

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

Outline

I Introduction

Thesis Statement: The critics argue that Pakistan cannot achieve sustainable growth because of increasing budget deficit and trade deficit. However, valuable human resources, foreign investment and shift to geo-economics entail that the country can achieve sustainable growth.

II Historical overview of the economy of Pakistan

- Five economic phases

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III Contemporary overview of the economy of Pakistan

World Economic Forum: The country is out of the danger of default

IV Pakistan's economic future seem dark: it cannot achieve Sustainable growth (Anti-Thesis)

A. Dependency on loan
24th IMF bailout programme

B. Budget deficit of Pakistan

→ 13 trillion

C. Circular debt of Pakistan

→ 30% of the GDP

D. Trade deficit of Pakistan

→ Higher ^{imports} expo. than exports

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✓ Pakistan's economic future is bright: it can achieve sustainable growth (Thesis)

A. Shift to geo-economic from geo-politics

National Security Policy of Pakistan 2021

B. Foreign investment through SIFC

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Saudi-Arabia pledged to invest 5 billion dollars

C. Special Economic Zones under CPEC

→ Eight Special Economic Zones

D. Valuable human resources of Pakistan

1. Vast nation

2. Young population

E. Digitalisation of taxation

1. eradicating ^{the} informal economy
2. ending budget deficit

F. Promotion of tourism industry

1. Bring economic benefits
2. improve image of the country for attracting investors

G. Achievement of macroeconomic stability

1. Controlled inflation
2. Improved economic ranking by Moody

VI Conclusion

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Singapore, an Asian country, faced severe economic crisis due to internal problems. Despite this, it successfully came out of its stifling economic crisis and achieved sustainable growth by utilizing its resources. Singapore had faced some economic crisis that Pakistan is experiencing. However, it managed to mitigate its economic crisis. Similarly, Pakistan can also mitigate its economic crisis and achieve sustainable growth. The critics argue that Pakistan cannot achieve sustainable growth because of increasing budget deficit and trade deficit. However, valuable human resources, foreign investment and shift to geo-economic entail that the country can achieve sustainable growth. The critics argue that budget deficit, loan dependency and circular debt pose serious challenges to the sustainable growth of the country. Opposite to this, macroeconomic stability, vast human resources and digitalisation of tax offer hope for achieving the sustainable growth. Moreover, increasing foreign investment through SIFC and shift to geo-economic also contribute in

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in achieving the sustainable growth. The economy of Pakistan has faced various phases. The first phase starts during the reign of Ayub Khan. The second phase was during the period of Bhutto. The third and fourth phase was during the rule of Zia and Benazir. The period of Mushraff is known as the fifth phase of economy. The first and second phase experienced growth. The fourth phase was not economically stable. The fifth phase also saw economic growth. This is the economic history of the country.

The contemporary overview suggest that the country is experiencing economic stability. The 2023 year was a difficult year for the economy of the country. During 2023, the country was experiencing the fear of default. Currently, this fear has been vanished. World Economic Forum has also suggested that the country is out of the danger of default. Hence, the contemporary overview offers a bright picture of the economy of Pakistan.

To begin with, Critics argue that the dependency of the country on

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loan poses hurdles for achieving the sustainable growth. The loan takes much of the money of the country. The remaining budget proves insufficient for managing the affairs of the country. Currently, 24th IMF agreement has been signed by the authorities of Pakistan. Hence, the dependency on loan restrict economic growth in the country.

Apart from this, budget deficit of Pakistan also poses a challenge to the sustainable growth of the country. According to the budget of the country 2024-25, budget deficit reached to 13 trillion. This deficit creates difficult situation for the country to manage its affairs. Thus, the budget deficit of the country restrict economic growth of the country.

Moreover, opponents argue that increasing circular debt also poses challenge to the economic growth of the country. The circular debt stems from energy sector. According to **Economic Survey of Pakistan**, the circular debt of the country has reached to 30%. The circular debt restrict the

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the country to achieve sustainable growth because it engulfs the money and minimum amount is left. Thus, circular debt of the country restricts the sustainable growth in Pakistan.

