

29 Oct, 2024

Current Affair

(1)

Maham

Batch no 141

(Q)

Question no. 4

The turn around of Pakistan's economy is not possible without comprehensive structural reforms in industry, agriculture, IT, power sector and Tax system of Pakistan. Elaborate the statement.

Introduction:

Structural reforms are vital for the fabric of economy, policy and the people. They are designed to create a stable and prosperous economy. In Pakistan every sector needs structural reforms, especially major sectors of industry, agriculture, IT, power and tax systems. These sectors if undergo reforms they will alleviate the economy and help Pakistan to stabilize its various sectors. Major and common structural reforms will include diversification, energy sector reforms, technology implementation and tax reforms.

1. Industrial Reforms:

The structural reforms in Pakistan's industrial sector are essential for boosting productivity, enhancing exports and driving economic growth. Some key areas for these reforms are:

(i) Improvement in Infrastructure:

a) Special Economic Zones (SEZs): - SEZ

SEZs aim to boost local manufacturing and reduce the dependence on imports and increase the exports it help in diversification and increase in the export base. It also help to create employments. Pakistan, with the help of China

has made SEZ a part of CPEC project.

(ii) Logistic and transportation.

Pakistan should invest in transport network like road, railways and sea ports to streamline supply chain, reduce costs and improve market access for goods. Pakistan is collaborating with China and through the flagship project of CPEC, the transport system is going to be helpful in logistic and transportation of goods easily.

(iii) Energy Reforms for Industry:

a) Reliable Energy Supply:

Ensure consistent energy supply to industries at affordable rates to address the issue of frequent power outages and high costs.

b) Investment in Renewable Energy:

Encourage renewable energy projects within industrial zone to lower dependency on imported fuel and reduce energy costs. Many renewable energy projects are also a part of CPEC which will boost the energy sector of Pakistan.

(iii) Diversification of Industrial Base:

(a) Support for Small and Medium Enterprises (SMEs):

Provides incentives and easier access to financing for SMEs, as they make up a significant portion of Pakistan's industrial sector and thus it can improve the job creation and innovative opportunities.

(b) Expansion of major export sectors:

Pin down major developing sectors like information technology, chemicals, pharmaceuticals and agro-based industries and move beyond textile and increase in other type too.

(iv) Enhancing

a) Modernization

Promote adaptation competitive

b) Research

Encourage fostering and academic

(v) Access

a) Financing

Equipment

b) Credit

Finance repay

(vi) Skills

a) Technical

add

b) Capacity

an

m

(vii) ...

(iv) Enhancing Productivity and Technology:

a) Modernization of Manufacturing

Promote automation, digitization and technology adaptation to enhance productivity and global competitiveness.

b) Research and development (R&D)

Encourage R&D by providing grants and incentives, fostering innovation in products and processes, and building partnerships between industries and academic institutions.

(v) Access to finance and credit:

a) Financing for Modernization:

Facilitate access to loans for businesses to modernize equipment and adopt new technology.

b) Credit Availability for SMEs

Simplify loan processes for SMEs with customized financial products, lower interest rates and flexible repayment options.

(vi) Skill Development and Human Resources:

a) Technical and Vocational Training

Expand technical and vocational training programs to address skill gaps, focusing on industry specific skills.

b) Collaboration of R&D and Industry:

Foster partnership with educational institutions and industry to ensure that curricula align with market needs and promote internship opportunities.

(vii) Regulatory Reforms and Governance:

Policy stability:

Ensure consistency and predictability in industrial policies to attract foreign direct investment (FDI).

Strengthening Industrial Bodies:

Impr
the
m
mil
Lox
Fo
C
=

Improve the role organisations and guide and support industrial growths and policy implementation.

2. Agricultural Structural Reforms:

(i) Land Reforms:

Incentives for land consolidation.

Encourage land consolidation to create economically viable farm size, which can facilitate mechanization and better yield management.

Land Records:

Digitize land records to secure ownership rights prevent land disputes and streamline agricultural financing.

