

Q1 Discuss the major economic challenges facing Pakistan and propose strategies for sustainable economic growth and development.

## ① Introduction.

Pakistan is currently amid a severe economic crisis characterized by persisting trade deficit, rising fiscal and current account deficit, heavily reliance on imports and bad governance. This precarious situation threatens the country's macro-economic stability and development. Economy is crucial for any country's success, however, in the case of Pakistan the country is on a verge to collapse. Pakistan is a home of 220 million people, which makes the country fifth most populous. Nonetheless, due to social inequality and rising inflation left no room for the youth's development, which led them to brain drain. Being in the list of third world countries, Pakistan is most vulnerable to climate change and the last year's flood is its example. However, these challenges can be mitigated by structural reforms, building consensus by the political parties and enhancing trade.

## ② Economic Challenges of Pakistan:-

Economy is the process of by which goods and services are

produced, sold and bought in a country or region. In the simplest of form it's the difference of demand and supply chain, for the healthier economy there should be a balance of two. However, in the case of Pakistan, country is facing acute economic challenges which are discussed below.

(2.1)

### Rising Debt levels:-

- Rising debt level has been driven by the government's heavy reliance on deficit financing to fund popular policies, and loss-making state owned enterprises. A report in Express Tribune quoted official that the total debt payment may spike to Rs. 8.3 trillion against 7.3 trillion budget in the budget. Over the years debt servicing has gone from 4.8 pc of GDP to 6.9 pc last year, and budget deficit has been financed through domestic borrowing from commercial banks, and these heavy borrowing burdenize the already fractured economy.

(2.2)

### Persistent Trade Deficit:-

Trade is the key for a successful economy. Unfortunately, in the case of Pakistan persistent trade deficits for decades has emerged a major weakness in its external account. The

trade deficit has rose to \$42 billion in FY2022, putting intense pressure on country's foreign reserves. Pakistan's exports has declining due to narrow export base, lack of product diversification, energy shortages, advanced technology and weak competitiveness. Meanwhile imports have grown rapidly driven by high oil prices, rising consumer demands and capital good imports. The overvalued exchange rate has hurt exports.

2.3

### Resilience On imports:-

Pakistan's heavy dependence on imported oil emerged as an acute vulnerability contributing to the balance of payment crises. Petroleum amounted to over \$17 billion in FY2023. Oil constitutes nearly 25% of Pakistan's total primary energy supply. However, domestic crude oil production only met country's 15-20% of the demand which led the country export almost 80% of its crude oil making it the most vulnerable to price shocks.

2.4

### Political Instability and Lack of reforms:-

Pakistan's history of political instability and lack of continuity of economic policies has undermined development of

Strong institutions and reforms needed for the countries sustainability. For instance in the 1990's privatisation effort lost steam after changes in the government, because the ~~polit~~ personal interest of the political leaders always undermined the national interest. Along with it, the IMF programs have gone off track prematurely one two or three times due to political upheaval.

(2.5)

### Legal Informal Sector Evading Taxes:-

Pakistan has one of the largest informal economies in the world, estimated at around 30-40% of its GDP. It also creates an uneven field that disadvantage the formal sector. Large informal activity include, agriculture, retail, trade, transportation, construction, domestic labour and services. The agricultural sector is mainly problematic, with under 1% of farmers paying taxes despite representing 20% of its GDP. Leakage in the sales tax through fake invoices and smuggling are estimated at 50% of the potential revenue.

(2.6)

### Brain Drain:-

Brain drain is a slang term that refers to a significant amount of individuals leaving the country for greener pastures, opportunity and the best of all

is to have security. Pakistan is a home of 220 million people, in which 64% of the total population of the country is below the age of 30. The number is alarming as these young people can be utilized for the betterment of the country. Sadly, they are entitled to suffer poverty, inflation, social inequality, and unemployment, which compelled them to leave their motherland for just surviving.

2.7

### Climate change:-

Pakistan is one of the top ten countries that are vulnerable to climate change. The country emitting a reduced number of fossil fuels still bears the shocks of it. The last year flood of 2022 has been a catastrophic with the loss of 1,789 people, Rs. 3.2 trillion of infrastructure damage and around 33 trillion of economic losses. Pakistan's cities have witnessed highest record of heat waves that results in melting of glaciers and draught.

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### Remedies to Counter Economic Challenges:-

Every country in the world has been a victim of economic challenges and Pakistan is no exception. However through structural reforms, increasing the tax base, curbing

the debt accumulation, upgrading logistics to reduce business costs and special economic zones to retain the country's youth bulge would be the step in the right direction.

The remedies to mitigate the economic challenges for the sustainability of the country are discussed below.

