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# "PATHWAYS TO PAKISTAN'S PROSPERITY"

## 1. THESIS STATEMENT:

The steering of Pakistan towards an affluent state involves the adoption of various measures, including an overhaul of tax architecture, building up of high technology domestic industry, overcoming the issue of red tapism, and tapping the regional connectivity for trade opportunities.

The correct adoption of these options will help the country gain economic balance amid global and national crises.

## 2. Factors gauging the prosperity of a country:

- 2.1 Human & Development Index (HDI)
- 2.2 ~~High~~ Tax to Gross Domestic Product (GDP) ratio
- 2.3 Multidimensional poverty Index (MPI)

### 3. Initiatives for Pakistan to take in progressing towards prosperity:

- 3.1 Building up of high technology domestic industry - New productive force initiative taken by Xing jiang
- 3.2 Taking agricultural reforms - Common Agricultural Policy (CAP) of European Union assisting farmers.
- 3.3 Tapping regional connectivity and inclusion into multilateral forums - Rise of BRICS and completion of CPEC.
- 3.4 Overhaul of tax architecture - Revenue increase in Georgia after Rose revolution
- 3.5 Exploring the domain of marine ecosystem - Bangladesh 5<sup>th</sup> fifth largest maritime economy.
- 3.6 Conversion of informal to formal economy - Brazil simplified taxation for ~~the~~ regularisation of businesses.
- 3.7 Strengthening of digital economy - "Digital Bangladesh" transitioned country to middle income.
- 3.8 Privatisation for efficiency - privatisation reforms of United Kingdom in 1970's.

3.9 Pro Overcoming of red tapism -

Adoption of Neo Weberian model  
by Europe

3.10 Proper utilisation of foreign funds -

Portfolio diversification of Rwanda  
from agriculture to Research and  
Development

#### 4. Recommendations for correct adoption of the initiatives:

4.1 Tackling the issue of elite capture

4.2 Completion of regional economic  
projects.

4.3 Inclusion into multilateral institutions  
for export diversification.

#### 5. Conclusion.

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Pakistan stands at a critical juncture of history, where careful navigation through multiple courses of opportunity is needed for the establishment of a prosperous state. Exploration of various pathways can provide a stable economic fabric for a country. In this regard, Pakistan can bolster its domestic industry of high technology to dilute the influence of external clout factors on imports of country. Furthermore, agricultural reforms for strengthening of agrarian economy, tapping into regional connectivity through completion of projects, reinvigorating tax system of country and privatising of public sector to gain allocative and product efficiency. The collusion of these initiatives will open up the formalise the position of Pakistan as a state with on its path towards prosperity through diversification of export products, accelerated trade system

Enhanced revenue collection and improving the debt sustainability of the country. Therefore, the steering of Pakistan towards an affluent state involves the adoption of various measures, including an overhaul of tax architecture, building up of high technology domestic industry, overcoming the issue of red tapism, and tapping the regional connectivity for trade opportunities. The correct adoption of these options will help the country gain an economic balance amid national and global crises.

The progress of any country towards the path of accruing profit depends on stability regarding economy is dependent on multiple factors.

These elements can appropriately gauge the prosperity level of any country. Foremost, the most prominent index reflecting the

stature of a country regarding provision of basic necessities is the Human Development Index (HDI).

HDI <sup>analyses</sup> calculates the basic different measures of life, ranging from health, education to per capita income. Therefore, properly correlating the ~~poss~~ ability of a country ~~in~~ with the economic ~~statutus~~ status of the state. Furthermore, another index in the form of Tax-to-Gross Domestic Product (GDP) ratio, which examines the ~~ea~~ collected revenue of the state in comparison to the GDP of the country.

The current tax-to-GDP ratio of Pakistan, standing at 8.1%, according to State Bank of Pakistan, clearly reflects the dire position of state.

Moreover, another index in form of Multidimensional Poverty Index (MPI) draws in parallel with the prosperity of the state and explicitly reflects the true

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position of a country. Hence, from these multiple indices of state, the progress or development towards prosperity can be easily analysed, with end results reflecting the need of hour.

The current scenario <sup>in</sup> ~~of~~ Pakistan calls for immediate action to be taken towards the exploration of multiple available opportunities.

A myriad of initiatives will present an impetus to redirect the country on path of development.

Firstly, the most imperative initiative to be taken is to bolster the domestic industry of technology. Such a gesture will adept the country to be freed from the lopsided effect of external factors <sup>that</sup> ~~which~~ disrupt the prices of import and exert their own choice of demand.

