

Perception of Effectiveness of CPEC on the Economy of Balochistan: A Common Man Point of View

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Abstract

A study was conducted in December 2017- to February 2018 to measure the common people perception of effectiveness of China Pakistan Economic Corridor (CPEC) on the economy of Balochistan. CPEC is considered the life line for Pakistan Economy especially for the province of Balochistan. China and Pakistan are engaged to build One Belt One Road project which is famous for China-Pakistan Economic Corridor. The south Asian countries can benefit from the project and can bring peace and prosperity in the region. The corridor of CPEC is long way from Gwadar port which is situated in Arabian Sea. It is part of Balochistan which located in south west of Pakistan and it is very close to the border of Iran. Balochistan is the largest province of Pakistan in terms of area, however; smallest in population. CPEC route will ultimately ends up to the north of Chinese town called Kashgar. The road is an important link between the two countries bringing them closer economically, socially and politically having the repercussions on Balochistan. It is important to note that CPEC road will be connected to China via roads, railways and gas pipelines that will initially pass through the province of Balochistan. It is speculated that the impact of CPEC will boost the economic growth and accelerate the GDP of the Pakistan providing the numerous benefits to Balochistan. The study is quantitative in nature, using convenience survey technique through questionnaire having 300 respondents from different districts of Balochistan on the way of CPEC. As convenience sampling technique was used to collect the data from common people. Likert scale was cogitated to evaluate the data. The study focuses on the measurement of benefits and potential for the Balochistan. There are number of industries

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which directly or indirectly depend of the success of project. Hence, the study is more focused on the evaluation of industrial growth and development. Due to the largest province of Pakistan (in terms of area), the province of Balochistan has great potential and prospect for the inhabitants. As a matter of fact, CPEC will affect the province economically, commercially as well as geographically. It must have some infrastructural impact as better and improved road will provide access to Balochistan not only to Pakistan but also towards China. Positive impact is likely to be effecting in shape of mitigation of poverty, reduction of unemployment. It will be catalyst for change in shape of reduction of inequities of undeveloped provinces. It is hoped that CPEC will be game changer for the staggering economy of Pakistan in future. Huge investment from China in different project will bring the prosperity in the country. Pakistan is facing the energy crises which are expected to be talked in shape of investment in these sectors. Foreign Direct Investment is also expected to be pour into the country which will provide an opportunity to increase the diplomatic bargain of Pakistan. This paper is an attempt to look into those factors which are significantly contributing to enlarge the size of economy. The results indicated that CPEC had the direct impact on the economy especially the economy of Balochistan. Expectations from CPEC are very high and promising as it will develop the economic disparities and will help in trade and commerce. The major parameters for optimism are regional connectivity, infrastructure development, employment creation, entrepreneurial opportunities, improvement in energy resources and economic prosperity for both the countries in particular and for the whole South Asian region generally. This study helps to investigate the effectiveness and benefits for Pakistan accompanying with the execution of China-Pakistan Economic Corridor.

Introduction

China Pakistan economic corridor is not a single project; it is a group of multiple projects. China Pakistan Economic corridor will expand Pakistan's infrastructure and it will build business and economic relations between both countries. Duration of CEPEC is 15 years which will be completed in different stages (Wang,2011). Economic corridor is something that connects the agents along the geography all over the world. These corridors provide the strong connection between the economic nodes and hubs. *China Pakistan economic corridor (CPEC) is a great project of USD45+billions and undergoing the strong relationship among china and Pakistan and grows it to the new heights in the world (Horizon, 2010). it is the beginning of the journey of prosperity and as well as the development of economic corridor beneficiary for both countries. numerically , the figure of economic corridor of CPEC is 3000*

