



# AERC VOICE NEWSLETTER



POLICIES, STRATEGIES & LEARNING  
ALONG WITH THOUGHT FOR TOMORROW

Month: August 2017

Issue# 11





## TABLE OF CONTENTS

DIRECTOR MESSAGE .....	1
DEAN MESSAGE .....	2
FROM THE EDITOR'S DESK .....	3
FACULTY RESEARCH .....	4
• Examining The Relationship Between Inequalities In Gender Wage And Economic Growth In Pakistan	
• Public spending on human capital formation and economic growth in Pakistan	
Environmental Pollution & Sustainable Development in Developing Countries	
AERC NEWS .....	5
• MAS / MPhil Orientation Program	
• Good bye retirees	
• Condolence	
• Seminar Series	
• Inaugural of AERC voice	
• CPEC Views	
• Excellent news for MPhil(2017) students	
ALUMNI NEWS .....	18
• Where are they at present	
STUDENT'S NEWS .....	19
• M.Phil Thesis	
• AERC Picnic	



# Applied Economics Research Centre

Prof. Dr. Samina Khalil

## Director's Message

We study, research and teach Economics / Applied Economics because it is an urgent priority for our social, economic and environmental wellbeing. In spite of the multiplicity of definitions that the term has generated, everyone who is involved in addressing the impact of development, the possibilities for a sustainable life and the complex moral and ethical debates around globalisation agrees that humanity has reached a point where passivity is no longer an option.

Our MPhil / PhD courses deal with current problems that have local and global impact. Each degree course is challenging and ambitious; Each is bold and audacious, taking on a series of contemporary problems that governments, scientists, philosophers, educationalists and charities are grappling with.

I want the academic community to join us on this intellectual journey, as we question and challenge current views and theories on development. Beginning with the assumption that development is not only about economic growth, we examine opportunities for the promotion of redistribution and the reduction of inequalities. Then we examine the value choices involved in those opportunities and the ensuing ethical issues.

I believe in taking a critical stance against early conceptions of development which assumed that Western ways of thinking and doing were the best and most efficacious, and we consider the ways in which science has responded to this simplistic and deterministic view. We take a holistic and systemic approach to understanding Economic, Social and Environmental factors that impact political and humanitarian interventions.

With this message, I like to Congratulate Dr. Asghar Ali, the Editor of this newsletter and his very dedicated team (Ms. Narjis Khatoon, Ms. Sadaf Majeed, Ms. Lubna Naz, Ms. Uzma Tabassum) for keeping an eye on healthy academic activities of the AERC and presenting them for your kind information with putting so much efforts and hard work that is the requirement of this beautiful newsletter. Please keep it up.

**Prof. Dr. Samina Khalil**  
**Director, Applied Economics Research Centre**  
**University of Karachi**





**Prof. Dr. Muhammad Ajmal Khan**

**Vice Chancellor, University of Karachi.**

**Chairman, Board of Governance of AERC**



**Prof. Dr. Muhammad Ahmed Qadri**

**Dean Faculty of Arts Message**

Being a new Dean of Karachi University it is a matter of great pride and I can proudly say that AERC is professionally competent and comfortable with cross disciplinary ideas and abstraction. Applied Economics Research Centre offers a great opportunity for student to experience the thrill of learning blended with theory and practice.

It operates with a distinct long short vision and realistic goals to emerge as a great seat of academic excellence and intellectual abode. I take this opportunity to congratulate the Director Pro.Dr.Samina Khalil and her team of committed staff members for their commitment towards value based quality teaching and unstinted efforts put in to ensure that each student is cared for in the AERC. The AERC Voice exemplifies the voyage transverse and exhibits the literary skills of our students & Staff members. I am sure that newsletter will be informative and resourceful.

AERC is pledged to impart quality education at an affordable cost and seeks to evolve as a centre of excellence in the subject of Economics. In this modern competitive world knowledge and technology are changing breathlessly fast. AERC keep constant vigilance to update and refocus its curriculum accordingly.

AERC, aim to provide quality education and advance learning to the highest attainable level through research, teaching and dissemination of knowledge for the benefit of students. I further acknowledge the sincere efforts of the learned faculty for their dedication and hard work to make the research and the teaching learning process at the best.

*M. Ahmed Qadri*



Prof. Dr. Muhammad Ahmed Qadri  
Dean Faculty of Social Sciences



### From the Editor's Desk

Being the Editor In charge of the AERC Voice quarterly news letter, it gives me great pleasure and opportunity to present this issue. AERC Voice's progress is worth measuring. It is designed to present to its readers the quarterly events that have gone by. The magazine also showcases the talents of our faculty members and students. The past month was full of various activities by the students and faculty in academic, co curricular, extra-curricular as well as research & developments; this will give us the chance to see the reflection of our progress and achievements. With a sense of pride and satisfaction, I would like to say that with the active support of my team, faculty and students, AERC Voice has come alive. With all the efforts and contributions put in by the students, I truly hope that the pages that follow will make some interesting reading. I congratulate the editorial team for making AERC Voice innovative and inspiring.



### Acknowledgement

We would like to thank our readers for their frequent contribution and feedback. To provide feedback please email us at: [asghar.ali@aerc.edu.pk](mailto:asghar.ali@aerc.edu.pk).

We thank our director Prof. Dr. Samina Khalil, faculty, and IT department for their continuous cooperation. In particular we would like to thank Ms. Narjis Khatoon from research department and Syed M. Waqas from IT department for their efforts and contribution.

