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A Cross Country Growth Analysis of Pakistan and Bangladesh

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A Cross Country Growth Analysis of Pakistan and Bangladesh

Senior Project Submitted to
The Division of Social Studies
of Bard College

by
Mahnoor Khawaja

Annandale-on-Hudson, New York

May 2024

Dedication

In profound gratitude to those who have been my unwavering pillars of support, both in the middle of good and difficult times, I humbly dedicate this thesis to my beloved father, mother, brothers and my dear husband. Their boundless love, encouragement, and sacrifices have been the guiding lights that illuminated my path. May their unwavering support and belief in me continue to inspire and guide me on the journey ahead.

Acknowledgements

I want to thank my senior project and academic advisor Prof. Sanjay Desilva, Associate Vice President for Academic Affairs, Dean of Studies David Shein who played a vital role in the completion of my education, and my professors from the Social Studies division for guiding me through my studies at Bard College and inspiring me to look beyond a single perspective. I would also like to thank my family and friends who have supported me throughout my educational journey.

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CHAPTER 1: A COMPARATIVE ANALYSIS OF PAKISTAN VS. BANGLADESH

1. Introduction

The woes of Pakistan are seemingly endless. As the threat of economic default looms on its head, Pakistan has tried to come up with numerous policies to overcome its situation – but to no avail. It is unfortunate for Pakistan that the country has lost its competitiveness with other Asian countries and has come to a point where it must learn from the smaller states to overcome its economic hazard. One such country is Bangladesh. Once a part of the Islamic Republic of Pakistan, Bangladesh today has outrun Pakistan with its growing economy. The question is, is there something that Pakistan can learn from Bangladesh's economic decisions to overcome its economic trap? This thesis explores the factors behind the contrasting economies of Pakistan and Bangladesh with a sharp focus on the garment industry of Bangladesh which has played a pivotal role in the country's development. The thesis recognizes that both Pakistan and Bangladesh are developing countries with similar religious, cultural, social, and historical values, and therefore aims to identify strategies that have differentiated Bangladesh from Pakistan, thereby deriving findings that can help devise key lessons for Pakistan which the country can adopt for its economic development.

2. Historical Context to East Pakistan Partition

Today, Pakistan and Bangladesh are two independent entities. Historically, however, it was not always the case. When the British left India, the Muslim League perpetuated a demand for a predominantly Muslim state for South Asian Muslims. Pakistan was created in 1947 from the former Indian territories of Sindh (Sind), West Punjab, Balochistan, North West Frontier

Provinces, and East Bengal.¹ This newly founded sovereign state was defined by religious predominance and consisted of two separate physical regions; East Bengal, on the eastern side of India, was known as East Pakistan, while the remainder, separated by more than one thousand miles, was known as West Pakistan.



Figure 1: The map of Pakistan at the time of partition in 1947 includes today's Bangladesh.²

a. Initial Economic Conditions in the Pre-Partition Era

The newborn state of Pakistan inherited complex problems. Its independence was marked by tragic religious conflict and political chaos, leading to the displacement of millions of refugees. The total number of deaths in the Hindu-Muslim riots at Partition of the subcontinent is estimated to be in the millions. During this time, Pakistan had to urgently create an entire structure of government during a time of great civil strife and disorder. Its problems were further

¹ Feroz Ahmed (1972) The struggle in Bangladesh, Bulletin of Concerned Asian Scholars, 4:1, 2-22, DOI: 10.1080/14672715.1972.10406271

² University of Arkansas. Pakistan/East Pakistan/Bangladesh 1947

intensified by the geographical division of the country by over a thousand miles of Indian territory.³ This led to a decade of political instability which affected East Pakistan the worst.

In his research, William Brands states that “if religious differences in the subcontinent made the creation of Pakistan inevitable, religious unity proved an inadequate basis for nationhood”⁴ The people of East and West Pakistan shared a similar religious ideology; however, the people of the two wings were quite different from one another in temperament and personality. Owen notes that the people of West Pakistan were “hardy aggressive warriors, with a long history of fighting during the British regime” whereas the people of East Pakistan were inclined to the arts, poetry, and philosophical discourse.

Given their differences, the people of West Pakistan had looked down upon the people of East Pakistan as a “non-martial” race. This sentiment was later reflected in the administrative policies and political decisions later implemented by the government. According to Owen, “the two Pakistans might have survived as one had West Pakistan been willing to treat the east wing as an equal, but this never happened”.⁵

b. The Dominance of Pakistan in the Pre-Partition Era

As the people of East Pakistan resented the feeling that they had merely changed masters after the partition, the animosity was further exacerbated by the continuous demonstration of dominance by West Pakistan.⁶ Data indicates that the foreign exchange of Pakistan was majorly earned by the jute industry of East Pakistan; however, about 60% of this

³ Owen, J. E. (1972). The Background to Bangladesh. *Il Politico*, 172. <https://www.jstor.org/stable/43207461>

⁴ Barnds, W. J. (1971). Pakistan's disintegration. *The World Today (Royal Institute of International Affairs, London)*, 27(8), 319-329.

⁵ Owen, J. E. (1972). The Background to Bangladesh. *Il Politico*, 173.

⁶ Feroz Ahmed (1972) The struggle in Bangladesh, *Bulletin of Concerned Asian Scholars*, 4:1, 2-22, DOI: 10.1080/14672715.1972.10406271

foreign income was invested in the industrial development of West Pakistan.⁷ After Partition in 1947, the per capita income of West Pakistan exceeded that of East Pakistan by 10%. This discrepancy continued to increase with time, exceeding 30 % by 1960, 40 % by 1965, and 60 % by 1969.⁸

Furthermore, the Central Government bureaucracy was manned almost entirely by West Pakistanis who controlled the flow of strategic economic resources. Despite East Pakistan's population majority, only one-third (37%) of the country's public investment went to the East wing during the 1950s decade, compared with the West wing's 63%.⁹ Resultantly, West Pakistan became more industrialized and prosperous with every passing year while the quality of life and economic conditions deteriorated in East Pakistan. It is further demonstrated in Table 1 which provides statistics of East Pakistan's foreign trade in 1964-65. The data shows that the chief items exported from East Pakistan were jute, tea, and other agricultural products, reflecting the agrarian character of East Pakistan's economy. It further shows that the main items imported by East Pakistan comprised goods such as raw cotton, coal, textiles, oil, wheat, etc., demonstrating the weak industrial base of the region. Nearly half of East Pakistan's imports were from West Pakistan including the large volumes of cotton products that could have been easily manufactured in East Pakistan itself if the government had equally invested in the industrialization of East Pakistan, thereby creating job opportunities in the sector, enhancing its economic conditions, and improving the overall quality of life of its people.¹⁰

⁷ Owen, J. E. (1972). The Background to Bangladesh. *Il Politico*, 173.

⁸ Ibid

⁹ Papanek, G. F. (1970). The location of industry. *The Pakistan Development Review*, 10(3), 291-309.

¹⁰ Bose, D. K., & Chatterjee, A. (1972). Perspective for Economic Development of Bangladesh. *Economic and Political Weekly*, 642. <https://www.jstor.org/stable/4361150>; Owen, J. E. (1972). The Background to Bangladesh. *Il Politico*, 174.

(Rs in million)			
Exports		Imports	
Commodity	Value	Commodity	Value
<i>To Foreign Countries</i>		<i>From Foreign Countries</i>	
Raw jute	845.3	Machinery	511.2
Jute manufactures	292.3	Metals and ores	341.6
Hides and skins	20.0	Mineral oils	73.8
Fish	46.0	Vegetable oils	125.7
Tea	10.0	Coal and coke	49.1
Others	54.3	Vehicles	49.0
		Drugs and medicines	33.9
		Textiles	19.9
		Others	497.6
Total	1,267.9	Total	1,701.8
<i>To West Pakistan</i>		<i>From West Pakistan</i>	
Tea	185.4	Cotton fabrics	183.7
Jute manufactures	104.9	Cotton yarn	78.1
Paper and paste board	85.9	Raw cotton	81.3
Matches	26.2	Rice	13.8
Leather	22.6	Edible oils	11.6
Others	185.2	Boots and shoes	2.8
		Tobacco	89.5
		Wheat and flour	5.7
		Others	408.0
Total	610.2	Total	874.5

Figure 2: Foreign Trade of East Bengal (1945-1965) ¹¹

c. The Emergence of Bangladesh and Initial Challenges

While attempts were made to provide more economic and political parity to East Pakistan during the 1960s however, it already was too late. An ethos of frustration had already engendered in the country between the two wings, causing a disruptive influence on the social divisions. When a severe cyclone and tidal wave hit East Pakistan in November 1970, destroying thousands of homes with a heavy toll of life, the indifference of the Central Government towards the situation further exacerbated the animosity.¹² It strengthened the conviction that only through independence could the people of Bengal protect their future. When the due political mandate was also taken back from the people of East Bangladesh, it

¹¹ Rashid, H. (1967). *East Pakistan: A Systematic Regional Geography & Its Development Planning Aspects*. Sh. Ghulam Ali.

¹² Jakobsen, T. G., De Soysa, I., & Jakobsen, J. (2013). Why do poor countries suffer costly conflict? Unpacking per capita income and the onset of civil war. *Conflict Management and Peace Science*, 30(2), 140-160.

turned out to be the last straw, leading to a series of chaos and riots that ultimately resulted in the emergence of Bangladesh.

However, it is said that ruling an underdeveloped country is a much more difficult task than fighting a war.¹³ The Bengalis valiantly took ownership of their land after winning the liberation war in 1971, but now they were faced with a greater challenge in building up a stable economy and a steady social and political order. Understanding the complexities, Prime Minister Sheikh Mujibur Rahman asked the people to wait for three years soon after liberation. He promised that the economic and political conditions would improve significantly in this period. However, data shows that by the end of the third year of independence (1974), thousands of Bengalis had died of starvation.¹⁴ Moreover, increasing political polarization between the centrist Awami League government and the radical revolutionaries further threatened the socio-political order of the country, thereby impeding the economic stability of Bangladesh.¹⁵

3. Economic Growth and Current Scenario

While the economic conditions of Bangladesh at the time of its inception were shaky, the contrast in the countries' development could not be starker after 52 years. The data from the World Bank demonstrates that Bangladesh has presented a budget of USD 71 billion and has a growth rate of 7.5% compared to Pakistan's 3.5% growth rate in 2023.¹⁶ It also shows that Bangladesh has almost USD 31 billion in reserves for the new fiscal year of 2024 whereas

¹³ Bose, D. K., & Chatterjee, A. (1972). Perspective for Economic Development of Bangladesh. *Economic and Political Weekly*, 642. <https://www.jstor.org/stable/4361150>

¹⁴ Maniruzzaman, T. (1975). Bangladesh in 1974: Economic crisis and political polarization. *Asian Survey*, 15(2), 117-128.

¹⁵ Ibid

¹⁶ 'Bangladesh and Pakistan – Two Very Different Trajectories' – Europe Asia Foundation. <https://europeasiafoundation.org/insights/bangladesh-and-pakistan-two-very-different-trajectories>

Pakistan has less than USD 4 billion, including loans from friendly nations. Moreover, the exports of Bangladesh have reached USD 52 billion after 52 years of its independence while Pakistan's exports are still at USD 31.78 billion.¹⁷ This meager data demonstrates that Bangladesh has left Pakistan behind in all sectors of the economy in 2023-24 despite emerging from the same roots as Pakistan and facing harsh economic conditions post-separation from the dominant Pakistan.¹⁸

a. Comparative Growth Rate Analysis and Recent Trends

Bangladesh has made remarkable economic progress since its independence in 1971. It has evolved from a low-income to a lower-middle-income country and has observed a sectoral transformation in employment and GDP growth.¹⁹ The government has implemented various safety-net programs such as the National Social Security Strategy (NSSS) which provide a comprehensive social protection system to all citizens.²⁰ Right now, Bangladesh has a GDP of \$411 billion, compared to Pakistan's GDP of \$347 billion, which makes it the 33rd largest economy in the world. It is expected that the country's economic size could double by 2030.²¹

On the other hand, Pakistan has continued to face social and administrative issues since its independence, resulting in consistent economic problems. Currently, Pakistan is facing a deflating economy, in addition to a spiraling inflation rate, political instability, and the consequences of the most catastrophic flooding the country has ever seen.²² The poor governance

¹⁷ Ibid

¹⁸ Shah, S. (2021). Pakistan and Bangladesh: Comparative Economic Analysis (1971-2020). *Available at SSRN 3920349*.

¹⁹ 'Bangladesh and Pakistan – Two Very Different Trajectories' – Europe Asia Foundation. <https://europeasiafoundation.org/insights/bangladesh-and-pakistan-two-very-different-trajectories>

²⁰ Ibid

²¹ Khan, M. H. (2020). Bangladesh and Pakistan: The Great Divergence. *Pakistan Development Review*, 59(2), 301-309.

²² 'Bangladesh and Pakistan – Two Very Different Trajectories' – Europe Asia Foundation. <https://europeasiafoundation.org/insights/bangladesh-and-pakistan-two-very-different-trajectories>

in Pakistan has majorly contributed to the empirics of economic growth in the country, leading to an increased poverty rate. Its economy is paralyzed under the cost of external and internal debt; a problem further exacerbated by the political paralysis in the country. Currently, the economy of Pakistan has far exceeded its threshold level of public debt. According to IMF, Pakistan needs a \$7bn loan to tackle this economic crisis and in the three years leading up to 2026, Pakistan must repay a total of \$75bn or \$25bn per year to avoid economic default.²³

b. Comparative Economic Trends

The contrast in the economic growth of Pakistan and Bangladesh is reflected in the following figures which compare the data available on the country's economy. Figure 3 draws a comparison of the Gross Domestic Product (GDP) of Pakistan and Bangladesh demonstrating the value added created through the production of goods and services by both countries during 1960-2020. This figure shows that despite being significantly higher than Bangladesh's GDP in the first half, the GDP of Pakistan has dipped since, and has not been able to recover recently.

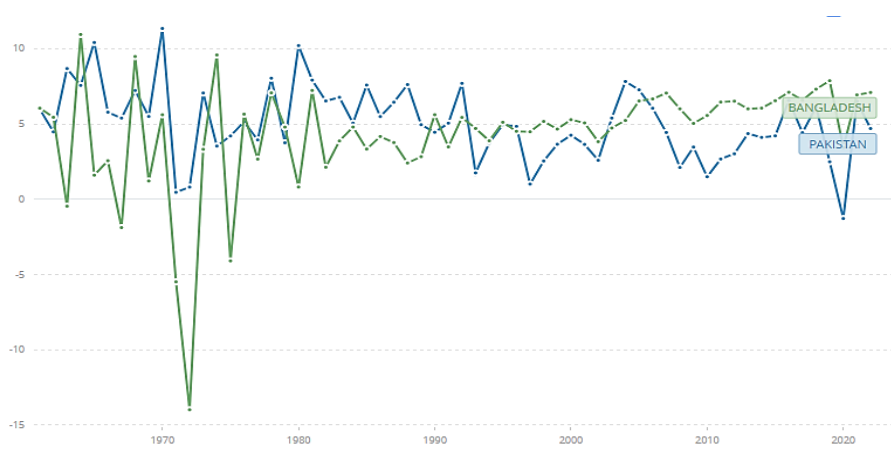


Figure 3: The GDP Growth of Pakistan vs. Bangladesh from 1960 to 2020.

²³ Mansoor, A., Yousufi, M., & Aftab, R. (2023). International Political Economy And Imf: Examining The Effects Of Extended Fund Facility (Eff) On The Governance Structure Of Pakistan. *Pakistan Journal of International Affairs*, 6(2).

Similarly, Figure 4 shows the Gross National Income (GNI) of Pakistan versus Bangladesh demonstrating the total domestic and foreign output claimed by the people of both countries. This trend, too, demonstrates that despite having a consistently greater GNI Growth, Pakistan has failed to maintain this growth. It also demonstrates that Pakistan's GNI growth has been shaky through the years, whereas Bangladesh's GNI growth has slowly transcended to a greater degree than Pakistan's, albeit slowly. This figure confirms that the recent GNI Growth Index of Bangladesh is higher than Pakistan's.

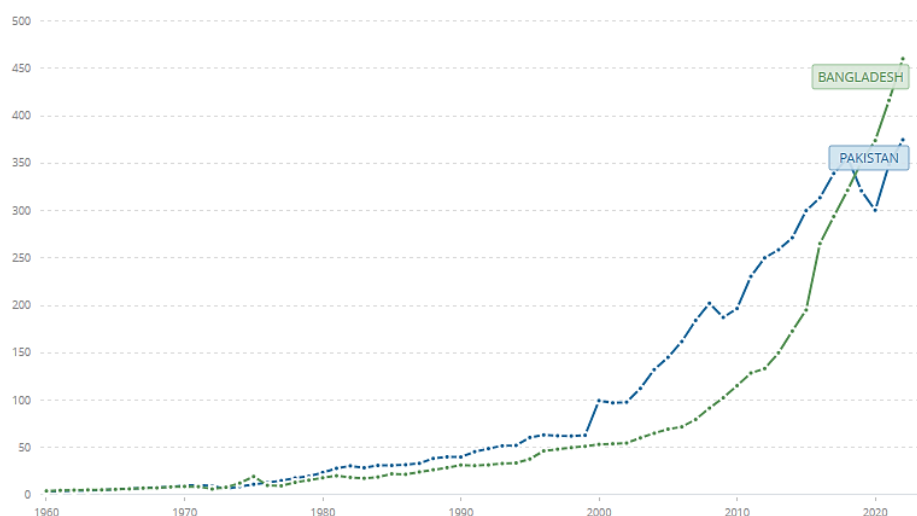


Figure 4: The GNI Growth of Pakistan vs. Bangladesh from 1960 to 2022 ²⁴

4. Pakistan vs. Bangladesh – An In-depth Comparison

This chapter will conduct a comparative analysis of key characteristics of Pakistan and Bangladesh. in the labor sector of the neighboring countries. It will focus on the various factors that affect the growth of the two countries, highlighting the areas where better policies can help the countries in improving their outlook.

²⁴ World Bank, 2023. Retrieved from <https://data.worldbank.org/indicator/NY.GNP.MKTP.CD?locations=PK-BD>

a. Education

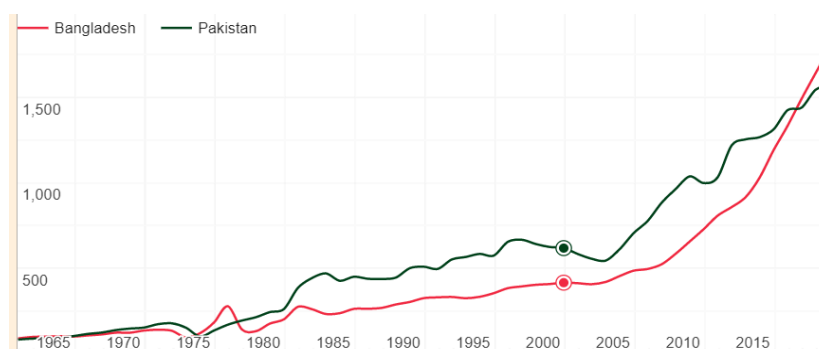
Various authors claim that Pakistan lags behind Bangladesh. The Basic Economics textbook explains the knowledge economy is driven by knowledge, changes, and globalization. “Although both the countries are enormously lacking in promoting skilled, flexible human capital to form a knowledge-driven economy, Pakistan has been seriously lacking in this effort as compared to Bangladesh.”²⁵ This quote further elaborates on the idea of a knowledge-driven economy where Pakistan needs intellectual knowledge to boost the economy. Even though education is the backbone of a knowledge-driven economy, Pakistan’s growth rate does not show any results. Even though Pakistan spends a large share of its GDP on education, Bangladesh has a high GDP because Pakistan is behind in promoting secondary and tertiary education. According to Islam and Saqib,

*“The gross enrolment ratio at secondary and especially at tertiary levels has been remarkably lower in Pakistan than that of Bangladesh. It is noteworthy to mention that secondary education completes the provision of basic education and aims at laying the foundations for lifelong learning and human development, while tertiary education emphasizes more specialized and skilled-oriented learning and lays foundations for the knowledge-driven economy.”*²⁶

²⁵Islam, Md Saiful, and Saqib Munir. *Human Development and Economic Growth Nexus: A Comparative Study between Bangladesh and Pakistan*. Researchgate.net, 2018, page 125, www.researchgate.net/profile/Islam_M_S/publication/329707089_Human_Development_and_Economic_Growth_Nexus_A_Comparative_Study_between_Bangladesh_and_Pakistan/links/5c19fa88299bf12be38a5d06/Human-Development-and-Economic-Growth-Nexus-A-Comparative-Study-between-Bangladesh-and-Pakistan.pdf.

²⁶Islam, Md Saiful, and Saqib Munir. *Human Development and Economic Growth Nexus: A Comparative Study between Bangladesh and Pakistan*. Researchgate.net, 2018, page 125, www.researchgate.net/profile/Islam_M_S/publication/329707089_Human_Development_and_Economic_Growth_Nexus_A_Comparative_Study_between_Bangladesh_and_Pakistan/links/5c19fa88299bf12be38a5d06/Human-Development-and-Economic-Growth-Nexus-A-Comparative-Study-between-Bangladesh-and-Pakistan.pdf.

This explains the reasons Pakistan cannot see the transforming results just because they are not focusing on the right thing. Figure 5 demonstrates its impact on Pakistan's GDP as compared to Bangladesh. As mentioned above, secondary education is the most important. Instead of focusing on any other type of education, Pakistan should spend more on secondary education as Bangladesh has a higher GDP and focused spending on education such as vocational training.



*Figure 5: Graph shows the GDP growth of Bangladesh vs. Pakistan from 1965 to 2015*²⁷

Despite their effort in spending on education they have not experienced or seen any meaningful social and economic development for a majority of its citizens. Pakistan is focusing on expanding investment in education, healthcare, and sanitation but the results are not showing. Pakistan is spending less on technological education to become efficient in its export industry which is textiles. Even though the major exports of Bangladesh are garments, they developed a comparative advantage in clothing exports and grew their economy.

Investment in education is important because it will not only help Pakistani workers become better at producing textiles, it will also provide them with knowledge about upgrading Pakistan's major exports. Although Pakistan is spending more on education than Bangladesh still has a lower growth rate because the spending is on the primary rather than secondary sector of

²⁷ Country Economy

education. This is because of a weak government and a high population. On the other hand, Bangladesh is spending a lot on training centers for its workforce which is helping them become more efficient in their work, thereby helping their industry.

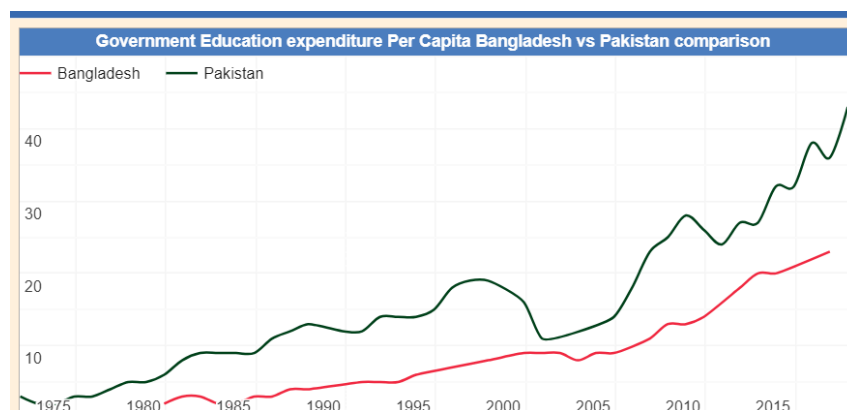


Figure 6: GDP per Capita Expenditure of both countries on education

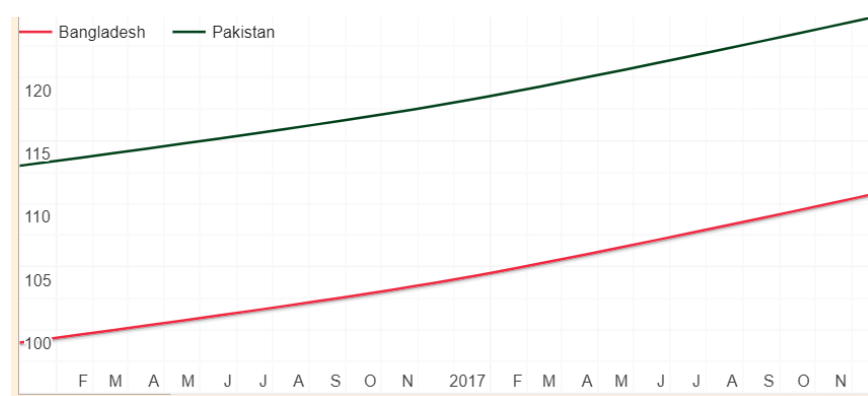
To improve or upgrade exports in Pakistan, the workforce which is part of the textile industry should be given work-related education to increase productivity and train workers to divert their production towards garment factories. Investment in education is important as better-schooled households in Pakistan will reduce the focus on farming. “One-third of the increase in nonfarm income due to better education results from households shifting labor resources away from farming.”²⁸ Education does make the people of Pakistan realize to divert their labor resources from off-farm activities.

b. Human Capital

Investment in human capital is one of the ways of growing. Bangladesh has a higher human capital ranking than Pakistan and the reason Bangladesh is growing faster than Pakistan is

²⁸ Fafchamps, Marcel, and Agnes R. Quisumbing. “Human Capital, Productivity, and Labor Allocation in Rural Pakistan.” *The Journal of Human Resources*, vol. 34, no. 2, 1999, pp. 369–406. *JSTOR*, www.jstor.org/stable/146350. Accessed 27 Apr. 2020.

because they are constantly training its workforce for its export-led industries. Figure 7 shows high human capital in Bangladesh compared to Pakistan. Pakistan's 60% of the exports are textiles. Even if Pakistan wants to stay in the textile industry and does not want to diversify exports, they need to upgrade the textile sector. They need to upgrade from textile to garments just like Bangladesh where Bangladesh is moving up the ladder and making clothing for companies like Walmart.



*Figure 7: The human capital ranking for the two countries*²⁹

According to Amjad, “South Asia (including Pakistan) is a weak performer in the competitive stakes. Its world market share remains small and its export structure is dominated by low-technology and low-sophisticated products.”³⁰ Hence, Pakistan needs to score high in export sophistication. Investment in human capital is important for Pakistan because this will introduce workers to different fields which will pour into the idea of upgradation and diversification of exports.

Wages are still low in Bangladesh but there are large numbers of female and male workers working in the garment industry. Despite a low wage rate, the garment industry is rising.

²⁹ Country Economy

³⁰Amjad, Rashid, et al. “Skills and Competitiveness: Can Pakistan Break Out of the Low-Level Skills Trap? [with Comments].” *The Pakistan Development Review*, vol. 44, no. 4, 2005, pp. 387–409. *JSTOR*, www.jstor.org/stable/41260725. Accessed 27 Apr. 2020, page 6

This is because Bangladesh has a comparative advantage in producing garments. Their major industry is garment, workers are not left with choices and in the end, they are forced to work for garment factories. As human capital shifts the production function upwards, in Bangladesh “those who had received good training, some had sufficient financial capital to establish their garment factories, and others became garment traders or worked for other manufacturers as managers.”³¹ Bangladeshi found their way of making full use of already available human capital because we need basic knowledge to stitch clothes but Pakistan needs workers who have more than basic knowledge because textile mills utilize a lot of technical machinery.

c. Female Workforce

Bangladesh encourages women's participation in the labor force. On the other hand, unlike in Bangladesh, “Female education and nutrition do not affect productivity and labor allocation in any systematic fashion” in Pakistan.³² This is where Pakistan differs from Bangladesh where 60.8% of the workforce in the textile sector is female while in Pakistan where most of the women work in the informal sector. Research shows that even if women in Pakistan have secondary education, “Urban women are 21 percent less likely than rural women to be in the labor force.”³³ More females from rural areas are willing to work in textile factories, just like in Bangladesh. Female workers in Bangladesh willingly travel long distances to get to their workplace because they feel like it is their escape from domestic/household work. The female workforce in Pakistan is not encouraged to work towards the improvement of exports.

³¹ Khondoker Abdul Mottaleb and Tetsushi Sonobe, "An Inquiry into the Rapid Growth of the Garment Industry in Bangladesh," *Economic Development and Cultural Change* 60, no. 1 (October 2011): 67-89.

³² Fafchamps, Marcel, and Agnes R. Quisumbing. “Human Capital, Productivity, and Labor Allocation in Rural Pakistan.” *The Journal of Human Resources*, vol. 34, no. 2, 1999, pp. 369–406. *JSTOR*, www.jstor.org/stable/146350. Accessed 27 Apr. 2020.

³³ World Bank Document, Female Labor force participation in Pakistan, <http://documents.worldbank.org/curated/en/444061529681884900/pdf/Female-labor-force-participation-in-Pakistan-what-do-we-know.pdf>

According to the World Bank, “still at all education levels, larger proportions of rural than urban women are in the labor force.”³⁴ Most Pakistani women in rural areas help in cotton picking but don’t engage in industrial jobs. Pakistan needs to see what Bangladesh is doing concerning women in garment factories. To improve the textile sector Pakistan does not need to force the adult workforce to go to schools. They can simply hold campaigns and training programs in rural areas to educate workers on how to make garments and produce stuff like Bangladesh is producing. The article “Human Capital, Productivity and Labor Allocation in Rural Pakistan” explains that schooling does not affect net crop incomes. In this way, education will divert workers from farming to industry. This piece of information will help workers in Pakistan divert their activities from farming to the non-farming sector. The article also explains even if the head of the household in Pakistan has attained the highest education level, results do not change, schooling will still have a negative or nonsignificant effect on crop output. Pakistan needs to see what specific education level they should spend on because Bangladesh does not give answers to that.

Although both countries lag in human capital, Bangladesh has encouraged women to work in its garment factories which has helped them increase their exports. “Since women constitute almost fifty percent of the total populations in two countries, sub-optimal human capital investments in females will translate into a lower growth trajectory in the future. In addition to enhancing labor productivity, investments in women also influence future human capital and demographic outcomes, because of positive spillover effects on fertility and

³⁴ World Bank Document, Female Labor force participation in Pakistan, <http://documents.worldbank.org/curated/en/444061529681884900/pdf/Female-labor-force-participation-in-Pakistan-what-do-we-know.pdf>

inter-generational education and health dynamics.”³⁵ The article claims that the government in both countries should focus on girls' education as women are a big part of both the country's workforce. If Pakistan focuses more on women's education and trains them to become part of the workforce, it will surely help Pakistan increase its textile production just like Bangladesh.

