

**Role of Diaspora in the Economic Development of Pakistan: A Case Study of Pakistan  
Tehreek-e-Insaf Government**

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**ABSTRACT**

*This study analyses the important role of the Pakistani diaspora in Pakistan's economic development, especially regarding remittances, investment, and the influence of government policies. The research is designed to look into the diaspora's contribution along economic, social, and cultural dimensions and will take into account historical patterns of migration and current impacts. This study uses secondary data and is based on the dataset taken from World Development Indicators. Data for this research will be collected and analyzed from 2018, when the Pakistan Tehreek-e-Insaf first came to power until the end of their five years in power. It generates 60 monthly observations spread over a five-year period, giving adequate and robust data during that period. The econometric model ordinary least square (OLS) was developed for this study to examine the effects of foreign remittances, human capital, foreign direct investment (FDI), and government policies on the economic development of Pakistan. The descriptive statistics and correlation analyses is applied to analyse the relationships among the variables. The OLS model indicates that remittances during this era has decreased the GDP while FDI, Human capital investment and government policies have increased the economic development of Pakistan. Research has pointed out that efforts by the government in regard to remittances must needed some leverage and management. However, bureaucratic inefficiencies, political instability, and a trust deficit between the diaspora and local institutions are still considerable obstacles for maximum economic impact. The Pakistani diaspora plays a multifaceted role in the world, including cultural exchange and philanthropy. This analysis recommends enhanced policy Support for FDI, diaspora engagement and strengthening the channels of remittance.*

**Keywords:** Pakistan, Economic development, foreign remittances, Diaspora, Human Capital, Foreign Direct Investment, GDP, Pakistan Tehreek-e-Insaf (PTI), government policies.

**INTRODUCTION**

The word "diaspora" refers to Pakistani individuals who reside outside their country of origin, including those who have migrated permanently and those who work abroad temporarily. These individuals maintain economic, social, and emotional ties with Pakistan and often contribute to its development through remittances, investments, and other forms of engagement. (Abdulloeva, N. 2023) Economic Development means policies or activities that seek to improve the economic well-being and quality of life for a community. Economic development is the process whereby simple, low-income national economies are transformed into modern industrial economies. Although the term is sometimes used as a synonym for economic growth, generally, it is employed to describe a change in a country's economy involving qualitative and quantitative improvements. Thus, the diaspora can play an important role in the upgrading of the economy of their home countries. The people send their money to their families, which easily fulfils the families' needs and boosts the local economies. (Mishra 2024).

Most of them invest that money in small businesses or real estate, which can easily generate enough capital for them. Apart from that, when such people come back to their homelands with new skills and knowledge, they can create a roadway to innovation. Similarly, such diaspora members sometimes build official trade and industrial deals with their host home countries, which promote economic exchange in a high volume.

Their business mind and investment plans build new businesses, which creates more jobs for the lower classes of society. (Mousa 2024) Such entrepreneurs contribute to social welfare, community projects and infrastructures like roads and railways. After all, their visits to their homelands can promote tourism, which is also a dollar industry; therefore, such efforts in the diaspora can elevate not only the economy but it will also boost relationships with international communities. Nonetheless, the Pakistani diaspora is one of the most extensive and prominent immigrant communities around the world. Pakistani immigrants, who are spread across the globe with significant populations in the Middle East, North America, Europe, and Australia, have consistently contributed to the economy of the country. Their remittances have been a breathing air for many families and the best source of foreign exchange for the country (Gelb 2024) Undoubtedly, in recent years, remittances from the Pakistani diaspora have exceeded \$20 billion annually, highlighting their vital role in the domestic economy. Other than that, the tenure of the Pakistan Tehreek-e-Insaf (PTI) government, headed by Prime Minister Imran Khan from 2018 to 2022, marked a significant period in diaspora engagement. The PTI government initiated several policies aimed at manipulating their contributions more effectively because they recognized the economic potential of the diaspora. This period initiated many innovative policies for the mobilization of diaspora resources, with a special focus on remittances, investments, and entrepreneurial progress.

Understanding the role of the diaspora in this context requires examining the specific initiatives launched by the PTI government, their implementation, and the resulting impact on Pakistan's economic development. This analysis provides valuable insights into the strategies that can harness the potential of diaspora communities for national growth and development. This period is marked by several distinctive factors that make it an important case study. The PTI government demonstrated a strong commitment to engaging the Pakistani diaspora, recognizing their potential as a critical driver of economic growth. (Ciabbari, Luca 2024). Unlike previous administrations, the PTI government prioritized creating formal channels to facilitate the contributions of overseas Pakistanis. This proactive approach was evident in the introduction of several innovative financial instruments aimed specifically at attracting diaspora investments. The most notable among these was the Roshan Digital Account, which allowed non-resident Pakistanis to open and operate bank accounts in Pakistan digitally. This initiative simplified the process of investing in Pakistan and facilitated the flow of remittances, significantly increasing the volume of financial inflows from overseas. Moreover, the RDA facilitated financial transactions, and investment in various financial products such as stocks and bonds, and the ease of sending remittances back home. This initiative not only simplified financial interactions for overseas Pakistanis but also encouraged them to invest their savings in their homeland. However, the PTI government faced significant economic challenges, including a large fiscal deficit, a struggling balance of payments, and the need for structural economic reforms. The government viewed diaspora engagement as a strategic tool to address these challenges by boosting foreign exchange reserves, increasing investment, and supporting economic stability. Additionally, efforts were made to attract foreign direct investment (FDI) from expatriates by offering investment opportunities in various sectors such as real estate, technology, and infrastructure (Abbasi 2024). These policies included tax breaks, simplified regulatory procedures, and access to special economic zones (SEZs). The government also emphasized the importance of leveraging the diaspora's expertise and entrepreneurial skills, encouraging overseas Pakistanis to contribute to the development of key sectors like healthcare, education, and technology. By facilitating mentorship, collaboration, and innovation, these initiatives aimed to enhance Pakistan's human capital and technological capabilities, driving long-term economic development. The PTI government launched the Pakistan Remittance Initiative (PRI) to streamline and incentivize remittance flows into the country. The PRI aimed to make the process of sending money home more efficient and cost-effective. It introduced measures such as reduced transaction fees, faster processing times, and enhanced transparency and security of remittance transactions. (Rashid 2023) By promoting formal channels for remittance transfers, the PRI discouraged informal channels, thus increasing the transparency of financial transactions and contributing to the country's foreign exchange reserves. To attract investments from overseas, the government introduced the Naya Pakistan Certificates (NPC). The NPCs offered

competitive returns in both Pakistani Rupees and US Dollars, providing an attractive revenue for overseas Pakistanis to invest their savings. By channeling diaspora savings into productive economic activities, the NPCs contributed to the government's efforts to address the country's fiscal challenges and bolster its foreign exchange reserves. The government also established the Pakistan Diaspora Investment Initiative to promote investment opportunities in key sectors such as real estate, technology, agriculture, and infrastructure. Recognizing the diaspora's interest in real estate (Malik 2020) the PTI government introduced policies to facilitate investments, which included easing regulations for property purchases, offering incentives for construction projects, and launching the Naya Pakistan Housing Program aimed at providing affordable housing. The PTI government established engagement platforms and policy forums, such as the Overseas Pakistanis Foundation (OPF), to provide structured mechanisms for diaspora participation in policy-making processes. These platforms allowed overseas Pakistanis to voice their concerns, offer suggestions, and participate in shaping policies that affect their homeland. By actively involving the diaspora in the country's development agenda, the government aimed to foster a stronger connection between overseas Pakistanis and their homeland, ensuring their contributions were effectively utilized for national development.