Feel the 'pleasures of reading'...

**Editor**

**Dr. Asghar Ali**



**Dr. Asghar Ali**

## EXAMINING THE RELATIONSHIP BETWEEN INEQUALITIES IN GENDER WAGE AND ECONOMIC GROWTH IN PAKISTAN



Gender equality is not only a policy reform agenda for developing countries but is also one of Millennium Development Goals. With respect to all socio-economic indicators, the development history demonstrates extremely gloomy image of gender inequality in Pakistan. With this background this paper investigates the nexus between wage inequality and economic growth and detects co-integration between gender wage differential and economic growth using ARDL bound test. It is confirmed from the empirical results that there exists long-run relationship between economic growth and wage differential. The findings of unrestricted error correction model indicate that the wage inequality showed negative and significant impact on economic growth in the long run. The results of this study showed dissimilarity with the findings of Semol (2000) that there existed constructive association between wage inequality and economic growth. An important finding from the present examination is that the gender wage gap is detrimental for the process of growth in long run. Policies should be made to reduce gender wage gap. Such government policy should be designed which could address and adjust economic priorities in the face of changing global economic realities and provide comprehensive framework for conducive environment for gender.

*Pakistan Journal of Gender Studies*  
Vol. 12, pp. ----- ISSN: 2072-0394

**Syed Ammad Ali**

## PUBLIC SPENDING ON HUMAN CAPITAL FORMATION AND ECONOMIC GROWTH IN PAKISTAN



This paper captures the growth effects of public physical and human capital investment, which highlights the relative efficacy of these types of investments on sectoral and aggregate output, employment and private investment that indicates which sector of the economy of Pakistan is benefiting the most from these investments. It uses the production function approach based on the Mankiw, Romer and Weil (1992) growth models and applied the Fully Modified Ordinary Least Square (FM-OLS) technique using data from the Pakistan economy during the period 1964-2013. The results show that human capital investment in the public sector has a positive significant effect in all models. The coefficient indicates that a 1 per cent change in human capital investment will increase the output of the manufacturing sector by 0.44 per cent; the output of the services sector by 0.15 per cent; the output of agriculture sector by 0.094 per cent; and the aggregate output by 0.027 per cent. The public physical investment has the highest impact on manufacturing sector output (0.084 per cent) followed by aggregate output (0.034 percent). The estimated elasticities indicate that at the sectoral level, public human capital investment has a greater output effect than the public physical investment, while at the aggregate level, the public-physical investment effect dominates.

*Asia-Pacific Development Journal Vol. 23, No. 1, June 2016*  
*JEL classification: O40, O53, E62, H40.*

In AERC the MAS credential was first introduced in 1976 in response to the requirement of students, to expand career potential and bring academic precision to professionals in the field of Economics in Pakistan. It is a great pleasure to announce the admissions for the Morning Session 2017-2018. An Orientation ceremony program was held on February 13. The event started in the name of Allah, followed by welcome speech for the new MAS students which was addressed by the Director (AERC), Prof. Dr. Samina Khalil and GSP Incharge Dr. Shaista Alam. This program got its importance highlighted by displaying course work, credit hours with predetermined rules and regulations. The new students were provided the opportunity to introduce themselves and to ask queries related to the course work. In an informal interaction, AERCs seniors and faculty mixed up with the new students. High tea was also arranged for the students and faculty, at the end of ceremony.

## Inception of PhD Program

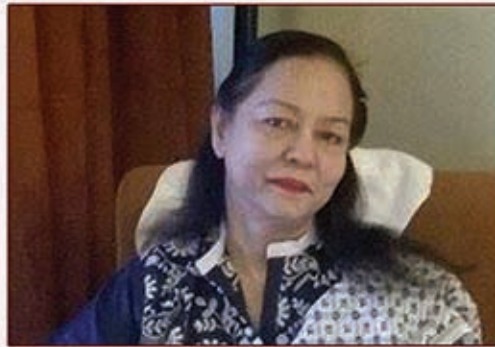
AERC announced the third batch of its PhD program 2017. The Orientation ceremony was held on January 23. In-charge PhD programme Dr. Mohsin Hasnain Ahmed gave warm welcome to the new PhD students in the presence of Director (AERC) Prof. Dr. Samina Khalil. Director highlighted the importance of research skills and suggested useful clues about the research to the students regarding their academic responsibilities. Students introduced themselves and emphasized their willingness for the program. We all congratulate to new PhD students and best wishes for the success in all future endeavors.



# Good Bye Retirees



**Prof. Dr. Pervez Wasim**  
1985 - 2017



**Dr. Mahpara Sadaqat**  
1984 - 2016



**Dr. Anjum Aqeel**  
1993 - 2016



**Mrs. Amtul Wadood**  
1980 - 2016

It is our honor to congratulate Dr. Mahpara Sadaqat, Dr. Anjum Aqeel and Prof. Dr. Pervez Wasim on completing their successful years of service and achievements at the Applied Economics Research Centre. Dr Mahpara Sadaqat started her career at the AERC in June 1984 and since 2010 she was working as a Senior Research Economist. Her work span of about 36 years came to a new turning on July 7th 2016, her retirement date

Dr. Anjum Aqeel started her career at the AERC in 1993 and got retired in 2016 as a Senior Research Economist. Dr Aqeel did her Ph.D in International Economics from the University of Nottingham in 2012. Dr Anjum was a member of AERC's Board of Governance.

