

# Current Affairs Mock Exam

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## 1- Introduction

Persistent problems and subsequent adhoc-based policy measures to resolve these problems have not only resulted in unimaginably expensive electricity but also the repercussions have resulted in serious political, economic and social implications. The impacts can increase in quantity and quality as well unless proper, effective and sustainable counter-measures are not taken. Unsustainable contracts with independent power purchasers (IPPs), distribution losses, bad governance, heavy reliance on imported fuels and resulting multiplying circular debt are few important factors leading to highest cost of electricity in the region. To avoid their political, economic and social implications; restructuring contracts with IPPs, increasing reliance on indigenous and renewable resources of power, good governance in the power sector and conservation strategy for electricity can be the possible way forward to reduce the electricity prices and avoid their economic, social and political repercussions.

## 2- Problems in the Power Sector

i- Unsustainable expensive contracts with the Independent Power Purchasers (IPPs).

Myopic policy measures for quick-fix of the issues of power sector resulted in most expensive agreements with IPPs in 1990s, which has become an apple of discord of the power sector. Multiplying capacity payment with time and increasing production cost due to soaring fuel prices in the global market ~~also~~ lead to increase the per unit price to record level.

ii. Distribution Losses

Outdated and mishandling of distribution network of electricity results in heavy loss of electricity on one hand while low recovery and theft results in loss to power sector on other hand. Consequently ~~these~~ to recover these losses, the loss is adjusted in the price of electricity increasing it further.

iii- Bad Governance and Mismanagement

Bad governance and mismanagement

in the power sector due to decreased manpower and wrong person occupying right post policy further exacerbate the existing flaws and consequences are reduced output at heavy cost.

#### iv- ~~iv~~ Heavy Reliance on Imported fossil fuels

Increased dependence on the imported fossil fuels has not only made the power sector prone to global shocks in the energy market but it also results in increasing the cost of electricity.

#### v- Multiplying Circular Debt

Unwise IPP contracts, distribution losses, bad governance and mismanagement and dependence on imported fossil fuels lead to multiplying circular debt. It has become an ailment of the power sector affecting its capacity and also results in the increase of electricity cost.

### 3- Economic, Social and Political Implications

#### i- Economic Implications

Increased prices of electricity not

affects the households but it has also severe impacts on the industrial and agriculture sector. Power outbreak and increased cost of electricity results in reduced production and thus, least in exports and employment as well. Therefore, consequences are mass-scale unemployment, balance of payment crisis and inflation.

### ii- Social Implications

Increased electricity prices have resulted in instability, unrest and at both domestic and societal level. Domestic consumers have to compromise their other needs to pay for electricity charges and also to manage the rising inflation and unemployment. Similarly, education, research and health sector also have to face the impacts of soaring electricity prices.

### iii- Political Implications

Political stability is a farce without economic and social development which are at the stake due to increased electricity prices. Therefore,

instead of effective legislation and efficient policy formulation, providing wire and pole, remission of fine by electricity departments and quieting the uprise of public due to heavy price of electricity remains the main agenda of politicians.

#### 4- Recommendations for reducing the increased prices of electricity

Following recommendations can ensure the reduction in the increased prices of electricity:

##### i- Revising Contracts with the IPPs

Revision of contracts with the IPPs on the basis of sustainable, economical and market-based practice should be prioritized to do away with the heavy prices of electricity.

##### ii- Increasing Reliance on Indigenous and Renewable Energy Resources

To avoid push-backs of charges in the global energy market, indigenous and renewable energy resources should be increased in the

country's energy mix. As a consequence, electricity prices will reduce along with decreased environmental impacts.

### iii- Good Governance and Sustainable Management in Power Sector

Ensuring good governance and sustainable management by the manpower trained on the modern lines can enhance the productivity of power sector on one hand. While the looming circular debt, losses, and capacity issues can be resolved on other hand and thus, electricity prices can be reduced.

### iv- Conservation of Energy

Conservation of energy is also called as fourth fuel due to its significance. Wastage of energy by both public and private sectors knowingly and unknowingly can be reduced by adopting national conservation policy of energy. Resultantly, not only the demand will reduce but also the prices of electricity can be reduced due to this national policy.

## 5. Conclusion

In a nutshell, to avoid the economic, social and political implications of the highest prices of electricity, policy measures to reduce their prices are inevitable. Therefore, revision of contracts with IPPs, increased reliance on indigenous energy resources, good governance and better management in the power sector and national conservation of energy policy can help to reduce the soaring prices of the electricity.

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## Celebrating the Decade of CPEC and Evaluation of success and failures of the CPEC

### 1- Introduction

China Pakistan Economic Corridor (CPEC) is 64 billion US dollars project manifesting the durable and strong Sino-Pak relations. It was aimed to develop the southern parts of China by connecting its Xinjiang province to Gwadar through network of communication and to reduce the reliance on the problematic Strait of Malacca by gaining short access route to Strait of Hormuz through Gwadar seaport. In return, Pakistan have to get developed communication infrastructure across the country, Gwadar seaport and special economic zones spread across Pakistan. These developments reflect the successes of CPEC after a decade of its initiation. However, reduced capacity of Pakistan, dependence on Chinese technical personels, incossistant national policies and growing rivalry by regional powers are few of worth-mentioning problems ascribed to CPEC. However, these problems can



be transformed into effective opportunities by effective and efficient policy measures.

## 2- Successes of the CPEC

### i- Development of Communication Infrastructure

Hakla-Dera Ismail Khan Motorway (M-14), development and broadening of Karakoram Highway (KKH), Orangeline Train Lahore are few of the successful projects of CPEC.

### ii- Development of Special Economic Zones

Many special Economic Zones (SEZs) associated with CPEC have been made functional

### iii- Development of Energy Infrastructure

Energy production facilities associated with CPEC and their completion resulted in the enhancement of energy production of Pakistan

### iv- Increased Employment opportunities

Successful development of communication infrastructure, special economic zones and energy infrastructure have led

to increased number of employment

## 2- Failures of CPEC

### i- Reduced National Capacity

Pakistan neither had nor developed its technical capacity to get complete control of such huge project. Consequently, Pakistan have to rely on Chinese for both operational and technical capabilities

### ii- No Significant Rise in Exports

Contrary to estimation, no significant rise in exports of local Pakistani products occurred.

### iii- No Significant Foreign Direct Investment

As expected, no or reduced foreign direct investment occurred by the neighbouring and regional countries

### iv- Rising Concerns of local Population

People of Gilgit Baltistan in the north, while public of Baluchistan in the South have been complaining of ignoring their concerns in the CPEC projects