

SECTION-II

QUESTION NO: 02

INTRODUCTION :- PAKISTAN'S ECONOMIC SECTOR

Pakistan has been persistently facing economic challenges in various forms. Accruing trade deficit, balance of payment crisis and capacity charges to Independent Power Producers (IPP) are few of the predicaments.

The overcoming of such deep rooted and pervasive challenges require economic policy overhaul.

This can be done in form of strengthening of export, diversification of export products and decreasing reliance on loans. Therefore, the

critical juncture of economic crisis requires the overhaul of the economic policy measures.

BACKGROUND OF PAKISTAN'S ECONOMIC CRISIS:

So, The economic challenges of Pakistan date back to the early years of the formation of state. This decade, Pakistan experienced an exponential growth during 1960's ~~to~~ till 1990's.

However, subsequent drop in share of agricultural products linked with increased reliance of external assistance, excessive budget expenditure on defense and inability to repay foreign debt have plunged the state

facing the economic issues. Thus, the culmination of previous issues reflects in the economic crisis of today as well.

MAJOR ECONOMIC CHALLENGES FACING PAKISTAN:

There are various

challenges facing Pakistan's economic sector, such as:

① Balance of payment crisis:

Pakistan is undergoing balance of payment crisis as foreign exchange reserves are decreasing. Subsequently, country is not fully equipped to pay for essential imports.

Example:

According to federal budget 2024-2025, Pakistan will have to finance a budget deficit of Rs 8,500 billion.

② Persistent trade deficit:

Pakistan is exporting more trade as opposed to provision of more diversified export products in the international market.

Example:

Pakistan's current account deficit is around \$74 million according to State Bank of Pakistan.

③ Lack of fiscal management in federating units:

As a federal state, the country is facing issues regarding the proper dissemination of financial resources among the federating units.

Example:

National Finance Commission (NFC) award has not been revised since the 7th NFC award purviewed in 2010.

④ Slow growth of Gross Domestic Product (GDP):

Pakistan's GDP growth is not showing a growing

positive and constant growth over the period of time. The decline in GDP owes to more expenditure as compared to collection of revenues.

Example:

WB's report 'Pakistan Human Capital Review' indicates 0.41 ranking of Pakistan in both absolute and relative terms. Moreover, mere 18% GDP growth will occur by 2047.

⑤ Dependency on external financial assistance:

Pakistan shows heavy reliability on the external financial assistance programs.

In this regard, Pakistan is not directed towards productive utilisation of loan as opp and more focus burdened to repay the service debt.

Example:

Pakistan is seeking
\$7 billion loan from IMF
for the 23rd time in July 2024.

⑥ Incapacity of tax collecting institutions:

Revenue collection in Pakistan is reinvigorated through
accompanying an ascent in tax
prices and not increasing the
tax base, a tax net and direct
tax system.

Example:

The taxation regime
of federation and all four
provinces show no signs of taxing
the agricultural elite. Punjab has
budgeted only 6.07% and Sindh
0.02% of their budget as
agricultural income tax.

⑦ Payment of huge amount of capacity charges to IPP:

Heavy amount of payment to capacity charges of Independent Power producers further weakens the economic reserves of the state.

Example:

Capacity payment of Rs. 2.1 trillion will be paid to IPP's during fiscal year of 2024-2025.

⑧ Disruption in global supply chain and reliance on imported oil:

Pakistan is heavily reliant on imported oil and in addition to this the disruption of global supply chain has further exacerbated the crisis of supply and demand.

Example:

The ascent in oil prices due to Russo-Ukraine war was also faced by Pakistan. Moreover, Pakistan faces chronic energy shortage and imports 84% of oil from UAE and Gulf Arabs.

⑨ Tax Regularisation evasion in form of informal economy:

Informal economy's expansion allows a huge proportion of Pakistan's economic sector to circumvent the tax revenues and regularisation procedures.

Example:

According to Labour Force Survey (2022) 75% of total labour force in Pakistan is engaged in informal sector employment.

STRATEGIES FOR SUSTAINABLE ECONOMIC GROWTH AND DEVELOPMENT

There is requirement of implementation of various strategies to ameliorate the the prevent of economic crisis from Pakistan, such as:

① Monetary policy adjustments:

State Bank of Pakistan

(SBP) should consider cutting policy rates. This will reduce (PT) and encourage investment in productive sector and reduces domestic debt burden.

② Rationalise taxation system:

Increase tax base, tax on direct income and salaried class and expanding tax net.

