

POVERTY DYNAMICS IN RURAL PAKISTAN: DIVISIONAL LEVEL DIAGNOSIS

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Pakistan is a poverty ridden country where ample population lives below a money metric poverty threshold. There are varying trends of poverty across regions and over time. This paper invites the attention of policy makers and researchers on the importance of segregating poverty measures at administrative divisional levels while addressing both rural and urban poverty in the country. It is aimed at diagnosing the incidence of poverty dynamics both in rural and urban areas of Pakistan at national, provincial and divisional levels while addressing some specific questions minutely. There is a little research work of this nature found in poverty literature of Pakistan. Our findings revealed that poverty increased from 25.73 percent to 30.57 percent between 1998-99 and 2001-2002 which reads a proportionate increase of 18.81 percent during the interregnum period. This increasing trend in incidence of poverty was found to be more in rural areas (20.07 percent) as compared to the urban areas (14.60 percent) followed by pronounce decline of 40.66 percent in overall poverty till 2004-05. Moreover, rural and urban areas witnessed almost the same decreasing trend in the incidence of poverty though rural poverty is more than the urban poverty in absolute terms. In this way, overall poverty dynamics for the whole period (1998-2005) what we call "difference of difference" depicted a decrease of 21.85 percent in the population of poor persons in the country. It is quite interesting to note that Punjab province was the worst of all provinces in terms of incidence of poverty in 1998-99. There was about 30.44 percent of the population living below the poverty line. NWFP, Sindh and Baluchistan were in following the row of incidence of poverty at the proportion of 28.05, 21.49 and 16.07 percent, respectively. But the inter-provincial poverty dynamics changed much during the seven years period thereby reshuffling the ranking position of provinces significantly. Rural Punjab was almost double poor than the urban Punjab. Moreover, it was further realized that rural poverty had been decreasing at a great momentum in Rawalpindi, Gujranwala, Sargodha and Faisalabad. This demonstrated that the poverty alleviation strategies initiated by the government had worked well in rural economy. The "difference of difference" revealed that there was highest decrease in poverty in Larkana followed by Karachi. But Hyderabad and Mirpur Khas (rural in particular) depicted increasing trends of poverty. This might be attributed to the unequal transfer of resources by the provincial government during this period for being fewer representatives of these areas. The overall dynamics revealed that Peshawar, Mardan and Kohat witnessed increasing trend of poverty while there was decreasing trends of poverty in all other administrative divisions. The broad based estimation of poverty suggested that the problem of poverty should not be tackled at national level rather some area specific policy matrix should be designed and resources be mobilized accordingly. It suggested that a small internal or external shock at monetary and fiscal level can abruptly change the status of poverty in the country. In this way, a two pronged policy initiative is required. First, opportunity box should be expanded for those who are already poor by providing employment, water management, land reforms, health, sanitation and education facilities. Secondly, effort must be made to keep the vulnerable poor staying below the poverty line by sustaining their livelihood pattern under shock scenarios.

Keywords: Poverty incidence, dynamic diagnostics, relative ranking

INTRODUCTION

Poverty is an international phenomenon particularly in the developing part of the globalized world. Half of the world still lives on less than two dollars a day. Gross Domestic Product (GDP) of the poorest 48 nations (i.e. a quarter of the world's countries) is less than the wealth of the world's three richest people combined (ADB, 2002). According to a United Nations report (2006), the richest one percent own 40 percent of the World's wealth (Randerson, 2006) while in Pakistan

the ratio of the highest 20 percent to the lowest 20 percent has moved from 3.76 in 2001 to 4.15 in 2005 (SBP, 2006).

Poverty in Pakistan is multidimensional and complex in its character. It is more a rural phenomenon than an urban one. Currently, the poverty in rural area is 28.13 percent contrary to 14.94 percent in urban area at poverty threshold of Rs. 878.64 per adult equivalent per month (GOP, 2006-07). It rose sharply in the rural areas in the 1990s and the gap in income between urban and rural areas of the country became more

significant (ADB, 2002). The Pakistan's Human Development Index is 0.551 which is higher than that of Bangladesh (0.547) but lower than that of neighboring India (0.619) falling in medium range countries (UNDP, 2007).

