



Weekly



POLICY PULSE

NATIONAL INSTITUTE
OF PUBLIC POLICY

Vol. 7 Issue No. 95
22 - 28 June 2026



CONTENTS

Overview

Governance

Master plan revision remains stalled as Islamabad grows rapidly

Punjab okays overhaul of private housing schemes rules

FY25 audit finds Rs25bn irregularities, data deficiencies in BISP

Anti-terrorism court sentences Baloch activists in Gwadar rally case

Pemra suspends Geo News for 15 days over Muharram broadcast

Supreme Court cautions courts on property disputes amid soaring prices

Socio-Economic Issues

NA panel okays special excise duty on EVs, luxury SUVs

Govt, industry agree on stable petroleum pricing formula

Maryam decides to install cameras to curb tax evasion

Pakistan's Iran mediation may open economic opportunities

KEY SECTIONS SUMMARY



GOVERNANCE

Urban Governance & Accountability

SOCIO-ECONOMIC ISSUES



Fiscal & Energy Policy

INTERNATIONAL AFFAIRS



Diplomatic & Technological Leverage

POLICY NUGGETS



Economic Transition & Sectoral Reform

International Affairs

China joins India, Iran as key security officials gather at BRICS

Unloved Starmer quits as UK PM after just two years

China tops world's fastest supercomputer ranking

Trump, Iran trade claims over nuclear inspections

Pakistan-backed UN resolution seeks accountability for attacks on peacekeepers

EU faces criticism over plans to host Taliban in Brussels

Policy Nuggets



OVERVIEW

This week's *Policy Pulse* highlights developments across governance, economic management, international engagement, and global security, reflecting Pakistan's efforts to strengthen institutional effectiveness while navigating fiscal pressures and a rapidly evolving geopolitical environment. The central theme is resilience—balancing governance reforms, economic stability, and proactive diplomacy to address domestic challenges and external uncertainties.

In governance, the conviction of individuals involved in violent unrest in Balochistan reaffirmed the state's focus on law enforcement while raising concerns over due process. A special excise duty on luxury vehicles and imported EVs reflected continued revenue mobilisation under IMF-backed reforms. Meanwhile, a stable petroleum pricing formula and Punjab's use of surveillance cameras to curb tax evasion signalled efforts to improve energy market stability and tax compliance.

Socio-economic developments centred on economic reform and investment. Pakistan's facilitation of US-Iran dialogue created opportunities to expand trade, investment, and technology partnerships with Iran, Gulf states, and Türkiye. However, weak exports, a narrow tax base, high public debt, and continued IMF dependence continue to constrain sustainable economic gains.

Internationally, geopolitical competition and diplomacy dominated. BRICS security consultations reflected stronger regional cooperation, while the UK's political transition highlighted governance challenges. China's leadership in super-computing underscored intensifying technological competition, and uncertainty over US-Iran nuclear negotiations reinforced Middle East instability. Pakistan's UN-backed peacekeeper resolution enhanced its diplomatic standing, while debate over EU engagement with the Taliban highlighted tensions between migration, regional security, and human rights.

The policy nuggets reinforce priorities of state-owned enterprise reform, energy market stability, human capital investment, export diversification, digital governance, labour migration, regional security, and balanced diplomacy. Overall, the week underscores the importance of institutional reform, economic competitiveness, and strategic diplomacy in advancing Pakistan's long-term resilience amid evolving domestic and international challenges.



The central theme is resilience—balancing governance reforms, economic stability, and proactive diplomacy to address domestic challenges and external uncertainties.

GOVERNANCE

Master plan revision remains stalled as Islamabad grows rapidly



The revision of Islamabad's master plan has remained delayed for decades despite rapid urban expansion and repeated amendments. The outdated planning framework has contributed to unregulated development, housing issues, environmental degradation, and increasing pressure on urban infrastructure.

Analysis:

The prolonged delay in revising the master plan highlights institutional inefficiency and weak urban governance. Without a comprehensive and evidence-based planning framework, Islamabad's sustainable growth, environmental protection, and infrastructure management will remain at risk.

Way Forward:

- Notify the Master Plan Commission immediately and complete a comprehensive revision of the master plan.
- Strengthen land-use regulation and enforce planning laws, particularly in Zone III and other vulnerable areas.
- Adopt integrated, climate-resilient urban planning that aligns housing, infrastructure, water management, and environmental conservation.

Punjab okays overhaul of private housing schemes rules



The Punjab government has approved major amendments to the Punjab Private Housing Schemes Rules, 2022, introducing digital approvals, stricter planning standards, stronger buyer protections, and enhanced environmental requirements. The reforms aim to improve transparency and regulate private housing development across the province.

