

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

Outline

1) Introduction.

2) Pakistan's Economic future: From an impartial perspective

3) Pakistan cannot achieve sustainable growth.

3a) Pakistan cannot achieve sustainable <sup>economic</sup> growth because of political instability.

(Pakistan: A new history: Ian Taiboo)

3b) Pakistan cannot achieve sustainable <sup>economic</sup> growth because Pakistan lacks skilled labour

(Report of Ministry of Emigration on overseas Pakistanis: 2022).

3c) Pakistan does not have viable industrial base to materialise sustainable economic growth.

3d) Economy of Pakistan is in the dire straits of Reel-tapism (Report of Pakistan Institute of

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3e) Pakistan is marred by skewed taxation policy, which cannot drive sustainable economic growth.

3f) Economy of Pakistan is heavily dependent upon external loan, which hamper prospects of sustainable economic growth.

3g) Trickle down impact of decreasing inflation in Pakistan is not visible, which is decreasing prospects of sustainable economic growth.

3h) Sustainable economic growth is dependent upon ~~volunteer~~ free market; however, Pakistan's economy is reflection of government footprints in market.

3i) Sustainable economic growth is dependent on digitalisation, but economy of Pakistan has fallacious digitalisation.

4) Pakistan can achieve sustainable economic growth.

3a) Inflation in Pakistan has fallen



to single digit, which can drive sustainable economic growth.

3b) Pakistan can increase exports of agriculture products for sustainable economic growth.

3c) Stock market of Pakistan is achieving feats, which can drive sustainable economic growth.

3d) Pakistan's budget is focused on uplifting marginalised areas, necessary for persistent growth in economy.

5) Pakistan cannot achieve sustainable economic growth.

3a) Inflation has not fallen because international indices suggest that consumer purchasing power has significantly decreased.

3b) Outdated agriculture cannot increase exports.

3c) Government is manipulating stock market.

(Pakistan Institute of Developmental Economics: Fake statistics: June 2024).

3d) Pakistan's budget is only favoured

in the hands of elite.

## 6) conclusion

### Essay:

"Political economy depends upon the consensual unity of elite" (John Hegley)

In modern context, economy of a country is strongly knitted with its politics. Politics provides stability to economy and links that economy with international trade to drive sustainable economic growth. The same reality applies in case of economic future of Pakistan. However, economic future of Pakistan is not optimistic because it cannot achieve sustainable economic growth. It is proved from political fragmentation in Pakistan and lack of skilled labour. Moreover, economy of Pakistan is entangled between investors and bureaucratic



red-tapism. Pakistan is lagging the world in viable industrial base, which can attract foreign investment. Additionally, Pakistan is marred by skewed taxation policy, which is favoured in interest of elite. Moreover, economy of Pakistan is being driven by external borrowing, which strongly opposes concept of sustainable economy. Trickle down impact of slowing inflation in Pakistan is not tangible and economy is reflection of government's footprints in market. Furthermore, flawed digitalisation policies decrease prospect of sustainable economy.

Some people argue that Pakistan can achieve sustainable economic growth given falling inflation, exports base in agriculture, surging stock market and budget aimed to uplift marginalised areas. However, these assumptions are just myth, because international indices from

World Bank and Fitch tells different story about inflation. Agriculture is outdated, which cannot add to exports of Pakistan. ~~More~~ Moreover, fake statistics and intervention of government is increasing indices of stock market. ~~and~~ ~~budget~~ Additionally, budget for marginalised areas will be doled out to politicians and sardars of ~~that~~ <sup>those</sup> areas. In sum, Pakistan's economic future is void of sustainable economic growth, which is proved from political instability, lack of skilled labour, deficiency of viable industrial base, red-tapism, and skewed taxation policies.

Pakistan's economy has faced boom and bust cycle. In 1960, Pakistan achieved growth rate of 6%, which declined in following decades. In the decade of 1970 and 1980, fate of Pakistan's economy oscillated between nationalisation and privatisation.



In this process, investments also increased and decreased according to economic policies. With the passage of time, confidence of investors shattered in Pakistan. From these past lessons, it is predictable that economic future of Pakistan will continue to oscillate between boom and bust, lacking any direction.

(Pakistan: A Hard Country: Antony Lieven). Moreover, past problems are extant in modern economy, which are worsened by external factors.

Therefore, sustainable economic growth cannot be achieved by Pakistan.

Pakistan cannot achieve sustainable economic growth in future because of political instability.

