

(Resources can be rich only when properly utilized) Date 20
M T W T F S S Marks = 100

Outline

1. Introduction

Thesis statement: Resources have capability to bring a ~~an~~ significant change in any country's economy but this could be possible only if they are properly managed. Lack of interest makes the resources failed to cause any change. ~~Through the str~~ ^{So,} Through the strategic approach only, one can extract the most of ~~the~~ benefits that they can provide.

2. A proper utilization is the only way to get benefits from the resources.

3. How resources can lead the countries towards economic prosperity.

(a) Countries who are utilizing their resource abundance efficiently have high GDP ratios

(b) Efficient deployment of human resources leads to economic growth

(c) A strategic location on the global map helps in revenue generation

(d) In global economy, tourism is the most growing sector

(e) Information technology as a modern tool towards development

4. Through mismanagement a country ~~s economy~~ cannot ~~be~~ ^{get} benefited from its enormous resources

(a) Failure of resource rich countries to sustain their economy

(b) Countries having resource abundance does not necessarily have economic affluence

(c) Lack of strategic approach in Pakistan towards its mineral enrich land

(d) Pakistan being unable to preserve water resources

(e) Pakistan possesses extensive land for irrigation but deficient in modern techniques

5. The challenges Pakistan faces in translating the richness of its resources into economic prosperity

(a) Lack of good governance led to chaos in dealing with abundance of resources

(b) Inability of Pakistan to use its human capital efficiently

(c) The undeniable impact of terrorism on global interest in Pakistan

(d) Climate change a new rising challenge for Pakistan

6. way forward to increase the proper utilization of resources

① Improve concern to the available opportunities that can bring FDI such as ~~SEZs~~ special economic zones

② Create finished goods in the country and export them in good rates

③ Increase technological capabilities in the field of agriculture

7. Conclusion

An American businessman, Robert T. Kiyosaki once quoted that the single most powerful asset we all have is our mind and if it is trained well, it can create an enormous wealth. The same goes with resources, they are like a mind to a country and the most precious assets one country can possess. Through the skill of mind, a person can bring change in his finances. So, for a country can boost its economy by an adequate management of its resources and a proper utilization is the only way to get benefits from them. Hence, resources can lead the country's economy towards prosperity as it is observed, the countries who are utilizing their resource abundance and deploying human resources efficiently are having economic growth in form of high GDP. Further, an strategic location and tourism can also help through revenue generation in development and recently information technology has been enacted as a modern tool towards it. But through mismanagement, a country cannot get benefits ~~from~~ from its resources. For instance, some countries fail to sustain their economy and lack economic affluence inspite of resource abundance. Pakistan has mineral enrich land, water resources and extensive agrarian land but it lacks strategic approach towards them because of challenges it is facing in the shape of bad governance, human capital mismanagement, terrorism and climate change to utilize its resource abundance. Although there is a way to increase the utilization of resources such as, improve the concern towards ~~and~~ SEZs, create and export the finished goods and increase the technological capabilities. Thus, resources have capability to bring a significant change in any country's economy but this could be possible only if they are ~~at~~ properly managed. Lack of interest makes the resources fail to cause any change. So, through the strategic approach only, one can extract the ~~benefit~~ most of benefits, they can provide.



This proves, the resources can be rich only when properly utilized.

The presence of resources doesn't make create any difference in country's economy unless they are managed intelligently. The materials such as minerals, fossil fuels or land are not the only mean of resources to a country. But the unique capabilities of a state ~~has~~ can also be considered as a kind of resources such as the cultural diversity.

The United States of America (USA) possess a variety of cultures, ~~as~~ according to the US census bureau, there ^{are} 75.8% Whites, 13.6% Blacks, 1.3% Indian natives, 6.1% Asians and many more races ~~are~~ present in USA. (Census.gov / 2021 census). In ^{the} form of different cultures, US actually has a variety of minds and emotional energies which he utilized ^s as a tool to ~~prop~~ economic prosperity. If such ability is being mismanaged by a country then it can prove to be disastrous. One can see in Pakistan whose cultural diversity is destroying its national integration because he is unable to tackle such variety.

