

1-1-2024

What do you understand by the term 'startup' and how startup culture can be developed in Pakistan?

ANSWER

① Introduction:

Startups are companies or businesses led by entrepreneurs that address a market gap or introduce a service or product that is needed by customers. Key growth areas of Startups in Pakistan have been e-commerce ventures like Daraz and PakWheels, etc. Fintech like Aqam, Uber, and EasyPaisa, developed a more established ecosystem of innovation and growth. Despite its significant growth between 2020 and 2022, Pakistan has been unable to develop a startup culture without external dependence. Startups are no longer peripheral actors in economy; rather, they are emerging as core contributors to productivity.

② How to Imperatives to Develop a Startup Ecosystem in Pakistan

(i) Long-Term Sustainability Measures

(a) Institutionalize Innovation Districts and Tech Parks

The governments need to build innovation hubs in every province using public infrastructure. This would create a startup ecosystem through co-working spaces in ~~dedicated~~ STPs. This would institutionalize risk-tolerance in companies and businesses.

(b) Research and Development Incentives

The industry-university linkages must be strengthened through research and development incentives. ~~Expand~~ university ORIC lab ~~into~~ active innovation pipelines. offering tax breaks could expedite R&D.

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(c) Stable Finance and Sector Fund

Long-term VC funds should be provided to young entrepreneurs to support sustainable businesses.

Climate-focused fund can be credited to them backed by GCF, to support green tech innovation.

"Green Climate Fund pledges

\$15 million to Pakistani Venture Sum Ayazai" — ^{Pentery}

(D) Policy cohesion and Fiscal-Monetary Harmony

Cross-minister coordination should be expedited to create a fiscal-monetary harmony. For stable capital flows, regulatory bottlenecks should be reduced with low-interest schemes.

"SECP, SBP, FBR, and IT

ministry should be well-integrated to thrive startup ecosystem" — PBC

(ii) Medium-Term stability Measures

(a) Build Talent and Skills Infrastructure

Gaps in human capital should be filled by building talent and skill infrastructure. Digital apprenticeship schemes (e-Rozgar, kamyab Jawan, Digiskills) should be bold to develop startup competencies.

"The youth of Pakistan is risk-averse, with little entrepreneurial skills" — Shauk Tanvir Pakistan

(b) Deepen Local Capital Ecosystem

Foreign dependence should be reduced by developing a home-grown local capital ecosystem. Pakistan should de-risk and incubate local capital formation as the foundational layer of its innovation economy.

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"The 2020-22 boom in Pakistan's startup ecosystem was unsustainable due to foreign capital without local investment." — Imad Iqbal, XMD Careem.

(C) Deploy Regulatory Sandboxes and STZs at scale

Expand STZA zones in secondary

cities (Karachi) T Park by 2026,

Islamabad by end-2024) to

enable experimentation with flexible

frameworks. This would bring startup

culture close to the underserved regions.

Enabling pilot programs under flexible rules

would expedite investment in the long run.

(D) Tax and Incentive Reforms

Introduce 3-5 years tax exemptions

for new ventures. Streamline IT

export incentives to ease imports

related to building local products

for domestic market penetration.

This would ensure local value-add, not

imports of end products.

(iii) Short-Term Immediate Measures

(a) Targeted seed finding and Grants

There should be small matching grants (Rs 10-500K) for teams with ideas, along with a dedicated micro-VC window that co-invests up to 20% in very early angel rounds. This would encourage young companies to grow and invest downstream.

(b) Narrative Building

Entrepreneurship must be seen as a viable career path, not just a Silicon Valley fantasy. High-profile events and on-campus clubs create role models, inspire students and seed entrepreneurial mindsets early. A cultural shift in mindsets could develop a business-oriented public awareness roadshow.

(c) Fast-Track Registration and Compliance

A single online portal integrates company incorporation, tax registration (NTN/GST) and ID Verification (NADRA). Founder can this way focus on their products and services, rather than on paperwork. Entrepreneurs often have to wait for months for the most basic approvals.

"Create a business friendly environment by removing sluggish bureaucratic approvals." — Aneel Salzman.

(d) Embed KPIs in National Budgets

Embed clear KPIs in federal and provincial budgets. Reduce average time to launch an SME by 30% or create 1M formal startup jobs. Link a portion of departmental budgets to achieve these goals.

"Presumably, development aids are given to ministers for winning elections." — PIDE.

add more arguments.

a 20 marks answer should have around 15 arguments...

③ Critical Analysis

The government should act as a regulator and enabler of market growth, rather than dominating it.

The political theory of Neoliberalism support private-sector-led innovation, deregulation, privatisation, and minimal state interference. Similarly, startup success depends on private actors, not direct state control.

④ Conclusion

Thus, it could be concluded that Pakistan's early-stage, and market-based startup structure needs to be consolidated through robust institutional policies at all levels of government. Thus, the state needs to nurture an entrepreneurial mindset among young through business-friendly environments, economic stability, local capital formation, and digitalization. Pakistan can unlock its latent potential through prudent and proactive

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