Household Based Economic Outlook with District Level Lens

Background

Gallup Pakistan, in collaboration with the Gilani Research Foundation, has initiated a process of utilizing large datasets to study a range of household level characteristics in Pakistan. These characteristics span economic and social outlooks of households, spread across all provinces and districts of Pakistan.

A simultaneous dissemination exercise is envisioned to provide policy maker/stakeholders in public and private sectors alike, with an opportunity to access this information. The hope is to ultimately create an inclusive environment wherein informed decision making may take place.

Accordingly, this marks the first in a series of monthly press releases using the PSLM dataset (Pakistan Social and Living Standards Measurement Survey). This dataset has an added advantage of representing data for more than 70,000 households in the country, thus making district level analysis possible. Furthermore, in this week's edition, we will examine household economic outlook for all districts in Pakistan for the years 2010 and 2012, allowing us to consider shifts in economic outlook over the two years.

Economic Outlook for the Year

Introduction

Economic outlook of consumers is usually considered a good predictor of Economic cycles of an economy. At Public Policy level, it provides a "whistle blowing" role and can help in pre-emptive planning for macroeconomic decisions related to Fiscal Policy and Monetary Policy.

Economic Outlook is also relevant as a "feedback mechanism" for ascertaining the efficacy of implemented Policies by Economic planners. A failed policy generally leads to an aggregated "despair with respect to next year".

Economic outlook is also if crucial importance for Business sector and can help in business decision making. Generally investments at the time of declining "economic outlook" can potentially be a loss making outcome.

Gallup Pakistan is introducing the concept of Net Economic Outlook in this paper. The methodology is explained below in greater detail.

Methodology

The PSLM survey instrument poses a simple question to each household: ' How is the economic situation of the family as compared to one year before?'. The answer options are i) Much worse ii)Slightly worse iii) Like before iv) A little better than before v) Far better than before and vi) Don't know.

Calculation for determining economic outlook is based on the following formula: (Far better than before + A little better than before) - (Much worse + Slightly worse). A positive percentage represents that more people believe their economic condition has improved as compared to those people who say their economic condition has deteriorated. A negative percentage depicts the opposite.

This analysis was performed for the years 2010 and 2012 and results were plotted against districts/divisions/provinces/urban-rural categories in Pakistan.

Results

Table 1 below illustrates results from this analysis. Second column has district names (arranged alphabetically), third and fourth columns have results for the years 2010 and 2012 respectively. Last column has the difference in economic outlook over the course of these two years. Positive changes have been colored green while negative changes have been colored red.

Table 1: District Level Economic Outlook for Years 2010 and 2012 ***(Table has been organized alphabetically)***

