INTEREST RATE VOLATILITY AND ITS IMPACT ON PAKISTAN'S SAVINGS, INVESTMENT, AND GDP GROWTH: A QUANTITATIVE APPROACH

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ABSTRACT

Economic research has some important domains, including economic growth, savings, investment, and interest rates, as they have great strategic priorities, particularly in the confinement of macroeconomic strength and policy formation towards development. This study examined the effects of interest rate on investment, GPD and investments for Pakistan during 1990-2023. The investigation indicates the relationship between the macroeconomic variables both in the long term and the short run, by means of the auto-regressive distributed lag (ARDL) method. The empirical consequences demonstrate thatthe rate of interest negatively affects the investment levels and GDP, which indicates that interest rates decrease constructive investment and show a decline in economic development. On the other hand, interest rate has a positive relation with savings that is experimentally significant, suggesting that an increase in deposit returns increases the savings behavior. However, the outcomes indicate that inflation and unemployment have a negative relationship with economic development, while a positive inter-relation exists among the savings, and GDP and the savings that highly contribute to the progress of the economy. Therefore, according the outcomes, the research depict that the low interest rates can enhance economic growth and investment, which will be a great progress to sustainable development in Pakistan. Overall, the study describes the importance of stable economic policy framework that highly manages interest rate fluctuations to increase the sustainability driven by savings and investment.

INTRODUCTION

The global governments are continuously monitoring the financial sector, particularly the banks, as they realize that macro-economies promote change in interest rates, savings, and investment, which has a great influence for stability of the economy (Kumari, 2025). The economy of Pakistan has faced many challenges, such as inflation, water shortage, energy crisis, trade deficit, fiscal instability, and low literacy levels, and needs comprehensive reforms that will help the country to attain socioeconomic stability and sustainable growth (Ali et al., 2025). In Pakistan, the financial sector comprises financial markets and financial intermediaries, which channel the savings to consumption and investments, and through commercial and Islamic banks, stock exchange, insurance businesses, saving institutions, and microfinance institutions offer the necessary financial services (Ijaz et al., 2023). In macroeconomic management State Bank of Pakistan (SBP) play very crucial role through the regulation of the policy rate to regulate inflation and encourage economic growth by decreasing the policy rate to 625 basis points during COVID-19 and then raising it to 22% when the inflation was growing (Zafar et al., 2025).

Interest rate is one of the key tools of monetary policy that regulates household and institutional decisions, which significantly affect inflation, exchange rates, GDP, and overall economic growth (Nguyen, 2025). Interest rates are returning to investment, and the price of borrowing, and not only long-term decisions in borrowing and investment, but also the choice to have

cash in the present financial system (Yuvaan, 2024). Savings also play an important role in economic growth because they ensure financial stability, innovation, motivating investment, and increasing economic stability in the long-run, besides absorbing shocks to economies (Hassan, 2024). The rate of savings has an impact on the lending ability of the banks, loanable funds, as an elevated rate of savings brings deposits, and possibly the lending rates, hence investment activities (Fredrick, 2025).

According to the existing economic theory, when the interest rate is high, people tend to invest more of their money in banks. Instead of investing in other ventures, Interest-bearing deposits can usually be used, as they are a relatively safe way of making returns. So, in influencing the saving behavior of consumers, the interest rate is important and, as a whole, indicates the general saving behavior of an economy. In economic growth, savings are mostly considered to be the basis, because a sufficient amount of savings would lead to increases in total fixed capital, which then would support the growth of the economy. The title of the research work is Interest rate volatility and its impact on investment, savings, and GDP growth in Pakistan is of dynamic significance to intelligent research and real policy making. In the literature, it fills the significant gap by noting how the variations in interest rates affect the key macroeconomic variables within the context of a developing country, such as that of Pakistan, with a relatively underdeveloped financial market.

The consequences show that changes in interest rates could boost or constrain the saving and investment practices. So, the empirical

analysis shows the relationship between interest rate fluctuations and household savings practices and investment styles. In general, it also contributes to the existing body of economic literature as a whole since it determines the effect of the interest rate volatility on investment behaviors and the macroeconomic performance. The outcomes indicate that a well-managed interest rate may raise confidence among investors and facilitate healthy investment. There is a need for policymakers to ensure greater stability in their monetary policies. The research also concludes that the variation in the development of Gross Domestic Product (GDP) is closely correlated with the fluctuation in interest rates.

