

SOUTH ASIAN ECONOMICS STUDENTS' MEET



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NEWSLETTER



South Asian E C O N O M I C S STUDENTS' MEET

It is with mixed feelings that I write this note for the fourth issue of the SAESM Newsletter. Deb Kusum Das, or Deb or DKD as he was popularly known, was supposed to write this note as he has done for the earlier issues. He had planned out the Newsletter and had asked different people to write articles for the sections that he had visualised for this issue. He passed away on December 24, 2021, working on the Newsletter and other SAESM activities.

Deb was at the forefront of the SAESM initiative. He was always coming up with new ideas for SAESM so that more students and more faculty could be involved. Over the years we had discussed possibilities of integrating educational institutions in South Asia to institutions in the rest of the world through various schemes such as (1) Academic exchanges for students in advanced countries to know and understand South Asian countries and its culture and vice versa; (2) Study tours for South Asian college students to leading educational institutions of the world; and (3) Internships for undergraduate students both within South Asian universities and abroad to learn and experience the working of firms, industries, social sectors, and research and development institutions. Deb's commitment to these schemes, and his efforts to implement them means that there are now many academics who are committed to the SAESM cause and who go beyond the classroom to further these ideas and keep the movement go-

ing.

Beginning in 2004 at Ramjas College, University of Delhi, SAESM is now one of the most successful platforms for people-to-people contact in South Asia. At one level, SAESM is a platform for undergraduate Economics students of South Asia to present research work and deliberate upon the economic problems of the region. At another level, and equally important, is the focus on peace in the region. With the concept of One South Asia, SAESM provides a platform for young people to interact with each other and to get to know each other and overcome their cross-country barriers. The success of SAESM is the presence all over the world of more than a thousand alumni - delegates, organising committee members and faculty who have participated in sixteen SAESMs and one Group Research Project since 2004. SAESM alumni are now all over the world as ambassadors in different fields and in positions where they can influence policies in their countries to foster the ideas that SAESM stands for.

This year we are getting together for the 17th SAESM, the first virtual SAESM hosted by LUMS. SAESM could not be held in its usual format after January 2020 because of disruptions caused by the covid pandemic. The virtual SAESM comes in its place, with the hope that the next SAESM will be a physical one at the end of 2022 or early 2023. Although we have not been able to gather physically in one place this time, the spirit of SAESM remains strong, and this meet will also be a step towards fostering peace and prosperity in the region.

- Mihir Pandey

A TRIBUTE TO PROF. DEB KUSUM DAS

MESSAGE FROM GOVERNING COUNCIL

We Remember our DKD

Selim Raihan

We mourn the untimely death of Professor Deb Kusum Das, popularly known as DKD, a dear friend, a motivational teacher, a great researcher, and a true South Asian personality. Our relationship with DKD was built with a vision of an integrated South Asia and evolved to share many gatherings and other activities together over the years. With his passing, DKD is leaving behind a legacy of leadership, kindness, compassion, and generosity.

DKD was of the founder of SAESM (South Asia Economics Students' Meet) – the only regular South Asian event in the contexts of turmoil and uneven relationships among the South Asian countries. Since 2003, over the years, SAESM has become the 'symbol' of an 'Integrated South Asia'. This is the unique platform where young aspiring economists from South Asia meet, interact, and exchange ideas with each other. For SAESM, DKD would be willing to drop anything to lend a hand. He was a rock of stability and a source of strength in the long journey of SAESM.

We can't imagine how empty it feels to spend time in any SAESM event without DKD by our side. The young combatants of SAESM need to carry forward DKD's vision of an integrated South Asia in all spheres of their lives.

DKD shared good humour and a big smile with everyone he met. He was an integral part of creating a solid foundation of friendship in South Asia.

When times were difficult, he could always put smiles on our faces. He held his head high until the end, showing what it looks like to finish strong. He



Dr. Selim Raihan is Professor at the Department of Economics, University of Dhaka, Bangladesh. He is the Executive Director of SANEM.

had a magical way of bringing joy every time he walked into the room. No one who met him could forget his smile. We will never forget the advice and the lessons he taught us. His wisdom will forever guide us.

We love you, DKD!



In homage of Deb Kusum Das

Martin Rama

Deb and I met for the first time in June 2016. Back then I was serving as Chief Economist for South Asia at the World Bank, based in Delhi. Together with his friend and colleague Mihir Pandey, Deb was seeking support to bring together students in economics from across the region. His enthusiasm was contagious. I immediately saw the potential of his initiative and started exploring ways to mobilize resources for his beloved network, the South Asia Economic Students Meet (SAESM).

Teaching and mentoring were Deb's vocation, and he had no doubt that helping the brightest students of each cohort mingle with each other, listen to lectures, participate in debates, and build networks was key for them to grow professionally. In a region divided, SAESM was also a wonderful vehicle to support mutual understanding and analytical partnerships. As progress on formal regional integration stalled, building strong people-to-people links was, no doubt, the right way to go.

Ever since that first meeting, I became a committed SAESM advocate and supporter. I participated in almost all its annual encounters until I took on another assignment at the World Bank in 2019. And those meetings were among the most gratifying experiences of my tenure in the region. There was substance in the presentations, eagerness to learn among all participants, and a warmth in the air that made each of the SAESM meetings memorable. That is without even mentioning the joy of the farewell dinners, that inevitably ended with everybody dancing together to the contagious tune of Bollywood songs!

I feel a debt of gratitude to Deb for having invited me to be part of this extraordinary journey he had put in motion. But in addition, I was absolutely convinced that he was right in devoting himself to his cause. I grew up in Latin America, at a time of military dictatorships and heavy censorship. Back



Dr. Rama is the World Bank Chief Economist for the Latin America and Caribbean (LAC) region. He served as the Chief Economist for the South Asia region of the World Bank from 2013 to 2018.

then, together with fellow young economists from across the region, we were actively building networks that could foster an open exchange of ideas and become a source of mutual support.

Today, many of the top Latin American academics and policy makers are part of such networks. We know each other, we trust each other, and even if we may disagree on specific issues... at a deeper level we think alike and share the same goals.

This is not to say that the economic problems of Latin America have been solved, far from that! But so much progress has been made thanks to those committed young economists who got together year after year, in the same way as SAESM participants do nowadays in South Asia, thanks to Deb's drive and generosity.

Along the way, Deb and I collaborated in many other ways. We discussed economic issues together, he invited me to give talks at Ramjas College, we exchanged books and articles. Deb was not only substantive as an economist: he was exceptionally warm as a human being. And very humble too, as the many students who travelled long journeys by train with him to attend SAESM meetings can testify. Through those qualities, Deb exemplified what a role model is.

Deb's untimely departure came as a shock to all of us. There was still so much more he had to contribute, so much energy to be tapped in him, so many laughs to be had together. He will be sorely

missed, for sure! But through the legacy of his beloved SAESM, and through the successes of the many students he taught and mentored, he will continue to be with us.

Robert Carl Michael Beyer



Robert C. M. Beyer is a macroeconomist at the South Asia Office of the Chief Economist at the World Bank. He is the lead author of the biannual macroeconomic update for South Asia entitled South Asia Economic Focus and leads the South Asia Economic Policy Network. Before joining the World Bank in 2016, he conducted research at the European Central Bank and the International Monetary Fund and completed a Ph.D. at Goethe University Frankfurt.

Before getting to know DKD personally, I was copied in many emails between him and colleagues. Already from the tone of these emails, I was very curious to get to know him. I will never forget our first coffee: he was so friendly and interesting, so open and engaged, and all with great humor! Above all, his enthusiasm and optimism for

SAESM was catching. I am honored to have had the opportunity to interact with him to organize the World Bank's support for the recent events and will forever cherish the opportunity to join the 2020 SAESM in Nepal. South Asia has lost a great character and academic; his commitment to the region and the youth will be missed.

Sanjay Kathuria



Dr. Sanjay Kathuria is a Fellow at the Wilson Center in Washington, D.C; Senior Visiting Fellow at the Centre for Policy Research, India; and Non-Resident Senior Fellow at the Institute of South Asian Studies, Singapore. He is also Adjunct Professor, Georgetown University, and Visiting Faculty, Ashoka University. He is a former Lead Economist and Coordinator for Regional Integration in South Asia at the World Bank.

Deb was infectious. Infectious in his enthusiasm and in his joy for life, and in always seeing the positive side of things. You could not help taking to him.

I recall, on several occasions, he used to ask me whether the World Bank could plug the financing gap for SAESM. And given that it was Deb who was asking, the Deb without a selfish bone in his body, the Deb who always thought of his students, we always made a very sincere attempt to respond.

Deb was devoted to his students, and they used to

worship him. It is fitting that one of his most important legacies comes in the form of SAESM, a cause that was so very dear to his heart. For me, SAESM is a brilliant and very important initiative, and I do hope that Deb's colleagues (the co-founders as well as the new generation) from all over South Asia will take SAESM to new heights. This will be the best tribute to him. And when SAESM alumni start assuming influential positions in the region — as is likely in the not too distant future — and helping South Asia take a turn for the better, I will be cheering. And Deb will be cheering from up above.



DKD: A South Asian Dreamer

Ali Hasanain



Dr. Ali Hasanain is the Head of Economics Department at Lahore University of Management Sciences, and Director of the Pakistan@100 initiative. He is also a member of EGAP, a CPDR and MHRC fellow, and a faculty adviser at the Technology for People Initiative. He has been a Global Leaders fellow at Oxford and Princeton universities. Dr Hasanain research focuses on how information can improve or hurt market and non market outcomes. Reform efforts rooted in his research have won innovation awards, been implemented and scaled to the benefit of millions of people, and been featured by media outlets globally.

December 2002. Vajpayee's Lahore visit and the Kargil war had happened just three years ago. The Agra Summit was the year before, and India and Pakistan had ended a six-month long military standoff just that summer.

The South and Southeast Asia Meeting of the Econometrics Society was being held in Lahore at LUMS, and among the attendees were Professor Kaushik Basu – a celebrated Cornell Economist who would go on to become Chief Economist first of India and then the World Bank – and his Delhi University protégé, Professor Deb Kusum Das.

On the sidelines of the conference, the student organisers drove these two Indian Professors around Lahore's tourist spots and the two returned to India reflecting on this hospitality and wanting to improve student linkages between the two countries.

Over the next year, Deb Kusum - DKD to his friends – worked with Professor Basu and a group of students at Delhi University's Ramjas College to put together the inaugural South Asian Economics Students Meet (SAESM) for students from across the region.

It was thus that I found myself sitting on a chilly January morning in 2004 at the train platform in

Attari, having crossed over on the Samjhauta Express with nine other Economics students. The train to Delhi was much delayed, so I sat there thinking about the event ahead.

I had spent the last few months writing a paper for the Meet with the quiet ambition of winning the Best Paper award. As I boarded the train to Delhi late that afternoon though, the real goal was clear: I had to beat Indians in a competition.

I don't remember much of the journey, but I will never forget the moment our train slowed to a stop on a cold Delhi platform late that night.

The silence was suddenly pierced by the roar of a crowd, and I peered out nervously, half expecting a lynch mob. Instead, standing there to receive us with his trademark toothy smile was a beaming DKD, with what seemed like half of Ramjas College assembled to receive us. They embraced us like old friends, and whisked us away to start a trip that I remember not for the economics, but for the kindness and hospitality of DKD and his Indian students.

DKD was a simple and honest man who was uncomfortable in the limelight. Yet he was fiercely ambitious and protective of SAESM. Over the next decade, he worked with a group of committed

faculty to host the conference in Pakistan, Bangladesh, Sri Lanka, Nepal and Bhutan, never earning a dime for his efforts.

He dreamed of hosting the event in Kabul, and taking it beyond South Asia to Central Asia, the Middle East, and East Asia. Even as tensions between South Asian Countries – especially India and Pakistan – rose, he imagined a world where he could have breakfast in Kabul, lunch in Lahore, and dinner in New Delhi.

Every year, SAESM has struggled to get visas and travel clearances issued.

We have received visas one hour before our flights, had to transit through Turkey, Singapore and the Middle East to make what should have been a two hour hop between capitals, and been harassed by rival intelligence agencies. We have also been hosted by heads of state, and supported by Nobel laureates, foreign ministry personnel working for peace, multilateral agencies, businesses, and the media across South Asia.

In recent years, DKD was often worried. Worried in a big way about the rise of hyper-nationalists in the region whose idea of making their country stronger involved making their neighbors weaker, but also worried about prosaic matters: how would SAESM be institutionalised? How would it function after he retired? Were people as committed to his ideals as he was?

Professor Deb Kusum Das had a sudden heart attack and passed away last week.

South Asia continues to deny itself a conservatively estimated \$44 billion per year in economic gain from trade within the region, sacrificed to border restrictions. And I can't make what should be a six-hour drive to New Delhi to grieve with colleagues and console the young children of my friend at his funeral.

In the darkest hours – and the idea of South Asia has had many – DKD taught me to always look for the green shoots of recovery. In nearly twenty years of SAESM, we have always managed to put the conference together each year. We now have thousands of alumni – students who have experienced the magic of South Asian cooperation.

We have natural allies to regional cooperation in South Asian academics abroad, who are both more numerous and reaching greater heights in the World's top universities than ever. And we will always have the memory of DKD, the man who taught so many of us to see humanity beyond borders, to give of yourself to your students without regard for caste or creed, and to always hope for peace in South Asia.

Originally published in Business Recorder, Pakistan. Reprinted with permission.



MESSAGE FROM SAESM ALUMNI

DKD – my real-life Mark Thackeray

Dr. Deb Kusum Das, or as we all know him – DKD (not ‘Sir’, just DKD – because he often became one with his students and peers) was a third parent to me. Having known him for two decades now, he often had more influence on my thoughts and decisions than my own parents. I have now lost with him – a father figure, an inspiring mentor, someone I have taken for granted because he was there, always.

DKD (Sir) was never just a professor for most of us at Ramjas, or even beyond Ramjas. The vision for SAESM started during one of the many late-night parties at his (then) bachelor pad in the autumn of 2003, since other ‘bigger’ colleges were always having ‘bigger’ economics fests. Like always, he followed through and immediately put together a modest and motley crew of students to start working on this massive dream, ‘bigger than the biggest’ we could concoct in our young minds. As a small part of that motley crew, today I look back and reminisce about what was indeed the first flavour for many of us - of what it meant to dream with one’s eyes open and manage a project of near-astronomical scale. This was just a few years after Kargil ’99 and South Asia was still healing from fresh wounds. Even imagining a project like this was laughable!

But that was then, and now we are here – with SAESM having just turned into a formidable 18-year-old adult! He literally got pregnant with the



idea of SAESM, birthed it and saw it to its adulthood. But it will never be the same again.

I will never again receive a call in the middle of the night with DKD (Sir) on the other side speaking excitedly and mandating me to rope in Myanmar or Thailand or Singapore into SAESM. I will never again be reprimanded for not getting a meaty sponsor for the next convention. I will never again be sent pictures from the valedictory sessions and being asked to (still!) pursue my PhD in Economics one day.

He was at my marriage, at my child’s first birthday, at my own father’s cremation – and I always took him for granted. Imagining a life ahead without him being ‘there somewhere’ will take some processing. I will try my best to be an iota of the person he always saw in me.

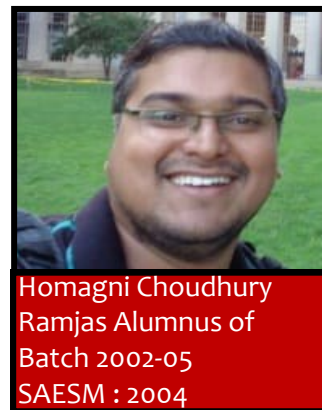
Thank you, sir, I miss you.

DKD Sir remains the most influential person in my life since the day I first met him in Ramjas College corridor asking for the economics department. I have lost my mentor, teacher, and friend who went beyond being the teacher and made me fall in love with the subject. His *invisible* hands always supported me to succeed and were constantly nudging me to strive for something more. I wish we can touch a fraction of the lives that DKD could influence in his lifetime. I wish our dreams are as big as DKD’s big-budget movie canvases. I wish we all can feel the romance that DKD wished to write in his script. He was a dreamer and I hope I could play a small part in his dream.



It has been over a month since our much loved DKD Sir was taken away from us - suddenly and untimely, but it still hasn't sunk in me yet that he is not with us anymore. As I write this, it is a crisp and chilly winter evening in London, already dark at 5:30 pm and I am wishing that my mobile phone would buzz with a WhatsApp message from DKD Sir saying 'Call'. Often, we would talk at this time after he had finished his day and before he went to bed – we would talk about everything – life in general, research, SAESM, people, movies, food recipes and the list goes on. It is difficult to express in words the pain and grief I feel today in coming to terms that I will never ever receive those messages and have those conversations with DKD Sir again. I first met him at Ramjas College in the summer of 2002 and last spoke to him on the night before the fateful day he was taken away from us and in between these two dates, DKD Sir had been a friend, philosopher and guide to me for two decades – he bestowed on me his unconditional love like a parent would to their child, he provided me career shaping advice like a *Guru* would to their *Shishya*, and has been by my side in times of crisis and celebrations alike just like any true friend would do. The void he leaves behind cannot be filled.

As the founding father of the SAESM movement, I cannot even begin to describe the impact DKD Sir has had on multitude of students and colleagues of economics in the wider South Asian Region. From having conceived the idea of SAESM in 2003 following his delightful experience of hospitality and friendship of Pakistani students and colleagues in LUMS, and inspiring a group of young students at Ramjas College with his vision and dream of a united South Asia to help him launch the first SAESM in 2004, to making SAESM the much-awaited annual event for UG economics students in South Asia, DKD Sir has led and steered SAESM to grow from strength to strength. I was privileged to be part of that group of young students at Ramjas in 2003 who gave mind and soul to turn DKD's dream into reality – such strong was his encouragement and mentorship that we never doubted for a second that we will be able to deliver the mammoth task he had us



got into. Even after I had left Delhi, he always kept convincing me to come back to contribute to SAESM – he got me to judge student presentations at 2012 SAESM in Kathmandu and again in 2021 to supervise students in the Joint Group Projects. DKD Sir wanted SAESM to grow beyond South Asia and constantly discussed with me his vision of how he wanted to bring UK and US to the fold of SAESM, especially the huge South Asian diaspora attending British and American universities. The SAESM community will always remember DKD Sir as the passionate teacher, mentor and colleague he has been to many. We will miss his open, friendly and dynamic personality, and always cherish how he selflessly devoted his time to empower his students and colleagues by encouraging them to be aspiring for monumental things and enabling them to achieve those, and most of all, welcoming them as part of his family. As we mourn this enormous loss as a SAESM community, I am pretty sure that DKD would have said to us (as he did to me in all my crisis) quoting the famous lyrics of one of his favourite songs by 'Queen':

'The show must go on
The show must go on
I'll face it with a grin
I'm never giving in
On with the show'

Likewise, SAESM must also go on although it will not be the same without DKD. As a community, we will try to live up to DKD's ideals and values and keep his legacy alive. His warmth, love, laughter and zest for life filled the spirits of everyone he knew with joy and enthusiasm, and we will eternally miss him.

My last conversation with DKD included me complaining that he had yet to send comments on a paper I had recently written. He asked me to send a pdf over email. I put it on my to-do list and somehow delayed it. I remember thinking, would he say he was proud or would he say, Ipshita, what is this Mahabharat you have written over something that deserved a paragraph? He was gone 10 days later and I will never know the answer to that. I am reminded of that expression, *if a tree falls in the forest, and no one's there to hear it, does it make a sound?* I think of the next steps for me and for my friends, in terms of our careers, our personal lives, and our relationship with SAESM. And I have to wonder, will an achievement be an achievement if Sir isn't there to enthusiastically approve? Will a misstep be a misstep if Sir isn't there to vehemently criticize?

I was DKD's student at Ramjas during 2002-2005 and during that time, I had the honour and the privilege of working for the first SAESM. It would be an understatement to say he taught us to dream big – he taught us that dreaming big was the only way to dream. More importantly though, he trusted us with his dream, trusted that a bunch of 19/20 year olds will successfully manage to negotiate the many challenges of organising an international conference in a small college – from coordi-



nating the academics or the logistics, to liaising with the government or the media! That same faith continued in the years to come. His aspiration for us was often bigger than our own. He always believed in our abilities and futures more than we were ready to believe in them ourselves. Sometimes I rationalise that that is why he left so soon – he believed that we were ready to manage on our own, to take care of one another, to go on and to thrive. This is where I disagree with him -maybe we will manage but we sure weren't ready to do it. We aren't ready for a world where DKD isn't chiming in or asking our opinion, pushing us or questioning us, planning the next meeting, introducing us to someone or something new, or just laughing out loud over an *adda* session.

It's not easy to capture the essence of someone like DKD sir, who had such a massive impact on so many lives yet lived with such ease, simplicity, and joy. The reality of his absence hasn't sunk in. He seems just a quick phone call or a coffee at Habitat Center away. He was part of my Ramjas College experience from Day 1. His classes were a blast, hanging out and chatting with him after class even more fun! But it was the idea of SAESM that was his most audacious one. I remember thinking what a crazy notion this was, the logistics of organizing a huge international event with an inexperienced bunch of college undergrads like us. But his belief and never say die spirit just somehow made us all work that much harder to make his vision a reality. I was proud to be part of the organizing team for the inaugural SAESM in Delhi, and then part of the India delegation to Lahore for the sec-



-ond SAESM. I made friends and memories for life each time. DKD sir's encouragement in doing the research for SAESM paper presentations was the catalyst for my pursuing doctoral studies and

charting out a career as a researcher. But beyond academia and conferences, he was the best friend and mentor one could ever ask for. From the legendary parties at his house, bringing in the baarat at his wedding, the raucous house-warming for him and Shoma di, we felt like we were a part of his family. And as life moved forward, he became a part of our families and I would look forward to meeting him in all corners of the world, wherever our travels and work would take us. He was the most wonderful human being I had the privilege of knowing. Farewell sir and miss you so much.

DKD is not a name, DKD can easily be the synonym of the student mentor relation which God might have envisioned.

If not for anything else, DKD Sir would be missed for his magnificence, benevolence, kindness. He selflessly curated one student at a time, and created impact only few humans can ever could.

He has left behind a Cult named "DKD students". Just like any religion, the students will worship DKD. It seems DKD has just moved to a different world to spread the Cult.

We can't see him, but he can.

We can't feel him, but he can.

We can't reach him, but he can.

We can't touch him, but he can.

Like always we could never understand his ways, but he could.

For a moment close your eyes, just like you remember your God, visualize DKD, you will see him smile at you.

He has just moved to a different world to heal



Yashu and Deepanker Agarwal

(The couple that DKD made)

Deepanker, Ramjas Alumnus of Batch
2002-05

SAESM : 2004

Yashu, Ramjas Alumnus of Batch 2003-06

many many lives there just as he did in this world.

Like all good things come to an end, so did his presence around us.

We will meet him when we reach the other world even if we can't find him now, we know he will find us somehow.

I would describe DKD Sir as an *enlightener* to me. Initially, I spent four semesters in the classroom understanding the Indian economy and econometrics. With the enthusiasm and clarity with which he discussed the issues of the Indian economy, it became difficult not to think about them beyond the classroom. His teaching of econometrics wasn't restricted to derivations and proofs; he would always compliment it with a real-world application of technique. After spending my good two years at DSE amidst game-theoretic models and Greek alphabets, I decided to take a plunge with research. I could do that because I knew DKD. Subsequently, he became a research mentor, giving me space and freedom as a researcher. Even if things went south, you could count upon him as a pillar of support. His passion for research brought him to his research desk, even on Saturdays and Sundays when the entire office used to be empty. DKD pushed people to become better



Kumar Abhishek

Ramjas Alumnus of Batch

2011-14

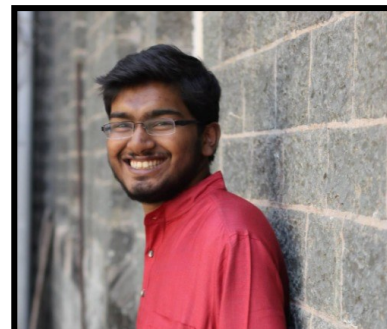
tomorrow than they were yesterday. You will always be missed DKD Sir.

It was only last December that I was beaming with the joy of spotting Prof. Deb Kusum Das', or DKD sir as we called him fondly, book on productivity dynamics alongside Prof. Turab Hussain's work on weak institutional environments at a Delhi winter book-sale. And unsurprisingly, it reminded me of the warmth and camaraderie that I'd felt at SAESM – something that DKD sir helped create and foster. He was full of love and strength, and was in many ways instrumental in my decision to pursue an academic career in Economics.

Thank you, professor, for your wisdom and kindness. The SAESM fraternity will miss you dearly and may we continue your great legacy with many more years of SAESM, bigger and better like you'd always dreamt.

The winter economics conference was the wild brainchild predecessor of SAESM in 2002. That's how I got to know DKD. Wild because nobody in their right mind could imagine that a purely academic conference could be pulled off in DU. But he made it happen. He brought out the best in us. It was the foundation of my professional career as a manager and injected me with confidence that serves me till today. DKD was a friend and a father figure. Thank you DKD !!!

DKD had huge influence on my formative years in college ! I joined Ramjas in 2007 and he took a couple of courses for us. But more than this, it's my association with him through SAESM. I was part of the organizing team in 2008, a participant in 2009 and again an organizer in 2011. The experience of being involved in SAESM, meet people and organize events independently influenced the personality hugely. I was not in touch with him for around 6-7 years now but I would always remember his childish smile and infectious enthusiasm. He used to often so lovingly talk about his experience of teaching at LUMS and how that led to the idea of SAESM. I will miss him and my condolences to Soma ma'am and kids.



