10/20

need to add actual data and statistics.

Q# 02

Discuss in detail the reasons for the fragility of the economic stability of Pakistan and suggest pragmatic remedial measures for ensuring smooth and sustainable economic growth.

Introduction:

Pakistan's economic stability has been weak for many years. Structural gaps and repeated shocks caused this weakness. The country often faces shortfalls in foreign currency. Growth stays low. Inflation rises unpredictably. Debt service obligations strain the budget. Political changes increase policy uncertainty. External ~~Pat~~ partners provides support. The support comes with conditions. The IMF and World Bank stress major structural reforms.

Resons For the Fragility Of the Economic Stability Of Pakistan

Fiscal deficit Pressure

add statistics

Pakistan faces a large deficit every year. The government does not collect ~~enough~~ enough revenue from taxes. The government must spend on schools, hospitals, defence, and development. The needs of the People keep rising. The income of the country stays low. IMF Reports show repeated fiscal deficits in Pakistan.

Heavy Domestic Debt load

Pakistan carries a heavy domestic debt burden. The debt grows every year. The government uses domestic banks to meet daily financial needs. Banks lend huge sums to the government. Banks hold less money for private businesses. The interest payments on domestic loans take a large share of the budget. System becomes slow and weak. State bank of Pakistan data shows rising domestic debt.

External debt burden

give recent data and examples

Pakistan faces a major burden of foreign debt. External debt affects the balance of payments. The government must pay interest in foreign currency. Reserves fall when payments rise. The fall in reserves weakens the currency. The weak currency increase import prices. According to the World Bank report, a high external debt ratio.

Weak Tax System

Pakistan has a weak and narrow tax base. Low tax collection harms development. The government cannot build strong infrastructure. The government cannot fund social services.

Many Powerful groups do not Pay taxes. Tax evasion stays common. The weak tax System increases reliance on loans. The country loses financial control over the economy.

Low Export Output

Pakistan has low export capacity. Export goods remain limited in range. Most industries use old technology. Productivity stays low. The global market needs high-quality goods. Pakistan cannot meet global standards in many sectors. Textiles dominate exports. others sectors stay weak. Trade deficits weaken reserves and currency. Trade data shows low export diversification.

references, data???

Energy Sector Losses

The energy sector creates huge financial losses. Power companies cannot recover full costs. Poor management increase losses. Old Power Plants reduce efficiency. The government gives subsidies to keep prices low. Susbsides increase fiscal Pressure. Industries suffer from Power shortages. Production slows down because of this weakness. According to the National Energy report, high circular dedt volume.

Policy Instability

Pakistan faces frequent changes in Policies. New governments change economic directors. Investors wait for clarity. Projects face delays. Regulations change often. Planning becomes difficult. Policy Shifts reduce growth and investment. Bussiness climate Surveys show invester concern about Policy Shifts.

Weak Industrial Structure

Pakistan has weak industrial base. low skills reduce the quality of Production. old technology slows Production. Industriest cannot reduces costs exports remain low jobs remain limited. weak industry harms long term economic growth

The country depends on imports for many items. Regional comparisons show lower industrial growth in Pakistan.

Pragmatic Remedial Measures for Smooth & Sustainable Economic Growth

Targeted fiscal discipline

Pakistan needs better control on spending. The State must cut waste and Protect funds for schools and health. The State must stop extra Project and keep a clear Plan for every rupee. IMF asks Pakistan to follow strict fiscal rules.

refer to need for reforms and recent FBR reform plan 2025

Wide tax reforms

Pakistan needs strong tax reforms because low tax income weakens the financial base of the country. A wide tax net increase state revenue and reduces the need for borrowing. More people must enter the tax system because fairness improves compliance. The government must reduce tax evasion because evasion stops flow of funds. IMF reports mention the urgency of expanding Pakistan's tax base.

Deep Energy Sector Reform

The energy sector needs full reform because energy weaken the entire economy. The government must stop electricity theft because theft creates huge losses. The government must also improve billing because proper billing increases recovery. Stable power supply supports factories and reduces production delays. National Power sector reports show urgent need for structural reform.

Financial Market Growth

Pakistan needs deeper financial markets. Limited access to credit slows business activity. A stronger bond market creates new paths for savings and investment. Better access to small firms supports growth and jobs creation. Clear financial rules raise trust and stability. State Bank Reports support financial deepening.

Conclusion:

Pakistan faces many structural weaknesses. These weaknesses reduces stability. Fiscal reform can ease pressure. Export strength can raise income energy reform can reduce losses climate resilience can secure food. Economic stability becomes possible through steady action.