

Loadshedding and ballooning electricity prices badly hit the economy of Pakistan? Critically evaluate the statement and give possible recommendations?

Introduction..

Pakistan is facing high prices of electricity and inequitable loadshedding due to use of hydrocarbon. In Pakistan 60% of electricity is generated through hydrocarbon which is imported from other countries. Their payments are paid in dollars which devalue the Rupee and directly affect Pakistan economy.

(1:1) on general statement of Electricity crisis.

Pakistan is facing many problems like political

instability, economy unprecedented
Constitutional instability and
security crises.

(i.2) in specific way to
Explain Economic deprivation

(i) The Pakistan is not only
faces the inadequate loadshedding
but heavy amount of electricity
bills which put impact on
the industrial, domestic, agricultural
life.

(ii) it is necessary to overcome
these crises to protect the
integrity and national life of
Country.

(i.3) Pakistan faces two
main problem.

(1) inadequate loadshedding

(2) Expensive Electricity.

(2) Reason Load Shedding Facing
by Pakistan.

Pakistan is facing load

Shedding. The Shortfall of electricity in 2023 was 10000 MW which effects Rural areas which faced 6 to 8 hrs loadshedding which urban areas 4 to 5 in 2022 Shortfall was 10000 MW Rural areas faced 16-18 of urban 6-8 hrs loadshedding in 2007 to 2016 the Shortfall was 8000 MW which cause the 16 hrs loadshedding in rural which 8 hrs in urban areas.

(2) Pakistan generates more Expensive electricity.

Pakistan generates most Expensive electricity in ASIA and in 3rd world Expensive. (PM)

The domestic amount of unit is vary between 28 PKR to 50 PKR. The amount

of unit is depends on SLAB which is introduced by Nepra. SLAB is a tax on unit per charge. The price of unit from 100 (1 to 100) unit is charged 28PKR. on all charges and SLAB included, while from 100-200 unit price is 44PKR with all taxes. from 300-400 unit price is 56PKR. and from 600 to above price is 72PKR.

(2) in industries unit prices are different from 48PKR to 90PKR. The SLAB charges are different on commercial market.

(3) Reason of Expensive Electricity ..

(1) Pakistan generate more than 80% through HC.

12000MW LNG used to generate, 7000MW used

and 6500mw coal used, all are imported. - from international market are jumped up in Ukraine war and Russian Sanctions. All importers pay in dollars which devalue the Rupee which makes electricity more Expensive.

(ii) Expensive Agreement with IPP (Independent Power Producers)

IPPs are installed in 1994, 1991, 2002, 2004, with the increasing demand of electricity in Summer 2023 demand increase from its peak 28000mw in June while it is reduced from 14000mw half of the maximum. But according to agreement Pak purchase maximum electricity from IPP. otherwise Pays its amount. A

(2) All the IPPs paid in dollars
But local in Rupees. But
unfortunately Pakistan pay all
local IPPs in dollars. Which
devalue the Rupees.

(3) IMF conditions make
electricity more expensive

(1) Pak purchase all HC
~~from~~ in dollars, which decline
the reserves of dollars. The
state need to maintain the
reserves through loan from IMF.
IMF makes condition to
increase the price of unit to
should waved-off sanction.

(2) The theft of electricity
in Asia Pakistan is top the list
where electricity is theft. These
Khunda System or Tampering of
meter is more common. in
Karachi central area it is
more common in industrial

area of agricultural used kund
system most

(3) Government offices not
pay bills on time.

