



AERC VOICE NEWSLETTER



Policies, Strategies & learning
along with thought for tomorrow

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

**AERC VOICE SPECIAL EDITION
FOR INTERNATIONAL CONFERENCE 2017**



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DIRECTOR'S MESSAGE

Happy New Year (2018) to all readers of AERC Voice:



We live in exciting and rapidly changing times; these times mean that education and research is more important than ever. Education that prepares young people to be able to be life-long learners, to be able to adapt and adjust to the many changes they will face in their future. Research provides guidelines and leads to an original contribution to knowledge in a particular field of inquiry by defining, and then by answering or solving in a systematic way, an important question or problem.

With very congenial and professional environment, AERC faculty makes substantial contribution to the academia through quality teaching, publications, seminars, conferences, etc. The faculty contribution has received recognition by way of various collaborations we have with our partner institutions and universities in our common and shared discipline of Economics / Applied Economics.

At the AERC we are mindful of the lost tradition upon which we are building. A tradition of standardized education commenced through the dedication of both faculty and students. We are regularly reminded by past students of the appreciation they have for the educational experiences, the personal development and the values within which they were educated many years ago. Our current students continue in this tradition with the added features of receiving their education in facilities, supported by dedicated teachers utilizing contemporary methodologies and able to access suitable resources.

Finding other groups and organizations with similar interests, that are willing to work with us on common issues or projects, is strategically advantageous. Therefore I have resorted to reaching out to



DIRECTOR'S MESSAGE

national and international organizations and academic institutions for constructive positive partnership, coalition or network as it has more power to influence policy and evidenced based research work than a single organization because a larger and broader section of the societies is represented.

Also there may be grant opportunities for which our Centre is not eligible, but our collaborating institution is. By working as a partner these funds can be accessed to support our initiative for the benefit of students and faculty research work. Therefore we have recently signed MoUs with the DHA Suffa University and Lasbella University of Agriculture, Water and Marine Sciences, and are in the process of collaboration with other institutions including universities in China.

AERC Voice contains features, articles on issues, people and programs that continue AERC tradition of excellence. Keep you up-to-date on news, events and activities of our students and faculty and about our untiring efforts and successes in overall improving and upgrading the institution to regain its lost glory. I like to congratulate the efforts of the Editor of the AERC Voice Dr. Asghar Ali and his team (Ms. Narjis Khatoon). I welcome Ms. Javaria in the team as Sub-Editor of the AERC Voice. I wish her all the best. I am sure she will successfully handle all her assignments in improving the quality of the AERC Voice.



Prof. Dr. Samina Khalil

Director, Applied Economics Research Centre
University of Karachi



VICE CHANCELLOR'S MESSAGE

Being a research institute, the Applied Economic Research Centre (AERC) strives to contribute its efforts significantly in the development of the country. The sole purpose of AERC is to deliver quality research and unfold the social and economic issues that have created hurdles in the way of growth and development. As a result, AERC plays dominant role to bridge the gap between policy making and policy implementation. Besides conducting the research on the core social and economic issues, AERC provides academic assistance to the students of M.Phil. and PhD to accomplish their research requirements. I am very pleased to see the continuous milestones that are achieved by AERC.

Moreover, the quarterly newsletter AERC Voice by AERC is a great platform to highlight all the activities conducted at Centre such as seminars, conferences, students' publications and lot more. I want to acknowledge Dr. Samina Khalil, Director AERC for her tremendous efforts and guidance in the way of continuous advancement of Centre's curriculum.



Prof. Dr. Muhammad Ajmal Khan

Vice Chancellor, University of Karachi.
Chairman, Board of Governance of AERC

FROM THE EDITOR'S DESK



I am delighted to present you the 12th issue of Applied Economics Research Centre's quarterly newsletter AERC Voice. I feel immense pleasure to see AERC Voice growing and expanding its coverage and circulation with the passage of time. The main purpose of the quarterly newsletter is to keep its readers, alumni, academia, field experts and practitioners informed and updated about life at Applied Economics Research Centre and about the research and academic activities taking place around the time. With the persistent support of my team AERC Voice is dispatched to more than 350 people and institutes every quarter with the continuous increase in the number of its readers. AERC organized its yet another 3-day International Conference on the theme "Towards Inclusive Governance and Efficient Institutions for Sustainable Development" from October 24 to October 26, 2017 which helped in crafting the policies at national and domestic level in Pakistan. I would like to welcome **Ms. Javaria**, Sub-editor AERC Voice on the board and would also like to extend my gratitude to **Mr. Syed M. Waqas** for his technical support and **Ms. Narjis Khatoon** for her efforts in framing this issue.



Happy reading ahead, I hope you find the pages followed by useful and interesting. I look forward to receive your feedback at aercvoice@aerc.edu.pk.

Editor,

Dr. Asghar Ali

Applied Economics Research Centre, UoK

**Sohail Javed****MINIMUM WAGES, COLLECTIVE BARGAINING AND ECONOMIC DEVELOPMENT IN ASIA AND EUROPE (A labour perspective, Pakistan)**

Though in Pakistan institutional and legal frameworks for securing basic workers' rights exist, including the right to MW, structural flaws in social, political and economic systems have excluded the vast majority of workers from attaining fundamental labor rights. MW setting has been done arbitrarily, based on political expediency. The criteria of MW revisions have not been clearly spelled out. The gap between MWs set by the government and the minimum living wage was identified by economists even when the MW was instituted in 1961. Hence, the government was advised to double the amount of monthly MWs. Clearly though, this gap still remains. We recommend that an independent, tripartite, national wage commission is set up to determine MWs at national and industry level. Such a commission should formulate policies and guidelines for wages and incomes. The existing provincial wage boards should work under this national commission and be made responsible for effectively enforcing MW law. The passage of the 18th Amendment in the Constitution has empowered the provinces and opened up space for reforms in labor legislation and implementation of regulations. The workers' predicament in Pakistan is rooted in structural factors linked to the skewed distribution of assets, issues of governance and the failure of policy and implementation. Securing decent work and living conditions for all necessitates a paradigm shift in policies, particularly relating to the redistribution of assets (i.e. land) and the reduction of income inequality. Social security mechanisms need to be enhanced in their reach, that is to include workers in agriculture and all sections of the informal economy, and should be expanded to include a well-defined national social protection floor with requisite basic social security guarantees.

DIRECTOR'S ACADEMIC ACTIVITIES 2016-17

Valencia, Spain

To participate and present a paper on the topic of 'Issues of tourism as contributor to economy in a conflict zone', in an international conference organized by the Wessex Institute of Technology, Southampton, UK in August 2016.

Urumqi, China

To participate in the second CAREC (Central Asia Regional Economic Cooperation) Institute Think Tanks Development Forum on 7-8 September, 2017.



Colombo, Sri Lanka

To attend the seminar / workshop of ACIAR Project and make presentation of the preliminary findings of first year of the project on 26-28 September, 2018.



Adelaide & Sydney, Australia

To participate and present a paper on, 'Participatory Irrigation Management in Pakistan: A Way Forward', in an academic conference organized by the Australian Agriculture and Resource Economics Society and University of Adelaide, Participatory Irrigation Management in Pakistan: A Way Forward, on February 6-11, 2018.



Memberships of local and international organizations 2017

1. Australian Agriculture and Resource Economics Society
2. Member Selection Committee Master Plan Department, Sindh Building Control

"AERC has been declared official Think Tank at the Central Asia Regional Economic Cooperation) Institute Think Tanks Development Forum at Urumqi, China on 7-8 September, 2017"

MOU BETWEEN AERC AND LUAWMS JANUARY 08, 2017

Applied Economics Research Centre (AERC), University of Karachi and Faculty of Social Sciences Management and IT of Lasbela University of Agriculture, Water and Marine Sciences (LUAWMS) signed Memorandum of Understanding (MoU) on January, 08 2018. A memorandum of understanding is an agreement between two or more parties. It expresses a convergence of will between the parties, indicating an intended common line of action.

