

Population, Labour Force and Employment

Introduction:

Pakistan is facing a formidable challenge of tackling the issues of economic development and poverty reduction. In the wake of growing population, the need for food security and the provision of employment opportunities and housing are becoming a burden on the economy. Without population stabilization, addressing the critical issues, such as global warming, biodiversity, the environment, energy, food/water supplies, migration and security is extremely difficult.

Total population in Pakistan is 163.76 million in 2008-09. Due to a sharp decline in mortality since the 1950s without a corresponding reduction in fertility, the population growth rate increased from about 2 percent in the 1950s to 3 percent or over until the 1980s. With accelerated efforts of the national population planning programme and other socioeconomic changes, a decline in fertility and birth rate occurred during the 1990s, thereby reducing the population growth rate to 2.6 percent during inter-census period of 1981-1998, and further to 1.87 percent per annum by the year 2005. This is still amongst the highest in the region. Given the existing trend, the total population is estimated to reach 167 million by the year 2010 and 194 million by 2020 (NIPS). According to the 2008 province wise demographic estimates of the Planning and Development division, Punjab has 55.46% of the total population of Pakistan; Sind and NWFP account for 22.92% and 13.73% respectively and Baluchistan is the least populous with a population share of 5.15%. The Islamabad Capital territory has 0.7% of the population and the Federally Administered Tribal Areas account for the remaining 2.37%.

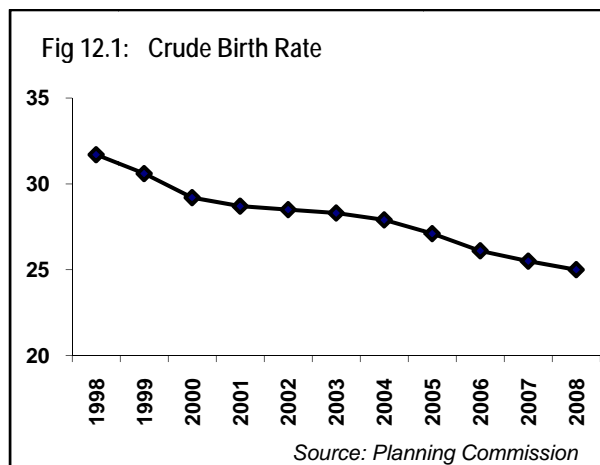
However Pakistan is still amongst the high-fertility countries with a large proportion of young adults and children. The median age of the population has increased over the years from about 18 years in 1998 to 22 years in 2008. The welfare of a nation is inherent in the size and structure of its population. With the current rate of population growth the population of Pakistan is likely to double in the next 39 years. The high growth rate, therefore, is a matter of great concern. Similarly, the predominantly young population generates pressures to create employment and provide social services. Hence, by improving the effectiveness of population welfare program, the quality of life, social up lift and economic development can be augmented.

12.1 POPULATION OVERVIEW:

Certain key population indicators provide insights into the growth and structure of the population. These are discussed below:

The Crude birth rate (CBR) measures the growth and the crude death rate (CDR) measures the decline of a population. These measures are standardized to indicate growth and decline per 1000 persons. The word "crude" shows that age and sex differences are not considered. A CBR of more than 30 is considered high and less than 18 is considered low. The CBR in Pakistan is estimated at 25 while 10 years ago it was 31.7. This shows the improving trend. Similarly the CDR is 7.7 and about a decade ago it was 9. Both of these statistics show the improving trends on the population front. The trend shows that health conditions are gradually improving. Life expectancy has also increased to 64.9 from 62.3, ten years ago. The mortality rate has declined since 1998. The decline shows that certain diseases have been controlled

and there has been greater access to health care for the people. The infant mortality rate was 81.1 in 1998; it is 70.2 per thousand live births today. Although the trend is on the downside nevertheless the level of the infant mortality is a big issue and valuable lives are lost in infancy. In this area the efforts of the Government, Civil Society and the private sector to control population are becoming more successful.



12.1.i REVIEW OF DEMOGRAPHIC INDICATORS 2007-08:

Some of the selected demographic indicators for the periods 2007 and 2008 are presented in the following table:

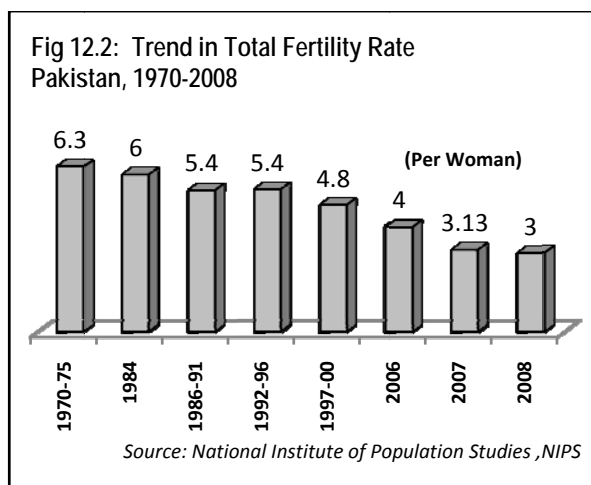
	2006 (1 st July)	2007 (1 st July)	2008 (1 st July)
Total Population (million)	156.26	159.26	161.66
Urban Population (million)	53.85	55.48	57.14
Rural Population (million)	102.41	103.58	104.73
Total Fertility Rate (TFR)	4.1	3.13*	3*
Crude Birth Rate (Per Thousand)	26.1	25.5	25.0
Crude Death Rate (Per Thousand)	8.2	7.9	7.7
Population Growth Rate (Percent)	1.8	1.78	1.73
Life Expectancy (Years)	63.8	64.3	65.4
Male	63.9	64.3	65.2
Female	63.8	64.4	65.6

Source: National Institute of Population Studies (NIPS)
*Based on PSDF Survey 2007 these selected demographic indicators are to be reviewed.

The projected demographic indicators reflect improvement in life-expectancy and fall in the

population growth rate. However, achieving a more rapid decline in the total fertility rates will continue to be a challenge for the future.

The following chart reflects the trend of fertility rate in the country:



12.1.ii REPRODUCTIVE HEALTH AND REPRODUCTIVE RIGHTS:

People and communities give a wide variety of meanings to reproductive health and reproductive rights. Understanding of these concepts varies amongst individuals and communities. Cultural sensitivity is about realizing and understanding these varied meanings and being prepared for some unexpected realities. For example, one of the reasons for the high population rate is the reluctance of a large part of the population to use contraceptives; affordability is also an issue. The social mindset of having a male child also contributes to increase in population. Women usually do not have reproductive rights. Cultural sensitivity helps to mitigate and overcome resistance to ensure voluntary planning of the timing, spacing and size of families.

