

### 1: Pakistan's options for economic crisis | Asia Times

*With a Pakistan Tehreek-e-Insaf (PTI)-led National Assembly set to take the oath next week, following the party's triumph in the July 25 election, the next government will inherit an economy.*

It has also highlighted the challenge that the policymakers and regulators are faced with in an increasingly globalised, ever-changing world. The domino effect of a trouble sparked by US sub-prime debt defaults underscores apparent and hidden linkages of the complex market capitalism that never ceases to spring surprises. Just when the financial gurus in the West thought that they have devised enough safeguards to avoid repeat of Far East Asian financial turmoil that shook many countries, they are faced with a new, in a way, more grave situation on their own soil. How well will they be able to respond is yet to unfold. Whether or not the Fed rate cut and the stimulus package will soften the impending US recession only time would tell. But some consensus is emerging that the US sub-prime debt crises may linger on for two to three years. The banking, other financial institutions, fund and asset management giant firms in the West, meanwhile, will come under pressure from depositors and shareholders on how prudent have been their investment and lending policies. Far away from the US and Europe, Pakistan watched at the tumbling of capital markets, keeping its fingers crossed. The local banking hierarchy and fund managers were concerned. But the primary reason for their anxiety was different. They were worried about issues surrounding upcoming elections and worsening law and order situation. They were also concerned about the infrastructure deficit, particularly energy shortages. All these factors create a congenial environment for foreign capital infows. When approached through her media manager Dr Shamshad Akhtar declined to give comments on possible impact of the crisis on Pakistan. She also preferred to keep mum over what steps she intends to take to further consolidate the regulatory framework governing banks to rule out possibility of debt defaults and possible scams. The SBP governor has, however, reinforced the direction of monetary policy that she thinks is best suited to the economy at this juncture. The biggest challenge to the economic fundamentals is posed by increasing pace of inflation. The State Bank moved against the global tide of falling interest rates and further tightened its monetary policy by increasing the discount rate and cash reserve ratios for banks. During the press conference, Dr Shamshad reported to have said that so far Pakistan escaped the recent economic turmoil emerging from US and engulfing the developed European economies. Much would depend on the nature and duration of the global crisis. He commended the State Bank for improving its supervisory function to regulate particularly the banking industry. Zubyr Soomro, a senior Citi Bank executive spoke in his capacity as President, Overseas Chamber of Commerce and Industry, grouping of influential multinationals and foreign companies including 32 members from the financial sector. Mr Soomro sent his reaction via e-mail. The banking in Pakistan too is stressed because the other leg of the financial system, the securities market is not developed. Explaining his position, the banker said that he expected a lot of investment funds looking eastward in the near future as options and yields in developed markets dried out.

### 2: Pakistan's economic crisis deepens in an election year | Asia Times

*Voters in Pakistan headed to the polls on Wednesday, but no matter who wins, the South Asian nation looks to be headed for an economic and currency crisis.*

Debt-servicing costs are crippling. Exports has dropped, while foreign remittances have also suffered. Devaluation of the Pakistani currency has increased inflation domestically. The poor system of tax collection is a major cause of budgetary deficiency in the form of income and expenditures. The gap between poor and rich is growing rapidly. The dailyReport Must-reads from across Asia - directly to your inbox No doubt the previous government is to be blamed for much of the economic crisis. Unfortunately, the Pakistani legal system is too complicated and cannot recoup the damage caused to the nation by government mismanagement. But this is not the first time " every new government always blames the previous government and yet, by the end of its tenure, is found to have repeated the same practices. We Pakistanis have experienced such situations many times. It is time for the National Assembly and Senate of Pakistan to take solid measures to prevent the repetition of such ill-designed practices. They may go for legislation to ensure recovery may be possible in the case of deliberate damage to the nation. We expect him to make bold decisions. Maybe he will face resistance from opposition parties or even within his own party, but he will have to make unpopular decisions once and for all. In the past whenever Pakistan has faced an economic crisis, it has knocked on the doors of friendly nations, and has been rescued many times. We Pakistanis are thankful to the Kingdom of Saudi Arabia and other friendly nations for extending hands of friendship in the difficult moments of the past. Pakistan has also approached the International Monetary Fund a few times and been bailed out. The IMF has bailed out many other countries all over the world, as its mandate is to help ailing economies. We need a permanent solution. We need major surgery to remove this cancer so that a healthy economy can be gained, which should be self-sustained and perpetual. We may face tough terms and conditions from the IMF if we do approach it. Pakistan needs to introduce reforms in every sector. In addition to austerity measures, it needs to focus on wealth generation. Import and export policy may be revised with the close consultation of stakeholders, especially with the private sector as the engine of growth. Although PM Imran Khan has constituted various committees and an Economic Council, he needs to refine them and induct the right person for the right job. The country is full of talented and honest professionals. However, the BRI is an opportunity for all developing countries and especially for Pakistan. Pakistan-China friendship is time-tested, all-weather, and all-dimension. Being a China expert, I am in a position to say that China is very sincere with Pakistan and willing to help. It is a unique opportunity for Pakistan to take off economically and solve this issue forever. In case of abuse, click here to report.

