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Exploring the Impact of Inflation on Pakistani Society: Challenges, Causes, and Long-Term Consequences for Economic Stability and Social Well-being

Naveed Rafaqat Ahmad¹

	Abstract
<p>Naveed Rafaqat Ahmad¹ Punjab Model Bazaars Management Company. nrahmad@live.com</p>	<p>This study investigates the socio-economic consequences of inflation on Pakistani society, focusing on its effects across various demographics, businesses, and employment sectors. Utilizing a qualitative research approach, data were collected through in-depth interviews, case studies, and focus group discussions involving consumers, small and medium-sized enterprise (SME) owners, and policymakers from diverse sectors, including agriculture, textiles, and manufacturing. The findings reveal that inflation disproportionately impacts low- and middle-income consumers, leading to reduced purchasing power and altered spending behaviors. SMEs face escalating operational costs and diminished consumer demand, challenging their profitability and sustainability. Government efforts to control inflation have met with limited success, often due to complex domestic and international economic factors. Persistent inflation exacerbates social inequalities, widening the gap between affluent and disadvantaged communities.</p>
<p>Keywords:</p>	<p>Inflation, Challenges, Consequences, Economic Stability</p>



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Introduction

Inflation, defined as the continuous rise in the general price level of goods and services, is one of the most significant economic issues facing Pakistan today. It affects nearly every aspect of life and has far-reaching consequences for individuals, businesses, and the broader economy. In a country like Pakistan, where a large portion of the population lives below the poverty line, the effects of inflation are especially harsh. This article explores the causes of inflation in Pakistan, the challenges it presents to society, and the long-term consequences it holds for economic stability and social well-being. Pakistan has struggled with inflation for decades, with the problem becoming more pronounced in recent years. In 2022, the country witnessed a sharp rise in inflation, with the Consumer Price Index (CPI) reaching new heights due to factors such as global commodity price increases, currency depreciation, and supply chain disruptions. Inflation directly affects the cost of essential goods like food, fuel, and healthcare, causing significant hardships for millions of Pakistanis. As prices rise, the purchasing power of the average citizen diminishes, leading to deterioration in the quality of life for a large segment of the population. In a nation with substantial poverty levels, inflation becomes a pressing issue that demands urgent attention.

Causes of Inflation in Pakistan

Inflation in Pakistan is the result of both domestic and international factors that contribute to price increases across the economy. Some of the major causes of inflation in Pakistan are outlined below.

Dependence on Imported Goods

One of the primary drivers of inflation in Pakistan is the country's dependence on imports. Pakistan relies heavily on foreign goods, especially oil and food products. The cost of imports directly influences domestic prices, as a depreciation of the Pakistani rupee increases the cost of foreign goods. When the rupee weakens, businesses face higher costs for imported raw materials and goods, which they then pass on to consumers, resulting in higher prices for everyday items.

Fiscal and Monetary Policies

Government fiscal and monetary policies play a crucial role in shaping inflation. For instance, excessive borrowing by the government from the central bank can result in an increase in the money supply, leading to demand-pull inflation. Additionally, when the government raises taxes on goods and services, it increases the overall cost of production, which businesses transfer to consumers in the form of higher prices. These inflationary pressures often create a difficult cycle that is hard to break.

Weak Agricultural Sector

Pakistan's agricultural sector, despite being a vital part of its economy, often underperforms due to inefficiencies, poor infrastructure, and a lack of investment. These issues frequently lead to food shortages, which in turn drive up food prices an essential component of the overall inflation index. Natural disasters such as floods and droughts also exacerbate food insecurity and inflation. The inability to efficiently meet the demand for food in both urban and rural areas leads to higher food prices, contributing significantly to inflation.

Supply Chain Disruptions

Another major cause of inflation in Pakistan is the inefficient supply chain infrastructure. With poor road networks, unreliable transportation, and inadequate storage facilities, the cost of moving goods from rural areas to urban markets increases. This inefficiency raises the cost of goods, particularly in rural areas where transportation costs are higher. Additionally, disruptions to supply chains, whether due to political instability, natural disasters, or global market changes, cause further price increases.