#### **STATEMENT OF THE PROBLEM**

The increasing significance of the role of diaspora in the economic development of Pakistan is greatly demanded to inquire about the effects of employees' remittances on economic development in Pakistan. The inflows of foreign remittances could generate a ripple effect in the receiving nation if properly and strategically castoff in sector-specific manners. The previous studies are either done in context to FDI inflows or household utilization but the main focus towards real economic development has been neglected. This analysis provides the channel of overall economic indexes like GDP and how remittances influence education, healthcare, infrastructure, and Human capital investment. Understanding these subdivision-distinguishing belongings is important for planning targeted guidelines along with incorporating government policies. Hence, this research examines a new pave of knowledge by providing how remittances influence educational accomplishment, healthcare approach, foundation growth, and SME funding, government policies to better advantage of these funds for sustainable development and financial progress. Moreover, discussing this analysis has supported valuable understandings for policymakers to exaggerate the definite impacts of remittances.

#### **HYPOTHESES OF THE STUDY**

- H1: There is no statistically significant impact between foreign Remittances on Economic development.
- H2: There is no statistically significant impact of foreign direct investment on economic development.
- H3: There is no statistically significant impact of the human capital index on economic development.
- H4: There is no statistically significant impact of government policies on economic development.

#### **SIGNIFICANCE OF THE STUDY**

This study significantly contributes to the area of research, investment and economic development by identifying the key impact of diaspora during the PTI regime. This study has unveiled the key policy guides for investment plans, economic initiative plans, and international and developmental effects by the diaspora. Moreover, the qualitative analysis of the diaspora has significantly filled the gap with real facts and figures for future guidelines regarding economic development to policymakers, researchers and stakeholders. In addition, the quantitative aspect by the regression technique has provided the magnitude and direction of variables. This analysis has further enhanced the diversity, clarity and accuracy for the policymakers in making positive strategical policies regarding diaspora for economic development for Pakistan

#### **OBJECTIVE OF THE STUDY**

##### **MAIN OBJECTIVE**

To identify the impact of the Pakistani diaspora (Remittances) on economic development during the PTI government's tenure.

#### **SUB-OBJECTIVES**

- To examine the impact of foreign direct investment on economic development during the Pakistan Tehreek-e-Insaf regime.
- To analyze the impact of human capital contributing to economic development during the Pakistan Tehreek-e-Insaf regime.
- To identify the Pakistan Tehreek-e-Insaf government's policies (policy support) aimed at engaging the Pakistani diaspora for economic development.

#### **RESEARCH QUESTIONS**

- Has the Pakistani diaspora (Remittances) increased economic development during the Pakistan Tehreek-e-Insaf government's tenure?
- How did foreign direct investment increase economic development during the Pakistan Tehreek-e-Insaf regime?
- How did human capital investment contribute to economic development during the Pakistan Tehreek-e-Insaf regime?
- How Pakistan Tehreek-e-Insaf government's policies (policy support) affect the Pakistani diaspora for economic development?

#### **SOURCES AND METHODOLOGY**

Secondary data is collected from the World Development Indicator (WDI), 2024. The (PTI) Pakistan Tehreek-e-Insaf regime considered from 2018 to 2022 comprised five years which is converted to monthly 60 observations for robust economic analysis such as validity and significance of the results. To examine the impact of foreign remittances on the economic development of Pakistan during the regime of (the PTI) Pakistan Tehreek-e-Insaf government the following variables are considered. Economic Development (GDP) is the dependent variable while independent variables are foreign Remittances, foreign direct investment (FDI), human capital index, and government policies.

#### **GAP OF THE STUDY**

All the previous studies are done solely in a different context to the economic development of Pakistan. Comprehensive research on the impact of diaspora engagement on Pakistan's GDP, particularly during the PTI regime has not been done earlier. Hence, this analysis has unveiled the effectiveness of policies aimed at leveraging the Pakistani diaspora's potential for increasing economic development through human capital investment, FDI and government policies. Furthermore, an exploration of the relationship between FDI and economic growth, along with an assessment of the impact of human capital investment and government policies on the economic growth of Pakistan, has been revealed. By addressing these gaps, researchers have provided valuable insights for policymakers to devise effective strategies for promoting economic growth and development in Pakistan.

#### **LITERATURE REVIEW**

Farooq et al. *The facts of return migration in the wake of COVID-19: A policy framework for reintegration of Pakistani workers.* (2023) examined that the research investigates how the COVID-19 pandemic has affected Pakistani emigration abroad, looking at both the departure and return of workers. It emphasizes difficulties encountered by returnees because of insufficient government reintegration efforts and lack of knowledge regarding support options. Concerning government policy towards the diaspora, the study highlights the importance of taking proactive steps to assist returning migrants. This involves educating prospective migrants and their families about reintegration procedures prior to leaving and strategically utilizing remittances to promote economic self-reliance and entrepreneurship. In conclusion, successful government strategies for diaspora should include strong reintegration plans to address pandemic disruptions and support long-term development in countries of origin.

Riaz et al., *The Impact of Expatriate Remittances on Economic Growth in Pakistan Economy.*" (2023) This study looks at how remittances impact economic growth in Pakistan. Pakistan ranks tenth in the world for remittances received. Understanding this link can help policymakers. Data from 2001 to 2019 was collected from the World Bank. The study used GDP per person growth and remittances as key measures. According to tests, remittances have significant immediate and long-term effects on economic growth. The study suggests that policymakers can use these findings to manage migrant labor better. Remittances to Pakistan increased from \$19.9 billion in 2020 to \$31.9 billion in 2021, helping to improve the balance of payments, support the local currency, and boost consumption and investment. These funds have strengthened the currency, improved the balance of payments, and stabilized reserves, leading to better economic development, more investment, higher consumption, and improved living conditions. The government should continue encouraging remittances to support economic growth.

