

Question 1

Examine the domestic dimensions of hydropolitics in Pakistan.

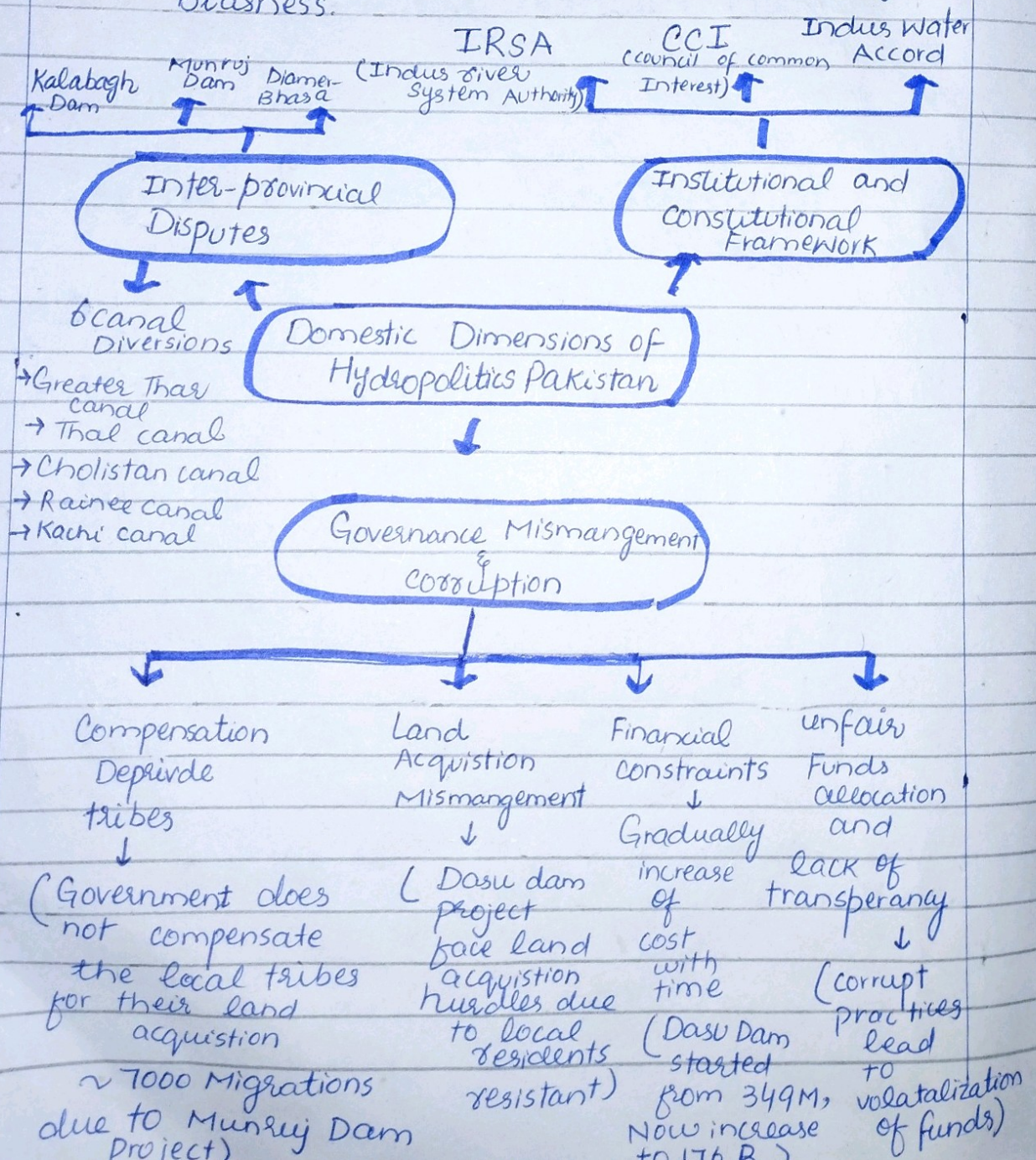
How do inter-provincial water disputes affect National Unity and Agricultural development?

(A) Introduction: War is no longer affiliated to territorial disputes to maintain hegemony, War is now based on disputes over natural resources, as analyzed by **Michael T. Klare**. Pakistan is among the top most water stressed countries in the region and 5th most water stressed country globally according to **International Water Management Institute**. During the Indus Water Treaty (**IWT**) in 1960, Pakistan was allocated **135MAF** of water of Indus Basin, which shrunked to **65MAF** capacity. Pakistan's hydropolitics is largely shaped by Indus River System, high population pressure and Agro-centric economy. Constitutional and Institutional framework of Pakistan; Indus Water Accord (1990) which is regulated and monitored by Indus River System Authority and to maintain disputes. Moreover, inter-provincial ^{mediate} disputes such as fair distribution of water, compensations granting, fare of scarcity and sumberge and ecological damaged stays persisted, harming national unity and

agricultural development by uneven water availability.

