

CSS Pakistan Affairs Mock

Question 7

1. Introduction

Since 1947, Pakistan's dependence has remained on the agricultural sector for ensuring food security, providing employment, contributing to the economy, and dominating the share of exports. The process of industrialisation was never fully embraced in Pakistan due to the dominant focus on agriculture. The process was further compromised in 1972 when Prime Minister Zulfikar Ali Bhutto nationalised 31 industries under the Nationalisation and Economic Reforms Order. Pakistan had another opportunity during the neo-liberal wave in the 1990s which saw South Korea and India attaining advancements in industrialisation. However, Pakistan failed at optimally embracing this opportunity. The agriculture sector of Pakistan is inefficient, employs 60% of the labour force, is provided significant subsidies by respective provincial

governments, contributes minimally to taxation, restricts potential economic growth, and relies on low value exports. The disproportionate disbursement of subsidies, low taxation, and reduced availability of labour, adversely impacts ^{the} industrial sector of Pakistan.

2. Reasons Why Pakistan is Heavily Dependent on the Agricultural Sector

i) Contribution to GDP

The agricultural sector contributes approximately 24% to Pakistan's GDP (source: Pakistan Bureau of Statistics). Provided that around a quarter of GDP comes from a sector that has historically been at core of Pakistani economy, discourages policy-makers to pivot from it. Its importance can even be seen through its consistent contribution to the economy.

ii) Export Contribution

As per PBS, Agricultural

products constitute a substantial part of Pakistan's exports. In Fiscal Year (FY) 2022-2023, Pakistan exported \$3.6bn worth of agricultural products. Major commodities include rice and cotton.

iii) Largest Employer - Sector-Wise

As per the Finance Division of Government of Pakistan (GoP), the agricultural sector employs about 37.4% of the labour force. However, the World Bank estimates that the agriculture sector employs approximately 60% of the labour force, formal and informal. The employment figures take significance of the sector as it provides the livelihood for majority citizens.

iv) Symbolic Significance in Pakistan's National Emblem

The emblem of Pakistan prominently features wheat stalks acting as a shield. This reflects historical significance of the sector and its foundational role in Pakistan's economy. Moreover, it represents wheat as a staple crop,

essential for sustaining the population.

v) Food Security Dilemma

Since inception, Pakistan has faced existential threat due to rivalry with India, loss of territory, and water crisis. Food security has always been the priority of all ~~economies~~ governments. Despite World Bank's effort to pivot focus from agricultural sector reliance and involvement under the Sustainable Markets for Agricultural and Rural Transformation (SMART) project, the government has retained focus on the sector under the food security agenda.

3. Problems with The Agricultural Sector of Pakistan and its Implications on Pakistan as a Semi-Industrialised Country

i) Low Productivity and Yield

Pakistan still employs outdated farming techniques and has failed at introducing

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innovation within the agricultural sector. As a result, Pakistan has the lowest crop yield in South Asia.

• Implication on The Industrial Sector:

Decline in Raw Material Supply



- Low cotton yields negatively impact textile sector.
- Wheat and sugar shortages affect food industries.

Increased Production Costs



- Reduced supply of agricultural raw materials forces industries to import, thereby increasing costs.

ii) Supply-Chain Inefficiencies

Pakistan loses a significant amount of agricultural produce due to post-harvest loss which arises due to lack of cold storage facilities and transportation issues. For example, a study conducted by Pakistan Institute of Development Economics (PIDE) showed that Pipalpur (Punjab), known

For its agricultural produce only has 35% cold storage facility as compared to what is required.

Implication on the Industrial Sector:

Industrial sector receives limited and low quality agriculture raw material for production. As a result, Agro-industries lose their export competitiveness. Export markets require consistent supply and good quality products which are not provided by Pakistani industries due to supply-chain inefficiencies.

iii) Water Scarcity and Soil Degradation

The agricultural sector utilizes 90% of Pakistan's fresh water reserves. However, due to over-dependence on irrigation, inefficient water consumption patterns, and climate change, water issues have exacerbated in recent years. Moreover, misuse of chemical fertilizers and

pesticides has decreased soil fertility and arable land.

