Day: Laraib 74 Date:

(Part II)

Q3. The current economic challenges of Pakistan are challenges of Political Economy or the issue are deep rooted in structural flaw in our economy. Take a side and suggest policy measures to address these challenges?

start with the summary of the answer as introduction........

A brief Overview of the Pakistan's Economy:

Pakistan a state that since its inception is facing the unstable economy. There are many factors that impede the state to fully puts its efforts to overcome its economic issues that can be security and internal and external factors. Every year the country confronts with hazards that strips it foundations for economic progress and brings the country back to its fragile state.

Historic overiew of the Economy of Pakistan:

General Ayub Khan Era

1960s of Ayub era also called the golden Age of Pakistan, where the agriculture, industrial sectors were on peak and various foreign investments and aids were inflows. Defence Pact of CENTO&SEATO setup economy.

Musharaf Era

Era of Musharaf also known for rise in Foreign direct Investment, aid in the country via WOT in 2001

Zulfiqar Ali Bhutto Era

The Bhutto era marked for the downfall for pakistan economy especially due to the East Pakistan crisis of 1971. That turns the 1960 gains into loss in 1971.

Current Overiew of the Pakistan Economy:

CPEC Initiative

Day: Date:

Currently Pakistan is making its efforts to uplift its economy's condition is through the CPEC initiative of 2015. That contains many investmental and strategic, economic uplifting projects like road, energy, industrial and consumption initiatives.

Currently expect CPEC Pakistan's economic condition and its stability is like a distant dream:

A country whose GDP that was once in 6-7 figure in 1960s or 50s now struggling to maintain it to 3. The consumption power reduces, the human development Index, the gender disparity index, the export, the import ratio, the agricultural and industrial contribution, the budget condition, the energy sector, its educational performance, its loans levels, inflation rate all presents the staggering picture of Pakistan's economy.

this part is not required in this much detail

Day: Date:

Economic challenges that Pakistan faces are these are political or structural flaws:

No doubt Political economy play its part in Pakistan economic challenges but its deeps rooted structural flaws are the major contributor in Pakistan economic challenges:

Political Economy and its contribution to challenges:

Political instability

The country instable political system contributes to the economic downfall. Each political party comes with its own policy, restart the process, hinders the policy consistency that increases the economic crisis.

Weak Governance

The weak and poor governance also plays its part in deteriorating Pakistan's economy through corruption, no rule of law, no regularity elite capture in the governance hinders add and highlight references/examples against these arguments.

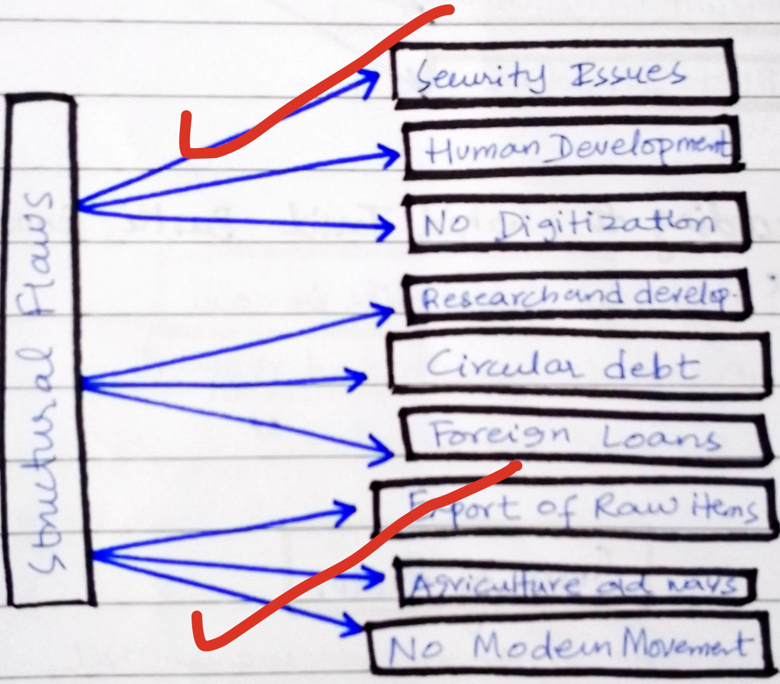
Day: ____________ Date: ____________

economic progress.

