



NATIONAL INSTITUTE OF PUBLIC POLICY

OVERVIEW

During the week under review albeit Pakistan remained embroiled in the perennial and persistent problems like economic debility, political instability, terrorism in some parts of the country etc., it demonstrated resilience and improvement in certain key sectors which speak volumes of the Government’s will and zeal to overcome the nettling issues through deliberate and sustained endeavours. The good news like fall of inflation to single digit after 34 months, a decrease in petrol prices and subsidized electricity in Punjab have ignited some hope in the optimism-starved people of Pakistan. There is a general impression that the downward spiral has been halted and the struggle to get out of quagmire is beginning to bear fruit.

This issue of Policy Pulse has encapsulated the ongoing topics like Balochistan imbroglio, traders’ ruckus, reemergence of Polio cases, international backlash of extremism, and benefits of renewable energy. A brief analysis of these issues and carefully crafted recommendations can be force-multipliers in the state’s efforts to resolve the problems. These challenges need to be handled in deliberate, planned and sustained manner. All the concerned departments and stakeholders ought to operate in unison to achieve the desired results.

Inside This Issue	
✚ Aftermath of Killing in Balochistan	2
✚ Traders’ Strike	3
✚ TLP Chief in Dutch Court	4
✚ Renewable Energy	4
✚ Polio Persists	6

This Week at a Glance

Persisting Issues	This Week’s issues	This Week’s Positive Signs
1. Low intensity insurgency and terrorism in KP and Balochistan 2. IMF delays and dilly-dallying causing concerns 3. Rising energy prices major cause of consternation	1. Balochistan Imbroglio 2. Retailers’ Retaliation 3. Floods in Northern Balochistan	1. Reduction in petrol prices 2. Reduction in CPI Inflation 3. Reforms in Punjab

Aftermath of Killing Incident in Balochistan

The reverberations of the cold-blooded killing of 23 travelers in Musakhel were felt across Pakistan. The victims belonged to Punjab and were shot from point blank range by the terrorists after confirming their identity. BLA is responsible for this gruesome act.

On the same day, which was death anniversary of Nawab Akbar Bugti, a couple of other terrorist activities also took place in Balochistan.



Analysis

Balochistan is in the grip of terrorism and low-intensity insurgency. It has intensified during the last few years. Outlawed Balochistan Liberation Army (BLA) and other small insurgent groups are responsible for attacks in Turbat, Gwadar, Quetta and Karachi as well. According to a report at least 170 militant attacks occurred killing 151 civilians and 114 security personnel in Balochistan last year. There are reports of BLA's complicity with Tehreek-e-Taliban Pakistan (TTP) which has further enhanced the challenges of security in Balochistan. Security forces and intelligence agencies are grappling with these elements but have not been able to subdue the miscreants to the hilt. COAS Gen Asim Munir has vowed to eradicate terrorism from the country (6 Sept). PM Shehbaz Sharif also stated that no campaign to weaken the state will be tolerated.

People are upset and perplexed over the streak of ugly terrorist incidents in Balochistan. All measures, political and security, ought to be taken to arrest the terrorist activities and address the genuine grievances of the people of Balochistan.

Earlier the CM Balochistan ensured to hold investigation of the incident and to constitute a provincial committee that will also include members from all political parties as well as from tribal leadership. The suggestions and recommendations of these parties will help devise a workable plan to bridle such incidents in future.

Way Forward

- Intelligence agencies ought to play a more active role to preempt the attacks. There is a need to have greater connectivity between the intelligence agencies and law enforcement agencies.
- Provincial government and its concerned departments should be at the forefront to tackle militancy and ensure peace in the province.
- CPEC projects and Chinese as well as local workers must be protected at all costs.
- The nefarious designs of BLA to create ethnic dissensions by killing Punjabi workers should be foiled through effective security measures.
- The constitution of provincial committee will be a strategic step to discuss and solve Balochistan's security and law enforcement problems.

Traders' Strike

Despite ongoing protests, strikes, and resistance from traders, tax officials remained resolute in implementing the Tajir Dost Scheme (Trader-Friendly Scheme) to bring the wholesale and retail sectors into the tax net.

Meanwhile, traders successfully held a nationwide strike earlier this week and were planning to escalate their protest with a three-day strike, potentially leading to an indefinite shutdown if their demands are not addressed. Nevertheless, after talks with tax authorities



Analysis

The situation has reached a critical point, with the country's tax-to-GDP ratio still hovering below 8.5%. The wholesale and retail sectors, which make up about 20% of the economy, largely operate outside the tax system, placing an increasing burden on the salaried class and other sectors. The FBR estimates that only 5pc of the 3.5 million traders — including 20pc wholesalers and 80pc retailers — currently file tax returns. If implemented, the Tajir Dost Scheme could generate Rs250 billion to Rs300 billion in revenue.

The traders argue that their proposals offer a more effective approach to broadening the country's tax base. The tax authorities, however, remain unfazed by the traders' tactics. The complexity of tax filing is often a major deterrent for small traders and retailers.

