

Q#3

## Issues Deep Rooted In Structural Flawed Economy

### Introduction:

The current economic challenges of Pakistan are deep rooted in structural flaws of its Economy. Structural flaws that have impeded the growth of Economy of Pakistan are its flawed tax mechanism, inefficient management of energy sectors, corruption, and other structural flaws. To take immediate and actionable measures are necessary to boost Pakistan's Economy.

### 1) Flawed Tax System.

The tax that contribute in revenue of the country is indirect tax. As per Economic Survey of Pakistan, During 2024-2025, indirect tax exceed the direct tax. These tax are collected through customs either poor or rich in same way. Income tax is directly

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from salaries of the employees which require no extra effort from ITR. Many of the houses are free from tax basket and there is no mechanism to investigate the number of properties an individual holds. Many of business class individuals avoid tax by registering minimum amount of property to evade tax.

## (II) Inefficient Management of Energy Sector.

Energy producing and distributing companies, including private and China owned companies are inefficiently managed. There are larger number of agreement of the state with these companies to purchase more number of energy. However demand of energy has been decreasing since solar panels come into awareness of the consumer use. This highlights myopic insight of state on the supply and demand forecasting. Besides this payment in dollars to these



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Companies further deteriorate the economy of Pakistan. As per economic survey of Pakistan more than ~~60%~~ of GDP has been used to pay loans to these companies =

## Import Oriented Economy

Pakistan is an import oriented economy. Pakistan exports ~~finished~~ raw material and import finished goods which are more costly than ~~exports~~ <sup>imports</sup>. This has created ~~financial~~ <sup>trade</sup> deficit which Pakistan is unable to overcome since years.

## Favouritism in Giving Subsidies and tax waived.

Pakistan's one of the fault is in giving subsidies and tax waived to wheel dealers like sugar mafias, which include political power ~~corridors~~. Giving subsidies and ~~tax waived~~ <sup>tax waived</sup> for these private sectors has impeded the economic growth of Pakistan.



## (IV) Inefficient management of Debt

Circular debt is one of the major flaw in the economy which has marginalized the economic growth of Pakistan. This circular debt has resulted from ill-managed subsidies and energy import agreements with GENCOs and DESCOs.

## (V) Ignorance of competitive Advantage

Agriculture is the backbone of the economy of Pakistan. However there is no special institute to regulate or manage this sector. There is no research and development to enhance this sector; especially after floods and extreme weather conditions.

## (VI) Non Sovereign Policy

Most of the decisions of Economy are formulated according to condition of IMF, which has

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largely ignored: the need of local industries and economic growth. Important decisions like interest rate and inflation. That public face are outcome of IMF conditionalities.

## Corruption At all level.

There is poor accountability mechanism to counter evil like corruption. Every year corruption is reported in every institution but state take no action to counter corruption.

## Policy measures

### (i) Maintaining efficient Tax collection mechanism.

Tax must be authorized to take action against the non filer and unregistered enterprises and other properties to collect or to increase tax base. Along with this strict penalty and compliance must be ensure to collect tax & accountability of the non filer and tax evaders.

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## (II) Special Agreement with Energy producing companies.

State must make special agreement to pay debt in Pkr instead of dollars and special discount on previously made agreement. State must ensure balance between supply and demand of energy in future agreements.

## (III) Special agreement to Export

Pakistan should make agreements to developed nations like EU and US to export its finished goods. Furthermore, agreement with China and other friendly countries to export more and low tariffs on import to manage fiscal deficit.

## (IV) Cutting of subsidies and tax waiver.

Many of the developed countries used minimum tax waiver and subsidies rather like OEC and Gulf States despite their CAPP



Growth is robust as compared to Pakistan. Pakistan must follow their model to manage inefficiencies in budget management.

## Elimination of Racketeering and Corruption.

SIFC must be authorized to counter racketeering and FBR to eliminate corruption. NAB must show proactive approach to counter this corruption at all levels with impartiality.

add a few more arguments in this part.....

## Conclusion.

Structural flaws are the main cause of stagnant economic growth by Pakistan. There are numerous structural issues at individual and institutional level. Proactive measures to counter economic ills are necessary to ensure economic prosperity in the country.



Q#4

## Trajectory of Pakistan Afghanistan Relation.

### Introduction.

Since withdrawal of US in 2021 the trajectory of Pakistan and Afghanistan relation is now in a new pattern. Initially who were considered as strategic ally and whose return in power ~~was~~ celebrated, now has become a security threat for Pakistan. These issues of threat include cross border terrorism, refugee crises and regional realignment has largely influenced the relation of both the countries.

### Analysis of Relation

#### (1) Initial Expectations/Hope of Cordial Relation.

The returning of Afghan Taliban was seen through 'positive' sense of similar ideology based on religion and historical ties during Russian invasion. Initially, Afghan

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Taliban regime was considered as regime of Islamic ideology. ~~1980s~~ Negotiations to ensure peace and security were initiated to maintain security of both the sites.

## II Forming Trade Relation.

Pakistan also contribute to include Afghanistan in its trade partner list. Project like ~~Tapi~~ Tapi pipeline initiated to join Central Asia, Afghanistan and Pakistan to create economic opportunities and progress in the region.

## III Durand Line disputes.

Cross border skirmishes initiated on disputed issue of ~~Durand~~ Durand line. Afghan Taliban regime signalled to not accept 80% agreement of Abdul Rehman with British govt to form agreement on Durand line.

## IV Techek Taliban Pakistan The terrorist



are hosted by Afghan regime. These terrorist group carried out numerous attacks in Balochistan and Khyber Pakhtunkhwa, while leaving safe haven in Afghanistan. The history of this terrorist group by Afghanistan depicts the relations of two countries.

