

Question no. 2:

Discuss the major economic challenges facing Pakistan and propose strategies for sustainable economic growth and development.

Introduction

Pakistan is facing some challenges and economic challenges are one of them. The economic situation is not good in Pakistan because the progress and developments of the country are not shown appropriate. Pakistan being a country endowed with significant natural resources and a vibrant population faces a complex array of economic challenges such as debt crises, increased poverty and energy crises that threaten its growth and stability. In light of these challenges, it is crucial to explore and implement strategies i.e. improvement in agriculture and industrial sectors, address unemployment, political and governance reforms, etc. that promote sustainable economic growth and development.

Major economic challenges facing Pakistan

Pakistan facing a range of economic challenges that hinder its growth and developments. These economic challenges are discussed below:

1 Debt crisis

Debt crisis are increasing in Pakistan which are harmful for economy

of Pakistan. In the presence of large value of debt, it is impossible for a country to boost economy. The governments face problems to implement economic policies smoothly in view of debt crisis. According to ~~WTO~~ data, "Pakistan External Debt reached 130.4 USD bn in March 2024, compared 131.4 USD bn in the previous quarter." This report shows that debt crisis are major challenge to Pakistan's economy.

2 Poverty rate increases in Pakistan

Poverty rate increases in Pakistan which can negatively affect economic growth. Poverty also leads to other social evils such as crimes and social unrest. It is difficult for Pakistan to manage economy when poverty and other social evils pressure on the country. The poverty rate in the country has reached 39.5 percent, according to Pakistan Institute of Development Economics (PIDE). Poverty encourages people to adopt bad habits which are not suitable for economic progress.

3 Low human development

Human development ratio is very low in Pakistan. Humans are unique assets for any country and they are a source to bring prosperity in the country. But, Pakistan's population lack skills and requirements to engage

for the betterment of country. These unskilled people become a scourge for the country because they do not take part to create a better economy. So, low human development is a economic challenge for Pakistan.

4 Foreign Direct Investment is lacking in Pakistan

Foreign Direct Investment (FDI) is a way to increase the economic activity. But, FDI is decreasing in Pakistan due to sever conditions in the country. Foreign countries feel threat to invest in such a country where dire situation is created because of terrorism and extremism. Lack of FDI is not hopeful to increase economic progress in country. According to UNCTAD's World Investment Report 2023, FDI inflows to Pakistan stood at USD 1.34 billion in 2022, down by 37.6% year-on-year.

5 Overpopulation in Pakistan

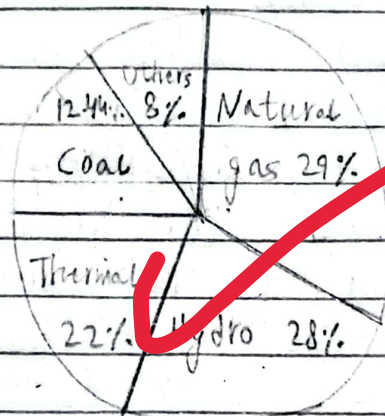
Overpopulation in Pakistan is a pressing issue with far-reaching implications for the country's development and quality of life. According to the Pakistan Census data, total population of the country stands at 241.49 million with an annual growth rate of 2.5 percent. Economic growth is difficult to sustain in the presence of overpopulation. Pakistani people are worried regarding

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earning and employment. In such situation, government is anxious to invest either on people or on economy.

6 Energy crisis in Pakistan

Pakistan has been grappling with severe energy crisis for years, marked by frequent power outages, load shedding and a growing electricity deficit. The energy crisis in Pakistan has had a profound impact on economy, stunting growth and exacerbating poverty. The energy crisis can erode consumer confidence and spending, creating a cycle that hampers economic development.



Add more arguments

Pakistan's energy generation sources Strategies for sustainable economic growth and development

Pakistan should focus on economic growth and development, and here are strategies to focus on the goal.

1 Boost trade

Trade is something that can bring economic prosperity with to a country. Trade has the potential to normalize

the hardships and difficulties of the country. Trade boosts economic prosperity by enabling countries to specialize in producing goods and services in which they have a comparative advantage, leading to increased efficiency and productivity. Trade acts as a catalyst for economic growth, contributing to higher standards of living and greater economic stability. Take the South Asian region, for instance, Pakistan's trade potential with the region is \$57 billion, but it is only being captured up to \$23 billion. This shows that a lot of work needs to be done in trade to boost the economy.

2 **Change in national psyche and mindset**
Pakistani people as a nation are too much negative oriented where they find everything wrong in the country. Unless the people change their mindsets, they are not going to go anywhere. Unless each one changes his/her mindset rather than blame the government and the system, they are not in a suitable situation in this race for global economic survival. So, the people and government of Pakistan should focus to bring prosperity in the country by making economic reforms.

3 **Control inflation in Pakistan**

Controlling inflation is important for boosting an economy as it develop

encourage in people to invest more on the business. In this way, economy can be boosted for the prosperity of country. When inflation is kept in check, interest rates can be more manageable, encouraging both investment and consumer spending. Furthermore, low and stable inflation helps preserve the purchasing power of consumers and ensures economic progress. By curbing excessive inflation, governments and central banks can create a conducive environment for sustainable economic growth and development. According to IMF, inflation rate (average consumer prices) in Pakistan is 24.8%.

4 Address unemployment

It is need of the hour to address unemployment in the country. Unemployment leads to poverty, crimes, inflation that are matter of concern for Pakistan. These problems become hurdles for economic survival and development of country. The Pakistani people feel embarrassed and their image is also badly affected due to unemployment. It is a simple thing that when people earn some money, they will be able to invest in business which is optimistic for economic growth. According to International Monetary Fund (IMF), ~~inf~~ unemployment rate in Pakistan is 8%. Pakistan's government should create opportunities for

masses so that they will be able to do job and ~~not~~ something good for the economy of Pakistan.

5 Improvements in agricultural and industrial sectors

Improvements in agricultural and industrial sectors can significantly boost economic growth by enhancing productivity and creating employment opportunities. Advances in agriculture opens avenues for exports and contributing to trade balances. Similarly, innovations in the industrial sector stimulate economic activity by attracting investment and fostering competitiveness. As both sectors grow and become more efficient, they generate a ripple effect through the economy, driving overall prosperity and improving living standards. As per Pakistan Bureau of Statistics, agriculture sector contributes about 24% of GDP and accounts for half of employed labour force. These two sectors can contribute more to improve the economic situation of Pakistan.

6 Political and governance reforms in Pakistan

Political and governance system in Pakistan is not satisfactory. It is urgent need to reform in political and government system because it play an important role in fostering economic growth by ~~creating~~ a more stable and environment for businesses and transparent

investors. Enhancing reforms such as enhancing the rule of law, reducing corruption and streamlining bureaucratic process can significantly improve the efficiency of political and government system to work for advancement of economy. On the World Bank's 2018 Government Effectiveness Index, the highest value was Singapore at 2.21 points whereas Pakistan at 124th position had a value of -0.58. Hence, political instability and bad governance should be reformed in order to attain economic growth and development.

Conclusion

Major economic challenges lie in Pakistan which are detrimental for economic progress. It is a critical/serious situation for Pakistan to grow in the presence of these economic challenges. Something should be done to restrain economic challenges. Some strategies may be useful to fulfill this target such as boost trade and control inflation in the country. By implementing these strategies, Pakistan can pave the way for a more sustainable and prosperous economic future, and achieve long-term development goals.

Good arguments and structure!

Improve the paper presentation part a bit