Challenges Inflation Poses to Pakistani Society

Inflation in Pakistan is not merely an economic statistic it has real, tangible effects on the daily lives of individuals, businesses, and the broader society. Below are some of the key challenges posed by inflation in Pakistan.

Rising Cost of Living

Perhaps the most immediate challenge of inflation is its effect on the cost of living. As the prices of essential goods such as food, housing, and transportation rise, the purchasing power of the average Pakistani citizen decreases. For individuals and families already living paycheck to paycheck, inflation is a significant burden. Low-income households, which spend a large portion of their income on basic needs, are hit hardest. They may be forced to cut back on necessities like healthcare, education, and savings, which affects their overall quality of life and future prospects.



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Impact on Fixed-Income Groups

A significant portion of Pakistan's population relies on fixed incomes, such as pensioners, retirees, and low-wage workers. For these groups, inflation is particularly challenging because their income does not increase in line with rising prices. As a result, many fixed-income individuals struggle to meet their basic needs. The absence of wage growth in the face of inflation leads to an increase in economic distress for these vulnerable populations.

Pressure on Small and Medium Enterprises (SMEs)

Small and medium-sized enterprises (SMEs) are the backbone of Pakistan's economy, but they are often the most vulnerable to inflationary pressures. These businesses face increased input costs, which they struggle to absorb, especially when demand for their products is price-sensitive. Many SMEs cannot pass on these costs to consumers without risking a loss in sales. As a result, they face lower profit margins, layoffs, and, in some cases, business closures. The inflationary environment stifles innovation and limits the growth potential of SMEs, reducing their contribution to overall economic development.

Currency Depreciation and External Debt

Inflation in Pakistan is often accompanied by a devaluation of the Pakistani rupee, which further exacerbates inflation. A weaker rupee increases the price of imports, which adds to the cost of living for everyday consumers. Additionally, the country's external debt servicing costs rise with currency depreciation, putting additional pressure on the government's finances. As the government allocates more resources to debt repayments, it has less room to invest in public services and infrastructure development, which hinders long-term economic growth.

Social and Political Consequences of Inflation

Inflation has significant social and political consequences in Pakistan, particularly as it exacerbates inequality and social unrest.

Growing Social Inequality

Inflation tends to widen the gap between the rich and the poor. Wealthier individuals and businesses often have the resources to protect themselves from inflation by investing in assets like real estate or stocks. In contrast, low-income households, which spend a large portion of their income on basic goods, bear the brunt of rising prices. This growing inequality contributes to social tensions and a sense of injustice, as the most vulnerable members of society feel increasingly left behind.

Political Instability and Social Unrest

Inflation, particularly when it results in price hikes for essential items like food, can lead to public dissatisfaction and protests. In Pakistan, such protests are not just about rising prices but also highlight broader issues of economic inequality and mismanagement. Social unrest due to inflation can create political instability, making it difficult for the government to implement effective economic policies. This, in turn, undermines public confidence in the government and discourages foreign investment, further stalling economic progress.

Erosion of Savings and Investment

Inflation erodes the value of savings, as the real purchasing power of money decreases over time. For individuals and businesses, this means that accumulated savings lose their value, making it harder to plan for the future. With inflation outpacing interest rates, many individuals see little incentive to save, leading to a lack of capital for investment. This reduces the availability of funds for businesses and entrepreneurs, which can stifle innovation and economic growth.

Increased Income Inequality

Persistent inflation can exacerbate income inequality in Pakistan. The wealthier segments of society, with access to better financial resources and investments, can protect their wealth from inflationary pressures. In contrast, those in the lower-income brackets struggle to keep up with rising prices. This widening income gap can lead to increased social unrest and hinder efforts to achieve economic development and social equity.

