

# GROWTH OF POPULATION AND ITS IMPACT ON EMPLOYMENT IN PAKISTAN

BY

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## INTRODUCTION

Pakistan has a land area of 796,096 square kilometres<sup>1</sup> and it has a population of 100.70 million in January, 1987<sup>2</sup> with a per capita income of Rs.5692/.<sup>3</sup> Its economy is predominantly agricultural with 54.01 percent of the labour force employed in agriculture<sup>4</sup> and 26.4 percent of its national income is derived from it.<sup>5</sup> About 28.3 percent of its population lives in urban areas.<sup>6</sup> The large scale manufacturing has recorded a growth rate of 7.44 percent in 1986-87<sup>7</sup> and the share of this sector in Gross Domestic Product (GDP) was 25.5 percent<sup>8</sup> and about 13 percent of its labour was employed in this sector.<sup>9</sup>

The purpose of this paper is to analyse the growing trends of population of the country during the different decades comparing with the trends of other countries. It focusses attention on the impact of population on the employment situation in Pakistan and gives some suggestions to overcome the problem of unemployment.

## POPULATION GROWTH

The population of Pakistan is characterised by a high birth rate. It has shown more than fourfold increase during the last 81 years. It is at present the ninth most populous country in the world. It ranks after China, India, U.S.S.R., U.S.A., Indonesia, Brazil, Japan and Bangladesh.<sup>10</sup> Table-I gives the population growth in Pakistan from 1901 to 1981 and 1987. When we compare the census and survey data, it shows an increase in the population growth rates at 1 percent per annum upto 1931. In the next two decades 1931-51, it grew at 2 percent, in 1961 at 2.4%, in 1972 3.7%, but a slight decrease occurred from 1981 to 1987 at 3.1 percent. Growing at that rate, it will definitely surpass 145.5 million by the year 2000 as shown in Table II. High population growth rates exert influence on all the key development spheres.

It further indicates a notable feature of different population growth rate in urban and rural areas. The urban population grew at a much faster pace than the overall population of the country. The rate of increase in urban population was almost double the rate of increase in the rural population. The average rate of increase in urban areas was 5.3% during the period of 1951 to 1981, and the average growth rate of rural population was 2.93% during the same period. It shows that the increase of rural population always

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remained below the growth rate of the overall population. This fact, along with the distribution pattern of the population is illustrated in Table-III.

Another feature of the population is high rate of active population growth in rural areas, especially amidst a low level of cropping intensity, lack of credit facility, low yields, use of traditional technology, seasonal fluctuations of farm activities, inadequate non-farm activities of diversified nature (like small industry and services) constitute the apparent cause of quantitative imbalance between supply of and demand for labour which gives rise to unemployment and underemployment in these areas. In such circumstances the possible resultant choice for the active rural population (for maximizing utility) is, to migrate to urban areas.

In spite of two agricultural reforms<sup>11</sup> the present agricultural system of Pakistan still bears the legacy of the colonial empire.<sup>12</sup> Like industry, the agricultural sector also enjoys concentration of economic power. There are large concentrations of the estates in the hands of big land-owners, many of whom are absentee landlords with little interest in agriculture. In many cases, security of tenancy is not assured and the tenants have very little bargaining power. The holdings are commonly small and the situation is further aggravated by continuous sub-division and fragmentation of land due to persistent spilt of rural families. The size of land available for cultivation is also insufficient, vast areas are left uncultivated by big landlords for lack of interest.

### LABOUR FORCE

The labour force participation rate in Pakistan is very low which is given in Table-IV. The reasons are: first, the population structure below 10 years of age constitutes 31.5% of the total population: secondly, the female participation rate (due to socio-cultural factors) is one of the lowest in the world.<sup>13</sup> According to the census report of 1981, the total labour force was 27.6 percent of total population<sup>14</sup> and 40.2 percent of the population was from the age group of 10 years and above.<sup>15</sup> There is a wide variation between male and female labour force participation rates. It is 50.6 percent for males as compared to very low female participation rate of 2.1 percent.<sup>16</sup> In Pakistan the labour force participation rates are rather low in comparison even with Malaysia (36.6%) Indonesia (37.7%) and Thailand (48.8%).<sup>17</sup> This can be increased if the female population is made economically active.

