PA Test # 4 Aroosa -002

Question # 3

"Energy security is the backbone of economic growth". Discuss the role of alternative and renewable energy sources in addressing Pakistan's energy challenges and achieving sustainable development

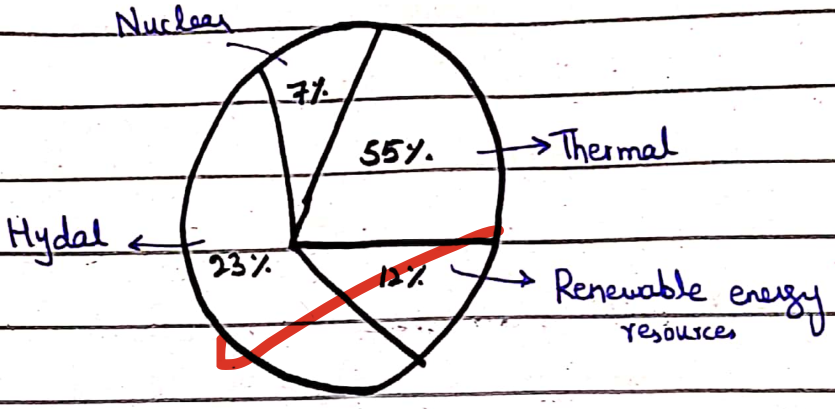
1- Introduction

"Shifting towards renewables is panacea to Pakistan's energy vows."

~ Tauqeer Sheikh

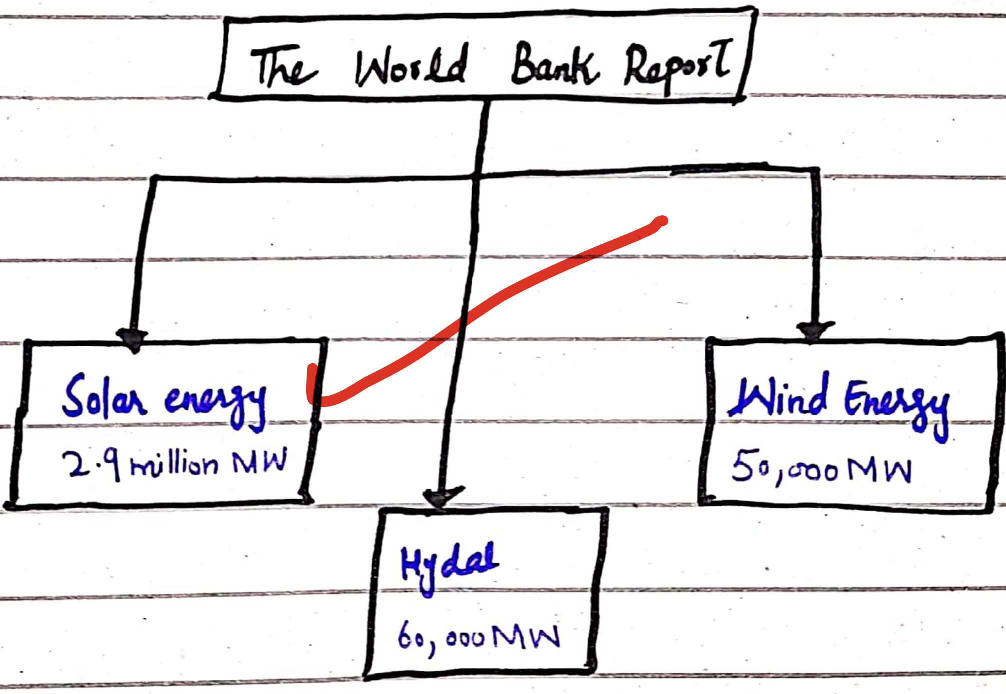
Pakistan is reeling with persitent energy crisis since independence. There are various challenges, like high circular debt and dependency on non-renewable source, that aggravates there crisis. However, renewable energy sources can address Pakistan energy vows by decreasing dependency on non-renewable sources, addressing circular debt, lowering energy generation cost, and attracting foreign direct investment. Moreover, there energy sources has also potential to help Pakistan achieve sustainable development by ensuring affordability, creating jobs, and tackling the climate change issue in the country. Hence, by this way, Pakistan's energy challenges can be ressolve, ultimately achieving sustainable development.

2- Appraisal of current contribution of renewable energy resources in Pakistans energy mix



Source: Pakistan Economic Survey 2024-25

3) Glancing over Pakistan's renewable energy potential



4) Discussing role of alternative and renewable energy resources in addressing Pakistan's energy challenges

4.1) Reducing dependency on imported energy resources

To being with, renewable energy resources can address Pakistan's energy dilemma by reducing its dependency on imported energy.

For example, as per SBP, 85% of fossil fuels is imported by Pakistan annually.

So, if Pakistan shift towards renewables and tap its vast potential, its dependency would automatically decrease on imported fuel, ultimately tackling energy issues.

