

Higher economic problems and solutions

Outline

I - Introduction

Thesis statement: The economy of Pakistan has ~~surrounded~~ ~~in~~ by multiple problems. However, these are methods that can heal the wounds of economy.

II - Higher economic problems in Pakistan

A - More consumption

and fewer saving of money

B - Current account deficit

C - Dwindling Foreign exchange

reserves

D - Reduced Foreign direct investments (FDIs)

E - Rising terrorism

I - Pakistan's engagement in war on terror.

F - Political instability in the country

G - Energy crisis

H- Threat of Climate Change

III- SOLUTIONS FOR the higher economic problems

A- Investment in human capital

B- Reforms in agriculture sector

C- Investment on domestic industry

D- Investment on small and medium enterprises (SMEs)

E- Ease of doing business

F- Action against corruption

G- Political stability and consistency

H- Climate change adaptation

IV- CONCLUSION

In today's world, no nation can truly achieve greatness without a strong and independent economy that benefits all segments of society. An economically stable country is a prerequisite for inclusive politics, women empowerment and development of a society. Conversely, nations that fail to establish a sound economy suffer from deplorable socio-political indicators and cannot attain prosperity. Regrettably, Pakistan is currently facing many economic problems that has shaken the country's foundations and led to a quagmire of issues. The problems include more consumption and

Fewer saving of money.
Besides this, current account deficit is increasing exponentially and Foreign direct investment is decreasing due to which Foreign direct investments (FDIs) has shut down. In the same fashion, upsurge of terrorism, chronic political instability and severe energy crisis has exacerbated the situation. However, all hope is not lost. Pakistan can overcome this crisis by introducing effective structural reforms. It is high time that the country pursued an independent economic path and created a charter of the economy. Investment in human capital and reforms in agriculture sector can promote

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economic stability. Other than these, investment on small and medium enterprises (SMEs) will reduce evils of the economy. Likewise, friendly investment policies, political instability and consistency are also essential for the prosperity of economy. Undoubtedly, the economy of Pakistan has surrounded by multiple problems. However, there are methods that can heal the wounds of economy.

To begin with, one of the major problems to the economy of Pakistan is that people consume more money and save less. Due to it, the country is not developing. As per the economic survey of Pakistan out of every hundred rupees citizens consume eighty five rupees and save fifteen rupees which is not a sufficient amount for economic growth. The saving rate should ideally be twenty five rupees for achieving growth rate of six percent. Comparatively, India's saving rate was approximately the same but last year they recorded 3.4% percent saving rate while China's saving rate was 50%.

In short, more consumption and fewer saving of money is a great problem to the economy of Pakistan.

Besides more consumption and fewer saving of money, dwindling foreign exchange reserve is another challenge problem to the economy of Pakistan. The foreign exchange reserves of the country are decreasing with every passing day. It has bad impacts on the economy of Pakistan because a country's economic muscles are evaluated on the basis of foreign exchange reserves. In 2023, the state bank of Pakistan reported that foreign exchange reserves of the country were all time

low and had only one month worth of import bills. This ^{unpredictable} ~~multiple~~ dwindling has multiple impacts such as it afflicts the purchasing power of the state and impacts the Foreign direct investments (FDIs). Briefly, Foreign exchange reserves ~~have~~ are decreasing swiftly which afflict the economy badly.

The government has to invest more and more on human capital. The reason is an educated nation plays a pivotal role in development of economy. Education will result in efficient character building and moral bringing of the masses. Likewise, education will provide skill labour along with ethical professionals. The skilled labour would work in our industries and they can be exported to friendly countries to bring exchange in the form of remittances which would enable the economy to stand on its legs. Therefore, ten percent of ~~the~~ total schools should provide technical training to students.

Similarly, participation of women in technical education should be expanded so that they will become an integral part of the economy. In short, investment on human capital should be increased.

Another solution to the economic problem is that the government must do reforms in agriculture sector. The reason is it employs 40 percent of the labor force and it contributes 20 percent to the Gross Domestic production (GDP). For this purpose, the government should extend subsidy support to its farmers to purchase farm inputs at per subsidies given by the Indian government (₹25 per annum per farmer).

Besides extension of subsidy, the government has to take action against the seed mafia which are operating without any rules and regulations. According to Pakistan Meteorological Analyst (PMA), Pakistan has 850 registered seed companies whereas India has only 70. This large plethora of companies had led to seed pollution. Briefly, reforms in agriculture sector is need of the hour.