

# CHAPTER 1

## 1.1 Introduction

This report presents household Income and consumption expenditure data for the year 2010-11. The format of the report is almost the same as of the Household Integrated Economic Survey (HIES) which was conducted during the years 2001-02, 2004-05, 2005-06 and 2007-08. In this report all the variables have been presented by consumption quintiles. In chapter-2 the main findings of the report are summarised. Chapter 3 explains the concepts and definitions used in the report and in chapter 4; the sample design adopted for the survey is outlined. After that, twenty five major tables are presented. The methodology for computation of consumption quintiles is explained in Appendix-A.

## 1.2 Developments in HIES

HIES has been conducted, with some breaks, since 1963. There have been some developments in HIES during the 1990s, and it is important that readers should be aware of some of these. 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 revised questionnaire. In 1998-99, the HIES data collection methods and questionnaire were revised to reflect the integration of HIES with the Pakistan Integrated Household Survey (PIHS). After this HIES was conducted as an Integrated Survey with PIHS in 1998-99 and 2001-02. Subsequently the survey was renamed in 2004 as Pakistan Social and Living Standards Measurement (PSLM) Survey and the same module of HIES remain intact. In PSLM, (District Level) Survey and PSLM/ HIES (National/ Provincial level) Survey are conducted on alternate years. Before this Survey three rounds of HIES were conducted during 2004-05, 2005-06 and 2007-08.

Last round of HIES was conducted in 2007-08 and after the revision of PC-1, which was extended up to 2015, the next round was planned to be conducted during the year 2009-10, but due to some administrative as well as technical reasons the survey activities could not be carried out. During the year 2010-11 the PSLM District Level Survey was scheduled but considering the requirement of the Government of Pakistan and urgency of HIES data it was decided in consultation with the Planning & Development Division to carry out the HIES survey along with the PSLM District Level Survey during the financial year 2010-11. Therefore, the current round of HIES has been conducted covering 16341 households by taking subsample of the 79000 households of District level survey. HIES provides important information on household income, savings, liabilities, consumption expenditure and consumption patterns at national and Provincial level with urban/rural breakdown. This survey also provides the requisite data on consumption to Planning & Development Division for estimation of poverty. The Income and consumption module is exactly the same which has been used previously for the HIES 2001-02, HIES 2005-06 and HIES 2007-08.

### 1.3 Data Collection Methods

The income and consumption data of the HIES Survey is being collected by adopting team approach comprising of both male and female enumerators. In each field team female enumerators interviewed the female household members while male enumerators collected the data from the male respondents.

### 1.4 Questionnaire Design

The household income and consumption part of PSLM questionnaire with some improvements has been used during the reference year. Both male and female enumerators worked together to collect information regarding Income and consumption of the household.

The structure of the PSLM/ HIES questionnaire used is shown in the following table 1.4

**TABLE 1.4 STRUCTURE OF PSLM/HIES QUESTIONNAIRES FOR THE YEAR 2010-11**

SECTION A: SURVEY INFORMATION
SECTION B: HOUSEHOLD INFORMATION
SECTION C: EDUCATION
SECTION D: HEALTH
SECTION E: EMPLOYMENT AND INCOME
SECTION F: OWNERSHIP OF ASSETS
SECTION G: HOUSEHOLD DETAILS
SECTION H: IMMUNIZATION AND DIARRHEA FOR CHILDREN UNDER 5 YEARS
SECTION I: EVER MARRIED WOMEN (AGED 15 TO 49)
SECTION J: USE AND SATISFACTION WITH FACILITIES AND SERVICES
<b><u>CONSUMPTION MODULE</u></b>
SECTION L: HOUSEHOLD CONSUMPTION EXPENDITURE
SECTION M: SELECTED DURABLE CONSUMPTION ITEMS OWNED/SOLD BY THE HOUSEHOLD (DURING LAST ONE YEAR)
SECTION N: TRANSFERS RECEIVED AND PAID OUT (DURING LAST ONE YEAR)
SECTION P: PART- A: BUILDINGS AND LAND OWNED BY MEMBERS OF THIS HOUSEHOLD
PART- B: FINANCIAL ASSETS AND LIABILITIES, LOANS AND CREDIT
AGRICULTURAL SHEET
NON-AGRICULTURAL ESTABLISHMENT
BALANCE SHEET FOR INCOME AND EXPENDITURE

## CHAPTER 2

### 2.1 Main findings

This chapter presents the key results of the 2010-11 data set in comparison with the HIES data (2005-06 and 2007-08). 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 here in a summarised form, whereas the main tables in the main body of the report provide more detailed desegregation. In addition, this chapter provides review on the key findings and investigates the implications of these changes for people's welfare i.e. the impact on the poor and rich.

