust export sector can bring significant change in Pakistan's economy. It can ~~improve~~ neutralize trade deficit. It also helps ^{to} reduce the debts ^{crisis} and import. ~~It is~~ If Pakistan starts working of its natural resource, industrial developments and agriculture land, it can exports more and change its title from import oriented economy to export oriented economy.

Day: _____

Date: _____

Day: _____

Last but not the least, one of the best way to overcome economic crisis is to promote tourism. ~~to attract FDI~~. Promoting tourism will attract the Foreign Investment ^{Direct} FDI. It is very effective to ^{way} improve economy. As Pakistan is blessed with picturesque nature, it can earn very good amount of ~~other~~ foreign currency. The positive experience of tourist not only waters the banks but also creates a positive global image. ~~Tourist spend~~ Hence, promoting tourism to attract FDI can become a cornerstone for sustainable economic stability.

In conclusion, Pakistan's economic crisis is a decades old issues. This is caused by serious several core issues such as debt crisis, looming defaults, devaluation of PKR, and so many.

others. These issues have created negative impact on Pakistan's overall growth. However by taking strategic measures such as increasing exports, promoting tourism, upgrading technology, creating proper tax collection and various other effective reforms Pakistan economic crisis can be neutralized.

"In the midst of every crisis, lies great opportunity"

Albert Einstein