

QNO#4) Pakistan's Economic future:

Can the Country achieve Sustainable growth?

:- Outlines :-

- (i) Introduction
- (ii) Overview of the Pakistan Scummed economic growth in the context of FY-2024-25
- (iii) Prominent Hurdles in the way of economic sustainability

(a) Prevailing Colonial legacy in economic structure of Pakistan

Evidence: Pakistan economy is still ~~has~~ relying upon raw materials and industries, rather than modern technology

(b) flawed taxation System

Case in Point: Pakistan state bank Report, Pak tax-to-GDP ratio is only 6%.

(b) imbalanced equilibrium of export and import.

Example: Pakistan economic bureau of

Statistic, the 2024 import and export deficit is around \$1.7 bn.

(iv) Arguments on how Pakistan can achieve the sustainable development growth in the future:

(i) Revise the ~~econ~~ economic structure of Pakistan

Example: Aligning the economic model according to the Daron Acemoglu suggestion (Why Nations fail)

(ii) Ensure political stability

Example: Reviving the economy through Political Stability - [Issue in Pakistan Economy]

(iii) Revamp the taxation structure of Pakistan

Evidence: it will ensure Pakistan self-dependence as it will meet government expenditure through tax collection.

(iv) Privatizing the state own

enterprises

Date: _____

M T W T F S

it will save 100 billion PKR every year.

(v) Reduce terrorism in the Country

it will boost tourist industry, FDI and bilateral and ~~to~~ multi-lateral investment

(vi) Align Academia with the industry and Agriculture

it will ~~create~~ strengthen the two main pillars, besides that it will boost up IT Sector.

(vii) Unleash the potential of the half of population

• UNCTAD 2024, women inclusion will boost up Pakistan economy with \$30 million per annum.

(viii) Remove hurdles in the way of CPEC development

• Phase-II will re-orientation the economy

(ix) Extend Fraternal hand toward the neighbor countries

• IMF Suggestion: India will inculcate \$25 million to Pakistan GDP

Date: _____

M T W T F S

~~For Afghanistan's~~ Afghanistan will ensure the TAPI and CASA-100 energy Project.

(iv)

(v)

Conclusion

Every Country faces hard and tragic moments. However, only those nations touch their zenith point which learn from their past mistakes. Similarly, Since the inception, Pakistan is grappling with economic issues. However, the present moment is critical.

If Pakistan learns from her past mistakes, she will navigate all the future challenges in the economic landscape. Currently, Pakistan is grappling with severe economic crunches. The prominent hurdles are having colonial legacy in the economic structure, and besides ~~the~~ flawed taxation

Date: _____

(M) (T) (W) (T) (F) (S)

System, Pakistan economy is suffering from twin economic deficit. However, light exits at the end of tunnel if she takes a valid and right track. The right track means that she needs to revise the economic structural model. Besides that Pakistan needs to ensure political stability. Furthermore, ~~she~~ ~~is~~ reducing terrorism and aligning academia with industry and agriculture sector are the need of hour. Moreover, extending fraternal hand toward the neighbor countries is crucial for the economic revival. In a nutshell, Pakistan economic growth is supported by numerous issues. Therefore, ~~to~~ achieving ~~as~~ a sustainable economic development, Pakistan needs to adopt some strategic measures."

Pakistan's economic growth is stagnated due to sever issues

Date: _____

in the economic landscape of Pakistan. The ~~FY-20~~ budget of FY-2024-25 figure ~~was~~ is 18 trillion PKR. However, due to the persistent issues, the collected tax figure ~~was~~ is 13 trillion PK. Similarly, 36% ~~of the~~ ~~is~~ from the estimated figure will go into the pockets of foreign lenders. Furthermore, Pakistan's budget significant amount ~~was~~ always waste on the ~~to~~ flawed agreement with TPPs, and the list is ~~very~~ long. In a brief, the minimum amount of budget faces several challenges.

These challenges are incited by several issues in the economic landscape of Pakistan. Some of resonating issues are given below

¶ firstly, the main and most significant issue in the economy is the existence of prevailing colonial

Date: _____

(M) (T) (W) (T) (F) (S)

Legacy. it means ^{that} Pakistan economic structural model is based upon an outdated fragile structure. For example, The main two pillars of the economy are industrial and agricultural oriented. According to the ~~book~~ ^{book} "Issues in Pakistan economy", These two sectors ~~are~~ engaged almost 70-75% of the population. While, they generate only 40-45% of the GDP. Therefore, The Pakistan's economy is struggling with the low economic growth.

In brief, in the era of technology, Pakistan's economy still has the colonial economic model.

Secondly, Pakistan's ~~economic model~~

Secondly, Pakistan's taxation system has several defects. ~~Therefore~~ It deprives Pakistan to attain an economic sus-

Date: _____

M T W T F S

sustainable development growth rate.

~~for instance~~ it has a shrunken base, and, due to ineffectiveness, it can not bring non-filers into the tax net.

Therefore, the tax-to-GDP ratio

is very least. for instance, According

to IMF report, Pakistan tax-to-

GDP ratio is around 6%. Consequently,

~~The~~ ~~govt~~ government collected tax shoots

fall to meet its expenditures. It

is an incentive behind the low

economic progress of Pakistan.

To sum up, flawed taxation system

~~offers~~ hinders ~~the~~ ~~economy~~ in the

way of economic development.

