

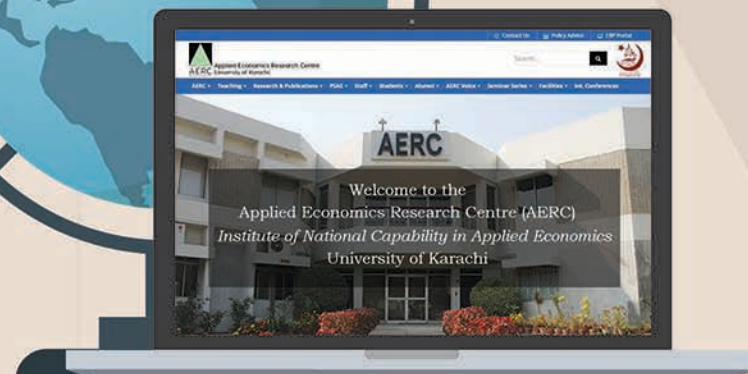


# AERC VOICE NEWSLETTER



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

## APPLIED ECONOMICS RESEARCH CENTRE UNIVERSITY OF KARACHI



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# DIRECTOR'S MESSAGE

Happy 71 Independence Day to all Readers of AERC Voice



This is yet another issue of AERC Voice which is the result of relentless efforts of its editorial committee responsible to work for this magazine.

Over the last four decades, Applied Economics Research Centre has trained hundreds of MPhil and PhD students, with a focus on Applied Economics. The AERC graduates have gone on to become professional leaders not only at other institutions of higher learning but in important financial organizations like State Bank of Pakistan, Planning and Development of the Government of Pakistan and Businesses.

I as Director of the AERC is excited to take on the challenge of finding new ways to make this once a great Institute even better. In particular, I would like to focus on knowledge translation through enhancing research collaboration and promoting graduate education. We need to advocate for the concept of knowledge translation as an objective for research. Research is not only a tool to explore new knowledge, but can also be a process for knowledge dissemination and translation. To foster this way of thinking, we must aim to provide our graduate students with the right training and

tools for translational research. I will continue to be committed to the development of new programs and new knowledge that will translate into new professional groups.

I hope that you will take some time to explore our website which provides news and information of our recent endeavors to facilitate knowledge exchange, collaborative activities, and ongoing research studies.



**Prof. Dr. Samina Khalil**

Director, Applied Economics Research Centre  
University of Karachi



## FROM THE EDITOR'S DESK:

Eid Mubarak!

Dear Readers I hope after spending a whole auspicious month of Ramadan you are all geared up to celebrate Eid holidays. Before we take a new start let us make sure to continue the spirit of Ramadan practice patience, tolerance, philanthropy and all the good deeds throughout the year so that the less privileged are not felt left out and that the foundations of our society remain sound and still. AERC Voice is designed to unfold the academic and extra curriculum activities that are happening in the campus in different spans. It briefs about the seminars, awareness campaign, student activities, faculty training, new research, book reviews, a review of different socio and economic indicators and everything else that an academic newsletter must entail. I am highly thrilled to share the continuous growth of the quarterly newsletter AERC Voice our family has now expanded to more than 450 readers this quarter. Applied Economic Research Centre is organizing yet another international conference on the theme “Central Asian Regional Economic Integration and CPEC: Prospects, Challenges and the Way Forward (CAREIC-PCWF)” from December 18-20, 2018 we hope to see you participating in it. I would like to take the opportunity to acknowledge the efforts of Ms. Narjis Khatoon, Ms. Javaria of their support and Mr. Syed M. Waqas for his technical expertise in sketching out the thirteen issue of Voice.

I hope you find the pages followed by useful and appealing. I look forward to hear from you.  
Your feedback at [aercvoice@aerc.edu.pk](mailto:aercvoice@aerc.edu.pk).



Editor,

**Dr. Asghar Ali**

Applied Economics Research Centre, UoK





## Financial Development and Environmental Quality: The Way Forward

*By : Dr. Shaista Alam*

The present study re-examines the association between financial development and environmental quality (CO<sub>2</sub> emissions) by incorporating energy consumption and economic growth as additional factors as determinants of environmental quality. The study uses quarterly frequency data for the period 1985–2014. For empirical purposes, the asymmetric ARDL co-integration approach is applied to test the impact of positive and negative shocks in financial development, energy consumption and economic growth on CO<sub>2</sub> emissions and the symmetric and asymmetric causality association between the variables is examined by applying the asymmetric

Granger causality analysis. On the basis of empirical findings, study concludes that strong asymmetric co-integration exists among the examined variables, i.e., financial development, energy consumption, economic growth and CO<sub>2</sub> emissions. Positive shocks in economic growth affect positively to CO<sub>2</sub> emissions, and energy consumption has a positive asymmetric affect on CO<sub>2</sub> emissions through positive and negative shocks. Financial development in the banking sector is also responsible for adding to CO<sub>2</sub> emissions via positive shocks. The asymmetric causality analysis explores the two-way symmetric causality between economic growth and CO<sub>2</sub> emissions, and the results show that unidirectional causality exists from positive shocks in bank-based financial development to CO<sub>2</sub> emissions. Energy consumption is an unfortunate necessity for any economy to grow, and reductions in energy consumption are accompanied by decline in economic growth. To keep an economy on the path of development, exploration of renewable energy sources should be a priority, as the development of renewable energy sources may prevent reliance on foreign energy sources to meet domestic energy needs, increase energy efficiency, prevent energy crises, and improve environmental quality (Halkos and Tzeremes, 2014).

