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

Outline

### 1- Introduction

1.1 Hook

1.2 General Statements.

1.3 Thesis: Pakistan is facing economic crisis but it can achieve sustainable growth in future through certain steps. Privatization of SOEs, Bringing economic and political stability, Registration of undocumented economy, E-documentation of public sector, Bringing Agriculture and Real estate under taxation, Keeping track on allocated budget, Preferring long term measures over short term measures Attracting foreign investment, Improving Tourism and encouraging local industry along with Population Management are possible steps towards sustainable economic growth.

P.T.O. →

## 2. Current Economic situation of Pakistan.

- a. 46th GDP in world.
- b. Minimum Industrial Growth.
- c. Devalued currency.
- d. 40% people below poverty line.

## 3. How can Economic sustainability be achieved?

### 3.1 Bringing long term reforms rather than short term.

- a. Reduce dependence on loans.
- b. Reduce dependence on IMF Bailouts.
- c. Privatization of SOEs

### 3.2 Bring Peace and Security

- a. Work to reduce terror attacks.

Case study: Attack on Chinese Personnel.

- b. Increase security forces for foreign people.
- c. Make a peace deal with Afghan Taliban

### 3.3 Ensure Political stability.

- a. Encourage table talks.
- b. Taking all political parties into talks.

### 3.4 Registration of undocumented properties.

- a. Make FBR more efficient.

### 3.5 E-documentation in public sector.

- a. Encourage digital FIR.
  - Following model of Punjab police
- b. E-documentation of industries and energy sector

3.6 Keeping track of allocated budget.

- a- Performance check every year.
- b- Check of any leaks in budget.

3.7 Bring Agriculture and Real estate under Taxation.

- a. Landlords evade taxation.
- b- Unnecessary tax exemption should be reduced.

3.8 Attract Foreign Direct Investment.

- a- Evident reverse growth of CPEC.
- b- Through security and political stability.
- c- Reforms with IRPs.

3.9 Encourage Tourism.

- a- Utilize Northern areas.
- b- Develop modern infrastructure.
  - Model of Dubai Mall.

3.10 Encourage local Industries.

- a- Sports, Cotton, Modern Industries.
- b- Provide subsidies.

Where Dreams Come True

3.11 Population Management Model.

- a- Raise awareness
- b- 240 million population of Pakistan.

4. Conclusion.

- a- Restating thesis.
- b- Summary of Essay.

## THE ESSAY

Economy is the backbone of a country. The sovereignty of any country is ensured by its strong economy. Pakistan is currently facing issues in economic sector. Currently, the allocated budget of FY2024-25 does not cover for the expenditures on ground. This does not define the future of sustainable growth in economy. It seems difficult but it is not impossible. Pakistan can bring structural reforms in many sectors including agriculture, industry and energy sector. Pakistan is a country that does not lack sources, if its natural resources are exploited in rightful manner, this can bring economic stability. There are many steps and measures that government needs to take to improve economic condition of Pakistan. Pakistan is facing economic crisis but it can achieve sustainable growth in future through certain steps. Privatization of SOEs, Bringing long term reforms instead of short term reforms, Ensuring peace and security, Ensuring political stability, Registration of undocumented economy, E-documentation of public sector, Tracking the allocated budget, Bringing agriculture and real estate under taxation, attracting foreign direct investment, encouraging tourism, encouraging local industry and with Population management are steps towards sustainable economic growth.

To begin with, bringing long term reforms instead of short term reforms is a key measure for economic stability. Pakistan has been heavily dependant upon foreign loans and bailout packages. Pakistan has taken loans from different countries including Saudi Arab, UAE, Qatar, UK. Pakistan has recently gained a loan of 2 billion from United Arab Emirates. Pakistan had been heavily dependant upon foreign aids from United States of America (USA). Similarly, Pakistan has a long history with International Monetary Fund (IMF). Pakistan recently recieved a bailout package worth 7 billion from IMF. Despite having all these loans, Pakistan's economy does not seem to be on right track.

The problem is heavy dependence on loans that bring short term relief and long term disaster.

Privatization of State Owned Enterprises (SOEs) can be another way towards stable economy. In Pakistan SOEs like Karachi Steel Mills and Railways have been at loss since years and a bulk amount of taxpayers money is utilized to account for those losses. We have good examples like that of Habib Bank Limited (HBL), once it was an SOE but since its privatization, it is in profit and pays tax to state instead of consuming it like other SOEs.

Then comes, assurance of peace and security. Pakistan is going through this issue since 2-3 years. Since the Afghan Taliban takeover, Pakistan is facing security threats. Foreign citizens, local citizens and security forces all have faced terrorism. This is a root cause of economic crisis. Pakistan has recently experienced a bomb attack in Karachi. This attack caused casualties of Chinese personell. Such situations of security become a cause for trust deficit and causes a drift between countries at high level. China Pakistan Economic Corridor (CPEC) which was previously going very well is now showing a reverse growth. In year 2022-onward China has deposited less than 1\$ Billion in Pakistan for the development projects. This is a symbol of lagging behind and this issue can be addressed using the strength of increased security. Pakistan previously had deployed 15,000 security personell for security of Chinese citizens. This number can be increased or doubled to ensure security. Along with this, Taliban issue needs to be addressed as well. TTP is using Afghan land as a launching pad for terror attacks in Pakistan. Governments of both Pakistan and Afghanistan need to sit together to solve this issue once and for all.