③ Reforms in provision of Subsidies:

With thorough implementation of Structural Adjustment Policies (SAP) Pakistan ~~state~~ should decrease the provision of large amount of subsidies to State-owned enterprise. This will stop the depletion of economic government's economic reserves.

④ Reforms ⁱⁿ State owned enterprises.

Minimise the burden of SOE on public finances by improving governance and efficiency in management.

⑤ Enhance the management of non-budgetary debt drivers:

Reduction in fiscal burden, while controlling the demographic indicators and security strengthening of state.

⑥ Securing additional financing:

Pakistan should enhance the remittance collection, private sector investment and export diversification.

CONCLUSION:

Pakistan faces a myriad of economic challenges and the onus of such development of economic fatigue is due to multiple reasons.

Fiscal mismanagement, revenue collection depletion, ^{and} trade deficit

present the conflicting nature of economic sector. Therefore,

it requires the policy reforms in terms of enhancing the monetary policy measures,

provision of subsidies decrease and reforms in SOE.

QUESTION NO. 04

INTRODUCTION: THE CONGRESS MINISTRIES OF 1937

The establishment of congress ministries in 1937 exposed the true objectives of the then Congress Parties. Multiple steps taken by the congress parties brushed aside the provision of equity to the minorities such as: Wardha and Widdia Mandar Schemes, imposition of Hindu Nationalism, hoisting of Congress flag, ban on the rest other than hindu religious practices and much more. Culmination of such events led to Muslim protests and acceleration in Muslim leagues demand for a separate nation. Hence, the role of congress ministries paved way for the formation of a

Separate nation

BACKGROUND OF THE MINISTRIAL RULE OF CONGRESS:

The 1937 Elections led to the victory of Congress in five provinces: Madras, UP, CP, Bihar and Orissa. Emerged as the largest party with only 21% seats secured by Muslim League. In July 1937, Congress formed government in 6 provinces along with a coalition government in NWFP. Hence, the congress ministries were in power from July 1937 to Nov, 1939 before the beginning of the WW-II and imposed strict differentiating policies while ruling the provinces.

CONGRESS MINISTRIES OF 1937 PAVED WAY FOR A SEPARATE NATION.

The congress ministerial rule of 1937 paved way for the adoption of separate nation policy, in the following ways:

① Imposition of Band e Matram:

In order to strength Hindu Nationalism, Band e Matram was made obligatory to be recited as national anthem before starting official day.

② Establishment of Wardha

~~and~~ ~~Wardha~~ ~~Schemes~~ Schemes

These schemes were originated on the basis of Gandhi's philosophy, with an aim of highlighting hindu religious leaders. This was an attempt to erase Muslim culture.

③ Proposition of Wardha Widdia Mandar scheme:

Widdia Mandar scheme was also an outcome of Gandhi's philosophy. This educational policy was meant to convert non-Hindus to Hinduism. The students were asked to show reverence to Gandhi by bowing to picture according to scheme drafted by Dr. Zakir Hussain.

④ Reflecting the prowess of Congress through flag hoisting:

Hoisting of three coloured flags led to the display of notion of Congress that only Britain and Congress were the real powerful entities of subcontinent.

⑤ Crushing Muslim League through Muslim Mass contact campaign:

Muslim started to have

An increased Muslim contact in order to crush the popularity of the Muslim League. This plan was propagated by Nehru to undermine the position of Muslim League.

⑥ Ban on the non-Hindu religious activities:

Congress ministries imposed a ban on the cow slaughtering, a Muslim practice and openly resisted the conduct of religious practices other than Hinduism.

⑦ Change in official language to impose Hindu nationalism.

The role of Congress ministries saw a clear focus towards adoption of Hindi as an official language and Devanagari as official script.

ACTIONS AGAINST THE CONGRESS MINISTRIES THAT LED TO SEPARATE STATES:

The tyrannical rule of Congress ministries paved way for the resulted in retaliation of the Muslim League. This resistance to rule further widened the chasm and led to the propagation of two nation theory, such as:

① Publishing of the Pirpur Report March 1938:

Raja Syed Mehdi, appointed by the Muslim League Council, dug out the realities of the despotic rule of Congress.

② The Sharif report March, 1939.

This report exposed the ill treatment of the government with the Muslims of Bihar.

③ Fazl ul Haq report 1934:

This pamphlet entitled as "The Muslim Sufferings Under the Rule of Congress" made revelations of the cruelty displayed by the Congress ministries, an attempt to create Hindu Raj.

