

TECHNICAL SESSION-1: POWER, POLITICS & PEOPLE

Chair: Prof. Dr. Talat Anwar, School of Economics, Bahauddin Zakariya University, Multan.

Paper Title: Political Risk, Capital Inflows and Inclusive Growth in Pakistan
Amna Tanwir & Hamad Manzoor

Presenter: Hamad Manzoor

Abstract: This study aims at empirical investigation of the impact of political risk and capital inflows on inclusive growth and to inspect the moderating impact of political risk on the capital inflows to achieve inclusive growth in case for Pakistan. A composite inclusive growth index was constructed that includes four dimensions including (i) economic, (ii) social, (iii) accessibility and (iv) financial. For empirical analysis, ARDL bound test and ARDL model have been conducted to obtain long run and short run estimates. Empirical results indicate that political risk is decreasing the inclusive growth of Pakistan and dampening the positive effect of capital inflows. Foreign direct investment and aid have the greater positive effect on inclusive growth also, political risk is dampening more the positive effect of foreign direct investment and aid, hence decreasing inclusive growth. The policy recommended is to manage political risk, increase inflow of remittances and utilisation of capital inflows in efficient way.

Discussant: Prof. Dr. Sadiq Shahid, Bahauddin Zakariya University, Multan