Furthermore, economic growth is positively linked to CO<sub>2</sub> emissions via positive shocks, which indicates the negative consequences of economic growth in terms of environmental degradation. Such environmental degradation may affect human health, which decreases productivity in the long run and hence affects the pace of economic growth. Accordingly, energy-efficient technology should be adopted at not only the production level but also the transportation and household consumption levels. The adoption of environmental friendly technologies would help to improve environmental quality, progress productivity in the long run, and save energy for future generations. Furthermore, for long-run economic development, efforts must be made to plant trees instead of engaging in deforestation. The renewable energy sources such as wind power, hydropower, and solar power can be used to mitigate emissions. Strong legislation should also be proposed to impose a carbon tax and minimum fuel efficiency standards for vehicles. Financial development may provide funds to purchase advanced and energy-efficient technologies because financial resources can be obtained at a lower cost. In this regard, the financial system can also be developed with new instruments and regulations because it is concomitant with economic growth. For example, the government should direct the central bank of Pakistan to monitor the banking sector's financial resource allocation mechanism, and the banking sector should monitor the firms after financial resources are allocated to ensure that credit is not issued at the cost of environmental quality. If any firm is involved in increasing environmental degradation, it should be punished via reductions in tax holidays or increases in interest rate on allocated loans. The government should also encourage the banking sector to invest in the energy sector in general and the renewable energy sector in particular. In this regard, the banking sector should allocate financial resources for R & D for energy-efficient technologies and obtain patents for these technologies to generate a certain life time of profit rather than waste financial resources on consumer financing, i.e., car leases or household item loans.



## ACADEMIC ACTIVITIES OF THE DIRECTOR



### Abbottabad University of Science & Technology

Dr. Samina Khalil was invited to 1st National Conference on Emerging Trends in Pakistan Economy: Socio-Economic Challenges and Opportunities organized by Department of Economics, Abbottabad University of Science & Technology (AUST), KP, Pakistan. Dr. Khalil made the keynote speech in the conference and chair the session on day 01 of the conference. The conference was held on 25-27 April, 2018 in AUST, KP.



### School of Economics, Jilin University, China

Prof. Dr. Samina Khalil, Director Applied Economics Research Centre was invited by the School of Economics, Jilin University, China as guest speaker on a special collaborative course. Dr. Khalil presented her detailed analysis on "Chinese OFDI and Trade & BELT and ROAD initiative" on the course introduced by the Jilin University. Dr. Khalil delivered the lecture and speech on 23rd, 24th and 25th June 2018. Dr. Samina highlighted the economic and geopolitical rationale of the Belt and Road Initiatives and focused on the opportunities Belt and Road can possibly provide to traders and investors in the BRI region.



### Central Asian Regional Economic Cooperation Institute, Kyrgyzstan

Dr. Samina Khalil visited Bishkek (Capital of Kyrgyzstan) to participate in the 3rd Annual Conference of the CAREC (Central Asian Regional Economic Cooperation) Institute, Think Tanks Development Forum on the theme of the forum, 'Building Knowledge Corridors along the Silk Road' from July 16-18, 2018. Photo is of the venue of the forum, Presidential Palace of Kyrgyzstan and with the Director of the CAREC Institute.





### CAREC Corridors (Economic / Transport) Performance Measurement and Monitoring, Azerbaijan

Director AERC, Dr. Samina Khalil attended a conference/ workshop on CAREC Corridors (Economic / Transport) Performance Measurement and Monitoring (CPMM), from 25-26 July 2018, at the capital city of Azerbaijan, Baku. Dr. Khalil finds it a great opportunity for the new government under Imran Khan to reach out to Central Asian countries (so close to Pakistan) to tap the potential economic integration for mutual benefits. Azerbaijan with the population of 9.8 million people and 100% literacy rate is prospering economically and has many lessons to teach Pakistan.



### New Head Doctorate Program, 2018

Dr. Uzma Irum has taken the oath as new Head of PhD. Program at the Applied Economics Research Centre. The newly appointed Head has remarkable credentials to serve in the newly assigned capacity in the Centre. Dr. Irum completed her PhD. in Health Economics in 2014 from University of Kent, Canterbury, UK. Dr. Uzma is serving as Assistant Professor at Applied Economics Research Centre has taken the charge of her additional responsibilities from June 05, 2018.

## NEW APPOINTMENT AT AERC

Applied Economics Research Centre has freshly appointed new Manager Finance Ms. Sana Shah Jillani and Mr. Ammar as Data Operator in Publication Department of the Centre. We anticipate that they would be able to contribute positively towards strengthening the administrative and academic capacity of the institute and would serve the Centre with sheer dedication and commitment.



**Ms. Sana Shah Jillani**  
Manager Finance



**Mr. Ammar Ozair**  
Publication Assistant





# MOU BETWEEN AERC AND PIDE

Applied Economics Research Centre, University of Karachi and Pakistan Institute of Development Economics, Islamabad have signed memorandum of understanding (MoU) for linkage and mutual cooperation in various academic activities on April 23rd, 2018. 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. AERC undertakes research on issues in applied economics with a focus on urban and regional economics, agriculture economics, human resource development, public finance, poverty, health and nutrition, industrial economics, trade, environment and gender issues. Research is based on primary data collection carried out by AERC through surveys and analysis of secondary data from published sources. With subsequent growth of the Centre, its activities have broadened to include advance training of economists from all parts of Pakistan. A major development in this regard was the introduction of its own MAS, MS/ MPhil. leading to a Ph.D. Programme in 1977. Advisory services are provided to the federal, provincial and local governments through participation of AERC staff in Advisory Bodies, Working Groups and Task Forces. While PIDE is devoted to theoretical and empirical research in Development Economics in general and on Pakistan-related economic issues in particular. In addition to providing a firm academic basis to economic policy-making, its research also provides a window through which the outside world can view the nature and direction of economic research in Pakistan. Other social sciences, such as demography, anthropology and interdisciplinary studies increasingly define the widening scope of research that must be undertaken for proper economic policy and development to have sound underpinnings. Over the past 50 years PIDE has earned an international reputation and recognition for its research. The collaboration of both the institutes will lead to exploration of new horizons and perspective in Economics for policy makers and academicians.





