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**Subject economic**

**Assignment 2020**

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**Economy of Pakistan**

The economy is an indicator of development and sustainability A good economy ensures better chances of survival and development or a state if we understand the cycles and system in economics we can better understand how to manage our money and society

Economics is the study of how a society uses scarce resources to produce and distribute goods and services 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 is the 24th largest in the world in terms of purchasing power parity and 42nd largest in terms of nominal gross domestic products

**Growth and investment**  
  
2020 brings with it the promise of growth and opportunities. In the World Economic Situations And Prospects (WESP)’s 2019 mid-year update, it was reported that India’s economy is projected to grow at 7.1% for the fiscal year 2020, piggy-backing on strong domestic consumption and investment. With 2020 just around the corner, most people will be ruminating their investment plans. Keeping the current financial climate in check, here are some personal finance tools that one can consider to move their money, the smart and profitable way.

**Public Provident Fund**  
Recently, the government announced that the interest rate for the small savings scheme will remain the same for the third quarter of the current financial year. This is promising news for small-time investors because most banks have been chopping the rates on their fixed deposits as the Reserve Bank of India continues to make key policy changes. With a tenure of 15 years, the impact of compounding of tax-free interest is substantial. After some requirements have been met, investors can also take loans and partially withdraw their money. Here’s everything you need to know about the [PPF scheme](https://www.tomorrowmakers.com/other-investments/all-you-need-know-about-ppf-scheme-research-article).  
Wealth creation is all about a blend. A mix between fixed-income and market-linked investments. The latter aids in generating significant returns while the former in accumulating wealth to meet one’s investment goals. It is wise to have a portfolio that contains diverse financial tools. With foreign portfolio investors turning buyers and flushing ₹2,750 cores in the secondary market and domestic investors, despite remaining sellers, bringing in ₹1,406.67 cores, the investment sector is finally getting some much-needed push.  
  
The earnings season has also started on a positive note with companies in the IT, cement and consumer sector meeting expectations. Analysts have estimated that they don’t see any big fall for the Indian markets from the current level. All these factors indicate that 2020 is bound to be a much better year for investments in general, and with the right instruments, you can truly encase this moment.

**Agriculture**

Agriculture is the of process of cultivation of land or soil for production purpose”. Agriculture plays a very vital role for economy of Pakistan and its development. 48% of labor force is engaged directly with agriculture. So it is the main source of living or income of the major part of economy population. About 70% of population is relates to agriculture directly or indirectly. Agriculture is the major source of food of huge population of Pakistan. Agriculture is also the major source of provision of raw martial to industrial sector of Pakistan. Its contribution towards GDP is about 25% which is higher than contribution of any other sector. Following are the main points of importance of agriculture for Pakistan economy.

**Manufacturing and mining**

The branch of manufacture and trade based on the extraction of ores, fossil fuels, minerals, stone, clay, gravel, and similar commodities. This does not include the refinement of these commodities (see manufacturing)

All establishments primarily engaged in producing bituminous coal, anthracite, and lignite. This includes mining operations and preparation plants (cleaning plants and wateriest). This does not include the production of coal briquettes and packaged fuel (see Manufacturing), nor does it include the production of gas and hydrocarbon liquids from coal at the mine site (see Oil and Gas Extraction). (Definition Source: Standard Industrial Classification)

All establishments primarily engaged in mining, developing mines, or exploring for metallic minerals (ores). These ores are valued chiefly for the metals contained, to be recovered for use as such or as constituents of alloys, chemicals, pigments or other products. This does not include the refinement of the ores. (Definition Source: Standard Industrial Classification)

All establishments primarily engaged in mining or quarrying, developing mines, or exploring for nonmetallic minerals, except fuels. This also includes certain well and brine operations, and primary preparation plants, such as those engaged in crushing, grinding, washing, or other concentration. This does not include establishments engaged in manufacturing cement or lime, engaged in cutting and finishing stone, or those engaged in manufacturing brick and other structural clay products (see Manufacturing: Stone, Clay, Glass and Concrete Products). (Definition Source: Standard Industrial Classification)

