

Question 1

INTRODUCTION

A strong and fair tax system is the foundation of a successful economy - Proper allocation of resources and investment on the services such as education, healthcare and reduce the ~~losses~~ when implemented properly -

But, Pakistan's tax system faces a lot of challenges - The country struggles to collect the enough revenue to meet the national expenditures - This has caused reliance on funding ~~on~~ from foreign organisations increasing the debt and reliance - The corrupt practices of businesses to avoid paying the taxes and the collection in the form of indirect-taxes has caused a lot of problems for the middle and lower classes - With that the large parts of the economy such as agriculture and small businesses remained untaxed -

Global organizations like IMF, OECD have emphasized on the importance of fixing the issue - Countries like Sweden, Turkey and Singapore are example of well designed tax systems that can generate more revenues and reduce inequalities -

REFORMS TO ADDRESS THE ISSUE

1. Enhancing Tax Compliance

Pakistan's tax compliance rate is amongst the lowest globally. According to the World Bank, broadening the tax base through digital platforms can increase the transparency. The Federal Board Revenue should enhance the online tax filing systems using platforms like India's Good and Service Tax Network (GSTN) to simplify the compliance for individuals and businesses.

2. Expanding the Tax Base

The informal economy in Pakistan accounts for 35% of the GDP. By formalizing the sectors like agriculture and retail, the tax base can be increased. Example of Turkey suits better here.

3. Progressive Tax Policies

The tax system in Pakistan disproportionately

burdens the poor in the country - Implementing the progressive taxation, as seen in Sweden can reduce the inequality by increasing the taxes on high income earners while relieving the lower-income strata -

4- Reducing Indirect Taxes

Pakistan heavily relies on indirect taxes, which affects the lower income groups mainly shifting focus towards the direct taxes, like corporate and income taxes can foster equitable economic growth -

5- Strengthening the Tax Institutions

Another factor that is important is the institutions responsible for it - Weak institutions undermine the tax administration Pakistan must invest in capacity building for tax authorities, following the guidelines of IMF on institutional reforms for developing countries.

6- Combating Corruption in Tax

Administration

Corruption with the tax systems discourages compliance - Singapore's zero-tolerance approach to corruption, coupled with strict monitoring can serve as the model for Pakistan -

7 - Introducing Tax incentives for key sectors -

Offering targeted tax incentives of sectors like IT, renewable energy, and manufacturing can stimulate the economic growth - Bangladesh's tax exemption for IT sectors have significantly boosted the sector -

8. Simplifying the Tax laws -

Complex Tax laws can discourage the tax payments - New Zealand's tax code approach is a best way to reduce the administrative burdens -

9. Addressing Tax Evasion and Avoidance

Tax evasion is another factor contributing to the downfall of the tax system in Pakistan - Adopting OECD's Erosion and Profit Shifting (BEPS) framework can reduce tax avoidance and align domestic policies with international standards -

10- Aligning with International Standards

Collaborations with the international organisations like IMF, World Bank and OECD can guide Pakistan's tax reforms. An example of Kenya, its partnership with IMF significantly improved its tax to GDP ratio.

Conclusion

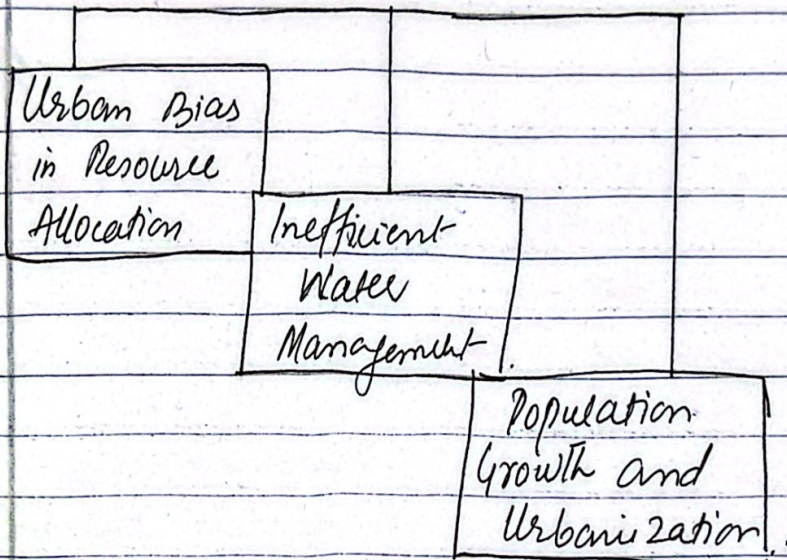
Reforming the tax system, it requires a multi-pronged approach that addresses the structural inefficiencies, promotes equity, and leverage the international best practices. By implementing these measures Pakistan can enhance the revenue collection, reduce external borrowings and create a more equitable economic environment. A reformed tax system will not only stabilize the economy but also lay groundwork for sustainable development.

Question 3

INTRODUCTION

Water Availability is 'a major issue in Pakistan, where Urban areas have much more access to water compared to Rural areas, this ~~is~~ give rise to social and economic inequalities. Ensuring the equitable water distribution is essential for the sustainable development and social equality. - According to the Pakistan Council of Research in Water Resources (PCRWR), the country may face absolute water scarcity by 2025, if correct measures are not taken. This disparity between Urban and Rural water access requires a multi-faceted approach, including policy reforms, infrastructure improvement, technological interventions and international collaborations.

Causes of Water Disparities.



Measures to Address Disparities

1- Policy and Governance Reforms

To ensure equitable distribution, Palestine must implement comprehensive policy reforms that focus on decentralized water management. The policy can promote water allocation fairly. This

The policy should include clear guidelines to prioritize water distribution based on the region and its needs and ensure that rural areas have resources they require -

2- International Collaboration

Collaborating with international organization such as World Bank and Asian Development Bank (ADB), can provide the necessary financial and technical support to resolve the water distribution issues.

Programs by UN-Water, which coordinates efforts to promote sustainable water management globally, could help Pakistan adopt best practices -

3- Infrastructure Development

2- Rural Water Supply Scheme.

Establishing reliable water supply scheme is essential to ensuring the equitable access. One possible solution is the implementation of solar powered water systems, which are both sustainable and cost effective. An example of Kenya where solar powered irrigation systems have

significantly improved water access in rural regions.

2- Rehabilitation of Canal Systems.

Pakistan's canal system, particularly in Punjab and Sindh, are in dire need of rehabilitation. The Indus Basin Irrigation system, serves as the backbone of Pakistan's agricultural water supply has suffered from neglect. Upgrading them will result in better water systems, lessons can be drawn from previous canal modernization and efforts funded by ADB.

4- Economic Incentives

1- Subsidies for Efficient Irrigation

Providing subsidies for modern irrigation techniques such as drip and sprinkler system can significantly reduce water usage in agriculture region. These methods directly deliver water to the roots avoiding the evaporation & water loss.

2- Microfinance for Water Project

Microfinance programs can provide rural communities with capital to implement small scale water projects, such as constructing rainwater harvesting systems or improving irrigation infrastructure.

5- Technological

Interventions

1- Rainwater harvesting

Promoting Rainwater harvesting in rural areas can serve as the supplementary water source, especially in arid regions. By collecting rainwater during the monsoon season, rural communities can reduce their dependence on unreliable ground water source.

Conclusion

Addressing the water disparities in Urban and Rural areas of Pakistan requires a comprehensive, multi pronged approach - By implementing policy reforms,

improving infrastructure, and adopting technological innovations - Pakistan can ensure equitable water distribution across all regions. With concerted efforts, Pakistan can achieve sustainable water supply that benefits both urban and rural population.