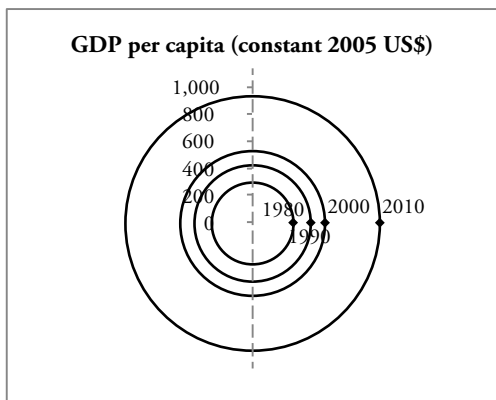


Human Development in South Asia 2015

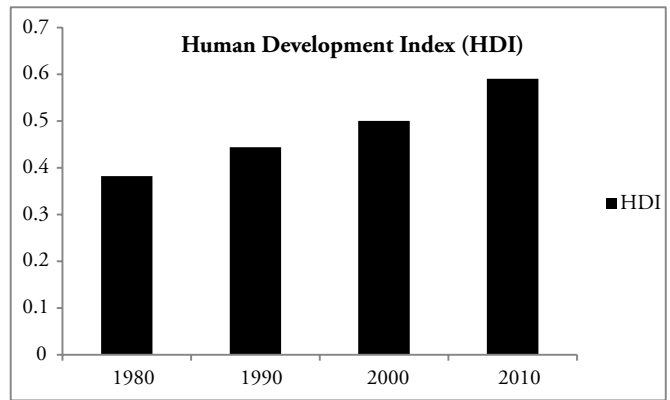
The Economy and the People



Mahbub ul Haq Centre



Graph I



Graph II

Note: The graphs above are based on the data in the table below.

	1980	1990	2000	2010
GDP per capita (constant 2005 US\$)	299.2	404.4	560.0	940.0
HDI	0.365	0.424	0.477	0.562

Sources: World Bank 2015e and MHHDC 2015, *Human Development Indicators for South Asia*.

The cover design is based on superimposition of two graphs—graph I showing real gross development product (GDP) per capita between 1980 to 2010 over graph II showing Human Development Index (HDI) for the same period.

The cover design illustrates that over the past three decades as the economy has expanded capabilities of the people have also improved, as indicated by upward trends in the two indicators. However, what is worrying from a human development perspective is that South Asia has not been able to translate the benefits of economic growth into enhancing the lives of people. During the period between 1980 and 2010, the per capita GDP has grown by 214 per cent while the HDI value for South Asia has grown only by 54 per cent.



HUMAN DEVELOPMENT IN SOUTH ASIA 2015

The Economy and the People

Mahbub ul Haq Human Development Centre
Lahore, Pakistan

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ABBREVIATIONS

AIDS	Acquired immune deficiency syndrome	NPR	Nepali rupee
ASEAN	Association of South East Asian Nations	MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
BISP	Benazir Income Support Programme	PKR	Pakistani rupee
BPO	Business process outsourcing	R&D	Research and development
BRAC	Bangladesh Rural Advancement Committee	RMG	Ready-made garments
BTK	Bangladeshi Taka	RSPN	Rural Support Programme Network
CBOs	Community-based organisations	SAARC	South Asian Association for Regional Cooperation
FDI	Foreign direct investment	SEWA	Self-Employed Women's Association
GDP	Gross domestic product	TVET	Technical and vocational education and training
GNP	Gross national product	UN	United Nations
HDI	Human Development Index	UNDP	United Nations Development Programme
HIV	Human immunodeficiency virus	UN-ESCAP	United Nations-Economic and Social Commission for Asia and the Pacific
HRCPC	Human Rights Commission of Pakistan	UN-Habitat	United Nations Human Settlements Programme
ICT	Information and communications technology	UNICEF	United Nations Children's Fund
ILO	International Labour Organization	UNPD	United Nations Population Division
IMF	International Monetary Fund	US	United States of America
INR	Indian rupee	US\$	United States dollar
IT	Information technology	WHO	World Health Organization
ITES	Information technology-enabled services		
KPK	Khyber Pakhtunkhwa		
LKR	Sri Lankan rupee		
MDGs	Millennium Development Goals		
NGOs	Non-governmental organisations		

Foreword

“We live in stirring times. An irresistible wave of human freedom is sweeping across many lands. Not only political systems but economic structures are beginning to change in countries where democratic forces had been long suppressed. People are beginning to take charge of their own destiny. Unnecessary state interventions are on the wane. These are all reminders of the triumph of the human spirit.”

(Human Development Report 1990)

This was written by Mahbub ul Haq in the Foreword to the first *Human Development Report* in 1990. Yet these words could have been written today as they reflect the political economy of 2015, two and half decades later. So nothing has changed since the wonderful days when United Nations Development Programme (UNDP) was celebrating the birth of *Human Development Report*. Yet the basics are changing, slowly but surely. That was our assumption when we started this exercise, so we wanted to check it out with data and analysis in one region—South Asia.

This Report is about people—and how development enlarges people’s choices. It is about more than income and wealth and more than producing and selling commodities and accumulating capital. Human development is a process of enlarging people’s choices. The most critical of these choices are to live a long and healthy life, to be educated, and to have access to resources needed for a decent standard of living.

The Report underlines the imperative of linking the well-being of people to economic growth. The analysis in the Report shows that the link between human development and economic growth is not automatic. That link has to be created

consciously by forward-looking policies and strategies by national governments. Growth policies must be complemented by policies that serve not only economic growth but also create employment, build capacity, empower women and reduce poverty.

The Report analyses the record of economic growth and human development in South Asia for the last three decades from 1980 to 2010. Besides providing a South Asian profile, the Report presents a detailed record of economic growth and social development in five countries: India, Pakistan, Bangladesh, Nepal and Sri Lanka.

The Report presents critical analyses of economic policies, policies for food security, education, health and women’s empowerment and concludes that to sustain economic growth and advance human development, South Asia needs high level political commitment to achieve its economic and social goals. The Report contains eight chapters. Chapter one introduces the theme of this year’s Report. Chapter two analyses the economic growth achieved by five countries—India, Pakistan, Bangladesh, Nepal and Sri Lanka—over the last three decades (1980 to 2010). Chapter three provides an analysis of employment situation in five countries under investigation. Chapter four explores the impact of economic growth policies on food security. Chapter five critically analyses the issue of educational achievement of South Asia compared to East Asian countries. Chapter six does the same for health in South Asia. The progress of women’s advancement or lack of it, after the Beijing Conference, is the topic for chapter seven. The last chapter lifts the spirit of the Report by exploring some of the signs of hope in South Asia.

I must record my grateful thanks

to the Governing Board of the Centre for providing timely policy and management advice, and the Advisory Board, especially Drs. S. J. Burki and Parvez Hasan; Profs. Frances Stewart and Jayati Ghosh; and Mr. Syeduzzaman, for providing their comments on the concept note of the Report.

The in-house staff of Mahbub ul Haq Centre has prepared this Report under my close supervision. The total research staff strength of the Centre for this Report consisted of three senior research fellows, two research fellows, and one con-

sultant—all of them were highly qualified and motivated to handle the research, writing and advocacy work. For the last several months they had worked through the weekends in order to complete the job. I am truly grateful to each one of them for their commitment to the Centre. I thank Nazam Maqbool, Umer Malik, Fazilda Nabeel, Saba Shahid, Sana Tirmizi and Nadia Mukhtar for their untiring efforts. I also thank Tanveer Hamza for handling the administrative work.

Lahore
18 August 2015



Khadija Haq

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About Mahbub ul Haq Centre

Under the umbrella of Foundation for Human Development in Pakistan, Mahbub ul Haq Human Development Centre (MHHDC) was set up in November 1995 in Islamabad, Pakistan by the late Mahbub ul Haq, founder and chief architect of United Nations Development Programme's (UNDP) *Human Development Reports*. With a special focus on South Asia, the Centre is a policy research institute and think tank, committed to the promotion of the human development paradigm as a powerful tool for informing people-centred development policy, nationally and regionally.

The Centre organises professional research, policy studies and seminars on issues of economic and social development as they affect people's well-being. Believing in the shared histories of the people of this region and in their shared destinies, Haq was convinced of the need for cooperation among the countries of the region. His vision extended to a comparative analysis of the region with the outside world, providing a yardstick for the progress achieved by South Asia in terms of socio-economic development. The Centre's research work is presented annually through a Report titled, *Human Development in South Asia*.

Continuing Mahbub ul Haq's legacy, the Centre provides a unique perspective in three ways: first, by analysing the process of human development, the analytical work of the Centre puts people at the centre of economic, political and social policies; second, the South Asia regional focus of the Centre enables a rich examination of issues of regional importance; and third, the Centre's comparative analysis provides a yardstick for the progress and setbacks of South Asia vis-à-vis the rest of the world.

The current activities of the Centre include: preparation of annual reports on *Human Development in South Asia*; publication of a collection of unpublished papers of Mahbub ul Haq; preparation of policy papers and research reports on poverty reduction strategies; and organisation of seminars and conferences on global and regional human development issues, South Asian cooperation, peace in the region, and women's empowerment.

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Overview

“The achievement of economic growth must be judged in terms of its impact on the lives and well-being of people”, argued Mahbub ul Haq, the pioneer of human development philosophy. As stated in the first Report on *Human Development in South Asia* in 1997, the real objective of development is to widen the choices of people. The increase in gross national product (GNP) is only a means towards this end. In fact there is a two-way relationship between economic growth and human development: economic growth generates resources to expand human capabilities, which in turn foster future economic growth.

This principle is sometimes forgotten in the race towards economic growth. The regions that have incorporated this philosophy in their development frameworks have progressed, as evident in the development of Japan, South Korea, Thailand and China. These countries have reinforced their economic success by expanding their people’s capabilities and enlarging their opportunities.

In South Asia, this two way relationship is yet to be firmly established. Over the past three decades reviewed in this Report, South Asia has done remarkably well on the economic growth front. Gross domestic product (GDP), both in absolute terms as well as in per capita, have increased. In fact the region’s GDP growth has been one of the highest in the world, only behind East Asia and the Pacific. The robust economic growth has resulted in increasing employment opportunities, reducing poverty and hunger, and improving education and health. Yet, there have been failures to use the resources generated by economic growth to enhance people’s life. As a result, poverty and hunger still prevail

in South Asia, and access to education and health infrastructure is inefficient and inadequate.

It is in this context that the human development paradigm is being put to its most critical test. Can the economic growth process that South Asia has generated be sustained in the long run in the presence of inadequate physical and social infrastructure and poor human capabilities?

The 2015 Report aims to evaluate the extent to which people have been incorporated into the development processes and policies in South Asia. It begins by reviewing the economic progress in five South Asian countries—India, Pakistan, Bangladesh, Nepal and Sri Lanka. The analysis explores whether the economic success has provided employment opportunities for people, enhanced job quality, improved food security, and reduced poverty and inequality in these countries. The Report further evaluates the improvements, or the lack of it, in access to basic health and education services. It analyses whether the benefits of growth and opportunities for education and health are restricted to a selected few or have the countries been able to provide education and health facilities to the most vulnerable. The Report also explores the region’s progress in improving female empowerment and to see whether women have been able to benefit from economic growth. The Report concludes with a positive message, that despite fragmented progress in human development, there are signs within the current economic, social and political framework in South Asia pointing towards a positive future for the region.

The eight chapters of the Report

cover the economic and social progress the region has made over the past 30 years. The Report highlights some key findings.

1. Backed by economic reforms, liberalisation of financial institutions and globalisation of trade and commerce, the economies of South Asian countries have grown at a robust rate. However, the failure to control fiscal and trade deficits and to reduce debt burden, threatens the sustainability of the growth process.
2. South Asia's economic growth has been accompanied by simultaneous increase in employment opportunities. However, there have been issues with respect to the quality and nature of work.
3. Thanks to Green Revolution, South Asia has achieved self-sufficiency in food production. However, unequal access to food has undermined efforts to reduce hunger, poverty and malnutrition.
4. While education and health outcomes have improved in South Asia, there are numerous concerns with regards to the quality and access. There are continuing disparities along the lines of wealth, gender, caste and ethnicity.
5. South Asia has achieved remarkable success in improving women advancement, with increased access to education and health and economic activities. Yet social and cultural factors constrain the abilities of women to be part of the development process on equal footings with men.
6. Despite the fragmented progress, there are signs of hope for South Asia. Sustained and broad-based economic growth, the rapid pace of technological advancement, increased female empowerment, strengthening of institutions of governance and increasing activism of civil society organisations are some benchmarks suggesting the region's progress towards a more just and fair society.

Over the past three decades, economic growth has been robust in South Asia, making it one of the fastest growing regions in the world. However the gains of economic growth have not been channelled towards enhancing people's living conditions sufficiently. The region has seen economic output (GDP) to increase by 5.9 per cent annually between 1980 and 2010, expanding the region's global competitiveness in the industrial and service sectors in particular. Yet, employment opportunities tend to be limited to informal work, while poverty and hunger continue to prevail at high levels. Similarly, while there has been an improvement in social outcomes, including in the fields of education and health, these systems tend to be inefficient and lack quality infrastructure. Additionally, while there have been some positive initiatives for female empowerment, women continue to face discrimination and deprivation.

South Asia's economic growth experience over the past three decades has been characterised by a threefold increase in GDP per capita. Economic output of the region (GDP) has increased at a high and sustained rate. It is in fact amongst the fastest growing regions in the world. Yet this impressive growth has been unable to fully translate into improved human development outcomes, in particular those of South Asia's most vulnerable populations. Although aggregate human development measures such as life expectancy, gross enrolment ratios and infant mortality rates have improved, these mask regional and sub-national variations. The region still carries a high burden of around half a billion poor people (on less than US\$1.25 a day) coupled with rising income inequality.

The employment situation of South Asia also does not reflect the region's 30 year economic progress. Although employment opportunities are more diverse and offer greater career alternatives than

they did 30 years ago, these options are limited to the region's favoured few. Most South Asians have been unable to find remunerative work and tend to be engaged in low productivity farm sector or informal work. With the industrial and service sectors crowding out jobs, the agricultural sector has witnessed a decline, however it is in this sector that a significant number of South Asians live and work.

Exacerbating the situation is the uneven access to basic health and education services, with accessibility being determined by socio-economic aspects such as people's education and income levels, their geographic location and even their ethnicity. Aggregately, 39 per cent of adults in the region are illiterate while as high as four out of every ten primary school children drop-out before completing the primary school cycle. Likewise, under-five mortality and maternal mortality ratios continue to be unacceptably high. Much of this laggard performance can be explained by stagnant public health and education expenditures that are amongst the lowest in the world.

Severely handicapping South Asia's relationship between economic growth and human development is the lack of a cohesively engendered approach to development. Although the present social, economic and political situation of women in the region is significantly better than it was 30 years ago, women remain absent from traditionally male-dominated fields of parliamentary, civil service and judicial careers. More importantly, gender gaps in access to basic social services are pervasive while justice systems tend to disadvantage women in comparison to men. Deep-rooted cultures of patriarchy must be dealt with to smoothen the path towards female empowerment in its true sense.

Things are however changing in South Asia. The recent economic and political landscape of the region has been marked by a rapid rise in the middle class, which is increasingly technologically savvy, using modern innovations to initiate dialogue and raise collective voices on development issues that matter. This rising mid-

dle class demands economic growth with improved governance, better provision of public goods, investment in infrastructure and greater employment opportunities.

As a result, South Asia's future progress depends on its ability to sustain economic growth while simultaneously focusing on accelerating the pace of human development. A people-centred approach must therefore be adopted, whereby development policies are more inclusive and empowering of communities. This would require improving the quantity and quality of education to make a more skilled and competitive labour force. It would involve scaling up equitable access to social services and developing targeted poverty reduction strategies. This process needs to be managed in a way that expands women's capabilities. Finally, the extent to which these efforts can succeed depends on South Asia's ability to correct for institutional bottlenecks that prevent a strengthened system of transparent and efficient governance.

Over the past three decades South Asian economies have grown at a phenomenal rate. Economic progress was achieved mainly because of structural reforms that included trade liberalisation, financial sector reform and de-regulation of state control on the economy. However despite these positive developments and the resulting higher economic growth, comparable success in improving the living standards of people in South Asia, in particular the most vulnerable, has not been achieved. Poor social outcomes have mainly been due to poor macro-economic frameworks resulting in fiscal and trade deficit and rising debt burden. While the region needs to sustain its growth momentum, it would have to maintain fiscal discipline and prioritise public expenditures in favour of social sector spending to ensure that the benefits of growth improve the lives of people.

Between 1980 and 2010, South Asia has transformed its economic outlook, from a

region with moderate growth to amongst the fastest growing regions in the world. India has led the growth momentum followed by Bangladesh and Sri Lanka, while growth in Pakistan and Nepal has been volatile. Economic growth has taken place in all sectors, however growth has been more robust in the service sector. As a result, the structure of the economy has evolved over the three decades as services has replaced agriculture as the major contributor to the economy. In Bangladesh and India, the industrial sector has witnessed robust growth. One drawback of the growth process is that it has not been geographically well distributed, with some provinces/states/regions doing exceptionally well compared to others.

A key determinant of economic transformation in the region has been the deregulation of the economy resulting in the growth of the private sector and financial sector. This also led to rapid inflow of foreign direct investment and remittances. Both savings and investments have increased, with the private sector accounting for a major share of total investments. Trade liberalisation has also enhanced economic growth in the region, especially the rapid growth in trade in services. However, the growth in imports has outpaced the growth in exports leading to massive trade deficits.

Poor fiscal performance has been the major reason why the benefits of growth have not reached the people. South Asian countries have faced massive budget deficits because of their inability to generate revenues and prioritise expenditures. Despite tax reforms, tax-to-GDP ratios have remained low, mainly because of large scale exemptions and poor compliance. However on a positive note, the share of direct taxes has increased in comparison to indirect taxes. On the expenditure front, fiscal responsibility and budgetary reforms have reduced expenditures during the last decade. However the cut in expenditures has mainly been on development expenditures especially on infrastructure development. Expenditure on defence and interest

repayment still comprises a major share of public expenditures. Overall, governments' financial health is crippled with massive debt burden.

While it is important for South Asia to maintain the economic growth process, it would also be essential to improve the character of growth. Reforms should focus on improving the management of resources so that benefits of economic growth are distributed fairly. Pro-poor tax reforms and targeting subsidies for disadvantaged segments of the society would be crucial. Formulating policies to increase productivity of its working population would also help to increase and sustain high rates of economic growth. Monetary policy should be framed in a way that it increases the saving rate. This would pave the way for higher investments. Finally, regional cooperation would bring enormous economic benefits for South Asia.

Over the last three decades, economic growth in South Asia has resulted in the creation of sufficient number of employment opportunities. However, the region faced issues with respect to the quality of work. Despite the formulation of numerous labour market policies and programmes, a majority of workers are employed in low productivity jobs and are working in poor working conditions. There is a need for pro-poor economic growth framework that ensures not only the creation of jobs but also improves the quality of work.

In South Asia, over the last 30 years economic growth has created jobs at the rate compatible with the increase in the labour force. One important feature of the labour market was the creation of a large number of jobs in the service and small scale industrial sectors, especially in India and Bangladesh. Despite overall low unemployment rate, there has been limited impact on the unemployment rates of the youth and women.

A low rate of unemployment does not reflect the true picture of the labour

market in South Asia. The majority of workers are involved in poor quality jobs as reflected in a high proportion of workers engaged in vulnerable employment, and low productivity jobs. The lack of social protection system forces people to work for their survival.

In 2010, 476 million people were working in vulnerable jobs, with limited or no access to social security or secure income. Working poverty also prevails; in 2011, 64 per cent of total workers were living on less than US\$2 per day. Informal employment remains widespread; 8 out of every 10 South Asian workers are employed in informal sector in non-agricultural activities. Output per worker increased but was half of output per worker in East Asia and the Pacific; this is attributed to a higher share of employment in the farm sector (51.4 per cent in 2010).

Wages have increased on average in the range of 0.1-2.9 per cent; however, unskilled, illiterate, female, casual workers, rural residents, farm sector workers and informal sector workers have gained less.

National governments in South Asia have been active in formulating labour market related laws, policies and programmes. Some programmes such as India's National Rural Employment Guarantee Act and Bangladesh's Employment Generation Programme for the Poorest have been successful. Similarly, microfinance programmes in Bangladesh played a crucial role for the development of small and medium enterprises and the creation of self-employment opportunities. However, such initiatives were not very effective in improving the quality of work.

Given the fact that 60 per cent of South Asia's population is below the age of 60 years, and the labour force will increase by 12 to 14 million per annum over the next two decades, the region has not only to create jobs, but also to improve the quality of work. For this, the national governments in the region needs to show political commitment stating employment creation as a top priority of economic growth, as has been done in East Asia, Japan, China and

the Philippines. Also the policies should ensure the protection of development expenditures, focus on small-scale farming and the promotion of the rural non-farm sector. In this context, the role of the quality education ranging from primary to higher level to market relevant technical education is crucial as has been done in Republic of Korea, Singapore, Malaysia, and China; they improved the skills of their people in accordance with the demand in the market. There needs to be special focus towards the informal sector to address issues of working poverty, vulnerable employment and low productivity.

During the last three decades, South Asia has achieved self-sufficiency in the production of food. However, the region—especially its three largest countries, India, Pakistan and Bangladesh—has failed to translate this achievement into sufficient reduction in hunger, poverty and malnutrition. This is attributed to unequal access to food because of low purchasing power. South Asian governments need to focus on pro-poor policies with high level political commitment to reduce food insecurity.

In South Asia, between 1980 and 2010, GDP increased at an annual rate of 5.9 per cent, making it the second fastest growing economic region of the world, after East Asia and the Pacific. Food production also increased due to sustained and high growth of the farm sector. This resulted in the availability of food sufficient enough to meet the nutritional requirements of people.

As a result, the indicators of malnutrition and hunger also improved. For instance, the prevalence of underweight children went down from 51.7 per cent to 33.0 per cent (between 1990 and 2011), and the proportion of hungry people also declined from 25 per cent to 17 per cent. However, South Asia still has the highest incidence of food insecure people in the world; the region accounts for about three-fifths of global malnourished children.

This situation is attributed to high levels of poverty, inequality and food inflation. Despite significant reduction in poverty, the region is still home to half a billion poor people, accounting for 44 per cent of the total poor in the world. Moreover, income inequality has increased in all countries of the region. Food inflation also remained very high.

Progress in the indicators of food security has been attributed to various food security related policies and programmes by the governments. The issue of food production and availability has been addressed directly by agricultural policies and indirectly by macroeconomic policies. Access to and utilisation of food have also been addressed by providing subsidies on food, fertilizers and energy, and through social safety nets. Social safety net programmes have been successful in improving the access to food. However, most social safety net programmes are facing problems of low coverage, poor targeting, leakage and inadequacy.

The region needs to focus on pro-poor and inclusive growth policies to address issues of poverty, malnutrition and hunger. The solution requires political commitment at the highest level to eradicate hunger as a priority. This has to be followed by steps to develop rural farm and non-farm sectors by providing the poor access to land, capital, technology and markets. In this context, the role of women is crucial and they have to be empowered economically and socially to improve household level food security. Moreover, the focus of social safety net programmes has to be clearly towards the poor and marginalised by addressing the issues of corruption, leakage, inadequacy and targeting. For the success of all these steps, it will be crucial to improve coordination among all the stakeholders by clearly defining their roles.

Notwithstanding South Asia's economic progress since 1980, the region's performance with regards to providing education for all has been a mixed bag. While

primary and secondary enrolment rates have increased in all five countries, yet considerable disparities along the lines of wealth, gender, ethnicity and caste persist in the distribution of this progress. These disparities plague not only the issues of access but, more importantly, the issues of quality and learning outcomes in education in the region.

South Asia's performance in providing education for all the people in the last 30 years is one marked by diversity and disparities, both between countries and within countries. There has been considerable progress in improving access to primary enrolment, specifically for females; however, slow progression through school, grade repetition and failure to complete the primary cycle remain major concerns. School exclusion remains a major problem in the three largest economies of the region: India, Pakistan and Bangladesh. A close look at the gender-disaggregated profile of out-of-school children in the region reveals Pakistan and Bangladesh as laggards with regards to getting females into schools. What is worse is that the percentage of out-of-school children in each country interacts with other factors such as wealth, geographical location, ethnicity and caste to exacerbate the inequality in access to education for children from disadvantaged backgrounds.

Despite the increase in access to education, what South Asian students actually learn at school remains questionable. In all South Asian countries, as would be expected, achievement in urban areas is typically higher than in rural areas. Also, within each country, the learning outcomes for students vary with the geographical location they live in. For instance, in Pakistan students from Balochistan and Sindh score lower on achievement than students in Islamabad Capital Territory. The inequality in learning outcomes is driven by household wealth and ethnicity. The public-private divide in learning outcomes persists in India and Pakistan specifically, with learning levels for both reading and mathematics being lower for government

schools as compared to private schools.

Beyond primary and secondary education, the distribution in the progress of literacy rates, non-formal basic education, effective skills development and higher education has been uneven to say the least. Progress in literacy varies with gender, age group, wealth status and geographical location. With regards to technical and vocational education and training (TVET), outreach is limited, with the number of TVET students enrolled in each country being small and the institutional framework for service delivery being largely inadequate. The efficacy and relevance of skills learnt in TVET courses to labour market needs is also questionable, pointing to the high graduate unemployment in the region. Moreover, the higher education system in most of the countries in the region is marked by traditional systems, paltry research spending and limited relevance to labour market needs.

Some countries in the region have taken bold steps by making education a constitutional right for children. However, merely granting education as a constitutional right has not and will not suffice, unless it is accompanied by the appropriate supply side policies that remove the barriers in access to education for disadvantaged groups. There is a need for concerted effort on a number of fronts. First on the demand side, for a region where schooling has an opportunity cost in terms of earnings from child labour, it is necessary for the state to make education financially worthwhile. Poor parents who are illiterate themselves seldom see the benefit that education brings. This is where the role for conditional cash transfers comes in. Benazir Income Support Programme's (BISP) *Waseela-e-Taleem* in Pakistan and the Female Stipend Programme in Bangladesh are steps in the right direction. There is however, a need for scaling up such initiatives and reaching out to children from remote and rural communities, those living in conflicts affected areas, in slums or belonging to ethnic minorities.

Supply side policies are hard to

implement in a region where education budgets range between two to four per cent of GDP. To add to supply side woes are issues of inefficiency, mismanagement, teacher absenteeism, learning quality and lack of accountability. Evidence on learning outcomes in India and Pakistan show that private schools tend to perform better than government schools in delivering quality education. In such circumstances, inviting the private and non-government sectors through voucher schemes as partners in education provision is a sound policy. However, recent trends indicate that even the learning levels in private schools have declined, even though it remains better than government schools. To correct this, there is a need for local interventions and bottom up approaches to improve the quality of education and learning. There is also a need to expand and invest in the oft-neglected non-formal basic education system, which has a tendency to incorporate students who may be deterred by the inflexible nature of the formal schooling system.

The region has experimented with a range of policies in the last 30 years, and now we know what works and why, or rather what fails and why. The next 30 years should be about scaling up successful approaches backed by political will and strengthened by community driven initiatives, to get all children into school and make them learn effectively.

Economic growth and progress in health in South Asia over the past three decades have mutually reinforced each other, highlighting the interlinked relationship between quality of life and economic development. All five countries analysed have witnessed improvements in major health indicators. Yet the progress in the regions' health sectors has been uneven, both amongst the South Asian countries and within them. Unequal access to health services based on socio-economic factors such as income and education continue to act as barriers to universal health coverage in most

countries. A defining factor of the countries' health status has been the level of political commitment given to this social sector. Additionally effective governance, through cross-sectoral coordination within the health sector and beyond it, has been found to be a crucial determinant affecting public health management.

In terms of assessing the progress South Asia has made over the past three decades, life expectancy rates, maternal mortality ratios and childhood health indicators have all improved across the five countries analysed. Bangladesh and Nepal for instance have made significant progress since their respective situations in 1980. Globally however, South Asia continues to lag behind in terms of health. Life expectancy and maternal mortality ratio, for example, are worst in South Asia compared to other regions of the world (with the exception of Sub-Saharan Africa), and this trend has persisted since 1980. Much of this poor performance can be explained by the wide sub-national variations in health related indicators. Moreover, the region's most vulnerable populations including the poor, the uneducated and ethnic minorities, continue to be marginalised in their ability to access quality healthcare services.

Furthermore, certain challenges remain that hinder further progress. Communicable diseases are pervasive, the non-communicable disease burden is increasing, immunisation coverage remains incomplete while maternal and child health indicators require a more aggressive approach, given their significant impact on overall health of population. These are in addition to the organisational and managerial issues of providing quality infrastructure and equitable financing for the health sector.

Adding to the complexity of healthcare management in South Asia is the rapid pace of urbanisation the region has been witnessing since the 1950s. This has led to inter alia, poor housing and water and sanitation conditions, seriously

impacting the geography of health-related indicators. In addition to the urban-rural divide, within urban areas inequalities are stark, especially amongst slum and non-slum populations.

Indeed an evaluation of South Asia's health sectors confirms that a mere physical expansion of healthcare centres does not automatically lead to better health outcomes. Health facilities need to be functional, have a minimum level of drugs stock, updated medical equipment and a threshold level of qualified personnel, all managed through effective organisational structures. While expanding health infrastructure has improved access in the region, this has unfortunately come at the cost of quality. Several health facilities in the states of India lack regular electricity or the supply of clean water. Additionally health professional absenteeism is widespread. In fact, achieving both adequacy in the number of health professionals and ensuring their competency has been a challenge over the past three decades.

The region's ability to provide quality infrastructure is linked to the presence of an efficient health financing system. These systems are based on two main objectives: first that the financial burden of health services is evened out across the population; and two, that they function in a way so that everyone can access quality care. The extent to which South Asian countries have been able to achieve these goals has differed amongst and within countries. Sri Lanka, for example, has made public healthcare free for all. Comparatively, in India the percentage of households experiencing catastrophic health spending has increased over time. Although social safety nets in the form of health insurance schemes are pacifying this burden, accessibility remains disjointed. Also the exorbitantly high rates of out-of-pocket spending continue to be difficult barriers to overcome. Finally, the distribution of public health spending does not reflect efficient prioritisation and underutilisation of budgets.

The mushrooming presence of a largely unregulated private sector has fur-

ther contributed to the inequality of health in South Asia. Although private facilities have eased geographic accessibility and have proven to be a source of improved service delivery, they have also given room to higher service fees and the presence of hoax practitioners. On the other hand, pro-poor community led organisations and non-governmental organisations (NGOs) have helped enhance access to health services in the region.

Connecting these sub-sectors of public healthcare management is effective leadership and committed governance. Within the South Asian countries, a myriad of health policies have emerged since the 1980s that differ in terms of their goals, management, financing and eventual implementation. Bangladesh's Health Population and Nutrition Sector Development Programme as a sector-wide approach for instance, has positively impacted the country's health indicators. Public-private partnerships, the use of e-services and community level participation have all been significant contributing factors. Similarly the state of Tamil Nadu has surpassed its Indian counterparts in delivering quality health for all. By separating the operations of medical services and public health officials, greater financial autonomy and clear distinctions in responsibility have helped reduce urban-rural and rich-poor inequalities in the state. In contrast, Pakistan's health policies have often reinforced patterns of stagnation rather than take on innovative approaches to bring the transformative change the country needs. Donor-led schemes such as the Lady Health Worker programme have had more wide-ranging impacts, yet these too have their share of implementational problems.

The uneven progress of health in South Asia over the last three decades has given multiple lessons to learn from. The most important being that neglecting the most marginalised has cost the region higher levels of economic, political and social development. While progress has been admirable, future success lies in aggressively eliminating inequalities in service

delivery. It is no longer a question about committing to a people-centred approach to development or not, this is the *only* way forward.

South Asia has achieved mixed success in improving female empowerment. While social indicators of women related to education and health have significantly improved, their role in politics, the judiciary and public administration has been fairly restricted. While the role of women in enhancing the region's economic development cannot be denied, they continue to be discriminated in most forms of economic and social activity. Overall South Asia ranks only above Sub-Saharan Africa on gender and human development indices. Furthermore, patriarchal norms, religious influences, political instability and ethnic/communal/separatist conflicts have limited women's ability to enhance their opportunities and utilise their capabilities to the maximum. Despite these drawbacks, the resilience of South Asia's women is admirable as can be gauged through the various fields in which they continue to excel. These women have brought, and continue to bring, the transformative change that was unimaginable 30 years ago.

South Asia has made remarkable strides in improving access to education and health for women. Indicators such as adult literacy, net enrolment rates, female to male enrolment ratios, life expectancy at birth and maternal mortality ratios have all improved across the region. Progress has been more pronounced in some countries like Bangladesh and Sri Lanka in comparison to others such as Pakistan, where improvement in gender indicators has been slow. Despite the improved statistics, serious challenges including social, cultural, religious norms and institutional barriers that reinforce the marginalisation of women, hamper their advancement as economically and socially active members of society.

With regards to female access

to economic resources, South Asia offers varied results. Women's role in the region's economic sphere has increased; the ready-made garments (RMG) sector in Bangladesh and the service sector in India are prominent examples. Similarly, within agriculture there has been an increasing trend of female employment. However, a rise in employment has not resulted in the enhanced economic empowerment of women. Despite the increasing share of women in the labour force, they are still discriminated against while their work remains largely unaccounted for. Their job opportunities tend to be limited to unpaid family help in urban centres, while in industry and services they face low wages, sub-standard working conditions, informal or improper contractual employment and long working hours. Similarly, although 70 per cent of South Asia's employed women are in agriculture, they continue to be largely excluded from ownership of land and property—and this is despite an increase in the number of female-headed households.

Violence against women remains an unacceptable barrier to female advancement in South Asia, with more than half of the region's women experiencing acts of domestic violence, emotional, verbal and sexual abuse amongst others. Most often members of women's own households carry out these acts of violence, significantly reducing their possibility to escape from such deplorable situations. Moreover, religious laws and societal customs in the region obstruct women's access to justice. The decisions of *jirgas* in Pakistan and *panchayats* in India for instance, often supersede the constitutional law especially in matters related to honour and in the settlement of land and blood disputes. Women continue to be disadvantaged when it comes to the implementation of laws regarding marriage, dowry and divorce. In situations of war and conflicts, it is the women who suffer the most.

The inadequate representation of women at an institutional level in politics, the judiciary and in the administrative field

is a major reason why their social and economic empowerment has been sluggish. While all the countries in the region are signatories to international conventions on women, limited actions have taken place to implement these declarations. Women still constitute less than 30 per cent of representation in the parliament in most countries. Their representation as judges, lawyers and in civil service roles remains below international benchmarks. Yet despite these drawbacks, South Asia has been witnessing change. The role of women in politics is gradually gaining prominence as they achieve positions as head of states, speakers of National Assemblies and as members of Public Accounts Committees, to name a few. Additionally, positive measures in the form of legislations and laws promoting female advancement have been adopted, while several laws have been enacted to ensure that women's rights are not violated. South Asia has also witnessed an increasing role of civil society movements that are raising awareness about female empowerment and ensuring that pro-women laws are properly implemented.

The past three decades have given several tangible results that reinforce the hope for the future advancement of women's capabilities in South Asia. Greater focus on women in the form of the Integrated Child Development Scheme and Mid-day Meals Scheme in India, the Lady Health Workers Programme in Pakistan, the diverse self-employment opportunities due to micro-credit institutions in Bangladesh and the Gender Responsive Policy initiative in Nepal are some examples of the increased realisation and progress towards greater female empowerment.

While South Asia's human development progress has been fragmented across its countries and within them, several aspects of its socio-economic and political fabric point to a bright future for the region. As the world increasingly acknowledges the need to tackle inequality through a people-centred approach, certain areas of success signal South Asia's

ability to overcome the challenges of creating a more just and fair society.

A defining feature of South Asia's progress since 1980 has been its high, sustained and broad-based economic growth. Economic reforms in the form of liberalisation policies allowed the agricultural, industrial and service sectors to expand significantly. Structural transformations characterised by the rise of the service sector, in particular, in addition to private sector investments and foreign remittances improved growth and employment opportunities. Moreover trade and foreign investment in the region have increased with a more diversified product-mix emerging since the 1980s. India, for example, has become one of the largest exporters of information technology (IT) and IT-enabled services (ITES) in the world.

Although the region accounts for around 44 per cent of the world's poor, recent poverty reduction strategies have generally become more holistic in their approach in South Asian countries. Co-ordinated, cross-sectoral programmes targeting, inter alia, health, nutrition, education and water and sanitation have led to a decline in the proportion of poor people since the 1980s. Additionally, pro-poor public expenditures have also increased. Consequently, South Asia has seen an improvement in human development outcomes, albeit at a sluggish pace. Life expectancy and adult mortality rates have both improved as health and educational outcomes have been enhanced. Sri Lanka in particular, stand out given the high priority she attaches to the social sector. Bangladesh and Nepal too have made great strides in improving their human development indicators, as have certain states in India like Tamil Nadu and Kerala and the province of Punjab in Pakistan.

The past three decades have also seen South Asia scaling up its commitment towards female empowerment, strengthening hope for a more prosperous future. Since the pivotal Beijing Conference in 1995, various regional and national poli-

cies have been adopted to promote a more gender-based approach towards development. As a result, South Asia's women now have more social, economic and political opportunities available to them than they did three decades ago. Microfinance institutions and income support programmes targeting women have also been seminal to expanding women's employment opportunities.

These positive changes are linked to the process of institutional strengthening South Asia has been experiencing over the past 30 years. Institutions of governance ranging from public sector corporations to local level *panchayats* have increasingly worked towards community-based, participatory development. Furthermore, chronic problems of corruption and inefficient management are being addressed through actions of privatisation and decentralisation. Although the effects of these efforts vary across South Asian countries, it is now apparent that elitist systems of governance are not sustainable and must be substituted by people-centred policy-making. A major indicator of this change can be seen in the fact that all South Asian countries now function under democratic systems.

Civil society movements have played a crucial role in reforming South Asia's systems of governance. These efforts have not only led to greater awareness amongst people about their rights, but civil society organisations have effectively worked towards improving people's access to basic social services as well. From female empowerment to judicial reforms and media transparency, various civil society groups have fought for some of the region's most culturally difficult causes. In fact NGOs from South Asia such as Bangladesh Rural Advancement Committee (BRAC) and Self-Employment Women's Association (SEWA) are amongst the world's most renowned community-based organisations.

Finally, the rapid pace of technological adoption, diffusion and even creation in South Asia has greatly improved the

region's international competitiveness. The field of information and communications technology (ICT) in particular has showed tremendous growth. India alone accounts for around 95 per cent of the region's ICT exports. Additionally, novel ways of using technology for the advancement of health and education are being explored. At the same time public service delivery is being

enhanced through greater transparency and efficiency with the use of technology.

These areas of success give substantial hope for the future. Already South Asia is performing better socially, economically and politically. For future progress it is crucial that these efforts are sustained and commitment towards people-centred economic growth maintained.

Conceptual Framework*

Introduction

The 2015 Report on *Human Development in South Asia* is appropriately focused on the theme, ‘The Economy and the People’. The year 2015 marks the 25th year of United Nations Development Programme’s (UNDP) *Human Development Reports* whose focus on human development is seminal to policy, research and advocacy activities world-wide. The year also marks the 20th year of the Mahbub ul Haq Human Development Centre, a policy research institute and a think-tank set up in 1995. With a special focus on South Asia, the Centre has continued to promote the human development paradigm as a powerful tool for designing people-centred development policy at the national and regional level. This year also marks the 15th year of the Millennium Development Goals (MDGs), which laid out an ambitious development agenda in 2000 to address global development challenges. As the world advances to a post-2015 global compact, the need to critically assess the impact of policies on people is timely, especially in South Asia where the economies have done well over the last decades.

The achievement of economic growth has to be judged in terms of its impact on the lives and well-being of people. Besides an increase in gross national product (GNP), there is also a need to improve the character, structure and quality of growth to ensure that it is directed to empower people, reduce poverty and protect environment. As Mahbub ul Haq asserted, there is no automatic link between economic growth and people’s empowerment. These links must be forged with policies

and strategies so that they are mutually reinforcing; only then would economic growth effectively and rapidly improve people’s well-being.

The policy makers have to recognise the two-way relationship between economic growth and expansion of human capabilities. While economic growth generates resources to expand education, health, and other indicators in social sector, the expansion of human capabilities contributes to faster economic growth. This two-way relationship has been a central strategy for miraculous development in Japan, South Korea, Taiwan, Thailand and in China, making these countries world leaders in expanding economic growth and human capability.

South Asia does not have such a two-way relationship. There have been failures to foster the kind of growth that enhances people’s living conditions. Economic growth has been robust in South Asia during the last few decades, making it one of the fastest economically growing regions in the world. Yet despite impressive economic growth, South Asia contains a huge number of poor people and malnourished children, inefficient health systems, inadequate education system, and 62 per cent (in 2010) of people without any access to sanitation facilities.¹ There is inadequacy of essential services such as safe water, electricity, drainage, transport, etc. In the long run this inadequacy of social and physical infrastructure, and the poorly educated and trained workforce, will threaten the pace of economic growth. Why is there such delink between economic growth and people’s well-being in South Asia? That is what we try to understand in this Re-

The achievement of economic growth has to be judged in terms of its impact on the lives and well-being of people

*: This chapter has been drawn on the comments of Shahid Javed Burki on the concept paper prepared by Khadija Haq.

There are reasons that are not fully understood why all the accumulated knowledge based on Mahbub ul Haq's work did not get translated into public policy in South Asia

port by analysing the political economy of South Asia—we assess the links between politics, economics and human development in order to understand the current situation in South Asia.

An overview of the political economy of South Asia

To carefully assess South Asia's poor human development record in view of the region's recent record of economic growth, one must look beyond the region's economic growth policies to analyse the political economy of the two largest South Asian countries—India and Pakistan. There are reasons that are not fully understood why all the accumulated knowledge based on Mahbub ul Haq's work did not get translated into public policy in South Asia.

The 2014 Indian election has vividly pointed to what we would call the great 'South Asian paradox'. But India was not alone in this respect. In fact what it has shown was demonstrated with equal clarity by the May 11, 2013 elections in Pakistan. Then in Pakistan and now in India three features in the South Asian politico-economic landscape become highly visible. First was the rise of the large middle class which has happened as a consequence of the combination of a number of circumstances. Demography was one of the several reasons for the increase in the number of people who can be classified as belonging to this large segment of the population. The region with a median age of 25 years has more young people than any other regions in the world. Of the current population of 1.67 billion (in 2013) in mainland South Asia, 820 million are below the age of 25 years.² It is also the most rapidly urbanising area in the world. By 2015, 51.5 per cent of the area's population—some 1,189 million people—will be living in towns and cities.³ The growth in the size of the middle class also resulted from a significant increase in the rate of economic growth. This was the case more in India than in Pakistan. Also contributing was the massive inflow of finance into poor house-

holds from the South Asian workers in the Middle East. Remittances resulted in the graduation of hundreds of millions of people from poverty to lower middle class status. These remittances were sent by people who lived in construction ghettos in the Middle East in order to lift their people out of poverty. Having faced the harsh conditions in the Middle East they aspire better lives for their families and for themselves when they return home.

The second reason was the perception on the part of the lower middle class that the state was not working for their betterment. The Indian 'distributive state' coupled with bureaucratic red tape and pervasive corruption created a big gap between aspirations and realisation. This was also true for Pakistan although Islamabad did not commit as large a proportion of national income or public expenditure to subsidies meant for the poor and the lower middle class as did India. This class became increasingly frustrated with its situation. What it did not gain in economic terms—a significant share in national income—it was able to acquire in the political arena. However, it was only during elections that the disgruntled could get their voice heard.

Third, technology and its spread have given tools to this class that were not available to groups such as these in times before and in other places. The members of this class were able to share their growing frustration with the work of the state with their cohorts. Individual experience became collective and shared beliefs.

These are some of the factors that are behind the political revolution in two major states of South Asia—India and Pakistan. In the past developments such as these produced revolutions led by the left; this time the leadership was provided by the right. In the Nehru-Gandhi India and Zulfikar Ali Bhutto's Pakistan, the power of the state was used in the attempt to satisfy the aspirations of those who were left behind. These attempts clearly failed. This is the main reason for the collapse of the left-leaning parties in Pakistan and India. In Pakistan, the Pakistan People's

Party lost heavily. The same happened to India's Congress Party. Nehru drew his inspiration from the Soviet Union and used Lenin's phrase—"putting the state on the commanding heights of the economy"—to design an approach to economic development that produced what the Indian economists themselves called the 'Hindu rate of growth'. For more than four decades after independence, the Indian gross domestic product (GDP) increased at an average annual rate of 3.5 per cent. Bhutto turned to China for his model of economic development and drew the same conclusion as did Nehru but used a very different strategy for achieving it. Nehru mobilised domestic savings and turned them over to government institutions for increasing the presence of the state in the economy. He also used the government's power to control the working of the private sector. The latter led to the creation of the 'license raj'. Bhutto followed the Maoist approach to use expropriation to expand the state's role. Both believed that an economically powerful state was needed to deliver the poor and under-privileged their unmet basic needs. The sharp increase in the share of the state in the national economy in Pakistan produced the same result as in India. The rate of GDP growth declined by about a half compared to that achieved during the 11 years of Field Marshal Ayub Khan.

It was the push-back of the state in the early 1990s in both India and Pakistan that increased the rate of economic expansion. This burst of economic energy lasted for about a quarter century. Pakistan's growth spurt lasted for a much shorter period since the Indian fundamentals—in particular the rates of domestic savings and investment—were much more robust than those of Pakistan. But later economic growth stalled in both countries and produced the political convulsions noted above. Both the Pakistan Muslim League (N) of Nawaz Sharif and Bhartiya Janata Party of Narendra Modi promised the same approach to economic revival. Their electoral programmes and speeches used the same approach to attract voters

to their side. There was to be economic growth, improved governance, better provisions of public goods, large investments in infrastructure and jobs for the youth. The energy of the private sector was to be mobilised to lead the economies out of stagnation towards buoyant growth.

The disgruntled elements in the two countries bought the message; many of them switched sides from the populism of the left to that of right. Thomas Friedman of *The New York Times* has called this group the 'Square People'. They are the "newly connected and aspiring middle classes who have gathered in the squares from Cairo to Kiev, Istanbul to Tehran, and Tunis to Moscow to demand a greater voice in their future and for better governance. A lot of leaders are discovering that these Square People are like a spontaneous third party that has emerged between themselves and their tame traditional opposition, and as a result, their politics is getting a bit crowded... Indeed, 'The Square'—as the place for these newly networked political forces to gather, collaborate and pressure for change—is truly disrupting both traditional politics and geopolitics. But the big thing to watch going forward is which Square People can go from disruption to construction—can take the energy and inchoate aspirations of their Square followers and turn them into parties, elections and better governance."⁴

In the case of India and Pakistan, the 'Square People' description can only be applied metaphorically. Those who voted out the old order and ushered in a new one did not gather at a public place but under the tents of established political parties. They will stay there only if the parties they have chosen to place in power can deliver what they, the people, expect. This leads us to the question whether the models presented in barest outlines to the people by the parties and the leaders who won these elections will deliver the results that are expected. If this question were to be posed to Thomas Piketty, the author of the book *Capitalism in the Twenty-First Century*, the answer will be 'probably not'.⁵ In giving that answer Piketty has history on his

Private sector was mobilised to lead the economies out of stagnation towards buoyant growth

Bangladesh despite low per capita GDP has performed reasonably well in terms of improvement in social indicators than countries like India and Pakistan

side. Using data collected admittedly from the countries in the developed world, the French economist shows why there is inherent tendency in the type of capitalism promised by Sharif and Modi to take the countries in which it is practiced towards extreme inequality. Piketty's arithmetic is simple. Over time output per person—productivity—trends to increase at an average of 1.0 to 1.5 per cent. On the other hand, average return on investment over long periods of time ranges between four to five per cent. Compound the difference over time and we begin to see why the top one to five per cent has accumulated much of the incremental wealth leaving little to be shared by the vast majority of people who only have their labour to invest in the economy.

There is of course another way and that is to invest in human development, and thus increase the rate of growth in productivity. This will require an active and honest state—a state that is able to collect a much larger share of incomes of the rich in order to improve the human capital of the poor. Piketty's prescription is an annual global tax of up to 2 per cent combined with a progressive income tax rates as high as 80 per cent (on income of US\$500,000 to one million a year in the US). Will the Sharif and Modi governments be able to go anywhere near these levels of taxes, especially when they are beholden not only to the Square People but also those who want unconstrained capitalism to prevail?

Link between politics, economics and human development

With this background in mind, we try to assess the impact of South Asia's economic policies on people's empowerment.

Economic growth normally expands employment opportunities and increases wages. However, this does not happen automatically. A strong link between economic growth and employment creation requires the formulation of employment generating policies. The evidence can be seen from East Asia. The sustained

long-term growth in East Asian countries expanded employment and raised productivity. This growth was led by small-scale agriculture in Taiwan and by labour-intensive export-oriented manufacturing in Hong Kong, the Republic of Korea and Singapore. South Asia, on the other hand, has recently faced the situation of jobless growth. Despite high economic growth, majority of the people have been unable to find remunerative work and hence are engaged in either low productivity farm sector or informal work. The growth process has bypassed the youth, the women, the unskilled and the minorities. Around 60 per cent of the population (in 2013) is under the age of 30.⁶ These young people could be considered a demographic dividend if they are provided with adequate education, health and employment. Considering the fact that the region will add 1.0 to 1.2 million new entrants per month to the labour force during the next two decades, the region has to focus on employment generating policies.⁷

The provision of quality education and healthcare is critical in fostering economic growth and in ensuring that growth leads to rapid improvements in people's living conditions. During the recent periods of economic growth in South Asia, some people have done extremely well, but a large majority remains deprived of basic necessities. It is not the case that their lives have not improved at all, however the pace of improvement has been either slow or inadequate to make a difference. Some countries and states/provinces in the region have performed well such as Bangladesh and Sri Lanka and the states of Kerala, Himachal Pradesh and Tamil Nadu in India, and the province of Punjab in Pakistan. However, overall the state of education and health remains dismal. According to Amartya Sen and Jean Dreze's book on *An Uncertain Glory: India and its Contradictions*, Bangladesh despite low per capita GDP has performed reasonably well in terms of improvement in social indicators than countries like India and Pakistan.⁸

Women are among the groups fac-

ing discrimination and deprivation. However there have been success stories. For instance, in Bangladesh girls and women have been rapidly educated and are involved in the expansion of basic education, healthcare, family planning and other basic services as well as being a big part of the industrial labour force. This experience shows that other countries of the region can also empower women.

The region has to increase economic growth. It also needs to focus on the character of the growth process, including its equity and sustainability. New mechanisms must be created to help the weak and the vulnerable to benefit from the opportunities of the new economy. The agenda for achieving the new patterns of people-centred growth must include:

- Accelerating economic growth to improve human development with special focus on education, health and population control;
- Ensuring the long-term sustainability of growth by giving more attention to poverty reduction and people's empowerment;
- Formulating employment generating growth strategies to ensure inclusion of women, youth, uneducated, unskilled, minorities and disabled;
- Increasing regional trade and access to global markets to boost employment opportunities; and
- Setting up safety net programmes to reduce poverty and achieve a more equitable development.

Objective of the Report

The objective of the 2015 Report is to assess the economic policies against social development in South Asia over the last three decades—1980 to 2010.

During the last half century, there has been significant economic growth in South Asia. GDP per capita has almost tripled since 1980. All three major sectors—agriculture, industry and services—have experienced higher growth rates. In

particular, the service sector has expanded greatly. While the contribution of agriculture has decreased steadily over the years, the industrial and service sectors have become major contributors to South Asian economies. Significant productivity gains have accompanied these structural transformations. Across the board, there have been improvements in output per worker.

These gains are also reflected in the region's increasing shares in certain world markets. South Asia is one of the world's largest exporters of textiles and is able to compete in the world markets. In addition, the region is diversifying rapidly into high-technology markets, such as computer software and other information technology-enabled sectors (ITES). Bangalore, for example is the largest software export centre.

In the 1990s, the globalisation process in South Asia was initiated to accelerate economic growth through enhanced internal and external competition, privatisation and trade liberalisation. Yet despite the implementation of economic reforms programmes, economic growth in South Asia has neither been adequate nor progressive enough to reduce poverty or significantly reduce income inequality, or improve human development.

The trend in human development indicators in the region shows much progress compared to initial conditions. In 1980, the average life expectancy in South Asia was 55 years, which had gone up to 66 years in 2010. Similarly, combined gross enrolment ratio went up from 38 per cent in 1980 to 66 per cent in 2011. Adult literacy rate also went up from 39 per cent in 1981 to 61 per cent in 2011. Infant mortality rate went down from 117 per 1,000 live births in 1980 to 48 in 2010. Real GDP per capita also went up from US\$295 in 1980 to US\$940 in 2010.⁹

The Human Development Index (HDI) of South Asia has improved from 0.365 in 1980 to 0.562 in 2010.¹⁰ In 1990, while Sri Lanka was among the 'medium human development' countries, Bangladesh, India, Pakistan and Nepal

The objective of the 2015 Report is to assess the economic policies against social development in South Asia over the last three decades—1980 to 2010

Income inequality, as measured by Gini coefficient, has increased over the last three decades

were among the 'low human development' countries in the world.¹¹ By 2010, Sri Lanka, the Maldives, India and Pakistan were among the 'medium human development' countries.¹²

Yet, colossal human deprivation pervades the region. Compared to initial conditions, much progress has been made. But population growth rates in some countries, and inadequate policy attention to human development concerns in most, have negated many of the gains made. The result is that there are now increasing absolute number of people in poverty, without adequate education, health and sanitation. Today, about 39 per cent of the adults in South Asia are illiterate, and about 4 out of every 10 of the primary-school children drop out before completing the primary cycle.¹³

In 2010 child and maternal mortality rates at 62 and 217 in 2010 were still very high.¹⁴ Old diseases such as malaria and tuberculosis are staging a comeback.

There is a gender dimension to this picture. Defying the global biological norm, South Asia has only 94 women per 100 men (in 2010), showing the cradle to grave discrimination against girls and women.

The scale of human deprivation in South Asia is underscored by the sheer number of people in poverty. About 32 per cent (in 2010) of the population lives below the income required for meeting minimum daily needs. Using the definition of earning less than US\$1.25 a day, South Asia has about half a billion poor people (495 million in 2010). Even according to national poverty line, which is different in each country, 29 per cent of South Asians are poor.¹⁵

Income inequality, as measured by Gini coefficient, has increased over the last three decades. The situation is even more disturbing in the case of inequality of opportunity in education, health, nutrition, jobs, etc. In education children in the richest income quintile are two times more likely to complete primary school.¹⁶ Children in the lowest asset quintile are more

likely to die before their fifth birthday. They are also more likely to be malnourished. South Asian governments are implementing social protection programmes to address the issues of income inequality.

Recent evidence suggests that the implementation of India's economic reform programmes has increased economic growth rate but has not made much progress in reducing poverty. The rate of poverty reduction in the 1980s was faster than in earlier period, due mainly to government policies to reach the poor in rural as well as urban areas through subsidised food and job-creation programmes. But in the 1990s, higher food prices and cutbacks of public-sector jobs played an important role in the slowing-down of poverty reduction, especially in rural areas.

Pakistan, on the other hand, has experienced both lower growth and higher incidence of poverty in the 1990s and 2000s. During the 1980s, when economic growth was higher poverty also showed a declining trend. But this has been reversed.

In Bangladesh too poverty has increased since 1995, compared to 1985, and the level of poverty is considerably higher in rural areas. In Sri Lanka, while poverty has declined at the national level, it increased in urban areas and decreased in rural areas. In Nepal, the proportion of poor people rose considerably during the 1990s.

Employment situation too has worsened. In this era of globalisation and market liberalisation, there has been a trend to move away from large enterprises, stable workforces and wage systems towards flexible production processes, and flexible employment and payments systems. Flexibility of employment has spread across the developing, transitional and industrialised countries. While national governments have created the space for various forms of flexibility by controlling labour unions, and introducing labour legislations and regulations to promote flexibility, firms have increased their control by relying largely on contracted employment. Global labour flexibility has become pervasive as

it is advocated as a means to lower unemployment, raise economic growth, improve incomes and reduce inequality.

But in the context of South Asia, the flexibility of labour market has led to increased informalisation and casualisation of employment. In India, for example, the proportion of workforce formally covered by legal protection (minimum labour standards) is about 10 per cent, while informal sector activities accounted for about 84 per cent of employment.¹⁷ More women are also joining the labour force, especially in the formal sector.

Thus, in critical areas such as improving the capability of the poor through better access to education and health and expanding their opportunities through improved access to jobs and real wages, the situation has worsened during the last decades in South Asia. While poverty has not declined, inequality has increased within each country. While the rate of illiteracy has declined, there is still a huge backlog of illiterate adults and out-of-school children. Also, malnutrition among the children continues to remain a daunting problem for most countries in the region.

Social development policies in South Asia

In the 1990s, all South Asian countries made commitments at the UN conferences in Jomtien (education), Cairo (population), Copenhagen (social development), and Beijing (women) to develop and implement policies and programmes for social development. The social sector policies at the central and provincial levels were developed in accordance with the global goals and national aspirations. Increased allocations were one of the imperatives to implement these goals. Yet, if we look at only two sectors—education and health—we see that public expenditure as a percentage of GDP has remained low in all countries. However, in the context of India and Pakistan, social sector expenditures are funded mostly out of state/provincial budgets, and thus are not fully reflected in the central

budgets.

In 1980, public education expenditure was 1.6 per cent of South Asia's GDP, in 2000 it continued to remain low, at 3.1 per cent. In terms of the share of education in total public expenditure during 2010, it was 11.1 per cent. This proportion varied across the region with the highest in Nepal at 22.7 per cent and the lowest at 10.9 per cent, 10.5 per cent and 8.7 per cent in Pakistan, India and Sri Lanka respectively.¹⁸

The social protection that a country provides for its citizens through a series of measures against the economic and social distress resulting from sickness and death of an income-earner, unemployment and old age, etc., is the backbone of the modern welfare state. In the era of globalisation, job and income insecurity are increasing, especially for women and other vulnerable groups who are dependent on informal and casual work where there is no provisions for special protection. In South Asia, where about 80 to 90 per cent of the labour force is in the informal sector, they are mostly outside the existing social protection schemes that cover only the formal sector.

Sri Lanka is the only South Asian country (excluding Bhutan and the Maldives) with a formal sector labour force of 37 per cent, so the social security programmes in Sri Lanka (such as pension, provident funds and life insurance schemes) cover the majority of the workforce.¹⁹ But in Bangladesh, Pakistan and Nepal where majority of the workforce depends on the informal sector, social security systems cover less than 10 per cent of the population.²⁰ The poverty alleviation programmes, being implemented in each country, are designed to provide social assistance to the poor. But due to rising budgetary cuts, inefficiency and high costs of service delivery, even these programmes are not being effective in protecting the poor.

Thus, during the last decades when economic growth increased, social services expenditures stagnated. These expenditures were higher in Sri Lanka com-

In the era of globalisation, job and income insecurity are increasing

The challenge for South Asia is not only to accelerate economic growth but also to improve the lives of the vast majority of its people

pared to other countries. Most South Asian countries were implementing the policies to reduce the size of government expenditure without restructuring the patterns of expenditure. Thus even in the 1990s, while on the one hand expenditures on social services were being reduced, overall public expenditure remained high due to high non-development expenditure.

Policy implications

We must note at the outset that the South Asian policy makers, civil societies and the donor groups are already aware of the issues confronting the region and have been implementing some of the policy measures suggested below. But the region's problems are so overwhelming that the current efforts are not adequate enough to deliver economic growth with human development.

Today, the challenge for South Asia is not only to accelerate economic growth but also to improve the lives of the vast majority of its people. South Asia needs to make sustained efforts in four broad policy areas. These are: (a) accelerating human development, particularly education; (b) reducing poverty; (c) advancing gender equality; and (d) improving governance.

Accelerating human development

South Asia needs to improve both the quantity and quality of education at each level, from primary, secondary to tertiary. The first essential step is to achieve the goal of universal primary education. But this objective is yet to be achieved in Pakistan and Bhutan. Other countries though have achieved the enrolment goal have yet to address the issues related to learning achievement and completion of primary education.

South Asia needs to prepare its labour force to compete in the world market. Central to this is the strategy to provide quality primary and secondary education to all school-age children, provide them with relevant skills, and also cater to the needs of the higher levels of

professional education. While the government should allocate sufficient resources for primary and secondary education, the private sector should be mobilised to set up institutions of higher learning. Education budgets of South Asia, as a percentage of both GDP and central and state/provincial government budgets, have to be increased in order to provide better access to quality education.

Similarly, improving healthcare is central to the debate on improving human development. Healthcare is perhaps the biggest challenge facing South Asia, with serious shortcomings in coverage and quality of provision, and considerable inequality between rural/urban, men/women, and poor/non-poor. These issues need to be prioritised to improve the living conditions, as well as productivity, of South Asia's labour force.

In South Asia, while there is a need for increasing expenditure on health, there is also a need for better allocation of expenditure to various sub-sectors. South Asia would benefit significantly by focusing on increasing access to primary healthcare and on preventive than curative care.

Addressing the shortcomings in education and healthcare systems would go a long way to enhance human development in the region.

Reducing poverty

Equitable patterns of growth are essential for sustainable poverty reduction. This requires a two-pronged approach consisting of broad-based economic growth and improved access to social services. Secondly, separate strategies are required for reducing poverty in rural and urban areas. Rural poverty requires more immediate attention as most South Asians live in rural areas. Elimination of urban bias in public expenditures and redirection of resources to rural development and agricultural support programmes are essential to address rural poverty.

Thirdly, since the region has accumulated much experience in poverty reduction programmes, it is important

to learn from best practices. Experience shows that effective poverty reduction strategy requires the active involvement of local communities. The state of Kerala in India offers such an example where local ownership of poverty programmes made it possible to reduce poverty in that state.

Poverty reduction policies in South Asia must be mainstreamed. For macroeconomic policies, this means much more than just promoting economic growth. Poverty reduction strategies must be built into the macro and micro policies. Policies to encourage cash crops instead of food crops, and capital-intensive rather than labour-intensive industries need to be analysed to access their impact on the poor, rural areas, food security and employment generation.

One of the critical links between economic growth and human development is the expansion of employment opportunities. But in recent years many countries in South Asia have experienced periods of job-less growth. And even when jobs have been created, they often bypassed various groups of people on the basis of gender, class and ethnicity.

In South Asia, as about half (in 2010) of labour force is in agriculture, job-creating strategies should focus on rural areas and agro-industries so that the rural to urban migration is halted and rural economy revived.

Currently, the countries that are implementing the International Monetary Fund (IMF) and World Bank programmes have developed a holistic approach towards economic growth and poverty reduction. But it remains to be seen whether these efforts of the donors, and the government's response to these, are merely a half-hearted attempt to appease the opponents of globalisations or a real commitment to usher a human-centred development model.

Advancing gender equality

The human development model puts the concerns of all people, irrespective of gender, at the centre of policies, strategies and

action. But in South Asia women are the most deprived people. In 2010, of the total number of illiterate people 64 per cent were women, and of the total number of out-of-school children 52 per cent were girls.²¹ Women do not have legal equality with men in any South Asian country, despite constitutional guarantee in each country. As the majority of women work in the informal sector, their participation in, and their contribution to economic activity, are not recorded in the official statistics.

In the governance structures of South Asia, women have very little voice. Women occupied 13 per cent of parliamentary seats, 10 per cent of ministerial level positions, 7 per cent of the judiciary and 8 per cent of the civil services posts.²² However, in the local governance structures, women are increasingly being inducted in all the countries.

A truly engendered human development model in South Asia needs action in at least three critical areas:

1. Building women's capability. Although gender gaps in education and health have narrowed in recent years, the pace of progress has been inadequate and uneven within and among South Asian countries.
2. Improving opportunities for women. Without the opportunity to earn income and to participate in decision-making process, South Asian women will remain marginalised in economic and political spheres.
3. Equality of rights between women and men must not only be enshrined in the constitutions of South Asia, but must also be implemented and enforced in the true spirit of the law.

Improving governance

In the 1999 Report on *Human Development in South Asia*, South Asia emerged as one of the most poorly governed regions of the world, with corruption, inefficient economic management, centralised bureau-

One of the critical links between economic growth and human development is the expansion of employment opportunities

cratic structures, and absence of rule of law dominating the political, economic and social landscape. Most taxes are regressive, their incidence fall more on the poor than on the rich. Poor economic governance has led to increasing poverty and human deprivation, increasing violence and reduced human security.

At the heart of any agenda for economic growth with human development must lie the affirmation of a broad-based democracy, based on rule of law, accountability and transparency. The real challenge is to create an environment where people are able and free to earn a living, to live in peace and security, to enjoy their human

At the heart of any agenda for economic growth with human development must lie the affirmation of a broad-based democracy, based on rule of law, accountability and transparency

rights, and to participate, through their elected representatives, in the decisions that affect their lives. Transparency in all public actions, accountability of elected representatives, adherence to rule of law and devolution of power to lower levels of governance will provide just such an environment. A code of conduct for civil society and the private sector needs to be developed to complement government's efforts in promoting a humane governance that combines economic growth with social justice.

These are the issues that are analysed in depth in the following chapters in this Report.

Economic Growth in South Asia, 1980-2010

South Asian countries, especially the two largest of India and Pakistan, achieved economic growth through liberalisation, globalisation and market reforms during 1980 to 2010. This rapid growth modernised their societies and lifted millions out of poverty, illiteracy and morbidity. Over these three decades, the region made a successful transition from an economy with a moderate rate of growth to one of the fastest growing regions in the world. Gross domestic product (GDP) growth in India, Pakistan, Bangladesh, Nepal and Sri Lanka grew more rapidly since the 1980s than in any other region except East Asia and the Pacific.¹ Yet this achievement in economic growth was not accompanied by comparable success in improving the living standards of all people in the region.

There is a two-way relationship between economic growth and human empowerment. With higher economic growth, governments are able to generate tax revenue allowing them to undertake expenditures to improve people's abilities and expand their earning opportunities. In this context, income growth is instrumental in increasing the range of choices and capabilities people enjoy, contributing to the human development of a nation. In turn, this improvement in education, health and nutrition increases productivity.

While the South Asian region has done well in terms of economic growth since the 1980s, this was also a period of growing deficits and rising foreign debt. While the service sector has been a key driver of economic growth, agriculture and industry have failed to create sufficient jobs or adequate food for the unemployed and the hungry. Fiscal policies were unable to generate adequate resources and monetary policies could not control inflation. While

the total volume of trade increased, imports exceeded exports, resulting in a persistent trade deficit. The region experienced limited diversification, exporting primary products to a handful of markets. On a positive note, trade in services has generally been positive, with exports exceeding imports, especially in India. Growth has been unevenly distributed between the agricultural and non-agricultural sectors, creating a considerable rural-urban divide. Similarly, economic growth has been uneven across provinces, regions and states. These disparities in economic growth make the growth process exclusive and inequality-enhancing.

In this chapter, the experiences of five South Asian countries—India, Pakistan, Bangladesh, Nepal and Sri Lanka—are presented to evaluate their growth during the three decades under investigation (1980-2010). After a regional assessment of their growth record in this section, a brief discussion of each country's performance will follow in the next section.

Section 1: Economic growth in South Asia

GDP growth during 1980 to 2010

South Asia's economic performance has been encouraging over the past three decades. Driven by economic reforms and liberalisation policies, the economic outlook of South Asia has transformed significantly. The region stands as one of the principal drivers of the global economy. South Asia as a whole has performed better than other developing region (figure 2.1), with an average growth rate of 5.9 per cent per annum, second only to East Asia and the Pacific.

Over the three decades, the region made a successful transition from an economy with a moderate rate of growth to one of the fastest growing regions in the world

Figure 2.1 GDP annual growth of different developing regions of the world, 1980-2010



Source: World Bank 2015g and MHHDC staff computations.

Within South Asia, India's economic growth has been the most impressive. In fact, the economic rise of South Asia is largely attributed to India. Being the largest economy in the region, India drives the economic performance of South Asia. Sri Lanka and Bangladesh have closely followed India, as their economies have also grown at a sustained rate during this period. Pakistan and Nepal, however, are exceptions to South Asia's success, as GDP growth in both countries has remained volatile. Political instability in Pakistan during the 1990s and in Nepal, between 2000 and 2010, could be responsible for this.

There is now strong evidence that economic progress in South Asia is largely attributed to structural reforms that the national governments undertook in the last three decades. These reforms included the liberalisation of trade and industrial policies and the privatisation of the financial sector. As a result, South Asia experienced robust growth in exports and increased inflow of foreign direct investments (FDI) and remittances, increasing the pace of economic growth. India has been at the forefront of these reforms, when it opened up its economy in 1990 to international trade and investment and deregulated the private sector. The private sector facilitated India's economic revival over the past three decades.

Composition of GDP

The composition of the economy is an important factor in determining whether the benefits of growth are reaching the poorer segments of society. For growth to be pro-poor, it should favour sectors where the poor are concentrated, and utilise the skills that they possess. This would generate employment for the less privileged.

In South Asia prior to the 1980s, the Green Revolution resulted in high growth in the agricultural sector, making it the leading contributor to the economy. This growth was pro-poor as a majority of the poor are concentrated in rural areas and depend on agriculture for their livelihood. However, since then, major structural change has taken place in South Asian economies. The share of agriculture in the economy has plummeted sharply, while the service sector has now become the dominant sector in all South Asian countries. Growth has been concentrated in this sector, and its contribution to GDP has gone up from 41.3 per cent to 54.7 per cent during the past three decades. The contribution of agriculture has declined from 34.8 per cent to 19.2 per cent, whereas that of industry has marginally risen by 2.2 percentage points.²

Within South Asia, India has shown impressive growth in the service sector, while Bangladesh has witnessed phenomenal growth in manufacturing. Improved management of economic policy led to this impressive growth in Bangladesh. The share of agriculture in GDP has fallen most rapidly in Nepal and in India, while it has decreased the least in Pakistan.³ It is argued that increased international trade and withdrawal of agriculture subsidies in some countries, such as India, have been a major contributor to the declining share of agriculture. Increased international trade has also exposed small farmers to intense international competition and greater price volatility.

The pattern of economic growth in South Asia has mostly benefitted the urban middle class as they are better equipped to

take advantage of employment opportunities generated by the service sector. Growth in the service sector has raised non-farm incomes in both rural and urban areas.

Savings and investment

One of the major reasons for increased economic growth in South Asia has been the liberalisation of the financial sector since the 1980s. Prior to this, the financial system was under state control, with governments allocating credit to favoured sectors. Interest rates were artificially managed at low levels, and banking regulations were complex. The government determined who got access to credit and at what rate. Financial sector reforms, largely led by India and followed by other countries, resulted in market-determined interest rates, a reduction in reserve and liquidity requirements and legalisation of foreign currency deposits. As a result, access to credit of domestic borrowers increased, more capital was available and investments by both nationals and foreigners rose.

Within South Asia, the reform process adopted by India was slightly different than the other South Asian countries, especially Pakistan. In India, the role of the state was evolved as a regulator to ensure prudent reforms. The state maintained strategic control to build and strengthen financial institutions, improve banking infrastructure and develop policies to mobilise savings for productive investment. As a result, financial infrastructure deepened in India and it accumulated substantial financial reserves to maintain monetary stability. In contrast, Pakistan often faced balance of payment crises, leading to increased reliance on foreign aid and International Monetary Fund (IMF) assistance.

In general, these reforms led to an increase in the total volume of savings and investment across the region. Gross domestic savings as a percentage of GDP increased in India, Bangladesh, Sri Lanka and Nepal. In Pakistan however, national savings fluctuated. The increased trend in saving rates across the region is due to

increased remittances and greater saving opportunities provided by an expanding financial sector.

The region has witnessed a significant increase in investment since the 1980s. This is especially true for India, Bangladesh and Nepal. In Pakistan, investment rates dipped during 1996-2000 and 2005-10. In Sri Lanka, conflicts and violence have negatively affected investment flows. The general growth in investment rates across South Asia is due to a rapid rise in the private sector. This changed the composition of gross investment in the region, as the share of public investment in total investment declined and the share of private investment increased. Financial sector liberalisation and deregulation of the economy were the main factors responsible for this change.

Government revenue and expenditure

Although South Asian governments successfully took the first steps to promote economic growth, economic security—particularly of the poor—is still elusive. In this regard, effective management of the fiscal sector is important. Fiscal policy, especially that dealing with public expenditure and taxation, is the best instrument for sharing the benefits of growth with the poor. However, in South Asia over the past three decades, no major change was observed in fiscal indicators. Even in the best performing economies like India, economic resources were mismanaged, resulting in persistent fiscal deficit. Despite high economic growth in India and in other South Asian countries, sufficient revenues were not mobilised to meet growing government expenditures. In general, total revenues—particularly tax revenues—either stagnated or decreased. South Asian governments were unable to re-orient the structure of public spending in favour of social services, as defence and interest payments dominated, as compared to education and health. Another common trend within South Asian countries was the declining share of capital expenditure

Although South Asian governments successfully took the first steps to promote economic growth, economic security—particularly of the poor—is still elusive

Economic outlook transformed significantly when most of the countries adopted a more outward-oriented development strategy, emphasising greater integration with the world economy

in comparison to revenue expenditure, reflecting reduced spending on infrastructure development. Persistent fiscal deficits increased the debt burden of South Asian economies.