Implication on Industrial Sector:

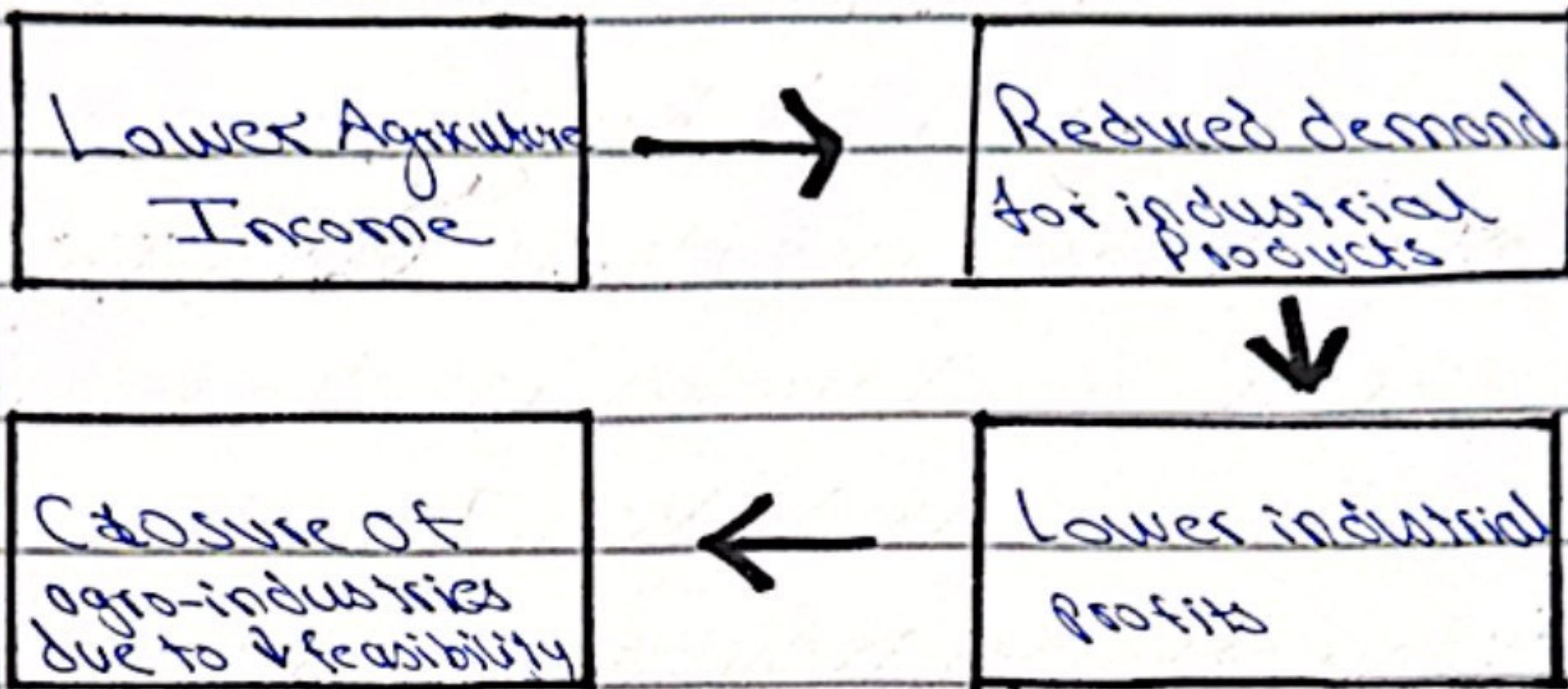
Reduced water availability and arable land has decreased demand of industrial products. Moreover, lower export competitiveness has also reduced industrial production. This has led to layoffs in industrial sectors reliant on agriculture, showcasing high industrial unemployment.

iv) Policy Issue and Limited Access to Credit

The agricultural sector in Pakistan has a poor disbursement mechanism for subsidies. The subsidies rarely reach to the intended parties which are the small farmers due to weak accountability mechanisms. There is poor support of price mechanism, which act detrimental to small and medium farmers. The 2023 wheat crisis due to higher import than required combined with poor

price mechanism, adversely impacted farmers profitability.

Implication on The Industrial Sector:



4. Broader Economic Implications

i) Increased Trade Deficit

As per State of Bank of Pakistan, Pakistan posed a trade deficit of \$24.4bn in FY2023-24.