Nearly one-quarter (23.94 percent or 36.45 million in 2004-05) of the population is classified as poor (GOP, 2006-07). The World Bank and the United Nations Development Program (UNDP) have estimated that poverty rate in Pakistan ranges between 25.7 percent and 28.3 percent as against the government's estimates of 23.9 percent (World Bank, 2006). Pakistan has witnessed a long spell of rising trends of poverty in the 1990s the pangs of which are still reflective in suburbs and among rural segments of the society. Growth in that period of time has been anti-poor; the benefit of economic growth could not be translated to the poor due to the existence of inequality. The declining trend on poverty in the country seen during the 1970s and 1980s was reversed in the 1990s by poor Federal policies and rampant corruption (i.e. 22–26 percent in the Fiscal Year 1991 to 32–35 percent in the Fiscal Year 1999) (ADB, 2002). Trade liberalization programs could lead to higher food prices in a developing country. The farmers being net sellers of food would be at advantage while agricultural workers being net buyers of food would be at disadvantage (Ravallion, 2004).

Poverty is not just visualized as a kind of deprivation but also a form of vulnerability which refers to the risk of prevalence of poverty amidst internal and external macroeconomic shocks. Poor are not simply those who are below the prescribed threshold of income and consumption but also confronting a more constrained and difficult environment within which economic and social choices are to be opted (Banerjee, 2004). According to Ligon and Schechter (2003), vulnerability can be broken down into two components reflecting poverty and risk. Christiaensen and Boisvert (2000) noted that poverty is concerned with not having enough now, whereas vulnerability is about having a high probability now of suffering a future shortfall. The rural poor may be unable to smooth consumption in the presence of income shocks due to weak financial institutions or some external shocks due to highly competitive markets. Currently, the vulnerable group constitutes 20.5 percent of total population of Pakistan (GOP, 2006-07). Burki (2006) has divided the population of the country into five socioeconomic groups: the very poor, the not-so-poor, the middle class, the well-to-do and the very rich class. He estimated that one-fourth of the population is very poor with a national income of \$14 billion and income per capita of \$350. This is the same segment of the population the World Bank declares "absolute poor" for having an income of less than one dollar a day. The strength of not-so-poor constitutes 50 million with a

total income of \$ 21 billion and income per head of \$425. Middle class numbers 50 million with total income \$50 billion and per capita income of \$1000. The very rich are 57 times richer than the very poor and 47 times more prosperous than the not-so-poor. The rich account for only 0.13 percent of the overall population.

In this context, there are a variety of questions swinging in the mind of researchers. What is the absolute strength of poverty in rural areas of Pakistan? How does poverty vary between urban and rural masses? What are the dynamic trends of absolute poverty? Is there any variation in the absolute nature of poverty in different administrative divisions of the country and provinces? What are the changing patterns of provincial and divisional ranking in terms of incidence of poverty?

This research endeavor is aimed at diagnosing the incidence of poverty dynamics both in rural and urban areas of Pakistan at national provincial and divisional levels while addressing above questions minutely and to arrive at some clear-cut policy lessons. There is a little research work of this nature found in the history of poverty in Pakistan.

REVIEW OF LITERATURE

Malik (1996) concluded that overall poverty trends in the rural area have fallen. Of the 100 households surveyed, it was found that only 10 of the 19 in the landless category were categorized as 'poor', although the intensity of poverty was found to be particularly severe amongst the landless, and most of the poor come from the landless category. This paper suggests that a better distribution of assets and access to resources are necessary to eliminate poverty, as the need to promote non-farm activities.

Datt and Ravallion (1998) show that higher agricultural productivity has delivered both absolute and relative gains to the rural poor in India. A share of these gains was via the growth component or wages and lower food prices rather than improved distribution. The benefits of higher yields and productivity growth to the poor were not confined to those near the poverty line but reached deeper. The study finds that due to wage price stickiness, short term gains to the poor are far lower than the long term gains. In fact, short term effects operating via wages and prices are minor compared to those emanating through other path ways. Overall, long-term empirical evidence, using data for the 1958-94 period, that higher real wages and higher farm yields reduce poverty and with about the same effect. This implies that it is higher yield (food security) combined with higher wages (supplemental income security) that matters for poverty alleviation.

