

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

Outline:

1. Introduction

A. Definition of Key Concepts

i. Economy (The study of production and consumption of goods and services is called economics. Therefore, the economy of a family, group or a state is total demand and supply of goods or services)

ii. Sustainable Growth (According to Amartya Sen, sustainable growth comes from overall human development)

B. Thesis Statement:

(Pakistan is a country with

huge untapped potential in the form of young population, natural resources and geo-strategic location, but, it can only embark on the journey to sustainable development by, improving its agriculture and education sector, strengthening its industry, achieving gender equality and climate Justice and adopting disruptive technologies)

2. An Overview of Pakistan's current Economic Outlook

(Examples, Pakistan has accumulated a debt of 354 billion dollars and its GDP stands at 374 billion dollars. So, current debt-to-GDP ratio is quite high 80%.)

3. Key Areas For Improvement to achieve Sustainable Growth in Future

A. Improvement in Agriculture

(Example, Agriculture accounts for around 23.5% of our GDP and it is biggest source of earning foreign exchange reserves)

B. Strengthening the Industrial Sector (Mining and Manufacturing)

(Example: Automobile, Beverages and iron and steel in manufacturing sector has posted negative growth. Similarly, sulphur has shown negative growth in mining sector)

C. Achieving Gender Equality and Inclusivity

(Example: Pakistan is ranked at 144th position according to Global Gender report)

D. Striving for Climate Justice

(Example: Pakistan contributes 0.6pc of total carbon emissions of world and yet one of the most vulnerable countries affected by Climate Change. For instance, 2022 floods shaved off 8pc of our GDP)

E. Improving the Educational Sector of Pakistan

(Example: Pakistan spends 1.7% of GDP on education, which is lesser than some African countries. Similarly,

26m children are out-of-school and 15% of schools in Balochistan do not have access to electricity)

F. Investing in overall Human Development

(Example: 40% of Pakistan's population is below the poverty line)

G. Adopting the Innovation at early stage

(Example: The AI and Crypto-currency revolution)

4. Facts highlighting that the country can indeed achieve sustainable growth

A. Young Population: The biggest strength of a Nation.

(Example: According to UNDP, 64% of Pakistan is below 30)

B. Untapped Potential of Country's Natural Resources

(Example: Copper, Gold and Silver

in Balochistan)

c. Geo-strategic location of
Pakistan

(Example: Gwadar Port and
its importance for world trade)

5. Conclusion

Pakistan, with a population of 241.5 million, is the 5th largest country and the only nuclear-capable country in the Muslim world, yet still it is on the precipice of becoming the first failed nuclear armed state (according to a Foreign Policy analyst; Robert A). To avert the potential failure of Pakistan as a state, its economy can play a huge part in achieving sustainable growth. An economy of a country is total demand and supply of goods or services, whereas, the production and consumption of goods and services are studied in the field of economics. To achieve sustainable growth, as highlighted by Amartya Sen, human development is the key. Amartya Sen, a noble prize winner was very critical on economic indicators, He believed that sustainable growth comes when human develops his/her lifestyle. Therefore, a country like Pakistan, with huge untapped potential in the form of young population, natural resources and geo-strategic location can embark on a journey to sustainable development and growth, only if, it improves its Agriculture and education sector, strengthens its industry,

achieves gender equality and climate justice and adopt disruptive technologies.

Before making any comments on the prospects of Pakistan's Economic future, it is crucial to draw an economic outlook of Pakistan. Pakistan is an import dependant country which has acquired a debt of 354 billion dollars, making its debt to GDP ratio at around 80%. Moreover, Pakistan Taxation system is inherently flawed. For instance, Pakistan's Tax-to-GDP ratio is 9%, whereas, the average in developing countries 18%. In addition to that, Pakistan's Per Capita GDP is 1680\$, which means an average monthly income of a household is around Rs. 38700 - a number significantly low to make the both ends meet. For a comparison, per capita GDP of, our immediate neighbour, India is 2400\$, United States 7000\$ and Singapore is 78,000\$. To add more, energy prices in Pakistan are in continuous uptrend (From Rs. 17/unit to 24/unit in just three years). According to Prime Minister of Pakistan Mian Muhammad Shehbaz Sharif, "Pakistan makes one of the

most expensive electricity in South Asia". These facts show Pakistan's vulnerabilities as a state. To make sure Pakistan does not get the title of a failed state, improvement in the following key areas is absolutely crucial to achieve sustainable growth.