Prof. Dr. Pervez Wasim started his career at AERC in 1985. He did his Ph.D from the University of Karachi in 2011. Dr. Wasim published numerous papers in the field of Agriculture Economics, Trade, Population Economics and Demography. Dr. Wasim served AERC for about 32 years and retired in February 2017.

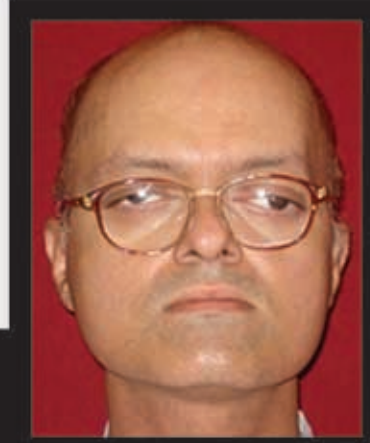
We wish them all the best and appreciate them for serving AERC with dedication, enthusiasm, friendliness, and team spirit. You might not be a colleague anymore, but you'll always be an asset and one of the best products AERC ever had.





# إِنَّا لِلَّهِ وَإِنَّا إِلَيْهِ رَاجِعُونَ

“Indeed we belong to Allah and indeed to him we will return”



Our respected colleagues, Mr. Mohammad Akaml and Mr. Abdullah have passed away this year. Mr. Akaml had been a part of Applied Economics Research Centre (AERC) since 1st October, 2004 and passed away on 29th January, 2017. He served as Research Assistant. His research services to the centre are highly appreciable. Apart from his professional conduct Mr. Akaml was good at building friendly pleasant relationships with rest of the staff members.

The other inconsolable loss to the center was the death of Mr. Abdullah who was serving as a messenger at AERC library. Mr. Abdullah was a very hardworking and honest person. May Allah keep their soul at best place in heaven and give strength and courage to their grieving families to bear this sad loss.

# Seminar Series

*Ms. Caren Grown*  
*Senior Director World Bank Group*

## Gender Issues Both Globally and Regionally and Its Relevance in Pakistan



The lecture on “Gender Issues both globally and regionally and its Relevance in Pakistan” was held at the Applied Economics Research Centre on 9th Feb 2017. The lecture was delivered by Ms. Caren Grown, Senior Director World Bank Group. Ms. Grown said that 21 percent of Pakistani parliamentarians are women and this ratio is higher than other South Asian countries as far as women political participation is concerned. Political participation of the women is pivotal for women empowerment and economic development. Men have played a key role in many women empowerment campaigns and supported their female colleagues in this regard.



She further added that there are hundreds of laws in Europe and central Asia that limits working women while there is no law in Pakistan that stops women from work. Early marriages in the developing world are a great challenge for working women. Only legislation for women empowerment and gender equality is not important, such norms and values must be there for bridging this gap. 1/3 of the women in the world have faced violence at least once in their lifetime. Violence against women is a serious issue having economic consequences as well causing the loss of 2-3 percent of the GDP to the national economy. Alcoholism of men is one of the major causes of violence against women. Empowered women will ultimately help in boosting the nation’s economy, household income, and reducing poverty



# The Economic Development of Canada in Historical Perspective and Current Economic Policies

*Mr. Perry John Calderwood*  
*High Commissioner (Ambassador) of Canada*

Mr. Perry John Calderwood, High Commissioner (Ambassador) of Canada visited Applied Economic Research Centre (AERC) on 27th January, 2017. Mr. Calderwood met Director AERC Prof. Dr. Samina Khalil, faculty, and students of AERC. The Canadian ambassador also delivered a lecture on Canada's Economic Development.

He said that Pakistan offers great opportunities for Canadian businesses in a number of sectors. He said that Canada will continue to receive immigrants from across the globe, including Pakistan, for the economic development and prosperity of the country. He said that Canadian development program in Pakistan is focused on supporting Pakistan's polio eradication initiative, ensuring sustainable economic growth through women's economic empowerment, and promoting democracy by strengthening existing democratic institutions and civil society. He said that Canada is also focusing on teachers training program at primary level in Pakistan. He maintained that issuance of scholarships is also a part of this development program. He believed that quality education provided by public played pivotal role in the progress of any society. He said that in Canada 90 percent of children are enrolled in public sector's schools, which shows a communal disagreement with private sector education.

He observed that Pakistan offers serious opportunities for Canadian businesses which are actively pursuing projects in sectors such as agriculture, oil and gas, power, information and communication technologies, forestry products, railways, health and education. The High Commission in Islamabad and the Canadian Trade Office in Karachi work closely with Pakistani partners to increase competitiveness and promote commercial opportunities, he added.

Talking about bilateral trade between Pakistan and Canada, he mentioned that in the last year the worth of bilateral trade between the two countries was 1.5 billion dollars. Pakistan is Canada's one of the largest export destinations for services and merchandise trade, he maintained.

Earlier, Director AERC-KU Prof. Dr. Samina Khalil welcomed the Canadian High Commissioner, and delivered a presentation about the history of the AERC. In the end, the ambassador had a meeting with Prof. Samina Khalil, and discussed the matters of mutual interests.