Director AERC Prof. Dr. Samina Khalil and Dean Faculty of Social Sciences Management and IT Prof. Dr. Manzoor Ahmed signed the MoU. Dr. Khalil promised collaboration and cooperation in the field of research and academics for the betterment of the students and for the uplifting of the surroundings.

Applied Economics Research Centre (AERC), University of Karachi, was established in 1973. The major functions of the Centre are policy oriented Core/Academic Research, Contract Research for clients, post-graduate teaching and providing advisory services to the government. 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. Over the years the Centre has expanded considerably and now employs over 30 full time economists holding PhD and M.A./M.Phil. degrees from leading US, British and other foreign universities and with qualifications from Pakistan. The research staff is ably assisted by specialized administrative staff. Institutionally, this growth in capacity, size and scope has led to the Centre being awarded the title of Institute of National Capability in Applied Economics by the Higher Education Commission, Pakistan.

Dr. Khalil emphasized that it is important to have MoU with substance not just as a piece of paper but something solid that will help to take both the universities forward. She also said that we need to build groundswell of support for what we want to do and identify areas where substantive, mutually beneficial partnerships can take place.

Lasbela University of Agriculture, Water and Marine Sciences, on the other hand is located in the historic and magnificent district of Lasbela, Balochistan, is truly a comprehensive institution of higher education with enduring commitment to achieve excellence in higher education, innovative technology, cutting-edge research, and superior public service. He said that Lasbela University is dedicated to prepare its graduates for successful careers and enable them to play a constructive role in progressing social inclusion, economic prosperity, and environmental quality.



Dr. Manzoor Ahmed appreciated the achievements of AERC and welcomed the initiative of signing of MoU between the two institutes of national capability. He promised all the support and facilitation from Lasbela University to AERC.

The relationship is just part of the social fabric of two institutions with each one being the other's first point of reference. It is hoped that the success of partnership between the two institutions is translated into more collaborations with other universities and institutes in future.



PUNJAB ECONOMIC REPORT 2017

Book Launching Ceremony

Director Applied Economics Research Centre, Prof. Dr. Samina Khalil was invited in the book launching of Punjab Economic Report 2017 by Planning & Development Board, Government of Punjab on December 18, 2017. Punjab Economic Report 2017 is issued by the Punjab Economic Research Institute (PERI). The Punjab Economic Report 2017 reveals the development of energy, health, education and infrastructure sectors in Punjab. The Report also highlights the challenges and way forward towards the economic growth.

The report presents an overview of the economy on socio-economic profile (poverty, inequality, regional disparities), structure (agriculture, industry, services), social sector (health, education, WASH), infrastructure and urban development, IT, provincial investment in energy, and public-sector resource management.

Dr. Ayesha was the chief guest on this occasion whereas the Provincial Minister for Planning and Development Nadeem Kamran, Minister for Environment Begum Zakya Shahnawaz, Minister For Population Mukhtar Ahmed Bhart, Minister Mines and Mineral Sher Ali, Chief Secretary Captain Zahid Syed, Senior Economist and Consultant of Hafeez Pasha, Chairman P&D Jahanzaib Khan, Secretary P&D Iftikhar Ali Sahoo, Dr. Turab Hussai, Dr. Ejaz Nabi, Director PERI Dr. Mumtaz Anwar, Country Director World Bank Patchamuthu Illangovan, government officers and representatives from academia Prof. Dr. Samina Khalil, Director Applied Economics Research Centre were also the part of the launching ceremony.

NEW IN-CHARGE

Graduate Study Programme (GSP), Morning & Evening, 2018

We welcome new in-charges of Graduate Study Program (GSP) in morning and evening session of M.A.S/M.Phil. at Applied Economics Research Centre. The newly appointed in-charges have taken the charge of their new responsibilities from August 2017. The GSP in-charges have excellent credentials to serve in an administrative capacity in the centre.



Dr. Ambreen Fatima
*In-charge GSP
Morning*



Dr. Asghar Ali
*In-charge GSP
Evening*

NEW APPOINTMENTS AT AERC

Contragulations

We congratulate the following members on board; we anticipate that they would be able to contribute positively towards strengthening the capabilities of the institute through their sheer dedication and hard work.



Ms. Javaria
Sub-Editor, AERC Voice



Mr. Muhammad Asghar
Software Engineer



Mr. Shakeel-ur-Rehman
Data Operator



Mr. Muhammad Kamran
Data Operator

MAS/M.PHIL & PHD ORIENTATION 2018

43rd Annual Session of M.A.S. / M. Phil. Program

The Applied Economics Research Centre announces admissions into its 43rd Annual Session of M.A.S. / M. Phil. Program. The Applied Economics Research Centre (AERC), University of Karachi, is a leading research and teaching institute in the country imparting advanced training in applied economics since 1979. This program trains students to work in research organizations, academic institutions, financial and banking institutions, development agencies and the private sector. Graduates from AERC are currently holding high level positions in organizations like World Bank, UN, State Bank of Pakistan, universities and in the private sector. The program comprises of two parts, part I is comprised of 42 credit hours coursework while part II entails 12 credit hours thesis. The Applied Economics Research Centre also invites Masters degree holders in Economics from national and international HEC recognized institutes to enroll in PhD. batch 2018. The Doctorate program comprises of two parts, part I is comprised of coursework while part II entails thesis completion. Student Orientation held on Wednesday, January 31 2018 for the newcomers, helping them to uncover the answers to the questions they had, and providing them information about the resources, programs and services available at the centre. The newcomers introduced themselves and got familiarized by the teaching and non-teaching staff at AERC. Students from diversified educational background, age and characteristics took admission in M.A.S/M.Phil and PhD this year. Outstation students from the province of Baluchistan, Punjab and KP are also the part of batch 2018. Dr. Samina Khalil as Director at AERC welcomed the fresher of M.A.S/M.Phil. and PhD. at the Centre. She insured the students about the quality of education and about the facilities they would avail during the course of study at AERC. Dr. Mohsin Hasnain Ahmed, In-charge PhD. program and Dr. Ambreen Fatima, In-charge Graduate Study Program also greeted the newly admitted students and wished them best for the studies ahead. The faculty and staff introduced themselves to the students first and then fresh students were asked to introduce themselves.



FACULTY TRAINING COURSE

Applied Economics Research Centre nominated Dr. Noman Saeed, Research Economist / Assistant Professor, Ms. Humera Sultana, Research Assistant, Ms. Lubna Naz, Research Assistant and Ms. Uzma Tabbasum, Research Assistant from faculty members to attend four weeks training course in the month of November 2017 on the theme "Project Planning, Appraisal & Implementation Techniques" by Pakistan Institute of Development Economics (PIDE). AERC as a research institute thrives to strengthen the expertise of the institute by investing in its faculty. The main objective of the training programme on project planning, appraisal and evaluation was to develop the operational skills of the faculty so that they can successfully plan and assess all aspects of development projects and translate their skills into the students. The training course covered the following contents:



- Introduction of: Development Goals and Objectives
- Importance of Feasibility Studies
- Project Identification
- Project Appraisal Techniques: Discounted Cash Flow Analysis
 - (i) **Financial** (ii) **Economic** (iii) **Social**
- The Preparation of Annual Statements of Economic Costs and Benefits
- Sensitivity and Risk Analysis
- Network Analysis as an Aid to Project Planning and Appraisal

إِنَّا لِلّٰهِ وَإِنَّا إِلَيْهِ رَاجِعُونَ



With heartfelt grief we announce the sad decease of Ms. Shanaz Rashid, Retired Lecturer Applied Economics Research Centre.

Our condolences go out to the bereaved family and we pray that Allah Almighty grants them fortitude to bear this loss.

May Almighty Allah grant eternal peace to the departed soul.

