



# PAKISTAN INSTITUTE OF DEVELOPMENT ECONOMICS

**Annual Report**  
**2010-2011**

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## **PREFACE**

I am very happy to report that we are now being recognised as a vibrant and leading teaching institution as well as a world class research centre in economics and related fields. RePEc (Research Papers in Economics), the internationally recognised bibliographic data and ranking body ranked PIDE amongst economics institutions as first in Pakistan, first in South Asia and amongst the top twenty in Asia.

PIDE's PhD and MPhil which are our flagship teaching programmes, are generating high demand and our theses are being ranked by internationally recognised economists as comparable to the top universities in the US and the UK.

On the research front PIDE has continued its pioneering and cutting edge tradition into new fields including energy, fiscal decentralisation, environment, climate change, conflict, security and development. The third round of PIDE's Pakistan Panel Household Survey was also successfully completed during 2010.

The Pakistan Society of Development Economists housed at PIDE, held its 26th Annual General Meeting this year, the theme of which was "Fiscal Decentralisation: Empowering the Provinces, Strengthening the Federation". It was attended by economists of international fame including Vito Tanzi from the International Monetary Fund, Robert Burgess from the London School of Economics, Ehtisham Ahmed from the London School of Economics as well as leading scholars, policy-makers, and researchers from all across Pakistan. The proceedings as in earlier years will be published as a special issue of *The Pakistan Development Review*.

In the end let me thank the dedicated staff and students of PIDE for their continued support in making this yet another successful year for PIDE.

**Rashid Amjad**  
*Vice-Chancellor*

## 1. INTRODUCTION

As Pakistan advances towards becoming a knowledge society, PIDE continues to make its contribution by providing world class teaching and cutting edge research to realise that goal. In its new role as an internationally recognised research cum teaching Institute, PIDE aspires to produce researchers and graduates who are prepared to contribute to the nation as skilled and knowledgeable individuals. This report reflects how these objectives were pursued at PIDE by giving an overview of the work done during 2010-2011.

### **Excellence in Research**

The Pakistan Institute of Development Economics research in 2010-11 contributed to providing evidence to inform policy across many research domains, including governance, trade, demographic transition, education, health, agriculture and environment. The research conducted during the year can be divided into seven themes, namely: governance and development; fiscal and monetary policy; capital markets; trade and industrial organisation; growth and environment; agricultural production and markets; and population and poverty dynamics.

The PIDE remains committed to maintaining excellence in its research. Each study in the research programme will be peer-reviewed in seminars and through the process of international refereeing involving leading academic experts in the respective fields. This process ensures that the research output is original, meets global academic standards in terms of methodology and content, has high academic and policy relevance, and contributes significantly to the mainstream theoretical and empirical literature.

Pakistan's economy is faced with myriad challenges that require coherent policy responses based on rigorous empirical research and scholarly dialogue. The research output of the PIDE will play a significant role in this critical need by generating cutting-edge knowledge to inform economic policies, as well as stimulate further interest and debate on key development issues.

### **Think Tank**

As a think tank serving the Government of Pakistan, PIDE has been actively involved in supporting policy-oriented research to assist the government in framing economic policies on key issues especially over the last two years. During 2010-11, PIDE continues to support and contribute to government's efforts actively in devising a new growth framework as well as dealing with tariff reforms, energy, environment, and climate change issues.

### ***The Pakistan Development Review (PDR)***

PIDE not only strives to conduct cutting-edge research but is also home to the internationally recognised economic research quarterly, *The Pakistan Development Review*. PIDE's own research, as well as research by leading economic scholars from around the world is submitted for consideration for publication in the *PDR*. PIDE's senior research staff initially review this research, suggest changes as required, and then pass on the revised article for formal review by a prominent external expert from outside Pakistan and one prominent reviewer from within Pakistan. Passing on their comments to the author(s) and then ensuring that they are

incorporated in the revision is an important task undertaken at PIDE to ensure the high quality and academic respect that the PDR commands in academic and research circles.

### **Annual Conference and Proceedings of the Pakistan Society of Development Economists (PSDE)**

A major research output of PIDE is the papers presented and discussed at the annual conferences of the PSDE which focus on topics of both global and national socio-economic importance. The senior staff at the PIDE plays a major role in organising this conference, from the call for papers to their selection and the eventual publication as a Special Winter issue of the PDR.

The devolution of powers to provinces under the 18th Amendment is recent and of utmost importance. What are its consequences for not just fiscal management but indeed overall management of the economy? It is a big question and worthy of serious investigation. PIDE took the lead in examining this issue as the theme of the 26th Annual General Meeting and Conference of the Pakistan Society of Development Economists in December 2010. The proceedings of the Conference provided important insights on the key issues involved, and helped identify areas needing more in-depth research. The topics covered ranged from understanding the role of fiscal decentralisation in governance reforms to the budgetary consequences of the 7th NFC Award, its financial implications and impact on social services, impact of fiscal decentralisation on economic growth and human development in Pakistan, the 7th NFC Award and economic implications of the 18th Amendment, as well as challenges and opportunities facing reform of the GST.



*Highlights from the 26th AGM “Fiscal Decentralisation: Empowering the Provinces, Strengthening the Federation.”*

## 2. RESEARCH AT PIDE

The research programme at PIDE is organised into four main divisions. The first under the rubric of macroeconomics includes further refinement and development of PIDEs multi-sectoral macro-model, fiscal and monetary policy, and trade and industry. The second combines governance and reforms, private sector development (the working of the Pakistan firm) and conflict, security, and development issues within a broader socio-economic cultural milieu. The third covers issues related to demography, human capital, poverty, and labour market dynamics. The fourth covers environment and resource economic issues, including agriculture, energy, and water.

**Research Division I:** Macroeconomics and Economic Growth  
 I.1 Fiscal Policy  
 I.2 Monetary Policy and Financial Services  
 I.3 International Trade and Industry

**Research Division II:** Governance, Reforms, Private Sector Development, and Conflict  
 II.1 Reforms and Governance  
 II.2 Private Sector Development  
 II.3 Conflict, Security, and Development

**Research Division III:** Demography, Poverty, Human Capital, and Labour Dynamics  
 III.1 Social and Demography Issues  
 III.2 Human Capital  
 III.3 Poverty and Labour Dynamics

**Research Division IV:** Environment and Natural Resource Issues  
 IV.1 Environment and Climate Change  
 IV.2 Agriculture and Resource Economics  
 IV.3 Food Security

### *Research Programme 2010-12: At a Glance*

No.	Division	Number of Studies
I	Macroeconomics and Economic Growth	50
II	Governance, Reforms, Private Sector Development, and Conflicts	18
III	Demography, Poverty, Human Capital, and Labour Dynamics	28
IV	Environment and Natural Resource Issues	19
Total		115

## **(i) Macroeconomics and Economic Growth Division**

The Macroeconomics and Economic Growth Division provides a platform for research on a broad spectrum of macroeconomic and growth issues focusing in particular on key drivers of economic growth including trade and industry, and macroeconomic and financial sector policies. The Division's two years research programme includes 45 research studies on macroeconomic issues, money, banking and finance, and trade and industry as major determinants of economic growth. During the year, the Division has published 12 studies while 13 studies are at completion stage, and work on the remaining studies is on-going.

### **Macro Policy**

This section conducts research on important macroeconomic policy issues with a view to have a better understanding of their role in macroeconomic stabilisation as well as in the process of economic growth. Its current research focuses on a wide range of issues including macroeconomic policies to address the problem of stagflation, fiscal decentralisation and its implications for macroeconomic management, tax reforms to boost economic growth, and macroeconomic policies to encourage private investment. The section has published 6 studies during the year while 2 studies have been completed. Besides its core research, the section also regularly publishes policy briefs and viewpoints on key macroeconomic policy issues.

PIDE held a pre-budget seminar in May 2011 to generate discussion on the national budget. The seminar was widely attended by academics, policy-makers and other interested observers and the discussions highlighted strategies for using the budget as an instrument to steer the economy out of stagflation. The recommendations of the budget seminar included a three-pronged strategy to stabilise the economy and revive the process of economic growth through: (i) better economic management, (ii) maintaining fiscal prudence while strengthening the role of government in the development process, and (iii) prudent monetary management to spark the revival of the private sector.

#### **PIDE BUDGET VIEW POINT (MAY 2011)**

##### ***Breaking Out of Stagflation—A Three Point Strategy***

by Rashid Amjad, Musleh ud Din, and Khawaja M. Idrees

The PIDE Macro Viewpoint suggested a 3-point strategy to steer the economy out of stagflation. These included (i) Better macroeconomic management; (ii) Maintaining fiscal prudence while reviving the role of government in development; and (iii) Prudent monetary management to spark the revival of the private sector in the economy. The Viewpoint suggested various measures to improve macroeconomic management. These consisted of putting limits on monetisation of fiscal deficit and strict adherence to the prescribed limit, improving coordination between the centre and the provinces, which has become all the more important in the wake of the 18th amendment and the 7th NFC Award, careful evaluation of sectoral economic decisions like wheat pricing and subsidies to different sectors, resolving the problem of circular debt to mitigate energy crisis in the short run and effective utilisation of the PSDP and provincial ADPs to reduce poverty and overcome energy shortages are vital to spark economic growth and private sector revival.

On fiscal prudence, the Viewpoint argued that the brunt of an attempt to contain the fiscal deficit had fallen on the public sector development programme (PSDP) while the non-development expenditure had largely escaped the fiscal pruning. The Viewpoint emphasised that the cut in development spending including cuts in critical physical infrastructure spending needs did not augur well for the country's long term competitiveness. The Viewpoint argued that while the Planning Commission had achieved some success in rationalising these cuts much more needed to be done to ensure concentration of limited development funds into key sectors, such as energy and more labour-intensive activities. This, argued the Viewpoint, would help create jobs and spur economic growth.



Furthermore, in collaboration with the Forum of Federations, a training course on fiscal decentralisation for federal and provincial government officials in BPS-17 and above was organised. The objective of the training course was to enhance the knowledge of development planners and managers in the area of fiscal decentralisation and its impact on Pakistan's economy. A total of 60 government officials participated in the course.

## **Trade and Industrial Organisation**

International trade is viewed as a key driver of economic growth: it generates employment, provides more choices to consumers and offers profitable opportunities to the business. Pakistan's economy has become increasingly open as a result of trade liberalisation efforts. To fully benefit from an open trading environment, domestic firms must be able to compete internationally. The research programme of this Division is aimed at addressing a variety of issues in the area of international economics and industrial economics. The research programme relating to industrial economies includes industrial restructuring, implication of changes, growth in the manufacturing sector, industrial concentration, role of small scale enterprises in the manufacturing growth, determinants of investment in the manufacturing sector, protection rates and efficiency and industrial growth. One of the important studies carried out by this section is 'Trading Patterns in the ECO Region'. This study shows that trading in the ECO region can increase by a factor of eight as a result of a potential Free Trade Agreement among the ECO member countries. The study refers to the important issue of energy resources in the region. The study also spells out several policy recommendations to boost trade and investment ties in the ECO region.

***Determinants of Export Performance of Pakistan:  
Evidence from the Firm Level Data***

by Musleh-ud Din, Ejaz Ghani, and Tariq Mahmood

Exports are widely believed to play a crucial role in the development process. Access to the global market allows domestic firms to achieve economies of scale and thus enhance their profitability. Being a source of foreign exchange earnings, higher exports enable a country to meet its growth and development needs through import of capital goods and raw material. Despite vigorous efforts to promote exports, Pakistan's exports as a promotion of its GDP have made no significant gains over the year while the country's share in global exports stands at a meagre 0.13 percent. This paper explores the determinants of export performance at the level of firms in respect of their characteristics and supply side constraints. This analysis is based on a survey of export-oriented firms in four major sectors.

*The Pakistan Development Review* 48:3

***Regional Integration in South Asia: An Analysis of Trade  
Flows Using the Gravity Model***

by Naseem Akhter and Ejaz Ghani

The study deals with trade benefits from the free trade agreement of the SAARC countries. It assesses the trade potential and trade creation with member and non-member countries. The gravity model has been used to measure the bilateral trade flows and to assess the trade effect for member and non-member countries. Two analyses estimate the gravity model. The first analysis is based on cross sectional data to capture the trade effect individually each year; and the second analysis utilises the pooled data to measure the overall trade effects and trade flows for the period from 2003 to 2008. The results from the two approaches show that estimated coefficients are consistent with the model assumptions. Both analyses show that the regional trade agreement of the SAARC countries could divert the trade for member countries as well as for non-member countries. However, trade volume will increase only if the major partners (Pakistan, India, and Sri Lanka) sign regional trade agreements.

*The Pakistan Development Review* 49:2

***Effect of Mergers and Acquisitions on Market  
Concentration and Interest Spread***

by Mehwish Aziz Khan, Ferheen Kayani, and Attiya Y. Javid

This study investigates the relationship of mergers and acquisitions with the interest spread of the banking industry in Pakistan. To assess whether the merger of Pakistani banks were a success or otherwise, profitability, liquidity ratios, and net interest spread are computed which are considered essential to judge the financial performance of any bank for the period of 1997-2010. Market Concentration is calculated by using Herfindahl-Hirschman Index or HHI. Findings show that the profitability and net interest spread of two merged banks (Standard Chattered with Union Bank, NIB with PICIC) declines as a result of mergers. It is also revealed that concentration of the banks show a rising trend during 2008 and 2009 after mergers occurred in 2007. However, it shows the level that almost approaches the threshold i.e. 1000. One or two more mergers can push up threshold level of HH index. It means that it is the right time for banking industry of Pakistan to be reviewed by any antitrust authority to maintain the optimum level of competition.