## 2 Cross border Security.

### 1 Terrorist Attack on Security forces.

Terrorist attack and targeted numerous security forces and checkpoint at border. Pakistan urge Afghan Taliban to withdraw and take action against these terrorist.

### II Terrorist Attack on civilian and Infrastructure

Using porous border terrorist groups like TTP and Majlis Brigades targeted civilian in Khyber Pakhtunkhwa and

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infrastructure. This has further  
distracted the bilateral ties  
of the countries.

## (iii) ~~Terrorist Attack on~~ Chinese Officials.

Serious skirmishes arise when  
Afghanistan oriented terrorist  
group targeted Chinese civilians  
which also damage relation  
of Pak-China, which later become  
security oriented from economic  
relations. Pakistan take serious  
action against these terrorist  
groups while with Afghanistan  
to take action against these  
terrorists, raising conflict between  
the countries.

## (iv) ~~Hostile~~ Separatist group by Afghanistan

Separatist group like BLA, BLF  
use Afghanistan soil as  
launching pad to carry out  
terrorist attacks in Pakistan.  
These terrorist groups, according  
to DG ISPR, are funded by  
India, to challenge security  
and create chaos in the country.

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This has further deteriorated the relation of two countries. Attacks like Jaffer express and Khuzdar attacks are case in point of ~~unfunded~~ attacks which were planned in Afghanistan.

#### V Meeting between China, Pakistan And Afghanistan.

Pakistan foreign minister Daw, Chinese foreign minister meet with Afghan Taliban to discuss cross border security and offer Taliban to be part of Belt and road initiative through CPBC. This meeting signalled formation of economic ties with Afghanistan.

#### VI Attack on October 10, 2025

Pakistan retaliated with serious air strike on 11 October, when TTP attack on security forces of Pakistan and killed 14 security ~~46800~~ 46800. This attack further ~~damaged~~ damaged relation of both the countries.



3

## Refugee Issues.

### (I) Pakistan Welcomed Afghan Refugee Since 1979.

After Russian invasion of Afghanistan, a large bulge of refugee come into Pakistan to avoid Russian aggression and to live peacefully. Pakistan welcomed those refugees. Similarly War on Terror cause million of Afghans to move from Afghanistan to Pakistan. Those Afghans' refugee threat level and security in Pakistan. This created a soft corner for Pakistan in the heart of Afghan regime.

### (II) Pakistan Refugee Policy

When Pakistan faced numerous social and security issues, this force cause Pakistan to form its formal refugee policy. Pakistan expelled illegal refugees that were living in Pakistan according to new policy. This change the selection of

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of both countries.

#### 4 Regional Realignment.

##### (1) Enhancement of Bilateral Ties b/w Afghanistan and India.

India without formally recognizing Afghan regime allow to open a Liaison Embassy in New Delhi and cordial relations between the countries are evidenced largely. After 4 day war in May 2021 India recalibrated its foreign policy. The visit of Afghan foreign minister and joint statement by both countries in which Kashmir was called as part of India and statement against terrorism by calling it as internal issue further demonstrated the relations.

add more arguments.

#### Conclusion.

a 20 marks answer should have around 15 arguments and be on 7-9 pages.

The relations of Pakistan and Afghanistan are now in a new pattern from ideological

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Islamic brother to ally of  
Pakistan's arch rival India  
which has deteriorated the  
relations of the countries.



Q# 5

Introduction.

After return of Trump 2.0 as president of US and PML N in Afghanistan Pakistan's Relations between ~~Pakistan~~ and US is going to ~~positive direction~~. This relation ~~ship~~ is transactional rather than strategic. The relation between Pakistan and US is based on transactional bases. Which includes US moved deal with Pakistan, reduced tariff on Pakistan, calling of Pakistan as partner to counter terrorism and twice invitation to Pakistan by Trump administration. This relation bases are transactional. As this ~~is~~ followed by Trump's America first policy and economic benefits of Pakistan. Both countries can gain benefits from each other for short term. For the second part their interest are shortly converged.



US deal with Pakistan for minerals in which both countries gain benefits. Pakistan provide its mineral to improve its resources.

### (iii) Reduced Tariffs

Pakistan successfully negotiated  
WTO Jump arrangements for  
reduced tariff of 19%. However  
this deal came on Jump's  
terms. In this deal Pakistan also  
scolised 14% import duties of  
US IT imports. Therefore this  
this deal is a form of  
transactional not strategic

(iii) Alignment with Pakistan's Narrative

US aligned with Pakistan  
narrative to <sup>the</sup> incubated the  
the ceasefire. In order to  
challenge ~~India's~~ growing  
ties with ~~China~~. To show  
India that US. has alternatives



No. it, it is not only dependent on India for its Asia's policy

## IV Betrayal in Name of SEATO CENTO

Pakistan had historically betrayed by US as a strategic partner. In 1965, while Pakistan was member of SEATO CENTO Pact, US provide no help to Pakistan to counter Indian aggression. Likewise, in 1971, when India intervened US was not there to help Pakistan despite its strategic partner. Therefore US can only proved to be good transactional partner not strategic. Pakistan right now has China as its strategic partner through CPEC, defense and a country who took veto for Pakistan. —

## Conclusion.

US - Pakistan relation at C on the way to prosperity However this relation is transactional



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based on convergence of interest  
of both countries from history it  
is proved that US is  
not ~~strategic~~ partner, while  
Pakistan has chosen as its  
strategic partner.

04