

TEST-04

Topic

Pakistan's Economic Future:
Can the Country Achieve
Sustainable Growth?

Outline

1. Introduction
2. Overview of Pakistan's Economy
3. How Pakistan can Achieve Sustainable Economic Growth in future?

(i) Introducing knowledge based economy for the sustainable economic growth

Case in Point: \$ 62.18 bn worth intellectual property of the USA

(ii) Attracting FDI in country for

sustainable economic growth

Case in Point: China's FDI economy
model worth \$ 311 bn

(iii) Promoting tourism sector to
generate revenue

Case in Point: Economy of Switzerland,
Maldives and Egypt

(iv) Promoting export-led growth
to reduce trade deficits

Case in Point: Hong Kong and
Singapore

(v) Diversifying economic growth by
exploring energy-efficient
industrialization

Case in Point: Installing solar panels
like Germany

(vi) Exploring trade and investment
potential over agriculture
sector

4. Elucidating hurdles in the way of
achieving sustainable growth in
Pakistan

(i) Political instability is halting sustainable economic growth

Case in Point: Poor economic policies and constitutional crisis

(ii) Over-reliance on agricultural sector and importing fossil fuels

(iii) Risk of security threats in the way of tourism potential

Case in Point: Terrorist Attacks

in KPK and Balochistan

(iv) Lack of investment in education sector and IT sector

(v) Heavy duties on export sector and cost of installing energy efficient infrastructure

5. Ways Forward to Eliminate Hurdles to Achieve Sustainable Economic Growth in Pakistan

(i) Promoting political stability to support sustainable growth

Case in Point: Political stability in India

(ii) Exploring untapped IT potential of country to cut reliance on agriculture

Case in Point: IT sector of India and China

(iii) Overcoming the risk of terrorist attacks to earn revenue from tourism

(iv) Fostering Export-led growth by eliminating hefty duties

(v) Investing in human capital to generate remittances

Case in Point: Remittances of India

(vi) Investing and installing renewable energy resources for sustainable growth

6. Conclusion

Pakistan's Economic Future: Can The Country Achieve Sustainable Growth?

Pakistan's economy is based on agricultural sector, extensive use of fossil fuels, technological backwardness, and importing raw materials from foreign countries for industrial sector. The economy of country depends on the constant dose of foreign aids, loans, and grants to stabilize growth. Despite the stark situation of the economy in Pakistan, a sustainable economic growth is still possible by utilising the full potential of country's resources in the form of IT and human capital. The sustainable economic growth can become a reality by introducing knowledge based economy, attracting FDI in renewable energy resources, promoting tourism, and diversifying economic growth opportunities.

through industrialization and untapped IT potential of the country. However, there are some hurdles in the way of achieving sustainable economic growth for Pakistan including political instability, security threats, lack of investment in education sector, and high cost of installing renewable energy infrastructure. By eliminating these hurdles through political commitment, investing in technological advancement, research and development, and cutting reliance on imports, a sustainable economic growth can become a reality for a developing country like Pakistan.

As per the current economic indicators, the economy of Pakistan is struggling with numerous challenges including, inflation, trade deficit, risk of getting default, budget deficit, and dependency on IMF bailout programs. The economy of

The country is unable to support the energy, development, education, and employment needs of the masses. The economy of the country is heavily dependent on the imports of fossil fuels, agricultural sector, and exploitation of natural resources that are insufficient to support the sustainable economic growth in Pakistan.

However, despite the challenges, Pakistan has the potential to achieve the sustainable economic growth as per the commitment of the country to the Sustainable Development Goal - 08 introduced by United Nations General Assembly in 2015. According to this SDG-08, Pakistan have to achieve "Decent work and Economic Growth" by 2030. To fulfill this goal, the knowledge based economy is the future of Pakistan. Pakistan must

shift its economy from agricultural sector to knowledge based economy for the sustainable economic growth.

It will focus on the innovation, human capital, and intellectual property that will help Pakistan to tackle climate change and environmental challenges.

As per UNDP's Global Knowledge Index, the USA has \$ 62.28bn worth of intellectual property. Through knowledge based economy, Pakistan can achieve the goal of sustainable economic growth.