Ms. Rashid served as Staff Economist / Lecturer for 27 years at Applied Economics Research Centre; during the course she was committed and hardworking towards her work. Her unparalleled services for the institute will always be remembered and honored.

SEMINAR SERIES

CHINESE DELEGATION VISIT TO AERC

A Chinese delegation leading by Prof. Dr. Li Xiao, the dean of the School of Economics in Jilin University and the vice President of Chinese Society of World Economy, visited Applied Economics Research Center, Karachi University in June 2017. Dr. Ding Yi Bing, Dr. Li Jun Jiu, Dr. Feng Yong Qi and Dr. Syed Hasanat Shah were the other members of the delegation. The main focus of the delegation was on CPEC and RMB internationalization. The delegation was warmly received by the director AERC Prof. Dr. Samina Khalil and other members of the AERC. A welcome speech was delivered by Prof. Khalil who highlighted the issues of CPEC and its impact on Pakistan Economy. She invited Prof. Dr. Li Xiao for keynote speech who explained the Chinese understanding of 'Belt and Road Initiatives' and CPEC. Dr. Lixiao talked high of the CPEC and its impact on bilateral relation between China and Pakistan. He also talked in length on RMB internationalization and its role in world economic stability. He gave a number of reasons for why RMB internationalization is necessary to harness the unbridled economic crises. Dr. Li Xiao also gave a good touch of history and regional politics to the emerging role of RMB internationalization and CPEC. He concluded his speech on a positive note of China-Pakistan bilateral relation and underlined Chinese commitment to the time tested friendship between the two countries.



After Dr. Li Xiao, Dr. Ding Yi Bing read his paper on export potential between China and Pakistan. He was of the opinion that Pakistan can be a good potential place for Chinese services and exports outsourcing. However, he pointed out that it is only possible if Pakistan improve its social indicators and understand the market dynamics as well as the changing requirements of Chinese market. Dr. Li Jun Jiu Paper was the political economy of China Pakistan economic corridor. Dr. Jiu considered that the two countries will come closer and improve the policy coordination in light of CPEC. Dr. Feng yong Qi presented his paper on how important it is for China to engage her neighbors and which areas China should focus in order to deliver on the rule of Comparative advantage. Finally Dr. Syed Hasanat Shah concluded discussion from the part of Chinese delegates.

REDUCING CARBON FOOTPRINT THROUGH MASS TRANSIT SYSTEM

Dr. Kaiser Bengali, *(Chairman Shehri)*

Shehri in collaboration with Applied Economics Research Centre arranged awareness creation campaign about environmental degradation and its hazards on November 21, 2017 on the topic "Reducing Carbon Footprint through Mass Transit System". Shehri-Citizens for a Better Environment is a not-for-profit organization established in 1988. It is run by a Volunteer Managing Committee elected by the General Body for a term of two years with the aim to develop and implement a strategy in which the environment of Pakistan is built and protected. Dr. Kaiser Bengali, Chairman Shehri congratulated Director AERC, Prof. Dr. Samina Khalil while acknowledging AERC's determination and efforts to bridge the gap between academia and market. Dr. Bengali shed light over how important it is to raise voice and report against the injustice and discrimination in the society. Dr. Bengali told the house that Shehri is fighting on various grounds such as on construction of illegal buildings, saving environment, restoring recreational sites, corruption, saving resources mainly water and many more with reference to Karachi, Pakistan. Dr. Khalil on the other hand discussed that the climate change is emerging as one of the most crucial problems of the time. It has affected the environment of the world adversely and of Pakistan specifically. Dr. Khalil emphasized that environmental conditions remain worse in developing countries like Pakistan particularly for poorer and children. This negatively affects their health and earning capacity especially in financially challenged countries and regions. She said that far too many deaths are still due to poor environmental conditions such as inadequate housing, air and water pollution and exposure to hazardous substances. She also pointed out that poor environmental conditions can in turn introduce or exuberate inequalities and poverty. Mr. Manzoor Hussain Memon, Senior Consultant at Shehri while presenting on the topic Reducing Carbon Footprint through Mass Transit System highlighted that Pakistan is currently considering a goal to reduce its greenhouse gas emissions by 30 per cent from 2008 levels by 2025. It is also noted that Pakistan's energy and transport system are the country's largest source of emissions, together making up half of the national total, while agriculture sector produced 39 per cent, according to a 2008 national greenhouse gas inventory. It was briefed that the introduction of energy-efficient mass transit system may shrink the sector's carbon footprint by 30 to 40 percent by 2025. Air pollution has reached alarming levels. Public transport helps reduce health issues caused by pollution, reduces traffic on road by providing alternative to private vehicles and is much more cost effective as compared to expensively leased cars and bikes every year. In such a scenario, Mass Transit System has become an urgent need for big cities to reduce CO2 emission from privately owned vehicles. It was stressed that the citizens must need to understand the economic and environmental viability of such an initiative to encourage use of mass transport system. Shehri also encouraged on growing plants and preserving resources for a better environment today and tomorrow. Dr. Khalil as director AERC congratulated Shehri for organizing workshop and focus group discussion on an important environmental and social issue and pledged to create an impact with Shehri towards achieving sustainable development and growth.



70-YEAR OF ECONOMIC MANAGEMENT IN PAKISTAN AND ROLE OF PROVINCES

Dr. Waqar Masood Khan, (Former Finance Secretary, Ministry of Finance, Government of Pakistan)

Applied Economics Research Centre invited Dr. Waqar Masood Khan, Former Finance Secretary, Ministry of Finance, Government of Pakistan to deliver Ehsan Rashid Memorial Lecture on the topic 70-Year of Economic Management in Pakistan and Role of Provinces. Dr. Waqar in his lecture cast light on the history of Pakistan; he divided the history of Pakistan into four phases as: I-Planned Economy (1947-1970) II-Nationalization & Socialism (1970-1977) III-Mixed Economy: Public-Private Sectors (1977-1988) and IV-(i) Market Economy & Crony Capitalism-I Political Instability (1988-1999), (ii) Market Economy & Crony Capitalism-II Military Rule/Economic Stability (1999-2008) and (iii) Market Economy & Crony Capitalism-III Democratic Revival (2008-Present). Dr. Masood elucidated that Pakistan has followed a variety of models for economic management; starting with a planned economy, selected group of capitalists were sponsored to lead the process of economic development. This was succeeded by a major wave of nationalization and attempt to foist a socialistic model of economic management. Military intervention pushed back this model however democracy succeeded the military rule and since then economic regime is moving in a secular trend toward a market-based economy but with considerable volatility in the styles of governance of succeeding governments. The past 70 years of Pakistan's history was mixed with several factors to take hope from but not without a fair share of alarm bells. The major achievements of Pakistan's current government includes successful implementation of 3 Year IMF program, revival of economic growth and low inflation, launching of CPEC a transformational concept, LNG terminals and import of large quantities of LNG to meet the industrial and power generation demands and huge investments and additions to power, highways and other infrastructure projects. While the failure comprises of that the government had to seek a Fund program as reserves had nearly depleted and a situation of default was imminent, the Government adhered to reforms diligently but thereafter it abandoned the guards and went on to spending spree and poor collections (Deficit 5.8%; Reserves down) and that the problem of power sector arrears resurfaced and outstanding circular debt is still as high as it was in 2013. It was also explained that provinces had little role in national economic management until 18th Amendment and last NFC Award. However after it provinces have acquired centrality and empowerment in economic management. Without provincial consent and participation, economic reforms and fiscal adjustment would be impossible. Therefore it was suggested that need for federal and provincial coordination is imperative both in setting objectives and then achieving them. It is also seen that in the process of these amendments balance between federal and provincial



needs as well as the mechanics of an efficient federation have been compromised as in case of sales tax on services that has been given to provinces compromising on the possibility of instituting a pure nationwide value added tax on all goods and services. It was concluded that in order to prosperous Pakistan must learn from its weaknesses and take advantage of strengths and also necessarily focus on not repeating the same mistakes. Pakistan must wisely deal with its international and national issues and must not compromise on its sovereignty what so ever.



