

POVERTY IN PAKISTAN: PROBLEMS, CAUSES AND SOLUTIONS

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Abstract

This study is an attempt to draw attention to the issue of poverty. It has relation to urban areas and rural. However rural areas show higher concentration of poverty. Poverty is an international phenomenon. It is a serious concern in Pakistan. Inadequate access to basic services and financial and other resources, disempowered communities, particularly the exclusion of women from the public sphere and the development process of low social capital, ethnic and religious strife, and spate of natural calamities in the recent years, have all contributed towards the persistence of poverty in Pakistan. This paper covers: the problems of poverty, the causes of poverty, and solutions to poverty in Pakistan. Poverty is hunger, lack of shelter, sick and not being able to see a doctor, not having access to school and not knowing how to read. It is not having a job, fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom. The paper explained in details the various forms of poverty and causes. The efforts to reduce the incidence of poverty in the public sector are also mentioned in the study.

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INTRODUCTION

The Meaning:

The English word "poverty" came from the Latin pauper = "poor", via Anglo-Norman overt. There are several definitions of poverty depending on the context of the situation in which it is placed in and the views of the person giving the definition.^{1&2}

Poverty is the state of one who lacks a certain amount of material possessions or money.^{3&4}

Definitions of Poverty:

According to United Nations fundamentally, poverty is a denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or clinic to go to; not having the land on which to grow one's food or a job to earn one's living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living in marginal or fragile environments, without access to clean water or sanitation⁵.

According to World Bank poverty is pronounced deprivation in well-being, and comprises many dimensions. It includes low incomes and the inability to acquire the basic goods and services necessary for survival with dignity. Poverty also encompasses low levels of health and education, poor access to clean water and sanitation, inadequate physical security, lack of voice, and insufficient capacity and opportunity to better one's life.⁶

MATERIAL AND METHODS

The study is based on sociological literature, books, articles published in journals all over the world. The literature and research published on the net, on the Utube, Wikipedia, the encyclopedias. The research publications and Journals of the Center of Excellence for the Women Studies of the University of Karachi are also studied as a background for this research paper. Different surveys carried out by the economic division of the ministry of economic of the government of Pakistan, the World Bank the Asian Development Bank, the United Nations Development Program, the World Health Organization, the Food and Agricultural Organization and others. The study used the official poverty line of the World Bank for the assessment of the poverty in Pakistan.

¹ Emery H.G. et al. The New Century Dictionary. New York: D. Appleton Century Company, 1946, p.1370

² Wikipedia-Dictionary.com www.goggle.pk. (Assessed on June 05, 2012.

³ Wikipedia, the free encyclopedia, World Bank, (worldbank.org), 2011.

⁴ United Nations Organization. Indicators of Poverty and Hunger. Geneva: United Nations Organizations, 2011.

⁵ Husain, K. Poverty Alleviation in Pakistan. Lahore: Vanguard, 1994.

⁶ Zehra, Sand Kiran, A. et al. poverty in Pakistan, 2005 www.google.com.pk (assessed on July 1, 2012)

This paper covers: the problems of poverty, the causes of poverty, and solutions to poverty in Pakistan.

Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not having access to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom⁷.

1. THE PROBLEMS OF POVERTY

(1). Poverty and its Scope

Poverty is the lack of basic human needs, such as clean water, nutrition, health care, education, clothing and shelter, because of the inability to afford them. Poverty in Pakistan is a growing concern, as it is a developing country. Although the middle-class has grown in Pakistan to 35 million, nearly one-quarter of the population is classified poor as of October 2006. As of 2008, 17.2% of the total population lives below the poverty line, which is the lowest figure in the history of Pakistan⁸.

The supply of basic needs can be restricted by constraints on government services such as corruption, debt and loan conditionalities and by the brain drain of health care and educational professionals. Strategies of increasing income to make basic needs more affordable typically include welfare, economic freedom, and providing financial services. Today, poverty reduction is a major goal and issue for many international organizations such as the United Nations and the World Bank⁹.

Poverty is a denial of human rights and that the women are at the receiving end in homes. Women are viewed in terms of relationships and not in terms of their individual identities, while the situation is worse in the traditional societies.^{10,11}

Poverty in Pakistan is a growing concern. Poverty is widespread in Pakistan and is particularly predominant in rural areas. Poverty is the lack of basic human needs, such as clean water, nutrition, health care, education, clothing and shelter, because of the powerlessness to afford them. Poverty is a curse¹².

The biggest goal and challenge facing Pakistan is how to meet the millennium development goal of bringing down the incidence of poverty from the current level of 33% to 18 % by 2015¹³.

⁷ World Bank, Poverty and Inequality Analysis, World Bank, 2011, www.worldbank.org.

⁸ Jehangir, Q. Feminism of Poverty on the Rise in Pakistan. Islamabad: Institute of Strategic Studies Islamabad (ISSI), 2012.

⁹ Abdullah, T. Feminism of Poverty on the Rise in Pakistan. Islamabad: Institute of Strategic Studies Islamabad (ISSI), 2012.

¹⁰ Tariq, A. Poverty in Pakistan. <http://daily.lahorepost.com/blog> posted by Sana, 2011, p.194

¹¹ Husain, I. Poverty Reduction Strategy of Pakistan. Washington: George Washington University, 2007.

¹² Ali, K. Pakistan, the Political Economy of Rural Development. Lahore: Vanguard, 1986.

¹³ Denny, A. et al. Defining Situational vs. Generational Poverty. The Columbia Daily April 22, 2012.

(2). Forms of Poverty

Extreme Poverty:

Extreme poverty is also called penury. Absolute poverty or destitution refers to the one who lacks basic human needs, which commonly includes clean and fresh water, nutrition, health care, education, clothing and shelter. About 1.7 billion people are estimated to live in absolute poverty today¹⁴.