Moreover, Pakistan must explore the potential of foreign direct investment (FDI) in the renewable energy sector of the country to promote sustainable economic growth. In this regard, China's FDI Economy Model is an example having worth of \$ 311 billions. Owing to the geographical significance of Pakistan, the country has huge potential to

attract FDI in renewable energy sector. Currently, Pakistan has attracted \$ 62 billion in CPEC sector.

The constant supply of solar radiation in Punjab region and heavy wind potential in Balochistan can attract FDI in renewable energy sector. The conversion of country's energy sector to renewable energy potential can promote sustainable economic growth in Pakistan.

Similarly, by promoting tourism sector of Pakistan, the country can generate revenue in millions of dollars. In this regard, the tourism based economy of Maldives, Egypt, and Switzerland are examples. In 2024, a report was published by World Bank that states that Maldives's economy was boosted by the 9.1% tourism contribution of GDP to the economic sector. In the similar way, the tourism potential of Egypt stands at

The 8pc of the GDP ratio - In this way, Pakistan is located at the crossroads of South Asia with mountainous region, a long coastline, and untapped potential of historical sites. By attracting foreigners to the tourism sites, Pakistan can earn around \$20-25 billion dollars from tourism sector that will promote sustainable economic growth in country.

Moreover, by fostering export-led growth, Pakistan can achieve sustainable growth. Pakistan has a huge potential in export sector that includes sector of food, sports, textiles, human capital, and IT potential. Pakistan is a labor intensive country with a huge number of unemployed youth potential that includes both skilled and unskilled human capital. In order to achieve sustainable economic growth, Pakistan needs to focus on export led economic growth.

In this regard, Hong Kong and Singapore are the examples. Both countries achieve sustainable growth by focusing on export-led economic growth model.

Furthermore, Pakistan needs to diversify its economic growth by exploring the potential of energy efficient industrialization. The economy of country is based on agricultural sector that is leading to the harmful practices that are resulting in soil erosion and sand exploitation. Pakistan need to develop industrial sector based on the use of solar energy, wind energy, and biomass. It will help promote sustainable economic growth by generating jobs in the country and developing energy resilient infrastructure that will withstand climate change shocks.

Lastly, Pakistan must explore

services, trade and investment potential to achieve sustainable growth. In this regard, the neighboring countries of Pakistan including China and India are examples.

The service sector is based on innovation and technology that promote sustainable economic growth. Currently, China and India trade in IT sector is standing at \$10 billion dollars.

Pakistan can achieve this potential by reviving its trade with both China and India. By exploring the IT potential, Pakistan can achieve sustainable economic growth.

However, as a developing country, Pakistan is struggling with numerous issues that are halting Pakistan's potential to achieve sustainable economic growth. One of the most important reasons behind this economic backwardness is the

political instability in the country. The political parties are working for their vested interests instead of achieving growth, development, and progress of the country - the lack of consensus on the economic reforms and poor knowledge about the climate change are halting country's progress - the current constitutional crisis in Pakistan's provinces is the example - As economy and political stability go hand in hand, the political stability is necessary for the sustainable economic growth -

Moreover, Pakistan's economy relies on fossil fuels and agricultural sector - Each year, Pakistan imports gas, petroleum and coal from Russia, China, and Iran to support the industrialization sector - Moreover, the outdated agricultural practices are used in the agricultural sector of Pakistan that is halting the

progress of Pakistan on sustainable economic growth front. Pakistan is still unable to utilize the energy resilient infrastructure in industrial sector that is hampering the country's commitment towards the sustainable economic growth model.

Similarly, the tourism sector is essential for sustainable economic growth. But, Pakistan is experiencing risk of security threats and militant attacks on the tourism sites. In this regard, TTP attacks on KPK and Balochistan are examples. Most of the mountainous region of Pakistan is located in KPK and Azad Kashmir, both tourism sites experience skirmishes from the neighbor countries. Another reason for the untapped tourism sector is the lack of preservation of the historical places in Pakistan that is resulting in the poor growth in this sector. The

untapped tourism sector is resulting in unsustainable economic growth in Pakistan.

