

Assignment 3

Economy of Pakistan

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When Pakistan had emerged as an independent state, it was not doing well in the economy sector. It was very fortunate due to its already built industrial base and infrastructure but in the beginning days of Pakistan it was very hard for the nation to survive due to high energy use, poverty was on the rise and the death of the leader of the nation was even more harmful for the nation. Pakistan was surviving and was making both ends meet. It had started to make a five years plan for the development of its economy. Pakistan had taken foreign aid from the USA during its difficult time but it made Pakistan dependent on foreign aid. This dependency had a very negatively big impact on the economy of Pakistan in its future. For the survival, yes it is essential for the economy of the country to be decent enough so that it could survive but our country was in a very dire situation and the continuous rehabilitation of refugees and the immigration of many people from India to Pakistan during that time which led to us needing foreign aid in our country. Also in 1952, Sui gas was extracted from the Balochistan province but the province was not given its due share and created disparity among provinces. In the 1960s,

Pakistan's economy was growing due to subsidies and foreign aid. Farmers were also given sources through which they could benefit them leading to an increase in the GDP of the country but this growth was not sustainable for long. East Pakistan had been separated from West Pakistan and half of the economy of West Pakistan was dependent on East Pakistan which was a very big hit to the economy of Pakistan. Plus the increase in the oil prices led to an increase in the import prices which also negatively affected the GDP of Pakistan. Crops were destroyed which also affected the GDP. Pakistan had also participated in the proxy war with the USA which also had a negative effect because even though USA had given Pakistan foreign aid due to them helping them in the war, the negative results outweighed the positive results and most of the foreign aid which was given by the USA to Pakistan was used in the security of the country. It was mostly a very big loss for Pakistan. Sanctions were imposed on Pakistan from the USA due to the testing of their nuclear weapon in 1996. Poor balance in law and order, increase in corruption and the decrease in the industrial sector led to the demise of the economy of Pakistan during the 1990s. Pakistan also had to follow the rules of the IMF which led to a decrease in GDP growth and poverty was also increased. In the 2000s, the 9/11 incident had led to investors being afraid to make investments in Pakistan which had a very big effect on the economy of the country. The biggest mistake of Pakistan was the dependence on foreign aid and also taking loans from the IMF. Pakistan had also experienced an economic crisis in 2009-10 due to the global crisis. Pakistan's only way to overcome its debts was by increasing the growth rate but the problems of energy shortfall was not fixed with this. In 2013, Pakistan had to face major energy shortages and debt crisis. But Pakistan had slowly recovered during 2014-2015, reduced inflation and oil prices, imports decreased and exports increased which led to an overall increase in the economy of Pakistan and it was expected that its economy would take off in 2020. But the COVID-19 pandemic caused a great challenge to the economy of Pakistan and economic growth was decreasing negatively. The government of Pakistan did handle the COVID-19 with great thought and great results. The IMF had helped in Pakistan with managing its macroeconomic stability but its rules led to the devaluation of the Pakistani currency. It becomes a loop with every government, a new government comes in power and has to deal with the old government's damages to the economy and then the new government blames the old one. The only way we can get out of this loop is by punishing those people who were corrupt and had robbed the nation from its economy and put them through a great punishment to bring back the law and order and

also to make a good example so that no one else dares to commit such a crime ever again. There is also an issue of overpopulation in Pakistan. The population of Pakistan is high but it is so high that our economy cannot take the burden of it. Pakistan also takes loans from countries such as China to pay off its debts but it was not sustainable for long. This technique of borrowing loans to pay off other loans is the major reason for Pakistan being stuck in a loop of reduced economy. Pakistan has also suffered floods in Balochistan, the province which was greatly neglected and has caused inflation and has led to decrease in the land for agriculture. Meanwhile, our leaders are only focused on political issues and are not listening to their people. Pakistan's economy can become good again but it will require a lot of time and a lot of implementation. Ways in which Pakistan's economy can be fixed again is given below:-

1. Pakistan has to work on the educational sector. Illiteracy rate is very high in Pakistan and lower illiteracy rate is proportional to the amount of economic growth of the country. If we decrease our illiteracy rate we can increase our economy.
2. The prices of energy such as fuel or electricity should be lowered for industries to promote production and increase exports.
3. Promotion of privatization is required to increase competition which will increase the exports of the country, lower inflation and overall increase our economy.
4. More focus towards CPEC as it could be a very contributing factor in regards to growth by using relations with the gulf and Central Asian countries.
5. Industrial reforms.
6. Less dependence on foreign aid.
7. A responsible government.
8. Less political instability
9. Stopping paying debts by getting more loans
10. Development of the province of Balochistan