Inflation is a complex and multifaceted issue that poses significant challenges to Pakistan's economy and society. From its direct impact on the cost of living to its broader effects on economic stability, inflation touches every part of life in Pakistan. The government must adopt comprehensive measures to control inflation, focusing on both short-term solutions and long-term structural reforms. Failure to address inflation will not only undermine economic stability but also negatively impact the social well-being of millions of Pakistanis. Addressing inflation in a sustainable and equitable manner is crucial for ensuring a prosperous future for Pakistan.

Research Questions

Q.1 What are the primary causes of inflation in Pakistan, and how do they influence the overall economy and consumer behavior?



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Q.2 What are the long-term consequences of persistent inflation on Pakistan's economic stability, including its effects on businesses, employment, and social inequality?

Q.3 How does inflation impact the cost of living for different socio-economic groups in Pakistan, and what strategies do households use to cope with rising prices?

Significance of the Study

The significance of this research lies in its potential to provide valuable insights into the complex dynamics of inflation and its effects on Pakistani society. Understanding the causes and consequences of inflation is crucial for policymakers, businesses, and consumers alike. This study will help identify the underlying factors contributing to inflation in Pakistan, such as fiscal policies, global economic trends, and domestic production issues. By examining the impact of inflation on various socio-economic groups, the research aims to shed light on the challenges faced by vulnerable populations and propose potential solutions. Furthermore, this research will contribute to the broader discourse on economic stability and provide recommendations for mitigating the adverse effects of inflation, ultimately helping to improve the well-being and prosperity of the population.

Hypothesis

- Inflation in Pakistan is primarily driven by a combination of fiscal mismanagement, global commodity price hikes, and currency devaluation.
- The rising cost of living due to inflation disproportionately affects lower-income households in Pakistan, exacerbating poverty levels.
- Businesses in Pakistan that effectively manage inflationary pressures are better able to maintain profitability and consumer trust.
- Persistent inflation in Pakistan leads to increased income inequality, with wealthier individuals better able to protect their assets from rising prices.

Delimitation of the Study

The delimitation of this study focuses exclusively on using a qualitative methodology to explore the impact of inflation on Pakistani society. By employing qualitative research techniques, such as in-depth interviews, case studies, and focus group discussions, this study aims to gain a deeper understanding of the personal experiences and perceptions of individuals, businesses, and policymakers regarding inflation. The qualitative approach allows for a more nuanced analysis of the social and economic challenges posed by inflation, providing rich, detailed data that quantitative methods may not capture. Furthermore, the study is delimited to specific regions within Pakistan, concentrating on urban and semi-urban areas, which are more directly affected by inflationary pressures. This approach helps ensure that the findings are grounded in real-world experiences and provide actionable insights for addressing inflation's impact.

Data Collection

Data collection in this study was carried out using qualitative research methods, which were chosen to explore the complex and subjective experiences of individuals and businesses affected by inflation in Pakistan. The primary approach for data collection involved conducting in-depth interviews with a range of participants, including consumers from various socio-economic backgrounds, business owners, and policymakers. These interviews allowed for a detailed understanding of how inflation impacts daily life, decision-making, and economic stability. Open-ended questions were used to encourage participants to share their personal experiences and insights, providing rich, descriptive data that quantitative methods might not capture. Additionally, case studies from different sectors, such as retail, manufacturing, and agriculture, were examined to highlight the varying effects of inflation across industries. These case studies helped to contextualize the broader trends in inflation and its specific consequences in different business environments. Focus group discussions were also conducted with small business owners and community leaders, providing a platform for collective insights into the challenges faced by small and medium-sized enterprises (SMEs) during inflationary periods.

Furthermore, secondary data from government reports, financial institutions, and previous research were reviewed to complement the primary data and offer a more comprehensive view of inflation's impact on the economy. This secondary data provided context and background to the qualitative findings, allowing for a more robust analysis. Overall, the combination of interviews, case studies, and focus group discussions, along with secondary data, enabled the collection of diverse perspectives and a holistic understanding of inflation's effects in Pakistan. The qualitative approach was particularly valuable in uncovering the underlying causes and socio-economic dynamics associated with inflation, providing insights that can inform policy recommendations and strategies for mitigating its impact.

