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

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THE ESSAY

One group is considering Pakistan a "Failed State" by arguing that its institutions are useless, people are conservative, and economy is dying. Those people ignore full picture and emphasize on a single portion. Pakistan is not a failed state in any way because its institutions are still working, people are rational, and democracy is still there. Pakistan is facing some economic issues which are portraying the bad image of Pakistan in front of the world. Despite enemies on western and eastern borders, and terrorists within the territory of the Country Pakistan still maintained these factors and come a long way in making progress. Pakistan, unfortunately, is a developing country and facing many problems these days. Economic crisis is one of them. Economy of a country is dependent on many factors including trade, good governance and many more. Pakistan's economic future can achieve sustainable growth by mitigating energy crisis, reviving agricultural and industrial sectors, accelerating phase-II of CPEC, strengthening SIFC, promoting good governance, empowering women, privatizing state owned Enterprises (SOEs), ~~prom~~ and promoting IT sector.

To begin with, energy crisis is one of the major factors responsible for economic deprivation of the country and mitigating the energy crisis can help Pakistan out of economic downfall. Energy sector is

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very important for the economy of Pakistan, because other sectors including agriculture and industries. Currently Pakistan's energy sector is heavily dependent on the imported fossil fuels. These fossil fuels are really expensive as compared to renewable energy resources including hydel, wind, and solar. This lead to expensive electricity and load shedding. As industries and agriculture are dependent on energy sector for electricity. We need to shift from fossil fuels to renewable energy resources. This is possible by investing in dams, solar panels, and wind turbines. Another problem with the energy sector is expensive agreements with the Independent Power Producers (IPPs). These agreements were negotiated in 1990s, 2000s, and 2010s. These agreements are facing problem of capacity payment which simply means that government has to pay the capacity instead of the used electricity. Renegotiating these agreements can surely help Pakistan. Renegotiating in capacity payment issue and payment in Pakistani Rupee instead USD can solve the problem of the energy sector of Pakistan. Moreover, line losses and power theft are adding fuel to the burning. By upgrading and updating transmission lines and reducing power theft, the government can save a lot of money. So, economy of Pakistan is heavily dependent on the energy sector, and by taking mitigating measures to curb energy crisis Pakistan can

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~~to~~ make economic progress.

Secondly, reviving agricultural and industrial sectors can be highly beneficial for the economic revival of Pakistan. Pakistan's economy is highly dependent on the agriculture sector, because it contributes about 30% in the country's Gross Domestic Product (GDP) and provides almost 35% of employment to the population. Pakistan has about 24 million hectares of arable land. Problem arises with the high prices of electricity, fertilizers, and pesticides. Under usage of the arable land is another problem because only 16 million hectares out of 24 million hectares are being used for agriculture. By improving prices of fertilizers, pesticides and other commodities along with the uninterrupted and cheaper supply of energy to the agriculture sector can make the economy flourish. Moreover, industrial sector is dependent on the agriculture sector for raw materials. High fuel and electricity prices are making things tougher for the industrial sector to grow. By investing in capacity building, infrastructure, and agricultural needs including fertilizers and seeds Pakistan can make progress not only in agriculture sector but in the industrial sector as well. By strengthening the strength i.e. agriculture sector and working in industrial sector, Pakistan can achieve economic glory as many countries have achieved that. Pakistan can uplift its economy when the trade deficit will be minimum or there will be trade surplus. This is only possible by

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strengthening agriculture and industrial sectors. This will reduce the dependency of the country from the foreign products. Moreover, this will decrease Pakistan's imports and increase its exports. This is the only way through which Pakistan can make progress and become economically strong.

Thirdly, China Pakistan Economic Corridor, as known as CPEC, is very important for economic revival of Pakistan, especially phase II. CPEC is an economic corridor between Pakistan and China and it is one of the projects of China's Belt and Road Initiative (BRI). In phase II, starting ^{ed} ~~from~~ ⁱⁿ 2020, main focus is on special economic zones. There are 09 zones to be completed under CPEC. These zones are very important for Pakistan's economic revival ~~because~~ because it has the potential to transform industrial and agricultural sectors of Pakistan. Allama Iqbal Economic Zone in Faisalabad is performing well in industrial sector. Same is the case with Arankzai Economic Zone near Mardan. The crux is this that CPEC is transforming these sectors but phase II is slow because of many hurdles including security issues of the Chinese and the infrastructure. Pakistan needs to solve the problem of security for the acceleration of the CPEC. Moreover, western influence needs to be managed. As US-China rivalry is on its peak and US will not be happy with the CPEC. Pakistan needs to adopt an independent foreign policy and not to allow

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anyone in the way of economic progress of the country. Once these problems ~~are~~ will solve, CPEC will be accelerated and so is the Pakistan's economy. So CPEC has the potential to solve the economic problems of Pakistan but ~~for~~ it is facing some problems, and Pakistan needs to solve these problems smartly.

Fourthly, Special Investment ^{ment} Facilitation Council SIFC is a great initiative but needs to be strengthened. Pakistan is currently lacking foreign direct investment (FDI) and SIFC is there to solve this problem. Many investors do not invest in Pakistan because of more rules and regulation, and following procedures which are long and time consuming. SIFC is to attract FDI by reducing these hurdles. Strengthening SIFC is crucial because it can really help to revive economy of Pakistan. SIFC can attract investment from big players like China and Saudi Arabia in agriculture sector. As these countries are facing food shortage and looking for an investment in agriculture, Pakistan can offer them the ~~pland~~ land for the investment. This can help Pakistan to bring agriculture revolution in the country and strengthening ties with these countries as well. SIFC can pave the way for this. Moreover, investment in IT sector through SIFC will be highly beneficial for the country. Pakistan has the required potential but lack of funding and investment is a major problem in the way of

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IT in Pakistan. Pakistan, through SIFC, can attract investors from all around the world to invest in the IT sector of Pakistan. So SIFC is a good initiative and has the potential to bring FDI in the country, but needs some attention from the stakeholders to integrate the council and work for the betterment of economy of Pakistan.