(B) Domestic Dimensions of hydropolitics in Pakistan:

Domestic dimensions of hydropolitics within Pakistan is shaped by institutional and constitutional frameworks, Inter-provincial relations, Governance Mismatch and injustice, Provincial resource sharing Biasness.



1- Internal Water Sharing Mechanisms and institutions:

Internal Water Sharing Mechanisms operated by institutions, where provinces compete over water allocation.

1.1) Water Appointment institution governed by domestic agreement.

1991, Indus Water accord is held to distribute fairly share of water among provinces (among Punjab, Sindh, Balochistan and KPK). Despite provided baseline, provinces get unfair allocation of water which affect the agricultural productivity, domestic usage of water.

1.2) IRSA to mediate disputes between federal and provinces:

Indus River System Authority was established to institutionalize the IWA and to mediate disputes among provinces and inter-provinces.

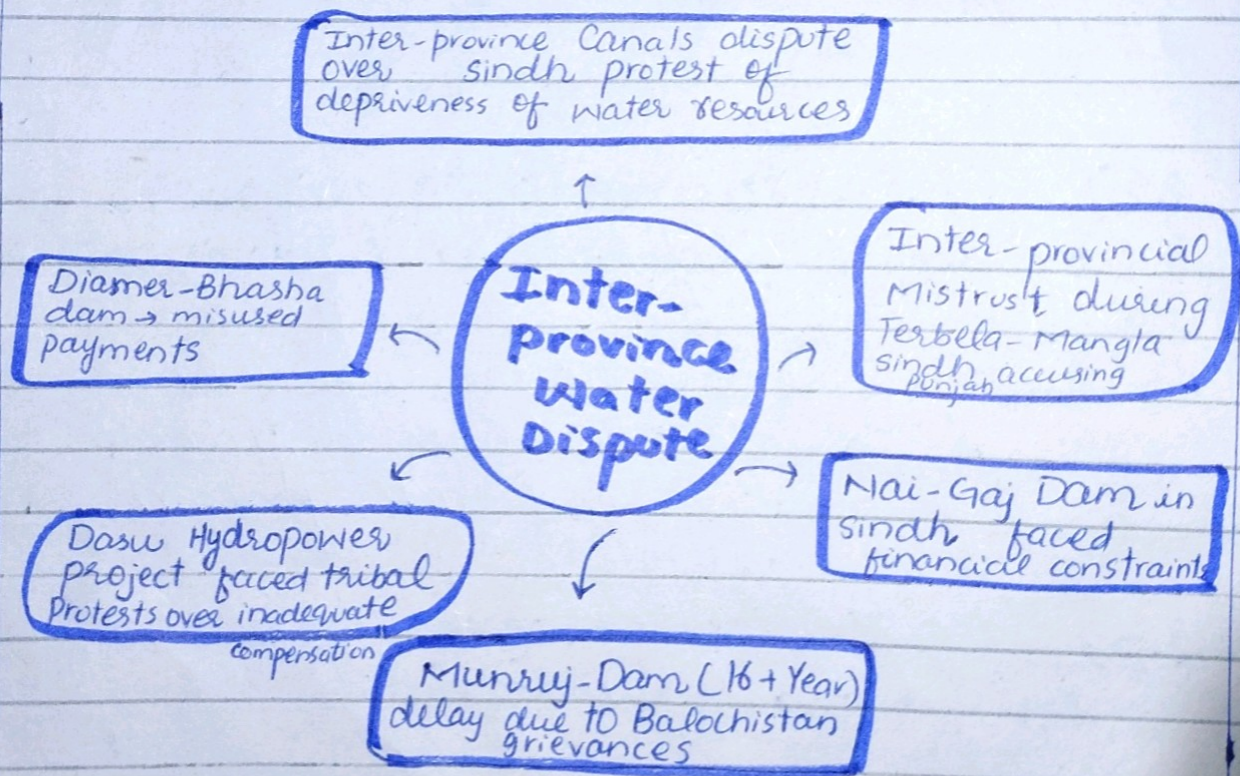
1.3) CCI to resolve issues in broader aspect:

To resolve power and Water Sharing between the federal government and the provinces. Its function is to promote National cohesion and harmony.

