

RELATIONSHIP BETWEEN AGRICULTURE AND GDP GROWTH RATES IN PAKISTAN: AN ECONOMETRIC ANALYSIS (1961-2007)

Dr Anwar Hussain
Research Economist,
PIDE Islamabad,
PAKISTAN.
hello2anwar@yahoo.com

Dr Abdul Qayyum Khan
COMSATS, Institute of Information
Technology, Wah Campus,
PAKISTAN
qayyum_72@yahoo.com

ABSTRACT

The present study has been conducted in the year 2008 to make econometric analysis of the relationship between agriculture growth rate and GDP growth rate in Pakistan. Time series data ranging from 1961 to 2007 on the above variables has been taken from Economic Survey of Pakistan (Statistical Supplement, 2006-07) and Federal Bureau of Statistics (1998). Augmented Dickey Fuller (ADF) test has been used for checking the stationarity of the data. The Akaike Information Criterion (AIC) has been used to select the optimum ADF lag. Furthermore, the Johenson Co-integration test (Likelihood Ratio statistic) has been used to detect the long-term relationship among the series. The method of Ordinary Least Square has been used to show the contribution of agriculture growth rate towards GDP growth rate. The results revealed that 1% increase in the agriculture growth rate brings 0.34% increase in GDP growth rate. The explanatory variable (agriculture growth rate) is statistically significant at both 1% and 5% level of significance. It is recommended that the government should stimulate GDP growth rate through agriculture growth in the Pakistan.

Key words: Relationship; agriculture; GDP growth rate; econometric analysis