So, ^{only} an efficient utilization of resource abundance can lead to a economic prosperity by having high GDP ratio. The resource rich countries, if strategically utilize their richness in economic activities, then definitely they will have increased Gross domestic product (GDP). Such as the country with tremendous amount of petroleum is consuming this fuel not for selling. But with the help of this mineral it is establishing the industries and increasing the products variety for export. The major example is Qatar. ~~Accord~~ ^{in 2021} on the total of all goods it sold, its GDP per capita was at 12,259 USD per capita. Due to which, Qatar is ranked 56 of the major economies. (World data. info / economy in Qatar). Hence, resources can bring a hike in one's GDP ratio.

Apart from materials, humans can also contribute in economic growth as a resource through their efficient deployment. By providing employment and engaging every person of a country in the process of development, population bloom can be proved as a resource rather than a burden. The countries who manage their population load strategically have come out of economic crisis. Such as, China was ~~embed~~ in a bad economic condition at the time of revolution and was unable to manage ~~as~~ a huge population. But now China has become one of the great economies that is due to its skilled, ~~comp~~ educated and trained people. So, man power is a great resource if efficiently utilized.

Along with fossil fuels and human resources, strategic location on global map can also help in development through revenue generation. When a country utilizes its vital location ~~for global trade~~ to facilitate a global trade, then this will generate a lot of revenue. Panama who used its location wisely and constructed a Panama canal. Such canal proved a game changer for Panama's economy. The canal connects two main oceans: Pacific and Atlantic and a large number of ships cross through it, which cause to bring a huge amount of revenue. The revenue generated by Panama canal in fiscal year 2010 to 2021 was about 3.96 billion Panamanian balboas. (Statistica.com/Panama Canal revenue generation). Hence, a country can be benefited economically from its position on world map.

Moreover, currently tourism is the most growing sector in the context of global economy. Much of the countries are focusing on the factors which can promote the tourism, because tourism is the one which can bring a larger share of money to ^{the} country. Countries which lack petroleum resources, for them tourism is the way to prosper their economy. By providing the peaceful and attractive environment, one can ~~also~~ promote the tourism. Dubai is doing so, despite of lacking any natural resources such as petroleum, it is one of the developed economies. That is just because of tourism, Dubai's economy is majorly dependent on tourism. Thus, tourism is playing an important role in the economy of countries.

In this era of digitalisation, information technology is the modern tool towards development. After the Covid-19 pandemic, the world has tilted ~~its~~ towards digitalisation which enhances the IT's economic value. So IT has become the most invested one sector and countries can boostup their economies through contributing in information technology. India has become the fastest growing economy. And IT is the one of the biggest sectors which contribute in economic growth of India. ~~As~~, India has made an enormous development in economy due to information technology, so IT can be considered as a modern tool of economic development.

Although, through the mismanagement a country cannot get benefit from its enormous resources, just like the resource rich countries who fail to sustain their economy. When a country cannot make a balance between expenditure on resources and

revenue generated from them, results in no benefit. If an oil extraction costs expensive to a country, inspite of which it digs in a lot of oil and ~~has~~ sells it in a lower price. This results in outflow of money and downfall of economy. The phenomenon caused the venezuela bankrupted ^{in 2017} with 16 bn \$ dept to pay, despite of being having world's largest oil reserve. Hence, an improper regulation of available enormous resources causes the economy to default.

And it is not necessary that countries with resource abundance have ^{an} economic affluence. An incompetent utilization of resources ~~causes~~ makes the country with ample resources less economically developed than the country with limited resources. A country with higher crude oil reserve does not have high GDP per capita. Just, because of lack of strategic approach towards its crude oil. Such as, in 2021 Nigeria had crude oil reserve of about 36,980 million barrels as compare to Indonesia which has 2,480 million barrels. Inspite, the GDP per capita of Nigeria was 2,085 and of Indonesia was 4,361. ~~an~~ (country economy.com/country comparison Nigeria vs Indonesia). So, plenty of resources does not necessitate the economic affluence.