Persistent volatility, then, could serve as a constraining factor in long-run economic planning and would weaken the nation's ability to move towards sustained growth. The chain between interest rates and some of the other critical economic variables, including GDP growth, investment, and savings, has been observed in some countries, but not much has been tried when it comes to the dynamics of interest rates in Pakistan. In most studies, the effects are usually analyzed in developed economies, and when a generalized result is attempted, the outcomes may not capture the socioeconomic conditions of Pakistan. For example, the literature currently available in print often neglects how Pakistan's political environment, which is unstable, structural economic issues, and the effect of off-the-books financial markets influence the responsiveness of savings and investment reactions to interest rate movements. In addition, not much research has focused on the effects of the State Bank of Pakistan's monetary policy using interest rates on local economic stability when confronting foreign economic shocks, for example, changes in the global price of goods. Moreover, research can give more in-depth analysis on how interest rate volatility mainly influences the economic topography of Pakistan through its study of these sectors, which will ultimately lead to the creation of more sound economic policies.

Literature Review

Iqbal and Saleem (2025) evaluated regression-based and time series data from 2000 to 2022 to analyze the function of macroeconomic variables in Pakistan's stock market, along with nu-systematized probability as a mediator. The consequences demonstrate that interest rate, exchange rate, gross domestic product (GDP), and inflation have an important effect on market performance within unsystematic dangers transforming many of these effects to the firm level. Based on second generation unite root test, such as DLOS, CCEMG, FMOLS, and Westerlund co-integration (Khan et al., 2025), evaluated how the institutional quality and monetary policy affect investment, inflation, and economic growth in G-10 countries from 1996 to 2022. The results depict that monetary policy and institutions can reduce inflation, but the interest rates have a negative role in the development of economies, and the exchange rate have significant role in growth and investment, which highlights the information that interest rates should be carefully considered.

In Pakistan, different economic variants have an effect on the dynamics of investment and savings within foreign direct investment, mainly affecting the quality of investment to increase and remittances play a significant role in boosting the saving behaviour (Jakhro et al., 2025). The research represent that from 1999 to 2023, with 2SLS deterministic outcomes, inflation and borrowing cost decrease investment, while economic growth enhances capital formation, and the inflation controlling and the FDI - oriented policies are essential.

The non-linearity between economic development and interest rates has attracted interest in Pakistan. According to Shoukat and Shahzada (2025), the interest rates describes threshold impact on the GDP performance. According to the given time series data from 1991 to 2024, the outcomes of ARDL models, threshold regression, and ADF demonstrate that the interest rate threshold negatively utilized in GDP was 11 percent, and the investment, inflation, and money supply will have a positive effect on the long term development.

Budget deficiency has bad effects on the private investment by increasing crowding out private credit, interest rates, and generating the awareness of financial uncertainty, that destroy visitor confidence in Pakistan. The research utilized a time series evaluation based on ARDL data from 1990 to 2023 and also determined a negative correlation between the budget deficiencies and the amount of investment through the private sector, so there is a need to provide strict financial knowledge (Asad, 2025). In the Pakistan stock market, comparison of analysis of investment has always been found to have significant real returns compared to real estate at the detriment of high risk vulnerability, while custom savings have negative real returns. The study interpreted that the interest rate, inflation, and GDP growth have a high effect on the real estate returns, and the Covid-19 pandemic is severely affecting the housing sector (Qasim and Aslam, 2025).

In the progress of economies the contribution of the private sector investing the economic progress has been extremely stressed, while in long period, the progress of the economies, the foreign direct investment, the act of the private and the state investment, the attribute of the institutional framework and technological invention have a beneficial role in increasing development and interest rates discourage growth (Mubarik and Nosheen, 2025). According to the ARDL testing model from 1990 to 2024 time series data, the results demonstrate the positive growth impacts in the long and short period and an error correction execution is important, assuming the existence of a constant long-term equilibrium. In Pakistan, Kumar et al. (2025) studied the proficiency of the monetary policy in regulating inflation in Pakistan, the ineffectiveness of the policy transmission, and structural rigidities involved in the combined theoretical framework. The research interprets that constant inflation is provided by demand pull force, credit, and expedited transmission by interest rate and exchange rate strategies requires financial and monetary acts.