For any nation or a state, agriculture is always the backbone. Its importance for Pakistan cannot be understated as it accounts for more than half of employed labour force, contributes around 23.5 p.c to the GDP and it is the highest and biggest source of earning foreign exchange reserves according to Economic Survey of Pakistan 23-24. As per ESP 2023-24, agriculture overall has contributed 6.25% and to be specific; cotton has posted a positive growth of 108%, rice has shown growth of 34% and wheat has also reflected growth of 11.6%. Despite these growths on paper, our agriculture practices remain unsustainable. Huge potential is wasted due to poor irrigation system and outdated post harvest processing and handling. It is a

wake-up call for authorities as 30-40% of agricultural production is wasted due to poor post harvesting and handling as per the World Bank. Pakistan, therefore, needs to swiftly shift to sustainable practices, such as Regenerative Agriculture, modern water irrigated techniques and better cold-storage facilities for post harvest handling. According to the World Bank, Pakistan can double its Agricultural exports by 2050 if it is able to modernize its agriculture sector.

Similarly,

Industrial sector of Pakistan has share of around 18.4% in GDP of Pakistan.

According to Economic Survey of Pakistan, following segments have shown Positive growth; Pharmaceutical (23%), Furniture (23%), Wearing apparel (5%) and leather (5%), whereas,

Automobile, Beverages, Iron and Steel have posted negative growth. The biggest problem to tackle stagnant industrial growth in Pakistan is high energy prices which makes our exports less competitive.

The high energy prices is due to the

Volatility of hydrocarbons prices in Global Markets which can be affected by the geo-political environment. Therefore, for sustainable growth, Pakistan needs to decouple its dependence on imported hydrocarbons and look for cheap and efficient energy alternatives. Around the globe, numerous countries have invested on innovative technologies such as India's solar roofing over canals, or Photovoltaic solar motorway roofing, re-designing of cities to adapt to bicycles and Norway's solar pavements, can provide ample evidence that if there is a will there is a way.

Another area that demands immediate attention from not just Pakistani authorities but from all over the world is Gender equality and inclusivity. According to UN, a woman earns 54 cents for every \$ earned by a man. Similar kind of inequality in terms of wage and social condition exists in social fabric of Pakistan. Any development without including all

segments of society is unsustainable, therefore, sustainable growth requires Pakistani authorities to take steps to integrate fully the women of Pakistan into its economy by providing equal opportunities. According to UN Gender Gap report, Pakistan is ranked at 144 out of 146 countries. Women's contributions are often neglected in patriarchal society, but history tells us that women indeed played a crucial role whether it is in the war of independence of 1857 as a spying agent or in the 1965-70s-Pakistan war. Therefore, giving women their due credit is necessary for sustainable growth.

To add more, Climate injustice with developing countries such as Pakistan impedes their prospects of sustainable growth. Pakistan is among the top-10 most vulnerable countries due to climate change. According to National Adaptation Plan 2023, the floods of 2022 resulted in the displacement of millions, almost 1700 lost their lives and our economy lost 28bn dollars. (To be very precise, floods of 2022 shaved off 8% from

on GDP). To prevent serious losses in the future, Pakistan needs to project its climatic concerns to the world and must do efforts to mobilize international community behind its cause. Pakistan, despite contributing only 0.6% to the Global Carbon emission bears the most brunt of it. For sustainable development, Pakistan immediately needs to make changes in population planning and urban management. Environmental diplomacy also needs to be strengthened, because in COP 29, countries (responsible for global warming) have pledged \$300 bn dollars, which is remarkably low than the actual need. For instance, developing nations need minimum \$1.3 trillion and actual \$3 trillion to tackle the climate change (or 1 billion dollars a day).

