

Q Critically evaluate the causes of Energy crisis in Pakistan and its consequences for the economic growth and social fabric in the country.

Introduction: Recently Pakistan is facing many challenges in social, economical and political context.

One of them is energy crisis.

Energy crisis means price rise of energy resources or major short fall of energy resources. Mostly we count oil, coal, natural gas and electricity as energy resource. Multiple factors are causing energy crisis and negatively impacting the economic growth and social fabric of country.

Causes of Energy Crisis in Pakistan

The factors which are causing

energy crisis in Pakistan's economy are as follows:

(i) **Expensive Production of electricity**

Production of electricity in Pakistan is very expensive due to its production from imported hydrocarbons like oil, coal and natural gas.

Pakistan produce 60% of electricity from coal and 28-30% from hydel.

Pakistan pay in dollars to other countries for imported hydrocarbons. Pakistan's currency is also devaluing.

(ii) **Expensive Agreements with IPPs (Independent Power Producers)**

Pakistani government have make expensive agreements with IPPs. And Payment will pay in dollars. Pakistan is also facing electricity

capacity ^{Payment} problem. For example in summer 2022, demand for electricity was 2000 MW and in winter 1400 MW, but there is agreement that IPPs will provide 1000 MW in summer and 400 MW in winter. The government has to pay this amount whether they demand use this agreed amount or not. This is called capacity payment problem.

(iii) **Shortage of water:** Pakistan is facing problem of shortage of water. Due to this Pakistan can not produce hydel power at full capacity. Pakistan produce 28-30% electricity from hydel.

(iv) **Overpopulation:** As population of Pakistan is increasing, their demand for electricity is also increasing with passage of time. Pakistan's energy

Production industries are unable to meet their demand and facing energy crisis.

- (v) **Political instability**: Political instability and lack of policy implementation cause divergent of attention from energy sector problems. Lack of investment in energy sector is also increasing this problem.

Problems in distribution of electricity

- (vi) **Line loss**: 17% line loss is faced by Pakistan which is more than in all Asia. For example if we use 100mw of electricity from which 17mw will be lost. This problem exists due to outdated line system.

(vii) **Electricity theft** : Electricity theft means people illegally access to electricity or no payment of bills. Karachi faced highest electricity theft due to industrialized city. In other provinces Punjab, Sindh and Balochistan, the landlords and tubewell owners do electricity theft. Electricity theft is also exists at domestic level for personal needs.

Consequences of energy crisis on economic growth and social fabric of Pakistan

Pakistan's energy crisis is negatively impacting its economic growth and social fabric. It has following consequences on economic growth and social fabric of Pakistan:

(i) **Economic damage :** Energy crisis is damaging economy of Pakistan. Energy crisis leads to economic crisis when industries shut down due to outage of electricity. Their production decreases, which increase the prices of goods and they have to import hydrocarbons to run their industries.

(ii) **Bad quality of life:** Energy crisis directly affect the quality of life of consumers because due to its crisis they even cannot avail basic necessities of life. Especially in summer their life become miserable due to loadshedding and expensive electricity. They cannot access to education and health facilities

(iii) **Dependence on Imports:** Government has to depend on imports for hydrocarbons to produce electricity and imported goods because of shut down of domestic industries. For imports, they have to pay in dollars which imbalances payment of goods.

(iv) **Social Unrest:** Due to energy crisis, people start protest against government and establishment. It creates social unrest in country which also impacts image of country at international level. For example in 2023 in Pakistan in all country, public was protesting due to load shedding and high bills.

(v) Increase Poverty : when industries shut down it increase poverty or reduce income of labors. In industries number of worker got employment but when they shut down they become unemployed which further increase economic recession.

Conclusion

Pakistan is one of the countries who are facing energy crisis. There are different reasons that are causing it like high production costs, expensive agreement with IPPs, overpopulation etc. There is positive relationship between energy availability and development of economy. When there is energy crisis it decrease or damage economic growth of any economy.