Government revenue as a percentage of GDP has not increased substantially over the past three decades in any of the South Asian countries. In fact, in all countries, the tax-to-GDP ratio was lower than the developing country average.⁴ The only increase was witnessed in Bangladesh and Nepal, while the larger countries have struggled to increase government revenues. It has decreased not only in Pakistan, but also in India, where total revenue as a percentage of GDP has stagnated. This is despite the fact that all South Asian countries undertook major tax reforms during this period. A narrow tax base, inefficient tax administration and structural factors such as the presence of a large informal economy, are amongst the reasons for a low tax-to-GDP ratio in South Asia. In the two largest economies of the region, India and Pakistan, large-scale exemptions in the agricultural sector negate any effort to broaden the tax net. However, tax reforms have led to a more progressive tax structure, with an increasing share of direct taxes in comparison to indirect taxes. This is especially true of India and Nepal.

Over the past three decades, public expenditure in South Asia did not increase at a pace sufficient to meet pressing infrastructural and development needs. While government expenditure was relatively high during the 1980s and the 1990s, it declined in subsequent years. Capital expenditure declined in all economies, while the share of revenue expenditure increased. Defence and interest payments dominated government expenditure in place of spending on social sectors like education and health.

Persistent fiscal deficit was the natural outcome of stagnating revenues and fluctuating outlays. The budget deficit was particularly high in the 1980s and the 1990s, but has since then declined in all economies. Declining trends in budget deficit were due to economic reforms that

reduced both the role of the government in the economy as well as spending on development. In many South Asian countries, especially Pakistan, these reforms were introduced as part of an IMF-led Structural Adjustment Programme. In addition, India and Pakistan introduced legislations to ensure prudent fiscal management, namely the Fiscal Responsibility and Budget Management (FRBM) Act 2003 in India, and the Fiscal Responsibility and Debt Limitation Act 2005 in Pakistan. Both were successful in reducing fiscal deficits.

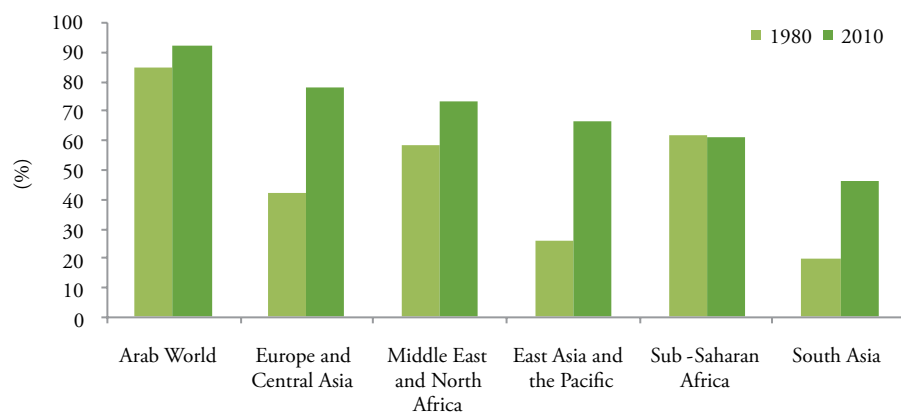
Despite these reforms, public debt remained significantly high in all countries, both in nominal terms and as a percentage of GDP. Debt management became extremely difficult in Pakistan and Sri Lanka. While there has been some decline in public debt in recent years, it is still a major financial problem hindering the social and economic progress of South Asian countries.

Trade

During the period under investigation, international trade reached unprecedented heights and more countries were integrating into global economic networks. South Asia was an important part of this wave towards globalisation. Its trade-to-GDP ratio, an indicator of trade openness, significantly increased since the 1980s (figure 2.2). During this time, the region's trade-to-GDP ratio more than doubled, increasing from 19.3 per cent in 1980 to 45.9 per cent in 2010. However, despite this rapid increase, South Asia remains the least integrated region in the world.

Prior to the 1980s, the region was classified as growing at a sluggish pace, with poor growth prospects. But its economic outlook transformed significantly when most of the countries adopted a more outward-oriented development strategy, emphasising greater integration with the world economy. Major policy reforms included reductions in quantitative restrictions and tariffs, improvement in export incentives, betterment in business climate for foreign investors, and devaluation of

Figure 2.2 Trade-to-GDP ratio of different regions of the world, 1980-2010*



Note: *: Data for Europe and Central Asia is for 1990 and for East Asia and the Pacific is for 1982 instead of 1980. Similarly, data for Middle East and North Africa is for 2007 instead of 2010.

Source: World Bank 2015g.

exchange rates. As a result, the trade-to-GDP ratio of these countries started rising rapidly. Indeed, Sri Lanka, India and Nepal had very high trade-to-GDP ratios.⁵

While the basic elements were the same, both the impetus for, and the actual process of reforms varied among the different countries. Sri Lanka and Bangladesh were at the forefront of this process during the late 1970s, while Pakistan and India were laggards, beginning in the 1990s. In Pakistan, a substantial move towards liberalisation was negotiated under the auspices of the IMF and the World Bank that led to stabilisation and the implementation of the Structural Adjustment Programme. In India, the balance of payment crisis led to the realisation of the need to enhance trade. In Pakistan, the implementation of tariff reforms was slow because of the fear of loss in revenues; in India, they were strategic. Import of capital goods was substantially liberalised, especially those that promised future exports, while that of consumer goods was more cautious. Bangladesh also tried to simplify and rationalise the tariff structure while simultaneously setting up export processing zones to boost exports.

To reap the benefits from increased trade and to maintain a positive trade balance, it is essential to improve the performance of exports. However in South Asia, while both imports and exports increased, the increase in imports outpaced the increase in exports. This has resulted in

recurring trade deficits in all the countries.

In fact, trade deficits increased overtime, especially between 2000 and 2010. The negative balance of trade constrained the meager financial resources of these economies, resulting in the accumulation of debt.

Trade expansion can only take an economy so far. The benefits of increased trade are also dependent on how the structure of trade changed in response to new opportunities in the global trading system. Over the past three decades, South Asian merchandise exports mirrored the global trend of rising shares of manufactured goods and falling shares of primary commodities. Despite this improvement, the share of manufactured goods in merchandise exports is lower than the levels achieved by East Asia and the Pacific as well as Europe and Central Asia.⁶ Within South Asia, Bangladesh has the highest share of manufactured goods in its export basket, while the share of the same has also increased rapidly in Sri Lanka and Nepal.⁷ Bangladesh's success is mainly because of expansion in the ready-made garments (RMG) industry. The majority of regional exports, however, are concentrated in manufactured goods of agriculture origin, such as textile and clothing. This leaves the region vulnerable to not only fluctuations in international cotton prices, but also to production failures—on account of drought, disease and pests. Only in India does there

exist a degree of export diversification that is comparable to the high-export countries of East Asia.

South Asian countries also have narrow export markets that are largely concentrated in Europe and the US. Moreover, a very low proportion of total trade is with Asian countries. Only India has managed to create new export destinations, in Asia and Africa.

Most of the region's imports are from within Asia, especially China and oil-exporting Middle-Eastern countries. Regional trade within South Asia is very low, and again, India has been the only country to expand its export market to include Nepal, Sri Lanka and Bangladesh.

One positive development in regional trade is increased trade in services. This is especially true for India and Nepal. India has been a global leader in the export of services and has a positive trade balance. Meanwhile, Nepal has made significant headway in travel and tourism.

The benefit of trade liberalisation can only be evaluated in terms of its effect on poverty, inequality and human development. Smart policies aimed at increasing and diversifying exports, especially in labour-intensive sectors of the economy, are one way to ensure gains from trade for people.

Economic growth of states/provinces

The rapid economic growth that South Asia witnessed over the past three decades has not been equally distributed within each country. Significant variation exists in the GDP share of several state/provincial/administrative divisions in each country. In India, states like Maharashtra, Tamil Nadu, Uttar Pradesh, Andhra Pradesh, Gujarat, West Bengal and Karnataka have performed exceptionally well, unlike the north eastern states. Similarly in Pakistan, Punjab dominated Sindh, Khyber Pakhtunkhwa (KPK) and Balochistan in terms of share in national GDP. In Bangladesh, out of the six administrative divisions, Dhaka, Chittagong and Rajshahi contrib-

uted the most to national GDP as compared to Sylhet, Barisal and Khulna. In Sri Lanka, the Western Province was the most developed, in contrast to the war-affected Northern and Eastern provinces.

While it is impossible to ensure complete equity in the distribution of growth, some parity should be maintained when determining regional, provincial or state allocations for social services. Human capabilities can most certainly be augmented by diverting more national resources to lagging areas to safeguard the long-run economic interests of these regions.

The next section assesses the growth performance of the five countries in more detail.

Section 2: Country profiles⁸

India

Trends in economic growth

India's economic growth performance, when evaluated in a historical context, has a very positive outlook. Although India's economic growth was not encouraging during the first three decades after its independence, since the 1980s economic growth in India has been rising steadily (table 2.1). In recent years, economic growth has slowed down mainly because of trends in the global economy.

The acceleration of the Indian economy during the 1980s may be attributed to the dismantling of state controls, a predominant feature of pre-reform economic policy-making. The key features of these reforms included import liberalisa-

Table 2.1 Trends in GDP and GDP growth rate (2004 as base year) in India, 1980-2014

	Real GDP (INR trillions)	GDP per capita (INR)	GDP growth rate (%)
1980-90	11.0	14,767	5.7
1990-2000	18.8	20,485	5.8
2000-10	35.1	32,051	6.9
2010-14	57.5	47,563	6.7

Source: GOI 2015b and MHHDC staff computations.

tion—especially of capital goods and intermediate inputs—export incentives through taxes, easy access to credit and foreign exchange, relaxation of industrial licensing requirements, and reduced state control on prices. The decade of the 1990s witnessed further progress in the form of abolition of industrial licensing and allowance of FDI. In addition, reforms were deepened through the elimination of import licences and reduction in non-tariff barriers, opening up of the financial sector, and easing of investment regulations in important services such as telecommunication. These reforms of the 1980s and 1990s led to a sharp increase in the growth of the Indian economy.

Economic growth in India continued into the early 2000s. Indeed, the Indian economy witnessed unprecedented GDP growth of 8.8 per cent between 2004 and 2008.⁹ This phase of growth was mainly credited to large capital inflows and coincided with a high growth phase of the global economy. However, the growth process suffered a setback with the onset of the global financial crisis in 2008, and the growth rate declined from 9.8 per cent in 2008 to 3.9 per cent in 2009.¹⁰ This slowdown in global growth and demand had an adverse impact on local markets, given the high degree of openness of the Indian economy. Large capital outflows during this period also had negative repercussions for the economy, as they were the key determinants of economic growth prior to the financial crisis. Growth rebounded initially during 2010 and 2011, mainly in response to a large monetary and fiscal stimulus provided by the government. Subsequently however, the economy has cooled down significantly, due to a worsening of India's fiscal and current account deficits.

Despite troubles in the later half of the 2000s, on the whole, the Indian economy did extremely well over the past three decades. In absolute terms, India's GDP increased from around INR11.0 trillion during the 1980s to INR57.5 trillion between 2010 and 2014. A high GDP growth rate coupled with a marginal drop in popula-

tion growth rate resulted in a three-fold increase in per capita GDP during the past three decades—from INR15 thousand to INR48 thousand (see table 2.1).

Over the span of three decades, the Indian economy has evolved from being a closed economy with high trade barriers to one that is more open to international trade and investment. More critically, it has transformed from being a regulated economy with stringent bureaucratic controls curbing private economic activity to an increasingly liberalised one amenable to private sector growth. The outcomes are reflected in the remarkable trajectory of growth, from a rate as low as 3.4 per cent during 1950-1980 to a respectable 6.1 per cent over the next three decades.¹¹

Sectoral growth

The structure of the Indian economy has changed significantly over the years, from being an agro-based economy to one that is more dominated by services. As indicated in table 2.2, the share of agriculture in GDP declined by almost 60 per cent between 1981 and 2011. The share of services increased from about 45.3 per cent of GDP in 1981 to 65.1 per cent in 2011. Industry showed only a marginal increase of 2.2 percentage points during the three decades between 1981 and 2011. The surge in contribution of the service sector to GDP and the corresponding decline in the share of agriculture is due to higher average annual growth rates of the former since 1981, and the lowest growth in agriculture (see table 2.2).

Within agriculture, crop cultivation is still the largest contributor in terms

Table 2.2 Composition of GDP by major sectors, 1981-2011

	Share in GDP (%)				Average annual growth rate (%)		
	1981	1991	2001	2011	1981-91	1991-2001	2001-11
Agriculture	35.7	29.6	22.2	14.6	3.5	2.8	3.3
Industry	18.1	20.6	20.6	20.3	6.8	5.8	7.5
Services	45.3	49.6	56.9	65.1	6.4	7.2	9.2

Source: GOI 2015b and MHHDC staff computations.

of volume. However its share in national GDP has declined since the 1980s from 29.8 per cent in 1981 to 12.4 per cent in 2011. The growth of this sector has varied because of its high dependence on climatic conditions. Similarly, the share of allied activities in national GDP has declined, but the contribution of the fishery and livestock sectors has increased since the 1980s.¹² Growth in these sectors is important, as Indian farmers supplement their agricultural income with earnings from livestock and fishery. Moreover, this sector promotes a relatively more equitable income distribution as livestock ownership is skewed in favour of small farmers and women.

The industrial sector in India underwent significant change since the economic reforms of the 1990s. The share of mining and quarrying declined, while that of the manufacturing sector increased. Within manufacturing, it was the capital

goods sector that led growth during the 1980s. However growth cooled down following the reforms of the 1990s, particularly in the aftermath of tariff reductions for capital goods and import expansion. Since then, industrial growth has been evenly distributed across consumer, capital and intermediate goods.¹³

As table 2.3 indicates, within services, the sub-sector of trade, hotel, transport and communications has contributed the most to GDP. In fact, the contribution of this sector to the overall service sector has remained steady since the 1980s. Communications has been the fastest growing component within the service sector in the post-liberalisation phase. This is followed by banking and insurance, due to the rise of private players in the financial market during the reform period.

Analysing the growth process in India from a human perspective reveals a mixed picture. While the growth of the service sector has raised per capita GDP, its contribution towards poverty reduction is limited. Compared to agriculture and industry, the service sector is less labour-intensive and requires skilled labour. In contrast, the growth of agriculture and manufacturing expands employment opportunities, especially for the poor. Unfortunately, the growth of these two sectors has not been substantial over the last three decades.

Savings and investment

Increased economic growth in India has largely been attributed to rising saving and investment rates—a major policy focus since the 1980s. As a result, the volume and composition of domestic savings in India has undergone significant changes over time. Gross domestic savings as a percentage of GDP gradually increased from 17.8 per cent in 1981 to 34.0 per cent in 2011 (table 2.4). While India's gross domestic savings have steadily increased over time, the composition changed significantly. Public sector savings as a proportion of GDP declined by 36.6 per cent over this time, and was even negative during 1999

Table 2.3 Sectoral composition of GDP, 1981-2011

	(% of GDP)			
	1981	1991	2001	2011
Agriculture	35.7	29.5	22.3	14.6
Crop	29.8	24.9	18.7	12.4
Allied activities (livestock, forestry and fishing)	5.9	4.6	3.6	2.2
Industry	18.0	20.6	20.6	20.3
Mining and quarrying	2.6	3.5	3.0	2.3
Manufacturing	14.0	15.1	15.5	16.1
Services	45.3	49.6	56.9	65.1
Construction	7.6	7.1	6.6	7.6
Trade, hotel, transport and communications	16.8	17.6	21.6	27.3
Finance, insurance, real estate and business services	8.2	11.5	14.0	17.3
Community, social and personal services	12.7	13.4	14.7	12.9

Source: GOI 2015b and MHHDC staff computations.

Table 2.4 Trends in savings in India, 1981-2011

	(% of GDP)			
	Gross domestic savings	Household savings	Private corporate savings	Public sector savings
1981	17.8	12.1	1.6	4.1
1991	22.9	18.5	2.6	1.8
2001	23.7	21.3	3.7	-1.3
2011	34.0	23.5	7.9	2.6

Source: GOI 2015b and MHHDC staff computations.

and 2003. However, after the enactment of the FRBM Act of 2003, there was a slight improvement. In contrast, private savings, both household and corporate, succeeded in offsetting this decline. Household savings as a fraction of GDP increased from 12.1 per cent to 23.5 per cent between 1981 and 2011. They declined slightly in the period of 2001-07, mainly due to a tight monetary policy that lowered interest rates to reduce inflation. Private sector savings, which were stagnant till the late 1980s, witnessed a tremendous (five-fold) increase during the last three decades.¹⁴

Similar changes of volume and composition occurred in investment. Investment as a percentage of GDP rose steadily, from a very low level of 10.7 per cent in 1981 to 39.1 per cent in 2008.¹⁵ Prior to financial liberalisation, total investment was dominated by the public sector. Beginning in the 1990s this composition changed as a consequence of liberalisation, with the private sector driving overall investment levels. The share of public investment in the total declined by 54 per cent from 1980 to 2008. On the other hand, the share of private corporate investment increased by a 100 per cent over the same time.¹⁶

Improvement in saving and investment rates was an outcome of financial sector reforms that were initiated in the early 1980s and strengthened by the 1990s. Prior to the 1980s, India had an interventionist approach to monetary policy, with strong government control on banking and capital flows. However, in the 1990s, capital accounts were freed and foreign direct and private investment grew. Total investment inflows from abroad increased from US\$103 million in 1990 to US\$41.6 billion in 2011,¹⁷ with soaring direct and portfolio investment. Foreign investment has aided the absorption of capital and technology in India, substantially promoting economic growth. However, despite a significant increase in the volume of foreign investment inflows, India is still below par compared to China, Russia and Brazil.¹⁸

While savings and investment

have improved because of financial sector reforms, these reforms slowed down the expansion in bank branches, reduced credit access in rural and semi-urban areas, and limited outreach for agriculture as well as small-scale industries. During the nationalisation phase prior to the reforms, there was emphasis on expanding the geographical network of bank branches to ensure better access to institutional credit. However as table 2.5 indicates, this focus has reversed since the 1990s, with the percentage of branches in rural versus urban areas declining. This trend holds for credit disbursements as well (table 2.6).

To mitigate these biases, the Government of India has undertaken special policy initiatives, such as expanding the budget of the Rural Infrastructure Development Fund and increasing funding for the National Bank for Agriculture and Rural Development. This is in addition to increasing the number of Regional Rural Banks and providing credit through micro-finance, the Self-help Group Bank Linkage programme and the *Kisan* Credit Card Scheme.

Government revenue and expenditure

Fiscal policy is a major instrument through which the government can ensure that

Table 2.5 Spread of branch network in India, 1991-2011

	Rural		Semi-urban		Total*
	Number of branches (thousands)	Share of total (%)	Number of branches (thousands)	Share of total (%)	Number of branches (thousands)
1991	35	58.5	11	18.8	60
2001	33	49.4	15	22.1	66
2011	32	38.0	21	24.3	86

Note: *: Total includes rural, semi-urban and urban branches.

Source: GOI 2015b and MHHDC staff computations.

Table 2.6 Spread of credit disbursement in India, 1981-2011

	(%)			
	Rural	Semi-urban	Urban	Metropolitan
1981	9.6	16.4	22.3	51.7
1991	21.5	16.7	22.0	39.8
2001	12.8	13.2	17.7	56.3
2011	11.5	11.0	17.7	59.7

Source: GOI 2015b and MHHDC staff computations.

economic growth promotes social development. While India's economy has grown substantially over the past three decades, fiscal policy in terms of total revenue, public expenditure and fiscal deficit has remained the same. Total revenue has averaged around 9.3 per cent of GDP during the three decades, and with average total expenditure at 15.7 per cent, fiscal deficit has persisted in the Indian economy (table 2.7).

Fiscal deficit in India stood at 5.7 per cent over the last three decades. It was extremely high in the 1980s, peaking at 7.6 per cent in 1991. It fell to an average of around 5.0 per cent in the 1990s due to economic reforms that lowered the level of government activity. Significant improvement also took place after the launch of the FRBM Act in 2003,¹⁹ as the deficit decreased to 4.0 per cent in 2006. The Act forced the central government to

take measures to reduce the fiscal deficit to around 3.0 per cent by 2009, with an annual deficit reduction target of 0.3 per cent of GDP per annum. Fiscal deficit increased in subsequent years largely due to the monetary and fiscal stimulus given by the government to rescue the economy in the wake of the global financial crisis.

In line with the falling fiscal deficit, total expenditure of the central government shrank by 3.5 percentage points in the post-reforms years between 1991 and 1996. Public expenditure also decreased substantially after the FRBM Act 2003, only to rise again by 2011. While the Act has been successful in curtailing both the budget deficit and government expenditure, the composition of public expenditure is a matter of concern. Capital expenditure as a proportion of GDP decreased substantially by 64.3 per cent over the last three decades. In contrast, the revenue expenditure of the government increased from 9.6 per cent of GDP in 1981 to 13.4 per cent in 2011. A large proportion of total government expenditure—around 15 per cent—is still spent on defence, and the share of interest payments increased from 11.4 per cent in 1981 to 19.5 per cent in 2011 (table 2.8). In 2001, interest payments reached a high of around 30.5 per cent of total expenditure. In contrast, social sector expenditure was low, averaging around 5.3 per cent over the past three decades.

On the revenue side, total revenue has not increased substantially, only increasing from 8 per cent of GDP in 1981 to around 10 per cent in 2011.²⁰ While earnings from the agricultural sector are largely exempted from income tax, the service sector has recently been included in the tax network as part of efforts to widen the tax base. The composition of the tax structure has improved, as the share of direct taxes in total tax revenue has increased in comparison to non-tax revenue (see table 2.9).

Overall, the budget deficit has led to increased borrowing by the government, both from internal and external sources. Table 2.10 shows that total debt increased between 1981 and 2011, from INR0.6 tril-

Table 2.7 Trends in public finance in India, 1981-2011

	(% of GDP)						
	1981	1986	1991	1996	2001	2006	2011
Total revenue	8.3	9.7	9.4	9.0	8.9	9.4	10.1
.Tax	6.3	7.3	7.3	6.7	6.3	7.3	7.3
Total expenditure	15.2	18.2	18.0	14.5	15.0	13.7	15.4
.Revenue	9.6	11.7	12.5	11.4	12.8	11.9	13.4
.Capital	5.6	6.5	5.4	3.1	2.2	1.8	2.0
Budget deficit	-5.6	-7.6	-7.6	-4.9	-5.5	-4.0	-4.8
Public debt	41.4	52.4	59.6	57.3	59.6	63.9	52.2
.Domestic	32.4	41.2	48.3	45.2	50.8	58.6	48.6
.Foreign	9.0	11.2	11.3	12.1	8.8	5.3	3.6

Source: GOI 2015b and MHHDC staff computations.

Table 2.8 Trends in expenditure in India, 1981-2011

	Revenue expenditure	Capital expenditure	Defence	Interest	Subsidies	Social sector expenditure
	(% of GDP)						(% of total expenditure)
1981	9.6	5.6	15.8	11.4	8.9	4.3
1986	11.7	6.5	15.2	14.3	9.1	2.8
1991	12.5	5.4	14.6	20.4	11.5	3.0
1996	11.4	3.1	15.1	28.1	7.1	4.2
2001	12.8	2.2	15.2	30.5	8.2	5.2
2006	11.9	1.8	15.9	26.2	9.4	7.4
2011	13.4	2.0	12.9	19.5	14.5	10.3

Source: GOI 2015b and MHHDC staff computations.

lion to INR40.6 trillion, rising from 41.4 per cent of GDP to 52.2 per cent. Total debt climbed to 63.9 per cent of GDP in 2006, but has since then declined to present levels. The composition of debt has also undergone some changes over the last three decades, with external debt as a percentage of GDP falling from 9.0 per cent to 3.6 per cent. This is compensated by the increase in domestic borrowing, which grew by 50 per cent (as a share of GDP) from 1981 to 2011.

Trade

Trade liberalisation was a major component of the economic reform process in India. In addition to incentives for attracting international investment, the key features of these reforms included exchange rate devaluation along with a market-based exchange rate and a parallel reduction in tariff and non-tariff barriers. Further trade liberalisation occurred with the abolition of quotas for imports and exports in keeping with World Trade Organization's regulations.

Under these reforms, India transitioned from being an inward- to an outward-oriented economy. The total volume of international trade grew 26 times, from US\$24 billion in 1981 to US\$ 621 billion in 2011.²¹ The downside of increased international trade was a massive trade deficit. While there was a significant increase in both, the increase in imports outweighed that of exports. The trade deficit increased from US\$7 billion in 1981 to US\$119 billion in 2011. This imposed significant constraints on the financial resources of the government and led to an accumulation of international debt.

The structure of India's exports changed significantly over the past three decades. In 1981, exports of agriculture and allied products accounted for 30.7 per cent of total exports but by 2011, this decreased to 9.7 per cent.²² Exports of ores and minerals increased significantly, while that of manufactured goods also increased slightly over the past three decades. De-

Table 2.9 Trends in tax structure in India, 1981-2011

	(% of total taxes)	
	Direct taxes	Indirect taxes
1981	20.2	79.8
1991	16.1	83.9
2001	36.3	63.7
2011	55.0	45.0

Source: GOI 2015b and MHHDC staff computations.

Table 2.10 Trends in debt structure in India, 1981-2011

	Internal debt	External debt	Internal debt	External debt	Total debt
	(INR trillions)					(% of GDP)
1981	0.5	0.1	32.4	9.0	41.4
1986	1.2	0.3	41.2	11.2	52.4
1991	2.8	0.7	48.3	11.3	59.6
1996	5.5	1.5	45.2	12.1	57.3
2001	11.0	1.9	50.8	8.8	59.6
2006	21.7	1.9	58.6	5.3	63.9
2011	37.8	2.8	48.6	3.6	52.2

Source: GOI 2015b and MHHDC staff computations.

spite this transition, India's exports are still concentrated in a few products. India however has successfully diversified its exports markets from being concentrated in Europe and America, to Asia and Africa.²³

A major proportion of India's imports are raw materials and intermediate manufactured goods, comprising 62.4 per cent of total imports. In comparison, the share of capital goods and food is small. Within raw materials, petroleum products account for the highest share (28.7 per cent) of total imports, highlighting India's growing energy needs. However, heavy imports of intermediate goods harm small-scale producers, who are the principal producers of such goods in India.²⁴

One positive aspect of India's international trade is the growing trade in services. While both imports and exports of services have increased over time, India has been recording a surplus in services trade since 2000. In 2011, the balance of trade in services was US\$48.8 billion, with exports of US\$132.9 billion and imports accounting for US\$84.1 billion.²⁵ Indeed, the surplus in India's services exports has been able to finance a large part of India's overall trade deficit.

Economic growth by state

India's economic transformation over the past three decades serves as a lesson not only for South Asia, but also for other developing countries of the world. While aggregate economic growth in India has been phenomenal, it masks huge inequalities, especially across various states of the country. The wide disparity in economic performance across states threatens the sustainability of India's growth performance. What is worse is that these imbalances are mirrored and reinforced in socio-economic outcomes, a reflection of the inability of the government to help states that have been sidelined from the growth process.

Substantial variations in the average annual growth rate during 2001-09, ranging from an impressive 10.6 per cent in Gujarat, to a sluggish 4.5 per cent in Madhya Pradesh, make this trend evident. It is also apparent that the gap between states has widened over the past three decades. During this time, Gujarat, Haryana and Kerala have performed exceptionally well. In fact, Gujarat and Kerala have transformed themselves from ranking amongst the bottom states of India in the 1980s, to being at the top by 2010. In contrast, Madhya Pradesh, Assam and Uttar Pradesh have been stuck at the lower end of the economic spectrum (see table 2.11).

Disparity in economic growth has

translated into gross inequities in living standards, as measured by per capita incomes across Indian states. As may be inferred from table 2.11, the average resident of Uttar Pradesh is 3.5 times poorer than that of Haryana. Evidence suggests that Haryana, Gujarat and Kerala have relatively higher per capita incomes as compared to the low performing states of Madhya Pradesh, Assam and Uttar Pradesh.

Similarly, although Human Development Index (HDI) showed a significant overall improvement in the last three decades, there have been wide differences among states. States that have done well on the economic front have also experienced human development, with Kerala ranking first in India. Assam, Uttar Pradesh and Madhya Pradesh have persistently had the lowest HDI values amongst all states. While the interplay of politics, governance and the economic structures of these states are to be blamed for their poor performance, the central government remains equally negligent in distributing growth.

Pakistan

The economy of Pakistan grew at an annual rate of 5.1 per cent since the 1980s. Agriculture, industry and services collectively contributed to economic growth. However, services and the industrial sector outperformed agriculture. Pakistan's economy also did reasonably well because of positive trends in savings, consumption, investment and trade. A provincial level analysis of economic growth reveals an encouraging picture of the economy over the last three decades.

Trends in economic growth

Between 1980 and 2010, the economy of Pakistan progressed at an annual rate of 5.1 per cent (see table 2.12) despite being marred by conflicts, political turmoil, and natural calamities. In absolute terms, Pakistan's real GDP increased by more than four times during this duration, from PKR2 trillion to PKR8.9 trillion. Real per

Table 2.11 Selected indicators for high and low performing Indian states

	Net state domestic product (NSDP) growth rates (%)		Per capita NSDP (INR thousands)	Proportion (%) of population multi-dimensionally poor	Human Development Index (HDI) value	
	1980-90	2000-09			2011	2006	1991	2006
High performance						
Gujarat	4.8	10.6	77	41.0	0.431	0.634
Haryana	6.3	9.5	94	39.3	0.443	0.643
Kerala	2.6	8.5	68	12.7	0.591	0.764
Low performance						
Assam	3.3	5.3	33	60.1	0.348	0.595
Madhya Pradesh	3.6	4.5	32	68.1	0.328	0.529
Uttar Pradesh	4.8	5.4	27	68.1	0.314	0.528
India	5.7	6.9	45	53.7	0.381	0.605

Sources: Nayak *et al.* 2010, GOI 2014b and Dreze and Sen 2013.

capita GDP also doubled, from PKR25 thousand to PKR51 thousand, while the population more than doubled, from 81.4 million to 173.5 million.

This economic growth was due to a strong rural farm sector, increasing foreign remittances, natural resources, and a substantial informal sector. In 2014, Pakistani diaspora sent US\$15.8 billion to Pakistan, an increase of 14 per cent compared to the US\$13.9 billion received in 2013. The agricultural sector accounted for one-fifth of GDP, about half of employment and three-fifths of exports. According to estimates by the Pakistan Institute of Development Economics (PIDE), the illegal informal economy was about 90 per cent of the formal economy, almost double the size of actual and per capita GDP.²⁶

In the 1980s, GDP increased at an annual rate of 6.3 per cent. This was mainly due to the successful implementation of the 6th Five Year Plan (1983-88). The Plan involved major tax reforms, deregulation of the economy, and increased emphasis on education, health and poverty alleviation.

However, during the 1990s, the growth rates of GDP and per capita GDP declined. During this period, GDP increased at 4.5 per cent per annum, but showed a slight improvement in the 2000s, rising to 4.6 per cent.

In recent years, there have been indications of a growth recovery in GDP and per capita GDP. The government has taken a number of steps to address terrorism and energy issues in pursuit of high economic growth. These include a military operation against terrorists, initiatives to address the ongoing energy crisis, efforts to restore investor's confidence, and a renewed commitment towards regional cooperation. The government has also formulated the Vision 2025 and a Five Year Plan to improve and sustain economic growth. However, these efforts have yet to bear fruit.

Table 2.12 Trends in economic growth (2006 as base year) in Pakistan, 1980-2010

	Growth rate (%)		
	GDP	Population	Per capita GDP
1980-90	6.3	3.1	3.1
1990-2000	4.5	2.4	2.0
2000-2010	4.6	2.2	2.3
1980-2010	5.1	2.6	2.5

Sources: GOP 2005a, GOP, *Economic Survey of Pakistan* (various issues) and MHHDC staff computations.

Sectoral growth

A sector-wise analysis of Pakistan's GDP over the last three decades shows two trends. First, the growth rate of all the sub-sectors remained positive. As table 2.13 shows, between 1981 and 2010, the growth rate of the service sector increased at an annual rate of 6.7 per cent, the agricultural sector increased by 5.1 per cent, while manufacturing increased by 4.3 per cent. The growth rate of the industrial sector has slowed down since the 1990s onwards, showing the inability of the sector to compete in the global market and to absorb the surplus labour from the farm sector.

Secondly, the share of agriculture and industry decreased, while that of services increased significantly. Between 1980 and 2010, the share of agriculture and industry in GDP decreased by 7.6 and 3.8 percentage points respectively, while the share of the service sector increased by 11.3 percentage points. This indicates a structural shift in the economy (see table 2.14).

Within the agricultural sector,

Table 2.13 Growth rate of economy by sectors, 1981-2010

	1981-90	1991-2000	2001-2010	1981-2010
Agriculture	5.4	4.4	3.2	5.1
Manufacturing	8.2	4.8	7.1	4.3
Services	6.7	4.6	5.1	6.7
GDP	6.4	4.5	4.8	5.1

Sources: GOP 2005a, GOP, *Economic Survey of Pakistan* (various issues) and MHHDC staff computations.

the focus has moved from crops to livestock. Similarly, the share of forestry has decreased significantly, while the share of fishing has improved marginally. In the industrial sector, large scale manufacturing is the largest sub-sector, and its share increased from 46 per cent of value added in the industrial sector to 54 per cent between 1980 and 2010. However, in terms of value addition, the share of small scale manufacturing decreased by 61.3 per cent in the industrial sector between 1980 and 2010, which had negative implications for employment creation. In the service sector, the sub-sectors of wholesale and retail trade as well as transport, storage and communications have the largest shares and have performed impressively over the last three decades (see table 2.14). The share of these two sub-sectors in the total value added by the service sector increased from 51 per cent to 57 per cent between 1980 and 2010.

Savings and investment

High rates of savings and investment over the past three decades contributed towards economic growth in Pakistan. Savings were used for infrastructure development, social sector expenditure and creation of employment opportunities.

Investment as a percentage of GDP increased slightly between the first half of the 1980s and the 1990s, reaching 19.5 per cent (see table 2.15). It fluctuated after that, peaking at 19.3 per cent in 2006 and decreasing to 15.8 per cent in 2010. An important feature of investment in Pakistan was that public investment decreased considerably, whereas private investment increased. Specifically, public investment as a percentage of GDP declined significantly by 60.2 per cent between the first half of the 1980s and 2010. Meanwhile, private investment as a percentage of GDP increased over this time from 7.5 per cent to 10.5 per cent. Sector-wise analysis shows the highest investment was in services, followed by agriculture and industry.

A similar trend was witnessed in savings. National savings as a percentage of GDP grew from a low level of 14.9 per cent to 18.3 per cent between the 1980s and the 2000s mainly due to an increase in foreign remittances, but by 2010 decreased substantially to 13.6 per cent. This fall in the later years was due to rising consumption. Savings declined across all income groups in urban areas, while they increased marginally in rural areas between 2002 and 2012.²⁷

Government revenue and expenditure

Pakistan's fiscal indicators—especially government revenue and budget deficit—improved during the 1980s and 1990s, but have deteriorated since then. The tax-to-GDP ratio slightly increased between 1980 and 1996, from 3.6 per cent to 14.4 per cent. However, it decreased to 10 per cent in the 2000s, mainly due to a decrease in taxes on international trade. Recently, the ratio has recovered somewhat due to a number of government initiatives (see ta-

Table 2.14 Sectoral shares of GDP in Pakistan, 1980-2010

	(%)			
	1980	1990	2000	2010
Agriculture	29.6	26.0	25.9	22.0
Crops	20.9	15.1	13.1	9.1
Livestock	7.9	9.8	11.7	11.9
Fishing	0.5	0.8	0.4	0.5
Forestry	0.2	0.3	0.7	0.6
Industry	24.8	25.2	23.3	21.0
Manufacturing	15.8	17.4	14.7	13.6
Large scale	11.5	12.3	9.5	11.3
Small scale	4.3	5.1	3.7	1.4
Services	45.6	48.8	50.7	56.9
Wholesale and retail trade	16.0	17.0	17.5	19.1
Transport, storage and communications	7.4	8.0	11.3	13.3
Finance and insurance	2.5	2.0	3.7	3.3

Sources: GOP 2005a and 2014c.

Table 2.15 Trends in savings and investment in Pakistan, 1981-2010

	(% of GDP)					
	1981-85	1986-90	1991-95	1996-2000	2001-05	2010
Gross investment	18.7	18.8	19.5	17.5	17.4	15.8
Public	9.3	9.0	8.6	6.4	4.5	3.7
Private	7.5	8.1	9.4	9.3	11.4	10.5
Gross domestic savings	7.9	10.8	14.6	14.3	17.0	9.8
Gross national savings	14.9	14.8	15.0	13.1	18.3	13.6

Sources: GOP 2005a and 2014c and MHHDC staff computations.

ble 2.16).

The fiscal deficit improved significantly, as shown in table 2.16, from about 7.0 per cent of GDP in the 1980s and 1990s to 4.4 per cent in the 2000s, mainly due to the stabilisation measures adopted under the IMF programme.²⁸ However, it again worsened by the end of the 2000s, as the government exited the IMF programme. A similar trend has been observed recently after the adoption of the IMF programme by the new government.

The share of current expenditure in the total expenditures increased from 60 per cent to 80 per cent between 1980 and 2010, while development expenditure decreased by 100 per cent, settling at 20 per cent in 2010. Current expenditure includes debt servicing, defence, subsidies, cost of civil administration, etc. In 2013, debt servicing accounted for 33 per cent of current expenditure,²⁹ followed by defence expenditure at 14.8 per cent. In contrast, pensions accounted for only 4.7 per cent of spending.³⁰

The share of domestic debt in total debt increased from 39 per cent in 1980 to 46 per cent in 2010, while that of external debt and liabilities decreased from 61 per cent to 51 per cent. This has crowded out private investment and created inflationary pressures.

Trade

Trade is an important driver of economic growth. Over the past three decades, Pakistan's economy integrated into global financial and capital markets and resultantly, between 1980 and 2010, merchandise trade increased more than seven times from US\$7.1 billion to US\$54.0 billion. During this period, exports increased from US\$2.4 billion to US\$19.3 billion, while imports increased from US\$4.7 billion to US\$34.7 billion, at an annual rate of 7.2 per cent and 6.9 per cent respectively. Table 2.17 shows that the growth rate of exports was higher than imports during the 1980s and the 1990s; however the trend reversed in the 2000s.

Table 2.16 Trends in public finance (consolidated federal and provincial governments) in Pakistan, 1980-2010

	(% of GDP)			
	1980	1990	2000	2010
Total revenue	16.4	18.6	13.4	14.0
.Tax	13.9	14.0	10.6	9.9
Total expenditures	23.3	25.9	18.5	20.2
.Current	14.0	19.3	16.4	16.0
.Development	9.3	6.5	2.5	4.1
Budget deficit	-6.3	-6.5	-5.4	-6.2
Total debt	55.6	91.7	88.0	68.0
.Domestic	21.5	42.8	41.6	31.4
.External	34.0	48.9	46.4	34.9

Sources: GOP 2004, 2007b, 2012a and *Economic Survey of Pakistan* (various issues).

Table 2.17 Trends in exports and imports in Pakistan, 1980-2010

	Value (US\$ billions)		Annual compound growth rate (%)	
	Exports	Imports	Exports	Imports
1980	2.4	4.7	1980-90	7.7
1990	5.0	6.9	1990-2000	5.6
2000	8.6	10.3	2000-10	8.5
2010	19.3	34.7	1980-2010	7.2

Sources: GOP 2005a and 2013a.

Interestingly, exports as a percentage of GDP increased from 9.8 per cent in the 1980s to 12.3 per cent in the 2000s, while the same measure for imports decreased from 18.7 per cent to 16.2 per cent.³¹

Like other countries in the region, Pakistan's trade is concentrated in a few products to limited destinations. Textile, rice and leather are the main exports of Pakistan, accounting for 72.4 per cent of total exports. Half of the country's exports are destined for the US, China, the UAE, Afghanistan, the UK and Germany. In the case of imports, petroleum products, machinery, raw materials and food items make up about 70 per cent of total imports. Roughly 60 per cent of total imports are sourced from the UAE, China, Kuwait, Saudi Arabia, Malaysia and Japan.

Economic growth by province

Economic growth in Pakistan is not equally distributed. Although Balochistan is the largest province in terms of total area of

Pakistan (44 per cent), as figure 2.3 shows, it is the smallest province in terms of its share in the country's GDP (8 per cent). Punjab is the largest province of Pakistan with respect to its contribution to GDP (55 per cent).

Between 1973 and 2005, while national GDP increased at an annual rate of 5.1 per cent, the trend varied within Pakistan. GDP increased by 5.2 per cent in Punjab, 4.9 per cent in Sindh and KPK, and 4.2 per cent in Balochistan (table 2.18). The low level of GDP growth in

Balochistan is attributed to relatively poor and underdeveloped economic and social sectors. However in recent years some improvement in economic activity has taken place in Balochistan.

Bangladesh

Trends in economic growth

Bangladesh has made good progress over the last three decades. Growth occurred at a sustained rate of 4.8 per cent (see table 2.19). A decade-wise analysis shows that GDP growth rose from 3.7 per cent in the 1980s to 4.8 per cent in the 1990s. It further grew to 5.8 per cent in the 2000s. This growth may be attributed to macro-economic stability, deregulation of the economy, trade openness, and financial sector development. As a result of this continuous increase in GDP and a concurrent gradual decrease in population growth, per capita GDP also improved at a higher and sustained rate during this period.

Over the last four years, the growth rate of Bangladesh's economy has been about 6.2 per cent. This shows the remarkable resilience of the economy in the face of global financial turmoil, dwindling remittances due to political unrest in the Middle East and natural disasters. Specifically, this is ascribed to the buoyancy of its exports, investment growth, as well as a strong domestic capacity to deal with natural disasters.

In absolute terms, Bangladesh's real GDP increased by four times, from BTK0.9 trillion in 1980 to BTK3.6 trillion in 2010, while real per capita GDP increased by 2.5 times, from BTK10 thousand to BTK25 thousand.³²

One important feature of economic growth in Bangladesh is a decrease in its volatility, due to a number of structural changes in the economy. The agricultural sector has adjusted well to natural disasters with the spread of dry-season irrigated crop production and a higher contribution of the non-crop sector to GDP. The contribution of industry and services to GDP and

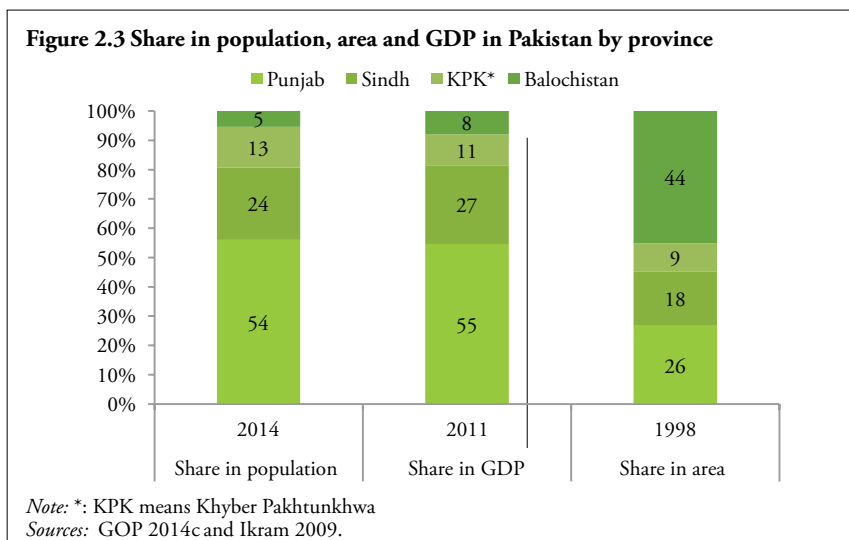


Table 2.18 Trends in per capita and overall GDP in Pakistan by province

	GDP growth rate (%)		Per capita GDP	
	1973-2005 (at 1973 prices)	2006-11 (at 2000 prices)	Growth rate, 1981-2005 at (1981 prices)	US\$ (2004)
Punjab	5.2	3.9	2.8	580
Sindh	4.9	3.1	2.3	760
KPK	4.9	2.8	2.3	480
Balochistan	4.2	4.2	2.1	410
Pakistan	5.0	3.6	2.6	600

Sources: World Bank 2013a and Ikram 2009.

Table 2.19 Trends in economic growth (1996 as base year) in Bangladesh, 1980-2010

	Average annual growth rate (%)		
	GDP	Population	Per capita GDP
1980-90	3.7	2.1	1.6
1990-2000	4.8	1.7	3.1
2000-2010	5.8	1.3	4.4
1980-2010	4.8	1.7	3.0

Sources: GOB 2011 and 2014a and MHHDC staff computations.

employment has soared. The development of infrastructure and domestic markets has increased the country's capacity to absorb external shocks. The government has also developed an effective disaster management system.

Sectoral growth

In 1979, the economy of Bangladesh was mainly agrarian. However, over the last three decades, the contribution of the agricultural sector to GDP has decreased in light of the predominance of the industrial and service sectors (see table 2.20). Between 1979 and 2010, the share of agriculture in GDP decreased by 24.6 percentage points, while that of the industrial and the service sectors increased by 11.7 and 12.9 percentage points respectively.

Interestingly, even though the share of the agricultural sector in GDP fell sharply, its growth rate gradually improved between 1980 and 2010. All the sub-sectors of agriculture, including crops, livestock, forestry and fisheries, registered steady growth during this time (see table 2.21).³³ Crops is the leading sector, accounting for 60 per cent of the agricultural value added. In value terms, rice accounts for 60 per cent of crops. Despite the dominance of rice, structural change has occurred. In terms of value added in the agricultural sector, the share of crops fell from 65 per cent in 1980-90 to 56 per cent in 2010, while the contribution of livestock remained stagnant at 13 per cent. However, both fisheries and forestry have gained.

The contribution to GDP of industry increased to 30 per cent in 2010, of which manufacturing was 18 per cent. During the 1980s, the outlook of the manufacturing sector was bleak due to the presence of nationalised enterprises, inward-looking trade policies and inadequate private investment. However, the sector performed impressively throughout the 1990s and the 2000s due to deregulation, trade liberalisation, better exchange rate management, and improved financial sector performance. The manufacturing sector dominated export earnings (see ta-

Table 2.20 Sectoral shares of GDP in Bangladesh, 1979-2010

	<i>(% of GDP)</i>			
	1979	1989	1999	2010
Agriculture	44.9	37.1	25.3	20.3
Industry	18.2	17.1	25.7	29.9
Services	36.9	45.8	49.0	49.8

Sources: GOB 2014a and MHHDC 2012.

Table 2.21 Shares of agricultural sub-sectors in GDP (at 1996 prices), 1980-2010

	<i>(% of GDP)</i>			
	1980-90	1991-2000	2000-09	2010
Agriculture (A+B)	31.2	26.7	22.7	20.3
A. Agriculture and forestry	26.5	21.4	17.6	15.8
i) Crops and horticulture	20.2	16.1	12.9	11.4
ii) Animal farming	4.0	3.4	3.0	2.7
iii) Forests and related services	2.2	2.0	1.9	1.7
B. Fishing	4.8	5.3	5.1	4.5

Sources: GOB 2011 and 2014a.

Table 2.22 Shares of manufacturing sub-sectors in GDP, 1981-2010

	1981	1991	2001	2010
Share (% of GDP)				
Manufacturing	13.4	13.0	15.1	17.9
i) Large and medium scale	9.4	9.1	10.8	12.7
ii) Small scale	4.0	3.9	4.3	5.3
Growth (% change)				
Manufacturing	4.4	6.4	6.7	6.5
i) Large and medium scale	4.2	6.0	6.6	6.0
ii) Small scale	4.8	7.3	7.0	7.8
Share (% of exports of goods)				
Manufacturing share	65.5	78.9	92.1	5.6
Ready-made garments sector share	0.1	38.9	56.1	77.1

Sources: GOB 2011 and 2014a.

Table 2.23 Shares of services sub-sectors in GDP, 1981-2010

	1981	1991	2001	2010
Overall services	47.4	47.9	50.0	49.8
Wholesale and retail trade	12.5	12.1	12.8	14.4
Transport, storage and communications	10.4	9.4	8.7	10.8
Real estate, renting and business activities	8.0	8.4	8.8	7.2
Community, social and personal services	7.9	8.8	8.5	6.8

Sources: GOB 2011 and 2014a.

ble 2.22).³⁴ Within the service sector, as detailed in table 2.23, the sub-sectors of wholesale and retail trade (28.9 per cent) as well as transport, storage and communications (21.7 per cent) were the main drivers of growth.

Savings and investment

The private sector of Bangladesh was the major contributor to economic growth. The ratio of investment-to-GDP stagnated to around 16-17 per cent in the 1980s. However, it gradually increased from about 20 per cent in the 1990s to 24 per cent in 2010. This increase was due to dynamism in private sector investment, which increased from about 11 per cent of GDP in the 1980s to around 19 per cent in 2010 (see table 2.24). Investment in the public sector however decreased somewhat, from 5.5 per cent of GDP to 5.0 per cent between the 1980s and 2010. This has resulted in inadequate public infrastructure and stagnating productivity.

National savings, comprising domestic savings and foreign remittances, rose from about 11 per cent in the 1980s to 30 per cent in 2010. The domestic saving rate as a percentage of GDP increased due to supportive demographic transition, the expansion of savings opportunities, and an increase in corporate savings attributed to an improved business environment.

The impressive growth of remittances also served to augment the national savings rate.³⁴

Government revenue and expenditure

In Bangladesh, the tax-to-GDP ratio gradually climbed from 5.2 per cent in 1980 to 9.0 per cent in 2010 (table 2.25). However, it is still very low compared to other developing countries. This is due to a complex tax structure, low tax compliance, administrative weakness, untaxed agricultural sector, tax exemptions and tax holidays.

The fiscal deficit gradually dropped from 9.4 per cent in 1980 to 3.7 per cent in 2010. A cut in development expenditure led to a fall in fiscal deficit. While the share of revenue expenditure in total expenditure grew by 97.3 per cent between 1980 and 2010, that of development expenditure decreased from 62 per cent to 28 per cent during this period. A low ratio of tax-to-GDP in the presence of fiscal deficit resulted in an increase in public debt, with a high incidence of domestic debt.

Trade

Merchandise exports and remittances have been the basis of sustained GDP growth in Bangladesh over the last three decades. Exports of goods increased from US\$0.7 billion in 1981 to US\$16.2 billion in 2010, while imports increased from US\$2.3 billion to US\$23.7 billion during this time. On average, exports increased at a higher rate than imports during the last three decades: exports growth was at an annual rate of 11.4 per cent, and imports at 8.4 per cent (see table 2.26).

A similar trend was observed in terms of the share of exports and imports in GDP. Between 1981 and 2010, exports increased from 5.0 per cent of GDP to 16.2 per cent. Imports also increased from 16.0 per cent of GDP to 21.3 per cent during this period.³⁶

In term of export destinations, about 60 per cent of total goods are exported to Germany, the UK, France and

Table 2.24 Trends in savings and investment in Bangladesh, 1981-2010

	<i>(% of GDP)</i>					
	1981-85	1986-90	1991-95	1996-2000	2001-05	2010
Gross investment	16.4	16.6	17.9	21.5	23.6	24.4
.Public	4.8	6.1	6.7	6.8	6.4	5.0
.Private	12.1	10.4	11.3	14.7	17.2	19.4
Gross domestic savings	8.0	9.4	12.5	15.3	16.9	20.1
Gross national savings	10.7	12.3	15.5	18.9	23.0	30.0

Sources: GOB 2014a and Mahmud *et al.* 2008.

Table 2.25 Trends in public finances in Bangladesh, 1980-2010

	<i>(% of GDP)</i>			
	1980	1990	2000	2010
Total revenue	6.0	6.7	8.5	10.9
.Tax	5.2	5.7	6.8	9.0
Total expenditures	11.9	13.4	14.5	14.6
.Current	4.5	6.7	7.8	11.0
.Annual development plan	7.4	5.7	6.5	3.7
Budget deficit	-9.4	-9.2	-6.1	-3.7
Public debt	27.6	43.1	46.6	46.7
.Domestic	8.8	8.3	12.2	16.6
.External	18.8	34.8	34.4	30.1

Sources: GOB 2011 and 2014a

the Netherlands.³⁷ The most important sector in exports is the RMG sector. It employs four million people, of which 80 per cent are women. Since the start of trade liberalisation, the role of the RMG sector has increased significantly. Its share in total exports increased from an insubstantial 0.1 per cent in 1981 to a sizeable 77.1 per cent in 2010 (table 2.22).

The country's imports consist of petroleum-related products, wheat, textiles, raw cotton, edible oil, sugar, capital machinery, plastics, rubber and fertilizer. The main import partners are China, India, Singapore, Malaysia, Japan and South Korea, accounting for about half of the total imports of Bangladesh.³⁸

Economic growth by administrative division

In terms of contribution to national GDP, as table 2.27 reveals, Dhaka (37.7 per cent) has the highest share, followed by Rajshahi (20.4 per cent), Chittagong (19.3 per cent), Khulna (11.6 per cent), Barisal (5.8 per cent) and Sylhet (5.2 per cent).

Per capita income is the highest in Dhaka (BTK22 thousand), making it the most well-off division, and the poorest is Sylhet (BTK15 thousand). Overall, Dhaka, Chittagong and Khulna are the most developed divisions of Bangladesh, while Sylhet, Rajshahi and Barisal are the least developed (table 2.27).

An analysis of the growth rate of per capita GDP shows a mixed trend among the six administrative divisions of Bangladesh—Dhaka, Chittagong, Khulna, Barisal, Sylhet and Rajshahi. Between 1983-89 and 1990-99, the growth rate of per capita GDP increased by 3.1 percentage points in Sylhet, followed by 2.0 and 1.3 percentage points in Dhaka and Chittagong respectively.

Nepal

Trends in economic growth

Nepal's economic growth performance

Table 2.26 Trends in trade in Bangladesh, 1981-2010

	Value (US\$ billions)		Annual compound growth rate (%)		
	Exports	Imports	Year	Exports	Imports
1981	0.7	2.3	1981-90	8.9	5.7
1990	1.5	3.8	1990-2000	14.2	8.3
2000	5.8	8.4	2000-10	10.9	11.0
2010	16.2	23.7	1981-2010	11.4	8.4

Sources: GOB 2005a and 2012b, Malik 2011 and MHHDC staff computations.

Table 2.27 Trends in per capita and overall GDP in Bangladesh by administrative division, 1983-2000

	Per capita GDP (BTK thousands)	Share in total GDP (%)	Per capita GDP	growth (%)
	2000	2000	1983-89	1990-99
Dhaka	22	37.7	1.3	3.3
Chittagong	18	19.3	1.7	3.0
Khulna	18	11.6	2.6	3.0
Barisal	15	5.8	2.1	2.2
Sylhet	15	5.2	0.0	3.1
Rajshahi	15	20.4	6.6	2.6
Overall	19	100.0	1.6	2.9

Sources: GOB 2011 and World Bank 2007

over the past three decades was volatile. The economy performed well in the 1980s and the 1990s, with GDP growth of around 5.0 per cent. Political turmoil in the 2000s drastically impacted Nepal's economy and the growth rate declined to 2.9 per cent in 2011. Political stability in recent years led to economic recovery; however Nepal's economic growth is still lower than many low-income countries.

In absolute terms, both GDP and GDP per capita increased since the 1980s. Nepal's GDP increased from NPR0.18 trillion in 1981 to NPR0.59 trillion in 2011 (table 2.28). In per capita terms over the same period, it rose by 83.3 per cent. Despite these positive trends, the growth rate of per capita GDP has been falling

Table 2.28 Trends in GDP and GDP per capita (2001 as base year) in Nepal, 1981-2011

	GDP (NPR trillions)	GDP per capita (NPR thousands)	GDP growth rate (%)
1981	0.18	12	...
1991	0.28	15	4.9
2001	0.44	19	5.0
2011	0.59	22	2.9

Sources: GON 2011b and 2014a and MHHDC staff computations.

since the 1980s: from 2.8 per cent in the 1980s, it has dropped to 1.5 per cent during 2000-10.³⁹

Sectoral growth

The structure of Nepal's economy has transformed over the past three decades. The non-agricultural sector has replaced the agricultural sector as the principal source of economic activity. Table 2.29 reveals that even though agriculture accounted for 60 per cent of the country's GDP in 1981, its share decreased to 35 per cent in 2011. In contrast, the share of non-agriculture activities increased from 40 per cent of GDP in 1981 to 65 per cent in 2011 (table 2.29).

Within agriculture, the sub-sector of crops dominated, while allied activities accounted for a marginal share of 0.4 per cent of GDP (table 2.30). However output from the crop sector is heavily dependent on climatic conditions.

In the non-agricultural sector, the contribution of industry is low. In 2001, industrial output accounted for around 9.5 per cent of GDP, and by 2011, its share had declined to 6.9 per cent. The service sector has become important in the overall economy. Within services, the sub-sector of trade, hotel, transport and communications has become critical, adding around 23.6 per cent to the overall GDP. In recent years, other service sub-sectors including social services, finance and construction have performed better overall. Constraints in energy, transportation and communications and associated costs have adversely impacted the overall economy.

Savings and investment

In Nepal, savings and investment as a proportion of GDP have increased. Total investment as a percentage of GDP rose from 17.6 per cent in 1981 to 38.0 per cent in 2011. Similarly total national savings as a fraction of GDP also surged from 16.5 per cent in 1981 to 37.0 per cent in 2011 (table 2.31). As a result, the resource gap between savings and investment has largely balanced out. In absolute terms, total investment increased from NPR4.8 billion in 1981 to NPR519 billion in 2011. Similarly, national savings soared from a low NPR4.5 billion in 1981 to NPR506 billion in 2011.

Despite this progress, Nepal is facing issues in mobilising even greater savings and allocating resources to productive sectors for the promotion of industry and trade. Additionally, it needs to prevent capital flight to India and capitalise on increased remittances to increase savings and hence investment. To achieve the primary objective of encouraging domestic savings and diverting bank resources to preferred sectors, Nepal adopted two sets of

Table 2.29 Composition of GDP by major sectors, 1981-2011

	Share in GDP (%)				Average annual growth rate (%)		
	1981	1991	2001	2011	1981-90	1991-2000	2001-10
Agriculture	59.9	47.5	36.6	35.0	3.2	2.4	3.4
Non-agriculture	40.1	52.5	63.4	65.0	7.4	7.0	4.0

Source: GON 2014a and MHHDC staff computations.

Table 2.30 Sectoral composition of GDP, 1981-2011

	2001	2011
Agriculture	36.6	35.0
Crop and forestry	36.2	34.6
Allied activities (livestock, fishing)	0.4	0.4
Industry	9.5	6.9
Mining and quarrying	0.4	0.5
Manufacturing	9.0	6.4
Services	54.0	58.1
Construction	6.0	6.5
Trade, hotel, transport and communications	25.8	23.6
Finance, insurance, real estate and business services	11.0	12.5
Community, social and personal services	11.2	15.5

Source: GON 2013d and MHHDC staff computations.

Table 2.31 Trends in savings and investment in Nepal, 1981-2011

	Total investment		Gross domestic savings		Gross national savings		Resource gap
	NPR billions	% of GDP	NPR billions	% of GDP	NPR billions	% of GDP	% of GDP
1981	4.8	17.6	3.0	10.9	4.5	16.5	-1.1
1991	25.1	20.8	11.5	9.6	13.9	11.5	-9.3
2001	98.7	22.3	51.5	11.7	118.8	26.9	4.6
2011	519.3	38.0	190.9	14.0	506.3	37.0	-0.9

Source: GON 2014a and MHHDC staff computations.

interest rate policies. Firstly, real interest rates were regulated and kept positive to incentivise savings and to maintain interest rate competitiveness with India to curb capital flight. Secondly, since 1981, Nepal also introduced a differential interest rate policy in an incentive lending programme to guide credit flows to preferred sectors of the economy. While it achieved mixed results, in the wake of liberalisation, Nepal is gradually deregulating interest rates of both bank and non-bank financial institution, while simultaneously phasing out the incentive lending programme. This will not only create competition in the financial sector, but also push banks and financial institutions to mobilise financial resources and allocate them optimally.

Government revenue and expenditure

Nepal's economy has remained in deficit over the past three decades. Table 2.32 shows that the budget deficit grew substantially during the 1980s, from 2.9 per cent of GDP in 1981 to 8.9 per cent of GDP in 1991. Since then, it fell to 5.5 per cent in 2001 and to 3.6 per cent of GDP in 2011.

The budget deficit of the 1980s was largely explained by rising expenditure in the face of stagnant revenues. Total expenditure averaged around 18.3 per cent, increasing from 15.0 per cent of GDP in 1981 to 19.6 per cent in 1991. In contrast, total revenue averaged around 8.8 per cent of GDP, resulting in a burgeoning budget deficit. The situation in Nepal started improving in the 1990s, as public expenditure fell to an average of 18 per cent of GDP in the 1990s and revenues touched 9.2 per cent of GDP. During 2000-10, there was further improvement as this trend continued: revenue increased significantly, compensating for a slight increase in government expenditure (see table 2.32). The 1980s witnessed a significant increase in government expenditure, especially capital expenditure. It paved the way for accelerated development on a sustainable basis and in reducing infrastructural bottlenecks in the economy. However, since 1991, rev-

enue expenditure largely replaced capital expenditure as a percentage of GDP (table 2.32).

Government revenue in Nepal increased mainly because of an increase in taxes. Tax revenue jumped from 7.5 per cent of GDP in 1981 to 13.0 per cent in 2011 (table 2.32), while in absolute terms total taxes increased from NPR0.7 billion in 1981 to NPR72.3 billion in 2011 (table 2.33). Tax composition improved in favour of the poor as the proportion of indirect taxes in total taxes decreased from 52.5 per cent in 1981 to 32.7 per cent in 2011.

In terms of allocation, economic expenditure increased in the 1980s, whereas the social sector was prioritised during the 1990s and 2000s (see table 2.34). Expenditure on interest payments in Nepal has remained within manageable limits during the past three decades.

The fiscal deficit in Nepal is financed by borrowing. Total debt in Nepal grew by a factor of more than a hundred, from around NPR4 billion in 1981 to NPR438.9 billion in 2011 (table 2.35).

Table 2.32 Trends in public finance in Nepal, 1981-2011

	(% of GDP)			
	1981	1991	2001	2011
Total revenue	8.9	8.9	11.1	14.6
.Tax	7.5	6.8	8.8	13.0
Total expenditure	15.0	19.6	18.1	21.6
.Revenue	4.7	5.7	10.4	15.4
.Capital	10.0	13.3	6.4	3.5
Budget deficit	-2.9	-8.9	-5.5	-3.6
Debt financing				
.Domestic	0.9	3.8	1.6	3.1
.Foreign	2.5	5.2	2.7	0.9

Source: GON 2014a and MHHDC staff computations.

Table 2.33 Trends in tax structure in Nepal, 1981-2011

	Direct taxes		Indirect taxes	
	NPR billions	% of total tax	NPR billions	% of total tax
1981	0.3	47.5	0.4	52.5
1991	1.3	33.5	2.6	66.5
2001	9.8	49.3	10.0	50.7
2011	48.6	67.3	23.7	32.7

Source: GON 2014a and MHHDC staff computations.

	Economic expenditure	Social expenditure	Interest payments
1981	8.1	2.9	0.8
1991	10.2	3.6	2.0
2001	5.2	5.4	2.4
2011	4.6	8.5	2.2

Source: GON 2014a and MHHDC staff computations.

	Debt (NPR billions)			Debt (% of GDP)	
	Domestic	Foreign	Total	Domestic	Foreign
1981	1.4	2.5	4.0	5.3	9.0
1991	20.9	59.5	80.4	17.3	49.4
2001	60.0	201.6	261.6	13.6	45.6
2011	179.3	259.6	438.9	13.1	19.0

Source: GON 2014a and MHHDC staff computations.

In terms of composition, foreign debt has been higher than domestic debt throughout the last three decades. Foreign debt surged to very high levels during the 1990s and early 2000s, remaining above 40 per cent of GDP during 1991 and 2004. However since then, it gradually decreased to manageable levels of around 19 per cent of GDP in 2011.

Trade

Nepal adopted trade liberalisation policies during the mid-1980s. It signed several bilateral, regional and multilateral trading agreements like the South Asia Free Trade Agreement (SAFTA) and the Bay of Bengal Initiative for Multi-sectoral Trade and Economic Cooperation (BIMSTEC). While these efforts have enhanced trade volumes, it has largely resulted in rising imports and

	1980	1990	2000	2010
Total trade of goods and services (US\$ billions)	0.6	1.2	3.1	7.4
Imports (US\$ billions)	0.4	0.8	1.8	5.8
Imports (% of GDP)	18.7	21.7	32.4	36.4
Exports (US\$ billions)	0.2	0.4	1.3	1.5
Exports (% of GDP)	11.5	10.5	23.3	9.6
Trade deficit (% of GDP)	-7.2	-11.1	-9.1	-26.8

Source: World Bank 2015g.

volatile exports, widening the trade deficit.

The volume of trade increased from US\$0.59 billion in 1980 to US\$7.35 billion in 2010, especially between 2000 and 2010, when Nepal formally entered regional trading agreements through SAFTA and BIMSTEC. Between 1980 and 2010, exports rose from US\$0.22 billion to US\$1.53 billion, while imports also grew substantially from US\$0.36 billion to US\$5.82 billion. As a percentage of GDP, imports increased gradually from 18.7 per cent in 1980 to 36.4 per cent in 2010. In contrast, export performance has been unstable, with exports (as a percentage of GDP) ranging from 11.5 per cent in 1980 to 9.6 per cent in 2010. There was a massive surge in exports as a percentage of GDP in between, when, in 2000, they reached 23.3 per cent. Nepal's trade deficit expanded between 1980 and 2010, from 7.2 to 26.8 per cent of GDP (table 2.36).

Some of the major constraints facing Nepal include limited market access, a narrow export base and poor industrial capacity. Being land-locked makes trade diversification harder for Nepal, and India remains its most important trade destination, accounting for around two-thirds of Nepal's total trade. This trend is mirrored in India's share of exports out of total exports (67.4 per cent) and its share in Nepal's total imports (66.1 per cent).⁴⁰ However, Nepal is at a disadvantage in its trading relations with India, due to both India's protective trade regime and higher competitiveness stemming from firm-level economies of scale. Trade is also restricted because of higher transaction costs and time delays involved in transporting goods through India.

Nepal's export earnings are vulnerable on account of largely being based on primary and agricultural products that have volatile prices. More than half of Nepal's exports consist of hand-knotted woolen carpets, yarn, jute bags, water and non-alcoholic beverages, lentils, cardamom and wires of iron and non-alloy steel. Around 69 per cent of Nepal's imports consist of capital and technology-intensive

goods such as petroleum products, cement, medicines, motorcycles, billets and gold.⁴¹ Travel and tourism is an important component of Nepal's service exports, although its growth has been hampered by inadequate infrastructure.

Sri Lanka

Over the last three decades, the economy of Sri Lanka has performed reasonably well, despite conflicts in its Eastern and Western provinces. GDP increased at an annual rate of over 5.0 per cent and per capita GDP also increased by 2.5 per cent. The main drivers of economic growth were the service and industrial sectors, which growth outpaced GDP. However, the growth rate of the farm sector remained low. Other economic indicators also presented a positive outlook. National savings almost doubled, trade increased by more than seven times and fiscal deficit shrank.

Trends in economic growth

Sri Lanka's economy maintained average economic growth of 5.3 per cent between 1980 and 2010 (see table 2.37). A decade-wise analysis shows a consistent and sustained increase in both GDP and per capita GDP.

In absolute terms, Sri Lanka's real GDP increased by more than four times from LKR3,520 million to LKR16,536 million between 1980 and 2010. Real per capita GDP increased by more than three times from LKR239 thousand to LKR801 thousand during this time.⁴²

Such an impressive economic performance is a noteworthy achievement in the presence of conflicts which not only hampered development in directly affected areas, but also hindered the development process in other areas. Security concerns necessitated an increase in defence expenditure, and it rose markedly from 1.4 per cent of GDP in 1983 to 6.0 per cent of GDP.⁴³ Higher defence spending came at the expense of the social sector, infrastructure and so on. Moreover, conflicts and

Table 2.37 Trends in economic growth (1996 as base year) in Sri Lanka, 1980-2010

	Growth rate (%)		
	GDP	Population	Per capita GDP
1980-90	5.0	1.4	3.5
1990-2000	5.3	1.2	4.1
2000-10	5.6	0.8	4.8
1980-2010	5.3	1.1	4.1

Source: GOS 2014a and MHHDC staff computations.

violence also affected public, private and foreign investment.

Sectoral growth

In terms of GDP, between 1980 and 2010, the share of agriculture decreased, while that of services increased. However, as table 2.38 reflects, the share of industry remained almost stagnant. During these three decades, the industrial and service sectors grew at a sustained rate, while the trend reversed in the agricultural sector (table 2.39).

Within the agricultural sector, there has been a significant decline in traditional export crops. Between 1980 and 2010, the shares of tea, rubber, coconut and rice (paddy) declined. This also affected the industrial sector—through the processing industries of tea, rubber and coconut—and shares fell in total manufacturing. Within services, growth occurred in the sub-sec-

Table 2.38 Sectoral shares of GDP in Sri Lanka, 1980-2010

	GDP (%)			
	1980	1990	2000	2010
Agriculture	27.6	26.3	19.9	12.8
Industry	29.6	26.0	27.3	29.4
Services	42.8	47.7	52.8	57.8

Source: GOS 2014a and MHHDC staff computations.

Table 2.39 Growth rate of economy in Sri Lanka by sector, 1980-2010

	Growth rate (%)			
	1980-90	1990-2000	2000-10	1980-2010
Agriculture	4.5	2.4	1.1	2.6
Manufacturing	3.6	5.8	6.4	5.3
Services	6.1	6.4	6.6	6.4
GDP	5.0	5.3	5.6	5.3

Source: GOS 2014a and MHHDC staff computations.

tors of wholesale and retail trade, transport and communications, and banking, insurance and real estate.⁴⁴

Savings and investment

Conflicts and violence in Sri Lanka adversely impacted investment and it plummeted accordingly from 33.8 per cent of GDP to 28.0 per cent between 1980 and 2010. However, investment is still higher than in most South Asian countries. National savings almost doubled during this period, from 14.0 per cent of GDP to 25.3 per cent. This positive trend is reflected both in domestic savings and foreign re-

mittances (see table 2.40).

Government revenue and expenditure

The government has taken a number of steps to develop the taxation system that have proven relatively ineffective. Between 1980 and 2010, total revenue as a percentage of GDP gradually declined from 23.5 per cent to 14.9 per cent (see table 2.41). One reason for this drop was more dependence on indirect taxes, which accounted for about 80 per cent of total taxes.⁴⁵ Meanwhile, as table 2.41 details, total expenditure declined significantly—from 42.7 per cent in 1980 to 22.9 per cent in 2010. This was mainly a consequence of huge cuts in capital expenditure, which decreased by a factor of four. Declining expenditure reduced the fiscal deficit in Sri Lanka. Over the last three decades from 1980 to 2010, the budget deficit decreased from 19.2 per cent of GDP to 8.0 per cent.

One consequence of insufficient tax revenue was an increase in public debt, which rose from 77.2 per cent of GDP in 1980 to 81.9 per cent in 2010, mostly in terms of external, as opposed to, domestic debt. The share of domestic debt as a percentage of total debt increased from 43 per cent to 44 per cent between 1980 and 2010.

Trade

Between 1980 and 2010, table 2.42 shows that merchandise exports grew from US\$1.1 billion to US\$8.6 billion, increasing by 7.2 per cent per annum, while imports also expanded from US\$2.1 billion to US\$13.5 billion, but at a lower annual rate of 6.5 per cent.

Exports as a percentage of GDP fell from 26 per cent to 17 per cent between 1980 and 2010, while imports as a percentage of GDP decreased from 51 per cent to 27 per cent during this period. This clearly shows the poor performance of trade in terms of its contribution to GDP.⁴⁶

During this period, the composition of exports changed significantly. The

	(% of GDP)			
	1980	1990	2000	2010
Gross investment	33.8	22.2	28.0	27.6
.Public	7.6	4.2	3.3	6.2
.Private	25.0	18.0	24.8	21.4
Gross domestic savings	13.5	14.3	17.4	19.3
Gross national savings	14.0	16.8	21.5	25.3

Sources: GOS 2010a, 2014a and 2014d and MHHDC staff computations.

	(% of GDP)			
	1980	1990	2000	2010
Total revenue and grants	23.5	23.2	17.2	14.9
.Tax	18.3	19.0	14.5	12.9
Total expenditure	42.7	31.0	26.7	22.9
.Recurrent	18.5	22.3	20.2	16.7
.Capital and net lending	24.2	8.7	6.5	6.1
Budget deficit	-19.2	-7.8	-9.5	-8.0
Public debt	77.2	96.6	96.9	81.9
.Domestic	43.7	41.6	53.8	45.8
.External	33.5	55.0	43.1	36.1

Source: GOS 2014a and MHHDC staff computations.