Somebody has very wisely said that, "future of a nation is decided in class room". This famous saying brings our attention to a neglected sector of Pakistan society. The importance of education

is unprecedented. For instance, Holy Prophet PBUH said, "The Ark of a Scholar is more sacred than the sword of Mastur". Similarly, at one instance; Nelson Mandela said, "Education is the most powerful weapon one can use to change the world".

Despite such importance, Pakistan spends only of a fraction of its GDP on Education Sector (1.7% of GDP on education). Sustainable Development Goal -4 further highlights the importance and sets standards for quality education in Pakistan (SDG-4). Unfortunately, 26 million children are out of school, 15% of schools in Balochistan do not have access to electricity and Quality education is a luxury in Pakistan. While the authorities are willing to reduce the number of out-of-school children to half, they also need to learn from Japanese Education System which is designed in such a way that it produces youth which is ready for contribution in any field.

To actually embark ourselves on the journey

on the journey to sustainable growth, Pakistani authorities needs to work tirelessly for actual human development but not just on papers. It is often been seen that authorities boasted about stock market gains, ignoring the fact that the market gains are actually sentiment based not value driven. On paper the inflation has reduced to 4.9%, but 40% of Pakistan population still remains below poverty line set by world bank (earning less than \$2.15 per day). To make sure, Pakistan is not left behind, it needs to constantly look for new opportunities. Pakistan can no longer afford to behave like The Pigeon who closes its eyes whenever it sees a cat. The authorities needs to ride the revolution of AI and cryptocurrency, and invest timely in these disruptive technologies before its too late. For instance, Bitcoin - biggest cryptocurrency - was trading at 0.10 cents in 2010, and now it is trading at around \$100,000.

Therefore,
despite having so much untapped potential

in the form of young population, natural resources and geo-strategic location, Pakistan Economy is still stagnant showing a modest Growth rate of 2.38 pc, whereas its immediate neighbour India has shown a consistent growth rate of 6-7% annually. The biggest asset of any nation or a state is its young population, where countries like Japan and Russia are constantly aging, Pakistan has 64% of its population below the age of 30 according to United Nations Development Programme. With this significantly young population, Pakistan can not only flourish in IT sector by bringing dollars to our country, it can also be an attractive state for MNCs to exploit the young workforce. Despite having such great potential, Pakistan's unemployment rate is 6.25% which means out of 71.5 million labour workforce, 4.51 million are still unemployed. Pakistan's authorities need to integrate the youth into economy to achieve sustainable growth by giving incentives to youth and by promoting entrepreneurship.

Similarly, Pakistan is a resource rich country which shows that Pakistan has every element for a country to embark on journey to sustainable growth such as young people, natural resources and geographical importance. Pakistan has large reservoirs of copper in Balochistan, and according to scientists, copper is usually accompanied by Gold and Silver. The natural resources can be an attraction for countries like China, Saudi Arabia and Canada who are always interested in infrastructural and technological development. Despite having such great potential, Pakistan is yet unable to project its geo-strategic importance to its highest level. For instance, Gwadar Port - 'a jewel in crown' is unable to be the largest port for trading activity, due to bureaucratic inefficiencies and delays. Pakistan stands at the crossroads of important regions such as Middle East, Central and Africa, therefore its importance can not be understated. The need is to strategically

advertise the goods of Pakistan to tick all the boxes to achieve sustainable growth.

In Conclusion, Pakistan can indeed embash itself on the journey to sustainable growth and development, if its authorities are capable enough to make improvements in key areas such as Agriculture (by shifting to regenerative agriculture), Industry (by decoupling dependence on hydrocarbons), Education (by assuring its access for all segments of society), Gender Equality (by giving women its due share and Innovation (by early adoption of disruptive technologies). Unless these changes are made, which often comes at political cost, the economic trajectory of Pakistan will continue to disintegrate. To achieve full sustainable development and growth, Pakistan while adhering to sustainable development goals (SDGs), also needs to give enough weightage to the analysis of noble prize winner - Amartya Sen, whose work highlighted that sustainable growth

is not reflected on paper, but through actual human development. Indeed, the journey to sustainable growth is long and tiresome but it is very famously said that, "Journey to thousand miles always start with a step".