

Pakistan's Economic Future: Can the Country achieve sustainable growth?

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Achieving the sustainable growth is the desire and dream of every country. It unlocks the door of ~~for~~ the bright economic future for the nations. Without thriving for sustainable growth, a long-term economic success cannot be achieved. Like the other countries in the world, Pakistan is also thriving to materialize the dream of sustainable growth for improving its economic future. Pakistan's economy is grappling with the numerous economic challenges. Galloping poverty rate is one of them. It is impeding Pakistan to develop and progress economically. Moreover, the daunting situation of

of brain drain along with the massive downfall in the value of Pakistan's currency are creating obstacles in the way of bright economic future of Pakistan. Although the situation is grim, it is not impossible for Pakistan to get on the track of sustainable growth. Pakistan can achieve long-term growth by harnessing its human resource potential. Moreover, political stability is the foundational pillar for the building of sustainable growth in Pakistan. Like wise, boosting IT sector and expanding expert base can benefit Pakistan. Furthermore, charter of economy is the need of hour. Pakistan can also embark on the way of sustainable economic growth by increasing inflow of foreign investment, enhancing women's participation in the economy and privatizing the loss

public entities. Moreover, reduction in debt and liabilities along with mitigating imports reliance is also pivotal for Pakistan's economic future. Likewise, by catering climate change and harnessing the potential of blue economy, Pakistan can grow economically in long-term. Pakistan's economic future is linked with its pace of achieving sustainable growth. The dream of sustainable growth can be materialized by reforming the economy of Pakistan.

The current plight of Pakistan's economic situation is daunting. As, Pakistan is grappling with numerous economic challenges. Unfortunately, Pakistan has not been succeeded in achieving economic growth rate of more than 6 to 7%. Moreover, its gross domestic product size is hovering around 374 billion dollars. On the contrary, its

neighbour country India has crossed the threshold of \$1 trillion. Moreover Pakistan's economy is in deep water due to massive debt burden of Rs. 64.7 trillion as per economic survey of 2023-24. It has also trapped in the issues of fiscal deficit which results in its balance of payment and current account deficits.

There are different hurdles in achieving sustainable growth in Pakistan, one of them is its galloping poverty rate. With every passing year, the number of people living below poverty rate are increasing at speedy rate which are bleeding Pakistan economy. It compels Pakistan to divert its resources towards the provision of financial assistance to ^{the} poor which it can utilized in some productive activities. Most

financial assistance received by the poor is spent on consumption rather than making themselves economically independent. That's why the number of poor are not reducing in Pakistan despite being massive assistance programs like Benazir income support which is serving approximately 4 million poor people. According to the Pakistan Institute of Development Economics, approximately 40% of the population of Pakistan is poor. Hence, it depicts the grim picture of Pakistan economy.

Moreover, like poverty issue, brain drain has also become a threat for Pakistan's economic future. A massive population of Pakistan, especially youths is leaving Pakistan for the sake of better economic opportunities.

As, Pakistan is facing the issue of unemployment which stands at around 8%, as per the statistics of Hafeez Pasha.

Moreover, the life insecurity in Pakistan due to terrorism and high crime rates has also compelled the talented and capable pool of Pakistan's population to migrate to the Middle East, Europe etc for securing their life and future. According to the statistics of the Ministry of Aviation and Immigration, about 8 Lac Pakistanis have left Pakistan in 2023 and most of them were doctors, engineers, teachers etc. It is incurring economic loss for Pakistan that is impeding it to achieve sustainable growth.

Like wise, another major threat for Pakistan's economy,

is the massive reduction in the value of its currency. The Currency depreciation is the result of various factors like high import bill, massive debt liabilities, low foreign investment inflow, hoarding to foreign currency, etc. Due to these factors, the demand of dollars has increased in Pakistan which in turn reduces the value of its currency. It negatively impact Pakistan's industrial base which is heavily dependent on imported raw material. It in turn, decrease Pakistan's export item's competitiveness in foreign markets and reduce export volume and results in trade deficit. Moreover, rupee depreciation also brings imported inflation along with debt burden in Pakistan. As per the statement of renowned economist Abid Sultani, about 26.1% reduction was seen

in the value of Pakistan's currency in 2023. So, it depicts the challenging situation of rupee depreciation of Pakistan economic future.

Though, Pakistan is facing various challenges on its way to sustainable growth, it can rerail its economic train on right path by harnessing its untapped potentials and attaining economic reform.

One of the significant factor which is necessary for Pakistan's growth is its blessing of young human resource. Approximately,

64% of the Pakistan's population is below 30 years of age. Pakistan

can harness this potential by converting this population into human resource through the provision of high level educational facilities

which can empower youth to become financially independent in their later life. Moreover,

by imparting skills in population can also reduce the unemployment burden on Pakistan. **Amartya Sen articulated that**, "Human resource development is pivotal for the economic development of a country". It manifests the significance of human resource for the economic growth and development of the nations. Pakistan can also achieve sustainable economic growth by reaping the demographic dividend by effectively utilizing its human resources.

