

# **IMPACT OF INFLATION ON POVERTY AND UNEMPLOYMENT IN PAKISTAN**

**By**

**ERUM RASHID**

**25665**

A thesis presented to the Department of Management Sciences, Bahria University  
Karachi Campus, in partial fulfillment of the requirements  
of the MBA degree



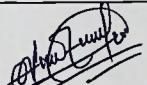
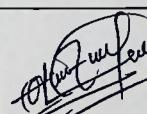
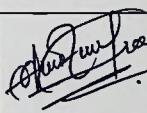
**Fall, 2014**

**Bahria University Karachi Campus**

## MBA Thesis

### 2<sup>nd</sup> Half-semester Progress Report & Thesis Approval

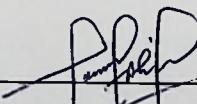
#### Supervisor-Student Meeting Record

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
5	3-11-2014	University Karachi Campus	Introduction, Hypothesis	
6	16-11-2014	"	Literature Review Research Methodology	
7	3-12-2014	"	Data Analysis	

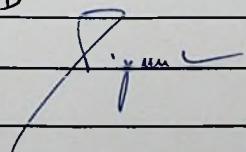
#### APPROVAL FOR EXAMINATION

Candidate's Name: Erum Rashid Registration No. 25665  
 Thesis Title: Impact of Inflation on Poverty and  
Unemployment in Pakistan

I hereby certify that the above candidate's thesis has been completed to my satisfaction and, to my belief, its standard is appropriate for submission for examination. I have also conducted plagiarism test of this thesis using HEC prescribed software and found similarity index at \_\_\_\_\_ that is within the permissible limit set by the HEC for the MBA thesis. I have also found the thesis in a format recognized by the Department of Management Sciences.

Supervisor's Signature:  Date: 8/4/2015

Name: Yousuf M.B.S.D

Head Of Department Signature:  Date: 8/4/15

## **Abstract**

Pakistan is a developing country with a number of challenges on board out of which poverty is considered as a matter of great concern for Pakistan. Poverty has always been a bone of contention among the policy makers and Government. From the last 20 years a sharp increase in poverty level has been witnessed. The increase in poverty level has a number of factors for instance: Price hike, increase in inflation and prices, Increase in population, increase in Interest rates etc.

Poverty is not only a major issue for Government but it has now become a national issue as increase in poverty affects other things as well for instance: Crime rate, Social issues, Suicides, selling kids, Prostitution etc. These are some of the problem which disturbs the whole image as well as the development process. According to economist the main issue is unequal distribution of wealth and unemployment.

The research particularly focuses on the issues for poverty with an aim to find out ways of alleviating it. The research is based on the previous data of economic variables from 2006 to 2014. The data is analyzed with the help of SPSS software whereas findings from the research suggests some important recommendations i.e. Jobs creation on Government level, increase in Microfinance activity, free education, lower interest rates to graduates to boost up economic process and to avoid any brain drain.

**Keywords:** *Poverty Alleviation, Pakistan, Poverty, Crime rate*

## Contents

Declaration .....	ii
List of Tables .....	iii
List of Figures.....	iv
List of Abbreviations .....	v
Plagiarism Test Report.....	vi
Acknowledgement.....	vii
Abstract.....	viii
Table of Contents .....	ix
CHAPTER 01: INTRODUCTION.....	6
1. Introduction .....	6
1.2. Problem Statement.....	9
1.3. Research Questions.....	10
1.4. Hypothesis .....	12
1.5. Research Objectives .....	12
1.6. Limitations of Research.....	13
1.7. Reliability and Validity .....	13
CHAPTER 02: LITERATURE REVIEW .....	15
2. Introduction.....	15
2.1. Inflation .....	15
2.1.1. Positive impact .....	16
2.1.2. Negative Impact.....	16
2.1.3. Effects of Inflation.....	17
2.1.4. Persistence Hike in inflation.....	18
2.1.5. Role of Inflation.....	18
2.1.6. Inflation & Economies.....	19
2.1.7. Behavior of Inflation in Short-Run.....	19
2.1.8. Inflation in Pakistan.....	20
2.1.10. Effect of Inflation on Food Prices, Poverty & Population .....	22
2.2. Poverty .....	22

2.2.1. Poverty Line.....	23
2.2.2. Reasons of Poverty .....	24
2.2.3. Negative Impact.....	25
2.2.4. Poverty Increasing the Crime Rate .....	26
2.2.5. Poverty and Crime in Perspective of Natural and Physical Science.....	26
2.3. Relationship among Poverty and Inflation – Increasing Crime Rate.....	27
2.4. Relationship between Poverty and Inflation .....	27
2.5. Survey of IMF .....	28
<b>CHAPTER 03: RESEARCH METHODOLOGY .....</b>	<b>29</b>
3. Introduction.....	29
3.1. Research Purpose .....	29
3.3. Research Approach and Strategy .....	29
3.4. Type of Investigation .....	30
3.5. Data Collection Methods.....	30
3.6. Population and Sample Size.....	31
3.6.1. Sample Size for Regression .....	31
3.6.2. Sample Size for Questionnaire.....	31
3.7. Variables.....	31
3.7.1. Independent Variables .....	32
3.7.2. Dependent Variables.....	32
3.8. Ethical Issues.....	33
<b>CHAPTER 04: DATA ANALYSIS .....</b>	<b>34</b>
4. Introduction.....	34
4.1. Analysis of Literature.....	34
4.2. Regression Analysis .....	36
<b>CHAPTER 05: CRITICAL DEBATE .....</b>	<b>40</b>
5.1. Introduction.....	40
5.1. Findings.....	41
5.2. Findings from Questionnaire.....	41
5.3. Findings from Analysis .....	44
<b>CHAPTER 06: CONCLUSION &amp; RECOMENDATIONS .....</b>	<b>46</b>

6.0. Introduction .....	46
6.1. Conclusion.....	46
6.2. Recommendations .....	46
6.3. Recommendations Action Steps to curb Poverty .....	47
References.....	50