

Q# 1:

Role of Education and Skill Development in Economic Growth ~ Policies to Enhance the Quality of Workforce and address Unemployment

1. Introduction

Pakistan has gone down by seven slots in the Human Development Index (HDI) ranking.

(UN Human Development Report)

Since education is the key to the socio-economic development of a country. Education paves fundamentals for the skill development in the respective fields of studies. The positive outcomes of education include reduction in poverty, improvement in health status and good governance in implementation of policies. Economic progress is ensured when the youth performs productively; however, in Pakistan, the situation is bleak, there is a dire need of policy

reforms to enhance quality of workforce and to address unemployment challenges.

There are a plethora of factors due to which Pakistan lag behind neighbouring countries like India in this sector.

Pakistan lags behind in technology and vocational training programs. Moreover, the spending in education is far lower than required. There is a dire need for structural reforms to infiltrate youth into productive workforce.

2. Role of Education & Skill Development in Economic Growth

The multifaceted impact of education make it cornerstone of policy frameworks.

a) Education provides people with power of decision making

Education enables people to analyze the circumstances in better ways. It is imperative to note here that an educated person can better participate in democratic processes.

"Democracy cannot succeed unless those who express their choice are prepared to choose wisely."

Franklin D. Roosevelt

b) Education help instill gender equality among people

Education plays a crucial role to bring women in the workforce. Unless, the women are participants in the workforce, the economy could grow.

The percentage of female population is 48.54% compare to 51.46% male population.

(Statistic Times)

c) Education & Skills equip people with knowledge to expand earning

Education provide people with knowledge to enhance opportunities and to improve their prospects. People can earn better and this way, the more earning, the more the share in government collected taxes consequently, the economy will improve.

d) Converting the demographic disaster to demographic dividend ~ economy to boost

Demographic disaster occur when

population becomes liability rather than asset. Population, in this case, pose stress on country's resources rather than contributing towards it.

Pakistan is ranked on seventh in the most populated countries in the world.

(Pakistan Population, worldometer)

Demographic dividend, like in Japan, can play a significant role in thriving the dwindling economy.

e) Education instill moral values which can reduce red-tapism and increase the tax collection

Education instill moral values which could help tackle red-tapism and ensure the competent environment in government structures which thereby would make better policies. Furthermore, education could increase the tax collection and help tackle the problem of tax evasion.

f) Improved Education System can provide skilled workers contributing in IT sector

Improved education and skilled worker can help the country to take advantage of booming industry of IT around the world. IT sector can help economy revive at rapid pace.

3. Policies to enhance quality of workforce and address Unemployment

i) Addressing Gender Disparities
Special initiatives should be launched to promote women and remove cultural and social barriers.

ii) Introducing Vocational Education
Investment in vocational education is necessary. Theoretical knowledge can not help bridge gap between university and industry.

iii) Increased Education Spending
There must be increment in education spending as Pakistan

merely spend 1-10% of its GDP in education sector.

v) Reviving the Youth Policies and Revamping its Structure

Under the 18th amendment, the youth policies subject have been devolved to the provinces. The policies should be revamped to ensure the addition of present needs and disparities.

v) Involvement of Non-governmental Efforts and Civil Society

Civil society and NGOs must play their part to bring youth at the forefront. This can be done by enhancing their career prospects and giving them trainings.

vi) Increasing cross cultural schemes and scholarships for the youth

Cross cultural schemes can help hone the skills of youth and can broaden their horizons. Further, the scholarships can help get talented youths experienced in international environment so as to return and apply knowledge in homeland.

4

Conclusion:

Pakistan host a huge number of out-of-school children and is performing low in human development index. Furthermore, the economy is also breathing, it is a dire need to strengthen the education system. Policies should be implemented to increase the employment and improve the workforce.

Q#2:

Root Causes of Pakistan's circular debt issue in the energy sector

1. Introduction

Pakistan's economy is burdened by the massive circular debt every year which keeps on increasing due to various reasons including rupee value depreciation, increase in the price of hydro carbons in the international markets. In order to make the economy on the progressive path, it is imperative to revise the contracts with the independent power producers, to make the contracts payable in local currency and to shift on cheaper and renewable energy resources.

2.

Causes of Pakistan's circular debt:

i) Production of Electricity more than demand

Electricity produced in Pakistan is more than demand. Much of the electricity is consumed in line losses. In 2021, 880000 produced; whereas, the demand was 584000 barrels.

ii) Dependence on international hydrocarbons

32% of overall electricity is produced by local projects while rest is imported which poses concerns on economy. Oil is the most expensive, gas second most expensive, coal 3rd most expensive source to be imported.

iii) Import of hydrocarbons in dollars

We import hydrocarbon in dollars and when rupee value is

depreciated, the circular debt increases.

March 2021 → 178 rupees/\$

June 2023 → 213 rupees/\$

Nov 2023 → 303 rupees/\$

(State Bank of Pakistan)

The bill of produced electricity is collected in local currency but the payment is done in dollars.

iv) Expensive Agreements with IPP's

"Pakistan is producing expensive in Asia and most expensive electricity in the world."
(Political Analyst)

capacity payments and rent have to be paid whether IPP's are producing electricity or not.

v) Problems with the transmission system:

Line losses are calculated to be 17-18% and electricity theft as well as corruption in WAPDA are worrisome factors.

3- Recommendations for Reducing Circular debt

i) Renegotiating Agreements with IPP's

The agreements signed in 1986, 1991 and 2000's can be renegotiated. 1986 agreement should have been negotiated in 2023, There are around 20 years delays in negotiations with IPP.

a) Capacity payments to not to be paid off

There must be negotiations on capacity payments and finalized that it won't be paid off.

b) Local IPP's to be paid off in local currency

Local IPP's must be paid off in local currency so as to avoid the burden posed by rupee value devaluation.

c) Vitalizing the currency swap Agreements with donors and IPP's

For imported coal, there must be CSA mechanism negotiated. This way, the burden on the economy can be reduced to a significant level.

ii) Shift on cheap and local energy sources

a) Hydroelectric power projects

Pakistan has Karote, Sukkimaui, Mohmand and Dasu dam to switch on hydropower projects. It would cost 6 pkr/unit if achieved.

b) Wind Turbines

1500 MW is installed in Balochistan (Dalbadin).

(CPEC)

4500 MW has been installed in the coastal bank of Sindh. It can reduce cost of electricity upto 8 rupees/unit.

iii) Transmission losses to be handled

Updation of transmission lines through Matiari Lahore project and North South Corridor can reduce losses. Furthermore, plastic coated wires should be installed to reduce theft.

4- Conclusion

Circular debt is a pressing issue which exacerbate the condition of already dwindling economy. There is a dire need to curb the electricity theft, transmission losses must be reduced and agreements with IPP's must be renegotiated. Only then the issue of capacity payments, and the increased bill due to rupee depreciation can be handled.
