

Q.No.3

Policy measures for the current economic challenges

Introduction:

Pakistan's foreign policy has always remain geo-strategic or the security centre because of the existential threats from the neighborhood. This is also the reason, its geo-economic or economic centre policy has not developed. However, real flaws lies in the structural and institutional framework, with the right approach, there are options available.

Historical context of economy:

Falctuating structure of political parties, interest groups, and involvement of non-democratic entities was at peak since the inception of Pakistan in 1947. Industrial sector remained in

India and Pakistan still today did not get equal share of financial assets which was meant to be divided fairly. Bureaucrats due to better facilities and strong institutes shifted from the Pakistan to India. India got freedom but Pakistan was created. It's base from the initial point enervated poorly by non-democratic entities and formed a over-developed state structure.

Economic challenges of Pakistan

1) Agricultural stagnation

Pakistan geography is vulnerable to the rapid climate changes and it witnessed many devastating deluges and earthquakes also. Recent flood in June 2025 diminished the soil capacity at many areas to able to grow a resilient crops. It stagnated to 2.2%. Pakistan is mostly agrarian, there is need to

address this challenge.

2) Informal economy

The major problem being faced by the economical sector of Pakistan is mostly its undocumented and informal economy that often goes unreported and unregistered.

Almost this informal economy according to one survey contributes to the 65% of GDP.

3) Poor Governance

Pakistan governance is facing many loopholes and flaws just due to the interest of democratic entities and their interest. Government inefficiency is huge setback to Pak economy. Pakistan stands at 133th rank out of the total 180th countries on the transparency corruption perception index.

4) Declining Exports

Pakistan exports are declining at vast level and this creating a fiscal deficit or trade

deficit also. Recently, 30.9 Bn dollars decline in exports is major setback to the economy of Pakistan.

5) Chronic fiscal deficit

When the expenditure and revenue become imbalance, this creates a fiscal deficit. Pakistan is facing chronic fiscal deficit in 2024 it reached over the 7.4%.

6) Energy crises

Pakistan having the widened circular debt that is causing the huge crises in the energy sector.

It provides 2.7 tm subsidies to the power sector and 1.6 tm to the gas sector. It actually hinders the growth of energy sector.

7) Industrial slow down

Industries facing backlash and investors have the fear to invest due to the instability and current conditions of Pakistan.

Pakistan exports indirectly depend on imports because material to

prepare for the exports are actually imported ones that later prepared.

The Road Ahead

Below mentioned are major policy recommendations to the current challenges to the economy of Pakistan.

1) From agrarian to industrial shift

Developed countries always progress on the base of its industrial capacity and technological advancements. No doubt from the very start Pakistan's economy based on the only agrarian sector but now there is need to advance the industrial sector.

2) Good governance is a way to progress

Every ruling elite has its own policies and before the proper implementation of policies, new establishment came into being. Now, there is need to shift towards the

good governance model. It includes focus on human development, civil-military cooperation, capacity-building, technological sector and consensus based policies.

3) Surge in Exports

On global competitive index, Pak stands at 142nd in export competitiveness. This is awakening call to increase the export in order to balance the trade deficit.

4) Eradicate unemployment

According to the labour force survey of 2024, there is 8.5% unemployment still present and especially youth unemployment is 11%. Youth is the main resource which is fruitful for the progress in economic sector.

5) Strengthen FDI flows

Pakistan foreign direct investment flows rise from 1.3 Bn dollars to 2 Bn dollars due to the political instability and unclear

Investment policies. This spike need to lessen the flaws and continuation of policy matters.

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Pak-Afghan relations

Historical background:

In pre-1980 era, Afghanistan was in the hands of British colonel. Every ruling party run the country on its own demands. When in 1979, Soviets invaded Afghanistan, there was engagement between the Pakistan. Moreover, in 9/11 attacks imposed in retaliation by US, Pakistan was compelled to help US at that time. From the start, Pak-Afghan relations was not more than a rollercoaster and then after the Taliban came into power, they consider themselves king as they thought

that they defeated big powers.