Literature Review

Inflation refers to the overall rise in prices or the increase in the money supply, both of which can lead to a decrease in the purchasing power of a currency. From a consumer's perspective, inflation is commonly associated with the rising costs of goods and services. It is referred to as "inflation" when the prices of consumer goods and services across various sectors of the economy increase. (Montevirgen, 2025)



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The people of Pakistan are facing significant hardships due to the country's struggling economy, natural disasters, and political instability. For the well-being of both society and the economy, it is crucial that the political system remains stable and any potential issues arising from its failure are addressed (Fair, 2017)

Political and religious leaders must consider the significant consequences of these protests on the lives of ordinary citizens, as well as the political and economic stability of the country. To date, no Pakistani Prime Minister has been able to complete their full term. With the current lack of political stability, sustaining democratic rule in Pakistan for an extended period seems challenging. This political turmoil creates a gap that undermines the democratic system, while also negatively impacting the economy and foreign relations (Mahesar, 2023)

For a country to sustain economic, commercial, and market activities, it is essential to have a stable and peaceful environment, sound macroeconomic policies, strong institutional frameworks, and efficient use of resources (Ali, 2010). Socio-economic impacts refer to the quantifiable effects that specific activities, events, or policies have on the social and economic dimensions of a community, region, or society at large. These impacts can appear in different forms, including changes in employment rates, income distribution, poverty levels, access to education and healthcare, overall quality of life, and social unity (Schumann, 2007)

Initially, the country experienced economic growth through effective planning. The development of industry and agriculture made Pakistan a model for newly independent nations. Job opportunities were abundant across various sectors. However, economic and social mismanagement led to a reversal of this progress. The nationalization of industries and the rationing of food items halted private and foreign investments. During this time, many skilled workers, intellectuals, and scholars left the country, contributing to a brain drain. While job opportunities in Arab countries increased remittances, they also resulted in higher labor costs and product prices, ultimately hindering overall economic growth. (Sheikh et al., 2022)

Ahmad (2025) conducted a study titled "*Exploring the Role of Digital Technologies in Enhancing Supply Chain Efficiency: A Case Study of E-Commerce Companies,*" which investigated how digital technologies improve supply chain efficiency in e-commerce businesses. The research explored the impact of technologies such as AI, IoT, blockchain, and big data analytics on key areas like logistics, inventory management, and order fulfillment. The findings revealed that these technologies help streamline operations, cut costs, and boost customer satisfaction by increasing transparency and enabling real-time tracking within the supply chain. The study concluded that AI, IoT, automation, and blockchain significantly enhance supply chain performance, leading to cost reductions, quicker delivery times, and improved customer satisfaction.

Ahmad (2025) conducted a study titled "*Digital Marketing Strategies and Consumer Engagement: A Comparative Study of Traditional vs. E-Commerce Brands,*" in which he compared the digital marketing strategies and consumer engagement practices of traditional and e-commerce brands. The research explored how both types of brands utilize online platforms, social media, and content marketing to enhance consumer relationships, foster brand loyalty, and drive sales. The findings showed that e-commerce brands are more effective at using digital tools, platforms, and data analytics for personalized marketing. In contrast, traditional brands generally rely on broader, less targeted strategies as they integrate digital approaches into their operations.

Ahmad (2025) conducted a study titled "*Exploring Diversity and Inclusion in Business: Unlocking the Power of Diverse Teams,*" which aimed to explore the impact of diversity and inclusion (D&I) practices on organizational performance while addressing cultural and societal concerns. The research examined the challenges and dynamics that drive businesses to adopt D&I practices and also looked into the strategies used to manage these challenges. The findings revealed that organizations with D&I initiatives experience improved overall performance, higher employee engagement, and increased creativity. In contrast, businesses that overlook these practices face internal issues, lower employee morale, and diminished overall performance.

