Q NO. 2

(1) Introduction

Pakistan, since its inception, faces challenges of poor governance and political turbulance. This political chaos give rise to inconsistency in policy implementation. The critical issues in Pakistan are inflation and unemployment. The root causes include energy crisis, expensive electricity, frequent disasters and debt-driven economy. Additionally, outdated curriculum, teacher-centric pedagogy and lack of skilful training produce inefficient workforce. The unskilled youth remain isolated from practical work, hence rising unemployement. In addition to this, corruption, lack of comprehensive reforms and minimal opportunities for youth further contribute to these economic challenges.

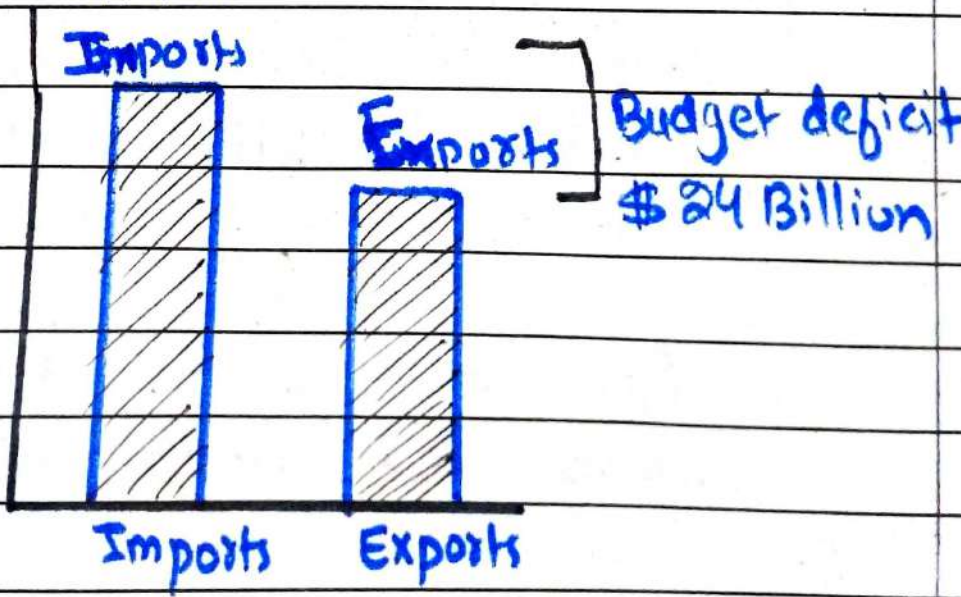
(2) Root Causes of Inflation and unemployement

(a) Expensive energy generation in Pakistan rises prices of all commodities

More than 60% of electricity in Pakistan is generated from imported hydro carbons i.e coal, gas and petroleum. The costly energy units increase prices of all commodities related to industries, agricultural, domestic and commercial markets. Hence, it is one of the major causes of inflation in Pakistan.

(b) Dependence on low-valued and narrow export base

Pakistan's export base is low, it mainly consists of textiles, garments, sports good, and domestic goods. Contrarily, the country imports high-valued imports creating huge trade deficit. Due to import-driven economy, inflation remains high in Pakistan.

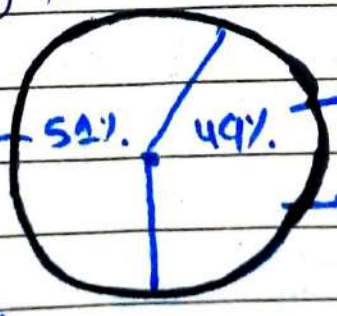


(c) Frequent disasters in Pakistan negatively impact sustainable growth

As the country is one of the most affected countries in the world. Pakistan faced devastating floods in 2010, 2022 and 2025, Additionally, heavy rainfalls, famine and erratic weather patterns impact sustainable growth. Being an agrarian economy, disasters have become another cause of inflation in Pakistan.

(d) Huge Debt creates Viscious cycle, perpetuating inflation and unemployement

Pakistan frequently ~~aqu~~ acquire loans from international lenders, China, Saudi Arabia and UAE. The huge debt take major portion of annual budget, ~~Also~~ contributing to inflation in Pakistan.



