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PIDE

P & R

2022

PIDE's GUIDE TO POLICY & RESEARCH

Informal Economy of Pakistan

EXCLUSIVE INTERVIEWS

Hassan Khawar (Public Policy Expert)

Akbar Ali (Street Vendor GII)

Dr. Anwar Shah (Professor QAU)

PIDE P&R

PIDE's GUIDE TO POLICY & RESEARCH
(*STUDENT EDITION*)

VOLUME III – ISSUE I



Pakistan Institute of Development Economics (PIDE)



Editorial Board

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Back Cover Design

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Photography

Hamayun Khan

Fizzah Khalid Butt

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PIDE Policy & Research is a guide to policy making and research. Each issue focuses on a particular theme, but also provides a general insight into the Pakistani economy, identifies key areas of concern for policy makers, and suggests policy action. The publication offers a quick orbit of the country's economy and is a hands on and precise go to document for the policy maker, businessperson, academic, researcher, or student who seeks to remain updated and informed. This issue is themed around informal economy of Pakistan. We welcome contributions from within PIDE as well as from any external contributors.

Disclaimer:

The views expressed by the contributors do not reflect the official perspectives of PIDE.

For contributions and feedback, please reach us at:
policy@pide.org.pk

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Welcome to PIDE

The Pakistan Institute of Development Economics was established at Karachi in 1957 and in 1964 accorded the status of an autonomous research organization by the Government of Pakistan. It is devoted to theoretical and empirical research in Development Economics in general and on Pakistan-related economic issues in particular. In addition to providing a firm academic basis to economic policy-making, its research also provides a window through which the outside world can view the nature and direction of economic research in Pakistan. Other social sciences, such as demography and anthropology and interdisciplinary studies increasingly define the widening scope of research that must be undertaken for proper economic policy and development to have sound underpinnings. Over the past 61 years PIDE has earned an international reputation and recognition for its research. Our faculty is rich and our advisory committee consists of world renowned economists such as Nobel Laureate Robert A. Mundell.

PIDE is located at the Quaid-i-Azam University Campus in Islamabad, the capital of Pakistan. The campus rests against the backdrop of the Margalla hills on the Potohar Plateau, within a short distance of the remains of Taxila, which once housed the world's oldest university. Archaeological remains discovered in this area show that it has been a center of civilization for some 5,000 years. The Institute, neighbor to several other academic outfits situated in this historic and scenic part of the green foothills of the great South Asian mountain ranges, is the hub of economic and social science research in this part of the world.

In November 2006, PIDE was granted the degree awarding status and hence our top priority now is to provide quality education which is affordable but of world class standard in this region along with a truly stimulating learning environment.

The advice of PIDE's International Advisory Board is also sought on various aspects of the Institute's academic activities. This Board comprises outstanding scholars (including Nobel Laureates) in the fields of Economics, Demography and Anthropology.



EDITORIAL

DEAR ALL,

It's the beginning of a new year, with new year there are new hopes and dreams for better beginnings. The past two years have been hard-hitting around the globe, the terror that we hoped won't be around in year 2022 is still around, in different shapes and variants. Covid-19 has changed the way of life, people contemplate, reason and plan according to a "new normal". We wish with the new normal too, we see the world progressing again. With anticipations of all the things good, we wish all our readers a very Happy New Year!!!

Covid-19 has affected the education system a lot, the in-person learning was minimized and it was hard for both students and teachers to gather motivation to do something beyond the online lectures and assignments, there PIDE asked the students to expedite their skills and wishes and get us a magazine for P&R edition, this magazine is solely an effort of our students. In this edition our students have chosen the theme, 'Informal sector of Pakistan'. Informal sector is adding the most to GDP which is tremendously beneficial but the point of students is how the vulnerable segment is managing life and working, what are the opportunities available for them, and what is the role of government. It requires an understanding of how economy works and how social protection should work, asserting that the healthy economies balance growth and social protection.

We would thank all the students who have contributed in this edition particularly Kashif Akash, Alishba Ansari and Ambreen Shabbir. Our students have conducted interviews with Hasaan Khawar, Special Assistant to Chief Minister Punjab on Information and Special Initiatives, Tourism and PHAs. They have written articles on shadow economy, urban management, city administration, gender and economy, and entrepreneurial and business activities. We are pleased to share this student effort with you all and would love to have constructive feedback to motivate more students and bring in more sole student efforts in shape of P&R editions.

HAPPY READING!!!

Hassan Khawar

Q No. 1: Given the prevalence of informal sector (it accounts for over 73.3 percent of the employment), is it inevitable to regulate the sector? And if so, what policy solution would be viable in this regard?

Regulating the informal economy is a sensitive subject. Regulations exist in multiple forms. On one hand, there is regulation for labor protection, which is tied to the rights of workers. This one is quite important, and unfortunately, long overdue. In many sectors, especially the domestic workers, the cases of labor abuse are common. The other type of regulation is to bring the informal businesses into the formal economy, which could be tricky.

Plenty of literature is available on regulation of economy, and it clearly tells us: the greater the regulation, more would be the efforts to evade such regulations, and the more the informal economy thrives. Regulating a business means more inspection visits and monitoring, which can consume a lot of time of a business—catering to the inspector's queries and whipping up documentation at every other instance. Plenty of time and energy of that enterprise will be consumed by this, constraining the commercial part of the business that will impact the enterprise's growth.

"There is a delicate balance between labor protection and business growth, which is hard to maintain."

Even when the World Bank added a score for labor in its Doing Business

Report, it invited a lot of criticism, and it was claimed that the Bank was viewing labour from a narrower cost to business angle. But in the long run, it's actually better because when your labor is happy and their rights are protected, productivity will increase. There will not be any labor strikes or pushback, which the critics were not accounting for.

On the other side of the spectrum, too much regulation can be unhealthy too. If you go too pro-labor or pro-rights in a country where regulatory regimes are based on rent seeking, the businesses won't be able to breathe. So, striking a balance is key.

Regulating the Sector:

When it comes to the policy options to regulate this sector, the conventional way to attain this is

to either make a new institution to regulate or assign the task to an existing institution. Then you make the rules, start penalizing violations, and start licensing and inspections.

"However, an alternative route - although not prevalent in Pakistan - is to introduce voluntary compliance."

That perhaps is a better way. In fact, incentivized voluntary compliance has worked well in many other countries.

For instance, when you have to export in the West, they demand you to subscribe to the higher standards in terms of labor rights. If you are involved in child labor, the violation of Pakistan's laws may or may not create issues for you, but if the buyer learns about them, it will land you in trouble for sure. That's why export-



oriented companies have far better track record of labour rights. This is more of a voluntary compliance, which is working well because the companies know they will get more business by complying with the labor rights. So, it is important to introduce a voluntary culture in this regard, rather than jumping to formulate laws and asking the labor departments to handle it. That would create more harm than good.

Q No. 2: How do bureaucratic red tape, regulatory issues and lack of employment lead to informal



labor and entrepreneurship?

Generally, higher rates of entrepreneurship are believed to be associated with higher economic growth. But a few years ago, Global Entrepreneur Monitor collected cross-country data on global entrepreneurship. To their surprise, it turned out that there is actually a U-shaped relationship. Countries with low economic growth also had higher entrepreneurship rates. They were struggling to find a model that could explain this pattern where both low and high economic growth had higher entrepreneurship.

“They figured out that they needed to differentiate between the rich and poor countries’ entrepreneurship.”

Necessary vs. Opportunity Entrepreneurship

They categorized the difference as opportunity entrepreneurship versus necessity entrepreneurship. Poor countries have necessity entrepreneurship where people are doing business out of necessity without access to capital or other facilities. They are not tapping into the opportunities offered by entrepreneurship but just fulfilling their necessities. This is widely prevalent in countries like Pakistan. However, it is a blessing in disguise too, as the necessity and absence of job opportunities is driving this kind of entrepreneurial activity. If we begin to formalize this sector too much, it makes life difficult for these micro-entrepreneurs. Many small businesses want to remain informal. Even the small-scale opportunity entrepreneurs find it easy to operate in informal sector, as to avoid high compliance costs. Regulation has a cost, which businesses would prefer to avoid. Either because of a fear of regulation or the sheer small scale of the business, small businesses want to steer clear of

the registration process. Excessive regulation may enhance tax net but is likely to cripple economic activity, especially considering the nature of Pakistan’s bureaucracy.

Regulating the Domestic Labor

A huge section of informal labor is constituted of domestic household workers. The news about employers torturing or abusing their minor domestic helpers comes to public attention every other day. We have not managed to regulate this segment. The journey of regulating informal economy could start from areas that are the most vulnerable to abuse, such as household labor. Obviously, that is not easy, as every other house has a domestic worker. One way to approach this could be to ban unsupervised child labor in domestic work. The parents should accompany when a child (at least 15 years of age) is hired for work. Then penalize the violations and make an example out of it along with creating awareness. In fact, the society has become more aware over time. It used to be a common practice in Pakistan to hire a 12-year or 14-year child for domestic work. But now people are becoming increasingly aware. So, awareness and regulation both can help.

Q No. 3: How the social protection of laborers working in the informal sector can be materialized?

This is a very interesting question, as we haven’t even managed to provide proper social protection to the formal sector yet. If you look at EOBI, the system is working, but there are a lot of issues with it. People get their salaries deducted during work, and in the end, they get mere 7,000 or 8,000—a very modest amount. One of my school teachers approached me privately

when he saw that I write on pension and other related issues. He told me he had submitted his application to EOBI two years back and hadn't received his pension yet, which was Rs.6500 per month despite so much struggle. He has been going from office to office but to no avail. People cannot get even their legitimate pension for which they contributed during their service. Even if they get it after this much trouble, all they get is peanuts. This is the condition of the formal sector. So, providing social protection to the informal sector is a difficult task. The Ehsaas Program is making strides in this regard now. The Sehat Sahulat card is a form of social protection for the general public. We need to expand these efforts.

Absence of Data on Informal Sector

Another issue regarding the informal sector is lack of proper data. There is a need to better understand the structure and geography of the informal economy first. Once its nature is understood, it can be regulated effectively. Many organizations, like PIDE, are working on the subject, but no such effort has been made from the government's end. The figures we see are vague estimates. Many innovative methods have come around lately through which the size of informal economy can be aptly estimated, such as using energy consumption or night-lights data from satellites to track activity. A program called SEED is conducting a study in KP attempting to estimate the sub-provincial GDP and also look at the possible size of the informal economy. Using nightlights to estimate economic activity in the province is an exciting avenue that is being explored for this study. It can prove highly fruitful

in determining the sector's size.

Q No. 4: How can the government assure job security of the informal workers, especially in the construction and transport sector—given they lost jobs in the COVID-19 pandemic?

There can be a law or a policy on labor protection, but the pandemic is a once-in-a-century occurrence. Regulating small businesses during such circumstances means unwittingly pushing them to leave the space. That's where the state has to intervene - which it has done this time. The government offered loans to businesses to cover the employees' salaries and also provided relief in bills. You can push the construction and transport sector to employ people by offering financial help for that.

"Co-opt them; don't coerce."

If the government co-opts and assists them financially, the policy is more likely to succeed. There are two schools of thoughts when it comes to regulation. The first kind is labor rights hawks. They would say that the labor should be protected at any cost. The other kind is economic growth hawks, who say that the economy should be protected at any cost. So, it falls on the state to draw the balance. Opting for either of the extremes will not work.

