



# **HOUSEHOLD INTEGRATED ECONOMIC SURVEY**

**ROUND 4: 2001-02**

**APRIL - 2003**

**Federal Bureau of Statistics  
Government of Pakistan  
Islamabad**

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## **PREFACE**

The operational activities of Household Integrated Economic Survey (HIES) were carried out jointly with Pakistan Integrated Household Survey (PIHS) in order to study both social as well as economic indicators related to the households. This report provides important data on household income, sources of income, savings, liabilities, consumption expenditure and consumption pattern at national and provincial level with urban/rural breakdown. The data users will see an important improvement made in this report for the first time. The consumption quintiles are used replacing the income groups with the fact that it is an important and more realistic tool of data analysis.

The HIES was started in 1963 and continued to be conducted with some breaks. In 1990 the questionnaire was revised in order to address the requirements of new system of National Accounts. The surveys were conducted during 1990, 1992-93, 1993-94 and 1996-97 using the revised questionnaire. The HIES was merged with PIHS in 1998-99 and questionnaire was improved and was split into two modules in order to obtain better quality of information separately from male and female respondents by the male and female enumerators respectively.

The methodology of consumption quintiles is explained in detail at Appendix-A in the report.

A Post Enumeration Survey was carried out on the users demand and based on this survey they have prepared an Explanatory Note, attached as Appendix C, is highly appreciated.

Comments and suggestions for further improvement of this report will be most welcome.

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## CHAPTER 1

### 1.1 Introduction

This report presents household income and expenditure data for the year 2001-02 (PIHS Round 4). It is the second report after merger of Household Integrated Economic Survey (HIES) with Pakistan Integrated Household Survey (PIHS) in 1998-99. The format of the report is almost the same as of the HIES that were conducted during the 1990s (i.e. 1990-91, 1992-93, 1996-97 and 1998-99). However, in this report all the variables previously presented by income groups have now been presented by consumption quintiles in conformity with the social indicators presented in a separate report as well as to adjust the inflation effects during the successive years. In the following chapter (Chapter 2) the main findings of the report are summarised; in chapter 3, the concepts and definitions that are used in the report are explained and in chapter 4, the sample design is outlined. The methodology of consumption quintiles is explained in Appendix-A and data quality in Appendix-B. Thereafter, twenty-five major tables are presented.

### 1.2 Recent Survey Developments

The HIES has seen some major developments during the 1990s, and it is important that readers should aware of some of these. The Household Integrated Economic Survey (HIES) has been conducted, with some breaks, since 1963. In 1990 HIES questionnaire was revised in order to address the requirements of a new system of national accounts. The four surveys of 1990-91, 1992-93, 1993-94 and 1996-97 were conducted using the new/-revised questionnaire. In 1998, the HIES data collection methods and questionnaire were changed to reflect the integration of the HIES with the Pakistan Integrated Household Survey (PIHS). The same questionnaire with minor improvements and data collection methods have been used for the current survey, 2001-02 i.e. Income and Expenditure (Round- IV of PIHS).

**Data Collection Methods:** Before merging of HIES with PIHS in 1998-99, the data of HIES surveys was collected by male enumerators using public transport where only male household members could be interviewed. From the year 1998-99 under the PIHS the income and consumption data of the HIES Survey is now collected by mobile teams of both male and female enumerators under the day-to-day management of a team supervisor. Female enumerators in each field team interview the female household members as well as male enumerator collects the data from the male respondents.

**Questionnaire Design:** Almost the same questionnaire with some improvements has been used during the current year as was used during round – 3 of PIHS (1998-99). However, minor changes were made in the part containing the consumption expenditure items. In order to obtain the better quality of data from the well-informed female respondents, the relevant parts of consumption expenditure of food and non-food items have been included in the female part of the questionnaire. Whereas, information which is considered to be answered better by the male household respondents are included in the male part of the questionnaire.

The structure of the new PIHS / HIES questionnaire used in 1998-99 and 2001-02 is shown in the following table 1.3.

**TABLE 1.3 STRUCTURE OF PIHS/HIES QUESTIONNAIRE FOR THE YEARS 1998-99 AND 2001-02**

MALE HOUSEHOLD QUESTIONNAIRE	FEMALE HOUSEHOLD QUESTIONNAIRE	COMMUNITY QUESTIONNAIRE
1:HOUSEHOLD INFORMATION A: Male household roster B: Employment, income & migration	1: HOUSEHOLD INFORMATION A: Female household roster B: Employment, income & migration	1. TOPOGRAPHIC CHARACTERISTICS
2: EDUCATION A: Literacy B: Formal Education	2: EDUCATION A: Literacy B: Formal Education	2. INFRASTRUCTURE
4. MARRIAGE AND MATERNITY HISTORY G: Paternity History	3: HEALTH A: Diarrhoea B: Immunisation	3. LOCAL TRANSPORT AND ACCESS TO ECONOMIC SERVICES
5. HOUSING	4: MARRIAGE AND MATERNITY HISTORY A: Pregnancy History B: Maternity History C: Family Planning D: Pre and Post Natal Care E: Women in Decision Making F: Miscellaneous Information	4. EDUCATION
6. HOUSEHOLD EXPENDITURE C: Non-durable yearly expenditure D: Durable yearly expenditure	6: HOUSEHOLD EXPENDITURE A: Non-durable fortnightly expenditure B: Non-durable monthly expenditure	5. HEALTH
8: TRANSFERS RECEIVED AND PAID OUT	7: OWNERSHIP OF DURABLE ITEMS	
9: ASSETS A: Land and Buildings B: Financial Assets and Liabilities		
10: AGRICULTURAL SHEET A: Land, crop products B: Livestock		
11:NON-AGRICULTURAL ESTABLISHMENT		

Improvements in data collection methods and in questionnaire design inevitably mean that the time series of some variables will change. Where these changes are significant they have been noted in the text and in the tables that accompany the text.

## CHAPTER 2

### 2.1 Main findings

This chapter summarises and assesses the key results of the 2001-02 data set and compares them with the most recent HIES data (1996-97 and 1998-99). Specific sections examine changes in average household size; the percentage of employed people and their employment status; main sources of income; consumption patterns; the level of savings; and the consumption of the major food items. These results are given in a summarised form, whereas the main tables in the main body of the report provide more detailed disaggregation. In addition, this chapter provides commentary on the key findings; tests their statistical significance; and constantly investigates the implications of these changes for people's welfare i.e. the impact on the poor and on the rich.

It is important to note that in the main tables of this report the key distributions are examined across five standardised per capita consumption expenditure quintiles. Each quintile contains 20 % of the total sample households. For example, in the first quintile contain lowest twenty percent of the total households and in the second quintile the next better of twenty percent of the total households and so on in the fifth quintile it contain the richest 20 % of the total households. This follows the structure of tables produced first time for recent series of the HIES reports.

This approach although, differs from the structure of the tables presented in the earlier HIES reports however, the quintile approach provide a better distributional and welfare analysis for the reasons that each quintile contain twenty percent of the households with respect to their welfare standard, quintiles are calculated by per capita consumption expenditure adjusted by price differences across regions. The per capita terms, and consumption expenditure reflects people's welfare better than income.

### 2.2 Household size

The national average household size is 6.96 members. It is slightly higher than the average household size calculated for the year 1998-99, whereas it remained identical in 1996-97 and 1998-99. The ratio between urban and rural areas remained constant. (See table-2.2 A).

