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DEMOGRAPHIC DIMENSIONS OF RURAL POVERTY IN PAKISTAN

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Pakistan confronts a complex dilemma of the human condition. The major issues are poverty and income disparity particularly among the rural masses. The impact of the crisis of poverty is particularly acute on the weakest sections of the society. It is illustrated that for the year 1990-91, 39.42 percent of the total 31.81 percent of the population below the poverty line was found to be absolute poor containing chronically and extremely poor in the proportion of 34.01 percent and 60.58 percent respectively. Below the poverty line, extremely poor, chronically poor and transient poor constitute 1.72 percent, 10.82 percent and 19.27 percent of the overall population in rural Pakistan. During the whole time series, 1196.76 thousand people added to the clusters of extremely poor, 53769.55 thousand to chronically poor, 6659.13 thousand to transient poor and 7192.43 thousand to the vulnerable poor. It is evident that bringing 59.11 percent of the poor population out of poverty is to certain extent easier than bringing the remaining 40.89 percent out of poverty trap.

INTRODUCTION

At the dawn of 21st century, almost one-fifth of humanity-1.2 billion people- live on less than $ 1 a day. Rural poverty accounts for nearly 63 percent of poverty worldwide (World Bank, 2004). Out of total 1.2 billion poor more then 900 million live in rural areas around the globe and the count for Asia and Pacific is 90 percent out of total 800 million poor (IFAD, 2002). It is due to this global threat of poverty that at the UN Millennium Summit in September 2000, the International Development Community of 149 countries, under Millennium Development Goals (MDG), has adopted halving acute poverty from the 1990 level (less than $ 1 a day) by 2015 as a central goal.

Pakistan confronts a complex dilemma of the human condition. The major issues are poverty and income disparity particularly among the rural segments of the society. Pakistan has witnessed over the last three decades periods of high economic growth, as in 1960s, accompanied with increasing poverty levels, periods of low economic growth, as in 1970s accompanied by reduction in poverty levels, spells of high economic growth leading to decline in poverty as in the 1980s and periods of low economic growth as in the 1990s accompanied by increasing poverty levels. The growth rate declined from 6.1 per cent during the 1980s to 4.2 per cent during the 1990s (Amjad, 2004).

The use of consistent time series estimates of the poverty line shows that the head count measure of poverty has increased from 17.2 percent in 1990-91 to 30.4 percent in 1998-99 and 35.6 percent in 2001 (Anwar & Qureshi, 2002). The extent of poverty in rural areas increased from 37.0 percent in 1998-99 to 44.6 percent in 2000-01 (Kemal, 2003). World Bank (2002) estimated that there was a decline in poverty rate by 2 percentage points during 1990s while Asian Development Bank (2002) claimed reverse estimates for the same decade. The present poverty situation in Pakistan is characterized with four features: the poverty incidence is high, there is high degree of vulnerability for this incidence to rise in case per capita income falls, regional and gender disparities in economic and social indicators are still large, and that our poverty profile is poor by international standards.

Poverty is more a rural phenomenon than the urban. The rural poor are not a homogeneous group. They depend largely on agriculture, fishing, forestry, and related small-scale industries and services. Notwithstanding the fact that non-agricultural sources have become quite important contributors to the national income, agriculture remains the key activity affecting living standards of rural household. This transition has been affected by several factors including growth and diversification of agriculture, employment of labour in non-farm activities and migration of rural labour to urban areas, growth of population and changes in the pattern of land ownership, tenurial relations and fragmentation of landholdings due to population growth and laws of inheritance.

Pakistan requires a high growth rate in agriculture, well above the population growth rate, in order to reduce poverty. In order to obtain two percent growth rate per capita, Pakistan requires a 4.6 percent rate of agricultural growth. In India, with 1.3 percent rate of population growth in the same period, only requires a 3.3 percent rate of agricultural growth to get 2 percent per capita. In agriculture, the difference between 3.3 and 4.6 is significant. It is the rate of growth of agricultural output per capita that gives the boost to demand growth for the rural non-farm sector that subsequently checks the momentum of poverty (Mellor, 2001).