Almost 51% of portion of annual budget went in payement of debt

49% of remaining budget utilized for spending

Total Annual Budget = 17.6 Trillion PKR (2024-25)

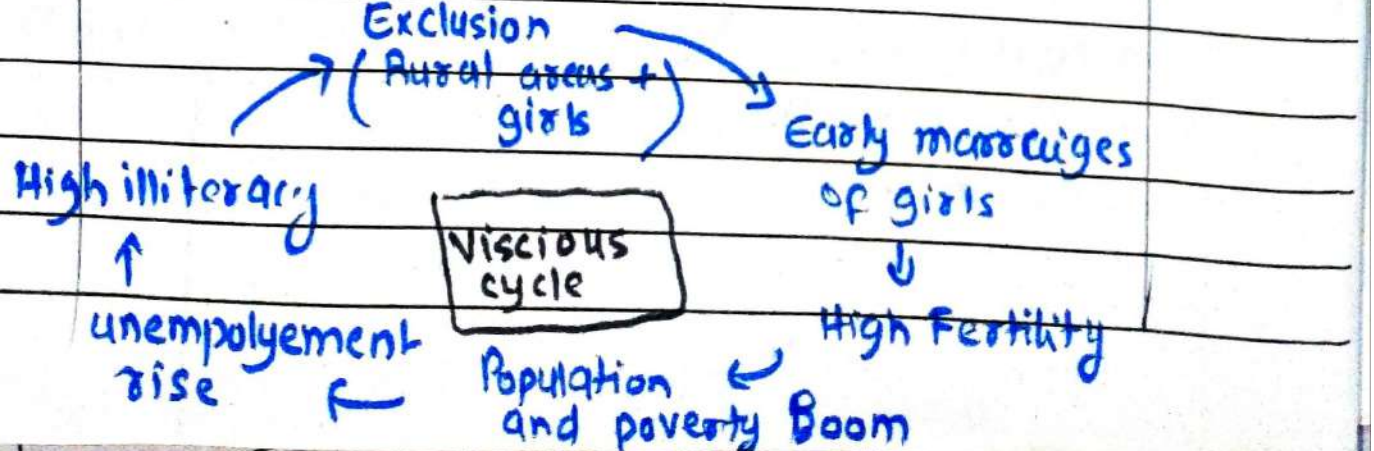
Economic survey of Pakistan (2024-25)

(e) Outdated & Curriculum and teacher-centric pedagogy produce unskilled workeforce ; Rising unemployement

Pakistani institutions teach outdated, curriculum and focus on rote learning with minimal focus on innovation. Additionally, teacher-centric learning produce inefficient students that lack analytical skills. This cognitive burden turns into unemployement in the future. According to economic survey of Pakistan, unemployement rate remained 6.3% in year 2020-21.

(f) Rural-urban divide and Exclusion of girls exacerbate the challenge of unemployement

The huge gap between urban and rural areas in education, health and employement fasciliteis further wides graph of unemployement and inflation.



(3) How poor governance and policy inconsistency contribute to inflation and unemployement

(a) **Policy inconsistency impedes development programs:**

Pakistan has a long history of political chaos and turbulent government. Policies formed in one government are changed in next governments. Due to this, implementation remains weak. For instance, critical steps of policy reforms, evaluation, and implementation are fragile. Hence, economy remains stagnant in Pakistan.

(b) **Corruption and policy manipulation benefit Elite class rather than poor public**

Weak accountability and high political influence flourish elite class at the cost of public growth. Additionally, rampant corruption further weakens institutions. Hence, ~~they~~ it leads to weak economic growth in Pakistan.

(c) **Weak collaboration between educational institutions and industrial sector:**

There is weak coordination

between institutes and industries. Hence, teachers ~~are~~ focus on theoritical learning instead of practical skills. This produces less competitive citizens, contributing to unemployement in Pakistan.

(d) **Low opportunities for youth due to lack of political will**

The government has minimal focus on creation of opportunities for youth. As Pakistan's more than 60% population is young, **according to UNICEF Report**. This large sector of youth needs to be empowered to revive country's growth. Hence, youth remains unemployed and untapped.