**TABLE 2.2.A AVERAGE HOUSEHOLD SIZE**

AREA	PIHS		
	1996-97	1998-99	2001-02
<b>Total</b>	6.8	6.8	6.96
<b>Urban</b>	6.7	6.7	6.87
<b>Rural</b>	6.8	6.8	7.00

The average household size is disaggregated by quintiles for the first time in 2001-02 replacing the income groups, which were used during the previous, HIES series. The first quintile covers 20% lowest level of income of the total households and second quintile is having next better of 20% of the total households and so on. The richest 20% households covers under the fifth quintile. The average household size shows decreasing trend from 1<sup>st</sup> quintile to the 5<sup>th</sup> quintile. It gives understanding that the richest household have comparatively low family size than the middle class income and poor households. (See table 2.2.B)



**TABLE 2.2.B AVERAGE HOUSEHOLD SIZE BY QUINTILES, 2001-02**

AREA	Quintiles					Total
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	
Pakistan	8.78	7.97	7.32	6.45	5.36	6.96
Urban	9.19	8.44	7.91	7.03	5.43	6.87
Rural	8.69	7.86	7.14	6.20	5.29	7.00

For further analysis we see the differences in household size between rural and urban areas and between provinces. The differences of household size between rural and urban areas are statistically significant. Household size in Sindh is increased by one member than reported in 1998-99. Among provinces the household size in two provinces i.e. NWFP and Balochistan have shown decrease in their household size whereas, other two provinces i.e. Punjab and Sindh have slight increase in their household size compare to the year 1998-99. (Table 2.2.C).

**TABLE 2.2.C HOUSEHOLD SIZE BY URBAN/RURAL AREAS AND BY PROVINCES.**

AREA	1998-99	2001-02
Total	6.77	6.96
Urban	6.65	6.87
Rural	6.82	7.00
Punjab	6.50	6.54
Sindh	6.74	7.54
NWFP	7.80	7.66
Balochistan	7.50	7.37

See table 1 in the main body of this report for further desegregation.

### 2.3. Employed persons and other income earners

In this subsection, the distribution of income earners across the total population is presented and disaggregated by employment status.

Table 2.3.A shows that using the results of the last two surveys the number of earners per household has tended to increase in both urban and rural areas. However, these changes which are observed, particularly between 1996-97 and 1998-99 may possibly be due to field data collection methods. Average numbers of earners are slightly increased than the year 1998-99 which seems due to proportionate increase in the household size also, in urban and rural areas.

**TABLE 2.3.A AVERAGE NUMBER OF EARNERS PER HOUSEHOLD**

AREA	1996-97	1998-99	2001-02
Total	1.66	2.06	2.13
Urban	1.59	1.88	1.96
Rural	1.69	2.14	2.21

In Table 2.3.B the percentage of earners are further disaggregated by urban/ rural and by provinces. It shows that percentages of earners in rural areas are higher than the urban areas. Among provinces high percentage is in Sindh where earners are 32.24 % to the total population and the second high percentage is reported in Punjab. However, the level of percentages is identical and having no abrupt change compared to the last year results.

**TABLE 2.3.B PERCENTAGE OF EARNERS AS A PERCENT OF TOTAL POPULATION BY AREA AND PROVINCES, 2001-02**

AREA	PERCENTAGE	STANDARD ERROR	95% CONFIDENCE INTERVAL	
			Min	Max
Total	29.79	0.27	29.26	30.32
Urban	27.33	0.30	26.75	27.92
Rural	30.79	0.36	30.09	31.49
Punjab	30.72	0.42	29.91	31.54
Sindh	32.24	0.43	31.41	33.08
NWFP	22.59	0.53	21.55	23.63
Balochistan	26.47	0.86	24.79	28.15

#### 2.4. Income earners by employment status

In table 2.4. A the household earners are disaggregated by employment status. We see that self employed who had increasing trend from 1996-97 to 1998-99 have decreased in 2001-02 and paid employees whose percentage was decreased in 1998-99 compare to 1996-97, have now increased from 36.92% in 1998-99 to 41.06% in 2001-02. It has also been observed that self-employed in urban areas have substantially decreased compare to the last survey results. It has also decreased in rural areas.

**TABLE 2.4.A DISTRIBUTION OF EARNERS BY EMPLOYMENT STATUS – PERCENT OF TOTAL INCOME EARNERS, 2001-02**

EMPLOYMENT STATUS	1996-97			1998-99			2001-02		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
Employer	2.75	0.99	1.50	2.73	0.66	1.23	1.65	0.73	0.99
Self-employed	20.49	31.66	28.46	25.14	36.94	33.68	20.52	29.05	26.75
Unpaid helper	8.17	25.84	20.77	10.58	30.89	25.26	11.45	34.55	28.33
Paid employee	65.63	39.12	46.73	57.21	29.14	36.92	62.23	33.26	41.06
Not econ. Active	2.95	2.38	2.54	4.34	2.38	2.92	4.16	2.41	2.88

#### 2.5. Consumption, income and savings

In table 2.5.A the pattern of consumption expenditure of households is explained among urban and rural areas and by quintiles. It shows that level of consumption expenditure in urban areas is higher than the rural areas. Further analyses by quintiles reveals that average consumption expenditure of the richest class in urban areas are about three time higher than the lowest income class and one and half time more than the same income class living in the rural areas.

Similarly, if we analyse the average household income by urban/rural and by quintiles, we see that different income class households have the same pattern likewise the expenditure pattern. Among

total households 20% households of highest income level, are having the average income about three times more than the lowest income level of 20% households in urban areas and one and half times than the households in rural areas, which are having the same income level. The income ratio between urban and rural households is also on the same pattern as is observed for expenditure pattern.

**TABLE: 2.5.A AVERAGE MONTHLY HOUSEHOLD CONSUMPTION EXPENDITURE AND AVERAGE MONTHLY INCOME BY QUINTILES AND AREAS, 2001-02**

QUINTILES	AVERAGE MONTHLY CONSUMPTION EXPENDITURE PER HOUSEHOLD			AVERAGE MONTHLY INCOME PER HOUSEHOLD		
	URBAN	RURAL	TOTAL	URBAN	RURAL	TOTAL
1 <sup>st</sup>	4472	3904	4004	5006	4259	4391
2 <sup>nd</sup>	5630	4864	5011	6307	4967	5224
3 <sup>rd</sup>	6592	5452	5728	7068	5582	5943
4 <sup>th</sup>	7587	6057	6514	7786	6269	6722
5 <sup>th</sup>	12610	8376	10334	14203	8914	11360
<b>TOTAL</b>	<b>8997</b>	<b>5766</b>	<b>6714</b>	<b>9904</b>	<b>6031</b>	<b>7168</b>

See table 11 and 15 in the main body of this report for further disaggregation.

Table 2.5.B reveals the per capita consumption expenditure in urban/ rural areas and by quintiles. The average individual expenditures for the richest class in urban areas are more than four times than the poor class. If it is analysed on similar lines for rural areas we see it different. The average per capita expenditure are almost the same for poor both in urban and rural areas whereas for rich class it is high in urban areas than the rural areas, which gives understanding that more wealth is concentrated in urban areas than in the rural areas.

**TABLE 2.5.B PER CAPITA MONTHLY CONSUMPTION EXPENDITURE BY URBAN/RURAL AREAS AND QUINTILES, 2001-02**

QUINTILES	Average per capita consumption expenditure		
	URBAN	RURAL	TOTAL
1 <sup>ST</sup>	436	438	438
2 <sup>ND</sup>	592	601	599
3 <sup>RD</sup>	715	740	733
4 <sup>TH</sup>	914	932	926
5 <sup>TH</sup>	1794	1471	1622
<b>TOTAL</b>	<b>1061</b>	<b>787</b>	<b>866</b>

## 2.6. Income sources

While analysing household income and consumption expenditure we need to consider the different sources of income of both the rich and poor. In table 2.6.A the percentage of the income earned from different sources is compared with the last two years data.

