

Economic Crisis in Pakistan

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At the forefront of the future, economic crisis impedes the progressive works of Pakistan. It is an established fact that a country with dwindling economy always lags ~~from~~ ^{behind} its contiguous and competitive countries. It is because, a stable economy of a country serves a foundation which gives an eminent position to the country. On the contrary, a dwindling economy of the country causes innumerable political, and social chaos. Currently, Islamabad also faces the malevolent impacts of economic catastrophe in different precincts. Most concerning and hideous woes are political. Some of them are also responsible for the economic crunch in Pakistan. They are lack of accountability, political instability and poor governance system. Moreover, along with the political parameters some social factors are also responsible for this dire economic condition of

Pakistan. These factors are paucity of skilled labour, ignorance of global trend and over-dependence on creditors. However, due to these components Pakistan faces some pernicious economic crisis. These are circular debt, current account deficit and poor taxation system. These challenges have grave ramifications in Pakistan. Most abstruse challenges, repercussions are decline in foreign direct investment, unbridled inflation and social unrest. Astonishingly, all hope is not lost. It is because darkness cannot drive out darkness; only light can do that. However, Pakistan can cope with this crisis by adopting some pragmatic steps. It should curb its extravagance exports and also ^{improve} ~~maintain~~ its imports through proper economic reforms and by adopting efficient and effective economic policy. In short, Pakistan must act decisively to acquire prosperity in future.

Considering the major economic challenges of Pakistan. These economic challenges are ongoing and ^{further} escalating the economic anguishes of Pakistan. Among them circular debt is a persistent economic challenge of Pakistan. It is basically a crisis of power and electricity means energy sector. The main reason behind this economic crunch is the weak infrastructure of electricity production and supply. Surprisingly, Islamabad has been facing this crisis since its inception. Initially, it faces this menace due to unpalatable legacy of the division of sub-continent and later on due to high rate of electricity purchasing agreements with Interdependent Power Producers (IPP). According to Economic Survey of Pakistan, Circular debt of Pakistan in the fiscal year 2024-25 is 2.3 trillion rupees. This ~~enormous~~ huge amount of debt further aggravates the economic sufferings of Pakistan.

This crisis not only impedes the bright future of the country, but also halts the development works in Pakistan. Thus, circular debt is a major ongoing economic crisis of Pakistan.

It seems that current account deficit is another perpetuating economic crisis of Pakistan. It is often referred as a twin deficit of circular debt.

Pakistan also faces this economic catastrophe due to imbalance in trade. It manifests that the imports of the country are much higher than the exports of the country. It is evident that the main reasons behind this economic catastrophe are lack of proper check and balance system and inefficient and ineffective economic policies. According to Pakistan Bureau of Statistics, Current Account deficit of Pakistan is \$ 98 million. Therefore, Islamabad bears out the monopoly of non-state actors because of abatement of foreign reserves. Hence, current account deficit is a concerning economic disorder of Pakistan.

Depletion of foreign reserves is prevailing economic crunch of Pakistan.

This economic crisis is intertwined with the aforementioned economic challenges. However, it also associates with the iniquitous utilization of the foreign reserves. It means, it also happens due to poor infrastructure of trading. Therefore, this economic issue is the main cause of shut down of industries especially textile industry in Pakistan. The closure of industries bring poverty, unemployment and social unrest in the country.

Thus, depletion of foreign reserves another economic anguish of Pakistan.

Furthermore, fragile domestic industrialization is spreading economic calamity of Pakistan. The country has been confronting with this disorder since its independence. It is due to the inefficient and ineffective economic policies and the adoption

of traditional and conventional methods of trading without concerning the requirements and the trends of the global market. These non-serious techniques also cause the closure of the industries. Therefore, this crunch also leads to poverty, unemployment and rampant inflation. According to the report of World Bank, Pakistan expects 40% poverty in the fiscal year 2024-2025. Thus, this report manifests that fragile domestic industrialization is also acute economic challenge of Pakistan.

It seems that poor taxation system is one more continuing economic upheaval of Pakistan. The country has been facing this economic dilemma due to the negligence of the public office holders. Moreover, the ^{adoption of} indirect method tax collection further aggravates the economic condition of poor strata. Meanwhile, the marginalization of the direct method of tax collection depicts

and shows the influence of some powerful lobbies. According to the Pakistan Bureau of Statistics some powerful lobbies are exempted from tax which, to 4 trillion rupees. Thus, poor taxation system is another economic flight of Pakistan.

Taking into account the responsible factors of economic crisis in Pakistan, the political causes are ^{the} major concerning points of contention. Amongst the political reasons, the limited transparency and accountability has been the intriguing cause. De facto, this factor is related to the public officer holder especially the politicians. If the politicians are not elected through proper transparency and accountability then they only work for their vested interest rather than the welfare of their citizens. This selfish attitude of the politician cause economic crunch in the country. Hence, the limited transparency and

accountability is a major responsible factor of economic predicament in Pakistan.