	Value (US\$ billions)		Annual compound growth rate (%)		
	Exports	Imports	Exports	Imports	
1980	1.1	2.1	1980-90	6.4	2.7
1990	2.0	2.7	1990-2000	10.8	10.5
2000	5.5	7.3	2000-10	4.6	6.3
2010	8.6	13.5	1980-2010	7.2	6.5

Source: GOS 2014a and MHHDC staff computations.

share of agricultural exports in total merchandise exports decreased steeply from 62 per cent to 27 per cent, while industrial exports increased from 33 per cent to 71 per cent. In the case of merchandise imports, in 2010, consumer goods comprised 18.4 per cent of total imports, intermediate goods stood at 59.9 per cent, and investment goods made up 20.5 per cent.⁴⁷

The US, UK, and EU are the main export destinations of Sri Lanka. Garments are the main export to these countries. In the case of imports, India, Singapore, China, Iran and Japan are the top import sources.⁴⁸

Economic growth by province

Administratively, the country is divided into nine provinces: Western, Central, Southern, Northern, Eastern, North Western, North Central, Uva and Sabaragamuwa. The Western Province covers the smallest land area, but is the most developed in terms of its contribution to national GDP and population. In 2010, it made up 28 per cent of Sri Lanka's population and 45 per cent of GDP (see table 2.43). Similarly, it accounted for half of the output from both the country's service and industrial sectors.

Per capita GDP is also the highest in the Western Province at LKR428 thousand, nearly twice the value for the Southern Province, the second highest. However, this value is 2.7 times more than the value for Northern, the poorest province with a value of LKR159 thousand. Since the end of the civil war in the Northern and Eastern provinces in 2009, there have been signs of economic revival, on account of increased

public investment for infrastructure.⁴⁹

Section 3: Conclusion

Over the last three decades, GDP in South Asia increased at an annual rate of 5.9 per cent, making it one of the fastest growing economic regions of the world, second only to East Asia and the Pacific. Most of this growth was driven by India, the largest economy of South Asia. Such an impressive performance shows the potential of South Asia to reach the annual growth rates that have typified East Asia, of 7 to 10 per cent, and more importantly, to sustain them in the coming decades. For this, the region needs sound macroeconomic management, policy and institutional reforms, and targeted public investment.

Economic management in all South Asian countries needs to be improved. The focus should be on better resource allocation, reducing corruption, taxing the rich, cutting unnecessary subsidies, and establishing institutions to implement and monitor reforms.

The following are some of the drivers of growth, which if properly managed, can improve and sustain South Asia's economic future.

Demographic dividends: The share of the working population in South Asia's total population will continue to increase in the coming decades. This can help boost and sustain economic growth if governments invest in human capital and create the requisite employment opportunities. Within South Asia, the evidence is clear from the information technology (IT) and business processing outsourcing (BPO) sector in

Table 2.43 Per capita GDP, population, land area and GDP in Sri Lanka by province, 2010

	Western	Central	Southern	Northern	Eastern	North Western	North Central	Uva	Sabaragamuwa
Population (% of total)	28.4	13.0	12.1	5.8	7.6	11.3	6.0	6.4	9.4
Land area (% of total)	5.7	8.9	8.6	13.2	14.9	12.0	15.5	13.3	7.8
GDP (% of total)	44.8	10.0	10.7	3.4	6.0	9.5	4.8	4.5	6.3
Per capita GDP (LKR thousands)	428	209	240	159	214	228	215	191	181

Sources: GOS 2011c, 2013d and 2014e and MHHDC staff computations.

South Asia needs to integrate economically by promoting deeper trade and transit arrangements and by developing common trade infrastructure

India (see chapter 3) and the RMG sector in Bangladesh, as both have benefitted tremendously from the presence of skilled labour while contributing to economic growth.

The services revolution: The service sector has great potential, as has been evident from India's success in establishing a niche for itself in the fast-growing global software and information technology market. The revolution of mobile phones has changed the lives of the poor, with a significant impact on their economic activity. Also, the information and communications technology (ICT) sector has changed the dynamics and functioning of financial services.

Domestic savings, investment and remittances: The region has to envision a monetary policy to encourage savings and increase investment. In East Asia, savings as a percentage of GDP exceeded 30 per cent during their take-off period in the 1970s and the 1980s, which then contributed significantly to economic growth. This is not difficult for South Asia, as the saving rate in India and Bangladesh has already exceeded 30 per cent. Provided that the region creates more employment opportunities for the growing working population, the dependency ratio will go down and in turn, household incomes and savings will increase. This, along with financial deepening and an upsurge in corporate profits, can increase saving and investment in the future. Another important determinant is rising remittances, which continue to have a positive impact on national savings in South Asia.

Productivity gains will be crucial to build upon and sustain economic growth in the future. Thus far, growth in the region has been centred on low productivity and labour-intensive economic activity. Growth in total factor productivity has been the key growth driver in East Asia and China. South Asia has ample scope for catching up through productivity increases, which can steer the region onto a permanently higher growth trajectory. In this context, the role of human capital, trade liberalisation, financial deepening and ICT is important.

Regional economic integration would result in enormous economic benefits for all. South Asia is one of the least integrated regions of the world: intra-regional trade accounts for less than 5 per cent of South Asia's total trade, as compared to 32 per cent in East Asia. Similarly, intra-regional FDI is only 1 per cent of South Asia's total FDI and is not comparable to the 35 per cent levels of investment in East Asia. South Asia needs to integrate economically by promoting deeper trade and transit arrangements and by developing common trade infrastructure. A well-connected region can boost trade with China and the Association of South East Asian Nations (ASEAN). This will also create economic constituencies in the two biggest economies of the region, India and Pakistan, encouraging them to overcome their historical enmities. Moreover, it will help the region to promote tourism; currently, South Asia accounts for only 1.1 per cent of global tourist traffic.

Employment in South Asia

Economic growth enhances human capabilities, choices and income. However, the realisation of this potential depends on the policies, strategies and commitment of leaders in all sectors. This includes all domains, ranging from the government and non-government to the private, consisting of communities and individuals. All must play their part in building their societies. When thus conceptualised, income-earning opportunities constitute an essential part of a growing society, whereby economic growth leads to the economic, social and political empowerment of people.

Historically, however, economic growth has not led to an automatic increase in people's incomes and capabilities. The unequal distribution of land, capital and power—both economic and political—interferes with the natural pattern of growth and employment. While the pattern and character of growth define the parameters of what, how and by whom goods and services are produced, it is the resulting distribution of this growth that influences opportunities for development.

The 2003 Report on *Human Development in South Asia* records that economic growth can result in expanded employment opportunities, if it takes place as a result of an increase in investment in both public and private sectors based on a labour-intensive technology, especially when focused on rural areas. East Asian countries such as Taiwan, China and the Republic of Korea exemplify such pro-poor growth. The Chinese experience in alleviating poverty while maintaining high growth rates offers equally interesting and more recent policy lessons. Sustained long-term growth in East Asia and high investment in education (especially at the primary and secondary levels) enabled inclusive growth due to

expanded job opportunities that not only decreased unemployment, but simultaneously raised productivity, increased wages and lowered inequality.¹

In South Asia, on the other hand, despite high economic growth, the majority of people have not been able to find remunerative work. The growth process seems to have bypassed many, particularly those with lower skill sets, such as the youth and women.

This chapter examines the employment situation in South Asia over the last 30 years, i.e., from 1980 to 2010. The experience of five South Asian countries, namely India, Pakistan, Bangladesh, Nepal and Sri Lanka, is presented to better understand their labour market dynamics, policies and labour laws, with an emphasis on the role of government.

After a brief overview of employment in South Asia in the first section, the second section presents the main issues facing these five countries over the last 30 years. The last section concludes.

Section 1: Employment in South Asia

South Asia is one of the world's fastest growing economic regions that is home to about one-fourth of the world's population. The majority of the population is in the working age group, a ratio expected to increase over the next few decades.

Over the last three decades, the official unemployment rate has been low in South Asia, indicating adequate employment generation. However, given the high prevalence of low quality jobs and underemployment, this may not represent the true picture. Economic growth has created employment opportunities, but these opportunities have been in sectors which are

In South Asia, despite high economic growth, the majority of people have not been able to find remunerative work

either not included in the national income accounts or in those that do not have the requisite capacity to absorb the many unemployed. There was employment growth in the industrial sector, albeit at a slow pace, while the modern and traditional small-scale service sectors provided jobs to both educated and unskilled workers respectively. The modern service sector offered better wages and working conditions.

Trends in employment

Employment and unemployment rates

In South Asia, high economic growth has been dominated by the impressive economic performance of India, which accounts for 82 per cent of South Asia's gross domestic product (GDP). India's GDP has increased by 6.3 per cent over the last three decades (1980-2010). In South Asia, between 1991 and 2010, employment in-

creased by 1.95 per cent per annum, while the labour force increased by 1.92 per cent per annum. Resultantly, the unemployment rate decreased to 3.9 per cent in 2010 compared to 4.5 per cent in 1991.²

With rising urbanisation level, the small-scale industrial and service sectors have become a significant source of employment in South Asia. The nature of jobs and work has changed after the liberalisation of goods and services trade in the late 1990s and the 2000s. The evolution of information and communications technology (ICT) has played a crucial role in this context. Today, people can work from anywhere in the world. This is most evident in India, which has become the largest destination of global outsourcing services. The information technology (IT) and business processing outsourcing (BPO) industry in India has become the largest private sector employer, providing jobs to 13.5 million skilled and unskilled workers (see box 3.1).

Box 3.1 Role of India's information technology-business process outsourcing (IT-BPO) industry for economic growth and employment creation

India has emerged as the world's largest destination for business outsourcing. In 2014, six Indian cities were among the world's top seven outsourcing destinations. The Philippines, China, Brazil and Russia are also doing well, and in 2011 about 125 offshore locations were offering IT and BPO services. However, no other offshoring destination comes close to India, with its sizeable IT sector, engineering graduates, and its fluency in the English language.

Growth in this sector has driven overall economic growth and employment

creation. India's IT-BPO industry accounts for 9.5 per cent of national GDP and 38 per cent of total service exports as of 2015. The country's IT-BPO sector values at US\$146 billion (see table 3.1), with exports constituting two-thirds share. The domestic segment of the industry has benefitted from the inclusion of two more product categories (e-commerce and the mobile application industry) and is estimated at US\$48 billion.

The IT-BPO sector is the largest private employer in India. It has created employment opportunities for more than

3.5 million people in the first half of 2015. Roughly half of the workforce produces for the domestic market, a third were involved in BPO exports, and 21.6 per cent were employed in IT services exports in 2014. The sector is also playing an important role in creating diversity within the economy. About 58 per cent of the workers are from tier II and III cities, 31 per cent of them are women, 74 per cent are below the age of 30, and 5 per cent are from economically backward classes.

Besides creating employment opportunities for skilled workers, the industry is also creating employment opportunities for the less skilled. These jobs are generated in catering, housekeeping, construction, security and transport. Latest figures reveal that the sector indirectly contributed to the creation of 10 million jobs. This means that for every worker employed directly in this industry, jobs were created for an additional three workers. Most of these indirectly employed workers have low skills and education levels.

Table 3.1 The size of India's IT-BPO industry by sector, 2015

	IT services	BPO	Packaged software, research and development and product development	Hardware	E-commerce	Total
Exports	55	23	20	0.4	...	98.4
Domestic market	13	4	4	13.0	14	48.0
Total size	68	27	24	13.4	14	146.4

Source: NASSCOM 2015.

Sources: *The Economist* 2013 and NASSCOM 2014 and 2015.

Sri Lanka is also emerging as a BPO destination. In 2014, Colombo in Sri Lanka ranked at 19 out of the top 100 outsourcing destinations in the world.³ Bangladesh has also benefitted massively from liberalisation of trade in manufacturing, especially in the ready-made garments sector, due to the presence of skilled labour in the country. This has created a huge number of jobs, mostly for women. The expansion of the manufacturing sector has also spawned associated businesses and auxiliary activities, creating jobs for unskilled workers. A similar trend is evident in other countries of the region. The cities of Karachi and Hyderabad in Pakistan have also become a source of employment for millions of skilled and unskilled workers.

Despite the low overall unemployment rate, youth and women still appear to be disadvantaged with high unemployment rates.

Youth employment: Unemployment is high among the youth. In 2010, the youth unemployment rate was 9.9 per cent, more than double the overall unemployment rate (3.9 per cent). The main factors for this are lack of relevant skills, job experience, and means of job search. The majority of students leave educational institutions without the skills needed in the market, and because of job security and social insurance benefits, many of them prefer to wait for public sector jobs. There has been a significant positive relationship between unemployment and educational attainment in South Asia. For instance, in 2010, Indians with a Diploma had unemployment rate of 34.5 per cent for women and 18.9 per cent for men in 2010.⁴ High unemployment—especially among the educated—pushes the youth to migrate to countries with better job opportunities and higher earnings (see box 3.2).

Employment of women: In South Asia, the share of women has decreased in both the total labour force and the number who are employed. This may be attributed to the situation in India, where both these in-

dicators have decreased over the last few decades, partly due to the increasing enrolment of women in secondary schools, who then exit the job market. Moreover, women are less likely than men to get good jobs. In India, in 2012, only 13.4 per cent of working women had regular salaried jobs compared to 21.2 per cent of men.⁵ However, the situation has improved in all other countries of the region. Bangladesh has witnessed significant growth due to a parallel increase in female educational enrolment and more employment opportunities in the garment industry, which provides employment to 4 million people, of whom 80 per cent are women.

Quality of jobs

In South Asia, reported unemployment does not reflect the true picture of the labour market. The lack of social protection forces the low skilled and the poor to undertake any form of work for their survival. Therefore it is more meaningful to assess the nature of work, earnings and working conditions instead of the unemployment rate. Job quality can be determined by calculating the United Nations (UN) indicators of vulnerable employment, working poverty and labour productivity, as utilised in the Millennium Development Goal (MDG) 1B. Although the incidence of informal employment can also reflect the quality of work, there is little time-series data on this indicator.

Vulnerable employment: In South Asia, vulnerable employment—defined as the percentage of own-account and unpaid family workers in total employment—decreased to 78.5 per cent in 2010 compared to 81.8 per cent in 1991. A fall in this indicator shows an increase in wage employment. However, in South Asia, 475.9 million people are still working in vulnerable jobs, accounting for one in three of such workers in the world. Workers in vulnerable employment are less likely than wage employees to have formal working arrangements, be covered by social protection systems

It is more meaningful to assess the nature of work, earnings, and working conditions instead of the unemployment rate

Box 3.2 Role and impact of emigration in South Asia

The lack of quality jobs significantly determines patterns of emigration, especially among the skilled youth. People migrate to other countries for better job opportunities and higher earnings. According to the International Labour Organization (ILO), the gap between receiving and sending countries has been found to be 10 to 1. In 2013, a total of over 230 million people migrated, showing an increase of 57 million since 2010. South Asia accounted for half of this increase. In South Asia, about 26 million people, or 1.6 per cent of the

total population, live in foreign countries. Sri Lanka has the highest rates of total and skilled emigration, followed by Afghanistan. Pakistan has a comparatively lower migration rate of 2.5 per cent, but a significantly higher level of skilled emigration (12.7 per cent). Nepal, Bangladesh and India have moderate rates of skilled emigration (see table 3.2).

This massive increase in international migration has created opportunities for those remaining behind, increasing their relative wage premiums and decreasing

poverty. In 2013, global remittances exceeded US\$463 billion, out of which about 71 per cent were directed towards developing countries. South Asia accounts for 24 per cent of global remittances and 34 per cent of remittances in developing countries. Between 1980 and 2013, remittances in South Asia increased more than twenty-fold. In terms of the contribution of remittances to GDP in South Asia, the ratio grew at 114 per cent during this time. Within South Asia, India is the largest recipient of remittances, receiving US\$70 billion in 2013 compared to just US\$2.8 billion in 1980.

Recently skilled migration has been seen as a source of brain gain rather than brain drain, as later in their lives, these people contribute to their home countries through reverse migration, joint ventures, and the transfer of technology, knowledge and ideas. For instance, Indian diaspora in the US have played an important role in showcasing India's IT sector to the rest of the world. In the 2000s, about half of Indian firms in Bangalore were financed through remittances. This has created a large number of jobs in the country.

Table 3.2 Foreign remittances and emigration rates in South Asia

	Foreign remittances, 2013		Stock of immigrants (% of population)	Emigration rate of tertiary educated (% of total tertiary educated population), 2000
	% of GDP	US\$ billions		
Bangladesh	10.7	13.9	3.3	4.4
India	3.7	70.0	0.9	4.3
Nepal	28.8	5.6	3.3	4.0
Pakistan	6.2	14.6	2.5	12.7
Sri Lanka	9.6	6.4	9.1	28.2
South Asia	4.7	111.2	1.6	5.3
Developing countries	1.6	327.5	...	7.9
World	0.7	463.2	...	5.4

Sources: Dhar and Samanta 2013 and World Bank 2015g.

Sources: Dhar and Samanta 2013, UNDP 2009 and World Bank 2015g.

such as pensions and health insurance, or have regular wages. Often, such workers are trapped in low productivity jobs with lower wages.

Women, again, are over-represented in this category. In South Asia, the vulnerable employment rate reached 83.8 per cent for women compared to 76.6 per cent for men in 2010.

The pattern of vulnerable employment varies significantly within South Asia. The proportion of vulnerable employment is 85 per cent, 81 per cent and 63 per cent in Bangladesh, India and Pakistan respectively.⁶

Working poverty: Based on the international poverty line of US\$2 a day, the South Asian share of working poor in total employment decreased from 85.4 per cent to

64.1 per cent between 1991 and 2011.⁷ The poor fared better in the 2000s as compared to the 1990s. The fall is attributed to a regional increase in wages. In India, real male and female wages increased between 2005 and 2010 for regular and casual workers in both rural and urban areas.⁸ Another recent study reveals that real casual work wages in rural India have increased significantly and the gender wage gap has declined, largely due to the role of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in stabilising the rural wage floor, reducing gender wage gaps and improving the bargaining power of the rural population.⁹ Overall in South Asia real wages increased in the range of 0.1 to 2.9 per cent over the last three decades.¹⁰

Labour productivity: Real output per worker more than doubled from US\$3,636 to US\$8,038 between 1991 and 2010, growing at an annual rate of 4.3 per cent.¹¹ This growth is higher than the annual growth in high income countries (1.5 per cent) and developing countries (4.2 per cent). South Asia's impressive performance is attributed to the remarkable performance of India, where real output per worker increased 4.8 per cent annually over this time. This indicates an improvement in the quality of employment, as an increase in labour productivity improves living standards and reduces poverty.

However, the average South Asian worker produces half the output of her East Asian counterpart, 46 per cent of Latin America and the Caribbean, and 73 per cent of developing countries. In terms of global labour productivity, she produces 44 per cent of the world average, and only 18 per cent of developed countries.

A low level of productivity is attributed to a higher share of employment in the farm compared to the non-farm sector. Despite significant structural transformation, about half of the region's total workers (51.4 per cent in 2010) remain employed in agriculture.¹² Agricultural productivity is significantly lower compared to the industrial and service sectors. In India, productivity in the industrial and service sectors for 2008 was 4.7 and 6.8 times that of the farm sector respectively.¹³ Improving output per worker requires accelerating the movement of workers from the farm to non-farm sector, while simultaneously shifting workers from low productivity to high productivity tasks within the modern sector itself.

Informal employment: Despite improvements in labour market indicators, the high incidence of informal employment undermines the quality of work. Informal employment includes both vulnerable jobs in the informal economy as well as informal jobs in the formal sector. The incidence of informal employment is not only high, but has also increased over time. In South

Asia, informal employment comprises 82 per cent of non-agricultural employment. The value is the highest in India, where 84 out of every 100 workers are employed in informal activities in the non-farm sector.¹⁴

Informal employment includes those in casual jobs as well as the self-employed. While both work under precarious conditions, the latter face much higher risk due to a weak legal framework and engagement in low-productivity activities such as street vending and home-based activities. In South Asia, total informal non-farm workers are roughly equally divided between wage and self-employment. Additionally, out of the 53 per cent who are self-employed, the majority are own-account workers (39 per cent), with 2 per cent working as employers, and 12 per cent contributing as family workers.

Labour market laws, policies and programmes

The governments of the South Asian countries have formulated various laws, policies and programmes for the protection of workers' rights and the provision of decent employment. A number of employment generation programmes have also been initiated for skill enhancement and provision of microfinance, short-term employment and social insurance. There have been mixed results with respect to the effectiveness and the success of these initiatives over the last three decades.

- **Labour laws:** In South Asia, only Pakistan and Sri Lanka have ratified all ILO fundamental conventions that deal with freedom of association, forced labour, discrimination, and child labour. Other countries have not, especially those regulations that pertain to freedom of association and child labour. However, their national constitutions, laws and policies address these issues and ensure the provision of decent jobs. In practice, however, ratification is but a first step in addressing labour

Laws, policies and programmes for the protection of workers' rights and the provision of decent employment have mixed results with respect to the effectiveness and the success

market issues. Implementation of these laws requires broader political commitment. In practice there is limited enforcement capacity, and it has been difficult to protect the rights of workers in South Asia due to large non-farm informal and agricultural sectors. Similarly, minimum size restrictions in the manufacturing sector allow for discretionary implementation of these laws.

South Asia's labour market programmes can be grouped into four broad categories: a) training; b) microfinance for self-employment; c) public works; and d) social insurance for workers.

- **Training:** In South Asia, training programmes are provided by non-governmental organisations (NGOs) and donors in conjunction with public and private sectors. Most focus on the formal sector of the economy, with limited coverage of the informal sector as well. In India, for instance, the government-run *Jan Shikshan Sansthan* Programme provides vocational training to unskilled workers in both rural and urban areas. Most of the region's training programmes are characterised by low coverage, poor quality, and insufficient linkage with industry. A majority of the informal sector workers are trained through traditional apprenticeship systems.
- **Microfinance:** In South Asia, mi-

Table 3.3 Microfinance coverage in South Asia, 2010

	Number of borrowers (millions)	% of total population
India	22.6	1.8
Pakistan	1.9	1.1
Bangladesh	30.0	20.2
Nepal	1.8	6.0
Sri Lanka	2.5	12.0

Sources: SAMN 2014 and World Bank 2012a.

crofinance has been an important source of self-employment. The public and private sectors, NGOs, and community-based organisations provide small loans to the poor without access to formal banking. In 2010, 59 million people in South Asia borrowed from microfinance organisations (see table 3.3). India and Bangladesh are the leading countries in the region in terms of the provision of microfinance. The outreach of microfinance is the highest in Bangladesh, mainly due to an outstanding contribution by NGOs such as Bangladesh Rural Advancement Committee (BRAC) and Association for Social Advancement (ASA).

- **Public works:** Public works programmes are used to create income-earning opportunities for low-income workers. The objective is to provide both short-term employment and to improve infrastructure. Such programmes have been most successful in India and Bangladesh. Since 2006, India's MGNREGA has provided 100 days employment to 45 million rural households.¹⁵ Bangladesh has also started a similar programme to provide 100 days employment, the Employment Generation Programme for the Poorest. The programme operates in 16 districts of the country, with the broader objectives of reducing poverty and promoting rural development. These programmes have been successful in providing supplementary incomes to households, allowing families to invest in productive activities, education and health.
- **Social insurance:** All South Asian countries have pension and provident fund schemes for public sector employees. A large number of schemes also cover private sector workers. For instance, in 2013, India's Indira Gandhi National Old

Age Pension Scheme distributed INR788 billion among 21.5 million beneficiaries living below the national poverty line. It is a non-contributory scheme and provides INR200 per month.

Based on national data sources, the next section explains the story of employment for the chosen countries of South Asia over the last 30 years (1980-2010). For each country, three issues have been analysed in detail: trends in employment patterns, the behaviour of wages, and labour-related laws, policies and programmes.

Section 2: Country profiles

Employment in India

Profile of employment

A high economic and employment growth rate is essential to ensure that the benefits of economic growth are shared equitably. The Indian economy has done extremely well in terms of growth in GDP over the past three decades and has created employment opportunities commensurate with the growth rate of the labour force (see table 3.4). However, the quality of jobs remains debatable, as reflected by the high prevalence of casual jobs, agricultural employment, and non-farm informal employment.

Growth in labour force

Following demographic trends, the total labour force in India grew from 261 million in 1983 to 424 million in 2010. During this period, the labour force increased at an annual rate of 1.8 per cent per annum, compared to annual population growth rate of 1.9 per cent, indicating a slight increase in the number of people outside the labour force (see table 3.4).

Labour force growth has occurred in both rural and urban areas. In rural areas, the labour force increased by 56 per cent from 1983 to 2010, while in urban

areas it grew by 84.2 per cent over the same period (table 3.5). While rural areas still account for around three-fourths of the total labour force, the share has declined from 78 per cent in 1983 to the current levels. In contrast the share of urban workers in the total labour force has increased by 13.7 per cent. This has been mainly because of slower growth in agriculture and an increase in employment opportunities in non-agricultural activities.

In contrast to the increase in labour force, labour force participation rate has decreased. Nationally, labour force participation rate decreased from 36.4 per cent in 1983 to 35.9 per cent in 2010, especially recently, between 2005 and 2010. The decline in labour force participation rate is more pronounced in the 15-24 years age group and for females.¹⁶ The increasing trend of higher educational attainment is the key factor behind declining labour force participation rate. Between 2005 and 2010, the total number of youth in educational institutions doubled to reach about 60 million.¹⁷ While temporary decreasing labour force participation, increased secondary and tertiary enrolments will lead to improved employment prospects and higher productivity of the labour force.

Table 3.4 Employment trends in India, 1983-2010

	Absolute value		Annual change (%)
	1983	2010	1983-2010
GDP (INR billions)	9,503	47,908	6.2
Population (millions)	718	1,182	1.9
Labour force (millions)	261	424	1.8
Employed (15-59 years) (millions)	240	384	1.8
Number of unemployed (millions)	22	40	2.3
Unemployment rate (%)	8.3	9.4	...

Source: GOI, *Report on Employment and Unemployment Survey* (various issues).

Table 3.5 Trends in labour force and labour force participation rate in India, 1983-2010

	1983		2010	
	Labour force (millions)	Labour force participation rate (%)	Labour force (millions)	Labour force participation rate (%)
National	261.3	36.4	423.6	35.9
Rural	204.2	37.6	318.2	36.5
Urban	57.2	33.3	105.4	34.0

Source: GOI, *Report on Employment and Unemployment Survey* (various issues).

On the downside, unemployment in India increased over the last three decades beginning in 1983, from 8.3 per cent to 9.4 per cent. This trend is driven by high unemployment rate in rural areas, where unemployment rose from 8.0 per cent to 10.1 per cent. Meanwhile in urban areas, unemployment actually fell from 9.6 per cent to 7.3 per cent, indicating more employment opportunities in urban areas. However, gender parity remains elusive, as female unemployment is almost twice as high as that of males: 14.6 per cent compared to 8.0 per cent for men. In the rural-

urban domain, unemployment is higher in rural areas compared to urban area. On a positive note, male urban unemployment has fallen from 11.0 per cent to 5.9 per cent in cities between 1983 and 2010 (see table 3.6).

Growth in employment

The employed labour force increased from 303 million in 1983 to 458 million by 2010. However, the rate of increase in employment has slowed down and is lagging behind the rapid economic growth India is witnessing. This has led to a decrease in employment growth in India for both males and females across rural and urban areas. As indicated in table 3.7, annual employment growth between 1983 and 1994 was 2.0 per cent as compared to 1.3 per cent between 1994 and 2010.

Similarly, there has been a decline in the percentage of labour force employed from 42 per cent in 1983 to 39 per cent in 2010. This is mainly due to a decrease in female employment. In rural areas the share of working females decreased from 34.0 per cent to 26.1 per cent, while in urban areas it decreased from 15.1 per cent in 1983 to 13.8 per cent in 2010 (see table 3.8). Since a major proportion of women employed in the labour force are residing in rural areas—105 million in rural areas compared to only 22 million in urban areas—expansion of employment opportunities in urban areas has not improved the overall employment situation for women.

However, for men, employment has increased—especially in urban areas—indicating that both economic growth and employment generation have been concentrated in cities.

EMPLOYMENT BY SECTOR: An analysis of the sectoral share of employment reveals that a majority of the labour force in India is associated with agriculture, followed by services and industry (see table 3.9). However, over the past three decades, there has been a shift in employment away from agriculture and towards industry and ser-

Table 3.6 Trends in unemployment rate in India, 1983-2010

		(%)		
		Female	Male	Both
1983	National	...	...	8.3
	Rural	9.0	7.5	8.0
	Urban	9.2	11.0	9.6
2010	National	14.6	8.0	9.4
	Rural	14.8	8.7	10.1
	Urban	13.8	5.9	7.3

Source: GOI, *Report on Employment and Unemployment Survey* (various issues).

Table 3.7 Trends in employed labour force in India and annual growth rates in India, 1983-2010

	Rural (millions)			Urban (millions)			Total (millions)
	Male	Female	Total	Male	Female	Total	
1983	153.5	90.5	243.9	46.6	12.2	58.8	302.8
2010	231.9	104.5	336.4	99.8	22.2	122.0	458.4
Annual growth rate (%)							
1983-1994	1.8	1.3	1.7	3.1	3.3	3.1	2.0
1994-2010	1.3	0.0	0.9	2.7	1.5	2.5	1.3

Sources: Deepak and Bhatt 2012 and GOI, *Report on Employment and Unemployment Survey* (various issues).

Table 3.8 Employed labour force participation rate in India 1983-2010

		(%)	
		Male	Female
1983	Rural	54.7	34.0
	Urban	51.2	15.1
2010	Rural	54.7	26.1
	Urban	54.3	13.8

Sources: Deepak and Bhatt 2012 and GOI, *Report on Employment and Unemployment Survey* (various issues).

vices. The share of agriculture in employment declined from 68.5 per cent in 1983 to 51.8 per cent in 2010. In contrast, the industry's share increased by almost 60 per cent to settle at 22.0 per cent by 2010, and that of services increased by 48.6 per cent. Unfortunately, despite this employment growth in both industry and services, unemployment has risen due to the shifting of labour from agriculture.

EMPLOYMENT STATUS: The status of employment—self-employed, regular salaried and casual labour—determines the quality of employment and is a serious concern in India. In the spectrum of employment that ranges from the most secure (regular employment) to the most vulnerable (casual labour), the latter accounts for one in three workers, compared to 16.3 per cent for regular employment. The share of self-employed is the highest, at 50.7 per cent (see table 3.10). Over the years, the share of the self-employed has decreased, while that of regular salaried and casual labourers has increased.

The proportion of self-employed has declined in rural areas amongst both males and females, while increasing in urban areas. In rural areas, there is an understandably higher proportion of casual employment compared to the regular salaried class. In urban areas, the share of regular salaried class has risen, indicating the formalisation of the economy in urban areas. Amongst women, there has been a positive trend of decreasing casual employment and rising regular employment. On the other hand, while both types of employment—casual and regular—has gone up, casualisation of the male labour force dominates.

INFORMAL EMPLOYMENT: A large proportion of India's labour force is engaged in the informal sector of the economy. Only 16 per cent of India's labour force works in the formal sector of the economy, with the majority in manufacturing and services (31 per cent) and a small fraction in agriculture (1 per cent).¹⁸ Increase in employment in the informal sector is mainly due to a large

Table 3.9 Trends in percentage share of employment in India by sectors, 1983-2010

	Agriculture	Industry	Services
1983	68.5	13.8	17.7
2010	51.8	22.0	26.3

Sources: Deepak and Bhatt 2012 and GOI, *Report on Employment and Unemployment Survey* (various issues).

Table 3.10 Trends in employment pattern in India, 1983-2010

					(%)	
	1983	2010		1983	2010	
Self-employed	57.3	50.7				
Rural	48.5	39.8	Male	36.4	36.0	
Urban	8.8	10.9	Female	21.0	14.7	
Regular salaried	13.4	16.3				
Rural	5.7	5.3	Male	10.8	13.4	
Urban	7.7	11.0	Female	2.5	2.9	
Casual labourer	29.3	33.0				
Rural	26.4	28.3	Male	18.9	22.9	
Urban	2.9	4.7	Female	10.4	10.1	

Sources: Deepak and Bhatt 2012 and GOI, *Report on Employment and Unemployment Survey* (various issues).

decline in employment in public sector organisations.¹⁹

In addition to the large informal sector, another issue is the prevalence of informal employment within the formal sector. Around 57.7 per cent of the labour force in the formal sector is informally employed.²⁰

YOUTH: India has the largest youth population in the world, with around 66 per cent of the total population under the age of 35.²¹ The high rate of youth unemployment is a pressing concern for India. According to a report by the Ministry of Labour and Employment, youth unemployment was around 13 per cent in 2013.²² Youth unemployment rate is particularly high in the age brackets of 15 to 19 and 20 to 24 years. Even more alarming is the fact that unemployment rate tend to increase with higher levels of educational attainment. Unemployment rate is higher for university graduates than high-school graduates or the illiterate.²³ This phenomenon reflects the mismatch between skill demand and supply, as well as a gross misallocation of scarce resources.

Wage structure

Real wages increased significantly between 1983 and 2005. The increase has been more substantial in urban areas (figure 3.1). While real wage growth has shown large variation across time, it has been particularly rapid during 1983 and 2000, in both rural and urban areas.

There is also a large discrepancy in wage rates across different segments of labour markets: rural/urban, casual/regular, female/male, and within the three sectors of the economy. As expected, the wage rate in urban areas is higher than in rural areas. This gap widened between 1983 and 2000, but has been declining since then. The difference has reduced due to both a decline in urban wages, and a more recent surge in rural wages. Disparity in the real wages of regular and casual workers mirrors the rural-urban wage trend, as indicated in figure

3.2. The average real daily wage of regular workers is more than double that of casual workers, in both rural and urban areas.

Female workers fare worse in all sub-categories.²⁴ However, the wage differential has decreased over time, particularly for urban regular workers. Better education is one major factor leading to improved job placements for women.

Employment policies and programmes

Labour laws

Labour laws and policies in India are based on ideals of social justice and welfare, as outlined in the Constitution of India. The Constitution clearly mentions that social regeneration and economic uplift of the labour force is a state responsibility and labourers are entitled to seek public assistance in case of unemployment, old age, sickness, disablement, etc.²⁵ Several articles of the Constitution deal specifically with labour issues related to the right to work, equality of opportunity in employment, just and humane working conditions and a living wage to support decent standards of living.

Overall, there are 43 labour laws and regulations covering four general themes as related to working conditions, wages and remuneration, employment security and the welfare and social security of workers. Prominent amongst these are the Factory Act for regulating the conditions of work in manufacturing, the Contract Labour Act for regulating the employment of contract labour, the Minimum Wage Act for determining a wage benchmark (especially for informal workers), and the Employees State Insurance Act to provide certain social security benefits.

While these Acts cover basic concerns, a major criticism against labour policy in India is the lack of a comprehensive document that governs all labour issues. Legislations and rules have been enacted as and when the need arose and hence lack cohesion. Moreover, a major limitation of labour laws is their poor coverage and enforcement. The actual coverage of these

Figure 3.1 Real wages in India, 1983-2005

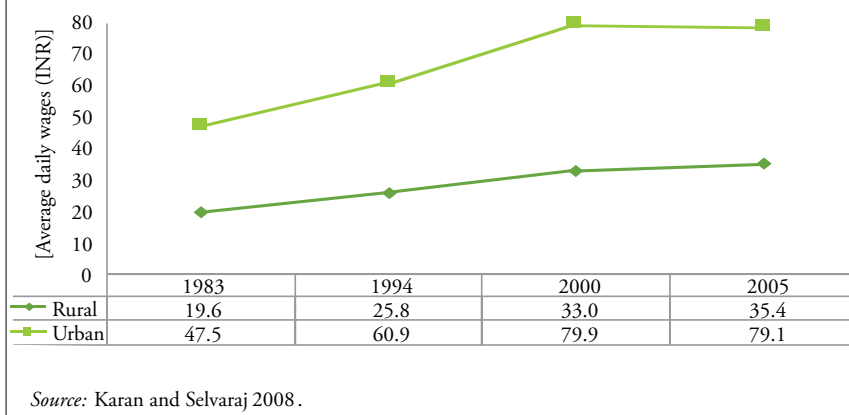
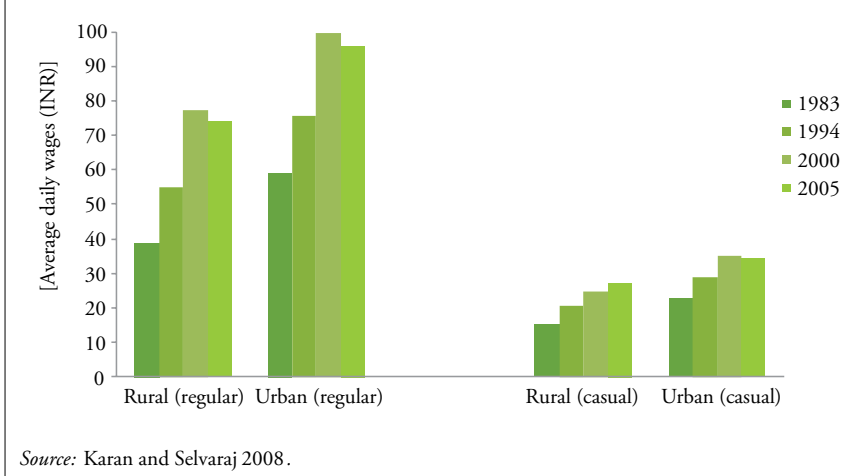


Figure 3.2 Trends in real wages for casual and regular workers in India, 1983-2005



regulations is very narrow, as a large proportion of workforce belongs to the informal sector that gets inadequate protection within the ambit of existing labour laws. In the case of the small formal sector, where these regulations are applicable, implementation of labour laws has been far from perfect.

Labour policies

In India, the focus of active labour market policies is to improve the efficiency, productivity and employability of the labour force. Employment generation, skill development and provision of social security and welfare are the three main objectives of labour market policies.

EMPLOYMENT GENERATION PROGRAMMES

There are a multitude of employment generation programmes in India. Most of these programmes were initiated in the 1980s when it became widely accepted that the process of economic growth in India had not led to job-creation. Two types of such programmes are active in India, the wage- and self-employment programmes. A distinction has been made between rural and urban areas, targeting specific vulnerable segments of workers like youth, women and members of the Scheduled Tribes and Scheduled Castes.

The MGNREGA is the leading wage employment programme for rural areas, with its urban equivalent of the *Swarana Jayanti Shabri Rozgar Yojana* (SJSRY). These programmes subsumed earlier employment generation and poverty alleviation initiatives like the Food for Work Programme, *Nehru Rozgar Yojana*, Urban Basic Services for the Poor, and the Prime Minister's Integrated Urban Poverty Eradication Programme. MGNREGA was introduced in 2005, mandating the government to provide, yearly, at least 100 days of wage employment to every household for unskilled manual work at a minimum wage or a daily unemployment allowance. The programme tries to meet the twin objectives

of providing employment and addressing the infrastructural deficit through public works, such as village roads, ponds, irrigation networks, schools and hospital buildings. Since its inception, the coverage of MGNREGA gradually increased from 200 to 596 districts between 2007 and 2009, before being universalised across India. The programme annually provides an average of 23.1 billion person days of employment to 50 million households. Around 50 per cent of the employment has gone to women and a significant proportion is reserved for members of the Scheduled Tribes and Scheduled Castes.²⁶ By 2010, the programme encompassed every fourth rural household in India.²⁷ Similarly, in urban areas, the wage employment component of the SJSRY (the National Urban Livelihood Mission) provides jobs by engaging workers below the poverty line for public works construction. By 2010, this programme had generated 79.7 million work days of employment.²⁸

In addition to the urban self-employment component of SJSRY (detailed above), the most important self-employment programmes in India include the Prime Minister Employment Guarantee Programme (PMRY) and the National Rural Livelihood Mission (SGSY). These provide monetary assistance in setting up micro-enterprises and establishing self-help groups. They also have a strong skill development focus for acquisition and up-gradation of vocational and entrepreneurial skills. PMRY targets educated unemployed youth and women, and since its inception in 1993, has generated three million employment opportunities. Similarly, by 2011 SGSY had been successful in developing 4.3 million self-help groups, assisting 2.1 million people generate self-employment. The total number of beneficiaries exceeds 10 million, of which around 70 per cent are women.²⁹ The achievement of SGRY includes the establishment of 1.2 million micro-enterprises (as of December 2011).³⁰

These programmes have had a wide-ranging impact on increasing employment and wage levels, reducing poverty, empow-

MGNREGA tries to meet the twin objectives of providing employment and addressing the infrastructural deficit

ering both women and members of the Scheduled Tribes and Scheduled Castes, and improving infrastructure. Despite these benefits, recent years have witnessed a reduced interest by the government. While the total expenditure on employment generation programmes increased from INR8.4 billion to INR19.8 billion between 1995 and 2008, its share, both as a proportion of total public expenditure and development expenditure, has halved since 1995 (table 3.11). Other concerns for these programmes include declining utilisation rates and inequality in fund allocation across different states. However, considering their significant impact in terms of expanding employment opportunities, especially for the most vulnerable, these programmes have helped to empower people.

SKILL DEVELOPMENT

India has a large illiterate population and high proportions of out-of-school children. Within the current education system, school enrolment is around 228 million, higher education has reached levels of 14 million and enrolment in vocational training is around 1.1 million.³¹ Poor educational attainment reflects low levels of skill development. Out of the 12.8 million that annually join the labour force, on average, only 3.1 million have received any form of prior training.³² As a result, only 10 per cent of the workforce in India has some sort of skill training, be it formal or informal.³³

In India, the Ministry of Labour and Employment's department of Directorate General of Employment and Training (DGET) is responsible for developing poli-

cies and maintaining the vocational training infrastructure. The National Council on Vocational Training helps in the formation of training curricula, policies and standards, and the Prime Minister's National Council on Skill Development coordinates action on skill development. In 2009, the Government of India initiated a National Policy of Skill Development, with the vision to a) create 500 million skilled workers by 2022, b) harness inclusivity and reduce male and female, rural and urban, and formal and informal divisions, c) match skills provision with changing demands of employment and technology, and d) generate better coordination among various stakeholders. The objective was to ensure that skill development initiatives could support employment generation, economic growth and social development processes.

Since the implementation of this policy, extra focus has been placed on developing vocational and skill development programmes. Industrial training institutes established by the DGET have been pivotal in imparting these skill development trainings and 3,879 such institutes have been established since 2009. The number of training institutes increased fourteen-fold between 1980 and 2014, with the potential to cater to 1.7 million students. These institutes impart training in 126 trades, mainly in auto, construction, retail, healthcare, banking and finance.³⁴ In addition to the efforts of the DGET, various employment generation programmes—like the SGSY, SJSRY and SJRY—also have skill development components to help the unemployed access employment opportunities or establish micro-enterprises through self-help groups.

SOCIAL SECURITY AND WELFARE

In India, social security and welfare for people is administered under five broad categories. For the formal sector of the economy, the public sector and the private sector separately provide old age security (provident fund/pension and gratuity), medical insurance, injury compensation

Table 3.11 Trends in financial provisions for employment programmes in India, 1995-2008

	Wage employment programme			Self-employment programme		
	INR millions	% of total public expenditures	% of total development expenditures	INR millions	% of total public expenditures	% of total development expenditures
1995	6,280	2.3	4.2	2,077	0.8	1.4
2008	15,642	1.2	2.1	4,171	0.3	0.5

Source: Jha 2009.

and maternity benefits. With regards to the informal sector, welfare funds created by central and state governments are the main source of social security. Another form of social assistance is in-kind assistance by the central and state governments.

Since the 1990s there has been an increase in the number of schemes for social protection, and according to several National Sample Surveys, the absolute number of workers benefitting from social security services between 2000 and 2010 has gone up. However, there has been a gradual decline in the percentage of workers covered under any social security schemes, falling from 32.6 per cent to 28.6 per cent between 2000 and 2005, and further to 26.4 per cent by 2010.³⁵ Regular wage employees—and not casual labourers—are the major beneficiaries of social security. However, the share of regular wage employees has decreased overtime, indicating increased trends of informal employment and casual workforce. The government sector accounts for the largest share (86 per cent) of regular wage workers receiving social security, followed by public limited companies and co-operatives.³⁶

In terms of expenditures on social welfare and security, during 1995-2011, there has been a substantial increase—from 0.25 per cent of GDP in 1996 to 0.59 per cent of GDP in 2011. This increase is almost exclusively led by the states, as the central government's expenditure on social security has been very low and stagnant (see table 3.12).

The Indira Gandhi National Old Age Pension Scheme, the Indira Gandhi National Widow Pension Scheme and the Indira Gandhi National Disability Pension Scheme are the three social welfare schemes of the central government. The old age pension scheme initiated in 1996, is only for people living below the poverty line. It provides INR200 per month for people above 65 years of age. The scheme was revised in 2011, when the age bracket was relaxed to 60 years and an additional INR300 was paid to people above 80 years of age. In 2013, the scheme distributed INR788 billion to 21.5 million beneficiar-

	(% of GDP)			
	1996	2001	2006	2011
Centre	0.04	0.06	0.02	0.03
States	0.21	0.25	0.32	0.56
Total	0.25	0.31	0.34	0.59

Source: Srivastava 2013.

ies.³⁷ The old age pension scheme is supplemented by the *Annapurna* Scheme, which provides 10 kilogrammes (kg) of food grains per month to old people who do not receive transfers through a pension scheme. In addition, there is also the National Family Benefit Scheme, which pays INR10,000 to families on the death of the primary breadwinner. Similarly, the Widow Pension Scheme and the Disability Pension Scheme entitles INR200 per month for the poor between the ages of 40 to 64 years. By 2012, the total number of beneficiaries for these two schemes were 3.12 million and 0.94 million respectively. There are also life and disability insurance schemes providing one-time benefits of various denominations for the disability or death of the main breadwinners in the family.³⁸

Many of these pension schemes and welfare funds of the central government are replicated at the state level. The state welfare funds of Kerala and Tamil Nadu, benefitting 0.5 million and 3.4 million people respectively, are amongst the most noteworthy social welfare programmes in India.³⁹ In terms of real per capita expenditure on social welfare, the states of Haryana, Chhattisgarh, Karnataka, Tamil Nadu and West Bengal do best, while Gujarat, Rajasthan, Bihar and Maharashtra spend the least.

Employment in Pakistan

Profile of employment

Over the last three decades, the economy of Pakistan has grown at an annual rate of over five per cent. This expansion in economic growth has created a sufficient number of jobs in the country. The growth rate of the employed labour force has been

equal to the growth rate of the labour force and the official unemployment rate has remained low (see table 3.13). However, economic growth has created particular types of jobs. Most employment opportunities have been created in the low productivity farm sector, indicating the high prevalence of poverty among workers. In the non-farm sector, seven out of every eight workers are employed in informal activities. The workers employed in these sectors lack job security and are excluded from the social protection system. Youth and women are among the most vulnerable in the labour market.

Growth in labour force

Between 1979 and 2010, the total labour force (aged 10 years and above) rose from 24.5 million to 54.9 million, increasing by about 1 million every year. The rural labour force grew from 18.6 million to 38.2 million, while the urban labour force expanded from 5.9 million to 16.8 million over the same time period. Consequently, over this time, the share of urban labour in the total labour force increased from 24.2 per cent to 30.5 per cent. This has been due to the rapid rate of urbanisation. The share of females in the total labour force also rose from 8.2 per cent to 22.7 per cent between 1979 and 2010 (see table 3.14).

Total labour force participation rate decreased marginally from 46.1 per cent to 45.9 per cent between 1979 and 2010. The male labour force participation rate decreased from 77.3 per cent to 68.8 per cent, mainly due to higher educational enrolments of boys. However, the female participation rate increased sharply from 11.8 per cent to 21.5 per cent (table 3.15). This change may be ascribed to the emergence of more employment opportunities in the non-farm sectors of the country. However, between 1979 and 2010, the female unemployment rate remained higher than the male and increased by 2 percentage points compared to 1.4 percentage points (see table 3.15).

Growth in employment

- **TRENDS IN EMPLOYMENT:** Between 1979 and 2010, the employed labour force increased at an annual rate of 2.6 per cent, with a faster increase in urban employment than in rural. As a result, the share of urban employment in total employment increased from 23.7 per cent to 29.9 per cent. Female employment increased by about five times, while the number of unemployed grew three-fold, as can be seen from table 3.16. The unemployment rate also went up from 3.6 per cent to 5.6 per cent over

Table 3.13 Trends in employment in Pakistan, 1979-2010

	Absolute value		Annual change (%)
	1979	2010	1979-2010
GDP (PKR billions)	1,871.9	8,801.4	5.1
Population (millions)	78.94	166.52	2.4
Civilian labour force (age 10+) (millions)	24.49	54.92	2.6
Employed (age 10+) (millions)	23.62	51.87	2.6
Unemployed (age 10+) (millions)	0.97	3.05	3.8
Youth labour (age 15-24) (millions)	6.00	15.3	3.1

Sources: GOP, *Labour Force Survey* (various issues) and *Economic Survey of Pakistan* (various issues) and MHHDC staff computations.

Table 3.14 Trends in labour force (age 10+) in Pakistan, 1979-2010

		(millions)		
		Female	Male	Both
1979	National	2.0	22.5	24.5
	Rural	1.2	17.4	18.6
	Urban	0.8	5.1	5.9
2010	National	12.5	42.4	54.9
	Rural	10.4	27.8	38.2
	Urban	2.1	14.7	16.8

Source: GOP, *Labour Force Survey* (various issues) and MHHDC staff computations.

Table 3.15 Trends in labour force participation and unemployment rates (age 10+) in Pakistan, 1979-2010

		Labour force participation rate		Unemployment rate
			(%)	
1979	Both	46.1	3.6	
	Male	77.3	3.0	
	Female	11.8	7.5	
2010	Both	45.9	5.6	
	Male	68.8	4.4	
	Female	21.5	9.5	

Source: GOP, *Labour Force Survey* (various issues) and MHHDC staff computations.

this period.

- **EMPLOYMENT BY SECTOR:** A sector-wise analysis of employment in Pakistan shows the structural transformation of the economy. Between 1979 and 2010, the share of employment in agriculture decreased by 7.7 percentage points, while the share of employment in the service sector increased by 7.1 percentage points (see table 3.17). Due to the inability of the industrial and service sectors to create enough jobs, the agricultural sector has played the role of a residual sector, and absorbed the low skilled surplus labour. Over the same period, agricultural sector employment rose at an annual rate of 2.1 per cent, offering twice as many work opportunities in 2010 as in 1979. Although the share of the agricultural sector in total employment decreased during this time, more than one-third (39 per cent) of the jobs were generated by the agricultural sector alone.
- **EMPLOYMENT STATUS:** The share of employees increased by 8.5 percentage points between 1979 and 2010, while the share of vulnerable employment—unpaid family helpers and self-employment—decreased by 8.0 percentage points. However, it remains alarmingly high at 63 per cent (see table 3.18).
- **INFORMAL EMPLOYMENT:** Informal employment in non-farm activities increased from 67.8 per cent in 1998 to 73.3 per cent in 2010 (see table 3.18).
- **YOUTH EMPLOYMENT:** Over the last three decades, the representation of youth in the total labour force, total employed, and total unemployed has increased. Moreover, the high number of unemployed youth is a major concern. Between 1979 and 2010, the share of the youth (aged 15-24 years) in the total labour force and total employed labour increased by roughly the same amount (12 and

Table 3.16 Trends in employed labour force (age 10+) in Pakistan, 1979-2010

		(millions)		
		Female	Male	Both
1979	National	1.8	21.8	23.6
	Rural	1.0	17.4	18.0
	Urban	0.8	4.8	5.6
2010	National	11.3	40.6	51.9
	Rural	9.7	27.8	36.4
	Urban	1.6	13.9	15.5

Source: GOP, *Labour Force Survey* (various issues) and MHHDC staff computations.

Table 3.17 Trends in employment (age 10+) by sector in Pakistan, 1979-2010

	% of total employment		Total employed (millions)		
	1979	2010	1979	2010	Annual change (%)
Agriculture	52.7	45.0	12.4	23.3	2.1
Industry	19.6	20.0	4.6	10.4	2.6
Services	27.8	35.0	6.6	18.2	3.3
Total	100	100	23.6	51.9	2.6

Source: GOP, *Labour Force Survey* (various issues) and MHHDC staff computations.

Table 3.18 Trends in employment pattern (age 10+) in Pakistan, 1979-2010

Sector of employment	% of employed persons	
	1998	2010
Formal	32.2	26.7
Informal	67.8	73.3
Employment status	1979	2010
Employers	2.2	1.3
Self-employed	42.7	34.2
Unpaid family helpers	28.3	29.1
Employees	26.9	35.4

Source: GOP, *Labour Force Survey* (various issues) and MHHDC staff computations.

12.5 per cent respectively).⁴⁰ Yet even though the number of youth in the total unemployed increased at a lower rate, it remained high at 42 per cent. Indeed, the incidence of unemployment among the youth is the highest. In 2010, the unemployment rate was 8.9 per cent and 7.9 per cent among the youth in the age brackets of 15-19 years and 20-24 years, as compared to 5.6 per cent and 5.0 per cent respectively in 1988. The unemployment rate was higher among young women (10.9 per cent for age 15-19 years and 12.1 per cent for age 20-24 years) and urban residents (15.0 per

cent and 10.9 per cent) in 2010.

- **EMPLOYMENT OF WOMEN:** Most women who participate in the labour force belong to the rural areas, where about 65 per cent of the total population lived in 2010 compared to 72 per cent in 1979. A majority of female workers are employed in the low productivity farm sector based in rural areas. Between 1985 and 2010, the share of female employment in the agricultural sector remained un-

changed at 75 per cent, while the share of male employment decreased from 48 per cent to 37 per cent.⁴¹ This shows the higher presence of female workers in the farm sector. The more modern and highly paid rural non-farm sector employs mostly men (see table 3.19).

Wage structure

In Pakistan, real wages have increased over the last two decades across sectors. Between 1991 and 2010, real wages increased by 1.1 per cent annually (see table 3.20). The increase was the highest in the sub-sector of electricity, gas and water (2.8 per cent), followed by construction (1.0 per cent), transport (1.0 per cent) and financial sectors (0.9 per cent). Agricultural sector wages decreased by 0.2 per cent, indicating lower productivity of workers and insufficient mobility of workers from the farm to non-farm sector due to insufficient employment opportunities. Wages in manufacturing rose by 0.4 per cent only. One important concern is the real wage gap between farm and non-farm sector workers. The wages of farm sector workers were lower compared to all non-farm sector workers in 1991 and the situation remained unchanged in 2010.

A gender-disaggregated analysis of wages points to discrimination in the earnings of men and women. Between 1991 and 2010, female wages increased at an annual rate of 1.0 per cent compared to a 1.1 per cent increase in male wages (see table 3.21). The cumulative effect of this difference has resulted in a decrease in female wages as a percentage of male wages from 65.7 per cent to 64.6 per cent.

As expected, wages are lower in rural areas; in 2010, workers in rural areas earned 70.8 per cent of the earnings of workers in urban areas, a slight improvement over 68.3 per cent in 1991.

Employment policies and programmes

Pakistan has formulated a number of em-

Table 3.19 Rural workers (age 10+) in rural non-farm sector in Pakistan, 1985-2010

	1985-2010 (%)	
	1985	2010
Female	14	15
Male	36	47
Gender gap	22	32

Source: GOP, *Labour Force Survey* (various issues) and MHHDC staff computations.

Table 3.20 Trends in real monthly wages in Pakistan*, 1991-2010

	Monthly wages (PKR)		Annual change (%)
	1991	2010	1991-2010
Total	32.9	40.2	1.1
Agriculture	24.3	23.2	-0.2
Mining and quarrying	30.8	32.5	0.3
Manufacturing	32.7	35.1	0.4
Electricity, gas and water	40.5	67.9	2.8
Construction	28.4	34.5	1.0
Wholesale and retail trade	30.9	30.8	0.0
Transportation	36.0	43.8	1.0
Financial real estate	71.3	84.8	0.9

Note: *: The wage index has been deflated by using Consumer Price Index (2001=100).

Sources: Irfan 2008, GOP, *Labour Force Survey* (various issues) and MHHDC staff computations.

Table 3.21 Trends in real monthly wages in Pakistan by sex and area*, 1991-2010

	Monthly wages (PKR)		Annual change (%)
	1991	2010	1991-2010
Total	32.9	40.2	1.1
Male	34.1	42.1	1.1
Female	22.4	27.1	1.0
Rural	27.1	33.8	1.2
Urban	39.7	47.7	1.0

Note: *: The wage index has been deflated by using Consumer Price Index (2001=100).

Sources: Irfan 2008 and GOP, *Labour Force Survey* (various issues) and MHHDC staff computations.

ployment laws and policies to ensure the protection of labour rights and provide decent employment opportunities. The country has also initiated a range of employment programmes that deal with skill development, self-employment, public works and social insurance.

Labour laws and policies

The Constitution of Pakistan recognises the right to work and earn a decent living, as per the following testimonials, “*The State shall secure humane conditions of work, ensuring that children and women are not employed in vocations unsuited to their age or sex, equitable adjustment of rights between employers and employees, social security and maternity benefits*”, and also that “*The State shall ensure the elimination of all forms of exploitation.*”⁴²

Pakistan has ratified all eight of the ILO’s fundamental conventions.⁴³ However, ratification alone does not ensure the protection of workers. The constitutional framework applies only to formal sector workers, ignoring the majority that work in the farm sector and the many who are employed in the non-farm informal economy.

In 2010, the Government of Pakistan formulated the Labour Policy 2010 to promote employment generation and protect the rights of workers. The policy focused on the legal framework, the rights of workers and employers, skill development and employment, and the export of manpower. A draft National Emigration Policy 2013 was also prepared.

After the 18th Amendment to the Constitution of Pakistan in 2010, labour has become a provincial subject, creating an opportunity to improve labour rights. Labour legislation and its implementation now rest with provincial governments. Recent initiatives at the provincial level include the Punjab Youth Policy 2012, the Home-based Workers Policy drafts in Punjab and Sindh, and the Social Protection Policy draft in Khyber Pakhtunkhwa (KPK). Promulgated labour laws include

the Industrial Relations Act 2009, the Sindh Industrial Relations Act 2013 and the KPK Industrial Relations Act 2010.

Employment programmes

SKILL DEVELOPMENT

Technical and vocational education and training (TVET) is provided to new entrants while in-service training and active labour market programmes (ALMPs) are used to improve the skills of existing workers (see table 3.22). However, the formal TVET system is not accessible to people without basic education, and entry requirements preclude the majority of the poor. More specifically, formal training institutions require a minimum eight years of education for vocational courses and 10 years of schooling for technical programmes.⁴⁴

The formal TVET system in Pakistan has poor accessibility due to educational and monetary requirements. The system also lacks adequate capacity to induct new students, given the large numbers of new entrants in the labour force every year. There are 1,647 TVET insti-

Table 3.22 An overview of active labour market programmes (ALMPs) in Pakistan

Name of programme	Number of beneficiaries	Budget (PKR billions)	Per beneficiary cost (PKR)	Number of regional offices
Bureau of Emigration and Overseas Employment	403,528	...	...	4
People’s Works Programme	227,734	7.98	35,029	...
National Rural Support Programme	2,922,943	0.66	226	38
Pakistan Rural Support Programme	81,754	0.32	3,896	6
Khushhali Bank	284,000	0.75	2,650	113
Kashf Foundation	319,153	2.00	6,270	5
Balochistan Rural Support Programme	14,392	0.16	11,113	12
Sindh Rural Support Programme	8,577	...	...	15
Khyber Pakhtunkhwa Rural Support Programme	1,200,000	1.00	833	4
Sindh Technical Education and Vocational Authority (TEVTA)	3,210	0.50	...	5
Punjab TEVTA	541	5.32	...	21

Source: Robalino and Cho 2012.

Despite a huge institutional structure and a large number of organisations involved in microfinance, only a small fraction of the potential microfinance market has been tapped in Pakistan

tutes in Pakistan with an enrolment capacity of 315,000 students.⁴⁵ The government is introducing more programmes (such as the Prime Minister's Youth Development Programme) to increase enrolment. However, given that Pakistan's labour force is increasing by 1.8 million (as of 2014), access is very limited.⁴⁶ According to Pakistan's New Growth Strategy 2011, less than six per cent of the youth has acquired technical skills through the TVET system, and only 2.5 per cent of them have received in-service training.⁴⁷

The most widespread method of training is the informal system, commonly known as the *ustad-shagird* (master-apprentice) system. A survey has revealed that skill acquisition through apprenticeship is twice that of the formal system.⁴⁸

SELF-EMPLOYMENT/MICROFINANCING

Financial assistance has been the primary source of encouraging self-employment and development of micro-entrepreneurship. In Pakistan, microfinance was introduced in the 1980s with the formation of rural support programmes that provided small loans to farmers on an informal basis. In the late 1990s, the Government of Pakistan took a number of initiatives, such as the establishment of the *Khushhali* Bank, the Pakistan Poverty Alleviation Fund and microfinance banks. In 2007, the government formulated a national strategy on 'Expanding Outreach of Microfinance' to increase the number of borrowers to 10 million by 2015.

Despite a huge institutional structure and a large number of organisations involved in microfinance, only a small fraction of the potential microfinance market has been tapped in Pakistan. The main constraints have been funding limitations, insufficient organisational capacity, high operating cost to loan ratio (22 per cent), and lack of diversification and expansion.⁴⁹

PUBLIC WORKS PROGRAMMES

Pakistan has a long history of programmes

to provide temporary employment through construction projects. The *Khushhali* Pakistan Programme and the *Tameer-e-Watan* Programme (1991-99) were operated during the tenures of different governments. Currently, one such programme—the People's Work Programme I and II—is operational. In 2012, expenditure on the People's Works Programme I was PKR4.3 billion or 0.02 per cent of GDP.⁵⁰ The budget for People's Works Programme II was PKR33.6 billion or 0.16 per cent of GDP. The programme focuses on development schemes for provision of electricity, gas, farm-to-market roads, telecommunication, education, health, water, and sanitation facilities to the rural community. In 2009, 132,207 jobs were created through 2,288 such development schemes.⁵¹

SOCIAL INSURANCE

There are a number of social insurance programmes for both public and private sector workers. These programmes cover only formal sector workers, while the informal sector, employing 7 out of every 10 workers in non-agricultural activities, is excluded. The agricultural sector is also omitted.

The *Pension scheme for retired government employees and soldiers* involves an estimated outlay of PKR215 billion as projected for 2015, financed partly by employee contributions. Of this, 76 per cent is for retired military personnel and 24 per cent is earmarked for retired civil servants.⁵² The beneficiaries are provided old age pensions and provident funds. In 2010, the scheme benefitted 344,315 and 145,731 individuals in Punjab and Sindh, with a budget of PKR18.7 billion and PKR12.8 billion respectively.⁵³

In the private sector, pension coverage is provided by the Employees' Old Age Benefits Institution and the Employees Social Security Institutions. Coverage is limited to the formal sector.

The *Employees' Old Age Benefits Institution* has grown tremendously—it insured 5.8 million workers in 2014 compared to a mere 8,807 in 1977.⁵⁴ The scheme is not supported by the government; it is fi-

nanced by employers, income from investment and donations. The *Employees Social Security Institutions* are administered by provincial governments. The contingencies covered under the scheme are sickness, maternity, work injury, invalidity and death benefits. In 2010, the scheme covered 1.3 million workers working in 70 thousand establishments, with a disbursement of PKR5.5 billion.⁵⁵ The *Workers Welfare Fund* aims to finance projects for the establishment of housing schemes for industrial workers, as well as other welfare measures in the areas of education, training, marriage and death grants, and scholarships for higher education. In 2012, the scheme benefitted 21,775 people, with a disbursement of PKR1.5 billion.⁵⁶

Employment in Bangladesh

Profile of employment

Over the last three decades, the economy of Bangladesh has created jobs at a rate slightly lower than the increase in labour force. As a result, the official unemployment rate increased modestly, reaching 4.5 per cent (see table 3.23). The most significant development in Bangladesh is the increasing role of women in the labour market, as reflected in the increasing labour force participation rate, employment rate and wages. This has been attributed to the increasing role of the non-farm sector—especially the manufacturing sector—in the provision of jobs. Despite significant improvements in labour market indicators, there have been issues with respect to the quality of work. This is reflected by the high rate of underemployment and concentration of workers in low productivity and low income jobs.

Growth in labour force

Between 1981 and 2010, the total labour force more than doubled, increasing by more than one million every year (table 3.24). It is projected to reach 63.7 million in 2015. The disparity between rural and

Table 3.23 Trends in employment in Bangladesh, 1981-2010

	Absolute value		Growth rate (%)
	1981	2010	1981-2010
GDP (BTK billions)	924	3,608	4.8
Population (millions)	87.1	148.7	1.9
Labour force (age 15+) (millions)	23.3	56.7	3.1
Employed (age 15+) (millions)	23.0	54.1	3.0
Unemployed (age 15+) (millions)	0.3	2.6	7.7
Unemployment rate (age 15+) (%)	1.3	4.5	...
Youth labour force (age 15-24) (millions)	7.6*	13.2	2.1

Note: *: Data is for the year of 1984.

Sources: Mujeri 2004, GOB 2010c and MHHDC staff computations.

urban indicators, however, is telling. The share of urban labour in the total labour force grew by 72.8 per cent between 1984 and 2010, while the share of rural labour force shrank by 11.5 per cent. This indicates the high levels of urbanisation and industrialisation the country has seen over the last three decades. Another important feature of the labour force is the increasing role of women, both in rural and urban areas. The share of women in the total labour force grew exponentially by 237.1 per cent, from 8.9 per cent to 30.0 per cent between 1984 and 2010. In cities, women accounted for 30.1 per cent of the labour force in 2010 as compared to 11.3 per cent in 1984. The overall trend was reinforced by a comparable rise in the share of women in the rural labour force from 8.5 per cent to 30.4 per cent during this period.

On the whole, the labour force participation rate increased from 43.9 per

Table 3.24 Trends in labour force (age 15+) in Bangladesh, 1984-2010*

		(millions)		
		Female	Male	Both
1984	National	2.5	26.0	28.5
	Rural	2.1	22.5	24.6
	Urban	0.4	3.4	3.9
1996	National	5.4	30.7	36.0
	Rural	3.8	23.9	27.7
	Urban	1.6	6.8	8.3
2010	National	17.2	39.5	56.7
	Rural	13.2	30.2	43.4
	Urban	4.0	9.3	13.3

Note: *: Data is for employed labour force aged 10 years and above for 1984 and 15 years and above for 1996 and 2010.

Sources: Mujeri 2004, GOB 2003 and 2010c and MHHDC staff computations.

cent to 59.3 per cent between 1984 and 2010, with a significantly greater rise in female versus male participation rate, due to widespread employment opportunities in

	1984	2010
Both	43.9	59.3
Male	78.5	82.5
Female	8.0	36.0

Sources: GOB 2010c and 2011.

		Female	Male	Both
1984	National	2.4	25.6	28.0
	Rural	2.0	22.2	24.2
	Urban	0.4	3.4	3.8
1996	National	5.0	29.8	34.8
	Rural	3.5	23.4	26.9
	Urban	1.5	6.4	7.9
2010	National	16.2	37.9	54.1
	Rural	12.6	29.1	41.7
	Urban	3.6	8.8	12.4

Note: *: Data is for employed labour force aged 10 years and above for 1984 and 15 years and above for 1996 and 2010.

Sources: Mujeri 2004, GOB 2003 and 2010c and MHHDC staff computations.

	% of total employment		Total employed (millions)		
	1981	2010	1981	2010	Annual change (%)
Agriculture	61.0	47.5	14.2	26.9	2.2
Industry	8.7	12.6	2.0	7.1	4.4
Services	30.3	39.9	7.1	22.6	4.1
Total	100	100	23.3	56.7	3.1

Sources: GOB 2010c and 2011 and MHHDC staff computations.

	1991*	2010
Self-employed	22.1	39.8
Employer	16.3	0.2
Employee	16.9	17.0
Unpaid family helpers	24.1	21.3
Day labourers	20.1	19.2
Others	0.6	2.5

Note: *: Data is for employed labour force aged 10 years and above for 1991 and 15 years and above for 2010.

Sources: Mujeri 2004, GOB 2010c and MHHDC staff computations.

the ready-made garments sector and other similar sectors in urban areas (see table 3.25).

Growth in employment

- **TRENDS IN EMPLOYMENT:** In Bangladesh, the employed labour force grew at a slightly slower pace than the total labour force between 1981 and 2010. A main feature of this period is the sharp increase in female employment, and the female share in total employment rose from 8.7 per cent to 29.9 per cent between 1984 and 2010, with a similar trend in rural and urban areas (table 3.26). The expansion of employment in urban areas was faster than in rural areas.
- **EMPLOYMENT BY SECTOR:** Between 1981 and 2010, industrial sector employment increased at an annual rate of 4.4 per cent, while employment in the service and agricultural sectors increased by 4.1 and 2.2 per cent respectively. Although the share of agriculture in total employment decreased by 13.5 percentage points over this time, it continued to employ almost half (48 per cent) of the labour force (table 3.27). The share of services and industry in total employment increased by 9.6 and 3.9 percentage points during this period.
- **EMPLOYMENT STATUS:** The share of self-employed almost doubled between 1991 and 2010, while the share of employers, unpaid family helpers and day labourers decreased (table 3.28). These developments show high mobility of workers among various activities. The increase in self-employment is attributed to the significant increase in employment in the service sector (e.g., transport and trade), which employs the largest share of the self-employed labour.
- **INFORMAL EMPLOYMENT:** An important aspect is the increase in informal sector employment. Between

1996 and 2010, the share of informal employment in total (farm and non-farm) employment increased by 5.4 percentage points, mainly due to a significant increase in female informal sector employment (table 3.29). The share of female informal workers in total female employment increased by 13.1 percentage points, while that of males rose only by 3.0 percentage points.

- **YOUTH EMPLOYMENT:** Between 1984 and 2010, the share of the youth (aged 15-24 years) in the total labour force decreased from 29.4 per cent to 23.3 per cent, mainly due to the increase in secondary enrolments. The youth share in total employed labour also decreased from 28.9 per cent to 22.2 per cent. The share of the youth in the total unemployed decreased at an even faster rate from 56.0 per cent to 44.4 per cent. The incidence of unemployment among this category is higher compared to other age groups.⁵⁷
- **EMPLOYMENT BY GENDER:** Female labour force participation has increased significantly over the last three decades. The share of female workers in the total labour force and the employed has also risen during this period. This is mainly attributed to expanded employment opportunities in the ready-made garments sector, which employs 4 million people, of whom 80 per cent are women.⁵⁸

Wage structure

In Bangladesh, real wages have increased over the last three decades, with significant variation across sectors. Between 1980 and 2010, real wages increased by 1.6 per cent (table 3.30). The increase was the highest in the manufacturing sector (2.6 per cent), followed by the agricultural sector (1.2 per cent) and the construction sector (0.7 per cent). Agricultural sector wages increased at a higher annual rate. During this period, the migration of workers from the farm to

the non-farm sector pushed up agricultural wages of the remaining workers. However, the wage gap between the farm sector and the manufacturing sector increased.

A gender-wise analysis of wages uncovers significant gaps, with women earning less than men. However, over the last decade (2000-10), the rate of growth in female real wages has been higher than male, in both rural and urban areas (see table 3.31). In rural areas, female wages increased by over 4.0 per cent, as compared to a 3.7 per cent rise in male wages. Similarly, in urban areas, female wages climbed by 5.6 per cent versus a 2.2 per cent increase in male wages. Thus, the ratio of female to male wages improved during the last decade. Such a positive outcome is the result of employment opportunities for women in the non-farm sector, especially in the ready-made garments sector. However, gender gaps in wages still exist.

Table 3.29 Trends in employment (age 15+) in Bangladesh by employment status, 1996-2010

		(% of total employed labour force)		
		Female	Male	Both
1996	Formal	20.8	17.5	17.9
	Informal	79.2	82.5	82.1
2010	Formal	7.7	14.5	12.5
	Informal	92.3	85.5	87.5

Sources: Mujeri 2004, GOB 2010c and MHHDC staff computations.

Table 3.30 Trends in real wages in Bangladesh by sector, 1980-2010

	Real wage index (1970=100)*				Annual growth rate (%)			
	1980	1990	2000	2010	1980-90	1990-2000	2000-10	1980-2010
Agriculture	15.8	17.4	16.4	22.5	1.0	-0.6	3.2	1.2
Manufacturing	13.8	21.0	21.7	29.9	4.2	0.4	3.2	2.6
Construction	17.5	20.6	18.4	21.5	1.6	-1.1	1.6	0.7
General	15.4	19.9	19.2	25.1	2.6	-0.3	2.7	1.6

Note: *: The wage index has been deflated by the Consumer Price Index (1996=100).

Sources: GOB 2011 and 2012b and MHHDC staff computations.

