

1-1-20

PAK Affairs - Mock

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PART - II

Q - 4

"Reconstruction of PAKISTAN'S ECONOMY"

Introduction:

Pakistan is grappling with grave economic crisis. Economy of Pakistan has faced ups and downs throughout the history of Pakistan but this recent blow has been worst in decades. Pakistan's economy is deficit economy and a number of factors are responsible for its sorry state. Since the inception of Pakistan there has been perpetual political insecurity

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leading to suspension of previous policies everytime the government changed. Faulty fiscal policies, trade deficit, Current account deficit, inflation, budget deficit, low GDP per Capita and high unemployment rate are some of the manifestations of economic crisis in Pakistan. It is the need of time to take pertinent measures to restore economy and formulate policies to ensure sustainability of economic prosperity in Pakistan.

Measures for reconstruction of Economy:

Pakistan has been on the verge of economic meltdown since the start of 2023 and the situation was normalized by the help of IMF's bailout package and help from friendly countries including China, KSA, UAE etc. Pakistan needs to formulate

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practical measures to manage the situation.

• Mid-term and long-term fiscal policies:

One of the economic problems of Pakistan is Fiscal deficit. Pakistan spends more than it collects in Revenue. In order to avoid Fiscal deficit, Pakistan needs to increase tax collection, tax reforms and their implementation is necessary for short-term and long-term both.

• Bailout packages - Short-term policy:

Pakistan has been following the policy of Beg-Borrow-Repeat. This policy is detrimental to sustainability of economy as institutes like IMF and WB grant loans and bailout packages on the strict conditions that countries have to follow, including ending subsidies, which isn't

practical in countries like Pakistan. However, Pakistan doesn't have any other resort right now so, it should take loans on long-term return policy and lower interest rates. Pakistan should invest these loans in development projects.

• Enhancing Exports: ~~With~~ Long-term policy:

Pakistan faces severe current account deficit leading to depreciation of rupees. The ultimate solution to enhance dollars in country is to increase exports and reduce imports. The problem with Pakistan is that Pakistan is import based economy and its imports are heavy machinery while exports are mostly raw materials which don't generate much revenue. Pakistan needs to invest in local industries and enhance export quality products.

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• Better trade relations with Neighbours:

Pakistan needs to enhance its trade with neighbouring countries. The trade b/w Pakistan and India has been suspended for years. Pakistan needs to resort to Track-II diplomacy with India and revive the trade relations in order to ensure economic betterment at home.

Moreover, Pakistan needs to tap into markets in Central Asian Republics to enhance its exports.

• Infrastructure development and Industrialization:

A hurdle in Pakistan's industrialization is lack of infrastructure. CPEC is pivotal in this regard. Pakistan needs to increase the speed of projects of CPEC and remove the hurdle in infrastructure development and formation of SEZs to reap

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from the benefits of industrialization and foreign investments.

• **Better infrastructure will make Pakistan lucrative for FDI's:**

In order to improve economy, the country needs to develop infrastructure, improve security situation and eliminate bureaucratic red-taping. Infrastructure and ease of doing business will make Pakistan lucrative for Foreign Direct investments.

• **SIFC: A step towards betterment of Economy:**

Special Investment Facilitation Council is a step in the right direction. Investments from KSA, UAE and China will improve infrastructure and production capacity in Pakistan and economy will improve.

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• Transitioning from Agrarian to Services Economy:

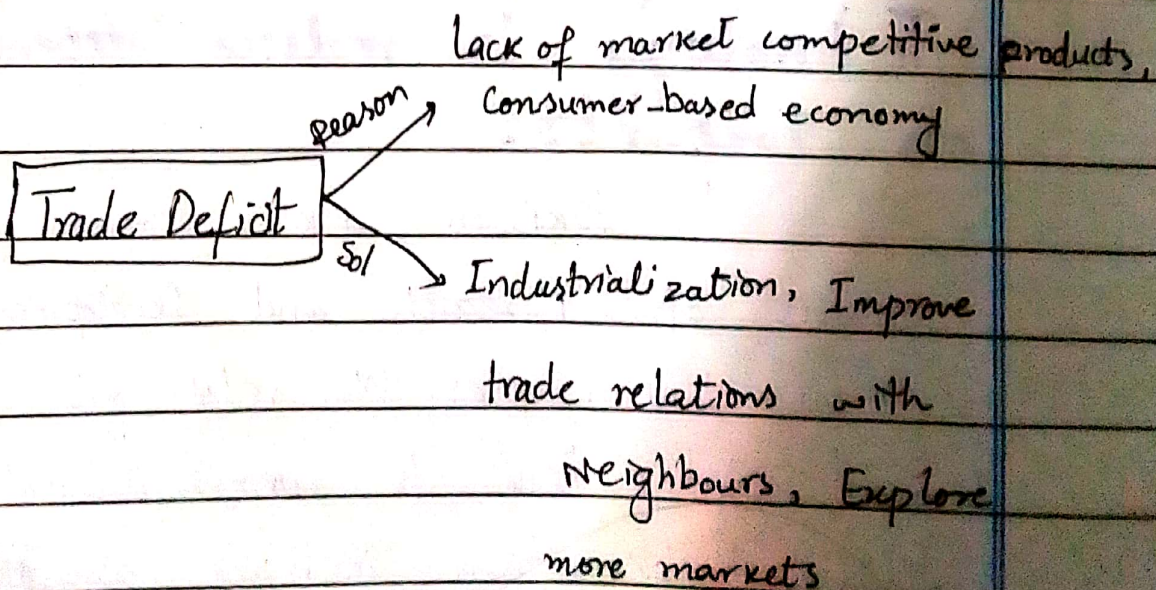
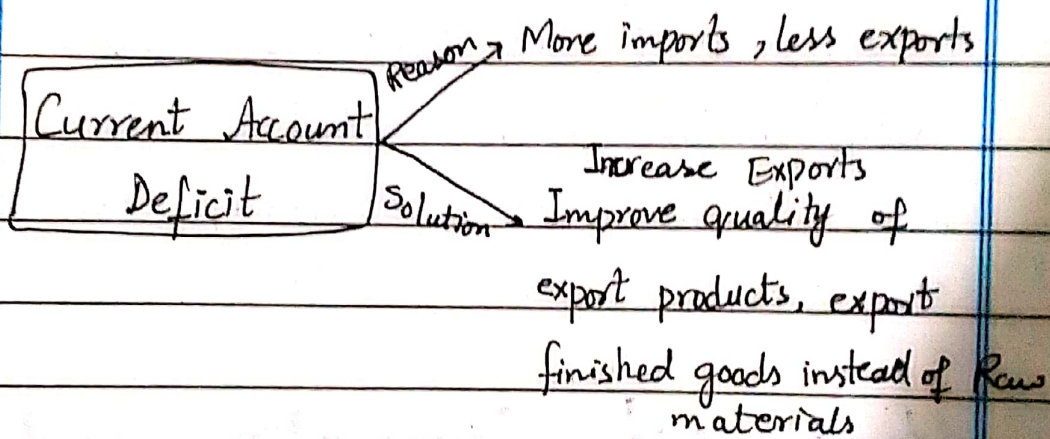
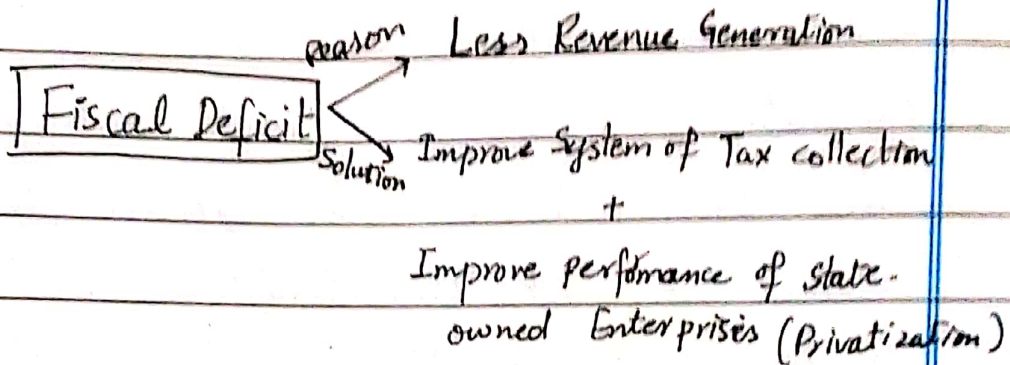
Agriculture adds only 23% to the GDP of Pakistan while almost 50% of labor is used in Agriculture. Pakistan has 60% of population below 30 and this can prove to be the golden opportunity for Pakistan. Pakistan needs to train its youth in IT and other skills used in Services economy. Youth bulge can contribute to the betterment of economy for long term.

• Emphasizing Innovation and Technology to reduce dependence on Imports:

Pakistan lacks proper emphasis of Research and Development of new technologies. We rely on imports that lead to current account deficit. Pakistan can increase spending

on education, science and technology
to improve economy.

Economic Woes of Pakistan and Solutions



Q-5

Agriculture in Pakistan

Introduction:

Agriculture is the main source of bread and butter for majority of the population in Pakistan. Almost 50% of population is associated with agriculture and half the labour of country contributes only 27% to the GDP. This is due to the lack of agriculture progress in better yield and quality. Pakistan has fertile lands, ample water resources and robust research foundation, yet the economic contribution of agriculture has been reducing continuously. The problem is two-pronged, i.e., need for betterment of agriculture practices and establishment of industrialization to convert raw materials into finished goods.