## Eminent economist of AJK University calls on AERC



Prof. Dr. Nisar Hussain Hamdani, Director, Kashmir Institute of Economics, University of AJK and member BOG of the Applied Economics Research Centre, University of Karachi visited AERC on March 21, 2017. Prop. Dr. Nisar Hussain Hamdani delivered his lecture on “A Divine Economics Framework for Moral Economy”. Dr Hamdani talked about the divine economics and highlighted the need of moral economy. During his lecture, Dr. Hamdani compared the conventional economics with the divine economics and concluded that though conventional economics based on assumptions so in the future we will end up with the divine economics only.



## Career Opportunities in Japan for Pakistani Students

President Hotsuma International Japan Dr. Ohira Yoshikazu visited Applied Economics Research Centre (AERC), University of Karachi (KU) and delivered a lecture on “Career Opportunities in Japan for Pakistani Students” organized by AERC at its auditorium on 20th March, 2017. Dr. Yoshikazu said that learning of Japanese language has become a way for



international students to secure their bright future in world's most prosperous country. He advised the students of AERC that they must have experience of learning and working in Japan. He said that his Japanese language schools under the title of Hotsuma International are schooling the language in two important cities of Japan, Gifu and Tokyo. He said that our institutional policy surrounds three letters, MAC, which means manners, attendance and communication. He observed that punctuality and regularity are the major characteristics of Japanese society. He underlined the importance of Japanese language for Pakistan students who are willing to avail career opportunities in Japan. He said that his schools have accepted many students from various countries and played a central role in Japanese language education in Gifu.

## Research Perspectives in Islamic Banking and Finance



Applied Economics Research Centre (AERC) University of Karachi organized a seminar on “Research Perspectives in Islamic Banking and Finance” on 17th Feb., 2017. Two eminent guest speakers Mr. Ahmed Ali Siddiqui & Mufti Irshad Ahmed Ijaz addressed the seminar.

## Inspirations & Prospects of Entrepreneurship

The Applied Economics Research Centre organized a seminar on Titled “Inspirations & Prospects of Entrepreneurship” on 24th of April 2017. The guest speaker, Mr. Syed Shujaat Ali who is the Chairman of Pakistan Leather Garments’ Manufacturers and Exporters Association and also CEO of the Designers Group of Companies.



## Competition Law

Another seminar on Competitive Law was held on 20th April at AERC. The seminar lecture was delivered by the director of the “The Competition Commission of Pakistan” (CCP), Syed Umair Javed and Director of the Office of Fair trading (OFT) and Secretary CCP, Mr Noman Laiq.

Mr Umair explained the concept and objective of the Competition laws. According to him Competition laws globally address the aforementioned behaviors which eventually reduce, restrict, prevent or distort competition. In the absence of Competition law, businesses may engage in anti-competitive and unfair practices to oust their competitors rather than competing on a legitimate basis which includes quality improvements in their products as well. It is also a healthy activity for consumers too.



It is also a healthy activity for consumers in terms of price checks. Consumer protection in Pakistan was not the agenda of Government before 1970s. It emerged in late 70s in the form of Monopolies and Restrictive Trade Practices Act 1970 and later in 2007 when Competition Ordinance, 2007 was issued which later became The Competition Act of 2010 due to the need of a codified law in the emerging global competitive markets. Since 2010 some major changes and practices have been witnessed in the business and commerce front. Several rules have been made under Section 57 of the Act, with the purpose of implementing the Act. For the execution of the said Act, an independent regulatory body was formed which came to be known as the Competition Commission of Pakistan (CCP). The CCP is a quasi-regulatory and quasi-judicial body which ensures that consumers are protected from anti-competitive behavior and that competitive forces in market are un-restricted in all areas of commercial and economic activities so that overall economic efficiency of the market is enhanced and to protect consumers from anti-competitive practices throughout Pakistan.



# Pakistan China Economic Corridor (CPEC)



Federal Minister of Planning, Development and Reforms Prof. Dr. Ahsan Iqbal has delivered a lecture on China Pakistan Economic Corridor (CPEC) at the Applied Economics Research Centre. The minister lauded the research credentials of AERC, and said that AERC must be one of our think tanks for economic policy making. He said that Universities have a pivotal role in national development as this is the age of innovation and modern technology.

In the hour-long lecture, the minister gave a detailed overview of the government's development agenda and China Pakistan Economic Corridor. He said that political

stability and continuity of policies essential for economic take-off, infrastructure is the first step of development; there would be no development in education and health sector without building infrastructure and roads. Karachi Circular Railway is also included in CPEC like Orange line, he said, adding that the government raised the foreign exchange reserves from 8 billion to 24 billion dollars. He claimed that the government aimed to make Pakistan one of the world's top 25 economies by 2025 by various economic projects.





The minister updated the audience on the improved energy situation in Pakistan, and said 18-20 hours long loadshedding spells in 2013 have reduced to 6-8 hours. He said: "The biggest ever investment in the country is being made in energy sector, which is US \$35 billion out of US\$46 billion portfolio of CPEC. Not only is the government focusing on power generation, but its current priority includes setting up new transmission lines and efficient distribution system. Energy alone is a big multiplier as it increases growth, production and job opportunities. We were energy surplus country in 1999 and were in talks with India for exporting electricity but the coming regime didn't work for power generation project and the shortfall increased to 7000 megawatts in 2013. There would be no development of economy without energy therefore, energy projects are our priority in CPEC and 35 billion dollars are allocated for energy in this regard."

