

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 Careem, 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 culture in Pakistan

(i) Long-Term sustainability Measures

(a) Institutionalize Innovation Districts and Tech Parks

The government needs 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 R&D labs, active innovation pipelines. Offering tax breaks could expedite R&D.

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(c) Stable Finance and Sector Funds

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 Samayak" — Reuters

(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, PBR, 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 built to develop startup competencies.

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

(b) Deepen local capital ecosystem

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

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"The 2020-22 boom in Pakistan's startup ecosystem was unsustainable due to foreign capital without local investment." — Taimid Iqbal, XM (Canem)

(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 year 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

Impact of and products

(iii) Short-Term Immediate Measures

(a) Targeted seed funding and Grants

There should be small matching grants

(Rs 10-50k) 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

valuable career path, not just a silicon Valley

fantasy. High-profile events and on-

campus clubs create role models,

inspire students and ~~and~~ entrepreneurial

mindsets early. A cultural shift in

mindsets could develop a business-

oriented public awareness roadshows

(C) Fast-Track Registration and Compliance

A single online portal integrates company incorporation, tax registration (NTN/CST) and ID verification (NAPRA). ~~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 Salman.

(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.~~

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

add more arguments.

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

③ Critical Analysis

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

The political theory of Neoliberalism

Support private-sector-led innovation,

deregulation, privatization, and

minimal state interference. Similarly,

start-up success depends on private actors, not

direct state control.

④ Conclusion

Thus, it could be concluded that Pakistan's

early-stage, and market-based start-up

structure needs to be consolidated through

robust institutional policies at all

levels of government. Thus, no state needs

to nurture an entrepreneurial mindset

among ^{the} young through business-friendly

environment, economic stability, local

capital formation, and digitalization. Pakistan

can unlock its latent potential through

prudent and proactive

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