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, the first quintile contains lowest 20 % of the total households and in the second quintile the next better of 20 % of the total households and so on and the fifth quintile contains the richest 20 % of the total households. The quintile approach provides a better distributional and welfare analysis for the reasons that each quintile contain 20 % of the households with respect to their welfare standard.

### 2.2 Household size

The national average household size is 6.38 members, which is lower than the average household size observed for the year 2005-06 and 2007-08 (See table-2.2 A).

**TABLE 2.2.A AVERAGE HOUSEHOLD SIZE, 2005-06, 2007-08 AND 2010-11**

AREA	Average Household Size		
	2005-06	2007-08	2010-11
<b>Total</b>	6.83	6.58	6.38
<b>Urban</b>	6.65	6.31	6.19
<b>Rural</b>	6.93	6.72	6.49

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

The average household size is desegregated by quintiles. 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 households have comparatively smaller family size than the middle class income and poor households. (See table 2.2.B)

**TABLE 2.2.B AVERAGE HOUSEHOLD SIZE BY QUINTILES AND REGION, 2010-11**

AREA	Quintiles					Total
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	
Pakistan	<b>8.05</b>	<b>7.24</b>	<b>6.70</b>	<b>5.93</b>	<b>4.92</b>	<b>6.38</b>
Urban	8.39	7.65	6.80	6.35	5.02	6.19
Rural	7.98	7.12	6.65	5.70	4.81	6.49

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

Further analysis reveals that differences exist in household size between rural and urban areas and among provinces. The differences of household size between rural and urban areas are statistically significant. Household size in all the Provinces has decreased in 2010-11 (see table 2.2.C).

**TABLE 2.2.C AVERAGE HOUSEHOLD SIZE, BY PROVINCES AND REGION**

AREA	2007-08	2010-11
<b>Total</b>	<b>6.58</b>	<b>6.38</b>
Urban	6.31	6.19
Rural	6.72	6.49
Punjab	6.33	6.16
Sindh	6.50	6.39
KPK	7.63	7.17
Balochistan	7.75	7.08

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

### 2.3 Employed persons and other income earners

In this sub-section, the distribution of income earners across the total population is presented which has been disaggregated by employment status.

Table 2.3 shows that comparing the results of 2010-11 with the HIES 2007-08, the number of earners per household have been decreased both in urban and rural areas. The number of earners is further desegregated by provinces, which show that number of earners in rural areas is higher as compared to the urban areas. Among provinces high number is in Punjab where average number of earners per household is 1.90 in 2010-11 followed by Sindh province where average number of earners per household is 1.86. Comparison of the two surveys also shows that average number of earners has declined in Sindh which was slightly higher than Punjab in 2007-08, whereas trend remain same for KPK and Balochistan.

**TABLE 2.3 AVERAGE NUMBER OF EARNERS PER HOUSEHOLD BY PROVINCE AND REGION**

AREA	2007-08	2010-11
<b>Total</b>	<b>2.00</b>	<b>1.84</b>
Urban	1.84	1.75
Rural	2.08	1.89
Punjab	2.00	1.90
Sindh	2.08	1.86
KPK	1.86	1.59
Balochistan	1.87	1.65

See table 6 in the main body of this report for further desegregation.

### 2.4. Income earners by employment status

In table 2.4 the household earners are disaggregated by employment status. It has been observed that paid employees have significantly increased in 2010-11 i.e. from 50.66% in HIES 2007-08 to 53.34 % in 2010-11. It has also been observed that unpaid helpers in rural areas have been substantially decreased (i.e. 19.57 %) as compared to the last survey results (21.39 %).

**TABLE 2.4 PERCENTAGE DISTRIBUTIONS OF EARNERS BY EMPLOYMENT STATUS**

EMPLOYMENT STATUS	2007-08			2010-11		
	Urban	Rural	Total	Urban	Rural	Total
Employer	1.06	0.43	0.62	1.25	0.28	0.59
Self-employed	16.94	27.98	24.49	17.65	27.60	24.34
Unpaid helper	10.11	26.60	21.39	7.28	25.53	19.57
Paid employee	68.15	42.57	50.66	70.27	45.12	53.34
Not econ. Active	3.75	2.43	2.85	3.55	1.48	2.16

See table 6 in the main body of this report for further desegregation.