The reason is high imports and low exports. The problems present in the agricultural sector reduce potential of exports from agro-industries leading to increased reliance on imports.

ii) Stagnant Economic Growth

The agriculture sector constitutes 24% of GDP and the industrial sector constitutes 18.5% of GDP (Source: PBS). Weak performances by the agricultural and industrial sectors have restricted Pakistan's GDP growth to 2.38%, which is even below the country's population growth which stands at 2.55%. (Source: PBS).

5. Conclusion

Pakistan's semi-industrialised nature has been restricted due to the cyclical relationship between agriculture and industry. The reliance and problems within the agricultural sectors limit Pakistan's industrial growth and economic potential. To achieve overall economic stability and optimal GDP growth, Pakistan needs to ensure industrial growth. The prerequisite for attaining industrial growth lies in addressing agricultural challenges.

Question 8

1. Introduction

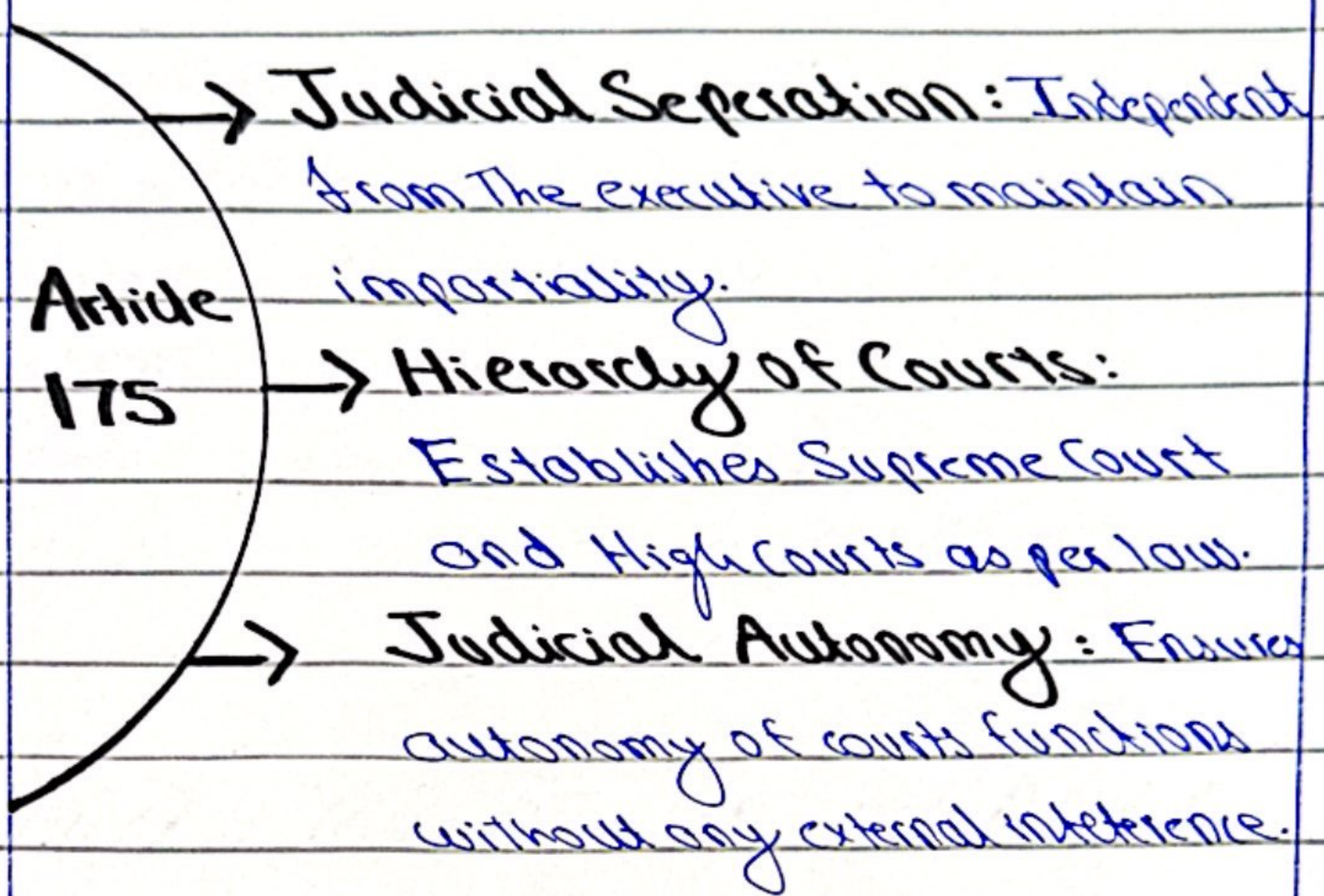
The 26th Amendment to the Constitution of Pakistan, enacted by the President on October 21, 2024, introduced significant changes to the judicial and governance structures. The amendment has received mixed reactions, with supporters appreciating it as a step to increase parliamentary oversight and supremacy and critics viewing it as an attempt to undermine judicial independence. While the amendment has increased parliamentary oversight by changing composition of the judicial Commission of Pakistan (JCP), the need to balance it with constitutional principle of judicial independence as per intended spirit of Article 175.

