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Mock Exam CSS (2026)

Pakistan Affairs.-

QNO31- The current economic challenges of Pakistan are challenges of political Economy or the issues are deep rooted in structural flaws in our economy. Take a side and suggest policy measures to address these challenges?

The current economic challenges of Pakistan are primarily deep-rooted structural flaws in the economy, rather than purely short-term political economy issues. While political instability aggravates the situation, the core problems stem from chronic structural weaknesses such as revenue generation, energy inefficiency, dependence on imports, weak industrial base, and limited human capital development.

Pakistan's economy has been globally acknowledged for

achieving macroeconomic stabilization in the outgoing fiscal year. The government remains steadfast in its commitment to providing stable livelihoods and addressing macroeconomic imbalances and uncertainties. Pakistan is consistently advancing on an upward trajectory, built upon investment friendly reforms, enhanced domestic savings and increased foreign direct investment, with GDP growth projected at 5.7 percent over the medium term.

The Pakistan Economy Survey 2024-25 highlights significant achievements in economic management and structural reforms. The government achieved a historic primary surplus of 3.0 percent of GDP for July-March FY 2025, up from 1.5 percent in the same period ~~last~~ last year. The government also achieved a fiscal surplus in the first quarter (July-September) of the fiscal year 2024-25, for

the first time in 24 years, which amounted to Rs 1.896 trillion, or 1.7 percent of GDP.

Inflation fell sharply to 0.3 percent in April 2025 (at a 6-decade low) from 17.3 percent in the same month last year, and the KIBOR rate declined by 9.7 percentage pointsⁱⁿ one year, now standing at 11.3 percent. Pakistan's debt profile has strengthened, marked by an extension in the Average Time to Maturity (ATM) of domestic debt from 2.9 to 3.5 years, reducing refinancing risks. The external account remained stable, supported by an unprecedented current account surplus of US\$ 1.9 billion during July - April, supported by record growth in foreign remittance as well as technology exports.

The Pakistan Stock Exchange delivered an impressive 56 percent return, rising by 78,000 points, a testament to investor confidence.

The IMF, under the first review of EFF, has acknowledged Pakistan's significant improvements in economic and fiscal indicators, noting evident progress in stabilizing the economy and rebuilding confidence. Furthermore the executive Board of the IMF approved an additional arrangement under the Resilience and sustainability Facility, providing Pakistan with approximately US\$ 1.4 billion to enhance economic resilience against climate vulnerabilities and natural disasters.

Evidence of structural flaws:-

1. Fiscal imbalances.

Pakistan's Tax-to-GDP ratio hovers around 10-12% one of the lowest globally.

Persistent budget deficits are financed by borrowing, leading to rising debt.

Structural Trade Deficit:-

Pakistan relies heavily on imports for energy, machinery, and consumer goods.

While exports remain low and undiversified, concentrated in textiles.

The current account deficit persists despite IMF programs.

Energy and infrastructure Bottlenecks.

Circular debt in energy sector reflects inefficiency.

Poor transport, logistics, and industrial infrastructure hinder productivity.

Weak industrial and Agricultural productivity:-

Industries are outdated; lack of R&D and innovation.

Agriculture suffers from water mismanagement, low mechanization and inefficient supply chains.

Human capital Deficit:-

Pakistan ranks low in education, skill development, and labor productivity.

Limiting competitive advantage:-

Policy Measures to address structural challenges:-

Fiscal and Tax Reforms:

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Broaden tax base, reduce exemptions

Strengthen FBR operations.

Introduce progressive taxation to finance development without excessive borrowing.

Export Diversification and industrial up-

gradations:-

Promote high-value industries like IT, pharmaceuticals, and engineering goods.

Encourage SME development, incentivize local value addition.

Energy Sector Reforms

Resolve circular debt, incentivize renewable energy, and improve governance in utilities.

Encourage private sector participation in energy infrastructure.

Agricultural Modernization:-

Invest in modern irrigation, mechanization, and supply chains.

Introduce crop diversification and export-oriented agriculture policies.

Human capital Development

Expand vocational training, Improve quality of Education

Promote innovation and R&D incentives in Universities and industries.

Macroeconomic Stability Measure:-

- Maintain monetary discipline to control inflation.

Reduce dependency on external debt via domestic resource mobilization.

Q No 4:-

Analyze the trajectory of Pakistan-Afghanistan relations in the post-2021 period of current regime in Afghanistan. How have border security, refugee issues, and regional realignments influenced bilateral ties? Since the Taliban's return to power in August 2021, Pakistan-Afghanistan relations have followed a volatile and mistrustful trajectory. While Islamabad welcomed the Taliban regime hoping for strategic depth and border stability, persistent security, refugee, and regional alignment issues have strained ties, revealing deep-rooted divergences in both nations' priorities.

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Pakistan supported the Taliban diplomatically, expecting an end to Indian influence and cross-border terrorism.

Kabul advocated for international recognition and humanitarian assistance for the new regime.

Early engagement saw coordination in trade, border management, and connectivity projects like CASA-1000 and TAPI.

However optimism quickly gave way to mistrust as security incidents and refugee influxes re-emerged.