### 3: Economic Crisis of Pakistan

*Reason that Pakistan has become virtually bankrupt is the socio-cultural attitude of people which is also an obstacle in the way of economic development of Pakistan. In Pakistan most of the people are illiterate so instead of working on IT (Information Technology) the government should work on agriculture by constructing new dams to increase.*

With the term of the Pakistan Muslim League-Nawaz PML-N government coming to an end, Pakistan is facing a huge economic crisis, which may lead the country to an economic catastrophe. The political leadership, despite being aware of the escalating financial mess, is reluctant to take immediate corrective measures due to the looming general elections. Since corrective measures involve unpopular decision making, the political leadership is reluctant to follow the suite, fearing a public backlash may further push the already out of favour government into a further mess, bad for the general elections. Talking to Pakistan Today, Mandviwalla claimed that the finance ministry was keeping the nation in dark about the actual state of the economy. Nobody from the ministry is ready to answer our queries about the financial situation at the Senate Standing Committee on Finance and Revenue. I know the government has no money to pay if private investors at the commercial banks demand their money back, as the government has spent all the deposits. He said the government has already taken Rs 4. So, on one hand, the quantum of borrowing is growing; on the other, the expensive average pricing is also increasing. He said the current fiscal policies of the government will leave it with no option but ask the International Financial Institutions IFIs for a bailout. Replying to a query till what time Pakistan can drag the situation, Asad Umar said that at some point in time Pakistan would finally move towards the IMF, but there is no immediate threat of default. Despite the difficult situation of the economy, he said, the present debt to the GDP ratio is not worrisome. Repayment of this loan has commenced in During the first three years, it was used primarily to build foreign exchange reserves. External loans have been used totally to finance the current account deficit in Reserves had started declining from October onwards. They were rapidly falling to a level below that required to provide import cover of at least three months. The ultimate litmus test of the sustainability of external debt is if the repayment of the outstanding debt can be financed without drawing on the foreign exchange reserves. The trade deficit is one of the main reasons for such an increase in the deficit, owing to increase in imports of machinery, industrial raw material and petroleum products. As imports increased, exports faced a stagnant trend due to the subdued demand, depressed commodity prices globally coupled with the energy shortages, political instability and law and order situation in the country. There was also stagnancy in remittances due to tight budgetary conditions in GCC countries as a result of low oil prices, strict regulatory requirements in the US and depreciation of pound sterling against the US dollar. Nevertheless, the government has managed to put a lid on the negative trend in exports, as exports have increased by With these positive trends strengthening, in coming months the current account deficit will substantially improve in FY

### 4: Pakistan to seek IMF bailout to overcome financial crisis | News | Al Jazeera

*A new government under Pakistan's incoming leader Imran Khan will need to move quickly to tackle a brewing economic crisis. The former cricket star's party claimed victory in Wednesday's.*

