

QUESTION NO: 03

Recurring Separatist Insurgencies in Balochistan: Policy Options

Introduction

Balochistan despite a resourceful province, is still a poorest one. It is rich in natural resources such as coal, chromite, barites sulphur etc. But, the recurring separatist insurgencies there have diminished progress in the region. There are various reasons such as, historical grievances related to economic and cultural marginalization of people. However, by adopting certain policy options such as, short term law enforcement options, long term strategies for addressing poor socio economic situation, unhindered democratic process, to formulate and execute public policies, controlling violent non state actors, identifying foreign involvements, and most

important, by equitable distribution of resources, investing in local processing industries and skill development, - this insurgency can be tackled.

Recurring Separatist Insurgencies In Balochistan:

The separatist insurgencies in Balochistan, although recurring, are shaped by historical, political, economical and social factors.

Root Causes of Separatist Insurgencies in Pakistan:

Historical context

Economic Marginalization of Baloch people

Involvement of External Powers

State Responses and Geo political Strategies

Historical context

The Baloch nationalist sentiments is driven by historical grievances related to annexation of Balochistan. Tariq Rehman, in his book *Languages, religion and Politics in Pakistan 2002* examined issues of Balochistan people.

Economic marginalization of Baloch People

As Balochistan is rich in natural resources, this region despite having resources, its people remain marginalized. The continuous neglect of Balochistan development serve as a cause.

Involvement of External Powers

Presence of violent non state actors, particularly india's unusual support or attention is fueling the hate for pakistan in Baloch people. As a result, insurgencies exacerbated in the region.

Response of State :-

Despite taking a

a negotiation based action, cruel military actions has been taken. However efforts to integrate Balochistan into National policy framework and economic development projects like CPEC has done but they lack of genuine political efforts. This exacerbates the issue of insurgency.

Impact of Balochistan Insurgencies:

Local Impact

- wide spread violence
- displacement of People
- Strained relationship of Balochistan with Federal.

Regional Impact

- security challenges
- impact on CPEC
- Disruption of Trade Route

Global Impact

- influence on Sino-Pakistan relations
- Impact on international standing

Policy options for state of Pakistan; to resolve the issue

- Short term Law enforcement options
- Long term strategies to address poor socio economic conditions
- Unhindered democratic process
- Eradicating V&NSAs
- Identifying foreign involvement

Short term Law enforcement Options:

In order to resist the insurgency due to separatist movement in Balochistan, government should take short term law enforcement options such as targeted military operations, intelligence and surveillance expansion, introducing counterterrorism and Anti insurgency laws. International crisis group in its report "Balochistan: The Case for a political solution", presented

this solution.

Long term strategies to address poor socio-economic conditions of Balochistan.

Balochistan is rich in resources.

Mineral Resources 65%

Natural Resources 40%

oil Production 10%

Water Resources 5%

Government should make long term strategies to address poor socio-economic conditions by skill development programs, spreading education, local business investment in Balochistan.

Unhindered Democratic Process

In order to formulate and execute public policies in Balochistan, there should be unhindered democratic process. This will hinder political

instability in the region.

Eradicating VNSA:-

Violent non state actors serve as a biggest threat Pakistan should formulate a policy to eradicate violent state actors in the Balochistan. The presence of Balochistan liberation army and Baloch liberation front are engage in creating chaos in region.

Identifying foreign involvement:-

As India, is involve in supporting insurgency in the Balochistan, but exact pointing out can create controversy and debate. However Pakistan should identify the involvement of external powers in the region.

Conclusion:-

Balochistan insurgency one of the difficult issue faced by Pakistan currently. There are various reasons of this insurgency

however, proper policy reforms can tackle the issue.

Question 02

"Persistent Budget Deficit and ballooning balance of payment crisis compel Pakistan to Acquire More Loan, IMF in Return imposes its conditionalities that has far reaching negative implications on Pakistan." RECOMMENDATIONS

Introduction :-

Pakistan's economic crisis since 2019 especially are posing a big challenge about Country's progress. The budget deficit The country's fiscal account deficit during FY2024, shrank to 0.2% of GDP as compared to 1.0% in FY2023.

~ State bank of Pakistan

process.