All establishments primarily engaged in producing crude petroleum and natural gas; extracting oil from sands and oil shale; producing natural gasoline and cycle condensate; and producing gas and hydrocarbon liquids from coal at the mine site. This includes activities such as exploration, drilling, oil and gas well operation and maintenance, the operation of natural gasoline and cycle plants, etc. This does not include pipeline transportation (see Transportation and Public Utilities). (Definition Source: Standard Industrial Classification)

**Fiscal development**

Fiscal Policy Development Fiscal policy refers to the use of government spending and tax policies to influence[economic conditions](https://www.investopedia.com/terms/e/economic-conditions.asp), especially [macroeconomic](https://www.investopedia.com/terms/m/macroeconomics.asp) conditions, including aggregate demand for goods and services, employment, inflation, and economic growth.

Still concentrated efforts are required to contain the spending at reasonable level. Over the years, Pakistan's fiscal policy remained under immense pressure owing to continued security related issues, greater than targeted subsidies, flood related expenses and global financial crisis.

* Fiscal policy refers to the use of government spending and tax policies to influence economic conditions.
* Fiscal policy is largely based on ideas from John Maynard Keynes, who argued governments could stabilize the business cycle and regulate economic output.
* During a recession, the government [may employ expansionary fiscal policy](https://www.investopedia.com/ask/answers/040115/what-are-some-examples-expansionary-fiscal-policy.asp) by lowering tax rates to increase aggregate demand and fuel economic growth.
* In the face of mounting inflation and other expansionary symptoms, a government may pursue contractionary fiscal policy.

**Capital market**

Economic growth in a modern [economy](http://www.pakistangulfeconomist.com/tag/economy/)hinges on efficient capital markets which pool domestic [savings](http://www.pakistangulfeconomist.com/tag/savings/)and mobilize foreign capital for productive investments. A sophisticated capital market supports government and corporate initiatives, finances latest ideas and facilitates the management of financial risk, thereby ensuring that the funds are used for the pursuit of socioeconomic growth and development.

Furthermore, international studies also revealed that capital markets recognize and drive capital to the best ideas and enterprises. Capitalism is a catalyst for innovation, opportunity and dynamism. Coupled with the free flow of capital, innovation is an integral component for supporting job creation, economic development and prosperity. Markets facilitate the transfer of funds from those who seek a return on their [assets](http://www.pakistangulfeconomist.com/tag/assets/)to those who need capital and credit to grow. Clients benefiting from healthy capital markets include not just investors but also corporations and governments. Capital, increased by equity and debt, can be used to increase businesses, finance investments in new plant, equipment and technology and fund infrastructure projects. This creates jobs and flows money into the economy. Additionally, businesses and individuals can invest in [securities](http://www.pakistangulfeconomist.com/tag/securities/)to generate wealth.

Pakistan has made progress with capital market reforms since the 1990s, and country's equity market has seen significant growth and development in recent years in terms of depth, breadth, and infrastructure. In comparison, Pakistan's debt market remains significantly underdeveloped.Meanwhile, a viable debt market provides an alternative source of external finance to firms, usually dominated by the banking sector in emerging economies like Pakistan. Similar to the trend observed in most Asian countries, the major drivers of financial assets in Pakistan are deposits and government bonds, whereas corporate bond issuances remain a miniscule portion with the total outstanding (listed) issues at Rs 69.7 billion (0.5 percent of GDP) at end-FY10.  
  
Going forward, in order to attract maximum capital flows and develop a vibrant financial market Pakistan needs to adhere to political stability, prudent macroeconomic policies, structural reforms that foster productivity gains, and further deepen and diversify financial markets.

**Inflation:**

## The annual inflation rate in Pakistan decreased to 8.2 percent in August of 2020 from 9.3 in the previous month. It as the lowest rate since June of 2019, as prices moderated for food & non-alcoholic beverages (12.9 percent vs 17.8 percent in July); clothing & footwear (9.2 percent vs 10.3 percent); furnishings (7.5 percent vs 7.8 percent) and recreation & culture (3.5 percent vs 3.8 percent). Meantime, transport costs continued to decrease (-3.4 percent vs -4.5 percent). On a monthly basis, consumer prices were up 0.6 percent, slowing from a 2.5 percent rise in the previous month.