12.1.iii CONTRACEPTIVES:

The performance in terms of Couple Years of Protection (CYP) at national level has increased by 9.5% for January, 2009 over December, 2008 for all programme and non-programme outlets. CYP is a measure representing the total number of years of contraceptive protection provided by a method. For each method, the CYP is calculated by taking

the number of units distributed and dividing that number by a factor representing the number of units needed to protect a couple for one year

When compared with corresponding figures of last year i.e. 2008, the (CYP) has increased by 10.1% at national level. The contraceptive performance at provincial level in term of CYP for the month of January, 2009 over January, 2008 shows an increase in provinces of Punjab, Sindh, NWFP, Balochistan and Federal District Islamabad by 12.6%, 11.5%, 26.2%, 16.9% and 32.4% respectively. The highest average reported performance for Condoms per FWC in 2009 is 1383 units sold in Sindh followed by 1166 in NWFP, 1045 in Balochistan, 979 in Punjab and 963 in Federal District of Islamabad respectively. The maximum numbers of 78 cycles of Oral Pills were dispensed by NWFP and the lowest (46) cycles were reported by FWCs of Punjab. The highest insertions of IUDs i.e. 27 have been reported by FWCs of Punjab and the lowest figure reported is 7 by FWCs of Balochistan. When we look into the figure for injectables, it is seen that the maximum number has been reported by N.W.F.P. which stands at 68 vials while the minimum number i.e. 18 has been observed in Balochistan. When these contraceptives performances are translated into CYP, it is observed that on average, the highest number of CYP has been reported (118) by NWFP while the lowest 41 were for Balochistan.

The method-wise comparison for the month of January, 2009 with January, 2008 shows a decrease for Condom by 18.6% whereas an increase is reported for Oral Pill by 3.1%, IUDs by 6.4%, Injectables by 0.6% and Contraceptive Surgery by 42.5% respectively.

The Contraceptive Surgery Directorate develops and launches media campaigns to promote a small family norm for bringing attitudinal and behavioral change in the masses. All channels of communication, including electronic and print media, out door publicity and interpersonal communication are utilized for this purpose. The major activities undertaken through different channels of communication are as under:

24-Months Basic Training Course for Family Welfare Workers (FWWs):

24-months basic training course for Family Welfare Workers (FWWs) is an ongoing activity at Regional Training Institutes (RTIs).

Updating of Advocacy Kit:

An advocacy kit which was developed in 2003-04 as one of the most important documents being presented to the policy makers is being updated and, re-designed with an improved format.

Reproductive Health Services Component:

Reproductive Health Services (RHS) Centres are one of the major clinical components of the Population Welfare Program with its hospital based service outlets (RHS A-Centres) in teaching hospitals, major hospitals of big cities, all DHQ and selected THQ hospitals. Facilities for Contraceptive Surgery (CS) along with the full range of contraceptives i.e. IUCDs, Injectables, condoms, oral pills, Norplant/Implant (in selected RHS A-Centre) etc. are available to clients.

Mobile Service Units (MSU):

Mobile Service Units is a flagship project of the Ministry of Population Welfare which provides quality package of Reproductive Health and Family Health Services to the Population of remote villages where no other health facilities are available.

Public- Private Sector Organizations (PPSOs) / Target Group Institutions (TGIs):

The major thrust of the PPSOs is to forge partnership with formal public and private corporate sector organization since priority should be to reduce population through accelerated fertility transition. The population growth rate has been brought down to about 1.8 percent per annum but the total fertility rate at 3.13 per women (2007) reported by the Ministry of Population Welfare is still above the desired level. Contraceptive Prevalence Rate (CPR) is low at 36 percent.

The MTFD (Medium term development framework) 2005-10 is designed to address all

these challenges through appropriate interventions and adequate allocation.

12.1.iv URBANIZATION AND POPULATION:

It would not be possible to sustain the urban infrastructure with its growing needs if the population continues to grow at the present pace. People crowd the cities which already cannot hold more people. The urban poor suffer from a penalty for being urban as slum dwellers are as badly off if not worse off than their rural counterparts. One part of the urban population has all the benefits of urban living, while the other part, the slums and squatter settlements, are devoid of all facilities and the poor often live under worse conditions than their rural poor. Increasing population ensures that the living conditions in urban areas will get worse with no proper access to drinking water and sanitation. The following table shows the distribution of population according to urban and rural areas. Considering the vast rural area you can see that the urban population is more concentrated in terms of density. While the overall population increase is evident the contribution of the urban population to the increase is considerably greater than that of the rural population. This trend highlights the tendency towards an urban shift.

Table 12.2: Population by Urban/ Rural Areas

Mid Year	Population Estimated	Rural Areas	Urban Areas
1999	136.41	91.94	44.47
2000	139.41	93.75	45.66
2001	142.35	95.52	46.83
2002	145.28	97.27	48.02
2003	148.21	99.00	49.21
2004	151.09	100.30	50.80
2005	153.96	101.55	52.41
2006	156.77	102.75	54.02
2007	159.57	103.91	55.66
2008	162.37	105.06	57.32

Source: planning and Development Division.

12.1.v POLICY INITIATIVES:

Recognizing the importance of the Population Programme the Government has provided political commitment at the highest level. The following policy initiatives are worth mentioning:

- ▶ A “National Population Commission” headed by the Prime Minister of Pakistan and four Provincial “Population Councils” headed by the respective Chief Ministers are in place.
- ▶ Reproductive health service including clinical contraception is being extended through well equipped mobile service units (MSUs) to the underserved areas. Centres providing clinical services are being established at Tehsil Headquarter Hospitals.
- ▶ Lady Health Workers are involved for creating awareness of clinical methods of contraceptives. They have now been trained for administering injectables, thus providing in site services at the household level.
- ▶ The provincial health and population welfare departments will be linked the Lady Health Workers with the Family Welfare Centres (FWCs).
- ▶ Communication strategies at federal and provincial levels including advocacy through interpersonal communication (IPS) are being re-enforced.
- ▶ The MTDF (2005-10) ensures government funding to the private sector for extending reproductive health including family planning services to the rural areas. Social marketing and private-public partnerships are being adopted.

12.1.vi STRATEGY:

For achieving the envisioned long-term objective of attaining replacement level of fertility by 2020 or achieving the Millennium Development Goals MDGs (target) by 2015 the Population Welfare Programme focuses on the following:

- i. Population is declared as cross cutting issue for all sectors of the economy.
- ii. The NATPOW (National Trust for Population Welfare) this trust builds

partnerships among GoP NGOs, CBOs donors and private sector organizations for implementation of national population and development program. Overall, some 264 NGOs with 479 outlets, operating throughout the country, having been registered NATPOW. The NATPOW is being revived to strengthen the public-private partnership and the involvement of NGOs.

