

Reply to Referee 2

It makes me astonished that the referee has recommended this paper for rejection though he does not provide any sound major problem of the paper.

The referee has mentioned that the paper does not substantially contribute.

My study doesn't only substantially contribute to the literature on the topic because this is first study to be conducted for investigation the relationship between industrial output and disaggregate energy consumption for the Pakistan but also contribute to solve the burning present problem of energy shortage in Pakistan. Let me present few facts about current energy as well as industrial output position of Pakistan which supports my current study to be one of the helping hands to the policy makers in order to sketch the energy policy.

- The current gap between supply and demand reaches to 7,500 megawatts (MW).
- According to the one of the report which says, 40% of the Pakistan's industry had already been shifted to Bangladesh and other parts of the world.
- The Federal Bureau of Statistics revealed that country imported petroleum products worth of \$8.355 billion in July-April 2011-2012, up by 69.81% if compared with \$4.920 billion of July-April 2010-2011.
- The large scale manufacturing has been declining their growth from 18.8% in 2004-05 to -8.2% in 2008-09 (Economic Survey of Pakistan-2010).

Therefore, Pakistan has to draw an innovative energy policy in order to curb the destructive economic situation. But it would not be sensible to develop and implement the same policy for the household, agriculture and industries because industrial sector is the highest energy consumer. Therefore, my study has only focus to develop energy policy particularly for the industrial sector so that this important contributor to the GDP could survive and again started to contribute significantly. In this regard, my study doesn't only show the relationship between energy and industrial output but it also exhibits the disaggregate energy's (oil, gas, coal and electricity) contribution to the industrial growth in Pakistan.

The referee mentioned that the literature review part should be significantly improved.

It couldn't be the base point to reject the paper. That is why the heading of the part is **brief** literature review. In this type of studies the researchers and policy makers are more concerned to find out the causality tests results. Therefore, we have mentioned in the literature review that the past studies conducted causality test and found their results. Though, some of the authors used Johansen Cointegration test while others used ARDL (autoregressive distributed lag) approach in order to establish the long the relationship between the variables.

During literatures review of my study, I didn't come across a single study who mentioned the complete econometric methodology and data used in their literature review.

Referee says, "I do not think that the paper is clear enough in what exactly it is analyzing".

Once again, this point couldn't be the base point to reject the paper. I don't agree on this point of view of referee. The referee himself admitted in his comments that the paper meets academic standards overall. I think paper is complete with respect to problem definitions, objectives, literature review, methods & procedures and results. May be in some places, things need to be more explained or elaborated, as also suggested by the first referee, which would be keep in mind in the revise version of the paper.

According to my point of view, the second referee hasn't mentioned any major flaws of the paper, on the basis of which paper can be rejected.