(3.1)

### Debt Restructuring:-

Urgent steps are needed to curb the wasteful spending, improve the efficiency of state-owned enterprises, and curtail debt accumulation to avoid a debt trap. The country can opt for equity debt-for-equity swap, in which creditors agree to cancel a portion or all of the outstanding debt in exchange for the equity in the business. This moves the debt from private sector to public sector institutions.

(3.2)

### Reform to address high trade deficit

Pakistan must implement deep structural reforms to address its high trade deficit. Trade policies should shift its focus on diversification of its products. Along with it, special economic zones can attract foreign direct investment in export oriented manufacturing, with this

Technical assistance programmes are needed to help domestic manufacturers and firms to meet international standards and can join global value chain (GVC). Lastly, energy and logistics infrastructures must be upgraded to reduce the business cost.

### 3.3 Comprehensive Energy policy while locating subsidies

Energy is essential for the country's well being, but reliance on imports make the basic need into a luxury. For breaking the oil addiction by depending heavily on imports comprehensive set of strategies are required. The TAPI gas pipeline from Turkmenistan and Galkynshu gas field in Afghanistan holds tremendous potential for Pakistan to shift its focus from oil to gas. Along with it, Pakistan's ally through which and then (China) can help in producing electricity through hydro, ~~etc~~ biomass and wind as being top the list in generating energy through these means.

### 3.4 Economic policies backed by political consensus.

Due to political instability economic policies left hanging and undone. For prosperity and economic sustainability of a country

mutual consensus is the need of an hour. The development of consistent merit-based economic policies and institution backed by political consensus is crucial to avert current crises. Good governance is a solution to many prevailing problems. To achieve lasting economic stability, deep wide institutional reforms are essential to insulate them from political pressure.

### 3.5 Expanding the tax base:-

Pakistan must implement a well planned informal sector tax normalisation program focus on registering enterprises, retailers, professionals and agriculturists. For instance; Simplified taxation schemes for small business have succeeded in many countries. A key pillar is the digitalization of the process, such as e-filing of taxes and computerized risk based audits to reduce contact point of corruption.

### 3.6 Preparing for climate shock:-

Pakistan has to take a few measures to mitigate the climate change. By reforming energy prices, subsidies and can help mobilize significant early collection of revenues to help in financing the sustainable development goal; implementing



technology based measures for green and inclusive development and gathering more external growth. Along with it, awareness is the key as the people living in rural areas or open markets, coastline are the most vulnerable sector. Lastly, reforming and constructing the kala bakh jam by taking all institution in confidence.

## ④ Conclusion:-

To conclude, economic challenges are the major cause in the country's declining growth and sustainability. Pakistan is facing myriad challenges that comprises increasing import, fiscal and current account deficit, narrow tax base and political instability hinders effective policies and reforms. Nonetheless, every problem has a solution and Pakistan's is no different. By expanding the tax base, building consensus, locating substitutes for energy and diversification in product will yield greater outcomes. Only the consistency and commitment to the goal and reform by putting the national interest at front is the key.

Qr Congress ministries of 1937 paved ways for separate state. Critically analyze.

### ① Introduction:-

The Congress ministry of 1937 proved to be, last nail in the coffin of United India Under British Raj. The election of 1937 and founding of Congress ministries in five different provinces Unmasked the Congress quality and vague nationalism. The policies of Congress were high subjective and brutal towards the opinion of the sub continent. From hoisting the tricolor flag to launching wave Scheme and to suppress muslim in any manner possible realize the All India muslim league and its leader that survival is only be possible with a separate homeland. A land where muslims can experiment their culture and values under the umbrella of Islam.

### ② Formation of congress ministries and their actions:-

As mandated by the constitution of 1935 of Government of India Act, provincial elections were held in 1937 between the Indian national Congress and All India muslim league. Congress acquire the larger number of seats, while the AIML could not get mentionable support from the voters. Congress achieved the

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the victory in Banaras, Bihar, Orissa and Madras. However the coalition government was formed in Bombay, Bengal and N.W.F.P but the rigid behaviour of the Congress, they refused to mention making coalition government with Muslims and started behaving in dictatorial manner.

### (3) Brutal policies of Congress Unmasked the face of United India:-

The elections of 1937 unmasked the real hatred of Hindu towards Muslims. As Gandhi clearly pointed out in the meeting that ~~there~~ it has been proved that "now there are only two powers in India; British and Hindu. If any other power has existed. It would have been proved by the elections." This statement clearly denies the existence of Muslims of the sub-continent. Some of the policies of the Congress are discussed below.

#### (3.1) Bande Matram and hoisting of tri-colour flag:-

After coming to power, Congress ministries came out to impose Hindu nationalism on the Muslims. The defunct Bande Matram as the national anthem and three colour flag as the national flag to humiliate the Muslims.

