



AERC VOICE SPECIAL EDITION FOR INTERNATIONAL CONFERENCE 2016



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*Policies, Strategies & learning
along with thought for tomorrow*



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International Conference 2016

Transforming Economics Development Policies & Strategies



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Prof. Dr. Ajmal Khan

Vice Chancellor, University of Karachi

Message

The Applied Economics Research Centre, is committed to providing quality education and training through research, transmission and utilization of knowledge.

I am extremely happy to know that the AERC is bringing out their Newsletter “AERC Voice”. In addition to the numerous achievements of the institute, this is yet another milestone in their research and academic activities.

We are proud of the AERC’s graduates because they have been excellent ambassadors. Through their success they have ensured that AERC flag continue to fly high.

The AERC, voice is a forum which could aptly be used for recording events, fond memories and creative writing. I am sure that this newsletter will be informative and resourceful.

I take this opportunity to congratulate the Director AERC, Prof. Dr. Samina Khalil and her team of committed staff members for their commitment towards value based quality research, teaching and unstinted efforts put into ensure that each students is cared for in the centre. The AERC voice exemplifies the voyage transverse and exhibits the literary skills of our staff and students. I congratulate the editor and the team for their determined efforts for making AERC voice innovative and inspiring.

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Prof. Dr. Samina Khalil

Director Applied Economics Research Centre, (AERC).

Message for AERC Voice

As Director of the Applied Economics Research Centre (AERC), University of Karachi, I envision our institute as part of a vital strategy to invest in emerging research fields in applied economics and social sciences that may defy today's traditional academic classification. Tomorrow's challenges demand innovative and unconventional approaches that cross or dissolve the boundaries of classic disciplines. I intend to encourage the faculty at the AERC to work on modern-day socio-economic and development problems that lie at the intersection of economic growth, sustainable development, emerging business economies and good and efficient governance.

It goes without saying that the source of pride for AERC faculty is found in their ability to teach and carry out outstanding research and make contributions in the key research domains of applied economics and social sciences. However, at the same time it is also important to provide society with information it can use along with advice on policy recommendations. We are expected to play an active role in these areas as well. In fact, there are many opportunities for AERC faculty to contribute to the management and development of contemporary society, both in the public and private sectors.

To achieve these goals, it is important that the faculty, researchers, administrators, and research support staff at the AERC work hard together as one while maintaining a high level of contribution to the public good as well as a high degree of originality in their respective research.



A handwritten signature in black ink, reading "Samina Khalil", followed by a stylized graphic of a quill pen.

From the

Editor Desk

Hello Readers,

This quarterly news letter is the first one having me as the editor. I am highly grateful to the Director of AERC Prof. Dr. Samina Khalil and members of Academic Committee for trusting in me as being able to take over the charge and fulfill the responsibilities of the editor of this news letter. We have given a touch of new feeling to the overall layout of the news letter to give a refreshing touch for the readers even though the news letter will be providing all the required and important information regarding the happenings at the AERC as earlier.

This issue of the news letter is a special edition in the sense of having the peculiarity of covering the events of the three-day international conference on 'Transforming Economic Development, Policies and Strategies'. In addition, it contains the interview of our newly appointed Director, respected Prof. Dr. Samina Khalil. It also features the happenings regarding faculty research, students' research and activities, seminars which were conducted during the course of last four to six months and much more. The objective of this news letter is to highlight AERC's academic and extracurricular activities

The current issue had to be published a couple of months earlier but because of certain reasons the timely publication was not possible. But I assure you that Insha Allah you will receive the news letter on time in future.

As AERC is the think tank to the Government of Pakistan providing its suggestions and advices on various issues related to the economy of Pakistan and is also purely and directly related to and concerned with the economy of Pakistan; plus I, myself being interested in the current issues in the economy of Pakistan, will particularly focus more on incorporating material highlighting the issues in Pakistan economy in the upcoming issues of the news letter.



Narjis Khatoon

Sadaf Majeed

Humera Sultana

Uzma Tabassum

Lubna Naz

Message From

Dr. Asghar Ali



At this point I invite my astute readers to provide their worthy feedback and suggestions for the upcoming issue of AERC Voice which will not only be published in the news letter but also surely be incorporated in the future.

I thank Dr. Uzma Irum, the former editor, for handing me over the task. No doubt she served a valuable moment in time and her efforts were surely visible.

Thanks to my editorial team who worked hard to make it such a good output. I want to maintain a good and healthy future with all those fellows.

Acknowledgement

We would like to thank our readers to their frequent contributions and feedback. To provide feedback, please email us at: asghar.ali@aerc.edu.pk

We thank members of the AERC voice, specially Narjis Khatoon, faculty members, students and IT department specially Syed Muhammad Waqas for their continuous cooperation, which makes this newsletter comprehensive.

Feel the 'pleasures of reading'...

Editor

Dr. Asghar Ali

PROF. DR. MOHAMMAD PERVEZ WASIM

Growth Rate Scenario and Performance in Area, Production and Productivity of Mango Fruit in Punjab and Sindh Provinces of Pakistan



The present study was undertaken to analyze growth rates scenario and performance in area, production and productivity of Mango fruit in Punjab and Sindh provinces of Pakistan. Three yearly moving average data from 1970 71 to 2013 14 is used. The compound growth rates of area, production and productivity of mango fruit was worked out by fitting a semi log trend equation. Fruits have become in integral part of human diet as they provide vitamins and minerals. Among these fruits mango (*Mangifera indica* L) “King of Fruits”, has been established as an emerging tropical crop in the world as well as in Pakistan. It is a delicious fruit being grown in more than 100 countries of the world.

