

## Pak Affairs:

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

start with the summary of the answer as introduction.

### 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. 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  $\sim 2.5\%$  (23-24) Compared to 6-7% required for population growth.



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- Main Sectors like Agriculture industry underperforming.

## 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 at least 5 lines and then add references.

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

## 4) Low Tax Revenue.

- Tax To GDP: ~1% (2024), far below ideal 15-18%.

- Only 2 million Pakistanis file Taxes

leave a line space between headings for neatness

## 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 (~2.6 Trillion), and high electricity cost (NEPRA)
- Poor transmission and reliance on imported fuel



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## 7) Unemployment and Poverty

Unemployment rate: ~8.5% (2024)

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

## Why Pakistan Faces these Challenges.

### Factors

### Explanation.

- ⇒ 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)  
authentic  
source.

"A weak economy leads to weak governance"

## Comparison Between Good or Bad Company.



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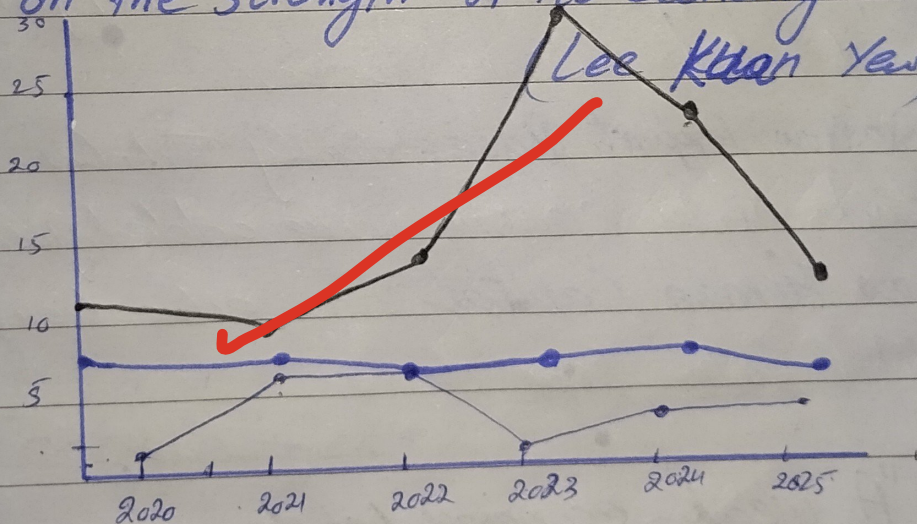
Features	Good. eco.	Bad. eco.
Growth Rate	(5-7%) High & stable, (1-2%) Low/negative	
Inflation	(2-6%) Low	(7/10-20) High
Jobs	Abundant	Scarce
Public debt	(<60%) Low/sustainable, (70%) High/un-sustainable	
Exports	✓ Diversified	Limited
Currency	Stable	Weak

### 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"  
(Lee Kuan Yew)



Black → inflation

Blue → unemployment rate.

pencil → GDP Growth.

Graph shows Pakistan Economic indicator (2020-2025)



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## Visual Insight.

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- GDP Growth: dipped sharply in 2023, recovering slowly.
- Inflation: Peaked in 2023, sign of decline.
- Unemployment: Continues to rise due to slow <sup>economic</sup> 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, pharma and engineering sectors.
- Use CPEC to access Central Asian markets.

#### Energy Reforms.

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

Privatize loss-making (SEO) 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 unfixable. With the right mix of structural reforms, Good governance and investment in people, Pakistan can stabilize its economy <sup>and</sup> ensure sustainable growth.

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

(Quaid-e-Azam)