Congress insisted on the commencing the day after reciting Bande matram and ordered the hoisting of tri-colour flag to prove that there are only two powers existed in India: the British and the Congress.

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### Imposing of Wardak Scheme:

In addition to commencing the day with bande matram, Wardak Scheme and Vidya Manojin Scheme has been introduced. The main objective of it was to brainwash the muslim youth, by glorifying their heroes and myths to convert the ~~non~~ muslims to hindu. Along with it Wardak Scheme's main objective was the first seven years of schooling will be devoted to manual labour, spinning of cotton and hindu teachings.

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### Attack on muslim worship places:-

Acquing the minorities, Congress shows brutality by preventing the muslims to worship. At the times of worship loud songs used to be played outside the worship places, and calling fraan was prohibited. The worst of the servants was when muslims were heading towards mosques dirt used to be thrown at them and pig pushed into mosques during

the congregational prayers.

### 3.4) Ban on Cow Slaughter:-

Cow is considered as the sacred animal and cow-mother (gaur-mata) in the Hindu religion. Winning of majority seats by the Hindus implement and impose their cultures and norms. Slaughtering of cow gets banned in India, which the Muslims suffer heavily. Even on the occasion of Eid-ul-adha Muslims were not allowed to slaughter a cow and if someone tried to do so, he has to pay it with his life.

### 3.5) Hindi Urdu Controversy:-

Hindi Urdu Controversy had its roots since 1866, but in British age it was declared as the official language of India. However, elections of 1937 and forming of Congress ministries provide the platform to Hindu. Hindi was declared as the official language and Deva Nagri stated as the official script.

4) Impact of the Congress rule that paved the way for a separate state for Muslims:-

The heinous policies of Hindu

open the eyes of the muslims as Congress proved to be the pure hindu party, which only considered the hindus as the human and superior of all. The muslims realised the serious need to muslims to demand a separate land and live the life according to Islamic teachings.

(4.1)

Realisation of muslims that "Indian national congress is an anti-muslim party."

There were a number of people that thought of living in the United India in the muslim majority states to run their affairs. Muslims helped Congress to fulfil their demands in order to establish the United India, where every human will live according to their ways. However, Congress ministries and also awaken the muslims that hindus are can not be trusted neither be live together, as they not only target the muslims places of worship but objects to women and children of muslims and tried them as the second class individuals.

2) Forced the muslims to demand for a separate state of land; Pakistan:-

It convinced them

that the hindus and muslims are the two separate identities, whose not only religion but culture, values, customs and norms are contrary to each other and it is impossible to live in a united India. Along with it the ministries of 1937 cleared the fog by their policies and schemes that there is clearly no place for the muslims on their land. As rightly said by Quaid-e-Azam Muhammad Ali Jinnah that "Hindus and muslims though living in the same town and village have never been blended into one nation."

3) Muslim against Congress Movement:-

All congress governments in the provinces launched anti-muslim drive basically to exclude muslim league as the congress leaders come to know that muslim league had grass roots in the muslim majority areas. They started muslim against congress movement to defame the all India muslim league, and congress started promoting their (hindu) culture and history as the Indian culture and history. The congress did not realize that an over emphasis of hindu symbols will cause the reactions against the muslims as the muslims ideology is stronger than them.

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## Critical Analysis:-

It is Undeniable that the elections of 1937 proved to be an eye-opener for the Muslims of the sub-continent. Quaid-e-Azam Muhammad Ali Jinnah was fully aware of the Congress evil intentions that's why he asked Muslims to demand for the separate state. Muslims were demanding the separate state not for themselves but their Congress came into power and change the perspective of all of the Muslims who once dreamed to live in United India. Quaid-e-Azam said: "The 2 1/2 years of Congress rule are a sobering experience for Muslims. It has given us a bitter lesson and have created a fear of Hindu domination. The Muslims are nation by every definition of the world, it is absolutely wrong to consider Muslims as minority."

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## Conclusion:-

The election of 1937 proved to be a turning point for the Muslims to be united in their thoughts and demand. In short it bring all the Muslims onto one page (demand) which is to voice for separate homeland. where Muslims can live according to their customs and believes because United India is nothing but merely a nightmare to any other religion other than the Hindus. Two and a half year of period shake the Muslims to call for separate homeland.



73 CPEC Phase II demonstrates China - Pakistan's commitment to realize their shared vision of a prosperous future. The introduction of five new corridors - such as the Corridor of Information, Corridor of Job Creation, Innovation, Green energy and Inclusive Regional Development - illustrates CPEC's strategic diversification beyond traditional infrastructure projects - Elucidate.