In this regard, the most prominent initiation of nowadays is in the form of new productive forces, a phrase originating from China and reflecting the proclivity of Chinese state towards the expansion & ~~from~~ of the orthodox, or conventional trading methods. This initiative will steer China towards development and refurbishment of its own generated technology, regarding or including electric vehicles and 5G communications. Such steps, mirrored by Pakistan, will allow the country to diversify the trade products and reduce dependency on imports. Hence, these steps will push Pakistan to utilise indigenous resource materials to strengthen the technology industry.

Secondly, the agrarian economy of Pakistan demands the adoption



of various agricultural reforms, not only  
Agricultural reforms will enhance  
the productive efficiency of the  
agricultural products, but also assist  
the farmers in terms of subsidy  
provision. As seen in the Common  
Agricultural Policy (CAP) adopted  
by European Union (EU), which  
assists facilitates the farmers  
to enable climate change  
resilient farming methods, <sup>and to</sup> maintain  
rural landscapes with steady  
provision of a steady income.  
Such policies implemented in the  
Pakistan's agricultural practices will  
encourage the farmers to adapt  
to new farming techniques  
and directly affect the food  
domestic food supply. Hence,  
an increased concentration of focus  
on the landscape of agricultural  
practices will redirect the country  
towards sustainability and  
prosperity.

Thirdly, an important aspect for the advancement of any country is ensued upon the notion of maintaining regional connectivity. Correct usage of geostrategic position in terms of trade route can highly benefit a country's trade aspect of trade export and import. Pakistan can accrue positive development from this perspective, as it stands at a pivotal point of South-Asia.

For this reason, an accelerated completion of regional projects including the China and Pakistan Economic Corridor (CPEC) will open up multitudes of trade prospects for the country. Along with proclivity towards regional integration, Pakistan should consider the option of becoming part of multilateral institutions such as the rising platform of Brazil, Russia, India, China, and South Africa (BRICS).

Being part of such platforms and associations will push Pakistan to gain a leeway in engaging with countries of Global South. Hence, the expedition of Pakistan in strengthening the regional integration through developmental projects and being a member of platforms will bolster the stability of the country at the international level.

Fourthly, an integral portion of any governance and economic structure of the country is based on the foundations of strong tax regime of the country. An increased revenue collection stabilises the domestic earning of state. In this regard, a complete reinvigoration of tax architecture of state of Pakistan is required. The steps taken for this refurbishment can be drawn parallel with the

tax overhaul of tax system in Georgia. The happening of unprecedented events after the "Rose Revolution" in Georgia has turned the facet of tax collection upside down. This includes cutting down of tax rates, while reducing tax evasion and widening of tax base. This process has streamlined the prospect of inform payment of tax by businesses, paying tax and also providing a conducive environment for Foreign Direct Investment (FDI) <sup>consequently</sup> while following the same lines of correcting the fault lines of tax system in country, Pakistan can also stride towards successful revenue collection.

Fifthly, the predisposition of a country in diversifying its pillar of economic dependence, holds an immense value in today's world of ultra innovative nations. In this

aspect, the exploration of marine ecosystem and utilisation of maritime resources holds a significant value. Pakistan is blessed with close geographical congruity with warm sea water and the vast coastline bordering the southern region of a country overtly expounds the multiple prospects to be further experimented with. This prognosis of successful venture can be further substantiated by the displayed progress by of maritime economy by Bangladesh. An increased concentrated effort in utilising the presence of deep sea port has propelled Bangladesh to acquire the status of fifth largest maritime economy in the world. Subsequently, following the footsteps of a close region country, Pakistan can also gain an impetus of utilising the eco-aquaculture and using deep sea port.

Sixthly, an imperative factor of in fortifying the economy of the state is construing the importance of converting the informal sector into formal one.

The main perilous aspect of the informal sector is the circumvention of ~~the~~ the regulations of business conduction. For this reason the enhanced streamlining of ~~&~~ informal sector to formal sector is underscored for the curbing down of prevailing issues of narrow tax base, bleak aspect of employer rights and more importantly the lack of strict rule following in informal sector. A huge chunk of this informal econ domain of Pakistan needs to be transformed into formal one with the adoption of regularising policies and amiable environment as provided by the Brazilian system of economy. Brazil assisted the country's governance

through simplifying the system of tax registration, introduction of electronic tax system and providing incentives for the informal businesses to enter into formal sector. Hence, the assistance from the government of Pakistan to instigate the growth of ambit of formalised sector of economy is holds a voluminous importance.

