

Q.3

1) Introduction:

As of October 2025, Pakistan is in partnership with two of IMF programs namely Extended Fund Facility (EFF) and Resilient and Sustainability Fund (RSF). Core of these engagements for bail-outs is to stabilize Pakistan's Economy. Economy, shaken by deep structural flaws and Political instability, crippled in 2022-onwards to near zero growth rate of GDP and inflation of over 36.9% (MoF). Issues in Pakistan's Economy are related to foundational flaws in the structural system of Economy leading to fiscal, current account and Balance of Payment deficits as a whole. Path to stability is to retain financial consolidation and gradual increase in revenue mobilization and savings to investment share.

2) Current Status of Macroeconomic Figures:

Indicator	Value/Rates as of 2025
• GDP	2.5-2.7% for 2025 as 3%+ for 2026 (projected)

• Inflation	0.3% as of April (Ministry of Finance)
• Current Account	Overall Surplus (Due to Import Restriction)
• Tax-to-GDP	11-13% of GDP
Debt (Public)	Upto 60-70% of GDP
Interest Payments (Yearly)	60-65% of GDP

3) Current Economic Challenges (Structural Flaws):

Although political economy related issues persists, but deep-rooted structural flaws are the major hurdles which stop long-term stabilization goals of economy.

3.1) Lower Tax mobilization

Revenue (mostly by Tax) mobilization is merely 11-13% of GDP and is one of the lowest rate in the world. Major problems in this are the subsidized and out of taxing net sectors like Agriculture and Real-estate agencies. Their exclusion or subsidizing increase in the fiscal deficit.

3.2) Tax enforcers' (FBR)

Flaws in enforcement

Tax enforcement agency (FBR) lack necessary resources and transparency. Federal Board of Revenue (FBR), though has performed well, requires modernized and easy tax enforcing techniques for citizens which still lacked.

3.3) Evasion of Taxes

Tax evasion is the major issue. Those in the taxing net, apart from exemptions, evade the taxes. Techniques used for evasions are the registering company and showing sales less than the actual. Many companies avoid updating up-to-date Transactional Records which lessens the share of the government. Others even operate without registration showing flaw in enforcement of revenue mobilization.

3.4) Inefficient State-Owned Enterprises increase

the burden on Government

Government's investment and spending funds are majority consumed by the bail-outs for SOEs which have billions of rupees of Circular Debt. This inefficiency cost government annually, which exacerbates the situation of lessened government's spending on development-related projects.

3.5) Reliance on Imports for tax

Pakistan imports non-essential goods as well as essentials like (oil). Pakistan's economy heavily relies on the GST on the imports. When Pakistan tightens fiscal policy and restricts imports for stabilization, tax revenue shrinks.

3.6) Export dependence on Textiles and Rice which shows lack of Diversification

Pakistan's export is mainly Textiles and Rice accounting for 70% of exports. Lack of diversification in the exports makes Pakistan more vulnerable to climate-change effects, when crops yield reduces.

3.7) Reducing Savings and Subsequent Investments

Pakistan runs budget deficit annually, which ultimately translates into lowered savings and investment for development. This reduction in savings makes Pakistan vulnerable to reduced growth for longer-term.

4) Recommendations to Counter Structural Flaws & Achieve Stability

Pakistan is on track of stabilization under IMF: EFF & RSF. This stabilization is critical, but requires broader policy changes for translation to pro-longed developed and stability.

=> Short-term Policy Recommendations:

4.1) Sticking to IMF's Tax Reforms

IMF's tax reforms which focus on avoidance of tax subsidies and inclusions of sectors of Agriculture, real estates, and service-related sectors must be primary policy programs. Increased Tax revenue will reduce fiscal deficit gap.

4.2) Start of Targeted Privatization

Privatization must be initiated to privatize target SOEs which cause major hurdles to government's lack of spending. Privatization will reduce burden on the government's development spending and primary spending.

4.6) Increased Incentives for Business & FDI

In longer-term, incentives must be created for flow of dollars through FDI and exports. It can include both process of business setup and, technology and copyrights value.

4.7) Diversification of Exports

Pakistan should opt for diversification of exports. Inclusion of services, digital skills, and other high-demanding goods to diversified markets will reduce Balance of Payment crises with increase in export prices.

4.8) Savings to Investments Investments

Through these reforms, primary and secondary investment for health, education and climate resilient infrastructure will increase if savings are increased.

4.9) Privatization and Reform of State-Owned Enterprises

Structural reforms like gradual tariff increase in energy sector and reforming fundamental issues of SOEs will reduce burden on government.

4.6) Increased Incentives for Businesses & FDI

In longer-term, incentives must be created for flow of dollars through FDI and Business. It can include smooth process of business setup and, transparency and customer's value.

4.7) Diversification of Exports

Pakistan should opt for diversification of exports. Inclusion of services, digital skills, and other high-demanding goods to diversified markets will reduce Balance of Payment crises with increase Current Account Surplus.