kilometers. It comprises pipelines, railways and highways that will connect one of the province of china XINJIANG to the other part of the world via Gwadar port of Pakistan (Noor et al., 2008). It can understand it through its characteristics, first Is the economic networks existing, in which the economic corridor embedded, secondly the corridor development which is further intended to be strong and strengthen (ADB. 2006). Economic corridor is not only about the transport connection along which public travel or move across. It is something integral to the economic actors surrounding it. Economic corridors generate potential for many countries in the region rather than to specific country (Anderson and Strut, 2012). The relationship between these two countries china and Pakistan started in early 1950's and this relationship become strong with the passage of time and the strategic alliance formed between these two countries. Pakistan tries to maintain this relationship as last long relation and it's the policy of Pakistan to maintain the closer relationship with China. To strengthen the relationship the two countries started an extra-large project that is the latest mega project. It will bring prosperity to the region and this will be of 3000 Kilo Meter and will have networks of highways, railways and pipelines (Amin, 2004). This economic corridor will not only provide the transport infrastructure, but also telecommunication and energy infrastructure. This corridor will open the doors for investors from china as well as for the other regions of world.

CPEC benefits to Balochistan

There is \$ 45 billion spared for CPEC especially energy and infrastructure projects. Balochistan is 43.9 percent of total area Pakistan (Geological Survey, 2005). Most of the routes and roads are found in Balochistan. Definitely, it will contribute to this huge investment to provide jobs for local residents, and infrastructure development, energy-saving and energy to energy-starved Balochistan which ultimately benefit to Pakistan. From bird view point of view, it is obvious that both countries can gain a lot of advantages from this project in terms of many factors like the economic condition of Balochistan will improve. It would create harmony in the country and the most importantly the environment and the overall economy of Balochistan will be stable. Balochistan is facing energy crisis same as other parts of Pakistan, this project would be able to solve this major problem of economy by eradicating energy crisis. China will also get benefit from this project as this is the largest investment overseas and china is also facing the same problems of energy crisis. This project will open up doors of opportunities of diverse nature in different sectors of economy which are Industrial Collaboration, Financial Assistance, cooperation in agriculture, development in educational, human resource, and health care sectors. Project plan which includes: Transport

infrastructure sector project. Roads, Railway track, Energy priority projects, Energy actively promoted projects, Gwadar port related projects , Some other projects like Geopolitical impact, Security, A route to circumvent Afghanistan, Renewable-energy projects, Orange line(Lahore metro). *Plans for stretching the corridors has been started by the Pakistan deep water ports on the ARABIAN SEA dated back to 1950, so the Karakorum highway beginning in 1959. On the other hand, Chinese interest in the deep water harbor of Pakistan has been developed in 2000 and china begins the construction of Gwadar port in which was to be completed in 2006, but the project has been stopped due to political instability in Pakistan.* Recently the current form of this project has been started by the government of Pakistan after a long dialogues session with Chinese counterparts and discussed the future plans for the economic corridor. In the year 2015, Pakistan and China have agreed to sign 20 agreements which worth in terms of US \$1.6 billion to develop the scope of CPEC (Falak, 2016). Next to year 2015, both countries agreed to signed more projects of \$2 billion which cover additional agreements including solar power, logistics and infrastructure (Chowdhary, 2016). *It is not something has newly introduced between china and Pakistan, well known to all that relation of china and Pakistan have strong from the beginning. As it is really beneficiary for Pakistan and China that Gwadar port would connect with the one of provinces of China.* There are basically two phases or stages of this project of CPEC first one is development of Gwadar port and secondly the completion of Gwadar international airport(Muhammad, 2016). The Chinese company has completed the first phase by the year 2017 (Pakistan Foreign Policy, 2018). Economic corridor of Pakistan and china is not only focus about the rail and the roads and about the projects; the main effort is to bring peace and prosperity in both regions (Christopher, 2013). Pakistan; as being one the major countries in south east Asia have lots of benefits from this corridor set as well can improve the main crises like transport or energy etc. China; on the other hand will also gain a lot of benefit from this project. These all benefits are the reasons due to which the Chinese investing 46 million dollars in the foreign countries which is Pakistan (Sial, 2014). It is one of the biggest investments in a foreign land by China (Liping, 2015). There are so many projects of CEPEC on which work is to going on and expected or planned to be continued. Namely these are: projects in Gwadar port and city, roadway infrastructure projects, railway infrastructure projects, other areas of co-operations.