Rohit James Joseph, India
Ph.D. Student, Department
of Economics, Ashoka
University
SAESM : 2017, 2018



Kshitij Rai
Ramjas Alumnus Batch of
2002-05
SAESM : 2004



Akshat Agarwal
Ramjas Alumnus of Batch
2007-10
SAESM : 2008, 2009, 2011

16TH SOUTH ASIAN ECONOMICS STUDENTS' MEET 2020, KATHMANDU

The 16th South Asian Economics Students' Meet (SAESM), held during 21st-26th January 2020, was hosted by the Central Department of Economics, Tribhuvan University, Kathmandu, Nepal, in collaboration with the Nepal Economic Association. The theme for 16th SAESM was — “Towards Prosperous South Asia”.

The development experience of the South Asian countries since the mid-1950s has been rich, though varied. Recent decades have seen accelerated development in many of the South Asian countries, and some of them are now the fastest growing countries in the world. The 16th SAESM explored some of the major challenges and opportunities that the countries now face in the road to further development. It gave youths of South Asia a platform to examine past experiences, critically evaluate the effectiveness of the existing regional integration regime, and suggest a way forward in building an integrated —one South Asia.

16th SAESM was inaugurated by Dr. Yuba Raj Khatiwada, Honorable Minister, Ministry of Finance, Government of Nepal. Other dignitaries at the inaugural session were Prof. Dr. Pushpa Raj

Kandel, Honorable Vice-Chair, National Planning Commission, Government of Nepal, Prof. Dr. Dharma Kanta Baskota, Vice-Chancellor, Tribhuvan University and Prof. Dr. Bishwambher Pyakuryal, Chair, Governing Council, SAESM. The keynote speech Macro Policies Harmonization in South Asia was delivered by Dr. Yuba Raj Khatiwada. Other speakers included Prof. Dr. Kushum Shakya, Head of Central Department of Economics and Chair, 16th SAESM Organizing Committee and Naveen Adhikari, Coordinator, 16th SAESM.

There were ten sub-themes within the broad theme, covering different aspects of development experience on which students presented papers. The other events were the Budding Economist of South Asia Contest, the South Asia Economics Quiz Competition and two panel discussions. The meet concluded with a one day retreat in Kathmandu. The conference also included presentations by United Nations Development Programme (UNDP) Nepal and International Centre for Integrated Mountain Development (ICIMOD).

Sub-themes and Winners:

Sub-theme	Winners	Title of the Papers
Growth in South Asia	Al-e-Iba Dahri, Lahore University of Management Sciences (LUMS), Pakistan	Knowledge Diffusion Among Neighboring Countries: Case for Pakistan and its Implications
Agriculture and Food Security	Farhin Islam, Dhaka University, Bangladesh	Developing Household Food Security Index Based on Exploratory Factor Analysis: Evidence from Rural Bangladesh
	Fizza Suhel, Ramjas College, University of Delhi, India	Feminization of Agriculture and Food Security
Migration and Development	Javeria Suhail Qureshi, Lahore University of Management Sciences (LUMS), Pakistan	Impact of International Remittances on Wellbeing of Households in Pakistan
	K. G. Samaraweera, University of Colombo, Sri Lanka	Lee's Theory of Migration and Rural to Urban Labour Migration in Sri Lanka

Sub-theme	Winners	Title of the Papers
Cross Border Energy Trade	Hasibullah Mohammad, Kabul University, Afghanistan	The Relationship Between Energy Consumption, Trade and GDP in South Asian Countries in Long-Run
	Pratyush Raychaudhari, Presidency University, Kolkata,	Leontief Model for Cross-Border Electricity Trade of India with Neighbouring Countries
	Saurav Aryal, Tribhuvan University, Nepal	Energy Consumption, Export and Economic Growth: Empirical Evidence from Nepal
Human Capital Development	Sanjari Kalantri, Lady Shri Ram College, University of Delhi, India	The Impact of Quality of Health and Education and Demography on Economic Well-Being in South Asia: A Panel Data Regression Analysis
	Muaz R. Chaudhary, Lahore University of Management Sciences (LUMS), Pakistan	An Estimation of Health Production Function in Pakistan: A District Level Case from Punjab
	J.P. Kaluarachchi, University of Colombo, Sri Lanka	Long-run effects of Human Capital as a driver for Economic Growth and Innovation in South Asia
Economics of Ideas and Innovation	Awaid Yasin, Lahore University of Management Sciences (LUMS), Pakistan	Monetary Policy and Entrepreneurship: A Machine Learning Augmented Microsimulation Approach
Mainstreaming Gender for Development	Navya Sureka, Mirannda House, University of Delhi, India	Inter-State Heterogeneity in Female Labour Supply in Rural India: A Comparative Case Study Between Haryana and Kerala
	Javaria Ashraf, Lahore University of Management Sciences (LUMS), Pakistan,	Impact of Maternal Education on Children's Learning Outcomes: A Case for Pakistan
	W.M. Pasan Malinda, University of Colombo, Sri Lanka	Can Compensating Wage Differentials Economically Empower Women in South Asia?
Social Values and Institutions	Nilupulee Rathnayake, University of Colombo, Sri Lanka	Mediating Pathways of Family Interactions between Economic Strain and Adolescents' Development (An Actor Partner Interdependence Approach to extended Family Stress Interactionist Model)

Sub-theme	Winners	Title of the Papers
Informal Economy	Akarshi Agrawal, IIT Bombay, India	Informal Sector Employment in India : Analysis of Determinants and the Impact of Information and Communication Technology
	Shaheryar, Lahore University of Management Sciences (LUMS), Pakistan	Impact of Informal Economy on South Asia: Evidence through the Lens of Growth and Budget Deficit
Actions for Climate Change	Anuva Afsana, Dhaka University, Bangladesh	Investigating the Energy-Environmental Kuznets Curve Hypothesis for South Asia: A Cointegrated Panel Approach
	Kanishka Werawella, University of Colombo, Sri Lanka	Mitigating Greenhouse Gas Emission of Transport through the Management of Traffic Congestion -Transport Mode Choice Analysis and Willingness to Pay Analysis of Kandy, Sri Lanka

Sen – Haq Best Paper Award

To commemorate a decade of SAESM (2013), an award was instituted honoring two of South Asia's most influential economists – Nobel Prize winner Professor Amartya Sen and Founder of the Human Development Index - late Dr. Mahbub Ul-Haq for the best research paper of the competition, across all sub-themes.

The **winner** was Kanishka Werawella, University of Colombo, Sri Lanka for his paper in the sub-theme: Actions for Climate Change.

Paper Title:

Mitigating Greenhouse Gas Emission of Transport through the Management of Traffic Congestion - Transport Mode Choice Analysis and Willingness to Pay Analysis of Kandy, Sri Lanka

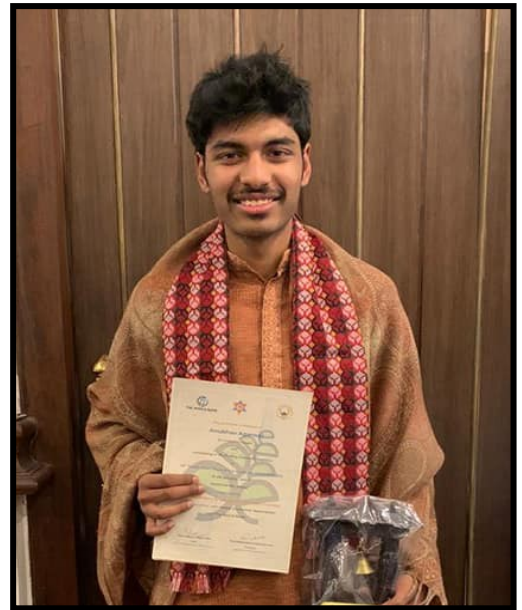


Kanishka Werawella, University of Colombo, Sri Lanka

South Asia Budding Economist Contest

The Budding Economist is a competition that seeks to test individuals on a variety of skill sets. At each level, top scorers, were selected. To begin with, top twelve participants qualified for the second round, which is the visual round. Top six participants proceeded to the final round of panel interview. The participant with highest aggregate marks was declared as the winner.

1. **Paper Presentation** : The total marks obtained from writing and presenting the research paper will be carried forward for this competition.
2. **Written test** : There will be a written exam testing students on the concepts of economic theory.
3. **Visual Round** : The participants will discuss an image shown to them by applying any economic theory and vocabulary.
4. **Panel Interview** : The participants will have to answer questions from a panel of judges in the final round of the competition. First round of elimination was done by combining the marks of the research paper and the written test.



Winner: Anubhav Agarwal, St. Stephen's College, University of Delhi, India

Panel Discussion

A panel of student speakers from all participating countries engaged with a pre-assigned topic and discussed the pros and cons of the issue at hand. Students can either provide his/her own country perspective to the topic or in terms of overall South Asia perspective. The objective of the panel discussion was to create awareness amongst students of South Asia about the importance of resource sharing in one of the poorest regions of the world as a possible solution towards developing the region. In addition, the students were expected to provide out-of-the-box thinking towards regional cooperation and economic integration of the least integrated region of the globe and achieving development with peace.

Mitigating Jobless Growth in South Asia



Winner: Hasibullah Mohammadi, Kabul University, Afghanistan

Combating Pollution in South Asia



Winner: Kavindya Thisarani Jayasundara, University of Colombo, Sri Lanka

South Asia Economics Quiz

South Asian Quiz is the most exciting event of SAESM. For SAESM 2020, seven teams named after major river system of South Asian region namely Helmand (Afghanistan), Barhmaputra (Bangladesh), Mo chhu (Bhutan), Ganga (India), Gandaki (Nepal), Indus (Pakistan) and Kelani (Sri Lanka) were made. Each team had a cross country members of four. The quiz included three broader areas of economics science namely: (i) Know Basic Economics, (ii) Know South Asian Economy, and (iii) Contemporary Global Affairs in Economics and Business.



Winners: Team Indus – Anuva Afsana (University of Dhaka, Bangladesh), Dishani Sen (Christ University, India), Maniha Aftab (LUMS, Pakistan), Thinley Jamtsho (Sherubtse College, Bhutan)



Runners Up: Team Kelani – Oshani Madushika Pallege (University of Colombo, Sri Lanka), Rinchen Dorji (Sherubtse College, Bhutan), Arya Roy Bardhan (St. Xavier's College Kolkata, India), Sujana Bhattarai (Tribhuvan University, Nepal)



Is South Asia only a Figment of the Imagination? Far From It

Sanjay Kathuria

It is sometimes said that the term South Asia and its eight included countries is not a useful way to think about the region. As evidence, this narrative points to the very low levels of economic cooperation in South Asia; highlights the fact that leaders of the larger countries do not seem to be much interested in talking to each other, at least as a group (the last South Asian Association for Regional Cooperation summit was held in November 2014); and emphasizes the very different trajectories of cooperation between the eastern and western parts of the region.

I have a very different take on South Asia. I have argued that despite hostility between Pakistan and India, and Pakistan and Afghanistan, and mistrust between many other pairs of countries in the region, the idea of South Asia (comprising Afghanistan, Pakistan, Maldives, Sri Lanka, India, Nepal, Bangladesh and Bhutan) is real, relevant, useful and, ultimately, necessary.

Real, because there are strong cultural and linguistic ties between the countries. Many languages are spoken across overlapping borders—Bengali between Bangladesh and West Bengal and Tripura in India, Urdu/Hindu between much of Pakistan and North and Central India, Pashto between Afghanistan and parts of Pakistan, and Tamil between Tamil Nadu in India and the northern part of Sri Lanka. Bollywood is universally loved and has allowed Hindi/Urdu to be understood across much of the region. A shared passion for cricket has seen Bangladesh and, more recently, Afghanistan, join the traditional elite powers of India, Pakistan and Sri Lanka. Indeed, Afghanistan has been a surprise packet and two of its bowlers are ranked in the top 10 in the world in T-20, the shortest format of the cricket game. Such examples can be multiplied, with music, dance and cuisine finding common ground across South Asian borders.



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Migration is also quite evident. Many South Asians were born in other countries in the region, and this is not just a post-Partition phenomenon. In 2000, according to the World Bank's Global Migration Database, intra-regional migration was 50 percent of total migration from South Asia.

Relevant, because the world's most successful regions have all had strong intra-regional economic ties. Think European Union, East Asia, North America. South Asian countries are missing a trick in their development playbook by often ignoring the potential of their immediate neighbourhood. Trade within South Asia is only about 1 percent of regional GDP, versus 2.6 percent in Sub-Saharan Africa, and 11 percent in East Asia and the Pacific. The uncertainty in world trade and the push towards relocating supply chains increases the relevance of South Asia.

Useful, because it has been amply demonstrated that there are major economic opportunities that could be unleashed with deeper economic integration. neighbors can gain from deeper economic ties with each other. A recent World Bank study (<http://hdl.handle.net/10986/30246>) showed that

goods trade within South Asia could be three times as high as current trade. And these estimates do not include services, where, arguably, the potential is even higher. If we bring investment into the picture, since trade and investment are inextricably interlinked, then the possibilities are yet greater (<https://bit.ly/3ozPISA>). In this context, the virtual banning of trade between India and Pakistan since 2019 can be seen as a “self-goal,” at a time when workers, devastated by COVID-19, need all the jobs that they can get (<https://bit.ly/2WH2BSInPk>).

For many, the biggest economic prize, at least in the medium-term, is the enormous potential for energy trade. Nepal is sitting on hydro power potential of at least 40 GW, but current capacity is only a little over 1 GW. Northeast India has also installed only about 1.5 GW of its over 58 GW of hydro power potential. The full potential of these and other endowments in the region can only get translated into reality with cross-border power exports. Indeed, the region is very aware of these possibilities, with power trade having expanded almost three-fold over the last decade, to around 17,000 GWh per year. Similarly, Central Asian countries are endowed with significant hydro potential, with ready markets for power exports in neighboring South Asia. Already, the “CASA-1000” project, currently under implementation, seeks to create a 1300 MW interconnection for power export from the Kyrgyz Republic and Tajikistan to Afghanistan and Pakistan. This incipient relationship can be broadened and extended to other countries, with the stated aim of creating the CASAREM (Central Asia-South Asia Regional Energy Market).

This potentially large-scale hydropower trade could, by substitution of fossil fuels, also lead to positive effects on the environment. A World Bank study (<http://documents.worldbank.org/curated/en/846141468001468272/pdf/WPS7341.pdf>) estimates that regional electricity trade, including hydropower, could reduce carbon dioxide emissions by 8 percent over a 25 year period.

Necessary, because some things cannot be managed alone, even by the biggest country in the region. Pakistan, Afghanistan and India are among the most water-stressed countries in the world. Almost 800 million people in South Asia could be at risk of seeing a sharp decline in living conditions, owing to an increase in greenhouse gas emissions (<https://openknowledge.worldbank.org/handle/10986/28723>). Climate refugees could spell a humanitarian tragedy. All of these critical issues require collective action by South Asian countries; the alternative would be sharp increases in human suffering as well as the cost of addressing and mitigating the impact of water shortages and climate change. The Coronavirus crisis has also delivered a tragic reminder that communicable diseases can cross borders very quickly in an age of globalization, and regional and global cooperation can help address the problem and the impact more effectively.

Regional connectivity is another necessary condition for landlocked countries like Bhutan, Nepal and Afghanistan to access world markets. India's Northeast Region is virtually landlocked and requires Bangladesh to ease its access to the rest of India and the world.

Deeper regional cooperation is also necessary to reduce the immense trust deficit in the region, reflected partly in the burden of defence expenditure for several countries in the region.

South Asian countries have two choices. One choice is to continue to let the eastern and western parts of the region move away from each other. This means that while they may benefit from sub-regional cooperation in their respective spheres, especially on the eastern front, the gains for every country will be sub-optimal, because there are important benefits that can only be unleashed through more comprehensive east-west connectivity and economic integration. The most obvious opportunity costs are those relating to energy and transport connectivity, where there could be potentially significant amounts of energy, transport and trade linkages between Central Asia and South

Asia. The other choice is to separate economics from politics, and not allow trade and economic exchange to be hostage to political relationships. In this context, even small wins, especially in India-Pakistan economic ties, can benefit the whole region. Initial steps can focus on less controversial aspects like religious tourism, trade in medical products, and cross-LOC trade.

In Amritsar in 2007, former Prime Minister of India Dr. Manmohan Singh had said, “I dream of a

day, while retaining our respective national identities, one can have breakfast in Amritsar, lunch in Lahore and dinner in Kabul. That is how my forefather lived. That is how I want our grandchildren to live.” It is this kind of vision, seeking to pull down barriers to connectivity, that will accelerate South Asian countries’ progress and provide a firmer foundation to their quest for prosperity.

A version of this article originally appeared in the Indian Express, May 12, 2020.



Why South Asia Matters.....Even Now!

Rahul Tripathi



Prof. Rahul Tripathi is Head of Department, Political Science at Goa University, India. He did his B.A. Economics (Hons) from Ramjas College during 1988-91 and thereafter specialized in South Asian Studies from School of International Studies JNU. He is the co editor of the book 'Towards Freedom in South Asia: Democratization, Peace and Regional Cooperation'(2008) and is at present working on his latest book project on 'Reconstructing the Region in South Asia'. His other areas of interest include International Political Economy, India's Foreign Policy. He is a national award winning cartoonist, who dabbles occasionally in political cartooning as well.

"You must consider writing for our SAESM Newsletter for the coming Annual meet", DKD said with his usual exuberance, last month when we reconnected after almost a decade and I told him of my own journey as a South Asianist. "There is a lot for South Asia to achieve together" he said and I couldn't agree with him more. DKD's story of his own journey with young South Asians for more than a decade reinforced my belief in his passionate pursuit, and as his student during the formative period of our lives, I dedicate this piece to the phenomenal pursuit of a remarkable human being.

A very prominent Indian academic known for his penetrating analysis on regional and global strategic issues wrote an opinion piece titled 'Farewell South Asia', some time back. The implication was that given the lack of a regional sentiment in South Asia, and the fact that inner political inflexion in most of the South Asian countries does not suit Indian interests, it is now time for India to look beyond South Asia. The fact that the piece came at a time when India's much espoused 'Neighbourhood First' policy faltered after a promising start and that China's deep inroads in South Asian countries did indicate a concern for strategic planners, moving beyond the region with formulations like 'Indo Pacific' appeared more attractive.

The point that was missed in such formulation was that South Asia might be a strategic construct when the term was conceived as part of the US State department geographical chessboard and subsequently followed by International and Regional Institutions. For the people of South Asia, the region represents history, civilization, culture and identity which intermeshes and intersects the boundaries of existing states in the region. Yes, these intersections do create their own sets of problems, most of them on account of the troubled legacy of the colonial rule and does become the source of friction between India and other countries. But the counter-reasons as to why South Asia matters a lot more today than ever before outweigh the arguments which seek to dismiss South Asia.

First and the foremost, at a time when the world is undergoing a major transition with increasing nationalist sentiments across nations and protectionist streak, the coexistence of diversity in South Asia with democracy alongside the attendant chaos and frictions, offers an example in itself. In no other region of the world one sees as big a chunk of humanity representing diversities of race, religion, caste and language, yet trying to make their tryst with democracy work is no mean achievement.

This is not to mention that South Asia did not have its own brushes with authoritarianism and majoritarianism, but its resilience lied in continuously resisting and overcoming it too.

Second, having lived long with the symbolism of an overpopulated region with nearly one fourth of the world's total population and an impoverished region with nearly half of world's total poor residing, the region has also shown remarkable economic resilience in the recent years. At a time when the leading economic lights during post financial crisis and pandemic period faced major shocks relating to their economic growth and employment generation, South Asia, owing to its demographic dividend, innovation and adaptation was able to maintain a fairly reasonable rate of growth. A growing South Asia therefore would be good news for the much needed spurt needed for the global economy.

Thirdly, the original formulation of the distinguished columnist and many others, that the idea of the 'South Asia' region itself be redefined to make it broader and inclusive of a wider reach to suit India's foreign policy goals, has limitations. Extended neighbourhoods do not replace or remove the significance of immediate neighbourhoods. While the former impact on our foreign policy goals without necessarily affecting the domestic political context, the latter have an immedi-

ate bearing on what the larger political economy of our border states, populations, natural resources and strategic interests demand. Ignoring or bracketing the immediate neighbourhood as part of an extended neighbourhood, only serves to compromise on some vital domestic concerns of foreign policy.

Finally for this to happen, the push has to come from South Asia within, where the much debated idea of 'region' and 'regionalism' has to be revisited. Against the backdrop of the faltered idea of state induced idea of regionalism pushed by the South Asian Association for Regional Cooperation, it is imperative that one should go back to the drawing board for building regional communities, having common problems, aspirations and may have common solutions. State may at best be a facilitator in such exercises. Technology and innovation has made it possible for regional communities to connect with each other and aspire for change, be it health, education, environment, livelihoods and skill development.

That is where initiatives like SAESM offer hope. It has withstood and sustained the spirit during the most critical decade that the South Asian region has seen. I would like to do my bit to let the group march on. That would be my best tribute to DKD Sir.

Expansion in Asia

World
History



HOLT, RINEHART AND WINSTON

Source: Slideshare

The Good Neighbours of South Asia

Mandakini Kaul and Nikita Singla



Mandakini Kaul (Left) is the World Bank's Regional Coordinator for South Asia. She works on issues of regional cooperation, economic connectivity, and engendered approaches in traditionally gender-blind sectors among countries in South Asia and with neighboring regions in Central Asia, East Asia and beyond. She has authored the *World Bank's Approach to South Asia Regional Integration, Cooperation, and Engagement* and is a co-author of the World Bank's flagship report *India Systematic Country Diagnostic*.

Nikita Singla (Right) is Associate Director at Bureau of Research on Industry and Economic Fundamentals (BRIEF) - New Delhi based research and policy think tank. She also works with the World Bank Group's South Asia Regional Integration unit (previously in Washington DC and now in New Delhi). She has also been a Visiting Research Fellow at the Centre for Strategic Studies under the President of Azerbaijan based in Baku, and has worked with the French Agency for Development (AFD) in Sri Lanka. Her specializations lie in international trade and regional cooperation in South Asia with a focus on bilateral relationship between India and Pakistan. She has recently authored a book titled 'Unilateral Decisions Bilateral Losses' focusing on the face-off between India and Pakistan in 2019.

As development practitioners, we habitually analyse the abysmal intra-regional cooperation in South Asia and emphasize how trade, connectivity, and infrastructure within these countries are amongst the lowest in the world. However, what we often overlook are the small but significant ways in which people from these countries do come together, usually with a great deal of innovation and fortitude and mostly in the face of significant barriers. For instance, hundreds of students convening at a one-of-its-kind South Asia meet, or a symphony orchestra that aims at harmonizing a South Asian cultural dialogue, or an innovative social enterprise attempting to break regional taboos around menstruation.

Fostering an authorizing environment for regional integration and cooperation is a slow and incremental process. South Asian countries enjoy geographical proximity, cultural similarity, common languages, and a shared history of economic development. Translating their individual growth ambi-

tions into tangible pan-regional gains requires momentum at the ground and a recognition that the regional can significantly contribute to and enhance the domestic. In fact, at the ground-level there is people to people connect, value chain linkages, business complementarities, and trading partnerships but these get disregarded in public discourse as conflict takes precedence over cooperation.

A key objective of the World Bank's South Asia Regional Integration, Cooperation and Engagement (RICE) Approach is to generate domestic demand for a regional narrative through evidence-based communication and outreach. It is in this context that we envisaged the 'Good Neighbours' series – to showcase successful examples of cross-border cooperation that demonstrate that regionalism is indeed possible in South Asia and could be replicated and scaled up. All it requires is a little bit of initiative and a whole lot of momentum!

And so began a long process of sifting through informal anecdotes, interviews, and documents to identify unique stories of cross-border engagement and cooperation that could be backed up with evidence and finally documented for posterity. Some stories led to dead ends while other were hard to verify but ultimately we were able to narrow down on six examples of successful South Asian cooperation. During the course of identifying these path breaking initiatives, we met with a range of stakeholders – some supportive, many sceptical – and hopefully managed to evoke some degree of conviction among them about regionalism in South Asia.

Consciously we pursued a collaborative approach by engaging a team of experts from within the region to help us document these inspirational stories. This enabled us to establish crucial partnerships with a diverse set of champions of regionalism - youth representatives, think tanks, academics and journalists - to support capacity and appetite for working on issues of regional integration in South Asia.

The six “Good Neighbours” stories that we present are as diverse as the region they represent. We call them case studies with the hope they will be studied, understood, replicated and eventually scaled up across the region.

The South Asia Economic Students Meet (SAESM) annually brings together nearly a hundred South Asian economics students for one week to debate issues of regional economic development. For most participants, it is their first exposure to regional cooperation and often leads to opportunities with peers for future research collaboration. For many students, crossing the border is a first-hand lesson about the challenges of regional cooperation - unlike much of the world, visas can be difficult to obtain and travel restrictions require travelling a circuitous route for a neighbouring country.

Another case study describes three “islands” of success in cross-border business collaboration between India and Nepal and makes the case for the potential to scale-up Indian investments in Nepal,

particularly in the manufacturing sector. It argues that three pre-conditions appear to matter - first, a deliberate policy effort by both countries to retain the openings created by liberal trade regimes of the 1990s, second, the ability to capture quality-driven consumers across the border and, third, the ability to increase and leverage domestic market share to hedge against policy instability in international trade.

The International Centre for Integrated Mountain Development (ICIMOD) is a unique regional institution, based in Kathmandu that has on its board eight Himalayan nations – Afghanistan, Bangladesh, Bhutan, China, India, Myanmar, Nepal and Pakistan. It has managed not only to function but grow in 35 years and lead a massive network of research organizations across these eight countries, coordinating and disseminating crucial scientific evidence on the region’s vulnerabilities to climate change. It highlights the importance of a stridently apolitical outlook, focusing on technological application and rational policy planning.

