

DATE: ___/___/___

DEVALUATION OF PAKISTANI RUPEE :

INTRODUCTION :

Pakistani rupee has been devaluating in comparison to US dollar in past few years. This trend is not new for Pakistan. There are several reasons for devaluating Pakistani rupee.

- 1 Inflation
- 2 Political Instability
- 3 Interest Rate
- 4 Debt Burden
- 5 Quantitative Easing
- 6 Lack of Foreign Investment

1 INFLATION :

One of the main reasons of devaluating Pakistani rupee is inflation. It is because that Pakistani rupee are not stable in the world. Pakistan is primarily import based country. Pakistan imports ^{products} in US dollars and sold in Pakistani rupee which cost high.

2 POLITICAL INSTABILITY :

Political instability is another factor of devaluating Pakistani rupee. Uncertainty in country's political future can lead to a lack of confidence among foreign investors which can cause them to withdraw their funds. ~~and~~ This ~~can~~ cause ~~decline~~ ^{devaluation} in Pakistani rupee.

3 INTEREST RATE :

Interest rate is another factor of devaluating Pakistani rupee. The interest rate of Pakistan and US are different. When the interest rate in US increases the investor may choose to move their fund for better return. This can cause a decline in Pakistani rupee.

4 DEBT BURDEN :

Debt burden is another factor of devaluating Pakistani rupee. Pakistan has a large debt which has to pay with interest along with principle amount. As the debt burden increases the demand

for Pakistani rupee become decreases. Investor's become concerned about the country's ability to repay the debt. This can lead to devalue Pakistani rupee.

5 QUANTITATIVE EASING :

when a country print more notes than its reserve than the country has to devalue in currency.

6 LACK OF FOREIGN INVESTMENT :

Lack of foreign investment is another factor of devaluing Pakistani rupee. Pakistan is depended on foreign investment. Lack of investment can lead to devalue Pakistani rupee.

CONCLUSION :

There are several factors that lead toward devaluing Pakistani rupee. Some of them are inflation, political instability, debt burden etc. Pakistan government has to take some ~~press~~ steps to address these issues and prevent further devaluation of the currency.