B) Conflicts between center and province a key domestic dimension of hydropolitics:

Water distribution framework although established by IWA and IRSA in 1991 but down stream provinces perceive this constitutional framework prejudiced and biased as it favours upper stream provinces and leave downstream provinces water scarce.

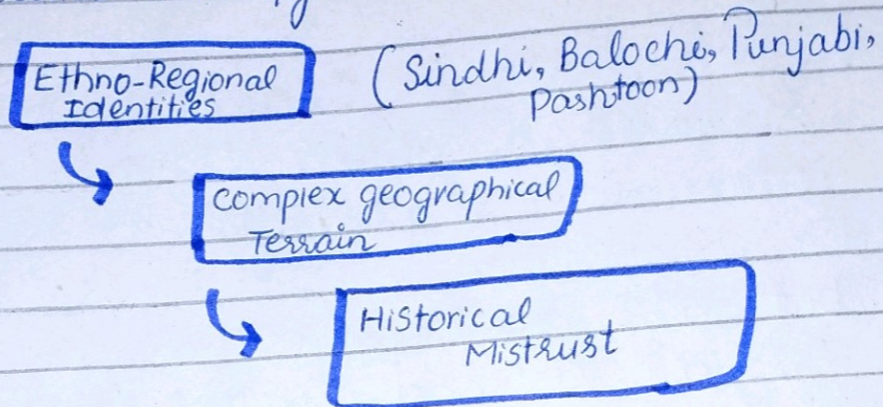
Moreover, building of **6 canals** over Indus-River basin will left the down stream provinces marginalized and water-stressed by water diversion.



Kalabagh Dam conflict remains the major conflict point, Sindh opposes it called the "Water Theft".

(C) Inter-province Water protest affect National unity:

Hydropolitics intensify due to:



1- Erosion of Trust among provinces Leads to ethnic division:

Sindh accuses Punjab of "stealing water" and KPK fears its land will be submerged, Balochistan complains about reduced water flow leads to gap between ethnicity which erodes trust among ethno-regional identities.

2- Impartial allocation of Water Skepticism:

When IRSA decisions appear biased provinces blame the federal government for favoritism and Punjab's hegemony over bureaucracy and water infrastructure.

3- Amplification of Ethno-Nationalistic Sentiments:

Balochistan and Sindh claims that Punjab is overrepresented in

State power. Down stream provinces have Anti-center rhetoric. They lead movements accusing the federation of resource exploitation.

4- Protests in Sindh over Kalabagh dam threats to internal stability:

Kalabagh dam proposed in 1980s but remains the most divisive project. Frequent outrage halted the project and threaten the internal stability of the state. (Dawn-2018)

5- Protests of Sindh against Cholistan canal undermine national unity

Major 6 canal project remains a bone of contention among provinces. A lot of hue and cry over canal projects undermined national unity. (Al Jazeera-2025)

6- Media Wars between provinces leader shape the public Narrative leads to National disintegration:

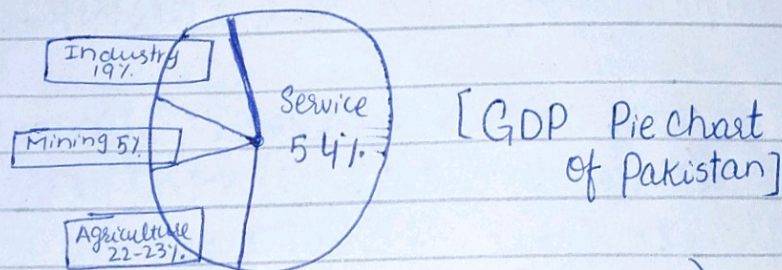
Media Wars between provinces leader shape the public narrative which further aggravates the National disintegration and fuel the fire.

(D) Inter-province Water dispute affect agricultural development:

Pakistan is an agro-centric country.
22% of GDP of Pakistan contributed by agriculture (Economic Survey of Pakistan 2024-2025)

This sector employs more than 42% of labor force (IMF 2023 Report)

Agricultural-based products such as rice and cotton account for about 80% of Pakistan's total exports.
(FAO-2024).



(South Asia Journal)

Agriculture in Pakistan uses ~90% of freshwater. Inter-provincial dispute disturbs this in several ways.

1. Uneven water availability results to low crop yield:

Unfair allocation of water among provinces by institutional framework results to shortage of crops that are overly dependent on water such as Rice, Sugarcane.