Situational Poverty:

There is a uniform way for someone to fall in to poverty and different situation call for different methods to lift up someone out. A household plunge into situational poverty as the result of sudden circumstances. The bread winner of the family may lie off from a job or a family member may require a medical treatment¹⁵.

Generational Poverty:

People are subjected to culture and traditions of previous generations, which often can include a lack of value in the benefits of education. Often time poor parenting can lead to poor parenting. Helping to lift a child out of generational poverty, requires a creation of a positive peer culture that includes positive influence that can emphasize the value of success in education. But that cannot happen until more people branch out side of their own circle of influence¹⁶.

Poverty Cycle:

The cycle of poverty has been defined as a phenomenon where poor families become trapped in poverty for at least three generations¹⁷. This would mean that the poor throughout their lives¹⁸ and¹⁹. This cycle has been referred as a pattern of behavior and situations which cannot easily be changed. The poverty cycle is also called “development trap” when it is applied to countries²⁰.

Absolute Poverty:

Absolute poverty is usually measured as either absolute or relative poverty (the latter being actually an index of income inequality). Absolute poverty refers to a set standard which is consistent over time and between countries. The World Bank defines extreme poverty as living on less than US\$1.25 (PPP) per day, and moderate poverty as less than

¹⁴ Jackson, J. et al. Defining Situational vs. Generational Poverty. The Columbia Daily April 22, 2012.

¹⁵ Revanchist. Hutchinson Encyclopedia, Cycle of Poverty, see Generational Poverty on twitter. @add_vodka, Feb.21, 2011.

¹⁶ Merger, Social Inequality: Patterns and Processes. 4th edition, Examples of these advantages working in a circular process would be economic decline, low personal income, no funds for school, which leads to lack of education.

¹⁷ The lack of education results in unemployment and lastly low national productivity.” New York: McGraw Hill publishing, 2008, ISBN 0-07-352815-3

¹⁸ Valentine, C.A. Culture and Poverty. London: University of Chicago, 1968.

¹⁹ Pine, R. A. Framework for Understanding Poverty. Highland, TX: aha Process, Inc.2005.

²⁰ World Bank. Understanding Poverty. World Bank. 2007. www.worldbank.org.

\$2 or \$5 a day (but note that a person or family with access to subsistence resources, e.g. subsistence farmers, may have a low cash income without a correspondingly low standard of living – they are not living "on" their cash income but using it as a top up). It estimates that "in 2001, 1.1 billion people had consumption levels below \$1 a day and 2.7 billion lived on less than \$2 a day."^{21,22} Rather, it is determined by the purchasing power parity, which would look at how much local currency is needed to buy the same things that a dollar could buy in the United States²³. Usually, this would translate to less local currency than the exchange rate in poorer countries as the United States is a more expensive country²⁴.

World Bank data shows that the percentage of the population living in households with consumption or income per person below the poverty line has decreased in each region of the world since 1990²⁵.

Examples of these advantages working in a circular process would be economic decline, low personal income, no funds for school, which leads to lack of education. The lack of education facility, low national productivity.

Region	1990	2002	2004
East Asia and Pacific	15.40%	12.33%	9.07%
Europe and Central Asia	3.60%	1.28%	0.95%
Latin America and the Caribbean	9.62%	9.08%	8.64%
Middle East and North Africa	2.08%	21.69%	1.47%
South Asia	35.04%	33.44%	30.84%
Sub-Saharan Africa	46.07%	42.63%	41.09 %

There are various criticisms of these measurements. A clear trend decline in the percentage of people who are absolutely poor is evident with uneven progress across regions. The developing world outside China and India has seen little or no sustained living on less than the equivalent of \$1 a day will fall by half, to about 550 million²⁶.

Poverty is an international phenomenon. Some recent global estimates on poverty (based on dollar a day) suggest around 1.2 billion people live in poverty and more than 850

²¹ Devichand, M. When a Dollar Means 25 Cents. BBC News.com. 2007.

²² Ibid.

²³ Ibid.

²⁴ World Bank, Understanding Poverty. World Bank, 2007. www.worldbank.org.

²⁵ Ibid.

²⁶ Food and Agricultural Organization. The State of Foods and Agriculture: Agriculture Trade and Poverty. Geneva: FAO Agricultural Series 36, Food and Agricultural Organization of the United Nations, 2005.

million does not have enough access to sufficient food for an active and healthy life most of them live on a dollar a day 1.089 billion live in developing countries and 0.431 billion in South Asia the region to which Pakistan is a part off.^{27,28}

Relative Poverty:

Relative poverty is the condition of having fewer resources or less income than others within a society or country, or compared to worldwide averages.²⁹ Relative poverty refers to lacking a usual or socially acceptable level of resources or income as compared with others within a society or country³⁰. For most of history poverty had been mostly accepted as inevitable as traditional modes of production were insufficient to give an entire population a comfortable standard of living.^{31,32}

After the industrial revolution, mass production in factories made wealth increasingly more inexpensive and accessible. Of more importance is the modernization of agriculture, such as fertilizers, in order to provide enough yields to feed the population³³.

Relative poverty views poverty as socially defined and dependent on social context, hence relative poverty is a measure of income inequality. Usually, relative poverty is measured as the percentage of population with income less than some fixed proportion of median income. Relative poverty measures are used as official poverty rates in several developed countries. As such these poverty statistics measure inequality rather than material deprivation or hardship³⁴.

Ultra Poverty:

Ultra poverty, a term apparently coined by Michael Lipton, connotes being amongst poorest of the poor in low-income countries. Lipton defined ultra-poverty as receiving less than 80 percent of minimum caloric intake whilst spending more than 80% of income on food. Alternatively a 2007 report issued by International Food Policy Research Institute defined ultra-poverty as living on less than 54 cents per day.