*Journal of Economics and Behavioural Studies* 3:3

The study titled “**The Contemporaneous Correlation of Structural Shocks and Inflation-Output Variability in Pakistan**” by Muhammad Nasir and Wasim Shahid Malik investigated the relative contribution of demand and supply shocks in output and inflation variability. Using a modified version of Structural Vector Autoregression (SVAR) developed by Enders and Hurn (2007), it found a weak response of policy to supply side shocks as correlation coefficient between demand and supply shocks is only 0.041. Moreover, the results showed that the demand shocks have no significant contribution in output variability. On the other hand, both demand and supply shocks, along with the foreign supply shocks, significantly contribute to inflation variability.

In another study titled “**Structural Decomposition of Exchange Rate Shocks in Pakistan: An Empirical Investigation using SVAR Methodology**” by the same authors, nominal and real exchange rate movements were decomposed into nominal and real exchange rate shocks (see the following box).

***Structural Decomposition of Exchange Rate Shocks in Pakistan:  
An Empirical Investigation Using SVAR Methodology***

by Muhammd Nasir and Wasim Shahid Malik

This study is an attempt to decompose nominal and real exchange rate movements in Pakistan into components induced by real and nominal shocks. Using the Blanchard and Quah (1989), famously known as B-Q, methodology for the period 2000:1–2009:12, the study finds that real shocks affect both nominal and real exchange rate. Similarly, the nominal shocks have a permanent effect on nominal exchange rate but have temporary effect on real exchange rate. Moreover, speed of convergence is different between the two rates affected by the same shock. These results put forward that nominal devaluation is not followed by real devaluation and resultantly will not improve trade balance situation. The policy makers, therefore, need to be careful while taking any decision regarding nominal devaluation as it may also lead to worsening of, instead of improvement in, trade balance.

*Transition Studies Review* 18:2

The notion that real money balances is a factor input has attracted considerable amount of attention from researchers and academicians. However, the debate is controversial and the consensus has yet to be developed. This issue becomes more important when a country follows contractionary monetary policy to curb inflation. The limited research for developing countries with sophisticated econometric techniques encouraged Muhammad Nasir, Qasim Jan and Muhammad Javid to conduct the study titled “**Cointegrated Money in Production Function: Evidence from a Developing Country**” which was published in *Economics Bulletin*. The study employed the cointegration approach to investigate the validity of money in production function of Pakistan for the period 1964-2008. The

cointegration results confirmed money as an important factor input in the production function in the long run. The variance decomposition results surface money as greater contributor than labour and capital to output variability.

Furthermore, in collaboration with the Economic Cooperation Organisation, PIDE also conducted a research study on **Trading Patterns in the ECO Region** in April 2011. At a time when world trading system is rapidly moving towards regionalism, the region comprising ten members of the ‘Economic Cooperation Organisation’ (ECO) namely Afghanistan, Azerbaijan, Iran, Kazakhstan, Pakistan, Tajikistan, Turkey, Turkmenistan and Uzbekistan—remains one of the least integrated of the world, with weak intra-regional trade and investment linkages. Though, the volume of bilateral trade remains small, this study argues that there is a strong case for promoting regional economic integration in the ECO region.

This study shows that trade in the ECO region can increase by a factor of eight as a result of a potential free trade agreement among the ECO member countries. It is also argued that a greater level of economic integration in the ECO region will be instrumental in promoting FDI in the said region as it is a combined market of 417 million inhabitants with average per capita GDP of US\$3578. Based on in-depth analysis of the regional trading patterns, this study shows that not only is there potential for trade in goods but also there exists a significant potential for trade in services.

Energy has emerged as one of the most critical issues all over the world. It is particularly important for the ECO region where some countries are endowed with abundant energy resources whereas others are energy deficient which signifies the potential for cross-border energy cooperation. Regional cooperation in energy will open up new avenues in economic development of the ECO member countries as it will also help in achieving large scale transformation in the energy sector thus contributing to economic growth.

The study also spells out several policy recommendations to boost trade and investment ties in the region. There is a need to improve trade facilitation mechanism in many ECO member countries—especially Uzbekistan, Tajikistan, Turkmenistan and Kazakhstan—due to cumbersome and complex bureaucratic requirements imposed on international trade transactions. Trade facilitation is universally accepted as a mean of improving the efficiency of international trade and economic growth. Monetary cooperation can help boost intra-regional trade as many ECO members often face foreign exchange constraints especially in the wake of external economic shocks. Lack of adequate foreign exchange reserves can hinder all international transactions including intra-regional trade and investment. In this context, monetary cooperation among the ECO members can be instrumental in enhancing intra-regional trade. Finally, the ECO Secretariat can play an important role in strengthening economic and technological cooperation by hosting a joint commission which may serve as an umbrella to oversee all initiatives of technological cooperation in the ECO region.

## **PIDE TRADE VIEWPOINT (OCTOBER 2011)**

### ***Strengthening Intra-Regional Trade and Investment in the ECO Region***

With the stalling of multilateral trade liberalisation efforts under the World Trade Organisation (WTO), the developing countries are rapidly moving towards the formation of regional trading blocs to boost their trade. According to the WTO, some 474 Regional Trade Agreements (RTA's) have been notified to the WTO and about 283 were in force as of July 2010. Pakistan too is aiming to enhance its trade linkages with the regional partners and is a member of Economic Cooperation Organisation (ECO). Unfortunately, despite various initiatives to strengthen regional economic cooperation, the region remains one of the least integrated in the world with weak intra-regional trade and investment linkages. This viewpoint argues that the ECO region offers a win-win situation for the member countries to enhance their development and growth prospects through greater intra-regional trade and investment. Pakistan is a key strategic partner in the ECO region and it can and must use its influence to move the process of regional economic integration forward. In particular, Pakistan should push for the full implementation of ECOTA that will set the stage for an eventual free trade agreement in the region. Also, there is a need to facilitate business to business contacts in the ECO region. The importance of advisory services, market intelligence, and export promotion in helping private businesses to sell their products in the regional markets cannot be overemphasised. The government can also help in international trade fairs, and overseas market visits to provide exposure to regional markets. At the institutional level, Pakistan needs to work closely with the ECO Secretariat to help set up a joint commission on economic and technological cooperation in the ECO region. The commission may serve as an umbrella to oversee all initiatives of regional economic cooperation including trade in goods and services, mutual investment, technical collaboration, and cross-border trade in energy. Finally, and perhaps most importantly, a greater level of economic integration in the ECO region can be instrumental in the restoration of regional peace and security that is so vital for the economic development and prosperity of Pakistan.

In October 2011, "*The Trade and Investment Report (TIR) 2011*" entitled ***Asia-Pacific Trade and Investment Report 2011: Post Crisis Trade and Investment Opportunities of UN-ESCAP*** was launched by Dr. Rashid Amjad, Vice Chancellor, PIDE. The report highlighted that export recovery has led Asia and Pacific region out of the global financial crisis, allowing the region to emerge as an important stabilising force and an engine of global economic growth. Whereas, the region has made a vigorous come back from the global economic crisis and is currently leading world economic growth; not all countries has benefitted equally from this rebound. The countries of the region continue to face various challenges such as high food and fuel prices, continued recession in most of the developed economies, and a higher incidence of natural disasters that affect trade and investment. Yet there are ample opportunities for the region to expand trade and investment with the right policies and strengthened regional cooperation.

## **(ii) Governance, Reforms, Private Sector Development, and Conflict Division**

In 2010, PIDE took an initiative to launch a programme on ‘Reforms and Governance’. The last couple of decades have witnessed a convergence of opinion in favour of good governance. While the academia and development community rally behind reforming institutions for sustained growth, in Pakistan one sees paucity of research on this issue. The programme on ‘Governance and Reform’ focuses on key reforms being undertaken in such areas as, the 18<sup>th</sup> Amendment, the 7th National Finance Commission Award, administrative reforms, market-supporting institutional reforms, and governance (with special focus on power sector governance).

PIDE’s Afia Malik investigated the power crisis in Pakistan in a study entitled **“Power Crisis in Pakistan: A Crisis in Governance?”** The existing power crisis which emerged in 2006-07 with a gradual widening in the demand and supply gap of electricity, is considered to be the worst of all such crises that Pakistan has faced since its inception. The present government when took over recognising the magnitude of the crisis and its effect on the people and the economy undertook certain measures to address, manage and reduce the impact of power sector crisis which was crippling the economy extremely badly. But unfortunately, after the passage of almost four years, the situation instead of improving is becoming worse day by day. This paper has tried to evaluate the reasons behind the current energy crisis despite present government’s commitment and initiatives to solve energy problem and come to the conclusion that poor governance and wrong direction of adopted policies is responsible for the persistence of crisis in the energy sector.

Fiscal decentralisation is considered to be an important policy weapon to achieve economic efficiency and to ensure effective governance through financial autonomy of provincial governments. A research study **“Fiscal Decentralisation in Pakistan”** by Naeem ur Rahman Khattak, Iftikhar Ahmed, and Jangraiz Khan identified the strength and weaknesses of the current fiscal resource distribution system in Pakistan, and analysed its effect on economic growth for the period 1974-2009. The results demonstrated a long-run relationship between fiscal decentralisation and economic growth. The study concluded that the fiscal decentralisation mechanism adopted in Pakistan has failed to produce optimum results due to poor provincial capacity to generate own resources, as well as their dependence on federal transfers. The study put forward an important conclusion that a single criterion of resource distribution has failed to effect economic growth positively over the long-run. Hence, inclusion of other important indicators [infrastructure, poverty, backwardness, and inverse population density] in resource distribution system is of paramount importance.

Furthermore, there is overwhelming evidence from around the world that economic growth is conditioned by the legal setting. Markets thrive in an environment where property and contractual rights are protected and enforced, and disputes are resolved efficiently by the judicial system. An independent, impartial and efficient judiciary, which protects the fundamental rights of the citizens, and to limit the discretionary powers of the state, is

imperative for Rule of Law and a peaceful, ordered society. A research study entitled “**Rule of Law, Legal Development and Economic Growth: Perspectives for Pakistan**” by Lubna Hasan reviewed the legal obstacles to economic growth in Pakistan. It found significant impediments for growth and market development due to legal shortcomings in the case of Pakistan and concluded that the land, equity, and credit markets of Pakistan face several inefficiencies on account of weak laws and legal infrastructure. Removing these obstacles could unleash the growth potential of the economy. Hence reforming Pakistan’s judicial system is even more important for guaranteeing fundamental rights of the ordinary Pakistani citizen.

South Asia, with a population of nearly 1.5 billion people, is one of the most populous regions of the world. The historical and cultural similarities between different people make this region a homogenous entity. The ill-fated region remained the main victim of terrorism for the last three-and-a-half decades. The presence of separatist groups such as Tehreek-e-Taliban Pakistan (TTP) and Baluchistan Liberation Army (BLA) in Pakistan, Tamil Tigers in Sri Lanka and Sikh separatist movement in India has made these countries the major victims of terrorism. Bangladesh and Nepal have recently recorded a rising figure of terrorist acts. Pakistan, in particular, has also been blamed for providing safe haven to terrorists. Unfortunately, there has been no empirical study conducted to find out the essential factors responsible for promoting terrorism in this region. To fill this gap Muhammad Nasir, Amanat Ali and Faiz Ur Rehman conducted a study entitled “**Determinants of Terrorism: A Panel Data Analysis of Selected South Asian Countries**” in order to identify the association between political structure and economic conditions prevailing in these countries and terrorism. This research was focused on a few selected South Asian countries namely, Pakistan, India, Bangladesh, Sri Lanka and Nepal. The sample period for the analysis extended from 1972 to 2006. Applying negative binomial regression, the study found that both political structure and economic conditions are responsible for terrorism. On the economic front, relative deprivation represented by income disparity is the major cause of terrorism. On the other hand, deprivation of the people of their political rights and civil liberties, exhibited by political repression, could compel them to be involved in terrorist activities. These findings illustrate that high illiteracy rate is one of the foremost reasons for terrorism in the region. (See *Singapore Economic Review* 56(2), 2011).

Theories suggest that urbanisation is good for promoting growth of industries and development in the economy. The other face of this urbanisation may be the encouragement of crimes as well, since, crimes normally occur in large cities and in urbanised areas. Several explanations have been provided on crime in the literature but none of these provide a sound analysis of linkage between urbanisation and crime. For examining this issue, Hafiz Hanzla Jalil completed the study entitled “**Urbanisation and Crime: A Case Study of Pakistan**”. Furthermore, some other determinants of crimes also included for identifying the robust relationship of urbanisation with crimes. A short detail can be seen in the following box.

### ***Urbanisation and Crime: A Case Study of Pakistan***

by Hafiz Hanzla Jalil and M. Mazhar Iqbal

The objective of the study is to investigate the relationship of urbanisation with crimes in Pakistan. For this purpose the authors used the Johansen Cointegration method developed by Engel and Granger and further advanced by Johansen. The period of analysis is taken from 1964 to 2008. Furthermore, some other determinants of crimes are also included for identifying the robust relationship of urbanisation with crimes. The other economic and socioeconomic variables are unemployment, inflation, income inequality and education respectively. It is observed that there is long run positive and unique relationship of urbanisation with crimes in Pakistan. The next important outcome is the cause of this relation which is the lack of planning of urbanisation. Because of this lack of planning resources become scarce, land shortage problem and environmental degradation occur which motivate people towards crimes. Furthermore, after getting good education people don't have suitable jobs in urban areas. In this context, the policy makers should make some planned districts. These districts should have more opportunities of employment and more capacity to absorb the rapid urbanisation to control the urbanisation and its related issues.