It is because of the frequent changes in government, which badly impacts economic policies.

In 2022, growth rate of Pakistan was 6%, which decreased to 1%.

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2023 due to regime change  
(source: Economic Survey of  
Pakistan 2023-24). Although  
current government has stabilised  
the economy, investors are reluctant  
to invest because of question on  
legitimacy of government. Moreover,  
there is also a risk about dissolution  
of government due to frequent  
protests. All these reasons proved  
that political instability cannot  
drive economic growth in Pakistan.

Pakistan cannot achieve  
sustainable economic growth because  
Pakistan lacks skilled labour.  
Skilled labour is necessary for  
modern industries. In Pakistan,  
institutions are unable to empower  
youth with the skills, which can  
be proved beneficial for industry.  
Moreover, labour which is sent  
abroad is also half-skilled. It is  
proved from Ministry of Emigration,



## on overseas Pakistanis, 2024.

This report indicated that 60% of emigrant labour from Pakistan is half-skilled. This half-skilled labour cannot add to growth of economy.

Therefore, lack of skilled labour proves the fact that sustainable economic growth in Pakistan is just a day dream.

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Pakistan does not have viable industrial base to materialise economic growth. It is because of the fact that Pakistan is majorly an agrarian society. 38% of labour is engaged in agriculture-based industries (Pakistan Bureau of statistics: census 2023). However, diversification of agriculture-based industries and construction of modern industries are promising strategies of economic growth. Without modern industrialisation, a country does not have educated and powerful middle class to

ensure economic growth. As all these policies are missing in economy of Pakistan, sustainable economic growth in future is just a myth.

Industrialists also feed reluctant to invest in Pakistan, because of bureaucratic red-tapism.

It is because of the reason that investors have to wait for long time to ~~approve~~ get approval for accessing credit and implementing projects.

According to report of Pakistan Institute of developmental Economics (PIDE) report on Bureaucratic Sludge:

September 2024, bureaucratic interventions are costing 39% of GDP of Pakistan. In such a situation, investments in Pakistan are significantly declining, which further decline resources to uplift economic growth. Thus, bureaucratic red tapism hampers future prospect of



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sustainable economic growth in Pakistan.

Due to skewed taxation policy in Pakistan, sustainable economic growth cannot be achieved. It is because of the reason taxation policies are based upon taxation injustice, which are widening economic disparities.

**According to report of Federal Board of Revenue, 2024,**

only 20 million people pay taxes in Pakistan. Due to these taxation policies, taxation burden is increased on selected classes, which undermines national cohesion and inclusion of people to contribute to GDP of Pakistan. Therefore, skewed taxation policies are decreasing future prospects of sustainable economic growth in Pakistan.

Economy of Pakistan is heavily dependent upon loans. These are "investing" market.

loans push country in a cycle of debts and compromise economic growth. In Pakistan, debt to GDP ratio is 74%. Correspondingly, investment to GDP ratio is just 15%. It indicates that external loans adversely impact investment in a country Pakistan, which compromise stable economic growth. Moreover, these loans inflate the prices of raw materials. Because of the inflation, industrial units ~~shut~~ are shut down decreasing economic growth. In this way, external loans of Pakistan are decreasing hopes of economic stability in future.

Trickle down impact of ~~infla~~ slowing inflation is not tangible in Pakistan, which indicates that inflation is increasing in Pakistan. According to State Bank of Pakistan, inflation is declining in Pakistan in Year 2024. However, people are



paying the inflated prices for commodities. Moreover, seeds for agriculture have the same cost as in 2022. It proves that inflation is not declining, but it is on the rise. Due to inflation, industrialists, businessmen and entrepreneurs are bearing expensive electricity in Asia. As economic growth is linked to decrease in inflation, its increase in Pakistan proves that Pakistan cannot attain sustainable economic growth in future.

Economy of Pakistan is inflicted by government footprints in the market. It is because of the reason that government undermines principles of Laissez-Fair, which promotes free market. However, excessive intervention of government is converting free market into protectionist market. According to PIDE report on Sludge: 2024,

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intervention of government in market is costing 67% to GDP of Pakistan. When GDP of country faces this enormous loss, economic stability cannot be achieved. Thus, it is proved that government's intervention cannot ensure sustainable economic growth in Pakistan.