Total world production of mango was 42140 thousand tonnes in 2012 (FAOSTAT). Pakistan is the 5th (after India, China, Thailand and Indonesia) largest mango producer with production of about 1.6 million tonnes per year, contributing a share of more than 5 percent in total world production of mango. As far as productivity tonnes/hectare is concerned Pakistan ranks 2nd (10.00 tonnes/hectare) after Brazil (16.04 tonnes/hectares). Mango is the second largest fruit growth after citrus in Pakistan. It occupies 22 percent of the total area under all fruits (GoP, 2013 14). Of a total area of 171.3 thousand hectares under mango in the country, 62.57 percent is in Punjab and 36.90 is in Sindh province.

The study reveals that the increase in mango production growth in Punjab and Sindh provinces was mainly due to increase in area growth rather than productivity growth. Area and productivity growth both contributed in the increase in production growth in Pakistan but area growth contributed more than productivity growth. It means that though both soil and climatic conditions are highly suitable for mango production in Punjab and Sindh provinces but still we are far behind than the other mango producing countries of the world in terms of productivity per hectare. Traditional planting method, low or no use of plant nutrients, poor orchard management, improper or no irrigation, use of low yielding varieties and problems of alternate bearing of mango trees, etc. are some of the important reasons of declining mango productivity (especially in Sindh) in Pakistan.

Adoption of High Density Planting with hybrids and high yielding varieties, better management practices, use of fertigation and use of hormones to induce flowering and fruiting will increase mango productivity in Sindh and Punjab provinces.

The Linkage between Foreign Bank Penetration and Economic Growth: Evidence from Pakistan

DR. MOHSIN HASNAIN AHMAD

In this study we explore short run and long run relationship between financial liberalization in form of allowing foreign bank entry to the country of Pakistan and the impact that creates on its economic growth. The results unearth that there is long run association between foreign bank participation and economic growth. Foreign bank participation has positive and significant impact on economic growth. Furthermore, results of the study show that the foreign bank penetration causes economic growth in Pakistan.

However we do not find reverse causality from growth rate to foreign bank penetration. This finding specially has so much significance and it suggests important policy implications for Pakistan. Our findings suggest that since the short run and long run causality runs from foreign bank participation to economic growth, a healthy foreign banking sector can play very important role in the economic growth of Pakistan.

Foreign banks may prove helpful in stimulation of real economic activity by allowing the economy to access international finances and diversifying risks associated with investments. In the host country, foreign banks can increase competition in the domestic banking sector that may reduce costs of investments by reducing interest rate margins. The increased competition in the local market due to the presence of foreign banks weakens the chances of monopolies in the local market. Pakistan needs to devise such a policy that could improve confidence of the international banks. Moreover, improved law and order conditions and an advanced infrastructure may further improve the presence of foreign banks. The benefits that Pakistan can draw by foreign banks however ultimately depend on the macroeconomic environment in the country. Liberal policy in form of allowing foreign banks for the expansion of branch network in remote areas can help people of those areas to have access to facilities offered by foreign banks. Expansion of number of foreign banks and the funds they bring to the host country also depends on the suitable climate for investments that so far is not conducive in Pakistan due to continuously deteriorating law and order situation, quite old infrastructure and prevalent corruption in other sectors of Pakistan.

Our findings reject the doubts of adverse impacts of foreign bank penetration on economic growth in case of developing countries. However, the developing countries like Pakistan are required to be cautious in going for abrupt policy of allowing foreign banks in their economies.



DR. SHAISTA ALAM Environmental Pollution & Sustainable Development in Developing Countries



Environmental Pollution is cost of economic growth via increased industrialization, urbanization, mechanization, use of fertilizer and pesticides in agriculture and mismanagement to dump human waste especially in developing countries where environmental laws are relatively less strict. Hence growth and pollution are positively linked in developing countries expectedly. Sustainable development may be defined as continuous increase in the socio-economic standard of living of a country's population, normally accomplished by improving the quality of its physical and human capital. The research's foremost objective is the generation of environmental pollution index that incorporate various production and consumption side indicators that are majorly responsible for pollution. While, the at-most objective of the study is to examine the causal relationship between the generated pollution index and human development through a panel causality analysis using a panel of 32 developing countries over the period 2000-2013. This study is unique in the sense that it adds in the existing literature the construction of a combined pollution index. For this combined pollution index production and consumption based pollution indices are also generated using various production and consumption side variables. Moreover, none of the literature reviewed relates so generated pollution index to human development index. Further this study explores the causal relationship between pollution and sustainable growth in a panel analysis.

The haste of globalization, urbanization and industrialization has led to severe environmental concerns in developing countries. Over the past few decades the natural resources have depleted remarkably resulting from accelerated pace of economic and social transformation. Economic and social changes such as natural growth of population, migration from rural to urban areas, increase in mechanization have transformed the country's natural resource base, both as a source of factor inputs and as a by product of pollution associated with economic activity. The continuously accelerated and unabated environmental degradation in the country is dangerous for sustainability of human development that is the foundation for long-term economic development. Especially in developing countries the impact of environmental pollution is more rigorous, leading to ill health, increase disabilities and mortality rate annually (Greenstone and Hanna; 2014).

Environmental pollution may destabilize development process and competitiveness of developing nations whose economies depends on natural resources. Economic development and human development efforts are increasingly constrained by environmental concerns, including degradation of forest and fisheries, lack of fresh water resources, and poor human health as a result of air and water pollution (Banister; 1998, Chu & Yu; 2002). Intensified crop and livestock production combined with misdirected incentive have contributed to increased production of chemical and organic waste, natural resource and biodiversity loss and soil erosion. Inadequate clean water supply, explosive growth in population, and artificial method of cultivation are the most severe environmental problem in many developing countries. There are two major sources of pollution that is pollution generated from primary sources (production process) and secondary sources (consumption process). Production side pollution index is generated using production side variables and like-wise consumption side pollution index is developed using consumption side variables.