4.2) Lowering energy generation cost

Moreover, renewables can help Pakistan to produce energy at low cost because renewables are way cheaper than non-renewables.

As IEA report states, "Solar is now the cheapest source of electricity in the history of humanity."

Thus, by using renewable and alternative energy resources, energy generation cost will reduce, thereby addressing the energy crisis of Pakistan.

4.3) Minimizing the circular debt

Additionally, the circular debt fiasco of Pakistan can also be minimize by renewables, which is currently the biggest challenge of the country's energy sector.

As per Ministry of Finance report, "Circular debt has reathed to 2.8 trillion."

By using renewables, the circular debt of the country will automatically decrease. and resolve energy challenges.

4.4) Enhancing energy security

Furthermore, the renewables will address Pakistan's energy challenge by providing energy security as it is long-term and affordable.

For instance, "The Gharo-Jhimpir wind corridor can alone generate 50,000 MW." Alternate Energy Development Board report.

Thus, with this huge potential of energy generation of renewable, Pakistan's will significantly get energy security, resulting in diminshing of its energy crisis.

4.5) Decreasing energy cost for consumers

Besides, due to cheap price of renewables, consumers will also get energy at low prices and energy will be affordiable and acessible in the country.

According to the World Bank," Utility scale will be on Rs. 5-6/unit in Pakistan due to low prices of renewables."

4.6) Increasing energy access to rural areas

To add, low access of energy to rural areas is the other defining challenge in Pakistan's energy issues; however, by leveraging renewables energy access will be increased to rural areas.

UNDP report on Energy Access says," With use of renewables, accessibility of energy will increase three folds in Pakistan."

4.7) Attaracting FDI in renewables market

Lastly, renewables can play significant role in addressing energy challenges of Pakistan by attracting foreign direct investment in renewables market.

" Pakistan can attract $400 billion in renewable investments by 2040 if policy stability is ensured."

Therefore, to address energy challenges, use of renewables can play profound role in attracting FDI.

5) Understanding the role of renewables in achieving sustainable development in Pakistan

5.1) Ensuring accessibility and affordability

First, renewables will ensure energy accessibility to all on affordable prices in the country, ultimately advancing it towards sustainable growth.

As SDG-7 says about affordable and clean energy, by tapping its potential of renewables Pakistan will achieve SDG-7 of sustainable development.

5.2) Creating jobs and innovation

Next, with renewables comes a great deal of green jobs and innovation. Pakistan can achieve its distant dream of sustainable development through creating jobs and innovation in green energy sector as underscored in SDG-8 which says, about decent work and economic growth as indicator of sustainability.

5.3) Encouraging modernization of energy sector

Going down the ladder, renewables will

also help Pakistan to bring modernization in its energy sector. This will ultimately fulfill the sustainability goal of SDG-9 which deals with industry and innovation. Thus, Pakistan will achieve sustainable development by leveraging renewables potential.

5.4) Improving air quality and urban sustainability

To add more, renewables can play valuable role in improving air quality and urbanization issue in Pakistan which will, ultimately, forge the country's path on way of achieving sustainable development. For example, as ~~SDD~~ SDG-11 talks about sustainable cities as sustainable development tenet.

5.5) Addressing the menace of climate change

Last but not least, renewables can help the country to address its biggest problem ~~in~~ of recent times that is climate change, a roadblock in country's sustainable development. For instance, SDG-13 encourages for climate action to achieve sustainability. As a result, renewables will decrease country's CO_2 emission, ultimately tackling climate crisis.

6) Conclusion

To cap it all, alternatives and renewable resources can play a defining role in addressing Pakistan's decades long energy challenges by ensuring energy security, lowering energy generation cause, attracting FDI in renewables market, and decreasing dependency on imported energy resources. Besides, through renewables Pakistan can also pave its path towards sustainable development as renewables will ensure affordability, addressing climate change, and creating jobs.

Question #2

1) Introduction

Pakistan, being developing country, is constantly grappled in issues of inflation and unemployment. The root causes of the inflation in the country include currency depreciation and excessive foreign borrowing, and the causes of unemployment ranges from mushrooming population to low literacy rate in the country. To add fuel to the fire, poor governance and policy inconsistency aggravat inflation due to corruption and circular debt issue and increase unemployment by decreasing FDI and giving rise to fiscal deficit in the country.

2) A bird's eye view of current situation of inflation and unemployment in Pakistan

Pakistan Economic Survey 2024-25

Inflation

4.7% average inflation

Unemployment

8%

3) Comprehending the root causes of inflation in Pakistan

3.1) Import-oriented economy of the country leading towards inflation

First, the major root cause of inflation in the country is its import oriented economy, which make the country prone to global shocks, ultimately rising inflation in the country when prices rise in global market.

To take as an illustration, "80% of the fossil fuel is imported by Pakistan annually."

This significant export per cent ultimately give rise to inflation in Pakistan in case of global crisis and trade disruption.