Additionally, the trade deficit, according to critics, also restricts economically sustainable growth in Pakistan. The trade deficit occurs when imports are higher than exports. This results in depleting foreign exchange reserves. The depletion of foreign exchange reserves put economic pressure on the country. Hence, the trade deficit restricts the sustainable growth to prevail in the country.

According to critics, the sustainable growth is remains a distant dream in the country. However, it is not true at all. The efficient steps and valuable resources of the country enlightens the hope of sustainable growth in Pakistan in upcoming future.

The shift to geo-economics in the foreign policy of Pakistan proves that Pakistan can achieve the sustainable growth. The National Security Policy 2021 has shifted the

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the focus of the country from geo-political to geo-economic. This will result in making relations with foreign on the basis of economy. This will promote economic relations of Pakistan with other countries. Consequently, it will promote the sustainable growth in the country by attracting foreign direct investment and increasing exports. Hence, shift to geo-economic indicate that Pakistan can achieve the sustainable growth in future.

Similarly, attracting foreign direct investment through SIFC results in enhancing the sustainable growth in future. Special Investment Facilitation Council, an initiative of Army chief, aims at attracting foreign investment in Pakistan. Many countries has pledged to invest in the country due to this council. Saudi Arabia and UAE have promised to invest 5 billion and 20 billion dollar in Pakistan. Consequently, the foreign investment will increase employment and boost local industries. By boosting its industries, the country can achieve the sustainable growth.

Furthermore, CPEC phase II aims at promoting the sustainable growth in Pakistan. The phase I has turned the country into a transit hub. The phase II has aimed at establishing **eight Special Economic Zones** that will result in boosting industrial production. The industrial production will result in enhancing the exports of the country. Hence, the country can achieve the growth. Thus, CPEC phase II promotes the sustainable growth in the country in future.

In the same manner, valuable human resources of the country can assist it to achieve the sustainable growth in future. The country has a vast nation mostly comprising of young population. According to **United Nations Development Programme (UNDP)**, ~~it~~ estimates that the country include 67% young population. By following the example of Japan, this young population can prove to be pure gold. Enriching youth with digital skills will result in enhancing the economic growth of

the country. Hence, the human resources can promote the sustainable growth in the country in future.

In Apart from this, the digitalisation of tax will also result in achieving the sustainable growth in the country. The digitalisation process will end informal economy and Tax evasion. The eradication of tax evasion will promote budget surplus. The budget surplus results in achieving the sustainable growth. Hence, the digitalisation of tax will promote the sustainable growth in the country.

Most importantly, the promotion of tourism industry will also ensure the sustainable growth in Pakistan. Recently, **Tourism index** has announced the country as the 2nd best South Asian country to visit. The incoming of foreign tourists will not only improve the image of the country but also offer economic benefits. The improved image of the country will attract foreign investment because the investors will invest in the country. Apart from this the country can gain economic benefits like Switzerland by promoting tourism.

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Thus, the promotion of tourism will result in achieving the sustainable growth in the country.

The achievement of macroeconomic stability in the country ignites a hope of achieving the sustainable growth in Pakistan. The country has controlled inflation. According to the **Economic Survey of Pakistan**, inflation in Pakistan has been reduced to 2% from 4%. Moreover, the fear of default no longer persists in the economy.

Moody, a global economic institution, has improved the economic ranking of the country. Hence, this macroeconomic stability will ensure the sustainable growth in the country in future.

To conclude, it becomes obvious that Pakistan can achieve sustainable growth as proved by various factors. These factors include shift to geo-economics, foreign investment through SIFC and Special Economic Zones under CPEC. Moreover, valuable human resources, digitalisation of tax and achievement of macroeconomic stability also prove that the country can achieve sustainable growth in future. Hence, all these factors prove that

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the economic future of the country is bright. While some critics argue that dependency on loans, budget deficit and trade deficit pose challenges to the bright future of the economic of the country. However, the factors such as digitalisation of tax, foreign investment through SIFC and human resources eradicate the dependency of the country on loan and mitigate these deficits. Thus, the day is not far enough when Pakistan will achieve Sustainable growth. Hence, the economic future of Pakistan is bright like a sunny day in winter.