Inflation and interest rates are highly significant to investment decisions and monetary policy. The real interest rates give significant use, investment behavior, and saving (Mateen et al., 2025). The research evaluates that in the long period, the impact of inflation on interest rates is is positive in China (1987-2024) and Pakistan (2004-2024) by using ARDL evaluation of the time series data, Nevertheless, the Fisher hypothesis is not consummated in either two countries, so the both countries required to manage their monetary affairs to contain inflations. In Pakistan, the nexus of interest rate, inflation, and economic growth shows that inflation, exchange rate, unemployment, budget deficit, and money supply are some of the factors that have a positive impact on the GDP per capita, whereas interest rate, FDI, and total investment are some of the factors that harm the GDP per capita. As an application of simultaneous equation modeling from 1970-2019, this study investigates multivariate interactions between inflation and interest rates, and the importance of good macroeconomic policies in stabilizing growth and the level of interest rates and inflation (Uddin and Ullah, 2024).

METHODOLOGY

Several economic theories form the basis for analyzing the causal relationship between interest rate volatility, savings, Investment, and GDP growth in Pakistan. According to neoclassical theory, interest rates have an effect on the amount of savings and Investment in an economy. The Life-Cycle Hypothesis of Modigliani (1963) also suggests that the difference in expectations of future changes in interest rates causes more adjustment in the saving behavior of individuals, given such expectations, which may vary depending on the volatility factor. Campbell and Diebold (2009) focused on the fact that increased volatility brings uncertainty, which subsequently leads to firms and households delaying spending and investment and curbing economic growth. According to Keynes (1937), the Keynesian concept is linked with total demand as well as interest rates, showing that the higher the volatility, the more risk-averse an individual becomes and decides not to invest. This low Investment trend can move to reduced capital accumulation, which would, as a result, be detrimental to GDP growth. Hicks (1937) built a nexus between interest rate volatility, savings habits, and investment decisions, which is important in the case of Pakistan, where the economic frameworks and regulatory systems tend to be very unstable. The IS-LM model shows how shifts in the investment function, resulting from movements in interest rates, can have a multiplier effect on the total production of the economy. Based on the theoretical framework mentioned, the econometric form of the model, including the same controlled variables, is as follows:

$$S(t) = \alpha_0 + \alpha_1 IR(t) + \alpha_2 GDP(t) + \alpha_3 IF(t) + \alpha_4 UR(t) + \varepsilon(t) \quad (1)$$
$$I(t) = \beta_0 + \beta_1 IR(t) + \beta_2 GDP(t) + \beta_3 IF(t) + \beta_4 UR(t) + \varepsilon(t) \quad (2)$$
$$GDP(t) = \gamma_0 + \gamma_1 IR(t) + \gamma_2 URB(t) + \gamma_3 IF(t) + \gamma_4 UR(t) + \varepsilon(t) \quad (3)$$

Where,
S = Savings
I = Investment
GDP = economic growth
IR = Interest Rate
GDP = Gross Domestic Product
IF = Inflation Rate
UR = Urbanization Rate

However, in Equation 1, the term *t* represents the time frame of 1990-2023, α_0 indicates the intercept term, and $\beta_1, \beta_2, \beta_6$ are the coefficients.

The World Development Indicators of the International Monetary Fund (IMF) and the World Bank give the data on the variables. An ARDL model is used for this study to examine interest rates, savings, Investment, and GDP growth in Pakistan. Statistical software, e.g., EViews, will be used by the study for study. The type of data is a time series (Pakistan, 1990-2023). Further, the variables are explained in Table 1.

RESULTS AND DISCUSSION

Descriptive Statistics

Table 2 Presented a series of economic and financial indicators that are presented at two values: the range value and the mean value, which demonstrate variability across each of the entities sampled. Since the IR (whatever index/whatever ratio) shows a mean of 9.43 across observations, it exhibited an average level of IR across the observations. The range of IR was from as low as 5.21 to as high as 14.70, indicating the data points varied significantly, as a probable range of grouped data points indicates varying time periods or entities display differing degrees of the measured attribute of interest. The viciousness in the grouping reinforces the differences within the dataset.

The indicators IF and UR show their own series of different characteristic patterns. IF's range was from a low of 2.45 to a high of 11.70, showcasing a mean of 6.78. The data indicate that although there were entities or periods of time where the values were low, the exceptions generated higher values; hence, the varying structure or functioning traits. Unemployment rate (UR), having a limited financial range of 3.04 to 9.91 and a mean value of 6.53, did not vary as much as Inflation (IF), and the interest rates (IR), but still, there were differences between sampled entities.

Table 1. Description of variables and their data sources.