Q No. 5: How can the government compensate the informal workers in old age (as there is pension for those formally employed) and the family in accidental death?

The major player in the construction sector is the government—either directly or indirectly. The public sector development programs

doles out a lot of construction work, which can be the entry point for formalizing the construction sector. Another way to attain this is the housing sector, such as the Naya Pakistan Housing Scheme, the low-cost housing projects. This sector can be co-opted through these projects to subscribe to higher labor standards. In the transport sector, there are many companies like Uber, Careem, Bykea, which need to be considered separately while regulating the sector. The issue is not just of labor rights or economic growth rights, but also the provision of quality services. When the government enters this sector, it has to adopt the 21st century mindset where these modern business models are growing too. These enterprises need space to grow. Working for labor rights is fine, but it should not be capitalized on by the existing transporters to jeopardize the modern competitors' business. So, the government needs to be careful regarding such ploys too.

Q No. 6: It's been widely accepted that the informal sector acts as a buffer and helps with poverty alleviation. What policy actions do you recommend the government take in this regard?

Pakistan's informal sector is quite resilient, mainly because there is no other option. It has to bounce back. Shaukat Tarin said recently that many people lost their jobs during the pandemic, but almost 90 percent regained them. That is because they did not have any other option. Whenever the economy gets back on track, they have to come out and resume their activities, be it transporters or street vendors. So, firstly, the government's policies should not constrain the informal sector. Secondly, there should be

a grievance redressal system for labor abuse. Thirdly, state should incentivize people to formalize their business rather than coercing them. When it comes to the informal sector, many things require to be considered. For instance, for the necessity entrepreneurs, one needs to explore how they can be converted into opportunity entrepreneurs. SEED found that in Peshawar, there are many women entrepreneurs from low-income households. However, they do not progress much due to lack of access to finance and limited opportunities for training in business and technical skills. Such entrepreneurs can be given access to capital or good training. The state also needs to see what the living conditions of these informal laborers are, how they can be facilitated, and so forth.

Q No. 7: As for ensuring a balance between businesses' growth and labor rights, the formal sector also poses this dilemma. How can the government push for it head on and beyond the voluntary initiatives, be it the formal or informal sector?

First, we have to see our own capacity. A recent incident involving Johnny & Jugnu (a small restaurant) in Lahore went viral on social media. The SHO sent a person to the restaurant and demanded free burgers. They refused, so the police shut down their restaurant and locked up their staff. The issue got traction due to social media and action was later taken against the SHO but imagine how it goes for other unknown businesses. Now, when there is an attempt to regulate the sector for labor rights, next we there is a labor inspector demanding free burgers too! So, rent seeking is an important consideration in Pakistan's context. Recently, during an event, I met the owner of Johnny & Jugnu. He says when he opened the restaurant, it became quite popular. The place was persistently crowded and became renowned for its reasonable prices and decent food. He said he has a knack for experimenting with recipes. But ever since he opened his restaurant, 80 percent of his time goes to dealing with the government. There are officials from the local government, DHA, or income tax coming to the

restaurant every now and then to ask questions, leaving no time for him to pursue his passion. This is the situation we have. However, despite all this, the idea of labor rights cannot be dropped completely. Doing so means there is an open space for businesses to exploit the workers. We need to increase our regulatory capacity first and assure the businesses that these policies are not for rent seeking. Second, we have to introduce a bare minimum grievance redressal system, so that even if the sector is not regulated, the labor would know they can come forward with their complaints. The provincial governments would have such systems for sure. There is a PM portal too. However, do the common people like domestic workers, sanitation workers, or the rickshaw walas know their rights? Does the Bhatta (brick-kiln) worker know that he can report abuse on the PM portal? Hence, not only is there a need for a redressal system, but also a need to publicize it widely. This will be a vital step in ensuring labor rights protection across the country.

Dr. Anwar Shah

Q No 1. Like any other developing country, Pakistan is witnessing the persistent expansion of informal sector. As an economist, how would you describe its impacts on the economic development of the country?

The terms informal and formal are described in many different ways in literature. For simplicity, in formal economy businesses and economic activities are on government record. Hence there's proper documentation, taxation and record of the number of employees. All government laws and policies are applicable on the formal economy. For instance, such businesses have to abide by minimum wage laws, taxation, policy for health insurance etc. Similarly, fund flow from banking sector are in formal economy as economic transactions are on record.

On the other hand, simplest example for informal economy would be the huts in Quaid e Azam University. There's no record of the owner, number of employees, the revenue earned. Although real economic activities take place in informal economy, there's no record on whether such businesses pay direct taxes or give their workers' rights as per legal framework.

Since informal economy is non-documented, its contribution in GDP and GNP cannot be directly accounted. Having said that, informal economy plays a role in economy through demand side. It also gives income-generating avenues and employment opportunities. This economy also



has demand-side forward and backward linkages with formal economy. The only difference is that it doesn't play a direct role in revenue generation for government through taxation. However, it does indirectly contribute to the government revenue, but it does play a role in development.

Q No 2. How do regulatory issues cause informal employment and entrepreneurship?

It's relatively easier to start a business activity in informal sector. There is no need to seek permission from any authority or we can say that entry and exit in such business activities is simple and easy. For example, a street vendor only needs to identify a space and start his business. Moreover, it's a gateway for small business entrepreneurs, as it doesn't require much investment either. Hence, we can say it relatively provides free entry and free exit and is less capital intensive. Whereas, to formally start a business, one requires going through proper documentation procedures, fulfillment of certain criteria and getting permission from

relevant authorities. This is difficult and cumbersome for a layman due to bureaucratic hurdles, red tape, kickbacks and bribe etc. Eventually, small entrepreneurs prefer informal over formal.

As for regulatory issues, they can be economic or administrative, depending upon the economic activity. Let's say some 20 vendors operate in a street with a capacity for 10 vendors. Now this will create traffic management problems. The service road of the Islamabad sabzi mandi is one example. In such a case, district administration is faced with dilemma of keeping the traffic flow and managing the vendors in the area. From this perspective, street vending is closely linked to administrative regulations hence the emphasis shouldn't be on taxation rather licensing and registration is the way forward. But as this also involves city laws, we need to approach it from the legal perspective. Once we know city bylaws for street vending, we'll be able to clearly understand current status of vendors and solutions that can be derived.

Q No 3. The informal sector includes people from different sectors, such as domestic workers, home-based workers and construction workers. Do you think entire informal sector can be regularized or formalized? How challenging can this be? What benefits can this result in?

We should keep in mind that regularization has two aspects. One aspect is for the purpose of ensuring proper implementation

of all laws related to economy including minimum wage and taxation. Given informal sector largely comprises small businesses and low-paid workers, implementing this will kill informal economy. We have to understand the dynamics of informal economy. The second option is to regularize through incentives. For example, government can incentivize by providing easy installment loans, giving preference to registered people for allocation of space when a commercial location is specified, Seht Sahulat card for employees etc. People are more likely to share information if they are incentivized. Therefore, transformation from informal to formal should be based on incentive.

However, one should also acknowledge that most businesses in informal economy will not satisfy the requirements for formalizing. What will happen? Shall all those noncomplying be closed down? So many workers will go unemployed and we can't afford this. In this scenario, formalization is un-pragmatic. We should be more focused on regularizing and licensing.

From administrative perspective, government should have information about who owns the business, how many people are employed in the sector etc. Government needs information for maintaining law and order. It is the responsibility of government authorities to ensure the quality of stuff being sold in vending it is their responsibility to ensure that no criminals are involved in it. We can have licensing regime for street vendors which will not only provide revenue for the government but also legal protection to the vendors.

Q No. 4. It's been widely accepted that informal sector acts as a buffer and helps with poverty alleviation. What policy actions do you recommend for government in this regard?

Although informal sector helps in creating source of income for many, the poor in informal sector are not able to earn enough to transition above the poverty line. Nonetheless, informal sector does positively contribute towards poverty alleviation by playing a role in income generation. As for transitioning above poverty line, the business initiator or the entrepreneur is more likely to move up the ladder. As for workers, they need to earn more but the sector is not capable of paying them enough. Apart from that I believe that informal sector is also source of informal entrepreneurial training for many. People working at an informal set up can learn skills and start with their own venture leading to higher prospects of moves out of poverty.

Q No 5. As most of the lower working class falls under informal economy, how can government provide social security to these workers? Do you see this happening in foreseeable time?

As people employed in informal sector are not documented and registered, government policies do not apply on them. Neither can government minimum wage laws be applied as they are not viable in the context and dynamics of informal sector. To begin with, the government can generate a record of labor in this sector not to enforce minimum wage laws and taxation rather to provide health and life security through government

institutions. That's one way through which people in informal sector can benefit. However, people employed in informal sector are wary of government intentions when we talk about registration.

Currently, we need to study and assess existing laws and policy frameworks in order to ascertain whether these laws and policies cater to the needs of informal sector or threaten it. If the contemporary legal framework is more protective than threatening, we can assume that there is information asymmetry. Therefore, we need to inform people working in informal sector of the rights and laws that help them. Secondly as discussed earlier, we need to differentiate among those laws that pertain to economic aspect and those that apply on administrative aspect of informal economy. Economic laws should be more tilted towards protection whereas administrative laws should be more concerned with running the life in the smooth way.

We should view informal economy from a positive lens instead of viewing from negative connotations. Informal sector serves as the entry point for small entrepreneur and all economic activities in this sector are real and not speculative. We should recognize the role this sector plays in giving coverage to poor as there's no strict qualification or education requirement to work in this sector. The more stringent requirements we apply for this sector the harder it will become for poor segment of populace to survive.

Akbar Ali (Street Vendor)

The government initiated a street vendors' facilitation project under the Ehsaas program. PIDE conducted a preliminary survey in G-11 Markaz for this project to assess the existing situation and implement actions accordingly. The pilot project involved provision of standardized vending cards and licenses to the vendors. The vending space could not be agreed upon during the stakeholder's engagement (discussions with the trade union of G-11) due to which these vendors were allocated new spaces near the main Markaz. This interview is a feedback on the said initiative and an account on how the situation of street vendors can improve further.

Q No. 1. How has the government facilitated street vendors at your location (G-11) under its pilot project of Ehsaas Street Hawkers' Initiative? How satisfied are you?

Initially, students from PIDE came to survey our location and asked for our data. We were very afraid to share our information, but they convinced us that this information will be confidential and only be used for our wellbeing. Mr Zia Banday was in regular contact with us and paid regular visits, which gave us hopes of a good time. After few days of the survey, Adviser to Prime Minister Sania Nishtar came to G11. She listened to our concerns and promised to address those and facilitate street vendors in every way possible.

We have received a three-day training workshop at the office of MCI on food safety. We have learned how to handle food in a hygienic way. This training has given a very positive impression to our customers.

Around sixty-two vendors at this



location have received design carts from Ehsaas Program. We have been moved from our original place but to a good location near the main road adjacent to the footpath. Every vendor is allocated a specific place ranging between 4 to 6 feet, depending on their need. For poor people like us, this new initiative is a blessing. We are extremely happy and praying for all those who helped us.

Q No. 2. Has the relocation of vending space increased your sales?

