SOCIAL DEVELOPMENT IN PAKISTAN
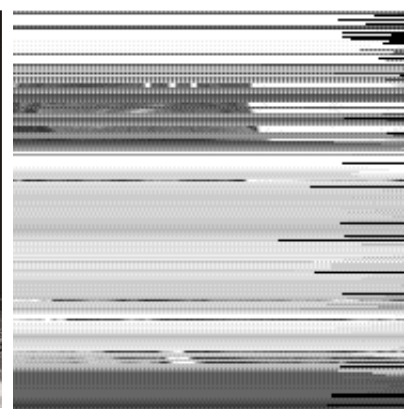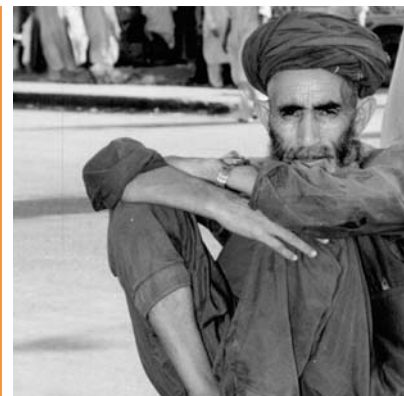
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2001

Growth, inequality
and poverty

SPdC

OXFORD
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**SOCIAL POLICY AND
DEVELOPMENT CENTRE**
KARACHI

OXFORD
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FOREWORD

Commencing from abysmally low levels of social and economic development in 1947, Pakistan has come a long way. There have been impressive gains in a number of areas. However, the pace of development, particularly in the social sectors, has not been what it could or should have been. The nature of development, too, has been alarming. Despite more than fifty years of development effort, high unemployment and poverty, low literacy, high incidence of diseases, and elevated maternal and infant mortality rates continue to persist. More seriously, inequality in income, nutritional intake and access to basic services has increased.

Admittedly, policymakers in Pakistan have been constrained in responding to these challenges due to exogenous pressures and shocks. However, pro-poor policy responses could have mitigated the impact on the poor. The situation has been compounded by deficiencies in the redistributive arm of state policy, with respect to macroeconomic policy as well as delivery of basic social services. It appears that there have been deficiencies across the board at the level of policy and implementation. The resultant fallout has been severe for those caught in the poverty web. These costs are manifest in the increased inequality in income and levels of social services that have been created between both economic groups and regions.

Attention to inequality is perhaps more important than poverty *per se*. While poverty does cause deprivation and hardships for those affected by it, high degrees of inequality ingrained in the structure of society and the economy, and reinforced by policy actions, contribute to a sense of grievance and injustice, promote despondency and anger, and generate social and political instability.

SPDC's Annual Review of Social Development in Pakistan for 2001 focuses on Social Inequality. Chapter 1 documents Pakistan's development journey over the period 1947-2001, highlighting the advances made with respect to selected economic and social indicators. Chapter 2 analyses the impact of macroeconomic policy on poverty and inequality. Chapters 3 and 4 profile the changes in income and regional inequality, respectively. Chapter 3 describes the distributional effect of development policy and the nature and extent of inequality it has engendered. Chapter 4 focuses on regional inequality in terms of the level of deprivation by district, rural and urban areas, and selected social sectors. Chapter 5 outlines the problems in policy making with respect to the housing sector and other social development programmes that have been implemented. Options for the alleviation of poverty and inequality are presented in chapter 6.

The overall theme of SPDC's Annual Review of 2001 on Social Development in Pakistan is *Growth, Inequality and Poverty*. It is an attempt to present an independent and objective assessment of the process of unequal development and is intended to open a debate on this crucial aspect of the development process. It is hoped that it will be of interest and value to policy makers, parliamentarians, academics, civil society activists, and people at large who share a concern for equitable social development in Pakistan.

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THE SOCIAL POLICY AND DEVELOPMENT CENTRE

Established in 1995, the Social Policy and Development Centre (SPDC) is a private sector research organization that serves as a focal point for policy-relevant research on social sector development. Using a multidisciplinary approach, the Centre assists both public and private sector institutions and non-governmental organizations to plan, design, finance, execute and manage social sector programmes in a cost-effective manner. The results of its research are made available to policy makers, interested groups and the general public to promote informed discussion and action on vital social sector issues.

SPDC is independent and non-partisan and cooperates with a wide range of organizations working in related areas, within Pakistan and internationally. It determines its own pace-setting research agenda within the parameters of its mandate and objectives, and maintains autonomy, flexibility and balance between responsive and proactive social sector research. Key activities include research and policy analysis; social sector government database support; pilot project monitoring and evaluation; training of government, private sector and non-governmental organizations; and information dissemination through publications, conferences, seminars and workshops.

SPDC receives core funding from the Canadian International Development Agency (CIDA). The Canadian Advisory Agency (CAA) provides advisory services and support to strengthen SPDC and help it achieve its mandate. In addition, SPDC undertakes a significant component of self-financing.

The SPDC Board of Directors consists of eminent personalities selected for their commitment to social sector development and their belief that the use of analytical tools in developing public policy is necessary to ensure sustainable social sector development. The members are:

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T A B L E S

C H A R T S

ACRONYMS

ADB	Asian Development Bank
BHU	Basic Health Unit
BOC	Bank of China
CAA	Canadian Advising Agency
CBO	Community Based Organization
CIDA	Canadian International Development Agency
DEWA	Deaf Education Welfare Association
DHA	Defence Housing Authority
ECNEC	Executive Committee of the National Economic Council
EDL	External Debt and Liabilities
FBS	Federal Bureau of Statistics
FDI	Foreign Direct Investment
FMLABOUR	Female to Male Labour Force Ratio
GDCF	Gross Domestic Capital Formation
GDP	Gross Domestic Product
GER	Gross Enrolment Ratio
GFCF	Gross Fixed Capital Formation
GST	General Sales Tax
HBFC	House Building Finance Corporation
HIES	Household Income and Expenditure Survey (Changed in 1996-97 to Household Integrated Economic Survey)
HPI	Human Poverty Index
HRCP	Rights Commission of Pakistan
ILO	International Labour Organization
IMD	Index of Multiple Deprivation
IMF	International Monetary Fund
IMR	Infant Mortality Rate
ISPM	Integrated Social Policy and Macroeconomic (model)
KBCA	Karachi Building Control Authority
Km	Kilometre
Kwh	Kilowatt hour
LHW	Lady Health Worker
MICS	UNICEF's Multiple Indicators for Cluster Survey

MNA	Member of National Assembly
MPA	Member of Provincial Assembly
MSU	Multi-donor Support Unit
NBP	National Bank of Pakistan
NCMH	National Committee on Health*
NDRP	National Debt Retirement Programme
NHA	National Highway Authority
NHS	National Health Survey
NHSP	National Health Survey of Pakistan
NICH	National Institute of Child Health
OPEC	Organization of Petroleum Exporting Countries
OZT	*Octroi and Zila Tax*
PHA	Pakistan Housing Authority
PIHS	Pakistan Integrated Household Survey
POL	Petroleum Oil and Lubricants
PSPR	Primary School Participation Rate
PTCL	Pakistan Tele-Communications Limited
RCC/RBB*	
RHC	Rural Health Centre
Rs.	Rupees
SAP	Social Action Programme
SBP	State Bank of Pakistan
SPDC	Social Policy and Development Centre
SPO	Strengthening Participatory Organization
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations Children's Fund
WAPDA	Water and Power Development Authority
WFP	World Food Programme
WHO	World Health Organization
WPI	Wholesale Price Index
WTO	World Trade Organization

NON ENGLISH TERMS

Bait-ul-maal	National welfare authority
Daal	Cooked lentils
Dai	Nurse/mid-wife
Ghee	Cooking oil
Haleem	Mashed stew with a variety of ingredients
Iqra Project	Non-formal education scheme
Jirga	Tribal court
Karo kari	Under tribal custom, a man and a woman accused of adultery are labelled as *karo* and *kari*, respectively, which is used as a justification for 'honour' killing
Kutchi-Abadi	Squatter settlement
Kutcha house	Housing made of wood, bamboo and other materials
Khuda Ki Basti	A land and shelter project that imitates the way illegal squatters provide housing for themselves
Nai Roshni schools	Non-formal education scheme
Nala	Sewage drain
Octroi and Zila tax	Formerly local taxes on inter-district and inter-municipal movement of goods
Paisa	Pakistani monetary unit - 100 per rupee
Pucca house	Housing made of concrete roof and walls of baked bricks and blocks
Purria	Small 'packet' of illicit drug
Roti	Staple flat bread
Rupee	Pakistani monetary unit
7-marla plot	175 square metre plot for rural house construction
Ushr	Religiously-mandated tax on agricultural output
Zakat	Religiously-mandated poor tax

Views of a Leading
Social Sector Personality

"The notion of social development in Pakistan has to incorporate indivisible, inalienable, fundamental rights, based on the universality of mankind rather than the notion of statehood."

– Shahnaz Wazir Ali

Shahnaz Wazir Ali is a leading figure in the field of development and politics in Pakistan. Her intellectual clarity and political astuteness have assured her a key role within the development discourse despite the tumultuous changes in the country's political life. An eminent educationist, women's rights activist, political figure, and former government adviser, she is currently the first Executive Director of the Pakistan Centre for Philanthropy. She previously spent 20 years in the education sector as teacher, school administrator and principal, was a Minister of State for Education (1988-1990), the government's Special Assistant for Social Sectors (1993-96) and Senior Education Specialist with the World Bank (1997-2001).

With a career that spans the public and private sectors, Ms. Wazir Ali's views on social development in Pakistan reflect a rare combination of depth as well as breadth. In a recent interview, SPDC asked her to share her views on social issues in Pakistan. Following is a paraphrased version of her observations. It is apparent that she feels most passionately about the issue of education in Pakistan, and sees this as the core for future progress in the country - the mechanism which provides the opportunity for access, for choices and for maximizing the potential of all citizens.

In Pakistan, our concept of social development has undergone an important change in the last few decades. Our own conceptual thinking on development was largely predicated upon and restricted to a very concrete notion of development. Principally, the state was to be the main provider of basic social services to people, namely education, health care, water and sanitation, access to credit and some skills training for employment. With the intervention of military rule in 1977, the notion of a social welfare state was abandoned.

Due to the lack of a democratic dispensation, advocacy and human rights groups assertively entered the arena of civic activity. These groups were of the view that development involves more than just putting children in school, immunizing them or providing access to water and sanitation; in fact the real issue is about equal rights - the right to safety, survival, physical security, freedom of association, speech, movement, and thought. They also promoted the removal of inequities, whether economic inequities, regional inequities, inequities between rural and urban areas, structural inequities that perpetuate gender and other discrimination, and inequities between the classes of citizens that have resulted in low-income groups and minorities becoming virtually a subordinate class. In today's society, people view social development as encompassing both these fundamental rights and the actions society needs to take in order to ensure those liberties and rights. It moves on to incorporate the more concrete manifestations of realizing the aspiration for equal opportunities through systems of education, health care and so forth. This intent is reflected in Pakistan's ratification of international conventions, which call for ensuring access, participation, freedom of choice, equity, enlarging opportunities and empowering people.

It is only through politics that there can be any significant changes. While we may be doing an excellent job in one institution, a hospital or school, how do we begin to contribute to something that will bring a large-scale change at a national level? To change current reality, development

and politics are inseparable. Politics is only a means to achieving a societal goal; a political dispensation can allow people the freedom to live their lives, realize their potential, maximize it, develop their talents, and contribute to a stable, prosperous, pluralistic and diverse society.

While I was in government, it was an arduous challenge to get politicians to understand the complexities of development beyond its concrete infrastructure manifestations. Despite the government's liberal agenda, the political agenda for development was not wide enough to encompass this larger debate. There was clear resistance from politicians in the centrist parties to policies that would remove class and gender inequalities. While government rhetoric may be more progressive, the real challenge to reform lies in Parliament, which is often the site of failure of progressive laws. Law is an instrument of policy; so what it really reflects is the need for a better understanding of development policies. For instance, I worked with members of the National Assembly who did not believe in the concept of equal rights for women; this view was held despite the fact that the government had signed the United Nations Convention on the Elimination of All Forms of Discrimination against Women.

Even more important than changing mindsets about gender-related inequalities is bringing about changes that will reduce economic inequalities, such as land reform and the distribution of ownership of wealth and assets. That is where you find real resistance.

The state in Pakistan is still fragile and governments appear hesitant to take a more progressive view, and more often than not, opt for a conservative, status quo position. Even if they understand the concept they will not take a position that represents that understanding.

Nonetheless, current efforts to decentralize decision-making, strengthen district government, and ensure women's participation in politics are positive developments. This system will put the development agenda on the top, because district and union councils will be approached by the people for their development needs more persistently and at closer quarters than ever before, the aim being that people will be able to get more rapid and efficient decisions about water, sanitation, health care, education and other such needs.

Poverty in Pakistan has grown and our increasing dependence on external aid is undoubtedly a factor contributing to the problem. If the country is tied to conditionalities, it means you have to remove subsidies, downsize the government, and open the market to global competition. But when the playing field is uneven as is the case in Pakistan, when the market is not growing fast enough to provide alternative job opportunities, and people are paying higher rates for basic amenities, the result is increased inequity and poverty.

My experience in government and at the World Bank has provided some valuable insight into the obstacles preventing the government from implementing projects more effectively. There is, of course, the view that governments primarily viewed assistance funds for social sector development as a means of budgetary support. Further, governments lacked technical expertise in social sector departments to participate more actively in the design and implementation of donor-funded projects, which ultimately opened the door to excessive donor interference. The monitoring and supervision function of government has been weak, and this perpetuates the dependence on donors at every level of a project's functioning.

The Social Action Programme, conceived in 1988 as a major vehicle to reduce poverty through four main social service sectors - population welfare, education, health, water and sanitation - has been formally abandoned. At the implementation level, the government was still thinking in terms of the numbers of schools constructed and other quantifiable outputs to measure their progress, and as a result monetary allocations were increased but outputs were not achieved. SAP-II looked beyond the fiscal measures and quantitative expansion of the system by focusing on the quality approach. This approach needs to be advanced to our social development premise.

Despite all the fiscal effort of increasing allocations, these did not translate into improvements on the ground. The lack of capacity in the education departments, delayed and inadequate budgetary releases, severely under funded inputs such as teacher training, and poor field support for monitoring and supervision, plagued SAP. Its failure did not lie in its inability to identify the key levers for reform, but in its over estimation of the capacity of the system to handle multiple reform measures. Politicization in recruitment and in some instances blatant interference and corruption in the construction components of the project also added to the problems afflicting the programme.

Class interests dominate all other interests and determine the contributions made to the political process. An unequal power structure does prevail in Pakistan; powerful lobbies leverage their influence to obtain more space, authority and benefits. Until governance, administration and decision-making is institutionalized and secured from the arbitrariness of the dominant power groups, tensions and conflict between citizens and those who control state power will continue to prevail.

However, despite the limitations of the existing political institutions and the political actors, I would not argue that drastic political reform is necessary to bring about social change in Pakistan. The Constitution and political system must be allowed to function without interruption in order to evolve more effectively. Through a process of national debate, we need to evolve a mechanism that ensures smooth transitions of government and strengthening of existing institutions of social change.

The role of the government is changing, from the state as the predominant provider of services to the state as planner, facilitator and financier. As a result, the state is slowly beginning to re-cast itself as the player that must ensure that conditions exist to make services efficiently available. Through the fiscal and management policies of the state, its regulatory mechanisms, and the incentives it provides to the private sector, the state can create the right conditions for social development to flourish. But the difficulty lies in identifying where to draw the line between areas of state responsibility and areas in which the private and NGO sectors take over.

The fundamental obligation of the state is to ensure basic services for all. The state cannot abdicate its responsibility to provide basic development infrastructure, as it is not possible for the private or non-profit sector to provide wide access and ensure equity. Yet the state can provide incentives and opportunities for a number of non-profit organizations to expand and strengthen their reach. The provision of water schemes in the rural areas, for example, must remain an area of

government responsibility, because water is a basic right and is not the responsibility of an NGO to deliver. However, while NGOs cannot provide access to this resource they can be very effective in making interventions, such as community mobilization and organization.

The experience of the past decade has shown us clearly that increasing fiscal allocations alone is necessary though insufficient for promoting social development. The funds not only have to be allocated in the budget but also released where required in a timely manner. For instance, if despite the Rs. 2 billion allocation for a provincial primary education program, the teacher in the classroom is without the few rupees needed to buy chalk, paint the blackboard and have a textbook and teacher's manual in hand, the system has failed. The new element has to be that many roads can lead to the same destination and that those who are the primary stakeholders of any social development effort should be part of the decision making process. The non-profit sector, community associations and the private sector can be encouraged to play a larger role in the actual delivery. The state should concern itself with the setting and monitoring of standards, ensuring equity, actively promoting participation and empowerment, assessing the impact and outcome, and providing a policy that acknowledges that intellectual and social assets are not the main domain of government. Society's contribution, both formally and informally, is the main force for generating new ideas and spurring action.

The country has lost time, social development needs must become a priority, and today's changes are long overdue. If we had focused on education, basic health care, skills training and contraceptive availability four decades ago our population growth rate would have been much lower today, and we could service the needs of the people within the national income and resources at hand. But there have also been positive developments. There is growing decentralization in the government system, a new, more welcoming approach to engaging the private and not-for-profit sector in social development activities, and some understanding on the part of foreign donors that they need to avoid micro-managing projects. If the future holds the possibility of a dynamic role for local investment in social development in partnership with a state that is clear about its responsibilities, the process of change is sure to accelerate.

PAKISTAN'S DEVELOPMENT JOURNEY: 1947-2001

1

"The progress that has been made along the half century long journey cannot but be noted as convincing."

PAKISTAN'S DEVELOPMENT JOURNEY: 1947-2001

Pakistan has long been flagged as a case study in social development failure. Much of what has been said and written is indeed true. Compared to other developing countries and even countries in the region, Pakistan does not fare too favourably. However, an essential point appears to have been missed out. Every milestone must be read with respect to Point Zero, i.e., from where did we begin?

Pakistan commenced its journey with independence in 1947. Till then it was a part of Britain's South Asian Empire. The territories comprising Pakistan came under British control and influence between half a century to more than a century later than the territories that now comprise India, Sri Lanka and Bangladesh. The British set up their trading company in Surat, near Bombay on the western coast of India, 200 years before the first Englishman set foot in Sindh. And the British took control of Sindh, Punjab (which included most of what is NWFP today) and northern Balochistan 85, 91 and 118 years, respectively, after establishing formal control in Calcutta in eastern India in 1758.

Moreover, the territories now comprising India, for example, were the centre of British power in the region and saw a high degree of development of physical infrastructure, and social and political institutions. British interest in the region comprising Pakistan was limited largely to maintaining military cantonments and remained the periphery of the British South Asian Empire. As a result, while the traditional growth path was stunted, the modern developmental process did not take root.

Thus, the level of social and economic development in the bulk of the territories comprising Pakistan was more or less the same in 1947 as

An average Pakistani today commands purchasing power that is three and a half times greater than in 1947.

There are now modern medical facilities in all major cities of the country.

it was when incorporated under British suzerainty up to more than a century earlier. Of course, there was the construction of the irrigation system in the Indus basin, the extension of railways to connect the cantonment cities and the port of Karachi, and the establishment of educational institutions in major cities, like Lahore, Peshawar and Karachi. However, these developments were spatially limited and did not meaningfully influence the lives of people in most of the country. More importantly, the modernizing influence in terms of social and political institutions remained largely absent, even in areas where a degree of physical infrastructure development took place.

Viewed in this context, the progress that has been made along the half century long journey cannot but be noted as convincing. It is a saga of the struggle of the people to better their lot and that of their children. It is a record that justifies pride in our achievements. It is a chronicle that inspires hope in our ability to transcend our present difficulties and march into the future. This brief chapter documents the advances in selected economic and social indicators over the period 1947-2001.

at independence, a whole range of agricultural products, including food and fibre crops, and fruits and vegetables, as well as manufactured consumer, intermediate and capital goods, were not produced at all. Then, national statistics measured quality of life indicators in terms of population or households *with* access to facilities; now they are presented in terms of those *without* access. The progress in agriculture has been obtained through improvement of yields, implying productivity gains, and expansion of acreage. The growth in manufacturing has been brought about through a sustained build-up of industrial infrastructure, which facilitated commodity production. The gains in quality of life have come about in spite of an exceptionally high 4-fold growth in population

Real Gross National Product (GNP) per capita is a useful aggregate measure of annual income per person, net of growth in population and prices. Data shows that in 1947 real GNP per capita was Rs. 1,476, which has multiplied three and a half fold to Rs. 5,128 in 2001 **(see chart 1.1)**. In other words, an average Pakistani today commands purchasing power

CHART 1.1 — TRENDS IN GNP PER CAPITA (Rs.)
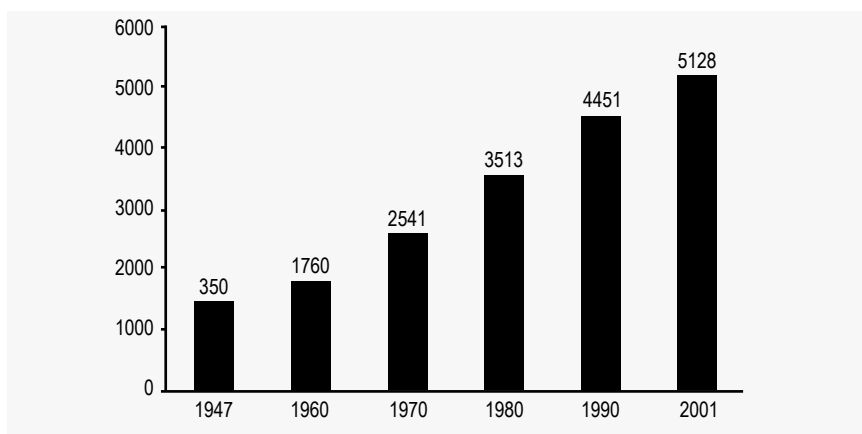
Note: In constant prices of 1980-81
Sources: Fifty Years of Pakistan in Statistics
Pakistan Economic Survey (various issues)

TABLE 1.1 GROWTH TRENDS IN AGRICULTURAL PRODUCTION

| Years | Wheat | | Rice | | Sugar Cane | | Cotton | |
	Production (000 tonnes)	Yield/ (Kg/ hectare)	Production (000 tonnes)	Yield (Kg/ hectare)	Production (000 tonnes)	Yield (Kg/ hectare)	Production (000 tonnes)	Yield (Kg/ hectare)
1947	3354	848	693	877	5529	29	1156	159
1960	3909	801	995	827	10662	27	1713	217
1970	7294	1171	2401	1480	26368	43	3149	305
1980	10857	1568	3216	1581	27498	38	4282	350
1990	14316	1825	3220	1528	35494	42	8560	560
2001	21079	2278	4803	2021	43608	45	10732	624

Source: Pakistan Economic Survey (various issues), Finance Division

that is three and half times greater than in 1947. Admittedly, GNP per capita is an overall average and it is necessary to look at the distribution of the national income. This does remain an area of concern.

A sectorally disaggregated view of the economy shows that the record is creditable **(see table 1.1)**. In agriculture, food production has increased over 5-fold and fibre production has increased over 9-fold **(see chart 1.2)**. Hunger does not exist in the country, except perhaps in extremely isolated cases. The markets in the cities, towns and villages are testimony to the abundance and availability of food, including vegetables and fruits. Wheat production has increased 6-fold, partly achieved by the more than doubling of the yield. As a result, wheat availability per capita has gone up by more than 60 percent. In other words, a typical Pakistani today consumes 60 per cent more wheat than in 1947. Cash crops have registered phenomenal growth. Cotton yield and production has gone up 4-fold and 9-fold, respectively. Rice yield has doubled and production has risen 7-fold. Sugar-cane yield has increased by over 50 percent and output has multiplied 8-fold. These crops are the backbone of the manufacturing sector.

CHART 1.2 INDEX OF AGRICULTURAL PRODUCTION
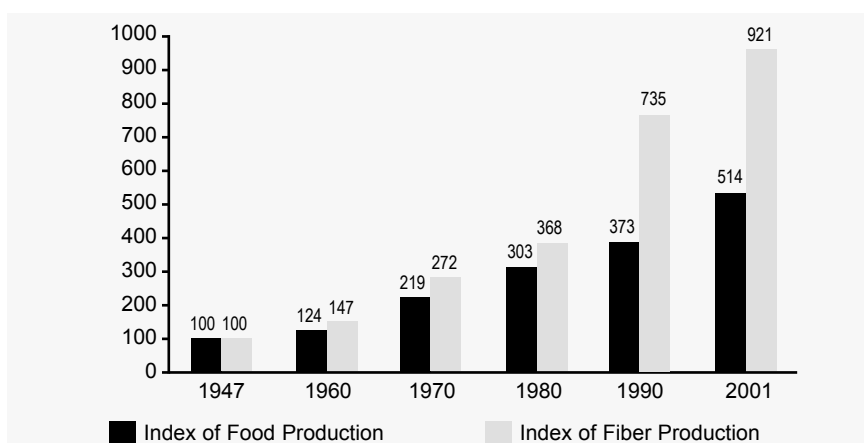
	1947	1960	1970	1980	1990	2001
Index of Food Production	100	124	219	303	373	514
Index of Fiber Production	100	147	272	368	735	921

Sources: Fifty Years of Pakistan in Statistics
Pakistan Economic Survey (various issues)

CHART 1.3   PRODUCTION INDEX OF MANUFACTURING
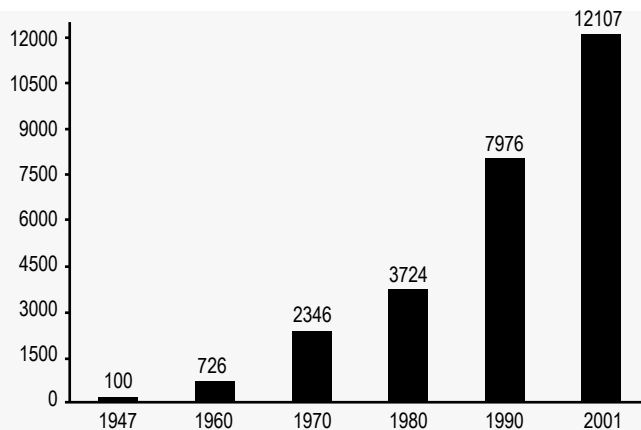
Sources: Fifty Years of Pakistan in Statistics
Pakistan Economic Survey (various issues)

In manufacturing, the number of large-scale manufacturing units has gone up 1000-fold from about 6 in 1947 to over 6000 currently and the manufacturing production index has escalated over 120 times from a base of 100 to over 12,000 over the same period **(see chart 1.3)**. Likewise, electricity generation has increased over 90 times from 5.5 kwh per capita to 499 kwh per capita. In **table 1.2**, an overview by commodities shows that fertilizer production was zero in 1947 and now stands at 212 kg per hectare of cropped area. Chemical production too, which was zero till 1960, has now increased 10-fold. Steel production, at zero till 1980, is now posted at over 2 million tonnes per annum. The production of cloth, cement, sugar and vegetable *ghee* (cooking oil) has increased 15, 25, 250 and 350 times respectively. Pakistan now manufactures heavy mechanical and electrical equipment, automobiles and a host of consumer durables such as air-conditioners, refrigerators and washing machines.

TABLE 1.2   TRENDS IN MANUFACTURING

| Year | Per capita electricity generation (KW) | Fertilizer per hectare of cropped area (KG) | Steel (000 tonnes) | All chemical (000 tonnes) | Production of | | | |
					Cement (000 tonnes)	Cloth (000 sq. meters)	Sugar (000) tonnes)	Vegetable ghee (000 tonnes)
1947	6	0	0	0	383	29581	10	2
1960	23	4	0	45	982	455034	84	29
1970	107	23	0	134	2656	606545	610	126
1980	184	61	0	201	3343	342335	586	452
1990	358	139	1860	332	7488	294839	1857	683
2001	499	212	2127	442	9674	437200	2429	695

Sources: Pakistan Economic Survey (various issues)
Fifty years of Pakistan in Statistics
Statistical Year Book (various issues)
Pakistan Steel Mills
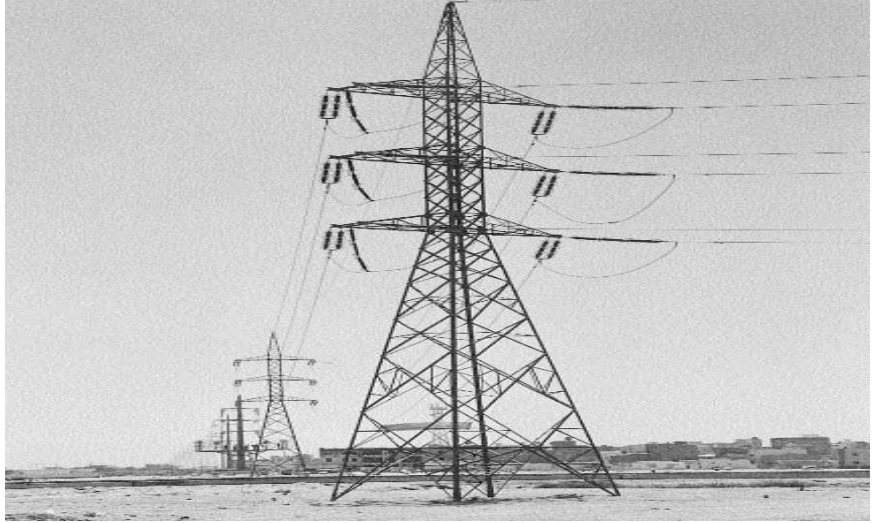
Infrastructure has come a long way.

Electricity has reached more than three-fourths of the country and television can be found even in remote villages. Every city and town and hundreds of villages are connected through the telephone system. The Internet has reached scores of cities and towns across the country **(see chart 1.4)**.

CHART 1.4   INDEX OF PER CAPITA ELECTRICITY GENERATION
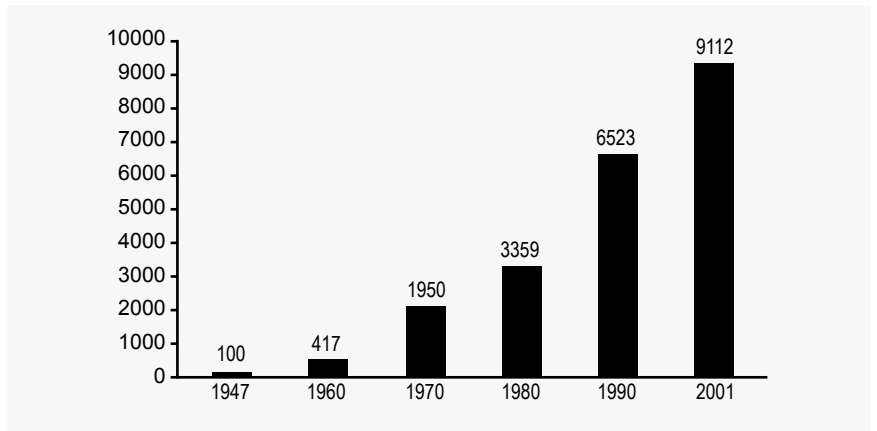
Sources: Fifty Years of Pakistan in Statistics
Pakistan Economic Survey (various issues)

With respect to infrastructure, **(see charts 1.5 - 1.7)** road length per 100 square kilometre has increased 5-fold, vehicles per 1000 persons 34-fold, and telephone connections 72-fold. There were 15 television sets per 10,000 persons in 1970, which has risen to 263 in 2001 **(see chart 1.8)**. In contrast to the situation in 1947, there are modern airports all over the country, all cities and towns are accessible through highways, and comfortable air-conditioned buses transport passengers from one end of the country to another.

Electricity has reached more than three-fourths of the country.

CHART 1.5 — ROAD LENGTH (KM) PER 100 SQ. KM
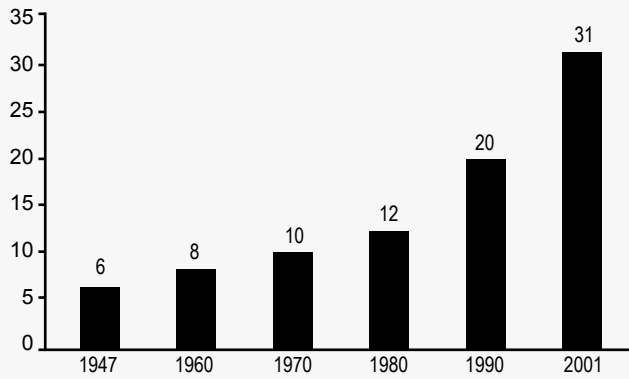
Year	Value
1947	6
1960	8
1970	10
1980	12
1990	20
2001	31

Sources: Fifty Years of Pakistan in Statistics
Pakistan Economic Survey (various issues)

CHART 1.6 — ROAD VEHICLES PER 1,000 PERSONS
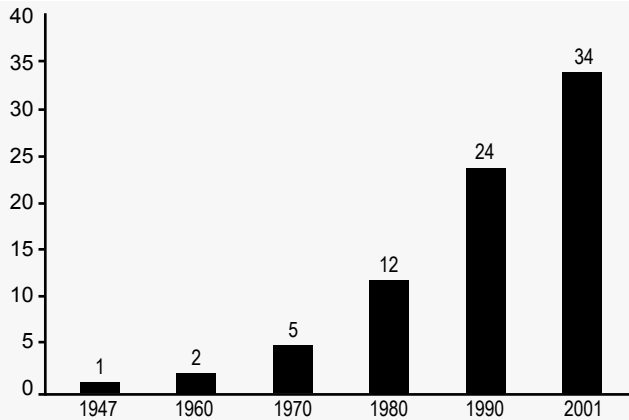
Year	Value
1947	1
1960	2
1970	5
1980	12
1990	24
2001	34

Sources: Fifty Years of Pakistan in Statistics
Pakistan Economic Survey (various issues)

CHART 1.7 — TELEPHONE CONNECTIONS PER 10,000 PERSONS

Year	Value
1947	4
1960	13
1970	25
1980	41
1990	88
2001	286

Sources: Fifty Years of Pakistan in Statistics
Pakistan Economic Survey (various issues)

CHART 1.8   **TV SETS PER 10,000 PERSONS**
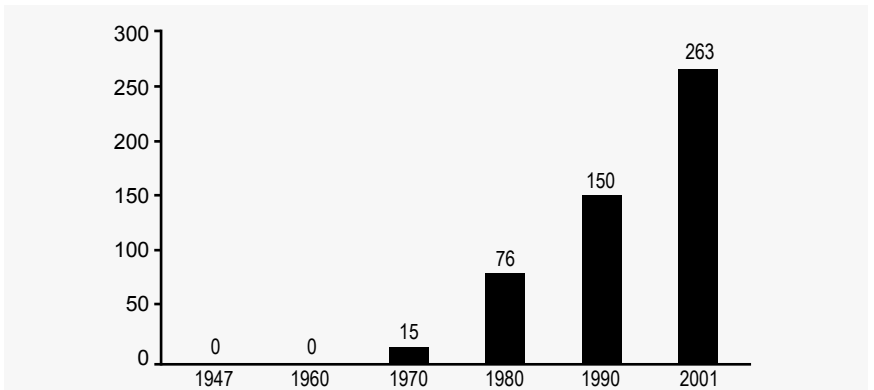
Sources: Fifty Years of Pakistan in Statistics
Pakistan Economic Survey (various issues)

Social sector statistics **(see charts 1.9 and 1.10)** have not fared as well, but do not lag too far behind. Illiteracy was the norm in 1947. However, although the literacy rate is still abysmally low, the number of literate persons in the country has climbed up 17-fold. In fact there are pockets in the country where the literacy rate exceeds 90 percent, i.e., Orangi in Karachi.

CHART 1.9   **LITERACY RATE (%)**
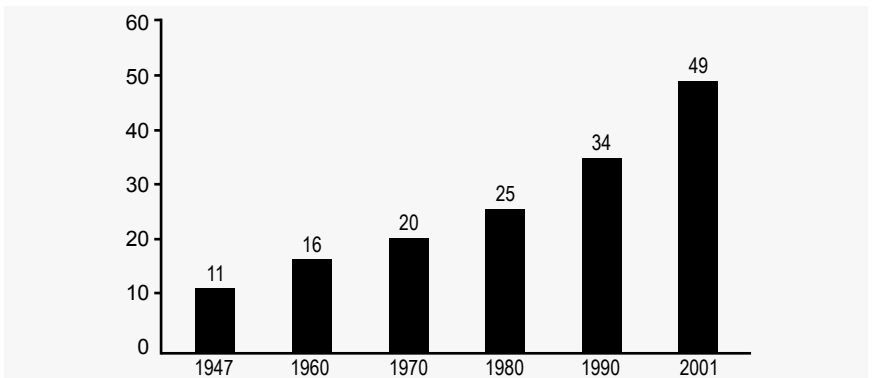
Sources: Fifty Years of Pakistan in Statistics
Pakistan Economic Survey (various issues)

The number of universities has increased from four to 25 and there are an equal number of private universities, including specialized management, engineering, and medical universities. There is now a large cadre of professionals in every field that can excel by international standards. In 1947, female education was virtually unheard of, except in a few big cities and their vicinities. Today, there are hundreds of thousands of female teachers in the country, including the rural areas. Female primary and secondary enrolment rates have moved up 23- and 27-fold, respectively. Women professionals were once the rare exception; now they are the norm in almost every field, although not in all parts of the country.

Although the literacy rate is still abysmally low, the number of literate persons in the country has climbed up 17-fold.

CHART 1.10   PRIMARY ENROLMENT RATE
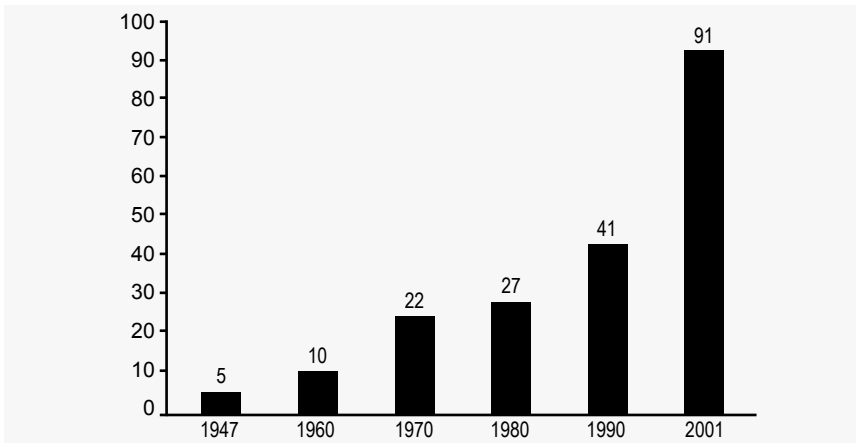
Chart showing Primary Enrolment Rate by year:
- 1947: 5
- 1960: 10
- 1970: 22
- 1980: 27
- 1990: 41
- 2001: 91

Sources: Fifty Years of Pakistan in Statistics
Pakistan Economic Survey (various issues)

There are now modern medical centres in all the major cities of the country, equipped with state of the art technology and capable of the most advanced treatment, including surgery. The growth in medical personnel has been extraordinary **(see chart 1.11)**. In 1947, there was one doctor

CHART 1.11   POPULATION PER DOCTOR

Chart showing Population per Doctor by year:
- 1947: 725000
- 1960: 10677
- 1970: 5219
- 1980: 3616
- 1990: 2082
- 2001: 1497
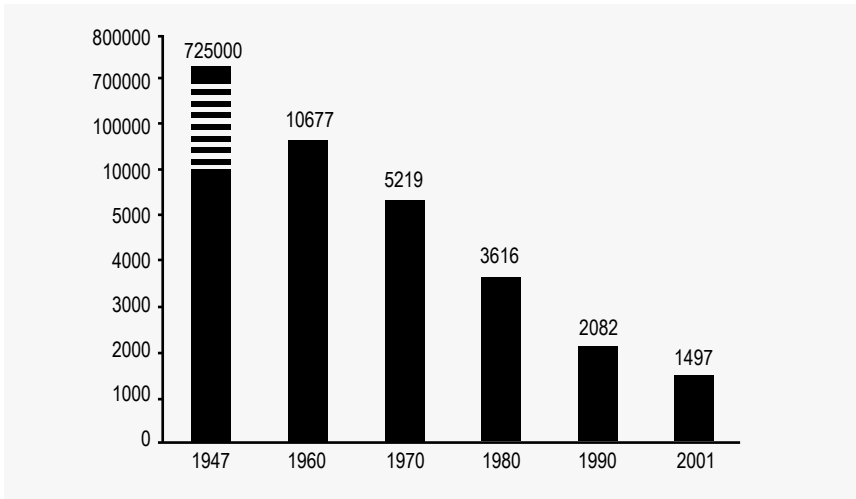
Sources: Fifty Years of Pakistan in Statistics
Pakistan Economic Survey (various issues)

for every 725,000 persons; in 2001, this ratio is down to less than one per 1,500. Similarly, as seen in **chart 1.12**, the ratio of nurses per person has been reduced from one nurse per 187,000 to one per 3,600. The number of women among medical personnel is now substantial. If they are absent from far-flung rural centres, it is due to deficiencies in the quality of health care rather than a lack of availability.

CHART 1.12   **POPULATION PER NURSE**

Year	Population per Nurse
1947	187000
1960	27198
1970	13725
1980	7932
1990	6375
2001	3600
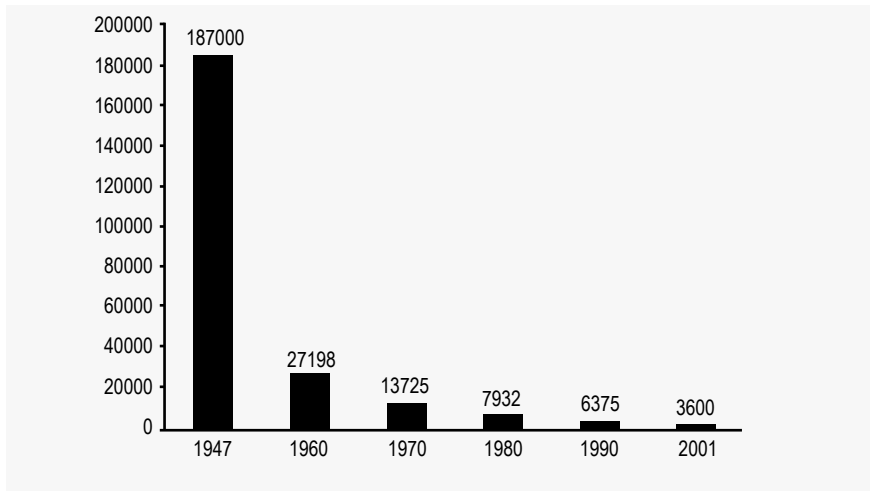
Sources: Fifty Years of Pakistan in Statistics
Pakistan Economic Survey (various issues)

It is necessary, however, not to be carried away. The multi-fold growth referred to above translates into rather modest annual average growth rates of between 3 and 10 per cent. And there have been deficiencies. However, they are too many and too well known to be repeated here. On the economic front, they refer to the fact that agricultural yields are low even by South Asian standards, that the country's manufacturing production and export base has yet to graduate beyond textiles and tanneries, and that the physical infrastructure is deficient and in a woeful state of disrepair. On the social front, they refer to low literacy and the poor quality of education, high maternal, child and infant mortality, low life expectancy, gender inequality, etc. To these must
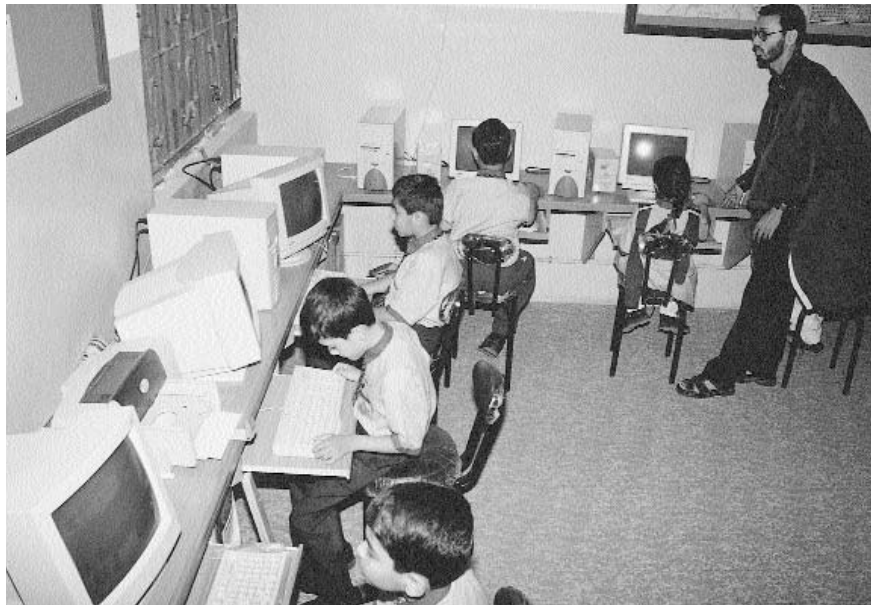
Computer training institutes are now widespread.

be added, shortage of housing, frequency and duration of water and power supply breakdowns, poor and unsafe public transport, growing unemployment and poverty, inter-personal and inter-regional disparities in income and wealth, and so on. Specific mention should be made of the fact that the standard of infrastructure and quality of life in rural Sindh and Balochistan is particularly poor.

More often than not, these problems have overshadowed the achievements. Nonetheless, there have been many accomplishments, including in the 1990's **(see box 1.1)**. The existing deficiencies can be characterized as challenges to overcome. These obstacles are formidable and have acquired a seriousness on account of the nature of developments over the last two decades.

BOX 1.1	THE 1990s

The decade of the 1990's has been too frequently disparaged as a lost decade. Admittedly, the economic growth rate has been at an historic low and poverty has increased rapidly. Both are alarming developments.

However, this decade can also boast several landmark achievements. It is in the 1990's that historic turnarounds occurred on many fronts, which are of significance in terms of the future development of the country. Over half a dozen such 'firsts' can easily be cited.

First, Pakistan made a significant demographic transition, with the population growth rate falling well below 3 per cent. Second, a major achievement on the social front was the 28 point fall in the infant mortality rate from 116 per 1000 live births in 1990 to 88 in 199. Third, despite macroeconomic difficulties, agriculture continued to post robust growth, and wheat production surplus, which had eluded the country for several decades, was finally attained. Fourth, an important event in the area of public finance was the conversion of the primary budget deficit into a surplus. Fifth, another event of fiscal and political significance was the reduction of the defence budget in real terms. Sixth, a major boost was achieved in electricity production. Admittedly, this last development is mired in controversy. However, it cannot be denied that, given the near empty state of the country's dams and water reservoirs, the generation of hydroelectricity is severely constrained and it is the thermal power stations that are ensuring power supply to the national grid. And lastly, a major breakthrough was achieved in the availability of telecommunication facilities; Pakistan now compares favourably in this field by international standards.

MACROECONOMIC POLICY AND POVERTY

2

"Neither the benefits of development nor the costs of adjustments appear to have been distributed equitably."

MACROECONOMIC POLICY AND POVERTY

Development, growth, employment generation, and poverty eradication have all been standard goals of the economic policies, plans and programmes of policy makers in Pakistan over the last five decades. **Chapter 1** has documented the progress that has been achieved all-round, including in the area of social development. However, there are areas of concern too, as neither the benefits of development nor the costs of adjustments appear to have been distributed equitably. Some of the distributional indicators are disturbing.

The growth path over the last four decades appears to indicate that the development process has not always benefitted the poor. By 1964, Pakistan had completed two five-year development plans, with the second plan being celebrated as highly successful. That year, 40.2 per cent of the population was estimated to be poor. The percentage dropped to 17.3 per cent by 1987-88 and then began to climb again. In 2000-01, the percentage of population below the poverty line was estimated to have reached the 1964 level of 40.1 per cent. In terms of poverty, therefore, the country has returned to where it was four decades ago **(see chart 2.1)**.

In terms of inequality too, the country has arrived at where it was in 1963-64. The share of income of the lowest 20 per cent, the middle 60 per cent and the highest 20 per cent of the population in 1998-99 was about the same as it was in 1963-64, with a slight worsening for the middle quintile and a slight improvement for the top quintile. Over the four decades, the share of income of the lowest 20 per cent of the population has increased marginally from 6.4 per cent in 1963-64 to 6.6 per cent in

In 2000-01, the percentage of population below the poverty line was estimated to have neared the 1964 level of 40 per cent.

CHART 2.1 NUMBER OF POOR AS % OF POPULATION

Chart data points: 1963-64: 40.2; 1966-67: 44.5; 1969-70: 46.5; 1978-79: 30.7; 1984-85: 24.5; 1987-88: 17.3; 1990-91: 22.1; 1993-94: 22.4; 1996-97: 31.0; 2000-01: 38.0

Source: Pakistan Economic Survey (various issues)

1998-99; the share of the middle 60 per cent has declined from 48.3 per cent to 45.6 per cent, and the share of the highest 20 per cent has increased from 45.3 per cent to 47.8 per cent **(see chart 2.2)**. What are the reasons and the factors that have been responsible for this state of affairs?

CHART 2.2	% SHARE OF INCOME (1996-97)

Lowest 20%
7%

Highest 20%
49%

Middle 60%
44%
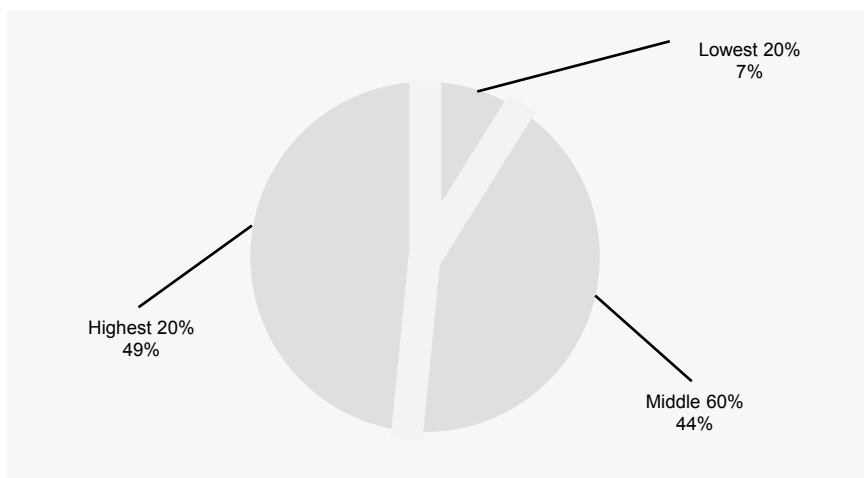
Source: Pakistan Economic Survey (various issues)

Table 2.1 shows that the number of poor as a percentage of population continued to decline from 40.2 per cent in 1963-64 to 17.3 per cent in 1987-88. It then increased to 22.1 per cent in 1990-91 and continued to rise to 38 per cent in 2000-01. Similarly, the share of the lowest 20 per cent of the population rose from about 6 per cent in 1963-

TABLE 2.1				TRENDS IN INCOME DISTRIBUTION AND POVERTY			

Year	Percentage Share of Income			Household Gini Coefficient	Number of Poor as % of Population		
	Lowest 20%	Middle 60%	Highest 20%		Urban	Rural	Total
1963-64	6.4	48.3	45.3	0.386	44.5	38.9	40.2
1966-67	7.6	49.0	43.4	0.355	41.0	45.6	44.5
1969-70	8.0	50.2	41.8	0.336	38.8	49.1	46.5
1979	7.4	47.6	45.0	0.373	25.9	32.5	30.7
1984-85	7.3	47.7	45.0	0.369	21.2	25.9	24.5
1987-88	8.0	45.3	43.7	0.348	15.0	18.3	17.3
1990-91	5.7	45.0	49.3	0.407	18.6	23.6	22.1
1992-93	6.2	45.6	48.2	0.41	15.5	23.4	22.4
1996-97	7.0	43.6	49.4	0.40	27.0	32.0	31.0
1998-99	6.6*	45.6*	47.8*	0.40*	25.9	34.8	32.6
1999-00	n.a	n.a	n.a	n.a	n.a	n.a	35.9*
2000-01	n.a	n.a	n.a	n.a	n.a	n.a	38.0*

Sources: Pakistan Economic Survey (various issues)
        *SPDC ISPM Model estimates

64 to about 7-8 per cent between 1966-67 and 1987-88, and then settled back to about 6 per cent thereafter. The Gini coefficient, too, declined from 0.386 in 1963-64 to 0.348 in 1987-88 and then rose again to 0.4 in 1998-99.

There has been a range of opinion which places the responsibility for the deterioration in the economic situation over the 1990s on governance failure. There have, however, been no documented evidence or formal analyses that establish the link between poor governance and poor economic performance. An alternative view is that the adverse trends in economic indicators are the result of policy failure. This chapter looks at the elements of policy failure from the perspective of the poor.

The policy analysis begins from 1988-89, a year which constitutes a watershed in Pakistan's economic history. Not only was it the year the country adopted the International Monetary Fund's (IMFs) Structural Adjustment Programme, followed by a range of neo-liberal policy shifts, it was also the year the country made the transition from military to civilian rule. To begin with, severe underlying economic imbalances created in the decade prior to 1988 were inherited, and these began to surface over the 1990s.

The Structural Adjustment Programme required the slashing of the budget deficit and the current account deficit as well as a range of sectoral reforms. The liberalization of the financial sector in 1991 and the wholesale privatization of state owned industrial enterprises in 1992, accompanied by massive worker lay-offs, comprised important milestones in the reform programme

There were, indeed, accumulated structural problems in the economy which demanded reform. The reform balance sheet had its benefits and its costs: the costs could, perhaps, have been minimized had an appropriate pro-poor policy package been designed. Unfortunately, however, this was not the case. Consequently, the poor have borne not only the major brunt of the adjustment but also of the policy responses.

Poverty remains visible on the streets.

Adverse trends in economic indicators are the result of policy failure.

The impact has been twofold: first, the deprivation level of the already poor has deepened and second, millions more have been pushed below the poverty line. This has added to the already burgeoning army of the poor. The plight of the poor was not ordained. If the shocks were exogenous, their policy responses were not. Further impoverishment of the poor would have been avoidable if pro-poor policy responses had been made.

STATE OF THE ECONOMY: 1988

It is pertinent to take into account the state of the economy as it existed in 1988, since the management of the domestic economy in the decade prior to 1988 had created a situation that was ripe for crises. While that decade saw high GDP growth rates and a consequent reduction in poverty, this phenomenon was largely debt financed. This was partly a result of the maturing of several long-gestation projects, e.g., the steel mill initiated in the earlier decade.

An examination of public finance indicators between 1972-73, 1976-77 and 1987-88, as presented in **tables 2.2 and 2.3**, shows that during 1973-77, growth in revenue was higher at 6.9 per cent than growth in current expenditure at 4.1 per cent. In contrast, the situation reversed during the decade 1977-88, with growth in current expenditure being higher at 11.8 per cent than growth in revenue at 9.3 per cent. With respect to development expenditure, growth collapsed from 20.4 per cent during 1973-77 to 2.7 per cent during 1977-88. Consequently, growth in

TABLE 2.2 TRENDS IN FISCAL / ECONOMIC INDICATORS

Years	G R O W T H I N			
	Revenue	Current Expenditure	Development Expenditure	Gross Fixed Capital Formation
1973-77	6.9	4.1	20.4	18.0
1977-88	9.3	11.8	2.7	5.6
1998-99	3.6	3.2	3.7	2.5
2000-01	1.4	4.5	0.6	1.2

Source: Pakistan Economic Survey (various issues)

TABLE 2.3 TRENDS IN DEBT SERVICING STATUS

Years	% of Revenue	% of GDP
1972-73	14.2	1.8
1976-77	11.3	1.9
1987-88	24.2	4.4
1998-99	39.5	6.8
2000-01	42.3	6.8

Source: Pakistan Economic Survey (various issues)

Poor women wait outside a restaurant for food handouts.

Gross Fixed Capital Formation (GFCF) declined from 18 per cent during 1973-77 to 5.6 per cent during 1977-88. Not surprisingly, the year 1988-89 commenced with a budget deficit/ Gross Domestic Product (GDP) ratio of nearly 8 per cent, current account/GDP ratio of 4.4 per cent and foreign exchange reserves of less than US$500 million.

The shift of expenditure priority from development to current heads during the pre-1988 decade resulted in the fact that the succeeding decade did not inherit newly created income-generating assets. At the same time, however, given that the increase in current expenditure was financed largely out of debt, enhanced liabilities were created for the post-1988 period. This is evident **(see chart 2.3)** from the fact that debt servicing as a percentage of revenue fell from 14.2 per cent in 1972-73 to 11.3 per cent in 1976-77; it then more than doubled to 24.2 per cent by 1987-88.

CHART 2.3	DEBT SERVICING AS % OF REVENUE
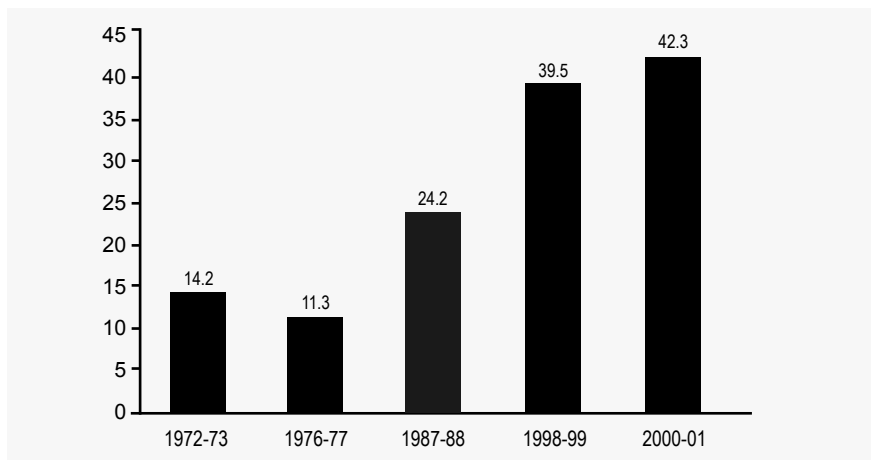
Source: Pakistan Economic Survey (various issues)

In terms of the percentage of GDP, the debt-servicing burden remained constant at less than 2 per cent between 1972-73 and 1976-77, and then more than doubled to 4.4 per cent by 1987-88. Further deterioration in the debt-servicing situation occurred again in 1991-92 following the financial liberalization of the economy **(see chart 2.4)**.

CHART 2.4   DEBT SERVICING AS % OF GDP
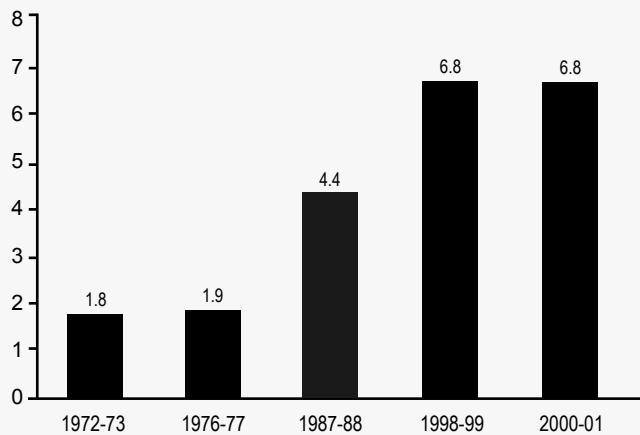
Source: Pakistan Economic Survey (various issues)

■ STATE OF THE ECONOMY: 1988-2001

The policy package implemented over nearly a decade and a half can also be called the stabilization package. This is on account of the preponderant weight accorded to stabilization objectives at the expense of growth objectives. The impact of the stabilization policies has been the most significant and sustained. At one level, stabilization and growth are not mutually exclusive. After all, growth cannot be sustained if stabilization aspects of the economy are sacrificed. However, the nature of the policy response in terms of the implementation of stabilization objectives does appear to have effectively rendered them more or less mutually exclusive. An analysis of macroeconomic and fiscal developments substantiates the point. The analysis leans more towards the role of fiscal policy as opposed to that of monetary or exchange rate policy. This is because exploratory analysis has shown the direct relationship of the latter to unemployment and poverty to be weak. The result confirms earlier literature, which records the weak causal relationship from monetary policy to GDP growth.

The analysis is based on SPDCs Integrated Social Policy and Macroeconomic (ISPM) Model for Pakistan **(see appendix A.3.1)**. This approach enables the analysis to capture the direct as well as the feedback effects of changes in a particular variable.

Education for the rural poor leaves much to be desired.

Trends in Macroeconomic Variables

The most significant aspect of the economic policies pursued under various governments and administrations since 1988 is their continuity. The set of policies has remained the same, except that there has been greater vigour in its implementation since 1999. However, the results have varied in different periods **(see chart 2.5)**. An examination of key indicators in terms of annual averages over four periods - 1978-88, 1989-99, 1999-2000 and 2000-01 - shows that over the decade 1989-99 growth objectives were sacrificed without achieving stabilization objectives. Over 1999-2000 and 2000-01, however, stabilization objectives were achieved, but at the cost of suppressing growth even further.

| CHART 2.5 | TRENDS IN GDP GROWTH, CURRENT ACCOUNT GAP AND BUDGET DEFICIT |
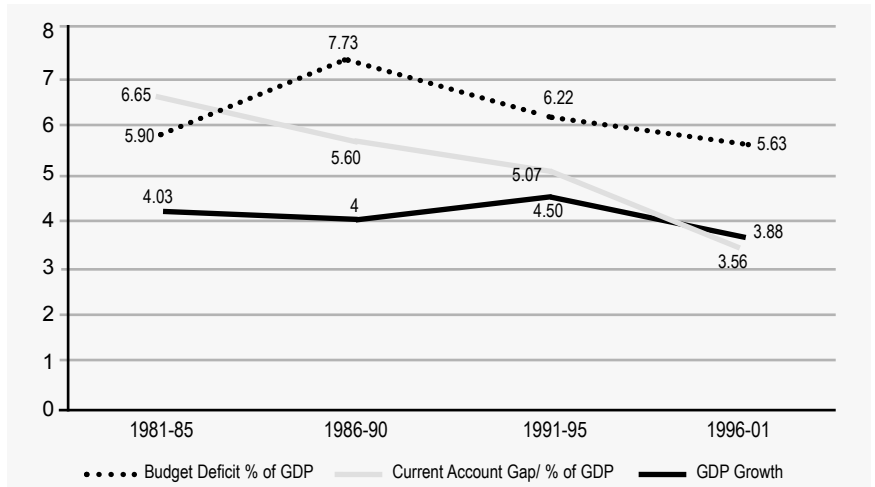
Source: Pakistan Economic Survey (various issues)

Over 1999-2000 and 2000-01, stabilization objectives were achieved, but at the cost of suppressing growth even further.

20

TABLE 2.4				PERFORMANCE OF STABILIZATION INDICATORS	
	1977-78 to 1987-88	**1988-89 to 1998-99**	**1999-00 to 2000-01**	**1999-00**	**2000-01**
Budget Deficit (% of GDP)	6.9	6.1	6.0	6.5	5.4
Total Revenue (% of GDP)	18.3	19.3	17.5	17.6	17.3
Public Expenditures (% of GDP)	28.1	28.0	26.5	27.1	26.0
Current Account Deficit (% of GDP)	4.1	4.8	1.5	1.9	1.1
Growth Rate of Money Supply	16.3	15.3	7.1	9.4	4.9
Inflation Rate	7.5	9.9	4.7	3.8	5.4
Depreciation of Nominal Exchange Rate	5.7	10.1	7.0	3.4	10.6

Source: Pakistan Economic Survey (various issues)

Table 2.4 shows that stabilization variables changed only slightly - improved or actually worsened - in the post-1988 decade relative to the pre-1988 decade. A comparison of various stabilization and growth variables over the two decades shows that the budget deficit/GDP declined marginally from 6.9 per cent to 6.1 per cent. This modest achievement was on account of the equally modest one percentage point growth in revenue/GDP and constancy in expenditure share. Current account gap/GDP actually increased from 4.1 per cent to 4.8 per cent per annum. Money supply growth declined by one percentage point, but inflation increased by about 1.5 per cent.

