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Test : PAK AFFAIRS (4)

Q No 1:

### Introduction:

Education is key to the socio-economic development of a country. It plays significant role in building human capabilities and accelerates economic growth. The positive outcomes of education include reduction in poverty and inequality, improvement in health status and good governance in implementation of socio-economic policies. Pakistan has the potential to enhance workforce ability and to reduce unemployment. There need of is need of robust policies like addressing political instability, power sector reforms, and incentives for industrial boost. Similarly job opportunities can be create by making conducive environment for foreign investors. Moreover the important and essential measure which policy makers need to consider is to enhance GDP of Education sector. In this way Pakistan would be able to enhance work-force ability and to address challenges of unemployment.

## Role of education and skill development in fostering economic growth:

Education and skill development both have a close relationship with economic growth of country. For economic growth, it is imperative to continue assistance in poverty reduction and develop social and economic infrastructure more importantly education.

## The unsustainable economic growth:

The unsustainable economic growth can be related with high inflation rate, mounting fiscal deficit, increasing foreign debt and foreign servicing, weak foreign demand for Pakistani products, low level of physical and human capital, unfavorable weather, and political instability and among other factors, a deteriorating law and order situation in the country. It is beyond doubt that education is a significant contributor to economic prosperity.

## Relationship between education and economic growth:

Education equipped people with the knowledge and skills they needed to increase their income and expanded opportunities for employment.

Levels of productivity, economic growth and patterns of income distribution are linked to the state of education and the distribution of educational opportunity. Economic growth and education are intertwined. Greater access to education has certainly contributed to higher rates of economic growth. The extent of the contribution of education to economic growth depends not only on building skills, but also on their application. In the words of Hammur and Buchmann (2006),

"education is organized as a basic human right, and better education improves people's welfare."

**Education is imperative: Learn Lesson from other countries:**

It is observed all over the world that not a single country has achieved sustained economic development without investing in education sector. Unequal distribution of education tends to have a negative impact on per capita income in most countries. There is a strong link between education and economic growth. If more education leads to faster economic growth, then investments in education could pay for themselves in the long run, and could also play a role in reducing poverty.

Policies for the enhancement of the quality of workforce:

1. Need of long term and continuous Policies:

In Pakistan, the good quality of workforce can be possible through long term and continuous policies. Unfortunately in Pakistan each elected government abolished the policies of previous government. Resultantly the quality of workforce could not improve. However, by implementing long term and continuous policies, the quality of workforce can be ensure.

2. ~~Pro~~ Establishment of Conducive Environment for Foreign Investors:

The quality of workforce can be improve by establishing conducive environment for foreign investors. So that foreign investors build industries in the country and quality of workforce can be improve. The conducive environment for foreign investors is not only contribute towards job opportunities but also in economic growth of the country.

### 3: Promotion of Technical Education:

The quality of workforce can be good by the promotion of technical education. Technical education is imperative for skilled youth to become them skillful. In this way they would be able to contribute in country's economy. So, government should establish technical institutes aside by academic institutes in order to improve the quality of workforce.

### Policies for the challenge of unemployment:

#### 1- Raise GDP of Education:

In order to address challenge of unemployment, Pakistan needs to raise its expenditure on education. The 1.7% of GDP spent on education which is insufficient and which needs to be enhanced. The enhanced expenditure spent on education would give positive output. Investment on research centers and quality education will boost good standard of students. In this way challenge of unemployment can be address.

#### 2- Investment on Human Resource:

Investment on human resource is effective in order to counter

the challenge of unemployment. According to the Human Development Index 2023, Pakistan ranks 161 out of 192 countries. This shows that Pakistan is far behind in human resource development. So, the country need to invest in human resource in order to address the challenge of unemployment.

### 3: Providence of loans on easy

terms:

State should implement policies regarding providence of loans on easy terms to poor people in order to initiate their business. Such type of policies would helpful in addressing challenge of unemployment and poverty.

### 4: Power sector Reforms:

In order to cope with problem of unemployment, Pakistan needs to focus on power sector reforms. According to ISSI Journal in 2023, 7000 MW of energy shortfall was seen. Due to energy crisis, industries are closing resultanty unemployment is raised. So, country needs to put reliance on renewable energy sources. The renewable energy sources are not expensive like hydrocarbons. Hence unemployment can be resolved by implementing robust policies regarding power sector reforms.

## Conclusion:

In a nutshell, education and skill development play significant role in fostering economic growth in Pakistan. Different policies can be implemented to enhance the quality of workforce and address unemployment challenges. The sourcing expenditure on education, investment on human resource development, promotion of technical education, providence of loans on easy terms, power sector reforms and establishment of conducive environment for foreign investors are some effective policies which can address unemployment and enhance quality of workforce in Pakistan.

# Introduction:

Like many other developing countries, Pakistan is facing energy crisis due to many reasons like population growth, urbanization, reliance on fossil fuels and circular debt. The energy deficit lead to many severe problems like hampering economic growth, disrupting daily life and impeding technological progress. The most important problem in energy crisis is circular debt. ~~There~~ These are different reasons of circular debt in power sector.

Corruption, reliance on hydrocarbons, ~~lack~~ lack of transparency of state's institutions, devaluation of PKR, high energy tariff globally due to Russia-Ukraine war are some of the causes of circular debt in energy sector. However issue of circular debt can be diminish by taking different positive measures. The less reliance on hydrocarbons, usage of technology to address corruption and to control devaluation of PKR are some strategies to resolve the issue of circular debt.

## Causes of Circular Debt:

### 1: Corruption:

Corruption is significant



Cause of circular debt in energy sector  
Due to corruption energy sector suffer  
a lot. Similarly high tariffs of energy  
sector is also due to corruption.

According to **Corruption Perception  
Index (CPI)**, Pakistan ranks is  
#133 out of 180 countries. So,  
corruption is main reason of circular  
debt in power sector in Pakistan.

## 2: Reliance on Hydrocarbons:

Second important  
reason of circular debt is Pakistan's  
reliance on hydrocarbons. Pakistan  
produce its 60% electricity from  
hydrocarbons which are imported.  
Hydrocarbons import is more than 25%  
of all imports. Similarly hydrocarbons  
contribute to 50% of overall trade  
deficit. So, this shows that reliance  
country's reliance on hydrocarbons  
enhance circular debt.

## 3: Devaluation of PKR:

Another important  
reason of circular debt is devaluation  
of PKR. Pakistan rupees is devalued against  
dollar rapidly. In 2023 the rupees official  
value has depreciated 11.23% against the  
dollar. Due to devaluation of PKR the  
circular debt has increase without taking  
of any more loans.