

Pakistan Economic Future: Can Country Achieve Sustainable Growth?

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b- Consumption based economy from the very beginning

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The post pandemic years coupled with the international conflicts, marked by extreme volatility in the global oil and commodity market. As well as slowing growth amidst soaring inflation

and decades high inflation rates have tough for the world economy—more so for the developing nations.

The economic history of Pakistan is not a smooth one. It has been mostly found in the critical core unit of 'International Mandatory Fund' words. It has been a victim of numerous challenges throughout.

The country leadership has always prioritized the narrow minded economic policies. Similarly, the economy of the country has always been a consumption based. Political polarization and lack of long-term policies are the other factor responsible for stagnant economic growth. Additionally, ~~more~~

security problem and narrow export base have derailed the economic growth.

However, being a fifth largest nation (population wise) of the world and ~~having~~ the being a gateway ~~between~~ to

Central Asia, Pakistan economy has an immense potential to stand in the list of the world largest economies.

Measures such as diversifying the export base and trade relations.

Prioritizing the investment in technology, digitalization and innovation will boost the sustainable economic growth in

the future. Furthermore, improving governance and reducing corruption in the public

sectors. Improving the investment climate and deregulating the economy. Additionally,

Addressing climate change and environmental sustainability. And, introducing the much

need structural reforms in the economic sector. ~~Hence~~ Hence, despite various

challenges, the economy of Pakistan has greater potential to achieve

sustainable economic growth in the future.

Due to myopic economic

policies, Pakistan economy could not

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achieve the stability. Myopic policies generally means the short-term policies for the economic growth. For economic growth the mid-term and long-term policies are pre-requisite. While in Pakistan, for decades, successive governments have implemented populist measures such as subsidizing energy, agriculture, and key industries without considering their long-term fiscal implications. These subsidies, while aimed at alleviating immediate economic pressures, have created a massive burden on the country's budget. For example, the reliance on foreign loans to finance these policies has pushed Pakistan's debt-to-GDP ratio over 70%, making the economy vulnerable to external shocks. Briefly, the narrow minded economic policies have stoned the growth of economy.

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Moreover, the economic growth has been stagnated by heavy reliance on the consumption-based model.

Every country imports some products and export others, but there should be a balance between both. If the consumption (import) is more than the export, it will badly impact the foreign exchange reserves. Pakistan consumption, specially, in the energy sector, retails and food have outpaced the investments and export of the country. According to the Pakistan Bureau of Statistic (PBS), the imports almost crossed fifty-billion dollars (\$50 billion) mark, while the exports were just approximately thirty-billion dollars (\$30 billion). In short, more consumption as compared to export, has been a major challenge for economic growth.

Similarly, the chronic political instability, has badly impacted the economic growth of a country. Political instability or polarization refers to the frequent change of the government in the country. For economic growth and prosperity political stability is prerequisite. Without stable government in the country, it is, almost, impossible to take difficult decision regarding the economic challenges of the country. The recent as well as historical political unrest and thing of war for gaining the power, has severely damaged the economy of the country. For instance, the current status of foreign direct investment in the country is less than one per cent (1%) of GDP - Ministry of Finance. Which is largely due to lack of permanent stable government. Thus, with political stability, the economy will never stabilize.

Furthermore, lack of formulation and implementation of long-term policies, has crippled the economic growth of the ~~the~~ economy of Pakistan. Economy of the country is a very important pillar of the country, which is in turn responsible for social and cultural growth of a nation. It needs long-term economic policies and at the same time implementation of it. Unfortunately, there has been scarcity of the long-term economic policies in Pakistan. For instance, India, too, suffered from bad economic growth till 1990s. But, after introducing 'Mannohan-Rao' reforms in 1990s and formulated long-term policies, has never looked back. And now, it is the fifth largest economy of the world - The Economist. To conclude, absence of long-term policies has stopped the economic growth of Pakistan.

Similarly, Pakistan being a victim of conventional and unconventional war, has made it difficult for economy to attend its feet. The security threats of Pakistan, both internally and externally has long been a headache for the authorities of Pakistan. Security threats and terrorism not only sluggish the growth of economy but also push it many years back. Due to these threats the foreign and domestic investors never invest their capital in Pakistan. For instance, the conventional wars of 1948, 1965, 1971 and 1999 with India has immensely affected the economy. Similarly, the Pakistan involvement in Afghan-jihadist war (1989) and war against terror has not given a space for Pakistan's economy to breath. So, the security insecur problems have negatively affected Pakistan's economic growth.

Additionally, the narrow export base of a country, is a major hurdle in economic growth. Narrow export base refers to the limited numbers of different commodities to export. Pakistan's export is mainly centered around agriculture sector of the country. which too, is mainly textile industry related. It is extremely difficult for one sector to neutralize the such a huge trade deficit of the country. According to the ministry of commerce and trade, the textile export represent more than fifty per cent (50%) export of the country. While other sectors like information technology (IT), services, and other industrial products represent less than 40 per cent combinedly. Thus, limited export base is one of the many challenges faced by Pakistan's economy.