*The Pakistan Development Review* 49:4

### **Private Sector Development**

The Private Sector Development Section undertakes research studies that analyse the performance of the private sector in Pakistan and proposes practical policy prescriptions for its enhancement. Several research projects were successfully completed in this section between 2010 and 2011. One of the studies by Attiya Yasmine Javid and Robina Iqbal investigated the crucial linkage between corporate governance and corporate valuation, ownership structure and need of external financing in the context of the Karachi Stock Exchange and concluded that that the firms which practice good governance, with concentrated ownership, need more external finance (see box below).

### ***Corporate Governance in Pakistan: Corporate Valuation, Ownership and Financing***

by Attiya Yasmin Javid and and Robina Iqbal

In this study the relationship between corporate governance and corporate valuation, ownership structure and need of external financing for the Karachi Stock Market is examined for the period 2003 to 2008. To measure the firm-level governance, a rating system is used to evaluate the stringency of a set of governance practices and cover various governance categories: such as board composition, ownership and shareholdings and transparency, disclosure and auditing. The sample consists of 60 non-financial firms listed on Karachi Stock Exchange and comprises more than 80% of market capitalisation at Karachi Stock Market in 2007. The results confirm the theoretical notion that firms with better investment opportunities and larger in size adopt better corporate governance practices. The proposition that ownership concentration is a response to poor legal protection is also validated by the results. The more investment opportunities lead to more concentration of ownership and the ownership concentration is significantly diluted as the firm size expands. The findings are consistent with theoretical argument claiming that family owners and foreign owners bring better governance and monitoring practices which is consistent with agency theory. The results reveal that the firms which practice good governance, with concentrated ownership, need more external finance which have more profitable investment opportunities and are larger in size are valued higher. The interaction term of any variable with law enforcement term are not significant in any model suggesting that firm performance is not affected by rule of law in countries where legal environment is weak. These results adds an important link to the explanation of the consequences weak legal environment for external financing, corporate valuation and corporate governance. The results show that Corporate Governance Code 2002 potentially improves the governance and decision making process of firms listed at KSE.

*PIDE Working Paper No.57*



The authors Attiya Javid and Shahab-u-Din carried out two separate studies to investigate the factors influencing firm performance in Pakistan. Their study entitled “**Impact of Managerial Ownership on Financial Policies and the Firm’s Performance: Evidence from Pakistani Manufacturing Firms**” analysed the impact of managerial ownership on the firm’s performance and financial policies in the context of Pakistani market for sixty non-financial firms included in KSE 100 index for the period of 2000 to 2007. The second study “**Impact of Family Ownership Concentration on the Firm’s Performance: Evidence from Pakistani Capital Market**” evaluated the influence of family ownership on a firm’s performance in the context of Pakistan. It concluded that the firms with more family ownership do not adopt good practices and disclose less (see boxes below).

***Impact of Managerial Ownership on Financial Policies and the Firm’s Performance:  
Evidence from Pakistani Manufacturing Firms***  
by Shahab-u-Din and Attiya Y. Javid

The analysis carried out in this study supports the fact that the concentration of managerial ownership affects the firms financial policies, in particular the leverage and dividend policies of firms. The empirical analysis finds out that leverage policy variable influenced managerial ownership negatively, supporting that the lower leverage level leads to high profitability firms engage in low managers’ ownership program. The result also determines a negative and significant association among the managers ownership concentration and dividend policy of the firms. This result is supported by the agency theory prediction suggesting that as a firm has high managerial ownership, the asymmetric information will decrease and directly decrease the effectiveness of the dividend policy. Beside this the firms with higher managerial ownership decrease their perquisites, so the conflict between manager’s shareholders can be settled. It is also observed that the managers’ ownership concentration in general has a positive relationship with the performance in the corporate culture of Pakistan, where major firms are family oriented. When the managerial ownership is divided in three levels, low level (0-5%), moderate level (5%–25% and high concentrated (above 25%), the performance positively affects only at low and moderate level. The ownership beyond 25% has a negative association with performance and supports the entrenchment theory.

*International Research Journal of Finance and Economics: Issue 81*

***Impact of Family Ownership Concentration on the Firm’s Performance:  
Evidence from Pakistani Capital Market***  
by Shahab-u-Din and Attiya Yasmin Javid (2011)

This study evaluates the impact of family ownership on the firm’s performance during 2004 and 2009 considering a sample of 29 manufacturing firms listed at KSE-100 index in the Pakistani capital market. The performance is measured by Return on Asset (ROA), Return on Equity (ROE) and Tobin’s Q of the sample firm. The study reported a positive relation between the ownership variable and performance variables. The results indicate negative association between the ownership variable and firm’s dividend payment, concluding that family control firms prefer to retain earning and investment opportunities rather to distribute the earnings. The empirical analysis reveals that the overall better governance practices have positive affect on financial decisions. However, the firms with more family ownership do not adopt good practices and disclose less.

*Journal of Asian Business Strategy 2:1*

### **(iii) Population, Poverty, and Labour Market Dynamics Division**

Poverty reduction is a major challenge in Pakistan. Several steps including the income transfer programmes have been initiated at the state level to assist the poor. The ongoing demographic transition in Pakistan has also provided society an opportunity through the growing share of working age population and lowering dependency ratios to achieve high and sustained economic growth and reduce poverty as happened in East Asia. Investment in children and young population, particularly in their health, education and skill development, and provision of productive employment to youth, are the prerequisites to seize the opportunity provided by the demographic transition. In 2010-2011, the research in the Population, Poverty, and Labour Market Dynamics Division focused on time poverty, poverty and employment dynamics, demographic transition, reproductive health and middle class in Pakistan.

Time poverty is different from monetary poverty. Financially poor people don't have money, but poor people do have time. Time poverty has a far reaching impact on our health, quality of life and society at large. Those affected might not even know they are afflicted by it and might harm their soul, soil and surroundings without realising what's going on. A study entitled **"Time Poverty, Work Status, and Gender"** by G. M. Arif and Najam us Saqib aimed at defining time poverty, and measures the incidence of time poverty in Pakistan, with reference to income, gender and occupations was presented as a working paper in 2011.

G. M. Arif along with Shujaat Farooq produced another research article titled **"Poverty, Inequality and Employment in Pakistan"** which reviewed the poverty and inequality situation in Pakistan between 2000 and 2010, and also examined the employment situation to explore the growth-employment-poverty-inequality nexus. During this period, the Government of Pakistan had developed Poverty Reduction Strategy Paper (PRSP) and the Medium Term Development Framework. In these policy documents, high sustained economic growth was considered a necessary condition for poverty reduction. The poverty reduction strategy had given importance to transfer income programmes including Zakat, microfinance and the more recent Benazir Income Support Programme (BISP). This study reviewed these policies in particular to analyse the possible role of Islamic microfinance in employment generation and poverty reduction since it was published by the Islamic Development Bank.

#### *Pakistan Panel Household Survey (2010)*

PIDE has carried out three waves of a panel dataset. The first two rounds of the panel survey named as 'Pakistan Rural Household Survey (PRHS)' were carried out in 2001 and 2004 only in rural areas. In the third round, which was conducted in 2010, an urban sample was also included, and it was re-named as 'Pakistan Panel Household Survey (PPHS)'. The PRHS-2001 was conducted in all four provinces of the country while, due to security concerns, the PRHS-2004 was restricted to two large provinces, Punjab and Sindh. The PPHS-2010 has again covered all the four provinces, so the left-over households of Khyber Pakhtunkhwa (KPK) and Balochistan were re-interviewed after ten years in 2010. The urban sample for the PPHS 2010 was selected from those 16 districts that were included in the first round (PRHS 2001). These 16 districts are: Attock, Faisalabad, Hafizabad, Vehari, Muzaffargarh and Bahawalpur in Punjab; Badin, Mirpur Khas, Nawabshah and Larkana in Sindh; Dir, Mardan and Lakki Marwat in Khyber Pakhtunkhwa (KPK); and Loralai, Khuzdar and Gwader in Balochistan.

Another major study produced by this Division was an article on the middle class of Pakistan. Despite being an oft-repeated term, one hardly knows what actually being middle-class means in Pakistan. Is it an economic phenomenon that can be measured in terms of average income, wealth, occupation or is it a social category? The study “**Estimating the Middle Class in Pakistan**” by Durr-e-Nayab, used theoretical and empirical tools to understand what exactly the “middle class” is in Pakistan. Being a multi-faceted phenomenon, the study utilised education, housing, lifestyle and occupational indicators besides the commonly used income approach to estimate the size of middle class in Pakistan. It concluded that the size of the broadest middle class in Pakistan is 35% of the total population (see box below).

*Estimating the Middle Class in Pakistan*  
by Durr-e-Nayab

The middle class is primarily an urban phenomenon generally associated with professional occupations, service sector and salaried jobs. Yet despite a general of the important economic, political and social role that the middle class plays in society, the term itself remains ambiguous and arbitrary. In much of recent literature the middle class is equated with middle income which does not reflect what ‘class’ refers to in classical writings. The present paper takes a multidimensional approach to measure the middle class in Pakistan through a weighted composite index that takes into account all possible factors associated with the concept, including income, occupation, education, housing and lifestyle. Using the Pakistan Social and Living Measurement Survey (PSLM) 2007-08, the magnitude of the middle class in the country, as represented by the ‘expanded middle class’, is estimated at around 35 percent of the total population. The proposed measure of the middle class has a sense of stability attached to it, making it less susceptible to sudden inflationary shocks than an income-based measure.

*The Pakistan Development Review 50:1*

A study “**Inequality and Welfare by Food Expenditure Components**” by Rashiqa Haq and Nabeela Arshad investigated the inequality and welfare in Pakistan using a food expenditure technique in order to provide the basis for determining the magnitude of inequality and welfare that can help in designing appropriate policies. The results of this study demonstrated that inequality and welfare varied widely in urban and rural areas and that the concentration index of non-essential/luxury food components is unevenly distributed over the total expenditure in favour of rich families. The price elasticity of welfare indicates that rising prices of food components have had a negative effect on the aggregate welfare.

In a study titled “**The Effect of Foreign Remittances on Schooling: Evidence from Pakistan**” by Muhammad Nasir, Muhammad Salman Tariq, and Faiz Ur Rehman inspected the effect of foreign remittances on educational performance of children in households receiving these remittances. Much of the literature in this area covers the effects of remittances on poverty, consumption, and investment behaviour of the receiving households. The literature on the impact of remittances on educational performance, however, is rare, especially in Pakistan. To investigate the impact of remittances on educational performance, primary data at the household level was collected from four main cities of the Khyber Pakhtunkhwa Province, Pakistan. The OLS results illustrate that without considering parental education, remittances have significant adverse effects on educational performance. However, the effect becomes insignificant once parental education is included, as a control variable, in the regression. The results also reveal that the low level of parental education, current income, assets, family type, and family size play an important role in the educational performance of children.

#### **(iv) Environment and Natural Resource Division**

Considering the multi-dimensional nature of the growth process, this Division focuses on various factors affecting growth. The recent concerns regarding the environmental degradation and climate change are also part of the research agenda of the Division. The researchers in the Division have completed following research during 2010-11.

Keeping in view the viable importance of the green technologies and economic growth the work has been started by this division. In first tier, Ghulam Samad completed the paper entitled, **Panel Study: Intellectual Property Rights and Technology Transfer, A Case of India, Pakistan and Bangladesh.** The paper highlighted the importance and determinants of technology transfers. The second tier would look into green patenting and green technologies. The results show: firstly, the form and nature of technology transfer like exports of goods, FDI, licensing & franchises and joint ventures are important, and secondly, strong protection of IPRs are making licensing a viable alternative to FDI.

The issue of sustainable development has shifted the attention of the world from simple growth to environment-friendly growth in the last couple of decades. Subsequently, both environmentalists and economists are concerned about the environmental consequences of economic growth. The relationship between economic growth and environmental degradation has been used to explore the sustainable development phenomenon. Keeping in view the importance of this issue, Muhammad Nasir and Faiz Ur Rehman conducted a study entitled **“Environmental Kuznets Curve for Carbon Emissions in Pakistan: An Empirical Investigation”**. This study is the first step towards exploring the phenomenon of Environmental Kuznets Curve in Pakistan. (see box below).

***Environmental Kuznets Curve for Carbon Emissions in Pakistan:  
An Empirical Investigation***

by Muhammad Nasir and Faiz Ur Rehman

The study investigates the relationship between carbon emissions, income, energy consumption and foreign trade in Pakistan for the period 1972-2008. By employing the Johansen method of cointegration, the study found that there is a quadratic long run relationship between carbon emissions and income, confirming the existence of Environmental Kuznets Curve for Pakistan. Moreover, both energy consumption and foreign trade were found to have positive effects on emissions. The short run results have, however, denied the existing of the Environmental Kuznets Curve. The short run results are unique to the existing literature in the sense that none of the long run determinants of carbon emissions is significant. The convergence to the long run equilibrium is, nonetheless, very fast and it takes almost two years for complete convergence. The contradictory results of short run and long run give policy makers the opportunity to formulate different types of growth policies for the two terms taking environmental issues into consideration.

*Energy Policy* 39:3

A study namely **“Determinants of Food Prices (Case Study of Pakistan)”** was also carried out. This study demonstrated how and why the controlling of prices is one of the biggest tasks for the macroeconomic policymakers. The recent oil price hike, shifting the policy towards bio-fuel and some natural calamities increased the food prices around the world. In this context, the objective of this paper was to analyse the demand and supply side factors that affect food prices in Pakistan. A Long-run relationship was analysed, using the Autoregressive Distributed Lag Model (ARDL) for the period 1970 to 2008. The results indicated that supply side factors (subsidies and world food prices) have significant impact on food prices. Whereas demand side factors such as money supply is the main cause of increase in food prices in short as well as in long run.