(4) Suggestions: Reviving the pathway to counter inflation and unemployement in Pakistan

Reforms in curriculum to foster innovation

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Collaborate courses with international standards to produce competitive citizens

Enhanced value-based exports

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Bridge digital gap between urban and rural areas

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Empower women to include their potential in frail economy of Pakistan

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Create job opportunities for youth

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Strengthen Accountability to control corruption

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Shift to renewable energy resources

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Ensure certainty in business environment to attract investment FDI

(5) Conclusion

To sum up the above discussion, root causes of inflation and unemployement are: expensive energy, low competitive goods, lower exports, debt crisis, and poor education quality. Additionally, corruption, and lack of political will further constraints economy of Pakistan. To counter these challenges, there must be curriculum reforms, inclusion of women and rural Population, and export-driven economy to prosper Pakistan's economy.

Question No.3

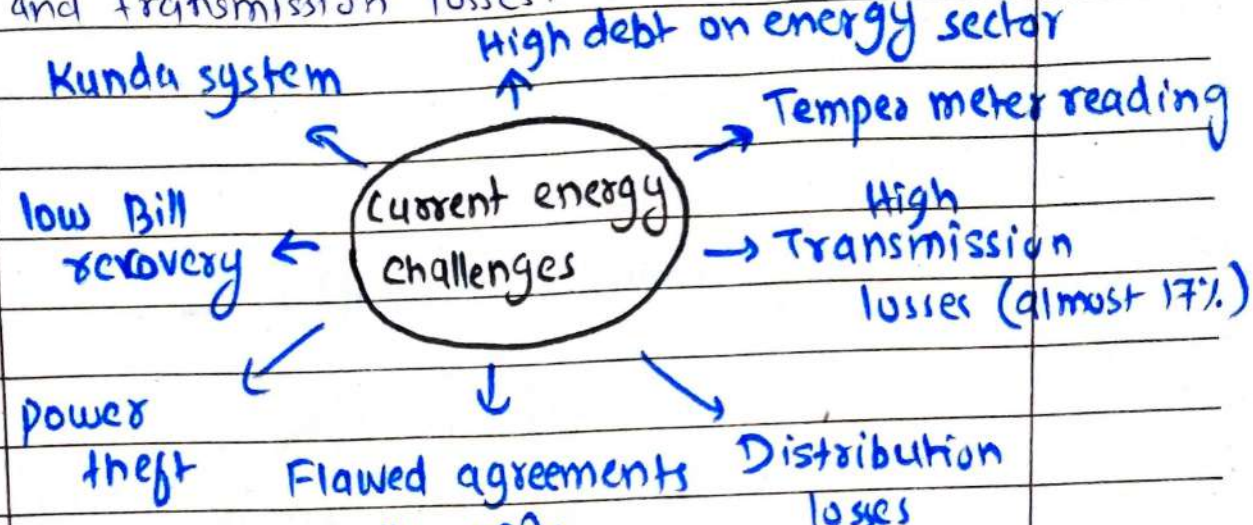
(1) Introduction

Energy security is important for economic growth because every commodity produced today requires machinery. For machinery and industries, electricity is a necessity. Hence, energy cost impacts prices of ~~every~~ goods. Pakistan produces the most expensive electricity in South Asia. So, to flourish growth, it must shift to renewable sources. The alternative sources like hydel energy, solar, wind power and civil nuclear reactors play huge role in addressing these challenges. Yet the country still depends upon expensive hydrocarbons and shift ~~from~~ these costly sources to sustainable energy is a need of hour for Pakistan.

(2) Pakistan's energy challenges that impede sustainable growth

Pakistans current energy infrastructure heavily depends upon fossil fuels. Currently, Pakistan's circular debt on power sector is almost Rs 1275 Billion. The major issues include flawed

agreements with IPPs (Independent power producers), governance issues, theft of electricity, low recovery and high distribution and transmission losses.



(3) Role of Alternative and Renewable energy sources in addressing Pakistan's energy challenges and achieving sustainable Growth

(a) Hydel Projects contribute at large

Pakistan generate almost 15000 MW from hydel projects. It contribute almost 33% in Pakistan's energy generation. Major dams like Diamer Basha dam (4500MW) and Mohmand Dam (800MW) are under construction. Additionally, Suki Kinari in Sindh and Korot

hydel project are recently completed. They combinely reduce energy burden from Pakistan's dependence on hydrocarbons. Hydel projects have a significant role in addressing energy challenges in Pakistan.