Chishti et al., *Exploring the dynamic link between FDI, remittances, and ecological footprint in Pakistan: evidence from partial and multiple wavelet analysis.*" (2023) This study looks at how foreign investment, money sent from abroad, and environmental impact are connected in Pakistan from 1976 to 2020, the study examines these relationships. It finds that foreign investment and remittances are closely linked to environmental changes. This suggests that changes in foreign investment and money sent from abroad can affect the environment. The study suggests some policies to address environmental issues based on these findings.

Gelb Stephen, *Diaspora resource flows as a vehicle for sustainable development* (2024). This chapter reviews the economic improvements shipped by migrants to their home nations, concentrating on two main types: remittances and exodus contributions. Remittances are the money shipped by migrant households to their kin or companions back home, while exodus investments include funds spent by migrants in trades or public projects in their home country, accompanying a belief in fiscal returns. The chapter highlights the important act of exodus finance worldwide and reviews the differing forms these economic flows take. It also points out that exodus contributions influence in addition to just services; they too transfer valuable information, in the way that new electronics and trade abilities. Migrants have a singular benefit in giving this information by way of their relations and knowledge in both their home and host nations

Khan et al. . *The Impact of Remittances and Official Development Assistance on Human Capital: An Evidence from Pakistan.* (2024) examined that developing countries gain advantages from foreign investments to enhance their human resources, which contributes to economic advancement. This study investigates how foreign funds and aid have affected the population in Pakistan, utilizing data spanning 32 years from 1990 to 2021. The response variable is human capital, with official development assistance and remittances as explanatory variables, and urban population and financial development as control variables. The findings indicate that human capital is positively affected by remittances, financial development, and urban population, but not by official development assistance. These results are by economic theories and can assist policymakers in grasping the impact of foreign financial aid and remittances on economic growth and human development.

Lindsay et al. *Migration and development finance: A survey experiment on diaspora bonds.* (2024) studied how diaspora populations interact with their countries of origin via governmental measures, with a specific emphasis on diaspora bonds. Your study focuses on the reasons why diaspora individuals are willing to invest in government bonds of their home country, emphasizing factors such as national pride and economic growth. Diaspora investment can be further encouraged by political backing and stability, supporting efforts for governance reform and national advancement. Efficient policies and marketing approaches that focus on these motives can boost diaspora involvement and optimize the effectiveness of diaspora bond programs.

## **METHODOLOGY**

### **DATA SOURCE**

Secondary data will be collected from the World Development Indicator (WDI),2024. The (PTI) Pakistan Tahreek-e-Insaf regime from 2018 to 2022 comprised five years. Which are converted to months for economic analysis. The five-year observation is converted to 60 observations for the validity and

significance of the results. To examine the impact of foreign remittances on the economic development of Pakistan during the regime of (the PTI) Pakistan Tareek e Insaf government the following variables are considered.

#### **LIST OF VARIABLES**

##### **DEPENDENT VARIABLE**

Economic Growth is measured as GDP per capita growth (annual %) in US\$.

##### **INDEPENDENT VARIABLES**

1. Foreign Remittances: Personal remittances, received (% of GDP)
2. Foreign Direct Investment (FDI): Foreign direct investment, net (BoP, current US\$)
3. Human Capital Index (HCI): Human capital index (HCI) (scale 0-1)
4. Government Policies: Government Effectiveness: Estimate

##### **ECONOMETRIC MODEL**

The econometric model is analyzed for foreign remittances in the context of the economic development of Pakistan during the PTI government. The model is written as

$$ED = \beta_1 FR + \beta_2 HCI + \beta_3 FDI + \beta_4 GP + \varepsilon_t$$

ED is economic development, FR is foreign remittances, HCI is human capital index, FDI is foreign direct investment, and GP is government policies.  $\varepsilon_t$  is the error term for the specified time period in which the random error term is included in a regression model to account for the variation in the outcome variable that is not explained by the predictor variables included in the model. It represents the inevitable errors of prediction in the model, thus making the model realistic and bias-free to some extent.

##### **DESCRIPTIVE STATISTICS**

Descriptive statistics is the branch of statistics concerned with describing the characteristics of the known data. Descriptive statistics provides summaries about either the population data or the sample data. Descriptive statistics can be defined as a field of statistics that is used to summarize the characteristics of a sample by utilizing certain quantitative techniques. It helps to provide simple and precise summaries of the sample and the observations using measures like mean, variance, graphs and charts. In other words, descriptive statistics is that part of statistics which quantitatively describes the characteristics of a particular dataset under the study, with the help of a brief summary of the sample. In descriptive statistics, data is summarized, organized, and presented in the form of charts and graphs.

##### **CORRELATION ANALYSIS**

Correlation analysis examines the linear relationship of variables. If the correlation analysis shows that two characteristics are related, it can then be investigated whether one variable can be used to predict the other. The strength of the correlation is determined by the correlation coefficient, which varies between -1 and +1. Positive correlation is present when larger values of variable A are accompanied by larger values of variable B while negative correlation is when larger values of variable A are accompanied by smaller values of variable B. Correlation indicates the relationship between two or more variables of a series so that changes in the values of one variable are associated with changes in the values of other variables.

##### **ORDINARY LEAST SQUARE (OLS)**

The ordinary least square (OLS) method is widely used to estimate the parameters of a linear regression model. Ordinary least square estimators minimize the sum of the square's errors (a difference between observed values and predicted values). Ordinary least square is a linear regression technique used to find the best-fitting line for a set of data points. It is a popular method because it is easy to produce decent results. In other words, ordinary least squares (OLS) regression is a statistical method of analysis that estimates the relationship between one or more independent variables and dependent variables. The ordinary least square (OLS) method is also called the least squares method for regression or linear regression.

##### **REGRESSION ANALYSIS**

Regression is the study of the nature of the relationship between the variables so that one may be able to predict the unknown value of one variable for a known value of another variable. In regression, one variable

is considered as an independent variable and another variable is taken as dependent variable. With the help of regression, possible values of the dependent variable are estimated based on the values of the independent variables.

### **RESULTS AND DISCUSSION**

The descriptive statistic (See Table:01) shows the general outlay of the data The first variable is economic development which is measured as GDP per capita in percentage form during the regime of Imran Khan for the tenure of 5 years the five years is converted into months comprised of 60 observations the mean value of economic development shows that on average for 60 months GDP per capita growth is about 1.9611 % of GDP the maximum value of economic development during the regime of Pakistan Tahreek e Insaf (PTI) government has reached about 6.166% while the minimum value of GDP per capita has declined to -3.584 foreign remittances during the five years was about 7.72% of foreign remittances. The maximum value has reached about 9.075 and the minimum value decline to 5.7249 moving towards foreign direct investment (FDI) shows a decline on average value of almost -1.680 whereas the minimum value reached about 8.3908 and the minimum value has declined to -2.3709. The human capital index is measured during this regime as a measure of human capital formation that ranges from 0-1. The on average for the five years the value reached about 0.4049 the maximum value has reached about 0.4135 and the lowest value during this regime was 0.3981. The government policy is measured as government effectiveness which shows the overall decline of government policy. During the 5 years it shows on average value of -0.60 and maximum value -0.42 and the minimum value has declined to the level of -0.8016. The skewness shows the tail or distribution of data economic development foreign remittances human capital index shows negative data while foreign direct investment (FDI) and government policy shows positive data. The value of kurtosis peakedness and tailless of data shows that FDI is leptokurtic has its value is greater than a normal value 3 while all other variables show the platykurtic distribution of the data that is economic development foreign remittances human capital index and government policy that value is low than the normal value that is 3.