Economic Aspects of Poverty:

²⁷ Jan, D. et al. Absolute Poverty: Where is the Poor Concentrated? Sarah Journal of Agriculture vol. 25(2): 321-327, Peshawar: Department of Agricultural Economics, Agricultural University of KPK, and Department of Agribusiness Economics, SIUC Illinois, USA, 2009.

²⁸ Tariq, A. Poverty in Pakistan. <http://daily Lahore post .com/blog> posted by Sana, 2011, p.194

²⁹ ABCDE Poverty Sociology. Poverty Sociology, www.Britanica.com. 2010.

³⁰ Krugman, P. Macro Economics. New York: Worth. And Poverty Sociology, 2009.

³¹ ABCDE Poverty Sociology. Poverty Sociology, www.Britanica.com. 2010.

³² The New York Times, Obama enlists major powers to aid poor farmers with \$ 15 billion, the New York Times, 27/5/ 2011.

³³ Michael Blast Land, Just what are Poor? BBC News: London, 2009.

³⁴ Chakra, M.U. Islam and the Economic Challenge. Karachi: Al-Makhzan, 1992.

Economic aspects of poverty focus on material needs, typically including the necessities of daily living, such as food, clothing, shelter, or safe drinking water. Poverty in this sense may be understood as a condition in which a person or community is lacking in the basic needs for a minimum standard of well-being and life, particularly as a result of a persistent lack of income³⁵.

Social Aspects of Poverty:

Analysis of social aspects of poverty links conditions of scarcity to aspects of the distribution of resources and power in a society and recognizes that poverty may be a function of the diminished "capability" of people to live the kinds of lives they value. The social aspects of poverty may include lack of access to information, education, health care, or political power. Poverty may also be understood as an aspect of unequal social status and inequitable social relationships, experienced as social exclusion, dependency, and diminished capacity to participate, or to develop meaningful connections with other people in society³⁶.

The World Bank's "Voices of the Poor," based on research with over 20,000 poor people in 23 countries, identifies a range of factors which poor people identify as part of poverty³⁷.

David Moore, in his book *The World Bank*, argues that some analysis of poverty reflect pejorative, sometimes racial, stereotypes of impoverished people as powerless victims and passive recipients of aid programs. The effects of poverty may also be causes, as listed above, thus creating a "poverty cycle" operating across multiple levels, individual, local, national and global.

According to the World Health Organization, hunger and malnutrition are the single gravest threats to the world's public health and malnutrition is by far the biggest contributor to child mortality, present in half of all cases³⁸.

(3) Poverty in Pakistan

It is difficult to quantify. In 2006, the methodology used by the Pakistani government to estimate those living in poverty was challenged by the [World Bank](#) and the [United Nations Development Programme](#) (UNDP). At that time, the government estimate was that 23.9 per cent of the population lived below the [poverty line](#) but the independent organizations assessed the figure in the range of 25.7 - 28.3 per cent. Those independent bodies supported estimates of a considerable fall in the statistic by the 2007-08 [fiscal years](#), when it was estimated that 17.2% of the total population lived below the poverty line. The declining trend in poverty as seen in the country during the 1970s and 1980s was reversed in the 1990s by poor federal policies and rampant corruption. This

³⁵ McMichael, P. *Development and Social Change: A Global Perspective*. Los Angeles: Pene Forge, 2008.

³⁶ World Bank, *the World Bank's "Voices of the Poor"*, Washington: World Bank, 2005.

³⁷ World Health Organization, *Hunger and Malnutrition: The World Report*. Geneva: World Health Organization, 2008.

³⁸ Bane, N. et al. *International Monetary Fund Conditionalities and Feminization of Poverty*. *Pakistan Journal of Gender Studies*, vol.4, Karachi: University of Karachi. 2010.

phenomenon has been referred to as the "poverty bomb". In 2001, the government was assisted by the [International Monetary Fund](#) (IMF) in preparing the Interim Poverty Reduction Strategy Paper that suggests guidelines to reduce poverty in the country. The women situation was assessed³⁹ and found that it was deteriorated due to conditional ties of the International Monetary Fund.

Pakistan fares better than India and Bangladesh on most poverty markers such as the United Nations Measuring Poverty (UN MPI) index and its poverty rate is below those nations. As of 2009, Pakistan's [Human Development Index](#) (HDI) is 0.572, higher than that of nearby Bangladesh's 0.543, which a part of the country itself was formerly. Pakistan's Human Development Index still stands lower than that of neighboring India's at 0.612.

According to the Human Development Index, 60.3% of Pakistan's population lives on under \$2 a day, compared to 75.6% in nearby India and 81.3% in nearby Bangladesh, and some 22.6% live under \$1 a day, compared to 41.6% in India and 49.6% in Bangladesh.

[Wealth distribution](#) in Pakistan is highly uneven, with 10% of the population earning 27.6% of income. According to the [United Nations Human Development Report](#), Pakistan's human development indicators, especially those for [women](#), fall significantly below those of countries with comparable levels of per-capita income. Pakistan also has a higher [infant mortality](#) rate (88 per 1000) than the [South Asian](#) average (83 per 1000).