INCLUSIVE HAS DEVELOPMENT BEEN IN PAKISTAN?

Dr. Faruukh Iqbal, (*Director Institute of Business Administration (IBA) Karachi*)



Dr. Faruukh Iqbal, Director Institute of Business Administration (IBA) Karachi delivered Ehasn Memorial Lecture on the subject “How Inclusive Has Development Been in Pakistan?” on September 08, 2016 at Applied Economics Research Centre. Pakistan historically has experienced periods of high growth but those unfortunately were not coupled with macroeconomic conditions that are required to achieve lower poverty levels and higher standard of living of population in general. Pakistan has always been facing the challenge of achieving rather more inclusive growth that has its benefits spreading to all classes of society. The provision of basic services such as education, health sanitation, and housing for all the segments of population, and social

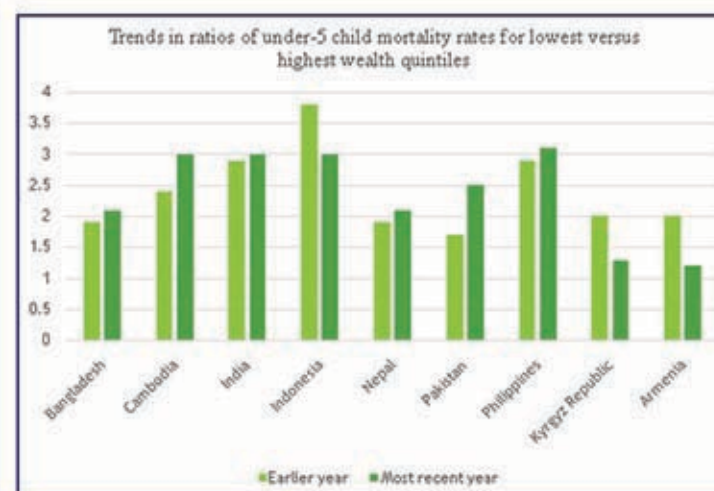
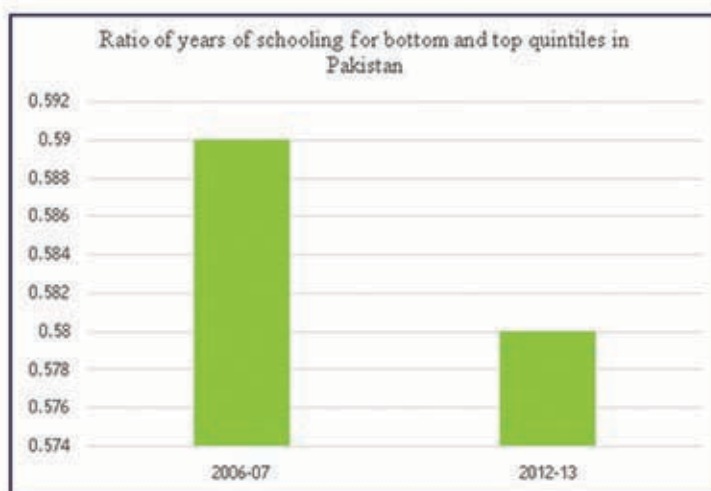
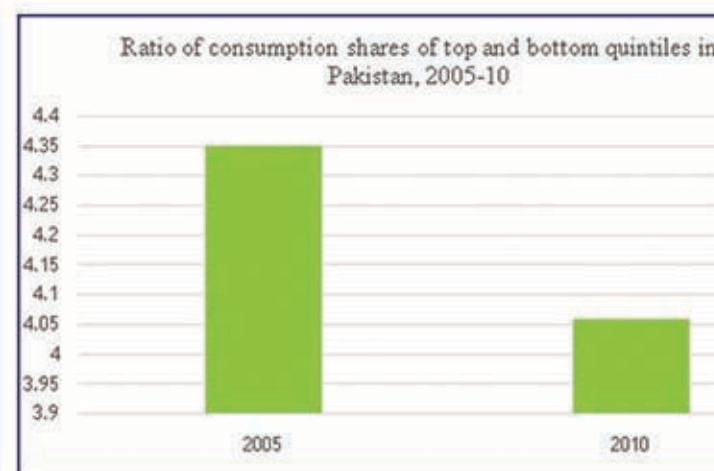
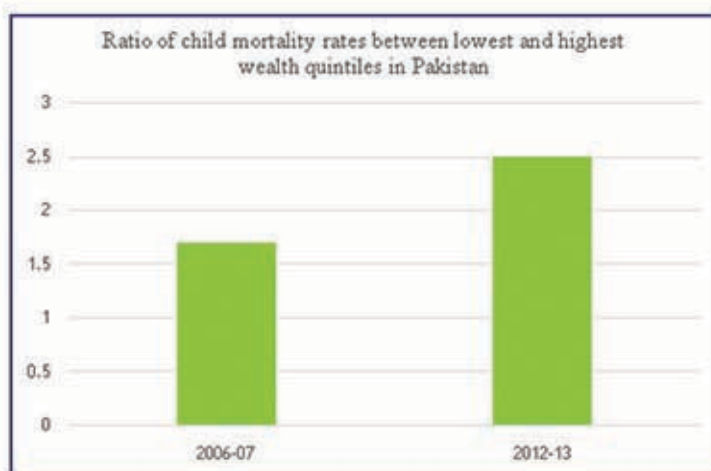
security schemes to ensure social protection are critical for long run reductions in poverty and for equitable distribution of resources.

Dr. Iqbal has shed light on how the basic opportunities in terms of access to health, education and consumption are distributed and shared by the richest and poorest class of the economy. He termed Inclusive development be explained either as a situation where incomes, health and education indicators have improved among the poor or as a situation where the distribution (or inequality) of income, health and education indicators has improved. One way of putting this is to say that the rate of improvement among the poor has been greater than the pace of improvement on average or among the rich. Dr. Farrukh by taking the parity ratio that explains the distribution of resources such as education and health between the top 20% and the bottom 20% of the population explained the progress Pakistan has made in development.

Dr. Iqbal concluded that over the years consumption indicator shows falling inequality among the upper and bottom quintile of the society while health indicator shows rising inequality explaining the explain gap in access to basic health opportunities

between the deprived and privileged class. Education indicator shows rising/stable inequality trend among the have and have not of the society in Pakistan.

By analyzing the regional trends of education and health it is established that Pakistan's experience is not unique among Asian countries in trends in ratios of under-5 child mortality rates for lowest versus highest wealth quintiles while Pakistan's experience is not shared by other Asian countries for which data is analyzed for trends in parity indices for years of schooling between bottom and top quintiles for the time period 1999-2014.



AERC INTERNATIONAL CONFERENCE 2017

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

Applied Economics Research Centre (AERC), UoK has hosted yet another three-day International Conference on the theme **“Towards Inclusive Governance and Efficient Institutions for Sustainable Development”** from October 24 to October 26, 2017. The core objective of this conference was to formulate development policies and strategies for transformation of the developing economies in general, and particularly for the economy of Pakistan. The Conference provided an ideal forum to engage national and international renowned academicians, researchers, intellects, bureaucrats and policy makers all together in high level dialogue. The three-day conference was followed by lectures, keynote speeches, technical sessions and panel discussions.