2. Judicial Independence: A Bedrock of Pakistan's Democracy

i) Importance of Judicial Independence

Article 175 of The

Constitution emphasises the following principles:



ii) Challenges to Judicial Independence in Pakistan - In light of the 26th Amendment

a) Article 175A (Appointment of Judges):

The Judicial Commission of Pakistan (JCP) was responsible for nominating the judges and then required final confirmation from the parliamentary committee. However, the 26th Amendment expands the JCP from 8 to 13 members by including 5 additional parliamentarians.

- Potential Impact on Judicial Independence:

The restructuring of JCP has increased legislative influence on judicial appointments. The increased parliamentary influence over JCP indicates a potential risk that judicial appointments could favour political interests and affiliations over merit.

b) Article 184 (Suo Moto Powers):

Prior to the 26th amendment, Suo Moto Powers were in the control of Chief Justice of Pakistan (CJP). The CJP could unilaterally allow judicial review on any matter pertaining to public importance. However, post-amendment these powers are now regulated by a constitutional bench which includes members appointed by JCP.

b(ii) Article 199 (Writ Jurisdiction):

Prior to the 26th amendment, the High Courts of each province had writ jurisdictions. However,

under the amendment these powers have been broadly transferred to the Constitutional Benches at provincial level.

Potential Impact on Judicial Independence:

Reduction in *Suo Moto* powers under Article 184 and Article 199 have sparked debates on judicial effectiveness. The amendments impact traditional balance of power among the judiciary, legislature, and the executive. The enhanced executive control with diluted CJ's unilateral authority could potentially reduce judiciary's role in regulation.

iii) Role of the Judiciary Safeguarding Democracy

The judiciary offers a key role in constitutional interpretation and upholding fundamental rights. Under Article 184 the Supreme Court exercises original jurisdiction in interpreting the constitution and resolving disputes between federal

and provincial governments. Under Article 199 the high courts ensure enforcement of fundamental rights outline in Articles 8-25 of the constitution. Thus, judiciary is central in safeguarding democracy.

3. Parliamentary Oversight: Essential Democratic Tool

i) Importance of Parliamentary Oversight

The parliament is responsible to ensure accountability of all state organs which includes the judicial organ as well. The parliament plays the central role in framing laws and conducting constitutional amendments with a 2/3rd majority approval. The 26th amendment is the outcome of the exercise of parliamentary power provided by the constitution of Pakistan (1973).

ii) Challenges to Parliamentary Oversight in Pakistan

The parliament of Pakistan

has weak legislative capacity due to unqualified representatives elected as an outcome of patronage networks. Moreover, except the 18th Amendment (2010), all reforms are highly politicised and lack consensus across all parties. This reduces the efficacy of the reforms and fails to provide the desired results.

iii) Role in Balancing Power

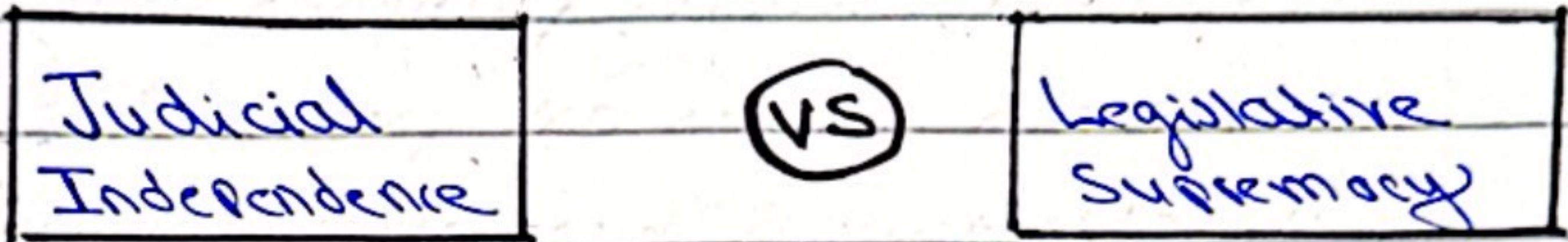
Reducing the unilateral authority of CJP to conduct judicial review by amending Article 184 provides an effective check to the parliament to prevent judicial overreach. The inclusion of performance evaluations provides an opportunity for the parliament to ensure judicial accountability and ensure merit-based judicial promotions.

