

“EFFECT OF FLOODS ON THE ECONOMY OF PAKISTAN”

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Bahria Institute in Management & Computer Sciences, Karachi

In Partial Fulfillment
Of the Requirements for the
Degree of Master of Business Administration

By

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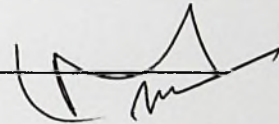
BAHRIA UNIVERSITY
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RECOMMENDATION FOR ORAL EXAMINATION

This Project/thesis hereto attached, entitled, "**Effect of Floods on the Economy of Pakistan**", prepared and submitted by **M. Yousuf Makba**, in partial fulfillment of the requirements for the degree **MASTER IN BUSINESS ADMINISTRATION**, is hereby recommended for appropriate action.

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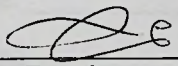
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PROJECT/ THESIS COMMITTEE

In partial fulfillment of the requirements for the degree of **MASTER IN BUSINESS ADMINISTRATION**, this thesis entitled, "**EFFECT OF FLOODS ON THE ECONOMY OF PAKISTAN**" is hereby recommended for Oral Examination.

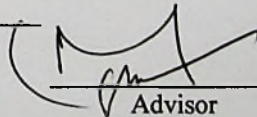
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Abstract

In July 2010 the worst floods in the history of Pakistan struck. Though the lives lost were around 1781 far less than what earlier disasters caused, the infrastructure lost and the damage to economy was huge. The major crop damaged was cotton, the cash cow of our economy. It literally struck at the back bone of Pakistan. Yet in 2011 the floods struck again. This research will highlight the major damages these floods caused to the economy, and what measures could have and would help improve Pakistan's economic performance in future. The basic purpose of writing this dissertation was to identify the grass root problems faced by people in the flood affected areas, and in what ways these floods affected our economy, the negative drivers of the economy and the positive drivers as well.

Eleven articles from different magazines, newspapers and economic survey of Pakistan is referred for the secondary data while nine respondents were interviewed personally and through electronic media as well. The respondents were actual flood affected people, people involved in relief efforts and representatives from affected industries. All the data was gathered and only precisely relevant data is reflected in the final chapter of the dissertation.

The total damage to Pakistan's economy was Rs. 855 Billion and a 2% loss in the expected GDP growth. One fifth of cotton crops were destroyed, 20 million Pakistanis were displaced, worsened the poverty situation in affected areas, and resulted in 1% increase in policy, high inflation and infrastructure lost. While on the other hand some industries from durable goods and pharmaceutical industry showed a positive. While many others showed potential of growth in the near future, all due to the same destructive floods. If right policies are implemented and right steps are taken, the downturn of the economy could be offset up to a great extent. Banning of raw cotton exports after the floods would have supplied sufficient self produced cotton to the domestic industry reducing the adverse affect to the textile industry, while in future a government financed cotton insurance plan would help improve the supply demand gap present in the domestic industry for raw material. Lastly, government expenditure on flood rehabilitation and reconstruction plan would mobilize the whole construction industry and its backward and forward links. Eventually creating new jobs, operational efficiency, better wages, greater output hence improving the economic performance.