In general, the trend of major income sources towards the total household income has shown almost the same pattern over the period from 1996-97 to 2001-02. No significant change in the merit among sources of income is observed over the last five to six years. However, if the income sources are further analysed, we see that wages and salaries has always remained the significant role towards the total household income. In particular, when we see this trend in urban areas. However, agricultural activities (crop and livestock) as usual, have the largest contribution in rural areas. Although, it has an

alternate trend between the year 1996-97 and 1998-99. The third major source of income remain the non agricultural activities i.e. business and services sector in overall and particular in urban areas where it has a gradual increase over the period from 1996-97 to 2001-02. There after the major source of income both in urban and rural areas is owner occupied dwelling from where the imputed income is derived. This source has a considerable contribution in urban areas than the rural areas.

The percentage share of income from remittances both domestic and foreign remained almost stable for the period 1996-97, 1998-99 and 2001-02. Particularly it remained more important in rural areas than in urban areas.

**TABLE 2.6.A PERCENTAGES OF INCOME SHARES IN URBAN-RURAL AREAS**

INCOME SOURCES	1996-97			1998-99			2001-02		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
Wage and salaries	49.26	25.67	34.27	43.84	24.16	32.29	43.91	26.33	33.46
Crop	0.64	9.99	6.58	2.14	24.55	15.29	1.90	22.94	14.41
Livestock	1.64	19.35	12.89	0.98	9.25	5.83	1.28	13.53	8.56
Non-agr. Activities	23.85	25.42	24.85	24.16	16.63	19.74	25.42	13.49	18.32
Property	3.34	3.21	3.26	1.94	1.54	1.71	3.17	2.70	2.84
Owner occupied dwelling	14.65	6.29	9.34	15.44	7.07	10.53	14.66	6.52	9.82
Social insurance benefits including Pension	1.09	0.94	1.00	2.71	2.75	2.74	2.41	1.44	1.83
Gift and assistance	0.84	2.41	1.84	1.51	1.82	1.70	1.99	3.16	2.69
Foreign remittances	3.04	1.63	2.15	3.37	3.15	3.24	3.12	3.13	3.12
Domestic remittances	1.36	4.00	3.04	1.32	5.32	3.67	1.83	5.43	3.97
Other income	0.28	1.09	0.80	2.58	3.75	3.27	0.31	1.40	0.96

See table 11 in the main body of this report for further disaggregation.

## 2.7. Consumption pattern

The consumption expenditure pattern for different commodity groups shows consistent trend from 1996-97 to 2001-02. While food expenditure share is relatively high compare to all other commodity groups at Pakistan level. It has decreasing trend in urban areas but is consistent in rural areas for the period from 1996-97 to 2001-02.

The most alarming observation to think has come up from the comparison of consumption share over the preceding years is that the share level of all the commodity groups has gone down, which probably due to the reason that the purchasing power of the general masses has decreased with passage of time.

Secondly, the housing share is relatively high whereas, the next high share goes to fuel & lighting, which has almost equal level in urban and rural areas with respect to the years 1996-97 and 1998-99.

Further analysis reveals that Apparel, footwear, Transport & Communication and Cleaning / Laundry has gradually decreasing trend towards the consumption share from 1996-97 to 2001-02. However, consumption share for education has relatively increased. It has higher share in urban areas than rural areas. (Table 2.7.A).

**TABLE 2.7.A PERCENTAGE OF CONSUMPTION EXPENDITURE BY COMMODITY GROUPS**

COMMODITY GROUPS	1996-97*			1998-99*			2001-02		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
Food, drinks & tobacco (of which tobacco)	43.39	54.76	50.31	40.76 (1.27)	54.86 (1.97)	49.15 (1.69)	38.85	54.42	48.30
Apparel, textile, foot-wear	7.93	8.50	8.27	6.41	8.75	7.80	5.63	7.23	6.60
Transport & communication	4.88	4.57	4.69	4.39	2.50	3.27	4.36	3.56	3.87
Cleaning & laundry	5.03	4.55	4.73	3.80	3.97	3.90	3.73	3.85	3.80
Recreation & entertainment	0.71	0.26	0.44	0.39	0.07	0.20	0.77	0.27	0.47
Education	2.60	1.07	1.67	5.55	2.20	3.56	5.52	2.39	3.62
Housing (rent & other costs)	20.00	9.07	13.34	21.45	8.78	13.92	21.49	7.88	13.23
Fuel & lighting	6.14	7.58	7.02	6.52	7.30	6.98	7.55	8.09	7.88
Miscellaneous (of which health)	9.32	9.65	9.52	10.71 (3.85)	11.56 (5.09)	11.22 (4.59)	12.10	12.31	12.22

Totals may be different from 100 due to rounding

\* Percentages shown for the year 1996-97 against commodities groups do not coincide with the figures reported in the respective HIES publications as expenditure on furniture and equipment have been excluded from the total consumption expenditure.

## 2.8. Monthly household consumption expenditure on major food items

Table 2.8.A shows the percentage share of expenditure on major food items. Out of the total food expenditure 17 food items contribute 79.08 per cent at overall. In rural areas it has 79.79 per cent and in urban areas these items have 77.87 per cent share. If it is compared with the same 17 food items for the year 1998-99 we see that overall expenditure level has gone down even at urban and rural level. For food items major share of consumption expenditure is incurred on wheat, milk, vegetables, and sugar almost equally in urban and rural areas.

**TABLE 2.8.A PERCENTAGE MONTHLY EXPENDITURE ON 17 MAJOR FOOD ITEMS, 2001-02**

FOOD ITEMS	URBAN	RURAL	TOTAL
Wheat		12.36	17.34
Rice		3.89	4.32
Pulses		2.50	2.38
Vegetable ghee		5.58	6.75
Tea		2.91	3.02
Milk (fresh)		16.85	15.81
Butter		0.31	1.45
Mutton		3.29	1.65
Beef		4.10	2.99
Chicken		3.35	1.76
Fish		0.76	0.50
Fruits		4.69	2.80
Vegetables		7.63	7.48
Salt		0.25	0.22
Spices		3.53	3.10
Sugar		5.58	7.26
Gur		0.29	0.96
<b>Total</b>		<b>77.87</b>	<b>79.79</b>

See table 16 in the main body of this report for further disaggregation.

Further disaggregation of expenditure on major food items by quintiles shows the consumption pattern among different income classes according to their needs and preferences. Among the food items, the lowest income class accorded more priority to wheat, milk, ghee, and vegetables, sugar, whereas the richest class have different priority. They spend more on milk, wheat, vegetables, fruits, mutton, beef, sugar and chicken etc. The poor spend 85.00 % of the total food expenditure on these seventeen major food items, while the rich class spend 74.39 %, which means that they have different preferences for consumption expenditures. (Table 2.8.B).