McCulloch and Baulch (2000) used a five-year panel of 686 households from rural Pakistan to investigate the magnitude of chronic or transitory poverty making an explicit adjustment for measurement error. The impact of two types of policies (those designed to 'smooth' incomes and those designed to promote income growth) on the severity of chronic and transitory poverty is examined. Since the largest part of the squared poverty gap in our sample is transitory, large reductions in poverty can be achieved by interventions designed to 'smooth' incomes, but reducing chronic poverty in the long-term requires large and sustained growth in household incomes.

World Bank (2002) indicated that in the poverty assessment of Pakistan, vulnerability of households was derived from the extent to which their consumption was correlated with the level of rainfall in the region. Literacy and education attainment decreased poverty but education was found to lower vulnerability only at least if one household had post secondary education. Vulnerability of households was derived from the extent to which their consumption was correlated with level of rainfall in the region. It further suggested that ownership of livestock is a prominent source of protection from vulnerability.

Kemal (2003) concluded that overall poverty has increased by about 10 percentage points during this decade of 1990s and the same is true about the trends in rural poverty which is almost twice than urban poverty. The income gap (4.5-6.9) and severity of poverty (1.2-2.2) has also been worsened during this decade.

Thorbecke (2004) visualized that most of the unresolved issues in poverty estimation are directly or indirectly linked to the dynamics of poverty. Before the development community can become more successful in designing and implementing poverty alleviation strategies, within the context of growth, we need to understand better the conditions under which some households remain chronically poor and how other move in and out of poverty.

Haq (2004) used the household panel data set collected in two rounds (1998-99 and 2000-01) to measure the transition of poverty in Pakistan and concluded that 20 percent of the total population is chronically poor (i.e. below 75 percent of poverty line based on basic need approach separately at national, urban and rural level) while 16 percents and 22 percents of households are transitory poor in urban and rural areas, respectively. The extent of transitory non poor is relatively high in rural areas as compared to urban areas. During this period, the number of households' entry into poverty was found greater than households exit from poverty over the period of time.

MATERIALS AND METHODS

The Data

The present study would encompass the time horizon from 1998-99 to 2004-05 for estimating incidence of poverty across regions and over time. The time series data was taken from Household Integrated Economic Survey (HIES) conducted in different years by Federal Bureau of Statistics, Statistic Division, Government of Pakistan. The current round of HIES Survey has been conducted covering 14708 households with main objective to derive poverty indicators. The universe of HIES Survey consists of all urban and rural areas of all four provinces as defined by the Provincial Governments.

The reasoning

HIES data has not been used earlier for the estimation of poverty at divisional levels though provincial and country level segregation was attempted. We have used three survey data sets so as to frame dynamics of poverty over time at national, provincial and divisional levels addressing overall, urban and rural incidence of absolute poverty. The purpose of this research exercise was to invite the attention of the policy makers to have a close look of the poor masses at grass root levels so as to design policy matrix according to the situations. The proportionate difference of two data sets (1998-99 and 2001-02) was identified while for another data sets (2001-02 and 2004-05), percentage change was estimated. Finally the "difference of difference" was noted so as to grasp the 7-year poverty dynamics across the regions. Accordingly, provincial and divisional ranking was established which helps in demarcating how the resources should be mobilized in different regions of the country.

Estimation of Incidence of Poverty

There are a wide variety of poverty measures, the chief among them is the FGT (Foster, Greer and Thorbecke, 1984)) class of poverty measures. It is misleading to simply count the poor (Head Count Ratio) and calculate their proportion in the population (Deaton, 2000). 'Poverty gap' measure (average shortfall between the incomes of the poor and poverty line) is invariant to regressive transfer to a poor person from the one who is poorer (Sen, 1976). 'Squared Poverty Gap' measures inequality among the poor and can be interpreted only in ordinal terms (Foster, 1994). FGT class of poverty is measured by using the following expression.

$$P \alpha = \frac{1}{n} \sum_{i=1}^q [(Z - Y_i)/Z]^\alpha$$

where n is the total population, and q is the number of poor persons. The parameter α reflects poverty aversion, if it is zero, the answer shows head count ratio while one value means poverty gap. Setting $\alpha = 2$ amounts to the measure of squared poverty gap.