**Table: 01 DESCRIPTIVE STATISTICS**

	ED	FR	FDI	HCI	GP
Mean	1.9611	7.7209	-1.680	0.4049	-0.6035
Maximum	6.166	9.0751	8.3908	0.4135	-0.4243
Minimum	-3.584	5.7249	-2.3709	0.3981	-0.8016
Std. Dev.	3.0831	1.1822	7.9708	0.0050	0.1102
Skewness	-0.5341	-0.3899	1.6380	-0.0051	0.2617
Kurtosis	1.9612	1.6411	4.8440	1.5420	1.7787
Observations	60	60	60	60	60

The next table 02 shows correlation metrics which depicts the correlation analysis among the considered variables. The very first economic development to foreign remittance shows a negative and weak correlation. Economic development to (FDI) foreign direct investment shows a positive and weak relationship, the human capital index shows a negative and weak relationship to economic development while government policies and economic development show a positive relationship to government policy. Economic development overall shows a negative relationship to the foreign remittances and human capital

index while showing a positive relationship to (FDI) foreign direct investment and government policies. This means that an increase in economic development will increase the FDI as well as increase government policies. While increase in (FDI) foreign direct investment in the case of correlation decreases the foreign remittances and human capital index.

The next variable is foreign remittances which shows a weak but positive relationship to FDI foreign remittances and human capital index and government policies as a strong and positive relationship. The overall impact of foreign remittance on (FDI) foreign direct investment human capital index and government policy is positive which means that an increase in foreign remittance will increase the (FDI) foreign direct investment, human capital index as well as government policies.

The next variable is FDI, which shows a strong and positive relationship to the human capital index. This indicates an increase in (FDI) increases the human capital index, while FDI and government policies have a weak but negative relationship to government policies.

The last variable is the human capital index, which shows a strong and positive relationship to government policy. This indicates that an increase in the human capital index will increase government policies or in other words, we can say that an increase in government effectiveness will increase the human capital index.

**Table: 02 CORRELATION ANALYSIS**

	ED	FR	FDI	HCI	GP
ED	1.000	-0.253	0.204	-0.003	0.271
FR	-	1.000	0.007	0.744	0.767
FDI	-	-	1.000	0.670	-0.128
HCI	-	-	-	1.000	0.526
GP	-	-	-	-	1.000

The next table 03 shows regression analysis that is done through the ordinary least square method. all the independent variables are regressed on economic development that is measured in the form of GDP per capita percentage from 5 years of annual data converted into months comprised of 60 observations to get accuracy and preciseness of the results. The  $R^2$  shows the goodness or fitness of the model that indicates that 1% increase in all the independent variables will bring a change of about 72% in economic development. adjusted  $R^2$  is adjusted for the errors which shows that 70% of variation has been brought in the economic development due to 1 change all the independent variables that are Foreign remittances, foreign direct investment, human capital index and government policy. The Durbin Watson shows autocorrelation in the variable 1.9324 is approximately approaching to 2 which shows that there is no issue in autocorrelation in the variable F. Statistic shows overall stability and significance of the model which as the probity of 1 which shows that the probity value of F. Statistic shows that overall model is significant and stable.

**Table: 03 ORDINARY LEAST SQUARE (REGRESSION)**

Dependent Variable: ED

Method: Least Squares

Sample: 2018M01 2022M12

Included observations: 60

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FR	-3.5297	0.3182	-11.06122	0.0000
FDI	8.9010	2.6910	3.309829	0.0016
HCI	126.69	10.23544	12.37775	0.0000
GP	34.248	3.095283	11.06484	0.0000
R-squared	0.720738	Durbin-Watson		1.9324
Adjusted R-squared	0.705777	F-stats (prob)		1.0518
				(0.000)

### **FOREIGN REMITTANCES**

The first variable, foreign remittances, shows that if there is one unit such that US DOLLAR increase in foreign remittances the economic development measured in the form of GDP per capita will be decreased by -3.5297 dollars. The T statistic shows the significance of the variables it means that an increase in foreign remittances will decrease economic development. The increase in foreign remittances induces a negative effect on economic development, as measured by GDP per capita, resulting in a significant negative coefficient of -3.5297.

### **REMITTANCES DECREASE ECONOMIC DEVELOPMENT**

Remittances serve as a vital and crucial foundation for economic expansion, providing a reliable source of external revenue for developing countries. (Yoshino, N., & Hendriyetty, N. 2020) These are the finances that are sent by the immigrants and assist the nations to achieve their basic needs and to boost the living standard. They contribute significantly to increased consumption and investment in the home country, positively impacting the economic growth of nations. However, it may have a negative impact on the economy as well. A study analyzing panel data from 1977 to 2016 for Bangladesh, India, Pakistan, and Sri Lanka used fixed-effects regression, pooled OLS, and random-effects models. The findings revealed that remittances negatively impacted the economies of Pakistan, Bangladesh, and Sri Lanka while positively influencing India's economy. (Sutradhar, S. R.2020).

The Pakistani diaspora significantly supports the nation's economy through remittances, aiding livelihoods and mitigating crises like energy shortages, food insecurity, and debt repayments. (Muhammad, Idrees. 2021). Despite challenges, remittance inflows remained resilient during the COVID-19 pandemic, surpassing expectations. (Mavrotas, G. 2022). Ranked fifth globally for remittance inflows, Pakistan received USD 30 billion in 2022 (Owusu-Pepurah, N. T. 2024). However, economic challenges, including fiscal deficits, inflation, and floods in 2022, have strained the economy and affected remittance inflows in 2023 (Perevyshin, Trunin, P., Chembulatova, M., & Dzhunkeev, U. 2022).

