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Objectives of the JDEF

Economic development process improves the living standards of millions of people living in cities as well as rural areas by massive use of science and technology in transforming the production technology of goods and services, by creation of fundamental infrastructure in transports and information technology and by better systems of health, education, governance and international trade. In the last three decades India, China and many other developing economies are emerging as major economies in the global economy. Rapid rate of capital accumulation occurring through massive investments in public and private sectors facilitated by financial system that usually focuses on minimizing the risks and maximizing returns from investment projects has been one of the main drivers of growth in these economies. What are or should be the most efficient economic, social, environmental, health, education, trade and technology policies to mitigate COVID-19 type shocks as well as for long run development of economies around the world will be focus of the Journal of Development Economics and Finance in regular and specialized issues in coming years. Articles will balance between theoretical and empirical analyses.

List of Articles 2(1) 2021

Summary of Articles in Vol. 2(1)

This volume contains nine research-oriented articles relating to economic development and finance for India and emerging-developing and other economies.

T. Lakshmanasamy: Analyses the incidence of poverty in households with dependent elderly and children and the sensitivity of household poverty to age and size composition in the household with and without adjustments for household economies of scale and equivalence scales in rural and urban areas of India. Using the 2011-12 NSSO 68th round data on monthly per capita consumption expenditure of households, the logistic regression method is applied in the estimation of household poverty. The empirical results show that poverty rates vary with the age and size composition of households. With adjustments in consumption expenditure for size and composition, the probability of households being poor reduces significantly. The vulnerability of households being poor is high in rural areas than in urban areas. In rural India, elders living alone or with other elders are the most deprived relative to the elders staying with non-elders. The chances of being in poverty are greater when households depend on casual labour in agriculture. With more dependent children, households are more susceptible to poverty. Education is an important predictor of poverty of households with children and the elderly. Along with social security and employment, providing education should be the top priority to prevent vulnerability to poverty of households with dependent elderly and children.

Mukisa Ibrahim and Kasule Samuel:The analysis of exchange rate volatility has been conducted due to its diverse policy implications for financial markets and international trade. Uganda shifted away from fixed exchange rate regimes towards more flexible exchange rate regimes to facilitate the efficient absorption of external shocks to the domestic economy. However, this current regime is marred with exchange rate volatility due to the imbalance in demand and supply for foreign currency as a result of economic shocks and crisis like the COVID-19. On March 18, 2020, Uganda started implementing several policy measures as a response to curtail the spread of COVID-19. However, because of the profound uncertainty due to the threat of COVID 19 pandemic, this study examines the impact of COVID 19 on exchange rate volatility in Uganda using secondary data over a period of 74 days spanning between March 21^{st} March when the first COVID-19 case was declared to June 2nd, 2020 when the country started easing the nationwide lockdown. Using the Generalized Autoregressive Conditional Heteroskedasticity, GARCH (1,1) model, the study finds that the increasing number of COVID–19 cases over the estimation period in Uganda had no significant effect on exchange rate volatility in Uganda. This results can be explained by the reduced uncertainty among economic agents because of the lockdown measures instituted to curtail the spread of the COVID-19. Therefore, the country should still implement the policy measures constituted to reduce the spread of COVID-19 and reduce economic uncertainty and increase investor confidence.

IWEDI, Marshal and LENYIE, Leesi: The study investigates the impact of COVID-19 Pandemic, Oil Price Shock on the Nigeria Banking Sector from the period dated 1st February 2020 to 30^{th} June, 2020. Monthly data were collected from National Bureau of statistics for a period of six months. Data on confirmed cases of COVID-19, global oil prices, and bank credit to private sector were use as variables for the study. The descriptive and analytical techniques were used to analyze the data. The results reveal that there is positive relationship between COVID-19 confirmed cases and the Nigeria banking sector funding of the economy. Contrarily, the result further reveals that there is a significant negative relationship between global oil price shock and banking sector funding of the Nigeria economy. This means that Nigeria banking sector funding of the economy was negatively impacted by the follows global oil price slump. The study concludes that cumulatively the follows of COVID-19 Pandemic and Oil price shock are determinant variables that have impacted on the ability of the banking sector to fund the Nigeria economy.