### DISTRIBUTION OF LABOUR FORCE BY OCCUPATIONAL GROUP

The distribution of labour force by occupational groups is characteristic of an agricultural economy. Out of the total civilian labour force, the highest number of persons are engaged in "Agriculture, Forestry, Hunting and Fishing

sectors", which accounts 54.01%, followed by 10.01% engaged in "Community, Social and Personal services". The labour force engaged in industries i.e. mining and quarrying, manufacturing, electricity, gas, water and construction constitutes 19.16 percent of labour force, most of them are engaged in manufacturing, their percentage being 13.14. The labour force engaged in "wholesale and retail is 11.40 percent". The rest of the labour force is engaged in "transport, storage, commercial and business services", comprising 5.36%.

When we compare labour force participation from 1971-72 to 1985-86, we observe that labour force in agricultural sector has decreased from 57.32% to 54.01%, while in manufacturing it has increased from 12.47% to 13.14%, in community, social and personal services it has increased from 7.27 percent to 10.01%. Other spheres have remained either constant or have shown slight increase or decrease.

In urban areas the labour force in manufacturing during 1971-72 to 1985-86 increased from 25.79 percent to 26.00%, construction from 5.85% to 7.68%, electricity and gas 1.16% to 1.32%, but wholesale and retail trade and restaurants and hotels show slight decrease from 26.56% to 26.42% and slight increase or decrease in other categories. In rural areas the most important economic activity is, of course, agriculture, forestry, hunting and fishing in which the labour force has increased from 70.61% to 70.94% during the period 1971-72 to 1985-86. The next important industry group is "community, social and personal services", in which the labour force has increased from 4.19% to 6.30%. Similarly other categories of labour force have also increased to some extent. This has been shown in Table-V.

Pakistan's population has registered an increase from 33.74 million in 1951 to 84.25 million in 1981 (Table-I). If the current rate of growth in population persists, Pakistan will have 145.5 million population by the year 2000 as shown in Table-II.

Such a high growth rate of population has led to a high increase in labour force which the economy is not presently equipped to absorb. Labour force in the country is increasing at an annual average of 3.22 percent. It has been estimated by the United Nations that to absorb an increase of 1 percent in labour force the industrial sector should grow by 6 percent. In accordance with this formula Pakistan's industrial sector should grow by about 20% annually to absorb the increase of 3.2% in the labour force.<sup>18</sup>

But the industrial growth in Pakistan during 1971-77 was 3.74% and from 1977-78 to 1985-86 was 9.59 percent.<sup>19</sup> It appears that industrial sector has not achieved the estimated growth rate for absorbing labour force as suggested by the United Nations, with the result that the number of unemployed persons has further increased.

### UNEMPLOYMENT

The unemployment rate is the percentage of persons unemployed (i.e. not working but looking for work) in labour force (i.e. total persons employed and unemployed). According to Table-VI the unemployment of both sexes was 3.1 percent, with 2.3% in rural and 5.2% in urban areas. Like variation of unemployment rates in rural and urban areas, male and female unemployment rates also vary. There are 2.9 percent for males as compared to 7.5 percent for females. The higher unemployment rates for female is indicative of the fact that female population in both rural and urban areas is anxious to get into labour market but perhaps there are not many job opportunities there, and people are forced to stick to their ancestral occupations.

The unemployment rates of the provinces of the Punjab, Sind and Baluchistan are quite close to the national unemployment rate but in NWFP it is 2.2%. The unemployment rates for females in urban areas are also higher in provinces, as in Pakistan, though they vary in magnitude.

