

IMPACT OF EXCHANGE RATES ON THE ECONOMY OF PAKISTAN

BY

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1	1-03-23	Supervisor's Cubicle	Detail topic discussion on how to initiate work	<i>Arshad Zaryaab</i>
2	16-03-23	Supervisor's Cubicle	Introduction of topic discussed	<i>Arshad Zaryaab</i>
3	22-03-23	Supervisor's Cubicle	Literature review of topic discussed	<i>Arshad Zaryaab</i>
4	31-03-23	Supervisor's Cubicle	Research Methodology of topic discussed	<i>Arshad Zaryaab</i>

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Remarks: _____

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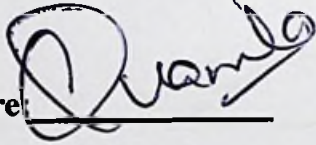
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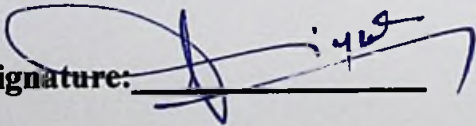
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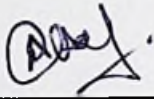


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DECLARATION OF AUTHENTICATION

I, hereby, declare that no portion of the work referred to in this project has been submitted in support of any application for another degree or qualification of this university or any other institution of learning.

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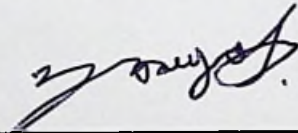
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ABSTRACT

The purpose of this study is to explore the impact of key macroeconomic indicators on the economic growth of Pakistan. This study will have profound implications for policymakers. To analyze the impact of macroeconomic indicators on economic growth, economic data has been collected for a period of 22 years from 2000 to 2021. Data has been analyzed using time-series regression techniques. The findings of the study indicate the impact of inflation on economic growth has turned out to be insignificant. One of the reasons could be that inflation in Pakistan is pro-cyclic which can have an indirect effect on the economic growth of Pakistan. However, interest rates and exchange rates have turned out to be significant. The results provide empirical evidence of multiple theories including purchasing power parity, quantity money theory, and interest rate transmission theory. This study will provide valuable insight to economists and policymakers to keep track of key macroeconomic variables while making policy reforms to boost the economic growth of Pakistan. Overall, the study recommends that while creating economic policies to encourage sustainable economic growth, Pakistan's authorities should carefully evaluate the influence of currency fluctuations on economic growth.

Keywords: Macroeconomy, Pakistan, exchange rate, economic growth