2- Delayed or cancelled Water infrastructure leads to acute Shortage:

Kalabagh, Dasu, Diamer-Bhara delayed projects leads to acute shortage of water in Balochistan, KPK and Sindh which impacts Agricultural growth.

3- Provincial mistrust stalls modern irrigation:

Provincial Mistrust Stalls modern irrigation techniques such as Telemetry for water measuring, drip sprinklers and canal lining. (PCRWR-2025)

4- Hydropolitics prevent climate resilience projects threaten acute food shortage:

Hydropolitics mistrust prevent climate resilience projects which threaten acute food shortage (IWT Report)

5- Hydro-power obstruction threatens tubewell mechanization:

Inter-province disputes leads to delayed hydropower projects which threaten tubewell mechanization and crops face water shortages.

Q.02:

Root Causes of Inflation and Unemployment in Pakistan
Analyze how poor governance and policy inconsistency have contributed to these economic challenges

(A) Introduction :

The unemployment in Pakistan for 2025 is projected to be around **8.00%** according to **Trading Economics**.

A significant challenge is the gap between job seeker skills and the jobs available. Poverty rate in Pakistan is estimated to be about **44.7%** using the World Bank's new **\$4.20** per day poverty line. According to **Finance Division**:

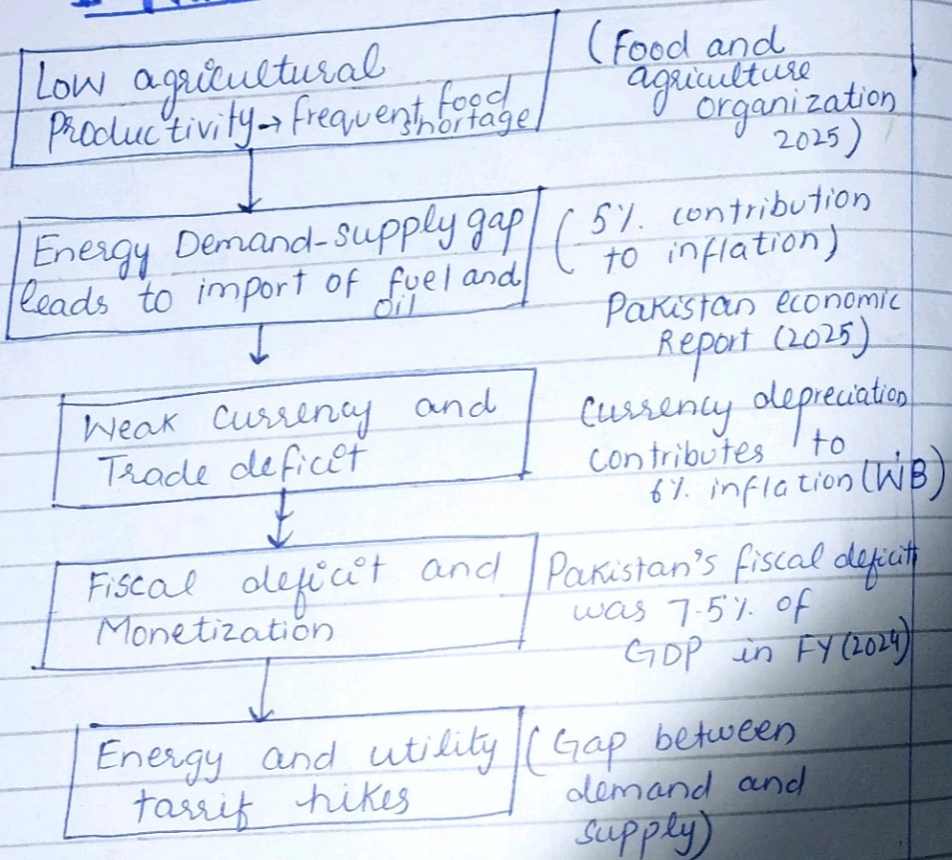
Inflation rate is **4.7%** for the first half fiscal year (2025-2026)

This rate of inflation is attributed to poor governance and policy failure in Pakistan such as weak regulatory controls, corruption and leakages, policy discontinuity. The root cause of inflation are low foreign exchange reserves, high service debt, Reliance on international funds, population explosion, climate vulnerability, low job creation, low FDI, slow industrial growth, Nepotism, cronyism, agricultural underdevelopment.

