

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

1) Introduction:

Thesis Statement:

In the past Pakistan faced significant economic challenges but its bright future lies in enhancing tax revenue and reducing tax evasion, privatizing public loss making entities; and developing long-term economic policies and implementing them practically. Through these measures, Pakistan can achieve sustainable economic growth.

2) How Pakistan can achieve Sustainable Economic Growth:

2.1) By enhancing tax revenue by filling the gaps in Pakistan's tax system and reducing tax evasion.

i) Only 20% population pays income tax

2.2) Pakistan needs to diversify its nature of exports.

2.3) By reducing electricity theft and transmission losses associated with the Pakistan's energy system.

LUCKY

i) Rs 12.5 billion electricity theft in 2024,
according to Energy Minister

2.4) By investing in renewable energy
rather than relying on costly imported fuels.

~~Pakistan can't rely on its natural resources.~~
i) wind, solar and Hydro power

2.5) Attracting foreign investments through
promoting soft image image of Pakistan.

- i) Tourism potential; ^{UNESCO World Heritage} top 25 destination locations, ^{UNESCO World Heritage} ~~UNESCO World Heritage~~
- ii) Creating a conducive business environment

2.6) Pakistan needs to privatize public sector
loss making entities to reduce debt
burden and improve the output.

- i) PIA cumulative losses are approx \$ 300 bn
- ii) Pakistan Steel Mills underperformance

2.7) Pakistan ~~we~~ should advocate for CPEC
projects in international forums like SCO
as CPEC has the potential to transform
the Pakistan's economy.

i) According to World Bank, CPEC can
increase Pakistan's GDP growth 2-3 %
annually.

LUCKY

2.8) The country should invest in health education, and agriculture sectors to increase health output, improve literacy rate and ultimately increasing GDP per capita income.

1) In 2023, Pakistan's investments in education sector is about 2.1% less than benchmark of 5.1%, WB

2.9) Pakistan needs to work on reducing hyper inflation and increasing subsidies to support low-income households.

1) In 2023, the inflation rate in Pakistan was more than 35%, PBS

2.10) The country can achieve sustainable economic growth by establishing ^{training institutes,} and providing training to unskilled individuals, and giving them opportunities of employment.

1) In 2024, the unemployment rate was 75%, PBS

2.11) Establishing, maintaining, and consistently implementing long-term economic policies by ensuring political stability.

1) For example, five-year economic plan (2014-2019)

introduced by P.M Shehbaz Shaqif

LUCKY

2.12) Pakistan needs to pay off its debts slowly and gradually by filling gaps in the obstacles facing in achieving sustainable economic growth.

As of 2024, Pak's total external debt is approx \$130bn

2.13) The country should invest in its IT infrastructure and also digitalize the economy to reduce corruption and transparency issues.

Rs 374 billion revenues from IT services exports in FY 2024, report

2.14) Pakistan should provide easy, accessible, and interest free loans to its farmers to improve the agricultural output and to modernize it.

Conclusion:

After 1947, when Pakistan got independence, Pakistan had the capacity to give loan to countries like Bangladesh and Sri Lanka but now, as years passed, due to many internal changes, a situation arose where Pakistan had gone to International Monetary Fund (IMF) for loans from 1975 due to stucked economic growth.

Pakistan's economic future depends on how Pakistan encounters the challenges of debt, hyperinflation, fiscal deficits, trade deficits, and unemployment and poverty.

Pakistan can achieve sustainable economic growth by enhancing tax revenue through filling the gaps in the taxation system and reducing tax evasion. Similarly, by reducing electricity theft and transmission losses associated with the energy system, Pakistan can achieve sustainable economic growth. Furthermore, by investing in renewable energy rather than relying on costly imported fuels, Pakistan can achieve sustainable economic growth. In addition to, Pakistan needs to privatize public sector loss making entities to reduce debt burden, to improve the output, and to achieve sustainable economic growth. Moreover, Pakistan should advocate for CPEC projects in international forums like Shanghai Cooperation Organization (SCO) as CPEC has the potential to transform the Pakistan's economy. In the

similar way, the country should invest in health, education, and agriculture sector to increase health output, ^{to} improve literacy rate, and to modernize the agriculture sector, leading to sustainable economic growth. Similarly, attracting foreign investments through promoting soft image of Pakistan and to work to reducing hyperinflation and increasing subsidies for low-income households, Pakistan can achieve sustainable economic growth.

In the past, Pakistan faced significant economic challenges but its bright future lies in enhancing tax revenue and reducing tax evasion, privatizing public sector loss making entities, and developing ^{long} term-term economic policies and implementing them practically. Through these measures, Pakistan can achieve sustainable economic growth.