One should try to see beneath the surface in order to grasp an idea about the basic issue. Deposit a stream of strong words and announcements made by the past rulers of Pakistan, nothing concrete has been done to introduce a proper economy revival plan. Rather the situation has taken a quantum leap for the worse. At present the sorry state of the economy, tops the problems facing the country. Seeing the horrible economic distress, some still suggest restoring to the begging bowl and further subjugation of donor agencies as the only solution to it. Such an approach can not provide a way out; it aggravates the situation and amount to commit suicide. Therefore, the present leadership has realized that there is not option but to reshape the economic strategy altogether. Video - Poverty in Pakistan The economy of Pakistan has fallen up to this extent that it requires serious attention and endeavor to revive its state. The revival of economy means to bring the economy on track whereby country becomes self sufficient and economy self sustained to meet its internal demands and fulfill foreign obligations. Sustained economy provides a balance in trade, potential of paying back foreign loans and gradual growth in gross domestic and national product. Rise in foreign exchange reserves, minimum inflation rate, strong local currency are a few indicators of a sustained economy whereas better social indicators reflect its civic effects. Economic Levels Developed economies are movers, developing economies are the followers and the underdeveloped economies have no say in the scheme of things. All economic conditions are the certain result of policies. No economy can itself produce positive results. It is the people and their actions which steer the effects. The economy of Pakistan was not doomed for disaster. It has become the victim of eccentric policies of our past rulers. It has been mismanaged up to this extent that the country has virtually become bankrupt and made to dance on the tunes of donor agencies as Pakistan has bartered its freedom with them. For the last thirteen years there has been no noticeable addition to basic industries and the economic infrastructure of the country. Instead the number of sick industrial units increases each year. The public sector is shrinking and suffering losses. Although agriculture has helped the nation to survive but the sector itself is faced with crises. In regard to oil, retrogression has set in after a good progress. Exports could not be enhanced despite repeated devaluation of the rupee. External Debts External debt are touching new heights and the irony is that new loans are obtained simply to pay back a portion of the earlier loans. According to the genesis of the present situation the deterioration in economic activity is mainly caused by weak performance of large scale industry, erratic behavior of agriculture, decline in real investment, macro economic instability that includes large fiscal deficit, large bank borrowing, using interest payments on domestic debts double digit inflation and personal aggrandizement. The economic situation of Pakistan at the time of independence was also very bleak but it improved over the years. Ever since, the Kashmir issue has been haunting Pakistan for which Pakistan has fought several wars with India and each war had its price paid by Pakistan. It had to maintain a large armed forces causing huge burden on economy. Agriculture Economy in Pakistan Agriculture has always been neglected. Feudalism is in vogue even today and about six thousand families posses forty percent of the total cultivable land. There is no retrieval policy in regard to the agricultural inputs. The cost of seed is four times higher than its cost of production. Irrigation system is also upset. The level of land and human efforts are the same but the difference in policies, facilities and other factors account for the disparity. Pakistan may become self sufficient in agriculture within two to three years but at present twenty percent of total imports comprise food cereals. On the one hand, there is the common cultivator who finds it difficult to meet his expenses, on the other, there is a particular class that not only rolls in wealth but also upholds the oppressive and unjust system. As we are very heavily dependent on borrowing to meet the resource gap, our major donor International Monetary Fund insists upon narrowing the revenue expenditure gap to under five percent of the gross domestic product. Since other lenders follow the policies of International Monetary Fund, Pakistan has no choice but to enhance its taxes and revenues. These foreign lenders and donors also demand that we reduce taxes on international trade which means the reduction in the

custom duties which has always been the main source of our revenues. This puts further pressure on the other taxes to make up for the loss caused by the reduction in the custom receipts. Business Sector Trust The real issue of our economy is how to achieve higher productively, and to strengthen and develop the infrastructure. For this purpose the foremost need is to restore the confidence of our businessmen, cultivators and industrials to engage them in product processes. In the past, various Government of Pakistan have made some efforts to build up infrastructure and productive potential of the economy, through the process of many plans which was the beginning to prepare for future advancement. It was started by launching a six year Development Program in in The plan was suspended two years before its completion due to the repercussions of the Korean war. Besides this plan, five other five years development plans were drawn up. These efforts did not prove successful due to economic, social cultural and administrative obstacles. As majority of the people in Pakistan are poor and backward, they have always been preoccupied mainly in meeting the basic needs. They live in unhygienic conditions. Electricity is a luxury for them. Health services have been thinly spread in the country. Floods, drought or diseases affect people and the livestock. The combination of malnutrition, illiteracy, diseases, high birth rate, unemployment and low income has closed the avenues of escape from serious economic crises. The most unfortunate aspect of these serious economic crises and pathetic state of affairs is not because of the lack of natural resources but due to inefficient use of the key factors of production.

**Sociocultural Attitude** The sociocultural attitude of the people is also an obstacle in the way of economic development of Pakistan. They are ignorant of what is happening in their own country and the world at large. The majority of the people are extravagant. Pakistan, in fact, has a consumption oriented society. The native culture and are generally not receptive to new foreign methods of production. The caste system functioning mostly in terms of occupations like tailoring, carpentry, jewelry etc. For accelerating the rate of economic development, there should be political stability in the country. If there is a change in the government set up due to election, or of dictatorship, the planning projects initiated by the previous government should not be altered or given up altogether. The planning machinery and all others involved in administration should be loyal to the country. They should be competent and honest in the performance of the duties assigned to them. In Pakistan, since its inception, there have been rapid changes of governments. Each government which came in power condemned the planning work done by the previous governments. They introduced their own plans, formulated their own strategies of development and left the chain without achieving the targets of their plans. A history of planning shows that with the exception of fifth five year plan, all other plans have failed to achieve their objects and have proved mere rigmaroles. Now the time has come to adopt some practical means to set aside the barriers to economic development. It is a big challenge to the planners. According to the above mentioned circumstances the following suggestions can be recommended in order to raise the economic development of Pakistan: Moreover the export base should be broadened by exporting software handicrafts, fresh fruits, vegetables, fish, livestock and flowers etc. Suitable arrangements for processing or packaging of fish, fruits and vegetables should be made. This committee will develop debt retirement instruments independently having power to implement them in letter and spirit. The committee should draft two separate policies for short term and long term debts.