Another case study describes how clothing and apparel are more than just products and fashion trade has the ability to bring neighbours together. Pakistan and northern India especially share similarities in cultural traditions, climate – and fashion tastes. The newspaper headline ‘India goes nuts over Pakistani textile products’ during Pakistan’s first ever exhibition in New Delhi foreshadows the business potential if market forces were allowed to function unhindered.

Taboos and myths around menstruation cross borders in South Asia. Some degree of period poverty—a lack of access to sanitary products, menstrual hygiene education, toilets, hand washing facilities, and waste management—is relatively common across South Asia. Women and girls in these countries occupy distinct landscapes, eat different food, speak different languages, follow different faiths, and yet share common experiences when it comes to their periods. Our fifth case study tell the inspirational story of how an Indian social entrepreneur built one of the world’s first low-cost machines to produce sanitary towels, and his simple invention has inspired an ongoing partnership

between India and Sri Lanka and will soon expand to Nepal and Afghanistan.

An orchestra requires cooperation, banding together diverse instruments in harmonious unison, so that the whole is greater than the sum of its parts. Our sixth case study describes the efforts of two path-breaking platforms, the South Asian Symphony Orchestra and South Asian Band Festival, in using music to promote harmony and peace in the

region.

Regional cooperation is not a low-hanging fruit and it requires vision, innovation, and above all perseverance in bring together people, businesses, nations. These successful examples of cross border cooperation have the ability to renew our optimism in the spirit of #OneSouthAsia, and hopefully provide impetus to much more by many more in the region.

Image from the article mentioned above 'India goes nuts over Pakistani Textile Products' published in Pakistan Today. It was written during Pakistan's first ever exhibition in New Delhi.



Source: Pakistan Today

Shifting Gears: The Promise of Services-Led Development

Valerie Mercer-Blackman



Valerie Mercer-Blackman is a Senior Economist at the World Bank South Asia Office of the Chief Economist, currently focusing on policy-based research and regional trends in South Asia. Her recent published research focuses on diversification, trade FDI productivity in services and global value chains. Her past analytical work includes growth drivers, investment and fiscal issues in developing countries, particularly commodity exporters. Previously she worked as a macroeconomist at the Asian Development Bank; at the Caribbean Department of the Inter-American Development Bank and on Latin America at the International Monetary Fund. She holds a Ph.D. in Economics from the University of Pennsylvania and a Bachelor of Arts from Yale University.

There are rapid changes occurring as we emerge from the pandemic. Virtual services and digital technologies not only are here to stay, but innovation in these areas has accelerated in ways that we do not yet understand. In the latest [South Asia Economic Focus](#), we argue that this seismic shift in economic transformation due to the pandemic could provide a fantastic opportunity for South Asia.

In parallel, economists' views about the contribution of services to value added [are changing](#) amid improved data and measurement techniques. Until recently, the assumption was that most services could never expand because face-to-face encounters were required to consume the service (think haircuts). That is why services were synonymous with so-called 'non-tradables'. A [2020 thought-piece by Richard Baldwin and Rikard Forslid](#) argues that with digital technologies and globalization, the opposite is happening: services are becoming much more tradable internationally due to telecommuting, 5G, etc.; and manufacturing goods less tradable due to 3-D printing and customization needs. If we believe this hypothesis, it means services-led development may be the only development path possible in the future.

What does this mean for South Asia, which is already a major service exporter? We first establish the types of conditions required for services-led development to be feasible, shadowing the elements that made most high-income countries of today successful via the manufacturing-led growth path. We do this by looking at three attributes that have to be present in the production process for an economy to develop: international tradability of its main products, ability to increase productivity, and appropriate skills development.

●**Tradability:** As mentioned, the argument in the past was that goods were tradable and uniform so they could be easily mass-produced and exported. Language barriers were not an issue. However, remote work and digital technologies have broken down communication barriers globally, so this physical presence requirement no longer holds for most high-value services. They have become tradable. Moreover, many services are exported *indirectly* because they are embodied or bundled in goods.

●**Productivity and scale:** Advocates also noted that factory production requires a well-organized executive structure, unlike the "disorganized" informal sector which tends to

provide services in South Asia. But digital platforms automatically provide structure, access to the market and to related logistics at low cost, while providing workers more flexibility in terms of where and when they do their job. In manufacturing, economies of scale are easily acquired through investment in physical capital. But network externalities in digital technologies and infinite divisibility in services supply provide economies of scale and scope with less investment. For example, an e-commerce platform will be more successful the greater the number of buyers and sellers.

•**Skills requirements:** The labor and skills requirements of the two development paths are quite different. Manufacturing had the ability to absorb large amounts of low-skilled labor and provide stable jobs that though time could raise incomes. In the new service economy, human capital accumulation, business networks and skills acquisition matter much more. That does not mean that everyone requires a high-level university degree to get started in a services-led economy. It means that a successful economy will have much more opportunities for workers to learn on the job. For example, a young person may teach themselves to become an amazing web-page designer, and this may be in more sought-after skill than a mechanical engineer who built exhaust engines.

This is all great, but these phenomena are very difficult to measure because services tend to be embodied in goods. Our report looked at a myriad of factors using different techniques: text-mining, location-matching of firms, identification of the global ultimate owner of production units, and measurement of inter-sectorial linkages using multi-regional input-output tables. We designed and analyzed surveys of e-commerce adopters in India and Bangladesh. Finally, we derived changes in occupations of South Asians to understand what jobs they perform, how those jobs changed in the last 10 years, and whether—in the process—average skills improved.

Through these analyses, *the trend that emerged is that South Asia is steeped in services activities and very much embarked on a path of services-led development.* Some of it we knew about. The Oxford Internet Institute's iLabour Project estimated that the number of online gig workers in software development services who completed projects on the five largest English-language labor platforms increased four-fold between June 2017 and October 2020, and about half of all such freelancers were based in India, Bangladesh, and Pakistan. But we found new evidence that the region is embracing digital platforms including home-grown ones. Firms and individuals adopting e-commerce saw a significant improvement in their business income, tending to innovate and improve their business practices as a result. More importantly, South Asian workers are increasingly moving into service occupations, even those that are mapped to the manufacturing sector, particularly high-skilled service occupations. In the process, the labor force as a whole has seen an upgrading of skills from on-the-job learning.

The message overall for policy makers in South Asia is to turn their attention to the new realities in the services sectors, as the tendency has been to implicitly support manufacturing activities.

One of the main results is that India and the four countries that are major tourism exporters—Maldives, Sri Lanka, Nepal, and Bhutan—have an important comparative advantage globally exporting services. What about others? Some may say that Bangladesh, and to some extent Pakistan have seen substantial growth in the past few decades precisely because they pursued a successful manufacturing-led model through exports of textiles and garments. So why shift gears?

It turns out that it is much harder to move from a middle-income status to high-income status if a critical mass of home-grown skills is lacking, and these seem to be easier to nurture in occupations such as business services, not in fabrication. Therefore, Bangladesh and Pakistan do not have to abandon the know-how they have created in developing those industries, but instead use them to develop related services.

Key Public Health Challenges in South Asia: Stunting and Vaccine Uptake

Agha Ali Akram

As a region, South Asia has made great economic and social progress in the last few decades. However, two key public health challenges beset the region, with real long-term consequences for the continued development of the region. The first is children's physical development and growth. The second is vaccine uptake – for COVID19 specifically and routine immunization more generally. Both are important and need to be addressed in order for the region to see continued economic and social progress.

Stunting

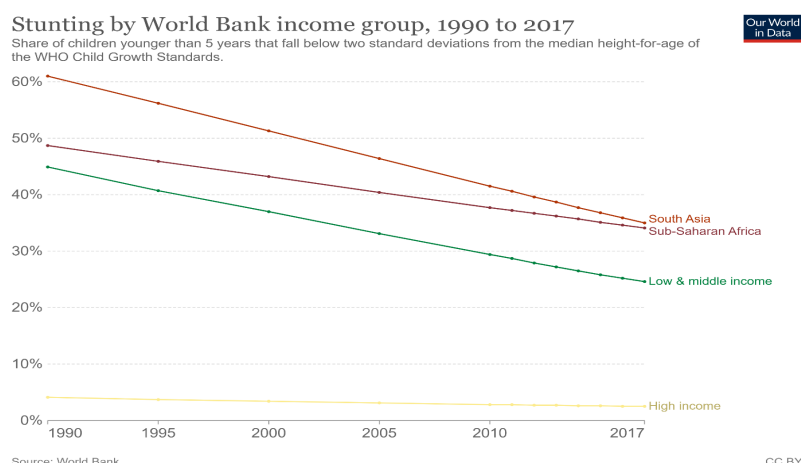
Stunting remains a major global public health challenge. Worldwide, one in four children under the age of five are stunted (de Onis et al 2011). South Asia has the vast bulk of the world's stunted children – about 40 million stunted children under the age of five reside in our region (Vavaida et al 2020). The region compares poorly to other low-and-middle-income countries (LMICs) of the world: while the relative decline has been sharper, South Asia still lags Sub-Saharan Africa, and substantially lags behind the aggregate grouping of LMICs (Figure 1). Moreover, it is likely that the COVID-19 pandemic has



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further aggravated this problem (Robertson et al 2020). Stunting is associated with high mortality rates, damage to cognitive development and the reduction of lifetime earnings (Prendergast and Humphrey 2014). If these trends continue, the region will lag and its future development will be jeopardized.

Figure 1. Stunting rates over time for South Asia, Sub-Saharan Africa and LMICs



Source: Our World in Data.

Vaccine Uptake

The second major public health challenge is vaccine uptake, especially in light of the COVID19 pandemic. Routine vaccination is one of the most significant public health innovations of the 20th Century, arguably as significant as improved sanitation and drinking water quality (Rodrigues and Plotkin 2020). Routine vaccination has prevented the deaths of 37 million people in the LMICs over the last 20 years (Li et al 2021).

South Asia remains under-immunized: one third of the world's under-immunized children are in South Asia; the region lags in key immunization targets, including the elimination targets of measles and tetanus; and, South Asia is the only region where polio is still endemic (UNICEF).

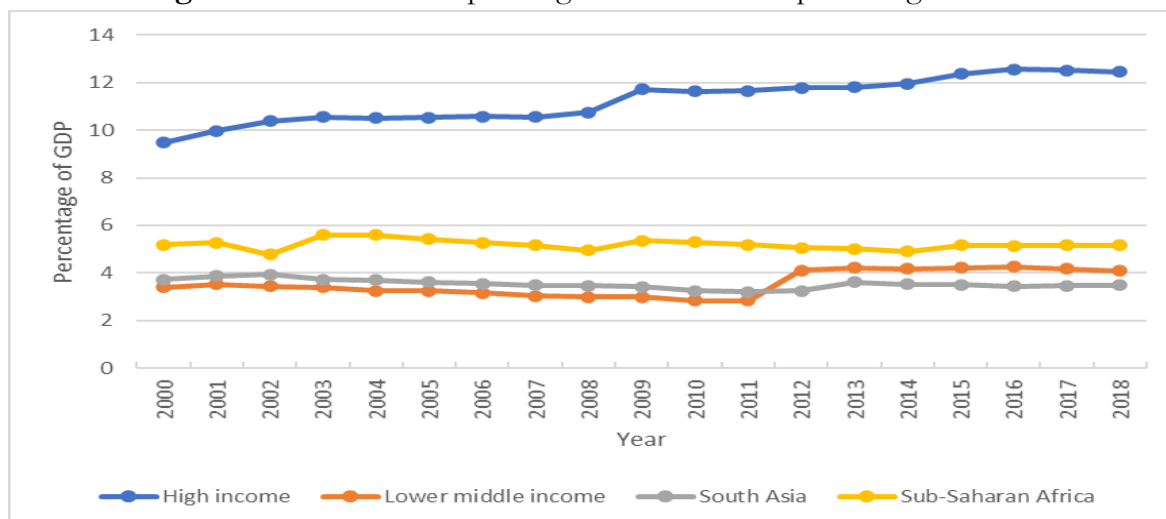
One dimension of the pandemic response is vaccination, and this has highlighted an old challenge with vaccination: hesitancy. Hesitancy is a wide spectrum of resistance to vaccination – typically routine vaccination – from complete refusal to partial uptake and full uptake with concerns (Dubé et al 2013). COVID19 has seen a similar spectrum of hesitancy emerge across the world, including South Asia (Machingaidze and Wiysonge 2021). It is vital to South Asia's continued progress to overcome this hesitancy, both in the short run against COVID19 and in the long run for routine immunization.

The Way Forward

To meet any challenge requires consistent policy attention and effort. The region must invest in three key areas to meet the challenge of stunting and under-immunization: leveraging its existing networks of health workers, increased and consistent government health spending, and leveraging the non-governmental sector. First, governments across South Asia have, quite fortunately, invested in large local health worker programs. Community health workers (CHWs) are usually recruited from within a local community and serve a relatively active role monitoring community health, providing basic health care and recommending referrals. There are estimated to be more than five million CHWs worldwide (Perry et al 2014), of which 1.1 million are in South Asia. CHWs provide a first layer of service and preventative care. Both stunting and vaccination are the types of problems that require proactive preventative care. Having a cadre of active CHWs that can go into homes with effective programming offers an excellent opportunity to monitor child nutrition and growth, and encourage timely vaccination. CHWs offer a vehicle to deliver behavioral change to people's homes.

Second, South Asian governments must double down on health spending in general and spending on nutrition and immunization programs in particular. South Asia has relatively low spending on healthcare (see figure 2). South Asian spending

Figure 2. Government spending on healthcare as percentage of GDP



Source: World Development Indicators, World Bank.

consistently ranks below Sub-Saharan Africa, the group of LMICs and well below the level in High Income Countries. South Asian governments must back health spending as a core category of their social policy spending if gains in nutritional status and vaccine uptake are to be seen.

Finally, South Asia is home to some of the world's largest non-governmental organizations. NGOs in South Asia have traditionally augmented the capability and reach of government. A long history of engagement by NGOs and government suggests that this will continue to play a key role in addressing basic health policy challenges. Moreover, South Asia garners the interest of many of the world's brightest social scientists. Research and academia continually generate new ideas and innovations, including in the domains of nutrition and vaccine uptake. Getting households to adopt better nutrition practices and vaccinate their children in a timely manner are non-trivial problems; but social scientists continue to discover innovative ways to improve nutrition practices at home (Lamstein et al 2014) and increase vaccine uptake (Atwell et al 2021).

With a strong and consistent commitment from regional governments, coupled with key local resources including an extensive CHW network and a large, innovative non-governmental sector, South Asia can address its two major lingering public health challenges of stunting and universal vaccine uptake.

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Source: National Herald

Anti Corruption: Beyond Good and Evil in South Asia

Ali Hasanain

Corruption rhetoric is often heard in South Asian politics, typically framed as a contest between good and evil. Such language suggests that anti-corruption drives are about rooting out immoral individuals from an otherwise neutral system. Moving forward, we have to evolve a more nuanced approach towards tackling corruption.

In its controversial verdict in the 2010 Citizens United case, the American Supreme Court described corruption, in that country's legal sense, as bribery, and bribery as a narrow quid pro quo transaction. Courts must define corruption this narrowly because, in criminal cases, they must be convinced beyond doubt of a defendant's guilt.

Yet corruption doesn't always work in a narrow transactional way. Favours to the detriment of public interest are often bestowed in a loose system of barter. Influence is cultivated without specific or immediate needs, only to be harvested years later. And since corruption is conducted secretly, even when it involves narrow transactions, we will often fail to detect and prove it.

Jurists approach anti-corruption retrospectively and leave too many cases unchallenged. Policy-makers must, in contrast, take a prospective approach, and ask how they can create an environment in the future that will make corruption less appealing across the board. To do this, policymakers must understand that people aren't always inherently good or bad; they respond to incentives. An excellent example of this are diplomats posted at the UN headquarters in New York. At times when traffic laws were not enforced due to diplomatic immunity, even diplomats from the most law-abiding countries started breaking the law. When New York later found a loophole and started enforcing rules, even diplomats from corrupt



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countries – including South Asians – stopped breaking rules. The Urdu colloquialism that has ended countless drawing room debates, *‘Yeh qaum nabin sudhar sakti,’* (this nation cannot be set right), is simply untrue.

Once we accept that incentives and not personalities are the principal determinant of corruption, we must ask what creates opportunities for different types of corruption. Corruption can be divided into petty corruption, which is bribery, or theft of public resources conducted at the level of an individual or an office; and grand corruption, which is conducted on a larger scale, necessitating the cooperation and protection of senior politicians and bureaucrats, such as in the unchecked collection of protection money in large cities such as Karachi.

Petty corruption is the consequence of specific organisational choices and can be reduced through a change of procedures and rules. The government should consider four principles to reduce petty corruption.

It must conduct audits and regularly pick public servants at random, for wealth audits. It must also

conduct surprise inspections and send undercover inspectors to audit offices. Proactive monitoring is important because citizens often fail to report corruption, either because they are colluding with the corrupt (such as when they pay bribes to decrease property tax calculations), or because they don't expect complaints to lead to action. Auditing can be tricky, because auditors themselves can have incredibly high incentives to accept bribes. Their work must be cross-checked by independent sources, and both rewards and punishments amplified for their actions.

Corruption unearthed in audits needs to be punished. Our system makes it too hard to fire non-performing bureaucrats, and this needs legislative reform. In the meanwhile, recent research shows that merit-based transfers improve bureaucratic incentives significantly in Pakistan.

Bottlenecks in official procedures, where only specific offices or officers can move paperwork, must be reduced. Citizens should, wherever possible, be able to approach multiple independent avenues to get their work done. The less irreplaceable a corrupt official, the lower his or her capacity to charge a bribe.

In some contexts, restricting service providers is unavoidable. For example, we can't let just anyone issue a license, and so we can't reduce the inherent propensity for bribery here. In such environments, the dreaded 'agent' often appears, ostensibly to facilitate the completion of paperwork, but in reality to channel bribes to officials while retaining plausible deniability. Indeed, research in India suggests that driving inspectors randomly fail applicants who don't use an agent, regardless of their driving ability, thus forcing more people to apply through that channel. Short of banning agents, the best solution is to hold the office staff responsible during undercover inspections, for any bribes accepted by agents.

Discretion should, whenever possible, be avoided in public procurement and personnel hiring. The

more specialised the goods or services procured, the fewer vendors can compete to provide it, and the fewer citizens will be aware whether the prices charged are too high. This increases the risk of collusion between procurer and vendor. Similarly, bureaucrats around the world have been caught auctioning jobs that they are authorised to fill. This is a hard problem to tackle, because discretion and authority can be necessary for a government's efficient functioning. Perhaps our best defense is to escalate the frequency of audits for senior officials, especially those who deal with postings and procurement.

The above proposals provide an accountability-based approach to anti-corruption. Creating an honest culture and providing personnel with a respectable life can also do wonders. Ensuring that personnel are well-paid, made to feel part of a team and monitored by an effective and honest leadership, they can be transformed. Corruption isn't necessarily an immutable part of people's identities: we just have to fix incentives and circumstances.

As anti-corruption efforts are embarked upon, there will be resistance. This has to be predicted and either defanged or borne. Corruption has concentrated beneficiaries and dilutes its burden over a large victim class. Thus, resistance to reform is, typically, fiercer than support. To find the path of least resistance, the government must understand that there are gradations of corruption: when citizens pay bribes, they are either being opportunistic, or forced into a corner. An honest owner of a firm might feel compelled to evade taxes if his competitors are doing so. Someone who has stood in line at the passport office for six hours might feel compelled to pay an agent with repugnance. Such individuals are the least culpable, and will resist change the least.

Those who are part of the class of bribe-takers, such as agents, should be issued warnings and punished gradually. He who is the latest in a long line of agents hasn't failed society as much as society has failed him. He is set in his ways, but needs

time to turn his life around. Finally, no leniency must be showed to those whose corruption clearly emanates from greed. If the previous categories are well-dealt with, this final class can be relatively isolated.

In contrast to the relatively tractable problem of petty corruption, grand corruption, or corruption shielded from action by a political elite, is harder to solve.

One solution would be for a reformist government to consider a high-profile national initiative that is hard for individual electables to resist. For example, it can replicate Brazil's successful Federal Audit program. That country regularly conducts a monthly public lottery, attended by the press, politicians, and civil society. Sixty municipalities – roughly the size of our tehsils – are selected per lottery. A team of highly skilled and highly paid federal auditors are then sent to the municipalities to examine accounts and documents and collect citizen complaints, in a ten-day audit. A report is prepared and submitted to federal and local

legislators, and made public. This system has led to citizens rewarding cleaner politicians and punishing the more corrupt ones in subsequent elections.

It is critical here that the entire process be seen as fair, targeting ruling party constituencies as frequently as constituencies won by other parties.

Equal treatment will ensure that politicians proven to be corrupt cannot allege political victimisation, or at least ensure that any such allegations don't gain traction.

While highly attractive, programmes like the audit system described above can be rolled back through an executive order by a successor government as easily as they are enacted. Work must be done on longer-term social processes as well, such as creating citizen awareness. One way to do this is to bolster the Right to Information (RTI) system, which has had mixed success in South Asia. Delivering transparency, and habituating citizens and reporters to rely on RTI can create a cultural shift that will be harder to roll back.

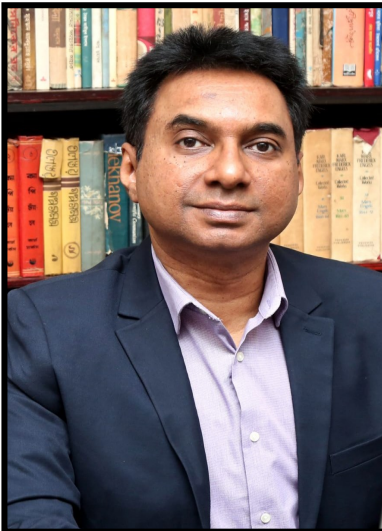
Finally, anti-corruption must be recognised as only one element in establishing the rule of law. We need to protect life and establish a robust writ, create sound property rights and enforce contracts better. Much of this rests with judicial reform.

It will require decades of struggle to create well-governed institutions. That struggle will be carried out by an informed people when enough of us consider corruption as an existential crisis. Reformist elected officials can play an important role in this journey, but we as citizens should remember that the buck stops firmly with us.

This article originally appeared in Newslin Magazine Pakistan, and has been lightly edited for length and context. The original appeared here: <https://newslinemagazine.com/>

50 years of Bangladesh's Development: Achievements and Challenges

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Introduction

Since its independence in 1971, Bangladesh's economic growth and development experiences have attracted the attention of academics and development practitioners both at home and abroad. From a war-torn economy in 1972 to the present, Bangladesh has been able to increase its per capita GDP, at the current price, by around 21 times (from US\$ 94 in 1972 to US\$ 1,969 in 2020), reduce poverty from as high as 71% in the 1970s to 20.5% in 2019, become the world's second-largest exporter of RMG, and make significant social progress. Bangladesh graduated from the World Bank's low-income country category to the lower-middle-income country category in 2015. In addition, in 2021, the country passed the second review of three criteria required to graduate from LDC status and will graduate from LDC status by 2026.

Bangladesh's growth and development achievements have been propelled by both internal and external factors throughout the last five decades. An overall stable macroeconomy, large private sector expansion, robust growth in exports driven by the RMG sector's performance, robust growth in

remittances, resilient growth in the agricultural sector, a reasonably 'working' political climate over the last nearly one and a half decades, some expansion of social protection programs, and wide coverage of social needs by NGOs are among the major internal factors. On the other hand, favourable market access in major export destinations, reasonably stable economic conditions in Bangladesh's major trading partner countries, Bangladesh's stable political relations with neighbouring countries, some degree of regional cooperation in South Asia (particularly with India), and Bangladesh's 'weak' financial links with the global economy, which cushioned Bangladesh from the Global Financial Crisis, are among the major external factors. Bangladesh was the world's 50th largest economy in 1990. By 2018, Bangladesh improved its position in this ranking to 33rd. According to PWC, it should become the 28th largest economy by 2030, and close to the 20th by 2050.

However, there are concerns that Bangladesh's weak institutional capacity would act as a major hurdle as it tries to reach the SDGs' ambitious targets by 2030 and strives to become an upper-middle-income country by 2031. Furthermore, the

country is facing several major economic challenges. Slow progress in the economy's structural transformation, a lack of export diversification, a high degree of informality in the labour market, a slow pace of formal job creation, poor physical and social (e.g., education, healthcare) infrastructure, and slow poverty reduction and rising inequality are among them.

Economic growth, structural transformation

Since independence in 1971 Bangladesh has continuously increased its pace of economic growth during the last 50 years. From an average annual rate of less than 4% in the 1970s and 1980s, growth accelerated in the 2000s, reaching over 5% in some years, then over 6% for several years in the 2000s, and crossing the 7% mark in recent years. Since the 1990s, Bangladesh has been able to boost its average GDP growth rate by one percentage point every decade. The country's growth rate in 2019 was 8.2%, the highest in the last five decades.

The rapid acceleration of GDP growth since 1990 corresponds to an increase in the share of investment in GDP. Around 1980, the investment to GDP ratio was 14.5%. It has steadily risen since then, reaching 31.5% in 2019. However, there are two points to be made here. First, additional growth acceleration, as targeted by the present government, may necessitate a significant increase in the investment-to-GDP ratio. By 2025, the Perspective Plan 2041 aims for an 8.5% real GDP growth rate. Given an incremental capital-output ratio of 4.3, the investment to GDP ratio should be greater than 36% by 2025, representing a substantially faster rate of investment growth than has been seen in recent years. Second, a key feature of Bangladesh's investment regimes in the 1990s and 2000s was the rise in private investment and its share of overall investment, which contributed significantly to the growth of the investment-to-GDP ratio. However, because the GDP share of private investment has been stagnant in recent years, the overall investment share of GDP has grown mostly due to the public component. The stability of

the private investment-to-GDP ratio may allow current growth rates to be sustained, but it may be a problem for further acceleration.