Specially, ~~in~~ those countries which lack strategic approach towards its mineral enrich lands, such as Pakistan. Among the highly enriched lands, ~~R~~ Pakistan is considered the one but lack of will and strategic efforts resulted in no major gain to Pakistan. A sincere political will is needed to benefit the economy of Pakistan from its blessed precious land. Many of the leaders came who roared about the Pakistan's enriched resources, but no one practically did any work. Pakistan possesses the world second largest salt mine, Khewra salt mine. This mine along with salt ~~p~~ contains many other precious minerals. Due to no any practical approach towards it, this enrichment fails to create any influence on the economy. Thus, a blessing from a nature can only be impactful when sincere efforts ^{to} be taken towards it.

Similarly, a careless approach towards water resources ^{causes} ~~of~~ Pakistan is unable to preserve it. ~~R~~ Pakistan receives sufficient amount of water annually inspite of that it faces water crisis. The reason behind water insecurity in Pakistan is lack of poor water management. ~~It~~ lacks in infrastructure to store water ~~such~~ as it possesses only three large sized dams. According to Pakistan institute of Development

Economics, the present water storage capacity of three major reservoirs is only 2% of the average annual inflow, against the world average of 40%. (Water Crisis in Pak / pide-PK) Despite having the great ~~and~~ Indus river & sufficient water flow, water shortage is widespread in Pakistan. Hence, mismanagement is the cause behind Pakistan's water shortage.

Along with water shortage, Pakistan is deficient in modern ^{irrigation} techniques which results in inadequate utilization of its agricultural land. Pakistan's agriculture faces a multitude of obstacles and one major of them is water scarcity. Water scarcity is affecting the traditional irrigation system of Pakistan which is flood irrigation system. Pakistan lacks in modern techniques of irrigation that are drip and sprinkle irrigation system. Because of outdated techniques, Pakistan's agriculture is continuously in decline as it has become food importing country from a food exporting country. So, modernization is needed to Pakistan to utilize its extensive agricultural land. Thus, a modern technology is essential for proper management of available resources.

Therefore, Pakistan is facing a lot of challenges in translating its enriched resources into economic prosperity, one of them is lack of good governance which leads to chaos in dealing such resources. Pakistan is rich in natural resources despite that is in crisis because of poor management. The current crisis shows a gloomy picture of poor or inefficient management. There are numerous causes of poor management which includes corruption, lack of technical expertise and political will, and interprovincial conflicts. Pakistan has the seventh largest coal reserves in the world, but cannot exploit them properly to overcome the energy crisis in the country. Hence, bad governance is the major cause of improper management of abundant resources.

Another challenge Pakistan faces is its inability to utilize its human capital efficiently. Pakistan lacks human capital development which is crucial for its economic growth as being the fifth most populated country in the world. Pakistan can realize major economic growth and development by investing in its people and their human capital. But the reality is that Pakistan's human capital is low. Human Capital Index (HCI) value of Pakistan is 0.41, lower than the South Asia average of 0.48, with Bangladesh at 0.46 and Nepal at 0.49. (Pakistan human capital review / worldbank.org.) Pakistan possesses unhealthy, unskilled, uneducated and unemployed population which cannot add prosperity

in its economy. Such kind of population bloom is just a burden over country. This way Pakistan failed in usage of its human capital efficiently.

Moreover, the declined global interest in Pakistan due to rise in terrorism is undeniable. Terrorism increases the insecurity and uncertainty in the country which affects the Foreign Direct Investment (FDI). Insecurity causes a loss of confidence in foreign investors, causing them to divert their resources from the Pakistan to other peaceful countries. Terrorism also damages local infrastructure such as roads, bridges and telecommunications. It discourages foreign investment by increasing the cost of doing business. The FDI has a significant positive impact on the GDP growth of Pakistan both in long-term and in short term. The drastic decline in FDI due to terrorism is severely affecting the Pakistan's economy.