The empirical results revealed that there exists a bilateral causality flow between the generated pollution index and human development index in heterogeneous panel. It is concluded that the direction of causality is stronger from HDI to pollution in the context of developing countries. This is justified on the basis that in most developing countries production technologies adopted are majorly profit motivated in the absence of or flexible environmental control policies for production and consumption. Sustainable development can only be attained when all the three economic agents are part of the policy design and all agents contribute towards the goal achievement. Government can use both voluntary and involuntary measures for this purpose. Voluntary measures include awareness regarding the consequences of increasing pollution, scarcity of resources, Effective waste management from both production and consumption point of views, Incentive base persuasion etc. Involuntary measures includes regulation for curtailing pollution leading to sustainable production and consumption by restricting pollutant emission and waste, Progressive taxation on emission and waste, Maintaining pollution standards etc. The Government can then use the funds from this taxation for installation of waste management and recycling processes. Government should promote shifting of consumption patterns towards groups of goods & services with lower energy and material intensity and for that government should make sure availability and affordability of energy-efficient products and services. Sustainable consumption thus requires action by industry and by governments as well as by consumers. Energy is a major element for sustainable development. Energy production is highly pollutant if generated using non-renewable resources which is usually the case with developing countries.

Faculty Development

Two AERC faculty complete PhD



Dr. Asghar Ali Dr. Noman Saeed

Two important faculty members of the Applied Economics Research Centre, namely Dr. Asghar Ali and Dr. Noman Saeed have recently completed their PhD degrees from the University of Jilin, Changchun, China. Both faculty member finished their higher degrees under the supervision of Chinese scholars Prof. Dr. Lijun Jiang and Prof. Dr. Ding Yi Bing respectively. Director & faculty congratulate both the faculty members on their highest achievement.

New in-charge appointed for PhD Programme

Dr. Mohsin Husnain



Dr. Mohsin Husnain Ahmed got appointed as the head of PhD programme. Before 10th August, 2016, then AERC Director Dr. Samina Khalil was serving on the same post. Now Dr. Khalil looks after affairs of the institute as Director. Dr. Samina Khalil along with all other faculty and staff congratulate Dr. Ahmed over his achievement, and extended their wishes to him for continued success.

AERC Female Faculties Awarded MPhil Degrees

Three female faculty member of the Centre have recently been awarded MPhil degrees. The Director of AERC congratulated Ms. Humaira Sultana, Ms. Lubna Naz and Ms. Uzma Tabassum over their academic success, and said that the achievement of these ladies would strengthen the faculty at the Centre.



Humera Sultana



Uzma Tabassum



Lubna Naz

AERC Faculty Reinforced With Four New Staff

Four new full-time faculty members - Mr. Tehseen Javaid, Mr. Aamir Hussain Siddiqui as RE, Mr. Syed Ammad Ali and Mr. Faisal Sultan Qadri as SE got appointed - to support the academic and research activities at the vcentre.



Tehseen Javaid



Aamir Hussain Siddiqui



Syed Ammad Ali



Faisal Sultan Qadri

Seminar Series

Emerging Economic Trends and the Challenges Pakistan Faces

Applied Economics Research Centre (AERC) organized a seminar on “Emerging Economic Trends and the Challenges Pakistan Faces” on 8th February, 2016. The guest speaker, A. B Shahid, Fellow of the Institute of Bankers (IBP), Pakistan, pointed out that Pakistan is facing the emerging economic trends and challenges.

He said that the role of market regulation is a crucial factor in rationalizing economies operating in free enterprise environments. He suggested that the aim of economic policies and strategies must be to bring about prosperity far and wide. The centre’s faculty members, researchers, students and participants from other institutions have attended the seminar.



Objectives of Monetary Policy, Challenges and Formulation Process in Pakistan.

The Deputy Governor (Policy) State Bank of Pakistan (SBP) Riaz Riazuddin has delivered a lecture at Applied Economics Research Centre (AERC). He presented the monetary policy objectives and challenges, while speaking at the seminar on “Objectives of Monetary Policy, Challenges and Formulation Process in Pakistan.”

The SBP official said that monetary policy making process for Pakistan is characterized by high uncertainty, ambiguity in balance of risk assessment and BOP and fiscal constraints.



Analysis of the Government Bond Market and Monetary Policy

A lecture on “Analysis of the Government Bond Market and Monetary Policy” was held at Applied Economics Research Centre (AERC) on 10th March, 2016. This seminar was addressed by two eminent guest speakers - Dr. Wali Ullah and Dr. Muhammad Nishat from Institute of Business Administration (IBA) Karachi. They presented their study based on the data from 2002:08-2014:12 (149 time points). Their study mainly focused the yield curve based on observed coupon bond prices. They concluded that macro variables play a less prominent role in explaining the yield factors as compared to the strength of effect from the latter to the former. Further the volatility in bond markets is found to be asymmetrically affected by positive and negative shocks and more sensitive to recent innovations rather than the lag volatility.



The Chinese Investments, Macros and Impact on Capital Market

Applied Economics Research Centre (AERC). Organised a seminar lecture on “The Chinese Investments, Macros and Impact on Capital Market” in its auditorium on 16th March, 2016.



The lecture was delivered by Muzzammil Aslam, who is the Chief Executive Officer of Invest and Finance Securities Limited. Aslam pointed out that the macro imbalances are still intact in the shape of anemic economic growth, higher fiscal deficit and debt. He suggested that a priority should be given to boosting exports through efficiency & productivity growth and reducing the deficit.

State of the Economy and Way Forward

IMF Resident Mission Chief Mr. Tokhir Mirzoev visited Applied Economics Research Centre (AERC) on 24th March 2016.