**TABLE 2.8.B PERCENTAGE EXPENDITURE ON MAJOR FOOD ITEMS BY QUINTILES, 2001-02**

FOOD ITEMS	QUINTILES					TOTAL
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	
Wheat	25.02	20.45	17.63	14.96	10.05	15.79
Rice	4.75	4.64	4.75	4.31	3.40	4.19
Pulses	2.57	2.55	2.55	2.53	2.16	2.42
Vegetable ghee	8.86	7.71	7.13	6.43	4.50	6.39
Tea	3.38	3.32	3.22	3.00	2.56	3.99
Milk	12.92	14.79	15.72	16.62	17.76	16.14
Butter	0.47	0.81	0.95	1.16	1.49	1.10
Mutton	0.62	1.02	1.20	1.95	3.87	2.16
Beef	2.60	3.31	3.58	3.57	3.31	3.34
Chicken	0.82	1.27	1.59	2.05	3.70	2.16
Fish	0.27	0.46	0.58	0.63	0.72	0.58
Fruits	1.67	2.18	2.52	3.23	5.12	3.39
Vegetables	8.44	8.19	7.92	7.56	6.69	7.53
Salt	0.28	0.24	0.23	0.22	0.22	0.17
Spices	3.56	3.39	3.33	3.28	2.97	3.24
Sugar	7.65	7.89	7.45	6.82	5.46	6.74
Gur	1.12	0.96	0.91	0.81	0.41	0.75
<b>Total</b>	<b>85.00</b>	<b>83.38</b>	<b>81.06</b>	<b>79.13</b>	<b>74.39</b>	<b>79.14</b>

Per capita consumption (quantities) of major food items is also presented by urban/rural in table 2.8.C.

**TABLE 2.8.C PER CAPITA MONTHLY CONSUMPTION OF MAJOR FOOD ITEMS, 2001-02**

FOOD ITEMS	UNIT	URBAN	RURAL	TOTAL
Wheat	Kg	6.96	9.74	8.94
Rice	Kg	1.02	1.23	1.17
Pulses	Kg	0.42	0.33	0.35
Vegetable ghee	Kg	0.59	0.66	0.64
Tea	Grams	58.86	55.24	56.29
Milk (fresh)	Ltr	5.39	5.97	5.80
Butter	Grams	12.73	59.44	45.91
Mutton	Kg	0.16	0.08	0.10
Beef	Kg	0.36	0.27	0.30
Chicken	Kg	0.22	0.11	0.14
Fish	Kg	0.06	0.04	0.05
Fruits	Kg	1.16	0.80	0.90
Vegetables	Kg	4.04	3.82	3.88
Salt	Kg	0.28	0.31	0.30
Sugar	Kg	0.14	1.30	1.26
Gur	Kg	0.06	0.18	0.15

See table 23 in the main body of this report for further disaggregation.

Further analysis of consumption pattern is presented in table 2.8.D, where household consumption expenditure on fuel and lighting is disaggregated into eight different components. We can see that major share of expenditure is incurred on electricity and gas. In rural areas the main source of energy is firewood, which is gradually losing its importance over the time period from 1996-97 whereas, percentage share of expenditure on electricity is being increased rapidly.

**TABLE 2.8.D HOUSEHOLD EXPENDITURE ON FUEL AND LIGHTING (PERCENTAGE)**

FUEL ITEMS	1996-97			1998-99			2001-02		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
Firewood	10.57	40.10	30.00	7.92	35.34	24.96	6.57	28.50	20.23
Kerosene	5.12	6.00	5.70	3.94	4.92	4.65	2.04	5.33	4.09
Charcoal	0.03	0.02	0.03	0.09	0.03	0.06	0.10	0.04	0.06
Coal	0.03	0.09	0.07	0.01	0.11	0.07	0.03	0.11	0.08
Dung cake	1.03	7.76	5.46	1.68	9.88	6.78	1.35	9.54	6.45
Gas	25.89	2.58	10.55	24.86	2.46	12.18	21.93	4.88	12.43
Electricity	52.16	27.49	35.92	56.63	23.81	42.73	60.84	37.71	46.43
Others	5.16	15.96	12.26	4.85	15.58	8.67	4.15	13.89	10.22

See table 18 in the main body of this report for further disaggregation.

Disaggregation by quintiles shows that the rich households mostly use electricity and gas whereas the poor prefer lower cost products such as firewood, dung cake and others (agricultural waste, candles, matches and electric items). (Table 2.8.E)

**TABLE 2.8.E PERCENTAGES OF HOUSEHOLD EXPENDITURE ON FUEL AND LIGHTING BY QUINTILES, 2001-02**

FUEL AND LIGHTING	QUINTILES					
	1 <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>	5 <sup>TH</sup>	TOTAL
Firewood	27.56	27.51	25.74	21.67	11.74	20.23
Kerosene	4.71	5.22	4.28	4.13	3.34	4.09
Charcoal	0.12	0.02	0.09	0.01	0.08	0.06
Coal	0.10	0.08	0.06	0.10	0.07	0.08
Dung cake	11.09	9.39	7.44	6.45	3.45	6.45
Gas	5.41	6.84	9.50	13.02	17.77	12.43
Electricity	34.60	38.23	41.19	45.14	56.41	46.43
Others	16.40	12.71	11.72	9.49	7.13	10.22

Data is further disaggregated in Table 18 by items and by provincial and urban/rural breakdown. Further detailed tables are presented in the main body of this report



## CHAPTER 3

### Concepts and definitions

In this chapter the major concepts and definitions used in the report are outlined, and divided into four main parts. The first part consists of definitions of the household and its members, the second part covers concepts and definitions of employment status, income, financial and assets transactions, the third part covers consumption expenditure, and the fourth education.

#### 3.1 Definition of household and household members

**Household:** A Household may be either a single person household or a multi-person household. A single person household is one where the individual makes provision for own food and other essentials of living, without combining with any other person and has no usual place of residence elsewhere.

A multi-person household is a group of two or more persons who make some common provision for food or other essentials of living and which has no usual place of residence elsewhere. The persons constituting the group may pool their incomes and have a common budget to a greater or lesser extent; they may be related or unrelated or a combination of both. The general criterion to be used in identifying the members of a multi-person household relates to whether they live and eat together and have no usual place of residence elsewhere.

**Head of the household:** If a person lives alone, that person is considered as the head of the household. If a group of persons live and eat together as defined above, the head of the household is that person who is considered as the head by the household members. In practice, when husband, wife, married and unmarried children form a single household, the husband is generally reported as the "head". When parents, brothers and sisters comprise a household, either a parent or the eldest brother or sister is generally reported as the head by the household. When a household consists of several unrelated persons either the respondent or the eldest household member is selected as the "head". In special dwelling units the resident person in-charge (e.g. manager) may be reported as the "head".

**Household members:** Household members are all such persons or group of persons in a household who normally live and eat together and consider the living quarter/space occupied by them as their usual place of residence. Such persons may be related or unrelated to each other. All such persons who normally live and eat in the household and are present at the time of enumeration and those who are temporarily absent for reasons such as, visiting, travelling in connection with business, attending schools/ colleges/ universities/ polytechnics/ other educational institutions, admitted in hospitals, outside tours etc., are treated as household members. Visitors, purely temporary boarders and lodgers, transients, servants and guests, etc. who consider their usual place of residence to be elsewhere but are found staying with the sample household are not household members.

**Absent household members** such as migrant workers in the Middle East, are not considered to be part of the household and their income (as far as made available to the household) is included as remittances received. As these persons are not present, consumption expenditures also do not include expenses on their account.

**Family members** include husband, wife/wives, unmarried sons and daughters and other direct dependents such as parents, unmarried sisters, brothers, separated/divorced sisters and daughters. Other related persons, servants, boarders and lodgers who have no other place of residence elsewhere and who live and eat within the household with or without payment are considered members of the household, but not members of the family.

### 3.2 Employment status, income, financial and other transactions

**Employed persons.** A person is considered employed if he/she worked for at least one hour during the month preceding the interview or, even if did not work in the last month, he/she had a job or ran an enterprise such as shop, business, farm or service establishment during the last year.

