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HUMAN DEVELOPMENT REPORT FOR PAKISTAN

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INTRODUCTION

To achieve economic growth is an important goal of any ociety, yet it can not be viewed as an end in itself. In act, increasingly it is being realized that economic growth s a necessary but not a sufficient condition for human evelopment. Actually, there may not be any automatic link etween economic growth and human progress; countries may eed to manage any given amount of economic growth in order o experience human development.

Pakistan, in fact, provides a good example of a country hich has historically enjoyed a respectable GDP growth rate nd yet failed to translate this positive development into a atisfactory level of human development. Since its ndependence in 1947, Pakistan's development policies have ocussed primarily on realizing high economic growth and only ncidentally on the task of providing social necessities. uch a process has given rise to a structure of production nd distribution which, at best, has been, only indirectly esponsive to social goals. However, there is now a growing ealization that we could have done much better had we tressed human resource investments relatively more.

Of course, an important first step towards changing this ituation would be to make a precise assessment of the urrent state of human development in Pakistan. This, in act, is one of the important objectives of the present

'Human Development Report for Pakistan'. Sponsored by the United Nations Development Programme, the other important objectives of this report include an analysis of the causes of the relative neglect of human development in Pakistan, identification of future goals for human development and recommendation of strategies to achieve them.

In fact, this growing concern about human development in Pakistan is in keeping with a recent upsurge in the general appreciation of the role of human resource development both as the ultimate goal of a society and the means to achieve its economic growth. It is expected that during the 1990s, development economists as well as policy makers will assign special priority to issues related to human resource development. Evidently there is much current worldwide enthusiasm in this regard. On the one hand, the 'human resource led development (HRLD) strategies' of the kind that were presumably adopted by the Newly Industrialized Countries of Asia are being increasingly cast as the leading means of achieving rapid economic growth. On the other hand, in a manner that is reminiscent of the 'growth versus distribution' debate of the early 1970s, we are being urged to set our goals more in terms of broad 'human development' of the society rather than merely its 'economic growth'. These new trends in the economic development literature are evident from the contents of the recent academic journals as well as from the activities of the various international

organizations. The United Nations Development Programme's recent Human Development Report, the World Bank's choice of 'Poverty' as the theme for its 1990 World Development Report, the United Nations Economic and Social Commission's April 1988's pronouncement of the 'Jakarta Plan of Action' regarding human resource development in the ESCAP region, and the Asian Development Bank's analysis of the role of human resources in economic growth in its 1990 Asian Economic Outlook are cases in point.

These new developments have raised some important questions regarding the nature of human resources and their role in the process of society's development. In fact, over time, human resource investments have come to entail more than the traditional areas of education and training of all kinds. Now the concept also includes a fairly broad group of investments encompassing such areas as health, nutrition, home environment of the children and production as well as the diffusion of knowledge. Some would even include human freedom and the country's political system in the above list. Thus the question of an appropriate public policy towards human resource investments becomes more important and perhaps more complex than ever.

The above considerations are even more important for a developing country like Pakistan which needs to pay some urgent attention to its social sector and human development. The important question is what policies would enable the

country to do so successfully. This is one of the issues that this report tries to address. At this point, a brief overview of the contents of this report may be in order. Besides the introductory chapter, this report consists of seven chapters and a data appendix.

Chapter I essentially deals with the question of how best to measure human development. It presents a broad definition of human development and estimates of human development indices for Pakistan. It is found that over time Pakistan has been able to achieve a consistent reduction in the deprivation in life expectancy and of safe drinking water. However, reduction in deprivation in terms of income, literacy, and availability of food is not so consistent and is rather slow. Furthermore, compared to even many of the low income economies, Pakistan's progress in terms of human development is far from satisfactory.

Chapter II reviews the existing evidence on social sectors of the economy. It is observed that despite a 1.5 time increase in life expectancy average life span is seventeen years shorter than that in the developed countries. Despite the fact that thirty four million educated persons are residing in Pakistan, there are still sixty one million persons in the country who cannot read or write. Although Pakistan achieved 3% per annum growth of GNP, nearly twenty six million people still live in absolute poverty. Although infant mortality rates have gone down to 11.3 percent, but

nearly 11% of the infants die before their first birthday. Even though supply of per capita calories has increased over time, the fact is that availability of calories is still 7% short of the requirement and actual intake of calories is even less than what is available.

Chapter III analyzes the role of certain factors such as with group disparities, burden of foreign debt, drug abuse, criminal activity and environmental degradation which can threaten human development in Pakistan. In terms of disparities it is found that though over time the extent of urban/rural, male/female and rich/poor disparities in income, education, health facilities and other aspects of well-being have narrowed somewhat, such gaps are still substantial. Again, the sharp increase in the incidence of drug abuse over the last decade is specially alarming. Environmental pollution is still another matter whose continuing neglect has the potential to seriously threaten the country's human development.

Chapter IV reviews the division of responsibilities for different sub-sectors of the 'Social Sector' among different levels of government in Pakistan. In particular, it looks into financing, implementation, and co-ordination mechanism of plans for the social sector. The development of the various sub-sectors of the 'Social Sector' are constitutionally the responsibility of the provincial governments. Given the revenue sharing and distribution

systems, however, the provincial governments are dependent on the federal government for the financing of the projects. In other words provincial governments cannot make their programmes independently from the federal government which has affected the social sector.

Chapter V deals with the question of how to translate economic growth into human development by employing proper inter and intra-sectoral budget allocation (MESO) policies. It is concluded that Pakistan needs to restructure its MESO policies. For one thing, currently relatively too much of the GNP is going towards meeting the military expenditure. Again, within a given social sector, spending needs to be focussed more on areas such as basic health and basic education which have comparatively higher payoff in terms of human development. Such a restructuring of its MESO policies is expected to make Pakistan's human development consistent with its fairly respectable track record on economic growth.

Chapter VI identifies the most important human development goals and priorities for Pakistan for the period 1990-2000 and recommends strategies to achieve them. It also discusses possible financing measures that could be adopted in order to attain the set priorities.

CHAPTER I

ASSESSMENT OF THE CURRENT STATE OF HUMAN DEVELOPMENT

1.1 Introduction

For years, economists, politicians, and development planners have used growth in real GNP per capita to measure progress or decline within a country. As a result, a great deal of national development efforts focussed on economic growth, often neglecting the human development. This faith in development through the accumulation of material capital has waned over time and in recent years has been replaced by a realization of the importance of investment in human capital.[1] It is now widely believed that improvement in the quality of people as productive agents must be a central objective of development policies.

In recent years one of the major concerns of the policy makers, particularly in the developing countries, has been about how the abilities and skills of people can be improved, and their motivations and values modified so as to be more suitable for development efforts? That is, planners are making efforts to find ways and means to ensure that economic growth is adequately translated into the well-being of the

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[1] The current problems being faced by many developing countries in the servicing of their external debts has raised concerns that economic adjustments on this account would be at a high human costs in the form of cuts in wages, health and education budgets, and a general decline in social services.

masses, in terms of better health and education facilities, and clean environment. This is clearly one of the most difficult questions, and on its answer is likely to depend a country's success in achieving self-sustaining development.

The difficulty with this question is that it covers many disciplines, viz. socio, politico, psycho, and economic. Its answer can be found if we can integrate all these disciplines. One method to integrate various factors influencing human resources is the construction of an index of human development, as suggested in the recent report of UNDP (1990). In order to determine the overall status of the state of human resources in Pakistan and ascertain the extent of their improvement over time, in this chapter we follow the approach adopted in UNDP (1990) to construct Human Development Index (HDI) for Pakistan using time series data covering the period 1961 to 1987.

1.2 Defining Human Development

Human development is a process of enlarging people's choices. In principle, these choices can be infinite and can change over time. But, at any level of development, the four basic choices are: (i) for people to lead a long and healthy life, (ii) to acquire knowledge, (iii) to have access to basic needs, (iv) to have access to resources needed for a decent standard of living. If these essential choices are not available, many other opportunities remain inaccessible.

Additional choices, highly valued by many people, range from political, economic and social freedom to opportunities for being creative and productive, and enjoying personal self-respect and guaranteed human rights.

Broadly speaking there are two aspects of human development: (i) the formation of human capabilities - such as healthy life, knowledge and skills - and (ii) the use of the acquired capabilities. Imbalance in acquisition and use of capabilities can result in a considerable degree of human frustration which can potentially lead to deformation of human resources. In this context, income is clearly only one option that people would like to have. But it is not the sum total of human well-being. Development must, therefore, be more than just the expansion of income and wealth. Its focus must be to enhance human capabilities through the improvement of human quality and their use.

1.3 Measuring Human Development

Human development is affected by many factors, including education, health, food, shelter, clothing, better environment, justice, and socio-economic and political freedom. For a comprehensive study of human development all these factors need to be taken into account. The data, however, on some of these factors are either not available or are difficult to quantify. As a result measurement of human development is not that straightforward.

In a recent study, UNDP (1990), human development has been measured by taking into account three elements of human life: longevity, knowledge and living standards. Using life expectancy at birth, adult literacy rate, and (log of) real GDP per capita, respectively, as proxies for longevity, knowledge, and living standard, the HDI for Pakistan for the year 1987 was estimated to be 0.423. At this level of HDI Pakistan is ranked 36th from the bottom among the 130 countries considered in the study and is listed among countries with low level of human development. This certainly by any standard is not a very encouraging state of the situation.

As there are other important basic-need factors which affect the quality of human life, in this study we include two additional factors, viz, availability of food and access to safe drinking water for measuring human development in Pakistan.[2]

1.4 Constructing a Human Development Index (HDI)

Human deprivation and development is a complex prism. Consequently, any index of human deprivation or development must incorporate a wide range of indicators to capture this complexity. For this study five different social and

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[2] As GNP/GDP figures do not adequately account for national differences in purchasing power or the distorting effects of official exchange rate, the purchasing-power-adjusted real GDP per capita is used in the construction of HDIs.

economic indicators are chosen for which data are available, namely, life expectancy (X_1), literacy (X_2), (the log of) real GDP per capita (X_3), access to safe drinking water (X_4), and per capita availability of calories (X_5). The HDI is constructed in three steps. The *first* step is to define a measure of deprivation that a country suffers in each of the basic variables, i.e., $X_1, \ldots, X_5$. On the basis of available evidence on other countries a maximum (no deprivation) value and a minimum value (maximum deprivation) is determined for each of the basic variables over time.[3] The deprivation index then places a country in the range of zero to one as defined by the difference between the maximum and the minimum. Thus the deprivation for the country with respect to the ith variable, I_i, is defined as:

$$I_i = (\max X_i - X_i)/(\max X_i - \min X_i)$$

The *second* step is to define an average deprivation index (I). This is done by taking a simple average of variables involved in a HDI; i.e.,

$$I = \sum_{i=1} I_i/5$$

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[3] The minimum values are chosen by taking the lowest national value in the world for each. The maximum or adequate values, on the other hand, are chosen as those having maximum value in the world for each variable.

The *third* step is to measure the HDI as one minus the average deprivation index; i.e.,

$$HDI = (1 - I)$$

1.5 The Human Development Index for Pakistan

In this study we have computed three different HDIs using different combinations of life expectancy at birth, literacy, (log of) real GDP per capita, access to safe drinking water, and per capita availability of calories.

HDI-1 in the present report is same as that reported in the UNDP (1990).[4] That is, HDI-1 is based on three variables life expectancy at birth, literacy, and (log of) real GDP per capita. Except for the years 1971 and 1974, in general, the HDI-1 shows a rising trend. The first fall corresponds to the period when the real GDP per capita fell after the 1971 War with India and devaluation of the Rupee. Since 1972, although the literacy rate has increased the deprivation, relative to international standards, in education increased. The second fall in human development index occurred in 1974. Even though Pakistan was able to realize improvement in all the indicators of human development and was also able to reduce the deprivation in education and health, a sharp rise in the income deprivation outweighed the gains achieved. However, once the country recaptured the growth momentum of

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[4] Estimates of HDI in this report differs from the one reported in UNDP (1990) because of differences in the sources of the basic data.

its national income, partly attributed to increased inflow of worker's remittances from the Middle East, the HDI started rising.

One obvious problem with this combination of variables is that (log of) real GDP per capita is correlated with the other two variable involved in HDI-1. As a result, whenever economic growth occurs HDI-1 shows improvement, even if, there is no corresponding improvement in terms of life expectancy and literacy, and vice versa. To determine the extent to which inclusion or otherwise of real GDP per capita affects the HDI, HDI-2 is estimated with only two variables namely, life expectancy and literacy.

It can be seen from HDI-2 reported in the table that the exclusion of (log of) real GDP per capita from the estimation of HDI resulted in a continuous rise in human development index. This implies that falls observed in the HDI-1 are mainly because of increased deprivation in terms of income. It can thus be inferred that even when income opportunities did not rise sufficiently, the country was able to maintain the tempo of (pure) human development. The estimates of HDI-2 further highlight that deprivation in income has been greater compared with deprivation in other human development indicators. This can be noted from the size of HDI-2 compared to HDI-1.

Finally, to compute HDI-3, safe drinking water and per capita availability of calories are included along with the

three components of HDI-1 to see whether some additional insights can be gained from the extended version of HDI.[5] It can be seen that the size of HDI-3 is bigger than HDI-1, implying that in Pakistan the deprivation relative to international standards, in the availability of food and safe drinking water is lower compared to the deprivation in national income and literacy. For instance, the deprivation in the availability of food and safe drinking water in 1987 was, respectively, 0.667 and 0.436 as compared to 0.795 and 0.774, respectively, in national income and literacy.

In order to ascertain the nature and degree of relationship between economic growth and human development, the Human Development Indices and real GNP/GDP per capita are reported in Table 1.5.1 for the period 1961-87.[6]

From real GNP per capita series one can distinguish two points indicating sudden falls in the GNP. The first corresponds to the year 1972, a year when (i) a new civilian government assumed office after the Indo-Pak War of 1971 which had resulted in secession of the Eastern province of the country, and (ii) Pakistani currency was delinked from British pound and linked to U.S. dollar and was devalued by

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5 HDI-3 is computed for the period 1971 to 1987 because data on the access to safe drinking water are not available for the period 1961 to 1970.

6 It has been suggested in some of the studies that real GNP/GDP per capita must also be adjusted by an inequality measure so as to take account of the presence of income inequalities in welfare ranking. For the study the real GNP per capita was adjusted by the Gini coefficients. It turned out that adjusted real GNP per capita was consistently lower compared to the unadjusted real GNP per capita. This points to the presence of income inequalities among various sections of the society. However, the ranking of real GNP per capita did not change when it is adjusted for inequalities in income. As such, we limit our discussion to the unadjusted real GNP per capita.

approximately 130 percent against the U.S. dollar. In the post 1972 period up until 1981 the country experienced continuously high growth in real GNP per capita. The second fall in the real GNP per capita occurred in 1982. This is the year when Pakistan delinked its currency from the U.S. dollar and moved from the fixed exchange rate system to the managed floating exchange rate.

To highlight the nature of the relationship between HDI and real GNP per capita the estimates presented in Table 1.5.1 are reproduced in the form of Figures 1.5.1 to 1.5.7. Two clusters of observations can be noted from Figures 1.5.1 to 1.5.3. One correspond to the period between 1967 and 1973 while the other correspond to the period between 1981 and 1985. During these periods the relationship between HDIs and real GNP per capita appears to be ambiguous. Otherwise, the relationship between HDIs and real GNP per capita is positive. The Figures 1.5.4 to 1.5.6 depict the trends of real GNP per capita and HDIs which have been discussed earlier.

The above discussion brings out that since 1961 the human development index for Pakistan has more than doubled. Although this appears as a remarkable achievement given that Pakistan is a low income country with per capita GNP of less than U.S. $ 400, it is still one of the lowest ranked

Table 1.5.1

Human Development Index, Per capita GNP and GDP, 1961-1987

Year	HDI-1	HDI-2	HDI-3	Per Capita GNP (US $)	log per capita real GDP
1961	0.136	0.163		83.93	2.348
1962	0.140	0.170		86.13	2.359
1963	0.149	0.178		91.81	2.387
1964	0.155	0.185		100.95	2.428
1965	0.158	0.192		110.08	2.466
1966	0.168	0.198		119.54	2.502
1967	0.176	0.205		128.68	2.533
1968	0.181	0.213		134.87	2.554
1969	0.190	0.221		144.96	2.585
1970	0.194	0.228		154.73	2.613
1971	0.196	0.235	0.242	161.24	2.640
1972	0.170	0.241	0.221	78.50	2.344
1973	0.189	0.247	0.222	108.64	2.526
1974	0.177	0.252	0.210	136.77	2.628
1975	0.192	0.258	0.215	161.52	2.703
1976	0.218	0.264	0.233	182.07	2.762
1977	0.230	0.269	0.250	209.50	2.826
1978	0.237	0.275	0.255	236.46	2.882
1979	0.241	0.281	0.254	264.95	2.941
1980	0.254	0.286	0.250	304.34	3.014
1981	0.267	0.292	0.289	346.62	3.083
1982	0.271	0.307	0.304	327.80	3.065
1983	0.277	0.321	0.315	329.97	3.082
1984	0.288	0.333	0.322	332.39	3.096
1985	0.292	0.344	0.337	333.36	3.102
1986	0.294	0.354	0.356	336.66	3.111
1987	0.308	0.364	0.382	346.05	3.130

Source: Pakistan (1990).

countries, in terms of human development, among the countries characterized by low level of human development.

It may further be pointed out that the overall index discussed in this chapter conceal wide spread disparities across sectors (urban vs rural), regions (both inter- and intra-provincial) and gender (male vs female) in the

acquisition of human capital which are prevalent in the country. For instance, Male HDI was 0.463 and Female HDI was 0.383 in 1987 [see UNDP (1990)].

The existence of these disparities is a source of frustration and can potentially lead to deformation of the human capital. On the basis of whatever little patchy information is available, some of these issues have been discussed in more detail in Chapter III. However, in the absence of a disaggregative analysis based on the availability of a better quality data, such issues are difficult to analyse and adequately take account of. One thing, however, is definite. A proper adjustment of the HDI of Pakistan for various disparities will substantially lower the index which will further highlight the dismal performance of the country in terms of human development.

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Figure 1.5.1

Relation Of HDI–1 & GNP Per Capita

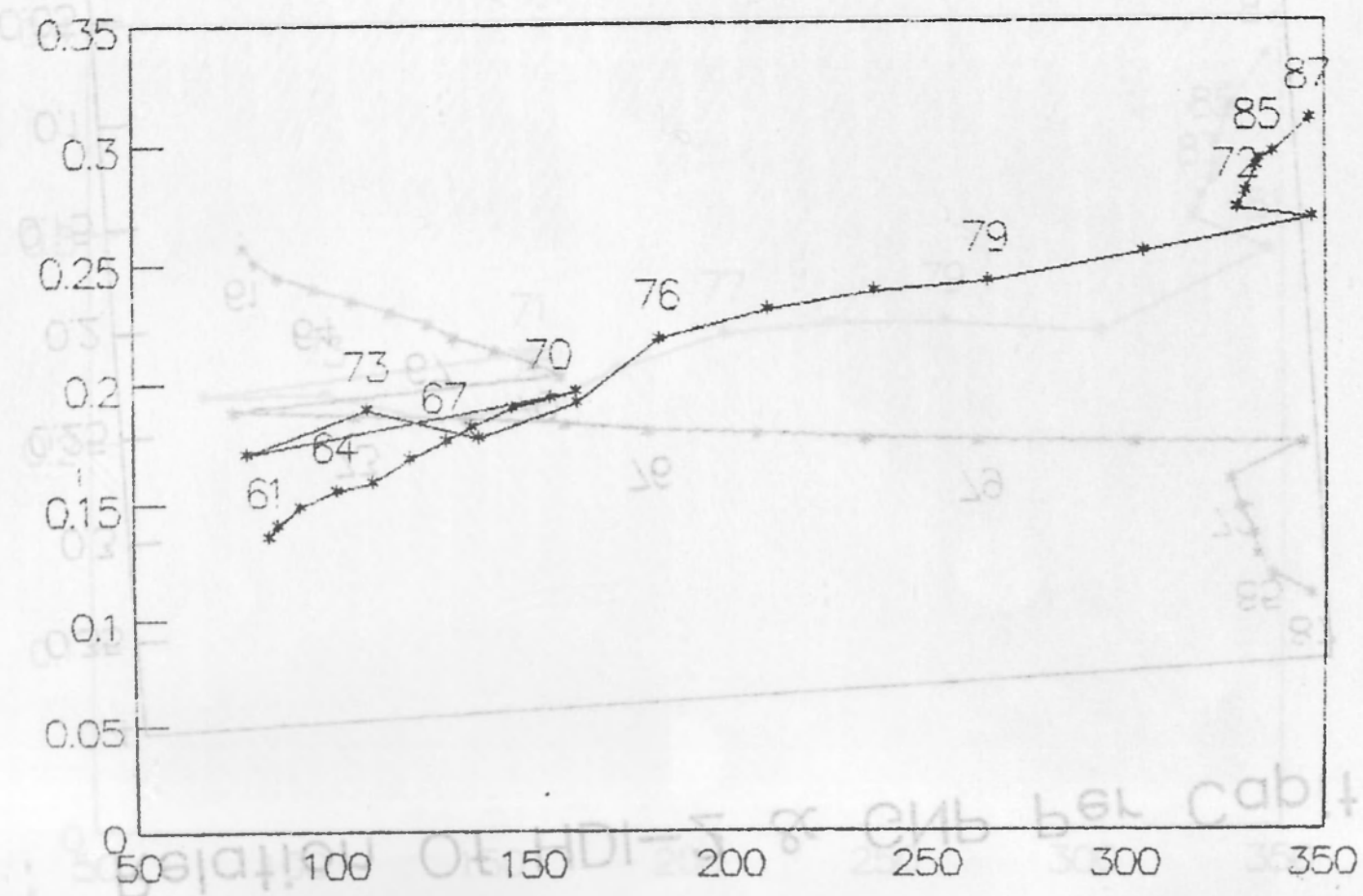
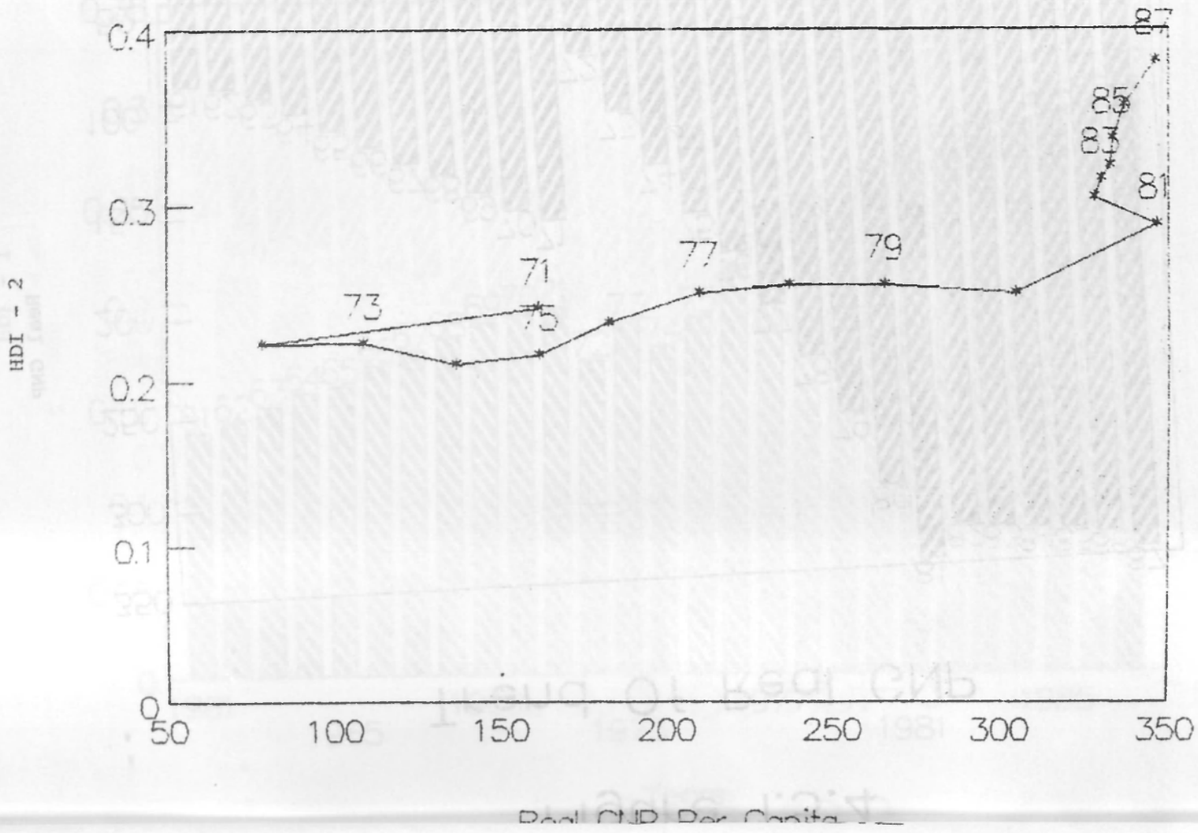


Figure 1.5.3

Relation Of HDI-3 & GNP Per Capita



Relation Of HDI-2 & GNP Per Capita

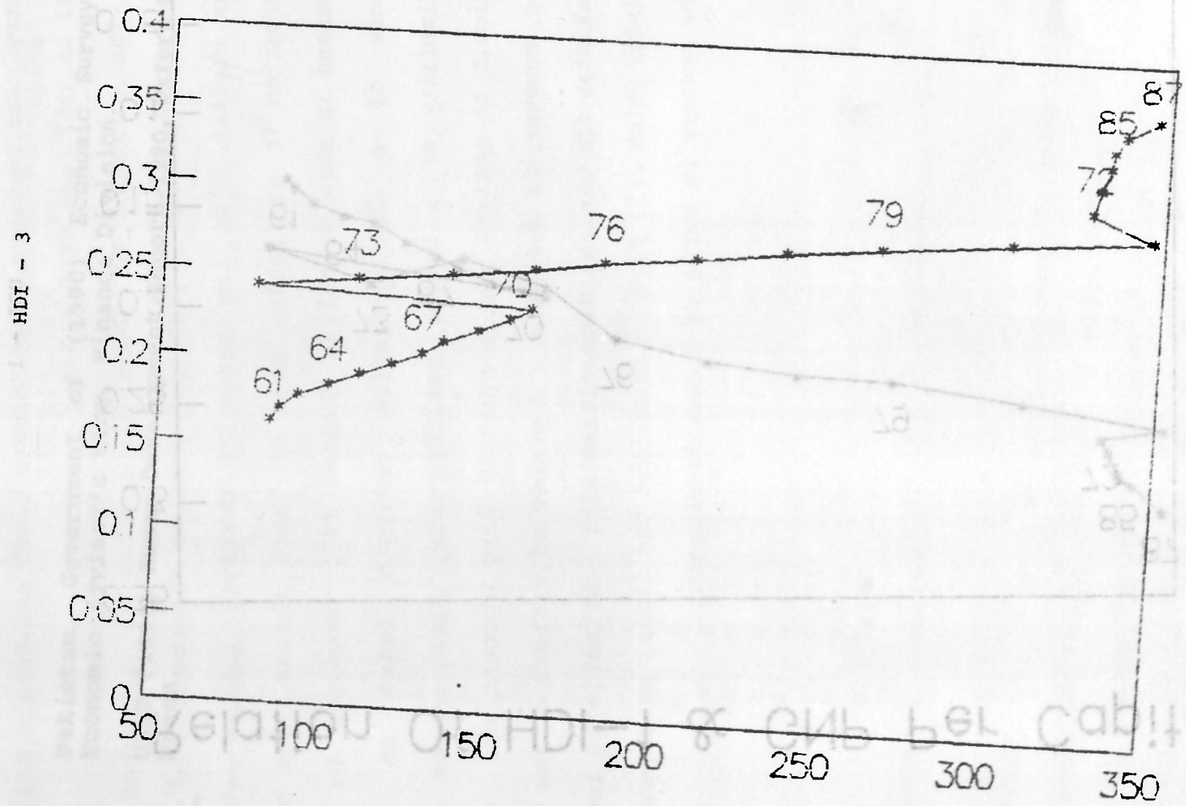
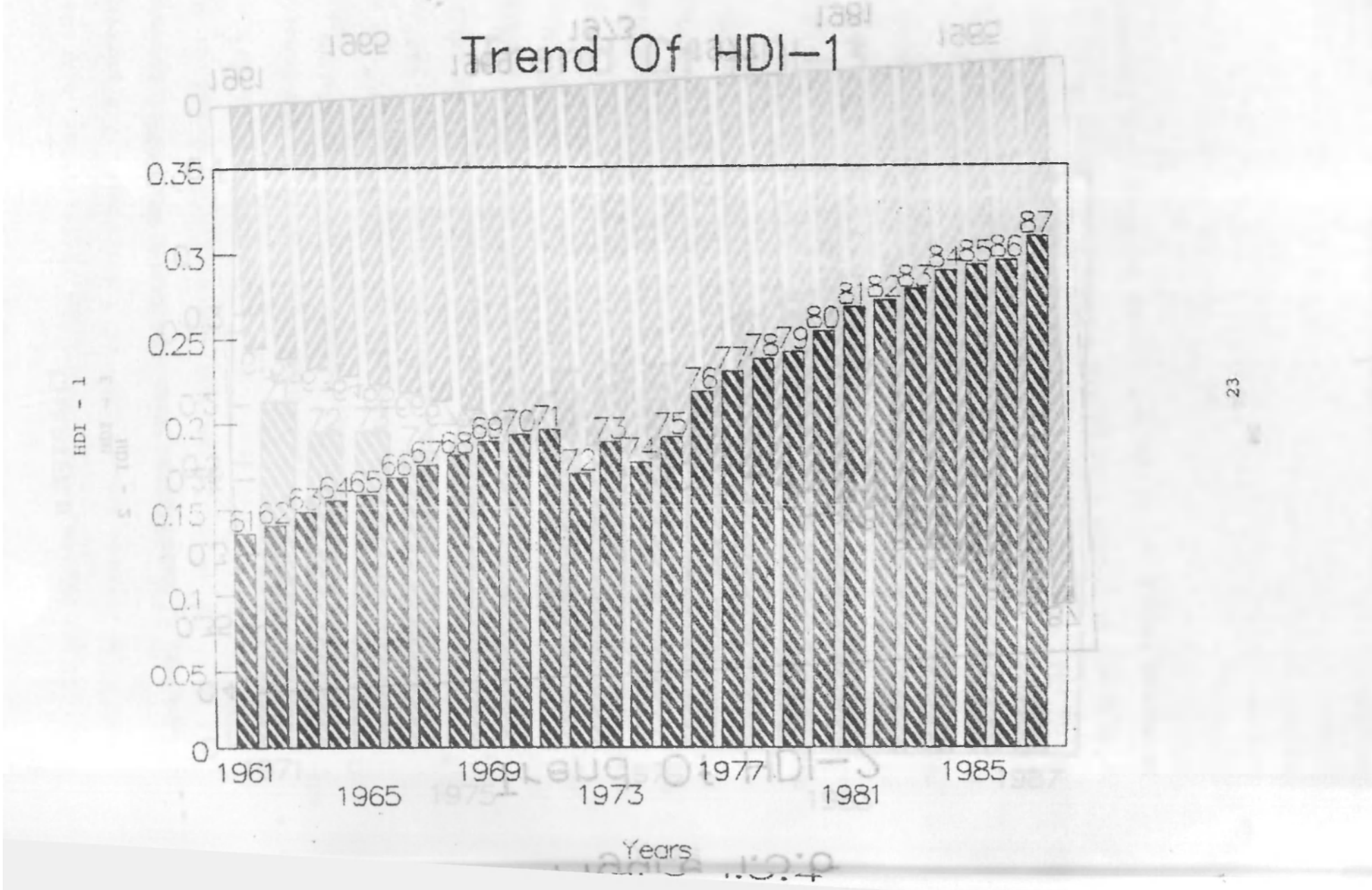