Pakistan still today face the existential threat of terrorism and its policy is security centric.

Trajectory of relations post-2021 period

Second time when taliban came into power in Afghanistan, its relations with Pakistan started dwindling. because it imposes a security threat to Pakistan. Pakistan is at the front battle to combat terrorism outfits.

Current regime in Afghanistan

Terrorism threat spiked up slowly and these terrorist groups such as BLA, TTP, IS-K, and Al-Qaeda, they are operating from the territory of Afghanistan. Their clash became widen recently. Even from the 2023, Pakistan combat or faced more than 69% terrorist

outfits.

Issue of Durand Line.

Afghanistan does not recognize Durand line as the international border and expanding. However, Pakistan is protecting this porous border that having fences all over. Pakistan is always up to negotiate and develop diplomatic engagements.

Refugee repatriation.

Pakistan hosted over 4 million refugees and provided them safe haven, ensured safety and security. On other hand, Afghanistan is somehow unthankful to the Pakistan. Still, from the border side, Pakistan recently eliminated or captured 21 posts of terrorist.

Regional Re-alignments.

In Oct 2025, terrorist attacked at some places but

Pakistan response in retaliation was undefeatable. Pakistan and Afghanistan need highly to negotiate.

Ceasefire ongoing talks:

China played a huge role as a mediator. Moreover, Qatar and Turkey also mediated. Ceasefire agreement takes place after the recent clash. It is to be evident that Afghanistan violated Doha Agreement of 2020.

Afghan denial of supporting Taliban

Pakistan always reminded them to ensure that its territory should not be used for operating terrorism. But Afghanistan denies the fact that we do not encourage such entities.

Diplomacy, a key solution

The growing influence of

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Pakistan in South Asia after the Pak-Saudi defense pact and increased diplomatic relations with Turkey, Qatar, Azerbaijan, Saudi Arabia, Egypt, and China, can prove extraordinary to develop a diplomatic relations with the Afghanistan. They both need to negotiate because terrorism is not only a threat for the Pakistani territory.

Conclusion:

After the 2021, Pak-Afghan relations got more strained and bitter because of the existential threat i.e. terrorism and its current trajectory towards India. Recent attacks once again provoked a sense of vigilant implications. Pakistan and Afghanistan, they both negotiate and increase their relations diplomatically. Aggressive approach can not be a long-term solution.

Qno-5

Dynamics of Pak-US relations.

Historical context of Pak-US:

Pak-US ties was not a stable one relation since the inception of Pakistan in 1947. Pakistan always supported the interests of US such as in the 9/11 attacks, and when the Soviet invaded the Afghanistan. But on the other hand, whenever Pakistan was in dire need of support from the US, such as in the 1948, 1961 wars. US did not help either financially or diplomatically. China at that time supported Pakistan.

Shift after the new government:

The new establishment on both sides was ~~more~~ way more stable a bit. Trump when came into power, its relation with

Pakistan went into re-alignment.

Tariff on Pakistan:

US president Donald Trump imposed tariff on many countries but 19% tariff was on the Pakistan. Pakistan is already facing the economic crises, that's why Pak need to remain cautious and enhanced relation with other powerful countries also.

Mediation between Pak-India war:

When India attacked on Pakistan allegedly after Pahalgam attack. US mediated and declared ceasefire between Pakistan and India. Pakistan agreed to it but India did not support this talk that much.

Warm relations with Field Marshal Asim Munir:

After the Pak-India war, the air superiority proved real as Pakistan retaliated very bravely, named as "Operation Bunyan-al-Marsoos". Trump hosted a lunch for the field marshal Asim Munir, to discuss the bilateral ties.

Critical Minerals Deal

The new deal of Pak-US is on critical minerals because US needs a critical minerals for the usage in various equipments and tools. US is dependent on others, mostly from the China upto 60% according to the council on foreign relations (CFR) report. Pakistan's land is rich and blessed with natural resources, sent its first shipment to US.