(b) **Role of civil Nuclear projects**

Currently, there are 4 major civil nuclear projects working in Pakistan. They generate almost 10000 MW of electricity, constituting almost 7% of energy generation in Pakistan.

(c) **Solar power grids; rapidly rising in Pakistan**

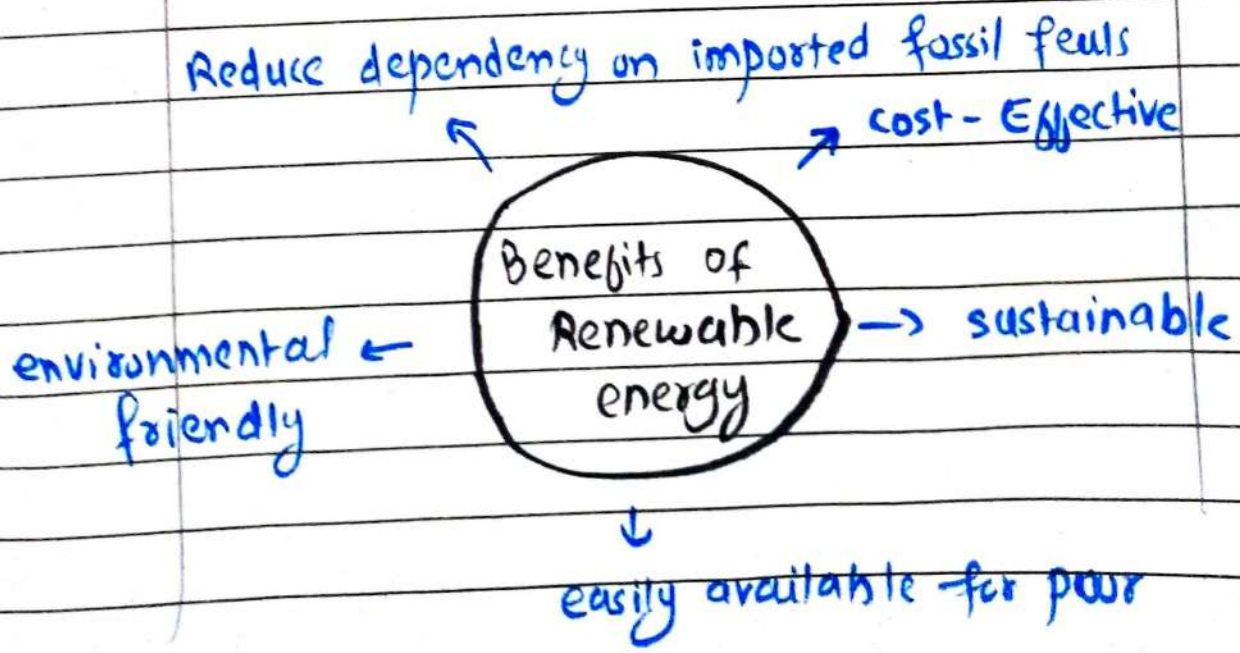
Due to sustainable energy generation, solar grids are increasing in Pakistan. Public get relief from costly bills of electricity but simultaneously it increases burden on those who depend upon grid station. Hence, solar power has rised as an alleviating source for power in domestic purpose.

(d) Wind Energy: zero fuel electricity

Wind energy can be very cost-effective source in suitable areas. For example Gharo Jhimpir wind project has capacity to produce 50,000 MW. Current energy production from wind power is low. However, it can serve as a sustainable alternative to costly hydrocarbon sources.

(e) Biogas and Biofuel for rural areas

Being an agrarian economy, Pakistan produce huge ~~large~~ amount of waste. From this waste, rural areas can produce cost-effective energy to meet economic challenges in Pakistan.



(3) Conclusion

To conclude, renewable energy is a sustainable solution to meet current energy challenges in Pakistan. These include solar projects, hydro-power projects, wind energy and biomass sources. These are cost-effective, environmental friendly and sustainable sources. Though, currently their contribution is low. However, still they contribute as a sustainable solution.