The cost in terms of growth objectives was paid nevertheless, as indicated in **table 2.5**. Despite a significant improvement in domestic savings/GDP from 9.2 per cent to 15.7 per cent, public investment/GDP fell from 10.3 per cent to 8 per cent over the two decades. GDP growth declined from 6.7 per cent to 4.1 per cent, with manufacturing growth decelerating from 9.2 per cent to 4.2 per cent. Growth in tertiary sectors declined from 7.3 per cent to 4.6 per cent. The only redeeming feature in this otherwise bleak scenario was agriculture, where growth increased from 4 per cent to 4.5 per cent, prior to the extension of the General Sales Tax (GST) to the agriculture sector this year. Growth in exports and imports decelerated from 10.7 per cent to 4.7 per cent and from 5.3 per cent to 3.9 per cent, respectively. Low GDP growth implied that, despite lower growth in debt servicing from 24.1 per cent to 19.5 per cent, debt servicing/GDP rose from 2.8 per cent to 5.7 per cent over the two decades.

TABLE 2.5	PERFORMANCE OF GROWTH INDICATORS				
	1977-78 to 1987-88	1988-89 to 1998-99	1999-00 to 2000-01	1999-00	2000-01
GDP Growth Rate	6.9	4.1	3.9	4.4	3.3
Agriculture	4.0	4.5	1.8	6.1	-2.5
Manufacturing	9.2	4.2	4.4	1.8	7.0
Tertiary Sectors	7.3	4.6	3.5	3.5	3.5
Domestic Savings (% of GDP)	9.2	15.7	14.9	14.9	14.9
Fixed Investment (% of GDP)	18.3	16.3	13.5	13.7	13.3
Public Investment (% of GDP)	10.3	8.3	5.9	5.9	6.0
Private Investment (% of GDP)	8.0	8.3	7.6	7.9	7.3
Growth in Foreign Direct Investment (US $ Million)	-	16.0	-3.2	25.0	-31.4
Saving-Investment Gap to GDP Ratio	n.a.	-4.9	-1.9	-1.9	-2.0
Growth Rate of Export of Goods	10.7	4.7	14.7	14.1	15.2
Growth Rate of Import of Goods	5.3	3.9	0.4	-1.2	2.0
Growth in Total Debt Servicing	24.1	19.5	10.4	27.1	-6.3
Total Debt Servicing as % of GDP	2.8	5.7	7.4	7.9	6.8

Sources: Pakistan Economic Survey (various issues)
Annual Report SBP

From 1999 onwards, the stabilization policy was pursued with renewed commitment and measurable success. By 2000-01, all stabilization targets appeared to have been met. Budgeted deficit/GDP has declined significantly to 5.4 per cent. This has been achieved despite a 2 per cent decrease in revenues/GDP, compensated for, however, by a 2 per cent reduction in expenditure/GDP. The major burden of expenditure reduction has fallen on public investment, which has declined to 6 per cent **(see chart 2.6)**. The current account gap/GDP has been reduced substantially to 1.1 per cent. Growth in money supply has been brought down to 4.9 per cent - one-third of the average post-1988 decade - and inflation down to nearly half at 5.4 per cent.

CHART 2.6	TRENDS IN PUBLIC INVESTMENT AND UNEMPLOYMENT

Source: Pakistan Economic Survey (various issues)
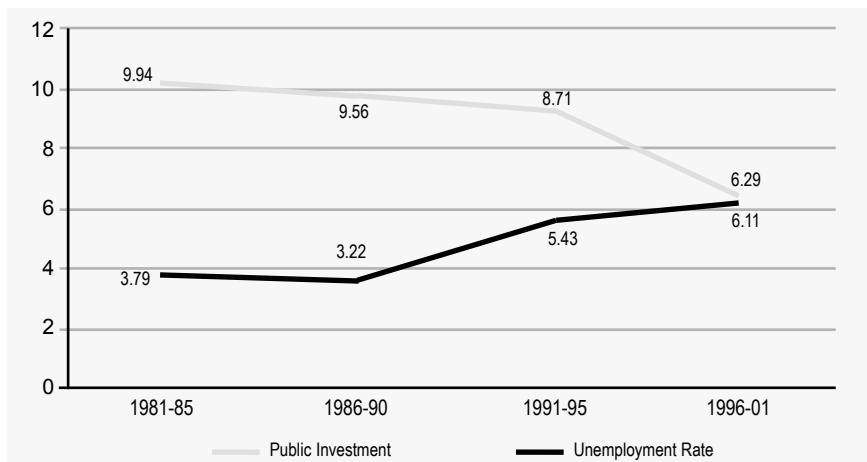
From 1999 onwards, the stabilization policy was pursued with renewed commitment and measurable success.

Success, however, appears to have been achieved at the cost of even greater suppression of growth targets. Over the two years since 1999, public investment/GDP has declined further to 5.9 per cent and GDP growth has diminished to 3.9 per cent. Manufacturing growth has remained constant, however; it was 1.8 per cent in 1999-00 and 7.0 per cent in 2000-01. Growth in the tertiary sectors has declined to 3.5 per cent, while growth in agriculture has plummeted to 1.8 per cent. The poor agricultural performance is the result of the drought in 2000-01, which caused the sector to post negative growth of 2.5 per cent. Domestic savings/GDP and private investment/GDP have shown some decline. Foreign direct investment (FDI), which had shown a 16 per cent growth during the post-1988 decade, has shown negative growth of 3.2 per cent. There is, however, considerable volatility here. FDI growth was 25 per cent in 1999-00, but showed negative growth of 31.4 per cent in 2000-01. Growth in exports further rose 3-fold, but growth in imports actually went down by 1.9 per cent in 1999-00 and then recovered somewhat to 2 per cent in 2000-01. Lower GDP growth has implied that, despite substantially lower growth in debt servicing, and negative growth of 6.3 per cent in 2000-01, debt servicing/GDP has risen to about 7-8 per cent.

The policy of pursuing stabilization at the cost of growth in unemployment and poverty has been socially damaging **(see chart 2.7)**.

CHART 2.7 TRENDS IN GDP GROWTH AND UNEMPLOYMENT
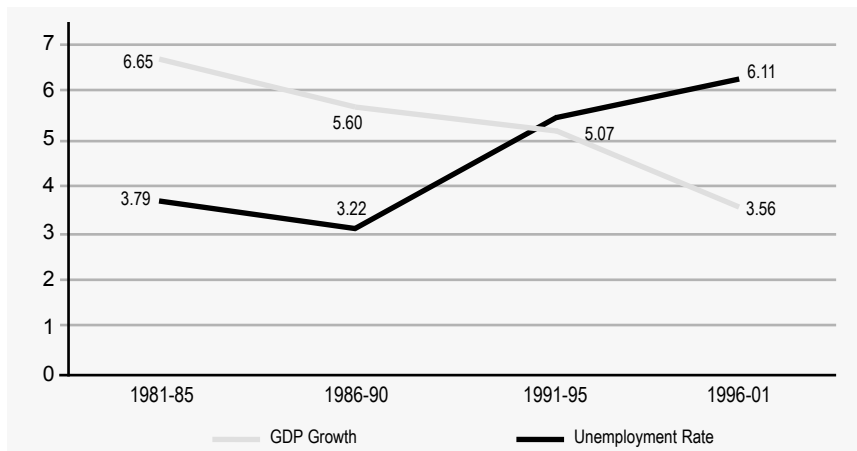
Source: Pakistan Economic Survey (various issues)

The unemployment rate, which increased from an average of 3.5 per cent during 1981-1990 to 5.7 per cent during 1991-2000, went up further to 6.7 per cent in 2000-01 **(see table 2.6)**. Official statistics, as presented in the Pakistan Economic Survey (Statistical Supplement) for the year 2000-01, actually report unemployment in 2000-01 to be higher at 7.8 per cent. Consequently, the percentage of the population below the poverty line, which had fallen from 31 per cent in 1979 to 17 per cent in 1988, rose again to 33 per cent in 1999. It has further increased to 38 per cent in 2001. It appears that during the two years since 1999, about 350,000 people have been rendered unemployed and about 7 million people have fallen below the poverty line.

TABLE 2.6   AVERAGE TRENDS IN UNEMPLOYMENT

Years	Unemployment
1980 - 1990	3.5
1991 - 1995	5.4
1996 - 2000	6.0
1991 - 2000	5.7
1999 - 2000	6.2
2000 - 2001	6.7

Source: Pakistan Economic Survey (various issues)
SPDC estimates

Trends in fiscal variables

The second aspect of continuity is the persistence of a contractionary fiscal policy. All the budgets in the last decade, including those for 2000-01 and 2001-02, have continued to target the lowering of the fiscal deficit through additional revenue mobilization and cuts in development expenditure. This path has been pursued despite the standard textbook fact that when an economy falls into a recession, a contractionary fiscal policy is not advisable. An expansionary fiscal policy, which is called for to combat recessionary tendencies, can be achieved through a reduction in the amount of taxes to be paid by domestic producers or consumers and/or through an increase in development and welfare related government expenditures.

Table 2.7 shows the trends in fiscal policy since 1987-88 carried up to 2001-02 **(see chart 2.8)**. The growth rate of GDP has, on the one hand, declined from 6.4 per cent in 1988 to 2.6 per cent in 2000-01; the average growth over the entire 1988-2001 period was 4.5 per cent. On

TABLE 2.7   TRENDS IN FISCAL AND REAL VARIABLES

Years	Growth rate of						
	GDP	Total taxes	Direct taxes	Indirect taxes	Sales taxes	Import duties	Development expenditure/ GDP
1987-88	6.4	19.4	16.4	19.8	43.9	23.6	5.0
1988-89	4.8	19.4	15.5	20.0	70.7	12.9	15.5
1989-90	4.6	10.8	18.0	9.8	38.4	14.2	3.1
1990-91	5.6	13.7	21.3	12.5	3.2	9.7	4.0
1991-92	7.7	19.0	35.1	16.2	7.5	15.5	5.8
1992-93	2.3	9.5	33.3	4.6	11.5	5.0	20.2
1993-94	4.5	19.3	30.9	16.3	33.9	3.6	9.6
1994-95	5.2	18.4	23.1	17.0	34.0	19.1	7.9
1995-96	6.8	16.7	29.7	12.6	16.4	7.6	6.1
1996-97	1.9	8.1	17.0	5.0	11.9	4.7	15.0
1997-98	2.0	10.8	15.7	8.9	3.4	5.2	3.7
1998-99	4.2	10.6	10.0	10.9	34.3	22.1	5.3
1999-00	3.9	1.9	2.0	3.5	65.2	5.7	3.9
2000-01	2.6	13.2	22.0	9.7	29.8	0.3	10.2
Average Growth	4.5	13.6	20.4	11.9	28.4	6.0	6.4

Sources: Pakistan Economic Survey (various issues)
Federal Budget in Brief (various issues)

The average growth over the entire 1988-2001 period was 4.5 per cent.

CHART 2.8   **AVERAGE GROWTH (1987-88 TO 2000-01)**
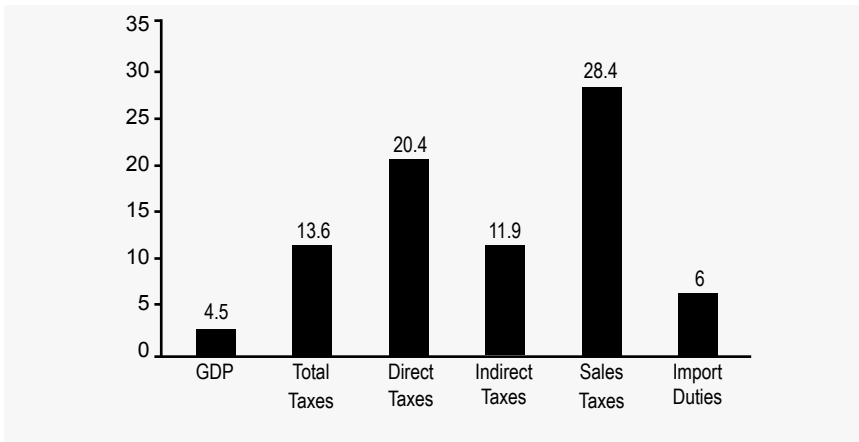
Source: Fifty Years of Pakistan in Statistics
             Pakistan Economic Survey (various issues)

the other hand, total tax revenue has grown at an average of 13.6 per cent per annum. Direct taxes have grown at 20.4 per cent and indirect taxes at 11.9 per cent. While the higher growth of direct taxes relative to indirect taxes is a positive development in itself, the direct-indirect tax distinction has become considerably blurred, particularly since the 1990s. Currently, 67 per cent of direct taxes are collected in the form of withholding taxes and 54 per cent of withholding taxes are essentially indirect in nature, i.e., they can be passed on to the consumer. Nevertheless, such a high growth rate of taxes relative to GDP growth is inadvisable in a recessionary period.

Skilled but unemployed.

**CHART 2.9   TRENDS IN SALES TAX AND IMPORT DUTY/
% OF TOTAL TAXES**
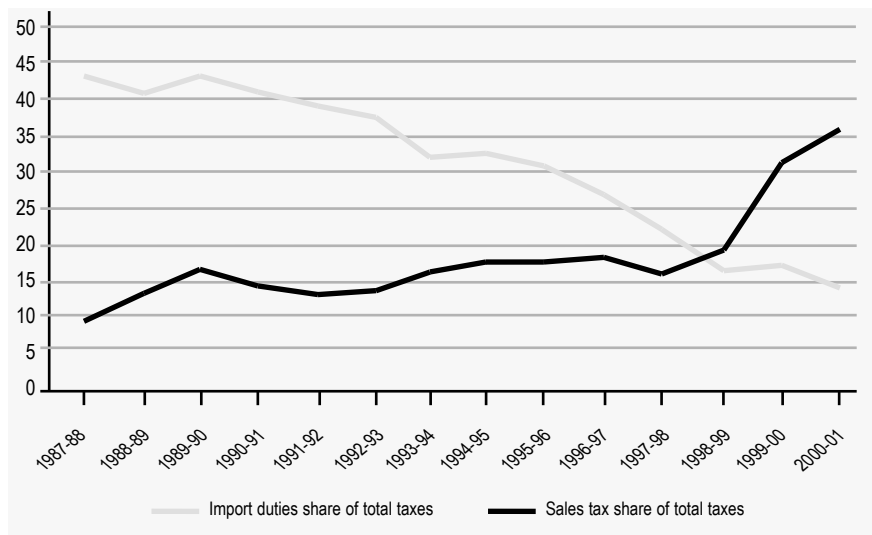
Source: Pakistan Economic Survey (various issues)

With regard to indirect taxes **(see chart 2.9)**, while sales taxes have increased at an average of 28.4 per cent, import duties have increased by only 6 per cent. The growing importance of sales taxes can be discerned from the fact that the contribution of sales taxes to total taxes has increased from 10.8 per cent in 1987-88 to 38.3 per cent in 2000-01. Correspondingly, the decline in importance of import duties as a revenue source can be seen from the fact that their contribution to total taxes has fallen from 50.4 per cent in 1987-88 to 15.9 per cent in 2000-01.

At the same time, the share of development expenditure in GDP over the period 1988-2001 has on average declined by 6.4 per cent; the fall in 2000-01 was as high as 10.2 per cent. Given the direct relationship between development expenditure and investment, the contraction of development expenditure has contributed to the decline in fixed investment to GDP ratio and to the weakening of domestic aggregate demand.

The change in relative tax shares effectively amounts to a shift of the tax burden from imports to domestic production and, by implication, discriminates against domestic producers relative to competing imports.

IMPACT ON THE MANUFACTURING SECTOR

The manufacturing sector is one of the two legs on which the commodity-producing edifice of the economy stands. During the first four decades, this sector enjoyed a substantial rate of effective protection through high import duties and low domestic taxes. Not unexpectedly, manufacturing growth was rapid but cost-inefficient and, as a result, uncompetitive internationally. Beginning in the 1970s, a large state enterprise sector emerged, with several enterprises suffering from endemic problems of inefficiency and unprofitability. This caused a drain on the federal budget, and led to acceptance of the imperative for reform.

TABLE 2.8   TRENDS IN MANUFACTURING PRODUCTION COST COMPONENTS

Years	Maximum import duty rate (%)	Effective import duty rate (%)	Share of import duty in total taxes (%)	Share of sales tax in total taxes (%)	Electricity (Fixed/ minimum Rs. per kwh)	Electricity (Energy charges Rs. per kwh)	Gas (Rs. per 000 cu. ft.)	High Speed diesel (Rs. per litre)	Wholesale General Price Index (19990-91 = 100)
1987-88	150	38.4	43.0	9.2	66.0	0.62	47.45	3.85	76.1
1988-89	125	34.5	40.6	13.2	73.5	0.69	47.45	3.85	83.4
1989-90	125	36.2	41.9	16.5	90.0	0.84	47.45	3.85	89.5
1990-91	125	34.1	40.4	14.9	97.5	0.92	54.57	5.65	100.0
1991-92	95	30.3	39.2	13.5	97.5	0.92	54.57	5.05	109.8
1992-93	90	27.7	37.6	13.7	97.5	0.92	54.57	5.84	117.9
1993-94	80	28.9	32.7	15.4	97.5	1.92	67.77	6.12	137.3
1994-95	70	26.9	32.9	17.4	124.5	2.92	84.05	6.44	159.2
1995-96	65	24.9	30.3	17.4	124.5	2.92	89.09	7.91	176.9
1996-97	65	21.1	26.7	18.0	124.5	3.50	102.46	9.97	199.9
1997-98	45	20.1	22.8	15.7	124.5	4.04	102.46	9.66	213.1
1998-99	45	19.2	16.1	19.1	224.5	3.47	102.46	11.07	226.6
1999-2000	35	16.3	16.7	30.9	224.5	3.47	138.00	15.43	230.6
2000-2001	35	13.3	14.1	35.4	224.5	3.68	157.87	17.09	244.7
Average Growth Rate	-10.6	-8.1	-8.2	10.9	9.9	14.7	9.7	12.1	9.4

Sources: Economic Survey (various issues)
Energy Year Book (various issues)

The adoption of the Structural Adjustment Programme in 1988, along with its concomitant conditionalities, provided the path for reform. Unfortunately, however, the pace of reform failed to take account of the impact the reform measures would have on the manufacturing sector, in particular, and on the economy in general.

The most rapid dismantling of the 'old' economic regime occurred in the import duty and sales tax structure **(see table 2.8)**. Within five years, the maximum tariff rate declined 55 percentage points from 150 per cent in 1988 to 95 per cent in 1992, reducing the effective import duty rate from 38.4 per cent to 30.3 per cent. By 2001, the maximum tariff rate dropped further to 35 per cent - about one-fifth of the 1988 level - and the effective duty rate to 13 per cent - about one third of the 1988 level.

Correspondingly, the sales tax net on domestic manufacturers expanded nearly four-fold from 197 items in 1987-88 to 747 items in 1997-98 and further to 847 items by 2002. Consequently, the share of import duty in total tax revenue has fallen from 43 per cent to 14.7 per cent and the share of sales taxes has increased from 9.2 per cent to 35.4 per cent between 1987-88 and 2000-01.

The change in relative tax shares effectively amounts to a shift of the tax burden from imports to domestic production and, by implication, discriminates against domestic producers relative to competing imports. Two points in theory, implicit here, should be clarified. The first is that the general sales tax is not a tax on production and that it is levied equally on domestic output as well as on imports. However, there can be substantial

distance between theory and practice. To begin with, the transaction costs of the sales tax regime ensure that the shift of the tax burden down the production chain up to the final consumer is not without cost. Maintaining detailed accounts of tax deductions and payments for refund claims entails additional establishment costs for manufacturers. The process of obtaining refunds is time consuming and involves the opportunity cost of capital (tax amounts awaiting refund), the cost of management time, speed money, etc. Small producers and suppliers simply cannot afford the transaction costs of recording and reporting tax deductions and receipts, and of claiming and obtaining refunds. They find it more convenient to simply add the amount to the price tag. All these costs add to the unit cost of production and price, and reduce demand and sales. Furthermore, the documentation process at the import stage makes it easier to file and obtain refund claims (thus reducing transaction costs) in the case of imports than in the case of domestic production.

In addition to the costs imposed by the tax regime, direct manufacturing costs have also continued to push upwards. Gas prices for industry have more than tripled from Rs. 47.45 to Rs. 157.87 per thousand cubic feet (Cu.Ft.) between 1987-88 and 2000-01. The average high speed diesel per litre price increased 4-fold from Rs. 3.85 in 1987-88 to Rs. 9.66 in 1997-98 and further to Rs. 15.26 in 2001. In addition, the average electricity rate for industrial consumers increased 6-fold from Rs. 0.62 to Rs. 3.68 per kilowatt-hour (Kwh) between 1987-88 and 2000-01. By way of comparison, the wholesale price index (WPI) increased 3-fold from 76.1 in 1987-88 to 233.0 in 2000-01, indicating that manufacturing costs rose at a rate higher than that of the general price level.

These factors have tended to impact negatively on the manufacturing sector, which might have had the capacity to absorb these additional costs had effective market demand been strong. Unfortunately, however, the period in which the sales tax net was imposed and extended has coincided with the economy being on a sustained low-growth

Many children have to supplement the family income.

Luxury housing and homelessness are often side by side.

recessionary path, thus depressing consumer purchasing power. Under the circumstances, the slapping on of a consumption tax likely resulted in a decline in demand and sales, and consequently, to cutbacks in production. The impact on unemployment and poverty is an obvious consequence.

The Structural Adjustment Programme and the policy responses vis-à-vis the manufacturing sector have (1) led to the enhancement of production costs through increases in utility and gasoline prices, and of transaction costs of the sales tax regime; (2) subjected the sector to unprecedented competition through substantial reduction of import tariffs; and (3) dampened purchasing power through harsh stabilization policies. It appears that the Programme, while designed to improve the competitiveness of the manufacturing sector, has perhaps tended to drive it back to the realm of uncompetitiveness.

BEHIND THE AGGREGATES: 1999-2001

Policy makers have, over the post-1999 period, generally succeeded in reducing the budget deficit, current account deficit, savings deficit and rate of inflation. As a percentage of GDP, the budget deficit is down to 5.4 per cent, the current account deficit is down to 1.1 per cent, and the savings deficit is down to 2 per cent. The rate of inflation is down to 5.4 per cent.

How these targets have been achieved raises interesting questions. A pro-poor policy response would have (1) lowered the budget deficit by raising revenues through direct taxation and curtailing current expenditures; (2) lowered the current account deficit by measures to raise exports; (3) lowered the savings deficit by raising savings; and (4) lowered inflation by controlling cost-push factors **(see box 2.1)**. Unfortunately, the actual policy response has been the opposite.

BOX 2.1

POLICY OPTIONS: HELPING OR HURTING THE POOR

Reduction of the budget deficit, current account deficit, savings deficit, or the rate of inflation are all laudable macroeconomic stabilization objectives. However, the way in which these targets are achieved has different distributional implications. There exists a range of policy options to achieve given ends, some of which are pro-poor and others which are not.

For example, raising revenues or reducing expenditures can lower the budget deficit. Revenues can be raised through direct taxation or through indirect taxation: the former impacts the rich, while the latter largely impacts the poor. Expenditure reduction can be attained through cuts in current expenditure or through cuts in development expenditure. The former impacts on existing employment, while the latter impacts on employment generation. However, while development expenditure is likely to create assets and a future stream of income, current expenditure is likely to be consumptive. Generally, labour productivity in employment, generated through development expenditure, is likely to be higher in employment generated through current expenditure. Thus, while employment on account of development expenditure may be productive, employment on account of current expenditure may be non-productive. As such, switching expenditure from current to development heads may increase employment and incomes, and reduce poverty in the future.

The current account deficit can be lowered through changes in both the trade and non-trade related categories. With respect to trade categories, the current account deficit may be reduced on account of

higher export receipts or lower import payments. The changes may be the result of an increase in the value or volume of exports or a decrease in the value or volume of imports.

Higher export receipts on account of higher value of exports are likely to accrue more foreign exchange for the same level of output, as well as enhancing incomes for exporters and generating growth. Higher export volume is likely to generate more output and employment, leading to higher income. Lower import volumes, at Pakistan's current level of development, are likely to be reflective of recessionary tendencies, i.e., a slow-down in economic activity, and impact adversely on employment, income and growth.

With respect to non-trade categories, the current account deficit may be reduced through lower debt servicing on account of debt retirement or write-offs or rescheduling. Lower debt servicing on account of debt retirement or write-offs releases resources for investment or consumption without future liabilities, while debt rescheduling transfers liabilities to future generations. This liability can be neutralized if the resources released are employed for the creation of income generating assets.

The savings deficit can be lowered through an increase in savings or decrease in investment. The increase in savings can be employed to finance investment, which is likely to generate employment and income. To the extent that the increased output is exported, there is a positive impact on the current account. A decrease in investment reduces output, employment and income. The contraction in output may also impact adversely

on exports and on overall growth.

Inflation can be lowered through controlling cost-push or demand-pull factors. The former involves intervening on the supply side and reducing the cost of production, which tends to enhance product competitiveness The latter involves intervening on the demand side by curtailing both purchasing power and consumption. Where consumption levels are already below subsistence standards, further reductions can have adverse effects on nutrition and health, as well as on social stability.

Two instances can be cited as to whether a policy response is pro-poor or otherwise. The Pakistan economy faced a major challenge in the aftermath of the nuclear tests and the ensuing sanctions. A series of policy responses were contemplated. Policy makers proved to be sensitive to the impacts on the poor and, while the poor were a target, the negative effects were minimized. For example, in response to the slide of the rupee in the foreign exchange market, a dual or multiple exchange rate regime was adopted during the peak period of the crisis. The move was not sanctioned by the IMF, but was risked nevertheless to protect consumer prices of essential imports like petroleum oil and lubricants (POL), pharmaceutical products, edible oils, pulses, etc. In contrast, present day policy makers have tended to bow to international creditor pressure and have followed an implicit policy of exchange rate depreciation without sufficient consideration of the impact on essential commodity prices or accompanying measures to protect the poor. An indicator of such insensitivity is the slapping on of a sales tax on medicines.

How has the Budget Deficit been Reduced?

The year 2001-01 has seen a perceptible fall in the budget deficit/GDP to 5.4 per cent. It would be interesting to analyze the mechanism through which budget deficits are managed. Annual budgets project revenue receipts and expenditures for the year. Given that the projections are estimates, deviations are a normal feature. However, under-collection on the revenue front and/or over-spending on the expenditure front create a budget deficit over and above what may have been projected. This necessitates adjustments in one or more of the budget heads to reduce the deficit. **Table 2.9** quantifies the distribution of the burden of adjustment across budget heads over the period 1988-2001.

Columns 1 and 2 represent deviations of revenue and expenditure according to given budget estimates. They depict the respective contribution of revenue and expenditure in widening or narrowing the budget deficit, represented in Column 3. Columns 4 and 5 depict the distribution of the adjustment burden between current and development expenditures.

It can be seen that, in 1987-88 for example, revenue and expenditure exceeded budgeted targets by 14 per cent and 35.9 per cent, respectively,

TABLE 2.9   EX-POST DEVIATIONS IN BUDGET DEFICIT

| | DEVIATION IN | | | | |
Years	Total Revenue	Total Expenditure	Current Expenditure	Development Expenditure	Budget Deficit
1987-88	▲ 14.0	▲ -35.9	▲ -42.5	▼ 6.6	21.9
1988-89	▼ -28.0	▲ -47.1	▲ -68.5	▼ 2.14	75.1
1989-90	▲ 71.7	▲ -71.9	▲ -71.1	▲ -0.7	0.2
1990-91	▼ -53.6	▲ -46.4	▲ -39.1	▲ -7.4	100.0
1991-92	▼ -39.2	▲ -55.1	▲ -18.7	▲ -36.4	94.3
1992-93	▼ -53.9	▲ -42.7	▲ -34.1	▲ -8.7	96.6
1993-94	▼ -100.0	▼ 64.5	▼ 44.4	▼ 20.0	35.5
1994-95	▼ -100.0	▼ 19.0	▼ 0.5	▼ 18.5	81.0
1995-96	▼ -16.4	▲ -61.0	▲ -67.0	▼ 6.0	77.4
1996-97	▼ -100.0	▼ 33.4	▼ 10.4	▼ 23.0	66.6
1997-98	▼ -57.0	▲ -43.0	▲ -17.9	▲ -25.0	100.0
1998-99	▼ -100.0	▼ 33.8	▼ 11.1	▼ 22.6	66.2
1999-00	▲ 30.6	▲ -59.7	▲ -78.9	▼ 19.2	29.2
2000-01	▼ -24.9	▼ 25.4	▲ -33.4	▼ 58.8	-0.4
Average	▼ -39.8	▲ -20.5	▲ -28.9	▼ 8.4	60.3

Source: Pakistan Economic Survey (various issues)

resulting in the increase in the projected budget deficit by 21.9 per cent. There are two years, 1989-90 and 2000-01, when the budget deficit target specified in the budget was achieved. In 1989-90, the increase in revenues was cancelled out by an equal increase in expenditures, resulting in no change in the projected budget deficit. In 2000-01, the revenue shortfall was matched by an equivalent decrease in expenditure.

The data highlights the fact that revenue shortfalls, current expenditure over-runs and cuts in development expenditure have been the norm. In two-thirds to three-fourths of the years between 1988 and 2001, revenue targets have failed to be met and current expenditure has exceeded budgeted allocations. The burden of adjustment, in this respect, has fallen on development expenditure, which has suffered repeated and, in some years, heavy declines. The cuts in development expenditure have been sustained since 1998-99 and reached a historic record of nearly 60 per cent of budgeted allocations in 2000-01. Clearly, the major burden of managing budget deficits has been borne by development expenditure, particularly in the last three years.

The table also indicates the distribution of the burden of adjustment between current and development expenditure. For example, in the year 1987-88, the sum of under-collection of revenue and over expenditure totalled Rs. 21.3 billion. The share of the absorption of this additional deficit was (1) under-collection of direct taxes to the extent of 5.1 per cent; (2) over-collection of indirect taxes to the extent of 76.6 per cent; (3) under-collection of non-tax revenue to the extent of 57.5 per cent; (4) over-spending on current expenditure to the extent of 42.5 per cent; and (5) under-spending on development expenditure to the extent of 6.6 per cent. The residual of 21.9 per cent was absorbed as a budget deficit.

Similarly, in 1990-91, for example, the sum of under-collection of revenue and over-expenditure totalled Rs. 31.1 billion. The share of the absorption of this additional deficit was (1) over-collection of direct taxes to the extent of 3 per cent; (2) under-collection of indirect taxes to the

The major burden of managing budget deficits has been borne by development expenditures, particularly in the last 3 years.

Risking their lives to earn a living.

This is all poor children have to play with.

extent of 39.1 per cent; (3) under-collection of non-tax revenue to the extent of 17.5 per cent; (4) over-spending on current expenditure to the extent of 39.1 per cent; and (5) over-spending on development expenditure to the extent of 7.4 per cent. The addition to the deficit was absorbed by the budget deficit to the extent of 100 per cent.

The committed budget deficit target was achieved in two years, namely 1989-90 and 2000-01. In 1989-90, there was an under-collection of 28.1 per cent in tax revenue and over-spending of 71.1 per cent in current expenditure, while development expenditure remained on target. The cushion was provided by a nearly 100 per cent over-collection in non-tax revenue. In 2000-01 too, there was a 66.2 per cent under-collection in tax revenue and a 33.4 per cent over-spending in current expenditure. However, unlike 1989-90, the cushion was provided to the extent of 58.8 per cent by under-spending in development expenditure - the highest in the post-1988 period - and 41.2 per cent by over-collection in non-tax revenue.

A perusal of the 'behaviour' of the various budget heads over the period 1988-2001 shows that tax revenue has been under-collected in 12 out of 14 years and over-spending in current expenditure has occurred in 10 out of 14 years. Consequently, the brunt of the budget deficit targeting has been borne by development expenditure, which has been under-spent in 9 of 14 years.

An examination of development expenditure 'patterns' shows that there has been over-spending in development expenditure in 4 out of 14 years, particularly in 1991-92 and 1997-98. In 3 out of 4 years, enlarging the budget deficit absorbed the impact. However, under-expenditure has been the norm, with double digit under-expenditure in 7 out of 14 years: 1988-89, 1993-94, 1994-95, 1996-97, 1998-99, 1999-00, and 2000-01. The extent of under-expenditure in 2000-01 was unprecedented.

On average over the period 1988-2001, the share of the absorption of the additional deficit has been as follows: there has been (1) under-collection of direct taxes to the extent of 5 per cent; (2) under-collection of indirect taxes to the extent of 30 per cent; (3) under-collection of non-tax revenue to the extent of 4 per cent; (5) over-spending on current expenditure to the extent of 29 per cent; and (6) under-spending on development expenditure to the extent of 8 per cent. Up to 60 per cent of the additional deficit has been absorbed as budget deficit.

More recently, over 1999-2001, there has been (1) under-collection of direct taxes to the extent of 17.9 per cent; (2) under-collection of indirect taxes to the extent of 28.4 per cent; (3) under-collection of non-tax revenue to the extent of 47.1 per cent; (4) over-spending on current expenditure to the extent of 33.7 per cent; and (5) under-spending on development expenditure to the extent of 33.5 per cent. Up to 31.7 per cent of the additional deficit has been absorbed as budget deficit.

A comparison of the averages of the periods 1988-2001 and 1999-2001 shows that under-collection of direct taxes has more than tripled, under-collection of non-tax revenue has increased nearly 12-fold, over-spending on current expenditure has increased by about one-sixth, and under-spending on development expenditure has increased 4-fold. It appears that, of late, the burden of achieving the committed budget deficit target has increasingly been borne by development expenditure, with the concomitant costs to the poor in terms of foregone jobs and incomes.

How has the Current Account Deficit been Reduced?

Reducing the current account deficit has been the second objective of the stabilization policy. This target has been achieved most effectively, with the deficit reduced to 1.1 per cent in 2000-01.

A key factor in the improvement of the current account on the balance of payments front is kerb market purchases of foreign exchange. This emerged as a policy instrument in 1998-99 with purchases of US$ 0.5 million and peaked to US$2.2 million in 2000-01. Movements in balance of trade in the current are more indicative of the state of the real economy. An examination of trends in current account variables shows that the current account deficit reduction has been brought about less through export growth than through import contraction. **Table 2.10** shows that the rates of growth of exports and imports have both decelerated between 1999-00 and 2000-01.

TABLE 2.10	GROWTH RATE OF EXPORTS AND IMPORTS	
Years	**Exports**	**Imports**
1977-78 to 1987-88	14.4	10.3
1988-89 to 1998-99	5.6	4.3
1999-00 to 2000-01	8.8	6.7
1999-00	10.2	9.3
2001-01	7.4	4.1

Note: Growth rate at current prices in US$
Sources: Statistical Supplement (2000-01)
Pakistan Economic Survey (various issues)

The decline in import growth is significantly greater than in export growth.

However, the decline in import growth is significantly greater than in export growth. As indicated in **table 2.11**, import declines are concentrated in capital goods, which correspond to the decline in fixed investment. The conclusion can thus be drawn that the improvement in the current account gap has come about largely through import suppression, partly induced by stabilization policies.

TABLE 2.11   TRENDS IN FISCAL / ECONOMIC INDICATORS

| Fiscal Year | Capital Goods | Industrial Raw Material for | | Consumer Goods |
		Consumer	Capital	
1986-87	37	39	7	17
1987-88	36	43	7	14
1988-89	37	39	7	17
1989-90	33	41	7	19
1990-91	33	44	7	16
1991-92	42	38	7	13
1992-93	42	38	6	14
1993-94	38	43	6	13
1994-95	35	46	5	14
1995-96	35	45	6	14
1996-97	37	43	5	15
1997-98	32	45	5	18
1998-99	31	47	6	16
1999-00	26	54	6	14
2000-01	25	55	6	14

Sources: Statistical Supplement (2000-01)
          Pakistan Economic Survey (various issues)

The savings-investment gap between national savings and investment as a percentage of GDP has declined from 4.4 per cent in 1987-88 to 2 per cent in 2000-01. An examination of savings and investment trends in **table 2.12** shows that the reduction in the gap has been achieved more by a reduction of investment than by an increase in savings, measured as a percentage of GDP. It can be seen that savings and investment, as a percentage of GDP, have both declined; however, the decline in investment/GDP exceeds that in savings/GDP. The average annual rate of growth of savings/GDP during the pre-Structural Adjustment Programme period, 1980-88, was 1.3 per cent, while investment/GDP declined at 0.4 per cent. During the post-Programme decade, 1988-2001, savings/GDP declined at 0.3 per cent, while investment/GDP declined at 1.4 per cent. The period 1999-2001 has been particularly damaging, with savings/GDP declining at 3.1 per cent and investment declining at 4.3 per cent.

TABLE 2.12			TRENDS IN SAVINGS AND INVESTMENT		
Years	**Total Domestic Savings**	**Gross Total Investment**	**Saving (-) Investment**	**National Saving/ GDP**	**Investment/ GDP**	**Gap/ GDP**
1987-88	92,062	121,666	(29,604)	13.62	18.00	3.3
1988-89	108,398	145,570	(37,172)	14.08	18.91	4.8
1989-90	121,514	162,076	(40,562)	14.2	18.94	4.7
1990-91	144,773	193,446	(48,673)	14.19	18.95	4.8
1991-92	206,809	244,060	(37,251)	17.07	20.15	3.1
1992-93	182,004	277,744	(95,740)	13.57	20.07	7.1
1993-94	264,872	305,477	(59,272)	15.65	19.42	3.8
1994-95	269,872	346,508	(76,636)	14.34	18.41	4.1
1995-96	249,842	403,417	(153,575)	11.66	18.84	7.1
1996-97	286,074	435,134	(149,060)	11.78	17.92	6.1
1997-98	392,298	474,245	(81,947)	14.65	17.71	3.1
1998-99	343,703	457,357	(113,654)	11.7	15.56	3.9
1999-00	437,641	496,815	(59,174)	13.75	15.61	1.9
2000-01	441,019	509,337	(68,318)	12.7	14.67	2.0

Source: State Bank of Pakistan, Annual Report (various issues)

Facing the hardships of increasing food prices.

How has the Rate of Inflation been Reduced?

A question that has been frequently raised in Pakistan has been why the inflation rate is high. Ironically, the relevant question today is why the inflation rate is currently as low as 4-5 per cent and what impact it has on the poor **(see box 2.2)**. A key factor explaining the reduction in the rate of inflation is 'monetary' in character and, by and large, on account of a contractionary monetary policy. The rate of growth in money supply has declined sharply since 1999, largely on account of the lower monetization of the budget deficit and depressed demand for credit by the private sector.

The decomposition of the inflation rate, showing the sources of inflation, is presented in **table 2.13**. It can be seen that over 70 per cent of inflation is imported. Given the surge in international oil prices, this is understandable. Further decomposition, however, reveals that of the imported content of inflation (70.6 per cent), almost one-third is on account of the increase in the dollar value of oil and oil products, and over two thirds is on account of the massive and continuous depreciation of the rupee. More noteworthy is the fact that the contribution to inflation on account of real demand relative to real supply is zero. This confirms the presence of recession in the economy and the weakening of purchasing power. The route to achieving a stabilization objective is, however, a moot point **(see chart 2.10)**.

TABLE 2.13	DETERMINANTS OF CONTRIBUTION TO INFLATION: 2000-01	
Factors	**Coefficient**	**Share**
Indirect Taxes as Ratio of Nominal Manufacturing Value Added	-0.06	-1.1
Real Demand as Ratio of Real Supply	0.00	0.0
Money Supply as Ratio of Real GNP	0.73	13.2
Inflationary Expectations (Adaptive)	0.92	17.3
Unit Value Index of Imports	3.81	70.6
Total	5.40	100.0

Source: SPDC ISPM Model estimates

CHART 2.10	% SHARE OF INCOME (1996-97)

Inflationary Expectations (Adaptive) (17.3)

Depreciation Rupee (48.5)

Money Supply as Ratio of Real GNP (13.2)

Unit Value Index of Imports (70.6)

Real Demand as Ratio of Real Supply (0)

Indirect Taxes as Ratio of Nominal Value Added in Manufacturing (-1.1)

Change in Dollar value of Imports (2.21)
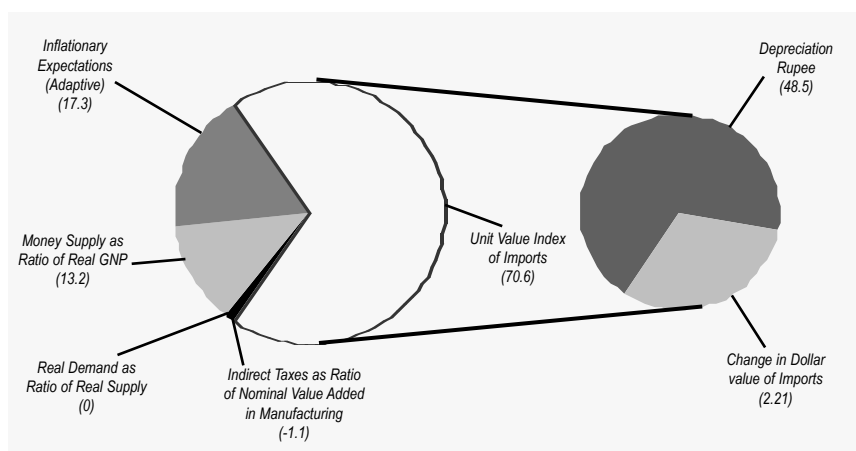
Source: Pakistan Economic Survey (various issues)

The contribution to inflation on account of real demand relative to real supply is zero.

BOX 2.2   WHY HAS LOW INFLATION NOT BENEFITTED THE POOR?

The single-minded pursuit of stabilization policies, particularly over the last two years, has succeeded in reducing the rate of inflation to 5.4 per cent in 2000-01. Generally, a lower rate of price increases should be beneficial for the poor, as it protects their real incomes. The fact that this has not been the case merits a somewhat detailed explanation.

Prices are determined by the combination of supply and demand factors. On the supply side, an escalation of production costs is likely to lower output and exert an upward pressure on prices. On the demand side, a contractionary monetary and fiscal policy is likely to curtail purchasing power, weaken market demand and exert a downward pressure on prices.

The situation in Pakistan during the last two years has been as follows. Enhancements in domestic taxes, and utility and gasoline prices as well as accelerated depreciation of the rupee, have raised production costs. These cost-push factors have tended to impact the commodity producing sectors in general, and the manufacturing sector in particular, rather adversely. Growth in output has dropped as indicated by the decline in the GDP growth rate to 3.9 per cent in 1999-00 and 2.6 per cent in 2000-01. This fall has exerted an upward pressure on prices.

At the same time, the contractionary monetary and fiscal policies, represented by sharply lower growth in money supply and sharp cuts in public investment, have tended to impact purchasing power negatively. The fall in purchasing power has reduced the 'demand-pull' element in inflation to zero, leading to lower price increases. In fact, growth in prices is entirely on account of cost-push factors. SPDC's ISPM Model simulations show that the combination of the cost and demand factors has led to a deceleration in output as well as prices. The fall in output growth is greater, resulting in a rise in unemployment.

While inflation is not the cause of poverty growth in an aggregate sense, price increases have been above average in several key items, impacting severely on the poor. **Table 2.14** documents the escalation in prices of selected essential commodities over 1981-01 and is self-explanatory. The principal element in poverty growth, however, appears to be unemployment related factors. Landlessness has grown in rural areas. The collapse of investment has closed avenues for employment generation. An indication of the collapse of investment can be seen in recent trends in private sector gross fixed capital formation in commodity producing sectors. **Table 2.15** shows that between 1995 and 2001 private investment in agriculture and large scale manufacturing has fallen by between 15 to 20 per cent, while it has been reduced by half in a labour intensive sector like construction. The slowdown in large-scale manufacturing has caused labour utilization to drop. The deceleration has impacted on downstream small-scale industries. There has been large-scale retrenchment of government and semi-government employees, and service sector organizations, including foreign banks, have laid-off staff.

Many of those who have been rendered unemployed have moved to lower wage opportunities in the informal services sector. The enhanced rate of entry into the information service sector has augmented labour supply, and with product demand remaining the same, average earnings have declined. Unemployment tends to take away income altogether. Further, low inflation is of little benefit to households that no longer command the same income and, cannot, therefore, be expected to be pleased with fact that the average price line is stable. Ironically, far from low inflation benefitting the poor, it is growth in poverty itself that is responsible for low inflation.

TABLE 2.14 PRICE TRENDS IN ESSENTIAL COMMODITIES

Years	Wheat flour	Sugar	Kerosene	Potato	Onion	Tomato
1980-81	1.77	10.95	1.57	2.6	1.89	4.82
1987-88	2.65	9.7	1.82	4.56	4.26	7.25
1994-95	5.78	13.74	3.65	6.32	7.76	18.22
1998-99	8.35	19.08	11.72	8.74	15.31	19.6
1999-00	8.92	21.11	13	9.38	6.85	15.25
2000-01	9.8	27.11	16.84	9.74	10.72	17.24

Note: Kerosene price is in litres, all other prices are in kilograms
Source: Economic Survey Statistical Supplement (2000-01)

TABLE 2.15 PRIVATE SECTOR GROSS FIXED CAPITAL FORMATION (GFCF) IN COMMODITY PRODUCING SECTORS

Sectors	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
PRIVATE SECTOR	48,554	52,833	57,009	61,396	52,222	54,897	52,961
1. Agriculture	7,332	6,421	5,330	5,377	6,483	7,736	6,300
2. Mining and Quarrying	515	638	632	1,358	1,685	1,438	1,419
3. Manufacturing	11,986	13,463	13,246	12,498	10,388	11,882	11,825
Large Scale	8,619	9,814	9,289	8,248	5,741	7,293	6,901
Small Scale	3,367	3,648	3,957	4,250	4,647	4,589	4,924
4. Construction	1,558	1,729	1,439	1,476	914	975	741
5. Electricity and Gas	6,255	7,045	7,776	10,531	3,686	1,630	1,426
6. Non-commodity	20,908	23,537	28,586	30,156	29,066	31,236	31,250

Note: At constant market prices of 1980-81
Source: Economic Survey Statistical Supplement (2000-2001)

Sifting through rubbish for a living.

Ironically, far from low inflation benefitting the poor, it is growth in poverty itself that is responsible for low inflation.

■ THE CASE FOR ENHANCED PUBLIC INVESTMENT

Poverty reduction is primarily a function of employment generation, which is itself a function of growth in investment. Investment holds the key to sustained economic development, as it provides capital that generates growth and employment in an economy. Investment is a function of economic and non-economic factors. Non-economic factors include political stability, and the level of facilitation/harassment by tax authorities. Economic factors broadly comprise cost of production and aggregate market demand. Both are influenced by market and government price variables. The former are driven largely by market prices, while the latter are regulation driven and include tax, tariff, exchange rate regimes, etc., and utility prices.

Investment trends in Pakistan over the last decade and a half have not been very encouraging. The investment to-GDP-ratio declined from an average of 17.8 per cent in the 1980s to 16.1 in the 1990s, and further to 13.6 per cent during 1999-2001. Public investment as a percentage of GDP declined from an average of 9.8 per cent in the 1980s to 7.6 per cent in the 1990s. It fell further to 6 per cent during 1999-2001. Private investment showed a slight improvement of half a percentage point in the 1990s over the 1980s, but declined to 7.4 per cent during 1999-2001.

Two sets of factors can be held accountable for the decline in investment. The first set is non-economic and the second economic. Among economic factors, one factor is the economic policy package, which has tended to increase production costs and weaken aggregate demand. The other is the decline in public investment, which had previously tended to act as the engine of growth **(see chart 2.11)**.

Two principal non-economic factors are the instability arising from the overthrow of the constitutional government in 1999, followed by policy contradictions and a lack of internal coherence between economic and political objectives. Political uncertainty and poor law and order, e.g., almost weekly sectarian killing of doctors and professionals, have remained endemic problems. Furthermore, the new administration at the

CHART 2.11   TRENDS IN PUBLIC INVESTMENT AND POVERTY
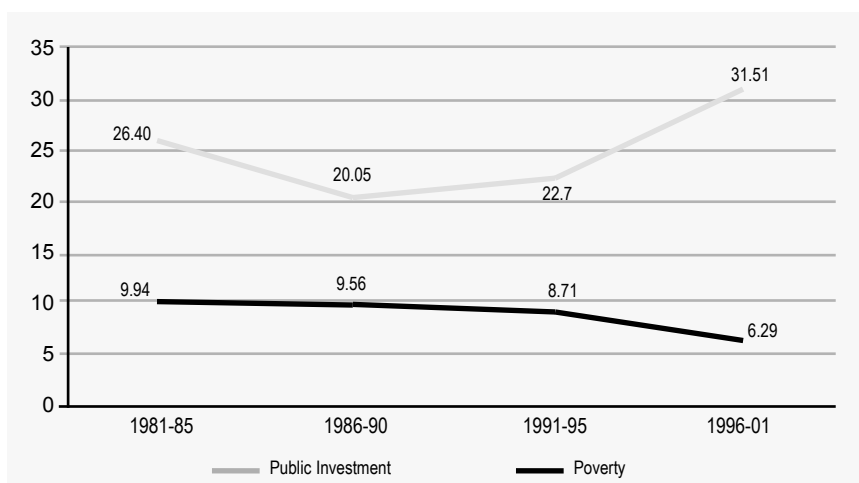
Source: Pakistan Economic Survey (various issues)

outset announced economic recovery as one of its prime objectives. However, as part of its political package, it also launched the accountability drive. Given that the drive targeted the business community as well, it is understandable that new investment was not forthcoming.

The economic policy package over the period 1988-2001 has actually had an opposite effect on promoting investment by raising the cost of production, and depressing purchasing power and aggregate demand. On the one hand, the cost of production has increased through enhancement of utility rates, expansion of indirect taxation, raising of interest rates, and depreciation of the rupee. On the other hand, sustained cuts in development expenditure have weakened aggregate demand. Evidence of weak purchasing power and aggregate demand is provided by the fact that the share of real demand relative to real supply as a component of inflation is estimated at zero.

The role of public investment is the other critical economic factor and deserves to be revisited at length. In large and varied economies, e.g., the United States, Germany or Japan, the cost of production changes are market driven and the competitive nature of economic activity enables firms to adjust accordingly. Given the determination of aggregate demand through the package of monetary, fiscal, and trade policies, the high level of economic activity and aggregate demand ensures that the private sector is largely self-reliant and self-sustaining. Demand is also generated through the government's welfare spending. This policy package is necessary and sufficient to ensure that investment occurs as a result of mutually generated demand from within the private sector. The state's role in direct investment is and can be minimal.

In relatively smaller and narrowly based under-developed economies, such as Pakistan's, governments have had a more direct role in the economy. The private sector is under-developed and investment variables are asymmetrically sensitive to macroeconomic policy measures. High interest and tax rates, high tariff rates, dearer foreign exchange, or high utility rates are likely to raise the cost of production. This will adversely impact profitability and, subsequently, investment. Conversely, low interest and tax rates, high tariff rates, cheaper foreign exchange, or low utility rates are likely to lower the cost of production, which is necessary but not sufficient for private investment to respond positively and significantly. Above all, private investment is generally not found to be significantly interest sensitive The sufficiency condition is provided, to a significant extent, by state sponsored investment expenditure, which tends to strengthen aggregate demand and crowd in private investment.

A large body of literature has documented the relationship between government spending and economic activity. The discussion tends to bring out the role of development expenditure as a determinant of purchasing power. In effect, its role in promoting private investment and growth appears to be equally strong. Economic theory suggests that public investment or the development expenditure component of fiscal outlays has a significant relationship to the rate of private investment as well as growth. The nature of the relationship as well as the direction of causality between the variables is, however, a controversial point. Theoretically, a crowding out phenomenon exists if public and private investment are substitutable; a crowding in phenomenon exists if public and private investments are complementary. According to the neo-

Investments in health care are still needed.

classical construct, enhanced public investment crowds out an equivalent amount of private investment. This results in the redistribution of the relative contribution to GNP between the public and private sectors; the rate of growth remains constant. According to the Keynesian construct, the multiplier effect of higher public spending induces a mixed crowd-out/crowd-in effect, with a net increase in national product. Recent literature, however, establishes the full complementarity of public investment, private investment and growth.

Several studies have attempted to establish the link between budget deficit and interest rates. Others have utilized multivariate time series techniques to probe long-run relationships between public investment, private capital formation and economic growth. SPDC's analysis of data for the period 1964-2001 provides definitive evidence of the crowd-in effect of public investment on private investment. Standard causality tests produce unidirectional results: (1) public investment leads to both private investment and growth, (2) public investment leads to growth, and (3) growth leads to private investment.

The implication is that public investment is a key determinant of private investment and growth, and that the decade-long policy of curtailing public investment to meet stabilization goals has retarded private investment as well as growth, leading to greater unemployment and poverty.

CAN WE NOW FINANCE DEVELOPMENT EXPENDITURES?

Two recent events have impacted significantly on the Pakistan economy. One is the restructuring of the debt profile and the other is the buildup of foreign exchange reserves. This section details the actual extent of debt relief and the sources through which the reserves have been accumulated. The two events have created sufficient monetary space, which with prudent use can create the necessary fiscal space to

The decade long policy of curtailing public investment to meet stabilization goals has retarded private investment as well as growth.

finance public investments of development expenditures, so essential for regenerating the economy, creating employment opportunities and reducing poverty.

Quantifying the Debt Relief

Pakistan's debt ridden economy is also faced with a relatively large external debt that has been growing rapidly over the last decade. **Table 2.16** shows that, as of December 2001, Pakistan's total sovereign external debt and liabilities (EDL) were US$38 billion, of which the external debt stock amounted to US$33 billion and other foreign exchange liabilities amounted to US$5 billion. In terms of external debt, public and publicly guaranteed debt amounted to US$28.9 billion. This primarily represents project loans contracted by the government, as well as loans contracted by non-government entities on the basis of federal government guarantees. Private loans and credit amounted to US$2.3 billion. IMF loans by end-December 2001 stood at US$1.9 billion.

The country also owed US$5 billion as foreign exchange liabilities. This is different from external debt in the sense that repayments are not structured by any set schedule and are primarily held by residents. These liabilities mainly include foreign currency accounts, Special US Dollar Bonds, National Highway Authority (NHA) Bonds, central bank deposits (primarily from Gulf countries), National Bank of Pakistan / Bank of China (NBP/BOC) deposits, swaps and deposits under National Debt Retirement Programme (NDRP).

TABLE 2.16	PAKISTAN'S EXTERNAL DEBT AND LIABILITIES					
	1989-1990	1994-1995	1999-2000	1999-2000(R)	2000-2001	2001-2002
1. Public and Publicly guaranteed debt	18,600	25,772	26,632	28,167	29,021	28,855
A. Medium and long term (> 1 year)	18,477	26,643	26,502	28,037	28,745	28,564
Paris Club	8,089	11,005	12,428	12,428	12,090	12,403
Multilateral	5,787	10,125	10,767	12,292	13,527	13,468
Other bilateral	1,218	1,005	639	639	598	580
Eurobonds	0	150	610	620	620	645
Military debt	2,708	2,126	958	958	825	825
Commercial loans/credits	675	1,232	1,100	1,100	1,085	643
B. Short-Term (< 1 year)	123	129	130	130	276	291
IDB	123	129	130	130	276	291
2. Private non-guaranteed debts (M&LT:>1 year)	304	1,418	2,842	2,842	2,450	2,256
3. International Monetary Fund	839	1,630	1,550	1,550	1,529	1,876
Total external debt (1 + 2 + 3)	19,743	28,820	31,024	32,559	33,000	32,987
4. Foreign exchange liabilities	3,156	8,343	5,664	5,664	5,414	5,024

Source: State Bank of Pakistan, Quarterly Report (2002)

A public call office (PCO) extends communication facilities to a rural areas.

The acute balance of payments problems and the difficulties in servicing debt liabilities have forced creditors to reschedule part of the liabilities from time to time **(see table 2.17)**. The rescheduling granted in January 1999 and in January 2001 provided relief in terms of debt flows, i.e., they deferred interest payments. In contrast, the December 2001 relief is applicable to the entire stock of US$12.5 billion owed to the Paris Club creditors. The restructuring of the debt profile as opposed to the traditional rescheduling has enabled Pakistan to defer repayments of nearly 40 per cent of its external debt to as far as the year 2017, when the first payments on the deferred debt will become due.

| TABLE 2.17 | | | RECENT HISTORY OF PARIS CLUB DEBT RESCHEDULING | | | |

			ODA Credits		Non-ODA Credits	
Years	Terms	Amounts rescheduled million US $	Maturity (years)	Grace period (years)	Maturity (years)	Grace period
January 30, 1999	Houston	3,254	15	8	15	3
January 23, 2001	Houston	1,752	20	10	18	3
December 14, 2001	Ad-Hoc	12,500	38	15	23	5

Source: SBP, Quarterly Report (2002)

The saving in annual debt service payments appears to be substantial. According to the State Bank of Pakistan, savings may be in the range of US$2.7 billion to $2.9 billion over 2001-04 and US$8.5 to $11 billion over the entire period up to 2017. For the current year alone, the restructuring reduces Pakistan's debt servicing liabilities from $4 billion to $2.7 billion, a savings of $1.3 billion.

At the current rupee-dollar parity of Rs. 60, the annual savings amounts to Rs. 78 billion raising the question of how this fiscal space that has become available can be utilized. There are three clear choices: (1) stabilization goals are pursued even more vigorously and the amounts available are utilized to further reduce the budget deficit; (2) the example of the 1980s is emulated and the amounts available are devoted to current expenditure needs; or (3) the amounts are devoted to public investment in creating social and economic assets. The case for and against each of the three courses has been previously made. The first course will exact a higher price from the people, particularly the poor, in terms of unemployment and poverty. The second course will ensure that Pakistan queues up again for relief, come 2017, and sooner if new debt is incurred. The third course is likely to ensure that Pakistan maintains a course of non-dependent, self-sustaining growth.

Where have the Foreign Exchange Reserves come from?

Pakistan's foreign exchange reserves have passed the US$5 billion mark. The question debated in professional circles as well as among the common people is: where have the reserves come from and can they be sustained?

Developing countries generally experience balance of payments deficits. Normally, current account deficits are financed from capital accounts surpluses, generated through external borrowing or drawing down of reserves. This has been the case in Pakistan as well. Since 2000-01, however, the situation has reversed, with the country experiencing current account surpluses which are being used to support the capital account and to build-up reserves.

Current account. A perusal of balance of payments data, presented in **table 2.18**, shows that the current account balance changed from a deficit of US$217 million in 1999-00 to a surplus of US$301 million in 2000-01. The current account balance thus improved by US$518 million. Over this period, the State Bank's purchases of foreign exchange from the inter-bank and kerb markets shows an increase of US$523 million. It appears, therefore, that the entire improvement in the current account position is attributable to market purchases and not necessarily to improvements in the real economy.

The situation in 2001-02 is different. A comparison of data for the July-March period for the years 2000-01 and 2001-02 shows that the current account balance improved massively from a deficit of US$82 million in 2000-01 to US$2,177 million in 2001-02. This change has occurred on account of improvement in the trade balance, other income under the services account, workers' remittances and official transfers. Market purchases actually declined. A perusal of the data shows that the trade deficit has been reduced by 76 per cent, worker's remittances have increased by 91 per cent, and official transfers have gone up by 78 per cent. Market purchases are down by 32 per cent.

Table 2.18 also shows that 41 per cent of the improvement in the current account is on account of the decline in the trade deficit. The composition of the trade balance shows that the improvement has come about largely due to the 11 per cent fall in imports as against a less than 1 per cent rise in exports. The fall in imports is driven by a decline in international oil prices as well as by a quantum decrease in oil imports.

TABLE 2.18   CURRENT ACCOUNT BALANCE: 1990-2002

	1990-00	2000-01	Absolute Change	% Contri-bution to overall Current Account Change	July - March 2000-01	July - March 2001-02	Absolute Change	% Contri-bution to overall Current Account Change
Trade Balance	**-1412**	**-1246**	**166**	**32**	**-1177**	**-286**	**891**	**41**
Export	8190	8925	735	142	6582	6628	46	2
Import	-9602	-10171	-569	-110	-7759	-6914	845	39
Services	**-2794**	**-3130**	**-336**	**-65**	**-2469**	**-1810**	**659**	**30**
Transportation	-822	-939	-117	-23	-708	-603	105	5
Interest and income	-2018	-2154	-136	-26	-1718	-1638	80	4
Income	46	-37	-83	-16	-43	431	474	22
Transfers	**3989**	**4677**	**688**	**133**	**3564**	**4191**	**627**	**29**
Workers' Remittances	983	1087	104	20	855	1629	774	36
Resident FCA	322	503	181	35	384	184	-200	-9
Purchases	1634	2157	523	101	1561	1068	-493	-23
Official Transfers	926	810	-116	-22	664	1182	518	24
Other	124	120	-4	-1	100	128	28	1
Current Account Balance	**-217**	**301**	**518**	**100**	**-82**	**2095**	**2177**	**100**

Source: SBP, Annual Report (2000-01)
SBP, Quarterly Report (various issues)

The decline in imports despite the 6 per cent plus appreciation of the rupee is indicative of continuing recessionary tendencies in the real economy.

The Services deficit has narrowed and accounts for 30 per cent of the improvement in the current account. The change is largely due to the 'Other Income' sub-head, which shows a significant rise accruing from the US$ 300 million payment by the United States for 'logistical support'.

Transfers account for the remaining 29 per cent of improvement in the current account. Remittances and Official Transfers are two major contributors under this head. The spurt in remittances is partly due to the post-September reverse capital flow from the expatriate Pakistani community and partly due to the shift of the flow of remittances to official channels caused by the narrowing of the kerb premium between the inter-bank rate and the kerb market rate. Official Transfers primarily includes cash grants by the United States and its allies for services rendered in the war in Afghanistan.

A closer look is necessary to determine the extent to which these improvements are reflective of gains in the real economy and are sustainable or are a product of post-September 11 political developments. It can be seen that the improvement in the trade balance is largely driven by the decline in imports. An improvement of the real economy is, thus, likely to raise imports and contribute to a rise in the current account deficit, unless exports rise more than imports. However, that is an unlikely possibility in the present circumstances. The sustainability of improvements on other heads has to be seen in the context of their sequencing with respect to post-September 11 developments.

Table 2.19 presents the changes during the first nine months of fiscal year 2001-02 to the pre-and post-September events. It is evident that the post-September events have had a large role in shaping Pakistan's current account balance. This can be seen from the fact that

TABLE 2.19	CURRENT ACCOUNT BALANCE: 2001-02		
	July-September	**October-March**	**July-March**
Trade Balance	**-194**	**-92**	**-286**
Export	2225	4403	6628
Import	-2419	-4495	-6914
Services	-826	-984	-1810
Transportation	-247	-356	-603
Interest and income	-570	-1068	-1638
Income	-9	440	431
Transfers	**959**	**3232**	**4191**
Workers Remittances	340	1289	1629
Resident FCA	23	161	184
Purchases	397	671	1068
Official Transfers	184	998	1182
Other	15	113	128
Current Account Balance	**-61**	**2156**	**2095**

Source: SBP, Annual Report (2000-01)
SBP, Quarterly Report (various issues)

while the first quarter of the fiscal year 2001-02 posted a current account deficit of US$61 million, the following two quarters posted a relatively large surplus of US$2,156 million.

Of the various sub-heads, while the one-time transfers following the events of September 11 are not likely to be repeated, though the regular remittances are likely to continue. However, if the improvement in the real economy edges the current account balance towards a deficit, the kerb premium is also likely to rise and perhaps shift remittance flows to unofficial channels, thereby pushing the current account balance further towards a deficit. The improvements under Services (other income) and Official Transfers have occurred almost entirely post-September, are in the nature of one-time payments, and are unlikely to continue. In the event that they do, it is likely that the era of current account deficits will return and market purchases of foreign exchange by the State Bank may again emerge as the principal source of financing the capital account,

Economic development has by-passed the poor.

leading to pressure on the exchange rate. It should be stated here that no value judgement is being assigned to market purchases. Rather, the policy does have its merits as a monetary policy tool.

Capital account. The deficit on this account stood at US$4,177 million in 1999-00 and declined to US$604 million in 2000-01. For the first three quarters of 2001-02, this deficit was US$1,088 million as compared to US$995 million in the same period last year, suggesting that the overall trend with respect to the capital account has been more or less uniform **(see table 2.20)**.

