

RURAL DEVELOPMENT OF CPEC ENERGY PROJECT IMPACT ON SOCIAL RESPONSIBILITIES AND SOUTH REGION OF PAKISTAN

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Abstract

Because of its potential benefits to economic prosperity and sustainable growth of people's lives, the China-Pakistan Economic Corridor (CPEC) has become a game changer not just for policymakers but also for ordinary Chinese and Pakistani individuals. It is the most significant foreign investment ever made in Pakistan. Using an event research technique, this study adds to the literature by assessing the influence of CPEC on stock returns. We estimate the cumulative abnormal returns across sectors to see if this effect differs across sectors. Furthermore, this research aims to determine whether or not the influence of CPEC has reached a definite level. The median equality test is used to analyse the impact of CPEC on non-financial enterprises listed on the Karachi Stock Exchange's financial and operational performance. The impact of CPEC on the stock market is found to be favorable but not significant, indicating that the stock market's remarkable performance cannot be attributed to CPEC. At the sectorial level, the impact of CPEC is also mixed.

Keywords: Economic Development, Government Policies, CPEC Objectives, Threads or Issues, CPEC Components

INTRODUCTION

The China-Pakistan Economic Corridor (CPEC) is a part of China's One Belt, One Road (OBOR) initiative. It's a time period in which a number of projects are currently being built (McCartney, 2020). The goal of CPEC is to make trade on a land route more convenient by building a network of roads, railroads, and pipelines. The corridor aims to strengthen Pakistan's ties with China by rapidly expanding and improving Pakistan's infrastructure (Yeung et al., 2020). . China relies significantly on marine routes that traverse through the South China Sea, near the disputed Spratly Islands, which are currently causing tension between China, Taiwan, Vietnam, the Philippines, and the United States. The CPEC project will allow Chinese energy imports to bypass these contentious areas and establish a new conduit in the west, reducing the likelihood of a conflict between the US and China (Yeung et al., 2020).

Pakistan is now experiencing energy shortages, which are a key barrier to global investment. However, Chinese investment in Pakistan's infrastructure and electricity projects will attract more foreign investment to the country (Swabi et al., 2018). This economic trend will have a significant impact on Greater South Asia's regional integration. China, Iran, Afghanistan, and Myanmar are all affected. China not only provides much-needed infrastructure, but it also makes Pakistan a key partner in achieving its major economic and strategic objectives (McCartney, 2020a). According to the Asian Development Bank, CPEC will link economic nodes or centers centered on the urban landscape, with a large number of nodes or centers centered on the urban landscape, including the greater urban landscape. The number will be limited (Agrawal & Kamakura, 1995). Many Pakistanis still have a cautious optimism about the CPEC

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(Peng, Khan & Liu, 2018). Almost everyone agrees that CPEC is a game changer, yet some wonder that it is for. The following is a quick rundown of the CPEC in terms of the Geopolitical Reward (Niaz et al., 2015). China funds and constructs the project, while Pakistan bears the costs of social and political upheaval as well as the loss of innocent lives.

For both Pakistan and China, CPEC is a game-changing route. The substantial economic project has the ability to open up new vistas of progress for these two countries, with numerous advantages (Khalil et al., 2021). To promote bilateral relations, China and Pakistan agreed to collaborate on projects such as agriculture and poverty reduction. This proposal has existed since General Pervez Musharraf presented it during his presidency, but it was never implemented due to Pakistan's political instability (Mehtar, 2017). This endeavor is seen as a new source of optimism for the future. This initiative facilitates trading and transit of commodities for Chinese citizens while also providing several technological and infrastructure benefits. To keep this link running smoothly, China has invested \$46.5 billion (about \$140 per person in the US) in creating new energy resources in Pakistan (Mukhtar et al., 2022). This will bring an end to Pakistan's ongoing load shedding. Furthermore, it will gradually diminish economic instability. Pakistan has spent a large portion of its economic resources on oil imports. The CPEC is heavily reliant on our ability to respond collectively, which means that the federal, provincial, and local governments, as well as the commercial sector, the media, and civil society, must all work together. The benefits to Pakistan's economy and society, particularly in Baluchistan and the southern KPK, will outweigh the risks if this occurs (S. Ali, n.d.). Residents of these steep hills around the port have a comparatively low literacy rate. To aid in the economic and social growth of these places, the government should establish skill development institutes and IT enterprises. In many ways, the Chinese and Pakistani communities are united and cooperating (Ali et al., 2018). The Chinese are cordial, and they are working in Pakistan on the CPEC and similar projects.