Apart from them, a new rising challenge to Pakistan's development is climate change. Pakistan is one of the severely calamity hit countries. Global climate change in Pakistan is evident in the form of growing frequency of droughts, flooding, ~~and~~ reduction in fresh water supply and the loss of biodiversity. Because of these effects, food resources extremely affected such as, agricultural products, livestock and fisheries. Even in the floods of 2022, many crops and vegetables such as, rice, cotton, sugarcane and green chillies were destroyed. According to world bank report, agriculture, food, livestock and fisheries of about PKR 800 billion was damaged in 2022 floods. The climate change is hindering the economic growth of Pakistan.

To counter such challenges, Pakistan should adopt some way forwards in which the first it needs to improve ~~on~~ its concerns towards available opportunities in the form of special economic zones (SEZs). These zones can be proved game changer if properly managed as they can bring a much amount of FDI. There are total nine economic zones decided to be constructed in Pakistan, out of them the largest one is Allama Iqbal Economic Zone which is already completed. Allama Iqbal Economic Zone is envisioned as ~~to be~~ the largest Asian textile market but investment process is very slow because of lack of sincere interest from government side. Bangladesh economy grew rapidly because of these SEZs, now Bangladesh Economic Zone Authority (BEZA) is planning to establish 100 zones by 2030 which will add \$40bn to its economy (tbsnews.net). Thus, Pakistan should improve efforts towards SEZs for betterment of its economy.

Another step Pakistan should take is the creation of finished goods in its own country and export them in good rates. Pakistan usually sells its raw minerals to foreign companies in cheaper rates, then these companies get much greater amount of profit on selling the expensive finished goods. The way Pakistan gains very less profit against its precious minerals. Pakistan should build mining skills & technology to extract its minerals by own. And it should improve its industries to polish and finish these minerals. Such as the Reko Dig agreement signed with Canadian mining giant Barrick Gold for digging the copper and Gold in Balochistan will not benefit Pakistan as compare to value of Gold & copper. If Pakistan itself extract & finished the gold and copper gets more profit. Hence, Pakistan must focus on finishing the goods for better benefits.

Not ^{only} in the mining and polishing of minerals, Pakistan should also increase its technological capabilities in the field of agriculture. Pakistan possesses vast agricultural land but lacks ⁱⁿ modern technology which costs agricultural decline to it. Due to climate change, Pakistan is facing water shortage which affects its agriculture because of still using old irrigation technique that is flood irrigation. Pakistan should shift to modern irrigation techniques such as drip and sprinkle irrigation. Other techniques such as, hybrid seeds, crop rotation and bio fertilizers Pakistan needs to adopt, for development of agriculture. Just like Israel whose geography is not naturally conducive to agriculture as more than half of land area is desert despite that it has become a major exporter of fresh, because of modern technologies. So, to prosper agriculture Pakistan needs to advance its agricultural technologies.

In Conclusion, resources can lift up one's economy if strategically managed. Countries who use their resource abundance adequately that can be human capital, strategic location or uprising information technology (IT) made themselves ^{among} ~~one~~ of the giant economies. Due to careless approach towards available resources, many countries failed to sustain their economy and Pakistan is one of them. Deficiency of strategic approach and sincere will towards its minerals, water resources and agricultural land made Pakistan's economy continuously in decline. Apart from this, multiple other issues Pakistan is facing to get much out of its resources that includes; bad governance, ~~de~~ low human capital index, terrorism and climate change. As there is a famous quote in English that It's never too late, don't focus on what was taken away, but find something to replace it and acknowledge the blessing you have. It highlights ~~that~~ the hope that Pakistan

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can come out of economic crisis by acting out the suggested remedies. Through better concentration on available opportunities such as SEZs and advancement in technology related to minerals extraction and farming, Pakistan ~~will~~ could be among the economically sound countries.