

Question: Pakistan stands at a crucial juncture, facing economic, environmental and demographic challenges that can reshape future. Explain.

QUESTION NO: 08

### INTRODUCTION:

Pakistan is facing a myriad of problems at the present time including, economic, social environmental and demographic domains of the country. The intensity of these issues is capable of transforming the future aspect of the country. Thus, adequate steps need to be taken to neutralise the perils of the present problems.

→ ECONOMIC, ENVIRONMENTAL AND DEMOGRAPHIC CHALLENGES RESHAPING FUTURE OF PAKISTAN:

(A) ECONOMIC CHALLENGES AND THEIR REPERCUSSIONS:

(i) Accruing circular debt of the country:  
Increasing circular debt of the country will enhance the propensity of the budget of the country towards

mitigating the negative implications of power sector. This adding up of circular debt will cut off the provision of budget to other services.

Example:

Pakistan's circular debt stands at Rs. 2.3 trillion according to Pakistan Business Bureau (PBB). This restrains the country to allocation of only Rs 97.098 billion budget to education and other services in the year 2023-2024.

(ii) Increasing current account deficit destabilising Pakistan's global market presence:

The current account deficit of the country presents as one of the primary economic challenges of the country. It weakens the state's presence at the international market forum while weakening the export capability of state.

## Example:

Current account deficit of Pakistan was \$ 74 million in 2023 according to State Bank of Pakistan (SBP). This reflects the reason of decline in exports by 11.7% during Fiscal year 2023 according to Economic Survey of Pakistan.

Culminatively, these reasons reflect an apparent decline in Foreign Direct Investment of meagre number of only \$ 524 million according to SBP.

(iii) Increase inflation leading to food insecurity:

Increased inflation displays the rise in consumer price index (CPI) which directly affects the consumption ability of general mass public. Acceleration in inflation leads to food insecurity displayed in Pakistan.

## Example:

CPI national inflation reached 29.2% according to Economic Survey of Pakistan.

This directly implicates urban and rural food inflation. For this reason

the position of Pakistan in Global Hunger Index stands at 99 out of 121 countries while more than 40%

under 5 years suffers from

stunted growth. This will affect the

skill ability of the incoming

generation.

(iv) Slow Gross Domestic Product growth leading to inability to capitalise Human Capital of country.

GDP of the country moving at a staggering rate reflects the incapacity of the country to utilise its resources leading to recession.

Example:

The real GDP ~~per per~~ presented a growth of only 0.29% in 2023 according to ESP which reflects the country's ranking of 0.41 in World Bank report of "Pakistan Human

Capital Review"

(B) ENVIRONMENTAL CHALLENGES SHOWING THEIR REPERCUSSION:

(i) Inability to tackle the issue of infrastructure loss leading to exacerbation of further damage:

One of the major environmental challenges faced by the country is its inability to overcome the damage due to previous environmental challenges.

Example:

Pakistan joined G-77 and China group and was successful in incorporating loss and damage fund on the COP28 agenda. However, the ~~mobilisation~~ immobilisation of fund has rendered the country incapable of dealing with climate issue.

(ii) Environmental challenge affecting the economic situation of country:

The amount of loss due to floods of the last two years are spread over the infrastructure loss, internal displacement and exacerbation in health issues of the country.

Example:

Asian Development Bank has estimated Pakistan's economic loss due to climate change could amount to 18-20% of its GDP by 2050.

(iii) Inadequate transition to Green Energy Policy can exaggerate the consequences in the future:

Despite only 0.9% contribution of GHG into environment the severe implications of climate change faced by Pakistan requires robust implementation of green energy policies. Inability to do this will accelerate the issue of

Climate change for Pakistan.

Example:

Pakistan adheres to Euro II and Euro III emission standards for gasoline and diesel fuels however it fails to adhere to Euro VI emission standards. Along with lack of robust implementation of National Renewable Energy policy will lead to massive climate change repercussions in the future.

(C) DEMOGRAPHIC CHALLENGES OF PAKISTAN DISPLAYING IMPLICATION IN FUTURE:

(i) Low literacy rate will unequip the future generation.

Decreased literacy rate presents a difficult situation for the country to fully utilise its capital human capital potential, while crippling the opportunity for the youth to

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utilise foreign opportunities of employment and contribute to Foreign Direct Investment.

Example:

According to ESP enrolment rate showed only 1.7% of increase. This meagre figure presents the bleak picture of future skillful youth.

(ii) Population explosion leading to weakened em decrease employment rate.

Pakistan is regarded as the 5<sup>th</sup> most populous country in the world.

Population explosion in the country will not only weaken the demographic & status of the nation but also present a youth bulge for the country to tackle.

Example:

The employment rate of 6.3% according to Economic Survey of Pakistan



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depicts the weak position of the country to utilise its large labour force. This increasing unemployment rate adversely affects the life style of an individual and culminatingly forcing an increase in urbanisation rate.

(iii) Health issues rising <sup>and</sup> leading towards spread of disease.

Health issues are on rise in Pakistan depicting less amount of resource allocation for ~~the~~ this sector.

This situation can evolve into more accelerated spread of disease and infant mortality rate.

#### Example

PSDP allocation for health sector was ~~2.8~~ 0.5% of GDP reflecting a weak number.

#### Conclusion:

The current situation in economic, demographic and environment

domain requires the robust  
implementation of national policies  
to mitigate the exaggeration of  
ramifications in future.

Example