- iii. The Departments of Health will ensure delivery of family planning services through all its service outlets as a regular activity.
- iv. Lady Health Workers (LHWs) will become a strong linkage between community and service providers.

Population Welfare Programme

Pakistan recognized the consequences of high population growth rate on its economic and social development programmes in the early fifties, when family planning activities were started on limited scale through voluntary organizations. The programme has since experienced many phases with emphasis on lowering the fertility level. In 2002, the Ministry of Population Welfare derived an explicit Population Policy to attain replacement level of fertility by 2020 with an aim to achieve population stabilization expeditiously. The programme would strive to reduce the growth rate of population to 1.3 percent by 2020 by promoting the concept of small family norm, making modern methods of family planning universally accessible through public private partnership and by involving the NGO sector.

Programme Service Outlets

Family Welfare Centre (FWC) Component

Family Welfare Centre (FWC) constitutes the most extensive institutional network in the country to promote and deliver family planning services in the urban and rural areas. FWC serves as a static facility to about 7,000 people, whereas operating through its satellite clinics and outreach facilities it covers a population of around 12,000. The scope of work of the FWC includes provision of family planning, maternal and child health (MCH)

services. The scope of the FWC has been expanded to include elements of Reproductive Health package, like Safe Motherhood, Infant Health Care, Management of RTIs / STIs, HIV / AIDS. Currently there are 2740 FWCs functioning all over the Country

The Population Welfare Programme 2007-08 is in line with the sectoral targets and objectives set in MTFD (2005-10). An allocation of Rs 4.3 billion including a foreign loan of Rs 204.2 million has been earmarked for the population, in Public Sector 2007-08. There is an increase of Rs 1.3 billion over the actual expenditure of Rs 3.0 billion in the last financial year (2005-06).

12.1.vii FUTURE OUTLOOK OF POPULATION:

The continuing high population growth will take Pakistan's population to 194 million by the year 2020. Pakistan still has an unacceptably high rate of growth compared to other developing countries. Pakistan is faced with a large adolescent population. The adolescent population, in the age group of 15-24 years entering into its reproductive phase, embodies high potential population growth for several decades. It constitutes a population momentum in the future that has serious implications for provision of schooling, health services and other basic amenities of life for the coming decades

12.2 LABOR FORCE AND EMPLOYMENT:

Employment is more of a social issue than an economic one as it touches the lives of every person whether young or old. Proper employment is a necessity for all. Employment has a direct impact on poverty, income distribution and economic development. The incidence of poverty, in particular, has a direct correlation with employment. It has been observed that growth in poverty occurs when there is a recession and people are unemployed. The more severe and pervasive the recession the more long lasting is the impact it has on poverty. Development is also hurt by loss of jobs since lesser jobs mean less economic activity.

Provision of mere employment is not an adequate solution. People should be decently employed. There should be no underemployment since this only leads to the workers becoming a burden on the economy. There should be conducive working conditions since the work environment is also very important for productivity. The abilities and skills of the employees should not remain static; there should be a constant increase in vocational competence and wages.

There are certain inherent problems associated with employment in Pakistan such as low literacy rate and poor level of skills. Our 46 per cent of the labor force has one year of education or less. The acceleration of economic growth, changes in work process and technology over the years requires higher skilled workers. Without a workforce that is continuously acquiring new and improved skills, it will be difficult for Pakistan to be competitive in the globalizing world. There also occurs a mismatch between demand and supply of educated and trained manpower. Women and youth are the disadvantaged segment of the society as far as employment is concerned. The problem is of opportunities; there are fewer incentives for women. Women are considered more apt in the sphere of the home. They are given the status of the home maker and thus are left out of the labor force. Female literacy rate of the population stands at 43.6 percent, which is 68.2 percent in males. Youth on the other hand find the markets saturated and opportunity is the problem again. Therefore, the educational enrollment, technical and vocational training capacity in the country and competitiveness have been the objective of Government Policies and Programs.

Competitiveness is an important attribute of the globalized world. Without due competitiveness in the labor force, the country cannot survive the onslaught of global trade. After the post quota regime, the competitiveness of the labor force is the only savior. In south Asia, in particular, competitiveness is an important factor in gaining global market share. The Competitiveness index 2007-08 for South Asia is given in table below to

ascertain the improvement requirements of our labor force.

Table 12.3: Global Competitiveness Index pillars-South Asia 2007-08

Countries	Higher Education and Training	Labor Market Efficiency
Bangladesh	126	76
India	55	96
Nepal	118	122
Pakistan	116	113
Sri Lanka	77	118

Source: World Employment Forum Global Competitive Index 2007-2008.

In this Global Index, which lists the profiles of South East Asian countries for the year 2007-08, it can be seen that India dominates in competitiveness. It comes 55th in terms of Higher education and training and 96th in labor market efficiency while Pakistan is 116th and 113th in both respectively. This explains why India is doing so well in Trade since it has a lot to offer in terms of efficiency and training of the labor force. Pakistan needs to step up its efforts in this regard if it wishes to compete in the global arena.

Adequate policy is needed to cure the problems prevalent in the labor and employment sector. To aid in the process, the Ministry of Labor, Manpower and Overseas Pakistanis, in collaboration with the International Labor Organization and the United Nations Development Programme initiated the development of a *Labor Market Information and Analysis system*, (LMIA) which became operational in the second half of 2006. The LMIA system aims to provide up-to-date and timely Labor Market Information and Analysis that serves as an input into the formulation and monitoring of labor and employment policies.

The LMIA system will be used to analyze labor market developments at various levels. Apart from the interplay between the labor market and the macroeconomic environment, labor market information can be used to monitor the employability of people and its relations with skills development and education. Education and skills development are crucial to improve and sustain

productivity and income-earning opportunities at work. It also serves to enhance the mobility of people in the labor market and offers the potential for increased career choices.