RESULTS AND DISCUSSION

Incidence of Poverty in Pakistan

Table 1 reveals that the regional trends of incidence of poverty have been substantially changing from 1998 to

increasing trend in incidence of poverty was found to be more in rural areas (20.07 percent) as compared to the urban areas (14.60 percent). But the population below the poverty line decreased from 30.57 percent (2001-02) to 18.14 percent (2004-05). This accounts for 40.66 percent decrease in overall poverty during that period. Moreover, rural and urban areas witnessed almost the same decreasing trend in the incidence of poverty though rural poverty is more than the urban poverty in absolute terms. In this way, overall poverty dynamics for the whole period (1998-2005) what we call "difference of difference" depicted a decrease of

Table 1. Regional trends of incidence of poverty in Pakistan

Region	1998-1999			2001-2002			2004-2005		
	Overall	Urban	Rural	Overall	Urban	Rural	Overall	Urban	Rural
Pakistan	25.73	15.75	31.84	30.57	18.05	38.23	18.14	10.69	22.97
Punjab	30.44	19.82	37.89	31.14	19.65	39.16	20.56	12.27	26.26
Rawalpindi	12.72	6.27	16.97	15.70	8.84	20.36	4.13	3.58	4.74
Sargodha	44.62	35.42	50.00	26.21	20.75	29.24	25.65	21.66	28.26
Gujranwala	20.38	14.45	24.15	20.91	16.17	24.09	11.57	8.20	13.81
Faisalabad	37.61	23.39	46.93	36.08	26.35	43.51	20.30	14.71	24.49
Lahore	23.49	14.52	31.43	29.64	13.69	46.09	15.68	6.05	26.03
Multan	38.10	31.77	41.17	41.10	22.39	51.08	28.39	18.56	33.54
DG Khan	32.39	12.50	56.64	37.26	22.26	50.15	32.12	31.25	32.38
Bahawalpur	41.72	31.64	48.45	43.41	36.81	46.34	33.04	14.21	42.48
Sindh	21.49	8.22	30.84	32.09	13.30	45.34	15.32	6.54	21.96
Karachi	5.21	4.06	12.50	6.98	5.50	24.05	2.13	1.64	7.81
Sukur	29.30	11.66	33.09	45.11	25.00	49.30	18.94	14.13	20.74
Hyderabad	19.17	10.64	23.94	26.38	18.56	29.62	19.56	6.25	26.21
Mirpur Khas	25.81	19.44	26.92	49.81	29.16	54.24	19.31	11.11	22.39
Larkana	46.29	31.94	48.79	51.65	32.63	58.00	19.04	17.48	19.55
NWFP	28.05	18.68	32.37	31.45	22.76	35.45	20.70	13.41	24.92
Peshawar	22.86	16.13	38.74	26.30	26.38	26.17	23.72	14.24	33.54
Mardan	22.95	29.76	17.85	32.60	39.83	25.00	26.19	22.91	28.64
Kohat	27.44	11.26	35.41	40.98	20.65	50.78	22.28	16.42	26.56
Hazara	29.29	5.31	34.03	33.27	8.33	40.23	16.50	6.25	20.36
Malakand	28.87	11.66	30.50	27.92	20.28	28.81	16.81	11.34	18.68
Bannu	39.07	34.56	41.40	38.09	13.63	46.77	18.86	10.75	22.87
DI Khan	28.09	30.12	27.04	27.47	16.41	33.91	22.56	8.33	29.68
Baluchistan	16.07	13.72	17.10	24.90	16.90	28.43	12.52	9.95	13.80
Quetta	12.68	11.53	13.08	16.98	10.23	22.65	14.04	7.86	19.60
Zhob	9.55	10.00	9.41	28.93	16.66	31.87	12.79	11.45	13.33
Sibi	22.32	18.75	23.29	31.25	16.66	36.11	12.56	8.69	14.75
Kallat	16.22	23.15	14.15	26.32	23.48	27.50	18.22	12.58	20.75
Nasirabad	26.10	22.53	27.23	36.85	20.83	41.66	12.16	19.14	9.46
Makran	13.24	3.19	17.48	13.98	20.21	10.93	2.66	0.00	3.51

