"Political Science"

Paper: II

05

Q: 7 Analyse the current ... near future :-

ANS: Introduction:

Pakistan's economy in 2025 depicts a fragile and unstable condition. Although some macro-economic factors show signs of stability like decrease in inflation, economic trade agreements., and like wise. But this wouldn't work until institutional reforms are made. Structural weaknesses like corruption, weak policy implementation, less exports than imports, huge external debt pressure., to name a few. These weaknesses keep the country to grow and prosper.

Recent Challanges

1) According to SBP monthly report, inflation has decreased to 6% from 11% in the past

2) In the previous Fiscal year, a progress can be seen in financial position narrowing the deficit at 2.6 %, according to Economic Survey of Pakistan.

3) Pakistan's external debt is almost 135 bn dollars. Also adding to it the recent 1.2 bn loan by IMF in December, 2025. Thus increasing the liabilities.

4) Pakistan experience a severe trade imbalance where exports are 2.4 bn verses 5.3 bn imports. And this is expected to widen more in 2026 due to the recent floods in Pakistan due to food insecurity, thus pressurising the government to imports food products.

5) Due to tax evasion revenues of the country are far less than the expenditure as stated in recent IMF report also. Dire need of reforms is required.

IMF Report - Dec, 2025

According to recent IMF report, IMF which is an international organisation meant for providing financial help / assistance to countries all over the world, Pakistan is suffering from severe economic crises. due to structural and institutional challanges.

1. **Curruption.**

   IMF report highlighted severe institutional curruption in Pakistan. stating from top to bottom.

2. **Tax evasion.**

   IMF in its report clearly said how elite group of the country have exampted themselves from tax paying.

3. **Elite capture.**

   IMF also proclaimed that elite capture is another factor hindering the growth of the economy.

Unless these 3 parasitic challanges are not removed from the overall economy, Pakistan could not make progress.

Policies to adopt in response to challanges:

1) **Tax Reforms and Revenue Mobilisation:**

As stated by IMF also, comprehensive tax reforms should be made and eliminate the exceptions. Sectors like agriculture, real estate, industry, should be made accountable in this regard.

2). **Export Diversification:**

Since long Pakistan is exporting raw material or semi-finished goods. which generate very little value in outside market and could give very less amount in return. Pakistan government should take strict notice of this issue and sort the problem ASAP.

3) **Minimising Trade Deficit:**

Trade deficit being a great challange for Pakistan, it should be ~~kept~~ given primary priority. Pakistani economist with the consultation of govrment should design such strategies which could narrow down the gap between imports and exports one of the strategy could be export diversification ~~and~~ with value-added goods.

4) **Privitization:**

Privitisation of such public organisations going in loss. with transparent processes. This will reduce fiscal bleed, eliminate corruption incentives, minimise elite capture and improve service efficiency.

5) **Corruption**

The parasite of corruption should be removed from the economy on strict notice, Institutions should be made accountable of their actions, benchmarks and appraisal policy should be adopted.

6) **Inflation control.**

~~With~~ Stable inflation rate foster long-term investment by raising investor confidence.

Conclusion:

Pakistan is a ~~self made~~ country having blood of lots of Shohdah. It should be honoured the way it deserves. ~~Keeping~~ It is their countless struggles which made it easy for Pakistanis to breath in a free state. It is a muslim state but with such. dishonesty and corruption and tounting and tongue raising, it would be difficult to call it a muslim state. Those muslims living in India now are regretting for why they haven't migrated to Pakistan. It is the time to take serious action, keeping the country's interest at 1st priority, everyone should play their part. Minimising the challanges of corruption, fiscal deficit, tax evasion with highly productive policies, Pakistan can be made free from such evils and can be put on the road of success.