

Question: 2

Root Causes of Circular Debt in Energy Sectors and Solutions

Introduction

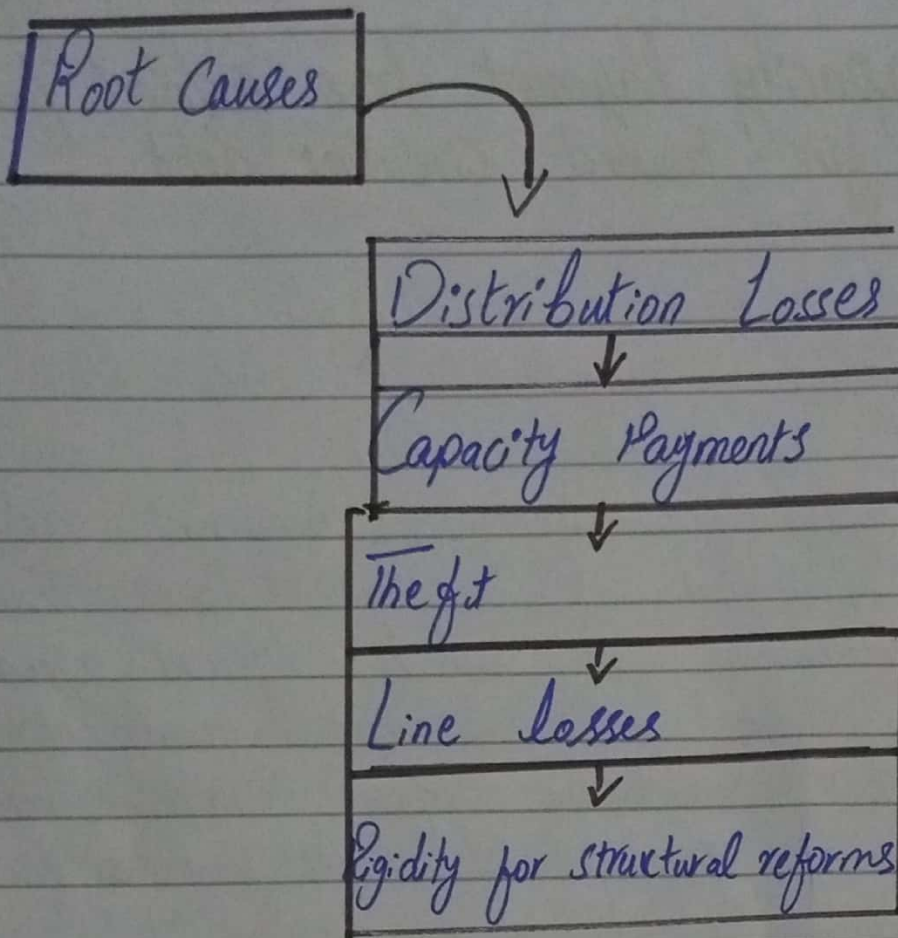
Pakistan being a developing country has grappled with multifaceted challenges, and among them energy problems stand at the top toward advancement of the country from a developing to a developed country. The top-most problem in the energy sector, which is presenting daunting challenges, is circular debt. It has occurred mainly due to distribution losses, capacity payments, theft, line losses as well as rigidity against structural reforms. The challenges of the energy sector have caused unprecedented damages to the agricultural and industrial sectors, thereby lowering the export and hence increasing the circular current

account deficit vis-a-vis depletion of foreign Exchange Reserves of the country. Notwithstanding, some plausible measures to avert the curse of circular debt ranges from the introduction of renewable energy resources, re-negotiations with Independent power producer (IPP) as well as re-ramp existing distribution setup. All such robust measures are essential to control circular debt.

Overall Existing Situation of Energy Sector in Pakistan

Energy Sector Situation	Demand: 31,000 MW
	Supply: 22,000 MW
	Installed Capacity: 47,370 MW
	Distribution losses: 31% of circular debt
	Circular debt: 5.5 T PKR
	Capacity Payment: 1.5 T PKR

Root Causes of Circular Debt in Energy Sector



Distribution losses have advanced the circular debt.

