

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

### Outline

#### 1. Introduction:

No, Pakistan cannot achieve sustainable growth due to political instability, low Gross Domestic Product (GDP) growth, increased population, brain drain, and militant insurgency. Therefore, it is necessary to take measures to cope up above-mentioned challenges.

#### 2. Why Pakistan cannot achieve sustainable growth?

2.1. Political instability leading to policies discontinuation and decrease in Foreign Direct Investment (FDI).

2.2. low Gross Domestic Product Growth due to lesser business activities.

2.3. Governance Challenges to manage population of nearly 200 million people.

2.4. Increase in brain drain due to lesser job opportunities in the country.

Example: Nearly 80,000 people left the country in 2024.

2.5. Militant insurgency impacting the economic activities of the country.

For example: China Pakistan Economic Corridor phase-II facing challenges due to militant insurgency.

2.6. less investment in education and research and development (R and D), decreasing human capital development.

2.7. Frequent disruption in internet services, causing losses in Information and Technology (IT) Sector

2.8. Climate change destroying infrastructure and causing losses in agriculture sector

2.9. Mismanagement of resources, hindering economic growth  
For example: water crisis in the country leads to increase in health expenditure and losses in water-sensitive economic activities.

3. Yes, the country can achieve the sustainable growth?

3.1. Growing political awareness forcing political leaders to prioritize national interests over self-interests.

3.2. Growing middle class, mostly youth, working hard to achieve better life standards.

4. Conclusion.

## The Essay

Once termed the future Asian tiger, Pakistan today faces an unprecedented economic crisis. Inflation is rising, purchasing power of the people is decreasing. There is increasing level of despair among the people of the country due to economic crisis. Various reasons have contributed to this situation.

Mainly, Pakistan is facing political since its inception. No government could complete its term, leading to disturbance in the economic activities in the country. Owing to the current scenario, Pakistan

cannot achieve sustainable growth due to political instability, loss Gross Domestic Product (GDP), increased population, brain drain, and militant insurgency. Some argue that growing

political awareness among people and growing middle class are the hopes that the country can achieve sustainable growth. However, these

factors alone cannot promise bright sustainable future. Therefore, it

is necessary to take certain measures to cope up with <sup>economic</sup> challenges

faced by the country.

Political instability, first and above all, is a major hurdle to achieve sustainable economic growth. It is a situation in which each political party desire to come to power, creating hurdles for existing government. In Pakistan, no government could complete its term due to lack of cooperation between the government and the opposition. Therefore, Pakistan has faced various economic model, such as nationalization, Marvard Trickle Down Effect, and Chrony Capitalism Model, leading to disruption in economic environment. Whenever new government comes to office, it intends to abolish previous policies. However, businesses need stable policies and predictable environment to grow. Hence, investors feel reluctant to investment in the country, leading to reduction in local and foreign direct investments (FDI). To achieve sustainable economic growth, it is necessary to have stable policies. In case of Pakistan, sustainable

growth cannot be achieved due to political instability and frequent policies discontinuation.

Further, lesser business activities in the country lead to low Gross Domestic Product (GDP) growth. Lesser investments in industries and other enterprises cause low production of commodities that are essential to meet the demands of the population. Gap in supply and demand has compelled the government to buy things from other countries, leading to increased fiscal deficit. For instance, in FY 2024, Pakistan's exports stood at \$63.8 billion whereas imports were of \$38.2 billion, causing fiscal deficit of \$24.4 billion. This imbalance between exports and imports has caused huge losses to economic sustainability. Foreign reserves are depleting rapidly due to high number of exports and less imports. Moreover, State-Owned Enterprises has been in losses due to politization and mismanagement. For instance, Pakistan International Airlines (PIA), and steel mills is in continuous losses. They have

become burden on the state and unable to contribute to sustainable Gross Domestic Product (GDP). Therefore, without balancing exports and imports and reforming the state owned enterprises, it is unlikely to achieve sustainable economic growth in the country.

Moreover, the government is unable to manage population of approximately 250 million people, exacerbating the economic crisis. Pakistan is ~~among~~ the 7th most populous country in the world. The governance challenges are increasing to manage this huge number of people. The State is unable to provide them better facilities. Huge number of people are unemployed. The country is unable to provide them job opportunities. This high number of population, mostly comprising youth, can be proof beneficial for the country but state's unsustainable approaches have made them burden on the economy of the country.