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However, despite numerous challenges the economy of Pakistan can grow at a sustainable rate. After mentioning the challenges, this essay will explore the measures which can ensure the achievement of future sustainable growth.

By diversifying the export markets and trade relations, the economy will be able to achieve the sustainable growth. By diversifying export markets and trade relations means exporting different types of products and doing trade with many countries respectively. Historically, Pakistan exports have been agricultural based. And, trading with only a few countries such as United States, China and European Union. Exploring the different sectors for manufacturing and then exporting those products, will ease the burden on agriculture.

sector as well as boost the export of the country. While at the same time analyzing the different international markets for locally manufactured products, will reduce the dependency on traditional partners. For instance, the economic ~~market~~ ^{market} of South East Asian countries, has largely driven by diversified export base and multiple trade partners across the world. Hence, ~~the~~ the economy of Pakistan can achieve sustainable growth by extending exports and trade relations.

Similarly, by investing in the technology and innovation, will pave the way for sustainable economic growth. Modern economies are largely driven by technological and innovative ~~new~~ sectors of the country. Pakistan being youth populated country, provide the colossal

opportunity in the information technology sectors. Investing in digital and innovative. The country needs to invest in technology, digital infrastructure and innovation to remain competitive in a globalized world. For instance, countries like China, Taiwan, and India have invested heavily in technology and innovation, driving growth in sectors such as information technology, manufacturing, and services. While the Pakistan lags markedly in the regard. Briefly, investment in the technology and innovation can able Pakistan's economy to achieve most need sustainability.

In addition,

A achieving sustainable growth requires effective governance and a reduction in corruption, especially, in Pakistan.

Bad governance and corruption drain public resources and reduce

the effectiveness of policies. In the economic growth fair and transparent management of the public institution is very important. Historically, as well as currently, bad governance and corruption have been rampant in the country. Corruption remains pervasive at various level of government, with Pakistan ranking 140th in the Transparency International Corruption Perception Index in 2024. Thus, by ensuring good governance and fighting corruption can enable the economy of Pakistan to achieve sustainable economic growth.

Moreover, improving the investment climate and deregulation of economy will increase the chances of achieving sustainable economic growth. Investment climate refers to the circumstance the government provide to the

foreign as well as domestic investors. If it is the foreign forum or local, every investment forum demands a circumstance which support and provide ease to their operations. While at the same time deregulation of economic sector is imperative. For example the government to not control the currency rate, eliminating outdated rules, and ^{creating} ~~providing~~ a conducive environment for new entrants.

According to United Nations 'Economic Freedom Survey of 2024', Pakistan ranks 137th in the world. Similarly, Pakistan receives the lowest investment (FDI) in the South Asian Countries - (Rocks Pakistan in search of stability). Hence, through increasing investments and deregulation of economy, Pakistan's economy can achieve sustainable growth.

Furthermore,

through investing in human capital development, the economy can achieve sustainable growth in the future.

Investing Human Capital refers to the development of well skilled and intellectual masses ⁱⁿ ~~of~~ the country. By having a skilled workforce it will act as an asset for economy both by working in the domestic industries and also sending abroad. Which will contribute in the shape of remittances. One of the major area of concern is women labour participation rate. Which according to a book of Malika Lodhi 'Pakistan in search of stability' is just 22% per cent, even below Bangladesh. Pakistan, in this area can follow the footprint of china and Singapore.

In short, through human capital development, the path to sustainable economic

growth would not be difficult one.

In addition, introducing the much structural reforms in the economic sector, will ease the way to sustainable economic growth of Pakistan. These economic sector structural reforms include financial structure, legal structure and revenue collecting sector of the ~~con~~ country. The structural reforms are imperative to boost the revenue collection in the country. According to Federal Board of Revenue "FBR", Pakistan tax-to-GDP ratio is only 9% percent, which is well below the international standard of 13% of GDP. Thus, the economic growth of Pakistan requires the structural reforms in the country.

To sum up, the economic growth of Pakistan is full

of hurdles and mis-opportunities; however, it can still achieve sustainable growth by following certain measures. Such as introducing much need structural reforms, addressing climate change vulnerabilities, and establishing well-equipped human capital. Similarly, providing comfortable environment to the business and investors. And, encouraging free-market economy. Additionally, improving governance, reducing corruption and investing in information technology will help the economy grow. These growths have massively & hampered by numerous challenges. ~~that~~ Encompassing narrow export base, security issues, lack of long-term policies and political unrest. Additionally, massive imports and misapplied governmental policies, have slowed down the pace of economic growth. However, every misfortune presents thousands

other opportunities. The authorities of Pakistan, too, should not get despondent and should work day and night to convert these misfortune to greater future fortune for the country's economy.