Analysis:

The reforms represent a significant step toward strengthening urban governance by addressing weak regulation, unplanned development, and consumer protection gaps. Their success, however, will depend on effective implementation, enforcement, and coordination among regulatory agencies.

Way Forward:

- Ensure strict enforcement of the revised rules through regular inspections and digital monitoring.
- Strengthen coordination among housing, environmental, and utility agencies to expedite approvals and compliance.
- Build regulatory capacity and raise public awareness to ensure developers and buyers understand and comply with the new framework.

GOVERNANCE

FY25 audit finds Rs25bn irregularities, data deficiencies in BISP



The FY2024–25 audit of BISP identified over Rs25 billion in irregular payments caused by weak data verification, system flaws, and poor beneficiary profiling. The audit found that government employees, vehicle owners, duplicate beneficiaries, and ineligible recipients received financial assistance due to deficiencies in the BISP Management Information System.

Analysis:

The findings expose significant governance and institutional weaknesses in Pakistan's largest social protection programme, highlighting inadequate data integration and oversight. Strengthening digital verification, inter-agency coordination, and accountability is essential to safeguard public funds and ensure benefits reach eligible households.

Way Forward:

- Integrate BISP databases with NADRA, FBR, PBM, and other government agencies for real-time beneficiary verification and automatic eligibility checks.
- Conduct periodic independent audits and field verification while recovering funds from ineligible beneficiaries and enforcing accountability for administrative lapses.
- Upgrade the BISP Management Information System with automated fraud detection, stronger data validation, and continuous monitoring to prevent duplicate and irregular payments.

Anti-terrorism court sentences Baloch activists in Gwadar rally case



An anti-terrorism court sentenced Baloch Yakjehti Committee leaders Mahrang Baloch and Sibghatullah Shah to life imprisonment in a case linked to the death of a paramilitary soldier during a 2024 rally in Gwadar. The defendants denied the charges and said they would appeal the verdict. The case has drawn attention because of its connection to protest politics, public order, and state authority in Balochistan.

Analysis:

The verdict reflects the state's firm approach toward unrest and violence linked to protest movements in Balochistan. However, it also raises governance concerns around due process, political dissent, public trust, and the need to distinguish peaceful mobilisation from criminal violence.

Way Forward:

- Ensure transparent appellate proceedings to strengthen confidence in the judicial process.
- Protect peaceful protest rights while enforcing accountability for proven acts of violence.
- Address local grievances in Balochistan through political dialogue, development, and credible institutional engagement.

GOVERNANCE

Pemra suspends Geo News for 15 days over Muharram broadcast



Pakistan's media regulator suspended Geo News for 15 days after the channel aired content during a Muharram programme that authorities said could offend religious sentiments, disturb public order, and harm religious harmony. Geo News apologised and said the material was broadcast mistakenly and did not reflect its editorial position.

Analysis:

The decision highlights the sensitive relationship between media regulation, religious content, public order, and freedom of expression in Pakistan. While responsible editorial oversight is necessary, regulatory action must remain transparent and proportionate to avoid deepening concerns over press freedom and arbitrary media control.

Way Forward:

- Strengthen internal editorial review mechanisms for sensitive religious and sectarian content.
- Ensure Pemra decisions follow transparent procedures, clear legal standards, and timely appeal mechanisms.
- Promote media ethics training to balance public responsibility, religious sensitivity, and press freedom.

Supreme Court cautions courts on property disputes amid soaring prices



The Supreme Court cautioned lower courts to consider current economic realities while deciding property disputes, especially as real estate prices now rise rapidly. The court ruled that a buyer who failed to pay the remaining sale amount within the agreed deadline could not later seek enforcement of the property agreement. The verdict upheld the Lahore High Court's decision dismissing the purchaser's suit.

Analysis:

The ruling strengthens clarity in property transactions by discouraging delayed payments, speculative claims, and attempts to enforce agreements after missing contractual deadlines. It also shows that courts must consider changing market realities, especially where rising property prices can unfairly benefit one party and create uncertainty for buyers, sellers, and investors.

Way Forward:

- Ensure lower courts apply clear standards of readiness, willingness, and timely payment in property agreement disputes.
- Promote written, time-bound, and digitally registered property contracts to reduce ambiguity and litigation.
- Strengthen real estate dispute resolution mechanisms to protect genuine buyers and sellers while discouraging speculative claims.