Way Forward

- Simplifying the process, perhaps through digital platforms, user-friendly mobile applications, or one-stop service centers, can encourage more traders to participate in the system.
- Providing tax filing assistance and education could further improve compliance rates.
- A tiered tax system for traders based on their revenue size can reduce the burden on low-revenue traders while ensuring larger businesses pay a proportionate share of taxes.
- To ensure that the Tajir Dost Scheme is effective, the government needs to enhance enforcement mechanisms.
- The FBR should conduct awareness campaigns, highlighting how tax revenues support national infrastructure, healthcare, education, and other critical services, helping traders see their contributions as vital for the country's progress.
- Building a transparent, efficient, and accountable tax administration, where traders feel their taxes are being used effectively, can improve trust and increase willingness to pay.
- Partnering with trader associations and chambers of commerce could help facilitate fruitful dialogue between the government and traders.

Extremism

TLP, TYLP Chiefs Tried by Dutch Court

Tehreek-i-Labbaik Pakistan (TLP) Chief Hafiz Saad Hussain Rizvi and the leader of its breakaway faction, Tehreek-i-Labbaik Ya Rasool Allah, Dr. Muhammad Ashraf Jalali, were tried in absentia at a high-security court in the Netherlands for allegedly inciting the murder of far-right, anti-Islam Dutch politician Geert Wilders.

Dutch prosecutors have charged Ashraf Jalali with urging his followers to kill Wilders, offering them the promise of “rewards in the afterlife.” Saad is accused of encouraging his supporters to murder Wilders after Pakistani cricketer Khalid Latif was sentenced for inciting violence against the Dutch leader.



Analysis

These groups have been resorting to violent extremism in Pakistan for many years. They have not only polluted the minds of the public and exploited their religious sentiments but also destabilized the successive governments. Their hate speeches and unwarranted fatwas have created stir outside Pakistan too. International media highlighted this news that has portrayed Pakistan in a bad light globally.

Way Forward

- Stringent measures should be taken to curb extremism and hate speeches.
- Anti-terrorism Act 1997 should be amended to enable it to take legal actions against the elements that undermine national image internationally.
- Multi-pronged strategy should be devised to curtail extremist tendencies in the society.

Environment

Renewable Energy can Save the Planet

Climate change has become a global concern over the years. Pakistan is one the countries which are most vulnerable to climate change. Energy producing sources are heavily linked with changes in climate. At present, most of energy is produced through fossil fuel, coal, oil and gas. Increasing carbon emission hurts atmosphere to a level which causes unusual weather patterns resulting in floods, draughts, and extreme weather conditions.



Analysis

SBP is putting efforts to create an enabling environment where SME finance can grow enabling SMEs to thrive and contribute to sustainable economic growth. As part of its Vision 2028, the SBP aims to double SME financing to Rs 1,100 billion over the next five years, with Rs 100 billion to be added to the SMEs' outstanding portfolio by the end of June 2025.

In Pakistan, there is growing trend of using solar panels as energy producing source. Wind and solar power projects, that for so long needed state backing, can now provide electricity to wholesale markets on lower costs that they are competing fossil fuels. However, adoption of cleaner energy sources is slow due to certain reasons. Though, several options available, for example, in vehicles hybrid cars and electric bikes have been introduced in the country, still there are few users of these vehicles. Embracing such innovations wholeheartedly is key to mitigating the climate crisis and ensuring a livable country for future generations.

Way Forward

- The use of cleaner alternate energy sources should be promoted.
- Renewable energy should be adopted for commercial uses. Businessmen appear to be inclined to use solar panels for business purposes which is a good sign.
- Clean energy sources should be available to public on cheaper rates for sake of affordability.
- Collective adoption of cleaner energy can have mitigating impacts on climate change and natural distress.

Health

Polio Persists

A poliovirus case has been reported in the federal capital for the first time in 16 years, bringing the total number of cases this year to 17. The victim, an eight-year-old boy, is the city's first case since 2008. Environmental samples from Islamabad and Rawalpindi district have tested positive for WPV1 since June, highlighting the "persistent threat of polio to children's health."



In addition to these confirmed wild poliovirus (WPV1) cases — reported across all four provinces — the virus has been detected in environmental samples from 64 districts, signaling the presence of WPV1 in those areas.

Analysis

Pakistan is one of three remaining polio-endemic countries in the world, along with Afghanistan and Nigeria. However, since the launch of the Pakistan’s Polio Eradication Programme in 1994, there has been a massive decline in polio cases in Pakistan from approximately 20,000 every year in the early 1990s to only eight cases in 2018. But the reappearance of a poliovirus case in Islamabad after 16 years is a concerning development. The threat of polio continues to pose a significant risk to children's health in Pakistan. The detection of the virus in environmental samples highlights that it is circulating silently, particularly in vulnerable areas.

Several factors contribute to this resurgence, including gaps in immunization coverage, poor sanitation, refugees from Afghanistan and possibly insufficient public awareness. Islamabad's first case since 2008 indicates that even regions perceived as relatively safe are at risk, which underscores the importance of sustained efforts to eradicate the virus. Pakistan must reach the finish line of zero polio cases.

Way Forward

- Review National Emergency Action Plan of the Pakistan Polio Eradication Programme (NEAP) and implement it in letter and spirit to achieve the target of Zero polio cases
- Immediate and targeted vaccination campaigns should be conducted in the districts where WPV1 has been detected.
- Special attention should be given to vulnerable populations, including internally displaced persons and communities with low vaccination rates.
- Greater coordination Afghanistan to synchronize aspects of programme operations and management.

Editorial Team

Dr. Naveed Elahi
Faryal Maaz
Naeema Naeem