Table 3.31 Trends in real wages in rural and urban areas of Bangladesh by gender and season, 2000-10

	(BTK)					
	Peak season rural		Lean season rural		Overall urban	
	Male	Female	Male	Female	Male	Female
2000	134.0	92.3	106.6	76.3	203.2	129.3
2010	193.6	141.0	154.0	112.6	253.4	223.2
Annual growth rate (%)	3.7	4.3	3.7	4.0	2.2	5.6

Source: Zhang et al. 2013.

A 2007 study revealed gender gaps in every industry, and across all levels of education. The largest gender gap was observed among illiterate workers, followed by literate workers with less than a primary school education.⁵⁹

Another important characteristic of the labour force is the wage gap among skilled and unskilled workers (table 3.32). This gap is not only significantly high, but has also increased over time. An increase in wage inequality among skilled and unskilled workers during the era of trade liberalisation indicates skill-biased technical change in the economy. Moreover, there are earning differentials among low and high skilled workers.

Among all workers, casual workers are the most vulnerable. The majority work in the informal sector. In 2010, the real wages of casual employees were about two-fifths of the average wages of regular employees.⁶⁰ Also, there is significant disparity in the wages of male and female casual workers. Female casual workers earn 66 per cent less than their male counterparts (see table 3.33). This demonstrates the inadequacy of the minimum wage policy to protect workers, especially casual employees.

Employment policies and programmes

The Government of Bangladesh has for-

Ratio of skilled to unskilled wages	1990	2005
Manufacturing	1.9	2.4
Construction	3.3	3.1

Source: MHHDC 2008.

	(BTK)	
	2006	2010
Overall	1,250	1,686
Male	1,412	1,905
Female	478	646
Urban	1,367	1,838
Rural	1,204	1,627

Source: ILO 2013a.

mulated various policies and laws to protect the rights of workers and create gainful employment. The programmes for promotion of employment deal with skill provision, self-employment, public works programmes and social insurance programmes.

Labour laws and policies

The Constitution of Bangladesh recognises the right to work and makes it the fundamental responsibility of the state to provide decent work, “that is the right to guaranteed employment at a reasonable wage having regard to the quantity and quality of work.” The Constitution also states “Work is a right, a duty and a matter of honour for every citizen who is capable of working, and everyone shall be paid for his work on the basis of the principle “from each according to his abilities to each according to his work.””⁶¹

Out of the ILO’s eight fundamental conventions, Bangladesh has ratified seven. Convention 138 that relates to the abolition of child labour has not been ratified yet. However, there is a gap between promised rights in principle and in action. This is mainly attributed to the presence of a substantial informal sector, consisting of the non-farm and agricultural sectors, which fall outside the jurisdiction of these laws.

The country has promulgated a number of laws and policies to govern labour issues and to create employment opportunities. The laws include the Bangladesh Labour Act 2006, recently amended in 2013. Similarly, labour policies include the National Labour Policy 2012, the National Child Labour Elimination Policy 2010, the Perspective Plan 2010-21, the National Skills Development Policy 2010-15 and the sixth Five Year Plan (2011-15). These policies aim to provide decent jobs to all, eliminate child labour, increase the share of employment in the industrial sector, boost overseas employment and provide social insurance.

However, there have been issues with respect to the functioning of these

laws and policies, as highlighted by the collapse in Dhaka of Rana Plaza in April 2013. This was the worst industrial accident in the history of the textile sector of South Asia, in which more than 1,000 garments and textile sector workers died and 2,500 were injured.⁶² As a response to this incident, the government formulated the National Occupational Safety and Health Policy 2013.

Employment programmes

In Bangladesh, there are a number of employment programmes. Most of them apply to formal sector workers. There have been mixed results with respect to the effectiveness of these initiatives. For instance, the Old Age Allowance Programme caters to a considerable number of old age people, but is facing issues of exclusion. However, the Employment Generation Programme for the Poorest has been a great success.

SKILL PROVISION

Bangladesh has a shortage of skilled labour. In 2010, there were 105 secondary school graduates per technical/vocational training graduate, while 40 per cent of the labour force had no education.⁶³ Enrolment in the TVET sector is only three per cent of that of secondary school.⁶⁴ The entry requirement for TVET is grade 8, making access difficult. Moreover, there has been a mismatch between training and job requirement: less than 10 per cent of the TVET graduates were employed in their relevant areas soon after the completion of their graduation.⁶⁵

National Skills Development Council, established in 2008, is responsible for the monitoring of all public and private training providers. The Council formulated the Skills Development Policy 2011 with the objective of strengthening the TVET system. The policy built on other policies such as the Education Policy 2009, Overseas Employment Policy 2006, the Non-Formal Education Policy 2006 and the Youth Policy 2003. A number of

NGOs such as BRAC, ASA and *Proshika* are also providing skills training. Besides this, informal apprenticeship is also an important source of training. This system provides skill to carpenters, bricklayers, electricians, plumbers, tailors, hair-dressers, welders, and so on.

SELF-EMPLOYMENT/MICROFINANCING

The microfinance sector has shown impressive growth in the country. It has benefited women and rural residents immensely by creating employment opportunities. The credit services of the sector can be categorised as providing micro-credit for small-scale self-employment, micro-enterprise loans, loans for the ultra-poor, farm loans, seasonal loans, and loans for disaster management.

The microfinance sector in Bangladesh consists of NGOs (83 per cent of total branches), Grameen Bank (14 per cent), *Palli Daridra Bimochon* Foundation (PDBF) (2 per cent), and Rural Development Scheme (RDS) of the Islami Bank Bangladesh Limited (IBBL) (1 per cent). In 2013, the sector had 18,332 branches, and 33.7 million members (see table 3.34). It disbursed a loan of BTK593 billion to 26.7 million borrowers, with a recovery rate of 95 per cent. The share of NGOs was over 70 per cent in total loan disbursement and borrowers, followed by Grameen

Table 3.34 State of microfinance in Bangladesh, (January to December) 2013

	Branches	Members (millions)	Borrowers (millions)	Loan disbursement (BTK billions)	Net savings (BTK billions)	Loan outstanding (BTK billions)	Recovery rate (%)
MF-NGOs ^a	15,135	23.5	18.9	440.8	100.6	263.7	94.9
Grameen Bank	2,567	8.5	6.7	126.0	92.2	84.4	99.7
PDBF ^b	390	0.8	0.5	6.3	2.8	4.2	98.0
RDS (IBBL) ^c	240	0.8	0.5	19.5	4.4	13.7	100.0
Total	18,332	33.7	26.7	592.6	200.0	366.0	94.9

Notes: a: MF-NGOs means microfinance non-governmental organisations. b: PDBF means *Palli Daridra Bimochon* Foundation. c: RDS (IBBL) means Rural Development Scheme (Islami Bank Bangladesh Limited).

Source: CDF 2014.

Bank's share of over 20 per cent. Net savings have also increased significantly. In 2013, the net saving balance was BTK200 billion, which was 54 per cent of the loan outstanding.

Within NGOs, BRAC and ASA play a prominent role. They account for about half of the total outstanding loan and net savings of NGOs, and 44 per cent of total borrowers. In 2013, 8.5 million people borrowed from these NGOs.⁶⁶

PUBLIC WORKS PROGRAMMES

Bangladesh has a number of public works programmes with the aim of creating rural employment for poor and vulnerable people. The Employment Generation Programme for the Poorest and Food for Work are the two largest public works programmes in Bangladesh. The work provided by these programmes typically involves support for rural infrastructure. *Food for Work* was implemented in 1975 with the support of World Food Programme until 1988.⁶⁷ After 1988, the government took over the programme to implement various projects to maintain and develop rural infrastructure. In 2012, it benefitted 0.6 million people. The *Employment Generation Programme for the Poorest* was launched in 2009 with an allocation of BTK9.3 billion. It provides employment for 100 days to one person per poor family during the lean seasons, with a wage rate of BTK100 per seven working hours a day. In 2012, it benefitted 1.8 million people with a budget of BTK10 billion. One-third of the benefi-

ciaries of the programme were women (see table 3.35).

SOCIAL INSURANCE PROGRAMMES

In Bangladesh, *Pension for Retired Government Employees and their Families* is the largest social insurance programme in terms of budget. The retirement age for all public servants is 59 years and the pension is paid on the basis of workers' contribution (of 6-7 per cent of the basic salary) to the provident fund.

In 1998, with the aim of benefiting impoverished old people, the Government of Bangladesh set up the *Old Age Allowance* to provide pensions to old men aged 65 years and women aged 62 years, with no requirement for contribution. The programme is entirely financed and managed by the government. The budget of the programme increased from BTK125 million in 1998 to BTK8.9 billion in 2013. The number of beneficiaries also increased from 0.4 million to 2.5 million. However, an evaluation of the programme shows poor targeting and low level of per capita allocations. Although the programme covers about 30 per cent of the population aged 60 years or over, a large number of the beneficiaries are non-poor. About two-thirds (69 per cent) of the beneficiaries were found to be from the bottom 50 per cent of the population, while one-third (31 per cent) were from the (remaining) top 50 per cent of the population, showing the leakage of benefits towards non-poor. Similarly, about one-third of the beneficiaries have been found to be below the age of eligibility. Finally, despite the increase in monthly pension from BTK100 to BTK300, there is a minor increase in real terms. The government also provides allowances to *Freedom Fighters* (see table 3.36).⁶⁸

Another social insurance programme is *Allowances for the Widow, Deserted and Destitute Women*. The programme was started in 1998 with an allocation of BTK125 million to pay a monthly allowance of BTK100 to 0.1 million women. In 2012, the financial allocation increased

Table 3.35 Public works programmes in Bangladesh, 2012

Programme	Implementing agency	Target population	Benefits	Budget (BTK billions)	No. of beneficiaries (millions)
Rural Employment Programme for the Poorest	Ministry of Disaster Management	Rural poor	Wages	10.0	1.8
Rural Employment and Road Maintenance	Local Government Engineering Department	Poor rural women	Wages and training	1.3	0.13
Food for Work	Ministry of Disaster Management	Food insecure in rural areas	Food	12.8	0.6

Source: Khondker *et al.* 2013.

to BTK3.3 billion, monthly allowance reached BRK300, and the programme beneficiaries also increased to 0.92 million. About one-fourth (23 per cent) of the beneficiaries were over 62 years of age.⁶⁹

Employment in Nepal

Profile of employment

Demographic trends in Nepal are favourable as the country is experiencing an increase in the share of working age population. However, unless this is accompanied by an improving economic and labour market situation, socio-economic benefits will not be fully realised. While GDP increased at an annual rate of 3.8 per cent between 1999 and 2008, growth in employment was at 2.2 per cent (see table 3.37). Most of the employment opportunities have been created in the farm and non-farm informal activities, indicating the vulnerability and low quality of jobs.

Labour force and labour force participation rate

The total labour force (aged 15 years and above) in Nepal is 12.0 million, up from 9.6 million in 1999 (see table 3.38). The labour force has increased across the rural-urban and male-female categories. The annual growth in labour force is higher for females compared to males and for urban areas compared to rural.⁷⁰ This indicates that the composition of the labour force in Nepal is changing significantly. At the national level, women account for a larger share in the labour force compared to men: 6.4 million compared to 5.6 million for men. In percentage terms, the share for females in the total labour force increased over time, from 50.1 per cent in 1999 to 53.1 per cent in 2008. Migration of male workers to other countries is responsible for the higher share of women compared to men in the labour force. In urban areas however, men constitute a larger proportion of the labour force compared to women. A majority of Nepal's labour force

Table 3.36 Social insurance programmes in Bangladesh, 2013

Programmes	Allocation (BTK billions)	Beneficiaries (millions)
Pension for Retired Government Employees and their Families	55.33	0.40
Old Age Allowance	8.91	2.48
Honorarium for Insolvent Freedom Fighters	3.60	0.15
Construction of Residence for Landless and Poor Freedom Fighters	2.28	0.03
Allowances for the Widow, Deserted and Destitute Women*	3.31	0.92

Note: *: Data is for 2012.

Sources: Khondker *et al.* 2013 and GOB 2013b.

Table 3.37 Trends in employment in Nepal, 1999-2008

	Absolute value (millions)		Annual change (%)
	1999	2008	1999-2008
GDP (NPR)	404,820	590,109	3.8
Population	23.2	26.5	1.4
Labour force (age 15+)	9.6	12.0	2.2
Employed labour force (age 15+)	9.5	11.8	2.2
Unemployed (age 15+)	0.2	0.3	3.6
Unemployment rate (age 15+) (%)	1.8	2.1	...

Sources: GON 2011b and 2014a, and GON, *Nepal Labour Force Survey* (various issues).

Table 3.38 Trends in labour force in Nepal, 1999-2008

		(millions)		
		Female	Male	Total
1999	National	4.8	4.8	9.6
	Urban	0.5	0.6	1.0
	Rural	4.4	4.2	8.6
2008	National	6.4	5.6	12.0
	Urban	0.7	0.9	1.7
	Rural	5.6	4.7	10.4

Source: GON, *Nepal Labour Force Survey* (various issues).

Table 3.39 Trends in labour force participation rates, 1999-2008

	(%)	
	1999	2008
Total	85.8	83.4
Male	90.1	87.5
Female	81.9	80.1
Urban	73.3	67.3
Rural	87.7	86.8

Source: GON, *Nepal Labour Force Survey* (various issues).

resides in rural areas because Nepal is predominantly rural.

Labour force participation rate is higher for males compared to females and higher in rural areas compared to urban areas (see table 3.39). Labour force participation rates declined at all levels between 1999 and 2008; nationally by 2.9 per cent,

by 6.0 percentage points in cities and by 0.9 percentage points in rural areas. This decline in labour force participation rates, especially in urban areas, is mainly because of increasing educational attainment. Nepal has witnessed positive trends in the education sector, as the proportion of people who never attended schools declined

between 1999 and 2008, and the proportion of population attaining secondary and higher education increased.⁷¹

In Nepal, the unemployment rate has been relatively low. In 1999, 178,000 people were unemployed, which increased to 253,000 in 2008. However, the unemployment rate increased from 1.8 per cent to 2.1 per cent. Unemployment in Nepal is more of a concern in cities, as the rate of unemployment is significantly higher here than in rural areas (see table 3.40). This is mainly because of rural to urban migration for job opportunities. Unemployment amongst males is slightly higher than for females.

Growth in employment

- **TRENDS IN EMPLOYMENT:** The total number of employed workers in Nepal increased by 24.2 per cent between 1999 and 2008 (see table 3.41). The annual rate of growth in employment was higher in urban compared to rural areas. Annual growth in employment in both rural and urban areas was higher for women compared to men due to international migration of men. The employment to population ratio decreased amongst both males and females during 1999 and 2008, mainly because of higher participation in education (see table 3.42).
- **EMPLOYMENT BY SECTOR:** Around 74 per cent of the employed in Nepal are engaged in agricultural activities as compared to 10.8 per cent in industry and 15.3 per cent in services (see table 3.43).
- **EMPLOYMENT STATUS:** Nepal's economy is primarily an informal economy, with 96.2 per cent of employment in the informal sector. Since 1999, the proportion has increased from 93.6 per cent. Only 16.9 per cent of the total employed in Nepal are wage earners, and their

Table 3.40 Trends in unemployment in Nepal, 1999-2008

	1999		2008	
	Number of unemployed (thousands)	Unemployment rate (%)	Number of unemployed (thousands)	Unemployment rate (%)
Total	178	1.8	253	2.1
Male	98	2.0	127	2.2
Female	80	1.7	126	2.0
Urban	77	7.4	125	7.5
Rural	101	1.2	128	1.2

Source: GON, *Nepal Labour Force Survey* (various issues).

Table 3.41 Trends in number of people employed, 1999-2008

		<i>(thousands)</i>		
		Female	Male	Total
1999	National	4,727	4,736	9,463
	Urban	411	560	971
	Rural	4,316	4,176	8,492
2008	National	6,259	5,519	11,779
	Urban	680	855	1,535
	Rural	5,580	4,664	10,244

Source: GON, *Nepal Labour Force Survey* (various issues).

Table 3.42 Trends in employment to population ratio, 1999-2008

	1999	2008
Total	84.3	81.7
Male	88.3	85.5
Female	80.5	78.5

Source: GON, *Nepal Labour Force Survey* (various issues).

Table 3.43 Employment by industry in Nepal, 1999-2008

	% of total employment		Total employment (thousands)		
	1999	2008	1999	2008	Annual change (%)
Agriculture	76.1	73.9	7,203	8,704	1.9
Industry	9.8	10.8	931	800	3.2
Services	14.1	15.3	1,330	2,274	3.1
Total	100.0	100.0	9,463	11,779	2.2

Source: GON, *Nepal Labour Force Survey* (various issues).

proportion marginally increased by 0.9 percentage points between 1999 and 2008. In 2008, around 82 per cent of Nepal's workers were in vulnerable employment—either self-employed or working as unpaid family helpers (see table 3.44).

- **UNDEREMPLOYMENT AND LOW LABOUR UTILISATION:** According to the *Nepal Labour Force Survey 2008*, around 30.0 per cent of the total economically active population is classified as under-utilised.⁷² These include 2.1 per cent of people who are unemployed, 6.7 per cent who are working less than 40 hours a week, 8.1 per cent with inadequate earnings and 13.2 per cent with skill mismatch.⁷³
- **YOUTH EMPLOYMENT:** The unemployment rate for youth aged 15-24 years was 3.5 per cent in 2008, increasing from 2.4 per cent in 1999. Youth unemployment worsened for both males and females between 1999 and 2008, with unemployment amongst women almost doubling in urban areas, the youth unemployment rate between 1999 and 2008 rose by 71.1 per cent, while in rural areas it grew by 31.3 per cent (see table 3.45).
- **INTERNATIONAL MIGRATION:** In 2011, around two million Nepalese were estimated to be working abroad, increasing from 400,000 in 1980.⁷⁴ According to the *Nepal Labour Force Survey 2008*, around 30 per cent of households have at least one member working abroad.⁷⁵ International migration is most prevalent amongst males (86.7 per cent) and amongst youths, in age group 15 to 29 years.⁷⁶

Wage structure

In Nepal, the average monthly wage increased from NPR2,143 in 1999 to NPR5,117 in 2008; the average monthly wage for males was NPR5,721 compared

Table 3.44 Trends in employment patterns in Nepal, 1999-2008

	% of employed persons	
	1999	2008
Sector of employment		
Vulnerable employment	83.1	81.9
Formal employment	6.4	3.8
Informal employment	93.6	96.2
Employment status		
Wage earners	16.0	16.9
Employers	0.5	1.0
Self-employed	39.8	36.2
Unpaid family helpers	43.3	45.7

Source: GON, *Nepal Labour Force Survey* (various issues).

Table 3.45 Trends in youth unemployment in Nepal, 1999-2008

	Unemployment rate (%)	
	1999	2008
Total	2.4	3.5
Male	3.3	4.2
Female	1.7	2.9
Urban	7.6	13.0
Rural	1.6	2.1

Source: GON 2009.

Table 3.46 Trends in wages in Nepal by gender, 1999-2008

	(NPR)	
	1999	2008
Total	2,143	5,117
Male	2,389	5,721
Female	1,368	3,402

Source: GON, *Nepal Labour Force Survey* (various issues).

to NPR3,402 for females in 2008 (see table 3.46).

There was a significant variation in the average monthly wages across various occupation groups; agricultural workers were earning less than workers in non-agricultural activities. The wage rate increased overtime at more or less the same rate for all the categories, with a slightly higher rate of increase for clerks and service workers (table 3.47).

The return to education has been

Table 3.47 Trends in wages in Nepal by occupation group, 1999-2008

(NPR)

	1999	2008
Legislators, senior officials, professionals and armed forces	5,217	9,754
Crafts and related trade	2,773	5,186
Agriculture workers	2,109	4,404
Technicians	2,971	6,001
Plant and machine operators	2,981	6,248
Clerks	2,832	7,243
Service workers	2,507	6,246
Elementary occupation	1,491	3,032

Source: GON, *Nepal Labour Force Survey* (various issues).

positive in Nepal, as wage premiums and employment opportunities tend to increase with higher educational attainment. Returns to education increased between 1999 and 2008 for all categories, except for people with incomplete levels of primary education.⁷⁷

Employment policies and programmes

Nepal has a multitude of plans, laws, policies and acts covering different aspects of labour issues. In 2012, the National Labour Conference proposed five labour related acts, including the Labour Act, the National Labour Commission Act, the Trade Union Act, the Bonus Act and the Unemployment Benefit Insurance Act. However, these are in various stages of implementation. The current prevailing acts include the Labour Act 1992, which deals with issues related to working hours, remuneration, health and safety and welfare provisions. With regards to working hours, it limits the work day to a maximum of eight hours or less, a mandatory break to prevent more than five hours of continuous work and at least one day off during a week.⁷⁸ With regards to remuneration, under the Act, the Government of Nepal has negotiated with stakeholders a basic salary of NPR5,100, with a dearness allowance of NPR2,900.⁷⁹ The daily wage has been increased to NPR318, leading to the highest minimum wage among South Asian countries.

In 2006, the Ministry of Labour

and Employment proposed a Labour and Employment Policy laying down a comprehensive framework for the labour market. Its focus included employment generation through creating an investment friendly environment and the establishment of a social security system. In addition, it also emphasised human resource development through vocational and skill development training, increasing labour efficiency, employment administration, and the elimination of forced and child labour. Similarly there are policies targeting specific groups, like children and youth. The Child Labour Act 2000 prohibits children below the age of 14 years from being engaged in labour, or in case of necessity, lays down provisions for employing children. The Social Security and Protection of Senior Citizen Act 2006, provides social security to citizens aged 60 years and above. The National Youth Policy 2010 has been designed to involve youth in the overall development of the country.

Employment related programmes

KARNALI EMPLOYMENT PROGRAMME

The 2006 *Karnali* Employment Programme guarantees 100 days of unskilled manual employment in infrastructure projects for at least one person in every household at NPR180-NPR350 per day. Between 2007 and 2012, NPR1,316 million has been spent on this scheme, providing employment for 74,000 household members.⁸⁰

YOUTH AND SMALL ENTERPRISE EMPLOYMENT FUND

The fund aims to conduct vocational training programmes for unemployed youths and provides self-employment through the provision of collateral-free periodic loans at concessional interest rates. It also targets economically deprived groups—women, *Dalits*, and people from conflict zones. To date, the programme has spent NPR2,672

million to provide self-employment opportunities for 20,806 individuals.⁸¹

SOCIAL PROTECTION AND SOCIAL SECURITY FUND

Nepal has established several social protection programmes for both contributing and non-contributing segments of the society. In recent years, especially since 2006, there has been a surge in programmes to enhance social protection.

The *Employment Provident Fund* is the oldest social protection programme in Nepal. It was established in 1962 and provides lump sum payments ranging from NPR10,000 to NPR150,000 as insurance to cover accidents that result in permanent or partial disability, funeral grants for legal heirs, and survivor benefits. The scheme is mandatory for government and semi-government sectors, and voluntary for the private sector. The beneficiaries have increased from 40,000 in 1962 to 490,000 in 2014, with a total fund value amounting to NPR161 million.⁸²

Nepal has established a universal pension system to serve its senior citizens, single women, people with disabilities and culturally disadvantaged population, including *Dalits* and ethnic groups. These are mostly non-contributory cash transfer schemes where the recipients receive monthly cash transfers, ranging between NPR300 and NPR1,000.

In 2011, the government introduced the *Social Security Fund* to provide insurance schemes for contributing employees in the public and private sectors which led to the generation of NPR4.4 billion from 1.2 million contributors by 2013.⁸³

The impact of social protection programmes has been limited due to several reasons. Firstly, social protection in Nepal lacks a comprehensive strategy as most of the policies adopted are fragmented in nature. Secondly, while several policies have been developed, the government is facing problems with implementation, as in the case of the Social Protection Fund. Thirdly,

social security schemes only cover the formal sector, which accounts for a small share of workers, and ignores informal workers in dire need of such schemes.

Employment in Sri Lanka

Profile of employment

Between 1980 and 2010, the economy of Sri Lanka created jobs at a rate higher than the increase in labour force (see table 3.48).⁸⁴ Resultantly, both the unemployment rate and the number of unemployed people decreased significantly. However, the majority of workers are employed in the informal sector. Similarly, unemployment is high among the youth and women. Another issue is the lower labour force participation rate of women, which despite improvements since 1980, remains lower than men.

Growth in labour force

The total labour force increased from 5.7 million to 7.6 million between 1981 and 2010, increasing by 1.0 per cent annually. The main reason for this slow increase is an ever increasing outflow of workers seeking employment abroad.⁸⁵ The share of women in the total labour force rose by 25 per cent (see table 3.49).

Between 1981 and 2010, overall and male labour force participation increased marginally, while the female participation rate increased significantly from 25.8 per cent to 32.1 per cent. Though the unemployment rate for all groups has de-

Table 3.48 Trends in employment in Sri Lanka, 1981-2010

	Absolute value		Annual change (%) 1981-2010
	1981	2010	
GDP (LKR billions) (1996=100)	3,519.9	16,536.2	5.3
Population (millions)	14.847	20.653	1.1
Labour force (age 10+) (millions)	5.715	7.610	1.0
Employed (age 10+) (millions)	4.851	7.236	1.4
Unemployed (age 10+) (millions)	0.857	0.375	-2.8
Unemployment rate (age 10+) (%)	15.3	4.9	...

Sources: GOS 2011b, 2014a and 2014b and MHHDC staff computations.

Table 3.49 Trends in labour force (age 10+) in Sri Lanka, 1981-2010

(millions)			
	Female	Male	Both
1981	1.606	4.109	5.715
2010	2.666	4.944	7.610

Sources: GOS 2011b and 2014b and MHHDC staff computations.

creased significantly over the last three decades, high unemployment persists among women (see table 3.50).

Growth in employment

- **TRENDS IN EMPLOYMENT:** The employed labour force increased from 4.9 million to 7.2 million between 1981 and 2010, increasing at an annual rate of 1.4 per cent. The share of women in total employed workers increased from 25 per cent to 34 per cent during this period (see table 3.51). The unemployment rate decreased considerably from 15.3 per cent to 4.9 per cent between 1981 and 2010, due to a higher rate of job creation than increase in labour force. Resultantly, the number of unemployed workers decreased by 2.8 per cent annually.
- **EMPLOYMENT BY SECTOR:** Between 1981 and 2010, the share of agriculture in total employment decreased by 13.4 percentage points, whereas the share of industry and services increased by 6.1 and 7.3 percentage points respectively. During this period, the number of employed persons increased by 2.4 per cent per annum in the industrial sector, 2.0 per cent in the service sector, and 0.2 per cent in the agricultural sector (see table 3.52).
- **EMPLOYMENT STATUS:** The share of public sector employees in total employed workers has decreased, while the share of private sector employees has increased. However, 80 per cent of all private sector workers are engaged in informal activities.⁸⁶ Moreover, the share of own-account and unpaid family workers remains high (see table 3.53).
- **INFORMAL EMPLOYMENT:** Between 2006 and 2010, the share of informal sector employment in total employment increased from 61.6 per cent to 62.6 per cent.⁸⁷ The ratio of informal employment was higher in

Table 3.50 Trends in labour force participation and unemployment rates (age 10+) in Sri Lanka, 1981-2010

(%)			
		Labour force participation rate	Unemployment rate
1981	Both	46.5	15.3
	Male	66.8	12.2
	Female	25.8	34.5
2010	Both	48.6	4.9
	Male	67.3	3.5
	Female	32.1	7.5

Sources: GOS 2011b and 2014b and MHHDC staff computations.

Table 3.51 Trends in employed labour force (age 10+) in Sri Lanka, 1981-2010

(millions)			
	Female	Male	Both
1981	1.228	3.623	4.851
2010	2.465	4.770	7.236

Sources: GOS 2011b and 2014b and MHHDC staff computations

Table 3.52 Trends in employment by industry (age 10+) in Sri Lanka, 1981-2010

	% of total employment		Total employed (millions)		
	1981	2010	1981	2010	Annual change (%)
Agriculture	45.9	32.5	2.227	2.352	0.2
Industry	18.5	24.6	0.897	1.780	2.4
Services	35.6	42.9	1.727	3.104	2.0
Total	100	100	4.851	7.236	1.4

Sources: GOS 2011b and 2014b and MHHDC staff computations.

Table 3.53 Trends in employment pattern (age 10+) in Sri Lanka*, 1980-2010

(%)		
	1999	2008
Public employee	21.5	13.9
Private employee	33.7	41.3
Employer	1.8	2.7
Own-account worker	29.2	31.5
Unpaid family worker	13.8	10.7

Note: *: The data excludes Northern and Eastern provinces.

Source: GOS 2011b.

the farm sector at 86.5 per cent and lower in the non-farm sector at 51 per cent (see table 3.54).

- **YOUTH EMPLOYMENT:** In Sri Lanka, the share of the youth (aged 15-24 years) in total working age population has decreased over the last few decades. This reflects declining fertility rates and an ageing population. The share of the youth in total employed workers also decreased from 17.6 per cent to 11.3 per cent between 1990 and 2010. Likewise, the share of the youth in total unemployed workers declined from 60.6 per cent to 53.0 per cent. This is also reflected by the high unemployment rate of 19.4 per cent among the youth, with 16.3 per cent and 24.7 per cent male and female unemployment respectively.
- **EMPLOYMENT BY GENDER:** Female labour force participation rate increased in Sri Lanka from 25.8 per cent in 1981 to 32.1 per cent in 2010. However, given the high female educational enrolments, this is very low mainly because of lack of relevant market skills, gender disparities in wages, and cultural factors.

Wage structure

In Sri Lanka, real wages have increased in the public sector, but decreased in the (formal) private sector. Over the last three decades, particularly since the year 2000, the wages of public sector employees have increased. During the period 1980 to 2010, the wages of central government employees increased by 1.9 per cent annually. During this period, the wages of non-executive officers, minor employees and government school teachers increased by 1.7, 2.2 and 1.0 per cent respectively (see table 3.55).

On the contrary, the real wages of formal private sector workers (as measured by the minimum wage rate indices of employees whose wages are governed by the Wages Boards Trades) decreased by 0.1 per cent between 1980 and 2010. This reduc-

Table 3.54 Trends in employment (age 10+) in Sri Lanka by employment status, 2006-2010

		(% of total employed labour force)		
		Total	Agriculture	Non-agriculture
2006	Formal	38.4	16.0	49.0
	Informal	61.6	84.0	51.0
2010	Formal	37.4	13.5	49.0
	Informal	62.6	86.5	51.0

Sources: GOS 2007b and 2011b.

Table 3.55 Wage rate indices (1978 = 100) in Sri Lanka, 1980-2010

	Real wage index*				Annual growth rate (%)			
	1980	1990	2000	2010	1980-90	1990-2000	2000-2010	1980-2010
A. Government employees								
Central government employees	12.0	13.9	12.6	21.2	1.5	-1.0	5.4	1.9
Non-executives	11.7	12.8	11.9	19.2	0.9	-0.7	4.9	1.7
Minor employees	12.2	15.0	13.0	23.4	2.0	-1.4	6.0	2.2
Government school teachers	11.1	11.8	10.0	15.2	0.6	-1.6	4.2	1.0
B. Workers in Wages Boards Trades								
All	13.6	13.2	11.6	13.1	-0.3	-1.3	1.2	-0.1
Workers in agriculture	14.2	15.1	13.2	15.2	0.6	-1.3	1.4	0.2
Workers in industry and commerce	12.9	11.1	9.9	10.0	-1.5	-1.1	0.1	-0.8
Workers in services	12.1	7.8	6.5	7.6	-4.3	-1.8	1.7	-1.5

Note: *: Real wage rate indices are based on Colombo Consumer Price Index (2002=100).

Source: GOS 2014a and MHHDC staff computations.

tion was mainly due to a decrease in the wages of workers in services (1.5 per cent), and the sector of industry and commerce (0.8 per cent). The situation improved relatively in the 2000s compared to the 1980s and the 1990s.

Another feature of Sri Lanka's labour market is the disparity in wages among workers in the public and private sectors. It not only persists, but has also increased over time. Within the public and private sectors, the wages of the less-skilled are lower in the private than in the public sector. However, as the skill level improves, the gap reduces and even reverses.

A gender-disaggregated analysis of wages indicates the exploitation of women. In the formal sector, women were earning 79 per cent of men's earnings in 2009; in the informal sector, the ratio of female to male wages was 56 per cent. Moreover, there was significant disparity in formal

and informal sector wages—the average informal sector wages were 39 per cent of formal sector wages for women, compared to 55 per cent for men.⁸⁸

Employment policies and programmes

Labour laws and policies

Sri Lanka has ratified all eight fundamental laws of the ILO. However, ratification does not ensure the protection of workers, as evidenced by the disparity in male and female wages, high prevalence of informal sector jobs, and high unemployment among the youth and women.

In Sri Lanka, the National Human Resources and Employment Policy 2012 is the main policy document for the provision of full, decent and productive employment to everyone. The objectives of the policy fall under the broader macroeconomic framework of Mahinda Chintana Vision for the Future. It also takes into account other labour policies such as the National Policy for Decent Work 2006, the National Policy Framework on Higher Education, the Technical and Vocational Training 2009, the National Action Plan for Youth Employment 2007, and the National Labour Policy 2008.

Employment programmes

The Government of Sri Lanka has formulated various employment programmes for both formal and informal sector workers. However, the majority of the programmes are for formal sector workers. Employment programmes in the country can be categorised into skill development, microfinance for self-employment, public works and social insurance programmes.

SKILL DEVELOPMENT

In Sri Lanka, a large number of students exit the school system without succeeding the exams. In 2010, 146,500 students

failed the O-Level examinations, while another 76,000 did not succeed at the A-Level examinations. The majority of these young people are without relevant skills to find jobs. About 70 per cent of unemployed people in the country have no vocational training.⁸⁹

In 2010, there were 939 government and semi-government, 898 private and 240 NGOs institutions providing TVET to 108,125 students in the country. The quality of most is not good enough to meet industry standards. As a result, one fourth of the workforce that has vocational training is unemployed.⁹⁰ Moreover, the system lacks financial and human resources. In 2005, the government formed the National Vocational Qualification System to improve the standard of TVET. Recently, a special programme for TVET has been formulated for the Northern and Eastern provinces. Besides formal training institutions, family-based apprenticeships are also common in the informal sector.

SELF-EMPLOYMENT/MICROFINANCING

Sri Lanka has a long experience in providing microfinance through rural credit to promote rural non-farm enterprises. In the 1980s, the government formed the Regional Rural Development Banks, Farmers' Banks, and Fisheries' Banks to promote rural credit facilities. Later, the Samurdhi Banks were established. Since the 1990s, there has been considerable growth in NGOs dealing with microfinance on a commercial basis.

According to the Central Bank of Sri Lanka, in 2012, the total number of microfinance institutions was 16,500, including the network of more than 8,000 SANASA (Sinhala acronym for the Movement of Thrift and Credit Co-Operative Societies) societies. The outreach of microfinance institutions is also on rise. In 2011, about 1.4 million people were served by the 49 main microfinance institutions; about

Sri Lanka has ratified all eight fundamental laws of the ILO. However, ratification does not ensure the protection of workers

90 per cent of the microfinance clientele was based in rural areas and 60 per cent were women. However, microfinance services are concentrated in few regions. Only one per cent of microfinance institutions are operating in the estate sector. A province-wise analysis also shows variation. The South Province has the highest presence (24 per cent) of total microfinance outlets, while the North Central (3.9 per cent) and the Northern provinces (5.2 per cent) have the lowest concentration. In 2010, the loan portfolio of microfinance institutions, excluding SANASA Federation and Cooperatives, was LKR60 billion.⁹¹

In addition, Sri Lanka's microfinance system is facing a number of issues such as high compound interest rates on small loans, financial sustainability, and lack of a regulatory system for the NGOs involved in microfinance.

PUBLIC WORKS PROGRAMMES

Sri Lanka has two main public works programmes that try to create employment while achieving the broader objective of rural development. The *Samurdhi Livelihood Development Programme* commenced in 2010 to assist low-income families. The programmes under this category cover agricultural development, animal husbandry and fisheries, industrial development, as well as sales and services. The total cost of the programme is LKR797 million. In 2009, the programme benefited 155,843 households.⁹²

The *Divi Neguma Programme* was initiated in 2011 with the objective of making households self-sufficient, financially secure and less dependent on the market for food. The programme has three phases. The first phase focuses on agriculture-based home gardening. The second phase includes cottage and handicraft-based small scale industry. And the third phase includes the development of fishery, poultry and dairy-based livelihoods. So far, the programme has helped five million families in the areas of agriculture, livestock, fisheries and cottage industries.

The programmes cover 35,440 villages in 14,022 *Grama Seva* areas.⁹³

SOCIAL INSURANCE

In Sri Lanka, the employment-based social insurance system comprises old age pension schemes for public sector workers, programmes for private formal sector workers, and a few programmes for informal sector workers.

Pension programmes for public sector employees include the Public Services Pension Scheme, the Public Servants Provident Fund, the Widows and Orphans Pension Scheme, and medical insurance. The total number of government pensioners increased from 358,228 in 1998 to 521,699 in 2013. Public sector expenditure also increased from LKR84 billion in 2008 to LKR139 billion in 2013 (see table 3.56).

Pension programmes for formal private sector employees include the Employees' Provident Fund and the Employees' Trust Fund.

The *Employees' Provident Fund* formed in 1958 is the largest social security scheme in Sri Lanka. In 2013, it had an asset base of LKR1,300 billion with 2.4 million active member accounts.⁹⁴ Formed in 1981, the *Employees' Trust Fund* covers all public and private sector employees. Self-employed and migrant workers can also contribute to the scheme. In 2013, the scheme had 2.2 million active members and the value of the members' fund stood at LKR174 billion.⁹⁵

Programmes for informal sector employees serve informal sector workers, with voluntary contributions; however ben-

Table 3.56 Public sector pension expenditure in Sri Lanka, 2008-13

	(LKR millions)	
	2008	2013
Pension, gratuities and compensation	62,853	104,099
Widows, widowers and orphans pensions	12,040	18,667
Public Servants Provident Fund	990	480
Forces disabled	8,694	16,152
Expenses of payment of pensions: printing and postal	28	47
Total	84,605	139,445

Source: GOS 2014g.

efits are not adjusted with inflation. Such programmes include the Farmer's Pension Scheme, the Fishermen's Pension Scheme, and the Self-Employed Person's Pension Scheme. These programmes have limited coverage.

Section 3: Conclusion and policies for employment generation in South Asia

Around 60 per cent of South Asia's population is under the age of 30. These young people could prove valuable in the region's quest for sustainable economic growth, if they are provided with education, health and employment. Over the next four decades, South Asia will face a significant increase in the working age population. It is projected that in Bangladesh, the proportion of working age population (aged 15-64 years) will reach a peak of 70 per cent in 2015. In India and Pakistan, this ratio will be maximised in 2035.⁹⁶ This means that the working age population will continue to increase in the region over the next three decades. Considering the fact that the region will add 12 to 14 million new entrants per annum to the labour force during the next two decades, the region has a dual challenge: firstly, it has to create sufficient jobs for the growing working age population and secondly, it has to improve the productivity of workers to ensure rising real wages and falling poverty.

To address these twin challenges, the following policies are a step in the right direction.

A strong political commitment is needed to make employment creation the main objective of a people-centred growth strategy. Much can be learned from the experience of East Asia. Singapore adopted a development framework based on labour-intensive manufacturing industries to address the problem of rising unemployment in the 1960s. Similarly, in the 1980s, China deliberately changed the focus of its macroeconomic framework from capital-intensive towards labour-intensive production and used the output for export pro-

motion, private sector expansion and rural development. China's 12th Five Year Plan (2011-15) calls for strengthening of the social welfare system, prioritising job creation and improving income distribution. Similarly, the Philippines Development Plan 2011-16 seeks to ensure that growth is inclusive, leads to productive job creation and contributes to poverty reduction.

The current policies in South Asia have an explicit focus on employment creation. Such policies have increased economic growth at the expense of unemployment among the youth and women. Despite increased employment opportunities in the ready-made garments sector in Bangladesh, IT-BPO sector in India and prospects in export processing zones in all regional countries, a majority of workers are engaged in low quality work. Policy in South Asia need to protect public sector development expenditure, increase spending on farm sector research and extension activities to improve the productivity of small farmers, and develop the rural non-farm sector by providing access to finance, skills and connectivity to the urban industrial sector.

Investing in worker's skills: In today's globalised world, education and relevant market skills are of paramount importance to ensure decent and productive work for human development. The presence of a highly educated labour force in India has helped the country become the largest destination of outsourcing services in the world. Despite India's success in producing high quality technical and engineering graduates, the region as a whole has very few people with the technical skills required to produce goods and services to compete in the world. The region needs to improve both the quantity and quality of education at every level. These opportunities have to be provided irrespective of gender, caste, ethnicity or income level. There is a particular need to upgrade the skills of the youth in accordance with the demand in national and international job markets.

A strong political commitment is needed to make employment creation the main objective of a people-centred growth strategy

This will reduce wage gaps among male and female workers, skilled and unskilled workers, and casual and regular workers, with positive income effects on poorer households. South Asia can learn from the experience of Republic of Korea, Singapore, Malaysia and China. They improved the skills of their people in accordance with demand in the market, who then contributed to the economic growth process. Besides improving the quantity and quality of education and skills, South Asia also needs to focus on nutrition, health, safe water and improved sanitation to increase the productivity of the workforce.

Expanding opportunities for women:

Women comprise half of the population in South Asia. However, South Asian women have the lowest labour force participation rate in the world. This may be attributed to low educational attainments, cultural obstacles and poor access to productive resources. Moreover, among employed women, the majority are employed in the agricultural sector and informal non-agricultural sector. Women are earning less than their male counterparts. There is a need to not only increase the basic literacy of women, but also to provide them with market relevant skills, and access to assets, such as land and capital. Also, they should be provided equal job opportunities in all occupations. This will empower them economically, politically and socially. The increased involvement of women in the IT-BPO sector in India and ready-made garments sector in Bangladesh, shows that women can be provided high productivity non-farm jobs given proper education, training and freedom of choice. Governments, NGOs and the private sector have to play an active role. For instance, in India, the Self-Employment Women's Association (SEWA) is the world's largest union of informal workers, with a membership of 1.4 million female workers. Similarly, BRAC in Bangladesh has played an important role for the education and employment of women.

Supporting the informal sector: The informal sector is a source of employment for the majority of workers in South Asia. An increase in the productivity and working conditions of the informal sector is critical. This will also reduce the prevalence of vulnerable employment and working poverty. Currently, informal employment mostly remains outside the purview of regulations that govern the protection of labour and society. The region needs to formulate and implement policies in a way to effectively address the dimensions of informality. Efforts are required on two fronts. First, programmes and plans have to be formulated to improve the earnings and working conditions of those likely to remain in the informal sector for a significant time. Second, a mechanism needs to be developed to increase the formalisation of the economy and employment, to encourage labour to move out of the informal economy. An increase in the productivity of informal sector workers such as street vendors, home-based workers and farm workers requires interventions that improve access to finance, raw materials, technology and markets. Informal sector workers should also be allowed to collectively demand services and regulations. South Asia can learn from the example of Brazil, which has used both these options to address the issues of informal employment.

Under Brazil's legislation in 2009, 'self-employed micro-enterprises' became eligible for simplified registration and for social security, healthcare, and maternity leave, subject to a contribution of 11 per cent of minimum wages and flat rate taxes of about US\$2.5. As an incentive, these enterprises are issued a certificate that helps them access markets and low-cost loans. By the end of 2012, about 2.7 million workers were registered under this scheme, of whom 1.5 million made social security contributions.⁹⁷ Besides this, Brazil's government has also started initiatives to formalise the informal economy. They include strengthening labour inspection, simplifying the registration process for in-

The increased involvement of women in the IT-BPO sector in India and ready-made garments sector in Bangladesh, shows that women can be provided high productivity non-farm jobs given proper education, training and freedom of choice

formal firms, reducing taxes for SMEs, and increasing access to social protection.

Protection of labour rights and implementation of laws: South Asian countries have ratified most of the ILO's conventions related to labour rights. Also, these countries have a number of laws and policies in place to address issues of the labour mar-

ket. However, these apply to formal sector workers only. There is a need to implement all these laws and policies, not only in the formal sector, but also in the informal sector equally for the youth, children, minorities, disabled and adults. Also, there is a critical need to expand the social protection system to all workers.

Food Security in South Asia

“The first essential component of social justice is adequate food for all mankind. Food is the moral right of all who are born into this world.”

(Norman Borlaug 1970)¹

Food security is a pre-requisite for human development, yet economic growth alone, while necessary, is not a sufficient condition for either. The character and distribution of growth are just as important. Economic growth has to be equitably distributed through progressive public policies to improve the well-being of people irrespective of gender, caste, religion and ethnicity. In turn, equitable economic growth not only decreases poverty and improves human development, but closing a virtuous circle, also increases the rate of economic growth in the long-run.

Over the last three decades, South Asia experienced economic growth of over five per cent per annum. Food production also increased, making the region self-sufficient in food. This has ensured adequate food availability to meet nutritional requirements, with poverty, hunger and malnutrition falling accordingly in the region. However, income inequality has increased in all countries of South Asia, undermining the positive impact of growth on the alleviation of poverty, hunger and malnutrition.

This is evident from the fact that in India, Pakistan and Bangladesh, the three largest countries of South Asia, more than two out of every five children are stunted (low height for age), one in three are underweight (low weight for age), and more than 15 per cent are wasted (low weight for height).² Similarly, about half of the women in these three countries are suffering from anaemia. In addition, one

in three people live below the national poverty line in Pakistan and Bangladesh, and more than 20 per cent in India and Nepal. Though rapid economic growth has guaranteed sufficient production of food in the region, a vast majority of women and children are poor and malnourished. This indicates that the region is facing problem of unequal access to food because people simply lack resources to purchase food.

This chapter analyses food security from multiple dimensions in terms of access and use of food in five South Asian countries over the last 30 years (1980 to 2010). It also highlights the policies and programmes these countries adopted to tackle hunger, poverty and malnutrition. The chapter first tries to ascertain if economic growth improved the production, availability of, and access to food in South Asia since 1980. Secondly, it seeks to determine the efficacy of the policies and programmes introduced to confront the challenges of malnutrition, hunger and poverty.

The first section presents the record of South Asia between 1980 and 2010 in food security. The second section analyses its state in India, Pakistan, Bangladesh, Nepal and Sri Lanka. The third and last section of the chapter provides an evaluation of existing policies.

Section 1: Food security in South Asia

Production, utilisation and access to food

Over the last three decades, South Asia has overcome the problem of food availability. All countries now have enough food for people to meet their minimum energy requirements. However the majority of

Income inequality has increased in South Asia, undermining the positive impact of growth on the alleviation of poverty, hunger and malnutrition

people lack money to purchase sufficient quantities of nutritious food. This is evident from the high levels of malnutrition, hunger and poverty in South Asia.

Food production: Over the last three decades, food production and availability has increased at a suitable pace in the region. Food production grew annually by 1.2 per cent between 1980 and 2010. This increase was attributed to the impressive performance of India, Pakistan and Bangladesh, where per capita net food production increased by 1.4 per cent, 1.0 per cent and 1.1 per cent respectively. India and Pakistan are self-sufficient in the production of most food commodities. Bangladesh and Sri Lanka have also become self-reliant in the production of their staple food, rice. This has been possible due to sustained and high growth of agriculture. As a result, South Asia's per capita food availability increased from 2,259 kcal/person/day to 2,434 kcal/person/day between 1991 and 2011.³

Nutrition: Along with rising per capita food production and food availability, purchasing power has also gone up. And while indicators of hunger and malnutrition have also improved, they remain high, especially

among children, women and the poor.

In South Asia, between 1990 and 2011, the number of underweight children decreased from one in two children, to one in three children. The stunting rate also fell from 61 per cent to 39 per cent over this time. Similarly, the percentage of wasted children went down from 19 per cent to 16 per cent during this period. Although the incidence of overall hunger declined by 32 per cent between 1991 and 2010, the prevalence of anaemia among pregnant women nonetheless has been stagnant at around 52 per cent. Despite the decrease in the incidence of anaemia among children under five years from 73.2 per cent in 1990, it remained unacceptably high at 58.8 per cent in 2010.⁴

Notwithstanding high economic growth, ample food production and reduction in food insecurity, South Asia underperforms on child nutrition indicators compared to other regions of the world. One possible explanation could be the high rates of child undernutrition in India, Pakistan and Bangladesh. While South Asia contains 23.5 per cent of the global population, it accounts for 44.3 per cent of the world's poor (based on a poverty line of US\$1.25 a day), and one-third (32 per cent) of under-five deaths.⁵ Moreover, the region is home to 58.4 per cent of the world's underweight children, 60 per cent of wasted children, and 47 per cent of stunted children.⁶ Table 4.1 shows that the prevalence of child malnutrition in South Asia is even worse than in Sub-Saharan Africa. Low birthweight is the single largest predictor of malnutrition, and 28 per cent of South Asian babies are born underweight, with 32 per cent in Pakistan and 28 per cent in India, which is much worse than the Sub-Saharan African average of 12 per cent. Other causes of malnutrition include low economic, social and political empowerment of women as well as poor hygiene and sanitation.

Indicators of hunger and malnutrition are high among the poorest income groups and underdeveloped regions. For instance, children are more than twice as

Table 4.1 Indicators of economic and nutritional status in the world by region, 2011 (%)

	GDP per capita growth rate*	Stunting	Wasting	Underweight	Low birthweight	Under-five mortality
South Asia	4.6	39	16	33	28	62
Sub-Saharan Africa	2.5	40	9	21	12	109
Middle East and North Africa	2.1	20	9	8	...	36
East Asia and the Pacific	7.7	12	4	6	6	20
Latin America and the Caribbean	1.8	12	2	3	8	19
Central and Eastern Europe	2.7	12	1	2	7	21
World	2.8	26	8	16	15	51

Note: *: Data is for 1990-2013.

Sources: UNICEF 2013a and 2014a.

likely to be stunted in the poorest households as compared to the richest (59 per cent versus 25 per cent in 2011). Similarly, almost half of children in rural areas are stunted compared to 39 per cent in urban areas.⁷

In Bangladesh, malnutrition, poverty and hunger have decreased over the last three decades. This has been attributed to pro-poor growth policies coupled with specific educational and nutritional interventions. The government's budget allocation for the social sector has increased significantly and non-governmental organisations (NGOs) have begun to play an enhanced role. Also, the country has formulated a comprehensive social safety net which has benefitted the population, especially women.

Sri Lanka has the lowest proportion of undernourished children in South Asia. This has been due to its focus on pro-poor and inclusive policies, prioritising social sector spending and women's empowerment over the last three decades.

In India, nutritional indicators have improved with time. This is the result of changes in food intake, socio-economic factors, availability of clean water, lower morbidity and better health facilities. However, according to the World Health Organization (WHO), child malnutrition remains higher than the 'very high prevalence' level and is the maximum in South Asia.

Access to food: In South Asia, high rates of hunger and malnutrition persist on account of limited purchasing power, a problem exacerbated by poverty and high levels of food inflation. The poverty rate has marginally decreased in South Asia and a large number of people remain poor.

Over the last three decades, rapid economic growth and targeted social safety net programmes resulted in marked reductions in the incidence of poverty in South Asia. In 1984, 57.6 per cent of South Asians lived in extreme poverty (on less than US\$1.25 a day), almost three quarters of whom were in India.⁸ In 2010, this

decreased to 31.5 per cent due to sizeable poverty reduction in India and Bangladesh. As a result, the number of extremely poor fell from 562 million to 495 million between 1984 and 2010. The number of moderately poor (living on between US\$1.25 and US\$2 a day) increased from 271 million to 563 million during this period. Taking these two groups together, 67 per cent of South Asians are classified as poor in 2010, down from 86 per cent in 1984. While this clearly represents a tremendous achievement, more needs to be done, as about 7 out of every 10 people in South Asia are still trapped in poverty. A significant share of poverty reduction in South Asia is attributed to India and Bangladesh. In India, poverty alleviation has been effected through food aid under the Targeted Public Distribution System (TPDS) and job creation, as part of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). In addition, public services and infrastructure programmes, social welfare programmes, and decentralisation have also helped. In Bangladesh, the government concentrated on education, health and women's empowerment. It also initiated programmes for rural development and widened the social safety net, and championed microfinance provided by NGOs. However, this remarkable achievement is somewhat eroded by increases in income inequality in all countries of South Asia.

Policies and programmes

South Asia has devised a number of programmes and policies to improve the production and availability of food, as well as its accessibility. The former has been impacted by macroeconomic policies (indirectly) and agricultural policies (directly). The objective of such policies has been sustained growth of the agricultural sector and stable food production. South Asian governments have also introduced measures to strengthen social safety nets to ensure better access and utilisation of food.

Almost half of children in rural areas are stunted compared to 39 per cent in urban areas

Table 4.2 Agricultural sector policies and initiatives to ensure food security

Country	Policy/initiative	Strategy/action plan
India	National Agricultural Policy 2000	The main objectives of the policy are improving: <ul style="list-style-type: none"> • growth to over four per cent; • food and nutritional security; • capital formation in agriculture; • markets and marketing infrastructure; and • electrification and irrigation facilities; It also aimed to provide an insurance policy for farmers and a continuous review of pricing and trade mechanisms.
	National Policy for Farmers 2007	Besides enhancing agricultural production, it focuses on the economic well-being of farmers and rural development.
	11 th and 12 th Five Year Plans	Agricultural development has been identified as one of the critical areas for faster and inclusive growth.
Pakistan	Planning Commission's Task Force on Food Security	Pakistan should adopt a comprehensive National Food Security Strategy to: a) ensure adequate supply of food by achieving an average annual agricultural growth rate of four per cent during 2010-20; b) evolve an efficient and equitable system of food procurement, storage and distribution to ensure food availability at reasonable prices; c) adopt a pro-poor growth strategy and provide non-farm employment to improve access to food; and d) build a system of safety nets to provide income support to very poor households.
	National Agricultural Development Policy Framework 2010-15 (first draft)	Uplift of agricultural sector through modernisation, restructuring, structural transformation, value addition and quality enhancement.
Bangladesh	National Agricultural Policy 2010	The specific objectives are promoting: <ul style="list-style-type: none"> • technologies through research and training; • productivity, income and employment by transferring appropriate technologies and managing inputs; • competitiveness through commercialisation of agriculture; and • a self-reliant and sustainable agricultural sector adaptive to climate change and responsive to farmer needs.
	National Strategy for Accelerated Poverty Reduction (NSAPR)- II	The vision for the agricultural sector is to enhance growth through: <ul style="list-style-type: none"> • development and dissemination of sustainable technologies; • diversification of both crop and non-crop sectors; • development of agri-business services; and • human resource development; Ensure 'food for all' by taking all possible measures and make Bangladesh self-sufficient in food by 2013.
Nepal	Agricultural Perspective Plan 1995-2010	The main objective is to achieve economic growth and poverty reduction through accelerated growth of the agricultural sector.
	National Agricultural Policy 2004	The policy added new food access provisions for vulnerable groups.
	Interim Constitution of Nepal 2006-07	Food sovereignty has been recognised as a fundamental human right.
	Interim Plan of the government 2007	The aim is to improve: <ul style="list-style-type: none"> • national self-reliance in basic food products; • food quality and nutritional situation; • access to food of vulnerable groups; and • the capacity to manage the food insecurity situation.

Policies to increase food production and availability

Due to their common colonial heritage, the five countries of India, Pakistan, Bangladesh, Nepal and Sri Lanka share similarities in their food and agricultural policies. The governments of these countries were slow to recognise the benefits of technology adoption in agriculture, owing to an industrial bias. However, higher agricultural productivity during the Green Revolution of the 1960s led to positive and economy-wide spillover effects through subsidisation of industrial raw materials and forward linkages in the food processing industry. As self-sufficiency improved, the region started to liberalise its food and agricultural policies.

Ensuring food security in the region requires sustained and sufficient growth of the agricultural sector. The key element of supportive policies has been increasing farm sector productivity to ensure food self-sufficiency, stable food prices for consumers and suitable prices for farmers (see table 4.2). To meet these objectives, a number of measures have been used such as direct subsidies, price controls, minimum support prices, restrictions on the movement of food and agricultural goods, and so on.

Public procurement, storage and distribution of food: The governments of South Asia have been involved in the procurement, storage and distribution of food. Agencies such as the Food Corporation of India and the Pakistan Agricultural Storage and Supplies Corporations are active participants in this market to protect farmers and provide grain to them at subsidised prices. These systems of public intervention have been scaled back to targeted interventions. In India, for instance, the Public Distribution System has been replaced by the TPDS. Bangladesh also stopped its public rationing system in the late 1980s. Its Public Food Distribution System (PFDS) now focuses more on open market sales.

National governments have also

used support prices to promote food and non-food production. Before the 1990s, national governments purchased crops according to procurement targets while the surplus was usually sold at lower prices in the market. However, since the early 1990s, the system has been transformed in favour of minimum support prices.

Trade policies: From the 1960s to the mid-1980s, South Asian countries adopted import substitution industrialisation policies. As a result of government control over agricultural markets, trade policies and exchange rate adjustments, the real prices of agricultural goods were depressed. From the mid-1980s onwards, however, economic reforms took place in South Asia. Pro-agricultural policies were adopted to maintain input prices and gradually increase output prices in the 1990s.

Liberalisation of food and agricultural policies began in Sri Lanka, followed by Bangladesh, India, Nepal and Pakistan. Sri Lanka started the economic reform process in 1977 and introduced comprehensive agricultural sector reforms in the 1990s. Nepal adopted a wide-ranging Structural Adjustment Programme in 1988. In 1993, Bangladesh legalised the role of the private sector in the import and export of wheat and rice. Also, it suspended the Anti-hoarding Act to eliminate stocking limits on the private sector for domestic trade. In both India and Pakistan, the private sector was encouraged domestically and in international trade. They transformed most non-tariff barriers into tariff barriers and reduced tariff lines. Restrictions on the internal movement of production have been relaxed in India. Similarly, the private sector in Pakistan now has an expanded role in the procurement and distribution of rice, but not wheat.⁹

Social safety nets to improve access

In order to improve access to food, governments use direct transfers and subsidies on food and non-food items. The impact of these programmes is a function of how

Sri Lanka	Ten Year Horizontal Development Framework 2006-16	Agricultural policy is aimed at increasing production for nutritional security and raising small farmers' incomes, enhancing competitiveness through modern technology, shifting to commercial agriculture, and promoting diversification into high value products.
	National Agricultural Policy 2007	The main objectives are to increase agricultural productivity and capitalise on the benefits globalisation can offer through the adoption of environmentally-friendly technologies that increase profitability. This will promote agro-based industries and enhance the living standards of farmers.
	Five Year Plan 2006-10	The main aim has been to improve productivity in food crops and horticulture.

Sources: *Daily Times* 2010, Mittal and Sethi 2009, OECD 2009, Pandey 2009 and WTO 2009.

effectively they are able to reduce poverty, hunger and malnutrition.

Subsidies: A large proportion of welfare spending is in the form of direct subsidies for food, fertiliser and energy. However, an analysis of subsidies in South Asia shows their regressive nature: studies have shown that a large proportion of the benefits go to the non-poor. This is most evident in India and Pakistan.

In India, the government distributes food through the TPDS, with maximum national coverage at 34 per cent. The financial allocation for this programme is also the highest—in 2014, the Government of India allocated INR43 billion for the TPDS compared to INR30 billion for the MGNREGA. In 2008, the illegal diversion and leakage of food grain was 44 per cent.¹⁰

In Pakistan, the government intervenes in the food market through Utility Stores. However, most of the benefits go to the rich as most Utility Stores are situated in urban areas and provide both food and non-food subsidised goods, without any targeting. The government also subsidises flour prices but most benefits accrue to flour millers and traders. Similarly, fertiliser subsidies go to large farmers. Despite poor targeting, subsidies comprise the largest share in resources of social protection programmes. In 2012, the Government of Pakistan allocated PKR689 billion as subsidies, compared to PKR41 billion for the Benazir Income Support Programme (BISP), a conditional cash transfer.

The performance of social assistance programmes varies with respect to coverage, targeting, leakage, and adequacy

Similar is the case of energy subsidies, which are even more regressive than food subsidies. In Bangladesh, energy subsidies account for five per cent of gross domestic product (GDP), followed by four per cent of GDP in Pakistan and two per cent of GDP in India.¹¹ In India, more than half of the price of a cylinder of liquefied petroleum gas (LPG) is subsidised by the government, costing a total of INR250 billion in 2011. However, less than one in five households from the poorest income quintile use LPG cylinders. In Pakistan, less than a third of the electricity subsidies went to the poorest 40 per cent of the population in 2013, compared to roughly 40 per cent of the subsidies benefitting the top 20 per cent.¹²

Social assistance programmes: Besides direct subsidies, governments in South Asia also have a variety of social assistance programmes to address the issues of poverty, hunger and malnutrition.

The region has a number of successful social safety net programmes. For instance in Pakistan, the BISP is a well-targeted programme, providing PKR1,200 per month to more than 5 million poor people in 2014. In Bangladesh, the Female Secondary Stipend Programme is another successful conditional cash transfer programme. MGNREGA in India—the largest public work programme in the world—has also significantly decreased distress land sales in periods of drought, providing some degree of income smoothing.

Nevertheless, the performance of social assistance programmes varies with respect to coverage, targeting, leakage, and adequacy.

In terms of *coverage*, the ratio of the poor with access to social assistance varies in the region. In top performance countries—Sri Lanka and Nepal—about half of the poor receive support. In other countries, only about 20 to 30 per cent of the poor have benefitted from at least one social assistance programme.

Besides inadequate coverage, there are also issues of weak *targeting*. Among

beneficiaries of the social assistance programmes in the region, about 60 to 80 per cent are non-poor, receiving 50 to 80 per cent of the funding. This clearly shows the leakage of benefits towards the less needy.

Per capita cash transfer of social safety nets is also *inadequate*. In Bangladesh, average transfers amount to 11 per cent of the per capita expenditure of poor households. Similarly, in Nepal, the transferred money covers less than 10 per cent of the consumption of the poorest income quintile.¹³

Section 2: Country profiles

Food security in India

Since India achieved self-sufficiency in food grain production in the 1970s, food security has been a major developmental objective. Despite this and the high economic growth rates that it achieved over the past three decades, food security in India has worsened in all aspects—absorption, access and production—making India one of the world's most undernourished countries.¹⁴ A large number of people in both rural and urban areas do not have enough to eat, while women and children face micronutrient deficiencies. Meanwhile, agriculture production has declined and high rates of poverty and unemployment have limited food access. While the government has implemented a wide range of nutrition-based intervention programmes, India has been unable to provide sufficient food for all its population.

Food production, availability and access

FOOD INSECURITY: Between 1983 and 2010, food insecurity increased in India. Not only has the average caloric intake declined, but the number of people consuming less than the dietary requirement has increased in both rural and urban areas. In rural areas, the average calorie intake declined from 2,221 kcal/person/day in 1983 to 2,020 kcal/person/day in 2010. In cities, it declined from 2,089 kcal/person/day to

1,946 kcal/person/day. The overall decline has been substantially greater for rural than urban areas and food insecurity trends have worsened substantially in the period since 2000 (figure 4.1).

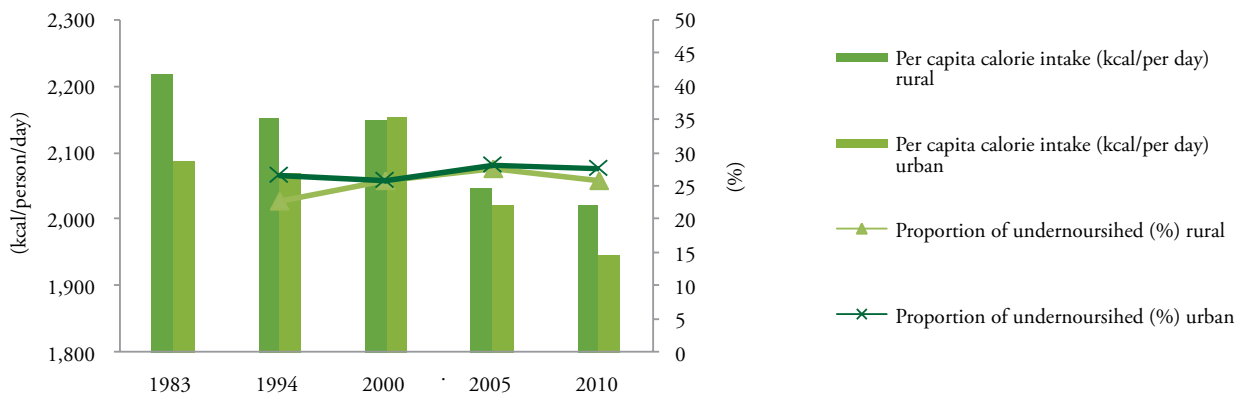
Food security has also deteriorated in terms of the fraction of households living below the calorie-based poverty line (based on a minimum of 2,160 kcal/person/day). The share of the undernourished in population increased between 1994 and 2010; from 23 per cent in rural areas to nearly 26 per cent, and from 27 per cent in cities to about 28 per cent. Overall, food insecurity is more prevalent in urban areas as the average calorie intake is lower and the proportion of undernourished population is greater.

Across major states in India, only four states—Haryana, Rajasthan, Uttarakhnad and Punjab—have an average

caloric intake greater than 2,160 kcal/person/day, and that too only in rural areas (figure 4.2). Out of the 18 major states represented in the *National Sample Survey on Nutrition Intake in India Report*, eight (pre-dominantly rural) and three (urban) states witnessed progress in daily per capita caloric intake between 2005 and 2010.¹⁵ Despite higher economic growth rates, the decline in per capita consumption is a serious concern for India.

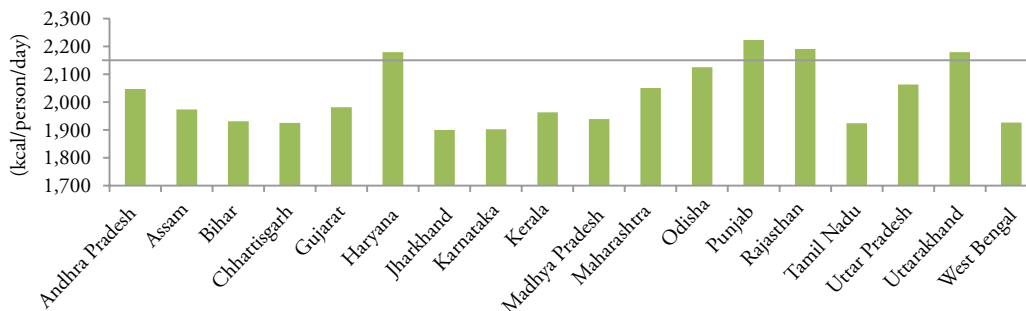
MALNUTRITION: Malnourishment amongst children is an issue of serious concern in India. Around 48 per cent of the children are stunted, 43 per cent are underweight and 20 per cent are wasted (table 4.3). India ranked worst amongst 41 countries participating in a *Demographic and Health Survey* during 2003 and 2007 in terms of underweight children. In-

Figure 4.1 Trends in dietary consumption and undernourishment in India, 1983-2010



Source: GOI 2012e.

Figure 4.2 Dietary consumption across major states in India, 2010



Source: GOI 2012e.

Table 4.3 Trends in malnutrition among children under-five in India, 1975-2006

	(%)		
	Stunting	Wasting	Underweight
1975-79	79	18	77
1993	52	17	53
2006	48	20	43

Source: GOI, *National Family and Health Survey* (various issues).

dia is faring badly compared to countries in Sub-Saharan Africa that are generally poorer and have slower economic growth rates—the number of children who are underweight is almost twice the Sub-Saharan average of 25 per cent.¹⁶

India has shown slow progress in tackling the problem of malnourishment amongst children. Though the proportion of underweight children in India has fallen, from 77 per cent in 1975-79 to 43 per cent in 2006, the rate of decline has slowed down in recent years. Specifically, there was a 24 percentage point decrease between 1975-79 and 1993, but over the next decade it hardly declined by 10 percentage points. Similar is the trend in child stunting. Wasting among children likewise increased from 18 per cent in 1975-79 to 20 per cent in 2006.¹⁷ Malnutrition explains 54 per cent of under-five child mortality in India.¹⁸

Micronutrient deficiency in essential minerals, like calcium, iron and vitamins, is common in India. Around 73 per cent of the children in the age group 6-59 months suffer deficiency in iron and vitamins, or anaemia. In fact, anaemia amongst children aged 6-35 months has been on the rise since 1999, increasing from 74 per cent to 79 per cent by 2006.¹⁹

MATERNAL NUTRITION: One-third of women aged 15-49 years are undernourished, having a Body Mass Index (BMI) less than the acceptable standard of 18.5, the highest number amongst countries in South Asia and Sub-Saharan Africa.²⁰ This number was, however, much higher during 1975-79, at 52 per cent. Maternal malnutrition is more prevalent in central and eastern states of India, with two undernourished women for every five in the states of Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh and Odisha. In contrast, this number falls to less than one in five women for Delhi, Kerala and Punjab.²¹ Expectedly, this indicator is worse for women belonging to disadvantaged social and economic groups—one in two women belonging to the Scheduled Tribes and Scheduled Castes are undernourished.²²

Availability of food

There has been a mixed trend in food availability over the last three decades. India attained self-sufficiency in food grain production by the 1970s and has not imported since the 1980s. Food grain production increased from 130 million tonne to 245 million tonne between 1981 and 2011. Even though there has been a general increase in cultivated area and yield, per capita production was unstable (table 4.4). Between 1981 and 1991, per capita production of food grains increased from 190 kilogrammes (kg) to 198 kg. By 2011 it had risen to 205 kg. The 1990s saw food availability decline in India, as in addition to the fall in per capita production, the growth rate of production and yield also dropped substantially from the preceding decade.

Food availability per capita for essential food items like pulses and cereals, including rice and wheat, has been worsening (table 4.5). Poor performance of agriculture and its decreasing share in GDP between 1981 and 2011 (from 35.7 per cent to 14.6 per cent) are to blame.²³ In addition, while both declined, growth in agriculture has fallen by more than popu-

Table 4.4 Area, production and yield of food grains, 1981-2010

	Area (million hectares)	Production (million tonnes)	Yield (kg/hectares)	Per capita production (kg)
1981	127	130	1,023	190
1991	128	176	1,380	198
2001	121	197	1,626	192
2011	127	245	1,930	205

Source: GOI 2014b.

lation, lowering food availability.²⁴ Increasing exports of food grains have exacerbated the problem. Since the mid-1990s, India has, on average, been exporting 5.3 million tonne of cereals annually.²⁵

Access to food

Access is largely determined by employment, income and inflation. Over the past three decades (1980-2010), increasing access to food has become a challenge for India as both unemployment (see chapter 3) and inflation have increased. While poverty rates have declined, poverty levels are still very high and the situation is aggravated by increasing inequality.

POVERTY AND INEQUALITY: In India, 270 million people or more than one-fifth of its total population, live below the poverty line. The incidence of poverty is high, but poverty rates have nonetheless been declining since the 1970s.²⁶ Recent estimates find that the incidence of poverty declined between 1994 and 2005, from 45.3 per cent to 37.2 per cent and further to 21.9 per cent in 2012 (figure 4.3). In absolute terms, the total number of poor decreased from 404 million in 1994 to 270 million

Table 4.5 Trends in average annual food availability per capita in India, 1980-2010

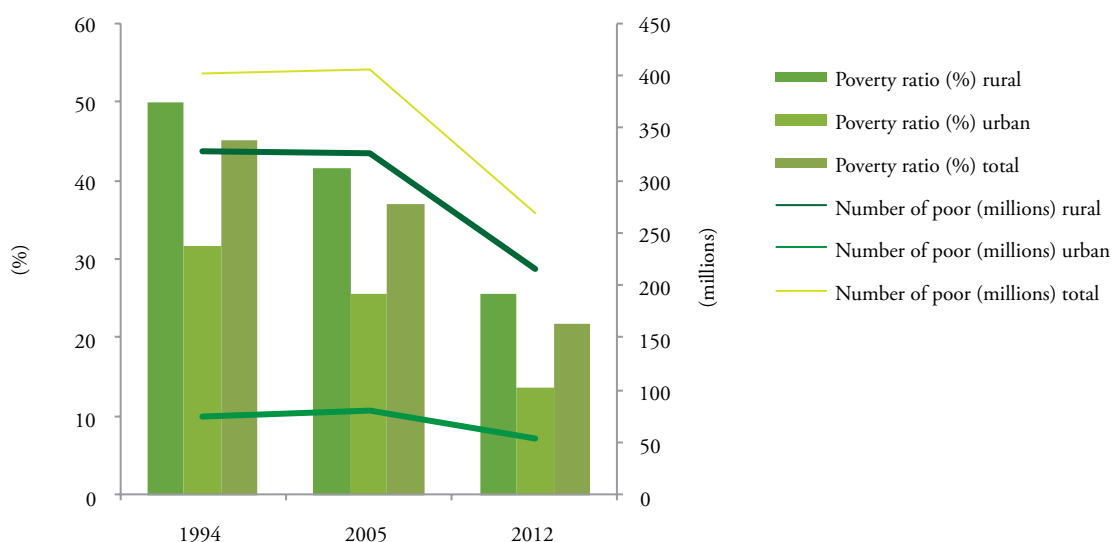
	1980-1990	1990-2000	2000-10
Cereals (kgs)	425.3	439.7	409.4
Pulses (kgs)	30.9	35.8	34.4
Sugar (kgs)	12.3	15.1	16.2
Milk (litres)	56.2	72.7	92.0
Eggs (dozens)	1.7	2.5	3.7

Source: GOI 2014b.

in 2012. Poverty has declined at a more rapid rate in recent years—the average decrease in the poverty ratio was 1.5 percentage points per year between 2005 and 2010 compared to 0.7 percentage points per year from 1994 to 2005.²⁷

Poverty varies significantly between rural and urban areas, amongst states and across various social groups. Poverty rates are higher in rural areas, with around one in four people living in poverty in villages as compared to 13.7 per cent in cities. But poverty has declined over time in both rural and urban areas.²⁸ The incidence of poverty also diverges across states. States like Andhra Pradesh, Kerala and Punjab have less than 10 per cent poverty, while Assam, Bihar, Madhya Pradesh and Odisha face poverty rates in excess of 30 per cent.²⁹ Analogously, the incidence of pov-

Figure 4.3 Poverty trends in India, 1994 - 2012



Source: GOI 2014i.

erty tends to be higher for the Scheduled Tribes and Scheduled Castes.