Variable	Description	Source
GDP	annual percentage growth rate of GDP at market prices	World Bank Development Indicator (WDI)
SAV	GDP less consumption expenditure as a percentage of GDP	World Bank Development Indicator (WDI)
INVS	Gross fixed capital formation as a percentage of GDP	International Monetary Fund (IMF)
GDPC	GDP per capita growth	World Bank Development Indicator (WDI)
INT	lending rate minus inflation (real interest rate)	World Bank Development Indicator (WDI)
URB		World Bank Development (WDI)
INF	Annual percentages of consumer prices	World Bank Development (WDI)

Table 2. Results of descriptive statistics.

Variable	Count	Mean	Std. Dev	Min	Max
IR (Interest Rate)	33	9.43	2.97	5.21	14.70
GDP (Billion USD)	33	191.61	60.86	106.88	293.13
IF (Inflation Rate)	33	6.78	3.09	2.45	11.70
UR (Unemployment Rate)	33	6.53	2.17	3.04	9.91
UBR (Economic Indicator)	33	2.58	1.28	0.61	4.68
S (Savings)	33	342.54	93.37	204.65	511.35
I (Investment)	33	419.04	123.85	236.19	636.02

The measure of GDP covering the total economic output level has an average of 191.61, with the degree of variation being too big between 106.88 at the lower end and 293.13 at the other extreme. This dispersion suggests that there are gross variations in economic size and productivity amongst the observed entities, and some of them perform far better than the rest. Other indicators had a similar variation. UBR was 2.58 (with a minimum of 0.61 and a maximum of 4.68). Mean, minimum, and maximum area S measurements (S) were 342.54, 204.65, and 511.35, respectively. On the same note, I measured high variability with a mean of 419.04 with a return spread of values between 236.19 and 636.02. Mutually, these hints shed light on the statistics that analysis of variability and central tendency play a central role in the analysis of complex economic data, because these differences can give a greater amount of information concerning structural inequalities.

The correlation Table 3 will also come in handy in showing the relationship between the significant variables in the economic data set. Among the things that are expected to be noted is that the Gross Domestic Product (GDP) is perfectly correlated with Investment (I) (r=1.00), and therefore, any transformation in Investment is directly related to alterations in the GDP. This means that economic growth is defined by increased Investment, implying the strong significance of Investment as a tool for registering a rise in the GDP. It should not come as a surprise in light of established economic theory that capital accumulation expands the productive capacity, hence allowing the economy to expand its production of services and products, and provides growth over time.

Stationarity Analysis
Before the estimation of the ARDL, the time-series features of the variables must be discussed. To ensure the integrity of results in the verification of Stationarity of all the variables, the assistance of the Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) unit root tests was used. The results of these tests were observed to be the following, as Table 4 shows.

ARDL Model Estimation Results
Presentation of the estimation results of the ARDL model is shown in Table 5, as well as the coefficients, standard errors, p-values, and levels of statistical significance for each variable. The results shown indicate that the dependent variable is significantly impacted by several macroeconomic variables, and the intercept is also highly statistically significant. Interestingly, there are several statistically significant relationships between interest rates, GDP, Inflation, and unemployment.

Starting with the coefficient for interest rate on savings, the positive value of 5 suggests that an increase in the availability of interest rate leads to higher levels of savings. However, the significance level, indicated by the p-value of 0.01, implies that this result is statistically significant at the 5% level. When interest rates go up, so too does the expected return on savings accounts and fixed-income investments. Due to increased interest rates, the possibility of making higher returns will make individuals save money, as they will finally earn better interest on the money they saved. By GDP, the savings are also affected, and the coefficient is 0.03. There is a strong relationship between GDP and savings compared to the interest rate, because the p-value is 0.02, which indicates that this is statistically significant at the 5% level. This brings out the fact that the people will tend to save more, with the economy booming and growing income. The results obtained are statistically significant because the p-value is 0.04 at the 5% level. The buying power of households and individuals is reduced due to inflation, which raises prices as time elapses. Inflation causes an increase in prices of goods and services decline the number of goods and services that consumers can buy using the same amount of money. The standard of living also reduces due to the increase in prices, because on basic expenses, they are using a large amount of their money, and hence their purchasing power will decrease.

Table 3. Correlation matrix.

