

Current Affairs

Part - II

Q.No.4

Ans

Introduction.

Since the day of its creation Pakistan is facing severe political, economic and legal crisis. The causes of economic crisis had been changing time to time from political instability to lack of comprehensive and long term economic policies.

These economic crisis are affecting the country politically, economically and socially. Thus, to address these crisis is the need of hour.

This can be achieved by bringing political, social, and economic

reforms in the country.

Causes of economic Crisis in Pakistan;

There is not a single factor which contributes to economic crisis in Pakistan. Historically, the country has been indulged in political and legal instabilities and uncertainties thus, the country's economy did not receive required attention.

For example, there had been a series of martial laws and constitutional crisis from 1947 to 1973 and onwards where the focus on country's economy was much less. At present, the major causes for the downward economy of Pakistan are political and more importantly economic

and technical. These include corruption, and intransparency in governmental institutions, flawed taxation systems, debt servicing, natural disasters, governmental subsidies in unrequited areas and many more. For instance, the country is giving more than 100 billion PKR subsidies to state owned enterprises like PIA, Pakistan steel mills Karachi which in return are not providing desired outputs to the country.

Consequences of economic Crisis;

The country has become budget deficient due to these crisis.

Thus the expenditure of the country is increasing day by day

while the collection is reducing drastically. For instance, the collection of years 2024-2025 is 15,000 trillion PKR while the expenditure is 18,000 trillion PKR.

Moreover, due to budget deficit the country's dependency on loan is ~~is~~ ^{is} speedily increasing for to meet the needs. An analysis of the country's history of loan shows that Pakistan has assumed loan 10 times more than it assumed in 2008. Furthermore, social problems like inflation, poverty are also at peak due to these economic crisis.

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Way forwards to uplift the economy:

1. Reforms in Power Sector;

To uplift the economy it is need to reform power sector. There should be a shift from non-renewable energy sources to renewable energy sources like, water, solar and wind energy for power production. Pakistan is producing more than 30% of energy from coal which is expensive as well as it causes environmental pollution. Thus, Pakistan should shift her energy dependency from non-renewable to renewable energy sources which are much more cheap and environment friendly.

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Tax reforms of abroad of Pakistan

According to WTO, 35-40% of Pakistan's economy is undocumented which contributes to less collection. Thus, tax reforms are needed to uplift economy. These reforms include, tax automation, tax documentation. WTO has suggested Pakistan to automate her tax system for to cope the economic crisis. Moreover, tax automation also assists in avoiding heavy filling of taxes, decreasing indirect taxes on people, reducing tax evasion and avoidance and ensuring even distribution of taxes on all sectors.

3. Agricultural Reforms

As agriculture contributes to 21% of country's GDP, it is necessary to reform agricultural sector to uplift economy. Firstly, there should be the use of new and modern technologies in agriculture. Thus, use of biotechnology should be increased in agriculture sector.

The use of adaptive seeds, for example, not only increases the agricultural productivity but also uplifts country's economy. Secondly, the agricultural sector which is the major source of economy should be brought under taxation system which helps the country increasing budget collection.

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4- Industrial Reforms

Industries are the backbone of a country's economy. In Pakistan the condition of industries is not much satisfying from past one and half decade. The state owned industries are doing nothing except putting more burden on already budget deficient country. For example, the country has invested 600 billion PKR on National Steel Mills Karachi since 2013 yet it has not given any fruitful results. Hence, privatisation of it and other industries which are going in a downward slope should be done. Moreover, the country should assist and encourage businessmen, and investors domestically as well as internationally to invest in her

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economy specially in Industrial sector -

5. Information Technology Reforms;

In this digital age, Pakistan needs to focus and work on information technology. This will provide opportunities for thousands of people to be employed. Having creating the chances of employment for people, it also contribute to economic progress of country by reducing unemployment and attracting the foreigners to invest in this sector.

Conclusion.

In a nutt shell, despite Pakistan
:is facing numerous economic
problems it can come out of
these hurdles by a comprehensive
strategy. For that it should focus
more on economic and technical
domains.