# RESEARCH PROJECTS

Applied Economics Research Centre is not only excelling in post-graduate teaching but is also dedicated to conduct policy oriented Core-academic Research, Contract Research for clients, 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. Research is based on primary data collection carried out by the AERC through surveys and analysis of secondary data from published sources. Applied Economics Research Centre was successfully able to win the following projects funded by various agencies and organizations:

**Project:** Review of Current Landlords/Hari/Sharecropping Arrangements in Sindh

**Awarded By:** Food and Agriculture Organization of the United Nations (FAO)

**Team Lead:** Prof. Dr. Samina Khalil

**Project:** Efficient Participatory Irrigation Institutions to Support Productive and Sustainable Agriculture in South Asia

**Awarded By:** ACIAR (Australian Center for International Agriculture Research), Government of Australia in collaboration with the University of Adelaide, Australia.

**Team Lead:** Prof. Dr. Samina Khalil

**Project:** Urban Migration and Managing Socio-Economic Environment of Pakistan's 10 Mega Cities

**Awarded By:** Ministry of Planning Development & Reform

**Team Lead:** Dr. Shaista Alam

**Project:** Current and Future Prospects of Migration: Trend, Drivers and its Impact on Economic Development.

**Awarded By:** Ministry of Planning Development & Reform

**Team Lead:** Dr. Ambreen Fatima

**Project:** Exploring the Export Potential of Pakistan in China under CPEC

**Awarded By:** Ministry of Planning Development & Reform

**Team Lead:** Mr. Aamir Hussain Siddiqui





## M.A.S. /M. Phil batch ( 43<sup>rd</sup> Annual Session 2018 - 19 )

Applied Economics Research Centre welcomes its new M. Phil. batch at the Centre. The 43rd annual session started in January this year and is most likely to be completed by February 2019. Total 41 students got enrolled in the new session out of which 06 are non-economists while the remaining 35 are Economists.

## PhD. Program ( 4<sup>th</sup> Annual Session 2018 )

Applied Economics Research Centre initiated its fourth program of doctorate in 2018. Students with diverse backgrounds got enrolled in the annual session this year. Total of 09 students got registered in the program and are most likely to complete their coursework, the partial fulfillment of their degree by 2019.



MAS / Mphil Batch 2018 - 19



PHD Batch 2018

## Announcement

Applied Economic Research Centre announces call for research papers for its annual international conference 2018. AERC is hosting three-day International Conference in Karachi on the theme **“Central Asian Regional Economic Integration and CPEC: Prospects, Challenges and the Way Forward (CAREIC-PCWF)”** from December 18-20, 2018. The conference will include research papers, keynote speeches and panel discussions by field experts, academia, practitioners and renowned speakers ranging from different backgrounds.



Central Asian Regional Economic Integration & CPEC:  
Prospects, Challenges and the Way Forward



# FACULTY TRAINING COURSE

Director of the Applied Economics Research Centre has nominated Mr. Aamir Hussain, Research Economist, Mr. Ammad Ali, Staff Economist and Ms. Narjis Khatoon, 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), Islamabad. AERC as a research institute strives 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 transfer their skills to 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







## Faculty Academic Achievement

Applied Economics Research Centre is a unique endeavor that promises quality teaching and has a reputed library and lab facilities. Over the years the Centre has expanded considerably and now employs over 30 full time economists holding PhD. and M.A.S/M.Phil. degrees from leading US, British and other foreign universities and with qualifications from Pakistan. Only recently our faculty members Mr. Tehseen Jawaid serving as Assistant Professor/Research Economist and Mr. Faisal Sultan Qadri working as Staff Economist and Syed Ammad Ali serving as Staff Economist have been awarded with Doctor of Philosophy (PhD.) in Economics from the Department of Economics, University of Karachi. Dr. Faisal Sultan Qadri and Dr. Syed Ammad Ali have been promoted to higher grade and are now appointed as Assistant Professor (REFER).



**DR. TEHSEEN JAWAID**  
*Research Economist /  
Assistant Professor*



**DR. FAISAL SULTAN QADRI**  
*Research Economist /  
Assistant Professor*



**DR. SYED AMMAD ALI**  
*Research Economist /  
Assistant Professor*

## Presentation of Tariq Hassan Memorial Medals

Applied Economics Research Centre started its first M.A.S. / M. Phil program batch back in the year 1977 and has since then continues to successfully launch the program every year. Batch 2017-18 successfully completed their coursework, part I as the partial fulfillment of their M. Phil. degree. A total number of 30 students enrolled in the session while only 20 students persuaded and completed first part of their degree. Following are the students who performed exceptionally well during the year and stood among top 3 students academically. Dr. Samina Khalil, Director presented medals and certificate of appreciation to the position holders, in memory of the deceased brilliant student of the AERC during 1980s Mr. Tariq Hassan.