Moreover, political instability is another piercing economic crisis reason of Pakistan. Unfortunately, the country has been facing this evil since its independence. It is an established fact that stable political condition of the country defines and establishes strong and fine economy, whereas unstable political condition of the country leads to economic calamity. It depicts that both of these issues go hand in hand. Thus, political instability is another political reason of economic disorder in Pakistan.

It is evident that ineffective policies are also the repugnant political cause of economic crisis. This factor is also intermingled with the above mentioned causes. This thing is broadly visible in the history of Pakistan. Whenever the

new government is established, it initially abrogated and ~~cancelled~~ ^{conceals} the working projects and policies without concerning the benefits and weak economic condition of the country. This attitude of the politicians lead to huge economic loss. Hence, it is because of ineffective policies, ~~for~~ economic condition of Pakistan has been suppressing day after day. Moreover, poor governance system of Pakistan is another political bedevil of economic crisis of Pakistan. It is basically the sole omission of the public office holders. It also intertwined with aforementioned political responsible causes of economic crisis. If there are a political instability and ineffective policies founded in the country, it can lead to poor governance system. This system not only stops the progressive work of the country, but also ^{causes} gigantic economic loss. Thus, poor governance system is another political reason which causes economic crisis in Pakistan.

Along with the political factors some social parameters are also responsible for the economic crisis of Pakistan.

Amongst the social factors, overdependence on lenders is the most disgusting reasons of economic crisis of Pakistan.

The main reasons behind this nefarious approach are avoidance of hard work, social and moral erosion and the vested interests of public office holders. Therefore, if the people of the nation are relying on creditors for their survival, it ^{can} cause starkly economic catastrophe due to the avoidance of work and marginalization of moral values. Thus, overdependence on lenders causes huge economic crunch in Pakistan.

It is evident that the shortage of industries is another trading social reason of economic crisis of Pakistan.

There are innumerable causes of this bedevil. Some of them are gigantic circular debt, lack of resources, weak and ineffective

policy framework to bolster the industries and most important lack of will. Sadly, this cause impedes and halts the bright future of the youth. Thus, the shortage of industries cause economic debacle in Pakistan.

Moreover, paucity of skilled labour is denouncing social reason of economic crisis of Pakistan. As there is shortage of industries in Islamabad, it coerces the skilled labour to flee their homeland for bright and better future. Despite, ^{the} neglect of the benefits of the education also creates the shortage of the skilled labour. Although, the constitution of Pakistan imparts light on the significance of education through Article 25-A, almost 25 million children were out of the school. Therefore, massive brain drain and marginalization of education cause the paucity of skilled labour, which becomes the reason of closure of industries. Thus, paucity of skilled labour causes economic calamity in ^{and economic upheaval.}

Pakistan.

or
"Economy is
the root cause
of all
evil."

(Bernard Shaw)

It is evident that the ignorance of global trend is also the bedevil of social reason of economic crisis in Pakistan. If the industries are not adopting the traditional methods of working and the leans of the global market then how they can generate revenue. It is one of most piercing reason of economic crisis of Pakistan. As Pakistan is an agricultural country, but it does not generate a satisfactory revenue from agriculture due to the ignorance of global lean and trend. Thus, ignorance of global trend causes economic crisis in Pakistan.

Pakistan has been facing dire ramifications of economic crisis. These ramifications further escalate the economic calamity of Pakistan. They are as described below:

First, decline in foreign direct investment of Pakistan is one of the most sobering effects of economic crisis of Pakistan. Foreign investors feel shaky to invest in the country which economy is grappling with the jeopardy of defaulters and various restrictions. As the sector of Information Technology is the most growing realm of the universe, and it faces various sanctions in Pakistan. Therefore, foreign investors are hesitating to invest in Pakistan. It manifests that economy of the country is intertwined with the action of the state and its policies to attract the foreign investment. Thus, the reduction in

foreign direct investment is the menacing impact of economic catastrophe of Pakistan.

Furthermore, devaluation of Pakistani rupee is another unpalatable and grave repercussion of economic crisis of Pakistan. This impact is basically intermingled with the effect of decline in foreign direct investment. When there is decline in foreign direct investment then it further leads to the abatement of foreign reserves and depleting foreign reserves cause the devaluation of Pakistani rupee. This menace inculcates further economic dilemma like unbridled inflation, reduction in the industries and poverty. According to the report of World Bank, Textile industry of Pakistan has ceased at \$16.3 bn during the Fiscal Year 2022 to 2024. It delineates that the major revenue generating industries of Pakistan has ceased

to deplorable economic figure and facing various losses, which lead to decline in foreign ~~in~~ reserve and the devaluation of the Pakistani rupee. Thus, devaluation of Pakistani rupee is the matter of grave concern of economic crunch of Pakistan.