CPEC contribution to Balochistan's economy

Pakistan's largest province is Balochistan by area but smallest in population and richest province of Pakistan in natural resources that can be better utilized

to improve the economy but due to lack of awareness and carelessness of higher authorities the importance of these resources always ignored (Ali, 2013). As with the china's collaboration this economic corridor will open up new doors of opportunities for the people of Balochistan because the most essential project of CPEC is development of Gwadar port (Aarish, 2013). Through this port the trade will be promoted because the Gwadar port is the only route which provides the shortcut to central Asia and china. The most important sector of this region is mining which will boost the prosperity of Balochistan by providing employment opportunities to the people of Balochistan and most importantly the human resource will also develop (Chen, 2014).The small industries will flourish which are playing their vital role in economy. Not only the Baluchistan's fate will change but also the benefit of this project will spread all over the country.

Hypotheses

H₁: There is positive relationship between CPEC initiation and employment opportunities.

H₂: More the projects of CPEC complete, the more the infrastructure development in Balochistan.

H₃: completion CPEC will resolve the energy crises in Balochistan.

H₄: CPEC will improve the security and peace in the province

Material and method

Primary Data are collected through convenience sampling technique through the close ended interview from three districts of Balochistan. There were Zhob, Khuzdar and Quetta. The sample size was estimated 300 persons. The Target population of male respondents included those males who had attained the age of 18 and above includes common public, small shopkeepers, small businessmen, and large scale traders. According to the possibility of unreturned questionnaires, 10 percent extra sample size questionnaires were distributed to male respondents and finally 300 questionnaires from male respondents were received. The control variables consist of age, gender, education, marital status and occupation. To analyze the data statistically SPSS 20.0, was used and hypotheses were tested. The study was based on empirical and casual research which has the significance for all the people living in Pakistan but especially for Balochistan.

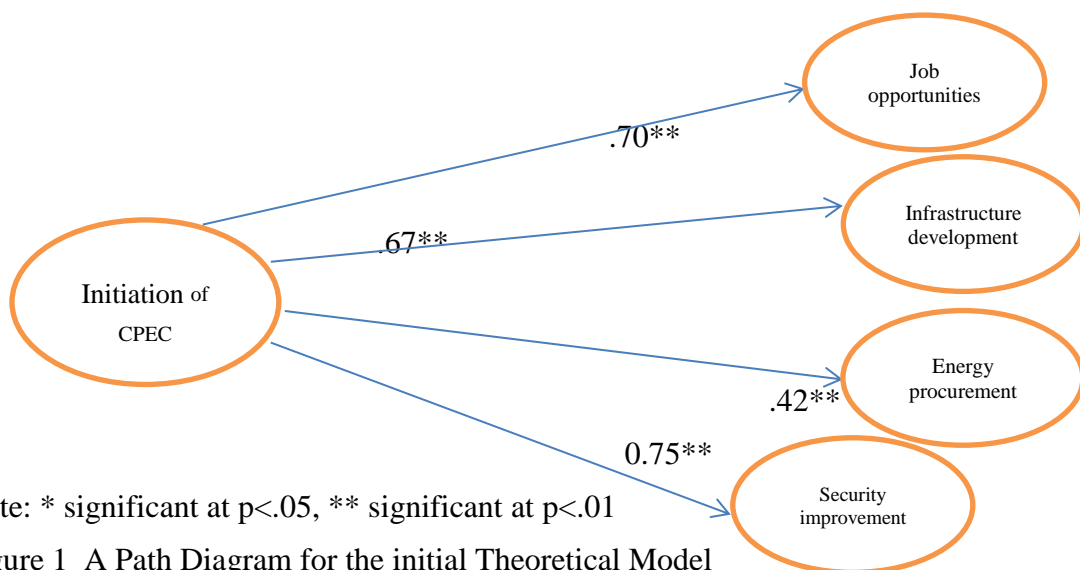
Measures

Five point scale was used to quantify the research data. Measure of scales was taken from the current study. These were; employment opportunities,

infrastructure development, energy crises and security issues (Sun, 2014). Measures planned to gather demographic information regarding the subjects, including Age, Education and Occupation. Thus research has the practical implication regarding the subject matter and establishes the type of data gathering which was descriptive and casual. Statistical tools were applied in order to analyze the results of the proposed study. Process of data collection started with the help of self-administered, well-structured self-constructed interview. The response scale had been five point Likert-type scale ranging from one (strongly disagree) to five (strongly agree). Measure which was used in the study was different from other measure in the prevailing study (Gary, 1990). Measure was quite significantly revising form the 2 points (Danserreau, et at., 1975), it was also depicted quite significant differences from 4-point and from five item (Graen, Linden & Hoel, 1982).