Ahsan Iqbal said: "The CPEC would turn Pakistan's geo strategic location to its geo economic advantage. Within three years, the first convoy of goods has successfully travelled from China to Gwadar through Western Route that has made CPEC operational."

He stated that all provinces of Pakistan would benefit from CPEC as it would generate surplus energy and set up industrial zones and fiber optic. He informed the participants that the western route would be completed in 2018 and the eastern route in 2019. Responding to a query, he urged the participants not to pay attention to negative propaganda from



some quarters about CPEC. The minister said that anti-state elements are propagating against it, but economics not politics was important in the 21st century, so we should shun the politics of blame-game and introduce 'Made in Pakistan' across the globe. He stated that industrial parks will be built across Pakistan under CPEC where Chinese investors will set up industries and create job opportunities for Pakistani workers.



## CPEC: A Way Forward



The Lasbela University of Agriculture, Water and Marine Sciences organized an International Conference on Economics, Business and Social Research from 15-16 April, 2017.

Prof. Dr. Samina Khalil while addressing the conference as a key note speaker, explained in detail, the socio-economic impacts of CPEC on Pakistan and how positive impacts could be maximized by overcoming obstacles in achieving the desired objectives. She mentioned that a study done on the impacts of CPEC projects on different districts of all four provinces has estimated the positive change in macroeconomic indicators because of short term, mid-term and long term CPEC projects. She also mentioned that this survey based study primarily focused on the main sectors i.e. education, health, including child and maternal health and housing conditions in the overall context of Sustainable Development Goals (SDGs). It has covered 115 districts of Pakistan, 36 districts from Punjab, 24 districts from Sindh, 25 districts from KP and 30 districts from Baluchistan. Two districts of Balochistan, namely Panjgur and Khuzdar were not covered in PSLM, 2014-15 due to security reasons so the values were imputed by using growth rates of previous years. The study consists of objective indicators of social welfare with its three dimensions namely, access to education, access to child and maternal health and living standard measured as housing conditions. It is forecasted that there will be improved geographic connectivity, employment generation due to increase in business activities and improvement in households income which will improve the social welfare indicators, especially in those districts which are located in three zones of influence / route of CPEC.

A key measure of sustaining the positive impacts is investing in education in order to entitle local communities to exploit the opportunities that CPEC offers. Even if the infrastructure, logistics and regulatory framework are right, industrial parks will demand skilled workers. Establishing vocational schools is an excellent way to increase the educational improvement

improvement of the local labour force. Although this point is not completely neglected, as US\$10 million Pakistani-Chinese technical and vocational institute is scheduled to open its doors in Gwadar by December 2017, a bigger commitment on this front would be very welcome. Furthermore, the Federal government should also provide industrial policies and commerce and trade experts to provincial governments to develop local capacities in these areas and avoid a disconnection between the policies of the central government and local economic sectors. Meanwhile, the financial sector should give more attention to small and medium-sized enterprises, which faces difficulties in obtaining finance in Pakistan.

## An Overview of CPEC



The China-Pakistan Economic Corridor (CPEC) is a multifaceted development project, proposed by Chinese President Xi Jinping, which aims not only to benefit China and Pakistan but also to have constructive impact on the regional countries like Iran, Afghanistan, India and Central Asian Republics etc.

Gwadar Port in Pakistan is the nucleus of this mammoth project designed to linkup Gwadar Port (southwestern part of Pakistan) to China's northwestern autonomous region of Xinjiang, via a network of highways, railways and pipelines to transport oil and gas.

The Chinese massive economic project is considered a game changer not only in Pakistan but also in the region. Under this project, the estimated construction costs of the corridor and infrastructure is \$46 billion. This estimation comes under the short term project, while long term (from 2018 to 2030) will have additional funds. This project includes development of Gwadar city, corridor, infrastructure, and energy sector etc. It is pertinent to mention here that out of



the total cost \$35 billion have been allocated only for the energy sector, on behalf of this massive investment the PMLN government claimed that load shedding will be ended in 2018. The government task to end the dilemma of load shedding especially in 2018 seems not to be accomplished as the ship of PML N government is trapped in the political whirlpool caused by Panama leaks. Along with the corridor and in other parts of the country, including Karachi, 40 to 45 economic zones or industrial parks will also be setup especially to attract the foreign investors. To facilitate the foreign traders and investors, sales tax will also be exempted for ten years in those economic zones setup near to Gwadar.

The corridor has reduced the distance between China to Karachi from 8400km to 2500km. However, from China to Gwadar it will take 2900km. The diminution of this distance will eventually decrease the prices of commodities in the international market.

Pakistani and Chinese governments and all social sectors of both the countries are needed to make joint and incessant efforts for the sake of this systematic giant project.

Pak-China authorities agreed to support a "1+4" pattern of economic cooperation that includes four major areas of transportation infrastructure, energy, industrial zones and the Gwadar port.

## Pakistan is the recipient of Chinese Vision

Historically Pakistan and China have been creating the friendly relationships since 1950 and both of countries enjoying Economic cordial, strengthened the relation in all segments of the States. The outcome of this friendly relationship in the shape of Pak China Economic Corridor (CPEC), both governments had been working on the idea for a long time. Both states mutually struggle to move on gradually to implement the last phase as CPEC. In 2003, during the Pervaz Mushrraf government is initial document which delineated the future collaboration policy between the two states in the joint



deceleration. Later on, in 2006, (FTA) Free Trade Agreement was signed which helped to increase the trade.