Moreover, political stability is pivotal for Pakistan to achieve a bright economic future. As, political stability ensures the certain climate for investors to invest in the country due to the assurance of the continuity of policies. But, in case of Pakistan, political instability

has become the classical problem for Pakistan. India's political leader Gandhi once said that, "I do not often change my dhoti as often, as often Pakistan changes its prime minister." Moreover, PTDF research has shown that political instability is a major hurdle in the economic progress of Pakistan. There is a dire need of free and fair elections along with the ensuring of separation of powers to stabilize Pakistan's polity. Moreover, curtailing the interference of non-political institutions can also pave way for political stability in Pakistan.

Like political stability, promoting IT sector is also vital for the sustenance of economic growth of Pakistan. In the present era of information technology and artificial intelligence,

expansion of IT sector is necessary for Pakistan's economy. It can help Pakistan in increasing its export volume, reducing poverty and unemployment issues. According to the economic survey of Pakistan 2022-24, the IT related exports of Pakistan has reached to 2.5bn dollars. It is a positive sign for Pakistan. Moreover every year, Pakistan produces 25000 IT professionals in Pakistan. Pakistan can leverage this potential by providing fast-track internet facility along with investing in IT related infrastructure like free zone, IT parks and incubation centers etc. It will assist Pakistan to increase its pace of economic growth in future.

Furthermore, expansion of expert base is also a drive

dire need for Pakistan. Exports are the source of dollars inflow in Pakistan which helps Pakistan to cater its current account deficits and balance of payment crisis. Pakistan's export basket consists of primary and intermediate goods along with unfinished and low value products. It usually exports textile products, surgical instruments, cotton, fruit, vegetables, chemicals, rice, wheat, sport items etc. There is a need to change the export basket by including high value added products like garments, juices instead of fruit, electric vehicles, electronic items etc. As per economic survey of 2023-24, Pakistan's export's volume was 26bn dollars. However, the original potential of Pakistan is about 88bn\$. Pakistan must try to harness its potential for the sake of its safe economic future.

Moreover, there is also a crucial need of charter of economy in Pakistan. It can help Pakistan's to thrive economically irrespective of political changes. In Pakistan, it is often seen that every new government changes the economic policies of previous government and introduces its own economic plan. It disrupts the continuity of policies and many development programs and projects become redundant. By introducing charter of economy, Pakistan's economic progress can remain immune from political turmoils and it will ^{increase} the confidence of investors which maintains the continuous flow of investment in Pakistan. Charter of economy can save the Pakistan's economy from future political and policy centric hurdles.

Another important way for Pakistan to achieve sustainable growth is through privatizing its loss-making public entities. Pakistan is facing huge economic loss annually because of the inefficient and cost-intensive public enterprises. Pakistan International Airlines, railway line, power producing and distributing corporations etc are bleeding Pakistan economically.

According to the International standard, there must be 350 associated staff per airplane. But in case of Pakistan, there are more than 350 associated staff per PIA plane. It depicts the over-burdened situation of public corporations. Likewise, Pakistan railways has incurred more than 55bn rupees in last some years. Pakistan can improve the service delivery by privatizing these enterprises. It will increase their efficiency and generate

Revenue for Pakistan

Likewise, another important factor for Pakistan's sustainable growth is increasing the women participation in Pakistan's labor force. In Pakistan, 48.5% of the population of Pakistan comprise of women as per last census held in 2023. Despite forming half of Pakistan's population, the labor force participation of Pakistan is 25%, according to the World Bank report. Government of Pakistan can empower women through the provision of educational facilities to the women at low cost along with providing them financial credit for initiating their businesses, like the Grameen Bank assisting women in Bangladesh. Moreover, perception that is the primary barrier in women empowerment must also be changed through public awareness and true interpretation.

of Islam. Because Pakistan cannot progress without women's participation.

Moreover, Pakistan can make its economic future secure by harnessing the untapped potential of blue economy. Pakistan is located at the adjacent of Arabian sea, which is a great blessing for it. It has three ports: Karachi, port Qasim and newly established Gwadar port which are assisting Pakistan in enhancing its trade.

According to the World Bank, the potential of Pakistan's blue economy is about 100 billion dollars. However, Pakistan is ^{even} unable to harness the fisheries potential, as its exports are still around 400-500 million dollars which is a peanut against its potential. Moreover, blue economy is a source of blue carbon for Pakistan.

and along with it the coastal tourism has a great blessing for Pakistan. There is a dire need to invest in the aligned infrastructure adjacent to the coastal areas and collaborate with fishermen and give them the status of industrialmen to thrive Pakistan's economy.

Furthermore, Pakistan also needs foreign direct investment to leverage its economy. Foreign direct investment can help Pakistan to expand its industrial base which will generate thousands of employment opportunities for the unemployed youth. Moreover, investment flow also brings technology flow with it. Pakistan has brought a massive investment from China through China Pakistan economic Corridor. It has generated more than 4000 jobs, so far.