The paper **“Environmental Issues and Policy Response in Pakistan”** by Rehana Siddiqui focused on the major environmental problems of Pakistan, viz., resource degradation and climate change. The government has initiated various actions and policies to disentangle the complexity and severity of these issues. For some environmental issues, like water and air pollution and of global emission, bilateral/multilateral agreements are also needed. Moreover, capacity building, good governance, and closing the institutional and legislative gaps were found to be critical for effective implementation of current policies and action plans.

A study analysing the impact of current power crisis, entitled **“The Cost of Unserved Energy: Evidence from Selected Industrial Cities of Pakistan”** was also completed. The study was based on a survey data of four industrial cities of Punjab, viz., Gujrat, Faisalabd, Gujranwala and Sialkot and found that total loss of industrial output varies between 12 and 37 percent. The data also demonstrated that arrangements for alternative sources of energy affect the impact on employment, production cost and exports.

### **3. CENTRES OF EXCELLENCE**

#### **(i) Centre for Environmental Economics and Climate Change (CEECC)**

An understanding of critical environmental challenges faced by Pakistan has never been more economically, politically important or controversial than it is today. Discussions on critical issues such as resource degradation, resource conservation, health, climate change, food security, education, trade, industry, traditional knowledge, biochemistry, biotechnology are indispensable to informed policy making. The PIDE can provide a platform to policy makers, researchers, and students to be part of these discussions. There is a need to create awareness and build capacity for informed decision and policy making which is critical for sustainable economic development of a country. This Centre can help the country in this important initiative through:

- Teaching programme to build capacity.
- Research for informed decision making by the Government of Pakistan.

The issues related to environment and climate change are not confined to the geographical boundaries of a country and it makes assessment and solutions difficult. In addition, an efficient and optimal solution should be based on correct economic valuation of environmental resources which is not simple. It requires sound knowledge of the issues and application of appropriate techniques for assessment of total economic value of environmental goods and services. For this purpose the Centre

can conduct short term and medium term training programs for the policy makers and government officials. The teaching programme will be important for the capacity building for the future.

The Centre is undertaking research on critical issue of climate change. The issue is of global importance. Pakistan's contribution in carbon and GHG emissions, resulting in temperature rise, is low but its vulnerability is high due to glaciers melting, sea level rise, increased incidence of floods, desertification, changed and intense weather patterns. The global community is trying to formulate a mechanism to meet the challenge of climate change. Pakistan also needs to develop an effective strategy for mitigation, adaptation, and acquisition of technology. Limited financing facilities are available from the international sources. However, we have to identify the needs for informed decisions, based on in-depth research. The Centre, with the help of Planning Commission and Ministry of Environment, can conduct the research on these critical issues.

The research agenda of the Centre focuses on the following three areas:

- (a) Cost of Environmental Degradation to the Economy of Pakistan.
- (b) Cost of Climate Change to Pakistan's Economy, including assessment of the vulnerability of Pakistan to Climate Change.
- (c) Trade and Environment, particularly focusing on how the intellectual property rights can help to build assets (technological assets).

## **(ii) Economics of Conflict, Security and Development Centre**

In 2010-2011, this centre produced two research studies. It also initiated a special course 'Socio-Economic Perspectives on Conflict and Development' for the MPhil Development Studies programme which will now be annually offered.

***An Empirical Investigation of the Relationship between Food Insecurity,  
Landlessness, and Violent Conflict in Pakistan***

by Sadia Mariam Malik

This study is an attempt to examine empirically the association between socio-economic measures of deprivation—such as food insecurity, landlessness, unemployment, and human under-development—and the incidence of violent conflict as measured by the number of violent attacks across districts in Pakistan. The study uses a linear probability model in which the dependent variable is defined on the basis of the presence or absence of violent attacks in a particular district. The results of the study indicate that in addition to the provincial-level fixed characteristics, landlessness and food insecurity are positively and robustly associated with the probability of violent attacks across districts in Pakistan. Quite contrary to the general impression held, the number of madrassahs (religious seminaries), employment rate, and literacy rate appear to be statistically irrelevant, on average, in terms of determining the probability of the presence of violent conflict across districts in Pakistan. While emphasising the need to collect better data on the intensity of violent conflict—to take into account both the incidence as well as the origin of violent attacks across districts in Pakistan—the study raises some important questions regarding the role of landlessness and food insecurity that need to be investigated further in future studies on socio-economic drivers of violent conflict in Pakistan.

*PIDE Working Papers Series 2011:71*

In collaboration with the Graduate Institute of Development and International Relations, Geneva, a Special MPhil—Development Studies course *Socio-economic Perspectives on Conflict and Development* was introduced at the Masters level. It explores the complex relationship between security and development, political economy perspectives on armed conflict, peace negotiations, natural resources, environmental and ecological economics, as well as critical and structural perspectives on conflict and peace building.

The course is structured around 5 modules:

Module 1: Economic models and evidence (Prof. Jean-Louis Arcand)

Module 2: The political economy of conflict resolution (Dr. Achim Wennmann)

Module 3: Economic perspectives on natural resources, energy and governance in the extractive sector (Prof. Jean-Louis Arcand)

Module 4: Critical and structural perspectives on conflict and peace (Dr. Moncef Kartas)

Module 5: Revisions and exam (Mr. Mathias Rieger)

Another study “**Determinants and Implications of Major Conflicts in Pakistan**” by Usman Mustafa carried out at this centre was a PIDE/BHC project called the “Economic Cost of Conflict and its Socio Demographic Causes and Implications for Pakistan” and it was presented at the International Conference on “Peace, Security and Economic Development in South Asia”, March 4-6, 2011, India.

Pakistan is a state where different regions are influenced by varying nature of conflicts. Conflict in the country is deep rooted and multifaceted. Most of Pakistan’s problems are related to economic and social power imperatives. As such, they are internal to the state and result from crises that have remained unaddressed since the creation of the country and require political and economic solutions. Others have regional and global dimensions. Although, different conflicts occurred from time to time in the country but recently these were intensified after the occurrence of 9/11 events. All these have profound internal as well as regional and global impacts. Therefore, it is imperative to generate knowledge-based socioeconomic discourse on conflict, violence and their causes and impacts in Pakistan. Adopting a well structured questionnaire for interviewing and following multistage stratified sampling techniques, 1057 households were interviewed at their premises in the major conflicts areas of the country, covering three Provinces, Federally and Provincially Administered Tribal Areas i.e. FATA and PATA. Secondary sources of information was also collected and analysed mainly for demographical analysis for the purpose of this study (see box below for abstract).

### ***Determinants and Implications of Major Conflicts in Pakistan***

by Usman Mustafa

The study identified major conflicts, their socio economics, geopolitical and religious causes and deductions. The finding of this research reveals that Pakistan is faced with multiple conflicts that have different localised, regional and global causes. The major conflicts are originated due to Geo-political, Sectarianism (Shia and Sunni Sects), Local/Religious (Mafia and groups), Nationalistic, and Ethnical/Street crimes. The major causes exist at the national level are due to the poor governance, unstable political environment, weak democratic institutions, continuing and increasing polarisation amongst the provinces and different ethnic and minority groups.

Effective response that emerges from the study is the need of strengthening of democratic structure in the country; it is of dire importance for political stability and sustainable development. Need of establishing a transparent and consultative process in policy making that involves all provinces, and regions of Pakistan. This will also enable a consensus building around equitable distribution of resources amongst the provinces. A major issue in Pakistan's power structure is its dependency on feudal/tribal stronghold resulting in complete monopoly of power by an elite segment of the society. The first step to weaken this control is to implement land reforms in the country without any political interference. Rule of law is another primary pillar for addressing conflict situations. An effective and transparent justice system is of utmost importance in transforming a society and its institutions. Region specific and national level political parties have to play a positive and proactive approach in addressing conflict situations in the country. The government needs to involve all major political players in forming a consensus regarding the various situations in different regions of the country.

### **(iii) Food Security Centre**

The Food Security Centre at PIDE conducted research on issues related to food security and policy needs of the country. Other research activities of the centre include establishment of a data bank regarding food security, collaboration with global agencies/institutions, and provision of a forum for informed public debate. The research at this Centre during 2010-11 concentrated on food security issues. The research has been published as a conference paper and a book chapter. In addition, the Centre held a panel discussion on agricultural policy and food security also presented its own views on the issues involved.

The Food Security Centre held a panel discussion on, “**Agricultural Policy and Food Security in a Decentralised Economy**” at the Marriot, Islamabad on May 31, 2011. The panel of experts included eminent national and international researchers and practitioners, including:

- (i) Dr. Rashid Amjad, Vice Chancellor, PIDE
- (ii) Dr. Amir Muhammad, Rector, NUCES, Islamabad
- (iii) Dr. Abdul Qadir Khanzada, Chairman Standing Committee on S&T
- (iv) Mr. Wolfgang Herbinger – Country Director, World Food Programme



- (v) Mr. David Doolen, FAO
- (vi) Mr. Shafqat Naghmi, Federal Secretary, Food & Agriculture
- (vii) Dr. Mubarik Ali – Chief Executive, Punjab Agricultural Research Board and
- (viii) Dr. Munir Ahmad – Director, Food Security Centre, PIDE.

## PANEL DISCUSSION

### *Agricultural Policy and Food Security in a Decentralised Economy*

At a seminar organised by PIDE's Food Security Centre, experts were of the view that the government should devolve various tasks of Ministry of Agriculture and Food to provinces along with authority and resources. This devolution should be backed by a well-debated and thought provoking process. The decentralisation may however create several conflicts of interests and carries certain risks which further intensify when government policies, programs, and decisions about resource allocations are decentralised when a country faces financial crisis and regional development inequalities. Thus decentralisation is a double-edged sword—clears the way to proceed if the people want it, but it is not a simple or quick remedy for all of society's problems. Especially, managing food security in an era of decentralisation will be even more complicated—if not managed properly the situation get worse.

Managing food security requires linkages from macro to micro levels and necessitates close coordination between federal, provincial and lower tiers of governments. The Panelists were of the view that the public functions of strategic relevance such as overall food policy and security, trade and commerce, safety nets, international and inter-provincial coordination, monitoring epidemics and surveillance should remain as federal responsibilities. However, their implementation requires substantial administrative capacity at the lower tiers that actually are responsible for implementing the policies.



*Panel Discussion on Agricultural Policy and Food Security in a Decentralised Economy*

Two major research projects were undertaken by this section in 2010-2011. While one of the projects was published as a book chapter in *Liberalising Food Grain Markets: Experiences, Impacts, and Lessons from South Asia*, the other study was published in *The Pakistan Development Review*.

***Impact of Domestic Agricultural Trade Liberalisation and Market Reform Policies on Food Security in Pakistan***

by Munir Ahmad, Cacsar Cororation, Abdul Qayyum, Muhammad Iqbal, and Paul Dorosh

The government of Pakistan has a long history of actively pursuing interventionist policies in the markets for both agricultural inputs and outputs, as a way of ensuring food security. Most of these interventions have now been abolished. However, some market distortions still continue specifically, interventions in fixing of wheat price and public involvement in its trade. A distortion-free and competitive private food marketing system remains distant goal. The comparison between domestic prices and parity prices for different crops shows that basmati rice grower following by wheat growers are the groups most adversely affected by policy disincentives. IRRI rice and cotton growers are relatively better off, as are sugarcane growers. The net result of the interventions has been an immense resource transfer from the agriculture sector to non-agriculture sector. The major beneficiaries have been processors and consumers, at the expense of producers and the government exchequer. The analysis of the impact of interventions within CGE framework reveals that as distortions are removed, there is a clear reallocation effect toward the wheat sector. Prices for other commodities increase, but this increase is offset by the improvement in income. Thus overall welfare improves. The general prices increase is not very sensitive to large changes in the trade elasticities in the wheat sector.

In A. Ganesh-Kumar, Devesh Roy, and Ashok Gulati (eds.) *Liberalising Food Grain Markets: Experiences, Impacts, and lessons from South Asia*. New Delhi: Oxford University Press. 2010.

***The State of Food Security in Pakistan: Future Challenges and Coping Strategies***

by Munir Ahmad and Umar Farooq

Managing food security in Pakistan requires an understanding about how agricultural policies affect food supply, incomes, and the poor vulnerable in rural and urban areas. The main focus of this paper is to trace the pathways to achieve/maintain food and nutritional security in Pakistan.

The policy makers concentrated on attaining and maintaining self-sufficiency in wheat production. Periodically, strong interventions are made in terms of significant increase in wheat support prices along with subsidising fertiliser prices to achieve bumper wheat crop. Such interventions seriously distort relative profitability of cultivation of other rabi season food crops, e.g. other coarse grains, pulses and oilseeds.

On the other hand, the government is managing procurement and distribution of food crops for low prices of wheat flour-offering wheat flour at subsidised prices, income support, cheap bread on tandurs etc. That has heavily burdened the national exchequer as well as encouraged creation of different cartels and mafias-wheat flour industry, poultry hatchery and feed industry, etc. the wheat procurement and private storage policy remained in place at an exorbitant loss to the national exchequer.

A number of real world challenges and constraints have been highlighted for facilitating policy makers in designing a comprehensive food security policy for this country. In the way forward, some recommendations are made along with highlighting the need of new institutions for developing a R&D based infrastructure as well as defining the role of the government in food sector in Pakistan.