There are various reasons of Budget deficit and Ballooning payment of crisis like debt servicing costs, structural trade imbalance, low tax base, deficit in energy sector and policy inconsistency and All these reasons compell Pakistan to acquire more loan. Which cause further destruction as IMF imposes certain conditionalities like structural reforms, Surcharge policy, liberalization of Import policy and removal of subsidies. The impacts of IMF conditionalities includes increased debt on the developing countries, human development compromise, reduction in foreign reserves due to import liberalization and unemployment which leads to ~~global~~ decreased global Competitiveness. However by taking certain measures like broad Tax base, export oriented economy, generating capacity in industrial sector, high tech manufacturing, value addition in service sector the country can cope up with the devastating impacts of IMF loan.

Budget Deficit

When government expenditure exceeds its revenues during a specific year, is called Budget deficit. Pakistan's budget deficit for fiscal year 2024, was 0.27% of GDP

~~Ballooning Payment of Cr~~ Balance of Payment crisis

BOP crisis occurs when a country is unable to finance its current account deficit or meet its international debt obligations. The persistent budget deficit and ballooning ^{balance} payment of crisis compel Pakistan to acquire more and more loans. IMF in return imposes more and more conditionalities that has far reaching negative impacts on Pakistan.

Reasons of Persisting Budget deficit and Ballooning payment of crisis:

- Debt servicing costs
- Structural trade imbalance
- Low tax Revenue base
- Energy sector deficit
- High inflation and policy inconsistency
- Dependency on external finance

An Overview of Pakistan's Recent IMF Loan Conditionalities :-

Pakistan recent 24th extended fund facility program loan from IMF, of about \$7 billions have so called financial assistance conditionalities which if applied haphazardously can further exacerbate the economic crisis in Pakistan. However, through proper and gradual implementation of these conditionalities in long run can provide benefits.

Conditions on Recent IMF's Loan for Pakistan

- Removal of Incentives for economic zones under CPEC industrial sector
- A Pledge has been signed to not build new special export zones
- National fiscal Pact agreement between Province and center.
- Removal of subsidies of energy sector
- Tax base expansion and imposition of taxes on Retail and real estate.
- Right sizing: Merging of Ministries
- Privatization of SOEs

Impact of IMF Conditionalities on Pakistan:

Impact of Removal of Incentives of industrial sector under CPEC

CPEC is Pakistan's mega project and a sign of China's support with Pakistan. Removal of incentives of industrial sector under CPEC has raised concerns of China and a situation of distress is created.

Impact of Restrictions of building Special Economic Zones

The impact includes limited opportunities for Pakistan to diversify its economy, it has reduced foreign investment and has an adverse impact on exports of Pakistan.

Impact of Removal of subsidy of Energy sector:

Subsidies are given in order to make a globally competitive products.

Its removal can create a gap between local and products export and global competitiveness.

Impact of Government measures to expand Tax base

The haphazard measures done by Government in order to collect tax and broaden tax net is creating unemployment crisis as 70% undocumented economy has to pay huge taxes.

Impact of Right Sizing:-

Merging of ministries and their abolishment is now a new measure of IMF to depress developing countries. It is causing a burden on economy and overall progress of country.

Recommendations to restore economy and avoiding far reaching consequences of IMF Loans, conditionalities :-

- broaden tax net steps by steps
- diversion from import oriented to export oriented economy
- value addition in Products
- raising industrial capacity
- manufacturing high tech products
- Shifting Agriculture to Agri-tech
- value addition in service sector
- Industrial Academia link and Education

Broadening tax net steps by steps

Government can broaden the tax net step by step with gradual pressure on citizen. Tax filling processes must be simplified, awareness campaigns about importance of tax can be run, and incentive announcement for citizen who are filers can be made, despite haphazard measures which government is taking against non filers, now a days.

Diversion to Export Oriented Economy

Pakistan is a import oriented country it should must diverted to export oriented that can enhanced a country's foreign exchange ~~earning~~^{earn} and ~~fix~~ reduced fiscal deficit.

Value addition in Products

Pakistan should add value to its products to attract global market, this can enhanced exports and lead to reduced burden on economy and decrease dependence on financial aids.

Manufacturing of high tech products

High technology should must be adopted in order to make high tech products. Moreover, Agriculture can be transformed into Agri tech by innoulation of advancements in Technology.

Industrial academia link and Education:-

The practical work should be made mandatory in curriculum and education should ~~be~~ be given about tax. This can raise awareness of people hence reducing economic burden.

Conclusion

Conclusively, IMF conditions on Pakistan are based on policy of "One size fit all". It has impacted negatively on economy of Country. However proper measures can tackle the issues, and decrease Pakistan independent on IMF loan.