Addressing a seminar on “State of the Economy and Way Forward,” Mirzoev said that sustained reforms are needed to catch up with emerging market economies. He enlightened Pakistan’s IMF-supported Program regarding improve business climate, energy and social sector and restructure/privatize public sector enterprises. In the end of the seminar, Director AERC Dr. Samina Khalil thanked the IMF official for his visit, and also delivered a talk about the activities at the economic research centre.

Panel Discussion on Pre-budget

Applied Economics Research Centre had a panel discussion on pre-budget 2016-17 on 11th May 2016. Dr. Moonis Ahmar, Dean, Faculty of Social Sciences, University of Karachi, moderated the forum. The panelists were



Prof. Dr. Ashfaqe Hasan Khan, Principal & dean of social Sciences & Humanities, NUST, Islamabad. Dr. Shahid Hasan Siddiqui, Chairman & Chief Executive Research Institute of Islamic Banking & Finance, Karachi, and Dr. Asad Sayeed, Senior Research Associate, Collective for Social Science Research (CSSR) Karachi. The pre-budget session emphasized on the issues of relevance to the economy with reference to the general budgets. The key points on which the panelist stressed were domestic resource mobilization and quality of expenditure.

Emerging Urbanization Trends in Karachi

Arif Hasan, famous urban planner and architects, presented his lecture on “Emerging Urbanization Trends in Karachi” on 27th July, 2016 at the AERC. The seminar provoked an interested debates on issues related to urbanization trends. In particular, the speaker’s focus was on changing demography, history of informal settlements in Karachi, emergence of katchi abadis, changing locations of low income settlements, housing demand-supply gap, and market & government response to the issue.



On the other hand, AERC also invited PML-N Senator Syed Mohammad Nehal Hashmi on 18th August, 2016 to talk on “Human Rights and the Economic Issues in Pakistan.”

Hashmi talked about general issues of human rights and their impact on the economy of Pakistan.

Emerging Urbanization Trends in Karachi

The Applied Economics Research Centre organized Professor Dr. Ehsan Raseed memorial lecture on “How Inclusive Has Development Been in Pakistan” delivered by Dr. Farrukh Iqbal, who is serving as Dean and Director of the Institute of Business Administration (IBA) Karachi. The speaker initiated the session and stated that internationally the word “inclusive development” is a growing phenomenon, so that millennium development goals (MDGs) are now introduced as the sustainable development goals.



study, he said that inclusivity of development is measured empirically using parity ratio for three different inequality indicators such as consumption as measure of income, child mortality rate as health indicator and years of schooling taken as an indicator of education. He said that his study particularly focused the marginalized group and compares their outcome for the periods of 2005 and 2010.

“The findings of the study revealed that consumption inequality reduced over the period whereas, health and education indicators showed stable and rising inequality during the period.”



Conference Report

International Conference on



Transforming Economic Development: Policies and Strategies (ICTEDPS)

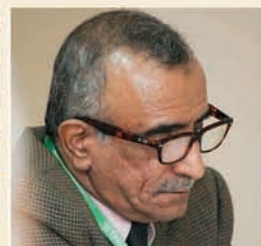


AERC organises 3-day international conference at KU

Applied Economics Research Centre (AERC), University of Karachi (KU) organised the 3-day International Conference on "Transforming Economic Development: Policies and Strategies (ICTEDPS)" in Prof. Salimuzzaman Siddiqui Auditorium, University of Karachi on November 22 to 24, 2016.

Provincial Minister for Education and Literacy Jam Mehtab Hussain Dahar inaugurated and delivered the inaugural lecture in the opening ceremony of the international conference held on November 22. Addressing the opening session, Director AERC-KU Prof. Dr. Samina Khalil said that the aim of the conference was to devise development policies and strategies for transformation of the developing economies in general, and for the economy of Pakistan in particular. The conference has provided an ideal forum for discussion among the national and international renowned academics, researchers, practitioners, policy makers and students, besides being a unique platform for high level dialogue and the exchange of ideas, she added.

Dr. Uzma Irum, the secretary of the organizing committee, also expressed her views in the ceremony. During the conference, Vice Chancellor Pakistan Institute of Development Economics (PIDE) Dr. Asad Zaman delivered a key note speech and shared his ideas and experience of transformation of economic development. Scholars have presented various research papers on different sub-themes in the conference; these sub-themes included natural resource management, environmental challenges /urbanization, political and economic governance, private sector and infrastructure, food security and nutrition, economic and social transformation, trade and development, financial and technological innovation, social safety net and poverty reduction, health inequalities and energy issues





On the second day of the conference, Director Institute of Business Administration (IBA) Dr. Furrugh Iqbal delivered keynote lecture, former Governor State Bank of Pakistan Dr. Shahid Kardar, prominent economist Dr. Qaiser Bengali, Dr. Muhsin Hasnain, expressing their ideas, said that the China-Pakistan Economic Corridor (C-PEC) is fate changer for Pakistan.

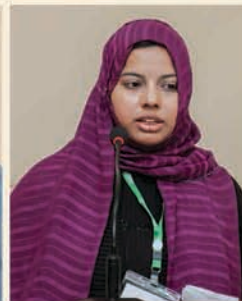
“Foreign investment is required for the country’s economic growth. Importance should not be given only for encouragement of enrollments, as quality education is need of the hour. Health and education are considered as major elements of human development. Pakistan needs qualified human resource,” they said.

Dr. Furrugh Iqbal said that improvement in health and education are strongly associated with the achievement of Millennium Development Goals (MDGs) but in Pakistan both sectors are in a poor state.

Dr. Shahid Kardar underlined the importance of quality education, and saying that the public sector schools need the government attention. Political hiring of the school teachers has damaged the whole educational system especially in Sindh province, he added.