Figure 1.5.5


Trend Of HDI-1
HDI - 1
0
0.05
0.1
0.15
0.2
0.25
0.3
0.35
61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87
1961
1965
1969
1973
1977
1981
1985
Years

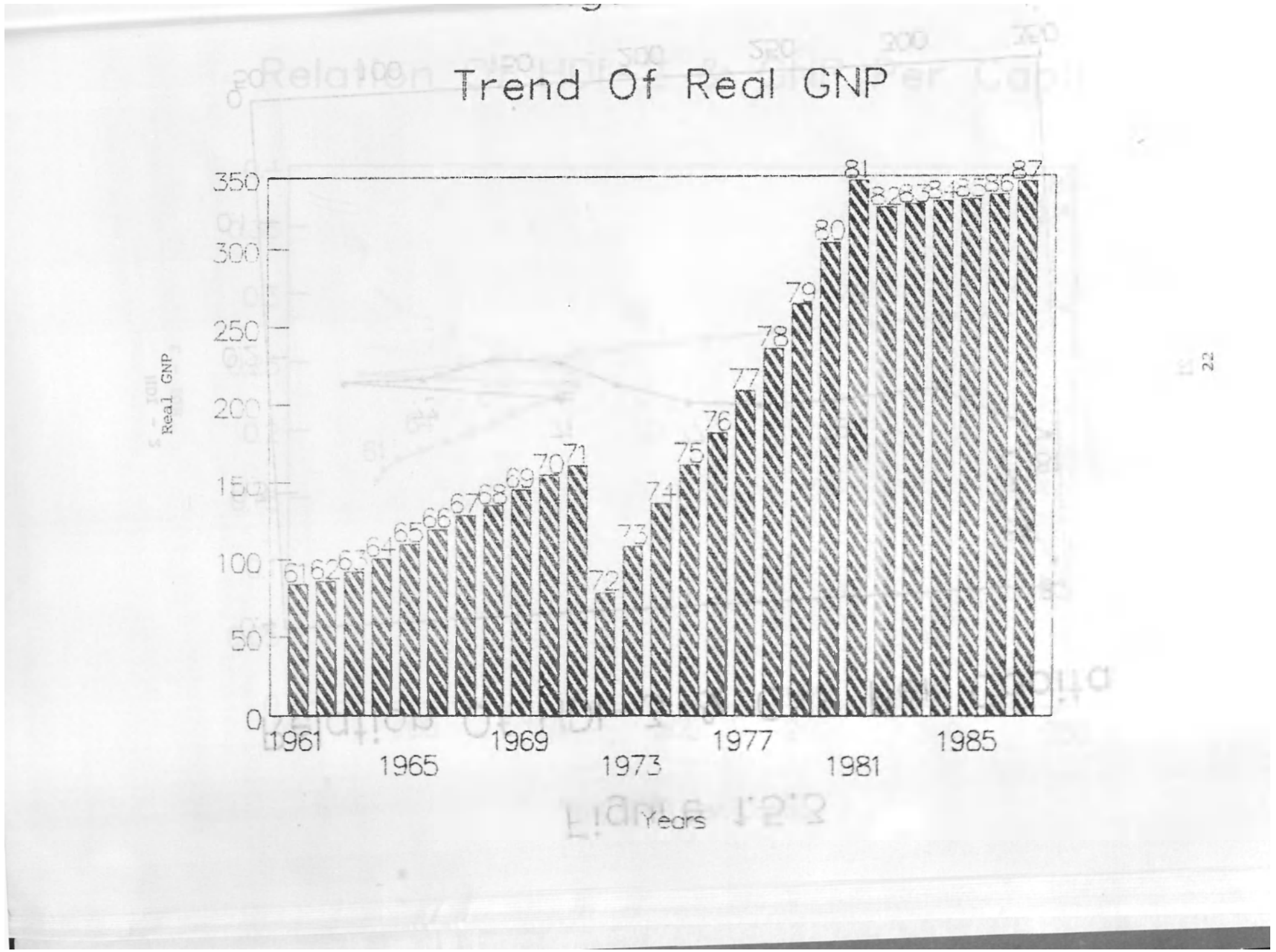
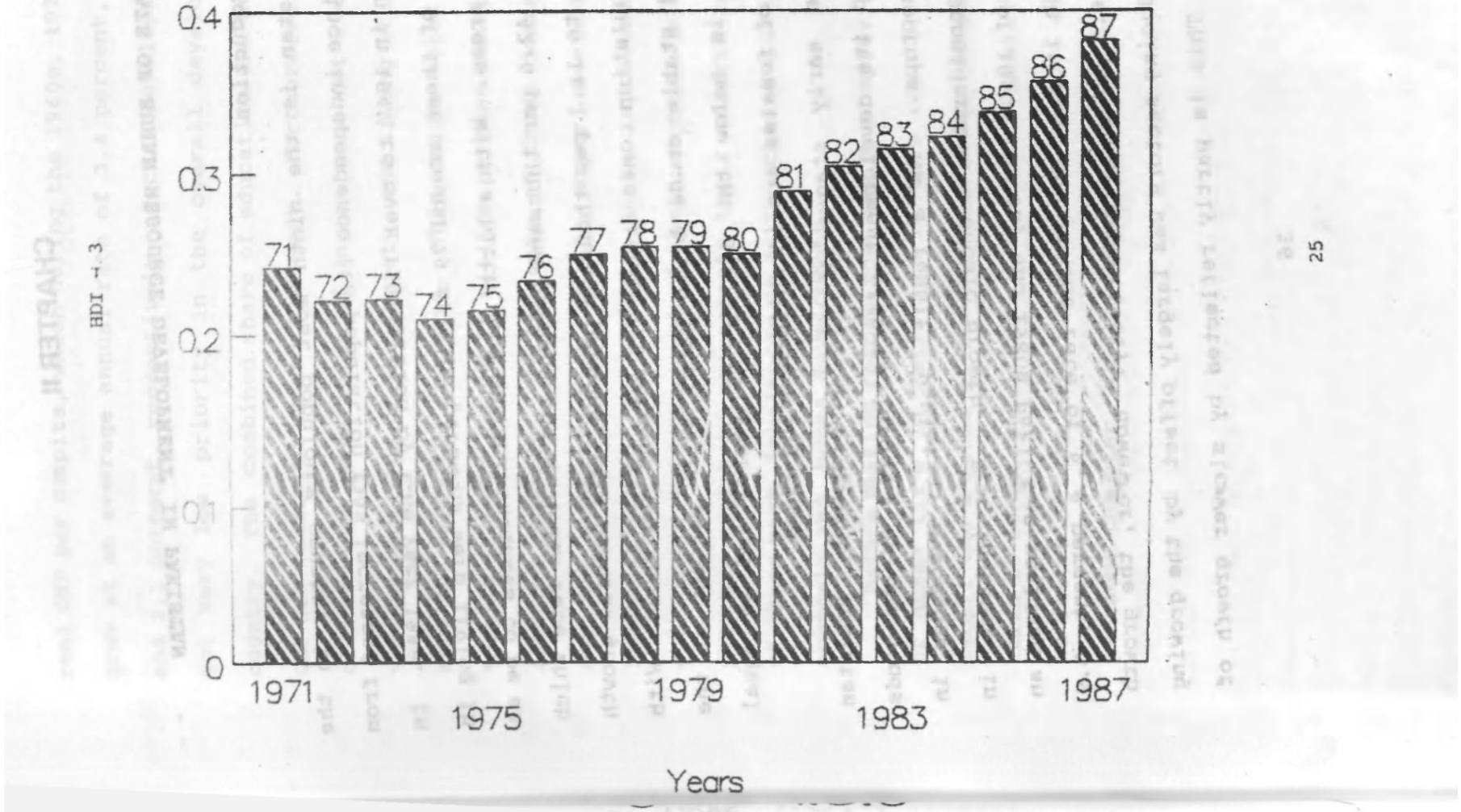
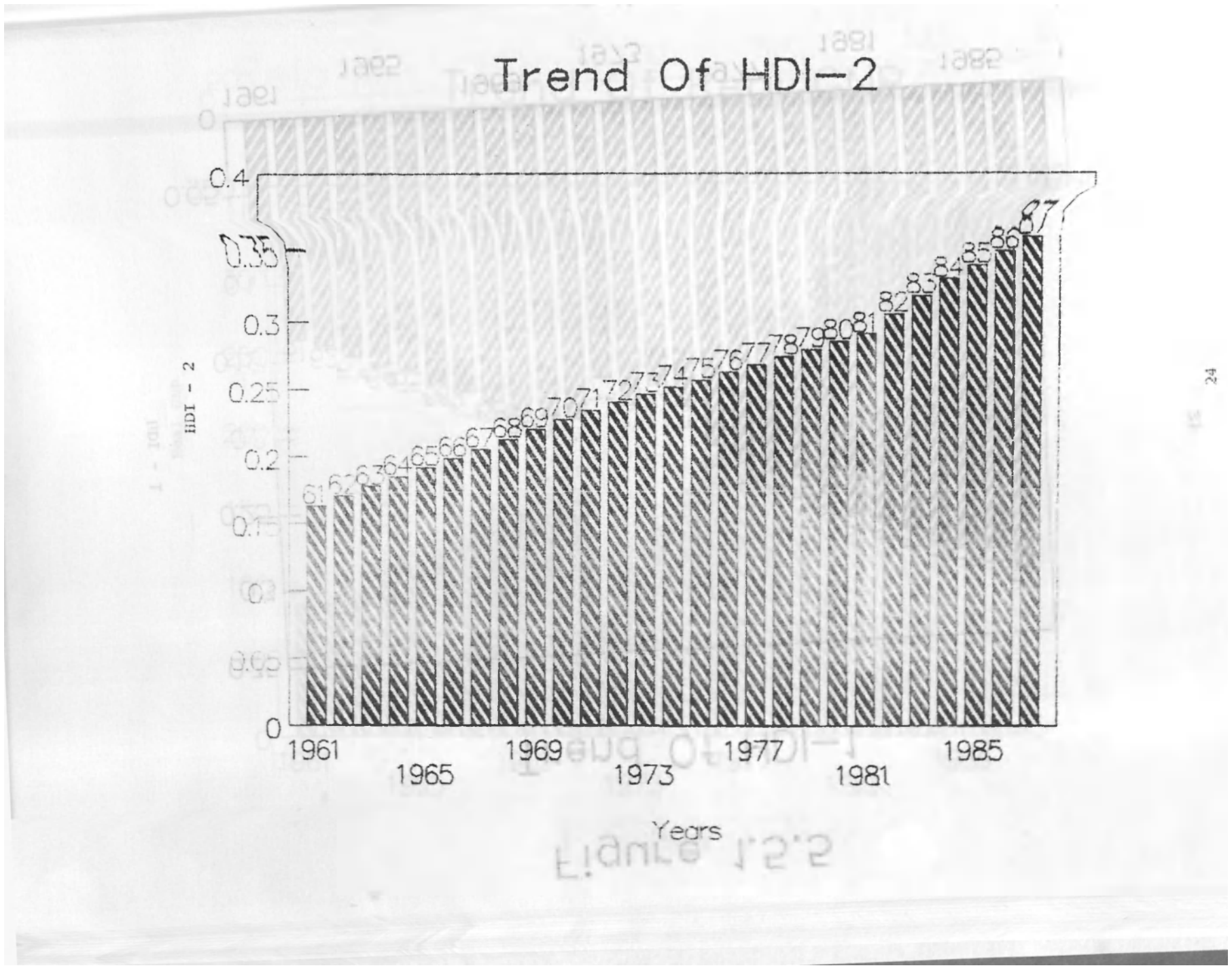

Trend Of Real GNP
Real GNP
350
300
250
200
150
100
50
0
61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87
1961
1965
1969
1973
1977
1981
1985
Years

Figure 1.5.7

Trend Of HDI-3




Trend Of HDI–2
HDI - 2
0.4
0.35
0.3
0.25
0.2
0.15
0
61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87
1961
1965
1969
1973
1977
1981
1985
Years

CHAPTER II

STATE OF HUMAN RESOURCE DEVELOPMENT IN PAKISTAN

2.1 Introduction

Pakistan is the ninth most populous country in the world. Since independence its population has increased from 32 million in 1947 to over 110 million by the year 1989. In 1989, out of these around 79 million persons were living in the rural areas. With a birth rate which continues to be as high as at 42.6 per thousand persons and a death rate which has fallen to 11.3 per thousand persons, the natural growth rate of population comes around 3.1 percent per annum. With a high and stable crude birth rate, 44.5 percent of the population is below the age of 15 years and an equal proportion of females are in child-bearing ages.

In the early stages of its development, Pakistan concentrated its development efforts largely on the goods producing sectors. As a result, Pakistan succeeded in generating considerable economic growth. For instance, in the decades of 1960s, 1970s, and 1980s Pakistan realized an annual growth in real GNP at the rate of 6.4 percent, 5.9 percent and 6.3 percent, respectively. However, the growth of goods producing sectors was largely offset by the growing population. This is partly reflected by slower growth of

real GNP per capita, which during the 1960s, 1970s, and 1980s grew at an average annual rate of 3.4 percent, 2.6 percent, and 3.1 percent, respectively. Social development, however, got very low priority in the overall development of the country. The combined share of education and health in total GNP has remained around 2 percent. Furthermore, the benefits of increased generation of income were not evenly shared by various sections of the society, and living standards did not show the expected increase. This can be noted from the fact that in 1984-85 around 26 million persons continue to live in absolute poverty. In the wake of these demanding problems and the understanding of the experience of NIEs (newly Industrializing Economies) that improvement in human development is the secret of their success, policy makers and planners ought to concentrate their efforts to redress some of these past imbalances so as to achieve a better balance of economic and human development.

Before making recommendations for improving the standard of human life in Pakistan, in this chapter we discuss in detail the status of the state of human development both in terms of acquisition and use of human capabilities. In doing so status of the each component of the HDI, discussed in the previous chapter, will be examined.

2.2 Acquisition of Human Capabilities

Despite the high growth realized during the last three decades, Pakistan is at the 36th place from the bottom in the list of 130 countries and is placed among the countries with low level of human development. One of the major factor for this state of affair has been that no effort was made to distribute the benefits of economic growth to all the sections of the society which resulted in wide income disparities. This was further aggravated by the skewed distribution of social services and the low priority accorded to the social sectors. Consequently, human capabilities could not achieve the level which high economic growth could have otherwise accorded.

In this section we discuss the acquisition of human capabilities in Pakistan over time under the four broad areas related to human development namely, (i) longevity, (ii) decent living, (iii) basic needs, and (iv) knowledge.

2.2.1 Longevity

Life expectancy in Pakistan has risen sharply over the last three decades. Average life expectancy in 1987 was 61 years. It can be seen from Table 2.2.1 that during the last 20 years the life expectancy has increased by almost 22 years. As a result, the life expectancy gap between developed countries and Pakistan has narrowed down to 17.4

years.[1] Nevertheless, the gap in average life expectancy indicates that there remains considerable scope for improvements.

Some of the developing countries are still behind Pakistan in terms of average life expectancy. For instance, average life expectancy in India is 58 years, in Bangladesh 51 years, in Nepal 51 years, in Niger 45 years, and in Uganda 48 years.

Table 2.2.1

Health Status in Pakistan 1961-88

Years	Life Expectancy (years)	Infant Mortality Rate(per ,000)	Crude Death Rate(Per,000)
1961	38.7	131	19.0(1962)
1971	48.0 (1972)	106	10.6
1981	52.0	n.a.	11.8
1985	58.6	112	10.0
1988	61.0	113	10.5

Source: Col.1 . Pakistan [various issues (a)]
Col.2 & 3 Pakistan [various issues (b)]

Although reductions in infant mortality rates and crude death rates have contributed greatly in increasing the life expectancy,[2] the worrisome fact is that infant mortality rate

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1 These improvements, as suggested in Pakistan (1990), are partly a result of the rise in living conditions and partly due to the elimination of the frequent occurrence of famines through higher food production and effective control of procurement and distribution of food grains. The infectious diseases, however, continue to dominate morbidity and mortality patterns in Pakistan.

2 The progress in reducing mortality rates has been achieved through better health services. Usual indicators of health services are the population per doctor and hospital bed. It may be noted that over the period 1961 to 1988, population per doctor has declined from 6368 to 1880 and per bed has declined from 2063 to 1610.

is still above 100 per thousand persons among the new-born babies in Pakistan. Compared to 72 and 52 per thousand persons, respectively, among low and middle income economies, every effort needs to be made to reduce this high infant mortality within the shortest possible time. Furthermore, crude death rate of 13 per thousand persons in Pakistan is still very high compared to 10 and 8, respectively, among the low and middle income economies.

2.2.2 Decent Living

i) Growth of Income

The growth of real GNP per capita is one of the critical elements of human development. One of the poorest countries of the world at the time of its creation when its real GNP per capita was just US $ 78, Pakistan has managed to increase it to the level of US $ 350 by 1987. Compared to average GNP per capita of low income economies of about US $ 290, Pakistan's performance is at best satisfactory. In the decades of 1960s, 1970s, and 1980s, respectively, the annual real GNP per capita in Pakistan grew at a healthy rate of 3.4 percent, 2.6 percent, and 3.1 percent. Considering that during 1965-88 real GNP per capita among the low and middle economies, respectively, grew at an average annual rate of 3.1 percent and 2.3 percent, Pakistan's economic growth can be termed as satisfactory.[3] Even more impressive was the

[3] Between 1965-88 real GNP per capita in Pakistan grew at an average annual rate of 2.5 percent.

growth of real GDP. Between 1980-88 Pakistan's real GDP grew at an average annual rate of 6.5 percent compared to 6.4 percent and 2.9 percent, respectively, in the low and middle income economies. High growth rates realized in the past were the result of the green revolution coupled with growth of the manufacturing sector in the 1960s, increase in the demand of services sectors after the massive inflow of remittances in the 1970s, and growth of the agricultural sector after the introduction of high yield variety seeds, particularly in the cotton crop, in the 1980s.

Table 2.2.2

Gross National Product of Pakistan

Year	Per Capita GNP (US $)	Real GNP Per Capita (PPP)	Gini Coefficient of Household Income	Distribution adjusted GNP (US$)	Ratio of Highest to Lowest	Gini of Ownership of land
1961	83.93	222.41	0.386	51.53	10.59	0.64 (1950)
1972	78.50	221.37	0.345	51.42	9.00	0.57
1981	346.62	1317.16	0.372	217.82	9.98	0.53
1985	333.36	1573.44	0.369	210.35	9.35	n.a.
1988	355.24	1463.59	0.346	232.33	9.01	n.a.

Source: i. Pakistan (1990). ii. Kravis, Heston, and Summers (1978). iii. Mahmood (1990). iv. Naqvi (1989).

ii) Distribution of Income

Although Pakistan's real GNP per capita at US $ 350 in 1987 is more than the average of low income economies, for

two major reasons it cannot be taken as a true indicator of the standard of living or for welfare comparison. First, the existence of nontraded goods and services and distortions caused by exchange rate anomalies and the resulting difference in the real purchasing power of the income make it difficult to make any judgement on the basis of cross-country comparison. To overcome this problem real GNP per capita is corrected for variations in the purchasing power parity. It can be noted from Table 2.2.2 that original ranking of real GNP per capita changes somewhat when adjusted for purchasing power parity.

Second, in the presence of income disparities, or a skewed distribution of income, within a country any welfare comparisons or ranking can be misleading. Although there are many measures of inequality, the Gini coefficient is one of the most widely used measures and has a fairly straight forward interpretation. The income Gini coefficients calculated for Pakistan for different years are reported in Table 2.2.2. The evidence presented indicates that although the distribution of income in Pakistan has remained highly unequal, over time it has varied and during the 1980s has narrowed down.

This narrowing down of the inequality in income distribution has been associated, among other things, with an increase in the share of the poorest 10 percent households in total income and a decline in the share of the richest 10

percent households. Nevertheless, there remain large gaps between the income shares of the rich and poor households and it can be seen from Table 2.2.2 that the share of the richest group is nearly 9 times that of the poorest group. The fall in income inequality is attributed to the increase in labour productivity in the agriculture sector, rise in real wages in almost all the sectors of the urban economy after the massive exodus of workers to the Middle East and the widespread spillover effect of workers' remittances.

iii) Distribution of Wealth

In most of the developing countries, initial differences in wealth holdings, which are typically much larger than income differences, keep the size of the relative income inequality also large. [see Naqvi and Qadir (1985)]. For a predominantly agrarian economy like Pakistan, concentration of land is a useful indicator of distribution of wealth. The degree of land concentration measured by the Gini coefficient, are reported in Table 2.2.2. The table shows that although over time land-ownership in Pakistan has improved somewhat, land remains highly concentrated in a few (rich) hands. The fall in the Gini coefficients since 1950 also corroborates the available evidence on land-ownership. For small land-owners (under 12.5 acres) the increase in the area owned has been greater than the increase in their

numbers, suggesting a per capita increase in landownership. By contrast, the area owned by the large farm-owners has decreased at a more rapid pace than their numbers, indicating a decline in the per capita land owned by the large farmers.

iv) Poverty

Since independence, each successive government in Pakistan has claimed to have taken concrete steps for the eradication of poverty from the country. Despite the rhetoric and impressive growth in output realized in the past, however, poverty remains widespread in the country. Using per capita income which allows the fulfillment of minimum nutritional requirements and other basic needs of a person, the poverty estimates on the basis of households and population are reported in Table 2.2.3.

For rural areas the results show that poverty increased during the 1960s and then declined towards the late 1970s and mid-1980s. In 1963-64, very poor households were 36.79 percent of total rural households and they increased to 44.24 percent by 1969-70. Since then, however, there has been a significant decline in the proportion of very poor households. The percentage of poor households, in all these years, was higher compared to very poor households. The trend over time, however, is similar (Table 2.2.3).

Poverty in the urban areas has followed a different pattern. It can be seen from Table 2.2.3 that the percentage of households in the urban sector, whether defined as very poor or poor, has declined continuously over time. The evidence given in Table 2.2.3 further shows that the trend in percentage of poor population is the same as that for households. The only difference between the two is that poverty level is slightly higher for population compared to that for households.

Increase in poverty in the rural areas during the 1960s was the result of the introduction of new technology in the agriculture sector which led to the eviction of tenant farmers [see Irfan and Amjad (1983)]. The decline in rural poverty between 1979 and 1984-85 can be attributed to massive exodus of workers to the countries of the Middle East largely from the rural areas and the widespread effect of the receipts of remittances from the migrant workers. In the urban areas, the tightening of the labour market due to emigration of labour, growth of services and construction sectors, and receipts of remittances are likely to have played a major role in reducing the incidence of poverty.

Table 2.2.3

Estimates of Poverty in Pakistan - Household and Population

Year	Rural		Urban		All Areas		Poverty lines (Rupees) Rural		Urban	
	Very Poor (%)	Poor (%)	Very Poor (%)	Poor	Very Poor (%)	Poor (%)	Very Poor	Poor	Very Poor	Poor
Households										
1963-64	36.79	42.69	40.88	48.89	37.69	44.05	26.05	28.18	30.31	33.91
1966-67	43.05	49.68	37.41	45.99	41.70	48.79	30.39	32.88	35.36	39.57
1969-70	44.24	50.76	34.09	42.55	41.78	48.77	33.29	36.01	38.74	43.34
1979	29.23	35.19	23.64	30.95	27.75	34.07	98.84	106.92	115.00	128.68
1984-85	24.10	29.21	19.40	25.61	22.79	28.21	159.00	172.00	185.00	207.00
Population										
1963-64	38.94	44.97	44.53	52.34	40.24	46.68				
1966-67	45.67	52.35	40.96	49.79	44.50	51.74				
1969-70	49.11	55.66	38.76	47.92	46.53	53.73				
1979	32.51	38.84	25.94	33.70	30.68	37.41				
1984-85	25.87	31.45	21.17	27.78	24.47	30.36				

Source: Malik (1988).

Note: The poverty lines, on the basis of the average consumption pattern adjusted to meet the minimum requirements of calories, of the lowest three income brackets is termed as 'very poor' and the average consumption patterns of the fourth and fifth income brackets is termed as 'poor'.

2.2.3 Access to Basic Needs

The extent to which people can improve their capabilities also depends on the access that they have to some of the basic goods and services, for instance food intake, health service, and other facilities like drinking water and sanitation.

a) Availability of Food

There has been a general improvement in food production and supply of calories in Pakistan. Table 2.2.4 shows that over the period 1961 to 1988 food production and supply of calories, in general, have increased in Pakistan. Index of food production has increased from 100 in 1961 to 296 in 1988. Although this appears a remarkable growth, however, if one takes into account the increase in population during the period, as given by the index of population, the increase is not that significant. The daily supply of calories has also improved from 2164 Kcal in 1961 to 2348 Kcal in 1988. That is, it went up by about 0.91 percent per annum over the period. While Pakistan's daily calorie supply is comparable

Table 2.2.4

Food and Calories Supply in Pakistan

Year	Index of		Calories Supply Per Capita		Calories intakes	
	Food Production	Population	Units	% of requirement	Units	(%)
1961	100	100	2164	85	n.a.	-
1972	178	152	2239	88	n.a.	-
1981	259	196	2313	91	2079	81
1985	282	224	2159	85	2092	82
1988	296	238	2384	93	-	

Source: Pakistan (1990). FAO [various issues].

Note: It has been estimated that a male adult in Pakistan, on average requires 2550 calories per day [See Pakistan (1985)].

increased considerably for both males and females. A major reason for why enrolment ratios in Pakistan have not increased that rapidly is the high population growth rate.

It is difficult to gauge the true "progress" in educational standards without some detailed knowledge of qualitative changes and the spread of educational facilities to the less privileged sections of the society. In the absence of such information, however, a superficial impression may be gained from some of the other statistics. Besides, low rate of enrolments at various education levels, there is also partial evidence of stagnation and decline in educational quality, especially at higher level. For instance, the student:teacher ratio at the university level has increased from 11 in 1961 to 16 in 1987. Another problem which needs immediate attention and is quite serious and common, particularly in the rural areas, is the dropout from schools. About 60 percent of the children drop out before acquiring the competence to read and write. It is even more serious for girls than for boys [see Pakistan (1990)]. No serious efforts are made to bring the child back to school once he/she leaves the school.

2.3 Using Human Capabilities

It is widely believed that healthy and well-educated people, are in a better position than others to use their abilities. Furthermore, it is expected that these people can

Table 2.2.5

Health facilities

Year	Population Per Hospital Bed	Doctor	Total Expenditure as % of GNP
1961	2063	6368	0.46
1971	1804	4137	0.39
1975	1852	3912	0.74
1981	1731	3144	0.68
1985	1695	2229	0.82
1988	1610	1880	1.02

Source: Pakistan (1990).

development economies, its achievement are not comparable t those of the middle income economies.