The allotted place to street vendors is near the main road, which has rendered the stalls accessible to anyone who comes by. People park their car in front of the specific stall they want to buy from. We take the order and deliver it in few minutes. Doing business has become easy and our customers are very happy with this initiative. Some vendors have reported a slight decline in their footfall since they have moved from their original place where they were stationed for years. But word is getting around and the old customers are now aware of the new stations.

Q No. 3. Are you satisfied with the functionality of the new carts? Can you store your vending stuff inside?

Our carts are designed in a very sophisticated way. It stores all our

vending stuff inside. We can lock them from outside, and without any worries, we can go to our home. There are two small solar panels on the top of the carts, which are used in charging our mobile phones and lighting our cart at the night. It has reduced our dependency on the shopkeepers for electricity (and ultimately reduced our contribution to the bill, which was the case earlier). The carts are mobile and have four wheels, but we have fixed them in one location.

Q No. 4. Do you have the facilities of electricity, drinking water and washroom?

The solar panels are not sufficient to fulfill our electricity needs, especially the vendors with juice stalls. We need more electricity at night because the footfall is high in the evening and night. The stalls remain opened till 12 at night and even beyond for some. We have an arrangement with the market committee. They provide us electricity and we are charged a certain amount, which is still higher.

The washroom facilities are promised by MCI and Ehsaas Program. They have assured that they will provide a proper washroom for the vendors. As for clean water, we still don't have this facility. We need this facility direly here because majority stalls are selling food items, and clean water is required to sell hygienic foods. We have decided to collect money and arrange for a clean water facility.

Q No. 5. Do you have a security guard and cleaning staff at the vending site?

We have hired a security guard whom we are collectively paying. Each vendor contributes 50 rupees per night. Early morning, the CDA's staff comes to our location and cleans it before our arrival.

Q No. 6. How is the behavior of CDA now? Are they facilitating you?

The behavior of CDA has transformed now. They have transited from a very inhumane attitude to a respectful and dignified one. Before this initiative, they would abuse and treat us like criminals. Now, they address us with our names, and in general, as a person. They buy food from us and have a chat with us. For a poor person like me and my other colleagues, this respect is above everything. We are extremely thankful of the students of PIDE, Sir Zia Banday, Madam Syed Shafaq, and Madam Sania Nishtar. They have given us a respectful life.

Q No. 7. Have you received your vending license? Can you work in peace now?

We have received our vending license from the office of MCI. We can work in a peaceful environment. I give time

to my family. In the past five years, I haven't spent time with my family. Every morning, my kids would go to school and I would come to my vending location with a worry that CDA would come and evict me from my station. Sometimes they did, sometimes they did not. But the uncertainty was taking a huge toll. At midnight, when went back to my home, my kids were already asleep. Now, I have breakfast with my family and take my children to school every morning. At 2 PM, I bring them back to home from school and we have lunch together. Only then I return to my vending place. All this has changed because now I know I would not have to work extra to set off the eviction loss. There is certainty in my routine and my life. I feel happy; with this one initiative, my family is happy and living a peaceful life.

Q No. 9. What do you demand from the government?

Being a member of Ehsaas Rehriban Association, G11, firstly, I thank the current government for listening to our concerns. Then, I demand to facilitate us with drinking water facilities, washroom facilities and direct electricity connections, because the market committee and shopkeepers are selling us electricity at a very expensive rate.

Q No. 10. Is there any established vender's union to spread your voice and unite for your rights?

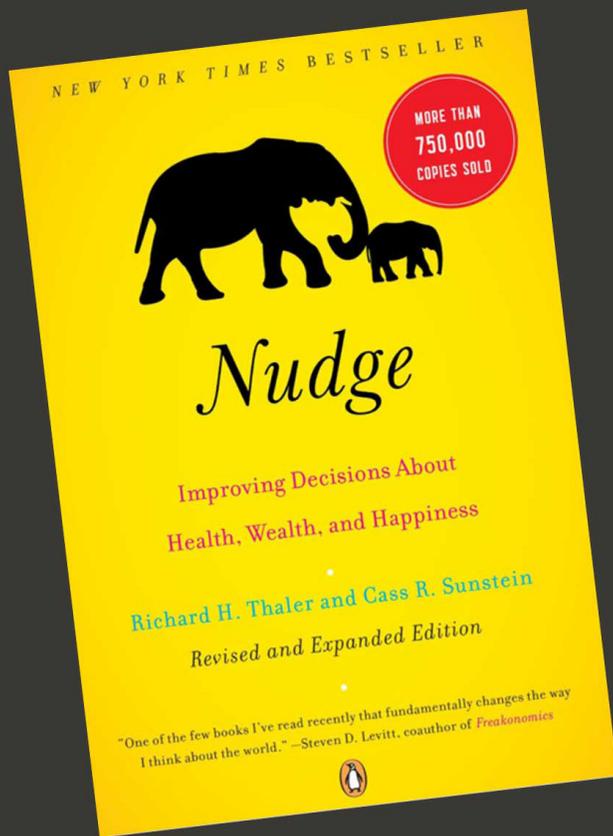
Yes. With the help of Mr. Zia Bandey, we have established a street vendors union at G11. I am one of its pioneer members. Although not all vendors have joined this union now, we are very positive every vendor will join it over time. Collectively, we will work for our rights.

BOOK REVIEWS



Nudge by Richard H. Thaler and Cass R. Sunstein

Muhammad Azwar Aslam
(MPhil Economics and Finance, PIDE)



Thaler and Sunstein (2008) put forward six principals for a good choice architecture. incentives, understanding mapping, defaults, give feedbacks, expect errors and structural complex solutions. By effectively designing the information and arranging options people can be motivated to make right decisions without coercion. Authors wanted to improve the way people makes choices without forcing them to adopt what is good for them rather choice architects should nudge them towards what is good for them. Authors have covered examples of nudges from almost each sector ranging from health to money and public policy, in the fifth part of the book the author took a bold approach by shedding light on the shortcomings which would arise with the application of the nudges. Authors proposes nudges for all sector private and government, public officials can nudge the people for their better life as the ultimate choice is of the individuals not that of the state.

The book is a good read covering an important topic for the readers to understand how we are routinely influenced by slightest of the nudges. Even I was forced to think of YouTube suggestion algorithm as a nudge. But the book is a long read just covering examples after introducing libertarian-paternalism to the reader, which basically attempts to depicts the application of nudges that makes it hard to complete.

Nudge is about how small changes can influence our behavior in a significant manner. The author starts by introducing the term libertarian-paternalism and moves on to referring it as a soft form of paternalism (Regulating other people's choices and conducts). Naming that soft form as Nudge describing it as tool that would alter or influence people behaviors without affecting their freedom of choices. Such as putting fruit at eye level is a nudge but banning junk food is not a nudge. Without nudge due to incomplete information and overburdened choices people would make ill decisions. Thaler and Sunstein proposes the solution to this is a choice architect. Choice architect is anyone who can influence the way we make choices in a positive capacity e.g.; Carolyn was a choice architect when deciding in what manner the cafeteria will present its offerings. In simple terms a choice architect frames the choice in a way that would influence them to choose the way you anticipated for them to choose.

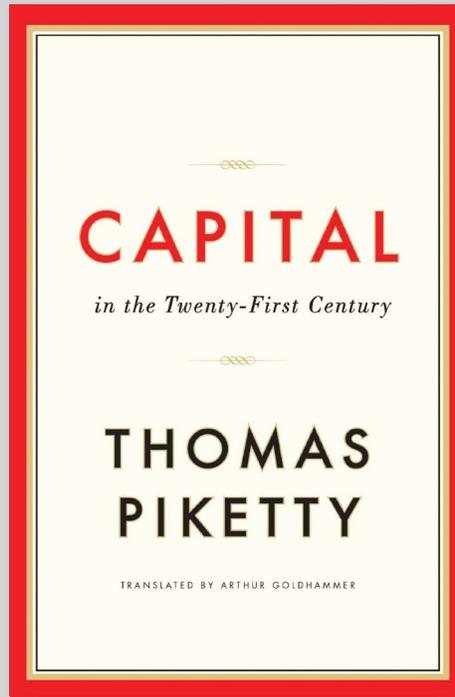
Capital in twenty first century

Muhammad Safwan
(MPhil Economics and Finance, PIDE)

Thomas Piketty, a renowned French Economist, used the data of past 300 years to observe the long run evolution of wealth and income inequality in Europe and US. As he has done a very in-depth study, the book is a bit long and full of graphs and tables. I have tried my best to produce and present the crux of the book in a shortest possible way. The book is divided into two parts. Part I discusses the long run evolution of wealth and income inequality in Europe and US since the three centuries ago. While part II presents the interpretation of the long run evolution and derived lessons for the future.

In part I, while examining the long run evolution of inequality, the book presents the three facts about inequality in the long run. Starting with the first, it has been found that the income inequality was much larger in the Europe a century ago than in the United States, and now it is greater in United States. In early 1910s, the share of the income going to top decile was 45 to 50 percent in Europe and it was 40 percent in the United States. And a century later in 2010, the situation was totally reversed. The share of income going to top decile was close to 35 percent in the Europe and about 50 percent in the United States.

Second, in the case of wealth inequality, same reversal was found between Europe and United States. The share of the wealth going to top 10 percent was larger in the Europe than the United States a century ago, while the opposite is true today. In the US, top decile wealth share was about 70 to 80 percent from 1870 to 1910, fell to 60 to 70 percent from 1950 to 1980, and has been rising above 70 percent for the



recent decades.

Third, while observing the wealth-income ratio, one finds the striking difference between the Europe and US. In European countries, there was a U shape curve over the past century. Starting from the 1913, the wealth share was about 6 to 7 years of national income. It then fell to 2 to 3 years of national income in 1950s. And it has been rising regularly since 1950s and now reached about 5 to 6 years of national income.

On the other hand, there was a flat curve in the US. The net private wealth was generally remained equal about 4 to 5 years of national income with much less variation than the Europe.

Part II discusses the interpretations of the long run evidence and presents some lessons for the future. While interpreting the wealth-income ratios, it has been found that the fall in the European wealth-income ratio is due to three main reasons. (i) War related

Thomas Piketty

destruction of physical capital (factories, machineries, and real estate). (ii) Lack of investment; a large fraction of 1914-1945 private saving was absorbed the public deficit, and, in some cases, there was dissaving. (iii) A fall in the relative asset prices. A fall in the real estate and stock prices is mainly due to nationalization, capital control and financial repression policies. The data presented that the process of post war recovery is slow, but it is continuously moving towards the high wealth income ratio.

The long run wealth-income ratio is determined by the Harrod-Domar-Solow formula. According to this formula, the wealth-income ratio $\beta t = Kt/Yt$ converges towards the $\beta = s/g$.

In the case of US, it accumulated less capital relative to its income because population growth rate was 1 percent (plus immigration inflow) and productivity growth rate was 2.5 to 3 percent. In contrast, the Europe had a population growth rate of zero with the productivity growth rate of 1 to 1.5 percent. Further, US saving rate was lower than Europe.

Based on the long run evolution and some key results it has been predicted that the population growth rate will eventually decline everywhere and saving rate will stabilize. This implies that the return of high wealth-income ratio globally.

Let's come to the main argument of the book, wealth inequality $r > g$. The wealth inequality is due to the gap $r - g$. Intuitively, higher $r - g$ tends to amplify the initial inequalities. It implies that the past wealth is capitalized at a higher rate and it would never be overtaken by the growth rate of the economy.