## 2.5 Consumption, income and savings

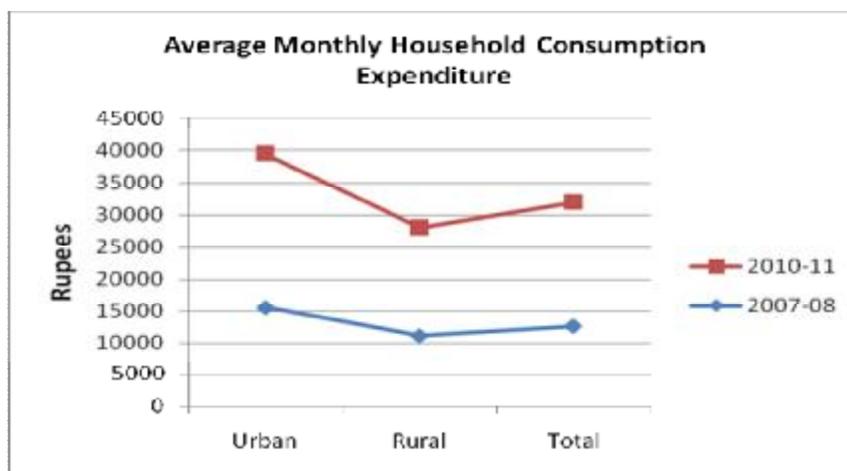
In table 2.5.A, the pattern of consumption expenditure of households is explained among urban and rural areas and by quintiles. It shows that level of consumption expenditure in urban areas is higher as compared to rural areas. Further analysis by quintiles reveals that average consumption expenditure of the richest class in urban areas is more than two and half times higher than the lowest income class and almost three times more than the same income class living in the rural areas. However gap in first and fifth quintiles is wider in urban areas than the rural part. Consumption expenditures have increased by 53 % in 2010-11 compared to 2007-08.

**TABLE: 2.5.A AVERAGE MONTHLY HOUSEHOLD CONSUMPTION EXPENDITURE BY QUINTILES & REGION**

QUINTILES	AVERAGE MONTHLY CONSUMPTION EXPENDITURE PER HOUSEHOLD					
	2007-08			2010-11		
	URBAN	RURAL	TOTAL	URBAN	RURAL	TOTAL
1 <sup>st</sup>	8251	7343	7485	12102	11379	11503
2 <sup>nd</sup>	10038	8960	9209	15182	13994	14268
3 <sup>rd</sup>	11289	10118	10445	16803	16427	16537
4 <sup>th</sup>	12938	11833	12235	20422	18211	19014
5 <sup>th</sup>	21341	18051	19866	33509	25554	29902
<b>PAKISTAN</b>	<b>15601</b>	<b>11128</b>	<b>12660</b>	<b>23959</b>	<b>16919</b>	<b>19336</b>

See table 15 in the main body of this report for further desegregation.

In table 2.5.B, the analyses of the average household income by quintiles and by urban/ rural, indicates 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 more than three times as compared to lowest income level of 20% households in urban areas and rural areas, which are having the same income level. The income ratios between urban and rural households have on the same pattern as is observed for expenditure pattern. Rural income has increased by 51 %.



**TABLE: 2.5.B AVERAGE MONTHLY HOUSEHOLD INCOME BY QUINTILES AND AREAS**

QUINTILES	AVERAGE MONTHLY INCOME PER HOUSEHOLD					
	2007-08			2010-11		
	URBAN	RURAL	TOTAL	URBAN	RURAL	TOTAL
1 <sup>st</sup>	8744	7639	7812	11970	11265	11386
2 <sup>nd</sup>	11019	9577	9910	16482	13613	14274
3 <sup>rd</sup>	11872	10901	11172	17383	16618	16841
4 <sup>th</sup>	13239	13219	13227	22996	19922	20784
5 <sup>th</sup>	26164	22808	24659	40876	33933	37728
<b>TOTAL</b>	<b>17970</b>	<b>12626</b>	<b>14456</b>	<b>27664</b>	<b>18713</b>	<b>21785</b>

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

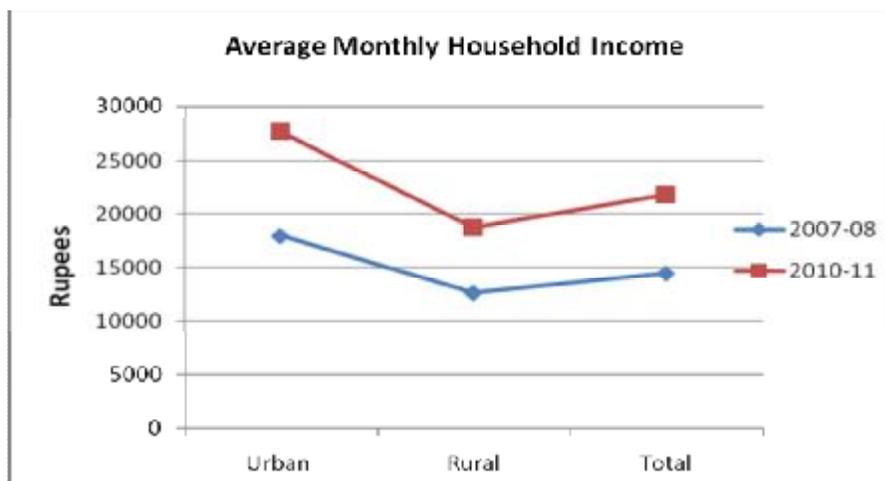


Table 2.5.C reveals the per capita consumption expenditure in urban/ rural areas and by quintiles. The average individual expenditures for the richest class in urban areas are more than four and half times than the poor class. If it is analysed on similar lines for rural areas we observe that it is more than three and half times the poor class. The

average per capita expenditure are almost the same for poor in rural and urban 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 as compared to rural areas.