2005. At national level, initially, it increased from 25.73 percent to 30.57 percent between 1998-99 and 2001-2002 which reads a proportionate increase of 18.81 percent during the interregnum period (Table 2). This

21.85 percent in the population of poor persons in the country. The same differential decrease in the poor people of urban and rural areas was found to be 26.17 percent and 19.85 percent, respectively. In this way,

Table 2. Regional dynamics of incidence of poverty in Pakistan

Region	% change between 1998-1999 & 2001-2002			% change between 2001-2002 & 2004-2005			Difference of Difference		
	Overall	Urban	Rural	Overall	Urban	Rural	Overall	Urban	Rural
Pakistan	18.811	14.603	20.069	-40.661	-40.776	-39.92	-21.85	-26.17	-19.85
Punjab	2.30	-0.86	3.35	-33.98	-37.56	-32.94	-31.68	-38.41	-29.59
Rawalpindi	23.43	40.99	19.98	-73.69	-59.50	-76.72	-50.27	-18.51	-56.74
Sargodha	-41.26	-41.42	-41.52	-2.14	4.39	-3.35	-43.40	-37.03	-44.87
Gujranwala	2.60	11.90	-0.25	-44.67	-49.29	-42.67	-42.07	-37.39	-42.92
Faisalabad	-4.07	12.65	-7.29	-43.74	-44.17	-43.71	-47.80	-31.52	-51.00
Lahore	26.18	-5.72	46.64	-47.10	-55.81	-43.52	-20.92	-61.52	3.12
Multan	7.87	-29.52	24.07	-30.92	-17.11	-34.34	-23.05	-46.63	-10.27
DG Khan	15.04	78.08	-11.46	-13.79	40.39	-35.43	1.24	118.47	-46.89
Bahawalpur	4.05	16.34	-4.36	-23.89	-61.40	-8.33	-19.84	-45.06	-12.68
Sindh	49.33	61.80	47.02	-52.26	-50.83	-51.57	-2.93	10.97	-4.55
Karachi	33.97	35.47	92.40	-69.48	-70.18	-67.53	-35.51	-34.71	24.87
Sukur	53.96	114.41	48.99	-58.01	-43.48	-57.93	-4.05	70.93	-8.94
Hyderabad	37.61	74.44	23.73	-25.85	-66.33	-11.51	11.76	8.11	12.21
Mirpur Khas	92.99	50.00	101.49	-61.23	-61.90	-58.72	31.75	-11.90	42.77
Larkana	11.58	2.16	18.88	-63.14	-46.43	-66.29	-51.56	-44.27	-47.42
NWFP	12.12	21.84	9.51	-34.18	-41.08	-29.70	-22.06	-19.24	-20.19
Peshawar	15.05	63.55	-32.45	-9.81	-46.02	28.16	5.24	17.53	-4.29
Mardan	42.05	33.84	40.06	-19.66	-42.48	14.56	22.39	-8.64	54.62
Kohat	49.34	83.39	43.41	-45.63	-20.48	-47.70	3.71	62.91	-4.29
Hazara	13.59	56.87	18.22	-50.41	-24.97	-49.39	-36.82	31.90	-31.17
Malakand	-3.29	73.93	-5.54	-39.79	-44.08	-35.16	-43.08	29.85	-40.70
Bannu	-2.51	-60.56	12.97	-50.49	-21.13	-51.10	-52.99	-81.69	-38.13
DI Khan	-2.21	-45.52	25.41	-17.87	-49.24	-12.47	-20.08	-94.76	12.93
Baluchistan	54.95	23.18	66.26	-49.72	-41.12	-51.46	5.23	-17.95	14.80
Quetta	33.91	-11.27	73.17	-17.31	-23.17	-13.47	16.60	-34.44	59.70
Zhob	202.93	66.60	238.68	-55.79	-31.27	-58.17	147.14	35.33	180.51
Sibi	40.01	-11.15	55.05	-59.81	-47.84	-59.15	-19.80	-58.99	-4.11
Kallat	62.27	1.43	94.35	-30.78	-46.42	-24.55	31.49	-45.00	69.80
Nasirabad	41.19	-7.55	52.99	-67.00	-8.11	-77.29	-25.81	-15.66	-24.30
Makran	5.59	533.54	-37.47	-80.97	-100.00	-67.89	-75.38	433.54	-105.36

urban area enjoyed 7 percent more decrease in the incidence of poverty than their rural counter parts. This composite estimation clearly identified the biases of poverty alleviation policies and initiatives against rural segments of the society. One clear-cut lesson is derived that resources should be equitably distributed to both rural and urban areas.