Ahmad (2024) conducted a study titled "*Building Sustainable Business Practices: An Analysis of Entrepreneurial Strategies in the 21st Century,*" which aimed to examine the impact of sustainable business practices on small and medium-sized enterprises (SMEs) in Pakistan. The research identified the challenges and motivations that drive SMEs to adopt these practices. A qualitative methodology was used to collect data. The findings showed that businesses that effectively integrate sustainable practices build a stronger reputation, enhance customer loyalty, and increase profitability. On the other hand, SMEs that fail to implement sustainable practices risk losing market share and damaging their brand reputation.

Ahmad (2025) conducted a study titled "*The Role of Neuromarketing in Shaping Consumer Behavior: How Businesses are Using Science to Drive Sales,*" which explored the impact of neuromarketing strategies on customer behavior and business success. The research used a qualitative methodology, gathering data through methods such as interviews, case studies, and surveys. The findings revealed that businesses employing neuromarketing techniques like emotional appeals, sensory marketing, and personalized



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advertising are better positioned to boost customer loyalty, profitability, and reputation. In contrast, businesses that overlook neuromarketing strategies experience a lack of customer trust, damaged reputations, and reduced market share, emphasizing the crucial role of neuromarketing in achieving business success.

Research Methodology

The research methodology employed in this study is based on a qualitative approach, which is deemed most suitable for exploring the complex, multifaceted effects of inflation on Pakistani society. Qualitative research allows for an in-depth exploration of individual and group experiences, perceptions, and behaviors, providing a comprehensive understanding of the subject matter. This methodology focuses on capturing rich, descriptive data, which is essential for investigating the social and economic implications of inflation, a topic that is inherently subjective and context-dependent.

To gather primary data, this study used in-depth interviews as the primary method of data collection. A total of 30 participants were selected from diverse socio-economic backgrounds, including low, middle, and high-income groups. These participants included consumers, small and medium-sized business owners, and policymakers. The selection process aimed to ensure a variety of perspectives on how inflation affects different segments of society. The interviews were semi-structured, allowing participants to share their personal experiences and thoughts while providing the flexibility to explore topics that emerged during the conversation. The questions were open-ended, designed to stimulate detailed responses and foster meaningful discussions about the participants' daily struggles with inflation, its impact on purchasing power, and coping strategies. These interviews were conducted face-to-face and were audio-recorded with participants' consent, ensuring accuracy in data collection. The collected data was then transcribed for further analysis.

In addition to interviews, case studies were conducted within various industries to gain deeper insights into how inflation affects businesses. These industries included retail, agriculture, and manufacturing, sectors that are particularly sensitive to inflationary pressures. The case studies helped highlight sector-specific challenges, such as the rising cost of raw materials, increased production costs, and the impact of inflation on consumer demand. Through these case studies, the research aimed to understand how businesses adapt to inflation, the strategies they employ to manage costs, and the broader consequences on employment and business sustainability. These case studies were chosen purposefully, focusing on companies that had experienced significant inflationary pressure, to provide a detailed, contextualized understanding of the issue.

Focus group discussions were also utilized to supplement the individual interviews and case studies. These discussions were held with small business owners and community leaders from different regions in Pakistan. The focus groups provided a platform for participants to engage in open dialogue, allowing them to share common concerns and ideas on how inflation affects their businesses and communities. By discussing their experiences collectively, the focus group participants provided valuable insights into how inflation impacts local economies and the strategies businesses use to navigate these economic challenges. The use of focus groups helped create a collaborative space where participants could reflect on their shared experiences and offer recommendations for policy solutions.

To enrich the primary data collected through interviews, case studies, and focus groups, secondary data was gathered from various sources. These included government reports, economic surveys, financial institutions' publications, and existing academic research on inflation in Pakistan. The secondary data provided important contextual information about the historical trends in inflation, government policies, and macroeconomic factors that influence the rate of inflation in the country. It also allowed for a comparison between the perceptions and experiences of participants in this study and the broader trends observed in the economy.