**TASKEEN FATIMA**  
3.66  
1st Position  
Gold Medal



**SYEDA ZUIMAH WAFIM**  
3.54  
2nd Position  
Silver Medal



**IMRANA SAIF**  
3.53  
3rd Position  
Bronze Medal



إِنَّا لِلّٰهِ وَإِنَّا إِلَيْهِ رَاجِعُونَ



**Mr. Rahim Bux Lasi**

Mr. Rahim Bux Lasi served AERC as Driver in BPS 10 for 26 years. He joined the Centre in 1986 and served till his retirement in 2012. During his course in the Center he carried out his duties actively with full responsibility and zeal. Applied Economics Research Centre extends heartfelt condolence to the family of the departed soul and prays that Allah Almighty grant him higher place in hereafter.



إِنَّا لِلّٰهِ وَإِنَّا إِلَيْهِ رَاجِعُونَ



جو زندہ ہے وہ موت کی تکلیف سہے گا  
جب احمد مرسل علیہ نہ رہے تو کون رہے گا

## Dr. Mohsin Hasnain Ahmed

Dr. Mohsin Hasnain Ahmed was appointed in 2001 as Research Assistant at the Applied Economics Research Centre. Dr. Mohsin specialized in the subject of trade, FDI and institutional capacity with PhD. in the “Role of Institutions, Foreign Direct Investment (FDI), Trade Openness and Economic Growth” from Department of Economics, University of Karachi. He had more than 20 years of teaching experience in M.A.S/ M. Phil and PhD programs in different departments and universities across Karachi. Dr. Mohsin Hasnain held various positions at the AERC such as Head of PhD. program, Secretary Conference, member Academic Committee (AC), Graduate Study Program (GSP) and Publication Committee. Dr. Ahmed has various publications in renowned and reputed international and national journals on his account. Dr. Hasnain Ahmed was serving as Research Economist and was actively involved in all academic and extra curriculum activities in the Centre.

With heavy heart we announce the demise of Dr. Mohsin Hasnain Ahmed, Research Economist on April, 21 2018. Our condolences go out to the bereaved family and children, friends and colleagues. We pray that Allah Almighty grant them the fortitude to bear this irreplaceable loss. May Allah Almighty grant eternal peace to the departed soul and may He grant him higher place hereafter.

The space created by his departure will always persist and can never be filled anyway. Dr. Mohsin Hasnain Ahmed will always be remembered and cherished in our memories. His unparalleled services and dedication for the Centre will be considered and honored forever by the institute.



## Quran Khuani

Applied Economics Research Centre hosted Quran Khuwani for the esal-e-sawab of the departed soul of Dr. Mohsin Hasnain Ahmed on April 23rd, 2018. His colleagues, faculty members, staff, students and members from different organization and committees of the University of Karachi and other universities attended the ceremonial gathering. Attendees recited the Holy Verses of Quran and made especial prayers seeking for forgiveness and mercy from Almighty Allah who is indeed the most beneficent and merciful.

## Condolence Meeting by KUTS

Karachi University Teachers Society (KUTS) organized condolence meeting at the Applied Economics Research Centre on April 25th, 2018. Members of the committee Prof. Dr. Jamil Kazmi, Prof. Dr. Haris Shohaib, Dr. Asghar, Dr. Faisal Qadri and Mr. Roshan Ali Shah shared their precious memories and golden time spent with Dr. Mohsin Hasnain Ahmed. The members unanimously agreed that the damage created by the loss of Dr. Moshin can not be covered and prayed that Allah may shower His blessings upon Dr. Mohsin's soul and on his family.



## FACULTY MEMORIES



**Dr. Asghar Ali**

Although Dr. Mohsin is gone, but we will always remember him, and his spirit will live on in each one of us forever.

اس مرحلے کو موت بھی کہتے ہیں  
ایک پل میں چھوٹ جائے جہاں عمر بھر کا ساتھ





**Prof. Dr. Samina Khalil**

Dr. Mohsin Hasnain Ahmad suddenly disappeared leaving us completely baffled and in agony. He left for his last abode in a hurry which reminded me how superficial our life is on earth. Dr. Hasnain joined AERC many years ago and completed his post graduation at the AERC. He did his PhD from the Department of Economics, University of Karachi. He was the econometrician of AERC and a popular teacher among his students. For me, he was a dependable colleague who used to take interest in institutional development and worked for the betterment of the AERC.

As Director of the AERC, I had assigned him some important responsibilities like Secretary of the PSAE and Head of the Doctoral Program Committee which Dr. Mohsin Ahmad dispensed with commitment and dedication. Highly appreciated International conferences of the AERC in the last two consecutive years would not have been possible without deep commitment and hard work of Dr. Mohsin Hasnain to make them memorable and successful events of the AERC. He also played instrumental role in institutional collaboration of the AERC with other universities like SUFFA University and Lasbela University.

Dr. Mohsin Hasnain will be missed by his students and friends as he was a great support for them. AERC will always remember his services for the institution. May his soul rest in peace in Jannah and Allah SWT reward him for his all good deeds in his life.



**Dr. Shaista Alam**

I cannot express in words the bound I share with Dr. Mohsin he was not only my colleague but a dear friend who was dedicated, enthusiastic and devoted in achieving his goals. Dr. Mohsin's death is a sheer loss to the centre and to the students as we lost an asset which will never be replicated.