TABLE 2.20						CAPITAL ACCOUNT BALANCE
	1999-00	2000-01	Absolute change	2000-01 (July-March)	2001-02 (July-March)	Absolute change
Capital Account balance	**-4177**	**-604**	**3573**	**-995**	**-1088**	**-93**
Net FDI	473	286	-187	195	286	91
Portfolio investment	-550	-149	401	-132	-282	-150
Public securities (Including Special bonds)	-622	-9	613	4	-275	-279
Stock market	73	-140	-213	-128	-2	126
Long term capital (Official Sector)	-678	-601	77	-847	-344	503
Long term capital (Other Sector)	-267	-298	-31	-129	-595	-466
Short term capital (Official Sector)	-373	394	767	210	-280	-490
Short term capital (Deposit Money Bank)	-1829	-19	1810	-13	2	15
Short term capital (Other Sectors)	-952	-214	738	-278	127	405

Source: SBP, Annual Report (2000-01)
SBP, Quarterly Report (various issues)

The deterioration of US$93 million on the capital account during the period July-March in fiscal year 2001-02, as compared to July-March in fiscal year 2000-01, needs to be viewed in terms of the respective underlying changes in net foreign direct investment (FDI), portfolio investment, and long-term and short-term capital flows. A slight improvement of US$217 million is observed in net FDI and portfolio investment in the stock market; however, payments on public securities of US$276 million have resulted in a small deficit with regard to the investment account. Furthermore, long-term official capital posted an increase of US$503 million, but this increase was again neutralized by an outflow in the category of 'other sectors long-term capital'. A similar trend is observed in the case of short term capital where outflows of US$490 million due to repayment of commercial loans were compensated by inflows of US$405 million in the 'short-term other sectors capital' head.

Rural development holds the key to growth.

The analysis confirms that there have been no significant changes in the dynamics of the capital account and that it is the surplus on the current account that is primarily responsible for the present change in Pakistan's balance of payments position and for the build-up of foreign exchange reserves.

PROFILE OF INCOME INEQUALITY

3

"Inequality is a relative measure and does not specify the absolute level of development or under-development."

PROFILE OF INCOME INEQUALITY

■ INTER-HOUSEHOLD INEQUALITY

Pakistan has seen periods of high growth in the 1960s and 1980s, and low growth in the 1990s. High growth is stated to be a prerequisite for poverty reduction. However, high growth and poverty can also co-exist with high inequality if the benefits of high growth are not distributed equitably, as may have happened in the 1960s. On the other hand, low growth can only reduce poverty in the event of income and asset redistribution, as conceivably transpired in the 1970s. Yet again, low growth can lead to an increase in poverty as well as inequality, as possibly ensued in the 1990s, if the poor have to bear a disproportionate share of the costs of low growth.

Poverty reduction is a worthwhile goal; however, attention to inequality is important in its own right **(see box 3.1)**. Poverty *per se* does cause deprivation and hardships for those affected by it. However, a high degree of inequality ingrained into the structure of society and the economy, and reinforced by policy actions, contributes to a sense of grievance and injustice, promotes despondency and anger, and generates social tensions and instability.

The post-1988 period has been one of low growth with increased levels of poverty. It has also been a period of enhanced inequality. The sources of inequality are not readily evident. Presumably, the reasons for growing inequality in the 1990s lie in economic liberalization and the move towards a market economy, and the retreat of the public sector as an equalizing force.

Some 'guesstimates' can also be attempted. It can be postulated that there were significant windfall gains in terms of foreign aid and remittance flows from the 1960s to the 1980s. Relatively more egalitarian policies in the 1970s and the flow of remittances through the mid-1970s to the 1980s contributed to reducing the degree of inequality. Cumulatively, however, domestic political conditions in the 1960s and 1980s have led to an overtly unequal pattern of growth and development. This development enabled a few hundred families within and near the corridors of power to accumulate large personal asset bases, which continue to accrue to them large income flows.

Furthermore, over the 1990s, there has been a significant growth of a small, white-collar class of highly skilled professionals across all the non-agricultural sectors, particularly in the multinational finance and services sectors. This class commands internationally comparable compensation packages of between 6 and 7 figures per month. A small but prosperous sub-economy has, thus, emerged which appears to be somewhat immune to the economic shocks suffered in the economy.

At the other end of the spectrum, the already sizeable class of the poor has further enlarged. It has emerged that the burden of economic shocks, the particular policy responses, and the social sector policy and

Poverty reduction is a worthwhile goal; however, attention to inequality is important in its own right.

BOX 3.1   ABSOLUTE VS RELATIVE MEASURES OF WELFARE

Inequality is a relative measure and does not specify the absolute level of development or under-development. The difference between absolute and relative measures can be explained by way of an example. Assume there are two families in a city. One can afford to consume 90 per cent and the other 80 per cent of the minimum calorific requirements to maintain adequate nutritional standards. Clearly, both families are undernourished in absolute terms. However, the first family is relatively less undernourished or the second family is relatively more undernourished. That the first family is relatively better off than the second family does not alter the fact that it too suffers from undernourishment.

The two concepts are, however, not exclusive and simply describe different conditions. In absolute terms, Balochistan is the poorest province with the highest incidence of poverty. However, despite the high level of absolute deprivation, relative deprivation may not be very high if the difference in deprivation levels between two districts in the province is not large; i.e., they are both deprived in absolute terms, but one is somewhat better than the other. In contrast, Punjab does not suffer from high levels of deprivation; however, if there is a significant difference in deprivation level between two districts, relative deprivation will turn out to be high. The fact that Balochistan suffers from high absolute deprivation but low relative deprivation, and Punjab suffers from low absolute deprivation but high relative deprivation implies that different policy interventions are required in the two provinces.

implementation failures have been distributed unequally and have fallen largely on the poor. A perusal of changes in the sources of income and employment between 1988 and 1998, as presented in **table 3.1**, shows that growth in income has failed to occur in the commodity producing sectors or in the major tertiary sectors. Employment has fallen in agriculture, manufacturing, and the wholesale and retail trade. The only sector demonstrating some growth in employment is that of community, social and personal services. Precise data is not available regarding the composition of the services sector and the share of income of the different components. However, given that income growth in the sector is stagnant, it can be premised that declining employment opportunities in the formal sectors have forced labour to find sustenance through low-wage informal activities in the services sector. It is in this dualization of the economy that the source of inequality may lie.

TABLE 3.1   SHARE OF INCOME AND EMPLOYMENT BY ECONOMIC SECTOR

	1987-88	1998-99	1987-88	1998-99
Agriculture	26	25	51	47
Manufacturing	18	19	13	10
Electricity and Gas Distribution	3	4	1	1
Construction	10	10	6	6
Wholesale and Retail Trade	17	15	12	14
Transport, Storage and Communication	10	10	5	6
Finance, Insurance and Business Services	2	2	1	1
Community, Social and Personal Services	14	15	11	15

Sources: Labour Force Survey (various issues)
           National Accounts of Pakistan (various issues)

This chapter describes the distributional effect of such dualization and the nature and extent of vertical and horizontal, i.e., inter-personal and inter-regional inequality it has engendered. It documents the extent of inequality and the changes over the period 1988-2001. It does not compare inter-household inequality between the provinces; rather, it measures inequality between households within the provinces and compares the respective situations across provinces **(see box 3.2)**.

BOX 3.2   HOW IS INTERPERSONAL INCOME INEQUALITY MEASURED?

Inequality of income should ideally be measured in terms of income. However, for various reasons, it appears that expenditure data is a more reliable measure of income. The present analysis is, therefore, carried out on the basis of household expenditure as a proxy for income.

Further, given that expenditures for larger households are likely to be greater than smaller households, it is necessary to standardize the expenditures in, say, per capita terms. However, males and females and adults and children do not account for the same level of expenditures. For example, adult males require more calories than adult females and adults require more calories than children. A larger family may be composed of more women and children and the smaller family of more adult males. In this situation, an analysis undertaken on a per capita basis would be inaccurate. This study, thus, relies on 'per adult equivalent' as the basis of measurement instead of 'per capita'. Because the analysis is inter-temporal, expenditures are standardized in terms of per adult equivalent.

Given the above two qualifications, the term 'income' should be read as 'expenditure' and 'income per capita' should be read as 'expenditure per adult equivalent'.

Per capita income, particularly when measured in terms of expenditure per adult equivalent, is a reliable measure of welfare. Yet, it remains a single aggregate measure and it is also useful to measure welfare through other relatively more direct indicators as well. One of these measures is the expenditure shares of food, clothing, education, health care, and other essential household budget heads. Yet another and an even more direct measure is service provision/attainment indicators. Indicators used in this respect include:

o   Literacy Rate
o   Primary Education Enrolment
o   Per Pupil Expenditure on Primary Education
o   Secondary Education Enrolment
o   Per Pupil Expenditure on Secondary Education
o   Electricity Connection
o   Piped Gas Connection
o   Telephone Connection
o   Availability of Piped Water
o   House Access to Public Sewerage
o   Health indicators (these were also tested for inclusion, but dropped due to problems with the data).

This study uses the technique of the 'ratio of the highest to the lowest group' in income, consumption shares and selected services to measure the extent of inequality. To this end, the total number of households are divided into five groups, i.e., quintiles, and inequality is measured as the ratio of the highest quintile (the highest 20 per cent of households) to the lowest quintile (the lowest 20 per cent of households). A ratio equal to one implies absolute equality, i.e., the incidence is the same among households in both quintiles. A ratio greater than one implies that income, food consumption or service availability is greater among households in the highest quintile than among households in the lowest quintile. A ratio less than one implies that the same is greater among households in the lowest quintile than among households in the highest quintile.

Data sources:
o Pakistan Integrated Household Survey (1998-99)
o Household Integrated Economic Survey (1987-88) and (1998-99)

INEQUALITIES IN INCOME

From the analysis, there appears to be a pervasive prevalence of inequality and that the extent, depth and severity of inequality has increased over time. Households in the lowest quintile command an income share that is less than their population share, while households in the highest quintile command income share that is more than their population share **(see box 3.3)**. Needless to say, it is the most vulnerable, e.g., women in low income households who pay the price of growing inequality **(see boxes 3.4 and 3.5).**

BOX 3.3   **TRENDS IN INCOME INEQUALITY**

The impact of growing inequality on the incomes of the highest and lowest 20 per cent of the population is disturbing. As shown, the real per capita income of the highest quintile households has risen from Rs. 9,471 in 1988 to Rs. 11,607 in 1999. At the same time, the real per capita income of the lowest quintile households increased

PER CAPITA INCOME *(in constant prices of 1980-81)*		
	1988	**1999**
Highest 20% households (Rs.)	9417	11,607
Lowest 20% households (Rs.)	1,905	1,947

Source: SPDC estimates based on HIES and National Accounts of Pakistan

marginally from Rs. 1,905 in 1988 to Rs. 1,947 in 1999. In other words, the purchasing power of households in the

highest quintile increased by over 23 per cent and that of households in the lowest quintile rose by only 2 per cent.

Over the decade 1988-1999, the share of the lowest quintile has further declined and that of the highest quintile further increased. This phenomenon can be observed in urban as well rural areas **(see table 3.2)**.

TABLE 3.2   **INEQUALITY MEASURES**
[*Household Expenditure per Adult Equivalent*]

	1988	**1999**
Gini Coefficients		
Pakistan	0.34	0.38
Urban	0.39	0.42
Rural	0.30	0.33
Income Share of Lowest 20% Population		
Pakistan	8.8	7.8
Urban	7.8	6.6
Rural	9.6	8.7
Income of Highest 20% Population		
Pakistan	43.5	46.5
Urban	47.8	50.1
Rural	40.0	41.8
Ratio Highest to Lowest		
Pakistan	4.9	6.0
Urban	6.1	7.6
Rural	4.2	4.8

Source: Household Integrated Economic Survey (HIES) (1987-88) and (1998-99)

Over the decade 1988-1999, income share of the lowest quintile has further declined and that of the highest quintile further increased.

BOX 3.4 — THE HUMAN COST OF INEQUALITY

Inequality breeds poverty, which can be defined according to a set of economic or even non-economic criteria. Whatever its formal definitions, poverty is also a lived experience. On an emotional and psychological level, poverty is a state of extreme and unrelenting stress. This section provides space to listen to the voices of poor women, to understand how they view and cope with their poverty, and the human costs they incur in their struggle to survive.

The women interviewed have a keen sense of their descent into poverty and are poignantly aware of why they have become poor. They note that social inequality has worsened in the last few years and feel they have become increasingly excluded from the market. Simply put, while there is plenty of purchasing power at other levels of society to keep prices high, they themselves no longer have enough resources to spend adequately on their family's survival.

Economic pressures have worn down traditional barriers; forcing these women to step out of the house and seek wage income. Mostly, the work involves stitching, providing tuition, or domestic work. None of the women, however, see this move as emancipation, since the work is back breaking and merely adds to their list of chores -

This box and **box 3.5** are based on an on-going SPDC study entitled 'Women in Poverty'. Information for the study was collected through qualitative research tools employed in Karachi and Lahore. In each city, three focus group discussions were held with married women and twelve married women were interviewed in-depth with regard to the impact of poverty. There was also a sub-sample of beggars, drug addicts and sex workers. The voices of a total of 104 women, including women married for more than five years and with children, and widows and divorcees with children, have contributed to the analysis.

The women in the research sample come from lower middle class families - including single parent female-headed families - with salary/wage incomes ranging from Rs. 2000 to Rs. 5000 per month. They have little or no fixed assets, other than their own house in some cases, and no access to other sources of income.

Most of the women in the sample have four or more children and live in small one or two room houses. They own assets, such as a television and refrigerator, purchased during better times. Occupationally, the families belong to the categories of low-level public sector employees, industrial labourers, shop assistants, skilled workers (e.g., electricians or carpenters), and those self-employed in the informal sector. Most of the women have had some education and some of the women and several of their men folk have had college education. In almost all the cases, their children attend government school, as private schools are unaffordable.

they view their entrance into the labour force as an act of desperation and often feel overwhelmed by the struggle to survive, and especially, care for their children.

There are several voices to this effect:

"The main problem in Pakistan is that there are certain people who are very rich, while the middle class is shrinking day by day and turning into the lower class. The rich can afford to eat and dress up well and educate their children in good schools. That is why prices are so high and the market is still able to function."

"Children really feel sensitive about their deprivation. They complain to me quite frequently that other children's fathers bring them fruits, etc. Why doesn't our father bring us such things, they ask. I somehow manage

to divert their attention, but cry at night."

"My husband owns a tea shop. Before, his earnings were enough for the day to pass by reasonably, but now we cannot live on the money he brings home."

"My husband used to work as a carpenter with a contractor, but was laid off. Since then he has only been able to find odd jobs here and there."

"If there are no jobs, the next thing to follow is hunger."

"We can't afford anything. We cannot eat properly, wear proper clothes or visit our relatives. If we have sugar there is no tea, if we have wheat there are no vegetables."

"At times we go through a lot of suffering. Once I had nothing to cook in the house. I found some rice, mixed it with left over roti, and told the

children that I was cooking haleem."

"The situation was better when my husband was alive. I have growing daughters who ask for food."

"I sometimes cry when I see my children's pale faces and weak bodies. We just don't have the resources to feed them properly. I can't do anything about it except cry."

"I unstitch used pants from Lunda Bazaar. I do about 50 to 60 pants everyday and manage to earn between Rs. 10 to 15 day."

"I wash dead bodies, which is naturally not everyday. I earn between Rs. 50 to 100 whenever work is available."

"My husband and I used to work as labourers, but now everything is so expensive that it does not fulfill our needs. So I have started to beg. It is hard work and humiliating as well. I have to put up with so many abuses."

"My husband lost his job and became a heroin addict. We had nothing to eat in the house. I searched for work, but could not find any. Finally, I met someone who convinced me to start this work. I have regular clients. None of my family members know that I do this work. My brother will find out sooner or later. I want to go away."

"Education is very expensive now. The children are small and lose their pencils every second day. At times I beat them for losing their things."

"I had to take my two daughters out of school. They manage to earn a little through stitching clothes. My six-year old son was only four when he started working at a tea stall. I had no other choice as I could not feed them."

"The biggest worry for us is our daughters' marriages. But should we eat or save for their marriage? I just hope that some decent family who does not want a dowry will agree to marry my daughters."

"When I cannot take the stress anymore, I just take a tablet and go off to sleep."

"I just could not handle the situation anymore. I met a woman who told me that she could help me with my stress. I started using these 'purrias', after which I feel free from all my worries."

"What can I do? Sometimes, I just beat my children and cry."

"I sometimes pray that my children should just die, because I can't even feed them properly."

The human cost of inequality.

"I sometimes pray that my children should just die, because I can't even feed them properly."

Two boys at opposite ends of the income scale.

The most glaring information is provided by the share of income accruing to the lowest 20 per cent (i.e., the lowest quintile) and to the highest 20 per cent (i.e., the highest quintile) of the population. Statistics show that in 1988 the lowest quintile obtained about 9 per cent of income while the highest quintile obtained 44 per cent of income. By 1998, the share of the lowest quintile had yet again declined to 8 per cent and that of the highest quintile increased to 47 per cent. The decline in income share of the lowest quintile and the increase in income share of the highest quintile have occurred in both urban as well as rural areas. In absolute terms, if there are Rs. 100 to be distributed among 100 households, equal distribution would imply that each household receives Rs. 1.00. Given the actual situation of unequal distribution, the top 20 households would each receive Rs. 2.33 and the bottom 20 households would receive a mere 40 *paisa* each.

It can also be seen that the ratio between the highest and lowest quintile has risen from 4.9 in 1988 to 6 in 1999. In other words, the share of income of the highest quintile was 4.9 times greater in 1988 and was 6 times greater in 1998. Interestingly, inequality is greater in urban areas than in rural areas. This can be seen from the fact that the 1988 inequality ratio for urban areas is higher at 6.1 than at 4.2 for rural areas. However, both ratios have continued on an upward trend, with the 1999 inequality ratio rising to 7.6 and 4.8 for urban and rural areas, respectively.

The Gini coefficient also shows the deterioration in income distribution, with the value of the coefficient rising from 0.34 in 1988 to 0.38 in 1999. Similarly, the coefficient for urban areas has increased from 0.39 to 0.42 and for rural areas from 0.30 to 0.33.

■ A VIEW FROM THE PROVINCES

Acomparison of distributional indices across provinces shows that the household level income distribution has worsened in all the provinces, except Balochistan. As indicated in **tables 3.3 - 3.6**, the income share of the lowest 20 per cent of the population has declined and the income share of the highest 20 per cent of the population has increased in three of the provinces - Punjab, Sindh and NWFP, in both urban and rural areas. In Balochistan, there has been a slight improvement in household income distribution. The income share of the

TABLE 3.3	INEQUALITY MEASURES - PUNJAB	
[*Household Expenditure per Adult Equivalent*]		
	1988	**1999**
Gini Coefficients		
Punjab	0.35	0.39
Urban	0.40	0.44
Rural	0.31	0.34
Income Share of Lowest 20% Population		
Punjab	8.6	7.4
Urban	7.5	6.2
Rural	9.2	8.2
Income of Highest 20% Population		
Punjab	43.9	47.2
Urban	48.8	51.6
Rural	40.9	42.9
Ratio Highest to Lowest		
Punjab	5.1	6.4
Urban	6.5	8.2
Rural	4.5	5.2

Source: HIES (1987-88) and (1998-99)

TABLE 3.4	INEQUALITY MEASURES - SINDH	
[*Household Expenditure per Adult Equivalent*]		
	1988	**1999**
Gini Coefficients		
Sindh	0.34	0.38
Urban	0.38	0.40
Rural	0.22	0.28
Income Share of Lowest 20% Population		
Sindh	9.1	7.9
Urban	8.3	7.3
Rural	11.7	9.7
Income of Highest 20% Population		
Sindh	43.9	46.7
Urban	47.0	48.0
Rural	33.6	38.3
Ratio Highest to Lowest		
Sindh	4.8	5.9
Urban	5.7	6.6
Rural	2.9	3.9

Source: HIES (1987-88) and (1998-99)

TABLE 3.5 — INEQUALITY MEASURES - NWFP
[*Household Expenditure per Adult Equivalent*]

	1988	1999
Gini Coefficients		
NWFP	0.31	0.36
Urban	0.35	0.43
Rural	0.30	0.33
Income Share of Lowest 20% Population		
NWFP	9.5	8.7
Urban	8.9	6.6
Rural	9.7	9.3
Income of Highest 20% Population		
NWFP	41.1	45.5
Urban	45.2	50.9
Rural	40.2	42.8
Ratio Highest to Lowest		
NWFP	4.3	5.2
Urban	5.1	7.8
Rural	4.2	4.6

Source: HIES (1987-88) and (1998-99)

lowest quintile has remained more or less constant, except in urban areas where it has increased marginally. On the other hand, the share of the highest quintile has declined from 42.2 per cent in 1988 to 37.5 per cent in 1999. The decline in rural areas is a significant 4.8 percentage points.

In terms of ratio of highest to lowest quintiles, the highest inequality in 1988 was in urban Punjab (6.5) and the lowest in rural Sindh (2.9). In 1999, inequality increased in urban Punjab, with the inequality ratio increasing to 8.2, again the highest in the country. Rural Sindh lost the lowest position, implying an upsurge in rural inequality. Its place has been taken by rural Balochistan, with its inequality ratio diminishing from 4.1 to

TABLE 3.6 — INEQUALITY MEASURES - BALOCHISTAN
[*Household Expenditure per Adult Equivalent*]

	1988	1999
Gini Coefficients		
Balochistan	0.32	0.27
Urban	0.32	0.30
Rural	0.31	0.27
Income Share of Lowest 20% Population		
Balochistan	10.0	9.9
Urban	9.1	9.5
Rural	10.1	10.0
Income of Highest 20% Population		
Balochistan	42.2	37.5
Urban	41.7	40.2
Rural	41.9	37.1
Ratio Highest to Lowest		
Balochistan	4.2	3.8
Urban	4.6	4.3
Rural	4.1	3.7

Source: HIES (1987-88) and (1998-99)

3.7. The 1988 inequality ratios for NWFP and Balochistan are similar and lower than for Punjab and Sindh. In 1999, however, the inequality ratios for Balochistan are significantly lower than even NWFP's, confirming the improvement in household income distribution in urban as well as rural areas of that province.

A perusal of the Gini coefficients corroborates the before mentioned result. The coefficients for 1988 and 1999, respectively, are the highest for Punjab, followed by Sindh, NWFP and Balochistan. It appears that the level of inequality has been and continues to be more or less similar in Punjab and Sindh, and has increased by about the same percentage points. Inequality is relatively lower in NWFP and Balochistan and was at similar levels in 1988. By 1999, however, while inequality increased in NWFP, it improved in Balochistan. The improvement of inequality statistics in Balochistan can be due to the absolute increase in the income of the lower income groups or to the absolute reduction in the income of the higher income groups. Indications are that the latter is true.

A CONSUMPTION VIEW OF INEQUALITY

One way to view inequality is through the composition of the budgets of households in the lower and upper income brackets. Generally, the share of food cost in total household expenditure is considered as an indicator of welfare. A higher share of food cost is said to imply a relatively higher level of poverty and a lower share of food cost implies a relatively higher level of prosperity.

This phenomenon occurs because food, clothing, shelter services and health care are essential expenditure heads and take precedence over other needs. Of these, food is the most important. In economic terminology, the elasticity of demand for these goods and services is low on account of the fact that households cannot substitute these goods and services for less expensive substitutes. Households with small incomes have little left for non-essential expenditures after meeting food and other essential needs. Thus, the share of food and other essential costs in lower income household budgets tends to be higher. The opposite is true for households with larger incomes, which are left with a surplus after meeting their basic needs. Hence, the share of food and other essential costs in higher income household budgets tends to be lower.

The low substitutability factor also implies that as food prices rise and nominal income remains constant, a greater share of income has to be devoted to food by reducing allocations to other relatively less essential items. The greater share of income need not necessarily imply an increase in food intake; in fact, it could be accompanied by a reduction in food intake. Accordingly, an increase in the share of food in total expenditures is an indication of further impoverishment.

A perusal of **tables 3.7 and 3.8** confirms this fact. Households in the lowest quintile devote over 45 per cent of their budget to food, compared to households in the highest quintile who devote just over 30 per cent. The change in the household budget composition between 1988 and 1999 for the lowest and highest quintiles is also meaningful. The share of food costs has increased for both quintiles, but the increase is greater for

It appears that the level of inequality has been and continues to be more or less similar in Punjab and Sindh.

BOX 3.5   UNEQUAL CONSUMPTION CUTS
Further findings from "Women in Poverty"

Women's voices reveal how complex their experience of deepening poverty really is. Those depending on salary income complain that the last ten days of the month are generally the most difficult. Those relying on daily wage income complain that their earnings do not even last till the end of the day. As poverty worsens, it remains the responsibility of the women as housekeepers to continue to sustain the family with shrinking resources. They employ a range of coping mechanisms, including reduction in expenditure on food, clothing, utilities, education or health, to survive.

The notion of saving for home improvement, children's education or daughters' marriage is just that: a notion. Almost the entire income is spent on rent, utilities, food, education, health, and transportation. Thus, if incomes fall, prices rise or household needs expand, expenses that are considered relatively less important are cut one by one as the household budget shrinks. Payment for rent and utility bills is unavoidable; thus, the axe invariably falls first on food and clothing.

Clothing is the first casualty as the household budget shrinks under the twin impact of falling income and rising prices. Men have priority as they have to show up at their workplaces. Children, too, must be attended to as they grow out their clothes every few months. Women bear the brunt of the economies in this respect. Only two women had bought or made new clothes for themselves in the recent past. Most of them buy second hand clothes or, in the case of domestic workers, accept used clothing from their employers.

The cut back on food expenditures is telling. Meat and fruit that were affordable once a month or so have now become even more of a rarity. Several families have tea and leftover roti for breakfast, with one main meal taken in the late afternoon or early evening to substitute for lunch and dinner. The meal usually comprises *daal* and *roti* or *roti* with onions or pickles. On occasions, there is insufficient *roti* for everyone in the family.

"I give the best portion of the food to my husband, because we are all dependent on his income. If he falls sick, we will starve."

"Nowadays, our children are not fed properly even once a day. They fight over pieces of roti. Someone or the other in the family always sleeps hungry."

Expenditures on health lack flexibility, as serious illnesses have to be attended to. However, meeting the costs of serious illnesses cause asset depletion and are a major factor in the descent into poverty.

Common ailments are ignored as the struggle to feed the family occupies center stage, although exceptions are generally made in the case of the bread-earner. Women tend to ignore their own health needs.

"My husband has a back problem and cannot work any longer. In the beginning we spent a lot of money on his treatment, but after we ran out of our resources he is just bed ridden."

"My children often suffer from common colds and coughs, but I never take them to the doctor, because I can't afford the fee or the medicines. They become okay themselves. I myself have a heart problem and have been advised rest. But how is that possible? Who will support my children if I don't work?"

TABLE 3.7 EXPENDITURE SHARES - LOWEST QUINTILE OF POPULATION (%)

Major Commodity Groups	1988			1998		
	Urban	Rural	Total	Urban	Rural	Total
Food	40.8	45.9	44.6	40.5	47.8	46.5
Clothing	8.4	9.3	9.1	7.4	9.0	8.5
Fuel and Lighting	7.0	6.8	6.8	8.0	7.3	7.5
Housing	12.9	7.6	9.2	14.5	7.8	9.7
Transport	2.1	2.2	2.2	1.3	1.2	1.3
Health	2.4	2.8	2.7	3.9	4.6	4.4
Education	0.6	0.9	0.7	3.5	1.4	2.0
Items for Household and Personal Care	9.1	9.0	8.9	7.2	7.1	7.1
Consumer durables	1.6	2.4	2.2	1.1	0.8	0.9

Source: HIES (1987-88) and (1998-99)

the lowest quintile than for the highest quintile; this indicates an intensification of poverty at lower levels.

The urban-rural differential in food expenditure shares confirms the above inference. Urban households in the lowest quintile devote about 40 per cent and those in the highest quintile devote about 26 per cent of their total household expenditures to food. These shares have remained equivalent between 1988 and 1998. Rural households in the lowest quintile allocated, in 1988, about 46 per cent and those in the highest quintile assigned about 34 per cent of their total household expenditures to food. These shares increased to 48 and 37 per cent, respectively in 1998, indicating impoverishment in rural areas.

TABLE 3.8 EXPENDITURE SHARES - HIGHEST QUINTILE OF POPULATION (%)

Major Commodity Groups	1988			1998		
	Urban	Rural	Total	Urban	Rural	Total
Food	26.4	34.4	30.6	26.0	36.8	31.5
Clothing	9.1	10.1	6.0	14.4	14.1	7.1
Fuel and Lighting	5.8	4.6	5.4	5.8	7.7	6.7
Housing	21.5	9.9	13.6	21.3	9.5	13.5
Transport	5.6	4.0	4.5	4.8	3.1	3.8
Health	2.4	2.7	2.5	3.5	4.9	4.2
Education	1.8	0.6	1.2	5.0	1.9	2.8
Items for Household and Personal Care	5.5	5.3	5.2	8.8	6.7	7.9
Durable	3.3	4.7	4.2	2.1	2.2	2.2

Source: HIES (1987-88) and (1998-99)

For households in low-income brackets, food, housing, fuel and lighting, and health care have low substitutability and, as such, low demand elasticity. Consequently, the share of these goods in the household budgets of the lowest quintile has increased, while that of

clothing, transport, household and personal care, and consumer durables (such as household appliances) has declined. Households in the highest quintile appear to have made the adjustment to increased cost of living by cutting expenditures on transport and consumer durables.

In contrast, households in the lowest quintile appear to have adjusted to the rising cost of living and stagnant nominal incomes (i.e., falling real incomes) by protecting food, housing, fuel and health care through increasing expenditures on these heads. Education expenditures too have not only been protected but enhanced as a matter of conscious choice. The burden of cuts has fallen on clothing, transport, household and personal care, and the purchase of consumer durables. The decline in clothing is modest, but appears quite significant in transport, household and personal care, and consumer durables.

The difference in the response of households in the two quintiles is interesting, particularly with respect to expenditure on clothing, and items for personal and household care. Urban households in the lowest quintile appear to have kept their share of food expenditure constant, increased expenditure on fuel and lighting, housing, health, and education, and reduced expenditure on clothing, transport, items for household and personal care, and consumer durables. The case for urban households in the highest quintile is quite the opposite: they appear to have kept their share of food, fuel and lighting, and housing expenditure constant; increased expenditure on clothing, health, education and items for personal and household care; and reduced expenditure on transport and consumer durables.

Rural households in the lowest quintile appear to have improved their share of expenditure on food, fuel, health and education, and decreased expenditure on transport, items for household and personal care, and consumer durables. The cutback in consumer durables is substantial. Rural households in the highest quintile appear to have enlarged their share of expenditure on food, clothing, fuel and lighting,

The provision of public services is, therefore, of fundamental consequence in poverty reduction strategies.

The poor must risk their lives to commute.

health, education, and items for personal and household care, and decreased their share of expenditure on transport and consumer durables. The share of housing has remained constant.

The pattern of consumption and changes in the two quintiles is rather significant. The pattern of adjustment to declines in real incomes in lowest quintile households clearly demonstrates a move towards greater impoverishment. The share of expenditure on non-essentials, i.e., (new) clothing and items for personal and household care has diminished to accommodate the increase in the share of food and other essentials. In contrast, highest quintile households, despite the increase in the share of expenditure on food, the share of (new) clothing and items for personal and household care has also increased. Apart from food, the expenditure share of fuel and lighting, health and education has increased for households in both quintiles. In addition, households in both quintiles have imposed the heaviest cut on expenditure on consumer durables, which does not bode well for the manufacturing sector.

INEQUALITY IN PUBLIC SERVICES

The collective production and provision of public goods and services tends to reduce unit costs and is of paramount importance to low income households. This is due to the possibility of bulk production and provision, and the economies of scale that accrue from them. The economies of scale from large-scale, collective provision are obtained whether the facility is under state or private ownership; under state ownership, there is the possibility of cross-subsidization and, as a result, of further reduction in the unit price at which the service is provided. Private producers are, however, unlikely to provide services of a public good nature, where non-paying consumers cannot be effectively excluded. These services are best provided by the state, financed out of progressive taxation and made available to low income households at little or no cost.

In the event that households procure any of these services on an individual basis, unit costs are certain to be significantly higher as there would not be the benefits of economies of scale, cross-subsidization or access to public goods. Several examples can be cited in this regard. The per pupil cost of one class teacher is likely to be lower than the cost of private tutoring of one pupil; the per patient cost of hospital services is likely to be lower than the private provisioning of the same; the per household cost of provision of water through a pipeline is likely to be lower than the cost of private provision of water, and so on.

The collective provision of public services, therefore, enables low income households to access essential services at lower costs. In the event that these services are obtained on an individual basis, the high unit costs are certain to render the services out of reach for low income households and effectively exclude them from consumption. Furthermore, the low cost provision of public services enables low-income households to keep their budgetary allocations to these expenditure heads low, allowing them to consume more and better food, and other necessities. The provision of public services is, therefore, of fundamental consequence in poverty reduction strategies. Inequality in

the provision of public services, whereby upper income households command greater access relative to lower income households, would run counter to the goal of the elimination of poverty. This appears to be the case in Pakistan.

Inequality in public services has been measured in terms of the ratio of the highest to lowest per capita income quintile, i.e., the highest and the lowest 20 per cent of the population in terms of per capita income. The inequality measures have been attempted for the education and housing indicators: enrolment and per pupil expenditure in primary and secondary education, literacy rate and a range of housing services, i.e., piped water, and sewerage connection, electricity, gas and telephone.

Literacy Rate

A perusal of the literacy rate differential between the highest and the lowest quintiles, as presented in **table 3.9**, shows that inequality is higher among females than among males (2.7 as against 1.7) and higher in rural than in urban areas (2.1 as against 1.9). In other words, the literacy rate among females is nearly three times as high among households in the highest quintile compared to households in the lowest quintile. Similarly, the literacy rate in urban areas is twice as high among households in the

The literacy rate among females is nearly three times as high among households in the highest quintile compared to households in the lowest quintile.

TABLE 3.9		INEQUALITY IN LITERACY
[*Highest to Lowest Ratio - Per Capita Income Quintiles*]		
	Male	**Female**	**Total**
Pakistan			
Total	1.71	2.72	1.99
Urban	1.59	2.33	1.87
Rural	1.83	3.11	2.10
Punjab			
Total	1.78	2.36	1.99
Urban	1.75	2.13	1.94
Rural	1.81	2.58	2.05
Sindh			
Total	1.59	3.06	1.91
Urban	1.64	2.45	1.97
Rural	1.54	3.67	1.86
NWFP			
Total	1.92	3.37	2.30
Urban	1.69	2.76	2.06
Rural	2.15	3.99	2.53
Balochistan			
Total	1.56	2.10	1.74
Urban	1.29	2.00	1.53
Rural	1.82	2.21	1.96

Note: Literacy is defined as reading and writing with understanding (10 years and above)

Source: Pakistan Integrated Household Survey (PIHS) (1998-99)

highest quintile compared to households in the lowest quintile. The highest inequality in literacy is found for females in rural NWFP (4.0) and the lowest inequality is found for males in urban Balochistan (1.3).

Primary Education

An examination of the highest to lowest ratio of primary education enrolment ratio, as presented in **table 3.10**, also shows that inequality is higher among females than among males (2.3 as against 1.6). A similar trend is observed in rural areas as opposed to urban areas (2.0 as against 1.7), i.e., inequality is greater in rural areas than in urban areas. The highest inequality is found in rural female enrolment. In other words, primary enrolment among females is twice as high among households in the highest quintile as among households in the lowest quintile. The same is true among rural households in the highest quintile compared to rural households in the lowest quintile.

Sindh emerges as the most unequal with the inequality ratio at 2.2. Rural male and female enrolment inequality ratios are nearly twice as high at 1.95 and more than three times as high at 3.17, respectively, among households in the highest quintile compared to households in the lowest quintile. Female primary enrolment in rural NWFP is nearly as

TABLE 3.10 INEQUALITY IN PRIMARY ENROLMENT RATIO
[*Highest to Lowest Ratio - Per Capita Income Quintiles*]

	Male	Female	Total
Pakistan			
Total	1.64	2.27	1.85
Urban	1.55	1.87	1.65
Rural	1.73	2.67	2.04
Punjab			
Total	1.62	1.65	1.62
Urban	1.58	1.37	1.47
Rural	1.65	1.93	1.77
Sindh			
Total	1.92	2.78	2.20
Urban	1.88	2.39	2.13
Rural	1.95	3.17	2.27
NWFP			
Total	1.58	2.74	1.94
Urban	1.33	2.35	1.64
Rural	1.83	3.12	2.24
Balochistan			
Total	1.44	1.90	1.62
Urban	1.39	1.36	1.38
Rural	1.49	2.45	1.87

Note: Primary includes Grade 1 to Grade 5

Source: PIHS (1998-99)

unequal at 3.12. Correspondingly, male primary enrolment in urban NWFP and urban Balochistan are relatively more equally distributed.

In terms of the highest to lowest ratio of per pupil expenditure on primary education, an analysis of **table 3.11** shows that inequality is higher in urban areas (9.3) than in rural areas (5.1). This is in contrast to primary enrolment, where inequality is higher in rural areas. Assuming the level of expenditure to be a proxy of the quality of education, the reversal might indicate that the quality of primary education in urban areas is superior relative to rural areas. The fact that the ratio has not reversed in Balochistan indicates that the difference in the quality of primary education between urban and rural areas is insignificant. Technically, this could mean that the quality of education in rural areas is of the same quality as in urban areas or vice versa.

The situation in the provinces shows that inequality with respect to per pupil expenditure on primary education is higher in urban areas relative to rural areas in all provinces except Balochistan. Urban Sindh again stands out as the most unequal, with an 18-fold difference in per pupil expenditure among households in the highest and lowest quintiles. Correspondingly, inequality is the lowest in urban Balochistan, with the inequality ratio being less than 2.

TABLE 3.11   INEQUALITY IN PER PUPIL EXPENDITURE ON PRIMARY EDUCATION
[*Highest to Lowest Ratio - Per Capita Income Quintiles*]

	Ratio
Pakistan	
Total	7.20
Urban	9.29
Rural	5.10
Punjab	
Total	7.09
Urban	9.05
Rural	5.13
Sindh	
Total	11.89
Urban	18.43
Rural	5.35
NWFP	
Total	7.07
Urban	7.79
Rural	6.35
Balochistan	
Total	2.73
Urban	1.90
Rural	3.56

Note: Primary includes Grade 1 to Grade 5
Source: PIHS (1998-99)

Secondary Education

Inequality levels appear to be higher in secondary education relative to primary education. This is indicative of the fact that fewer children in lower income households continue into secondary education. However, the inequality trends are similar. A study of **table 3.12**, presenting the highest to lowest ratio of secondary education enrolment, shows that inequality is higher among females than among males (3.6 as against 2.0) and greater in rural than in urban areas (2.5 as against 2.2). The highest inequality is again found in rural female enrolment (4.6). Rural NWFP appears to be the most unequal with a 6-fold difference between secondary enrolment among households in the highest quintile relative to the lowest quintile.

NWFP emerges as the most unequal with the inequality ratio at 4.2. Correspondingly, Balochistan appears to have the least inequality with a ratio of 2.9. Urban Punjab and rural NWFP stand at most unequal with respect to male enrolment (2.6) and female enrolment (6.0), respectively.

TABLE 3.12	INEQUALITY IN SECONDARY ENROLMENT RATIO [*Highest to Lowest Ratio - Per Capita Income Quintiles*]		
	Male	**Female**	**Total**
Pakistan			
Total	2.04	3.64	2.37
Urban	1.98	2.69	2.23
Rural	2.10	4.60	2.50
Punjab			
Total	2.54	3.51	2.86
Urban	2.59	2.74	2.66
Rural	2.48	4.27	3.07
Sindh			
Total	2.23	3.93	2.44
Urban	2.19	3.18	2.57
Rural	2.27	4.68	2.30
NWFP			
Total	1.98	4.23	2.42
Urban	1.95	2.49	2.14
Rural	2.02	5.98	2.70
Balochistan			
Total	1.41	2.90	1.75
Urban	1.20	2.35	1.56
Rural	1.61	3.45	1.94

Note: Primary includes Grade 1 to Grade 5
Source: PIHS (1998-99)

Inequality with respect to per pupil expenditure on primary education is higher in urban areas relative to rural areas in all provinces except Balochistan.

TABLE 3.13	INEQUALITY PER PUPIL EXPENDITURE ON SECONDARY EDUCATION
	[*Highest to Lowest Ratio - Per Capita Income Quintiles*]

Pakistan	
Total	7.04
Urban	7.88
Rural	6.21
Punjab	
Total	8.79
Urban	11.44
Rural	6.14
Sindh	
Total	9.72
Urban	10.25
Rural	9.18
NWFP	
Total	6.11
Urban	7.01
Rural	5.22
Balochistan	
Total	3.55
Urban	2.81
Rural	4.30

Note: Secondary includes Grade 6 to Grade 10
Source: PIHS (1998-99)

In terms of the highest to lowest ratio of per pupil expenditure on secondary education, a perusal of **table 3.13** shows that, as in the case of primary education, inequality is higher in urban areas (7.9) than in rural areas (6.2). Balochistan is an exception. The situation in the provinces shows that urban Punjab stands out as the most unequal, with an 11-fold difference in per pupil expenditure among households in the highest and lowest quintiles. Correspondingly, inequality is the lowest in urban Balochistan.

As in the case of primary education, inequality in secondary enrolment is higher in rural areas while inequality in per pupil expenditure is higher in urban areas. Again assuming the level of expenditure to be a proxy of the quality of education, the reversal may indicate that the quality of secondary education in urban areas is superior relative to rural areas. That the ratio has not reversed in Balochistan indicates that the difference in the quality of secondary education between urban and rural areas is insignificant.

Housing Services

The inequality ratios for housing services considered here include electricity, gas, telephone, piped water, and connection to underground sewerage as presented in **table 3.14**. The inequality ratio is the highest at 5.8 in the case of telephones and the lowest at 1.6 in the case of electricity. Inequality in telephone and electricity connection is the highest

TABLE 3.14 — INEQUALITY IN HOUSING SERVICES
[*Highest to Lowest Ratio - Per Capita Income Quintiles*]

	Electricity	Gas	Telephone	Piped Water	House Connected to Underground Sewerage
Pakistan					
Total	1.64	3.86	5.83	2.00	3.41
Urban	1.37	2.39	6.01	1.67	2.94
Rural	1.91	5.34	5.65	2.33	4.37
Punjab					
Total	1.57	5.15	6.91	2.37	2.62
Urban	1.29	1.87	11.01	1.80	2.58
Rural	1.84	8.43	2.82	2.94	2.67
Sindh					
Total	1.96	5.34	2.64	2.63	4.19
Urban	1.70	2.10	3.79	2.11	2.30
Rural	2.21	8.59	1.50	3.16	6.07
NWFP					
Total	1.59	3.02	10.14	1.55	5.52
Urban	1.38	4.13	7.10	1.52	5.52
Rural	1.80	1.91	13.19	1.59	-
Balochistan					
Total	1.45	1.94	3.62	1.43	1.34
Urban	1.12	1.47	2.14	1.25	1.34
Rural	1.79	2.42	5.10	1.62	-

Source: PIHS (1998-99)

and the lowest, respectively, among all the housing services in urban as well as rural areas. With the exception of telephones, inequality ratios are higher in the case of all the services in rural areas compared to urban areas. It should be clarified once again that a low inequality ratio could be the result of the pervasive availability of a service or the general absence of a service in the area.

In the case of piped water, the highest inequality between households in the highest and lowest quintiles is found in rural Sindh (3.2) and rural Punjab (2.9). In other words, piped water availability in rural Punjab and Sindh is about three times as high among households in the highest quintile as among households in the lowest quintile.

Underground sewerage is basically an urban service. It is not surprising, therefore, that rural NWFP and rural Balochistan do not report any houses with underground sewerage connection. In urban areas, the highest inequality between households in the highest and lowest quintiles is found in urban NWFP, where there is a 5.5-fold difference between underground sewerage service provision among households in the highest and lowest quintiles.

In the case of electricity, the inequality ratio in the rural areas of all the provinces ranges between 1.8 to 2.2. In other words, electricity connections are about twice as high among rural households in the highest quintile compared to rural households in the lowest quintile. Urban inequality is generally low with the inequality ratio ranging from 1.1 in Balochistan to 1.7 in Sindh.

Piped water availability in rural Punjab and Sindh is about three times as high among households in the highest quintile as among households in the lowest quintile.

Inequality in housing has been a long standing feature.

With respect to the provision of gas, the highest inequality between households in the highest and lowest quintiles is found once again in rural Sindh (8.6) and rural Punjab (8.4). Inequality is also high in urban NWFP, where gas connections are about four times as high among households in the highest quintile compared to households in the lowest quintile.

In the case of telephones, inequality is generally high in urban Punjab (11.0) and in rural as well as urban NWFP (13.2 and 7.1, respectively).

The case of Balochistan requires some clarification. As is evident, inequality ratios are by and large low. This is primarily on account of the general absence of housing services in most parts of the province.

■ PATTERNS OF LAND INEQUALITY*

Inequality can occur on account of stock or flow factors. That the thrust of macroeconomic policy in the recent past has tended to adversely affect the poor in terms of flow factors has been documented in the earlier chapter. Unfortunately, however, stock factors have also tended to move against lower income households. Land is a principal asset and there is evidence that access to land does impact on rural poverty. The growth of land inequality can be identified as a major factor in the growth of poverty, particularly rural poverty, despite robust agricultural growth during most of the 1990's.

Inequality in land ownership and in the structure of the agrarian economy has been a long-standing feature of Pakistan. An analysis of time-series data for Sindh and Punjab[1], however, shows that: (1) the redistributive land reforms in 1959 and 1972 have not seriously affected the highly unequal distribution of land, (2) land ownership inequality has

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[1] The reference here is to Punjab, data for which is presented for three regions, i.e., Upper Punjab, Middle Punjab and Lower Punjab. Upper Punjab includes Mianwali and the districts of the former Rawalpindi Division; Middle Punjab includes the districts of the former Lahore, Gujranwala, Faisalabad and Sargodha Divisions, except Mianwali; and Lower Punjab includes the districts of the former Multan, Dera Ghazi Khan and Bahawalpur Divisions.

actually increased over the years, and (3) access to land has also diminished. This factor may be an important contributor to the overall growth of inequality in Pakistan over the last decade.

Land Ownership

Land tenure data is available from a variety of sources: Agriculture Censuses, Population Censuses, Pakistan Integrated Household Survey (PIHS), etc. The different data sets are not strictly comparable given that, for example, the basic unit of information in the Agricultural Census is land, while in the Pakistan Integrated Household Survey the basic unit is households. Nevertheless, the broad orders of magnitude do allow reliable conclusions to be drawn.

According to the Agriculture Census of 1990, nearly half of all rural households in Sindh and Punjab did not own any land at all, while another quarter of the rural households had holdings of five acres or less. At the opposite end of the spectrum, the top 4 per cent of all rural households owned nearly half of the land. About 1.3 per cent of land owners holding over 50 acres held about a third of land, of which 0.2 per cent of households with holdings of over 150 acres owned 14 per cent of the land.

The Pakistan Integrated Household Survey of 1998-99 shows that the landless have grown over the decade. In Sindh, the percentage of rural landless households appears to have risen from 64 per cent in 1990 to 69 per cent in 1998-99. In Punjab, the percentage of rural landless households ranged from 27 to 49 per cent in different regions of the province, but has now gone up to 55 per cent overall.

Interestingly, land distribution appears to be stable from as far back as 1931. Data from the 1931 Population Census, classified in **table 3.15**, shows that land distribution was the most unequal in Sindh, followed by Lower Punjab. In Sindh, about one-tenth of the owners were categorized as non-cultivating, i.e., they were absentee landlords, and three-fourths of the workforce in cultivation were categorized as tenants. The highest incidence of owner-cultivation - more than half the workforce in cultivation - was in Upper Punjab, while the lowest incidence of owner cultivation, about one-quarter, was in Lower Punjab.

TABLE 3.15   PROFILE OF AGRARIAN CLASSES

	Proportion of Workforce in Cultivation	Proportion of Earners in Cultivation by Class			
		Non-Cultivating Owners	Owner-Cultivators	Tenant Cultivators	Agricultural Labourers
Sindh	58	11	7	75	6
Punjab	50	7	39	40	14
Upper Punjab	58	10	53	32	6
Middle Punjab	44	6	43	33	17
Lower Punjab	57	6	26	53	14
Indus Basin	52	8	31	49	12

Source: Population Census (1931)

Table 3.16 presents land distribution data. It can be seen that almost half the rural households are landless. Land distribution remains the most unequal in Sindh throughout the three decades commencing in the 1960s; nearly two-thirds of rural households are landless. This proportion had grown to 69 per cent by 1998-99. Landlessness in Punjab is lower. At 22 per cent, landlessness was the lowest in 1961 in Upper Punjab, but it had increased to 27 per cent by 1990. Landlessness also increased in Middle Punjab from 41 per cent in 1961 to 49 per cent in 1990. However, landlessness decreased in lower Punjab from 50 per cent in 1961 to 43 per cent in 1980, but rose again to 46 per cent in 1990. By 1998-99, landlessness had increased to 55 per cent in the province as a whole.

TABLE 3.16				LANDLESS AS A PROPORTION OF RURAL HOUSEHOLDS		
	Sindh	Punjab	Upper Punjab	Middle Punjab	Lower Punjab	Indus Basin
1961	65	46	22	41	50	47
1980	59	44	23	48	43	46
1990	64	46	27	49	46	49
1999	69	55	-	-	-	-

Sources: Population Censuses (1961, 1972 and 1981)
Agricultural Censuses (1980 and 1990)

Access to Land

Access to land is not limited only to those who own land. This is indicated by the fact that in 1990, although the proportion of the landless among rural households in Sindh and Punjab was 49 per cent, the percentage of households without access to land was 38 per cent. The implication is that the 11 per cent of households without land ownership do have access to land through tenancy. Access to land is, therefore, less unequal than ownership of land. The incidence of tenancy corresponds with high land inequality. It is, therefore, not surprising that the highest incidence of tenancy, at 22 per cent, is in Sindh. The incidence of tenancy is significantly lower in Punjab; however, at 10 per cent, it is relatively the highest in Lower Punjab **(see table 3.17)**.

In 1990, although the proportion of landless among rural households in Sindh and Punjab was 49 per cent, the percentage of households without access to land was 38 per cent.

TABLE 3.17				AGRARIAN CLASSES AS % OF RURAL HOUSEHOLDS: 1990		
	Sindh	Punjab	Upper Punjab	Middle Punjab	Lower Punjab	Indus Basin
Landowners	36	54	73	51	54	51
Landless	64	46	27	49	46	49
- Tenants	22	8	6	7	10	11
- No Access to land	43	37	21	42	35	38

Sources: Population Censuses (1961, 1972 and 1981)
Agricultural Censuses (1980 and 1990)

Land inequality is a major factor in poverty.

While the distribution of land ownership has remained relatively stable, there have been changes in the patterns of land tenure over this period. Land tenure data available in PIHS 1998-99 is not comparable with earlier data. However, data up to 1990 shows that there has been a dramatic increase in owner-cultivation and a corresponding decline in tenancy. This is indicative of the fact that the role of tenancy as an equalizer in access to land has diminished. **Table 3.18** shows that owner-cultivators in 1960 managed 39 per cent and landless tenants 44 per cent of farms. In 1990, 65 per cent of farms were owner-operated and 21 per cent were landless tenant farms. While magnitudes differ, trends are similar across the two provinces and the sub-regions in Punjab.

Tenancy has declined not only in terms of the number of farms, but also in terms of the proportion of area that has external tenancy. In 1960, 30 per cent of farm area was owner-operated and landless tenants farmed 47 per cent. By 1990, owner-operated area doubled to 61 per cent and the area operated by landless tenants was reduced to 18 per cent.

Data in the Agricultural Censuses enables the analysis of tenancy by types of tenancy, i.e., 'sharecropping' and 'fixed lease rental'. Sharecropping tenancy involves the sharing of production costs and the harvest between the landowner and tenant along pre-determined ratios. Land having external tenancy under fixed lease rental is simply rented out for a fixed amount per unit of area and time. The declining trend in tenancy, noted above, is accompanied by a shift from sharecropping tenancy to fixed lease rental. In 1960, land tenancy under fixed lease rental was less than 4 per cent of the cropped area, but had doubled to 8 per cent by 1990. On the other hand, the sharecropped area declined by more than half from 46 to 21 per cent over the period. The declines are even sharper in Sindh and Lower Punjab.

The change in the pattern of tenancy, i.e., the shift from sharecropping to fixed lease rental, carries adverse distributional consequences. Firstly, an important difference between the two types of tenancy contracts is the sharing of risk. The risk is shared between landlord and tenant under sharecropping, but is borne entirely by the tenant under fixed lease tenancy. Secondly, fixed lease rental provides an

TABLE 3.18				LAND TENURE PATTERNS AND TRENDS BY REGION	

	Sindh	Punjab	Upper Punjab	Middle Punjab	Lower Punjab	Indus Basin
PER CENT OF FARMS						
Owner-cultivator						
1960	21.6	41.4	50.7	40.1	40.6	39.1
1980	40.4	54.0	62.7	54.0	51.1	51.1
1990	50.6	68.9	77.5	68.7	66.9	65.4
Owner-cum-tenant						
1960	8.8	18.6	24.5	22.0	11.5	17.0
1980	10.7	24.6	25.2	25.9	22.4	21.1
1990	7.6	15.9	16.7	16.7	15.2	14.0
Tenant						
1960	69.6	40.1	24.8	38.0	47.9	43.9
1980	48.9	21.3	12.1	20.1	26.0	27.8
1990	41.8	14.9	8.2	14.5	17.8	20.6
PER CENT OF FARM AREA						
Owner-cultivator						
1960	21.9	33.0	35.8	32.6	32.9	30.4
1980	47.0	49.6	54.2	49.8	48.0	49.1
1990	59.3	61.4	67.1	61.8	59.0	60.9
Owner-cum-tenant						
1960	14.4	25.7	38.0	29.4	16.1	22.7
1980	16.5	31.3	34.1	31.8	29.6	27.8
1990	12.1	24.4	23.7	24.2	24.8	21.4
Tenant						
1960	63.9	41.3	26.2	38.0	51.0	46.9
1980	36.5	19.1	11.7	18.4	22.5	23.1
1990	28.7	14.3	9.3	14.0	16.3	17.7
PER CENT OF OPERATED AREA						
Owner-operated						
1960	39.4	50.9	66.6	52.0	44.5	48.9
1980	55.0	63.9	70.3	64.2	61.4	61.9
1990	65.1	71.9	77.7	72.2	69.8	70.4
Share-cropped						
1960	57.9	41.9	29.1	38.8	50.8	45.7
1980	38.1	28.1	27.6	27.6	29.1	30.6
1990	26.3	19.4	19.5	20.0	18.4	20.9
Lease-cropped						
1960	2.3	5.5	1.2	7.6	3.4	3.9
1980	6.4	7.4	1.8	7.8	8.4	6.8
1990	7.9	8.1	2.6	7.3	11.1	8.1
Other						
1960	0.4	1.7	3.0	1.6	1.4	1.4
1980	0.5	0.6	0.3	0.4	1.1	0.7
1990	0.7	0.5	0.2	0.5	0.7	0.6

Source: Agricultural Census (1960, 1980 and 1990)

A view of rural poverty.

advantage to households with an amount of seed capital to put up an advance for the rent, obtain inputs for cultivation and bear the entire risk. Households without similar endowments are likely to be edged out of the market. This clearly appears to have happened over the last decade, leading to enhanced inequality.

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[*]This section draws heavily from Gazdar et al., (2002).

PROFILE OF REGIONAL INEQUALITY

"The level of under-development of any region does not carry an element of homogeneity."

PROFILE OF REGIONAL INEQUALITY

Devolution is perhaps the most important state-level institutional reform measure in the history of Pakistan. Needless to say, decentralization has enormous potential. The process must, however, be properly designed and implemented if it is to accrue the desired benefits, i.e., enhanced democratic participation, increased efficiency, greater equity, and improved welfare. Improperly designed and applied, decentralization can have serious adverse implications. That there are questionable aspects regarding the devolution process currently underway cannot be denied. However, if political experiments are costly, the costs of failure are even higher. It is thus imperative that while striving for further improvements in the system, efforts be made to ensure that the district governments succeed.

The critical element in the entire scheme is expectations. People *expect* devolution to improve their quality of life. Given the considerable quantitative gap in requirements and availability, this can be achieved at the operational level through the development process. Here lies the importance of local planning to enable the establishment of development priorities and efficient and equitable allocation of resources.

District level development planning entails a two-phase process. At one level, the provincial governments need to decide on district-wise resource allocations with respect to province-to-district transfers. There can be a number of criteria for fiscal transfers; however, to the extent that removing intra-provincial disparities is an objective, the level of absolute as well as relative deprivation or under-development of particular districts

Semi-*pucca housing* units dot the landscape.

Urban development is in stark contrast to the rural areas.

will need to be taken into account. The level of under-development of any region does not carry an element of homogeneity. Even within an under-developed district, the level of deprivation may differ between its rural and urban areas, and between different sectors. Nevertheless there can be rural-urban differentials within a sector. A decentralized planning process would benefit considerably from information regarding the absolute and relative deprivation or under-development at various levels: developmental variations between different districts, rural-urban and sectoral variations in deprivation or under-development, and rural-urban variations in each sector.

This chapter documents the level of deprivation or under-development by district, by urban and rural areas, and by selected sectors. The ranking of districts by deprivation levels serves to identify districts which are relatively deprived or under-developed. Geographical targeting of resources for development and poverty reduction is easier to administer than targeting particular segments of population. Deserving and non-deserving population segments within a territorial jurisdiction are difficult to identify and isolate for targeting; however, specific territorial jurisdictions can be identified as more or less deprived, and then targeted for development support. Effective targeting is also important to ensure that the expenditure is utilized efficiently with the maximum impact on the target region. Identification and ranking of jurisdictions by backwardness also provides a firm basis for determining national and provincial finance awards.

Deprivation represents the inverse of development. In this respect, the 100 districts in the country[1] have been ranked in terms of the Index of Multiple Deprivation **(see boxes 4.1 and 4.2)**. The discussion of the pattern of deprivation and the implications for planning are presented separately for each province.

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[1]Karachi, with its five districts, is treated as one district.

BOX 4.1 HOW IS REGIONAL DEPRIVATION MEASURED?

The Index of Multiple Deprivation (IMD) is based on the premise that deprivation is composed of multiple dimensions. These dimensions or sectors reflect different aspects of deprivations. Each sector is made up of a number of indicators. The selection of indicators is based entirely on the data available in the Population and Housing Census of 1998. No other published or unpublished information is used in the analysis to render the exercise less disputable or debatable as far as the data source is concerned. This approach makes some sectors less representative, but it is preferable to avoid any reservations regarding the quality of data. The following indicators from four dimensions or sectors are used to compute district-wise indices of multiple deprivation.

EDUCATION
Out of School Children - Male
[Male children aged 5 to 9 years, not attending school]

Out of School Children - Female
[Female children aged 5 to 9 years, not attending school]

Illiteracy Rate - Male
[Percentage of illiterate males among the male population aged 10 years and above]

Illiteracy Rate - Female
[Percentage of illiterate females among the female population aged 10 years and above]

HOUSING QUALITY AND CONGESTION
Inadequate Wall Structure
[Houses with walls of un-baked bricks, earth bound, wood or bamboo material]

Inadequate Roofing
[Houses with un-baked bricks, earth bound, wood or bamboo used in roofing]

Index of Overcrowded Housing
[Person per rooms standardized with (Actual - 1.5) / (Maximum - 1.5) *100]

Housing Units with One Room
[Percentage of houses reporting only one room in the house]

Percentage of Homeless Population
[Population with no shelter]

Percentage of Non-Owners' Households
[Rented or rent free houses]

Percentage of Households with No Facility of
o Separate Kitchen
o Bathroom
o Latrine

RESIDENTIAL HOUSING SERVICES
Un-electrified Households
[Percentage of Households having no electricity connection]

Households not using Cooking Gas
[Households using wood or kerosene oil as cooking fuel]

Households with no Inside Piped Water Connection

EMPLOYMENT
Unemployment Index
[Unemployment rate is referred to as a percentage of the population aged a 15 to 65 not working and looking for work] standardized with (unemployment rate/maximum Unemployment * 100)

Index of Non-Manufacturing Employment
[Share of non-manufacturing employment in total employed labor force] standardized with (share/maximum share*100)

The poor find housing on peripheral land.

Growing disparity.

BOX 4.2   METHODOLOGY FOR CONSTRUCTING DEPRIVATION INDEX

The methodology used for constructing the Deprivation Indices is as follows. Given that all the above indicators are used in terms of 'percentages of the population affected by the type of deprivation', they can be easily combined. Therefore, deprivation indicators in each sector are first combined to create the four Sectoral Indices.

The indicators can be combined by assigning them equal weight. This would, however, not take account of the relative importance of the different indicators in sectoral deprivation. As such, the Principal Component Technique of Factor Analysis is used to generate weights. This statistical procedure assigns the highest weight to those variables that have the greatest variance (or dispersion); indicators with the lowest level of inequality are assigned the lowest weight. After assigning these weights, sectoral indices are computed and then ranked in order to compare deprivation levels across districts and provinces.

Once sectoral indices have been calculated, an overall index of multiple deprivations is derived. Having considered various options for computing the overall index, it has been decided to employ the criteria used by the UNDP for deriving their Human Poverty Index (HPI). The following formula is used to derive the Index of Multiple Deprivation.

$$IMD = [1/4^{\alpha} \{(E)^{\alpha} + (HQ)^{\alpha} + (HS)^{\alpha} + (L)^{\alpha}\}]^{1/\alpha}$$

Where;
IMD = Index of Multiple Deprivation
E   = Index of Education Deprivation
HQ = Index of Deprivation in Housing Quality
HS = Index of Deprivation in Housing Services
L   = Index of Deprivation in Employment
α = 3

The value of α has an important impact on the value of the Index. If α = 1, the IMD is the average of its four sectors. As α rises, greater weight is assigned to the sector in which there is the most deprivation. Following UNDP, the value of α is set at 3 to give additional but not overwhelming weight to the area of greater deprivation.

The indices are ranked nationally. However, in order to ease interpretation and comparison, the rank orders are re-ranked provincially, assigning the rank of 1 to *n*, with *n* being equal to the number of districts in the province. For example, there are 34 districts in Punjab; as such, *n* in Punjab would be equal to 34. The rank 1 is assigned to the district with the lowest value of deprivation and the rank *n* is assigned to the district with the highest value of deprivation index in the province.

An inter-provincial comparison of deprivation levels highlights the fact that a north-south developmental divide in the country has emerged, with Punjab and NWFP being relatively better placed than Sindh and Balochistan. The analysis shows that Punjab is the least deprived and Balochistan the most deprived. Viewing the data separately for rural and urban areas brings the variance into sharper relief.

Classifying the districts in terms of high, medium and low deprivation on the basis of one-third of the national population in each of the categories provides a useful basis of analysis. Dividing the 100 districts into high, medium and low deprivation categories indicates that 13 districts in the country fall in the 'low' deprivation category, 30 districts in the 'medium' deprivation category, and 57 districts in the 'high' deprivation category. Nine out of the 13 low deprivation districts are in Punjab and 24 of the 57 high deprivation districts are in Balochistan **(see table 4.1)**.

TABLE 4.1   DISTRICTS PER DEPRIVATION CATEGORY

Districts	High	Medium	Low
Punjab	10	15	9
Sindh	8	6	2
NWFP	15	8	1
Balochistan	24	1	1
Pakistan	57	30	13

Source: SPDC estimates based on Population and Housing Census (1998)

Tables 4.2 and 4.3 outline the distribution of provincial population by high, medium and low deprivation levels across provinces, and the distribution of national population across deprivation categories respectively. However, while the overall distribution is significant, it is the

TABLE 4.2   DISTRIBUTION OF PROVINCIAL POPULATION BY DEPRIVATION CATEGORY (%)

	High	Medium	Low
Overall			
Punjab	25	38	37
Sindh	31	27	42
NWFP	51	38	11
Balochistan	88	1	11
Urban Areas			
Punjab	30	47	23
Sindh	23	14	63
NWFP	60	40	0
Balochistan	100	0	0
Rural Areas			
Punjab	26	27	47
Sindh	49	48	3
NWFP	25	48	27
Balochistan	89	7	4

Source: SPDC estimates based on Population and Housing Census (1998)

Analysis shows that Punjab is the least deprived and Balochistan the most deprived.

TABLE 4.3   DISTRIBUTION OF NATIONAL POPULATION BY DEPRIVATION CATEGORY (%)

	High	Medium	Low
Overall			
Punjab	43	65	64
Sindh	22	19	30
NWFP	21	15	4
Balochistan	14	1	2
Pakistan	100	100	100
Urban Areas			
Punjab	50	77	37
Sindh	25	15	63
NWFP	13	8	0
Balochistan	12	0	0
Pakistan	100	100	100
Rural Areas			
Punjab	45	48	83
Sindh	27	26	2
NWFP	13	25	14
Balochistan	15	1	1
Pakistan	100	100	100

Source: SPDC estimates based on Population and Housing Census (1998)

distribution by rural and urban areas that is most meaningful for policy purposes.