The overall distribution losses, which accounts 31% of circular debt have advanced the phenomenon of circular debt. These losses occur due to not payment from especially public sectors and ultimately contributes toward circular debt.

Capacity Payment has added fuel to fire toward circular debt.

The total amount of circular debt currently stands at 5.5T PKR. Out of which PKR 1.5T only accounts for capacity payment, which was around Rs. 500b. in 2018. This phenomenon, in which different agreement has signed by different government to purchase electricity from TPP's even if not purchase has to pay a fixed amount added more circular debt in energy sector.

Theft has given unprecedented damages to Energy Sector

A practice of electricity theft is common in rural areas. Due to which distribution cost could not meet the supply of electricity and resultantly has increased sufficient amount of circular debt.

Line losses have exacerbated circular debt.

As the supply system in Pakistan has not been updated with time and resultantly country is facing this phenomenon is the form of line losses.

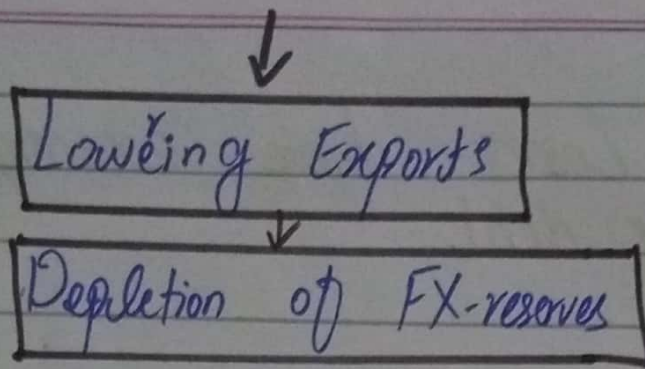
Rigidity towards structural reforms

Due to entrenched monopolies of corrupt element, system is facing colossal damages and these segments are presenting constant resistance against reforms in the system. Thus increasing the amount of circular debt due to attach reasons.

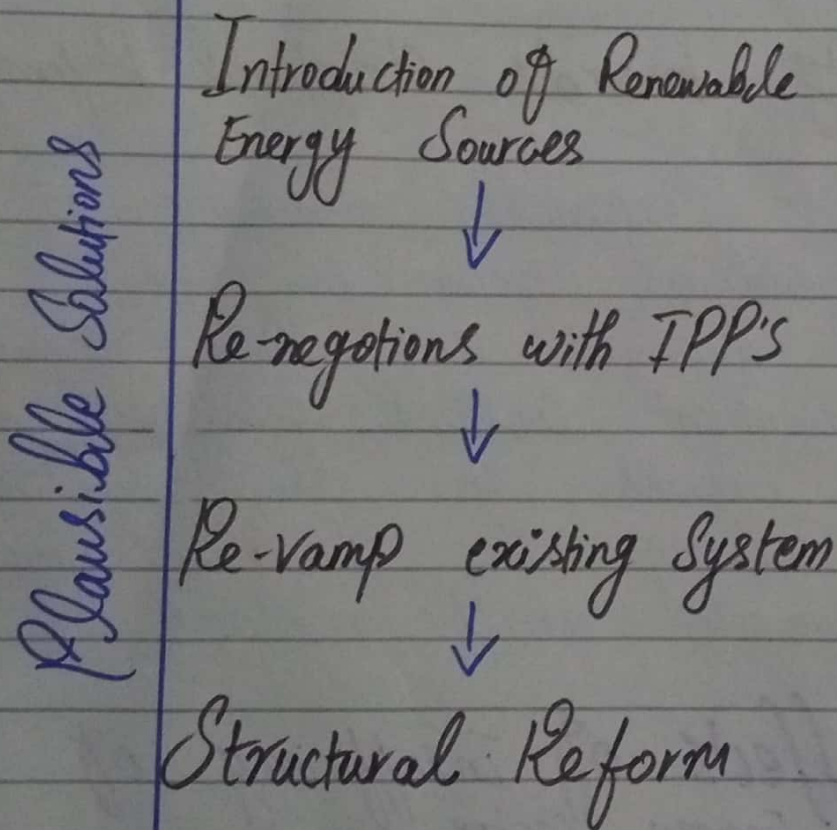
Effects of insufficiency of
Energy sector

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Low Agricultural Productivity

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Stagnant Industrial Growth



Solutions to Counter Circular Debt



Conclusion

Pakistan can come out from the curse of circular debt with the efficient introduction of renewable energy sources, re-negotiations with IPP, revamping existing supply system and robust structural reforms. All such measures are capable to ensure the efficiency of energy sector and, thereby, enhance the economic progress of country.