4.8) Savings to Investments Increments

Through these reforms, primary and secondary investment for health, education and climate resilient infrastructure will increase if savings are increased.

4.9) Privatization and Reform of State-owned Enterprises

Structural reforms like gradual tariff increase in energy sector and reforming foundational basis of SOEs will reduce burden on government.

5. Conclusion:

Pakistan's economy is on track of macroeconomic stability, it can remain on track if weakened structure of economy is reformed through gradual policy changes. Tax reforms and enforcement for revenue mobilization will increase Tax-to-GDP ratio and will reduce budget deficit. Privatization and reforms in SOEs will reduce burden on government. Similarly, diversification of export base will reduce deficit in current account.

Q.4

1.) Introduction:

US withdrawal from Afghanistan and subsequent control of Taliban in 2021 has diverted supposed Pak - Afg relations. Pakistan was optimistic for greater security coordination and economic cooperation, but recent disengagement and increased cross-border terrorism has negatively influenced its relation with Afghanistan. India's interests in Afghanistan exacerbates the Pak Afg relations. Similarly, issues of Refugees also play its role in weakened ties which is evident in Oct-2025 conflict eruption.

2.) Pak - Afg Relations - Post 2021:

Post- US withdrawal from Afghanistan has reshaped Pak - Afg ties.

2.1) Initial Optimism

Pakistan was initially optimistic about Afghanistan relations due to congruency, shared security agendas, religion and culture, but optimism was diminished soon with issues like disengagement and terrorist attacks from ITTP.

2.2) Increased Cross-Border Terrorism weakens the potential ties

Pakistan accuses Kabul of harboring ~~Tahreek-e-Taliban (TTP)~~ of Pakistan, which has drastically increased its terrorist related activities and attacks since 2022.

2.3) Afghanistan's consideration of Terrorist Attacks as Islamabad's Internal issue exacerbates the ties

Afghanistan, on the other hand, continues to deny harboring and considers it as internal issue of Islamabad which weakens potential ties.

2.4) Hydro-political Issue, still limited, but will weaken ties more if unaddressed

Kabul River starts from Afghanistan and accounts for 15-17% of total Pakistan's water demand, specifically Khaibar Pakhtunkhwa (KPK). Afghanistan plans to build dams (i.e. Shaktost dam) which will reduce Pakistan's share and increase in scarcity to already water scarce country. This has significant effect on relations in future.

add proper source against your stats and also use markers for references....

3) Border Security Influence on Relation

3.1) Pakistan's Fencing for Security angers Afg which considers Durand - line as ineffective

Pakistan has significantly fenced 2200+ km border with Afghanistan to reduce terrorism from TTP. Afghanistan, on the other hand, considers durand line as ineffective and fencing as violation. These events worsens bilateral ties.

3.2) Afghanistan's Zero control of its border allows cross-border terrorism and refugee infiltration

Pakistan accuses Afghanistan for providing safe havens to TTP and provide no surveillance to border resulting in the infiltration of refugees and militia. Militancy revival in KPK is the target consequence of border security issue. Target killings of citizens and CPEC officials, bombs and Hijacks have resumed to increased level since 2022.

4) Refugee Issues and Its Influence on Pak-Afg Relations

4.1) Refugee Infiltration burdens Pakistan's Struggling Economy resulting in hardened stance on Afg Relations

As Afghanistan is accused of allowing refugees and militias inside Pakistan, struggling economy burdens, ~~exacerbates~~ already weakened ties.

4.2) Refugees' Instant Repatriation worsens the ties and increase negative-sentiments in Afghan government and its people.

Pakistan's response to repatriate Afghan's illegal refugees instantly ~~has~~ produced negative sentiments and possible setback to ties in Afghanistan. Kabul, although ready to accept refugees, has significantly increased disenchantment.

5) Regional Re-alignment

5.1) Pakistan's re-alignment toward US (which aspires to re-control its bases in Afg) influencing Pak-Afg ties in backward direction

Pakistan and US have reshaped

ties and economic partnerships in minerals has increased trust. This event has weakened ties and possible worsened situation as US aspires to acquire Bagram Air base inside Afghanistan.

5.2) India's Interest and infrastructure support to Afghanistan has increased speculations for Pakistan's two-sided threats

India's interest to realign with Afghanistan for infrastructure and broader strategic partnership, evident in October Kabul's delegation visit of 8-days to India, opens two-sided threats for Pakistan.

5.3) China's Interest to Expand CPEC Westward will be positively directed toward Strong Pak-Afg ties

China's wish to expand CPEC and include Afghanistan will reverse trajectory of Pak-Afg relations with incentives to reduce Terrorism for trade.

5.4) Russia's Recognition of Taliban government and Pak's inclination toward US weakens broader strategic ties

Russia-US rivalry - sanctions - and Pakistan's inclination to US and Afg to Russia broadly weakens possible strategic and security ties of both states.

add a few more arguments in this part.

end the answer with conclusion.