It is important to note that Bangladesh has focused on training women entrepreneurs and the workforce. “Bangladesh-German Technical Training Centre (BGTTC) offers employment-oriented vocational training to male and female students with and without secondary school certificates (SSC) from general education.”³⁶ Girls in Bangladesh are trained to tailor and make dresses and other garments in these technical training centers. “They appeared to have a good understanding of gender concepts which was shown when the facilitator of GWAPB talked about gender and vocational training, they were clear, gave relevant additions, and seemed eager to integrate gender in this center as much as possible.”³⁷ Bangladesh, unlike Pakistan, is constantly trying to reduce gender discrimination in vocational training centers.

d. Health

³⁵Islam, Md Saiful, and Saqib Munir. *Human Development and Economic Growth Nexus: A Comparative Study between Bangladesh and Pakistan*. Researchgate.net, 2018, page 123, www.researchgate.net/profile/Islam_M_S/publication/329707089_Human_Development_and_Economic_Growth_Nexus_A_Comparative_Study_between_Bangladesh_and_Pakistan/links/5c19fa88299bf12be38a5d06/Human-Development-and-Economic-Growth-Nexus-A-Comparative-Study-between-Bangladesh-and-Pakistan.pdf.

³⁶ Gender, Vocational Training and Employment, Report of Study, Gender and Water Programme Bangladesh Hs 16, Fl 2, Rd 30, Gulshan 1, Dhaka www.genderandwater.org 2014, page 5, <http://genderandwater.org/en/bangladesh/gwapb-activities/knowledge-development/research-report/gender-vocational-training-and-employment-1/>

³⁷ Gender, Vocational Training and Employment, Report of Study, Gender and Water Programme Bangladesh Hs 16, Fl 2, Rd 30, Gulshan 1, Dhaka www.genderandwater.org 2014, page 6, <http://genderandwater.org/en/bangladesh/gwapb-activities/knowledge-development/research-report/gender-vocational-training-and-employment-1/>

“Bangladesh has been spending a fairly large share of GDP on health to attain better health of its population as compared to that of Pakistan.”³⁸ There are positive links between health and performance. A healthier population is likely to better performance. Furthermore, healthier people tend to have fewer children and get more educated. Pakistan has a higher fertility rate which is 3.56 births per woman than Bangladesh which has 2.06 births per woman. These numbers show how educated the population is because educated people tend to have small family sizes. On the other hand, Pakistan has been spending more on education than Bangladesh but it still lags. This proves that spending on education is not the only solution as Pakistan spends more on education but its outcomes are comparatively low than Bangladesh. Expenditure is not enough for public services to be effectively delivered.

e. Resource Management

The textile industry is one of the biggest industries in Pakistan which contributes to its exports. “On the other hand, there is a horrible fact that they don’t have sufficient salaries and rewards that’s why top-quality performers of the Pakistan market have been moved to other countries, especially to the Bangladesh market.”³⁹ It is interesting when workers are going from Pakistan to Bangladesh to work in the same industry just because of poor human resource management. When workers leave Pakistan to work in Bangladesh, this shows that entrepreneurs in Pakistan are not creating enough jobs. Bangladesh and Pakistan have high rates of population leaving to work in other countries. “Large scale overseas migration in the 1970s saw large

³⁸Islam, Md Saiful, and Saqib Munir. *Human Development and Economic Growth Nexus: A Comparative Study between Bangladesh and Pakistan*. Researchgate.net, 2018, page 124, www.researchgate.net/profile/Islam_M_S/publication/329707089_Human_Development_and_Economic_Growth_Nexus_A_Comparative_Study_between_Bangladesh_and_Pakistan/links/5c19fa88299bf12be38a5d06/Human-Development-and-Economic-Growth-Nexus-A-Comparative-Study-between-Bangladesh-and-Pakistan.pdf.

³⁹Tanveer, Yasir, et al. *THE WAY HUMAN RESOURCE MANAGEMENT (HRM) PRACTICES EFFECT EMPLOYEES PERFORMANCE: A CASE OF TEXTILE SECTOR*. International Journal of Economics and Management Sciences, 2011, volume 1, No 4

numbers of skilled, semi-skilled and unskilled workers leave for the Middle- East on contract employment.”⁴⁰ This is mainly because these workers want to break out from the low-level skills trap. To tackle this problem, Pakistan should learn from countries other than Bangladesh. Pakistan needs to realize the importance of human capital as it will not only make workers educated, hence, it will also divert the economy towards acquiring technology.

Moreover, even if workers know work, Pakistani textile employers do not realize the importance of textile workers. Bangladesh is paying comparatively more and feels the importance of workers who work in the textile industry. This could be one of the reasons why Bangladesh has upgraded and is producing garments. On the other hand, HR decisions are made in response to workers' performance. Does this show that workers in Pakistan are not performing well? The issue is that Pakistani workers are still being employed by Bangladeshi employers. Pakistan is going wrong somewhere. To stop workers going to Bangladesh, the government should focus on training workers in the textile industry, which will eventually make workers more efficient and textile millers will be willing to hire productive workers. Simultaneously producers in Pakistan will be willing to pay more to the productive workforce because the issue seems to be low wages in Pakistan.

Instead of having a strict hiring process in the Pakistani textile industry. As there is a positive correlation between HRM practices and employee performance in the textile industry, government and textile millers should focus on educating and training workers because this will not only increase the textile production and wages of the workers it will also prevent workers from going to other countries such as Bangladesh who has become one of the biggest

⁴⁰ Amjad, Rashid, et al. “Skills and Competitiveness: Can Pakistan Break Out of the Low-Level Skills Trap? [with Comments].” *The Pakistan Development Review*, vol. 44, no. 4, 2005, pp. 387–409. *JSTOR*, www.jstor.org/stable/41260725. Accessed 27 Apr. 2020, page 9

competitors of Pakistan's textile market. Textile millers should improve training and human resources to improve employees' performance because "Employee's Performance has a positive relation with Selection of Employees. Training effects have a positive relation with Employee's Performance and Performance Appraisal has a positive relation with Employee's Performance."⁴¹ To grow, Pakistan needs to work on HRM practices which will eventually motivate workers to become productive and discourage them from seeking work in other competitive countries.

f. Training

Since the rise of the garment industry, Bangladesh has been educating workers in the garment industry. "Desh sent 130 new employees to Daewoo's factory in South Korea, where they participated in an 8-month intensive training course covering diverse topics from sewing skills to factory management and international marketing."⁴² This shows the efforts of Bangladesh to constantly improve its garment industry. They focused a lot on technology transfer from abroad. The Bangladeshi garment industry grew through proliferation while Pakistan has been focusing on growing on its own. A country needs to bring in knowledge from abroad to grow. Bangladeshi learned from Koreans; hence, Pakistan needs to learn from the Bangladeshi textile industry. Human capital in Bangladesh first came from outside. They efficiently utilized it to increase the number of garment manufacturers and the quality of employees.

Just like Bangladesh, Pakistan should simultaneously focus on bringing technical knowledge from outside. Bangladesh distinguished between the education of workers and the

⁴¹ Tanveer, Yasir, et al. *THE WAY HUMAN RESOURCE MANAGEMENT (HRM) PRACTICES EFFECT EMPLOYEES PERFORMANCE: A CASE OF TEXTILE SECTOR*. International Journal of Economics and Management Sciences, 2011, volume 1, No 4

⁴² Khondoker Abdul Mottaleb and Tetsushi Sonobe, "An Inquiry into the Rapid Growth of the Garment Industry in Bangladesh," *Economic Development and Cultural Change* 60, no. 1 (October 2011): 67-89.

education of entrepreneurs. Bangladesh focused on educating employers which helped Bangladeshi employers create the revenue model that would suit their garment industry and the employees they hoped to entice. Desh story is more about growing local entrepreneurs and managers and that is where Pakistan is lacking. Bangladesh is also focusing on the training of women, making them a useful workforce. “Fazilatunnessa Mujib Women Technical Training Centre is exclusively a center for female students, established in 2001 in Mirpur, Dhaka to create more opportunities for female students to be trained and employed in technical professions.” Unlike Pakistan, Bangladeshi women are eager to work in garment factories because they look forward to their learning and training. “ On the other hand, Pakistan can increase its growth rate by investing more in women’s vocational training because it has helped Bangladesh in increasing their volume and value of exports. Bangladesh has a narrow resource base as compared to Pakistan. To get better results from spending on human capital, countries need to spend on health and education.

It is important to note that both Bangladesh and Pakistan did well in the cotton industry after the Korean boom. Both countries started during the same time but the techniques were different where Bangladesh mainly encouraged garment production and Pakistan focused on textile and cotton production. This is one of the pieces of evidence for Pakistan’s stagnant growth. Bangladesh focused on employing more labor in the start while Pakistan invested in new textile machinery, unfortunately, workers did not have enough skills to work with the machinery. “But unfortunately investing in skills development and developing a well-trained labor force has always been of low priority for factory owners and managers in the cotton industry.”⁴³ Arguably,

⁴³ Amjad, Rashid, et al. “Skills and Competitiveness: Can Pakistan Break Out of the Low-Level Skills Trap? [with Comments].” *The Pakistan Development Review*, vol. 44, no. 4, 2005, pp. 387–409. *JSTOR*, www.jstor.org/stable/41260725. Accessed 27 Apr. 2020, page 5

textile production is worse than clothing production. Perhaps it is less labor intensive, therefore less opportunity for employment generation. Where is the value added more? Textile is more capital intensive so we need workers with more than basic knowledge.

Workers in Bangladesh became traders or manufacturers of garments after receiving skills and training. “With the help of traders, a large number of manufacturers were able to start production and export without wasting time on trial and error, which would otherwise have been needed to find their way into foreign markets.”⁴⁴ Bangladesh started the process of upgrading way earlier than Pakistan which means they followed the idea of endogenous economic growth through knowledge leaks. Bangladesh focused on the transition between traders and manufacturers because global buyers tend to prefer dealing directly with local manufacturers while I did not see this in Pakistan in the early stages.

Furthermore, Bangladesh not only focused on training garment workers, hence, they also made efforts to improve the education level of the entrepreneurs. “According to our informants, an increasing number of manufacturers in Bangladesh are obtaining certificates from international auditing bodies such as the International Organization for Standardization (ISO), installing the latest machines, and tightening quality control by hiring foreign experts, to attract global buyers’ attention.”⁴⁵ All these efforts make a lot of difference as it shows that Bangladesh is interested in providing high-value services to achieve high export value. Although both countries are labor-abundant, Bangladesh has a comparative advantage in garment especially in sweater production.

⁴⁴ Khondoker Abdul Mottaleb and Tetsushi Sonobe, "An Inquiry into the Rapid Growth of the Garment Industry in Bangladesh," *Economic Development and Cultural Change* 60, no. 1 (October 2011): page 74

⁴⁵ Khondoker Abdul Mottaleb and Tetsushi Sonobe, "An Inquiry into the Rapid Growth of the Garment Industry in Bangladesh," *Economic Development and Cultural Change* 60, no. 1 (October 2011):page 13

The idea is that human capital should not be only restricted to workers, hence, education should also be provided to the entrepreneurs. The difference lies here, Bangladesh educated their manufacturers. “These results suggest that the manufacturers who received good training tend to target quality-conscious buyers rather than volume-conscious buyers.”⁴⁶ It is important to educate workers as well as manufacturers. This will help garment owners to understand the importance of investment in human capital. Although Bangladesh garment factory owners are educated, they still do not realize the benefits of returns to scale and employ too many workers because it is cheap for them. Human capital will help make abundant resources efficient and productive which will not only help increase the volume of exports, hence, it will also improve the quality of garments. Pakistan should see what Bangladesh has been doing and spend on educating elite mill owners and the workforce at the same time.

Interestingly the export data does show that Bangladesh's major exports are garments. They truly invested in machinery and outside knowledge, unfortunately, they did not improve their labor productivity. “In other words, their employment expansion was not accompanied by labor productivity improvement. Presumably, the employment expansion was a response to the recent tendency among global buyers to focus on local suppliers with large production capacity.”⁴⁷ Bangladesh always tried to target more volume of exports with the help of labor expansion. Increased export demand is fulfilled by employing more labor instead of making already employed labor more efficient and productive. Pakistan and Bangladesh lack spending on human capital. They just make use of abundant resources without realizing that this will cause diminishing returns to labor. The countries are not focusing on upgrading production techniques.

⁴⁶ Khondoker Abdul Mottaleb and Tetsushi Sonobe, "An Inquiry into the Rapid Growth of the Garment Industry in Bangladesh," *Economic Development and Cultural Change* 60, no. 1 (October 2011): page 20

⁴⁷Ibid

The goal should be to make use of abundant resources efficiently. The difference between Pakistan and Bangladesh is that Pakistan is stuck at the same stage of textile production and is not focusing on upgrading towards garment production while Bangladesh is constantly upgrading the type and quality of garments. For Pakistan if not diversifying then upgradation is important for growth.

Most of the garment factories in Bangladesh and textile factories in Pakistan are owned by the elite class. “Thus, it is likely that the association between these experience variables and enterprise growth reflects the financial ability of the entrepreneur’s family to finance enterprise expansion.”⁴⁸ Most of the cost-saving techniques are still old. Owners still focus on using more labor than machinery in both countries. Workers are trained to do the same task every day. Workers are not given new work-related training. Production is increased only by adding more workers. Hence, Bangladesh is still growing with this method but when will it grow till? Eventually, the garment factory will experience decreasing returns to scale. This will slow down Bangladesh’s growth rate if they do not invest in human capital. The problem will only be solved if manufacturers are given education and will further invest in the training and education of their workers. Pakistan and Bangladesh have low levels of human capital for entrepreneurs and workers.

⁴⁸Ibid

CHAPTER 2: EXPORT INDUSTRIES: TEXTILES AND GARMENTS

Export-oriented industries are integral to the economic development of countries like Pakistan and Bangladesh. Both of these countries are prominent players in the global textile and garment industry and heavily rely on their exports for foreign exchange earnings. However, a comparative analysis reveals significant differences in their export structures and approaches. Current statistics demonstrate that Bangladesh has made remarkable growth in its textile and garment sector in contrast to Pakistan, becoming the world's third-largest garment exporter.⁴⁹ Meanwhile, Pakistan's textile industry faces challenges in maintaining its competitiveness on the global stage despite its substantial size.



Figure 8: Countries exporting the most clothing in 2021 (in billion U.S. dollars)⁵⁰

⁴⁹ Ali, M., Khan, Z. H., & Hossain, M. E. (2022). Comparative Advantage, Export Diversification, Intra-Industry Trade, and Economic Growth Nexus: Evidence from Bangladesh's Textile and Clothing Industry. *AIUB Journal of Business and Economics*, 19(1), 226-250; Maqbool, M. S., ur Rehman, M. A., ur Rehman, H., & ur Rehman, S. (2020). The Economic Analysis of Comparative Advantage and Competitiveness in the Textile Export Industry in Pakistan. *Pakistan Journal of Social Sciences*, 40(3), 1409-1416.