While public and private expenditures on health i Pakistan have increased over time, they are low b international standards. For instance, total governmer expenditure on health as a percentage of GNP in 1986 wa only 0.2 percent compared to 0.8 percent and 1.5 percent respectively, for countries with low and middle level c human development. What is of more concern is that where for most countries this percentage has increased over tim for Pakistan, it has declined from 0.3 percent in 1960 to 0 percent in 1986.

c) Water and Sanitation

Access to safe drinking water and to sanitati facilities are considered to have a direct favourable effe on the overall health of a person. An estimated 80 perce

of all sickness and diseases in Pakistan are due to inadequate supply of safe drinking water and sanitation facilities [see Pakistan (1990)]. In 1985-87, approximately 44 percent and 20 percent of the population, respectively, had access to safe drinking water and sanitation facilities. While these figures are comparable to the average of countries with low level of human development, they are no match to those for countries with medium level of human development. Although, over time, Pakistan has made a reasonably good progress in extending water and sanitation facilities, the pace has been slower than most of the countries. Progress in extending water facilities has been relatively faster than that in medical and sanitation facilities. At the end of 1989, 75 million people (69% of the total population) had access to safe drinking water - 25 million (80% of the urban population) in urban areas and 50 million (64% of the rural population) in rural areas. Similarly, at the end of 1989, 35 million people (32% of the total population) had access to sewerage/sanitation facilities - 20 million (66% of urban population) in urban areas and 15 million (19% of the rural population) in rural areas. It may be noted from Table 2.2.6 that while rural-urban gap in access to safe drinking water has narrowed over time, it has widened in the case of sanitation facilities. A major factor responsible for these gaps is low priority given to the development of rural areas. During 1987-88 the

Table 2.2.6

Access to Safe Drinking Water and Sanitation Facilities (in percentage)

Year	Drinking Water			Sanitation		
	Total	Rural	Urban	Total	Rural	Urban
1976	22	11	54	n.a.	n.a.	22
1980	31	17	68	n.a.	n.a.	37
1985	44	25	79	20	n.a.	53
1988	66	40	80	27	15	59
1989	69	44	80	32	19	66

Source: Pakistan 1990.

proportion of expenditure on water and sanitation in rural areas out of the total national expenditure on water and sanitation was only 36 percent.

2.2.4 Knowledge

i) Literacy

The overwhelming problem of education in Pakistan remains eradication of widespread illiteracy. Illiteracy is universally recognized as a barrier to the realization of the individual's capacity for adequate participation in social and cultural life. It is also a major obstacle to the general economic development which in turn is responsible for the high incidence of mass poverty. The multiple deleterious effects of illiteracy and inadequacy of education have been recognized since the First United Nations Development Decade

in 1961.[5] Since independence, each successive government in Pakistan has made plans without allocating enough resources to increase adult literacy in the country. The main focus had been on universalizing education at the primary level.

Table: 2.2.7

Literacy Rate (Age 10 & Above)

1951	13.2
1961	18.4
1972	21.7
1981	26.2
1985	29.4
1988	32.1
Annual Growth Rate :	2.4%

Source: Pakistan (1990)

Table 2.2.7 shows that in 1985 adult literacy rate in Pakistan was approximately 30 percent. Among the low income economies this is one of the lowest literacy rates and only some African countries like Chad, Somalia, Nepal, Burkina Faso, Mali, Niger, Benin, Guinea, and Senegal are ranked lower than Pakistan in this respect. Compared to an average literacy rate of 56 percent and 74 percent, respectively, for low and middle income economies, Pakistan's performance is nothing less than a national scandal. What is even more alarming is that while between 1970 and 1988 most of the countries were able to substantially increase their literacy

[5] Jayasuriya (1982).

rates, Pakistan's literacy increased by only 9 percentage points, i.e. from 21 percent to 30 percent. Given the high growth of population, the number of illiterates in Pakistan have increased from 36 million in 1961 to 61 million in 1988.

A major reason underneath this dismal performance is that not enough resources had been allocated to the education sector. That education has never been given its due priority in the development programmes of Pakistan, is evident from the fact that since independence, expenditure on education has remained in the range of 1-2 percent of the GNP. In 1986 expenditure on education in Pakistan was 2.2 percent of the GNP compared to 1.1 percent in 1960. This is one of the lowest among countries characterized as having low level of human development. In 1986 on average countries with low and medium level of human development, respectively, spent 3.2 percent and 4 percent of their GNP on education. Supply constraints are not the only factors for low literacy rate in Pakistan. The demand for education also appears to be low. This is reflective from the fact that during 1984-85, on average, households in urban and rural areas, respectively, allocated 1.67 percent and 0.59 percent of their total expenditures to education.

ii) Enrolment

How well and quickly a country with low literacy rate can actually achieve high level of literacy depends to a

extent on what percentage of the population is covered
e educational services or what proportion of the
nt age groups are enroled in the schools. In Pakistan,
7, 52 percent and 19 percent of the population in
ıt age groups, respectively, was enrolled in the
/ and secondary level schools. Enrolment ratio for the
'y level was 5 percent. Considering that average
and secondary school enrolment ratios for low income
es was, respectively, 104 percent and 37 percent,
n's performance is far from satisfactory. What is of
re concern is that between 1965 and 1987, whereas
primary and secondary enrolment ratios of low income
:s, respectively, increased from 73 to 104 and from 20
hat of Pakistan's increased from 40 to 52 and from 12
The evidence given in Table 2.2.8 indicates that
61 primary and secondary school enrolment has

Table 2.2.8

lment and Educational Expenditure (in Thousand)

Primary Enrolment		Secondary Enrolment		Expenditure
Male	Female	Male	Female	as % of GNP
1710	455	134	25	1.28
2380	725	186	48	1.98
3140	1190	302	76	2.59
3655	1490	375	103	1.71
3769	1839	394	133	1.58
4653	2309	488	169	2.07
5425	2708	552	201	3.04

ıkistan (1990).

increased considerably for both males and females. A major reason for why enrolment ratios in Pakistan have not increased that rapidly is the high population growth rate. It is difficult to gauge the true "progress" in educational standards without some detailed knowledge of qualitative changes and the spread of educational facilities to the less privileged sections of the society. In the absence of such information, however, a superficial impression may be gained from some of the other statistics. Besides low rate of enrolments at various education levels, there is also partial evidence of stagnation and decline in educational quality, especially at higher level. For instance, the student:teacher ratio at the university level has increased from 11 in 1961 to 16 in 1987. Another problem which needs immediate attention and is quite serious and common, particularly in the rural areas, is the dropout from schools. About 60 percent of the children drop out before acquiring the competence to read and write. It is even more serious for girls than for boys [see Pakistan (1990)]. No serious efforts are made to bring the child back to school once he/she leaves the school.

2.3 Using Human Capabilities

It is widely believed that healthy and well-educated people are in a better position than others to use their abilities. Furthermore, it is expected that these people can

find more productive and well-paid jobs. Educated workers are expected to contribute more to the advancement of science and technology and they are more valuable to society.

2.3.1 Employment

Between 1964 and 1988, 13.87 million workers joined the labour force in Pakistan. This growth can be attributed to the high population growth over the period, low school enrolment which can be attributed to practice of child labour, discouraged worker's phenomenon attributed to emigration of workers to the countries of the Middle East, and efforts of the low income families to increase the number of income earners in the family due to the demonstration effect of remittances. Growing contribution of female participation in labour force can also be acknowledged for the rise in labour force. Nevertheless, female participation is very low. During 1986-87, crude participation rate of females, was 7.88 percent. Such a low female participation is due to social values which discourage full participation of women in direct income generating activity outside the precincts of their homes.

Pakistan has been one of the few countries which has not been confronted with a major 'open' unemployment problem until recently. However, under-employment is considered as the major problem in the labour market of Pakistan. During the 1960s high agricultural growth and a phenomenal growth in

industrial investment created enough jobs to keep almost everybody in jobs.

During the 1970s and 1980s, however, economic growth in Pakistan could not provide enough employment to the growing labour force. Open unemployment rate rose from 1.76 percent in 1970-71 to 3.64 percent in 1985-86 inspite of 5.69 percent per annum growth in investment. The real damage during this period was the adoption of policies which were not suitable to the economic structure of a labour surplus economy. The speed of agricultural mechanization, and introduction of labour-saving devices, in the manufacturing sector, are probably related to this overall phenomenon. Similarly, an increase in underemployment was observed during the same period. Between 1974-75 and 1986-87, underemployment increased from 4.27 percent to 10 percent.

More recently, the Gulf Crisis has brought home more than 100,000 Pakistani workers and has resulted in suspension of outflow of workers to the countries of the Gulf. This has aggravated the employment situation in Pakistan.

There were 0.2 million educated (Matric & above) unemployed in 1986-87. This figure can be deceiving for a country with a population of 110 million. But 0.2 million educated unemployed means that 6 percent of the educated labour is unemployed. Educational incompatibility is generally seen in the swelling of the educated unemployment. This phenomenon is becoming increasingly manifest. There is

a need to diversify education according to the employment needs and opportunities, and to limit the expansion of education at higher levels.

Due to the non-availability of jobs in the formal sectors of the economy, a good portion of new entrants, irrespective of their origin, end up in the informal sector. According to some estimates during 1987 about 73 percent of the urban labour force was employed in the informal sector.[6] This is a sector where wages are lower compared to the formal sector, hours are not fixed, and working environment is very poor. The informal sector, however, provides shelter mostly to those who cannot find jobs in the formal sector, to those who are without any skills and want to acquire them, and it provides entrepreneurial skills to those who have small capital.

2.3.2 Migration

When economic opportunities become limited in their own areas, people opt for migrating to those areas where opportunities are relatively better. This has happened in Pakistan in terms of rural-urban migration, where deliberate policies of the government kept a big differential in rural-urban wages, and international migration to the countries of OPEC Cartel since the mid-1970s.

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6 See Mahmood [1990 (b)]

Both kinds of migration have their merits and demerits. Often rural-urban migration takes place at a rate faster than that of industrialization. As a result growth in urbanization accentuate the problem of unemployment, housing, sewerage and environment, etc. An advantage of rural-urban migration is that it is a source of supply of cheap labour to the urban areas. Furthermore, the remittances which rural workers send back to their families residing in rural areas add to the households' income. Overseas migration is beneficial to the source country if there is unemployment in the "professions" of emigration. Temporary emigration is useful because the home country receives remittances, and workers are expected to return with enhanced human capital. Brain-drain or permanent emigration is considered harmful, especially when the social marginal product is greater than the private marginal product. This is particularly true when education is subsidized in the home country and workers are paid lower wages than their productivity.

Rural-urban migration in Pakistan remained high during the past three decades. The rate of net in-migration to the urban areas was 19.8 percent during 1961-72 which, however, has declined and during 1972-81 was 18 percent.[7] Between 1965-80 and 1980-88, respectively, the urban population grew at an average annual rate of 4.3 percent and 4.5 percent. With population growing at the rate of 3.1 percent per annum,

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[7] See Mahmood [1990 (a)].

this indicates a rural-urban migration rate of 1.2 percent, since the mid 1960s. While this is comparable to what has been realized in the other low and middle income economies, it has led to crowding of the urban areas, resulting in over burdening of the limited urban infrastructure.

With the success of the OPEC Cartel a large number of skilled and unskilled workers migrated from Pakistan to the countries of the Persian Gulf. Until 1984 emigrants formed 7 percent of Pakistan's labour force. Most of the emigrants originated from the construction sector.[8] This migration has been primarily on contract basis. As a consequence, remittances, which constitute the major gain from migration, have become an important source of foreign exchange for the country. During 1988-89 remittances were 41 percent of merchandise export compared to 110 percent in 1982-83. Non-migrant labour has also benefitted to the extent that migration has contributed to rising real wages since 1975. More importantly, the exodus to the Middle East has served as a good safety valve by relieving domestic unemployment and under-employment pressures. In other words, emigration has thus served the crucial function of defusing social tension which could otherwise have been catastrophic.

2.4 Concluding Remarks

In this chapter an overview of the state of the social

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[8] See Mahmood [1990 (c)].

sector in Pakistan has been presented which covers the past three decades. The review suggests that although Pakistan has been able to achieve some success in almost all the areas of the social sector, the performance is not even comparable to what has been achieved in many of the low income economies. A major reason for this dismal performance is that the social sector has never been given its due priority in the overall development plans of the country. Whatever little progress has been made, it is only the minimum one would expect during the natural course of economic growth. So far no special and sincere efforts had ever been made to come out of extremely poor conditions in education, health, and other social sub-sectors. This is reflected by the proportion of national output which had been spent on the development of the social sector in the past. Even with the inadequate budgetary allocations, the situation could have been far better, if the social sector had been managed more effectively and efficiently. This picture of some success would become blurred when inter-regional and inter-gender disparities in each of the indicator of human development are taken into account. Moreover, the country still lacks opportunities to fully utilise their capabilities. Unless economic opportunities are provided to the jobless, human talent will be wasted.

Balance Sheet of Human Development

Human Progress	Human Deprivation
Life Expectancy	
* Average life expectancy in Pakistan increased by 1.5 times during 1961-88 and is now 78% of the developed countries.	* Average life expectancy in Pakistan is still 17 years shorter than that of the average of the developed countries.
Education	
* There are about 34 million literate in Pakistan.	* About 61 million people still cannot read and write.
* Literacy rates have increased from 17% in 1961 to 32% in 1988.	* Literacy rates in Pakistan are still 32% of developed world's rates.
Income	
* Average per capita income in Pakistan increased by 3.04% per annum between 1961 and 1988.	* Nearly 26 million people still live in Pakistan in absolute poverty.
Health	
* Nearly 55% of Pakistan's people have access to health services.	* Nearly 47 million people are deprived from health facilities.
Services	
* About 69% people have access to safe water.	* About 33 million people do not have access to safe drinking water.
* Thirty two percent of population has access to sanitation facilities.	* Nearly 72 million people live without sanitation facilities.
Infant Health	
* Infant mortality rates have gone down from 131 in 1961 to 113 in 1988.	* Nearly 11% of the kids die before their first birthday.
Food and Nutrition:	
* The per capita average calories supply increased by 0.9% per annum between 1961 and 1987.	* Availability of calories is still 7% short of the requirement.
Women	
* School enrolment rates for girls have increased more than those for boys.	* The female literacy rate is still 20.5%, i.e.,less than a half of that for males.

* **Note:** The pattern of this table is similar to that of Box 2.2 in UNDP (1990).

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CHAPTER III

DISPARITIES, DEBT BURDEN AND DEFORMATION OF HUMAN CAPITAL

3.1 Disparities within Pakistan

Studying disparities within Pakistan is important for several reasons: (a) to put the overall development of the last three decades in some sort of a perspective, (b) to realize how human deprivation and suffering can be reduced and human development enhanced by policies such as redistributing income and/or reallocating budget intrasectorally as well as across regions of socioeconomic groups, and (c) to determine the extent by which the potential of important subgroups of the populace may be under-utilized. In this section we focus on the disparities between rural and urban areas, between males and females and between rich and poor. Such disparities may pertain to income as well as education, health and a number of other indicators of socio-economic well-being.

3.1.1 Rural/Urban Disparities

National data on the various human development indicators conceal significant rural/urban differences, with the rural areas consistently doing worse. While many developing countries are characterized by the above

situation, Pakistan is amongst those countries where the problem of the relative deprivation of the rural areas is specially acute. This is a serious matter considering that the majority of Pakistan's population lives in the rural areas.

In fact, Table 3.1.1 gives the respective percent share of rural and urban population in Pakistan's total population. This table shows that whereas urbanization has increased over time, still approximately 3/4th of the total population belongs to rural areas.

Table 3.1.1

Percentage Share of Rural and Urban Population in Total Population

	1961	1972	1981
Rural	77.50	74.60	71.70
Urban	22.50	25.40	28.30

Source: Pakistan (1990)

How has the rural population of Pakistan been faring relative to its urban counterpart? The following discussion looks into the above question with reference to some of the important human development indicators.

i) Household Income

Let us examine rural vs. urban disparities in terms of the level as well as the distribution of household income.

The average monthly household income for rural and urban areas is reflected in Table 3.1.2, which shows a rising tendency since 1971-72 for both these sectors. However, the ratio of rural to urban household income is less than unity and has been almost constant over time. Since income represents generalized purchasing power (given prices), rural deprivation in this dimension is quite telling.

Table 3.1.2

Average Household Income by Rural/Urban Residence

Year	Average Monthly Income(Rupees)		Rural/Urban Ratio (%)
	Rural Areas	Urban Areas	
1971-72	234.43	360.54	65.02
1979	835.65	1345.91	62.90
1984-85	1537.75	2390.05	64.34
1987-88	1815.38	2956.17	61.41

Source: Household Income and Expenditure Surveys, Federal Bureau of Statistics.

Again, in order to examine the trends in the rural vs. urban income inequality, let us refer to Table 3.1.16 that is given later in this chapter. As can be seen from the Gini coefficients presented in the above mentioned table we observe that, in general, incomes are more equally distributed in rural areas as compared to the urban areas.

Thus, the fact that the level of average household income in rural areas is less than that in urban areas, may be partially compensated by the fact that such income tends to be more equitably distributed there.

ii) Education

As Table 3.1.3 shows, while the literacy rate in rural areas has been increasing over time, the excess of the literacy rate for the urban areas over that for the rural areas has been increasing. For instance, between 1961 and 1981 while the literacy rate for the rural areas went up by five percentage points, the disparity between the rural and urban areas went up too (incidentally, by almost five percentage points as well). Of course, the reason is that the literacy rate for the urban areas rose even faster over the same period. Besides literacy rate, rural/urban disparities also exist for other measures of education. Enrolment in primary school is often considered as a measure of how prevalent basic education is in a given population. Here too, the excess of urban over rural enrolment ratios of population 10-24 years has increased over time (last row of Table 3.1.3). This persistent and growing relative disadvantage of the rural areas, in terms of educational opportunities, must be a matter of concern for policy makers interested in reducing intra-Pakistan disparities.

Table 3.1.3

Rural-Urban Disparities in Education

	1961	1972	1981
(1) Literacy Rate (%)			
Urban (U)	36.7	41.5	47.1
Rural (R)	12.2	14.3	17.3
(U minus R)	24.5	27.2	29.8
(2) Schooling Enrolment Ratios of Population 10-24 years old (%)			
Urban (U)	21.6	-	31.3
Rural (R)	8.1	-	11.4
(U minus R)	13.5	-	19.9

Source: Burney and Irfan (1991).

While Table 3.1.3 gives the data regarding urban/rural disparity for overall Pakistan, Tables 3.1.4 and 3.1.5, respectively, present data for literacy rate and school enrolment for the four provinces. The evidence clearly shows that the picture of relative rural deprivation of educational opportunities portrayed by the national data is valid for the four provinces as well. In fact, there are significant inter- and intra-provincial differences in such deprivation. For instance, rural areas in Baluchistan are in need of most attention.

Table 3.1.4
Literacy Ratio by Province

	1972			1981		
	Overall	Rural	Urban	Overall	Rural	Urban
Pakistan	21.7	14.3	41.5	26.2	17.3	47.1
Punjab	20.7	14.7	38.9	27.4	20.0	46.7
Sind	30.2	17.6	47.4	31.5	15.6	50.8
NWFP	14.5	11.0	33.7	16.7	13.2	35.8
Baluchistan	10.1	5.6	32.3	10.3	6.2	32.2

Source: Pakistan (1990).

Table 3.1.5
School Enrolement Ratios of Population
10-24 years old (%)

	1972		1981	
	Rural	Urban	Rural	Urban
Pakistan	-	-	11.4	31.3
Punjab	-	-	12.83	28.37
Sind	-	-	3.18	37.52
NWFP	-	-	11.09	24.55
Baluchistan	-	-	5.14	22.25

Source: 1981 Census Reports of the respective provinces.

iii) Health

Access to health facilities is a very basic right. In this case too, the rural areas are relatively more deprived. Since no rural/urban breakdown of total national expenditure on health facilities is available, we use somewhat indirect measures of access to health facilities. One such measure is the number of doctors per 100,000 residents in rural versus

urban areas. As can be seen from Table 3.1.6, the rural areas are faring very poorly in this regard. While rural/urban disparity on this account is decreasing over time (as can be seen from Urban *minus* Rural in (a) of Table 3.1.6) the rural areas still lag way behind in terms of adequate availability of physicians. As late as 1988, there were only 12 doctors per 100,000 rural residents. Again, as can be seen from the table, while the number of Rural Health Centers and Basic Health Units has increased modestly, it is still woefully meager in proportion to the population that resides in the rural areas.

iv) Safe Water

Though the difference between percentage of urban and percentage of rural population with access to potable water is decreasing (see (d) of Table 3.1.6), the deprivation of rural areas in this respect is still significant. Availability of safe drinking water is obviously a basic necessity and unclean or unhygienic drinking water causes a multitude of diseases in the population.

v) Sanitation/Sewerage

In 1987-88, while 52% of the urban population in Pakistan had access to sewerage facilities, only 10% of the rural population had access to such facilities. In terms of

Table 3.1.6

Rural/Urban Disparities in Benefits of Health, Water and Sewerage Facilities

		1982-83	1987-88
HEALTH			
(a)	Number of doctors per 100,000 residents		
	Urban	72	44
	Rural	4	12
	(Urban *minus* Rural)	68	32
(b)	Rural Health Centers	374	576
(c)	Basic Health Units	4262	3635
WATER AND SEWERAGE			
(d)	Percentage of Population with access to potable water		
	Urban	76	80
	Rural	22	40
	(Urban *minus* Rural)	54	40
(e)	Percentage of Population with access to sewerage facilities	50	52
	Urban	50	52
	Rural	4	10
	(Urban *minus* Rural)	46	42

Source: Sixth and Seventh Five Year Plans.

the excess of the percentage of population with access to sewerage facilities, the urban population enjoyed an advantage to the tune of 42% (see (e) of Table 3.1.6). This inequity should be cause for genuine dismay for anyone concerned with making basic necessities available to the whole population in an egalitarian fashion.

vi) Infant Mortality

Infant mortality rates (IMR) by urban-rural breakdown tend to show higher overall IMR in rural areas. In fact, this differential has been increasing over time. (Last column of Table 3.1.7). Since IMR reflects availability of medical services, status of hygiene and socio-economic factors in a society, consistently higher rates for rural areas are a strong indication of their relative deprivation in terms of resource availability.

Table 3.1.7

Infant Mortality Rate (IMR) Per 1000 Person

Survey	IMR			
	All Areas	Urban	Rural	(Rural/Urban)
PDS-1984	126.7	105.2	135.2	1.29
PDS-1985	115.9	90.2	126.3	1.40
PDS-1986	105.6	79.4	116.3	1.46
PDS-1987	103.9	79.0	113.5	1.44

Source: Pakistan (1987).

vii) Life Expectancy

Judging from the relative deprivation of rural populace in terms of many of the correlates of life expectancy such as education, average household income, access to clean water/sanitation one can safely surmise that rural life expectancy would be less than its urban counterpart. In fact, the above intuition is borne out by evidence reported in Table 3.1.8 below.

Table 3.1.8

Life Expectancy at Birth by Region and Gender

Region	Survey	Time Period	Male	Female
Rural	PGS-II	1976-79	55.1	54.8
Urban	PGS-II	1976-79	60.5	58.4
(Urban *minus* Rural)			5.4	3.6

Source: Irfan (1986; Table 11, p.15)

viii) Nutrition/Calorie Intake

There are few sources of data measuring relative status of nutrition in terms of rural/urban breakdown.[1] However, the information for children under five given in Table 3.1.9 is instructive. The statistics show that, in general, a relatively larger percent of rural children need 'action' or 'attention' regarding their nutritional status. Once we realize that over 70% of Pakistan's population belong to the rural areas, the true magnitude of the problem becomes clearer. In other words, in absolute numbers there are relatively far larger rural than urban children that need 'nutritional intervention'. Malnutrition in children is a precursor to a multitude of future illnesses. This results not only in direct costs of treatment but also means an indirect loss of productivity at the national level. The relative nutritional deprivation of the rural children, of

[1] Butt (1991) reports data on calorie intake per adult equivalent for rural as well as urban areas for the four provinces. However, no clear picture emerges in terms of the calorie intake in rural relative to the urban areas.

course, leads to even greater disparities in educational achievement, occupational success and other outcomes later in adult life.

Table 3.1.9

Percent of Children Under Five Years in 'Need of Nutritional Intervention' on the Basis of Growth Failures

		Pakistan	Rural	Urban
1.	Priority	7.18	7.16	7.22
2.	Action	9.52	9.82	8.65
3.	Attention	43.36	43.73	41.29
4.	No intervention needed	39.95	39.28	41.84

Source: Pakistan Country Health Profile, WHO, Islamabad, 1978.

3.1.2 Female/Male Disparities

To a degree women have been discriminated against, both in the developed as well as the developing countries. However, the discrimination against the women is relatively evasive in developing countries and starts earlier in the woman's life cycle. It is generally felt that females, both as children and growing adults have greater incidence of malnutrition, infant mortality and enjoy lesser opportunities in terms of education. In fact, there are some recent studies about the son preference of the parents which clearly imply that the girl children face discrimination in intra-household

resource allocation.[2]

Again, it is felt that as adults, the women find it harder to enter or re-enter the labour market and are paid less than their male counterparts. They are often found in the informal sector which is characterized by low wages, dead end jobs, with little on the job training, and thus lesser opportunity to wage increases over the life cycle.

Below we present some data on female-male disparities with reference to several aspects of social and human development. It is evident that women in Pakistan do less well than their male counterparts over their life cycles.

i) Labour Force Participation

One of the ways in which the economic participation of women can be assessed is by looking at their labour force participation rate (LFPR).

In Pakistan, women are primarily housewives. As can be seen from Table 3.1.10 which is based on Labour Force Surveys, in absolute terms, the LFPR of women is larger for rural areas compared to that in urban areas because women mostly work in the agriculture sector. However, relative to the LFPR for males, the differential is more unfavourable for females in rural areas than for those in urban areas (Table 3.1.10). Again, in terms of the difference in LFPR between

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[2] Sathar (1987)

males and females, no clear time trend emerges either for rural or urban areas. For instance, for rural areas, the magnitude (male LFPR *minus* female LFPR) first declines between 1974-75 and 1978-79 but then increases by 1984-85.

Table 3.1.10

Female/Male Labour Force Participation Rates for Pakistan

Year	Rural			Urban		
	Male	Female	(Male *minus* Female)	Male	Female	(Male *minus* Female)
1974-75	79.8	7.6	72.2	69.0	3.6	65.4
1978-79	80.1	14.3	65.8	70.7	5.3	65.0
1984-85	79.8	10.7	69.1	71.2	4.1	67.1

Source: Labour Force Surveys (various issues)

It may be noted here that doubts are sometimes expressed regarding the authenticity of the data from labour force surveys (or census data) since male enumerators collect data from heads of households (mostly male too) and 'women's work' may be under counted. In fact, as noted by Kazi (1989), estimates of female LFPR are doubled when data is collected by female enumerators.

In any event, it is evident that the level of female participation in the economic activity is very low and this disparity needs to be rectified.

ii) Education

We use literacy rate and school enrolment as the two measures of relative educational opportunities available to females.

Table 3.1.11 gives literacy ratios for males and females for population aged 10 and above. While the fact that literacy rate is increasing for both males and females is reassuring, the excess of male over female literacy rate is significant and, in fact, increasing over time (last row of Table 3.1.11).

Table 3.1.11

Literacy Rate (%) for Females and Males in Pakistan (Age 10 & above)

	1961	1972	1981
Male	26.9	30.2	35.1
Female	8.2	11.6	16.0
(Male *minus* Female)	18.7	18.6	19.1

Source: Burney and Irfan (1991)

Data on school enrolment for females and males also indicates that the educational opportunities for females are lagging behind those for males (Table 3.1.12). Once again, while the trend of increasing female enrolment is encouraging, the female enrolment rate has a lot of catching up to do to be at par with that of male enrolment rate.

Incidentally, as the Table 3.1.12 shows, the females in rural areas are most seriously deprived in terms of school enrolment opportunities. They do worse even when compared with their counterparts in urban areas.

Table 3.1.12

Enrolment Rate (%) of Population 10-24 of Age

	Male		Female		(Male *minus* Female)	
	1961	1981	1961	1981	1961	1981
Overall	17.0	22.9	5.7	11.5	11.3	11.4
Urban	26.3	34.6	15.7	27.5	10.6	7.1
Rural	13.3	17.6	2.2	4.3	11.1	13.3

Source: Burney and Irfan (1991).

iii) Life Expectancy

As Table 3.1.13 shows, the female life expectancy at birth (LEB) falls short of or at best equals male LEB. This tendency is particularly significant in view of the fact that, typically, in most countries female LEB exceeds its male counterpart. Thus, it appears that females are neglected and discriminated against in a systematic fashion perhaps over their entire life cycle.

iv) Infant and Child Mortality Rate

Gender-related differences in infant and child mortality rates are provided in Table 3.1.14 which shows that they

Table 3.1.13

Female and Male Life Expectancy at Birth

Year	Male	Female
1965	47	45
1988	55	55

Source: Table 32, World Development Report (1990)

disfavour the girl child.[3] In fact, Sathar (1987 p. 559) also reports that post-neonatal mortality of two girls born in succession is higher than when a girl follows a boy or a boy follows a girl. Thus, it is evident that the female child is being neglected. A widely believed son preference may be a strong factor responsible for this outcome.

Table 3.1.14

Female/Male Neonatal, Post-neonatal and Childhood Mortality Rates (1965-79)

	Boys	Girls	(Girls-Boys)
Neonatal	79	70	-9
Post-neonatal	41	47	+6
Between 1 and 2	22	27	+5
Between 1 and 5	44	48	+4

Source: Table 3 of Sathar (1987); p. 558. Original Source: Population, Labour Force and Migration Survey, 1979.

