



Balance of Trade and its Effect on Economy of Pakistan

A Thesis submitted to Department of Management Sciences in
partial fulfillment of the requirement for the MBA degree

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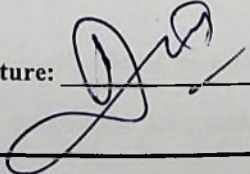
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ABSTRACT

Purpose of the Study

The research report highlights the effects of the balance of trade and payments and how it has affected the economy of Pakistan. The object of the research study is to scrutinize the implications of the negative balance of trade on the economy of Pakistan and to inspect the performance of Pakistan despite the deficit in its balance of trade. The data used to covers the 10 year period starting from 2003 - 2013.

Research Methodology

The research is descriptive in nature and follows a quantitative research design for analysing the outcomes of the study. In this research secondary data has been used and the sample covers a period of 10yrs starting from the year 2003 to 2013. The data has been collected from World Development Indicators and the State Bank of Pakistan.

Future Implications

A deficit leads to decline in demand and takes the economy towards slower growth. Continues trade deficit denotes low standard of living and it leads to unemployment in the country. Countries with deficit balance needs to attract foreign capital to achieve balance. It leads to high prices and currency weakness. As a result country will face shortage in their foreign currency reserves. In order to move from deficit balance towards surplus, we need to take serious measures to increase the demand for locally produced goods in the international market. We need to create awareness in the citizens of our country that consuming locally made goods will contribute positively to our economy.

Contents

CHAPTER 1:INTRODUCTION.....	1
• Introduction	2
• Statement of Problem	3
• Significance of the Study	4
• Scope	5
• Limitation	Error! Bookmark not defined.
CHAPTER 2:RESEARCH METHOD AND PROCEDURE.....	6
• Research Design	7
• Research Instruments	7
• Sources of the Data	7
• Treatment of the Data.....	8
CHAPTER 3:LITERATURE REVIEW.....	9
• Literature Review	10
CHAPTER 4:PRESENTATION ANALYSIS.....	13
• CORRELATION MATRIX.....	14
• REGRESSION 01	15
• REGRESSION02	16
CHAPTER 5:CLOSING UP.....	17
• Summary of Findings	18
• Conclusion.....	19
• Recommendation.....	20
• REFERENCES	21