

Mock Exam Ciss - 2025
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Current Affairs

Q2: SIFC is expecting huge foreign direct investment in Pakistan from the Middle East and China. How do you see the chance of investment in Pakistan?

Ans: The chances of investment in Pakistan from the Middle East and China are quite high, considering the following factors:

- **positive factors -**

1- Strategic location:

Pakistan is located at the crossroads of Asia, making it a crucial link between the Muslim East, Central Asia, and South Asia.

2- Economic potential:

Pakistan has a large and growing population (over 220 million people) with an increasing middle class and a growing consumer market.

3- Infrastructure development:

Pakistan has been investing in infrastructure development, including:

- China-Pakistan Economic Corridor (CPEC): a \$62 billion project aimed at connecting China with the Arabian Sea through Pakistan.

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- Energy Projects: Pakistan has been investing in energy projects, including Coal, gas, and renewable energy.
 - Transportation infrastructure: Pakistan has been upgrading its roads, railways, and ports.
- 4- Government Support :-

The Pakistan government has been actively promoting foreign investment offering:

- Tax breaks and incentives
- Investment-friendly policies
- Special Economic Zones (SEZs)

5- Natural resources :-

Pakistan has an abundance of natural resources, including:

- Coal
- Gas
- Minerals (Such as Copper, gold, and Chromite)

- Challenges -


1- Political Stability :-

Pakistan's political landscape can be unpredictable, with frequent changes in government and political unrest.

2- Security Concerns :-

Pakistan's has faced security challenges, including terrorism and sectarian violence.

3- Corruption :-

Corruption remains a significant obstacle to doing business in Pakistan, with the country ranking 120th out of 

120 Countries in Transparency International's Corruption perceptions Index.

4- Regulatory framework :-

Pakistan's regulatory framework can be complex and bureaucratic, making it difficult for investors to navigate.

5- Energy Shortages :-

Pakistan has faced energy shortages in the past, which can impact industrial production and economic growth.

Opportunities :-

1- CPEC :-

The China-Pakistan Economic Corridor (CPEC) offers significant investment opportunities in infrastructure, energy, and industry.

2- Energy Sector :-

Pakistan's manufacturing sector offers investment opportunities in coal, gas, and renewable energy.

3- Manufacturing Sector :-

Pakistan's manufacturing sector offers investment opportunity in textiles, food processing, and pharmaceuticals.

4- Agriculture Sector :-

Pakistan's agriculture sector offers investment opportunities in crops, livestock, and dairy farming.

5 IT and technology :-

Pakistan's IT and technology sector offers investment opportunities in software.

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development, Call Centers, and e-commerce.

Q3: Critically evaluate the reasons why the Pakistan economy is unable to survive without the support of IMF. Also analyse the implications of bailout packages. Give recommendations.

Ans: The Pakistan economy has been reliant on the International Monetary Fund (IMF) for support due to various structural and macroeconomic issues. The reasons for this reliance can be critically evaluated as follows:

1- Fiscal mismanagement -

Pakistan's fiscal deficit has been consistently high, leading to a significant increase in public debt. This has made it difficult for the country to finance its development projects and meet its financial obligations without external assistance.

2. Lack of Tax Base -

Pakistan has a narrow tax base with a low tax-to-GDP ratio. This limits the government's ability to generate revenue and reduces its fiscal space.

3. Energy Crisis :-

Pakistan has faced a severe energy crisis, leading to a significant increase

in imports and a strain on the country's foreign exchange reserves.

4- Low Savings Rate :-

Pakistan's savings rate is low, making it difficult for the country to finance its reliance on foreign aid.

5- Political Instability :-

Political instability and frequent changes in government have led to a lack of continuity in economic policies, discouraging investment and hindering economic growth.

The Implications of IMF bailout packages are:

1- Conditionality :-

IMF packages come with strict conditionality, such as austerity measures, which can lead to social unrest and political instability.

2- Dependence on Foreign Aid :-

Repeated reliance on IMF packages creates a culture of dependency, undermining Pakistan's ability to develop its own economic growth strategies.

3- Economic Reforms :-

IMF packages often require structural reforms, which can lead to significant changes in the economy, including privatization and liberalization.

4- Social Impact :-

Austerity measures and economic reforms can have a negative impact.

on the most vulnerable segments of society, exacerbating poverty and inequality.