Dr. Qaiser Bengali said that the China-Pakistan Economic Corridor is really a fate changer for Pakistan but it is not clear that how would Pakistan take advantage of this great project as no data about this project is released by the authorities concerned. He maintained that the issue is not common but becomes core among the experts.

Dr. Muhsin Hasnain said that export-oriented foreign investment is required for the country’s economic growth. He highlighted the importance of governance indicators, and said that the worldwide governance indicators owns six key dimensions of governance which included voice & accountability, political stability and lack of violence, government effectiveness, regulatory quality, rule of law, and control of corruption.





"Good neighborly relations with India go in the interest of Pakistan. The country can attain the sustainable development. Increasing income inequality and huge difference between have and have-not can only be addressed if employment opportunities are created, and by investment in human development. The government needs to share information linked with the China-Pakistan Economic Corridor (C-PEC) with public at large. Pakistan requires investing more in human development."

These recommendations were made by the experts on the third and last day of the 3-day international conference. The last day of the conference was addressed by the World Bank Country Director for Pakistan Mr. Patchamuthu Ilangovan, former Governor State Bank of Pakistan Dr. Shahid Kardar, former Provincial Minister for Finance Shabbar Zaidi, ZABIST Social Sciences Dean Dr. Riaz Sheikh, Director AERC Prof. Dr. Samina Khalil, Dr. Hiro Takahashi from Japan and many others.

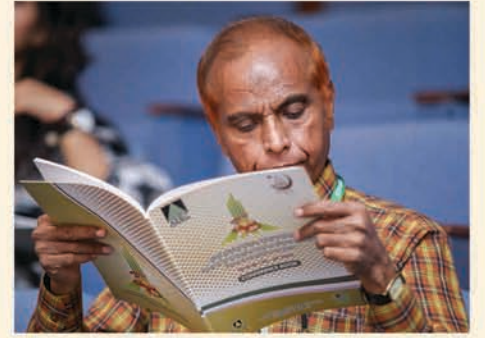
The World Bank Country Director stressed the need for increased investment in social sectors like health, education and nutrition. Pakistan should continue to move towards structural reforms; this would lead to a vibrant and dynamic society as well as the economy, he said.

Shabbar Zaidi said that we are an economy of 200 million people, out of which 180 million have nothing while 20 million have everything. He said the government failed to fulfill its responsibilities in collecting tax and protecting the citizens. Academia is the one who can make the system functional but unfortunately it is neglected, he said.

Japanese expert, Dr. Takahashi said that sustainable development can be achieved in Pakistan by attaining progress in social, technological and agricultural areas. Pakistan needs to further improve cultural and trade relations with Japan, he adds. Furthermore, Dr. Takahashi found the conference attractive and informative, which is associated with innovative knowledge of sustainable development.

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Due to Quaid-e-Azam Muhammad Ali Jinnah endless efforts with their loyal fellows, Pakistan emerged on the map of the world in the year of 1947 and it is a memorable day in the history of the Muslims of the subcontinents. According to Quaid quote "With Faith, Discipline and Selfless devotion to duty, there is nothing worthwhile that you cannot achieve". Unity among the citizen is a powerful source to build the nation. Faith for religious principles and the spirit of hope gives ambition to our struggles. Discipline follows the rules and regulation. If we want to move forward we have to follow his principles.



Pakistan has always been proud of his youth particularly the students, who are nation builders of tomorrow. They must fully equip themselves by discipline, education, and training for the arduous task lying ahead of them. These patriotic glimpses found by MAS (Morning) students in AERC, who organized and celebrated this patriotic event with enthusiasm. This event becomes more memorable through the presence of Director AERC (Prof.Dr.Samina Khalil) and other Faculty Staff who participated in that. Inception of the event performed by recites with the name of Allah (AST) prayed by Muhammad Furqan. After that Director AERC delivered the message on that occasion and shares her views regarding the event. She emphasized Quaid-e-Azam quote on "Unity, Faith and Discipline" and urged to follow the principle in their life whole heartedly. Hosting responsibility of that event was with Nida Naeem and Muhammad Zohaib. Celebration was divided in different segments like patriotic songs, sung by solo and in group form presented by Annum, Ume Farwa, Humma, Nida, Humaira, Asma and Ayesh. Meanwhile Quize section, organized by the student Ayesh and Yousuf that consist on Pakistan history and devotion. Another interesting segment Bait Bazi and Mushaira, captured by the audience with zeal and zest hosted by Anum, Yousuf and Shahid. Disciplined and Management organized by Salman, Yousuf and Zohaib. At the closing of that great Independence Day event, all AERC Staff and student pledged to fulfill their responsibility with honesty, faith and loyalty for better future of Pakistan.



Interview

Prof. Dr. Samina Khalil



Q 1. What would you say about the aim and mission of AERC?

You know that Applied Economics Research Centre (AERC), University of Karachi (KU) was established mainly for research and teaching purposes. One of the leading functions of the AERC is research work. Two different kinds of research are being carried out at the Centre, the contract research and the co-research. With the help of contract research, AERC provides support to its clients and funding agencies in the form of research services outsourced on a contract basis. It is basically a policy oriented research that makes AERC able to earn against its contract research services. Contrary to that an academic research is called co-research and AERC also focuses and encourages academic research environment.

The Centre undertakes research on issues in applied economics with a focus on urban and regional economics, agriculture economics, human resource development, public finance, poverty, health and nutrition, industrial economics, trade, environment and gender issues. Research is based on primary data collection carried out by AERC through surveys and analysis of secondary data from published sources. With subsequent growth of the Centre, its activities have broadened to include advance training of economists from all parts of Pakistan.