⁵⁰ Fleck, A. (2023). The World's Biggest Exporters. *Statista* <https://www.statista.com/chart/29845/worlds-biggest-exporters-of-clothes/>

1. Comparative Analysis of the Textile and Garment Export Industry

a. Pakistan:

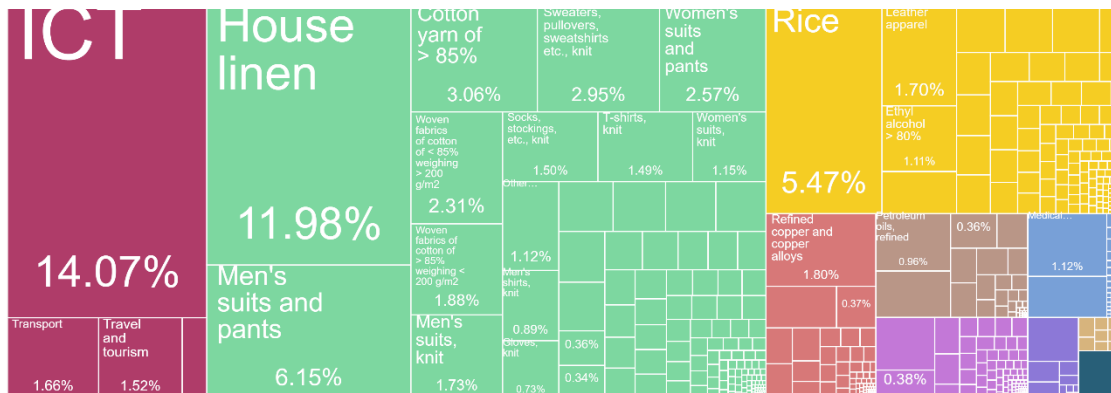


Figure 9: Pakistan exported \$36.7B worth of products and services in 2021⁵¹

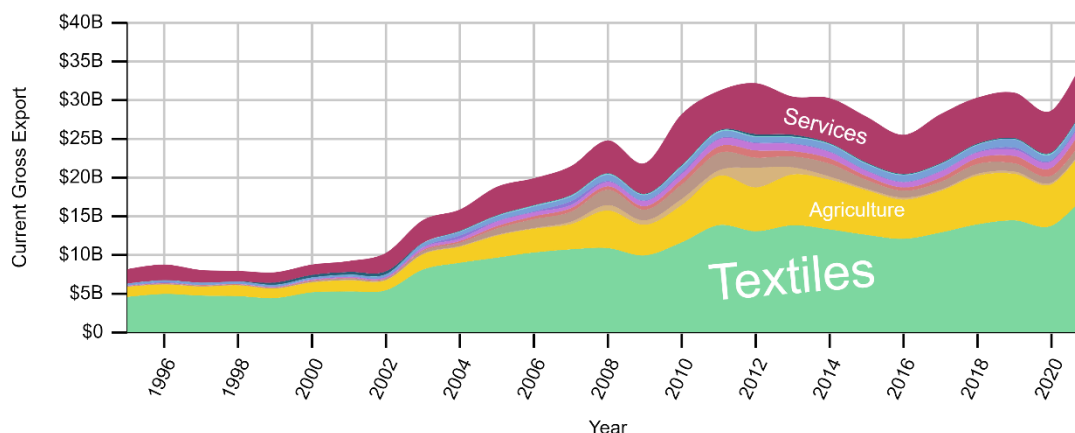


Figure SEQ Figure * ARABIC 10: All exports of Pakistan from 1995-2021

Pakistan’s textile industry has held a long-standing global position since its early years of independence. It has been the backbone of Pakistan’s economy due to its significant contribution to export earnings, employment provision, and industrial output.⁵² Its competitive advantage lies in the country’s abundance of cotton crops. It is apparent in Figure 2 that instead of putting all of its eggs in one basket, Pakistan is expanding itself in various sectors. It

⁵¹ Atlas Harvard. <https://atlas.cid.harvard.edu>

⁵² Maqbool, M. S., ur Rehman, M. A., ur Rehman, H., & ur Rehman, S. (2020). The Economic Analysis of Comparative Advantage and Competitiveness in the Textile Export Industry in Pakistan. *Pakistan Journal of Social Sciences*, 40(3), 1409-1416.

demonstrates that while information and communication technology is the largest earning sector for Pakistan, it is followed by the sector of house linen which accounted for 11.98% of Pakistan's gross income in 2021. Pakistan specializes in the manufacture of bed linen, table linen, toilet linen, and kitchen linen which provides Pakistan with a gross income of \$4.40B. Another major share of Pakistan's exports is men's suits and pants which account for \$2.26B gross income.

Figure 3 provides an overtime demonstration of Pakistan's export between 1995-2021. Pakistan's gross income from textile exports has increased from \$5B in 1995 to \$18.2B in 2021.⁵³ While it is a significant growth; however, it still does not match the expected projection of Pakistan's growth in the textile sector given its strengths. Pakistan's textile industry faces various challenges, including energy shortages, inefficient production, and outdated machinery that hinder the growth potential of Pakistan's textile exports.

b. Bangladesh:



Figure 11: Bangladesh exported \$60.6B worth of products and services in 2021⁵⁴

In the past few decades, Bangladesh has emerged as a global powerhouse in the garment sector. The textile and garment sector of the country has experienced exponential growth with

⁵³ Atlas Harvard. <https://atlas.cid.harvard.edu>

⁵⁴ Atlas Harvard. <https://atlas.cid.harvard.edu>

the help of the government's favorable policies, a robust supply chain ecosystem, and low labor costs.⁵⁵ Bangladesh earns the highest proportion of its foreign income from the textile industry. As demonstrated in Figure 4, the sectors of t-shirts, men's apparel, sweatshirts, and women's apparel make up the largest percentage of Bangladesh's gross income. It also reflects that Bangladesh earns more than 75% of its gross income from the export of textile products. Furthermore, Figure 5 shows the exports of Bangladesh over time from 1995 to 2021. It depicts the growth of the country's textile sector, yielding an income of \$2.66B in 1995 to \$49.1B in 2021.⁵⁶

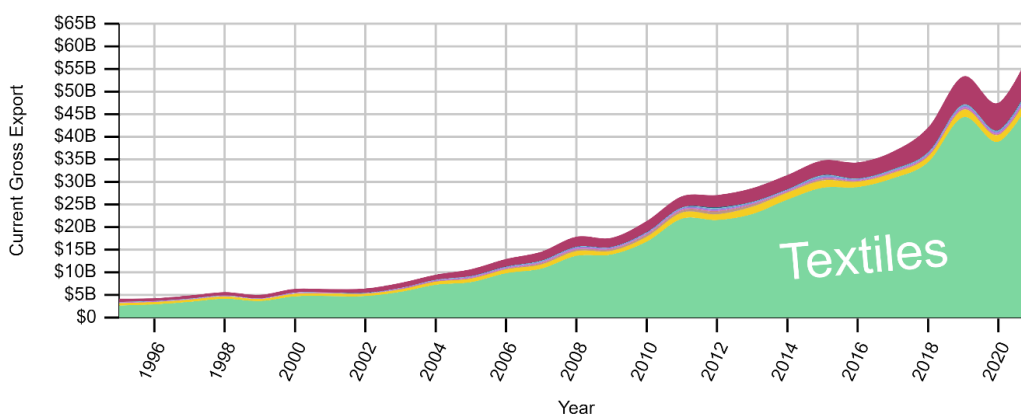


Figure SEQ Figure * ARABIC 12: All exports of Bangladesh from 1995-2021

In addition to economic development, the growth of the textile sector in Bangladesh also provides employment opportunities to millions of workers. It also includes the increased employment of women in its textile and garment factories, leading to women's empowerment. Favorable trade agreements, investment in infrastructure, and access to key markets are some of Bangladesh's specialization strategies that have propelled Bangladesh's growth in the global

⁵⁵ Ali, M., Khan, Z. H., & Hossain, M. E. (2022). Comparative Advantage, Export Diversification, Intra-Industry Trade, and Economic Growth Nexus: Evidence from Bangladesh's Textile and Clothing Industry. *AIUB Journal of Business and Economics*, 19(1), 226-250

⁵⁶ Atlas Harvard. <https://atlas.cid.harvard.edu/>

garment market.

c. Analysis Insight

Hence, the comparative analysis of Pakistan and Bangladesh's export structures in textiles and garments demonstrates several key differences and similarities. It reveals that while both countries economically depend on these sectors for export income, Bangladesh has been considerably successful in yielding remarkable results with its specialized approach in the garment industry, making it a global leader in garment manufacturing and textile exports. In contrast, Pakistan has a diversified export structure but lacks specialization and strategic focus in key industries which has impacted its ability to compete effectively in the global market.

Another significant insight can be acquired from the comparison of Figure 6 and Figure 7. Figure 6 demonstrates the growth of Bangladesh's textile sector in ten years, ranging from 2011 to 2021.⁵⁷ During this period, the country's growth income from the textile sector increased from \$21B in 2011 to \$50B in 2021. This is a significant increase of 147.6%. On the other side, Pakistan's gross income from textile exports was standing at \$14B in 2011. In the next ten years, this income has reached \$18B gross income from the textile sector in Pakistan. While this is a positive increase of 28.57% in gross income from textile income; however, Pakistan's growth is not as significant in comparison to Bangladesh.

⁵⁷ Atlas Harvard. <https://atlas.cid.harvard.edu>



Figure 13: Bangladesh's gross income from the textile sector between 2011-2021



Figure 14: Bangladesh's gross income from the textile sector between 2011-2021

Another significant insight comes from the review of distinct specializations of Pakistan and Bangladesh in their textile industries. A review of cotton production in Pakistan vs. Bangladesh (Figure 8) demonstrates that Pakistan's strength lies in cotton production, the key element in textile manufacturing. Despite a notable decline from 9500 lb./bales in 2013 to 5900 lb./bales in 2023, Pakistan's cotton production surpasses Bangladesh's significantly meager 155 lb./bales in the same duration.⁵⁸ In contrast, Bangladesh heavily relies on importing cotton for textile production due to its insufficient domestic production. This stark difference prompts an

⁵⁸ Statistics on Index Mandi, (2024). Retrieved from <https://www.indexmundi.com/agriculture/?commodity=cotton&country=pk&graph=production>; <https://www.indexmundi.com/agriculture/?country=bd&commodity=cotton&graph=production>

investigation into why Pakistan struggles to compete with Bangladesh's textile success despite its ample cotton production.

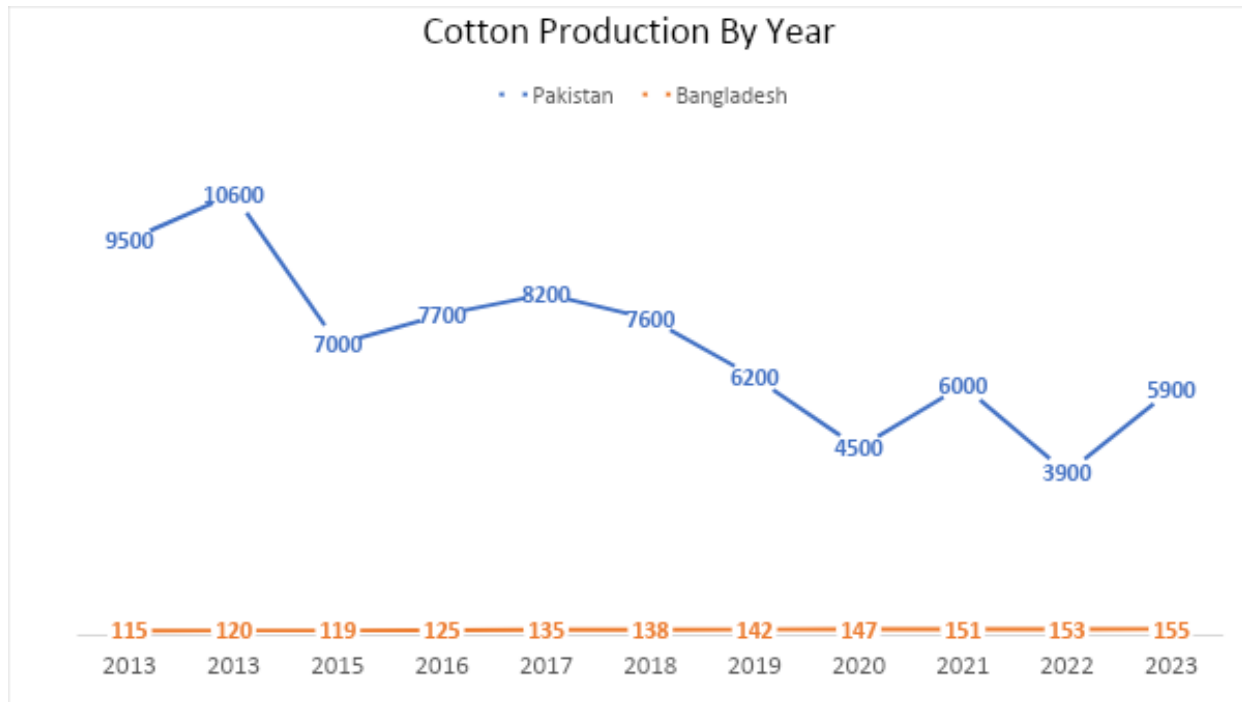


Figure 15: Cotton production in Pakistan vs. Bangladesh during 2013-2023⁵⁹

The crux of the issue lies in Pakistan's "resource scarcity." While Pakistan boasts abundant cotton reserves, the resource allocation imbalance in the country leads to the lack of a comparable labor force to Bangladesh. Currently, Bangladesh employs a labor force of 4.2 million individuals in its textile sector, with 60% being women.⁶⁰ Despite lower literacy rates, these women contribute significantly to the country's textile industry. They leverage domestically acquired skills to participate in various textile tasks like cutting, sewing, and folding garments, allowing Bangladesh's textile industry to benefit from their

⁵⁹ Index Mundi

⁶⁰ Al Mamun, M. A., & Hoque, M. M. (2022). The impact of paid employment on women's empowerment: A case study of female garment workers in Bangladesh. *World Development Sustainability*, 1, 100026.

cost-effectiveness and skillfulness manifold.⁶¹ It contrasts sharply with Pakistan's societal norms, particularly prevalent in its middle and lower class, where the idea of female employment is still not normalized.⁶² This disparity underscores the need for Pakistan to address the gender barriers to tap into its potential effectively.

2. Analyzing Bangladesh's Strategic Edge in the Export Sector

Bangladesh's remarkable success in the textile and garments export sector in comparison to Pakistan can be attributed to a combination of strategic initiatives and policy interventions. Analyzing these strategic interventions can help us gain insight into the factors contributing to Bangladesh's success, devising a helpful lesson for Pakistan.

a. Specialization in Textiles and Garments

Bangladesh's specialized focus on the textiles and garments sector has been a pivotal strategy in its export growth. Various favorable policies have been implemented by the government of Bangladesh to promote the textile and garment industry, such as fiscal incentives to provide financial and infrastructure support to industry stakeholders, thereby allowing the sector to recognize its potential to generate employment, earn foreign exchange, and lead economic development.⁶³

As noted earlier, Bangladesh has focused on readymade clothing which has helped the country to become a key shareholder in the global apparel market due to its specialization. Pakistan, on the other hand, has focused on a mix of cloth and cotton approach due to its

⁶¹ Ibid

⁶² Field, E., & Vyborny, K. (2022). Women's mobility and labor supply: experimental evidence from Pakistan. *Asian Development Bank Economics Working Paper Series*, (655).

⁶³ Mahmud, S., & Rahman, M. (2018). Sustainable development through the RMG sector of Bangladesh: Emerging concerns and mitigation strategies. *Business Strategy and the Environment*, 27(6), 812-826.

history as a cotton producer. The cotton production in Bangladesh does not suffice for its use, requiring the country to import cotton for its industrial needs. To overcome this weakness, Bangladesh has strengthened itself in another arena where Pakistan lacks: the labor force. In Particular, the input of the female labor force in the apparel industry of Bangladesh has been significant to the growth of the sector.⁶⁴

It has also been proactively working on negotiating favorable trade agreements and duty-free access to key export markets, thereby bolstering Bangladesh's garment exports.⁶⁵ It has also successfully attracted foreign investment. Currently, South Korea stands as Bangladesh's fifth-largest foreign direct investor with an investment of \$3.035 billion.⁶⁶ The bilateral trade between the two nations surged in 2022, following a remarkable 38.71% increase from the previous year. Furthermore, among the 200 Korean investment companies in Bangladesh, more than 70% are in the textile sector employing over 150,000 Bangladesh workers.⁶⁷

In contrast, Pakistan's approach to the textile and garment industry has been less focused and strategic despite a strong textile manufacturing base. The lack of targeted policies has hindered the country's ability to compete effectively with countries like Bangladesh. The situation has been worsened by the latest political crisis which has pushed Pakistan into an economic crisis. For example, Pakistan and South Korea also share a bilateral relationship. South Korea has also invested in the industrial sectors of Pakistan; however, the reports

⁶⁴ Al Mamun, M. A., & Hoque, M. M. (2022). The impact of paid employment on women's empowerment: A case study of female garment workers in Bangladesh. *World Development Sustainability*, 1, 100026.