While there has been some progress in reducing poverty, income inequality in India has increased. In rural areas, the Gini coefficient increased (inequality rose) from 0.325 in 1983 to 0.380 in 2005. In urban areas, inequality increased less, with the Gini coefficient rising from 0.330 to 0.373 between 1983 and 2005.³⁰ This has worsened food access for the poor, as reflected by the insignificant share of the poorest 20 per cent in monthly per capita food consumption.³¹

INFLATION: Food inflation in India has reduced access to food and increased overall food insecurity. During the past three decades, food inflation has been high relative to historical trends in India. Average food inflation was around 8 per cent in the 1980s and it increased to more than 10 per cent during the 1990s.³² While inflation rates declined substantially to around 4 per cent between 2000 and 2008, the trends have reversed since 2008, wherein the average has been in excess of 12 per cent.³³ Given that the average household in India still spends half its income on food, and the poor around two-thirds of their income, rising food prices have diminished access to food and worsened food insecurity in India.³⁴

Poverty reduction strategies and policies

India is following a poverty reduction strategy that is oriented towards ensuring food security. This is mainly because of the need to remove the majority of the population from deprivation, hunger and malnutrition. Experiences from the initial Five Year Plans indicate that the policy of focusing on economic growth alone has not been able to achieve the objectives of poverty alleviation and food security.

Poverty reduction strategies aiming at addressing food insecurity were included in the fifth Five Year Plan. The objective was to gear production to the needs of the poor, ensuring availability of basic consumer goods at stable prices and meet minimum needs like nutrition, health and education. The subsequent sixth Five Year Plan in 1980 and the seventh and eighth Five Year Plans initiated several poverty alleviation programmes. Poverty alleviation programmes in India address issues concerning employment, social and food security. Over the last decade, India has increased its social sector spending (table 4.6). As a percentage of GDP, expenditure on the programme doubled from 0.23 per cent to 0.40 per cent. Funding of social and food security schemes also grew between 2002 and 2012.

Food security policies in India underwent reform in three phases. The first focused on increasing area under cultivation to produce more food. In the second phase, spanning the mid-1960s to the 1990s, India attained self-sufficiency in food by increasing agricultural productivity. However, despite having surplus food, starvation existed, suggesting failures in ensuring adequate access to food. Therefore, beginning in the 1990s, the third phase promoted subsidies and incentives to increase food access.

The implementation of food security policies has been divided within several government departments, with each covering a particular aspect. The Ministry

Table 4.6 Trends in central government expenditures on poverty alleviation programmes, 2002-12

		<i>(% of GDP)</i>	
		2002	2012
Employment promotion schemes	Mahatma Gandhi National Rural Employment Guarantee Scheme		
	Prime Minister Employment Guarantee Programme	0.23	0.40
	<i>Swarna Jayanti Shahari Rojgar Yojana</i>		
	Ministry of Labour Vocational Training Programme		
Social security schemes	National Social Assistance Programme	0.05	0.11
	Social Security Scheme		
Food security schemes	Integrated Child Development Service		
	Nutritional Support to Primary Education	0.92	1.08
	Food Subsidy		

Source: Srivastava 2013.

of Agriculture is associated with food production and access, both the ministries of Rural Development and of Food and Supply provide food access through social safety nets and employment security, whereas the Ministry of Health and Family Welfare oversees absorption, micronutrient fortification, child nutrition and nutritional adequacy.

The Constitution of India accepts the right to food as a fundamental one and obligates the state to raise the nutritional status of its citizens. However, India lacked a legal framework to implement that right till the passage of the National Food Security Bill in 2013. The Bill promises food and nutritional security through the provision of adequate and affordable quality food. It creates food entitlements for up to 75 per cent and 50 per cent of the rural and urban population respectively. Monthly assistance varies from 5 kg to 35 kg of food grains per person to different categories of households. The Bill consolidates various food-related programmes and entitlements in India, including the TPDS, Mid-day Meals Scheme and Integrated Child Development Services. However it is still in the early phase of implementation.

Social safety nets

Over the past three decades, the focus of food security programmes in India has shifted from food production to food access and nutrition. New and more holistic initiatives like the Integrated Child Development Scheme and the Mid-day Meals Scheme have been introduced to not only improve nutrition, but also education and health outcomes. The Public Distribution System has been revamped to provide targeted and subsidised food grain. These programmes are in addition to employment, livelihood and social security programmes that also indirectly improve food security outcomes.

TPDS: India has one of the world's largest public distribution system, in existence

from before 1947. It provides essential commodities like rice, wheat, sugar, edible oil and cooking fuel at a subsidised price. It had universal outreach to all rural and urban households during the 1980s and early 1990s through an expanded number of fair price shops, higher food procurement and stock maintenance. At its peak, it distributed food commodities worth INR300 billion to about 160 million families through a network of 462,000 fair price shops.³⁵ However, since 1997, TPDS was re-launched with a focus on the poor. There has been a gradual increase in its coverage. Between 2005 and 2010, TPDS coverage increased from about one in five households to one in three.³⁶ Public expenditure on TPDS as a percentage of GDP increased from 0.82 per cent in 2002 to 0.89 per cent in 2012. In 2012, 48.9 million tonnes of food was allocated for the TPDS.³⁷

TPDS has, undeniably, played a significant role in preventing famines in India, but has not been able to eradicate food insecurity. Several criticisms include poor management, high administrative costs, widespread corruption, and leakages in the distribution system from illegal sales, as well as a distinct urban bias. In addition, large procurements and limited distribution from reserves has created surplus storage. Targeting remains a major shortcoming of the programme—only 41 per cent of TPDS grain actually reached the needy according to the *National Sample Survey 2009-10*.

Mid-day Meals Scheme: This extensive school feeding programme reaches about 125 million children in over 1.2 million schools across the country.³⁸ It provides a daily mid-day meal with at least 300 calories and 8-12 grams of protein, for a minimum of 200 days a year. The scheme has been scaled up over the years since 1995. Initially conditional upon attendance, it has been made universal across all government and government-assisted primary and upper primary schools. The scheme

Over the past three decades, the focus of food security programmes in India has shifted from food production to food access and nutrition

Growth policies have not benefitted the poor and marginalised even though the government has been allocating a substantial amount of money to subsidise the prices of food, fertiliser and energy

also covers non-formal schools. While the scheme has witnessed expansion, government support in terms of expenditure as a percentage of GDP declined from 0.05 per cent in 2001 to 0.03 per cent in 2012.³⁹ The scheme is highly effective in improving literacy and nutritional outcomes in rural areas. Coverage is lower in urban areas and varies across states. The states of Chhattisgarh, Karnataka, Madhya Pradesh and Tamil Nadu have an outreach of more than 30 per cent, in contrast to less than 5 per cent in Punjab and Jammu and Kashmir.⁴⁰

Integrated Child Development Scheme: The scheme is an important nation-wide nutritional intervention providing a package of services including supplementary nutrition, immunisation and checkups for both children below six years of age and for expecting and nursing mothers. Non-formal pre-school education is also given to children of the age group 3 to 6 years, while health and nutrition education is given to women in the age group 15 to 45 years. In 2010, the programme had 1.14 million centres with 88.4 million beneficiaries.⁴¹ Similar to the Mid-day Meals Scheme, this scheme has a greater presence in rural areas. Outreach is significant in Chhattisgarh, Maharashtra and Odisha, and lower in Bihar and Uttar Pradesh.

Financial allocation for this scheme increased over time, from 0.06 per cent of GDP in 2001 to 0.15 per cent in 2012. Despite this, the scheme has been criticised for low utilisation. According to the *National Family and Health Survey 2005-06*, over 80 per cent of under-five children and pregnant/lactating women lived in areas with an Integrated Child Development Scheme centre. Even among the poorest, less than 30 per cent of under-five children and 25 per cent of women had received any food supplements.⁴²

Food security in Pakistan

In Pakistan, between 1980 and 2010, both GDP and agricultural value added have increased at a reasonable rate of five per cent

(see chapter 2). During this period, the country has produced enough food to meet the minimum nutritional requirements of every citizen. However, the prevalence of hunger and malnutrition is widespread, especially among children. Growth policies have not benefitted the poor and marginalised even though the government has been allocating a substantial amount of money to subsidise the prices of food, fertiliser and energy. Direct transfers in the form of the Pakistan Bait-ul-Mal and zakat fund have also suffered from leakages, corruption and inefficiency. However, the recent BISP has addressed some of these problems of exclusion and leakage. Moreover, the government has also started to focus on poverty, hunger and malnutrition in a more holistic way, as is evident from the National Nutrition and Food Security Policy 2013 and Vision 2025.

Food production, availability and access

Over the last three decades, food production has increased at a reasonable rate in Pakistan. The country has enough food to ensure food security of all of its citizens. However, despite sufficient availability of food, purchasing power is low and food access is far from universal.

MALNUTRITION: In Pakistan, protein-energy malnutrition among children shows a mixed trend over the last three decades. Between 1977 and 2011, the stunting rate among children under-five increased from 43 per cent to 44 per cent, and wasting also increased from 9 per cent to 15 per cent. In 1977, every second child was underweight as compared to every third child by 2002. This is still alarmingly high and has remained stagnant since (see table 4.7). Rural areas have a higher prevalence of child malnutrition compared to urban areas.

Micronutrient deficiency of vitamin A, iron and zinc is also very high in the country. The prevalence of anaemia among children under-five decreased from 65 per cent in 1987 to 51 per cent in 2001 but increased to 62 per cent in 2011.⁴³

In 2011, 18 per cent of women (aged 15-49 years) suffered from chronic energy deficiency (with a BMI less than 18.5) compared to 34 per cent in 1987—a sizeable improvement.⁴⁴ The ratio was higher in rural areas (20 per cent) compared to urban areas (14 per cent). Micro-nutrient deficiencies are also widespread: one in two women (aged 15-49 years) in Pakistan continue to suffer from anaemia during pregnancy, and there has been no improvement between 1990 and 2011.⁴⁵

On the whole, food security in Pakistan is on the decline—58 per cent of people were food insecure in 2011 compared to 49 per cent and 38 per cent in 2009 and 2003 respectively.⁴⁶ Sindh was the most food-deprived province, at a shocking 72 per cent. It was followed by Balochistan, where 64 per cent of households were food insecure (see figure 4.4).

Availability of food

Between 1980 and 2010, the agricultural sector of Pakistan grew at 5.1 per cent per annum, while the population increased by 2.6 per cent. Total food grain production increased from 15,592 thousand tonne to 33,974 thousand tonne during this period, increasing by 2.6 per cent annually.⁴⁷

Food availability has been satisfactory and between 1980 and 2010, there was positive growth in all food items, including cereals, milk, meat and eggs. A higher dairy product growth rate shows an increased share in the available food basket. Overall, the average daily caloric availability increased from 2,301 kcal/person to 2,415 kcal/person between 1980 and 2010. This is higher than the average daily per capita requirement of 2,350 kcal, indicating sufficient availability of food (see table 4.8).

Access to food

The problem of food insecurity in Pakistan

Table 4.7 Malnutrition trends among children under-five in Pakistan, 1977-2011

	Stunting	Wasting	Underweight
1977	43	9	53
1987	42	11	48
1990-94	36	12	40
2002	42	14	32
2011	44	15	32

Source: GOP 2012d.

Figure 4.4 Food insecurity in Pakistan, 2011

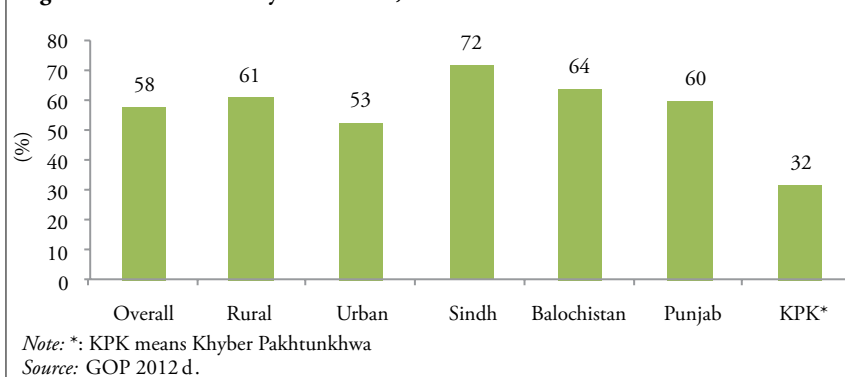


Table 4.8 Food availability per capita in Pakistan, 1980-2010

	1980	2010	Annual growth rate (%)
Cereals (kg)	147.1	158.8	0.3
Pulses (kg)	6.3	6.8	0.3
Milk (litre)	94.8	117.2	0.7
Meat (kg)	13.7	20.5	1.4
Eggs (dozen)	1.2	5.8	5.4
Edible oil (litre)	6.3	12.6	2.3
Calories (kcal/person/day)	2,301	2,415	0.2
Protein (grams/person/day)	61.5	71.5	0.5

Source: GOP, *Economic Survey of Pakistan* (various issues) and MHHDC staff computations.

is one of food access. Poor access to food can be attributed to job insecurity, insufficient employment creation, increasing inflation, poverty and inequality. Particularly, purchasing power over the last several years has been eroded due to raging food inflation. Although real per capita income increased from PKR24,693 in 1980 to PKR50,725 in 2010, the benefits have not been widely distributed.

POVERTY: The incidence of poverty declined in the 1980s, but the trend reversed in the 1990s, indicating the absence of pro-poor growth. In the first half of the 2000s, poverty first declined, then increased in the second half on account of high food and non-food inflation, low economic growth and floods in 2010. This led to a rise in the number of poor in all parts of Pakistan. However, there are some disputes regarding recent poverty figures for Pakistan, as lower poverty figures appear in various published documents.

INEQUALITY: Economic growth over the last three decades has also failed to improve the distribution of income. Income inequality, as measured by the Gini coefficient, decreased in the 1980s with similar trends in rural and urban areas. National inequality fell from 0.39 to 0.35 between 1977 and 1988, driven largely by more rural equality (that fell from 0.35 to 0.30), and a slight improvement in cities—from 0.41 to 0.40.⁴⁸ However, the trend reversed after that. Between 1988 and 2005, income inequality increased from 0.35 to 0.41.⁴⁹ The situation worsened in the 2000s, by

which time the ratio of consumption of the richest 20 per cent to the poorest 20 per cent of the population increased from 3.76 per cent (in 2002) to 4.25 (in 2011).⁵⁰

Poverty reduction strategies and policies

Historically, the focus of economic policy in Pakistan has been on the reduction of poverty, hunger and malnutrition. In the 1980s, the government formulated the sixth Five Year Plan with a focus on agricultural and rural development, education and health sector. The main goals were to give the poor access to land, create jobs and develop infrastructure such as farm-to-market roads, water supply and sanitation schemes, as well as schools. To achieve this, the government initiated various rural development programmes during the 1980s (see table 4.9) that were successful: poverty, malnutrition and hunger declined, economic growth occurred and human development took place.

In the 1990s, the poverty reduction strategy was framed under the Structural Adjustment Programme of the International Monetary Fund (IMF) and the World Bank. The programme aimed to increase public spending in villages and slums in the areas of health, nutrition, education, water and sanitation, and population welfare, with a special focus on women and children. Under this programme, the government spent about PKR420 billion between 1993 and 2002 (against the total budget of PKR627 billion) but failed in terms of coverage, quality of interventions and utilisation of funds.⁵¹ Public sector

Table 4.9 Programmes for poverty reduction and human development in Pakistan, 1985-2002

Programmes	Period	Expenditure (PKR billions)
Prime Minister's Five Point Programme	1985-88	3.3
People's Programme	1988-91 and 1994-97	16.2
<i>Tameer-e-Watan</i> Programme	1991-93 and 1998-2000	9.7
Social Action Programme	1993-2002	419.6
Total	1985-2002	448.8

Source: Khan 2001.

development expenditure decreased from seven per cent of GDP to four per cent between the 1980s and the 1990s in the wake of the Structural Adjustment Programme.⁵² An evaluation of the programme shows either regression or minimal improvement in indicators of education, health, poverty and population welfare. During the 1990s, the growth rate of GDP decreased while poverty, inequality, and child malnutrition increased, showing the inability of the Structural Adjustment Programme to benefit the marginalised.

In the 2000s, Pakistan followed the Poverty Reduction Strategy Paper (PRSP) under the guidance of the IMF and the World Bank. The country chalked out its poverty reduction strategies in light of the interim-PRSP in 2001, PRSP-I for 2004-06, and PRSP-II for the period of 2008-10 and beyond. The aim of these strategies is to achieve economic growth and macro-economic stability, improve governance, invest in pro-poor sectors, and transfer growth benefits to the vulnerable. Under the PRSPs, poverty alleviation programmes were grouped into four categories, namely, income and employment creation, social and human development, infrastructure and community development, and social protection schemes. Table 4.10 reflects the trends in pro-poor budgetary expenditures. Between 2002 and 2012, they increased at an annual rate of 28 per cent. All categories of pro-poor expenditures experienced respectable annual growth. However, the share of expenditure on health, education, population planning, and water supply and sanitation in total pro-poor expenditures declined. This had critical implications for poverty, hunger and malnutrition, which subsequently increased. Specifically, during the first half of the 2000s, these indicators improved, but worsened during the second half. It is important to note that the initial success in the 2000s was attributed to the huge inflow of foreign aid and remittances from the US and the Europe.

In 2014, the government formulated the Vision 2025 with the objective of achieving sustained and inclusive growth

Table 4.10 Pro-poor budgetary expenditures in Pakistan, 2002-12

	PKR billions		Annual change	% of GDP	
	2002	2012	2002-12	2002	2012
Community services	10.98	150.1	29.9	0.25	0.7
Roads, highways and bridges	6.34	113.5	33.4	0.14	0.6
Water supply and sanitation	4.64	36.6	22.9	0.11	0.2
Human development	90.68	719.9	23.0	2.06	3.6
Education	66.29	432.1	20.6	1.51	2.2
Health	19.21	139.5	21.9	0.44	0.7
Population planning	1.33	5.6	15.5	0.03	0.0
Social security and other welfare*	3.66	65.7	33.5	0.08	0.3
Natural calamities and disasters	0.19	77.1	82.3	0.00	0.4
Rural development	24.30	172.1	21.6	0.55	0.9
Safety nets	8.33	727.3	56.4	0.19	3.6
Subsidies	5.51	689.0	62.1	0.13	3.4
Food support programme	2.02	12.4**	29.6	0.05**	0.1
Governance	32.98	211.4	20.4	0.75	1.1
Total	167.25	1,980.8	28.0	3.80	9.9

Notes: *: This category includes Benazir Income Support Programme (BISP) and Pakistan Bait-ul-Mal. **: Value is for 2009.

Sources: GOP 2005a, 2012e and 2013a and MHHDC staff computations.

based on seven pillars: human and social capital; inclusive and sustainable growth; institutional reforms and democratic governance; energy, water and food security; private sector-led growth and entrepreneurship; knowledge economy; along with modernisation of infrastructure and regional connectivity. It also addresses the issues of availability, access and utilisation of food and intends to reduce malnutrition from 60 to 30 per cent. Thus far, however, the government's financial allocations do not signal its commitment to social sector and human development.

The government has also formulated specific policies for food security. A draft policy on National Food and Nutrition Security was prepared in 2013 and finalised in 2014. Recently, the Khyber Pakhtunkhwa government has unanimously passed the Khyber Pakhtunkhwa Protection of Breastfeeding and Child Nutrition Act 2015 to promote breast-feeding. In 2002, a law to discourage bottle-feeding was set up at the federal level, but the Infant Feeding Board established last year that is responsible for its implementation, has been ineffective so far.

Social safety nets

The Government of Pakistan is providing social protection to the poor through indirect and direct measures. Indirect assistance is through subsidies on wheat flour, electricity, gas and oil, and other food items, where as direct support includes programmes such as zakat, Pakistan Bait-ul-Mal and the BISP.

Subsidies

The government provides cheap food and non-food items in Utility Stores located in urban areas. The government also subsidises energy and housing—of total federal subsidies in 2013, the power sector accounted for 96.1 per cent, while the food and agricultural sector comprised 2.4 per cent.⁵³

Table 4.11 highlights the continuous increase in subsidies over the last decade. Subsidy expenditure rose sharply from 0.13 per cent of GDP to 2.5 per cent between 2002 and 2013. Most of this amount was diverted towards the non-poor.

Social assistance programmes

In Pakistan, the main welfare interventions to ensure reduction in poverty, hunger and food insecurity are the BISP, Pakistan Bait-ul-Mal and zakat. Pakistan Bait-ul-Mal

had components for food and nutritional assistance which were later discontinued due to targeting issues.

Historically, public spending on such programmes has been low. However, over the last few years, such expenditures have gone up rapidly, mainly due to allocations for BISP. Specifically, out of the PKR45.3 billion allocated in 2012 for all targeted programmes, PKR41 billion was for BISP alone.⁵⁴ However, these programmes are facing a number of constraints. Implementing bodies are numerous, resulting in duplication of beneficiaries. Moreover, there are significant gaps in coverage, implementation and targeting.

BISP was started in 2008 as a conditional cash transfer to benefit the extremely impoverished, enabling them to smooth income and consumption in the face of shocks, such as the food, fuel and financial crises of 2008. Initially, it was set up as a special project under the Annual Development Plan. Within a year it was set up as a programme with funding from the Cabinet Division, indicating policy commitment and political ownership. The programme aimed to serve 3.5 million people, and PKR34 billion (US\$425 million) was allocated to provide PKR1,000 to families earning less than PKR6,000 per month. The per month transfer has now increased to PKR1,200 and the beneficiary family is paid PKR3,600 after every three months.⁵⁵

The beneficiaries of this programme increased by almost 200 per cent, from 1.76 million in 2009 to 5.25 million in 2014, while annual disbursements also increased from PKR15.8 billion to PKR48.2 billion during this period (see table 4.12).

Besides cash assistance, the programme has also started four graduation components: *Waseela-e-Haq* (microfinance), *Waseela-e-Rozgar* (technical and vocational training), *Waseela-e-Sehat* (life and health insurance), and *Waseela-e-Taleem* (primary education). The coverage of these programmes is limited so far.

Zakat is funded through the collection of a religious levy (of 2.5 per cent)

Table 4.11 Subsidies in Pakistan, 2002-13

	PKR billions	% of GDP
2002	5.5	0.13
2003	10.9	0.22
2004	8.5	0.15
2005	5.4	0.08
2006	6.0	0.1
2007	5.5	0.1
2008	54.9	0.5
2009	220.6	1.7
2010	234.9	1.6
2011	497.4	2.7
2012	689.0	3.4
2013	556.1	2.5

Source: GOP, *Annual Report: The State of Pakistan's Economy* (various issues).

on bank accounts held by Muslims. Beneficiaries also need to be Muslims. At the start of the programme in 1980, it was mandatory to pay zakat, but now account holders can opt out. While this resulted in a decline in collections, the potential of zakat collection is estimated to be around two to four per cent of GDP.⁵⁶ The number of zakat beneficiaries, who are selected by local mosque-based committees, has been around one million per annum. After the 18th Amendment, the institution of zakat has been devolved to the provinces. In 2012, the zakat programme benefited 1.04 million recipients and disbursed PKR3.13 billion.⁵⁷

Zakat is disbursed under different programmes such as the *Guzara* (hardship) Allowance, education stipends to both mainstream and religious schools, marriage assistance to unmarried women, and cash allowances for leprosy patients, religious festivals, and national-level health institutions.

Pakistan Bait-ul-Mal was established as an independent body in 1992 and is administered by district-level government-nominated committees. It provides, irrespective of religion, financial assistance to the destitute, widows, orphans and invalids, in addition to others in need. In 2000, the federal government launched the Food Support Programme, with an annual budget of PKR2.5 billion, to ensure food for the poorest households that earn less than PKR2,000 per month.⁵⁸ In 2008, 1.8 million households were covered under the Food Support Programme at a total cost of PKR6 billion.⁵⁹ The process of identification of beneficiaries was undertaken by district-level committees consisting of local officials, political representatives and civil society organisations. For many years, this programme was the biggest Pakistan Bait-ul-Mal component in terms of budget and beneficiaries. However, it was disbanded in 2009 due to poor targeting and the start of the BISP. Another food support programme, the *Tawana* (healthy) Pakistan Programme, aiming to provide cooked food to school-going children was also dis-

Table 4.12 Benazir Income Support Programme (BISP): Beneficiaries and disbursements in Pakistan, 2009-14

	Beneficiaries (millions)	Cash disbursements (PKR billions)
2009	1.76	15.80
2010	2.24	31.94
2011	3.09	29.66
2012	3.63	41.00
2013	4.80	42.87
2014 (July-March)	5.25	48.18

Source: GOP 2014c.

continued mainly due to similar issues of targeting and logistics. Currently, Pakistan Bait-ul-Mal is running a number of programmes (see table 4.13). Under the Child Support Programme, a family with one school-going child is given PKR300 per month or PKR600 for two or more children. Assistance for medical treatment and higher education is provided by the Individual Financial Assistance Scheme, while the National Centre for Rehabilitation of Child Labour helps children move back to school after working.

Independent evaluations of Pakistan Bait-ul-Mal indicate lack of inclusiveness, efficiency and fairness. One of its major weaknesses is dependence on government funding, which is subject to vulnerability during times of fiscal distress. The coverage, the amount paid to the beneficiary, and the selection criteria are also not found to be satisfactory.⁶⁰

Table 4.13 Disbursement and beneficiaries of Pakistan Bait-ul-Mal by programme, 2012

	No. of beneficiaries	Disbursement (PKR millions)
Child Support Programme	28,232	58.4
Individual Financial Assistance	18,014	972.3
Institutional Rehabilitations through NGOs	17,635	34.7
National Centre for Rehabilitation of Child Labour	479,115	358.9
Vocational Centres	203,039	149.2
Pakistan Sweet Homes for Orphanages	9,826	208.1
Langer Programme	91,632	4.4
Total	847,493	1,786

Source: GOP 2012e.

Food security in Bangladesh

Bangladesh is one of the most vulnerable countries of the world due to frequent natural disasters, underdeveloped infrastructure, and a low natural resource base. High levels of poverty, inequality, hunger, and population density are other impediments to development. Despite these constraints, the country has performed impressively over the last three decades not only in terms of increasing and sustaining economic growth, but also ensuring that growth is inclusive and pro-poor. Resultantly, the incidence of poverty, hunger and malnutrition has decreased. In terms of food security, the focus has been towards food availability, access and proper utilisation. Despite these positive developments, the country is still facing challenges in the form of high prevalence of malnutrition among children and women, and a high proportion of poverty.

Food production, availability and access

The country has successfully expanded the availability of food over the last 30 years and has now achieved self-sufficiency in the production of rice, its staple food. Poverty, hunger and malnutrition have also decreased in the country but food insecurity—attributed to insufficient food access—is widespread.

OVERALL FOOD INSECURITY: In Bangladesh, between 1981 and 2005, the proportion of food insecure people de-

clined significantly from 73 per cent to 40 per cent. The ratio declined in both rural and urban areas, however progress was better in the former. As a result, in 2005, the proportion of food insecure people in urban areas surpassed those in rural areas. In absolute terms, the number of hungry people in Bangladesh fell by 11.3 million between 1981 and 2005. In rural areas, there was a corresponding decline (by 19.7 million), while in urban areas it rose (by 8.4 million). As a result, the share of the urban population in the total number of hungry people increased from 9.5 per cent to 26.4 per cent during this period.⁶¹

MALNUTRITION: Over the last three decades, the country has seen remarkable progress in child nutrition. Table 4.14 shows trends in Bangladesh between 1986 and 2011 in terms of the number of stunted, underweight and wasted children. Child malnutrition as measured by stunting and underweight decreased per annum by 1.1 and 1.4 percentage points respectively, while wasting increased marginally.⁶²

Micronutrient deficiencies—or hidden hunger—of vitamin A, iron, iodine and zinc are also common among children, and show mixed progress over the last three decades. The country has made significant progress in reducing vitamin A deficiency among children (aged 6-59 months), increasing the consumption of vitamin A rich foods at 60 per cent. However, half of the children are anaemic and few programmes have been initiated to address this. Moreover, more than one-third of children and women are suffering from sub-clinical iodine deficiency.⁶³

The nutritional status of women has improved over the last few decades, yet disparities exist by income and social status. In 2011, 24.2 per cent of women (aged 15-49 years) suffered from chronic energy deficiency (with a BMI of less than 18.5) compared to 52 per cent in 1997.⁶⁴ Micronutrient deficiencies in iron, iodine and vitamin A are also widespread in the country. Even though anaemia among

Table 4.14 Malnutrition trends among children (0-59 months) under-five in Bangladesh, 1986-2011

	(%)		
	Stunting	Wasting	Underweight
1986*	68.7	14.8	71.5
1997	54.6	17.7	56.3
2004	50.6	14.5	42.5
2007	43.2	17.4	41.0
2011	41.3	15.6	36.4

Note: *: Data is for 6-71 months children.
Sources: GOB 2013a and Das *et al.* 2009.

INEQUALITY: Income inequality has risen over the last three decades, indicating a low impact of growth for the poorest households. In Bangladesh, inequality increased from 0.350 in 1984 to 0.458 in 2010, with a similar trend in both rural and urban areas (table 4.18). Growing inequity in the distribution of economic output is also evident from an increase in the income of the rich at the expense of the poor. Between 1984 and 2010, the share of the poorest 20 per cent of population in national income decreased from 2.9 per cent to 2.0 per cent, while for the richest 20 per cent of population, it grew significantly from 28.3 per cent to 37.6 per cent.⁶⁷

A hike in food prices tends to aggravate poverty and food insecurity among the poor. In Bangladesh, between January 2005 and March 2008, rice inflation increased the number of poor people by 12.1 million.⁶⁸ Between 2005 and 2010, food prices rose at an alarmingly high annual rate of 14 per cent.⁶⁹

Poverty reduction strategies and policies

Bangladesh's economic progress over the last three decades has helped it reduce poverty rates substantially, and deal with the critical issues of hunger and malnutrition. Successful policies and Five Year Plans aimed at poverty reduction and food security were central to its success.

In the 2000s, policy-making was guided under donor-driven PRSPs which focused on economic growth for poverty reduction. In 2001, the government decided to replace Five Year Plans with a PRSP. Starting with an Interim PRSP in 2003, the government formulated the PRSP with the main objectives of nutrition, maternal

health, sanitation and water, employment creation, education and governance. The recent macroeconomic plans—the Vision 2021, the Perspective Plan 2010-21, and the sixth Five Year Plan (2011-2015)—also emphasise the need for creating economic growth while lessening poverty, malnutrition and food insecurity.

Bangladesh's Five Year Plans and other related policy documents have sought to maintain economic stability and ensure pro-poor economic growth. Importance has also been given to foreign remittances and to create employment and boost exports in small and medium enterprises (SMEs). The emphasis is also on developing the food and agricultural sub-sector as well as supporting the non-farm sector through microfinance and private sector activity. Different aspects of food security, including food production and access, have also been highlighted. Food availability has come out of an emphasis on achieving self-sufficiency in rice production. Meanwhile access to food has been enhanced by introducing an effective social safety net that includes a food distribution system.

Government prioritisation of pro-poor growth, human development and poverty reduction is evident from the composition of public expenditure. Social sector spending has been a main concern of the government, and it has accordingly increased allocations for health and education, and broadened social safety nets. The social sector accounted for one-third of current expenditure in 2010. Similarly, the share of social sector expenditure in the Annual Development Plan also increased from about one-tenth in 1990 to more than one-fourth (26 per cent) in 2010.⁷⁰

The National Food Policy 2006 governs food security in Bangladesh. Unlike the traditional focus on food production, it commits to ensure food security for all citizens through a comprehensive approach to availability, access and utilisation. The National Food Policy Plan of Action (2008-15) operationalises the objectives of the National Food Policy. As a result of these initiatives, hunger, poverty

	1984	2010
Overall	0.36	0.458
Rural	0.35	0.430
Urban	0.37	0.452

Sources: GOB 2011 and GOB 2013c.

and malnutrition have fallen significantly in Bangladesh. Besides this, the government has also prepared a draft of the National Social Protection Strategy 2013 to accommodate a lifecycle based approach to social welfare.

Social safety nets

The Government of Bangladesh has taken various steps to ensure food security, which include widening the ambit of safety net programmes and ensuring a PFDS.

Public food distribution system (PFDS)

Bangladesh's food policy operations are carried out through the PFDS. The system supplies food grains to food-based safety nets, provides food incentives to farmers through procurement of rice and wheat, and maintains a buffer stock of food grains to meet emergencies such as floods and stabilises market prices.

The government distributes rice and wheat under the PFDS through 15 distribution channels broadly categorised as monetised and non-monetised (targeted). The non-monetised channels are based on food safety net programmes and account for three-fourths of the total PFDS distribution: rice comprises 70 per cent of total non-monetised distribution. The main non-monetised programmes are Food for Work, Test Relief, Vulnerable Group Development, Gratuitous Relief, Food for Education, and Vulnerable Group Feeding.

Over the last three decades, the size and composition of the PFDS has changed significantly. The importance of sales channels has fallen as the share of non-sales channel has increased. Moreover, the focus has also shifted from relief to development programmes. The size of the PFDS decreased between the 1980s and 1990s, but increased gradually during the 2000s. In 2012, total food grain distribution was 2.1 million metric tonne: 41 per cent through sales channels and 59 per cent through non-sales channels.⁷¹ Such a

change in the composition of the PFDS is an encouraging signal of enhanced overall efficiency of the PFDS.

The reduction in the distribution of food grains under the PFDS during the mid-1990s and the mid-2000s was attributed to a reduction in food distribution through monetised channels. The objective was to improve the targeting of food grains and reduce leakage and operational costs. Also, the decision was taken in light of an increased private sector role in stabilising market supply and price, especially during natural disasters, such as the floods of 1998. The obvious result was that the share of food distribution through monetised channels went down.

Social assistance programmes

Since the 1970s, Bangladesh has formed a comprehensive social protection system to empower the poor and marginalised. In response to the 1974 famine and floods in the 1980s, the government developed public works and other food aid programmes to benefit the affected families. In the 1990s, the government developed social safety net schemes in the form of school stipend programmes, and allowances for the old, disabled and widows. The government's commitment to improve food security and decrease poverty can be seen from budgetary allocations for social safety nets. In 2015, the Government of Bangladesh allocated BTK30,751 billion for social safety net programmes. Their share in the total budget of the government increased from about 10 per cent in 1998 to 16 per cent in 2011. Food security programmes are the largest component in the social sector budget.⁷²

There are a number of safety net programmes to ensure food security in Bangladesh including Open Market Sales, Vulnerable Group Development, Vulnerable Group Feeding, Test Relief Food, Gratuitous Relief Food, Food Assistance in Chittagong Hill Tracts Area, and Food for Work (see table 4.19).

Among these programmes, the

Since the 1970s, Bangladesh has formed a comprehensive social protection system to empower the poor and the marginalised

Table 4.19 Food security programmes in Bangladesh, 2013

	Budget (BTK billions)	Beneficiaries (millions)
Open Market Sales	17.55	22.03
Vulnerable Group Development	8.07	9.00
Vulnerable Group Feeding	13.52	8.50
Gratuitous Relief Food	2.75	8.00
Food For Work	14.39	5.00
Test Relief Food	11.63	3.90
Food Assistance in Chittagong-Hill Tracts Area	2.37	0.71
Maternity Allowance Programme for the Poor Lactating Mothers	0.43	0.09
School Feeding Programmes and School Feeding Programme in Poverty Prone Areas	5.22	2.44
Maternal Health Voucher Scheme	0.75	0.20
Maternal, Child, Reproductive and Adolescent Health	1.35	0.07

Source: GOB 2014e.

Open Market Sales programme is the largest in terms of budget and coverage. It was introduced in the early 1980s to provide subsidised food grain to urban poor. The *Vulnerable Group Development* programme provides monthly grain transfers of 30 kg to each family, which is equivalent to BTK900 per month. Women also receive support to establish small enterprises: out of 9 million total beneficiaries of the programme, about 2.2 million are women.⁷³ The *Gratuitous Relief* and the *Vulnerable Group Feeding* programmes were started in response to the floods of 1998 to offer relief to the poor. *Food Assistance in Chittagong-Hill Tracts Area* programme is targeted towards the ethnic minority of the country. It benefits 0.71 million people, with a budgetary allocation of BTK2.37 billion in Chittagong Hill Tract. *Maternity Allowance Programme for the Poor Lactating Mothers*

has been initiated to improve the health of mothers. *Maternal Health Voucher Scheme* provides subsidies to poor and vulnerable pregnant women to reduce maternal mortality.

The coverage, targeting and adequacy of food security-based social safety net programmes is questionable. For instance, only 25 per cent of the Food for Education Programme allocations reached any household in 2000. Moreover, coverage of social assistance programmes also remains low. In 2010, while 39 per cent of the poorest 20 per cent of population received assistance from at least one social assistance programme, so did 10 per cent of the richest.⁷⁴

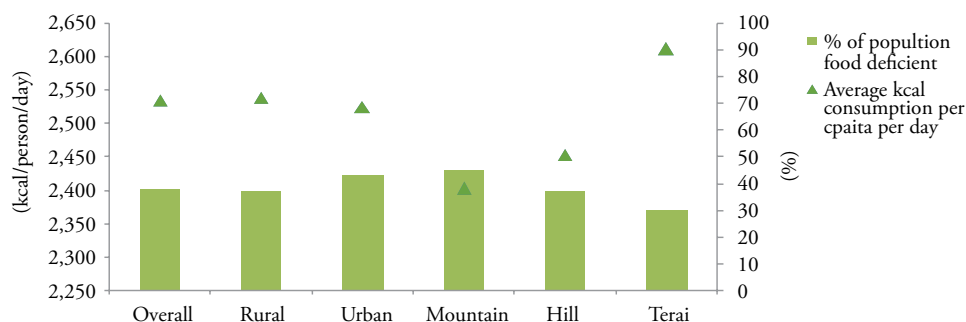
Food security in Nepal

Food production, availability and access

Nepal is a food insecure country, with around 6.9 million people suffering from insufficient access to food.⁷⁵ The country often faces issues with all aspects of food security—production, access and utilisation. Limited food production, low agricultural productivity, inflation, unemployment, poverty and deep-rooted social divisions are the main factors behind food insecurity in Nepal.⁷⁶

MALNUTRITION: Around 38 per cent of population in Nepal is food insecure (figure 4.5). Food insecurity is higher in urban areas (43 per cent) compared to 37 per cent in rural areas. Within the vari-

Figure 4.5 Food insecurity in Nepal, 2013



Source: GON2013c.

ous ecological regions in Nepal, the Terai region with better socio-economic conditions is relatively more food secure compared to the Mountain and Hill regions.

On average, the overall daily dietary intake in Nepal of 2,536 kcal/person is higher than the minimum average requirement. However, there is significant variation within the country, as the Terai region has a higher per capita consumption compared to the regions of Hill and Mountain.

Nepal performs poorly in terms of nutritional status amongst children. Under-five stunting is at 41 per cent of children, 29 per cent are underweight and 11 per cent are wasted (table 4.20). These indicators, with the exception of wasting, have however improved over time. The rate of stunting declined from 57 per cent in 2001 to 41 per cent in 2011, and the proportion of children underweight also declined from 43 per cent to 29 per cent.

Nepal has made some progress in addressing micronutrient deficiency amongst children; however iron and vitamin A deficiency are still major causes of child malnutrition. Anaemia fell to 46 per cent as compared to 48 per cent in 2006.⁷⁷ Similarly 53 per cent of children consume food deficient in Vitamin A.⁷⁸ Iodine deficiency however has reduced significantly owing to increased consumption of iodised salt.

Malnutrition amongst women is a serious concern in Nepal, leading to both high rates of maternal and infant mortality. Around two-fifths of the women in the reproductive age group are undernourished.⁷⁹ However there has been some improvement in maternal malnutrition, declining from 28 per cent in 1996 to 18 per cent by 2011.⁸⁰ Micronutrient deficiency amongst women—especially pregnant and lactating mothers—is a serious health concern. According to the *Demographic and Health Survey 2011*, around 35 per cent of women aged 15-49 years were anaemic.⁸¹

Availability of food

Over the past three decades, food availability in Nepal has improved. Per capita food

Table 4.20 Malnutrition trends among children under-five in Nepal, 2001-11

	(%)		
	Stunting	Wasting	Underweight
2001	57	11	43
2006	49	13	39
2011	41	11	29

Source: GON 2011a.

Table 4.21 Food availability per capita in Nepal, 1980-2010

	1980	2010	Annual growth (%)
Food supply (kcal/capita/day)	1,761	2,542	1.23
Protein (grams/capita/day)	47.3	64.3	1.03

Source: FAO 2015a and MHHDC staff computations.

availability increased at an annual rate of 1.2 per cent, from 1,761 kcal/day in 1980 to 2,542 kcal/day in 2010 (table 4.21). Similarly, there has been an increase in per capita protein supply from 47.3 grams/day to 64.3 grams/day.

However, despite these positive trends, food availability is a serious concern in Nepal, as the country has often experienced a food deficit. Cereal production, with a demand of 69 per cent in Nepal's food basket, has persistently been in deficit.⁸² The annual growth rate of cereal production between 1991 and 2006 was 1.9 per cent per year, below the cereal requirement growth rate of 2.3 per cent. There is also a regional dimension to food availability in Nepal as the Mountain and Hill regions are often food deficient compared to food abundant Terai. The average annual per capita food deficit in the Mountain and Hill regions is 37 kg and 23 kg respectively, while the Terai region has a surplus of 24 kg.⁸³ Overall, Nepal has been unable to attain self-sufficiency, and is often reliant on food imports.

Low agricultural production and productivity, poor land management, natural calamities and high food losses are major determinants of poor food availability in Nepal. The share of agriculture in GDP declined from 60 per cent in 1980 to 35 per cent by 2010, indicating a shift from agriculture to other sectors. Nevertheless, the agricultural sector employs around three-fourths of the total labour force, indicating the low productivity of labour in

the agricultural sector. Other factors contributing to low productivity and limited food availability include small land holdings, reliance on traditional and subsistence farming and limited use of improved crop varieties. Food availability is further exacerbated by climate change and rising susceptibility to seasonal flooding, flash floods, erosion and droughts. Unreliable road infrastructure and high cost of transportation also hamper food availability in many districts of Nepal located in the Mid and Far West regions.

Access to food

Poverty, inequality, and inflation are amongst the main factors contributing to food insecurity in Nepal. Although per capita income has increased in Nepal and some progress has been made towards poverty reduction, expanding access to food still remains a major challenge.

Average household and per capita income in Nepal have increased since 1996. Average household income increased from NPR43,732 in 1996 to NPR202,374 in 2011. In per capita terms it increased from NPR7,690 to NPR15,162 over 1996 to 2011.⁸⁴ However increasing per capita income has been accompanied by rising inequality, as the income of the richest 10 per cent of population outpaced the growth in income of the poorest 10 per cent. Inequality, as measured by the Gini coefficient, worsened in Nepal, from 0.30 in 1985 to 0.46 in 2009 (table 4.22). Increasing inequality has direct repercussions on food security, as food poverty is higher amongst the poorest segment of society.⁸⁵

Over the past 15 years, Nepal has

made significant gains in poverty reduction. In 1996 the poverty rate was 41.8 per cent. Poverty rates fell to 30.9 per cent in 2004 and to 25.4 per cent in 2011 (table 4.22). However, despite this progress, every fourth person in Nepal is still categorised as poor, and poverty rates are high for rural areas and amongst marginalised groups. Another issue of concern is the large concentration of population living around the poverty line. In 2009, around one in four people lived around the US\$1.25 a day poverty line, while one in two people lived under the US\$2 a day poverty line. This vulnerability to poverty has serious consequences for food security, as a fall in income or a rise in food prices will result in a large proportion of people consuming less than their caloric requirement.

The rapid rise in food prices is a serious concern for food security and poverty reduction in Nepal. While Nepal had low levels of inflation prior to the 1980s, inflation has been steadily increasing over the past 30 years. During the 1980s inflation was around 10.8 per cent, and it decreased marginally to 9.6 per cent in the 1990s. Inflation rates were moderate between 2000 and 2006 (6.0 per cent). However since the onset of the global financial and food crises in 2008, inflation rates have increased substantially. Prices of essential food commodities like rice and wheat increased by around 50 per cent, while that of lentils and fish doubled between 2004 and 2010.⁸⁶ According to the *National Living Standard Survey 2010-11*, around 82 per cent of households are vulnerable to inflation-related food insecurity as their food consumption is just adequate to meet their dietary requirements.⁸⁷

Poverty reduction strategies and policies

The Constitution of Nepal recognises food security as a fundamental human right. The Interim Constitution of 2007 states “*that every citizen shall have the right to food sovereignty*” and the state is legally responsible for food security of all its citizens. The Constitution also has a commitment

Table 4.22 Trends in poverty and inequality in Nepal, 1985-2009

	1985	1996	2004	2009
Poverty rate, national poverty line (%)	...	41.8	30.9	25.4
Poverty headcount ratio at US\$1.25 a day (PPP*) (% of population)	78.2	68.0	53.1	23.7
Poverty headcount ratio at US\$2 a day (PPP) (% of population)	93.6	89.0	77.3	56.0
Gini coefficient	0.30	0.34	0.41	0.46

Note: *: PPP means purchasing power parity.

Sources: GON 2010, UN 2010 and World Bank 2015g.

to improve food security of marginalised communities. While these rights have been established in the Constitution, legislation to implement these laws is absent. There is no comprehensive food security policy in Nepal, but various aspects of food security are addressed in different policy documents.

Food security was expressed as a basic need in Nepal in the 1980s in the sixth and seventh Five Year Plans. In recent times, the 20 year Agriculture Perspective Plan 1997-2017, the 10th Five Year Plan and the Three Year Interim Plan 2007-10 have outlined the broader policy context for food security in Nepal. However these plans largely define food security in the context of enhancing food production and maintaining availability. The focus of these plans is on accelerating agricultural sector growth and productivity through improved agricultural research and extension support, to reduce poverty by increasing employment and income-generating opportunities in agriculture, to minimise the adverse effects of climate change and to develop human resources for the management of the agricultural development process.

The government has recently started to include food security indicators in its policy documents. The National Agriculture Policy 2004 has provisions, in addition to agricultural development, specifically for food insecure regions such as: a) low price shops, food coupons and food credit cards; b) guaranteed employment for at least 100 days to every family; and c) improved transportation, storage and distribution to improve access and availability of food. Most recently, the government has stated its intention to include the Food and Nutrition Security Plan within the Agriculture Development Strategy that will replace the earlier policy.

Aspects of food security pertaining to nutrition and health are separately addressed in several nutrition and health sector policies. The Health Sector Strategy 2004, aims to improve nutrition through provision of vitamin, zinc and iron supple-

ments at various health centres. A separate Food and Nutrition Security Plan 2007, is in place with the objective to increase overall food nutrition, enforce quality and safety standards for food, manage food insecurity during emergencies and improve access for people and groups prone to food insecurity. Similarly, the National Planning Commission has developed a Multi-sectoral Nutrition Plan to improve maternal and child nutrition.

Overall, while there has been an increased commitment to address the multi-dimensional nature of food insecurity by addressing issues of access and availability in addition to enhancing food production, there is no coherent single policy document to deal with the various aspects of food insecurity.

Social safety nets

The Government of Nepal has taken several steps to enhance social protection in order to improve food security. These include programmes that provide food for work, food subsidies and feeding programmes. In addition, there is a large presence of donor organisations complementing government initiatives for improving food security.

FOOD FOR WORK: The Rural Community Infrastructure Works Programme is the major food for work programme initiated by the Government of Nepal to enhance food security. It covers 29 of the most food insecure districts in Nepal in all ecological zones—Mountain, Hill and Terai regions. The project was initiated in 1995 to provide 50-70 days of employment in public works to about 400,000 individuals.⁸⁸ In the short run, the programme alleviates temporary food shortages by enabling beneficiaries to obtain employment that pays in-kind through food items. According to the Government of Nepal, the programme is the most successful social safety net programme: it guarantees immediate food supply, short-term employment and creates infrastructure that may be helpful for long-term food security of the target

Food security was expressed as a basic need in Nepal in the 1980s in the sixth and seventh Five Year Plans

population.

PUBLIC FOOD DISTRIBUTION: Through the National Food Corporation, the Public Distribution System (PDS) is supplying food to 30 districts, including 22 remote districts across Nepal. The Corporation introduced a grain storage programme, replicating the traditional practice of *dharma bhakari* (central grain storage). It offers poor farmers a temporary storage opportunity to hold grain after harvest until prices rise.

FOOD FOR EDUCATION: A primary school feeding programme was initiated by the Ministry of Education to improve nutritional status, relieve short-term hunger, increase school enrolment and attendance and reduce drop-out rates of children, particularly girls. The programme provides mid-day meals and take-home rations of oil (only for female students) in 18 food deficit districts.

MOTHER AND CHILD HEALTH-CARE: The Department of Health operates a Mother and Child Health Initiative Programme in 11 districts to improve the health and nutrition status of pregnant and lactating mothers and their children. The programme provides essential food in the form of monthly take-home rations, in addition to iron and vitamin A tablets for mothers and micronutrient sachets for children.

While most of these initiatives are a step in the right direction, they address less than 10 per cent of the food security

deficit of Nepal—an insufficient amount. Overall there is an urgent need to tackle food insecurity in Nepal. This would require designing policies to increase agricultural production, reduce geographical and social discrimination in access to food, improve market and transport infrastructure and improve general nutrition awareness.

Food Security in Sri Lanka

Food production, availability and access

The country is self-sufficient in rice production, its staple food. The prevalence of malnutrition, hunger and poverty has reduced significantly over the last three decades. However, malnutrition, particularly protein energy malnutrition and anaemia, is common and significant disparities exist between the rural, urban and estate regions.

MALNUTRITION: Sri Lanka has the lowest rate of child malnutrition in South Asia. Over the last three decades, the prevalence of stunted and underweight children have almost halved. However, the prevalence of wasting has remained stagnant at 12 per cent. Despite having the lowest regional malnutrition rates, in 2009, about 21.6 per cent of children under five years were underweight, 19.2 per cent were stunted, and 11.7 per cent were wasted (see table 4.23). The main factors responsible for child malnutrition are maternal education and household income. In the estate sector, about half of all women of reproductive age do not have primary education, and 30 per cent of women are malnourished. Similarly, most districts with high levels of child malnutrition in 2009 also had relatively low female educational outcomes.⁸⁹

Micronutrient deficiency of iodine, vitamin A and iron has also decreased in the country. In 2009, anaemia afflicted 25.2 per cent of children below the age of five years. Within districts, its incidence varied from a moderate 19.3 per cent in the district of Kurunegala, to a high 34.0 per cent in the district of Jaffna.⁹⁰ Similarly,

Table 4.23 Malnutrition trends among children under-five in Sri Lanka, 1981-2009

	(%)		
	Stunted	Wasted	Underweight
1981	36.6	12.1	...
1987	27.5	12.9	38.1
1993	23.8	15.5	37.7
2000	13.5	14.0	29.4
2007	18.0	15.0	22.0
2009	19.2	11.7	21.6

Sources: GOS 2009a and 2009b.

the prevalence of goitre (iodine deficiency) among children (aged 5-12 years) declined from 18.8 per cent in 1987 to 4.4 per cent in 2011.⁹¹

In Sri Lanka, 18.2 per cent of non-pregnant women (aged 15-49 years) were undernourished in 2009, with a BMI of less than 18.5. However, the situation varied by age across regions and income groups. Micronutrient deficiencies are also common among women. In 2009, the prevalence of anaemia was 16.7 per cent among pregnant women, 20.5 per cent among lactating women, and 22.2 per cent among non-pregnant and non-lactating women.⁹²

The percentage of people living below the minimum level of dietary energy consumption decreased from 30.6 per cent to 25.9 per cent between 1991 and 2010. However, the total number of undernourished people remained unchanged due to population growth. They increased from 5.4 million in 1991 to 5.9 million in 2006, and decreased to 5.4 million again in 2010.⁹³

According to the *Nutrition and Food Security Survey of Sri Lanka 2009*, only 12.4 per cent of households were found to be food insecure. However, there is significant disparity among urban, rural and estate sectors, income groups and districts. Food insecurity among the poorest 20 per cent of the population is 26.9 per cent as compared to only 2.3 per cent

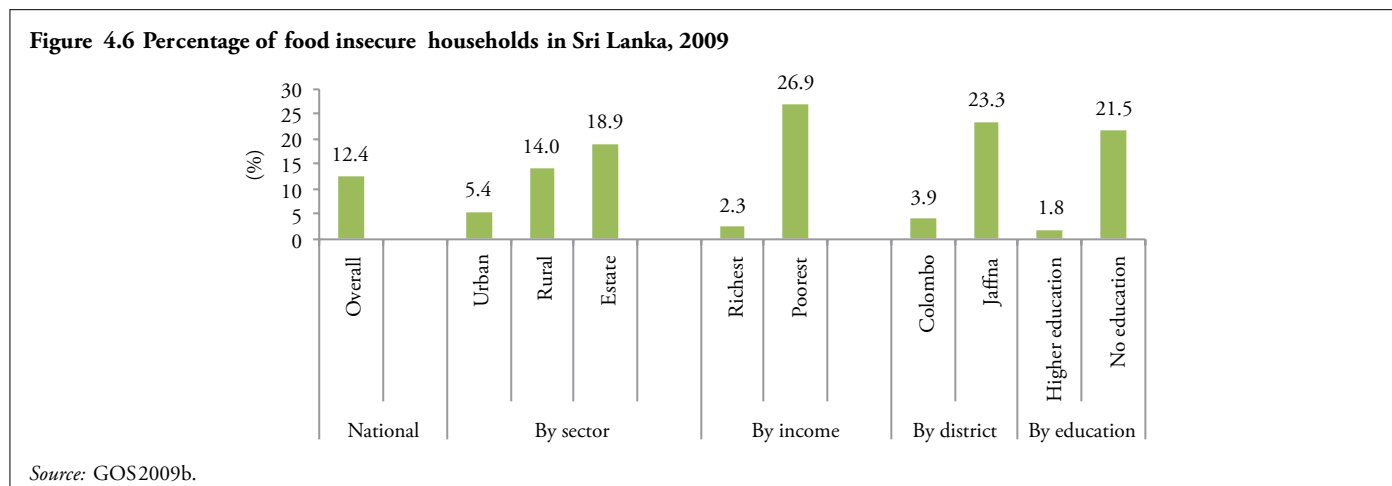
among the richest 20 per cent of population (see figure 4.6).

Availability of food

Over the last three decades, the country has achieved self-sufficiency in the production of paddy. In 2010, domestic rice availability (in terms of rice equivalent of paddy) was 2.7 million metric tonne against the requirement of 2.4 million metric tonne, which implied a self-sufficiency ratio of 114.⁹⁴ Between 1980 and 2010, the production of paddy doubled, increasing at an annual rate of 2.4 per cent.⁹⁵ This was attributed to a one-fourth increase in land area for paddy cultivation. During this period, average yield per hectare also increased by half due to a significant investment in research and development.

Although rice is the staple food, wheat flour is also used as a substitute in the country. However, it is not produced locally and completely imported.

Overall, food availability in terms of average per capita daily caloric availability increased from 2,392 kcal to 2,688 kcal between 2001 and 2010. Protein availability also increased from 57.5 grams/person/day to 67.1 grams/person/day between 2004 and 2010.⁹⁶ There is a substantial difference in the availability and the consumption of food on account of poor access arising from lower purchasing power.



Although the country has sufficient availability of food, about one-fourth of the population is malnourished. This is attributed to insufficient access to food as indicated by high levels of inequality and poverty.

In Sri Lanka, the percentage of population living below the national poverty line decreased by about three times, from 26 per cent in 1991 to 9 per cent in 2010 (see table 4.24). Such an impressive performance shows the inclusiveness of growth policies. However, a large number of people are at risk of slipping into poverty due to their vulnerability to economic shocks. For instance, in 2010, a 10 per cent increase in the national poverty line could increase the ratio of the poor to 12.8 per cent—an additional 0.8 million people would become poor.⁹⁷

Both rural and urban areas experienced a noteworthy decline in poverty, with a higher decline in cities. This success is credited to impressive economic growth in the Western Province that accounts for 60 per cent of urban population.⁹⁸ The poverty rate increased in the estate sector between 1991 and 1996 and remained more than 30 per cent till 2007. It then fell significantly over the last three years to

reach 11.4 per cent by 2010. This improvement is mainly due to increased concentration in the estate sector. Since 2007, wages in this sector have risen, as have public investments in welfare and infrastructure.⁹⁹

Unlike the reduction in poverty, the country has seen an increase in income inequality over the last three decades. In Sri Lanka, income inequality, as measured by the Gini coefficient, increased from 0.43 in 1981 to 0.49 in 2010 (see table 4.25). The unequal distribution of benefits from growth is also evident from the fact that the ratio of the income of the richest 20 per cent to the poorest 20 per cent of population increased from 9.9 per cent to 12.0 per cent between 1991 and 2010.¹⁰⁰

In Sri Lanka, 42 per cent of income is spent on food, rising to as high as half of all income in the estate region, and almost two-thirds in the district of Jaffna—the poor spend a high proportion of their income on food.¹⁰¹ Between 1980 and 2010, the food price index (2002=100) increased from 10.0 to 219.1, by a significant 10.8 per cent per annum.¹⁰²

Poverty reduction strategies and policies

Historically, Sri Lanka has emphasised inclusive and pro-poor economic growth to reduce poverty and enhance food security. All governments have focused on social sector development as a part of their efforts to build the country as a ‘social welfare state’. This prioritisation is evident from significant spending on the social sector, including the provision of universal and free education and health, food subsidies, cheap credit and safety net programmes. The country has also adopted a number of other initiatives to empower the poor, including price controls to protect the poor from inflation and land reforms under the Land Reforms Law 1972.

In 1977, the country adopted the Structural Adjustment Programme, guided by the IMF and the World Bank, to improve macroeconomic stability. To achieve the objectives of sustained growth and poverty reduction, Sri Lanka undertook a

Table 4.24 Percentage of population living below the national poverty line in Sri Lanka, 1991-2010

	1991	1996	2002	2007	2010
National	26.1	28.8	22.7	15.2	8.9
Urban	16.3	14.0	7.9	6.7	5.3
Rural	29.5	30.9	24.7	15.7	9.4
Estate	20.5	38.4	30.0	32.0	11.4

Source: GOS 2014e.

Table 4.25 Gini coefficient of household income in Sri Lanka, 1981-2010

	Gini coefficient
1981	0.43
1986	0.46
1991	0.43
1996	0.46
2002	0.47
2010	0.49

Source: GOS 2011a

comprehensive reform programme which included elimination of subsidies, trade and capital liberalisation, floating the exchange rate, and reducing the role of the state in the economy. The adoption of the Structural Adjustment Programme affected the allocation of expenditures for the social sector, rural development and food subsidies (see table 4.26). Expenditure on food subsidies declined significantly over the last three decades. Expenditure on agriculture and irrigation peaked in 1985 due to massive public sector spending on one of the leading projects, the multi-purpose Mahaweli river project, that undertook large scale irrigation, land settlement, and power generation. Most of the successive governments focused on farm sector spending for the construction of new dams and improving irrigation systems. However, such spending declined to 0.2 per cent of GDP in 2005. Spending on education and the health sector remained almost unchanged.

The main growth framework during 2005 to 2009 was the Mahinda Chintana: Towards a New Sri Lanka. The Plan aimed to share the benefits of economic growth, especially with the poor and marginalised. The period saw significant progress through an increase in economic growth and per capita GDP, a decrease in the rates of unemployment, poverty and hunger, and growing access to electricity and schools.

In order to make the growth process more inclusive and equitable, the Mahinda Chintana: Vision for the Future 2010 concentrated on food security and poverty reduction. By 2016, the Plan aims to eradicate hunger and extreme poverty, reduce the malnutrition rate of children from a third to 12-15 per cent; improve access to clean water in urban areas from 65 per cent to 90 per cent; universalise secondary education for all; and raise forest coverage from 28 per cent to 43 per cent.¹⁰³

Besides this, the country has also formulated a number of policies with the specific objective of improving nutrition and food security. This includes the

Table 4.26 Trends in pro-poor expenditure in Sri Lanka, 1975-2009

	(% of GDP)					
	Agriculture and irrigation	Education	Health	Transport communication	Electricity and water	Food subsidy
1975	2.0	2.7	1.6	2.6	5.1	3.0
1980	2.4	2.8	2.0	3.9	3.2	2.0
1985	6.7	2.7	1.3	3.1	2.1	1.2
1990	1.9	3.1	1.5	2.1	3.7	2.4
1995	1.2	2.8	1.6	3.1	4.4	0.9
2000	2.7	2.5	1.6	1.7	3.3	0.7
2005	0.2	2.6	1.8	1.9	4.1	0.4
2009	1.4	2.8	1.5	3.5	1.3	0.2

Sources: Sumanaratne 2011 and GOS, *Annual Report of Sri Lanka* (various issues).

National Agriculture Policy 2007, the National Livestock Development Policy 2007, the National Fisheries and Aquatic Resources Development Policy 2006, and the Food and Nutrition Policy 2004-10. These policies provide the necessary directives to ensure food and nutrition security in the country.

Social safety nets

The three main social safety net programmes in Sri Lanka are *Smurdhi*, School Meal and *Thriplosa*. Their objective is to reduce poverty, hunger and malnutrition.

The *Janasaviya Programme* was the main poverty alleviation programme in Sri Lanka. It was started in 1989, but in 1994, was replaced with the *Samurdhi Programme*, a major transfer programme dealing with poverty reduction and equity. It accounted for 0.2 per cent of GDP in 2009 and has the short-term objective of reducing vulnerability to shocks such as consumption shortfalls and sickness. Its long-term objective is poverty reduction through livelihood development and empowerment. Its components include a cash subsidy, social security, nutrition programmes, and microfinance. Under the cash subsidy programme, each family is given a cash amount of LKR210 to LKR1,500 depending on the size of the family. In 2010, the programme covered about 1.5 million households.¹⁰⁴

The government also initiated

a number of programmes to ensure food security of children and women (see table 4.27). The *School Meal Programme* is implemented to improve the nutritional status of impoverished school children by providing a mid-day meal to students of grades 1-5 in selected rural areas and special needs students. In 2011, it benefitted more than one million students. The *Thripasha Programme* was started in 1973 to better the nutrition of children and mothers. It provides two take-home packs of cereals (i.e., 750 grams each) once a month to both undernourished children below the age of five as well as pregnant and lactating mothers. Under the *Mother and Child Health Nutrition Programme*, a specified fortified corn soya blend is distributed among pregnant and lactating mothers and children under five years to remove nutritional deficiencies. In addition, the *Food for Education Programme* provides cooked meals in schools to students of grades 1 to 9 in the Northern Province. Lastly, a nutrition programme for nursery-going children aged 2 to 5 years is also carried out in the impov-

erished areas of the country.

Section 3: Conclusion

The region needs to focus on pro-poor and inclusive growth policies with the clear objective of addressing the issues of poverty, hunger and malnutrition and improving human development. To that end, the governments in the region have to take a number of steps.

Political commitment: There is a need to have clear political commitment at the highest level for hunger eradication. Such a commitment will ensure prioritisation at all policy levels of the need to end hunger, poverty and undernourishment. This can be seen from the experience of Brazil where reducing hunger was put at the centre of the country's political agenda. With the initiation of the Zero Hunger Programme in 2003, 'providing everyone with three meals a day' became a concern of the political leadership. Resultantly, between 2001 and 2010, poverty decreased from 24.3 per cent to 8.4 per cent. During this period, the income of the poorest 20 per cent of population increased by 6 per cent annually compared to a 2 per cent increase in the income of the richest 20 per cent. The proportion of food insecure people also fell from 11 per cent to 5 per cent between 2001 and 2005.¹⁰⁵

Small-scale farming and rural non-farm sector: Rural areas can play a crucial role in the reduction of poverty, malnutrition and hunger, as the majority of South Asians live in rural areas. Governments have to encourage small-scale farming by endowing the poor with land, credit, crop and farm technology, and providing access to output markets. Besides this, there is also a need to promote a rural non-farm sector to absorb surplus workers from the rural areas.

Inclusion of all stakeholders in decision-making: It is crucial to include people in decision-making. This will improve access to nutritious food. The local governance

Table 4.27 Nutrition programmes for children and women in Sri Lanka, 2011

Programme	Responsibility	Transfer type	Transfer level	Budget (LKR millions)	Beneficiaries (thousands)
School meal programme	Ministry of Education	Grades 1-5 primary and secondary schools in selected rural areas and students in special education	Mid-day meal	2,486*	1,117
National Supplementary Food Programme (<i>Thripasha</i>)	Ministry of Health	All pregnant and lactating mothers for first six months and children under-five with abnormal weight and faltering growth	Two take-home packs of cereal in a month	980*	874
Mother and Child Health Nutrition Programme	Ministry of Economic Development	Pregnant and lactating mothers and children under-five in selected areas	Ration of fortified corn soya blend per person/household	230	198
Food for Education	Ministry of Economic Development	Students of grade 1-9 in selected areas	Cooked meal	457	170
Fresh Milk for Nursery Children	Ministry of Child Development and Women's Affairs	Children aged 2 to 5 years in low nutrition areas	LKR200 per child for 25 days a month	191*	78

Note: *: Data is for the year of 2010.

Sources: Galappattige *et al.* 2012 and Tillakaratna 2014.

structure, civil society and community organisations play an important role in strengthening participation and voice. It can improve not only access to food, but also small-scale farm output based on local solutions and circumstances.

Better coordination and governance mechanism: Policies to ensure access, availability and use of food should clearly define the roles and responsibilities of all relevant institutions. This will not only improve the effectiveness of initiatives, but will also address the problems of inefficiency, corruption and patronage. In this context, coordination between the departments of agriculture, health, education, women's empowerment, social protection, and water and sanitation is critical.

Targeting of social safety nets: The focus of social safety nets should shift from all the population to just the poorest 40 per cent of the population, with the objective of reducing their poverty, hunger, malnutrition and income inequality, and empowering them. The approach of these initiatives should be comprehensive, ranging from the provision of food, cash, education, clean water and sanitation to general awareness about the nutritional aspects of

food.

Empower women to ensure their food security and improve their human development: Empowering women can help achieve progress across multiple dimensions of food security—production, access and use. Despite their significant contribution to food and non-food production, women are most vulnerable to food insecurity in South Asia. Their lower level of economic, social and political empowerment compared to men means that women have less control over assets such as land and credit. They do not get recognition in the national income accounts, and have poor access to markets. An improvement in food security requires more educational opportunities, control over resources, and participation in decision-making. Such efforts will also raise child nutrition, as female empowerment is significantly related to a decrease in undernourishment among children. According to the Food and Agriculture Organization of the United Nations (FAO), if women and men are provided equal access to resources, the resulting increase in agricultural output of developing countries could reduce the number of undernourished children in the world by a substantial 12 per cent to 17 per cent.¹⁰⁶

The focus of social safety nets should shift from all the population to just the poorest 40 per cent of the population

Education for All in South Asia

South Asia's performance with regards to providing education for all has been mixed—both with respect to progress between different countries and within different parts of the same country. Sri Lanka and Kerala in India have been outliers in the otherwise educationally backward South Asian region. Bangladesh—despite having a lower per capita income as compared to India and Pakistan—has caught up nevertheless, especially in the education of girls (box 5.1).¹

In terms of human development, “education is an end in itself not just a means to an end.”² Education is not only the gateway to accelerated economic growth, yielding better income and employment opportunities for people, but it also has many positive spillover effects. It leads to better healthcare, smaller families, greater community and political participation, less income inequality and a greater reduction in absolute poverty.

Most South Asian countries have a diverse education system, with a small group of children from the privileged class enjoying outstanding opportunities, while the majority of the population only have

access to poor educational systems. In the large metropolitan cities of Lahore, Karachi, Delhi, Mumbai and Dhaka, a small proportion of children educated in private schools are exposed to smart boards and learn interactively, while the greater part of the school-going population is faced with outdated and often obsolete teaching methods.³ In the case of India, such divisions are driven and further reinforced by economic and social prejudices stemming from ‘class, caste, gender, location and social privilege.’⁴ Such an ‘education hierarchy’ that has become the norm not only in India, but also in other countries of the region, will eventually fail to generate dynamic and sustained economic growth.

Some countries in the region have taken bold steps by making education a constitutional right for children. However, merely granting education as a constitutional right has not, and will not, suffice, unless it is accompanied by the appropriate supply-side policies that remove barriers in access to education for disadvantaged groups. Nepal and Bangladesh are taking a different approach. Bangladesh has launched efforts to nationalise all primary

Box 5.1 Income and education: Case of Bangladesh

Bangladesh has come a long way since the 1980s—from being regarded as an international failure to overtaking both India and Pakistan, the two largest countries in the South Asian region, in terms of progress in human development indicators. And this has happened despite the country's lower per capita income compared to its neighbours.

What is even more disconcerting is that Bangladesh spends a small proportion of GDP on education relative to In-

dia. However, spending on education as a percentage of total government expenditure is the highest in comparison to India, Pakistan and even Sri Lanka.

A plausible explanation for Bangladesh's progress in human development is the country's focus on primary education. Bangladesh spends almost half of its total education budget on primary education. This leads to higher net enrolment rates, especially for women: Bangladesh is the best performer in South Asia as measured

by the Gender Parity Index of net enrolment rate. In 2010, the country outperformed India with respect to female literacy rates and the ratio of female to male school enrolment. As better female literacy outcomes have positive externalities not only on maternal and child health, but fertility rates as well, human development outcomes are superior for Bangladesh in contrast to its neighbours.

Sources: MHHDC 2015, *Human Development Indicators for South Asia*, Dreze and Sen 2013 and UNICEF 2014a.

Despite some improvement in access, the quality of actual learning at school remains debatable in South Asia

schools in the country. On the other hand, Nepal has a history of handing government schools over to the people.⁵ It is too soon to ascertain which approach will be more successful.

In the last 30 years, South Asia has seen repeated national educational campaigns and policies, culminating in the right to education (RTE) Act which envisions education as an enforceable right for people. An underlying issue that has plagued all campaigns and policies to date is political commitment, which still remains debatable. The experience of several countries and states within South Asia has shown that income poverty is not an insurmountable hurdle in the spread of basic education. Several poorer states in India and Bangladesh have managed to make significant strides in improving access despite lower per capita incomes. Sri Lanka has also been able to retain focus on education, even during times of conflicts when growth rates were lower. As Mahbub ul Haq rightly said in the 1998 Report on *Human Development in South Asia*, “income is important but not decisive.”⁶ What will be critical is the political commitment behind so many educational campaigns in the region.

It is within this context that the chapter aims to assess the success of countries in the region in providing equitable access to education. How has the education landscape changed as South Asian countries grew over the last three decades (1980-2010)? Are the benefits of this growth and the subsequent opportunities for education restricted to a select few in this region? Have the countries been able to provide equitable education opportunities? Or is education bypassing people in South Asia? The analysis will shed light on disparities, identifying groups that are marginalised in each country so that public policy can target them more effectively.

The education landscape in South Asia

While the profile of progress in education is traced out from 1980 to the latest year for

which data was available, simple profiling cannot tell the complete story—it masks the nuanced progress made in education. Considerable disparities persist across dimensions of wealth, gender, ethnicity and caste. These inequalities plague not only access, but more importantly, the quality and learning outcomes of education in the region.