To begin with, by enhancing tax revenue by filling gaps in the Pakistan's taxation system and reducing tax evasion. Tax system is present in almost every country. It is only a system through which government can earn revenue from its citizens by collecting tax. It can be in every form like on cars, food items, perfumes. In Pakistan, only 20% of population pays income tax, highlighting a lack of fiscal contribution from citizens. The main reason of lack contribution is tax evasion and people try to avoid paying income tax as it is

considered

↑ a extra liability on the shoulders of high and low income earners. Thus, by reducing tax evasion and enhancing tax revenue, Pakistan can achieve sustainable economic growth.

Similarly, Pakistan needs to diversify its export base. Pakistan almost faces trade deficit every year due to its small export base. Pakistan imports more and exports less so, trade deficit arises. Pakistan should not export the materials like rice, tea, and corn rather than just exporting same materials and remain dependent on textile revenue as it is a ^{major} source of income from exports. As Pakistan starts working on diversifying its export base, trade deficits would change into trade surplus and it will have positive impact on the economy. So, to achieve sustainable economic growth, Pakistan needs to diversify its export base.

Furthermore, by reducing electricity theft and transmission losses associated with the energy system.

Electricity theft is one of the major issues in Pakistan.

Due to expensive agreements with IPPs, Pakistan has to pay a handsome amount of money, whether the electricity is useful or not for Pakistan and due to this the burden of electricity bills comes on low-income households. Low-

income-households do not have the capacity to pay these bills

so, they start electricity theft. ^{For example,} ↑ According to Energy Minister,

LUCKY

the loss from electricity theft is about Rs 125 bn. Similarly, the transmission losses in distribution were 27% and out of 100%, these chunk of electricity would get waste due to inefficient energy distribution systems. So, by reducing electricity theft and transmission losses associated with the energy system, Pakistan can achieve sustainable economic growth.

Furthermore, by investing in renewable energy rather than relying on costly imported fuels.^{its not possible to import fuel} The world is shifting towards renewable energy such as wind, solar, and hydropower due to its less environmental impacts and better efficiencies and less cost. A heavy portion of Pakistan's expenditure goes on importing the costly imported fuels which is hurting the economy. Pakistan should invest in renewable energy to address the issues of electricity and water without paying must cost. This step would be vital to achieve sustainable economic growth. So, by investing in renewable energy rather than relying on costly imported fuels, Pakistan can pave its way for bright future.

Moreover, Attracting foreign investments through promoting soft image of Pakistan. Foreign investments are crucial for developments in the country. Pakistan can

LUCKY

seek investments by showing tourism potential it have. For example, Dubai is one of the top tourism destinations in the world and Pakistan's province of Gilgit Baltistan have appeared in top 25 destinations worth-watching, reflecting a significant tourism potential in Pakistan. Similarly, business environment is very crucial in seeking foreign investments and Pakistan needs to create a business environment for foreign companies in order to achieve sustainable economic growth. So, attracting foreign investments through promoting soft image of Pakistan is crucial to achieve growth.

In the similar way, Pakistan needs to privatize public sector loss making entities to reduce debt burden and improve the out. Privatization is selling of state-owned enterprise or companies to private sector. It is usually done when state-owned enterprises are not making enough profits or simply to improve the efficiency. For example, Pakistan International Airlines is a loss making company with approximately cumulative losses of \$ 300 billion, underscoring the need to privatize it as it is a simply burden on the economy. The country has to pay a huge amount of money to run it and the same case is with the Pakistan Steel Mills and by paying these expenses sustainable economic growth cannot be achieved.

LUCKY

Thus, Pakistan needs to privatize public sector loss making entities to remove the debt burden and to improve the efficiency.

Moreover, Pakistan should advocate for CPEC project in international forums like SCO as CPEC has the potential to transform the Pakistan's economy. The commitment for CPEC was \$ 62 billion out of which only \$ 35 billion has been fully disbursed due to security challenges and economic challenges. For example, according to World Bank, CPEC can increase Pakistan's GDP growth 2-3% per annum, highlighting the potential of CPEC. Many projects under CPEC has been postponed as of 2024, therefore, Pakistan should advocate for CPEC project in international forums like SCO as CPEC has potential through which Pakistan can achieve sustainable economic growth.

Furthermore, the country should invest in health, education and agriculture sector to increase health output, improve literacy rate and ultimately increasing GDP per capita income. Health, education, and agriculture are main components of running the economy. For example, in 2023, Pakistan invested in education sector about 2% less than benchmark of 5%, showing lack of contribution. Pakistan, as an agricultural country, needs to invest more in

LUCKY

agricultural sector by modernizing it to improve the efficiency and output. So, the country should invest in health, education, and agriculture sector to improve literacy rate, increase health output, and to achieve sustainable economic growth.