12.2.i KEY INDICATORS:

According to the LFS 2007-08, with the population of 159.57 million, Pakistan has a labor force of 51.78 million people which is 1.45 million more than the previous year. The female labor force has increased; they are 10.96 million that is 0.1 million more female workers than the previous year. The total number of people employed was 49.09; 1.44 million more than the previous year. (Employment

Status shows decrease in the comparative profiles of *employees* 37% to 36% and *own account workers* from 35% to 34% while *unpaid family workers* increased from 27% to 29% mainly for females)

Table 12.4: Indicators

Labor Force (In millions)		
	2006-07	2007-08
Total	50.33	51.78
Male	39.92	40.82
Female	10.41	10.96

Source: Labor Force Survey 2007-08

Table-12.5: Civilian Labor Force, Employed and Unemployed for Pakistan (in millions)

	01-02	03-04	05-06	06-07	07-08
Labor Force	41.83	45.50	50.05	50.33	51.78
Employed	38.37	42.00	46.95	47.65	49.09
Unemployed	3.46	3.50	3.10	2.68	2.69

Source: Labor Force Surveys 2001-02, 2003-04, 2005-06 & 2006-07, Federal Bureau of Statistics

Overall unemployment increased negligibly by 0.01 million with male unemployment decreasing while female unemployment increased. The overall Unemployment Rate (5%) remained unchanged. A similar trend has been noticed for both genders and in rural areas. Nevertheless, the trend in some segments of the male origin seem to be off from urban unemployment rate. The formal Sector, as a whole, recedes in relative importance (28%, 27%) during the comparative periods due to decline in the rural areas (27%, 25%) while the urban areas remains at the same level. The opposite pattern holds for the informal sector. The informal Sector accounts for more than seven-tenth (73%) of the employment in the main jobs outside agriculture, more in rural (75%) than in urban areas (71%). On the contrary, formal sector activities are more concentrated in urban areas (30%) as compared to rural areas (25%). Informal employment shows an increase (72%, 73%) in the comparative periods, more for females than males and in rural than urban areas. Nearly 44.6 percent of the labor force is employed in Agriculture which has increased from the previous year. However manufacturing, community, social and personal services indicate fall in activity level. The labor force participation rate is 32.17%. The literacy rate is 56.2% and is 1.2 percentage point higher than the last year. The

Rural literacy rate has increased by 1.3 percentage point and, is presently 47.5%. The urban literacy rate has increased by 1.2 percentage points and currently stands at 72.3%.

12.2.ii LABOR FORCE PARTICIPATION RATES:

The supply of labor force in the economy and the composition of the country's human resource determines the labor force participation rate (LFPR). The crude activity rate is the currently active population expressed as a percentage of the total population in Pakistan. Crude activity has increased negligibly in 2007-08; it stands at 32.2%. The female participation rate has increased more than male participation rate. However, it should be noted that the female participation rate is lower than that of males. The augmented activity rate is based on a definition that included non-conventional marginal economic activities such as subsistence agriculture, own construction of one's dwelling etc.

The crude augmented activity rate declined by 1 percentage point and is now 38.2%. The crude activity rate in urban areas has decreased in both males and females while it has increased in rural areas. *The Refined activity rate is defined as the*

currently active population expressed as a percentage of the population aged 10 years and above. This rate enables international comparison by factoring in the effect of the age composition. Refined Activity rate is exactly the same as it was in 2006-07. It is stagnant at 45.2%. However, this rate in males has decreased while it has increased

in case females. The total augmented refined activity rate has decreased by 2.1 percentage point and stands at 53.6%. The refined activity rate in rural areas has increased negligibly. However, rural males are participating less than in the previous year. The urban total refined activity rate has declined by 1.2% and stands at 38.6%.

Table- 12.6

Indicators	2006-07	2007-08	Indicators	2006-07	2007-08
Crude Activity (Participation) Rates (%)			Refined Activity (Participation) Rates (%)		
Pakistan			Pakistan		
Total	31.8	32.2	Total	45.2	45.2
Male	49.1	49.3	Male	70.1	69.5
Female	13.5	14.0	Female	19.1	19.6
Augmented			Augmented		
Total	39.2	38.2	Total	55.7	53.6
Female	28.5	26.3	Female	40.2	36.7
Rural			Rural		
Total	32.9	33.8	Total	48.1	48.8
Male	48.3	49.1	Male	71.5	71.2
Female	16.7	17.9	Female	24.1	25.6
Augmented			Augmented		
Total	43.2	42.3	Total	63.2	61.0
Female	37.5	35.1	Female	54.2	50.2
Urban			Urban		
Total	29.7	28.9	Total	39.8	38.6
Male	50.8	49.9	Male	67.7	66.6
Female	7.1	6.2	Female	9.6	8.4
Augmented			Augmented		
Total	31.2	30.0	Total	41.8	40.1
Female	10.2	8.6	Female	13.7	11.5

Source: Labor Force Surveys 2007-08

Another view of the labor force participation rate can be seen from table 12.7 which shows that there has been an increase in the total labor force . The

increase is greater than the previous year where it was a mere 0.28 million of work force. In 2007-08 there is an increase of 1.45 million.

Table- 12.7: Population, Labor Force and Labor Force Participation (LFP) Rates

Year	Population (million)		Labor Force (million)		LFP Rate (percent)	
	Total	Working age *	Total	Increase	Crude	Refined
1996-97	126.90	84.65	36.30	--	28.6	43.0
1997-98	130.58	88.52	38.20	1.90	29.3	43.3
1999-00	136.01	92.05	39.40	1.20	29.4	42.8
2001-02	145.80	99.60	42.39	2.99	29.6	43.3
2003-04	148.72	103.40	45.23	2.84	30.4	43.7
2005-06	155.37	108.79	50.05	4.82	32.2	46.0
2006-07	158.17	111.39	50.33	0.28	31.8	45.2
2007-08	160.97	114.64	51.78	1.45	32.2	45.2

Source: Labor Force Surveys 2001-02, 2003-04, 2005-06 & 2006-07, Federal Bureau of Statistics

* Population 10 years and above is considered as working age population

In two out of the four provinces, the provincial labor force participation rate has increased. Sindh and NWFP have both shown an increase of 2.8 percentage points and 3.5 percentage points respectively.

12.2.iii AGE SPECIFIC LABOR FORCE PARTICIPATION RATES:

The age intervals between 20 to 50 years rank as the most productive period of life. However, the size of gender disparity is considerable at all these age intervals. The ratio indicates that female participation is very low as compared to male

participation in these age cohorts. At younger ages this trend is more pronounced.