نچھڑا کچھ اس ادا سے کہ رت ہی بدل گئی  
اک شخص سارے شہر کو ویران کر گیا



**Dr. Ambreen Fatima**

Dr. Mohsin - for me Mohsin Bhai first time I used the word "Bhai" for anyone in AERC because of his caring nature and always giving advices. My first impression - A gentle man (not looking up while talking to a lady). My first detail interaction - I was seeking advice on Minimum Final Prediction Error Model (an econometric technique) his reply: Yeh sbb kuch mushkil nahe (not difficult to understand). For him everything was very easy to understand. Our interaction on econometrics grew with time. He was the best in econometrics whenever I faced difficulty in analyzing data I always used to rush to him- Mohsin ARDL!!! His reply was: again very simple to understand ... It work like this "Yeh youn ho jaey gaaa" and ARDL is done. The way he used to convince, the way he used to solve problems, his thoughtful and caring way... Everything is unforgettable. Never thought I would not be able to thank him. His last advice to me Ambreen Make life easy. Mohsin Bhai I am trying my best to make it easy, but I am not sure from whom I would seek for advice now because it is not easy to make life easy!





**Dr. Uzma Iram**

It is very difficult for me to believe that Dr. Mohsin Husnain Ahmad is now not with us. I know it is difficult to understand a loss like this, but we need to be mindful of the true blessing that he was to us. That should give us the strength to continue on in faith knowing that he would want us to honor his memory in this way. I had always relied on him whenever I needed help, whether with conference matters or some routine task that he was always so willing to help me. I came to trust his judgment and wisdom as well and his advice was always so well thought out and helpful. Indeed it is a big loss for his family, students, colleagues and it will take ages to find his replace especially for AERC. He was so kind, compassionate, and a true gentleman and sadly there are few people like him in the world today and I could never find a better and more caring friend as Dr. Mohsin was. He has left us with so many wonderful memories. I will cherish them forever. *In Deep Sorrow – Dr. Uzma Iram*



**Ms. Narjis Khatoon**

It is with great sadness that we heard of the passing away of Dr. Mohsin Hasnain Ahmad, Research Economist, In-charge PhD program at the Applied Economics Research Center, University of Karachi of severe heart attack on Saturday, morning 21 Apr 2018. Dr. Mohsin was a highly valuable, respected teacher & our colleague. His work here will not soon be forgotten. He will be greatly missed and everyone at AERC is saddened by his death. Know that our thoughts and prayers are with his family and friends during this difficult time.



**Ms. Lubna Naz**

For my teacher, colleague and mentor Dr. Mohsin Hasnain Ahmed. You have been our greatest source of inspiration and courage; your image will remain deep in our hearts...

The walls of this institute feel hollow  
Corridors feel empty and classrooms feel lifeless  
Without the inspirational presences of a teacher like you!

## STUDENT MEMORIES



**Muhammad Aleem (Ph.D Scholar, 2017)**

I personally have lost my guru, my mentor, and a great human being. He is undoubtedly the only guru of econometric at AERC and his death is great loss for all students. I fall short of words to express my grief on the sad demise of Dr. Mohsin.





### **Munazah Nazeer (Ph.D Scholar, 2017)**

“A teacher affects eternity; no one can tell where his or her influence stops”. Henry Adams

My very first foundations of econometrics were led by Dr. Mohsin Hasnain Ahmed. Since 2011, it is his teachings and guidance that developed my skill for understanding complex econometric techniques and advance modelling. I am fortunate to be in the last batch of Ph.D students he taught. His efforts as a mentor are significant enough to change the lives and visions of his pupils, both in their social and professional conduct. Indeed, there exist a long term co-integration relationship between an educator's efforts and success stories of who he educates.



### **Muhammad Amin Hasan (PhD-Candidate at AERC, 2015 )**

I am intensely saddened by the loss of a great mentor and researcher Dr. Mohsin Hasnain Ahmed. We all have prayers and fond memories of Dr. Mohsin and he only departed from this world and will never truly leave, for he is still in our hearts and minds. He taught me Econometrics and I honestly give him the credit for many of my academic achievements. My sincere condolences go out to all the students, colleagues, friends and family of Dr. Mohsin.



### **Kashif Ali (MPhil Scholar )**

Yes, he was Mohsin (guide, mentor, and empathizer) for everyone. His door was never shut for anyone who was in trouble, and need some kind of assistance. There are a few faculty members, who keep smile on their faces and Sir Mohsin was exceptional among all. His delivery of lectures was beyond satisfactory, as he was used to make sessions lively and interactive. His knowledge of subject was extraordinary, that kept his personality fresh and adoring.

He will be remembered and will be alive in all those minds who ever were parts of his aura were.



### **Uroosa Rasheed (M.Phil Scholar Batch 2013-14)**

A teacher whose devotion towards teaching was incomparable. Econometrics was not only confined to classroom, he exposed us to the real world to make us think as researchers.





### **Khalid Khan (2016-17)**

I was a student of Dr. Mohsin Hasnain in batch 2016-17 in AERC. He was the greatest teacher I ever had. It really shocked and saddened me when I heard about the sudden death of my respected teacher. He, as a teacher, was the greatest influence on my life and contributed greatly in my personality. His death is really a great loss to the AERC. He left behind a huge gape which will need time to be filled. He will remain alive in my heart with his great memories for ever. While I mourn the loss of a great man, I feel blessed and honored that he was part of my life. I pray that his soul might rest in peace and pay tribute to him and sympathies for his family.



### **Asif Ullah Khan (2016-17)**

I was a student of Dr. Mohsin Hasnain in batch 2016-17 in AERC. His sudden death was really a great grief for me. As a teacher, he was my ideal and I learnt a lot from him. I can't forget him and his fondest memories. I pay my tribute to him and compassion to his afflicted family. I pray for rest of his soul.