Furthermore, another

heinous issue in the economic landscape

is an imbalance of export

and import. The bulky import

and ~~the~~ least import export depletes

the current account reserves.

Consequently, it ~~devaluates~~ devalues

Date: _____

M T W T F S

the currency of Pakistan. For instance, according to the economic bureau of statistics, the 2024 import and export deficit was around ~~\$20~~ \$1.7 \$ billion, and the currency of Pakistan ~~has~~ ^{had} touched its lowest value ever. Resultantly, it slows down the growth of economy. In other words, high imports and low exports introduced twin deficit to Pakistan's economy.

However, ~~the~~ light exists at the end of tunnel. Pakistan can achieve a sustainable development growth if Pakistan follows a right track. Some of suggestions are given below for directing the country economy on the right track.

1. Firstly, Pakistan needs to revive its economic structure.

The pillars of the economy should be multiply, rather than relying on two or three components.

For example, Pakistan economic model sustains upon three main pillars: agriculture, industry and real state.

Almost 70-74% people engaged in agriculture and industry which generates a fraction of GDP. However, Pakistan economic pillars must be multiplied for its sustainable economic growth as per the Jaron Acemogly suggestion for a strengthen economy. It should be IA, import, technology and values added products oriented.

Multiplying the pillars of Pakistan economy, it will achieve sustainable development growth.

Furthermore, ensuring political stability is crucial for achieving economic sustainability.

Date: _____

M T W T F S

Political stability ensures consistency and persistence of the economic policy. Achieving sustainable development long term policy and plan is very important as economy can not survive in one year or two years. According to the book issues in Pakistan's economy, long term economic policies attract foreign investment and motivate domestic investors to invest in industry or in agriculture. While, ~~in short~~ ~~the~~ ~~people~~ due to persistent political ~~and~~ instability, people invests in real state which does not contribute in the economic progress. Furthermore, political instability addicted ~~the~~ Pakistan economy on foreign aid, but, political stability will bring economic prosperity in a long run.

Moreover, Privatizing the state own enterprises is

Conducive for the revival of economic sustainability. ~~SoEs~~ Every year SOEs consumes 100 billion PKR. In other words, it consumes around 9% of the GDP. Therefore, privatizing these entities will channel this amount in public services. For instance, Pakistan invests around 4.2% of GDP on education, and 3% of GDP on health. If the 9% of Budget invests in these two sectors, it will boost the human capital development. Therefore, it will revolutionize the economy in a long run as human capital development is essential for economic growth. In a nutshell, ~~the~~ privatization will strengthen the roots of economic sustainable development.

Adding to the same side of debate, reducing terrorism will spring out the economic

Date: _____

growth. It suffocates the economic growth of the country. For example, elimination of terrorism will make Pakistan a tourist spot. ~~It~~ It will not only ~~increase~~ enhance the soft image of Pakistan, but it will also boost up the domestic business.

Moreover, reducing terrorism ~~will~~ in Pakistan will make a path way for attracting FDI. For example, SIFC is not fruitful as it was expected due to prompt terrorist activities.

Similarly, it made CPEC projects futile. Therefore, the eradication of terrorism will ensure the progressive growth of economy.

Moreover, aligning academia with agriculture and industry sectors is crucial for ~~so~~ a sustainable economic development. It will revise the ~~and~~ outdated industries and agricultural practices with the modern technological

Date: _____

M T W T F S

practices. ^{The health of these} These two pillars are very important for the sustainable growth of economy, despite the involvement of enormous chunk of population, ~~the~~ their revenue generation ~~are~~ are very least. ~~Thus, it is~~

Historically, during Green ~~to~~ revolution, P. The Pakistan economy was at the peak ~~of~~ as the agriculture and industry ~~s~~ sector were ~~then~~ renovated according to ~~more~~ the modern technological line.

Furthermore, unleashing the potential of the half of the population is important for the ~~to~~ long term growth. Women inclusion in industry, agriculture and other ~~s~~ economic sector will double its growth, as the increase of human capital will increase its productivity. For example, ~~an~~ UNCTAD 2024 report, the women participation in the economic landscape will inculcate around \$30 million per annum to Pakistan GDP.

Similarly, the same thing has been observed in ~~th~~ Bangladesh. In brief, women participation will uprise the economic growth of Pakistan for a long run.

Moving in the same beads, extending fraternal hand toward the beighbor nations will uplift the Pakistan's economy. Trade relation and friendly diplomatic relations ~~pos~~ will push Pakistan economy in forward direction. For example, as per IMF report, ~~reviving~~ revival of the trade relation with India will add \$25 million to Pakistan economy as Pakistan will access to the 2nd largest south asia trade market. Similarly, a true and a fraternal relation with Afghanistan will reduce the economic hurdle of Pakistan because its true relationship will ensure TAPA and CASA-100 energy projects

Date: _____

M T W T F S

from EA Central Asia Region countries to Pakistan. In brief, a good relationship with neighboring countries will boost Pakistan economy.

In conclusion, Pakistan economic landscape is facing turmoil of problems since the inception. However, Pakistan's economy is standing ~~at~~ at critical juncture. If Pakistan learns from the past mistakes, she will navigate all the economic problems. Therefore, it is the need of hours to take some strategic measures so that Pakistan will achieve a sustainable economic development in future.