Table-12.8: Provincial Labor Force Participation Rates (%)

	2006-07	2007-08
Punjab	48.5	46.6
Sindh	42.7	45.5
NWFP	36.3	39.8
Balochistan	43.6	41.8

Source: Labor Force Survey 2006-07 & Federal Bureau of Statistics

TABLE 12.9: AGE SPECIFIC LABOUR FORCE PARTICIPATION RATE (%)

Age Group	1999-00	2000-01	2001-02	2003-04	2004-05	2005-06	2006-07	2007-08
10 years & over								
Both Sexes	42.80	43.34	43.34	43.74	43.74	46.01	45.18	45.17
Male	70.39	70.32	70.32	70.61	70.61	71.97	70.14	69.54
Female	13.72	14.44	14.44	15.93	15.93	18.93	19.10	19.59
10-14								
Male	18.32	17.18	17.18	18.45	18.45	20.68	16.92	17.09
Female	2.79	6.28	6.28	6.69	6.69	9.21	9.18	9.69
15-19								
Male	58.26	57.56	57.56	59.00	59.00	60.87	56.29	53.94
Female	7.19	13.78	13.78	14.51	14.51	16.91	16.60	17.61
20-24								
Male	85.24	87.03	87.03	85.70	85.70	87.63	86.76	85.12
Female	14.14	15.94	15.94	18.03	18.03	20.67	20.66	20.98
25-34								
Male	96.41	96.57	96.57	96.27	96.27	97.03	97.16	96.90
Female	18.80	16.07	16.07	18.31	18.31	21.62	21.66	21.87
35-44								
Male	97.51	97.49	97.49	97.36	97.36	97.57	98.01	97.87
Female	21.70	19.90	19.90	21.64	21.64	25.07	25.93	26.75
45-54								
Male	95.90	95.55	95.55	95.63	95.63	96.37	96.62	96.65
Female	21.27	19.39	19.39	20.95	20.95	24.78	25.01	24.42
55-59								
Male	90.61	88.19	88.19	89.68	89.68	90.62	92.20	92.54
Female	17.76	14.50	14.50	18.57	18.57	22.84	22.45	25.53
60+								
Male	60.68	56.63	56.63	58.37	58.37	59.38	58.52	59.46
Female	13.04	11.36	11.36	12.90	12.90	14.69	15.70	15.50

Source: Labor Force Survey 2006-07, Federal Bureau of Statistics.

**For the Years 2002-03 and 2004-05 Labour Force Survey was not conducted*

♦data for the years 2004-05 and 2007-08 estimated by Federal Bureau of Statistics

It is interesting to note that age group of 10 years and above, the total labor force participation rate in 2007-08 remained at the same level i.e 45% but the overall labor force participation rate has increased to 32.17%. Males' participation rate has declined while females' participation rate has increased negligibly. In 10-14 age group, participation has increased in both the males and the females. The trend for 15-19 age group has decreased for males (2.35 percentage points) and increased for females (1.01 percentage points). In the case of 20-24, 25-34 and 35-44 age groups male participation has decreased while female participation has increased. In the 45-54 age groups female participation rate has decreased. In 55-59 female participation rate has increased when compared with the previous year. In the 60+ category the male participation rate has increased.

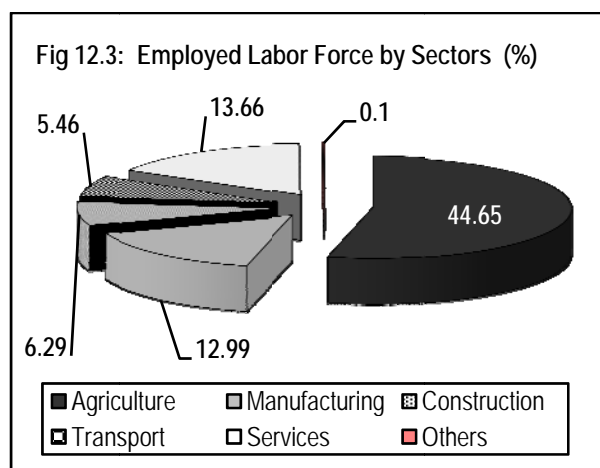
12.2.iv EMPLOYMENT BY SECTORS:

It is a known fact that agriculture dominates the distribution of employed persons leading at

Table-12.10: Employed Labor Force by Sectors (%)

Sector	2006-07			2007-08		
	Total	Urban	Rural	Total	Rural	Urban
Agriculture	43.61	59.90	6.52	44.65	60.94	6.21
Manufacturing	13.54	9.22	23.38	12.99	8.37	23.89
Construction	6.56	6.54	6.61	6.29	6.09	6.75
Transport	5.39	4.25	7.99	5.46	4.42	7.92
Services	14.41	10.16	24.10	13.66	9.96	22.39
Others	2.06	1.10	4.24	0.10	0.03	0.26
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: Labor Force Survey 2006-07, Federal Bureau of Statistics



(44.65%) during 2008, while manufacturing (12.99%). The "Others" category which is a combination of employed persons in several industries makes up the rest (0.1%). The employed labor force in Agriculture has increased by 1.04 percentage points in 2008 as compared to last year. Manufacturing showed a decline in employed labor force. The decrease in the labor force is indicative of lower activity in the industrial sector resulting in the worker lay off. Nearly in all the sectors, urban employment is higher than rural employment.

Although most of the labor force works in Agriculture in the rural areas; it is surprising to note that in construction an almost equal number of persons is employed in both the rural and urban areas. This shows lack of disparity in the rural and urban distribution as far as the sector of construction is concerned. In this sector the rural areas have 64.46% while urban areas have 36.14% of employed labor force.

12.2.v EMPLOYMENT BY STATUS:

In countries with a large informal sector the changes in employment status are less evident. In the informal sector currently, the employees category constitutes 17.66 million persons followed by self employed which constitute 16.77 million. (Table 12.11) The unpaid family helpers form quite a significant portion i.e. 14.20 million persons in 2007-08. However, the largest increase in employment status has taken place for unpaid family workers (14.2 million vs 12.98 million). This shift also shows that rural population has more unpaid workers. This is indicative of the

change towards household level economic activities such as dairy and livestock.

	2006-07			2007-08		
	Total	Urban	Rural	Total	Urban	Rural
Employers	0.39	0.27	0.12	0.46	0.34	0.12
Self employed	16.45	4.59	11.86	16.77	4.51	12.26
Unpaid family Helpers	12.98	1.62	11.37	14.20	1.72	12.48
Employees	17.83	8.06	9.77	17.66	8.04	9.62
Total	47.65	14.54	33.11	49.09	14.61	34.48

Source: Labor Force Survey, 1999-00 & 2007-08

	1999-00	2007-08	Change from 1999-00 to 2007-08
Agriculture	48.4	44.6	-3.8
Urban	5.68	6.21	0.53
Rural	65.85	59.90	-4.91
Mining	0.1	0.1	0.0
Urban	0.07	0.07	0.0
Rural	0.07	0.14	-0.07
Manufacturing	11.5	13.0	1.5
Urban	23.78	23.89	1.11
Rural	6.46	8.37	1.91
Electricity	0.7	0.7	0.0
Urban	1.32	1.36	0.04
Rural	0.45	0.42	-0.03
Construction	5.8	6.3	0.5
Urban	6.31	6.75	0.44
Rural	5.57	6.09	0.52
Trade	13.5	14.6	1.1
Urban	27.04	27.45	0.41
Rural	7.98	9.19	1.21
Transport	5.0	5.5	0.5
Urban	7.92	7.92	0.0
Rural	3.85	4.42	0.57
Finance	0.8	1.4	0.6
Urban	2.34	3.7	1.36
Rural	0.19	0.44	0.25
Services	14.2	13.7	-0.5
Urban	25.53	22.39	-3.14
Rural	9.57	9.96	0.39
Others	0.0	0.1	0.1
Urban	0.01	0.26	0.25
Rural	0.00	0.03	0.03
Total	100.00	100.00	
Urban	100.00	100.00	
Rural	100.00	100.00	

Source: Labor force Survey, 1999-00 & 2007-08

12.2.vi EMPLOYED LABOR FORCE ACCORDING TO URBAN RURAL DISTRIBUTION:

Employment comprises of all the persons of ten years of age and above who work at least one hour during the reference period and were either “paid employed” or “self employed”. Persons employed on permanent/regular basis who have not worked for any reason during the reference period are also treated as employed, regardless of the duration of the absence or salary received during the absence. During the period 1999-2000 to 2005-06, 11.33 million work opportunities were created, due mainly to the strong economic growth. In the subsequent year i.e. 2007-08, an increase of 1.44 million employed was observed, bulk of the opportunities were created in the rural areas (1.37 million) compared to only 0.07 million in the urban areas (see Table 12.13). Thus is indicative of a weaker labor market situation, especially in the urban areas of Pakistan. Nevertheless, the employment opportunities greatly increased from the previous year.

12.2.vii UNEMPLOYMENT:

Unemployment in Pakistan comprises of all persons ten years of age and above who during the reference period were: without work that is, were not in paid-employment or self-employment; and currently available for both and those not currently available for some reasons.

Table-12.13: Employment Trend and Changes from 1996-97 and 2007-08 (million)

Year	Pakistan		Rural		Urban	
	Employed	Change	Employed	Change	Employed	Change
1996-97	34.13	-	23.87	-	10.78	-
1999-00	36.32	2.19	25.55	1.68	10.77	-0.01
2001-02	38.88	2.56	26.66	1.11	12.22	1.45
2003-04	42.00	3.12	28.81	2.15	13.19	0.97
2005-06	46.95	4.95	32.49	3.68	14.46	1.27
2006-07	47.65	0.70	33.11	0.62	14.54	0.08
2007-08	49.09	1.44	34.48	1.37	14.61	0.07

Source: Labor Force Surveys 2001-02, 2003-04, 2005-06 & 2006-07, Federal Bureau of Statistics

Unemployed Labor Force during 2007-08 is estimated at 2.69 million. The unemployment rate is the unemployed population expressed as a percentage of the currently active population. The population currently active comprises all the persons of ten years of age and above who fulfill

the requirements of being included among employed or unemployed during the reference period. The male unemployment rate has decreased while that of females has increased. The rural unemployment rate is stagnant.

Table-12.14: Unemployed Labor Force by Areas

Years	Unemployed Labor Force (In millions)			Unemployment Rate (%)		
	Total	Rural	Urban	Total	Rural	Urban
1996-97	2.26	1.33	0.94	5.93	5.02	7.98
1999-00	3.08	1.92	1.15	7.82	6.94	9.92
2001-02	3.46	2.15	1.31	8.27	7.55	9.80
2003-04	3.50	2.08	1.41	7.69	6.74	9.70
2005-06	3.10	1.84	1.26	6.20	5.35	8.04
2006-07	2.68	1.64	1.04	5.32	4.72	6.66
2007-08	2.69	1.70	0.99	5.20	4.31	8.52

Source: Labour Force Surveys 2001-02, 2003-04, 2005-06 & 2006-07, Federal Bureau of Statistics

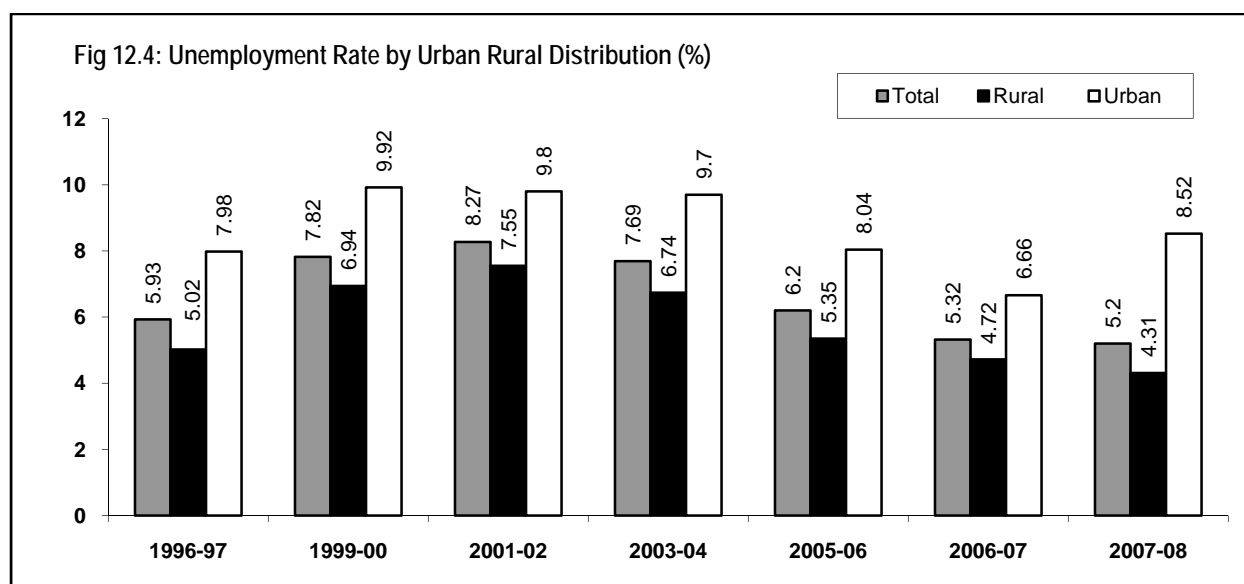


Table-12.15: Age-Specific Unemployment Rates (%)

Age Group	Total	
	2006-07	2007-08
Ten Years & Above	5.32	5.20
10-14	9.10	8.95
15-19	8.38	8.72
20-24	6.67	6.84
25-29	4.07	4.08
30-34	1.97	2.27
35-39	1.50	1.51
40-44	1.76	1.61
45-49	2.60	2.49
50-54	4.78	3.68
55-59	7.39	6.59
60 yrs & above	13.71	12.52

Source: Labor Force Survey, 2005-06 and 200607, Federal Bureau of Statistics

12.2.viii YOUTH LABOR FORCE:

From an economic point of view, the youth represent that part of the labor force which can be expected to remain economically active over a

long period of time. Their returns on investment in education and training are therefore, relatively high. The International Labor Conference (ILC) held in 2005 while discussing youth employment, concluded that 'there are too many young workers who do not have access to decent work'. A significant number of youth are underemployed, unemployed, seeking employment or between jobs, or working for unacceptably long hours under informal, intermittent and insecure work arrangements without the possibility of personal and professional development. There are working below their potential i.e. under-paid and low-skilled jobs without prospects for career advancement; trapped in involuntary part-time, temporary, casual or seasonal employment. Youth unemployment has also been adopted as one of the indicators to monitor the attainment of the Millennium Development Goals.

Table-12.16: Youth Labor Force Participation Rate* (%)

Pakistan	2001-2002	2003-2004	2005-2006	2006-2007	2007-2008	Change 2001-2002 to 2007-2008 (%)
National						
Both sexes	43.4	43.6	45.9	44.2	43.7	3.2
Male	70.2	70.5	72.2	69.2	67.0	-2.3
Female	14.8	16.1	18.6	18.4	19.2	9.0
Urban						
Both sexes	39.2	37.6	39.2	37.6	35.3	-1.3
Male	63.3	62.5	64.3	62.8	59.0	-1.3
Female	11.1	10.3	11.8	10.0	9.8	-0.2
Rural						
Both sexes	45.9	47.3	49.9	48.2	48.7	5.9
Male	74.5	75.6	77.1	73.2	71.7	-3.0
Female	16.8	19.4	22.6	23.3	24.6	14.3
Provincial						
Punjab						
Male	47.0	47.1	49.1	47.4	45.2	1.3
Female	73.0	72.8	73.1	70.2	68.0	-6.4
Female	20.1	21.6	25.0	25.0	22.6	11.2
Sindh						
Male	39.0	39.7	42.8	42.3	43.9	10.1
Male	66.6	68.1	72.0	71.0	67.9	9.7
Female	6.5	7.8	8.1	8.5	13.8	7.0
NWFP						
Male	36.1	37.3	38.6	34.6	37.6	1.6
Male	64.4	66.6	67.9	61.8	61.9	-1.6
Female	7.0	9.2	12.1	8.9	14.6	4.1
Balochistan						
Male	41.7	39.6	47.6	44.9	42.3	5.3
Male	70.3	65.9	74.3	68.0	63.4	-2.7
Female	7.3	9.6	11.1	13.9	10.5	3.3

**Refined*

Source: Employment Trend Report, 2007, Federal Bureau of Statistics

The term youth is used for persons aged between 15 to 24, and adult refers to persons aged 25 years

and above. Male youth labor force participation rate has increased in the 15-19 age group but it has

decreased in the 20-24 age group while the female youth participation rate has increased in both age groups.

The population aged between 10 and 15 represents a special case since in many countries, this age group is excluded from the labor force (the ILO standard for the lower age limit of the working-age population is also fifteen years) but in developing countries, a considerable proportion of persons aged between 10 and 15 participate in the labor market. Even if only economic arguments are invoked, labor market participation of this age group is problematic. Increasingly, the education standard for labor market entry is a completed secondary education, which cannot be achieved if employment consists of more than occasional or temporary activities.

12.2.ix EMPLOYMENT IN FORMAL AND INFORMAL SECTORS:

Employment in the formal Sector, as a whole, declined from 28% to 27% during the comparative period of 2006-07 due to the decline in the rural areas from 27% to 25%; however the urban areas remained at the same level.

Employment in the informal sector accounts for more than seven-tenth, i.e 73% of the employment in main jobs outside agriculture; more in rural i.e 75% than in urban areas which comprise 71% of the total area. On the contrary, formal sector activities are more concentrated in urban areas as compared to rural areas. Informal employment is more for females than males and in rural than in urban areas.

Table-12.17: Employment by Formal and Informal Sector (%)

Sectors	2006-07			2007-08		
	Total	Urban	Rural	Total	Urban	Rural
Agriculture	43.6	6.5	59.9	44.7	6.2	60.9
Non-Agriculture	56.4	93.5	40.1	55.3	93.8	39.1
Formal	15.8	27.4	10.8	15.0	27.6	9.7
Informal	40.5	66.1	29.3	40.3	66.2	29.4
	100	100	100	100	100	100

Source: Labour Force Survey, 1999-00& 2006-07, Federal Bureau of Statistics

12.2.x RECENT POLICY DEVELOPMENTS:

The challenges in the field of data on the labor market in Pakistan have recently been reinforced by the far stronger emphasis that has been placed on the formulation, coordination and monitoring of pro-poor employment policies, as well as on the role of human resource development in economic and social policies. These are reflected in the government's Vision 2030, the Medium Term Development Framework 2005-10, the Poverty Reduction Strategy Paper II (2007-09), the 2002 Labor Policy and other policy documents. LMIA is a necessary input for monitoring of these policies, as well as for the envisaged reforms of the technical and vocational education and training (TVET) system. Partly with a view to the demographic transition that is unfolding and partly with a view to the still abysmally low education and skill levels of the workforce, TVET has been made a central pillar of human resource

development policies in Pakistan. Since the publication of the first issue of *Pakistan Employment Trends* in June 2007, there have been several key policy developments in the areas of employment and skills.

Emphasis on technical and vocational education and flexible training is important for enhancing the skills of the labor force. Accordingly, the Prime Ministers' office established the National Vocational and Technical Education commission (NAVTEC) in 2006 with a view to strengthen, standardize and streamline vocational and technical education. NAVTEC is primarily a regulatory and coordinating body for skills development and establishment of national skill standards, certification and accreditation procedures. NAVTEC has recently released a draft Vision on skills called: *Skilling Pakistan: A Vision for the National Skills Strategy, 2008 – 2012*. This consultation document highlights approaches to

address the skills shortages in Pakistan and also points out the need for research. NAVTEC acknowledges that there is little systematic research conducted on skills development. The vision calls for the production of “more in-depth, systematic, multi-dimensional research”. This would not only inform policy related to skills development, but also work towards designing policies and programmes that “are more holistic in understanding and effective in implementation”. In addition, the strategy specifically notes the need for disaggregated information on gender.

In August 2007, the Government released *Vision 2030*, a comprehensive strategy designed to create “a developed, industrialized, just and prosperous Pakistan through rapid and sustainable development in a resource constrained economy by developing knowledge inputs”. Amongst other salient featured, major challenges identified were to improve the quality and expand the delivery of education, and to place employment and employability at the centre of all economic and social policies. The *Vision 2030* document recognizes the need to invest in education and training as these are the foundations for a skilled and productive labor force. Furthermore, the *Vision* points out that labor reform policies should address productivity and industrial relations issues.

The policy focus of the government of Pakistan is on creation of decent employment, poverty reduction and human resource development. The importance of this fact can be gauged from the initiatives taken by the present democratic government in this direction. The Government has taken the following steps to create jobs in the country.