The present Vice Chancellor of University of Karachi Prof. Dr. Ajmal Khan inaugurated the conference and congratulated AERC for not only inviting the intellects to discuss about the current problems and issues of developing economies in general and of Pakistan in particular but also for framing out the possible solutions to these problems. Dr. Khan believes that the effective and inclusive governance system may help in making sound and workable policies to ensure concrete base for lasting economic and social development of the country. All the sectors of our economy are in need of new set of rules and state of the art methods to improve the economic situation and set it on the path of lasting growth. I am sure, this conference will facilitate in designing the required reforms for sustainability of the holistic development of our country. Prof. Dr. Samina Khalil, Director AERC on the other hand welcomed the honorable Vice Chancellor, Director, Dean, distinguished speakers, His Excellency, presenters and students to the conference. Dr. Khalil told the house that this year the main theme of the conference is based on the premise that governance and institutions have been among the focal themes of planning for the post-2015 global agenda as a follow up to the expired Millennium Development Goals (MDGs). Some assessments of performance on the current MDGs have blamed poor governance when results were disappointing. Another perspective is that “good governance”, especially components such as participation, transparency, inclusiveness, and access to justice, is a part of development itself. Inclusive Governance is mainly referred as to determine the extent to which governance institutions provide space to overcome the systematic exclusion of disadvantaged groups seeking to participate in decisions affecting them. While Dr. Uzma Irum, Head of Conference/Seminar also addressed the House and thanked Conference 2017 team, guests, authors, speakers and audience for working together to bring out the best possible interactive and informative conference this year as well.



AERC INTERNATIONAL CONFERENCE 2017

The conference included distinguished national and foreign economists, renowned academics and eminent diplomats. United States Consul-General in Karachi Ms. Grace Shelton, Her Excellency Margaret Adamson Australian High Commissioner, His Excellency Perry John Calderwood Canadian High Commissioner in Pakistan, World Bank Lead Economist Enrique Balneo Armas and United Nations Resident Coordinator, United Nations Development Programme Resident Representative in Pakistan Neil Buhne, Dean and Director of IBA Dr. Farrukh Iqbal, Vice-Chancellor of Quaid-e-Azam University Dr. Javed Ashraf, Dr Kaiser Bengali Economist, Dr. Naeem Javaid Chief Economist Government of Pakistan, Dr. Sajjad Akhter Member Economic Statistics, Dr. Syed Hasanat Shah Associate Professor, Jilin University, Dr. Zeeshan Ahmed Associate Professor, Finance KSBL, Dr. Usman Mustafa Professor, PIDE, Lt. Gen (R) Moinuddin Haider Syed, Muhammad Shabbar Zaidi Senior Partner, A.F. Ferguson and Co. Mr. Karamat Ali Executive Director PILER to name a few were the part of this conference.

The key note speakers and participants of the conference shared their ideas and experiences about the role of good governance and efficient institutions which helped in framing policies that could deliver stronger economic growth together with better sharing of the benefits of increased prosperity among social groups. The conference incorporated technical sessions on diverse sub-themes such as: Corporate Governance, Political Governance, Urban and Rural Governance, Poverty and Hunger, Good Health and Welfare, Gender Equality, Quality of Institutions and Economic Growth, Reduced Inequalities, Peace, Justice and Strong Institutions, New norms in Governance, Administrative Governance, Environment and Energy Governance, Food security and Nutrition, Quality of Education, Clean Water and Sanitation, Industry, Innovation and Infrastructure, Sustainable cities and Communities.

The highlight of the conference was keynote speeches by diplomats and renowned academicians and panel discussions by distinguished panelists and intellects on the themes Sustainable Development Goals, Vision 2030: Are the SDGs realistic Goals?, China Pakistan Economic Corridor CPEC and Economic Governance: A Stronger Economy through Better Economic Governance on each day respectively.



DAY 01

The Quaid - E- Azam Lecture

The first day of the conference was designed around to have an insight about the theme Towards Inclusive Governance and Efficient Institutions for Sustainable Development. The first lecture of the day was associated with the name of the father of Nation Quaid-e-Azam Muhammad Ali Jinnah for his unmatched and invaluable services in making of Pakistan. His Excellency Mr. Perry John Calderwood, High Commissioner of Canada in Pakistan was the Keynote speaker for this session. Mr. Calderwood highlighted the need and importance of inclusiveness for effective governance and for prosperous growth and development. He shared how Canada has been able to achieve high productivity and development and what lessons Pakistan can learn from Canada. He said Canada consistently ranks near the top of the list of the United Nations annual Human Development Index. This is indicative of the achievements of Canada over the years in building an inclusive society supported by efficient state institutions, a dynamic private sector, and vibrant civil society. While Canada still faces challenges in achieving fully inclusive governance, many of our experiences may be relevant to developing countries, such as Pakistan. As an example, Canada has made major strides and is firmly committed in both its domestic and international policies to the promotion of gender equality. This reflects the recognition that the full participation of women, as well as men, in political and corporate governance as well as in all other spheres of society, is essential for any country to reach its potential. He also emphasized upon the importance of diverse taxing system for generating revenues that supports sustainability in economic growth. Dr. Farrukh Iqbal, Dean IBA read the paper of Dr. Ishrat Hussain, Professor Emeritus and Chairman CEIF. Dr. Ishrat has examined several alternative hypotheses in an attempt to explain Pakistan's declining economic growth rate and weak social indicators for the last twenty five years. The most satisfactory explanation lies in the decay of the institutions of governance that have failed to achieve the interrelated development outcomes of security, growth and equity. Comprehensive reforms are unlikely to be introduced in one go as it is neither practicable nor feasible to do so, both due to absence of political will and capacity constraints in Pakistan. Therefore it is advised that to target institutions for the capacity building of the country. Changing institutions is a slow and difficult process requiring, in addition to significant political will, fundamental measures to reduce the opportunity and incentives for particular groups to capture economic rents.

Dr. Hussain concluded that it would not be possible to execute reforms unless all the major political parties agree and reach a consensus so that partisanship and point scoring do not come in the way of the implementation of these reforms. Civil Servants who have retreated in a passive mode can be



reactivated, if they know that the risks of retribution and penalties involved in implementing these reforms would be minimal. The politicians of all persuasions have to realize that the growing disaffection for political parties and leaders in the country, the quickening spread of violence and intolerance, the rising popularity and respect for the Armed forces and the widening gap between expectations of the general populace and delivery by Government are indeed a wake-up call for altering their past conduct, practices and behavior. A growing educated urban middle class, information and communication revolution permeating even in the rural areas through electronic and social media should act as catalysts for this change.

After the lunch break the conference continued with parallel technical sessions on the themes Institutional Quality, Economic Growth and Sustainable Development, Finance, Monetary Policy and Corporate Governance and Human Resource Development and Socio-Economic Outcomes chaired by Dr. Syed Hasanat Shah Associate Professor and Foreign Expert, Jilin University, China, Prof. Dr. Syed Shabib-ul-Hasan Vice Chancellor Hamdard University Karachi and by Dr. Athar Ahmed HOD, Business Administration, Greenwich University respectively. The respected discussants for each session one were Dr. Mohsin H. Ahmad Assistant Professor/RE, AERC and Prof. Dr. Usman Mustafa PIDE Islamabad. For session two the discussants were Dr. Waliullah Associate Professor, IBA Dr. Jawaid Iqbal Associate Professor Department of Statistics University of Karachi. And for the third session of parallel technical session Dr. Zeeshan Atiq Assistant Professor, Department of Economics University of Karachi Dr. Noman Saeed Assistant Professor / Research Economist, AERC were the discussants who shared their valuable comments on each of the research presented by different academia and researchers. The last session of the day was honored by the name of the great philanthropist of the times Mr. Abdul Sattar Edhi for his precious humanitarian services. The topic of discussion for this session was Sustainable Development Goals, Vision 2030: Are the SDGs realistic Goals? SDGS are more comprehensive than the MDGs, as they attempt to address all three dimensions of sustainable development- economic, social and environmental. Dr. Ajmal Vice Chancellor, UoK chaired the session. Respected chair shared his opinions, facts and future prospectus on the problem of food security and nutrition in Pakistan. Dr. Naeem-uz-Zafar Panelists Chief Economist, Planning and Development Department, Government of Sindh, Dr. Karamat Ali Executive Director, Pakistan Institute of Labor Education & Research, (PILER), Karachi, Dr. Asad Sayeed Senior Research Associate, Collective for Social Science Research and Dr. Muhammad Ali Water Global Practice, The World Bank, Islamabad were the panelists for the session. It was concluded that among many other resources that needs to be preserved, water is the major resource that needs to be looked into seriously or it will lead to future disputes over it. It was suggested how Saline water can be used to grow herbs from that can help in drought. It was also highlighted that a “will to do” is essentially needed to combat the problem of food security.