[3] An interesting general discussion regarding the factors related to infant mortality in Pakistan is given in UNICEF (1988).

v) Nutrition

In the first place, there is not much data available on nutrition in Pakistan. Breakdown of nutritional status by gender is even more rare. Government of Pakistan's National Nutrition Survey Report (1988) does make the observation that calorie, protein and iron dericiency is prominent in pregnant/lactating women.[4] In fact, the above Survey Report also gives information on prevalence of malnutrition by gender for children under six. This information is given in Table 3.1.15 which shows that female children appear somewhat more malnourished but the differences are rather small.

Table 3.1.15

Malnutrition Prevalence by Sex (%)

	Male	Females
Normal	42.1	43.7
Stunted(S)	42.2	41.4
Wasted (W)	10.6	11.0
Both S/W	5.1	3.9
Number	3814	4206

Source: National Nutrition Survey 1988: NNS Report, P.25.

3.1.3 Rich/Poor Disparities

It is an important question that how a family's or an individual's income is related to access to opportunities for human development. In this regard, we need to evaluate the

[4] p.100

status of different income groups in terms of various measures of human development. Secondly, we need to identify the groups who benefit from public expenditure and subsidy programmes.

Regarding the first issue, in many ways, possible disparities in human development, between rich and poor, have already been discussed in the earlier section on rural/urban disparities since, on average, rural areas tend to be those with relatively low household income. However, making a few specific points may still be useful.

Explicit analyses of the possible relationship of income and most measures of human development is often unavailable because of lack of data. However, two notable exceptions are: Sathar (1987) and Butt and Mahmood (1987). Sathar (1987) analyzes gender differences in infant-child mortality by selected socio-economic factors including total household income and land holdings (the latter only for rural areas). She reports negative correlation of total household income and mortality for both male as well as female children in rural and urban areas.[5] Butt and Mahmood (1987) calculate income elasticities of various sources of nutrition. They report positive and significant income elasticities for major components of nutritional intake (such as calories, proteins etc.) in both rural and urban areas across all four provinces of Pakistan.

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[5] Sathar (1987) p. 563, Butt and Mahmood (1987), Table 4.

Anotner issue that is relevant here is related to income inequality; obviously, a more inequitable income distribution over time would correspond to inequitable performance in measures of human development. Table 3.1.16 gives values for Gini Coefficients for Pakistan for some selected years.

It may be observed that while income inequities for the whole of Pakistan increased for the decade of 1970s, they declined in the 1980s. This is a reassuring development. The urban-rural breakdown may be of interest as well. From Table 3.1.16, it is clear that inequalities in income have been consistently larger in urban areas as compared to rural areas.

When determining rich-poor disparities in human development, besides household after-tax income, another important factor to consider is the government's budgetary policy. By choosing the size of its budget and its inter as well as intra sectoral allocation, governments can affect the availability of social services to the different strata of the society. For instance, if majority of the expenditure, on the health or education sector, is being made on basic health or primary education, it is more likely to help the poor. On the other hand, subsidies of various kinds may only camouflage as policies to help the poor but may, in fact, be ultimately determined by political expediency and may benefit the rich vested interests.

Table 3.1.16

.cients Measuring Income Inequality in Pakistan

1970-71	1979	1984-85	1986-87	1987-88
0.326	0.375	0.427	0.357	0.347
0.273	0.319	0.341	0.307	0.306
0.359	0.390	0.379	0.359	0.366
0.086	0.061	0.038	0.052	0.060

inter- as well intra-sectoral allocation of various budgets has been discussed in detail in Here, it may be pointed out, that there are many occasions, where the government's budgetary s are helping the well to do relatively more. For within the education sector, over time, ionate share seems to be going to tertiary which helps the better off at the expense of the ons of the society . Specially, between 1972-73 0 while the percentage of total education budget rimary education has been 'stationary' in the 25- the percentage of intra-sectoral allocations for nd university education have doubled. Again, to the World Development Report (1990), Pakistan in 1975 (and almost last in 1985) in terms of of its GNP spent on health and primary education, few of the comparable developing countries.[6]

3.6, World Development Report (1990 p. 46).

3.2 Debt Burden's Impact on Human Development.

Since Pakistan is an oil importing, developing country, it is vulnerable to 'shocks' in the oil market. In fact, currently the country is in the process of adjusting to the doubling of oil prices since August 2, 1990 when Iraq occupied Kuwait.

Pakistan's present balance of payments difficulties, like for many other similar countries, can be traced back to the first oil crisis in 1973/74 when oil prices quadrupled.[7] In fact, attempts to understand and resolve the ensuing international financial crisis, have consumed much of the world's attention since then.

Pakistan belongs to the group of countries that was most seriously affected by the oil price increases of the 1970s. It is one of the lesser developed countries that is obliged to import both oil and capital goods. Again, a large proportion of its merchandise exports consists of primary producing goods which experienced a weakening of the international price relative to that of capital goods (and oil, of course).[8] Thus, as a result of oil price increase Pakistan went through a sort of double "squeeze"; its imports started costing more, yet it could not recover those higher costs by increasing the price of its own exports. Between

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7 For a historical perspective on Pakistan's external debt situation see Shabbir (1988)

8 The average percentage share of the value of primary commodities to the value of total exports has been 40% during 1970-80 and 30% during 1980-90.

1973-74 and 1979-80, the value of Pakistan's imports increased 3.48 times while its exports went up by only 2.30 times. However, over the years, Pakistan has received some direct aid from the Arab oil-producing countries, and has also benefitted indirectly from the employment opportunities created in the Middle East. Such inflow of financial resources has helped to lessen the balance of payment burden in the past. In order to gain something positive on Pakistan's debt service problem, let us look at some data regarding its external indebtedness, and the role played by remittances in determining the country's debt burden.

Pakistan's total outstanding external (long-term disbursed and public/publicly guaranteed) debt was U.S. $3.1 billion in 1970. It had risen to U.S. $6.69 billion by 1982 and in 1989 it was U.S. $14 billion. It is also useful to note the status of the Debt Service Ratio (DSR), which is the ratio of repayments of the principal, plus interest, on the outstanding debt to the value of exports of goods and services. The above ratio is commonly used as a measure of a country's ability to finance its debt repayments through its export earnings. In Pakistan's case, the DSR was 18.5 in 1975, fell to 15.4 in 1981 owing to rescheduling of debt repayments but was as high as 25 in 1989. Thus, in 1989, almost one-fourth of the country's export earnings went toward debt-servicing. However, Pakistan, by and large, has been rather fortunate to have been relatively unscathed

during the early to mid-1980s when many of the low income sub-Saharan African Countries suffered noticeable 'reversibility' in their growth rates on account of debt-related difficulties. In fact, during the last fifteen years, much of the possibly adverse effects of debt burden have been mitigated by large inflow of remittances from Pakistani workers in the Middle East. During most of the late 1970s and early 1980s, such remittances were as large as the country's earnings on account of merchandise exports. For instance, during FY83 remittances amounted to U.S. $2.9 billion. In fact, Pakistan's current account deficit (CAD) would have been much larger if it were not for these remittances from the Gulf countries. Between 1974-75 and 1982-83, such remittances increased from 0.67% of the GNP to 7.6% of the GNP and for the corresponding time period CAD/GNP declined from 10.4 percent to 1.6 percent.[9] This improvement in the balance of payments (BOP) situation in Pakistan reflected itself in better ability to service external debt as evidenced by a decline of Debt Service to Foreign Exchange Earnings ratio from 18.1% in 1972-73 to 9.6% in 1982-83. Besides sizeable inflow of remittances, Pakistan evidently escaped the fate of a reversal in its growth rate during the 1980s due to certain other unique factors.[10] For one,

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[9] Burney (1990)

[10] Unlike the reduced or negative growth rate experienced by many other developing countries during the 1980s, Pakistan experienced a 3.1% growth per year in its GDP per capita.

during this period there was a massive injection of aid from the United States on account of the Afghanistan war. Again, many of the oil exporting Islamic countries of the Gulf provided direct aid as well as oil at concessional prices to Pakistan. For the period 1975-76 through 1979-80, on average, 14.68% of the total grant assistance amount for which Pakistan signed agreements came from the Middle Eastern Islamic countries. Good harvests at home further bolstered this climate of relative good luck.[11]

However, the circumstances for Pakistan have been changing for the worse during the last few years. The U.S. aid has become much more uncertain since the signing of the Geneva Accord that signalled a change in the geopolitics of the Afghanistan issue. Excessive and growing external debt service burdens coupled with growing domestic government deficit, perceptible decline in remittances from the Middle East, unfavourable export markets and random negative events in the Middle East are all problems that unfortunately could threaten our future growth.[12] In fact, presently, Pakistan, like much of the rest of the world, is trying to cope with the immediate impact of the Gulf Crisis that has been precipitated by Iraq's occupation of Kuwait on August 2, 1990. According to one estimate, on account of increase in

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[11] The index of food production (1961 = 100 as base) stood at 259 in 1981 and was 282 in 1985. (See Pakistan 1990).

[12] In FY90 the Remittances/GNP ratio was only 3.16% compared to 7.6% during FY83.

oil price, loss of remittances from Kuwait and Iraq and loss of those export markets, Pakistan would have to endure an additional Balance of Payments deficit of U.S $450 million during the first year of the crisis.[13]

In fact, from Pakistan's point of view, the Gulf Crisis, perhaps, could not have occurred at a worse time, since the country is in the midst of an IMF-sponsored multi-year structural adjustment programme.[14] During the 1980s, the generally satisfactory performance of the country in terms of growth and inflation was, nevertheless, marred by worsening macroeconomic balances.[15] As a consequence, by FY89 the growing pressures from two fronts -- domestic fiscal imbalance and deteriorating external current account -- led to the introduction of IMF-supervised structural reforms.

Fiscal progress suffered seriously upto FY88, as the consolidated federal and provincial budget deficit increased from 5.3% of GDP in the early 1980s to 7.7% of GDP in FY85-87 and to 8.6% of GDP in FY88. The combination of a continued rapid growth in expenditures, and a lack of a comprehensive domestic resource mobilization effort, were the main causes of this fiscal imbalance. The shortfall in public savings

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[13] Burney (1990). Additionally, return of over 95,000 workers would certainly exacerbate the unemployment situation in the country.

[14] At the time of its initiation in FY89 (i.e. July 1, 1988 - June 30, 1990), this programme was meant to last three years. However, in 1990, FY91 was added as a grace period over which the IMF-stipulated targets may be met by Pakistan.

[15] The real GDP growth has averaged about 6.5% per annum since the beginning of FY84. In fact, between 1950-85, Pakistan's real income per capita has doubled. Again, the average annual inflation rate has been a respectable 5% over the period 1983-88.

was compensated through higher domestic as well as external borrowing. In 1979-80, the total overall domestic deficit was Rs.14.66 billion which went up to Rs.57.56 billion in 1987-88. While the Domestic Total Debt/GDP ratio was 28% in FY83, it rose to 40% at the end of June 1988. Again, the total debt service was 8.1% of GDP in 1988-89 up from 5.5% of GDP in 1982-83.

During FY88, Pakistan's balance of payments situation deteriorated and the CAD/GDP ratio rose to 4.1% (significantly above the average of 3.3% for most of the 1980s till FY88). Declining worker remittances (from about $2.9 in FY83 to $2.0 in FY88), worsening trade deficit and unfavourable terms of trade in the international market contributed to this trend.

The adjustment programme introduced in July 1988 aims at increasing productivity through major structural reforms in the real as well as the financial sectors. The main features of the programme include plans to reduce expenditures, generate revenue, rationalize pricing structure by passing on to the domestic consumers any increases in the international prices of oil as well as to adjust fertilizer and public utility price. One of the major goals of the IMF programme is to achieve targets in terms of reductions in government budget deficit.

One of the important concerns that critics of the IMF sponsored structural adjustment programmes often express, is

that such programs are unfair to the poor. They contend that falling real wages, rising food prices that result from removal of subsidies and decline in social sector spending often hurt the poor who, in the first place, tend to have gained the least from the earlier debt-financial growth.[16] It is often asked if adjustment with a 'human face' is possible. It seems that compared to the early and the mid 1980s the IMF and the World Bank, of late, are becoming more mindful about 'internal distribution of the burden of adjustment'.

In case of the policy reform package for Pakistan, explicit steps are envisaged so as to minimize the burden of adjustment on the poor. It is expected that the adjustment programme shall be allowed sufficient time for needed adjustment so that major dislocations are avoided. It is hoped that the poor will benefit from the expansion of essential public services such as education and health. While domestic resource mobilization will be emphasized, the new tax system will provide appropriate exemptions for the poor. Also, food items are to be exempted from sales tax.

The above mentioned provisions exhibit a welcome sensitivity towards human dimension of the adjustment programmes. However, it needs to be seen how these noble aims work themselves out in practice. There is much to learn

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16 Betz (1990; p125), World Development Report (1990; chapter 7) Haq and Kirdar (1987) and UNDP (1990; p 35) for additional details and specific discussion on the social effects of adjustment policies of the international financial institutions.

about how to conduct a successful adjustment programme, where 'economic costs do not become human costs'. A complicating factor in the case of Pakistan is that the prices of oil and petroleum products have sky-rocketed after August 2, 1990. In Pakistan, the petroleum product prices have been increased upwards of 41% while utility charges may increase by upto 20%. The increase in the price of kerosene oil is going to be specially hurtful for the poor. The unanticipated negative turn of events in the Gulf has intensely increased challenges for Pakistan in the near future. The increasing debt service burden, lessening flow of aid from the industrialized West, increasing oil prices, reduced inflow of remittances, return migration's effect on domestic unemployment, an inflation rate that may exceed 20% this year, a recession in the industrialized world and dark clouds of war threatening the Gulf represent a multitude of challenges to our future human development.

3.3 Deformation of Human Development

A given stock of human capital or more generally of human development may start to atrophy due to such negative events as economic downturns,[17] reductions in governmental spending on social sectors, increasing pace of drug

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[17] While it is obvious that the unemployed and their families suffer economic hardships, studies done for the U.S. have shown that with increasing unemployment there is a higher incidence of mental illness and suicide. For instance, Schapiro and Ahlberg (1983) show that based on statistics for 1980 , a "1 percent increase in the unemployment rate is associated with 316 more suicides."

abuse/trafficking, environmental degradation, social inequities, breakdown in positive social values and a host of other destructive practices. No country is immune to the possibility of the above-mentioned deformation. Since the last decade or so even the U.S. has had to contend with a number of serious social problems such as a large increase in the number of the homeless people, rising drug-related crime-rate and new afflictions such as AIDS which threaten to undermine the social fabric at many levels. Unfortunately, AIDS is turning into a global tragedy threatening even many of the developing countries where the state of the human development is already rather fragile. Their tentative steps towards human development are relatively much more vulnerable to such destructive developments as war, famine, soaring crime rate, drug abuse/trafficking, homelessness and problems related to influx of refugees.

In terms of its human development situation, Pakistan has had to contend with many of the problems, confronting the other low to middle income developing countries. Below, in the context of Pakistan, we discuss the deformation of human development from the following perspectives:

i. Drug abuse/trafficking

ii. Criminal activity

iii. Refugees and displaced persons

iv. Diseases and sickness

v. Environmental degradation

i) Drug Abuse/Trafficking

Since 1980, Pakistan has experienced a phenomenal rise in the use of illicit drugs, specially heroin.[18] For instance, the total number of heroin users increased by a factor of over 200 between 1980 and 1988.[19] The accompanying Figure 3.3.1 gives an idea of the steep rise in the number of heroin users.

Other noticeable features in terms of the demographic, educational and income background of the drug abuse problem in Pakistan are:[20]

(a) It is almost exclusively a male phenomenon. With the exception of Tranquilizers and Rockets, the female users are often less in all other categories of drugs. In most instances the female users are less than 2% of the total in all other categories of drugs.

(b) Drug use is prevalent both in the urban as well as the rural areas. However, the proportion of urban to rural abusers is higher for heroin while it is reversed for traditional drugs.

(c) Drugs are used across all educational backgrounds

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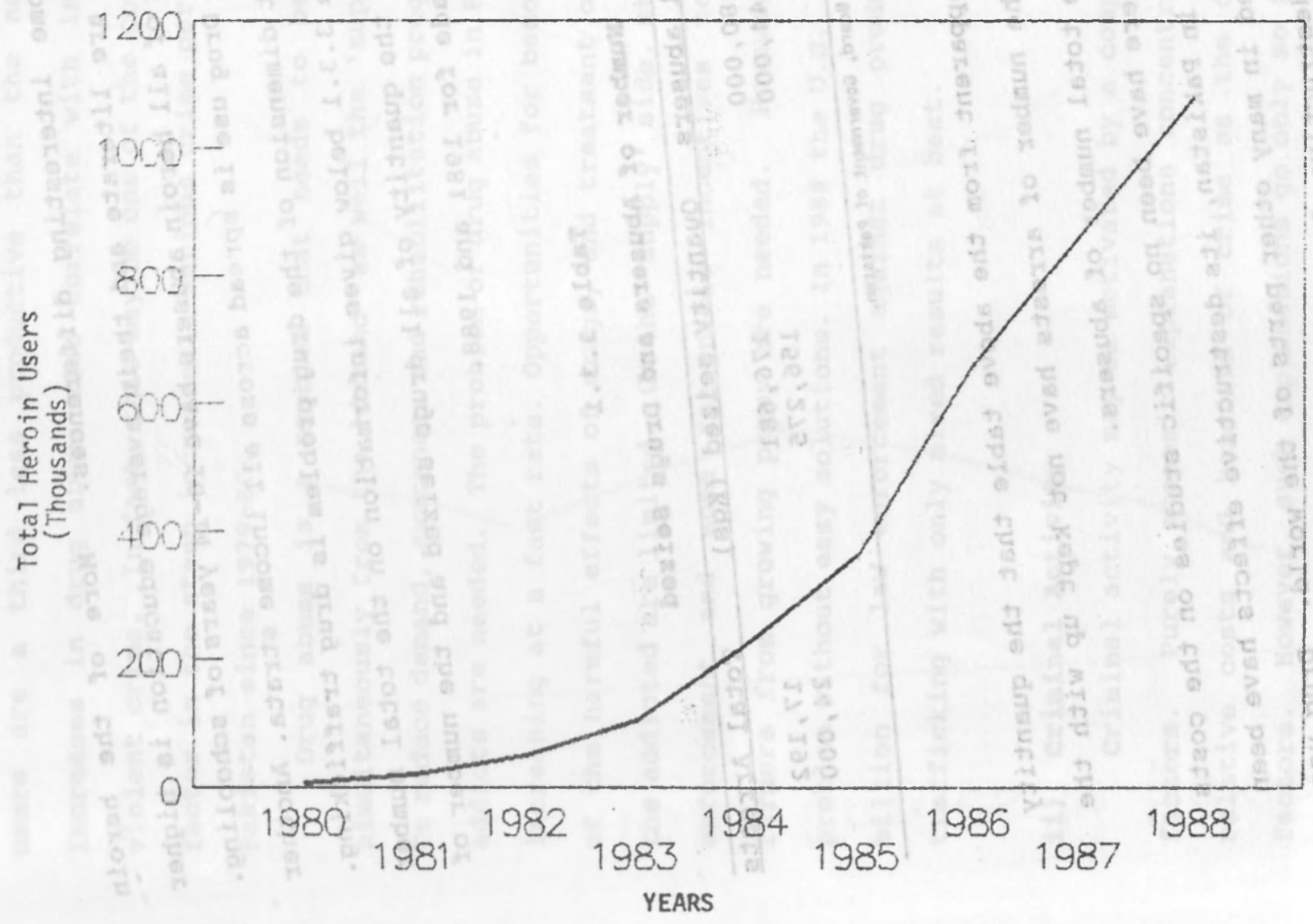
[18] The term will be used to convey the whole range of addictive, mood altering, non-prescription drugs some of which, such as alcohol, may be legal in many countries.

[19] In fact, in all likelihood, these official numbers for heroin and other drug users are under reported.

[20] This information is based on National Survey on Drug Abuse in Pakistan, 1986, conducted by Pakistan Narcotics Control Board, Islamabad. This was a specialized survey done of 6307 abusers (who were indirectly identified by the community). This sample was 69% urban and 40% rural. Thus, in this sample urban population is greatly over represented since almost 3/4ths of Pakistan's population is rural. However, for a self-incriminating subject like drug abuse, getting any survey information is not easy.

Figure 3.3.1

Heroin Users In Pakistan



with some interesting differences. More of the heroin abusers are literate and their average education is higher e.g. 37% of all heroin abusers have 10-14 years of schooling.

(d) Drug use is spread across all income strata. Another important dimension of the drug problem is drug trafficking. The Table 3.3.1 below gives information on the total number of users, the quantity of all drugs seized and the number of arrests made for 1981 and 1988.

Table 3.3.1

Number of Abusers and Drugs Seized

Year	Total abusers	Quantity seized (Kgs)	Total Arrests
1981	1,280,000	176,681	17,192
1988	2,244,000	156,275	24,000

Source: Narcotics Control Board, Government of Pakistan.

It is apparent from the above table that the quantity seized and the number of arrests have not kept up with the growth in the total number of abusers.

While there have been no specific studies on the costs of drug abuse in Pakistan, its destructive effects have been well documented in many other parts of the world. Drug use is not only destructive for the individual user and the immediate family but the costs are significant for the society at large too. According to one estimate, the drug

users are a third less productive than the non-users.[21] Increases in drug abuse also correlate with increase in violent crime. In fact, this may be one of the contributing factor in the steep increase in serious crime per capita in Pakistan since 1979-80.

Drug abuse is a problem that needs to be attacked simultaneously from the 'demand' as well the 'supply' side. To reduce demand, awareness and rehabilitation programmes for addicts are needed. The problem of drug abuse in Pakistan is increasing at a fast rate. Opportunities for becoming aware of the harmful effects of drugs, and treatment options for the addicted are limited. On the 'supply' side, stricter law enforcement and some reasonable incentives to dissuade farmers from growing poppy are needed. However, it is a problem without easy solutions. In 1988 the U.S. spent $2.5 billion for law enforcement against drug production and trafficking with only mixed results at best.

ii) Criminal Activity

Criminal activity may be motivated by a complex set of factors. Purely economic explanations concentrate on the relative costs and benefits of crime as the determining factors. However, such explanations go only so far and, in fact, complex forces related to the value system of a society

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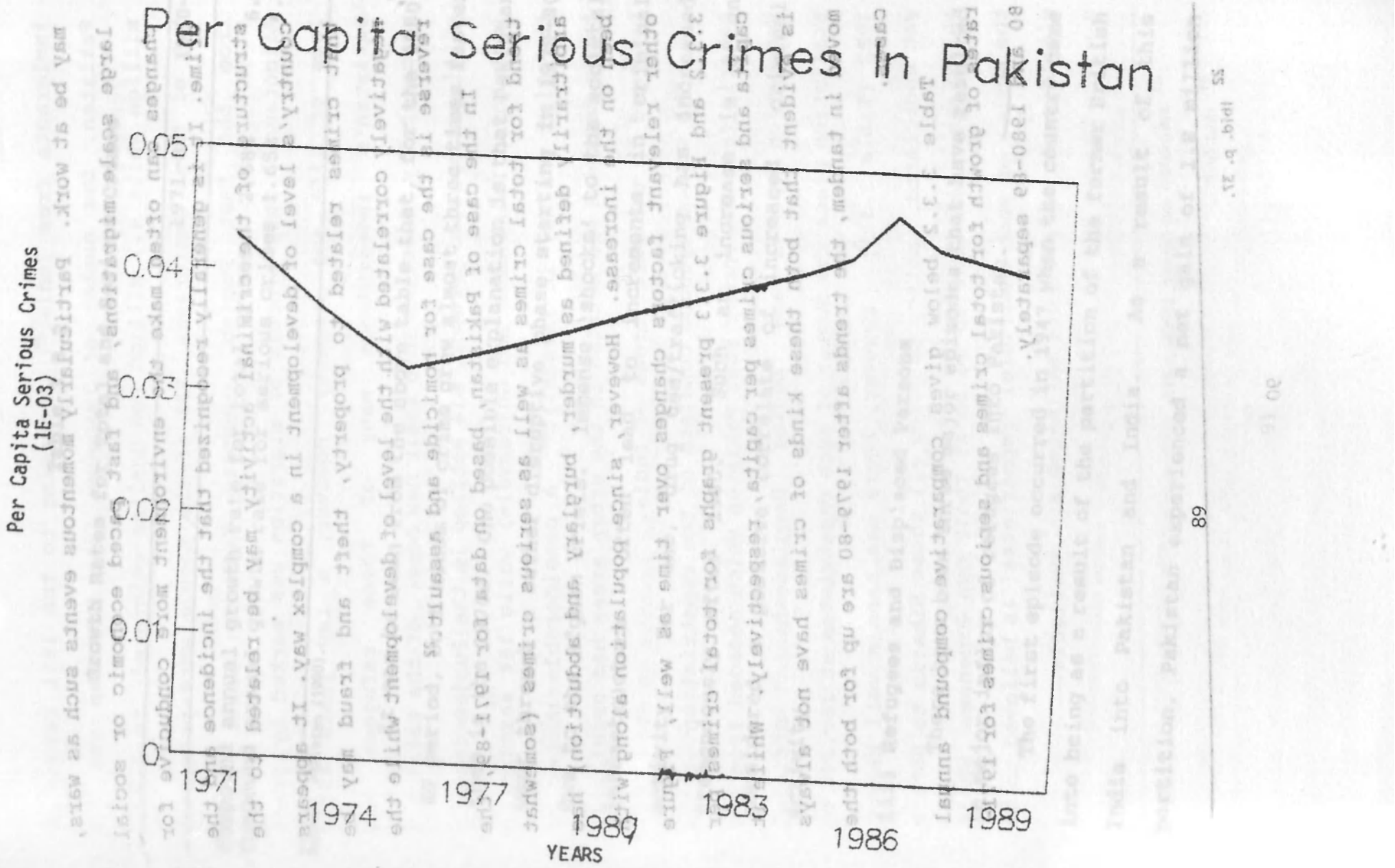
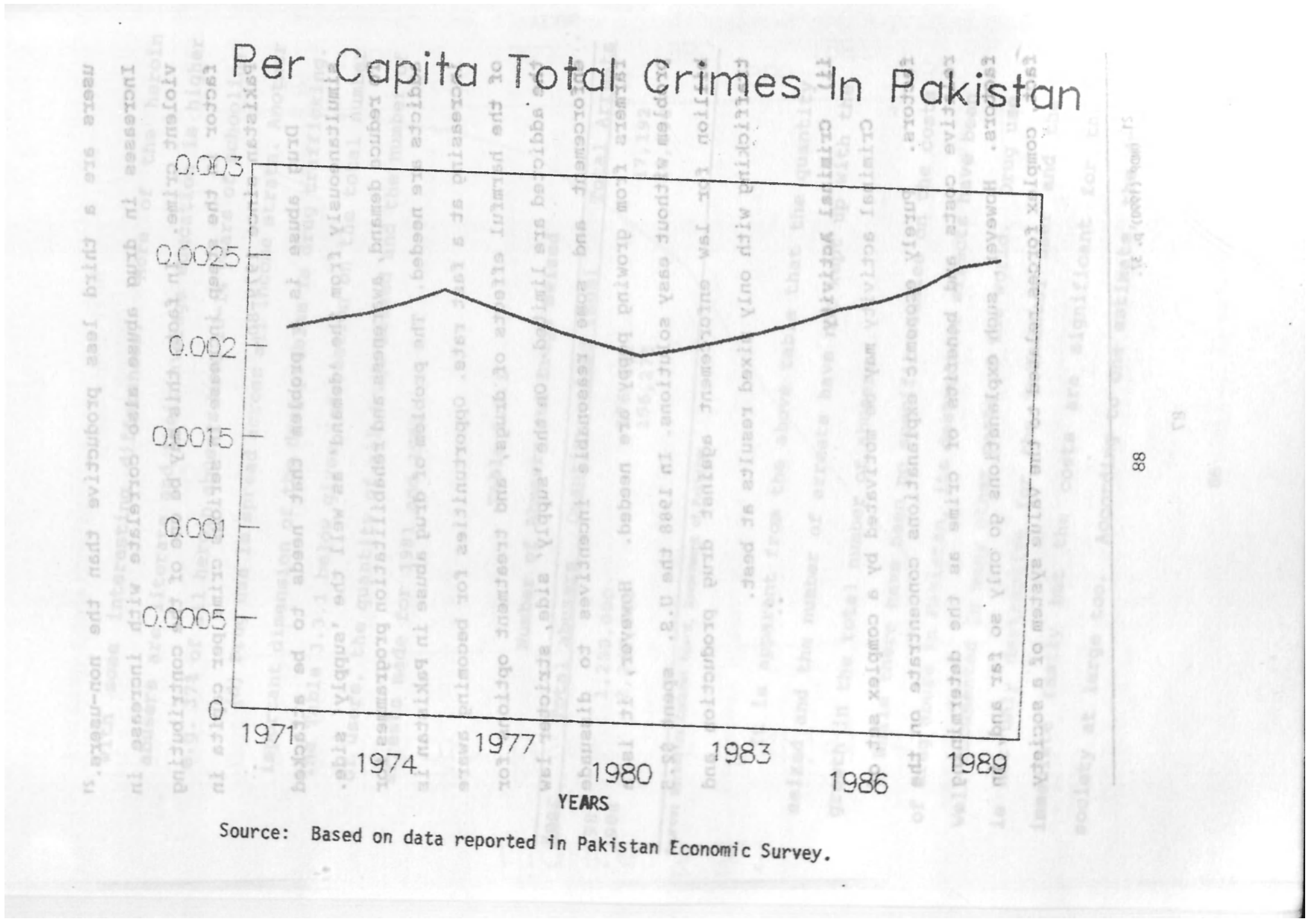
[21] UNDP (1990) p. 37.