- i. People’s Works Programme
- ii. National Internship Programme
- iii. People’s Rozgar Programme, National Bank of Pakistan (NBP) will provide credit for self-employment
- iv. Ten percent quota for women across the board in all government jobs has been earmarked.

- v. Minimum wages has been increased from Rs. 4600 to Rs. 6000 per month.
- vi. 100,000 new Lady Health workers will be recruited during the current financial year.
- vii. National Employment Scheme would be launched in the country under which employment will be provided to one person of each poor family in 50 percent districts of the country.
- viii. Construction of one million housing units
- ix. Distribution of agricultural land among landless haris
- x. Benazir income support programme
- xi. Pakistan Skilling programme

The Government has also undertaken several programs to enhance employment generation. These are discussed below:

i. ACCELERATING ECONOMIC GROWTH

A Medium Term Development Framework (MTDF) for the period 2005-10 has been approved by the government. Accelerating GDP growth and reducing unemployment are among its major goals. The MTDF envisages investing Rs. 7, 951, 9 billion and creating about 7 million new jobs during the period 2005-10 and bringing down the rate of unemployment to 4% by 2009-10. In view of employment absorption capacity, four sectors have been identified in the MTDF, where employment opportunities would be created namely Agriculture, housing and Construction, Small and Medium Enterprises (SMEs) and information Technology & Telecom Sector.

ii. INVESTING IN INCREASING WATER RESOURCES

Agriculture is the largest sector of Pakistan’s economy employing nearly 43 percent of the country’s work force, more than two-third of the country’s population lives in rural areas and depends directly or indirectly on agriculture for their livelihood. The major constraint in Pakistan’ agriculture has been the

lack of availability of sufficient irrigation water.

A number of projects have been initiated to develop water resources, such as raising the crest of Mangla Dam and construction of Gomal Zam Dam, Mirani Dam, Subak Zai Dam, Basha Dam and Sat Para Dam. Similarly, Thal, Raineer and Kachi canals are being constructed to take water to the areas where huge quantities of land remained uncultivated. These programs would go a long way in reducing poverty and providing more jobs to rural workforce.

iii. SKILL DEVELOPMENT & TECHNICAL EDUCATION

National Vocational and Technical Education Commission (NAVTEC) has been established at the Federal level with a view to overcoming the problems of lack of standardization, skill gaps, non-availability of proper curricula, poor quality of instructional staff, inadequate accreditation / certification and poor infrastructure. The Commission will encourage private sector to enhance technical education and vocational training capacity in order to bring harmony and develop linkage between technical education and vocational training. Being a regulatory body, the Commission will be responsible for long term planning in this particular field. It will also be responsible of setting standards for formulating the syllabus, accreditation, certification and trade testing, etc. under the Pakistan Skilling Programme NAVTEC is giving Rs. 2000 per month to each trainee during the training period.

iv. SETTING UP SME BANK

The SME Bank was established to provide financial assistance and business support to small and medium enterprises. Up to 28th February, 2009, SME Bank has financed 7,814 SMEs, disbursed loans amounting to Rs. 7,936 million to 54,698 beneficiaries in the country.

v. MICRO CREDIT FACILITIES THROUGH KHUSHALI BANK

The Khushhali Bank was established to provide loans up to Rs. 30,000/- each to

unemployed people to set up their own business. Up to 28th February, 2009, the Khushhali Bank (KBL) disbursed loans amounting to Rs. 18,204 million to 1,691,609 beneficiaries while the KBL loans recovery is around 97%.

vi. PRESIDENT'S ROZGAR SCHEME BY NATIONAL BANK OF PAKISTAN (NBP)

The solution of Pakistan's major socio-economic problems primarily lies in the development and growth of small and micro business. These will not only provide employment opportunities to ever-growing population demand but will also become the catalyst for breaking the vicious circle of poverty. In this regard, NBP has developed a full range of Products under the President's Rozgar Scheme with a brand name of "NBP KAROBAR". Under this scheme, an average loan size of Rs. 100,000/- will be given for a maximum period of five years with a grace period of three months.

vii. SKILL DEVELOPMENT COUNCILS (SDC)

In order to develop skilled labor force on modern lines, Labor and Manpower Division has established five Skill Development Councils (SDCs) one each at Islamabad, Karachi, Lahore, Peshawar and Quetta. The SDCs assess the training needs of their geographical areas, prioritize them on the basis of market demand and facilitate training of workers through training providers in the public and private sectors. These Councils have met the diversified training needs of the industrial and commercial sectors and have so far trained 46,674 workers.

viii. INFORMATION TECHNOLOGY

Information Technology has enormous potential to create jobs for the educated unemployed in the country. The development of IT and Telecom sector has created enormous employment opportunities, directly or indirectly, for educated unemployed in a wide range of areas like call centers, telecom engineering, telecom sales, customer services,

fiancée and accounting etc. this is one of the fastest growing sectors of the economy. This would further accelerate the activities in the next couple of years, creating more business and employment opportunities in the country.

The policy measures speak volumes about the steps taken by the government and the long term emphasis shows that the results would be long-lasting.

FUTURE OUTLOOK OF EMPLOYMENT:

The International labor organization (ILO) in its “Global Employment Trends” says that if the

global poverty trends of the 1990s persist the share of the working poor in the South East Asian workforce would be over a third in 2010. In order to absorb all the new entrants into the labor market growth rates should at a minimum be 6.3% annually for the 10 year period. While Pakistan pursues its high growth strategy it is also mindful of increasing employment and the skill content of its labor force so that effective poverty reduction can be achieved. The employment strategy is to reorient policy emphasis to enhance the share of employment in the formal sector by releasing pressure from informal sector.

Box-Item:

RESULTS OF TIME USE SURVEY

Time use survey (TUS) was first of its kind activity undertaken by the finance Division in collaboration with the FBS, Pakistan in the Year 2007 and the analysis and report part of the same survey was completed in March, 2009. It analyzes and documents how people in Pakistan spend their time on socioeconomic and other activities. The Time use survey, in contrast to a labor force survey, collects information on all activities performed by respondents, including all forms of work as well as non-work activities.

In the survey “mean time” spent on housekeeping activities was estimated. The study showed that on the average, male’s time fares at one third of the female’s both in rural and urban areas. This uniformity across the area is indicative of the female dominance of the housekeeping activities. It is noticed that most of the female’s productive life time is spent in housekeeping activities which bear minimal relevance for galvanizing the innate faculties of mind and body. The conclusion suggests that policies need to take into account the time that women spend in unpaid care work and how this might constrain their ability to engage in other activities, including learning and income-earning; and the need to acknowledge the contribution that this unpaid care work makes to the well-being of the nation and the productivity of the country’s people.

Source: MoF & FBS