

IMPACT OF SOCIAL AND ECONOMIC FACTORS ON POVERTY, A CASE STUDY OF SINDH

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ABSTRACT

The main aim of this paper is examine social and economic factors that are responsible for the poverty in rural Sindh. Data were collected from 2500 households from four districts i.e. Shikarpur, Larkana, Sukkur, and Jacobabad of upper Sindh by using the simple random technique; a structural questionnaire was design as an instrument tool for measuring the poverty. It was revealed that the poverty position in Jacobabad and Shikarpur is worsening compare with Larkana and Sukkur. There are other factors like tribal disputes among various tribes and law and order situation most of the businesses people shift their business from Jacobabad and Shikarpur. Access to health and education facilities all districts have slight variation except Jacobabad where the literacy ratio is pretty low. It was further revealed that the lack of this makes this vulnerable to natural disasters and uncertainties thereby reduction the earning potential of poor families. This truly depicts the perception of the poor people they were not knowing the poverty in real sense. The vulnerability of the poor household becomes evident from a very significant percentage of households without any legal right in all surveyed districts. The main findings of this research seems to suggest that on average of the household income generated from the agriculture and most of the farmers are facing lot of problems regarding availability of water and inputs. By the criterion of derived demand the households from two districts Sukkur and Larkana engaged in productive activities to earn more compare with the Shikarpur and Jacobabad

Keywords: Social, Economic, Poverty, Sindh

1. INTRODUCTION

Poverty has many faces it is a never ending problem confronting all governments and policy makers. This is true regardless of whether the country belongs to higher or lower stage of development. Depending on the country concerned, the incidence of poverty differs in degree only and not so much in form. In fact, the attributes of poverty are many. The historical experience suggests that some of these attributes are very conspicuous at some stage of development while others are at another stage of development. The expenditures on education, health and housing tantamount to investment in human capital. The greater provision of these services helps enhance the productivity of labour i.e. the income while the limited access to these retards the productivity. This the expenditure on these provision is redistributive in nature since these services by the way of maintaining or expanding productivity through good health as well as skills contribute to the higher potential of the poor households to earn more thereby improving their position based on income classification. The access to education expands the potential for human capital thereby enabling one to qualify for better paid jobs.

This is how the expenditure on education and health for poor households helps in the redistribution of income in their favor. It has been empirically substantiated that even at the macro level the educated parents give relatively more priorities to the health and education in Pakistan. (poverty with Many Fact Ataul Huq Pramanik). Based on the Federal Bureau of Statistics' PSLM data, the Centre for Poverty Reduction and Social Policy Development (CPRSPD), Planning and Development Division estimated a sharp decline in the headcount poverty ratio for 2007-08. However, these findings appear to contradict other assessments conducted subsequently, and which better reflect global and domestic price developments after June 2008. These subsequent assessments point towards a strong likelihood of a sharp increase in the poverty incidence in Pakistan as a result of unprecedented food inflation and transmission of international energy prices to domestic consumers. The Report of a UN Inter Agency Assessment Mission fielded during June-July 2008 found that food security in Pakistan in 2007-08 had significantly worsened as a result of food price hike. The total number of households falling into this category was estimated to be seven million households or about 45 million people in 2008. In relative terms, the increase is more pronounced in rural areas, where food expenditure rose by 10 percent and total expenditure by 4 percent. In absolute terms the increase has been higher in urban areas. The survey further indicates that more than 40 percent of households reported no change in income in 2008 since last year. Forty five percent of the population working as employees witnessed decrease in their real wages. The Report shows an increase in the share of severely food insecure population, from 23 percent in 2005-06 to 28 percent in 2008. The main findings indicate that the high food prices are undermining poverty reduction gains, as food expenditures comprise a large share of the poor's total expenditures and food price hike has severely eroded poor household purchasing power. The assessment shows that the share of households that cannot meet medical expenditure increased from six percent to thirty percent in 2008. Similarly, there is a serious risk of massive school dropout and thus loss of the gains in primary school enrolment achieved in past years. The poorest households need to spend 70 percent or more of their income on food and their ability to meet most essential expenditures for health and education is severely compromised. In addition, the diminished purchasing power has severely impaired capacity of poor households to seek health care, and children education, particularly for girls. This situation has further aggravated by falling nutrition levels, particularly for already malnourished children (Economic Survey of Pakistan 2008-09). The dynamic concept of poverty being considered as a process has also implication for the types of vulnerabilities confronting poor man. The poor regardless of their origins are in the constant threats of personal insecurity and unthought-of for crisis natural or man made. While the former results from the poor socio political and economic factors surrounding them, the latter from the unpredictable events beyond their control.

2. LITERATURE REVIEW

Kakwani (1993) explored the relation between economic growth and poverty for Cote d' Ivoire from 1980-85. The study used the methodology of Kakwani and Subbarao (1990) to measure separately the impact of changes in average income and income inequality on poverty. The methodology was applied to the data taken from the 1985 Living Standards Survey in Cote d' Ivoires. Poverty was found to be highly sensitive to economic growth. In fact, poverty in Cote d' Ivoire was found to decrease faster than the economic growth rate provided the growth process did not lead to an increase in income inequality. However, poverty measures were found to be considerably more elastic for changes in inequality. The numerical results for Cote d' Ivoire suggested that the smaller the poverty threshold, the greater the relative sensitivity of poverty was for changes in income inequality than for changes in the mean income. Thus, the ultra poor were considerably more affected by the changes in income inequality than by changes in mean income. The analysis also provided a link between the growth rates in various sectors of the economy and the total poverty. Using the poverty Elasticities and projected per capital growth rates, it was estimated that total poverty in Cote d' Ivoire would have increased at an annual rate of 3.63 percent during the 1986-90 period. The effect of changes in intersect oral inequality was computed to be equivalent to an increase in poverty by 1.95 percent. Ravallion and Datt (1994) endeavored to throw some empirical analysis.

3. DATA COLLECTION METHODOLOGY

Data were collected from 2500 households from four districts i.e. Shikarpur, Larkana, Sukkur, and Jacobabad of upper Sindh by using the simple random technique; a structural questionnaire was design as an instrument tool for measuring the poverty.

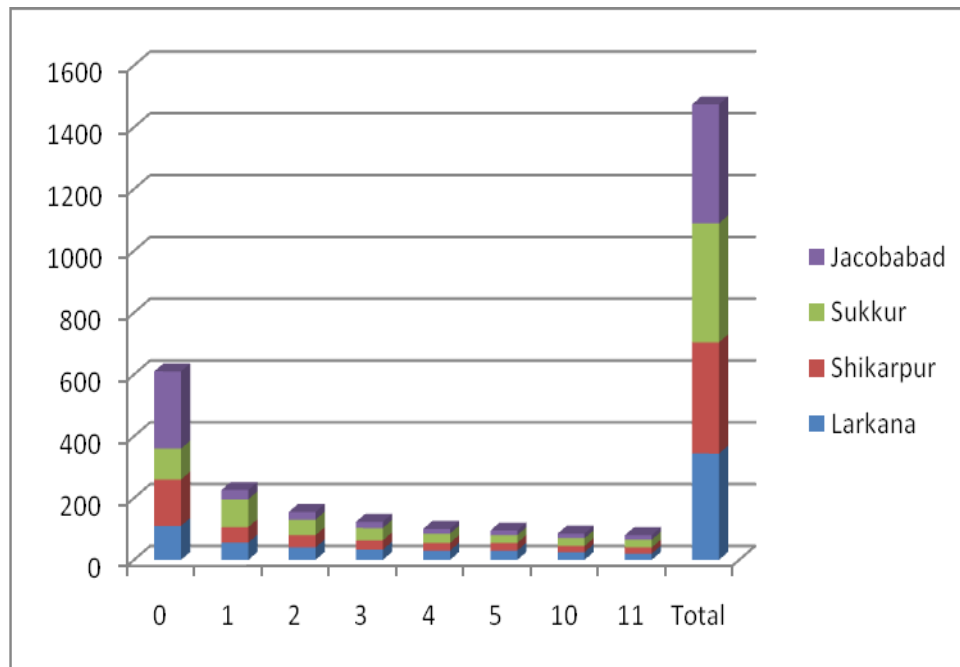
Results and Discussions

a. Access to Education

It appears from the result from our survey (Table-1) that the level of literacy among the household heads is higher in Lahore and Karachi and lower in case of Khuzdar Balochistan and average in Sukkur and Larkana.

Table-1. Distribution of Household Heads Based on the Education Level

House Hold Heads General Level f education									
	0	1	2	3	4	5	10	11	Total
Larkana	110	56	40	33	30	30	25	20	344
Shikarpur	150	50	40	30	25	25	20	20	360
Sukkur	100	90	50	40	30	25	25	25	385
Jacobabad	250	30	25	20	15	15	15	15	385

Survey-2010**b. Access to Shelter**

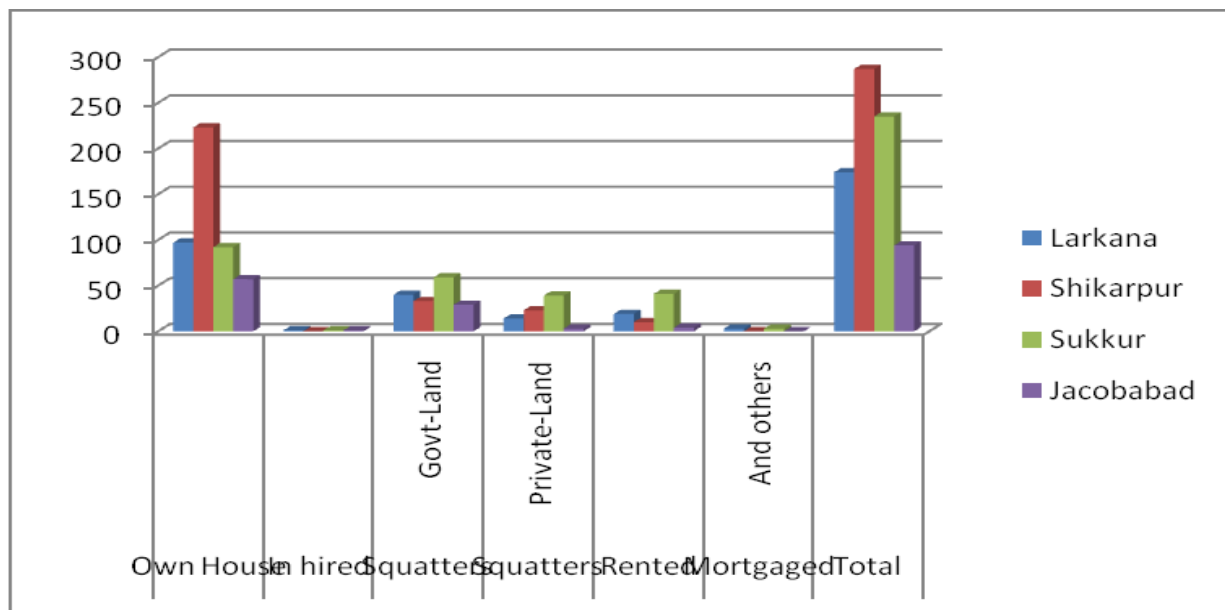
The access to a safe and secure shelter is very vital in maintaining the productivity of poor households. The lack of this makes this vulnerable to natural disasters and uncertainties thereby reduction the earning potential of poor families. This truly depicts the perception of the poor people they were not knowing the poverty in real sense. The vulnerability of the poor household becomes evident from a very significant percentage of households without any legal right in all surveyed districts. The percentage is varies from the district to district.

The squatting on Government land is rather more conspicuous than that on the private land (Table-2). This is because the risk of being forcefully evicted from Government owned land is relatively much less compared with land of under private ownership.

Table-2 Distribution of Household Heads By the ownership status of Homestead Land

	Own House	In hired	Squatters Govt-Land	Squatters Private-Land	Rented	Mortgaged And others	Total
Larkana	97	1	40	14	19	3	174
Shikarpur	223	0	33	23	10	0	287
Sukkur	92	1	59	39	41	3	235
Jacobabad	57	1	29	3	4	0	94

Survey-2010



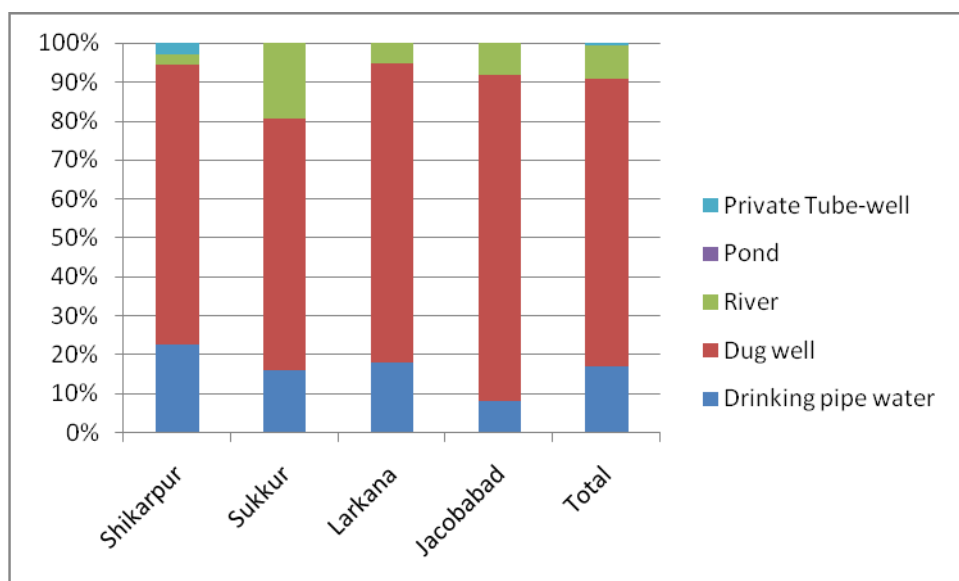
c. Access to Health

Like the access to safe and secure shelter, to safe drinking water is also used as an indicator of vulnerability to contagious diseases. The use of pipe water or tab water appears to be more favor of poor performers. The poor households from two better performing districts seems to be more exposed to drinking water from dug-well and river compared with two poor performing districts shows in Table-3. However time and budgetary constraints did not permit us to investigate how many of those are exposed to safe water i.e dug well and river do suffer from gastro intestinal including many other water-borne diseases like Cholera and diarrhea.

Table-3. Distribution of Household Heads Based on the Access to Drinking Water

	Shikarpur	Sukkur	Larkana	Jacobabad	Total
Drinking pipe water	80	50	70	20	220
Dug well	250	200	300	200	950
River	10	60	20	20	110
Pond	0	0	0	0	0
Private Tube-well	10	0	0	0	10

Survey-2010



The demographic and social factors help us to find out the poverty position in various districts. It explain a large part of the poverty caused by the lower income level of the households. The income and expenditure

pattern of the households as can be transpired through the sources from which incomes are generated together with the spending habits of poor families can also explain why the poor fail to come out the vicious circle without any big push from the outside forces to break that circle.

4. ECONOMIC FACTORS

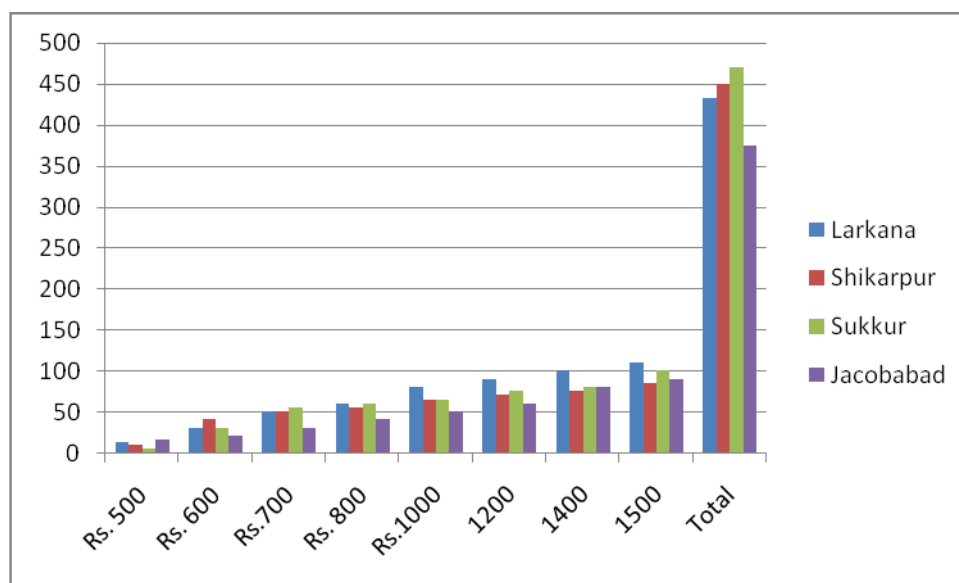
It is no doubt that the economic factors determining the sources of earnings and the unique spending pattern associated with the nature of the economic activities play a most vital role in explaining low level of income causing poverty. Usually the poor with less education and other assets, more mouth to feed, traditional life style and families values are risk averse. This mean those who cross certain age are rigid in terms of not trying out any new opportunities open to them until and unless they are fully convinced about the outcomes of the new ventures. Because they live in the same environment of poor achievement and fatalistic attitude they are also slow to adopt any changes.

The empirical evidence also suggest that the incidence of poverty is very much sensitive to the magnitude as well as method of estimating poverty income line. Based on the detailed monthly expenditure per head is Rs.10000 to Rs.15000. In Jacobabad Districts. District the poverty is much higher than other districts.

Table-4. Distribution of Household Heads Based Per capita Monthly Income in Pak-Rupees

	Rs. 500	Rs. 600	Rs.700	Rs. 800	Rs.1000	1200	1400	1500	Total
Larkana	12	30	50	60	80	90	100	110	432
Shikarpur	10	40	50	55	65	70	75	85	450
Sukkur	5	30	55	60	65	75	80	100	470
Jacobabad	15	20	30	40	50	60	80	90	375

Survey-2010

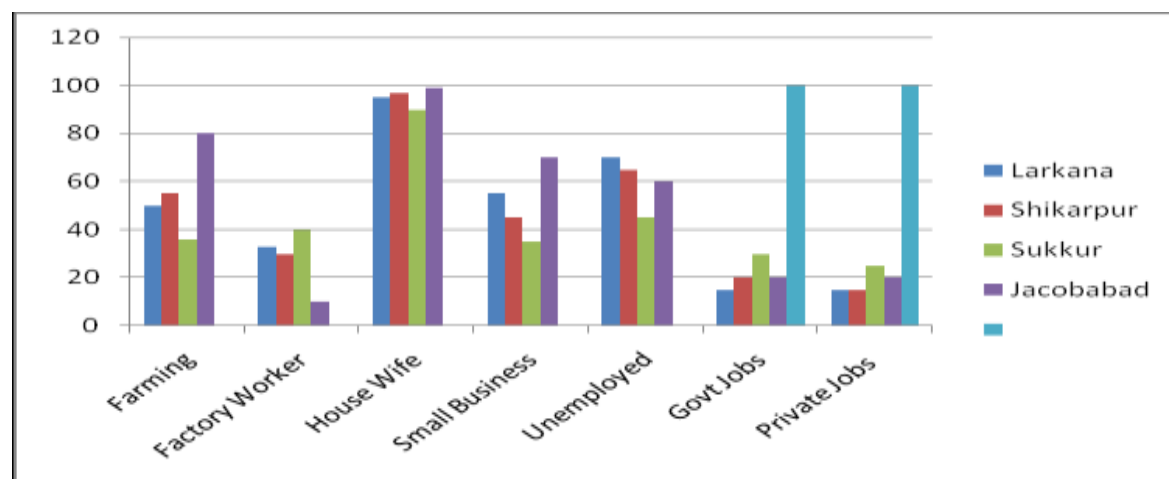


The main purpose of this study to examine how the multi-farious factors contribute to perpetuation of poverty among some households although some other households despite being in a similar environment are able to come out of that circle. In the table -4 as has been discussed that the incidence of poverty including poor and hard core poor is much higher for two districts i.e Shikarpur and Jacobabad where economic condition and poverty rate is quiet high compare with Sukkur and Larkana. It is argued that in both district Shikarpur and Jacobabad the law and order situation is too bad and most of the business people migrate to Sukkur and Karachi.

The main findings of Table-4 seems to suggest that on average of the household income generated from the agriculture and most of the farmers are facing lot of problems regarding availability of water and inputs. By the criterion of derived demand the households from two districts Sukkur and Larkana engaged in productive activities to earn more compare with the Shikarpur and Jacobabad.

Table-5. Distribution of Household Heads Based on Occupational Status (%)

	Farming	Factory Worker	House Wife	Small Business	Unemployed	Govt Jobs	Private Jobs
Larkana	50	33	95	55	70	15	15
Shikarpur	55	30	97	45	65	20	15
Sukkur	36	40	90	35	45	30	25
Jacobabad	80	10	99	70	60	20	20
						100	100

Survey-2010

According to the results from occupational status the unemployment rate in the District Jacobabad is quiet high compare to all other districts. Nearly 99 percent of women in Jacobabad district are house wife. The percentage of factory workers in District Sukkur is relatively higher than the other districts.

Table 6. Poverty and Productivity Effects of Government Expenditures

Expenditure Variable	Elasticities			Marginal impact					
	No. of Poor Reduced	Poverty	TFP	Poverty (%Pints)	TFP (%Pints)				
(per 10 million rupees at prices)2009-10 (per million rupees)									
	Rank	<i>t</i> Value	<i>t</i> Value	Rank	Rank				
R&D	-0.060	-2.06*	0.255	1.82*	-0.45	2	6.01	1	
Irrigation	-0.009	-1.96*	0.036	2.32*	-0.05	7	0.61	4	
Road	-0.050	-2.55*	0.057	2.69*	-0.65	1	2.37	2	
Education	-0.053	-3.64*	0.047	2.63*	-0.22	3	0.62	3	41.0
Power	-0.003	-1.64	0.004	0.64	-0.003	8	0.12	8	3.8
Soil and Water	-0.001	-1.52	0.0015	0.37	-0.12	5	0.43	6	22.6
Rural Devl	-0.019	-3.68*	0.022	0.63	-0.13	4	0.49	5	25.5
Health	-0.001	-1.13	0.012	0.39	-0.09	6	0.38	7	17.8

Terms of trade s divided by a relevant non agricultural GNP deflator

4.1. Rural Poverty Elasticities and Marginal Impact

The marginal impacts and elasticities of different types of government expenditures on productivity growth and rural poverty reduction after allowing for all relevant direct and indirect impacts term impacts because we ignore the impact of increases in income on future levels of public expenditure. The impacts of different types of government spending on rural poverty and agricultural productivity are shown in table 6. Two impact measures are presented. The first measure is the elasticity of each item of government spending, and this gives the percentage change in poverty or productivity corresponding to a 1% change in government expenditure on that item. Since all expenditures are measured in rupees, then these elasticities provide a measure of the relative growth and growth and poverty reducing benefits that arise from additional expenditures on different items, levels of expenditure. The second measure is the marginal return (measured in poverty and productivity units) for an additional Rs.100 billion of government expenditure. This measure is directly useful for comparing the relative benefits of equal incremental increase in expenditures on different item, and it provides crucial information for policy makers in setting future priorities for government expenditure in order to further increase productivity and reduce rural poverty. The marginal returns were calculated by multiplying the elasticities by the ratio of the poverty or productivity Table t the relevant government expenditure item in 2009-10. Table 6 also shows the number of poor people who would be raised above the poverty line for each Rs. 1 million of additional investment in an expenditure item.

5. CONCLUSION

The main purpose of this study to examine how the multi-farious factors contribute to perpetuation of poverty among some households although some other households despite being in a similar environment are able to come out of that circle. In the table -4 as has been discussed that the incidence of poverty including poor and hard core poor is much higher for two districts i.e Shikarpur and Jacobabad where economic condition and poverty rate is quiet high compare with Sukkur and Larkana. The poverty and productivity effects differ greatly. Government expenditures on roads and R&D have by far the largest impacts on poverty reduction and growth in agricultural productivity; they are attractive win-win strategies. Government spending on education has the third largest impact on rural poverty and productivity growth. Irrigation investment has had only modest impacts on growth in agricultural productivity and rural poverty reduction. Even after allowing for trickle-down benefits. Government spending on soil and water conservation, and on rural and community development, including the Integrated Rural Development Program, has successfully helped reduce rural poverty, but its impact has been smaller than expenditures on roads, agricultural R&D and education. Government health investment had no impact on productivity growth and its effect on poverty alleviation through wage increases was also very small. The results of this study have important policy implications. To reduce rural poverty, the Pakistan government should increase its spending on rural roads and R&D. These types of investment not only have a much larger poverty impact per rupee spent than any other government investment, but also generate higher productivity growth. R&D investments have a larger growth impact than roads, but their poverty impact is smaller.

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