(ii) Crop diversification:

Encouragement for Export-oriented crops.

Support the cultivation of crops in demand internationally, such as, citrus, dates and mangoes to boost agricultural exports.

Reduce dependancy on Major Crops:

Move beyond staple like wheat, rice and sugarcane by promoting high value crops like fruits, vegetables, pulses and oil seeds.

(iii) Research and Development:

Developing high-yield varieties:

Invest in research to develop climate resistant crops; suitable for local conditions

Collaboration with institutions:

Foster partnership between agricultural universities research institutes and private sector to drive innovative

ideas.

(iii) Access to financing:

Agricultural Credit Expansion

Increase the availability of low interest loans for small-scale farmers to invest in seeds, fertilizers and machinery.

Crop and livestock insurance:

Develop insurance schemes customized to farmers' needs, and offer protection against crop failure and livestock disease and climate disasters.

(iv) Environmental Sustainability:

Soil conservation and Afforestation:

Implement programs to prevent soil erosion and encourage afforestation.

Climate resilient Agriculture:

Promote climate-smart agricultural practices to adapt changing weather patterns.

(v) Water management and Irrigation efficiency:

Irrigation modernization:

Shift from traditional flood irrigation to modern techniques like drip and sprinkler irrigation to reduce water wastage.

Water pricing:

To encourage water efficient usage and discourage waste while ensuring that small scale farmers have access to affordable water, introduce water pricing.

Energy Sector reforms:

1) Reducing circular Debts:

Debt management and recovery,
improve revenue collection from customers and
ensure timely payments to energy producer to control
circular debts

Improving billing efficiency:

Enhance metering, billing and collection processes
to reduce losses and improve revenue recovery.

2) Upgrading and Enhancing Transmission and Distribution Infrastructure:

Reducing line losses:

Invest in upgrading the aging transmission and
distribution network to reduce technical non-technical
losses.

Decentralized and Micro grid systems:

Encourage microgrids and decentralized
systems to remote areas to improve access to energy
and reduce pressure of national grid.

3) Improving Energy Efficiency:

Energy efficiency standards:

Enforce energy efficiency standards for appliances,
industries, and buildings to reduce energy demands.

Developing local energy resources:

Promote the use of agriculture and industry
use renewable resources to produce electrical energy.

using
in ties with
and Kuen

3. IT- Structural Reforms:-

1) Digital Infrastructure development:

• Data Centres & 5G Development:

• Invest in local data centres to enhance data security, reduce latency and support cloud computing, essential for large scale digital transformation. Support 5G networks for next generation of applications in industries e-commerce and health and finance.

Broad Band expansion:

Expand high speed internet access to rural and underserved areas to support digital inclusion.

2) Policy and regulatory environment:

IT-Friendly policies:

Implement policies that provides incentives for the IT sectors, such as tax holidays, exemption on imported technology

Data privacy and Protection Laws:

Promote e-governance when, develop comprehensive data protection laws to safeguard personal and corporate data.

3) Skill Development & Educational Reforms:

IT Education:

Update curricula to include emerging technologies to AI, block chain, data science and cyber security. Vocational training for digital skills.

Establish training centers focused on digital literacy and technical skills, particularly in programming, data analysis, cyber security.

Tax Structural Reforms:

1) Broadening the Tax Base:

Expanding Direct Taxation:

Shift focus from indirect to direct taxes, such as income and corporate taxes.

Bringing Informal Economy into the tax net:

Formalize sectors of the economy that currently operate outside the tax net such as agriculture, retail and real estate through incentives.

2) Reducing Tax evasion and Strengthening Enforcement:

Third party audit and Data analytics:

Use data analytic and third party audits to detect discrepancies and identify potential cases of tax evasion.

Effective penalty system:

Enforce penalties for tax evasion and non-compliance with the tax code.

3) Modernizing Tax Administration:

Online - taxpayer portal:

Create a centralized online portal for taxpayers to file returns, track payments and access information (enhancing transparency and convenience).

Integrated tax Databases:

Link databases from different government agencies to identify tax evaders, verify information and facilitate accurate assessment.