Poverty Reduction	
Human Development Index HDI	0.504
HDI Rank	145(out of 187countries)
Life Expectancy at Birth (years)	65.4
Mean years of Schooling (years)	4.9
Gross National Income (GNI) per capita (constant 2005 PPP\$)	2,550
Total Population*)	177.1 Million
Population Growth Rate *	2.06 %
Percentage of People living below Poverty Line i.e.Rs.948.7 per adult equitant per month (estimated for year 2006)**	22.3%
Gender Inequality Index	0.537 (115 Rank out of 147 Countries)
Pro-Poor Expenditure as % GDP	6.9%
Source ⁴⁰ *Pakistan Economic Survey 2010-11 ⁴¹ **Pakistan Economic Survey 2007-08	
⁴² For all others: UNDP Human Development Report. Sustainable and Equity: A better Future for All. UNDP – Pakistan 2011.	

³⁹ Govt. of Pakistan. Pakistan Economic Survey, Islamabad: Govt. of Pakistan Economic Division, 2010-11.

⁴⁰ Govt. of Pakistan, Pakistan Economic Survey, Islamabad: Govt. of Pakistan, Economic Division, 2007-08.

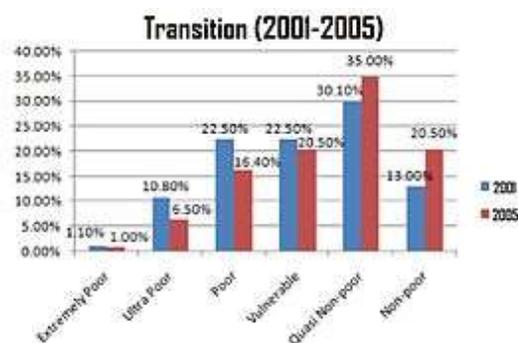
⁴¹ Human Development Report, Sustainability and Equity, a Better Future for All. Islamabad: Human Development Institute, 2011.

⁴² Abdullah, T. Feminism of Poverty on the Rise in Pakistan. Islamabad: Institute of Strategic Studies Islamabad (ISSI), 2011

According to the Government of Pakistan, over 70 percent of rural women work in agriculture and livestock sector and over 75 % urban female labor force works in the informal sector⁴³.

(4). Spatial Distribution of Poverty

At the time of partition and independence in 1947, Pakistan inherited the most backward parts of South Asia with only one university, one Textile Mill and one Jute Factory. The country has made tremendous progress and its per Capita GNP remains the highest in South Asia. During the last decade poverty elimination programs helped many of the poor to participate and rise up. However the Global financial crisis and other factors like the occupation of Afghanistan have impacted Pakistani growth. Poverty in Pakistan has historically been higher in rural areas and lower in the cities. Out of the total 40 million living below the [poverty line](#), 30 million live in rural areas. Poverty rose sharply in the rural areas in the 1990s and the gap in income between urban and rural areas of the country became more significant. This trend has been attributed to a disproportionate impact of economic events in the rural and urban areas. [Punjab](#) also has significant gradients in poverty among the different regions of the province⁴⁴.



The Khyber Pakhtun Khawa (North West Frontier) Province of Pakistan was one of the most backward regions of the South Asian Subcontinent. Despite this, tremendous progress has been made in many areas. The KPK now boasts several universities including the Ghulam Ishaq Kahn University of Science and technology. Peshawar a sleep cantonment during British towns is a modern cosmopolitan city. Much more can be done to invest in the social and economic structures. KPK remains steeped in tribal culture; through the biggest Pathan city is Karachi where the Pakhtuns are one of the richest classes of people. The Pakhtun of the region are heavily involved in the transportation, lumber, and furniture and small arts and crafts business. Some deal in

⁴³ United Nations Development Programme, UNDP Reports Pakistan: Poverty Declined 17% under Musharaf. Pakistan Daily (daily.pk), www.goggle.com and Poverty Transition-Pakistan. jpg. <http://en.wikipedia.org/wiki/File>, 2011.

⁴⁴ Asian Development Bank, Annual Report Asian Development Bank. Islamabad: Asian Development Bank, 2011. p.13.

cross border arms and drugs smuggling. This smuggling actively encouraged by the West and by the Pakistan during the soviet Invasion of neighboring Afghanistan is intact and according to Western reports supported the Taliban regime. These and other activities have led to a breakdown of law and order in many parts of the region⁴⁵.

(5). **Poverty and Gender**

In Pakistan, 75% of the population lives below the poverty line and a large majority of this population comprises of females⁴⁶.

The gender discriminatory practices in Pakistani society also shape the distribution of poverty in the country. Traditional gender roles in Pakistan define the woman's place as in the home and not in the workplace, and define the man as the breadwinner. Consequently, the society invests far less in women than men. Women in Pakistan suffer from poverty of opportunities throughout their lives. Female literacy in Pakistan is 43.6% compared to Male literacy at 68.2%, as of 2008. In legislative bodies, women constituted less than 3% of the legislature elected on general seats before 2002. The 1973 Constitution allowed reserved seats for women in both houses of parliament for a period of 20 years, thus ensuring that women would be represented in parliament regardless of whether or not they are elected on general seats. This provision lapsed in 1993, so parliaments elected subsequently did not have reserved seats for women. Reserved seats for women have been restored after the election of 2002. Female labor rates in Pakistan are exceptionally low,⁴⁷.

2. CAUSES OF POVERTY

"Vulnerability" in this case stands for the underlying susceptibility of economically deprived people to fall into poverty as a result of exogenous random shocks. Vulnerable households are generally found to have low expenditure levels. Households are considered vulnerable if they do not have the means to smooth out their expenses in response to changes in income. In general, vulnerability is likely to be high in households clustered around the poverty line. Since coping strategies for vulnerable households depend primarily on their sources of income, exogenous shocks can increase reliance on non-agricultural wages. Such diversification has not occurred in many parts of Pakistan, leading to an increased dependence on credit⁴⁸.

While economic vulnerability is a key factor in the rise of poverty in Pakistan, vulnerability also arises from social powerlessness, political disenfranchisement, and ill-functioning and distortionary institutions, and these also are important causes of the persistence of vulnerability among the poor.