### **Muhammad Ibrahim (2016-17)**

My heart broke, when I heard of the passing of Dr. Muhsin Hasnain (late). He was without a doubt my favorite teacher and the first person who inspired me most in AERC. He who is the one that made you believe that you were important and gave you the confidence every day to believe in yourself. May he rest in peace. To his family, I offer my sincere condolences. GOD BLESS



### **Ayesha Malik (M.Phil Scholar Batch 2013-14)**

He was the best teacher I have ever come across. Without him we would have never been such an expert in the subject he used to teach us Econometrics. He is among those teachers who will always remain in the hearts of his students.



# SEMINAR SERIES

## Main Issues and the Game Changing Concepts of Chinese Economy

Dr. Syed Hasnat Shah, Foreign Expert/ Associate Professor Jilin University, China visited Applied Economics Research Centre, University of Karachi on February 22 2018 to deliver lecture on “Main Issues and the Game Changing Concepts of Chinese Economy.” Dr. Shah expressed that long-term economic growth can only be achieved through massive, systematic, and broad-based investments in infrastructure assets.

China is rigorously working on the agenda “Made in China 2025.” The idea is to comprehensively upgrade Chinese industry, promote competitiveness, value addition and brand recognition and introduce new materials, railway equipments, energy saving and new vehicles, numerical control tools and robotics, ocean engineering and high tech, biological medicine and medicine devices, information technology, aerospace equipment, agriculture technology and power equipment. China is also planning to share currency risk, reduce transaction cost, collection of international seigniorage, support macroeconomic flexibility and witness political leverage. China is also observing currency swap agreement with 30 countries, 22 are along BRI.

Exploring further opportunities for China, China is exploring governance systems, modernizing system capabilities and furthering reform, replacing the low cost policy with the innovation. New system will serve nationwide development and promote an internationalized and legalized business environment, nurturing new boundaries in global competition to expand economic growth. China is observing Shanghai free trade zone 2013, 2015 and Guangdong, Tianjin and Fujian in 2015. In 2017 China also opened seven more in Liaoning, Zhejiang, Chongqing, Sichuan, Henan, Hubei, Shanxi.



China is also supporting and promoting supply side reform through tax cut, restructuring and innovation, cutting industrial capacity, improving weak economic links, cutting leverage, reducing the housing inventory and lowering corporate costs. Keeping in view China’s progress and development, countries should start from small farmers and rural areas, invest in knowledge infrastructure, promote social cohesion and accountability, build a competent government committed to inclusive development, invest heavily in infrastructure and experiment with new policies and then introduce them gradually.

It is concluded that there are many lessons that Pakistan can learn from the history of China. The best lesson perhaps for Pakistan is to seek how China has stabilized and maintained its economy. The key of China’s progress is that it has managed to maintain stable economic growth through using market power and utilizing its market forces. However for China mobility, incentive, price flexibility and competition, these issues remain of importance that needs to be addressed for better growth and progress of the economy.

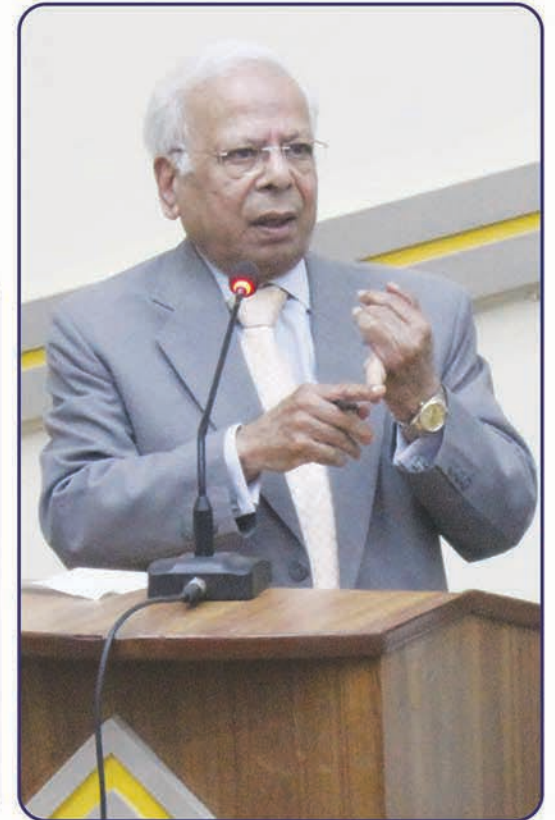


# BOOK LAUNCHING

## PROF. DR. ISHRAT HUSSAIN

Applied Economics Research Centre, University of Karachi in collaboration with the Faculty of Arts and Social Sciences, University of Karachi has organized book launching ceremony of the book entitled “Governing the Ungovernable” by Dr. Ishrat Hussain for the benefit of researches, students and policy makers in particular.

The ceremony included the panelists from extensive diverse backgrounds such as Prof. Dr. Ahmad Qadri, Dean Faculty of Social Sciences, University of Karachi, Retired Lt. Gen Moinuddin Haider who after retirement served as the Governor of Sindh and then as the Interior Minister of Pakistan. Prof. Dr. Raiz Ahmed Shaikh, Dean of Faculty of Social Sciences and Education at SZABSIT, Mr. Sohail Qadeer Siddiqui former Additional Secretary at Ministry of Parliamentary Affair, Government of Pakistan and Prof. Dr. Samina Khalil, Director Applied Economics Research Centre.





Governance is all about how best we are able to manage our lives in different public domains. It, therefore, provides us with a way to think ahead, perceive early signals and avoid turbulence, in a bid to make life simple and livable. In an effective governance system, management of different public domains is through a self-propelling and self-correcting mechanism, while leadership is provided by example.

