

Q No 5:-

**Budget policy of Pakistan :**

Taxation is the bedrock of the government without it countries can neither grow nor can resolve the issues of the people. However, current taxation policy of Pakistan has badly hit the salaried and middle class. Regressive taxation is not right policy in such difficult time where almost every class of the society is struggling with financial crisis.

**a) Taxes on raw materials :**

In the current taxation policy of Pakistan indirect taxes has badly affected business communities.

Already foreign investors are demotivated due to other security and stability issues. Taxing raw materials is nothing more than adding fuel to fire. The investors

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do not get their desired profits by buying raw materials at high price. It reduces their sales.

### b) Taxing salaried classes:

The country is facing the issue of brain drain. Taxing salaried classes will increase the issue of brain drain. People will go for better opportunities and leave the country. It boosts the problem of human capital which will badly impact the development sectors of the country.

### c) Indirect taxes on basic commodities:

Taxing basic commodities will widen the gap of rich and poor. It increases class discrimination. The poor will even not be able to fulfill the basic needs of life. It will further enhance the issues of child mortality rate, child

malnutrition and other health hazards to poor children and adults. They will not be able to educate their children, because they pay every coin of their hard earned money in the form of indirect taxes.

#### d) Taxing production and manufacturing industries:

Taxing production and manufacturing industries will decrease exports of the country. According to the president of chamber of commerce and industries, approximately 50% industries have declined in 2024.

It is very alarming for the country to reduce exports of the domestic market. The country already facing the issue of fiscal deficit. Opting such irrational taxing policies will further increase imports of country. It also adds value to the trade deficit.

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## Suggestions to improve the taxation policy of the country.

### a) Increase tax net of the country:

Instead of opting regressive taxation the government needs to increase tax net by bringing untaxed sectors of the country into tax net. It must tax the retailers and wholesales inspite of taxing raw materials. It must tax the real estate sectors of the country. It will benefit the country in the long-term.

### b) Impose tax on business communities

Imposing tax on salaried classes create several issues, such as brain drain, decline of educational institutes and increase poor quality service in health sector. To combat all these issues the government

needs to impose tax on business elite groups, such as textile, sugar mills, rice industries and property dealer companies. It will greatly increase the revenue of the country and help the country to invest on other beneficiary sectors.

### c) Promote small medium enterprises by paying credits and incentives!

The government needs to pay credits and incentives to small businesses to increase production of domestic markets and resolve the issues of trade deficit. It will increase inflow of dollar in the country which will resolve the issue of depleting foreign reserves.

### d) Empower and retain salaried classes:

Amidst economic crisis the government needs to boost its human

capital. It needs to pay rebates and credits to the salaried people to ensure them a good life within the country.

### Conclusion:

Regressive taxation policy of the country is not good policy. It adversely impact the economic growth of the country. It will enhance the long-term issues of the country. The government needs to impose direct tax and formulate a progressive taxation like Indonesia and other European countries.

Q No 7a

### Introduction:

CPEC (China Pakistan Economic Corridor) is a flagship project of Pakistan and China which aims at increasing infrastructure, roads, and economy of both the countries. It has recently launched its second-phase, but its growth is low.

Reasons behind the <sup>slow</sup> progress of CPEC projects:

#### a) Security issues of Pakistan

China has serious concern related to the security problems of Pakistan. Recently, five Chinese killed in a terrorist attack. It negatively impact the image of the country. Chinese investors are not safe in Pakistan, although the second-phase of CPEC is mainly

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focus on industrial and technological growth, but it has not implemented the way the 2nd-phase of CPEC was designed.

## 2) Pak - US relations amidst US - China trade competition:

Pakistan does not want to disturb its relations with any of the big economic powers. As, Pakistan is having good <sup>trade</sup> relations ~~trade~~ with USA. USA is the big exporter of Pakistan. At the same time, China is a good strategic partner of Pakistan. Pakistan exports most of its products to China, Pakistan has to maintain a neutral relations with both of the rivals. That's why, in many cases, Pakistan finds it problematic to implement projects, because USA may



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put tariffs on Pakistan which badly impact the economy of Pakistan.

3) Political instability in Pakistan  
Most of the projects reduced growth due to political polarization in the country. One party highly favours one project, whereas the other party does not favour it. China face difficulty in influencing the leaders of the party.

4) Economic instability in Pakistan  
Pakistan is already into deep debt trap. China is not getting its desired results of its investment. It has invested almost \$64bn, but is not satisfied with the outcomes. It's aim is to empower the economy of developing countries, but currently Pakistan is facing serious economic crisis.

## Suggestions to increase the growth of CPEC project:

1) Resolve security issues promptly:

No investor will invest in such countries where its citizens are not safe. The country must provide a friendly environment to the investors. It needs to raise the issue of terrorism at the global level and seek co-operation to eradicate evils like terrorism and separatism. It will boost the confidence of Chinese government.

2) Pakistan should favour its strategic partners over economic interest:

Pakistan needs not to delay in any project which benefits it economically, especially in

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the long-term. It needs not to care about the short-term tariffs of USA. It must implement every project of CPEC effectively and efficiently. It ultimately enhance the trust of Chinese government.

### 3) Pakistan must eradicate political polarization:

Pakistani politicians must prioritize economic growth of the country over their vested interest.