Recommendation :-

1- Fiscal Discipline :-

Pakistan must adopt a culture of fiscal discipline, reducing its fiscal deficit and increasing its tax base.

2- Diversification of Economy :-

Pakistan should diversify its economy, reducing its reliance on a few industries and increasing its exports.

3- Investment in Human Capital :-

Pakistan must invest in human capital, improving education and healthcare to increase productivity and competitiveness.

4- Energy Security :-

Pakistan should focus on developing its energy sector, reducing its reliance on imports and increasing its energy security.

5- Political Stability :-

Pakistan must ensure political stability, creating a conducive environment for investment and economic growth.

6- Homegrown Economic Reforms :-

Pakistan should develop its own economic growth strategy, reducing its reliance on IMF packages and developing a sustainable economic model.

Q5: Critically evaluate the chances of expansion of Israel - Hamas war into the whole region. Also analyze how this war would impact global power politics?

Ans: Introduction:-

The chances of the Israel-Hamas war expanding into the whole region are significant, given the complex geopolitical dynamics at play. Here are some critical factors to consider:

1- Regional alliances:-

Iran's support for Hamas and Hezbollah, combined with Turkey's backing of Qatar's pro-Hamas stance, could draw in other regional actors, like Lebanon, Syria, and Iraq.

2- Gulf State Involvement:-

Saudi Arabia, the UAE and Egypt might intervene to counter Iranian influence, potentially leading to a broader conflict.

3- Palestinian Unity:-

A unified Palestinian front, including Fatah and Hamas, could galvanize support from other Arab states and intensify the conflict.

4- Regional instability:-

Ongoing conflicts in Syria, Yemen, and Libya create an volatile environment conducive to escalation.

5- Global Power Politics:-

The conflict could become a proxy, war between major world powers, with the US supporting Israel and Russia backing Iran.

If the conflict expands regionally, the impact on global power politics would be significant:

1- US-Iran tensions:

The conflict could exacerbate tensions between the US and Iran, potentially leading to a broader confrontation.

2- Russia's influence:

Russia's support for Iran could enhance its influence in the region, challenging US dominance.

3- China's interests:

China's significant economic investments in the region, particularly in Iran and Saudi Arabia, could be jeopardized forcing Beijing to take a more active role in conflict resolution.

4- European involvement:

European countries, particularly those with significant middle Eastern diaspora communities, might be drawn into the conflict, potentially leading to the a reevaluation of their middle East policies.

5- Global economic implications:

A regional war could disrupt oil supplies, impact global



trade, and lead to economic instability.

Q7: Critically evaluate the reasons for the revival of insurgency in Pakistan. How Pakistan-Afghanistan relations are affected by this? Find out ways?

Ans: The revival of insurgency in Pakistan is attributed to several factors.

- 1- Taliban Support for the TTP
- 2- Pakistan's decision to scale back economic and trade ties with Afghanistan.
- 3- Pakistan's announcement that it will not advocate for the Taliban's case at the international level.
- 4- Pakistan's historical support for the Taliban and its refusal to cut ties with them.
- 5- Pakistan's geographical position giving it unique leverage over Afghanistan's politics.
- 6- The Taliban's dual policy of supporting the TTP while assuring Pakistan.
- 7- The Taliban's frustration at Pakistan's unwillingness to negotiate with and make concessions to the TTP.
- 8- The divide between state-building and Jihadism-inclined factions on the level of support for TTP.

- The deterioration of Pakistan-Afghanistan relations is attributed to :-

- Pakistan's pressure Campaign to Coerce the Taliban into reviewing and revoking its support for the TTP
- Pakistan's expulsion of Afghan refugees
- Pakistan's decision to scale back economic and trade ties with Afghanistan.
- Pakistan's announcement that it will "not advocate the Afghan Taliban's case at the international level"
- The Taliban's support for the TTP.
- The Taliban's refusal to negotiate with Pakistan
- The Taliban's public condemnation of Pakistan.

- Possible ways to improve relations include :-

- Pakistan sustaining and increasing economic pressure to compel the Taliban to review its support for the TTP.
- Pakistan supporting opposition to the Taliban.
- The Taliban backchanneling with Pakistan.
- The Taliban increasing engagement with India and increasing India more diplomatic access in the country in exchange for economic assistance.
- The Taliban seeking a thaw in ties with the western world.