Ravallion and Chen (2002) defined growth as pro-poor if it reduces poverty. Dollar and Kraay (2001) opined that a positive economic growth benefits the poor to the same extent that benefits the whole economy. Similarly Knowles (2001) finds a significant negative effect of inequality on growth. Foster and Szekely (2000) showed that growth elasticity of the general means can vary from 1.08 to extremely low. They concluded that the positive value of elasticity indicates that growth is good for the poor. The Foster-Szekely approach provides an important bridge to the design of welfare measures sensitive and incorporating poverty and inequality- a high priority in the research agenda in development economics.

Objectives

A great deal of research effort is needed for thorough appraisal of rural poverty coupled with agricultural growth and income inequality. There are certainly some "push factors" which shift the cluster of population staying above or below the poverty threshold. Similarly, there are some "pull factors" which may change the nature of transitory poor and consequently they become non-poor. Until recently, no serious attempt is made to explore the hidden denominators and internationally accepted derivatives of rural poverty. Thus the study in hand is undertaken to frame threshold of poverty by employing sound economic tools coupled with undertaking trend analysis of rural poverty in terms of chronic and transient poor in the country.

MATERIALS AND METHODS

The study in hand is a secondary data based study. It covers the period from 1990-91 to 2001-2002 using a time series data obtained from the various issues of "Household Income and Expenditure Survey". The HIES is conducted in various rounds by Federal Bureau of Statistics, Statistic Division, Government of Pakistan, on regular basis covering both rural and urban areas in four provinces of Pakistan. Despite some limitations, HIES data sets are the best available source to analyze gender and demographic dimensions of poverty in Pakistan.

There are two major methodological considerations to achieve the objectives.

Pockets of Poor Population: Methods of Fixing Poverty Band

The condition called poverty is not confined to the population below the poverty line, but goes beyond it and includes the people residing above the poverty line with high probability of falling below it. Following the classification of McCulloch and Baulch (1999), the population is distributed into six groups by income quartiles around the poverty line and analyzed the poverty dynamics by comparing salient characteristics of these quartile bands for the period under consideration.

The Absolute Poor Household Band

The per capita per month income of the household is less than 75 percent of the poverty line, it is declared as absolute poor household which is further subdivided into extremely and chronically poor bands.

i) Extremely Poor Band: $Y<0.5\ Z$

ii) Chronically Poor Band: $Y>0.5\ Z$ and $Y<0.75Z$

where:

y = household per capita per month income.

Z = Poverty line.

The Transitorily Poor Household Band

If the per capita per month income of the household is less than 125 percent of the poverty line and more than or equal to 75 percent of the poverty line, it is termed as transitorily poor household which is further subdivided into Transitory Poor and Tarnsitory Vulnerable Bands.

i) Transitory Poor Band: $Y > 0.75\ Z$ and $Y < Z$

ii) Vulnerable Poor Band: $Y > Z$ and $Y< 1.25Z$

The Non-Poor Household Band

If the per capita per month income of the household is more than or equal to 125 percent of the poverty line, it is categorized as a Non-poor Household which is further subdivided into Transitory Non-Poor and Non-Poor Bands.

i) Transitory Non-Poor Band: $Y>1.25\ Z$ and $Y<2Z$

ii) Non-Poor Band: $Y>2Z$

Head-Count Index of Poverty It is the proportion of population whose income(y) is less than the poverty line Z

$$H = q/n$$

H = Head-count index

q = number of poor

n = size of the population

FINDINGS

Pockets of Poor Population: Poverty Bands

It is important to distinguish that even within "the poor" all poor are not the same: some are poor occasionally while others are often poor; and for each category of the poor, their distance from the poverty line is not the same. Some of them are only marginally poor while others are severely poor, and often the former

outnumber the latter. In other words, it is imperative to distinguish which component of poverty is chronic and what is transitory.

Thus, the poverty lines alone are not sufficiently helpful in the exercise of exploring the dynamics of poverty in the country. By "dynamics", we mean the inter quartile based movement of the population over the time period from 1990-91 to 2001-01. It is shown in Table 1 that for the year 1990-91, 39.42 percent of the total 31.81 percent of the population below the poverty line was found to be absolute poor containing chronically and extremely poor in the proportion of 34.01 percent and 60.58 percent respectively. Below the poverty line, extremely poor, chronically poor and transient poor constitute 1.72 percent, 10.82 percent and 19.27 percent of the overall population in rural Pakistan.

