Q. No. 4. Industrialization is the backbone of the modern economic system and uplifts the standard of living of the masses. Elaborate causes for the hindrance of industrial development in Pakistan. **(20)**

Industrialization is the backbone of modern economic system and uplift the standards of living..

Introduction:

World Bank reported that China has uplifted hundred of millions of people out of poverty due to its industrialization inside and outside the country. Industrialization can improve living standards of people. But in Pakistan it is hindered by various social, political, economic and technological factors. These factors are: Poor infrastructure, lack of access to finances, Energy shortages, water scarcity, political instability, ineffective policy-making, security concerns, lack of skilled labor, Poor technology and machinery and inadequate research and development. However, certain measures can be taken to boost industrialization in Pakistan.

(I) Industrialization uplifting the living standards of masses- Bangladesh as case study:

The GDP growth in Bangladesh between 1971 to 1990 was zero with widespread unemployment and diseases. But after the development of Ready Made Garments (RMG), the GDP growth increased to 4% and Bangladesh become one of the highest exporters of Ready Made Garments.

Ishrat Hussain in her book asserted that RMG boosted employment and the ratio of children dying before the age of 5 decreased from 14% to under 5%.

(Governing The ungovernable)

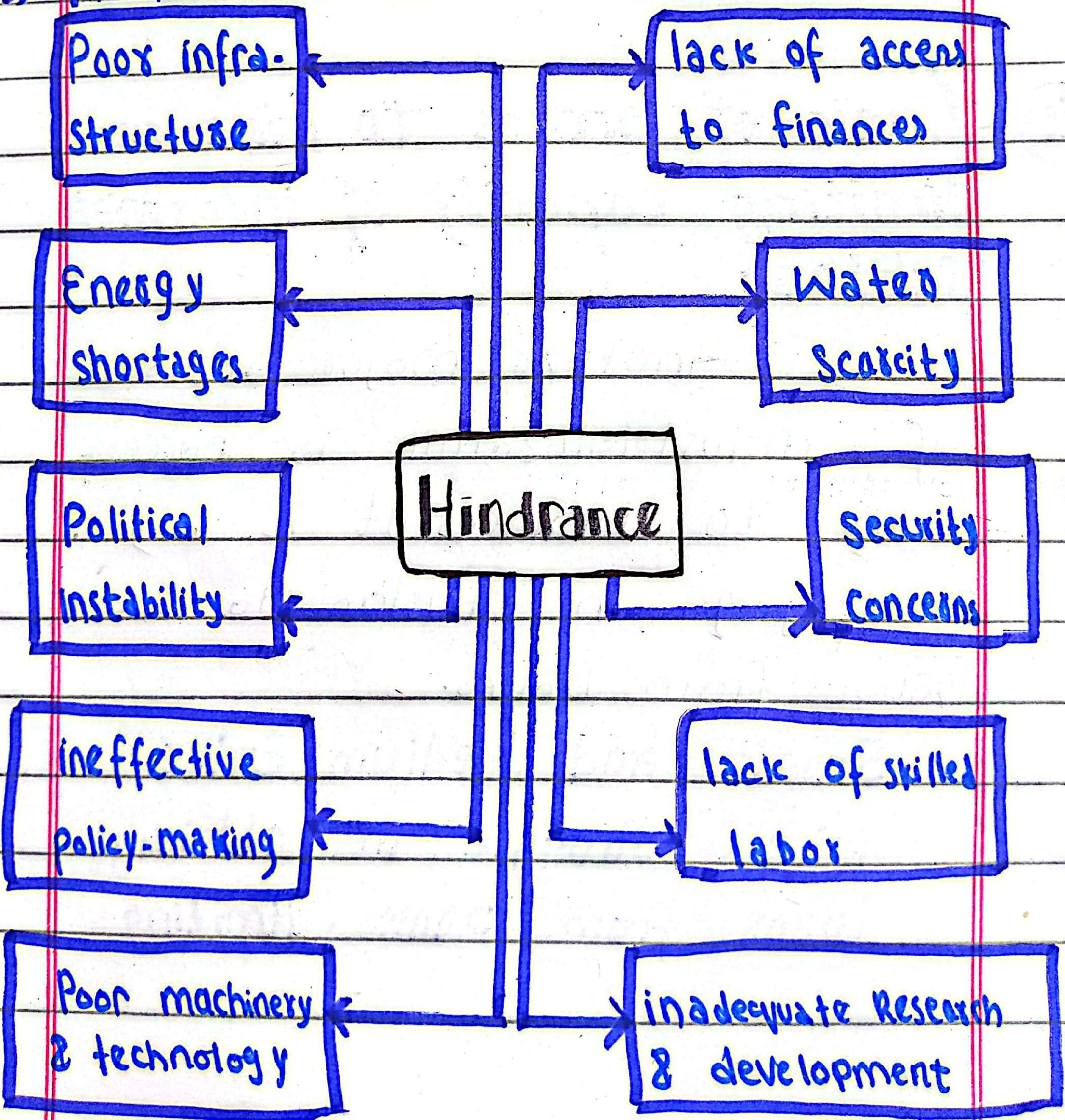
(II) Overview of Industrial Sector of Pakistan:

Normally, Industrial

sector contribute 20% of GDP. An official report reveals that the industrial sector of Pakistan contribute 12% of GDP. It is divided into Large scale Manufacturing, small scale Manufacturing and slaugthering.

LMS contribute 9.2%, SSM contribute 2% and slaugthering contribute 1.2%.

(III) Hindrance towards Industrialization:



i) Poor infrastructure results into high cost of Manufacturing:

One of the major hindrance towards the development of industrial sector is poor infra-structure. This results into high cost of manufacturing.

Poor infrastructure like roads, rails and ports increase the cost of logistics, hence dis-courage industrialization. ISSI

ii) Lack of access to Finances limiting capacity of industrial Sector:

Another major obstacle of industrialization is inaccess-ability to Finances. It is very Challenging in Pakistan to take loans from banks.

Small and Medium Enter-prises struggle in obtaining loans from banks, limiting their capacity to expand and flourish. The Research Grate.

iii) Energy shortages shutting down industrial units:

Energy shortages is serious challenge faced by industrial sector. The high prices of electricity per unit impedes the manufacturing. In the last five years 30 industrial units have been closed due to energy shortages and high prices. ISSI Journal

iv) Water Scarcity limiting the industrial sector from manufacturing:

Water scarcity is another major threat to the industrial sector. The industrial units which are entirely dependent on water are facing

challenges to run effectively.
Pakistan is ranked 14 out of 17 countries, facing risk of water scarcity. PIDE

v) **Political instability hurting the investor confidence:**

The frequent changes in governments and leaders struggles for power created political turmoil in Pakistan. This make it unreliable to invest.
Political instability resuts into loss of investor confidence, resulting into poor development of industries and agricultural sector. The Express Tribune.

vi) **Security concerns threatening the businesses to expand and reinvest:**

Security concerns are the result of involvement of

Pakistan in 1979 USSR withdrawl and involvement in war on Terror. These security issues hinder the local and foreign investment.

In Global Terrorism Index 2025, Pakistan is ranked at 2nd number, showing poor law and order situation.

vii) Ineffective policy-making limiting capability of private sector:

The elite capture of policy making in Pakistan makes the policies that are favorable to their families and friends business – crony capitalism. This harms the private sector growth.

Ishrat Husain in her book asserted that elite-capture of policy-making harms the private sector growth.

Governing the ungovernable.

viii) Lack of skilled labor obstacle the development of industrial sector:

The educational institutions in Pakistan are not preparing the youth according to the industrial demands. This results into lack of skilled labor.

The industrial sector did not invest in educational institutions to train the students as per market demand, limiting the development of industrial sector. [PR]

ix) Poor machinery and technology hampered manufacturing:

The technology and machinery used in Pakistan's industrial sector is outdated. This not only cost high prices of manufacturing but also takes more time as compared to advanced

technologies.
Pakistan is 10 to 15 years behind from the countries like Brazil and Argentina in adopting modern technologies. The Research Grate

x) **Inadequate Research and development causes poor growth of industrial sector:**

The government of Pakistan did not spend enough on the research and development. This inadequate allocation results into the use of out-dated technologies in industrial sector. Consequently, the manufacturing declined and high cost is required.
Pakistan is ranked 87th out of 132 countries in Global innovation index, showing poor research and development.

Conclusion:

Hence, from the above discussion we can conclude that industrialization uplift the living standass of masses by (in) efficient GDP growth. Pakistan's industrial sector faces significant challenges. The challenges should be addressed to ensure the development of economy and living standards of masses.