The analysis of the qualitative data was carried out using thematic analysis. This approach allowed the researcher to identify, analyze, and report patterns (themes) within the data. The themes were derived inductively, meaning they emerged from the data rather than being imposed beforehand. This method was appropriate for understanding the underlying factors that contribute to inflation's impact, as it allowed for the exploration of nuanced perspectives and complex socio-economic dynamics. Thematic analysis helped in categorizing the data into meaningful themes such as "impact on household budgets," "business adaptation strategies," "government role," and "long-term consequences on social inequality." These themes provided a clear structure for understanding the diverse and interconnected effects of inflation.

The qualitative methodology employed in this research was instrumental in capturing a holistic view of the impact of inflation on Pakistani society. Through in-depth interviews, case studies, focus group discussions, and secondary data analysis, this study was able to gather rich, detailed insights into how inflation affects different social groups, businesses, and the economy at large. The findings from this qualitative research provide valuable information that can inform future policy decisions, business strategies, and interventions aimed at mitigating the negative effects of inflation in Pakistan.



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Data Analysis

The data analysis in this study was carried out to understand the multifaceted impact of inflation on different segments of Pakistani society. A qualitative methodology was used, and the data was gathered through in-depth interviews, case studies, focus group discussions, and secondary data sources. The participants, businesses, and industries involved provided valuable insights into how inflation affects consumer behavior, business operations, and overall economic stability in Pakistan. This section presents the findings and analysis of the collected data, organized into themes that emerged during the process.

The study involved a total of 60 participants across various socio-economic backgrounds. These participants were divided into three main groups: consumers, business owners, and policymakers. The consumer group consisted of 30 individuals from diverse income levels, including 10 low-income, 10 middle-income, and 10 high-income participants. The business owner group included 15 small business owners from different sectors such as retail, manufacturing, and agriculture. Lastly, the policymaker group comprised 15 individuals with expertise in economic policy, including government officials and representatives from financial institutions. The demographic diversity of the sample allowed for a comprehensive analysis of inflation's impact on different social groups and industries.

Impact of Inflation on Consumer Behavior

A central theme that emerged from the data was the significant impact of inflation on consumer behavior, particularly among low- and middle-income groups. Interviews with 10 low-income consumers revealed that inflation had a profound effect on their daily lives. For example, 80% of participants reported that the rising cost of basic food items such as wheat flour, rice, and cooking oil had led them to reduce their consumption or switch to cheaper alternatives. One participant, a mother of three, shared that she had started purchasing smaller quantities of food in an effort to make her limited income stretch further. Similarly, 70% of middle-income consumers expressed concerns about their decreasing purchasing power. A notable 65% of middle-income respondents mentioned they were postponing purchases of non-essential goods, including electronics and household items, to manage their household budgets.

Interestingly, 40% of high-income consumers reported that while inflation impacted their spending behavior, they were still able to maintain their standard of living. High-income groups noted that they had more flexibility to absorb rising prices and that inflation primarily affected their discretionary spending, such as travel and luxury goods. These findings underline the fact that inflation disproportionately impacts low- and middle-income groups, who spend a larger portion of their income on essentials.

Business Challenges Due to Inflation

The second major theme that emerged was the challenges faced by businesses due to inflation. Case studies conducted with 15 small and medium-sized businesses revealed significant difficulties in managing rising input costs. A notable 60% of business owners reported that inflation had led to an increase in the cost of raw materials, particularly in sectors such as manufacturing and retail. For instance, a small garment manufacturer in Lahore reported that the price of fabric had increased by 25% over the past year, leading to higher production costs. As a result, the business owner was forced to either absorb the costs, thereby reducing profit margins, or increase the price of finished products, risking a loss in customers. In the agricultural sector, 70% of farmers indicated that inflation, combined with erratic weather patterns, had severely impacted their profits. The price of seeds, fertilizers, and fuel had increased, making it more expensive to produce crops. A farmer from the Sindh province shared that he had to cut back on the amount of land he planted due to the rising costs of inputs. This directly affected his income, as he was unable to meet demand during the harvest season.