⁶⁵ Mahmud, S., & Rahman, M. (2018). Sustainable development through the RMG sector of Bangladesh: Emerging concerns and mitigation strategies. *Business Strategy and the Environment*, 27(6), 812-826

⁶⁶ Amir, S. R. (2024, January 24). Bangladesh-South Korea Relations in 2023: Issues and Directions. Retrieved from <https://thegeopolitics.com/bangladesh-south-korea-relations-in-2023-issues-and-directions>

⁶⁷ Ibid

indicate a possibility of South Korean companies shutting their business in Pakistan due to import restrictions and delayed clearance of containers at the airport.⁶⁸ The local chamber of Korean investors has alleged that Korean firms are losing millions of dollars in sales due to Pakistan's failure to open letters of credit for raw material imports.⁶⁹ This case illustrates how Pakistan's missed opportunities stem from its ineffective policies, which Bangladesh adeptly seizes.

In recent years, Pakistan has also been a recipient of significant investments under China's Belt and Road Initiative (BRI).⁷⁰ While these investments aimed to enhance infrastructure development, their impact on the garment industry has been mixed. On one hand, China's BRI can lower transportation costs and improve logistical efficiency which could help the garment sector. On the other hand, it has also raised concerns regarding the exploitation of cheap labor, a common practice in Bangladesh, which can undermine the development of Pakistan's garment industry in the long term.⁷¹ It also exposes Pakistan to debt dependency and potential economic coercion, putting the country in a vulnerable position where its ability to enact measures beneficial to its domestic industries, including the garment sector, is limited. Hence, the investments under the BRI pose trade-offs that must be carefully considered to ensure sustainable growth for Pakistan's garment industry.

b. Investment in Human Capital and Skills Development

A critical aspect of Bangladesh's success in the textile and garment export sector lies in

⁶⁸ Chaudhury, D. R. (2023, March 01). South Korean investments in Pakistan suffer losses due to eco crisis. The Economic Times. Retrieved from <https://economictimes.indiatimes.com/news/international/world-news/south-korean-investment-in-pakistan-suffers-losses/>

⁶⁹ Ibid

⁷⁰ World Bank. (2019). Belt and Road Economics: Opportunities and Risks of Transport Corridors. Washington, DC: World Bank.

⁷¹ Ibid

its investment in human capital and skills development. In the garment industry, "human capital" refers to the skills, knowledge, and expertise possessed by workers which is crucial for production processes and value creation in the industry. Bangladesh has prioritized interventions that aim to enhance the skills and productivity of its workforce in recognition of its value. Further, the country has collaborated with various educational institutions and international organizations to provide training for laborers in the export sector.⁷² These initiatives focus on skills development, workplace safety programs, and vocational training to improve labor productivity, reduce production costs, and ensure compliance with international labor standards. In contrast, Pakistan has made limited efforts to develop human capital within the export sector. It has struggled to provide adequate training and skill development opportunities to its labor force despite possessing a sizable workforce.

c. Infrastructure Development and Trade Facilitation

Infrastructure development and trade facilitation have been key priorities for Bangladesh. It has invested heavily in port infrastructure to enhance the efficiency and capacity of its seaports, thereby strengthening its export competitiveness and reducing transaction costs. It includes the construction of new terminals, the upgradation of transportation networks, the adoption of modern cargo-handling technologies, and customs procedures which improve the trade processes and expedite the movement of goods.⁷³ It has also implemented trade facilitation measures such as the Single Window System which reduces bureaucratic delays and simplifies trade.⁷⁴ Meanwhile, Pakistan is struggling with infrastructure development due to

⁷² Asian Development Bank (ADB). (2019). Skills Development and Training for Better Jobs: Evidence from Bangladesh. Manila: Asian Development Bank.

⁷³ Kabir, M. A., & Salimullah, M. (2020). Challenges and Opportunities of Bangladesh's Export: An Analysis of Ports and Maritime Trade. *Journal of Bangladesh Studies*, 22(1), 117-131.

⁷⁴ Ibid

inefficient logistics, ineffective customs procedures, and congested ports which impede the smooth flow of goods and increase transaction costs for exporters.

d. Policy Stability and Industry Support

The commitment of Bangladesh's government to the growth of its textile and garment industry is another crucial factor contributing to the country's success in the export sector. The country has taken a proactive approach to engage with industry stakeholders and address their concerns by formulating consistent policies.⁷⁵ This initiative has fostered investor confidence and facilitated long-term investment in the export sector. Moreover, the government has also established specialized agencies such as the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) to provide advocacy, support, and services to the garment industry.⁷⁶ This has helped Bangladesh maintain a relatively stable macroeconomic sector with lower inflation and a stable exchange rate and has provided a predictable policy framework that is conducive to growth. In contrast, Pakistan lacks a coherent and stable policy framework coupled with bureaucratic corruption that hinders its ability to capitalize on export opportunities effectively, highlighting how political stability goes hand in hand with policy stability.

⁷⁵ Raihan, S., Razzaque, M. A., & Khondker, B. H. (2017). The Growth and Development of the Ready-Made Garment Industry in Bangladesh. In *The Ready-Made Garment Industry in Bangladesh* (pp. 23-40). Springer, Singapore.

⁷⁶ Ibid

CHAPTER 3: THE SECRET TO BANGLADESH'S SUCCESS AND POLICY RECOMMENDATIONS FOR PAKISTAN

1. Inside the Female Labor Force and Economic Development in Bangladesh

a. Female Labor Force Participation in Bangladesh and Pakistan

As established earlier, the economic trajectories of Pakistan and Bangladesh have been significantly different since their separation in 1971. Despite the similar key characteristics, Bangladesh enjoys notable economic growth while Pakistan finds itself on the brink of economic collapse. This brings us to question what Bangladesh is doing differently than Pakistan in shaping industrialization and economic development to reap significantly better outcomes. The analysis until this point highlights one key difference: the engagement of women in the country's labor force.⁷⁷

The booming garment industry is a key driving aspect of Bangladesh's economic success. It has helped Bangladesh to raise its competence and become a significant player in the global market. The rise of the garment industry in Bangladesh is significantly linked to its engagement of female workers. As noted by Fauzia Irfan Ahmed (2004), the garment industry in Bangladesh grew at a compound rate of 125% from 1977 to 1991 – and in the same period – more than 200,000 women were employed in the garment sector.⁷⁸ As a result, the garment sector in Bangladesh emerged as an example of the inclusion of women within the industrial sector in South Asia, providing them with opportunities for substantial employment, and enabling them to

⁷⁷ Anwary, A. (2017). Feminised workforce in transnational production: Bangladesh ready-made garment industry. *History and Sociology of South Asia*, 11(2), 174-191.

⁷⁸ Ahmed, F. E. (2004). The rise of the Bangladesh garment industry: Globalization, women workers, and voice. *NWSA journal*, 38.

contribute to household incomes.⁷⁹ The rise of this phenomenon not only empowered women economically but also changed societal norms, developing acceptance for women entering the labor force.

In contrast, the idea of women working in industries and garment factories is still at the fetal stage. This appears to be a major reason that Pakistan's garment industry particularly faces challenges in procuring the same success as Bangladesh despite its cotton production capabilities. The study conducted by Makino (2014) demonstrates that the low engagement of women in Pakistan's garment sector is a crucial factor that hinders its success. It shows that female employment has a positive impact on the economy of a country, the quality of life of a family, and the well-being of the women.⁸⁰ The research study by Makino utilizes labor force data from the Pakistan Bureau of Statistics and World Bank to suggest that:

“The labor force participation of women in Pakistan, as a percentage of total women workforce and percentage of total countries workforce is below par when compared to international standard and developed countries.”⁸¹

⁷⁹ Ahmed, F. E. (2004). The rise of the Bangladesh garment industry: Globalization, women workers, and voice. *NWSA journal*, 36.

⁸⁰ Makino, M. (2014). Pakistan: Challenges for women's labor force participation. In *The garment industry in low-income countries: An entry point of industrialization* (pp. 132-176). London: Palgrave Macmillan UK.

⁸¹ Ibid

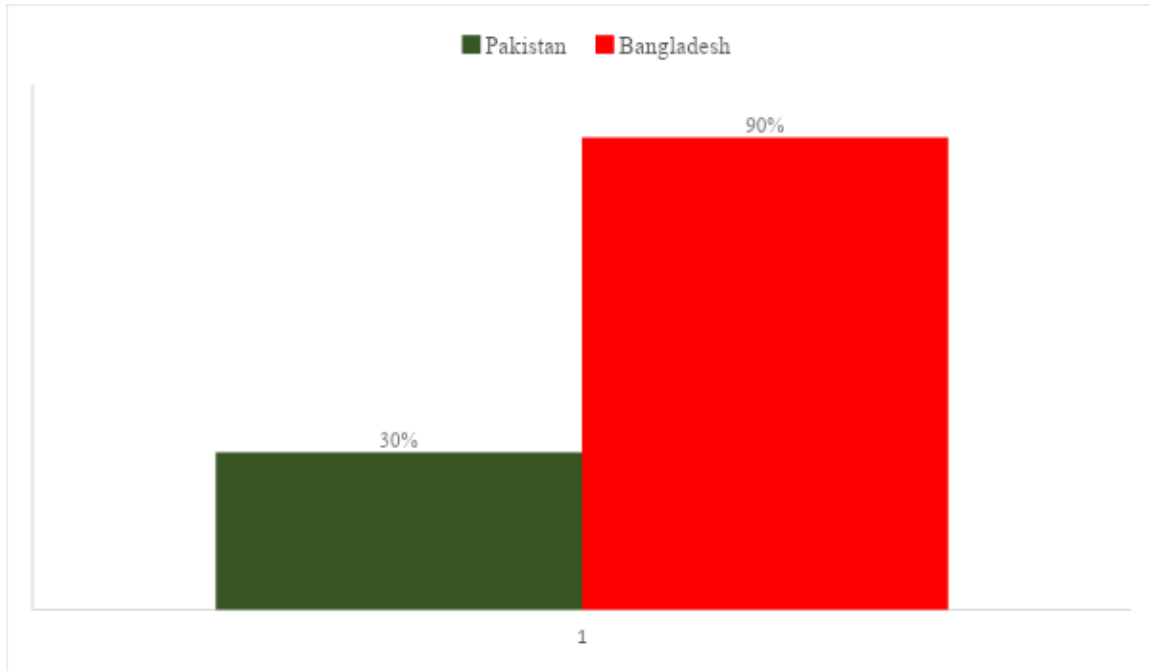


Figure 1: Labor force participation ratio of women in the garment sector compared to men

Furthermore, the research also highlights employment of women in industries in Pakistan has been limited by political, legal, economic, and cultural factors that adversely affect the economic growth of the country. This insight is further supported by the study conducted by Ruwanpura and Hughes (2016) which confers the gendered dynamics within garment factories in Karachi. This study highlights the need for more inclusive labor practices in the garment sector of Pakistan as it states that:

“In the context of Pakistan where men have been at the forefront of labor in the manufacturing sector, opening up jobs for women of all ages seems a laudable aspiration since their public mobility is frowned upon.”⁸²

⁸² Ruwanpura, K. N., & Hughes, A. (2016). Empowered spaces? Management articulations of gendered spaces in apparel factories in Karachi, Pakistan. *Gender, Place & Culture*, 23(9), 1285

Hence, this emphasizes the need to normalize women's inclusion in industrialization which would not only assist in women's empowerment but also contribute to broader issues of economic development in the country.⁸³

b. The Impact of Female Labor Mobility on Industrialization

Taking initiatives for the participation of women in the labor force is important due to its impact on the success of industrialization and the economic development of a country. The research conducted by Coxhead, Jayasuriya, and Kurosaki (2023) argues that the potential for industrial growth and diversification is limited in Pakistan due to the lack of female labor mobility in the country. According to this study, the lack of normalization of women working in garment industries in Pakistan such as in Bangladesh is leading to missed economic opportunities in the country.⁸⁴ This lack of normalization can be attributed to various factors, including a lack of educational opportunities and limited access to formal employment sectors for women.

Evident from the success story of Bangladesh's garment industry, the mobility of female labor plays a crucial role in driving industrialization toward success. As noted by Naila Kabeer and Simeen Mahmud, the increased participation of women in the garment sector has helped Bangladesh meet its demand for a labor force, diversify its skills, improve its product quality, and enhance its competitiveness at a global scale.⁸⁵ Furthermore, it has also economically empowered women, enabling them to empower their households through higher household incomes. It has led to a shift in the societal norms in Bangladesh – a country that shares similar

⁸³ Ibid, 1270-1285.

⁸⁴ Coxhead, I., Jayasuriya, S., & Kurosaki, T. (2023). Is female labor immobility holding back industrialization in Pakistan?. *IDE-JETRO Discussion Papers*, (896).

⁸⁵ Kabeer, N., & Mahmud, S. (2004). Rags, riches and women workers: export-oriented garment manufacturing in Bangladesh. *Chains of fortune: Linking women producers and workers with global markets*, 133-164.

religious and cultural values with Pakistan.⁸⁶ The increased participation of women in garment industries has helped Bangladesh in capacity building and human capital development which significantly contributes to sustainable industrial growth and economic development for the country, setting an example for Pakistan.⁸⁷

c. Empowering Women in the Labor Force

The key difference between Pakistan and Bangladesh lies in their approaches to empowering women in the workforce. The research conducted by Naila Kabeer and Simeen Mehmud demonstrates the critical differences between the two countries. In Bangladesh, the government has focused on creating an enabling environment for female workers. They have created women-centric, export-oriented garment manufacturing factories that provide training and subsequent employment to women from rural areas, providing them with social mobility and economic independence.⁸⁸ Bangladesh emphasizes strategies that enhance women's participation in the workforce. It has taken initiatives such as skill development programs and microfinance opportunities for women to improve their engagement in the workforce.

On the other hand, the women of Pakistan face various challenges in procuring similar opportunities such as Bangladeshi women due to the various socio-economic barriers.⁸⁹ This issue has been further studied in the research by Makino (2014) who states that Pakistan needs targeted policies and interventions to address the gender gap that exists in their labor force participation, especially in key export-oriented manufacturing industries such as textiles and

⁸⁶ Ibid

⁸⁷ Makino, M. (2014). Pakistan: Challenges for women's labor force participation. In *The garment industry in low-income countries: An entry point of industrialization* (pp. 132-176). London: Palgrave Macmillan UK.

⁸⁸ Kabeer, N., & Mahmud, S. (2004). Rags, riches and women workers: export-oriented garment manufacturing in Bangladesh. *Chains of fortune: Linking women producers and workers with global markets*, 133-164.

⁸⁹ Ruwanpura, K. N., & Hughes, A. (2016). Empowered spaces? Management articulations of gendered spaces in apparel factories in Karachi, Pakistan. *Gender, Place & Culture*, 23(9), 1285

garments.⁹⁰ It is integral for the sustainable economic development of the country that the government of Pakistan devises strategies that focus on promoting education and training for women, improving access to formal employment, and addressing cultural biases that limit women's mobility and participation in economic activities.

Henceforth, it strengthens our point that the garment sector is a major stakeholder in the economic success of Bangladesh on a global level, and it would not have been possible without the female workforce of the garment sector in the country.⁹¹ The factor of female labor participation is the key difference that sets Bangladesh apart from Pakistan. The economic growth of Bangladesh in response to increased female participation in the workforce can serve as a blueprint for other developing countries, including Pakistan, who are looking for strategies to acquire sustainable economic growth.

