

Pakistan Affairs Test #4

Q#1

Role of education and skill in development and economic growth

Education and skill plays a significant role in economic growth of any nation. It literate the workforce which is easy to train and ^{have} capacity to perform upto-date work. Online jobs ^{can} perform by educated workforce as literate of technological development. A skilled workforce can work abroad and add valuable remittances to a country. Both ^{on} national and international level ^{country} can enhance manufacturing through skilled labour. Through the provision of policies related to education and skills can overcome the unemployment challenges in a country. These policies include provision

of technical education, linkage of academia and industry, inclusion of ^{women as} workforce in a country can be useful.

1- Role of education in economic growth

Economic growth can be accelerated through provision of education.

→ Literate work force is easy to train and do upto-date work

Literate workforce is capable to easily grasp the instruction and easy to train. Educated people can update their ideas and views in order cope with modern world. Education is of dire need in updating the workforce. As the world is evolving rapidly, the dynamics of work in my field is changing constantly. So, it demands

education to cope with that demands
→ Educated masses well-aware of the need of policy change in favour of the country

Well-aware if government made any policy. They accept it and do not involve in protesting regarding that policies.

The awareness diminish the clash between the government and industry.

→ Educated masses comply to pay tax

Educated masses are aware to pay tax in order to contribute in the GDP growth of a country.

In Pakistan the tax to GDP ratio is low which push Pakistan toward financial problems. According

to **State Bank of Pakistan the Report 2023**, the tax to GDP ratio

is 11%. The decrease tax push masses toward economic crisis.

→ Educated ~~work-force~~ provide service ^{both} nationally and internationally

Educated workforce carry out services on national level such as doctors, teachers, engineers and so on. Pakistan's educated diaspora provides services internationally and add remittances to country.

→ Educated workforce work for the development of the agricultural sector

The advanced developments in the agricultural sector can be incorporated properly in Pakistan through education. The education plays ^{crucial} a role in using advanced technology in agricultural sector which can boost the production.

According to **Economic Survey of Pakistan**, agriculture contribute 18% to GDP. Through advanced

technology its production can be increased.

2. Role of skills in economic growth

Skills play a significant role in the development and economic growth of a country. Skills purify the work of a labourer or a manufacturer.

→ Enhanced the production of manufacturing ~~centre~~ sector

Skillful labour force can enhanced the productivity of the manufacturing both at medium and large scales.

→ Enhanced productivity at industrial level

The skillful workforce accelerates the productivity at industrial level such as construction industry, textile and other industries. The skills development increased output in these sectors.

→ Skilled labour work abroad because
skilful labours is demanded

Skilful labour force or workforce
can easily work abroad because
of having upto-date skills.

→ Skilled workforce increased
remittances for a country

Pakistan's diaspora working
in Middle East, UK, USA, Canada
and South East Asian countries.

They contribute in the remittances
of Pakistan's economy. According

to DAWN Article²⁰¹³, approximately
2.5 million Pakistani are working
abroad and add valuable

remittances to country. The skilled
labour increased the economic
growth of a country.

→ Skills development flourished the
lower strata of society

Skills improved the living
standards of the middle and

lower middle class of society.
It improve the financial condition
by providing job according the
skills they possess.

Policies recommendations regarding quality of workforce and addressing unemployment challenges

Following policies should be followed in order to enhance the quality of workforce and resolve the challenge of unemployment in Pakistan.

1- Academia - Industry linkage

The universities should provide those degrees which are the demand of the market. According to HEC Report 2022, most of the awarding degrees in Pakistan are not matched with the demands of the market. The lack of academia industry linkage or

mismatched created a lot of problems such as burgeoning unemployment in Pakistan.

2. Provision of technical education

Technical education would provide skills which will aid in reducing the unemployment.

The institutions should provide technical education certificates valid both on national and international level.

3. Inclusion of women as workforce

For the economic growth and development, women should include in development sector.

According to a survey, the women as workforce are 52% in Bangladesh and 22% in Pakistan.