Question: 1

Role of Education and Skill development in Economic Growth

Introduction

A country facing economic turmoil can enhance the overall look of economy in the inclusion of vast youth bulge by incorporating their educational and skill development needs. For which can contribute in terms of innovations, entrepreneurship, advancement in major economic sectors and also the skills enhancement can help in export, flourish online market, inclusion of new ideas with skills. However, the quality of workforce can be enhanced with political will to enhance skill based educational opportunities, introduction of latest technologies as well as with liberal economic policies. This will help in creating new job opportunities and hence brings down the phenomenon of un-employment.

Role of Education in economic growth

As around the globe, the investment made on human development is usually consider as the investment in future minds. Which ultimately can help in flourishing the economy of any country. Thus, following roles are typically associated with education to economic growth.

Technological Advancement is possible with education of masses.

It has been observed in the west, China as well as in India, the interests of governments in education of masses have now paying back to them with technological innovations and these people are now contributing towards economic growth of their respective countries.

Enhancement in enterpenurship encourages with education

The occurs or flourishment of new

ideas and subsequent implementation has now only become possible with education. The ideas of Facebook, Twitter, and other social apps are the result of education.

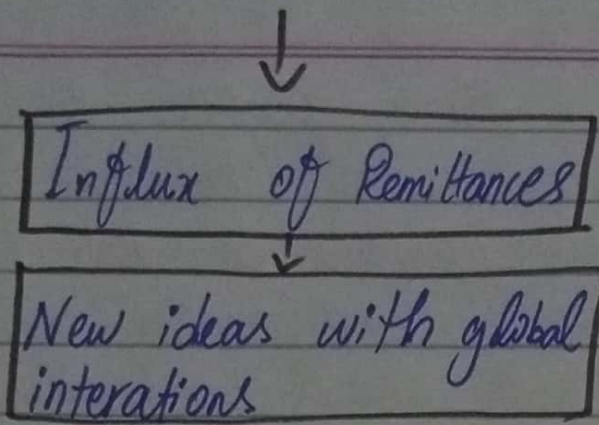
Growth of Agriculture, Industry and Services sector increases with education

As has evidenced in the western countries, most of the economies are flourishing because they have invested in the education of their masses. Their investment has brought revolution in agricultural, industrial and services sector and thus have contributed in economic growth

Role of Skill development in economic growth

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Export Increases

↓
Online-economy flourish



The skill enhancement of populace can benefit the economic growth by increasing the export volume, by flourishing online market economy as well as influx of remittances and inclusion of generation of new ideas with global interaction enhance and thus ultimately can contribute towards economic growth.

Quality of Workforce Can be increased with;

Introduction of Skill-enhancement programs, especially in rural areas

For example, if we talk about Pakistan,

most of the people are parts of rural-areas. In Pakistani rural areas the opportunities and facilities are not much comprehensive. Hence the introduction of skill enhancement programs, especially in rural areas will increase quality of work-force.

Introduction of latest technologies

The ultimate universal progress belongs to those, who inculcate the technologies at large due to connectivity of the world. Thus, government should introduce the technologies at each corner of the country for flourishing the economic participation of the masses in order to advance economic growth.

Inclusion of Liberal Economic policies is essential to reforms the economy. w

Education for all should be the top government policy

As education has given immense benefits to the nations. So the accessibility of education could help in bringing the quality work force and hence economic growth happens

How it can encounter unemployment?



Mammoth job opportunities at national and International level



Breaks monopolies of companies and increase competition



Incorporation of populace at global level with online-economy

Conclusion

All the proposed measures to enhance economic growth should be applied with holistic manners can yield beneficial progress to economy. Because of the central role of education, it can enhance the economic viability with multiple innovations and increase the skills of people. Which ultimately help in countering the unemployment.