With accelerated economic growth, the contribution of agriculture, both to GDP and employment, sharply declined during 1991 and 2019, and those of non-agricultural sectors, especially the services sector, increased. Despite that agriculture still employs around 40% of total employment.

Trade

In support of the government's import-substitution industrialisation strategy, Bangladesh implemented a highly restrictive trade regime marked by high tariffs and non-tariff obstacles, as well as an overvalued currency rate system, after independence in 1971. The goal of this policy was to improve the country's balance of payments and create a protected domestic market for manufacturing industries. Then, in the mid-1980s, a moderate liberalisation reform was implemented, which marked a substantial shift in the trade regime. However, the boldest transition from a protectionist to a freer trade regime occurred in the early 1990s, resulting in a dramatic fall in the average tariff rate, which fell from 105% in 1990 to roughly 12% in 2019.

Imports grew rapidly in the 1990s and beyond because of liberal import policies. The ratio of imports to GDP has risen from 13% in the early 1970s to more than 20% today. By 1990, the export-to-GDP ratio had begun to grow from a low of barely more than 5% of GDP in the 1980s, but it then closely followed imports, hitting an all-time high of 20% in 2010. The Bangladeshi economy is plagued by a trade deficit, which has remained relatively steady over time, varying about 5%, with some widening since the mid-2000s. In this long-term ascending trade viewpoint, there may be some concern regarding the substantial decline in the GDP share of both imports and exports since 2012.

In Bangladesh, the composition of imports has

also changed over time. There has been a shift away from the early 1970s' significant reliance on food imports to today's reliance on industrial raw materials and machinery. The shift in favour of industrial raw materials and capital machinery is largely due to Bangladesh's fast-growing manufacturing sector, particularly RMG exports, which has dominated the country's economy for the past four decades.

Bangladesh's rapid export expansion since the late 1980s has certainly been largely fuelled by the RMG sector's dynamism. While jute and jute products dominated the export basket in the early 1970s, the composition of Bangladeshi exports has slowly shifted in favour of RMG products. They now account for more than 80% of all export earnings. The dramatic shift in import composition, as well as the spectacular increase in RMG manufacturing exports, demonstrate the structural transformation of Bangladesh's economy and the importance of foreign trade.

Despite this impressive growth record, it is important to note that Bangladesh's export base and export markets have remained relatively narrow, which is a cause for concern. Despite many trade policy reform incentives, Bangladesh's manufacturing sector appears to have failed to build a diversified export structure until now. Bangladesh's export markets are extremely concentrated, with North America and the European Union as its major clients. Bangladesh's growth is so strongly reliant on economic activity in these two regions. Bangladesh's export concentration index has risen significantly in the last two decades, surpassing the averages for LDCs, lower-middle-income countries, upper-middle-income countries, and South Asian countries.

As a result, the necessity to diversify exports appears to be a top policy priority in Bangladesh. It is unlikely that Bangladesh would be able to maintain its worldwide market share in low-value-added RMG products at the same rate as in the past. Low labour costs may not be as strong a comparative advantage as they once were, and the sector will

provide fewer jobs domestically as low-wage

competitor countries emerge and the entire industry mechanises. Foreign clients of Bangladeshi RMG firms are becoming increasingly concerned about labour standards among their suppliers, particularly in the aftermath of the Rana Plaza tragedy in 2013, which claimed the lives of over a thousand workers. At the same time, there is a growing demand in the country for higher wages and improved working conditions, making the RMG sector less competitive internationally.

Remittances

Remittances are the second most important source of growth in Bangladesh. Remittances increased at a gradual rate until the millennium, starting from a low basis. They have, however, risen at a rapid rate since then, reaching more than US\$ 21 billion in 2020. In terms of share in GDP, they increased from 0.2% in 1976 to 10% in 2008–2012, before decreasing to 6% now. Remittances help domestic growth primarily by raising aggregate demand, or domestic spending, while also removing foreign currency constraints that could limit output growth.

Foreign direct investment

Another regular inflow of foreign currency, foreign direct investment (FDI), can drive domestic growth. However, in the case of Bangladesh, that contribution has been minimal. Although FDI has increased since the mid-1990s, it has only accounted for roughly 1% of GDP after the mid-2000s, and a little more in recent years. This contrasts with LDCs (3.3% on average) and Southeast Asian manufacturing exporters such as Cambodia, Laos, and Vietnam – all RMG competitors of Bangladesh – where the FDI to GDP ratio is above 6%.

Public finance and state capacity

The performance of Bangladesh's core budgetary indicators reveals two distinct characteristics. To begin with, government revenues are incredibly

low. Second, they show no signs of growth in terms of GDP, with a tax-to-GDP ratio of less than 10%. The government has announced major tax reforms on multiple occasions, all of which would result in a significant increase in the tax-to-GDP ratio. However, such reforms have so far failed to materialize.

On the expenditure side of the general government account, the situation is similar. Even though the total spent exceeds the revenue figure, Bangladesh's government expenditures are lower than those of many other countries as a proportion to GDP. When combined with the level of GDP per capita, Bangladesh's provision of public services, as measured by spending per capita, is likely to be lower than most countries in the world. Such a situation can only be detrimental for current economic growth and poverty reduction, as well as future growth and economic welfare because the human capital formation is inevitably hampered by a scarcity of resources.

the debt-to-GDP ratio, which is currently under 20% after reaching over 50% in the turbulent 1980s and early 1990s.

This does not imply that the economy is self-sufficient in terms of funding. Since independence, the trade balance has been consistently negative, with a deficit ranging between 5% and 10% of GDP. Historically, remittances from Bangladeshi workers abroad and international aid have been used to finance the deficit. Foreign aid has declined over time, and current grants are essentially non-existent — while the country still receives concessional loans from donors. However, aid grants became obsolete as remittances increased after the millennium, and concessional loans were more important for technical assistance than for financing. At the same time, Bangladesh's economy has become increasingly reliant on the economies of the countries that host its migrant labour, particularly the Gulf states.



Source: Yale Insights— Yale University

External financing of the economy

Since 1990, the current account balance has fluctuated in a rather tight range near equilibrium. Except for the previous few years, when it shows a more noticeable deficit, it has been mainly positive throughout the last two decades. Overall, it is fair to conclude that Bangladesh's economy has been primarily financed domestically. This is reflected in

The labour market

The major labour market and employment challenge in Bangladesh, particularly in terms of meeting the SDGs by 2030, is to create enough jobs for the working-age population, particularly women and youth. In Bangladesh, the level of informality is quite high, and it has only slightly changed through time.

Even though RMG exports have increased in volume, manufacturing employment has decreased in recent years because of a strong automation drive that has begun to displace workers. It is an indication that the manufacturing sector won't be as important to job creation in the future as it has been in the past, and that Bangladesh's low-wage, low-skill labour comparative advantage is eroding.

Female labour force participation has increased over the last three decades, probably in response to the rise in RMG-based demand. Nonetheless, since 2010, the supply of female labour has stagnated. Customary issues such as child marriage, early pregnancy, and reproductive and household responsibilities have not changed much in response to the country's economic progress and continue to limit female employment. However, the demand side is equally important, as evidenced by the recent reduction in female employment intensity after a period of stagnation.

The challenges of youth employment are grave. The share of youth not in education, economic activities, and training (NEET) significantly increased from 25% in 2013 to 30% in 2016/17, with 87% of the youth NEET being female, possibly affected by the loss of jobs in the RMG sector.

Poverty and inequality

Over the decades, Bangladesh has achieved significant progress in reducing poverty. Between 2000 and 2016, the overall poverty headcount was reduced by half, from 49% to 24%, according to the official statistics. Extreme poverty, as defined by the international poverty line of US\$ 1.90 per person per day in 2011 international US\$, decreased even more dramatically within the same period, from 34% to 13%.

Bangladesh has also made significant progress, according to the UNDP's multidimensional poverty index, which is based on various types of deprivation (nutrition, child mortality, school attendance, sanitation access to drinking water, and so on) rather than on income or consumption expenditure

per capita. The poverty rate dropped from 66% in 2004 to 47% in 2014, with particularly large gains in child mortality, school attendance, and access to electricity, as well as more modest gains in access to drinking water and housing. Overall, however, Bangladesh remains in the bottom third of emerging and developing countries. As this rank is somewhat below its rank in GDP per capita ranking, this suggests that Bangladesh does not do as well as other countries in the social area.

The rate of fall in the poverty headcount appears to be slowing, which is a cause for concern. Over the past one and a half decades, the average annual poverty reduction has declined, as has the growth elasticity of poverty, which measures the capacity of economic growth to reduce poverty. There are good reasons to expect a slowdown in poverty reduction when poverty levels are already very low, and the average poor person is getting further and further away from the poverty line. However, poverty in Bangladesh has not yet reached this level, implying that today's progress is not as inclusive as it once was, and is not as inclusive as it could be.

The steady increase in income inequality that has been observed in Bangladesh over time could be one explanation for the slowing rate of poverty alleviation. As a result of this increase, better-off households gained more from economic growth, while the poorer households benefited less. During the 1990s, inequality soared. It subsequently began to rise again, notably since 2010, when the economy began to accelerate. The Gini coefficient of income climbed from 0.458 in 2010 to 0.482 in 2016, according to the BBS's Household Income and Expenditure Survey. The poorest 10% of the household population saw its share of the total household income to fall from 2% in 2010 to 1% in 2016. By contrast, the share of the richest 10% increased from 35.8 to 38.2%. The percentage of the richest 10%, on the other hand, climbed from 35.8% to 38.2%.

Regional disparities in development are also a part of the inequality problem. While Dhaka and a few

other metropolitan cities have reaped the benefits of growth, many other areas of the country are lagging. There are also serious concerns that when it comes to budgetary allocation for social sectors and physical infrastructure, large disparities exist, with Dhaka and a few other metropolitan cities benefiting at the expense of many other parts of the country. Despite a small improvement in the east-west divide observed in the 2000s, the country's inequality situation is expected to increase in the future, with exceedingly higher development spending per capita in the Dhaka region compared to other regions.

Education

In 2017, the level of education in Bangladesh's population over 25 years old was 5.8 years, as measured by the number of years of schooling. This was greater than Pakistan (5.2), but lower than India (6.4), and well behind Sri Lanka (10.9) and leading Southeast Asian countries such as Malaysia (10.2), Thailand (7.6), and Vietnam (8.2). Bangladesh, on the other hand, has made remarkable progress in primary school enrolment, with nearly universal enrolment achieved by 2010, and secondary school enrolment, with a rate presently reaching 63%. It is thus to be expected that the average years of schooling of the Bangladeshi adult population and labour force will increase at a fast rate in the one or two decades to come.

Despite significant gains in primary school enrolment, the country continues to fall behind in terms of educational quality. As a result, it is unclear if the recent rise in years of schooling will result in increased labour productivity in the future. To enhance the educational system, serious efforts are now required.

Regrettably, Bangladesh has one of the lowest ratios of governmental expenditure on education to GDP in the world. This ratio has varied around 2% in recent years, which is far lower than most Sub-Saharan African countries, even though these countries are generally poorer than Bangladesh. This contrasts with the UNESCO's suggestion that

countries should aim for educational spending of 6% of GDP or more.

Healthcare

Over the past few decades, Bangladesh has made significant progress in basic health indicators. There have been notable improvements in life expectancy, infant mortality, and maternal mortality. Life expectancy has increased by eight years in the last 20 years, reaching 72.6 years in 2019, higher than the average for lower-middle-income countries and South Asia. Infant mortality has decreased by about a third, to 30 per 1,000 now, which is still lower than lower-middle-income and South Asian countries. Finally, maternal mortality was reduced from about 300 per 100,000 live births to 170. Bangladesh, on the other hand, must continue to make major efforts to reduce both child and maternal mortality to meet the targets set out in SDG 3 by 2030.

Bangladesh faces various challenges in meeting these objectives. The public health expenditure is barely 0.4% of GDP, one of the lowest in the world. As a result, the proportion of out-of-pocket health spending in overall health spending is much higher than in other countries, at roughly 74%.

How has Bangladesh achieved so much in terms of the health indicators indicated above with such a low level of health expenditure compared to GDP, especially in the public sector? There is evidence that Bangladesh has effectively adopted low-cost solutions to some key health-related challenges during the last few decades. In addition, the broad activities of NGOs increased public awareness of health issues. Remittances also played a significant influence in enhancing households' ability to pay for health-care expenses.

However, in the future, such options are likely to be limited as the health system in Bangladesh is increasingly facing hard and multifaceted challenges. These result from new pressures originating from an ageing population, the rising prevalence of chronic diseases, and the growing need for more

intensive use of expensive and still critical health-related equipment (like advanced scanners, MRI machines, etc.). On the other hand, financing health-related problems through out-of-pocket expenditures increases inequality, as this places a huge cost burden on poorer people and feeds the vicious disease-poverty cycle. More investment in healthcare is thus not only desirable but also an essential policy priority. It is hard to imagine that this could be done without a substantial increase in government revenues.

NGOs and microcredit

Bangladesh is known across the world for the large number and dynamism of its NGOs. They are thought to have their origins in the intense solidarity movements that arose in the aftermath of a deadly cyclone and the country's independence war, which left the country devastated, as well as during the devastating famine of 1974-75. Bangladesh has shown strong progress on several social indicators, mostly due to a multifaceted service provision regime. The growth and proliferation of NGOs made it possible to scale up innovative anti-poverty experiments into nationwide programs. Innovations in providing credit to previously "unbanked" poor people, the development of a non-formal education system for poor children (particularly girls), and the provision of door-to-door health services by thousands of village-based community health workers are just a few of the notable programs. On a different level, it is worth noting that NGOs have made a significant contribution to women's emancipation in a patriarchal society. The fact that a high percentage of NGO beneficiaries are poor women demonstrates a cultural shift in women's status in society.

Environment and climate change challenges

Bangladesh is highly vulnerable to climate change impacts because of its vast low-lying areas, large coastal population, high population density, inadequate infrastructure, and high dependence on agriculture. For Bangladesh, climate change is manifested as both changes in the severity of extreme

events and greater climate variability. About 20% of the population lives in the low coastal zone and an increase in sea level will have disastrous effects. In the Global Climate Risk Index 2019, Bangladesh has been ranked seventh among the countries most affected by extreme weather events in the 20 years since 1998. Climate change-linked problems are likely to act as a drag on the nation's growth prospects.

COVID-19 and development challenges

COVID-19 has brought about an unprecedented crisis in human history in terms of its dimension and scale. Like in many other countries, in Bangladesh the crisis involves not only pandemic related health hazards but also a deep economic crisis, and social distress in terms of large-scale job loss, a sharp rise in poverty and vulnerability, and widening inequality. Impacts in some other areas (like education) are still unfolding. Though there have been some signs of recovery for the Bangladesh economy, the recovery process has remained uncertain. The effective recovery process also requires a better understanding of the Covid context and setting the development priorities right.



Source: East Asia Forum

Conclusion

As we look ahead, the primary question is whether the RMG sector will remain as vibrant as it was before the slowdown in recent years, or whether the latter has any predictive significance. Competition from other low-wage countries, industry mechanisation, reduced employment capacity - particularly for women, reshoring policies among Bangladesh's clients, and the loss of trade preferences that come with graduating from LDC status – all will have an impact on the economy's main

growth driver. Given the high product concentration of exports, manufacturing export diversification, which includes upgrading RMG output, is the policy to pursue to keep the economy growing. This necessitates not only a sufficient investment program, but also improvement in infrastructure, banking, human capital accumulation, and overall state capability – all of which Bangladesh currently lacks. It remains to be seen whether Bangladesh's institutional context is conducive to such an inflexion of its economic development strategy.

Contrast between the urban and slum areas in Bangladesh



Source: Steemit



Source: Stagemont Church

Need for a New Perspective on South Asia on the 50th Anniversary of Bangladesh's *Bijoy Divas*

Atanu Kr. Chowdhury

Bangladesh – a nation born out of a glorious struggle against faulty policies of another portion of its former country – is much ignored in this part of the world. It is remembered for the wrong reasons and alleged demographic damage caused to the eastern front of India, more particularly to Assam. The latter had to face a silent invasion over a century, alleges all – intelligentsia, political leaders, student leaders, et al. However, one cannot deny the fact that a large section of the people of the state were originally 'Purbo Bongyo' (from East Bengal). The counter argument is that the Ahoms, caste Hindus, Muslim invaders from west, tea garden community, and so on are from outside the region also. This essay would not add to the discourse at the moment, for it is simply a remembrance of its recent history and seeking new directions.

This country continues to fascinate me right from the time of its birth. Those days, it was the radio that dominated media along with newspapers. Through the radio news and banner headlines in newspapers --- the civil strife in East Pakistan during 1971, atrocities of its citizens by the Pakistani army, massive influx of refugees to India, the Indo-Pak conflict of December 1971 and subsequent birth of Bangladesh still resonates in my consciousness. We, the young ones, had the opportunity of putting brown paper on the window panes to thwart any enemy designs from air at night.

Who can forget Bhupen Hazarika's immortal song 'Jai Jai Nobagoto Bangladesh' cherishing its birth? The legendary Sheikh Mujibur Rehman's success in rousing his people against West Pakistan's atrocious policies, is like a fairy tale. The activities of Grameen Bank and its founder Nobel laureate



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Mohammed Yunus, the rapid success of its social parameters is among the many aspects that attracts one to Bangladesh.

The opportunity arose when the South Asian Economics Students Meet (SAESM), with whom I am associated, decided to hold its next session at Chitragong in January 2018. We arrived at the Hazrat Shahjalal International Airport, Dhaka on 17th January 2018. As we moved to our hotel, the first thing that struck me was the vehicle number plates – written in Bengali. Next was a big hoarding displaying the photos of Sheikh Mujibur Rahman, the President Sheikh Hasina and two others, commemorating 'Bongo Bandhur Prottyoborton Divas' on 10th January, the day Mujib arrived at Dhaka from a West Pakistan jail in 1972.

Next day, as we passed by the famous Dhaka University; we saw imposing building of the mathematics department – A.F. Mujibur Rahman Ganit Bhaban. We arrived at a Kali temple near the university at Suhrawardy Uddan.

It had a huge decorative gate. On the night of 26th March, 1971 when the Pakistan Army began its pogrom more particularly against the Hindus, cod-ed ‘Operation Searchlight’, many inmates of the university fled to this temple to escape the killings. They were mercilessly mowed down there also. In our brief visit, we decided to visit the Mukti Juddho Jadughor (Liberation War, Museum) at Agargaon, Dhaka. It commemorates the Bangladesh Liberation War that led to the independence of Bangladesh from Pakistan. As one approaches the museum, one is bound to be over-awed by the modern structure, selected through an architectural contest was officially opened on 16th April, 2017.

Three things immediately catch one’s attention – giant frescoes of Bangabandhu & his closest allies, hanging life-size military helicopters and the eternal flame amidst calm waters. With easy accessibility for specially-abled persons, one needs to gently amble up long path-walks. As one enters dimly lit-up rooms, one sees posters, photographs, newspapers, memorabilia and various artifacts of the Liberation War.

A major section records the events of the Language Movement (call for recognition of Bengali language in Pakistan against the imposition of Urdu in early 1950s), which sowed the seeds for Bangladesh’s independence. The growing conflict between West and East Pakistan, the rise of Sheikh Mujibur Rahman and the nationalist movement, denial of Awami League’s victory and postponement of National Assembly by Pakistan’s military ruler Yahya Khan are depicted aptly. The latter’s visit with Bhutto to Mujib’s house and immediately after his departure, on 26th March 1971 the dreaded ‘Operation Searchlight’ targeting the Bengali population – mainly intellectuals and students of Hindu community and Awami League leaders are highlighted.

The systematic genocide led almost 10 million refugees to cross over to India. The no of relief camps – in Assam, West Bengal and Tripura – are noted. The resistance by the Mukti Bahini and its

guerilla tactics are portrayed. The crucial role of the Indian Army in assisting the Bahini and forcing Pakistan’s surrender on 16th December 1971 are displayed. The clarion call by the international media and the lampooning of US, who chose to ignore the humanitarian crisis is visually well-documented.

One of my most surprising discovery was the display that Bangladesh Air Force took its birth at an abandoned Second World war airfield at Dimapur, Nagaland in 1971. Over the year it has collected 21,000 artifacts (as of 2016), some displayed and some in the archives. Besides the above mentioned, it displays weapons of Mukti Bahini, personal effects of many of these fighters and civilian victims, photographs of the dead bodies strewn in conflict areas and mass graves. Lucky, I missed the human remains (skulls and bones) gallery. But came across a poignant display of 7th June, 1971 ‘Daily Mail’ where a banner headline proclaims: *‘It is too late for sympathy - they are dead’* above a photograph of two children lying on a cot with eyes open, seems to be looking at one another.

One visiting Bangladesh needs to visit this museum, to understand this nation better. I purchased Lt Gen JFR Jacob’s interesting book *Surrender at Dacca Birth of a Nation* (1997), available at the museum’s sale counter, to understand India’s military role in this conflict. Jacob headed the Indian Army’s Eastern Command, that played a vital role during this crucial phase of Indian sub-continent’s history. He described events leading to the creation of Bangladesh, beginning with the Pakistan Army’s crackdown in East Pakistan on 26th March 1971, to the outbreak of full-scale war following the Pakistan bombing of Indian airfields in the west on 3rd December 1971 and the subsequent military operations leading to the surrender of Pakistan Eastern Command. He highlighted the role of the Mukti Bahini and the great contribution they made towards the liberation of their country.

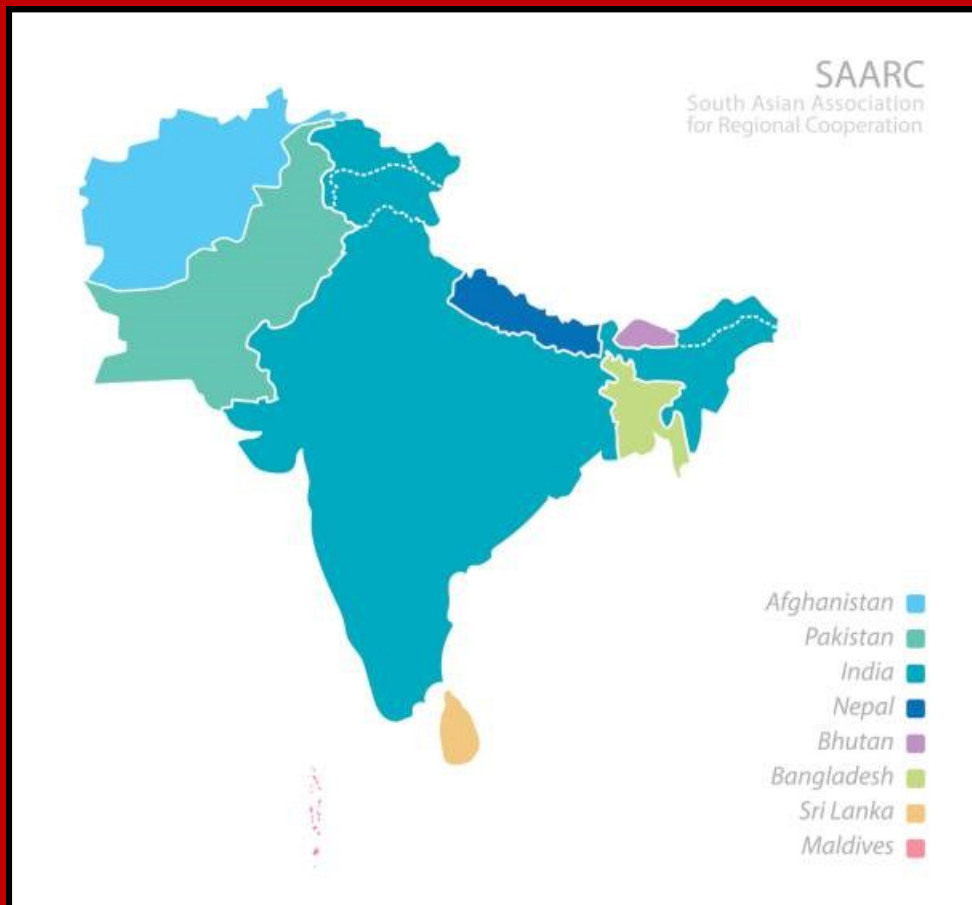
What I noticed in the brief glimpse of a country having one of the highest population densities in the world is that the legacy of Mujib is preserved,

Hasina making efforts to rule democratically, fundamentalist being kept at bay but disgruntlement continues. The local papers publish local politicians fighting pitch-battle on the street, with stones and sticks. At the same time, it is emerging as the leading garments factory of the world after China. World-renown NGOs like Grameen, BRAC and others along with the government are concentrating in pulling up people from poverty.

It has suffered immensely from the vagaries of both nature and man. Recently, its per capita income has surpassed India; everybody would be happy to see it prosper. Economic strength would not only satisfy Bangladeshis alone but Indians also, particularly the Assamese who continue to perceive, rightly or wrongly, 'them' as invaders out to capture our lands and jobs. We must understand that nobody crosses the border, leaving their homes and hearths, on positive choice. We must also understand that a region of a country, cannot

be a dumping ground for illegal immigrants, from wherever they may be.