Punjab is the only province where nearly half (47 per cent) of its rural population resides in low deprivation districts. The province also accounts for an overwhelming share (83 per cent) of the total national rural population in low deprivation districts; the remaining 17 per cent is distributed among the three provinces. Punjab's position however, is not as enviable with respect to urban areas, where only 23 per cent of its urban population resides in low deprivation districts. Further, it accounts for over one-third of the total national urban population in the low deprivation districts and over three-fourths of the total national urban population in medium deprivation districts.

Balochistan emerges as the most deprived province, with over 89 per cent of the rural population residing in high deprivation districts. The proportion of its rural population residing in low deprivation districts is a minor 4 per cent. The share of the total national rural population in low deprivation districts stands at barely 1 per cent. The urban areas are in a dismal state of development. The entire urban population resides in high deprivation districts and the province's share of total national population in low and medium deprivation districts is zero. Quetta, the provincial capital, does not even qualify for urban 'medium' deprivation status.

Similarly in Sindh, only 3 per cent of the rural provincial population resides in low deprivation districts and the province accounts for a mere 2 per cent share of the total national rural population in low deprivation districts. The extent of rural-urban inequality in Sindh is stark. While 49 per cent of the rural population resides in 'high' deprivation areas, 63 per cent of the urban population resides in 'low' deprivation areas. In fact,

Punjab is the only province where nearly half (47 per cent) of its rural population resides in low deprivation districts.

urban Sindh stands out as the least deprived in the country. Incidentally, this population is largely concentrated in Karachi. At the same time, well over one-fifth of Sindh's urban population resides in high deprivation districts, illustrating the development gap between Karachi and other urban centres in the province.

NWFP appears to be in an intermediate stage of development. Over a quarter of the rural population of the province is resident in low deprivation districts and almost half (48 per cent) is resident in medium deprivation districts. NWFP also accounts for a quarter of the total national rural population in medium deprivation districts. The urban development situation is not as positive, with 60 per cent of its urban population residing in high deprivation districts and none of its urban population residing in low deprivation districts. Its share of total national urban population in low deprivation districts is also zero.

An examination of the ranking of the 100 districts by deprivation level confirms, Punjab's superior position with respect to development, with the most deprived district, Rajanpur, ranking 19th. The implication is that 18 districts in the other provinces are more deprived than the most deprived district of Punjab. Balochistan's position as the most deprived province also stands confirmed, as 24 out of its 26 districts rank among the most deprived districts in the country,

Karachi (Sindh), is the most developed district in the entire country, followed by Lahore, while Musakhel, in Balochistan, ranks as the most deprived district in the country. Quetta, Balochistan's provincial capital, ranks as the 7th least deprived in the national deprivation ranking and NWFP's provincial capital at Peshawar, ranks as the 9th least deprived. In other words, there are 6 districts that are less deprived than Quetta and 8 districts that are less deprived than Peshawar.

In terms of the second least deprived districts in each of the provinces, Sialkot in Punjab is the third least deprived, Hyderabad in Sindh is the 12th least deprived, Haripur in NWFP is the 15th least deprived, and Ziarat in Balochistan is the 26th least deprived in the country. Interestingly, the Index of Deprivation, translated to a scale of 1

Balochistan emerges as the most deprived province.

A heavy burden carried by those who don't go to school.

to 100, shows that Hyderabad is 56 points behind Karachi and Ziarat is 32 points behind Quetta; this explains for the developmental distance between the two provincial capitals and their respective second placed cities. The developmental distance between the top two districts is not so large in the case of Punjab and NWFP.

Differences in the rural and urban deprivation levels of districts are also meaningful. For instance, Hafizabad, Mianwali, Khushab, and Jhelum (Punjab), Nowshera, Swabi and Malakand (NWFP), and Pishin and Ziarat (Balochistan) rank higher in urban than in rural deprivation. In other words, while the rural areas of the district are relatively more developed, their respective urban areas are poorly developed. The reverse is true in the case of Sanghar and Nawabshah (Sindh), where the urban areas in these districts are far better placed than their respective rural areas.

PUNJAB

There are 34 districts in Punjab, with Lahore and Rajanpur ranking as the least and the most deprived, respectively. Sialkot is the next least deprived district, but its deprivation index reads about 15 points below that of Lahore. Likewise, Muzaffargarh is the next most deprived district, placed at a distance of 10 points from Rajanpur **(see table 4.4)**.

Classifying the districts in terms of high, medium and low deprivation on the basis of one-third of the national population, Lahore, Sialkot, Rawalpindi, Gujranwala, Faisalabad, Gujrat, Jhelum, Toba Tek Singh and Attock classify as low deprivation. At the other end, Rajanpur, Muzaffargarh, D.G. Khan, Layyah, Lodhran, Bhakkar, Pakpattan, Rahimyar Khan, Bahawalpur and Jhang rank as high deprivation.

As is the case nationally, it appears that there is a north-south developmental divide in Punjab as well. The case of southern Punjab deserves attention as its high deprivation level emerges quite clearly. All of the lower half of the most deprived districts in Punjab are in the

TABLE 4.4			DEPRIVATION RANKING - PUNJAB
Districts	**Provincial Rank Order**	**National Rank Order**	**Deprivation scale [1- 100]**
	1 = Least Deprived 34 = Most Deprived	1 = Least Deprived 100 = Most Deprived	
Low Deprivation			
Lahore	1	2	1.0
Sialkot	2	3	14.8
Rawalpindi	3	4	16.6
Gujranwala	4	5	26.5
Faisalabad	5	6	27.8
Gujrat	6	8	30.0
Jhelum	7	10	42.0
T.T. Singh	8	11	45.7
Attock	9	13	48.0
Medium Deprivation			
Sheikhpura	10	14	48.2
Narowal	11	16	50.8
M.B.Din	12	17	52.6
Multan	13	18	55.5
Chakwal	14	19	55.8
Hafizabad	15	22	58.8
Kasur	16	23	59.3
Sargodha	17	25	61.8
Sahiwal	18	30	66.7
Khushab	19	32	67.2
Okara	20	33	68.4
Vehari	21	34	68.6
Mianwali	22	36	69.2
Khanewal	23	41	73.2
Bahawalnagar	24	43	73.7
High Deprivation			
Jhang	25	46	74.9
Bahawalpur	26	49	76.5
R.Y. Khan	27	53	78.2
Pakpattan	28	54	78.3
Bhakkar	29	61	83.0
Lodhran	30	65	85.5
Layyah	31	68	86.1
D.G. Khan	32	72	89.8
Muzaffargarh	33	73	90.0
Rajanpur	34	82	100.0

Source: SPDC estimates based on Population and Housing Census (1998)

CHART 4.1   **CLASSIFICATION OF DISTRICTS BY DEPRIVATION LEVEL**

PUNJAB PROVINCE

Low Deprivation
Medium Deprivation
High Deprivation

While 20 districts rank high in terms of urban deprivation, only nine districts rank high in terms of rural deprivation.

TABLE 4.5	DEPRIVATION RANKING - PUNJAB (RURAL)		
Districts	Provincial Rank Order	National Rank Order	Deprivation scale [1- 100]
	1 = Least Deprived 34 = Most Deprived	1 = Least Deprived 100 = Most Deprived	
Low Deprivation			
Lahore	1	2	1.0
Gujrat	2	3	17.2
Sialkot	3	4	19.3
Gujranwala	4	5	23.8
T.T. Singh	5	7	26.6
Jhelum	6	8	28.1
Faisalabad	7	9	28.9
Narowal	8	10	30.2
Rawalpindi	9	12	34.2
M.B.Din	10	13	35.6
Chakwal	11	14	35.6
Sheikhpura	12	15	37.9
Attock	13	16	38.3
Hafizabad	14	20	44.7
Sargodha	15	23	52.0
Kasur	16	24	52.7
Medium Deprivation			
Mianwali	17	27	53.9
Khushab	18	29	54.3
Sahiwal	19	31	55.4
Vehari	20	34	57.7
Okara	21	36	60.0
Khanewal	22	42	64.6
Bahawalnagar	23	44	65.4
Multan	24	46	66.9
Jhang	25	51	70.0
High Deprivation			
Pakpattan	26	53	71.7
Bhakkar	27	55	72.7
Lodhran	28	60	76.6
Layyah	29	61	76.9
R.Y. Khan	30	63	78.2
Bahawalpur	31	64	80.3
Muzaffarabad	32	72	86.9
D.G. Khan	33	77	89.9
Rajanpur	34	86	100.0

Source: SPDC estimates based on Population and Housing Census (1998)

southern part of the province, while - with the sole exception of Multan - none of the southern Punjab districts appear among the upper half of the least deprived districts. Multan district, home to the largest city of southern Punjab, ranks as the 13th least deprived. In other words, 12 other districts in Punjab are relatively more developed than Multan. Furthermore, on a scale of 1 to 100, Multan's Index of Deprivation level stands at about 56, over halfway removed from Lahore in terms of development level.

Moreover, southern Punjab districts generally rank high on deprivation with respect to employment, education and housing indicators. Ranking of the districts is arrived at separately for selected service sectors, i.e., employment, education, housing quality and housing services **(see appendix A.4)**. These rankings can be of particular use to district officials in terms of identifying developmental gaps, fixing priorities and allocating resources across different sectoral heads. Interestingly, there are significant differences in the sectoral rankings, indicating that a high inter-sectoral correlation in deprivation levels does not necessarily exist. For example, rural Jhelum ranks as the 2nd least deprived in housing quality, but is 31st in employment, while urban Kasur ranks as the least deprived in employment, but is among the three most deprived in education.

The rural-urban classification of districts brings forth the fact that rural Punjab is less deprived than urban Punjab. While 20 districts rank high in terms of urban deprivation, only 9 districts rank high in terms of rural deprivation **(see tables 4.5 and 4.6)**.

In terms of rural deprivation, the position of Lahore and Rajanpur as the least and most deprived district remains unchanged. There are other changes, though. For example, Gujrat replaces Sialkot as the second least deprived district and D.G. Khan replaces Muzaffargarh as the second most deprived district. There are other changes in the rankings as well. The differential in deprivation levels is, however, sharper. The deprivation scale shows that the distance between Lahore and Gujrat is about 17 points and that between D.G. Khan and Rajanpur is 11 points.

Lahore and Rajanpur remain as the least and most deprived districts respectively in terms of urban deprivation as well. However, there are changes in the rankings of other districts. For instance, Faisalabad replaces Rawalpindi as the third least deprived district and Lodhran replaces Muzaffargarh as the second most deprived district. There are other changes in the rankings as well. Interestingly, deprivation scales of Gujrat, Faisalabad and Rawalpindi are very close, indicating that these are more or less similarly placed with respect to urban deprivation indicators. Equally interesting is the fact that Sialkot is placed at a distance of 23 points from Lahore, implying a significantly higher deprivation level of Sialkot relative to Lahore.

All the least deprived districts in Punjab also rank among the 15 least deprived districts in the country. Within Punjab, every one of the districts, except Rawalpindi and Attock, is located in central Punjab. All the most deprived districts in the province are located in the southern part of the province. However, none of them rank among the 10 most deprived districts of the country. And, with the exception of Rajanpur, none of them rank among the 25 most deprived districts of the country either.

TABLE 4.6   DEPRIVATION RANKING - PUNJAB (URBAN)

Districts	Provincial Rank Order 1 = Least Deprived 34 = Most Deprived	National Rank Order 1 = Least Deprived 100 = Most Deprived	Deprivation scale [1- 100]
Low Deprivation			
Lahore	1	2	1.0
Gujrat	2	3	14.3
Faisalabad	3	4	16.0
Rawalpindi	4	5	18.8
Sialkot	5	6	23.1
Medium Deprivation			
Attock	6	7	27.6
Narowal	7	8	39.8
Gujranwala	8	10	41.9
Sheikhpura	9	11	42.6
T.T. Singh	10	12	44.7
Jhelum	11	14	46.5
Kasur	12	15	48.0
Chakwal	13	19	57.8
Multan	14	21	58.5
High Deprivation			
Vehari	15	22	59.5
D.G. Khan	16	23	60.9
Sahiwal	17	27	63.4
M.B.Din	18	28	63.9
Hafizabad	19	30	64.8
R.Y. Khan	20	32	66.3
Sargodha	21	33	67.0
Jhang	22	34	67.5
Bahawalnagar	23	36	68.5
Okara	24	37	69.4
Bahawalpur	25	43	74.3
Khanewal	26	45	75.2
Khushab	27	49	79.8
Muzaffarabad	28	51	80.6
Pakpattan	29	53	83.1
Mianwali	30	60	87.8
Layyah	31	62	90.9
Bhakkar	32	66	92.6
Lodhran	33	67	93.5
Rajanpur	34	75	100.0

Source: SPDC estimates based on Population and Housing Census (1998)

Education - A powerful mechanism for ensuring their empowerment.

Employment

The ranking of districts by employment opportunities in rural areas shows that Rawalpindi, Mianwali and D.G. Khan are the three most deprived districts, while Sialkot, Sheikhupura and Faisalabad are the three least deprived districts. With respect to urban areas, Mianwali, Rajanpur and Layyah are the three most deprived districts, while Kasur, Faisalabad and Sialkot are the three least deprived.

From the sample of cases discussed it can be concluded that some districts, like Rajanpur, lack employment opportunities in both rural and in urban areas. Other districts like D.G. Khan are relatively more deficient in rural employment, while Layyah is relatively more deficient in urban employment. At the other end of the spectrum, the rural areas of Sheikhupura offer relatively better employment opportunities than its urban areas, while the reverse is true in Kasur. From a policy perspective, more employment opportunities need to be created in urban Sheikhupura and rural Kasur.

Education

The district ranking of rural areas with respect to education shows that Rajanpur, D.G. Khan and Muzaffargarh are the three most deprived, while Gujrat, Rawalpindi and Jhelum are the least deprived. The corresponding ranking of urban areas shows that Lodhran, Rajanpur and Bahawalnagar are the three most deprived districts, while Rawalpindi, Jhelum and Sialkot are the three least deprived.

A comparison of the rural-urban situation demonstrates the fact that education indicators present more or less the same rankings of the rural and urban areas for the five least deprived districts of the province. However, education indicators in urban areas of D.G. Khan are relatively better than in its rural areas. Conversely, it appears that education indicators in rural areas of Lodhran are relatively better than in its urban areas.

The policy implications of the analysis of the sample of the most and least educationally deprived districts are twofold. First, districts that rank high in education deprivation deserve greater allocations in the education

budget. Second, districts where there is a rural-urban differential need to allocate resources accordingly. For example, Rajanpur deserves greater allocations than Gujrat. Further, developmental resources need to be channelled more into rural schooling in D.G. Khan and more into urban schooling in Lodhran.

Housing Quality and Housing Services

The district ranking analysis of rural areas shows that Rajanpur, Layyah, Jhang, Muzaffargarh and D.G. Khan are some of the most deprived districts and Lahore, Rawalpindi, Sialkot, Jhelum and Gujrat are some of the least deprived in terms of rural housing quality and services. Jhang, Bahawalpur and Jhelum are endowed with relatively better housing quality than housing services, while the reverse is true in D.G. Khan, Muzaffargarh and Lahore. The variations are large for example, in Bahawalpur, D.G. Khan and Multan. Housing quality is also significantly better than housing services in Khushab and Bahawalpur, while housing services are significantly better than housing quality in D.G. Khan, Multan and Okara.

The deprivation analysis of urban areas indicates that Layyah, Rajanpur, Bhakkar, Muzaffargarh, Khushab and Hafizabad are some of the most deprived districts, while Lahore, Rawalpindi, Sialkot and Chakwal are some of the least deprived in terms of housing quality and services. Narowal ranks significantly better in housing quality, while Multan ranks significantly better in housing services.

The conclusions of the analysis of the most and least deprived districts for policy purposes are twofold. Districts that rank high in housing and housing services deprivation deserve greater allocations, while districts that rank higher in either housing quality or housing services and where there is a rural-urban differential need to allocate resources accordingly. For example, Rajanpur is highly deprived in housing quality and housing services in rural as well as urban areas, rural Jhelum is relatively more deprived in housing services and urban Gujranwala is relatively more deprived in housing quality.

Districts with poor infrastructure deserve greater resources.

SINDH

There are 16 districts in Sindh, with Karachi and Tharparkar ranking as the least and most deprived districts, respectively. As stated earlier, the rankings do not show the distance between districts ranked next to each other. For example, while Hyderabad is the next least deprived district after Karachi, there is a 56 point difference in their relative deprivation scales. Similarly, while Thatta ranks as the second most deprived district after Tharparkar, there is a 6 point difference between the two. In other words, Hyderabad is more than twice as deprived than Karachi, and Thatta is almost as deprived as Tharparkar.

The magnitude of the two differentials highlights the developmental lead that Karachi commands and the lag that Tharparkar suffers from. Sindh's developmental lag, except for Karachi, can also be seen from the fact that Hyderabad, the second least deprived district of Sindh, ranks 12th in terms of national ranking and Tharparkar, the most deprived district of Sindh, ranks 84th in terms of national ranking.

Classifying Sindh districts in terms of high, medium and low deprivation on the basis of one-third of the national population, shows that Karachi and Hyderabad classify as low deprivation; Sukkur, Larkana, Naushero Feroze, Nawabshah, Khairpur and Dadu classify as medium deprivation; and Shikarpur, Sanghar, Mirpurkhas, Ghotki, Jacobabad, Badin, Thatta and Tharparkar classify as high deprivation districts. It appears that the high deprivation districts are concentrated in the north and southeast of the province **(see table 4.7)**.

TABLE 4.7	DEPRIVATION RANKING - SINDH		
Districts	Provincial Rank Order 1 = Least Deprived 16 = Most Deprived	National Rank Order 1 = Least Deprived 100 = Most Deprived	Deprivation scale [1- 100]
Low Deprivation			
Karachi	1	1	1.0
Hyderabad	2	12	56.3
Medium Deprivation			
Sukkur	3	21	65.7
Larkana	4	27	69.5
Naushero Feroze	5	28	70.4
Nawabshah	6	29	70.5
Khairpur	7	38	74.7
Dadu	8	39	75.8
High Deprivation			
Shikarpur	9	44	77.9
Sanghar	10	47	78.8
Mirpurkhas	11	52	81.0
Ghotki	12	59	84.8
Jacobabad	13	63	85.7
Badin	14	76	92.4
Thatta	15	78	94.7
Tharparkar	16	84	100.0

Source: SPDC estimates based on Population and Housing Census (1998)

Sindh's developmental lag can also be seen from the fact that Hyderabad, the second least deprived district of Sindh, ranks 12th in terms of national ranking.

CHART 4.2   **CLASSIFICATION OF DISTRICTS BY DEPRIVATION LEVEL**

SINDH PROVINCE

Low Deprivation
Medium Deprivation
High Deprivation

In **table 4.8**, in terms of rural deprivation, the position of Karachi as the least deprived district remains unchanged. Badin is the most deprived in terms of rural deprivation. Thatta also remains as the second most deprived district. However, Naushero Feroze replaces Hyderabad as the second least deprived district. In terms of the deprivation scale, however, Naushero Feroze stands 65 points behind Karachi. In other words, Naushero Feroze's ranking next to Karachi is of little consolation as it is three times as deprived as Karachi.

TABLE 4.8   DEPRIVATION RANKING - SINDH [RURAL]

Districts	Provincial Rank Order	National Rank Order	Deprivation scale
	1 = Least Deprived 16 = Most Deprived	1 = Least Deprived 100 = Most Deprived	[1- 100]
Low Deprivation			
Karachi	1	1	1.0
Medium Deprivation			
Naushero Feroze	2	28	65.3
Larkana	3	35	70.1
Khairpur	4	40	74.3
Dadu	5	41	74.8
Sukkur	6	47	78.0
Hyderabad	7	48	78.3
Nawabshah	8	50	78.9
High Deprivation			
Shikarpura	9	52	80.3
Sanghar	10	59	85.9
Mirpurkhas	11	65	90.7
Ghotki	12	68	91.5
Jacobabad	13	73	95.9
Tharparkar	14	75	98.2
Thatta	15	76	98.5
Badin	16	79	100.0

Source: SPDC estimates based on Population and Housing Census (1998)

In terms of urban areas **(see table 4.9)**, the position of Karachi as the least deprived district remains unchanged. Hyderabad retains its position as the second least deprived district. However, Hyderabad does stand at a developmental distance of 48 points from Karachi, which implies that it is almost twice as deprived as Karachi. Badin now also occupies the position of the most deprived district, with Jacobabad at a close second.

There also exist significant differences in the sectoral rankings. For example, Tharparkar ranks as the 2nd least deprived in employment opportunities, but the most deprived in education and housing services, presenting clear options for sectoral resource allocation **(see appendix A.4)**.

TABLE 4.9	DEPRIVATION RANKING - SINDH [URBAN]		
Districts	Provincial Rank Order	National Rank Order	Deprivation scale [1- 100]
	1 = Least Deprived 16 = Most Deprived	1 = Least Deprived 100 = Most Deprived	
Low Deprivation			
Karachi	1	1	1.0
Medium Deprivation			
Hyderabad	2	9	47.5
Nawabshah	3	13	53.6
Sanghar	4	17	63.9
High Deprivation			
Ghotki	5	25	73.0
Mirpurkhas	6	31	75.4
Naushero Feroze	7	39	82.7
Sukkur	8	41	84.2
Larkana	9	42	85.4
Shikarpur	10	47	90.7
Dadu	11	48	91.2
Khairpur	12	52	95.1
Tharparkar	13	54	96.1
Thatta	14	55	96.1
Jacobabad	15	57	97.6
Badin	16	59	100.0

Source: SPDC estimates based on Population and Housing Census (1998)

Employment

The ranking of districts by employment opportunities in rural and urban areas shows that Karachi remains the least deprived. As already indicated, Tharparkar is the second least deprived in rural employment opportunities, followed by Larkana. At the other end, Thatta, Dadu and Badin rank as the most deprived in terms of employment opportunities. With respect to urban areas, Ghotki ranks as the third least deprived, following Karachi and Hyderabad. At the other end, Dadu, Sukkur and Jacobabad rank as the most deprived in urban employment opportunities.

The sample of cases discussed reveals that some districts like Jacobabad require more employment opportunities in rural as well as in urban areas. Other districts like Badin and Thatta need more rural employment, while Sukkur is relatively more deficient in urban employment. The policy implications for resource allocation decisions follow accordingly.

Education

The district ranking of rural deprivation with respect to education shows that Naushero Feroze ranks as the second least deprived after Karachi and is followed by Khairpur. At the other end, Tharparkar, Thatta, and Jacobabad rank as the three most deprived districts. Urban Hyderabad ranks as the second least deprived after Karachi and is followed by Nawabshah. Among the three most deprived districts are Jacobabad, Thatta and Badin.

The ranking of districts by employment opportunities in rural and urban areas shows that Karachi remains the least deprived.

A comparison of the rural-urban situation demonstrates the fact that education indicators in urban areas of Tharparkar are relatively better than in its rural areas. Conversely, it appears that education indicators in rural areas of Naushero Feroze are relatively better than in its urban areas.

The policy implications of the analysis of the most and least educationally deprived districts are twofold. First, districts that rank high in education deprivation deserve greater allocations in the education budget. Second, districts where there is a rural-urban differential need to allocate resources accordingly. For example, Badin deserves greater allocations than Sukkur. And further, developmental resources need to be channelled more into rural schooling in Hyderabad and more into urban schooling in Shikarpur.

Housing Quality and Housing Services

The district deprivation analysis of rural areas shows that Karachi expectedly ranks as the least deprived in both housing quality and housing services. Following Karachi, the second and third least deprived districts are Tharparkar and Thatta in housing quality, and Larkana and Shikarpur in housing services. The three most deprived districts in housing quality are Ghotki, Badin and Jacobabad, while the three most deprived districts in housing services are Tharparkar, Thatta and Badin. Badin is deprived in both housing quality and housing services. Housing quality is relatively better than housing services in Tharparkar and Thatta, while in Jacobabad housing services are relatively better than housing quality.

The analysis of urban areas indicates that following Karachi, Hyderabad and Mirpurkhas rank as the second and third least deprived districts in housing quality, while Nawabshah and Mirpurkhas rank as the second and third least deprived, respectively, in housing services. Mirpurkhas is equally endowed in housing quality and housing services. Larkana is deficient in housing quality relative to housing services, while Hyderabad is deficient in housing services relative to housing quality.

The conclusions of the analysis of the most and least deprived districts for policy purposes are twofold. Districts that rank high in housing and housing services deprivation deserve greater allocations, while districts that rank higher in either housing quality or housing services and where there is a rural-urban differential need to allocate resources accordingly.

■ NWFP

There are 24 districts in NWFP, with Peshawar and Kohistan ranking as the least and the most deprived districts, respectively. Haripur is the second least deprived and Shangla is the second most deprived district. It is noteworthy that Peshawar, the provincial capital and the least deprived of the NWFP districts, ranks 9th on the national ranking.

Classifying the districts in terms of high, medium and low deprivation on the basis of one-third of the national population in each of the categories shows that only Peshawar classifies as low deprivation, while 8 districts classify as medium deprivation and the remaining 15 districts

Peshawar, the provincial capital and the least deprived of the NWFP districts, ranks 9th on the national ranking.

classify as high deprivation. The most deprived districts are generally located in the remote mountain areas and in the south of the province. An exception is Charsadda, which lies in the otherwise relatively less deprived Peshawar valley **(see table 4.10)**.

TABLE 4.10		DEPRIVATION RANKING - NWFP	
Districts	**Provincial Rank Order**	**National Rank Order**	**Deprivation scale [1- 100]**
	1 = Least Deprived 24 = Most Deprived	1 = Least Deprived 100 = Most Deprived	
Low Deprivation			
Peshawar	1	9	1.0
Medium Deprivation			
Haripur	2	15	11.6
Abbotabad	3	20	21.0
Nowshera	4	24	24.9
Mardan	5	31	32.9
Kohat	6	35	35.3
Bannu	7	37	36.2
Laki Mar	8	40	39.7
Swabi	9	42	41.4
High Deprivation			
Malakand	10	45	41.9
Charsadda	11	50	46.2
Karak	12	51	46.2
Mansehra	13	55	47.5
Swat	14	56	48.3
Lower Dir	15	57	50.2
D.I. Khan	16	62	53.7
Tank	17	64	55.0
Chitral	18	66	56.7
Hangu	19	67	56.7
Buner	20	69	57.4
Upper Dir	21	81	74.1
Batagram	22	90	84.5
Shangla	23	91	86.4
Kohistan	24	99	100.0

Source: SPDC estimates based on Population and Housing Census (1998)

In terms of rural deprivation **(see table 4.11)**, the position of Kohistan as the least deprived district remains unchanged. Other most deprived districts are Shangla, Batagram and Upper Dir. Haripur emerges as the least deprived district, replacing Peshawar, whose rank declines to that of the 4th least deprived district, after Abbotabad and Nowshera.

CHART 4.3   **CLASSIFICATION OF DISTRICTS BY DEPRIVATION LEVEL**

N W F P   P R O V I N C E

Low Deprivation
Medium Deprivation
High Deprivation

Note: Federally Administered Tribal Areas (FATA) are not included in the analysis.

TABLE 4.11   DEPRIVATION RANKING - NWFP [RURAL]

Districts	Provincial Rank Order	National Rank Order	Deprivation scale
	1 = Least Deprived 24 = Most Deprived	1 = Least Deprived 100 = Most Deprived	[1- 100]
Low Deprivation			
Haripur	1	11	1.0
Nowshera	2	18	16.3
Abbotabad	3	19	16.9
Peshawar	4	21	23.7
Bannu	5	22	24.8
Malakand	6	25	27.1
Medium Deprivation			
Laki Mar	7	26	27.6
Mardan	8	30	29.5
Swabi	9	33	31.9
Lower Dir	10	37	38.5
Mansehra	11	38	40.0
Karak	12	39	40.9
Charsadda	13	43	42.2
Swat	14	45	44.1
Buner	15	49	46.9
High Deprivation			
Tank	16	54	51.4
Kohat	17	56	52.3
Chitral	18	57	52.7
Hangu	19	58	53.8
D.I. Khan	20	62	58.0
Upper Dir	21	74	69.8
Batagram	22	84	80.2
Shangla	23	85	82.4
Kohistan	24	96	100.0

Source: SPDC estimates based on Population and Housing Census (1998)

The ranking of urban areas in NWFP ranges from 1 to 20, as there are 4 districts without any urban areas. Peshawar is the least deprived district, followed by Haripur and D.I. Khan. Malakand, Hangu and Lower Dir are the three least deprived districts **(see table 4.12)**.

There does not exist a high inter-sectoral correlation in deprivation levels. For example, Chitral ranks as among the least deprived in education, but the most deprived in housing indicators. On the other hand, Hangu ranks among the less deprived in housing indicators, but among the most deprived in employment **(see appendix A.4)**.

Employment

The ranking of districts by employment opportunities in rural areas shows that Peshawar, Swabi and Buner are the three least deprived and Kohat, Hangu and Batagram are among the three most deprived districts. With respect to urban areas, Peshawar, D.I. Khan and Upper Dir rank as the three least deprived districts and Tank, Malakand and Karak are the three most deprived districts.

Chitral ranks as among the least deprived in education, but the most deprived in housing indicators.

TABLE 4.12   DEPRIVATION RANKING - NWFP [URBAN]

Districts	Provincial Rank Order	National Rank Order	Deprivation scale
	1 = Least Deprived 20 = Most Deprived	1 = Least Deprived 100 = Most Deprived	[1- 100]
Medium Deprivation			
Peshawar	1	16	1.0
Haripur	2	18	9.2
D.I. Khan	3	20	12.8
High Deprivation			
Mansehra	4	24	17.9
Kohat	5	29	20.4
Abbotabad	6	38	28.2
Mardan	7	50	40.4
Bannu	8	56	45.7
Chitral	9	58	46.0
Swat	10	61	50.2
Nowshera	11	64	54.3
Upper Dir	12	65	55.3
Charsadda	13	70	61.9
Laki Mar	14	72	62.6
Karak	15	76	68.8
Swabi	16	78	72.7
Tank	17	80	76.1
Lower Dir	18	81	76.9
Hangu	19	85	86.7
Malakand	20	89	100.0

Source: SPDC estimates based on Population and Housing Census (1998)

Some districts, like Tank, lack employment opportunities in rural as well as in urban areas. Other districts like Kohat are relatively more deficient in rural employment, while Lower Dir is relatively more deficient in urban employment. The policy implications for resource allocation decisions follow accordingly.

Education

The district ranking of rural deprivation with respect to education shows that Abbotabad, Haripur and Chitral rank as the three least deprived districts and Kohistan, Shangla and Batagram are the three most deprived. In terms of urban deprivation, Abbotabad, Mansehra and Haripur rank as the three least deprived districts and Malakand, Lower Dir and Hangu as the three most deprived.

A comparison of the rural-urban situation demonstrates the fact that Abbotabad tops other districts in education indicators in rural as well as urban areas. D.I. Khan is relatively better endowed in urban areas than in rural areas, while the reverse is true in Bannu.

The policy implications of the analysis of the sample of most and least educationally deprived districts are twofold. First, districts that rank high in education deprivation deserve greater allocations in the education

budget. Second, districts where there is a rural-urban differential need to allocate resources accordingly. For example, Upper Dir deserves greater allocations than Abbotabad. Furthermore, developmental resources need to be channelled more into rural schooling in Bannu and more into urban schooling in D.I. Khan.

Housing Quality and Housing Services

The deprivation analysis of the rural areas of NWFP shows that Haripur, Karak and Malakand rank as the three least deprived in housing quality, while Bannu, Haripur and Nowshera rank as the three least deprived in housing services. At the other end, D.I. Khan, Kohistan and Batagram rank as the three most deprived in housing quality, while Kohistan, Shangla and Chitral rank as the three most deprived in housing services. It appears that Haripur is better endowed in both housing quality and services, while Kohistan is poorly endowed with respect to both indicators. Mansehra is equally endowed with respect to housing quality and services. However, there appears to be a wide variation in the rankings of housing quality and housing services. For example, Hangu ranks 6th in housing services but 12th in housing quality; Peshawar ranks 5th in housing services and 11th in housing quality.

The analysis of urban deprivation indicates that Haripur, Abbotabad and Mansehra rank as the three least deprived districts in housing quality, while Peshawar, Abbotabad and Haripur rank as the three least deprived in housing services. At the other end, Malakand, Charsadda and Upper Dir rank as the three most deprived in housing quality, while Swabi, Hangu and Malakand rank as the three most deprived districts. Abbottabad and Haripur appear to be better endowed and Malakand appears to be poorly endowed in both housing quality as well as services.

The conclusions of the analysis of the sample of most and least deprived districts for policy purposes are twofold. Districts that rank high in housing and housing services deprivation deserve greater allocations, while districts that rank higher in either housing quality or housing services and where there is a rural-urban differential need to allocate resources accordingly. For example, Malakand deserves greater allocations for housing and housing services. Mansehra requires greater allocation for rural housing relative to its urban areas and Peshawar needs greater allocations for urban housing relative to its rural areas. With respect to housing services, greater allocations are necessary in rural Abbotabad relative to its urban areas and urban Bannu relative to its rural areas.

■ BALOCHISTAN

Of the 26 districts in Balochistan, Quetta and Musakhel rank as the least and the most deprived districts, respectively. Ziarat is the second least deprived and Kharan is the second most deprived district. The vast developmental lag of Balochistan can be discerned from the fact that (1) Quetta, the provincial capital and the least deprived of Balochistan's districts ranks 7th on the national ranking; (2) the second least deprived district of the province ranks 26th on the national ranking; and (3) eight out of 26 districts in the province are among the 10 most deprived districts in the country.

Classifying the districts in terms of high, medium and low deprivation is, thus, not too meaningful; with the exception of Quetta and Ziarat, the entire province falls in the high deprivation category **(see tables 4.13 to 4.15)**. Even Lasbela and Nasirabad, which command a degree of economic activity, classify as high deprivation. Lasbela is home to the Hub Industrial Estate, but ranks 10th provincially and 77th nationally. Nasirabad is the only canal irrigated district but ranks 16th provincially and 87th nationally. District Awaran does not have any urban area. As such, the ranking of urban areas ranges from 1 to 25. However, with the exception of a handful of districts, the classification between rural and urban areas is also not too relevant, as the urban areas possess few aspects of urbanization and are so designated in an administrative sense only.

TABLE 4.13   DEPRIVATION RANKING - BALOCHISTAN

Districts	Provincial Rank Order 1 = Least Deprived 26 = Most Deprived	National Rank Order 1 = Least Deprived 100 = Most Deprived	Deprivation scale [1- 100]
Low Deprivation			
Quetta	1	7	1.0
Medium Deprivation			
Ziarat	2	26	32.0
High Deprivation			
Pishin	3	48	44.5
Sibi	4	58	49.2
Gwadar	5	60	50.6
Kech	6	70	54.5
Kalat	7	71	56.9
Loralai	8	74	57.5
Jafarabad	9	75	58.9
Lasbela	10	77	59.5
Chagai	11	79	62.2
Mastung	12	80	63.8
Bolan	13	83	67.4
Kila Abdullah	14	85	69.9
Kila Saifullah	15	86	70.1
Nasirabad	16	87	71.2
Barkhan	17	88	71.3
Dera Bugti	18	89	73.7
Khuzdar	19	92	76.5
Panjgur	20	93	77.1
Jhal Magsi	21	94	77.2
Zhob	22	95	77.3
Awaran	23	96	80.0
Kohlu	24	97	82.6
Kharan	25	98	85.7
Musakhel	26	100	100.0

Source: SPDC estimates based on Population and Housing Census (1998)

With the exception of Quetta and Ziarat, the entire province of Balochistan falls in the high deprivation category.

CHART 4.4   **CLASSIFICATION OF DISTRICTS BY DEPRIVATION LEVEL**

BALOCHISTAN PROVINCE

Low Deprivation
Medium Deprivation
High Deprivation

In terms of abject deprivation within the province, some inter-district differentials can be identified, nevertheless. While Quetta remains the least deprived in rural as well as urban terms, other rankings do change. For example, Ziarat, Pishin and Loralai rank as the second, third and fourth least deprived districts in rural terms. Their place is, however, taken by Kalat, Loralai and Zhob in urban terms. Similarly, Musakhel, Kharan and Kohlu rank as the three most deprived districts in rural terms. However, Kila Abdullah and Panjgur replace Kharan and Kohlu in urban terms. Musakhel is the most deprived district in terms of urban as well as rural deprivation.

TABLE 4.14	DEPRIVATION RANKING - BALOCHISTAN [RURAL]		

Districts	Provincial Rank Order 1 = Least Deprived 26 = Most Deprived	National Rank Order 1 = Least Deprived 100 = Most Deprived	Deprivation scale [1- 100]
Low Deprivation			
Quetta	1	6	1.0
Ziarat	2	17	13.0
Medium Deprivation			
Pishin	3	32	27.8
High Deprivation			
Loralai	4	66	52.0
Sibi	5	67	52.3
Jafarabad	6	69	53.0
Kalat	7	70	53.0
Kech	8	71	53.7
Chagai	9	78	59.9
Kila Abbas	10	80	62.0
Bolan	11	81	62.6
Mastung	12	82	62.7
Barkhan	13	83	64.7
Gwadar	14	87	69.2
Kila Saifullah	15	88	69.5
Nasirabad	16	89	70.5
Panjgur	17	90	71.3
Jhal Magsi	18	91	71.6
Dera Bugti	19	92	71.8
Awaran	20	93	73.8
Lasbela	21	94	73.9
Khuzdar	22	95	79.4
Zhob	23	97	80.1
Kohlu	24	98	81.3
Kharan	25	99	90.0
Musakhel	26	100	100.0

Source: SPDC estimates based on Population and Housing Census (1998)

In the case of Balochistan, there are significant differences in the sectoral rankings. For example, rural Quetta ranks as the least deprived in education and housing services, but ranks 10th in terms of employment opportunities. While urban Jhal Magsi ranks as the third least deprived in employment, it is the most deprived in education **(see appendix A.4)**.

| Districts | Provincial Rank Order | National Rank Order | Deprivation scale |
| | 1 = Least Deprived 25 = Most Deprived | 1 = Least Deprived 100 = Most Deprived | [1- 100] |
TABLE 4.15		**DEPRIVATION RANKING - BALOCHISTAN [URBAN]**	
High Deprivation			
Quetta	1	26	1.0
Kalat	2	35	4.7
Loralai	3	40	8.0
Zhob	4	44	10.6
Kech	5	46	12.8
Kila Saifullah	6	63	24.6
Mastung	7	68	29.0
Lasbela	8	69	29.4
Chagai	9	71	30.4
Ziarat	10	73	31.2
Sibi	11	74	31.3
Kohlu	12	77	35.5
Barkhan	13	79	38.2
Gwadar	14	82	41.0
Jafarabad	15	83	43.0
Dera Bugti	16	84	45.9
Bolan	17	86	51.3
Nasirabad	18	87	53.5
Jhal Magsi	19	88	56.0
Pishin	20	90	59.8
Kharan	21	91	62.9
Khuzdar	22	92	66.9
Panjgur	23	93	75.4
Kila Abdullah	24	94	77.8
Musakhel	25	95	100.0

Source: SPDC estimates based on Population and Housing Census (1998)

Employment
The ranking of districts by employment opportunities in rural areas shows that Kalat, Dera Bugti, and Ziarat are the three least deprived, and Musakhel, Kila Abdullah and Mastung are among the three most deprived districts. With respect to urban areas, Kila Saifullah, Kalat and Jhal Magsi rank as the three least deprived districts and Musakhel, Kila Abdullah and Pishin are the three most deprived.

It can thus be concluded that some districts, like Kila Abdullah, lack employment opportunities in both rural and urban areas. Other districts

like Dera Bugti are relatively more deficient in rural employment, while Pishin is relatively more deficient in urban employment. The policy implications for resource allocation decisions follow accordingly.

Education

The district ranking of rural deprivation with respect to education shows that Quetta, Ziarat and Panjgur rank as the three least deprived districts and Kohlu, Jhal Magsi and Dera Bugti are the three most deprived districts. In terms of urban deprivation, Quetta, Kech and Loralai rank as the three least deprived districts and Jhal Magsi, Nasirabad and Dera Bugti as the three most deprived districts. A comparison of the rural-urban situation makes apparent the fact that Quetta tops other districts in education indicators in both rural and urban areas. Jafarabad is relatively better endowed in rural than in urban areas, while the reverse is true in Kalat.

The policy implications of the analysis of the sample of the most and least educationally deprived districts are twofold. First, subject to the abject deprivation of the entire province, districts that rank relatively higher in education deprivation deserve greater allocations in the education budget. Second, districts where there is a relative rural-urban differential need to allocate resources accordingly. For example, Awaran deserves greater allocations than Quetta. Furthermore, developmental resources need to be channelled more into rural schooling in Kalat and more into urban schooling in Jafarabad.

Housing Quality and Housing Services

The district ranking analysis of rural deprivation shows that Quetta, Pishin and Kila Abdullah rank as the three least deprived in housing quality and services. At the other end, Nasirabad, Dera Bugti and Kohlu rank as the three most deprived in housing quality, while Awaran, Panjgur and Musakhel rank as the three most deprived in housing services. There

The state of deprivation in rural Sindh.

appears to be a wide variation in the rankings of housing quality and housing services. For example, Nasirabad ranks the least deprived in housing quality, but ranks 8th in housing services; while Jafarabad ranks 7th in housing services and 22nd in housing quality. Kohlu, Musakhel and Lasbela appear to be poorly endowed in housing quality as well as services.

The deprivation analysis of urban areas indicates that Ziarat, Quetta and Lasbela rank as the three least deprived districts in housing quality, while Quetta, Mastung and Dera Bugti are the three least deprived in housing services. At the other end, Jhal Magsi, Musakhel and Dera Bugti rank as the three most deprived in housing quality, while Musakhel, Panjgur and Khuzdar rank as the three most deprived districts. Jhal Magsi, Musakhel and Kila Saifullah appear to be poorly endowed in housing quality as well as services.

The conclusions of the analysis of the most and least deprived districts for policy purposes are twofold. Districts that rank high in housing and housing services deprivation deserve greater allocations, while districts that rank higher in either housing quality or housing services, and where there is a rural-urban differential, need to allocate resources accordingly. However, an important fact must be highlighted the case of Balochistan. Standard conclusions do not apply, as even districts that rank low in terms of *relative* deprivation are highly deprived in *absolute* terms. Thus, it cannot be said that greater resources need to be allocated to, for instance, Jhal Magsi than to Dera Bugti, merely because Dera Bugti is relatively less deprived than Jhal Magsi.

There are a number of roads to alleviating regional inequality. Possible solutions lie in the realm of macroeconomic or fiscal policy. A resource-unconstrained solution could be to allocate sufficient resources to all districts in order to enable them to achieve the highest common denominator of service standards. Resource constraints, however, are a living reality. Even among resource constrained solutions there are

The state of a highway in Balochistan.

Homelessness - the bane of the poor.

several options. One possibility would be to identify growth nodes in different regions and concentrate resources in order to achieve maximum economies of scale. Another option would be to allocate available resources to the districts on the basis of some specified deprivation - related criteria.

ROLE OF SOCIAL POLICY

5

"The consistent failure of social policy has a major role in creating and sustaining inequalities across incomes and regions."

ROLE OF SOCIAL POLICY

The thrust of economic policy, particularly macroeconomic policy, has been shown to contribute to growth in poverty as well as inequality. Given that macroeconomic policy outcomes are subject to exogenous pressures and shocks, responsibility for outcomes should not, perhaps, be placed entirely upon policymakers. This allowance cannot, however, be made with respect to social policy, particularly after budgetary provisions have been made.

Social development has always been an explicit policy objective of all governments and administrations in Pakistan. The history of social development in the country is beset with policies, plans, programmes, projects and schemes. To begin with, there have been eight Five Year Plans, of which the second was singularly successful in achieving specified targets, the fourth was abandoned on account of the division of the country, and the rest generally failed to meet sectoral targets and particularly social sector targets. There have also been several special programmes for the provision of social services, mostly characterized by lack of success.

The fact that social development in Pakistan has lagged behind is now universally accepted. What has not been sufficiently highlighted, however, is that the impact of this failure has been unequally distributed. Given that the poor lack the capacity to access the market for their needs and basic services, the success or failure of state-level social policies, plans and schemes has a direct impact on their welfare.

TABLE 5.1	PUBLIC SECTOR ALLOCATION UNDER FIVE YEAR PLANS (Rs. Billion)		
Five Year Plan	**Total Allocation for PSDP**	**Allocation for Physical Planning and Housing**	**Allocation for Physical Planning and Housing (%)**
First Plan (1955-60)	4.86	0.51	10.49
Second Plan (1960-65)	10.61	0.96	9.05
Third Plan (1965-70)	13.2	0.7	5.30
Non-Plan Period (1970-78)	75.54	5.69	7.53
Fifth Plan (1978-83)	153.21	9	5.87
Sixth Plan (1983-88)	242.41	22.716	9.37
Seventh Plan (1988-93)	350	20	5.71
Eighth Plan (1993-98)	752.1	6.8	0.90

Source: Economic Survey (2000-01)

That there has been a consistent lack of success in achieving social sector targets is disconcerting.

The importance of public services for the poor notwithstanding, there appears to have been a sustained abdication of the state from its social responsibilities. This is evident from the following:

o   Plan allocations for housing declined from over 10 percent in the First Plan to 0.9 per cent in the Eighth Plan **(see table 5.1)**.
o   Real growth in total development and recurring expenditure on education, health care and public health decreased from an average of about 14 per cent from 1981 to 1988 to an average of 1.6 per cent from 1988 to 1999. From 1999 to 2001, expenditures on these heads actually fell **(see table 5.2)**.

TABLE 5.2   ANNUAL REAL GROWTH IN EXPENDITURES

Years	Education	Health	Public Health	Total
1981-82	7.8	10.0	14.1	9.4
1982-83	19.3	7.3	8.9	14.6
1983-84	5.7	23.7	6.1	9.6
1984-85	19.8	7.7	-6.5	12.3
1985-86	33.8	17.8	13.5	27.1
1986-87	25.7	66.0	37.7	35.9
1987-88	-8.9	-20.2	16.4	-8.5
1988-89	-4.2	-5.6	-27.2	-8.4
1989-90	2.8	2.8	-5.0	1.7
1990-91	3.4	5.7	42.5	8.8
1991-92	5.9	-10.1	-6.7	0.1
1992-93	1.5	3.5	7.3	2.8
1993-94	6.4	-2.2	-21.6	0.1
1994-95	10.5	10.6	7.6	10.2
1995-96	9.8	10.1	21.2	11.2
1996-97	-4.0	-2.3	-23.5	-6.2
1997-98	-3.3	-3.7	6.4	-2.3
1998-99	-1.4	-4.2	13.5	-0.2
1999-00	4.8	9.1	-3.6	4.5
2000-01	-6.7	-2.1	-19.3	-7.3
Average Growth Rate				
1981-88	14.7	16.0	12.9	14.3
1988-99	2.5	0.4	1.3	1.6
1999-01	-0.9	3.5	-11.4	-1.4

Source: SPDC estimates

This chapter documents the fate of the numerous housing plans and policies, and two of the recent special programmes, the Five-Point Programme and the Social Action Programme, as an illustration of the role of social policy implementation in creating poverty and inequality. It does not adopt the public finance-centric approach of comparing allocations and actual expenditures as a measure of success or lack of it. Rather, it takes allocations as statements of intent and compares them to actual outcomes as serious commitments to those statements of intent. That there has been a consistent lack of success in achieving social sector targets is disconcerting.

HOUSING

Housing and housing services constitute a sector of considerable importance to the poor, one that has, apart from provisions in the eight Five Year Plans, also seen four housing policies. Housing provision has also been attempted through the special programmes such as the Five Point Programme.

Housing and a healthy living environment are basic human needs and the provision of adequate housing facilities is an integral part of any meaningful programme of social and economic development. In addition to providing shelter to human beings, proper housing has an important bearing on health, educational attainment, work performance, and significantly, the upbringing of children.

Housing provision in Pakistan is visibly unequal. The degree of inequality can be gauged from the presence of sprawling luxury housing estates with palatial houses at one end of the spectrum to extensive slums at the other end. This inequality is partly a product of implicit design and partly of policy failure.

The upper and lower income groups have acquired housing for themselves through two entirely different modes. While upper income groups can and have managed to arrange adequate housing for themselves, the lower income groups are dependent upon state provision of at least serviced plots. This is an important consideration, given that over 70 per cent of annual incremental housing demand in urban areas emanates from low income groups, for whom obtaining developed plots and constructing a house through formal market mechanisms is beyond reach. The housing shortage largely affects the lower income strata that lack the ability to help themselves on account of meagre private capital endowments. The process of urbanization and escalating prices of land and housing materials have exacerbated the housing problem being faced by the poor in Pakistan. The role of the state in this respect is critical. Ironically, however, while it is the poor who are in need of subsidies, it is the rich whom the state has endowed with subsidized housing.

At the state level, official housing schemes during the first two decades catered largely to the needs of upper middle to upper income brackets. This was achieved largely through keeping plots sizes large - 600 to 2000 square yards - and ensuring high service standards. Ironically, these plots were allotted to upper income civil service officials at subsidized rates. Military officers have benefitted likewise from plot allotments in cantonments and military lands at subsidized rates. Residential areas developed by Defence Housing Authority (DHA) are the epitome of luxury housing. State housing has also been made available to some extent for low-income employees in the form of small quarters or flats. They are concentrated astride narrow lanes and, on account of larger family sizes, heavily congested.

From the 1970s onwards, official policy towards plot sizes changed in favour of smaller plots. However, service standards remained high and, as a result, the plots were generally pre-empted by the middle and upper middle class. The Eighth Five Year Plan explicitly restricted the state's role in housing provision to mere facilitation. As such, from the 1990s onwards, state provision of housing has virtually ceased to be an official domain, leaving the poor at the mercy of the market.

While it is the poor who are in need of subsidies, it is the rich whom the state has endowed with subsidized housing.

In the private sector, upper income groups have tended to organize themselves by forming housing cooperatives along community and professional lines, obtaining land from the state at subsidized rates, mobilizing private resources, arranging site development, and allotting plots to members at low prices. In contrast, lower income groups lack the power of organization and have tended to squat on vacant state land and, in some cases, even privately owned land. This is the phenomenon of *katchi abadis* (squatter settlements) **(see box 5.1)**. In most cases, these settlements have been set up on peripheral lands on the outskirts of the city or on environmentally unsafe lands along riverbanks, mountain and hill slopes, railway tracks, etc., and are generally prone to floods, soil erosion, landslides and accidents.

| BOX 5.1 | GROWTH OF *KUTCHI ABADIS* |

Housing conditions in Pakistan, in terms of both quantity and quality, are generally poor. A relatively low rate of housing growth, coupled with a higher population growth, has produced high habitation density levels that have increased over time. A large housing shortage has resulted, which is particularly acute in the rural areas. However, while housing needs in rural areas have been intense, it is in the cities where population and densities are growing most rapidly and where the greatest pressure is usually felt.

Observation of housing trends also points to a constraint operating on the land market. The most glaring symptom of the inability of land markets to supply an adequate number of serviced plots has been the growth of unplanned urban squatter settlements. *Katchi abadis*, as they are called, are a market response to the inability of the present land development system to provide sufficient, affordable, developed land.

The extent of failure of formal land and housing markets can be gauged from the fact that the percentage of urban population residing in *katchi abadis* has risen from about 20 per cent in 1985 to 35-50 per cent presently.

The emergence of *katchi abadis* is the 'informal' sector's response to meeting the housing needs of low-income groups. Their growth is largely the result of the exclusion of the low-income groups from allotment of developed land by the Development Authorities. It is also a glaring indication that society has failed to integrate planning with the grassroots' realities. Thus, the important factors in providing land to the urban poor are targeting, affordability, and ease of entry and possession when needed.

Policies to support these factors consist of two components. One is the recognition, legalization and upgradation of existing settlements. The other is to prevent further such settlements from emerging by providing a legal and affordable alternative. What are the core issues in housing for the poor? First, there is consensus among all development practitioners that providing built-up units to the shelterless is neither feasible nor desirable. Where the backlog is severe, no government would have enough resources to provide housing to each family at the expense of the state or even at subsidized rates. Second, experience (e.g. *Khuda ki Basti* - a land and shelter project that imitates the way illegal squatters provide housing for themselves) has indicated that the basic need of shelterless people is a plot of land with minimum services where they can build their houses with their own resources and in their own time. And third, a significant number of low-income families have the willingness and capacity to pay for services, provided the cost is recovered in easy installments.

Millions are condemned to live in shanty towns.

The organization of encroachment is carried out by what has come to be known as the 'land mafia', who allegedly operate with the connivance of state authorities. The element of state subsidies for housing in these settlements is completely absent. However, the absolute cost of these plots is low on account of the small size of the plots and the sub-standard quality of housing services, including neighbourhood services. The poor make investments over their lifetime in building and adding to their houses, but are always in danger of being uprooted and made homeless as a consequence of periodic anti-encroachment drives.

Despite its importance for the poor, housing does not appear to have been a priority for development planners throughout Pakistan's history. This is demonstrated by the fact that the allocation of development funds for housing in the Five Year Plans has been particularly deficient relative to need. Although the housing allocation has been steadily increasing over time, its proportion to total public sector development allocations has been steadily decreasing. Gross domestic capital formation (GDCF) in the housing sector has seldom surpassed 10 per cent of total investment. In many countries, the percentage of total investment in housing ranges from 15 to 25 per cent.

Present Housing Sector Profile

Factors like population-housing disequilibrium, housing replacement and modification rates, escalating prices of housing construction materials, and income inequalities have a direct bearing on the quantitative aspect of housing, i.e. the housing deficit. The nature of various housing facilities available to households also determines the overall quality of housing.

According to the 1998 Housing Census, there are over 19.3 million housing units in the country, of which 67.7 per cent are in rural areas and 32.3 per cent in urban areas. Nearly 81 per cent of the housing units are owned. The percentage of owned housing units is higher in rural areas than in urban areas. The current housing deficit stands at 5.11 million housing units. Given the rate of population growth and demographic

The current housing deficit stands at 5.11 million housing units.

changes in the age and marital status profile, incremental demand is estimated at 570,000 units each year. Out of this, only 300,000 units are provided, while 270,000 units are added each year to the accumulated backlog.

Mere access to housing is not necessarily a guarantor of adequate or quality housing, as even those with access to housing may suffer from congestion and lack of basic facilities. This is indicated by the fact that 37.6 per cent of the population is still living in a housing unit with one room and only 28.3 per cent of the housing units have independent toilet facilities. The level of congestion in terms of persons per room per housing unit goes a long way to reflect not only housing conditions, but also a general standard of living. It should be noted that the level of congestion has remained more or less the same at about 6.5-6.7 persons per room between 1980 and 1998. There have, however, been improvements in other respects: 37.7 per cent as opposed to 51.5 per cent of the total number of houses have only one room, and 57.7 per cent as opposed to 44.8 per cent comprise units with two or more rooms.

Historically, housing availability has been a problem. During the period 1963-73, almost 63 per cent of the total housing units in rural and urban areas of Pakistan comprised *katcha* (wood/bamboo/others) housing units. The pace of improvement in housing picked up significantly between 1973 and 1977, with the share of *pucca* (concrete roof and walls of baked bricks and blocks) housing in total housing stock rising 122 per cent, from 9 per cent in 1973 to 20 per cent in 1977. Further improvement has occurred in housing quality over the years. More than 58 per cent of housing units have a standard category of walls, constructed with baked bricks/blocks, and floors with cement finish as compared to 43 per cent in 1980.

The growth in the housing backlog can be attributed largely to the fact that the programme undertaken during the First and Second Plans for the rehabilitation of refugees reached a stage of completion and there has

The glaring face of homelessness.

37.6 per cent of the population is still living in a housing unit with one room and only 28.3 per cent of the housing units have independent toilet facilities.

since been no continuous systematic programme of solving housing problems. Until the 1970s, government policy centered on the development of Area Development Schemes and satellite towns. However, due to high building and service standards unaffordable for the poor, these became the enclaves of upper middle and higher income groups. Since the 1980s, housing provision has largely been left to the market.

Market determined outcomes serve those who are better endowed. The market has, as such, not served the housing needs of the poor. Growth in the supply of building materials has not corresponded with demand. Consequently, prices of building products have soared, pushing the cost of house construction beyond the affordability level of many households **(see table 5.3)**. While cement production has increased by about 200 per cent between 1975-76 and 2000-01, cement prices have escalated by about 1200 per cent. The cement price rise is also about 70 per cent greater than the growth in the general wholesale price index (WPI). A large part of the cement price is composed of indirect taxes.

TABLE 5.3						TRENDS IN CEMENT AND BUILDING MATERIAL PRICES	
Years	Cement	Bricks/ Blocks	Iron Bars/ Sheets	Wires/ Cables	Timber	Paints/ Varnishes	Building Materials	General WPI
1975-76	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1976-77	123.78	121.02	116.25	100.00	97.94	101.03	114.94	111.92
1977-78	150.70	134.61	121.43	100.00	109.70	113.29	126.25	120.81
1978-79	211.87	151.21	137.77	104.42	137.90	135.86	151.66	128.85
1979-80	317.17	187.87	162.12	137.56	184.69	167.42	197.52	144.73
1980-81	317.90	204.82	170.81	151.89	199.28	171.93	204.73	163.69
1981-82	362.79	224.30	139.36	137.25	182.58	171.00	196.97	175.74
1982-83	374.61	225.90	131.06	137.25	181.40	170.07	196.05	185.15
1983-84	412.35	244.53	144.57	121.51	189.38	172.81	213.37	203.70
1984-85	418.26	248.67	167.56	120.08	205.30	168.75	228.09	214.27
1985-86	446.36	255.80	181.23	120.08	215.34	156.63	242.54	224.17
1986-87	447.95	266.12	199.44	123.24	216.84	162.22	252.66	235.39
1987-88	475.10	295.66	267.27	126.90	227.34	178.38	294.18	258.97
1988-89	530.61	310.65	311.68	126.90	252.23	210.37	334.88	284.00
1989-90	546.92	321.36	387.50	135.87	310.88	236.15	384.38	304.73
1990-91	631.00	339.14	381.74	169.54	331.00	244.85	405.57	340.46
1991-92	681.48	397.74	387.51	184.43	380.32	263.11	424.35	373.96
1992-93	720.16	415.45	385.45	202.91	431.23	262.21	433.60	401.47
1993-94	868.32	459.20	428.01	211.26	478.30	280.54	497.31	467.31
1994-95	1072.20	510.51	524.10	234.32	534.80	309.80	606.33	542.08
1995-96	1048.60	610.22	607.24	257.29	580.61	336.83	653.37	602.27
1996-97	1264.02	649.39	651.02	287.39	669.82	399.37	737.98	680.65
1997-98	1338.04	635.86	615.56	305.85	728.47	415.82	737.85	725.45
1998-99	1369.21	652.98	611.90	348.27	751.58	431.32	745.36	771.48
1999-00	1341.82	676.65	590.29	359.31	791.17	431.32	726.90	785.17
2000-01	1357.53	690.76	617.32	359.31	839.16	44.9.68	748.20	833.95

Source: Pakistan Statistical Yearbook (2002)

Prices of building materials have soared, pushing the cost of house construction beyond the affordability level of many households.

The availability of institutional financing for housing could have somewhat mitigated the problems relating to access to housing. However, despite elaborate statements in all housing policies and Five Year Plans regarding the establishment of housing finance institutions and the provision of interest free loans to the poor, little headway has been made over the years **(see box 5.2)**.

BOX 5.2   **HOUSING FINANCE**

Shortage of finance constitutes a major constraint in housing production and maintenance. The various Housing Policies and Five Year Plans have regularly advanced proposals to provide credit for house construction. For example, the Sixth Plan and concurrent National Housing Policy proposed the establishment of savings and loans associations in Pakistan in order to increase the quantum of credit flowing into the housing sector. It also provided for the House Building Finance Corporation (HBFC) to advance interest-free loans to all housing units of up to 200 square feet. The Eighth Plan proposed to streamline the role of HBFC and to promote the establishment of private sector housing finance corporations. It also

planned to provide long-term loans to the allottees of the 7-*marla* (175 sq.m) scheme for house construction. None of these plans or proposals have materialized.

Lack of housing finance has affected the various income groups differently. The higher income groups are able to access the private sector for their housing credit needs. However, private sector banking, insurance and investment agencies offer mark-ups that are unaffordable for the majority of the population.

HBFC is the sole housing finance institution in the public sector. However, the institutional provisions for housing finance have remained discriminatory against the poor. In fact, HBFC's loan policy has effectively excluded the poor. For example, applicants for a

HBFC loan need to formally own a plot of land and the loan amount is provided in lump sum, with fixed and regular repayment instalments. The arrangement suits upper income groups, who can afford to pay for the plot and formally own it, build the house through an architect/contractor, and have stable incomes to honour regular repayment instalments. The arrangement does not suit the poor in *katchi abadis*, who are generally unable to furnish formal proof of plot ownership. They also need smaller amounts from time to time, as they generally build their houses incrementally. They also need to vary the amount and regularity of repayment instalments in accordance with their fluctuating savings.

A Review of Plans and Policies

All plans and policies have two common themes. First, they present housing problems and propose steps towards their provision in a rather cogent fashion. Second, they have all faltered on the implementation front, with the result that the housing deficit has continued to grow **(see table 5.4)**. A Plan-by-Plan review reveals the nature and extent of the failure.

TABLE 5.4   **TRENDS IN HOUSING DEFICIT**

Years	Million housing units
1965	0.6
1970	1.5
1978	1.2
1993	6.25
2001	5.11

Source: Five Year Plans (various issues)

The housing deficit in rural areas is all too apparent.

Inaugural government policy towards issues pertaining to urban shelter soon after independence in 1947 was spurred by the urgency to provide housing for refuges from India, particularly in Karachi where population more than doubled during the 1947-51 period. The government constructed emergency refugee houses, displaced persons' colonies and public servant' quarters. The 1960s saw the development of Islamabad as the new federal capital, partly to promote deconcentration from Karachi.

Although the idea of 'planned development' originated with the formulation of the Six Year Development Programme (1951-57), the programme did not lay any significant emphasis on planning for housing. With the appointment of the Planning Board in July 1953 to prepare the First Five Year Plan, efforts were made for the first time to review the sectoral problems in an organized manner.

The First Five Year Plan (1955-60) allocated about 11 per cent of total Plan outlay to physical planning and housing; it concentrated on the provision of housing for government employees and refugees, and construction of government office buildings. The Plan provided for the development of a total of 250,000 housing units. However, there were substantial shortfalls. According to the Second Plan, achievement lagged behind targets due to "administrative and organizational difficulties" in the implementation of the Plan.

The Second Five Year Plan (1960-65) reduced the allocation for the physical planning and housing sector to 9 per cent of total Plan size. While the Second Plan was highly successful in terms of achieving the targets in the 'economic' sectors, social sector targets lagged behind. In housing, it envisaged the provision of 300,000 plots. However, only 50 per cent of the target was achieved. The private sector, nonetheless, provided 50,000 plots for upper income groups. The net result was that the housing deficit increased from 600,000 housing units to nearly a million over the tenure of the Plan.

The Third Five Year Plan (1965-70) further reduced the allocation for the physical planning and housing sector further to 5 per cent of total Plan expenditure. It proposed to develop 350,000 plots and to build 160,000 houses on these plots. Half of these plots and dwelling units were meant for lower income groups. Actual performance was dismal, as only 80,000 plots were made available. As a result, the housing backlog grew from one million at the beginning of the Plan to a million and a half at its end.

The Fourth Five Year Plan (1970-75) was abandoned on account of the secession of the province of East Pakistan. The five year planning process was interrupted till 1978. The non-Plan period, however, appears to have seen some headway in housing provision. The allocation of housing saw a rise to nearly 8 per cent of development expenditures and, as stated earlier, the share of *pucca* housing in total housing stock rose from 9 per cent in 1973 to 20 per cent in 1977.

The five year planning process was resumed in 1978 with the launching of the Fifth Five Year Plan (1978-83). The allocation for housing fell again to 6 per cent of total Plan outlay. The Plan ignored the question of the accumulated housing deficit of about 1.2 million and aimed at providing for only about 60 per cent of the additional demand. A target of 425,000 residential plots was set, but failed to be achieved, as only 285,000 plots were developed. The Plan also envisaged improvement of facilities in *katchi abadis* to benefit 1.33 million low-income residents. However, the slum development programmes covered only about half a million residents.