④ Muslim League conduct of session in Lucknow:

In October 1937, Muslim League conducted Lucknow session with leaders like Ahs Fazal ul Haq and Sardar Sikander Hayat. They questioned the effectiveness of constitutional guarantee of freedom vs state autonomy.

⑤ Day of Deliverance observed:

Observed on 22nd Dec, 1939. Muslim League redefined its firm stance and reiterated

imposition of constitution with
the consent of Muslims.

⑥ Adoption of Lahore Resolution, 1940:

Adoption of Lahore Resolution after the dissolution of the Congress ministries, earmarked the origination of the call for a separate state of Muslims.

CONCLUSION:

The rule of Congress Ministries in 1937, exposed the totalitarian stature of the Hindu-led Congress Parties. The strict imposition of the suffocating policies by Congress, resulted in the genesis of revolt by Muslim League. Therefore, tyrannical rule of Congress led to the adoption of the idea of separate nations by Muslims.

QUESTION NO: 05

INTRODUCTION: PAK- AFGHAN RELATIONS

Pak-Afghan relations has seen plight from a long time owing to the plight of the link of terrorism between the two countries.

Pakistan, is persistently pursuing multiple strategies to eradicate the presence of violence between the that restrains the relationship between Pakistan and Afghanistan. Pakistan has made efforts in regard of fencing of border, repatriation of refugee to maintain security, and cross border strike to eliminate TTP.

Therefore, Pakistan's states apparatus is making efforts to neutralise the rising conflict at the borders of

the region of the countries

BACKGROUND OF THE PAK-AFGHAN CONSTRAINED RELATION:

Pak-Afghan's constrained relation owes to presence of retaliation of Afghan's against

Durand line, overthrow of TTA in

Afghanistan, provision of safe

haven to TTP in Afghan. Moreover,

the continuous infiltration of illegal activities across border

under guise of Afghan refugees

Therefore, Pakistan has been

involved in stemming the violence

since long through exhibition of support in Afghan war and

acceptance of the 3 million

refugees since 1990's and the

provision of the humanitarian

aid to Afghan.

PAK-AFGHAN RELATIONS IN CONTEXT OF THE PAKISTAN'S EFFORT TO STEM THE VIOLENCE:

- ① Strain regarding the Durand line recognition:

TTA is continuously providing resistance to the approval of border fencing and refuses to accept the current demarcation.

- ② Repatriation issue criticised by TTA:

As part of non-kinetic National Security Action Plan, Pakistan is repatriating non-registered Afghans. However, TTA is ~~not~~ openly criticising ~~the~~ this act of Pakistan and further constrains the relation between two countries.

③ Limitation of the operational support by Afghanistan:

There is negligible joint operational support between the two countries. Although Pakistan is showing efforts in form of Azm e Istikhram, yet there is absence of such operational strategy by TTA.

④ The conundrum for Pakistan regarding TTA's personal agenda:

It is difficult for Pakistan to acknowledge the non-rational based agenda's of TTA such as, visa free entry across the border. This will exaggerate the violence attacks.

⑤ Resurgence of terrorism in Pakistan:

Since, Pakistan has

Started to stem the violence, there is resurgence seen in the conduct of terrorism across the state. According to PICCS Pakistan has observed 34% increase in anti-state activities.

⑥ TTA providing operational support to TTP:

TTA has set free around 2000 members from the prison who were in jail under the previous Afghan government.

⑦ Halt in communication:

Strained relation has restricted the exploitation of the trade corridors, such as Chama-Spin-Boldak corridor of trade.

⑧ Rise of other factional groups:

Due to the strained relations, there is rise of other factional terrorist groups across the border. Such as, activities of Islamic State of Khorasan (ISKAP)

RECOMMENDATIONS FOR PROGRESSIVE RELATION BETWEEN PAK-AFGHAN:

- ① Completion of border fencing
- ② Negotiations with ITA
- ③ Cross border joint operations.
- ④ Supporting economic integration.
- ⑤ Improving domestic economic meltdown in Afghanistan.

CONCLUSION:

The current Pak-Afghan relation in context of ~~the~~ Pakistan's effort against violence is facing various events of retaliation, and spillage of terrorism. Hence, strict implementations of the

measures is required to

ameliorate the situation.

RECOMMENDATIONS FOR PROGRESSIVE RELATIONS BETWEEN PAK-AFGHAN.