South Asia is the least traded area; trades could have mitigated this complicated problem. Work permits for those seeking casual works could have been explored. Can we bell the cat? SAESM, where young and impressionable minds meet, can sow the seeds of a successful SAARC (South Asian Association of Regional Cooperation), the need of the time. The bonhomie noticed among the participants from different countries of the Indian sub-continent, over the years, definitely raises hope of **One South Asia** depicted on placards at the conclusion of the Chittagong Meet and on the scenic cruise on the Karnaphuli, a river that originates in India's Mizo Hills, flows through Bangladesh and empties into the Bay of Bengal. Do we have the vision for tomorrow? Or continue to act as the blind men out to understand the elusive elephant --- the promising South Asia.



Source: Dreamstime

Gasping for Air: Punjab's Perennial Air Pollution Woes

Sanval Nasim

In a recent working paper titled “[Charting Pakistan's air quality policy landscape](#)” and supported by the International Growth Center (IGC), my co-authors—Ali Habib (HIMA^Verte) and Amna Shahab (ECOlogical)—and I deconstruct the following question: Why has Pakistan—and Punjab in particular—continued to suffer acute air pollution over the past several years despite strong regulations on paper and vociferous citizen uproar?

Persistently hazardous air quality suggests that Pakistan lacks a framework to mitigate pollution. However, Pakistan has a rich history of environmental legislation—successive governments have instituted departments, laws, and mandates over time to manage air quality. For example, national and provincial legislative acts establish environmental protection agencies, delineate the agencies' governance structures and responsibilities, and mandate air quality and pollutant-specific standards. Despite such frameworks, Pakistan has struggled to clean its air.

In our paper, we demonstrate how regulatory deficiencies, resource and capacity constraints, and imperfect information prevent environmental institutions and regulations from achieving their objectives. In a nutshell, air quality outcomes will continue to stagnate when authorities keep operating in a weak institutional setting, regardless of environmental legislation.

In this piece, I summarize our findings for a general audience.

1: The Air Pollution Problem

Costs

Air quality in Pakistan's major urban centers has considerably deteriorated over the past five years. Lahore and other cities regularly feature in the list of



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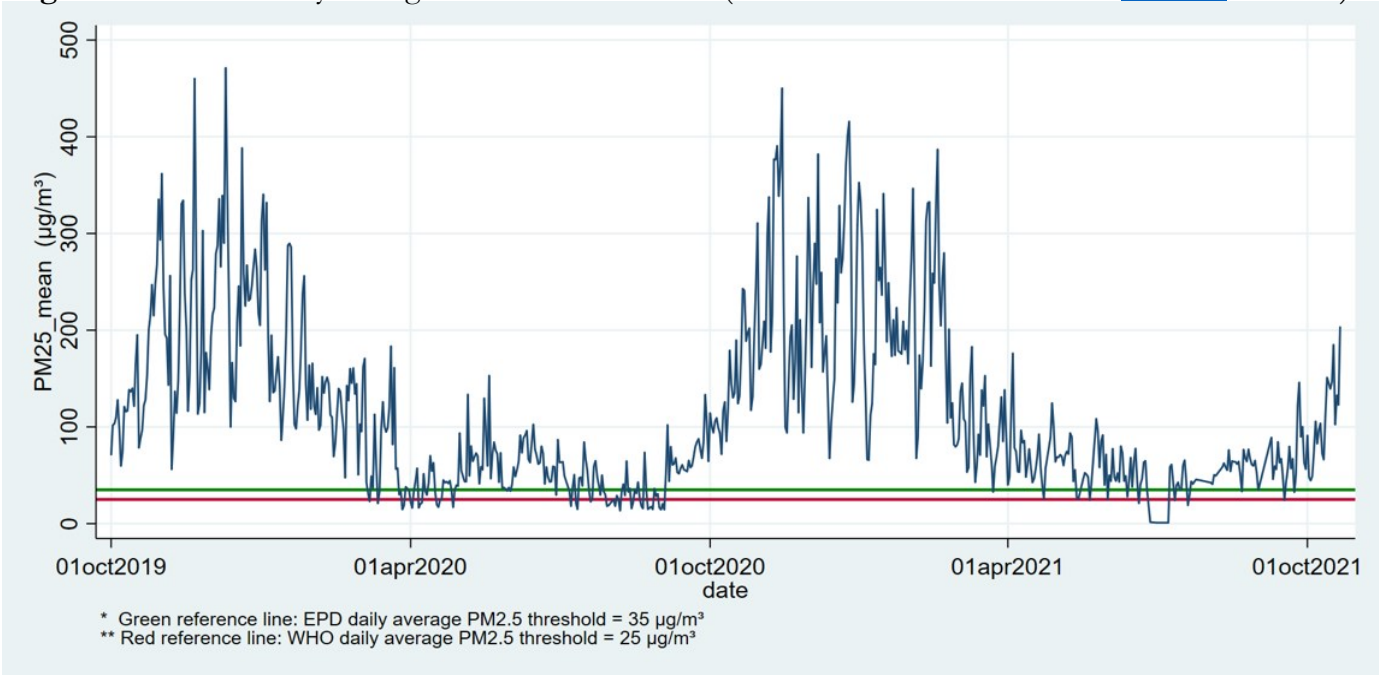
the [most polluted cities](#) globally.

Figure 1 depicts the daily trend of Lahore's average particulate matter 2.5 (PM2.5) concentration from October 1, 2019 – October 21, 2021. [PM2.5](#) constitutes fine particles—with a size less than three percent the diameter of a strand of human hair—which the blood stream absorbs when inhaled, gravely risking health.

Lahore's daily average PM2.5 concentration exceeded the World Health Organization's (WHO's) and the Punjab Environmental Protection Department's (EPD's) standards on most days in this period—even on days when Covid-19 led to lockdowns. In winter, Lahoris experienced PM2.5 levels up to 13 times the EPD's maximum allowable limit.

This year—at the cusp of the smog season—Lahore's annual average PM2.5 levels stand at 10 times the WHO's standard and 7 times the EPD's standard. Poor air quality is not just a winter phenomenon—we experience poor quality air

Figure 1: Lahore’s daily average PM2.5 concentration (data from the US Consulate’s [AirNow](#) monitor).



Note: I thank Mahnoor Kashif for generating this graph.

throughout the year. These horrendous statistics reveal that Lahoris bear considerable costs of poor air quality. Direct costs include [infant mortality](#), debilitating [diseases](#) (cancer, asthma, and bronchitis); and acute morbidities ([obesity](#), [mental illness](#), and [cognitive dysfunction](#)). Indirect costs include lower [labor supply](#) and [productivity](#), higher incidence of [violent crime](#), migration of [skilled labor](#), and volatility in the [financial sector](#).

Owing to these costs, humans exposed to PM2.5 live shorter lives. Figure 2—a snapshot of Pakistan’s Air Quality Life Index ([AQLI](#))—reveals that

at current PM2.5 levels, an average Pakistani loses 2.7 years off their life while an average Lahori loses 5.3 years of their life.

Sources

We lack data and research on pollution sources and their contribution to overall emissions—studies that determine these statistics are called source apportionment studies. In 2018, the Food and Agriculture Organization (FAO) conducted perhaps the only comprehensive [source apportionment study](#) in Pakistan. It shows that the main polluting sectors include transport (43 percent share in total emissions), industry (25 percent), agriculture (20 percent), and power (12 percent).

Figure 2: Potential PM2.5 reduction and its impact on life expectancy (EPIC 2020).

Province	District	Population (Millions) ¹	PM _{2.5} Concentration (µg/m³)		Life Expectancy Gain (Years) from Reducing PM _{2.5} from 2016 Concentration		
			2016	After 32% Reduction	To WHO Guideline of 10 µg/m³	To National Standard of 15 µg/m³	By 32% ²
All Pakistan		203.2	37	25	2.7	2.2	1.2
Sindh	Karachi City	22.4	16	11	0.5	0.1	0.5
Punjab	Lahore	9.4	64	43	5.3	4.8	2.0
Punjab	Faisalabad	8.1	59	40	4.8	4.3	1.8
Punjab	Gujranwala	5.1	58	40	4.7	4.3	1.8
Punjab	Rawalpindi	4.9	41	28	3.0	2.5	1.3

Older vehicles and two-stroke motorcycles and autorickshaws explain a large share of vehicular emissions. These vehicles burn fuel inefficiently, generating considerably [higher emissions](#). The number of motorcycles in Pakistan has risen considerably over the years, comprising [74 percent](#) of the total number of registered vehicles.

Poor fuel quality exacerbates the problem. Pakistan’s fuel quality falls under the European Union’s outdated Euro 2 standard—years behind the Euro 6 standard adopted by many high-income countries. The federal government’s signals to switch to Euro 5 compliant fuel have stuttered.

Pollution ferociously sprawls across Punjab in the winter. Two phenomena explain this: 1) thermal inversion; and 2) crop residue burning.

Thermal inversion—a meteorological phenomenon—traps particulate matter and other pollutants, which mix with condensed water vapor to form smog.

Just before the onset of winter, Punjabi farmers in both Pakistan and India begin [burning](#) rice stubble—left over on their fields after the fall harvest—to prepare land for sowing wheat. Farmers find this cheaper than hiring labor. Crop burning amplifies emissions, leading to prolonged smog.

Do emissions flow from India to Pakistan? Trans-boundary pollution depends on prevailing wind patterns and direction. [Evidence](#) suggests that fire-

related pollution primarily flows from Pakistan into India but could reverse direction. Determining how pollution in each country affects the other requires models supported by fine-grained data—which we do not have.

2: Regulatory Deficiencies

Environment Protection Councils

Federal and provincial Environment Protection Councils serve as independent oversight bodies, tasked with monitoring and enforcing the EPDs’ rules and regulations. These Councils have either held far fewer meetings than mandated or not met at all in the last few years (Figure 3)—a foundational failure of Pakistan’s air quality management.

Command-and-Control

Provincial governments in Pakistan manage air pollution through what economists label a command-and-control (CAC) approach. CAC entails mandating various standards through law and then enforcing them through state machinery—inspectors, courts, fines, and threats of shutdown.

For example, the Punjab Environmental Quality Standards—monitored and enforced by the Punjab EPD—establish standards in seven domains, including ambient air quality, industrial gaseous emissions, and motor vehicle exhausts and noise. Note: Punjab established rules to measure and levy pollution charges on sources several years ago but has never enforced them.

Figure 3: Environmental Protection Councils: Non-government members and meetings.

Province/Territory	Year	Number of Non-Government Members	Mandatory Council Meetings Per Year	Estimate of Meetings Held (Actual/Required, 2018 – 2020)
Federal	1997	At least 25	2	0/6
Punjab	1997	At least 25	2	3/6
Sindh	2014	Max. 25	2	1/6
KPK	2014	Max. 10	1	0/3
<u>Balochistan</u>	2013	Max. 6	2	0/6
AJK	2000	Max. 15	2	0/6
Gilgit-Baltistan	2015	2	2	0/6

CAC approaches are impossible to implement when regulators with limited resources must keep tabs on millions of polluters—including motor vehicles.

Environmental Quality Standards

Implementing standards require several departments to coordinate and share responsibilities. Provinces have not delineated the extent to which the EPDs can inspect, penalize, and advise factories, motorists, and farmers—which traditionally fall under the Industries, Transport, and Agriculture Departments.

Setting emission standards for industries and vehicles does not imply that ambient air quality will improve. Linking source emissions to ambient air quality requires scientific models which take meteorological factors (temperature, humidity, and windspeed) as inputs. The EPDs have not publicly disclosed how they linked emission and ambient standards.

Vehicles can deteriorate air quality even if they meet the existing standards. For new vehicles, the EPDs limit either emissions per kilometer or emissions per unit of fuel consumed—not the number of vehicles on roads nor the number of kilometers each vehicle can cover. As more vehicles enter roads and cover greater distances air quality worsens.

Uniform Standards

The EPDs apply the same emission standards to most sources. This substantially raises the cost of abating emissions across all sources.

Across industries, firms produce different outputs, while within industries, firms often employ different technologies. The costs of reducing emissions will differ greatly across firms if they must cut emissions till the same level. Reallocating emissions from firms that incur relatively higher costs of reducing emissions to firms that can cut emissions more cheaply can save significant costs.

The only way to reduce abatement costs through

CAC is to set source-specific standards. But this requires knowing what costs each source will incur for cutting emissions, which the EPD does not because of information asymmetries—sources know far more about their technologies and costs than the regulator.

Technology Standards

As part of their mandates, the EPDs must facilitate polluters to adopt cleaner technologies. They do this through technology standards.

The recent move by the Punjab Government to convert existing Bull's Trench Kilns to Induced-Draft Zigzag Kilns offers an example. Zigzag kilns pollute less compared to traditional Bull's Trench kilns, but other technologies (Vertical Shaft kilns) pollute even less. Mandating an absolute technology standard takes away kiln owners' flexibility to adopt better technologies beyond Zigzags. They also erode incentives to adopt other measures to limit emissions.

Note: the Punjab Government labelled Zigzag kilns “environmentally friendly.” This label is [false](#)—Zigzag kilns are *cleaner but by no means clean*.

Budget

Given the large number of emission sources and their incentives to ignore official directives, the EPDs require considerable outlays to monitor and enforce their standards. But provincial governments allocate insufficient funds to EPDs. For example, the Punjab Government allocated only 1.8 percent of its development budget to environmental protection—not just air quality—in 2020. Paltry budgets weaken the EPDs' abilities to carry out their regulatory functions.

Air Quality Data

The Punjab EPD has gradually begun to publicly report air quality data. But these data and their reporting are fraught with serious problems.

The EPD lists the data only on its websites, putting it out of reach of the digitally illiterate and those without digital access.

Figure 4: Differences in the Air Quality Index [advisories](#).

AQI	Air Quality (USEPA)	Air Quality (EPD)
0 - 50	Good	Good
51-100	Moderate	Good
101-150	Unhealthy for Sensitive Groups	Satisfactory
151-200	Unhealthy	Satisfactory
201-300	Very Unhealthy	Moderately polluted
301-400	Hazardous	Poor
401-500	Hazardous	Very poor
500+	Hazardous	Severe

The EPD operates six air quality monitors, which cover only Lahore, though several other Punjabi cities also experience poor air quality.

It also struggles to consistently report data with large chunks of daily readings missing. This underreporting commonly stems from malfunctioning equipment, with many monitors going offline because of power outages or expired internet packages. EPD considers “moderately polluted.”

Source Apportionment

Without source apportionment studies (described earlier) across space and time regulators cannot understand how different sources affect air quality. But so far, we only have one comprehensive study—by the FAO in 2018—to inform policy. This study relies on imprecise measures and is already outdated.

3: Filling Policy Gaps

Economic and Social Costs

We require more robust work on quantifying the full costs of long-term exposure to air pollution. The work must not only focus on mortality, morbidity, and cognition but must also cover pollution’s impacts on behavioral decisions such as fertility, migration, time-use, and defensive expenditures. Such evidence on impact will underscore air pollution’s potential costs and motivate policymakers to act.

The government can overestimate growth figures if it ignores the effects of worsening air quality on

growth. Projecting the flow and stock of emissions and quantifying their effect on growth will allow policymakers to buffer the adverse shocks of development policies.

Source Apportionment

We do not know enough about the spatial and temporal dynamics of emission sources and require continuous research to understand these dynamics. The apportionment studies must employ established techniques involving lab testing and diffusion modeling to generate precise and accurate data. Identifying sources and their industrial composition, location, and contribution to overall emissions will enable policymakers to better target polluters, revise existing emission standards, and set clearer objectives.

Willingness to Pay

We currently know little about how much people are willing to pay for improved air quality and how this willingness to pay changes with information. Methods that involve measuring the demand for pollution avoidance—particulate filtering masks, air purifiers, and air quality information such as forecasts and real-time readings—offer a way to approach these questions. Ongoing [work](#) by my co-authors and me, which experimentally measures the willingness to pay for pollution forecasts and particulate filtering masks in Lahore, will fill a part of this gap.

Incentive-Based Strategies

Pakistan should explore options to transition from command-and-control regulations to

incentive-based abatement strategies such as emission charges and tradable permits. These strategies incentivize polluters to abate cost-effectively and provide them greater flexibility in determining the best abatement measures.

India's Gujarat State is currently piloting an emissions trading program for particulate matter. The results of this program could inform the design of Pakistan's own permit trading system.

Note: for details on how emissions charges and tradable permit work, I direct the reader to the [paper](#) which this piece summarizes.

Informal Regulator

Amid regulatory failures, alternative stakeholders (“ i n f o r m a l r e g u l a t o r ”)

offer a complementary channel to pressure polluters to comply with standards and governments to improve monitoring and enforcement.

Leveraging informal regulators such as civil society organizations, academic and research institutions, and industrial associations can create more transparency in air quality data sharing, signal a sense of ownership in the regulatory process, and motivate voluntary initiatives.

Originally published in Dawn Prism on October 29, 2021. Reprinted with permission.

The Economics Nobel Prize Winners 2021



David Card for his empirical contributions to labour economics.



Joshua D. Angrist (left) and Guido W. Imbens for their mathematical contributions to the analysis of causal relationships.

Using Data to Improve Girl Outcomes

Hadia Majid

World Bank poverty estimates show that 44 per cent of global extreme poverty is concentrated among children. Moreover, there are 105 girls for every 100 boys living in extremely poor households. These numbers are from 2018. The economic fallout of the COVID pandemic has only exacerbated these statistics. That girls are amongst the most vulnerable groups worldwide has been well-established across the social sciences. As a consequence, reducing gender inequalities is an essential component of the Sustainable Development Goals (SDGs). Not only has improving the socio-economic lives of women and girls been recognized as an end in and of itself, but the focus on female outcomes stems from their instrumentality in achieving a wide range of other SDGs. Additionally, empirical evidence has shown that empowering women and girls has multiplier effects on improving outcomes for future generations too. In this article, I argue that data is instrumental in helping the world reduce gender inequalities and improving the position of the girl-child.

First, data helps characterize the issue. Extensive mapping of socio-economic variables across the world and over time has shown that poor female outcomes and gender inequalities are persistent in multiple dimensions. These have been estimated in life expectancies, literacy and average educational achievement, political representation, labor force participation and wage rates, access to public goods and services, and many others. Similarly, there is a higher incidence of stunting and wasting among girls in multiple regions across the world, with female infants being weaned faster than male in countries with a proven incidence of son-preference. Finally, studies have shown that poor female outcomes both in absolute terms and in relation to their male counterparts are not just rampant at the macro level but that these persist within the household too.



Yet, understanding the problem does not simply mean a listing of the various issues. We also need to come to grips with why, when, and how poor female outcomes come up. Within the economic literature, we contend that at the household level, it is typically income constraints and supply-side factors that ultimately reduce opportunities for girls. Feminist economics in particular, also recognizes the role of gender roles and cultural norms in perpetuating poor female outcomes across generations. Here, there is evidence indicating that especially in the absence of poor state provisioning, parents pick ‘winners’ and invest in the gender which is expected to do better in the labor market, earn higher life-time earnings and as per local customs, provides old-age parental support. For instance, secondary school enrollment for girls sees a major drop in Pakistan.

Closer examination of this shows that an underdeveloped labor market for female secondary school graduates along with a poor supply of female teachers and girls-only schools mean that cash-strapped households are unwilling to continue their daughters’ schooling. Not only do these households not see returns on investment in secondary education, but commuting costs, along with conservative mobility norms for girls who have just hit puberty mean that households would have just hit puberty mean that households would much rather spend the meagre cash that they have

on continuing boys' schooling instead. This combination of household, supply, and norms-related factors can be used to explain girls' poor vaccination records, calorie-intake, even public transport use.

Data then helps identify the issue while understanding its underlying reasons. Once this has been done, it becomes possible to design interventions whose specific features look to alleviate the causes and thereby improve girl outcomes. There have been many examples of different types of interventions – improving girl school enrollment rates by building boundary walls and female only toilets on school premises, providing technology based solutions such as SMS reminders for vaccinations to key decision-makers such as mothers-in-law in conservative patriarchal societies like Pakistan, but perhaps the most prolifically used type of intervention has been cash transfer programs. Although such transfer programs have numerous objectives with poverty alleviation being a primary one, improving female outcomes is also a central pillar in most. The oldest conditional cash transfer (CCT) program i.e. transfers that link cash receipts to certain behavioral conditions, is the Mexican Prospero, and CCTs are currently operating in multiple countries in Latin American, Asia and Africa. A crucial feature of most conditional and even unconditional cash transfers is that the amount is transferred to the woman. This owes to empirical work that has shown that not only does access to and control over income improve women's status within the household, but that it leads to higher decision-making power which improves child outcomes especially those of the girl-child. Similarly, most CCTs attach conditions related to education and health investments specially designed to enforce greater investments into girls

relative to boys in countries where gender inequality is rampant. Indeed, evaluations of CCTs have shown improvements in female outcomes. For example, the Prospero CCT has been credited for the reduced gender inequality in schooling in Mexico. Similarly, a pilot CCT in Burkina Faso saw significant increases in routine preventative health visits for girls.

The final step then is to evaluate interventions to see the extent to which measures have worked. This reveals weaknesses so that program revisions may be introduced accordingly. For example, the first CCT launched in India provided transfers with conditions attached for educational achievement, immunization, and delayed marriage for girls. However, there was no discernable impact of the program and qualitative interviews attributed this to a lack of awareness as well as continued parental perceptions of girls as liabilities. In fact, there is increased recognition that mainstream economics' focus on quantitative data needs to be tempered with qualitative methods if we are to truly grasp the factors driving gender-based cleavages in outcomes. Here, interviews reveal the need to incorporate building of soft skills aimed at changing norms, co-opting local leaders to generate awareness and introducing community-relevant role models to shift perceptions in addition to infrastructure and income-based interventions. Indeed, the biggest success stories have come from programs that recognize macro and micro level constraints while also working to change norms and traditional gendered roles.

Originally published in Ananke Special Edition of the Girl Summit in November 2020. Reprinted with permission.

Why has Pakistan struggled to grow its exports?

Uzair Younus

Devaluing the currency is not enough. Pakistan must make a concerted effort to improve economic competitiveness to grow its export base.

Students sitting in Econ 101 classes are taught about the J-Curve theory, which in basic terms argues the following:

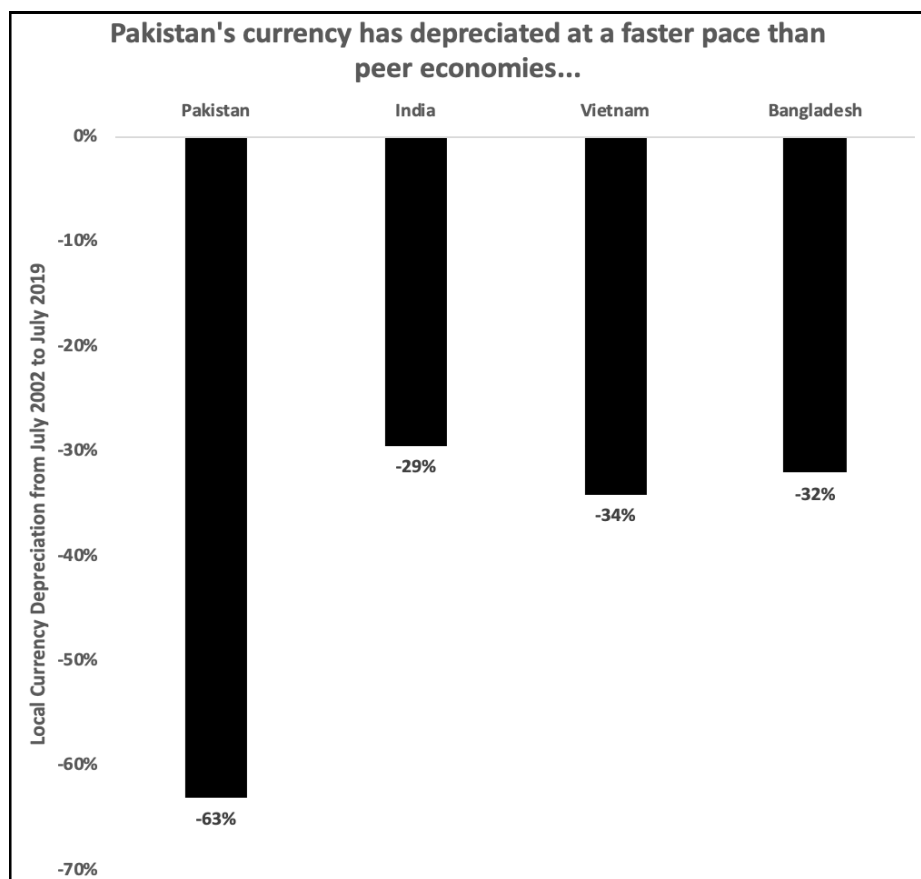
1. When a country depreciates its currency, it will at first see a sharp deterioration in its trade balance.
2. Over time, the balance will improve, as imports become expensive and exports cheaper.
3. This doesn't work in the Pakistani context.



Uzair Younus is the director of the Pakistan Initiative at the Atlantic Council's South Asia Center.

Before we get to why, here is some data to set the stage:

- Between 2002 to 2019, the Pakistani rupee has depreciated 63 percent against the US dollar. It used to fetch \$0.0166 in July 2002 and by July 2019, it was fetching \$0.00616.



- This gives us a compound annual growth rate (CAGR) of -5.7%, which means that the rupee fell by 5.7% in its value versus the US dollar every year during this period.
- During this same period, the country's exports saw an increase of 136%, going from \$9.9 billion in 2002 to \$23.35 billion in 2019.
- This gives us a CAGR of +5.2%, meaning that exports grew by 5.2% every year, in dollar-denominated terms, during this period.

This data doesn't mean much on its own.