BRIDGING THE FINANCE AND THE TECH INDUSTRY TOWARDS INFORMALITY

Muhammad Khurram Shabbir
(PhD Finance, NUML Islamabad)

“Ignoring technological change in a financial system based upon technology is like a mouse starving to death because someone moved their cheese”

– Chris Skinner

The informal sector covers a significant chunk of the overall economy in Pakistan, approximately 56% of the overall GDP (Khuong et al 2020). It has strived on its own, bypassing the legal ecosystem, though has faced my headwinds, but it stood standstill. The challenge also brings opportunities with it. The policymakers have also come up with public initiatives to bring the informal sector into its tax net. The question doesn't only rely on whether to bring the informal sector into the tax net or not? But the real questions are what could be the best possible tools that could help the informal sector for picking up its business gainfulness? What are its possible entrances through legal framework that could benefit the overall economy?

When we talk of informal sector, of the many initiatives taken by the Government, an important inclusion that could add value to it is the Fintech. In simple words, Fintech is a combination of finance and technology. The term Fintech (Financial Technology) refers to computer programs and other modern technologies used by businesses that provide automated and improved financial services, (Deloitte, financial advisory, 2020).

In Pakistan, there have been a few operational Fintech firms, such as Finja, CreditFix, TEZ Fin, JazzCash, and others. The Government has recently through SECP also set up a website that serves as a platform for idea generation for startups. The website contains the startup models; this also contains the Fintech firms in Pakistan.

As we talk about the informal sector of Pakistan, many individuals start their businesses through the informal sector mainly due to the Government machinery and its tedious procedures such as red tape, etc. Especially, many women find it difficult to start their business due to formal channels because the bureaucratic process is often filled up with complicated procedures.

With the advent of Fintech, which is in the infancy stage in Pakistan, there lies a huge potential not only for the public sector but also for the private sector to come up with reasonable business models that can fill the vacuum particularly in the informal sector. The informal sector is well familiar with the mobile phone, additionally, its branchless banking services such as JazzCash e.g., however, there is still a further need

to improve its applicability and usage. One of the key hurdles that Fintech is facing for inclusion into the informal sector is the complexity of the rules and regulations. The rules and regulations should be flexible enough to accommodate the needs of the business models of the fourth industrial revolution (industry 4.0). The digital landscape in the rest part of the Globe has come up with solutions to this problem. It has introduced the concept of Regtech (regulatory technology), which is a new technology that uses information technology to enhance regulatory processes. With its main application in the financial sector, it is expanding into any regulated business with a particular appeal for the Consumer Goods Industry, (Schuffel and Patrick 2017). Keeping in line with Regtech, the state authorities should devise policies that could make financial inclusion through Fintech much easier and accessible especially for the informal sector. Among the Fintech companies in Pakistan, one of them is Finja. The Finja is getting common these days because of its easy accessibility and usability. It fills the financial services needs especially for SME businesses and merchants

(karyana shops), by providing a simple lending ecosystem. The Punjab Government has adopted a similar business model, it's known as the ePay Punjab. It's collaboration between the Punjab Information Technology Board and the Finance Department of Punjab. It also enables the citizens to pay taxes. There is also a dire need to increase the financial literacy level among the citizens. This can be achieved mainly by the policymakers to create public awareness, channelizing the smartphones particularly to create public awareness regarding basic financial literacy, such as cash management, microfinance,

money transfers, saving accounts, etc. The policymakers should use Fintech and Regtech to promote a business culture especially for the informal sector of the economy in a simple and competitive way.

With regards to SME's and their linkages with the informal sector, a growing trend is the digitalization of businesses, especially through e-commerce. Although in Pakistan the e-commerce is still in the growing stage, which hasn't reached its full potential yet, however, the policymakers can clout the e-commerce business model by enabling a branchless

banking channel such as Fintech. The informal sector through e-commerce, along with the effective payment mechanism such as Fintech, could have a level playing field.

The policymakers need to make the institutions more inclusive, which can induce the right incentives for the business models to flourish. With the right legal framework designed, facilitating the informal sector by providing it easy access finance facility, it's for sure that the informal sector can not only be added into the taxpayer's list but also add a lot of value to the faltering economy.

PAKISTAN'S SHADOW ECONOMY: "THE IMPACT OF GLOBAL FINANCIAL CRISIS AND COVID-19"

Hudda Najeeb Luni
(MPhil Economics, AERC University of Karachi)

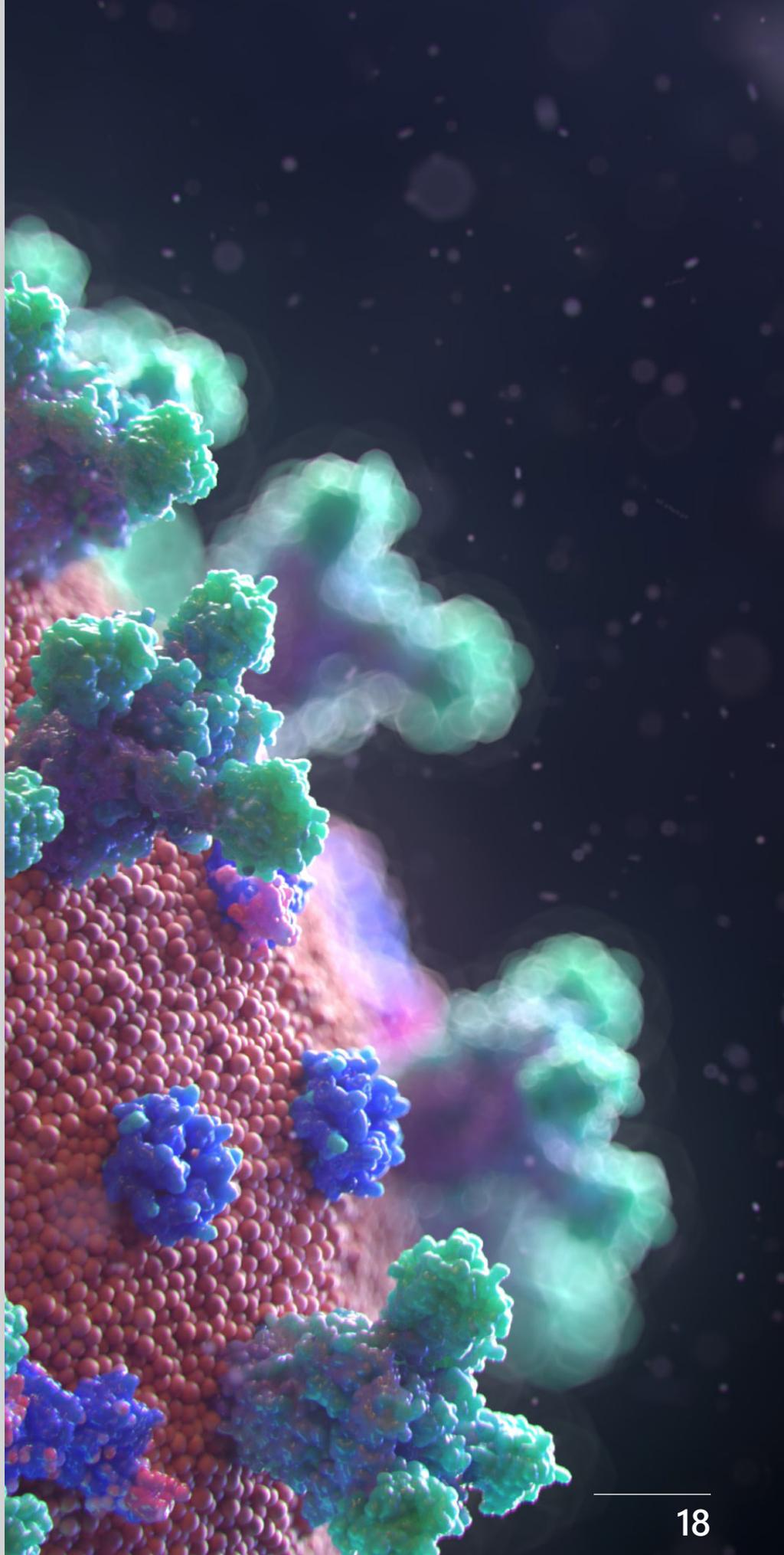


Pakistan's informal economy's size is estimated to be 56 per cent of the country's GDP (2019 estimate). Its worth is calculated to be around \$180 billion a year, and that is a whopping amount by any measure. (DAWN, 2021)

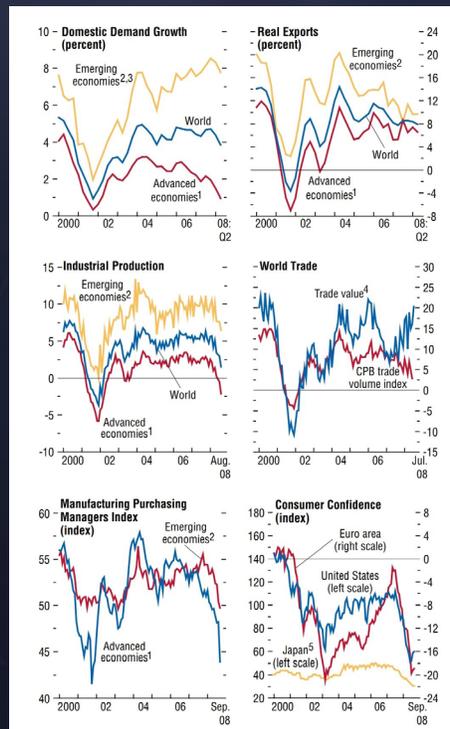
Despite the unpopular opinion of the policymakers regarding the losses to revenue because of the shadow economy, one cannot deny its role for providing a seedbed for enterprise birth and job creation for many skilled and unskilled labor. According to an ILO report, "Of all the global working population some three billion, nearly two-thirds (1.8 billion) work in the informal economy. Out of these, majority of informal workers are self-employed: 70% of all informal workers in Sub-Saharan Africa, 62% in North Africa, 60% in Latin America, 59% in Asia and 77% in the European Union."

A worldwide interest in the informal economy which began at the start of millennium has ignited numerous debate for its role in the overall economy. It has earned strong cognizance as an intrinsic support to the formal economy because it significantly contributes to the overall economy by expediting enterprise creation and reducing poverty and inequality by providing job opportunities to the working poor, especially in the developing world. Consequently, a large informal sector acts as an important shock absorber for an economy gripped by a fairly lengthy period of sluggish jobs and income growth.

In Pakistan, the debate of formalizing the shadow economy has been long happening without any practical results. Albeit the necessity of formalization, we cannot brush over its negative role to the huge impediment it bears for any macroeconomic policymakers at the central bank, especially in trying times.