S.No	District	Net Economic Outlook 2010	Net Economic Outlook 2012	Change (2012- 2010)	S. No	District	Net Economic Outlook 2010	Net Economic Outlook 2012	Change (2012-2010)
1.	Abbottabad	-9.1%	-22.2%	-13.0%	59.	Lorali	-60.3%	-5.7%	54.6%
2.	Attock	-53.5%	-38.7%	14.8%	60.	Lower dir	-6.3%	0.2%	6.6%
3.	Awaran	20.0%	-24.4%	-44.4%	61.	Maitari	-21.2%	-9.2%	12.0%
4.	Badin	-15.7%	-17.2%	-1.6%	62.	Malakand	10.9%	-2.4%	-13.2%
5.	Bahawalnagar	-18.4%	-21.0%	-2.6%	63.	Mandi bahauddin	-16.2%	-7.3%	8.9%
6.	Bahawalpur	-50.9%	-37.3%	13.7%	64.	Manshera	5.6%	-25.3%	-30.9%
7.	Bannu	-26.9%	-16.7%	10.2%	65.	Mardan	-8.5%	-21.4%	-12.8%
8.	Barkhan	-66.9%	-5.2%	61.6%	66.	Mastung	12.5%	-10.6%	-23.1%
9.	Batagram	-12.4%	-29.6%	-17.3%	67.	Mianwali	-46.2%	-1.0%	45.2%
10.	Bhakhar	-59.6%	-47.7%	12.0%	69.	Mir pur khas	-9.6%	-21.7%	-12.1%
11.	Bolan	-31.3%	-82.7%	-51.4%	69.	Multan	-23.4%	-15.1%	8.2%
12.	Bonair	-26.1%	-22.6%	3.5%	70.	Musakhel	-92.0%	-20.7%	71.4%
13.	Chaghi	-29.0%	-55.5%	-26.5%	71.	Muzaffar	-53.2%	-26.7%	26.6%
14.	Chakwal	-15.9%	-13.2%	2.8%	72.	Nankana sahib	-19.2%	-20.0%	-0.9%
15.	Charsada	3.5%	-32.4%	-35.8%	73.	Narowal	-24.5%	-4.9%	19.6%
16.	Chiniot	-41.9%	-24.6%	17.3%	74.	Nasirabad	-13.0%	5.6%	18.6%
17.	Chitral	-15.3%	12.4%	27.8%	75.	Naushki	-24.7%	-23.7%	0.9%
18.	D.G.khan	-20.7%	1.3%	22.0%	76.	Nawabshah	-28.1%	-30.6%	-2.5%
19.	D.I.khan	-22.2%	-4.1%	18.2%	77.	Nowshera	-35.0%	-17.3%	17.7%
20.	Dadu	-54.1%	4.3%	58.4%	78.	Nowshero	-21.2%	6.7%	28.0%
21.	Dera bugti	14.8%	22.2%	7.4%	79.	Okara	9.2%	-4.6%	-13.8%
22.	Faisalabad	-26.5%	-20.7%	5.8%	80.	Pakpattan	-15.7%	5.7%	21.4%
23.	Gawadar	-50.1%	-20.4%	29.7%	81.	Pashin	-53.5%	-37.3%	16.2%
24.	Ghotki	2.9%	-6.5%	-9.4%	82.	Peshawar	-12.2%	-15.9%	-3.7%
25.	Gujranwala	-22.6%	-21.2%	1.4%	83.	Qillah abdullah	-49.5%	-2.9%	46.6%
26.	Gujrat	-21.9%	-25.4%	-3.6%	84.	Qillah saifullah	22.8%	10.2%	-12.6%
27.	Hafizabad	-16.9%	4.2%	21.0%	85.	Quetta	-28.1%	-29.2%	-1.1%
28.	Hangu	-21.8%	-6.0%	15.8%	86.	Rahimyarkhan	-46.4%	-35.7%	10.7%
29.	Haripur	-11.8%	-18.1%	-6.4%	87.	Rajanpur	-25.5%	-10.1%	15.4%
30.	Harnai	-26.0%	-26.7%	-0.6%	88.	Rawalpindi	-31.5%	-24.1%	7.4%
31.	Hyderabad	-9.5%	-11.5%	-2.0%	89.	Sahiwal	-15.2%	0.5%	15.8%
32.	Islamabad	-3.2%	7.9%	11.1%	90.	Sanghar	-30.2%	-22.9%	7.3%
33.	Jacobabad	-36.0%	-6.2%	29.8%	91.	Sargodha	-36.2%	-26.6%	9.6%
34.	Jaffarabad	-34.6%	0.0%	34.6%	92.	Shahdadkot	-29.9%	-23.3%	6.6%
35.	Jamshoro	-27.4%	12.7%	40.1%	93.	Shangla	-57.9%	-20.8%	37.1%
36.	Jehlum	-38.2%	-14.0%	24.2%	94.	Sheikupura	-30.2%	-36.3%	-6.1%
37.	Jhal magsi	-36.9%	-81.3%	-44.4%	95.	Sherani	4.8%	-5.7%	-10.6%
38.	Jhang	-23.3%	-21.7%	1.5%	96.	Shikarpur	-21.7%	-6.5%	15.1%
39.	Kalat	-1.0%	5.1%	6.1%	97.	Sialkot	-6.8%	17.2%	23.9%
40.	Karachi	-38.6%	-23.8%	14.8%	98.	Sibbi	-34.9%	-52.9%	-18.0%
41.	Karak	-39.0%	-9.1%	30.0%	99.	Sukkur	-8.8%	-2.1%	6.8%
42.	Kashmore	-13.2%	-20.4%	-7.2%	100.	Swabi	-35.6%	-25.1%	10.5%
43.	Kasur	-13.6%	-26.9%	-13.2%	101.	Swat	-43.8%	-9.3%	34.4%
44.	Ketch	-65.8%	-43.0%	22.9%	102.	T.t.singh	-12.6%	-5.1%	7.4%
45.	Khairpur	3.1%	0.1%	-3.0%	102.	Tando Allahyar	-4.5%	-11.4%	-6.9%
46.	Khanewal	-20.7%	-11.2%	9.5%	103.	Tando moh	-15.1%	-8.3%	6.8%
47.	Kharan	-20.4%	-59.1%	-38.7%	104.	Tank	-2.3%	4.4%	6.7%
48.	Khushab	-35.2%	-24.7%	10.5%	105.	Tharparkar	-2.5%	-11.2%	-8.8%
49.	Khuzdar	-3.5%	-5.8%	-2.2%	106.	Thatta	-66.6%	-41.6%	25.1%
50.	Kohat	-4.9%	-10.9%	-6.0%	107.	Umer kot	13.4%	19.2%	5.9%
51.	Kohistan	-68.0%	-42.3%	25.7%	108.	Upper dir	-3.2%	-5.7%	-2.6%
52.	Kohlu	-35.2%	-25.3%	9.9%	109.	Vehari	-22.0%	-6.5%	15.6%
53.	Lahore	-13.1%	-20.7%	-7.6%	110.	Washuk	-5.2%	-16.0%	-10.8%
54.	Lakki marwat	-37.9%	-15.4%	22.5%	111.	Zhob	-51.9%	0.5%	52.4%
55.	Larkana	-20.9%	-30.6%	-9.7%	112.	Ziarat	-62.8%	-29.6%	33.2%
56.	Lasbilla	-83.4%	-64.2%	19.2%					
57.	Layyah	-54.6%	0.5%	55.1%		**Total**	**-24.8%**	**-16.8%**	**8.0%**
58.	Lodhran	-15.0%	-11.5%	3.5%					