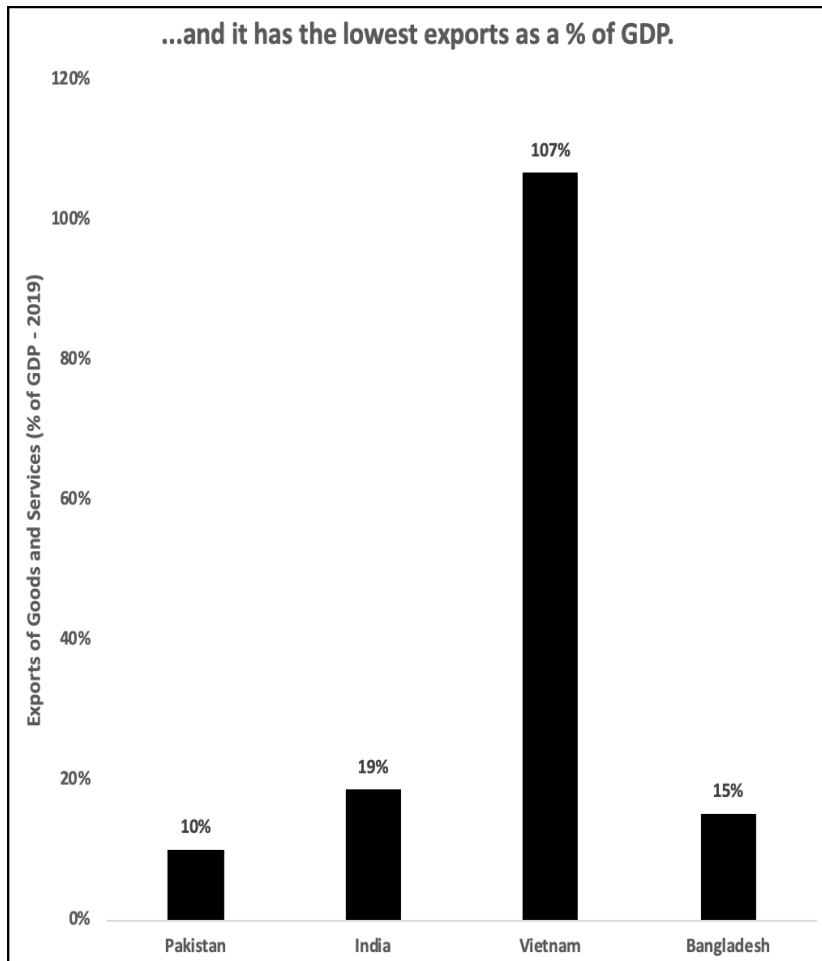
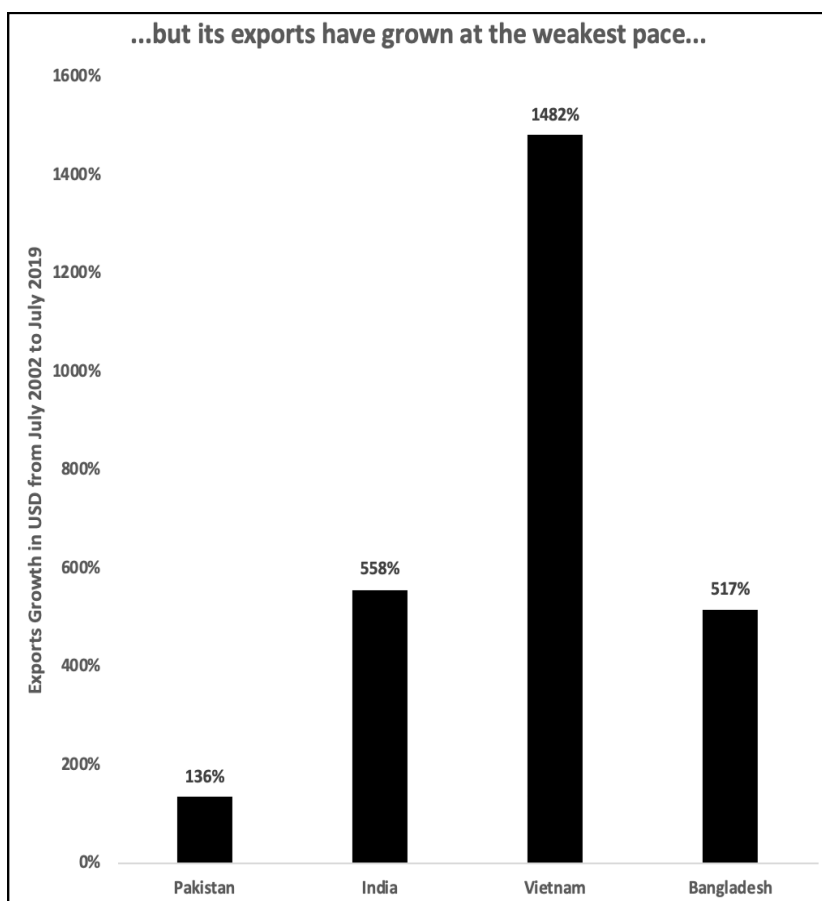
After all, Pakistan is part of a global economy and so its currency's value and its exports growth must be compared with peer economies, such as India, Bangladesh, and Vietnam.

Among its peers, Pakistan's performance has been the worst.

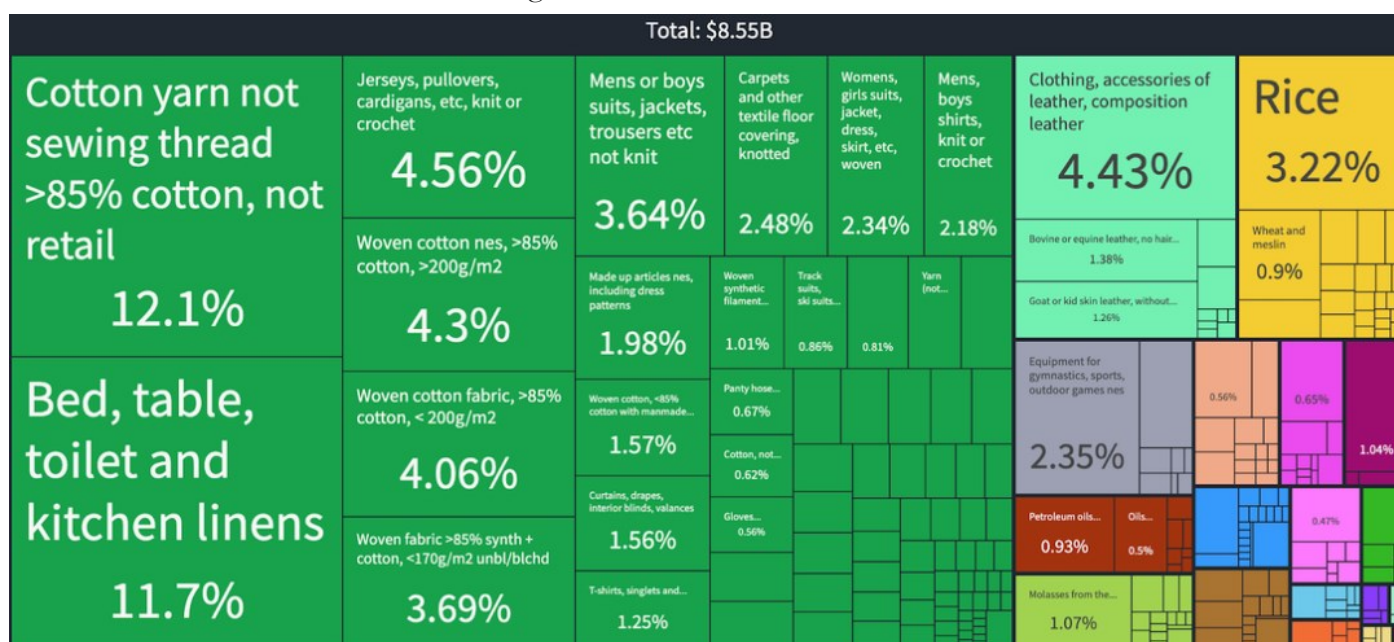
Here is what a recent [IBA report](#) has to say:

The reduction in imports is due to the massive depreciation of the Pakistani Rupee against US Dollar and other factors like the slowdown in investment in the China Pakistan Economic Corridor (CPEC) project, restrictions on imports such as in the automobile sector, etc.

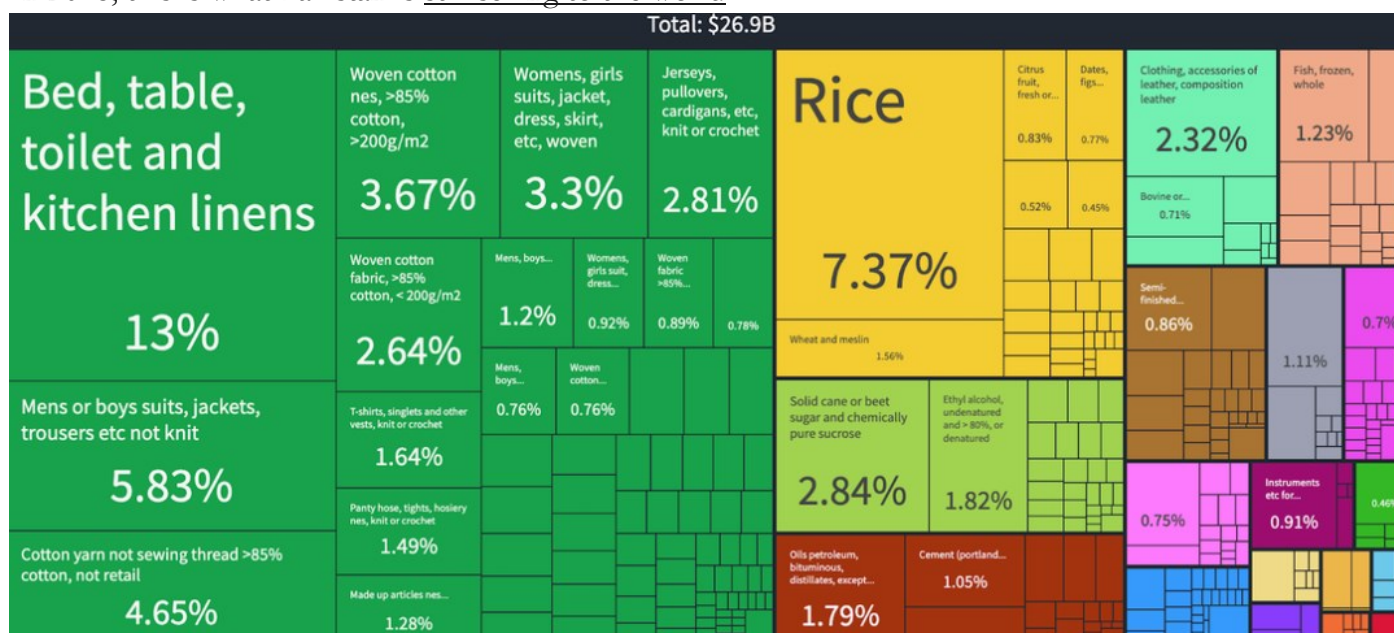
However, the export sector was unable to reap the benefits of this depreciation. This suggests that the country should diversify its exports in terms of commodities as well as destinations.



In 2002, this is what Pakistan was selling to the world:



In 2018, this is what Pakistan is still selling to the world:



As my friend says, there are only so many towels, bed sheets, and t-shirts you can sell all over the world.

Why is that the case? Because Pakistan is uncompetitive compared to these countries.

It ranks worst or second-worst on all the key pillars of competitiveness measured by the World Economic Forum.

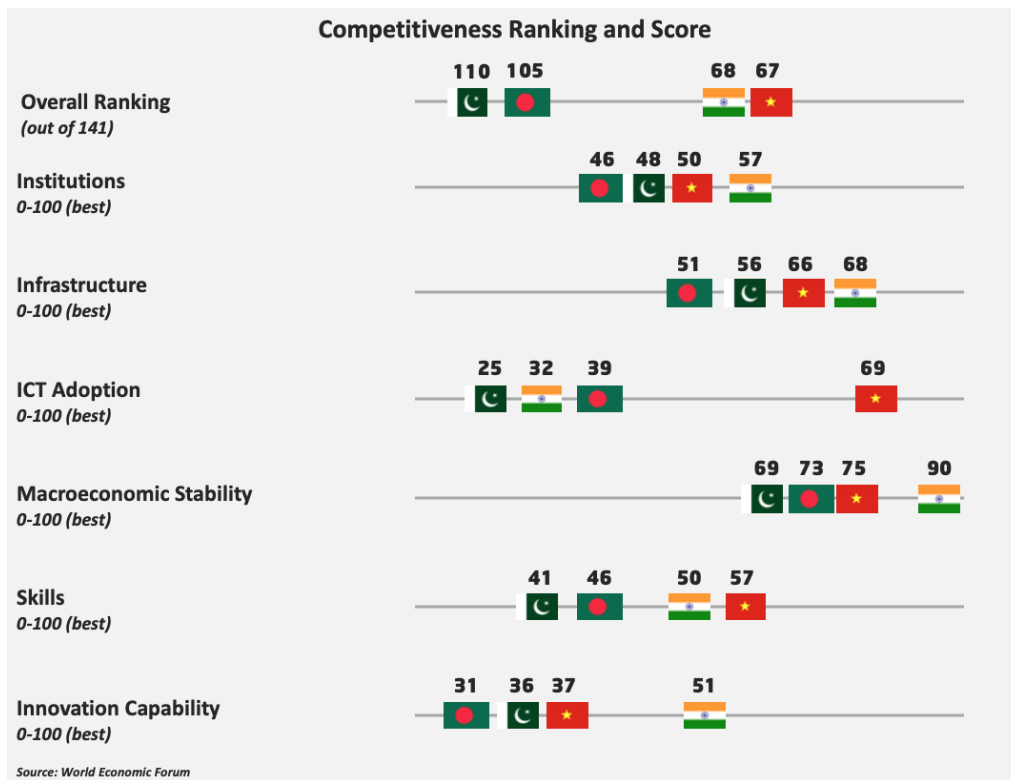
A closer look at the data shows that while the country decent road connectivity, efficient sea-ports, and competitive productivity & pay, it has a long way to go in terms of educating its workforce and increasing women's participation in the econo-

my.

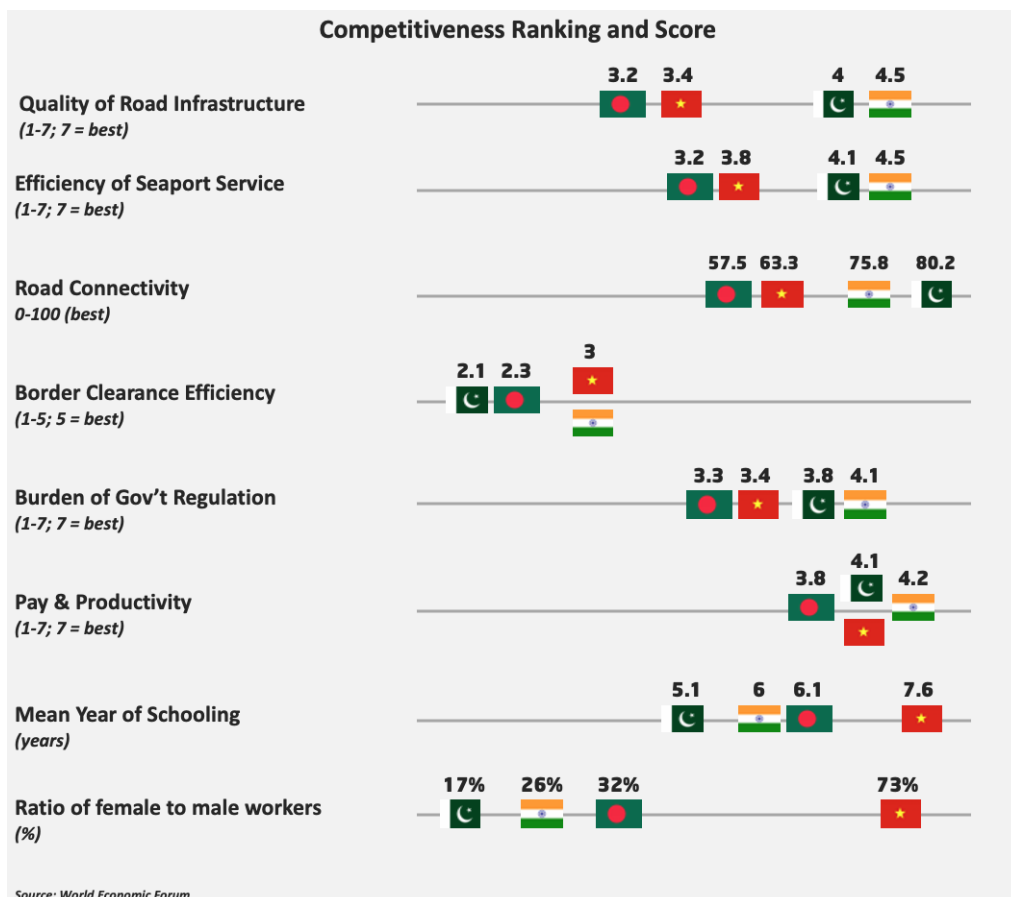
So what does Pakistan need to do?

There are a whole host of other issues that have been covered in-depth in many other reports. Some major ones that the government should look at, [according to a SDPI-World Bank report](#), are:

- a) regulatory constraints at federal and provincial government levels,
- b) high cost of doing business, including energy costs and import tariffs,
- c) inadequate trade facilitation and supporting instruments.



- e) lack of coordinated support from institutions responsible for export promotion and help towards market and product diversification,
- f) weak availability of credit for exports, particularly for potential and new exporters, and
- g) an exchange rate regime that is perceived to reinforce the anti-export bias of the de facto trade policy.



Here is another important recommendation from the [IBA report](#):

TDAP and the respective Chambers of Commerce need to work on restructuring their marketing, packaging, pricing, and specialization strategies to increase efficiency and hence overall exports.

Then there is the need to reduce import restrictions, which are actually a barrier to exports. Gonzalo Varela puts it aptly in his [blog post](#):

In this way, import taxes are nothing but export taxes in disguise. Introducing sunset clauses to tariff protection is key to eliminate the anti-export bias.

The government has taken [some steps in the right direction](#) when it comes to eliminating this bias, but more needs to be done.

Pakistan needs to stop obsessing over a “strong” currency.

The first thing policy makers must do is maintain market-based exchange rates. Pakistanis are obsessed with a “strong” currency, even though it has

proven disastrous for exports and macroeconomic stability.

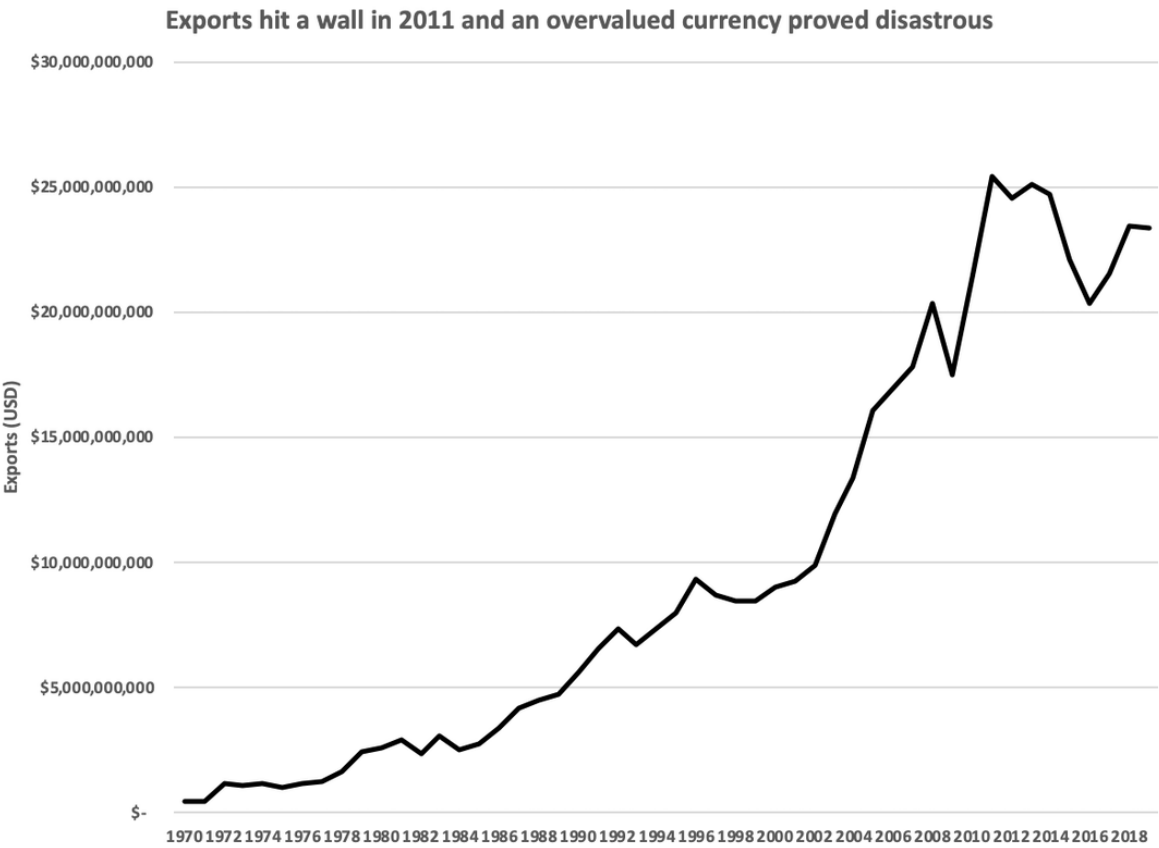
An overvalued currency prices exporters out of global markets, leading to a loss of market share. It also disincentivizes investments in the export sector, reducing a country’s long-term ability to sell more to the rest of the world.

Imran Khan’s government has so far given the central bank the authority to set [market-based exchange rates](#), and this is a positive development.

But there is still a long, long way to go.

Take a look at any number of export-oriented economies and you will find that they have done so by developing clusters. These clusters exist in or around major urban centers that are efficiently governed and where qualified labor, quality infrastructure, and basic utilities are readily available.

Now [look at Karachi](#), the beating heart of Pakistan’s economy and how it is governed. I have taken a ride from some export-oriented factories to the port, and I can assure you that it is a slow and painful drive.



Cities are where innovation, manufacturing, and trade happens. And for as long as Pakistan cannot figure out an efficient way to govern its cities, it will not be able to grow its exports.

In a world where lead times matter and where a one percent differential in costs can be the difference between winning and losing an export order, Pakistan expects its exporters to remain competitive despite handicapping them every step of the way.

Another area that needs priority focus is the level of skilling and quality of education. Today, even sewing textile products requires workers to have a basic set of skills. A country where the mean years of schooling is 5.1 years (according to the World Economic Forum) will always struggle to diversify its exports base and produce more sophisticated, value-added products.

Then there is the need to increase female labor participation - an economy where the ratio of female to male works is 17% (according to the World Economic Forum) cannot grow sustainably.

South Asia is the least integrated region in the world when it comes to trade. As long as this remains the case, Pakistan cannot grow its export base. Look around the world and you will see that nation-states trade in clusters with their neighbors. Trade flows have historically flown east-west in South Asia, which means that trading with Iran, India, Afghanistan, and beyond is the only way to prosper. Pakistan's policy makers must seek to utilize the infrastructure developed under CPEC and expand it to integrate with South Asia. This will be

difficult, but attempts to normalize relations with Bangladesh, for example, are a positive development.

Most importantly, the country's policy makers need to focus on the economy, starting from the very top.

While the world is looking to take advantage of supply chains relocating from China for a whole host of reasons, Pakistan's elite are busy bickering about a whole host of issues that have nothing to do with improving the lives of ordinary Pakistanis. Some of the most recent issues include:

- Minus-one formulas.

Threats of bans on social media apps, YouTube, and video games.

- Banning books.
- NROs, in all their shapes and forms.

The country needs consensus on moving the economy forward and this cannot happen when polarization and political instability is capturing the attention of elected and unelected holders of power. Today, Pakistan is a problem that must be managed by the rest of the world.

If it can get its act together and grow its exports, the country can quickly become an opportunity that every Pakistani, and the whole world, can benefit from.

*Originally published in Pakistonomy on 26 July, 2020.
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Toward a Sustainable Growth Model

Ali Khizar

Pakistan goods imports have averaged at \$6.5 billion for the past six months. That is creating a headache for the policymakers and causing panic in the capital markets. The problem is that economic structure is lopsided and is reaching limits to finance consumption led imported growth. Moreover, imports' and remittances' numbers have elements of formalization that is finally showing a more accurate picture.

The economy started opening in 2002 – financial, telecom, and other sectors were deregulated. There was a flurry of external financial inflows. Economic gear shifted up too. It was all hunky-dory till 2007. Economic competitiveness improved due to deregulation and private sector led growth. Big private projects (without sovereign guarantees) were coming online. Exports grew from \$9 billion in 2001-02 to \$19 billion in 2007-08. Businesses were making money. Salaries of corporate employees multiplied. Real estate started becoming an attractive investment avenue. That has led the country to the next level of consumption.

Domestic consumption grew unabated after 2007-08, but not exports and domestic production. There were power shortages with a bleak law and order situation. That further hampered investment in manufacturing. Almost all investment – local and foreign – came for market seeking opportunities. Protection against imports also spurred growth in those industries.

In the backdrop of stagnating domestic production, consumption growth never stopped. Textile players started investing in domestic brands. International food chains and domestic high-end restaurants relying on imported ingredients started building too. Construction materials' mix is tilting towards imports. The number of vehicles on roads grew with limited localization. Upper middle-class



Ali Khizar is the Head of Research at Business Recorder.

families started traveling abroad. All of this added to imports while little to no improvement occurred on export front.