Figure 3.3.3



Note: The figure is based on data reported in Pakistan Economic Survey.



Source: Based on data reported in Pakistan Economic Survey.

may be at work. Particularly momentous events such as wars, large scale migrations, and fast paced economic or social changes can often make the environment more conducive for crime. It is generally recognized that the incidence and the structure of the criminal activity may be related to the country's level of development in a complex way. It appears that crimes related to property, theft and fraud may be negatively correlated with the level of development while the reverse is the case for homicide and assault.[22]

In the case of Pakistan, based on data for 1971-89, the trend for total crimes as well as serious crimes (somewhat arbitrarily defined as murder, burglary and abduction) has been on the increase. However, since population along with other relevant factors changes over time as well, Figure 3.3.2 and Figure 3.3.3 present graphs for total crimes per capita and serious crimes per capita, respectively. While it is evident that both these kinds of crimes have not always moved in tandem, the trends after 1979-80 are up for both the cases.

Table 3.3.2 below gives comparative compound annual rates of growth for total crimes and serious crimes for 1971-80 and 1980-89 separately.

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[22] ibid. p. 37.

Table 3.3.2

Growth Rates for Total and Serious Crimes

	1971-80	1980-89
Compound annual growth rate for total crimes	2.68%	6.12%
Compound annual growth rate for serious crimes	1.65%	4.42%

Source: Pakistan (1990).

It can be seen from the above table that, for the 1980-89 period, both kinds of crime grew almost three times faster than in the 1970s. One possible explanation is that Pakistan went through a rather disruptive phase starting in 1979-80 due to the Afghan crisis. Immense 'shocks' to the societal infrastructure often lead to increments in criminal activity. For one, drug use/trafficking has increased tremendously after 1980. Such an increase is often considered a positive correlate of increased criminal activity.

iii) Refugees and Displaced Persons

There have been three major episodes that have resulted in major influx of refugees into Pakistan.

The first episode occurred in 1947 when the country came into being as a result of the partition of the former British India into Pakistan and India. As a result of this partition, Pakistan experienced a net gain of 1.8 million

immigrants from India.[23] According to the 1951 Census of Pakistan, the number of refugees into Pakistan was 6.5 million while 4.7 million non-Muslims emigrated to India. Out of these immigrants, 89% of the people were primarily from the East Punjab, Occupied Kashmir, Delhi and Rajputana. This process of migration was marked by great loss of life and property. However, a few years after Pakistan's independence many of these refugees had successfully resettled into their new home. Of the total 6.5 million displaced persons, 81% settled in the Punjab (mainly in Lahore, Faisalabad and Gujranwala) while 18% settled in the Sind (mainly in Karachi).[24] A considerable number of these refugees who settled in the urban areas had originally belonged to the rural areas of India.

The second episode consists of the repatriation of the Biharis from the former East Pakistan which seceded from the Federation in 1971 and became Bangladesh. Official statistics place the number of such repatriates at 169,144 by 1982 (Table 3.3.3). However, there has been a well known, yet undeclared, policy to allow all those Biharis to settle in Pakistan who want to do so at their own expense. While the number of such unofficial 'repatriates' is believed to be significant, no reliable estimates are available.

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23 Rukanuddin and Farooqi (1988) p.21.

24 ibid (p.21).

Table 3.3.3

Official Repatriation of Beharis (1973-1982)

Ist Phase	(1973-74)	149,396
IInd Phase	(1979)	11,272
IIIrd Phase	(1982)	8,476
Total Official Repatriates		169,144

Source: Pakistan (1990).

As far as the official repatriation of the Biharis is concerned, it was carried out in the following three phases.[25]

By and large, this repatriation has not been too much of a burden on the Government of Pakistan.[26] The main expense has been on account of allotment of land/houses to over 5000 'hardship' cases from the 'Ist Phase repatriates'.[27] Similarly, about 4000 plots were allotted to repatriates of the IInd Phase. About 271 families were provided houses at Government expense (Rs. 25,000/house) by General Zia-ul-Haque, the then President of Pakistan. Again, in 1982 during the third phase of repatriation, 105 plots, of 4-1/2 marlas each, were allotted in Lahore and the Government of Punjab

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[25] This repatriation was done in pursuance of the Delhi Agreement of 1973 and the Tripartite Agreement of 1974.

[26] The travel expenses were borne by UNHCR while the Government of Pakistan gave nominal stipends for upto three months.

[27] Cost of each house was Rs. 6000; of which Rs. 4000 was recoverable loan.

constructed houses for these repatriates out of the Zakat fund.

On the other hand, most of the unofficial immigration of the Beharis has been financed through private sources. Such families have mostly settled in Karachi and Hyderabad where they were able to count on substantial community support from the kins who had arrived earlier.

The third episode marking a major influx of refugees in Pakistan came about as a consequence of the Russian armed intervention in the neighbouring Afghanistan. As the accompanying Table 3.3.4 shows, the number of the Afghan refugees increased almost seven fold from about half a million in 1979 to over three million in 1990.

As a result of the crisis in Afghanistan, a large number of families were uprooted and were forced to seek refuge in Pakistan.

A significant number of these refugees were children. In fact, as of September 1990, the Afghan refugee population in Pakistan consisted of 1.67 million children, 0.86 million women and 0.75 million men (Table 3.3.4). Most of these refugees were concentrated in the two provinces, the North West Frontier Province (68%) and Baluchistan (26%).

In fact, every sixth person in the NWFP and every fifth person in Baluchistan is an Afghan refugee. While there has been significant assistance primarily from the United Nations and other international agencies to help the Afghan refugees,

Table 3.3.4

Total Number of Registered Afghan Refugees in Pakistan

Year	Number of Afghan Refugees
Up to December 1979	402,100
Up to July 198[illegible]	1,000,000
Up to May 1981	2,000,000
Up to January 1982	2,500,000
Up to December 1985	3,000,000
Up to December 1988	3,250,000
Up to September 1990	3,290,000

Source: Pakistan (1990).

this influx has undoubtedly strained the already meager resources and infrastructure of the host localities. In fact, though the nature of the Afghanistan conflict and the respective involvement of the U.S. and the Soviet Union has changed since the signing of the Geneva Accord, the Afghan refugee problem has not yet been satisfactorily resolved.

iv) Diseases and Sickness

Pakistan, like other low income developing countries experiences high incidence of disease and sickness. While such diseases have an obvious direct cost in terms of loss of life, they also indirectly cost the nation by sapping the energy and thus lowering the productivity of its populace.

In Pakistan, the most common (officially) reported diseases are dysentery, gastro-enteritis, tuberculosis,

enteric fever and measles.[28] Malaria is another long standing disease but accurate figures are not available since many doctors tend not to bother reporting this common-place illness. Between 1980 and 1988 the fastest growing disease was Measles with a compound growth rate (CGR) of 1.16% per annum followed closely by tuberculosis with an CGR of 1.0% per annum.[29]

In fact, the great majority of the diseases in Pakistan are preventible at relatively low cost. Measures such as access to safe water, oral dehydration programmes and availability of vaccines can be very effective. For instance, the unfortunate outbreak of Meningitis in the late 1980s which claimed lives of over 1000 children in a short time could be prevented with the help of a simple vaccine. Another case that needs to be made is for taking timely preventive measures against AIDS (Acquired Immune Deficiency Syndrome). Fortunately, at present Pakistan is virtually free of this devastating disease. However, in this respect, an area of concern is the growing number of drug users. Presently, not many drug abusers inject drugs intravenously. Considering that intravenous drug users are at high risk of AIDS, immediate preventive measures need to be taken.

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[28] Diarrhea may be a 'humble disease' but it reportedly claims some 5 million lives world wide each year; William V. Chandler (1990) Development and Environmental Change. Economic Impact. Volume 2. (p.21).

[29] Based on data from Pakistan Economic Survey (various issues)

A policy of controlling disease by encouraging timely preventive measures as well as making treatment facilities readily available would go a long way towards betterment of human condition in Pakistan.

v) Environmental Degradation

The quality of human life is obviously dependent on the quality of the surrounding environment. It is then particularly surprising that environmental concerns often receive little more than lip service. However, during the last few years, concerns in the developed countries about such environmental hazards as the 'green house' effect, ozone depletion, oil spills, toxic waste and 'acid rain' have raised the awareness of the average citizen about environmental issues and in some case has also spurred the government to action.

On the other hand, while most of the developing world faces such environmental hazards as improper municipal sewage and industrial waste disposal, air pollution and deforestation, there are few practical steps that have been undertaken to address these issues. In fact, this may partly be due to a degree of ambivalence most of developing world apparently feels regarding environmental issues. It is argued that since global environment is like an international 'public good', those countries which have benefitted most from environmental resources should bear the costs of their

restoration as well. There is even a suggestion that this new prodding by the developed countries and international agencies of environmental concerns may put the developing countries at a cost disadvantage. However, there is another aspect of the cost related issue that is relevant here. The developing countries may have specialized in highly pollutant manufacturing as the multinationals have moved there to avoid the stricter environmental regulations in the developed countries. Thus, it would appear that compared to the developed countries, the environment related issues are perhaps even more complex in the case of the developing countries.

Situation in Pakistan[30]

The situation in Pakistan regarding environmental issues is characterized by the following features:

(a) The awareness is low, perhaps, because there is a feeling that the magnitude of the problem is not large. Due to low level of urbanization, low per capita income and limited industrial base, the amount of waste produced is small. While that may be so, the situation is fast deteriorating particularly in view of the fact that relatively big effluent-emitting industries and processes are being established without much attention being paid to the treatment of their industrial waste.

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30 The forthcoming discussion on environmental issues draws heavily on Kemal et al. (1990).

(b) Little systematic work has been undertaken to determine the magnitude of the problem. However, a recent study, Kemal *et al.* (1990) identifies a number of the environmental issues that are relevant to Pakistan.

(c) Following are the major areas of environmental concern in Pakistan.

c.1 Industrial waste

c.2 Municipal solid waste (MSW)

c.3 Pesticides

c.4 Water logging/salinity

c.5 Deforestation

c.6 Overpopulation and high population density

c.1 Industrial Waste

Improper disposal of industrial waste is potentially a very serious problem since the manufacturing sector has been growing at 8% per annum. Kemal *et al.* (1990) and PCSIR (1987) are amongst the few efforts to ascertain the magnitude of the problem of industrial waste in Pakistan.[31] For instance, Kemal *et al.* (1990) in a PIDE sponsored survey of 150 industrial units 'to cover most of the technologies employed in manufacturing' classify 24.7% of them as 'Most Hazardous Industries' while 53.3% are classified as

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[31] PCSIR (1987) Summary Report on Hazardous Chemical industries and safety measures in Pakistan, Lahore.

'Moderately Hazardous Industries'.[32]

Generally, the industrial waste is disposed off untreated on to open land and soak pits. This leads to land and/or sub-soil water pollution. The rivers Lyari and Malir which receive the industrial waste from Karachi's industries are virtually dead. Other adversely affected water sources are the Multan Canal and the river Ravi.

Again, industrial emissions into the atmosphere create health hazards for the workers as well as the residents of the adjoining areas. In one case, it is estimated that upto 65% of the residents living near Kala Shah Kaku's chemical factories, suffer from such diseases as chronic cough and sore eyes.[33]

There is an urgent need to adopt new measures and/or effectively implement the existing ones so that a substantial part of the social cost of production may be internalized by the units producing environmentally hazardous waste.

c.2 Urban Sewage Waste (USW) and Municipal Solid Waste (MSW)

Regarding USW, while piped sewage facilities cover two-third of the area and population in larger cities, in smaller cities such sewage is carried mostly by open drains. Such open drains are not only aesthetically distressing, they are a clear health hazard as well. Such sewerage not only is a

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[32] Kemal et al. (1990) p. 84.

[33] ibid. p.89.

breeding ground for flies and mosquitoes, it also pollutes the water sources. The USW frequently gets contaminated by industrial effluent. As USW is often used to irrigate the vegetable fields, an important food source is thus endangered.

Table 3.3.5

Municipal Solid Waste (MSW)

City	MSW/day generated within city	Amount collected	Any Recycled?	How disposed off
Karachi	6000 tons	1600 Tons	No	On Flat Land
Lahore	3500 "	3500 "	No	"
Gujranwala	2500 "	1500 "	No	"
Faisalabad	1500 "	1000 "	No	"

Source: Kemal et al. (1990). Appendix IV.

Regarding MSW, most of what is collected is not treated or recycled and generally disposed off on flat land (see Table 3.3.5). However, compared to that in the developed countries, most of the MSW in Pakistan consists of organic matter.

c.3 Pesticides

In Pakistan, pesticides are used mainly for rice and cotton crops. From 1980-81 to 1987-88, the quantity of pesticides use increased almost eight-fold from 455 million

tonnes to 4092 million tonnes.[34] As Pakistan is using more of these pesticides, it is increasing its exposure to such risks as contamination of food supplies and hazards to the health of the farmers and residents in the adjoining areas to the fields that have been sprayed with such pesticides.

o.4 Deforestation

Out of Pakistan's total area of 80 million hectares, 3.9% is covered by forests. It is estimated that the country is losing forests at the rate of 1% per year due to increased demand for fuel. Deforestation endangers the environment by fostering soil erosion and increasing the probability of floods.

o.5 Water Logging/Salinity

While the irrigation system developed for the agricultural farmlands is often highly beneficial it has a down side too. Improper use of these facilities is the major cause of water logging and salinity. It is estimated that in Pakistan, 5.26 million acres of land suffer from severe water logging where water table level is five feet or less.[35] There is a need to promote efficient use of water by the farmers. Also seepage through the canals on to adjoining farm lands ought to be minimized as well.

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[34] ibid p.63.

[35] ibid p.138.

o.6 Overpopulation

Pakistan is one of the countries with most rapidly growing population (3.1% over the last decade). Pakistan is also a poor country with per capita GNP of U.S. $346 in 1988. Population pressures and poverty are the two biggest contributors to poor environment and living conditions in Pakistan. Inadequate diet, poor housing, multitude of health hazards due to bad sanitation and unsafe drinking water and lack of educational and other opportunities mean environment is not conducive for human development. Of course, the above implies that environment and economic growth may be a two way street and bettering the lot of the common person may be the best guarantee to improve environment in many basic yet critical ways.

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CHAPTER IV

ADMINISTRATIVE STRUCTURE AND HUMAN DEVELOPMENT

4.1 Introduction

Any combination of policies designed for human development and/or removing any impediments in its way must take into account the financing of such plans, their effective implementation, and co-ordination mechanism among different levels of government in the country. In this respect, the knowledge of the administrative responsibility of different levels of government is important. The objective of this chapter is to present division of responsibilities among different levels of government in Pakistan for different sub-sectors relative to human development.

4.2 Fiscal System in Pakistan

Pakistan is a federation of four provinces, namely: Balochistan, North-West Frontier Province (NWFP), Punjab, and Sindh. Balochistan is the biggest province, with an area of approximately 347,190 sq.km, which is almost 44 percent of the country's total area, followed by Punjab, Sindh, and NWFP. Punjab, however, is the most populated province with around 60 percent of the country's total population followed by Sindh, NWFP, and Balochistan. The administrative structure in the country consists of three levels, i.e., federal,

provincial, and local. The distribution of the functions and responsibilities between the federal and the provincial governments, and delegation of powers by the provincial governments to the local authorities is governed by the 1973 constitution. The operations of the various levels of governments, however, are closely inter-linked and delineation of functional responsibilities between different tiers of governments is not easy to draw.

Over time, the functions and responsibilities of public authorities have increased many folds. As a result, any level of government has to perform a wide range of functions. There are a number of functions and duties which are performed more efficiently and effectively at the central level whereas some others are better tackled at sub-central level. For instance, the provision of services like defence and foreign affairs are taken to be the responsibility of the central government. Similarly, services which benefit the entire population of a country or whose coverage runs across the boundaries of more than one federating unit of a country, such as transportation, communication, commerce, etc. are subjects of the central government. On the other hand, services for which the needs are likely to vary across localities are the responsibility of the provincial or sub-central authorities. Then, there are functions which are generally indivisible and any level of government is capable of discharging such obligation as efficiently as any other level. Such services

are generally included in the concurrent list of jurisdictions of different tiers of government.

Broadly speaking, in Pakistan, as in many other countries, the division of functions among various levels of government and sharing of the responsibilities by the federal, provincial, and local authorities is based on efficiency and economy considerations. According to the 1973 Constitution, defence, external affairs, foreign aid, banking and currency, transportation (including air, sea, and rail), national highways and strategic roads, communication, oil and natural gas, research and professional/technical training, education of Pakistanis in foreign countries, national planning and coordination of scientific and technological research, etc., are exclusively the responsibilities of the Federal Government. In addition, there is a concurrent list consisting of areas related mainly to the maintenance of law and order, monitoring/eradicating of opium cultivation and manufacture, drugs and medicine, prevention of infections or contagious diseases or pests, mental illness and mental retardation, environmental pollution and ecology, population planning and social welfare, labour legislation, and matters related to curriculum and standard of education. The residual functions are entrusted to Provincial Governments. The major responsibilities of the provincial governments include education, health, agricultural support services, maintenance of irrigation system, provincial and rural roads, and

internal law and order. The provincial governments have delegated some of the functions to the local authorities, while certain functions are performed by both the Provincial and the Local Governments by mutual consent. Functions of the local government include provision of basic rural and urban infrastructures such as roads, potable water, and sanitation.

The Federal Government in Pakistan meets her expenditures through tax and non-tax revenues. Any remaining deficit is financed through borrowing from both domestic as well as external sources and deficit financing. The major taxes collected by the Federal Government are custom duties, sales taxes, excise duties, income tax (including corporation tax), export duties, and gift tax. The provincial governments meet their expenditures through taxes and grants from the Federal Government. The Provincial Governments have the power to raise land revenues, registration fee on motor vehicles, property taxes, stamp duties, and certain other minor taxes. In addition, they receive a proportion from various taxes collected by the Federal Government. The distribution of sharable taxes between federal and provincial governments is carried out on the recommendations of National Finance Commission to be appointed every four years. The share of provinces in sharable federal taxes is 80 percent of the net proceeds. Although, practically speaking, at present there is no clear-cut formula for making allocations of resources between provinces, according to the Presidential Distribution

Revenues Order 1983, the distribution of sharable amount amongst the provinces was made on the basis of their population in the percentage specified as; Balochistan: 5.3%, NWFP: 13.39%, Punjab: 57.97%, and Sindh: 23.34%.

Expenditures at local level are financed through taxes and tolls raised by local governments, return on remunerable projects, and grants from the Provincial governments. Given the limited abilities of the provincial and local government to generate revenue, the provincial and local government cannot chalk out their programmes independently from the federal government.

4.3 Functional Responsibilities

The actual functional responsibilities of various levels of government are broadly reflected by the pattern of expenditure of such governments. Though any strict delineation of governmental functions between central and sub-central levels is not possible, the distribution of expenditure in Pakistan by function and level of government for the years 1980-81, 1984-85, 1987-88 is reported in Table 4.1.[1] The evidence reported in this table reveals that responsibilities of different levels of government vary considerably across services. Some of the services are in

[1] Time series data on expenditures of the local governments are not available. Therefore, the discussion is confined to expenditures of the federal and provincial governments. Furthermore, since detailed break-down by function of the development expenditure of the federal government is not available, the discussion is restricted to current expenditure only.

TABLE: 4.1

DISTRIBUTION OF CURRENT PUBLIC EXPENDITURE BY FUNCTION AND LEVEL OF GOVERNMENT

(Million Rs.)

Functional Categories	1980-81		1984-85		1987-88 (Budget)	
	Federal	Provincial	Federal	Provincial	Federal	Provincia
General Admin.	1802.2 (62.23)	1093.6 (37.76)	4112.6 (62.96)	2425.1 (37.04)	4689.5 (58.60)	3312.7 (41.4)
Defence	15300.1 (100.0)	-	31866.3 (100.0)	-	42193.6 (100.0)	-
Law & Order	931.7 (46.28)	1081.3 (53.72)	1636.1 (40.03)	2450.7 (59.97)	2022.7 (35.30)	3706.5 (64.69)
Community Services	743.8 (51.77)	692.8 (48.22)	1346.2 (44.45)	1682.6 (55.55)	1855.4 (39.67)	2822.0 (60.33)
Works	254.4 (28.37)	642.2 (71.63)	442.2 (23.49)	1440.1 (76.51)	548.4 (18.02)	2495.5 (81.98)
Public Health	-	49.3 (100.0)	-	231.9 (100.0)	-	306.3 (100.0)
Scientific & General Research	228.5 (100.0)	-	497.3 (100.0)	-	622.3 (100.0)	
Others	260.9 (99.50)	1.3 (0.5)	406.7 (97.46)	10.6 (2.54)	684.7 (97.13)	20.2 (2.87)
Social Services	1350.4 (27.77)	3513.1 (72.23)	2345.4 (23.25)	7743.6 (76.75)	3934.2 (20.78)	14996.3 (79.22)
Education	592.8 (18.07)	2687.3 (81.93)	1013.0 (14.57)	5937.3 (85.42)	1688.6 (13.08)	11223.1 (86.92)
Health	140.8 (17.11)	682.2 (82.89)	294.2 (16.64)	1473.2 (83.35)	619.8 (16.58)	3117.8 (83.42)
Housing and Physical Planning	-	12.5 (100.0)	-	121.9 (100.0)	-	237.0 (100.0)
Population & Manpower	34.9 (100.0)	-	49.9 (100.0)	-	64.1 (100.0)	-
Others	581.9 (81.61)	131.1 (18.39)	988.3 (82.39)	211.2 (17.61)	1561.7 (78.87)	418.4 (21.13)
Economic Services	1053.2 (30.62)	2386.6 (69.38)	1870.3 (30.35)	4291.9 (69.65)	1078.7 (15.42)	5918.2 (84.58)
Subsidies on Food	694.5 (40.43)	1023.1 (59.57)	3621.6 (70.64)	1505.5[1] (29.36)	3067.7 (53.99)	2613.9 (46.01)

Note: Figures with in the parenthesis are percentages.

Data Sources: Public Finance Statistics 1987-88.
[1]Public Finance Statistics 1985-86

the exclusive control of the centre while others are virtually the sole responsibility of provinces. The provinces bear a large proportion of expenditure on community, social, and economic services, and maintenance of law and order. The central government, on the other hand, is responsible for defence and meets a large proportion of expenditure on general administration. Over time the shares of provincial governments in expenditure on different categories of functions have increased considerably suggesting an increased role of the provincial governments in the provision of these services. Between 1980-81 and 1987-88, whereas the expenditure of the federal government on community and social services tripled, that of provincial governments quadrupled.

Within community and social services, the provincial governments bear huge proportion of expenditure involved for provision of services likes public works (roads and highways), public health, education, health, and housing and physical planning. The federal government, however, is totally responsible for scientific and general research, population and manpower management, some other minor services like broadcasting and television, sports and recreation, etc. Over time, the role of provincial governments in the provision of various services has increased, as is reflected by increase in their shares. Expenditure on subsidies on food, taken as a proxy for nutrition, is borne by both federal and the provincial governments

In Pakistan, there are quite a few ministries at the federal level and departments at the provincial level whose major responsibility is closely linked with HRD themes. Figure 4.1 provides a synoptic view of the co-ordination mechanism among different levels of government in the formulation/implementation of HRD policies in various important sectors of the economy.

Figure 4.1

Co-ordination Mechanism in Pakistan

HRD policies and plans	Levels	Ministries/Departments				
		Manpower Planning	Education	Science & Technology	Women's Development	Health
Formulation	Federal	Manpower Division	Ministry of Education	Ministry of Science and Technology	Women's Division	Ministry of Health
	Provincial	Department of Labour	Department of Education	Department of Education	Department of Planning and Development	Department of Health
	District	Provincial Training Board	District Education Offices	District Education Offices	Women's Training Institute	District Health Offices
Implementation	Federal	Manpower Division	Ministry of Education	Ministry of Science and Technology	Women's Division	Ministry of Health
	Provincial	Department of Labour	Department of Education	Department of Education/Department of Labour	Department of Planning and Development	Department of Health
	District	Vocational Training Centres	District Education Offices/ Sub-Divisional Education Offices	District Education Offices/Sub-Divisional Education Offices	Women's Training Institute	District Health Offices
Monitoring	Federal	Planning and Development Division-Monitoring and Evaluation Cell	Planning & Development Division-Monitoring and Evaluation Cell	Planning & Development Division - Monitoring and Evaluation Cell	Planning & Development Division - Monitoring and Evaluation Cell	Planning and Development Division
	Provincial	Department of Planning and Development	Department of Planning and Development	Department of Education/ Department of Labour	Department of Planning and Development	Department of Planning and Development

HRD policies and plans	Levels	Ministries/Departments				
		Manpower Planning	Education	Science & Technology	Women's Development	Health
	District	Department of Labour	District Education Offices	Department of Education/ Department of Labour	Department of Planning and Development	Department of Planning and Development
Co-ordination	Federal	Planning Commission	Planning Commission	Planning Commission	Planning Commission	Planning Commission
	Provincial	Department of Planning and Development	Department of Planning and Development	Department of Planning and Development	Department of Planning and Development	Department of Planning and Development
	District	Department of Labour	District Education Offices	District Education Offices/Department of Labour	Department of Planning and Development	District Health Offices

Source: Beg, M.A. and M. Wasiullah (1989) "Human Resource Development in Pakistan", in Proceedings of the Meeting of Senior Officials on Human Resource Development in the ESCAP. Bangkok.

CHAPTER V

ECONOMIC GROWTH AND HUMAN DEVELOPMENT

5.1 Introduction

Economic growth is a necessary but not a sufficient condition for human development. There is, in fact, no automatic link between economic growth and human progress. We need to manage any given amount of economic growth in order to experience human development. In fact, inter and intra-sectoral budget allocations can be an important tool of such a management policy. The objective of this chapter is to present a detailed analysis of the budgetary allocations for different sub-sectors in the human development category, showing past trends in the inter-sectoral as well as the intra-sectoral expenditures for Pakistan. Further, the current as well as the expected future levels of political commitment to the different sub-sectors will be noted.

5.2 Characteristics of Pakistan's Human Development Experience.

Pakistan is often characterized as belonging to a group of countries that 'missed opportunities for human development'. It is maintained that in spite of periods of rapid GNP growth, human development did not improve significantly.[1]

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[1] WDR (1990) pp.180, 232, 234 and UNDP (1990) pp. 59-60. Nigeria and Brazil are cited as other countries in the same predicament i.e. countries which historically had good economic growth but could not translate it into human development.

Pakistan achieved economic growth averaging 5% per annum and saw its real per capita income more than double between 1950 and 1985. However, there have been ups and downs. In the 1960s, the GDP per capita rose almost 3.4% followed by a significant slowdown in the 1970s. However, during the 1980s, GDP per capita increased once again at a respectable rate of 3.1% a year.

Despite this good record on growth, the country's performance in terms of human development indicators has been generally unsatisfactory. Low life expectancy (in 1988 it was 61 years), high under-five mortality rate (133 in 1988) and low adult literacy rate (26.2% in 1981) are only some of the indicators which show that, comparatively speaking, Pakistan has lagged behind in terms of human development. Perhaps the most important reason behind this rather dismal performance on the human development front, despite respectable economic growth, is a lack of well structured government fiscal policies for the social sector.

5.3 MESO, Macro Policies and other Determinants of Human Development

Macro (i.e. monetary, fiscal, trade etc. policies for the nation), micro (i.e. relating to households) and MESO policies are considered as the relevant determinants of the level and change in human development. What are MESO policies? They really encompass government fiscal policies towards a whole range of social sectors such as education,

health, potable water and sanitation. They also include income distribution related policies. However, in this chapter we shall consider only the budget allocation policies.

There are two kinds of MESO policies:

(a) Across the board policies; these relate to provisions of public goods and do not discriminate amongst different social groups. Examples include universal food subsidy and universal primary education.

(b) Targeted policies; as the name suggests, these are policies that are targeted towards specific groups such as malnourished children etc.

5.4 Pakistan's Budget *Allocation* Policies: An Historical Perspective

The historical trends in Pakistan's budget allocation policies will be evaluated in terms of

(a) the allocation to the military relative to the social sector and the distribution of the social sector's expenditure across its different categories.

(b) the within - category distribution of funds allocated to a given aspect of the social sector.

Let us first discuss the issues related to (a) above.

5.4.1 Relative Expenditure on the Military

As Table 5.4.1 shows, military expenditure, expressed as a per cent of the country's GNP, has been increasing over

time. In fact, for the period 1985-88, the average annual per cent expenditure on military was as high as 6.34% of the GNP.

In terms of the relationship of the military expenditure and the social sector expenditure, the table shows that the former has always been greater than the latter. This

Table 5.4.1

Average Annual percent Expenditure on Military and Social Sector

Expenditure	% of GNP		
	1975-80	1980-85	1985-88
1. Military	5.18	5.63	6.34
2. Social Sector	4.05	3.94	5.34
2(a) Education	1.78	1.67	2.64
2(b) Health	0.61	0.61	0.87

Source: Pakistan Economic Survey (various issues)

imbalance increased considerably during the 1980-85 period when the ratio of military to social sector expenditure reached a high of 1.42. In fact, for each of the time periods considered in Table 5.4.1, the military expenditure's share of the GNP has been over two times the corresponding share of the education and health sectors combined. In other words, Pakistan has been consistently spending too much of its GNP on the military and too little on the social sectors. While it may be argued that given its geo-political situation, the country may have little choice but to spend

relatively large amounts on the military, the fact remains that such a sectoral allocation does not augur well for the future of human development in Pakistan.