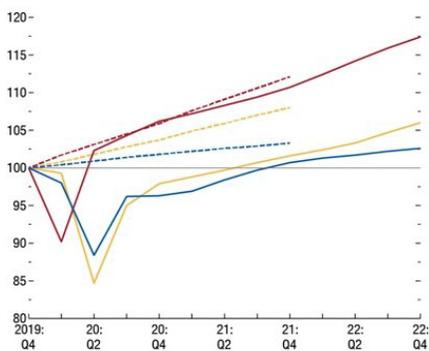
The global financial crisis is such an example. The crisis of 2008 essentially began in USA's sub-prime mortgage market. It exposed the vulnerability of one of the world's finest financial markets and shed light on the fallacy of human greed and the wrath of neo-liberalism. It shook the financial system to its core, markets crashed in an epic meltdown with its spill overs and repercussions in the wake of integrated mass urbanization of deeply penetrating financial networks and centers in Europe. Rest of the world divulged into a deep recession. To rescue the economies from a prolonged recession (called depression), the world's policymakers resorted to a combination of fiscal and monetary policy stimulus to mitigate the initial effects of shock to increase aggregate demand to speed up recovery process.



According to an ILO report in April 2020, an estimated 1.6 billion informal economy workers were significantly impacted by COVID-19 pandemic. That led to a 60 percent decline in their earnings. Two billion people work in the informal sector, which means 6 out of 10 workers were effected. Informality concerns 9 out of 10 workers in Sub-Saharan Africa and Southern Asia. According to 2020 figures, almost 1.1 billion informal economy workers live and work in countries which faced full lockdowns with an additional 305 million in countries with partial lockdowns. In conclusion, a crisis such as COVID-19 has greater repercussions and multi-faceted challenges for the informal economy and overall economy. Recovery for Pakistan (IMF- WEO Feb, 2021) is projected to be even slower in comparison to the 2008 financial crisis.

Figure 1. Divergent Recoveries: WEO Forecast for Advanced Economies and Emerging Market and Developing Economies (Index, 2019:Q4 = 100)

— China (Jan. 2021 WEO Update) — China (Jan. 2020 WEO Update)
 — AEs (Jan. 2021 WEO Update) — AEs (Jan. 2020 WEO Update)
 — EMEs excluding China (Jan. 2021 WEO Update) — EMEs excluding China (Jan. 2020 WEO Update)



Source: IMF staff estimates.
 Note: AEs = advanced economies; EMEs = emerging market and developing economies; WEO = World Economic Outlook.

China, India, Indonesia and Pakistan, these economies hence experienced resilience and avoided recession. Exports were only largely hit. As the dollar dropped, terms of trade improved for Pakistan. Other than effects on all markets by the initial stressors, no extreme financial displacements occurred. Exchange rates and interest rates remained stable in most Asian countries. Whatever effects came, they were not reflected actually in the main GDP indicator, especially in the case of Pakistan because of its sizeable shadow economy. Because the nature of 2008 shock was more financial and trade-related, it's fair to say that shadow economy withstood the effects. However, it's hard to assume the same for the current crisis.

The financial crises entered South Asian economies via trade and financial channels, but effects of financial entry were minimal—highlighting the region's little integration with USA's financial centers where problem first arose. Despite the initial plummet, South Asian economies exhibited resilience and fastest recoveries. One reason being the already present high growth rates that converged quickly in the recovery phase. Because of huge domestic demand in countries like

Covid-19 crisis has adversely impacted the informal economy—the major reason being the physical distancing and lockdowns. Quarantine imposition made life miserable for street vendors, daily wagers, household maids, drivers and other informal workers etc. Although Imran Khan's government provided prompt relief stimulus in from of Ehsaas program's cash transfers, many houses plunged into poverty.

Out of an extensive list of unskilled occupations, the present piece of writing will be highlighting a very important yet ignored segment of the economy which might be termed as an "Economy of Scrap Collectors". Scrap is actually any leftover and seemingly useless product either thrown away or sold at nominal price. This apparently slumpy standard informal job has deep-rooted implications, not only for the persons directly involved in it, but also for the larger segment of population and to the whole economy at a wider level. To understand the mechanism of whatsoever said earlier, this article takes a case study of "Kachi Abadi, Iqbal Town, Islamabad".

Subsequent visits to Kachi Abadi surprisingly reveal that there are hundreds of categories of scrap, almost equivalent to the products we are familiarly using day to day. Most common categories include plastic, silver, copper, iron, aluminum, rubber, paper, dry bread, machinery, glass, cell phones, hair, etc. In an informal interview with a vendor, I came to know that the collection is done at various stages. First of all, the local vendors go street to street in order to collect the scrap, against which they pay the households probably a pre-decided rate on the basis of weight of the item. Usually, the rate varies from category to category. Following table contains a brief overview of the rate at which scrap is collected from households. These rates have been asked from various vendors living in Kachi Basti, Iqbal Town.

A person further explained about the stage 2. He reported that these small vendors supplied scrap to the dealers. Some dealers take scrap in bulk without sorting out of different types of scrap, others are specialized dealers of particular scrap categories like glass, steel, rubber etc. The rates asked from the various vendors at which they supply to the dealers are present in the following table:

The Scrap Economy

Farah Naz
(PhD Economics, PIDE)



“Don’t be condescending to unskilled labor, try it for half a day first.”

– Brooks Atkinson

Table 1			
Street rate of scrap collection: Stage 1			
Item	Rate per KG	Item	Rate per KG
Silver	Rs. 100	Glass	Rs. 5
Copper	Rs. 40-50	Plastic	Rs. 30 – Rs. 40
Aluminum	Rs. 40-50	Dry bread	Rs. 20
Iron	Rs. 40	Paper	Rs. 10
Hair	Rs. 2000	Rubber	Rs. 12 – Rs. 13

Source: Author has prepared the list by informal interview method.

The comparison of table 1 and table 2 reveals the differences in rates. It depicts that the small vendors get a huge benefit out of this seemingly insignificant job. The notable fact is that on average, small vendors easily make Rs.60-70 thousand per month from this collection activity on which their whole family relies. Most of them have large families with many dependents. Hence, this amount helps them feed enough members. However, majority of them do not send their kids to school.

Table 2			
Rate at which scrap is supplied to dealers: Stage 2			
Item	Rate per KG	Item	Rate per KG
Silver	Rs. 600	Glass	Rs. 30
Copper	Rs. 1100	Plastic	Rs. 65
Aluminum	Rs. 40 – Rs. 50	Dry bread	Rs. 40
Iron	Rs. 80	Paper	Rs. 20 – Rs. 25
Hair	Rs. 5000 – Rs. 6000	Rubber	Rs. 1000

Source: Author has prepared the list by oral investigation method.

A dealer explains that having a collection point can easily promise an income of Rs.10-15 thousand per day on average, which gives a very handsome figure once multiplied with days of a month. Up till this stage, the economy remains unregistered, and everything happens under informal sector of the economy. Once these dealers supply the bulk in tons through trucks for recycling, this process enters the stage from where documentation actually begins.

In Pakistan, majority of the scrap is being managed. Whereas, only a very small part can be called as garbage that contains residuals of perishable items like fruits, vegetables etc. In scrap management, a significant role is being played by the people whose efforts are not recognized. This segment of informal economy definitely needs government's attention and their role needs to be more formalized and recognized. Finally, there is a need to provide better facilities for collection and storage, while also improving health and safety in working conditions.

CORONAVIRUS AND WOMEN IN THE ECONOMY: THE SOCIO-ECONOMIC CRISIS OF FEMALE DOMESTIC WORKERS IN PAKISTAN

Lutf Ullah Khan

(BS Political Science and Sociology,
Forman Christian College, Lahore)

The novel coronavirus has been affecting the world since the start of 2020. The first case of coronavirus in Pakistan was reported in Karachi on February 26, 2020 (PMC, 2020). By the end of February, Pakistan had two cases registered. Within a few months, the number reached hundreds or, rather, thousands. Following the smart to full-fledged lockdown, the effects of the COVID-19 have been the most acute on developing or emerging economies. It has aggravated the already existing gender and income inequalities (IDEAS, 2020). Pakistan's economy mostly relies on informal economy, which comprises women mostly. The impact of COVID-response is direr on socio-economic conditions of females in this sector.

According to the survey on COVID-19 conducted by the Pakistan Bureau of Statistics, the informal sector comprises 73.5% of female employment. 74% of 7.3 million people who lost their jobs during the lockdown in April-July 2020 were part of the informal sector. The survey also suggests that 46% of Pakistan's low-income households rely on women earnings. From the past two years there has been an increase in cost of living by 27% whereas 35% in food price. However, the income remained the same. Which, subsequently, turned out to be worse for those employed in the informal sector.

About the attitude towards COVID-19; data collected by Institute of Development and Economic Alternatives (IDEAS) suggests that 71% of the female workers approached for

the study were concerned about the disease to be contracted. Whereas, the rest of the women were not concerned about the disease. A female worker reported: "Upon hearing the news on the spread of COVID-19, the primary threat that we faced was of losing our jobs rather than risking our health." (IDEAS, 2020, pg 5)

This sort of an attitude even at such critical times is definitely not coming from a rare instance. It rather reflects an existing challenge for the domestic workers. A challenge of being marginalized because of their gender and economic status. The lockdown due to COVID-19 led to halting of work for many women informal workers and consequently loss of earning.

In the sub-sectors, female workers faced severe economic shocks. 22% reportedly faced cuts in hourly wages. Service providers faced 90% cuts in wage payments. Followed up with 46% of agricultural workers and 41% for home-based workers (HBWs). In case of daily wagers, more than 37% cuts were reported and further 16% cuts showed up in non-pecuniary benefits (IDEAS, 2020, pg 5).

Looking at the initiative under Ehsaas Program to facilitate the deeply affected families or wagers, a report on home-based workers pointed out that women workers from the informal sectors weren't able to get access to COVID allowance. Many female domestic workers do not have CNICs which resulted in them cut off from the

list of the beneficiaries of the BISP when the lists were revised by the sitting government. Therefore, a huge chunk of the women from the informal sector were left vulnerable (Ahmed, 2020).

In the second round of the Centre of Economic Research in Pakistan's Economic Vulnerability Assessment conducted in sept, 2020, it was revealed that only 12% of the urban households in Punjab received some cash or in kind governmental support to tackle their pandemic related vulnerabilities (CERP, 2020).

BROADER CONSEQUENCES OF SOCIO-ECONOMIC CRISIS

The impact of pandemic on women in the informal sector goes beyond their socio-economic conditions. With increase in domestic responsibilities due to the lockdown, the physical and psychological exertion under these circumstances has also exacerbated, leading to severe repercussions for the emotional well-being of women. This subsequently dismantles the whole family system, because in our society, family relies more on women for domestic responsibilities. Consequently, the time spent on income generating activities by women has decreased by 60% (IDEAS, 2020, pg. 10).

RECOMMENDATIONS

While families were restricted to homes due to the governmental measures against the COVID-19, women in the

informal sector are likely be one of the last chunk of society to recover from the socio-economic crisis followed by the pandemic. Record suggests that the informal labor force is not recognized and contains no labor data. Therefore, they are not included in insurance and protection programs. It is, therefore, crucial for the informal workforce to be documented and prioritized in giving social security benefits by the policy and law makers.