### **OVERVIEW OF REMITTANCE INFLOWS TO PAKISTAN 2019-2023**

Based on the data from the State Bank of Pakistan, remittance inflows rose by 40 per cent from USD 22.1 billion in 2019 to 31 billion in 2021. However, between 2021 and 2022, official remittance growth slowed (Creutz, K. 2023). And yearly remittance inflows declined by 3.9 per cent in 2022, with an inflow of USD 29.8 billion. Remittance inflows of 26.3 billion in 2023 marked a downward 11.7 per cent yearly change. This decline can be attributed to an economic downturn in Saudi Arabia and Kuwait in 2023, as well as to the substantial reduction in growth in other Gulf Cooperation Council (GCC) economies due to falling oil prices. (Nassar, A. K. 2024). The unfavorable balance-of-payments situation and restrictions on currency exchange in Pakistan have led to a transition in remittance channels to informal money transfer methods

and parallel exchange markets (Ellmers, B., 2023). These factors may have all contributed to the slowdown in official remittance flows to Pakistan.

#### **RELATIONSHIP BETWEEN FOREIGN REMITTANCES AND ECONOMIC DEVELOPMENT**

The very first variable is foreign remittances, which exhibit a negative relationship with Economic growth/development during the PTI regime. The period from 2018 to 2022 was marked by several events and structural dynamics that led to the paradoxical relationship between increasing foreign remittances and declining economic development.

#### **COVID-19**

One of the most significant factors was COVID-19 which disrupted global and domestic economies. The COVID-19 pandemic, which began in early 2020, also had a profound effects on Pakistan's economy and the utilization of remittances. While remittances increased during this period, their impact was weak due to the economic shock caused by the pandemic (Kpodar, K., Mlachila., & Gammadigbe, V. 2023). During this period, a significant portion of remittances was used for emergency household consumption, such as healthcare expenses and basic necessities, rather than being invested in productive sectors. The global economic downturn also reduced remittance flows as many overseas workers faced job losses, wage cuts, or uncertain employment prospects. The lockdowns, business closures, and unemployment further exacerbated this trend, leaving limited opportunities for remittances to contribute to economic growth. This shift in focus from long-term development to short-term survival significantly undermined the potential of remittances to drive economic growth during this period. Like almost every country around the globe, Pakistan's economy suffered in 2020. The GDP growth rate for fiscal year 2019–20 was –0.4 per cent — the first time it fell negative in seven decades. Per capita income fell from US\$1625 to US\$1325 (Saad Zaidi, S. M. 2023). COVID-19 closures and lockdowns to limit the spread of the virus are also contributing to growing unemployment and poverty. But GDP growth was only 1.9 per cent in the fiscal year 2018–19, falling from a decade-high 5.8 per cent the previous year when the PTI government came to power. (Lakhan, G. R., Kalwar, Channa, A., & Soomro, N. B. 2021). While the pandemic is playing a major role in slowing Pakistan's economy, a downward trend was evident as early as mid-2018.

#### **CONSUMPTION OVER INVESTMENT**

A key factor behind the negative impact of remittances on economic development during the PTI government was the mostly use of remittances for consumption rather than investment (Rizvi, S. 2023). Many households prioritized spending on immediate needs, luxury goods, or real estate, rather than being invested in productive areas like entrepreneurship, agriculture, or industrial expansion. While increased consumption may provide a temporary boost to GDP (Butt, S., & Jaffar, S.2022). It does not create long-term economic value or job opportunities. The lack of accessible channels for productive investments further entrenched this pattern, with banks and financial institutions offering limited incentives or mechanisms to direct remittances toward developmental projects.

#### **STRUCTURAL ISSUES IN THE ECONOMY**

Structural issues in Pakistan's economy also contributed to the negative impact of remittances on economic development. The country's industrial base remains underdeveloped, with a heavy reliance on agriculture and limited diversification into high-value manufacturing or technology sectors (Cramer, C., Di John, J., & Sender, J., 2022). This means that remittances could not be effectively absorbed into the economy. Infrastructure bottlenecks, including inadequate energy supply, lack of skilled labor and poor transportation networks, further constrained economic productivity. Remittances, while providing financial relief, could not overcome these structural barriers. Without significant reforms to address these long-standing issues, the inflow of remittances failed to translate into meaningful economic development (Eldemerdash, N., & Landis, S. T. 2023) Similarly, Governance issues and inconsistent economic policies under the PTI government further compounded the problem (Ullah, A., & Khan, M. 2023). Delays in implementing necessary economic reforms and frequent policy reversals created uncertainty among investors and businesses. This environment discouraged the productive use of remittances and reduced overall economic activity.

### **INCREASED INFLATIONARY PRESSURES**

Higher remittance inflows can lead to increased demand for goods and services, which, in an economy with supply-side constraints, can fuel inflation. This erodes real income and hinders economic development (Ali, M., Naeem, Ahmed, & Iftikhar, M. H. 2023). This was particularly evident in housing and consumer goods markets, where prices surged due to higher spending power among remittance-receiving households. Inflation eroded the real purchasing power of citizens, reducing the overall standard of living and discouraging savings and investments. The surge in consumer demand, fueled by remittances, clashed with supply-side constraints, driving up the prices of essential goods and services. Additionally, the inflationary environment created a sense of economic instability, further limiting the willingness of businesses and individuals to undertake long-term investment projects (Kalu, 2023). The lack of effective monetary policies to control inflation exacerbated these challenges, further limiting economic growth.

### **POLITICAL AND ECONOMIC INSTABILITY**

Political instability during the PTI government, including frequent protests, opposition-led campaigns and internal party conflicts, created an environment of uncertainty that discouraged investment and economic activity (Salman, M. 2021). The government's inability to maintain a stable political climate undermined the confidence of businesses and investors, both domestically and internationally. The government's inability to address these political challenges effectively further weakened the country's economic resilience. Moreover, economic instability, marked by rising public debt and fiscal deficits, further complicated efforts to channel remittance inflows into productive uses (Haleemi, M. R., & Shah, A. S., 2024). The economic uncertainty was further exacerbated by external shocks, including fluctuations in global oil prices and trade disruptions. The combined impact of political and economic instability significantly reduced the potential for remittances to contribute to economic development.

### **FOREIGN DIRECT INVESTMENT (FDI)**

The next variable, foreign direct investment (FDI) shows that the one unit the foreign direct investment measured in percentage or the form of balance of payment current US dollar increases the GDP per capita by 8.9010% of GDP is significant at 1% it means that FDI increases the economic development during the regime of PTI government.

Foreign direct investment is very important for the development of underdeveloped and developed countries. FDI refers to the inflow of a certain amount from one country to another country. This investment is different from an investment made on the purchase of shares and bonds. A foreign investor can be an individual, company or any governmental body. Foreign investment proves to be an important driver of economic development in third world countries like Pakistan. It provides many benefits to developing countries such as foreign exchange reserves, technical skills and technology which help them in boosting their economy. In many ways, the economy of the country is affected by FDI, GDP growth rate, exchange rate and government policies, but the rate GDP is mostly affected by FDI. When foreign investment comes into a country, it means business flourish in that country by producing more goods and services, which rises the level of GDP of that country (Ramzan, M. (2021).