The results and some salient derivations from the above table are that:

i. Overall economic outlook has shifted on a positive note, from being -24.8% in 2010 to -16.8% in 2012, an increase of 8% over these two years.

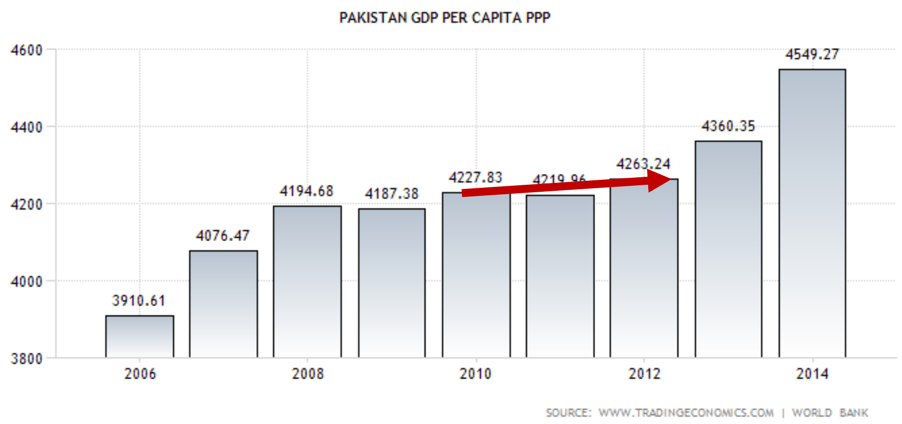
ii. It seems that there exists substantial disparity in economic outlook figures between districts in the country in terms of intra and inter provincial analysis.

iii. Since it is a perceptual indicator, there would be multiple dimensions in terms of people's formation of perception regarding economic outlook. Economic ground realities certainly do play a major role, however how well people internalize their economic environment is also key in explaining their perception.

Relating Net Economic Outlook with GDP

The general uptick in economic outlook is further corroborated by a slight improvement in GDP per capita (PPP adjusted) figure for Pakistan between years 2010 and 2012 as evidenced in Figure 1 below:

Figure 1



Provincial Segregation of Economic Outlook

Segregating this data at provincial level has major socio-political connotations especially since the devolution of administrative powers to provinces and the emergent political dispensation after the 2013 general elections in Pakistan, wherein no single party has simultaneous political charge over all provinces. Accordingly, how this perceived economic outlook shifts over time has implications for not just overall well-being of residents of a particular province but could also determine the fortunes for a particular political party incumbent in that province.

Moreover, 2012 figures on economic outlook serve as a baseline analysis as they were measured prior to the 2013 general elections and hence performance of any political party could be benchmarked against these figures.

Balochistan consistently fares the worst in terms of economic outlook of its residents, while KPK consistently fares better for this indicator. Secondly, as was evident with district level analysis, there is fundamental disparity in economic outlook between provinces. For instance the gap between Balochistan (worst economic outlook) and KPK (best economic outlook) was more than 10% in 2012.

Table 2 below shows results from a similar exercise, now performed at the provincial level.

Table 2:

S.No	Province	Economic Outlook 2010	Economic Outlook 2012	Change (2012-2010)
1.	Punjab	-25.50%	-17.30%	8.20%
2.	Sindh	-23.50%	-14.30%	9.30%
3.	KPK	-19.10%	-13.60%	5.50%
4.	Balochistan	-31.00%	-24.20%	6.80%
	Total	**-24.80%**	**-16.80%**	**8.00%**

Division Segregation of Economic Outlook

Table 3 below shows results of segregating household level economic outlook, now done at level of divisions.

Table 3:

S.No	Division	Province	Economic Outlook 2010	Economic Outlook 2012	Change (2012-2010)
1.	Makran	Balochistan	-57.70%	-32.80%	24.90%
2.	Quetta et all	Balochistan	-42.40%	-17.90%	24.50%
3.	Sibi et all	Balochistan	-22.90%	-29.10%	-6.20%
4.	Bannu et all	KPK	-21.90%	-8.30%	13.60%
5.	Hazara	KPK	-16.60%	-26.10%	-9.50%
6.	Malakand	KPK	-20.20%	-6.40%	13.80%
7.	Peshawar	KPK	-17.00%	-21.20%	-4.30%
8.	Bahawalpur	Punjab	-39.90%	-32.00%	7.90%
9.	Dg khan	Punjab	-38.30%	-9.60%	28.70%
10.	Faisalabad	Punjab	-23.00%	-18.00%	5.10%
11.	Gujranwala	Punjab	-18.60%	-8.20%	10.30%
12.	Lahore	Punjab	-11.30%	-20.70%	-9.40%
13.	Multan	Punjab	-19.60%	-7.50%	12.10%
14.	Rawalpindi	Punjab	-29.10%	-18.20%	10.90%
15.	Sargodha	Punjab	-42.80%	-25.70%	17.10%
16.	Hyderabad	Sindh	-36.20%	-18.00%	18.20%
17.	Karachi	Sindh	-38.60%	-23.80%	14.80%
18.	Larkana	Sindh	-25.60%	-14.50%	11.20%
19.	Mirpurkhas	Sindh	-15.40%	-19.10%	-3.70%
20.	Sukkur	Sindh	-9.50%	-5.60%	3.90%
	Total		**-24.80%**	**-16.80%**	**8.00%**

The unequal basis of economic outlook, prevalent at district and provincial levels, is also a constant feature at divisional levels.

Overall, majority of the divisions have experienced an uptrend in economic outlook over the two years being considered, with some notable exceptions including Lahore and Peshawar, both being provincial capitals.

Urban/Rural Segregation of Economic Outlook

Urban/Rural segregation for household economic outlook is a useful instrument when analyzing the gap which exists between economic conditions in these two regions. Table 4 below sheds light on this.

Table 4:

S.No	Region	Economic Outlook 2010	Economic Outlook 2012	Change (2012-2010)
1.	Urban	-20.6%	-11.8%	8.8%
2.	Rural	-27.1%	-19.5%	7.6%
	Total	**-24.8%**	**-16.8%**	**8.0%**

One potential explanatory factor for unequal economic outlook between districts, divisions and provinces is the relative urban/rural divide in those particular geographical units. For instance, it is clear that there is a gap of around 8% in favor of urban areas in terms of economic outlook when compared to rural areas.

This statistic might be especially relevant for urban planners and policymakers alike, since there has been over the past few years, a sustained increase in urbanization levels in the country. A more positive economic outlook for urban areas may be a cause and effect for the increase in urban population levels. As the gap between urban and rural areas rises, migration to urban areas from rural areas is also expected to rise. This may lead to a glut in labor force, allowing both the services and manufacturing sectors to employ them as cheap factors of production. Urban planners will definitely experience an uphill task when catering to this population glut in urban centers, with infrastructure unable to cope with rising demand levels.

When it comes to equal distribution of resources in the country, this gap of around 8% in economic outlook is indeed a glaring challenge to the government. A more equal resource distribution will reflect positively on economic outlook in rural areas, which after all form the backbone of Pakistan's agrarian economy.