Q.5

1. Introduction:

Pak-US ties have seen many highs and lows. It was evident in the cycle of partnership of trust and mistrust pertaining to US accusations of Pakistan's soft stance towards Afghan Taliban. At a whole, US continued to relate ^{with} Pakistan for its bases to counter terrorism. Recently, government of Trump and Coalition in Pakistan has seen resurgence in trust between both. Trump's ~~and~~ government willingness to, economically, cooperate in mineral sector has increased incentives for Pakistan's struggling economy.

2. Changing Dynamics of Pak-US ties Amid Changes in Governments

2.1.) Trust-buildup after Governments Changing in both Countries

Trump's takeover in 2025 and subsequent events like luncheon of field Marshall of Pakistan and \$500 million deal of minerals with Frontier Workers Organization (FWO) has

shown increased trust between both countries.

2.2) Support on Counter-terrorism

US has acknowledged the will of Pakistan to counter terrorism. Trump's listing Baluch Liberation Army (BLA)'s Majeed Brigade as ~~terrorist~~ organization shows changing dynamics of trust and cooperation on counterterrorism.

2.3) Potential for Economic Partnership

US seeks to partner with Pakistan on minerals and ~~import~~ rare-earth minerals. It ~~poses~~ shows dynamic of Economic Partnership among both countries.

3) Transactional Cooperation Rather than Strategic Partnership

3.1) China over US for Strategic Partnership amid Regional interests

Relation is more of transactional nature as Pakistan relies on China and seeks to further increase strategic ties with China with CPEC 2.0

3.2) Pakistan's Policy of Diversification to reduce dependence

Pakistan seeks to reduce dependence on China and has diversified policy and seeks to engage with others. Diversification posits assertiveness in transactional nature of relations with US.

3.3) Economic Imperatives makes relations transactional for pure new market base

Market base of US is vast and economic need necessitates Pakistan to engage with US for new market. Modern and business support this decision as 90% of trade occurs in US dollars.

3.4) Mineral Cooperation rather than long-term defense ties, although limited strategic Partnership retains

US focus on minerals and Pakistan's willingness shows transactional nature of relations. It is the economic imperative which demands transactional relation for stability of Pakistan's economy as whole, rather than strategic partnership requirement.

3.5) US need of Minerals

From phones to Missiles
necessitates the partnership

US, under Trump, is willing to acquire rare-earth minerals to reduce its scarcity of minerals required for phones, chips and even missiles.

3.6) Pakistan's Commitment

to hedge between China & US
reduces possibility of prolonged
strategic inclination

Pakistan's foreign policy goals portray hedging between US and China which shows the lack of strategic reliance on US in longer term as Pakistan has decades long strategic partnership with China.

3.7) Crippled Economy of Pakistan demands

dollars for liquidity resulting
in transactional needs more
than strategic needs

Pakistan's economy demands such transactional nature of relation with incentives of trade, liquidity and FX reserves. Strategic needs are retained, but trader focus is on stability of economy rather than security.

4) Conclusion:

Pakistan and US ties are of transactional nature. Reasons include Pakistan's strategic reliance on China, Pakistan's economic needs and US willingness to cooperate in mineral sector. Although strategic and security cooperation on counter terrorism exists, but resurgence of trust is based on transactional intent.

Q.7

1. Introduction:

Pakistan has been grouped in V20 or top 20 vulnerable states to recent catastrophes of climate change. Reasons of inclusion are frequent floods, droughts and lack of climate resilient structure. Although Pakistan's environmental model is hazardous, but climate change recently has made Pakistan more vulnerable. Recent floods, due to Glacial lake outburst GLOFs and excessive rains in 2010 and 2022 respectively highlights the impacts of climate change.

2. Climate Change Impacts on Pakistan

2.1) Floods in 2010, 2013, 2022, 2025

Pakistan's frequently impact of floods is devastating infrastructure, lives, and property. Reasons are GLOFs and rain more than the average due to climate change.

2.2) Droughts (specifically Thar)

Thar drought has been persistent due to climate change mainly. In 2013, Thar people faced water scarcity for drinking water.

2.3) Heatwaves triggered by Climate Change

Continuous heatwaves particularly in Karachi and Islamabad due to emission of Greenhouse gases contribute to Global temperature rise and particularly Pakistan is vulnerable.

2.4) Increased threats of Cyclones & thunderstorms.

Thunderstorms are persistent in Islamabad, while Karachi faces threat of cyclones like Cyclone Bijaypur, 2022. These climate change impacts makes Pakistan vulnerable and lack of resilient infrastructure exacerbates the situation.

1st part of the answer is not properly addressed.

3) Strategies & Recommendations

Although Climate Change impact continues, but some strategies can be applied to reduce its impact.

3.1 > Building Climate Resilient Infrastructure

3.2 > Preparedness (Early Warning System) & Damage Construction

3.3 > Digitalization of Data for Forecasting the hazard

3.4 > Reforestation & Increased Awareness for Planting advantages

4) Conclusion:

Pakistan has become extremely vulnerable due to climate change because of lack of climate-resilient infrastructure and preparedness. Building sustainable infrastructure and improving preparedness can reduce impact of climate change.