**Currency Rate Differences** The difference of US Dollar and Pakistani rupee in official and open market rats should be kept minimum and confidence of the overseas Pakistanis may be restored which was shaken after freezing of foreign currency accounts in May Steps may be taken to attract investment from overseas Pakistanis and international investors. New dams should be constructed to increase availability of water for irrigation purposes, as irrigation water has a vital importance for better agricultural production. The quantity and quality of irrigation water should be improved through desalting and other water conservation techniques. The health facilities provided by private and autonomous hospitals are not within the reach of the poor. The government should discourage commercialization of health and ensure availability of adequate health facilities to all segments of society at reasonable rates. In the field of education a new policy broadly aiming at increasing literacy rate by universalizing basic education, enforcing compulsory primary education encouraging private investment and increase in total expenditure on education up to 4 per cent of gross national product is required to be implemented. The construction of deep sea port at Gawadar and its connection to the rest of the country should be taken up at the earliest to facilitate exports

from Balochistan to provide transit for trade of Central Asian States and to get suitable share in international trade, making use of ideal geographical location of Gawadar. Another important recommendation is regarding information technology policy. This policy mainly emphasized on human resource development and providing infrastructure, should be announced and implemented at the earliest. The above mentioned measures are hoped to stabilize the ship. Today not only the country is burdened with heavy debt, it has also reached a stage where it can not simply move forward. All other indicators too, look quite disappointing. Exports are not satisfactory and revenue from taxation is not sufficient. Unemployment is rapidly increasing. The overall scenario presents a dismal situation. This could be seen from the fact that many times a default situation emerged and it had to be faced by making great sacrifices of national sovereignty and in addition a further rise on the debt servicing front. In spite of all these cataclysmic facts, one may hope that with newly introduced economy revival plan, the time will be changed and the economic development rate will be enhanced. Now the time has come that if we want Pakistan to rise up to that extent where the prosperity, integrity, solidarity and economic stability will be all around, then every Pakistani will have to work as far as dedication in him lies. By working with whole concentration and conviction we may achieve that much a strong Pakistan dreamed by Quaid-e-Azam, and by working this way that day will not far away when Pakistan will bear the palm and it will show its mettle to rest of the world.

### 5: Pakistan on the brink of economic catastrophe | Pakistan Today

*Now a coming economic crisis will mean people in Pakistan are pushed away from fiat currency and the local rupee, and towards alternative options – including bitcoin and cryptocurrencies.*