Another hurdle is the lack of investment in education and IT sector. In terms of education, the literacy rate as per PBS 2024 in Pakistan stands at merely 60pc. The remaining 40% of the population is unable to read and write that is increasing burden on the economy. The illiterate individuals are unable to learn and develop new skills that are necessary to generate revenue. In the same way, the IT sector is facing challenges due to lack of investment, innovation, and poor infrastructure. The access to internet in Pakistan is the distant dream. The lack of investment and digital divide is halting Pakistan's sustainable economic growth.

Lastly, another reason responsible for the unsustainable economic development is the hefty duties on exports and imports of raw material from other countries to manufacture export based goods. In this way, the cost of installing renewable energy infrastructure is another hurdle. As for the export based economy, industrialization is must in Pakistan along with renewable energy infrastructure that will support the industrial sector. Pakistan is short in both opportunities that are halting Pakistan's commitment to sustainable economic growth.

However, the sustainable economic growth in Pakistan can become a reality by eliminating hurdles in the way of fulfilling the commitment to sustainable economic growth. Since the inception of Pakistan in 1947, Pakistan is struggling with

political instability. But, with the rapidly advancing world, this issue can be addressed by inculcating the civic sense among masses. It is the need of the hour to educate the politicians and civil society about the importance of political stability for stable economic growth. In this regard, India is an example. Under the Modi government, the economy of India surpassed UK in 2023 and India is still thriving on economic front. Pakistan need to uphold the supremacy of constitution to promote sustainable economic growth.

Moreover, the sustainable economic growth can be achieved by exploring the untapped IT potential of Pakistan. It will help attracting FDI from foreign countries instead of debts, loans, and grants. As per the PBS report, the freelancing

sector of Pakistan generate \$ 400 millions in 2024. With the technological advancement and globalization, the economies of countries have become inter-connected. Similarly, Pakistan must explore this potential to achieve sustainable development in economy.

In addition, the threat of terrorist attacks must be eliminated to make Pakistan a top destination in the tourism sector. The tourism sector growth will reduce reliance of Pakistan's economy on imports, unsustainable agricultural practices, and carbon footprint that will eventually harms the environment. Moreover, it will promote equitable economic growth by generating employment opportunities in the underdeveloped provinces of Pakistan including KPK and Balochistan. Along with sustainable.

economic growth, it will improve the image of Pakistan at global level.

Further more, Pakistan must promote export-led economic model to achieve sustainable economic growth. The biggest hurdle in achieving this milestone is the culture of putting hefty custom duties on exporting goods and services. The hefty duties must be eliminated. In this regard, Singapore is an example. It is an ASEAN's member country that eliminated all types of duties and custom charges so that country can export its goods and services and promote avenues of entrepreneurship and business led growth in the country. Pakistan must also sign an agreement of free trade with neighboring countries to promote sustainable economic growth.

Moreover, Pakistan must invest in human capital to promote knowledge based economy. In this regard, India and the USA are examples. Through human capital, India is generating remittances by exporting human capital to western nations. Currently, Indians are working on the top positions as CEOs, directors, and producers in the western countries. But the education rate in Pakistan is quite stark. Pakistan must invest in the youth and help them develop vocational skills to promote sustainable economic growth in Pakistan.

Lastly, Pakistan must invest in installing renewable energy resources in country by making them cost effective. The installation of cost-effective renewable energy infrastructure will help

generate revenue through industrialization. The industrial sector in Pakistan operates on fossil fuel that is harmful for sustainable economic growth. It is the need of the hour that the government of Pakistan must give subsidy and relief on installing renewable energy infrastructure in country to promote sustainable economic growth.

In conclusion, the economy of the country is struggling with numerous issues that can be overcome by promoting sustainable economic growth based on equitable growth, energy-efficient infrastructure and export led growth. Pakistan must commit itself to achieve political stability in country to design policies that are necessary to support sustainable economic growth. Country must explore IT potential and invest in IT infrastructure

to cut reliance on agricultural infrastructure for sustainable economic growth - Pakistan has huge potential in the form of youth, tourism, IT, and energy efficient location that can help Pakistan to achieve economic sustainability -