*The Pakistan Development Review* 49:4

## 4. NURTURING MINDS SEMINAR SERIES

**July 1st 2010, to November 30, 2011**

The weekly ‘nurturing minds’ seminar series where scholars from PIDE and other national and international organisations (universities) present their research findings, continued in 2010-2011. The comments and discussions generated during the seminars not only helped improve the presented work but also played a motivational role for the young researchers of PIDE. Some topics discussed in the year 2010-11 include:

1. “Gender and Disasters: A Gender Analysis of Reconstruction Policies” by Ms. Amara Saeed, Associate Faculty Member, PIDE on July 7, 2010 at PIDE.
2. “Small Macroeconometric Model of Pakistan’s Economy” by Dr. Muhammad Arshad Khan, PIDE on July 20, 2010 at PIDE.
3. “The Relationship between Federal Government Revenue and Expenditure” by Dr. Fazal Husain and Muhammad Ali Qasim, PIDE on Wednesday July 21, 2010 at PIDE.
4. “Optimal Taxation in Presence of Sunk Cost and Subsistence Expenditure” by Saif Khan, London School of Economics and Sajawal Khan, State Bank of Pakistan on July 29, 2010 at PIDE.
5. “Labour Market Research in PIDE History Series-5” by Dr. Muhammad Irfan, Consultant PIDE on Wednesday August 4, 2010 at PIDE.
6. “Applying an Equity Lens to Health Care Issues of Women in Pakistan” by Dr. Naushin Mahmood, Consultant PIDE on Thursday August 5, 2010 at PIDE.
7. “Provincial Budget: Shares and Trends” by Mr. Mahmood Khalid and Ayaz Ahmed, PIDE on Friday August 6, 2010 at PIDE.
8. “Impact and Implications of 7<sup>th</sup> NFC Award” by Dr. Usman Mustafa, PIDE on Wednesday August 11, 2010 at PIDE.
9. “Foreign Direct Investment and Economic Growth in Pakistan: Sectoral Analysis” by Dr. Muhammad Arshad Khan and Raja Shujaat Ali Khan, PIDE on August 25, 2010 at PIDE.
10. “Pakistan’s Zakat Transfer System: Using Volatility to Measure Effects on the Poor” by Ms. Kate Vyborney, D.Phil(PhD) Candidate, University of Oxford, UK, on September 22, 2010 at PIDE.
11. “Promoting Food Security following the 2010 Pakistan Floods: Insights from South Asian Experience” by Mr. Paul Dorosh, Deputy Division Director (IFPRI), on September 27, 2010 at PIDE.
12. “City Price Convergence in Pakistan: Empirical Evidence with Spatial GLS” by Dr. Hasan M. Mohsin, PIDE on October 20, 2010 at PIDE.
13. “Foreign Aid-Growth Nexus in Pakistan: Role of Macroeconomic Policies” by Mr. Muhammad Javid, PIDE on December 15, 2010 at PIDE.
14. “The Contemporaneous Correlation of Structural Shocks and Inflation and Output Variability in Pakistan” by Mr. Muhammad Nasir (PIDE) and Wasim Shahid Malik (QAU) on December 22, 2010 at PIDE.

15. "The Cases of Conflict in Swat" by Mr. Khalid Aziz, Chairman (RIPORT) on January 26, 2011 at PIDE.
16. "Financial Sector Reforms and their Impact on Efficiency of Banks: A Case of Pakistan" by Mr. Usman Ahmad, PIDE on February 9, 2011 at PIDE.
17. "From Research to Application: Gaps in the Development of Public Policy" by Prof. Munir Sheikh, Queen's University Kingston Canada on February 17, 2011 at PIDE.
18. "The Persistence and Transition of Rural Poverty in Pakistan, 1998-2004" by Dr. G. M. Arif, Nasir Iqbal and Shujaat Farooq, PIDE on February 23, 2011.
19. "An Analysis of the Efficiency the Foreign Exchange Markets in South Asia" by Dr. Sana Arif Chaudhry and Attiya Y. Javid, PIDE on March 02, 2011.
20. "Poverty Dynamics of Female Headed Households in Pakistan: Evidence from PIHS 2000-01 and PSLM 2004-05" by Mr. Umer Khalid and Mr. Sajjad Akhtar, on March 9, 2011.
21. "Financial Crisis and Copping Strategies of Migrant Households in Pakistan" by Mr. Nasir Iqbal and Saima Nawaz, PIDE on March 16, 2011.
22. "The Cost of Unserved Energy: Evidence from Industrial Sector of Pakistan" by Rehana Siddiqui, Hafiz Hanzla Jalil, Muhammad Nasir, Wasim Shahid Malik, Mahmood Khalid, PIDE on March 21, 2011.
23. "The Role of Foreign Assistance in Pakistan's Education Sector" by Mr. Abdus Sattar, PIDE on March 24, 2011.
24. "The Role of Services Sector in the Economy of Pakistan" by Mr. Ayaz Ahmed and Henna Ahsan, PIDE on April 6, 2011.
25. "Remittances and Poverty Linkages in Pakistan: Evidence and Some Suggestions for Further Analysis" by Dr. Mohammad Irfan, PIDE on September 15, 2011.
26. "Monitoring Country Progress: Pakistan" by Mr. Thomas Morris, Chief Economist USAID, on September 21, 2011.
27. "Post-Crisis Trade and Investment Opportunities" by Dr. Rashid Amjad, Vice Chancellor PIDE, on October 5, 2011.#
28. "Pakistan Social Safety Nets Report" by Mr. Cem Mete, Senior Economist and Mr. Ziaohui Hou, Economist, World Bank on October 12, 2011.
29. "Estimating the Middle Class in Pakistan" by Dr. Durr-e-Nayyab, Chief of Research, PIDE on October 20, 2011.
30. "Pakistan Panel Household Survey (PPHS): Sample Size, Attrition, and Research Potential" by Dr. G. M. Arif, Joint Director and Dr. Durr-e-Nayyab, Chief of Research, PIDE on October 28, 2011.
31. "Time Poverty, Work Status and Gender: The Case of Pakistan" by Dr. Najam us Saqib, Senior Research Economist and Dr. G. M. Arif, Joint Director, PIDE on November 2, 2011.
32. "Long-Term Agricultural Growth in India, Pakistan, and Bangladesh from 1901/02 to 2001/02" by Professor Takashi Kurosaki, Hitotsubashi University Japan, on November 28, 2011.

## 5. TEACHING AT THE PIDE

True to PIDE’s motto “Spirit of Free Inquiry”, the teaching programme at PIDE is driven by a culture of discovery and a spirit of discourse and debate. Our graduates benefit from the teaching which is embedded in a deep rooted research culture, giving them an edge over graduates from other universities. In its research intensive teaching environment, PIDE offers more to its students. These incentives include: the possibility to work with researchers of national and international repute; having access to first class library services; and opportunities to interact with professionals at big forums—the Annual Conference of the PSDE being an example.

Currently, PIDE has six academic departments offering degrees at three academic levels. These departments include:

- (i) Department of Economics
- (ii) Department of Business Studies
- (iii) Department of Environmental Economics
- (iv) Department of Population Sciences
- (v) Department of Econometrics and Statistics
- (vi) Department of Development Studies

**List of Newly Enrolled Students Male and Female (Fall 2011)**

<b>Programme</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
PhD Economics	3	1	4
MPhil Development Studies	16	8	24
MPhil Econometrics & Statistics	14	4	18
MPhil Economics	12	8	20
MPhil Economics and Finance	14	10	24
MS Environmental Economics	9	5	14
<b>Total MPhil</b>	<b>65</b>	<b>35</b>	<b>100</b>
MBA	32	4	36
MSc Econometrics & Statistic	3	5	8
MSc Economics	24	23	47
MSc Population Sciences	0	0	0
<b>Total Masters</b>	<b>59</b>	<b>32</b>	<b>91</b>
<b>Total Students</b>	<b>127</b>	<b>68</b>	<b>195</b>

## (i) Department of Economics

The Department of Economics is the leading teaching department of PIDE enjoying a world-class reputation. PIDE's greatest asset is its highly accomplished faculty with a majority holding PhDs from renowned universities around the world. The Faculty won international recognition during the year as according to latest ranking by REPEC, six of the top ten economists of Pakistan are based at PIDE and as an Economic Teaching/Research Institute, PIDE stands First in Pakistan and 17th in Asia. Over the years, the Department has witnessed a growing interest in its academic programmes: the total number of applicants increased from 585 in 2010 to 1043 in 2011.

The Economics Department of PIDE has made major strides in developing its curricula in line with international standards. Besides core courses in economic theory and quantitative methods, the department offers specialisation in a variety of fields including International Trade and Finance, Industrial Organisation, Monetary, Banking & Finance, Agricultural Economics, Public Finance, Development Economics etc. These courses reflect the current state of knowledge and are taught by top ranking professionals in the relevant fields.

The PhD/MPhil programme in Economics at PIDE remains at the forefront of higher education in Pakistan. The programme offers high quality specialised training with emphasis on theoretical and empirical research. A unique feature of this programme is the active interaction of students with top level researchers that allows students to develop their analytical skills under the supervision of leading experts.

PIDE is known for maintaining the highest academic standards and consequently our graduates remain in exceptionally high demand. Our graduates have been placed in international organisations including the IMF and the World Bank, Planning Commission, Ministry of Finance, State Bank of Pakistan, academia and key positions in the private sector.

### Full Time Faculty

No.	Names of the Faculty	Name of Degree	Awarding Universities	Year of Award	Area of Specialisation
1	Dr. Rashid Amjad	PhD (Economics)	Cambridge University, UK	1977	Economic Development, Employment and Labour Markets, Industrial Investment Behaviour
2	Dr. Rehana Siddiqui	PhD (Economics)	Columbia University, New York, USA	1992	Econometrics: Economic Growth and Development; Human Resource Development
3	Dr. G. M. Arif	PhD (Demography)	Australian National University, Canberra, Australia	1995	Employment Migration; Fertility
4	Dr. Musleh ud Din	PhD (Economics)	Johns Hopkins University, USA	1995	Development Economics; International Trade; Welfare Economics
5	Dr. Fazal Husain	PhD (Economics)	The Catholic University of America	1996	Financial Management; Monetary Economics; Quantitative Modelling
6	Dr. Zafar Mueen Nasir	PhD (Economics)	Kansas State University, USA	1997	Labour Economics; Health and Nutrition; International Economics

7	Dr. Munir Ahmad	PhD (Agr. Economics)	University of Connecticut, USA	1994	Agricultural Economics; Applied Econometrics; Production Economics
8	Dr. Usman Mustafa	PhD (Agr. Economics)	University of the Philippines, Philippines	1991	Planning, Monitoring and Evaluation, Agricultural and Environmental Research, Marketing, Management, Institutional Development, Training
9	Dr. Zafar Mahmood	PhD (Economics)	Columbia University, USA	1989	International Finance; Labour Economics; Migration and Human Resource Development
10	Dr. Ejaz Ghani	PhD (Agr. Economics)	University of Nebraska-Lincoln, USA	1995	International Trade and Finance, Marketing and Industrial Organisation, Resource and Development Economics
11	Dr. Abdul Qayyum	PhD (Applied Econometrics)	University of Bradford, UK	1995	Applied Econometrics, Time Series Econometrics, Econometric Modeling, Monetary Theory and Policy, Macroeconomics
12	Dr. Muhammad Iqbal	PhD (Agr. Economics)	The Ohio State University, Columbus, USA	1991	Agricultural Economics and production Economics
13	Dr. Najam us Saqib	PhD (Economics)	Johns Hopkins University, USA	1997	Economics of Human Capital and Education
14	Dr. Attiya Y. Javid	PhD (Economics)	Quaid-i-Azam University, Islamabad	2008	Macroeconomic Analysis; Public Finance; Environmental Economics
15	Dr. M. Idrees Khawaja	PhD (Economics)	Pakistan Institute of Development Economics (PIDE) Islamabad	2008	Monetary Theory and Policy
16	Dr. Hasan M. Mohsin	PhD (Economics)	Southern Illinois University Carbondale, USA	2010	Monetary Economics, Finance
17	Dr. Ahmad Nawaz	PhD (Economics)	University of Goettingen, Germany	2009	Development Economics, Poverty, Microfinance
18	Dr. Anwar Hussain	PhD (Economics)	Peshawar University, NWFP	2010	Agricultural Economics
19	Dr. Tariq Mahmood	PhD (Economics)	PIDE, Islamabad	2011	Industrial Economics
20	Ms. Afia Malik	M.A. (Economics)	Institute of Social Studies, The Hague, Netherlands	1996	Economics
21	Mr. Ayaz Ahmad	MPhil (Economics)	Quaid-i-Azam University, Islamabad	1998	Economics
22	Mr. Mahmood Khalid	MPhil (Economics)	Quaid-i-Azam University, Islamabad	2002	Economics

23	Mr. Muhammad Ramzan	MPhil (Economics)	PIDE, Islamabad (under process)	2009	Economics
24	Mr. Haider Ali	MPhil (Economics)	PIDE, Islamabad (under process)	2009	Economics

### Visiting Faculty

No.	Names of the Faculty	Name of Degree	Awarding Universities	Year of Award	Area of Specialisation
1	Dr. Waqar Masood Khan	PhD (Economics)	Boston University, USA	1983	Macroeconomic Policy
2	Dr. Eatzaz Ahmed	PhD (Economics)	McMaster University, Canada	1988	Econometrics
3	Dr. Tariq Javed	PhD (Economics)	University of Nebraska-Lincoln, USA	1995	Agricultural Economics
4	Dr. Wasim Shahid Malik	PhD (Economics)	Pakistan Institute of Development Economics (PIDE) Islamabad	2008	Monetary Policy
5	Mir Annice Mahmood	B.Sc. (Hons) Economics	London School of Economics & Political Science, London, UK	1975	History of Economics Thought, Applied Economics, Monetary and International Economics
6	Ms. Saiqa Yaseen	M.A. (English Literature and Linguistics)	National University of Modern Language (NUML) Islamabad	2004	American and Canadian Literature