After having a brief look we can say, the CPEC is advantageous for both countries but the China is the main beneficiary because CPEC is the nucleus piece of China's One Belt One Road inclusive vision of road and rail network connectivity and it will also give an opportunity to China to create its position in Indian Ocean. Whether it's increasing mutual trade with China for instance the Middle East and North African Markets, along others may obviously be significance in, or in obtaining a suitable outlet to the Indian Ocean for example what Russia and the Central Asian republics wish. Political and socio economical crisis are exist in Pakistan, and terrorists are turning inwards. After completion of CPEC, the economical situation will make Pakistan the nearly all reliable, cost-effective, and top and fastest route for transportation and trade with China. The energy crisis is the important issue of Pakistan; CPEC is designed to develop Pakistan's energy sector as well as the construction of the biggest solar energy plant in the world.

Pakistan will develop its own resource based industries with the help of China it will increase the export of Pakistan. Other important focus of the CPEC to improve Pakistan's conventional Railway system as well as upgrading of the complete Main Line railway between Karachi and Peshawar by 2020. This particular line railway presently holds 70% of Pakistan Railways traffic. Pakistan has faced threats to its existence, Wars, insurgencies, fears of an economic meltdown persistent especially in the province of Balochistan where the Gwadar port is situated. The law and order situation of the country is not getting any better Pakistan faces law and order situation.

In the region it is expected that CPEC will increase economical growth and development, and will ultimately help in decreasing insurgency; CPEC will declining unemployment in the province of Balochistan. In the same way, the government of Pakistan has linked with CPEC as a core idea for decreasing poverty and unemployment which, in turn, will increase economical growth and development.

Continue on page 16



## Excellent News for MPhil (2017) Students

AERC has decided to award Tariq Hassan Memorial Gold Medal, (one silver and one bronze) medal for the first time, for excellence in academic performance with merit certificates to first, second and third position holders respectively in the course work (MAS) of MPhil program. The gold medal is in memory of a brilliant student and researcher of the AERC in 1980s, Mr. Tariq Hassan who passed away very young in the USA while pursuing his PhD degree. Parents of Mr. Tariq Hassan had donated seed money to AERC in 1980s for the gold medal.



Prof. Dr. Samina Khalil  
Director

---

## The Upcomming International Conference 2017

The Applied Economics Research Centre (AERC), University of Karachi, is organizing a three-day International Conference in Karachi. The main theme is

**“Towards Inclusive Governance and Efficient Institutions for Sustainable Development (TIGEISD)”**

Dates to Remember: October 24-26, 2017



---

## Pakistan is the recipient of Chinese Vision



In contrast, the business class of Pakistan think that they are in a non-benefitting condition and the cheap Chinese commodities will harm the indigenous producers.

Naturally Pakistan becomes more significant, CPEC becomes more popular, and Pakistan is the recipients of Chinese vision and dream this gives the country with the opportunity to extend the responsibilities. Consequently, it is necessary for Pakistan to focus on development rather than wasting time on insignificant issues.

# Inaugural of AERC Voice

Applied Economics Research Centre (AERC), University of Karachi (KU) has launched the first volume of its official newsletter entitled "AERC Voice" in February-2017. Federal Minister Planning, Development and Reform Prof. Dr. Ahsan Iqbal launched the newsletter in a launch ceremony held at the AERC auditorium on 13th February, 2017. The ceremony was attended by Director AERC Prof. Dr. Samina Khalil, Editor AERC Voice Dr. Asghar Ali, other faculty members, staff and students of the centre.

The minister appreciated the efforts of the centre for producing such an informative newsletter, and said that the importance of literary activities cannot be ignored. Prof. Samina Khalil said that the significance of this newsletter cannot be underrated. Regular publication of a newsletter owns many exceptional benefits. This is an excellent way to communicate with scholars, researchers, teachers, employees and students etc, she added.



## Where are they at present



### Dr. Rashid Ahmed

AERC voice is pleased to introduce Dr. Rashid Ahmed as an Alimuni of AERC, from the 1994-95 batch of MAS. Dr. Ahmed is an Associate Dean of Research and Associate Professor in the College of Nursing at the University of North Dakota. Dr. Ahmed has also an appointment with the University of Manitoba as an Associate Professor in the College of Medicine. Dr. Ahmed background is in epidemiology, biostatistics, and health economics and has experience in the development of statistical methods for the design of community-based interventions and the analysis of longitudinal health data. Dr. Ahmed is the principal applicant (n=2) and co-investigator (n=3) ongoing mixed-methods research studies that bridge a number of academic disciplines and health related issues including physical activity among breast cancer survivors, tobacco use among youth, lifestyle risk factors for cardiac and other chronic disease among youth, gender differences in lung cancer survival, and economic analysis of treatment of lung cancer. From methodological perspective, Dr. Ahmed is developing diagnostic measures for joint models for longitudinal and survival data in the presence of non-ignorable missing data. Often, cancer trials/eating disorder involve studies of the association between longitudinal markers and clinical outcome such as relapse-free survival or death, using joint models for the longitudinal data and time-to-event outcome. Due to the complex nature of trials, data are usually missing at non-random. In order to validate the diagnostic measure with missing data, Dr. Ahmed is developing models such as pattern mixture and selection models. Dr. Ahmed expertise also includes cost benefit analysis, cost effectiveness, survival modeling, spatial modeling, random effects models, and simple and multivariate regression analysis. We congratulate him for his past success and have all praise and wishes for his future endeavors.