SOCIO-ECONOMIC ISSUES

N A panel okays special excise duty on EVs, luxury SUVs



The NA Finance Committee approved a special excise duty on imported electric vehicles and luxury SUVs, with higher taxes on EVs above \$75,000 and high-engine-capacity vehicles. The measures are part of the Finance Bill 2026-27 to help the FBR achieve its ambitious revenue target.

Analysis:

The policy reflects the government's focus on revenue generation under IMF-linked fiscal commitments, but it may make premium EVs and luxury vehicles significantly more expensive. It also raises concerns within the auto industry about reduced policy support for long-term EV adoption and local manufacturing.

Way Forward:

- Maintain lower taxes on affordable EVs to encourage clean transport adoption.
- Provide incentives for local EV and auto-parts manufacturing.
- Ensure tax reforms balance revenue needs with industrial growth and environmental goals.

G ovt, industry agree on stable petroleum pricing formula



The government and petroleum industry have agreed to maintain a stable petroleum pricing formula to avoid frequent policy changes that have caused significant financial losses for oil companies. Industry representatives warned that recent pricing revisions could result in losses of around Rs104 billion and threaten the sustainability of the downstream petroleum sector.

Analysis:

The agreement reflects the need for predictable energy pricing to ensure market stability and protect the financial viability of refineries and oil marketing companies. Frequent pricing adjustments can undermine investor confidence, disrupt fuel supply, and weaken the energy sector's resilience.

Way Forward:

- Establish a transparent and predictable petroleum pricing mechanism with regular stakeholder consultations.
- Introduce phased policy changes to minimise financial shocks for refineries and oil marketing companies.
- Strengthen strategic fuel reserves and support downstream sector reforms to enhance Pakistan's long-term energy security.

SOCIO-ECONOMIC ISSUES

Maryam decides to install cameras to curb tax evasion



The Punjab government has decided to install surveillance cameras at marriage halls, farmhouses, and major food chains to monitor business transactions, curb tax evasion, and improve revenue collection. The initiative also includes promoting digital payments and taking strict action against businesses issuing fake receipts or concealing sales.

Analysis:

The measures aim to strengthen tax compliance, enhance economic documentation, and increase provincial revenues by reducing the informal cash economy. However, effective implementation, transparency, and safeguards for data privacy will be essential to ensure public trust and business compliance.

Way Forward:

- Expand digital payment infrastructure and incentivise businesses to adopt cashless transactions.
- Integrate surveillance with digital invoicing and real-time tax reporting to improve transparency.
- Ensure strong legal oversight and data protection measures to balance tax enforcement with privacy rights.

Pakistan's Iran mediation may open economic opportunities



Reuters reported that Pakistan's role in facilitating Iran-US diplomacy has created an opportunity to convert diplomatic goodwill into economic gains. Analysts highlighted possible benefits through improved trade ties with Iran, Gulf states, and Türkiye, along with opportunities in exports, technology partnerships, and green investment. However, they cautioned that Pakistan's weak exports, narrow tax base, high debt, and IMF dependence could limit the impact of these gains.

Analysis:

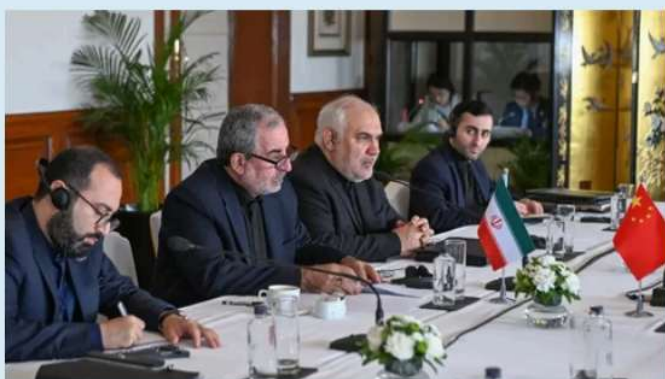
The development links diplomacy directly with economic policy, showing how Pakistan can use regional mediation to attract trade and investment opportunities. Yet without domestic reforms, diplomatic visibility may not translate into lasting economic gains or improved competitiveness.

Way Forward:

- Use diplomatic goodwill to expand trade and investment discussions with Iran, Gulf states, Türkiye, and European partners.
- Prioritise export competitiveness, tax reform, and ease of doing business to convert foreign interest into real inflows.
- Develop sector-specific investment pipelines in energy, technology, logistics, and green industries.