⁴⁵ Abdullah, T. *Feminism of Poverty on the Rise in Pakistan*. Islamabad: Institute of Strategic Studies Islamabad (ISSI), 2011.

⁴⁶ Ahmed, S. *Causes of Poverty in Pakistan*, www.pakoserver.net, 2009.

⁴⁷ Asian Development Bank, *Poverty in Pakistan: Issues, Causes and Institutional Responses*. Asian Development Bank, 2012. http://en.wikipedia.org/wiki/File:Poverty_in_Pakistan (assessed July 31, 2012).

⁴⁸ Rana, A. F. *Causes of Poverty in Pakistan*,. [www. Changepk.com](http://www.Changepk.com). 2009.

Other causes of vulnerability in Pakistan are the everyday harassment by corrupt government officials, as well as their underperformance, exclusion and denial of basic rights to many in Pakistan. Also, lack of adequate health care by the state lead the poor to seek private sources, which are expensive, but still preferable to the possibility of [medical malpractice](#) and being given expired medicines in state run medical facilities. Also, the failure by the state to provide adequate law and order in many parts of the country is a factor in the rise of vulnerability of the poor⁴⁹.

It is difficult to point out all causes of poverty in Pakistan but the major causes of are given below:

(1). Environmental Issues:

Environmental problems in Pakistan, such as erosion, use of agro-chemicals, deforestation etc. contributes to rising poverty in Pakistan. Increasing pollution contributes to increasing risk of toxicity, and poor industrial standards in the country contribute to rising pollution⁵⁰ and⁵¹.

(2). Lack of Adequate Governance:

By the end of the 1990s, the manner in which power is exercised in the management of a country's social and economic resources for development emerged as Pakistan's foremost developmental problem. Corruption and political instabilities such as various separatist movements in [Baluchistan](#) and [Waziristan](#) resulted in reduction of business confidence, deterioration of economic growth, reduced public expenditure, poor delivery of public services, and undermining of the rule of law. The perceived security threat on the border with India has dominated Pakistan's culture and has led to the domination of military in politics, excessive spending on defense at the expense of social sectors, and the erosion of law and order⁵².

Pakistan has been run by military dictatorships for large periods of time, alternating with limited democracy. These rapid changes in governments led to rapid policy changes and reversals and the reduction of transparency and accountability in government. The onset of military regimes has contributed to non-transparency in resource allocation. In particular, the neglect by the Pakistani state of the [Baluchistan](#) and [Khyber Pakhtun Khawa](#) has rendered the region poverty-stricken. Those who do not constitute the political elite are unable to make political leaders and the Government responsive to their needs or accountable to promises. Development priorities are determined not by potential beneficiaries but by the bureaucracy and a political elite which may or may not

⁴⁹ Asian Development Bank, Annual Report Asian Development Bank. Islamabad: Asian Development Bank, 2011. p. 29.

⁵⁰ International Union of the Conservation of Nature, Poverty in the context of Pakistan International Union of the Conservation of Nature. IUCN.org. 2011.

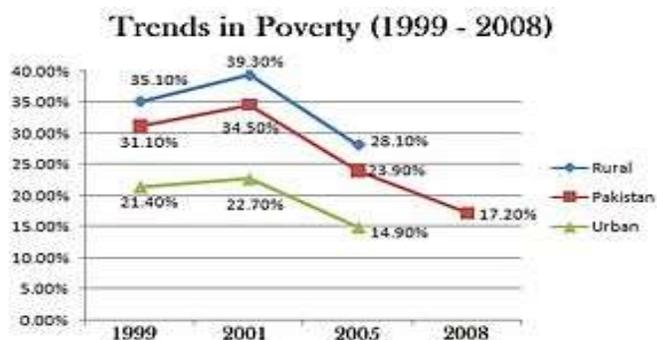
⁵¹ International Union of the Conservation of Nature, Poverty in the context of Pakistan International Union of the Conservation of Nature. IUCN.org. 2011.

⁵² Asian Development Bank. Annual Report Asian Development Bank. Islamabad: Asian Development Bank, 2011. p. 33.

be in touch with the needs of the citizens⁵³. Political instability and macroeconomic imbalances have been reflected in poor creditworthiness ratings, even compared to other countries of similar income levels, with resulting capital flight and lower foreign direct investment inflows. The current government of Pakistan has professed commitments to reforms in this area. In addition, Pakistan's major cities and urban centers are home to an estimated 1.2 million street children. This includes beggars and scavengers who are often very young. The law and order problem worsens their condition as boys and girls are fair game to others who would force them into stealing, scavenging and smuggling to survive. A large proportion consumes readily available solvents to starve off hunger, loneliness and fear. Children are vulnerable to contracting STDs such as HIV/AIDS, as well as other diseases⁵⁴.

(3).Feudalism:

Pakistan is home to a large [feudal](#) landholding system where landholding families hold thousands of acres and does little work on the [agriculture](#) them. They enlist the services of their [serfs](#) to perform the labor of the land.51% of poor tenants owe money to the landlords. The landlords' position of power allows them to exploit the only resource the poor can possibly provide: their own labor⁵⁵.



Source:UNDP,Trends in Poverty,Pakistan Daily:July26,2011.<http://en.wikipedia.org/wiki/file>.

(4) Islamic Militancy:

Poverty and the lack of a modern curriculum have proved destabilizing factors for Pakistani society that have been exploited by militant organizations banned by the government to run schools and produce militant literature. Though many [madras's](#) are benign, there are those that subscribe to the radicalism sect of [Wahabi Islam](#)⁵⁶. As a result, [militant Islamic](#) political parties have become more powerful in Pakistan and have considerable sympathy among the poor. This phenomenon is more pronounced in the [North Western Frontier Province](#).