Another step can be the political stability. Pakistan is going through political instability in present times. This political instability needs to be addressed immediately as it is becoming a hindrance for economic stability as well. Political chaos becomes a reason for protests, blockage of roads and use of security forces from around the country as well as tons of containers, all this not only hinders the economic activities in country but also charges extra expenses for the chaos. Political stability can be achieved when government and opposition both sit together and find a medium for power distribution. The personalities that need to be on one table are Asif Zardari, Nawaz Sharif, Amran Khan, Chief of Army staff and Moulana Fazalur Rehman. All of them need to find a solution for political as well as economic stability of Pakistan.

Then comes the step of documentation of unregistered property. There are many properties including private homes and flats and small industries which are not documented in eyes of Government. This brings easy tax evasion for them. They are not documented and hence are not included in paying taxes. This

should be promoted by Federal Board of Revenue (FBR) and it's work should become more efficient. FBR should identify and fine the properties that are not documented. This can be done by increasing the budget of FBR so that the number of officers and who work for it are increased. This would also address the problem of unemployment. There are large tax evaders who have significant amount of assets but they hide it from government officials to get rid of taxation from government.

E-documentation is yet another step for stabilizing economy. E-documentation of all the sectors including hospitals, universities, schools, industries, real estate should be encouraged as it brings transparency. Transparency would help in reducing corruption and ensure the payment of all taxes. This would also help the people as nobody would get a preference over others. For example Punjab Police has already brought the concept of E-FIR. Through this uFIRs are registered digitally and everyone gets equal opportunity. This helps in reducing the corruption and all other departments needs to follow this model.



The budget allocated by government to all sectors each fiscal year needs to be recorded and checked. Government needs to make a mechanism through which it keeps a track of the allocated budget. In Pakistan most of the times, on paper there is a heavy budget allocated to a certain sector. but on ground there is no work. One such examples is the ghost schools. In Sindh education budget is distributed and schools get a share. That share is thought to be utilized in schools for education but the ground reality is that more than one thousand schools in Sindh are ghost schools and ghost teachers. It means that the schools and teachers are non-existent on ground and only exist in paper works. The question arises about the budget allocated that where did the money go if a bulk of schools were non-existent on ground? The answer is leaks in budgets. It means the money is already utilized along the way and the real deserving ones are deprived of it. Similarly, there should be check on quality of developments that is it streamlined and the budget is whether rightfully utilized or not. This check and balance will help in economic stability.

An addition to previous steps another procedure can be taken in view to go towards stabilizing the economy of Pakistan. This step is bringing both Agriculture and real estate into taxation. Pakistan is an agricultural country and 15% of GDP of Pakistan comprises of Agriculture. Surprisingly, this 15% of Gross domestic product is tax exempted. This seems very unfair to other small sectors and indirect taxes paid by middle class people. Agriculture is a big chunk to economy of Pakistan then why does it not pay taxes? The answer is corrupt politicians who sit in chambers of Parliament are the landlords and they are the legislators. So they never make laws that bring them under the burden of taxation. So is the case of real estate. It has big stockholders with high approaches so they both should be brought under taxation for steady growth of economy.

Another important step is attraction of Foreign Direct Investment (FDI). FDI is very important for macroeconomic growth of Pakistan and any country. Pakistan is witnessing a deceleration in FDI - CPEC is an example. SIFC can also be included in list of examples. FDI can be increased by addressing the core

issues like political instability and security imbalance. Any foreign investor finds a suitable peaceful country to invest their assets in order to ensure profit. Pakistan has a bad experience with Foreign Direct Investment through IPPs. Pakistan has made agreements in past with foreign Independent Power producers to provide hefty amount of money in exchange for their electricity services. There are a need of reforms in this sector.

Tourism is another source of income for any country. Many ~~pacountries~~ countries that lack natural beauty like rivers, mountains and beautiful fields find alternatives like infrastructure for tourism. Disney land and Dubai Mall are the examples. Pakistan does not lack natural resources. It can use both the ways to promote tourism that helps in economic growth. Pakistan also needs to encourage local industries like those of cotton, sports ~~etc~~. These industries play a pivotal role in economic growth of a country. Government should give subsidies for local investors and skilful people so that industries are promoted and in the long run those industries fulfil employment needs as well as they start paying taxes that strengthens economy.

Population management, lastly is also one of the most important step for economic growth of a country. The less people means that state has little burden on it's resources. Pakistan has a population of 240 million. This large population should be managed by creating awaleness and through various programs.

Conclusively, Pakistan is facing economic crisis but it can achieve sustainable growth in future through certain steps. Privatization of SOEs, Bringing economic and political stability, Documentation of unregistered economy, E-documentation of public sector, Bringing agriculture and Real estate under taxation, Keeping track on allocated resources, Prefereing long term measures over short term measures, Attracting foreign investments, Improving tourism and encouraging local industry along with Population management are possible steps towards sustainable economic growth. These all points need to be addressed as they play major role for the economic future of Pakistan and they can become the reason for a country to achieve sustainable economic growth in long run.