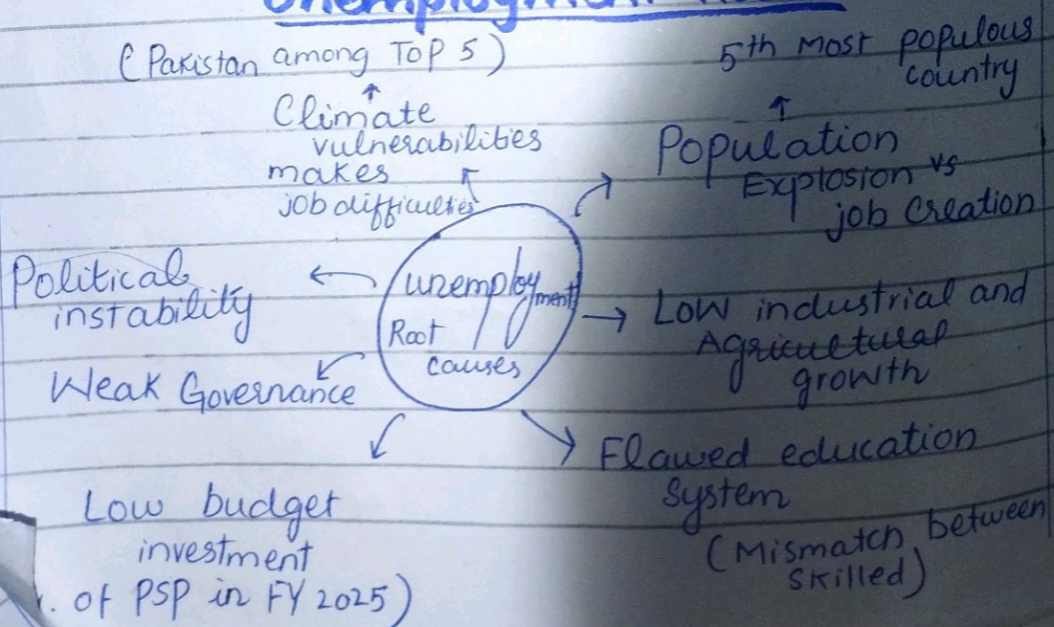
Fluctuating economic policies, frequent political transitions, and uncertain monetary policy.

(B) Root Causes of Inflation and unemployment:

Inflation Root causes



Unemployment Root causes



(c) Analysis of Policy inconsistency contribution to inflation and Poor Governance: unemployment

Policy inconsistency in Pakistan is a recurrent issue. This inconsistency erodes public trust, creates economic uncertainty and hinders socio-economic growth.

1- Frequent Policy fluctuations increase inflation:

Frequent changes in economic policies such as tax and duties, businesses increase prices to cover extra costs faced by consumers, leading to inflation. The government often introduces new taxes or changes in tariffs affecting market prices.

2. Policy inconsistency in Subsidies affect underprivileged Class:

Low subsidies and frequent shifts in subsidy programs; sudden cutting down or reduction leads to abrupt cost increases in transport, food, manufacturing supply chain. In 2025, 14% subsidy cut.

3. Import or Trade policies restrict raw material supply:

Frequent changes in import or trade policies create uncertainty

in raw material supply. Trade Policies affect currency depreciation, reliance on indirect taxes such as sales taxes push inflation up.

4. Petroleum development levy hikes inflation:

Increase levies on petroleum products often in response to **IMF** conditionalities increase the cost of fuel and transportation which in turn raise the prices of all goods.

5. Policy inconsistencies for the utility stores corporation increased inflation:

FY (2025-2026) budget cut down 14%. Subsidies on utility store corporation increased inflation.

Moreover, Ramzan Relief packages, agricultural subsidies cut down also major setbacks. (**Economic Survey of Pakistan 2025**)

6. Weak Industrial growth favours less workers increase unemployment:

Industries faced unpredictable energy tariffs, import duties and regulations. Higher costs affects

less hiring of workers, fewer factories and increase unemployment.

7- Delayed Reforms and Skill Development Create Structural unemployment.

Frequent policy reversals prevent consistent vocational training, education and industrial reforms. Youth and graduates are not trained for available jobs which cause a gap in skills and leads to structural unemployment (IPRI Survey)

8- Unstable Monetary policies in Pakistan create inflation and unemployment.

Although State bank of Pakistan has made efforts to stabilize the economy but factors remained persistent such as structural issues, over-reliance on external debt and currency devaluation.

(D) Poor Governance Contribution to unemployment and Inflation:

According to World Economic Governance Index 2024, Pakistan ranked 135/180 in governance poor

Poor Governance finds certain ways to create inflation and unemployment in Pakistan.