GISAOR, Vincent Iorja: One of the greatest concerns surrounding the COVID-19 outbreak is the impact it will have on food security and poverty, especially in countries that are already depending of food import. Nigeria is reportedly suffering from relative food insecurity and weak economy, which may worsen due to the long-term effects of COVED-19. Using only statistical illustrations, the study examined COVID-19 and the looming food insecurity in Nigeria. It was uncovered that despite the huge agricultural potentials and numerous food production policies put in place by the Nigerian government, food production has not been sustainable and the outbreak of COVID-19 pandemic has further worsened food supply situation. This has resulted into escalating food prices and food import across the country and increasing debt burden for management of the COVID-19 pandemic. Following from the above, poverty rate has continued to hike amidst greater economic potentials. To avert further damage on food production situation in Nigeria, it was recommended that farmers in Nigeria be granted immediate exemption from the COVID-19 lockdown and should as well be provided with the necessary hybrid inputs like fertilizers for improved planting season and harvest. Also, the on-going government policies on food production should be seriously conducted and monitored across the nation and a drastic action taken against internal insecurity caused mainly Boko Haram and Fulani insurgents.

Abiola Abosede SOLANKE: This study examined association between household characteristics and household financial pressure in the COVID-19 era. This was done with the view of describing its implication for household financial management in the country. The data utilized for the study were obtained from online survey of household heads using google form. One hundred and eighty seven household heads completed the online survey reporting their background characteristics, household financial pressures and household coping mechanisms. Results revealed that 36.0% of the households experienced low financial pressures, 34.0% experienced moderate financial pressure, while 30.0% experienced high financial pressures. Results further revealed that heads of households' occupation ($\div^{2}=19.26$, $p<0.05$) and average monthly income ($\div^{2}=36.45$, $p<0.05$) were significantly associated with the level of financial pressure experienced by the household. The study recommended a public education financial management programme to raise awareness of efficient management of household financial resources during pandemic and other crisis.

Gbenga Festus BABARINDE: The oil and gas sector has found itself amidst the twin crises of COVID-19 and price war and these are perceived to impact sector's quoted stocks. In this paper, Vector Autoregression (VAR) technique was applied to determine the nexus between covid-19 (fatal, recovery and positive) cases, and oil and gas stock index in Nigeria using 43 weeks' data sets from March 2 to December 27, 2020. This study found no long-run relationship between covid-19 and oil and gas stock index in Nigeria. Moreover, Covid-19 recovery cases (lag 1) have negative and non-significant effect on oil and gas stock index in Nigeria while its lag 2 coefficient is positive and statistically significant. In the same vein, covid-19 positive cases (lags 1 and 2), have positive but non-significant effects on oil and gas stock index in Nigeria. Moreover, covid-19 fatal cases (lag 1) and oil and gas stock index have negative and non-significant relationship while the lag 2 coefficient is positive but non-significant. This study posits that there is a positive and significant relationship between covid-19 recovery cases and oil and gas stock index in Nigeria. This implies that the rate of recoveries from covid-19 poses a good sign to the oil and gas stock performance in Nigeria. The study recommends that Government should make available to the public, covid-19 vaccine to stimulate resilience to and recovery from the disease (for those infected). There is also the need for public confidence building campaigns, workshops, and other measures to stimulate capital market activities.

