



The PML-N Legacy: Assessing Economic Performance in Pakistan (2013-2017)

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Abstract

This research paper explores the economic performance of Pakistan Muslim League-Nawaz (PML-N) government from 2013 to 2017. The PMLN, under the leadership of Prime Minister Nawaz Sharif, held power in Pakistan from 2013 to 2017. During this period, the government implemented a series of economic policies aimed at improving Pakistan's economy. These policies included fiscal consolidation measures, reforms to the energy sector, and investments in infrastructure development. The results of these policies have been mixed, with some indicators showing improvement while others remain stagnant or have deteriorated. Therefore, to examine the success and failures of those policies, this research adopted qualitative research methodology under the auspices of document analysis which includes books, research articles, government reports, newspaper articles, and research journals. This research paper argues that one of the key achievements of the PML-N government was a reduction in the budget deficit. The government's fiscal consolidation measures, which included increasing tax revenues and reducing government spending, helped to reduce the budget deficit from 8.2% of GDP in 2013 to 5.3% of GDP in 2017. This reduction in the budget deficit helped to stabilize the economy and reduce Pakistan's reliance on foreign borrowing. However, the government's fiscal consolidation measures have also been criticized for their impact on economic growth. GDP growth averaged just 4.7% during the PML-N's tenure in office, which is below the rate of population growth and insufficient to generate significant improvements in living standards for the majority of Pakistanis. This research recommends that to navigate future economic challenges, the PML-N must adopt an inclusive approach by prioritizing social safety nets, investing in human capital, diversifying the economy, promoting SMEs, and attracting foreign investment through transparency and responsible debt management for sustainable growth.

Keywords: Pakistan Muslim League-Nawaz (PML-N), Economic Policies, Fiscal Consolidation, Infrastructure Development, Budget Deficit Reduction, GDP Growth, Economic Impact

Introduction

The Pakistan Muslim League-Nawaz (PML-N) party governed Pakistan from 2013 to 2017, leaving a legacy of mixed economic performance (Asian Development Bank, 2017). Despite facing a challenging economy marked by high inflation and a large budget deficit, the PML-N government implemented key reforms that contributed to economic progress (International Monetary Fund, 2016). One notable achievement of the PML-N government was the revival of the China-Pakistan Economic Corridor (CPEC), a multi-billion-dollar infrastructure project designed to boost trade and connectivity (Dawn, 2015). This initiative aimed to address Pakistan's energy crisis and improve its transportation network (Pakistan Today, 2017). The PML-N government also focused on macroeconomic stabilization, reducing the budget deficit and bringing down inflation to single digits (World Bank, 2017). It implemented a series of

fiscal and monetary policies to control government spending and manage the exchange rate (State Bank of Pakistan, 2016). Despite these efforts, the government struggled to address structural issues in the economy, including low levels of investment, weak exports, and a large informal sector (Siddiqui, 2017). The economy grew slowly, and unemployment remained high (Dawn, 2017). Overall, the PML-N government's economic performance was characterized by a mix of progress and challenges. While it implemented important reforms and achieved macroeconomic stability, it faced difficulties in stimulating economic growth and reducing unemployment (The Express Tribune, 2017).

Literature Review

The Pakistan Muslim League-Nawaz (PML-N) administration presided over a period of significant economic transformation in Pakistan from 2013 to 2017. Economic growth accelerated, inflation declined, and foreign reserves increased (Aslam, 2020). However, the government's economic policies also faced criticism for exacerbating inequality and failing to address structural challenges. Multiple literatures have evaluated the economic performance of the PML-N government. A review by Iqbal and Nadeem (2019) highlights the positive impact of the government's infrastructure investment and fiscal reforms on economic growth. Another review by Hussain et al. (2021) finds that the government's monetary policy contributed to a decline in inflation and an increase in foreign reserves. However, some reviews have criticized the government's policies for their negative impact on inequality. A study by Khan and Javed (2018) shows that income disparities widened during the PML-N's tenure. Similarly, a review by Ahmed and Khan (2020) concludes that the government's tax policies favored the wealthy at the expense of the poor. Other reviews have questioned the government's ability to address structural economic challenges. A report by the World Bank (2017) notes that Pakistan's export sector remained weak during the PML-N's tenure, and the country's reliance on imports increased. Similarly, a study by the Asian Development Bank (2018) argues that the government failed to make significant progress in reforming the energy sector. Overall, the PML-N government's economic performance was a mixed bag. While the government achieved some macroeconomic stability, it failed to address key structural challenges that continue to hinder Pakistan's economic development.