⁵³ Ibid.

⁵⁴ Ibid.

⁵⁵ United Nations, Population Education and Development. New York: United Nations Publication, 2003.

⁵⁶ Ahmed, K. Islamic Approach to Development Some Policy Implications. Institute of Policy Studies, Islamabad: 1994.

(5). Inequality and Natural Disasters:

The recent [2010 Pakistan floods](#) have accentuated differences between the wealthy and poor in Pakistan. [Abdullah Hussein Haroon](#), Pakistan's diplomat to the [United Nations](#), has alleged that wealthy [feudal warlords](#) and [landowners](#) in Pakistan have been diverting funds and resources away from the poor and into their own private relief efforts. Haroon also alluded to was evidence that landowners had allowed embankments to burst, leading to water flowing away from their land. There are also allegations that local authorities colluded with the warlords to divert funds. The floods have accentuated the sharp divisions in Pakistan between the wealthy and the poor. The wealthy, with better access to transportation and other facilities, have suffered far less than the poor of Pakistan⁵⁷.

(6). Breakdown of the Economy:

Around 95% of Pakistani citizens polled that they have a fear of complete breakdown of the country's economy which could ultimately lead to the break of the country. As compared to China, the rate of increase in poverty and unemployment is very high in Pakistan. Recently, Pakistani media led a thorough coverage of how Pakistan's military was holding a large part of the pie of Pakistan's over all GDP, which has intensified the feeling of limited competition in Pakistani public⁵⁸.

(7). Government Policies:

Government is not well aware of present conditions of country. The policies of government are base on the suggestions of officials which do not have awareness about the problems of a common man. After implementation the policies do not get effective result. After the failure of one policy, government does not consider its failure and announces another policy without studying the aftermaths of last one. Heavy taxes and unemployment crushes the people and they are forced to live below poverty line. The suitable medical facilities are not provided to people and they are forced to get treatment for private clinics which are too costly.

(8). Corruption: Another cause of poverty is corruption. There are two types of corruption. There is not morality and everyone is trying to earn more and more by using fair and unfair means. Officials waste their time has low efficiency. Only one relationship that exists in society is money. One has to pay a heavy cost to get his right. Law and order conditions are out of control and institutions are failed to provide justice to a common man. Justice can be bought by money only. In this whole scenario some corrupt people has been occupying the resources and common man is living in miserable conditions.

(9). Division of Agricultural Land:

⁵⁷ Ahmed, K. *Islamic Approach to Development Some Policy Implications*. Institute of Policy Studies, Islamabad: 1994.

⁵⁸ United Nations Development Programme, *Trends in Poverty 1999-2008: UNDP reports 2011*, Pakistan Daily: July 26, 2011. <http://en.wikipedia.org/wiki/File>.

Pakistan is an agricultural country. Most of people are farmers by profession. One has land which is fulfilling the needs of his family but he has to divide the land into his children when they got young. After division the land is not sufficient to support a family. Now the families of his children are suffering and spending their lives below poverty line.

(10). Materialism:

In our society social bonding are gradually becomes thinner and thinner. A race of material object has been started even no one tried to understand the problems of others. Everyone is gradually changing from human to a bio-man which only knows about his needs and have no concept about the limitations of others. People are not ready to help each other. At last everyone has lost his trust on others which affects our social and economic system and it is another cause of poverty.

(11). Lack of Education:

The literacy rate of Pakistan is very low. Most of people do not have any concept about the modern earning sources. Most people are unable to adopt technology for their business needs, that's why business does not meet international standards and results as decrease in revenue which leads the society to poor financial conditions.

(12). Large Scale Import:

The import of Pakistan is greater than export. Big revenue is consumed in importing good every year, even raw material has to import for industry. If we decrease import and establish own supply chains from our country natural resources the people will have better opportunities to earn.

(12). Social Dishonesty:

Social dishonesty and irresponsible behavior of people is another reason for poverty. Everyone is trying to get rich by using unfair means. A shop keeper is ready to get whole money from the pocket of customer. People doing jobs are not performing their duties well. In society the man considered brave or respectful who do not pay taxes or continuously violate the laws. This irresponsible behavior continuously increases and produces loss for the country. It is one of the reasons for

(13). Impact of Poverty:

Poverty in Pakistan is a growing concern. The literacy rate of Pakistan is very low. Most people are unable to assume expertise for their business needs, that's why business does not meet international standards and results as decrease in proceeds which lead the humanity to poor financial environment. In our society social bonding are slowly but surely becomes thinner and thinner. A chase of material object has been started even no one tried to understand the problems of others. People have lost trust on others which affect our social and economic system and it is another cause of poverty.

3. SOLUTIONS TO POVERTY

Here are some of the reasons and solutions to alleviate poverty in Pakistan:

(a). Reasons:

There are several reasons of poverty in different nations and in Pakistan these expand in different aspects, sources of causes of Poverty in Pakistan. So poverty is a call to action for the poor and the wealthy alike a call to change the world so that many more may have enough to eat, adequate shelter, access to education and health, protection from violence, and a voice in what happens in their communities.

Its economy is facing fluctuations now a day. At the time of independence Pakistan has very low resources and capital, so the processes of progress were very slow. Unfortunately the politicians of Pakistan were all not well aware of modern global system and the progress processes and the needs of country. Due to bad policies today Pakistan is facing a lot of problems. The continuous failure of policies leads the people of country to miserable conditions. The major problem in the country is poverty which is becoming the cause of crime and social disorder.

(b). Solutions:

Every problem in the born comes up with a clarification. Only if we the people of Pakistan are enthusiastic to take measures against poverty we can take ourselves out from these circumstances of distress. Poverty will never end unless there are real solutions to end it; solutions based on economic justice and political changes.

