

Introducation to Pakistan's Economy

Economy of Pakistan

- **Economy**

Economics is the study of how a society uses scarce resources to produce and distribute goods and services. OR

The state of a country or region in term of the production and consumption of goods and services and supply of money.

- **Economic System**

An Economic system is the method used by a society to produce and distribute goods and services by utilizing factors of production.

Economy of Pakistan

The economy of Pakistan is the 24th Largest in the world in term of Purchasing Power Parity(PPP) and 42nd Largest in term of Nominal gross domestic production.

Pakistan has a population of Over 212.2 million(the world's 5th Largest) , giving it a nominal GDP per capita of \$1,357 in 2019, which ranks 154th in the world and giving it a PPP GDP per capita of 5,839 in 2019, which ranks 132nd in the world for 2019.

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However Pakistan's undocumented economy is estimated to be 36% of its overall economy which is not taken into consideration when calculating per capita income. Pakistan is a developing country and Karachi is the financial centre of Pakistan.

Currency

Currency

1 USD= 165 PKR (7 April 2020)

Fiscal Year

1 July-30 June

Trade Organizations

- **WTO** (world trade organization)
- **SAARC** (south Asian Association for regional corporation)
- **ECO** (Economic cooperation organization)
- **SAFTA** (South Asian free Trade Area)
- **WIPO** (World Intellectual property organization)
- **IMF** (International Monetary Fund)
- Commonwealth of Nation
- World Bank

Human Development Index

2019 fell one notch more 152nd position out of the total 189 Countries, most alarming Pakistan's ranking was lower than all comparable regional countries of South Asia.

Statistics

Population	220,892,000 (2020)	
GDP	\$282.214 billion (nominal 2019)	
GDP growth	3.29% (FY 2019-2020)	
GDP	(2019)	(2017)
Agriculture	18.5%	19.53%
Industry	20.3%	20.88%
Services	61.2%	59.54%
Overall ranking of GDP is 25 th in 2017.		

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Population below Poverty line	34.7%
Labour force	75,143,667 (2019)
48.9% empolyment rate (2018)	
Labour force by occupation	
Agriculture	37.4%
Services	38.6%
Industry	24.0% (2017-2018)
Umemployment	5.7% (2017-2018)
	7.8%(Youth unemployment-2018)

Import Goods

Imports goods

Total imports \$52.436 billion (FY 2019)

Including

Food \$4,749.7 million

Machinery \$6,766.2 million

Transport \$2,314.7 million

Textile \$3,842.4 million

Agri and other chemical metal \$8,390.3 million

Miscellaneous \$1,027.4 million

Main Import Partners

China	19.4%
United Arab Emirates	16.9%
Singapore	6.3%
Saudia Arabia	5.7%
United States	4.0%
India	3.2%
Japan	2.9%

Export Goods

Export Goods

Total Export	\$24.217 billion (FY 2019)
Textiles	\$13,553.2 million
Foods	\$4,627.8 million
Petroleum	\$675.8 million
All others	\$1,303.8 million
Other Export	\$3,8123 million

Main Export Partners

US	16.7%
China	7.6%
UK	7.2%
UAE	5.7%
Germany	5.4%
Afghanistan	4.9%
Netherlands	3.9% (2019)

Main Sectors of the Economy of Pakistan

- Agriculture Sector (Farming, Fishing and Forestry)
- Industrial Sector (Mining, Manufacturing, Energy, Production and Construction)
- Services Sector (Government activities, Communication, Transportation, Finance and all other Private Economic activities that do not produce material goods).

Economic History

First Five year:

Pakistan was a middle class and Predominantly agricultural country when it gained independence 1947. Pakistan average economic growth rate in the first five decades(1947-1997) has been higher than growth rate of the world economy during the same periods. Average annual real GDP growth rates were 6.8% in the 1960s, 4.8% in the 1970s and 6.5% in the 1990s with significantly lower growth in the second half of that decade.

21st Century

In 2016, the Atlantic Media Company (AMC) of the world states has ranked Pakistan as a relatively strongly economy in the South Asia market and expected that it will grow rapidly during the periods January-July this Year, Indian 100 point index was 6.67% while Karachi Stock (KSE) had achieved 100 points index of 17%.

Economic Aid

Pakistan receives economic aid from several sources as loan and grants.

The International Monetary Fund (IMF), World Bank, Asian Development Bank (ADB) etc provide long term loans to Pakistan. Pakistan also receives bilateral aid from developed oil-rich countries.

Foreign aid has been one of the main sources of money for the Pakistani economy. In may 2019 Pakistan finalised a US \$6 billion foreign aid with IMF. This is Pakistan's 22nd such bailout the IMF.

Remittances

The Remittance of Pakistan living abroad has played important role in Pakistan's economy and Foreign exchange reserves. The Pakistanis settled in western Europe and north America are important sources of remittance to Pakistan.

Since 1973 the Pakistani workers in the Oil rich Arab states have been sources of billion of dollars of remittance.

Crisis in Economy

- The Economy has suffered in the past from decades of internal political disputes a fast growing of population, mixed level of foreign investment and a costly ongoing confrontation with neighboring India.
- Inflation remain the biggest threat to the economy.
- In recent few years a Load-Shedding has destroyed industrial growth in Pakistan.

Natural Resources of Pakistan

Natural resources play an important and vital role in the economic welfare and uplift of the country. No one can deny the important of natural resouses. Every region has its share of resources which are numerous and include forests, minerals, energy resources, animals,land and manpower. These include those resources as well which the man earns with his sustained and devoted efforts such as energy resources.

Pakistan is greatly endowed by the nature with vast quality of natural resources. So far we have not been able to fully use the available resources. The Government is trying hard to explore the hidden resources.

Quaid-i-Azam said,

“Pakistan has become a reality. It is endowed with vast natural resources. Now much depends on its people to exploit and make use of them by putting in incessant hard work and honest labour”.

Minerals Resources

1. Iron Ore
2. Chromite
3. Copper
4. Rock Salt
5. Gypsum
6. Sulphur
7. Lime-Stone
8. Marble etc

Power/Energy Resources

Energy can be acquired from various sources like fuels, water, wind and sunlight. Power resources are those material through which we can produce power and energy to fulfil our power needs of the country.

Important power resources are coal, oil, gas and electricity. Oil and Gas are the main power resources in Pakistan. They supply 40% and 30% of the energy respectively. Hydroelectricity supplies 18% and Coal 6%. Nuclear energy 6% and LPG 4% are minor resources.

1. Coal
2. Oil field
3. Natural Gas
4. Electricity