**TABLE 2.5.C PER CAPITA MONTHLY CONSUMPTION EXPENDITURE BY QUINTILES AND REGION 2010-11**

QUINTILES	2007-08			2010-11		
	URBAN	RURAL	TOTAL	URBAN	RURAL	TOTAL
1 <sup>ST</sup>	906	868	874	1441	1426	1428
2 <sup>ND</sup>	1216	1208	1210	1985	1966	1970
3 <sup>RD</sup>	1547	1522	1529	2469	2468	2468
4 <sup>TH</sup>	2032	1998	2011	3217	3195	3203
5 <sup>TH</sup>	4334	3566	3984	6679	5312	6073
<b>TOTAL</b>	<b>2472</b>	<b>1655</b>	<b>1923</b>	<b>3872</b>	<b>2608</b>	<b>3029</b>

See table 22 in the main body of this report for further desegregation.

## 2.6 Income sources

While analysing household income and consumption expenditure we need to consider different sources of income of both rich and poor. In table 2.6 the percentage of the income earned from different sources in 2010-11 has been compared with the data of 2007-08.

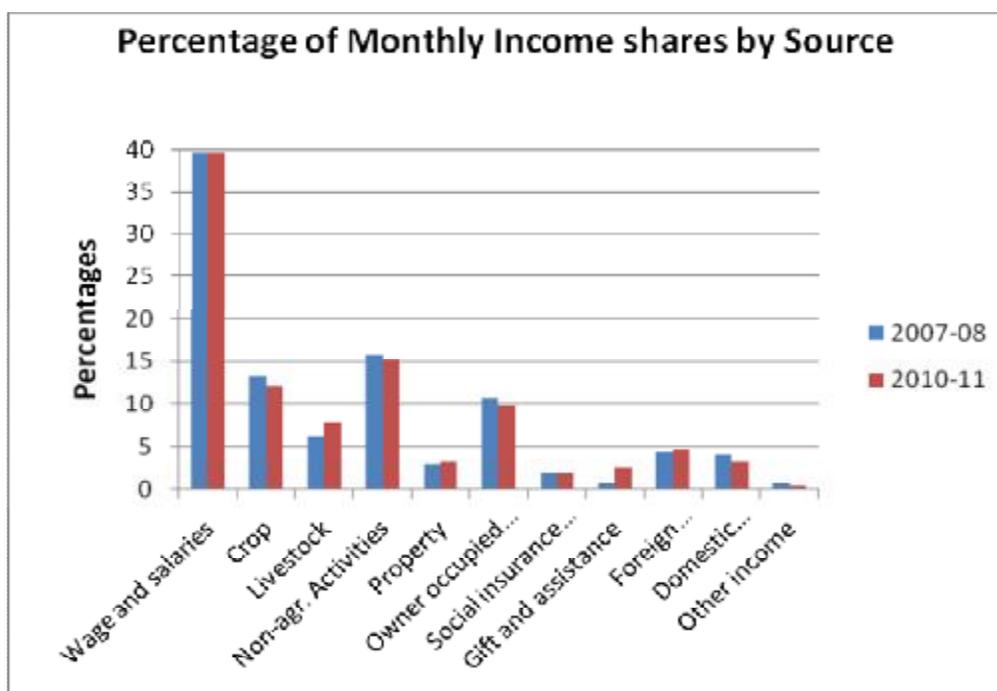
In general, the trend of major income sources towards the total household income has shown changing pattern in some of the sources over the period from 2007-08 to 2010-11. If the income sources are analysed, it is observed that wages and salaries have always played significant role towards the total household income, it contributes 39.69 % in total income. However, in rural areas there is decrease in agricultural activity (crop) from 21.51% in 2007-08 to 20.17% in 2010-11. It could be mainly due to flood 2010 which had devastating impact on in crop production in 2010-11 throughout the flood affected areas. The second major source of income remained the non agricultural activities i.e. business and services sectors. Overall income from this source has slightly declined from 15.73% to 15.17% over the period from 2007-08 to 2010-11. The next major source of income both in urban and rural areas is owner occupied dwellings from where the imputed income is derived. This source has a considerably high contribution in urban areas than in rural areas. In rural areas the share of income from owner occupied dwellings has decreased as compared to 2007-08. A major reason could be the havoc caused due to the 2010 floods which had swept away entire housing structure along with all the possessions of the affected households.