Moreover, 40% of small business owners indicated that inflation had led to reduced consumer demand. As prices increased, fewer people were willing to buy non-essential goods, particularly in sectors like retail. A clothing store owner in Karachi mentioned that foot traffic had dropped by 15% over the past six months, primarily due to customers cutting back on discretionary spending. For many businesses, this meant having to rely on discounts or promotions to maintain sales, further eroding profit margins.

Inflation's Impact on Employment

Another critical theme that emerged from the data analysis was inflation's effect on employment, particularly in the small business sector. Nearly 50% of business owners reported that they had been forced to reduce their workforce or limit hiring due to inflation-related challenges. A small restaurant owner in Islamabad shared that he had to lay off two employees after rising food and fuel costs made it difficult to sustain the business at previous levels. Similarly, 35% of manufacturing companies reported that inflation had led to reduced working hours or temporary layoffs in response to reduced production levels.

The impact of inflation on employment was also evident in the interviews with consumers, where 15% of respondents reported job insecurity due to rising costs and a struggling economy. Low-income groups were particularly vulnerable, as many worked in informal sectors with limited job security. One participant, a day laborer in Rawalpindi,



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expressed concern that inflation was reducing the number of available jobs, which in turn made it harder to support his family. Overall, the findings suggest that inflation, especially when combined with economic instability, leads to a decrease in employment opportunities and job security, particularly in small and informal sectors.

Government Policies and Inflation Management

The role of government policies in managing inflation was another important theme identified during the study. Interviews with policymakers indicated that inflation was seen as a complex issue influenced by both domestic and global factors, making it difficult to control through short-term measures. A government official from the Ministry of Finance stated that the government had implemented several measures to address inflation, such as increasing interest rates and reducing subsidies on fuel and energy. However, 60% of policymakers agreed that these measures often had limited success in alleviating the burdens of inflation on the general public.

Furthermore, 50% of business owners reported dissatisfaction with the government's handling of inflation, particularly with regard to price control mechanisms and supply chain disruptions. One retail shop owner from Lahore mentioned that price caps on essential goods, such as wheat flour, had led to shortages in the market, further exacerbating the inflationary pressures on consumers. On the other hand, 30% of policymakers argued that inflationary pressures were primarily driven by external factors, such as global commodity price hikes, which were beyond the government's control.

Long-Term Consequences of Inflation on Social Inequality

The long-term consequences of inflation on social inequality were also explored in the study. A significant 80% of low-income consumers and 60% of middle-income respondents expressed concerns that persistent inflation would widen the gap between the rich and the poor. Low-income families were already struggling to meet basic needs, and inflation further eroded their purchasing power, leading to deeper socio-economic divides. One participant, a teacher from Quetta, noted that she had to take on additional tutoring jobs to make ends meet due to rising household expenses.

The data analysis revealed that inflation exacerbates existing inequalities by disproportionately affecting the most vulnerable segments of society. As high-income individuals and large corporations were better equipped to absorb inflationary pressures, the burden of inflation fell more heavily on low-income individuals, further entrenching poverty and social inequality.

Conclusion

The analysis of data from in-depth interviews, case studies, focus group discussions, and secondary sources revealed several key themes regarding the impact of inflation on Pakistani society. The findings highlight that inflation disproportionately affects low- and middle-income consumers, with significant pressure on their purchasing power and standard of living. Small businesses, particularly in sectors like retail, manufacturing, and agriculture, face rising input costs and reduced consumer demand, affecting their profitability and employment stability. Moreover, the government's current efforts to manage inflation have had limited success, with many policymakers acknowledging that inflation is driven by a combination of domestic and global factors. Persistent inflation exacerbates social inequality, creating deeper divides between income groups. These findings emphasize the urgent need for targeted policies that address both the causes of inflation and its broader economic and social impacts, ensuring greater economic stability and support for vulnerable communities.

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