Foreign Direct Investment (FDI) is widely recognized as a significant driver of economic development, fostering capital inflows, technology transfer, industrial expansion, and employment opportunities. FDI injects much-needed capital into host countries, addressing the investment gaps necessary for industrial expansion and infrastructure development. This infusion of resources directly contributes to increased GDP growth, improved productivity, and job creation. During the PTI government led by Imran Khan (2019–2022), FDI played a pivotal role in strengthening Pakistan's economic foundation despite numerous challenges. The PTI regime aimed to harness FDI to support sustainable growth, create jobs, and improve industrial productivity. However, external factors like the COVID-19 pandemic and domestic issues such as political instability influenced the effectiveness of these efforts. The government's policies aimed at enhancing the ease of doing business and incentivizing key sectors created a favorable environment for attracting FDI, thereby contributing positively to economic growth (Rizvi, S. S. S. 2023).

### **REASON FOR THE POSITIVE TREND DURING KHAN REGIME**

The PTI government prioritized improving the ease of doing business as a cornerstone for attracting FDI. The government undertook structural reforms to attract FDI and reduce bureaucratic hurdles, enhance transparency, and create investor-friendly policies. Pakistan's jump from 136th in 2018 to 108th in 2020 position in the World Bank's Ease of Doing Business Index during this era was a significant achievement, reflecting efforts to streamline business processes. This improvement instilled confidence among foreign investors and led to increased inflows in critical sectors such as technology, energy, and infrastructure (Binoy, J. K., & Islamov, B. A., 2021). The PTI government also emphasized creating Special Economic Zones (SEZs) under the CPEC framework to attract foreign investors. These SEZs offered tax exemptions and infrastructure facilities to encourage industrial activity. Moreover, it is also attracting investments from countries like China, Malaysia, and Saudi Arabia. For example, the Rashakai SEZ became a symbol of FDI-driven industrialization, creating thousands of jobs and boosting economic activity. Although the progress on SEZs was slower than anticipated, they represented a strategic approach to leveraging FDI for regional and national development (Ramzan M 2023).

FDI in the energy sector was another significant achievement during the PTI era. Several renewable energy projects, including wind and solar farms, were initiated with foreign investment. These projects not only addressed Pakistan's energy crisis but also contributed to sustainable economic development. For example, a major renewable energy project was funded by Chinese firms under CPEC, resulting in increased energy capacity and reduced reliance on costly fossil fuel imports (Ahmad, M. 2020). The technology sector also witnessed remarkable growth fueled by foreign investment. Global tech companies such as Careem and Daraz expanded their operations in Pakistan during the PTI regime, creating employment opportunities and promoting digital transformation. The government's efforts to boost the IT sector through policy reforms and incentives further enhanced FDI inflows, contributing to GDP growth. Agriculture and food processing industries were other beneficiaries of FDI. Foreign investments in these sectors improved productivity, introduced modern techniques, and enhanced export capacity. Companies from the Middle East invested in livestock and dairy production, contributing to food security and economic diversification (Haleemi 2024). Additionally, the PTI government introduced an amnesty scheme for the construction sector, which allowed foreign and domestic investments without probing the source of income. This policy not only boosted the construction industry but also attracted foreign investments in real estate and infrastructure, creating jobs and stimulating economic activity. The boom in the construction industry increased growth in allied sectors like cement, steel, and housing, further emphasizing the positive impact of FDI on economic development. Despite global challenges such as the COVID-19 pandemic, the PTI government managed to sustain FDI inflows. The State Bank of Pakistan reported a net FDI inflow of \$2.56 billion in FY2019- 20, showcasing resilience amid adverse conditions. The government's focus on digitalization, infrastructure development, and financial inclusion helped maintain investor confidence even during uncertain times (Rizvi, S 2023). However, the PTI regime faced challenges in sustaining FDI inflows. Political uncertainty, policy inconsistency, and governance issues deterred some potential investors. The global economic environment, particularly during the pandemic, also led to reduced investor confidence. Despite these challenges, the PTI government's initiatives highlighted the potential of FDI as a tool for economic growth and recovery. FDI during the PTI era also played a crucial role in supporting foreign exchange reserves and stabilizing the Pakistani rupee. Amidst a burgeoning current account deficit, FDI inflows provided a much-needed buffer to maintain economic stability. However, the reliance on FDI inflows for immediate fiscal relief underscored the need for structural reforms to ensure sustainable economic development. In short, the PTI government's tenure (2019–2022) demonstrated a strong positive relationship between FDI and economic development in Pakistan. Strategic policy interventions, reforms, and an improved business environment contributed to attracting foreign investments, which played a crucial role in enhancing industrial productivity, creating jobs, and addressing critical economic challenges. While domestic reforms and global partnerships attracted significant investments, challenges such as political instability and inconsistent policies limited the full potential of FDI's impact. The era underscored the importance of creating a stable

and predictable investment environment to maximize the benefits of foreign investments for long-term economic development (Aslam, M., Hussain, Z., & Mujahid, F. 2022).

#### **HUMAN CAPITAL INDEX (HCI)**

The next variable is the human capital index measured in the form of human capital investment, which shows that a one-unit index increase in human capital investment increases economic development by 126.69% of GDP per capita, which is significant at 1%. The regression analysis hence tends to show that human capital investment and economic development, measured in terms of GDP per capita, have a very highly positive relationship. More importantly, the coefficient of 126.69 is highly significant; hence, for every one-unit increase in human capital investment, there is a substantial increase in GDP per capita.

#### **EDUCATIONAL PROGRAMMES**

During the PTI government, the education system was modified with the infrastructure of the institutions and the national curriculum; for instance, a uniform education system was initiated, which aimed to liberate the new generation from mental slavery and eliminate the rich-poor disparity in the education system. Similarly, the Insaf Afternoon School Program was launched to provide equal educational access for students in those areas where access to schools was challenging (Shah, S. A. (2023)). Furthermore, the government also introduced Ehsas Scholarship programs for primary, secondary, and higher education, where every child and student can access free education (Sarfraz, A. 2020). For higher education, the government-initiated work on new universities across the country that as the University of Mianwali, Women University (Rawalpindi), the University of Chakwal and Kohsar University, Murree had been started while Baba Guru Nanak University in Nankana Sahib was under construction and the PTI government had established five universities in two years in which the new educational techniques and modern educational system were the sole vision (Nazia (2021)). On the other hand, in the educational curriculum, Quranic teachings and the life of Prophet Muhammad (PBUH) were focused on under the Seerat Chair, Quranic Teachings for Degree, and Rehmatal-lil-Alameen Authority, in which the aim was to educate the students, especially the young generation about Quranic teachings and philosophy along with the sacred life of Prophet Muhammad (Peace Be Upon Him) (Nazia 2021).