After Independence, Pakistan was off to a flying start, despite all the mega-problems it faced, including the challenge of rehabilitating millions of refugees. In the first four decades of its independence, the country's economic and social indicators were among those of the top 10 developing countries. But since the early '90s, Pakistan started to fall behind on both these fronts, even in comparison to its South Asian neighbors.

Governing the Ungovernable of Dr. Ishrat Hussain has a fairly vast canvas as it discusses multiple themes of public life. It dilates on the economy, polity, society, state organs, judiciary, civil-military relations, clergy, militancy, extremism, jihadism, and above all, the civil service. It also takes pains to suggest ways out of the various problems plaguing us and deftly links disparate themes, weaving them together and connecting them to the one overarching theme that the book focuses on: governance.

The book is a crucial addition to the canon on Pakistan's economy, politics and governance. It helped in unfolding the answers of the questions such as what factors halted Pakistan's stint as a top performer? When did the institutional decay set in? Who remains primarily responsible for dragging the country down to its current position as an ungovernable state? Why did Pakistan's ruling elite fail to build a national consensus on key issues? Where is Pakistan headed in the wake of rampant corruption and a self-defeating system of patronage and nepotism? And lastly, how can Pakistan revive economic progress and ensure the well-being of its citizens? Panelists presented their views on "Governing the Ungovernable" and appreciated the through efforts of the researcher in compiling the historical events and for providing the future perspective of Pakistan's economy. The panelists think that this book can be considered a manual to design future policy options and to avoid repeating the same mistakes for better and bright future of Pakistan.





# IFTAR PARTY

Director Applied Economics Research Centre Prof. Dr. Samina Khalil hosted Iftar Party on June 08, 2018. President Prof. Dr. Jamil Kazmi and other members from Karachi University Teachers Society (KUTS) such as Dr. Haris Shoaib, Ghufraan Aalam, Osama, Prof. Dr. Khalid Mustafa, Prof. Dr. Syed Muhammad and others attended the dinner. Applied Economics Research Centre's faculty, staff and PhD. batch 2018-19 also attended the party. The Iftar was organized in the garden area of the Centre followed by the dinner and gathering.







# WHERE ARE THEY AT PRESENT

## Mr. Waqar Saleem Baig

Municipal Training and Research Institute (MTRI), Government of Sindh.

Mr. Waqar Saleem Baig is currently associated with Government of Sindh, working as Principal, Municipal Training and Research Institute (MTRI), Local Government Department. He has completed M.A.S Degree from Applied Economics Research Centre (AERC) in 2002-2003 followed by his Master's Degree in Economics from University of Karachi in 2001. Mr. Baig worked on one of the research studies of Applied Economics Research Centre (AERC) "Nature and Scope of Corporate Philanthropy in Pakistan" a national level study after completing his degree.



Mr. Waqar started his professional career as a lecturer in economics at undergraduate college in Islamabad in 2004 under Federal Government. Soon after that he joined Planning Commission of Pakistan as a Research Officer in Economist Group cadre. He worked in project appraisal section where he was extensively involved in the financial and economic appraisal to evaluate the public sector development projects. On the basis of experience in teaching and research, Mr. Baig is currently involved in training process of elected representatives and government officers of Local Government in the area of Finance department of Local Government. Beside this, Mr. Waqar is also a head of an institution; he is handling all the administrative and financial affairs of the institute.

Mr. Waqar Saleem Baig has extensive contribution in several international and local studies as Economic and Financial Analyst. He also served as visiting faculty at the AERC for the course "Project Evaluation" and is also working as Trainer for Local Government Institutions.



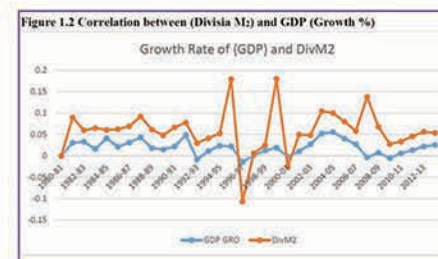
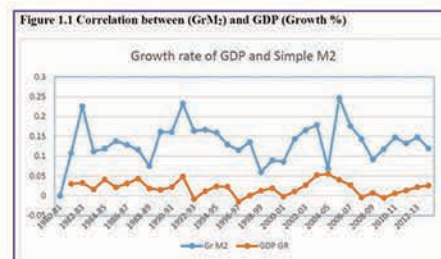


## Measurement of Monetary Policy using the Divisia Index: Evidence from Pakistan - *By : Sharafat Afzal*

The global economic activity is still fragile on the back of slow and subdued economic growth in emerging and developing economies. Whereas emerging economies are facing much slower economic growth, Pakistan's economy did reasonably well. The economy after witnessing subdued growth since 0.36 percent in 2009 improved to 4.04 percent in 2015 and 4.71 in 2016. Significant improvement in key macroeconomic indicators, expansion in credit to private sector which is a welcome to development, the gradual rise in net credit disbursement for fixed investment and strong banking performance bode well for a stable monetary

management. But for the movement towards sustainable development Pakistan is still lagging behind, because due to economic, financial and technological development the relationship between traditional simple sum monetary aggregates and major macroeconomic variables have distorted. These monetary intermediate targets (traditional sum) would not be able to predict accurately the macroeconomic variables to achieve the economic goals. It may be the need to reform these monetary aggregates in order to achieve sustainable development goals as well as to make a strong relationship between the monetary aggregates and macroeconomic variables for best policy implementation.