Cross-border Militancy-

Cross-border militancy has emerged as a critical challenge for Pakistan, particularly with the rise of groups like the Tehrik-i-Taliban Pakistan (TTP) operating from Afghan soil. Following the Taliban's return to power in Afghanistan in 2021, the TTP has found a more favorable environment for its operations, leading to an escalation in attacks targeting

Pakistani security forces and civilians,
The porous border between the two
countries has exacerbated this issue.

allowing militants to easily cross into
Pakistan and launch cross-border raids.

This growing insecurity has strained bilateral
relations, with Pakistan accusing
Afghanistan's Taliban government of
providing safe haven to TTP militants.

The situation has ^{not} only intensified Pakistan's
security concerns but also complicated
efforts for peace and stability in the
region, creating a volatile geopolitical
environment.

The Role of TTP in Cross-Border
Militancy:-

Tehrik-i-Taliban Pakistan (TTP) a militant
group operating from Afghanistan, remains
a significant force in cross-border
militancy. After the Taliban's return to
power in 2021, the TTP found a
safe haven across the porous Afghanistan-
Pakistan border. This has allowed them
to regroup and intensify attacks on

pakistani security forces. In 2023 alone, TTP was responsible for over 100 terrorist incidents, including suicide bombings and ambushes, worsening the security climate in both countries.

Refugee flow and humanitarian strain

The surge in cross-border militancy has triggered a significant refugee crisis as civilians flee from areas heavily affected by violence in both Afghanistan and Pakistan. This has created immense pressure on neighboring countries, particularly Pakistan, which is already facing economic and social challenges. The increasing number of refugees not only worsens humanitarian conditions but also strains local resources, leading to a rise in social tensions and competition for limited aid.

Escalation of cross-border militancy

The presence of TTP in Afghanistan has led to a significant rise in cross-border attacks. In 2023 over 60% of militants attacks in Pakistan were

linked to groups operating from Afghan soil. According to Pakistani authorities, the TTP has been responsible for approximately 2,000 fatalities in the past five years, with attacks targeting security forces, civilian infrastructures, and military personnel.

Diplomatic Strain Between Pakistan and Afghanistan -

Diplomatic tensions have surged between Pakistan and Afghanistan due to TTP's sanctuary in Afghanistan. In 2023, Pakistan lodged over 30 formal protests with Afghanistan's Taliban government. Despite these efforts, Afghan authorities have not been taken substantial action against the TTP, further straining bilateral relations and prompting a decline in diplomatic engagement between the two countries.

What need to be done.

Engagement in Diplomatic Dialogue -

Pakistan and Afghanistan must resume regular diplomatic dialogue to address

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During Donald Trump's presidency (2017-2021) Pakistan-US relations were marked by friction and pragmatic engagement. Initially Trump adopted a tough stance, ^{accusing} Pakistan of harboring militants and suspending \$ 1.3 billion in security aid in 2018. However, the ~~to~~ relationship witnessed improvement during negotiations with the Afghan Taliban, where Pakistan played a pivotal role in facilitating the 2020 Doha agreement, enabling the US troop withdrawal from Afghanistan. Trump's administration acknowledged Pakistan's efforts, fostering limited cooperation on counterterrorism. Despite challenges, trade relations remained stable, with US exports to Pakistan growing by 3% annually. However, Trump's tilt toward India, including a strong US-India strategic partnership, created regional tensions for Pakistan. Overall, Trump's era showcased a transactional relationship, balancing criticism and strategic cooperation.

Opportunities for Pakistan with Trump's return:-

Counterterrorism cooperation:-

During Trump's previous term, Pakistan played a critical role in facilitating the US - Taliban Doha Agreement. A renewed Trump administration may focus on counterterrorism efforts, providing Pakistan an opportunity to strengthen its position as a key regional ally in combating terrorism. Collaborative operations, intelligence sharing, and border security assistance could enhance Pakistan's global standing while addressing security concerns such as the Tehrik-i-Taliban Pakistan. By positioning itself as indispensable to US counterterrorism goals, Pakistan could secure financial and military support, improving its national security capabilities and regional influence.

Trade Expansion:-

With bilateral trade between the US and Pakistan exceeding \$6 billion in 2023, Trump's return could provide a platform

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For boosting economic ties. His emphasis on bilateral trade agreements offers Pakistan the opportunity to negotiate better market access for key exports like textiles and agricultural products. Targeted trade policies could reduce Pakistan's reliance on limited export markets and foster economic stability. Additionally, a preferential trade agreement under Trump's transactional approach could enhance industrial output and foreign exchange reserves, positively impacting Pakistan's economy amid on-going financial challenges.

Energy Collaboration

Trump's administration prioritized energy independence and investment in energy projects, creating an opportunity for Pakistan to seek US support in renewable and clean energy development. Pakistan's growing energy needs, coupled with reliance on expensive imports, make collaboration vital. By negotiating US investment in solar, wind and hydroelectric projects, Pakistan can diversify its energy

portfolio, reduces costs, and address frequent energy shortages. Such cooperation could also open doors for advanced energy technologies and expertise, aiding Pakistan's energy transition and bolstering its industrial and agricultural sectors.

