

Pakistan's Economic Future; Can the country achieve sustainable growth.

1. Introduction

Thesis statement

Pakistan's economy is confronted with many challenges. These challenges have shriken the economy of Pakistan. However, Pakistan can achieve sustainable economic growth by implementing some political, economic and social measures.

2. What is the economic future of Pakistan

~~3. Lack of long term economic policies~~

3. Challenges to Pakistan's economy

a) Lack of long term economic policies

b) Political instability results in loss of confidence of investor

c) Increasing terrorism and deteriorating

security situation in country

- d) Increasing external and internal debts are burden
- e) Low Quality education and lack of innovation
- (f) Economic loss due to climate disasters

4. How Pakistan can achieve sustainable economic growth

- a) By ensuring the continuity of economic policies in future
- (b) By strengthening the security measures in country
- (c) By reviving the ongoing projects and timely completion
- (d) Privatization of the SOEs in loss
- (e) Broadening the tax base
- (f) Transforming towards Export based economy
- (g) Moving towards renewable energy resources

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(h) By increasing the budget expenditure on education and research

(i) By building the climate resilience of country.

5. Conclusion

According to Eleanor Roosevelt, "The future belongs to those who believe in the beauty of their dreams." It means that one can achieve success if one has firm goals and put effort to achieve them. Same is the case of economic future of Pakistan. Pakistan economy despite many challenges can achieve sustainable growth by implementing strict measures. The country's economy is confronted with the challenges which include lack of long term policies and political instability. Moreover, deteriorating security situation and increasing debts are stark reminder of economic crises. Further, low-quality education and economic losses due to climate change are challenges for economy. However, Pakistan can achieve sustainable economic growth by consistent economic

policies and strengthening security measures. Further, timely completion of ongoing projects and privatization of SOEs would strengthen economy. Similarly, broadening the tax base and export-based economy bring sustainability. Moreover, sustainable growth can be achieved by moving towards renewable energy resources and increasing budget allocation for education. Not but not the least, by building climate resilience for country would achieve sustainability in economy. In a nutshell, Pakistan's economy is confronted with many challenges. These challenges have shrank the economy of Pakistan. However, Pakistan can achieve sustainable economic growth by implementing some political, economic and social measures.

Economic future of the Pakistan looks bright but still

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country's economy is facing many challenges. Large number of imports and less number of exports have shrunk the foreign reserves. Due to which country has to take external and internal loans. Pakistan signed a \$6bn USD structural adjustment program with IMF. (IMF report, 2024). However, country can achieve sustainable economic growth by overcoming these challenges. By implementing political, economic and social policies, country can reinforce its economic base. IMF has projected the Pakistan's GDP growth at 3% for the year 2025. (IMF report, 2025). Similarly, Pakistan set its goal to increase exports to \$60bn by the year 2030. (Ministry of Economic Affairs, 2025). In this way, country can achieve sustainable economic growth by remaining consistent to

its policies.

There are many challenges to Pakistan's economy, the major one is lack of long term economic policies. Economic policy is a set of strategies that governments use to improve their economy. But in Pakistan, no consistent economic policy has ever been implemented which resulted in economic lockdown.

China Pakistan economic corridor is a long-term project that was planned to be completed by 2030.

However, as of Aug 2024, the project is unlikely to complete due to lack of long-term economic policies.

(CPEC authority, 2024). In this way, lack of long term policies affected economic growth.

In addition to lacking long term economic policies, political instability results in loss of confidence of investor. Seeing the

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deteriorating economic situation of the country, foreign direct investment is necessary to revive economy. However, investor loses its confidence when there are inconsistent policies, political instability and corruption. FDI slowed down by a staggering 25% in FY2023 when compared with foreign investment of \$1.93 billion in FY2022. (The express tribune, July 2023). This shows that investor's loss of confidence has resulted in decline in FDI which is challenge for economic future.

Further, increasing terrorism and deteriorating situation in the country has affected economic growth. Economic activity requires a peaceful and conducive environment. But, recently due to surge of terrorist organization, many projects under construction have come under threat.

According to Chinese minister, there were two attacks on the Chinese personnel working in CPEC projects during the last six months, which is not tolerable. Therefore, terrorist activities and severe security situation is a threat for projects which are necessary for economic revival.

Furthermore, increasing external and internal debts are a burden for the economy of the country. External debt is the amount of money which the country owes to non-residents while internal debt is the money owed to lenders within the country. The external and internal debt on Pakistan is increasing. Pakistan takes loans to return the previous loans and is trapped into a vicious cycle of debt. According to IMF, Pakistan's external debt

accounts for \$130 bn while its total debt is \$223 bn which accounts for 74% of country GDP. In this way, increasing debt is a major challenge for Pakistan's economy.

Moreover, low quality education and lack of innovation has resulted in a sluggish economic growth. In Pakistan, quality of education is low and focus is on rote system which resulted in lack of innovation. Similarly, Pakistan's budget allocation for education is very low. Pakistan's total expenditure on education is around 1.7% of its GDP which is very low. (Pakistan institute of education, 2024). Therefore, low quality education and innovation gap have challenged economic growth.

