

**Poverty, Income Inequality  
And  
Inclusive Growth in Pakistan**

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**I. Introduction**

In the current development debate to assess economic development, we find that inclusive growth is a new loom to look at economic progress of a nation. It refers to mass inclusion in decision making processes; particularly it ensures that poor are benefited. Therefore, fruits of growth are equitably distributed for the wellbeing of the society. It also aims towards productive employment generation and fruits of growth are equitably distributed among the underprivileged segment of the society. Thus, “inclusive growth means growth with equitable breach to earn and nurture. freshly, the perception of inclusive growth gained significant importance due increasing poverty and income inequality. The prime focus lingered to capture into deliberation that whether dispossessed people are a part of decision making and sharing benefits of growth for which they are entitled to<sup>2</sup>?

Mahbub-ul-Haq approached it as following.

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<sup>2</sup> *For further details see A. K. Sen (2002), Development As Freedom.*

*“The problem of development must be defined as a selective attack on the worst forms of poverty. Development goals must be defined in terms of progressive reduction and eventual elimination of malnutrition, diseases, illiteracy, squalor, unemployment and inequalities. We are taught to take care of GNP (Gross National Product) because it will take care of poverty. Let us reverse this and take care of poverty because it will take care of GNP. In other words let us worry about the contents of GNP even more than its rate of increase. So it is social aspect focus on poverty.”*(Mahboob-ul-Haque, 1971; PP.6).

In addition to above, poverty and income inequality, social indicators including health and education have also gained superlative interest in the literature of inclusive growth. According to Martin (1995) and Pritchett and Summer (1995), there exists positive relationship between health services and economic growth. Whereas, Barro and Lee (1997), highlighted positive impact of education on economic growth. Particularly, it enhances productivity, social mobility and improves social participation in decision making and distribution of benefits. Bren Neman and Kerf (2002) emphasized on the development of infrastructure which leads to an access to quality of education, health and also improves general living conditions of people.

Infrastructure like transportation and communication helps in improving and saving income. Besides, it provides foundations for further accelerating economic growth. The literature on the relationship between infrastructure development and economic growth provides significant foundations for positive relationship between these variables. Emphasized on improving transportation, telecommunication and electrification facilities, simultaneously, could accelerate economic development. Sanchez-Robels (1998), Roller and Waverman (2001), Calderon and Serven (2003) stated that infrastructure stocks and their quality as principal determinant towards enhancing growth and welfare of the people. Moreover, Estache, Foster and Wodon (2002); Calderon and Chong (2004) also came across distributional facets of other social services; which includes infrastructure development; it could enhance income and awareness of the deprived segment of the society.

Given the importance and significance of inclusive growth for economic development, this study is focused to analyze inclusive growth by focusing on gains and enhancements in welfare of people. For this purpose, different indexes have been developed for the period of 1970-2011; 1970-1990, 1990-2011 & 1970-2011. The split in different periods is done to set apart achievement during democratic and dictators' regimes. Rest of

the study is organized as given below. Part II, is literature pertaining to the issue and part III consists upon arguments on data and methodology. Empirical evidences and dialogues pertaining to emerging outcomes are provided in part IV. The last part V provides conclusions drawn from empirical evidences and relevant policy implications has also been stated in this part.

## II. Literature Review

### 2.1 Components of Inclusive Growth and their linkage

Based upon emerging literature the chief variables pertaining to inclusive growth are summarized below. Prominently, Inequality and poverty serves as the driving components of inclusive growth.

#### 2.1.1 Inequality, Poverty, Infrastructural Development and Inclusive Growth

Ali [(2007a), (2007b)], Ali and Son (2007), Ali and Yao (2004) have pointed outmounting inequalities Asia. Ali (2007b) stated that the turn down in number of poor from 945 million in 1990 to 604 million in 2005 were due to the sharp amplifying of economic growth in China and Vietnam. However, we scrutinized that poverty augmented in case of Pakistan and Sri Lanka in 2005. For the case of Pakistan, the chronicle of poverty sustained to show expanding trends. Poor are vulnerable to advantage from growing opportunities or earnings fundamentally due to market failure and increasing nepotism. Most of the developing countries including Pakistan faces alike attributes, predominantly due to its inherent structure, which itself breeds inefficiency, corruption, nepotism, poor law and order, weak institutions and ultimately loss in wellbeing of people at large. The Bourgeoisie on the other hands take pleasure in more opportunities when they are weighed the unprivileged proletariats. Poor are not heard and they remained excluded to reap the benefits of growth and development in Pakistan.

Zhuang (2008) also focused on the issue of growing inequalities in developing Asia. The study exacerbated that though there is visible reduction in extreme poverty owing to growth in East Asia, Southeast Asia, and South Asia. However, rising income inequalities bred inequalities in accessing education and medical care which go ahead towards increase in infant mortality in developing Asia. The study identified roots of increasing income inequalities that is widening polarization between the urban and rural class. According to

the study during 1985-2004, the ratio of per capita income in urban to rural areas increased between 1.9% to 3.2%. Similarly, the ratio of per capita incomes of coastal and western provinces also rose from 1.4% to about 2%. Apart from it, the author has highlighted the market imperfections as an origin of rising income and non-income inequalities. It suggested redistributive policy, good governance and independent institutions as major ingredients of inclusive growth.

Pasha (2007) has investigated the relationship between growth, inequality and poverty in the context of Asian countries. The study enclosed the time periods of 1981 till 2004. The author has anticipated poverty growth elasticity to establish the degree of inclusiveness. Moreover, study demonstrated that East Asian countries (Malaysia and Thailand) have accomplished higher degree of inclusiveness of growth. Likewise in India since 1990's, poverty to growth elasticity was observed in low magnitude. On the other hand, its rates of poverty diminution are not pleasing. Taking Pakistan in to consideration, the author ascertains that in early 1990's, the country was incompetent to attain significant growth in per capita incomes. However, a rapid pace of growth is seen in the eras of 2000's. This led to considerable increase in inequality in Pakistan. Subsequently, economic growth dwindled and both income inequality and poverty increased. In another study, Pasha and Palanivel (2003) have examined the long term relationship between growth and poverty. The data comprises of nine East Asian countries and five south Asian countries. The results designated the growth led towards poverty reduction. However, the results are not similar for across countries and time periods. Chaudhary (2003) pointed out that the most part of the pitiable society is unemployed or severely under-employed. They do not have a sufficient amount of food to eat in the first place. Besides, prices are rising, especially that of the foodstuff and other essential commodities and the trouble on the poor's shoulders have increased disproportionately. Khan (2003) stated that the above cited study has only focused on the one dimension of poverty (income) and overlooked the other dimensions which include social indicators i.e. health and education etc. The above mentioned analysis of literature focused on sustained and equitable growth as a core to attain inclusive growth. It not only crafts rather plays vital role in expanding opportunities.

According to Klasen (2010) inclusive growth exacerbates in opportunities like health, education, nutrition and social integration for the destitute segment of the society. Furthermore, the author also provided a survey of existing definitions of inclusive growth;

introduced by Rauniyar and Kanbur, Ali and Son, Ali and Zhuang. These definitions are differentiated on the basis of income and non-income dimensions; non-income dimensions includes schooling achievements; improvements in survival rates e.g., mortality rates for children under the ages of 1 and 5 years; improvements in nutritional status; and access to transport & communications, and household services (e.g., clean drinking water & electricity etc.). Besides an expansion of economic opportunities, formation of productive employment is also considered as an important element to inclusive economic growth. Sachs (2003), Bhalla, S (2007) and Ianchovichina & Lundstrom (2008) have analyzed various dimensions of inclusive growth in their studies. Findings of Sachs (2004) pointed out to three structural features of developing countries; subsistence oriented, low savings and imports sensitive. These have also been considered imperative gears of poverty trap. The study necessitates in increasing employment by making optimal choices of techniques like with increasing the productivity of labor. Besides, health, education, communication & transport, public services and sanitation facilities have also been considered key indicators to promote inclusive growth.

Pioneer work of Ascheur (1989) has empirically examined the liaison between infrastructure and growth. The study found that one percentage point increase in efficiency of public capital increase transitional growth by 0.29 percentages; in context to United States. Ghosh & De (2005), Estache (2006), Hulten (1996) elucidates positive association between infrastructure investment and growth. Similarly, Calderon and Serven (2005) have also explored the linkages of growth and inequality aspect of infrastructure investment. The author has used panel data set spanned over (1960-2000) which encompasses over 100 countries to see the effects of infrastructure development on growth and income distribution. (Calderon and Serven, 2004; PP. 6). There exists an ample body of literature which explores relationship between growth and infrastructural development. An essential phase to achieve inclusive growth therefore is that poor and deprived segment of the society have an access to economic infrastructure and that they should also reap benefits of growing social sector.

Ali and Yao (2004) highlighted the quality of infrastructure headed for inclusive growth and sustainable poverty reduction. They stated that quality infrastructure endows business possibilities and investment climate which is vital for catalyzing domestic and foreign

investment based upon new advanced technology. This will in turn raise the productivity and per capita incomes. Findings pertaining to India recommended the dynamic apprehension of small and medium enterprises to inclusive growth through direct and indirect linkages of infrastructure. The authors have highlighted rural electrification, transport & communication and potable water supply to achieve inclusive growth.

Apart from it, World Bank's Independent Evaluation Group (2008) has explored the paybacks of electrification schemes in rural and fringes areas. The findings of the report propose that there exist pro rich bias in these kinds of schemes. The report comprises on schemes commenced by World Bank in past 28 years rather it also highlights that poor destitute from these schemes. The study also proposes that rural electrification schemes do not pledge that the poorest and those living in fringes areas of rural sectors benefit from this kind of electrification.

## **2.2 Human Capabilities and Inclusive Growth**

Son and Ali (2007) investigate access towards social opportunities such as education and health services in the Philippines. The study also examined how the change in availability of services has affected poor. Social opportunity function was utilized for this purpose; whether social opportunities are distributed equitably; equity index of opportunity was constructed. The study narrates that overall health services in the Philippines are disseminated inequitably. Top income groups have more access to health services, as compare to the bottom income groups.

Tandon, Zhuang and Chatterji (2006) explored the linkage between rapid pace of economic growth and health. The authors have assumed health as major determinant of human welfare and perceived it as key development indicator. The authors have addressed couple of important issues with reference to tremendous economic growth of People's Republic of China (PRC) and its impact on population health outcomes over last three decades. The study also explored the issue of inclusiveness in population health outcomes. They have analyzed allowance of health facilities to investigate the extent of Government's attention towards deprived section of the society. The study found that "(i) the PRC's health outcomes have actually slowed down after the country moved away from a public health system to a commercial one; (ii) there has been convergence in health indicators across

provinces but divergence between rural and urban areas during the reform period; and (iii) there are glaring disparities in health outcomes and health care coverage between the poor and the rich households. The study also pointed out that school attainment plays a significant and positive effect on self-reported health improvement. The authors also identified that health insurance improved self-reported health and reduced the probability of being underweight.

McKinley (2010) developed an amalgamated inclusive growth index which provides basic guidelines in accessing the pace of progress towards inclusive growth. The author applied this methodology to six countries to assess their level of success pertaining to inclusive growth. Empirical evidence recommended that except Uzbekistan, other countries did not make much progress in achieving inclusive growth satisfactorily.

The above mentioned literature, comprised on the linkages of poverty, inequality, human capabilities and economic infrastructure which are important for inclusive growth. Besides, it also indicated that income inequality could create hindrance in attaining inclusive growth. The prior studies did not provide sound underpinning to establish whether a country has achieved inclusive growth or not. Moreover, there hardly exists any comprehensive study, with reference to Pakistan which may have analyzed the performance of economic growth, poverty, inequality, gender equity, human capabilities and economic infrastructure in order to point out progress of Pakistan in attaining inclusive growth; over the period of past four decades. The current study aims at to provide distinct foundations and spread of inclusive growth in Pakistan, from concepts such as pro-poor growth and entitlements.

### **2.3 Current Debate on Inclusive Growth**

Recently the debate on inclusive growth has focused on a new paradigm of inclusive growth and it gained significant importance in the field of development economics. It is perceived as a prerequisite for poverty reduction and sustained economic development.

Under the absolute definition, growth is pro-poor as long as poor people benefit in absolute terms. In contrast, in the relative definition, growth is “pro-poor” if and only if ... inequality declines. On the other hand, while absolute pro-poor growth can be the product of direct income redistribution schemes, for growth to be inclusive, productivity must be enhanced and new productive employment opportunities must be enhanced. Thus, inclusive

growth may augment the pace of growth and enlarge the size of the economy, while leveling the competitive level playing field for investment and increasing productive employment opportunities ... Thus, it [IG] focuses on productive employment and fuelled by market-driven sources of growth with the Government playing an active role to equitably distribute the fruits of economic growth..

In other words inclusiveness is a concept that encompasses equity, equality of opportunity, and protection in market and employment transitions” (World Bank, 2009, pg.3-4). It not only focuses on employment creation but also on productive growth as well. Bhalla (2007) has highlighted the concept of productive employment, which reduces unemployment, reduces poverty and enhances productivity. International Poverty Centre focused as under.

*“Work on inclusive growth starts from the premise that societies based on equality tend to perform better in economic development, for instance, countries with more equal income distribution are likely to achieve higher rates of poverty reduction than very unequal countries. Inclusive growth is both an outcome and a process. On the one hand, it ensures that everyone can participate in the growth process, both in terms of decision making for organizing the growth progression as well as in participating in the growth itself..., thus, it makes sure that everyone shares equitably the benefits of growth. Inclusive growth implies participation and benefit sharing. Participation without benefit sharing will make growth unjust and sharing benefits without participation will make it a welfare outcome.”*

The above mention definition, expansions of widespread opportunities to enhance freedom, refers to a time consuming process for expanding opportunities. Over a period of time, convergence is likely to appear towards inclusive growth outcome. Therefore, it is perceived as longer term phenomenon. The crux of the debate suggests that the structures of production and employment must be of such a nature that offers prospects to all segments of the society to benefit from economic growth. Thus expanding opportunities is pre-requisite of inclusive growth. Besides, it is equally important to equip population with sound education foundations; because, development of human capital by developing productive skills irrespective of cast, creed and religion will be able to contribute in growth process. Hence, ensuring fastest pace of growth, that lead towards poverty reduction and equitable income distribution. Finally attaining the inclusive growth in which benefit significant population is participating and sharing benefits of increasing per capita income,

which leads towards development of nation is the ultimate end of all efforts. The major concepts of inclusive growth, from closely associated impressions, such as pro poor or equitable growth emerge as under.

Based upon the above cited literature, this study has followed a slant for empirical investigation related to inclusive growth, which includes all above cited major variables related to the concept of inclusive growth and empirical evidences have been drawn to appraise development experience of Pakistan in terms of inclusive growth.

### **III. DATA AND METHODOLOGY**

#### **Inclusive Growth Indexes**

A linkage between growth, development, poverty, income inequality and inclusive growth may be developed by carrying out a comparison of different time periods of each indicator (trends) has been utilized by various scholars as described in the last section. Ali (2007) while comparing 1990's data with 2005, pertaining to developing Asia highlighted social, political and income inequalities and its' relationship with inclusive growth. Pasha (2009) has also conducted a study with reference to Asia pacific in the similar way described above and highlighted the major components of income inequality. Furthermore, McKinley (2010) has constructed composite indexes of inclusive growth and applied this methodology to Bangladesh, India, Cambodia and Uzbekistan. Prior to this work, no comprehensive study has been undertaken on the assessment of inclusive growth in Pakistan. Following above, In order to ascertain whether Pakistan has been making any progress in achieving inclusive growth, the current study is aimed at constructing indexes for different time periods.

The focus of the study encompassed several major areas of economy such as growth, productive employment, economic infrastructure; income inequality, poverty; human capabilities, gender equity and social welfare. Basic economic indicators which have been used in order to conduct this analysis are as following: per capita income growth (annual %), agriculture value added (% of GDP), manufacturing value added (% of GDP), industrial value added (% of GDP), and services value added (% of GDP); For productive employment, Employment in agriculture (% of labor force), Employment in industry (% of labor force), and Employment in services (% of labor force); Infrastructural stock which is summed over indicators such as (i) Internet Users per 100 people; (ii) Telephone lines ( per 100 people); (iii) Mobile cellular subscription (per 100 people); (iv) Rail lines (total route

kilometer); and (v) Roads (Km/1000Sq km of geographical area); for poverty Headcount Ratio and for Inequality (Gini Coefficient) has been utilized. Furthermore, human capabilities is summed over indicators such as For health, (i)Mortality rate, under-5 (per 1,000); (ii) Malnutrition prevalence, weight for age (% of children under 5); (iii) Safe potable water supply (% of population with access), Improved water sources in rural area (% of population with access), Improved water sources, urban (% of population with access); Improved sanitation facilities (% of population with access), Improved sanitation facilities, rural (% of population with access, rural,) Improved sanitation facilities, urban (% of population with access, urban); For education, Net primary Enrollment ratio and Net Secondary Enrollment ratio; gender equity comprised on variables such as Births attended by skilled health staff (%), maternal mortality ratio per 100,000 live births; ratio of literate girls to literate boys for age (15-24), girls to boys ratio in primary and secondary education, employment share in industrial and services sector has been used. iii) Besides the number of beneficiaries of social protection programs and expenditure on social protection program as a ratio to GDP has been utilized to access the change in extreme poverty in the country. The performance of all such variables over a period of 20 years will help us in detecting the success relating to inclusive growth. Besides, it serves as prime tool for assessing country’s progress on inclusive growth. Asian Development Bank has been assigned the weights to all these economic indicators; based upon their significance and importance on the premise of economic theories to attain inclusive growth in the country. Based upon the same rational, following table has been constructed to carry out empirical evidences. Methodology for construction of indexes on inclusive growth, based upon Asian Development Bank’s approach, is as follows (table 1).

**Table 1: Weights Scheme**

Success in achieving growth, employment generation, and access to economic infrastructure.	50%
Success in reducing extreme poverty, moderate poverty, inequality and gender inequality.	25%
Success in enhancing human capabilities (e.g., health, education, water, and sanitation)	15%
Success in providing basic social protection (especially for eliminating extreme poverty).	10%

*(Based on Indexes) Source: Asian Development Bank (2010)*

Indicators pertaining to growth, productive employment, economic infrastructure, poverty, inequality, gender equity, health and nutrition, education, sanitation, potable water supply, and variables for social protection have been assigned a weight of 0.25, 0.15, 0.10, 0.10, 0.10, 0.05, 0.05, 0.5, 0.5, and 0.10, respectively<sup>3</sup>.

### III. Empirical Findings

Pakistan has experienced swings in pattern of growth in the last one-half century. The Progress of indicators of inclusive growth did not remain smooth over time. The table given below (2) presents the performance of such variables. It will also underpin the level, based upon the criteria utilized for the study. The overall score will indicate performance of economic variables; satisfactory, unsatisfactory or superior. The weights and scores scheme is given in the following table 2.

The outcome of the table ( total scores) at different time periods, i.e. 1970-1990; 1990-2011; 1970-2011; for democratic period (1971-77 & 1989-98 & 2008- and thereafter) and also for dictatorship regimes (1978-88 & 1999-2008), provides us an empirical base to point out achievement of inclusive growth.. A score range 1-3 indicates unsatisfactory progress; score range 4-7 will indicate satisfactory progress and score range 8-10 will be considered as superior progress. The subsequent scoring scheme will be employed throughout the study.

Pakistan had suffered from weak GDP growth and per capita income growth during 1970's. The average per capita growth for this decade had been calculated as 1.8 percent. In 1980's, the average growth rate of per capita rose substantially to a level of 3.8%; mainly due to inflow of capital in form of remittances from Middle East which accounted equivalent to 10% of GDP<sup>5</sup>. The average growth of GDP per capita for two decades had been less than 3%, therefore, a score of 3 have been allotted to this indicator. Additionally, the growth trends aggravates that employment decreased in agriculture; i.e. from 57% in 1970 to 49% in 1990; it is obvious all over the world; with the development the share of agriculture shrinks towards GDP and also employment elasticity in agriculture is low. The employment in industrial sector remained by and large the same i.e. around 20% of total employment, which is a matter of concern. While a country develops, its industrial and services sectors expand. It was observed that there was an improvement in employment generation in services sector i.e. from 23% in 1970 to 32% in 1990. Overall employment generation remained unsatisfactory. Therefore, a score of 2 has been assigned to this indicator.

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<sup>3</sup>*Details of criteria for assigning scores for various variables is given in appendix II. The criteria is based upon Asian Development criteria.*

**Table 2: Inclusive Growth index (1970-1990)**

Category	Scores	Weights	Total Scores
Growth	3	0.25	0.75
Employment	2	0.15	0.30
Economic Infrastructure	3	0.10	0.30
Poverty	5	0.10	0.50
Inequality	2	0.10	0.20
Gender Equity	2	0.05	0.10
Health/Nutrition	2	0.05	0.10
Education	2	0.05	0.10
Sanitation/Water	3	0.05	0.15
Social Protection <sup>4</sup>	0.5	0.10	0.50
<b>Total</b>	<b>-</b>	<b>1</b>	<b>3.00</b>

Source: *Calculated by authors*

As well as economic infrastructure is concerned, from 1970-90, the performance of telecommunication sector was satisfactory; access to telephone per 100 people and mobile phone subscribers per 100 populations. The number of consumer has increased from 1.7 million in 1970 to 7 million in 1990, which is considered respectable increase in it. Furthermore, the road density, which is calculated as the total networks of road divided by geographical area was 37Sq Km in 1970 and rose to 103Sq Km by the end of 1990. However, this was recorded below the level of satisfaction if compared to other developing countries. On the other hand, rail lines route was 8516Km in 1970 which improved slightly to a level of 8775 km. in 1990. Although infrastructure of a country laid the foundations of economic growth, but still it remained one of the basic hindrances in achieving inclusive growth in during the period of 1970-1990.

Table 2 indicated that except poverty, there hasn't been a single indicator, which has shown good progress towards inclusive growth; during 1970's and 1980's. In the 1970's, the head count ratio declined 16 percentage points along with a decline of 13 percentage points in 1987-88. Moreover, in 1984-5 to 1987-88 dropped in poverty have recorded almost 8 percentage points. Although, generally reduction in poverty have been attributed to rise with growth of GDP. In the 1970's the

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5. *Social protection may be provided by public sector programs for disasters like floods, earthquakes, sickness and unemployment etc.*

average per capita growth has recorded as 1.8 percent per annum. Whereas, in 1980's per capita income growth reached to a level of 3.8 percent per annum. So this dramatic rise had translated into poverty reduction in the decade of 1980's. The other important reason of such a sharp decline in poverty was the inflow of remittances of 1.4 billion dollars in this period from Middle East, a sum greater than the oil import bill for the country (even after the OPEC price rise) in the same period. In the period 1977-80, an additional \$4.2 billion had been remitted to Pakistan from the Middle East.<sup>5</sup> Besides, the trends of inequality have remained worsen; in the decade of 1970's. In the mid of 1980's to its end a sharp decline in the GINI coefficient from 0.428 to 0.348 in 1987-88 was observed. However, later on the inequality has again gained the momentum of acceleration. Therefore, a score of 2 has been assigned to this component; since over a period of 20 years it had not shown a noteworthy decline in GINI coefficient.

The health dimension had been covered while using under five mortality rate (per 1000 live births). A significant decline was observed in it from 173 in 1970 (per 1000 live births) to 124 (per 1000 live births) in 1990. Unlike progress in reducing infant mortality rate, Pakistan remained unsuccessful to curb malnutrition prevalence amongst the underage of five years. It declined merely a level of 42 in 1990; from 47 in 1975. The prime reason of higher rates of infant mortality had been contaminated drinking water supply and poor access to sanitation. So along with the improvement of access to potable water supply and more sanitation facilities; but the growth rates have been lowered. Since health facilities had either been inadequate or not up to the mark. A score of 2 has been assigned to this dimension, which indicates that Pakistan has not shown satisfactory progress in providing required health facilities in the decade of 1970's and 1980's. Similarly, to gauge the status of education, the progress of attaining net primary enrollment ratio had been used. The performance in advances in education sector has not been satisfactory. These two indicators had shown very meager rise over a period of twenty years<sup>6</sup>. Net primary enrollment ratio rose 36% in 1970 to 42% in 1990; 6% increase in 20 years. The rise in net secondary enrollment rate was somewhat satisfactory, compared to net primary enrollment ratio, in the same decade of about 35% and 54%, respectively. However the performances remained poor. Based upon this performance, a score of 2 has been assigned to this indicator that indicated unsatisfactory progress on this front.

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<sup>6</sup> See: Zaidi (2005)

7For 1970-1990 see empirical figures in *Pakistan Economic Survey, different issues.*

In 1975, just 25% population of Pakistan had an access to improved drinking water, which increased to 52% in 1990. Moreover, 11% rural population and 54% urban population had access to improved drinking water in 1980. By 1990, 45% rural population and 80% urban population had been facilitated with this source. This access to better sanitation for rural population had recorded 22% in 1990. About 10% rural population and 55% urban population had benefited from this facility in 1990.

As far the social protection is concerned, criteria to track the progress in this dimension had been devised as satisfactory by Asian Development Bank<sup>7</sup>. The score ranged 0 to 1 assigned based upon the performance of each indicator in providing social protection to the population. Pakistan scored 0.07, on this composite index. This score lied on the bottom as Pakistan ranked 30<sup>th</sup> out of 31 countries sample for which the index has been constructed. Basing upon this the value of 0.5 has been assigned to the social protection dimension.

The performance of all economic indicators has painted quite dismal and gloomy picture. The overall value 3 indicated that Pakistan had shown unsatisfactory progress during 1970 to 1990 in expanding economic opportunities to its masses, resulting in failure to attain significant progress towards inclusive growth. Another imperative strand indicated that with such a low level of human capabilities, Pakistan had achieved 3.8% per annum/ per capita income growth, over the decade of 1980's.

Table 3 provides empirical evidence for the period 1990-2011; pertaining to major macroeconomic variables. Pakistan's growth pattern exhibited erratic pattern of growth. Throughout the 1990's till 2001-02, growth decelerated; GDP per capita remained merely 1.1% in this decade<sup>8</sup>. It is considered as the decade lost, in terms of economic progress in Pakistan.

In 1992, GDP per capita growth rate was 5% per annum, which fell to 4.4% during 2001-6. In recent years, 2009 and 2010 and 2011 it decelerated again. *A score of 2 has been assigned to this indicator for a period of 1990-2010, due poor and unsustainable performance.*

In the period of 1990-2011, the telecommunication sector has performed significantly well. The access to mobile cellular subscription (per 100 people) accelerated from a level to 8 per 100 people in 2005, 55 per 100 people in 2008 and 59 per 100 people in 2010. Along with it, the number of consumers also increased from 7million in 1990 to 11.5 in 2000 and 19.4 in 2010.

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<sup>8</sup> ADB has carried out this analysis for 31 countries

<sup>9</sup> It is due to worsened macroeconomic environment, poor policies, terrorism, and poor governance,

Besides, road density was rose up from 103 0Sq km to 308 km in 2000 and 345 in 2010. Contrary to the road network rail lines got declined from 8775km to 7791 in 2000 and 7791 to 2011 as well.

**Table 3: Inclusive Growth Index (1990-2012)**

Category	Score	Weight	Total
Growth	2	0.25	0.50
Employment	2	0.15	0.30
Economic Infrastructure	3	0.10	0.30
Poverty <sup>9</sup>	2	0.10	0.20
Inequality <sup>10</sup>	2	0.10	0.20
Gender Equity	3	0.05	0.15
Health/Nutrition	3	0.05	0.15
Education	5	0.05	0.25
Sanitation/Water	3	0.05	0.15
Social Protection <sup>11</sup>	1	0.10	0.10
<b>Total</b>	<b>-</b>	<b>1</b>	<b>2.30</b>

Telecommunication infrastructure has expanded significantly and provided a road to development in the decade of 1990-2010, therefore 6 scores has been assigned to this indicator. In Pakistan, the incidence of poverty remained on the verge of increase in the decade of 1990's. The headcount ratio increased from 21% in 1990 to a level of 33% in 2000, which indicate worse conditions<sup>12</sup>. On the other hand there was a decline in it from a level of 33% in 2000 to 24% in 2006. The prime reasons behind it were respectable rate of growth of GDP during 2001-06, improvement in GDP per capita along with rise in remittances.

Therefore, a score of 2 has been assigned to this indicator relying upon the unsatisfactory progress in reducing poverty from the country. The situation of income inequality remained worse, as Gini coefficient has been increased from 0.39 in 1990 to 0.40 in 1998. It further rose to a level of 0.42 in 2002. Afterwards it slightly declined to a level of 0.32 in 2008.

<sup>10</sup>Limited data is available on this indicator since 2005-06

<sup>11</sup>Limited data is available on this indicator since 2007-08

<sup>12</sup>ADB has also calculated this value for Pakistan Source: Calculated by authors

<sup>13</sup>It may be noted that poverty further increase. See Pakistan Economic Survey 2011-12.

This decline has been associated with a sharp growth momentum during 2002-06 and an increase in GDP per capita. The rural income inequality on the other hand seemed to be declined from a level of 0.39 in 1990 to 0.35 in 2000 and 0.25 in 2008. It could be concluded that the situation got worsened. Based upon it a score of 2 has been assigned to this indicator.

As far as education and literacy conditions are concerned, females have made meager progress on this front i.e. during 1990 to 2010. The ratio of young literate females to young literate males (age 15-24 years) rose from about 64% in 1997 to a level of 75% in 2007. Throughout this period its growth was 1.1% per annum. Furthermore, the ratio of girls to boys in secondary education rose from about 50% in 1990 to 70% in 2000 and 80% in 2007, and further to 84% in 2010-11; its growth was 1.6% per annum. The progress is still satisfactory, particularly in backward areas of Baluchistan and other parts/provinces<sup>13</sup>.

Pakistan has not performed well in providing basic health facilities to females. In this regard the percentage of births attended by skilled health staff has been taken in to account. The data indicated that there is a small rise from 19% in 1990 to a level of 23% in 2000 and it further improved to 39% in 2006. On the other hand maternal mortality ratio (modeled estimate) per 100,000 live births has been recorded as 490 in 1990 and it declined to a level of 340 in 2000 and it further decreased to 260 in 2008 which shows an improvement in its performance.

As far as employment is concerned, Pakistan has not performed satisfactorily in providing employment opportunities to females. Its progress was unsatisfactory on bringing improvement to gender equity. In 1990, The Share of Women in nonagricultural wage employment has been merely 10%. This was reached at a level of 13% in 2006, and further to a level of 22%, by the end of 2011 which indicates an increase of half percentage point per annum. Based on this performance, a score of 3 has been assigned to this indicator for the period of 1990-2010-11.

During the past two decades, Pakistan's performance remained moderate in providing health facilities to its population. In 1990, a sharp decline was evident under than five mortality; from a level of 124 per1000 in 1990 to 87 per 1000 persons in 2010. On the other hand infant mortality rate per 1000 births also declined from a level of 96 in 1990 to 70 in 2010. Since the quality of drinking water has not improved to satisfactory levels which lead to diseases like diarrhea in infants,

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<sup>14</sup>Adult female literacy in Baluchistan is less than 2%.

therefore, the decline in under five mortality rate has been recorded sharper compared to the infant mortality decline during the period of 1990-2010. Moreover, Pakistan has not made significant progress in this regard; in reducing malnutrition and under nutrition. In the late 1990s, the percentage of children who were underweight was 40%, which slightly fall to a level of 38%. Due to this poor performance, a score of 3 has been assigned to this indicator.

Pakistan's performance on largely educational indicators has recorded healthier than the other social indicators. In 1991, its net primary enrollment was 45%, whereas, this increased to a level of 80% in 2010. On the other hand the net secondary enrollment ratio recorded 50% in 1991 and it rose to a level of 87% in 2010. Based upon this rise in enrollment ratio, a score of 5 has been assigned to this indicator for a period of 1990-2010.

In 1991, 85% population of Pakistan had access to an improved water source. Rural population with 81% and 95% urban population enjoyed such access. But still the water was not free from creating health problems. It is still not considered safe for drinking. However, by 2010 this percentage has risen only modestly, reaching 92% by 2010. While the access of rural population has risen to 89% and 96% for urban population facilitated with this service. On the other hand, in 1990, 27% of total population of Pakistan has access to sanitation facilities. It has risen to 48% in 2010. Moreover, the rural population access to ample sanitation facilities has better from a 7% in 1990 to 34% in 2010. Whereas, access to adequate sanitation for urban population, has risen meagerly from 72% in 1990 to 74% in 2010. The performance of the country in expanding the access to sanitation facilities has not been recorded as pleasing. Therefore, a score of 3 has been assigned to this indicator for the period of 1970-2010.

As far as the social protection variables are concerned, to track the progress in this dimension, Asian Development Bank has constructed an index for social protection for 31 countries basing on data in the 2000's. The score ranged 0 to 1; assigned basing upon the performance of each indicator in providing social protection to the population. Pakistan scored 0.07 on this composite index. This Score lied on the bottom, compared to other Asian countries. Pakistan ranked 30<sup>th</sup> out of 31 countries sample for which the index has been constructed. Basing upon this, the value of 0.5 has been assigned to the social protection dimension.

The scores which have been calculated for the period of 1970-1990 and 1990-2012 indicate unsatisfactory progress in attaining inclusive growth in Pakistan. It is very obvious that in the period

of 1970-1990 except poverty not even a single indicator has performed significantly well. Whereas, during 1990-2012 education as well as sanitation facilities are improved and the performance has been considered as respectable for the both indicator that highlights that attention has been devised towards building human capital and equipping them with education and basic amenities of life.

Table 6.3 sums up the analysis while giving insights for the period 1970-2012 on the entire Pakistan. Pakistan is a developing country, it experienced erratic pattern of GDP growth and growth of per capita income<sup>14</sup>; overall performance of Pakistan's economy has been gauged well in detail as indicated in this study. The average growth rate of GDP per capita in 1970's, 1990's and 2000's decades has reflected the meager economic growth in these decades. Whereas, the average growth rate of GDP per capita in 1980's has a reflection of respectable economic growth. Based upon the anemic performance of average per capita income growth of around 2.5% from 1970-2010, a score of 3 has been assigned to this indicator for this period. During the past four decades, Pakistan's economy has been undergone several changes including structural change. The share of agriculture value added in GDP has been declined from 37% in 1970 to 21% in 2010-11. On the other hand, the share of industry and manufacturing in GDP accounted 22% and 16% respectively in 1990. It rose to a level of 25% and 17% in 2010-11, respectively. However, the average share of manufacturing sector, for low income countries is 13.9%. Pakistan's manufacturing sector has been recorded this share slightly higher than that of low income countries. On the other hand, there has been a noteworthy rise, in the share of services sector in GDP which was 41% in 1970 and rose to 53% in 2010-11. In Pakistan's case, the services sector contribution is significant. The phenomenon differs from countries where although services sector remained the largest contributor to value added, besides industry and manufacturing sector has outpaced the growth in agriculture in other countries unlike Pakistan.

The employment in agriculture sector has declined from 57% in 1970 to 45% in 2005. Afterwards there was a rise in it; from a level of 45% in 2005 to 50% in 2010. Furthermore, employment in industry has also been shrinking from 20% in 2007 to 19% in 2010, which portrays a poor performance. On the other hand, the employment in services sector has been good; a level of 23% in 1970 which increased to 36% in 2005. The data exhibited the trend that in recent years, level of employment has gained declining momentum and the people have diverted their attention to get them associated with agriculture sector. This trend has not depicted the worldwide scenario. Employment has been shifted towards industry and manufacturing sector, which did not happen in Pakistan. This is obvious from the pattern that Pakistan's efforts in enhancing productive

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<sup>15</sup>See appendix... tables 1970-2010 performance.

employment opportunities have been inadequate during 1970-2010. Therefore a score of 3 has been assigned to this indicator.

The economic infrastructure has been expanded over the period of 1970-2010. The access to telephone and mobile phone remained indecent from 1970-1999, however, after 2000, it has been accelerated from a level of 8 per 100 people in 1990 to 55 per 100 people in 2005. It reached to a level of 59 in 2010. On the other hand, the number of consumers of electricity improved well from 1.7 million in 1970 to 308 million in 2000 and 325 million in 2010. Furthermore, the road density has also been accelerated from 37 Sq. Km of geographical area to 308 Sq Km of geographical area. It has been recorded 327 by the end of 2010. During 1970-2010, the progress of Pakistan in laid down a base for acceleration of economy has been noteworthy. Therefore, a score of 5 has been assigned to this indicator for the period of 1970-2010.

In the decade of 1980's and during the 2000-06, there was a sharp decline in the incidence of poverty in the country. Whereas, in the decade of 1970's and 1990's poverty has been recorded on the verge of increase. On the other hand, there was a decline in the incidence of poverty from a level of 47% in 1970 to 24% in 2006. Besides, according to Pakistan Economic survey (2003-04), almost 50 million people or 7.5 million households fall below the poverty line. Due to non availability of data on headcount ratio from 2007 onwards and subsequent years exact situation of poverty has not been analyzed. It has been reported that, presently, poverty is over 40%. The economic growth also showed decline in this period. Hence, it would not be wrong to presume that the performance of Pakistan in alleviating poverty from the country has not been up to the mark. So a score of 3 has been assigned to this indicator for the period of 1970-2010.

The above cited analysis revealed the fact that income inequality has not been curbed during the period of 1970-2010. A similar picture has evident for income distribution. The decade of 1970's witnessed rise in income inequality. On the other hand the scenario remained different for the decade of 1980's. Gini coefficient again increased to 0.4 in 1980 and it slightly declined to 0.39 in 1990. Afterwards, once again the scenario has been deteriorated as the Gini coefficient remained to a level of 0.4 in 1990's. On the other hand Gini coefficient declined from 0.4 in 2002 to 0.3 in 2006 due to changes in per capita income growth and remittances etc., which have been highlighted in table 6.2. It appears that it has again increased, overall during the period of 1970-2010. Pakistan has not gained satisfactory progress in curbing the issue of income inequality. Therefore, a score of 2 has been assigned to this indicator for 1970-2010.

To observe whether Pakistan has made any progress in providing better facilities to females, education, health and employment has been analyzed. For this purpose ratio of literate females to literate males (15-24 years), ratio of female to male in primary and secondary education, births attended by skilled health staff (%), maternal mortality rate and last but not the least the share of wage employment in nonagricultural sector has been examined. The ratio of literate females to literate males (age 15-24) increased from a level of 54% in 1980 to 64% in 2000. It further increased to 75% in 2009. On the other hand, the ratio of girls to boys in secondary education rose from 27% in 1970 to 42 in 1990. Further, it reached to 79% in 2009. Similarly, improvement in the ratio of girls to boys in primary education, were observed. It rose from 38% in 1970 to 68% in 2000. By 2010, it has been recorded as 84% and was perceived as satisfactory progress.

In the health sector, not much progress was made during 1970-2011. The proportions of births attended by skilled health staff have improved from a level of 12% in 1975 to 19% in 1990. It hardly reached to 23% in 2000. The pace of hastening in upcoming years, have been dismal. This proportion reached to 42% in 2010. Even in the twenty first century, merely 42% births in Pakistan have been attended by skilled health staff. Moreover, the maternal mortality rate (modeled estimated per 100,000 live births) decline from a level of 490 in 1990 to 260 in 2008.

During 1970-2010, there has not been observed a noteworthy change in the employment front for females. In 1975 merely 6% of females were employed for wages, in nonagricultural sector. It increased to 10% in 1990. Furthermore, the percentage recorded for 2005 was 13% and it remained static till 2009. On advancing gender equity, the progress of Pakistan remained quite low during the past 35 years. Depending upon such dismal change in gender equity, a score of 2 has been assigned for this indicator.

As far as the health sector is concerned, there was a significant improvement in health facilities provided to the population in Pakistan. The less than five mortality rate has decelerated from a level of 180 in 1970 to 108 in 2000. It has been recorded 87 by the end of 2011. On the other hand the decline in infant mortality rate has also been significant, as it has been recorded 138 in 1970 and decelerated to a level of 84 in 2000. By now, it has been further gone down to 71 in 2011. Apart from it, Pakistan remained unsuccessful in bringing reduction in underweight children; age under five. Besides, 47 kids remained mal-nutrient in 1970 and by 2000 this value decreased to 38;

therefore, it remained static till 2010. Since infant mortality rate has been improved, therefore, a score of 4 has been assigned to this indicator for a period of 1970-2010.

Over a period of 40 years, Pakistan has performed fairly well in enhancing the education. The data exacerbated significant improvement in net primary enrollment ratio; from a level of 36% in 1970 to 80% in 2010. Moreover, net secondary enrollment ratio has also performed well; as net secondary enrollment ratio increased from 35% in 1970 to 87% in 2010. Based upon this significant improvement, a score of 5 has been assigned to this indicator for the period of 1970-2010.

The performance of Pakistan has been noteworthy in providing access to potable water sources to its population. By 2010, 92% population has access to potable water, compared to 25% in 1975. This significant improvement has not only contributed in reducing infant mortality rather affected positively on health of the people. Water borne diseases also declined with the improvement in drinking water. Moreover, the access to improved water facilities for rural population has been accounted 89% in 2010, compared to a level of 27% in 1987. And 96% urban population, in 2010, has benefited from this facility, compared to a level of 83% in 1987. On the other hand, access to sanitation facilities has not shown impressive progress during the same period. Since data has not been available on this very indicator in the decade of 1970's. However, in the 1980's, 14% population has access to better facilities and it rose to a level of 48% in 2010. Similarly, improvement in access to sanitation facilities for urban population increased from a level of 72% of population in 2010; compared to 51% in 1987. In rural areas 34% population has this facility which was only for 6% population in 1987.

As far as the social protection is concerned, the criteria to track the progress, has been constructed by Asian Development Bank (ADB). An index for social protection for 31 countries was developed by ADB. The scores ranged 0 to 1 were assigned based upon the performance of each indicator; in providing social protection to the population<sup>15</sup>. Pakistan scored 0.07 on this composite index. This score was at the bottom, as Pakistan ranked 30<sup>th</sup> out of 31 countries sample; for which the index was constructed. Based upon it, the value of 0.5 has been assigned to the social protection dimension for Pakistan. Table 4 provides a comprehensivedepiction of the performance of these indicators which will lead us to decide whether Pakistan has experienced inclusive growth or not. Table 4 shows that

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<sup>16.</sup> *Total Expenditure on all social protection Programs as a ratio to GDP, The Number of Beneficiaries of social Protection Program, The Number of Social protection Beneficiaries who are poor as a ratio to the total poor Population; Average Social protection expenditure for each poor person as a ratio to the poverty line.*

the variables which are of vital importance, in the context of inclusive growth didn't perform well, during 1970-2012. It includes growth, poverty, income inequality, employment and social protection. On the other hand, variables such as economic infrastructure, health and nutrition, education and water and sanitation's performance remained satisfactory; as per criteria developed by

**Table 4: Inclusive Growth Index  
(1970-2012)**

Category	Score	Weight	Total
Growth	3	0.25	0.62
Employment	3	0.15	0.30
Econ. infrastructure	5	0.10	0.30
Poverty	3	0.10	0.35
Inequality	3	0.10	0.20
Gender Equity	2	0.05	0.12
Health/Nutrition	4	0.05	0.13
Education	5	0.05	0.14
Sanitation/Water	4	0.05	0.15
Social Protection <sup>16</sup>	1	0.10	0.30
Total	-	1	2.70

Source: *Calculated by authors*

ADB. It implies that there is an immense need to bring improvement in the pace of growth and development in Pakistan.

Furthermore, the analysis of democratic period as well as dictators' period has been carried out; by applying inclusive growth definition. In order to highlight whether, Pakistan has performed significantly well in the context of inclusive growth in the periods of dictators' or democrats, table 5 has been constructed.

Table 5 below indicated that Pakistan has not presented well in affording its population with adequate facilities like productive employment, health, education, water and sanitation. Neither it has achieved the targets of alleviating massive level of poverty from the region nor brought any momentous upgrading in reducing inequality. In other words, the performance of providing social services for poor and deprived segment not having basic amenities of life lingered a stigma for Pakistan. For democratic regime the cumulative score of 2.9 showed that policies remained abortive to attain inclusive growth in the country during their tenure. Furthermore, frequently alteration in the

<sup>17</sup>. *Calculated value for Pakistan.*

governments further provoked the situation as political instability has played adverse role while upsetting the growth and other economic and social indicators in the country. The democrats have raised the slogan to empower the deprived society remained vain.

### **Dictatorship Regime: 1977-88 & 1999-07**

In the dictator’s regime, the main policies remained biased towards facilitating the industrial class therefore, during military rule too, Pakistan was not able to experience inclusive growth in the country.

**Table 5: Inclusive Growth Index (Democratic regimes)**  
(1970-77) & (1989-99) & (2008-12)

<b>Category</b>	<b>Scores</b>	<b>Weights</b>	<b>Total</b>
Growth	2	0.25	0.50
Employment	3	0.15	0.45
Econ. Infrastructure	5	0.10	0.50
Poverty	4	0.10	0.40
Income Inequality	2	0.10	0.20
Gender Equity	3	0.05	0.15
Health/Nutrition	4	0.05	0.20
Education	5	0.05	0.25
Sanitation/Water	3	0.05	0.15
Social protection	1	0.10	0.1
<b>Total</b>	<b>-</b>	<b>1</b>	<b>2.90</b>

Source: *Calculated by the authors*

Although, the dictatorship regimes have performed considerably better in improving the economic infrastructure of the economy, however, social indicators were not pragmatically making significant progress during these regimes. However, during these regimes improvement in promoting human capital’s capabilities was not very satisfactory. Therefore, evolution remained meager in bringing

**Table 6: Inclusive Growth Index (Dictatorship Regime)**  
(1977-88) & (1999-07)

<b>Category</b>	<b>Scores</b>	<b>Weights</b>	<b>Total</b>
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Growth	3	0.25	0.75
Employment	2	0.15	0.30
Economic Infrastructure	4	0.10	0.40
Poverty	2	0.10	0.20
Income Inequality	3	0.10	0.30
Gender Equity	3	0.05	0.15
Health/Nutrition	3	0.05	0.15
Education	3	0.05	0.15
Sanitation/Water	3	0.05	0.15
Social Protection	1	0.10	0.1
<b>Total</b>	<b>-</b>	<b>1</b>	<b>2.65</b>

Improvement in education, health and other sectors which could actually contributed in raising the momentum of growth in the economy of Pakistan. The overall score for this regime were 2.65, even poor, as compared to democratic regime (table 6). Only total scores of 2.65 were earned for this period.

## V. Conclusion and Policy Implications

The main focus of this paper was to analyze the spread of inclusive growth in Pakistan. For this purpose, empirical data was utilized from 1970 to 2011. To draw empirical evidences, different indexes were developed, following the methodology adopted by the Asian Development Bank. Empirical resultssupportedby indexes provide the following empirical evidences in this regards.

The ultimate goal of welfare economics is thewelfare of human creatures. Therefore, the focusof economists was shifted towards economic development, rather economic growth. Overtime, thisdirection was further improved to the provision of basic needs, social action programs and curtailing poverty. In all above, the very elementaryfoundations to achieve these ends were gone astray.Consequently, economic development, as well as, other approaches emerged to a new concept of inclusive growth. Recently, it was painstaking that growth needs to be pro-poor and curtailing poverty which will eventually lead to theenrichment in welfare of human beings. In other lexis, masses must be heard and involved in decision making. This will make certain, equitable advances in the customary

living style of proletariat class. In squat, the literature emerged to hub on linkages of poverty, income inequality, human capabilities, spread of economic and physical infrastructure etc., which escorts to inclusive growth.

This development in the literature was empirically weathered for Pakistan. Unlike before in Pakistan, the study analyzed empirical evidences based upon weighting scores for index of inclusive growth for the period of 1970-90. In this regard different relevant variables pertaining to inclusive economic growth were compiled. The performance of these variables like employment generation, development of infrastructure, poverty reduction, income inequality gender equity, health and nutrition, education, sanitation and provision of potable water and social protection indicated very poor performance hardly any significant progress was made towards achieving inclusive growth. The period of 1970-90, was also such that Pakistan experienced poor economic performance<sup>17</sup>.

In the era of 1990-2011, the performance towards achievement of inclusive growth was even poor, as compared to previous regime. During this period overall 2.3 points (index) were achieved, out of ten, for the same variables as considered for previous regime. The performance based upon inclusive growth index for the entire period under consideration (1970-2012), was evident as 3.15 points (in terms of inclusive growth, out of 10 points), which indicated poor performance towards achieving inclusive growth.

The triumphs of inclusive growth index scores were 2.9 (out of score 10) for democratic regimes and the same scores were 2.65 (out of 10) for dictatorship regimes. From these evidences, it may be concluded that performance towards inclusive growth was poor in both regimes i.e. democratic regime and dictatorships'. It may be noted that there is a general perception that economic performance was better in dictatorship regimes, as compared to democratic regimes i.e. based upon growth figures. However, this perception is not true while inclusive growth indicators were analyzed for Pakistan. It is a new contribution to literature, which was never pointed out so far, rather the empirical evidences are opposite the general perception of economic performance during dictatorship regimes.

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<sup>18</sup>. Here economic performance must be seen in terms of inclusive growth.

As well as, policy implications are concerned, performance of public policies, in Pakistan failed to make significant achievement towards inclusive growth. No marvel that economic and social indicators of welfare for Pakistan remained poor, even after the elapse of over sixty five years planning and development in Pakistan. It is a matter of great concern for policy makers and rulers. Thus, there is a need to re-evaluate economic performance of planning and growth in Pakistan. It also indirectly implies that performance of government in terms of good governance also remained poor, since all previous governments were responsible<sup>4</sup> for these outcomes. There is a dire need to redirect and chalk out appropriate policies, healthier than the past, which must be pro-poor and inclined towards achieving inclusive growth, if at all Pakistan has to improve human welfare and achieve inclusive growth in Pakistan.

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## Appendix: I Sources of Data and definitions of Variables

The study will cover the time span from 1970-2011. Data on major indicators have been retrieved either from World Development Indicator and also compiled from Pakistan Economic Survey (various issues). The major variables used are given below

### 1) Indicators for Growth

GDP per capita growth, Agricultural value added, Manufacturing value added, Industrial value added, Services value added.

1.1 Productive Employment in Agriculture (% of labor force. employment in industry (% of labor force):  
Employment in Services (% of labor force.

1.2 Indicators for Poverty and Inequality; Poverty headcount ratio at \$1.25 a day (PPP) (% of population. Gini Coefficient, Rural/Urban Gini Coefficient.

1.3 Indicators for Gender Equity Ratio of girls to boys in primary and secondary education , Literacy rate, youth female (% of females age 15-24, Births attended by skilled health staff (% of total, Share of women employed in the nonagricultural sector (% of total nonagricultural employment.

1. **Infrastructure Development** Telephone lines (per 100 people, Mobile cellular subscriptions (per 100 people, Road density (km of road per 100 sq. km of land area, Rail lines (total route-km): it is narrated as length of railway route.

### IV. Indicators for Human Capabilities

Major indicators of human capabilities are education, health, sanitation and potable water etc. These variables are described below.

**3.1 Education** Net Primary school Enrollment, Net Secondary school Enrollment.

**3.2 Health** Mortality rate, under-5 (per 1,000, Prevalence of wasting (% of children under 5, Maternal mortality ratio).

3.3 Improved water and Sanitation Improved sanitation facilities (% of population with access, Improved sanitation facilities, rural (% of rural population with access, Improved sanitation facilities, urban (% of urban population with access, Improved water source, urban (% of urban population with access.

- IV. **3.3 Social Protection** Public expenditure on social protection program, as a ratio to GDP and share of total public expenditure on poverty reduction programs has been calculated by Asian Development Bank. Therefore, that score will be used to gauge how much efforts Pakistan's Government is putting in order to eradicate extreme poverty from country.

Following Asian Development Bank methodology, scores to various economic indicators has been assigned on following bases.

i) Economic Growth of per capita Income ii) Economic Infrastructure iii) Poverty and Inequality,

iv). Human Capabilities v) Health vi) Education Access to potable water and Sanitation vii) Social Protection