**Employment status.** Employed persons are divided in the following categories: employer, paid employee, self-employed and own account worker, unpaid family helper, and agricultural labourers (owner cultivator, share-cropper, and contract cultivator). An employer is a person who owns an enterprise and works himself as well as employs individuals for pay to help him/ her in his/her enterprise but may have others working for him/ her without pay. An employee is a person who works for others in exchange for wages and a salary that is paid in cash or in kind. A self-employed or own account worker is a person who, though owning an enterprise, does not employ any person for pay, to help him/ her in his/ her enterprise but may have others working for him/her without pay, such as family helpers. The self-employed are divided into two categories:

- Those who run their own business or enterprise themselves without the help of any other person.
- Those own account workers who run their own business, enterprise with the help of unpaid family helpers only.

**Unpaid family helper** is a member of the family who works for the family enterprise without being paid. Although they are not paid, their efforts result in an increase in the household income; therefore they are considered employed persons.

**Earners** are all those persons aged 10 years and above who provide the household with material return, in cash or in kind. Earners are divided into two categories, economically active and not economically active. All employed persons are included amongst the economically active. Pensioners and those who receive incomes from renting buildings and land (i.e. landlords) are classed as not economically active.

**Industry divisions** represent the activities of the firm, office, establishment or department in which a person is employed or the kind of business in which he/she works. Industry divisions are divided into: agriculture/fishing; mining and quarrying; manufacturing; electricity/gas and water; construction; trade/hotels and restaurants; transport and storage; finance and real estate; community services; and other activities not defined.

**Major occupation groups** describe the nature of work usually undertaken by an individual. Where a person performs more than one occupation during the year the main occupation is recorded. Main occupational groups are: legislators/senior officials and managers; professionals; technicians and associate professionals; clerks; service workers/shop and market sales workers; skilled agriculture and fishery workers; craft and related trade workers; plant and machine operators and assemblers; elementary occupations; and armed forces.

**Household income** is the sum of monetary income and income "in kind". Household income consists of receipts, which, as a rule, are of a recurring nature and are received regularly by the household or by individual household members usually at annual or at more frequent intervals. Household income is derived from the following main sources: employees' salaries, wages and other related receipts from employers; operating surplus from non-agricultural and non-financial sector enterprises employing less than 10 persons; operating surplus from agriculture; withdrawal of entrepreneurial income for proprietors engaging ten or more persons in the sectors mentioned above; and income from personal investment (rent, interest and dividends) and royalties. For the purposes of household surveys it is convenient to include as income, bonuses and gratuities, pensions, social security benefits, tuition fees, other subsidiary sources, receipts from Zakat, usher, scholarships, and other periodical receipts like domestic and foreign remittances, alimony, inheritance or trust funds.

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Household income in cash includes all money receipts such as wages, salaries, rent from land and property, income from self-employment, gifts, and assistance.

Household income "in kind" includes wage payments in kind, goods and services transferred free of charge by an enterprise (including farm products) to an employee and to the household of the owner or part owner of the enterprise; it also includes the value of home production that is consumed within the household (e.g. agricultural products, livestock products etc.). Where an employee buys from his employer, for his household consumption, goods and services at concessionary/subsidised prices and thus obtains a significant advantage, the value of these concessions/subsidies is also taken into account as income "in kind". Remittances in kind, gifts and assistance, Zakat and other transfers in kind are considered income "in kind". The estimated net rental value of owner occupied housing is in principle also treated as income "in kind" and, as is the estimated gross rental value to the occupier of rent-free housing, whether obtained as wages "in kind" or otherwise.

**Imputed income** is the estimated value at current market prices of the goods and services received by the household for which no cash payment is made. Imputed income includes the estimated value of home produced goods consumed by the household, rent from owner occupied and rent free dwellings, gifts and assistance received in kind and wages and salaries paid in kind free of cost by the employers.

**Disposable income** is defined in the System of National Accounts (SNA) as the income from all sources after netting for all current transfers (which include taxes) received and paid. It is equivalent to final consumption plus savings. In exceptional circumstances disposable income may be negative: current expenditure in those cases has to be met from the net disposal of assets.

**Operating surplus** for establishments run by households has generally been calculated from the special agricultural and non-agricultural modules in the questionnaire. The alternative is to use respondent's own self-reported estimate of operating surplus, however, this estimate is liable to reporting errors.

A detailed worksheet was filled for household members who were engaged in agricultural activities either through cultivation of land or keeping livestock and/or inland fishery. With regards to those household members engaged in the agricultural sector, no restriction is set on the number of persons engaged in the unit. Furthermore, for all household members who were engaged as owner-proprietor of a business in the non-agricultural and non-financial sectors with less than 10 employees, a detailed worksheet for economic activity was completed. The number of persons engaged in the unit is calculated as the sum of all own-account workers, unpaid-family workers and employees. All units whether registered or unregistered, using power or not, are included if the unit engages less than 10 persons.

**Wages and salaries** are the earning of employees in cash or in kind from one or more jobs.

**Income from farming** (self-employed) is the operating surplus derived from crop farming, including rent from land and agricultural equipment.

**Income from livestock** (self-employed) is the operating surplus derived from livestock products.

**Income from other activities** (self-employed) is the operating surplus derived from commercial and industrial activities, including rent from building and machinery.

**Property income** consists of interest and dividends from savings/deposits and receipts from rent of land and buildings, if these amounts are not reported in the worksheets for the agricultural or non-agricultural establishments. In fact, rental income from buildings, plants, or machinery reported in the worksheets is included in the operating surplus.

**Social benefits** includes pension and social security benefits, such as sickness benefit, unemployment benefit, family and maternity benefit, invalidity benefit, etc. They all constitute recurrent cash payments from various types of employment schemes.

**Net sales of property** are calculated as sales minus purchases of land, buildings (including major improvements), livestock, machinery and equipment. The value of major improvements and renovations is deducted from sales along with purchases.

**Net sales of other assets** includes sales minus purchases of stocks, shares and other securities; withdrawal from deposits minus savings added to deposits; sales minus purchases of gold, silver and precious metals (including jewellery), and the sale of durable items. Also cash transfers for dowry and inheritance have been considered as asset movements and added to the net sale of assets (cash expenses minus values received). Finally, to this aggregate were also deducted those amounts that households reported as 'losses of cash'.

**Net borrowing** consists of two parts, the value of loans obtained minus the loans repaid (including interest/profit) and the difference between the values of loan given out minus repayments on such loan received. Net borrowing is net loans obtained minus net loans given out.

**Net capital transfers** receipts consists of property received as gift, inheritance, etc., minus property given away, lost or destroyed.

**Net change in cash balances** is the net change of cash kept in hand or in current accounts with the banks. This variable is derived as a residual. It is calculated as net savings (household income minus expenditures) minus receipts other than income, that is, income from liquidation of assets, net capital transfers received and increases in borrowing.

### 3.3 Consumption expenditure

**Household expenditure:** household consumption expenditure refers to all money expenditure by the household and individual members on goods intended for consumption and expenses on services. Also included is the value of goods and services received "in kind" or "own produced" which are consumed by the household.

**Paid for and unpaid for:** For household income and expenditure purposes, household consumption expenditure is classified into two main categories: "paid" and "unpaid" expenditure. The expenditure on consumption items is reported under columns, "paid and consumed" and "unpaid and consumed".

**Paid and Consumed:** For the purpose of household income and expenditure, the category of "paid and consumed" refers to i). all *cash* payments or ii). purchases on *credit* or iii). under *barter* (exchange) arrangements with other goods and services by the household to obtain goods and services which were consumed during the reference period.

