

Pakistan's Economic Future: Can the country achieve sustainable growth?

Outline

1. Introduction
2. Pakistan Current Economic Growth and its Untapped Potential
3. Why is Pakistan unable to achieve sustainable economic Growth?
 - 3.1 Declining FDI
case in point: Attacks on Chinese workers deterring FDI.
 - 3.2 Import based economy
case in point: McDonald's Potato supply chain India vs Pakistan.
 - 3.3 Low Human Development
case in point: 164th Rank of Pakistan in Human Development Index.
 - 3.4 Tax trouble: Undocumented transactions & tax evasions.
case in point: Direct taxation increased to 49% with no focus on indirect taxation.
 - 3.5 Dependence on External borrowing: IMF
case in point: Foreign debt Repayment of 27.47 bn \$.

3.6 Cash bleeding State Owned Entities.

Case in point: Accrued losses are around 90% and increased 23% since last year.

3.7 Corruption Roadblock and Accountability gap.

Case in point: Ranked 140th on Corruption Perception Index.

3.8 Slow Industrialisation & low productivity.

Case in point: 39% corporate tax. security concerns.

4. Roadmap to achieve Sustainable economic growth

4.1 Attracting Foreign Direct Investment

Case study: China's SEZ attracted 186bn FDI by 2022.

4.2 Curbing food Import bill

Case study: Focus on production of edible oil and Palm oil.

4.3 Promoting Skills Development

Case study: Skilled worker outflow can contribute to Remittances.

4.4 Reforming the taxation system

Case study: World Bank's Recommendation of improving federal Provincial coordination to broaden tax base.

- 4.5 Privatization of State-owned Enterprises.
case in point: annual Rs 500bn is omaya drag.
- 4.6 Strengthening Institution to curb corruption.
case in point: hierarchy of power
- 4.7 Promoting Industrialisation
case in point: Increased role of 'Special Investment Facilitation Council' in doing ease in business
- 4.8 Untapping Potential of IT sector.
case in point: India's IT exports surpassed \$250bn in 2023.

5- The New Priority areas can help Pakistan in achieving sustainable Growth in Future

- 5.1 Exploring Blue economy
- 5.2 Refocusing on Strategic Development Projects
- 5.3 Focus on vocational training Institutions
- 5.4 Bringing political stability
- 5.5 Fighting Climate changes

6. Conclusion.

Japan, a country, having fourth largest world economy of the 21st century is the same country that was converted into ashes right in 1945. This economic giant has not only built their country again but also made a mark on the global. From the latest technological advancement to Industrial powerhouse, it has worked with dedication and shogun. Its industrial sector is the backbone of economy, importing machinery around the globe. Opposite has been the case with Pakistan since its inception in 1947. Pakistan a country with wide range of natural resources, filled with extraordinary worth-visiting places, a country with 67% of youth, a country full of man-power with its geostrategic location having direct access to the warm waters is still unable to cope up with its economic crisis. Having abundant blessings is still insufficient to bring out Pakistan from financial crisis and ~~leader~~ ceasing Pakistan from more bailout programmes of IMF. The hostile neighbours have created major security issues in Pakistan which are exacerbated by internal political instability and lack of accountability on vertical and horizontal level. Even the

CPEC, which was considered a heavenly opportunity for Pakistan is still unable to bring prosperity and employment in Pakistan due to person negligences and maladministration. Economy of a country is a diverse subject which is connected to almost all spheres of function of a country. There will always be a default if the fault lines lie either in institutions, leaders, stock markets, import-export balance, balance of payment crisis, low skilled labours or any other shakling sphere of work. All the countries whether be it the world leaders or the small ~~developed~~ under-developed countries, have some external and internal loopholes which can create the devastating effect on country's progress. Pakistan is still unable to achieve its sustainable economic growth due to some external and internal causes like low Foreign Direct Investment, High imports, low Industrialisation, tax trouble etc. But Pakistan still holds that potential to bring the economy on the path of sustainable development growth. Pakistan needs to focus on the areas of low priority and must also unlock new areas of high potential to bring life back to its bridled economy.

If we look into the current economic statistics Pakistan's GDP growth rate stands at 2.3% a much lower than the average south Asian countries GDP. Whereas India, which got independent with the inception of Pakistan, has 7.2% average growth rate of GDP. In order to maintain its economy, Pakistan needs to bring its average GDP growth rate to 7%. There are always some potential which needs to be utilized in a better way to bring betterment. Pakistan also has CPEC, access to a vast coast line, natural resources and much more which needs to be administered with efficiency and transparency for proper and required allocation.

"Continuing Economic Growth requires both recruitment of new companies and expansion of existing businesses."
(Phil Bradesen)

For every country, Foreign Direct Investment is as crucial as body to soul. It is an opportunity for increased trade, increase in cooperation opportunities and enhancing the positive image of the countries. Pakistan has been facing a decline in Foreign direct Investment

Since the inception of war on terror which has increased terrorist attacks and security concern about 13% since 2001. Companies feel reluctant to invest in Pakistan as Chinese workforce were targeted in Pakistan. It is a crucial issue which needs to be resolved.

Secondly, Pakistan has become an import-based economy. Pakistan's Food Import bill of 2022 stands at \$9.01bn. Although the profession of 37% of public is from agriculture sector. Still Pakistan is unable to produce food to fulfill country's needs. In Pakistan, 9 million dollar annually spent on import of potatoes for Macdonalds.