Research findings up to national level scanned a “good news” for the policy makers that poverty has started decreasing at national levels but provincial and divisional levels diagnosis are depicting some contrasting results not only across the provinces (inter provincial inequity) but across the divisions within a province (intra-provincial inequity).

Inter-Provincial Poverty Dynamics

It is quite interesting to note that Punjab province was the worst of all provinces in terms of incidence of poverty in 1998-99. There was about 30.44 percent of the population living below the poverty line. NWFP, Sindh and Baluchistan were in following the row of incidence of poverty at the proportion of 28.05, 21.49 and 16.07 percent, respectively. In Punjab, poverty increased slightly from 30.44 percent to 31.14 percent between 1998-99 and 2001-02 while since onward, it decreased to 20.56 percent. In this way, during the whole span of time, even in changing demographic scenarios, poor in Punjab were decreased by 21.85 percent. But the inter-provincial poverty dynamics

Table 3. Relative ranking of regions in three survey years (Case of incidence of poverty)

1998-1999			2001-2002			2004-2005		
Overall	Urban	Rural	Overall	Urban	Rural	Overall	Urban	Rural
Provincial Ranking								
Punjab	Punjab	Punjab	Sindh	NWFP	Sindh	NWFP	NWFP	Punjab
(30.44)	(19.82)	(37.89)	(32.09)	(22.76)	(45.34)	(20.70)	(13.41)	(26.26)
NWFP	NWFP	NWFP	NWFP	Punjab	Punjab	Punjab	Punjab	NWFP
(28.05)	(18.68)	(32.37)	(31.45)	(19.65)	(39.16)	(20.56)	(12.27)	(24.92)
Sindh	Baluchistan	Sindh	Punjab	Baluchistan	NWFP	Sindh	Baluchistan	Sindh
(21.49)	(13.72)	(30.84)	(31.14)	(16.90)	(35.45)	(15.32)	(9.95)	(21.96)
Baluchistan	Sindh	Baluchistan	Baluchistan	Sindh	Baluchistan	Baluchistan	Sindh	Baluchistan
(16.07)	(8.22)	(17.10)	(24.90)	(13.30)	(28.43)	(12.52)	(6.54)	(13.80)
Top 5 Divisions								
Larkana	Sargodha	DG Khan	Larkana	Mardan	Larkana	Bahawalpur	DG Khan	Bahawalpur
(46.29)	(35.42)	(56.64)	(51.65)	(39.83)	(58.00)	(33.04)	(31.25)	(42.48)
Sargodha	Bannu	Sargodha	Mirpur Khas	Bahawalpur	Mirpur Khas	DG Khan	Mardan	Multan
(44.62)	(34.56)	(50.00)	(49.81)	(36.81)	(54.24)	(32.12)	(22.91)	(33.54)
Bahawalpur	Larkana	Larkana	Sukur	Larkana	Multan	Multan	Sargodha	Peshawar
(41.72)	(31.94)	(48.79)	(45.11)	(32.63)	(51.08)	(28.39)	(21.66)	(33.54)
Bannu	Multan	Bahawalpur	Bahawalpur	Mirpur Khas	Kohat	Mardan	Nasirabad	DG Khan
(39.07)	(31.77)	(48.45)	(43.41)	(29.16)	(50.78)	(26.19)	(19.14)	(32.38)
Multan	Bahawalpur	Faisalabad	Multan	Peshawar	DG Khan	Sargodha	Multan	DI Khan
(38.10)	(31.64)	(46.93)	(41.10)	(26.38)	(50.15)	(25.65)	(18.56)	(29.68)
Bottom 5 Divisions								
Makran	Zhob	Rawalpindi	Gujranwala	Bannu	Gujranwala	Nasirabad	Hazara	Zhob
(13.24)	(10.00)	(16.97)	(20.91)	(13.63)	(24.09)	(12.16)	(6.25)	(13.33)
Rawalpindi	Rawalpindi	Kallat	Quetta	Quetta	Karachi	Gujranwala	Lahore	Nasirabad
(12.72)	(6.27)	(14.15)	(16.98)	(10.23)	(24.05)	(11.57)	(6.05)	(9.46)
Quetta	Hazara	Quetta	Rawalpindi	Rawalpindi	Quetta	Rawalpindi	Rawalpindi	Karachi
(12.68)	(5.31)	(13.08)	(15.70)	(8.84)	(22.65)	(4.13)	(3.58)	(7.81)
Zhob	Karachi	Karachi	Makran	Hazara	Rawalpindi	Makran	Karachi	Rawalpindi
(9.55)	(4.06)	(12.50)	(13.98)	(8.33)	(20.36)	(2.66)	(1.64)	(4.74)
Karachi	Makran	Zhob	Karachi	Karachi	Makran	Karachi	Makran	Makran
(5.21)	(3.19)	(9.41)	(6.98)	(5.50)	(10.93)	(2.13)	(0.00)	(3.51)