Prioritizing strategies and implementing policies that promote gender equality, create safe working environments, and provide training and education opportunities to women are crucial to encouraging women to work in the labor force in Pakistan.⁹² Furthermore, investing in social welfare programs can also motivate women to participate in the workforce. For example, programs such as childcare facilities and maternity support can help women play their role in economic development without compromising their familial responsibilities. Conclusively, the role of the female labor force is a crucial determinant of economic development in Bangladesh

⁹⁰ Makino, M. (2014). Pakistan: Challenges for women's labor force participation. In *The garment industry in low-income countries: An entry point of industrialization* (pp. 132-176). London: Palgrave Macmillan UK.

⁹¹ Kabeer, N., & Mahmud, S. (2004). Rags, riches and women workers: export-oriented garment manufacturing in Bangladesh. *Chains of fortune: Linking women producers and workers with global markets*, 133-164; Ruwanpura, K. N., & Hughes, A. (2016). Empowered spaces? Management articulations of gendered spaces in apparel factories in Karachi, Pakistan. *Gender, Place & Culture*, 23(9), 1285

⁹² Ibid

and Pakistan, and the latter must learn from Bangladesh's success to leverage its female labor force for sustainable economic progress and social transformation.

2. Recommendations for Pakistan's Policies for Economic Growth

a. Overview of Pakistan's Economic Agenda

Pakistan's journey since its inception has been tumultuous, to say the least. Like various developing countries, it has been exposed to innumerable challenges in pursuit of economic prosperity.⁹³ It is integral to understand the economic agenda of Pakistan as a country to assess its policy direction. It would be useful to develop a plan which utilizes the country's potential for economic development. Prioritizing the sustainable development goals (SDGs) is also significant for the success of Pakistan's economic agenda to ensure progress.⁹⁴ A comprehensive economic plan should integrate the broader objectives, in addition to strategic planning and effective implementation, to foster economic advancement in Pakistan.

Various objectives in Pakistan's economic agenda emphasize addressing the challenges faced by the country, helping it to reach its true potential. The main objective at the core of this agenda is to achieve sustained economic growth which can be procured by fostering an environment that is conducive to investment, innovation, and inclusivity.⁹⁵ It requires pursuing growth strategies that focus on the development of human capital and export competitiveness, encourages educational reforms addressing disparity in education to align with the economic development goals, focuses on fiscal and monetary policies to balance fiscal prudence with growth objectives, and most importantly, harbors gender-inclusive industrial policy as we have

⁹³ Shahbaz, M., Ahmad, K., & Chaudhary, A. R. (2008). Economic growth and its determinants in Pakistan. *The Pakistan Development Review*, 471-486.

⁹⁴ Brollo, F., Hanedar, E., & Walker, M. S. (2021). *Pakistan: Spending needs for reaching sustainable development goals (SDGs)*. International Monetary Fund.

⁹⁵ Ibid

learned from the economic model of Bangladesh. This agenda emphasizes the importance of reducing poverty, unemployment, and income inequality to ensure that the benefits of economic growth are shared equitably across society.⁹⁶ A visual representation of Pakistan's GDP growth in past decades can help us acquire valuable insight into its economic performance and trajectory to understand its pursuit of sustained growth:

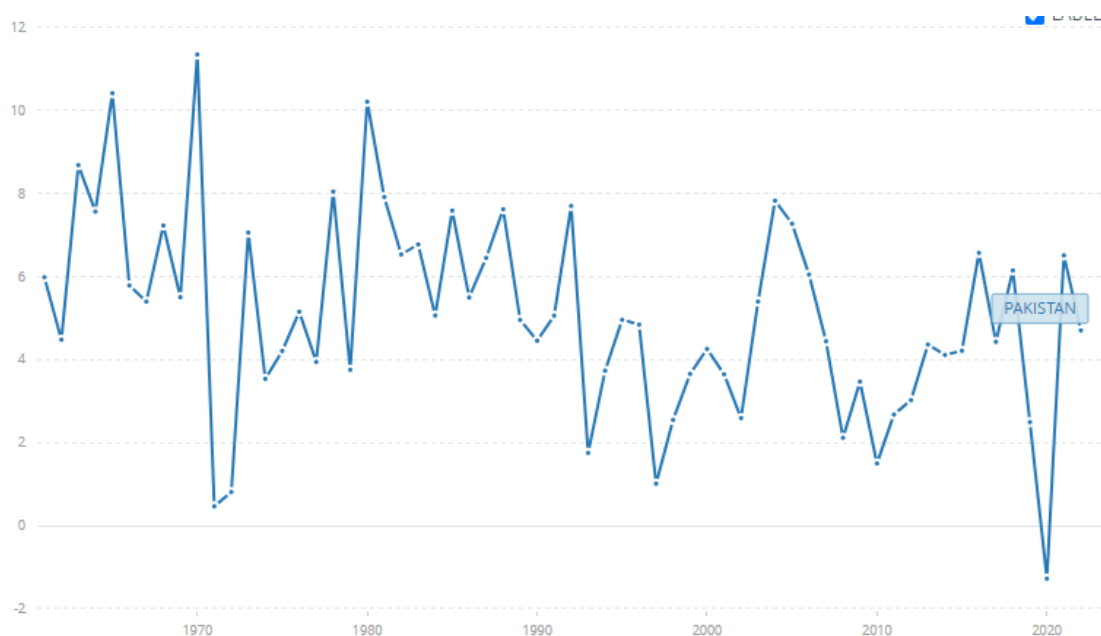


Figure 1: The fluctuations in the GDP growth of Pakistan from 1961 to 2022 ⁹⁷

b. Analysis of Implemented Policies and Their Impact

Through the years, Pakistan has implemented various policies to advance its economic agenda and to address the challenges that limit its growth. It includes the policy efforts for the development of infrastructure in Pakistan. During the CPEC, Pakistan heavily invested in transportation networks, telecommunications, and energy infrastructure to reduce production

⁹⁶ Shahbaz, M., Ahmad, K., & Chaudhary, A. R. (2008). Economic growth and its determinants in Pakistan. *The Pakistan Development Review*, 471-486.

⁹⁷ World Bank. (2023.). GDP growth (annual %) - Pakistan [Data set]. *The World Bank Data*. <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2022&locations=PK&start=1961&view=chart>

costs and improve business efficiency, which would have helped the garment industry in the long term.⁹⁸ The purpose of these infrastructure policies is to stimulate economic activity in the country by boosting productivity and attracting foreign investment. Pakistan has also made efforts in trade and investment liberalization policies. It includes trade agreements, tariff reforms, and export promotion which aim to integrate Pakistan in the global economy and attract foreign investment by facilitating trade and enhancing competitiveness, and also help the garment sector of the country in the future.⁹⁹

Additional efforts have been made to streamline the regulatory processes which improve the ease of doing business for a favorable investment climate. It has also implemented various social protection programs and poverty alleviation initiatives to improve the living standards of its citizens. It has introduced targeted cash transfer programs, food assistance schemes, and microfinance initiatives that focus on empowering marginalized communities.¹⁰⁰ It has also invested in healthcare and education to promote social inclusion and enhance human capital development.¹⁰¹

Despite these policy efforts, however, Pakistan continues to face challenges that constrain the impact of its interventions. It includes political instability, governance weaknesses, and institutional capacity constraints which have weakened the impact of policies it is making to achieve key economic development goals.¹⁰² This means that although Pakistan has made efforts

⁹⁸ Shoukat, A., Ahmad, K., & Abdullah, M. (2016). Does infrastructure development promote regional economic integration? CPEC's implications for Pakistan. *The Pakistan Development Review*, 455-467.

⁹⁹ Ali, A., & Naeem, M. Z. (2017). Trade Liberalization and Fiscal Management of Pakistan: A Brief Overview. *Policy Brief-Department of Economics, PU, Lahore, 1*, 1-6.

¹⁰⁰ Syeda, M. H. (2015). Making an impact analysis of social protection programs in Pakistan. *Journal of the Research Society of Pakistan*, 52(1).

¹⁰¹ Ibid

¹⁰² Ahmed, Z., Zafar, M. W., & Mansoor, S. (2020). Analyzing the linkage between military spending, economic growth, and ecological footprint in Pakistan: evidence from cointegration and bootstrap causality. *Environmental Science and Pollution Research*, 27, 41551-41567.

similar to Bangladesh to ease free trade and reduce production costs, the manufacturing sector of Pakistan still has not been able to experience significant development due to poor implementation of policies and strategies. The situation is further exacerbated by external factors such as global economic trends, geopolitical tensions, and climate change which threaten Pakistan's economic stability.¹⁰³

Comparing Pakistan's exports to GDP ratio with Bangladesh provides us with valuable insights into the country's trade performance and competitiveness. From 1960 to 2020, the average value for exports of goods and services as a percent of GDP was 11.3 percent with a minimum of 6.22 percent in 1961 and a maximum of 17.27 percent in 1992. For Bangladesh, the average value during the same period was 10.15 percent with a minimum of 2.9 percent in 1975 and a maximum of 20.16 percent in 2012. Even though Pakistan's export-to-GDP ratio is higher than Bangladesh's on average, the latest values indicate 10.55 percent for Pakistan in 2022 whereas 12.88 percent for Bangladesh.¹⁰⁴

The latest values have been demonstrated in Figure 2 which shows that Pakistan has been left behind by Bangladesh in export-GDP ratio despite a higher trend over time. Hence, it is understood that while Pakistan has made progress in various areas, there are still significant limitations on its road to economic success, necessitating continued efforts for inclusive growth.

¹⁰³ Ibid

¹⁰⁴ The Global Economy. (2023). Pakistan exports as a percentage of GDP. Retrieved from <https://www.theglobaleconomy.com/Pakistan/exports>; The Global Economy. (2023). Pakistan exports as a percentage of GDP. Retrieved from <https://www.theglobaleconomy.com/Bangladesh/exports>

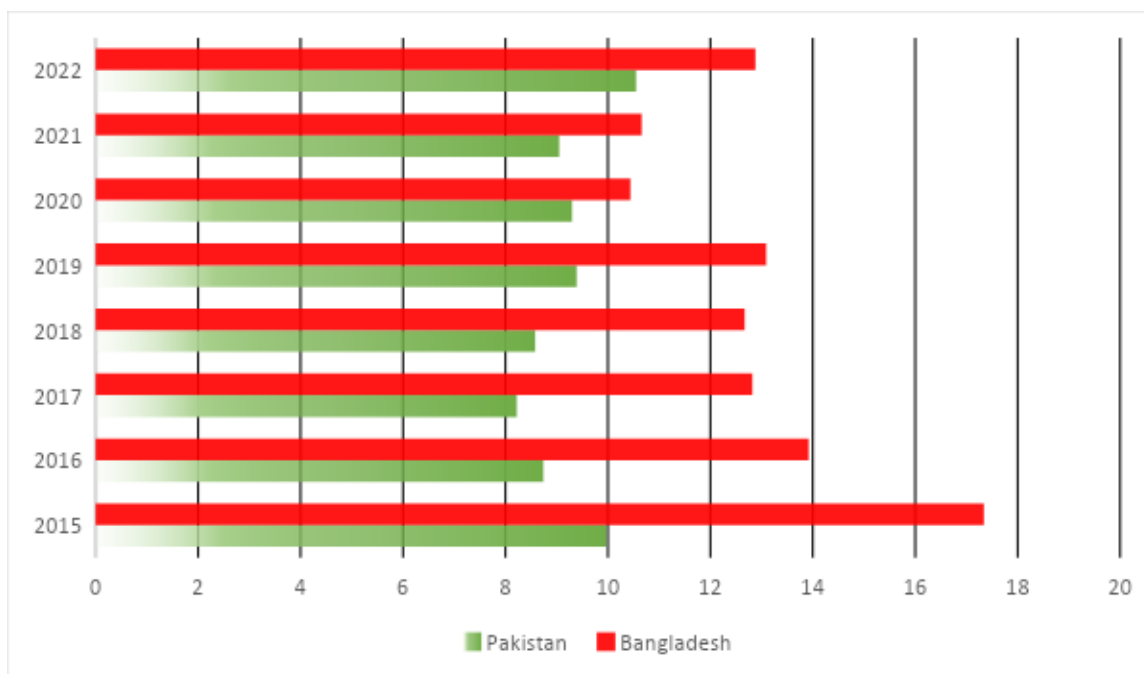


Figure 2: The Export-GDP ratio growth for Pakistan and Bangladesh from 2015-2022¹⁰⁵

3. Pursuing Growth Strategies

a. Importance of Human Capital Development

In the context of microeconomics, human capital development has a significant impact on economic growth and sustainable development in any country. It includes investments in education, healthcare, and skills training which have a significant impact on enhancing productivity, innovation, and competitiveness among the people. According to Acemoglu and Autor (2011), investing in human capital development is crucial to building a skilled workforce.¹⁰⁶ Their research indicates that in addition to improving individual productivity, it also promotes economic growth by facilitating innovation and technological progress, leading the country to sustainable development.¹⁰⁷

¹⁰⁵ Ibid

¹⁰⁶ Acemoglu, D., & Autor, D. (2011). Skills, tasks and technologies: Implications for employment and earnings. In *Handbook of labor economics* (Vol. 4, pp. 1043-1171). Elsevier

¹⁰⁷ Acemoglu, D., & Autor, D. (2011). Lectures in labor economics. *Manuscript*. <http://economics.mit.edu/files/4689>, 22.

The research by Bano, Yang, and Alam (2022) further emphasizes the significance of education and literacy rates in the effectiveness of the workforce.¹⁰⁸ In Pakistan, access to quality education is a challenge for people in rural areas who are more likely to work in garment factories. Hence, increased governmental efforts to improve access to education and enhance the quality of instruction are necessary to develop a knowledgeable and skilled workforce in Pakistan. Similarly, healthcare is another crucial component of human capital development that affects the economic productivity and well-being of the people.¹⁰⁹ The population health outcomes can be improved by investing in healthcare infrastructure, disease prevention, and primary healthcare services, which would enhance labor productivity and enhance labor productivity.¹¹⁰

Most importantly, skills training and vocational education are essential for a productive workforce. It equips individuals with the competencies that are needed to succeed in the labor market and contribute to economic development. According to Muehlemann, S., & Wolter (2020), the provision of technical and vocational education and training (TVET) to the workforce can improve the employability of workers, especially in sectors that offer high growth potential such as manufacturing.¹¹¹ TVET programs can provide relevant skills and certifications to individuals. This reduces the gap between the supply and demand for skilled workforce, thereby promoting economic growth and reducing unemployment.¹¹² But, the research shows that in a budget of PKR 14.56 trillion for the fiscal year 2023-2024, Pakistan budgeted a total of PKR

¹⁰⁸ Bano, N., Yang, S., & Alam, E. (2022). Emerging challenges in technical vocational education and training of Pakistan in the context of CPEC. *Economies*, 10(7), 153.

¹⁰⁹ Saxena, A. (2014). Workforce diversity: A key to improve productivity. *Procedia economics and finance*, 11, 76-85.

¹¹⁰ Bloom, D., & Canning, D. (2003). Health as human capital and its impact on economic performance. *The Geneva Papers on Risk and Insurance. Issues and Practice*, 28(2), 304-315.

¹¹¹ Muehlemann, S., & Wolter, S. C. (2020). The economics of vocational training. In *The economics of education* (pp. 543-554). Academic Press.

¹¹² Gyimah, N. (2020). Assessment of Technical and Vocational Education and Training (TVET) on the development of the World's Economy: Perspective of Africa, Asia and Europe. *Asia and Europe (February 19, 2020)*.