It is evident that unbridled inflation is severe economic issue and impact of Pakistan. This problem deteriorates the living standard of the citizens of the country. This bedevil coerces a man of straw to lead a dog's life in its own homeland. Therefore, it creates insurgency and social unrest in the country. This threat further spawns extremism and terrorism in the country. These anguishes aggravates the economic conditions of the country as well by decreasing the morale of foreign investors. Hence, unbridled inflation is a serious impact of economic plight in Pakistan.

Moreover, expansive unemployment is a destructive ramification of economic crisis in Pakistan. When there is reduction in foreign direct investment and industrialization in the country, it leads to unemployment. This vice hampers the bright future of the youth and ~~promote~~ provoke the repugnant culture formally called "Arsenal culture." This impedes and dire impact further implants castigation in the youth. Moreover, it also leads to poverty which is a piercing effect of unemployment and indirectly economic crisis of Pakistan. Hence, expansive unemployment is a grave impact of economic crisis in Pakistan.

There is a famous proverb regarding this impact of economic crisis:

"
Wealth is
life."

It is obvious that expansive

unemployment leads to social unrest in the country. Although this sobering impact is interlinked with the above mentioned grave effects of economic crisis in Pakistan. This impact causes disharmony among the people and conflicts behind between the people and the state. This issue not only deteriorates the internal standing of the country, but also leads to the monopoly of the creditors especially non-state actors. It portrays that all the anguishes of the economic crisis are interwoven with each other and further escalates the ^{economic} sufferings. Thus, social unrest is also a abhorrent ramification of economic crisis in Pakistan.

Nevertheless the economic issue of Pakistan is too much grave, but it can cope with this crunch by adopting some pragmatic measures. They are as given below:

Economic reforms are the realistic approach to deal with the sufferings of economic crunch. This approach includes the upgradation and the amelioration of the accountability departments and the alteration of functional mode of State Own companies. These steps ~~are~~ not only generate a revenue by attracting the foreign direct investment, but also promote the sense of responsibility among the public office holders as well as citizens. So, economic reforms are the dire demand of current economic condition of Pakistan.

It is evident that economic reforms promote industrialization in the country which plays an imperative role to combat ~~with~~ the anguishes of economic crisis of Pakistan. When the economic reforms attract the foreign direct

investment, it leads to industrial revolution in the country. This hierarchy boosts the economic reserves of the country and creates employment which further reduces the insurgency and social unrest in the country.

It is evident that when all the people live a flourishing life in the country, it promotes peace and stability in the country. Thus, promotion of industrialization is a logical approach to tackle the issues and woes of economic crisis in Pakistan.

Furthermore, efficient and effective economic policies are also important to grapple with economic issues of the Pakistan. Basically, this approach is related to the functional mode of the institutions. If the institutions perform their work in a true sense then they save the profound amount as well as ~~also~~ develop a good relation between the people and the state.

Hence, efficient and effective economic policies are also important to improve the economic condition of Pakistan.

Moreover, sovereign political system of Pakistan is also plays a significant role to cope with the economic sufferings of Pakistan. It is an established fact a country with sovereign political system is always making progress in every sector whereas a country with suffocating political system always suffers and does not grow in a true sense.

Unfortunately, Pakistan's political system suppresses due to various regional and international intervention due to which it does not take decisive decisions regarding its economy. So, sovereign and independent political system of Pakistan is a basic need to tackle the ^{economic} ills of Pakistan.

It is obvious that rehabilitation of the governance system also plays

an imperative to improve the economic condition of the Pakistan. When the country possesses sovereign and independent political system, it establishes well defined governance system. As Pakistan has been facing various interventions in its political matter as a result its governance system also suffers. It is because of poor governance system people raise their voices for their fundamental rights. This thing halts the foreign investment and aggravates economic condition of the country. However, sovereign political system and good governance system are the major demands of economic anguishes of Pakistan. Thus, rehabilitation of governance system is also important to tackle with the economic sufferings of Pakistan.

In a nutshell, weak economy of the Pakistan deteriorates the internal standing of the country at national and international level. It

delineates that it is an economy of the country which brightens the future of its youth whereas the suffocating economy impedes the shining future of its youth. Lamently, Pakistan has been confronting with the anguishes of economic crunch since its inception. Some of persistent economic crisis and challenges which shatters the sense of harmony, brotherhood and fraternity are gigantic circular debt, huge circular account deficit and rampant decline of foreign reserves. Although Pakistan confronts with this jeopardy due to various political and social factors. Some unpalatable political reasons are political instability, poor governance system and limited accountability. While social issues and factors includes overdependence on lenders, shortage of Industries, and paucity of skilled labour. These reasons causes grave and dire economic crunch in Pakistan.

Then some piercing repercussions include decline in Foreign Direct Investment, devaluation of Pakistani rupee and unbridled inflation. These ramifications further lead to extremism and social unrest in the country. However Pakistan must adopt some pragmatic and realistic approaches to cope with the sufferings of economic crisis. Some of them include economic reforms, promotion of Industrialization and sovereign political system. Thus, economic crisis in Pakistan is a matter of grave concern and Islamabad must act decisively to tackle the economic issues.