Sir Syed Ahmed Khan Lecture

The second day of the conference intended around to cover diverse issues of developing economies. To pay tribute to the founder of the two-nation theory - the ideological foundation of Pakistan Movement Sir Syed Ahmed Khan for his invaluable services and sacrifice the first lecture was associated with the name of Sir Syed Ahmed Khan. The topic of discussion was Gender Issues chaired by Dr. Farrukh Iqbal, Dean and Director IBA, Karachi and the keynote speakers for this session were Ms. Grace W. Shelton, US Consul General, Karachi and Her Excellency Ms. Margaret Adamson Australian High Commissioner to Pakistan. Her Excellency shared with the house that for Australia, gender equality is a top domestic policy priority, a core foreign policy priority, as well as a cross cutting element for the Australian aid program and private sector engagement everywhere. Quite apart from the human rights of half of humanity, economic modeling tells us that by not including women in economic production in proportion to match their potential, the global economy is some \$US12 trillion the poorer. Ms. Grace said that gender equality and women's empowerment are critical in building democratic societies and in supporting open and accountable governance. Gender equality is key to address health and education challenges worldwide as it will lead to international peace. She said that attainment of gender equality is not Pakistan's problem only but it is a global challenge including USA. Among 500 companies in USA only 32 companies has female CEOs while the mean women salaries are 20 percent less than the male salaries in USA. Helping a women stepping in a formal economy by providing technical training or agriculture training is one step towards gender equality. She said that it is crucial to play role in including women in economic activities and accepting her as a contributor towards growth and productivity. While Dr. Farrukh Iqbal, the chair for the session highlighted that gender equality and women empowerment is pivotal for all the countries particularly for those countries that are in transitory phase towards development.

After the break the conference continued with parallel technical sessions on the themes Health, Poverty and Institutional Quality, Governance and Foreign Capitals Inflows and Gender, Agriculture and Income Inequality chaired by Prof. Dr. Nuzhat Ahmad Ex Director AERC, Dr. Raza Ali Khan Program Head of Economics & Finance, NED University Karachi and Prof. Dr. Usman Mustafa PIDE, Islamabad. Followed by the discussants Dr. Adnan Haider Associate Professor IBA, Karachi and Dr. Uzma Iram Assistant Professor/RE, AERC for session one, Prof. Dr. Khalid Mustafa Chairperson, Department of Economics and Dr. Zulfiqar Hyder Senior Research Economist, SBP for session two and Dr. Nooreen Mujahid Assistant Professor, Department of Economics UoK and Dr. Danish Ahmed Siddiqui KUBS, UoK for the third parallel session.



The topic of discussion for the last session of the day is often termed as game changer for Pakistan, CPEC. From Pakistan's shared optimistic history with China enables them to opt for intensified relations, which in the recent years are evident. Registering the changing regional scenarios, both states have opted to engage via strong economic relations in form of CPEC initiative. Both the states will most likely work towards enhancing their diplomatic relations and CPEC can be viewed as a positive step towards it. This initiative also marks a shift in Pakistan's foreign policy and allows Pakistan to intensify their relations within the region as well as the globe. And along with this, it showcases Pakistan's key interest to strengthen their regional ties. A constructive image of Pakistan is developed with the recent changes in its foreign policy. They are advancing towards strengthening their economic and defensive ties, and eventually empowering themselves as a key player in the region. One can view that this forum will allow Pakistan to connect with the globe, as other European states have also showed keen interests towards CPEC initiative. It serves as a positive forum for both states as this would also increase region to region ties. However in the discussion strong reservations related to the share of income shared by Pakistani as compared to China, problems related to food and security, route to Gawadar and threats in Baluchistan were made. The session was chaired by Dr. Zeeshan Ahmed Chairperson Dean & Rector (Acting) KSBL. While the panelist on board included Dr. Muhammad Nadeem Javaid Chief Economist Ministry of Planning Development & Reforms Government of Pakistan, Dr. Kaiser Bengali Advisor to Government of Sindh and Baluchistan, Mr. Dostain Khan Jamaldini Chairman, Gawadar Port Authority and Dr. Syed Hasanat Shah Associate Professor Foreign Expert, Jilin University, China. After the intensified debate over the global attraction "CPEC", it was concluded that government policies related to CPEC are unclear and the share of benefits to be retrieved by Pakistan is ambiguous. China Pakistan Economic Corridor can turn the table for Pakistani and only if the governmental policies ensure the benefit margin of Pakistan is greater than China and also that Pakistan will be protected from foreign and domestic aggression because of it or it will be the game over for Pakistan.



DAY 03

Shah Abdul Latif Bhittai Lecture

- The last day of three-day International Conference of Applied Economics Research Centre on the theme Towards Inclusive Governance and Efficient Institutions for Sustainable Development was as exciting and value adding as the first two days were. In recognition of the valuable contribution made in literature, the first session of the day was associated with the name of Abdul Latif Bhittai. The session was chaired by Dr. Hasnat Shah, Associate Professor Jilin University China. The first keynote speaker for the day Mr. Enrique Balnco Armas, Lead Economist from World Bank who talked about Governance and growth in Pakistan. He said that Pakistan has been consistently outperformed by its peers in terms of growth – as a result per capita GDP has increased much faster in many comparator countries. One of the main reasons for this performance is low investment (15% of GDP) and low productivity growth. Analytical work by the World Bank (Kaufmann and Kraay, 2002) and others suggest that good governance has a positive impact on growth. There seems to be a strong relationship between measures of governance and measures of competitiveness (e.g. the Global Competitiveness Index). He briefed the channels through which governance affects growth, Investment environment - rule of law, security, property rights, enforcement of contracts, fair regulation/ competition. Productivity – ability to support or hinder coordination between economic actors, e.g. labor training, technology adoption. Policy Design - Elite capture of the policy process that leads to suboptimal decisions, e.g. trade policy, licensing, access to productive factors (credit), public investment choices. The next speaker for the day was Mr. Neil Buhne Resident Representative in Pakistan, United Nations Development Programme (UNDP). Mr. Neil highlighted the crucial link between good governance and inclusive development. He said that development has to be more about connectivity to people than about growth. Many countries including Pakistan failed to achieve the targets set by MDGs mainly because of lack of political will and socio-economic conditions. The MDGs themselves missed the essence of what development and growth is about, they focused on the social goals majorly, while SDGs define development in terms of improvement in health and education, alleviating poverty, promoting equity good governance security and justice, combating environmental issues and promoting law and order situation. He told that the effectiveness of institutions in Pakistan has improved mainly because of the role of judiciary and legislation. 18th amendment has also brought governance closer to people by decentralizing the power at grass hood level. He said that the media in Pakistan is strong and vibrant and can play substantial role in promoting transparency and accountability in Pakistan. The respected chair concluded the session and said that Pakistan must take serious measures in promoting investments by improving its law and order conditions and socio-economic situation in the country. He also said that the productivity of human resources, connectivity, good governance, transparency and accountability must also be improved to achieve inclusive development and growth in the economy. The second last session of the day comprises of parallel technical sessions on the themes Environment, Water, Energy and Governance, Socio-Economic Effects and Institutional Quality and Macroeconomic Issues chaired by Dr. Syed Nisar Hussain Hamdani Professor of Economics & Director Kashmir Institute of



Economics, University of Azad Jammu & Kashmir, Prof. Dr. Riaz Ahmed Shaikh Dean Faculty of Social Science & Education Department, SZABIST and Engr. M.A. Jabbar Life member of SAARC Chamber of Commerce and Industry and FPCCI respectively. Other expert discussants were Prof. Dr. Samina Khalil, Director AERC and Dr. Heman Das Lohano Associate Professor, IBA, Dr. Adil Nakhuda Assistant Professor, IBA and Dr. Sajjad Akhtar Ex-Director of Centre for Research on Poverty Reduction & Income Distribution, Dr. Shaista Alam Associate Professor/SRE AERC and Dr. Bilal Ahmad Director Research FPCCI correspondingly for the each parallel session.