Women inclusion as workforce can facilitate the economic growth.

In Bangladesh the economic indicators are far better than

Pakistan. Therefore the economic growth in a country can be enhanced.

Conclusion

Education and skill development plays a key role in economic development of a country. Education and skills literate the workforce and provide updated skills which increase the remittances in a country. It accelerates the progress and improve economic indicators. The industrial, manufacturing and service sector provide valuable contribution to GDP. Through Academia-industry linkage, provision of technical education, and inclusion of women as workforce would change the scenario. It will improve the economic indicators of a country.

Q#2

Root causes of circular Debt in energy sector and possible sustainable solutions.

Introduction

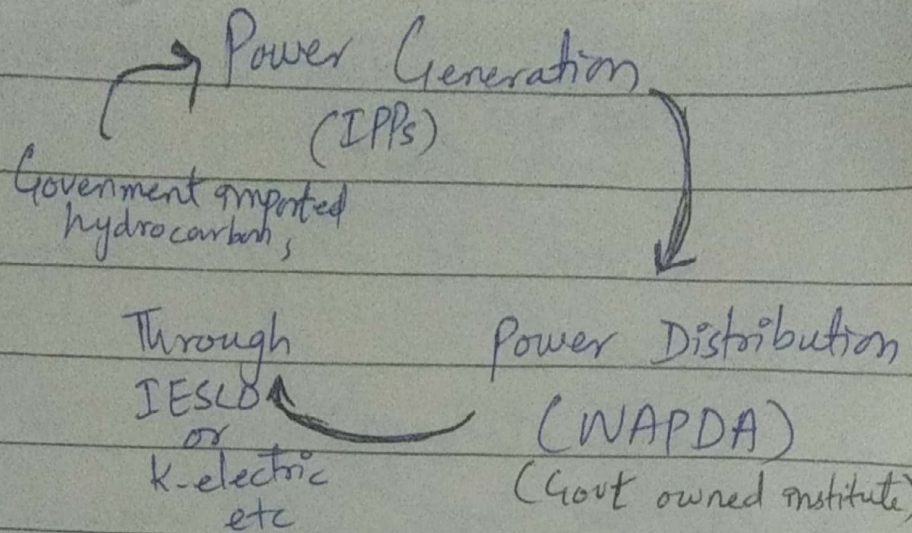
The energy sector of Pakistan is facing multifarious issues. In this regard circular debt in energy sector pose a serious threat toward sustainable provision of energy both to domestic and commercial level. The root causes of the circular debt include increase use of imported fossil fuels for energy sector. Payment to IPPs in dollars and payment on the basis of capacity. Another factor is myopic planning in this sector despite increase in population. Authorities having blind eye toward building dams and usage of

indigenous resources. Some sustainable solutions such as renegotiation of agreement with IPPs, use of renewable sources and minimize energy theft could ease the situation.

Root causes of circular debt in Pakistan

Circular debt is the total payable amount from government to power producers. The government imports hydrocarbons and pay in dollars. The electricity generated from hydrocarbons feed to power sector. The electricity is purchased by govt in dollars. In this way a cycle is created between power producer, distribution sector and government. This vicious cycle continued sometimes the power distributors not pay power generator and sometime govt not paid the relevant

amount to power generation.



Circular Debt Cycle

Currently, the circular debt of Pakistan is **2.6 trillion** PKR with increase of **57 billion PKR** in **2023**. The circular debt of Pakistan is increasing with **2.5%** year by year (Ministry of Power Report, 2023)

Root causes of circular Debt in Pakistan

- 1- Power generation from imported hydrocarbons

Pakistan 60% of the electricity is generated from hydrocarbons. In this way diesel, coal and LNG is used as sources. These are expensive as

Diesel > LNG > Coal

The imported hydrocarbons are paid in dollar and sell to domestic consumer in PKR.

Therefore, it produces the deficit on the part of government.

The expensive hydrocarbons produces expensive electricity in South Asia and third in world

(Prime Minister of Pakistan speech 2021).