Besides, Pakistan needs to work on reducing hyper-inflation and increasing subsidies to support low-income households. Hyper-inflation occurs when the rate of basic necessity rises to an extent. According to Pakistan Bureau of Statistics, in 2023, inflation rate in Pakistan was more than 35%, which pushes the people into poverty and stops the individual growth of a person, leading to hampered economic growth. Government often provide subsidies to less inflation to less the burden on low-income earners and that is the right way to support these households. Hence, Pakistan needs to work on reducing hyper-inflation and increasing subsidies to support low-income households.

Moreover, the country can achieve sustainable economic growth by establishing training institutes, providing training to unskilled individuals, and giving them opportunities of employment. The demand of a skilled individual is very high in developing countries whereas unskilled individual lacks this. For example, according to

Pakistan Bureau of Statistics, the unemployment was 7.5% in 2024, highlighting significant amount of skilled and unskilled youth is unemployed. The government should work on increasing the employment opportunities as it will lead those people to pay income tax which will ultimately be beneficial for achieving sustainable growth. It will impact the individual ^{positively} growth and the economical growth of Pakistan.

Thus, the country can achieve economic growth by establishing institutes, providing training to unskilled individuals and giving them employment opportunities.

In addition to, establishing, maintaining, and consistently implementing long-term economic policies by ensuring political stability, long-term economic policies are helpful as it shows the way in how or what way the country needs to go and what reforms are necessary to achieve sustainable economic growth. ~~For~~ For example, Five-year economic plan (2024-2029) introduced by Prime Minister Shuhbaz Sharif is crucial for Pakistan's upcoming bright future. Similarly, unrests events lead to 1% reduction in GDP, according to World Bank. So, establishing, maintaining, and consistently implementing economic policies by ensuring political stability are

LUCKY

crucial to achieve sustainable economic growth.

Furthermore, Pakistan needs to pay off its debts slowly and gradually while implementing economic reforms to achieve sustainable economic growth. Pakistan's economy was with debt that is why it goes to

IMF for loan. ^{For example} As of 2025, Pakistan's external debt reached approximately \$130 billion which is a huge amount. In 2023, approximately 40% of budget goes ^{ne} to debt servicing, leaving less space for reforms and infrastructural development.

Pakistan needs to reduce payment of debt's servicing while utilize the same for implementing economic reforms and infrastructural development in order to achieve sustainable economic

growth. Thus, Pakistan needs to pay off its debts slowly and gradually while implementing reforms to achieve sustainable economic growth.

Besides, the country should invest in its IT infrastructure and also digitalize the economy to reduce corruption and transparency issues.

The world is rapidly evolving and tech services are playing a major role in it. The country should invest in its IT infrastructure to increase

For example, the exports of IT services brought about Rs 374 billion in December 2024, indicating a large revenue market untapped. Similarly, digitalize the economy to reduce corruption as the money for development goes into wrong hands. So, the country should invest in its IT infrastructure and also digitalize the economy to achieve sustainable economic growth.

Last but not the least, Pakistan should provide easy, accessible, and interest free loans to its farmers to improve the agricultural output and to achieve sustainable economic growth. As Pakistan is an agricultural country so, a major labour force is attached to agricultural sector earning bread and butter for the family. The banks should provide interest free loans to farmers as they would invest in to improve the efficiency and mechanize it, leading to more output of agricultural sector in exports of the country which is beneficial for achieving sustainable economic growth. For example, Kisan banks in rural areas are providing interest free loans with minimum interest loan to farmers with a long repayment time. So, the Pakistan should provide more accessible, easy and interest free loans to achieve sustainable economic growth.

LUCKY

In conclusion, in the past Pakistan faced significant economic challenges but its bright future lies in enhancing tax revenue and reducing tax evasion, privatizing public sector loss making entities, and developing long-term economic policies and implementing them practically. Through these measures, Pakistan can achieve sustainable economic growth. Pakistan can achieve sustainable economic growth by diversifying its export base. Similarly, by attracting foreign investment through promoting soft image of Pakistan. Furthermore, Pakistan needs to work on reducing hyper-inflation and increasing subsidies and establishing, maintaining, and consistently need to implement long-term economic policies to achieve sustainable economic growth. Moreover, the country should invest in its IT infrastructure and also digitalize the economy to reduce corruption and transparency issues. In the similar way, Pakistan should provide easy, accessible and interest free loans to farmers to improve efficiency and to modernize it. Pakistan's economy has struggled many times due in achieving sustainable economic growth due to political instability, non-implementation of policies and internal economic changes. But through these measures, Pakistan

LUCKY

can achieve long term and sustainable economic growth if proper implementation is done.