

## Energy Crisis is a Constraint to Economic Progress of Pakistan:

### 1. Introduction:

- Energy is like oxygen to modern economies and any deficit in it has an adverse effect on a developing country.
- Pakistan, being a developing country, needs uninterrupted energy supply to progress at a good pace.

### 2. Definition of Energy Crisis:

- Increase in demand of energy - electricity, gas and oil, and decrease in supply.

### 3. Brief <sup>History</sup> ~~origin~~ of The origin of Energy Crisis in Pakistan:

- Energy crisis started in 2007 and has been prevailing in worse form even today.
- Pakistan has lost over a trillion of Rupees b/c of the energy crisis b/w 2007-2014.

### 4. Effects of Energy Crisis on Economic growth of Pakistan:

#### i. Significant decrease in Manufacturing:

- Energy consumption and progress in economy are correlated.
- Energy crisis has adversely affected the life of Pakistani people.

## ii. Increase in import-export deficit:

- Pakistan was ranked 24th, in term of purchasing power.

## iii. Industries are being Shut-down because of Energy Crisis:

- Energy crisis has affected the production process of Pakistan's industry(ies).
- Industries in Pakistan are not able to meet the deadlines of contracts b/c of interruption in power-supply.

## iv. Case-study of Textile Industry and energy affects on it:

- Pakistan textile industry, which account for 64% of Pakistan's imports, is the worst affected.
- The production of Textile mills has been limited to only 40% of the total production capacity b/c of the prevalent Energy Crisis.

## 5. Energy Crisis effect on Agriculture Sector of Pakistan:

### i. Scarcity of Water because of Load-Shedding and its effects on Crop yielding:

- Tube wells are powered by electricity. Crops require water to grow and farmers use tube-wells to water their crops. But the energy crisis

has rendered this modern technological advancement useless.

## ii. Gas Load-Shedding & its effect on fertilizers industry:

- Pakistan is facing worse crisis in gas supply along with other energy sources.
- Unfortunately, the fertilizers plants are not provided with the gas, as there is severe scarcity in Pakistan.

## iii. Low-Crop yield because of unavailability of agriculture apparatus:

- Almost all heavy machinery is on gas, petrol, or diesel, due to energy crisis in the country ~~causes~~ the agriculture apparatus stopped working resulted in low crop yielding.

## 6. Effects of Energy Crisis on Transportation:

### i. Unavailability of gas - Poor man's fuel:

- Gas is known as poor man's fuel, and Pakistan transportation system rely heavily on this fuel.
- Unfortunately, there are not enough resources to fuel the transportation with gas.

### ii. Hikes in fare of Transportation:

- The fuel of transportation is gas & oil, which prices are associated with international price market.

## 7. Effects of Energy Crisis at-Large:

### i. Energy Crisis Causes Unemployment & Inflation:

- According to World Economic Outlook (April 2023), Pakistan unemployment rate is 7%, and inflation rate is 27.1%.
- Unemployment rate is due to the shut down of industries b/c of fuel price hikes & load-shedding.

### ii. Decrease in FDI, due to energy insecurity:

- Long-term break down of electricity and unavailability of gas has sent bad impression to the world.
- World investors are reluctant to invest b/c they are afraid that Govt. will not be able to provide them with facilities.

### iii. Large Chunk of Foreign exchange being spent on Subsidies and Circular debt:

- Govt. fails to recover amount of money, that it spend on production of electricity. It has to spend a big chunk of foreign exchange in subsidies.

## 8. How to cope with the energy crisis & boost Economy:

### i. Short-Term Solution:

- Pakistan needs to exempt all industrial units of load-shedding so that they could manufacture products up to their capacity.

### ii. Long-Term Solution:

- Pakistan needs to divert its reliance on oil & must shift it to other cheaper resources. i.e.: hydropower, solar, wind, coal, etc.

## 9. Conclusion: