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# THE CHALLENGE OF HALVING POVERTY BY 2015: WHERE DO INDIA AND PAKISTAN STAND?

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*Wherever we lift one soul from a life of poverty, we are defending human rights. And whenever we fail in this mission, we are failing human rights.*

— Kofi Annan  
*former United Nations Secretary-General*

On the onset of twenty-first century, the United Nations Millennium Summit unanimously adopted a millennium declaration. The declaration set out eight goals in which halving extreme poverty and hunger was prioritized as the goal number one. The remaining seven goals (education; gender equality and women empowerment; reduction in child mortality; maternal health improvement; combating HIV/AIDS, malaria & other diseases; environmental sustainability, and global partnership for development) deal with other dimensions of poverty. All the member states (189 at that time) pledged to halve poverty levels in their respective countries between 1990 and 2015. The aim of the paper is to provide insights into this prolonged effort. It seeks to answer the following questions: Would the target be achieved in the given time frame? How far are India and Pakistan from attaining this goal? Are both states on the right track to accomplish this task? What are the problems and prospects vis-à-vis poverty reduction?

In order to assess the progress of India and Pakistan towards attaining the millennium goal of halving poverty, the paper is structured into three sections. The first section begins with a theoretical debate over poverty definition and its measurement. It presents a comparative analysis of two methods of poverty measurement, i.e. the (traditional) income-consumption method with that of the new multidimensional poverty method. It also discusses the importance of Human Development Index (HDI) in evaluating the status of the two countries at a global level. This section argues that the new multidimensional method is far better in addressing the poverty dimensions than the traditional method of income-consumption. The second section presents the poverty profiles of India and Pakistan while utilizing the above mentioned income-consumption and multidimensional methods, as well as the HDI method. It also discusses the indigenous progress reports of India and Pakistan for Millennium Development Goals. This section argues that Pakistan is comparatively better in using a multidimensional approach; its poverty rate is below that of India. The third section sums up the entire debate over poverty reduction and suggests policy recommendations. The research is timely because the universal effort is approaching its promising end in 2015.

Although most of the MDGs signatory countries have achieved the target of halving extreme poverty five years ahead of 2015 time frame, yet the 1.2 billion people still live below the poverty line of 1.25 (US) dollars per day. Statistics reveals that one-third of the world's 1.2 billion people living below the poverty line live in India alone (see also figure 1). In 1990, 52 per cent of South Asian population was living in extreme poverty, but in 2010 the percentage went down to 30 per cent. If we exclude India, the percentage sharply declines to 22 per cent – which is above the target. In the region, Pakistan, Sri Lanka and Nepal have a marginal share in the extreme poverty index; however, multi-dimensional poverty is still rampant. This is primarily because of a lack of commitment and political will on behalf of decision-makers.

Moreover, natural disasters and financial crisis potentially affect the struggle towards poverty reduction as in the case of global food crisis of 2007 and 2008, which almost reversed the progress achieved since 2000.

Within this context, the paper maintains that poverty reduction is a collective effort and meeting the target of halving poverty by 2015 is only possible through a close cooperation between South Asia and the global community at large. India and Pakistan, on their side, need to prioritize poverty reduction goal and revisit their strategies to deal with it. The paper finds that there is a fundamental gap in theory and practice in poverty reduction strategies. These strategies have failed to produce satisfactory outcomes because they are often formulated on the basis of the conventional approach (income- consumption) for measuring poverty rather than the multidimensional approach. The paper argues that both urban and rural poverty have entirely different dimensions, and hence, demand separate strategies to address poverty issues at both ends. The global community, on its part, should fully cooperate with developing countries in formulating comprehensive mechanisms in advance in order to deal with emergency situations such as floods, earthquakes and food security issues.

### **Poverty discourse: Who is poor? How is poverty measured?**

Identification of what constitutes the 'poor' is a critical step in the estimation of poverty. Different people have different understandings; some people define it on the basis of statistical data, facts and figures. Others negate this approach and argue that statistical indicators just cannot address all aspects and dimensions of poverty. In line with this thinking, they describe that a person is considered poor if he or she is suffering from sustained or chronic deprivation of the resources, capabilities, choices, security and power that are necessary for the enjoyment of an adequate standard of living in addition to a deprivation of civil, cultural, economic, political and social rights."<sup>(1)</sup>

Aku\* defines 'poor' from five different dimensions; (i) who suffers from personal and physical deprivation of health, literacy, educational disability and lack of self-confidence; (ii) economically deprived due to a lack of access to property, income, assets, factors of production and finance; (iii) socially deprived as a result of denial from full participation in social, political and economic activities; (iv) culturally deprived in terms of lack of access to values, beliefs, knowledge, information and attitudes which deprives him/her of controlling his/her own destinies; and (v) politically deprived in terms of lacking political voice in decision-making. Thus, poverty is a multidimensional phenomenon that includes the lack of income and productive resources sufficient to ensure a sustained livelihood, thereby resulting in hunger or malnutrition, ill health, increased chances of mortality, limited or lack of access to education and other basic services, homelessness, and inadequate, unsafe or degraded environment as well as social discrimination and exclusion. Moreover, it also includes the lack of participation in decision-making in civil, social and cultural life.<sup>+</sup>

Besides, measuring poverty in itself is also a complex issue. However, a common method takes into account the calorie requirements of an individual on daily basis. For both India and Pakistan, the official poverty line is based on calories intake. The cost for fulfilling the nutritional requirement, along with consumption expenditure on non-food items, is aggregated to construct a poverty line. For instance, India's poverty line for rural areas currently stands at 32.4 rupees per day, and 46.9 rupees for urban areas.<sup>(2)</sup> In Pakistan, according to available data, the overall poverty lines for both rural and urban areas stand at 31.6 rupees per day.<sup>(3)</sup> The World Bank, on the other hand, has reference lines set at 1.25 (US) dollars per day for extreme poverty line and 2 dollars per day for moderate poverty line.<sup>(4)</sup>

At this juncture, Amartya Sen\* argues that poverty is a complex phenomenon. "You cannot draw a poverty line and then apply it across the board to everyone with the same way, without taking into account personal characteristics and circumstances."<sup>(5)</sup> The people who fall below the poverty line experience multiple deprivations. Poverty, being multidimensional in nature, cannot be measured by income or calorie-

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\* Aku Patricia Sati is a professor at Ahmadu Bello University, Nigeria. Poverty definition is taken from its paper 'Perspective on Poverty Alleviation Strategies in Nigeria' presented at annual conference on poverty alleviation in Nigeria in 1997.

<sup>+</sup> World Bank, United Nations definition

\* Amartya Sen is an Indian economist. In 1998, the Royal Swedish Academy of Sciences awarded him the Nobel Prize for Economics for his work on reviving an ethical dimension to the discussion of vital economic problems.

based poverty methods. To fill this gap, Sabina Alkire and James Foster introduced a multidimensional poverty measure approach. This approach takes into account the multiple deprivations faced by the poor. It is largely adopted across the world. Firstly, Mexico used this approach for official poverty estimates in 2009 and then, Human Development Report in 2010 based on Alkire-Foster model introduced the Multidimensional Poverty Index (MPI). This report contains the MPI for 104 countries including India and Pakistan. The standard indicators were: education, health and living conditions. The report subsequently provided the ranking of countries in the above-mentioned indicators (findings shall be discussed in the next section). There is a consensus among all researchers that the MPI provides a more elaborate and precise picture of poverty as compared to the traditional approach, however, with addition of more dimensions in the MPI, this index would be more accurate.

Similar to the measurement of poverty at personal level, a popular method of Human Development Index (HDI) is used to know whether a country is poor or rich. It is quite appealing as it sums up the status of any country in the form of comparative ranking that is easy to understand. The index was created jointly by a Pakistani economist Mehbub ul Haq and Indian economist Amartya Sen. Its ranking is largely used to evaluate the countries' progress in the human development sector. The HDI measures the average achievements in a country in three basic dimensions that include life expectancy at birth (longevity), education attainment, and improved standard of living determined by per capita income.<sup>(6)</sup> The HDI stands as the geometric representation of the three indices mentioned above. The formula for calculating the HDI is given below.

$$\text{HDI} = \frac{\text{Life Expectancy Index (LEI)} + \text{Education Index (EI)} + \text{Gross Domestic Product Index (GDPI)}}{3}$$

$$\text{LEI} = \frac{\text{Life Expectancy (LE)} - 25}{85 - 25}$$

$$\text{EI} = \frac{2}{3} \times \text{Adult Literacy Rate (ALR)}/100 + \frac{1}{3} \times \text{Combined Gross Enrollment Ratio (CGER)}/100$$

$$\text{GDPI} = \frac{\log(\text{GDP}) - \log(100)}{\log(40000) - \log(100)}$$

Explanation

Suppose a country has the following figures:

Life Expectancy = 65 years

Adult Literacy Rate = 75.5 per cent

Combined Gross Enrollment Ratio = 85.2 per cent

Gross Domestic Product = 5,865 US dollars

Then its Life Expectancy Index (LEI) would be

$$\begin{aligned} \text{LEI} &= \frac{\text{Life Expectancy (LE)} - 25}{85 - 25} \\ &= \frac{65 - 25}{85 - 25} \\ &= \frac{40}{60} \\ &= 0.6666 \end{aligned}$$

and Education Index (EI)

$$\text{EI} = \frac{2}{3} \times \text{Adult Literacy Rate (ALR)}/100 + \frac{1}{3} \times \text{Combined Gross Enrollment Ratio (CGER)}/100$$

$$= \frac{2}{3} \times 75.5/100 + \frac{1}{3} \times 85.2/100$$

$$= 0.666 \times 0.755 + 0.333 \times 0.852$$

$$= 0.50283 + 0.28371 = 0.7865$$

and its Gross Domestic Product Index (GDPI)

$$\begin{aligned} \text{GDPI} &= \frac{\log(\text{GDP}) - \log(100)}{\log(40000) - \log(100)} \\ &= \frac{\log(5,865) - \log(100)}{\log(40000) - \log(100)} \\ &= \frac{3.7682 - 2}{4.6020 - 2} \\ &= 1.7682 / 2.6020 = 0.6795 \end{aligned}$$

its HDI ranking can be calculated as

$$\begin{aligned} \text{HDI} &= \frac{\text{Life Expectancy Index (LEI)} + \text{Education Index (EI)} + \text{Gross Domestic Product Index (GDPI)}}{3} \\ &= (0.6666 + 0.7865 + 0.6795) / 3 \\ &= 0.71086 \text{ (*)} \end{aligned}$$

**Note:** For calculating HDI for any country, the values for GDP, Adult Literacy, Combined Gross Enrollment Ratio and Life Expectancy can be obtained from human development reports of United Nations and World Bank.

The resultant HDI of 0.71086 is almost equal to that of Ecuador, which is at 98<sup>th</sup> position in the overall ranking of 187 countries and placed among the high human development category.

It is worth mentioning here that the HDI divides countries into four broad human development categories: Very High Human Development, High Human Development, Medium Human Development and Low Human Development. According to the 2014 report, the “very high” human development ranking starts from 0.944 (Norway) and ends at 0.808 (Argentina) and the “high” human development begins at 0.790 (Uruguay) and ends at 0.700 (Dominican Republic). The “medium” human development starts from 0.698 (Maldives) and ends at 0.556 (Equatorial Guinea) and the “low” human development starts from 0.540 (Nepal) and ends at 0.337 (Niger). The following section shall present the Human Development Index along with other reports for South Asia to assess the regions’ status in achieving the target of poverty reduction.

Apart from producing a quality definition of poverty, today's situation demands dealing with the different aspects of poverty. Over the period of 15 years from 1990 to 2005, the number of people living below the poverty line decreased from 1.8 billion to 1.4 billion. But the global financial crisis has reversed the progress achieved. Some 55 million to 90 million more people were estimated to be living in extreme poverty in 2009 than anticipated before the crisis.<sup>(8)</sup> Moreover, recent floods as of 2014 in India and Pakistan have put the target at stake; particularly, the situation in Pakistan is highly volatile where economy was already deteriorated. Owing to the grim situation, it would be naïve to rely heavily on one or two sources to deal with this complex phenomenon – for instance, foreign aid or governments alone. Since poverty has many faces and dimensions, its resolution requires total participation from local, regional and global communities.

The international community, while acknowledging the importance of this issue, took the challenge to halve the level of poverty from the world by 2015. In September 2000, the United Nations General Assembly, representing 189 countries, unanimously adopted the Millennium Declaration. Acting on the General Assembly's request, the Secretary General and the various UN agencies, as well as representatives of the World Bank, International Monetary Fund (IMF), and the Organization for Economic Cooperation and Development (OECD), devised a plan for achieving the Millennium Declaration's objectives, known as the Millennium Development Goals (MDGs). They put obligations on both rich and poor governments, and endeavoured to place a heavier burden on rich countries. The international community has declared poverty reduction a 'fundamental objective' of development; hence, alleviating poverty has become a benchmark for assessing effectiveness. The MDGs gave first priority to the elimination of poverty and hunger. The seven other goals are given below:

2. To achieve universal education,
3. To endorse gender equality and empower women,
4. To reduce child mortality,
5. To improve maternal health,
6. To combat HIV/AIDS, malaria, and other diseases,
7. To ensure environmental sustainability, and
8. To develop a global partnership for development.

Goals one to seven are inter-related and address poverty in a multidimensional framework. Thus, the purpose of this paper is to evaluate progress from within this broader concept. In line with this, the next section shall present poverty profile for India and Pakistan and provide meta-analysis of facts and figures given in the domestic and international reports.

## **Poverty profile of India and Pakistan: A comparative analysis**

### **India**

#### *Official poverty line estimates*

Based on the latest Expert Group Report (prepared under the supervision of Dr Rangarajan\* and published by the Planning Commission of India), monthly per capita consumption expenditures of Rs.972 in rural areas and Rs.1,407 in urban areas respectively are set as the poverty line at the all India level. This implies monthly consumption expenditures of Rs.4,860 in rural areas or Rs.7,035 in urban areas for a family of five at 2011-12 prices<sup>(9)</sup> (See Table-1 for state-wise poverty line). The poverty lines estimated on daily basis are as follows: Rs.32.4 for rural and Rs.46.9 for urban areas. The monthly per-capita consumption (of Rs.972 for rural areas) includes all food and non-food expenditures. It sets Rs.554 for food items, Rs.141 for essential non-food items, and Rs.277 for other expenses (554+141+277). Similarly, Rs.1,407 for urban areas is the sum of Rs.656 for food items, Rs.407 for essential non-food items and Rs.344 for other expenses.

According to the report, 30.9 per cent of the rural population and 26.4 per cent of the urban population were below the poverty line in 2011-12. The all-India ratio was 29.5 per cent. As many as 260.5

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\* Dr. C. Rangarajan is the chairman of Chairman of the Prime Minister's Economic Advisory Council of India.

million individuals in rural India and 02.5 million in urban areas were below the poverty line. In total, 363 million were below the poverty line in 2011-12 (See Table-2 for poverty ratio and number of poor).

**Table-1****State-wise Poverty Line in Rural and Urban areas for 2011-12**

S.No	States/UTs	Poverty Line (rupees)	
		Rural	Urban
1	Andhra Pradesh	1031.74	1370.84
2	Arunachal Pradesh	1151.01	1482.94
3	Assam	1006.66	1420.12
4	Bihar	971.28	1229.30
5	Chhattisgarh	911.80	1229.72
6	Delhi	1492.46	1538.09
7	Goa	1200.60	1470.07
8	Gujarat	1102.83	1507.06
9	Haryana	1127.82	1528.31
10	Himachal Pradesh	1066.60	1411.59
11	Jammu & Kashmir	1044.48	1403.25
12	Jharkhand	904.02	1272.06
13	Karnataka	975.43	1373.28
14	Kerala	1054.03	1353.68
15	Madhya Pradesh	941.70	1340.28
16	Maharashtra	1078.34	1560.38
17	Manipur	1185.19	1561.77
18	Meghalaya	1110.67	1524.37
19	Mizoram	1231.03	1703.93
20	Nagaland	1229.83	1615.78
21	Orissa	876.42	1205.37
22	Punjab	1127.48	1479.27
23	Rajasthan	1035.97	1406.15
24	Sikkim	1126.25	1542.67
25	Tamil Nadu	1081.94	1380.36
26	Tripura	935.52	1376.55
27	Uttar Pradesh	889.82	1329.55
28	Uttarakhand	1014.95	1408.12
29	West Bengal	934.10	1372.68
30	Puducherry	1130.10	1382.31
31	Andaman & Nicobar Islands	1314.98	1797.69
32	Chandigarh	1303.17	1481.21
33	Dadra & Nagar Haveli	1008.39	1540.81
34	Daman & Diu	1200.60	1434.93
35	Lakshadweep	1327.77	1458.69
	All India	972	1407

Source: Planning Commission of India, Expert Group Report, 2014

Table 2

## Poverty Ratio and Number of Poor in 2011-12

S. No.	States/UTs	Rural		Urban		Total	
		% of Persons	No. of Persons (lakhs)	% of Persons	No. of Persons (lakhs)	% of Persons	No. of Persons (lakhs)
1	Andhra Pradesh	12.7	71.5	15.6	45.7	13.7	117.3
2	Arunachal Pradesh	39.3	4.3	30.9	1.0	37.4	5.3
3	Assam	42.0	114.1	34.2	15.4	40.9	129.5
4	Bihar	40.1	376.8	50.8	61.4	41.3	438.1
5	Chhattisgarh	49.2	97.9	43.7	26.9	47.9	124.8
6	Delhi	11.9	0.5	15.7	26.3	15.6	26.7
7	Goa	1.4	0.1	9.1	0.8	6.3	0.9
8	Gujarat	31.4	109.8	22.2	58.9	27.4	168.8
9	Haryana	11.0	18.4	15.3	14.0	12.5	32.4
10	Himachal Pradesh	11.1	6.9	8.8	0.6	10.9	7.5
11	Jammu & Kashmir	12.6	11.7	21.6	7.6	15.1	19.3
12	Jharkhand	45.9	117.0	31.3	25.5	42.4	142.5
13	Karnataka	19.8	74.8	25.1	60.9	21.9	135.7
14	Kerala	7.3	12.3	15.3	26.0	11.3	38.3
15	Madhya Pradesh	45.2	241.4	42.1	86.3	44.3	327.8
16	Maharashtra	22.5	139.9	17.0	88.4	20.0	228.3
17	Manipur	34.9	6.7	73.4	6.3	46.7	12.9
18	Meghalaya	26.3	6.4	16.7	1.0	24.4	7.4
19	Mizoram	33.7	1.8	21.5	1.2	27.4	3.1
20	Nagaland	6.1	0.8	32.1	1.9	14.0	2.8
21	Orissa	47.8	169.0	36.3	26.0	45.9	195.0
22	Punjab	7.4	12.9	17.6	18.7	11.3	31.6
23	Rajasthan	21.4	112.0	22.5	39.5	21.7	151.5
24	Sikkim	20.0	0.9	11.7	0.2	17.8	1.1
25	Tamil Nadu	24.3	91.1	20.3	72.8	22.4	163.9
26	Tripura	22.5	6.1	31.3	3.2	24.9	9.3
27	Uttar Pradesh	38.1	600.9	45.7	208.2	39.8	809.1
28	Uttarakhand	12.6	8.9	29.5	9.4	17.8	18.4
29	West Bengal	30.1	188.6	29.0	86.8	29.7	275.4
30	Puducherry	5.9	0.2	8.6	0.7	7.7	1.0
31	Andaman & Nicobar Islands	6.6	0.2	4.9	0.1	6.0	0.2
32	Chandigarh	12.0	0.0	21.5	2.3	21.3	2.3
33	Dadra & Nagar Haveli	55.2	1.0	15.3	0.3	35.6	1.3
34	Daman & Diu	0.0	0.0	17.6	0.4	13.7	0.4
35	Lakshadweep	0.6	0.0	7.9	0.0	6.5	0.0
	All India	30.9	2605.2	26.4	1024.7	29.5	3629.9

Source: Planning Commission of India, Expert Group Report, 2014

The poverty ratio has declined from 39.6% in 2009-10 to 30.9% in 2011-12 in rural India and from 35.1% to 26.4% in urban India. The decline was thus a uniform 8.7 percentage points over the two years. The all-India poverty ratio fell from 38.2% to 29.5%. In tandem, 91.6 million individuals were lifted out of poverty during this period.

*World Bank, UNDP estimates*

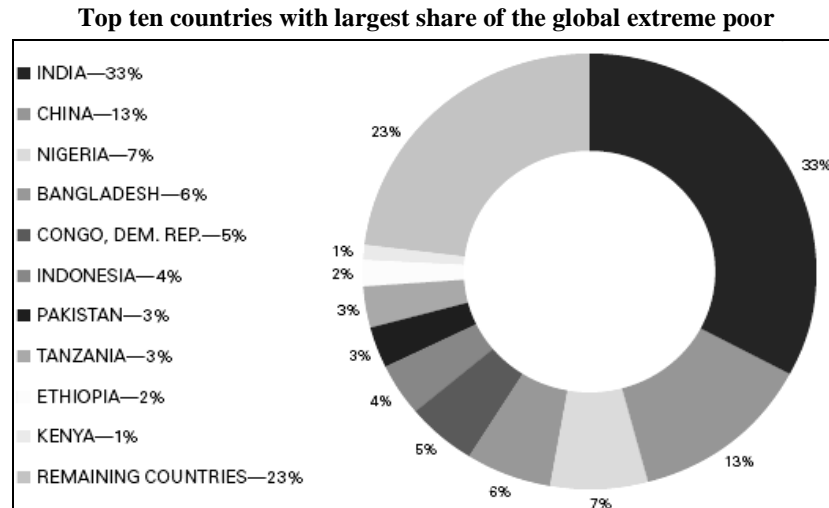
- The level of inequality is rising, the income share of the richest 20 per cent to the poorest 20 per cent has increased from 4.7 (1993) to 4.9 per cent in 2004.
- 33.5 per cent of the total population living below a dollar a day
- 292 million adults are illiterate, the same as in 1995



- 4.5 million children are out of school (third highest in world ranking)
- 47 per cent of children below age 5 are malnourished
- 97 per cent of the total South Asian AIDS patients live in India
- 152.2 million people have no access to safe water
- 67 per cent of total population is without access to sanitation
- The share of females in the total labour force declined from 32 per cent to 28.3 per cent

According to the World Bank’s latest report, India alone shares 33 per cent of the total number of people living below the poverty line of 1.25 dollars a day in the world (See figure 1). Pakistan is better off in dealing with extreme poverty. It has already achieved the target of halving extreme poverty before 2015.

**Figure 1**



**Source:** *Prosperity for All: Ending Extreme Poverty*, World Bank, 2014

The looming urban sprawl in India further accentuates the extreme poverty. The urban population of India alone in the entire region is expected to touch 627 million by 2031, equivalent to 40 per cent of the Indian population. Megacities — with population above 5 million — will also double in size over the same period, from 61 million to 133 million people. Indian cities with population between 1 and 5 million will register the highest absolute increase in urban population, from 46 to 126 million, equivalent to an increase from 15 to 20 per cent in their share of India’s urban population. The average annual population growth rate for urban India is expected to stabilize at 2.5 per cent per annum, in line with the population growth rate recorded over the period 1995-2000, although below the record growth of 3-4 per cent registered in the previous decades.<sup>(10)</sup> According to Indian Census authorities, the urban population of India will exceed 300 million by the year 2016. Slums are the most visible manifestation of urban poverty and reveal the failure of urban development and housing policies. In India, 93 million people are estimated to be living in slums. Around 50 per cent of Delhi’s population live in slums. The situation in Mumbai is even worse where around 60 per cent of the total city’s population are slum dwellers.<sup>(11)</sup>

No city in India has round-the-clock supply of water, which is limited to some hours of access per day and, in some cases, with alternate day access. In the case of sanitation, the national average for sewerage network coverage is only 33 per cent with some states receiving virtually no service.<sup>(12)</sup>

### *HDI ranking*

In the latest HDI ranking, India stands at 135 with 0.586 value among 186 countries, and is placed in Medium Human Development. In Gender Equality Index, it stands at 127<sup>th</sup> position with 0.563 value and, in the Gender Development Index, it stands at 132<sup>nd</sup> position with 0.828.

### *MPI ranking*

In MPI, India’s index value is 0.282 that translates 55.3 per cent population suffering from multidimensional poverty. If we go into details, 51.5 per cent population comes under “Intensity of Deprivation” (which measures the “extent of deprivation”), 27.8 per cent under “Severe Poverty” (as rated

by the MPI). The contributions of deprivation in the various dimensions of overall poverty are as follows: education 22.7 per cent, health 32.5 per cent and living standards 44.8 per cent.\* If we compare with the old method (1.25 dollars a day and national poverty line), we find that 44.8 per cent of total population of India live under 1.25 dollars a day and 21.9 per cent of whole population live under the national poverty line.

### MDGs country report

**Table 3**

#### India: Progress in MDGs

No.	Description	Targets	Status
Goal 1	Eradicate extreme poverty and hunger	Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.  Halve, between 1990 and 2015, the proportion of people who suffer from hunger.	(On-track)  (Slow or almost off-track)
Goal 2	Achieve universal primary education	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.	(On-track)
Goal 3	Promote gender equality and empower women	Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.	(On-track)
Goal 4	Reduce child mortality	Reduce by two-thirds, between 1990 and 2015, the Under-Five Mortality Rate.	(Moderately on-track due to the sharp decline in recent years)
Goal 5	Improve maternal health	Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.	(Slow or off-track)
Goal 6	Combat HIV/aids, malaria and other diseases	To halt by 2015 and begin to reverse the spread of HIV/AIDS.  To halt by 2015 and begin to reverse the incidence of malaria and other major diseases.	(On-track, as trend reversal in HIV prevalence has been achieved)  (Moderately on-track, as trend reversal has been achieved for Annual Parasite Incidence of Malaria and on the prevalence of TB)
Goal 7	Ensure environmental sustainability	Integrate the principle of sustainable development into country policies and programs and reverse the loss of environmental resources.  Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.  By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.	(Moderately on-track)  (On-track for the indicator of drinking water but slow for the indicator of Sanitation)  (The pattern not statistically discernible)
Goal 8	Develop a global partnership for development	In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.	(On-track)

Source: MDGs Country Report 2014, Ministry of Statistics and Programme Implementation, Government of India

## Pakistan

### Official poverty estimates

Similarly, in Pakistan the poverty line is also calorie-based. Cost of calorie intake of 2,350 calories of an individual per day, along with consumption expenditure on non-food items, is aggregated to construct a poverty line. According to the Planning Commission, 'this poverty line is adjusted at the time of the poverty estimation after accounting for the inflationary impact in intervening years.'<sup>(13)</sup> According to the latest data, the official poverty in Pakistan stands at 22.3 per cent.

**Table 4**

Pakistan Poverty Line in Historical Perspective (Rs)	
Year	Poverty Line
1998-99	673.40
2000-01	723.40
2004-05	878.64

\* For details see Human Development Report 2014

2005-06	948.47
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Source: Economic Survey of Pakistan

*World Bank, UNDP estimates*

- 73.6 per cent of the population is still living below two dollars a day
- Half the adult population is still illiterate; 76 per cent of the female adult population is illiterate
- The percentage of the rural poor has increased to 35.9 from 31 per cent
- 15.5 million people have no access to safe water
- 41 per cent of the total population is without access to sanitation
- 6.5 million children are out of school (second highest in world ranking)
- 9 million (38 per cent) children under the age of 5 are malnourished
- 85,000 people are with HIV/AIDS
- The share of females in the labour force is 26.5 per cent
- 72 million people have no access to sanitation

Pakistan, too, is urbanizing rapidly. It is considered the most urbanized country in the region. In 1981, around 24 million people were living in urban areas, constituting 28 per cent of the total population. Now, the total population has reached 173.5 million in which the share of urban population has risen to around 36.3 per cent (63.1 million). If that continues, it would surpass 121 million by 2030 and the level of urbanization would be 45.6 per cent — highest among South-East Asian countries.<sup>(14)</sup>

In Pakistan, owing to inadequate investment and management, the quality of urban infrastructure has deteriorated. Less than one per cent of water-waste is being treated; the rest is thrown into streams and rivers turning them into sewers and seriously affecting downstream users. The city governments remain unable to recover and dispose of all the solid waste. Less than 50 per cent of the solid waste generated in the cities is being recovered. The rest is dumped mostly in open fields, polluting the groundwater and creating air pollution.<sup>(15)</sup>

*HDI ranking*

Pakistan’s ranking in HDI is 146 with 0.537 value and is placed in Low Human Development (LHD). Pakistan is slightly behind in surpassing LHD, since the value of 0.556 is placed in the Medium Human Development category which belongs to Equatorial Guinea (with 144 ranking). In the latest Gender Equality Index, it stands at the 127<sup>th</sup> position with 0.563 value, whereas in the Gender Development Index, it stands at 145<sup>th</sup> position with 0.750.

*MPI ranking*

In MPI, Pakistan’s index value is 0.237, which translates into 45.6 per cent population suffering from multidimensional poverty. If we go into details, 52.0 per cent population comes under the category of “Intensity of Deprivation”, with 26.% living in “severe poverty”. The contributions of deprivation in the various dimensions of overall poverty are as follows: Education 36.2 per cent, health 32.3 per cent and living standards 31.6 per cent.\* If we compare with the old method (1.25 dollars a day and national poverty line), we find that 21.04 per cent of total population of Pakistan live under 1.25 dollars a day and 22.3 per cent of whole population live under the national poverty line.

The Sustainable Development Policy Institute of Pakistan (SDPI), while utilizing this multidimensional approach, measured district-wise poverty in Pakistan using the “Pakistan Social and Living Standard Measurement Survey” conducted in 2008-09 over four dimensions; education, health, living conditions and asset ownership. The results of headcount estimates for national, provincial and district levels are given below.

One-third of the households in Pakistan live below the poverty line (33 per cent). Based on current population estimates, around 58.7 million people are “multidimensionally” poor. Huge disparity is also

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\* For details see Human Development Report 2014

observed in urban-rural areas. In rural areas, 46 per cent households fall below the poverty line, whereas, 18 per cent do so in urban areas.

**Table 5**

**Poverty Estimates at National Level**

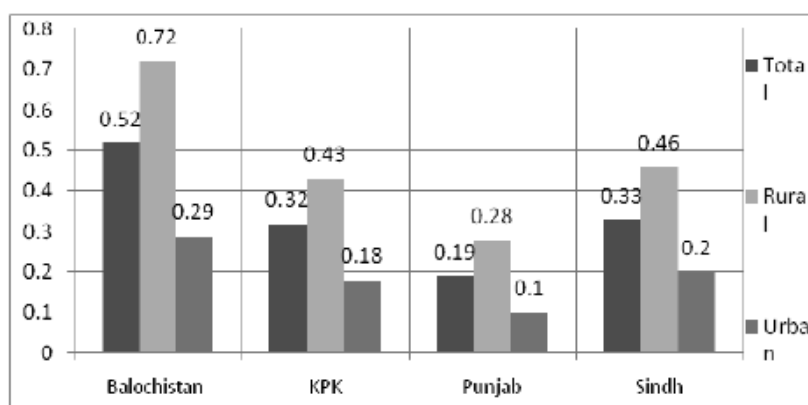
Population Group	Headcount ratio H (per cent)
Total	33
Urban	18
Rural	46

Source: 'Clustered Deprivation: District Profile of Poverty in Pakistan', *Sustainable Development Policy Institute*, 2012

The highest incidence of poverty found in Balochistan, where more than 52 per cent households are “multidimensionally” poor. In Khyber Pakhtunkhwa, 32 per cent of households are poor, as compared to 33 per cent in Sindh. In Punjab, only 19 per cent households fall below the poverty line.

**Figure 2**

**Poverty Estimates at National Level**



Source: SDPI, 2012

District-wise statistics show that in Punjab, higher incidence is found in Ranjanpur with 44 per cent households falling below the poverty line, whereas, 40 per cent in Muzaffargarh, 36 per cent in DG Khan, 33 per cent in Bahawalpur, 31 per cent in Layyah, Lodhran and Pakpatan, and 28 per cent in Multan, Khanewal and Bhakar, respectively. The situation in Balochistan is extremely deplorable as the whole province is found with high incidences of poverty. Majority of the districts have more than 60 per cent households below the poverty line. In KPK, some of the northern districts have ‘extremely high’ incidences of poverty, whereas the southern parts showcase ‘very high’ incidences of poverty, with ‘average’ levels in central parts of KPK, and ‘low’ levels in areas adjacent to Islamabad. Districts of Kohistan in KPK and Musakhel in Balochistan are the poorest districts of Pakistan. In Sindh, the southeast is the poorest region in the province, whereas, the central part is comparatively less poor and the southwest part is the least poor region (See Annex A for districts-wise map).<sup>(16)</sup>

*MDGs country report*

**Table 6**

**Pakistan: Progress in MDGs**

No.	Description	Targets	Status
Goal 1	Eradicate extreme poverty and hunger.	Proportion of population below the calorie based food plus non-food poverty line.	(On –track)
		Prevalence of underweight children under 5 years of age.	(Off –track)
		Proportion of population below minimum level of dietary energy consumption.	(Off –track)

Goal 2	Achieve universal primary education	Net primary enrolment ratio (percentage). Completion/survival rate Grade 1 to 5 (in percentage). Literacy rate (in percentage)	(Off Track) (Off Track) (Off Track)
Goal 3	Promote gender equality and empower women	GPI Primary Education. GPI Secondary Education. Youth Literacy GPI. Share of Women in Wage Employment. Proportion of Seats held by Women in National Assembly.	(Off Track) (Off Track) (Off Track) (Off Track) (Achieved)
Goal 4	Reduce child mortality	Under 5 Mortality Rate (Deaths per 1000 Live Births). Infant Mortality Rate (Deaths per 1000 Live Births). Proportion of Fully Immunized Children 12-23 Months. Proportion of under 1 year children immunized against measles. Proportion of Children Under 5 Who Suffered from Diarrhoea in the Last 30 Days (in percentage). Lady Health Worker's Coverage (in percentage of target population).	(Off Track) (Off Track) (Off Track) (Off Track) (Achieved) (Off Track)
Goal 5	Improve maternal health	Maternal Mortality Ratio. Proportion of births attended by Skilled Birth Attendants. Contraceptive Prevalence Rate. Total Fertility Rate. Proportion of women 15-49 who had given birth during last 3 years and made at least one antenatal consultation.	(Off Track) (Off Track) (Off Track) (Off Track) (Off Track)
Goal 6	Combat HIV/aids, malaria and other diseases	HIV prevalence among 15-49 year old pregnant women. HIV prevalence among vulnerable groups. Proportion of population in malaria risk areas using effective prevention and treatment measures. Incidence of TB/10,000. TB cases detected and cured under DOTS.	(On Track) (Off Track) (Off Track) (Off Track) (Achieved)
Goal 7	Ensure environmental sustainability	Forest Cover (in percentage). Land Area Protected for Conservation of Wildlife (in percentage). GDP (in 1980-81 Rs.) per ton of oil equivalent (energy efficiency). Sulphur Content in High Speed Diesel (On Track).	(Off Track) (On Track) (On Track) (On Track)

		Proportion of Population with Access to Improved Water Sources.	(On Track)
		Proportion of Population with Access to Sanitation.	(Off Track)
		Proportion of Katchi Abadies Regularized.	(Off Track)
Goal 8	Develop a global partnership for development	In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.	No records found

Source: MDGs Country Report 2013, Planning Commission of Pakistan

## Findings and policy recommendations

According to the official estimates, 21.9 per cent of the whole population in India is below the poverty line, whereas, 32.68 per cent is below the World Bank poverty line. For Pakistan, official estimates show that 22.3 per cent of the entire population is below the national poverty line, whereas, 21.04 per cent live below the World Bank poverty line.

In the Multidimensional Poverty Index, Pakistan fares better than India with 0.237 points, whereas India scored 0.282. Both states share the same Gender Equality ranking. In terms of poverty headcount estimates, 55.3 per cent of the whole population of India is “multidimensionally” poor, whereas in Pakistan it is 45.6 per cent of the population. The multidimensional method has questioned the validity of traditional income-based approach because it takes the incidence of multiple deprivations into account.

In the Human Development Index, Pakistan’s ranking is 146 with 0.537 value and is placed in Low Human Development (LHD). On the other hand, India stands at 135 with 0.586 value among 186 countries, and is placed in the Medium Human Development.

Country reports for MDGs placed India in better position (except in halving extreme poverty target). Pakistan is found off-track in most of the targets set in MDGs, however, it has achieved the target of halving extreme poverty before 2015 timeline.\* Pakistan is off-track on all three targets and, therefore, unlikely to achieve MDG number 2 (universal education). Overall, with all four indicators or set targets of MDGs being off-track, Pakistan is unlikely to meet MDG 3 (gender equality). Despite the gains, Pakistan is off-track on five out of six indicators and hence unlikely to attain MDG 4 (reducing child mortality). Overall, Pakistan is off-track on all indicators and, therefore, unlikely to achieve MDG 5 (improving maternal health). Pakistan is off-track on three out of five indicators and, therefore, unlikely to achieve MDG 6 (environmental sustainability). Overall, with four out of seven indicators on track, Pakistan is likely to achieve MDG 8 (global partnership for development) with continued efforts; this is the only goal where the majority of indicators are on-track.

India and Pakistan unfortunately are lagging behind in achieving the target of halving poverty by 2015 with respect to both estimates of the National Poverty Line and of the World Bank. Pakistan has shown overt progress in halving extreme poverty and has met the target before 2015 timeline; however, the progress in the other seven, six goals (dealing with poverty dimensions), more or less remains unsatisfactory. Thus for Pakistan, halving poverty with all its dimensions by 2015 is extremely challenging. India, on the other hand, has shown modest progress in goals dealing with the various dimensions of poverty; however, halving extreme poverty is still a distant dream.

The paper argues that the National and World Bank poverty lines do not provide cogent estimates of poverty. For many economists, this income barely meets an individual’s daily food requirement; how can it then address, they argue, the other dimensions of poverty such as health and education?<sup>(17)</sup> Most of the strategies based on national poverty lines do not portray a true picture of poverty, and hence, fail to address poverty on the ground. In this study, we found huge differences in poverty estimates at both levels – at the National Poverty Line and the World Bank Poverty Line, particularly in case of India. Both approaches ignore the multiple deprivations of poor, health, education and living standards. Hence, there is

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\* According to World Bank latest estimates

a dire need to redraw conventional methods to include other dimensions of poverty for better estimation of the poor and by extension, the concurrent poverty line. Policies required meeting the Millennium Development Goals (MDGs) demand for a multidimensional understanding and measurement of poverty. The formulation of effective policies to achieve MDGs and to monitor their progress requires identifying the groups of population concurrently deprived in multiple poverty dimensions.<sup>(18)</sup> The new multidimensional poverty approach fills this gap. A study by Arif Naveed and Nazim Ali titled “Clustered Deprivation” is an exemplary resource for further research in this regard. In the study, the authors strongly suggest that this approach should be adopted officially to measure the poverty in both states and then make strategies and set targets accordingly. This should be the case especially since Pakistan has made a commitment to implement the multidimensional poverty measures in the near future.<sup>(19)</sup>

Inferring from multidimensional poverty discourse, a workable poverty reduction strategy must include the following points:

### **Enhancing agriculture productivity**

- Strengthening of agriculture sector by increasing investment.
- The focus should be on increasing agricultural production.
- Introducing a more knowledge-based agricultural system.
- Adopting proper mechanism to halt the decline in the agricultural sector’s labour force.
- Supporting small farmers, providing them maximum incentives and opportunities.
- Supporting the poor in their small businesses with funds and interest-free loans.
- Continuity in development programmes is essential; it should not be disturbed with the change of governments. In this matter, strong commitment from institutions is required.

Over 70 per cent of India and Pakistan’s livelihood come directly from agriculture. However, decades of neglect have weakened this sector’s capacity to become self-sufficient in food production. The growth in crop yields has been more or less stagnant. Decline in subsidies and rise in input prices have hit the small farmers hard. Although the structures of the economies have changed significantly, agriculture is still the largest sector in the region and serves as the engine for overall growth. It can provide effective means not only to alleviate poverty but also to accelerate economic growth.

### **Ensuring social safety nets**

The process of alleviating poverty would be incomplete until we properly address issues responsible for the widespread poverty. In this regard it is the governments’ responsibility to ensure social safety net to the poor; the task should not be left to the non-governmental organizations (NGOs) and community organizations.

- Governments need to identify groups that are marginalized and face discrimination on the grounds of gender, economic status, and vulnerability as single parents or widows heading households, disability and illness. These groups must have the protection of food security. In this regard, there is a need to establish and strengthen public distribution systems that target food support to these groups.
- Initiate or support public employment guarantee schemes, such as food for work or cash for work schemes.
- Ensure well-functioning health system with maximum availability of free-of-cost and quality essential medicines and vaccines to the poor community.
- Increase the share of spending on education.
- Ensure a well-functioning uniform education system, with maximum attention being given to the rural areas and maximum enrolment of both genders at least at the primary level.
- Ensure access to basic sanitation.

### **Proper mechanism to deal with natural disasters and food crisis**

Ending extreme poverty by 2015 is unlikely until governments come to term with the increased risk of natural disasters. Recent floods in India and Pakistan have seriously put the target at risk, and particularly, for India, the target of halving extreme poverty is impossible. Similarly, the food crisis of 2007-08 completely reversed the progress achieved since 2000. The latest report of the Overseas



Development Institute titled 'The Geography of Poverty, Disasters and Climate Change in 2030', examined the nexus between climate change and its impacts on poverty. It concludes that without proper management, upto 325 million extremely poor people could be living in the 49 countries most exposed to the full range of natural hazards and climate extremes in 2030.<sup>(20)</sup> The report puts 11 countries into the category of 'the most at risk of disaster-induced poverty' including Pakistan and also singles out India for a special mention. (See annex C for climate change and poverty levels in 2030). There must be a comprehensive mechanism in advance to deal with emergency situations. Here, cooperation between the states, donors and non-governmental organizations dealing with poverty, is highly demanded, in order to cope with the consequences of natural disasters.

### **Liberalize trade regime**

Trade has the potential to reduce poverty, if both states follow liberal policies. Many economic experts argue that trade liberalization is a win-win proposition for both Pakistan and India, especially for Pakistan since it is in need of growing export markets in order to utilize the potential industrial hubs present in the country, and trade with India could significantly help achieve this goal. As for India, trade with Pakistan would not only be beneficial for itself, but also facilitate its trade with Afghanistan, Iran, China and Central Asian states.<sup>(21)</sup>

### **Improve governance**

Above all, success in achieving targets depends entirely upon good governance. Governments need to make themselves efficient and capable enough with having maximum resources available and a strong will to respond to the aspirations of the citizens. Furthermore, they must be accountable in terms of what they are doing and what they have done. Unfortunately, India and Pakistan's progress in managing poverty issues and providing social safety nets to its people has been disappointing. (See Annex B for Governance ranking for India and Pakistan). Both states have to come a long way to address poverty issues. Meeting all targets by 2015 is quite difficult. By addressing fundamental methodological and governance issues and increasing in public investment, however, we can come out from a vicious cycle of poverty.

### Notes and References

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Annex A**Ranking for all districts over the incidence of poverty**

Province	District	Headcount Ratio	Rank	Province	District	Headcount Ratio	Rank
KPK	Kohistan	0.89	1	Sindh	Tando M Khan	0.41	31
Balochistan	Musakhel	0.88	2	Punjab	Muzaffargarh	0.40	32
Balochistan	Washuk	0.78	3	Balochistan	Pashin	0.40	33
Balochistan	Awaran	0.75	4	Sindh	Thatta	0.40	34
Balochistan	Dera Bugti	0.72	5	Balochistan	Mastung	0.40	35
Balochistan	Chaghi	0.69	6	Balochistan	Sibbi	0.39	36
Balochistan	Qillah Abdullah	0.66	7	Balochistan	Zhob	0.39	37
Balochistan	Jhal Magsi	0.65	8	Sindh	Nawabshah	0.39	38
Balochistan	Kohlu	0.64	9	KPK	Swat	0.39	39
Balochistan	Bolan/Kachi	0.63	10	Sindh	Jamshoro	0.39	40
KPK	Shangla	0.63	11	Balochistan	Loralai	0.38	41
KPK	Upper Dir	0.55	12	Balochistan	Gwadar	0.38	42
Balochistan	Nasirabad	0.54	13	Sindh	Larkana	0.38	43
Balochistan	Jafarabad	0.54	14	Sindh	Shahdadkot	0.38	44
Balochistan	Qillah Saifuallah	0.53	15	KPK	Tank	0.36	45
Balochistan	Barkhan	0.52	16	Sindh	Jacobabad	0.36	46
Balochistan	Nushki	0.51	17	Punjab	D.G. Khan	0.36	47
Balochistan	Lasbela	0.51	18	KPK	Malakand	0.35	48
Balochistan	Kharan	0.51	19	Balochistan	Quetta	0.34	49
KPK	Batagram	0.50	20	Sindh	Kashmore	0.34	50
KPK	Bonair	0.50	21	KPK	Lower Dir	0.33	51
Balochistan	Kalat	0.49	22	Sindh	Ghotki	0.33	52
Balochistan	Kech/Turbat	0.47	23	Punjab	Bahawalpur	0.33	53
Sindh	Tharparkar	0.47	24	KPK	Lakki Marwat	0.33	54
Sindh	Mirpur Khas	0.44	25	KPK	Mardan	0.33	55
Punjab	Rajanpur	0.44	26	Sindh	Tando Allah Yar	0.32	56
Balochistan	Khuzdar	0.43	27	Balochistan	Panjgur	0.31	57
Balochistan	Ziarat	0.43	28	Punjab	Layyah	0.31	58
Sindh	Badin	0.42	29	Punjab	Lodhran	0.31	59

continued

Province	District	Headcount Ratio	Rank	Province	District	Headcount Ratio	Rank
Sindh	Dadu	0.29	61	Sindh	Noshero Feroz	0.20	86
Punjab	Pakpattan	0.29	62	Sindh	Karachi	0.20	87
Punjab	Multan	0.28	63	Punjab	Nankana Sahib	0.19	88
KPK	Hangu	0.28	64	KPK	Nowshera	0.18	89
Sindh	Sanghar	0.28	65	KPK	Abbottabad	0.18	90
Sindh	Shikarpur	0.28	66	Punjab	Sahiwal	0.18	91
Punjab	Khanewal	0.28	67	Punjab	Sheikupura	0.16	92
Punjab	Bhakkar	0.28	68	Punjab	Sargodha	0.16	93
Sindh	Khairpur	0.27	69	Punjab	Mianwali	0.14	94
Punjab	Rahim Yar Khan	0.27	70	Punjab	Narowal	0.14	95
KPK	Karak	0.27	71	Punjab	Khushab	0.14	96
Punjab	Vehari	0.27	72	Punjab	Hafizabad	0.13	97
Punjab	Bahawalnagar	0.27	73	Punjab	Lahore	0.12	98
KPK	Mansehra	0.26	74	Punjab	Attock	0.11	99
KPK	Kohat	0.26	75	KPK	Haripur	0.11	100
Punjab	Jhang	0.26	76	Punjab	T.T. Singh	0.10	101
Sindh	Sukkur	0.25	77	Punjab	Faisalabad	0.09	102
KPK	Bannu	0.25	78	Punjab	Rawalpindi	0.08	103
Sindh	Hyderabad	0.25	79	Punjab	Sialkot	0.07	104
KPK	Charsada	0.24	80	Punjab	Gujranwala	0.07	105
KPK	Peshawar	0.24	81	Punjab	Mandi Bahuddin	0.06	106
KPK	Swabi	0.22	82	Punjab	Chakwal	0.05	107
KPK	Chitral	0.22	83	ICT	Islamabad	0.05	108
Punjab	Kasur	0.21	84	Punjab	Gujrat	0.04	109

Source: SDPI, 2012

## **Annex B**

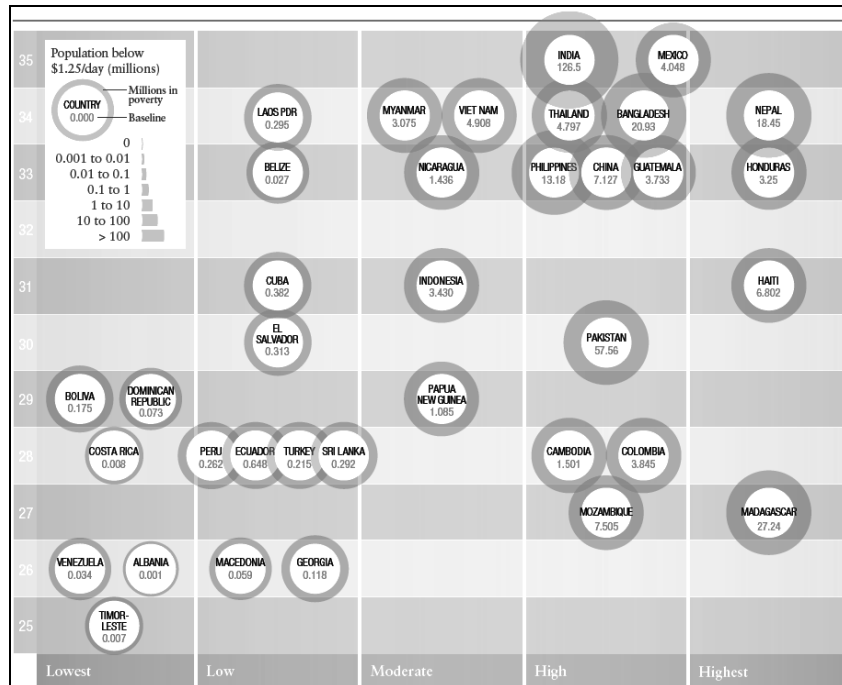
The recent World Bank Governance Indicators (WGI) are useful tools to measure the governance of any country on the basis of voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law and control of corruption. The following table adapted from the WGI rankings for the year 2009 shows India and Pakistan's status in a regional perspective.

**India and Pakistan ranking (regional perspective)**

Country	Ranking						
	Voice and Accountability	Political Stability & Absence of Violence	Government Effectiveness	Regulatory Quality	Rule of law	Control of Corruption	Average
Bangladesh	35.1	7.5	16.7	23.3	27.8	16.7	21.1
Bhutan	29.4	71.2	64.8	13.8	59.4	75.2	52.3
India	60.2	13.2	54.3	44.3	55.7	46.7	45.7
Maldives	44.1	39.2	42.4	37.1	52.8	29.5	40.8
Nepal	30.8	5.2	18.1	23.8	17.9	25.2	20.1
Pakistan	20.9	0.5	19	33.3	19.3	13.3	17.7
Sri Lanka	32.2	11.8	49	43.3	53.3	44.8	39

**Source:** *World Governance Indicators (WGI), 2009.*

**Projected poverty levels in 2030 in countries ranking highest on the multi-hazards (earthquakes, cyclones, droughts, extreme heat and floods) index**



Source: *The Geography of Poverty, Disasters and Climate Change in 2030*, Overseas Development Institute, 2013