Lekang Victor Mmutle and Olebogeng David Daw: The process of economic growth and the sources of differences in economic performance across nations are some of the most important and challenging areas in modern economies. Nonetheless, sustainable economic growth does not just occur without the putting proper economic policies in place. Intensive initiatives to grow South Africa's economy has been at the heart of the policy debates. Economic diversification is considered as one of the utmost essential strategies that can be used to support economic and business aspects as well as increasing their competitive advantages. This necessitates a cautious balance of factors within the market. The economy that is diversified is the one that is centred around a wide range of performing sectors and not just a few. It is the economy that is characterized by its flexibility, but not concentrated in one sector. It produces a viable cycle of economic activity where businesses frequently feed off of one another and grow bigger as the economy grows. In order to determine the impact of investing in several economic sectors for the purpose of growing South African economy, the paper employs the Social Accounting Matrix (SAM). The findings from the paper revealed that there is a strong positive relationship between economic growth and economic diversification. Investing equally in those sectors will yield fruitful results for the South African economy.

Sikiru Adetona Adedokun and Kazeem Fasoye: The attendant consequences of Covid-19 pandemic have eaten deep into the fabric of Manufacturing sector in Nigeria. The global heath and humanitarian crisis has imposed disproportionate effects on manufacturing industries depending on their degrees of risk of Covid-19 infections. As a result of the outbreak, the productive sector of the economy suffered losses in revenue, while the healthcare industry reported profit gains owing to high demand for healthcare facilities. However, social-economic impact of the pandemic will still be felt long after virus fades. Government should therefore, make sustainable investment in health system, enhance food security in the economy and learn from the experience of previous crisis situations to help the sector recover from this shock.

Kouramoudou Kéïta and Hannu Laurila: Common wisdom is that corruption hampers economic development by casting "sand in the wheels", but some economists still claim that corruption may slip "grease in the wheels" if governance is badly malfunctioning. This paper investigates the dilemma in a non-linear growth model with 99 countries worldwide over 2006–2014. The empirical results show that the quality of governance is generally negatively correlated with GDP per capita growth but that the role of corruption in this context remains mixed. The main finding is that if governance is labeled by deficiencies in Government effectiveness, Regulatory quality or Rule of law, corruption tends to mitigate their negative growth effects. Thus, the results indicate notable support for the grease in the wheels hypothesis.

Keshab Bhattarai: The benefit system has expanded by ten times in the UK after the adoption the Beveridge social security system in 1940s. It has protected vulnerable people but also brought price distortions and adverse consequences in the economy. Efficiency issues relating to the this benefit system are analysed theoretically applying basic theories of the conditional general equilibrium model for benefit payments, natural rate of unemployment and state-space Markov process of transitions between employment and unemployment. Empirical analysis shows that the unemployment rate and the working age population are the major reasons for increase in the number of benefit claimants. This falls with higher weekly, monthly or annual pays and the duration of spells in the benefit. At macro level the growth rates of inflation indexed benefits are inversely related to that of output and the ratio of debt to GDP. Growth rates are lower with an increase in the level of benefits. These findings are based on cross section data of 201 British counties, monthly time series of vacancies, redundancies and unemployment from 1992:1 to 2019:12 and panel data of 10640 wards from 2006 to 2014 and during the COVID-19 in 2020.

Abdullah Al Mahmud and Mashrefa Tarannum: From its inception in 1990, HDI has been outspoken as well as criticized in measuring human development across the countries. This paper has investigated the validity of the customary HDI and proposed a new form of measurement for human development across the countries that include the opportunity costs of repeated economic development modern economics is dealing with. This paper has included important critiques of HDI that are being discussed and suggested a new form of measuring human development- sustainable human development index (SHDI)- with a weighted valuation of environmental effects, income inequality, and gender gap- three notable costs of high and repeated industrialization through high economic growth. Sustainable Human Development Index (SHDI) takes the three key indices of HDI and suggests a new sub-index- EPIG valuation for measuring the sustainability of development, which consists of Environmental Performance index, Gini index, Global Gender Gap Index. The study has covered a total number of 146 countries for creating the SHDI yearly index of 2020 and then compared the respective values of HDI and SHDI. The findings of the study imply a significant change in the country index, as well as their global rankings which conclude 141 out of 146 attributed countries (96.5%), have scored less in SHDI with respect to HDI.