The percentage share of income from foreign remittances has increased in 2010-11 as compared to the period 2007-08. The data reveals that it is increased both in urban and rural areas. There is also significant increase in percentage share of income from gift and assistance; it increased from 0.72 % in 2007-08 to 2.41% in 2010-11.

**TABLE 2.6 PERCENTAGES OF MONTHLY HOUSEHOLD INCOME SHARES BY SOURCE AND REGION**

INCOME SOURCES	2007-08			2010-11		
	URBAN	RURAL	TOTAL	URBAN	RURAL	TOTAL
Wage and salaries	51.00	31.21	39.63	50.18	31.59	39.69
Crop	2.21	21.51	13.30	1.55	20.17	12.05
Livestock	1.23	9.67	6.08	1.18	12.74	7.70
Non-agr. Activities	19.98	12.59	15.73	21.65	10.16	15.17
Property	2.94	2.84	2.88	2.89	3.29	3.12
Owner occupied dwelling	15.01	7.55	10.72	13.81	3.71	9.81
Social insurance benefits including Pension	2.24	1.57	1.85	2.21	1.51	1.81
Gift and assistance	0.44	0.93	0.72	1.63	3.00	2.41
Foreign remittances	2.74	5.48	4.31	2.91	6.02	4.67
Domestic remittances	1.89	5.65	4.05	1.63	4.35	3.17
Other income	0.32	1.01	0.71	0.35	0.44	0.40

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



## 2.7 Consumption pattern

The consumption expenditure pattern for different commodity groups shows consistent trend from 2007-08 to 2010-11. While share of food expenditure is relatively high as compared to all other commodity groups at Pakistan level, it has increased from 43.05 % in 2005-06 to 44.22 % in 2007-08 but it has increased significantly over the period from 2007-08 to 2010-11 from 44.22 to 48.91 %.

Further analysis reveals that consumption expenditure in apparel, textile, and footwear, housing, education, transport, communication and recreation and entertainment has shown decreasing trend since 2007-08 while consumption expenditure on fuel & lighting , cleaning and laundry and other miscellaneous has shown slightly increasing trend as compared to 2007-08. (See Table 2.7).

**TABLE 2.7 PERCENTAGE OF MONTHLY CONSUMPTION EXPENDITURE BY COMMODITY GROUPS**

COMMODITY GROUPS	2005-06			2007-08			2010-11		
	URBAN	RURAL	TOTAL	URBAN	RURAL	TOTAL	URBAN	RURAL	TOTAL
Food, drinks & tobacco	35.17	49.56	43.05	37.85	48.87	44.22	41.08	54.71	48.91
Apparel, textile, foot-wear	4.90	6.42	5.73	4.71	6.06	5.49	4.66	5.45	5.11
Transport& communication	7.12	5.39	6.17	6.55	5.92	6.18	6.69	5.51	6.01
Cleaning & laundry	3.54	3.61	3.58	3.77	3.49	3.60	3.55	3.83	3.71
Recreation& entertainment	1.04	0.32	0.65	1.09	0.42	0.70	0.77	0.19	0.44
Education	5.20	2.41	3.67	5.26	2.94	3.92	4.82	2.51	3.49
Housing (rent & other costs)	22.74	8.94	15.19	22.11	9.99	15.10	21.04	8.67	13.93
Fuel & lighting	7.39	8.41	7.95	6.82	8.09	7.55	7.06	8.01	7.60
Miscellaneous	12.91	14.94	14.02	11.85	14.23	13.23	10.32	11.13	10.78