INTERNATIONAL AFFAIRS

China joins India, Iran as key security officials gather at BRICS



Senior security officials from BRICS countries met in New Delhi to discuss regional security, emerging threats, and new technologies. India, Iran, and China also held bilateral meetings focusing on the Middle East situation, strategic cooperation, and regional stability.

Analysis:

The meeting underscores BRICS' growing role as a platform for strategic dialogue on global security issues. It also reflects the strengthening of China-Iran ties and India's efforts to maintain balanced relations amid shifting geopolitical dynamics and regional conflicts.

Way Forward:

- Deepen strategic engagement with BRICS members, particularly China and Russia, to strengthen regional security cooperation and diplomatic outreach.
- Pursue a balanced foreign policy that supports dialogue, de-escalation, and peaceful resolution of Middle East conflicts while safeguarding Pakistan's energy and economic interests.
- Enhance regional intelligence-sharing and preparedness against emerging security threats, including cyber, technological, and transnational challenges.

Unloved Starmer quits as UK PM after just two years



UK Prime Minister Keir Starmer announced his resignation after losing the confidence of the Labour Party, paving the way for Andy Burnham to likely become Britain's next prime minister. The leadership transition comes amid public dissatisfaction, economic challenges, and declining support for the Labour government.

Analysis:

Starmer's resignation reflects the growing political costs of failing to meet public expectations on economic performance and governance. The leadership change may reshape the UK's domestic and foreign policy priorities, although the incoming government will continue to face significant fiscal and political constraints.

Way Forward:

- Engage proactively with the incoming UK leadership to strengthen bilateral cooperation in trade, investment, education, and climate resilience.
- Maintain continuity in diplomatic engagement regardless of political transitions to safeguard Pakistan's strategic and economic interests in the UK.
- Expand collaboration with the UK on counterterrorism, diaspora engagement, and parliamentary exchanges to reinforce long-term bilateral relations.

INTERNATIONAL AFFAIRS

C hina tops world's fastest supercomputer ranking



China's LineShine has become the world's fastest supercomputer, ending nearly a decade of US leadership in the TOP500 rankings. Built entirely with Chinese-designed processors, the system highlights China's growing self-reliance and leadership in advanced computing technologies.

Analysis:

China's achievement marks a significant shift in the global technological landscape, demonstrating its progress in indigenous semiconductor and high-performance computing capabilities. The development is likely to intensify technological competition and strengthen China's position in AI, scientific research, and strategic industries.

Way Forward:

- Expand cooperation with China in high-performance computing, AI research, and digital infrastructure under bilateral technology initiatives.
- Increase public and private investment in semiconductor research, supercomputing facilities, and advanced STEM education.
- Develop a national strategy for emerging technologies to strengthen Pakistan's innovation ecosystem and digital competitiveness.

T rump, Iran trade claims over nuclear inspections



The United States and Iran have issued conflicting statements over Tehran's willingness to permit international nuclear inspections following recent negotiations mediated by Qatar and Pakistan. Meanwhile, US Secretary of State Marco Rubio is consulting Gulf allies on the proposed agreement amid regional concerns over its security implications.

Analysis:

The contradictory narratives highlight persistent mistrust between Washington and Tehran despite ongoing diplomatic engagement. Uncertainty over nuclear inspections and the agreement's broader regional implications continues to pose challenges to Middle East stability and the global non-proliferation regime.

Way Forward:

- Continue supporting diplomatic dialogue and confidence-building measures to facilitate peaceful resolution of nuclear disputes.
- Maintain a balanced foreign policy by engaging constructively with Iran, Gulf states, and the United States while safeguarding Pakistan's regional and economic interests.
- Strengthen coordination with regional partners to ensure stability in the Gulf, protect energy supply routes, and support international non-proliferation efforts.

INTERNATIONAL AFFAIRS

Pakistan-backed UN resolution seeks accountability for attacks on peacekeepers



The UN Security Council unanimously adopted a resolution drafted by Denmark and Pakistan to strengthen accountability for attacks on UN peacekeepers. Co-sponsored by 152 countries, the resolution urges host states to investigate and prosecute crimes against UN personnel, calls for stronger cooperation in investigations, and asks the UN Secretary-General to appoint a senior focal point to coordinate accountability efforts.

Analysis:

The resolution strengthens Pakistan's diplomatic profile at the UN and reflects its long-standing role as a major contributor to peacekeeping operations. It also highlights the growing risks faced by peacekeepers in conflict zones where prosecution rates remain low and accountability mechanisms are weak. For Pakistan, this provides an opportunity to link its peacekeeping legacy with broader advocacy for international law, civilian protection, and multilateral security cooperation.