**Unpaid and Consumed:** Unpaid and consumed expenditure refers to the market value of goods and services received as "income in kind" by the household or individual members of the household. The unpaid and consumed expenditure is classified into three sub-categories:

- Wages and salaries in kind consumed
- Own produced and consumed
- Receipts from assistance, gifts, dowry, inheritances and other sources

“**Wages and salaries in kind consumed**” category includes wages and salaries paid “in kind” like food, clothing and housing provided free of charge by the employer, either at the work place or consumption out of the workplace. In addition to the income “in kind” received by the employees, this category includes similar other facilities. Therefore, other consumption items like free telephone, car and domestic servants are to be included if applicable. The valuation of these consumed items should be based on current local market value.

“**Own produced and consumed**” category refers to the items and value of items produced for commercial or non-commercial purposes by the household/ non-financial unincorporated enterprise

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and utilised in its own consumption such as food grains produced and used by farm households, shoes made and used by shoe makers, net rental value of owner occupied housing, small amounts of vegetables produced, knitting wearing apparel, etc. during the reference period. The commodities consumed do not necessarily have to be produced during the reference period.

**"Receipts from assistance, gifts, dowry, inheritances and other sources"** category relates to commodities consumed during the reference period obtained by means of assistance, gifts (nazrana etc.) and other sources like remittances in kind from relatives, dowry in kind, presents from relatives, etc. Again they should be valued at current local market prices.

**Indirect taxes** are included in household consumption expenditures, such as sales taxes and payments made for (consumption) of goods and services. Payments made for commercial expenditures are excluded e.g. expenditure on diesel to operate vans for commercial purposes are not included.

**Durable Goods:** Durable goods include those items with a life expectancy of one year or more such as furniture, fixtures, clocks, wrist watches, television, radio, cutlery, kitchen utensils, etc.

**Non-Durable Goods:** Non-durable goods include those items with a life expectancy of less than one year such as food, clothing, fuel and lighting, footwear, medicines, etc.

**Accommodation expenses** include the amounts paid for renting accommodation, the rental value of rent – free accommodation and the estimated rent of owner-occupied dwellings at current market prices. Housing expenditure also includes expenses incurred on repairs, re-decoration and minor improvements of the dwellings, insurance, water and conservancy charges and other housing expenses.

**Per capita consumption** is calculated by dividing the total consumption of the households by the number of household members.

**Taxes** are not classified as household consumption, but in a separate expenditure category. Taxes, fines and fees included within the expenditure categories of the household are: house and property tax; license fees for TV/VCR, fire arms and driving license; registration and renewal fees for car, motorcycle and scooter; fines, choolah tax, birth and marriage taxes, pet keeping taxes, etc.

### **3.4 Education**

**Literacy** is defined as the percentage of literate population aged 10 years and above over the total population aged 10 years and above. Literate people are those able to read a newspaper with understanding, to write a simple letter and perform simple sums.

**No formal education** describes the situation where an individual never attended school.

## CHAPTER 4

### SAMPLE DESIGN

#### 4.1 Universe:

The universe of PIH Survey consists of all urban and rural areas of all four provinces, Azad Jammu and Kashmir, FATA and Northern Areas as defined by the Provincial Governments. Military restricted areas have been excluded from the scope of the survey.

#### 4.2 Sampling Frame:

Separate sampling frames have been used in the survey for urban areas and rural areas as under.

##### Urban area:

FBS has developed its own urban area frame. This frame has been developed adopting Quick Count Record Survey techniques. According to this method, all urban areas known as cities/towns of the urban domain of the sampling frame have been divided into small compact areas known as enumeration blocks (E.Bs). Each enumeration block comprises about 200-250 households. Each Enumeration block has been divided into low, middle and high-income group, keeping in view the status of the majority of households. It will be used for drawing samples from the urban areas. There are 22800 enumeration blocks in all urban areas of the country.

##### Rural areas:

With regard to the rural areas, the lists of villages/mouzas/dehs according to population Census, 1998 have been used as sampling frame. In this frame, each village/mouza/deh is identifiable by its name, Had Bast number and Cadastral map etc. There are 50,588 mouzas/villages/dehs in the rural sub-universe of the survey

#### 4.3 Sample size and its Allocation:

In view of the variability for the characteristics for which estimates are prepared, population distribution, field resources available and reliability constraints a sample size of 1,6400 households was considered appropriate to provide reliable estimates of key characteristics. The entire sample of households ((SSUs) has been drawn from 1150 Primary Sampling Units (SSUs) out of which 500 are urban and 650 are rural. This sample size has been considered sufficient to produce estimates of key variables at national and provincial level at 95% level of confidence with 5% to 7% margin of error.

Due to security situation prevailing in FATA, 8 sample villages were not enumerated. Similarly, 90 sample households were not covered due to non-response/closed/non-contact and non-cooperation from the respondents in this Survey.

The number of sample primary sampling and secondary sampling units covered in the survey are as follows:

Province/Area	Sample PSUs			Sample SSUs		
	Urban	Rural	Total	Urban	Rural	Total
Punjab	206	230	436	2432	3668	6100
Sindh	128	136	264	1534	2174	3708
NWFP	72	116	188	857	1842	2699
Balochistan	52	88	140	623	1406	2029
A. J & Kashmir	16	28	44	192	443	635
Northern Area	12	20	32	144	317	461
FATA	0	16	16	0	255	255
Islamabad	14	08	22	167	128	295
<b>TOTAL</b>	<b>500</b>	<b>642</b>	<b>1142</b>	<b>5949</b>	<b>10233</b>	<b>16182</b>

#### **4.4 Stratification Plan:**

Stratification scheme is adopted keeping in view the geographical level of estimates to be built-up and to control the variation in the under study characteristics of the survey population. The detail of the scheme is as under.

##### **Urban Area:**

With respect to the urban areas each of Karachi, Lahore, Gujranwala, Faisalabad, Rawalpindi, Multan, Sialkot, Sargodha, Bahawalpur, Hyderabad, Sukkur, Peshawar, Quetta and Islamabad being large size cities have been treated as independent stratum. Each of these cities has further been sub-stratified according to low, middle, high-income groups based on the information collected in respect of each enumeration block. After excluding the population of large sized cities the remaining urban population in each defunct administrative division in all provinces has been grouped and treated as an independent stratum. Each of Azad Jammu & Kashmir, FATA and Northern Areas has been considered as independent strata separately.

##### **Rural Area:**

In the rural areas, the population of each district in Punjab, Sindh and N.W.F.P Provinces has been grouped together to constitute a stratum. For Balochistan province each of defunct administrative Division has been taken as a stratum. Azad Jammu & Kashmir FATA and Northern Areas have been considered as independent strata in rural areas separately.

#### **4.5 Sample Design:**

A two-stage stratified sample design has been adopted for this survey.

##### **Selection of primary sampling Units (PSUs).**

Enumeration blocks in the urban domain and mouzas/dehs/villages in rural domain have been taken as primary sampling units (PSUs). Sample PSUs from each ultimate stratum/sub-stratum have been selected by probability proportional to size (PPS) method of sampling scheme. In this survey population of rural areas and households for urban areas have been adopted as measure of size for selecting Primary Sampling Units (PSUs) from the strata/ sub-strata formed in urban and rural sub-universes of the survey.

##### **Selection of Secondary Sampling Units (SSUs):**

Households within each sample Primary Sampling Units (PSU) have been considered as secondary sampling units (SSUs). 16 and 12 households have been selected from each sample village and enumeration block respectively by random systematic sampling scheme with a random start.