### Mr. Asad Ali Shah

Mr. Asad Ali Shah is an Alimuni of AERC, from the 1999-2001 batch of MAS. He obtained the degree M.Sc (Eco) from Gomal University D.I. Khan after completion of MAS/M.Phil from AERC, University of Karachi, Karachi, Pakistan he served in various national and international organizations. Mr. Shah served Research Officer in Employment & Research Section, Planning and Development Division, Ministry of Industries & Production and WTO Wing of Ministry of Commerce, Govt. of Pakistan. He has high technical proficiency in SPSS, E-Views, STATA and SAM (Social Accounting Matrix); He is currently worked as Assistant Chief with Advisor to Public Policy & Governance in Planning & Development Division & International Trade and Finance Section of Planning & Development Division, Govt. of Pakistan.



Mr. Shah is a distinguished economist of Pakistan; no doubt we are very proud of Mr. Asad Ali Shah as he is AERC alumni. We congratulate him on all his great achievements during his career journey and wishes him all the best.

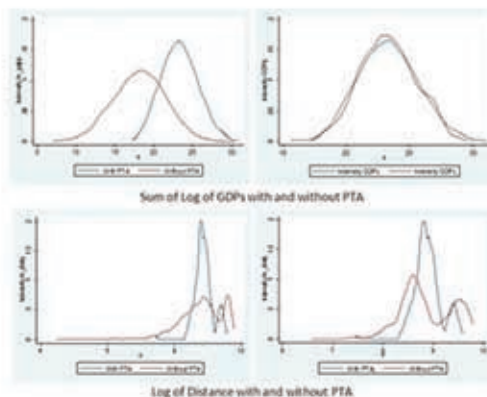


LUBNA NAZ

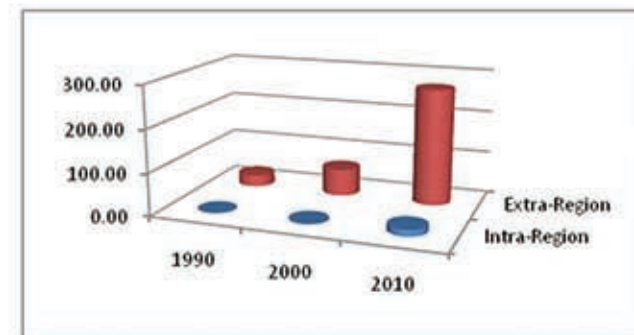
Topic:

The Impact of Preferential Trade Agreements on South Asian Export Flows: Using Matching Econometrics

Integration through preferential trade agreements (PTAs) is renowned and proliferated rapidly over the past twenty years. PTA formation is prominent in almost all the regions of the world. In the present era of globalization, South Asia lagged behind other Asian regions such as East Asia, Southeast Asia etc. Though, many studies estimated average treatment effects (ATE) of PTAs on South Asian export flows (or total trade flows) using (parametric) gravity model approach. Traditional gravity model provides implausible ATE of PTAs due to the omitted variable bias and self selection bias of PTA formation. The current study provides more stable estimates of PTAs on South Asian export flows using (semi-parametric) propensity score matching technique (PSM) over the long period of 1980-2012. PSM avoids potential misspecification biases having no functional relationship and allows arbitrary heterogeneity. Furthermore, it also controls self selection bias through randomization, which is depicted in figure 1 below. The figure is the graphical representation of Kernel density function both before and after matching. First panel of the figure portrays differences in treated and untreated distributions before matching while other panel depicts that both of the distributions are rather similar after matching.



This study estimated the ATE of PTA on South Asian export flows with both intra and extra regional partners around the world over the period of 1980-2012 using parametric and semi-parametric approaches. The Figure 2 below confirms that over the period of deeper integration, the South Asia region remained low in intra-regional export flows while the significant increase in extra-region exports indicates region's deeper integration with partners outside the region.



Additionally, average treatment effects are estimated using parametric gravity models; pooled OLS, fixed effects and semi-parametric propensity score matching technique. On the other hand, the ATEs estimated from parametric gravity models provide relatively implausible average treatment effects of PTAs for both intra and extra-regional South Asian PTAs. Thus, country pair fixed effects model provides considerable credible estimates for intra-regional PTAs. The empirical findings of the study suggest that the formation into a PTA increased South Asian export flows by 129 percent in general over the period. On the other hand, the intra-regional and extra-regional exports significantly increased by 124 percent 93 percent respectively. In conclusion, the positive significant effects of PTAs suggest that South Asian countries should reduce non tariff barriers (NTBs) to boost their intra-regional export flows. The significant extra regional export flows induces countries to form PTAs also outside the region. Interestingly, the findings of the study suggest that government and policy makers should execute more such agreements to boost export flows.