5.4.2 Within-sector Allocation of the Total Social Sector Budget

Table 5.4.2 presents the time trends regarding the manner in which the total expenditure on the social sector has been allocated across its different categories.

Table 5.4.2

Within-sector Distribution of Social Sector Budget
(Average annual percentage)

	Education	Health	Physical Planning& Housing	Social Welfare	Rural Development	Population Planning
1972-80	24.61	18.12	43.04	0.70	8.14	5.39
1980-90	27.08	20.02	34.38	0.94	14.04	3.5

Note: Distribution based on Annual Development Plan.
Source: Pakistan Economic Survey (various issues).

The above table gives average annual per cent of the social sector expenditure allocated to each sub-sector over the time periods 1972-80 and 1980-90. It may be noted that while the relative shares of Education and Health, perhaps the two most important areas of social expenditure, have gone up, the increase has been rather modest. However, the relative share of the Rural Development sector has gone up considerably in 1980-90 compared to 1972-80. This is a

welcome reallocation considering that Rural Development should be a high priority in Pakistan where 75% people live in rural areas which have been historically neglected. Finally, with reference to the Table 5.4.2, note that the shares of the Physical Planning and Housing as well as that of the Population Planning sectors have gone down. The Population Planning Policy in Pakistan has often been characterized as lacking a clear and consistent direction. This is, in fact, reflected in the temporal changes in the budgetary allocations to this sector.

5.4.3 Within-Social Sector Allocations

From the point of view of analyzing the human development impact of budget policies, it is important to distinguish different types of expenditure within each social sector. For instance, if the lion's share of, say, education's total allocation is going to tertiary or university, rather than basic education, such a pattern is likely to be detrimental to the welfare of the already disadvantaged sections of the society.

Tables 5.4.3 and 5.4.4 give allocations for categories within the education and the health sectors respectively. Let us comment on each in turn.

As Table 5.4.3 shows, in case of the Education sector, the share of the primary education has remained virtually

Table 5.4.3

Distribution of Expenditure Within Education Sector
(Average annual percent)

	Primary	Secondary	College	University	Vocational
1972-80	30.92	16.71	11.26	8.10	11.47
1980-90	30.78	20.92	8.22	10.07	11.20

Table 5.4.4

Distribution of Expenditure Within Health Sector
(Average annual percent)

	Hospitals	Rural Health Programme	Medical Training	Preventive Programmes	Research& Nutrition
1972-80	23.21	19.37	20.79	30.61	1.03
1980-90	27.38	34.23	16.64	14.44	2.57

Sources: (i) Annual Development Plans,
(ii) Sixth Five Year Plan (information from 1983-84 through 1987-88 is based on the projections used in this Plan).

constant between 1972-80 and 1980-90. Relatively more resources, have been allocated to the Secondary and the University levels of education. It appears that a relatively larger share of the sector's resources is going to low priority activities rather than to basic education which could be significantly more effective in bolstering human development in the country.

In terms of the allocation within the health sector (Table 5.4.4), it may be noted that share of rural health programmes has increased appreciably between 1972-80 and 1980-90. This is a welcome development considering that 75% of Pakistan's population lives in rural areas and which has been generally deprived of adequate health facilities. However, the share of spending on Preventive Programmes has considerably decreased. This trend needs to be reversed. Again, while spending on nutrition has increased over time, it still is an extremely low percentage of the total allocation.

5.5 Concluding Remarks

By way of concluding remarks, it may be mentioned that Pakistan needs to restructure its MESO policies. For one thing, currently relatively too much of the GNP is going to forwards meeting the military expenditure. Again, within a given social sector, spending needs to be focussed more on areas such as basic health and basic education which have comparatively higher payoff in terms of human development. Such a restructuring of its MESO policies is expected to make Pakistan's human development consistent with its fairly respectable track record on economic growth.

CHAPTER VI

RECOMMENDED HUMAN DEVELOPMENT GOALS AND STRATEGIES FOR 1990-2000

6.1 Introduction

In recent years, a virtual unanimity has emerged about the critical role of human capital in economic development. As a result, there has been a heightening awareness about the importance of human resource policy in the economic development efforts of countries. These new developments have raised some important questions regarding the nature of human resources and their role in the process of society's development. In fact, over time, investment in human resource has come to entail more than the traditional areas of education and training of all kinds. Now the concept also includes a fairly broad group of investments encompassing such areas as health, nutrition, home environment of the children and production as well as the diffusion of knowledge. Some would even include human freedom, justice, and the country's political system in the above list. Thus the question of an appropriate public policy towards investments in human resource becomes more important and perhaps more complex than ever.

Despite a great deal of discussion on the critical role of human resource development, however, in many developing countries there are few actual policies aimed at developing human resource. A major reason for this neglect is the long-

term nature of investments in human resource. This has resulted in setting aside of these issues for the more pressing day-to-day problems. However, it is precisely for their positive impact in the longer run that human resource issues need to be addressed. In this respect, it is important that a comprehensive package for the development of the 'social sector' with specific targets for each sub-sector be evolved.

In determining such targets, however, it needs to be remembered that various indicators of human development such as real income per capita, literacy, and child mortality are not independent of each other. Rather, each indicator is influenced, both directly as well as indirectly, by changes in the other indicators and thus complement each other. For instance, it is generally accepted that raising income level and/or reducing income inequalities generate demand for services such as education, health, hygienic environment (safe drinking water and sanitation facilities), and adequate nutrition. Similarly, studies for various countries have shown that social returns to investment in education are high and often higher than returns to physical capital. This implies that more schooling or training raises labour (or factor) productivity and the capacity to earn. And, that a corresponding change in human-physical capital investment mix would raise overall output and hence income. Among various levels and types of schooling, primary education appears to

offer the highest rates of return particularly in the low-income economies. Then, there are studies which suggests that education/schooling tends to improve understanding of the need for hygiene, proper nutrition, and health care. Although, in the developing countries data on health, nutrition, and hygiene are more difficult to get then education, there is a general consensus that social returns to investment in health, nutrition, and hygienic living conditions can be reasonably assumed to be considerable.

Given above mentioned interactive links among various indicators of human development, the true effects of each indicator are difficult to isolate. It is thus imperative that studies are undertaken to understand the nature of true linkages between different indicators of human development and to quantify such linkages. It is, nevertheless, important to keep in mind the joint nature of returns to investment in the social sector, particularly when the cost effectiveness of various social sector programmes are the consideration. This is primarily so because, the actual cost of the package which is influenced by both direct and indirect linkages among different sub-sectors of the 'social sector' is likely to be less compared to estimated cost without the linkages.

Since its independence, Pakistan's development policies have focussed mainly on realizing high economic growth and

only subsequently attended to the task of providing social necessities. Such a process has given rise to a structure of production and distribution which, at best, has been, only indirectly responsive to social goals. Pakistan is often characterized as a country which has historically enjoyed respectable GDP growth rates as well as moderately equitable income distribution, yet has failed to translate these positive developments into a satisfactory level of human development. However, there is now a growing realization that we could have done much better had we stressed relatively more on investments in human resource.

Given the dismal state of human resource in Pakistan, it is imperative that top priority is given to evolving a comprehensive package for the development of the social sectors. In this respect, what is more important is that such a package is implemented effectively and sufficient resources are allocated to achieve the targets. The objectives of this chapter are to

a) specify targets and priorities for various sub-sectors of the 'social sector' of Pakistan for the period 1990-2000,

b) identify alternative options and policies that could be adopted to attain the set targets, and

c) present suggestions on strategies for raising resources and better management of the social sector.

This chapter is organized in the following manner. Section 6.2 presents recommended targets for 1990-2000 for important human development indicators with corresponding strategies to achieve them and suggests specific programmes for different sub-sectors of the 'social sector'. Section 6.3 discusses various options for raising resources to finance programmes for the development of the 'social sector'. Finally, recommendation for research on human development and data collection are given in section 6.4.

6.2 Recommended Targets and Strategies for 1990-2000

Improving the state of human resources in Pakistan during 1990-2000 would require setting targets for the various indicators of human resource development. This would involve the right environment through various strategies and policies which should provide the necessary dynamism for internalizing the process of sustained human development. In this respect, in a developing country like Pakistan with its highly skewed income as well as assets distributions, it is important to generate not only good macro conditions, but also to ensure across-the-board provision of basic services and adoption of targeted schemes for groups who somehow do not benefit from the growth process. Thus, a combination of appropriate macro and meso policies need to be adopted. In this regard we first discuss some policies which are general in nature and may be

applicable to multiple targets. Then, later in the section we discuss particular strategies which may be needed for meeting specific goals.

As the level and distribution of income are important indicators of human development at a macro level, striking a balance between the twin objectives of growth and equity should be one of the critical strategies to meet Pakistan's human development targets. It is generally accepted that this would require using prices to reflect true opportunity cost, opening of market systems, adopting policies to encourage investment and technological improvements as well as generating productive employment opportunities. Furthermore, a more systematic approach towards inter- as well as intra-sectoral resource allocation would have to be adopted to maximize human development. In addition policies should be adopted to ensure the participation of all the sections of the society in the development process. This is important because the long-term solution to poverty requires that the poor be provided with opportunities that may bring them into the mainstream of development. In the rest of this section we discuss specific targets for the 1990s and the corresponding strategies to achieve them [1]. This is done

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[1] In the absence of any information/data on the magnitude of interactive links between various indicators of human development, the targets are based on the assumption that different components are mutually independent of each other.

under the three broad areas, namely Longevity, Access to Decent Living, and Knowledge.

6.2.1 Longevity

It is imperative that every effort be made to substantially improve the average life expectancy and the chances of survival of infants in the country. It is recommended that necessary measures be taken to ensure that life expectancy at birth rises to 67 years by the year 2000 from 62 years in 1989/90. Furthermore, infant mortality rate, which in 1988 was 108 per thousand live births, should be reduced to at least half of this current level. Similarly, under-five mortality rate, which in 1988 was 166 per thousand live births, needs to be reduced by at least 55 percent so as to make it comparable to that of countries characterized by medium level of human development.

i) Health Care

Perhaps the weakest part of Pakistan's social sector has been the provision of general health care, both preventive and curative. This has had an adverse impact on the infant mortality and consequently on the life expectancy in the country.

To meet the targeted increases in life expectancy and child survival rate, it is recommended that the major focus should be on preventive health care including increasing

awareness about basic health. Child mortality is influenced by factors such as malnutrition from food shortages, increase in poverty resulting from economic stagnation, spread of diseases, higher female literacy, access to cleaner drinking water, better sanitation, and immunization. In 1987, only 65 percent of the one-year old children were immunized. Thus, in order to reduce child mortality rate, it is imperative that all children are completely immunized against the preventable diseases of childhood. Given the past trend of the immunization rate, this is not likely to be a difficult target to achieve. In addition, all females of child-bearing age must be protected against tetanus. During 1983-88, only 24 percent of the births were attended by health personnel and 25 percent of the new-born babies had low birth weight. Steps must be taken to make these percentages at least comparable to those in countries characterized by medium level of human development, i.e., 61 percent and 9 percent respectively. This would require proper care and attention being given to the child-bearing females. More importantly, disparities across regions ought to be narrowed in terms of coverage of population in the rural areas relative to that in the urban areas. At the moment only 35 percent of rural population has access to health facilities compared to 99 percent for urban population.

The major programmes for preventive and medical rehabilitation services, it is suggested should be provided

through a network of primary health care, immunization clinics, and government hospitals. This would also require increases in the supply of vaccines, health personnel, and other inputs. The following table gives the targets of manpower requirements in the health sector by the year 2000.

Table 6.2.1

Target for Health Manpower: (Population per Facility)

	1987/88	1989/90	1990/2000
Doctors	2920	2645	2320
Dentists	61760	47200	28388
Nurses/number of beds	4.5	3.97	3.38
Pharmacists	-	100	57
Paramedics	1646	1349	
Dais	2375	1680	
Hospitals beds	1650	1536	1187

Note: Growth rates reported in the 7th Five Year Plan have been used to compute the values for 1989/90 and 1990/2000.

In order to narrow down the existing differentials in health facilities between urban and rural areas, and to improve the functioning of existing Basic Health Units (BHUs) and Rural Health Centres (RHCs), it is suggested that more such units should be established, particularly in rural areas and *'katchi abadies'* in urban areas. In this respect, the government should develop adequate infrastructure. The local authorities could be assigned the responsibility to keep and monitor the immunization record of each child in their respective localities. This is important as illiterate and poor households tend to ignore the need for immunization of their children. In order to educate the populace, mobile units should be established. They should visit areas under their jurisdiction on a regular basis to educate people about

the importance of proper health care and child immunization and to immunize children as and when required. Similarly, to provide primary health care to people living in backward areas or areas where such facilities are lacking, mobile clinics should be introduced with doctors visiting such areas at regular intervals, say once or twice a weak. Such clinics should be under the local/district authorities who are more likely to be aware of the problems of the area and vulnerable groups. The government should also encourage and involve the NGOs in identifying the target groups which need most attention. Such NGOs could provide basic health coverage to the population where the government facilities are lacking or are difficult to provide.

Furthermore, the private sector should be encouraged and doctors may be offered incentives to provide primary and curative health care in the rural areas. The incentives can be in the form of guarantee of provision of basic facilities like telephone, electricity, and safe drinking water on priority basis. In addition, they may be offered land to establish clinics on concessionary terms, land on lease to establish farms, and tax holidays during the first 3-5 years. Like in many other developing countries, medical education in Pakistan is highly subsidized. In order to encourage doctors to serve in the rural areas, admission in medical colleges may be made conditional upon students signing a bond of either paying the actual cost of their education within 3-5

years after becoming doctors or serve in the rural areas for 3-5 years. Necessary steps would have to be taken to ensure the effective implementation of such plans.

To make sure that above targets are achieved within the given time, sufficient resources will have to be allocated to the health sector. At the moment, Pakistan spends only 0.2 percent of its GNP on health care compared to 0.8 percent and 1.5 percent, respectively, by countries characterized by low and medium level of human development. In this respect, it would be essential that expenditure on health is increased to at least 1 percent of the GNP. During the 1980s, expenditure on preventive health programmes was less than 15 percent of the total health expenditure. This percentage will have to be increased substantially to meet the above stated targets. Furthermore, while the share of rural health programmes in total health expenditure has increased considerably from 19 percent in the 1970s to 34 percent in the 1980s, it needs to be increased even further considering that close to 72 percent of the total population lives in the rural areas and that private health clinics are mostly concentrated in the urban areas.

ii) Nutrition

Nutritional in-take is closely related to the improvement of health standards and, in fact, it can be regarded as a major preventive measure since high nutritional

intake enable people to resist diseases. The consequence of malnutrition go beyond specific nutritional diseases. It is one of the major factors that causes high child mortality rates. In addition, under-nourishment lowers productivity of farm and industrial workers, increases school dropout rate, and affects the mental development of infants and children. In spite of the adequate per capita availability of calories and proteins, there is a wide prevalence of malnutrition among the vulnerable segments of the population in Pakistan. Poverty, ignorance, lack of knowledge and poor communications have led to unequal nutritional distribution between and within families. During 1980-88, 52 percent of the children under-five were under-weight and 42 percent of the 1-5 years old children were stunted. Out of the total under-weight children 25 percent were suffering from severe malnutrition and the rest from moderate malnutrition. It is recommended that every effort needs should be made to eliminate this child malnutrition. If that is not feasible right away reducing malnutrition by at least 50 percent during the 1990s should be the minimum target. Eliminating severe child malnutrition and reducing moderate child malnutrition by half by the year 2000 would require that the number of such children must decrease at the rate of 7.3 percent per annum.

The above stated goals can be most effectively achieved by identifying the most needy/vulnerable groups and implementing programmes of food assistance and nutrition and

related services both directly under the responsibility of local authorities as well as through NGOs and private groups. To make sure that the needy people really benefit from such programmes, the programmes must be closely monitored and evaluated to see if there implementation is consistent with the original objectives.

Another option could be opening of the nutritional centers and mobile units under the supervision of local authorities. Such centers and mobile units could work in close collaboration with the Rural Health Centres RHCs. Also they could provide not only direct food aid to the needy persons/households but also increase general awareness about good nutrition through educational campaigns. Furthermore in order to ensure that reasonably priced food is available to all throughout the year, better storage and processing facilities will have to be established/expanded. All this would require that sufficient resources are ear-marked for this purpose. At the moment, there is no explicit provision for such activities in the budget. Like expenditure on education, health, and other activities, a separate head should be created and resources allocated to take care of nutritional requirements of the needy groups and provide nutrition-related services.

iii) Clean Drinking water and Sanitation

Access to clean drinking water and sanitation facilities

are considered to have favourable impact on child mortality and life expectancy. In this respect, it is imperative that efforts are made not only to expand the coverage of the population with respect to these facilities, but also reduce the existing regional disparities in their provision. The following table gives recommended targets for clean drinking water and sanitation facilities by region for the year 2000. Given the past performance these targets are not difficult to achieve.

Table 6.2.2

Targets for Clean Water and Sewerage Facilities

	1987/88	1989/90	2000
Access to Clean Water			
% of Rural Population	40	51	100
% of Urban Population	80	86	100
Access to Sewerage Facilities			
% of Rural Population	10	16	60
% of Urban Population	52	59	100

The required capital investment to achieve these targets and ensure proper mainstream of the infrastructure, the local authorities who are responsible for the provision of such facilities could be allowed to raise their own revenues through leaving user fees.

6.2.2 Access to Good Living.

Setting goals pertaining to 'Good Living' can be rather difficult since this a broad and rather amorphous category. To make our task manageable, we shall limit our goal setting exercise to the following important areas that characterize this category.

(i) Growth Rate of Real GNP per capita

(ii) Degree of Income Inequality

(iii) Alleviating Poverty

(iv) Eliminate Drug Abuse

(v) Environmental Protection

(vi) Self Reliance

i) Growth Rate of Real GNP Per Capita

While economic growth is not a sufficient condition for human development, it is a necessary condition. Accelerating economic growth is thus essential for advancing the cause of human development.

Historically, Pakistan's real GNP per capita has grown at an annual rate of 2.5 percent. At this rate the country would require approximately fifty years to attain the status of a middle-income country, i.e. one with a GNP per capita of US $1000. This report envisages that Pakistan should aim at reducing the period needed to double its real GNP per capita to twenty years. In other words, given Pakistan's rates of growth of population and inflation, it should aim at a GNP

growth rate of 7-plus percent to double its GNP per capita by the year 2010 A.D.[2] This implies that with population growing at an average annual rate of 3.1 percent, the country's GNP per capita should increase at an average annual rate of 4 percent.

One of the main determinant of growth is the rate of investment in the economy. During the period 1960-88, on average, investment in Pakistan was 17 percent of the GDP. Accelerating the GNP growth rate will require increase in the rate of investment. In 1988, on average, the low and middle income economies, respectively, used 28 percent of their GDP for investment. Thus, Pakistan must make every effort to increase investment rate to at least 25 percent of the GDP. This would, however, further require that domestic saving rate is increased considerably from its existing level of 13 percent. A notable feature of Pakistan's saving performance has been that around 80-85 percent of the domestic savings have been by the household. Thus, the required increase in the savings to finance increased investment must come from the public and the corporate sector. Increasing public savings would in turn require increasing government revenues

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[2] Of course, any decrease in population growth rate would decrease the number of years needed to double the GNP per capita. However, opinions on the nature and effectiveness of policies to control population growth rate differ widely. Increasing expenditures on family planning facilities and/or increasing education amongst adult women of child-bearing years are two policies that are often suggested. However, evidently, the task of controlling population growth is much more challenging as compared to that of increasing GNP growth.

through effective tax collection mechanism and broadening the tax base. For instance, introducing agricultural income tax, and making the tax, structure visibly progressives, and reducing unnecessary and wasteful expenditures.

Besides investment rate, the other main determinant of GDP growth is the rate of technical change in the economy. In this respect, it is worth pointing out that in Pakistan over time the contribution of technical change in GDP growth rate has declined.[3] Thus, measures should be taken to ensure that Pakistan is able to acquire the latest and most advanced technology. What is even more important is that steps should be taken to encourage Research and Development (R&D) activities in the economy. Incentives should be given, may be in the *form of* tax relief on expenditure on R&D, for modification and improvement in the existing technologies so as to make them more suitable to the domestic resource endowment. Any strategy in this regards will fall short of its objective if necessary steps are not taken to impart knowledge and training to the workers so that benefits of the improved technology can be maximized. Thus, promoting human development is important not only in itself but also as a critical input to the economic growth process.

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[3] For instance, Burney (1986) has shown that during the 1960s productivity (technical change) was the main source of growth in Pakistan. During the 1970s and 1980s, however, factor inputs ware the major contributors.

ii) Reducing Income Inequality

One important measure of 'access to good living' is the degree of egalitarianism in the society. A convenient way to think about this issue is to do so in terms of income inequality as measured by the Gini Coefficient. In Pakistan's case, historically (over the period 1961-1988), the average value of the Gini Coefficient has been 0.362. Thus, the incomes are far from equally distributed. This report envisages that Pakistan moves towards greater equality by lowering the Gini Coefficient by 10% by the year 2000 A.D. This target of achieving a value of 0.326 for the Gini coefficient by the end of the next decade is rather modest and should not prove too disruptive and could be achieved with 'gradualist' redistributive policies.

Focusing on Gini Coefficient's value as a target should not, however, obscure the fact that this reduction in Gini Coefficient should be achieved in a manner that increases the amount of real transfers to the poorest income earners in the society. It is important that reductions in Gini Coefficient should be accompanied by increases in the real wages and rapid expansion of productive employment opportunities. This can be achieved through adopting labour-intensive technologies.

It is generally accepted that for a more equitable distribution, a good distribution of assets, which for the developing countries usually means good land distribution, is

important.[4] For Pakistan the Gini coefficient for land ownership in 1981 was 0.53. This indicates that distribution of assets is relatively more unequal compared to income. In the past, Pakistan has embarked upon land reform policies to change this situation. But, the results, at best, have been mixed.[5] Effective implementation has been held to be the major factor responsible for such an outcome. Thus sincere steps should be taken to redistribute land in the economy.

iii) Alleviating Poverty

Absolute poverty not only causes environmental damages, it is one of the major factor responsible for high child mortality rates and a source of under-nourishment in Pakistan, which in turn affects the productivity of the farm and industrial workers. Thus, poverty alleviation is important not only in itself as an indicator of the overall human development and general well-being of the populace, but is also a critical input to the growth process. Between 1977-78, around 30 percent of the population of Pakistan was living below the poverty line. This report envisages that in order to significantly reduce poverty in the coming decade,

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[4] For a formal treatment of the relationship between income and wealth distribution, see Naqvi and Qadir (1985).

[5] See Naqvi *et al.* (1989) for a detailed assessment of the different land reforms in Pakistan.

the following set of structural MESO policies need to be focused upon:

a) In order to hold down food prices, subsidies that are aimed at targeted section of society should be introduced. In this respect food coupons may be issued to the most needy people. Moreover, better food distribution system should also be adopted.

b) Better administration of distribution of *Zakat* and *Usher*,

c) Introduction of free lunches at school and work place for the targeted groups,

d) Direct transfers and income support programmes for well defined targeted working poor, and

e) Specific programmes to involve such targeted people in productive employment and to impart various skills which are in high demand.

In this respect NGOs and private groups should be encouraged to reach and identify the vulnerable groups where government facilities are lacking.

iv) Eliminating Drug Abuse

As has been discussed in detail in chapter III, since early 1980s, Pakistan has been facing a serious and growing problem of illicit drug abuse. It is envisaged by this report that controlling this menace and ultimately eliminating drug abuse from the society should be a matter of

the highest priority for Pakistan. It is imperative that for the next decade, policies should be implemented to control the demand for as well the supply of drugs in the society. On the demand side, it is important to provide treatment and rehabilitation facilities as well as to start drug abuse awareness programmes. On the supply side, strong and systematic law enforcement measures are needed.

v) Environmental Protection

Preventing deterioration of the environment is essential for sustained economic growth. While at present the problem of environmental degradation is not too serious in Pakistan, it is expected to become one of much greater magnitude if the present trends are not checked. One of the major threats to environment in Pakistan comes from disposal of untreated industrial toxic waste. There are significant laws on the books that prohibit such activities. However, their enforcement has been lax. An important goal for the next decade should be to enforce the existing legislation regarding environmental protection as well as introduce new legislation where needed. The environment is also threatened by increased rural poverty which often has led to use of marginal lands resulting in soil erosion, deforestation, and decertification. Solution of such problems are, of course, dependent on alleviating poverty.

vi) Self Reliance

Gaining self-reliance is the key to Pakistan achieving sustained growth in the next decade. Of course, reducing domestic budget deficits would be the key to any successful policy to reduce our dependence on external borrowing. (Domestic debt has averaged 50 percent of Pakistan's total debt in the 1980s). However, here we are concerned with setting goals in terms of Pakistan's external debt burden and net capital inflows. For the period 1978-79 to 1988-89, the average annual ratio of Pakistan's external debt outstanding to its GNP at current factor cost was 30.90. This represents a significant debt burden. It is envisaged that the target should be to reduce this ratio to 15. Pakistan's sustainable development critically depends on reducing its debt burden. A reduction in debt burden should also improve the net inflows of annual loans and grants as percentage of Gross Disbursements which averaged only 21.44 percent for the period 1980-81 through 1988-89.

Policies designed to facilitate merchandise exports, out- migration of Pakistani workers, encourage inflow of remittances via official channels and spur foreign direct investment should go a long way towards significantly increasing self reliance by the year 2000. A particularly appealing strategy would be to use part of remittances to retire Pakistan's outstanding debt. Since 1975-76, Pakistan has received over 28 billion U.S. dollars in the form of

remittances from its workers abroad. If even a quarter of these remittances were to be used to retire Pakistan's external debt, it would have been less than half of what it is today.

6.2.3 Knowledge

Perhaps the most important indicator of human development is the literacy rate and general education level of the populace in the country. Education not only increases awareness and understanding of the need for hygiene, proper nutrition and health care, it also raises productivity or the capacity to earn and helps make best use of the technological advances which are highly sophisticated in nature. In other words, the externalities arising from having a high literacy rate far exceed the benefits to individuals from attaining education. Thus, developing human capabilities by imparting knowledge and training is important not only in its own right but is also important for the overall economic growth of the economy.

Literacy rate in Pakistan is one of the lowest among the low income economies. Partly due to high population growth rate and partly because of the low priority accorded to the education sector in the past, the number of illiterates in the country has increased over time. In this context, the main target of the government should be to reduce the backlog of the number of illiterates (42.7 million as enumerated in

the 1981 Census) and at the same time increase the overall literacy rates in the coming years.

Table 6.2.3 shows the estimated number of illiterate and literate persons (aged 10 years and above) with the corresponding literacy rate by sex for the year 1985, 1990 and 2000. It can be seen from the table that despite a considerable increase in the literacy rates between 1981 and 1985, the number of illiterates in the country actually increased from 42.7 million to 46.63 million. Using growth rate of literacy reported in the 7th Five Year Plan, the table also indicates the projected literacy rates by the year 2000.

Table 6.2.3

Estimated Numbers of Illiterates and Literate, Literacy Rates (Population Aged 10 Years and above) by Sex,1981, 1985, 1990, and 2000

(Population in million)

Year	Total Population	Number of Illiterates (10 Years and above)			Number of Literate (10 Years and above)			Literacy Rates (10 Years and above)		
		Both Sexes	Male	Female	Sexes	Male	Female	Sexes	Male	Female
1981	85.14	42.69	20.04	22.65	15.61	10.84	4.32	26.2	35.10	16.00
1985	96.20	46.63	21.90	25.25	19.42	14.07	5.54	29.4	39.90	18.00
1990	110.36	50.04	21.50	27.96	25.75	18.94	7.37	33.96	46.83	20.86
2000	148.43	40.05	15.85	24.20	69.38	41.31	28.07	63.40	72.27	55.52

Source: Government of Pakistan, 1981 Census Report of Pakistan.

To achieve a literacy rate of 63 percent by the year 2000, as is reported in the table, the literacy will have to increase by at least 6 percent per annum. This would be a

monumental task and will require that top priority is given to the education sector. What is even more important is to sharply reduce the gender (Male-female), regional (Urban-Rural), and provincial gaps in the literacy. Particularly, it needs to be ensured that necessary measures are adopted so that female illiteracy rate is not higher than the male illiteracy rate. All this will be possible only if primary and secondary school enrolments are universalized for both boys and girls.

Given the social and cultural biases against education, in general, and female education in particular, the only sure way of achieving such an objective is to make education compulsory and free up to high school for both boys and girls. Such a programme will have to be strictly monitored to prevent absenteeism. Providing free lunches in primary schools is one way to encourage school attendance. This would have, as noted earlier, the added advantage of tackling the problems of malnutrition among children and poverty.

Meeting the above targets would require increase in the number of educational institutions as well as in the supply of the trained teachers. Table 6.2.4 give targets of school enrolment ratios for different levels of education by the year 2000 and corresponding projections of the required number of institutions and teachers.