The last session of panel discussion was chaired by Mr. Sakib Sherani Chairperson, Head of Macro Economic Insights (Pvt) Ltd / former Economic Advisor to the Ministry of Finance, Government of Pakistan. The panelists for the session included Prof. Dr. Qazi Masood Ahmad (Chairman Center of Executive Education) Department of Economics and Finance, IBA, Karachi, Lt. Gen (R) Moinuddin Haider Ex-Governor of Sindh, Engr. M. A. Jabbar Life member of SAARC Chamber of Commerce and Industry and FPCCI, Dr. Shabbar Zaidi Territory Senior Partner and Chairman A. F. Ferguson & Co, Chartered Accountants, Karachi and Prof. Dr. Riaz Ahmed Shaikh Dean, Faculty of Social Science & Education Department, SZABIST. The distinguished panelist shed light on the topic for discussion Economic Governance: A Stronger Economy through Better Economic Governance. 'Economic governance' refers to the policy and regulatory settings that governments adopt to manage the economy. Economic governance encompasses two broad areas of public policy: macroeconomic (including aggregate fiscal) management and microeconomic management (relating to the policies that determine the private-sector operating environment, including business licensing procedures and contract enforcement processes). It was argued that both the democratic and autocratic regimes in Pakistan failed to progress the growth and prosperity of the country as per its potential.

It was concluded that for the efficient governance and improved performance of economic and social variables the power must be given to people and also that the sincere will fairness and equity can resolve the issues. It was also suggested that opportunities and resources must be shared and divided by the society equitably and that the transfer of power must be done at grass hood level. Dr. Jam Mehtab Hussain Dahar, Minister of Education and Literacy, Government of Sindh concluded the three-day international conference of Applied Economics Research Centre on the theme Towards Inclusive Governance and Efficient Institutions for Sustainable Development. Dr. Dahar congratulated Director AERC, Prof. Dr. Samina Khalil and her team for taking the initiative of inviting intellects and think tanks from diverse backgrounds under one platform. He underlining the significance of arranging international level conferences said that these conferences not only build the national capabilities of a nation but also help in bringing international recognition for the institute and for the country.



VIEWS ABOUT AERC

Ms. Grace W. Shelton (*US Consul General, Karachi*)



Ms. Grace W. Shelton, US Consul General, Karachi praised Applied Economics Research Centre (AERC), University of Karachi praised the organizers of the conference for commencing a whole session on the important issue of gender gap and differentiation. She said that gender is an important aspect that can be created relevancy with any topic by almost every speaker on the theme Towards Inclusive Governance and Efficient Institutions for Sustainable Development.

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



His Excellency Mr. Perry John Calderwood, High Commissioner of Canada in Pakistan commend AERC for organizing the conference 2017 on the theme Towards Inclusive Governance and Efficient Institutions for Sustainable Development and for assuming a leadership role in stimulating debate and promoting research on these important issues. He said that the deliberations of this conference has contributed to a better understanding in Pakistan and internationally of the fundamental importance of inclusiveness and effective institutions in achieving sustainable development and consolidating stable, prosperous and just societies.

Ms. Margaret Adamson (*High Commissioner of Australia*)



Her Excellency Ms. Margaret Adamson High Commissioner of Australia also congratulated Applied Economics Research Centre, University of Karachi on its initiative to convene an international conference on the theme of Towards Inclusive Governance and Efficient Institutions for Sustainable Development. She said that she is honored to have been invited to participate and to speak on the vital issue of how gender equality links to both inclusive governance and sustainable development.

PRESENTERS





WHERE ARE THEY AT PRESENT

Dr. Syed Hasanat Shah Associate Professor, School of Economics, Jilin University

Dr. Syed Hasanat Shah earned master's degree in Economics from Peshawar University in 2001. In 2002 Dr. Hasanat joined Applied Economics Research Center. He was a part of MAS 2002-2003 session. Upon completion of MAS program, Dr. Hasanat was enrolled as an M.Phil. Student in Economics Department at Quaid-e-Azam University, Islamabad and got M.Phil. degree. At the same time Dr. Hasanat taught a number of courses on Pakistan Economy, Develop Economics and Political Economy in various departments of Quaid-e-Azam University. In 2006, Dr. Hasanat joined State Bank of Pakistan and completed a specialized course on Central Banking in NIBAF, Islamabad, in 2006. He was first assigned the position of Strategic Planning Officer in the Strategic and Corporate Planning Department and later he worked as Economic Analyst at the Economic Analysis Department of State Bank. In September 2008, Dr. Hasanat left State Bank on Ex-Pakistan leave to pursue his PhD from the School of Economics at Jilin University, China. In 2012 Dr. Hasanat resigned from the State Bank of Pakistan and started working as faculty member in the School of Economics, Jilin University. Dr. Hasanat is currently working as an Associate Professor at the School of Economics in Jilin University and he is also a lead researcher in the 'Belt and Road Initiative' Research Center in Jilin University. Dr. Hasanat was visiting faculty in the School of International and Public Affairs, China. Dr. Hasanat published his research work in journals of international repute and has contributed to various edited books. He delivered lectures and speeches on subject of International Economics and Political Economy in different parts Asia and Europe.



Dr. Muhammad Ali Water Global Practice, World Bank

Dr. Muhammad Ali is working for Water Global Practice at the World Bank Islamabad office as a consultant since last year. He was a part of data analysis team for the "Pakistan WASH Poverty Diagnosis (2017)" and "Economic Impacts of Inadequate Sanitation in Pakistan (2009)". He graduated with a PhD in innovation economics from Friedrich Schiller University, Jena, Germany on January, 2016 and worked as a Post-doc afterwards in the same university. Prior to his PhD, he graduated with a Masters degree in Economics and Finance from Charles University in Prague, Czech Republic, a M.Phil. degree in Economics from Applied Economics Research Center, University of Karachi, Karachi, Pakistan and a Masters degree in Commerce from Federal Urdu University of Arts, Science and Technology, Karachi, Pakistan. He specializes in knowledge dynamics of international trade and foreign direct investment with a special focus on the role of local absorptive capacity. His current research interests include relationship between WASH and nutrition outcomes, dynamics of foreign aid and relationship between FDI and innovation.