### PhD, MPhil and M.Sc. Economics Candidates

Degree	Students Admitted					Awarded Degrees in 2008	Awarded Degrees in 2010	To be Awarded Degrees in 2011-12
	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011			
PhD	09	05	04	03	08	10	05	05
MPhil	12	17	29	31	25	01	04	15
M.Sc.	22	33	38	46	60	-	50	77
MPhil Economics & Finance	-	-	-	-	30	-	-	-

### PhD Dissertations Completed

Title of Dissertations	Name of Candidates	Supervisors/ Co-Supervisors	External Examiners	Date of Defense
“Exchange Rate Pass-Through to Consumer Prices in Pakistan: Does Misalignment Matter?”	Atif Ali Jaffri	Dr. Rehana Siddiqui Dr. Shahnaz A. Rauf	Dr. Eatzaz Ahmad	Nov. 29, 2007
“Changes and Lags in Effects of Monetary Policy Transmission Mechanism: A Case of Pakistan”	Sajawal Khan	Dr. Abdul Qayyum Dr. Fazal Husain	Dr. Eatzaz Ahmad	July 17, 2008
“Performance of Export-Oriented Manufacturer in Pakistan: Evidence from Micro and Macro Level Data”	Tariq Mahmood	Dr. Musleh ud Din Dr. Ejaz Ghani	Dr. Tariq Javed	March 28, 2011
“Exchange Market Pressure and Monetary Policy: Pakistan’s Experience”	M. Idrees Khawaja	Dr. Musleh ud Din Dr. Abdul	Dr. Shahnaz A. Rauf	Aug. 30, 2007



		Qayyum		
“Balance of Payments: Real vs. Monetary Phenomenon”	Irem Batool	Dr. A. R. Kemal Dr. Musleh ud Din	Dr. Faiz Bilquees	Nov. 28, 2007
“Testing the Monetary Approach to Exchange Rate Determination: The Case of Pakistan”	M. Arshad Khan	Dr. Abdul Qayyum Dr. Fazal Husain	Dr. Tariq Javed	Mar. 05, 2008
“Measuring the Effects of Public Expenditures and Macroeconomic Uncertainty on Private Investment: The Case of Pakistan”	Imtiaz Ahmad	Dr. Faiz Bilquees Dr. Abdul Qayyum	Dr. Hafeezur Rehman	Nov. 27, 2007
“Financial Development and Economic Growth: Evidence from Heterogeneous Panel Data”	M. Nadim Hanif	Dr. Abdul Qayyum Dr. Rehana Siddiqui	Dr. Eatzaz Ahmad	Oct. 22, 2008
“Some Issues in the National Income Accounts of Pakistan (Rebasing, Quarterly and Provincial Accounts and Growth Accounting)”	M. Farooq Arby	Dr. A. R. Kemal Dr. Musleh ud Din	Dr. S. M. Younus Jafri	Feb. 08, 2008
“Debt Sustainability and Dynamics in Pakistan: Theory and Evidence”	Tahir Mahmood	Dr. Athar Maqsood Ahmed Dr. Shahnaz A. Rauf	Dr. Hamza Ali Malik	Nov. 08, 2007
“Resource Allocation among Consumption, Labour Supply, Human Capital, Social Capital and Religious Human Capital: Theory and Empirical Analysis”	Syed Akhtar H. Shah	Dr. Eatzaz Ahmad Dr. Musleh ud Din	Dr. Toseef Azid	Feb. 15, 2008
“Sensitivity and Simulation Analysis of Granger Causality, and Structural Causality (An Empirical Investigation)”	Zahid Asghar	Dr. Assad Zaman Dr. Rehana Siddiqui	Dr. Eatzaz Ahmad	Aug. 21, 2007
“Three Essays on Monetary Policy in Pakistan”	Wasim Shahid Malik	Dr. Athar Maqsood Ahmed Dr. Musleh ud Din	Dr. Shahnaz A. Rauf	Oct. 04, 2007
“Three Essays on Monetary Policy and Exchange Rate”	Muhammad Waheed	Dr. Ather Maqsood Ahmed Dr. Rehana Siddiqui	Dr. Shahnaz A. Rauf	March 29, 2011
“Educational Mismatches: Monetary and Non-Monetary Consequences in Pakistan”	Shujaat Farooq	Dr. G. M. Arif Dr. Abdul Qayyum	Dr. Alia H. Khan	June. 30, 2011
“Efficiency Wage Theories and Non-Monetary Motivational Strategies: An Experimental Approach”	Saima Mahmood	Dr. Asad Zaman Dr. Rehana Siddiqui	Dr. Eatzaz Ahmad	March 28, 2011
“An Analysis of the Effects of Economic Reforms and Openness on Structure, Conduct and Performance of Agro-based Industries in Pakistan”	Saeed Ahmed Sheikh	Dr. Ejaz Ghani Dr. Musleh ud Din	Dr. Eatzaz Ahmad	Dec. 08, 2011

### MPhil Dissertations Completed

Title of Dissertations	Name of Candidates	Date of Seminar	Supervisor
“The Impact of External Indebtedness on the Growth and Poverty of Pakistan”	Babar Shahzad Dogar	May 24, 2007	Dr. Eatzaz Ahmad
“Aid Growth Nexus for Pakistan: Role of Macroeconomic Policies”	Muhammad Javid	July 2, 2010	Dr. Abdul Qayyum
“Export Price Competitiveness in The Manufacturing Sector of Pakistan”	Uzma Zia	March 2, 2010	Dr. Zafar Mahmood
“The Impact of Political Risk and Macroeconomic Policy Uncertainty on Foreign Direct Investment: The Case of Selected South Asian Countries”	Muhammad Azam	Oct. 21, 2010	Dr. M. Arshad Khan
“An Analysis of the Spatial Dimensions of Poverty in the Punjab”	Azhar Ali	March 28, 2011	Dr. G. M. Arif
“Currency Depreciation and Output Nexus: Evidence from Pakistan”	Muhammad Nawaz	Sept. 28, 2011	Dr. Ejaz Ghani
“Three Essays on the Economics of Trade Unions in Pakistan “	Afaq Mehmood	Nov. 1, 2011	Dr. Zafar M. Nasir
“Models of External Debt and Growth for Pakistan”	Muhammad Ramzan	Nov. 4, 2011	Dr. Eatzaz Ahmad
“Financial Development and Agricultural Growth: A Case Study of Pakistan”	Syeda Sidra Batool	Nov. 4, 2011	Dr. M. Idrees Khawaja
“The Impact of Foreign Capital Inflows on the Competitiveness of Pakistan’s Economy”	Shabana Kishwar	December 20, 2011	Dr. Zafar Mahmood

### PhD Dissertations (In Progress)

Title of Dissertations	Name of Candidates	Research Proposal	Date of Seminar	Supervisor/ Co-Supervisor
“Housing Demand in Urban Areas of Pakistan”	Ayaz Ahmad	Defended	Aug. 13, 2009	Dr. Rehana Siddiqui
“Analysing the Effect of Policy Intervention in Agriculture Markets”	M. Sarwar Zahid	Defended	Oct. 6, 2004	Dr. Munir Ahmad Dr. Abdul Qayyum
“Role of Foreign Aid in Promoting Economic Growth and FDI in Pakistan”	Sajid Ullah Babar	In progress	-	-
“Intellectual Property Rights, Technology Transfer and Economic Growth”	Abdul Sattar	Defended	July 23, 2008	Dr. Ejaz Ghani Dr. Wasim Shahid Malik
“A Study of Inter-relationships Among Diverse Types of Spiritual Human Capital, Work Life and Economic Well-being: A Cross Section Analysis of Normal and Post-disaster Cities of Pakistan”	Imran Haq Nawaz	Defended	Aug. 13, 2009	Dr. Rehana Siddiqui
“Does Fiscal Policy Matter? Evidence for Pakistan.”	Mahmood Khalid	Defended	June 24, 2008	Dr. Eatzaz Ahmad Dr. Rehana Siddiqui
“The Impact of Analysis of Pakistan’s Financial Sector Reforms using CGE Modeling”	Saghir Pervaiz Ghauri	Defended	April 10, 2006	Dr. Abdul Qayyum Dr. Muhammad Iqbal
“Three Essays on Monetary Policy”	Tasneem Alam	Defended	Aug. 31, 2007	Dr. Mazhar Iqbal Dr. Wasim Shahid Malik

“Financial Liberalisation and its Impact on Economic Growth of Pakistan”	Samina Shabir	Defended	Dec. 2, 2010	Dr. Zafar Mahmood
“Policy Cohesion, Tracking the Dynamics of Interaction and Coordination Between Monetary and Fiscal Policy in Pakistan”	Muhammad Shahid	Defended	May 25, 2011	Dr. Abdul Qayyum Dr. Wasim Shahid Malik
“Genuine Savings and Sustainability Analysis of Pakistan Economy”	Rehmat Ali	Defended	Sept. 24, 2008	Dr. Rehana Siddiqui Dr. Muhammad Iqbal
“Trade Openness and Economic Growth: A Critical Analysis of Pakistan and other Developing Economics (thesis proposal)”	Mirajul Haq	Defended	July 18, 2008	Dr. Ejaz Ghani Dr. Musleh ud Din
“Estimating the Optimal Monetary Policy Rule for Pakistan”	Ghulam Saghir	Defended	Oct. 3, 2010	Dr. Wasim Shahid Malik Dr. Fazal Husain
“Regional Climate and Health: A Cross Country Analysis and a Case Study with reference to Pakistan”	Muhammad Tayyab	Defended	July 24, 2008	Dr. Rehana Siddiqui Dr. Eatnaz Ahmad
“Fiscal Decentralisation, Macroeconomic Stability and Economic Growth”	Nasir Iqbal	Defended	Mar. 10, 2011	Dr. Musleh ud Din Dr. Ejaz Ghani
“Dynamic Effects of Monetary Policy on Macroeconomic Variables in Pakistan: A Disaggregated Analysis”	Kashif Munir	Defended	Jan. 31, 2010	Dr. Abdul Qayyum
“Institutions, Fiscal Policy and Economic Growth”	Saima Nawaz	Defended	Aug. 26, 2010	Dr. Musleh ud Din Dr. M. Idrees Khawaja
“Model of Climate-Economy Interactions: The Case of Pakistan”	Riffat Yasmeen	Defended	Dec. 9, 2010	Dr. Munir Ahmad Dr. Musleh ud Din
“Does Global Financial Crisis Effect Exchange Rates Dynamics: Empirical Evidence from the Synthesis of Keynesian, Monetary and Portfolio Approach”	Hafsa Hina	Defended	Mar. 8, 2011	Dr. Abdul Qayyum
“The Issue Covered Under Food Security and Related Issues”	Lubna Naz	Defended	Nov. 25, 2011	Dr. Munir Ahmad Dr. G. M. Arif
Research Proposal not submitted	Zobia Bhatti	In progress	-	-
“Impact of Financial Sector Reforms on Banking Sector of Pakistan”	Samina Sabir	Defended	July 2, 2010	Dr. Abdul Qayyum
“Impact of Trade Liberalisation on the Environmental Quality”	Naila Jabeen	Defended	June 13, 2011	Dr. Rehana Siddiqui
“The Issues Covered under Macroeconomics of Agriculture and Related Issues”	Aisha Siddiqua	Not defended	-	Dr. Munir Ahmad
“Three Essays on New-Keynesian Macroeconomics”	Adnan Haider	Not defended	-	Dr. Musleh ud Din Dr. Ejaz Ghani

### MPhil Dissertations (In Progress)

Title of Dissertations	Name of Candidates	Research Proposal	Date of Seminar	Supervisor
“Determinants of Intra-Industry Trade in Final and Intermediate Goods between Pakistan and other SAARC Countries”	Adnan Akram	Defended	May 31, 2010	Dr. Zafar Mahmood
“Consumer Preferences for the Quality Demanded for Milk in Islamabad, Pakistan: An Application of Hedonic Price Model”	Syeda Sadia Zehra	In progress	-	Dr. Usman Mustafa
“Economic and Non-Economic Determinants of Private Investment: A Case Study of Pakistan”	Umar Farooq	Defended	Oct. 15, 2010	Dr. M. Arshad Khan
“Disaggregated Energy Consumption and Economics Growth”	Hanan Ishaque	In progress	-	Dr. Hassan M. Mohsin
“Emigration and Export Creation in Pakistan”	Noreen Fatima	Defended	Dec. 7, 2010	Dr. Zafar Mahmood
“Welfare Impact of Minimum Wage in Pakistan”	Allah Nawaz	Defended	Dec. 10, 2010	Dr. Zafar M. Nasir
“Household Saving Behaviour in Pakistan”	Umbreen Iqbal	Defended	Dec. 10, 2010	Dr. Zafar M. Nasir
“The Exchange Rate Channel of Monetary Policy and its Impact on Inflation and Net-Exports in Pakistan”	Mukamil Shah	Defended	March 21, 2011	Dr. M. Arshad Khan
“Regional Effects of Monetary Policy”	Zahra Azam	In progress	-	Dr. Hassan M. Mohsin
“Performance and Economic Efficiency of Islamic Banks in Pakistan: A Stochastic Frontier Approach”	Zohaib Omer Mirza	Defended	Oct. 15, 2010	Dr. Abdul Qayyum
“Institutional Quality and Monetary Policy”	Abdul Wajid	In progress	-	Dr. M. Idrees Khawaja
“Determinants of Demand for Bank Lending by Private Sector”	Faiza Hassan	In progress	-	Dr. Abdul Qayyum
“Determinants of Price-Cost Margins (Panel Data Analysis of the Firms Listed at Karachi Stock Exchange)”	Akbar Ullah	Defended	Oct. 31, 2011	Dr. Ejaz Ghani
“Monetary Policy and Overshooting to Agricultural Prices in Case of Pakistan”	Hassan Siftain	Defended	April 8, 2011	Dr. Abdul Qayyum
“Validity and Asymmetry of Okun’s Law: A Case Study of Selected Asian Economies”	Farhat Rasul	Defended	Oct. 20, 2011	Dr. Hassan M. Mohsin
“Impact of External Debt, Foreign Aid and Governance on Economics Growth”	Unbreen Qayyum	Defended	Nov. 24, 2011	Dr. Musleh ud Din
“Inequality, Institutions and Economic Development”	Neelam Nigar	Defended	Nov. 24, 2011	Dr. M. Idrees Khawaja
“The Nexus of Government Spending and Economic Growth: The Role of Health, Education and Defense Expenditure: Evidence from Pakistan and Selected SAARC Countries”	Rabia Saba	Defended	Sept. 29, 2011	Dr. Zafar M. Nasir