Way Forward:

- Continue leading diplomatic efforts at the UN to strengthen accountability for attacks on peacekeepers.
- Support capacity-building for host states to investigate and prosecute crimes against UN personnel.
- Use Pakistan's peacekeeping experience to promote stronger protection standards in UN missions.

EU faces criticism over plans to host Taliban in Brussels



The European Union faced criticism over plans to host a Taliban delegation in Brussels for discussions linked to consular services and the deportation of Afghan migrants. Human rights groups and members of the European Parliament warned that such engagement could normalise Taliban rule despite continuing concerns over women's rights, political repression, and the treatment of deportees.

Analysis:

The development reflects the growing tension in Western policy between human rights commitments and domestic pressure to manage migration. For Pakistan, the issue is relevant because any shift in international engagement with the Taliban can affect Afghanistan's political legitimacy, regional security, refugee movements, and border stability. It also highlights the need for neighbouring states to remain engaged in Afghan affairs while avoiding policies that ignore human rights and humanitarian risks.

Way Forward:

- Support a coordinated regional approach on Afghanistan that balances security, migration, and humanitarian concerns.
- Engage with the EU and international partners to ensure refugee return policies remain safe, voluntary, and rights-compliant.
- Continue diplomatic pressure on Afghan authorities to improve governance, protect basic rights, and prevent cross-border instability.

POLICY NUGGETS

1 PIA set for transfer to new owners this month.

Impact: Reduces the government's financial burden, improves operational efficiency, and signals progress on broader state-owned enterprise reforms.

Recommendation: Ensure a transparent transition process with strong regulatory oversight to protect service quality, competition, and public interest.

"Privatization is not an end in itself; it is a means to improve efficiency and accountability." – Joseph Stiglitz

4 Pakistan's mango exports decline amid Middle East disruptions.

Impact: Threatens foreign exchange earnings and exposes the vulnerability of export sectors to geopolitical shocks.

Recommendation: Diversify export markets and strengthen cold-chain logistics to improve resilience against regional disruptions.

"Trade is a source of growth, opportunity, and resilience." – Ngozi Okonjo-Iweala

7 Pakistan, Iran Pledge Stronger Security Cooperation

Impact: Enhanced security cooperation could strengthen border stability and curb cross-border militancy.

Recommendation: Institutionalise intelligence-sharing and coordinated border management mechanisms.

"Safety from external danger is the most powerful director of national conduct."
– Alexander Hamilton

2 Oil industry protests fuel price cuts, seeks release of pending claims.

Impact: Highlights financial stress in the energy sector affecting fuel supply stability and private investment.

Recommendation: Establish a transparent and predictable fuel pricing and claims-settlement mechanism to strengthen investor confidence and ensure energy sector sustainability.

"Predictability and stability are essential ingredients for economic growth." – Christine Lagarde

5 PM forms committee to review controversial telecom bill.

Impact: Balances digital regulation, innovation, investment, and citizens' rights in Pakistan's growing digital economy.

Recommendation: Conduct broad stakeholder consultations to ensure the final framework promotes both accountability and digital sector growth.

"Good regulation protects citizens without stifling innovation." – Margrethe Vestager

8 PM Optimistic as US and Iran Continue Dialogue

Impact: Continued dialogue reduces immediate escalation risks and supports regional stability.

Recommendation: Sustain impartial diplomacy to reinforce confidence-building and peaceful negotiation.

"Peace cannot be kept by force; it can only be achieved by understanding."
– Albert Einstein

3 Centre and provinces allocate Rs3.52 trillion for health and education.

Impact: Strengthens healthcare delivery, improves educational outcomes, and supports long-term economic growth.

Recommendation: Focus on quality improvements, learning outcomes, and primary healthcare access alongside increased spending.

"The foundation of every state is the education of its youth." – Diogenes

6 50,000 Pakistanis secure UAE jobs in first five months of 2026.

Impact: Rising overseas employment boosts remittance inflows and provides income opportunities, helping ease domestic labour market pressures.

Recommendation: Expand skills certification programmes and strengthen worker protection mechanisms to maximise the benefits of labour migration.

"Migration, when governed well, can be a powerful driver of development." – António Guterres

9 Pakistan Links Iran Trade Expansion to Sanctions Relief

Impact: Sanctions remain a major constraint on expanding bilateral trade and regional connectivity.

Recommendation: Prepare trade facilitation frameworks for timely implementation following sanctions relief.

"Trade barriers constitute isolation; isolation gives rise to hatred, hatred to war, and war to invasion."
– Frédéric Bastiat



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