changed much during the six years period, thereby reshuffling the ranking position of provinces significantly (Table 3). Rural Punjab was almost double poor than the urban Punjab

Intra-Provincial Poverty Dynamics

Punjab

Within Punjab, there were mixed trends of changing dynamics of poverty at divisional levels. One fact remained established that poverty in all the divisions was substantially higher in rural areas than that of urban areas in three survey years. During 1998-99, there was highest incidence of poverty in Bahawalpur at the rate of 41.72 percent with urban and rural segregation of 31.64 and 48.45 percent, respectively. On the other hand, Rawalpindi division witnessed lowest incidence of poverty of 12.72 percent.

Moreover, the incidence of poverty was very high in Sargodha, Faisalabad, Multan and D.G. Khan while Lahore and Gujranwala were relatively better. If we jump into the estimation for the year 2001-02, it revealed that Rawalpindi and Bahawalpur maintained their lowest and highest poverty status respectively though incidence of poverty increased in both the divisions. Both Sargodha and Faisalabad divisions witnessed decreasing trend in the incidence of poverty as against the country, province and rest of the divisions. In 2004-05, on an overall basis, there was reduction in incidence of poverty both in the urban and rural areas. But the Bahawalpur division was still facing highest incidence of poverty. It is quite contrasting to note that the rural areas of Rawalpindi and Multan enjoyed higher decrease in poverty than their urban counter parts. This is attributed to the fruits of BVDP in Barani areas and bumper crops of cotton, respectively.

If we make a complete snapshot of proportionate change between 1998 and 2005, it was realized that poverty was decreased by 40 to 50 percent in Rawalpindi, Sargodha, Gujranwala and Faisalabad while in rest of the divisions it was just in the proportion of maximum 23 percent. D.G Khan was the only division where there was still increasing trends of overall poverty and among urban masses. This might be attributed to the less employment opportunities for urban masses and high rate of food inflation the burden of which was significantly translated to the urban community than rural people. Moreover, it was further realized that rural poverty had been decreasing at a great momentum in Rawalpindi, Gujranwala, Sargodha and Faisalabad. This demonstrated that the poverty alleviation strategies initiated by the government had worked well in rural economy.

Sindh

The poverty status of rural and urban masses in various parts of Sindh demonstrated varying trends but with common denominator that poverty is a rural phenomenon. The Table 1 reveals that in 1998-99, 21.49 percent people were below the poverty line with 8.22 percent in urban areas and 30.84 percent in rural areas. Karachi was the least affected administrative division in terms of incidence of poverty with only 5.21 percent people below the poverty line. The proportion of poor population in urban and rural areas was 4.06 percent and 12.50 percent, respectively. Poverty was highest in Larkana division at the proportion of 46.29 percent with urban and rural segregation at the rate of 31.94 percent and 48.79 percent. The trend estimations of poverty indicate that it increased significantly between 1998-99 and 2001-02 while it decreased between 2001-02 and 2004-05 both in rural and urban areas. The "difference of difference" revealed that there was highest decrease in poverty in Larkana followed by Karachi. But Hyderabad and Mirpur Khas (rural in particular) depicted increasing trends of poverty (Table 2). This might be attributed to the unequal transfer of resources by the provincial government during this period for being fewer representatives of these areas.