The Sixth Five Year Plan (1983-88) enhanced allocation for the physical planning and housing sector to a record 9 per cent of Plan size. However, it set relatively modest targets at 670,000 plots in rural areas and 500,000 plots in urban areas. The targets were not achieved, but the shortfalls were not as large as in earlier Plan periods. About 60 per cent of the targets in rural areas and 86 per cent of those in urban areas were achieved.

Slum development programmes have not reached all segments of the population.

Poor Children play among heaps of rubbish near their homes.

The Seventh Five Year Plan (1988-93) aimed at accelerating the provision of housing and other service facilities, "particularly for the shelterless and the lower and middle-income groups", but reduced the allocation to the physical planning and housing sector to 6 per cent of total Plan expenditure. It set an ambitious target of 2.2 million 7-*marla* plots in rural areas, which was over-achieved as far as allotments were concerned. However, most of these schemes were in inaccessible areas and remained unutilized. In urban areas, the Plan set modest targets of 650,000 plots and improvement of *katchi abadis* to benefit half a million people. Given the modest targets, achievement rates were reasonable, with about 96 per cent of the urban plot development programme and 80 per cent of the slum development programme completed. Nevertheless, on account of the fact that, from the Fifth Plan onwards, the housing backlog was continuously ignored and only a part of the additional housing demand was catered to, the housing deficit continued to expand and reached an estimated 6.25 million by the end of the Seventh Plan.

By the Eighth Five Year Plan (1993-98), the government effectively abdicated its role in housing provision and explicitly confined its function to that of "facilitator" in the development of housing. This is evident from the fact that the Eighth Plan allocation for physical planning and housing collapsed to a mere 0.9 per cent of total development outlay, which itself was substantially reduced. The Plan targeted the development of 1.22 and 0.5 million plots in urban and rural areas, respectively.

An assessment of the housing situation at the end of the Eighth Plan is not possible, as no evaluations have been made. General indications are, however, not encouraging. Towards the end of the Eighth Plan period, anarchy appears to have overtaken policymaking in the housing sector. The case of Karachi is instructive. The Federal Government set up the Pakistan Housing Authority (PHA) to develop housing schemes. However, the Karachi Building Control Authority (KBCA), a provincial body, objected that the PHA was carrying out construction and sale of housing units on provincial land in violation of provincial laws, particularly of building laws. It advised the public against entering into any purchase agreements with the PHA.

Towards the end of the Eighth Plan period, anarchy appears to have overtaken policymaking in the housing sector.

FIVE POINT PROGRAMME

The Five Point Programme was launched in December 1985 for the period 1986-90. However, one year later, after spending Rs. 117 million, it was abandoned. Officially called the Prime Minister's Five Point Programme, it constituted the first direct, multi-dimensional and concerted development thrust in post-1971 Pakistan towards the provision of basic services to the rural population. It aimed to promote the welfare and prosperity of the masses over a period of four years, with a view to making Pakistan a modern welfare state and preparing the nation for the scientific age after removing illiteracy from the country. It was claimed that the successful implementation of this programme would dramatically change the socio-economic conditions of the masses and usher in a quiet revolution in the rural areas. It was also claimed that the political will and commitment already existed. What was required was the energy, effort and the gearing up of the implementation machinery to translate the Programme into action, and make its goals and objectives a living reality.

The special programme for the rural areas was justified on the grounds that 70 per cent of Pakistan's population living in villages had not been able to obtain an equitable share of the country's economic progress and prosperity. It stated that, despite nearly four decades of development effort, 80 per cent of villagers were illiterate, 70 per cent did not have access to clean potable water, and over one-third of the rural population had to go without basic health facilities. Thus, allocations to rural areas for public services such as education, health, water supply, sewerage, roads, and electricity were raised from a low of 10 per cent in 1982 to 32 per cent of total national expenditure in 1986. The Programme planned to spend Rs. 70 billion on development projects relating to rural education; supply of electricity to villages; building a network of rural roads; supply of potable water to most of the population; and setting up of a Basic Health Unit (BHU) in every Union Council in addition to the setting up of Rural Health Centres (RHC). Subsequently, the allocation was raised to Rs. 117.35 billion and new programmes like rural housing, improvement and development of *katchi abadis*, and creation of a National Employment Fund were added.

The fact that the Programme was called the Prime Minister's Five Point Programme indicates that it had a very high degree of political support. An elaborate institutional set-up was put in place and high-level committees were constituted to supervise and ensure effective implementation of the programme, consisting of:

o   A Cabinet Committee at the federal level, under the chairmanship of the Prime Minister;

o   An inter-ministerial federal Implementation Committee, under the chairmanship of the Deputy Chairman, Planning Division, to approve projects and schemes; and

o   Monitoring Committees at the provincial level, under the chairmanship of the respective provincial Chief Ministers.

The Cabinet Committee met every two to three months. The Implementation Committee met each month. The federal and provincial ministries concerned were represented on the Implementation Committee, which also met each quarter under the chairmanship of the

Despite nearly four decades of development effort, 80 per cent of the villagers were found to be illiterate.

Federal Minister for Planning. This development effort was supplemented by additional local development schemes identified by members of the National Assembly (MNAs), Senators, and members of Provincial Assembly (MPAs). These schemes were approved by the Implementation Committee and implemented through the local bodies and other government agencies under the overall supervision of the elected representatives concerned.

Evaluation of the Five Point Programme

The Five Point Programme laid down physical targets for particular sectors. The targets for the period 1986-90 were:

o   an increase in the literacy rate to 50 per cent;

o   electrification of 90 per cent of the total number of villages;

o   improvement and development of *katchi abadis* and the conferment of proprietary rights on their residents;

o   creation of 2.2 million *7-marla* plots for allotment to landless families in the rural areas;

o   provision of clean water supply for an additional 26 million people and sanitation for an additional 7 million people in the rural areas;

o   addition of 1880 BHUs and 151 RHCs to cover all Union Council areas;

o   construction of 11,712 kilometres of rural roads to connect Union Council headquarters with the main Provincial and National highways, and to provide essential farm-to-market links;

o   protection of an additional 4.5 million acres of land from waterlogging and salinity; and

o   creation of 700,000 new jobs for the unemployed.

Specific targets for each of the three years were also laid down. An assessment of how the programme fared during the first two years can be made from an examination of the Planning Division summaries to the Prime Minister reporting on the progress of the programme. Reports on progress in education and literacy, and village electrification sectors were presented in March 1986, July 1987, and November 1987 as reviewed below.

Financial utilization. The rate of the overall financial implementation during 1987 was slow, i.e., 16.7 per cent, as compared to 27.4 per cent in 1986. Financial utilization varied from 24 per cent in Sindh to 5 per cent in Balochistan. In NWFP, financial implementation was 23.6 per cent and in Punjab it was 14 per cent. During the year 1986-87, 9466 schemes were sponsored by the elected representatives, out of which the Federal Implementation Committee approved 8858 schemes costing Rs. 1358.2 million. An amount of Rs. 1622.95 million was released by the federal government to the Provincial Governments, but by the end of November 1987, only Rs. 559.83 million had been utilized. In Sindh, it was reported that almost 95 per cent of the MNAs/Senators had not yet donated land; as a result, there had been insignificant utilization of funds.

Most paper picking children are deprived of an education.

Village electrification. With respect to village electrification, the Executive Committee of the National Economic Council (ECNEC) set up a Ministerial Committee to prepare a Plan for village electrification and the Water and Power Development Authority (WAPDA) prepared the PC-I for the programme for examination by the Planning Division. It was reported that less than 30 per cent of villages had been electrified up to the end of June 1986. To reach the target of electrification of 90 per cent of the villages by 1990, an average of 7,000 villages would have to be electrified annually. Against this overall target, the target of village electrification was fixed at 4,500 villages for 1987-88, for which the Ministry of Water and Power requested an allocation of Rs. 2386 million. However, an allocation of only Rs. 989 million was made; it was said that this would be sufficient for electrification of only about 1,900 villages. However, only 608 villages were electrified up to December 1987 against the target of 1,865 villages.

Education and literacy. With respect to education and literacy, the target literacy rate of 50 per cent by 1990 was to be achieved through (1) formal education, i.e., expansion of primary schools, and (2) non-formal education, i.e., *Nai Roshni* and *Iqra* schools. Reports stated that both Projects were progressing well. On the contrary, however, it was also reported that while the target for the *Iqra* project was 50,000 literate persons by the end of 1986-87, actual achievement was 3,000 persons. By December 1987, it was reported that 60,095 students and 8,885 teachers were registered under the *Iqra* project, while only 10,074 persons were rendered literate. Furthermore, 15,034 *Nai Roshni* schools had been established up to December 1987, in which 402,789 students had been enrolled. However, 473 *Nai Roshni* schools were reported to have closed down during November-December 1987 alone. The July 1986-1987 report candidly admitted that, "It is, however, quite clear that the 50 per cent literacy target will not be attained by 1990 even if both the programmes are successful." The November 1987 report also concluded that "there is no possibility of the literacy target being attained."

Less than 30 per cent of villages had been electrified up to the end of June 1986.

Improving the future for themselves.

It appears, therefore, that within months of the Programme being launched, Planning Division memorandums to the Prime Minister stated that the stipulated targets were unattainable. A review of key statistics over the period 1986-1990 confirmed the Planning Division's pessimistic projections. By the target year 1990, the following picture emerged:

o   The literacy rate stood at 33.6 per cent against the target of 90 per cent;

o   The village electrification rate stood at 71 per cent against the target of 90 per cent;

o   Less than one million housing plots and units had been developed against the target of 2.2 million. Even these plots and housing units mostly remained unutilized on account of their inappropriate location and poor quality of construction. Most of the constructed houses have since crumbled. The draft national housing policy confirmed the failure of the 7-*marla* scheme; "7-*marla* schemes developed by government have remained unoccupied due to inaccessible locations, speculative tendencies or lack of institutional back up." The development of public services and utilities including schemes, parks, shops, provision of drinking water, paved streets, electricity etc. also lagged behind;

o   Access to clean water was provided to 9.3 million people in rural areas against the target of 28 million. The term 'clean water' is, however, a misnomer, as nowhere in the entire country the water supplied is potable;

o   Total road construction equalled 8,244 kilometres against a target of 11,712 kilometres.

Within months of the Programme being launched, Planning Division memorandums to the Prime Minister stated that the stipulated targets were unattainable.

The two positive notes relate to sanitation and health units. First, sanitation facilities were provided to 8.9 million people in rural areas against the target of 7 million. Second, 1415 BHUs and RHCs were provided against a target of 1331. Construction of health units, however, did not imply provision of health services because problems of non-availability and absenteeism of medical and paramedical staff, non-availability of medicines, etc. remained endemic.

On the whole, however, the Five Point Programme was a failure and a waste of public resources. The most telling comment on the failure of the Programme was that, within three years of its conclusion, a new programme, the Social Action Programme, was started with almost the same objectives, although with a different approach and strategy.

SOCIAL ACTION PROGRAMME

The Social Action Programme (SAP) was launched in 1992-93 and presently stands disbanded. SAP was designed to address the country's relative weakness in basic social services, which was considered a major constraint on economic growth and development. It aimed at reversing the country's historic under-investment in social development. Further, it envisaged expanding and improving the coverage, quality and effectiveness of the delivery of basic services to the people, especially women and girls. Unlike previous programmes, e.g., the Five Point Programme (1986-90), SAP was not conceived as an isolated special programme; in fact it was viewed as an integral part of the overall development planning process. SAP's unique feature was its cross-sectoral objectives and the underlying, but explicit, premise that it would simultaneously address issues in the three mutually reinforcing areas of planning, finance, and implementation. It also proclaimed a broader focus to embrace the necessary political will to achieve the stated goals through administrative and political decentralization, and community participation. SAP also targeted rural areas and covered the following services: primary education, basic health and population welfare, and water supply and sanitation.

SAP had several distinctive features. It not only aimed at increasing social sector expenditure but at protecting it from austerity cuts. It postulated a re-allocation of expenditures to maintain a balance between development and recurring budgets. It also proposed a balance between salary and non-salary components of the social sector budget, so as to avoid a situation where there were teachers with no teaching aids, and medical staff with no medicines. More significantly, it acknowledged that mere increases in and re-allocation of expenditure were not sufficient, and that institutional reform was an essential pre-requisite.

SAP set forth a comprehensive set of objectives that went beyond the specification of quantitative targets. Objectives were identified sectorally in primary education, primary health care, rural water supply and sanitation, and population welfare. In primary education, SAP aimed at expanding access and improving the quality of education by expanding teacher training and increasing expenditure on non-salary recurring cost to supply more items like books and teaching aids. In primary health care, it aimed at improving the efficiency and utilization of basic health care by

SAP acknowledged that mere increases in and re-allocation of expenditure were not sufficient, and that institutional reform was an essential pre-requisite.

strengthening planning and management capacity, and increasing women's access to health care by recruiting and training more female medical staff. In rural water and sanitation, it aimed at improving the performance and utilization of local rural water supply systems, and easing financial dependence on government and donors by encouraging community involvement and responsibility, particularly for operation and maintenance.

Evaluation of the Social Action Programme

SAP-I envisaged a total expenditure of Rs. 127.4 billion, including external financing of Rs. 28 billion during its Phase-I from 1993 to 1996. Sectorally, nearly 64 per cent of the budget was allocated to primary education, 16 per cent each to primary health and rural water supply and sanitation, and 4 per cent to population welfare. The Project was put into 'high gear' from the very beginning. Starting from a level of Rs. 20 billion in 1992-93, SAP sector expenditures grew rapidly at the rate of about 20 per cent per annum to Rs. 32 billion by 1995-96. The overall financial utilization rate was 83 per cent: 97 per cent in health, 85 per cent in education, 71 per cent in water supply and sanitation, and 54 percent in population welfare.

The rapid build-up of SAP was demonstrated by the fact that benchmark expenditures under the project were 1.72 per cent of GDP in 1992-93, which increased to 1.95 per cent in 1995-96. Inclusive of donor contribution, the expenditure-GDP share in 1995-96 stood at 2.02 percent. The shares of development and recurring expenditures were 24 and 76 per cent, respectively; in recurring expenditures, the respective shares of salary and non-salary expenditures were 87 per cent and 13 per cent. Provincially, the distribution was as follows: Punjab 48 per cent, Sindh 20 per cent, NWFP 15 per cent, Balochistan 10 per cent, and other areas 7 per cent. Provincial governments incurred almost 86 per cent of the expenditures, with the remaining 14 per cent incurred by the federal government.

The destitute continue to be ignored by social development programmes.

The rapid build up of SAP was demonstrated by the fact that benchmark expenditures under the project were 1.72 per cent of GDP in 1992-93, which increased to 1.95 per cent in 1995-96.

Despite special programmes, physical facilities remain poor.

Evaluations of SAP in terms of operational efficiency, cost effectiveness, financial sustainability, etc., have been mixed. Most government evaluations have been unreservedly positive. Both a 1996 Chief Ministers Committee report as well as a 1998 Planning Division report claimed that, between 1992-93 and 1995-96, the primary school participation rate (PSPR) increased from 85 to 89 per cent for boys and from 54 to 57 per cent for girls; the infant mortality rate (IMR) per 1000 live births declined from 101 to 86; female life expectancy increased from 61 to 63 years; the contraceptive prevalence rate improved from 14 to 22 per cent; the percentage of population covered for rural water supply increased from 47 to 55 per cent; and sanitation coverage increased from 13 to 23 per cent.

Multi-donor Support Unit (MSU) reports also project SAP achievements as highly positive. One report states that, "Much has been accomplished in helping to meet SAP objectives. The government committed, for the first time in history, to increase and sustain levels of total expenditure in the SAP sector from 1.8 to 2.1 per cent of the GDP. Funds are being released in a more timely fashion and expenditures on critical quality-related non-salary recurring budget items are rising. Greater awareness of the importance of SAP investments has resulted in better citing of facilities and merit-based recruitment of staff. Efforts were made to improve quality through adequate staffing, staff training and involvement of beneficiaries. The data from the 1996-97 Pakistan Integrated Household Survey (PIHS) indicates that in the education sector the gross female enrolment in rural areas increased from 48 per cent in 1991 to 53 per cent in 1997."

It is noteworthy that MSU has chosen to quote only one statistic from the PIHS based Federal Bureau of Statistics (FBS) study, i.e., the fact that gross female enrolment in rural areas had increased, to the exclusion of other relatively adverse statistics. Moreover, the fact that the increase had been qualified in the FBS study as being a statistical phenomenon is

Public hospitals force the vulnerable to fend for themselves.

Over the pre- and post-SAP period (1991-97), social statistics not only failed to improve, but also actually regressed in most respects.

ignored. It has also chosen to ignore the fact that net female enrolment rates had declined. MSU's rather wholesale endorsement of SAP and its selective use of data leaves the credibility of its evaluations open to question. Particularly when it also contradicts itself and grudgingly admits, "Despite progress in the period of SAP-I, vested political interests at various levels remain strong enough to frustrate reform, implementation capacity remains weak, and users who ought to have a stake in reforming the system remain largely uninvolved."

Hard evidence that SAP has not been as successful as made out by ministerial and MSU evaluations is provided from, surprisingly, an official source. The FBS report based on PIHS data shows conclusively that, over the pre- and post-SAP period (1991-97), social statistics not only failed to improve, but also actually regressed in most respects. This situation appeared across the board in primary education as well as in primary health. While there was some improvement in female education, the overall enrolment and dropout rates remained more or less constant, the male enrolment rate declined, and the literacy rate failed to reach its target. The qualitative description of the state of the government primary health sector is damning, to say the least.

In education, there was an increase in the percentage of the population 10 years and over that had ever attended school from 47 per cent in 1991 to 51 per cent in 1996-97. The female primary gross enrolment ratio (GER) increased from 59 to 64 per cent over the same period. The improvement in female education is also apparent from the increase in female enrolment as a percentage of male enrolment from 39 per cent in 1991 to 42 per cent in 1996-97. This relative improvement is, however, attributed largely to the reduction in the male enrolment rate, which declined significantly from 86 per cent in 1991 to 80 per cent in 1996-97. As a result, the overall primary GER has shown no improvement, remaining more or less constant at 72 to 73 per cent between 1991 and 1996-97, this was against the SAP target of 88 per

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Enrolment in government primary schools as a percentage of total primary enrolment also declined from 86 per cent in 1991 to 78 per cent in 1996-97; this indicates a shift towards the relatively expensive private schools, on account, perhaps, of the poorer quality of education in government schools. The implication is that SAP has probably failed to improve the quality of teaching in government schools. Dropout rates have also remained more or less constant. The percentage of children leaving school before completing primary school declined marginally from 17 per cent in 1991 to 16 per cent in 1996-97. Last, but not least, the literacy rate has increased from 35 per cent in 1991 to 39 per cent in 1996-97; female literacy rate increased to 28 per cent; both were well short of the targets of 53 and 40 per cent, respectively.

Analysis of government statistics on education also does not tend to support official or MSU optimism. Gross enrolment in primary schools had not changed over the period 1993-95, remaining constant at about 11 million overall, 7 million for boys and 4 million for girls. Not surprisingly, enrolment rates also remained constant at 56 to 57 per cent overall and actually declined a percentage point for boys. However, female enrolment

A more notable achievement was that the percentage of fully immunized children doubled from 25 per cent in 1991 to 51 per cent in 1996-97.

Education continuation rates have declined for boys.

rates increased from 44 per cent in 1993 to 46 per cent in 1995.

In health, the immunization record was impressive: the percentage of children having received at least one immunization increased from 70 per cent in 1991 to 82 per cent in 1996-97. However, the target of 90 per cent was not achieved. A more notable achievement was that the percentage of fully immunized children doubled from 25 per cent in 1991 to 51 per cent in 1996-97. The data on infant mortality rates was inconclusive; however, no improvement was reported over the SAP period. The percentage of children suffering from diarrhoea was, according to FBS, reported to have fallen from 26 per cent in 1991 to 15 percent in 1996-97. However, measuring the incidence of diarrhoea was highly sensitive to the time period. Thus, UNICEF's Multiple Indicators Cluster Survey (MICS) reported a higher 26 per cent incidence of diarrhoea, while the National Health Survey of Pakistan (NHSP) reported diarrhoea incidence to be as high as 43 per cent.

The disturbing aspect is the point of relief sought by the sick. In diarrhoea cases, only 2 per cent of parents in rural areas reported consulting a BHU. For the country as a whole, parents are reported to have consulted a government practitioner in 19 per cent of cases in 1996-97, down from 21 per cent in 1991. The reasons most often cited for not visiting government facilities were 'too far away' (47 per cent), 'not enough medicines' (13 per cent), and 'staff not courteous' (9 per cent). More seriously, a perusal of selected characteristics of government health facilities shows that availability of a doctor everyday was down from 63 to 47 per cent and availability of female staff was down from 33 to 30 per cent.

Independent evaluations too show SAP to be wanting on all fronts. An SPDC study, based on a 1997 SPDC/Strengthening Participatory Organization (SPO) field survey of SAP sectors in 244 rural communities across Pakistan, shows the following. While some advances have been made, they are in no way commensurate with the huge expenditures

The absence of significant progress is particularly evident in primary education, despite the fact that nearly two-thirds of SAP expenditures had been devoted to it.

incurred and did not result in major improvements in the quality of service provision. The absence of significant progress is particularly evident in primary education, despite the fact that nearly two-thirds of SAP expenditures had been devoted to it. The report states that growth in real expenditures was not matched by corresponding growth in enrolment rates and in the output from the system. Even physical facilities did not show any appreciable improvement. The one area where positive results were discernable, although marginally, was girls' education. On the whole, the report indicates the cost ineffectiveness of investments and the wastage of resources.

The analysis of the SPDC/SPO survey data shows only about 18 per cent of schools existing in 1997 to have been established during the SAP period. Of these, about 45 per cent were girls' schools. Performance measures, however, appear to be alarming. Student and teacher absenteeism are shown to be somewhat high at 25 per cent for girls and 22 per cent for boys, and at 24 and 17 per cent for female and male teachers, respectively. Continuation rates (the inverse of dropout rates) are shown to have declined between 1993 and 1995 from 43 to 40 per cent overall and from 45 to 40 per cent for boys, but improved for girls by about one percentage point. Physical facilities at primary schools appeared to be poor to fair, at best. Of the school buildings built during the SAP period, 40 per cent were poorly built, with 70 per cent requiring repairs and 39 per cent requiring major repairs. Fifty-nine per cent of the schools, including 50 per cent of girls' schools, did not have a *latrine* (toilet facility); in schools with a latrine, 27 per cent were non-functional. Seventy-two per cent of schools were without functional fans.

In the primary health sector, the survey found health units in only 56 per cent of communities and BHUs and RHCs in only 39 per cent of communities. The majority of the BHUs/RHCs were found to be in poor condition, badly equipped and lacking essential supplies: 64 per cent of units built under SAP were found to be poorly built, 54 per cent did not have electricity, 67 per cent did not have a functioning water supply, 58 per cent did not have a functional latrine, 56 per cent did not have a working refrigerator, 69 per cent did not have a functioning infant weighing machine, and so on. Worse still, 31 per cent were found with no antibiotics or analgesics, 40 per cent with no antiseptics, and 43 per cent with no contraceptives. In terms of medical personnel, 60 per cent of health units had a male doctor, while only 6 per cent of them had a female doctor. With respect to paramedical staff, 85 per cent had a technician, 90 per cent had a dispenser, 68 per cent had a Lady Health Worker (LHW), and 48 per cent had a *dai* (nurse). Staff attendance ranged between a low of 41 per cent for male doctors to a high of 80 per cent for female doctors and technicians, and between 57 to 67 per cent for dispensers, LHWs, and *dais*.

SAP expenditure on water supply amounted to 13 per cent of total expenditures on the Programme. Given the level of expenditures, however, the results were not commensurate. About 46 per cent of communities were reported to have obtained their water supply from household hand pumps with twenty-four hours a day access. About 7 per cent relied on unprotected sources and were exposed to a variety of water borne diseases. The rest of the population was dependent on public water supply facilities, which provided water on an average of less

ALLEVIATING POVERTY AND INEQUALITY

"Poverty reduction is a function of growth as well as welfare transfers through social policy."

ALLEVIATING POVERTY AND INEQUALITY

The increase in poverty has generally been attributed to low GDP growth in the 1990s. However, low growth cannot by itself be poverty inducing. If the distribution of income is reasonably equal, low but positive growth in per capita income is likely to lead to small increases in the earnings of most income groups. At worst, the rate of poverty reduction will decline.

In Pakistan's case, real per capita income has grown over the 1990s at one per cent per annum. Some poverty reduction, however small, is, therefore, in order. The fact that poverty has instead increased can primarily be attributed to a high degree of inequality in the distribution of income and to an increase in inequality. The growth in poverty can also be attributed to the failure of social policy, particularly in the provision of housing, education, and public health care. While the upper income groups have been able to afford access to the market for these services, the poor have been effectively excluded on account of their lack of affordability. The absence of these services, particularly education, further compromises the income earning ability of the future generation of the poor.

As stated earlier, while poverty causes deprivation and hardships for those affected by it, it is inequality that contributes to a sense of grievance and injustice and leads to political conflict. There are two broad dimensions of inequality: inter-personal and inter-regional. While both are destabilizing in their own way the impact can be serious where both exist simultaneously. This appears to be the case in Pakistan. Urgent remedial measures are, therefore, called for on both fronts.

One of the many child beggars.

ALLEVIATING POVERTY

Poverty reduction is a function of growth as well as welfare transfers through social policy. **Chapter 2** contains the analysis of growth factors, while the role of social policy is documented in **chapter 5**.

The analysis of macroeconomic policy has illustrated the fact that the thrust of policy since 1988 has been to pursue stabilization objectives at the cost of growth objectives. The mechanism for this policy has been a contractionary fiscal policy, centered largely on cuts in development expenditure. The policy has been counter-productive, dampening investment, curtailing purchasing power, and leading to a recessionary situation.

The burden of economic adjustments has fallen largely on the poor and has contributed directly to the increase in unemployment and poverty. Today, 6.5 per cent of the labour force is unemployed and 38 per cent of the population subsists below the poverty line. Over the last three years alone, 350,000 people have been rendered unemployed and 7 million have been pushed below the poverty line. The brunt of increased poverty has been borne by the lowest income groups and has intensified inequality as documented in **chapter 3**. It is shown that while the income share of the top 20 per cent of households grew from 44 per cent in 1988 to 50 per cent in 1998, the share of the lowest 20 per cent of households declined from 9 per cent to 7 per cent over the same period.

Clearly, this situation is not tenable. A fundamental shift in policy is called for. The principal target should be growth, with stabilization as an accompanying objective. There is an urgent need for the focus of fiscal policy to shift from revenue mobilization to current expenditure reduction, with substantial enhancement in development expenditure. This is essential in order to create the crowd-in effect for investment and for growth in employment, income, and purchasing power. Ultimately, this will ensure that poverty is reduced in absolute terms. The contractionary fiscal policy regime needs to be relaxed. The preoccupation with curtailing fiscal deficits also needs to be reviewed. Fiscal deficits can be positively employed if the amounts thus generated are devoted to investment in productivity, enhancing infrastructure, and employment generating projects.

A shift is also called for in development priorities from capital intensive mega-projects to high value added projects that would generate a stream of income and employment over an extended period of time. The tendency for capital intensive but low value added projects, i.e., motorways, expressways, airports and dams, needs to be curbed. The current penchant for constructing more dams for water storage defies economic logic. For example, the Federal Budget 2000-01 allocated 40 per cent of the total development allocation in the water sector to the construction of dams. Dams do not produce water; they merely store it. In the event of a prolonged drought, which is not entirely unlikely given the climate changes underway, reservoirs are likely to remain empty. Water management has emerged as the most crucial issue facing policymakers. However, there is an urgent imperative for a parametric shift of priority from storage to conservation, i.e., from flood irrigation practices to various forms of drip irrigation and from high water intensive to low water intensive crops. Large capital investments would be required to implement this shift, but would accrue significantly higher returns in the future.

There is an urgent need for the focus of fiscal policy to shift from revenue mobilization to current expenditure reduction, with substantial enhancement in development expenditure.

The policy of opening up the economy, beyond what is required by World Trade Organization (WTO) standards is also inadvisable. In the past, domestic producers enjoyed unfair advantage relative to imports. A level playing field is perhaps in order. However, a new trade regime is now emerging, where imports are beginning to enjoy an unfair advantage relative to domestic producers. The cost of such a trade regime to the country's industry and economy, and to the people in terms of unemployment and poverty, is likely to be extremely high.

While fiscal policy, in general, and enhancing public investment, in particular, emerge as the most effective tool for regenerating the economy, monetary policy avenues also need to be mobilized. Admittedly, though the causal relationship between monetary policy variables and growth does not seem to be strong, some room for action may arise.

Reduction of the interest rate is one option. Though investment is not known to be sensitive to interest rate changes, it is a fact that with the persistence of low rate of inflation, real interest rates have become rather high, raising the cost of investment. The high cost of capital appears to be inconsistent with the surplus loanable funds available with commercial banks in view of low and falling private sector demand for credit. While no definitive opinion can be expressed, there may be merit in exploring the possibility of a quantum reduction in interest rates - by as much as half - in order to improve the financial contours of the investment climate.

Another more certain possibility would be to introduce a scheme of low interest housing loans. Housing has a large multiplier impact in terms of ancillary economic activity as well as employment. An enhanced level of home ownership would not only be a socially desirable goal, but is also likely to drive the economy out of the recession. A precedent exists in this respect as well. The introduction of lease financing of cars has provided a definite boost to the automobile industry, with its positive linkages with allied sectors.

Housing loans will require some adjustments in the disbursement

Poor students have to contend with minimal facilities.

More fortunate students on their way to school.

mechanism in order to enhance their outreach to the poor. In particular, loan size will have to be small, loans will have to be extended for plot purchase in addition to house construction, and flexibility will have to be introduced with respect to the size and frequency of repayment installments.

Attention to institutional factors in housing finance would take care of one aspect of social policy. As indicated at the outset, social policy plays an important role in poverty reduction. This is because the benefits of growth do not necessarily trickle down to all sections of the population. Welfare transfers thus emerge as the instrument with which to reach out to the marginalized sections of the population.

Welfare transfers are, broadly, of two types: direct income support transfers and human capital enhancing transfers. The former include safety nets such as unemployment benefits, food stamps, *zakat*, *bait-ul-maal* (national welfare authority), public works programmes, microfinance, etc. The latter includes public provision of basic services, such as housing, education, health care, etc.

An appraisal of social safety nets in Pakistan leads to the conclusion that higher priority must be accorded to direct interventions for poverty alleviation. While funding needs to be substantially enhanced, serious attention should also be given to strengthening of institutional structures, efficient targeting, and broad-based coverage of current social safety nets programmes. It should be realized, however, that safety nets can only mitigate poverty at the margin and cannot be a substitute for growth-induced employment and income generation. However, even as an instrument of welfare transfers, social security is preferable to social safety nets **(see box 6.1)**.

With respect to enhancing support through human capital

Higher priority must be accorded to direct interventions for poverty alleviation.

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BOX 6.1 SOCIAL SAFETY NETS VS SOCIAL SECURITY

Pakistan's constitution is one of the few in developing countries that delineates social security as an explicit citizenship right. While this commitment of the state towards its citizens remains unfulfilled, various forms of social safety nets have been put in place. Social safety nets and social security are generally construed to be synonymous. However, while there may be an operational overlap between the two, there are fundamental conceptual differences between them.

Social safety nets are described as a welfare mechanism designed to enable the poor to manage risk more effectively and to prevent them from resorting to coping behaviour that undermines their assets. It is designed to assist the vulnerable as the occasion arises, and is concerned with benefits in cash and kind. Social security, on the other hand, is predicated as an individual and collective citizenship right and a societal responsibility. Its explicit objective is protection from vulnerability on a sustained basis. It is concerned with such basic needs as housing, education and medical care, and perceives them in terms of citizenship rights.

The central conceptual difference between the two approaches is as follows. Social safety nets are based on the willingness of the state to provide support to the vulnerable in accordance with its policy perceptions. Social security is rights-based, i.e., it is a right of the citizen and the state is bound to provide it irrespective of its policy perceptions. Social safety nets have an instrumental role in the sense that distress sale of assets by the poor can have negative growth-related effects and that welfare transfers can prevent social unrest, contributing to economic growth. This conceptualization logically implies that in periods of economic boom, when there is full employment and real wages are rising, there is no operational necessity for a welfare system, despite the fact that there are marginalized groups even in such a situation. However, since their numbers are small and their ability to create social unrest is minimal, their plight can be ignored. It was precisely such an approach to welfare that was responsible for the high social cost in the East Asian countries during the recent economic crisis. Social security is an end in itself as a citizenship right and ensures the right to protection to all citizens. This is irrespective of the part of the cycle in which the economy is operating, and of the presence or absence of the threat of social unrest.

The two concepts differ in other ways as well. Under the social safety nets regime, risk management is based on mechanisms where individuals or households personally insure themselves against mitigating circumstances, while the social security regime involves collective provision and transfers. Furthermore, there is a difference in terms of individual lifecycles. The former concentrates on the existing labour force and to some extent on children, while the latter also pays due attention to maternity, child care and old age.

Special safety nets have failed to make a dent in poverty.

endowments, there is no substitute to the public provisioning of quality education, health care, and clean water and sanitation to all citizens. Equal access to these basic services is a right and it is incumbent on the state to ensure this right. The argument that resources are not available is not tenable. These sectors have traditionally borne the brunt of fiscal economy measures and it is time that economy cuts are applied instead to the hitherto protected current expenditure heads.

ALLEVIATING REGIONAL INEQUALITY

Regional inequality in development levels is a dimension of overall inequality. This can be discerned from an understanding of the Multidimensional Gini Index **(see box 6.2)**. Regional inequality has increased as can be seen from the fact that the multidimensional Gini coefficient for Pakistan has risen from 0.39 in 1981 to 0.50 in 1998. This development however, is not uniform across the country. As shown in **table 6.1**, inequality has grown in Sindh, NWFP and Balochistan, while it has declined in Punjab.

An examination of deprivation indices in 1981 and 1998, as

BOX 6.2   WHAT IS THE MULTIDIMENSIONAL GINI INDEX?

The Gini Index of Inequality is a summary measure of the extent to which the actual distribution of income or another variable differs from a hypothetical distribution in which each person receives an identical or equal share. This index varies from a minimum of zero to a maximum of one; zero represents no inequality and one represents the maximum possible degree of inequality.

The traditional Gini Index is a univariate measure to estimate inequality through a single welfare attribute, e.g.,

income. However, a single attribute cannot be expected to provide a complete representation of welfare. It has been suggested that a greater number of attributes renders the measure of inequality more comprehensive. As such, this study uses a multivariate Gini Index that uses a set of 23 variables, as detailed in the Selected District Development Indicators. These variables relate to measures of economic potential, achieved levels of income and wealth, mechanization and

modernization of agriculture, housing quality and access to basic residential services, development of transport and communications, availability of health and education facilities, and labor force characteristics.

The multidimensional Gini coefficient is computed as follows:

$G = 1 + 1(1/n) - [2/n \ \Sigma \ r_i \ \rho_i]$

where;

S_i = $X_i / \Sigma X_i$ (Share of a district in an attribute)

ρ_i = $S_i / \Sigma S_i$ (Distribution of aggregate attributes)

r_i = Rank of ρ_i

TABLE 6.1   MULTIDIMENSIONAL GINI COEFFICIENT

	1981	1998
Pakistan	0.39	0.50
Punjab	0.21	0.19
Sindh	0.28	0.38
NWFP	0.37	0.51
Balochistan	0.50	0.74

Source: SPDC estimates based on Population and Housing Census (1998)

Regional inequality in development levels is a dimension of overall inequality.

A food vendor struggles to earn his livelihood.

presented in **table 6.2**, confirms the fore-mentioned scenario. The fact that the deprivation indices are as high as 50-75 per cent in 1998 is alarming. However, the positive development is that deprivation levels have decreased significantly from the 70-90 per cent range of 1981. The inter-provincial situation is not salutary, however. The percentage decrease in deprivation is highest in Punjab and lowest in Balochistan. The changes appear to have been relatively more disadvantageous to Sindh. Urban Sindh, which ranked lowest in terms of deprivation in 1981, has lost its position to urban Punjab and now ranks second.

A careful perusal of the results indicates that a number of regionally

TABLE 6.2	INTER-PROVINCIAL DEPRIVATION INDEX			
	Punjab	**Sindh**	**NWFP**	**Balochistan**
1981				
Overall	72.53	70.75	77.88	87.25
Rural	80.01	87.53	79.86	89.99
Urban	53.94	51.45	64.65	74.94
1988				
Overall	49.99	51.57	64.16	74.73
Rural	58.52	69.97	66.42	78.99
Urban	34.51	34.57	51.54	63.42
Percentage Decrease				
Overall	31.0	27.0	18.0	14.0
Rural	27.0	20.0	17.0	12.0
Urban	36.0	33.0	20.0	15.0

Source: SPDC estimates based on Population and Housing Census (1998)

The percentage decrease in deprivation is highest in Punjab and lowest in Balochistan.

dispersed economic growth centres have emerged across central Punjab, i.e., Lahore, Faisalabad, Sheikhupura, Gujrat, Gujranwala and Sialkot, and in the Potohar, i.e., Rawalpindi and Jhelum. In contrast, Karachi, Peshawar and Quetta are the only growth poles in Sindh, NWFP and Balochistan, respectively.

Chapter 4 has indicated that the rural economies of Punjab and NWFP have shown considerable dynamism. Rural Punjab has emerged as the economic powerhouse of the province. Rural NWFP has also posted significant gains and propelled a substantial proportion of the rural population out of the high deprivation category. In contrast, rural Sindh has deteriorated and urban Sindh has stagnated.

Balochistan remains trapped in a high deprivation state, despite the initiation of a number of major development projects over the years. For example, the industrial estate in Hub has emerged as an exclusive enclave providing benefit to entrepreneurs from the Punjab and Karachi and has only marginally benefitted local labour. Further, the use of high import intensity capital and raw material has not spread the benefits of industrial development to the rest of Balochistan. There is widespread fear in the province that the development of Gwadar port will likewise create another enclave, bypassing the people of Balochistan.

Sindh and Balochistan, therefore, need special multi-billion rupee development programmes targeted at specific sectors. There is a need for significant levels of public investment to reverse the infrastructure lag that Sindh and Balochistan suffer from, with two qualifications. First, public works in these respects need to be contracted out to local companies/contractors and labour to ensure that income is generated and retained locally. Second, public works must be operationally functional and of durable quality.

Water shortage and management appears to be the cause of ruin for rural Sindh. On the one hand, the province has suffered crop production losses on account of a shortage of irrigation water, and, on the other

A few moments of fun.

Bottled water being delivered to an elite home.

hand, land degradation on account of the seepage of available water. At the least, there is a need to ensure adequate irrigation water supplies and to arrest water losses through, for instance, the lining of waterways. The other area where attention is required is in the construction of inter-district highways and farm-to-market roads. Urban development requires the identification of selected growth nodes for the concentration of developmental resources to derive the maximum agglomeration economies from public investments.

Balochistan in the same respect needs a network of high standard highways and roads to end the isolation of the various parts of the province. Studies have also indicated that Balochistan does not possess the level and quality of human resources needed to support large-scale industries and, as such, developmental resources need to be concentrated in three sectors: first, in agriculture, including fruit and vegetable farming, livestock breeding and marine fisheries; second, in mining; and third, in small-scale industries to serve the two sectors.

Both efficiency and equity criteria demand that the process of development planning, financing and implementation be decentralized to the respective provincial and district levels. This requires that the provinces and districts command sufficient resources to carry out their developmental agendas. Governments at the federal and provincial levels are currently grappling with the problem of the distribution of resources nationally and provincially. National and Provincial Finance Awards are presented with a view to addressing the regional disparities between and within provinces.

The National Finance Award

To date, allocations to the provinces from the federal divisible pool have been based on respective population shares and have been a cause of dispute between the provinces. The analyses in **chapter 4** have highlighted the widening inter-provincial developmental differentials and the need to incorporate deprivation levels as one of the fiscal distribution

Efficiency and equity criteria demand that the process of development planning, financing and implementation be decentralized to the respective provincial and district levels.

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criteria in order to promote inter-regional equity. However, the considerations involved in the debate are largely political and are beyond the scope of this review. Nevertheless, some of the imbalances can be addressed within the existing framework.

The proposed 'National Finance Award' continues to be based on (1) population share as the basis of distribution of resources, and (2) on the basis of the federal-provincial share of 62.5 - 37.5 per cent. Some adjustments are, however, called for. These are proposed as follows:

o   The petroleum surcharge should be included in the federal divisible pool.
o   The *Octroi and Zila Tax* (OZT), a component of the sales taxes, should be removed from the federal divisible pool and distributed to the provinces on the basis of the source of collection.
o   GST on services should be distributed to the provinces on the basis of the source of collection.
o   The federal government should grant debt relief to the provinces at a rate of 10 per cent of the debt relief achieved by the federal government vis-à-vis Paris Club creditors. This is likely to amount to Rs. 6,000 million, which could be distributed among the provinces on the basis of their share of the debt owed to the federal government.
o   NWFP should be provided compensation with respect to the difference between the projected and actual share of hydroelectricity profits.
o   A special development grant should be provided to Balochistan on account of its extreme deprivation.

For the present exercise, three adjustments are made in respect of the calculations: (1) the *Octroi and Zila Tax* share is distributed to the provinces on the basis of the distribution in 1999-00, which is stated to be based on source of collection; (2) GST on services is estimated net of

Patients waiting to be seen at a local hospital.

Access to basic services like potable water remains low.

GST on telephones, since collection data on this head is not available by province; and (3) 30 per cent of the GST on services collected in the Hyderabad Collectorate is allocated to Balochistan, since the Hyderabad Collectorate is responsible for collection of GST on services in Balochistan as well.

Based on this projection, five year estimates of the provincial financial positions arising out of the national finance awards are presented in **tables 6.3 to 6.7**. The national award ensures that no province remains in deficit. In fact, by the year 2006-07, Punjab, Sindh, NWFP and Balochistan will command surpluses of Rs. 15 billion, Rs 12 billion, Rs. 6 billion and Rs. 2 billion, respectively. This is likely to enable the provinces to begin to assume responsibility for their own development programmes.

A little girl carrying water home.

TABLE 6.3	PROPOSED FISCAL TRANSFERS TO PROVINCES (Rs. million)					
				P R O J E C T E D		
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Expenditure	238,943	264,614	293,083	324,659	359,683	398,535
Current Expenditure	217,795	242,078	269,069	299,068	332,413	369,476
50% of Development Expenditure	21,148	22,536	24,014	25,590	27,270	29,059
Own Provincial Revenues	38,663	42,466	46,644	51,232	56,272	61,807
Required Transfers	200,280	222,148	246,439	273,427	303,411	336,727
Proposed Transfers	217,938	241,393	267,393	296,928	330,242	367,837
Divisible Pool Transfers	139,327	152,273	166,665	182,674	200,490	220,326
Straight Transfers	35,099	40,470	46,662	53,802	62,035	71,527
1/6th of Sales Tax (OZT Share)	27,854	31,475	35,567	40,191	45,416	51,320
GST on Services	1,759	1,935	2,128	2,341	2,575	2,833
Debt Relief	6,000	6,000	6,000	6,000	6,000	6,000
Additional Hydroelectricity Profit	6,899	8,040	9,370	10,920	12,727	14,832
Special Development Grant	1,000	1,000	1,000	1,000	1,000	1,000
Surplus/Deficit	17,658	19,046	20,954	23,502	26,831	31,110

Source: SPDC estimates based on Federal and Provincial Budget documents

TABLE 6.4	PROPOSED FISCAL TRANSFERS TO PUNJAB (Rs. million)					
				P R O J E C T E D		
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Expenditure	106,446	117,898	130,601	144,690	160,320	177,659
Current Expenditure	97,387	108,245	120,314	133,728	148,638	165,211
50% of Development Expenditure	9,059	9,653	10,287	10,962	11,681	12,448
Own Provincial Revenues	20,978	23,041	25,308	27,798	30,532	33,536
Required Transfers	85,468	94,857	105,293	116,892	129,787	144,123
Proposed Transfers	97,977	107,631	118,414	130,465	143,941	159,015
Divisible Pool Transfers	79,908	87,334	95,588	104,769	114,987	126,364
Straight Transfers	3,472	4,003	4,615	5,322	6,136	7,075
1/6th of Sales Tax (OZT Share)	12,657	14,302	16,162	18,263	20,637	23,319
GST on Services	518	570	627	690	759	835
Debt Relief	1,422	1,422	1,422	1,422	1,422	1,422
Surplus/Deficit	12,509	12,774	13,122	13,573	14,153	14,892

Source: SPDC estimates based on Federal and Provincial Budget documents

TABLE 6.5		PROPOSED FISCAL TRANSFERS TO SINDH (Rs. million)				
		P R O J E C T E D				
	2001-02	**2002-03**	**2003-04**	**2004-05**	**2005-06**	**2006-07**
Expenditure	72,958	80,896	89,706	99,484	110,338	122,387
Current Expenditure	68,673	76,329	84,840	94,299	104,813	116,499
50% of Development Expenditure	4,285	4,566	4,866	5,185	5,525	5,888
Own Provincial Revenues	11,742	12,897	14,165	15,559	17,089	18,771
Required Transfers	61,216	67,999	75,540	83,925	93,249	103,616
Proposed Transfers	65,316	73,015	81,729	91,595	102,772	115,441
Divisible Pool Transfers	33,039	36,109	39,522	43,319	47,543	52,247
Straight Transfers	15,612	18,001	20,755	23,931	27,593	31,815
1/6th of Sales Tax (OZT Share)	12,355	13,961	15,776	17,827	20,145	22,764
GST on Services	1,203	1,323	1,455	1,601	1,761	1,937
Debt Relief	3,107	3,621	4,220	4,918	5,731	6,679
Surplus/Deficit	4,100	5,016	6,188	7,670	9,524	11,825

Source: SPDC estimates based on Federal and Provincial Budget documents

TABLE 6.6		PROPOSED FISCAL TRANSFERS TO NWFP (Rs. million)				
		P R O J E C T E D				
	2001-02	**2002-03**	**2003-04**	**2004-05**	**2005-06**	**2006-07**
Expenditure	37,225	41,198	45,602	50,484	55,898	61,901
Current Expenditure	33,350	37,069	41,202	45,796	50,902	56,577
50% of Development Expenditure	3,875	4,129	4,400	4,689	4,996	5,324
Own Provincial Revenues	3,641	3,999	4,393	4,825	5,299	5,821
Required Transfers	33,584	37,198	41,209	45,659	50,598	56,080
Proposed Transfers	35,135	39,242	43,911	49,224	55,273	62,164
Divisible Pool Transfers	19,252	21,041	23,030	25,242	27,704	30,445
Straight Transfers	6,064	6,992	8,062	9,295	10,718	12,357
1/6th of Sales Tax (OZT Share)	1,899	2,146	2,425	2,740	3,096	3,499
GST on Services	18	19	21	24	26	28
Debt Relief	1,003	1,003	1,003	1,003	1,003	1,003
Additional Hydroelectricity Profit	6,899	8,040	9,370	10,920	12,727	14,832
Surplus/Deficit	1,551	2,043	2,702	3,565	4,675	6,084

Source: SPDC estimates based on Federal and Provincial Budget documents

TABLE 6.7		PROPOSED FISCAL TRANSFERS TO BALOCHISTAN (Rs. million)				
		P R O J E C T E D				
	2001-02	**2002-03**	**2003-04**	**2004-05**	**2005-06**	**2006-07**
Expenditure	22,314	24,622	27,175	30,000	33,127	36,588
Current Expenditure	18,385	20,435	22,713	25,246	28,060	31,189
50% of Development Expenditure	3,929	4,187	4,462	4,755	5,067	5,399
Own Provincial Revenues	2,302	2,529	2,777	3,051	3,351	3,680
Required Transfers	20,012	22,093	24,398	26,950	29,776	32,908
Proposed Transfers	19,915	22,224	24,857	27,860	31,285	35,193
Divisible Pool Transfers	7,127	7,789	8,525	9,344	10,255	11,270
Straight Transfers	9,952	11,474	13,230	15,254	17,589	20,280
1/6th of Sales Tax (OZT Share)	943	1,066	1,205	1,361	1,538	1,738
GST on Services	21	23	25	27	30	33
Debt Relief	873	873	873	873	873	873
Special Development Grant	1,000	1,000	1,000	1,000	1,000	1,000
Surplus/Deficit	-97	131	459	910	1,508	2,286

Source: SPDC estimates based on Federal and Provincial Budget documents

Provincial Finance Award

The Provincial Finance Award is based on the following premises:

o   districts with a larger population have a larger public service infrastructure, which require greater resources to maintain;

o   districts with a larger economic base, i.e., industries, have a larger economic infrastructure, which require greater resources to maintain; and

o   districts with a higher level of deprivation require greater resources to overcome absolute deprivation and relative inequality.

The three criteria have been accorded weights as follows:

o   Population - 50 per cent.

o   Economic base - 25 per cent.

o   Deprivation - 25 per cent.

Based on the above, the weighted shares of each of the districts in the four provinces are presented in **tables 6.8 to 6.11**. The Award ensures that districts with a larger population and/or a larger economic base are provided the necessary resources to meet ongoing needs, thus meeting the efficiency criteria. It also ensures that districts that are highly deprived are provided resources for bringing about development, thus meeting the equity criteria.

In the case of Punjab, it can be seen that Faisalabad district would

TABLE 6.8							PROPOSED FISCAL TRANSFERS TO DISTRICTS - PUNJAB	
	Population		Economic Base		Deprivation Index		Proposed Award	
	% share	Rank	% share	Rank	% share	Rank	% share	Rank
Faisalabad	7.4	2	8.1	2	2.3	30	6.3	1
Lahore	8.6	1	5.9	4	1.7	34	6.2	2
Sheikhpura	4.5	5	8.9	1	2.7	25	5.2	3
R.Y. Khan	4.3	6	6.7	3	3.3	8	4.6	4
Jhang	3.9	8	4.2	6	3.3	10	3.8	5
Kasur	3.2	13	5.7	5	2.9	19	3.8	6
Gujranwala	4.6	3	2.8	12	2.3	31	3.6	7
Multan	4.2	7	2.8	13	2.9	22	3.5	8
Muzaffargarh	3.6	11	3.1	10	3.6	2	3.5	9
Rawalpindi	4.6	4	2.4	19	2.1	32	3.4	10
Sargodha	3.6	10	3.1	11	3.0	18	3.3	11
Bahwalpur	3.3	12	3.2	7	3.3	9	3.3	12
Okara	3.0	14	3.1	9	3.1	15	3.1	13
Bahawalnagar	2.8	17	3.2	8	3.2	11	3.0	14
Sialkot	3.7	9	2.4	20	2.0	33	3.0	15
Vehari	2.8	15	2.7	14	3.1	14	2.9	16
Khanewal	2.8	16	2.5	18	3.2	12	2.8	17
Sahiwal	2.5	19	2.5	17	3.1	17	2.7	18
D.G. Khan	2.2	20	2.1	22	3.6	3	2.5	19
T.T. Singh	2.2	21	2.3	21	2.7	27	2.3	20
Gujrat	2.8	18	1.2	31	2.3	29	2.3	21
Bhakkar	1.4	31	2.6	16	3.4	6	2.2	22
Layyah	1.5	27	1.9	23	3.5	4	2.1	23
Pakpattan	1.8	22	1.6	26	3.3	7	2.1	24
Lodhran	1.6	25	1.4	28	3.5	5	2.0	25
Rajanpur	1.5	28	1.1	32	3.8	1	2.0	26
M.B.Din	1.6	26	1.8	24	2.8	23	1.9	27
Jhelum	1.3	32	2.6	15	2.6	28	1.9	28
Mianwali	1.4	30	1.5	27	3.1	13	1.9	29
Attock	1.7	23	1.3	29	2.7	26	1.9	30
Khushab	1.2	33	1.8	25	3.1	16	1.8	31
Narowal	1.7	24	1.1	33	2.8	24	1.8	32
Chakwal	1.5	29	1.2	30	2.9	21	1.8	33
Hafizabad	1.1	34	1.1	34	2.9	20	1.6	34
All Districts	100.0	-	100.0	-	100.0	-	100.0	-

Source: SPDC estimates

The disabled often have no recourse but to beg.

qualify for a 7.4 per cent share of the provincial divisible pool on the basis of population alone, a 8.1 per cent on the basis of its economic base, and a 2.3 per cent on the basis of deprivation alone. A distribution according to the proposed formula would provide Faisalabad with a 6.3 per cent share. Furthermore, Rajanpur district would qualify for a 1.5 per cent share of the provincial divisible pool on the basis of population alone, a 1.1 per cent share on the basis of its economic base, and a 3.8 per cent share on the basis of deprivation alone. A distribution according to the proposed formula would provide Rajanpur a 2 per cent share.

Similarly, the proposed formula awards Karachi, Peshawar and

TABLE 6.9					PROPOSED FISCAL TRANSFERS TO DISTRICTS - SINDH			
	Population		Economic Base		Deprivation Index		Proposed Award	
	% share	Rank	% share	Rank	% share	Rank	% share	Rank
Karachi	32.4	1	41.2	1	2.5	16	27.1	1
Hyderabad	9.5	2	10.8	2	5.4	15	8.8	2
Dadu	5.5	4	8.7	3	6.4	9	6.6	3
Mirpurkhas	5.2	5	6.0	4	6.6	6	5.7	4
Larkana	6.3	3	2.3	13	6.0	13	5.3	5
Sanghar	4.8	7	3.5	8	6.5	7	4.9	6
Khairpur	5.1	6	2.8	11	6.3	10	4.8	7
Badin	3.7	9	4.3	5	7.2	3	4.7	8
Thatta	3.7	10	4.1	7	7.3	2	4.7	9
Jacobabad	4.7	8	1.4	15	6.9	4	4.4	10
Ghotki	3.2	13	4.1	6	6.8	5	4.3	11
Nawabshah	3.5	12	3.3	9	6.1	11	4.1	12
Naushero Feroze	3.6	11	3.2	10	6.1	12	4.1	13
Tharparkar	3.0	14	0.5	16	7.6	1	3.5	15
Sukkur	3.0	15	2.3	12	5.8	14	3.5	14
Shikarpur	2.9	16	1.4	14	6.5	8	3.4	16
All Districts	100.0	-	100.0	-	100.0	-	100.0	-

Source: SPDC estimates

Quetta with a fiscal share that is lower than their population share, but higher than their share of deprivation on account of their higher share of the economic base. Towards the other end of the spectrum, the formula awards Tharparkar, Tank and Musakhel a higher fiscal share than their population share, but a lower fiscal share than their share of deprivation on account of the lower share of the economic base. The proposed formula is likely to ensure that existing economic activity in relatively developed districts is not compromised, and, at the same time, allocates greater resources to relatively more deprived districts to enable them to achieve parity with the more developed districts.

TABLE 6.10							PROPOSED FISCAL TRANSFERS TO DISTRICTS - NWFP	
	Population		Economic Base		Deprivation Index		Proposed Award	
	% share	Rank	% share	Rank	% share	Rank	% share	Rank
Peshawar	11.4	1	12.8	1	3.2	24	9.7	1
Mardan	8.2	2	11.2	2	3.9	20	7.9	2
Swabi	5.8	5	8.6	4	4.0	16	6.0	3
Charsadda	5.8	6	8.3	6	4.1	14	6.0	4
Swat	7.1	3	5.2	9	4.2	11	5.9	5
Abbottabad	5.0	7	8.6	5	3.6	22	5.5	6
Mansehra	6.5	4	3.8	10	4.2	12	5.2	7
Haripur	3.9	11	9.1	3	3.4	23	5.1	8
Nowshera	4.9	8	6.7	7	3.7	21	5.1	9
D.I. Khan	4.8	9	3.1	12	4.3	9	4.3	10
Kohat	3.2	14	5.3	8	3.9	19	3.9	11
Bannu	3.8	12	3.8	11	3.9	18	3.8	12
Lower Dir	4.0	10	0.5	22	4.2	10	3.2	13
Buner	2.9	15	2.1	14	4.4	5	3.0	14
Upper Dir	3.3	13	0.7	21	4.7	4	3.0	15
Kohistan	2.7	17	1.2	17	5.2	1	2.9	16
Lakki Marwat	2.8	16	2.1	13	4.0	17	2.9	17
Shangla	2.4	19	1.1	18	4.9	2	2.7	18
Malakand	2.5	18	1.7	15	4.0	15	2.7	19
Karak	2.4	20	1.7	16	4.1	13	2.7	20
Batagram	1.7	23	0.7	20	4.9	3	2.3	21
Chitral	1.8	21	0.8	19	4.3	7	2.2	22
Hangu	1.8	22	0.4	24	4.3	6	2.1	23
Tank	1.3	24	0.5	23	4.3	8	1.9	24
All Districts	100.0	-	100.0	-	100.0	-	100.0	-

Source: SPDC estimates

The proposed formula allocates greater resources to relatively more deprived districts to enable them to achieve parity with the more developed districts.

TABLE 6.11	PROPOSED FISCAL TRANSFERS TO DISTRICTS - BALOCHISTAN							

	Population		Economic Base		Deprivation Index		Proposed Award	
	% share	Rank	% share	Rank	% share	Rank	% share	Rank
Quetta	11.6	1	3.6	12	2.4	26	7.3	1
Jafarabad	6.6	2	9.0	3	3.7	18	6.5	2
Kech(Turbat)	6.3	4	9.0	4	3.6	21	6.3	3
Lasbela	4.8	7	11.0	1	3.7	17	6.1	4
Loralai	4.5	8	10.6	2	3.7	19	5.8	5
Khuzdar	6.4	3	3.3	13	4.1	8	5.0	6
Kila Abdullah	5.6	5	4.0	10	4.0	13	4.8	7
Pishin	5.6	6	4.5	8	3.4	24	4.8	8
Nasirabad	3.7	11	7.5	5	4.0	11	4.7	9
Zhob	4.2	10	4.9	6	4.1	5	4.3	10
Panjgur	3.6	13	3.9	11	4.1	7	3.8	11
Bolan	4.4	9	1.8	17	3.9	14	3.6	12
Kalat	3.6	12	3.2	15	3.7	20	3.5	13
Kila Saifullah	2.9	16	4.1	9	4.0	12	3.5	14
Mastung	2.5	20	4.6	7	3.8	15	3.4	15
Chagai	3.1	15	3.2	14	3.8	16	3.3	16
Kharan	3.2	14	1.0	23	4.3	2	2.9	17
Sibi	2.8	19	2.5	16	3.5	23	2.9	18
Gwadar	2.8	17	0.6	25	3.5	22	2.4	19
Dera Bugti	2.8	18	0.1	26	4.1	9	2.4	20
Musakhel	2.0	21	0.7	24	4.7	1	2.4	21
Awaran	1.8	22	1.6	18	4.2	4	2.4	22
Barkhan	1.6	24	1.6	19	4.0	10	2.2	23
Jhal Magsi	1.7	23	1.1	22	4.1	6	2.2	24
Kohlu	1.5	25	1.2	21	4.3	3	2.1	25
Ziarat	0.5	26	1.6	20	3.1	25	1.4	26
All Districts	100.0	-	100.0	-	100.0	-	100.0	-

Source: SPDC estimates

APPENDICES

A.1

CHRONOLOGY OF KEY EVENTS IN
THE SOCIAL SECTORS: 2000

EDUCATION

February 3, 2000	The Punjab government abandons the requirement of school uniforms in government run primary schools in view of low affordability by these children.
February 28, 2000	The Punjab government implements the Compulsory Primary Education Act compelling parents to send their children to school.
March 4, 2000	The Deaf Education Welfare Association Trust (DEWA) decides to set up rehabilitation centers across the country.
April 13,2000	The Punjab government decides to start computer science education in 100 colleges in collaboration with the private sector.
April 13,2000	The NWFP education department introduces English as a medium of instruction for the ninth and tenth grades.
April 18,2000	The federal government allocates Rs. 250 million to be spent on higher education scholarships in the field of science and technology by the federal government.
June 14,2000	The federal government allocates Rs. 1.4 billion for education and teacher training in the country for the year 2000-2001.
June 22,2000	The Sindh government allocates Rs. 14.21 billion to the education sector with Rs. 6 billion to the primary sector in the budget.
July 4,2000	A study released by UNESCO reveals that Pakistan has 49 million illiterate people of which 30 million are female.
July 12,2000	The Punjab government raises the requirement for the appointment of primary teachers from matric to graduation for government run schools.
August 23, 2000	The federal government allots Rs.5 billion to the Information Technology policy.
August 26, 2000	The federal education minister proposes a Rs. 81 billion education plan.
August 30, 2000	The federal government plans to replace 10-year schooling with 12-year schooling and to extend the two-year bachelor's degree to three years.
September 10, 2000	The literacy rate in Balochistan is expected to rise to 6 per cent under the National Literacy Plan over the next three years.
October 31,2000	The Chief Executive makes primary education compulsory **(see box A1.1).**

BOX   **A1.1**

COMPULSORY PRIMARY EDUCATION ORDINANCE

An Ordinance is promulgated making primary education compulsory for every child. The following points are highlights from the Ordinance:

- Compulsory education to children whose age at the beginning of the school year is not less than five years and not more than 11 years.

- In the case of non-attendance, a Union Committee on education will consider whether the child is incapable of attending the school due to sickness or an un-avoidable excuse.

- Parents failing to comply with the Ordinance can be convincted by a magistrate with a fine of Rs. 500, which can be increased to Rs. 20 per day after the conviction till the child is sent to school.

- In the case of working children, the employer, despite receiving due warning by the committee continues to employ a child, whether on remuneration or otherwise, can also be convicted by a magistrate and face a Rs.1000 fine. The amount can be increased to Rs.50 per day till the concerned person complies with the Ordinance.

November 5, 2000   The International Labour Organisation (ILO) confirms Sialkot as a model city for eliminating child labour and achieving cent percent enrolment of children between 5-7 years age in schools under the Universal Primary Education Programme.

December 2, 2000   More than 4000 out of 8500 primary and secondary schools in the city of Karachi alone are functioning without registration from the education department.

December 16, 2000   The Punjab government approves the exemption of private education and health institutions from commercialisation fee.

December 27, 2000   The Sindh government decides to develop computer facilities for students in the existing educational institutions on a public-private partnership basis.

■ HEALTH

January 3, 2000   According to a report of the European Commission and United Nations Fund for Population Activities (UNFPA), Pakistan's fertility rate is still high at 2.8 per cent but has dropped for the first time in decades.

January 22, 2000   The donor agencies stop funding the Population Welfare Plan, resulting in the closure of about 480 population welfare centres in the country.

January 14, 2000   The Sindh government under the National Health-Care Scheme plans to privatise or lease about 30 per cent of the total Basic Health Units (BHUs) in the province during the 9th Five Year Plan (1998-2003).

February 1, 2000   The World Health Organization (WHO) reports that one child is born every ten seconds, adding 3.2 million newborns in the country **(see box A1.2)**.

February 3, 2000   The ratio of the public expenditure to private expenditure on health care in the NWFP is 1 to 1.33.

BOX   A1.2

WHO WORLD HEALTH REPORT 2000

The World Health Organisation's report, *Health Systems: Improving Performance,* highlights that to the extent that a health system achieves a long disability adjusted life expectancy (DALE) (in Pakistan this number stands at 55.9 years of the total population at birth); or a high level of responsiveness (Pakistan is ranked at 120-121 for the level of responsiveness of health systems); or a fair distribution of the financing burden (Pakistan is placed at 62-63); it can be said to perform well with respect to that objective. It is achievement relative to resources that is the critical measure of a health systems performance. Thus, if Sweden enjoys better health than Uganda - life expectancy is almost exactly twice as long - this is in large part because it spends exactly 35 times as much per capita on its health system. But Pakistan spends almost precisely the same amount per person as Uganda, out of an income per person that is close to Uganda's, and yet it has a life expectancy almost 25 years higher. This is the crucial comparison: why are health outcomes in Pakistan so much better, for the same expenditure? It is health expenditure that matters, not the country's total income, because one society may choose to spend less of a given income on health than another.

One newborn dies every 40 seconds in Pakistan due to the non-availability of proper health facilities, especially in the rural areas. Further, 43 per cent of the regional tuberculosis cases are in Pakistan and only 8 per cent of the total population is covered by the Directly Observed Treatment Short Course (DOTS) programme. Pakistan is included in the nine high burden countries accounting for about 94 per cent of the cases.

The government plans to reduce the annual population growth rate of 2.4 per cent to 2 per cent over the next five years. In accordance, the Government has allocated Rs. 33.71 billion for population welfare and other concerned departments in the Ninth Five Year Plan (1998-2003).