- 1. Labor force data to be improved and include informal workers so that the safety net such as Ehsaas and BISP and other social welfare organizations can be extended to female informal or home-based workers.**
- 2. Create a task force for women-centric economic recovery with the help of women chambers, private sectors and civil society organizations.**
- 3. A targeted public relation campaign urging economic recovery of the female in the informal sector through women-led enterprises.**

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Informal Economic Activities and Fabrication of Inflation

Maryam Zohra

(MPhil. IR, School of Political & International Relations, QAU)

Pakistan is an agrarian state. For ages, farmers' knowledge is inherited from father to son, and their practices are very rigid that leads to the unacceptability of new technology as well as the transformation of the economy into a system. The structure of economic activities is more informal than formal. Agricultural production is dealt with through words instead of documentation. There are many reasons behind this practice. During the colonized era, an attempt was made to induce the systemized culture of economic dealings, but it occurred only at the higher official buildings. The root cause of this ill-structured practice was not addressed which is inherited in our societies and persists even today. It is draining society's potential in a very dangerous way. Inflation is considered an inevitable phenomenon of ongoing society. We are living in a society where blame game is among the essentials of daily routine. The public is blaming authorities while authorities are unable to stop this blame game at their end. Society is failed to highlight the main causes of this rapidly increasing inflation.

While examining the whole dealing process at the local level, a presence of many complex economic structures is identified that are working under the flag tag of an open market. This web cycle running under the fixation process of retailer price is faulty in its practical nature. For example, wheat is a cash crop for Pakistan, especially considering Punjab as the field for observation; a wheat producer is having a standard rate of its product. He will provide only 20 percent of its total product for sale at its pre-determined standard rate. The

remaining 80 percent of the product is handed over to such market dealers who artificially increase the rate of wheat by using different tricks. Those tricks include temporary shortage of product in the market, overcoming competition by cooperation and underground linkage between local dealers and actual dealers, etc.

The relationship between supply and demand depends on the strategy of a temporary shortage of products in the mainstream market. When supply increases, the prices stay at a stagnant position, but if supply limits and demand increases, the supplier can increase the price according to their own will. This situation of lawlessness and chaos divides the society into two parts; one is the elite part of society who can easily afford this high-priced product at the desired rate of the supplier but on the other hand, some working-class people cannot afford that product on those hyped rates including people from farming community. In this scenario, the main producer is the actual victim of this strategy. This inflation factor is not included in the formal setup of economic activities in a state.

Secondly, the idea of an open market is considered as the place where competitors can enhance the quality of selling products by having a competitive relationship with other producers. This competition is healthy in its natural form, but in some third world countries, this competition is seen as an opportunity for cooperation, as the state has no interference in the market and producers can grow according to the free and open market. Shifting this concept from its theoretical framework to its practical

implication especially in the case study of some third world country- it alters its meanings. Multiple high producers collude to set a price rate that is much higher than the actual price of the product. That price is in monopoly and whoever goes against this settled decision will be marginalized from the market. This monopoly is questionable on moral grounds as the state has no intervention in the market affairs, and uncontrollable in the domain of causing inflation through an informal way.

The market is filled with different actors, which includes local producers, mill owners, and agents working in the market for cracking deals with customers. The relationship between owner and agent is complex. These agents are having their commission on the sale of a particular product, being partners of the owners behind the curtains. Such manipulative relationships affect the quality of the product, market-running rules, moral duties of those market runners, the role of producers, and the significance of customers. Even though markets are open, such measures need to be considered and strict action needs to be taken to convert such manipulative informal actions into a well-organized formal system of economy. This formal system will automatically control inflation.

The world is surrounded by very basic and crucial problems, which need to be addressed for the wellbeing and prosperity of individuals at a large scale. In addressing the very basic issue like poverty, unemployment, health deficiencies etc., economists have proposed different solutions to overcome these problems. For instance, the solution to alleviate poverty through donations and through creating employment opportunities for individuals. Other solutions include Micro finance services, which provide loans to individuals for initiating their own business activity. However, these solutions did not solve the problems at all. There are many individuals who are unable to work and many who are unable to get the required aid due to communication or financial constraints. We have very clear example in this regard. Despite implementing conventional economics models on our economic activities for years, we have failed to achieve the desired goal i.e., prosperity and wellbeing of the society. If one looks at historical data on wealth and income inequality, one will find that the wealth and income inequality increases over the time (Thomas Piketty). Rich is getting richer and poor is becoming poorer day by day. This pattern in which different segments grow at different rates is totally different from that of humanity. Humanity implies that individuals in a society take care of each other and society not only grows but gets prosperous. If one segment of the society is deprived of the basic needs, other segment will come forward to get them back on the track.

Economics is not the Science for Humanity

Muhammad Safwan Abbasi
(MPhil, School of Economics, QAU)



Rethinking Economics

is possible only by following compassionate instinct, ethics and divine law. Conventional economics emphasizes the maximization of one's own utility irrespective of ethics and divine law. It undertakes only the inside market activities, while encouraging economic activities based on Riba and considering only the materialistic aspect of human behavior. Conventional economics does not provide any proper mechanism for distribution of wealth and completely ignores the compassionate instinct. With these characteristics, conventional economics will lead to the outcome which is not beneficial but harmful for the society.

The conventional economics is purely based on private selfish interest instinct. Individuals maximize their own utility regardless of the negative impact on the society. It does not believe on ethics and social norms dealing with an economic activity. This selfish interest behavior does not care about the other individuals in the society. One part of the society gets the benefit at the cost of another part living in the same society.

Another way in which the different segments of society grow at a different rate is that the economic activities are based on Riba. This is a very dangerous element for a society to be prosperous. Rich people give out the money to needy ones by charging them extra money without any effort made by lenders. If the society runs on such a mechanism, then there will be accumulation of wealth in the hands of few individuals. Society will grow asymmetrically because there is no check on the accumulation of wealth.

Conventional economics neglects the distributional aspect of accumulated wealth. Here one can accumulate unlimited wealth which is not bad but it completely ignores the distribution of that accumulated wealth. If the society does not have proper mechanism for the distribution of wealth, there will emerge different segments in a society which will have different social economic statuses. Such an economic model where there is no proper distribution of wealth does not comply with the standards of humanity, where one must think about individuals in his surroundings.

Thinking about other individuals, lies in compassionate instinct of the human behavior. Unfortunately, conventional economics has no room for the compassionate instinct. Without compassionate

instinct, we cannot achieve the prosperity and well-being of the society. Humanity requires the sacrificing of one's own resources for the other needy person. But conventional economics starts with the statement that there is no free lunch. So, it is clearly depicted that by following the mechanism of conventional economics we cannot achieve the basic humanistic goals of everyday life.

Conventional economics considers only those activities which are taking place in the market. But if we look at our surroundings, we will find a lot of people who are not a part of market activities. Who will take care of them? How their contribution can be utilized in the market activities? And how will they get prosperous? Some questions are left unanswered by the conventional economics. We do not have answer to these questions in the premises of conventional economics. Without answer to these simple questions, we cannot fulfil the criteria of humanity.

In summing up, conventional economics is not the science for humanity. It is developed in such a way to divide the world into two parts. One is prosperous and the other one is deprived. Everyone is acting on the principle of selfish interest and there is no believe in hereafter. It only includes the materialistic aspect of human behavior. Whereas, ethics, divine law, belief in hereafter are the things which inspire compassionate behavior in society. Hence, everyone thinks about others and help the needy ones regardless of any materialistic reward.

Discover your Passion to become an entrepreneur

Amna Shakeel

(MPhil Environmental Economics, PIDE)

The quotation clearly depicts that small startups and youth entrepreneurship is not only important for economic growth and employment but also provide them with self-determination and dignity. Unfortunately, both economic growth and employment rates are not satisfying in Pakistan. A bulge of youth is entering the job market but actually there are no suitable jobs available for them. But to provide decent jobs to youngsters and promote the culture of business and entrepreneurship, the responsibilities lie at both ends.

On the part of our laborers and youth, they are low-skilled, untrained or they are not able to discover their calling. Their spirit of innovation is strangled because they do not find themselves able and ready to take risks. But one needs to remember that every journey starts from the first step. Every large business has grown up to the highest level from a seed of small raw idea of startup. For instance, take the example of Elon Musk, Jeff Bezos, Bill Gates or Mark Zuckerberg. All they have were ideas, neither did they have a big business set up, nor a huge company at the beginning. First and foremost, people who want to be self-employed and become an entrepreneur has to discover his passion. To explore what is he passionate about? What he can do at his best as an entrepreneur. For this, I will present a three-pillar model which I call a Sirolli's model of entrepreneurship. This

model will help identify the right person for right job thus making investment easy and resulting in successful enterprise.

So the three pillars of this model of entrepreneurship required to discover one's passion for, include production, marketing and finance management. According to Ernesto Sirolli, Never let one person do all the three things himself. It will collapse the venture because no person is master at all himself. The three pillars need not be overlapped because a person with an idea who is passionate to produce a commodity or deliver a service, is not necessarily good at marketing, selling their idea or product. Similarly a person who is good at marketing may not be an expert at financial management rather asking him to do management will be a wastage of resources. But if these three types of people work together they can do great business creating their team-networks and stronger connections to market. Hence, the most important thing for any startup is discovering a passion and a good team.

On behalf of government, it cannot produce innovators and entrepreneurs but it can provide a suitable policy framework. By policy framework, we do not mean more regulations but deregulations. Because not all economic success lies in changing the government but changing the business culture and attitude. Government should take steps that would minimize the reliance of entrepreneurs on government otherwise excessive

interventions can only lead to rent seeking rather than innovation. Furthermore, an identification of supporting youth who demonstrate aptitude and interest in business and giving them tools to follow this path throughout their educational experience is highly recommended.

“When you create small businesses, you create small entrepreneurship. Out of that comes self-determination and employment.”

— Jesse Jackson



A GLANCE AT SOCIO-ECONOMIC REALITIES OF JOGI COMMUNITY



Shamouna Mehak

(M.Phil Development Studies, PIDE)

The term nomad comes from the Greek word *nemo* that means pasture. In its present usage in anthropological literature, nomadic refers to a characteristic trait associated with a number of ecologically adaptive systems, in which continuing residential mobility is necessary for the subsistence of the group, resulting in lack of a permanent abode (Encyclopedia of Anthropology, edited by David E. Hunter). Snake charming is a one such very old profession of the South Asian origin. Locally, a snake charmer is called Jogi throughout the South Asian region, particularly in India and Pakistan (Hunter, 2011). The research was conducted based on qualitative method. Interview method was used for data collection in this research. The data was further analyzed as per objective of the research to finalize finding and recommendation for implementation. The Sample size comprised of 15 individuals was chosen through

purposive sampling techniques.

This research presents an ethnographic account of a snake charmers' compound settled in village Nurpur, District Kasur, Punjab. Snake charmers, in Pakistan, fall within the category of sedentarized community. Snake charming is a centuries old profession. Its economic worth, social functionality and utility have reduced to a considerable degree due to a number of factors. The new generation of snake charmers is not interested in learning and adopting it as a career. Majority of youngsters from the snake charmers' compound approached for this research, have adopted alternate economic activities and sources of income generation. Yet, the senior generations are pursuing it and value it a lot. The rituals of peculiar jogi traits and rites are also still performed in the socialization processes of jogi children.

Main sources of income of the jogis include snake charming, ethno medicine practice, begging among older jogis (both men and women) whereas the younger generation of jogis is involved in preparing and selling decoration material for smaller vehicles as well as decorating bridegroom cars. These young boys usually rush towards urban centers in pursuit of earning and set their stall on some busy roadside.