### Introduction:-

China-Pakistan economic Corridor has been a Comprehensive initiative by both countries to prosper economic sustainability. The phase I of the CPEC has almost completed and now the country is moving towards the phase II, which is to operationalise five distinct corridors for better productivity, growth and diversification. For instance, Corridor of Information will boost information connectivity through construction and operation of local networks to connect all regions for better cooperation. Along with it the construction of special economic zones and connecting them to each province of China to provide technical expertise and empower people. These Corridor of Innovation, green energy, job creation and shared information will slowly and gradually cleared out the fog of brain drain, regional instability and economic decline.

## China-Pakistan's Shared vision for prosperous future:-

Beijing and Islamabad are two allies of all the time. By initiating this belt and road initiative will help China connects itself through the world and the vision of it flourish it centuries old silk road at it hundred anniversary, which not only links it to all the world but all other countries will be connected with each other and this dependence not only minimize the threat of war, but to increase regional cooperation. On the other hand Pakistan enjoys a crucial yet fruitful location which help china diversify it ways through gawadar, if the conflict end in South China sea arises. Therefore, Pakistan will enjoy the economic upthrust and regional stability by providing china the ways of connecting.

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## CPEC's Strategic diversification from traditional by phase II:-

Now when the CPEC phase I which is to build a comprehensive highway infrastructure and generation of power plants. After completing the first phase CPEC is entering to operationalise the main phase which aims to uplift the miseries of people by providing them means and training to compete in world. CPEC phase II corridors are discussed

below.

### (301) Sharing of Information through Cooperation of Information:-

Promotion of the construction of optical fiber networks between China and Pakistan to upgrade Pakistan's optical facilities including national data centres and the landing of second submarine cable station. Besides strengthening information and communications industries both countries are synchronise in the construction of road and railway infrastructure as well. China is encouraging Pakistan to adopt China's digital terrestrial multimedia broadcasting standard (DTMB) to enhance its productivity.

### (2) Job Creation through SEZ's:-

Promoting special economic zones in all provinces and regions in Pakistan along with Kalyan Economics and technological development zone to promote job creations for local people. The aim is to expand the cooperation in industries to promote Pakistan's industry from assembling imports parts and components to localized production of parts and to ~~promote~~ encourage various Chinese enterprises to enter in the market for technical assistance in the effective manner. The planning minister of Pakistan

also emphasis to connect each SEZ of Pakistan to be partnered with one province of China, one industry group to provide technical expertise and training to the people to uplift the provinces of Pakistan!

(3.3)

### Innovation through Trade and Industrial Parks:-

China and Pakistan enhance their trade for cooperation and strengthen it through Industrial parks to enhance the level of bilateral trade and liberalization. Innovation will promote through quality, value addition, competitiveness and efficiency improvement of textile and garment industry to supply high-value added products. Increase the exploration and development of resources and introduce bilateral enterprises to participate in exploration and development of resources. The basis of China-Pakistan economic corridor zone and industrial Park in order to provide investment platform for companies and continue to enter transitional industrial chain.

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### Shifting from Non-renewable to Renewable Resources:-

Energy is the main component that drives economy and its people. However, in Pakistan energy crisis has always been an issue which not only affect its people but shifting the industries by high tariffs and discourage

Foreign direct Investment. China Pakistan economic cooperation is the step in the right direction as China stands on number one in promoting green energy, infrastructure. China has showed interest in harnessing Pakistan's coal and and to utilise it rivers and increase the water consumption. The new project on the river Kunhar will be completed and yield greater power generation. Along with it, China can also help in producing the energy through solid waste management, which not only fulfil the needs of energy but also preserve the environment.

### 3. Regional Development Through Connectivity and Technology:-

Technology nowadays plays a great role in bringing the innovation and prosperity in the country. Pakistan has a crucial position surrounded by a few hostile neighbours i.e. India and Afghanistan. CPEC will help in connecting the region through infrastructure and roads, This will also increase the dialogue between the neighbours. Along with China and Pakistan are committed to strengthen cooperation on building digital economic infrastructure, digitalization the internet, satellite investigation, cloud computing and smart infrastructure including

artificial intelligence and 5G networks.

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### Conclusion:-

China - Pakistan are allies of good and bad times and their cooperation in connecting the countries through economic corridors are the break through for development and innovation. The CPEC phase two is now surfacing to take the country into a stable economy is crucial, as Pakistan is going through economic melt down. The phase two of CPEC which promises to enhance the cooperation, technical assistance, innovation, market competitiveness and internet connectivity is the need of the hour. By operationalising these five corridors from information to green energy shows the prospect for better and sustainable future benefitting the countries as whole.