See table 15 in the main body of this report for further desegregation

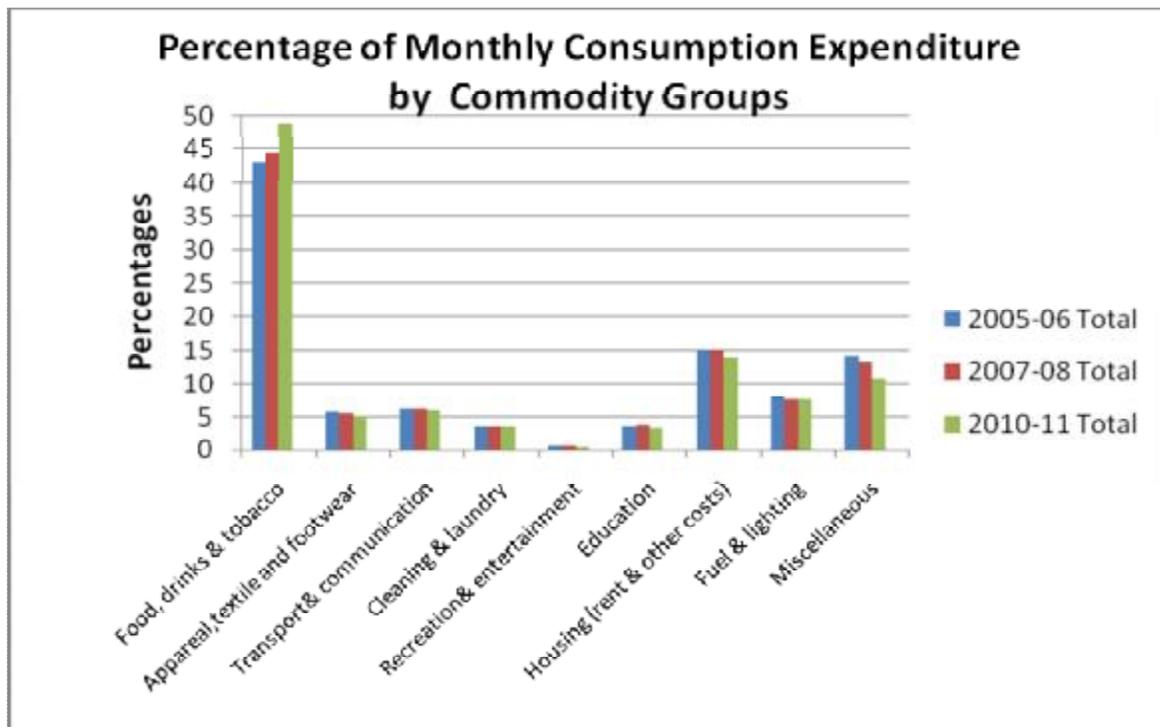


Table 2.7(A) is representing monthly consumption expenditure according to Classification Of Individual Consumption by Purpose (COICOP), now the groups are in line with Consumer Price Index (CPI) as well as the latest UN International Classification Standards.

**TABLE 2.7(A) PERCENTAGE OF MONTHLY CONSUMPTION EXPENDITURE BY COMMODITY GROUPS**

COMMODITY GROUPS	2010-11		
	Urban	Rural	Total
<b>Food, drinks &amp; tobacco</b>	<b>41.08</b>	<b>54.71</b>	<b>48.91</b>
Food&Non alcoholic Beverages	38.98	52.44	46.71
Alcoholic beverages &Tobacco	0.79	1.26	1.06
Restaurant & Hotels	1.32	1.01	1.14
<b>Clothing&amp; Footwear</b>	<b>4.66</b>	<b>5.45</b>	<b>5.11</b>
<b>Housing (rent &amp; other costs)</b>	<b>28.10</b>	<b>16.68</b>	<b>21.54</b>
Housing	21.04	8.67	13.98
Water, Electricity ,Gas& other fuels	7.06	8.01	7.60
<b>Furnishing &amp; Household equipment Maintenance</b>	<b>7.03</b>	<b>7.48</b>	<b>7.29</b>
<b>Transport&amp; communication</b>	<b>8.87</b>	<b>7.13</b>	<b>7.87</b>
Transport	6.69	5.51	6.01
Communication	2.18	1.62	1.86
<b>Recreation &amp; Culture</b>	<b>0.83</b>	<b>0.23</b>	<b>0.48</b>
<b>Education</b>	<b>4.82</b>	<b>2.51</b>	<b>3.49</b>
<b>Miscellaneous Goods &amp; Services</b>	<b>2.44</b>	<b>2.65</b>	<b>2.56</b>
<b>Health</b>	<b>2.18</b>	<b>3.19</b>	<b>2.76</b>

## 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 contributed 82.52%. These items contribute 84.61% in rural areas and 78.80 % in urban areas. Comparison of the same 17 food items with the year 2007-08 shows that the overall expenditure level has gone down slightly in both urban and rural areas. For food items major share of consumption expenditure is incurred on wheat, milk, vegetable ghee, vegetables and sugar which almost share 58 % out of 82.52%.