Jogi women also have an out of home earning role, which consists of selling bangles, jewelries, p'randaas and chhajj. It takes a day for two girls to make a chhajj and a day for one girl to make a p'randa. A chhajj is sold for 200 to 300 rupees whereas a p'randa is sold for almost 100 rupees. A jogi woman earns about 300 to 400 rupees a day on average. Women also collect

rags, clothes, flour and wheat in charity or as sale items.

Snakes are used by the snake charmers for entertaining people. Jogis perform different feats with snakes, make them dance with the music they play on beene and let them strangling around their necks fearlessly, as they control the snake's behavior. For this purpose, Jogis go to the nearby villages with material packed in a big piece of cloth called gathhri for their exhibitions and ethno-medicine practice. On the other hand, owing to better economic conditions and higher literacy rates, their profession has almost died out in big towns and cities. In villages and rural areas, people largely rely on allopathic method of medical treatment owing to the absence of public health facilities. Snake charmers have indigenous knowledge of the herbs they collect and prepare medicine from these herbs for sale purposes, which is one of the main income sources.



It is interesting to note that 331 (82.75%) individuals out of a total population of 400 are involved in income generation and play one or the other economic role. Only the minor have no active economic role, all the rest are earners in one way or the

other. Out of these 331 individuals, 204 (61.6%) are males and the remaining 127 (38.4%) are females. Out of these 331 economically active individuals, only 10 are beggars, who are all old aged people. Out of these 10 beggars 6 are women and the remaining 4 are men. Primary, traditional and the ancestral major economic activity of a snake charmer are to hold on street entertainment shows. These shows are locally called tamasha meaning exhibition.

CONCLUSION AND POLICY RECOMMENDATION

Snake charming is an old profession and jogis have a distinct culture of accompanying snakes at home, using them as sources of income, living in communion with fellow jogis, and having peculiar cultural features regarding social organization. Changes in their culture can be observed, but certain cultural traits still intact. They reflect the continuity of their social organization. However, younger generation of jogis is not interested in learning and practicing snake charming as a profession. They say that there are more

lucrative alternates and snake charming is risky. Also, they argue that it has become outdated and no one is interested in showmanship of a jogi. New profession adopted by the jogi youth in this compound is decoration piece making for small vehicles.

Old generation jogis are still practicing snake charming and are struggling for the preservation of their ancestral profession. Generations of snake charmers have served for centuries as entertainers and ethno medical practitioners. They are part of our history and an essential constituent of our cultural diversity. The demand of the All Pakistan Snake Charmers' Council for construction of sanctuaries and research centers for the preservation of this culture is lawful and a legal obligation of the state by virtue of the International Covenant on Civil and Political Rights.

Is Pakistan Diversifying its Agriculture Production?

Muhammad Faheem Jan
(MPhil Business Studies, PIDE)

BACKGROUND OF THE STUDY

The National Food Security Policy of Pakistan (2017) is a significant document. It outlines the strategic framework for enhancing food security in all its dimensions: access to food, availability of food, use of food and food stability. The emphasis of this plan, however, is only on the target of food availability and on whether Pakistan is diversifying from food crops to non-food crops. The primary focus in this brief will be to analyze patterns of production, land use of food and non-food crops and to determine how patterns are changing for wheat, maize and rice as imported food crops from Pakistan.

DIVERSIFICATION IN PRODUCTION – POLICY BACKGROUND

Each country, while drawing its food security objective, has to decide how much its requirement of staple food crops is. That is the basic requirement because the food security of any population starts from meeting its basic cereal requirements first and then the discussion of other crops comes in from point of view of food security and dietary nutrition. This has generated a traditional stance of food self-sufficiency in cereal crops. Pakistan has traditionally also followed this stance (Qureshi, M. G. et al., 2019). However, learning from the economic transformation of successful countries like China, the international consensus is that diversification into non-food cash crops can serve as profitable options. Why? Because by indulging in cash crops, a country can increase its foreign reserves via exports and use those reserves to fill in-demand shortages of food grains if needed Joshi, P. K, A. Gulati and R. Cummings Jr. (eds.) (2007). Hence, the donor's consensus for Pakistan is evident from the discussion in Qureshi, M. G. et al., 2019 and Joshi, P. K, A. Gulati and R. Cummings Jr. (eds.) (2007), I believe this is an important policy topic to look into.

PAKISTAN'S NATIONAL FOOD SECURITY POLICY (2017) – OVERVIEW

This policy document is extremely comprehensive as it can be inferred from the representation of policy elements in the figure below. Reviewing all four dimensions of food security namely availability, access, utilization, and stability is beyond the scope of current policy view. I have confined my discussion only to food availability aspect of National Food Security Policy Document, with a focus on the question of diversification i.e. are we diversifying from food crops like wheat, maize, cotton to other cash crops like sugarcane and cotton?

Pakistan has been ranked 88 out of 132 countries with a score of 24.6 in the Global Hunger Index 2020. The Slough hunger is decreasing overtime, as it can be seen in figure 2, in terms of its ranking Pakistan is doing worse than most other countries. Hence food insecurity is an important issue for Pakistan.

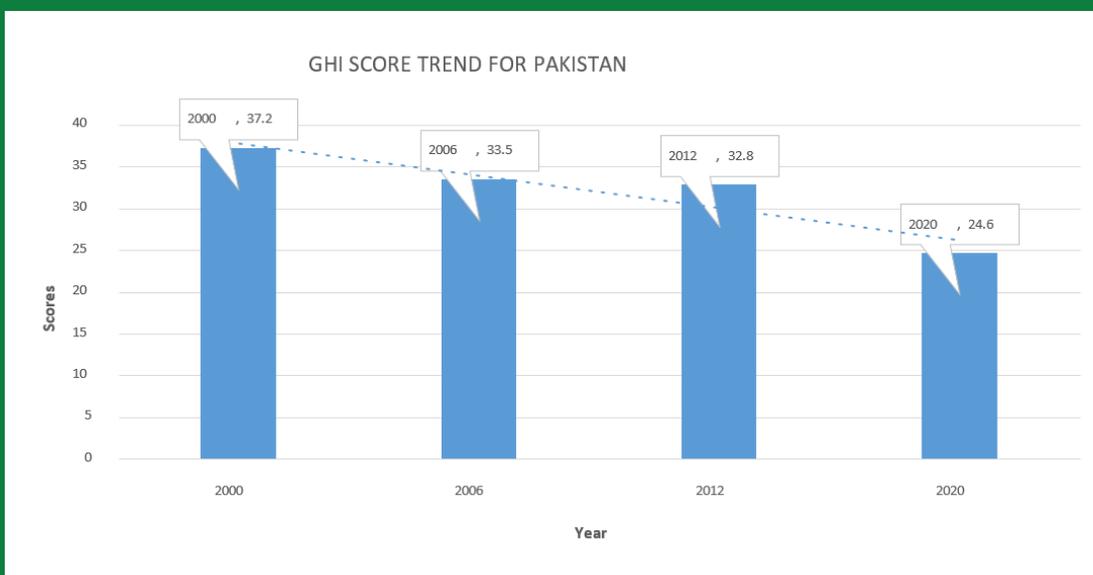
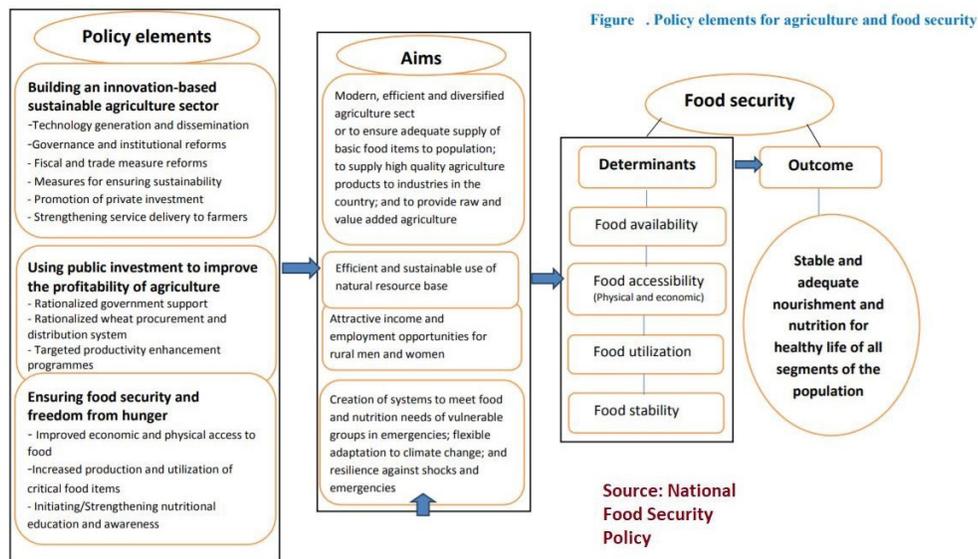


Figure 1: Pakistan's National Food Security Policy (2017) Document and Global Hunger Index - Overview

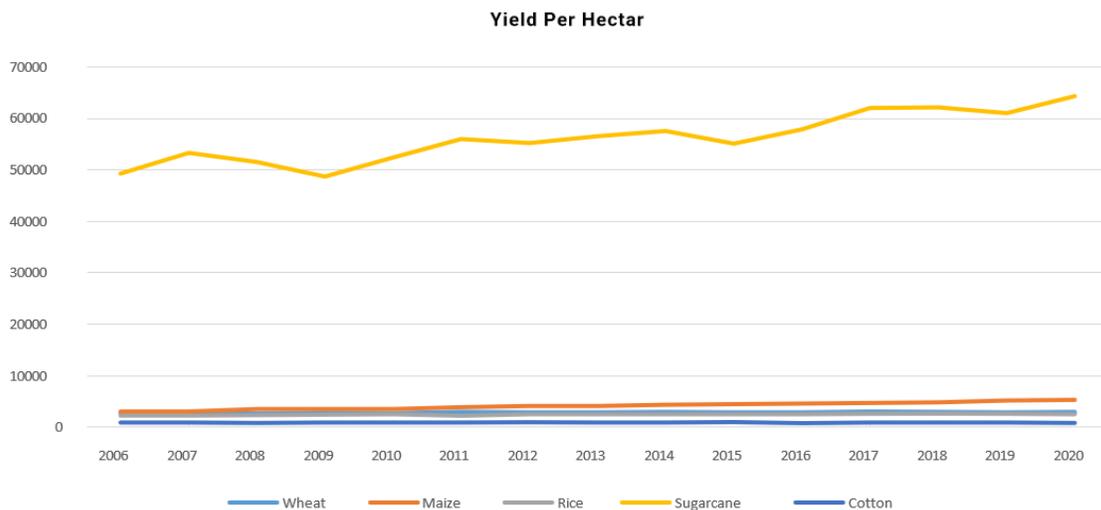


DIVERSIFICATION IN AGRICULTURAL PRODUCTION- KEY PATTERNS

Although yield per hectare is much higher for sugarcane has been increasing over time, we did see marginal changes in its share crop wise composition. On the other hand, we do see the production of cotton going down and maize slightly gaining the space left by cotton. From patterns below, it is very clear that Pakistan is still continuing with the policy of holding on to production of staple food crops.