It has also assisted Pakistan in reducing its energy crisis and infrastructure. Likewise, Pakistan needs to attract foreign investment from other countries like USA, Russia, European countries etc to inject money in its economy. Currently, the inflow of foreign direct investment in Pakistan is less than \$2 per year as per Ministry of Planning and Development. Pakistan can increase its volume by ^{improving ease of} doing business through reducing regulatory challenges, one window facilitation services, reducing bureaucratization red tapism etc. It can help Pakistan to develop economically in future.

Another factor way forward for the economic future of Pakistan is the reduction of

reliance on imports. As importers are the dollar eaters, it impacts Pakistan current account deficit negatively. In 2023-24, the import volume of Pakistan was about \$55bn, while it was \$0bn in 2022. Pakistan's import high value and finished items like machinery, automobiles, medicines, chemicals, electronics etc. Along with it, the import of luxury items are also increasing with every passing year. There is a dire need to classify the imports into essential, semi-essential and luxury goods. Import quota should be imposed on semi-essential goods while import duties should be imposed on luxury items. It will help Pakistan to reduce its import bill and can pave its way towards sustainable growth.

Moreover, by increasing the share of formal economy, Pakistan can save its future.

Formal economy is the asset for a country. It increases the taxation revenue and reduces tax evasion and tax-theft.

According to the PIDE, about 64% of the Pakistan's economy is informal and undocumented.

It is reason for low direct taxation contribution in total revenue. Pakistan gets its tax revenue from direct taxes which is 40% of total revenue while 60% derives from indirect taxes which exacerbates poverty and income inequation. In order to document its Pakistan, a widespread digitalization of the economy is required. There is a need to replace cash payments and transactions with

with e-payments it will help Pakistan to identify tax evasion. Moreover, taxation on agriculturists, real estate, landlords etc are required as the contribution of agriculture sector in Pakistan's taxation is less than 1%. So by increasing tax net, Pakistan can generate revenue to upgrade its economy.

In addition to it, there is a need to cope the climate change vulnerabilities. It is leaving harsh impacts on Pakistan's economy. According to the Ministry of Climate Change, Pakistan is among the 10 countries which are worsely affected by climate change. In year 2022, a massive flood hit Pakistan which resulted in the economic loss of

approximately \$30 billion. Moreover, it also incurred loss in terms of increase in health sector burden.

According to the World Bank, the increasing air pollution in Pakistan is expected to cost Pakistan's gross domestic product by 5 to 7%.

It manifests the looming threats to Pakistan's economy.

In this regard, Pakistan has to acquire global assistance for dealing with globally created climate change. Moreover, deforestation, open burning of waste, industrial and vehicles emissions, crop residue burning etc should be minimized for protecting the environment and economy in future.

Like wise, Pakistan can embark on the path of sustainable economic growth.

by reducing its debt burden. The debt and liabilities are weakening the economy of Pakistan. According to the economic survey of Pakistan, Pakistan has the debt burden of about \$54 billion. The debt profile of Pakistan consists of 46% multilateral debt, 44% bilateral debt and remaining is from other sources like private sector, bonds etc. Pakistan's budget for fiscal year 2025 depicts that about 90% of the budget will be utilized for the interest repayment of existing debts. Pakistan can get rid off debt by repaying original amount along with interest payment. Moreover, debt rollover is required for long term to get a breathing space for economy. Moreover, it will help Pakistan to grow.

economically.

In addition to it, Pakistan can embark on the path of economic growth by controlling its population size. As, rise in population with limited resource becomes burden on the economy. In Pakistan, the population growth rate is about 2.5% annually, higher in South Asia while, the fertility rate per women is 3.25. Pakistan's population has reached to 241.1 million. Pakistan can control its burgeoning population by increasing the contraception using rate from 36% to atleast 55 to 60%. Moreover, there is a need of nation-wide family planning at governmental level. Iran and Bangladesh have successfully curtailed its

population expansion through increasing contraception use. Likewise, it will help Pakistan to grow economically with less population burden in future.

To recapitulate it, Pakistan can achieve the sustainable economic growth by reforming its economy. It can tackle the problems of poverty, brain drain and rupee depreciation etc by adopting pragmatic economic approach and policies. Pakistan can grow economically in future by harnessing the untapped potentials of human resources and blue economy. Moreover political stability along with the charter of economy can become the key of success for Pakistan. In addition to it, expansion

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of IT sector and export volume, Pakistan can save its economy from economy regression. Furthermore, there is a need of empowering women for driving the economy of Pakistan.

Along with, by attracting foreign investment, reducing the burden of import bills and debt obligations, Pakistan can achieve sustainable growth. Moreover, formalization of economy, controlling population expansion are also need of hour. Although, the path towards sustainable growth is not easy, it can be accomplished by adopting long term and consistent economic reforms, policies and planning for securing Pakistan's economic future.