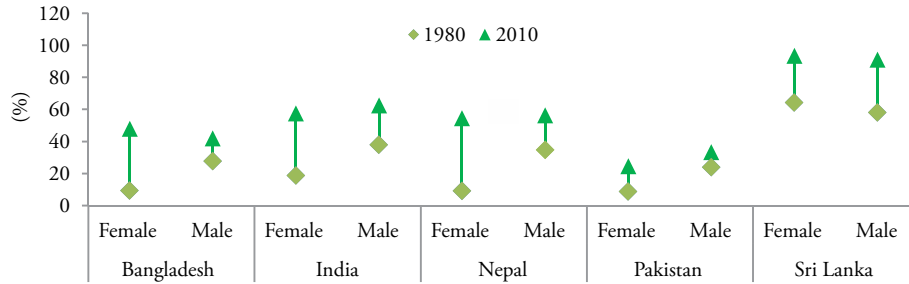
The region’s performance in providing education for its people in the last 30 years is variable, both between and within countries. There has been considerable progress in improving access to primary enrolment, specifically for females; however, slow progression through school, grade repetition and failure to complete the primary cycle remain major problems. School exclusion continues to be a key concern in the three largest economies of the region: India, Pakistan and Bangladesh. A closer look at the regional gender-disaggregated profile of out-of-school children (OOSC) reveals that Pakistan and Bangladesh have by and large failed to get girls into schools. What is worse is that the percentage of OOSC in each country interacts with other factors such as wealth, geographical location, ethnicity and caste to exacerbate the existing inequality in access to education for children from disadvantaged backgrounds.

Despite some improvement in access, the quality of actual learning at school remains debatable. In all South Asian countries, as would be expected, achievement in urban areas is typically higher than in rural areas, with the gap being wider for reading and languages, than in mathematics. Also, within each country, learning outcomes for students vary with geographical location.

A profile of progress: 1980-2010

South Asia has come a long way since 1980 in expanding access to schooling. Primary and secondary gross enrolment rates have registered a significant increase since 1980, especially for females, as seen in figures 5.1 and 5.2. Granted that Sri Lanka had high initial accessibility of primary and second-

Figure 5.1 Secondary gross enrolment rate in South Asia, 1980-2010



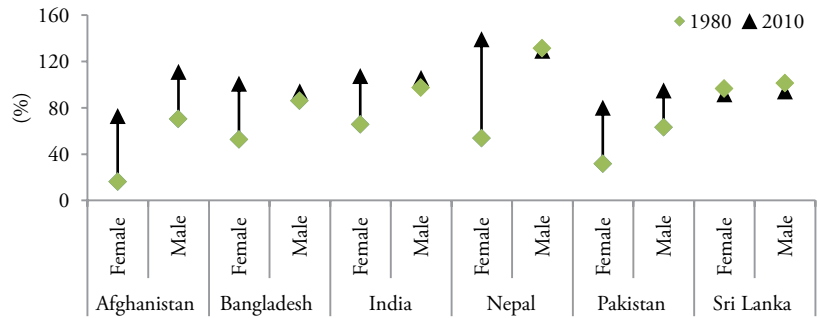
Source: UIS 2015.

ary schooling, it has nonetheless managed to sustain this edge in universal enrolment over the 30 year period. Other countries in the region like Nepal, Pakistan and Bangladesh have taken significant strides in widening access to primary enrolment, especially for females. While all countries have recorded progress in secondary enrolment rates, Pakistan in particular faces the challenge of improving secondary enrolments, which are largely unchanged from 1980 levels.

Although access to and participation in primary schooling has improved for all countries since 1980, slow progression through school and failure to complete the primary cycle remain major concerns in some countries. Grade repetition is a significant issue in most countries in the region. Nepal has made considerable progress in reducing repetition rates in primary education, which fell from 26 per cent to 12 per cent between 1999 and 2009. In contrast repetition rates have slightly increased in Bangladesh (11-13 per cent) and Pakistan (3-4 per cent) over the same period.⁷ Similarly most countries are struggling with school retention, with survival to last grade of primary education in most countries, except Sri Lanka, dissatisfactory for both males and females as depicted in figure 5.3.

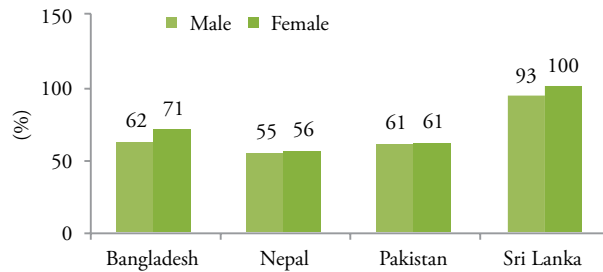
The improvement in enrolment rates at the primary, secondary and tertiary levels that has occurred since 1980 in all South Asian countries is commendable. However the percentage of students enrolled in tertiary education programmes is still far from satisfactory as seen in figure

Figure 5.2 Primary gross enrolment rate in South Asia, 1980-2010



Source: UIS 2015.

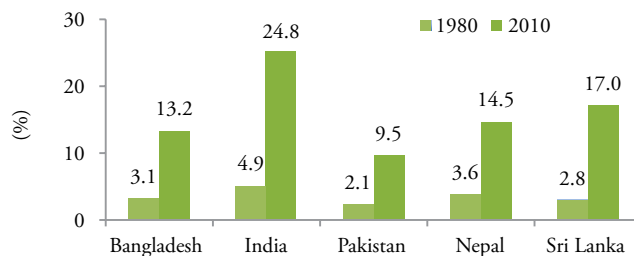
Figure 5.3 Survival rate to last grade of primary education, 2010*



Note: *: Data refers to the latest year available. Data for Bangladesh is for 2009, for Pakistan and Sri Lanka is for 2011, and for Nepal is for 2012.

Source: UIS 2015.

Figure 5.4 Tertiary gross enrolment rate in South Asia, 1980-2010*



Note: *: Data for Bangladesh and Nepal is for 2011. Data for India, Pakistan and Sri Lanka is for 2012.

Source: World Bank 2015g.

5.4. Apart from supply-side factors, one important reason for the lack of adequate

progress is the poor quality of primary and secondary education, which inhibits students from accessing tertiary education, thereby limiting labour market opportunities, especially for disadvantaged students.

With regards to youth and adult literacy, Sri Lanka started out as a high achiever in 1980, and has been able to improve and sustain its progress, reaching youth literacy rates of 98 per cent by 2010. India, Bangladesh and Nepal have also substantially improved youth and adult literacy rates over the years. Literacy in Pakistan has been rising slowly, but the country emerges as a laggard in both youth and adult literacy levels in 2010, as seen in table 5.1.

The nature of persisting disparities

School exclusion and high dropout rates for marginalised communities

There are still millions of children in the region that remain out of school, not-

withstanding the improvement in access to education. School exclusion is a major problem in India, Pakistan and Bangladesh. According to the latest United Nations Children's Fund (UNICEF) study on OOSC, Sri Lanka is the only country that has close to universal participation in primary and lower-secondary schooling. Pakistan has the highest rate of exclusion, with one child out of school for every three children of primary school age. For the lower secondary school age group, this rate is slightly better at 30.1 per cent. In Bangladesh, the rate of exclusion is lower at the primary level (16.2 per cent), but rises sharply to 30.7 per cent for children belonging to the lower secondary school age group. In India, the rate of OOSC is 6.4 per cent of the age group that ought to be in primary school, while the rate of non-participation by children of secondary school age is 5.7 per cent. Given its large population size, India nevertheless has the highest number of OOSC among the four countries, with 11.9 million children (aged 6 to 13) not in school.⁸

Figure 5.5 depicts a gender-disaggregated profile of OOSC in the region. Pakistan emerges as a clear straggler in terms of female participation rate, with the percentage of OOSC females being considerably higher than males for both primary and secondary education.

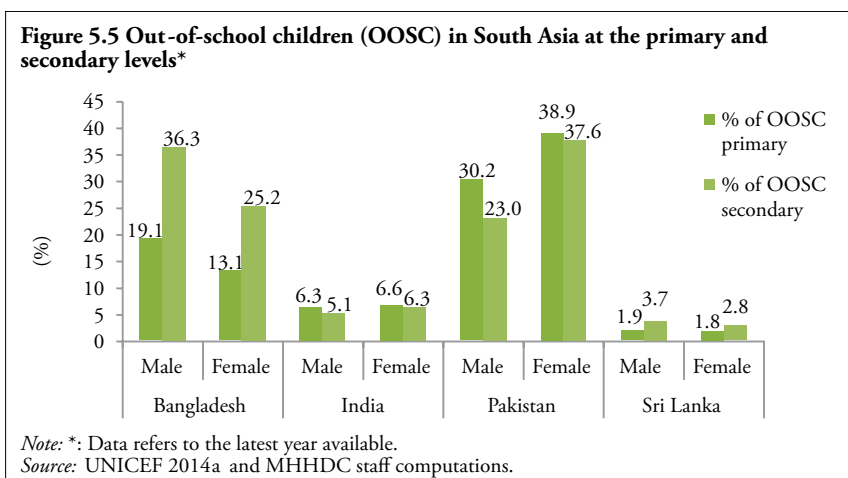
Research points to other factors that could explain school exclusion. Children living in *rural areas* and *urban slums* have a higher chance of being out of school.⁹ Across Pakistan and India, children living in rural areas continue to face a schooling disadvantage.¹⁰ Even within urban areas, there is a disparity in access to education, with children from slum and street children being considerably disadvantaged. In metropolitan slums in Bangladesh, children are 2.5 times more likely to be excluded from school than the national average.¹¹ Even in Sri Lanka, older children living in the relatively poorer tea estate regions have higher rates of exclusion compared to other areas.

The percentage of OOSC is also

	India	Pakistan	Bangladesh	Nepal	Sri Lanka
Adult literacy rate (% aged 15 years and above)					
1981	41	26	29	21	87
2011	63 ^a	55	59 ^b	57	91 ^c
Youth literacy rate (%)					
1981	54	35	36	30	91
2011	81 ^a	71	80 ^b	82	98 ^c

Notes: a: Data refer to 2006. b: Data refer to 2012. c: Data refer to 2010.

Source: MHHDC 2015, *Human Development Indicators for South Asia*.



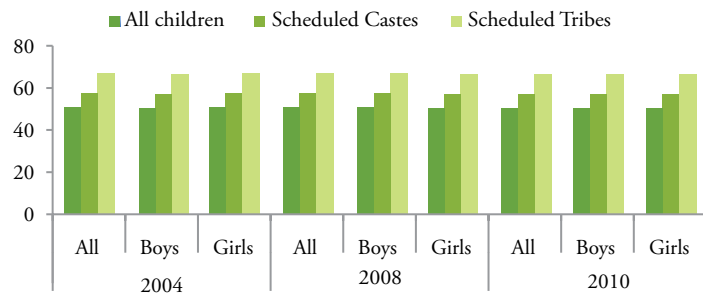
positively correlated to living in a particular *geographical location* within a country. For instance, the Sylhet district in Bangladesh and the Balochistan province of Pakistan are prone to rates of OOSC higher than the national averages. In India, children in Arunachal Pradesh, Bihar, Rajasthan and Uttar Pradesh have significantly higher rates of exclusion relative to the national average.¹²

Disparities in access to education are also strongly grounded in *ethnicity* and *caste*. In Bangladesh, children living in the Chittagong Hill Tracts, home to ethno-linguistic minorities, have lower enrolment rates than those in other areas such as Khulna, Rajshahi and Barisal.¹³ In India, in contrast to the national average of 3.6 per cent, the average rate of exclusion for primary school-age children belonging to the Scheduled Castes (SCs) and Scheduled Tribes (STs) is 5.6 per cent and 5.3 per cent respectively.¹⁴

India has made considerable progress in improving enrolments for all groups and ethnicities. Yet, it is not enough to look merely at enrolment rates. Enrolment data indicates that the number and proportion of children from educationally disadvantaged communities comprising the STs, SCs and Muslims have been steadily rising, and yet the share of children dropping out at different stages remains equally high. Indeed, recent studies have revealed that not only are Muslim children at a greater risk of dropping out, attendance rates are in fact lower for Muslims than SCs and STs children in some states (see figure 5.6). Studies show that despite an overall improvement in education status, the rate of progress has been the slowest for the Muslims as a group.¹⁵

In fact, discrimination along lines of ethnicity and caste is responsible for compromised educational outcomes of children from marginalised groups. A 2009 study on *Dalit* children in Rajasthan found that teachers have a discriminatory attitude towards SCs in general and some sub-groups of SCs, like *Vikalmi*, in particular.¹⁶ The study also discovered that

Figure 5.6 Dropout trends by caste and ethnicity (grades 1-8) in India, 2004 -10



Source: GOI 2012d and MHHDC staff computations.

teachers assigned non-school tasks to some children ‘like sweeping classrooms or cleaning the toilets’ and called children by their caste or community name.¹⁷ Such behavior from teachers results in students from these backgrounds becoming more likely to drop out of school and under-perform relative to their peers.

In addition, children of landless daily wage labourers or seasonal migrants tend to be more irregular with school, hence making it harder for them to keep pace with the curriculum. As a result they are excluded from actively participating and ‘tend to sit in the back rows and are often ignored’.¹⁸ This combination of various facets of exclusion—being poor, a first generation school-goer, belonging to a SC or ST and being frequently absent—is perhaps the most compelling reason for their exclusion from school activities and poor learning outcomes.

Education poverty and inequality in access is an issue across the South Asian region. The incidence of education poverty—as measured by the per cent of population with less than four years of schooling—is more likely to fall in the poorest income bracket, who live in rural areas and are predominantly female.

Inequality in learning outcomes and quality of education

There is a difference between access ‘to’ education and access ‘in’ education. The former means to have access to the buildings, enrolment procedures, etc., while the latter refers to the quality of teaching and

learning, and the level of participation in school life.

Acquiring the skills that people need in order to escape marginalisation requires more than just spending time at school. What children actually learn at school is a function of a wide range of factors, including quality of education, family circumstances and place of residence. In all South Asian countries, as would be expected, achievement in urban areas is typically higher than in rural areas, with the divide being wider in reading and languages, than in mathematics.¹⁹ Also, within each country, learning outcomes for students vary with the geographical location they live in. Typically students from backward provinces, such as the Pakistani provinces of Balochistan and Sindh, score lower on aptitude tests than students in Islamabad Capital Territory.²⁰ Indian students in Kerala, Maharashtra and Karnataka outperform children from Rajasthan and Madhya Pradesh. In Bangladesh, Barisal and Khulna divisions generally have the highest achievement and Sylhet the lowest. In Nepal, students in the Central Region typically learn more than those in the Far-Western Region. In Sri Lanka, the Western and North Western provinces generally have the highest student achievement records, while the Eastern Province has the lowest.²¹

Inequality in learning outcomes is

Table 5.2 Learning outcomes for India in reading and mathematics, 2006-14

	Reading*	Arithmetic**
2006	48.1	...
2007	49.2	42.4
2008	50.6	38.9
2009	46.6	39.1
2010	45.7	36.3
2011	40.4	30.0
2012	38.8	26.4
2013	40.2	26.1
2014	40.3	25.4

Notes: *: Children in Standard 3 who can read a Standard 1 text. **: Children in Standard 3 who can do at least subtraction.

Source: Aser Centre 2015.

driven by household wealth and ethnicity. Students from poor families in Bangladesh are at least three quarters of a school year behind their richer counterparts in Bangla language and about half a year behind in arithmetic. In Nepal, the National Learning Assessment Data (2008) reaffirms that good performance in student learning outcomes depends on ethnicity and caste: for instance, students from the higher ranked *Janjati* ethnicity do better than their *Madhesi* and *Dalit* classmates. Similar evidence was found by Aturupane, Glewwe, and Wisniewski (2013) in Sri Lanka, where *Burgher* children outperformed *Tamil* children on standardised tests.²²

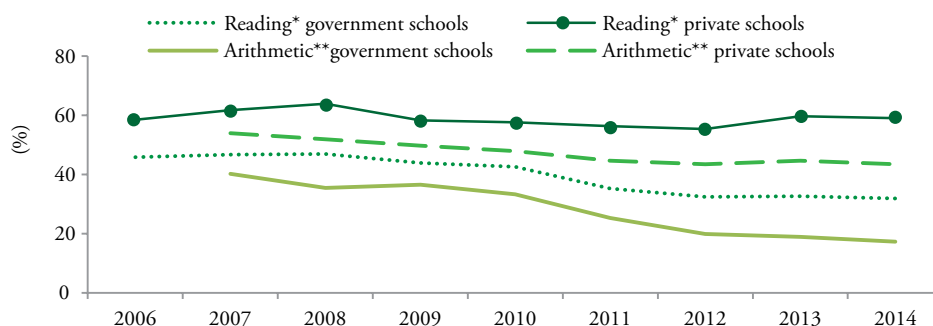
An analysis of trends in learning over time in India shows that there has been a decline for school children between 2006 and 2014 (see table 5.2). What is worse is that learning outcomes for both reading and mathematics are lower for government schools than private schools. Moreover, as seen from figure 5.7, performance in government schools, for both reading and arithmetic, registered a sharper decline in contrast to private schools between 2006 and 2014.

The public-private divide in learning exists in Pakistan as well. According to the *Learning and Achievement in Pakistani Schools Survey*, by third grade, children in private schools were 1.5 years ahead in English and 2.5 years ahead in mathematics compared to their counterparts in public schools.²³

Disparities in literacy

Despite consistent improvements in aggregate youth and adult literacy rates since 1980, there are considerable disparities in the distribution of the literate population within each country. Literacy rates vary by gender, age, wealth status and geographical location. Sri Lanka is the only country that performs well with respect to achieving gender parity in adult literacy. Bangladesh and Nepal have been successful in improving the Gender Parity Index by a 100 per cent between 1980 and 2010, whereas pro-

Figure 5.7 Trends in learning by school type in India, 2006-14



Notes: *: Children in Standard 3 who can read a Standard 1 text. **: Children in Standard 3 who can do at least subtraction.
Source: Aser Centre 2015.

gress in India and Pakistan has been rather slow (figure 5.8).

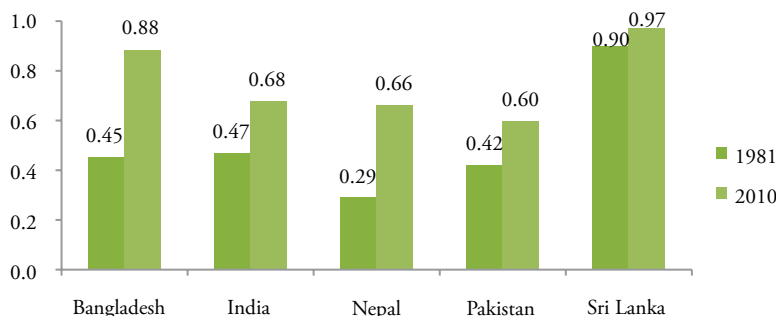
Achievements in literacy within each country vary with location, as seen in the case of Pakistan. Table 5.3 shows that rural-urban disparities in literacy are considerable, and are further compounded by gender and geographical location in Pakistan.

Child labour: The opportunity cost of acquiring education for the poor

Apart from the direct out-of-pocket (OOP) expenses for schooling, there also exists an opportunity cost of schooling. Income from child labour often supplements adult incomes for low-income households with unskilled labour. Nepal has the highest prevalence of child labour at 34 per cent compared to India and Bangladesh, where rates are 12 per cent and 18 per cent respectively (table 5.4). Studies confirm that school attendance rates for child labourers are lower than for other children of the same age. This is worrying because as children get older, they tend to drop out of school altogether, with only one in ten child labourers attending school.²⁴

About 80 per cent of child labour is based in rural areas of South Asia. However, there is a strong correlation between child labour, poverty and inequality in urban areas as well.²⁵ Some of the worst forms of child labour preclude children from attending school altogether, such as the forced recruitment of children below

Figure 5.8 Gender Parity Index for adult literacy (female/male), 1981-2010



Source: UIS 2015.

Table 5.3 Literacy rates in Pakistan by province and gender, 2013

		Rural		Urban	
		(%)			
Punjab	Male	65	80		
	Female	41	70		
Sindh	Male	58	85		
	Female	23	70		
Khyber Pakhtunkhwa (KPK)	Male	70	80		
	Female	31	51		
Balochistan	Male	60	79		
	Female	16	44		

Source: GOP 2014g.

Table 5.4 Child labour rates in South Asia, 2005-12*

	(%)		
	Total	Male	Female
India	12	12	12
Bangladesh	13	18	8
Nepal	34	30	38
Bhutan	3	3	3

Note: *: Data refer to the latest year available.
Source: UNICEF 2013a.

the age of 18 for armed conflicts in Nepal since 1996. In Kolkata, 32.5 per cent of the total city population lives in slums, and children from these areas start working for eight to nine hours a day at the age of seven.²⁶ Children work primarily in the informal economy as waste pickers, cigarette rollers, shoeshiners, van and rickshaw pullers and paper-packet makers. Child labour persists as one of the most challenging demand-side problems impeding inclusive education for all children in the South Asian region.²⁷

Beyond primary and secondary education: The need for non-formal education and effective skills development

Non-formal basic education

Despite considerable progress in improving enrolment rates in formal schooling, a sizeable number of hard-to-reach children in the region continue to have limited access to basic education.

Providers of non-formal basic education locate in areas where government schools are missing or are far away. For instance, in Bangladesh, Friends in Village Development of Bangladesh make this decision using government survey data to identify demand and ensure that the school is no more than a 10 minute walk from home. Moreover, non-formal education programmes offer flexibility that the formal system lacks, often providing contact hours in alternative shifts to suit the needs of children’s working patterns. Some

organisations in Bangladesh such as the Centre for Mass Education in Science and the Dhaka *Absania* Mission offer ‘earning and learning’ programmes which combine academic courses with vocational training in order to enhance the financial returns to education.²⁸

Some alternative education providers seek OOSC from poor rural areas and urban slums, to prepare them for transition to a formal school in later years. Examples of such an approach include the Reaching Out of School Project in Bangladesh, community-based feeder schools in Afghanistan, the anti-child labour *Mamidipudi Venkatarangaiya* (MV) Foundation in India, and some accelerated learning programmes used in conflict- and disaster-struck areas in South Asia.²⁹

Such models of alternative education provision are extremely important to improve access and retention. However, these are largely restricted to primary schooling, with very few schools offering non-formal education at the secondary level. Hence, parents face difficulty in returning to the formal system at the secondary level. In Bangladesh, when parents have to face the difficulty of moving the child from a one room Bangladesh Rural Advancement Committee (BRAC) school nearby, to a formal secondary school typically located at an average distance of five kilometres, some of them choose to opt out.

The need for effective skills development

Despite improved participation rates for education at the primary and secondary levels, and the growing cohort of young educated people joining the labour force, there is substantial unemployment and underemployment in South Asia. This may be attributed to the gap between the knowledge and skills imparted at schools and the employability of those skills. The technical and vocational sector in most South Asian economies lies outside the secondary and tertiary education systems and is largely underdeveloped. Since 1980, as seen in table 5.5, enrolment in TVET has de-

Table 5.5 Enrolment in technical and vocational education (% of students in secondary education), 1980-2010		
	1980	2010
India	1.8 ^a	0.8
Pakistan	1.5	4.0
Bangladesh	1.0	3.3
Nepal	7.7 ^a	0.7 ^b
Sri Lanka	0.7	5.3

Notes: a: Data refer to 1977. b: Data refer to 2008.
Source: MHHDC 2015, *Human Development Indicators for South Asia*.

clined—or improved only marginally—for all countries. The number of TVET students enrolled in each country is small and the institutional framework for service delivery is inadequate. The relevance of skills imparted in the TVET sector is also debatable—exacerbating the issue of particularly high regional graduate unemployment.

South Asian economies are beginning to devise active government policies for skill development. The Government of India has emphasised skill development in the 12th Five Year Plan (2012-17), resulting in the enactment of the National Skill Development Policy. Under the policy, facilities will provide opportunities to the youth in the form of industrial training institutes, vocational and technical schools, polytechnics, non-formal training and distance learning options.

In all South Asian countries, the real challenge is to develop basic skills in the informal or unorganised sector. Approximately 9 out of 10 workers in India earn a living in the informal sector, thus making it a policy imperative.³⁰ Pakistan also faces the challenge of expanding basic skills in the informal sector, while simultaneously nurturing advanced formal sector skills for increased economic activity.

In Bangladesh and some industries in Pakistan, the labour-intensive nature of economic activity means that much of the workforce acquires skills through on-the-job training and apprenticeships. The uptake of formal technical and vocational education and training (TVET) options is also limited due to high secondary school dropout rates in Bangladesh and Pakistan, as formal TVET programmes often require secondary education.³¹

Higher education in South Asia

South Asia is lagging behind the world in the production of high-skilled workers capable of innovation and the usage of information and communications technology (ICT). Such workers constitute a small proportion of the labour force and are highly prone to emigration. The higher education system for most countries in the

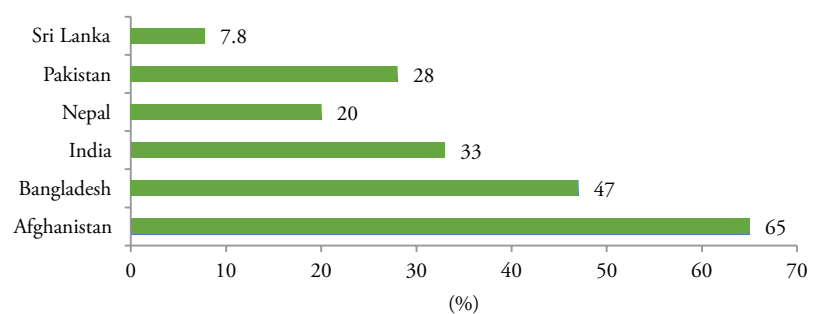
region is traditional and restrictive, undertakes insufficient research spending and equips graduates with a skill set of limited relevance to national needs, resulting in high levels of graduate unemployment in the region (figure 5.9). Moreover, lack of accountability and excessive politicisation of university faculty appointments and promotions does not promote an environment conducive for innovation and knowledge creation.

Bangladesh devotes only 11 per cent of its education sector recurrent budget to the higher education sector. Some 63 per cent of enrolments in the country are concentrated in arts, social sciences and business studies. Almost half of private university students in higher education pursue majors in business studies, even though there is strong demand for engineers.³²

Nepal fares poorly in terms of higher education, with a gross enrolment rate for higher education of 10 per cent, while the allocation for higher education stands at 13 per cent of the education budget. This amounts to a paltry US\$233 per public university student per annum, one of the lowest ratios in the world.³³

Sri Lanka performs better with regard to higher education, with graduation rates between 70 to 80 per cent, but graduate unemployment has been a serious problem—highlighting the irrelevance of curricula and teaching. Sri Lanka has made university education tuition free: the country spends 13 per cent of its education sector budget on higher education, amounting to US\$1,700 in annual expenditure per public university student. However,

Figure 5.9 Graduate unemployment rate in South Asia*



Note: *: Data refers to the latest year available.
Source: EIU 2014.

academic staff salaries are low, resulting in high rates of emigration and poor incentives for innovative research.³⁴

India is expected to have the largest tertiary age population by 2020. The progress in its undergraduate education sector has been phenomenal, with 86 per cent students registered at this level. However, performance at the post-graduate level is weak, with only 12 per cent students going on to this level.³⁵

Education policy and governance in South Asia

Constitutional right to education (RTE)

National policy commitments to education, especially the acceptance of the RTE as a basic human right, has a direct bearing on education access for disadvantaged groups. Most countries in South Asia had not, until recently, recognised education as a constitutional human right to be ensured by the state. Moreover, national education policies were rather fragmented, adopting a piecemeal approach to the problem of improving the access and quality of education.

In light of international commitments for improving access to education, education for all goals and Millennium Development Goals (MDG), countries in the region have recently reached significant milestones in recognising the RTE. India,

Pakistan and Sri Lanka have incorporated in their national constitutions the right to compulsory education for children in the age group of 5 to 14 years, making it not merely a policy direction for new schemes, but rather an enforceable law.

The 2009 Right of Children to Free and Compulsory Education (RTE) Act in India, states that all children between 6 and 14 years have a right to free and compulsory education. It also recommends that free pre-school education be provided by the appropriate authority, for children aged 3 to 5 years. The national *Sarva Shiksha Abhiyan* programme, initially mandated as part of the constitutional right to free and compulsory education for 6-14 year olds, has been adapted to ensure that no child in this age group remain out of school, and are enrolled in age appropriate grades.

On the other hand, Pakistan devolved education to the provinces through the 18th Amendment to the Constitution in 2010, and also mandated the provision of “*free and compulsory education to all children of the age of 5 to 16 years in such a manner as may be determined by law.*”³⁶ (box 5.2). Article 27 of the Constitution of Sri Lanka stipulates the right of all children to universal and equal access to education, thus making education compulsory for children aged 5 to 14 years in the country.

Bangladesh has also introduced significant changes in its education sys-

Box 5.2 Making education a constitutional right in Pakistan

Pakistan's Constitution was amended in 2010 to formally recognise the right to education (RTE) for all children between the ages of 5 to 16 years. It has been more than four years since, yet little progress has been made in its implementation. Only two of Pakistan's provinces, Sindh and Balochistan, along with Islamabad Capital Territory, have enacted the law.

The RTE sets out education for all children as a justiciable right and clearly defines the duty and obligation of the

government to provide quality and basic infrastructure within the legal jurisdiction. However, the ground reality is very different. A study in Pakistan states that half of the children in class 5 cannot read a sentence at the level of class 2 in Urdu/Sindhi/Pushto, 57 per cent of class 5 students cannot read sentences of class 2 level English and only 57 per cent of class 5 children can do division problems at the class 2 level. At the same time, roughly half of primary government schools do not provide work-

ing toilets, while a third do not have drinking water. These failings in policy must be addressed in order to make progress in the provision of primary education.

In Pakistan the implementation phase is being deliberated using India as a reference point for determining education budgets, even though enrolment and compensatory programmes in India have evolved differently under the nation-wide *Sarva Shiksha Abhyaan* campaign.

Sources: Aser Centre 2013, RTE, Pakistan 2015 and Jamil 2014.

tem through the new National Education Policy enacted in 2010. Firstly, the country expanded provision of pre-primary education for children aged five years by allotting one pre-primary teacher to each government primary school—whereas previously pre-primary education was not a part of the curriculum. The earlier 1990 Compulsory Education Act had already recognised primary education to be mandatory for children aged between 6 to 10 years.³⁷ The new National Education Policy extends the previously stipulated primary education cycle from five to eight years, supply-side arrangements permitting.

Four countries in the region have recognised the RTE and have signaled their intention to provide free primary education for either a part, or all, of this cycle. The compulsory education policy applies to primary school age children in Bangladesh and Pakistan, and primary and lower secondary school age children in India and Sri Lanka. This is backed by legal guarantee in Bangladesh, India, Sri Lanka and Pakistan. However, much depends on implementation, particularly where there is no credible enforcement mechanism as is the

case with much of South Asia (box 5.3).

Governance for education

South Asian countries differ in the management of education by their individual governments. Most countries have experimented with *decentralisation* in education, because of the benefits it promises in terms of bringing service delivery closer to the grass-roots level. The nature of decentralisation reforms and their implementation, however, greatly varies between countries.

In *Pakistan*, education has been removed from the Concurrent List and is primarily a provincial matter after the 18th Amendment to the Constitution was promulgated in 2010. On the other hand, in *Sri Lanka*, even though the 13th Amendment to the Sri Lankan Constitution in 1989 mandates that education is a devolved subject (with a few exceptions in curriculum development and examination), the subject largely remains with the federal government due to administrative delays.³⁸ After the launch of the Education Sector Development Framework and Programme in 2006, there has been a move in

Box 5.3 Right to education (RTE) in India: Trading quality for quantity?

It has been five years since the RTE Act came into force in India, mandating free and universal state provision of education to children between the ages of 6 to 14 years. The Act also addresses supply-side issues in the public education system by specifying the minimal infrastructure, teacher qualification and student-to-teacher ratio of 30:1 for primary schools. It also stipulates that private schools enroll at least 25 per cent of children from weaker segments.

In India, education is a Concurrent subject, with responsibilities being divided between the central government and the provinces. For the Act to be transformed into a right, it is necessary for state governments to own the Act. The requirements of the Act are rather stringent, given the three to five years time frame within

which the objectives are to be achieved. For instance, ensuring a student-to-teacher ratio of 30:1 is a mammoth task—more than one million teachers will have to be appointed.

There is some progress in the number of schools meeting the infrastructural requirements mandated by RTE. However, merely meeting RTE norms may reduce the proportion of out-of-school children (OOSC), but it cannot guarantee quality.

A survey of rural areas in India documents that it is very close to achieving the universal primary education goal. For children in the age group of 6 to 14 years, enrolment levels have been 96 per cent or more for the last four years. It can be said that the RTE Act has brought more children to school and improved school

infrastructure, but what about learning outcomes? The overall ability for primary school children to do simple reading and mathematics has declined in the three years after the implementation of RTE 2010. According to the survey, while half of the government school students of class 5 were able to read class 2 level texts in 2010, the number declined to 41.7 per cent in 2012. Similarly, the percentage of children in class 5 who were able to solve a simple two-digit subtraction problem declined from 71 per cent in 2010 to 50 per cent in 2012. The fact that every state in India—except Andhra Pradesh, Karnataka and Kerala—has registered a drop in learning levels since the implementation of the RTE, compels one to ponder if India is trading quality for quantity in its education game.

Sources: Aser Centre 2013, RTE, Pakistan 2015 and Jamil 2014.

South Asia has made considerable progress in increasing average years of schooling and reducing disparities in access to education over the last 30 years

Sri Lanka to develop a participatory bottom-up approach to education planning and management by preparing Annual School Development Plans in consultation with local stakeholders and the community.

India's experience with decentralisation has been mixed and varies across different states. The 73rd and 74th Constitutional Amendments in India set forth a significantly different pattern of educational governance in India, aiming to strengthen educational governance at the district and sub-district levels. The smallest administrative unit in the education system is the district.³⁹ Significant transfers of resources and responsibilities to *Panchayati Raj* institutions at the administrative levels of district, block and village were envisaged in the legislation. This included—but was not limited to—the appointment and transfer of teachers, the construction and maintenance of school buildings, the allocation of school development funds, the disbursement of teachers' salaries, the generation of local resources, and academic supervision. Apart from the 73rd and 74th Constitutional Amendments, externally funded national and state-level elementary education programmes have attempted to operationalise decentralised planning for improving access to education. The Bihar Education Project, the Uttar Pradesh Basic Education Project, the Andhra Pradesh Primary Education Project, the *Lok Jumbish*, the District Primary Education Programme and the recent national *Sarva Shiksha Abhiyan* are all examples of such programmes.

Nepal's path of decentralisation has been confused at best. The process started with the Local Self-Governance Act of 1999, with the more recent 10th Five Year Plan (2002-07) making important commitments to decentralise education to the community in order to increase ownership of school management and monitoring.⁴⁰ The success and implementation of such an approach remains to be seen. In Nepal, the failure of previous plans and policies—particularly the nationalisation of schools in 1971 and the resultant dete-

rioration in quality and accountability—is the main reason the government has opted for decentralisation.⁴¹ But as in other countries in South Asia, it has been used to serve political ends—to divert attention from more critical issues and to bolster the legitimacy of governments.

Bangladesh's education sector has been largely controlled by the central government. The Government of Bangladesh brought 36,165 primary schools under government oversight soon after independence in 1973.⁴² Recently, in January 2013, the government assumed administration responsibilities of all private and NGO-run primary schools in the country. Under the nationalisation scheme, no new primary school can be established in Bangladesh as a private initiative and be eligible for government funding at a later date. If there is need for new primary schools, the government will evaluate that need and issue appropriate approvals, or else establish new schools as part of its own initiative. The consequences of nationalisation for improving access and quality of education in the country remain to be seen (box 5.4).

Policy initiatives for inclusive education in South Asia

South Asia has made considerable progress in increasing average years of schooling and reducing disparities in access to education over the last 30 or so years. Nonetheless South Asia, along with North and Sub-Saharan Africa, is home to startling inequality in education as evidenced by the Gini coefficient, which measures the gap between the actual distribution of educational outcomes and the potential in terms of full equality.

As seen in table 5.6, there has been a decline in the degree of inequality in education. Various policies and plans have put education at a centre stage in the region, at least in policy dialogue. National governments have launched campaigns that have lessened inconsistencies in education access. Many of these programmes, such as India's Mid-day Meals (MDMs) Scheme

Box 5.4 Providing primary education in Bangladesh: Improving access for marginalised groups

Bangladesh has had an interesting experience with respect to improvement in education access. The diversity in provision of primary schooling by not only state, but also quasi-state and non-state actors, has in part helped the country improve enrolment rates and achieve gender parity.

There are up to 10 different types of primary schools in the country. Government primary schools include all institutions directly managed by the government, accounting for 50 per cent of all primary schools and two-thirds of the primary school age group. Other primary institutions are non-government primary schools, non-registered non-government primary schools, primary level *ebtedayee madrasas* (religious schools), primary

classes attached to higher level *madrasas*, kindergartens, formal non-governmental organisation (NGO) schools, community schools, and primary classes attached to high schools. *Madrasas* and non-government primary schools get financial support from the government and are subject to curriculum oversight, except for a category called the *quomi* (indigenous) *madrasas*, which are not subject to government regulation.

Alternative education providers in Bangladesh have been helpful in serving population groups who have been marginalised and require flexible and responsive approaches to service delivery. For instance, BRAC's non-formal primary education programme is flexible in

its organisation and teacher recruitment and, moreover, does not need permanent school buildings. Moreover, the potential to supplement public financial resources and the capacity to utilise them effectively are strong justifications for harnessing non-state providers for primary education. Non-government organisations have a clear advantage because of their grass roots reach and involvement with communities.

The challenge for the government in Bangladesh is to establish a regulatory framework that ensures a common curriculum and standardised service delivery for all primary education providers to help achieve targets for all groups.

Source: CREATE, Bangladesh 2013.

have been as old as 1995, while others, such as the Benazir Income Support Programme's (BISP) *Waseelah-e-Taleem*, have been very recent endeavours.

Sri Lanka has a comprehensive programme in place that emphasises the equitable distribution of education, focusing on children from disadvantaged backgrounds. The state provides free textbooks and school uniforms to all students from grades 1 to 11. Through the grade 5 scholarship programme, a subsidy for secondary education is given to students of low-income families who perform well on the exam. School nutrition programmes mainly focus on students of grades 1 and 2 at schools located in difficult areas.⁴³

India's MDMs Scheme was launched in 1995 to support the universalisation of primary education and also to improve the nutritional status of children in primary school (box 5.5). In 2004, under Supreme Court directive, the scheme was scaled up and now caters to 120 million children enrolled in nearly one million schools and learning centres. The Government of India also launched *Sarva Shiksha Abhiyan* in 2000, the most significant national scheme aimed to expand school enrolments, bring OOSC to school, retain

Table 5.6 Education Gini by sex (age 15+) in South Asia, 1980-2010

	1980	1990	2000	2010
Female	0.84	0.75	0.67	0.57
Male	0.64	0.52	0.45	0.37
Total	0.74	0.63	0.56	0.46

Source: Wail et al. 2011.

students at the upper-primary level and enhance learning achievements. After the enactment of the RTE, the *Sarva Shiksha Abhiyan* has served as the primary instrument of expanding access to education.⁴⁴

Bangladesh has employed a number of incentive schemes, at both the primary and secondary levels, with a particular emphasis on the enrolment and retention of girls in secondary education. A Food for Education scheme, which covered two in five children enrolled in primary schools, operated from 1993 until 2001, when it was replaced with cash stipends for children from poor families. The popular Female Stipend Programme was launched in 1994 to cover junior secondary and secondary education and has recently been expanded to cover higher secondary education. These stipend programmes funded by the government in partnership with international donor organisations, generally

Box 5.5 Efficiency and accountability for India's Mid-day Meals (MDMs) Scheme

A recent study based on two districts each from Uttar Pradesh and Bihar has tracked the release of funds from the Government of India to the beneficiary schools, to determine if the funds for MDMs are being utilised efficiently. The study suggests that significant bottlenecks exist in the MDMs Scheme both in terms of the receipt of food grains and in financial flows to schools. The study also found that the MDM is not served on all work-

ing days. Moreover, it reports significant gaps between MDMs consumption patterns reported in schools and government required consumption. Schools in the districts surveyed often report having insufficient food grains in stock. In addition, the wages of the MDMs staff are extremely low and are paid with an average delay of two to three months. In Bihar, the delays can be as long as six months. Numerous schools in India have also complained of

not receiving funds to provide meals.

Many studies have documented the positive effect of the MDMs on improving enrolment in India's schools. However, there is a need to improve the efficiency and accountability of the well-meaning scheme in order for it to have a sustained impact on boosting enrolment and learning in the country.

Source: AI 2013.

include the monthly tuition fee (given directly to the institution), monthly stipends, discount coupons for books for female students in grades 9 and 11, and examination fees for female students in grades 10 and 12. The Female Stipend Programme aims to increase female enrolment and retention to encourage employment and discourage early marriage. Eligibility for the stipend programme is contingent upon criteria such as ensuring 75 per cent attendance during an academic year, maintaining a 45 per cent average or a GPA of 2.5 in the semi-annual and annual examinations, and remaining unmarried up to the Secondary School Certificate (SSC) / Higher School Certificate (HSC) or equivalent.⁴⁵

Pakistan's Waseela-e-Taleem is a conditional cash transfer launched under the umbrella of the BISP in 2013. The programme aims to encourage BISP beneficiary families with children aged 5 to 12 years to send their OOSC to primary schools and also gives an incentive to children already enrolled to continue.⁴⁶ It bestows a conditional cash transfer of PKR200 per child, for upto three children in each BISP family, subject to gaining admission and upholding 70 per cent quarterly attendance in schools. The programme aims to enroll 2.4 million children by 2016 (fiscal year), expecting to disburse about PKR5.7 billion in conditional cash transfers to eligible students.⁴⁷

An important question is whether these government interventions have been

successful in improving enrolment rates and learning levels. In this regard, evidence from South Asia has been limited. Some studies on India's MDMs Scheme suggest that the programme has been successful in pushing up enrolment but not test scores.⁴⁸ Other studies suggest that the impact of such programmes on learning may actually be negative because of staff time being diverted in overseeing the MDMs.⁴⁹

Moreover, inclusive education policies that aim to create demand for education among low-income families may get thwarted by supply-side issues in provision of education. The lack of effectiveness of many of these campaigns is also in part due to inadequate supply inputs—teachers, teaching material, school infrastructure, safe water and sanitation and the like.

As discussed previously, children who are trapped in education poverty are often the ones that are most economically and socially marginalised. They tend to be children from urban slums or economically backward provinces, belonging to the poorest income quintiles and often residing in conflict-ridden areas. Reaching these children will require very specific and targeted measures, as well as greater funding.

South Asia's experience of the last three decades suggests that policy rhetoric or the mere passage of the RTE Act will not help alleviate education poverty. There is a need to set targets separately for marginalised social groups and follow them up with well-resourced policies and programmes. A

key reason for the success of India's District Primary Education Programme in the 1990s and the more recent *Sarva Shiksha Abiyan* was that enrolment and retention targets were set separately for girls and children from the SCs and STs. Moreover resources were specifically provided for programmes to reach them.⁵⁰

Financing for education

Public spending on education as a percentage of gross domestic product (GDP) for all countries in South Asia is considerably less than the amount prescribed by education for all goals. There is little doubt that the region has grown rapidly and consistently since 1980. Notwithstanding the impressive growth in GDP, public spending on education, although increasing in absolute amount, has actually declined over time as a percentage of GDP. Spending on education as a percentage of government budget, on the other hand, is comparable to Organisation for Economic Co-operation and Development (OECD) countries (table 5.7).

Most countries in South Asia, with the exception of Nepal, spend less than four per cent of their GDP on education. The average share of government budget on education in the South and West Asian region was 12.6 per cent in 2012, much lower than the average for developing countries. The share ranged widely, from 8.6 per cent in Sri Lanka to 22.7 per cent in Nepal. Not only is the share of the budget on

	India	Pakistan	Bangladesh	Nepal	Sri Lanka
% of GDP	3.3	2.3	2.2 ^a	4.7	2.0
% of total government expenditure	10.5	10.9	13.8 ^a	22.7	8.6

Note: a: Data refer to 2009.

Source: MHHDC 2015, *Human Development Indicators for South Asia*.

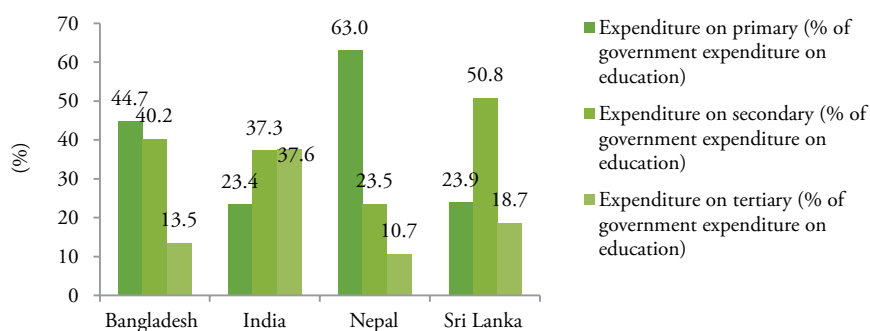
education low, it has even declined in all countries, particularly in Bangladesh and India. In India, the percentage declined by 5 percentage points from 16.3 per cent to 11.3 per cent between 1999 and 2012.⁵¹

It is also worth noting that for some countries like Bangladesh and Nepal, government expenditure on education is financed in large part from foreign loans and grants. For instance, even though Bhutan spends about 7.3 per cent of GDP on education, only 5.1 per cent is financed domestically.⁵²

Distribution of spending for primary, secondary and tertiary education

All countries in the region have committed to providing free primary education in line with education for all goals and their respective national education policies. The share of primary education in the total education budget varies from 24 per cent in Sri Lanka to 63 per cent in Nepal (figure 5.10). Meanwhile, India and Bangladesh allocate between 23 to 45 per cent of their education budget to primary education.⁵³ Pakistan spent on average about 38 per

Figure 5.10 Government spending on primary, secondary and tertiary education*



Note: *: Data refer to the latest year available.

Source: UIS 2015.

cent of total education expenditure on primary education (between 2001 and 2008), although the distribution varies across provinces.⁵⁴

With regards to the distribution of expenditure across the primary, secondary and tertiary levels, all countries allocate the highest expenditure per student (per cent of GDP per capita) at the tertiary level, with the lowest expenditure per student at the primary level (figure 5.11).

The lack of adequate, equitable

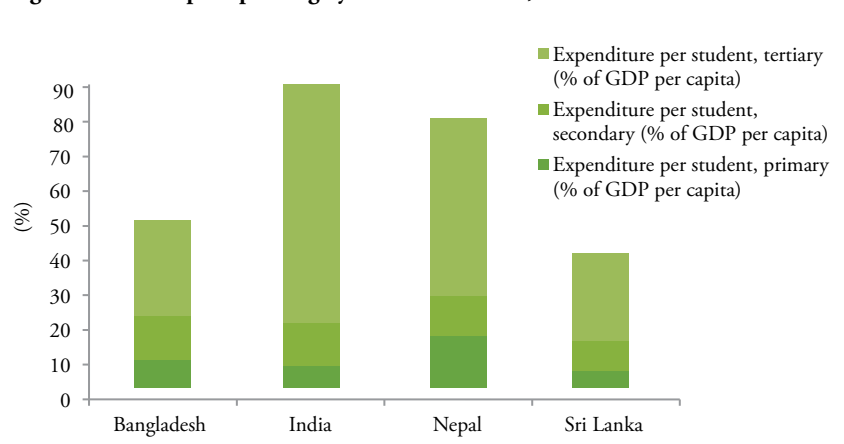
and sustainable financing has been a major obstacle in providing education for all in the region. There is a need to mobilise strong national commitment for education in the respective South Asian countries and develop national action plans if the region is to achieve EFA goals set for 2030 (see box 5.6).

Under financing and rise of the private sector

One consequence of the inadequate public spending on education has been an increased role of the private sector. It is estimated that about one-third of children enrolled in primary or secondary schools in South Asia attend private institutions.⁵⁵ In India, the percentage of rural children attending private primary or secondary schools increased from 10 per cent in 1994 to 25 per cent by 2010. In Pakistan, private schools registered a 69 per cent increase between 1999 and 2008 and now cater for up to 60 per cent of children in urban areas.⁵⁶

Even for children attending public schools, private tutoring is a standard expense. In Bangladesh, the percentage of rural primary school students attending private tuitions increased from 21 per cent

Figure 5.11 Per capita spending by level of education, 2010*



Note: *: Data refer to the latest year available. Data for India and Sri Lanka is for 2010 and for Bangladesh and Nepal is for 2009.
Source: UIS 2015.

Box 5.6 Improved financing crucial to achieving education for all (EFA) 2030 goals for Pakistan

Pakistan has made slow progress in achieving all of the six EFA goals that she committed to in 2000, according to the *Global Monitoring Report 2015*. Globally, it remains the only country not belonging to Sub-Saharan Africa that falls within the bottom 10 with regards to measurable progress on EFA goals. Historically, Pakistan's overall national expenditure on education as a percentage of GDP has remained around two per cent. Given the country's huge bill on defense spending, interest payments and energy needs, fiscal space allows constrained expenditures on remaining sectors particularly on social services such as health and education. As a percentage of total expenditures at the

national level, actual education expenditures have remained between 7.4 per cent to 10.0 per cent in the three years between 2010 and 2012. Education expenditures at the provincial level are much higher, at around 16-34 per cent of total provincial expenditures in 2013.

It is hoped that Pakistan will be able to meet the EFA goals by the next deadline of 2030, given that the government has committed to a National Plan of Action and a Malala Fund of US\$7 million to address the issue of access to education. Little progress can be made, however, until the government raises educational spending to at least four per cent of GDP (as emphasised in the Dakar Framework),

and prioritises expenditure at the primary level. This will be critical, as other countries that have successfully achieved universal primary education—such as South Korea, Taiwan and China—have not historically spent more than the developing country average on education as a proportion of GDP, but rather, have allocated more funds for primary education from the budgeted amount. Since South Korea and Pakistan were at roughly similar levels of economic and human development in the 1960s, indeed with Pakistan better placed and poised for faster growth, this is of particular significance given the current growth trajectories of both countries.

Sources: UNESCO 2014, 2015a and 2015b.

in 1998 to 31 per cent in 2005.⁵⁷ In West Bengal, India, 70 per cent of households invested in tutoring for primary school children.⁵⁸

Public-private partnerships (PPPs) in financing education

Governments across South Asia have been increasingly leveraging partnerships with the private sector to improve education outcomes. The partnership usually takes the form of giving money to the private sector as a block or per student grant, possibly tied to some measure of performance, as seen in the case of Foundation Assisted Schools in Punjab and Promoting Private Schooling in Rural Sindh Schools (both in Pakistan). Most of these PPPs use a combination of demand-side financing (education vouchers and allowances paid to the child's family) and supply-side measures (per student grants to the schools to cover costs of tuition, materials, etc.). The funding is usually conditioned on certain learning outcomes in order to foster accountability and efficiency of such programmes.

Reaching Out-of-School Children initiative in Bangladesh is a PPP that gives a per student grant to the private sector based on enrolment. Currently, this initiative serves up to half a million children and employs a combination of supply- and demand-side financing. Some schools receive only supply-side financing, while others qualify for a combination of supply- and demand-side financing, including a per student allowance paid to the child's mother. An impact evaluation comparing supply-side versus combined financing found no differential impact on enrolment and learning outcomes, but found the combination of supply- and demand-financing better utilised government finances.⁵⁹

Nepal has experimented with *community managed government schools*. Such schools receive a block grant by the government, but are managed and run by communities. Up to 20 per cent of students in Nepal are enrolled in community managed schools.⁶⁰

Would more funds improve access for all?

Most of the policy debate in education finance revolves around the allocation of more funds, especially to improve supply-side constraints. Reference is made to countries like Bangladesh, where half of primary schools in 2011 were reported to have more than 56 students per class without adequate drinking water, toilets and furniture. Similar statistics are reported for India and Pakistan.⁶¹

The allocation of more funds might be a necessary condition for improving access and learning outcomes, but it is not a sufficient one. For one, there is a discrepancy across the region between allocated expenditure and actual receipts, because of administrative inefficiencies or corruption. Second, a causal relationship between increased spending on infrastructure and improvement in learning outcomes has not been established.⁶²

There can be other ways of improving access and learning outcomes. In India, a novel intervention in Bihar (*Mukhyamantari Baliki Cycle Yojna*) provides a bicycle to those girls who enroll in grade 9. Such programmes, and in general others that provide a means of transport to school, are found to have a significant impact on enrolment.

There is also a need to improve the efficiency of existing allocations. This may be achieved by capitalising on the potential of cost-effective PPPs. Also, where PPPs are already being used to improve access, shifting from block to per student allocations or tying funding to student achievement will also lead to better learning outcomes.

A new roadmap for inclusive education in South Asia

Before one delves into any policy prescriptions for improvement in both 'access to' and 'access in' education, it is worthwhile to reiterate the question posed at the outset: has South Asia provided education for all? The analysis of regional progress on the one hand and the nature of persisting dis-

The allocation of more funds might be a necessary condition for improving access and learning outcomes, but it is not a sufficient one

Supply-side policies are easy to pinpoint, but hard to implement in a region where education budgets range between two to four per cent of GDP

parities on the other, clearly makes it difficult to answer in the affirmative.

Both supply- and demand-side factors work closely, and interactively, to further school exclusion and poor learning outcomes. Supply side factors—proximity to school, perception of school quality, provision of adequate infrastructure and services such as boundary walls, toilets and MDMs—work to influence the demand for education and will ultimately be responsible for the decision to enroll, stay in school or drop out. On the demand side, teacher attitudes towards children from disadvantaged backgrounds play a crucial role in retention. Schools need to be seen as learning places which are welcoming and where achievement by all is valued.

School exclusion and education poverty in South Asia has many causes, involving not only the aforementioned demand and supply factors, but also various dimensions of poverty and marginalisation, including exclusion on the basis of gender, ethnicity, caste or status and the presence of disability. The incidence of conflicts and natural disasters in many countries in South Asia serves to exacerbate the vulnerabilities that marginalised children already face.

So what can the governments of South Asian countries do to make the education process more inclusive? The simple answer is building schools and hiring teachers. While this is a necessary step, it may not be sufficient to make all children attend school. This explains why most rich countries do not give parents a choice—children have to be sent to school until a certain age.⁶³ South Asian countries have also recently made education compulsory through the implementation of the RTE Act. But it remains to be seen whether it will work in countries where state capacity is limited and compulsory education cannot be enforced. It is now the fifth year since RTE enactment in India and the fourth since its enactment in Pakistan, yet millions of children are still out of school, many of them employed in hazardous working conditions.

There is a need for concerted action on a number of fronts. On the demand side, for a region where schooling has an opportunity cost in terms of earnings from child labour, *it is necessary for the state to make education financially worthwhile.*⁶⁴ Poor parents who are illiterate and have very little foresight seldom see the benefit that education brings. This is where conditional cash transfers can play a critical role. BISP's *Waseela-e-Taleem* in Pakistan and the Female Stipend Programme in Bangladesh are steps in the right direction. There is however, a need for scaling up such initiatives and reaching out to neglected children from remote and rural communities, conflict-afflicted areas, slums and ethnic minorities.

An oft-neglected tool for targeting hard-to-reach marginalised children is *non-formal education or alternative education*. The inflexible nature of the formal school system may act as a deterrent to enrolment and retention for some children. For instance, the documentation required for formal schooling can be intimidating for poor parents. Getting birth, medical, income and caste certificates often requires going to various government departments. In addition, uneducated parents are less familiar with the rules of attendance, examination and promotion, making it more likely for their children to drop out.⁶⁵ The latest innovation within the ambit of non-formal education is the use of Open and Distance Learning (ODL). South Asia has experimented with some successful initiatives in this regard, especially for working children, and in those areas where there is a shortage of trained teachers or presence of conflicts or disasters (see box 5.7).

Supply-side policies are easy to pinpoint, but hard to implement in a region where education budgets range between two to four per cent of GDP. Adding to these woes are issues of inefficiency, mismanagement, teacher absenteeism, learning quality and lack of accountability. Evidence on learning according to school type (private versus public) in India clearly shows students in private schools perform

Box 5.7 Using Open and Distance Learning (ODL) for inclusive education in South Asia

A new approach to dealing with supply-side issues in providing access for hard-to-reach children is the use of ODL technologies for basic education. The ODL approach aims to make learning more accessible to students by locating in places that are convenient and provide learning resources. Most importantly, ODL enables them to qualify without attending school or college in person. This approach may also be expedient, especially in countries like Afghanistan and Nepal, where trained teacher shortages can be as high as 40 per cent and suffer from pupil-to-teacher ratios as high as 100:1.

Some ODL programmes have

been initiated in Bangladesh, Sri Lanka and India. The Open School in Sri Lanka is providing education which has currency within the formal system—it can issue end-of-year certificates for grades 6–11 to students who have completed its courses. The Open School is a recent initiative, the acceptability and demand for which is growing. Compared to Sri Lanka, Open Schools in Bangladesh operating under the Bangladesh Open University (BOU) are more well-established, with more than a thousand tutorial centres spread across the country. The distance learning offered by BOU at SSC and HSC levels are considered ‘equivalent’ to SSC and HSC cer-

tification provided by the state, with about 200,000 students aged 14 years and above currently enrolled in their programmes.

In India, the Open Basic Education Programme initiated by the National Institute of Open Schooling (NIOS), provides a national delivery system and an external route to national qualifications and examinations. This initiative makes it possible to access schooling in emergency and conflict-affected zones, for cross-border refugees or even for children of families working overseas, who can continue to benefit from their own national education in a different country.

Source: UNICEF 2009.

better in both reading and arithmetic.⁶⁶ In such circumstances, inviting the *private and non-government sectors as partners for education provision* is a sound policy. There is substantial agreement that the private sector should play a critical role in filling the gaps in the state education system. Governments across South Asia are using the private sector to improve access to education—this is true of the RTE Act in India which gives vouchers to citizens to pay private school fees, and in schools that are outsourced to the Punjab Education Foundation in Pakistan. The demand for private schools is surprisingly high among many low-income families, leading to the spread of the surprising phenomenon of low-price private schools, with fees as low as US\$1.5 a month.⁶⁷

Private schools and voucher schemes can be effective ways of improving enrolment, along with possibly better learning, compared to government schools. But even in private schools, learning trends are declining. There is a *need for local interventions and bottom-up approaches to improve the quality of education and learning*. One such intervention by the NGO Pratham in India was the *Balsakhi Programme*. The programme took 20 children

from each class and sent them to work with a *‘balsakhi’* (meaning child’s friend), who was a young woman from the community to work on the child’s specific area of weakness. The programme was extremely successful, with the participants registering gains twice as high as those from private schooling, even though the *balsakhis* were much less educated than average school teachers, and had only a week of training from Pratham.⁶⁸ How the *balsakhis* (most of whom had completed grade 10 only) were able to improve education outcomes, compared to formal school teachers who were much more qualified, is worth considering when thinking about quality in education. Another approach that can be used to improve learning achievements is to reorganise the curriculum to let children learn at their own pace, so that children who are lagging behind can focus on their basics.

Apart from the primary, secondary and tertiary education systems, *South Asia needs to revamp its rather underdeveloped TVET sector*. Skill development can be a mainstream path for finding meaningful employment opportunities if the right kind of skills are imparted. In order to improve the equity of skills delivery, there is a need

The next 30 years should be about scaling up successful interventions through political ownership and community-driven initiatives, to get all children into school and make them learn effectively

to focus on the pre-employment population, especially in vulnerable communities. One such programme has been initiated in Pakistan by the Punjab Skills Development Fund (PSDF), a not-for-profit company established in 2011 by the government in collaboration with the donor. The PSDF funds private-sector enterprises that offer market-relevant vocational training courses across over 117 trades. The programme is focused on skill development for extremely vulnerable communities in four of Punjab's most impoverished districts, namely Bahawalpur, Bahawalnagar, Muzaffargarh and Lodhran. Targeting individuals in low-skilled jobs, the fund has successfully trained 25,000 youths and now aims to expand to six other districts in Pakistan.⁶⁹

The revamping of the TVET sector needs to be complemented by an *overhauling of the higher education sector to lead research and innovation in the region*. Most countries in the region suffer from low enrolment rates for higher education, and worse, lack of jobs for those who graduate. The low quality of teaching and learning, the irrelevant curricula that does not recognise labour market needs and the crippling constraint of research capacity and innovation, combine to make the region lag behind international frontiers of knowledge. By 2020, India alone will outpace China as the country with the largest population in the age group of tertiary education. The region as a whole is expected to realise the

demographic dividend from this sizeable young population. However, to be aligned with the global knowledge economy, there is a need for higher education institutions to develop research collaborations with leading universities in the world, establish links with industry to produce graduates with employable skills and encourage entrepreneurship and impact-driven research. One way to expand access to and improve equity in higher education is to support digital learning technologies—in this regard, blended learning and the use of Massive Open Online Courses have tremendous potential.

There is little doubt that the last 30 years of education development in the region are marked by progress. Yet this progress has been uneven and painfully slow. South Asia's window for realising its much-hyped 'demographic dividend' from a considerably young population is only open for the next 30 years. Equitable access to education is the key to unlocking the talent of millions of people entering the workforce. As reflected in the chapter, the region has experimented with a range of policies in the last three decades, and policy-makers are in a better position to understand what works and why. The next 30 years should be about scaling up successful interventions through political ownership and community-driven initiatives, to get all children into school and make them learn effectively.

Health for All in South Asia

In 1990 the United Nations Development Programme's (UNDP) first *Human Development Report* stated that there is no “automatic link between income growth and human progress.”¹ Policy makers have to create this link by designing development policies in ways that ensure human empowerment. Improving people's health is an essential element of human development. This requires policies that ensure healthcare services for *all people*, irrespective of class, gender, location, education and ethnicity.

This chapter shows that economic growth in South Asia has led to advancements in health indicators across the region. At the same time, progress in health has also allowed for greater economic growth and improved human development outcomes, highlighting the virtuous cycle that exists between quality of life and economic growth. Over the past three decades, India, Pakistan, Bangladesh, Nepal and Sri Lanka have all made progress in major health-related indicators. Life expectancy has increased, maternal and child mortality rates have declined, and people have been able to enjoy a better standard of life in general. Bangladesh and Nepal in particular have made great strides since 1980, as have certain states in India, like Kerala and Tamil Nadu. Similarly, the fact that Sri Lanka has been able to sustain its lead in regional health indicators, despite decades of civil war, is commendable. The political prioritisation of the social sectors in most countries has been a driving force for the betterment of South Asia's health status. Bangladesh's experience with an active civil society and efficient non-governmental organisations (NGOs) in particular, exemplifies the importance of political support for improving health outcomes. Yet, due to the differing socio-economic and political

conditions, the rate of progress in the regions' health sectors has been uneven, both amongst the South Asian countries and within them.

Globally, South Asia continues to lag behind other regions in terms of health. Life expectancy at birth and maternal mortality ratio (MMR), for example, are the worst in the world (with the exception of Sub-Saharan Africa), a trend that has persisted since 1980. Much of this lacklustre performance can be explained by the inability of South Asian countries to equitably distribute the gains of economic growth within their national borders. In fact sub-national variation in health-related indicators tends to be extremely wide, especially in the ethnically and culturally heterogeneous states of India or provinces of Pakistan. Household income, education and ethnicity continue to be strong determinants of people's ability to access quality healthcare—and this is true of all countries analysed. Adding to the uneven distribution of development, is the rapid pace of urbanisation. South Asia is experiencing raising challenges for equitable public service delivery, especially across urban slum and non-slum areas.

Despite these constraints, South Asia's journey since 1980 foreshadows a brighter future for its people. The region has certain unique advantages that, if used strategically, can act as catalysts for the transformative change needed, especially for the countries' health sectors. To begin with, recent economic growth trends signal the region's financial ability to invest more heavily in health. Second, South Asia is home to a quarter of the world's population, a significant proportion of which constitutes the working age group and could narrow the gaps in human resources

Economic growth in South Asia has led to advancements in health indicators across the region

Although national data demonstrate progress, it often masks sub-national variations, which can be quite wide

through participation in the health sector. Furthermore, the region demonstrates the potential for technological adaptability and is already exploring the use of information and communications technology (ICT) and robotics for innovative solutions in health. Finally, a politically active and empowered civil society is increasingly demanding greater accountability and effective governance, especially for social sectors such as health and education. A lot of South Asia's required change will be led by the regional superpower, India. However given their recent advancements in human development, Pakistan, Bangladesh, Nepal and Sri Lanka too, will play a critical role in South Asia's future progress.

By reviewing the five countries' journey in public health management, this chapter aims to evaluate the extent to which three decades of economic growth were able to benefit the most vulnerable, especially in terms of expanding opportunities for access to quality healthcare. This will entail an assessment of major health indicators between 1980 and 2010, with a focus on the quantity and quality of health infrastructure and financing. The challenge of increasing inequality in health due to rapid urbanisation in the region and the evolution and impact of national health policies on health outcomes will also be addressed.

State of health in South Asia

Progress and challenges: 1980-2010 and beyond

Measuring the health of a region requires an analysis of both the longevity of its population and the extent to which they are able to lead a healthy life. Over the past three decades of economic growth in South Asia, there has been an improvement in major health-related indicators. Life expectancy rates have increased, adult mortality rates have declined, while maternal and child health has also improved. Although national data demonstrate progress, it often masks sub-national variations, which can

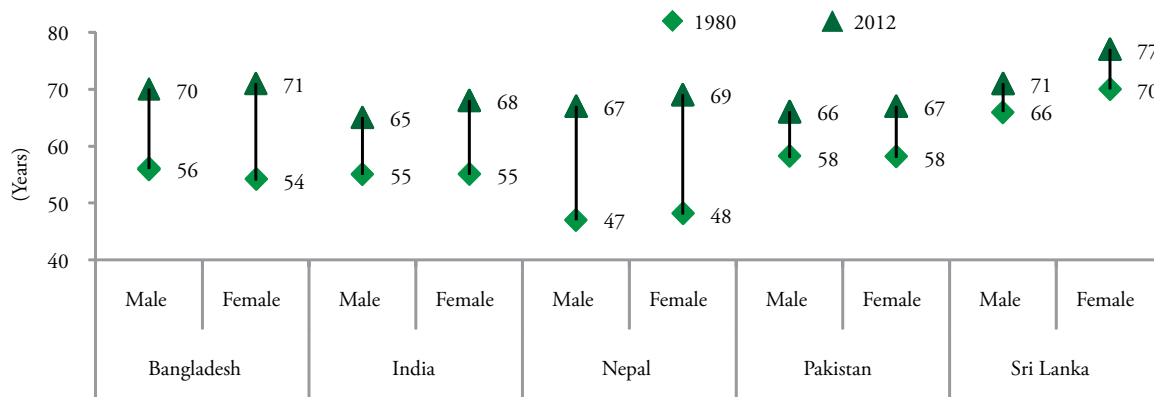
be quite wide. Furthermore, certain challenges are common to all five countries and act as barriers to further success. Communicable diseases continue to be pervasive and impose a high disease burden on the region, especially due to diseases such as malaria, tuberculosis (TB) and human immunodeficiency virus/ acquired immune deficiency syndrome (HIV/AIDs). The situation is worsened by growing morbidity caused by non-communicable diseases such as obesity, heart disease and diabetes. Additionally, immunisation coverage remains incomplete, while maternal and child health lags behind other regions, and requires greater emphasis as a crucial determinant of intergenerational well-being.

Life expectancy and adult mortality

All countries in South Asia have increased life expectancy at birth. In Nepal, both male and female life expectancy has considerably increased by around 20 years over the past three decades. Several factors have been attributed to this success, including a decentralised system of governance leading to improved development policies, poverty reduction, increased primary enrolment and a decline in MMR.² Bangladesh too has taken significant strides, especially in terms of improving female life expectancy. Childhood mortality rates have declined considerably in large part due to expanded immunisation coverage, while the country's development agenda remains centred on women, children and the economically marginalised.³ Additionally, successive governments have been able to form strategic partnerships with NGOs and donor agencies, banking on their development expertise and outreach. India and Pakistan have shown similar advancements, although there is less uniformity in performance across respective states/provinces. Finally, Sri Lanka has managed to sustain the region's highest life expectancy rate over the last three decades (see figure 6.1).

Compared to the rest of the world however, South Asia fares poorly. Its total life expectancy rate of 66.6 years lags be-

Figure 6.1 Life expectancy at birth in South Asia, 1980-2012



Source: World Bank 2015g.

hind other regions by a wide margin and is only ahead of Sub-Saharan Africa. This pattern has continued between 1980 and 2012 (see table 6.1).

Within South Asia, national life expectancy rates do not parallel economic strengths. India, for example, has a per capita gross domestic product (GDP) almost twice that of Bangladesh, however the latter has a higher life expectancy. Nepal, too, has almost half the per capita GDP of Pakistan, yet does better in terms of longevity, indicating that economic growth does not necessarily translate into better health outcomes (see figure 6.2).

These variations could perhaps be explained by the wide disparities in socio-economic and political conditions within each country, especially in the case of India and Pakistan. For example in India, life expectancy ranges from 61.9 years in Assam to 74.2 years in Kerala, a difference of over 12 years (see figure 6.3).

Regional differences in life expectancy tend to endure over time, signalling the long-term effects of poor health on quality and longevity of life. Provincial data from Pakistan exemplifies this relationship. For instance, the province of Punjab has consecutively had one of the highest life expectancy rates in the country. It is also the province that tends to rank better in most socio-economic indicators overall. On the other hand, Balochistan has had one of the lowest longevity rates in the country

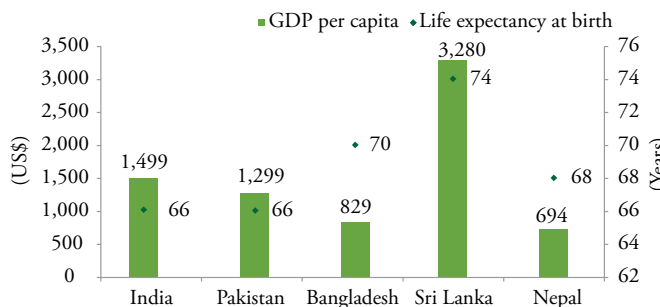
Table 6.1 Total life expectancy in South Asia and other regions of the world, 1980-2012

	(years)	
	1980	2012
South Asia*	55.2	66.4
East Asia and the Pacific	66.3	74.7
Europe and Central Asia	70.2	76.6
Latin America and Caribbean	64.6	74.6
Middle East and North Africa	58.9	72.2
Sub-Saharan Africa	48.2	56.4

Note: *. The value for South Asia is the weighted average of eight countries.

Source: World Bank 2015g.

Figure 6.2 Total life expectancy and GDP per capita [purchasing power parity (PPP) constant 2011 international US\$] in South Asia*

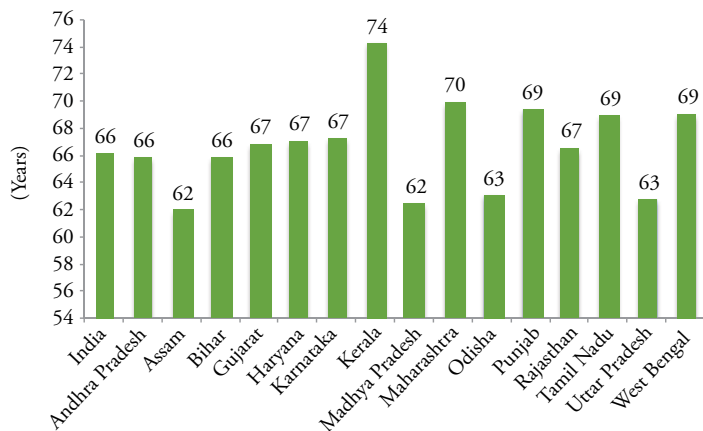


Note: *. Data for life expectancy is for the year of 2012 and for GDP is for the year of 2013.

Source: World Bank 2015g.

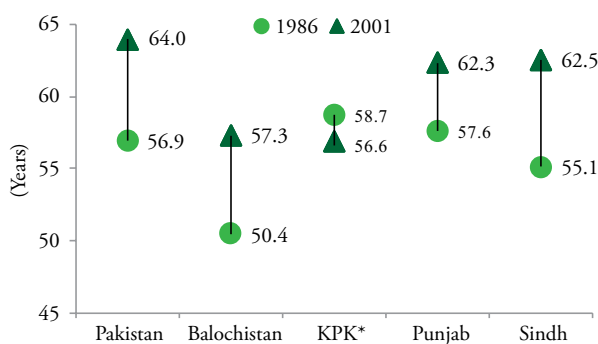
due to its consistent underperformance in health-related indicators. Similarly Khyber Pakhtunkhwa’s (KPK) socio-economic and political struggles since the 1980s have adversely impacted health, which is apparent from its falling life expectancy rates over time (see figure 6.4).

Figure 6.3 Life expectancy at birth in India, selected states, 2006-10*



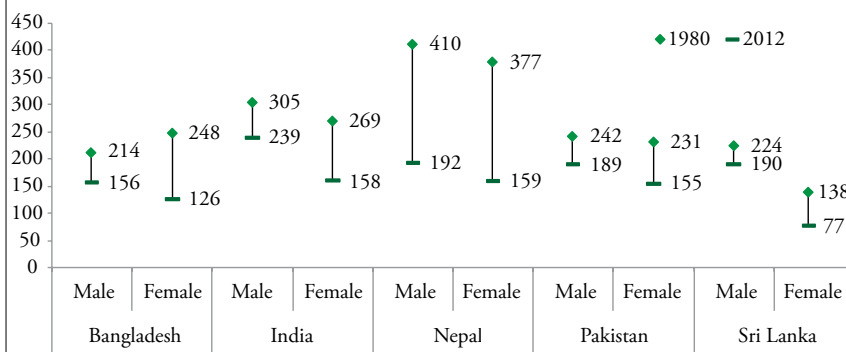
Notes: *: Bihar, Madhya Pradesh and Uttar Pradesh do not include Jharkhand, Chhattisgarh and Uttarakhand respectively. Moreover, values for life expectancy are five year averages for the period 2006-10.
Source: GOI 2012a.