Sustainable economic growth in a country is dependent on digitalisation. However, Pakistan is facing fallacious digitalisation. It is because of the reason that Pakistan does not have educated middle class to realize benefits of digitalisation. Secondly, digitalisation in Pakistan is limited by throttled connectivity and firewalls, which is causing significant loss to GDP of Pakistan. According to **Top 10 VPN.com**, Pakistan lost \$1 billion dollar due to its throttled connectivity for 88000 hours. Such an enormous



amount will continue to be lost, making economic growth impossible in Pakistan. In this way, fallacious digitalisation indicates that Pakistan's economy is void of sustainable growth in future.

All these points prove that Pakistan cannot achieve sustainable economic growth. However, some people disagree with this statement. They cite following claims to prove that Pakistan can achieve sustainable economic growth.

Some people argue that inflation has fallen to single digits in Pakistan, which can drive sustainable economic growth. It is because of fruitful and goal-oriented policies of government. A declining trend can attract investments. Moreover, declining inflation decreases prices of digital infrastructure, which can be

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used to bring economic stability in Pakistan. In this way, Pakistan can achieve sustainable economic growth.

Some experts claim that agriculture can drive the economic growth up. It is because of the reason growth of agriculture sector has surged from 1% to 6%.

**(Pakistan Economic Survey: 2023-24)**. Moreover, progress of agriculture can be used to diversify industries and use the generated capital for further industries. In this way, agriculture is a promising sector for sustainable growth of Pakistan.

Stock market of Pakistan is achieving feats, which is indicative of strong economic growth in future. It is because of the reason that stock market of Pakistan has crossed 100,000



Psx in Pakistan. Moreover, this feat has been consistent for two months. Strong stock market suggests investors confidence in Pakistan. These investments can be made in variety of sectors, which can boost GDP of country. The strong GDP is linked to strong economic growth for years. In this way, strength of strong stock market prove that Pakistan can drive sustainable economic growth.

Budget of Pakistan is focused on uplifting marginalised areas, necessary for persistent growth in economy. It is because of the reason that specific part of budget has been allocated to empower youth and women of Pakistan, which can uplift marginalised areas. It is proved from Budget 2024-25 of Government of Pakistan, which allocated Rs.

million for youth and women of marginalised areas. It can increase human capital of Pakistan and improve national cohesion. Both of these fruitful repercussions will be utilized to achieve stable and vibrant economy. In this way, sustainable economic growth in country will be achieved.

All of above claims are unsubstantiated, which can be nullified through following verified facts.

First of all, it is not true that inflation has fallen in Pakistan. It is because of the fact that international watchdogs suggest that consumer purchasing power (CPI) has been decreased in Pakistan despite given claims of ~~high~~ low inflation. It is proved from World Economic outlook of World Bank in November 2024.



which indicates that central purchasing power (CPP) has reduced to 286%.

If consumer is unable to reap benefits of <sup>declined</sup> inflation, it means that inflation is still extant. Furthermore, inflation hampers economic growth.

Thus, sustainable economic growth is a fanciful idea in case of Pakistan.

In Pakistan, sustainable economic growth cannot be achieved by outdated agriculture. The reason behind is that mechanised farming in Pakistan is still reliant on outdated tractors. Moreover, unauthorised seeds are declining yield of wheat on year on year basis (source:

**SSP Grain outlook**). Additionally, farmers are unaware of digital technologies to increase agricultural growth. All these arguments ~~sub~~ substantiate that outdated farming practices cannot materialise sustainable economic growth in Pakistan.

Government is manipulating stock market to show that economic growth is persistent in Pakistan.

The reason behind is that Government of Pakistan indirectly intervenes stock market to attract investment, which is against market principles. According to PIDE report on fake statistics: 2024, it is proved that stock market of Pakistan is showing fake numbers due to intimidation by quarters of government. Thus, stock market, which is running against principles of market, cannot ensure sustainable economic growth in Pakistan.

Sustainable growth of Pakistan must not be linked to rhetoric of budget. Budget of Pakistan is tilted in favour of elite. Social security net, announced by government for marginalised areas, will be doled out to politicians



Sardars of those areas. Those politicians and Sardars will distribute the budget to their workers without check. Such an unchecked budget cannot ensure economic stability in Pakistan. In this way, budget cannot guarantee sustainable economic growth in Pakistan.

It is a proved fact that sustainable economic growth is a fanciful idea in Pakistan. This fact is evident from instable political system, rise of unskilled labour, lack of industrial base, bureucratic interventions and problems in taxation policy of Pakistan.

Although, a number of people disagree with this fact, but they do not have arguments to prove their claims. In a nutshell, sustainability in economy of Pakistan is not achievable in broader future.

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