Material and Methods

This study employed qualitative research methodology while using document analysis to assess the PML-N's legacy on Pakistan's economic performance during the period 2013-2017. The qualitative research methodology is appropriate for this study because it allows for a deeper understanding of the complex and multifaceted nature of the PML-N's economic policies and their impact on Pakistan's economy. By gathering qualitative data, the researcher gains insights into the experiences and perspectives of key stakeholders, which provide a more nuanced and comprehensive understanding of the PML-N's economic legacy than quantitative data. The findings of this study contribute to a better understanding of the economic performance of Pakistan under the PML-N and will help to inform policy decisions in the future.

The PML-N and the Economic Performance in Pakistan (2013-2017)

The Pakistan Muslim League-Nawaz (PML-N) administration, led by Prime Minister Nawaz Sharif, governed Pakistan from 2013 to 2017, marking a period of strategic economic policy reforms aimed at stabilizing the country's volatile economy. During this tenure, the government implemented significant economic policies focusing on fiscal discipline, infrastructure development, and energy sector reforms (Ahmed, 2018). These initiatives aimed to address longstanding economic challenges and lay the groundwork for sustainable growth. One of the notable achievements of the PML-N government was its success in reducing the budget deficit, a key indicator of fiscal health. Through measures such as increasing tax revenues and curbing unnecessary expenditures, the government managed to bring down the budget deficit from 8.2% of GDP in 2013 to 5.3% of GDP by 2017 (Malik, 2019). This reduction not only helped

stabilize Pakistan's fiscal situation but also reduced the country's dependence on foreign borrowing, thereby enhancing economic resilience. However, despite these fiscal achievements, the PML-N's economic policies faced criticism for their uneven impact on broader economic indicators. While infrastructure development projects, such as the completion of major highways and energy projects, aimed to boost long-term growth prospects, challenges persisted in achieving robust GDP growth rates (Khan, 2020). GDP growth during the PML-N's tenure averaged around 4.7%, which, while positive, was insufficient to significantly improve living standards for a large segment of the population, given Pakistan's rapid population growth rate.

Economic Growth and Stability

The PML-N government assumed power in Pakistan amidst a challenging economic landscape characterized by a high fiscal deficit, a depreciating currency, and dwindling foreign reserves. In response, their economic strategy centered on fiscal consolidation, infrastructure development, and promoting economic growth as key pillars of recovery (World Bank, 2023). This approach yielded significant results, with Pakistan's GDP growth rate averaging over 4% during their tenure, marking a notable improvement compared to previous years. The consistent growth trajectory underpinned by these reforms bolstered investor confidence and contributed to increased foreign direct investment into the country. Central to the PML-N's economic agenda was the stabilization of Pakistan's currency, which had been under pressure due to external imbalances and economic uncertainties. Through strategic interventions and policies aimed at strengthening the exchange rate, the government managed to stabilize the currency, providing a more predictable environment for businesses and investors (World Bank, 2023). Additionally, efforts to reduce the fiscal deficit through measures such as revenue enhancement and expenditure rationalization were instrumental in improving fiscal health and sustainability. These actions not only stabilized the economy but also laid the groundwork for future growth and development initiatives. Furthermore, the PML-N government successfully enhanced Pakistan's foreign reserves, which had been a critical concern due to their depletion in previous years. By implementing policies that boosted exports, attracted remittances, and facilitated inflows of foreign investment, they managed to strengthen the country's external position and build a more robust buffer against economic shocks (World Bank, 2023). This improvement in foreign reserves not only signaled financial stability but also provided the government with greater maneuverability in managing economic challenges and pursuing developmental goals.

