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Q Industrialisation is the backbone of modern economic system and uplift the standard of living of masses. Elaborate causes for the hindrances of industrial development in Pakistan.

"we must redefine our industrial policy to build a globally competitive industrial base."

(Ishrat Hussain Ibad)

Pakistan had once the fastest growing economy. It was called ~~by~~ "Asian tiger" because of yielding of its industrial capacity. However, subsequently industrial sector is in decline in pakistan. Its growth is hindered by factors such as expensive

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electricity, high taxation, unskilled labour, obsolete manufacturing capacity, low FDI etc. The country can rebuild its industrial base but that require a systematic shift away from the hindrances that prevent industrial growth in Pakistan.

give the main heading first.

1) Expensive electricity

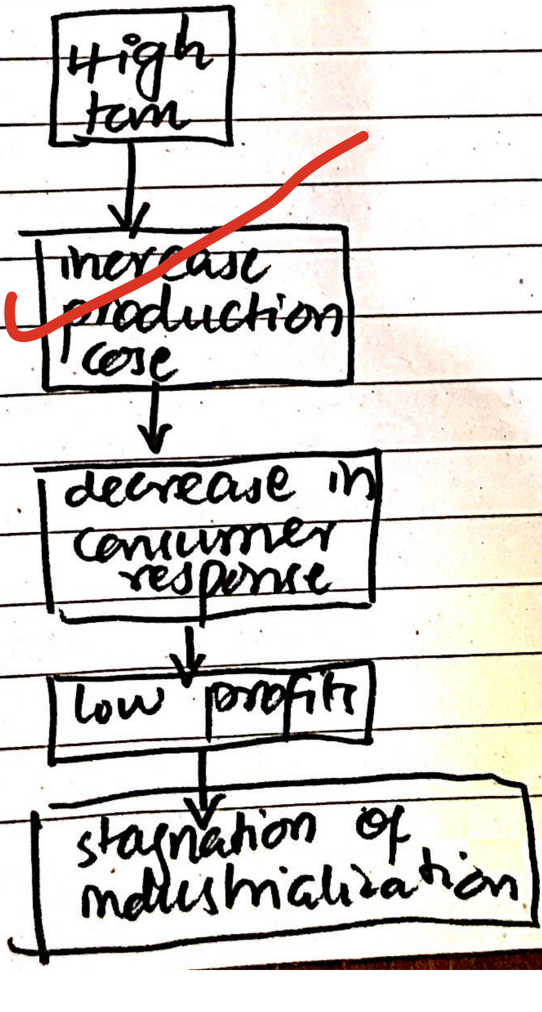
Pakistan's industries are buying expensive electricity which hinders their development. As a result, production cost increases which has negative implication on consumerism. For instance, according to the Dawn Pakistan's industries are buying electricity at an increased price of 40% relative to regional countries.

Expensive electricity → increase cost of production → Low consumption

2) High taxes on manufacturers

Manufacturing sector is highly taxed which also stagnate its growth. High taxation cause manufacturing yield low profit. Manufacturer, as a consequence, shift towards construction or shopping mall business. For instance, manufacturing sector accounts for only 13% of GDP but 2/3 of the tax is derived from this sector (Dawn). This causes hindrance to industrialization.

add proper source against your statistics.



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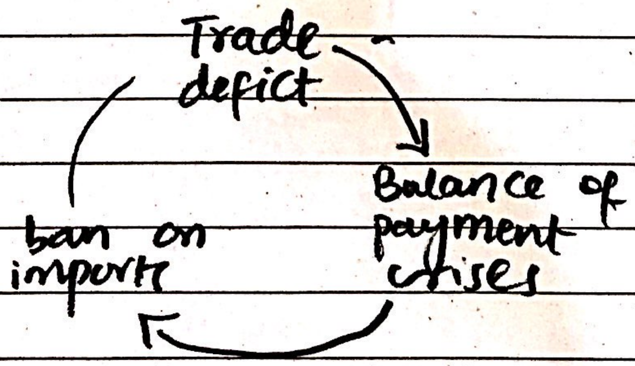
3) Ban on imports of raw and semi raw materials

Raw materials and semi raw materials are important for production in industries. However, Pakistan has imposed tariffs on imports because of trade deficit. Thus, it hinders industrial growth. For example, Pakistan has 29 billion dollars of trade deficit. This means 29 billion dollars of more imports compared to exports, thus resulting in balance of payment crises.



4) Lack of skilled labour

Another factor that has

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severe implications on growth of Pakistan's industries is lack of skilled labour. Skilled workers are the backbone of industrialization. For instance, China and vietnam has highly invested in their human resources which yields in economic growth. Pakistan has one of lowest ~~HDI~~ Human Development Index of 165/193 globally. This reflects the condition of human resource which negative consequences on industrialization use marker for references/

5) **Lack of industry aligned education**

The reason for ~~too~~ decline in Pakistan's industrialization is lack of industry aligned education. Education system is majorily theoretical. When students graduate they know very less about market demand and the

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skills required. That is why industrialisation has not been idealised in Pakistan. According to the Book, Governing the Ungovernable, Pakistan faces critical gap of human resource required for progressive industrialization.

6) **Complicated regulatory framework hindering investment.**

Pakistan bureaucratic regulation also causes hindrance of industrialisation. Investors cannot afford delays and hurdles in the path of investment. ~~This For~~ ~~ano~~ According to Ex state Bank Governor. Ishrat Hussain, a business has to gain ~~40~~ approvals from 40 departments before investment. This cause a decline in industrialisation which is credit dependent.

7

8)

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7 low foreign Direct Investment and security challenges

Security issues are blocking the path of Pakistan towards industrialisation. Foreign investor are reluctant to invest because religious terrorism and ethnic insurgency in Pakistan last year 5 Chinese workers were killed in Basima. Such atrocities reflect FDI just 0.6 % of the GDP. Foreign investment bring modern industrialisation practices and creat domestic competition which lead to enhanced industrial growth.

8) ~~Recat~~ Non compliance with international standards.

The quality of Pakistans production is not in compliance with ~~industrial~~

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international standard. Despite having GSP plus status of Pakistan European market. It means duty free access. However, it is underutilized due to Pakistan's low production competitiveness in international markets.

10) **Lack of modern industrial base**

Lack of modern industrialisation practices have obscured the growth of Pakistan's industries. According to an article, Industrial Policy redefined, Pakistan lack modern machineraries of production. It also lack Robotics, Artificial Intelligence and Data analytics which are part of contemporary industrialisation.

11) **Lack of bank credit for industrialisation due to government borrowing.**

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The government of Pakistan has borrowed a total debt 280 billion dollars. In this, majority of loan is obtained from domestic banking. Because of this banks are low in credit to grant further to industrialists who need it to boost their production capacity. Thus, again resulting in decline in industrialization.

12) Wayforward for enhancing industrialization in Pakistan.

12.1 - Reducing electricity prices.
12.2 - Transition to green energy.
12.3 Removing bureaucratic bottlenecks.
12.4 Enhancing policy continuity.
12.5 Easing imports for production.
12.6 ~~Industr~~ Imposing industrial liberalization based on competitive advantage.

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12.7 Ensuring peace and stability to attract FDI in industrial sector

12.8 Most importantly, enhancing human capital resource to meet industrialisation requirements.

13) Conclusion

Pakistan is facing a decline in industrial sector because of the lack of government inefficiencies to improve industrial base. Thus, it has caused a decline in industrial sector. However, redefining industrial policy and meeting contemporary industrialisation needs, will enhance Pakistan's industrial sector.

improve the references and the paper presentation part.