**MUNAZAH NAZEER**

**Topic:**

**Intra-Country Migration Patterns and Urbanization in Pakistan**

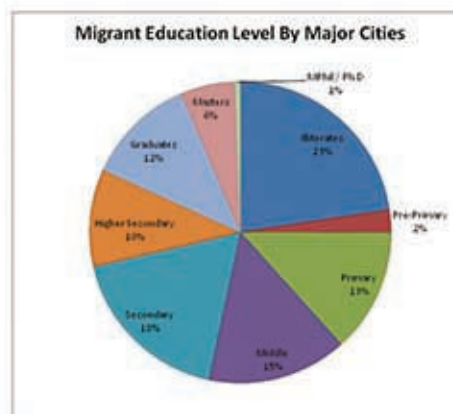
This research is unique in relating city and district level migration to various urbanization and location theories. Further inter-regional migration models including wage and non-wage models and theories are gathered under one roof in this research.

As per the descriptive analysis, on average in Pakistan 12.9 million individuals migrated on annual basis. 56% of these migrate towards urban areas. Female migrants (55%) are more than the males but female migration is observed mostly for non-economic reasons. On average the share of Punjab (63.61%) from the migration pie is highest followed by Sindh (22.93 %), KPK (13.77 %) and Balochistan (0.69 %). Regionally, the average showed that urban migration (56.55) is greater than counter urban migration (43.65). 25.07 and 26.53 % migration is observed from rural to urban and urban to urban regions while for rural-rural and urban-rural the share of migration flows are 24.76 and 13.98 % in the manner stated. Urban areas of Sindh during 2012-13 are home for 85.65 % of the total migrants coming to Sindh. Migrant share in rural (49.1%) and urban (50.9%) Punjab is almost balanced in hosting migrants. In KPK migration is more inclined towards rural areas.

Cities in a province host more migrants from other cities of the same province, inclined towards the capital city of that province for example Karachi in case of Sindh and Lahore in case of Punjab. Punjab is blessed with 9 out of 14 cities and thus has a greater share of migration across cities. Karachi is home to not only migrants from other cities of Sindh but also for those coming from cities of the other three provinces. Highest out migration from Quetta and Peshawar cities is directed towards Karachi.

Analysis of the level of education attainment for migrants who are part of the labour force indicated that for all cities percentage of immigrants increase with increase in education level from pre-primary (2.42) to primary (13.30%) to middle (15.04%) till secondary (17.95%). This goes in line with the human capital model suggesting that with education individuals become more migratory

The average, from 2005 to 2013, shows that Karachi has the largest informal sector and in-migration followed by Lahore. Islamabad has the smallest informal sector among cities but as it is the capital city and being more documented economy, it experience more skilled migration than the unskilled one.



As far as area amenities are concerned, Karachi scores the highest number for positive amenities followed by Lahore, like education, health and financial intermediaries. Karachi has the highest population in intimate proximity enabling public and private authorities to provide

such basic services and facilities by lowering its unit cost of provision. Despite the benefits of large population concentrations, the demerits (crime congestion conflict etc) attached to them also worth to be considered. Cities with more positive amenities are found have usually more negative amenities as well. Moving to regression results it is found that for both type of migration flows namely rural-urban as well as urban-urban migration flows, employment, expected wages and unemployment rate along with economic contribution by a region, reflecting disequilibrium model of migration, are found to have a strong and significant impact on in-migration and net migration flows respectively. Lastly, from the penal causality analysis, existence of a bi-directional causality between migration and economic contribution measure by GDP is confirmed at city level in a heterogeneous penal data. As per the probability of the statistic, a comparatively stronger causality relationship is flowing from migration to economic contribution made by cities then in the reverse direction.

# AERC Picnic News

Picnic has always been a fun or big source of entertainment especially for the students, when they become tired after completion of exams. To relax and entertainment these activities balance academic as well as administrative work for both faculty and students. AERC arranged a picnic and decided two locations, first Karachi Port Trust and the second one at Hawk's Bay picnic point. Early morning all students and faculty members gathered at AERC and started their journey with full enthusiasm for the planed picnic points. Student took pictures with group of selfies, some were enjoying songs. Picnic became more enjoyable and special due to the presence of the Director AERC (Pro.Dr. Samina Khalil), who was also, enjoying these movements, finally we have reached our first destination that is Karachi Port Trust.

Karachi Port is a biggest seaport of Pakistan that is referred to as Gateway to Pakistan. KPT was established in 1987. It is the hub of maritime activity where the bulk of cargo is received and transported through sea by various shipping lines, from the entire world to the one end of the country to the other. Transportation of crude and refined oil and other goods are



dispatched to different destination by the tankers. For the amusement of people there was ferry service available that was the most interesting part of the event that all enjoyed very much. It was a unique picnic of travelling through the ferry service, wide view of sea and water waves emerging and declining. Fresh air and deep water and most visionary moments of sea, ships and yards could not be forgotten. It was a great movement when everybody was cheered and excited. Refreshment was served, that becomes more delighted to the picnic lovers.

This was not the end of our Picnic, the remaining part continued for the next destination that is Hawk's Bay picnic point. Everybody was very enthusiastic to be at KPT but the Hawk's Bay travelling was again more joyful and lot of fun. Beach was providing full liveliness with sunshine. We enjoyed the horse and camel riding. People walked too long on the beach. Cricket and football played. Group pictures and selfies remained very popular activity throughout the event. Great lunch was offered with the cooperation of faculties and students that provided the energy to the tired that was needed. After lunch and some nape everybody was again ready to have fun and excitement and played some indoor games in hut, listen music. Some walked with making collection of seashells and different colored pebbles. On the other hand baith bazi competition were also enjoying by students. To sum up all the moments it was a great amusement with full of fun day that will be remembered by the students and AERC,s faculty members for a long time.