Debt Relief Negotiations:-

Amid Pakistan's severe economic crisis, Trump's focus on transactional diplomacy presents a chance to negotiate favorable financial arrangements.

Technology Transfer-

Trump's administration could offer opportunities for Pakistan to secure access to advanced US Technologies, particularly in defense, agriculture, and IT sectors.

Geopolitical Leverage-

Trump's emphasis on countering China could allow Pakistan to leverage its strategic location in South Asia to secure US support. As the gateway to China's Belt and Road initiative (BRI), Pakistan could position itself as a critical balancing power attracting US investments.

and diplomatic backing.

Afghanistan Policy and Regional Stability:-

Trump's withdrawal from Afghanistan emphasized Pakistan's role in the region with cross-border militancy and Taliban governance impacting both Afghanistan and Pakistan. Trump's return could reinvigorate discussions on regional stability.

Challenges for Pakistan with Trump's Return.

Renewed criticism on Counterterrorism efforts:-

During Trump's first term, Pakistan was frequently accused of harboring militants group, resulting in the suspension of \$1.3 billion security aid in 2018.

If re-elected, Trump's administration might intensify pressure on Islamabad to dismantle network like The TTP and Haqqani Network.

Pressure to counter China:-

Trump's policies heavily prioritized countering China's global influence, a focus he has reiterated during his current election

Campaign. Pakistan's strategic alliance with China, particularly through the China-Pakistan Economic Corridor (CPEC) may come under scrutiny. A re-elected Trump administration could ~~less~~ press Islamabad to scale back its cooperation with Beijing.

Closer US-India Relations

During his first term, Trump deepened ties with India, citing shared economic and strategic interests. This included defense agreements and support for India's regional ambitions. If Trump returns to power, Pakistan may face further marginalization as the US prioritizes its partnership with New Delhi.

Economic Constraints and Aid Dependency

Trump's transactional approach to foreign aid may limit Pakistan's ability to secure financial support without meeting stringent conditions. During his first term, Trump cut aid to countries he deemed non-compliant with US interests, a pattern likely to continue.

QNO6:-

Role of ideology in Pakistan's Nation Building process.

The ideology of Pakistan, rooted in Islamic principles and Two-nation Theory, has served as the foundation of national identity and state formation. However over time, the interpretation of this ideology has evolved under varying political, social, and military influences - Shifting from a unifying force to a contested domain shaping Pakistan's political and social discourse.

Ideological Basis of Pakistan.

The demand for Pakistan was not merely geographical but ideological. The two nation Theory, articulated by Sir Syed Ahmad Khan and politically shaped by Allama Iqbal and Quaid-e-Azam Muhammad Ali Jinnah, asserted that Muslims of the Subcontinent were a distinct nation with their own civilization, culture, and religion.

Jinnah envisioned Pakistan as a democratic Islamic state - modern, Tolerant, and rooted in Islamic social justice, not theocracy.

Thus, ideology became the cornerstone of nationhood, providing cohesion to a diverse population divided by ethnicity and language.

Ideology in Nation Building (1947-1971)

After Independence, ideology was used to forge unity among ethnolinguistic groups: Punjabi, Bengali, Pashtun, Baluch - under the banner of Islam.

The Objectives Resolution (1949)

Institutionalized Islam as the guiding principle of the constitution, linking Sovereignty with Allah and governance with Islamic values.

However, overemphasis on religious identity and neglect of socio-economic equality led to discontent, especially in East Pakistan, where ethnic and linguistic grievances outweighed ideological unity, culminating in the 1971 secession.

Evolution of Ideological Contours- (1971-1988)-

Post-1971 Pakistan faced an identity crisis. Zulfikar Ali Bhutto redefined ideology through "Islamic socialism".
Blending religion with egalitarian reform.

Later, under General Zia-ul-Haq (1977-1988)- ideology took a rigid theocratic turn. His Islamization policies, Hudood Ordinances, Sharia laws, and madrasa expansion institutionalized religion in state structures, altering Pakistan's socio-political character.

The ideological narrative shifted from Islamic modernism to conservatism, impacting education, politics and society.

Contemporary Interpretations (1988-Present)

Post-Zia governments oscillated between moderation and religious populism.

Under Musharraf's "Enlightened Moderation" Pakistan attempted to reclaim Jinnah's progressive vision, balancing Islam with modern governance.

In recent years, ideology has been reinvoked in populist politics, influencing narratives on identity, minority rights, and extremism.

The state now faces the challenge of redefining ideology to accommodate pluralism, constitutionalism and global integration without losing its Islamic foundation.

Ideology in Social Discourse

Ideology shapes Pakistan's education system, media, and national curriculum, defining patriotism and citizenship through religious and moral lenses.

However, the diversity of interpretations between conservative clerics, liberal reformists, and political actors continues to shape public debates on democracy, gender roles, and secularism.

The ideology of Pakistan remains both its greatest strength and deepest challenge. Initially designed as a unifying vision of Islamic

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identity and justice, its evolution reflects Pakistan's political transitions, from inclusive nationalism to religious exclusivity and now toward balanced moderation.