“Nexus between Fiscal Discretion and Macroeconomic Variables of Pakistan”	Muhammad Ismail	Defended	Dec. 6, 2010	Dr. Fazal Husain
“Oil Prices and Workers Remittances in Pakistan: An Empirical Analysis”	Syed Hasan Ali Naqvi	In progress	-	Dr. Hassan M. Mohsin
“Energy Prices and Inflation: Evidences from Pakistan”	Munazza Akhtar	In progress	-	Dr. M. Idrees Khawaja
“Fiscal Decentralisation and Corruption”	Malik Kifayatullah Awan	In progress	-	Dr. Zafar M. Nasir
“Respective Synopsis for Defence”	Nayab Fatima Hina	In progress	-	Dr. Zafar M. Nasir
“Environment, Population and Economic Growth”	Khurram Shahzad	Defended	Nov. 3, 2011	Dr. Rehana Siddiqui
“An Analysis of Monetary Policy Reaction Functions for Pakistan Economy: In Search of an Optimal Monetary Policy Rule”	Shahzad Ahmed	Defended	June 8, 2011	Dr. Abdul Qayyum

## (ii) Department of Business Studies

The focus of the MBA education at PIDE’s Business Studies department is to create a class of management professionals equipped with latest skills needed in dynamic national and international organisations. The Department is working on a three pillar strategy i.e. personality development, communication skills and knowledge acquisition. This strategy is aimed at helping students to secure jobs in reputed national and international firms and organisations. Besides the core courses, three specialisations are offered to the students to choose from namely; Marketing, Human Resource Management and Finance. It plans to expand its specialisation programme by including Information Technology and Systems Analysis which is an emerging field.

### *Trainings and Workshops*

In addition to its strong emphasis on quality education, the Department arranges different activities such as industry visits, trainings, workshops, seminars and inviting distinguished speakers from the industry. Students not only get the first hand information on the working of different departments but also a chance to interact with management staff to understand the decision making process within various organisations. Trainings and workshops conducted by PIDE Business School students attract some of the reputed market figures including among others Brand Manager, Néstle. The students also participated in seminars and workshops conducted by Néstle Nesvita, Pakistan and Tiecon, Pakistan. A number of such events were organised in the academic year 2010-11 including an industrial visit to the Volta Batteries, Hattar Industrial Estate and Pakistan Tobacco Company, Jehlum.

### *Internship/Employment Programme for MBA Students*

The students of MBA are required to work 6 to 8 weeks as interns at some reputable organisation after completion of two semesters. They are also required to submit a written Internship/employment report in compliance with the approved format of this three credit hours

activity. The purpose of internship is to provide the student with an opportunity to learn and practice various principles, theories and procedures being taught in class rooms. In addition, students practically experience the operations/working of the business organisations, coordination among different departments/sections and how different tasks are assigned to workers. The internship also helps students to know how performance of workers is monitored and evaluated to achieve overall goals of their organisations. In a broader perspective, internships provide students with invaluable work experience in their selected fields and in many cases lead directly to employment opportunities. Generally, students are expected to carry-out the SWOT analysis of the organisation and its marketing, HRM, compensation, and performance management strategies.

In the year 2010-11, PIDE arranged internship in a number of reputable public and private sector organisations. These include State Bank of Pakistan, Securities and Exchange Commission of Pakistan, National Telecommunication Corporation, National Highway Authority, Ministry of Textile, Askari Bank Ltd., Bank Alfalah, Zong Telecom, Mobilink Telecom, Marriott Hotel, Habib Bank Limited, National Bank, MCB Ltd., United Bank Limited, Pakistan Telecommunication Corporation Ltd., Higher Education Commission etc.

### **(iii) Department of Econometrics and Statistics**

The discipline of Econometrics is the key to an understanding and analysis of theories of economics and their constituent components. Over the years, this role has been fortified due to the active infusion of mathematical, statistical and computational methods in the subject matter of Economics. Econometrics is distinguished from statistical analysis more generally by its use of economic concepts and theories as basis for empirical investigation.

Opportunities are open for Econometrics and Statistics graduates to work as Marketing Analysts, Econometricians and Statisticians to fill a wide range of roles, across diverse group of sectors. Market players include Finance, Market Research, Marketing Consultancy and Capital Markets, among others. They are looking for graduates who have knowledge of statistical techniques such as Regression, Time Series, Econometrics, and multivariate analysis. The rigor of analysis, empirical validation of economic hypotheses and contributions to business and public policy has been the main pillars which strongly emphasise the need for this discipline.

Department of Econometrics and Statistics at PIDE offers an MPhil degree in Econometrics and an M.Sc. degree in Econometrics and statistics. It is a new but emerging discipline in Pakistan. The MPhil Econometrics and M.Sc. in Econometrics and Statistics at PIDE aims to focus on teaching and research in econometric theories, methodological and conceptual issues and the relevant statistical methods applied to socially relevant economic issues and policies. The Econometrics programme offers a well balanced training in quantitative methods, economic theory and applied economics. These include basic econometric theory, applied econometrics, probability theory, statistical methods, sampling, time series analysis, financial econometrics and micro econometrics. There is an emphasis on the application of econometrics and statistics, through exercises and seminars, to policy issues and empirical

questions. The graduates at this department are expected to find employment in research departments, the financial sector, teaching institutions, and business organisations as a market analysts, econometricians and statisticians. This programme also provides an ideal background for an admission and scholarship into a PhD programme.

The faculty of the Econometric and Statistics programme brings diverse interests and experiences to their classrooms. Teaching staff are research-active, which keeps the learning of students at cutting-edge. They are available to talk to and work with students to create a wonderful learning environment. In order to strengthen the faculty of the department, three regular teachers were also inducted in January 2010.

#### **(iv) Department of Population Sciences**

The year 2010-2011 was one of re-evaluating and rethinking at the Department of Population Sciences. Considering the low intake of the previous years, a decision was taken not to take any candidate for the current year and to restructure the programme. Taking into account the much-neglected state of population and health in the country there is a plan to take an initiative focusing on these issues, especially health. The restructured programme is planned to be launched in the coming year.

Nine out of twelve students from the previous batch passed out and found employment in reputable organisations including, Population Council, PIDE, Path (a US organisation) and GIZ (German Society for International Cooperation).

The students of the Department participated in the 12th Annual Conference of Population Association of Pakistan held at University of Punjab Lahore from November 22 to November 24, 2011. The theme of the Conference was “Pakistani Youth: Ultimate Resource”.



## (v) Department of Environmental Economics

Keeping in view the need to build capacity and capability to teach and conduct research in economics of Environment, the PIDE started MS/MPhil Programmes in Environmental Economics. This course critically examines optimal solutions to environmental problems, economic valuation techniques and principles of ecological economics in order to develop understanding of the role of economics in environmental management.

From the first batch of 21 students enrolled in 2009, 16 students have completed their course work and are currently working on their thesis. The list of the research topics can be viewed at page 37. In 2010, 21 students were enrolled out of 175 applicants. Most of the students have completed their course work and they are working on their thesis proposals. In the third batch, 14 students are admitted, out of 200 applicants, after the test and interview.

### List of Research Proposals/Thesis of First Batch

S. No.	Name of Student	Name of Supervisor	Submitted Proposal	Submitted Thesis
1	Mr. Ajaz Ahmed	Dr. Usman Mustafa	Impact Assessment of Rooftop Rain Water Harvesting: A Case Study of Bagh and Battagram Districts.	Completed
2	Mr. Aamir Jadoon	Dr. Rehana Siddiqui	Valuation of Carbon Storage Service: A Case Study of Margalla Hills National Park, Islamabad, Pakistan.	
3	Ms. Sana Pervaiz	Dr. Usman Mustafa	Impact of Water Pollution on Human Health: A Case Study of Sambrial, Sialkot, Pakistan.	
4	Ms. Erum Sharif	Dr. Rehana Siddiqui	Impact of Seasonal Migration on Livelihood in Cholistan Desert: A Case Study of Cholistan, Bahawalpur Division.	
5	Mr. Fasih Asghar Ali Khan	Dr. Rehana Siddiqui	Economic Analysis of Wastewater and Bioremediation Plant Treated Water Use in relation with Farmer's Health.	
6	Mr. M. Zohaib Saeed	Dr. Usman Mustafa	Impact Assessment of the Socio-Economic Aspects and Agricultural Productivity of a Minidam: A Case Study of Ziarat, Balochistan.	
7	Mr. Abrar Ahmed	Dr. Usman Mustafa	An Application of Contingent Valuation Method to Measure WTP for Reduction in Risk of Premature Mortality due to Air Pollution: A Case Study of Gujranwala, Pakistan.	
8	Syed Asif Iqbal	Dr. Usman Mustafa	Analysis and Forecasting of Environmental Trend in Pakistan.	
9	Mr. Asif Hussain	Dr. Usman Mustafa	Impact of Climate Change on Food Security in Pakistan: Vulnerabilities to Food Security in South Punjab.	
10	Ms. Asma Bibi	Dr. Rehana Siddiqui	Role of Mangroves Eco System in Poverty Reduction – A Case Study of Bhira Village in Balochistan.	
11	Mr. Raheel Anjum	Dr. Rehana Siddiqui	Current SWM Practices and Peoples STP for Improved SWM Services: in Twin Cities.	Completed
12	Syed Aqrar Hussain	Dr. Usman Mustafa	The Impact of Landslides on Potato Productivity in Gilgit, Baltistan.	
13	Ms. Rabia Manzoor	Dr. Rehana Siddiqui	Green Growth: An Environmental Technology Approach.	Completed



### List of Research Proposals of Second Batch

S. No.	Name of Candidate	Supervisors Co-Supervisors	Title of Dissertations	Date of Defense
1	Mr. Arif Rehman	Dr. Aneel Salman	Quantifying Vulnerability to Climate Change	March 16, 2012
2	Mr. Hassan Mansoor	Dr. Junaid Memon	Economic Valuation of the Recreation Site: the Case Study of Rawal Lake Using Travel Cost Method (TCM)	
3	Ms. Fatima Gulzar	Dr. Usman Mustafa	An Evaluation of Ground Water Pollution on Children Health—A Case Study of Manka Drain in D.G. Khan, Punjab	Oct. 26, 2011
4	Ms. Maryum Najeeb	Dr. G. M. Arif	Exploring the Role of Environmental Income in the Rural House Holds Welfare	March 16, 2012
5	Mr. Imran Ali	Dr. Rehana Siddiqui	Joint Efficiency Analysis of Thermoelectric Power Plants in Pakistan	May 11, 2012
6	Hafiz Ajmal Saeed	Dr. Usman Mustafa	Observation on conservation and Peoples Attitude towards Endangered Species (Snow Leopard in KP) with Special Reference to Chitral	April 11, 2012
7	Mr. Bilal Tariq	Dr. Zafar Mahmood	Trade and Environment in SAARC Countries	June 12, 2012
8	Ms. Zara Bari	Dr. Usman Mustafa	Impact of Household Environment on Health: Evidence from Pakistan Panel of Household Survey	-

## **6. QUALITY ENHANCEMENT CELL**

Pakistan Institute of Development Economics is focusing to attain the objectives in line with the vision of the organization to retain its international standing. In order to maintain the standards of quality assurance in education, performance indicators provide the basis for future progress. It is pertinent to mention that PIDE has already worked on predefined indicators of quality to compete with the international institutions.

To strengthen the Internal Quality Assurance in PIDE, Higher Education Commission (HEC) provided the financial assistance and infrastructure to establish Quality Enhancement Cells (QEC) as the custodian of quality assurance. The Quality Enhancement Cell (QEC) was established at PIDE in June, 2011 and appointed the following officers with staff:

- Dr. Abdul Qayyum (Director)
- Mr. Kashif Munir (Deputy Director)
- Ms. Fouzia Tanveer (Assistant Director/Data Analyst)

The Director QEC participated in the First meeting of Phase IV QECs, 9th – 10th June, 2011, at HEC Regional Centre Karachi and briefed the participants about the current status and future plans of QEC PIDE.

QEC PIDE formulated three program teams in June, 2011 in three departments i.e. Department of Economics (MSc Economics), Department of Business Studies (MBA), and Department of Econometrics & Statistics (MSc Econometrics & Statistics) which are responsible to prepare the Self Assessment Report. The webpage of QEC PIDE has been developed, where all the information is uploaded and the activities are updated from time to time. QEC PIDE also acquired the membership of QEC Yahoo Network.

The future plans of QEC PIDE include; the formulation of three assessment teams and organization of their visits, formulation of three new program teams, and conducting awareness seminars on higher education and quality assurance.

## **6. EXTRA CURRICULAR ACTIVITIES**

Each year competitive sports for both male and female students are organised at inter-departmental, like football, cricket, badminton, athletic, etc. In future, different sports teams from PIDE will participate in inter-university level events. PIDE has four sports clubs, namely the Cricket Club, Badminton Club, Football Club and Table Tennis Club. The sports facilities for male and female students are managed by the respective sports Clubs. In 2012, PIDE sports division organised inter-departmental cricket tournament which was won by the Business Studies Department's team.