#### **HEALTH PROGRAMMES**

In third-world countries like Pakistan, one of the biggest challenges is health and healthy nutrition, which is why during the PTI government, a lot of challenges were faced in health issues. The most critical was the pandemic era in which people experienced the worst conditions due to financial and social challenges. Therefore, the PTI government helped a lot to reduce such challenges in the most positive initiative programme was the facility of Health Card cost the government Rs450 billion. Through the health card, low-income urban residents were able to access medical treatment of up to 1 million rupees annually both in government and private hospitals (News desk 2022).

Furthermore, the government also introduced the Ehsas Nashonuma Program, whose aim was to transfer cash for health and healthy nutrition and protect the children under 23 months from stunting; which has negative impacts on their cognitive and physical development. Apart from that, new hospitals were built especially in Punjab and Khyber Pakhtunkhwa (KP) and also renovated the existing hospitals across the country (Editorial 2021). During the pandemic the government effectively implemented the best practices globally; thus, it established the Nationally Command and Operation Centre (NCOC), which was aiming to control and monitor the situation (Khalid 2021). Many developed countries failed to face the challenge of COVID-19, while Pakistan got rid of this situation very smartly.

Additionally, the Ehsas Emergency Cash Program was introduced to provide financial assistance to the needy and deserving people across the country during the COVID crisis (Markhof, 2020). This was the largest cash transfer program in the history of Pakistan. Moreover, 120,000 families of Azad Kashmir were given facility health insurance cards with 100,000 insurance coverage during the PTI government. Similarly, the Telehealth Help Line was initiated to provide a free consultation to people about health during COVID-19, so people avoided visiting hospitals if they did not need the necessary medication or treatment (Monaghesh, E., & Hajizadeh, A. 2020).

### **SOCIAL WELFARE PROGRAMS**

The country's aim is to support poor people economically and socially (Web Desk 2019). The most important programs include the Ehsaas Program, Langar Khanay, Ehsaas Kafalat Program, Shelter Homes, Ehsaas Ration Program, Kisan Card, Ehsaas Hamqadam Program, and Ehsaas Ba-himmat Program, whose aim was to feed and shelter greedy and homeless people. These programs also support the farmers through Kisan Card, through which they buy subsidized fertilizers, seeds, and pesticides, along with low-interest loans (Hamid, M., Singh, A. K., & Rahaman, I. 2024). Moreover, in the Ehsaas Hamqadam Program, the government supports and trains people with disability so they can earn and work independently, and they will never become a social and economic burden on their relatives and the state as a whole. Similarly, the Ehsaas Ba-himmat Program was introduced to give financial support and a monthly stipend to urban citizens who are 65 or above.

Furthermore, the Mazdoor Card, Kamyab Pakistan Program, Ehsaas Emergency Cash Program, Ehsaas Rerhi Baan Program, PM Relief Fund, and Naya Pakistan Housing Scheme were some extra welfare programmes which support the poor working class who are jobless and struggle for survive (Farrukh, M. 2021). The PTI government introduced the Mazdoor Card for labourers who can easily utilize ATMs, wallet accounts, debit cards, and identification codes. This card ensured minimum wage and provided 11 cash benefits to the labourers. To end the poverty in the country, the government stepped into the Kamyab Pakistan Program, which helped people in the social and economic fields of life. Giving interest-free loans, houses, and free education were the key goals of this program (Raja, T. N. 2020). Furthermore, during COVID-19, the government transferred cash to the needy people in support of their food and health through the Ehsaas Emergency Cash Program, which was the largest cash transfer program in the country's history. Additionally, the Ehsaas Rerhi Baan Program, PM Relief Fund, and Naya Pakistan Housing Scheme have the same aims and benefits as the PTI government. In a nutshell, the main purpose of these initiatives was to support lower classes socially and economically, and no one should sleep without food and shelter. The people who had no money and started to build a small business were given low-interest loans. For those who were homeless, the government built new homes for them. The purpose was to stand the poor class socially and economically on their own feet.

### **INFRASTRUCTURAL PROGRAMMES**

The infrastructural developments during PTI's governments played a crucial role in the economic and social development of the country. These developments include Shelter Homes, Hospitals, Dams, Peshawar BRT, Bhasha Dam, Naya Pakistan Housing Scheme, Hydro Power Projects, and the ML-1 Railway Project. Among these programs, the Shelter Home program was initiated to build shelters in various cities for citizens who are unable to afford housing expenses (Malik, S., Shahid, T., Ijaz, M., & Khan, Z., 2020). These shelters have main living facilities such as clean drinking water, washrooms, prayer rooms, and beds for sleeping. Second, the more important facility of life after food and shelter is health and a healthy life for which the government stepped into building several new hospitals in Panjab and Khyber Pakhtunkhwa (KP) along with renovating the old hospitals.

For storing the water and protecting critical areas from floods and natural calamities, the government took the initiative to construct various small and large dams and it funded these programmes. For instance, the Diamer-Bhasha Dam construction was started on 15-07-2020 at the River Indus near Chillas. This dam was built to produce 4,500 MW of hydel power, and it is considered the country's third big dam after Tarbela and Mangla dams. In addition to that, the PTI government tried to reduce the electricity crisis in the country, for which it started many hydropower projects under the CPEC (Adeney, K., & Boni, F. 2024). Therefore, these programs created jobs for the youth as well as produced environment-friendly electricity for the country. The well-known projects are the Azad Patan and Kohala Power projects.

On the other hand, for better and faster transportation, the PTI era made the National Highways Authority (NHA) more productive and profitable for the country. For example, in years, it hiked a 128% increase in revenue by constructing cost-effective roads, while the Pakistan Post-performance index jumped to 30 points (staff Reporter 2022) Further, for the betterment of public transport and a healthy environment, the

Peshawar BRT project was established, whose aim was to give the people affordable and quality service. Second, this project also reduced traffic congestion and pollution in the city, which is necessary for a healthy environment. Similarly, the ML-1 Railway Network Project was initiated to transform the existing railway infrastructure and create job opportunities for the people. This project is also helpful to facilitate ease of doing business and promote tourism in the country. The government also undertook the initiatives of motorways such as Swat, Peshawar, DI Khan, M-1 Motorway and some other areas; thus, it also worked on the maintenance of over 2000 kilometers of roads all over the country ([Sohail Khattak](#) 2016).