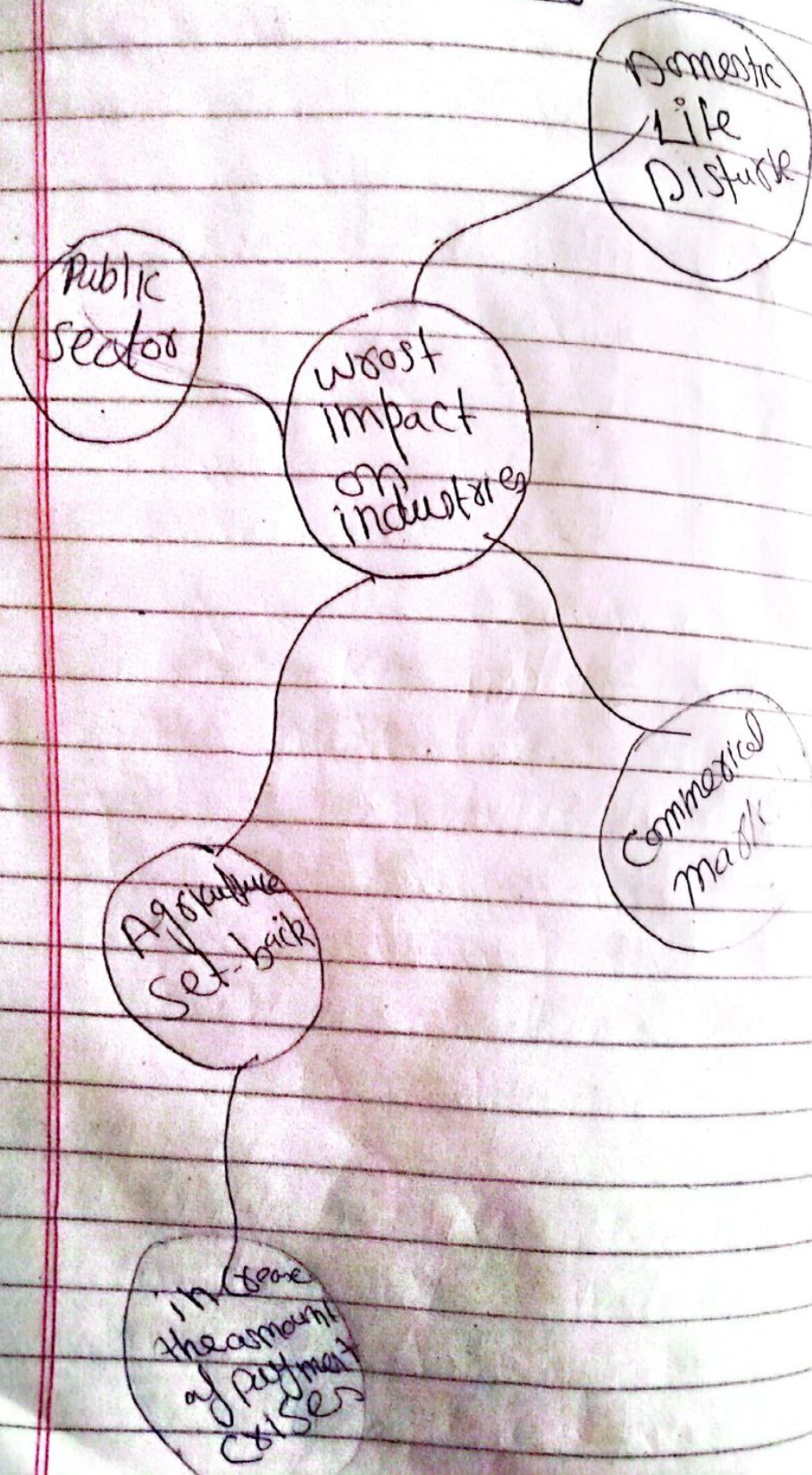
(4) Some of the department
give sanction of free units

(1) The distribution and
transmission of Electricity
City.

The distribution and
Transmission system is outdated
most of the line are expired
before 2000 to 2018. The
Transmission and distribution
is 33% in which 17% lost
in line - in Asia lost of
line electricity in Pakistan
is more high in china it
is 8% india or Bangladesh
is 9%. Even in Afghanistan
line lost is 12%. But in Pak
it is 17% lost. which mean
100 out 17% Electricity lost

in line

13) Implications of Expensive Electricity



(i) Worst impact of Electricity on industries.

Load shedding put a (dangerous) worst impact on industries. State is unable to ensure the non-stop supply of Electricity. While the prices of Electricity is 3 times increase which makes the industrial product more expensive. Because the prices of product depends on raw material, transport cost, Labour cost or Electricity prices. Pakistani product are unable to compete on international level. Therefore import increase and Export decrease as compared to India and Bangladesh such as sport.

it makes worst impact more than 200 industries closed just 2/08.

(2) Setback of agriculture

Pakistan 40% agriculture system depend on diguna and tube well. The use (product) through electricity. High prices of Electricity increase prices of agricultural product.

(3) Setback of payment reserves

increase prices of product which makes them unable to compete in international market which makes imports increase while export decrease. which puts pressure on dollar reserves. Dollar reserves are decline. The state seized loan from acquisition of IMF and other resources.

(4) Domestic implication.

The middle class families consumed 40% of their income in electricity charges which makes their budget out in caldute

Loadshedding also put worst impact on domestic life.

14) Impact on commercial market

Commercial market also facing worst impact of high electricity charges. The ~~State~~ ^{State} keeps increase the price of product with increasing price of electricity, which put impact on consumers.

The loadshedding on peak hours they use generation which costs are also increased through consumers.

15) Solution to solve these impact.

(5) Renegotiation of extension agreements with IPPs

(i) IPPs are paid in dollar or local in ruppia but unfortunately, we paid local IPPs in dollar, which cause dollar shortage. It is

It rejection of IPP in 2012
and agreements are also done
2013 it 90% Effect on development

But all the agreement which based
in 2007 or 2008 not change until

by IPP Paid in Rupees
to decrease pressure on
\$1198 reserves -

(2) use cheaper and local electricity projects

Energy Policy 2020, it would indigulized the electricity project. 1500Mw of electricity from hydro project. 4500Mw Damas Basha Dam, 4300 Mw ²⁰²⁹ by Dasu Dam from 2027 musmed Dam produce 8300mw from 2025. Karot has already generated 730 Mw. wind projects are installed which produce 1320 Mw and 20 other produce 320 Mw. Local coal is used to produce energy. It is initiative of Pakistan to decrease dependency on imports of hydrocarbon. and make local electricity 2020 policy.

(B) Revamping / installation of Transmission Lines :-

(i) it is expensive process to change the transition line but it is the dire need of country. The transition lines are outdated which would cause loss of electricity.

(ii) Ensure that there is no department which get free electricity.

(iii) it is ensure every government department will pay their bill at time

(iv) Privatization of electricity sector should play important role.

Conclusion:

Follow these all above mention point it will not only reduced the load shedding But also decrease price of electricity