Table 6.2.4

Enrolment Targets and Projected School/Teacher Requirements

	Ratio		Millions Number of Students	
	1985/86	2000	1982-83	2000
School Enrolment				
Primary	50	100	6.2	23.6
Middle	24	50	1.6	5.9
Secondary	16	25	0.6	1.8
Tertiary	3.1	4.5	-	1.2

Educational Institutions	Student/School	Thousands Number of Institutions	
		1985-86	2000
Primary School	91.9	77,207	241,323
Middle School	305.1	6,260	19,773
Secondary School	142.6	4,677	11,902
Tertiary	623.4	942	2,255

Teacher	Student/Teacher	Thousands Number of teachers	
	1982-83	1985-86	2000
Primary level	39.3	180.6	643.2
Middle level	33.5	57.1	200.6
Secondary level	8.2	81.6	225.5
Tertiary level	15.7	37.5	65.1

Note: The projections are based on constant population growth rate of 2.85 per annum for the year 2000. Requirements of School and Teacher for the year 2000 are based on student/school and student/teacher ratios as observed in 1982/83.

To make sure that above targets are achieved within the given time, sufficient resources will have to be allocated to the education sector. In 1986, Pakistan spent 2.2 percent of its GNP on education compared to 3.2 percent and 4 percent, respectively, by countries characterized by low and medium level of human development. To meet the expected requirements, it is essential that expenditure on education

is increased to at least 3.5-4 percent of GNP. During 1985-88, expenditure on primary education was 40 percent of the total expenditure on education. This percentage should be increased to at least 50 percent. The government should mainly concentrate on providing primary and secondary education. Where as the private sector should be encouraged to provide higher education. Furthermore, the subsidy on higher and professional education should be reduced substantially.

All these efforts of increasing literacy and human capabilities will be self-defeating if we fail to engage the population in productive activities. In 1988, only 28 percent of the total population was in the labour force compared to 37 percent and 49 percent in countries characterized by low and medium level of human development, respectively. Out of this labour force only 12 percent were female. While the 'open' unemployment rate has remained around 3 percent, the 'under' unemployment rate in recent years has reached as high as 14-15 percent. By some estimates, the unemployment among the educated is even higher. Not only the overall labour force participation rate should be increased and made comparable to that in countries characterized by medium level of development, but more importantly disparity between male and female participation rates should be narrowed substantially. Special programmes like rural works programme, employment programme for

education young people, should be initiated. In addition, rather than the general education more people should be given technical education.

6.3 Financing Human Development

Though in the 1980s Pakistan started giving priority to social sectors, the proportion of GNP spent on them is still very low by international standards. In 1986 expenditure on social sector was less than 3 percent of GNP. In order to finance the projected increase in the supply of social services, as well as to make up for the past disparities, additional resources will have to be generated. Furthermore, budgetary resources will have to be reallocated across sectors. Some of the specific measures which can be adopted to generate revenues for the social sectors are as follows:

6.3.1 Taxes

The high growth rate achieved in Pakistan during the 1980s was financed through excessive borrowing both from domestic and external sources. This can be noted from the fact that overall budget deficit as a percentage of the GDP increased from 5.3 percent in 1981/82 to 8.5 percent in 1987/88. A major factor behind this excessive borrowing has been the inability to mobilize domestic resources through taxation; and the failure of successive governments to tax people efficiently and equitably. The problem has been

compounded by the fact that the present tax structure rests on an extremely narrow base. During the 1980s, the total tax revenue remained around 13 percent of the GDP; and in 1989/90 the direct taxes were only 14 percent of the total tax revenue, or less than 2 percent of the GDP. In this respect, suitable corrective measures should be taken to broaden the tax base and improve the tax management. Although, there is a considerably opposition in the country against agricultural income tax, given the limited resources at hand and the need to develop human resource, imposition of such a tax should be considered seriously.

Pakistan imposed a 5 percent *Iqra* (literacy) surcharge on its imports to finance high priority projects in education. In a similar fashion, more tax revenues can be raised by introducing higher taxes on luxury items and goods that are detrimental for health. Moreover, urban governments can generate revenues by imposing parking fee within the city limits and add advertisement tax to the existing taxes. Similarly, local governments can impose taxes like health tax, property tax, toll tax, building construction tax, drainage tax, etc.

6.3.2 Discriminatory User Fees

User charges in total revenue have increased over time but their share in total revenue is still very small. In 1972-73, total user charges as a percentage of total revenue

were 3.9 percent which increased to 4.88 in 1987-88. On the other hand, shares of education and health charges in total education and health expenditure have decreased, respectively, from 5.89 percent and 5.97 percent in 1972-73 to 1.37 percent and 2.63 percent in 1987-88.

As across-the-board user charges are detrimental to the poor, a differentiated system based on 'ability-to-pay' may be introduced instead. Such a system can only succeed if the quality of the social services is improved considerably so that the rich people are willing to pay for services enabling the poorer people to pay nothing more than nominal charges.

6.3.3 Re-structuring of External Debt

In 1988, Pakistan's external debt was more than US$ 17 billion. The servicing of this debt for the last 3-4 years has been more than one billion U.S. dollars or around 25 percent of the exports of goods and services. This annual debt servicing has come to put enormous pressure on Pakistan's budgetary resources. As in recent years the development of human resource in the developing countries has become a major concern of the international agencies and the donor countries, the government should try for debt re-structuring with the commitment that resources made available will be utilized for the development of the 'social sector'. An annual relief of 10 percent of the total debt service payment, i.e. US$ 100 million, by making resources available

for some of the specific programmes discussed earlier will go a long way in improving the state of human resource in the country.

6.3.4 Reducing Military Spending

In 1986, Pakistan spent around 6.7 percent of its GNP or more than 2 billion U.S. dollars on its military. This tends to leave few resources to spent on the social sector. This is a serious problem since 70 percent of Pakistan's population is illiterate and over 30 percent of its population lives below the poverty line. However, in a region where there are territorial disputes between countries and tension is high, any single country cannot afford to unilaterally reduce its military spending. To the extent military expenditures are unavoidable, efforts should be made to use resources for military most efficiently. This could release considerable resources for social programmes. In the longer run, however, for the sake of humanity steps should be taken to lessen and preferably eliminate tensions among the neighbouring countries and develop mutual trust. In this respect, the world bodies and the superpower(s) can play a very constructive role.

6.3.5 Voluntary Community Contributions

Because of limited resources, the government has been unable to meet the targets set for various human development

indicators, it has encouraged opening of new private schools and hospitals. Similarly, the government can generate more resources for the social sectors by encouraging people to make voluntarily contributions for community welfare projects by allowing tax deductions for them.

6.4 Research on Human Development

There is an important need for research in many areas of human development before policy recommendations can be confidently made. Of course, investing in ways of gaining knowledge about the possible consequences of one's policy initiative is a very good investment and a worthwhile target. Below we briefly discuss some of the topics which deserve to be treated as part of any priority research agenda on human development.

6.4.1 Externalities in the Production of Knowledge

Studying the nature of externalities in the production/diffusion of knowledge is one of the more exciting areas of current research in human resource development. This idea occupies a rather central role in a whole new genre of macro growth models where human resource investments have been specified as a critical input in addition to the traditional inputs of labour and capital.

In fact, some of the analytically most articulate support for an activist human resource investment policy

comes out of such models.[6] However, regarding these new macro models, much more work still needs to be done particularly in terms of their empirical testing.

6.4.2 Human Development Production Functions

Human development can be thought of as being the result of a production process. For example, child survival can be 'produced' by using 'inputs' such as health services, nutrition, clean environment and parental education. In general, currently rather little is known about the manner in which the different inputs relate to the output, i.e., human development. Specifying such production functions for the different indicators of human development would require us to draw on inter-disciplinary knowledge from the fields of sociology, medicine, biology and economics. In fact, such production functions may vary across countries. In order to estimate such production functions, we will need appropriate data for Pakistan or across similar developing countries. As a practical matter, the knowledge gained from the estimated parameters of such production function would guide policy makers in devising the most cost effective policies towards human development.

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[6] Lucas (1988) and Stokey (1990) are two examples of such models.

6.4.3 Linkage Between Economic Growth and Human Development

We need to understand the nature of the linkage between economic growth and human development and how each may be promoted by investments in such areas as education, literacy, health and nutrition. Other important question also arise in this context. For instance, we need to refine the concepts of 'human capabilities' and 'sustainable development' which are presumably amongst the more important goals of human development.

6.4.4 Restructuring and Financing Social Sector Expenditure

This report envisages that studies be carried out on the likely impact of alternative inter-sectoral restructuring possibilities on human development. We need to carefully assess the potential and cost of such restructuring in order to optimally choose from different kinds of taxes, user fees and pricing options that may be available.

Again, research on the potential and costs of intra-sectoral restructuring of expenditure is needed as well to determine the optimal combination that would reduce intra-country disparities across gender and urban/rural regions.[7]

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[7] In fact, Shabbir (1991) shows that the productivity enhancing effects of education are relatively larger at the primary and secondary levels rather than at the higher levels, thus lending support to a reallocation of available funds in favour of basic education.

6.4.5 Deregulation and Decentralization

Decentralized decision making may not only be more cost effective, it may also promote human satisfaction by reducing alienation. Research is needed to determine the optimal role of participatory development strategies within the overall planning strategy at the national level. The phenomenon of NGOs in developing countries is a relatively new one and it merits in-depth study. Though there is an intuitive feeling that the role of NGOs has been growing in Pakistan over the past several years, there is a lack of formal studies analyzing their role. One possible reason may be lack of easily available data on the NGOs in Pakistan. In principle, however, this could be an area of research that may yield relatively high payoff.

6.4.6 Data Collection

Data pertaining to many aspects of the social sector is hard to come by. Often there are not enough resources available to collect such data. In fact, there may be a sort of 'discrimination' against efforts to collect information on human development as compared to that about conventional economic activities.

Obviously, without reliable and regularly collected pertinent data, our insights into the human development process would stay greatly hampered. Following aspects of the deficiency in data regarding human development indicators

are particularly noteworthy.

(1) There is an absence of regular time series on such important variables as life expectancy, literacy and nutritional status. For these variable the usual sources for information are occasional household surveys or decennial national population censuses. This means that information about these important aspects of human development is 'blacked out' for considerably long intervals.

(2) For most indicators, data is available only at the aggregative or national level without corresponding breakdown by gender, region or income and population groups. Often intra-sectoral allocations for important social sectors such as Physical Planning and Health is not adequately available. We recommend that time series data on expenditures made by different levels of government, i.e. federal, provincial, and local, on each indicator of human development should be collected. Furthermore, a new annual publication covering relevant data for various human resource indicators be published. Such data should be broken down by gender and socio-economic groups. Again data on facilities by type as well as budgetary allocation for the social sector under different heads by different levels of government should be included in this compilation.

(3) In general, there is a need to make some structural improvements in the overall data gathering process in Pakistan. As the Seventh Five Year Plan points out, problems

like the lack of cooperation between the federal and the provincial data gathering departments, poor training of the data collection staff and inadequate technology need to be addressed.[8] In fact, Rs. 850 million have been earmarked to improve the quality of statistics. Though the Plan's goals include data gathering for a Social Accounting Matrix, the emphasis is still going to be relatively more on improving the system as it pertains to data collection for the conventional 'economic' variables. However, if human development is the avowed ultimate goal of economic growth, then efforts to achieve it should be backed up by committing resources accordingly.

This report recommends that arrangements should be made for conducting a comprehensive, nationally representative longitudinal survey of households every five or ten years if not annually. Such a survey should collect data on important economic, social and demographic aspects of individuals and their families. In addition, special surveys of children and women based on nationally representative sample be conducted. Such surveys ought to cover different aspects such as health status, health history, nutritional intake, and daily activities like education, and within family activities. Furthermore, surveys based on nationally representative sample of the educated youth should be conducted.

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[8] Seventh Five Year Plan, pp. 150-3.

Information on their occupational choices, earnings, job characteristics, etc. should be collected. Such data sets would enable us to test important hypotheses about the process of human development at a micro level. This is expected to afford important insights that can be useful for efficient policy making in this field.

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APPENDIX

List of Tables

TABLE 1

BASIC FINANCIAL TABLE

YEAR	GNP (US $ Mln)	GNP (PC) (US $)	TAX REVENUE % OF GNP	GOVT EXP % OF GNP	BUD DEF % OF GNP
1972-73	6493	98.54	11.03	17.88	3.60
1973-74	8962	131.98	11.82	20.90	5.25
1974-75	11346	162.14	11.43	24.11	9.28
1975-76	13470	186.78	11.66	24.24	9.36
1976-77	15680	210.95	11.44	22.66	8.27
1977-78	19038	248.53	11.45	21.70	7.37
1978-79	21156	268.01	11.94	23.37	8.27
1979-80	25501	313.44	12.88	21.64	5.81
1980-81	30312	361.54	12.94	21.21	4.87
1981-82	32560	376.68	12.39	20.46	4.95
1982-83	31739	356.13	12.16	21.60	6.36
1983-84	34177	371.98	11.64	21.70	5.46
1984-85	34348	362.59	10.75	22.45	7.07
1985-86	36463	373.33	10.72	22.85	7.08
1986-87	37524	372.63	12.86	23.64	7.25
1987-88	40738	392.39	13.03	25.16	8.03
1988-89	41648	389.09	13.74	25.06	7.03
1989-90	42433	384.50	13.43	23.97	6.20

NOTE: Values of GNP and GDP for the years 1988-89 & 1989-90 are based on the new methodology adopted in 1989. Thus, while comparing the statistics of this period with those of the preceding period, this fact must be taken into account. This definition holds for all the statistics in all tables which are based directly or indirectly on values of GNP, GDP or deflators.

SOURCES:
1- Economic Survey.
2- Pakistan Statistical Yearbook.
3- Kemal, A. R., "Fiscal System of Pakistan", Study prepared for World Bank, 1987.

TABLE 2

TRENDS IN WEALTH

YEAR	ANNUAL GROWTH RATE OF GNP	GNP PER CAPITA	INFLATION (1)	INFLATION (2)
1973-74	5.30	2.19	23.94	29.98
1974-75	3.39	0.32	22.25	26.72
1975-76	5.64	2.50	12.09	11.67
1976-77	5.03	1.91	10.66	11.77
1977-78	10.69	7.41	8.99	7.79
1978-79	5.30	2.18	5.51	6.63
1979-80	8.37	5.15	10.49	10.71
1980-81	6.00	2.87	10.82	12.36
1981-82	6.10	2.91	9.09	10.00
1982-83	8.29	5.04	5.96	4.48
1983-84	5.09	1.93	9.59	8.36
1984-85	7.28	4.05	5.82	7.46
1985-86	7.88	4.63	5.23	4.83
1986-87	4.55	1.40	5.43	3.87
1987-88	4.50	1.36	5.02	3.96
1988-89	2.27	-0.81	9.02	10.39
1989-90	4.79	1.63	7.59	4.66

NOTES:
(1) GDP Deflator.
(2) General consumer price index.

SOURCE: Economic Survey.

TABLE 3

OTHER FINANCIAL TRENDS

	ANNUAL GROWTH RATE OF						TAX GROWTH AS A % OF	
YEAR	TAX REV TOTAL (PC)	EXP TOTAL	INCOME OF POOREST 20%	INCOME OF RICHEST 20%	BUD DEF OVERALL	GNP GROWTH	EXP GROWTH
1973-74	9.52	23.11	5.01	6.70	50.98	242.52	55.65
1974-75	-2.64	19.46	5.05	6.70	83.16	4.00	0.70
1975-76	4.62	6.51	5.01	6.70	6.64	142.31	123.15
1976-77	0.17	-1.69	5.00	6.70	-7.04	84.40	-191.38
1977-78	8.22	8.70	5.03	6.70	-0.70	107.81	172.09
1978-79	8.55	13.45	5.02	6.70	18.12	184.87	72.93
1979-80	14.15	1.00	6.81	6.89	-23.35	210.75	1784.53
1980-81	4.84	5.12	8.59	8.85	-10.04	130.52	153.02
1981-82	-1.56	2.29	6.81	8.85	7.70	24.53	88.28
1982-83	4.34	15.78	6.60	6.85	40.67	81.38	48.04
1983-84	-3.15	4.74	8.58	6.85	-10.55	-3.05	-3.28
1984-85	-4.38	10.39	6.61	6.85	38.20	-19.54	-13.89
1985-86	3.69	9.38	12.32	5.48	7.60	60.35	75.66
1986-87	20.84	7.51	8.67	3.60	6.39	542.73	328.85
1987-88	4.08	12.68	22.50	4.74	17.34	182.31	87.57
1988-89	4.66	1.88	14.35	4.74	-10.30	348.57	399.15
1989-90	-0.45	0.40	14.35	4.74	-7.46	55.02	851.32

NOTES: 1-Real come of the poorest and the richest 20 % has been determined by their relative shar in the household income. The shares have been determined from Household Income & Expe ture Surveys (HIES). For non-HIES years income has been estimated.
2-Grow rate of budget deficit is in absolute terms.

SOURCES: 1-Ecor c Survey.
2-Paki n Statistical Yearbook.
3-Kema A. R., "Fiscal Syatem of Pakistan", Study prepared for World Bank, 1987.

TABLE 3a

TAX BURDEN

YEAR	TAX BURDEN OF THE POOREST 20 %	TAX BURDEN OF THE RICHEST 20 %
1972-73	8.72	10.77
1978-79	11.90	11.64

NOTE: Tax burden information is available for the reported years only.

SOURCES:
1- Jeetan Azad (1978). "Incidence of taxes in Pakistan Karach Applied Economics Research Centre,University of Karachi (Discussion Paper No. 22).
2- Muhammad Hussain Malik and Najam-us-Saqib (1989). "Tax Incidence by Inome Classes in Pakistan" Pakistan develc ment Review. 28:1 page 13-25.
3- Household Income and Expenditure Survey.

TABLE 4

TAX SUMMARY

YEAR	% OF TOTAL REVENUE: DIRECT TAXES	% OF TOTAL REVENUE: INDIRECT TAXES	% OF DIRECT TAXES: INC & COR TAXES	% OF DIRECT TAXES: PROPERTY TAXES	% OF INDIRECT TAXES: TAXES ON D. PRODUC	% OF INDIRECT TAXES: TAXES ON IMPORTS
1972-73	15.57	62.00	74.42	25.58	41.99	30.44
1973-74	12.10	64.13	71.53	28.47	34.71	30.95
1974-75	11.64	66.22	72.43	27.57	35.64	42.12
1975-76	14.41	66.28	77.30	22.70	37.46	40.99
1976-77	13.10	67.96	92.65	7.35	44.09	37.28
1977-78	11.64	69.87	92.54	7.46	41.06	39.24
1978-79	12.05	69.40	90.67	9.33	39.24	45.10
1979-80	14.30	70.13	94.06	5.94	40.27	43.91
1980-81	15.96	66.68	93.40	6.60	40.10	46.78
1981-82	17.10	65.72	93.55	6.45	41.76	50.68
1982-83	15.65	67.20	94.64	5.36	40.98	52.56
1983-84	12.72	61.49	93.74	6.26	37.51	55.73
1984-85	12.57	59.73	93.23	6.77	35.42	57.58
1985-86	11.42	58.76	93.42	6.58	32.14	52.83
1986-87	10.69	69.14	93.24	6.76	23.37	46.85
1987-88	10.63	69.23	92.66	7.34	26.08	49.23
1988-89	10.34	68.25	92.30	7.70	28.66	47.55
1989-90	11.01	67.04	93.76	6.24	NA	NA

NOTE: 1- Figures relating to 1988-89 and 1989-90 are revised budget estimates and budget estimates respectively. This definition holds for all the figures in these tables.
2- Taxes on domestic production include excise duty and sales tax on domestic products.
3- Taxes on imports include import duty and sales tax on imports.

SOURCE: 1- Economic Survey.
2- Kemal, A. R., "Fiscal System of Pakistan", Study prepared for World Bank, 1987.

TABLE 6

DECENTRALIZTION OF REVENUE AND FINANCIAL AUTONOMY

YEAR	PERCENT OF TOTAL REVENUE			CENT REV % OF CENT EXP	PRO REV % OF PRO EXP	LOCAL REV % OF LOCAL EXP
	CENTRAL	PROVINCIAL	LOCAL			
1972-73	87.59	5.74	6.67	96.81	21.35	101.47
1973-74	75.77	18.55	5.67	95.75	38.66	101.47
1974-75	77.03	17.30	5.66	94.71	23.51	101.43
1975-76	80.21	14.00	5.80	93.67	19.31	101.45
1976-77	85.65	8.26	6.09	92.65	14.17	101.43
1977-78	86.38	7.58	6.03	91.63	14.91	101.43
1978-79	90.60	3.19	6.22	90.63	6.43	101.40
1979-80	88.27	5.78	5.95	89.64	16.54	101.37
1980-81	88.40	5.76	5.84	88.87	20.56	101.36
1981-82	87.58	6.12	6.30	88.38	21.08	101.34
1982-83	88.16	5.25	6.60	82.61	17.04	101.33
1983-84	89.13	5.01	5.86	90.18	15.95	110.13
1984-85	88.40	5.20	6.40	81.16	16.07	102.26
1985-86	88.71	5.22	6.07	84.84	14.52	100.40
1986-87	88.92	5.29	5.79	87.65	14.39	100.39
1987-88	76.39	17.95	5.66	69.60	50.35	100.40
1988-89	74.32	20.45	5.23	70.68	66.59	100.40
1989-90	74.80	20.02	5.18	71.38	73.41	100.40

NOTES: 1- Local revenue as well as local expenditure is not avaible for some of the initial years. Both the series are very much stable in relation to GNP. This infor- has been used to determine the missing values.

SOURCES: 1- Economic Survey.
2- Kemal, A. R., "Fiscal System of Pakistan", Study prepared for World Bank, 1987.

TABLE 7

USER CHARGES

YEAR	TOT. USER CHARGES % OF TOT. REV	EDUCATION CHARGES % OF EDU. EXP	HEALTH CHARGES % OF HEALTH EXP	YEARS OF SCHOOLING PROVIDED FREE
1972-73	0.89	5.94	5.96	10
1973-74	0.85	6.94	3.81	"
1974-75	0.62	4.30	3.49	"
1975-76	0.47	1.75	2.98	"
1976-77	0.36	1.11	3.03	"
1977-78	0.46	1.41	3.85	"
1978-79	0.47	1.25	3.39	"
1979-80	0.35	1.28	3.42	"
1980-81	0.40	1.26	3.02	"
1981-82	0.40	1.03	2.75	"
1982-83	0.35	1.02	3.19	"
1983-84	0.37	1.06	3.32	"
1984-85	0.57	2.18	3.34	"
1985-86	0.56	2.03	3.08	"
1986-87	0.51	1.75	2.53	"
1987-88	0.56	1.35	2.01	"

NOTE: Total user charges include charges on health, education & physical planning & housing.

SOURCES:
1- Economic Survey.
2- Public Finance Statistics.
3- Kemal, A. R., "Fiscal System of Pakistan", Study prepared for World Bank, 1987.

TABLE 8

SUBSIDIES BUDGET

YEAR	TOTAL SUBSIDIES % OF TOT REVENUE	SOCIAL SUBSIDIES % OF TOT SUBSIDIES	PERCENT OF SOCIAL SUBSIDIES EDUCATION	HEALTH	FOOD	HOUSING
1980-81	22.88	65.97	46.80	10.47	24.22	6.63
1981-82	20.78	71.94	49.68	12.07	16.80	7.00
1982-83	20.84	70.65	51.22	12.98	13.30	6.04
1983-84	21.46	78.30	47.30	12.04	22.77	5.38
1984-85	23.65	90.59	45.57	10.09	30.99	3.89
1985-86	24.63	80.54	51.22	12.68	21.44	4.34
1986-87	23.47	82.98	54.09	15.43	13.77	4.97
1987-88	27.64	80.79	56.00	15.00	14.99	3.87

NOTES: 1- Subsidies on housing also include subsidies on sanitation.
2- Social subsidies include subsidies on education, health, food, housing, sanitation, social security, and welfare.

SOURCES: 1- National Accounts of Pakistan.
2- Economic Survey.
3- Public Finance Statistics.

TABLE 10

TOTAL GOVERNMENT EXPENDITURE

YEAR	GOVT EXP % OF GNP	PERCENT OF TOTAL GOVERNMENT EXPENDITURE				
		MILITARY	INTERNAL SECURITY	DEBT	ADMINIS-TRATION	OTHERS
1972-73	17.88	36.54	4.23	11.73	7.16	40.34
1973-74	20.90	26.69	3.90	14.45	5.99	48.98
1974-75	24.11	25.53	3.88	12.20	4.85	53.54
1975-76	24.24	23.22	3.89	15.69	5.03	52.17
1976-77	22.66	23.09	4.16	16.09	5.24	51.42
1977-78	21.70	23.65	4.12	12.62	5.75	53.86
1978-79	23.37	21.04	3.50	12.95	5.44	57.07
1979-80	21.64	23.17	3.37	19.17	5.51	48.78
1980-81	21.21	24.04	3.16	14.56	4.55	53.69
1981-82	20.46	26.24	3.32	18.56	4.84	47.04
1982-83	21.60	26.66	3.29	22.25	4.78	43.03
1983-84	21.70	26.80	3.63	22.21	5.95	41.40
1984-85	22.45	27.28	3.50	21.47	5.62	42.14
1985-86	22.85	26.48	3.37	22.15	5.49	42.51
1986-87	23.64	27.12	3.63	22.95	6.82	39.48
1987-88	25.16	26.07	3.46	24.20	4.74	41.54
1988-89	25.06	23.21	3.44	27.51	6.68	39.16
1989-90	23.97	24.11	NA	30.06	4.99	NA

SOURCES: 1- Economic Survey.
2- Pakistan Statistical Yearbook.
3- Kemal, A. R., "Fiscal System of Pakistan", Study prepared for World Bank, 1987.

TABLE 10a

TOTAL GOVERNMENT EXPENDITURE

YEAR	% OF COMBINED EXPENDITURE ON MILITARY, INTERNAL SECURITY DEBT, AND ADMINISTRATION				
	MILITARY	INTERNAL SECURITY	MILITARY & INT SEC	DEBT	ADMINIS-TRATION
1972-73	61.24	7.09	68.33	NA	12.00
1973-74	52.31	7.64	59.95	28.32	11.73
1974-75	54.96	8.35	63.31	26.26	10.43
1975-76	48.55	8.13	56.67	32.81	10.52
1976-77	47.53	8.56	56.08	33.12	10.79
1977-78	51.27	8.93	60.20	27.34	12.46
1978-79	49.02	8.16	57.18	30.16	12.66
1979-80	45.23	6.58	51.81	37.43	10.76
1980-81	51.91	6.83	58.74	31.43	9.83
1981-82	49.54	6.28	55.82	35.04	9.14
1982-83	46.79	5.77	52.56	39.05	8.39
1983-84	45.73	6.20	51.94	37.90	10.16
1984-85	47.15	6.05	53.19	37.10	9.71
1985-86	46.06	5.87	51.93	38.53	9.55
1986-87	44.81	6.00	50.81	37.92	11.27
1987-88	44.59	5.92	50.50	41.40	8.10
1988-89	38.15	5.65	43.80	45.22	10.98

SOURCES:
1- Economic Survey.
2- Pakistan Statistical Yearbook.
3- Kemal, A. R., "Fiscal System of Pakistan", Study prepared for World Bank, 1987.

TABLE 11

GOVERNMENT EXPENDITURE ON SOCIAL AND ECONOMIC SECTORS

	GOVERNMENT EXPENDITURE ON				
YEAR	SOCIAL SEC. % OF S. & ECO. SEC. EXP	ECONOMIC SEC % OF S. & ECO. SEC. EXP	PUBLIC SECTOR % OF TOT EXP	PRIVATE SECTOR % OF TOT EXP	PUB SEC ENTER % OF PUB SEC EXP
1972-73	41.45	58.55	NA	NA	NA
1973-74	30.27	69.73	87.66	12.34	"
1974-75	27.93	72.07	88.57	11.43	"
1975-76	32.82	67.18	93.71	6.29	"
1976-77	33.29	66.71	93.10	6.90	"
1977-78	30.37	69.63	91.96	8.04	"
1978-79	28.93	71.07	87.68	12.32	"
1979-80	32.56	67.44	88.02	11.98	"
1980-81	32.44	67.56	91.55	8.45	"
1981-82	36.55	63.45	93.90	6.10	"
1982-83	37.98	62.02	94.51	5.49	"
1983-84	40.66	59.34	93.87	6.13	"
1984-85	41.45	58.55	94.13	5.87	"
1985-86	42.98	57.02	93.95	6.05	"
1986-87	52.80	47.20	95.45	4.55	"
1987-88	54.07	45.93	94.38	5.62	"
1988-89	55.70	44.30	93.64	6.36	"
1989-90	NA	NA	94.24	5.76	"

NOTES:
1- Economic sector expenditure equals total govt. expenditure less government expenditure on social sectors, defence, debt. and administration.
2- Government expenditure on private sector equals government expenditure on subsidies (explicit).
3- Government expenditure on public sector equals total government expenditure less subsidies.
4- Rest of the information demanded in this table are not available.

SOURCES:
1- Economic Survey.
2- Public Finance Statistics.
3- Pakistan Statistical Yearbook.