The import of Pakistan is greater than export. Big revenue is consumed in importing good every year, even raw material has to import for industry. If we decrease import and launch own supply chains from our country natural resources the people will have better opportunities to earn. Pakistan is an agricultural country. Most of people are farmers by occupation. One has land which is gratifying the needs of his family but he has to divide the land into his children when they got young. After division the land is not sufficient to support a family. Now the families of his children are suffering and spending their lives below poverty line. Cooperative farming is the solution to this issue and later on real land reforms as in India and Bangladesh.

Poverty Alleviation and Micro financing in Pakistan

During 2002 to 2007, Pakistan's economy grew at an average rate of 7% annually, creating about 2.5m jobs a year. According to Salman Shah⁵⁹, senior economic adviser to former President Musharraf of Pakistan. However, the current economic slowdown has resulted in significant job losses in almost all private sectors of the economy, increasing visible signs of poverty. Credit crunch has taken its toll on all businesses and consumers; there were about 1.8 million beneficiaries of the microfinance institutions during the financial year 2008. They lent more than Rs. 21 billion to the poor people.

⁵⁹ <http://www.riazhuq.com//Pakistan.choice-talibanization-versus.html>. 2009/4

The number of active borrowers of microloans has dropped by 7%, while the gross loan portfolio has fared even worse, declining by 12%⁶⁰.

In response to these declines in small loans, the State Bank of Pakistan has acted to help recapitalize the micro lenders in Pakistan. According to a recent report by Micro capital, Pakistan's central bank has launched three microfinance initiatives: the Microfinance Credit Guarantee Facility, the Institutional Strengthening Fund, and Improving Access to Finance Services Fund. The initiatives are part of \$75 million Financial Inclusion Program (FIP), a joint venture between SPB and the UK Department for International Development. The objective of the three microfinance initiatives is to provide liquidity to the microfinance providers in response to tighter liquidity conditions and a sudden spike in inflation. In 2008, Pakistan's inflation rate reached 20.8 percent, primarily due to rising world fuel and commodity prices. The announced initiatives are in line with the aggressive goals outlined in the Pakistani government's Poverty Reduction Strategy Paper. In the paper, the government has laid out an evidence based policy and set a target of reaching out to three million microfinance borrowers by the end of 2010 and 10 million borrowers by 2015⁶¹.

The second group refers to the specialized Micro Finance Initiative's (MFI's), which includes two microfinance banks-The Khushhali Bank and First Microfinance Bank Limited (FMBL) - and NGOs - KASHF Foundation and ASASAH foundations.

Third category MFIs related to activities of the Rural Support Programs which deals with integrated Rural Development Programs. These organizations are National Rural Support Programs (NRSP), Punjab Rural Support Programs (PRSP) and Sarhad Rural Support Programs (SRSP). The last group consists of private NGOs. These include Orangi Pilot Project, Sungi Foundation, Taraqee Foundation, Development Action for Mobilization and Emancipation (TRDP), Sindh Agricultural & Forestry Workers Coordinating Organization (SAFWCO) and Development Action for Mobilization and Emancipation (DAMEN), among others.

Khushhali Bank (KB) was established in August 2000 as part of the Government of the Islamic Republic of Pakistan's Poverty Reduction Strategy. The Pakistan Microfinance Sector Development Program (MSDP) was developed with the technical assistance and funding of the Asian Development Bank, which provided a US\$150 million loan to the government of Pakistan, US\$70 million being used for micro-loans provided by KB⁶².

Micro financing, along with social entrepreneurship, should be an essential component of non-government efforts in Pakistan and other developing nations to empower ordinary people to become self-reliant by lifting them out of poverty and teaching them the right skills to help themselves. "Give a man a fish and you feed him for a day. Teach

⁶⁰ Husain, I. Poverty Alleviation and Micro Financing in Pakistan, Washington: Micro Watch News Letter 2008 (4).

⁶¹ Husain, I. Poverty Reduction Strategy of Pakistan. George Washington University, USA..address delivered at the seminar on "Challenges Ahead for Pakistan's Economy, held by the Asian Society at the Elliot school of International Affairs. September 27, 2005.

⁶² Husain, I. Poverty Reduction Strategy of Pakistan. George Washington University, USA. 2005.

a man to fish and you feed him for a lifetime.” The efforts at alleviating poverty should be guided by this proverb that captures the essence of self-reliance.

Pakistan Poverty Alleviation Fund

It is social fund that supports NGOs for interventions related to poverty alleviation in the country. The Pakistan Poverty Alleviation Fund (PPAF) represents an innovative model of public private partnership. Incorporated under section 42 of the companies’ act 1984 it follows the regulatory requirements of the Securities and Exchange Commission of Pakistan.

Sponsored by the Government of Pakistan and funded by the World Bank and other leading donors the PPAF has on June 26, 2008 a resource base of US\$ 1,030.17 million (Rs. 61,810.2 million). Specialties Community-based Projects⁶³.

The World Bank funded Pakistan Alleviation Fund Project (PPAF) is designed to reduce poverty and empower the rural and urban poor in the country through the provision of resources and services to the poor especially women. This is being achieved through an integrated approach that includes building institutions of the poor and then providing them with micro-credit loans, grants, for small scale infrastructure projects, training and skill development and social sector interventions. PPAF has also contributed significantly in rebuilding lives, fostering resilience and restoring assets of the poor who have suffered from the earthquake and drought⁶⁴.

Efforts of the UNDP and WB in Pakistan

UNDP and WB and other UN agencies have been supporting the Government of Pakistan in formulating pro-poor and inclusive growth policies which complement international commitments to achieve the Millennium Development Goals (MDGs) by 2015. Within the nationally defined framework and MDGs, UNDP works to promote pro-poor policy planning, monitoring and reporting on the MDGs, and analyze public expenditures through a gender lens.