Governance problems hindering Agriculture progress:

- Lack of Industries to convert raw materials to finished food products:

Pakistan has huge potential to earn from agriculture products. The problem lies with the proper management of the yield. Raw materials from agriculture are always cheaper than finished goods but Pakistan lacks the facilities to convert the yield into products. Instead of exporting fruits, we can export beverages and jams. Pakistan needs to build industries to convert raw materials into finished goods to improve agriculture sector of Pakistan.

Not

- ↑ Prioritizing policies for farmers.

The issues of farmers should be resolved by robust

policy making. They should be given easy loans and subsidies. Currently, there are several challenges faced by farmers and the resolution is slow. Infrastructure should be developed in remote areas for farmers.

• Technical Problems hindering growth of Agriculture Sector:

• Traditional practices in Farming:

Farmers in Pakistan use archaic traditional practices in farming which impact the yield. In Pakistan, a large number of farmers depend on old ways of farming. These are usually small farmers. Commercial farming is rare and not maintained properly. There's no training or education of farmers regarding modern techniques and technologies.

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• Water Shortage impacting growth:

Pakistan has fertile land but distribution of water is not even everywhere. Pakistan is projected to be a water scarce country in near future which will further impact the situation. In certain areas, ~~large~~ ~~an~~ land is not irrigated and people lack resources required for good cultivation so, the growth is impacted.

"Solutions for Improving Agriculture in Pakistan"

• Education of Farmers on Sustainable Agriculture:

Traditional methods of farming not only reduce yield but also contribute to climate change. Hence, it is need of time to educate farmers on

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Sustainable agriculture practices.

• Building Infrastructure :

Many areas lack road infrastructure so they can not take their agriculture yield to bigger markets. This ~~is~~ road infrastructure can be improved to provide opportunities for farmers. Moreover, industries should be built to convert raw materials into finished goods.

• Farmers centric policies:

Farmers should be facilitated through robust policy making. Their issues should be resolved in time so that the small farmers can contribute more to the country.

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Q-6

"Obstacles in the way of National Integration: Measures to counter the Situation."

Introduction:

Pakistan is a federation of 4 federating units, where multiethnicities reside. Since its inception, Pakistan has faced multiple obstacles in the way of national integration and cohesion ranging from ~~multi~~ ethnic divides to sectarian disputes. There has been a long debate of power structure b/w centre and provinces as well. These factors pose great threat to national unity and can be curbed by holistic and inclusive approach to resolve grievances of all the residents in all provinces.

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- **Internal factors interposing obstacles in the way of National Integration:**

- **Multi-ethnic groups sticking to ethnic identities more than national identity:**

Pakistan has people of many ethnicities like Sindhis, Punjabi, Balochi, Pakhtuns, Hazaras, Pushtuns, Gilgatis etc. All these people take pride in their ethnic identities and cause ethnic divides when any dispute arises. These ethnic identities have been a major obstacle in the way of national cohesion. They all have different languages and cultures as well and they take pride in it.

- **Issues of Devolution of Power:**

Before 18th Amendment, provinces had reservations

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towards center on concentration of power. This created a climate of distrust b/w centre and provinces and lead to obstacles in the way of national integration.

• Neglect of Certain Areas causing resentment in people for state:

There has been a long debate of unequal treatment of provinces and communities in Pakistan. This kind of narrative causes resentment for state among people and for ^{other} people of the same state leading to separatist movements. This factor is one of the reasons for national disintegration. Balochistan and Sindh have raised their concerns regarding unequal treatment.

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• Sectarian Divide leading to Extremism and posing obstacle to National Integration:

Sectarian divides in Pakistan cause extremism as there is intolerance among different sects for each other. This poses a major threat to the national cohesion of Pakistan. Sectarian violence not only creates domestic unrest but also tarnishes country's reputation.

• External Factors causing obstacles in National Cohesion:

• State-sponsored Terrorism and Separatist Movements:

One of the major obstacles in the way of national cohesion in Pakistan is state-sponsored terrorism by India in Pakistan. India

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supports separatist agendas in Pakistan to cause civil unrest. Moreover, it sponsors TTP and BLA to commit sectarian violence to increase hatred in people for state.

• Measures to Counter the Obstacles in the way of National Integration.

• Equal opportunities for all communities:

It is state's responsibility to ensure equal opportunities for all the communities without any discrimination. Pakistan needs to improve its policies for neglected areas and ethnic groups.

• Countering external propaganda through Education:

After ensuring equal

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rights and opportunities for all, education will be necessary to counter external propaganda. Talks, negotiations and open communication can improve the situation.

• Reducing poverty and creating employments:

Reducing poverty by creating employment can contribute to coping with the obstacles in the way of national integration. When people will have their needs met, they won't be attracted to the extremist agendas.