97.098 billion for education (0.67%), PKR 24.25 billion for healthcare (0.17%), and PKR 8,500 million for vocation training (0.059%).¹¹³

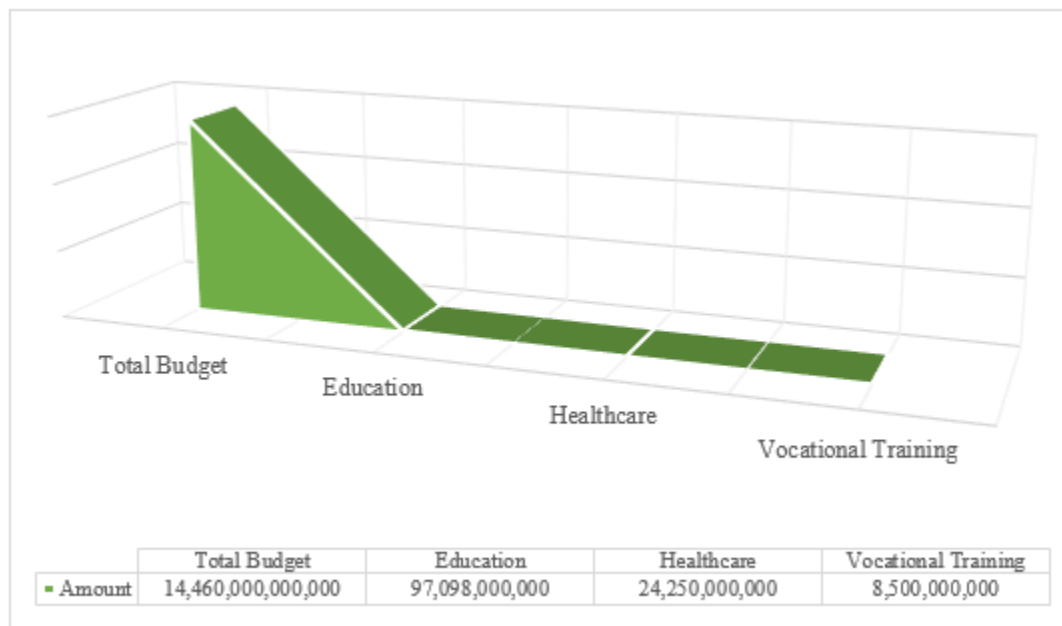


Figure 3: The total budget of Pakistan and its expenditure on education, health, and vocational training in 2023

As reflected in Figure 3, Pakistan spends a negligible amount on education, healthcare, and vocational training out of its Pakistan's total expenditure. It demonstrates that Pakistan's total budget in 2023 was 14.46 Trillion dollars out of which it has spent around 97 billion dollars on education (0.67%), 24.25 billion dollars on healthcare (0.17%), and 8.5 billion dollars (0.06%) on vocational training. This expenditure is comparable to peanuts and thus, not sufficient to yield results that can transform the economy of Pakistan. Therefore, Pakistan needs to increase its investment in the sectors that can help in the sustainable growth of its economy by

¹¹³ Social Policy and Development Centre. (n.d.). Analyzing health budget 2023 in context of wellbeing of people. Retrieved from <https://sdpi.org/analyzing-health-budget-2023-in-context-of-wellbeing-of-people/news>; Associated Press of Pakistan. (2023, June 9). Govt allocates Rs 8500mln under PSDP 2023-24 for FEPT schemes. APP. <https://www.app.com.pk/budget/budget-2023-24/govt-allocates-rs-8500mln-under-psdp-2023-24-for-fept-schemes/>; Business Recorder. (2023, June 11). Govt earmarks Rs97.098bn for education. <https://www.brecorder.com/news/>; Friedrich Naumann Foundation for Freedom. (n.d.). Pakistan's budget 2023-24: Economic assessment and critique. <https://www.freiheit.org/pakistan/pakistans-budget-2023-24-economic-assessment-and-critique>

helping the expansion of its manufacturing sector. For example, 0.06% of the total budget is a meager amount to spend on the vocational training of the population as it can help the people of the country develop skills and participate in the growth of Pakistan's economy. Therefore, Pakistan must expand and improve its TVET programs to align them with industry needs, in addition to apprenticeships and on-the-job training. Taking these measures can prove crucial for enhancing human capital development in the country and supporting its sustainable economic growth.

b. Enhancing Export Competitiveness through Policy Reforms

Generating foreign exchange and promoting industrial development is necessary for driving economic growth and cannot be achieved without export competitiveness. In the context of microeconomics, the policy reforms focused on improving the export competitiveness of a country are crucial in facilitating trade, attracting investment, and expanding market access. Pakistan needs policy reforms that reduce trade barriers, improve export infrastructure, and enhance trade facilitation to promote export competitiveness. It includes taking measures such as improving logistics, simplifying customs procedures, and reducing transportation costs which can significantly enhance the export competitiveness of Pakistan by reducing the time and cost of exporting goods.¹¹⁴ Furthermore, export promotion policies that emphasize overcoming trade barriers can also expand Pakistan's presence in international markets.¹¹⁵

Additionally, Pakistan can also benefit from diversifying its export products like Bangladesh. As noted earlier, Bangladesh has benefitted severely through the transition from

¹¹⁴ Baldwin, J. R., Dar-Brodeur, A., & Yan, B. (2016). *Innovation and export-market participation in Canadian manufacturing*. Statistics Canada.

¹¹⁵ Krueger, A. O. (2015). Implications of rapidly growing emerging markets for the world economy. *Series on Central Banking Analysis and Economic Policies no. 21*.

textiles to garments in the global market. Taking the initiative to shift, expand, and diversify would help Pakistan reduce its reliance on limited commodities such as cotton and mitigate export volatility. It would put Pakistan one step ahead of Bangladesh, which is dependent on its undiversified garment production, as Pakistan can benefit from its homegrown cotton to diversify and engage in various domains of textile and garments. Hence, identifying new export opportunities can help Pakistan explore emerging markets to promote value-added exports that enhance its export competitiveness and resilience to external shocks.¹¹⁶ According to the facts based on the comparative analysis of Pakistan vs. Bangladesh, the former government and policymakers should focus on export diversification of the established product categories and the exploration of new regional markets to acquire long-term economic growth for the country.

4. Education Reforms

a. Addressing Disparities in Education Access and Quality

Equitable access to quality education is necessary to foster economic growth. It encourages social inclusion, reduces poverty, and improves efficiency. Unfortunately, the disparities in education access and quality persist so deeply in Pakistan, especially amongst the marginalized communities of the country, that it hampers the sustainable and inclusive economic growth of the country.¹¹⁷ Pakistan needs to address the issues of disparity within equitable access to quality education through comprehensive reforms that increase enrollment rates, improve learning outcomes, and enhance educational infrastructure. According to WHO,

¹¹⁶ Adeel, N. U. A., Kazi, S. F., Naveed, S., & Shaffi, M. (2023). Structural Transformation and Export Diversification: A Case Study of Pakistan. *Human Nature Journal of Social Sciences*, 4(1), 445-463; Ali, M., Khan, Z. H., & Hossain, M. E. (2022). Comparative Advantage, Export Diversification, Intra-Industry Trade, and Economic Growth Nexus: Evidence from Bangladesh's Textile and Clothing Industry. *AIUB Journal of Business and Economics*, 19(1), 226-250.

¹¹⁷ Tamim, T. (2021). Language, class, and education: Deconstructing the centre to rethink inclusivity in education in Pakistan. *Cogent Education*, 8(1), 1897933.

Pakistan must take more initiatives like the Punjab Education Sector Reform Program (PESRP) to improve school infrastructure, enhance teacher training, and promote student learning outcomes, particularly in disadvantaged areas.¹¹⁸

Most importantly, Pakistan needs to make targeted interventions to address the gender disparities in education which limit girls' access to schooling. Research demonstrates that the cultural and social barriers in Pakistan such as early marriage, gender-based violence, and discriminatory norms often limit girls' participation in education.¹¹⁹ To address this issue, Pakistan has taken initiatives such as the Benazir Income Support Program (BISP) and the Punjab Education Endowment Funds (PEEF) which provide financial support and scholarships to girls from low-income families and enable them to access education equitably.

However, in a country of 121.62 million females making the 46th highest percentile among the 237 countries,¹²⁰ These two programs are not sufficient to ensure every girl has access to education. The government of the country must implement various policies and programs at the state and local level to eliminate gender-based discrimination to encourage girls' education in safe and supportive learning environments.¹²¹ For example, Figure 4 demonstrates that about 59% of Pakistan's people are literate; however, from this total percentage, 70% of the people are men and only 30% are women. This is a reflection of the major gender gap in Pakistan. It is further reflected in the fact that only 13% of Pakistan's total population is enrolled in tertiary education and again, men make up the bigger section of this demographic. The gender gap in

¹¹⁸ Ibid

¹¹⁹ Ali, T. S., Ali, S. S., Nadeem, S., Memon, Z., Soofi, S., Madhani, F., ... & Bhutta, Z. A. (2022). Perpetuation of gender discrimination in Pakistani society: results from a scoping review and qualitative study conducted in three provinces of Pakistan. *BMC Women's Health*, 22(1), 540.

¹²⁰ Statistics Times. (2023). Pakistan demographics. Retrieved from <https://statistietimes.com/demographics/country/pakistan-demographics>

¹²¹ Farooq, C. I. T., Ahmad, H. N., & Shinwari, M. N. (2023). Addressing Gender Disparities in Education: Empowering Girls through Education in Pakistan. *Global Social Sciences Review*, VIII, 390-396.

Pakistan is recurrent to the point where the availability of infrastructure for the education and training of women is significantly lower than the infrastructure available for men. These statistics highlight the underlying problem of Pakistan's stagnant growth; i.e. the gender gap.

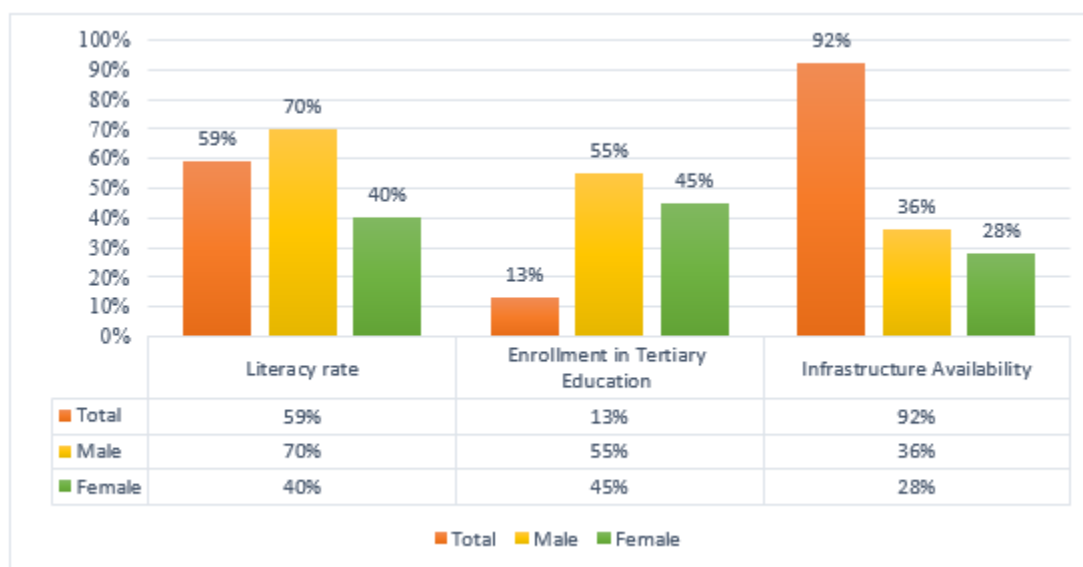


Figure 4: The literacy rate, gross enrollment ratio (GER) in tertiary education, and the availability of infrastructure from primary to secondary education based on total population and gender demographics

b. Aligning Education with Economic Development Goals

Aligning education with economic development goals is necessary to ensure that the outcomes of an education policy meet the demands of the labor market.¹²² In Pakistan, however, the skills acquired through education often mismatch the skills demanded by employers. As a result, the human capital is underutilized and youth faces high unemployment rates. It is essential to address this issue with a reformed educational system that focuses on skills development and technical training. Providing youth with vocational education and training (VET) programs and

¹²² Babbar, A. W., Ullah, N., Mahmood, F., & Ahsan, M. (2023). Comparative Analysis of Institutional Vision, Mission, and Goals Alignment with National Education Policies in Pakistani Affiliated Colleges. *International Research Journal of Management and Social Sciences*, 4(3), 546-565.

on-the-job training initiatives can help them acquire the practical skills that are necessary to succeed in the labor market.¹²³

Furthermore, it also highlights the importance of developing collaborative efforts between the educational and industrial sectors to devise an educational curriculum that is aligned with the needs of the labor market. Understanding this need, Pakistan has implemented programs such as the National Vocational and Technical Training Commission (NAVTTTC) and the Technical Education and Vocational Training Authority (TEVTA) which aim to promote industry-relevant skills training to bridge the gap between education and industry and facilitate partnerships between educational institutions and employers.¹²⁴ Introducing more such programs can help Pakistan meet current and future skills requirements.

5. Gender-inclusive Industrial Policies

a. Learning from Bangladesh's Model in Promoting Women's Employment

Our comparative analysis reflects that the biggest difference between Pakistan and Bangladesh lies in the engagement of women in the labor force of the country. The case study of Bangladesh reflects that the country is dominating the global garment sector by leveraging its low-cost labor force, particularly women.¹²⁵ This leverage has resulted in competitive manufacturing advantages such as cost efficiency, scalability, and rapid production turnaround for Bangladesh, making it a profitable apparel source for international clientele and investors,

¹²³ Ibid

¹²⁴ Naqvi, S. A. H., Ahmad, M., & Siddiqui, G. R. (2019). Role of National Vocational and Technical Training Commission (NAVTTTC) in the Implementation of National Skills Strategies (NSS) 2009-2013. *Pakistan Journal Of Distance And Online Learning*, 5(2), 235-246.

¹²⁵ Podder, M., Ghosh, S., & Islam, S. (2023). Success of the garment industry and its impact on gender equality in Bangladesh.

thereby playing a crucial role in the significant growth of its economy.¹²⁶ The analysis also reflects that the gender gap is invasive in Pakistan's labor force and hinders its growth. Hence, Pakistan can learn from Bangladesh and adopt policies that bridge its gender gap in the industrial workforce, especially the garment sector, for a sustainably growing economy.

b. Overcoming Gender Gap in Pakistan's Industrial Sector

i. Education and Skills Training:

Bangladesh has taken a major step in prioritizing education and vocational training for women. These programs are specifically tailored to the garment industry's needs and designed to help women participate in the manufacturing sector. An example of such a program is the Women's Entrepreneurship Development Project (WEDP) in Bangladesh which focuses on providing training in garment production, financial training, and entrepreneurship to women.¹²⁷ Initiated by the World Bank, WEDP is a program that aims to empower the women in Bangladesh who have been at a disadvantage from the start. It acknowledges that women are less likely to have education, assets, and businesses, and often face discrimination and harassment in society. Thus, this program especially empowers the women of Bangladesh who belong to the poorer demographics of the country.

Research called "Client Impact Assessment of Women's Entrepreneurship Development Program in Bangladesh" was conducted by Jeanne Koopman for USAID to analyze the target and impact of the Women's Entrepreneurship Development Project in Bangladesh.¹²⁸ The results

¹²⁶ Naqvi, S. A. H., Ahmad, M., & Siddiqui, G. R. (2019). Role of National Vocational and Technical Training Commission (NAVTTTC) in the Implementation of National Skills Strategies (NSS) 2009-2013. *Pakistan Journal Of Distance And Online Learning*, 5(2), 235-246.