2. IPPs agreement with government to be paid in dollar and ~~pro~~ capacity based payment

IPPs (Independent Power Producers) are companies which are involve in energy production

sector in Pakistan. Both locally and international companies are involved in power generation. Government made agreements that they would be paid in dollars and this payment would be on the basis of capacity. Consequently, government paid in dollar and distribute in consumer who pay in PKR. This produces deficit and culminate to circular debt in a country.

3- Blind eye toward indigenous resources as state makes myopic planning related to power production.

State has no long-term plans related to power generation. The indigenous resources in the form of hydrocarbons i.e. that hydrocarbons are ignored.

It leads to increase of circular debt of the energy sector.

4- Lack of dams to fulfill the requirement of electricity

The myopic planning of the government with no intention toward building of

dams. In 30 years China built 350 dams and India made 120 dams. But Pakistan

built only two major dams from last 50 years. Hydel

generation which is one of the lowest/cheapest source of

power generation is ignored in Pakistan. The construction of

Dasu, Diamer Basha, Mahmmand and Kalabagh dam would decrease

the burden on government. It would lower the need of

imported hydrocarbons and ~~subsequent~~ subsequent debt.

5. Increase in consumption due to over-population

Consumption of electricity and other hydrocarbons increases with increase in population. The population of Pakistan, according to the **Digital Census Report 2023** is **241 million**. The population is increasing but the demands of the public is not addressed properly. The increase consumption with increase population leads to hiking of the circular debt.

6. Losses due to transmission **life**

The electricity is lost due to its transmission from one place to another. Transmission lines in Pakistan are outdated and waste a lot of electricity. The lost electricity is 17% where in Bangladesh and India is 9% and in China is three

percent (3%)
Electricity theft leads loss
of valuable revenue
Electricity theft both in rural
and urban areas deteriorate
the situation. It burdens the
government with increase debt
because the electricity supplied
to consumer cannot recover
the same amount which
the government invested.

Lack of energy conservation
related awareness in public
Public has lack of awareness
related to energy conservation.
Natural Gas and electricity is
widely wasted and did not
focus on its conservation, in
domestic level.

Sustainable Solutions to break
the cycle of Circular Debt

1- Renegotiation of agreements with IPPs

The agreements of 1990s and 2004 were negotiated with IPPs. In this regard govt would pay to local IPPs in PKR and foreign IPPs in dollars. But the major agreements made in 2009 and 2014 have to be renegotiated because their term would be expired in 2027 and 2028 respectively. The renegotiation of agreements would lower the burden on government treasury and lower the risk of circular debt.

2- Use of renewable energy sources

In order to avoid the imported hydrocarbons, the government should focus on the use of renewable energy sources.

These include hydel, solar and wind sources. Already 20% is generated from renewable sources but the generation should be increased. The solar ~~by~~ electricity generation plants were installed in South Punjab.

Such projects should encourage in other parts of country with intense heat waves.

3. Electricity generation from civil nuclear plants

The civil nuclear plants have 10% contribution in electricity generation. K_2 , K_3 and K_5 are functional but the state should work to enhance the power production from solar sources.

4. Attention toward hydel projects through building of dams Government should ~~attend~~

built dams in order to generate the cheapest electricity. In this order foreign investors should attract to built mega projects and dams. Kalabagh and Diamer Basha are under construction. Govt should fund for other projects along with foreign investment to mitigate the circular debt.

- 5- Proper regulation with strict check and balance to reduce theft

This would prevent the government from losses and the enough revenue would be generated.

- 6- Awareness to conserve electricity and other natural resources.

Awareness should be

spread among masses in order to conserve the power sector losses. This would mitigate the immense impacts of circular debt on Pakistan's economy.

Conclusion

Circular debt has many root causes which enhanced the threatening on the economy of Pakistan. The root causes include lack of planning, use of hydrocarbons, expensive agreements with IPPs and distribution losses with theft. Sustainable solutions such use of renewable energy sources, renegotiation of IPPs agreements, proper check and balance would mitigate the situation in Pakistan.