MEASUREMENT MODEL

Measurement models are the associations among the variable in the study (Byrne, 1998). In the current study, confirmatory factor Analysis (CFA) has been utilized in order to verify the suitability measurement model for each variable. Adequacy of model fit was determined by several Goodness of fit statistics, these are; RMSEA (Root Mean Square Error of Approximation), RMR (Standardized Root Mean Square Residual), CFI (Comparative Fit Index) and Goodness of Fit Index. The basic objective in the testing procedure of model is to estimate the goodness of fit between the hypothesized model and the sample. RMSEA is a traditional measure used to test the error of population approximation. It shows that sample data fit the population covariance matrix. If the value is less than 0.5 then it's a good fit whereas the average value.8 shows reasonably good fitness of the model. Standardized RMR defines the average across all standardized residuals, and ranges from zero to 1 in which 5 describes good fit of model. Standardized RMR depicts that there is inconsistency between the hypothesized correlation matrix and the observed sample averagely. On the other hand, Comparative Fit Index (CFI) measures relativeness of variance and covariance in the sample. It ranges from zero to 1, closeness of value to 1 being an indication of best fit; therefore, CFI procures the measure of comprehensive conversation of data (Byrne, 1998).



Note: * significant at $p < .05$, ** significant at $p < .01$

Figure 1 A Path Diagram for the initial Theoretical Model

Table: 1 Means, Standard Deviation, and Correlations

Items	Mean	SD	1	2	3	4	5	Beta
1. Employment opportunities	4.8	1.8	1.00					.881
2. Infrastructure development	5.1	1.5	.851	1.00				.866
3. Improvement in Energy	5.0	0.9	.806	.805	1.00			.904
4. Improvement of Security	5.4	1.2	.891	.891	.839	1.00		.851
5. CPEC initiation	5.1	1.5	.901	.865	.902	.866	1.00	.864

*. All items are Correlated significant at the 0.05 level (2-tailed).

Cronbach, L. J. (1951)

Result and discussion

Research on CPEC benefits suggests several constructs, such as; employment creation and opportunities, infrastructure development, resolution for energy shortages and improvement in security (Belokrenitsky, 2007). Constructs of the research show the strong relationship among the different variables of interest. Table 1 depicts the strong relationship shows the potential and effectiveness of CPEC project for the province of Balochistan. The results of the study revealed that CPEC development has a positively impact on the livelihood of an ordinary inhabitant of Balochistan. Furthermore, the dream of prosperity and development at provincial level provides better vision for Pakistan particularly in Balochistan, where CPEC is being considered to be the vital for the economy (Bhutta, 2015). As majority of population consists of pastoral living hood, hence, these projects would have practical implication

and may become part and parcel for their prosperity. Study results are closely associated and supportive towards the past research and findings on the potential of CPEC in Balochistan, particularly small traders which substantiates the notion that the economic activity generates ample income at every level and to capacitates the people to consolidate saving abilities. However, all constraints have created the hurdle to development and prosperity, producing less development and poverty due to some external negative forces.

Conclusions

This study is conducted to examine the relationship of CPEC projects and prosperity and development from the common people point of view. The study found out that CPEC might have positive impact on the lives of a common man. The rampant unemployment can be curbed through these kinds of vital projects (Jawad, 2013). Hence, the test of model indicates that the financial potential of CPEC will gain the importance in the livelihood of people all over the Pakistan. However, it has the special benefit and effectiveness for the province. This study may provide better understanding in decision making about the outcomes and end results regarding the CPEC projects initiation.

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