February 21, 2000	The Punjab government launches a three-year AIDS prevention plan with an estimated cost of Rs. 213 million.
February 27, 2000	In a study conducted by the National Committee on Health (NCMH) with UNICEF, the maternal mortality rate in Pakistan is found to be 340 per 100,000 live births.
March 1, 2000	According to a report of the National Health Survey (NHS) about 89 percent of infant deliveries take place at home.
March 3, 2000	Pakistan is the only country in Asia to control leprosy before the target year of 2000 set by WHO according to the Marie Adelaide Leprosy Centre, Karachi.
March 25, 2000	The government of Japan provides 636 million yen through UNICEF for the polio vaccine.
July 15,2000	According to the World Bank, Pakistan's health costs due to water and air pollution amount to $1 billion.
July 20,2000	According to a report by the National Institute of Child Health (NICH) Karachi, about 40,000 babies born each year have heart related problems.
July 25,2000	According to the Pakistan Foundation Fighting Blindness, there are about 2.5 million blind people and 7 million people with visual impairment in the country.
August 25, 2000	Japan provides a grant-in-aid of Rs. 201 million to Pakistan to provide vaccines against neonatal tetanus that accounts for about one-fourth of deaths of newborn babies each year.
September 3, 2000	The Punjab government provides free medicine to tuberculosis patients with the help of the WHO.

November 3, 2000	The Balochistan government allocates Rs. 261 million in the current financial year budget for the provision of medicines in the province.
December 1, 2000	Respiratory ailments contribute to more than 60 per cent of all kinds of diseases, especially heart and allergy related problems.
December 13, 2000	More than 80 percent of injections used are found to be unsafe.

■ POVERTY

February 2, 2000	The NWFP government decides to computerize provincial *Zakat* data to avoid embezzlement of funds.
March 11, 2000	A Rs. 15 billion Poverty Alleviation Programme is launched **(see box A1.3)**.
June 15, 2000	According to the Economic Survey 1999-2000, 43.9 million people or about 17.8 per cent of the total population are living below the poverty line in Pakistan.
June 28, 2000	About 38 per cent of Punjab's *Zakat* fund remains unutilised due to the strict observance of sectoral allocation of funds and delays in the formation of *Zakat* committees.
July 25, 2000	The government allocates Rs. 275.9 million from the *Zakat* and *Ushr* (tax on agricultural output) Fund to provide medical care to the poor.
August 11, 2000	The Micro Finance or Kushali Bank opens as an institution providing small-scale (Rs. 3,000 to Rs. 30,000) loans.
August 31, 2000	The Food Support Programme, allocated Rs. 2.5 billion, is initiated for people whose income is Rs. 2000 or less, based on a calorie intake approach.

BOX	**A1.3**

THE POVERTY ALLEVIATION PROGRAMME

The government has launched the Rs. 15 billion comprehensive poverty alleviation programme to "improve the condition of the poor and for the uplift of the backward belts" in the country. An amount of Rs. 3.5 billion has already been released to the provinces to ameliorate the lot of the underprivileged segments. The balance amounting to Rs.11.5 billion will be released in phases. Rs. 35 billion has been given to the provinces as an immediate disbursement under the Poverty Alleviation Programme, spread over the year (2000).

Under this programme, the provinces have been allocated Rs. 7813.5 million for Punjab, Rs. 3142.5 million for Sindh, Rs. 2578.5 million for NWFP and Rs. 1465 million for Balochistan. Unveiling the plan for economic revival, the Chief Executive promised to launch a separate program for the uplift of social sectors and poverty reduction.

The funds allocated under the programme are being distributed among the provinces on the basis of resource distribution formula. However, in view of the dire need for speedy development of the less developed areas, it has been decided to give a 5 per cent edge to NWFP and Balochistan. The two provinces would get Rs. 750 million each above their due share.

The government plans to continue with this programme by allocating about Rs. 20 billion during 2001 to the provincial governments. This includes construction of farm to market roads; rehabilitation of water supply schemes; repair and re-carpeting of rural roads, pavement of streets, drainage and storm channels in villages; sewerage and garbage collection schemes; lining of water courses, desilting of water channels and canals; maintenance of farm water resources; essential repair of existing primary and high schools; and provision and renovation of civic amenities in towns, municipal communities and metropolitan corporations.

November 5, 2000	The Central *Zakat* Council approves a Rs. 7.8 billion *Zakat* budget for the current financial year.
November 16, 2000	The World Bank Vice-President for South Asia lauds the incremental housing development scheme *Khuda ki Basti* in Karachi for providing an affordable housing option for the urban poor.
December 7, 2000	A Rs. 780 million discrepancy is unearthed in SAP operations.
December 14, 2000	The Asian Development Bank (ADB) approves US$150 million to provide support to Pakistan's micro finance sector.
December 16, 2000	Union Councils are restricted to selecting only 10 deserving people for *Zakat* funds distribution.
December 22, 2000	Japan extends assistance of Rs. 13.5 million to five NGOs through its grass roots assistance programme.

■ EMPLOYMENT

March 20, 2000	According to an ILO report, labour force participation is about 27 per cent and shows a declining trend.
June 17, 2000	According to the Economic Survey, 6.10 per cent of the total labour force in Pakistan is without a job.
July 8, 2000	The number of people going overseas for employment rises by 12 per cent in the first five months of the year.
September 13, 2000	A person commits suicide every 22 hours in Sindh with unemployment cited as the root cause **(see box A1.4)**.
November 6, 2000	The Human Rights Commission of Pakistan (HRCP) reports 2000 suicides from January to August this year of which 49 per cent were committed in Sindh, 31 per cent in Punjab, 12 percent in NWFP and 8 per cent in Balochistan.

BOX   **A1.4**

HRCP STATE OF HUMAN RIGHTS IN 2000

The *State of Human Rights in 2000* highlights that while there were pledges from the highest level of government for action, ground realities remained largely unchanged. More women were murdered across the country than in the preceding year as a result of perceived notions of 'honour'. In the Punjab alone, HRCP recorded 315 honour killings. 861 other women were murdered in the province and 620 became victims of rape. In Karachi alone 158 cases of suicide were reported during the year, with 109 men and 49 women having taken their own lives. The HRCP task force at Multan indicated 81 cases of suicide in Southern Punjab in the first six months of the year alone.

The rate of sexual abuse continues to grow with 88 per cent of all school going children in Karachi were found to be victims of physical and verbal abuse. Over 4000 juveniles are part of the prison population. A significant development was the promulgation of the Juvenile Justice System Ordinance, establishing that any detainee under the age of 18 would be regarded as a juvenile and offered legal cover. The Act also created juvenile courts of exclusive jurisdiction, ensuring respect for juvenile offenders' right to privacy and protection from malevolent adult company.

The Cabinet approved the National Action Plan for the elimination of child labour; but it is clear that a great deal needs to be done before children can be eliminated from the labour force. On this issue it lags behind in terms of legislation. During the year 2000 Pakistan once again failed to ratify the ILO's Convention against The Worst Forms of Child Labour.

It was revealed that 49 per cent of suicides reported in the country were committed in Sindh. Unemployment was cited as the main cause. Economic disparity, injustice, violence, deprivation were also stated as being the major causes of the increasing suicidal tendencies among the youth of Pakistan.

▪ WOMEN

January 4, 2000	According to HRCP, sexual assault is on the increase in Pakistan; 10 women are raped on a daily basis.
March 5, 2000	According to HRCP, violence against women is alarmingly high in southern Punjab where about 247 women were criminally assaulted and 167 were murdered in the previous year.
March 8, 2000	The World Food Programme (WFP) declares only 29 per cent of women in Pakistan receive postnatal and childbirth care by trained attendants.
March 8, 2000	International Women's Day observed **(see box A1.5)**.
April 27, 2000	UNESCO affirms that illiteracy remains high in Bangladesh, India and Pakistan where 45 per cent of the illiterate population are living.
July 26, 2000	The government states that of the education funds for establishment of schools, 60 per cent will be directed towards girls schools and female teachers will be appointed in a ratio of 70:30 female:male teachers.
November 14, 2000	The Organization of Petroleum Exporting Countries (OPEC) Fund for International development signs a US$10 million loan agreement with Pakistan in support of a project aimed at improving the quality and availability of community based health care among women and girls.
December 1, 2000	The ADB elects to provide $ 52 million to help rural women.

BOX   A1.5

PERMANENT COMMISSION FOR THE UPLIFT OF THE STATUS OF WOMEN

International Women's Day was marked with the setting up of a permanent commission on women, an independent agency to work out a comprehensive policy for their emancipation, and recommend safeguards under the Constitution and other laws. A ten point agenda was proposed as follows:

- o Amnesty to all women prisoners except for those involved in crimes such as murder, robbery, terrorism and drug trafficking.
- o Separate jails for women and juvenile prisoners in each province.
- o No detention or arrest of women or girls without a warrant issued by the district magistrate except in the cases of cognizable offences (mentioned above).
- o Honour killing to be considered an outright murder and to be treated as *Qatl-i-Amd*.
- o Issuance of an Ordinance to ban un-Islamic practices relating to marriage and to discourage child marriage.
- o Action to be initiated for amendment to or repeal of all laws discriminatory to women.
- o Cases of women under trial to be completed expeditiously.
- o 33 per cent of recruitment vacancies in the public sector departments and corporations to be reserved for women.
- o Increased access of women to micro-credit for economic empowerment.
- o Representation to be given to women at the highest policy and execution level.

CHILDREN

January 1, 2000	In a survey conducted by the FBS and the ILO, of the 3.3 million child workers in the age group 5-14, 73 per cent are boys and 27 per cent are girls.
January 28, 2000	Pakistan receives US$6 million to combat child labour from international donors.
February 12, 2000	According to a report by Sahil (NGO), 945 children were sexually abused in the previous year; 56 per cent were girls and 44 per cent were boys.
March 2, 2000	According to a report by the National Institute of Child Health (NICH) more than 60 per cent of mortality among children under the age of five is due to malnutrition and diarrhoea.
April 4, 2000	UNICEF announces it will provide US$92 million to the government of Pakistan with emphasis on areas like woman and child health, basic education, nutrition, water and environmental sanitation, and child rights.
April 21, 2000	The first certified school for juvenile prisoners opens in Sahiwal under the Punjab government's programme for the welfare of juvenile prisoners.
June 22, 2000	According to the Society for the Protection of the Rights of the Child, about 1 million Pakistani children run away from their homes each year due to social imbalances and inhumane treatment.
July 17, 2000	The federal government allocates Rs.100 million for the elimination of child labour in the country.
August 3, 2000	According to UNICEF the prevalence rate of HIV/AIDS in males and females between the ages of 15 and 24 years is 0.06 and 0.04 percent respectively.
October 14, 2000	UNICEF and the Family Planning Association of Pakistan say the girl child is one of the most neglected members of society and she must be empowered to play her due role in the progress of the country.
November 7, 2000	Paper picking children are to receive non-formal education **(see box A1.6)**.

MISCELLANEOUS

April 28, 2000	According to a report by the Karachi based Urban Resource Centre, the housing growth rate for Pakistan is 2.41 per cent annually; among the provinces, the lowest growth rate is in Punjab at 1.97 per cent.
June 25, 2000	It is reported that there are more than four million drug addicts in Pakistan; 97 per cent are males and 3 per cent are females.
June 30, 2000	The Human Development Report 2000 is launched **(see box A1.7)**.

BOX   A1.6

CHILDREN IN LABOUR

Children involved in paper picking and garbage collection are to be given education under *Bait-uL-Mall's* non-formal education scheme. A plan has been prepared to engage these children in the non-formal schools and impart skills training to them so that they can become useful members of the society. Labour ministry officials were of the opinion that to implement the plan financial and technical help from the UNICEF and the International Labour Organization (ILO) would be sought.

The plan was prepared in the light of a survey of the garbage collecting children, conducted in the country to evaluate its effects on the society. According to the survey, 27 per cent children wished to acquire an education; 33 per cent expressed an interest in vocational education. The provincial labour and manpower departments will be asked to provide vocational education and skills training to these children. The NGOs working in the field of education will be involved in the plan.

Solid waste management wings of different cities will also be asked to make arrangement for the collection of garbage from houses and streets/roads. An official is to be deputed to be in charge of filth depots so as to restrict these children from garbage collection. A campaign will be launched through electronic and print media about hazardous effects of open garbage on environment and children's health. The Commission for Child Welfare and Development will be given the responsibility to rehabilitate the children.

About 479 children, collecting garbage, were intereviewed out of which 63 per cent were from Punjab, 23 per cent from NWFP, 2 per cent from Sindh, 1 per cent from Balochistan, and 11 per cent were Afghans. All the children belonged to nomadic families; 85 per cent of them lived in *katchi abadis* and slums. Of the total surveyed, 67 per cent belonged to the 10 to 15 year age group, while 22 per cent were orphans; 91 per cent of the children enjoyed good health and 6 per cent were handicapped. The family size of 53 per cent of the children was below five members and 96 per cent were illiterate. Most of them worked for 5 to 10 hours a day and collected less than 50 kg of garbage; they earned less than Rs. 80 a day.

BOX   A1.7

UNDP HUMAN DEVELOPMENT REPORT 2000

The UNDP has raised the rank of Pakistan in terms of socio-economic improvement in the country by three points. The *Human Development Report 2000, Human Rights and Human Development* states that life expectancy has increased from 64 years in 1999 to an average of 64.4 years in 2000, with 63.3 per cent and 65.6 per cent at birth for males and females respectively. Infant mortality is identified as being 94 per 1000 live births and the ratio of under weight children under the age of five is 38 per cent. The report also highlights that there are about 64,000 people between the ages of 1-49 with HIV/AIDS in Pakistan and the adult rate (15 and 49 years) is about 0.09 per cent. Further, there are 52 doctors and 32 nurses for every 100,000 patients. About 15 per cent of the population have no access to health facilities.

The report illustrates a rise in the literacy rate from 40.9 per cent in 1999 to 44 per cent in 2000, with 58 per cent and 28.9 per cent (age 15 and above) for males and females respectively. The adult literacy rate stands at 56 per cent. The GDP per capita has also shown an increase from US$1560 in 1999 to US$1715 in 2000 with US$1594 and US$776 for males and females respectively.

In spite of such progress, Pakistan has been ranked at the 68th position in terms of prevalence of poverty in the developing countries. Income inequality is on the rise. The combined burden of income taxes, tariffs, excise duties and sales taxes is 10% of income for those with a monthly salary of less than US$12, and -4% for those with more than US$40.

June 28, 2000

According to the World Bank, about 35 per cent of the population of Karachi has no access to water and about 60 per cent has no access to safe sanitation.

July 13, 2000

The House Building Finance Corporation (HBFC) will provide Rs.1 million to the Pakistan Housing Authority (PHA) to complete 18 housing projects in the four provinces.

August 19, 2000

It is reported that than 50 per cent of 11,700 registered NGOs exist only on paper.

SURVEY OF NONPROFIT ORGANIZATIONS

The Social Policy and Development Centre (SPDC) conducted a nation-wide survey of about 2,100 registered and 600 unregistered nonprofit organizations in Pakistan. This survey was part of a study entitled *Comparative Nonprofit Sector Project*, Pakistan being undertaken by SPDC in collaboration with the Aga Khan Foundation, Pakistan and Center for Civil Society Studies, and Johns Hopkins University, USA.

According to the preliminary estimates, there are about 45,000 nonprofit organizations working in diverse socio-economic fields. Education is the dominant group in the nonprofit sector with 'religious education' being the leading activity. About 30 per cent of organizations declared religious education as their prime activity. The next important activity of the sector appears to be 'lobbying for civic amenities', as 15 per cent of organizations proclaim it as their major quest. Many of these organizations are community-based entities working at the grassroots level, conveying day-to-day civic problems to the various tiers of government. Other important activities include primary education, social services, outpatient health services and resident welfare associations.

Aside from the nonprofit sector's social contribution, the sector turns out to be an economic force in the country. According to the estimates, the sector employs about 264,000 people on a paid basis, while more than 425,000 regular and 450,000 occasional volunteers also contribute in the activities of nonprofit organizations. Full-time equivalent paid employment plus full-time equivalent volunteerism in the nonprofit sector accounts for 3.4 per cent of non-agricultural employment in the country.

The sector's total annual cash revenue and operating cash expenditure are estimated at Rs. 16 and 13 billion, respectively, indicating an outlay of Rs. 3 billion as development expenditure. Estimates about the composition of revenues portray show the the bulk of revenues come from indigenous sources. The contribution of local sources in the form of membership fees, user charges and private philanthropy account for 87 per cent of the total revenue of the sector, with foreign funding and public sector support together making up the remaining 13 per cent.

The survey underlines the existence of a sizeable and vibrant sector in the social and economic domains, based on indigenous support. It highlights the fact that with its domination of activities such as education and health, and with the existence of a sizeable number of lobbying and campaigning organizations, the country's nonprofit sector assures a key role for itself in social development.

IN MEMORY

Altaf Hussain Junejo
1972 - 2001

Altaf Hussain Junejo was a Research Officer at SPDC. Hailing from a poor family in Dadu, he supported himself through university and earned a Masters degree in Sociology. He excelled in his class with a First and was awarded the gold medal. He joined SPDC in September 2000, and was a key member of the team studying the nonprofit sector.

Altaf was 29 years of age when he was murdered on June 1, 2001 in Dadu, the result of a dispute over inter-family marriage relations. He was married and his first child, a girl, was born one month after his tragic demise.

He paid with his life for stepping out of the shackles of age-old traditions. His death indicates that social development is more than a matter of mere quantitative provision of education, health care or water supply - it is a matter of changing attitudes and value systems, and of promoting respect for individual choice and human life.

TABLE	A.2.8.1
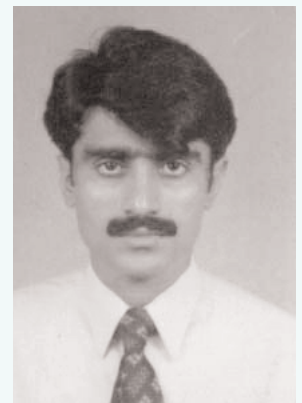
PAKISTAN'S NONPROFIT SECTOR AT A GLANCE

Number of Organizations	45,000
Estimated membership	6,000,000
Major Activities [%]	
Education and Research	46
Religious education	30
Primary education	9
Secondary education	5
Other activities	3
Civil Rights and Advocacy	17
Lobbying for Civic Amenities	15
Civil Rights Promotion	2
Other Activities	1
Social Services	8
Material Assistance to the Needy	5
Income Support	2
Burial and Funeral Services	1
Other Activities	1
Development and Housing	7
Residents' Welfare Associations	5
Community and Neighbourhood Development	2
Health	6
Culture and Recreation	6
Religious Promotion [Management of Religious Events]	5
Traders' / Shopkeepers' Associations	4
Employment	
Full-Time-Equivalent Paid Employment (Nos.)	264,000
Full-Time-Equivalent Volunteers (Nos.)	212,000
Paid Employment as % of Non-Agricultural Employment	1.9
Paid Employment plus Voluntarism as % of Non-Agricultural Employment	3.4
Paid Employment as % of Private Sector Employment	1.3
Paid Employment as % of Public Sector Employment	9.6
Finances (values in Rs. Million)	
Annual Cash Revenue	16,400
Annual Value in-kind Revenue	135
Total Annual Revenue	16,535
Annual Operating Cash Expenditure	12,959
Annual Cash Wage Bill	5,191
Imputed Value of Voluntary Time	3,721
Cash plus in-kind Revenue as % of GDP	0.56
Cash operating expenditure as % of GDP	0.37
Operating Expenditure plus Value of Voluntary Time as per cent of GDP	0.47
Cash Revenue Structure [%]	
Fees and User Charges (including membership fees)	50
Private Indigenous Philanthropy	37
Private Foreign grants	7
Public Sector Payments	6

A.2

SELECTED BOOK REVIEWS

BOX   **A.2.1**

WORKING WITH COMMUNITIES, ARIF HASAN, CITY PRESS, KARACHI, 2001

The achievements of the Orangi Pilot Project (OPP) within the realm of social development have now acquired a legendary status. Thus, it is hardly surprising that other NGOs and CBOs (community-based organizations) have sought to replicate the OPP's successful Low Cost Sanitation Scheme in other communities with the help of OPP's Research and Training Institute (OPP-RTI). This book poses the fundamental questions: Were these schemes successful? What factors inhibited or contributed to their success? What lessons can be learnt from these experiences by OPP-RTI?

The experiences documented range from experiments which never took off to ones which were implemented both in large cities such as Faisalabad and Rawalpindi, to smaller towns such as Lodhran and Mingora. Interestingly, it was found that the local authorities of smaller towns are more receptive to low cost sanitation schemes, on account not only of the greater availability of development funds, but also to the presence of fewer vested interests within agencies in charge of engineering works in comparison to the highly specialized government agencies of large cities. The author advances the argument that one of the major reasons for the gap between the planning and execution of government-led schemes is that often unrealistic assumptions are made about the availability of funds, which do not materialize once the plans are implemented. Capacity building in government is also fostered by the presence of well-trained local activists who can exert pressure at the grassroots as opposed to professionals from outside the community. Hasan sees lobbying by CBOs amongst local politicians as being a "substandard" procedure for obtaining money for development schemes that results in essentials such as proper planning and implementation being overlooked, not to mention the prevalence of "broken promises".

The importance of local team members having surveying and mapping skills is emphasized as well as the need for their being able to design and supervise projects in order to ensure sustainability once technical assistance from outside the community is withdrawn.

Similarly, for more effective replications of the sanitation scheme, the author recommends the establishment of regional research and training centers, especially in the Punjab where the bulk of the demand for OPP-RTI assistance originates.

Collaboration amongst NGOs is also perceived as vital in order to share experiences and expand ongoing work. Karachi's Urban Resource Centre is an example of an NGO which studies and provides alternatives to urban problems. A network of CBOs, academics and citizens would provide the ideal forum for voicing views and providing solutions to governments. To this end, OPP-RTI does collaborate with the Urban Research Centre; both organizations host lectures by professionals in the field, and both have jointly developed a city development forum for activists.

OPP-RTI envisages the creation of a research and training center for Punjab and will also support local initiatives in Faisalabad and Lodhran once they come into existence. Meanwhile, in Karachi, it continues to forge new ground making plans to convert *nalas* into box trunks and as well as building a sewage treatment plant for the water from *nalas* (sewage drains). Once this task is completed, it will have completed the objectives of OPP's Low Cost Sanitation Scheme, which began in 1980.

BOX A.2.2

COMMUNITY ORGANIZATIONS AND RURAL DEVELOPMENT: EXPERIENCE IN PAKISTAN, MAHMOOD HASAN KHAN, VANGUARD BOOKS (PVT) LTD., 2001

Professor Mahmood Hasan Khan is a prolific writer on agricultural and rural development in Pakistan. This book is his latest contribution to the literature for community organizations and rural development in Pakistan. Its analysis spans the impact of the National Rural Support Program (NRSP) model on the rural communities of the country.

The book can be divided into three parts. The first part discusses Pakistan's experience for agriculture transitions, rural poverty and various organizational models, and public policy for agricultural and rural development in the country. The main emphasis is on the alternative strategies for rural development. It is argued that to make rural poverty reduction strategies more effective, it is necessary to look beyond the agriculture sector and deal more holistically with the standard of living in rural areas. The strategies should recognize and incorporate the complex linkages between the farm and non-farm economy, the social sector, the infrastructure, and governance. Rural development programs should rely on decentralized participatory decision-making processes. Their aim is to empower the rural communities to work directly with government, NGOs and the private sector so that development interventions reposed to the local demand.

The potential benefits of community organizations (COs) are many. Firstly, COs can provide representation of typically marginalized groups and those excluded from the development process. Secondly, through the process of collective action, capacity building and learning-by-doing, communities can build social capital by expanding the range and depth of their social network. Thirdly, COs can help the poor to make formal institutions responsive to the marginalized groups. Fourthly, COs can improve social and economic services delivery through their grassroots network where the rural markets are highly imperfect and centralized agencies have failed. Finally, community ownership promotes more sustainable investment and equal outcomes.

The potential risks involving COs are that they may not sufficiently represent the interests of poor, due to lack of financial resources and technical expertise, causing, communities to opt for sub-optimal investments. Channeling resources through community groups can undermine the political authority and economic stability of local governments and line departments, in cases where these agencies are not involved in the planning stage. It is emphasized in part one that "if the rural people form community organizations at the village level, the support program, like NRSP, can act as a catalyst for the members of these organizations in mobilizing their individual and collective resources and getting access to the society's resources and public sector services."

The second part explains the establishment, history, activities and cost effectiveness of the rural support program of NRSP. The third part explains the methodology and main findings of the study, based on the sample of 24 COs consisting of 360 households in both the treatment (active for 4-8 years), and control villages (recently formed organizations). The sample is drawn from the three regions of NRSP: Mirpurkhas/Badin (Sindh), Khushab and Rawalpindi (Punjab).

The major findings of the study are 1) the size of the family and number of children are negatively correlated to the level of household income on a per capita basis - the lower income households have larger families and more children than the higher-income households; 2) there is a large disparity between the male and female children in school - 62 per cent of male children and only 40 per cent of female children are in school; 3) the income level of households in the control villages is lower than the treatment villages, the differences in the households income, however, between the members and non-members, is not statistically significant; 4) the distribution of income among the survey households is highly unequal. For instance, the share of the bottom 10 per cent is only 2.6 per cent while the share of the top 10 per cent is 33.7 per cent; 5) assets are also unequally distributed among the surveyed rural households - share of the bottom 10 per cent is 0.6 per cent while the share of top the 10 per cent is 45.1 per cent. The concentration ratio (Gini) for assets is 0.67 per cent; and 6) rural households in Badin/Mirpurkhas Region are poorer than those in Khushahb and Rawalpindi.

Professor Khan concludes that "community organization can be a very effective rural institution to empower its members and enhance the community's physical, human and social capital."

BOX   **A.2.3**

LABOUR LEGISLATION AND TRADE UNIONS IN INDIA AND PAKISTAN, AMJAD ALI, OXFORD UNIVERSITY PRESS, 2000

Amjad Ali uses his legal training as a senior advocate and combines it with his labour activism background to trace the development of labour legislation and trade unions over more than 100 years in the sub-continent. His study highlights the development of a wide spectrum of labour laws in both India and Pakistan which range from laws covering industrial disputes to laws on bonded labour.

The British were the rulers to first regulate and intervene in the subcontinent's labour market. However, Amjad points out that the spirit behind the early labour laws was hardly one of welfarism as the colonial state sought to maximize the economic gains from tea plantations and collieries, imposing a form of indentured labour on workers who were subjected to dismal working conditions under the guise of 'free contracts.' This was necessary for the reason that even in a labour surplus country, workers were unwilling to subject themselves to an environment akin to 'virtual slave labour camps'. It was only after the British were pressured by the freedom/democratic movement that political reforms that abolished repressive laws (including laws permitting the pledging of child labour) were ushered in and new laws were introduced such as the 1926 law allowing the formation of trade unions (without the right to strike).

When Pakistan was born, state intervention in the labour market was minimal in the field of employment conditions but was marked in the case of strikes in public utilities. Industrial courts instituted under Ayub Khan became the arenas for settling industrial disputes, bypassing the 'collective bargaining' mechanism of trade unions. The end of the Ayub era witnessed socio-political turmoil, with the result that the state introduced a host of "beneficial legislation" ranging from laws governing workers pensions to minimum wage legislation, which the author terms "impressive".

The trend of welfare oriented labour legislation continued under Zulfiqar Bhutto but the policies of privatization and liberalization instituted under more recent regimes have, in the eyes of the author "resulted in the so-called welfare legislation taking a back seat and now being relegated to the restrictive laws applicable to labour and the trade unions". Amjad views globalization as a disturbing phenomenon which forces developing countries to attract foreign capital by keeping wages and other costs low. In this atmosphere, welfare oriented labour laws are seen as a relic of the days of statism and import substituting industrialization and constitute a burden on industry. To retain a competitive edge in the world market, advocates of globalization want the laws pertaining to the right to industrial dispute to be made more restrictive, in order to weaken labour's bargaining power vis-á-vis employers, thus ensuring lower wages. Amjad cites the example of India where the Indian Bankers' Association made an agreement with two trade unions in 1983 limiting the extent of mechanization in banks. No similar agreement, protests the author, exists in Pakistan, where downsizing has taken place in the banking sector without adequate benefits to compensate laid off employees. He points out that the "golden handshake" in the form of bank stocks offered to some former bank employees turned out to be a double edged sword given the volatility of the stock market. Amjad strongly believes that globalization is yet another attempt by rapacious capitalists to depress working class conditions. Historically, he argues, only the trade union and socialist movements have been able to reverse this tendency, which now has found a new weapon in globalization, with which it seeks to disempower the working classes.

BOX A.2.4

WORLD DEVELOPMENT REPORT 2000/2001, ATTACKING POVERTY, WORLD BANK, OXFORD UNIVERSITY PRESS, 2000

Poverty amid plenty - encapsulated in this phrase is the recognition by the World Bank that poverty is a peril which afflicts mainly the Third World and as the report further elaborates, one which needs to be viewed as a multi-dimensional problem and tackled accordingly. Progress on poverty has been slow and donor agencies have in the past focused on other issues. However the spotlight is now firmly on poverty: the report looks at human deprivation in the context of four basic parameters: opportunity, empowerment, security and international actions.

The World Bank has indeed itself been accused by its critics of spawning poverty in third world countries by supporting tough macro-economic stabilization and structural adjustment programs which have impacted negatively on social sector spending and cut down on economic growth and hence employment. The World Bank retorts by stating that first generation reforms (structural adjustment programs) must be distinguished from second-generation reforms (institutional reforms). The argument runs as follows: the structural reform agenda can only revitalize sluggish developing economies if second generation reforms follow on the heels of the first wave of reforms. In spite of these measures, however, poverty will not decrease if initial income distribution is skewed in favour of the rich, thus throwing the gauntlet back to the government to ensure a more equal distribution of wealth, which allows the fruits of economic growth to permeate down to low-income groups.

On the topic of empowerment, the World Bank waxes eloquently on the role of the state and of civil society and their responsibilities, citing a number of examples from around the world to demonstrate the importance of state-community synergies and of democratic policies to foster pro-poor growth and reduce poverty. The fact that South Korea was not a pluralist democracy when it began its economic and social transformation is explained away by the fact that at least the "preconditions for a developmental state" have been laid in place including the strong emphasis on equity via land reform and universal education, all of which are associated with participatory processes in the World Bank's mind. The Report, however, does acknowledge that even democratic politics can be hijacked by vested interests. It thus advocates decentralization, wider dissemination of information to the public and a high degree of civil society engagement (especially for promoting pro-poor causes) as counters to corrupt and inefficient albeit democratic governance.

The Report also dwells extensively on two crucial anti-poverty mechanisms, namely the management of risk and the creation of assets for the poor. The government clearly plays a lead role in both areas with the World Bank urging the involvement of the private and NGO sectors as well. While social security nets should be in place before shocks, the government should ensure that each safety net is adapted to "the specific pattern of risk in each country and area, and complements existing patterns of risk management arrangements." While the issue of social sector cuts in times of economic crisis is mentioned, the World Bank offers little advice other than suggesting that countries should consciously try to protect pro-poor expenditures. Asset creation for poor people is seen as a necessary anti-poverty strategy and a multi-pronged approach by government and private actors encompassing re-distributive state led policies; local participation by communities and some public private partnership models is suggested.

Finally, the Report touches upon the controversial subject of whether high-income countries are doing enough for their less developed counterparts and whether it is at the appropriate speed. The answer is clearly no: the World Bank outlines measures which more affluent countries need to take in order to make a greater impact on the reduction of global poverty, such as reduced fiscal barriers, the promotion of financial stability and the production of pro-poor international public goods. As far as debt relief is concerned, the World Bank suggests that rich countries should "finance the Enhanced HIPC Initiative with money additional to their aid budget[s]" and that debt relief should be tied to the performance of countries' poverty reduction programs. In the meantime, aid delivery can also be made more effective by applying "less intrusive mechanisms " to assistance packages, which should focus on "the overall policy and expenditure environment". Whether the World Bank and other donor organizations take up this last challenge remains to be seen.

BOX   A.2.5

HUMAN DEVELOPMENT IN SOUTH ASIA 2001: GLOBALIZATION AND HUMAN DEVELOPMENT, MAHBUB UL HAQ HUMAN DEVELOPMENT CENTRE, OXFORD UNIVERSITY PRESS, 2001

The phenomenon of globalization is the topic of much debate within the developing world: this Report views its impact on South Asia and poses the fundamental question of whether the region will reap its benefits or be saddled with its disadvantages in the years to come. Globalization (viewed as a move towards greater integration into the world economy) is seen as an economic imperative from which the region cannot escape; therefore, to prevent its marginalization, the region must try and maximize the benefits of the process while trying to avoid the pitfalls.

South Asia' s integration into the global economy began in the late 1980s as a number of fiscal and monetary reforms were taken to encourage a more open, outward oriented economy. The result was rising shares of trade and capital in the national income of individual countries but had little impact on the shares of the region in world trade. Foreign investment flows in this period were unevenly distributed in the region with the bulk of investment directed at India. The authors also rightly point to the presence of internal conflict and political instability in the region as a disincentive for attracting greater foreign investment. Growth rates of GDP have presented a mixed picture for South Asian countries in the 1990s: a handful improved their growth rate in this period vis-á-vis the 1980s, however, Pakistan experienced a sharp decrease in its growth rate while India managed to record relatively high growth rates during this period, experiencing a dip only in the early 1990s. The authors of the Report decline to cast judgment on the growth performance over the two preceding decades, merely stating that the "the benefits of increased integration may be long term and can only be expected to surface with a tag."

The social indicators of the region are found to have declined to lower levels than before during the globalization period. The authors lay most of the blame for this on the pre-globalization period strategies of the various governments. Poverty also presents a mixed picture for the region with India recording a decline in both the severity and the depth of poverty while the opposite holds true for Pakistan. However, it is important to underscore that inter-regional disparities rose in India, thus highlighting the uneven distribution of benefits in this period even for high growth rate countries. Social policies and pro-poor interventions were also hampered by cutbacks in development expenditures as part of fiscal reforms, which accompanied stabilization and structural reform programs.

The Report concludes that "humane globalization " is the answer to mitigating the adverse consequences of the globalization process such as unemployment, increase in poverty and decline in crucial social sector spending. It advocates a number of policies designed for governments to reap the benefits of globalization. In order to prepare the region to face global competition, greater government spending on primary and secondary education is stressed, while it is suggested that tertiary education should be left to the private sector, with scholarships for needy students. The Report also identifies the need for new macro policies, aimed at mitigating poverty, and advises governments to study the effects of cash crops versus food crops and capital intensive industrialization versus labour intensive industrialization policies for their impacts on low income groups. Greater attention to capital flows rather than short term and portfolio investment are advocated, along with a strong emphasis on intra-regional trade as a source of increased revenues for the countries. Institutional reform is also seen as a means to protect the rights of the poor across the board. Accelerated fiscal reforms such as greater taxation of the rich, enabling governments to spend on the poor and domestic financial liberalization to ease the burden of debt ridden public sector banks, are identified as areas which require serious attention from governments. A policy framework for greater public-private co-operation is also put forth as an imperative along with the notion of "corporate social responsibility". Therefore, much of the responsibility of 'managing' globalization successfully rests with South Asian governments, who need to 'get their act together' both internally as well as regionally in order to ensure their countries benefit from the unavoidable economic and social movement towards globalization.

BOX   A.2.6

PRESS KIT FOR THE PROMOTION OF WOMEN'S RIGHTS, IPC/UNICEF, KARACHI 2001

This helpful booklet provides the reader with a concise overview of the women's rights situation in the province of Sindh. Its aim is to highlight and disseminate basic information on 12 areas which concern women's lives, and to promote women's rights and status amongst the media. It provides a situational analysis of the linkages between women and the sectors of education, poverty, health, armed conflict, economy, decision-making institutions, human rights, media, environment and disability. In each area, the report suggests concrete steps which can be taken to improve the lot of women. One valuable inclusion is the attempt to match various issues relating to women in our society with the specific articles of international treaties protecting women and children's rights, to which Pakistan is a signatory.

Findings of a review of the state of women's rights in Sindh five years after the Beijing Conference are presented. The report makes the point that the women of Sindh have suffered due to poor law and order, *karo kari* ('honour' killing) has increased and the *jirga* (tribal court) system continues to intervene in cases of justice in most areas of Sindh. On the economic front, growing inflation and lower public sector spending on the social sectors have hurt women's purchasing power and impacted negatively on their health and educational attainments. The stereotypical role portrayal of women in the print media and in advertisements has reinforced negative images of women as sex objects, which has further eroded their status in society.

The report makes a number of suggestions to improve the status of women which include the following: the encouragment of private banks to set up micro-credit schemes, an increased awareness of education, the incorporation of women's perspectives into the 9th Five Year Plan, the establishment of a human rights division by government, the dissemination of pro-women's rights information at the grassroots level by the Urdu and the regional press, the encouragement of reporting taboo issues such as rape in the media, and the setting up of a media watchdog journalists' group to assess the portrayal of women by the media. All in all, a handy and succinct situational analysis covering different aspects of women's lives which is of value not only to journalists but to those interested in women's rights and the betterment of their lives.

BOX   A.2.7

WOMEN, LAW AND PUBLIC OPINION, KRISHNA GUPTA, RAWAT PUBLICATIONS, JAIPUR AND DELHI, 2001

The intriguing dynamics of the interaction between law and public opinion, in the context of women's rights, is the focus of Krishna Gupta's book. Two issues lie at the core of her empirical study: the abortion debate in the US and the dowry laws of India, which are both deeply sensitive and controversial subjects in their respective societies. Gupta's view is that public opinion in the US swung the judiciary in favour of laws enabling the right to abortion. Therefore public opinion was ahead of the law, which leads her to conclude that "the political responses of the public are registered as public opinion and it is the key variable in American politics." Citizen's preferences are generally translated into policies in more liberal societies, even at the regional level in the US, where the nature of abortion laws mirror the level of public support for them in each individual state.

In India, the dowry laws and the Hindu Code Bill (which supported a woman's right to treat her dowry as her own property, banned polygamy, etc,) were ahead of public opinion, says Gupta, and therefore Nehru's attempts to pass them was met with resistance in parliament. The bill was eventually passed after the controversial elements were whittled down so that "some of the basic inequalities rooted in the joint-family system and the personal inheritance laws could not be removed". Similarly the Dowry prohibition Act 1961 which attempted to de-link gift giving with marriage, was rejected by parliamentarians and the law which eventually came into existence contained numerous loopholes which treated dowry as a non-cognizable and bailable offence. Strikingly, the definition of dowry only included "property given in consideration of marriage and as a condition of marriage taking place", thus excluding cash, ornaments and other articles. Furthermore, "the prior sanction of the government was necessary to prosecute a husband who demanded dowry." The dowry law was finally amended in both 1984 and 1986 under pressure from the women's movement to make it more stringent. However violence and offences against women continued unabated. Krishna Gupta posits, "dowry is publicly condemned but privately practiced. Dowry persists in social thinking."

Gupta also dwells upon the gap between legislation protecting women's rights and its enforcement. Not only is some of the legislation 'toothless' but even the laws which eventually come into existence are not implemented effectively. What she fails to explain convincingly is how women's rights groups in the 1980s *did* engender changes in dowry laws through the support of "the general public" but offences against women persist. The question which she needs to address is this: are there two sets of public opinion in India, one which led to the amendments in the law and one which continues to flout the Act's legal provisions and its spirit?

She concludes with the argument that in liberal democracies the law follows public opinion; where the law attempts to foster change without public support, it becomes ineffective and unenforced. Therefore, the answer to improving women's rights in India may lie in fermenting societal change through education, media and legal literacy that promotes awareness of the law and creates public opinion which is favourable to these issues.

A.3

AN INTEGRATED SOCIAL POLICY AND MACROECONOMIC PLANNING MODEL

THE NEED FOR AN INTEGRATED MODEL

Historically, Pakistan's development planning models have not explicitly recognized the interdependence between social sector development, intergovernmental revenue-sharing transfers and the macroeconomy. The macroeconometric model of the Pakistan Institute of Development Economics was developed primarily to address the policy issues facing the macroeconomy and was updated in 1992 to include 97 equations. The model, developed by the Applied Economics Research Centre, explicitly incorporates linkages between federal and provincial governments, but its scope is limited to resource mobilization.

Recognizing this reality, the Social Policy and Development Centre (SPDC) has identified a pressing need for Pakistan to develop a macroeconomic model that explicitly incorporates the impact of public expenditure, which is close to 25% of the GDP. SPDC has been working diligently over the past few years to develop such a model.

STRUCTURE AND LINKAGES OF THE MODEL

The Social Policy and Development Centre has developed a unique economic model which can be used as an effective planning tool for social sector development. This model integrates the social, public finance and macroeconomic dimensions of the economy under one interrelated system.

Called the Integrated Social Policy and Macroeconomic (ISPM) Planning model, it provides the basic framework for analyzing the implications of SAP and numerous other economic and non-economic policy decisions on the long-term development of Pakistan's social sectors.

The model is highly disaggregated and covers all three levels of government. It is capable of predicting outcomes in great detail, even at the level of individual social service provision. Such a disaggregation of the model at the provincial level in terms of revenues and expenditures on social services (e.g., schools, hospitals, doctors, teachers, enrolments, etc.) is required to analyze the impact of SAP on the macroeconomy.

The model is based on consistent national level data from 1973 onwards and is estimated by single equation regression techniques. It consists of 265 equations, of which 129 are behavioural and the rest are identities. These equations are subsumed into 22 interrelated blocks. The blocks, along with their size in terms of equations and identities, are listed in **table A.3.1**.

Although the model is broadly Keynesian in spirit, the specification of individual blocks and equations is based on a pragmatic approach. It captures the reality and non-market clearing aspects of Pakistan's economy. Thus, the macroeconomic block is essentially supply driven. In addition, the social sector indicators are also resource determined.

The model is both dynamic and rich in specification. The nature of linkages across the model varies. In some cases, the linkage is simultaneous, in which equations in a block not only determine equations in another block, but are also determined by them. Examples include the linkages between the macro production and input block, the production and macro expenditure blocks and the fiscal revenues and expenditure blocks.

These simultaneous equations may be behaviourally determined or may just be identities. The broad links **(see chart A.3.1)** of the model can be traced as follows.

Macro ➤ Public Finance

The key link here is that developments in the macroeconomy influence the growth of the tax bases (including divisible pool taxes) and thus affect the fiscal status of different governments. The overall rate of inflation in the economy also affects the growth of public expenditure.

Public Finance ➤ Social Sector Development

The availability of resources, both external and internal, determines the level of development

| CHART | A.3.1 |

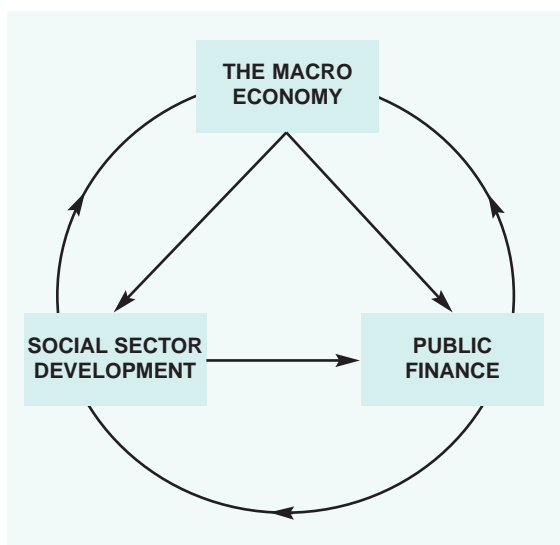**BASIC STRUCTURE OF THE ISPM MODEL**

| TABLE | A.3.1 |

INTEGRATED SOCIAL POLICY AND MACROECONOMIC (ISPM) MODEL

		Total Number of Behavioural Equations	Total Number of Identities	Total Number of Equations
A	Macroeconomic Production Block	6	14	20
B	Macro Input Demand Block	7	10	17
C	Macroeconomic Expenditure Block	10	10	20
D	Federal Revenue Block	5	7	12
E	Federal Expenditure Block	9	8	17
F	Federal Deficit Block	1	3	4
G	Provincial Revenue Block	7	5	12
H	Provincial Expenditure Block	12	5	17
I	Provincial and Total Budget Deficit	0	3	3
J	Local Revenue Block	3	4	7
K	Local Expenditure Block	10	6	16
L	Trade Block	5	4	9
M	Monetary Block	1	1	2
N	Price Block	4	5	9
O	Human Capital Index Block	27	27	54
P	Public Health Index Block	12	11	23
Q	Index of Economic Infrastructure Block	0	4	4
R	Index of Fiscal Effort Block	0	4	4
S	Poverty	2	3	5
T	Gender Inequality	1	1	2
U	Educated Unemployment	6	0	6
V	Malnutrition	1	1	2
	TOTAL	**129**	**136**	**265**

and recurring outlays to social sectors by different levels of government, especially provincial and local.

Social Sector Development ➡ Macroeconomy

Higher output of educated workers and their entry into the labour force raises the human capital stock and could contribute to improvements in productivity and a higher growth rate of output in the economy. Similarly, an improvement in public health standards may also have a favourable impact on production.

Public Finance ➡ Macroeconomy

The level of government expenditure could exert a demand side effect on national income, while the size of the overall budget deficit of the federal and provincial governments (combined) influences the rate of monetary expansion and consequently the rate of inflation in the economy.

Social Sector Development ➡ Public Finance

A vital link in the model is between the rate of social sector development and the state of public finances, especially of provincial governments, in terms of implications for the level of debt servicing and recurring expenditures.

Macroeconomy ➡ Social Sector Development

Demographic and other socio-economic changes affect the demand for social sector facilities such as schools and hospitals, and thus influence the level of social sector outputs.

Linkages within macroeconomics, fiscal and social sector blocks

Apart from these broad linkages among

different modules, there are also links between different blocks within each module.

An example of a major linkage within the macro module is the two-way linkage to and from the macro production block and macro input blocks. This link is due to the dependence of sectoral value added to the factors of production and input demand functions on the value of production. Macro production determines macro expenditure, as private consumption is influenced by income.

The two-way link between the macro production block and the trade block is due to the fact that the value of imports and exports determines and is determined by economic production activity. The trade gap affects the level of money supply.

Important linkages in the fiscal module consist of the simultaneous dependence of revenues of various levels of government and their expenditures. Non-tax receipts of governments have been made a function of the recurring expenditure on particular services via cost-recovery ratios. Similarly, the level of government expenditure is affected by the government's level of resource generation. Important vertical links between levels of government include fiscal transfers in the form of divisible pool transfers and non-development grants (in line with the feasible level of decentralization) from provincial to local governments. The link between the budget deficits of the federal and provincial governments and their revenues and expenditures is obvious.

FORECASTING AND POLICY ANALYSIS TOOL

Given the richness in structure and the complex web of interrelationships and interactions it embodies, the ISPM model can be used both as a forecasting tool for the medium- and long-term, and, for undertaking policy simulations to analyze the consequences of particular policy actions by the federal or other levels of government.

For example, if the federal government decides to pursue a policy of higher tax mobilization and opts for a rigorous fiscal effort,

the model can forecast the impact, not only on federal finances, but also on the fiscal status of the provincial governments. In this scenario, it could also forecast key macroeconomic magnitudes such as growth in the gross domestic product and the inflation rate. With respect to other specific policy issues, the model can also:

o   provide short- and medium-term projections of the quantum of revenue transfers to the provincial governments by the federal government under different scenarios;

o   determine the impact of different rates and patterns of economic growth on provincial tax bases and revenues;

o   determine the impact of changes in provincial expenditure priorities on fiscal status, levels of service provision and the overall macroeconomy;

o   determine the impact of education expenditures by provincial governments on sectoral inputs (schools, teachers), enrolments, outputs, entry into the labour force and literacy rates;

o   determine the impact of health expenditures by provincial governments on sectoral inputs (beds, rural health centres, doctors, nurses, paramedics) and on the health status of the population;

o   determine the impact of higher levels of resource mobilization by provincial governments on federal transfers, sectoral levels of expenditure and fiscal status; and

o   determine the impact of SAP-type programmes on the level and quality of service provision and on the financial position of provincial governments.

LOOKING AHEAD

The ISPM model is a rich and complex analytical tool for assessing the implications of wide-ranging economic, fiscal and social policy interventions. It was formally introduced to the Planning Commission of Pakistan in January 1997. It has contributed significantly to the development of various planning scenarios for the Ninth Plan. Its completion by

the Social Policy and Development Centre is a first step in the evolutionary process of attempts to model and stylize the intricate real-world linkages and working of the Pakistan economy. Work continues on further development of the ISPM model further.

A.4

SECTORAL DEPRIVATION RANKING

TABLE 1		DEPRIVATION RANKING PUNJAB [ALL AREAS] [1 = Least Deprived, 34 = Most Deprived]		
District	Employment	Education	Housing Quality	Housing Services
Attock	15	13	10	9
Bahawalnagar	27	26	21	21
Bahawalpur	28	29	20	25
Bhakkar	19	27	30	32
Chakwal	31	6	8	13
D.G. Khan	33	33	33	24
Faisalabad	2	8	9	4
Gujranwala	6	7	6	3
Gujrat	9	3	5	6
Hafizabad	8	12	26	18
Jhang	12	20	29	30
Jhelum	26	2	3	7
Kasur	4	23	23	12
Khanewal	23	22	22	27
Khushab	20	17	16	23
Lahore	5	5	2	1
Layyah	30	24	31	33
Lodhran	29	31	28	29
M.B.Din	11	10	7	19
Mianwali	34	16	14	15
Multan	17	19	17	8
Muzaffargarh	22	32	32	31
Narowal	10	9	11	14
Okara	13	21	27	20
Pakpattan	21	28	25	28
R.Y. Khan	24	30	24	26
Rajanpur	32	34	34	34
Rawalpindi	16	1	1	2
Sahiwal	25	18	13	17
Sargodha	18	14	18	16
Sheikhpura	3	15	15	10
Sialkot	1	4	4	5
T.T. Singh	8	11	12	11
Vehari	14	25	19	22

Source: Population and Housing Census (1998)

TABLE 2	DEPRIVATION RANKING PUNJAB [RURAL AREAS] [1 = Least Deprived, 34 = Most Deprived]			
District	Employment	Education	Housing Quality	Housing Services
Attock	18	13	6	12
Bahawalnagar	29	26	18	22
Bahawalpur	27	30	25	30
Bhakkar	15	27	24	31
Chakwal	30	5	4	9
D.G. Khan	32	33	32	24
Faisalabad	3	11	13	8
Gujranwala	4	9	8	6
Gujrat	14	1	3	4
Hafizabad	6	10	21	16
Jhang	11	19	28	33
Jhelum	31	2	2	5
Kasur	7	24	23	11
Khanewal	21	20	20	25
Khushab	19	17	14	23
Lahore	8	12	9	1
Layyah	25	22	30	32
Lodhran	26	29	27	27
M.B.Din	9	7	11	15
Mianwali	33	16	12	14
Multan	16	25	31	21
Muzaffargarh	20	32	33	29
Narowal	10	6	7	13
Okara	13	21	26	17
Pakpattan	24	28	22	26
R.Y. Khan	23	31	29	28
Rajanpur	28	34	34	34
Rawalpindi	34	3	1	2
Sahiwal	22	18	15	18
Sargodha	17	14	16	20
Sheikhpura	2	15	17	10
Sialkot	1	4	5	3
T.T. Singh	6	8	10	7
Vehari	12	23	19	19

Source: Population and Housing Census (1998)

TABLE 3		DEPRIVATION RANKING PUNJAB [URBAN AREAS] [1 = Least Deprived, 34 = Most Deprived]		
District	Employment	Education	Housing Quality	Housing Services
Attock	7	9	6	4
Bahawalnagar	20	32	22	15
Bahawalpur	27	25	17	19
Bhakkar	31	26	27	32
Chakwal	24	5	3	13
D.G. Khan	25	8	14	11
Faisalabad	2	11	8	6
Gujranwala	12	15	9	5
Gujrat	4	4	7	7
Hafizabad	11	13	34	30
Jhang	13	22	29	25
Jhelum	19	2	4	10
Kasur	1	31	30	22
Khanewal	29	21	20	18
Khushab	23	24	32	26
Lahore	8	7	2	1
Layyah	32	19	19	33
Lodhran	28	34	31	31
M.B.Din	16	6	15	28
Mianwali	34	17	23	23
Multan	17	28	21	9
Muzaffargarh	21	27	33	29
Narowal	5	10	12	20
Okara	15	23	26	27
Pakpattan	30	30	24	21
R.Y. Khan	22	18	11	16
Rajanpur	33	33	28	34
Rawalpindi	9	1	1	2
Sahiwal	26	16	10	8
Sargodha	18	14	25	24
Sheikhpura	6	20	16	12
Sialkot	3	3	5	3
T.T. Singh	11	12	13	14
Vehari	14	29	18	17

Source: Population and Housing Census (1998)

TABLE 4 — DEPRIVATION RANKING SINDH [ALL AREAS] [1 = Least Deprived, 16 = Most Deprived]

District	Employment	Education	Housing Quality	Housing Services
Badin	13	14	14	14
Dadu	15	6	3	8
Ghotki	5	11	16	13
Hyderabad	3	3	2	2
Jacobabad	12	13	15	10
Karachi*	1	1	1	1
Khairpur	9	5	10	9
Larkana	7	8	4	4
Mirpurkhas**	6	10	13	12
Naushero Feroze	10	4	7	7
Nawabshah	4	7	11	5
Sanghar	8	9	12	11
Shikarpur	11	12	9	6
Sukkur	14	2	6	3
Tharparkar	2	16	8	16
Thatta	16	15	5	15

*Karachi Division
**Mirpurkhas including former Umerkot District
Source: Population and Housing Census (1998)

TABLE 5 — DEPRIVATION RANKING SINDH [RURAL AREAS] [1 = Least Deprived, 16 = Most Deprived]

District	Employment	Education	Housing Quality	Housing Services
Badin	14	13	14	14
Dadu	15	5	4	6
Ghotki	7	10	16	11
Hyderabad	13	6	9	7
Jacobabad	11	14	15	10
Karachi*	1	1	1	1
Khairpur	8	3	8	9
Larkana	3	9	5	2
Mirpurkhas**	4	11	11	13
Naushero Feroze	9	2	6	5
Nawabshah	6	7	13	4
Sanghar	12	8	10	12
Shikarpur	5	12	7	3
Sukkur	10	4	12	8
Tharparkar	2	16	2	16
Thatta	16	15	3	15

*Karachi Division
**Mirpurkhas including former Umerkot District
Source: Population and Housing Census (1998)

TABLE 6   DEPRIVATION RANKING SINDH [URBAN AREAS]
[1 = Least Deprived, 16 = Most Deprived]

District	Employment	Education	Housing Quality	Housing Services
Badin	9	14	13	15
Dadu	16	4	6	12
Ghotki	3	12	14	10
Hyderabad	2	2	2	4
Jacobabad	14	15	12	8
Karachi*	1	1	1	1
Khairpur	11	10	16	13
Larkana	12	8	11	9
Mirpurkhas**	8	11	3	3
Naushero Feroze	10	6	9	11
Nawabshah	4	3	5	2
Sanghar	5	7	4	5
Shikarpur	13	13	15	6
Sukkur	15	5	7	7
Tharparkar	6	9	10	16
Thatta	7	16	8	14

*Karachi Division
**Mirpurkhas including former Umerkot District
Source: Population and Housing Census (1998)

TABLE 7   DEPRIVATION RANKING NWFP [ALL AREAS]
[1 = Least Deprived, 24 = Most Deprived]

District	Employment	Education	Housing Quality	Housing Services
Abbotabad	15	1	8	7
Bannu	10	14	7	4
Batagram	24	22	24	20
Buner	2	20	17	19
Charsadda	7	16	15	14
Chitral	17	4	20	22
D.I.Khan	5	13	23	17
Hangu	23	15	12	10
Haripur	8	2	1	3
Karak	22	8	6	9
Kohat	20	5	10	5
Kohistan	18	24	22	24
Laki Marwat	11	12	13	6
Lower Dir	9	18	19	13
Malakand	14	11	11	12
Mansehra	13	6	18	18
Mardan	3	9	3	11
Nowshera	12	7	4	2
Peshawar	1	3	2	1
Shangla	16	23	21	23
Swabi	4	10	5	16
Swat	6	17	14	15
Tank	21	19	9	8
Upper Dir	19	21	16	21

Source: Population and Housing Census (1998)

TABLE 8		DEPRIVATION RANKING NWFP [RURAL AREAS] [1 = Least Deprived, 24 = Most Deprived]		

District	Employment	Education	Housing Quality	Housing Services
Abbotabad	15	1	15	11
Bannu	8	13	4	1
Batagram	22	22	22	20
Buner	1	19	18	17
Charsadda	7	16	14	13
Chitral	17	3	20	22
D.I.Khan	12	18	24	18
Hangu	23	14	12	6
Haripur	9	2	1	2
Karak	21	5	2	12
Kohat	24	7	17	7
Kohistan	18	24	23	24
Laki Marwat	11	12	6	4
Lower Dir	6	15	16	10
Malakand	13	8	3	9
Mansehra	14	4	19	19
Mardan	4	9	5	14
Nowshera	10	6	7	3
Peshawar	2	11	11	5
Shangla	16	23	21	23
Swabi	3	10	9	15
Swat	5	17	10	16
Tank	20	20	8	8
Upper Dir	19	21	13	21

Source: Population and Housing Census (1998)

TABLE 9	DEPRIVATION RANKING NWFP [URBAN AREAS] [1 = Least Deprived, 20 = Most Deprived]		
District	**Employment**	**Education**	**Housing Quality**	**Housing Services**
Abbotabad	15	2	2	2
Bannu	16	8	9	4
Charsadda	7	13	19	16
Chitral	14	7	15	9
D.I.Khan	1	4	12	17
Hangu	17	18	13	19
Haripur	8	3	1	1
Karak	18	9	8	15
Kohat	6	5	6	7
Laki Marwat	11	15	16	10
Lower Dir	12	19	17	12
Malakand	19	20	20	18
Mansehra	10	1	3	6
Mardan	4	12	7	11
Nowshera	13	10	11	8
Peshawar	2	6	5	3
Swabi	5	16	14	20
Swat	9	11	10	13
Tank	20	17	4	5
Upper Dir	3	14	18	14

Source: Population and Housing Census (1998)

District	Employment	Education	Housing Quality	Housing Services
TABLE 10		**DEPRIVATION RANKING BALOCHISTAN [ALL AREAS]**		
		[1 = Least Deprived, 26 = Most Deprived]		
Awaran	12	21	18	25
Barkhan	11	17	20	18
Bolan	17	15	16	11
Chagai	16	7	15	12
Dera Bugti	2	24	24	21
Gwadar	15	6	4	7
Jafarabad	4	14	23	8
Jhal Magsi	10	25	21	19
Kalat	1	16	13	14
Kech	13	4	12	13
Kharan	23	19	19	22
Khuzdar	20	13	17	20
Kila Abdullah	25	18	3	3
Killa Saifullah	19	12	11	15
Kohlu	6	26	25	23
Lasbela	5	10	10	17
Loralai	14	11	9	9
Mastung	24	8	8	4
Musakhel	26	22	22	24
Nasirabad	9	23	26	10
Panjgur	21	3	7	26
Pishin	18	5	2	2
Quetta	8	1	1	1
Sibi	7	9	14	5
Zhob	22	20	5	16
Ziarat	3	2	6	6

Source: Population and Housing Census (1998)

TABLE 11 — DEPRIVATION RANKING BALOCHISTAN [RURAL AREAS]
[1 = Least Deprived, 26 = Most Deprived]

District	Employment	Education	Housing Quality	Housing Services
Awaran	12	15	17	24
Barkhan	11	14	15	15
Bolan	16	13	12	10
Chagai	18	6	14	11
Dera Bugti	2	24	25	18
Gwadar	15	8	7	20
Jafarabad	4	11	22	7
Jhal Magsi	9	25	16	16
Kalat	1	20	11	14
Kech	13	5	18	12
Kharan	22	18	23	21
Khuzdar	19	17	19	19
Killa Abdullah	25	16	3	3
Killa Saifullah	20	9	10	13
Kohlu	5	26	24	22
Lasbela	8	19	21	23
Loralai	14	10	6	6
Mastung	24	7	8	4
Musakhel	26	22	20	25
Nasirabad	7	23	26	8
Panjgur	21	3	9	26
Pishin	17	4	2	2
Quetta	10	1	1	1
Sibi	6	12	13	9
Zhob	23	21	5	17
Ziarat	3	2	4	5

Source: Population and Housing Census (1998)

TABLE 12	DEPRIVATION RANKING BALOCHISTAN [URBAN AREAS] [1 = Least Deprived, 25 = Most Deprived]			
District	Employment	Education	Housing Quality	Housing Services
Barkhan	15	13	17	14
Bolan	19	14	19	11
Chagai	16	8	12	15
Dera Bugti	10	23	23	2
Gwadar	17	9	11	19
Jafarabad	12	21	18	7
Jhal Magsi	3	25	25	21
Kalat	2	6	10	8
Kech	8	2	7	17
Kharan	22	17	15	13
Khuzdar	20	18	16	23
Killa Abdullah	24	22	5	16
Killa Saifullah	1	10	22	20
Kohlu	11	11	20	18
Lasbela	4	12	3	22
Loralai	6	3	14	9
Mastung	18	4	6	3
Musakhel	25	19	24	25
Nasirabad	13	24	21	12
Panjgur	21	5	8	24
Pishin	23	16	9	5
Quetta	9	1	2	1
Sibi	14	15	13	6
Zhob	5	7	4	4
Ziarat	7	20	1	10

Source: Population and Housing Census (1998)

A.5

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SELECTED SOCIAL DEVELOPMENT INDICATORS

SELECTED SOCIAL DEVELOPMENT INDICATORS

SELECTED
SOCIAL DEVELOPMENT INDICATORS

INTRODUCTION

The selected Social Development Indicators of Pakistan provide a core set of standard indicators drawn from the Social Policy and Development Centre's database. Seven modules consisting of thirteen tables present comparative socio-economic data for each of the four provinces and of the country as a whole. Indicators are provided is from 1975 to the most recent year for which data are available; for this issue the latest information is available for the year 1999. Development Indicators reflect a comprehensive view of the development process.

THE MODULE

Population: The module shows province-wide total population along with male-female and rural components. It also provides trends in sex ratios, dependency ratios, annual growth rates of total population and provincial shares in the population.

All the variables are estimated using the population censuses of 1961, 1972, 1981 and 1998. Mid-year population figures are derived using an interpolation and extrapolation technique over the census figures.The Splining graphic technique is used for smoothing the inter-census annual growth rates.

Demographic Profile: An overview of the key demographic variables includes crude death and birth rate, infant mortality rate, natural growth rate, and fertility rate by an urban-rural status. The percentage of births in medical institutions and sex and dependency ratios are given with their urban-rural components. In addition, the overall life expectancy at birth and contraceptive prevalence rate is reported.

The main sources for this module are various issues of the Pakistan Demographic Survey (PDS) (Federal Bureau of Statistics) and the Pakistan Contraceptive Prevalence Surveys (Ministry of Planning and Development).

At the provincial level, figures for life expectancy at birth were estimated by using unpublished data on age specific deaths taken from Federal Bureau of Statistics for the year 1996, while for the years 1997 and 1999, these figures were calculated based on age specific group deaths published in PDS-1997 and PDS-1999.

Sex ratios and dependency ratios may differ from those given in the Population Module, as the ratios here were calculated based on the data reported in the Population Demographic Surveys.

Education: This indicates the rate of progress by gender in education, which is an integral part of social development. The main emphasis is given to primary and secondary education indicators. In the first part, three indicators are selected to report the overall position of the education sector: literacy rates, mean years of schooling and combined enrolment ratio.

In the second part, indicators related to primary education are presented. Primary education indicators include: primary enrolment ratios; pupil-teacher ratios at primary stages; percentage of the cohort reaching class II and class V; availability of primary schools; availability of primary school teachers; ratios of boys to girls, and percentage of female teachers.

The third part identifies secondary education indicators consisting of secondary enrolment ratios; pupil-teacher ratios at secondary stages; percentage of the cohort reaching class VI and class X; availability of secondary schools; availability of secondary school teachers; ratio of boys to girls; and percentage of female teachers in secondary schools.

Multiple sources have been used to construct a reliable and consistent database for the construction of education indicators. For the initial years, 1973 to 1977, the main sources of information were the Pakistan School Statistics and the Pakistan Education Statistics (Central Bureau of Statistics); for 1978 onwards, Development Statistics of Provincial Governments were taken as the main source of information. In 1997, the National and Provincial Education Management Information System became the main source for data on enrolments at primary and secondary levels. Mean years of schooling were calculated from the data reported in various issues of the Labour Force Survey. Annual estimates were derived by interpolation or by taking averages.