Last but not the least

The country has incurred economic loss due to climate disasters.

Due to climate change, global warming has increased due to emission of green house gases. As a result, many developing countries have faced the brunt of climate natural disasters. Pakistan lost \$30bn in economic losses and 33 million people became displaced due to floods of 2022 which are due to climate change (Pakistan bureau of statistics, 2023).

In the way, natural disasters due to climate change is a big challenge for country's economic future.

However, Pakistan can achieve sustainable economic growth by ensuring the continuity of economic policies in future. Pakistan must remain consistent on its policies and achieve political

of these projects is necessary to support the sinking economy of the country.

Moreover, Privatization of SOEs is necessary for economic growth. State owned entities/enterprises SOEs are the businesses or organization which are owned and run by government. But some of SOEs in Pakistan are incurring losses which is burden for economy of Pakistan.

Recently, government of Pakistan decided to sale Pakistan international Airlines PIA for Rs.85 billion of its 60% shares. PIA reported a loss of Rs 75 billion in 2023. (Pakistan Privatization Commission, 2024).

Therefore, privatization of such SOEs in loss is necessary to save economy from incurring losses and move towards sustainable economic growth in future.

In addition to privatization of SOEs, Pakistan should broaden its tax base. Broadening tax base would increase the budget surplus. Pakistan must increase its tax level horizontally and bring all sectors under the tax umbrella. The tax to GDP ratio is a key metric that measures a country's (tax-to-GDP) revenue from tax relative to its GDP. Pakistan has recently taken steps to increase its tax revenue. The government has increased tax on salaries and introduced agriculture tax to bring it under tax umbrella. (FBR, 2024). Therefore, broadening the tax base ensures sustainable economic growth.

Furthermore, Pakistan must move towards renewable energy resources. The country has to import expensive hydrocarbons

stability to ensure sustainability. Pakistan must implement a long term economic plan and must stick to it despite any political party in power. Recently, Pakistan has inaugurated 5 years economic transformation plan, called Uraan Pakistan, a home-made economic plan. (Ministry of Planning and development, 2025). Therefore, consistent economic policies are necessary for sustainable economic growth of country in the future. In addition to economic policies with consistency, economic growth can be achieved by strengthening the security measures in country. A sustainable and predictable environment can ensure the sustainability of economic growth. The government of Pakistan must ensure a secure and peaceful region by targeting

the terrorist outfits. Recently, Pakistan military has launched hundreds of intelligence based operations in many areas of Balochistan and captured many terrorists (Dawn News, Dec 2024). These measures would ensure the security of ongoing projects and ensure sustainable economic growth.

Similarly, by reviving the many ongoing projects and their timely completion is necessary for economic development. There are some projects which have sluggish growth and lag behind their completion period. The completion of these projects in time is necessary to get benefit from them. For instance, TAPI gas pipeline projects, Iran-Pakistan gas pipeline, CPEC projects have not been completed in projected time period. The timely completion

to fulfill its energy needs which is a burden for economy and depletes foreign reserves. Shifting towards renewable resources has two-fold benefits, it will not only reduce the import of hydrocarbons but will also provide clean and cheaper energy resources. According to vision 2030, Pakistan decided to increase its renewable resources upto 30% by 2030. In this way, cleaner and renewable energy resources will reinforce the country's economy by reducing burden on National exchequer.

In addition to shifting towards renewable energy resources, by increasing the budget expenditure for education and research is necessary to ensure economic growth. The education is the right of every person. Constitution of

Pakistan provide education as fundamental right. According to Article 25A from constitution of Pakistan, it is right of every person aged between 5 and 16 years to get primary education.

Similarly, Pakistan should increase its budget allocation for education to increase quality of education. Pakistan's allocation for education is 1.7% of its GDP which is below the international standard of 4%.

(UN, 2023). Therefore, Pakistan should increase its budget allocation for education to ensure sustainable economic growth.

Last but not the least, Pakistan must climate resilience to protect its economy from wraths of climate related disasters. Pakistan is prominent member of organizations fighting

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against climate change. Despite its lower emission of Green house gases, the country has been largely affected due to climate related disasters. Pakistan seeks financial support for building climate resilience. In COP 29, the developed countries have pledged to provide \$300 bn to developing countries annually till 2035. (UN, Nov 2024). Therefore, Pakistan must get its part from finance adopted for climate-resilience building. In this way, Pakistan can ensure sustainable economic growth in future.

In a nutshell, Pakistan's economy is confronted with major challenges which have hampered the economic growth. Major challenges include inconsistent economic policies and political instability. Moreover, increasing terrorism and debts have shrunken the growth. Similarly, low

expenditure on education and climate related disasters have affected the economy badly. However, Pakistan's sustainable economic growth is still possible in the future by taking some measures. These measures include consistent economic policies and safe environment. Further, revival of economic projects and privatization of lossing SOEs is necessary to reduce burden on economy. Furthermore, transforming towards exports-based economy and renewable energy resources is necessary. Last but not the least, by spending more on education and building climate resilience would make the economy robust. Then the day is not far away when country would have sustainable economic growth.