TABLE 12

GOVERNMENT EXPENDITURE IN THE SOCIAL SECTORS

YEAR	% OF SOCIAL SECTOR EXPENDITURE			
	EDUCATION	HEALTH & NUTRITION	HOUSING	SOC SEC & WELFARE
1972-73	44.57	11.89	4.68	NA
1973-74	42.77	13.01	6.44	"
1974-75	40.17	14.76	6.26	"
1975-76	41.74	16.65	7.48	"
1976-77	43.06	15.04	5.99	"
1977-78	45.84	14.87	9.04	"
1978-79	45.18	14.12	7.12	"
1979-80	44.78	14.87	5.58	6.00
1980-81	39.36	14.80	5.10	5.04
1981-82	42.85	15.53	5.45	4.31
1982-83	42.22	15.60	4.73	3.15
1983-84	41.19	16.88	5.01	3.53
1984-85	46.26	15.26	4.67	4.96
1985-86	47.68	16.12	3.50	3.99
1986-87	44.17	16.97	3.72	11.08
1987-88	46.44	16.36	3.43	12.86
1988-89	53.64	15.39	NA	15.72

NOTES:
1- Recurring housing expenditure has been estimated for some of the initial years.
2- Housing expenditure consists of government expenditure on low income housing and government servant housing.
3- Rest of the information demanded in this table are not available.

SOURCES:
1- Economic Survey.
2- National Accounts of Pakistan.
3- Pakistan Statistical Yearbook.

TABLE 13

CAPITAL AND RECURRING GOVERNMENT EXPENDITURE

YEAR	RECURRING EXP % OF TOTAL GOVT EXP	CAPITAL EXP % OF TOTAL GOVT EXP	RECURRING EDU EXP % OF TOT EDU EXP	CAPITAL EDU EXP % OF TOT EDU EXP	RECURRING H EXP % OF TOT H EXP	CAPITAL H EXP % OF TOT H EXP
1972-73	75.07	24.93	72.30	27.70	64.04	35.96
1973-74	70.21	29.79	73.17	26.83	54.40	45.60
1974-75	64.30	35.70	70.00	30.00	43.37	56.63
1975-76	61.75	38.25	69.74	30.26	36.46	63.54
1976-77	57.24	42.76	72.09	27.91	44.84	55.16
1977-78	62.46	37.54	74.10	25.90	52.19	47.81
1978-79	62.22	37.78	72.47	27.53	53.01	46.99
1979-80	65.07	34.93	74.47	25.53	48.01	51.99
1980-81	63.35	36.65	73.14	26.86	45.77	54.23
1981-82	62.73	37.27	69.88	30.12	48.92	51.08
1982-83	66.27	33.73	69.99	30.01	50.50	49.50
1983-84	71.94	28.06	77.26	22.74	50.63	49.37
1984-85	71.71	28.29	76.08	23.92	52.95	47.05
1985-86	70.42	29.58	74.26	25.74	55.98	44.02
1986-87	76.27	23.73	73.17	26.83	55.56	44.44
1987-88	74.09	25.91	73.17	26.83	56.62	43.38
1988-89	76.70	23.30	73.17	26.83	61.73	38.27
1989-90	74.15	25.85	73.17	26.83	61.27	38.73

SOURCES: 1- Economic Survey.
2- Kemal, A. R., "Fiscal System of Pakistan", Study prepared for World Bank, 1987.

TABLE 14

GOVERNMENT INVESTMENT IN HUMAN CAPITAL

YEAR	EXP ON HUMAN CAP FORMATION % OF GNP	EXP ON HUMAN CAP FORMATION PC (US $)	SALARIES % OF TOT EDUCATION EXP	GNP PER CAPITA (US $)	TEACHERS (NO'S)	NURSES (NO'S)	SALARIES % OF HEALTH & NUT EXP
1972-73	1.98	1.95	NA	99	205154	5504	32.21
1973-74	2.00	2.64	"	132	219114	5751	28.50
1974-75	2.26	3.66	"	162	237276	6010	21.68
1975-76	2.72	5.07	"	187	252156	6144	17.98
1976-77	2.55	5.37	"	211	259293	6685	23.08
1977-78	2.42	6.02	"	249	264169	7186	26.89
1978-79	2.55	6.83	"	268	271084	7768	30.31
1979-80	2.31	7.25	"	313	277562	8382	33.87
1980-81	2.24	8.09	63.24	362	290181	9098	34.25
1981-82	2.32	8.74	58.12	377	304565	9872	32.66
1982-83	2.32	8.25	62.04	356	317166	10554	34.14
1983-84	2.48	9.24	66.62	372	337624	11070	33.03
1984-85	2.78	10.08	42.47	363	346558	12000	40.53
1985-86	2.99	11.17	40.42	373	356754	14249	37.57
1986-87	3.44	12.81	40.79	373	378523	15734	32.29
1987-88	3.99	15.66	33.85	392	392812	16722	29.86
1988-89	NA	NA	NA	389	406008	17735	37.14
1989-90	"	"	"	384	421504	19581	NA

NOTES:
1- Part of recurring human capital formation expenditure has been estimated for some of the initial years.
2- Health and education sector's salaries include salaries of all employees.
3- Health sector salaries have been estimated for some of the initial years.
4- Rest of the information demanded in this table are not available.

SOURCES:
1- Economic Survey.
2- National Accounts of Pakistan.
3- Public Finance Staistics.

TABLE 15

TOTAL SOCIAL SECTOR BUDGET

YEAR	PERCENT OF GNP	PER CAPITA (US $)
1972-73	1.07	1.05
1973-74	1.39	1.83
1974-75	1.92	3.11
1975-76	2.21	4.12
1976-77	1.78	3.76
1977-78	1.42	3.53
1978-79	1.58	4.22
1979-80	1.30	4.07
1980-81	1.55	5.59
1981-82	1.49	5.63
1982-83	1.44	5.12
1983-84	1.50	5.60
1984-85	1.51	5.48
1985-86	1.54	5.74
1986-87	2.04	7.61
1987-88	2.22	8.72
1988-89	1.54	5.98
1989-90	1.57	6.02

NOTES: 1- Figures are based on financial allocations made under Annual Development Plans.
2- No rural-urban breakdown is available.

SOURCE: Economic Survey.

TABLE 16

TOTAL SOCIAL SECTOR BUDGET
BY LEVEL
% OF TOTAL SOCIAL SECTOR BUDGET

YEAR	CENTRAL GOVERNMENT	PROVINCIAL GOVERNMENT	LOCAL GOVERNMENT
1972-73	4.31	66.44	29.25
1973-74	5.25	73.04	21.71
1974-75	4.07	75.05	20.88
1975-76	5.87	72.96	21.17
1976-77	16.45	63.08	20.47
1977-78	9.99	69.76	20.24
1978-79	9.08	72.22	18.70
1979-80	8.81	73.67	17.52
1980-81	12.89	78.66	8.45
1981-82	13.98	77.72	8.30
1982-83	14.77	78.17	7.06
1983-84	14.98	77.98	7.04
1984-85	16.52	74.71	8.76
1985-86	16.08	75.08	8.84
1986-87	13.67	79.40	6.93
1987-88	17.37	74.73	7.90
1988-89	14.48	79.02	6.50

NOTES: 1- Information relates to the recurring expenditure only.
2- Expenditure by NGOs' and private sector is not available.

SOURCE: National Accounts of Pakistan.

TABLE 17

TOTAL SOCIAL SECTOR BUDGET BY MAJOR AREAS
PERCENT OF TOTAL SOCIAL SECTOR BUDGET

YEAR	EDUCATION	HEALTH & NUTRITION	HOUSING	WATER & SANITATION	OTHERS
1972-73	28.97	13.24	5.66	5.66	46.48
1973-74	25.81	14.29	9.42	8.77	41.72
1974-75	24.75	16.82	8.48	7.88	42.08
1975-76	24.00	21.38	11.59	9.62	33.41
1976-77	20,47	19.53	9.66	14.07	36.27
1977-78	24.17	19.13	18.90	19,31	18.49
1978-79	23.39	19.64	13.36	16,18	27.42
1979-80	25.32	20.96	9.70	16.17	27.85
1980-81	25.70	19.52	7.82	17.36	29.60
1981-82	25.77	19.99	8.29	14.90	31.05
1982-83	24.85	18.71	9.17	19.47	27.80
1983-84	22.32	22.54	8.49	15.83	30.81
1984-85	25.10	21.60	8.31	13.81	31.18
1985-86	32.11	19.52	5.42	12.10	30.84
1986-87	28.24	19.19	6.19	8.52	37.86
1987-88	27.23	16.67	5.75	7.35	43.01
1988-89	28.25	21.72	NA	NA	NA
1989-90	31.27	20.76	"	"	"

NOTES:
1- Distribution is based on financial allocations made under Annual Development Plans.
2- Housing expenditure includes expenditure on low income housing and government servant housing.

SOURCES:
1- Economic Survey.
2- Annual Development Plans.

TABLE 18

TOTAL RURAL-URBAN EXPENDITURE DISPARITIES
PERCENT OF TOTAL WATER AND
SANITATION EXPENDITURE

YEAR	WATER AND SANITATION	
	URBAN	RURAL
1972-73	78.05	21.95
1973-74	59.26	40.74
1974-75	56.47	43.53
1975-76	60.42	39.58
1976-77	67.61	32.39
1977-78	65.57	34.43
1978-79	70.22	29.78
1979-80	66.42	33.58
1980-81	72.08	27.92
1981-82	67.40	32.60
1982-83	69.71	30.29
1983-84	63.75	36.25
1984-85	57.31	42.69
1985-86	50.59	49.41
1986-87	43.85	56.15
1987-88	37.37	62.63

NOTES: 1-Information is based on financial allocations made under Annual Development Plans.
2- Distribution from 1983 to 1988 is based on projections used in the 6th Plan (1983-88).

SOURCES: 1- Annual development Plans.
2- Sixth Five Year Plan.

TABLE 19

TOTAL EXPENDITURE ON EDUCATION

YEAR	PERCENT OF TOTAL EXPENDITURE							TEACH EDU % OF PRI & SEC EXP	TEACHERS PRI & SEC. (000)
	BASIC	HIGHER	TECHNICAL	GENERAL	PUBLIC	PRIVATE	FEMALE		
1972-73	42.86	57.14	7.99	92.01	65.51	34.49	19.71	3.73	150
1973-74	46.41	53.59	11.98	88.02	67.50	32.50	18.59	3.06	158
1974-75	42.52	57.48	11.00	89.00	71.38	28.62	19.82	4.04	169
1975-76	48.27	51.73	13.13	86.87	75.78	24.22	18.46	3.26	177
1976-77	51.05	48.95	12.09	87.91	74.36	25.64	20.13	2.94	179
1977-78	39.05	60.95	9.78	90.22	75.48	24.52	18.02	4.58	183
1978-79	52.55	47.45	13.29	86.71	75.42	24.58	17.82	3.58	187
1979-80	58.35	41.65	12.49	87.51	73.93	26.07	17.38	2.93	192
1980-81	53.89	46.11	11.84	88.16	72.40	27.60	16.93	2.29	202
1981-82	50.11	49.89	13.37	86.63	72.98	27.02	17.76	2.99	213
1982-83	51.75	48.25	14.73	85.27	72.17	27.83	16.99	2.99	223
1983-84	54.93	45.07	13.30	86.70	71.95	28.05	17.19	2.32	235
1984-85	55.34	44.66	10.71	89.29	74.99	25.01	17.19	5.35	236
1985-86	52.88	47.12	13.13	86.87	75.51	24.49	18.66	4.64	238
1986-87	51.80	48.20	15.61	84.39	76.02	23.98	19.93	3.09	248
1987-88	48.80	51.20	6.28	93.72	81.35	18.65	20.27	2.88	258
1988-89	48.88	51.12	6.45	93.55	83.24	16.76	20.80	2.66	268
1989-90	48.80	51.20	6.60	93.40	84.83	15.17	21.27	2.47	281

NOTES: 1- Private education expenditure includes expenditure by households only.
2- Share of female education expenditure has been determined on the basis of female enrolement in the total one.

SOURCE: 1- Economic Survey.

TABLE 20

TOTAL EXPENDITURE ON HEALTH AND NUTRITION

YEAR	% OF TOTAL HEALTH EXP		EXP ON NATIONAL H SER PC 3	EXP ON NATIONAL H SER PC 4	NURSES NUMBERS
	PUBLIC	PRIVATE			
1972-73	23.76	76.24	0.39	1.63	5504
1973-74	27.48	72.52	0.57	2.09	5751
1974-75	33.73	66.27	0.93	2.74	6010
1975-76	39.53	60.47	1.39	3.51	6144
1976-77	34.51	65.49	1.33	3.86	6685
1977-78	32.53	67.47	1.41	4.34	7186
1978-79	31.09	68.91	1.55	4.98	7768
1979-80	30.29	69.71	1.71	5.65	8382
1980-81	32.01	67.99	2.09	6.54	9098
1981-82	31.96	68.04	2.20	6.89	9872
1982-83	32.00	68.00	2.11	6.60	10554
1983-84	34.10	65.90	2.49	7.32	11070
1984-85	32.49	67.51	2.35	7.23	12000
1985-86	35.36	64.64	2.71	7.67	14249
1986-87	38.85	61.15	3.40	8.76	15734
1987-88	40.64	59.36	3.93	9.67	16722
1988-89	37.91	62.09	3.56	9.39	17735
1989-90	36.22	63.78	3.31	9.13	19581

NOTES:
1- Rest of the information demanded in this table are not available.
2- Private health expenditure includes expenditure by households only.
3- Based on public health expenditure expressed in US dollars.
4- Based on both public and private health expenditure expressed in US dollars.
5- Time series on private household expenditure on health has been prepared using information from various Household Income & Expenditure Surveys (HIE For non-HIES years the values have been estimated.

SOURCES:
1- Economic Survey.
2- Household Income and Expenditure Survey.

TABLE 20a

PERCENTAGE DISTRIBUTION OF HEALTH SECTOR
ALLOCATIONS UNDER ANNUAL DEVELOPMENT PLANS

YEAR	HOSPITALS	RURAL HEALTH PROGRAM	MEDICAL EDUCATION & TRANINIG	PREVENTIVE PRO-GRAMMES	MEDICAL RESEARCH & NUTRITION	MISCE-LLANEOUS
1972-73	28.82	12.31	26.55	29.69	0.00	2.62
1973-74	30.28	19.17	23.72	19.83	0.00	7.00
1974-75	27.33	17.53	16.71	29.22	1.22	7.98
1975-76	18.46	14.41	13.58	44.51	0.53	8.51
1976-77	16.74	9.50	16.26	56.38	0.66	0.47
1977-78	16.81	27.92	16.96	35.67	1.02	1.61
1978-79	22.93	31.62	26.79	15.58	2.67	0.41
1979-80	24.34	32.47	25.72	13.97	2.11	1.39
1980-81	26.18	30.34	26.02	13.18	1.20	3.07
1981-82	32.11	25.19	28.19	8.34	1.99	4.17
1982-83	26.96	20.17	21.70	25.50	2.19	3.48
1983-84	28.08	26.13	17.87	21.16	2.55	4.21
1984-85	28.28	32.72	14.23	16.98	2.86	4.92
1985-86	27.55	39.64	10.96	13.17	3.11	5.56
1986-87	26.01	46.53	8.18	9.91	3.28	6.09
1987-88	23.87	53.10	5.94	7.24	3.36	6.49

OTES: 1- Information from 1983-84 through 1987-88 is based on the projections used in the sixth five year plan (1983-88).
2- Distribution is based on the allocations made under Annual Development Plans.

OURCES: 1- Annual Development Plans.
2- Sixth Five Year Plan.

TABLE 21

TOTAL EXPENDITURE ON HOUSING, WATER AND SANITATION

YEAR	% OF TOT HOUSING EXP		EXP ON LOW INCOM HSING % OF TOT H EXP
	PRIVATE	PUBLIC	
1972-73	95.31	4.69	19.05
1973-74	93.34	6.66	46.07
1974-75	92.78	7.22	44.12
1975-76	89.78	10.22	47.19
1976-77	92.27	7.73	47.18
1977-78	88.44	11.56	61.14
1978-79	90.18	9.82	52.54
1979-80	92.74	7.26	30.89
1980-81	92.79	7.21	28.05
1981-82	92.92	7.08	23.98
1982-83	93.96	6.04	20.14
1983-84	93.82	6.18	19.30
1984-85	94.05	5.95	20.74
1985-86	93.88	6.12	22.28
1986-87	93.79	6.21	24.30
1987-88	93.46	6.54	25.33

NOTES:

1- Recurring government housing expenditure has been estimated for some of the initial years.
2- Government housing expenditure includes expenditure on low income housing and government servant housing.
3- Expenditure on slum clearance is included in expenditure on low income housing.
4- Water & sanitation service is provided by government.
5- Rest of the information demanded is not available.
6- Total housing expenditure equals ownership of dwellings (value added).
7- Private housing expenditure equals total housing expenditure less public housing expenditure.
8- It is only in private & public sector comparisons that total housing expenditure equals private & public sector housing expenditure.In all other cases total housing expenditure equals government housing expenditure only.

SOURCES: 1- Economic Survey.
2- National Accounts of Pakistan.

TABLE 22

HOUSEHOLD EXPENDITURE RUPEES

YEAR	Real per capita expenditure on							
	MEAT	CEREALS & BREAD	FOOD TOTAL	HEALTH	EDUCATION	TOBACCO & ALCOHAL	OTHERS	CONSUMPTION TOTAL
1972-73	42	206	655	24	15	13	497	1203
1973-74	41	180	593	21	13	13	463	1102
1974-75	40	159	552	20	11	12	442	1037
1975-76	44	160	582	21	11	15	478	1107
1976-77	49	161	613	22	12	17	516	1180
1977-78	58	172	670	24	12	21	578	1304
1978-79	85	177	740	26	12	26	652	1457
1979-80	64	173	726	27	13	25	648	1439
1980-81	61	166	701	28	13	23	636	1400
1981-82	60	164	691	28	14	22	637	1391
1982-83	63	169	718	31	15	22	670	1456
1983-84	62	189	719	33	16	21	680	1469
1984-85	63	170	726	35	17	21	696	1494
1985-86	60	169	719	36	19	23	698	1494
1986-87	64	173	730	40	21	25	760	1576
1987-88	63	171	743	42	19	24	766	1596
1988-89	59	162	708	42	18	24	749	1541
1989-90	59	161	708	44	19	26	788	1564

NOTE: Household Income and Expenditure Survey has been used to prepare the basic time series used in the tables 22, 22a, and 23. For NON-HIES years the figures have been estimated.

SOURCES: 1- Economic Suevey.
2- Household Income and Expenditure Survey.

TABLE 22a

HOUSEHOLD EXPENDITURE — US DOLLARS

YEAR	Per capita expenditure on							
	MEAT	CEREALS & BREAD	FOOD TOTAL	HEALTH	EDUCATION	TOBACCO & ALCOHAL	OTHERS	CONSUMPTION TOTAL
1972-73	2.20	10.70	34.01	1.24	0.76	0.67	25.80	62.49
1973-74	2.93	12.83	42.32	1.52	0.91	0.91	33.03	78.69
1974-75	3.64	14.34	49.90	1.82	1.01	1.11	40.00	93.84
1975-76	4.44	16.16	58.79	2.12	1.11	1.52	48.28	111.82
1976-77	5.56	18.18	69.19	2.53	1.31	1.92	58.28	133.23
1977-78	6.87	20.91	81.52	2.93	1.41	2.53	70.30	158.69
1978-79	8.48	23.03	96.06	3.43	1.62	3.33	84.65	189.09
1979-80	9.19	24.85	104.24	3.94	1.82	3.54	93.13	206.67
1980-81	9.90	26.87	113.13	4.44	2.12	3.64	102.63	225.96
1981-82	9.94	27.01	113.96	4.69	2.25	3.56	104.96	229.42
1982-83	9.05	24.48	103.81	4.49	2.20	3.15	96.80	210.45
1983-84	9.20	24.92	106.13	4.82	2.37	3.11	100.34	216.78
1984-85	8.84	23.96	102.50	4.88	2.38	2.90	98.21	210.87
1985-86	8.36	23.48	99.88	4.96	2.60	3.16	96.97	207.57
1986-87	8.62	23.46	99.01	5.36	2.79	3.43	103.03	213.63
1987-88	8.64	23.52	102.28	5.74	2.56	3.35	105.68	219.61
1988-89	8.27	22.53	98.41	5.83	2.50	3.38	104.19	214.31
1989-90	7.75	21.22	93.23	5.82	2.44	3.38	101.12	206.00

SOURCE: 1- Household Income and expenditure Survey.
2- Economic Survey.

TABLE 23

HOUSEHOLD EXPENDITURE DISTRIBUTION

	Percentage distribution of total household consumption expenditure							
YEAR	FOOD	RENT	HEALTH	EDUCATION	CLOTHING	FUEL	TRANSPORT	OTHERS
1972-73	54.43	8.10	1.99	1.22	8.41	5.20	0.31	20.33
1973-74	53.78	8.47	1.93	1.18	8.34	5.26	0.34	20.71
1974-75	53.18	8.83	1.94	1.08	8.18	5.27	0.36	21.17
1975-76	52.57	9.30	1.90	0.99	8.04	5.24	0.39	21.56
1976-77	51.93	9.78	1.90	0.99	7.88	5.23	0.43	21.86
1977-78	51.37	10.25	1.85	0.89	7.77	5.22	0.47	22.19
1978-79	50.80	10.79	1.82	0.85	7.64	5.18	0.51	22.41
1979-80	50.44	10.85	1.91	0.88	7.28	5.28	0.51	22.85
1980-81	50.07	10.91	1.97	0.94	6.88	5.32	0.51	23.40
1981-82	49.67	11.00	2.04	0.98	6.54	5.40	0.52	23.85
1982-83	49.33	11.07	2.13	1.05	6.25	5.50	0.53	24.16
1983-84	48.96	11.12	2.22	1.09	5.92	5.54	0.53	24.62
1984-85	48.61	11.21	2.32	1.13	5.63	5.63	0.53	24.94
1985-86	48.12	11.61	2.39	1.25	5.67	5.85	0.55	24.55
1986-87	46.35	12.32	2.51	1.31	5.56	5.59	0.56	25.82
1987-88	46.57	12.42	2.61	1.16	5.67	5.72	0.53	25.11
1988-89	45.92	12.95	2.72	1.17	5.95	5.76	0.53	25.12
1989-90	45.26	13.31	2.83	1.19	6.04	5.77	0.53	25.09

SOURCES: 1- Economic Survey.
2- Household Income and Expenditure Survey.

TABLE 24

TOTAL DEBT

YEAR	TOTAL DEBT % OF GNP	DOMESTIC DEBT % OF TOT DEBT	EXT DEBT % OF TOTAL DEBT	TOTAL DEBT SERVICE % OF GNP	DOM DEBT SERVICE % OF TOT D SERVICE	EXTERNAL DEBT SERVICE AS % OF TOT DEBT SERVICE	EXPORT RECEIPTS	F. EXCHANGE EARNINGS
1972-73	NA	NA	NA	NA	NA	NA	23.60	18.10
1973-74	"	"	"	3.02	27.20	72.80	19.20	14.20
1974-75	"	"	"	2.94	25.69	74.31	23.90	16.30
1975-76	"	"	"	3.80	51.41	48.59	21.90	13.70
1976-77	"	"	"	3.65	45.59	54.41	27.30	15.30
1977-78	"	"	"	2.74	37.26	62.74	24.90	11.20
1978-79	"	"	"	3.03	31.75	68.25	25.60	12.00
1979-80	57.62	41.08	58.92	4.15	44.80	55.20	24.70	11.80
1980-81	46.27	40.10	59.90	3.09	35.56	64.44	20.40	10.60
1981-82	50.46	46.44	53.56	3.80	60.28	39.72	19.90	8.80
1982-83	55.18	46.83	53.17	4.81	58.44	41.56	23.50	9.60
1983-84	54.79	49.43	50.57	4.82	55.86	44.14	26.30	10.90
1984-85	57.74	50.93	49.07	4.82	52.39	47.61	31.60	12.90
1985-86	64.98	53.12	48.88	5.06	50.90	49.10	29.50	13.50
1986-87	70.59	54.61	45.39	5.43	45.92	54.08	29.90	15.50
1987-88	72.16	56.07	43.93	6.09	54.96	45.04	25.10	14.70
1988-89	75.71	55.00	45.00	6.89	60.82	39.18	24.10	15.50
1989-90	76.38	53.11	46.89	7.20	58.29	41.71	25.70	15.60

SOURCES: 1- Economic Survey.
2- Pakistan Statistical Yearbook.
3- Mete Durdag and Kemal, A. R., (1990). "Budgetary Deficits and Performance of Pakistans' Economy", Memeo Graph to World Bank.

TABLE 25

DOMESTIC AND EXTERNAL DEBT

YEAR	Annual Growth Rate of DOMESTIC DEBT	EXTERNAL DEBT	DOM DEBT SERVICE	EXT DEBT SERVICE
1972-73				
1973-74	NA	-16.00	NA	-22.10
1974-75	"	-11.38	0.88	2.97
1975-76	"	7.06	36.98	-10.42
1976-77	"	-0.44	0.80	12.86
1977-78	"	4.03	-16.34	-3.52
1978-79	"	2.73	16.43	26.66
1979-80	"	0.57	49.55	20.95
1980-81	-12.29	-8.65	-20.19	-6.83
1981-82	28.39	-0.90	30.40	-19.62
1982-83	20.90	19.03	38.82	45.23
1983-84	9.29	-1.53	4.55	11.04
1984-85	15.87	9.13	6.70	15.09
1985-86	26.11	15.53	12.86	16.38
1986-87	16.04	9.28	11.40	22.70
1987-88	11.17	4.77	18.82	-1.04
1988-89	5.39	10.09	15.98	0.90
1989-90	2.23	10.32	9.66	16.73

SOURCES:
1- Economic Survey.
2- Pakistan Statistical Yearbook.
3- Mete Durdag and Kemal, A. R., (1990) "Budgetary Deficits and Performance of Pakistans' Economy", Memeo Graph to World Bank.

TABLE 25a

DOMESTIC AND EXTERNAL DEBT

YEAR	AV INTEREST RATE ON		AV REPAY PERIOD OF	
	DOMESTIC DEBT	EXTERNAL DEBT	DOMESTIC DEBT	EXTERNAL DEBT
1972-73	NA	2.61	NA	34.95
1973-74	"	3.47	"	16.35
1974-75	"	2.56	"	27.30
1975-76	"	3.59	"	30.71
1976-77	"	4.15	"	24.15
1977-78	"	2.47	"	33.72
1978-79	"	2.69	"	26.28
1979-80	"	3.96	"	18.06
1980-81	"	3.29	"	28.85
1981-82	"	4.09	"	28.79
1982-83	"	4.28	"	28.07
1983-84	"	4.92	"	26.50
1984-85	"	1.42	"	26.27
1985-86	"	2.99	"	19.30
1986-87	"	3.24	"	24.11

SOURCE: Nadeem A. Burney (1988). "Determinants of Debt Problem in Pakistan and its Debt Servicing Capacity", Pakistan Development Review, Vol. 27, No. 4.

TABLE 26

TOTAL ODA

YEAR	TOT. ODA RECEIVED (US $ MLN)	ODA PER CAPITA (US $)	ODA % OF GNP	ODA % OF DEVELOP. EXP.
1972-73	355	5.39	5.47	122.67
1973-74	498	7.33	5.56	89.27
1974-75	976	13.95	8.60	99.96
1975-76	1064	14.75	7.90	85.18
1976-77	960	12.92	6.12	63.20
1977-78	856	11.17	4.50	55.20
1978-79	948	12.01	4.48	50.75
1979-80	1470	18.07	5.76	76.27
1980-81	972	11.59	3.21	41.26
1981-82	1102	12.75	3.38	44.39
1982-83	1301	14.60	4.10	56.26
1983-84	1176	12.80	3.44	56.52
1984-85	1257	13.27	3.66	57.62
1985-86	1528	15.64	4.19	62.00
1986-87	1399	13.89	3.73	66.47
1987-88	1824	17.57	4.48	68.70
1988-89	2619	24.47	6.29	107.68
1989-90	2229	20.20	5.25	84.79

NOTE: Military ODA and ODA for recurring expenditure is not available.

SOURCES: 1- Economic Survey.
2- Kemal A. R., "Fiscal System of Pakistan", Study prepared for World Bank, 1987.

TABLE 27

ODA FOR SOCIAL SECTORS

	% OF TOTAL ODA			
YEAR	EDUCATION	POP WEL	RURAL DEV	MISC
1972-73	0.40	0.18	0.03	99.39
1973-74	0.88	2.55	0.15	96.41
1974-75	0.74	0.70	0.35	98.21
1975-76	2.89	1.19	0.00	95.92
1976-77	2.80	6.35	0.17	90.68
1977-78	1.36	1.43	3.04	94.18
1978-79	0.75	0.71	0.45	98.09
1979-80	0.76	1.21	18.74	79.30
1980-81	1.66	1.81	0.00	96.53
1981-82	0.80	1.66	0.00	97.54
1982-83	2.95	3.72	1.42	91.90
1983-84	0.88	3.05	0.24	95.83
1984-85	0.65	4.50	1.45	93.39
1985-86	2.31	5.10	1.51	91.08
1986-87	2.23	2.22	0.55	95.00
1987-88	3.23	4.91	11.29	80.57

NOTES:
1- This information relates to the project aid dibursed over different years.
2- ODA for science and technology is included in the ODA for education.
3- Rest of the information demanded in this table are not available.

SOURCE: Qureshi, Srafraz Khan (1990). "Foreign Aid and Development Process in Pakistan" International Food Policy Research Institute (IFPRI), Washington, D.C., U.S.A. Unpublished Mimeo.