Infrastructure Development:

During its tenure, the Pakistan Muslim League-Nawaz (PML-N) government prioritized infrastructure development as a cornerstone of its economic strategy. This emphasis was particularly evident in substantial investments directed towards energy projects, transportation networks, and communication infrastructure across the country. Notably, the initiation of the China-Pakistan Economic Corridor (CPEC) stood out as a pivotal infrastructure undertaking during this period. CPEC aimed to establish an extensive network linking Gwadar port in Balochistan to Kashgar in China through a comprehensive system of roads, railways, and pipelines. This ambitious project was envisioned to not only enhance connectivity within Pakistan but also serve as a gateway for regional trade and economic integration (Khan and Iqbal, 2018). The implementation of CPEC was expected to generate significant economic benefits for Pakistan. By improving transport infrastructure and energy connectivity, the project aimed to reduce transportation costs, enhance logistics efficiency, and attract foreign investment, thereby stimulating economic growth and development. Moreover, the construction and development phases of CPEC created numerous job opportunities across various sectors, contributing to employment generation and socio-economic upliftment in areas where the project was implemented (Ahmad, Ahmad, and Khattak, 2017). However, despite the promising prospects associated with CPEC and other infrastructure initiatives, the PML-N government's approach faced criticism on several fronts. Critics raised concerns about the

transparency of CPEC agreements, highlighting the need for clarity regarding financing terms, project costs, and long-term implications for Pakistan's economy. Moreover, there were debates about the equitable distribution of benefits from these infrastructure projects, with some arguing that the focus on large-scale developments like CPEC might exacerbate regional disparities and neglect the needs of marginalized communities in less developed regions of Pakistan.

Energy Sector Reforms:

The energy sector represented a critical bottleneck for Pakistan's economic growth during the tenure of the Pakistan Muslim League-Nawaz (PML-N) government. Facing chronic power shortages and high dependence on imported fuels, the government prioritized energy sector reforms aimed at enhancing power generation capacity and reducing reliance on costly imports. To achieve these goals, the PML-N government implemented initiatives focused on increasing the share of renewable energy sources, promoting energy efficiency measures, and streamlining the regulatory framework governing the energy sector (Khan and Iqbal, 2018). One of the key initiatives was the promotion of renewable energy sources such as wind and solar power. The government facilitated investments in renewable energy projects through policy incentives and initiatives like the Alternative Energy Development Board (AEDB), aiming to diversify the energy mix and reduce Pakistan's vulnerability to fluctuations in international fuel prices (Ahmed and Qazi, 2017). Additionally, efforts were made to enhance energy efficiency across various sectors, including industry and households, through awareness campaigns and targeted policies to optimize energy use and reduce wastage. Despite these efforts, achieving a sustainable energy policy remained elusive for Pakistan. The energy sector continued to face challenges such as policy inconsistencies, regulatory inefficiencies, and financial constraints, which hampered the effectiveness of reforms (Ahmad, Ahmad, and Khattak, 2017). These issues contributed to persistent energy shortages and inefficiencies in power distribution and transmission networks, limiting the sector's ability to support sustained economic growth and development across the country.

Social Sector Initiatives:

Despite its primary focus on economic growth and infrastructure development, the Pakistan Muslim League-Nawaz (PML-N) government under Nawaz Sharif also made efforts to address social sector issues through various initiatives. For instance, they implemented programs such as the 'Prime Minister's Education Loan Scheme' and the 'National Health Programme' aimed at expanding access to education and healthcare, respectively (Malik & Khan, 2017). These initiatives were intended to mitigate social inequalities and enhance the well-being of Pakistan's population, particularly those in underserved communities. The 'Prime Minister's Education Loan Scheme' was designed to provide financial assistance to students pursuing higher education, thereby increasing access to educational opportunities across the country (Malik & Khan, 2017). Similarly, the 'National Health Programme' sought to improve healthcare access by providing health insurance coverage to vulnerable segments of the population, facilitating access to medical services and treatments (Malik & Khan, 2017). These initiatives reflected the government's recognition of the importance of human capital development and social welfare in achieving sustainable development goals.

However, despite these efforts, the impact of these social sector initiatives remained limited due to various challenges. One significant issue was the inadequacy of funding allocated to these programs, which constrained their ability to reach a broader segment of the population and provide comprehensive coverage (Malik & Khan, 2017). Bureaucratic hurdles and inefficiencies in program implementation further hampered the effectiveness of these initiatives, hindering their potential to achieve meaningful and sustainable improvements in education and healthcare outcomes nationwide.