Email Suppose for a minute that you are a globally focused investment manager based in London or New York. If you have been paying attention to the signs, it is probably very hard for you not to get excited about Pakistan right now. Forbes is favourably comparing Pakistan to India, which may cause some discomfort to you, since you probably have far more investments in India than Pakistan, if you have any in Pakistan at all. So you are intrigued but of course, you decide to do a little more research. After all, financial journalists are always looking for the next shiny object to draw the attention of their readers. You need to do your own diligence. That is why you make so much more money than they do. That is not great, but you have invested in worse and done just fine. So you look up the sovereign bond. The year bond is trading at somewhat less than the issuing interest rate of 8. Could this be an undervalued market? This is not, surprising, of course. All oil-importing countries have seen a boost to economic activity coming from cheaper fuel prices. That is why you are also not surprised to see inflation in mid-single digits. But is it just all low oil prices, or is there more to the story? The World Bank is similarly effusive. Businesses that actually risk their money are investing in Pakistan, including the most recent acquisition of Engro Foods by the Dutch dairy giant, FrieslandCampina. At this juncture, we can step out of the perspective of this hypothetical investment manager and ask the question: No person living inside Pakistan is under any illusion that the country is doing dramatically better in almost every material way under the Nawaz Administration than under the Zardari Administration. But the memory of the crash at the end of the Musharraf era is still fresh, and so many people are asking the question: And if so, how soon? How much longer will this honeymoon last? The rise in construction is not only the perfect metaphor for an economy literally being built from the ground up, but also represents the single most visible sign of economic progress, and one that the Nawaz Administration in particular is most amenable to. On that front, here is one statistic that might place the current construction boom in some perspective: Overall economic growth numbers are not quite as fast as those heady days yet. The Nawaz Administration is currently averaging a growth rate of just over 4. But overall, the signs of economic activity look robust. Car sales, for instance, crossed their pre-crisis peak this past year, with the industry selling nearly , locally assembled cars, according to data from the Pakistan Automotive Manufacturers Association PAMA. And unlike the last boom in car sales, a much smaller proportion of the new cars being sold today are being financed by banks. More people are buying cars in cash than the height of the pre-crisis boom. Small wonder then that Volkswagen is finally willing to pull the trigger on its plan to invest in manufacturing facilities in Pakistan and Hyundai and Nissan are exploring joint ventures with local industrial conglomerates to set up car assembling plants in the country. Foreign investment on the whole is up as well. However, this number should probably be placed in broader context: Nonetheless, at least some of the slack in foreign investment though by no means all is being made up for by local savers, both individuals as well as Pakistani companies. Deposits at banks in the country clocked in at Rs And this is before we even mention CPEC. China is not losing money through CPEC, it is making money at every step of the way. There is at least some truth to this argument. More reliable electricity supply would allow smaller businesses to produce at full capacity without having to run generators at extremely high costs, which in turn would boost both employment and economic output. Even a sceptic, then, would argue that while there are certainly some trouble spots slowing exports and the rising current account deficit, to name two , the overall picture of the Pakistani economy looks rosy. Of course, nobody would argue that there will never be another recession in the country, but are the developments of the last three years the build-up to an economic take-off, or are they simply a nice lull before the country gets hit by the economic equivalent of a hailstorm? Of course, Finance Minister Ishaq Dar, the man most directly charged with managing the economy, would have us believe that this miniature boom is the new state of affairs, that Pakistan is now on a permanently faster growth trajectory. But it does not answer the question: On that front, a group of domestic economists and economic analysts who spoke to Profit were nearly

unanimous: The next global economic crisis, they say, will knock Pakistan back into a recession. Perhaps the bluntest was Nadeem-ul-Haq, a University of Chicago-trained economist who worked for several decades at the IMF before returning to Pakistan to serve as, among other positions, the deputy chairman of the Planning Commission under the Musharraf and Zardari administrations. The IMF is the emergency ward of the world and we will stay in the Fund ward as we always have. For them, it is not a question of if but when Pakistan returns to the IMF seeking a bailout. Their objective is to win the elections. This shows how much progress we have actually achieved. Perhaps the reason for this is that the elections were one of the catalysts for the last economic crisis in the country, when Pakistan was caught in the perfect storm of rapidly rising oil prices coinciding with a populist government campaigning for re-election. In , just as oil prices were beginning to hit their peak, the government at the time, in a bid to appease voters, decided that, instead of passing on that price increase to consumers, would absorb the shock on their behalf and dramatically increase fuel and electricity subsidies. And if one wants to dig even deeper, the reason the government had to seek a bailout from the IMF is because the government of Pakistan spends far more than it takes in through tax revenues, largely because of a decision made as far back as to not tax the wealthy elite of the country. On this front, there is unanimous consensus amongst skeptical domestic economists and optimistic global economists alike: Economists are right to expect that something similar is likely to happen again, in large part because most economic crises in developing countries occur due to balance of payments crises. Pakistan, for instance, does not have a large enough mortgage or consumer financing sector for a housing or consumer lending crisis to bring the economy crashing down, like it did in the US in

### 6: Pakistan Will Approach IMF, Friendly Countries To Overcome Economic Crisis, Says Imran Khan

*An Economic Crisis in Pakistan Again: What's Different This Time? October 31, Pakistan's newly-elected government is already dealing with a balance of payments crisis, which has been a consistent theme for the nation's newly elected officials.*

### 7: Economic crisis of Pakistan â€“ Daily Pakistan Observer â€“

*The outgoing Pakistan Muslim League-Nawaz (PML-N) government has been criticized for its economic policies, which have left the country with a balance of payments crisis, and a record debt, with the rupee being devalued three times since December*

### 8: Pakistan Economy In Crisis: Enormous CAD In Financial Year

*After months of speculation, Pakistan's new government has decided to approach the International Monetary Fund for financial assistance as it faces an economic crisis marked by a mounting balance.*

### 9: The Economic Crisis In Pakistan

*Saudi Arabia has agreed to give Pakistan \$3bn for a period of one year as the South Asian country faces an economic crisis marked by a mounting balance of payments deficit and dwindling foreign.*

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