*Students Registration Day for Societies Fair, 2011*



*2nd Vice Chancellor Cricket Tournament, 2011*



*1st Salman Sohail Memorial Football Cup, 2011*

## 8. PROJECT EVALUATION AND TRAINING DIVISION

The Training and Project Evaluation Division of PIDE is conducting specialised in-service project planning, economic analysis and tailor made training courses/workshops for development practitioners working in the government, semi government departments, autonomous development, and non-governmental organisations. Training increases knowledge, enhances skills, brings positive change in attitude and adds to attributes of individuals. It is a continuous process which is necessary for running any project or programme effectively and efficiently. Acquisition of these skills has proved to be advantageous in successfully promoting careers in government ministries, public enterprises, international organisations, and private corporations etc.

Between July 2010 and June 2011, the PIDE organised three extensive training courses in which 150 officers from different federal and provincial governments as well as semi government departments and organisations participated. Besides these a number of participants were from NGOs. Each training course also consisted of the PIDE's staff itself.

**Result Based Management (RBM)** is a way of describing a project in a logical way so that it is well designed and described objectively. RBM helps in evaluating and structuring the project clearly. Considering this, the PIDE organised a RBM training besides the annually held two weeks training course on "Project Preparation and Appraisal". The RBM training courses aim at the capacity building of the participants in terms of project formulation, implementation, monitoring, and the evaluation of government policies, plans, programmes and projects in all areas of development.

The PIDE also organised a one week course on **Effective Communication Skills** for managers and officers belonging to the public and private sector enterprises. The basic purpose of this course was to develop the presentation skills of participants so that they can successfully plan and present all aspects of their respective projects.

### Training Courses from July 1, 2010 to June 2011

1.	Two-weeks "Project Monitoring & Evaluation" (PM&E) (July 12-23, 2010)
2.	One-week "Result Based Management" (December 6-11, 2010)
3.	Two-weeks "Project Preparation and Appraisal" (PPA) (January 3-15, 2011)
4.	One-week "Effective Communication Skills" (ECS) (April 18-23, 2011)



*Participants of the Course on Effective Communication Skills (April 2011)*

## 9. PUBLICATIONS DIVISION

PIDE's Publications Division performs the functions of compilation, editing, formatting, designing and printing of all research produced by PIDE's research divisions. The Publications Division has the capacity to produce the print-ready copies of all publishable material before sending it to the press. PIDE's world renowned publication namely *The Pakistan Development Review* is also published and disseminated by the Publications Division. The Division takes a lead role in bringing out various books, research reports, newsletters, and printed material for seminars and conferences of the Pakistan Society of Development Economists. Distribution of the publications nationally as well as internationally is also among the core tasks of the Division which provides it an opportunity to liaise with various international research organisations and academia.

Most national and international indexing and abstracting services in the social sciences provide useful information about our publications. The contents of the *PDR* are abstracted/indexed regularly by several works of reference including International Bibliography of the Social Sciences, Econlit, e-JEL, JEL on CD, World Agricultural Economics and Rural Sociology Abstracts, Agricultural Engineering Abstracts, Asian-Pacific Economic Literature, Ekistic Index of Periodicals, Wheat, Barley and Triticale Abstracts, Tropical Oilseeds, Rice Abstracts, Population Index, International Labour Documentation, Bibliography of Asian Studies, Geo Abstracts, CABi, IORR Virtual Library, and Current Issues, EBSCOhost, Gale Cengage and JSTOR databases.

### ***The Pakistan Development Review***

- Volume 49, No. 1 (2010)
- Volume 49, No. 2 (2010)
- Volume 49, No. 3 (2010)
- Volume 49, No. 4 (2010)
- Volume 50, No. 1 (2011) (Golden Jubilee Issue)
- Volume 50, No. 2 (2011)

Some of the research published during the year 2010-11 is mentioned below:

### **PIDE Working Papers**

- 2011:66. *The Effect of Foreign Remittances on Schooling: Evidence from Pakistan* by Muhammad Nasir, Muhammad Salman Tariq and Faiz-ur-Rehman (2011). 27pp.
- 2011:67. *Foreign Direct Investment and Economic Growth in Pakistan: A Sectoral Analysis* by Muhammad Arshad Khan and Raja Shujaat Ali Khan (2011). 22pp.
- 2011:68. *The Demographic Dividend: Effects of Population Change on School Education in Pakistan* by Naushin Mahmood (2011).18pp.
- 2011:69. *A Dynamic Macroeconometric Model of Pakistan's Economy* by M. Arshad Khan and Musleh ud Din (2011). 52pp.
- 2011:70. *The Contemporaneous Correlation of Structural Shocks and Inflation—Output Variability in Pakistan* by Muhammad Nasir and Wasim Shahid Malik (2011). 22pp.
- 2011:71. *An Empirical Investigation of the Relationship between Food Insecurity, Landlessness, and Violent Conflict in Pakistan* by Sadia Mariam Malik (2011). 17pp.

- 2011:72. *Foreign Aid and Growth Nexus in Pakistan: The Role of Macroeconomic Policies* by Muhammad Javed and Abdul Qayyum (2011). 23pp.
- 2011:74. *The Persistence and Transition of Rural Poverty in Pakistan: 1998-2004* by G. M. Arif, Nasir Iqbal and Shujaat Farooq (2011). 27pp.
- 2011:75. *The Cost of Unserved Energy: Evidence from Selected Industrial Cities of Pakistan* by Rehana Siddiqui, Hafiz Hanzla Jalil, Muhammad Nasir, Waseem Shahid Malik and Mahmood Khalid. 21pp.
- 2011: 76. *The Determinants of Food Prices: A Case Study of Pakistan* by Henna Ahsan, Zainab Iftikhar, and M. Ali Kemal (2011). 21pp.
- 2011: 77. *Estimating the Middle Class in Pakistan* by Durr-e-Nayab (2011). 29pp.
- 2011: 78. *Remittances and Poverty Linkages in Pakistan: Evidence and Some Suggestions for Further Analysis* by Mohammad Irfan (2011). 18pp.
- 2011: 79. *Contribution of Services Sector in the Economy of Pakistan* by Ayaz Ahmed and Henna Ahsan (2011). 18pp.
- 2011: 80. *Poverty Dynamics of Female-headed Households in Pakistan: Evidence from PIHS 2000-01 and PSLM 2004-05* by Umer Khalid and Sajjad Akhtar (2011). 16pp.

## **NEWS LETTERS**

### **PIDE Inflation Expectations Survey**

- Vol. 2. No. 1 by Abdul Qayyum, Muhammad Javid and Kashif Munir (2010)
- Vol. 2. No. 2 by Abdul Qayyum, Muhammad Javid and Kashif Munir (2010)
- Vol. 2. No. 3 by Abdul Qayyum, Muhammad Javid and Kashif Munir (2010)
- Vol. 2. No. 4 by Abdul Qayyum, Muhammad Javid and Kashif Munir (2010)
- Vol. 3. No. 1 by Abdul Qayyum, Muhammad Javid and Kashif Munir (2011)
- Vol. 3. No. 2 by Abdul Qayyum, Muhammad Javid and Kashif Munir (2011)

### **PIDE Monetary Policy Viewpoint**

Abdul Qayyum, Muhammad Javid and Kashif Munir (2010)

### **PIDE Business Barometer No. 7, November (2010)**

**Macroeconomic Brief** by Musleh ud Din, M. Idrees Khawaja and Nasir Iqbal No. 2, February (2011)

**PIDE Budget Viewpoint 2011-2012** Breaking Out of Stagflation—A Three Point Strategy by Rashid Amjad, Musleh ud Din, and Khawaja M. Idrees (2011) (English/Urdu versions).

### **PIDE Research 2007-2010** (2011)

### **PIDE Monograph Series**

*Economic and Social Impact of Global Financial Crises: Implications for Macroeconomic and Development Policies in South Asia* by Rashid Amjad and Musleh ud Din (2010)

*Economic and Social Impact of Financial Crises on Households: A Case Study of Pakistan, Sri Lanka, Bangladesh and Nepal* by Zafar Mueen Nasir (2011).

## Miscellaneous

All literature and material including Brochures, Invitation Cards, Reports, Programme etc. for the 26th Annual General Meeting and Conference of the Pakistan Society of Development Economists (28th – 30th December, 2010).



## 10. LIBRARY AND DOCUMENTATION DIVISION

The PIDE Library now plays a double role, as a University Library as well as a Specialised Library devoted to research on burning economic issues in general and of relevance to Pakistan in particular. Books purchased or received on complimentary basis, are added continuously to the collection, which now stands at 36750 volumes of books. The library receives research papers from nearly 250 distinguished institutions. There are 500 bound volumes of periodicals.

The Library subscribes to 12 current foreign journals and 101 Journals on exchange basis of international repute. On the average, there is an intake of about 450 books and 530 research documents annually.

The Library produces the monthly bulletin “**PIDE Library Periodical Bulletin: Current and Retrospective Records**” which keeps the research community aware of the available literature on their topics of interest. Copies of the bulletin are distributed regularly among the research staff of PIDE.

The emphasis in acquisition is generally on Economics, Environmental Economics, Management Sciences and Demography, with sprinkling of other social sciences. It is not a general lending library but has inter-library loan links with certain institutions. The library holdings comprising books, reports and journal articles are available on the library database namely CDS/ISIS and LAMP. All documents in the database are retrieved by Author, Title, Subject and Class number.

Under the Digital Library Facility, provided by HEC, the library has full text access to the following database:

1. E-brary
2. JSTOR
3. Project MUSE
4. Springer Link
5. Taylor & Francis
6. Wiley Inter Science

The Library has also full text access to the following databases other than HEC:-

1. World Bank E Library
2. Global Development Finance (GDF) online
3. World Development Indicators (WDI) online
4. Data Bank (Containing: International Financial Statistics) online

As a DEPOSITORY LIBRARY of the World Bank, Asian Development Bank, International Development Research Centre (IDRC) and International Labour Office (ILO), the library receives nearly most of their prominent publications.



*The stacks at the PIDE Library*



## 11. INFORMATION AND COMMUNICATION TECHNOLOGIES DIVISION

The ICT Division provides useful services to the members of the Pakistan Institute of Development Economics and made significant progress in various emerging fields of information technology during the year 2010-11. The institute utilises the internet bandwidth of 8 Mbps provided by the HEC under *PERN Project Phase-1* that is being extended to a bandwidth of 13 Mbps under *Phase 2* of the *PERN Project* during the reported year. In order to economise on resources, file and printer sharing were made possible through networking. Also, the data bank was strengthened by adding more data sets.

### Acquisition of New Datasets

With the addition of three more data sets (LFS 2009-10, PPHS 2010, PDS 2007) during 2010-11, the data bank currently has 63 data sets including data sets like Household Income Expenditure Survey (1990-91 to 1996-97), the Labour Force Survey (1990-91 to 2009-10), the Pakistan Integrated Household Survey (1990-91 to 2001-02), the Pakistan Social and Living Standards Measurement Survey (2004-05 to 2007-08), the Micro Impact of Macro Adjustment Policies (1998-99 to 2001-02 panel data), the Pakistan Rural Household Survey (2001 to 2004 panel data), the Nutrition Survey 2001, the Multiple Indicator Cluster Survey Punjab (2003 and 2008), NWFP (2001-02) and Balochistan (2003-04) and the Time Use Survey 2008.

The ICT division assisted in conducting field surveys undertaken during 2010-11 by developing computer programmes for data entry, data cleaning, and preparing work files for data processing. The data cleaning and documentation of the files for Pakistan Poverty Households Survey 2010 (PPHS phase III) has been completed and the data is available for analysis (by the research team).

The Division has completed the first phase of the Information System of the PIDE Employees during the year under report and entry of information of the employees is in progress. Designing of the Student Information System is in progress which will cover the student information record with online course registration. The Division also improved the accounting system of PIDE by updating it from time to time and adding new feature regarding provident fund in the payroll during 2010-11. A new lab (capacity of 20 PCs) facilitated with wireless internet connectivity was established during the same year in the new academic block.

About 20 *PDR* articles were uploaded on the REPEC website (<http://econpapers.repec.org/article/pidjournal/>) during the reported year raising the total number of uploaded *PDR* articles to 1680. This placed PIDE at the top of the ranking list of economic institutes in the country and an improved world ranking. In addition, over 70 PIDE working papers are also loaded on Institute's Website.

In order to economise on resources, as well as for the convenience of users, soft copies of the reading material were prepared on CDs for distribution among the participants of various training courses and the 26th Annual General Meetings of the PSDE. The Division also prepared several presentations for the Senate, the Syndicate, and the PSDE meetings.

Other supports provided by the Division during 2010-11 include provision of multimedia projectors during lectures and training workshops, and online application forms for Fall, 2011 admissions. The ICT Division prepared 350 students ID Cards, 700 Security Passes for staff, and 200 new e-mail accounts and new user accounts were created for new intake of student. The other services of the Division include time to time updating and maintenance of websites of PIDE and the PSDE during the year under report.



The staff of ICT Division frequently attended seminars and trainings to update their knowledge about latest development in the field. The following training/certificate courses were attended by the ICT staff during 2010-11.

- Oracle Solution for Universities and Higher Education
- IT Infrastructure Library V3 Foundation
- IBM Cloud Computing Solutions
- Project Monitoring and Evaluation Techniques
- Why EPR Project Fail
- Introduction to Project Management PMP Certification Course

New hardware was also added to the stock at PIDE during the year 2010-11 including the following:

Desk Top Computers	36
Laser Printer	02
Photocopy Machine	01
Multimedia	03
Laptop Computers	02