4. Critical Balance Striking Between Judicial Independence and Parliamentary Oversight

i) Constitutional Principle Affected

The amendment primarily

Affects articles pertaining to separation of powers (Article 175-190). This amendment has sparked a debate on:



ii) Striking The Balance

a) Constitutional Safeguards

26th Amendment (2024)

→ Article 175-A:

- Judicial Commission of Pakistan (JCP) to select judges and CSP based on only merit.

→ Article 209

- Strengthening the Supreme Judicial Council for judicial accountability.

b) Institutional Reforms

Ensuring parliamentary consensus is essential on judicial reforms to ensure constitutional spirit is kept intact. Mechanisms to ensure de-politicisation of

judicial appointments and effective utilize of oversight mechanism is critical to attain desired outcome of the amendment.

iii) Introduce Legislative Reforms

A subsequent amendment should be introduced which ensures three of the following things:

1. Balance parliamentary oversight without undermining judicial independence.
2. Strengthen judiciary's capacity to address internal accountability.
3. Enhance transparency in judiciary's decision-making process.

5. Conclusion

The 26th amendment is a key event in Pakistan's constitutional history. However, striking a balance between judicial independence and parliamentary oversight is essential for sustaining democracy. The amendment must not be used to compromise the constitutional safeguards and should

align with constitutional principles to ensure the effective functioning of both state organs.

Question 6

1. Introduction

Pakistan gained its independence from India in 1947. At the time of partition, Pakistan inherited limited economic resources because the major industrial areas fell within the territory of India. However, soon after partition, Pakistan and India waged a war over Kashmir in 1948. The security dynamics, princely state crisis, refugee influx, weak infrastructure, non-existing industrial base, and absence of a written constitution till 1956 had a destabilising impact on the foundations. Despite producing potentially effective five-year plans during the 1960s, the unstable environment restricted Pakistan's capacity to policy consistency. In 1971, the country lost its economic engine: East Pakistan. In subsequent years, Pakistan became a rent-seeking economy, leveraging its geographical position in exchange of foreign aid and international institution funding.

Support. The quick money mindset, inability to build national identity separate from religious affinity, and lack of policy consistency perpetuated Pakistan's economy into a cycle of disaster which was not stabilised due to inability to conduct reforms. Consequently, Pakistan has been bailed out by The IMF for the 24th time.

2. Pakistan's Quick Money Dependency Syndrome

i) Foreign Aid Addiction

Between 1950 till 2022, Pakistan received a cumulative total of \$184 billion in foreign economic assistance. Approximately, \$155-160bn was in the form of loans, and \$25-30bn ~~was~~ were grants. As per PIDE, 40% of the economic assistance (foreign) came between 2001 to 2018. The surge in aid came during the cold war, further increased during Soviet-Afghanistan conflict during the 1980s, and peaked post 9/11 Afghan-US war. The reason was Pakistan's strategic geopolitical presence. This made Pakistani policymakers

Foreign aid addicts, who preferred the rent-seeking behaviour over structured reforms.

ii) Cycle of IMF Dependency

Pakistan's inaugural request for IMF assistance came in 1958 and since then, IMF has provided 24 bailout agreements. The most recent bailout plan was agreed in September 2024 when IMF sanctioned a \$7 billion package to stabilise Pakistan's economy. The 2008 to 2024 is also the period when Pakistan has attained maximum bailout packages from the IMF, making Pakistan fifth among the countries with highest outstanding debt to IMF.

iii) CPEC - Perception as Quick Money

CPEC, China-Pakistan Economic Corridor, signed in 2013 and July launched in 2015 was also perceived as a source of quick money influx. The government at that time needed financial support to resolve the energy crisis.

which become considerably easy under the projects by CPEC. China has invested nearly \$30bn in CPEC directly with total investment commitment of \$62bn.