**TABLE 2.8.A PERCENTAGE OF MONTHLY EXPENDITURE ON 17 MAJOR FOOD ITEMS, 2010-11**

FOOD ITEMS	2007-08			2010-11		
	URBAN	RURAL	TOTAL	URBAN	RURAL	TOTAL
Wheat	12.07	16.55	14.93	12.82	16.25	15.02
Rice	4.21	4.28	4.25	3.56	3.74	3.67
Pulses	2.25	2.41	2.35	2.53	2.60	2.57
Vegetable ghee	6.76	9.81	8.71	5.75	8.59	7.58
Tea	1.87	2.04	1.98	2.06	2.17	2.13
Milk (fresh)	19.87	20.58	20.33	19.33	19.47	19.42
Butter	0.39	1.49	1.09	0.32	1.22	0.90
Mutton	2.55	1.12	1.64	3.80	3.10	3.35
Beef	3.73	2.90	3.20	2.29	1.12	1.54
Chicken	4.47	3.45	3.82	4.48	3.32	3.74
Fish	0.95	0.54	0.69	0.62	0.44	0.51
Fruits	4.71	3.27	3.79	4.30	3.01	3.47
Vegetables	7.81	7.95	7.90	8.10	8.91	8.62
Salt	0.22	0.20	0.20	0.16	0.16	0.15
Spices	2.07	1.76	1.88	2.63	2.20	2.35
Sugar	4.09	5.14	4.76	5.91	7.74	7.09
Gur	0.09	0.43	0.31	0.13	0.57	0.41
<b>Total</b>	<b>78.11</b>	<b>83.92</b>	<b>81.83</b>	<b>78.80</b>	<b>84.61</b>	<b>82.52</b>

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

Further desegregation 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, vegetable ghee, vegetables and sugar. Whereas, the richest class have different priorities, they spend more on milk, wheat, vegetables, fruits, mutton, beef, sugar and chicken etc. The poor spend 69.19% of the total food expenditure on wheat, milk, vegetable ghee, vegetables and sugar, while the rich class spends 48.05 %, which means that they have different preferences for consumption expenditures. (See Table 2.8.B). Per capita monthly consumption in quantity reveals that wheat is significantly less consumed in urban areas as compared to rural areas. (See Table 2.8. C)

**TABLE 2.8.B PERCENTAGE OF MONTHLY EXPENDITURE ON MAJOR FOOD ITEMS BY QUINTILES, 2010-11**

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	22.67	19.39	16.64	14.25	9.88	15.02
Rice	3.95	4.08	3.85	3.70	3.26	3.67
Pulses	2.71	2.80	2.76	2.71	2.22	2.57
Vegetable ghee	10.77	9.83	8.77	7.55	4.72	7.58
Tea	2.46	2.41	2.33	2.10	1.78	2.13
Milk (fresh & boiled)	16.54	18.26	18.99	19.86	20.92	19.42
Butter	0.20	0.41	0.82	1.03	1.32	0.90
Mutton	2.25	2.86	3.52	3.70	3.62	3.35
Beef	0.23	0.45	0.59	1.33	3.21	1.54
Chicken	2.51	2.94	3.45	3.91	4.59	3.74
Fish	0.36	0.42	0.44	0.48	0.65	0.51
Fruits	1.91	2.22	2.88	3.44	4.98	3.47
Vegetables	9.98	9.59	9.15	8.88	7.19	8.62
Salt	0.19	0.18	0.17	0.15	0.13	0.15
Spices	2.19	2.30	2.37	2.48	2.34	2.35
Sugar	9.23	8.39	7.82	7.03	5.34	7.09
Gur	0.59	0.61	0.49	0.35	0.26	0.41
<b>Total</b>	<b>88.75</b>	<b>87.15</b>	<b>85.05</b>	<b>82.96</b>	<b>76.41</b>	<b>82.52</b>

**TABLE 2.8.C PER CAPITA MONTHLY CONSUMPTION (QUANTITIES) OF MAJOR FOOD ITEMS, 2010-11**

FOOD ITEMS	UNIT	2007-08			2010-11		
		Urban	Rural	Total	Urban	Rural	Total
Wheat	Kg	6.50	8.36	7.75	6.91	8.52	7.98
Rice	Kg	0.90	0.89	0.89	0.96	1.02	1.00
Pulses	Kg	0.24	0.24	0.24	0.24	0.31	0.28
Vegetable ghee	Kg	0.58	0.73	0.68	0.60	0.80	0.74
Tea	Grams	69.14	66.93	67.66	71.80	69.15	70.03
Milk (fresh)	Litre	6.45	7.01	6.83	6.28	6.65	6.53
Butter	Grams	18.80	60.26	46.65	12.56	42.61	32.61
Mutton	Kg	0.09	0.04	0.06	0.08	0.04	0.05
Beef	Kg	0.24	0.18	0.20	0.23	0.20	0.21
Chicken	Kg	0.31	0.21	0.25	0.34	1.57	0.26
Fish	Kg	0.08	0.05	0.06	0.06	0.04	0.05
Fruits	Kg	1.26	0.72	0.90	1.45	0.52	0.83
Vegetables	Kg	3.64	3.59	3.60	3.79	3.89	3.85
Salt	Kg	0.22	0.23	0.23	0.22	0.21	0.22
Sugar	Kg	1.25	1.36	1.32	1.19	1.37	1.31
Gur	Kg	0.02	0.10	0.08	0.02	0.10	0.07

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

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 on fuel and lighting in urban areas is incurred on electricity and gas. In rural areas the main source of energy apart from electricity is firewood.