#### **TECHNICAL TRAINING AND VOCATIONAL EDUCATION**

More important than general education, technical training and vocational education are other mechanisms to help make the workforce employable with an explicit imprint of skills required by the labor market. In the event of change for the better in the rule of the PTI government concerning technical and vocational training by initiating or upgrading technical institutes, and imparting skill development programs ([Tania Saeed](#), 2019). Among these programs, the Hunarmand Programme was initiated to revive dormant industries and to provide technical and vocational skills to the youth of the country. Under this programme, the PM looks forward to train 500,000 youth and creating up to 70 skill centers in madrassahs. Respectively, 46,000 youth will be trained in IT and digital technologies, 64,000 in industrial skills, 49,000 in conventional skills, and 1,500 youth from the newly merged districts will be trained in various other skills (Staff Reporter 2024). Therefore, this programme will help them learn effective and productive skills to feed themselves and their families after completing their Quranic education. The second phase of the programme focused on creating 300 smart training centers, where students will get in touch with international teachers; therefore, the Pakistani youth will get more credibility globally.

Moreover, with this vocational training unemployment and under-employment rates will be decreased by creating a bridge between the supply of workers and employers' needs for specific skills. When more people become employable for the available jobs, this leads to increased productivity, which in turn leads to higher GDP per capita. In the first phase of this program, more than 170,000 Pakistani youngsters will get the technical skills, among them 50,000 will receive training in advanced technological skills which includes robotics, artificial intelligence, and cloud computing. Apart from that, another 50,000 young students will be trained in vocational authority and technical education, such as plumbing and mechanics (Staff Reporter 2016). However, the rest of the students will be given apprenticeships. Additionally, 74 more training centers will be developed in 70 madrassahs with professional education and training, while for international engagement, 5 Centers of Excellence were established to collaborate with friendly countries.

Furthermore, for promoting vocational education, the government mostly focused on the youth of the country, which is the most productive and important population in every country. Thus, the PTI government also took the initiative to launch the Kamyab Jawan Program for Pakistani youth, whose aim was to help the youth of the country in skills and jobs so they will contribute to the socioeconomic development of the country (Web Desk 2021). To bring the youth in the front of the country's economic contribution, this program aimed to make major developments in education, skill training, entrepreneurship, and civic engagement for the country's youth. The main focus was on the 3Es, Education, Employment, and Engagement, of the youth in this program, which implements six flagship programs. These six flagship programs are the Youth Entrepreneurship Scheme, Skill for All Program, Startup Pakistan Program, Green Youth Movement (GYM), Internship Program, and Jawan Markaz, which mainly surround producing the skillful youth and the socio-economic development of the country (Web Desk 2019).

#### **GOVERNMENT POLICY (GP)**

The final variable is government policy measured as the effectiveness of government which shows that increases in the effectiveness of the government increase the economic development by 34.248% of GDP is also significant at 1% which means that the increases in the effectiveness of the government policies will definitely and significantly increase the economic development that increases economic development during the regime of Pakistan Tahreek -e-Insaf (PTI) government. Different strategic policies were in place to drive economic development during the PTI government. Fiscal consolidation and stabilization were

made key operational policies of the government to take care of huge fiscal and current account deficits parting the country (Zeb, M., Khan, Z., Alam, K., & Khan, I., 2024). This included austerity, reduced public spending, and enhanced revenue through tax reforms like the Tax Amnesty Scheme, which widened the tax base and improved government revenues. These steps helped in reducing budget deficits and managing debt.

A country's main and large economic development sectors are industries and industrial growth. Therefore, during PTI's government, Startup Industry policies were taken to boost the economy of the country through support of small businesses; which, it helped to provide land and banking facilities to new smart industries and remove all the obstacles from government institutions. Additionally, new reforms in the existing industries were taken place by the government in which the main focus was on the textile industry. Consequently, the export rate of textiles during the PTI government increased during July-April- 2021-2022 up to 15.981 billion from 12.688 billion during the same period of last year, which means 25.96% export had increased, according to the Pakistan Bureau of Statistics (PBS) (Rizvi, S, S S2023).

Apart from the industrial sector, another main and biggest sector which plays an important role in the economy of Pakistan is agriculture, which has, unfortunately, faced many challenges from the past few decades. However, during the PTI government, agricultural reforms and subsidies for the former increased economic growth in the agricultural sector (Ullah, N., Khan, F., Khan, S. A., & Islam, Z. 2024). In these agricultural reforms, the provision of certified seeds, effective water management, assistance in livestock farming, Kisan Card, and transforming the agricultural sector into a high-yield production entity. According to the Economic Survey of Pakistan 2021-2022, the growth rate of production in main crops, such as sugarcane, rice, and wheat, was 22%, 13.6%, and 8.8%, respectively as compared to the previous year (Khan Zeb 2022). Therefore, it is proven that the smart and preplanned policies of the government have grown the agricultural industry, which plays a role as the backbone of Pakistan's economy. Furthermore, maintaining the economic stability of a country's tax collection plays a crucial role; thus, the PTI era implemented new tax collection policies, which boosted the economy of the country. For instance, in the PTI government, the total tax collection is Rs 4,700 billion, which is 23.68% higher than the previous government (Rana Shahbaz, 2022). Similarly, the Profitable National Highways Authority (NHA) policy of the government improved not only transportation but also played an important role in the economy of the country. It is estimated that the revenue generated from this sector was 128% over the 3 years (Rizvi S, 2023). Overall, the intellectual governance policies of the PTI government helped the country to experience positive output in the economic development of the country.

To summarize, the governance policy of the PTI government surrounded economic growth, and the citizens of Pakistan and overseas Pakistanis, for which PTI tried to raise awareness among Pakistanis to contribute in the economic development of the country. Thus, the programs such as Kamyab Jawan Program, Roshan Digital Account for Overseas Pakistanis, Rast Platform, Tourism, and Right to Vote for Overseas Pakistanis helped overseas Pakistanis to make their investment and support their relatives in Pakistan easily while living abroad (Waheed Abbas 2021). For example, during the PTI government, foreign remittances were \$29.4bn, which was 32.3% higher than the remittances that came to Pakistan in the previous government. The overall economic growth rate during the PTI government was 6%, which is the result of better governance policies.

### **RECOMMENDATIONS**

- I. The government should make effective policies that attract foreign direct investment in the country and also make sure to provide security and tax incentives for the growth of economic development.
- II. More investment in education and vocational training programs to develop a skilled workforce can increase productivity and further attract foreign direct investment.
- III. Encourage Pakistani diaspora by such type of initiatives through which they invest in productive sectors that will lead to economic development.
- IV. The government should reduce bureaucratic hurdles and also foster transparency to enhance investor confidence and boost GDP growth

- V. Boosting the country's economy there must be a positive collaboration between the government and private sectors to undertake infrastructure projects and other capital-intensive investments.
- VI. Improve remittance channels to ensure the steady flow of foreign remittance that contributes effectively to economic growth.
- VII. Focus on technology adoption in industries and foster innovation to improve productivity, which will help the growth of GDP and economic development.
- VIII. The government also needs to make policies to extend its exports and also implement diversification beyond traditional sectors, reducing reliance on remittance and boosting the balance of payments.

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