

Ques:
Ans:

Pakistan's Informal economy: the way forward.

Outline:

(1) Introduction:

Thesis: Pakistan's informal economy, on long term, is only harming country's economy so that's why, Policies such as: Providing tax relief to salaried person, providing jobs, fulfilling the basic rights of children, Free education to each children, imposing high taxes on illegal jobs can reduce informal economy.

(2) Understanding the informal economy

(3) Causes of Informal economy

(3.1) high tax system of Government.

(3.2) Increased unemployment in country.

(4) Negative impacts of Informal economy.

(3.1) Country's economy is not improved by informal economy

(3.2) No job security to people

(3.3) Gender disparity increased, as women will get less salary than men.

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(4) Positive impacts of Informal economy.

(4.1) It can reduce poverty for short time.

(4.2) It fulfills people's basic needs.

(5) Recommendations needed for overoming informal economy.

(5.1) Provide substantial tax relief to the salaried can reduce poverty

(5.2) Provide jobs to people

(5.3) Need to improve education system.

(5.4) Strong democracy can build trust among people.

(5.5) Reduction of Government expenses can equalize budget.

(6) Conclusion

From fiscal years, 2022 to 2023, there is a ~~disastric~~ decline in Pakistan's economy. It has decreased from ~~6.17%~~ in FY 2022 to ~~-0.17%~~ in FY 2023. This ~~shows~~ ^{this indicates} how severe crises of Economy, Pakistan is facing. This ~~bad~~ economy has increased unemployment, ~~poverty~~ and incomes in Pakistan. High taxes, ~~leads to~~ ^{caused} informal economy. Informal economy, which is the source of economy which is not regulated by Government. People choose this to avoid high taxes. Informal economy can provide short term benefits to people but on long term, it is only harming country's economy. It has many negative impacts such as: informal economy can lead people to crimes, gender disparity is created on high level. It is necessary to take steps to reduce informal economy. Some policies such as; Providing

jobs, providing substantial tax setup to salaried person can reduce poverty, fulfilling the basic right of education to children. All these steps can reduce informal economy. Reduction of informal economy can improve Pakistan's economy.

Informal economy is not regulated by Government. People are not bound to pay taxes.

Those sources of economy which come in informal economy are: Polishing the shoes, Selling any thing on roads, these are some type of informal economy. It can betterment in life of common people but not to state. Informal economy is highly occurring in developing countries. Poor countries have high ratio of informal economy which is more worsening the condition of country. Only 5% of people in South are able to fulfill the basic need of life.

This ~~no~~ shows the need of people to went for informal economy.

High tax causes informal take goods taxes any have This more people economy getting Taxes

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High tax system is one of the causes that people move to informal economy. Government take taxes from property to goods which they sell. High taxes people can not afford any property on which they have to pay high taxes.

This makes people's life more difficult. That's why people move to informal economy more rapidly after getting frustrated by paying taxes.

Taxes on agrarian system of Pakistan are worsening conditions of farmers. Farmers are not getting benefits or profits due to high taxes.

Farmers will start to move to informal economy if they don't see any benefit in this. This shows, how high tax system move people from formal economy to informal economy.

writing in formal expression please
High tax is the foremost cause of increasing informal economy. Rising unemployment is another cause of informal economy. Pakistan

one country who have more youth but most percent of youth is unemployed because of many seasons, either they are not educated who get jobs and other seasons is lack of skills which are required but main reason is that unavailability of jobs. This lead them to informal economy. They started to find another source of income. Pakistan ranked 168th position in Human development index. This shows how much unemployment is present in Pakistan. Unemployment in Pakistan is the major cause of informal economy.

After causes, let's discuss it's negative impacts which are effecting Pakistan's economy.

Informal economy is not giving any benefit to country's economy - Although it is effecting it because people are not paying taxes. Low taxes ultimately harm economy. It is that source of income which is only

fulfilling basic needs and fulfilling basic needs is government's responsibility. For suppose, person is polishing shoes on street in whole day. This only will fulfill his basic needs, he will

not do any kind of success in this. This proves that he is not giving any benefit to state and this will effect economy.