**SEHAR SABA****Topic:****THE NEXUS BETWEEN ENERGY EFFICIENCY AND SUSTAINABLE DEVELOPMENT IN PAKISTAN : A THREE DIMENSIONAL ANALYSIS**

Sustainable development is the most important and recognized requirement of the economics of development. While viewing the progress of a country there is no difference of opinion in the acceptance of the fact that quantitative rise in the gross domestic product cannot be taken as an indication of progress. It is needed to be translated in the enhancement of the standard of living and make it available with consistency for the future generations. Meeting the commitment of intergenerational transference of economic power, social desirability and environmental resilience is a sacred trust. The sustainable development process has its requirements among which the most important and inevitable one is the frequent use of energy which often takes us far away from meeting the targets of sustainability. When it comes to the question of a developing country the contention becomes more serious because the frequent use of energy not only disturbs the sustainability position at the environmental level rather the economic and social fronts are equally effected. The study focuses on that sensitive balance which is needed to maintain the sustainability of the process of development without effecting the pace of progress and development .An existing nexus between the need of the use of energy resources in an efficient way and the attainment of a stage of development featured by the healthy and desirable biosphere, economic stability and safe social structure of life with a framework capable of serving for inter generation time period is the conclusion of the study. The study identifies the factors responsible for the high energy intensity of the economy and their impacts on the three dimensions of the sustainable development. Previous studies have empirically proven these existing relationships in underdeveloped countries and have concluded the positive impacts of population growth, energy consumption and macro economic development on environmental degradation however the studies have not yet focused the relationship of energy use and three dimensions of sustainable development in one framework. This is the real contribution of the study i.e. identification of the factors responsible for increased energy intensity and their simultaneous impact on three dimensions of sustainable development. For this purpose a four equation model frame work is used to determine the factors responsible for the growth in energy intensity of the economy and their simultaneous impact on the three dimensions of sustainable development. Time series data from 1980-2010 from World Development indicators(WDI), United Nations Development Programme (UNDP) and Pakistan Economic Survey for various years is used for the analysis. The model consists of simultaneous equations and two stage least squares (TSL) has been employed with exogenous and several other relevant variables as instruments. The results of the econometric analysis confirm to the hypothesis of the nexus between the energy intensity factors and the dimensions of sustainable development. Urbanization, industrialization, distributional losses at the supply side of electricity and population growth are recognized as the main factors responsible for the rise in the energy intensity of the economy and these factors are later on again proved having serious impacts over environmental, economic and social sustainability. This calls for the urgent economic and social measures including creation of the awareness for the renewable energy resources and control over energy distribution patterns.



MUHAMMAD BILAL

Topic:

THE SHIFT TO SERVICES SECTOR: PROSPECTS OF ECONOMIC DYNAMICS IN PAKISTAN

It is usually assumed that economic development is taken place through structural transformation. Generally, from real sector to nominal sector or specifically from agriculture sector (AgrS) to services sector (SerS) via industrial sector (IndS) in case of agro-based economy. But this phenomenon is missing in Pakistan. Therefore, an investigation is required to analyze the prospects of economic dynamics of Pakistan economy in context of sectoral structural transformation (SST) from goods producing sector (GPS) to SerS from 1964 to 2015.

The prospect of economic dynamics of SST is usually studied by evaluating the changes in the share of sectoral output and employment or the movement of resources, e.g., labour and capital from one sector to another sector. The simultaneous effect of capital and labour is studied by the analysis of total factor productivity which is difficult to calculate and interpret at sectoral level. Thus, sectoral labour productivity is used to study the ongoing SST because of its simplicity in calculation and interpretation.

The shift share accounting technique is utilized to evaluate the dynamics of SST. The technique is usually used to decompose the ALPG into intra-sectoral productivity effect and SST effect inter-sectoral shift effect plus dynamic shift effect. On the basis of three sector analysis, the ALPG has declined in the period of 1986-2015 as compare to period of 1964-1985 mainly because of SerS as its intra-sectoral productivity has declined in the later period. While intra-sectoral productivity of AgrS and IndS has increased in the later period. Although the contribution of SerS has improved in terms of SST effect, but the magnitude is not enough to compensate the deterioration in intra-sectoral productivity effect. The further fragmentation of SerS reveals that the contribution of SerS has declined because of market services, and especially due to financial sector and wholesale & retail trade sector. This trend supports the hypothesis of structural burden as labour is mainly moving from AgrS to low productive sub-sectors of SerS. This is imposing negative effect on the economy as SST effect is decreasing in SerS and it is negative for AgrS.

The second objective is to evaluate the dynamics of inter-sectoral development specifically between GPS and SerS in the context SST. The inter-sectoral development is analyzed by using the generalized forecast error variance decomposition (GFEVD) of VAR technique. The results of GFEVD of AgrS and IndS indicate that these two sectors are highly inter-related as magnitude of relative productivity shock to AgrS and IndS is very high even at twenty years of time-horizon. While the SerS is unable to explain the GFEVD of GPS primarily because of financial services sector and distribution services sector.

Conclusively, the GPS has a great potential for growth and development with respect to the improvement in health of the economy and socio-economic development. While services sector is actually imposing structural burden, increasing the dependency on other economy and trade deficit, and damaging the social equity implicitly.

RESEARCH PRESENTATION

Mr. Usman, PhD Scholar Ms. Munazzah Nazeer, PhD Scholar at AERC and Ms. Sheeba Tahir, M. Phil. student at Applied Economics Research Centre presented their research on the topics “Business Cycle Decomposition and Its Determinants: An Evidence from Pakistan” “Relative Attraction of Cities and Inter-City Migration-An analysis using the Gravity Setup” and “Causes of Long term Unemployment: A case Study of Survival Analysis” respectively in the 33rd PSDE AGM conference hosted by PIDE on the theme Redefining Prosperity Paths in Changing Global Economy; Opportunities and Challenges for Pakistan from December 12-14, 2017.



BUSINESS CYCLE DECOMPOSITION AND ITS DETERMINANTS: AN EVIDENCE FROM PAKISTAN

Usama Ehsan Khan

Lecturer, Sir Syed University of Engineering and Technology

Syed Monis Jawed

Officer-Economic and Industry Research at Allied Bank Limited



RELATIVE ATTRACTION OF CITIES AND INTER-CITY MIGRATION: AN ANALYSIS USING THE GRAVITY SETUP

Munazah Nazeer

Ph.D Scholar



CAUSES OF LONG TERM UNEMPLOYMENT: A CASE STUDY OF SURVIVAL ANALYSIS

Sheeba Tahir

M.Phil. Scholar

INDEPENDENCE DAY 2017, CELEBRATION

14 August 2017

14th August, 2017 marked the 70 year partition anniversary, dividing Sub-continent into two new, independent countries: India and Pakistan. The 14th day of August reminds us how Muslims of the Indian subcontinent, under the leadership of Quaid-e-Azam, Mohammad Ali Jinnah, took on tremendous odds to win their right to a separate national and religious identity. Perhaps, no other nation in modern history has paid a higher price for its independence than us. The special celebration today reminds us of 14th August 1947, the most important day of our history. It is also an occasion to pay tribute to those who rendered unparalleled sacrifices for winning, and later preserving, our freedom. 70 years of statehood and independence is celebrated at Applied Economics Research Centre with great festivities.

Batch 2017-18 of M.A.S./M.Phil. organized independence day's celebration at AERC's lawn. Student Maryam Raees and Shahzib hosted the program; Hasnain recited the holy verses of Quran. Together with the Director AERC, faculty, staff, fellow students and graduates of AERC the audience recited the national anthem of Pakistan. Kazim performed "Khawb lelo Khawb" while Hareem Farooq presented "Iqbal taray dase ka kiya haal sunaow" Rabia and Rafi conducted quiz with the audience. The students Amma and Immad also performed short script on the theme of independence while Zuaimah delivered the speech.

Dr. Samina Khalil in remembrance of the invaluable sacrifices made by our ancestors delivered speech. She presented a brief outlay of 70 years of struggle of Pakistan she said that Pakistan is the country who has the advantage of young working age population. She said that we must all work at individual level to translate this comparative advantage into the sustainable growth and development of the country. Dr. Khalil also said that we must work together to make our value system strong and our justice system reliable.

Dr. Samina Khalil, Dr. Uzma Irum, Dr. Mohsin Hasnain, Dr. Ambreen Fatima, Dr. Shahista Alam, Roshan Ali Shah along with the other faculty members and students sang different national songs. The independence celebrations ended with cake cutting ceremony.





Applied Economics Research Centre
(Institute of National Capability in Applied Economics)
University of Karachi

For Feedback

Email: aervoiced@aecr.edu.pk, Website: www.aecr.edu.pk
Phone # (021) 99261548, P.O. Box 8403, Karachi-75270, Pakistan