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

FUEL ITEMS	2007-08			2010-11		
	Urban	Rural	Total	Urban	Rural	Total
Firewood	6.48	29.80	20.91	5.02	29.04	19.56
Kerosene	0.24	1.73	1.16	0.12	1.64	1.04
Charcoal	0.01	0.01	0.01	0.00	0.01	0.01
Coal	0.00	0.05	0.03	0.01	0.05	0.04
Dung cake	0.74	6.10	4.05	0.88	7.84	5.09
Gas	24.02	9.53	15.05	19.72	6.77	11.89
Electricity	64.08	40.87	49.71	70.95	41.41	53.07
Others	4.43	11.93	9.06	3.30	13.23	9.31

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

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

**TABLE 2.8.E PERCENTAGES OF HOUSEHOLD EXPENDITURE ON FUEL & LIGHTING BY QUINTILES, 2010-11**

FUEL AND LIGHTING	QUINTILES					TOTAL
	1 <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>	5 <sup>TH</sup>	
Firewood	28.80	28.47	25.17	20.59	10.30	19.56
Kerosene	2.34	1.63	1.35	0.98	0.34	1.04
Charcoal	0.05	0.00	0.00	0.00	0.00	0.01
Coal	0.01	0.08	0.07	0.04	0.01	0.04
Dung cake	8.01	7.63	6.29	5.76	2.34	5.09
Gas	4.02	6.40	9.31	12.51	17.05	11.89
Electricity	39.38	42.69	46.60	51.85	61.67	53.07
Others	17.41	13.09	11.21	8.27	5.29	9.31

Data is further disaggregated in Table 18 by items and by provincial and urban/rural breakdown.

## 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 either be 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 the person 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 or 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 industry divisions 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.

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 consumed by the household or individual members which were

received as "income in kind" by the household or individual members. 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 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 amount 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 licenses; 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 who are 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 this Survey consists of all urban and rural areas of four provinces of Pakistan. However, 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. All urban areas comprising of cities/towns have been divided into mutually exclusive small compact areas known as enumeration blocks (E.Bs) identifiable through maps. Each enumeration block consists of about 200-250 households on the average. Each Enumeration block has been divided into low, middle and high income groups. Urban areas sampling frame consists of 26,698 enumeration blocks which had been updated through Economic Census conducted in the year 2003..

##### 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, available field resources and reliability constraints, a sample size of 16,341 households from 1180 sampled areas(enumeration blocks and villages) has been considered appropriate to provide reliable estimates of key characteristics at the National/Provincial level. The number of sample PSUs and SSUs covered in the survey are as follows:

**TABLE 4A: PROFILE OF THE SAMPLE OF PSLM SURVEY 2010-11**

Province/Area	Sample PSUs			Sample SSUs		
	Urban	Rural	Total	Urban	Rural	Total
Punjab	256	256	512	2935	4019	6954
Sindh	152	144	296	1802	2296	4098
KPK	88	120	208	1041	1913	2954
Balochistan	68	96	164	811	1524	2335
<b>TOTAL</b>	<b>564</b>	<b>616</b>	<b>1180</b>	<b>6589</b>	<b>9752</b>	<b>16341</b>

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

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

In urban areas each of the large sized cities having population of 5 lac and above has been treated as an independent stratum. Each of these cities has further been sub-stratified into low, middle and high-income groups. The remaining cities/towns within each administrative division of the respective province have been grouped together to constitute an independent stratum.

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

In the rural areas, the population of each district in Punjab, Sindh and Khyber Pakhtunkhwa Provinces has been grouped together to constitute a stratum. For Balochistan province each of administrative Division has been taken as a stratum.

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

A two-stage stratified random sampling scheme was adopted for this survey. Enumeration blocks in urban areas and villages in rural areas were selected at first stage while households within the sample enumeration blocks/villages were selected at second stage.

##### **Selection of Primary Sampling Units (PSUs).**

Enumeration blocks in the urban areas and mouzas/dehs/villages in rural areas have been taken as Primary Sampling Units (PSUs). In urban areas, sample PSUs from each stratum have been selected by probability proportional to size (PPS) method using households in each enumeration block as measure of size (MOS). Similarly in rural areas, population of each village has been taken as measure of size (MOS) for selection of sample villages using probability proportional to size (PPS) method.

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

Households within each sample Primary Sampling Units (PSU) have been considered as Secondary Sampling Units (SSU). A sample of 16 and 12 households from each sampled village of rural domain and enumeration block from urban domain respectively have been selected for this survey through systematic sampling scheme.