UNDP works with disenfranchised communities in various regions in the country to reduce poverty through broad based, low cost participatory interventions. Capacity development interventions are conducted for mobilized communities to increase their agricultural and livestock productivity, grow their income generation opportunities, and conserve natural resources⁶⁵.

Public Private Partnerships

The Public Private Partnership (PPP) involves the joint financing, development, operation and maintenance of the government with one or more private sector companies. UNDP, in an effort to support the Government of Pakistan to promote PPPs, has undertaken pilot projects with the private sector. These projects have been

⁶³ Govt. of Pakistan, Pakistan Poverty Alleviation Fund, ministry of Economics, Islamabad 2008.

⁶⁴ Haynes, J. Development Studies. United Kingdom: Polity Press, 2008.

⁶⁵ United Nations Development Program. Poverty Reduction and Millennium Development Goals, New York, 2011.

undertaken in a selected range of economic sectors to provide economic opportunities to the marginalized. UNDP is also aiming to formulate platforms for Public Private Dialogues⁶⁶. These dialogues will emphasize discussion on policy issues impeding the growth of the private sector and address structural issues acting as bottlenecks for businesses⁶⁷.

Benazir Income Support Program (BISP)

Benazir Income Support Program (BISP) was initiated by Government of Pakistan with initial allocation of Rs.34 billion (US \$ 425 million approximately) for the financial year 2008-09. The Program aimed at covering 3.5 million families in the financial year 2008-2009. The allocation for the last fiscal year was Rs. 70 billion to provide cash assistance to 5 million families which constitutes almost 15% of the entire population. Thus the program aims at covering almost 40% of the population below the poverty line allocation for the CFY are 50 Billion. In financial year 2007-08, the sharp rise in oil prices and primary products in the international as well as domestic market resulted in double digit inflation, which almost halved the purchasing power of the people. Hence, there was an urgent need for direct and speedy relief to the underprivileged sections of the society and BISP is the response to the said compulsions. The enrolled families are paid cash assistance of Rs.1000 per month at their doorsteps. A monthly payment of Rs.1000/ per family would enhance the income of a family earning Rs.5000 by 20%. BISP is being implemented in all four provinces (Punjab, Sindh, Baluchistan and Khyber-Pakhtoonkhwa) including Federally Administered Tribal Areas (FATA), Azad Jammu and Kashmir (AJK) and Islamabad Capital Territory (ICT). The BISP⁶⁸ fund Rs.70 billion was budgeted for the year 2012-13 but on August 14, 2012. The Prime Minister Raja Pervez Ashraf declared the fund has been increased to 150 billion. (PTV News August 14 and/The Daily Jung August 15, 2012)⁶⁹.

CONCLUSIONS

In the paper an analytical presentation of a problem, causes and solutions to problems of poverty in Pakistan were presented. In the problems, mentioned were made of: 1. (1) Poverty and its Scope, (2). Forms of Poverty, extreme poverty, absolute poverty, relative poverty, ultra poverty, economic aspect of poverty, social aspect of poverty, (3). Poverty in Pakistan, (4) Spatial distribution of poverty, (5). Poverty and gender. And In the causes, essential features were analyzed. These are: (1) Environmental Issues, (2). Lack of Adequate Governance, (3). Feudalism, (4). Islamic Militancy, (5). Inequality and Natural Disasters, (6). Breakdown of the Economy, (7). Government Policies, (8). Corruption, (9). Division of Agricultural Land, (10). Materialism, (11). Lack of Education, (12). Large Scale Imports. With regard to solutions to poverty in Pakistan attention was drawn to: (1). Pakistan Poverty Alleviation Fund, (2). Efforts of the UNDP

⁶⁶ Yadav, C. P. Poverty and Development. New Delhi: Anmol Publication, 2008.

⁶⁷ United Nations, Escaping the Poverty Trap, Part Two chapter 2. Geneva, United Nations Conference on Trade and Development, 2011.

⁶⁸ Govt. of Pakistan, Benazir Income Support Program, Islamabad: BISP, 2012.

⁶⁹ PTV News, The BISP Fund Increased to 150 B (from Rs. 70 billion was budgeted/allocated for the year 2012-13 but on August 14, 2012 the Prime Minister Raja Pervez Ashraf declared the fund has been increased to 150 billion. The same news was published in the daily Jung August 15, 2012.

and WB in Pakistan, (3). Public Private Partnerships, 4. Benazir Income Support Program (BISP). The majority of the people in Pakistan are financially marginalized. In the light of the literature review and studies it is concluded that ratio of poverty in the country is not reduced rather it has increased. The conclusions are drawn on the basis that banking sector serves on 6 million borrowers and 25 million depositors. Its penetration rate is very low, it is only 3.6 % and 15 % respectively. The access to micro finance loans, micro finance deposits, microfinance services, microfinance insurance in low income household is very low about 10%. In other words it can be concluded that around 85 % of Pakistani population does not have an access to any financial services at all. The reality of this is that it drives the poor to rely on informal sector and sources for funding like the unscrupulous money lenders. It is concluded that a well regulated and highly effective microfinance sector is absolutely necessary to give hope and liberate them from the clutches of the money lenders. The microfinance is one way and a ray of hope to the poor for breaking the vicious cycle of dependence and poverty. To know what helps to reduce poverty, what works and what does not, what changes over time, poverty has to be defined, measured, and studied and even experienced. As poverty has many dimensions, it has to be looked at through a variety of indicators levels of income and consumption, social indicators, and indicators of vulnerability to risks and of socio/political access.