The Chinese government sees CPEC as a dream come true, and Pakistan is helping to make that dream a reality. Pakistan's administration was originally confronted with security difficulties. In those places, a proper education and awareness campaign was launched to educate people about the benefits of the China-Pakistan friendship and the CPEC (Iqbal et al., 2019). This program of education and awareness has shown remarkable results. Many other countries, including Saudi Arabia, have taken notice of the significance of CPEC and related projects (Wang, 2017). The major goal of CPEC is to build local support for national economic and infrastructure development.

Energy projects include both priority and actively supported energy initiatives. Road and rail infrastructure projects are examples of infrastructure projects. Reforms in revenue generating are insufficient to boost the economy (Singh & Magray, 2017). Pakistan and China share some cultural and commercial interests. They are at the same strategic position and are facing the same threats with great bravery and brotherhood. In the case of COVID-19, the present scenario is as follows: (Yeung et al., 2019). Nobody could have predicted that a single virus would be powerful enough to put the entire global economy in jeopardy (Swabi et al., 2018). That is why, in the eyes of researchers and other stakeholders, this study is critical in determining whether or not this mega project can withstand the extreme pandemic situation and support the economies of the affected and relevant countries, or whether it will crumble under the weight of this unexpected natural disaster.

Table 1
CPEC Development Ratio in Pakistan Areas

Province	Human development index score in 2020-2021	Project completion Rate
Sindh	0.533	55%
Punjab	0.593	45%
Baluchistan	0.477	30%
KPK	0.311	17%
Fata	0.341	56%
Punjab	0.567	35%
AJK	0.611	19%

Rural development of energy project in South Asia

Pakistan has close relations with China and is known in Chinese society as the Brotherhood. Mutual understanding on a specific policy has long existed between China and Pakistan. It covers economic defense and education, and their joint cooperation has helped both his government and the local Pakistani community (McCartney, 2020a). CPEC is one of the projects that require them to collaborate more closely. With the current research on the benefits of the CPEC project from the standpoint of Pakistani local development, Pakistan and China are enjoying their connection (Agrawal & Kamakura, 1995). China is working to develop and create energy in Pakistan's special economic zones. Technology can also help communities grow. The China-Pakistan Economic Corridor (CPEC) is a massive development project in the South Asian region involving Pakistan's joint venture with China (Khan & Liu, 2018). The main goal of this research is to look into how the local community views the CPEC project.

Economic Stability of Local Community

Pakistan is now experiencing leadership difficulties. The previous two ruling parties and their top leaders were exposed as the world's most corrupt leaders (Manzoor & Wei, 2018). They ruined Pakistan's economic stability, as well as its worldwide reputation and local business sector. Money laundering allegations have resulted in a drop in international investment and stock market movements. The China-Pakistan Economic Corridor is a key milestone in this task, as is the fact that regulatory authorities are still working at this time. In the economic system, honest leaders are critical. There is no sign of the real world. Untrustworthy leadership will lower the amount of money in circulation since a rogue leader's purpose is to be able to give us a specific price and circulation (Khalil et al., 2021). Another element that might contribute to economic hardship is corruption.

Regional Connectivity with Local Community of South Asia

The CPEC project will not be successful without the cooperation of the community. People who are optimistic about CPEC's progress will be more willing to assist in the development process (Mehar, 2017). The CPEC project benefits Pakistan's citizens as well as Pakistan's economy. The Pakistani Ambassador stated that the CPEC project is advantageous not only to Pakistan, but also to the world, because it will help Pakistan attain its economic peak and achieve sustainable prosperity.

This project benefits Pakistani citizens by providing work opportunities and generating revenue for locals (Mukhtar et al., 2022). The current analysis focuses on Pakistani individuals' attitudes and benefits, as well as their support for the CPEC's development, which benefits the economy and individual

development. According to my research, Pakistan is now experiencing a number of issues, which this project would primarily address (S. Ali, n.d.). We are in a situation where we have limited resources, which are being exploited indiscriminately to benefit Pakistani citizens. By providing a proper setup and simple access to living facilities, CPEC would alleviate poverty and improve the economy (Ali et al., 2018). This is the norm in terms of education, health, and city market banking, as well as affordable rental rates.

