

Pakistan's Economic future: Can country
achieve sustainable growth?

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Essay: Once termed future Asian tiger, Pakistan today faces an unprecedented economic crisis.

Never has witnessed this country such situation before. Nevertheless, current economic situation is gloomy as it has been painted by some ~~ambition~~ Night of economic crisis seems darkest just before the dawn of economic stability. In order to achieve economic stability Pakistan has to tackle some key challenges which are main hurdle in the way toward Prosperity. These challenges includes dwindling foreign exchange reserves, current account deficit, political instability, stagnant small and medium enterprises. On the other hand social issues like terrorism, Poverty, mass illeracy, unacceptable Human development Index rank. These all issues ~~combinedly participated in current economic situation.~~ In order to tackle these issue we have to take some serious steps that have ability to drive our economy toward sustainable growth. These steps include Political stability, Peaceful environment to attract Foreign Direct Investment, Advancement in science and technology, made Polices public centeric, foreign Policy centered on regional cooperation and utilizing CPEC as an agent of change. By ~~taking these steps, initiation process started toward economic Prosperity.~~ So,

despite of many challenges facing by Pakistan on economic grounds, its future depends on addressing these challenges with factors that could drive sustainable growth.

To begin with, dwindling foreign exchange reserve is key challenge facing by Pakistani economy.

It is a fact in this modern world country's economic muscles are evaluated on the basis of foreign exchange reserves. In fact countries far smaller than Pakistan in terms of both area and population have more reserve than us.

According to state bank of Pakistan (SBP) in 2023 foreign exchange reserves are all time low in the economic history of Pakistan. Pakistan has only one month payment left to pay bills of its import. In today's world based on dollar economy, country's economic strength measured on the basis of dollar reserves. This unprecedented dwindle has multiple impacts, which in turn, deepens the economic woes further.

With this issue of Foreign exchange reserve, ^{increase in} current account deficit of country

hit below the belt to Pakistani economy.

When current government taken charge in previous tenure 2023, current account deficit

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was at its peak, about 178 billion USD. Its mean we are spending more than earning. This deficit directly lead to various economic issues such as default in foreign and domestic loan, Power and fuel supply shortages and others economic ills. To cover this Pakistan has to rely on foreign aid or loan and especially on IMF, which provides loan at high markup. The ultimate cycle of debt servicing started, where more loans are acquired to pay previous one as well as newly acquired ones. This is another key challenge to Pakistani economy.

Both of foreign exchange reserve and increase in current account deficit leads to another significant challenge which is stagnant Small and Medium Industries (SMEs). As SMEs in any economy comes as backbone countries like Bangladesh has grown up from SMEs and today Bangladesh is one of top exporter of cloth industry. However slow growth, marginalization of this sector by government, financial insecurity, and absence of government policies to encourage SMEs growth have resulting in the existing quagmire. By paying due attention Bangladesh has

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reached at higher level than Pakistan in economic world on the other hand total negligence in Pakistan has invited economic fall for us.

Beside this another factor which contribute to current economic situation is relying on IMF for financial assistance.

As we have discussed earlier IMF give loan to countries on high interest which is to be paid in given time. IMF provided loan to Pakistan in the form of 22 programs.

2nd is the latest one which provide huge amount of 7 billion USD. It is huge amount for such a stagnant economy, but we have to pay more in terms of interest. Economies like Pakistan spend major portion of its budget on loan paying. Cutting long discussion into short relying on IMF for financial support major challenge for Pakistani economy.

Dismissal human resources development in Pakistan is another factor contributing to the existing challenges. Holding 6th largest population in world, Pakistan has ranked 164 out of one hundred and ninety three according to Human Development Index. It describe serious threats to not

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not only economy but also image of country in the world. This asset when not utilized properly, turn into liability. In Pakistan most of the work force is untrained and uneducated that becomes a burden on country's economy. And providing food and shelter for such a huge population is challenge itself.