In all the four provinces, however, one phenomenon is common. Landless farmers are shifting towards the urban areas for job and for better standard of living. Seasonal unemployment varies from 25 percent in the Punjab to 50 percent in Sind and 70 percent in Baluchistan and NWFP.<sup>20</sup> Migration of rural population to urban areas consists mainly of the males in the age group of 15 years to 45 years.<sup>21</sup> This explains the rise in the population of major cities at an average rate of 8 percent to 10 percent.<sup>22</sup> Besides landless farmers, a great majority of farmers whose holdings have become uneconomically small because of perpetual fragmentation, also tend to leave their farms and shift to the urban areas.

There is no doubt that the country's agriculture has developed and per hectare yield has increased but the development has generally helped the big and medium farmers, small and tenant farmers continue to remain poor and unemployed or underemployed for most part of the year.

The most significant impact of rural unemployment and underemployment is the increasing pressure on the cities for basic necessities and infra-structure facilities. Slum areas continue to grow bigger which hardly have basic health and other facilities. The migrants are victims of malnutrition and insanitation. Combined with large scale unemployment these factors made them vulnerable to crimes and help increase the number of undesirable social elements.

This problem can be alleviated by applying the following suggested solutions:

1. The first and foremost avenue of work creation is the expansion and diversification of crop production. Pakistan has 20.18 million hectares of cultivated area. In this there is 14.32 million hectares of irrigated land and 5.86 million hectares of barani land. This situation calls for a special agricultural development policy for the barani land as it will increase the agricultural production on the one hand, and on the other hand absorb surplus manpower of that area.

2. Pakistan is rich in agricultural resources. Many medium and small processing industries can be established in rural areas based on the utilization of agricultural raw materials and agricultural wastes. These industries increase the requirement of consumer goods which tend to be less capital intensive. The industries which have a lower capital ratio are basically labour intensive in character. This intensive strategy will provide more opportunities of employment and a rational utilization of resources.

3. The Integrated Rural Development Programme (IRDP) which was introduced in Pakistan during 1970s was designed to absorb unemployment and rural power in rural industries. But this programme was not implemented in its true spirit. There is great need to revive this programme.

TABLE-I POPULATION GROWTH RATES 1901-1981 & 1987

<u>Year</u>	<u>Population in Million</u>	<u>Average Annual Growth Rates ( In percentage)</u>
1901	16.576	0.6
1911	19.382	0.7
1921	21.109	0.9
1931	23.542	1.1
1941	28.282	1.8
1951	33.740	1.8
1961	42.880	2.4
1972	65.309	3.7
1981	84.254	3.1
1987	100.70	3.1

Source: (1) Government of Pakistan, Pakistan Economic Survey 1986-87, Islamabad 1987, (Statistical Annexure), p.4.

(2) Government of Pakistan, Monthly Statistical Bulletin Vol.35 No:10, October, 1987, Federal Bureau of Statistics (Statistical Division), Karachi, p.7

(3) The Economic Scene, Vol.13, September, 1987, Habib Bank Ltd., Research and Statistics Department, Habib Bank Plaza, Karachi, p-16.

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TABLE-II

## POPULATION FORECAST IN DIFFERENT COUNTRIES

Country	Population in Million	Birth rate (%)	Death rate (%)	Population Growth rate (%)	Years till Population Double	Forecast to 2000 A.D in Million
Pakistan	91.9	44	15	3.0	24	145.5
Australia	15.9	17	8	0.9	77	19.5
China	1036.0	27	10	1.7	41	1126.0
Hong Kong	5.39	20	5	1.4	50	5.9
India	747.0	34	13	2.1	33	1023.7
Indonesia	155.6	38	14	2.4	29	226.9
Japan	120.0	17	6	1.1	63	133.4
Srilanka	15.6	28	8	2.0	35	20.7
Taiwan	19.0	23	5	1.8	38	22.0
Thiland	50.0	35	11	2.4	29	84.6

Source: (i) Far Eastern Economic Review Asia 1978, Year Book, p.53

(ii) Asia & Pacific Review 1986, 7th Edition, p.12

TABLE-III

## RURAL AND URBAN POPULATION

Census Year	Population in Million					Increase in %		
	Total	Rural	Percent share	Urban	Percent share	Total	Rural	Urban
1951	33.740	27.785	82.3	5.995	17.7	-	-	-
1961	42.880	33.225	77.5	9.655	22.5	2.6	1.99	4.6
1972	65.309	48.716	74.6	16.593	25.4	3.6	4.23	6.5
1981	84.254	60.412	71.7	23.842	28.3	3.0	2.57	4.75

Source: Government of Pakistan, Pakistan Economic Survey 1982-83, Islamabad, 1983, p.170.

TABLE- IV

## LABAOUR FORCE PARTICIPATION RATE

Reg'ion	Percentage
1. World	42
2. Industrialized Countries	45
3. Developing Countries	41
4. South Asia	38
5. Pakistan	30

The % of Pakistan's male and female is 27 and 2 respectively.

Source: Dawn, Karachi, December 27, 1980.

TABLE V

## PERCENTAGE DISTRIBUTION OF EMPLOYED PERSONS BY OCCUPATIONAL GROUP

Industry Division	BOTH AREAS				RURAL AREAS				URBAN AREAS			
	1971-72	1982-83	1984-85	1985-86 :	1971-72	1982-83	1984-85	1985-86:	1971-72	1982-83	1984-85	1985-86
Total Employed Persons	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Agriculture, Forestry Hunting & Fishing	57.32	52.73	50.56	54.01	70.61	67.69	66.69	70.94	6.54	6.70	7.39	6.83
Mining & Quarrying	0.45	0.10	0.17	0.26	0.28	0.11	0.15	0.29	1.07	0.08	0.21	0.17
Manufacturing	12.47	13.44	13.67	13.14	8.98	9.38	9.48	8.52	25.79	25.94	24.89	26.00
Electricity, Gas & Water	0.37	1.13	0.69	0.52	0.16	0.96	0.38	0.23	1.16	1.65	1.50	1.32
Construction	3.41	4.80	5.60	5.24	2.77	4.12	5.17	4.36	5.85	6.88	6.74	7.68
Wholesale & Retail Trade, Restaurant & Hostels	9.89	11.94	11.54	11.40	5.53	7.14	6.40	6.00	26.56	26.70	25.29	26.42
Transport, Storage & Communication	4.84	4.59	5.20	4.42	3.44	3.09	3.42	3.07	10.20	9.20	9.85	8.18
Financing & Insurance, Real Estate & Business Services	0.86	0.82	0.88	0.94	0.32	0.26	0.24	0.22	2.92	2.54	2.58	2.95
Community, Social & Personal Services	7.27	10.19	11.07	10.01	4.19	6.94	7.49	6.30	19.05	20.17	20.63	20.35
Activities not adequately defined	3.12	0.27	0.63	0.07	3.72	0.31	0.57	0.06	0.86	0.13	0.81	0.09

Source: (i) Government of Pakistan, Federal Bureau of Statistics (Statistical Division), "Pakistan Statistics Year Book 1987", pp.83-88.

(ii) Government of Pakistan, Labour Force Survey 1982-83, Federal Bureau of Statistics (Statistical Division), Karachi, May 1984, pp.96-98.

TABLE- VI

**UNEMPLOYMENT RATES BY SEX IN  
RURAL/URBAN AREAS**

In Percentage

Unemployment Rates	Pakistan	N.W.F.P	Punjab	Sind	Baluchistan
Both sexes	3.1	2.2	3.2	3.3	3.1
Rural	2.3	2.0	2.5	1.6	3.0
Urban	5.2	3.7	5.0	5.8	4.0
Male	2.9	2.1	3.0	3.2	2.9
Rural	2.2	1.9	2.4	1.5	2.8
Urban	5.1	3.5	4.8	5.8	4.0
Female	7.5	6.5	7.7	7.1	8.6
Rural	7.2	6.3	7.2	6.8	9.4
Urban	8.2	7.2	8.8	7.3	5.1

- Source: (i) Pakistan & Gulf Economist, December 10-16, 1983, Karachi, P.15
- (ii) Pakistan Economic Survey 1984-85, Govt. of Pakistan, Economic Advisor's Wing, Finance Division, Islamabad, Pp.7-8.

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