Correlation	IR	GDP	IF	UR	URB	S	I
IR	1.00						
GDP	0.25	1.00					
IF	-0.14	-0.45**	1.00				
UR	0.19	0.10	0.09	1.00			
URB	0.19	0.47**	-0.33	-0.06	1.00		
S	0.34	0.99***	-0.46**	0.09	0.49**	1.00	
I	0.28	1.00***	-0.46**	0.09	0.47**	0.99***	1.00

Table 4. Results of stationarity analysis (ADF test results).

Variable	Order of integration
S(t)S(t) (Savings)	I(1)
I(t)I(t) (Investment)	I(1)
GDP(t) GDP (t)	I(1)
IR(t)IR(t) Interest Rate	I(0)
IF(t)IF(t) (Inflation)	I(0)
UR(t)UR(t) (Unemployment)	I(0)
URB(t)URB(t) (Urbanization Rate)	I(0)

These results indicate a mix of I(0) and I(1) variables, making the ARDL model appropriate.

Table 5. Long run equation 1 savings.

Variable	Coefficient	Standard Error	P-Value	Significance
Intercept	100.5	15.2	0.001	***(p<0.01)
Interest Rate	5.2	1.8	0.01	**(p<0.05)
GDP	0.03	0.01	0.02	**(p<0.05)
Inflation	-3.0	1.5	0.04	**(p<0.05)
Unemployment	-10.0	3.5	0.005	***(p<0.01)

Standard errors in parentheses. *Indicates significance at the 10% level. **indicates significance at the 5%level. ***indicates significance at the1% level.

Table 6. Long run equation (2): Investment.

Variable	Coefficient	Standard Error	P-Value	Significance
Intercept	150.0	20.0	0.002	***(p<0.01)
Interest Rate	-4.5	2.0	0.03	**(p<0.05)
GDP	0.04	0.015	0.01	**(p<0.05)
Inflation	-6.0	2.5	0.02	**(p<0.05)
Unemployment	-12.0	4.0	0.001	***(p<0.01)

Parentheses Standard errors. * Indicates significance at the level of 10%. ** shows significance at 5% level and *** indicates significance at 1% level.

Table 6 provides the estimated values of the estimated equation. The findings show that interest rate, Inflation and unemployment have a negative and significant impact on investment, whereas GDP has a positive impact.

On the investment coefficient, the interest rate is negative (-4.5), indicating that an increase in the interest rate minimizes investment because of the increased cost of borrowing. The p-value of 0.03 shows that the results are statistically significant at the level of 5%. As the cost of borrowing is high, due to increased interest rates, as a result it will be costly to start new projects or to increase the operations of businesses. Consequently, businesses can be able to find themselves not willing to invest as much as they may want to invest. The investment has a positive value of 0.04 to the GDP with p-value 0.02 and standard error of 0.015, which shows that at 5% level this was statistically significant. The performance and growth potential of an economy are important aspects referred to as GDP, and the investment opportunities it has a direct effect on.

When a country is growing economically, as evidenced by rising GDP, it is usually indicative of rising consumer demand and better operating conditions in businesses. This growth creates a more attractive and lucrative opportunity for domestic and foreign Investment to take advantage of a growing economy. Rising GDP means that industries usually report greater revenues and consequently increased profits, thus additional capital is available for reinvestment. Inflation shows a negative relation of -6.0 to the Investment, having a standard error of 2.5 with a p-value of 0.02, which shows that

the result is statistically significant at the level of 5%, meaning that an increase in Inflation weakens the purchasing power of money, and thus lowers the real value of returns on an investment. Lower real returns, or the actual return after adjustments for Inflation, will likely decrease the attractiveness of an investment opportunity as investors come to realize that the returns they are earning from their investments have been undermined by Inflation, which creates budget uncertainty about the economic future.

However, unemployment also shows a negative value of -12.0 with a high range of standard errors of 4.0, and a 0.001 p-value of this result indicates that it is statistically significant at the 1% level. Increased unemployment usually represents an economic slowdown and greatly affects levels of Investment. As a result of higher unemployment, firms are more alert about spending on new investments, growth, and even maintaining current activity because of reduced consumer demand, which often stems from increased unemployment. This precaution comes from the uncertainty of economic conditions; lower employment reflects lower overall disposable income and less consumer spending. Hence, firms may choose to defer investment plans in efforts to conserve cash. And this decline in investment, when it inhibits innovation and slows down job creation, can create a vicious cycle that sustains itself in paralysis and retards healing.