**Appendix A: Consumption quintiles**

Consumption quintiles are used to distinguish the population according to their welfare: poorest households are grouped together into the 1st quintile, those with higher consumption into the 2nd quintile, and so on. Five quintiles rank the population from the poorest 20% to the richest 20%. The main aim of quintile is to analyse how social and economic indicators change in relation to people’s welfare. For instance, the government wants to know whether poorer households have access to basic services (immunization, schools, safe water etc.) or whether there are significant differences between the poor and the rich. Furthermore, policy makers are interested to know how consumption patterns and income sources of poorer households are different from those of richer households. Estimates by quintiles describe distributional differences, thus representing an important tool of analysis.

Quintiles are calculated for the four provinces together (Punjab, Sindh, NWFP and Balochistan) so that the first quintile contains in all provinces households with the same welfare. However, if one province is relatively richer than others its population will not be evenly distributed in each quintile, but mostly concentrated in the higher quintiles. In fact, only at the overall level each quintile contains 20% of the population, but in urban areas, where people usually are richer, upper quintiles contain higher population percentages, and the opposite is true in rural areas (see table 1A and 2A).

Consumption expenditure is used as a proxy to assess people’s welfare. Expenditure is calculated at the household level but it is adjusted by household size and its composition. Furthermore, current expenditure is also corrected by regional price differences. These two adjustments are necessary to assess a proper ranking of households. Reasons can become clear with some examples. Imagine two households both with a monthly consumption expenditure of Rs. 3000. However, it would be wrong to say that both households enjoy the same welfare without considering their household size and composition. For instance, one household may be composed by one single individual whereas the other by five people. Also it is important to take into consideration that people may have different needs, children generally consume less than adults, and for this reason household expenditure is transformed in per adult equivalent expenditure.

Regional price differences imply that there are different costs of living. Generally prices in urban areas are higher than prices in rural areas, so that with Rs. 100 in urban areas it is possible to buy fewer things than in rural areas. Price indexes combine consumption patterns and prices and calculate different costs of living that are then used to adjust current expenditure, so that household ranking is based on real per adult equivalent consumption expenditure.

It is relevant to note that this methodology is adopted exclusively to assess as precisely as possible the ranking of households in quintiles. However, when in some tables some expenditure or income is shown they are reported in nominal current values and in per capita terms.

Totals of tables calculated with quintiles may not match with the tables calculated without quintiles as tables without quintiles consist of data of first round while quintiles are developed with round 2<sup>nd</sup> data. More non-response is observed in second round than the first round.

**Ranges of Per Capita Consumption Expenditure for Consumption quintiles**

Quintiles	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>
<b>Ranges of Per Capita Consumption Expenditure</b>	Up to Rs.620.42	Rs.620.43 to Rs.769.09	Rs.769.10 to Rs.947.53	Rs.947.54 to Rs.1254.53	Rs.1254.54 and above



The following tables summarise some important information about quintiles.

**TABLE 1. DISTRIBUTIONA OF NUMBER OF HOUSEHOLDS BY PROVINCE, REGION AND QUINTILES**

REGION AND PROVINCE	1 <sup>st</sup> QUINTILE	2 <sup>nd</sup> QUINTILE	3 <sup>rd</sup> QUINTILE	4 <sup>th</sup> QUINTILE	5 <sup>th</sup> QUINTILE	OVERALL
<b>URBAN AREAS</b>	<b>536</b>	<b>671</b>	<b>865</b>	<b>1137</b>	<b>2229</b>	<b>5438</b>
Punjab	274	266	373	500	1056	2469
Sindh	108	174	220	334	677	1513
NWFP	84	144	155	159	293	835
Balochistan	70	87	117	144	203	621
<b>RURAL AREAS</b>	<b>1695</b>	<b>1889</b>	<b>1948</b>	<b>1906</b>	<b>1723</b>	<b>9161</b>
Punjab	629	693	733	817	892	3764
Sindh	483	449	448	434	358	2172
NWFP	349	429	418	369	257	1822
Balochistan	234	318	349	286	216	1403
<b>OVERALL</b>	<b>2231</b>	<b>2560</b>	<b>2813</b>	<b>3043</b>	<b>3952</b>	<b>14599</b>
Punjab	903	959	1106	1317	1948	6233
Sindh	591	623	668	768	1035	3685
NWFP	433	573	573	528	550	2657
Balochistan	304	405	466	430	419	2024

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**TABLE 2. PERCENTAGE OF POPULATION BY PROVINCE, REGION AND QUINTILES**

REGION AND PROVINCE	1 <sup>st</sup> QUINTILE	2 <sup>nd</sup> QUINTILE	3 <sup>rd</sup> QUINTILE	4 <sup>th</sup> QUINTILE	5 <sup>th</sup> QUINTILE	OVERALL
<b>URBAN AREAS</b>	<b>12.72</b>	<b>13.97</b>	<b>17.96</b>	<b>22.54</b>	<b>32.81</b>	<b>100.00</b>
Punjab	14.99	12.66	18.01	21.92	32.42	100.00
Sindh	8.95	14.28	17.58	24.23	34.97	100.00
NWFP	12.58	21.85	18.63	19.28	27.65	100.00
Balochistan	14.57	16.31	19.99	22.33	26.79	100.00
<b>RURAL AREAS</b>	<b>22.76</b>	<b>22.34</b>	<b>20.66</b>	<b>19.04</b>	<b>15.19</b>	<b>100.00</b>
Punjab	20.79	20.96	19.66	20.28	18.31	100.00
Sindh	28.64	22.20	20.48	17.36	11.32	100.00
NWFP	22.63	26.21	23.07	17.09	11.00	100.00
Balochistan	19.64	25.34	24.48	19.16	11.39	100.00
<b>OVERALL</b>	<b>19.86</b>	<b>19.91</b>	<b>19.88</b>	<b>20.06</b>	<b>20.29</b>	<b>100.00</b>
Punjab	19.12	18.57	19.19	20.75	22.38	100.00
Sindh	20.95	19.10	19.35	20.04	20.56	100.00
NWFP	21.16	25.57	22.42	17.41	13.44	100.00
Balochistan	18.76	23.78	23.70	19.71	14.05	100.00

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**TABLE 3. AVERAGE HOUSEHOLD SIZE BY PROVINCE, REGION AND QUINTILES**

REGION AND PROVINCE	1 <sup>st</sup> QUINTILE	2 <sup>nd</sup> QUINTILE	3 <sup>rd</sup> QUINTILE	4 <sup>th</sup> QUINTILE	5 <sup>th</sup> QUINTILE	OVERALL
<b>URBAN AREAS</b>	<b>9.19</b>	<b>8.44</b>	<b>7.88</b>	<b>7.03</b>	<b>5.43</b>	<b>6.86</b>
Punjab	8.72	7.60	7.49	6.68	5.37	6.62
Sindh	10.50	9.62	8.59	7.45	5.39	7.08
NWFP	9.23	9.21	7.70	7.62	6.06	7.55
Balochistan	10.77	9.60	8.97	7.92	6.00	7.96
<b>RURAL AREAS</b>	<b>8.68</b>	<b>7.86</b>	<b>7.13</b>	<b>6.21</b>	<b>5.31</b>	<b>7.00</b>
Punjab	7.94	7.33	6.68	5.91	5.18	6.50
Sindh	9.94	8.74	7.86	6.81	5.30	7.87
NWFP	9.25	8.33	7.56	6.56	6.18	7.67
Balochistan	9.24	8.54	7.76	6.90	5.42	7.62
<b>OVERALL</b>	<b>8.77</b>	<b>7.97</b>	<b>7.31</b>	<b>6.46</b>	<b>5.36</b>	<b>6.96</b>
Punjab	8.10	7.38	6.88	6.12	5.26	6.53
Sindh	10.03	8.98	8.10	7.10	5.36	7.54
NWFP	9.25	8.43	7.58	6.71	6.14	7.65
Balochistan	9.42	8.65	7.92	7.07	5.60	7.68

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It is important to note that in table 1.6 we report nominal values of per capita consumption, so that differences in the mean per capita consumption expenditure are somehow higher because of differences in the price structure in different parts of the country. However, as mentioned before each quintile contains households with the same welfare all over the country.

