

Pak Affairs:

What is economy. Problems faced by Pakistan, why and How to overcome these challenges.

Economy:

System of production, distribution and consumption of Goods and Services in a country. It includes all activities related to Trade, industry, agriculture, banking, employment and public finance.

"Economy is the art of making the most of life." (George Bernard)

Types of Economy:

Market Economy: Driven by demand and Supply (e.g. U.S.A)

Command (Policy) Economy: Controlled by government (e.g. North Korea)

Mixed Economy: Combination of market and government (e.g. Pakistan)

Economic problems Faced by Pak.

1) Low GDP Growth:

Average 2.5% (23-24) compared to 6-7% required for population growth.

- Main Sectors like Agriculture industry under performing.

2) High Inflation: attempt by giving paragraphs; not points..

- Peaked at 29.3% in 2023, reducing purchasing power.
- Caused by currency devaluation, oil-imports, and supply shocks.

3) Massive Public debt

first add description of atleast 5 lines and then add references.

- Total debt \approx 80 Trillion (2024) IMF 2024
- Interest payment consume 75% of revenue

4) Low Tax Revenue.

- Tax To GDP: 9% (2024), far below ideal 15-18%.
- Only 2 million Pakistanis file taxes

5) Poor Governance and Corruption.

- Wastage of resources, weak institutions, political instability.
- Delays in decision making discourage investors.

6) Energy Crises

- Load shedding, circular debt (\approx 2.6 trillion), and high electricity cost. (NEPRA)
- Poor transmission and reliance on imported fuel.

7) Unemployment and Poverty

Unemployment rate: ~8.5% (2024)

Poverty: ~40% population lives below poverty line (World Bank)

Why Pakistan Faces these Challenges.

<u>Factors</u>	<u>Explanation</u>
→ Political instability	Frequent change in leadership discourage long term planning
→ Weak Governance	Corruption, inefficient spending, poor tax compliance
→ Import Dependence	Fuel, machinery and food imports strain reserves
→ Narrow Export Base	Mainly Textiles; lacks Techs, Pharma, value added goods
→ Low Human Capital	Poor education, skill gaps, brain drain

discuss these in detail. also add references/examples against these

optional) "A weak economy leads to weak governance"
 authentic source.

Comparison Between Good or Bad Company

Day: _____

Date: _____

Features	Good eco.	Bad eco.
Growth Rate (5-7%)	High & stable, (1-2%)	Low/negative
Inflation (2-6%)	Low	(7-10%) High
Jobs	Abundant	Scarce
Public debt (200%)	Low/sustainable	(70%) High/un-sustainable
Exports	Diversified	Limited
Currency	Stable	weak.

Examples:

Good economy: Germany, China, Singapore.

Bad economy: Pak (2023), Sri Lanka (2022), Venezuela.

"A Nation's greatness depends on the strength of its economy"



Black → inflation

Blue → unemployment rate.

Pencil → GDP Growth.

Graph shows Pakistan Economic indicator (2020-2025)

Day: _____

Visual Insight.

Date: _____

- **GDP Growth:** Dipped sharply in 2023, recovering slowly.
- **Inflation:** Peaked in 2023, sign of decline.
- **Unemployment:** Continues to rise due to slow economic activities.

How to overcome these challenges.

Short-Term Measures.

Monetary Control: Lower inflation via interest rate management.

Tax Reforms: Broaden base, digitize FBR, reduce leakages.

Rationalize Subsidies: Targeted support instead of blanket subsidies.

Long-Term Strategies

Export Diversification.

- Develop IT, pharm and engineering sectors.
- Use CPEC to access Central Asian markets.

Energy Reforms:

Fix DISCO, invest in solar and hydro, reduce losses.

Privatize loss-making (SE) SOEs:

Save billions annually by offloading

non-Performing entities.

Human Capital Development:

Invest in vocational training,

STEM education and youth development.

Stabilize politics and Governance:

Ensure continuity of policy, reduce

corruption, enable investment climate

improve the structure, references and the paper presentation part.

Conclusion:

Pakistan's economic challenges are deep rooted, but not insurmountable. With the right mix of structural reforms, Good governance and investment in people, Pakistan can stabilize its economy ^{and} ensure sustainable growth.

"No nation can rise to the height of glory unless its economy is strong."

(Quaid-e-Azam)