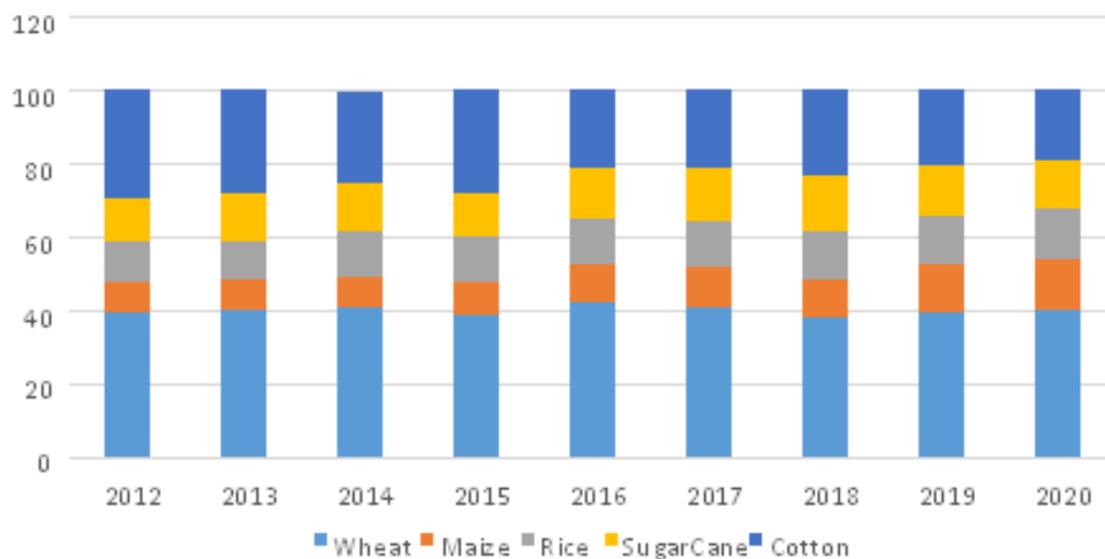
CONCLUSION

From our investigation into one of the policy objectives of Pakistan's National Food Security Policy (2017), we can conclude that Pakistan should diversify its product mix to high-value crops non-food crops like sugarcane. However, our results show that the crop production of rice and wheat are very stable over time, whereas maize is gaining crop production space from cotton. Such outcome can be the aftermath of the textile industry's failure post energy crisis of 2007-08 or it can could reflect the better and profitable maize variety that Pakistan has produced genetically. However, in terms of sugarcane, we see patterns marginally increasing and decreasing but we do not see a major shift from wheat, rice, and maize to sugarcane production despite its higher yield.



Source Economic Survey of Pakistan 2019-20

CROP WISE COMPOSITION OF OUTPUT OF IMPORTANT AGRICULTURAL CROPS (% Share)



Source Economic Survey of Pakistan 2019-20

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Socio-economics & Financial Impacts

of environmental degradation in Pakistan

Muhammad Ali Zaib
(MPhil Economics & Finance, PIDE)

Most of Pakistan's industrial areas, for example fishing and agriculture, which midpoint increasingly than one fourth of the yield and two fifths of work in Pakistan, are uncommonly subject to the country's normal assets. Subsequently, to support financial minutiae there is an request on powerfully scant worldwide assets. Anyway, ironically what the nation relies upon for its minutiae is likewise what undermines the future government assistance and victory of the country. As indicated by the World Bank, 70% of Pakistan's populace live in rustic zones and are now blasted by upper neediness levels. These individuals rely upon normal resources to turn out revenue and will in unstipulated vituperate these assets. This prompts remoter debasement of the climate and therefrom builds neediness. This has prompted what the World Bank alludes to as a "horrible descending winding of impoverishment and environmental corruption.

PAKISTAN'S NATIONAL FOOD SECURITY POLICY (2017) – OVERVIEW

Ecological debasement is one of the ten dangers authoritatively well-considered by the High-level Panel on Threats, Challenges and Change of the United Nations. The United Nations International Strategy for Disaster Reduction defines natural debasement as "the subtract of the limit of the climate to meet social and biological destinations, and needs". Environmental self-indulgence comes in numerous sorts. When natural living spaces are destroyed or regular resources are exhausted, the climate is debased. Endeavors to neutralize this issue include environmental protection and environmental resources the board. There are numerous instances of natural self-indulgence all through the world. A new model is the 2019 Amazon rainforest out of tenancy fires. The Amazon makes up 60% of all rainforests. It is the world's lungs and with it getting obliterated is representing a gigantic danger to the climate and the un-shortened world. The impacts of the deforestation will

present significant effects on our unstipulated surroundings. The steady chopping lanugo of trees is disposing of our oxygen supply just as the retention of co2. With the continuation of deforestation, we will have less wieldy oxygen on the planet which could have detrimental effects on human wellbeing. Another issue that outcomes from this is the overconsumption and misuse of the paper items that come from those trees. The waste it ordinarily delivers doesn't get reused, in this manner, gigantic measure of waste is made. An uneaten hurtful outcome from this is the debasement of the dirt. The resulting deforestation makes the dirt wilt less supplement which will make it harder to be utilized once more. Environmental transpiration in Pakistan is expected to rationalization wide-running impacts on the climate and individuals in Pakistan. Considering of ongoing climate change, the climate of Pakistan has wilt progressively unpredictable in the undertow of recent many years; this pattern is required to proceed into what's to come. Notwithstanding expanded warmth, dry season and extreme climate conditions in a few pieces of the country, the liquefying of glacial masses in the Himalayas compromises a considerable lot of the main streams of Pakistan. Somewhere in the range of 1999 and 2018, Pakistan was positioned the fifth most exceedingly terrible influenced country as far as outrageous environment brought well-nigh by environmental change.

Pakistan contributes little to global nursery gas (GHG) emanations at well-nigh under 1%, yet it is entirely powerless versus the impacts of environmental change. Pakistan's lower specialized and monetary worthiness to retread to the unfavorable effects of environmental transpiration deteriorate its weakness. Food and water security, just as huge removal of populaces are significant dangers looked by the country.] Pakistan's farming ward economy is particularly vulnerable to expanding wandering and vulnerability over climatic conditions. In the same way as other South Asian countries, Pakistan

is looked by upper danger considering of environmental transpiration impacts. Natural debasement is a trademark and monetary subtitle sway wonder that is uncounted wherever on the world. The momentum towage explores the impact of monetary factors on segments of environmental debasement in Pakistan for the hour of 1984 to 2017. The impact of monetary parts on components of normal ousting is explored using the expanded Dicky–Fuller unit root test and the autoregressive spread leeway limits test. The volume sum of recursive residuals and the consolidated square measure of recursive residuals were used to trammels the steadfastness of the monetary limits on parts of worldwide self-indulgence of three inspected models. The viewing saw a negative and immense impact on worldwide ousting in all of the three models. The viewing merged that FDI, per capita GDP, industrialization and the total people endure a coronary episode and immense effect on environmental ousting as time goes on; as FDI, per capita GDP and total people increase, this will make foible debasement increase. The rural people and wild land have an immaterial relationship with worldwide corruption. The current towage similarly exhibits that component of the environmental ousting in Pakistan are for the most part influenced by the organization. In any case, this investigation will help the methodology makers to grasp the meaning of the organization and biological degradation.

MEDIA: BUILDING NARRATIVES



Sumaiyah Taif

(BS Applied Psychology,
Riphah International University)

Narratives are not built in a day or in a moment but they take years to get develop.

An adult talking about his favorite “Political Party” or another local talking about the situation of hospitals in his town, these narratives are not built in just a moment rather they take time to process and come out as words or even actions.

Similarly, a five years’ child talking about a “Perfect Life Goals” will surely have source of information. So basically this is a point.

WHAT IS OUR PRIMARY SOURCE OF KNOWLEDGE OR INFORMATION?

The evolution of media from being only accessible through wires to its availability to each person in a home has brought a huge change in the way people interact, build narratives and share stories. The visual effects, audio content, every exclamation and a question mark counts. This

distinctive feature has made media an important platform that could have a large impact on the masses and their opinions.

Most of the *Political and Social Entities* in the modern world day pivot on the narrative building on social media to further exaggerate their agenda in the mainstream. It’s done very strategically. the narratives are built in a way that transcends the screen to one’s emotions and feelings. For instance, *Beauty Brands* are also using this to inculcate a color discrimination in the society very politely.



Moreover, it’s also used to perpetuate propagandas on social media in a smooth and fast manner just like a fire burst and that’s how conflicts are being generated either political, cultural or religious. Narrative building is also at heart of *Net Troll Strategies* that involve comments in the comment section creating misinformation sometimes, campaigns aimed at diverting the direction of war or providing a strategic advantage!

We are living in an advanced world and today electronic and social media is the most common and famous mode of gaining information. It has become a powerful tool and hence is a medium where we actually breathe in as it shows each and every thread. Many years back, hearing about cases such as suicidal attempts, sexual harassments and many more were rare. *Have you ever thought why?*

Let’s focus on what we see today! Either we are too numb for a problem or we fall in extremism. Due to this mis-management in media different cancers in the society have emerged mainly as *Extremists*.

Human Psychology believe that personality conflicts are rooted in childhood experiences. Now a day’s children sit in front of TV in their free time to take it as their entertainment proportion, but is it really fulfilling their need?

WHAT WE SEE AND HEAR, WE REACT IN THE SAME WAY!

Cultivation theory, presented by *George Gerbner* and *Lary Gross* suggests that those who absorb more media, are more influenced. If a person watches crime shows and wrestling programs more often, which includes violence, he will think there is all violence and terrorism happening in the area he resides in. So its concluded that media influences attitudes, beliefs, meaning and perception in a society. It has the most persuasive power; it shapes what people think. Same is the case in “*Framing a Situation*”. It all depends on framing a picture and how its painted.

Media’s main purpose is to educate, inform and to make people aware. Yes, it’s a tool to aware not to control. As far as this chaos is being created on digital media, there is also a positive side, the other side of the picture, this media on the other hand is striving hard for education, for healthy knowledge. And it all depends on how you use it, wisely or unwisely. And as a responsible citizen and a student to psychology, it’s my duty to tell you through this medium that you are born independent, there must be nothing controlling you except yourself!

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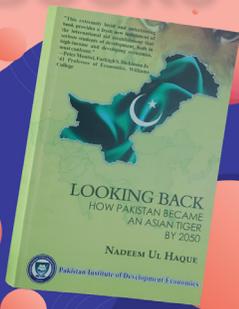
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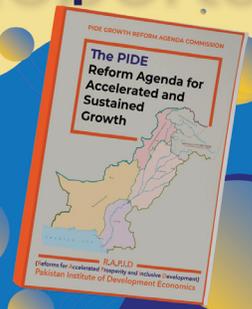
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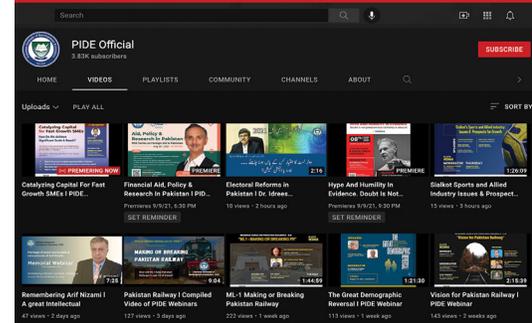


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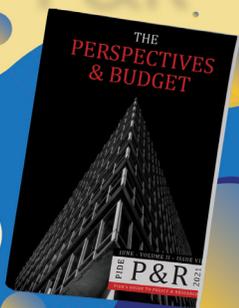
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