Seventhly, a cataclysmic effect of digitalisation is seen in around the world, where the stepping of a country into this sector is considered integral today. The idea of digitalisation is spread across multiple tiers of state infrastructure ranging from economy to education and governance. The modernisation of its basic infrastructure and resource mobilisation to facilitate equal opportunity accessibility of digitalisation

is seen prominently in the Bangladesh through embracing the policy of "Digital Bangladesh".

This strategy will leverage the country in acquiring the benefit of efficient and effective productivity in economic transactions, provision of education and conduction of business processes.

This particular scheme has aided Bangladesh to step into the realm of middle income country.

Therefore, similar an advocacy of similar programme will prove to be a boom for the economic landscape of the country.

Eighthly, a pertinent portion for the formation of an affluent state stands in parallel with the swaying towards the privatisation reforms. The prospect of privatisation of state owned



Enterprises (SOE) is based upon the display of productive enhanced efficacy. This efficiency is seen not only in terms of accelerated productivity, but also the reflected through allocative efficiency in form of correct resource utilisation. The famous Margaret Thatcher privatisation reforms of 1970's has openly justified the idea of private ownership through the toppling down of rigid state monopoly in state owned institutions, with little space for incorporating innovative idea and capacity to compete with the competition of market. This wave of decentralisation of electric companies, railway system and postal institutions disseminated across Europe in a positive manner. In the a similar fashion, the disintegration of immutable unyielding state

owned Enterprises (SOE's) is integral to address the issue of circular debt in energy sector, constant decline of profit in airline businesses and inability of the industrial sector to attract investment. Therefore, the prospect of devolving the ownership to private sector envisages a positive outcome for the state.

Ninthly, a prominent hurdle to overcome in progressing towards development of a state includes a Neo Weberian State (NWS) the overcoming of red tapism. It largely adversely affects the public administration through a laggard approach towards dealing with issues. To dilute the idea resistance of red tapism, the advent of Neo Weberian State (NWS) model of public Administration

The essence of NWS

allows the introduction of inclusive cooperative management and receptive to change management. A paradigm which easily adapts to the changing regime governance of state while addressing the public demands as the utmost priority.

The confluence of innovative, variative and absorptive nature of administration is required to provide an efficacy in addressing the citizens demand.

In a synonymous way, the subtle adaptation of NWS by model by Pakistan will allow the public management to be well structured in meeting the needs of a common man, while also providing an amiable environment for the streamlining of business procedures. Hence, the bullwark of red tapism

needs to be dismantled by Pakistan for a free display of

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Coherent management

Tenthly, the correct utilisation of either foreign aid or even the disbursed tranche of International Monetary Funds (IMF) calls for the proper investment of the fiscal aid. As Pakistan approaches the funding scheme of IMF in a cyclical manner, what holds an important point to ponder is the constructive usage of the fund, with no This exercise should be based upon the achievement of long term objectives in comparison as opposed to quickly dissipating parochial objectives. The prominent example of portfolio diversification of Rwanda from being shifting focus from agriculture towards Research and Development (R and D) with assistance of US aid holds a stellar example

for other states to follow. While following the same path to rectify the fault lines of sustainability, Pakistan can also incline towards the propagation of Research and Development. Subsequently, the Pakistan can enhance the utilisation of indigenous resource material while through the realisation of new avenues to be taken.

The multitude of initiatives taken by Pakistan rests upon the idea of addressing the core issues of state's <sup>inherent</sup> initial institutions. Unless, the issues of the domestic level national level state are not addressed, the prospects of the opportunities will not succeed to exemplify show the outcome. In the first place, the prevailing issue of elite capture needs to be addressed to clip the central

problem of evading regularisation and rule of law. In the second place, maintenance of an integrated and conducive relationship with regional countries holds an immense value for the exp making the most of geostrategic allies. In the third place, the rise of multilateralism in the world calls for expedition of a country in joining these forums to gain a conduit towards marking presence in the international market as well.

Hence, the nip of the intrinsic weaknesses and conundrum of the state needs to be done for the correct adoption of multiple initiatives.

~~It~~ In crux, the current scenario of Pakistan prognosticate the dire need of country to adopt multiple pathways for redirecting the states towards

stable economy. Various issues in form of managing the current account deficit, to decrease revenue collection and bureaucratic hurdles ask for the consideration of multiple options by the country. Such choices in the form of buttressing domestic technology industry, implementation of agricultural reforms, integrating regional connectivity, strengthening tax collection, ~~or~~ and adoption of innovative ideas in form of digitalisation can assist the state of Pakistan to be moving towards development. In relation to this, the domestic fault lines need to be curb down for an exemplified outcome to be displayed. Hence, the pathways to prosperity of Pakistan come in different forms for the country to endeavour upon in terms of acquiring stability.