The other function of the Centre is graduate level teaching and providing advisory services to the government. We offer a national-level advanced academic programme of MAS/MPhil leading to PhD programme.

Q2. What is the prime objective of research and teaching activities here?

AERC is a leading research and teaching institute in the country imparting advanced training in applied economics since 1979. With its highest learning academic programme (MAS/MPhil), the Centre aims to train students to be able to work in research organizations, academic institutions, financial and banking institutions, development agencies and private sector. Graduates from the AERC are currently holding high level positions in organisations like World Banks, United Nations, State Bank of Pakistan, Universities and private sectors.

Q3. How have you come to the position of a Director?

The Directorship has never been my dream. This was merely a chance that the competent authorities, as per the University's rules, selected me as the Director for the centre on account of my seniority and other eligibility criteria. But no doubt, it is not only an immense pleasure but also an honour for me to be the Director of this leading Centre and a great opportunity to revive the lost glory of the AERC.

Q4. What is the biggest challenge you have faced in your current job?

As you know this leading institution owns an absolutely fabulous history in the research area of applied economics. During the last one decade, the excellence of the AERC was affected owing to various internal and external reasons. The biggest challenge for me is to get the good name back to the AERC. Alhumdulillah, the institute has got its prior momentum in the academic and research activities.

Q5. What philosophy do you own behind your leadership?

My leadership philosophy is very simple, which revolves around the practicalism. A true leader sets good working examples for the subordinates, and does the right things. The best leaders lead from the front and by examples.

Q6. Where do you find AERC after three years?

If the institution is on the right track with good leadership and a dedicated team, there is no reason why AERC cannot achieve its research and other academic goals.

Q7. What steps have you taken to promote research activities at the AERC?

The promotion of research activities on systemic and organized manner needs some planning not only at the in house level but also at the funding agencies level to accelerate the pace of research activities at the AERC. I am working on the planning level, while a few of the research activities are already in the pipeline. The capacity building of existing faculty now seems to be imperative and essential for achieving desired goals.

Q8. What makes you to be focused on your professional activities?

I believe that until one takes a break from his / her hectic work schedule, it is not possible to work at your optimum level. I love to read books, enjoy soft music and sometimes take a long walk to recharge myself.

Q9. What lesson have you learned from your mistakes over the past years?

The biggest lesson that I have learned from my mistakes is that Allah is the best avenger. He knows how to do justice and when to provide what judgment. So forgive all those who try to harm you as Allah is your best protector. The strength of a person is not in inflicting harm on those who had hurt in the past but to forgive such people when he/she is powerful enough to take revenge.

Q10. What are your hobbies?

Reading books is the only exercise that gives me mental and physical comfort. Since my childhood years I have been reading books. My earliest reading memory links with the book "Great Expectations" by Charles Dickens, and the character of Pip that still fascinates me. Besides reading books I also read poetry of Asadullah Khan Ghalib and Faiz Ahmed Faiz.

Where are they at present



Dr. Aisha Ghaus Pasha

Dr. Aisha Ghaus Pasha wife of Dr Hafiz Ahmed Pasha is an Alumni of AERC from the 1987 batch of MAS. She was born on March 3, 1962 in Lahore. She obtained the degrees of BA (Hons), M.A (Economics) and Masters of Applied Science in Economics from AERC, University of Karachi, Karachi. After completion of MAS, Dr. Aisha did her PhD in Economics from the University of Leeds UK in 1991. She was elected as Member, Provincial Assembly of the Punjab in general elections 2013 against one of the seats reserved for women and is functioning as Punjab's Minister for Finance. An economist/ academic, who has served as Professor, as Managing Director/ Consultant, as Chairperson, as Member, as Technical Advisor and as Senior Fellow in various National and Provincial organizations. She is also associated with a number of Government Departments as Technical Expert. She has been the Head of two important think tanks in Pakistan including Social Policy and Development Centre Karachi, and the Institute of Public Policy, BNU Lahore. She has been a Member, Board of Directors in Pakistan Poverty Alleviation Fund. She served as a consultant in various international and bilateral organizations like United Nations Department of Economic and Social Affairs. She has published over 75 books, reports/articles in national and international journals. Her husband, a former Federal Minister, is also a distinguished economist of Pakistan. No doubt we are very proud to Dr Aisha Ghaus Pasha as they are AERC alumni. We would congratulate her on all his great achievements during his career journey and keep best wishes for her.



Dr. Syed Kalim Hyder Bukhari

Dr. Syed Kalim Hyder Bukhari is an Alumni of AERC from the 1996 batch of MAS. He obtained the degrees of double M.A in (Economics) From The University of Punjab, Lahore, Pakistan & University of Calgary, Alberta, Canada. After completion of MAS/ M. Phil from AERC, University of Karachi, Karachi. Dr. Bukhari did his PhD in Economics from the University of Leicester, Leicester, UK. An economist/ academic, who has served as Senior Research Fellow in Lahore School of Economics, Lahore, as Senior Economist in Social Policy and Development Center, Karachi, as Research Officer, as Visiting Lecturer, as Teaching/Research Assistant In University of Leicester, UK & University of Calgary, Alberta, Canada, as Model Based Forecasting Unit, Monetary Policy Department, State Bank of Pakistan.



He has been the Senior Economist in one the important think tanks in Pakistan Social Policy and Development Centre Karachi. He has many research articles, lots of Working Papers, reports in national and international journals. He has high technical proficiency in MATLAB, EVIEWS, TSP, and Ox-Metrics. He is currently working on Model Based Forecasting Unit, Monetary Policy Department, State Bank of Pakistan. Dr. Bukhari has proved himself as an excellent personality not only in the field of teaching and research but performed many administration assignments and ended them with successfully We would congratulate him on all his great achievements during his career journey and keep best wishes for him.