Further, due to lesser investments in the country, the country is unable to produce job opportunities for its highly-skilled youth. After graduation, youth of the country faces significant problems to gain job. Therefore, they start searching for better job opportunities abroad. That is why, youth of the country is leaving the country in huge number. For instance, in FY 2024, approximately 80,000 people left the country. Youth of a country is very important for economic growth as they have skills and energy. They can boost the economy of the country. However, in case of Pakistan, brain drain is causing significant losses to the economy. In this scenario, Pakistan cannot achieve sustainable growth.

In addition to brain drain, militant insurgency is impacting the economic activities of the country. Since Taliban



government has come to power in Afghanistan, Pakistan is facing significant security challenges. Militants has attacked <sup>many times</sup> on Pakistan, ~~many~~ making it unsafe for people. International image of the country is deteriorating due to the current scenario. Foreign investors feel reluctant to invest in the country. Moreover, ongoing projects are also facing challenges. For instance, China Pakistan Economic Corridor phase - II has hindered due to repeated attacks of militants on Chinese workers and citizens. This has huge implications on economy of the country. Hence, militant insurgency is one of the major hurdles in way of sustainable economy growth.

Moreover, the country is investing less in education, leading to decrease human capital development and research activities in the country. In today's world, research and development is a key to achieve sustainable

growth. However, Pakistan is investing less than 2 per-cent of its Gross Domestic Product (GDP) on education; whereas, 4 per-cent is recommended. Countries, which are showing economic progress, invest more in education and research and development. For instance, China's economic progress is attributed to its education sector. Its literacy rate was 20% in 1949; however, its literacy has reached to 97% in 2023. Pakistan is consistently spending less on education, thereby it cannot achieve sustainable economy growth.

Further, Pakistan's Information and Technology sector is facing challenges to contribute to economic growth of the country. The whole world is excelling in Information and Technology (IT) and boosting their economies. However, Pakistan is facing frequent internet disruption, impacting the sector negatively. For instance, in the following year, IT

Sector faces significant losses due to frequent internet disruptions. Freelance community faces challenges in their jobs. The country has remained unable to learn from its neighbour country, India. Today, India's economy is performing way more better than Pakistan's. It is all due to the government policies to boost IT sector and generate revenues from it. However, in Pakistan, governments' self-interests are major hurdles to pave its ways to boost IT sector.

Moreover, Climate change is another factor that restrain country to achieve sustainable growth. Despite its less than 1 per cent Carbon emission, the country is facing huge challenges owing to the climate change.

For instance, Floods of 2010 and 2022 caused havoc to the economy of the country. During 2022, GDP

of the country dropped drastically. In this regard, agricultural sector

faced major losses. Further, currently, Pakistan is facing draught. There has been no rains in the country, which are crucial for the crops such as wheat etc.

This would lead to significant economic losses as the agriculture sector contributes to 29 per-cent to the GDP of the country. Moreover, Pakistan is lacking to build climate-resilient infrastructures, causing disruptions to achieve sustainable growth.

Lastly, mismanagement of the resources has led to hindered economic growth.

Pakistan is facing scarcity of energy and water. Unsustainable energy production has led to decrease in industries growth in the country. Many industries has shut down due to

disruption in electricity. Moreover, the country's dams have

the capacity to store water only for 30 days. In comparison,

other South Asian countries have more capacity to store water. Therefore,

Pakistan is facing water crisis. As the country's is dependent on the agriculture sector to achieve sustainable growth, this scarcity of water would create significant losses to its economy. Hence, achieving sustainable growth has become difficult for Pakistan.

Opposite to above-mentioned stance, some proponents believe that Pakistan can achieve sustainable growth as the political awareness among the people is increasing. This will compel political parties to prioritize national interests over self-interests. Political parties will work to improve economy of the country and the country will be able to achieve sustainable growth.

Similarly, growing middle class also gives hope to some proponents that the country will be able to achieve sustainable growth. As the growing middle class in the urban centers

have become more aware about their rights, they vote according to the performances of the governments. Moreover, billions of people have internet facilities, they work as freelancers and contribute to economy of the country. However, alone these factors cannot ensure sustainable growth.

In conclusion, Pakistan is facing significant economic crisis and cannot achieve sustainable growth. Major hurdles include political instability, rising population, frequent internal disruption, and militant insurgency. Therefore, urgent steps are required to cope up these challenges. Only then Pakistan can achieve sustainable growth, otherwise it seems distant dream.