This source of income has no job security. This is another negative impact of informal economy. It is only fulfilling day basis needs of family. If that person falls ill, what will that family will eat on that day. No job security to people make them depressed. Pakistan ranked 109 out of 149 countries in happiness index. This is all because of no job security. All

sources of income of informal economy has no job security at all. It shows how it is insecure to move to informal economy in which no permanent security is provided.

Informal economy has another major impact that it creates increased Gender disparity - In this system, women are earning less than men - In Government and Private institution has started to provide equal salary to everyone despite of their Gender but in informal economy no one is bound by this law because they are not regulated by state. Women, despite of being more in numbers than men. Women in Pakistan are 51% and men's percentage is 49% but women's participation in economy is only 84%. This shows as condition under government. It will worsen if it is taken away from government. Hence it is proved that gender disparity is increased by informal economy.

Informal economy has more negative impact but it has also some positive impacts on economy.

It is responsible for somehow to reduce

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poverty. People will find any source of income, more people are able to fulfill needs. This will decrease poverty. For shorter period of time. This type of source of income is encouraged in developing countries where poverty is high in ratio. According to UN, 30% of people of developing countries depend on this source of income. This number has clarified, if government state their this source of income from them. Then poverty will increase more for shorter time but it is responsible for reduction of poverty.

Informal economy is fulfilling people's basic needs which is state's responsibility. In other words, it can said that informal economy is doing state's work of fulfilling responsibility basic needs of people such as food, home, security - but they are doing this at the cost of

other basic sights. Pakistan's main position of men are doing job of labour - labour is only has ability to fulfill basic needs. Most men of Pakistan are uneducated and finding this way of source of income - Informal economy is responsible for fulfilling the basic needs of help of the nation.

After discussing positive and negative impacts of informal economy - there are some recommendation which are highly needed to overcome informal economy.

Providing substantial tax relief to salaried person can reduce poverty is the foremost recommendation - This reform is highly needed in system, some relief on tax can better condition of middle class men. 38% of salary of people got cut in tax which is very concerning for salaried person. This high cut of salary, they are not able to fulfill

basic needs. Providing tax relief is one needed reform.

Government should provide jobs to people to overcome unemployment. Projects like CPEC, green initiative, USAID Pakistan has increased jobs for people. It needed some transparency, that people will got job called to jobs more than earning through informal economy. In 2016, when CPEC came, people of Pakistan got more opportunity of jobs and Pakistan has showed great improvement in GDP for the year. Hence it is proved that jobs are needed by people and Government should provide jobs to them.

Providing education to every children of Pakistan is much needed for reducing informal economy. Uneducated ones got more sources of income but those if they got education,

Educated youth play sole in increasing economy of country.

In Pakistan, 75% of Balochistan's children are out of school, 33% of Punjab's children are out of school.

If youth is uneducated, they are not able to get jobs. So education is necessary for overcoming

After informed economy, strong education, strong democracy is needed to build trust among people. For doing business, one need strong establishment in country because political instability can effect its business. Policies are changed when governments are changed. It is dangerous for those who are doing business and shattered democracy also effect

Jobless who are not getting any assessment of salaries under shattered democracy.

USA, France, Canada are those countries who have strong democracy and it is more beneficial for

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them to work under Government
hence it is proved that
strong democracy is one of
the strong solution to
overcome informal economy.
Government expenses must be
reduced to benefit people. Pakistan
Government has high expenses
such as now ~~now FBR has completed~~ ~~now done~~
meeting where it requested
for high bill for bullet proof
jackets and cars. If government
reduced its expenses such as
expenses on their travelling, on
their security can be reduced
to some extent - Pakistan's
government has passed ~~an~~ budget
of 3 billion for their expenses.
hence it is proved that
high expenses of Government
which are not much needed-
Government ~~not~~ should use this
money on education.
Pakistan's informal economy
can have positive and negative
impacts but it has most
negative impacts such as
if it does not improve country's

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economy. If has another negative impact on gender disparity. These all impacts increased by increasing unemployment - To overcome informal economy. Pakistan's establishment need some reforms such as lowering taxes, work for betterment of education in country, imposing taxes on crimes related jobs. Forming policies is one thing and implementation of these policies is necessary. These policies can be implemented if transparency in system is brought. For this purpose country needs statesman not politicians who think of seeking government expenses - Road map exists, resource exists, technology exists. It is now up to the government / state to act with resolve, with clarity and with urgency.