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Giving the concluding remarks, Prof. Dr. Samina Khalil said that good neighborly relations with India go in the interest of Pakistan in terms of mutually beneficial trade relations. The development process of the economy is meant to enhance the well being of the people in the society, she said and adding that this process has to be indigenous as people are in better position to prepare the strategies of their own well being.

She said that CPEC is really a mega project but it is surrounded by secrecy. A comprehensive feasibility of CPEC is essential and imperative to ensure its durability, she maintained.

M.PHIL THESIS SERIES



EFFECTS OF MONETARY POLICY SHOCKS ON THE TRADE BALANCE OF PAKISTAN

Hira Sharif

Ms Hira Sharif has rewarded her M.Phil degree (2016), under the supervision of Dr. Anjum Aqeel & Dr. Mohsin Husnain Ahmed. Her study explores; Pakistan faces a persistent trade deficit for a long time, which is a cause for concern. Monetary policy could be useful in improving the foreign sector in Pakistan. Research investigates the effects of monetary policy shocks and exchange rate shocks on trade balance of Pakistan. These two shocks are compared through recursive Vector Auto regression (VAR) methodology along with the sign restrictions, following the Bayesian Structural Vector Auto regression (BSVAR) approach adopted by Uhlig (2005), Mountford and Uhlig (2009) and Fratzscher et al. (2010). Following Mundell–Fleming–Dornbusch (MFD) prediction, study distinguishes the income effect and expenditure switching effect through which monetary policy affects the trade balance in Pakistan. The BSVAR model of estimation includes relative interest rates, relative consumption, relative inflation, and exchange rates for the period 1982Q1 to 2012Q4 to identify the factors driving the trade gap in Pakistan. Firstly, it has been found that monetary policy affects the exchange rate through the overshooting hypothesis in the case of Pakistan, which initially leads to the appreciation of the exchange rate followed by a gradual depreciation due to contractionary monetary policy shock. Secondly, contractionary monetary policy in Pakistan led to an increase in interest rate, which deteriorated the trade balance through exchange rate appreciation shock by increasing imports through expenditure switching effect. Research contributes to a growing body of literature on how monetary policy affects the trade balance by distinguishing between income absorption and expenditure switching channels which has not been conducted in case of Pakistan to the best of our knowledge. Findings of the study enhance understanding of the monetary policy transmission mechanism, that providing the institutional policy framework.



DOES FINANCIAL DEVELOPMENT VOLATILITY AFFECT INDUSTRIAL GROWTH VOLATILITY? EVIDENCE FROM PAKISTAN

Waseem Abbas

The development of financial sector either in form of stock market, money or foreign exchange market plays an important role in achieving effective economic growth and stability in the country. Economic stability is one of the key macroeconomics challenges around the world. In Pakistan, financial markets and industrial growth remained unstable since 1990s. It is more likely that volatility in financial markets adversely affect economic growth through industrial or firm's growth or from their volatilities. The current study investigates whether financial development in banking sector plays any role in determining the growth volatility of industries in Pakistan? Further, this study also examines that whether fluctuations in financial sector in the country have any significant impact on the growth volatility of industries. Additionally, this study also scrutinizes if there exists any significant association between volatility of financial development in banking sector and growth volatility of industries and how does it occur? Finally, major contribution of the study is to explore the combined effect of both volatilities, banking sector and stock market, on growth volatility of industries. This study is based on panel data consisting of seven manufacturing industries listed at Karachi Stock Exchange (KSE) over the period of 1990-2013, employing fixed effect and random effect approach. In addition, this study also employs firm level data consisting of 217 firms over the period of 1999-2013. The Results of this study demonstrate that financial development in banking sector in Pakistan has negative and statistically significant impact on growth volatilities of industries, which are highly dependent upon external liquidity. Whereas, volatility of financial sector development shows positive and statistically significant effect on growth volatility of industries. Further, combined effect of both volatilities, banking sector and stock market, has also positive and statistically significant impact on growth volatility of industries that highly depends on external liquidity. Finally, this study also finds out that financial development in banking sector also diminishes the growth volatility of firms. Hence, decline in growth volatility of industries reflects smoothness in firm's volatility and the rise in the growth volatility of firms leads to growth volatility of industries. This study leads to certain implications that regulatory authorities and central bank of Pakistan should closely observe the stability of financial markets, banking sector and stock, to ensure the stability in economic growth more precisely, industrial and firms' growth of country. In addition, this study also suggests that there should be further development in banking sector in order to sustain economic growth and stability in Pakistan.

M.PHIL THESIS SERIES



INTRA-HOUSEHOLD BARGAINING POWER AND ITS IMPACT ON THE FEMALE LABOUR SUPPLY IN PAKISTAN: A MICRO DATA ANALYSIS

Muhammad Noman

The main objective of this study is to evaluate the decision-making process of household regarding Female Labour Supply, taking into consideration endogenous intra-household bargaining power of the female in the context of Pakistan. Examination of the Unitary as well as Collective models, proposes that bargaining among household members provides a foundation of households' decisions and these decisions further changes balance of power within the household. It has presented both theoretically and empirically that how the bargaining power of females affects the female labour supply. Moreover, the study employed cross sectional data on females between ages 15-49 from the Pakistan Social and Living Standard Measurement Survey for the year 2005-06 and 2011-12.

In Pakistan, more than half of the population consists of women, but their participation rate is low. (The female labour supply Crude Activity rate is 15.6 percent and Refine Activity rate is 21.6 percent). The process of feminizing of the labour force has higher significance for the progress as well as to the efficiency of the economy; it is worthy to note that there is a prominent literature, e.g. Nishikawa et al (1980), Jaumotte (2003), Ejaz (2007, 2011) etc. available that looks into the determining factors of female labour supply. The study stressed that female labour supply is both a subject of family decision-making and a causal factor of the family balance of power, which successively, determines the female labour supply.