Figure 6.4 Life expectancy in Pakistan by province, 1986-2001



Note: *: KPK means Khyber Pakhtunkhwa.
Source: SPDC 2012.

Figure 6.5 Adult mortality rate (per 1,000 people) in South Asia, 1980-2012



Source: World Bank 2015g.

and female adult mortality by 218 deaths per 1,000 between 1980 and 2012. Bangladesh and India have significantly lowered their female mortality rates with respect to their performance in 1980, while Pakistan's progress has been relatively sluggish (see figure 6.5).

The sub-national variation in reducing adult mortality explains the uneven performance of South Asian countries over time. In India for instance, the states of Madhya Pradesh, Rajasthan and Uttar Pradesh have been able to reduce adult mortality rate a lot faster than the states of Assam or Bihar (see figure 6.6).

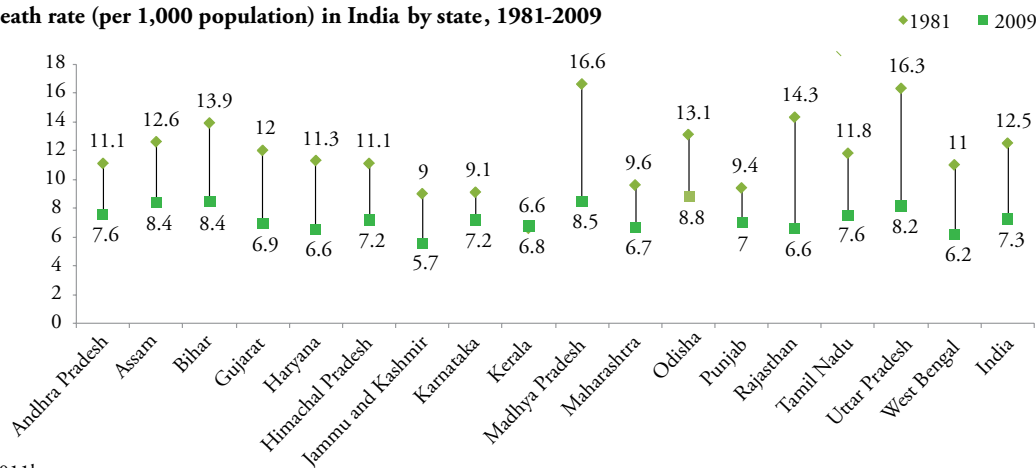
Maternal and child health

Maternal and child health are strong determinants of the overall health of countries. Countries that have been able to care for mothers, guarantee holistic reproductive health and nurture a child in her first few weeks of life, have been able to establish a sound foundation for human capital development. This fosters economic growth, and a virtuous cycle of even higher human development can be achieved.

With the exception of Sri Lanka, where the MMR has been below 50 deaths per 100,000 live births over the past two decades, all other South Asian countries have high maternal mortality indicating the sub-optimal level of maternal health in the region.⁴ However, individual countries have made impressive headway over time (see figure 6.7). For instance, Nepal's MMR in 2013 was significantly lower than in 1990, a reduction of around 600 deaths per 100,000 live births. Bangladesh and India too reduced their MMRs by more than 350 deaths per 100,000 live births.

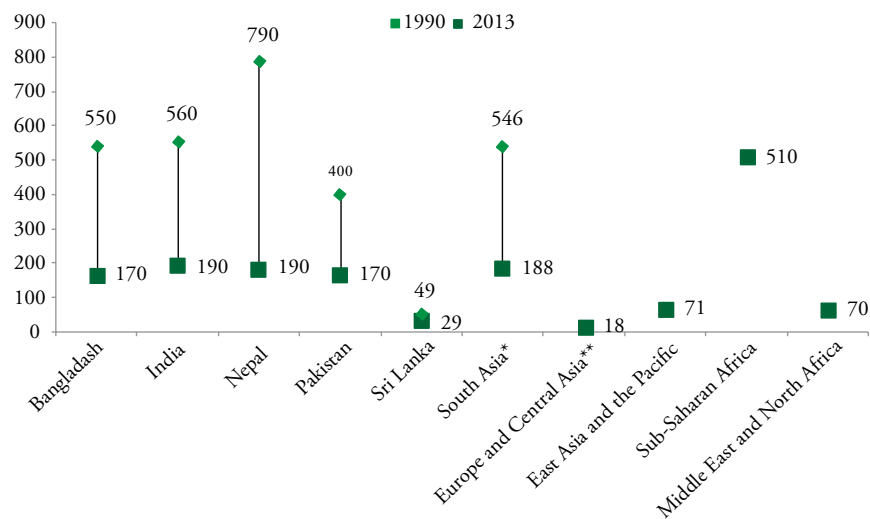
Nonetheless, these reductions in MMR are not sufficient and reinforce the need to more aggressively pursue maternal health programmes. India's 11th Five Year Plan for 2012, for example, called for a reduction of MMR to 100 per 100,000 live births, yet in 2013, the MMR still stood at 190 per 100,000 live births. What impedes India from achieving national targets

Figure 6.6 Death rate (per 1,000 population) in India by state, 1981-2009



Source: GOI 2011b.

Figure 6.7 Maternal mortality ratio (MMR) (per 100,000 live births) in South Asia and selected regions of the world, 1990-2013



Notes: *: Value for South Asia is the weighted average of eight countries. **: Values are modeled (regression) estimates.
Sources: UN 2014, World Bank 2015g and MHHDC staff computations.

is the wide variation in maternal mortality amongst different states. While states like Tamil Nadu and Kerala perform well, others like Assam, Rajasthan and Uttar Pradesh/Uttarakhand have a long way to go, with MMRs still above 310 deaths per 100,000 live births (see figure 6.8). In Pakistan as well, MMRs are dramatically higher in the economically backward province of Balochistan (578 per 100,000 live births) than the more developed Punjab (227 per 100,000 live births).⁵

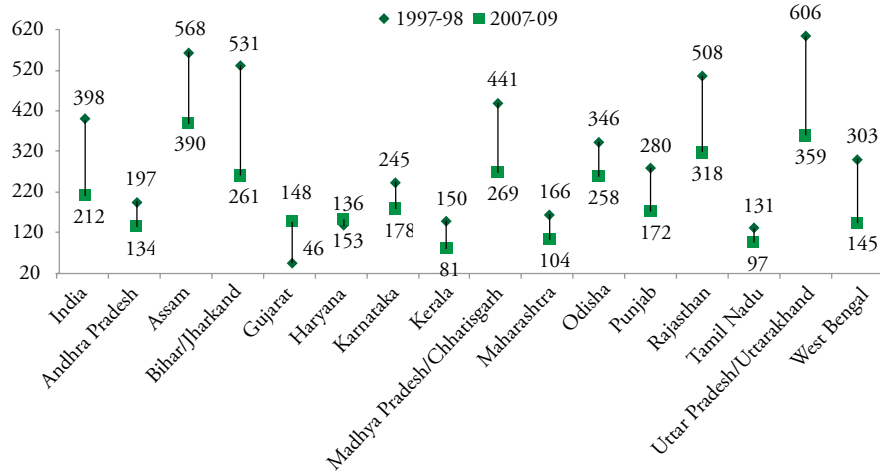
In Bangladesh, MMR varies considerably between 64 deaths per 100,000 live births in Khulna to a staggering 425

deaths in Sylhet. In Nepal, MMR disparity is evident amongst different religious groups, as can be seen by per 100,000 live births, with Muslims performing worst (318) followed by *Madheshis* (307) and *Dalits* (273). The *Brahmins/Chhetris* (182), and *Newars* (105), on the other hand do best in terms of maternal health.⁶

CHILDHOOD MORTALITY

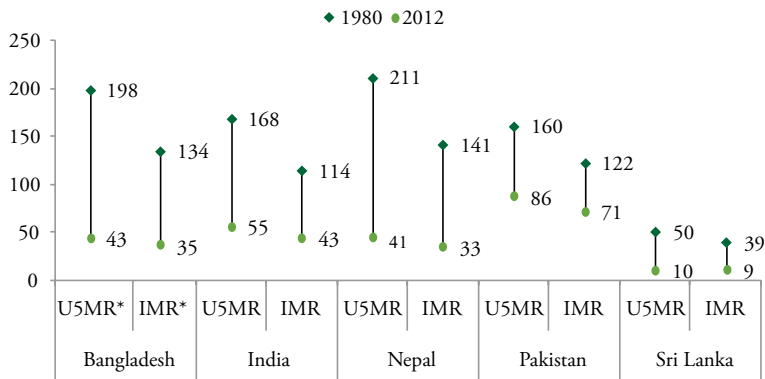
Data on childhood mortality encompasses a variety of indicators including under-five mortality (U5MR), infant mortality and neonatal mortality. Like maternal mortal-

Figure 6.8 MMR in India and selected states, 1997-2009



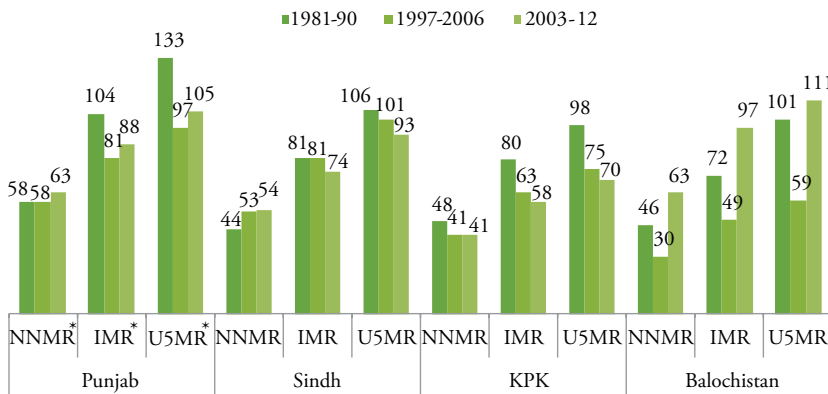
Source: GOI 2011b.

Figure 6.9 Childhood mortality in South Asia (deaths per 1,000 live births), 1980-2012



Note: *: U5MR means under-five mortality rate and IMR means infant mortality rate.
Source: World Bank 2015f.

Figure 6.10 Childhood mortality trends in Pakistan by province, 1981-2012*



Note: *: NNMR means neonatal mortality rate, IMR means infant mortality rate and U5MR means under-five mortality rate.
Source: GOP 2013d.

tries being analysed (see figure 6.9).

However national data masks huge deviations within countries. In India for instance, the highest U5MR recorded in the state of Madhya Pradesh of 89 deaths per 1,000 live births is more than six times the lowest rate of 14 recorded in Kerala.⁷ Similarly, in Pakistan childhood mortality indicators have improved little over the past three decades. Neonatal mortality rates have in fact risen over time and this alarming trend is prevalent in most provinces.⁸ Balochistan in particular needs special attention, given that all three childhood mortality indicators have increased over time (see figure 6.10).

The socio-economic background of children has been shown to impact the probability of not surviving beyond the early years of their lives. Moreover, data from Nepal shows that childhood mortality declines with every successive level of mothers' education: the U5MR is more than twice as high for children of mothers with no education (73 deaths per 1,000 live births) compared to those with a school-leaving certificate or above (32 deaths per 1,000 live births).⁹

One of the reasons for high childhood mortality in South Asia is that children are exposed to unfavourable environments from the very beginning. A study shows that the high number of deliveries taking place with unskilled personnel,

ity, childhood mortality in South Asia has declined since the 1980s in all the coun-

inadequate infrastructure to tackle new born health complications and delayed referral structures all worsen the situation. Furthermore, the irony is that the most common South Asian childhood diseases such as diarrhoea, acute respiratory infections and fevers, can be easily prevented through cost-effective measures. However these preventable diseases tend to be lethal in South Asia, where they are often mistreated or left untreated, especially among the rural, the uneducated and the poor. In Bangladesh and India for instance, pneumonia accounts for 22 per cent and 15 per cent of under-five mortality respectively. In Pakistan, approximately 91,000 children die from pneumonia annually.¹⁰ Childhood diseases tend to be pervasive as parents are ill-equipped to undertake proper treatment. For instance in Bangladesh, diarrhoea takes the lives of two per cent of under-fives annually, yet only 25 per cent of children receive extra fluids, while one in four mothers actually cuts down child fluid intake.¹¹ All South Asian countries have oral rehydration treatment programmes, yet awareness is far from universal, with some mothers believing that giving their child more fluids during diarrhoea will adversely affect their health. Ensuring that maternal and child health is prioritised not only through improved medical services, but also through awareness campaigns and health education trainings is an important policy focus for the region.

Health challenges in South Asia

Numerous challenges hinder the equitable distribution of health services in South Asia. As a result the region's progress has been quite uneven. To begin with, countries such as India, Pakistan and Bangladesh are relatively populous and the requisite scale of public health delivery in itself can be daunting. Furthermore, information asymmetries that include poor regional and population mapping, incapacitated institutions, and weak governance can make service delivery quite difficult. This is in addition to the common challenges

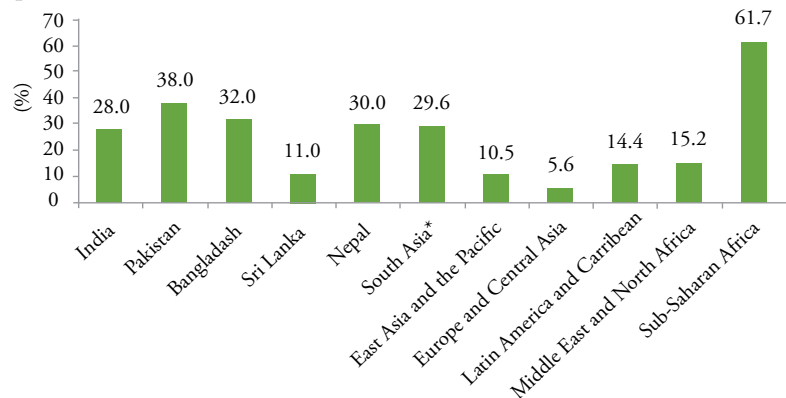
that plague all countries, such as a high disease burden caused by pervasive communicable diseases, the rising burden of non-communicable illnesses, incomplete immunisation coverage, imbalanced nutritional outcomes, and inadequate reproductive health systems.

Prevalent communicable diseases

In South Asia, in addition to maternal, prenatal and nutritional causes, the burden of communicable diseases accounts for 30 per cent of all deaths, the highest after Sub-Saharan Africa (see figure 6.11). Diseases like malaria, hepatitis, TB, and HIV/AIDS, continue to be pervasive and significantly affect regional morbidity and mortality rates.

TUBERCULOSIS (TB): TB is a major public health concern in South Asia, especially in India, Pakistan and Nepal. India fares worst: in 2012, it accounted for 26 per cent of TB cases world-wide and ranked as number one in terms of TB incidence. Annually, an estimated two million cases occur in the country with a corresponding mortality rate of 0.28 million.¹² TB prevalence in India has however declined since 1990, from 586 per 100,000 people to 249 per 100,000 in 2010 with the help of strategies such as the Revised National TB Control Programme and community-

Figure 6.11 Per cent of deaths caused by communicable diseases and maternal, prenatal and nutritional causes, 2012



Note: *: The value for South Asia is the weighted average of eight countries.
Source: World Bank 2015g.

In Pakistan, hepatitis C is responsible for infecting around 10 million people, with all provinces considerably infected

led initiatives such as Operation *Asha*.¹³ Certain challenges however remain. India has the second highest number of Multi-drug Resistant TB cases in the world, which treatment is both expensive and exclusive.¹⁴ There are a significant number of 'missed' cases, amounting to 31 per cent of the global total.¹⁵ Pakistan follows India as fifth among the top 10 countries with the highest TB incidence. Although Pakistan achieved its Millennium Development Goals (MDGs) goal of 85 per cent directly observed treatment, short course (DOTS) coverage in 2006, with current coverage at 91 per cent,¹⁶ recent data from 2009-11 indicate an incidence rate of 230 per 100,000 population.¹⁷ In Bangladesh, TB ranks amongst the top 10 causes of mortality and accounts for 3 per cent of deaths in the country. There has been little progress in reducing prevalence, which fell only slightly, from 493 per 100,000 population in 1991 to 411 per 100,000 population in 2011. Under the DOTS programme in Bangladesh, around 92 per cent cases were cured in 2011, but several hurdles common to its neighbours persist. Inadequate technical expertise, inability to target the most vulnerable groups along with the incapacity to monitor drug side effects, are amongst a few.¹⁸

MALARIA: Malaria continues to afflict South Asia, despite decades of national preventative measures such as indoor residual spraying and the mass provision of insecticide-treated mosquito nets. In India, although the number of reported cases of malaria has fallen from an astounding three million in 1995, around one million people still suffer from the disease.¹⁹ Malaria is also endemic to Bangladesh, however the country has been able to dramatically reduce malarial deaths to around 0.1 per 100,000 people, surpassing its MDGs goal of 0.6 deaths before the 2015 target.²⁰ Malaria is the second most prevalent communicable disease in Pakistan, yet only 13 per cent of households have any sort of mosquito nets, while less than 6 per cent are

covered by indoor residual spraying. Similarly in Nepal, access to mosquito nets for the most at risk populations can be as low as 24 per cent in the Far-Western Hill area, while less than 30 per cent of households from the lowest income quintile own a net.²¹ South Asia's chronic malaria problem however is not impossible to overcome, as exemplified by Sri Lanka. In 2011, only 175 cases of malaria were recorded. Its success owes significantly to simple infrastructural investments such as microscopes for early screening and detection, improved bed net distribution and investments in specialist personnel.

HEPATITIS: Different strains of hepatitis are found in all five countries. In Pakistan, hepatitis C alone is responsible for infecting around 10 million people, with all provinces considerably infected. Injected drug users are especially vulnerable and have the highest prevalence rates (as high as 95 per cent in Lahore).²² Despite being a high public health concern, policy has been ineffective in tackling the root causes of hepatitis (promoting safe injection practices, tackling the problem of drug trafficking, etc.). Furthermore, the financial capacity of dealing with the disease has been limited. In Bangladesh, it was not until fairly recently (2006) that hepatitis B vaccination became a part of the Expanded Programme on Immunisation. India, too, has a staggering number of hepatitis B carriers, a figure between 40 to 50 million, with prevalence rates ranging as high as around 12 per cent.²³ Additionally, waterborne hepatitis A and E are endemic, and poor sanitation and contaminated drinking water have led to eight major epidemics of hepatitis E since the 1950s.²⁴ Nepal and Sri Lanka exhibit low prevalence, although the Surkhet Valley in Nepal has higher than average hepatitis B antigen carrier rates due to traditions of tattooing and body piercing.

HIV/AIDS: The prevalence of HIV/AIDS is not significantly higher in South Asia

compared to countries in Sub-Saharan Africa, Europe and the UK. Although before the mid-1980s, HIV/AIDS was unheard of and has spread since then, the disease tends to be concentrated in certain high-risk groups such as men who have sex with men, sex workers and injected drug users. Among the five South Asian countries, India has the highest number of HIV positive people (2.9 million), with an adult prevalence of around 0.31 per cent.²⁵ It is one of the top 10 causes of mortality and contributes to three per cent of deaths in the country. Recent trends however indicate a decline in the number of people living with HIV/AIDS and associated deaths. Strategies such as the National Antiretroviral Treatment Roll Out programme and growing advocacy to adopt an inclusive community-led approach to tackle the cultural aspects of HIV/AIDS have been helpful.

More importantly, the number of annual new infections has also been falling, but national level data hides interstate differences in HIV trends. For instance in India, otherwise classified as low-prevalence, Chandigarh, Odisha, Kerala, Jharkhand, Uttarakhand, Jammu and Kashmir, Arunachal Pradesh and Meghalaya have all witnessed a rise in HIV. Likewise in Bangladesh, the number of HIV positive people more than doubled within four years, from 1,207 in 2007 to 2,533 in 2011.²⁶ Rising trends, coupled with lack of awareness of the disease and its prevention increases people's vulnerability in the country. In Pakistan, coverage of HIV prevention programmes remains limited, even though the disease is concentrated amongst high-risk groups and can be easily monitored.

It is poignant however that these communicable diseases can be avoided through simple cost-effective preventative measures. Nonetheless, where these measures are in place in South Asia, their implementation is fragmented. Sometimes religious concerns, outside the control of the health sector, hinder attempts for communicable disease control as with polio eradication initiatives in Pakistan.

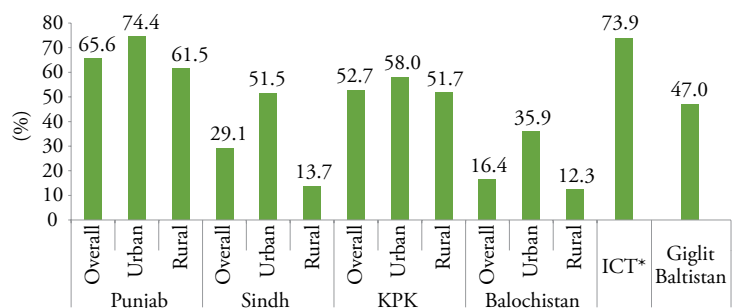
Immunisation coverage

Universal immunisation is perhaps the most critical instrument that can be used to considerably reduce the burden of disease in South Asia. All South Asian countries follow some form of an Extended Programme on Immunisation to ensure full coverage for major vaccine-preventable diseases.²⁷

Despite its importance, immunisation is far from perfect in South Asia. In India, immunisation in 2008 was still at the 1999 rate of 54 per cent. This means that almost half the children in the country still do not receive all the recommended vaccinations. Amongst the major states, Tamil Nadu has the highest immunisation coverage of 81.8 per cent, while Uttar Pradesh records the lowest with 30.3 per cent.²⁸ Despite these wide regional differences, in 2011, India managed the unlikely task of completely eradicating polio from the country. This achievement signals the country's potential to greatly reduce the burden of other vaccine-preventable diseases.

Pakistan like India, manages to vaccinate only around half of its children (54 per cent in 2013, rising slowly from 35 per cent in 1991). In addition, geographic, political, religious, cultural and financial barriers make universal immunisation difficult to achieve, resulting in regional inequalities. Coverage varies between 12.3 per cent of children in rural Balochistan to 74.4 per cent of children in urban Punjab (see figure 6.12).

Figure 6.12 Vaccination coverage in Pakistan by region (% of children 12-23 months old), 2013



Note: *: ICT means Islamabad Capital Territory.
Source: GOP 2013a.

As a cause and consequence of poor health, malnutrition is a serious concern in South Asia

In Bangladesh, there has been steady progress in vaccination coverage, rising from 59 per cent in 1994 to 86 per cent in 2011.²⁹ In Nepal, the Expanded Programme on Immunisation has been successful: for children aged 12-23 months, full immunisation rates doubled from 43 per cent in 1996 to around 87 per cent in 2011.³⁰ In Sri Lanka, where the first line of defence against disease is so strong, it is no surprise that the country continues to make remarkable strides in the health sector. Around 97 per cent of children are fully immunised by age 23 months and regional differences are very small.³¹

Maternal and child nutrition

As a cause and consequence of poor health, malnutrition in particular, is a serious concern in South Asia. Besides high level of maternal and child malnutrition, the countries of the region also have high levels of maternal and child mortality. Additionally, malnourishment in children is strongly linked to the socio-economic characteristics of mothers.

Much like other health indicators, variations in nutritional outcomes point to the inability of South Asian governments to standardise health outcomes across population sub-groups (see chapter 4 for further details on the importance of food security for health).

Reproductive health

Reproductive health is perhaps the most important sub-sector for policy focus, given the intergenerational impact that the health of mothers and children has on overall population well-being. However, women and children tend to be the most vulnerable members of society. It was earlier noted that while maternal and childhood mortality declined in the region, the progress has been sluggish and this is because public policy has been unable to adequately address reproductive health concerns.

Historically, South Asian governments have emphasised family planning and a reduction in total fertility rates in order to manage both population growth and to improve maternal and child health. Initiatives like Bangladesh's Health, Population and Nutrition Sector Development Programme, India's National Population Policy or Pakistan's Lady Health Worker Programme have led to national declines in fertility rates. However there are wide urban-rural differences in addition to income and educational divides. Moreover, cultural practices such as teen marriages and subsequent early pregnancies further contribute to reproductive health problems. In Bangladesh, 30 per cent of adolescent girls aged 15 to 19 years have entered their childbearing phases, while in India and Nepal, this proportion is 17 per cent, followed by Pakistan with 8 per cent and Sri Lanka with 6 per cent.³² Even if these shares are not remarkably high for some of these countries, the worrying reality is that it is the same vulnerable groups that are affected: adolescent girls in rural areas, with little to no education from low-income families.

Data on presence of skilled birth attendant reveal similar inequalities. Despite its significance in reducing maternal and childhood mortality, South Asian countries had to struggle in making skilled assisted deliveries universal for all. In Pakistan for instance, skilled birth attendant presence ranges from 60.5 per cent in Sindh to a shocking 17.8 per cent in Balochistan. In India, skilled birth attendance ranges from 47.3 per cent in Jharkhand to 99.9 per cent in Kerala.³³ India has successfully increased coverage through programmes such as the *Janani Suraksha Yojana*, financially assisting mothers with conditional cash transfers. These schemes have contributed to increases in institutional delivery, improving both maternal and neonatal health outcomes. Nevertheless, recent estimates suggest that almost a quarter of India's mothers deliver without professional assistance.³⁴

The growing burden of non-communicable diseases

The transition of burden of disease towards a higher share of non-communicable diseases in South Asia provides further insight into regional health disparities. On the one hand, South Asia has some of the highest mortality rates due to infectious diseases arising from the lack of adequate water and sanitation, poor health infrastructure and inefficient health personnel. Yet at the same time, a significant proportion—more often the urban rich—face the consequences of an overly affluent lifestyle characterised by decreased physical activity, increased consumption of foods rich in salt, sugars and fats and the use of tobacco and alcohol. Diseases like diabetes, obesity, cancer and heart conditions, which were thought to be ailments of the developed world, are now also a frightening reality for people in developing countries.

Regionally, Sri Lanka has the highest burden of non-communicable diseases. Although reproductive, communicable and nutrition-based illnesses are of more concern in Bangladesh, India, Nepal and Pakistan, these countries too are witnessing an epidemiological transition. In fact in all South Asian countries, non-communicable diseases account for more than 50 per cent of all deaths, a number that has been rising over time. What may further complicate the situation is the pace at which this transition is taking place. Body Mass Index (BMI) indicators indicate that obesity levels are rapidly rising in the region. In Nepal, 6.5 per cent of women were obese in 2001, but within a decade, this number more than doubled to 13.5 per cent. In Bangladesh, the proportion of overweight or obese women went from under 12 per cent to around 17 per cent within a span of just four years. This is a cause for concern, as obesity predisposes people to illnesses such as heart disease and diabetes. Treating these diseases at a national scale can be a challenge given the high financial costs associated with their treatment. This is a greater issue for developing nations

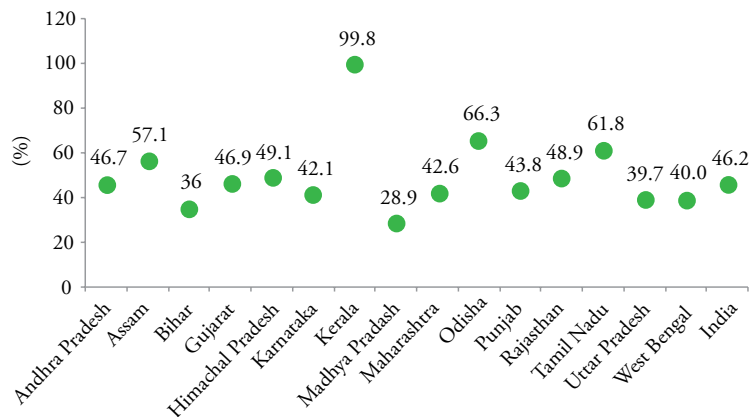
that struggle to manage the public health concerns of even basic vaccine-preventable diseases.

Urbanisation and health in South Asia

Over the past 60 years, South Asia has emerged as one of the world's most rapidly urbanising regions. A steady rise in urban populations has raised opportunities but also concerns for the human development progress. Amongst the most pressing consequences of urbanisation has been the impact on the geography of health-related indicators. Accessibility to health facilities, for instance, remains largely in favour of economically advanced regions where the urban rich reside. Supporting data from India exemplifies these concerns. More than half the villages in the country lack any sort of government health facility. Only the state of Kerala has been able to provide adequate access to government facilities amongst its village communities, whereas most other states struggle to equalise accessibility (see figure 6.13).

Likewise in Bangladesh, Dhaka—the economic and commercial centre—has the highest share (19 per cent) of public secondary- and tertiary-level health facilities. Barisal and Sylhet on the other hand, have the lowest, with 3 per cent and 4 per cent respectively. This may be a contributing factor to the poorer health outcomes of these two districts.³⁵ Similarly, in Paki-

Figure 6.13 Per cent of villages with any government health facility in selected states of India, 2008



Source: GOI 2010a.

stan, the uneven geographic distribution of health facilities in some of the most economically lagging regions is a major reason for their poor human development. The severely deprived Gilgit-Baltistan region, for example, requires an estimated 600 kilometres journey to the nearest tertiary-level hospital, while the absence of air ambulance facilities worsens the situation.³⁶ The sparseness of health facilities has also been a concern for the province of Balochistan, which although the largest in area, has a fairly scattered population. Similarly in Nepal, only 59 per cent of rural households are within a 30-minute distance to a health post compared to 85 per cent of urban households.³⁷ Even in Sri Lanka, where the health sector is more advanced relative to the rest of South Asia, hospital facilities tend not to be located in the economically backward Northern and Eastern provinces.³⁸

But the adverse effects of urbanisation go beyond the simple urban-rural divide, as urban health outcomes have also been affected. Although growth in the number of metropolitan mega-cities in South Asia has enabled greater economic progress, employment generation and international trade, governments have been unable to build on this development by providing adequate housing, sanitation and healthcare for its people. Public health management has therefore become harder to equalise, in particular across slum and non-slum areas. In fact, studies suggest that the urban poor are the most neglected sub-group, even though they account for a sizeable portion of the total urban population. The proportion of children with diarrhoea for instance is significantly higher in slum areas than in non-slum areas in most

South Asian countries, as is the proportion of malnourished children (see table 6.2).

Additionally, slum populations can be as susceptible as their rural counterparts—if not more—to pervasive communicable diseases, poverty and hunger. Unsafe living conditions characterised by exposure to pollution and hazardous waste are typical of these overcrowded settlements, adversely impacting residents' health. For instance, hardly one in two urban households have access to durable shelter in Bangladesh. Unsafe housing is also widespread in the urban cities of India, Pakistan and Nepal.³⁹ Likewise, access to an improved source of sanitation is quite varied within urban areas. Less than 60 per cent of urban residents in India, Bangladesh and Nepal have access to improved sanitation, while in Pakistan and Sri Lanka the proportion is a dismal 72 per cent and 83 per cent respectively.⁴⁰ Furthermore, around one in four urban households in India and Bangladesh have to share toilet facilities with other households, with the situation in Pakistan slightly better at 2 in 25 households.⁴¹ Such limited availability of proper sanitation facilities in both urban and rural areas often forces people to resort to practices of open defecation, a hazardous phenomenon with severe health consequences (see box 6.1).

Governments in South Asia need to go beyond their understanding of geographic inequalities in terms of a simple urban-rural classification. The adverse living conditions of slums are often overlooked under the assumption that urban areas in general perform better than rural ones. Within-urban inequalities in access to basic social services require as much policy attention as rural imbalances. With a substantial number of people affected by urbanisation, detailed data collection, disaggregated by slum and non-slum classifications, is absolutely essential for government interventions.

Health infrastructure and financing

At a global level, various international agreements and resolutions—from the

Table 6.2 Health outcomes in slum and non-slum areas of South Asia, 2005-07^a

	% of children with diarrhoea		% of malnourished children under-five	
	Slum	Non-slum	Slum	Non-slum
India	9.1	8.2	39.5	21.0
Pakistan	21.5	19.7	50.7 ^b	37.2 ^b
Bangladesh	11.5	6.3	37.2	11.2
Nepal	11.4	11.7	34.8	15.6

Notes: a: Data refer to most recent year available. b: Values are for 1990.

Sources: UN-HABITAT 2010 and 2015.

Box 6.1 Health hazards of open defecation in India

Open defecation continues to be a major public health concern. Although the numbers have declined globally since the 1990s, around one billion people still defecate in the open. India accounts for almost 60 per cent of this number, with 587 million people defecating in the open, followed by Indonesia (54 million) and Pakistan (41 million). National programmes in India such as the *Nirmal Bharat Abhiyan* (previously known as the Total Sanitation Campaign) have increased the number of households with proper sanitation since 1980, however the achievements are far

from satisfactory, with less than one-third of rural households having adequate sanitation in 2011. Furthermore, state targets have not been met and interstate variations persist.

Urban settlements are however more susceptible to health issues caused by poor sanitation, especially in slum areas with shared public toilets in overcrowded neighbourhoods, as opposed to rural households. The issue is of even higher concern for women living in slums who have a tendency to catch reproductive tract infections. The public facilities have alarm-

ingly unhygienic conditions, long waiting queues, and are hotspots for infectious diseases.

Sanitation issues are however increasingly becoming a policy focus. Awareness is spreading and recent campaigns like the 'No Toilet No Bride' project have resulted in some progress. Initiated by the state of Madhya Pradesh and now being implemented nationally, the campaign strategically pits marriage against the absence of a toilet at home, encouraging grooms to install toilets if they want to get married.

Sources: Coffey *et al.* 2014, WHO and UNICEF 2014 and UN-HABITAT 2006.

Alma Ata Declaration in 1978 to the more recent World Health Organization (WHO) resolutions of 2005 and 2011—have emphasised the need to make health-care delivery universal, transcending gender, race, ethnicity, incomes and education. Within South Asia, the five countries have reflected their international commitments to universal health coverage in national-level strategies, from the broader Five Year Plans to more sector-specific health policies. However, in order to achieve the objective of 'health for all', most South Asian countries have responded by merely expanding the number of health facilities. But such a one-dimensional approach of physical expansion has come at the cost of quality, raising important questions about the robustness of the region's health infrastructure. Has a physical expansion in health facilities improved access for the most vulnerable communities? Do income, education and other socio-economic factors continue to be determinants of access? Unfortunately, most countries in South Asia have not been able to address these concerns, as characterised by the region's many infrastructural challenges. The quantity and quality of public health facilities remain dubious, the unregulated presence of the private sector is contributing to health inequalities, and the potential benefits from the work of community-led

organisations and pro-poor NGOs are yet to be fully reaped. A critical aspect of the viability of the regional health infrastructure is the efficiency of its health financing systems. Health expenditures in the region, although having risen since 1980, remain quite low in comparison to international averages. The inequitable access to health facilities is indeed explained by discriminatory health spending, while the underutilisation of government resources limits the potential for future advancements.

Health infrastructure: Quantity and quality

Health systems in South Asia are generally organised in a pyramidal fashion; very basic provision in rural areas is given through variants of basic health units and rural health centres that are supplemented with paramedics and family health workers. Secondary-level care is usually given by district level clinics/hospitals, while the final tier of facilities is formed by tertiary-level hospitals, the latter concentrated in urban cities. Despite these predetermined classifications, health facilities in South Asia tend to be arranged under multiple hierarchies, have overlapping functions and poor coordination.

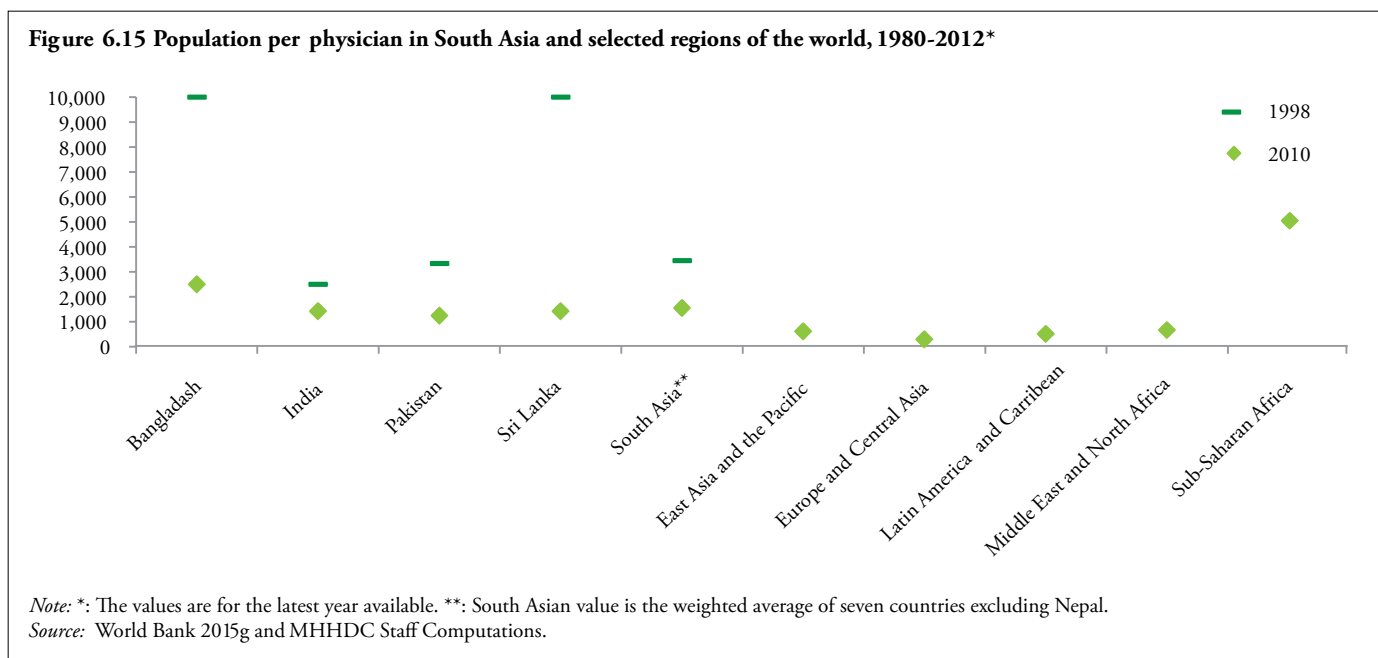
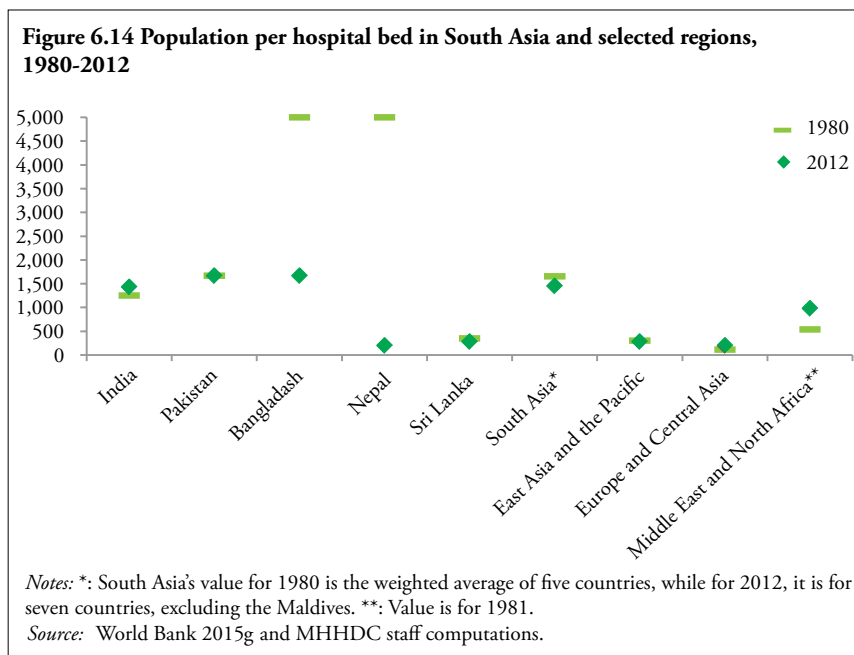
Although there has been increased investment in health infrastructure in

South Asian countries over time, efforts have generally been insufficient. Both physical infrastructure and human resources for health continue to be resource constrained, as population-to-hospital bed and population-to-physician ratios illustrate (see figure 6.14). In fact, South Asia has one of the world's highest population-to-bed ratios and has shown little improvement since 1980. Although at a national level Bangladesh, and Nepal in particular, have made significant progress, most of the region's countries have a staggering num-

ber of patients per bed. Pakistan for example has been unable to increase the number of hospital beds over the past 30 years, while India has in fact witnessed a decline (see figure 6.14).

Similarly, as South Asia houses some of the world's largest populations, one of its greatest public health management challenges is overcoming the small number of health professionals available per capita. The region again has one of the worst ratios in the world, second only to Sub-Saharan Africa. Bangladesh has managed to significantly reduce its population-to-physician ratio, especially given the fact that 30 years ago this ratio was around 10,000 people per physician. Surprisingly Sri Lanka, as the most developed country of South Asia, has also had to deal with a staggering number of people per physician. Although there has been a remarkable improvement over time, the ratio is still quite high (see figure 6.15).

Indeed, the shortages in health personnel are a pressing concern for the region's health systems. In Pakistan for instance, not only is there an insufficient number of physicians, but the number of nurses, dentists and pharmacists are also abysmally low, leading to a health professional deficit in the millions (see table 6.3).



Equally pressing is the urgent need to correct for the widespread irrelevant and inadequate training of physicians, and their prevailing negligent attitude. A study on human health resources in India found that around 37 per cent of the country's doctors were unqualified, especially in rural areas—around 63 per cent of physicians.⁴² Adding to the challenge is the low representation of female practitioners. Studies from Pakistan and Nepal highlight the adverse impact low female representation has on health outcomes, especially those of women (see box 6.2).

This is not to say that South Asia lacks medical expertise or technological sophistication (see box 6.3), but rather that quality care tends to be a privilege of the elite. India, for example, has emerged as a successful hub for medical tourism due to its relatively lower medical costs, highly skilled health personnel and the easy availability of the latest medical technology. India, in fact, has great potential in terms of innovation in biometrics for medicine. Furthermore, numerous hospitals in the country are already providing robotic surgeries, building its credibility in medical tourism. The industry, attracting patients from around the world, has an estimated value of US\$2 billion for 2015.⁴³ But with these advancements, healthcare opportunities for the poor have been crowded-out, leading to concerns about how an elitist health system catering to rich or interna-

Table 6.3 Health professionals deficit in Pakistan, 2011

Health professionals	Registered	International standard	Estimated shortfall in 2011
Doctors	145,799	2 per 1,000 population	194,201
Dentists	10,693	1 per 1,000 population	159,307
Nurses	55,165	4 to 1 doctor	1,304,835
Pharmacists	32,511	1 per 6 doctors	29,574

Source: WHO 2011.

tional patients will impact local health outcomes.

A mere physical expansion of healthcare centres does not automatically lead to better health outcomes for the population. What is more pertinent is that facilities are functional, equipped with basic life-saving tools and drugs, sufficiently staffed with qualified personnel and have efficient management systems. Additionally access to quality services should be equitable and non-discriminatory. Most South Asian countries however have been unable to simultaneously expand services and maintain quality. In fact, alarmingly, public health facilities often lack the simplest amenities such as electricity, water and even essential drugs. In India, certain states are severely pressed for the most basic of infrastructure. Appropriate equipment for newborn care, for instance, is available in less than 10 per cent of primary health centres in several states, including Bihar and West Bengal. Likewise in Punjab, Odisha and West Bengal, less than half of the primary health centres have an essential drugs stock (see table 6.4).⁴⁴

Box 6.2 Female and ethnic minority participation in Nepal and Pakistan's health sector

In recent years the number of registered female doctors has generally been increasing in Nepal. However female doctors make up only 29 per cent of the total number of registered doctors. Not only has the country been suffering from an inadequate number of doctors, a significant gap between the number of male and female doctors has persisted. Similarly in Pakistan, studies have estimated that only 28 per cent of primary-level health facilities in the provinces of Punjab and Khyber

Pakhtunkhwa (KPK) have female doctors. The low female representation in health positions in these countries can negatively impact health outcomes, especially for women who prefer to be seen by female medics for sensitive issues like domestic violence and sexual health. Where female practitioners are unavailable, women may ignore their illnesses or choose not seek medical help due to cultural inhibitions.

In addition to gender inequality, there is insufficient participation of ethnic

minorities in Nepal's health sector, and most healthcare positions are concentrated amongst certain advantaged ethnic groups, namely the Hill *Brahmins*, *Chhetris* and *Newars*, who together account for 63 per cent of the workforce. This not only highlights the skewed employment structure in the health sector, but ethnic biases can result in discriminatory service delivery as well. Without equal participation, an inclusive health sector based on universality will be hard to achieve.

Sources: GON 2013a and Shaikh *et al.* 2013.

Box 6.3 Technological innovations for public health

Technology can play a significant role in both increasing access to healthcare and improving its quality, especially in resource-constrained developing countries. From tertiary-level care and the use of robotics in surgery, to tackling the spread of communicable diseases, India in particular has benefitted from its globally competitive information and communications technology (ICT) and software technology industries. Applying ICT to curb the spread of TB has been one such application. An e-Compliance Biometric Tracking System spearheaded by Operation *Asha*—a non-profit organisation—maintains a record of all TB patients, health visits and progress in treatment. Patients' visits are tracked through biometric fingerprinting and recorded through SMS into a central system. With such a mechanism, patients can then accordingly be supervised and counselled,

especially in cases where they fail to receive a dose of their medication. In a country that accounts for 26 per cent of the world's TB cases, simple technologies such as the e-Compliance Biometric System can go a long way; Operation *Asha* has a default rate of less than 0.5 per cent, with a cost of just US\$3 per patient.

Pakistan too has effectively used ICT to manage TB. In Karachi, an organisation by the name of Interactive Research and Development and the Indus Hospital Research Centre have created a system in which health workers can track, treat and store information about TB patients. This involves a combination of softwares. The first, OpenXdata, allows health workers to download and upload patient information through cell phones. The second, OpenMRS is operated through computers and stores patients' medical records.

The softwares ensures that TB patients are following the correct treatment in a timely fashion. This information is then graphically illustrated using Google Earth for managers to interact within real time. The project also promotes conditional cash transfers through mobile phones as incentives for health worker efficiency: the more patients identified and successfully treated, the higher the payment.

These are excellent examples promising great hope for the way public health management can be improved in other parts of South Asia and beyond as well. Biometric tracking is already being used in Uganda to control for HIV/AIDS. Pakistan in particular could diversify the use of mobile technology and use it to overcome the challenging task of eliminating polio.

Sources: WHO 2013 and Institute of Medicine 2012.

Table 6.4 Facilities by basic amenities in selected states of India, 2008

State	% of sub-centres with regular electricity	% of sub-centres with toilet facilities	% of Primary Health Centres with equipment for newborn care	% of Primary Health Centres with essential drugs (at least 60%)
Bihar	0.7	29.0	9.9	57.3
Madhya Pradesh	6.5	73.2	30.0	52.7
Odisha	20.3	35.0	14.5	30.6
Punjab	2.1	68.3	20.9	40.3
Rajasthan	1.5	64.7	20.7	65.2
Uttar Pradesh	6.7	71.0	15.0	54.6
West Bengal	21.6	61.9	7.6	43.1

Source: GOI 2010a.

In Pakistan as well, insufficient drug inventory and the widespread use of counterfeit drugs remains problematic. Moreover poor drug regulation acts as a major hindrance to proper public health management (see box 6.4).

Augmenting the paucity of health facilities in South Asia is the negligent attitude of health professionals. High absenteeism and widespread vacancy rates for health posts undermine the quality of health services. In Bangladesh for example,

absenteeism rates of doctors range from 40 per cent in larger clinics to 74 per cent in sub-centres with a single doctor.⁴⁵ In India as well, health workers are more likely to be present in higher-level health facilities compared to sub-centres that are located in peripheral areas. Likewise, a study of basic health units from the province of Punjab in Pakistan revealed that patients were indifferent between a vacant post and a filled one where the health representative is absent. Consequently, the *unavailability* of a health worker should be considered, which can be as high as 68 per cent in the province.⁴⁶ Attempting to improve the availability of health personnel will be crucial in building the requisite health infrastructure in South Asia. Filling up vacant posts but also penalising absence (through pay cuts and demotions for example) is vital. Likewise, involving communities in administration, improving amenities in health centres to facilitate personnel, and monitoring efforts through cameras are potential solutions.

Box 6.4 Drug regulation in Pakistan

In early 2012, over 120 people died in Lahore, Pakistan due to the consumption of counterfeit heart-related medications, while many more were severely affected. The WHO responded by issuing a warning about the drug in question, raising country-wide and international concerns over Pakistan's drug regulatory authorities. The circulation of counterfeit drugs is not uncommon in the country. In 2004, a WHO study estimated that between 40 to 50 per cent of drugs in the market were fake. Many causes feed into this failure: traditional/homeopathic medication, not governed by the Drug Act 1976 (Pakistan's main law on the regulation of drugs) are

widely used. There are an estimated 500 licensed pharmaceutical manufacturers that must be inspected by the country's 15 drug inspectors, and there is only one laboratory per province to conduct drug-quality testing. This is in addition to pervasive corruption in the pharmaceutical market and widespread usage of second hand and unregulated manufacturing equipment for drugs. The situation is further complicated by raw material imports of active ingredients in the absence of a formalised system.

In 2012, in coordination with the Ministry of National Health Services, Regulations and Coordination, the much needed Drug Regulatory Authority of Pa-

kistan (DRAP) was founded through the DRAP Act. The DRAP is a federal entity responsible for enforcing the Drugs Act 1976. It ensures proper monitoring of the 'import, export, manufacture, storage, distribution and sale of drugs'. It is governed by representatives from each of the four provinces and special areas of Gilgit-Baltistan and Federally Administered Tribal Areas (FATA), along with executive officers. How far the DRAP will be able to achieve these objectives depends on its ability to encourage accountability, learn from past failures, inculcate a culture of transparency and more importantly, address challenges of implementation.

Sources: Nishtar 2012 and GOP 2012f.

In fact in order to achieve the dual objective of expanding access and delivering quality services, South Asian countries can learn from the experience of India's state of Tamil Nadu—a model health management system that has enhanced public health outcomes (see box 6.5).

The role of non-state actors in the provision of health

Over the past three decades, non-state health providers have greatly proliferated in South Asia. In some countries, up to 95 per cent of providers fall outside the government. Where public resources are con-

Box 6.5 Learning from Tamil Nadu: Health for all

India's state of Tamil Nadu exemplifies how good health can be provided at a low cost (table 6.5). The state spends less than one per cent of its GDP on health, yet has made significant progress in managing communicable diseases and improving maternal and child health, often bettering national averages. Urban-rural and rich-poor variations are also some of the lowest in Tamil Nadu compared to the rest of India.

The unique health system is characterised by a separate organisation for public health management that works in coordination with medical practitioners. The organisation is a Directorate of Public Health run by public health specialists with vast experience in both urban and rural health management. It has financial autonomy in the form of its own separate budget and prioritises primary-level care. Additionally, the state was one of the first

to establish a network of primary health facilities and health sub-centres (by 2005, there were around 1,500 of the former and 8,680 of the latter). There is a strong culture of community participation and volunteerism played a critical role in funding and infrastructure construction. Moreover in 1990, a 24-hour service was introduced at health facilities and is now universal across the state. Government changes have not hampered progress in Tamil Nadu unlike other South Asian countries. Successive political parties in the state have prioritised innovation in healthcare delivery, cross-sectoral collaboration (especially in terms of promoting women empowerment and access to clean water and sanitation), and have encouraged skills development for career progression in the field of health.

Table 6.5 Health outcomes in Tamil Nadu and India

	Tamil Nadu	India
Life expectancy in years (2006-10)	68.9	66.1
Maternal mortality ratio (per 100,000 live births) (2007-09)	97.0	212.0
Under-five mortality rate (2009)	33.0	64.0
% of households with access to piped water supply	79.3	30.8

Sources: GOI 2011b, 2012a and 2014a.

Sources: GOI 2011b, 2012a and 2014a, Balabanova *et al.* 2013 and Gupta *et al.* 2009.

strained by financial, administrative and technical bottlenecks, the private sector has emerged as a social ‘saviour’. However, when non-state providers are not recognised, they are excluded from the scope of public policy, meaning that even competent and effective players are not supported by the state. The role of private community-based organisations (CBOs) and NGOs in the region, especially in Bangladesh, has been remarkable (see box 6.6). Greater benefits from their expertise could be reaped if legal and financial support were given from the state.

There are however several issues that accompany a growing private health sector in the region. First, non-state health providers remain largely unregulated in South Asia. In Bangladesh for example, 80 per cent of the more than 3,500 hospitals are private, while a hundred new ones are opened annually.⁴⁷ Such high growth rates in private facilities have harmful consequences: hoax practitioners with no qualification tend to take advantage of ill-informed health seekers, service charges are often exorbitantly high, and unnecessary

tests are common in the absence of umbrella authorities to enforce accountability. Furthermore, international safety standards are seldom followed, and professional negligence leads to severe consequences for patient safety.⁴⁸

Private facilities also create inequities as they tend to focus on richer clientele in urban cities, further adding to the social and economic marginalisation of the rural poor discussed above. For example, according to India’s *National Family Health Survey 2005-06*, almost one half of urban households are treated by private providers, compared to 36 per cent for rural areas. In Bangladesh, 71 per cent of private hospitals and 67 per cent of beds are situated in urban areas.⁴⁹ Private hospitals across South Asia are increasingly basing their business models on Gini coefficient analysis: the higher the income inequality in a country, the higher the demand for private hospitals—as this signals the presence of an elite class willing to pay more for better service delivery. Even in Sri Lanka, although the public sector continues to be the dominant service provider, the share

Box 6.6 The benefits of non-state actors in the health sector: The case of NGOs in Bangladesh

NGOs are central to healthcare in Bangladesh, and their role has evolved from providing basic awareness to becoming specialist treatment centres. Coverage of the poor is always a priority and their contribution to family planning, maternal well-being and child health has been crucial in ameliorating Bangladesh’s human development outcomes. Certain estimates record around 4,000 NGOs working in services related to health, population and nutrition in Bangladesh, the second most popular field after micro-credit. Their presence has led increasingly to the formation of government-NGO partnerships to overcome social sector challenges. Collaborative efforts between the government and over 20 NGOs—including the influential Bangladesh Rural Advancement Committee (BRAC)—in managing the national

Expanded Programme on Immunisation and TB programmes have been successful. Annual immunisation drives usually involve the participation of around 600,000 volunteers and approximately 90 per cent of children are reached in a day. Similarly BRAC and the Damien Foundation, manage around 80 per cent of the population under the programme for TB control.

The success of health-related NGOs in Bangladesh can be gauged through certain unique aspects that other South Asian organisations can learn from as well. Studies have found that Bangladeshi NGOs invest widely in community participation to building relationships of trust in order to increase participation in the programme. Community-led initiatives, especially door-to-door strategies in service delivery, have been quite effective

in primary healthcare provision. These NGOs have also been found to be quick in adopting technology for health solutions and are innovative in approaching development issues, always focussing on tailor-made policy responses rather than working in a top-down, spatially blind manner.

In order to sustain results, ensuring that organisations act in a transparent and responsible manner will be a determining factor of NGO performance in the future. Proper management of these organisations can ensure that sure illegal organisations are penalised, while lawful ones are held accountable. This will also include constant supervision and training of NGO/community workers as new health challenges emerge and Bangladesh makes epidemiological transitions.

Sources: Zohir 2004, Arifeen *et al.* 2013 and Lewis 2011.

of the private sector has been growing. An estimated 60 per cent of private hospitals however are located in the Western Province of the country, augmenting the geographic inequality of health services.⁵⁰

Yet, despite the adverse implications of an uncontrolled private sector in healthcare delivery, why does South Asia continue to witness its growth? A major reason is that public sector performance is simply worse. Private facilities tend to be less crowded, technologically better-equipped and offer a better service environment.⁵¹ They also give wider coverage especially by means of alternative medicine. Homeopathic treatments, herbal doctors, *Unani* practitioners and other forms of traditional healing are frequently used in the region. Where accessing public facilities is difficult, because of distances or health worker absenteeism, patients know that private facilities will provide service, even if at greater cost. Moreover, private facilities have greater financial and administrative autonomy compared to public facilities: they will be directly affected when their patients are dissatisfied, especially in a context of high competition. The incentive to deliver quality healthcare is therefore a lot higher. Studies in Bangladesh comparing patient feedback on public and private hospitals found that the latter fared better on a number of quality indicators including cleanliness, availability of drugs, responsiveness of nurses, etc.⁵²

The growing role of the private sector however should not be seen as one of competing health providers, but rather of complementary ones. South Asian governments should capitalise on this opportunity to galvanise a multi-sectoral approach that creates mutually beneficial interactions between the two sectors in order to serve the greatest number of people. This not only entails regulating an ever-expanding private sector, but also taking advantage of their inherent efficiency. Placing greater social responsibility on private institutions by requiring that they offer health services to a certain percentage of the poor can help

countries achieve quality health for all.

Health spending in South Asia

South Asia's fragmented health infrastructure is greatly explained by the inefficiencies of their health financing systems. In the absence of effective health financing, access to adequate health infrastructure is jeopardised, and people fail to realise their development potential. Indeed, from a human development point of view, there is simple logic behind investment in public health: access to quality healthcare expands social, economic and political opportunities. Similarly, from an economic standpoint, poor health can lead to lower labour productivity and, hence, lower household income. People can remain trapped in this low-health low-income equilibrium across subsequent generations through channels such as child malnutrition, limited cognitive abilities and poor employment outcomes.⁵³ Investing in health through public spending is therefore an indispensable responsibility of national governments.

Going beyond the established fact that health spending is important, recent literature focuses more on the use of this spending. Have governments been able to effectively use increased income levels to provide health for 'all' over the past three decades? What are utilisation patterns of health spending? How is public health spending allocated amongst public health functions? Attempting to answer these questions is important to discover whether South Asian governments' health expenditure mechanisms are efficient.

Trends in health expenditure

There are three main trends that characterise healthcare spending in South Asia. First, healthcare spending has remained low in the region, both in terms of total health expenditure and public health expenditure.⁵⁴ Second, the manner in which health expenditure is distributed has compromised the countries' ability to reach the

South Asia's fragmented health infrastructure is greatly explained by the inefficiencies of their health financing systems

most vulnerable, as is evident in national health expenditure data that has been disaggregated by income levels and geographic areas. Finally, South Asia continues to have the world's highest private spending as a proportion of total health spending and this is compounded by high out-of-pocket (OOP) expenditures on healthcare incurred by households.

PUBLIC HEALTH SPENDING

At a regional level, data on total and public health expenditure as a percentage of GDP reveals that spending has remained low in South Asia. Between 1995 and 2012 South Asia spent the least on health compared to other regional averages (see table 6.6).⁵⁵

Within South Asia however, Nepal has spent the highest amount on health as a percentage of GDP and this trend has persisted over the past 17 years (see table 6.7). Pakistan on the other hand, has historically spent a small proportion of GDP

on health—the least amongst all South Asian countries.⁵⁶ Between most of the period from 1980 to 2009, Pakistan's public spending on health as a percentage of GDP remained under 1.5 per cent. India too has struggled to achieve its goals of increased public health spending. In 2005, the National Rural Health Mission (NRHM), a national health programme initiated to boost the country's health performance, set the target of public health spending rate at two per cent for 2012.⁵⁷ Although actual spending has increased since the NRHM, the target was nevertheless missed by around 0.7 per cent.

The low levels of expenditure by countries are a function of the low priority South Asian governments tend to give to the health sector. This neglect can be gauged through data on the percentage of total government expenditure allocated for health. Within South Asia, Nepal allocates the highest public expenditure to health, approximately 10.4 per cent and also experienced the greatest growth of around 2.5 percentage points in this spending between 1995 and 2012. India spends around 9.4 per cent on health as a percentage of total government expenditure, up by 1.8 percentage points since 1995. Bangladesh on the other hand has seen a decline of around 1 percentage point over the period, with current spending at 7.7 per cent. Pakistan, again spends the lowest government expenditure on health, around 4.7 per cent, in the region with little improvement since 1995.⁵⁸

Similarly, in terms of health spending per capita, only India and Sri Lanka spend according to the WHO recommended US\$44 per capita on health, an amount estimated to be sufficient for a basic package of healthcare.⁵⁹ However, all South Asian countries have witnessed a rise in per capita spending since 1995.

Table 6.6 Health spending in South Asia and world regions*, 1995-2012
(% of GDP)

	Total health expenditure		Public health expenditure	
	1995	2012	1995	2012
South Asia**	3.8	4.0	1.0	1.3
East Asia and the Pacific	6.0	7.1	4.5	4.9
Europe and Central Asia	8.4	9.5	6.5	7.2
Latin America and Caribbean	6.5	7.7	3.1	4.0
Middle East and North Africa	4.3	4.5	2.5	2.6
Sub-Saharan Africa	6.0	6.4	2.3	2.7

Notes: *: Regional values include countries of all income levels. **: The values for South Asia are weighted average.

Source: World Bank 2015f and MHHDC staff computations.

Table 6.7 Health spending in South Asia, 1995-2012
(% of GDP)

	Total health expenditure		Public health expenditure	
	1995	2012	1995	2012
India	4.0	4.0	1.0	1.3
Pakistan	3.3	3.1	0.9	1.0
Bangladesh	3.5	3.6	1.3	1.2
Nepal	5.0	5.5	1.3	2.2
Sri Lanka	3.3	3.2	1.6	1.3

Source: World Bank 2015f.

HEALTH EXPENDITURE DISTRIBUTION BY GEOGRAPHY AND INCOME LEVEL

The distribution of health spending in South Asian countries varies according to geographic regions and income levels, and tends to favour places and people that are economically richer. This holds true for most countries.

In line with its decentralised system of social service delivery, health spending in India is a state-level subject. An analysis of selected states reveals that actual spending on health in the 11th Five Year Plan for 2008 was highest in Uttar Pradesh (20.8 per cent) followed by Andhra Pradesh (8 per cent), and lowest in Punjab (0.03 per cent) and Assam (0.8 per cent).⁶⁰ Some studies have tried to determine if state-level expenditure in India is pro-poor and have found that in Tamil Nadu for example, public spending has increasingly favoured lower income quintiles. On the other hand in the traditionally laggard state of Odisha, spending on out-patient services has begun to favour the poor. In-patient service spending continues to prefer the affluent.⁶¹

In Pakistan, provincial data records the highest health spending in Punjab (39.5 per cent) and Sindh (18.3 per cent), while KPK and Balochistan spend 14 per cent and 5.6 per cent of the total respectively.⁶² Data from a study comparing public health expenditures according to income quintiles also indicates that highest income quintile benefits the most from spending on preventative healthcare and health facilities. For example, in 2006, the share of spending on the highest income quintile was around 32 per cent compared to a mere 6 per cent for the lowest income quintile.

In Bangladesh, the Ministry of Health and Family Welfare (MOHFW) is a major financing government agency for the health sector. In 2007, while it accounted for around 97 per cent of total public spending, biases in distribution were evident.⁶³ The same year, the MOHFW

per capita health expenditure was highest for Dhaka division (BTK1,337, US\$12.1) compared to Barisal district (BTK499, US\$4.5), which received three times less health expenditure. Similarly, although the MOHFW allocates greater absolute amounts to rural areas, per capita expenditure is almost twice as low in rural areas (BTK172, US\$1.6) than in urban (BTK338, US\$3.1). Likewise, around 27 per cent of primary-level health expenditure of the MOHFW goes to the richest quintile, while 21 per cent goes to the poorest. Despite these patterns, there have been some improvements for the poor: between 2003 and 2006, health spending for the poorest districts increased by 31 per cent compared to around a 25 per cent increase for all districts.⁶⁴

The geographically inequitable distribution of health spending is apparent in Sri Lanka too, where the Western Province accounts for a higher share. Per capita health spending at US\$77.4 is almost three times higher here than in Sabaragamuwa Province, where it is the lowest.⁶⁵

THE ROLE OF PRIVATE HEALTH SPENDING IN SOUTH ASIA

Although private health spending in South Asia has fallen as a proportion of total health spending between 1995 and 2012, the region continues to have the world's highest private spending rates. Within South Asia, private spending as a percentage of total health spending ranges from a high of 69 per cent and 67 per cent in Pakistan and India respectively, to around 60 per cent in Sri Lanka. OOP expenditure is greater than 80 per cent in all South Asian countries and constitutes a significant amount of private spending. In Bangladesh and Pakistan however, this ratio is even greater, around 97 per cent and 90 per cent respectively.⁶⁶

Studies assessing catastrophic health expenditure (OOP health spending that causes households to dramatically reduce expenditure on other vital necessities,

The distribution of health spending in South Asian countries tends to favour places and people that are economically richer

take loans, sell assets, etc.) reveal that the number of households in India experiencing such spending has increased from 13.0 per cent in 1994 to around 15.4 per cent by 2005.⁶⁷ There are however wide inter-state variations. States like Uttar Pradesh have seen a rise in OOP payments due to low public expenditure and inadequate infrastructure in the health sector. Meanwhile OOP spending has greatly fallen in states like Karnataka, which has seen a rise in public health spending.⁶⁸

In Nepal, the private sector accounts for 60 per cent of total health expenditure, while government expenditure makes up only 21 per cent, an amount close to external funding (19 per cent).⁶⁹ Such data highlight the importance of an effective and progressive health financing system to ensure that health-seeking does not lead to financial difficulties, thereby making access to quality health services universal.⁷⁰ Developing health insurance programmes that minimise catastrophic spending are an important component of

social protection mechanisms that must be encouraged to strengthen the health financing systems of developing countries (see box 6.7).⁷¹

Utilisation of health spending by authorities

Comprehensive analyses of health financing systems require an evaluation of how health expenditure is spent and whether spending mechanisms are able to facilitate access for those in the greatest need. Data on development and current expenditures, health spending according to functions (including allocations for preventative, curative care, etc.) and the underutilisation of health budgets can help in such assessments.

DEVELOPMENT VERSUS CURRENT EXPENDITURE

In India, between 1980 and 2004, revenue expenditures on health as a percentage of GDP varied between 0.79 per cent and

Box 6.7 Health insurance schemes—India's *Rashtriya Swasthya Bhima Yojana* (RSBY) and Pakistan's *Waseela-e-Sehat*

According to a report by India's Chamber of Commerce, less than 10 per cent of the population is covered by any form of health insurance. In its quest for universal health coverage and social protection, India launched the RSBY ('National Health Insurance Scheme') in 2008. A public-private collaborative scheme, the RSBY targets families living below the poverty line (BPL). The insurance premium is paid by the government to private companies through a process of bidding. In turn, these companies are incentivised to attract a maximum number of households, increasing health insurance coverage to poor families. The RSBY estimates annual costs to the government of INR750 per family. Families insured under the RSBY can claim up to INR30,000 in hospitalisation fees for a variety of illnesses. Between 2008 and 2013, around 34 million families were

enrolled under the programme. The RSBY has been applauded for the use of digitised smart cards for improved implementation, evidence of declines in out-of-pocket expenditures and greater hospitalisation rates. The RSBY may seem like a win-win situation whereby supply- and demand-side issues of healthcare delivery are simultaneously corrected for. However there are several issues with private insurance schemes. Private insurance companies are likely to prefer low-risk to high-risk clients, thereby making the RSBY discriminatory and counter-productive. There are also issues with having private insurance schemes that focus on tertiary-level care, rather than prevention. Problems in identifying BPL families (and the actual BPL calculation methodologies) have also been areas of concern. Furthermore, a major segment of the population may be exclud-

ed as factors such as lack of education and social stratification can act as stubborn obstacles in accessing such schemes.

Pakistan has also recently launched a centre-led health insurance scheme called the *Waseela-e-Sehat*, under the umbrella of the Benazir Income Support Programme (BISP). The aim is to subsidise healthcare expenses for households living below the poverty line. Using biometric cards, beneficiaries can receive up to a maximum of PKR25,000 per family in a year. The project is in partnership with the State Life Insurance Corporation that provides health insurance to the identified families. The outreach of the programme to the most vulnerable is yet to be seen, as it is still at a nascent stage. However, its success will lie in effective targeting and strong monitoring and evaluation.

Sources: GOI 2014h, PWC and ICC 2012, Fan 2013, Dreze and Sen 2013 and CHMI 2015.

0.96 per cent. Capital expenditure on the other hand has been substantially lower, ranging between 0.04 per cent and 0.09 per cent for the same period.⁷² In Pakistan as well, since the late 1980s, non-developmental health expenditure has dominated development expenditure, and this trend has continued through to the first decade of the 2000s.⁷³ In Sri Lanka, capital expenditure varied between 9 per cent and 16 per cent of the total health expenditure during 1990–2008.⁷⁴

WHERE IS THE HEALTH SPENDING GOING?

Spending on the right kind of health functions, especially on preventative care, control of communicable diseases, improvement in maternal and child health—in general, on primary health—is a better policy option than spending on more expensive tertiary care.⁷⁵ The *World Health Report 2008* asserts that spending on primary care is less resource demanding and offers higher returns than similar levels of investment and spending at other health-care levels. The availability of cheap primary care in low-income countries should not mean OOP payments from the poor.⁷⁶

In India, curative care accounts for a substantial 42.7 per cent of the total health expenditure compared to prevention and public health, which makes up 20.8 per cent.⁷⁷ In Pakistan, the government's current health expenditure is dominated by hospital services (82 per cent) and health administration (11 per cent), while only 6.5 per cent is devoted to public health services.⁷⁸ Curative health services again constitute the highest share of public expenditure (32.6 per cent) in Bangladesh. In Sri Lanka, in-patient and out-patient care explain 32 per cent and 20 per cent of the total spending respectively.⁷⁹ In Nepal, curative care comprises the highest proportion of total health expenditure (31 per cent).⁸⁰

Common to most South Asian countries' National Health Accounts how-

ever is the lack of definitive classifications of health sub-sectors. It is unclear from these documents, how the allocated budget is being spent on specific health services. Do preventative measures include immunisation coverage? Is spending on maternal and child health inclusive of nutrition and reproductive health? Do public health services include infrastructure spending and high-return interventions, like the control of non-communicable diseases? To answer the above questions, it is vital that a transparent financing system clearly define the specific areas of health expenditure.

UNDERUTILISATION OF HEALTH BUDGETS

The effectiveness of public health expenditure can also be gauged through utilisation rates of budgets or the amount actually spent on health services from the proposed budget. While South Asia traditionally has been a region of low public health spending, utilisation rates can help determine how well the available resources are used.

Within South Asia, recent data on utilisation rates show that most countries utilise between 70 per cent to 90 per cent of their health budgets.⁸¹ In India, between 2007 and 2010, utilisation of the health budget varied between 73 per cent and 82 per cent.⁸² In Pakistan, health budget utilisation rates stagnated between 85 per cent and 79 per cent during 2008 and 2011⁸³ while in Bangladesh in the period of 2005 to 2007, utilisation of health allocation was between 80 per cent and 90 per cent.⁸⁴ Sub-national data can however point to wide variations. In Pakistan for example, Punjab's underutilisation of health budgets is almost 10 times that of KPK (see table 6.8).

Several factors lead to underutilisation of resources: for instance, funds can be used for projects other than the ones they have been allocated for, finances can run short of the predetermined amounts due to poor tax collection or unpredicted austerity drives and programme imple-

Within South Asia, utilisation rates show that most countries utilise between 70 per cent to 90 per cent of their health budgets

Table 6.8 Underutilisation rates of health budgets in Pakistan by province, 2011

	Underutilisation rate of health budget (%)
Punjab	34
Khyber Pakhtunkhwa (KPK)	3
Sindh	18
Balochistan	19

Source: TRF and GOP 2012f.

mentation can go past deadlines. While utilisation rates in these countries are not very low, it is nevertheless critical that the maximum amount be spent from the proposed budgets. This is important not only because of low public health spending, but also because inadequate utilisation often gives more room for corruption and mismanagement of finances.

Role of international aid/donor money

Data on per capita spending on health revealed that most South Asian countries spend less than the internationally accepted amounts for basic health services. Compared to regional averages, it was earlier also noted that South Asia has had a low level of total (and public) health spending. Some development economists argue

that in order to overcome the gap in the amount that *needs* to be invested in health and the amount that is actually *available*, international assistance is necessary. In particular, it is estimated that a country with a per capita GDP of US\$300 will face a funding gap of US\$40-50.⁸⁵ However it is crucial that this assistance be based on a sound understanding of local conditions rather than arbitrary implementation.

Within South Asia, external resources⁸⁶ have accounted for the highest share of total health expenditure in Nepal, ranging from a low of 11.0 per cent and a high of 19.2 per cent of total health expenditure between 1995 and 2012. Bangladesh and Pakistan follow with the second and third highest levels of external spending on health respectively, while in Sri Lanka and India, external resources have accounted for less than 2.5 per cent of total health expenditure over the past 20 years (see figure 6.16).

