

# Poverty reduction

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THE problem of poverty alleviation is there on the government's radar screens, but it does not seem to have registered as a major problem. The employment figures revealed by the Finance Minister in his budget speech are horrendous, and while it is heartening that he chose to mention them, he did not indicate exactly what the government planned to do about it. Of a population of 140.5 million, only 41.2 million are considered part of the workforce. This is an extremely low rate of labour participation, of 29.3 per cent. This implies that 99 million people are dependent on the earnings and labour of 41 million. This is partially explainable by the youth of our population, with 68 million people below the age of 19 (as opposed to only seven million over age 60), but it also suggests lack of information about the productive activity of many people. Of this official workforce, 6.7 per cent are unemployed. In an economy with a labour participation rate of 50-60 per cent, such an unemployment rate sends alarm bells ringing throughout the economy, especially as it is part of a persistent trend, going up from 3.13 per cent in 1990 to 6.28 per cent in 1991, and hovering around there ever since, though the present rate is the highest since then. In a developed economy, such an unemployment rate would not spell recession, but it would certainly cause concern.

Its implications are an intensification of poverty, and it is thus no surprise that the population below the poverty line is now 40 per cent. What is the government doing about it? What are its flagship schemes? The Khushal Pakistan Scheme is merely local body development schemes under a new name, and with less funding than ever before. It is hardly likely to make a dent. There is the Khushali Bank, which is moving slowly. Its credit base will reach only Rs 500 million by end-December, and will expand to Rs 7.6 billion in its fifth year, which would leave it a pretty small bank. There is the food subsidy scheme, for which Rs 2.9 billion have been allocated for the entire country, to be compared with the Shahbaz government's foodstamp scheme of Rs 5 billion a year in the Punjab alone, which drew criticism for not being enough. Then there are allocations from the Zakat Fund, plus a \$100 million loan which has been used to provide funds to NGOs for onward lending to the poor.

The Finance Minister was right when he said that there is no better way of relieving poverty than creating employment, but the concessions that have been made in the budget cannot really boost any particular sector. The measures announced for agriculture do not impress, mainly because the main reliance is on the bricks-and-mortar component, of constructing water storages that may well not be filled. The amounts involved, though apparently impressive, are too low to make a difference in a recession-hit economy. The government, in its search for IMF-dictated stabilisation, is apparently willing to let the poor go by with mere tokens.