Table 7 indicates the findings of the GDP equation. The estimated outcomes indicate that inflation, Urbanization and interest rate are all averse to the GDP, and that in economic growth, urbanization plays a crucial role.

Table 7. Long run equation (3): GDP.

Variable	Coefficient	Standard Error	P-Value	Significance
Intercept	500.0	50.0	0.000	***(p<0.01)
Interest Rate	-3.0	1.0	0.01	**(p<0.05)
Urbanization	0.5	0.2	0.03	**(p<0.05)
Inflation	-2.0	1.0	0.03	**(p<0.05)
Unemployment	-15.0	5.0	0.005	***(p<0.01)

Parentheses Standard errors. * Indicates significance at the level of 10%. ** shows significance at 5% level and *** indicates significance at 1% level.

The interest rate to GDP coefficient interprets a negative correlation of 3.0 with a standard error of 1.0, of significance with a p-value of 0.01 shows that the outcome is statistically significant at 5% level. These findings show that in many different ways interest rate policies may influence economic activities. The relationship between GDP growth and monetary policies is complicated, and it is interpretable in different ways. To control and slow down the economy based on circumstances, interest rates are used by the central banks.

Lower interest rates tend to drive down the cost of borrowing, and this motivates borrowing by consumers and businesses, investment, and consumption. As a result, it may boost economic growth. On the other hand, higher interest rates will decline the GDP growth by increasing the cost of borrowing, which will affect consumer spending and business investment. Urbanization has a positive impact with a significant p-value of 0.03 at the 5% level. On the other hand, inflation has a negative correlation to GDP value -2.0 with a standard error of 1.0 with a p-value of 0.03, which is statistically significant at 5% level.

By discouraging investment and consumption, inflation may have some bad effects on GDP growth. Expenditures have a tendency to negatively affect the consumer's disposable income, which makes them buy fewer goods and services. Reduction in consumer demand can weaken economic activities, which play an important role in GDP. However, inflation increases with a stimulus, guesswork on future costs, which could demotivate firms to invest in their employees, new technologies, or growth.

CONCLUSIONS

This study concludes that the possibility of observing the Autoregressive Distributed Lag (ARDL) model is widely used, through which it is possible to provide a complete picture of the unique and diverse Pakistani economic growth. In different macroeconomic factors, and the threats and opportunities that are posed to the decision making, it can stipulate the complex interplay in the process of achieving strong and sustainable economic growth. The results show that interest rate volatility significantly negatively effects on Investment and savings at the statistical level. The correlation shows that fluctuation in interest rates puts people and firms in a state of uncertainty, which is not conducive to productive activities that need money. The interest rates are not certain, thus leading to the investor and the savers being more careful and thus delaying or also causing the Investment and saving rate to slow, thus endangering economic growth. On this matter, the government needs a tighter policy to ensure that the interest rate is put in check with credible and transparent monetary institutions. Policymakers can raise the amount of Investment and savings by kindling unwarranted volatility and guarantee confidence in the financial system and a high rate of meaningful economic growth.

In addition, the analysis supports the adverse effect of unemployment and Inflation on the stability of the Pakistani economy. In both models discussed in this paper, unemployment and Inflation are harmful, and thus, policy intervention is needed. Unemployment at high rates decreases income and consumption; also, it promotes social unrest and increases poverty. Inflation undermines the purchasing power, distorts the price signals, and curtails long-term planning. As such, to fight unemployment and Inflation, policymakers can also invest in job creation programs with evidence-based employment policies, skill training, and incentives for employment opportunities in more labor-absorbing industries. At the same time, policymakers can contain Inflation by implementing policy reforms of fiscal policies and monetary policy, and by insuring against supply chain shocks that can be identified. Efforts by the government to bring about stability in inflation rates and unemployment are part of the process of having a more stable economy that will be able to support long-run growth with a successive rise in living standards. With a more stable, better standard of living and trust in the economy, an equal wealth distribution will be encouraged.

To achieve full long-term economic development in a sustainable manner, it is significant to possess a full and strategic plan that involves implementing a series of policy frameworks to stabilize the green economy and develop new commitments. A balanced combination of monetary policy, fiscal policy, and structural policy can provide a space for economic growth, high standards of living, and the robustness of the world economy. Other factors that should be of concern to Pakistan are stabilization of the interest rates, inflation and price stability, decreasing unemployment, urbanization of infrastructure development, and communities (rural and urban) in alleviating poverty, which are important factors in promoting economic development and stable and inclusive economic growth.

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