In the case of Punjab, the Education Management Information System and Punjab Development Statistics both reported data for schools run by the Punjab government only. This excluded those schools run by the local government, federal government, armed forces and other autonomous organizations. Therefore, a certain factor based on the growth trend in schools, enrolment and teachers in schools run by other than the Punjab government is incorporated in overall figures.

Health: Due to the non-availability of reliable and consistent data on most health related indicators, information on only six indicators is reported. These indicators include population per hospital bed; population per registered doctor; female population per registered female doctor; population per nurse; population per paramedic; and rural population per rural health facility.

The sources of data are various issues of the Development Statistics of Provincial Governments, Pakistan Medical and Dental Council, Pakistan Nursing Council and Pakistan Statistical Year Book.

Labour Force and Employment: Indicators of labour force participation rates are given both by gender and by rural-urban classification. The percentage distribution of the labour force in the fields of agriculture, industry, and the services sector, along with the rural-urban break-down is also offered. In addition, the percentage distribution of literates in the rural-urban labour force and the unemployment rate by gender and by location are also reported in the module. The indicators are taken from various issues of the Pakistan Labour Force Survey.

Shelter: Indicators within this module reflect the overall status of housing standards in Pakistan. The rural and urban housing status is detailed separately in the module. Data is available for only three points of time, i.e., 1980, 1988 and 1999. Indicators referred to are: growth rates of housing units; persons per housing unit; rooms per housing unit; rooms per person; nature of tenure - owned, rented, rent-free; quality of construction - *pucca, semi-pucca, kutcha;* housing units with electricity, inside piped water, gas piped.

Data for the years 1980 and 1989 are from the Housing Census Report and Survey of Housing and Housing Facilities in Pakistan respectively. The 1998 figures are taken from the Population and Housing Census, Census Bulletin of Pakistan.

Public Finance: This module features information, per capita, on expenditure for education, health, physical planning and housing and other social sectors by the provincial governments. Per capita total expenditure and per capita expenditure on social sectors is also reported. Furthermore, public expenditure on the social sectors, including education, health, physical planning and housing, and other social sectors as a percentage of total expenditure, is also commented on in this module. The main source of data is various issues of the Annual Budget Statements of the Provincial Governments.

■ TRENDS AND PATTERNS

Population: A consistent growing trend with decreasing rates can be observed in the data and is obvious from **table 1**. In the case of Balochistan, a steep dropping trend is due to the adjustment of population growth rate reported at about 7 per cent in 1972 to 1981 and adjusted to around 3 per cent from 1981 onwards. The same pattern is also observed for Pakistan as a whole because of the adjustment.

Looking at the pattern of provincial shares in total population, it is interesting that Punjab's share follows a decreasing trend till 1995 when it started increasing. On the other hand, for Sindh, the trend is completely opposite to that of Punjab. Although the same contrast in patterns is observed for NWFP and Balochistan, the share for NWFP shows a consistent increasing trend while Balochistan shows a consistent decreasing trend as shown in **table 2**.

Demographic Profile: Although consistent patterns are not observed certain indicators such as the crude birth rate, natural growth rate, and fertility rate show a strictly decreasing trend, while live births in medical institutions show a strictly increasing trend in all the four provinces. Moreover, the life expectancy indicator exhibits overall growing trends exccept for NWFP, where it is declining. On the other hand, crude death rates are dipping in the provinces of Punjab and Sindh, while they have been increasing in NWFP and Balochistan since 1994 and 1996 respectively.

Education: Significant improvement in the educational status is strictly observed, in female education. The rate of change, however, does not seem to be very encouraging. Since 1975, the maximum growth in literacy rates was observed in Balochistan followed by NWFP, Punjab and Sindh. However, Punjab stands in the foremost position with regard to literacy rates, followed by Sindh, NWFP and Balochistan; for the mean years of schooling indicator, Sindh tops the stratum, followed by Punjab, NWFP and Balochistan. As far as the combined enrolment ratio is concerned, NWFP and Punjab are above average, that is, around 30 per cent, while, Sindh and Balochistan are around 24 per cent. A somewhat similar pattern is observed for primary and secondary enrolment ratios. It is significant to note that the combined and primary enrolment ratios are following a decreasing trend in the provinces of Punjab and Sindh.

Furthermore, pupil-teacher ratios (primary), considered a quality indicator, demonstrate some improvement in all the provinces except for Balochistan, where it remained stagnant. The pupil-teacher ratios (secondary) show some improvement in Punjab only, while the rest of the provinces follow an increasing trend. However, the availability of schools and teachers at both the primary and secondary level is growing nationwide.

With respect to the gender issue in education, it is noticeable that the ratio of boys to girls (primary) is constantly reducing. In 1975 it stood at 2.2 and was reduced to 1.5 in 1999 for the four provinces combined. The percentage of female teachers (primary) is increasing in Punjab, NWFP and Balochistan, while Sindh follows a completely opposite trend.

On the other hand, the position of secondary education is quite different. Punjab and NWFP show growth in the percentage of female teachers while Sindh and Balochistan reveal a decline. Furthermore, the ratio of boys to girls is declining in Punjab and Sindh while the ratio is increasing for NWFP and Balochistan.

Health: Trends show that the population per hospital bed position continues to remain stagnant since 1980, except in Balochistan where it has improved. As hospital beds are more accessible to the urban than to the rural population, this can be considered as an indicator of access to health facilities for the urban population. On the other hand, rural health facility indicators show a considerable improvement, illustrating that the rural population per rural health facility has reduced significantly in all the provinces.

As far as the availability of health personnel is concerned, the trend shows significant growth in the number of doctors, especially female doctors, in the four provinces. Furthermore, growth is

also observed in the availability of other medical personnel in the provinces, including nurses and paramedics, except for Punjab where the value of the indicator has remained constant since 1985.

Labour Force and Employment: An interesting pattern is observed in the labour force participation rates. Although total participation rates show a declining trend in Sindh and Balochistan, and a constant participation rate in Punjab and NWFP, female participation rates illustrate increasing trends in all four provinces.

The labour force share in the services sector is increasing, while the share in the agriculture sector is decreasing throughout Pakistan. However, in the industries sector, growth in the share of the labour force is observed in Punjab, NWFP and Balochistan; in Sindh no significant change is observed.

Overall growth in literacy rates is also reflected by the growth in the percentage of literates in the labour force. Unemployment rates are increasing in both the rural and urban areas. Moreover, female unemployment rates are increasing more rapidly than male unemployment rates as ever more women look for work.

Shelter: Access to utilities including electricity, inside piped water, and gas piped are growing more rapidly in the urban areas than in the rural areas. Moreover, persons per housing unit are following a declining trend while rooms per housing exhibits an inclining trend.

Public Finance: The highest level of per capita expenditure on the social sectors is observed in Balochistan followed by NWFP. Sindh and Punjab have similar per capita levels that are more than half the level of Balochistan. The major shares of total expenditure are in the education sector shadowed by the health sector. Public expenditure on the social sectors as a percentage of total provincial expenditures also illustrates a growing trend till 1999, except in Sindh where it is declining.

D E F I N I T I O N S

POPULATION

Sex Ratio: The number of males per hundred females.

Dependency Ratio: The ratio for the dependent population (those under 15 and over 64) to the working age population (aged 15 to 64).

Provincial Status: The percentage share in total population of Pakistan (four provinces combined).

DEMOGRAPHIC PROFILE

Crude birth rate: The number of live births per thousand population in a year.

Crude Death Rate: The number of deaths per thousand population in a year.

Infant Mortality Rate: The number of deaths of children under 1 year per thousand live births in a year.

Natural Growth Rate: [Crude Birth rate] - [Crude Death Rate].

Life Expectancy Rate: The number of years a newborn infant would live if prevailing patterns of mortality at the time of birth were to stay the same throughout the child's life.

Fertility Rate: The average number of children that would be born to a woman if she were to live to the end of her childbearing age and bear children at each age in accordance with prevailing age-specific fertility rates.

Sex ratio: The number of males per hundred females.

Dependency Ratio: The ratio of the dependent population (those under 15 and over 64) to the working age population (aged 15 to 64).

Contraceptive Prevalence Rate: The percentage of currently married women aged 15-49 who are currently using a family planning method.

EDUCATION

Literacy Rate: The number of literate persons as a percentage of population aged 10 and above.

Mean Year of Schooling: The average number of years of schooling received per person aged 25 and above.

Combined Enrolment Ratio: The number of students enrolled in all levels as a percentage of the population aged 5 to 24.

Enrolment Ratio (primary): The number of students enrolled in primary level classes (I to V) as a percentage of the population aged 5 to 9.

Pupil-teacher Ratio (primary): The number of pupils enrolled in primary level classes (I to V) divided by the number of teachers in primary schools.

Percentage of cohort reaching class II: The percentage of children starting primary school who reach class II.

Percentage of cohort reaching Grade 5: The percentage of children starting primary school who reach class V.

Availability of primary schools: The population aged 5 to 9 divided by the number of primary schools.

Availability of primary school teachers: The population aged 5 to 9 divided by the number of primary school teachers.

Ratio of boys to girls (primary): The ratio of male students to female students enrolled in primary level classes (I to V).

Percentage of female teachers (primary): The number of female students as a percentage of total teachers in primary schools.

Enrolment Ratio (secondary): The number of students enrolled in secondary level classes (VI to X) as a percentage of the population aged 10 to 14.

Pupil-Teacher Ratio (secondary): The number of pupils enrolled in secondary classes (VI to X) divided by the number of teachers in secondary schools.

Ratio of Boys to Girls (secondary): The ratio of male students to female students enrolled in secondary level classes (VI to X).

Percentage of female teachers (secondary): The number of female teachers as a percentage of total teachers in secondary schools.

Percentage of cohort reaching class VI: The percentage of children finishing primary school who reach Grade 6.

Percentage of cohort reaching class X: The percentage of children enrolled in class VI who reach class X.

Availability of Secondary Schools: The population aged 10 to 14 divided by the number of secondary schools.

Availability of secondary school teachers: The population aged 10 to 14 divided by the number of secondary school teachers.

HEALTH

Hospital Bed: Total population in thousands divided by total number of beds in hospitals and dispensaries.

Doctor (total): Total population in thousands divided by total number of registered medical doctors.

Doctor (female): The female population in thousands divided by total number of registered female medical doctors.

Nurse: Total population in thousands divided by the total number of nurses.

Paramedic: Total population in thousands divided by the total number of paramedic personnel; Rural Health Facilities: Rural population in thousands divided by [No. of RHCs] + [No. of BHUs/5].

LABOUR FORCE AND EMPLOYMENT

Labour Force Participation: The number of persons in the labour force as a percentage of the population 10 years and above.

PUBLIC FINANCE

Expenditures: Represents current and development expenditure.

Physical Planning and Housing Expenditures: Consists of expenditure on public health services, and housing and physical planning.

Total Social Sector Expenditures: Derived by adding expenditures on education, health, physical planning and housing, and other social sectors.

POPULATION 1

Year	Total population by sex (Thousands)			Rural population by sex (Thousands)			Sex ratio	Dependency ratio	Annual growth rate (per cent)	Provincial share (per cent)
	Total	Male	Female	Total	Male	Female				
P U N J A B										
1975	40526	21628	18898	30229	16078	14152	114	93	2.79	58.98
1980	46429	24453	21975	33746	17688	16058	111	93	2.70	58.00
1985	52961	27716	25245	37883	19724	18159	110	92	2.61	57.52
1990	60151	31320	28831	42390	21954	20436	109	89	2.53	57.26
1995	68021	35242	32779	47174	24299	22874	108	87	2.44	57.23
1996	69678	36065	33613	48162	24781	23381	107	86	2.42	57.25
1997	71364	36902	34462	49159	25266	23893	107	86	2.40	57.28
1998	73077	37751	35327	50166	25754	24412	107	85	2.38	57.32
1999	74819	38613	36206	51182	26246	24936	107	85	2.37	57.36
2000	76589	39488	37101	52206	26741	25465	106	85	2.35	57.42
2001	78387	40376	38011	53239	27238	26001	106	84	2.33	57.48
S I N D H										
1975	15660	8332	7328	9183	4809	4374	114	91	3.60	22.79
1980	18576	9777	8799	10575	5468	5107	111	93	3.28	23.20
1985	21695	11389	10306	11993	6193	5799	111	92	2.96	23.56
1990	24946	13116	11830	13386	6947	6438	111	89	2.64	23.75
1995	28240	14861	13378	14682	7653	7029	111	86	2.32	23.76
1996	28895	15208	13687	14924	7785	7139	111	86	2.26	23.74
1997	29547	15553	13994	15160	7914	7245	111	85	2.19	23.71
1998	30194	15895	14300	15388	8039	7349	111	84	2.13	23.68
1999	30837	16234	14603	15608	8160	7448	111	84	2.06	23.64
2000	31474	16569	14905	15821	8276	7544	111	83	2.00	23.60
2001	32104	16901	15203	16025	8388	7636	111	83	1.94	23.54
N W F P										
1975	9204	4790	4414	7869	4068	3801	109	99	3.36	13.40
1980	10813	5632	5181	9192	4757	4435	109	102	3.14	13.51
1985	12568	6515	6053	10618	5468	5150	108	102	2.92	13.65
1990	14452	7448	7004	12131	6209	5921	106	101	2.70	13.76
1995	16442	8423	8019	13708	6972	6736	105	101	2.48	13.83
1996	16850	8621	8229	14029	7126	6903	105	101	2.44	13.84
1997	17260	8820	8441	14351	7279	7071	104	100	2.39	13.85
1998	17674	9019	8654	14674	7433	7240	104	100	2.35	13.86
1999	18089	9219	8869	14997	7587	7410	104	100	2.31	13.87
2000	18506	9420	9086	15321	7740	7581	104	100	2.26	13.87
2001	18925	9620	9305	15645	7892	7753	103	100	2.22	13.88
B A L O C H I S T A N										
1975	3318	1758	1560	2781	1464	1317	113	96	6.97	4.83
1980	4237	2235	2002	3572	1871	1701	112	105	3.10	5.29
1985	4857	2574	2283	4017	2113	1904	113	104	2.58	5.28
1990	5496	2926	2569	4426	2339	2087	114	101	2.37	5.23
1995	6155	3287	2868	4808	2547	2261	115	98	2.17	5.18
1996	6288	3360	2928	4880	2586	2294	115	97	2.12	5.17
1997	6422	3432	2990	4949	2623	2326	115	96	2.08	5.15
1998	6555	3505	3051	5017	2659	2358	115	96	2.04	5.14
1999	6689	3577	3112	5082	2694	2388	115	95	2.00	5.13
2000	6823	3649	3174	5145	2727	2418	115	94	1.96	5.11
2001	6956	3720	3236	5206	2759	2447	115	94	1.91	5.10
P A K I S T A N										
1975	68708	36508	32200	50062	26419	23643	113	93	3.26	100.00
1980	80055	42097	37958	57085	29784	27301	111	95	2.92	100.00
1985	92081	48194	43887	64511	33499	31012	110	94	2.74	100.00
1990	105044	54810	50234	72332	37449	34883	109	91	2.57	100.00
1995	118857	61814	57044	80372	41472	38900	108	89	2.40	100.00
1996	121711	63254	58457	81994	42278	39717	108	89	2.37	100.00
1997	124593	64706	59886	83619	43083	40536	108	88	2.33	100.00
1998	127501	66169	61331	85244	43886	41358	108	88	2.30	100.00
1999	130434	67643	62791	86869	44687	42183	108	87	2.27	100.00
2000	133392	69125	64266	88493	45484	43009	108	87	2.23	100.00
2001	136372	70617	65755	90114	46278	43837	107	86	2.20	100.00

DEMOGRAPHIC PROFILE   2

Year	Crude death rate			Crude birth rate			Infant mortality rate			Natural growth rate			Life expectancy (years)
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	
P U N J A B													
1976-79	9.5	11.7	11.1	41.4	42.5	42.2	80	107	100	3.2	3.1	3.1	
1984-86	8.6	12.5	11.0	39.8	44.6	42.7	88	131	120	3.1	3.2	3.2	57.6
1987-89	8.3	11.5	10.6	37.6	43.0	41.4	93	119	105	2.9	3.2	3.1	57.8
1990-92	7.9	11.2	10.2	33.5	41.2	38.9	83	129	110	2.6	3.0	2.9	58.0
1994	7.0	11.2	10.0	31.6	38.8	36.7	54	123	106	2.5	2.7	2.7	
1996	7.1	9.9	9.1	30.9	37.2	35.3	64	100	86	2.4	2.7	2.6	60.0
1997	7.8	9.9	9.2	30.3	35.8	34.1	n.a	n.a	n.a	2.3	2.6	2.5	60.9
1999	7.4	9.0	8.3	28.6	32.5	30.8	n.a	n.a	n.a	2.1	2.4	2.3	62.3
S I N D H													
1976-79	6.1	11.5	9.2	33.7	43.9	39.5	57	83	74	2.8	3.2	3.0	
1984-86	8.5	13.0	10.6	40.2	45.3	42.5	86	138	114	3.2	3.2	3.2	55.1
1987-89	7.8	13.7	10.8	35.4	43.3	39.4	76	145	113	2.8	3.0	2.9	54.4
1990-92	7.1	13.2	10.1	34.7	44.0	39.3	68	138	98	2.8	3.1	2.9	55.4
1994	8.1	13.2	10.6	31.6	43.3	37.3	67	142	110	2.3	3.0	2.7	
1996	7.3	9.9	8.6	32.8	37.9	35.5	54	126	87	2.6	2.8	2.7	55.4
1997	6.5	10.9	8.8	29.3	37.8	33.7	n.a	n.a	n.a	2.3	2.7	2.5	59.1
1999	6.2	9.7	7.9	31.9	37.1	34.5	n.a	n.a	n.a	2.6	2.7	2.7	62.5
N W F P													
1976-79	9.0	11.1	10.7	41.0	43.6	43.2	100	111	109	3.2	3.3	3.2	
1984-86	10.1	9.8	9.7	38.8	46.3	44.2	146	83	93	2.9	3.7	3.4	58.7
1987-89	7.3	9.7	9.3	38.1	46.9	45.5	67	80	76	3.1	3.7	3.6	59.3
1990-92	7.5	10.1	9.7	34.0	44.7	43.1	74	94	90	2.6	3.5	3.3	59.6
1994	5.1	9.0	8.5	34.3	43.2	41.8	35	60	57	2.9	3.4	3.3	
1996	7.3	8.9	8.6	30.1	36.7	35.6	77	81	80	2.3	2.8	2.7	56.6
1997	7.6	9.2	8.9	31.3	34.7	33.9	n.a	n.a	n.a	2.4	2.5	2.5	57.5
1999	7.7	9.4	8.8	30.0	30.4	30.2	n.a	n.a	n.a	2.2	2.1	2.1	56.6
B A L O C H I S T A N													
1976-79	6.4	7.2	7.1	33.1	36.9	36.3	44	69	66	2.7	3.0	2.9	
1984-86	8.4	13.8	12.1	45.4	45.6	45.9	101	166	155	3.7	3.2	3.4	50.4
1987-89	8.7	11.4	11.0	44.4	44.3	44.4	104	117	114	3.6	3.3	3.3	51.0
1990-92	7.9	12.0	11.5	35.5	45.6	44.1	88	128	117	2.8	3.4	3.3	51.5
1994	4.8	9.5	8.8	31.5	41.7	40.2	81	123	118	2.7	3.2	3.1	
1996	4.2	7.5	6.8	25.4	35.1	32.9	81	89	87	2.1	2.8	2.6	57.8
1997	7.1	7.7	7.5	29.6	33.4	32.5	n.a	n.a	n.a	2.2	2.6	2.5	62.7
1999	8.6	9.8	9.5	28.9	29.2	29.1	n.a	n.a	n.a	2.0	1.9	2.0	57.3
P A K I S T A N													
1976-79	8.2	11.4	10.5	38.4	42.7	41.5	74	101	94	3.0	3.1	3.1	
1984-86	8.7	12.2	10.8	40.1	45.1	43.0	92	126	116	3.1	3.3	3.2	56.9
1987-89	8.1	11.6	10.5	37.0	43.7	41.6	85	117	106	2.9	3.2	3.1	57.1
1990-92	7.6	11.4	10.2	34.0	42.5	39.8	77	125	105	2.6	3.1	3.0	57.3
1994	7.0	11.2	9.9	31.7	40.3	37.6	58	116	100	2.5	2.9	2.8	62.0
1996	7.1	9.6	8.8	31.3	37.1	35.2	64	94	85	2.4	2.8	2.6	63.0
1997	7.3	9.6	8.9	30.1	35.6	33.8	73	89	84	2.3	2.6	2.5	60.1
1999	7.1	9.2	8.3	27.8	32.2	30.2	72	88	82	2.1	2.3	2.2	61.3

Year	Percentage of live births in medical institutions			Fertility rate (per woman)			Sex ratio (%)			Dependency ratio			Contraceptive prevalence rate (%)
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	
P U N J A B													
1976	4.9	0.7	1.8	7.3	7.1	7.1	111	107	108	96	98	98	n.a
1979	4.6	0.6	1.6	7.4	7.3	7.3	110	107	108	96	100	99	9.3
1985	0.0	0.0	8.2	6.3	8.0	7.2	107	104	105	94	101	98	n.a
1990	18.2	4.7	8.2	5.2	6.6	6.1	106	103	104	89	98	95	13.0
1992	22.5	6.1	10.2	4.7	6.1	5.7	105	101	102	85	97	93	n.a
1994	22.5	6.8	10.7	4.5	5.9	5.5	105	102	103	84	99	94	20.0
1996	28.9	9.4	14.3	4.6	5.9	5.4	106	105	105	91	97	95	26.8[a]
1997	35.2	10.8	20.2	4.3	5.4	5.0	106	103	104	82	95	91	n.a
1999	37.4	12.0	22.4	4.2	4.8	4.5	109	105	107	75	93	85	n.a
S I N D H													
1976	33.6	0.6	12.4	5.4	7.3	6.4	112	116	114	87	97	93	n.a
1979	32.4	0.2	11.2	5.1	7.3	6.3	112	117	115	84	98	92	9.6
1985	0.0	0.0	19.1	5.9	7.5	6.6	107	114	110	91	103	96	n.a
1990	41.4	4.1	20.7	5.2	6.9	6.0	109	109	109	87	103	95	12.0
1992	46.3	10.1	26.3	4.8	6.7	5.6	108	107	107	86	105	95	n.a
1994	44.6	8.3	22.9	4.4	6.7	5.5	109	108	109	83	103	92	15.0
1996	48.0	8.8	26.7	4.9	6.2	5.5	108	113	111	87	99	93	23.4[a]
1997	49.7	10.2	29.7	4.2	5.7	4.6	110	111	110	84	97	91	n.a
1999	45.6	14.9	28.7	3.7	5.4	4.1	111	111	111	81	103	91	n.a
N W F P													
1976	4.6	0.2	0.9	6.6	6.9	6.8	108	101	102	94	108	106	n.a
1979	4.5	0.6	1.3	7.3	6.7	6.7	109	100	101	100	115	112	9.4
1985	0.0	0.0	3.8	7.0	8.4	7.8	107	102	104	99	110	105	n.a
1990	19.5	3.7	5.6	5.0	6.9	6.6	107	102	103	90	113	109	9.0
1992	21.0	5.4	7.2	4.6	6.7	6.4	105	99	100	86	114	109	n.a
1994	28.3	8.9	11.3	4.6	6.8	6.4	104	101	101	85	113	108	15.0
1996	25.1	12.3	13.6	4.4	5.8	5.5	107	102	103	91	114	110	18.7[a]
1997	23.5	11.4	16.2	4.7	5.4	5.2	102	103	102	93	104	102	n.a
1999	32.3	15.8	21.7	4.3	4.7	4.6	106	104	105	83	104	96	n.a
B A L O C H I S T A N													
1976	19.8	0.8	2.9	5.9	7.3	7.1	106	108	108	86	91	90	n.a
1979	17.9	0.6	4.1	7.6	4.9	5.2	101	115	113	92	95	94	4.3
1985	0.0	0.0	2.6	6.6	6.5	6.6	114	109	111	105	109	107	n.a
1990	26.2	6.7	9.0	5.2	7.6	7.3	110	105	106	103	115	113	2.0
1992	22.6	4.4	6.3	5.1	8.0	7.5	109	109	109	100	110	108	n.a
1994	15.1	4.8	6.0	4.8	6.8	6.4	112	109	110	96	108	107	4.0
1996	17.6	6.4	7.7	4.0	6.1	5.6	109	115	113	109	108	108	7.1[a]
1997	12.2	10.1	11.1	4.7	5.2	3.9	114	112	112	98	96	97	n.a
1999	23.2	3.8	12.2	4.5	4.6	3.5	121	113	116	92	104	100	n.a
P A K I S T A N													
1976	13.7	0.6	4.1	6.6	7.1	6.9	111	108	109	93	99	97	5.2
1979	13.0	0.5	3.8	6.6	7.1	6.9	110	108	109	92	101	98	n.a
1985	19.8	2.5	10.1	6.2	7.8	7.1	108	106	107	94	103	100	9.1
1990	26.8	4.6	10.6	5.2	6.7	6.2	107	104	105	89	102	98	12.0
1992	31.1	6.6	13.1	4.7	6.4	5.8	106	102	103	85	102	96	n.a
1994	30.6	7.3	13.5	4.5	6.2	5.6	106	103	104	84	102	96	18.0
1996	35.1	9.7	16.4	4.7	5.9	5.5	107	106	106	90	101	97	23.9[a]
1997	34.3	10.7	20.6	4.3	5.4	4.3	107	105	106	85	97	93	n.a
1999	37.0	12.6	22.6	4.1	4.9	3.8	109	107	108	78	98	88	n.a

[a] For contraceptive prevalence rate, fiscal years are used (eg., 1996-97)

EDUCATION 4

Year	Literacy Rate			Mean years of schooling			Combined enrolment ratio			Enrolment ratio (Primary)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
P U N J A B												
1975	31.5	12.3	22.7	2.1	0.4	1.3	29.7	14.8	22.8	57.8	32.9	46.0
1980	35.6	15.7	26.3	2.7	0.6	1.7	26.9	14.9	21.2	54.5	34.1	44.8
1985	40.0	19.5	30.3	3.2	0.9	2.1	30.6	17.3	24.3	63.3	39.9	52.1
1990	45.5	24.2	35.4	3.3	1.0	2.2	36.4	23.6	30.3	74.1	53.8	64.3
1995	52.9	30.3	42.1	3.9	1.4	2.7	36.0	27.0	31.6	71.2	59.5	65.6
1997	56.5	33.2	45.3	4.2	1.8	3.0	33.8	26.5	30.3	67.5	58.0	62.9
1998	58.5	34.8	47.1	4.1	1.8	3.0	33.2	25.8	29.6	64.0	55.0	59.7
1999	60.6	36.4	48.9	4.3	1.8	3.1	32.2	25.8	29.1	62.3	54.8	58.6
S I N D H												
1975	39.1	19.8	30.4	3.1	0.9	2.1	26.9	13.5	20.7	52.2	23.2	38.3
1980	39.3	21.2	31.0	3.1	0.9	2.2	29.1	14.9	22.5	58.2	25.5	42.3
1985	41.6	23.5	33.3	3.9	1.4	2.7	32.3	16.2	24.7	63.6	28.7	46.5
1990	45.6	26.9	36.9	4.4	1.5	3.0	32.5	13.1	23.3	63.7	20.8	42.9
1995	51.7	31.5	42.3	4.7	2.0	3.4	31.6	17.3	24.8	64.2	34.0	49.6
1997	54.8	33.7	45.0	5.4	2.5	4.0	30.0	17.4	24.0	59.9	34.3	47.6
1998	56.6	35.0	46.5	5.3	2.5	4.0	30.2	17.7	24.2	59.0	34.1	47.0
1999	58.5	36.3	48.1	5.4	2.4	4.1	29.9	18.1	24.2	58.2	35.2	47.2
N W F P												
1975	23.9	5.2	15.1	1.9	0.2	1.1	33.4	9.9	22.3	68.6	22.3	46.3
1980	25.3	6.2	16.3	2.5	0.4	1.5	32.1	8.9	21.3	69.9	20.5	46.1
1985	29.5	8.5	19.5	2.5	0.3	1.3	33.2	9.0	21.8	73.0	21.4	48.2
1990	36.1	12.0	24.5	2.6	0.3	1.5	43.5	12.1	28.5	93.9	27.9	62.1
1995	45.3	17.0	31.5	3.1	0.4	1.7	46.3	17.7	32.5	96.0	41.3	69.6
1997	50.0	19.5	35.1	3.3	0.6	1.9	47.8	19.8	34.3	99.1	46.5	73.8
1998	52.7	20.9	37.0	3.5	0.6	2.0	45.7	23.3	34.9	95.3	56.3	76.5
1999	55.5	22.4	39.2	3.6	0.6	2.1	41.2	18.6	30.2	82.9	41.6	63.0
B A L O C H I S T A N												
1975	13.2	3.7	9.0	1.2	0.1	0.7	13.4	4.4	9.4	29.7	9.0	19.6
1980	14.6	4.0	9.8	1.9	0.4	1.2	13.4	4.2	9.3	30.7	8.0	19.6
1985	18.1	5.6	12.5	1.5	0.3	1.5	18.9	6.8	13.5	44.0	13.8	29.6
1990	23.1	8.2	16.3	1.9	0.3	1.1	26.0	9.1	18.4	59.9	19.9	41.2
1995	30.4	11.9	21.9	1.8	0.2	1.1	30.1	13.1	22.4	63.0	30.1	48.0
1997	34.3	13.8	24.8	2.6	0.3	1.5	30.0	16.7	23.9	63.4	39.8	52.7
1998	36.4	14.9	26.4	2.3	0.2	1.4	29.0	16.6	23.3	61.3	39.6	51.5
1999	38.7	16.1	28.2	2.4	0.3	1.4	29.7	18.5	24.6	63.5	45.0	55.2
P A K I S T A N												
1975	31.4	12.6	22.8	2.2	0.5	1.4	28.7	13.4	21.6	56.6	27.8	42.8
1980	34.0	15.1	25.2	2.7	0.6	1.8	27.3	13.5	20.8	56.2	28.5	42.8
1985	37.9	18.3	28.7	3.2	0.9	2.1	30.7	15.4	23.4	63.7	32.9	48.9
1990	43.2	22.4	33.3	3.4	1.0	2.3	35.9	18.8	27.7	73.7	40.0	57.5
1995	50.5	27.9	39.7	3.9	1.4	2.7	36.1	22.7	29.6	72.7	49.1	61.4
1997	54.2	30.5	42.8	4.3	1.7	3.0	34.7	22.9	29.0	70.2	49.7	60.3
1998	56.2	32.0	44.6	4.2	1.8	3.0	34.0	23.1	28.7	67.4	49.4	58.7
1999	58.3	33.5	46.4	4.4	1.7	3.1	32.8	22.6	27.9	64.5	47.7	56.4

Year	Pupil-teacher ratio (Primary)			Percentage of cohort reaching						Availability of primary schools		
					Class II			Class V				
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
P U N J A B												
1975	43.4	39.6	42.0	77.6	57.1	69.4	52.1	31.2	43.8	175.7	258.1	207.1
1980	41.5	41.1	41.3	76.8	52.9	66.4	50.6	29.1	41.3	177.4	251.1	206.3
1985	36.1	43.3	38.4	72.0	50.2	62.6	44.1	28.0	37.2	128.7	255.8	168.9
1990	38.6	46.7	41.5	73.1	46.8	60.6	46.2	26.9	37.0	135.7	198.7	160.1
1995	35.9	49.9	40.9	69.3	47.1	58.1	50.0	32.8	41.3	148.8	220.5	176.4
1997	34.5	49.1	39.8	69.2	49.3	59.1	52.0	34.9	43.3	154.2	226.0	182.1
1998	32.9	41.2	36.1	67.9	48.2	57.9	50.6	33.6	42.0	155.9	225.9	183.3
1999	32.1	40.1	35.3	68.8	48.8	58.5	51.5	34.3	42.7	158.4	229.2	186.2
S I N D H												
1975	27.9	20.6	25.3	68.2	70.6	68.9	36.8	43.5	38.6	136.3	661.3	220.0
1980	35.3	25.8	31.9	67.7	73.4	69.2	37.7	46.0	40.0	154.2	802.1	254.5
1985	40.2	30.1	36.5	66.9	73.4	68.8	36.2	41.9	37.9	128.5	632.8	210.4
1990	40.4	20.1	32.6	64.2	74.6	66.4	40.6	51.6	42.9	81.2	518.8	137.5
1995	22.0	27.1	23.4	55.4	54.4	55.1	38.5	35.4	37.5	82.0	416.0	133.8
1997	20.3	28.2	22.5	54.6	54.3	54.5	41.8	39.1	40.9	75.1	384.8	122.5
1998	20.4	28.5	22.6	54.8	53.9	54.5	38.0	37.9	38.0	76.6	391.3	124.7
1999	19.8	30.7	22.7	54.1	52.7	53.6	38.3	38.2	38.2	76.2	377.5	123.4
N W F P												
1975	52.5	52.2	52.4	68.7	67.5	68.4	40.4	37.5	39.7	196.3	510.2	279.3
1980	68.8	54.8	65.2	52.8	59.3	54.1	27.9	30.9	28.5	208.5	547.1	297.0
1985	50.9	48.9	50.5	39.7	42.4	40.3	23.5	20.3	22.8	206.9	540.9	294.4
1990	44.7	36.5	42.6	33.7	34.1	33.8	22.0	17.5	21.0	116.4	356.9	172.3
1995	36.8	41.8	38.1	29.2	37.7	31.5	21.2	20.9	21.1	82.6	287.4	125.7
1997	30.0	41.7	32.8	25.7	37.9	29.1	19.1	21.6	19.8	83.5	241.9	121.9
1998	36.3	50.0	40.2	27.6	26.9	27.3	20.8	16.0	19.1	107.3	230.6	144.5
1999	32.5	37.4	33.9	27.2	33.1	29.1	20.1	19.2	19.8	112.0	238.7	150.5
B A L O C H I S T A N												
1975	35.2	40.2	36.2	44.1	44.3	44.1	20.1	23.5	20.8	165.1	685.7	261.8
1980	38.3	53.9	40.7	47.2	52.5	48.1	22.9	21.8	22.7	196.6	856.9	315.4
1985	40.4	84.0	45.7	41.3	31.5	39.3	15.9	25.2	17.8	121.2	895.3	206.9
1990	23.6	41.0	26.1	30.0	32.6	30.5	14.2	26.8	16.5	92.7	868.9	159.2
1995	20.7	38.3	23.8	28.4	24.6	27.2	17.5	11.3	15.6	84.5	426.0	133.2
1997	32.2	66.1	39.1	28.3	24.1	26.7	17.2	11.1	14.9	88.9	305.7	130.8
1998	31.4	49.0	35.9	28.4	28.7	28.5	16.3	12.8	15.0	90.5	266.7	128.8
1999	32.9	44.6	36.4	28.5	25.6	27.3	17.2	11.6	15.0	89.2	215.6	120.9
P A K I S T A N												
1975	39.6	34.4	37.8	72.5	60.2	68.3	45.2	33.7	41.3	166.5	342.6	220.7
1980	42.6	37.4	40.8	68.0	57.2	64.2	41.3	32.2	38.1	176.0	352.3	231.8
1985	39.1	40.4	39.5	62.0	52.8	58.8	36.1	29.5	33.8	135.7	348.0	192.1
1990	38.7	38.9	38.8	58.1	47.2	54.1	36.5	27.9	33.4	111.9	268.3	155.5
1995	30.7	42.5	34.4	52.3	45.7	49.6	37.3	30.4	34.5	109.5	266.8	152.7
1997	29.3	43.3	33.6	49.9	46.5	48.5	37.3	31.7	35.0	108.5	257.4	150.3
1998	29.6	39.8	33.0	50.3	43.1	47.2	36.6	29.1	33.3	114.9	254.1	155.9
1999	28.5	37.9	31.7	50.9	45.2	48.5	37.2	30.8	34.5	116.2	253.3	157.0

EDUCATION 6

Year	Availability of primary school teachers			Ratio of boys to girls (Primary)	% of female teachers (Primary)	Enrolment ratio (Secondary)			Pupil-teacher ratio (Secondary)			Ratio of boys to girls (Secondary)	% of female teachers (Secondary)
	Male	Female	Total			Male	Female	Total	Male	Female	Total		
P U N J A B													
1975	75.1	120.4	91.4	1.9	36.0	29.6	10.0	20.8	28.5	8.5	18.9	48.0	87.0
1980	76.2	120.3	92.3	1.7	36.6	26.2	9.9	18.7	24.9	8.2	18.7	49.5	91.8
1985	56.9	108.4	73.7	1.7	32.6	28.4	12.0	20.8	26.7	8.6	18.1	53.5	88.6
1990	52.1	86.8	64.5	1.5	35.7	35.6	18.4	27.4	15.4	14.2	17.7	33.3	88.2
1995	50.3	83.8	62.3	1.3	35.9	39.5	24.2	32.2	14.6	16.6	16.9	33.2	87.9
1997	51.2	84.7	63.3	1.2	36.1	36.5	24.1	30.5	13.0	16.6	16.6	32.4	89.0
1998	51.3	74.8	60.5	1.2	39.1	37.9	24.9	31.6	13.2	16.2	14.2	33.4	94.6
1999	51.6	73.2	60.2	1.2	39.7	37.2	25.4	31.5	12.7	16.0	13.8	33.5	94.5
S I N D H													
1975	53.4	88.8	66.0	2.5	35.6	22.1	14.3	18.7	21.2	14.3	18.2	43.3	70.5
1980	60.6	101.3	75.4	2.4	36.3	24.4	15.5	20.3	24.2	17.2	21.2	42.7	70.6
1985	63.2	104.7	78.4	2.3	36.6	29.1	16.8	23.5	30.3	19.4	25.6	43.5	81.8
1990	63.4	97.0	76.2	3.3	38.1	30.3	17.3	24.3	27.1	17.7	23.1	42.8	81.8
1995	34.2	79.7	47.2	2.0	28.5	26.8	16.5	22.0	24.8	19.5	22.6	40.4	67.2
1997	33.8	82.4	47.2	1.9	27.5	26.4	16.8	22.0	21.0	18.7	20.1	38.1	66.3
1998	34.5	83.8	48.1	1.9	27.5	28.3	18.7	23.8	23.0	21.2	22.3	38.1	67.8
1999	34.1	87.3	48.2	1.8	26.5	28.3	19.0	24.0	22.2	21.3	21.8	37.8	65.7
N W F P													
1975	76.4	233.6	113.3	3.3	23.4	24.3	3.9	15.1	17.7	16.7	17.6	12.2	60.1
1980	98.4	266.8	141.4	3.7	25.5	20.9	3.4	13.0	14.6	9.1	13.6	17.6	65.0
1985	69.7	228.3	104.7	3.7	22.1	21.9	3.7	13.5	14.0	10.3	13.4	16.2	74.3
1990	47.7	130.6	68.6	3.6	25.3	32.4	6.2	20.2	15.8	13.2	15.4	16.8	77.8
1995	38.3	101.4	54.7	2.5	26.0	41.7	11.4	27.4	18.8	17.9	18.6	20.7	96.0
1997	30.3	89.8	44.4	2.3	23.8	44.3	13.2	29.4	20.9	18.6	20.4	23.5	100.0
1998	38.1	88.9	52.5	1.8	28.5	41.8	14.5	28.7	21.7	22.3	21.9	23.7	92.2
1999	39.2	89.9	53.8	2.1	28.8	41.9	15.5	29.2	21.6	23.2	22.0	24.1	109.6
B A L O C H I S T A N													
1975	118.5	446.1	184.3	3.5	20.1	7.8	2.2	5.4	7.0	6.7	6.9	17.6	72.7
1980	124.7	672.1	207.2	4.0	15.1	7.3	2.6	5.3	6.7	5.8	6.5	23.5	65.3
1985	91.7	607.2	154.6	3.5	12.2	9.3	3.9	7.1	5.9	6.7	6.1	21.5	72.2
1990	39.5	206.1	63.5	3.4	14.4	13.2	4.7	9.6	5.7	6.8	5.9	17.8	80.7
1995	32.8	127.1	49.6	2.5	17.8	22.2	7.2	15.9	8.5	9.3	8.6	17.5	81.3
1997	50.9	166.2	74.1	1.9	20.2	21.7	9.1	16.4	8.0	9.5	8.3	20.3	75.9
1998	51.3	123.9	69.7	1.9	25.3	20.6	9.8	16.1	7.6	9.4	8.0	21.5	79.9
1999	51.8	99.2	65.9	1.7	29.7	19.7	10.4	15.8	6.8	8.2	7.2	23.8	67.4
P A K I S T A N													
1975	70.0	123.7	88.3	2.2	34.1	26.1	9.7	18.8	24.0	10.0	18.1	41.7	79.4
1980	75.8	131.3	95.2	2.1	34.9	23.9	9.8	17.5	21.7	10.0	16.7	42.8	82.3
1985	61.4	122.8	80.9	2.1	31.7	26.5	11.5	19.6	23.1	10.6	17.5	45.0	84.6
1990	52.6	97.3	67.5	2.0	33.4	32.6	15.7	24.7	16.3	14.7	15.8	31.9	85.0
1995	42.3	86.6	56.1	1.6	31.1	35.9	19.8	28.3	16.0	16.9	16.3	31.7	84.6
1997	41.8	87.2	55.7	1.5	30.7	34.5	20.2	27.7	14.7	16.9	15.4	31.5	85.4
1998	44.0	80.5	56.2	1.5	33.5	35.3	21.3	28.6	15.1	17.2	15.8	32.4	88.0
1999	44.2	79.6	56.2	1.5	33.9	34.9	21.8	28.7	14.5	17.1	15.4	32.5	89.4

Year	Percentage of cohort reaching						Availability of secondary schools			Availability of secondary school teachers		
	Class VI			Class X								
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
P U N J A B												
1975	87.0	62.0	79.8	41.6	36.6	40.5	906	1705	1147	96	85	91
1980	91.8	66.9	84.1	32.8	35.6	33.5	947	1749	1200	95	83	89
1985	88.6	71.3	83.1	34.5	33.6	34.2	857	1569	1088	94	72	82
1990	88.2	81.2	85.8	34.7	33.2	34.2	706	998	819	43	78	55
1995	87.9	78.1	84.0	44.2	41.0	43.0	647	946	762	37	69	47
1997	89.0	78.3	84.7	40.2	40.3	40.3	557	952	696	36	69	46
1998	94.6	86.8	91.4	42.3	40.6	41.7	553	923	686	35	65	45
1999	94.5	87.3	91.5	42.2	41.1	41.8	538	918	673	34	63	44
S I N D H												
1975	70.5	88.3	75.8	52.5	46.5	50.4	942	2066	1241	96	100	97
1980	70.6	88.0	76.1	56.0	47.0	52.7	1059	2472	1431	99	111	104
1985	81.8	89.2	84.2	52.7	48.3	51.3	1023	2687	1431	104	116	109
1990	81.8	122.4	92.0	46.9	45.2	46.4	938	1876	1220	90	103	95
1995	67.2	78.2	70.7	55.6	54.8	55.3	988	1890	1268	93	118	103
1997	66.3	73.6	68.7	55.6	54.8	55.3	812	1752	1080	80	111	92
1998	67.8	77.6	71.2	68.1	58.8	64.6	828	1789	1102	81	114	94
1999	65.7	73.9	68.6	72.6	61.5	68.3	805	1792	1080	78	112	91
N W F P												
1975	60.1	27.1	52.5	50.3	47.3	50.0	987	3457	1455	73	431	117
1980	65.0	32.6	57.8	45.3	44.6	45.2	1092	3602	1597	69	271	105
1985	74.3	49.5	69.5	34.4	29.9	33.7	1041	3533	1541	64	281	99
1990	77.8	67.9	76.0	40.8	28.9	38.9	869	2811	1284	49	212	76
1995	96.0	72.8	89.8	46.6	36.0	44.3	802	1903	1105	45	157	68
1997	100.0	71.3	91.4	51.4	37.0	48.0	584	1642	843	47	141	69
1998	92.2	72.8	86.2	50.1	39.1	47.2	577	1510	819	52	153	76
1999	109.6	97.6	106.0	51.1	38.7	47.7	593	1455	829	51	150	75
B A L O C H I S T A N												
1975	72.7	49.5	67.4	42.1	40.9	41.9	905	2906	1277	90	308	128
1980	65.3	73.8	66.8	32.0	47.6	35.0	867	3183	1253	92	221	123
1985	72.2	54.6	67.1	37.4	29.2	35.5	769	2635	1097	63	169	86
1990	80.7	43.8	69.5	26.7	32.8	27.9	546	2086	791	43	146	62
1995	81.3	76.7	80.3	46.5	29.8	42.9	559	2117	808	38	129	54
1997	75.9	71.1	74.6	57.1	34.6	51.2	568	1797	795	37	104	51
1998	79.9	67.4	76.1	53.7	39.1	49.8	560	1704	777	37	96	50
1999	67.4	68.0	67.6	59.3	36.5	52.4	559	1554	762	35	79	45
P A K I S T A N												
1975	79.4	63.2	74.9	44.5	40.1	43.5	924	1954	1208	92	103	97
1980	82.3	69.0	78.4	38.9	39.9	39.1	983	2084	1295	91	102	96
1985	84.6	73.7	81.3	38.6	37.7	38.4	907	1947	1205	87	92	89
1990	85.0	85.8	85.3	37.9	35.7	37.2	757	1288	937	50	94	64
1995	84.6	77.6	82.1	46.6	42.7	45.3	719	1201	886	44	86	57
1997	85.4	76.5	82.1	45.4	42.4	44.3	606	1169	785	43	84	56
1998	88.0	82.9	86.1	48.2	43.6	46.5	604	1134	776	43	81	55
1999	89.4	85.2	87.8	49.2	44.2	47.3	593	1122	764	42	78	54

HEALTH   8

| Year | Hospital Bed | Doctor (Total) | Population (in thousands) per | | Nurse | Paramedic | Rural health facility |
			Doctor (Female)	Other medical personnel			
			P U N J A B				
1975	2.6	14.0	27.0	11.3	12.1	10.6	414
1980	2.3	9.4	19.4	9.3	9.3	9.4	218
1985	2.1	4.1	8.7	7.6	5.6	9.6	92
1990	2.1	2.7	5.6	7.6	3.8	11.3	61
1995	2.2	2.4	4.4	7.9	3.3	12.5	62
1996	2.1	2.3	4.1	7.8	3.0	12.6	63
1997	2.2	2.2	3.8	7.8	2.9	12.7	64
1998	2.2	2.2	3.6	7.8	2.8	12.9	65
1999	2.2	2.1	3.4	7.8	2.7	12.8	66
			S I N D H				
1975	3.1	7.9	11.9	39.5	59.3	19.7	340
1980	2.9	5.0	8.0	25.4	32.9	17.8	200
1985	2.9	1.9	3.0	25.8	35.7	15.9	180
1990	2.7	1.2	1.9	19.6	29.8	9.4	95
1995	2.8	1.0	1.5	14.5	22.1	6.8	71
1996	2.9	0.9	1.4	14.1	21.5	6.7	70
1997	2.9	0.9	1.3	13.4	20.2	6.6	69
1998	3.0	0.9	1.2	12.9	19.3	6.6	69
1999	3.0	0.8	1.1	12.5	18.4	6.5	68
			N W F P				
1975	1.6	8.7	26.1	17.2	29.0	5.5	437
1980	1.7	6.2	18.7	22.6	40.2	5.0	255
1985	1.5	3.6	10.3	7.0	11.5	2.5	76
1990	1.5	2.6	6.7	9.3	15.8	2.7	65
1995	1.6	2.2	5.0	6.0	9.1	2.9	63
1996	1.6	2.2	4.7	6.1	9.4	2.8	64
1997	1.6	2.1	4.5	5.6	8.7	2.6	66
1998	1.6	2.1	4.3	5.0	7.6	2.5	61
1999	1.7	2.0	4.1	4.6	6.9	2.3	59
			B A L O C H I S T A N				
1975	2.9	19.5	30.0	14.6	24.9	4.3	253
1980	2.2	11.4	22.5	22.5	41.1	3.8	255
1985	1.9	4.7	11.5	17.0	30.9	3.0	122
1990	1.8	3.5	7.8	13.1	23.9	2.2	38
1995	1.7	2.8	5.7	13.1	24.4	1.8	35
1996	1.7	2.7	5.5	13.4	25.0	1.8	34
1997	1.6	2.6	5.0	12.1	22.5	1.8	34
1998	1.7	2.5	4.5	9.0	16.2	1.7	38
1999	1.6	2.4	4.1	9.7	17.8	1.7	35
			P A K I S T A N				
1975	2.5	11.2	21.0	13.3	16.9	9.7	388
1980	2.3	7.4	14.6	11.0	13.5	8.6	221
1985	2.1	3.1	6.2	7.5	8.2	6.8	99
1990	2.1	2.1	4.0	6.3	5.9	6.7	64
1995	2.1	1.8	3.1	5.7	5.0	6.4	61
1996	2.1	1.7	2.9	5.4	4.6	6.3	61
1997	2.2	1.6	2.7	5.3	4.4	6.1	62
1998	2.2	1.6	2.5	5.1	4.2	6.0	63
1999	2.2	1.5	2.4	4.9	4.0	5.8	62

Year	Labour force participation rate									Percentage of literates in labour force		
	Urban			Rural				Total		Urban	Rural	Total
	Male	Female	Total	Male	Female	Total	Male	Female	Total			
P U N J A B												
1975	71.6	4.0	39.8	78.8	9.0	46.1	77.0	7.6	44.6	48.5	19.6	25.9
1979	71.6	5.6	40.0	79.0	14.4	47.9	77.2	12.2	46.0	53.3	26.2	31.9
1985	72.1	4.6	40.0	78.2	11.3	45.7	76.5	9.4	44.1	54.0	28.9	35.2
1991	67.3	10.8	40.1	73.6	17.6	46.1	71.7	15.6	44.3	57.9	31.5	38.3
1994	65.9	9.0	38.2	71.3	20.3	46.2	69.8	17.1	43.9	64.1	32.6	40.0
1995	65.7	8.6	38.1	72.3	16.1	44.9	70.4	14.0	42.9	65.7	34.3	44.7
1997	67.4	10.5	39.9	73.1	20.8	47.8	71.3	17.5	45.2	64.7	37.0	45.9
1998	67.7	9.6	39.8	75.2	15.2	49.5	72.7	18.2	46.3	66.1	35.3	45.5
2000	68.2	11.8	40.9	74.8	19.0	47.1	72.7	16.8	45.2	66.3	38.5	47.2
S I N D H												
1975	67.1	3.7	37.6	85.2	6.0	49.1	75.6	4.8	43.1	56.9	23.5	38.4
1979	69.7	5.1	39.4	89.1	24.6	58.9	79.5	15.5	49.9	52.7	19.9	31.5
1985	69.7	3.5	38.2	85.0	13.2	52.1	77.4	8.2	45.1	57.6	22.3	37.1
1991	65.7	5.9	37.9	76.6	9.5	45.7	70.9	7.6	41.6	65.0	34.9	49.1
1994	63.4	5.0	35.9	73.7	6.4	42.9	68.7	5.7	39.5	68.5	33.3	49.0
1995	62.8	5.2	35.9	73.8	6.0	43.1	68.7	5.6	39.7	68.4	30.1	48.2
1997	66.1	5.5	38.0	72.7	6.9	42.5	69.4	6.2	40.2	69.7	30.7	50.3
1998	62.3	4.6	35.1	76.5	8.2	45.4	68.8	6.2	39.8	70.6	30.2	52.3
2000	60.4	3.9	33.9	73.9	10.2	44.5	67.0	6.9	39.1	72.1	32.8	53.0
N W F P												
1975	70.8	3.3	38.4	75.9	3.8	39.9	74.9	3.8	38.6	43.7	18.1	22.8
1979	65.3	5.2	37.3	73.8	4.3	38.8	72.2	4.4	38.5	48.1	25.6	26.0
1985	71.5	4.4	39.7	80.4	6.8	43.9	79.0	4.4	43.3	49.5	20.3	24.5
1991	66.1	5.1	36.2	70.1	10.2	41.0	69.5	9.3	40.2	51.2	28.6	32.0
1994	62.7	4.5	34.5	67.2	11.6	38.9	66.5	10.6	38.2	57.5	28.0	31.8
1995	61.1	4.3	33.7	64.7	11.0	37.2	64.1	10.0	36.7	52.8	30.3	33.8
1997	63.1	5.7	36.4	65.9	10.2	38.5	65.4	9.4	38.1	52.4	31.4	35.2
1998	61.0	5.2	34.4	64.4	10.5	37.5	63.8	9.6	37.0	53.1	31.2	35.0
2000	62.8	7.4	36.0	66.0	13.1	39.3	65.4	12.1	38.7	56.4	33.5	37.4
B A L O C H I S T A N												
1975	68.2	2.1	37.9	79.4	1.0	45.7	82.5	1.1	44.6	40.5	14.2	17.5
1979	63.3	2.9	36.8	84.1	3.1	47.5	80.3	3.1	45.9	41.6	14.0	18.0
1985	69.3	1.8	37.8	81.4	7.0	45.9	79.4	6.2	44.5	55.5	17.3	22.6
1991	63.1	4.7	36.8	74.3	6.2	43.7	72.7	5.9	42.6	54.8	18.2	22.9
1994	61.8	2.4	35.2	70.8	4.6	41.5	69.5	4.3	40.6	54.7	16.1	21.0
1995	59.8	4.2	34.7	70.0	7.3	41.1	68.3	6.6	40.0	49.1	20.0	25.0
1997	60.6	3.8	34.7	71.0	4.7	40.0	68.9	4.6	38.9	51.4	21.6	27.6
1998	59.9	2.9	33.5	71.5	6.9	42.4	69.4	6.2	40.8	55.5	22.6	28.7
2000	59.1	5.0	34.0	71.1	5.1	40.3	69.0	5.1	39.2	58.5	23.6	29.7
P A K I S T A N												
1975	69.6	3.5	38.8	79.8	7.6	45.9	76.7	6.4	43.8	51.2	19.8	28.1
1979	70.3	5.3	39.6	80.1	14.3	48.7	77.3	11.8	46.1	47.2	24.3	31.1
1985	71.1	4.1	39.3	79.8	10.7	46.5	77.1	8.7	44.2	45.0	26.0	33.9
1991	66.6	8.6	39.0	73.6	14.8	45.2	71.3	12.8	43.2	60.2	31.2	39.6
1994	64.7	7.2	37.0	71.0	16.0	44.2	69.1	13.3	42.0	65.1	31.4	40.3
1995	64.3	7.0	37.0	71.3	13.3	43.1	69.1	11.4	41.3	64.3	34.1	43.3
1997	66.5	8.4	38.9	71.8	16.3	45.1	70.0	13.6	43.0	65.2	34.4	44.9
1998	65.2	7.4	37.7	73.4	17.4	46.4	70.5	13.9	43.3	66.6	33.2	45.0
2000	65.0	8.8	38.1	73.1	16.1	45.1	70.4	13.7	42.8	67.4	36.1	46.5

NOTE:
- Unemployed persons classified as persons of age 10 and above, looking for work.

LABOUR FORCE AND EMPLOYMENT 10

Year	Percentage of labour force in			Percentage of labour force in			Percentage of labour force in		
	Agriculture	Industry (Urban)	Services	Agriculture	Industry (Rural)	Services	Agriculture	Industry (Total)	Services
P U N J A B									
1975	7.4	35.2	57.4	69.1	15.7	15.2	55.6	20.0	24.4
1979	6.4	35.6	58.0	63.5	19.0	17.5	51.6	22.5	25.9
1985	8.6	34.5	56.9	62.5	18.2	19.3	49.1	22.2	28.7
1991	9.4	29.1	61.5	62.6	17.4	20.0	48.9	20.4	30.7
1994	6.0	31.0	63.0	65.0	14.7	20.3	51.1	18.5	30.4
1995	5.7	29.8	64.5	60.7	16.7	22.6	47.2	19.9	32.9
1997	5.6	30.2	64.2	60.3	15.5	24.2	45.3	19.5	35.2
1998	5.7	29.6	64.6	63.7	13.2	23.1	47.9	17.7	34.5
2000	6.5	32.1	61.4	66.4	13.2	20.4	50.2	18.3	31.5
S I N D H									
1975	2.4	33.7	63.9	83.4	5.3	11.3	47.1	18.1	34.9
1979	4.3	35.7	60.0	84.0	6.4	9.6	55.8	16.8	27.4
1985	5.2	33.5	61.3	82.9	6.6	10.5	50.3	17.9	31.8
1991	4.9	34.2	60.9	71.7	10.2	18.1	40.2	21.6	38.3
1994	4.3	29.4	66.3	72.7	9.1	18.2	42.2	18.2	39.6
1995	5.2	27.8	67.0	69.8	11.3	18.9	42.4	18.3	39.4
1997	5.1	30.2	64.7	68.1	9.5	22.3	38.4	19.3	42.3
1998	4.5	29.0	66.6	78.6	6.8	14.7	43.1	17.4	39.5
2000	3.6	33.3	63.0	73.6	7.4	18.9	42.6	18.9	38.5
N W F P									
1975	14.0	23.8	62.2	73.0	10.7	16.3	62.1	13.1	24.8
1979	7.3	24.2	68.4	56.1	17.1	26.8	48.0	18.3	33.8
1985	8.7	25.3	66.1	64.8	14.2	21.0	56.7	15.8	27.4
1991	7.9	25.7	66.4	58.0	14.6	27.4	50.5	16.3	33.3
1994	7.8	22.3	69.9	61.9	12.6	25.4	54.9	13.9	31.3
1995	8.1	20.4	71.5	57.5	12.6	29.9	50.5	13.7	35.8
1997	8.6	23.9	67.5	53.5	15.4	31.1	45.6	16.9	37.5
1998	9.3	20.2	70.5	55.7	14.5	29.8	48.3	15.4	36.3
2000	8.1	20.2	71.7	54.1	16.5	29.5	46.8	17.1	36.2
B A L O C H I S T A N									
1975	22.4	12.8	64.7	75.4	5.1	19.5	68.8	6.1	25.1
1979	6.0	17.7	76.3	69.9	10.7	19.5	60.6	11.7	27.7
1985	8.9	23.2	67.9	64.4	11.9	23.7	56.7	13.4	29.8
1991	11.4	17.7	70.8	68.1	7.9	24.0	60.9	9.2	29.9
1994	8.1	16.1	75.8	70.5	6.6	22.9	62.7	7.8	29.5
1995	11.6	15.9	72.4	63.1	9.3	27.6	55.5	10.3	34.3
1997	10.0	18.8	71.2	64.4	9.9	25.7	54.6	11.5	34.0
1998	9.3	17.0	73.7	66.2	10.3	23.5	57.8	11.3	30.9
2000	5.7	17.4	76.9	63.2	10.3	26.5	54.6	11.4	34.0
P A K I S T A N									
1975	6.2	33.6	60.2	72.1	13.1	14.8	54.8	18.5	26.7
1979	5.7	34.5	59.8	67.4	15.9	16.8	52.7	20.3	27.0
1985	7.4	33.3	59.3	66.7	15.2	18.1	50.6	20.1	29.3
1991	7.6	30.7	61.7	63.8	15.4	20.8	47.5	19.8	32.7
1994	5.6	29.6	64.8	66.0	13.1	20.9	50.0	18.3	31.7
1995	5.8	28.3	66.0	61.9	14.9	23.2	46.8	18.5	34.7
1997	5.7	29.6	64.8	60.8	14.3	24.9	44.2	18.9	36.9
1998	5.6	28.6	65.9	65.1	12.2	22.7	47.3	17.1	35.6
2000	5.7	31.5	62.8	65.8	12.5	21.6	48.4	18.0	33.6

Year	Urban Male	Female	Total	Rural Male	Female	Total	Total Male	Female	Total
				Labour force unemployment rate					

<table>
<tr><th>Year</th><th colspan="3">Urban</th><th colspan="3">Rural</th><th colspan="3">Total</th></tr>
<tr><th></th><th>Male</th><th>Female</th><th>Total</th><th>Male</th><th>Female</th><th>Total</th><th>Male</th><th>Female</th><th>Total</th></tr>
<tr><td colspan="10" align="center">P U N J A B</td></tr>
<tr><td>1975</td><td>3.5</td><td>1.8</td><td>3.5</td><td>1.7</td><td>0.7</td><td>2.0</td><td>2.1</td><td>0.9</td><td>2.1</td></tr>
<tr><td>1979</td><td>5.5</td><td>16.4</td><td>6.2</td><td>3.0</td><td>8.8</td><td>4.3</td><td>3.5</td><td>9.7</td><td>3.5</td></tr>
<tr><td>1985</td><td>6.8</td><td>6.5</td><td>6.7</td><td>3.7</td><td>1.5</td><td>4.3</td><td>4.5</td><td>2.0</td><td>4.5</td></tr>
<tr><td>1991</td><td>7.3</td><td>31.8</td><td>10.4</td><td>4.6</td><td>14.6</td><td>7.5</td><td>5.4</td><td>18.0</td><td>5.4</td></tr>
<tr><td>1994</td><td>6.6</td><td>19.7</td><td>8.1</td><td>3.8</td><td>7.4</td><td>5.5</td><td>4.6</td><td>9.1</td><td>4.6</td></tr>
<tr><td>1995</td><td>7.0</td><td>24.6</td><td>8.9</td><td>4.3</td><td>8.3</td><td>6.0</td><td>5.0</td><td>11.2</td><td>5.0</td></tr>
<tr><td>1997</td><td>7.0</td><td>26.4</td><td>9.5</td><td>4.4</td><td>10.6</td><td>5.7</td><td>5.2</td><td>13.6</td><td>6.8</td></tr>
<tr><td>1998</td><td>7.7</td><td>29.9</td><td>10.2</td><td>3.8</td><td>9.1</td><td>5.0</td><td>5.0</td><td>12.7</td><td>6.5</td></tr>
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<tr><td>1975</td><td>0.4</td><td>0.0</td><td>0.4</td><td>0.1</td><td>0.0</td><td>0.1</td><td>0.2</td><td>0.0</td><td>0.2</td></tr>
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<tr><td>1975</td><td>2.8</td><td>1.8</td><td>2.7</td><td>1.4</td><td>0.6</td><td>1.7</td><td>1.8</td><td>0.7</td><td>1.8</td></tr>
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</table>

PUBLIC FINANCE 12

| Year	Government Expenditures (Rs. per capita) on[a]						Public expenditures on social sectors as % of total				
	Education	Health	Physical Planning & Housing	Other Social Sector	Total Social Sectors	Total Expenditure	Education	Health	Physical Planning & Housing	Other Social Sector	Total Social Sectors
P U N J A B											
1975	173	48	61	7	290	810	21	6	8	1	36
1980	168	66	91	11	336	879	19	7	10	1	38
1985	262	91	72	15	441	1190	22	8	6	1	37
1990	347	129	76	25	577	1437	24	9	5	2	40
1995	440	106	71	31	647	1550	28	7	5	2	42
1996	480	105	77	28	691	1705	28	6	5	2	41
1997	462	105	69	33	669	1502	31	7	5	2	45
1998	485	115	89	34	723	1524	32	8	6	2	47
1999	416	100	76	29	621	1368	30	7	6	2	45
2000	385	104	77	30	595	1527	25	7	5	2	39
2001	412	115	47	17	590	1638	25	7	3	1	36
S I N D H											
1975	210	50	76	4	342	950	22	5	8	0	36
1980	221	48	60	11	339	1014	22	5	6	1	33
1985	275	72	65	30	443	1281	22	6	5	2	35
1990	384	135	71	37	626	1783	22	8	4	2	35
1995	524	125	65	31	745	2393	22	5	3	1	31
1996	529	152	68	50	799	2505	21	6	3	2	32
1997	456	133	34	33	655	1990	23	7	2	2	33
1998	432	117	29	29	608	2005	22	6	1	1	30
1999	439	121	30	29	618	1835	24	7	2	2	34
2000	482	148	31	36	697	2227	22	7	1	2	31
2001	470	129	34	26	658	2478	19	5	1	1	27
N W F P											
1975	170	69	40	2	281	956	18	7	4	0	29
1980	226	99	59	15	399	1180	19	8	5	1	34
1985	391	140	59	27	617	1730	23	8	3	2	36
1990	531	180	68	34	812	2312	23	8	3	1	35
1995	727	210	100	53	1090	2526	29	8	4	2	43
1996	713	205	132	58	1109	2680	27	8	5	2	41
1997	691	178	90	53	1012	2281	30	8	4	2	44
1998	643	161	84	60	949	2293	28	7	4	3	41
1999	706	171	98	62	1037	2450	29	7	4	3	42
2000	707	177	69	62	1015	2498	28	7	3	2	41
2001	637	204	49	89	979	2556	25	8	2	3	38
B A L O C H I S T A N											
1975	146	52	35	9	243	1522	10	3	2	1	16
1980	158	55	35	43	291	1678	9	3	2	3	17
1985	351	140	120	80	691	2451	14	6	5	3	28
1990	506	232	188	116	1042	3291	15	7	6	4	32
1995	690	305	186	186	1366	3655	19	8	5	5	37
1996	782	305	436	191	1714	3879	20	8	11	5	44
1997	747	244	248	129	1367	3304	23	7	7	4	41
1998	671	220	230	128	1248	2998	22	7	8	4	42
1999	610	232	279	130	1250	3003	20	8	9	4	42
2000	802	210	301	173	1487	3500	23	6	9	5	42
2001	807	283	268	135	1493	3682	22	8	7	4	41
P A K I S T A N											
1975	180	52	61	6	298	896	20	6	7	1	33
1980	188	65	76	13	342	993	19	7	8	1	34
1985	288	96	71	24	478	1352	21	7	5	2	35
1990	389	143	80	34	646	1737	22	8	5	2	37
1995	513	135	79	42	769	1994	26	7	4	2	39
1996	540	140	101	46	827	2142	25	7	5	2	39
1997	507	129	73	41	749	1819	28	7	4	2	41
1998	504	127	81	41	754	1820	28	7	4	2	41
1999	471	122	78	39	710	1712	28	7	5	2	41
2000	474	130	76	43	723	1928	25	7	4	2	38
2001	477	139	56	35	706	2067	23	7	3	2	34

[a]at Constant Prices of 2000-2001

SHELTER   13

Indicators	Unit	Years 1980	1989	1998
R U R A L				
Growth rate of housing unit	%		2.0	2.2
Persons per housing unit	No.	6.6	6.7	6.5
Rooms per housing unit	No.	1.8	2.0	2.1
Persons per room	No.	3.6	3.4	n/a
Nature of tenure				
Owned	%	83	91	87
Rented	%	2	2	2
Rent-free	%	15	7	11
Quality of construction				
Pucca (baked bricks/blocks/stone)	%	30	49	45
Semi-pucca (unbaked bricks/earthbound)	%	59	46	45
Kutcha (wood/bamboo and others)	%	11	5	9
Housing unit with:				
Electricity	%	15	51	61
Inside piped water	%	3	9	13
Gas piped	%	0	1	2
U R B A N				
Growth rate of housing unit	%		3.3	3.1
Persons per housing unit	No.	7.0	6.9	6.6
Rooms per housing unit	No.	2.2	2.3	2.4
Persons per room	No.	3.2	3.0	n/a
Nature of tenure				
Owned	%	68	79	68
Rented	%	22	18	23
Rent-free	%	10	3	9
Quality of construction				
Pucca (baked bricks/blocks/stone)	%	79	89	85
Semi-pucca (unbaked bricks/earthbound)	%	18	10	13
Kutcha (wood/bamboo and others)	%	3	1	2
Housing unit with:				
Electricity	%	71	92	93
Inside piped water	%	38	60	58
Gas piped	%	20	42	56
O V E R A L L				
Growth rate of housing unit	%		2.4	2.5
Persons per housing unit	No.	6.7	6.7	6.5
Rooms per housing unit	No.	1.9	2.0	2.2
Persons per room	No.	3.5	3.3	n/a
Nature of tenure				
Owned	%	78	89	81
Rented	%	8	5	9
Rent-free	%	14	7	10
Quality of construction				
Pucca (baked bricks/blocks/stone)	%	44	61	58
Semi-pucca (unbaked bricks/earthbound)	%	48	35	35
Kutcha (wood/bamboo and others)	%	9	4	7
Housing unit with:				
Electricity	%	31	64	71
Inside piped water	%	13	25	27
Gas piped	%	6	14	19

NOTE:
- Gas piped and Gas cylinder are combined for the year 1980, while for 1989 and 1998 only the term 'gas' is mentioned.
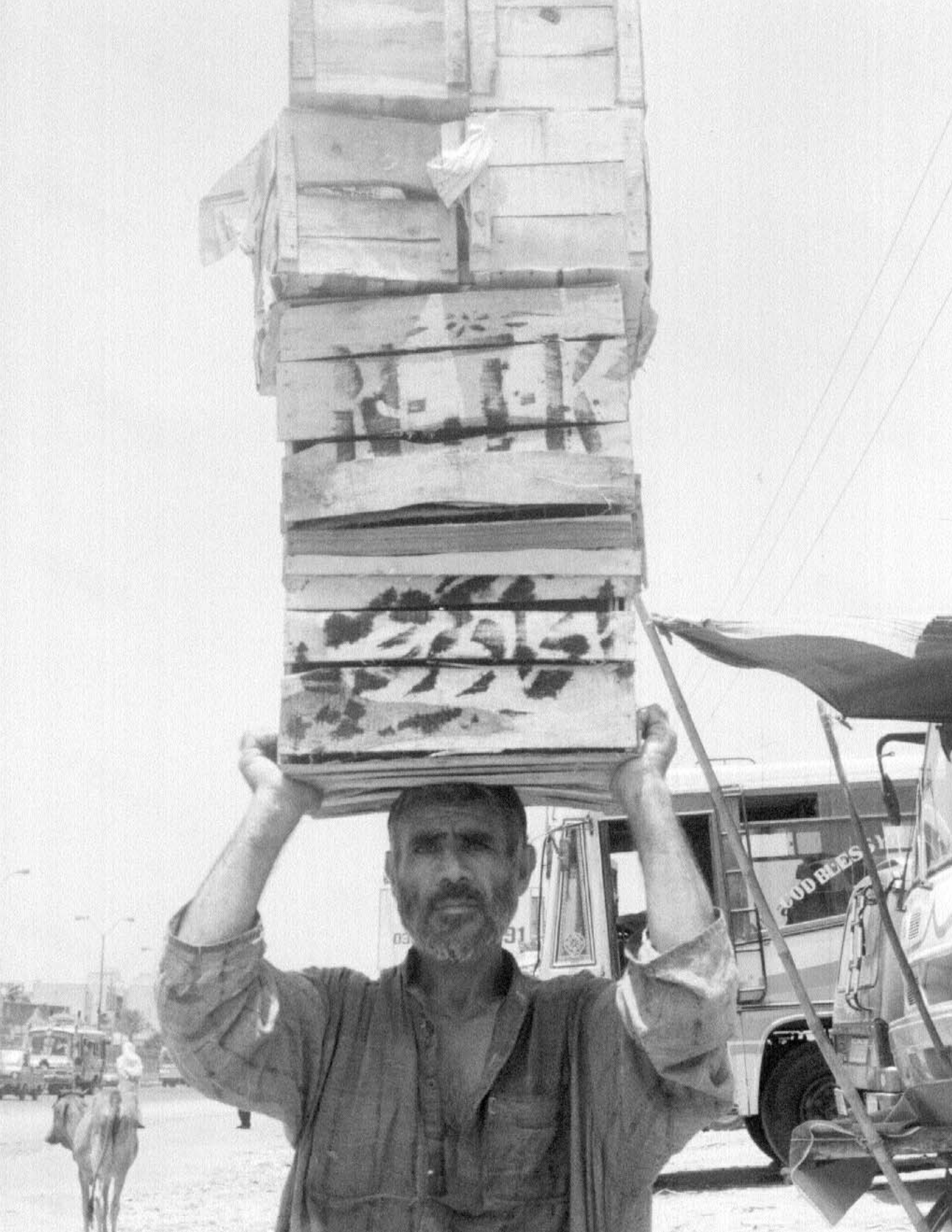
SELECTED DISTRICT DEVELOPMENT INDICATORS

SELECTED DISTRICT DEVELOPMENT INDICATORS

DELINEATION OF INDICATORS

Income and Wealth

Household income and wealth is the most discussed welfare attribute in the literature. Since direct income data at provincial or district levels are not available, various proxies are used to estimate the income and wealth position of a district.