The only silver lining in the external account was remittances. Demand for labour in the Middle East created employment opportunities. Pakistan's gross migrant worker registration averaged at 139,000 employees per year during 1990-2006. There was a quantum jump thereafter. The toll averaged at 556,000 employees per year during 2007-19. The peak number was 946,000 employees in 2015. The number has been falling lately – 224,000 per year in 2020-21.

Official inward remittances' flow increased from \$6.5 billion in 2007-8 to \$29.3 billion in FY21. Interestingly, growth of \$6.2 billion in FY21 occurred while the number of employees going abroad fell. The primary explanation appears to be the conversion of informal remittances into formal flows due to lower travel and FATF (Financial Action Task Force) implementation. But that does not mean that the overall external account situation is improving too. Growth in remittances is complemented by a similar growth in imports. Then lower travel incidence is also reflected in growth in remittances to net-off demand of foreign currency by travelers.

Thus, one reason for abnormally higher imports lately is better documentation. The incidence of under-invoicing and smuggling is low too. For example, mobile phone imports doubled in two years due to proper reporting and are perhaps less due to higher growth in phones itself. Similarly, petroleum products' smuggling from Iran has been replaced by official channel imports. Then, the khepia business of bringing household goods (mainly from Dubai) fell due to lower travel. FATF-related laws and regulations are also helping in lowering undocumented trade and remittances.

The imports growth is instead mainly attributable to better energy (mainly power) availability. Most of the new projects that came online in the last decade are based on imported fuel (coal and LNG). That is adding to the bill as well.

In a nutshell, overall import growth is not based on any luxury (non-essential) growth, and has not appeared out of nowhere. The energy sector expansion and improved reporting are the primary reasons. Thus, growth in recent consumption is not unprecedented. The sub-group external account numbers are now closer to reality; but overall external position has not changed as such. Many commentators have noted that super-markets selling solely imported goods are opening up. That may be true. But it is not due to new demand. Instead, they are replacing khepias.

After taking stock of the situation, the question is whether this economic model can sustain going forward. Domestic consumption can no longer rely

on remittance growth as the number of employees going abroad peaked in 2015 and has declined thereafter. The trend had pretty much solidified prior to Covid. Either new avenues must open for labour export to grow remittance flow, or goods and services exports must increase. Perhaps a combination of both is needed. FDI (Foreign Direct Investment) needs to be attracted in efficiency seeking sectors. The problem with market seeking FDI is that returns are repatriated in the form of dividends and royalties. That is happening too.

Pakistan needs to revisit its economic model. Limited industrial growth has been based on excessive protection and rent seeking. Businesses make money but don't fully invest back to gain scale for attaining efficiencies. Foreign firms repatriate profits. Locals take these out through liberal foreign exchange regime.

Since the 1990s, Pakistan foreign exchange regime has mostly been liberal (for individuals) while the industrial protection (through tariffs and other means) is the highest. That is lopsided. People make money through legal protection and tax evasion and take that money outside Pakistan or park it in real estate. The reinvestment in the productive sectors is limited. This structure needs to be revisited by incentivising reinvestment in productive sectors.

Originally Printed at Business Recorder, 12 December 2021. Reprinted with permission.

Group Research Project (GRP) of the SAESM: A Timely Initiative at the Outset of COVID-19 Pandemic

Sayema Haque Bidisha

At the beginning of 2020, COVID-19 pandemic affected almost every country of the world and the South Asian countries being no exception. With almost all of the educational institutions, including the universities shifting their academic activities to online mode, the organizers of the SAESM considered this as an opportunity for greater and newer dimension of interaction of students across the borders of South Asia. The SAESM Group Research Project (GRP) was basically another brilliant idea of the late Prof. Deb Kusum Das, who thought about utilizing the online platform as a discussion forum, just like that of the core SAESM for the undergraduate economics students of South Asia. The purpose of this GRP was primarily three fold, one was to exploit the online platform which before the pandemic was not explored much, and to utilize the free time of the students resulting from online education, to constructive activities and also to carry forward the spirit of SAESM through a newer platform. It is important to note that the World Bank has generously supported this initiative both financially as well as through intellectual inputs.

The key difference of the GRP from that of the core SAESM, is the formation of multi-country groups under which each research group, based on a specific theme, includes one undergraduate economics student from each of the six South Asian countries (Afghanistan, Pakistan, Bangladesh, India, Sri Lanka and Nepal). In this connection, under the GRP 1.0 there were 8 research projects under 6 research themes: Industry, Labour (2 projects), Health, Global Value Chain, Trade and Education (2 projects). The multi-country teams were given approximately 10-month time to prepare a research paper on the themes of their choice where in addition to the students (6 students representing each of the 6 South Asian countries), there were



Prof. Sayema Haque Bidisha, Professor, Dhaka University, Bangladesh and Coordinator, SAESM GRP.

two advisors to supervise the research projects and one coordinator for effective and smooth management of research and logistic activities. The students were primarily selected by the SAESM (core) country coordinators and were assigned to the research theme based on their research interest. The research advisors and coordinators were the faculties of South Asian universities with expertise on relevant research themes.

Prof. Kaushik Basu virtually inaugurated SAESM GRP 1.0, on November 1, 2020, where he delivered a talk on “The Pandemic and the Economy: How to navigate the future”. At the initial stage of the research, students had to defend (virtually) their research proposal in front of the experts and based on their comments, and inputs and suggestions from the group specific advisors, the students prepared their research outputs. Beside this initial proposal defense, there was a mid term review in the form of virtual presentation of the research as well.

In order to assist the students to write a research paper, the organizers of the GRP arranged a number of online lectures on relevant topics (e.g. contemporary economic issues in South Asia, research

method, measuring impacts of Covid 19, and others) by the experts around the globe. In order to carry forward the research activities, the students frequently met and interacted virtually, which was one of the objectives of this GRP.

At the end of the entire process, the final research outputs were presented virtually in front of a panel of experts, prior to which the research papers were evaluated by the experts, who marked the papers based on standard criteria. As for the GRP 1.0. the students presented their research in a virtual international conference organized by the South Asian Network on Economic Modelling, a leading

think-tank of Bangladesh.

This year, after the successful completion of the first round of the GRP, the organizers of the core SAESM has initiated the second round of the GRP involving three research themes pertinent to the development needs of South Asia. We, from the SAESM believe that this new branch of initiative pioneered by late Prof. Deb Kusum Das will continue in future years and will contribute towards the broad objective of knowledge creation of the students of South Asia and will continue to strengthen the intellectual as well as social ties across the borders of South Asian countries.



SAESM NETWORK Talk
by
Professor Kaushik Basu
Cornell University, U.S.



On
**"The Pandemic and the Economy:
How to Navigate the Future."**

November 1, 2020
7 P.M. IST (GMT+5.30)



SAESM NETWORK Talk by
Geraint Johnes



Emeritus Professor of Economics, Lancaster University Management School
Lancaster, United Kingdom

On
Education and Labor Market

Chair:
Dr. Deb Kusum Das
Associate Professor at Ramjas College, University of Delhi

January 21, 2021; 6.00 P.M. IST (GMT+5.30)

Join the Zoom Meeting from Laptop or Mobile:
<https://bdren.zoom.us/j/65914709090?pwd=VVFodUFRSEpJREJCNXdQcHUrTHVudz09>

Meeting ID: 659 1470 9090
Password: 228325



Inauguration of GRP 1.0



Webinar session conducted for training of students of SAESM GRP 1.0

List of Training Sessions and Webinars Organised



2nd SANEM International Development Conference (SIDC) 2021
“COVID-19 Recovery: Contexts and Priorities”
18 JUNE 2021: 10:00 AM – 12:00 AM (Bangladesh Standard Time)



SESSION 4: SOUTH ASIAN ECONOMICS STUDENTS' GROUP RESEARCH PROJECT



Special Guest
Professor Wahiduddin Mahmud
Eminent Economist
Bangladesh



Moderator
Dr Deb Kusum Das
Associate Professor, Ramjas College
University of Delhi, India

Paper Presenters



Nishat Tasnim Anika



Jahnvi Toshniwal



Farzin Mumtahena



Javeria Yusuf



MD. Anik Islam



Aziza Akrami



Hashini Wijeskera



Md. Abdul Aahad

- Inauguration Session : Nov 1, 2020 by **Prof. Kaushik Basu**.
Talk on **“The Pandemic and the Economy: How to Navigate the Future.”**
- Nov 10, 2020 : Session by **Dr Sanjay Kathuria**.
Talk on **“Contemporary Economic Issues in South Asia.”**
- Nov 14, 2020 : Session by **Dr Selim Raihan**.
Talk on **“An Introduction to Research Methodology.”**
- Nov 20, 2020 : Session by **Valerie Mercer-Blackburn** and **Siddhartha Sharma**.
Senior Economists South Asia World Bank.
- Jan 21, 2021 : Session by **Prof. Geriant Johnes** of Lancaster University (UK).
Talk on **“Education and Labor Markets.”**
- Feb 19, 2021 : Session by **Dr Gaatzien De Vires** of Groningen University (Netherlands).
Talk on **“Product Fragmentation and Development.”**
- Jun 18, 2021, **SANEM Conference** : Session on **“ COVID—19 Recovery : Contexts and Priorities”** by Special Guest **Prof. Wahiduddin Mahmud**
- Nov 30, 2021, **Final Award Winning Ceremony**: GRP projects from South Asian perspective, GRP project (South Asia) and the World Bank, Few words from the teams and advisors, and Closing Remarks.

SAESM GRP List

THEME : Education

Paper Title: Learning Losses of Undergraduate Students in South Asia during COVID-19 and its Determinants

Student's Name and Affiliation:

1. Farzin Mumtahena, Department of Economics, University of Dhaka
2. Kaustav Sen, Department of Economics, St.Xavier's College (Autonomous), Kolkata
3. Mahnoor Imran Sayyed, Department of Economics, Lahore University of Management Sciences
4. Pasan Wijayawardhana, Department of Business Economics, University of Sri Jayewardenepura
5. Roya Zafari, Management Information System (MIS), Kabul University
6. Shrija Kafle, School of Management, Kathmandu University

Advisors' Name and Affiliation:

1. Dr. Apoorva Gupta, Assistant Professor, Department of Economics, Ramjas College, University of Delhi
2. Ms Maryiam Haroon, Assistant Professor and Research Fellow, Centre for Research in Economics and Business and Department of Economics, Lahore School of Economics, Pakistan

Coordinator Name and Affiliation: Dr. Shanuka Senarath, University of Colombo

Paper Title: Measuring Learning Losses due to Covid 19 School Shutdowns in South Asia

Student's Name and Affiliation:

1. Jahanvi Agrawal, Miranda House, University of Delhi, India
2. Ihsanullah Hasaand, University of Kabul, Afghanistan
3. Samiksha Khanal, Nepal Mega College, Nepal
4. Ashwini Ratnayake, University of Sri Jayewardenepura, Sri Lanka
5. Namira Shameem, University of Dhaka, Bangladesh
6. Javeria Yusuf, Lahore School of Economics, Pakistan

Advisors' Name and Affiliation:

1. Dr. Apoorva Gupta, Assistant Professor, Department of Economics, Ramjas College, University of Delhi
2. Dr. Niraj Poudyal, Assistant Professor, The School of Arts, Kathmandu University, Nepal

Coordinator Name and Affiliation: Dr. Rupali Sharma, Assistant Professor, SGTB Khalsa College, University of Delhi

THEME : Labour

Paper Title: Consumption Instability and the Role of Remittances in South Asia

Student's Name and Affiliation:

1. Waisullah Ahmadzai, Kabul University, Afghanistan
2. Nishat Tasnim Anika, University of Dhaka, Bangladesh
3. Sujaan Aryal, Kathmandu University, Nepal
4. Shaezal Navid Cheema, LUMS, Pakistan
5. Kavindya Thisarani Jayasundara, University of Colombo, Sri Lanka
6. Samvid Uday, Ramjas College, University of Delhi

Advisors' Name and Affiliation:

1. Dr. Adeel Tariq, Assistant Professor, Department of Economics, Lahore University of Management Sciences
2. Dr. Nirmal Kumar Raut, Assistant Professor, Central Department of Economics, Tribhuvan University

Coordinator Name and Affiliation: Prof. Naveen Adhikari, Assistant Professor, Central Department of Economics, Tribhuvan University, Kathmandu, Nepal

Paper Title: Disproportionate Impacts of COVID-19 on Female and Informal Workers: Evidence from South Asia

Student's Name and Affiliation:

1. Mohammad Ahmadi
2. Mehr-un-nisa Imran Amin
3. Sudarshan Gautam
4. Tanjim-Ul-Islam
5. Bhagya Ranasinghe
6. Jahnvi Toshniwal, Ashoka University

Advisors' Name and Affiliation:

1. Dr. Homagni Choudhury, University of Portsmouth
2. Dr. M. Deen Islam, Dhaka University, Bangladesh

Coordinator Name and Affiliation: Dr. Rupali Sharma, Assistant Professor, SGTB Khalsa College, University of Delhi

THEME : Trade

Paper Title: Assessing the Impact of Trade on the Prevalence of Undernourishment in Least-Developed and Developing Countries: A Panel Fixed Effect LSDV Analysis

Student's Name and Affiliation:

1. Sheikh Rafi Ahmed, University of Dhaka, Bangladesh
2. Anmol Baral, Little Angels College, Kathmandu University, Nepal
3. Muhammad Bashir, LUMS, Pakistan
4. SaidMasih Sadat, Afghanistan
5. Aditya Tiwari, KM College, India
6. Gayanga Wijesekara, Sri Lanka

Advisors' Name and Affiliation:

1. Professor Saikat Sinha Roy
2. Mr. Abdul Bari Ahmadzai.

Coordinator Name and Affiliation: Mr Naveen Wickremaratne, University of Colombo

THEME : Industry

Paper Title: Comparative Advantage, Export Behaviour and Their Determinants: A Study of the South Asian Textile and Clothing Sector

Student's Name and Affiliation:

1. Shagnik Chakravarty, Department of Economics, St. Xavier's College, Mumbai
2. Istiak Ahmed, Department of Economics, The University of Dhaka
3. Taimur Ali Azfar, Department of Economics, Lahore University of Management Sciences, Pakistan
4. Aziza Akrami, Department of Management Information Systems (MIS), Economics Faculty, Kabul University
5. Nikita Shahi, Department of Economics, The Tribhuvan University of Nepal

Advisors' Name and Affiliation:

1. Prof. K Narayanan, Professor of Economics, Department of Humanities & Social Sciences, Indian Institute of Technology Bombay, Mumbai, India
2. Prof. Naveen Adhikari, Assistant Professor, Central Department of Economics, Tribhuvan University, Kathmandu, Nepal

Coordinator Name and Affiliation: Prof. Naveen Adhikari, Assistant Professor, Central Department of Economics, Tribhuvan University, Kathmandu, Nepal

THEME : Global Value Chains

Paper Title: SILVER LINING AMID THE TURMOIL “Unlocking the potential of RMG RVCs in South Asia under the light of COVID-19 Pandemic”

Student's Name and Affiliation:

1. Md. Abdul Aahad
2. Minahil Javed
3. Maya Koirala
4. Sarthak Malhotra
5. Ravishma Shakyani
6. Ranchagoda Aimal Ahamad Shah

Advisors' Name and Affiliation:

1. Mahtab Uddin, Lecturer, University of Dhaka, Bangladesh
2. Zunia Tirmazee, Teaching Fellow, Lahore School of Economics, Pakistan

Coordinator Name and Affiliation: Mr. Naveen Wickremaratne, University of Colombo

THEME : Health

Paper Title: Biofortification in South Asia- Problems and Policies: A Response to the Challenge of Malnutrition Caused by COVID-19

Student's Name and Affiliation:

1. Bakhtyalai Ahmadzai, Kabul University, Afghanistan
2. MD. Anik Islam, University of Dhaka, Aghanistan
3. Zainab Khan, Department of Economics, Lahore University of Management Sciences, Pakistan
4. Oshani Pallege, University of Colombo, Sri Lanka
5. Yati Shah, LSR, University of Delhi, India
6. Daksh Walia, Ashoka University, India

Advisors' Name and Affiliation:

1. Agha Ali Akram, Assistant Professor, Lahore University of Management Sciences, Pakistan
2. SM Abdullah, Assistant Professor, University of Dhaka, Aghanistan

Coordinator Name and Affiliation: Shanuka Senarath, University of Colombo, Sri Lanka

Learning from Home During Covid 19 Pandemic: Understanding the Losses in South Asian Countries

Apoorva Gupta

Covid 19 pandemic has paralysed the education system worldwide. The physical closure of schools, colleges and other educational institutions, has transformed the teaching and the learning processes from traditional physical classrooms to virtual classrooms. Due to lack of digital skills and awareness about online teaching platforms, lack of technological infrastructure and support, poor network connectivity, security concerns, and distractions from family interruptions, instructors (teachers/lecturers) find carrying out teaching activities from home as ineffective (Gurung, 2021; Shrestha et al., 2021; Dorji, 2021; Hashemi, 2021; Khlaif et al., 2021). On the other hand, with unequal access to remote learning technologies, there are concerns regarding students' academic progress, losses in skills, and possible delays in completing their desired level of education. Along with academic losses, students face psychological distress as is evident in their deteriorating emotional well-being, where students are anxious, frustrated, and worried about their professional careers in their respective fields (Cao et al., 2020). Thus, teaching and learning activities have got a big hit during the pandemic.

Being a developing world and owing to the reasons cited above, we could expect students of South Asian (SA, hereafter) countries to suffer more. Several attempts have been made to understand the extent of losses, both academic and psychological, to the students in SA countries (Hashemi, 2021; Tadesse & Muluye, 2020; Dutta, 2020).



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However, given the pandemic is ongoing, with new variants coming up; it is difficult to measure the true impact of Covid 19 lockdown on learning losses. Nevertheless, two groups of students from the SAESM community have tried to measure the extent of learning losses in SA countries. As part of SAESM Group Research Project 1.0, undergraduate students from South Asia come together to study the impact of school and college shut-downs on the learning outcomes among the school students and university undergraduate students. This article highlights some of the major findings from the two studies conducted by the students under the collaborative guidance of faculty from South Asia.¹

Learning losses to the students, whether school or college can typically be referred to as the loss of any specific or general knowledge and skills or a reversal of academic progress. In most cases, it can be observed through extended gaps or discontinuities in the students' educational careers.²

¹The two studies are as follows: (1) Mumtahena, Farzin; Kaustav Sen; Mahnoor Imran Sayyed; Pasan Wijayawardhana; Roya Zafari; and Shrija Kafle (2021), "Learning Losses of Undergraduate students in South Asia during Covid 19 and its determinants", jointly supervised by Dr. Apoorva Gupta and Ms. Maryiam Haroon; and (2) Agrawal, Jahanvi; Ihsanullah Hasaand; Samiksha Khanal; Ashwini Ratnayake; Namira Shameem; and Javeria Yusuf (2021), "Measuring Learning Losses due to Covid 19 school shutdowns in South Asia", jointly supervised by Dr. Apoorva Gupta and Dr. Niraj Poudyal.

²Source: [Learning Loss Definition \(edglossary.org\)](https://edglossary.org/) (accessed on Jan 5, 2022)

This loss is not due to the permanent closure of education system, but due to ineffective delivery mechanism of remote learning (Gautam & Gautam, 2021; Hafeez et al., 2021; Onyema et al., 2020; Geven & Hasan, 2020; Rahman & Sharma, 2021). Thus, a large part of learning change (gain/loss) can be understood by how effectively remote learning has been carried out. Among other factors, this is determined crucially by the following two factors: One, accessibility and adaptability to digital learning, which would directly depend on the education environment of the student (as that would determine the readiness to grapple with digital equipment for learning); and two, learning environment at home, which primarily includes parental involvement in academic help to the child and the adolescent (Asian Development Bank, 2021). If any of these factors are weak, it amounts to learning losses.

While there is research on understanding the impact of school and college shutdowns for different SA countries in different contexts,³ a study bringing all SA countries on a common platform, is one of its kind. The first paper⁴ studies the impact of school shutdown due to Covid pandemic on test scores. Schools in all the SA countries closed down by March 2020, with temporary re-openings on a staggered basis. Given the lack of comparable data across South Asian countries on school students, the authors have used different strategies to measure extent of losses for the six SA countries. For Bangladesh, a macro-level panel dataset of Secondary School Certificate (SSC) and Higher-Secondary School Certificate (HSC) exam results of ten education boards, across 10-year period, from 2011-2020 is studied, by gender and grade point average (GPA). The test score results for the

years 2011 to 2019 were used to get a forecast for the test score results for the year 2020, which was then compared with the actual test results of the year 2020. From the simple linear regression, the authors find that the estimated average pass percentage for 2020 is less than the actual. This indicates a learning gain that could possibly be explained by auto-pass of students and lenient grading during the COVID-19 situation. For Sri Lanka, the authors obtain the data on Grade 5 scholarship exam results from the year 2015 to 2020 (6 years) from the Department of Examination publications. They perform similar exercise with the data as they did for Bangladesh, and find a learning gain. Given schools were shut and students were studying remotely, lenient grading and credential inflation are considered as the reasons for learning gain.

For India and Pakistan, the authors use Annual Survey Education Report (ASER) data.⁵ There are certain education facilities available at the schools which aid the students in their learning activities, such as smart boards, computer labs, library, playground and other sports equipments for recreational activities. These facilities are missed by the students in remote learning and hence can have a detrimental effect on their learning outcomes. Using an index of school facilities missed during the lockdown, the authors tried to measure the impact on the English and Math test scores. For both the countries, the results show a strong positive correlation between Math and English reading scores and the school facilities available at each child's school. Due to school shutdown, when these facilities are missed, there is a drop in Math and English reading scores, indicating a learning loss to the students due to non-availability of these learning facilities. For Nepal and Afghanistan, the authors

³ See for instance Khuram (2021) for Afghanistan; Hafeez et al. (2021) for Pakistan; Dorji (2021) for Bhutan; Dawadi et al. (2020) for Nepal; Emon et al. (2020) for Bangladesh; Liyanagunawardena and Williams (2021) for Sri Lanka; Van Cappelle et al. (2021) for India.

⁴ Abid 1, Agrawal et al. (2021)

⁵ ASER is a nationally representative dataset for school going children and their families, covering topics related to reading and Math abilities, facilities available at school, education level of family members, and others. For India, the authors used ASER 2018 data and for Pakistan, they used ASER 2019 data.

Table 1: Learning Scores for six South Asian countries

Country	Equal-weighted Learning Score		PCA-weighted Learning Score	
	Mean	p- value	Mean	p- value
Afghanistan	1.891	0.0701	1.892	0.0721
Bangladesh	1.621	0	1.624	0
India	1.730	0	1.729	0
Nepal	1.763	0	1.766	0
Pakistan	1.542	0	1.541	0
Sri Lanka	1.788	0	1.797	0

Source: Mumtahena et al. (2021)

conducted a qualitative survey amongst the secondary school students and their parents and teachers to understand extend of learning losses faced by them. The results show that all agreed to the fatigue of remote learning, and it is only a one-way communication. Availability of online resources and an increase in academic dishonesty has reduced the knowledge that students seem to have.

The second paper⁶ measures the types and determinants of learning loss faced by undergraduate students of SA countries. The authors conducted an online primary survey of around 2000 undergraduate students enrolled in any undergraduate course and/or educational institution in a South Asian country. The survey instrument has eight different modules covering questions on eight topics: demographics, family information, education profile, access to technology, academic outcomes, perceived learning, soft skills and internships, and emotional well-being of students. Following Richmond et al. (1987), the authors constructed a Learning Score, to compare pre and post pandemic scenarios. The indicators used for constructing this Learning Score are grades, self-study hours, number of assignments, class participation and class attendance, participation in supplementary learning activities, academic honesty,

peer-to-peer learning, feedback from instructors, and access to laboratory/practical sessions, and time management for study purposes. The authors

calculated the weights using both equal-weightage approach and Principal Component Analysis approach. The construction of the index is such that any score less than 2 means a learning loss, while any score greater than 2 means a learning gain. Table 1 gives the summary of Learning Scores for the students of the six SA countries under study. The results show that all the SA countries have a

score which is significantly less than 2, indicating a learning loss. This implies that, on average, students in all six countries have faced some learning loss during the pandemic.

The study further finds that female students, students from science discipline and public university students face a higher learning loss compared to their counterparts in all the countries under study. Internet disruption and larger household size lead to higher learning loss. Students from families for whom income reduced due to the pandemic also face higher learning loss. Students from Bangladesh and Pakistan face significantly higher learning losses compared to Indian students.

⁶ Abid 1, Mumtahena et al. (2021)



Students in offline classes in school



Students in online classes in school

In addition to this, the authors studied the students' mental well-being. The sudden shift in learning modalities from in-person lectures, delays in academic progress, reduced social interactions, and/or economic hardships due to lockdown are causing uncertainty and emotional distress for students (Kecojevic et al., 2020; Son et al., 2020; Hasan and Bao, 2020; and Van de Velde et al., 2021). The participants were asked how often they experienced certain negative emotions during the pandemic and whether they faced some negative effects on their attitude towards learning. The authors created a Psychological Distress Scale and a Demotivation Scale.

Higher scores on these scales represent higher distress and more demotivation, respectively. The results show that students face difficulties focusing on work and having depressive symptoms while participating in remote learning. Psychological distress scores were significantly higher among females, those studying in private universities, and experiencing some shock in family income during the pandemic. Female students and students from households where family income decreased are

also significantly more demotivated compared to their counterparts in all the countries under study.

It is also important to note that the physical closure of schools and colleges not only affect the current education status of the students, it will have long-lasting impacts on their employability and earning capabilities (Donnelly and Patrinos, 2020). Thus, there is a need to address the problem of learning losses, and to reduce it and reverse it back. Various solutions have been suggested in the literature; however, the ones that reduce the communication gap and increase the interaction between the teachers and the students can be the most effective.