Fifthly, good governance is the base of the economic revival of Pakistan. Pakistan is not experiencing good governance from the very beginning unfortunately. Although good governance is the basic need for the economy to grow but governance in Pakistan is highly politically motivated. Every government, after gaining power, use the institutions for ~~the~~ its benefits rather than public interest or economic growth.

Good governance includes curbing corruption and increasing accountability, but governments of Pakistan, from beginning till now, are being criticized for corrupt practices. Politicians in the government only use the platforms of accountability to make the opposition cry. This needs to be stopped and promotion of good governance should be there. Good governance is a remedy for many ills. For better economy in the future Pakistan have to promote good governance.

Moreover, money laundering is adding fuel to the burning. ~~For~~ Almost all the politicians are being criticized for corrupt practices and money laundering. The remedy

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for this ill is the presence of strong institutions. These institutions should be free from political interference. Specially the National Accountability Bureau (NAB) needs to revive its legitimacy and work freely. So by promoting good governance, which means minimum corruption and maximum accountability, Pakistan can make progress economically.

Sixthly, Pakistan can achieve economic growth by empowering women. Pakistan has more women in population which are almost 51%. How can a nation make progress by ignoring major portion of the society? Women in Pakistan are dependent on man for financial support to a large extent. Majority of population cannot waste their time and energy in doing nothing for the economic growth in developing countries like Pakistan. Cultural barriers are a main cause of this divide. Due to lack of education and awareness, the patriarchal society like Pakistan considers women to live in kitchen. But ~~the~~ the fact that women can perform well in medicine and other fields cannot be ignored. Women participation is very necessary for a country's economy to flourish. Countries like China, second largest economy of the world, are utilizing their man power effectively. Contrary to this, developing countries like Pakistan and Afghanistan cannot make progress without participation of women. Solution of this problem lies in IT. Conservative families and people can allow their women to

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use IT and provide services while staying at home. This will be highly beneficial for economy on one hand and the IT sector on the other. Pakistan can use this to flourish its economy. Pakistan can learn from major economies like China that how to use population effectively. So women are as important as men in economic revival and Pakistan needs to empower women in every sector to revive and flourish its economy.

Seventhly, privatization of state owned enterprises (SOEs) can decrease the burden from the shoulders of the government and can play a vital role in economic revival and betterment. Pakistan, currently, has about 113 SOEs and majority of them are running in loss. SOEs including Pakistan International Airline (PIA), Pakistan Steel Mills, and Pakistan Railways are running in loss. Additionally, international donors like IMF have also stressed on the need of privatization. So for the purpose of going loan from the IMF Pakistan needs to fulfil their conditions. Otherwise, without the support from IMF, it will be difficult to manage balance of payment and other expenses. There is a need of privatization because it proved beneficial in the past. Muslim Commercial Bank (MCB) was privatized in 1990s and today it is making progress at a rapid rate. Other banks including Habib Bank Limited (HBL) and United Bank Limited (UBL)

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are also making more progress than state owned bank i.e. National Bank of Pakistan (NBP). Same is the case with the power sector. Most of the distribution companies DISCOs are running in loss but K-electric is making progress at a rapid rate. It has reduced its losses from 34% to 14%. So crux of the debate is that it is not the job of the government to run enterprises rather to make policies and regulate them. So privatization of SOEs can give relief to the government from the burden and then these SOEs will be more beneficial for the economy of Pakistan by giving taxes.

Eightly, and lastly, IT sector can be used in flourishing economy. Gone are the days when economy of a country was only dependent on trading of agriculture goods and Carpets. In contemporary world IT is the most beneficial sector. Country like Pakistan, with a large number of youth, can make this sector a driving force for the economy of Pakistan. Currently, Pakistan is seriously lagging behind in IT sector as compared to USA, India, or even Bangladesh. Pakistan is only making \$3 billion annually as compared to India's \$270 billion and Bangladesh's \$50 billion. Better infrastructure including better internet is the basic requirement for the IT sector to grow. Moreover, brain drain is adding fuel to fire. Pakistan needs to improve its IT sector

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by improving internet and professionals. Today Pakistan needs 250,000 IT professionals to reach only 10% of India's exports. Unfortunately Pakistan is only producing 25,000 professionals each year and only 20% of them are skilled. Providing better opportunities and incentives can prevent Pakistan from brain drain. USA's GDP is currently the largest GDP in the world and IT sector is responsible for the 10% of that huge GDP. In this modern era a country cannot grow economically without promoting IT sector. Pakistan has the required potential in the form of youth but needs the will of the government to grow. So IT sector holds the potential to contribute in the economy of Pakistan and if proper policies are formulated then surely it will be helpful for the economy of Pakistan.

To conclude, Pakistan is currently facing many problems and economic crisis is one of them, but it is not a failed state in any sense. Good policies and hardwork will be enough for the better economic future. Pakistan can achieve sustainable economic growth by adopting different steps including good governance and industrial reforms. Well this is not the end of Pakistan as every dark cloud has a silver lining. If government of Pakistan shows will by promoting CPEC and SIFC, then the country will definitely grow economically. Moreover, if there is a will there is a way. So will of the stakeholders

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is highly important. By promoting agriculture and industries Pakistan can make its way. IT sector is also very important in this process and definitely women cannot be ignored in this process. Currently stock exchange is showing some positive trends and lets hope that the economy of Pakistan ~~will~~ may flourish soon.