Another challenge posed to economy of Pakistan is fractured, almost torn social fabric due to war on terror. Radicalization and divisions basis on ethnicity is product of war on terror. Starting from 9/11 Pak has faced drawback on both external and internal levels. According to ISPR in so called war of terror Pakistan has lost 80,000 civilians and 8000 security personals. Other issue was millions of Internally displaced personals (IDPs) have left their houses and moved toward other areas costing government billions of rupees. In addition to IDPs, Afghan migrants moved toward Pakistani areas, government places them which also cost huge amount. By doing all this sacrifices, instead of admiration, Pakistan has become subject of Trumpism, Trump way to insult foreign countries, Pakistan for stealing funds for doing nothing.

A part from these challenges, social issues like poverty and illiteracy both affect economy directly. Both these issues in Pakistan is at peak level. if we talk about poverty about 29% of Pakistan's population is living below the poverty line according to economic survey of Pakistan. Government has to pay to these people in different type of scheme like Benazir Income Support Pakistan. Billions of special packages dedicated to help those below the poverty line. which directly affect budget allocation. On the other hand low literacy rate which is, according to Higher education of Pakistan is 61%. 33.1 millions childrens are out of school, which means they are not able to contribute in economy efficiently. Both these challenges affecting Pakistani economy badly.

Though the situation described above may point the frightening picture of economic future of country, yet there is light at the end of tunnel. where there is formidable challenges to the economy, Pak also has bright future that could drive to the sustainable growth.

A brief look at these factor gives heartening

to common Pakistani.

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The fact that Pakistanis are now more political aware than ever before. Political awareness translate into effective political will necessary for pursuing government; but this will translated through political government. In other word political government elected through people votes is liable to fulfill their promises. Continuation of political government based on democracy is good feature for country like Pakistan. But with democracy, political stability is necessary for ~~stab~~ economic growth. Countries like China, India having political stability, moving toward economic ~~higoman~~ ~~higoman~~. So Pakistan also focuses on political stability to revive economic progress.

Secondly, Peaceful environment at major level in country, compared to previous decade can drive country toward achievement of sustainable growth. By curbing terrorism, conducive atmosphere is produced, which is essential for economic stability. The part of country having undergone through military operation shows sign of terrorism upsurge, while the rest of country, too, is coming forward showing sign of increased economic activities.

As continuation in peace remains it

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would result in foreign direct investment, robust local industries and enhanced social socio-cultural development, which is necessary for economic progress.

Thirdly China Pakistan Economic Corridor is harbinger of robust growth. As flag project of China's Belt and Road initiatives China Pakistan Economic Corridor is directed at economic stability through trade and business infrastructure development. So far it is estimated that total sixty four billion USD project, worth of foreign direct investment is going to arrive through this project. This massive amount of money will attract other foreign investment make Pakistan a safe haven for foreign investors and industrialist. Pakistan by availing these opportunities can easily come out of existing economic crisis.

Fourthly advancement in science and technology will lead us on the way of developed countries. Almost all developed countries like USA, western countries and economically top countries like India and China all invested in there field

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of science and technology. India has export of almost 65 billion dollar in terms of IT. China is ruling economic world through digitization. So by advancement in these field we can attract foreign investment from science and tech lover countries. Elon musk, founder of space X program, is now world richest person has worth of 240 Billion USD almost 60% of our total GDP. He confirmed his investment in India in the field of Information Technology and also in the space program of India. Need of hour, is to try different ways like advancement in science and technology to attract foreign investment.

Fifthly foreign policy now centered toward regional cooperation. Geo-strategically Pakistan is located at location which connect South Asia to West and Middle east. By utilizing organization like SAARC, SCO Pak can activate its position in the region by providing connection route to all these region. CPEC is prime example of it. On other hand it can start its trading to neighbour like India by solving issues. Our major portion of exports belongs to Europe and USA

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which increases expensive due to large distance and also these countries are not huge market in term of population. So Pak has to rectify its foreign policy which is regional centric, It could play important role in boosting economy.