3.2) Currency depreciation as major contributor of inflation.

Moreover, currency depriciation is another profound cause of inflation in the country.

Such as, according to PBS report, "When Pakistan's currency depricated to 300/USD dollar in 2023, it led to historic 38 per cent inflation in the country."

Thus, the report clearly underscore the grim role of currency depreciation in the country.

3.3) Excessive borrowing of foreign loans

Delving deep, excessive borrowing of foreign loans also cause high inflation in the country.

To elaborate, the IMF loans come with austerity measures, demanding & increasing prices and decreasing subsidies.

With such austerity conditions, Pakistan still goes to foreign loan, thereby increasing inflation.

3.4) Disruption in supply-chains due to natural disasters

Finally, natural disasters play role in supply-chain disruption and food shortage, leading to inflation in the country by

increasing prices and decreasing purchasing powers.
For example, In recent 2025 floods in Pakistan, it took about a week to supply food from Karachi to Punjab due to extreme floods.

4) Root causes of unemployment in Pakistan

4.1) The low literacy rate and ineffectiveness of education system

To start, illiteracy and inefficiveness of the education system are major contributors in causing grave unemployment in the country.
For example, Economic Survey 2024-25 shows low literacy rate of Pakistan only 60.6%.
Due to such low literacy rate, the country cannot produce market ready work force, consequently leading to unemployment.

4.2) Burgeoning population growth

Furthermore, the mushrooming population of the country also causes unemployment in the country.
As illustrated in PBS report, the population growth rate of Pakistan is 2.5 per cent, greater than its GDP growth rate of 2.3 per cent.
So, the population growth increasing with every

passing year cause unemployment in Pakistan.

4.3) High dominance of informal sector

Likewise, the dominance of informal sector also leads to unemployment in the country as it lacks job security and social protection.

According to Labour Survey, "62 per cent of work force is employed in informal sector, risking job security."

Hence, with such stark numbers of labour force involvement in informal sector causing unemployment.

4.4) Decrease in foreign direct investment

Lastly, decrease in foreign direct investment in the country due to security issues and policy inconsistency causes significant unemployment in the country.

For example, Shell, the largest oil company, has withdrew its share from Pakistan & in 2024, unemploying millions of workers and incurring significant loss in investment.

In short, dwindling state of FDI in the country is also one of the leading causes of inflation in Pakistan.

5) Role of poor governance in exacerbating inflation and unemployment

5.1) Prevalance of corruption in the state's institutions

Going towards role of poor governance, it exacerbates inflation and unemployment due to high prevalence of corruption in the country's institutions, making them weak and in limbo.

For example, the Corruption Perception Index, ranks Pakistan 135th out of 180 countries on the list of least corrupt countries.

5.2) The circular debt fiasco in energy sector due to poor governance

Moreover, due to poor governance, the engnioma of circular debt emerges, which consequently give birth to evils of inflation and unemployment in the country.

As per report of Finance division, circular debt reaches to Rs.2.8 trillion.

This huge cost directly leads to inflation and closure of industries, causing unemployment in the country.

5.3) Lack of reforms in public sectors giving recurring losses

Finally, poor governance leads to inadequate reforms in public sectors, which makes these sectors dysfunctional.

The SBP report shows that SOEs give Rs. 500 billion loss annually to the country.

To bridge this gap, the government increase prices which ~~is~~ cause inflation and decrease CPI, leading to unemployment.

6) Policy inconsistency playing role in inflation and unemployment in Pakistan

6.1) Decreasing foreign direct investment eroding investors confidence

Discussing the role of policy inconsistency, it plays part in decreasing FDI. Due to policy inconsistency, investors lose confidence and trust in the country, which ultimately give shocks to the country economy when investors leave the country, resulting in inflation and unemployment in Pakistan.

FDI decreases by 20 per cent in Pakistan, IMF survey.

6.2) Pushing the country to knock doors of foreign lenders

Next, policy inconsistency decreases economic growth that compels the government to go to foreign lenders to buttress their dwindling economy. And these lenders impose strict measures and conditions, which acts as a catalyst to inflation in the country.

In words of Nadeem Haqqani, "Pakistan is the most loyal customer of the IMF, knocking its door for 25 times."

6.3) Giving rise to fiscal deficit

Lastly, policy inconsistency aggravates inflation and unemployment in the country by giving birth to the dilemma of fiscal deficit in the country. To recover the deficit, the government turns towards right-sizing measures and increases commodity prices that results in inflation and unemployment in the country.

Scanned with CamScanner

7) Conclusion

To sum up, inflation and unemployment are grave challenges for Pakistan and their root causes are ranging from currency depreciation to excessive borrowing and bugeoning population to low FDI, respectively. To add more fuel to the fire, poor governance and policy consistency further aggravate these issues due to persistent corruption, lack of reforms in public sector, compelling the country to lend loans, and decreasing foreign direct investment.

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good!!