Conclusion:

All the sectors of Pakistan needs serious and multi-dimensional structural reforms. All the sectors are linked together with each other as energy is linked with industry and IT and tax is linked with industry, agriculture

we need to take these reforms seriously to boost Pakistan's economy.

Question 7:

Critically evaluate how Israel launched terror in Gaza has become a classical example of war crimes. How do you see the decision of ICJ and response of US Government to it? How it would impact its relation with Arab world?

Introduction:

War crimes are severe violations of international humanitarian law during armed conflict often targeting civilians or using prohibited tactics and weaponry. In Gaza allegations of war crimes have been raised multiple times over decades of conflicts between Israeli forces and Palestinian groups. Key international laws governing this include the Geneva Conventions, which protect civilians during war times and United Nations statutes, which outline rules for engagement and accountability.

War Crimes in Gaza:

- 1- Targeting of civilians and civilian infrastructure: Attacks resulting in high civilian casualties, particularly when the targets are non-combatants or essential infrastructure, often violate international laws. Schools, hospital and residential areas in Gaza have been affected, raising questions of international and indiscriminate targeting.

Use of Indiscriminate Weapons:

Aerial bombardment in densely populated areas like Gaza, where civilians cannot easily evacuate often leads to disproportionate harm. The controversial weapons like chemicals and incendiary weapons causes severe injuries and deaths. The use of such weapons in populated areas may considered a war crime due to inability to distinguish between combatant and non-combatants.

Attack on Humanitarian Workers:

International law offers protection to media and humanitarian workers. Alleged targeting of media and humanitarian workers is done by Israeli forces to disrupt aid and to target innocent people in the camps.

Blockade of Aid:

Blocking the aid by the other countries and targeting that aid and targeting medical workers ambulances and hospitals. Israeli forces are involved in all such crimes in Gaza.

Displacement and Destruction of homes:

Demolishing homes without adequate warning or without providing alternative housing and to destroy the aid camps, causing millions to be displaced due to the bombing of Israel in Gaza.

ICJ decision and US reaction to it.

In late 2023, the ICJ ruled that Israel must prevent genocide and protect civilian in Gaza. Responding to South Africa's request, The court order did not include full cease fire. The decision was not complete and ICJ should call for a cease fire

but the super powers are not very supportive of the decision - The US reaction emphasised the Israel's right to defend itself and it reflected its historical support for Israel.

Arab World :

The Arab World's reaction to US support for Israel during the ongoing conflict has been marked by widespread condemnation and protests across various nations - Following the escalation of violence that began on Oct 7, 2023, Arab leaders and populations have expressed strong solidarity with Palestinians:

Impacts on US and Arab World relations:

The ongoing conflict in Gaza and the US support for Israel are likely to have significant ramifications for U.S Arab relations, with several potential impacts.

1- Increased Anti-American Sentiment:

Many Arab citizens perceive U.S support for Israel as complicity in Israeli actions against Palestinians particularly in the light of high civilian casualties. This can lead to an anti-American sentiment across region.

2- Shifts in Political Alliances:

Countries like Egypt, Jordan, KSA, may reassess their diplomatic and military ties with the U.S in light of its unwavering support for Israel.

3- Regional Cooperation:

There is a potential for increased cooperation among Arab nations, against Israeli-favoured policies of U.S.

Impact on Economic Relations:-

The U.S. has significant economic interests in the Arab world, particularly in energy. A downturn in relations could jeopardize economic agreements, military aid packages and investments.

Long term Strategic Reevaluation:-

Arab states may consider diversifying their foreign relations, looking to strengthen ties with other global powers such as China and Russia.

Conclusion:-

The war crimes of Israel against Palestine and the U.S. backing and protecting the state while the ICJ decision was incomplete and the U.S. reaction of not taking any action against war crime in Gaza and supporting Israel by claiming its self-defense right is likely to strain relations with Arab nations, leading to increased anti-American sentiment, potential shifts in political alliances, and reevaluation of economic and strategic partnerships.