The present study incorporated Barnett's Divisia Monetary Index Aggregates for Pakistan's economy for future predictions of macroeconomic variables sustainability. Relative to aggregation theory, Barnett's resulting monetary aggregates are strictly preferable to the official Simple sum monetary aggregates, because the components of monetary assets (Simple Sum) are perfect substitutes.



Formal empirical tests are based on the relevant aggregation-theoretical criteria have likewise uniformly favored the Divisia Monetary Aggregates. The objective of the present research is to develop Divisia Monetary Index for Pakistan. Moreover it also investigates the difference between Divisia Index and the Simple Sum monetary aggregates measures for Pakistan by using the (Tornquist-Theil Method) for the period of 1980- 2014. The Structural Vector Auto Regressive (SVAR) model have been used to compare the performance of these monetary aggregates using their relationship with macroeconomic variables. Furthermore, these aggregates compared in term of its information content, predictability and policy regime changes. This Superlative Index helpful in order to provide accurate information to policy maker about the movement of macroeconomic variables due to monetary shocks. Moreover inclusion of this Index on Simple Taylor-Rule proved that it holds for Pakistan monetary policy. With the best of my knowledge no study has been found to construct Divisia Index in annual data in case of Pakistan and also investigate its impact on Macroeconomic variables through Taylor rule with money.





## The Impact of Trade Facilitation on FDI and Trade Empirical Analysis for South Asian Countries - *By : Kubra Siraj*

To promote the free trade across the countries trade facilitation played a vital role. Trade facilitation search for how procedures and controls prevailing the movement of goods across national boundary can be improved to decrease associated cost burdens and make the most of efficiency. Trade facilitation has a great consideration in both public and private regions in the recent decades and has become a considerable part of the existing debate on trade liberalization policy in the world. Better trade facilitation indicators of a country help to gain several potential benefits for that economy for insentience increased tax collection, better use of resources and increased trade compliance, more inflow of FDI. In Asia the trade facilitation indicators are not very good for the developing countries as compared to the developed countries in the region of Asia particularly in the region of south Asia the situation is very worse, as a result of poor trade facilitation indicators and weak institutional structure seem to hurdle for attracting the FDI in the developing countries of Asia.

Number of previous research studies focuses on trade facilitation indicators and trade but with respect to SAARC countries there is no study .while there are few studies focuses on the correlation among trade facilitation indicators and FDI. This dissertation is the attempt to find out the correlation between trade facilitation indicators and FDI and between trade facilitation indicators and trade particularly in the region of SAARC.

In this study two particular research questions are explored. First whether trade facilitation reforms are positively correlated with the inflow of foreign direct investment in SAARC countries? Second, is trade facilitation reforms positively enhanced total volume of trade in SAARC countries? By using gravity model augmented with trade facilitation indicators; time to trade, documents to trade and cost of trade per container, OLS, FE and RE estimation techniques. The results analyzed that, both models of this study (first FDI and TF, second Trade and TF) explored the negative correlation of trade facilitation indicators and FDI and with TF and trade. the first model suggest that by decreasing the total number of documents, decrease total cost of trade and by decrease in the time of trade a country attract more FDI. For instance 1 % decrease in the total cost of trade would lead to approximately 7% increase in the FDI inflow.

Similarly second model of this study, impact of trade facilitation indicators and trade also examined the negative correlation among the TF variables and trade and suggest that by decreasing the number of documents, cost of trade and time to trade a country can boost their total volume of trade in the region of SAARC. Findings of this study propose that to increase the FD Inflow and trade of a country, trade facilitation reforms can be an effective policy in the region of SAARC. However other policy reforms such as basic physical infrastructure, good governance and political stability are also needed to be improved.



# 71 CELEBRATION OF INDEPENDENCE DAY

## At Applied Economics Research Centre

Applied Economics Research Centre celebrated 71st Independence Day on August 13, 2018. The day started with the National Anthem followed by Director's speech. Dr. Samina reminded the audience of the great sacrifices our ancestors and martyrs made for achieving this piece of land 71 years ago. Dr. Khalil also motivated students to bring the change and accountability from within ourselves and our societies. She also appreciated the students for organizing and decorating the centre beautifully. Dr. Asghar Ali, GSP In-charge evening



program also addressed the audience and said that we are the change that our society needs, he motivated the audience to bring the small changes within ourselves to prepare for the big change. Dr. Ali also said that self accountability and fairness is the key that can combat evils like corruption and inequality in the society. Mr. Roshan Ali Shah, Lecturer at AERC talked about the principles of the founder of Pakistan, Muhammad Ali Jinnah. He said that Ithead, Tanzeem and Iman are the factors that we as society needs to inculcate in ourselves if we wish to see a better and bright tomorrow.



Batch 2018-19 organized Independence Day function at Centre's auditorium, the students performed different scripts, delivered speech, sang national songs, arranged quiz and qawali. Batch 2017-18 paid tribute to Dr. Mohsin Hasnain Ahmed (late) for his invaluable services and dedication towards the centre on the occasion. The function was interesting and engaging for the audience. All the faculty members including Dr. Uzma Iram, Mr. Roshan Ali Shah, Ms. Lubna Naz, Ms. Uzma Tabbasum and Ms. Nargis Khatoon, admin staff along with the students sang different National songs in the true spirit of the event. The day celebration ended with cake cutting ceremony by Dr. Samina Khalil, Director AERC.



Everyone at AERC celebrated 14th of August with zeal and enthusiasm to eulogize the hard work and immense sacrifices made by our ancestors for the glorious achievement of an independent nation. This day also revives the commitments and aspirations made on the Independence Day by us, be it students, faculty, admin staff everyone at AERC pledged to make a better Pakistan by changing themselves and their surroundings as a first step.