**TABLE 4. AVERAGE NOMINAL PER CAPITA CONSUMPTION EXPENDITURE BY PROVINCE, REGION AND QUINTILES**

REGION AND PROVINCE	1 <sup>st</sup> QUINTILE	2 <sup>nd</sup> QUINTILE	3 <sup>rd</sup> QUINTILE	4 <sup>th</sup> QUINTILE	5 <sup>th</sup> QUINTILE	OVERALL
<b>URBAN AREAS</b>	<b>478</b>	<b>646</b>	<b>811</b>	<b>1041</b>	<b>2554</b>	<b>1521</b>
Punjab	458	638	801	1014	2437	1487
Sindh	500	654	831	1079	3161	1889
NWFP	482	632	788	1030	1981	1194
Balochistan	521	680	837	1064	1949	1196
<b>RURAL AREAS</b>	<b>453</b>	<b>615</b>	<b>761</b>	<b>968</b>	<b>1605</b>	<b>875</b>
Punjab	427	594	748	953	1621	917
Sindh	438	587	710	906	1467	788
NWFP	483	642	783	998	1649	858
Balochistan	506	664	826	1064	1714	921
<b>OVERALL</b>	<b>459</b>	<b>623</b>	<b>776</b>	<b>996</b>	<b>2144</b>	<b>1119</b>
Punjab	437	606	766	977	2069	1147
Sindh	449	606	750	981	2582	1243
NWFP	482	639	785	1008	1826	964
Balochistan	510	668	829	1064	1828	1005

**Appendix B: Data quality**

After data collection, all questionnaires were analysed at the headquarters of the Federal Bureau of Statistics in Islamabad. In order to reduce measurement errors, data entry programs used on the field included a number of in built consistency checks, which alerted the data entry operator of inconsistencies, allowing the operator to immediately correct data entry mistakes. However, cleaning operations were necessary at the analysis stage and were performed by FBS headquarter staff. The cleaning followed criteria of minimal intervention, which reduced chances of data errors/missing observations.

**Appendix C:****EXPLANATORY NOTE ON HOUSEHOLD INCOME  
AND EXPENDITURE COMPONENTS OF THE PIHS  
(HIES PART) 2001-02**

The Household Income and Expenditure Survey (HIES) not only provides information pertaining to social sectors such as education, primary health, family planning, water supply and sanitation, but it is the main survey on household income and expenditure. It is a stratified sample survey designed to provide data to measure poverty and income distribution. The government has brought the issue of poverty alleviation of the centre-stage of economic policy-making, to which end, a strategy to reduce poverty and improve income distribution has already been put in place. The country's macroeconomic policies have been integrated with social and sectoral objectives to ensure that the policies are mutually supportive and consistent with a common set of objectives of spur growth and reduce poverty.

Pakistan's development partners are also providing financial support to augment government resources for targeting key interventions for poverty reduction and improving social indicators. Like government, the development partners would like to ensure that their resources are spent optimally. Convincing supporting evidence to assess the performance of development efforts comes largely from statistical system. It is in this background that the quality of statistics pertaining to household income and expenditure has assumed greater importance. While the major users of statistics are within the government, statistics must also be made available to the general public and to civil society to hold their governments to account. It is for this reason that the quality of data needs continuous improvement particularly that of income and expenditure, which suffer from inherent estimation problems in addition to high degree of activity, levels in conduct of the survey itself.

The income and expenditure component of the integrated Pakistan Integrated Household Survey, known as HIES 2001-02 has been completed by the government. It provides estimates of average household income and expenditure. Some of the results seem to be counterintuitive. Accordingly a Post Enumeration Survey, covering 5 percent sample areas, was conducted to check the veracity of the original estimates. Two points need to be noted in this respect. First, the Post Enumeration Survey was conducted after a time lag of two years, therefore, the problems of recall cannot be ruled out. Second, third party generally conducts the post Enumeration Survey. In this case, it was conducted in-house by FBS to save time. Therefore, bias associated with post-enumeration by the same organization will remain.

The Post Enumeration Survey did not change the overall patterns of the result. However, these results need to be used with caution. In order to provide a credible estimates of income, expenditure, and various social sector indicators the Government of Pakistan has constituted a Committee of experts to examine the basic framework of the PIHS and the various problems, highlighted here as well as in the case of social sector part of the PIHS. Based on the recommendations of the Committee, the sample design of PIHS will be improved. It is hoped that the successive rounds of the PIHS will provide credible estimates of income, expenditure, and key indicators of social sector. The results based on original data of HIES 2001-02 and post enumeration are as annexed.

### Annex - I

#### AVERAGE MONTHLY HOUSEHOLD INCOME PER HOUSEHOLD

Area	Average Monthly Income Per household During 2001-02 Survey *	Average Monthly Income Per household during Post Enumeration	Percentage Change
1	2	3	4
<b>Pakistan</b>	<b>7807</b>	<b>8158</b>	<b>4.50</b>
Urban	10128	10980	8.41
Rural	6261	6369	1.72
<b>Punjab</b>	<b>7757</b>	<b>8969</b>	<b>15.62</b>
Urban	10127	12302	21.48
Rural	5965	6729	12.81
<b>Sindh</b>	<b>7111</b>	<b>7768</b>	<b>9.24</b>
Urban	8734	11020	26.17
Rural	5894	5343	-9.35
<b>NWFP</b>	<b>6164</b>	<b>6186</b>	<b>0.36</b>
Urban	8115	7374	-9.13
Rural	5270	5630	6.83
<b>Balochistan</b>	<b>11635</b>	<b>9282</b>	<b>-20.22</b>
Urban	15845	10748	-32.17
Rural	9266	8444	-8.87

\*Average monthly income per household as estimated in column 2 relates to 5% sample areas of the total sample areas covered during HIES 2001-02.

### Annex - II

#### AVERAGE MONTHLY EXPENDITURE PER HOUSEHOLD

Area	Average Monthly Expenditure during 2001-02 Survey *	Average Monthly Expenditure during Post enumeration	Percentage Change
1	2	3	4
<b>Pakistan</b>	<b>7158</b>	<b>7986</b>	<b>11.57</b>
Urban	9205	10458	13.61
Rural	5794	6410	10.63
<b>Punjab</b>	<b>6983</b>	<b>8247</b>	<b>18.10</b>
Urban	8966	11439	27.58
Rural	5482	6084	10.98
<b>Sindh</b>	<b>6933</b>	<b>7764</b>	<b>11.99</b>
Urban	8916	10460	17.32
Rural	5445	5678	4.28
<b>NWFP</b>	<b>6996</b>	<b>6717</b>	<b>-3.99</b>
Urban	8687	7763	-10.64
Rural	6222	6264	0.68
<b>Balochistan</b>	<b>8406</b>	<b>9461</b>	<b>12.55</b>
Urban	11462	9921	-13.44
Rural	6687	9197	37.54

\*Average monthly expenditures per household as estimated in column 2 relates to 5% sample areas of the total sample areas covered during HIES 2001-02.