For the rural economy, cash value of agricultural produce per rural person (CROPS) and livestock per rural capita (LIVESTOCK) are used. All major and minor crops are considered in estimating a district's cash value from agriculture. This indicator is based on the aggregation of 43 crops, including fruits and vegetables. Different types of livestock have been aggregated by assigning weights as recommended by the Food and Agriculture Organization (FAO) to reflect the capital value of various animals and poultry.

For the urban section of a district, per capita value added in large-scale manufacturing (MANUFACTURING) is used to proxy the level of urban income. Value added by the small-scale component could not be included due to lack of data. On the assumption that there may be a direct link between the number of bank branches in a district and the volume of bank deposits, the number of bank branches per million population (BANKS) is used as a crude measure of the district's wealth. Car ownership (CARS) per million urban population is also used to proxy the district's income and wealth in the urban areas.

Modernization of Agriculture

Modernization of agriculture is another area of development which has direct or indirect effects on the prosperity and standard of living of rural population. To capture the process of mechanization in agriculture, tractors per 1000 acres of cropped area (TRACTORS) has been used in the study. The extent of use of fertilizer, estimated as the consumption of fertilizer per 1000 acres of cropped area (FERTILIZER) is also used as the indicator of modernization in agriculture. In addition, the irrigated area per 1000 acres of cropped area (IRRIGATION) is used to capture the access to canal irrigation systems and tube wells.

Housing Quality and Housing Services

It is of interest to compare inequality in means and standards of living directly provided by government and those that are acquired by the household. It is argued that access of services provided publicly must have more equal distribution. Shelter is one of the basic needs, and housing conditions are one of the key determinants of the quality of life. To observe the inequality in housing facilities, three indicators are used, viz., proportion of households using electricity (ELECTRICITY), gas (NATURAL GAS) and with inside piped water connection (WATER).

The quality of housing stock is represented by the proportion of houses with cemented outer walls (WALLS) and RCC/RBC roofing (ROOF). Rooms per persons (PERSONS) and housing units with one room (ONE ROOM) are used to proxy adequate housing in a district. Some deprivation indicators are also added. These include the percentage of households with no separate kitchen, no bathroom facility, and no latrine facility.

Transport and Communications

Three indicators have been included to portray the level of development of the transport and communication sector in a district. Roads and transportation network have a significant impact on socialization and modernization. Therefore, metalled (paved) road mileage (ROADS) per 100 square kilometers of geographical area of a district is included in the study. With regard to the availability of transport vehicles, a summary measure, viz., passenger load carrying capacity (PASSENGER) per 1000 population is included. Different vehicles are aggregated, assigning weights recommended in the development literature. The number of telephone connections (PTCL) per 1000 person (TELEPHONE) is also used in the study to observe the unequal distribution of this important indicator of standard of living.

For some districts of Punjab and Sindh data on district-wise telephone connections were missing; therefore, these numbers are estimated on the basis of provincial total connections and urban population shares.

Health

Welfare and inequality in the health sector may be examined with a number of welfare indicators, e.g., calories and protein intake, life expectancy at birth, infant mortality rates, etc. However, availability of data has restricted the choice to only two indicators, viz., the number of hospital beds (BEDS) and number of doctors (DOCTORS) per million population.

District-wise doctors' data were not available for the province of Punjab. These numbers are projected on the basis of changes in urban population between 1981 and 1998, provincial total doctors and 1981 district-wise doctors' data.

Education

Both stock and flow measures to represent the education level of a district's population are included in the study. The stock measure is the literacy rate (LITERATE), while enrolment rates with respect to population of relevant age at different levels are the flow measures. Gross enrolment at primary level (PRIMARY), middle level (MIDDLE), higher secondary level (MATRIC) and at collage and degree level (TERTIARY) are considered as a proportion of population in the relevant age group. To measure the extent of gender equality, the female to male literacy ratio (FMLITERACY) is included.

Labour Force

The share of the industrial sector in the urban labor force (ILABOUR) of a district is the key labour force indicator. This variable reflects the extent of employment absorption, especially in small-scale manufacturing. The female to male labor force ratio (FMLABOUR) is also included to observe the correlation between changes in the role of women and level of development.

Data Sources:

o   Agriculture Statistics of Pakistan (1998-99), Government of Pakistan, Ministry of Food, Agriculture, and Livestock, Food, Agriculture and Livestock Division (economic Wing), Islamabad.

o   Census of Manufacturing Industries (1995-96), Federal Bureau of Statistics, Statistics Division, Government of Pakistan.

o   Crop Area Production (by Districts) (1997-98), Government of Pakistan, Ministry of Food, Agriculture, and Livestock, Food, Agriculture and Livestock Division (Economic Wing), Islamabad.

o   Development Statistics of Balochistan (2000), Bureau of Statistics, Planning and Development Department, Government of Balochistan, Quetta.

o   Development Statistics of Sindh (1998), Bureau of Statistics, Planning and Development Department, Government of Sindh, Karachi.

o   District Census Report (1998), Population Census Organisation, Statistics Division, Government of Pakistan, Islamabad.

o   District Profile (1997), Planning and Development Department, Government of Balochistan, Quetta.

o   Half Decade Review (2000), Bureau of Statistics, NWFP, Peshawar.

o   Health Profile of Sindh (1998-99), Bureau of Statistics, Planning and Development Department, Government of Sindh, Karachi.

o   NWFP Development Statistics (1999), Bureau of Statistics Planning, Environment and Development Department, Government of NWFP, Peshawar.

o   Provincial Census Report (1998), Population Census Organisation, Statistics Division, Government of Pakistan, Islamabad.

o   Punjab Development Statistics (1999), Bureau of Statistics, Government of Punjab, Lahore.

o   Quick Look at Education Sector, Sindh (1998-99), Bureau of Statistics, Planning and Development Department, Government of Sindh, Karachi.

o   Social-Economic Indicators at District Level, NWFP (1999-2000), Federal Bureau of Statistics, Statistics Division, Government of Pakistan, Islamabad.

Note:

o   To fill gaps in information or for updating information, unpublished data were obtained from provincial bureaus of statistics, State Bank of Pakistan, Ministry of Agriculture, and Pakistan Medical and Dental Association.

DEMOGRAPHY 1

	Area (square km)	Total population	Rural population	Urban population	Population 5-9 years	Share of urban population (%)
P U N J A B						
Attock	6857	1274935	1003843	271092	175822	21.26
Bahawalnagar	8878	2061447	1668646	392801	319195	19.05
Bahawalpur	24830	2433091	1767787	665304	401406	27.34
Bhakkar	8153	1051456	882782	168674	171569	16.04
Chakwal	6524	1083725	952033	131692	146372	12.15
D.G. Khan	11922	1643118	1414279	228839	297694	13.93
Faisalabad	5856	5429547	3111114	2318433	785067	42.70
Gujranwala	3622	3400940	1681902	1719038	505867	50.55
Gujrat	3192	2048008	1479836	568172	290755	27.74
Hafizabad	2367	832980	605865	227115	121681	27.27
Jhang	8809	2834545	2171555	662990	435090	23.39
Jhelum	3587	936957	677627	259330	129878	27.68
Kasur	3995	2375875	1833484	542391	376300	22.83
Khanewal	4349	2068490	1704229	364261	326027	17.61
Khushab	6511	905711	676742	228969	132203	25.28
Lahore	1772	6318745	1109657	5209088	852697	82.44
Layyah	6291	1120951	976748	144203	186680	12.86
Lodhran	2778	1171800	1001712	170088	199103	14.52
M.B.Din	2673	1160552	984131	176421	170797	15.20
Mianwali	5840	1056620	836610	220010	165724	20.82
Multan	3720	3116851	1802103	1314748	498255	42.18
Muzaffargarh	8249	2635903	2294558	341345	472666	12.95
Narowal	2337	1265097	1110711	154386	195331	12.20
Okara	4377	2232992	1718584	514408	342641	23.04
Pakpattan	2724	1286680	1103473	183207	200703	14.24
R.Y. Khan	11880	3141053	2524471	616582	539221	19.63
Rajanpur	12318	1103618	943463	160155	200718	14.51
Rawalpindi	5285	3363911	1575638	1788273	446658	53.16
Sahiwal	3201	1843194	1541204	301990	274500	16.38
Sargodha	5854	2665979	1915947	750032	398241	28.13
Sheikhpura	5960	3321029	2450213	870816	502341	26.22
Sialkot	3016	2723481	2010152	713329	394937	26.19
T.T. Singh	3252	1621593	1316182	305411	240332	18.83
Vehari	4364	2090416	1754984	335432	330026	16.05

	Area (square km)	Total population	Rural population	Urban population	Population 5-9 years	Share of urban population (%)
S I N D H						
Badin	6726	1136044	949556	186488	193106	16.42
Dadu	19070	1688811	1328049	360762	274912	21.36
Ghotki	6083	970549	812048	158501	170176	16.33
Hyderabad	5519	2891488	1422387	1469101	438506	50.81
Jacobabad	5278	1425572	1078181	347391	253851	24.37
Karachi	3527	9856318	517295	9339023	1269847	94.75
Khairpur	15910	1546587	1181371	365216	266382	23.61
Larkana	7423	1927066	1370054	557012	335866	28.90
Mirpurkhas	8533	1569030	1157391	411639	262771	26.24
Naushero F	2945	1087571	895167	192404	184084	17.69
Nawabshah	4502	1071533	789174	282359	177431	26.35
Sanghar	10728	1453028	1121712	331316	242843	22.80
Shikarpur	2512	880438	668459	211979	152483	24.08
Sukkur	5165	908373	446268	462105	144862	50.87
Tharparkar	19638	914291	874464	39827	166329	4.36
Thatta	17355	1113194	988455	124739	187145	11.21

DEMOGRAPHY 3

	Area (square km)	Total population	Rural population	Urban population	Population 5-9 years	Share of urban population (%)
			N W F P			
Abbottabad	1967	880666	722762	157904	132384	17.93
Bannu	1227	677346	629670	47676	120758	7.04
Batagram	1301	307278	307278	0	54734	.00
Buner	1865	506048	506048	0	90131	.00
Charsadda	996	1022364	829513	192851	175101	18.86
Chitral	14850	318689	288067	30622	54711	9.61
D.I. Khan	7326	852995	727188	125807	148066	14.75
Hangu	1097	314529	250312	64217	56089	20.42
Haripur	1725	692228	609493	82735	101670	11.95
Karak	3372	430796	402903	27893	76413	6.47
Kohat	2545	562644	410731	151913	92003	27.00
Kohistan	7492	472570	472570	0	86790	.00
Lakki Marwat	3164	490025	443147	46878	89486	9.57
Lower Dir	1582	717649	673314	44335	135330	6.18
Malakand	952	452291	409112	43179	79174	9.55
Mansehra	4579	1152839	1091463	61376	190576	5.32
Mardan	1632	1460100	1164972	295128	247479	20.21
Nowshera Feroze	1748	874373	647343	227030	139399	25.96
Peshawar	1257	2019118	1036302	982816	331410	48.68
Shangla	1586	434563	434563	0	77656	.00
Swabi	1543	1026804	847590	179214	169383	17.45
Swat	5337	1257602	1083734	173868	221583	13.83
Tank	1679	238216	202475	35741	42728	15.00
Upper Dir	3699	575858	552957	22901	107687	3.98

	Area (square km)	Total population	Rural population	Urban population	Population 5-9 years	Share of urban population (%)
B A L O C H I S T A N						
Awaran	21630	118173	118173	0	20698	.00
Barkhan	3514	103545	95875	7670	18276	7.41
Bolan	8036	288056	248569	39487	50073	13.71
Chagai	50543	202564	166668	35896	36003	17.72
Dera Bugti	10160	181310	165815	15495	33234	8.55
Gwadar	16891	185498	85346	100152	30282	53.99
Jafarabad	2445	432817	347294	85523	74570	19.76
Jhal Magsi	3078	109941	101844	8097	20076	7.36
Kalat	6621	237834	204040	33794	42672	14.21
Kech (Turbat)	22539	413204	344601	68603	71159	16.60
Kharan	48051	206909	179103	27806	37089	13.44
Khuzdar	43261	417466	299218	118248	73978	28.33
Killa Abdullah	5264	370269	313477	56792	67543	15.34
Killa Saifullah	10609	193553	168254	25299	36388	13.07
Kohlu	7610	99846	90181	9665	16771	9.68
Lasbela	12574	312695	197271	115424	49635	36.91
Loralai	9829	297555	262571	34984	49591	11.76
Mastung	5896	164645	140514	24131	27545	14.66
Musakhel Khail	5728	134056	122467	11589	27174	8.64
Nasirabad	3387	245894	207463	38431	43163	15.63
Panjgur	15216	234051	212754	21297	45999	9.10
Pishin	5850	367183	344228	22955	68489	6.25
Quetta	2653	759941	194804	565137	132686	74.37
Sibi	7796	180398	122572	57826	29089	32.05
Zhob	16520	275142	231299	43843	53472	15.93
Ziarat	1489	33340	32704	636	5666	1.91

INCOME AND WEALTH 5

	Cash value of crops per rural capita (Rs.)	Livestock per rural capita	Manufacturing value added per urban capita (Rs.)	Bank branches per million population	Cars per million urban population
P U N J A B					
Attock	2936.04	.43	3382.62	90.99	7366.50
Bahawalnagar	5765.80	.51	682.28	40.26	73.83
Bahawalpur	5232.49	.46	1104.76	51.79	456.93
Bhakkar	8770.72	.65	1328.01	38.04	5946.38
Chakwal	2837.31	.47	6841.72	105.19	189.84
D.G. Khan	2794.55	.35	10020.15	48.08	6174.65
Faisalabad	3984.21	.47	4630.28	69.07	1016.63
Gujranwala	4221.19	.44	830.12	71.45	189.06
Gujrat	1847.54	.28	1409.78	106.93	167.20
Hafizabad	5549.54	.67	13.21	30.01	26.42
Jhang	5005.79	.68	2883.90	51.86	6304.77
Jhelum	1666.41	.50	22249.64	155.82	16515.64
Kasur	4852.89	.43	13753.92	33.25	3320.48
Khanewal	4160.80	.49	1669.13	58.01	4255.19
Khushab	5647.70	.53	6821.88	64.04	1415.04
Lahore	2288.79	.49	2567.44	99.07	40162.12
Layyah	5864.16	.30	1463.22	43.71	5318.89
Lodhran	4459.56	.44	305.72	32.43	4303.65
M.B.Din	4926.25	.55	4143.50	35.33	130.37
Mianwali	3941.34	.59	5831.55	62.46	7890.55
Multan	3273.61	.44	1810.99	68.34	23714.05
Muzaffargarh	3040.77	.44	6609.15	28.83	3407.11
Narowal	3203.56	.38	19.43	27.67	6.48
Okara	5338.85	.51	826.19	41.20	7515.44
Pakpattan	4550.98	.52	87.33	27.20	3607.94
R.Y. Khan	4680.38	.37	12368.18	49.03	533.59
Rajanpur	3670.75	.55	593.18	33.53	2410.17
Rawalpindi	1417.18	.44	2504.09	48.16	25328.91
Sahiwal	4220.69	.52	3712.04	67.82	19219.18
Sargodha	4373.12	.55	1317.28	69.02	31230.67
Sheikhpura	4271.58	.50	16676.31	53.60	5236.47
Sialkot	2643.46	.38	2489.73	98.40	1204.21
T.T. Singh	5104.66	.50	1466.88	74.00	114.60
Vehari	4669.37	.15	506.81	48.79	9059.96

INCOME AND WEALTH 6

	Cash value of crops per rural capita (Rs.)	Livestock per rural capita	Manufacturing value added per urban capita (Rs.)	Bank branches per million population	Cars per million urban population
S I N D H					
Badin	5688.82	.69	9021.65	33.45	1077.82
Dadu	1639.78	.74	29844.95	39.67	1050.55
Ghotki	4135.85	.47	19964.35	20.61	.00
Hyderabad	6001.60	.87	5712.02	62.25	4978.55
Jacobabad	2350.85	1.10	1414.89	29.46	1842.30
Karachi	400.57	.55	6325.00	90.80	31719.59
Khairpur	3695.92	.79	1074.04	41.38	2061.79
Larkana	2764.19	.28	327.93	35.29	1678.60
Mirpurkhas	8484.03	.62	1043.39	47.80	1783.12
Naushero F	5502.11	.80	2267.61	35.86	311.84
Nawabshah	5337.49	.87	4381.73	55.99	648.11
Sanghar	5001.93	.56	1211.56	39.92	3021.28
Shikarpur	3406.93	.25	679.30	28.39	2679.51
Sukkur	3997.41	.84	2738.44	95.78	246.70
Tharparkar	888.17	.82	777.28	3.28	301.30
Thatta	2465.77	.64	31067.77	38.63	1835.83

INCOME AND WEALTH 7

	Cash value of crops per rural capita (Rs.)	Livestock per rural capita	Manufacturing value added per urban capita (Rs.)	Bank branches per million population	Cars per million urban population
			N W F P		
Abbottabad	1250.51	.36	24995.33	115.82	18884.89
Bannu	2696.20	.30	14277.14	60.53	60177.03
Batagram	1551.60	.54	.00	16.27	.00
Buner	2747.21	.35	.00	23.71	.00
Charsadda	3798.51	.26	9934.96	41.08	11713.71
Chitral	1833.77	.68	.00	69.03	11037.82
D.I. Khan	2063.82	.61	3585.32	44.55	20285.04
Hangu	936.04	.02	.00	25.43	.00
Haripur	2089.50	.32	47608.85	73.68	2332.75
Karak	1204.31	.21	19533.26	74.28	2724.70
Kohat	1806.42	.49	15016.85	138.63	12171.44
Kohistan	1605.91	.60	.00	8.46	.00
Lakki Marwat	1982.60	.33	9434.73	16.33	.00
Lower Dir	1097.11	.37	1135.66	43.20	24540.43
Malakand	2476.44	.22	2650.15	50.85	.00
Mansehra	2052.34	.31	3795.45	62.45	36349.71
Mardan	3085.34	.23	10611.88	60.95	33077.17
Nowshera	2376.89	.26	10628.49	62.90	.00
Peshawar	1827.72	.21	5551.53	105.00	124268.43
Shangla	1656.48	.00	.00	11.51	.00
Swabi	4005.23	.27	10476.41	58.43	3995.22
Swat	2757.30	.27	2086.20	66.79	31437.64
Tank	1565.78	.33	.00	67.17	.00
Upper Dir	719.33	.37	1132.60	22.58	24496.75

INCOME AND WEALTH   8

	Cash value of crops per rural capita (Rs.)	Livestock per rural capita	Manufacturing value added per urban capita (Rs.)	Bank branches per million population	Cars per million urban population
B A L O C H I S T A N					
Awaran	4420.11	.37	.00	16.92	.00
Barkhan	5291.26	.99	.00	19.32	26466.75
Bolan	2282.00	.58	.00	20.83	4026.64
Chagai	6083.14	.30	.00	34.56	14486.29
Dera Bugti	251.48	1.05	.00	16.55	10067.76
Gwadar	2171.15	.14	.00	91.65	379.42
Jafarabad	8240.77	.78	.87	18.48	5624.22
Jhal Magsi	3497.92	.58	.00	.00	2470.05
Kalat	4966.18	1.07	.00	33.64	12990.47
Kech (Turbat)	8253.32	.19	.00	65.34	3425.51
Kharan	1722.27	.72	.00	14.50	3344.60
Khuzdar	3491.87	.82	.00	28.74	2004.26
Killa Abdullah	4061.15	.21	.00	29.71	140.86
Killa Saifullah	7688.76	1.20	.00	25.83	2727.38
Kohlu	4277.26	2.79	.00	20.03	15416.45
Lasbela	1994.85	.91	22349.81	38.38	42642.78
Loralai	12765.93	.64	.00	40.33	26383.49
Mastung	10398.27	.51	.00	48.59	372.96
Musakhel Khail	1887.95	1.61	.00	14.92	26404.35
Nasirabad	11436.04	.71	.29	28.47	1144.91
Panjgur	5816.49	.14	.00	29.91	2019.06
Pishin	4110.67	.47	.00	27.23	25136.14
Quetta	4987.57	.13	246.19	148.70	35495.82
Sibi	6336.84	.55	.00	55.43	10099.26
Zhob	6666.23	.90	.00	21.81	2714.23
Ziarat	15256.08	.50	.00	119.98	122641.51

	AGRICULTURE			TRANSPORT AND COMMUNICATION		
	Tractors per 1000 acres of cropped area	Fertilizer consumption per 1000 acres of cropped area (tonnes)	Irrigated area per 1000 acres of cropped area	Roads per 100 square km	Passenger load carrying capacity per 1000 population	PTCL telephone connection per 1000 population
P U N J A B						
Attock	14.51	31.13	108.95	16.12	10.14	15.03
Bahawalnagar	17.15	113.51	944.59	16.74	9.30	8.00
Bahawalpur	20.67	161.24	993.80	5.59	9.13	6.77
Bhakkar	7.29	24.27	398.47	14.27	4.50	13.12
Chakwal	15.99	7.30	69.34	18.62	11.65	19.76
D.G. Khan	8.21	99.72	911.68	8.76	12.14	6.23
Faisalabad	17.82	119.01	941.94	32.76	28.93	34.92
Gujranwala	20.49	114.85	996.04	39.00	6.44	27.34
Gujrat	19.42	70.54	510.37	27.11	25.30	19.45
Hafizabad	13.75	113.48	996.45	20.21	1.78	22.30
Jhang	11.51	81.80	877.88	15.03	11.71	19.13
Jhelum	13.86	15.04	195.49	28.63	40.29	99.24
Kasur	24.28	144.68	961.70	31.35	6.41	8.21
Khanewal	14.42	154.93	952.46	27.96	2.02	6.81
Khushab	7.58	16.13	278.80	17.60	8.26	20.67
Lahore	25.62	162.01	966.48	40.53	50.63	67.41
Layyah	8.50	67.70	731.14	13.81	5.89	10.52
Lodhran	29.18	163.41	1014.63	35.92	1.69	11.87
M.B.Din	14.97	105.43	936.10	24.07	5.07	12.92
Mianwali	9.84	28.85	621.79	14.66	9.71	9.88
Multan	15.72	246.41	905.54	25.21	64.87	20.29
Muzaffargarh	15.52	98.68	996.71	14.38	1.59	10.59
Narowal	12.09	75.19	609.02	26.55	1.70	4.04
Okara	15.84	125.22	969.59	38.70	9.25	10.28
Pakpattan	19.53	129.87	942.86	28.11	1.41	6.02
R.Y. Khan	18.92	157.53	911.32	15.22	7.37	16.05
Rajanpur	15.85	126.18	940.06	5.97	.95	3.61
Rawalpindi	14.62	32.13	48.19	33.75	99.93	43.47
Sahiwal	21.96	160.76	957.45	35.51	.00	16.57
Sargodha	14.57	77.16	77.16	28.19	7.01	23.01
Sheikhpura	16.03	85.87	969.53	25.91	9.62	7.60
Sialkot	20.15	86.54	875.00	41.69	20.88	24.49
T.T. Singh	20.30	105.94	894.06	30.66	6.85	15.40
Vehari	18.74	152.24	985.58	29.71	11.84	13.12

	AGRICULTURE			TRANSPORT AND COMMUNICATION		
	Tractors per 1000 acres of cropped area	Fertilizer consumption per 1000 acres of cropped area (tonnes)	Irrigated area per 1000 acres of cropped area	Roads per 100 square km	Passenger load carrying capacity per 1000 population	PTCL telephone connection per 1000 population
S I N D H						
Badin	2.99	109.04	1000.00	22.06	.05	3.44
Dadu	9.17	113.04	905.36	8.83	.00	9.20
Ghotki	.18	163.73	1000.00	12.82	.00	7.04
Hyderabad	20.96	176.49	999.07	40.04	.53	21.89
Jacobabad	2.23	177.89	927.34	19.53	.17	3.96
Karachi	193.33	156.57	820.51	16.19	42.17	40.83
Khairpur	10.72	110.22	991.13	11.00	3.27	10.18
Larkana	36.07	135.09	997.45	25.27	17.97	12.45
Mirpurkhas	16.00	195.95	914.85	20.87	.07	11.30
Naushero F	1.41	145.74	998.26	33.89	.51	7.62
Nawabshah	3.96	226.12	999.56	25.59	5.65	11.35
Sanghar	12.88	211.25	1000.00	18.34	.03	5.49
Shikarpur	3.77	79.77	976.06	33.32	23.65	4.54
Sukkur	.18	135.85	904.30	12.88	.85	21.92
Tharparkar	1.87	22.85	2.73	1.18	.00	1.88
Thatta	7.85	91.94	998.46	9.38	.00	4.83

AGRICULTURE - TRANSPORT AND COMMUNICATION　　11

	AGRICULTURE			TRANSPORT AND COMMUNICATION		
	Tractors per 1000 acres of cropped area	Fertilizer consumption per 1000 acres of cropped area (tonnes)	Irrigated area per 1000 acres of cropped area	Roads per 100 square km	Passenger load carrying capacity per 1000 population	PTCL Telephone connection per 1000 population
N　W　F　P						
Abbottabad	5.83	27.10	124.68	13.15	50.97	17.22
Bannu	6.10	26.89	674.76	25.00	56.38	10.68
Batagram	.94	4.88	153.93	10.21	.00	6.31
Buner	12.91	4.79	145.28	13.78	.00	6.98
Charsadda	15.17	38.18	758.68	38.41	28.14	9.95
Chitral	9.28	17.07	759.17	1.20	9.72	9.35
D.I. Khan	11.93	42.48	986.36	6.60	18.30	11.15
Hangu	.00	.00	253.75	15.09	.00	8.90
Haripur	5.88	38.91	384.84	20.47	6.80	15.15
Karak	8.22	1.48	29.86	8.24	11.86	8.73
Kohat	28.38	16.77	187.37	15.19	135.34	11.61
Kohistan	.00	.00	866.67	1.76	10.36	.70
Lakki Marwat	1.51	4.47	324.60	13.85	.00	7.30
Lower Dir	13.36	31.43	603.99	35.91	167.46	29.68
Malakand	8.52	29.45	603.65	31.36	.00	16.58
Mansehra	4.81	17.81	183.52	11.56	12.58	10.93
Mardan	8.92	104.54	590.02	21.55	46.87	16.54
Nowshera	8.89	33.99	428.22	19.54	.00	14.54
Peshawar	8.68	173.49	689.89	32.28	467.53	38.64
Shangla	.11	.00	101.60	9.13	.00	.00
Swabi	8.69	14.91	297.51	20.61	10.65	15.36
Swat	3.02	31.17	436.73	9.08	55.58	.05
Tank	11.37	5.89	487.50	12.65	.00	5.24
Upper Dir	13.38	31.43	605.64	16.01	170.77	34.03

	AGRICULTURE			TRANSPORT AND COMMUNICATION		
	Tractors per 1000 acres of cropped area	Fertilizer consumption per 1000 acres of cropped area (tonnes)	Irrigated area per 1000 acres of cropped area	Roads per 100 square km	Passenger load carrying capacity per 1000 population	PTCL Telephone connection per 1000 population
B A L O C H I S T A N						
Awaran	4.46	.00	984.88	.00	.93	1.52
Barkhan	24.99	11.41	760.42	3.16	109.52	1.97
Bolan	5.38	3.81	718.43	1.62	2.48	2.06
Chagai	21.65	39.00	735.61	1.20	27.71	14.41
Dera Bugti	42.34	.00	1561.31	1.04	33.06	.69
Gwadar	19.03	.00	881.57	.24	.59	10.00
Jafarabad	3.06	27.35	1172.04	17.55	28.59	.00
Jhal Magsi	1.66	5.08	1057.54	4.32	2.50	1.82
Kalat	8.76	29.95	743.65	2.63	33.99	1.47
Kech(Turbat)	10.64	1.07	619.49	.23	1.60	12.11
Kharan	71.97	13.14	1492.22	.21	.80	3.76
Khuzdar	2.97	44.41	984.88	.81	7.64	4.75
Killa Abdullah	12.43	.00	1019.83	2.91	.00	6.09
Killa Saifullah	34.63	3.26	1906.25	1.70	10.23	2.72
Kohlu	7.70	.00	803.77	.04	15.42	1.80
Lasbela	13.74	71.61	624.19	2.56	177.83	3.52
Loralai	25.22	1.45	1172.60	1.40	109.29	7.39
Mastung	5.50	53.63	448.48	4.92	.33	2.93
Musakhel Khail	23.40	.00	1162.20	.00	108.31	.00
Nasirabad	3.08	17.61	932.63	1.86	.91	.00
Panjgur	8.89	.00	969.59	.33	1.17	10.98
Pishin	12.41	126.70	825.54	3.42	7.82	9.91
Quetta	16.63	41845.65	911.26	8.25	301.12	45.60
Sibi	14.41	66.08	1019.89	1.10	32.93	6.10
Zhob	21.91	17.53	624.88	.85	10.47	2.96
Ziarat	85.97	5.92	559.33	8.19	1.65	12.00

HOUSING QUALITY AND HOUSING SERVICES 13

	Roof RCC/RBC	Cemented outer walls	Rooms per persons	% of houses with one room	% of household with electricity	% of household with natural gas	% of household with piped water	% of houses with no separate kitchen	% of houses with no bathroom facility	% of houses with no latrine facility
				P U N J A B						
Attock	27.52	80.56	2.37	20.2	69.67	17.41	27.01	18.6	16.8	16.6
Bahawalnagar	10.36	46.82	3.05	29.4	53.05	2.25	26.89	54.6	15.1	22.5
Bahawalpur	28.15	51.27	3.43	29.6	49.94	11.24	16.05	47.5	24.8	18.3
Bhakkar	6.01	38.38	2.77	28.7	47.95	.99	7.89	39	33	27.2
Chakwal	20.67	79.38	2.00	19.5	69.75	8.90	21.42	19	19.9	22.2
D.G. Khan	5.75	31.28	3.74	25.3	55.97	4.89	19.48	40.6	21	8.4
Faisalabad	19.18	82.92	3.14	31	86.57	26.76	28.13	49.7	13	8.7
Gujranwala	29.56	91.18	3.03	22.3	93.33	34.31	32.51	43.3	16.6	11.3
Gujrat	22.90	94.29	2.49	19.1	92.43	18.74	21.16	27.9	19.9	19
Hafizabad	6.22	66.46	3.23	26	80.25	3.38	9.00	54.7	36.2	33.2
Jhang	8.20	47.37	2.97	27.3	48.88	5.07	9.61	55.6	37.7	27.5
Jhelum	28.29	93.73	2.23	17.9	83.15	15.39	27.20	19.9	16.1	17.3
Kasur	11.57	70.14	3.70	41.04	80.99	2.49	19.79	58.2	30.8	21
Khanewal	11.31	46.20	3.07	28.6	56.42	9.23	12.03	52.6	24.7	21.4
Khushab	7.33	72.54	2.31	27.3	58.06	2.59	20.91	39.1	40.5	40.8
Lahore	58.55	94.46	2.99	31.3	95.87	63.15	75.16	31.1	9.4	5.6
Layyah	6.95	34.53	4.04	19.6	46.62	1.06	5.16	39.4	25.9	14.9
Lodhran	10.63	40.34	3.46	31.7	52.03	1.16	13.32	55.8	30	23.9
M.B.Din	10.42	92.62	2.79	21.89	79.15	4.73	7.88	35.8	28	25.4
Mianwali	9.29	69.81	2.63	23.9	65.44	3.88	23.24	34.4	29	28.3
Multan	18.68	54.07	3.42	31.2	69.58	28.97	21.66	50.8	24.9	8.9
Muzaffargarh	5.14	34.83	3.87	30.2	51.25	3.97	5.96	51.6	38.5	25.4
Narowal	13.63	82.05	2.97	19.8	85.03	1.91	12.23	37.6	26.6	28.1
Okara	10.52	51.31	3.48	35.2	69.40	2.53	14.58	56.6	26.7	25.9
Pakpattan	12.00	40.11	3.22	34	54.49	1.61	14.98	58.1	20.3	19
R.Y. Khan	25.35	51.96	3.59	25.4	52.90	9.17	15.35	55.1	20.8	15.5
Rajanpur	3.19	21.51	4.04	31.5	40.45	.63	8.50	49.9	29.4	16.7
Rawalpindi	65.19	93.33	2.30	21.6	90.98	52.90	41.29	15.7	8	6.2
Sahiwal	14.77	64.54	3.00	28.6	66.79	5.12	17.92	49.7	16	12.9
Sargodha	10.01	80.07	2.95	28.3	71.62	9.02	10.91	44.6	30.9	22.8
Sheikhpura	14.36	74.83	3.33	28.5	81.91	12.67	18.70	44.4	22.9	17.3
Sialkot	32.22	92.10	2.86	19.6	94.58	20.01	26.32	28.1	14.8	12.4
T.T. Singh	8.21	64.45	2.86	22.9	79.16	7.57	24.37	55.1	15.7	14.9
Vehari	17.95	48.10	3.15	28.3	63.47	2.54	17.23	57.8	16.7	17.6

	Roof RCC/RBC	Cemented outer walls	Rooms per persons	% of houses with one room	% of households with electricity	% of households with natural gas	% of households with piped water	% of houses with no separate kitchen	% of houses with no bathroom facility	% of houses with no latrine facility
				S I N D H						
Badin	5.94	17.12	4.08	65.85	35.14	3.40	13.00	33.69	26.93	21.07
Dadu	12.39	27.76	3.93	57.64	70.85	10.36	20.41	24.97	20.1	7.42
Ghotki	12.12	32.77	4.23	53.28	59.35	5.07	14.42	50.48	33.89	26.81
Hyderabad	36.78	56.14	3.75	46.6	73.55	33.37	47.27	18.52	8.36	6.07
Jacobabad	6.58	20.78	3.73	56.5	64.46	9.60	16.83	29.18	21.84	15.06
Karachi	56.04	96.71	2.79	28.32	93.79	80.89	74.38	7.31	3.5	2.28
Khairpur	7.60	21.84	4.00	54.27	65.88	9.77	15.98	34.76	32.31	26.17
Larkana	6.32	23.44	3.90	49.18	83.97	13.46	17.09	25.71	19.59	7.65
Mirpurkhas	11.94	23.45	3.75	40.86	34.65	6.65	22.13	22.06	13.87	14.28
Naushero Feroze	7.58	21.85	4.14	51.92	69.32	8.87	16.10	37.04	17.06	6.93
Nawabshah	13.35	28.73	4.29	47.1	75.51	13.07	23.57	34.1	15.02	11.44
Sanghar	14.15	28.76	3.87	51.12	51.95	9.47	20.87	30.49	14.39	10.89
Shikarpur	3.74	14.26	3.93	48.11	69.98	13.60	20.29	23.34	19.18	11.11
Sukkur	22.06	40.60	4.06	41.3	73.51	29.76	37.67	34.23	16.23	11.08
Tharparkar	2.05	7.26	2.33	41.06	4.00	.40	2.30	19.07	25.92	32.46
Thatta	7.64	17.32	3.92	60.1	25.93	2.73	14.67	15.09	13.56	11.99

HOUSING QUALITY AND HOUSING SERVICES 15

	Roof RCC/RBC	Cemented outer walls	Rooms per persons	% of houses with one room	% of households with electricity	% of households with natural gas	% of households with piped water	% of houses with no separate kitchen	% of houses with no bathroom facility	% of houses with no latrine facility
				N W	F P					
Abbottabad	21.94	67.03	2.78	19.75	74.98	17.88	29.87	17.76	15.16	15.21
Bannu	8.75	25.97	3.30	22.73	94.08	3.02	43.22	39.36	14.59	12.78
Batagram	5.75	65.41	3.47		42.35	.35	23.38			
Buner	12.97	78.35	4.31		51.15	.28	27.66			
Charsadda	8.44	28.28	3.63	34.23	90.53	6.52	12.60	37.6	31	34.8
Chitral	.57	32.88	2.84	10.45	29.37	.07	25.13	39.12	18.32	19.41
D.I. Khan	5.63	21.76	3.13	23.44	73.13	3.16	13.74	38.5	24.38	8.58
Hangu	24.06	66.71	3.62	18.67	91.40	1.27	23.63	43.7	24.7	24
Haripur	45.20	84.79	2.76	19.43	76.33	14.18	49.58	18.1	9.9	8
Karak	3.92	53.62	3.02	9.86	81.20	.73	21.62	26.5	25.7	35.6
Kohat	24.14	65.08	3.08	24.86	86.17	11.01	36.85	30.26	19.37	16.27
Kohistan	1.62	55.83	3.37		2.90	.22	9.09			
Lakki Marwat	2.05	18.15	2.79	9.92	87.02	.02	38.72	35.9	25.3	35.6
Lower Dir	10.35	80.20	3.23	13.36	72.02	1.40	32.67	51.85	41.38	47.57
Malakand	18.85	60.90	3.27	18.49	82.02	5.56	23.56	55.4	41.1	40.9
Mansehra	12.07	63.46	3.19	20.57	49.10	3.42	26.27	15.8	15.4	22.8
Mardan	15.67	49.72	3.67	26.4	83.53	12.26	18.06	26.13	14.86	16.12
Nowshera	22.96	67.69	3.55	29.38	90.50	21.55	33.92	31.9	22.9	21.1
Peshawar	28.62	52.71	3.27	20.68	94.98	39.29	47.68	31.88	12.54	8.8
Shangla	2.94	77.31	3.90		15.22	.12	11.83			
Swabi	22.59	69.43	3.85	34.14	83.38	1.14	10.90	33.2	31.3	48.7
Swat	21.37	76.73	3.38	18	67.84	3.40	24.53	39.06	19.13	23.99
Tank	4.70	16.43	3.23	14.8	92.42	.30	29.72	25.7	8.1	7.3
Upper Dir	1.64	84.72	3.21	21.79	38.46	.64	18.90	47.6	21.4	21.4

HOUSING QUALITY AND HOUSING SERVICES 16

	Roof RCC/RBC	Cemented outer walls	Rooms per persons	% of houses with one room	% of households with electricity	% of households with natural gas	% of households with piped water	% of houses with no separate kitchen	% of houses with no bathroom facility	% of houses with no latrine facility
				B A L O C H I S T A N						
Awaran	.19	1.66	1.50		.42	.10	7.03			
Barkhan	1.29	18.70	2.73	11.65	36.87	.90	9.72	21.11	15.46	14.53
Bolan	1.41	6.49	3.32	21.82	49.78	6.86	15.15	32.37	28.42	18.36
Chagai	2.74	6.34	2.20	7.28	30.34	.99	27.81	10.78	6.43	10.92
Dera Bugti	3.52	12.89	1.80	21.55	15.65	7.93	13.91	33.54	32.63	22.8
Gwadar	1.67	18.93	4.23	75.74	34.79	.86	45.43	2.92	2.53	23.93
Jafarabad	3.54	9.30	4.40	29.79	64.71	6.81	17.08	39.72	31.98	23.13
Jhal Magsi	.48	1.50	4.00	38.56	32.01	.44	9.21	57.1	58.97	47.34
Kalat	.67	2.76	2.70	7.54	45.16	.46	13.23	5.1	5.3	5.99
Kech(Turbat)	2.49	5.92	1.30	56.83	38.12	.81	20.40	6.49	4.72	6.15
Kharan	.44	4.01	1.40	31.19	20.08	.49	9.38	8.34	3.37	10.64
Khuzdar	2.66	5.82	2.00	22.12	32.65	1.12	7.60	8.53	11.33	22.67
Killa Abdullah	2.10	6.29	3.30	7.9	74.49	1.54	50.70	8.18	10.06	15.78
Killa Saifullah	.73	13.57	2.80	15.1	41.16	1.01	13.52	19.1	9.17	40
Kohlu	.81	6.45	2.20	14.12	13.87	.66	7.10	11.29	19.54	28.99
Lasbela	7.68	23.24	1.50	50.54	28.92	5.06	12.86	19.39	18.74	26.9
Loralai	1.49	6.34	3.00	5.56	60.61	1.26	21.80	5.93	4.85	6.5
Mastung	1.99	8.64	2.39	4.99	72.72	12.72	24.00	4.92	4.21	4.44
Musakhel Khail	.44	37.82	2.80	23.92	3.31	.47	5.78	26.08	27.14	52.83
Nasirabad	2.58	5.80	1.70	28.54	60.62	5.46	15.21	34.28	29.71	24.82
Panjgur	.73	3.62	2.40	12.7	5.19	.49	1.08	6.38	5.96	6.45
Pishin	1.61	6.03	2.90	12.7	75.58	7.07	50.44	15.07	16.42	17.29
Quetta	34.07	51.78	2.83	14.88	94.07	77.53	79.75	7.27	3.81	2.91
Sibi	5.41	18.30	2.30	17.2	53.96	11.25	31.70	28.35	15.28	11.68
Zhob	3.18	60.22	3.00	12.95	34.79	1.09	18.11	11.92	4.68	3.36
Ziarat	2.18	15.46	2.90	31.03	81.86	2.49	13.21	19.83	10.34	9.48

HEALTH - LABOUR FORCE   17

| | HEALTH | | LABOUR FORCE | |
	Doctors per million population	Hospital beds per million population	Female to male labour force ratio	% of urban industrial labour force
P U N J A B				
Attock	447.08	320.80	.04	7.81
Bahawalnagar	181.91	172.21	.03	5.07
Bahawalpur	771.04	580.33	.02	3.11
Bhakkar	356.65	206.38	.03	4.32
Chakwal	456.76	123.65	.05	5.24
D.G. Khan	273.87	188.06	.02	3.94
Faisalabad	266.14	472.05	.05	17.42
Gujranwala	264.63	320.50	.03	7.85
Gujrat	351.56	276.37	.04	14.95
Hafizabad	270.11	72.03	.04	13.04
Jhang	264.59	160.87	.03	7.32
Jhelum	464.27	397.03	.03	8.02
Kasur	157.84	101.44	.03	17.18
Khanewal	598.99	146.97	.02	2.32
Khushab	517.83	269.40	.03	5.23
Lahore	1484.31	1824.57	.04	10.05
Layyah	200.72	154.33	.03	2.30
Lodhran	576.04	78.51	.01	2.20
M.B.Din	348.97	80.13	.02	6.84
Mianwali	354.91	257.42	.04	5.83
Multan	589.70	533.55	.03	6.29
Muzaffargarh	199.17	136.95	.04	4.12
Narowal	284.56	75.88	.09	11.59
Okara	282.13	82.85	.02	6.13
Pakpattan	280.57	98.70	.02	4.07
R.Y. Khan	358.16	270.29	.03	3.88
Rajanpur	271.83	222.00	.02	1.49
Rawalpindi	1896.01	754.48	.03	6.33
Sahiwal	276.69	481.23	.02	3.69
Sargodha	527.76	322.21	.02	5.51
Sheikhpura	225.83	190.30	.05	13.05
Sialkot	280.89	424.46	.03	14.50
T.T. Singh	265.79	241.12	.04	8.70
Vehari	179.39	117.20	.03	8.02

	HEALTH		LABOUR FORCE	
	Doctors per million population	Hospital beds per million population	Female to male labour force ratio	% of urban industrial labour force
S I N D H				
Badin	229.74	241.19	.05	3.38
Dadu	309.09	352.32	.03	5.70
Ghotki	147.34	131.88	.02	9.51
Hyderabad	419.16	1237.77	.03	9.61
Jacobabad	136.09	264.46	.05	2.62
Karachi	403.60	1277.35	.05	21.08
Khairpur	231.48	213.37	.02	1.42
Larkana	322.77	735.31	.06	5.26
Mirpurkhas	215.42	464.62	.04	4.18
Naushero F	217.00	66.20	.02	3.81
Nawabshah	380.76	718.60	.05	6.81
Sanghar	183.07	266.34	.03	6.87
Shikarpur	306.67	290.76	.07	1.78
Sukkur	258.70	1597.36	.03	1.56
Tharparkar	95.16	76.56	.08	2.11
Thatta	270.39	297.34	.02	4.82

SELECTED DISTRICT DEVELOPMENT INDICATORS

HEALTH - LABOUR FORCE 19

| | HEALTH | | LABOUR FORCE | |
	Doctors per million population	Hospital beds per million population	Female to male labour force ratio	% of urban industrial labour force
		N W F P		
Abbottabad	1086.68	826.65	.02	4.47
Bannu	527.06	956.68	.02	1.01
Batagram	84.61	143.19	.02	.00
Buner	94.85	343.84	.02	.00
Charsadda	391.25	508.63	.02	3.82
Chitral	429.89	608.74	.05	2.50
D.I. Khan	717.47	475.97	.02	8.37
Hangu	174.86	495.98	.02	2.27
Haripur	329.37	476.72	.02	5.82
Karak	445.69	278.55	.02	1.24
Kohat	918.88	646.95	.02	6.14
Kohistan	209.49	.00	.01	.00
Lakki Marwat	161.22	253.05	.02	2.98
Lower Dir	313.52	411.06	.03	1.52
Malakand	972.83	711.93	.04	1.71
Mansehra	282.78	728.64	.02	4.11
Mardan	476.68	393.12	.02	4.55
Nowshera	534.10	343.10	.02	2.70
Peshawar	1256.49	2180.16	.08	2.58
Shangla	.00	310.66	.01	.00
Swabi	331.12	146.08	.02	5.17
Swat	491.41	482.66	.02	5.54
Tank	298.05	692.65	.02	2.38
Upper Dir	194.49	27.78	.01	3.95

	HEALTH		LABOUR FORCE	
	Doctors per million population	Hospital beds per million population	Female to male labour force ratio	% of urban industrial labour force
B A L O C H I S T A N				
Awaran	50.77	.00	.06	.00
Barkhan	38.63	96.58	.02	2.30
Bolan	72.90	291.61	.01	1.58
Chagai	108.61	246.84	.02	3.51
Dera Bugti	77.22	198.55	.06	1.87
Gwadar	140.16	215.64	.02	2.09
Jafarabad	92.42	120.14	.04	1.36
Jhal Magsi	45.48	.00	.04	.00
Kalat	67.27	462.51	.03	1.76
Kech(Turbat)	176.67	186.35	.02	2.76
Kharan	86.99	323.81	.06	1.10
Khuzdar	45.51	170.07	.00	1.01
Killa Abdullah	83.72	145.84	.00	1.41
Killa Saifullah	124.00	278.99	.02	3.09
Kohlu	120.19	550.85	.07	.54
Lasbela	159.90	217.46	.02	7.25
Loralai	114.26	463.78	.03	.50
Mastung	151.84	121.47	.01	2.93
Musakhel Khail	59.68	.00	.01	.00
Nasirabad	56.94	81.34	.02	1.72
Panjgur	102.54	136.72	.01	1.22
Pishin	128.00	95.32	.01	.62
Quetta	415.82	3751.61	.04	2.88
Sibi	166.30	731.72	.13	.91
Zhob	134.48	319.83	.01	2.14
Ziarat	389.92	.00	.04	.00

EDUCATION 21

	Primary enrolment rate (%)	Middle enrolment rate (%)	Higher secondary enrolment rate (%)	Tertiary enrolment rate (%)	Literacy rate (%)	Female to male literacy ratio
P U N J A B						
Attock	84.78	23.90	16.38	5.12	49.27	.48
Bahawalnagar	51.22	14.02	9.75	3.94	35.07	.52
Bahawalpur	38.24	11.40	7.87	4.85	35.03	.53
Bhakkar	59.52	14.71	9.14	3.20	34.17	.35
Chakwal	91.62	31.81	19.89	6.92	56.72	.57
D.G. Khan	47.45	10.33	6.91	4.20	30.61	.43
Faisalabad	55.70	20.51	13.54	7.11	51.94	.69
Gujranwala	50.83	16.79	11.00	6.81	56.55	.77
Gujrat	68.31	20.38	13.83	6.87	62.18	.71
Hafizabad	62.24	12.94	8.93	2.75	40.74	.55
Jhang	58.27	13.59	9.14	4.41	37.12	.42
Jhelum	106.87	32.21	22.13	7.83	63.92	.65
Kasur	46.42	13.34	7.79	2.80	36.21	.49
Khanewal	58.65	18.98	11.66	4.25	39.94	.47
Khushab	72.26	17.64	11.83	3.02	40.50	.36
Lahore	68.50	12.22	10.25	13.34	64.66	.86
Layyah	55.65	12.96	7.65	3.59	38.68	.44
Lodhran	39.38	10.72	7.88	1.49	29.90	.37
M.B.Din	76.37	19.45	11.51	3.51	47.44	.61
Mianwali	72.63	20.72	12.86	4.38	42.76	.35
Multan	40.11	13.66	9.15	7.18	43.38	.61
Muzaffargarh	39.37	9.42	6.09	2.69	28.45	.36
Narowal	83.09	19.82	12.45	4.16	52.65	.61
Okara	49.55	13.19	8.40	3.24	37.79	.51
Pakpattan	51.91	13.11	8.79	2.63	34.70	.45
R.Y. Khan	43.74	12.24	7.59	3.76	33.09	.50
Rajanpur	36.71	8.15	5.79	2.19	20.73	.39
Rawalpindi	61.21	16.47	12.39	12.86	70.45	.73
Sahiwal	60.17	21.50	14.21	5.64	43.90	.59
Sargodha	65.22	19.88	13.72	6.60	46.30	.55
Sheikhpura	53.55	16.71	11.16	3.29	43.78	.63
Sialkot	69.14	19.81	13.60	8.78	58.92	.78
T.T. Singh	75.04	21.41	12.63	6.57	50.50	.64
Vehari	56.00	11.57	7.78	4.35	36.79	.47

	Primary enrolment rate (%)	Middle enrolment rate (%)	Higher secondary enrolment rate (%)	Tertiary enrolment rate (%)	Literacy rate (%)	Female to male literacy ratio
S I N D H						
Badin	48.98	4.64	14.99	3.68	24.63	.37
Dadu	59.32	1.99	25.38	4.28	35.56	.45
Ghotki	55.57	4.52	22.25	5.31	29.01	.27
Hyderabad	51.57	4.48	30.02	6.83	44.25	.66
Jacobabad	54.73	3.54	22.15	3.67	23.66	.36
Karachi	25.36	2.40	24.60	14.17	67.42	.88
Khairpur	71.22	5.53	36.33	6.88	35.50	.40
Larkana	58.61	3.65	33.18	8.10	34.95	.42
Mirpurkhas	45.89	3.59	30.19	5.46	31.34	.47
Naushero F	73.97	7.68	38.88	6.19	39.14	.42
Nawabshah	76.22	2.96	25.60	4.77	34.13	.41
Sanghar	53.49	4.06	27.11	4.73	30.87	.41
Shikarpur	48.55	3.48	26.33	5.59	31.94	.40
Sukkur	60.34	5.92	38.07	10.10	46.62	.52
Tharparkar	40.58	6.60	10.21	.94	18.32	.24
Thatta	42.64	1.77	14.48	1.97	22.14	.36

SELECTED DISTRICT DEVELOPMENT INDICATORS

EDUCATION 23

	Primary enrolment rate (%)	Middle enrolment rate (%)	Higher secondary enrolment rate (%)	Tertiary enrolment rate (%)	Literacy rate (%)	Female to male literacy ratio
			N W F P			
Abbottabad	93.23	27.21	19.27	6.59	56.61	.52
Bannu	55.92	15.37	10.54	4.44	32.11	.24
Batagram	47.50	6.78	3.70	.00	18.31	.22
Buner	61.95	14.23	7.65	1.92	22.62	.20
Charsadda	66.62	21.44	13.87	3.91	31.11	.30
Chitral	80.02	23.59	16.79	2.06	40.30	.38
D.I. Khan	48.56	15.23	10.78	6.49	31.28	.41
Hangu	51.00	26.63	29.53	1.69	30.50	.18
Haripur	84.49	31.75	21.03	7.09	53.72	.53
Karak	93.19	35.72	23.25	5.30	41.92	.27
Kohat	87.57	24.29	26.93	4.66	44.06	.36
Kohistan	26.73	2.02	.54	.00	11.08	.17
Lakki Marwat	55.03	19.22	13.27	3.96	29.71	.17
Lower Dir	71.42	20.09	12.18	1.82	29.90	.25
Malakand	85.92	29.32	16.96	6.65	39.50	.41
Mansehra	74.63	18.61	11.55	2.34	36.32	.45
Mardan	71.19	25.39	16.11	5.66	36.45	.34
Nowshera	88.96	25.21	16.07	4.82	42.50	.37
Peshawar	61.89	19.71	13.57	3.87	41.79	.46
Shangla	24.65	8.61	5.13	.56	14.73	.15
Swabi	71.01	25.91	16.16	3.81	36.03	.34
Swat	72.13	16.86	10.05	4.09	28.75	.31
Tank	53.73	14.67	9.36	1.63	26.25	.20
Upper Dir	52.26	13.33	6.26	1.14	21.21	.17

	Primary enrolment rate (%)	Middle enrolment rate (%)	Higher secondary enrolment rate (%)	Tertiary enrolment rate (%)	Literacy rate (%)	Female to male literacy ratio
B A L O C H I S T A N						
Awaran	51.89	10.72	5.06	.71	14.79	.24
Barkhan	91.66	10.66	6.03	3.50	15.67	.27
Bolan	42.04	7.56	4.51	1.24	15.74	.30
Chagai	61.53	13.17	6.22	4.57	26.99	.36
Dera Bugti	62.20	7.63	3.31	1.15	11.73	.16
Gwadar	54.40	10.73	4.40	1.00	25.47	.39
Jafarabad	48.97	11.19	5.28	3.71	18.51	.31
Jhal Magsi	49.88	6.76	3.10	.67	12.28	.34
Kalat	43.09	6.97	2.94	1.35	19.86	.32
Kech(Turbat)	70.58	17.74	8.65	7.47	27.51	.43
Kharan	37.76	6.10	2.90	1.07	15.05	.24
Khuzdar	39.37	5.01	3.22	3.26	17.46	.33
Killa Abdullah	42.77	7.03	2.55	1.01	16.10	.29
Killa Saifullah	51.75	7.98	3.89	2.10	17.55	.36
Kohlu	47.52	6.26	3.41	2.35	12.15	.27
Lasbela	50.04	10.55	4.74	2.10	22.30	.33
Loralai	67.01	8.99	4.80	4.27	20.47	.31
Mastung	61.63	12.39	6.61	6.92	27.58	.42
Musakhel Khail	29.29	5.91	3.48	1.84	10.37	.33
Nasirabad	41.89	6.84	2.98	2.27	12.69	.26
Panjgur	57.08	14.87	7.83	6.39	31.35	.57
Pishin	61.48	10.24	4.69	2.63	31.14	.28
Quetta	74.92	23.03	13.41	1.89	57.07	.66
Sibi	57.19	13.46	7.25	6.73	25.47	.39
Zhob	52.53	9.29	4.33	4.28	16.78	.28
Ziarat	122.47	23.77	10.46	.00	34.34	.33

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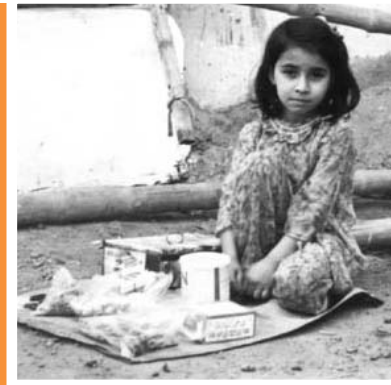2001   *A Debt Management Reduction and Management Strategy*. Debt Reduction and

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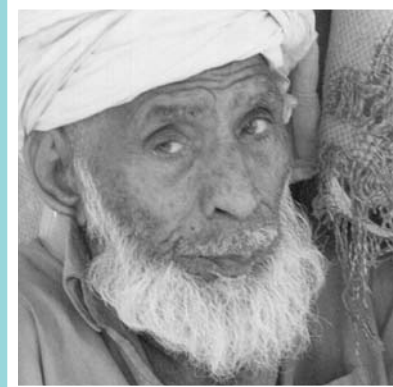
Pakistan commenced its development journey in 1947 with abysmally low levels of social and economic growth, but has since come a long way. The progress it has made over half a century is not unconvincing. There are, however, areas of concern and, of late, even disturbing ones. These relate to the increase in poverty and inequality. Several questions arise. To what extent has poverty increased? What are the factors that have caused poverty to grow? Is it because of low growth in the 1990s? What are the reasons for the low growth? What has been the role of the post-1988 economic reform process? Has the cost of reform been imposed disproportionately on the poor? Was this cost avoidable? Has the process worsened existing inequality across income groups and regions in the country? What is the extent and nature of growing inequality? What has been the impact of the failure of social policy? What effect is this failure likely to have on perpetuating and exacerbating inequality?

Growth, Inequality and Poverty, SPDC's fourth annual review of Social Development in Pakistan, attempts to answer all these questions. Its authors propose a series of pro-poor measures on the macroeconomic and fiscal fronts aimed at regenerating growth, reducing poverty, and promoting income as well as regional equity.

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