They must collaborate with one-another when it comes to economic benefit of the country. It provides ease to Chinese government to implement any project.

### 4) Pakistani <sup>leaders</sup> must have serious concerns for economic stability

The leaders of the Pakistani government needs mainly focus on economic stability of

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The country. It needs to formulate and effective fiscal policy to boost economic growth in the long-term. Instead of going for short-term solutions like loans it needs to increase trade relations with other countries and ensure a friendly environment to foreign to boost economy and exports of the country. It boosts the trust of chinese government.

### Conclusion:

CPEC projects can only grow, if Pakistan wins the confidence and trust of china. It needs to protect and facilitate chinese workers and investors. Pakistan needs to strengthen its democracy to eradicate political and economic instability.

Q No 6 :-

### Introduction:

Pakistan is badly facing energy crisis. It adversely impact the economic growth of the country. Pakistan's electricity generation mainly focus on oil, diesel and coal. Importing oil, diesel and coal increases fiscal deficit of the country.

### Reasons of the high electricity prices:

#### a) Expensive electricity generation:

Pakistan is generating electricity from fuel which is very expensive currently due to Russian-Ukraine war. It has to import oil at high price which increase the outflow ruppees or dollar. It further depletes the foreign reserves. It ultimately increases public debts of the

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country which is cause to a developing country. It compels the government to increase electricity price.

2) Major loss of electricity through distribution channels :

Most of <sup>the</sup> electricity loss occur at the hand of distribution channel. The channels are very old and damaged. That's why, most of electricity during their distributions. To compensate this government increase electricity price.

3) Electricity theft is common :

There are small enterprises which even do not have meters, but they are using electricity 24 hours. Similarly, most of the households use electricity without paying bill. Ministers and other politicians use electricity freely. As a result, circular debt occur and

the government compels to raise electricity price.

a) Overreliance on independent power producers (IPPs):

Instead of having its own power plants and distribution channels, the government rely on (IPPs) which in some way monopoly like situations. These IPPs are also paid debts to government. The government is now bound to follow their capitalist policies and rules. That's why, government increases electricity prices.

Recommendations to resolve the ballooning electricity prices and boost economy of the country:

## ① Establish renewable/hydro power plants:

The government needs to establish more nuclear and renewable power plants. The government can establish such power plants with the help of collaboration of foreign with foreign investors. It helps the government in reducing imports of oil and diesel which is the main issue of Pakistan's economy.

## ② Recover and rebuild the distribution channels:

The government can eradicate the loss of electricity by recovering or rebuilding the channels to ensure proper supply of electricity to the consumers. It saves electricity. It ultimately resolve issue of



load shedding and high electricity price.

③ Government take strict action against electricity theft :

The government needs to create effective committees of the experts from various fields. The task of committee should be to keep an eye on electricity theft in any sector and promptly convey it to the central government.

The central government must take strict actions against such issues. It will resolve the issue of load shedding and high electricity price. People will be provided electricity at an affordable price. It ultimately improve the economy of the country.

④ Nationalize all power plants and distribution channels:

The government is already facing serious debt issues. It needs to purchase all independent power producers to eradicate all the issues related to IPPs. It will effectively benefit the economy of the country.

Q No 8:

Introduction-

USA is leading the world, so its leaders greatly impact the global structure and policies. If Trump wins election, the US policies will almost dramatically shift. As, Trump is a nationalist so he will favour only Americans not other nations. US policies towards UKrain and NATO will be more open and in favour of UKrain to combat Russia's hegemony/dominancy.

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~~Too~~ Trump will opt aggressive policies towards middle east, china and climate politics.

### a) Trump's policies towards Ukraine and NATO :

Trump will strengthen its relations with NATO countries to counter Russia. He will help Ukraine by providing financial and armed resources to defeat Russia and win Russia-Ukraine war. It will maintain America's domination over world. As, Russia is also powerful country which is a serious threat to the US hegemony. USA never want any one to dominate the world except America. Trump will put more sanctions on Russia to reduce its economic growth. He will destroy its infrastructure and weaken its national

Security by facilitating Ukraine war. He will focus more on weaponising NATO countries to effectually implement its policies.

### Trump's policies towards Middle east :-

Trump's policies towards will be on basis of racism and nepotism. As, he is a true nationalist. He will openly support Israel in any war and genocide to uplift the control and power of Jewish state. He will formulate aggressive policies against other middle eastern countries. As a result, the world will face serious economic crisis and security crisis. Because, every war has an ultimate effect on other countries.

## Trump's policies towards china:

Trump takes china as its big enemy. He is very much concern about china's economic growth. He will formulate aggressive policies towards china. He will increase tariffs on chinese products to reduce its economic growth. He will openly support anti-chinese strategies. He will support Taiwan to destroy national security of china. He will challenge its de-dollarization dream.

## Trump's policies towards climate politics:

It is visible from his previous experiences that he is not friendly towards climate politics. He will not support any climate related policy. As, previously he withdrew paris agreement and unbanned all coal industries.

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and support coal production openly. He will not compromise economic growth of USA. He will not care industrial pollution.

### Conclusion:

Trump policies will widen the widen the racial discrimination, He will be more centric to Americans. He will be more aggressive towards other economic powers. He will strengthen the domination of USA. He will normalize war like situation, especially in Russia, middle east and china - Taiwan.