METHODOLOGY

Role of Social Responsibilities and Infrastructure of Pakistan

To perform this study, secondary data was gathered. According to a survey by the South Asian Investors Research Organization, the China-Pakistan Economic Corridor (CPEC), which relies on strong growth of over 2 million people, occupies an unusual position in Pakistan's economy and provides 7.5 percent of the country's GDP growth. According to the analysis, over the period 2015-2030, CPP-related projects will generate roughly 700,000 decent trades and boost GDP growth to 7.5 percent, adding 2.5 percent to the country's current GDP growth. 5% concentrated concentration (Ali et al., 2019). It has produced a fantastic application that allows us to explore numerous freedoms without having to put up with simple energy initiatives. Fiber optic and satellite web partnerships will be built in remote places as a result of CPEC, which will assist boost the weight of the online client. Furthermore, once the main frameworks (the new Gwadar design and other courses, as discussed at all meetings) are put together, a growing number of global media streaming businesses will be developed in a rewarding environment. CPEC's innovative engagement is a key component (Iqbal et al., 2019). This is required in order to improve our two countries' economic cooperation and create a place for modern partnership. It denotes enormous potential and a promising future. The two sides will continue to debate the evolution of modern cooperation with one another, with the goal of recognizing the progress of mutually beneficial projects with potential financial rewards.

The two countries' strong bond has demonstrated that CPEC has a strong connection to the global economy and corporate community. Developed economies invest heavily in projects in order to generate larger returns or obtain a plethora of benefits that are critical for improving economies and people's living standards. The majority of economic relations are based on initiatives that have a considerable impact on countries (McCartney, 2020a). As a result, national and economic interests take precedence over the defining of various measures in the CPEC. Simultaneously, they stress the importance of projects and the interaction between countries and their citizens. Educational institutes, companies, housing, job vacancies, and how these ventures will better their future and aid the community are all examples of CPEC ventures. The introduction of the China-Pakistan Economic Corridor (CPEC) has influenced infrastructural improvements in this study, such as the Improvement of Farmers' Quality of Life (QOL). The findings reveal that local communities' social, cultural, and educational interests are important determinants of citizens' well-being, and that QOL issues have had a considerable impact on citizens' well-being (Wang, 2017). However, the findings revealed that community resources had a considerable impact on people's thematic well-being.

Environmental and Infrastructure Exchange Theories

With the opening of the China-Pakistan Economic Corridor, China and Pakistan are exchanging cultural values, values, and patterns (Wang, 2017). CPPC is the most recent project in bilateral economic cooperation history. The manner of life of groups within a community or communities is referred to as

culture where dress, wedding ceremonies, languages, family life, work habits, religious rites, and recreational activities are all examples (Singh, 2017). The goal of cultural connections does not always have to be one-sided. The most effective goal of this initiative is to promote national meeting coordination and cooperation for mutual benefit. To improve mutual understanding, Chinese and Pakistani people are exchanging social and economic patterns, as well as material and non-material cultures. China and Pakistan are exchanging goods, products, and resources in terms of material culture (Agrawal & Kamakura, 1995). Food, language, clothing, religion, and lifestyle are all examples of unhealthy cultures. We can't understand each other's cultures without understanding their tangible and non-material features (Manzoor et al., 2018). Both countries communicate with CPEC and are aware of each other's lifestyles, ambitions, concerns, and interests (Khalil et al., 2021). CPEC is a powerful human tool that inherits both cultures, builds a new social model, and integrates new knowledge into Pakistani and Chinese civilizations.