Critics and Concerns:

While the PML-N government under Nawaz Sharif's leadership claimed achievements in achieving economic stability and fostering growth, its legacy remains subject to intense debate and scrutiny. Critics argue that the China-Pakistan Economic Corridor (CPEC), a flagship project of the government, lacked transparency and could potentially burden Pakistan with unsustainable debt (Malik & Khan, 2017). The opacity surrounding the terms of CPEC agreements and the perceived prioritization of Chinese interests over Pakistan's economic sovereignty fueled concerns among analysts and policymakers alike. This lack of transparency contributed to widespread skepticism about the long-term benefits of CPEC for Pakistan's economy. In addition to concerns over CPEC, critics point out that the PML-N government failed to adequately address fundamental structural issues that hindered sustainable economic development. For instance, Pakistan's chronically low tax collection rates persisted throughout the PML-N's tenure, limiting the government's ability to fund essential social services and infrastructure projects independently (Malik & Khan, 2017). Moreover, there was a perceived lack of investment in human capital development, including education and healthcare, which are crucial for long-term economic growth and social progress. The government's focus on large-scale infrastructure projects, while ambitious, was criticized for potentially exacerbating regional inequalities and neglecting the needs of marginalized communities in less developed regions of the country. Furthermore, the emphasis on mega infrastructure projects such as roads and power plants was seen as prioritizing short-term gains over addressing deep-rooted socio-economic disparities within Pakistan (Malik & Khan, 2017). This approach raised questions about the government's commitment to inclusive growth and equitable development across all provinces and socio-economic strata. Critics argued that while these projects aimed to stimulate economic activity and attract foreign investment, they often failed to trickle down benefits to the most vulnerable segments of society, perpetuating existing disparities.

Conclusion

The Pakistan Muslim League-Nawaz (PML-N) government's economic performance during its tenure from 2013 to 2017 presents a complex picture, marked by both achievements and shortcomings. While they successfully stabilized the economy and achieved impressive growth figures, some crucial challenges remained unaddressed, leaving a mixed legacy for the party. The PML-N inherited a fragile economy plagued by energy shortages, high inflation, and a widening current account deficit. They swiftly addressed these challenges by implementing structural reforms and attracting foreign investment, leading to a period of economic stability and growth. The period saw a notable increase in GDP growth, reaching above 5%, and a significant reduction in the current account deficit. Furthermore, the government's focus on infrastructure development, particularly the China-Pakistan Economic Corridor (CPEC), proved instrumental in boosting economic activity and creating new opportunities. However, despite these positive developments, the PML-N government failed to adequately address the issue of poverty and inequality. While economic growth was substantial, its benefits were not evenly distributed, leaving many citizens struggling with high living costs and limited access to basic necessities. Moreover, the government's dependence on foreign loans and reliance on CPEC investments raised concerns about long-term sustainability and potential debt traps. The PML-N's economic legacy is a testament to the importance of strategic long-term planning and the need for a comprehensive approach to economic development. While they effectively managed the immediate challenges and achieved impressive growth figures, their failure to tackle inequality and ensure sustainable economic growth left a significant gap that subsequent governments will need to address. Ultimately, the PML-N's legacy serves as a reminder that economic progress requires a multi-faceted approach that encompasses not only growth but also inclusivity, sustainability, and long-term security. The party's success in stabilizing the economy provides a valuable blueprint for subsequent governments, but the persistent challenges highlight the need for continued effort and a commitment to equitable development.

Recommendations

The Pakistan Muslim League-Nawaz (PML-N) government's tenure from 2013 to 2017 witnessed a period of economic recovery and growth, marking a departure from the preceding years. Key achievements included a surge in GDP growth from a low of 2.8% in 2012 to an average of 4.8% during their term. This was driven by significant investment in infrastructure, particularly power generation, which addressed the longstanding energy crisis. The government also focused on stabilizing the economy by reducing the fiscal deficit and tackling inflation. However, despite these positive strides, the PML-N faced criticism for neglecting social welfare programs and failing to address income inequality.

The 2013-2017 period also highlighted the importance of sustainable economic policies. While the PML-N's focus on infrastructure and industrial growth boosted GDP, the reliance on Chinese loans for these projects raised concerns about debt sustainability. The government's emphasis on export-oriented industries also failed to create enough employment opportunities for the growing population, leading to a widening gap between the rich and the poor. This disparity was exacerbated by insufficient investment in education and healthcare, further hindering economic progress.

For the PML-N to navigate future economic challenges effectively, it needs to adopt a more inclusive approach. Prioritizing social safety nets, investing in human capital development, and promoting equitable distribution of resources are crucial for sustainable growth. The party must also move beyond infrastructure-centric policies and focus on diversifying the economy, fostering innovation, and encouraging small and medium enterprises. Moreover, attracting foreign investment through a transparent and accountable system, coupled with responsible debt management, will be paramount in ensuring long-term economic stability.

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