The policy makers at the time did not utilise the opportunity effectively and overhauled its potential due to quick money mindset. With the first set of repayments coming up in 2027, the mindset regarding CPEC would need to be changed.

3. Failure to Plan to Stabilise, Reform, and Restructure Pakistan's Economic Situation

3.1 Reasons for Inability to Plan, Reform, and Restructure Pakistan's Economy

i) Political Instability

No government except one between 2008 to 2013 has managed to complete its tenure of five years.

Political polarisation among provinces, especially between Punjab and Sindh and newly emerging Punjab and KPK

hinders the possibility of political consensus required to restructure and reform the economy.

ii) Lack of Policy Consistency

Linked with political instability is the policy consistency issue which remains unfulfilled. As soon as the governments are changed, which is considerably frequent in the context of Pakistan, all economic plans and policies are revamped. Economic reforms and restructuring require long-term reforms and lack of consistency undermines the potential impact. For example, the Pakistan Planning Commission claims to have made economic plans (5-year) which were adopted by South Korea. Today, South Korea is a developed country and a leading economy. The inability of Pakistan to achieve the same level of success is linked to lack of policy consistency.

iii) Overarching Role of Military

Pakistan has remained under control of military dictatorship for four times for a duration of 33 years.

The military setup is authoritarian in nature and is not well-equipped to undertake required economic restructuring plans. Moreover, The military is deeply embedded in business practices itself and this poses a direct conflict of interest.

iv) Abrupt Political Decisions

Economic plans require carefully curated strategies with a dimension of short-term, mid-term, and long-term objectives and proper risk assessment. However, political leaders of Pakistan operate in an abrupt manner which is detrimental to such planning processes. For example, The 1972 National and Economic Reform Order was not a well-thought structured plan and negatively impacted Pakistan's economy.

v) Bureaucratic Inefficiency in Planning

The bureaucracy of Pakistan is still influenced by colonial-era practices with inefficient structures, outdated mechanisms, lack of experts, and minimal adoption of technology. As a result, the economic plans they produce are unrealistic,

politicised, and at times lack application to local needs and demands. This leads to absence of a critical self-assessment in economic policy making and repeated policy mismanagement.

4. Pakistan's Economic Plight in Light of The Statement and Way Forward

i) Fiscal Mismanagement

Due to lack of planning, Pakistan has persistently misallocated resources. This has led to an average 6% - 8% fiscal deficit as of GDP. The deficit is then financed by debt which keeps Pakistan revolving around a debt trap. The underlying causes remain the same for decades: inefficient subsidies, unproductive public spending, and SOEs losses.

Way Forward (Economic Stabilisation Plan):

Detailed plan focused on fiscal consolidation through austerity

and targeted subsidies. Strict privatisation policy for non-strategic SOEs to reduce fiscal burden. Sustainable debt management policies to effectively utilise debt and reduce dependency.

ii) Taxation and Revenue Issues

A serious narrow tax base is highly problematic for Pakistan. Only 1% of the population contribute to direct taxes. The lack of tax collection from traders and agricultural land owners poses revenue challenges which are financed through internal and external debt. Moreover, Pakistan needs to rely heavily on indirect taxes which burden the middle and lower class.

Way Forward (Structural Reforms):

Overhaul of the taxation system to broaden base by including mid-level and large land owners, real estate investment income, and retailers. A strict taxation system based on

transparency and accountability.

iii) Governance and Corruption

Weak institutions, inefficient bureaucrats, and lack of accountability are the core problems. The economic policy planning and restructuring is driven by political expediency rather than long-term goals leading to their failure. This has led to energy crisis due to circular debt mismanagement, weakened industrial output, and decreased industrial competitiveness.

Way Forward:

Focus on long-term planning, incorporating interests of all stakeholders, introduce specialised bureaucracy, utilise institutes like SEFC to attract investment, and promote impartial and transparent policymaking.

5. Conclusion

The cyclical nature of Pakistan's economic crisis is due to over-reliance on external support and lack of structural reforms. Pakistan needs to focus on self-reliance, strategic planning, a clear roadmap to attain economic stability. The goal needs to be to break free from short-term fixes to ensure sustainable growth.