The study first estimates the bargaining power of females as an Index using both qualitative and quantitative indicators. Secondly, it empirically tests the nonlinear relationship between the bargaining power of females and female labour supply as proposed by Basu (2006). In addition to these, personal and household characteristics are also analyzed that may determine female labour supply.

Instrumental variable approach is used to tackle the issue of endogeneity. In the first stage, the study estimated that dependency ratio, age of the female, education of the female, yearly family income, number of children, type of family dummies (nuclear, joint), region dummies (rural), province dummies (Sindh, KPK and Balochistan), difference of gender of the first two children and marriage age of female influenced the bargaining power of females in the year 2005-06. Moreover, the age of the female, her education, yearly family income, education of spouse, working days' ratio, income share of the female, the number of children, type of family, region dummies (rural and urban), province dummies (Punjab, Sindh, KPK and Balochistan), age of the spouse and age ratio significantly explains the bargaining power of females in the year 2011-12.



THE FISCAL IMPACTS OF PRIVATIZATION REFORMS IN PAKISTAN: A DYNAMIC ANALYSIS

Abdul Aleem Qureshi

There are various reasons of privatization attraction for the regime of the developing nations. These revenues from the sale of state owned enterprises can demonstrate a possible resolution to persistent deficits. The study initiates a fresh avenue of research by evaluating the fiscal impact of privatization receipts. The factors that lead to persistent fiscal budget deficits and explain how empirical research on the fiscal impact of privatization would be a legitimate extension of this inquiry. The OLS technique is used to estimate the determinants of privatization. The present study examined that unemployment, GDP, Budget deficit and inflation are the main determinants of privatization in the context of Pakistan. For the long run and short run analysis Co-integration and VECM techniques are used. In present study it is found that there exist short run and long run relation among the macroeconomic variables, but the result of short run suggests that though there exists a short run relation but the effects are not positive. Moreover, in the long run privatization caters only a minimal proportion of government expenditure. While Gross Domestic Product, Gross Fixed Capital Formation, GDP per Capita, Real Effective Exchange Rate, Unemployment have a positive and significant impact on government expenditure in the long run. Macroeconomic instability shows a negative impact in the long run. In short run, the Gross Domestic Product, Gross Fixed Capital Formation and Real Effective Exchange Rate have significant positive impact while macroeconomic instability, GDP per Capita and Unemployment have no immediate impact in the short run. The study also confirms that there exists a causal relationship between Privatization and Government Expenditure.

In a country like Pakistan, most females are financially and economically not visible. With the improvement in their bargaining power, they automatically gain prominence, become economically visible and important in the process of decision-making within the family, in their profession and in society. As females gain bargaining power, the attitudes of their members of the household as well as society, would change. Subsequently, this structural change would bring economic and financial equity, which in turns lead to economic prosperity. In the nutshell, bargaining power of females leads the economy on the path of development.

پروفیسر ڈاکٹر ثمنہ خلیل

ڈائریکٹر تحقیقی مرکز برائے اطلاقی معاشیات، جامعہ کراچی

ڈائریکٹر کا پیغام

تحقیقی مرکز برائے اطلاقی معاشیات، جامعہ کراچی کی سربراہ کی حیثیت سے میری فکریہ ہے کہ تحقیقی مرکز برائے اطلاقی معاشیات ایک ایسی اہم اور کلیدی حکمت عملی سے منسلک ہو جائے جس کے تحت اطلاقی معاشیات اور سماجی علوم کے نمایاں تحقیقی میدانوں میں سرمایہ کاری کی مدد سے دور حاضر کے روایتی تعلیمی درجہ بندی کے چیلنج کا مقابلہ کیا جاسکے، مستقبل کے چیلنج ایسے جدید اور غیر روایتی نقطہ نظر کا تقاضے کرتے ہیں جو کلاسک تعلیمی شعبہ جات کی محدودیت کو عبور کر سکیں، میں اس تناظر میں تحقیقی مرکز کے اساتذہ و محققین کی حوصلہ افزائی کرنا چاہتی ہوں تاکہ وہ سماجی اقتصادی اور ترقیاتی مسائل پر تحقیقی توجہ مرکوز کریں اور یقیناً ان مسائل کا براہ راست تعلق اقتصادی نشوونما، پائیدار ترقی، ابھرتی ہوئی کاروباری معیشتوں اور علی حاکمیت سے ہے۔

اس حقیقت سے انکار قدر دشوار ہے کہ تحقیقی مرکز برائے اطلاقی معاشیات کی فیکلٹی کے لئے باعث فخر ان کی تعلیمی و تحقیقی سرگرمیاں اور وہ خدمات ہیں جو اطلاقی معاشیات اور سماجی علوم کے میدانوں میں تحقیق کی صورت میں نظر آتی ہیں، اس کے علاوہ ادارے کی سطح پر ان معلومات کی فراہمی بھی اہمیت کی حامل ہے جو پالیسی سازی اور سفارشات میں کردار ادا کرتی ہیں، معاشرے میں ہم سے بحیثیت اسکالر ایک واضح اور کلیدی کردار ادا کرنے کی توقعات وابستہ ہیں، ہماری فیکلٹی کے لئے معاشرے کی نشوونما اور ترقی میں بھرپور کردار ادا کرنے کے لئے سرکاری اور غیر سرکاری سطح پر مواقع موجود ہیں، ان مقاصد کے حصول کے لئے ادارے کی فیکلٹی، انتظامیہ اور ریسرچ اسٹاف کے لئے ضروری ہے کہ وہ محنت، لگن اور مربوط انداز سے اپنے امور پر توجہ مرکوز کریں۔



Shahid