¹²⁷ Chowdhury, S., & Rabbani, G. (2013). Policies and institutional supports for women entrepreneurship development in Bangladesh: Achievements and challenges. *International Journal of Research in Business and Social Science* (2147-4478), 2(1), 31-39.

¹²⁸ Koopman, J. (1996). Client Impact Assessment of Women's Entrepreneurship Development Program in Bangladesh. November). Paper prepared for USAID/Dhaka. Washington, DC: Chemonics International.

of the research suggest that nearly three-quarters of WEDP clients in Bangladesh are either moderately or extremely poor, whereas the bottom quarter is extremely poor. It is demonstrated in the following table:

	Savar Peri-Urban	Hathazari Rural	Poba Rural	Munsigang Peri-Urban	Total %
Extreme Poor	22%	47%	24%	11%	26%
Moderate Poor	44%	47%	46%	54%	47%
Modest Income	34%	6%	30%	35%	27%

Table 1: It demonstrates the socio-economic demographic of the women benefiting from WEDP in different regions of Bangladesh¹²⁹

The rough estimates of the socioeconomic status of the beneficiaries of the Women's Entrepreneurship Development Project in Bangladesh demonstrate that the program is empowering the women in the lower half of the income division. These are the women with poor access to education and are less likely to become a productive citizen to contribute to society without external help. Programs such as WEDP help transform this demographic into a productive population. According to the research, about 20 percent of the beneficiaries of this program state that the income from their businesses that they develop with the help of WEDP is the major source of household income.¹³⁰ All of these clients are among those we categorized as

¹²⁹ Ibid

¹³⁰ Ibid

extremely poor. Moreover, these women are mostly abandoned, some widowed, and some have husbands who are day laborers, reflecting that without the financial assistance, these women would not only suffer but also would not have been able to contribute to the country's economy.

Henceforth, with the help of programs such as WEDP, the participation of women in the economy of Bangladesh, particularly in its garment sector has increased significantly. Research demonstrates that women constitute about 70% of the total workforce in Bangladesh. Pakistan can also make a breakthrough in replicating this success by investing in similar vocational training programs for women which are focused on textile and garment skills. Such programs would not only increase employment opportunities for women but also help Pakistan in developing a greater economy with a more skilled workforce.

ii. Gender-sensitive Policies:

Bangladesh has taken another significant step to encourage women in the workforce by enacting gender-sensitive policies that help women progress in the workforce. For example, it has enforced policies for paid maternity leaves where with a minimum of 16 weeks of paid leave, and has established daycare centers near industrial sectors that provide support to working mothers effectively.¹³¹

On the other hand, Pakistan still struggles with effective policies for working women. In research by Ayesha Masood, the study highlights that maternity leave helps create an inclusive and diverse workplace and has a positive impact of maternity leave on women's participation, progress, and retention in the labor force.¹³² It conducts an ethnographic study of Pakistani

¹³¹ Shabib, D., & Khan, S. (2014). Gender-sensitive adaptation policy-making in Bangladesh: status and ways forward for improved mainstreaming. *Climate and Development*, 6(4), 329-335.

¹³² Masood, A., & Nisar, M. A. (2020). Crushed between two stones: Competing institutional logics in the implementation of maternity leave policies in Pakistan. *Gender, Work & Organization*, 27(6), 1103-1126.

women doctors, a considerably educated and empowered demographic of the country's population. The findings from this study demonstrate that despite the presence of policies on maternal leave and assistance, there is a lack of interpretation and implementation in institutions, even for well-educated and valued doctors.¹³³ The situation is worse for the underprivileged and less empowered women in Pakistan working in fields where they are more replaceable than doctors in the healthcare sector.¹³⁴ As a result, Bangladesh has reported a higher female labor force participation rate compared to Pakistan. It is integral for Pakistan to strategize and implement similar gender-sensitive policies in Pakistan that can encourage more women to participate and remain in the workforce, leading to increased productivity and economic growth in the long term.

iii. Advocacy and Awareness:

A significant reason for the low labor force participation of women in Pakistan is the social stigmatization. However, Bangladesh shares similar religious and cultural values with Pakistan and has been able to challenge and overcome these social stereotypes related to gender through advocacy and awareness campaigns. It has taken various initiatives such as Microcredit Women, Women in Leadership, National Strategy for Financial Inclusion, Shomoshti Project, etc which challenge gender stigmatization and encourage more women to pursue independence through employment and entrepreneurial opportunities.¹³⁵

The literature review reflects that these microfinance strategies, which are led by organizations like Grameen Bank and BRAC in Bangladesh have played a significant role in

¹³³ Ibid

¹³⁴ Wahab, S. (2022) Motherhood and Employment Bias. Retrieved from <https://www.pakistantoday.com.pk/2022/09/15/motherhood-and-employment-bias/>

¹³⁵ Osmani, N. M., & Hossen, B. (2018). Empowering women in Bangladesh: A study on the problems of working women in garments industries. *European Journal of Social Sciences*, 57(3), 277-289.

empowering women. They have particularly helped the women in the rural areas of Bangladesh, enabling them to contribute significantly to the country's economy, especially to the expansion of Bangladesh's garment sector.¹³⁶ The women of the rural areas have been empowered to access the financial resources, training, and support networks, that they previously lacked, thereby enabling them to become economically independent and actively participate in the workforce of the country.

Microfinance strategies empower women by providing them with small loans for entrepreneurial activities which facilitates the emergence of female entrepreneurs in sectors like garment manufacturing where women constitute a substantial portion of the workforce, in addition to increasing the household income and the power of the women within their families and communities.¹³⁷ A pioneer in microfinance targeting women borrowers is Grameen Bank, founded by Nobel laureate Muhammad Yunus, which has empowered millions of Bangladeshi women to start and expand small businesses through its microcredit programs, including garment production units.

Similarly, there are also non-profit organizations in place such as BRAC which have implemented microfinance projects aimed at uplifting women from poverty and fostering entrepreneurship. Therefore, according to Ahmed and Hossain (2016), the success of Bangladesh's garment sector can be partly attributed to the active participation of women fueled by microfinance initiatives of the country. It has helped Bangladesh experience exponential growth as microfinance programs have enabled women to invest in sewing machines, raw

¹³⁶ Bhusal, M. (2010). Does microfinance really empower?: A study on the contribution of microfinance in empowering the poor women of northern Bangladesh.; Zafarullah, H., & Nawaz, F. (2019). Pathways to women's empowerment in Bangladesh: Employment and microfinance as interventions. *Asian Education and Development Studies*, 8(4), 387-404.

¹³⁷ Khandker, S. R., Khalily, M. A. B., & Samad, H. A. (2010). Microfinance and Poverty: Evidence Using Panel Data from Bangladesh. *The World Bank Economic Review*, 24(3), 589–615. <https://doi.org/10.1093/wber/lhp007>

materials, and training, thereby making them a majority of its workforce, and contributing to the sector's expansion.¹³⁸

In contrast, there is a lack of similar social mobilization efforts and microfinance support targeted at women in Pakistan.¹³⁹ Despite sharing cultural and religious similarities with Bangladesh, Pakistan has not witnessed the same level of women's empowerment through microfinance, which thereby has limited women's participation in the formal economy and hindered the growth of the garment sector which requires the empowerment of women from lower quarters.¹⁴⁰ Hence, it is suggested that Pakistan can launch similar campaigns that change societal perceptions and promote women's leadership and participation, creating a more inclusive and equitable workforce, and leading to sustainable economic development.

¹³⁸ Ahmed, F., & Hossain, M. (2016). The Development of Garment Industry and Women's Contribution: The Case of Bangladesh. *Asian Affairs*, 38(3), 289–306.

¹³⁹ Niaz, M. U., & Iqbal, M. (2019). Effect of microfinance on women empowerment: A case study of Pakistan. *Available at SSRN 3419834*.

¹⁴⁰ Hussain, J., Mahmood, S., & Scott, J. (2019). Gender, microcredit and poverty alleviation in a developing country: The case of women entrepreneurs in Pakistan. *Journal of International Development*, 31(3), 247-270.

6. Conclusion

Our findings demonstrate that in order to grow, Pakistan must move forward from over-dependence on cotton-related products into more technology where global growth is concentrated. For this, they need to break low-level skill traps. “The major challenge facing Pakistan is to break out of its overwhelming dependence on "cottonomics" (i.e. the cotton economy) into the knowledge economy, the driving force of economic dynamism in the globalizing world.”¹⁴¹ The basic question is that if “cottonomics” has served Pakistan well then why not continue the same product path? “The reason is simple. Most of Pakistan's cotton exports remain in the low-technology low-value segment of global manufacturing which is not a growing sector of the new global economy.”¹⁴² This does not mean that Pakistan should completely shift from cotton-related products, hence it should also focus on upgrading cotton products but it alone cannot survive in the long run.

To move into the knowledge economy, Pakistan should not only focus on breaking the low-level skills trap through education and skills development hence, it should break it by investing in training systems and how to make the latter cost-effective and demand-driven. Pakistan needs to change a lot before it breaks the low-skill level trap. “The real challenge is to change the mindset and develop institutions which recognize the value of investing in people and provide dignity, respect and a fair deal for working men and women or what we call in the ILO "Decent work.”¹⁴³ This is more of a collective effort of government, employers, and workers. The

¹⁴¹ Amjad, Rashid, et al. “Skills and Competitiveness: Can Pakistan Break Out of the Low-Level Skills Trap? [with Comments].” *The Pakistan Development Review*, vol. 44, no. 4, 2005, pp. 387–409. *JSTOR*, www.jstor.org/stable/41260725. Accessed 27 Apr. 2020, page 3

¹⁴² Amjad, Rashid, et al. “Skills and Competitiveness: Can Pakistan Break Out of the Low-Level Skills Trap? [with Comments].” *The Pakistan Development Review*, vol. 44, no. 4, 2005, pp. 387–409. *JSTOR*, www.jstor.org/stable/41260725. Accessed 27 Apr. 2020, page 3

¹⁴³ Amjad, Rashid, et al. “Skills and Competitiveness: Can Pakistan Break Out of the Low-Level Skills Trap? [with Comments].” *The Pakistan Development Review*, vol. 44, no. 4, 2005, pp. 387–409. *JSTOR*, www.jstor.org/stable/41260725. Accessed 27 Apr. 2020, page 3

main argument discussed in “Skills and Competitiveness: Can we break out of the Low-Level Skills trap?” is about Pakistan’s failure to break the low-level skill trap because of the low level of development of its human resources. “Employers faced with this lack of educated and skilled workforce make do with sub-optimal skills or use sub-optimum processes.”¹⁴⁴ The problem in Pakistan is that employers depend on informal channels to train and recruit workers. Due to the high levels of illiteracy and workers' lack of knowledge about jobs, employers in Bangladesh and Pakistan focus on employing more unskilled labor through contractors which is cheap for them.

Chapter 1 of our research demonstrates that to get out of the low-level skills trap, Pakistan should not completely follow Bangladesh. They are growing faster than Pakistan just because they are upgrading their cotton industry, shifting to an industry that is more in line with their comparative advantage, or mobilizing their labor resources better for example women. At this point, Pakistan should also focus on diversification. “Despite these shortcomings, Pakistan's textile and clothing industry has been far from stagnant and moribund. In the past few years, there have been some notable successes in moving into higher value-added segments in the export market notably in bed sheets and linens.”¹⁴⁵ These products are in low value-added and low-technology manufactured goods. If Pakistan keeps on using its unskilled labor, it will not be able to compete against cheaper and better quality products which will further decrease its growth rate.

¹⁴⁴ Amjad, Rashid, et al. “Skills and Competitiveness: Can Pakistan Break Out of the Low-Level Skills Trap? [with Comments].” *The Pakistan Development Review*, vol. 44, no. 4, 2005, pp. 387–409. *JSTOR*, www.jstor.org/stable/41260725. Accessed 27 Apr. 2020, page 7

¹⁴⁵ Amjad, Rashid, et al. “Skills and Competitiveness: Can Pakistan Break Out of the Low-Level Skills Trap? [with Comments].” *The Pakistan Development Review*, vol. 44, no. 4, 2005, pp. 387–409. *JSTOR*, www.jstor.org/stable/41260725. Accessed 27 Apr. 2020, page 5

Pakistan has been investing more in traditional and academic education, instead, it should focus on vocational education. Traditional academic education will no doubt help in the long run but to improve the growth rate Pakistan should focus on vocational education. Bangladesh has not been doing either. “An example of Pakistan's foray into software development is telling. In 1996- 97 ABN-AMRO Bank decided to set up its regional back-office hub for software development and support for its operations in Lahore. It initially wished to hire around 400 to 600 software specialists. Despite their best efforts, they found it extremely difficult to get the numbers in the quality they required.”¹⁴⁶ Pakistan found a niche market but was unable to hold onto it because of low-quality service. To provide vocational training, Pakistan needs to focus on having Co-determination, co-financing, certification, and cost-effectiveness.

Bangladesh and Pakistan barely focus on workers' rights but this has enabled Bangladesh to compete based on low cost. This is one of the reasons for the slow growth rate in Pakistan. Both countries have similar working conditions. Still, Bangladesh is growing faster than Pakistan because Bangladesh has been focusing on empowering women and has been successful to some extent. Pakistan still treats women as second-class citizens. It seems like Pakistan's internal decisions and policies have led Bangladesh to get ahead. Pakistan has many border issues to deal with while Bangladesh does not. Most of Pakistan's budget is spent on the military. Hence, Pakistan cannot follow what Bangladesh is doing because despite having a high growth rate they do not have a technical workforce which is not good for the long term. Pakistan should follow Bangladesh's upgrading techniques in the textile industry.

¹⁴⁶Amjad, Rashid, et al. “Skills and Competitiveness: Can Pakistan Break Out of the Low-Level Skills Trap? [with Comments].” *The Pakistan Development Review*, vol. 44, no. 4, 2005, pp. 387–409. *JSTOR*, www.jstor.org/stable/41260725. Accessed 27 Apr. 2020, page 11

These points are further reiterated by our research findings in Chapter 2 which show that Bangladesh has been successful in outperforming Pakistan in the export sector because it has taken strategic initiatives, made policy interventions, and garnered industry support with its proactive approach. It has created a conducive environment for export-led economic development by specializing in key export industries, investing in human capital and skills development, improving infrastructure and trade facilitation, and ensuring policy stability and industry support. While challenges and risks remain, Bangladesh has emerged as a formidable player in the global export market. Pakistan can learn from Bangladesh's experiences and adopt specialized strategies that might help the country achieve sustainable economic prosperity.

Henceforth, based on our comparative analysis of Bangladesh and Pakistan's economic trajectories, Chapter 3 concludes that the female workforce is pivotal in driving sustainable economic growth for Bangladesh. The research reveals a significant difference between the two countries as Bangladesh experiences a thriving economy primarily due to its successful engagement of women in the garment industry, whereas Pakistan faces severe challenges that hinder its economic development, including a lack of female labor force participation. It is the primary finding of the dissertation that Bangladesh's economic success, particularly in the garment sector, is a result of the significant contribution of the female workforce as the country has strategically focused on empowering women through targeted policies, microfinance, vocational training programs, and gender-inclusive industrial policies. These strategies have led to increased female labor force participation, leading to the economic empowerment of the country. In contrast, Pakistan faces challenges in female labor force participation, which acts as a barrier to its economic progress. These challenges include inadequate policy interventions, limited investment in human capital development, and a lack of education reforms.

Hence, the exemplary success of Bangladesh can serve as a blueprint for Pakistan as it seeks sustainable economic growth strategies. It is integral that Pakistan addresses these issues and emulates Bangladesh's success by prioritizing gender-sensitive policies, enhancing export competitiveness through policy reforms, aligning education with goals of economic development, and introducing microfinance initiatives. Taking these steps can help Pakistan overcome its economic challenges and enhance its chances for sustainable growth and prosperity.

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