It has further been analyzed that transitorily poor constitute 31.53 percent; a major proportion (24523.02 thousand) of the overall population in the rural areas. There is almost continuous increase in the proportion of absolute poor and transitorily poor segments of the society from 1990-91 to 2001-02. During the whole time series, 1196.76 thousand people added to the clusters of extremely poor, 53769.55 thousand to chronically poor, 6659.13 thousand to transient poor and 7192.43 thousand to the vulnerable poor. On the other hand, we observed a consistent decrease in the proportion of non-poor, both transient non-poor and non-poor, in the whole time series. In 1990-91, there were 16900.90 thousand rural segments considered as non-poor while the number for this class reduced to 13188.92 in 2001-02; thereby reflects a 3.21 percent decrease in non-poor in the rural areas over the whole decade.

Majority of poor persons at any time are in the midst of a rather long spell of poverty. It is interesting to note that clusters of population very close to the poverty lines have significantly increased from 31.53 percent to 40.88 percent-which reflects a proportionate increase of 29.65 percent. This high proportion of the population close to the poverty line demands for policy attention because a very little effort on the part of the government institutions can check the vulnerability phenomenon on the one hand and pulling the transiently poor out of the poverty traps on the other hand. Bringing 59.11 percent of the poor population out of poverty is to certain extent easier than bringing the remaining 40.89 percent out of poverty trap. Moreover, "halving the poverty", as per one of the Millennium Goals (MDGs), seems to be an achievable target through target oriented economic policies.

It is evident from all the time series analysis that there is a shift in population from the upper poverty bands into the lower ones; showing a decline in their welfare level and hence influx into the poverty. What is more alarming is the fact non-poor of one period have become poor in the next period. This makes poverty alleviation a two dimensional task; making sure that those under the poverty line are brought up and those above it maintain their status-quo. It is extremely important, for any poverty reduction strategy, to give equal importance to these two groups of population residing above and below the poverty line.

Table 1. Demographic Dynamics of Rural Poverty in Pakistan

Poverty Dynamics	1990-91	1992-93	1993-94	1996-97	1998-99	2001-02
Extremely Poor	1.72 (1337.76)	1.95 (1581.95)	2.01 (1663.95)	2.14 (1876.00)	2.55 (2315.80)	2.70 (2534.52)
Chronically Poor	10.82 (8415.45)	11.25 (9126.64)	11.54 (9553.20)	12.48 (10940.39)	12.76 (11588.29)	13.25 (12437.95)
Transient Poor	19.27 (14987.59)	19.98 (16208.91)	20.65 (17094.77)	21.98 (19268.42)	22.59 (20515.63)	23.06 (21646.72)
Transient Vulnerable	12.26 (9535.43)	13.72 (11130.45)	14.08 (11655.90)	14.00 (12272.88)	16.08 (14603.42)	17.82 (16727.86)
Transient Non-Poor	34.20 (26599.66)	33.10 (26852.61)	32.02 (26507.24)	3 1.00 (27175.65)	30.35 (27563.05)	29.12 (27335.32)
Non-Poor	21.73 (16900.90)	20.00 (16225.14)	19.70 (16308.33)	18.40 (16130.06)	15.67 (13958.62)	14.05 (13188.92)

Figures in parenthesis indicate rural population in "000"

CONCLUSION

Estimating demographic trends of poverty in terms of locating the pockets of poor population would certainly serve as an academic bench mark for the policy

makers to draw optimal strategies for the vulnerable, transient and chronic poor separately. The poverty alleviation initiative should follow two dimensional approaches; making sure that those under the poverty line is brought up and those above it maintain their status-quo. One should be careful in setting the poverty threshold which is to be viewed both in terms of poverty lines and poverty bands. The study is based on time series data obtained on cross sectional basis. Therefore, decomposition analysis of rural poverty is somewhat partial treatment of the issue. For having a comprehensive analysis, panel data is to be generated at country and provincial levels. Moreover, the same time series analysis needs to be undertaken at provincial and cropping zones levels.

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