NWFP

Poverty was a rural phenomenon in NWFP. Bannu division reflected highest incidence of poverty for the year 1998-99 both in urban and rural areas. Peshawar though showing lowest poverty witnessed highest rural poverty at the rate of 38.74 percent (Table 1). Similarly poverty was highest in Kohat while lowest in Peshawar during 2001-02. If we look into the trends of poverty between 1998-99 and 2001-02, it determines that there

was substantial increase in poverty in all the urban and rural divisions of NWFP except Malakand, Bannu and D.I Khan. From 2001-02 to 2004-05, there was decrease in poverty in all the divisions. During the same period, proportionate increase in rural poverty was relatively higher than urban areas in Kohat, Hazara and Bannu divisions while in terms of increasing trends, poverty remained an urban phenomenon in Peshawar, Mardan, Kohat, Malakand and D.I. Khan.

The overall dynamics revealed that it is in Peshawar, Mardan and Kohat where we witness increasing trend of poverty while there was decreasing trends of poverty in all other administrative divisions. It is interesting to note that urban areas of Peshawar, Kohat, Hazara and Malakand registered increasing trends of poverty which is attributed to the conglomeration of high inflationary trends clustered in urban areas of the province. It was also noted that inequality was increasing in urban areas which further increased poverty fairly enough. It was further revealed that rural areas of Mardan and D.I. Khan witnessed highest increase in poverty from 1998 to 2005. This diversified trend and that too in a volatile form calls for appropriate policy initiatives to address the problem in segregating forms instead of following one strategy for the whole province.

Baluchistan

There is high level of complexity in the trends of poverty in Balochistan province though rural urban variation persisted in addition to some disparity across administrative divisions. In 1998-99, the province was lowest in terms of incidence of poverty. Zhob was showing lowest incidence of poverty while Nasirabad depicted highest number of people below the poverty line. In the case of Kallat, poverty was found to be an urban phenomenon. The estimations for the year 2001-02 indicate that poverty increased to some extent in all the administrative divisions of the whole province. There was proportionate increase in the trends of poverty between 1998-99 and 2001-02 but in Quetta, Sibbi and Nasirabad, there was decrease in the proportion of urban population below the poverty line. There was increase in the proportion of rural population (except Makran) in Baluchistan province for the same period. But from 2001-02 to 2004-05, there was substantial decrease in the incidence of poverty both in rural and urban segments of the society. The overall diagnosis revealed that during the last seven years, poverty increased in Quetta, Qallat and Zhob, urban poverty increased in Makran and Zhob while rural poor increased in Quetta, Qallat and Zhob. The researchers should be careful in estimation of poverty in Baluchistan because the sample is not well representative of the whole population. But one lesson

is significant that poverty was more a rural phenomenon than an urban phenomenon.

CONCLUSION

The broad based estimation of poverty suggested that the problem of poverty should not be tackled at national level or even provincial level by launching some uniform policies as it has been done in the past rather some area specific policy matrix should be designed and resources be mobilized accordingly. One lesson is clear-cut that poverty is more a rural phenomenon and until rural poverty is not mitigated, the dream of reducing overall poverty can not be materialized. It was further realized that drastic changes in the proportion of people below the poverty line has been occurring which was a clear indication of the fact that vulnerability of poverty was a common feature of Pakistan's economy. It suggested that a small internal or external shock at monetary and fiscal level can abruptly change the status of poverty in the country. In this way, a two pronged policy initiative is required. First, opportunity box should be expanded by creating employment, water management, health, sanitation and education facilities for those who are already poor. Secondly, effort must be made to save the vulnerable poor by sustaining their livelihood pattern under shock scenarios resulted by yield and seasonal price fluctuations.

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