Economic Challenges of Pakistan are due to its deep rooted structural flaws:

Dr. Hafiz Pasha said;

"Pakistan economy needs structural reforms not temporary fixes."



Above are some of the challenges that country's economy is facing due to the deep structural flaws. Let's discuss briefly all these one by one and along them also suitable measure that we should apply to overcome and evolve our economy by its true spirit.

Date:

Measures to apply

- Improve Defence
- Work on Human capital
- Move to digitilization
- Promote R & D culture
- Work on circular debt
- Curb The Foreign loans
- More export of Product
- Agricultural modernization
- Tilt to IT and AI

According to Shahid Javid Burki (Economist);

"Pakistan's future lies in real economic growth and regional economic integeration"

Security Factor

This is one of the major challenge that poses serious economic crisis for Pakistan. Since its inception Pakistan is facing security related issues on its borders whether its India, Afghanistan and now this menace solidify its roots in the provincial level various extremist, separatist and terrorist in KPK, Balochistan soaks Pakistan economic savings.

Date:

Day:

They hinders the FDI, projects like CPEC in gawadar area and also alot of state's capital. There is a need for the strong measure to address this issue:

Measure: Eradicate Permanently these organizations and diplomatically both regionally and internationally deal the Indian matter. Because its recent IWT conflict proves vary dangerous for Pakistan's economy

Human Development

The 2025 Human development Index of the world places Pakistan at 168th out of 193 rank. It potrays the country poor human development efforts.

Economic development
links to
Human development

~ Mehbood-ul-Haq

This challenge of poor Human development the educational contribution from GDP is less than 2%, the poverty stands at 40%, the inflation rate of September 2025 5.6%

Day: __________ Date: __________

illeteracy of 40% people, 25million school going children are out of school. The unemployment average rate of 2024 is 5.64% in a country whose 2/3rd of population is youth.

→ **Measure:** Pakistan need to invest in its youth and people if it truly wants to uplift its economic condition. Invest in these future game changer and improves its economic development for economic growth.

Economy Digitilization

Pakistan is a country with zero record of economy of its institution. Most of the country transcations done Through cash and it promotes fiscal deficit, budget deficit, envasion, loss, that hinders the economy progress.

→ **Measure :**

Pakistan needs a greater shift from hard cash to soft payment. This will help the FBR to find tax envaders,

Date:

covers the fiscal gaps and a journey towards the economic prosperity of the country.

Export of Product rather raw material

Pakistan major export, import challenge is that it export the raw material like cotton, wheat, maize, rice but in return import the product of same material in a much heavier cost than export.

Measure:

Pakistan should focus on its export material that itself should be a product so that country benefits more in its economic level. This indirectly will overcome poverty, unemployment and Jobs crisis and balance our economy.

Energy Crisis

Energy Crisis and the ultimate result of circular debt of 2.4 trillion rupees is a major punch on Pakistan's economy.

references????

Date:

Day:

The weak contracts with IPPs and the fixed capacity payment and poor and fragile infrastructure, poses serious energy crisis in the country that when governmt unable to collect the used payment and its payment to IPPs leads it to loans that increases its circular debt every year.

Measure: Pakistan needs to re negotiate and re planned its contracts with IPPs regarding fixed payment and also work on its structure of energy to minimize the energy loss and improve its collection policies by strong laws and orders.

Foreign Loans

IMF, WB, these organizations not merely provides loans to a country for improvement but also creates hegemony over its institutions and policy making. Its interference through strict conditions harden the country's economic progress.

Measures: Pakistan need to make its country debt free country slowly and gradually

Day: Date:

starts relying on its on expenditures. By strict rules application regarding over expenses, and perks, maintain its revenue and generate economic effective ways and strategies to counter foreign debt menace.

Conclusion:

Pakistan's economy is on its stagnant stage but there are some productive measures to counter those structural flaws that gradually aids the country to address these issues. A true economic growth lies on efforts of a country on its people, to turn their investment into progress. Although country's economy's history and current scenarios are not encouraging but that doesnot mean that road to success is never meant for Pakistan, its all about a little change in structural issues, Pakistan can alliveate its economy's status.

10

work on the structure of the answer.