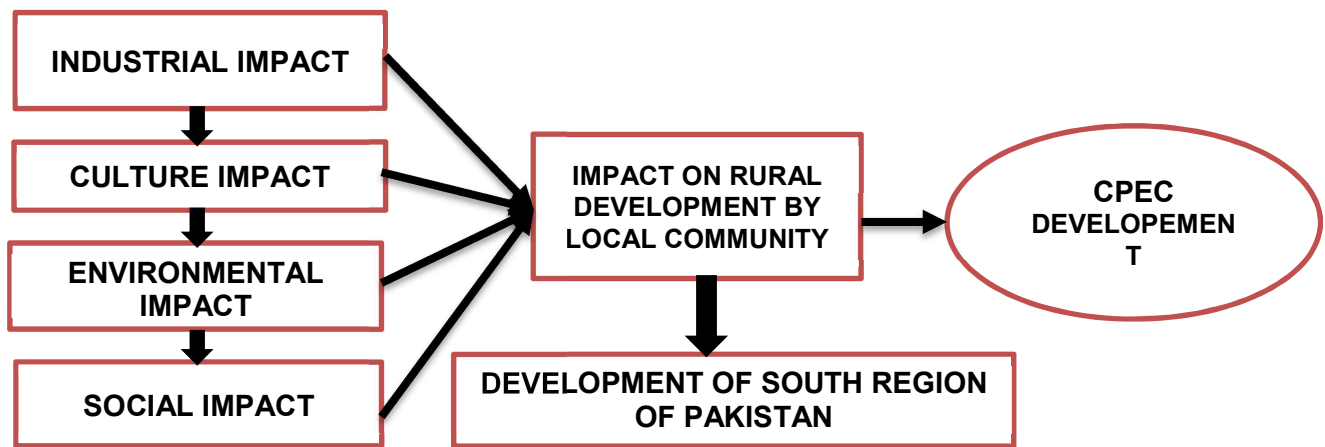


Figure 1: Development of CPEC Energy Project of South Region

Pakistan is ranked seventh among the ten most vulnerable countries to climate change. CPEC has a lot of potential to help Pakistan deal with its climatic and environmental problems. 2019 is ranked seventh among the ten countries most affected by climate change in the Long-Term Global Climate Risk Index. The mountain is recognized as a climber's paradise and is home to five of the world's fourteen thousand peaks (8,000 meters high (on Mount Everest), K2, and Nanga Parbat) known as 'Soon Mount' by locals. It includes more than 50 mountains over 7,000 meters in height (twice the height of Mount St. Helens). This will boost the travel business in the United Kingdom, which will eventually benefit the local economy. Due to excessive snowfall, the Khyber Pass is blocked from November to May (Mukhtar et al., 2022). They also provide a variety of technological challenges for transportation businesses, including as inclement weather (Ali et al., 2018). CPEC is a powerful human tool that combines new knowledge into Pakistani and Chinese societies while inheriting both traditions.

CONCLUSION

The findings of this study reveal that citizens support the CPEC project, prompting policymakers and bureaucrats to establish regulations that take local citizen advantages into account in future projects. With \$33 billion in resources estimated to be spent in the region, the Energy Era will be a major emphasis of the Economic Corridor initiative. The "Early Harvest" project for the corridor is scheduled to have 10,400

MW of electricity on March 10, 2018, as part of the "Early Harvest" project (Ali et al., 2018.). Road and rail projects are among the CPEC infrastructure projects. It is fundamental and basic for the rural development of Pakistan and the south regional program (Iqbal et al., 2019). To ensure the smooth and efficient development of local communities, Pakistan is one of the most powerful countries in the world (McCartney, 2020a).

The findings of the study to ensure that the CPEC growth benefits the people of the south and according to research, Pakistan is now experiencing a number of issues, which this project would primarily address (Wang, 2017). It is possible when the benefit of having a parcel center is useful because it allows direct shippers and exporters to enter the straight line-bridge administration, which reduces transport time, and it is also possible when the parcel center is useful because it allows direct shippers and exporters to enter the straight line-bridge administration from outside. Reduced transit time has a direct impact on import costs, resulting in more jobs and income throughout the economy. The China-Pakistan Economic Task Force will expand Gwadar port's capacity (Singh, 2017). It may have an impact on the South's social security system. The most significant obstacle for CPP is security, which both Pakistan and China are attempting to address. To avert future dangers, security concerns must be addressed holistically for the sake of economic success.

CPEC, which has a clear economic purpose, has shifted the political agenda, according to my research. In political forums and the media, some parts of the planning and technicalities related with this route have been questioned. The port's future issues will boost rivalry with current ports. Gwadar Port will also face fierce rivalry in existing and future trade. They encounter numerous problems, yet the south's rural development has a favorable impact on Pakistan's development.

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