## **Education**

Pakistan' public expenditure on education as percentage of GDP further declined and was estimated at 2.3 percent of GDP in 2018-19 compared to 2.4 percent in 2017-18, revealed the Economic Survey (2019-2020) released here on Thursday. According to the Human Development Report, 2019 Pakistan is ranked 152 out of 189 countries in the United Nations Development Programme's (UNDP) Human Development Index (HDI) ranking. Pakistan has not exhibited improvement in key educational indicators, such as literacy rate, gross enrolment ratio, and expenditure on education, as compared to regional countries. Pakistan's literacy rate of 57 percent lags well behind its neighboring countries. The primary school dropout rate is 22.7 percent (3rd highest in the region after Bangladesh and Nepal), which is alarming given it as at the stage of formative learning, the survey noted. According to the Pakistan Social and Living Standards Measurement (PSLM) Survey 2018- 19, the literacy rate of the population (10 years and above) is 60 percent as compared to 58 percent in 2015-16. The literacy rate is higher in urban areas (74 percent) than in rural areas (51 percent). Punjab has the highest literacy rate, with 64 percent followed by Sindh and Khyber Pakhtunkhwa (excluding merged areas) with 57 percent, Khyber Pakhtunkhwa (including merged areas) with 55 percent and Balochistan with 40 percent. Pakistan has not made adequate progress in improving education outcomes. A literacy rate of only 60 percent (40 percent of its population remains unable to read or write) considerably limits opportunities towards acquiring skills and technical knowledge for higher productivity and better-earning levels, survey noted. Gross Enrolment Rates (GER) at the primary level excluding Karatchi (prep) for the age group 6-10 years at the national level during 2018-19 remained at 87 percent as compared to 2015-16. Province wise data suggests that Punjab showed improvement from 93 percent in 2015-16 to 95 percent in 2018-19, Sindh remained stable with primary level GER at 78 percent, Khyber Pakhtunkhwa (excluding merged areas) improved to 89 percent in 2018-19 against 88 percent in 2015-16, while Balochistan witnessed a decline from 59 percent in 2015-16 to 57 percent in 2018-19. Net Enrolment Rates (NER) at the national level during 2018-19 slightly improved from 65 percent in 2015-16 to 66 percent in 2018-19. Punjab witnessed an improvement of 73 percent in 201819 as compared to 71 percent in 2015-16. Sind showed an improvement of 58 percent in 201819 as compared to 56 percent in 2015-16. Pakhtunkhwa (excluding merged areas) witnessed declined from 67 percent in 2015-16 to 66 percent in 2018-19, while Baluchistan remained stable with primary level NER at 40 percent. The survey noted that the education-related expenditure increased by 4.7 percent (to Rs 868.0 billion) in 2018-19. The provincial governments are also spending a sizeable amount of their Annual Development Plans (ADPs) on education. Punjab increased its expenditure in 2018-19 to Rs 371.8 billion as compared to Rs 340.8 billion in 2017-18, which shows an increase of 9.1 percent. Expenditure on education in Khyber Pakhtunkhwa has also increased to Rs 152.7 billion, as compared to Rs 142.6 billion last year, which shows an increase of 7.1 percent in 2018-19. Baluchistan has increased its expenditure from Rs 52.8 billion in 2017-18 to Rs 55.3 billion in 2018-19, which shows a growth of 4.8 percent. A minor decline of 2.1 percent has been observed in Sind, as expenditure on education stood at Rs 162.6 billion in 2018-19 as compared to Rs 166.0 billion in 2017-18. During fiscal year 2019-20, the government has allocated Rs 29.047 billion to HEC for implementation of 138 development projects (128 ongoing & 10 new projects) of public sector universities/ higher education institutions. During July-March, fiscal year 2020 an amount of Rs 22.738 billion (around 80 percent of the total allocation) has been authorized to HEC for meeting expenditure against ongoing projects activities. The government is making efforts to introduce single national curriculum through out the country. The phase-I of single national curriculum for class 1 to 5 has been developed and its implementation would be completed by March 2021. The phase-II of single national curriculum for class 6 to 8 would be ready by March 2021 and implemented by March 2022, while phase-III curriculum for class 9 to 12 would be ready by March 2022 and enforced by March 2023.