Diplomacy of US with Pakistan on Gaza ceasefire:

Pakistan played a key role

for the Gaza peace and to stop the Israel genocide. Trump hosted a talk with middle eastern allies and Pakistan also. Pakistan provided a roadmap or plan in order to resolve the conflict of Israel-Palestine.

Defense factor

US President Donald Trump praised and appreciated the stronger retaliation of the Pakistan jet fighters. It provided exemplary approach to other countries. To expand the avenues of training of soldiers, US is willing to strengthen relations.

A question for Pakistan to expand relations with US and China

Now, Pakistan stands on the verge to stable and balance ties with US and China. Because,

China friendship with Pakistan as called "higher than Himalayas and sweeter than Honey" is enough to know the economic ties. On other hand, US proved that it shows its own interest with Pakistan. Pakistan needs to create a balance with both powers.

Conclusion:

The nature of relation between Pakistan and US is more of transactional cooperation rather than strategic partnership. The realignments and global power shifts now proves that how much Pakistan is efficient to create a balance between US and other regional powers.

Qno-8

Role of Key political and social ideologies in Pak-movement between 1930 to 1947.

Introduction:

Muslims under the dominance of Hindus in sub-continent was so bad and tragic but the two nation theory and muslim nationalism provoked a sense of separate homeland or sovereign state.

Two Nation theory:

1. Role of Sir Syed Ahmad

The two nation theory was actually embedded in the writings of the Sir Syed Ahmad Khan. He understood the atrocities and the difficulties faced by the Muslims so he urged them to unite for the demand of sovereign state.

2. Response to Hindu Dominance

Hindus were in the good books of British at that time and Muslims were like a minority. They were like slaves but at that time some ideologists played an immense role.

3. Ideological Justification

Later on, Quaid-e-Azam Muhammad Ali Jinnah adopted the two nation theory and he provided the ideological justification for the creation of Pakistan because it was not possible for both different nations to live on one land.

Muslim Nationalism

1. Islamic identity

Muslims having the rich Islamic traditions, culture, and heritage that promoted nationalism for the Muslims of sub-continent.

2. Role of Allama Iqbal

Allama Iqbal through the poetry awakened a muslim nationalism in the Muslims and united Muslims should dissolve ethnic and territorial divisions.

3. Aligarh Movement

Sir Syed Ahmad Khan started Aligarh movement through the education and Islamic teachings and developed leadership qualities in Muslims. It was the birth of Muslim League.

Key Events

→ Allahabad Address (1930)

Allama Iqbal's Allahabad address in 1930 laid the intellectual groundwork. He suggested to amalgamated the Muslim majority areas like Punjab, North-west frontier provinces, Sindh and Balochistan

Into a separate sovereign state.
This key event from the demand of muslim minority rights to the necessity of separate homeland was actually a political thought.

→ Congress Ministries of 1937-39

The conduct of Indian National Congress formed after the provincial elections of 1937 intensified a fear in Muslims of Hindu dominance. There was no right for Muslim League to have the power shares from the Congress of India. It promoted a sense of separatism and Quaid-e-Azam understood that Muslim political destiny needs a viable path separated from the Hindus majority.

→ Lahore Resolution (1940)

Although, it did not name as "Pakistan", it was a clear message to all for the

demand of Independent state. This resolution galvanized Muslim behind a single cause and the need of separate state and forced British and Congress to take the demand seriously. This took a decisive effect and advocated minority safeguards to self-determination fundamentally based on the Two Nation-theory. It changed the political discourse of India.

Conclusion:

The Role of key political and social ideologies in Pakistan Movement between 1930-47. played an immense role. Major events like Allahabad address, congress ministries of 1937-39, and Lahore Resolution of 1940 laid the base for homeland where Muslim majority unites and have the right of self-determination.