Donnelly and Patrinos (2020) have highlighted three ways to achieve this: implementing learning recovery programs,⁷ protecting education budgets,⁸ and preparing for future shocks. Though these will work differently for different countries, the aim should be to use the pandemic as an opportunity to build an education system which does not let anyone to be left out. This may include a virtual education system or a hybrid system where moving to remote learning is costless, yet maintaining

⁷ These programs can take the shape of remedial classes and tutorials, just in time assessments, and focused programmes on developing and improving students' foundational skills.

⁸ This could mainly be directed to enhance remote teaching and learning facilitates.

the interaction and peer-to-peer learning. Thus, it is a lesson for the educators and the policymakers to make the education system resilient enough to face any pandemic and not get subject to learning losses.

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Abstracts of GRP

Learning Losses of Undergraduate Students in South Asia During COVID-19 and its Determinants

Farzin Mumtahena, Kaustav Sen, Mahnoor Imran Sayyed, Pasan Wijayawardhana, Roya Zafari, Shriya Kaflef

The COVID-19 pandemic has induced global threats, transforming the learning and teaching process from traditional physical classrooms to virtual classrooms. With unequal access to remote learning technologies, there are concerns regarding undergraduate students' academic progress, losses in skills, and possible delays in graduation. Being a developing world, we could expect students of South Asian countries to suffer more. To understand how learning losses may manifest in tertiary education in the South Asian region, we conducted a primary survey amongst the students enrolled in undergraduate programmes in six countries: Afghanistan, Bangladesh, India, Pakistan, Nepal, and Sri Lanka. Data on several parameters on learning inputs and outcomes are collected. Creating a composite Learning Score using these indicators, we find that on average, students of all these countries face learning losses during COVID times compared to pre-COVID times. The paper attempts to estimate the determinants of these learning losses. Major determinants are demographic characteristics of a student such as gender, parental education and occupation, residence (rural or urban), and academic characteristics such as the type of university, academic discipline, access to internet facilities and computers, interaction with teachers, and access to labs. Among other factors, a significantly higher learning loss is visible amongst female students, students who belong to families facing income losses during the pandemic, and public university students. We also find that compared to India (base country), students of Bangladesh and Pakistan are affected more severely in terms of learning losses. As an additional exercise, we also measure the extent of psychological distress and academic demotivation related to online learning. We find that female students, private university students, and students facing income losses face higher psychological distress and academic demotivation.

JEL Classification I21, I23, I24, N35

Keywords Learning Losses, Undergraduate students, COVID-19, South Asia

Measuring Learning Losses due to Covid 19 school shutdowns in South Asia

Jahanvi Agrawal, Ihsanullah Hasaand, Samiksha Khanal, Ashwini Ratnayake, Namira Shameem, Javeria Yusuf

This paper aims at understanding, and hence predicting the learning changes created due to Covid-19 school shutdowns in South Asian countries. Given that the education system in South Asia is poor and millions of students are still out of school, shifting classes online has pushed even more students out of the education system. The disruption in schooling is hypothesised to cause learning loss in knowledge

or skill for students. Given the lack of availability of consistent data across the South Asian countries, we have followed different strategies for different countries. For India and Pakistan, we use ASER datasets to see the relationship between important school facilities a student has access to in their daily school life and what is expected to happen to their Math and English scores when these facilities are not available due to school-shutdowns brought by Covid-19 lockdown. For Bangladesh and Sri Lanka, government issued data on pass percentages are used to first construct a time-series analysis and then predict what these pass percentages would have been in the year 2020 without a Covid-19 disruption, and finally compare these results with the actual pass percentages of the year 2020. Lastly, we follow a mixed method approach for Nepal and Afghanistan, wherein indepth-interviews of parents and teachers of Grade 10 students and an online questionnaire for said students is done. Each study shows some form of learning loss occurring. Drop in Math and English scores for India and Pakistan is seen when facilities are taken away. In Sri Lanka and Bangladesh, we find discrepancies between actual and predicted pass percentages where actual pass rates were much higher than predicted, indicating a learning gain. Findings from Nepal and Afghanistan show that students face difficulty with school-shutdowns, be it due to lack of interaction with the teachers or related to comprehension, or adjustment to online learning mode.

JEL Classification: A22, I23, N35

Keywords: learning loss, Covid, school shutdowns

Comparative Advantage, Export Behaviour and Their Determinants: A Study of the South Asian Textile and Clothing Sector

Shagnik Chakravarty, Istiak Ahmed, Taimur Ali Azfar, Aziza Akrami, Nikita Shahi

In this paper, we analyse the comparative advantage of the South Asian textile and clothing sector between 1990-2019. To do so, we construct an index of 'Normalised Revealed Comparative Advantage' (NRCA) using export data at HS-2-digit levels for India, Pakistan, Bangladesh, Nepal, Sri Lanka, and Afghanistan. Here, we find that most South Asian countries have significant comparative advantage in these sectors: India leads in the textile sector (HS50-59), while Bangladesh leads in the clothing sector (HS60-63). Next, we investigate the macroeconomic determinants of NRCA using fixed and random-effects models. We find that GDP per capita and terms of trade (TOT) are significant for textile, whereas REER, TOT, GDP per capita and trade openness are significant for clothing. Most of our results align with established theory, though notably we find that REER appreciation is positively linked with NRCA. We then investigate factors affecting the export behaviour of South Asian textile and clothing firms. A Tobit model and a two-part (Probit + Truncation) model are used for estimation and results are compared. We find that age, size, skill intensity, percentage working capital financed by banks, R&D expenditure and other firm-specific characteristics influence export behaviour, though there are some differences between the determinants for the decision to export and the factors affecting export intensity. Finally, policy implications arising from this study are discussed.

JEL Classification: F11, F14, D22, L67

Key words: Comparative Advantage, NRCA, South Asia, Textile and Clothing, Export Competitiveness

Consumption Instability and the Role of Remittances in South Asia

Waisullah Ahmadzai, Nishat Tasnim Anika, Sujaan Aryal, Shaezal Navid Cheema, Kavindya Thisarani Jayasundara, Samvid Uday

Remittances represent the largest financial inflows in South Asia. The region accumulated the highest remittance inflow as a share of overall GDP from 2015 to 2019. Remittances being a lifeline of the South Asian economy, any systemic shocks slowing down the growth of remittance inflow would trigger consumption instability in the region. This study examines the consumption smoothing potential of remittances in South Asia. Furthermore, it estimates how long the consumption in the South Asian region would take to stabilize after a negative shock in remittance inflows. Based on the panel data of four South Asian countries - Bangladesh, India, Nepal, and Pakistan - from 2001 to 2019, this paper employs a Vector Error Correction Model (VECM) approach to investigate the dynamic relationship among the variables, including remittances, real per capita income, real interest rate and per capita household consumption expenditures. The study finds (i) consumption smoothing potential of remittances; (ii) long-run relationship between remittances and consumption instability; and (iii) evidence of a countercyclical effect. The Impulse Response Function (IRF) indicates that after a negative remittance shock, the consumption in the South Asian region will be below the mean to hit its lowest point in the 4th year, and then it will gradually reach stability after 14 years.

JEL classification: F240 Remittances

Keywords: remittances, consumption, South Asia

Disproportionate Impacts of COVID-19 on Female and Informal Workers: Evidence from South Asia

Mohammad Ahmadi, Mehr-un-nisa Imran Amin, Sudarshan Gautam, Tanjim-Ul-Islam, Bhagya Ranasinghe, Jahnvi Toshniwal

COVID-19 is a global crisis and its impacts have been felt on the smallest level with South Asia being no exception. With a relatively low female labour force participation rate and a large informal sector, this paper aims to analyse the disproportionate impact of the pandemic-induced shock on the employment status of female and informal workers in South Asia through a macro level analysis of the region, followed by a micro level Indian case study. Before the beginning of the pandemic, growth in South Asian countries was already stagnating, however the demand and supply shock coupled with the lack of job security offered to those in the informal sector led us to believe the impact would be heterogeneous and significant. Our results show us that there is a significant initial drop in employment within India, with this drop being disproportionate for women: women in the informal sector bore the brunt of this job loss as they were 2.4 to 3% less likely to remain employed as compared to formal workers. Workers were also working fewer hours per day due to the restrictions put in place: with female workers facing a sharper decline in working hours, however women in the formal sector saw a larger drop as compared to women in the informal sector.

JEL Classification: J700, J710, J780, J460, J160

Keywords: COVID-19, Female Employment, Informal Employment, South Asia

Assessing the Impact of Trade on the Prevalence of Undernourishment in Least-Developed and Developing Countries: A Panel Fixed Effect LSDV Analysis

Ahmed, Sheikh Rafi, Baral, Anmol; Bashir, Muhammad; Sadat, Sayed Masih; Tiwari, Aditya; Wijesekara, Gayanga

This study attempts to investigate the impact of trade on food security and how this relationship may play out during a rampant pandemic with repetitive phases of disruptions in the food supply chain, both domestically and globally. We use a micro-panel dataset constituting 69 least developed or developing countries including six South Asian countries (excluding Bhutan and Afghanistan) over a period spanning 18 years from 2001-2018. Food poverty is measured by the prevalence of undernourished population. To estimate the relationship between the prevalence of undernourishment and relevant macroeconomic indicators, we use the Fixed Effect LSDV model, which was deemed to best fit the data based on Chow Test, Hausman Test and Breusch-Pagan LM Test. Findings reveal that the prevalence of undernourishment has a significant positive relationship with food inflation. That is, inflation in food prices can cause food poverty. On the other hand, the prevalence of undernourished population decreases when food imports as well as GDP per capita increase. Although statistically insignificant for the full sample, an appreciation of the official exchange rate was significant for the sub-samples of low-income countries. Higher exchange rates cause exports to become more competitive and net exports increase which has a positive impact on food security, at least for low-income countries. Increased food imports can ameliorate food poverty in the upper and lower-middle-income developing countries but may adversely affect low-income countries. Therefore, any macroeconomic policy formulation must keep in mind the nature of the region, its income status and other factors. Generally speaking, better control for food inflation, limitations on food exports and increasing food imports (except for low-income countries) can play an important role during times of crisis like the Covid-19 pandemic.

JEL Classification: F13, Q17, Q27

Keywords: Prevalence of Undernourishment; Covid-19; Food import

SILVER LINING AMID THE TURMOIL “Unlocking the potential of RMG RVCs in South Asia under the light of COVID-19 Pandemic”

Md. Abdul Aahad, Minahil Javed, Maya Koirala, Sarthak Malhotra, Ravishma Shakyani, Ranchagoda Aimal Ahamad Shah

Due to various political and diplomatic differences among South Asian countries, the region remained one of the least integrated regions in terms of trade. To boost the trade in theregion, it is pivotal to enhance regional cooperation and broader economic exchange among nations. Therefore, this paper investigates how a Regional Value Chain (RVC) can be created to upturn the volume of intra-regional trade. Since Ready-Made Garments (RMG) is the major manufacturing base in most South Asian countries, the paper only focuses on creating an RVC in theRMG sector. The paper draws secondary trade data from the WITS and ITC trade maps. The WITS Smart model with zero tariff simulation was run to know the potential trade gain for RMG goods. The findings showed Bangladesh, Pakistan and India would have a 152% ,7.71% and 1.29% increase in the trade if the zero-tariff system is applied. The paper concludes

with policy recommendations emphasizing on India's pro-active role in the value chain and overcoming the constraint such as non-tariff barriers, supply constraints, logistic support, etc.

JEL classification: F15, F17

Keywords: Value Chain , RVC , South Asia , Zero Tariff ,WITS-SMART

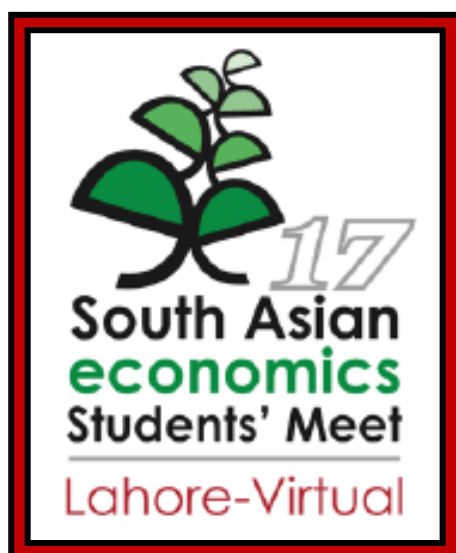
Biofortification in South Asia- Problems and Policies: A Response to the Challenge of Malnutrition Caused by COVID-19

Bakhtyalai Ahmadzai, , MD. Anik Islam, Zainab Khan, Oshani Pallege, Yati Shah, Daksh Walia

Micronutrient Deficiency (MND), or hidden hunger, is a form of malnutrition that occurs when the body lacks necessary vitamins and minerals. While it has always remained a severe problem in the context of South Asia, the recent onslaught of the COVID-19 pandemic has further worsened the situation. We attempt to utilize economic modelling, the entitlement approach, and existing literature to argue that the pandemic will significantly worsen malnutrition in South Asia. The channels studied include price shocks, supply chain disruptions, and income shocks. We argue that biofortification of staples can be an invaluable tool to reduce the prevalence of micronutrient deficiency. In recent decades, several biofortified crops (i.e. rice, wheat, lentils) have been tested and released in the context of South Asia, but adoption remains low both on the supply and demand sides. This paper synthesizes evidence of the challenges that reduce consumer acceptance and farmer adoption of biofortified crops using extend literature. We analyze similar studies from other countries to determine what policies have been effective and can be replicated in South Asia. Lastly, we amalgamate all this evidence and our economic models to suggest policy prescriptions for South Asian countries, and create general policy principles which can be adapted to any country. We utilize both econometric evidence and some crucial economic theories to strengthen our arguments and propose solutions for the challenges faced in adoption and acceptance of biofortification in its value chain.

JEL Classification: I18, O15, O53

Keywords: Micronutrient Deficiency, Biofortification, COVID-19



SAESM EXPERIENCES

As a student of Ramjas College, I have been hearing about SAESM since my first semester of undergraduate studies. I always wondered why my seniors and faculty members spoke so highly of this conference but in January 2020, as I was standing amongst students from South Asia and giving the closing ceremony speech, I finally understood why. SAESM is not just a conference but one of the very few spaces which strives and hopes for an integrated South Asia. Honestly, it is not strange at all to see this spirit of togetherness during the conference because students have the capability to go beyond the politics of the region and make strong bonds irrespective of nationality. I was lucky to have met people who I know will be lifelong friends and perhaps co-authors too!



Fizza Suhel: SAESM, Kathmandu, 2020, India

Ramjas College (2017-2020)
South Asian University (2020-2022)

I remember my professor telling me that now that you have made it to the conference just focus on doing your best and enjoying yourself instead of thinking of it as a competition. This advice helped us go beyond the spirit of competition and instead focus on a spirit of collaboration. Our hosts, Tribhuvan University students and faculty, were kind enough and have surely set standards for the future conferences. But no talk of SAESM is complete without acknowledging the person behind the concept, our DKD sir who left us recently. I am confident that in some way or the other he has touched the life of every student who has ever attended SAESM. I am sure they can all recall his smile and his warm personality. I hope this conference goes on to become a major space for South Asian cooperation and collaborative research to achieve the vision set by DKD sir. Good luck to all participants!



Namira Shameem: SAESM GRP 1.0, Bangladesh

University of Dhaka

Going beyond the periphery of one's nations, albeit virtually, and putting our minds to work in a collaborative manner has been an experience quite different from others. As part of SAESM GRP, for the first time, I found myself in a months-long immersion with other students from South Asia, realizing that despite the differences in culture, nationalities, religions, or backgrounds, we share a common denominator - the thirst to learn and explore new opportunities. This was the first time that I was touching base regularly with peers as we all lived through the global pandemic and were faced with varying challenges ranging from economic and health crisis to political turmoil. For the first time, I have had the opportunity to receive mentorship from professors oth-

-er than my own, who guided us not only through the challenges of academic research but of issues that arise during any project - of teamwork, communication and problem-solving. Our advisors and coordinators went above and beyond allocating more than hour-long sessions for each group as well as individually, and kept us in check regarding deadlines, fostering both accountability and responsibility. Juggling online classes and examinations with an ongoing project work that ran across six time-zones for over six months was no easy feat, but in the end, made even more rewarding for it. I am grateful for the dynamic experience that was SAESM.

Participating in SAESM has been the most hands-on experience a student of economics could ask for. SAESM provided me with the best learning experience in my 4 years of university. The collaboration with talented professors and students from different countries has taught me so much about economic ideas, working in a team, and how to present oneself within an academic space. Although the work was not easy and we were met with lots of speed bumps, it was completely worth it. Working on a research project at this level has been extremely rewarding and I am grateful to be given the opportunity to learn from this experience and use this knowledge further in both my educational and professional life.



Muaz R. Chaudhry: SAESM 2020, Kathmandu, Pakistan

**Lahore School of Economics '2021.
 University of Chicago '2024.**

Every year, the Lahore School of Economics (LSE) selects a college senior to participate in SAESM. In 2019, 15 days before the conference, the selected senior backed out of the conference at the very last minute. At this point, no other student was willing to take the responsibility of representing the University on such short notice. Subsequently, Ms. Shamyla, my mentor at LSE, placed her trust in me, while I was still a junior in college, and asked me to represent the University and the entire country at the conference. I felt significant pressure due to the little time left, but also believed that I had everything to gain and nothing to lose. I eventually pursued a research topic and worked in crafting the entire research paper in two weeks. I successfully designed and estimated a health production function for Pakistan and won the best paper award.

However, SAESM was more than just an unexpected victory that made my entire university proud of me. While I learnt that no challenge is unachievable, I also learnt that love exists beyond borders, cultures, and beliefs.

I got along with team India more than I got along with my own team, and made countless cherishable memories that are unforgettable. I met Fizza, who is the purest person I know from either sides of the border; I met Navya, who showed me that love for Ganesha needs not one to follow a particular religion; I met Anubhav, who exposed me to the commonalities of abuse that minorities like me face in Sub-Continent; I met Apoorva, the jolliest professor who would ring your hotel room's doorbell at 2 am and run away. All in all, SAESM's wholesome experiences taught me matchless life lessons and gave me the cultural exposure I had never gotten before.



ABOUT SAESM

South Asia has long been a paradox. With some of the highest trained professionals, engineers, doctors, scientists and economists, the region nevertheless continues to be one of the poorest regions of the world. Over the last 20 years, however, there has been a rekindling of hope in the region with economic growth rates picking up and some industrial and services sectors such as software and pharmaceuticals beginning to attract global attention. Despite emerging notions of an Asian century, some of South Asia's fastest growing economies lack trade collaboration and unified efforts at shared prosperity. In this context, the emergence of cohesive forums for dialogue, especially at a student level is important to actualize South Asia's potential.

South Asian Economics Students' Meet (SAESM) is an independently organized, World Bank supported annual academic event, involving undergraduate economics students from South Asian Countries. SAESM provides a unique platform for the young economics undergraduates from South Asia to come together and share their views and opinions on the thematic issues. Each SAESM has a particular theme that is relevant and related to the contemporary economic issues of South Asia.

SAESM is a novel initiative which started in 2003. The founding institutions of SAESM are Ramjas College from University of Delhi (India), Lahore University of Management Sciences (Pakistan), Dhaka University (Bangladesh) and University of Colombo (Sri Lanka). Over the years, we have been joined by Tribhubhan University (Nepal), Royal Thimpu College (Bhutan) and Kabul University (Afghanistan).

The meet spread over 2 days brings together some of the brightest undergraduate students of economics, to discuss and deliberate regional issues which act as barriers to improving the lives of the people. Students present research papers on important development issues of their own countries and discuss with students from other regions. This promotes a greater understanding of regional problems, and results in the exchange of innovative solutions and best practices of each country and provides capacity building for tomorrow's leaders and policymakers. After two days of rigorous academic activities, the participants have a day of retreat. The retreat provides an opportunity to witness the historical and natural beauty of the host country and enjoy outdoor activities.

The past SAESMs have been themed on topical issues pertaining to South Asia, and most notably, the South Asian integration has been amongst the most discussed core theme for several years. The themes of the SAESMs held by respective host countries are given on the side panel.



1. **2004 - New Delhi - Economic Developments in South Asia: Which Way Ahead**
2. **2005 - Lahore - Issues for South Asian Development**
3. **2006 - Dhaka - Sharing Ideas for a Better Understanding of South Asian Development**
4. **2007 - Colombo - Economic Development and Regional Cooperation in South Asia**
5. **2008 - New Delhi - Economic Challenges to Make South Asia Free from Poverty and Deprivation**
6. **2009 - Dhaka - Young Economist's for an Integrated South Asia**
7. **2010 - Colombo - Economic Freedom and Poverty Reduction in South Asia**
8. **2011 - New Delhi - Development Alternatives in South Asia**
9. **2012 - Kathmandu - Towards a Green South Asia**
10. **2013 - Lahore - The Political Economy of South Asia**
11. **2014 - Thimphu - South Asian Integration: Prospects and Challenges**
12. **2015-16 - Colombo - South Asia in the Asian Century**
13. **2016-17 - Kathmandu - One South Asia**
14. **2018 - Dhaka - Sustaining South Asia**
15. **2019-Colombo -Development in South Asia - Challenges and Opportunities**
16. **2020- Kathmandu - Towards Prosperous South Asia**

PARTICIPATING INSTITUTIONS

AFGHANISTAN | KABUL UNIVERSITY

Kabul University is the oldest and largest institution of tertiary education in Afghanistan. Throughout its long history since 1930 not only it has provided training to a large number of Afghans but had enjoyed popularity in the region by attracting many students from their neighbouring countries. Kabul University (KU) had a rich culture, history, academic excellence and devastated by decades of wars and instabilities in Afghanistan. The vision of the university is to transform itself into an internationally recognized institution of learning and research, a community of stakeholders committed to shared governance, and a centre of innovative thought and practice.



BANGLADESH | UNIVERSITY OF DHAKA



The University of Dhaka is the oldest university in modern Bangladesh. Established in 1921, during the British Raj, it became the focal point of progressive and democratic movements in Pakistan after the Partition of India. As the pioneer and the largest seat of learning in the country, the university has taken the task to foster the transformation processes of the individual students and the country as a whole through its educational and research facilities keeping up with demands of the day. The University of Dhaka is one of the leading institutions of higher education in Asia.

BHUTAN | ROYAL THIMPHU COLLEGE / SHERUBTSE COLLEGE

Royal Thimphu College (RTC), Bhutan's first private college, is affiliated to the Royal University of Bhutan. The college offers undergraduate degrees in a variety of fields under the auspices of the university. RTC has since established a number of international partnerships, including with Wheaton College. In the United States, the alma mater of the Fifth King of Bhutan, His Majesty Jigme Khesar Namgyel Wangchuck. In 2016, the Bhutan Accreditation Council awarded it its highest grade of A+. Sherubtse College is one of the oldest and largest colleges in the Royal University of Bhutan. The college was established as a public school in 1968 and became a junior College in 1976. It offers a wide range of undergraduate programmes in arts, humanities, social science, physical and biological sciences. Sherubtse College offers a unique learning opportunity for local as well as international students.



SRI LANKA | UNIVERSITY OF COLOMBO



The University of Colombo (informally Colombo University or UoC) is a public research university located primarily in Colombo, Sri Lanka. The oldest institution of modern higher education in Sri Lanka, it is also the largest university in the island, specialised in the fields of natural, social, and applied sciences as well as mathematics, computer sciences, and law. It is ranked among the top 10 universities in South Asia. The University of Colombo was founded in 1921 as University College Colombo, affiliated to the University of London.

NEPAL | CENTRAL DEPT. OF ECONOMICS, TRIBHUVAN UNIVERSITY

Established in 1959, Central Department of Economics (CEDECON) is one of the oldest and biggest departments at Tribhuvan University (TU). Primarily a teaching faculty, the Department also undertakes research activities and publication works. CEDECON is well equipped with high-level specialized faculty members recognized for their academic and professional contributions within and outside Nepal. Today, CEDECON is considered as one of the best departments at TU. Its role is crucial for modulating policies and implementing programs by the government as well as producing a high-level manpower urgently required for both private and government sectors.



PAKISTAN | LAHORE UNIVERSITY OF MANAGEMENT SCIENCES



The Lahore University of Management Sciences (LUMS) is an independent research university located in Lahore, Pakistan. It was founded in 1984 by the patronage of the business–industrial community. It established a business school in 1986 and the undergraduate school was initiated in 1994, and in 2008 launched an engineering school. The university is sponsored by the National Management Foundation which is sponsored by Lahore’s business community. The university is also a member of Association of Commonwealth Universities. As the years unfold, the university remains committed to offering new programmes in relevant, emerging fields for the youth of the region.

INDIA | SAESM INDIA








SAESM is coordinated in India by a network of colleges and teachers facilitated by the Association for South Asian Scholars (AFSAS). The first SAESM was held in Ramjas College in 2004. Ramjas College has hosted it twice more, in 2008 (with Miranda House as co-host) and 2011. Since its inception SAESM has seen wide participation from not only different colleges of University of Delhi but other colleges and universities from all over India. Over the years, student participants have been drawn from colleges like St. Stephens College, Lady Shriram College for Women, Shri Ram College of Commerce, Hindu College (all from University of Delhi), St Xavier’s College (Mumbai), Symbiosis School of Economics (Pune) Christ University (Bangalore), Jadavpur University (Kolkata), Presidency University (Kolkata), Madras Christian College (Chennai) and many more including Ashoka University and Shiv Nadar University.



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The Newsletter was designed by Anandita Rajnish, an undergraduate student of economics at Ramjas College, University of Delhi.



The tomb of Hazrat Rukn-e-Alam is a simply beautiful example of architecture that existed pre-Mughal, Pakistan – UNESCO included it in World Heritage Site