Placing the South Asian countries in a global context, it becomes apparent that the region has relatively little dependence on foreign assistance, when compared to countries in Sub-Saharan Africa like Malawi, Mozambique and Ethiopia, where external resources account for more than half of total health expenditure.⁸⁷

While foreign funding can be indispensable for financing health in developing countries, it is important that these funds are used for specific tailor-made policies. In Pakistan alone it has been estimated that since 1995 US\$2 billion were given in foreign assistance for health-related programmes, such as maternal and child health, immunisation and health facility amelioration.⁸⁸ While programmes supported by foreign aid such as the Lady Health Worker initiative have been commended for their contribution to primary level health, on the whole, Pakistan made little progress in terms of childhood or maternal mortality, especially compared to the progress of its South Asian neighbours.

Figure 6.16 External resources for health as a percentage of total health expenditure in South Asia, 1995-2012



Source: World Bank 2015g.

A brief review of health policies in South Asian countries

A lot of South Asia's progress in health has suffered due to poorly formulated policies with unrealistic objectives. Where policies have been designed well, their implementation has been irregular and unsystematic. As a result, South Asia's health policies have had mixed impacts. While some programmes have led to remarkable progress such as Bangladesh's Health Population and Nutrition Sector Development Programme, others have failed to reach their objectives, for instance the successive national health policies of Pakistan. The analysis below presents a country-wise account of the evolution of health-related policies in South Asia. While each country's experience differs, what has emerged as a common theme is the need for strong governance and effective monitoring and evaluation of health policy implementation.

India

India's quest for universal health coverage began soon after its independence. The 1950s saw the initiation of the Five Year Plans, each of which presented a guiding framework for public health management. The first National Health Policy was formulated in 1983 with the aim of promoting primary-level healthcare through community participation, an increased role of the private sector and a decentralised system of health sector administration.⁸⁹ This was succeeded by the second National Health Policy in 2002, which reinforced the need for state-led health initiatives. It was in 2009 that the country legalised the right to health in the National Health Bill.⁹⁰

Despite these policy measures, healthcare delivery in India has remained quite fragmented with socio-economically challenged populations facing the most barriers. Certain initiatives have attempted to narrow these divides. The NRHM was

initiated in 2005 to reduce health disparities between urban and rural areas, including differences in infrastructure and health personnel.⁹¹ Between 2005 and 2009, all states recorded an increase in the number of health professionals for public facilities—with an estimated 100,000 professionals recruited nation-wide.⁹² Furthermore, female health activists and village health and sanitation committees were created to promote better communication between rural health personnel and communities.⁹³ Despite these achievements, the NRHM is not working at full potential. Studies have shown that more than 40 per cent of allocated NRHM funds remain unused in some states. In addition, between 2005 and 2010, the NRHM spent less than 0.2 per cent of GDP on health, an amount insufficient to make a substantial impact on health outcomes.⁹⁴ Recent attempts to improve the efficacy of the programme include state performance-based funding, where performance is determined by lowering vacancy rates and correcting the under-recruitment of personnel in the most remote areas.⁹⁵

Similarly, like the NRHM, the *Janani Sorkshya Yojhana* (JSY) programme aims to reduce inequalities in healthcare by making skilled birth attendance universal in India. Launched in 2005, the programme provides financial assistance through conditional cash transfers to pregnant women as a way of encouraging them to give birth at a health institution or in the presence of a skilled professional. Although the programme has faced hurdles in implementation (such as failing to provide cash to participant women), overall it has led to an increase in skilled birth attendance across the nation. A study has found that the JSY led to a decline of about 4 perinatal deaths per 1,000 pregnancies, and around 2 neonatal deaths per 1,000 live births (findings varied according to methodology used).⁹⁶

India has also expanded financial assistance for healthcare by providing health insurance. The *Rashtriya Swasthya Bhima Yojana* (RSBY) is perhaps the most

South Asia's health policies have had mixed impacts, while some programmes have led to remarkable progress others have failed to reach their objectives

Lady Health Worker initiative has gained international praise for its work in bringing primary level health services to some of the country's most underserved communities, especially women

popular scheme in the country. Launched in 2008, it gives nation-wide coverage to households living below the poverty line—more than 37 million smart cards were in use by 2014.⁹⁷ Some analysts are however sceptical of the scheme: where hospital costs are not covered by the RSBY, beneficiaries can be subject to inferior treatment and even be turned away by doctors. Despite this, the RSBY has been successful in promoting access to healthcare by reducing patients' financial burden—its prime objective. With time, as the scheme develops and gaps are corrected, the RSBY can be a great example for other South Asian countries.

In its quest to provide the maximum number of people with health services, India has also started mainstreaming popular alternative medical practices. These include *ayurveda*, yoga and *naturopathy*, *Unani*, *siddha* and *homoeopathy*, collectively known as AYUSH. In 2002 through the National Policy on Indian Systems of Medicine and Homoeopathy, AYUSH health facilities were scaled up across different Indian states. The policy also highlights the importance of government regulation of AYUSH institutions and practitioners to meet safety standards.⁹⁸

At a national level, India has made great progress and its future performance will lie in its ability to mitigate sub-national divides. The policies mentioned above have helped expand the reach of health services, but these must be complemented with regular monitoring and evaluation mechanisms. The country has great human resource potential in terms of both scale and expertise, and effectively using this resource is crucial for improving its health outcomes.

Pakistan

Pakistan's experience with health policy development can be characterised as a series of strategies that have reinforced similar objectives without delivering the results needed to improve the country's health

status. As in India, from the mid-1950s through to the late 1990s, Pakistan's several Five Year Plans acted as a guiding framework for health policy. These plans rarely achieved objectives and allocation of resources and utilisation remained below targets.⁹⁹ The three National Health Policies of 1990, 1997 and 2001 have also been criticised for continually falling short of achieving the set objectives. After the Planning Commission's Vision 2010 and 2030 were shelved, the recently formulated Vision 2025¹⁰⁰ has revisited the importance of public health for social development and has recommended a minimum spending of three per cent of GDP towards the sector. The effectiveness of the strategy is yet to be seen.

In addition to these national level policies, programmes such as the National Programme for Family Planning and Primary Healthcare launched in 1995 aimed to promote primary level healthcare. The programme's Lady Health Worker initiative has gained international praise for its work in bringing primary level health services to some of the country's most underserved communities, especially women, while simultaneously expanding opportunities for female empowerment. In 2014, there were around 110,000 lady health workers working in the field, with each serving around 1,000 people at a low cost of US\$0.75 per capita per year.¹⁰¹ The programme has significantly improved immunisation coverage and contraceptive use, while contributing to maternal and child health. It has been estimated that women who are exposed to lady health workers have a greater likelihood of using modern contraception (11 per cent), of getting tetanus toxoid vaccination (13 per cent), as well as a 15 per cent higher chance of visiting a medical facility within 24 hours of delivery than women without access to lady health workers. The programme has also been commended for reaching the most vulnerable—by 2007 around 60 to 70 per cent of Pakistan's rural population was targeted via the lady health work-

ers.¹⁰² However a range of organisational bottlenecks limit the functioning of the programme including delays in worker payments, shortages of supplies and poor inter-sectoral coordination.¹⁰³

Local non-profit and community-based organisations have also played a significant role in promoting universal health in Pakistan. The non-profit National Rural Support Programme, for example, has been involved in several inter-organisational health projects, including its partnership with the Global Alliance for Vaccines and Immunisation, community-led lady health visitor clinics focussing on maternal and child health and its involvement in the Global Fund to Fight AIDS, TB and Malaria.¹⁰⁴

More recently in 2010, the 18th Constitutional Amendment devolved health to the provinces. Prior to this Amendment, both the federal and provincial level governments shared health-related responsibilities, often resulting in duplication of activities. The Amendment has had immediate repercussions in terms of public health management as provincial health ministries are still at a nascent stage of dealing with nebulous responsibilities handed over to them by the centre. However with effective resource management, informed planning and greater clarity in health responsibilities at the federal and provincial levels, healthcare delivery in Pakistan can become more sensitive towards its vulnerable populations.

Bangladesh

Health policies have been subject to frequent changes in Bangladesh, resulting in delayed and *ad hoc* implementation. Before 1991, health strategies, as formulated in the Five Year Plans, were largely influenced by donor agencies. This was a period of vertically-structured health policies. Since 1991 however, health policy formulation became more organised. In 1997, the Health and Population Sector Strategy was introduced followed by the Health

and Population Sector Programme in 1998. The early 2000s witnessed a sector-wide approach of relatively more pro-poor public health and attempts were made to introduce a National Health Policy. However, during the first decade of the 2000s, Bangladesh's National Health Policy went through several rounds of acceptance, rejection and reformation only to finally be passed by the parliament in 2011. Yet despite these policy changes, government's commitment to public health remained strong and has perhaps been the most defining force behind health progress. From initial policies focussing on family planning and population control, Bangladesh has transitioned to policies which are more holistic and attempt to achieve universal health coverage.¹⁰⁵

Bangladesh's Health and Population Sector Programme (1998-2003) and Health, Nutrition and Population Sector Programme (2005-2010) marked the shift from vertical project-based health strategies to a sector-wide approach in public health management. The two programmes helped prioritise primary level healthcare. This was a strategic step towards engaging various public service sectors in a more cohesive way. Under the programmes, focus on health, nutrition and population services indicated the government's sensitivity towards employing a comprehensive approach to health policy formation.¹⁰⁶ In 2011, the Health, Population and Nutrition Sector Development Programme became the third plan in a series of country-wide health strategies under the MOHFW. Community health clinics have played an important role, as has the development of e-health services and strengthening public-private partnerships for public health management.¹⁰⁷ According to government reviews, the Health, Population and Nutrition Sector Development Programme has been on track to achieve its goals by the 2016 deadline. Maternal and child mortality, malnutrition, immunisation coverage and health infrastructure have all improved under the programme. However challeng-

From initial policies focussing on family planning and population control, Bangladesh has transitioned to policies which are more holistic and attempt to achieve universal health coverage

If a winner in the race for human development were declared for South Asia, Sri Lanka would perhaps emerge as the leader

es still remain as skilled birth attendance continues to be low in Bangladesh, gender disparities in access to health remain a barrier to universal coverage and human resources for health are insufficient.¹⁰⁸ While the programme's design is correct to focus on high-priority areas such as population nutrition and maternal and child health, its eventual success will lie in good governance and effective implementation.

Additionally, CBOs and NGOs have played an important role in expanding health coverage in Bangladesh's most marginalised areas. The NGO health initiatives range from maternal and child health to urban slum health. However, like other South Asian countries, the potential to achieve universal healthcare in Bangladesh is limited by implementational bottlenecks, an issue that can be overcome through a transparent system of monitoring and evaluation and enforced accountability.

Sri Lanka

If a winner in the race for human development were declared for South Asia, Sri Lanka would perhaps emerge as the leader. Sri Lanka's human development journey over the past three decades has proven that sustained investment in health is indispensable to improve people's lives and expand their economic and social opportunities.

In 2007, the Health Master Plan attempted to formalise Sri Lanka's health goals by formulating a health strategy with a deadline of 2016.¹⁰⁹ Health policies in Sri Lanka have always prioritised preventative care and early disease detection to control the spread of communicable and non-communicable diseases. The Health Master Plan takes a proactive approach to health management. It recognises the need to target policies towards the country's changing epidemiology, while at the same time, there is strong emphasis on prevention and equitable service delivery.¹¹⁰

Although the policy design of the Health Master Plan seems very com-

prehensive as it outlines specific policies targeting precise health issues with implementation guidelines, studies assessing the country's health status express the need to more thoroughly target Sri Lanka's challenges. Policy objectives must be revisited on account of an ageing population, the growing disease burden of non-communicable diseases and issues of more equitable health financing.¹¹¹

However, Sri Lanka's public sector has consistently been dominant in the health sector even in the presence of a growing private sector. Persistent commitment to public social service delivery, has contributed to the country's human development progress. Yet, like most South Asian countries Sri Lanka faces challenges in mitigating inequalities in healthcare delivery. People of the Northern and Eastern provinces who have suffered due to a 26-year long civil war and the economically and socially backward populations living in the estate region have the poorest health in the country. Overcoming these inequalities is a major policy challenge that programmes such as Sri Lanka's Health Master Plan 2007-16 aim to overcome.

Nepal

During the 1980s, Nepal inherited health policy formulation from the previous Five-Year Development Plans. The Fifth Development Plan (1975-80), like the previous two, focussed on family planning and population control and this continued even up to the 10th Development Plan (2002-07). Parallel to these Development Plans, the National Health Policy 1991 was initiated in the context of a democratic movement, with a focus on primary level care and maternal and child health.

These objectives have been met to a significant extent under the Nepal Health Sector Programme I (2004-10) and II (2010-15). The programme for 2004-10 has been described as a success, whereby an estimated 96,000 deaths were prevented and 3.2 million disability adjusted

life years (DALYs) saved.¹¹² Maternal and child health indicators also improved during this time. The programme for 2010-15 was built on the previous plan with emphasis on scaling up the delivery of an essential services package, especially to the underserved populations. According to the Programme's Mid Term Review, there has been progress on several health-related indicators along with better management and implementation of strategies. New areas were also incorporated into the basic package.

Nepal's health sector has been heavily influenced by donor funding which has significantly improved the country's health status over the past 30 years. The Nepal Family Health Programme I (2001-06) and II (2007-12), both donor-led projects, are examples. These programmes focused on delivering basic health to all with emphasis on equitable service provision.¹¹³ The programme for 2007-12 provided technical assistance to the Government of Nepal and helped improve health management via a variety of channels including policy formation, service delivery, community inclusiveness and monitoring and evaluation. A number of achievements have been made under each of these components. As a result, health governance has been formalised, logistical aspects of health facilities have been made more efficient and maternal and child health have been further prioritised, lowering respective mortality rates. There has, however, been scepticism about the Nepal Family Health Programme replacing the work that should be done by government officials. While the Nepal Family Health Programme was created as a support organisation, there are fears that over-dependence on donors by the government may be counterproductive.¹¹⁴

Conclusions

The gains from economic growth in South Asia over the past three decades have not been distributed evenly in terms of improv-

ing access to health. Although people are living longer and in better health now than they did 30 years ago, there is still a significant proportion of people without access to even the most basic health services. Across South Asia, disparities in the provision of healthcare and health expenditure are common in terms of gender, education attainment, wealth, social background and location. Indeed, the region's biggest health failure has been its inability to reach these vulnerable populations.

The past 30 years of health in South Asia have been a period of contradicting realities: while the spread of communicable diseases was reigned in through better provision of primary healthcare like increased DOTS coverage, improved immunisation rates and greater access to clean water and sanitation, public health management was unable to reach the most needy. A vast number of households in Nepal continue to be without access to mosquito nets, 297 people were infected with polio in Pakistan in 2014 alone, 280,000 people still die of TB in India, and around 89 per cent of births occurring in the lowest wealth quintile in Bangladesh are in the absence of a skilled birth attendant.

Similarly the quest for universal health coverage has seen most countries in South Asia expanding health infrastructure at the cost of quality. While there has been a rise in the number of basic health units in the villages of Pakistan, there is also widespread absenteeism. Although there has been an increase in the number of doctors recruited in Nepal, there is a large deficit of female practitioners and health positions are crowded out by socially preferred castes. Likewise in India, while the state of Tamil Nadu has been able to provide 24-hour health services, less than 15 per cent of primary health centres in Bihar, Odisha, Uttar Pradesh and West Bengal have equipment for new-born care. Emphasising quality of health services is crucial especially in terms of the efficiency of health professionals. In fact, health personnel are perhaps the most important element of a

Although people are living longer and in better health now than they did 30 years ago, there is still a significant proportion of people without access to even the most basic health services

South Asia's governments need to reorganise their health financing systems and develop strategies to reduce the financial burden of healthcare the poor face

country's health infrastructure. From administrative and managerial personnel to health specialists and medics, efficient staff can make a significant difference regardless of equipment level. Not only is there a need to expand human resources for health in South Asia, but this must be paralleled by lifelong quality training and supervision.

Health expenditure data reveal similar disproportionalities. The region has had some of the world's lowest health spending rates (with little growth over the past three decades). Although there has been a rise in innovative initiatives such as health micro-insurance schemes that have improved financial access for the poor, these are mostly community-led. Government financial resources tend to flow away from those in the most need. In rural Pakistan, the lowest quintile receives less than 5 per cent of government expenditure on preventative health and health facilities while the highest quintile receives greater than 25 per cent of this spending. In Sri Lanka, per capita health spending in the Western Province is three times that in Sabaragamuwa Province. Additionally, health budgets have rarely achieved full utilisation rates, further limiting resources available for the health sector. Inequalities in health spending have eventually trickled down to health outcomes, signalling the need for sustained investment in the right kind of healthcare services. At the same time it is important to acknowledge that just as economic growth is imperative but not sufficient for human development, increased spending does not necessarily result in the transformative change needed for improved health. South Asia's governments need to reorganise their health financing systems and develop strategies to reduce the financial burden of healthcare the poor face. This is an absolutely essential step not only towards better health outcomes, but an inevitable process for successful poverty reduction in the region.

As argued in the seminal paper on *Good Health at Low Cost*, some regions

could perform better in terms of health even with lower resources.¹¹⁵ Although there are no definite answers on how exactly to manage public health, success stories point to one critical element: political will. Political will practiced through effective governance could help overcome financial bottlenecks in improving universal health coverage. But the capacity to implement health policies has varied both across South Asian countries and within them. Sri Lanka for example, has been able to benefit from a relatively small population compared to its regional counterparts. It has had a history of high literacy rates, while a devolved system of public health has resulted in context-specific policies with emphasis on women and children and primary level care. However health policy implementation has been a challenge in the country's Northern and Eastern provinces, which have suffered due to civil war, internally displaced persons and ethnic strife. Similarly in the past 30 years Bangladesh has proven—with tangible results—that health outcomes can be improved despite relatively lower income compared to its South Asian counterparts. Community participation, and coordinated policies have been instrumental. In India, the states of Tamil Nadu and Kerala have also emerged as leaders in bettering health outcomes through factors such as community participation, high literacy rates, and enhanced managerial capacity. On the other hand, where government commitment has been weak, health continues to hamper human development, even within a context of rising economic growth. South Asia's biggest challenge in managing public health has been translating its well-meaning health policies into action due to incompetent governance.

Building and maintaining political commitment towards the social sectors needs to be a nation-wide phenomenon, not one that is exclusive to economically advantaged regions. This will involve institutional reforms, with emphasis on inculcating a culture of accountability. Within the health sector, a test of good governance

will lie in the ability to overcome discretionary policies and prioritise health issues with strategic implementation plans. For instance, women and child health needs to be given precedence not only because of its lasting impact on intergenerational health, but also because the sub-sector forms an important link to the entire human development process of a nation. South Asian countries in the past have used family planning policies to cover reproductive health, but these have been used more for population control than for female empowerment.

Greater monitoring and evaluation are an inextricable component of the institutional reform process South Asian countries need to undergo. Policies must be based on feedback mechanisms and designed in a contextualised, need-based manner. Creating strong health information systems for information storage, data collection and analysis is also paramount. Where decision makers opt for copycat initiatives (as evidenced by several vertical health programmes in the region), the results will be sub-optimal and resource-use wasteful.

Studies have shown that the root causes of ill-health go beyond just the health sector. A diverse set of factors affect health outcomes including education, food security, urbanisation and environmental degradations. Consequently greater inter-sectoral coordination and novel ways of maximising public-private collaboration are also important areas of policy improvement. This also requires policies to be clearly defined and have realistic objectives so that incidence of overlapping activities are minimised and corruption is kept in check.

In order to maximise the utility of its scarce resources for health, South Asian countries will need to employ innovative approaches to tackle the socio-economic costs associated with poor public health. Recent health projects in the region have been quite inventive and signal potential, but inter-regional learning needs to be encouraged. This can mean learning from

public-private partnerships in managing immunisation in Bangladesh, as the Ministry of Health and Bangladesh Rural Advancement Committee (BRAC) have done. Pakistan could stand to benefit from using advances in the field of ICT to manage the surveillance, treatment and record keeping of communicable diseases, as India's Operation *Asba* has done to administer the spread of TB. It can also mean investing in female empowerment in Nepal for improved reproductive and child health, as Pakistan's Lady Health Worker Scheme has done.

Government policy should also acknowledge the growing role of the private sector in health to more proactively include it in health agendas. Only then can the benefits from private healthcare be maximised. Regulation is an important part of this, as is effective mapping of the private sector through improved data collection methodologies. Finally, health policy research needs to be encouraged in South Asia to promote informed decision-making and to identify areas of data deficits—a major hindrance to health analysis in the area.

Looking back 30 years, collectively the region's health status has improved, health infrastructure is stronger and financing capacity is deeper. However the period was one of lost opportunities, especially for those in the most need. Future success in South Asia will rely on the extent to which the region can learn from its past mistakes and the value it places on effective governance in making universal health coverage a reality. This means building health systems that are inclusive of the marginalised, that enable communities and encourage local participation. Success tomorrow will rely on prioritising healthcare services today, investing in prevention rather than in cure. It will rely on creating cultures of empowerment, where future generations are more aware and where health decisions are better informed. But most importantly it will rely on finally narrowing the gap between the urban and the rural, the illiterate and the educated, and the rich and the poor.

Future success in South Asia will rely on the extent to which the region can learn from its past mistakes and the value it places on effective governance in making universal health coverage a reality

Women in South Asia

Malala Yousafzai became the face of girls' education in Pakistan and the youngest Nobel Peace Prize holder. While 'Saving Face', Sharmeen Obaid Chinnoy brought an Oscar home. Asma Jehangir, human rights activist and lawyer from Pakistan, won the Right to Livelihood Honorary Award, also known as the Alternate Nobel Prize. The joyous faces of female space scientists at the Indian Space Research Organisation were splashed across newspapers as India entered Mars' orbit in October 2014. Through microfinance, women entrepreneurs in Bangladesh have not only created for themselves a new identity, but have also contributed to overall poverty reduction in Bangladesh. A testament to this is the fact that in just 10 years, the percentage of people living below the national poverty line has been reduced to one-third of the population. The World Bank estimated that in 1996, one in two people lived below the national poverty line in Bangladesh, whereas by 2010, this had improved to one in three people.¹

As in Bangladesh, small loans have benefitted women from the Scheduled Castes in Nepal. But it is the Female Community Health Volunteers (FCHVs) programme that has been more successful, reducing maternal mortality ratio in 1990 from 790 deaths per 100,000 live births to 220 in 2010.² In Sri Lanka, Women Human Rights Defenders (WHRDs) are forcing their way, against all odds, to make heard the voices of countless citizens against post-war atrocities, murders and disappearances. Sandhya Eknaligoda, whose husband—a journalist and cartoonist—disappeared in January 2010, is one such WHRD. She has become a symbol of courage for the hundreds of women awaiting justice for their lost or disappeared loved ones.³

Between 1980 and 2010, women in South Asia have come a long way: they have found a voice. From silently bearing neglect and abuse, they are now striving to protect their own kind from such atrocities. Moreover, the region has become renowned for its vibrant and ever-strengthening civil society. Mistreatment of a single girl triggers unprecedented social mobilisation, with women as vanguards of such movements. More girls are going to schools, less women die while giving birth, the number of seats for women in political and administrative institutions has increased, discriminatory laws have been amended and women entrepreneurs continue to surprise a patriarchal South Asia in particular, and the world in general.

And yet, there are harsh realities that cannot and must not be ignored. A girl student was brutally gang-raped on a bus in Delhi in 2012. She later succumbed to death. Girls between the ages of 13 and 15 years continue to be wed off to men twice their age in Nepal. These girls become grandmothers before they reach the age of 35 years. Laws on inheritance and sexual harassment have been amended in Pakistan, but women fail to feel fully liberated or protected as the laws remain “*unknown, unaccepted and unimplemented.*”⁴ Women in Bangladesh have continued to face dowry deaths more frequently over the years. And while Sri Lanka has left all her South Asian neighbours behind in terms of human development, women still await a more substantial role in politics through popular election and representation.

These contrasting realities of South Asia make it both the most promising region and the least gender sensitised. This chapter will provide a review of the progress made in the socio-political, eco-

The contrasting realities of South Asia make it both the most promising region and the least gender sensitised

conomic and legal empowerment of women. An attempt will be made to highlight areas where the five countries of South Asia lag and need to step up their efforts. In order to ascertain if the benefits of economic growth in South Asia have reached women, we will assess if economic growth has been inclusive of women. Claims about promoting gender equity and empowerment, in not just economic but social, political and institutional spheres will be evaluated in order to understand what more needs to be done.

Before these questions are addressed, a look at the overall change in women's status in South Asia is imperative. Table 7.1 presents data on key regional gender development indicators.

The Human Development Index (HDI) takes into account average values in health (life expectancy at birth), education (mean years of schooling) and gross national income per capita, and ranks countries accordingly. Gender-related Development Index (GDI), on the other hand, measures gender parity in health (life expectancy at birth), education (expected mean years of schooling for boys and girls) and command over economic resources (male and female share of earned income). An alternative index for measuring gender inequities in terms of their political, institutional and economic share in development is the Gender Inequality Index (GII).

Sri Lanka leads overall human

development, with a level of 'high human development' in 2013. India and Bangladesh—with a ranking of 135 and 142 respectively—fall in the category of 'medium human development'. Nepal stands at 145, while Pakistan (lowest among her regional counterparts) is at 146 out of 187 countries. Both have been categorised as countries with 'low human development'. Pakistan has the lowest GDI and GII ranking in South Asia, at 145 and 127 respectively, although India is performing equally poorly with respect to gender equality (GII). India, Bangladesh and Nepal do much better than Pakistan and have been ranked 132, 107 and 102 respectively, while Sri Lanka at 66 has the highest levels of gender parity (GDI). Going by these rankings, all South Asian countries except Sri Lanka need to step up their game. Pakistan, in particular, needs to work hard to achieve sustainable growth in human and gender development.

All five countries have shown overall improvement in education and health, except for child sex ratios, measured in terms of the number of boys per 100 girls. For each country the number of girls is lower than that of boys. Women's labour force participation rate has improved in the cases of Nepal and Pakistan, but worsened in Sri Lanka, India and Bangladesh. And while female political representation has increased in all countries, the situation in Sri Lanka remains the same.

Table 7.1 South Asia: Women at a glance

	HDI ^b	GDI ^c	GII ^d	Adult literacy rate		Female life expectancy		Maternal mortality ratio		Child sex ratio		Labour force participation rate		% seats in the parliament	
	(rank)	(rank)	(rank)	(female as a % of male)		(years)		(per 100,000 births)		(males per 100 females)		(female as a % of male)		(female as a % total)	
	2013	2013	2013	1981	2011	1980	2010	1990	2010	1990	2012	1990	2010	1990	2010
India	135	132	127	47	68 ^e	55	67	560	220	107	111	42	36	5	11
Pakistan	146	145	127	42	63	58	67	400	190	106	108	16	29	10	22
Bangladesh	142	107	115	45	88 ^f	54	70	550	200	104	105	69	69	10	19
Nepal	145	102	98	29	66	48	68	790	220	104	108	90	93	6	33
Sri Lanka	73	66	75	90	97 ^g	70	77	49	32	104	103	48	47	5	5
South Asia ^a	...	...	...	46	64	55	67	546	217	106	110	43	39	6	13

Notes: a: Value is the weighted average of eight countries of South Asia. b: HDI means Human Development Index. c: GDI is Gender-related Development Index. d: GII shows Gender Inequality Index. e: Data refer to 2006. f: Data refer to 2012. g: Data refer to 2010.

Sources: UNDP 2015, UIS 2015, World Bank 2015g and MHHDC 2015, *Human Development Indicators for South Asia*.

Women's capability enhancement: Determinants and barriers

In 2010, South Asia had a total population of 1.61 billion, with women accounting for 48.4 per cent of the total.⁵ Over the years, South Asia has been taking strides towards the development of the region, as may be gauged by its contribution to the global economy. While it is important to look at how economic growth in South Asia has impacted women, it is equally important to see how women have contributed to this growth. For this, there is a need to assess changes in women's status over the years, not just economically, but socially and institutionally as well. Challenges have been simultaneously highlighted to better understand the contrasting realities South Asian women are faced with.

Access to education and health

Access to education

It is an accepted fact that the ability to read, write and count has the power to change lives. It gives freedom to understand and communicate with the world.

Education and technical skills are the key to economic growth, political empowerment, improved legal and human rights, and better health. This may be seen in the cases of more economically and socially developed Asian countries like Japan, South Korea, China, Taiwan and Singapore that have focussed on achieving gender parity in basic education and skills development. Japan, it has been reported, spent as much as 43 per cent of its local budget on education between 1906 and 1911, as a result of which by 1910, almost the entire population of Japan was literate and by 1913, the country was publishing more books than the more developed countries like Britain and America.⁶

More importantly, educated women have more decision-making power and can help reduce inequalities within their households and in society (see box 7.1). The 2000 Report on *Human Development in South Asia* has equated more education for women to higher economic and social returns.⁷ Studies across the world have proved how women's education accelerated human development. In Nigeria, for instance, it was found that education of women was the single most important

Box 7.1 Empowerment through education: Malala Yousafzai and Saman Dias

Malala Yousafzai first came to the world's attention through a diary she wrote for the website of the British Broadcasting Corporation (BBC), at the age of 13 years. Her columns resonated with people in her desire to attend school without any threat of violence or girls being barred from going to school. She was shot on board her school van in October 2012, a murder attempt she survived.

Nothing could stop this brave girl and she re-joined school in the UK. Malala soon after launched a full-fledged campaign to support girls' education in Pakistan and other oppressed countries. The money from her foundation, the Malala Fund, went to girls' schools ranging from Pakistan, Palestine and Jordan to Nigeria and Kenya. Yousafzai was nominated for a Nobel Prize consecutively in 2013 and

2014, and in 2014 she became the youngest Nobel laureate in the world, at the age of 17 years.

Saman Dias was a computer software student and trainer who became a world renowned entrepreneur. She is truly a success story for women's education and economic empowerment. She started off as a part-time computer trainer in the 1980s in her hometown and by 1992 was able to set-up her own computer training company, Aim Computer Training, in America. She remained Chief Executive Officer (CEO) of her company until its acquisition in 2004. Post-2006, she has helped several information technology (IT) and software companies around the world in setting up their business and now holds board positions with many start-up companies.

Through the knowledge and computer training she received, Saman was able to impress many. She was the only woman among the four people hand-picked by her company's CEO to help set up a company in the US.

Saman, from the start of her career, was an entrepreneur and today uses her experience of over 20 years to help up-and-coming entrepreneurs navigate their way to success. She leads the Entrepreneurs and Small Businesses Coalition for Carly for California, and is also an advisor for Astia, a global not-for-profit organisation, whose mission is to foster full participation of women in entrepreneurship, innovation and economic growth. She has been referred to as the 'embodiment of entrepreneurial spirit', both at home and abroad.

Sources: Davies and Imtiaz 2014, Malala Fund 2014, NCWIT 2014 and Olson 2010.

socio-economic indicator in reducing child mortality, through usage of better healthcare facilities and nutritional practices.⁸ Educated women are less likely to succumb to pressure for son-preference or child labour and are more politically aware, participating in decision-making and public life as was seen in Kenya.⁹ Indeed, their contribution in politics has been a factor in reducing corruption and improving governance in India.¹⁰ Education of women is therefore inevitable if true human development is to be achieved.

'Education for all': Adult literacy

All South Asian countries have witnessed an upward trend, although there are some key facts that cannot be overlooked. India, despite being economically stronger

than Bangladesh, has still not been able to match Bangladesh in advancing education. Nonetheless, the Integrated Child Development Scheme, working since 1975, and the Mid-day Meals Scheme initiated in 2001 in India, have led to an improvement in children's health and enrolment rates across the country with Tamil Nadu, Himachal Pradesh and Chhattisgarh taking the lead.¹¹ Nepal, a country faring worse than all other comparator countries economically, has been able to catch up with India faster than Pakistan, which remains a laggard (table 7.2). This is due to, in large part, Mass Literacy Campaigns initiated by the Government of Nepal in 1992 to raise literacy up to 94 per cent in some districts. Efforts have been directed towards the development of both formal and non-formal education to ensure 'education for all'

Both Pakistan and Nepal have been declared 'off track'¹² in global *Human Development Reports* in overcoming the challenges of illiteracy and gender disparity in literacy. Not only have their adult literacy rates been low, but they have also failed to reduce male-female literacy gaps over the period of study (figure 7.1).

Universal primary education: Net enrolment rate

All five South Asian countries have shown remarkable performance in enrolling the maximum number of children aged 5-10 years in schools, keeping up with their commitment to the 2015 Millennium Development Goals (MDGs). Talking specifically of female enrolment, Sri Lanka and Bangladesh have taken the lead with the percentage for girls' primary net enrolment rate (NER) exceeding that of boys.

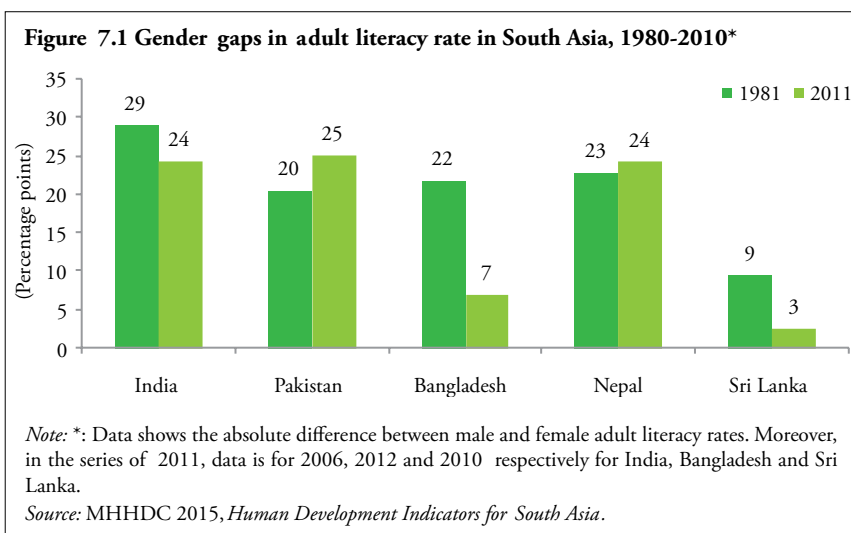
While Sri Lanka has been consistent in educating more boys and girls, it is Bangladesh that has come forth as a clear leader in improving literacy levels with an effective public-private partnership policy. For instance, primary level public schools under Bangladesh Rural Advancement Committee (BRAC) have out-numbered

Table 7.2 Adult literacy rates (age 15+), 1981-2011

	1981		2011	
	Male	Female as a % of male	Male	Female as a % of male
India	55	47	75 ^a	68 ^a
Pakistan	35	42	67	60
Bangladesh	40	45	62 ^b	88 ^b
Nepal	32	29	71	66
Sri Lanka	91	90	93 ^c	97 ^c

Notes: a: Data refer to 2006. b: Data refer to 2012. c: Data refer to 2010.

Source: MHHDC 2015, *Human Development Indicators for South Asia*.



government schools across the country by providing affordable education without compromising on quality. BRAC schools have also out-performed government public schools (GPSs) both in attendance and standard of comprehension. Attendance rates for the rural GPSs stood at 55 per cent for girls. It was also observed that in BRAC schools where special attention was paid to girls' education and attendance, their learning and comprehension was not only better than that of boys in these schools, but of all students in GPSs. To put this into perspective, girls' overall performance in GPSs in 1999 was rated a little above 20 per cent closely behind that of boys. The same percentages for BRAC schools were reported as high as 75 per cent for girls and around 65 per cent for boys.¹³

Pakistan is still a laggard in primary NERs, despite constant improvements (table 7.3). This failure is even more pronounced when seen from the perspective of gender. In comparison, India, Nepal, Bangladesh and Sri Lanka have reduced gender gaps considerably.

Nevertheless, steps to correct these gaps have been taken in Pakistan. In its least developed Balochistan province, the provincial government using United States Agency for International Development (USAID) and World Bank financial assistance initiated a girls' education project in 1991. The project was discontinued in 1998, but not before it brought about revolutionary changes to primary education among girls in Balochistan. Under the project, 1,800 girls' primary schools were established and within a span of five years, female primary enrolment reached 200,000 from 8,400. More than 3,000 local literate women became community-supported government school teachers. The experience led to the creation of a non-governmental organisation (NGO)—Society for Community Support of Primary Education Balochistan—as well as other smaller village and community-based education committees for mobilising parents

Table 7.3 Primary school net enrolment rate, 2000-10

	Female as a % of male	
	2000	2010
India	84	99 ^c
Pakistan	68 ^a	85
Bangladesh	106 ^b	104
Nepal	81	99 ^d
Sri Lanka	100 ^a	100

Notes: a: Data refer to 2002. b: Data refer to 2005. c: Data refer to 2008. d: Data refer to 2011

Source: MHHDC 2015, *Human Development Indicators for South Asia*.

as protectors of girls' education in rural areas. The project also highlighted loopholes in earlier policies and the significance of community involvement in overcoming challenges to education.¹⁴ Some other initiatives that have been taken to encourage education of girls in the country include *Parha Likha* (literate) Punjab, a cash stipend for girl students, more educational institutes for girls in conjunction with greater recruitment and training of female teachers.

But the escalation of communal/ethnic violence, terrorism and religious fundamentalism in the country continue to contribute to low levels of female literacy. The conflict-ridden tribal belt and adjoining districts in Khyber Pakhtunkhwa (KPK) are example of how violence and fundamentalism have adversely affected girls' education in Pakistan, a case in point being that of Malala Yousafzai (box 7.1). Attitudes towards sending children to modern education schools are uneasy, particularly in Muslim communities in secular India and Sri Lanka, and conservative communities in Pakistan and Bangladesh.

Female-to-male enrolment ratios: Primary, secondary and tertiary

Gender disparities exist not only at the primary, but higher levels as well. In fact the gap widens at higher education levels. Even at the primary level, NERs may be higher, but completion rates are significantly lower

compared to developed regions. Average female primary completion rates for South Asia rose to 89 per cent in 2010-12 from 42 per cent during 1980-89 (table 7.4). However, rates for the world and selected regions were much higher. Nevertheless, South Asia fared better than Sub-Saharan Africa and the Arab countries, the rates for which were 66 per cent and 86 per cent respectively.

Ratios of female-to-male primary enrolment for individual South Asian countries present an encouraging picture, except for Pakistan, where the rate stood at 85 per cent in 2010-12 (table 7.5). The percentage of girls to boys enrolled at the secondary level for Pakistan was again the lowest at 77 per cent in 2010-12, even less than Nepal, the worst performing country

in the 1980s (26 per cent). At the tertiary level however, Pakistan's position seems stronger than India, Nepal and Bangladesh with a ratio of female-to-male enrolment of 92 per cent in 2010. What is important to note here is that tertiary level education statistics do not indicate an increase in overall female enrolment, but a drop in male enrolment due to factors such as employment soon after completing secondary or intermediate-level education. For girls, tertiary education is considered a culturally and socially acceptable alternative to employment, especially in light of family pressure. But if actual numbers are considered, the tertiary-level female enrolment rate is much lower, as most girls get married or are unable to afford it.

Improved education statistics for South Asia mask the serious challenges girls face. Prevailing attitudes that reflect notions that *“education gives women undesirable ideas”*¹⁵ to *“investing in girls’ education is of no benefit to parents”*¹⁶ and equally troubling questions of a religious, regional and cultural nature have been raised over the education of females, irrespective of age. From a very early age, parents of a girl-child start assessing the pros and cons of educating her, in terms of issues of safety, marriage, necessity/benefit, affordability, etc. They evaluate the ‘opportunity cost’ of educating girls. High poverty incidence in South Asia, discussed at length in earlier chapters, has led people to view female education as costly and unnecessary. Preference is given to educating the son, with the expectation that he will grow up and support the family.

In patriarchal South Asia, the honour of the family lies with the safety of its women and ‘protection of their modesty’ is paramount. This is another reason why parents show reluctance in sending their daughters to schools, especially if the school is located far from home. There is a dearth of trained female teachers and girls’ school in rural areas. Parents would rather have their daughters sit at home and lend a helping hand than study alongside boys or

Table 7.4 Primary completion rate in South Asia, 1980-2012

	1980-89 ^b		2010-12 ^b	
	Male	Female	Male	Female
India	75	50	96	97
Pakistan	...	...	73	60
Bangladesh	35	22	63	70
Nepal	...	...	97	106
Sri Lanka	82	83	99	99
South Asia ^a	63	42	89	89
East Asia and the Pacific	...	...	...	105
Sub-Saharan Africa	...	...	...	66
Arab world	...	...	...	86
European Union	...	...	...	98
World	...	...	...	91

Notes: a: Value is the weighted average of eight countries of South Asia; b: Data refer to most recent year available.

Source: World Bank 2015g.

Table 7.5 Female-to-male gross enrolment ratios at primary, secondary and tertiary levels, 1980-2012

	Primary enrolment		Secondary enrolment		Tertiary enrolment	
	1980-89 ^b	2010-12 ^b	1980-89 ^b	2010-12 ^b	1980-89 ^b	2010-12 ^b
India	67	101	49	93	38	72
Pakistan	50	85	37	77	39	92
Bangladesh	61	107	33	113	17	69
Nepal	41	107	26	97	64	62
Sri Lanka	95	99	110	102	76	186
South Asia ^a	65	100	46	83	37	74

Notes: a: Value is the weighted average of eight countries of South Asia. b: Data refer to most recent year available.

Source: World Bank 2015g.

be taught by a male teacher. Fear of sexual harassment on their way or at school becomes a huge barrier in their education.

Also, educating women, for many, is against the traditional value system under which women do not have any bargaining power. It is believed that if a girl is educated it may affect the balance of power within the household and in society at large. School curricula also reinforce these traditional gender biases in the minds of children. Women are mostly portrayed as meek care-givers at home, and men the breadwinners and decision makers. Children grow up observing, studying and internalising these stereotypes, which eventually become their reality.

Apart from these socio-cultural barriers, institutional ones also play a significant role in lower female enrolment. Even where pro-education initiatives have taken place at the government and community level, educating large numbers of illiterate population is still a challenge. In addition, issues of low budgetary allocations and underutilisation of funds, absenteeism among students and teachers alike, along with poor standards of education and comprehension among children worsen the situation. Aser Centre's surveys in India and Pakistan, BRAC's school-learning reviews in Bangladesh, National and Global *Human Development Reports*, MDG surveys and independent organisations assessing the understanding and comprehension capabilities of school-going children present a dismal picture. School enrolment may have improved, but quality is still questionable. Independent studies in India and Pakistan, for example, have shown that students of grade 4 have reading and maths skills that are below international averages. A study carried out in India reported that only 58 per cent of grades 3 to 5 students could read grade 1 level text. The results were far worse for girls than boys. In many schools, it was observed that instructors deliberately neglected and discouraged girl students from active participation in class for fear of their mothers' reproach.¹⁷ Such

discrepancies in the education system promote gender inequities.

Building capabilities: Technical education and vocational training

In keeping with the United Nation (UN) education for all: goal III to "ensure that the learning needs of all young people and adults are met through equitable access to appropriate learning and life skills programmes", all countries in South Asia have devised a National Plan of Action.¹⁸ Specialisations and training methods may differ for each country, but they all focus chiefly on technical education programmes, including civil, electrical and mechanical engineering, and agriculture; life skills development such as personal hygiene, environmental sanitation, nutrition, diseases, first aid and health services; and vocational training in business studies, office management, handicrafts, services, etc. The aim is to enable the youth to become trainable employees and local entrepreneurs. Promotion of leadership, democratic ways and values, team work, conflict resolution, harmony, and partnerships are also incorporated in this training process. Health education has been stressed, especially in recent years in view of the increasing incidence of HIV/AIDS in South Asia. Besides this, awareness about other contagious diseases and their prevention is also created through life skills programmes.

Despite these provisions, enrolment rates for South Asia are very low, especially for female enrolment. Pakistan is the only country to have shown a marked increase in overall and female enrolments in skills development, followed by Bangladesh and Nepal in recent years. Nonetheless, the rate of increase has been very low.

India witnessed a fall in technical and vocational education and training (TVET) enrolment during the last decade (table 7.6). The percentage of trained workforce as a proportion of total population in India is very low. The low priority given to vocational training, non-coverage

Apart from the socio-cultural barriers, institutional ones also play a significant role in lower female enrolment

Table 7.6 Technical and vocational education and training (TVET) enrolment in South Asia, 2000-10

	TVET enrolment as a % of secondary enrolment		Female as a % of total TVET enrolment	
	2000-03 ^a	2006-10 ^a	2000-03 ^a	2006-10 ^a
India	0.9	0.8	20.4	15.2
Pakistan	1.4	4.0	17.0	39.2
Bangladesh	1.0	3.3	24.8	27.1
Nepal	1.4	0.7	21.1	22.2

Note: a: Data refer to most recent year available.

Sources: UNESCO 2009 and MHHDC 2015, *Human Development Indicators for South Asia*.

of trades in the service sector that hold the greatest employment potential and the lack of social recognition and equivalence of employment are the major factors contributing to the declining enrolment in this sector. This in turn has led to a serious dearth of workforce at the lower levels; for instance, there are more engineers in India than diploma-holder technicians who have higher market demand. These shortcomings are not limited to India, but are symptomatic of the entire region's gap in demand and supply of trained workforce. There is a need to develop curricula that has adequate linkage with industries so that a larger and more competent workforce is produced.

Data for the 1990s compiled by the Department of Census and Statistics, Sri Lanka shows very high percentages of 58 per cent and 41 per cent for female enrolment in vocational training and technical education institutes respectively. It has also been reported that while their numbers remain high in TVET, women are concentrated in traditional feminine activities such as dress-making, handicrafts, personal services, home economics, stenography, etc. Their presence in technical fields remains negligible.¹⁹ Figures for the pre- and post-1990s are unavailable, however a study has reported that the government has paid special emphasis on technical training and life skills development among the youth by making practical and technical skills compulsory subjects from grades 6 to 9.²⁰ Furthermore, science, technology and a practical subject are compulsory for all

students at secondary schools, while at the post-secondary level, courses offer specialisation in students' chosen field of interest.

Nepal initiated a similar strategy for promoting technical and vocational training during the 1950s. However, the approach kept changing with time. Between the 1950s and the 1970s, students at the pre-secondary and secondary level were given technical education and vocational training. During the 1980s, the practice was curtailed, only to be reintroduced in 2000 but it was minimised to 14 per cent of the total curriculum.

Low levels of TVET enrolment translate into even lower rates of a technically trained and industrially-skilled workforce. Unavailability of data and requisite information has further constrained attempts to gauge the benefit of such programmes. This is an area that requires both assessment of efforts and formulation of comprehensive strategies to meet the needs of adolescents and youth. Also a majority of TVET institutions suffer from poorly-equipped workshops and laboratories, lack of teaching and training materials, inadequate classrooms and libraries, and absence of qualified teachers. For women, whose enrolment rates are already much lower than men, these constraints have even worse implications.

Access to health

Health and education are inextricably linked, as studies have shown that educated women are better able to keep themselves and their children healthy. Previous reports on *Human Development in South Asia* and *Human Development Reports* have also reported that as female education levels improved, their personal health and hygiene has improved, while decision-making power with regards to healthcare for children, contraceptive use and number of children has strengthened. This section focuses on key health indicators in order to determine the extent to which improvements in the well-being of women have taken place in

South Asia.

The Lady Health Workers/Visitors project in Pakistan, FCHVs in Nepal and the *Janani Suraksha Yojana* in India are some of the initiatives that not only aim to improve maternal and child health, but also raise awareness at the community-level about sanitation. India in 2003 initiated a Universal Health Insurance Scheme to help reimburse the costs of healthcare for low-income groups in an effort to encourage women to seek healthcare in this economic bracket.

In Sri Lanka, the government is faced with post-civil war devastation that is posing huge challenges for re-building infrastructure in the North-Eastern and Southern provinces. Under the Health Master Plan for 2007-16, the Ministry of Health took a holistic approach in these provinces to re-establish formal health services. The objective was to reduce the high incidence of maternal and infant mortality and malnutrition. Likewise it aimed to provide basic health amenities in these areas to improve health indicators for these areas. For instance, Sri Lanka's maternal mortality ratio was recorded at 39 per 100,000 live births in 2005, while for the Northern province of Kilinochchi alone, it was reported at 103 per 100,000 births for the same year.²¹

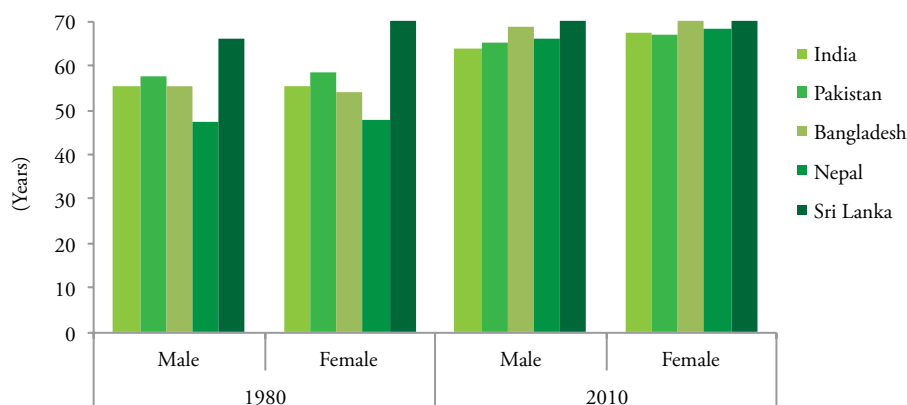
Longevity: Life expectancy at birth

United Nations Development Programme (UNDP) calculates human and gender development indices to measure improved healthcare in terms of average life expectancy of a population. Life expectancy for each of the five countries has been increasing over the years for both male and female populations. Between 1980 and 2010 in South Asia, the average female life expectancy at birth has risen by 12 years as opposed to 9 years for men (see figure 7.2).

When compared with the world, at 66 years, South Asia was only ahead of Sub-Saharan Africa in 2010, and the region still has to catch up with developed countries in East Asia and the Pacific that have an average life expectancy of 75.3 years (table 7.7).

Improved life expectancy is dependent on key areas of healthcare, such as the maternal mortality ratio, child and population sex ratios, and nutritional intake. An improvement in each of these is reflected in the longevity of the population. From the high increase, it is clear that Sri Lanka has been consistent in providing better healthcare to her people—regardless of gender—and hence has a higher life expectancy. Among her comparator countries, Nepal and Bangladesh stand out by adding 20 years to the lives of both their

Figure 7.2 Life expectancy at birth in South Asia by gender, 1980-2010



Source: World Bank 2015 g.

	2010
South Asia ^a	66.0
East Asia and the Pacific	75.3
Sub-Saharan Africa	56.4
World	72.5

Note: a: Value is the weighted average of eight countries of South Asia.

Source: World Bank 2015g.

male and female populations.

Saving more mothers: Maternal mortality ratio

Up until the mid-1990s, almost 500 to 700 women were dying per 100,000 live births every year in South Asia. The rea-

sons were many: births unattended by a skilled mid-wife (*dai*) and the prevalence of early pregnancies (at a young age of 13 or 14 years) to not having taken pre-natal care and poor sanitary conditions. In some cases, women were not able to make it in time to the hospital or nearest health centre (that may be at least an hour away), because she was “*put on a cart drawn by bullocks*”²² further delaying healthcare. In other instances, to induce a quick delivery, a rifle was shot near the woman according to medieval practices, which either resulted in the delivery of a dead child or expiration of the mother.²³

As national and international level interventions took place, women’s health and their access to better healthcare facilities improved. Far less women have died over the past three decades in all of South Asia, with Sri Lanka taking the lead (table 7.8).

Nepal had the highest maternal mortality ratio of 790 in 1990, but is now at par with the rest of South Asia, possessing maternal mortality ratio of 220 deaths in 2010—a rate that has been achieved through the intervention of FCHVs (box 7.2).

	<i>(per 100,000 live births)</i>		
	1990	2000	2010
India	560	370	220
Pakistan	400	280	190
Bangladesh	550	340	200
Nepal	790	430	220
Sri Lanka	49	55	32

Source: MHHDC 2015, *Human Development Indicators for South Asia*.

Box 7.2 Female Community Health Volunteers (FCHVs): Saving and empowering women in Nepal

The Government of Nepal outlawed child-marriages in 1963 and yet well over 700,000 women are still married between the ages of 10 and 14 years—amounting to around 2.7 million between the ages of 15 and 19 years. By the time these women reach the age of 35 years, they have already seen their grandchildren. These women, at very early ages, become vulnerable to physiological and psychological problems such as pregnancy-related complications like uterine prolapse, high infant and maternal mortality, malnutrition of both mother and child, depression, violent marital relations and suicide. The worst hit are women belonging to lower castes.

With the aim of promoting better maternal and child health, sanitation and family planning in the country, the

Ministry of Health, Nepal in 1988 began its FCHVs programme in 27 districts. The programme now has 49,000 FCHVs who cover all 75 districts of Nepal, the majority (97 per cent) of them working in rural areas. Around half of these women are uneducated but with proper training received under the programme, they are respected and heard. The programme also encompasses distant education (through radio programmes) for these health volunteers, to make training and education for them easier and more accessible. With a stipend of just NPR4,000 per year (about \$40), a bicycle and a sign that proclaims they are FCHVs, these women serve their communities.

Apart from visiting every house in their community, these women pro-

vide guidance, medication and support for better health of mothers and children as well as sanitation. They are also helping the government collect important data on households. With the efforts of FCHVs, under-five child mortality rates have dropped from 94 per 100,000 live births in 1993 to 52 per 100,000 in 2011. FCHVs may not have been successful in preventing child-marriages, but with their efforts, a descending trend has been observed for maternal mortality.

This programme is not merely successful in improving healthcare for women and children. It is an example of how, with the right kind of training and knowledge, women can contribute to a country’s human development.

Sources: Mishra 2014, UNDP 2015 and UN Volunteers 2009.

Male to female sex ratio: Child and population sex ratios, infant mortality and nutritional deficiencies

Measured in terms of boys/men per hundred girls/women, child and population sex ratios have been increasing in South Asia. Previous reports on *Human Development in South Asia* have also reported that South Asia is the only region in the world (except China and parts of the Arab world) where men outnumber women, this despite the fact that longevity in the region has improved for both sexes. The situation is the worst in India. Abnormal figures for child sex ratio (table 7.9) are a result of female foeticide or what has been referred to as ‘natality discrimination or sex-specific abortions’ due to the patriarchal mindset that gives preference to sons. However within India, there are contrasting figures, with alarmingly low female-to-male child sex ratios in the North, while the South presents figures at par with international standards.

Four to twelve million sex-selective abortions took place in India between 1980 and 2010 with states like Haryana, Gujarat, Punjab and Maharashtra faring worst.²⁴

Population sex ratios in the region are not very different either, except for Sri Lanka and Nepal, where a special focus on the health of girls and women has resulted in an improvement in the past two decades (table 7.10).

These lost lives have been termed as South Asia’s ‘missing women’ by Amartya Sen, who estimated in 1990 that over a 100 million women have gone missing and stressed the need to address this man-made imbalance. He explained how national policy emphasis on having fewer children has resulted in son-preference among families. Furthermore, technological advances have made it easier for couples to ascertain sex very early on, and abort the foetus if it is female. Female infanticide combined with indifference towards the subsequent health and nutritional intake of girls is another

Table 7.9 Child sex ratio in South Asia, 1990-2012

	<i>(males per 100 females)</i>		
	1990	2000	2012
India	107.7	109.4	111.0
Pakistan	105.8	106.5	108.2
Bangladesh	104.1	104.5	104.6
Nepal	104.8	105.0	108.2
Sri Lanka	103.8	103.9	103.1

Source: UIS 2015.

Table 7.10 Population sex ratio in South Asia, 1990-2012

	<i>(males per 100 females)</i>		
	1990	2000	2012
India	107.7	107.6	107.1
Pakistan	107.6	106.7	105.6
Bangladesh	107.7	106.6	102.6
Nepal	100.7	99.3	94.2
Sri Lanka	102.0	99.5	95.8

Source: UIS 2014.

major cause of this imbalance. Even if they survive the two extremes, women are deprived of the same level of healthcare, nutrition and social services available to men, and resultantly, more women die than men due to disease, hunger and malnutrition.²⁵ UN reports suggest that as high as 60 per cent of the world’s women are chronically hungry and malnourished, with a majority of them residing in South and East Asia and Sub-Saharan Africa.²⁶

Lifecycle of nutritional deficiency

Kumudhini Rosa, effectively summarised the predicament that women face in the region in her 1995 report on *Women of South Asia*, ahead of the Fourth World Conference on Women in Beijing: “It is generally believed that caring for a son is good economics and good politics; whereas caring for a daughter is like watering the neighbour’s garden.”²⁷ The mindset, born and bred at home, has its effects at the community and policy-making levels as well, where indifference to female health and under-utilisation of allocated funds on women result in high mortality and morbidity rates. The

cycle starts even before the birth of a girl child, in the form of sex-selective abortions, as mentioned earlier. It evolves into active and passive infanticide where girls remain under-fed, less looked after and hence are three times more malnourished than boys—a leading cause of their passive death. In other cases, they are (actively) killed, what Justice Leila Seth described as: “*A few were buried or choked with coarse paddy/others were smothered, starved or drowned in a well poisoned with berries of oleander till death.*”²⁸

As this stunted, wasted and underweight girl grows up, she takes on the responsibility of household chores very early on, first at her parents’ house and then at her in-laws due to child marriages. Malnourished mothers give birth to weaker and sicker babies and the cycle begins again. Boys on the other hand, perceived as an asset, are well cared for. Girls and women are the last to eat, their portions the smallest. Malnourishment is also a leading cause of the high incidence of anaemia, where one in two women in

South Asia—pregnant and non-pregnant alike—is afflicted. India has the highest share of 53 per cent anaemic pregnant and 55 per cent anaemic non-pregnant women for 2010. A high incidence of anaemia among South Asian mothers has resulted in an even higher prevalence among children at 58 per cent (table 7.11). Similar trends have been observed for deficiency of vitamin A and iodine among children aged up to 6 years, with India again having the highest proportion, 62 per cent (2009), for vitamin A deficiency and Pakistan having the highest, 64 per cent (2009), for iodine deficiency.²⁹

Similarly, South Asia’s improved yet high maternal mortality ratios are an outcome of the continuing neglect shown towards women’s education and health. As discussed earlier and seen from available data, educated women are better able to look after themselves and their children. Evidence for this may be seen in the case of Pakistan, where the *Pakistan Social and Living Standards Measurement Survey 2011-12* found that mortality rates among infants reduced considerably with increasing level of education amongst mothers (table 7.12). However, due to early marriages and low levels of literacy, women are not aware of the risks and complications involved in pregnancies. A relatively low percentage of women receive pre- and post-natal care, often owing to a delay in *seeking, reaching and receiving* healthcare. In India, for example, only 41 per cent of women received some form of post-natal care between 2005 and 2006, while only 47 per cent of births were attended by skilled health personnel for the same time period.³⁰ Urban-rural disparities across South Asia are also contributing to this delayed healthcare provision to women. While better healthcare facilities are accessible to urban residents, the rural female population is faced with issues of either unavailability or inaccessibility of such facilities. Further constraining their situation is the socio-cultural environment that prevents freedom of movement for women.

Table 7.11 Prevalence of anaemia among mothers and children, 2010

	Prevalence (%)	
	Pregnant women	Children
India	53	60
Pakistan	50	60
Bangladesh	48	56
Nepal	45	52
Sri Lanka	26	35
South Asia ^a	51	58

Note: a: Value is the weighted average of eight countries of South Asia.

Source: World Bank 2015g.

Table 7.12 Infant mortality rate in Pakistan by mother’s education, 2007-09

	Infant mortality rate (per 100,000 live births)
Mother’s education level	
No education	74
Class 1-4	48
Class 5-9	59
Class 10 and more	31
Overall	63

Source: GOP 2013f.

Early marriage and consequently, low awareness about and usage of contraceptives is another factor in poor health condition of women. The average span of childbearing years in South Asia is 30 years, double that of women in developed countries. High fertility rates in developing South Asia worsen women's chances of survival, as every pregnancy is a drain on their health reserves. It has been estimated that every pregnancy takes about 100,000 calories, while lactation about 1,800 calories. If on average a woman in the region gives birth to 6 children, she will have spent 50 to 60 per cent of her reproductive life in pregnancy and lactation.³¹

Inadequate nutrition, early marriage, high fertility rates and sex-specific abortions have immediate as well as long-term physical and psychological consequences for women and their children.

Employment and asset ownership of women in South Asia

Access to economic resources

Restrictions on female education, employment and mobility are a major cause of low labour force participation rate in the Asia-Pacific region, more so, in patriarchal South Asia. Evidence from within and outside the region suggests that closing gender gaps in employment can give a significant boost to GDP.

Nearly 70 per cent of women in South Asia are employed in agriculture, yet they have limited access to cultivable land and agricultural resources. If provided, it could improve agricultural production significantly thereby reducing poverty and hunger levels.

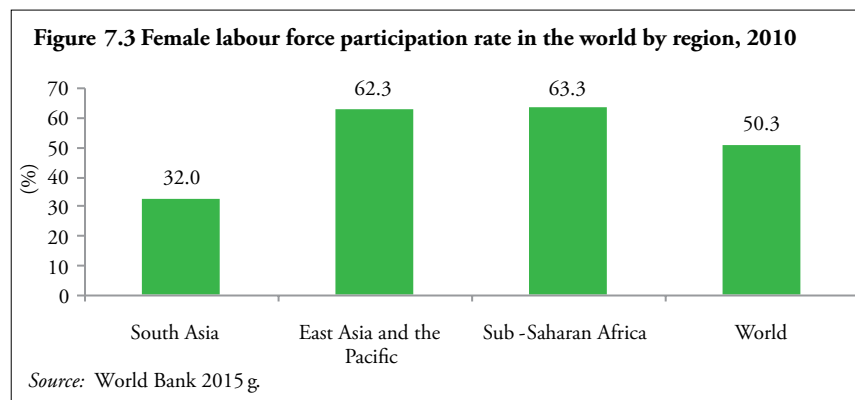
Apart from limited access to resources, women continue to be employed in poor labour conditions on low wages. These shortcomings adversely affect their bargaining power, even if they are the sole breadwinners or decision makers of the household. Sri Lanka's example may hold the key to improving women's socio-economic

status, where education has given them greater access to better employment opportunities and reduced gender inequalities of income.

The efforts of micro-credit institutions in Bangladesh are proof of how women can help boost economic outcomes for a country. Pakistan introduced a new Labour Policy in 2002 after a gap of 30 years, emphasising social security. It provided for a social insurance scheme for the elderly, health benefits for formal and informal workers and regulation for contract employees, giving hope to women employed in informal sector.

Employment for women in South Asia: Labour force participation rate

As in the education and health sectors, South Asia's employment trends over the period of study have also been mixed, presenting an incomplete picture of women's economic empowerment in the region. There has been an overall decrease of four percentage points in female labour force participation rate in South Asia. Regional average female labour force participation rate was well below international standards (figure 7.3). Individual country figures show that except for Pakistan, the labour force participation rate for India, Bangladesh and Sri Lanka has declined, with the former two experiencing a considerable fall (table 7.13). An overall decreasing trend may be seen for male labour force participation rate as well. In terms of closing the gender gap in labour force participation



	(%)					
	Male		Female		Female as a % of male	
	1990	2010	1990	2010	1990	2010
India	87	83	37	30	42	36
Pakistan	87	86	14	25	16	29
Bangladesh	90	87	63	60	69	69
Nepal	92	89	83	83	90	93
Sri Lanka	82	81	39	38	48	47
South Asia ^a	85	82	36	32	43	39

Note: a: Value is the weighted average of eight countries of South Asia.

Source: World Bank 2015g.

rate, Pakistan stands out with a decadal decrease of 6.5 percentage points from 1990 to 2010, followed by Nepal. Nevertheless, in absolute terms, women constitute the smallest number in the national labour force in Pakistan compared to the rest of the region. The gender gap for India, Sri Lanka and Bangladesh shows a fluctuating trend for the same time period. What these statistics fail to encompass is that within each country, there are instances of women's enhanced role in the overall economy.

Studies suggest that a decrease in South Asia's labour force participation rate has occurred due to significant (skilled, semi-skilled and unskilled) migration to countries in the Middle East, Europe and East Asia and the Pacific for better employment opportunities. World Bank estimates suggest that in 2009, around 1.6 per cent of the region's population emigrated, with the most favoured destination being the Middle East, followed by South East Asia. Among these, the highest percentage of international immigrants was from Sri Lanka at 29.7 per cent. In contrast, Bangladesh and India saw a sudden increase in their labour force migration rate in just one year. Between 2006 and 2007, the number of workers that emigrated grew by over 450,000 from Bangladesh alone.³²

Despite the decreased female labour force participation rate and increased migration trends in Bangladesh, women's contribution to overall economic growth has been exemplary. Contributions of women entrepreneurs in Bangladesh

through microfinance have reduced the overall poverty levels in the country. Between 2000 and 2010, the percentage of people living below the national poverty line reduced from half to one-third of the population.³³ Apart from women entrepreneurs, female workforce in the RMG sector too has raised Bangladesh's international exports ranking. By 2011, the country accounted for 4.8 per cent of global apparel exports, compared to only 0.6 per cent in 1990 (box 7.3).³⁴

Sector-wise employment distribution

AGRICULTURE: Trends in sector-wise employment between 1980 and 1999 show a large majority of the female labour force in each of the five South Asian countries employed in agriculture, with Nepal having the highest percentage of women at 91 per cent in 1991-99. A decreasing agricultural employment trend has been observed for both men and women during this time period. In the case of Sri Lanka, less than half of the female labour force was employed in agriculture, but it was still higher than that of men. On the contrary, a greater proportion of women in Sri Lanka were employed in the industrial sector, while the proportion of women in the service sector was similar in all five countries, with Bangladesh taking the lead at 33.7 per cent during 1991-99, followed by Sri Lanka and Pakistan at 27 per cent and 23 per cent respectively (table 7.14).

As discussed above, migration has been a major contributing factor to decreasing labour force participation rate in South Asia. In the agricultural sector, based mostly in the rural areas, the outflow of larger proportions of the male labour force has led to growing feminisation of agriculture. This has also contributed to more women assuming the role of household head in absence of a dominant male figure, a trend that will be discussed later in this section.

A higher percentage of women in agricultural employment also points

Box 7.3 Female entrepreneurship and skilled industrial workforce in Bangladesh

Microfinance: Women's empowerment through entrepreneurship

Women's contribution to poverty reduction in Bangladesh has been the outcome of leveraging their capabilities through microfinance and entrepreneurship. The four main microfinance institutions (MFIs) providing services in the country including the Grameen Bank and BRAC, have targeted the ultra-poor by giving them micro loans to start small-scale businesses, thereby providing them with a constant source of income. The highest percentage of borrowers are women (at 92 per cent), of whom 90 per cent are rural residents. Despite the criticism of micro-credit schemes, Bangladesh's experience shows a remarkable improvement both in women's economic empowerment and bargaining-power at home and in the market. Of particular significance is control over and use of earned income by women entrepreneurs, reduction in domestic violence and improvement in their children's well-being (vis-à-vis educational attainment, health

and nutrition). Studies by BRAC and the Grameen Bank have shown that their borrowers were 33 per cent less likely to be abused at home than non-borrowers. World Bank's reports also cited evidence of building confidence in discussing family planning with spouses, enhanced voice in household decision-making and increased freedom of movement. Coupled with this empowerment is women's improved access to mass media as well as information and communications technology (ICT) that has increased their political and social awareness.

Women in ready-made garments (RMG) sector: Vanguard of national economic growth

Besides these female entrepreneurs, Bangladesh's female industrial workforce has been the harbinger of a steady growth of the industrial sector in the past two decades. Their contribution has increased Bangladesh's share in global apparel exports to 4.8 per cent in 2011. Within the

country, the share of RMG exports soared from 39 per cent in 1989 to 77 per cent in 2011. These improvements have allowed Bangladesh to integrate with the international manufacturing sector, so much so that the country is now one of major RMG exporters in the world.

More importantly, around 80 per cent of workers in the RMG sector are women. These female workers, however, face greater discrimination with respect to earnings, job security and mobility, working conditions, designation and decision-making; disadvantages that increase women's vulnerability at work. Recent industrial accidents in Dhaka have highlighted the hazardous conditions in which these women have been working. The factory fire in November 2012 and the building collapse in April 2013 resulted in the loss of 1,200 lives, of whom more than three quarters were women. Considering the role they have played in strengthening the RMG sector in Bangladesh, it is only fair to remunerate the female workforce accordingly.

Sources: Chowdhury 2011, ILO 2013b, Nazneen *et al.* 2011 and GOB 2005b.

towards the critical role they play in this sector.³⁵ Women take up responsibilities as agricultural labourers, managers of homesteads and livestock. In some cases as land owners, they undertake crop responsibilities that may include sowing, transplanting, weeding, harvesting and post-harvesting operations. Despite their overrepresentation in the labour force, women remain invisible and their work unaccounted for.

Most women perform these duties as family helpers and remain unpaid, but even wage earners or hired female workers receive meagre income in comparison with their male counterparts. In 2003, a study estimated that women were likely to receive half or more than half the sum male labourers were getting for the same amount of work. United Nations Development Fund for Women (UNIFEM) corroborates these figures and estimates the female-to-

Table 7.14 Sector-wise employment in South Asia (age 10+)

		1980-1990 ^a			1991-99 ^a			(%)
		Agriculture	Industry	Services	Agriculture	Industry	Services	
India	Male	63	15	22	58	17	26	
	Female	83	9	8	78	11	11	
	F/M ^b	131	61	37	135	67	44	
Pakistan	Male	48	21	31	41	20	39	
	Female	72	14	14	66	11	23	
	F/M	149	68	44	163	52	59	
Bangladesh	Male	54	16	26	54	11	34	
	Female	85	9	2	78	8	11	
	F/M	157	56	8	143	70	33	
Nepal	Male	91	1	8	75	4	21	
	Female	98	0	2	91	1	8	
	F/M	108	13	23	121	36	38	
Sri Lanka	Male	37	19	38	38	23	37	
	Female	43	22	32	49	22	27	
	F/M	116	117	82	129	98	74	

Notes: a: Data refer to most recent year available. b: F/M means female as a percentage of male.
Source: MHHDC 2004.

male wage difference falls between 40 and 60 per cent.³⁶ Gender gaps in estimated earned income have been decreasing, but they are still significantly high (tables 7.15 and 7.16).

These differentials are not limited to the agricultural sector, but are typical of the overall economy. Previous reports on *Human Development in South Asia* have not only highlighted this grave disparity, but also stressed the need for 'equal remuneration for equal work', an important policy imperative of the Beijing Platform for Action 1995, to which these five countries are signatories.

INDUSTRY: In the industrial sector, women face similar discrimination. Studies in developing South Asia highlight the exploitation women face in the industrial sector, despite greater numbers of women being hired since the 1960s. The assumption is that women are less unionised and less likely to demand better wages and improved working conditions. A large number of women labourers (semi- or unskilled) have thus been sought by export-oriented industrial employers, providing new job opportunities for women. However, substandard labour conditions and low wages in these industries have not only led to serious on-site accidents and loss of life, but increasing poverty levels, espe-

cially among female-headed households (FHHs). Women are at a further disadvantage in light of technology advancements, market competitiveness, and the reorientation of the industrial sector due to their low levels of education, technical skill and mobility. This gives employers an excuse to pay them low wages for a greater amount of work.³⁷

SERVICES: Until recently, the service sector offered limited options to women. Semi- or unskilled women faced discrimination in finding better jobs and had few options centred on gendered jobs, like cleaning and catering services, entertainment and care-giving. However with the ever-expanding service sector and outsourcing in recent decades, better employment opportunities have opened up both in modern (ICT) and traditional services (transport, beauty industry, education, health, restaurants, hotels, tourism, banking and auditing), with the latter becoming increasingly ICT-intensive of late.

There is evidence that growth in the service sector is better at poverty reduction than agriculture, as it is coupled with improved life skills. In the case of India, states like Andhra Pradesh, Kerala (box 7.4) and Tamil Nadu witnessed a significant decline in urban poverty between 1990 and 2005, with a corresponding increase in the service sector employment and annual income share.³⁸ These are the same states that have performed well above all other Indian states in reducing gender disparity in education, health and employment. These growth patterns also emphasise the need for more skilled female personnel, if employment and income expansion is to continue in the same manner.

Women in the informal sector

Informal employment comprises all informal jobs in enterprises or households. The jobs are also referred to as 'vulnerable employment' owing to the lack of job security and benefits and the absence of gov-

Table 7.15 Estimated ratio of female-to-male earned income, 2004-06

	2004	2006
Pakistan	0.33	0.29
Bangladesh	0.56	0.46
Nepal	0.50	0.50
Sri Lanka	0.57	0.42

Source: ISST and UNIFEM 2007.

Table 7.16 Estimated ratio of female-to-male earned income in India, 2000-05^a

	2000	2005
Urban	0.83	0.75
Rural	0.89	0.59

Note: a: Regular workers only.

Source: ISST and UNIFEM 2007.

Box 7.4 Kerala: A model state for equality

Kerala is a small territory of around 15,000 square kilometres in the south-west of India and has a population of approximately 32 million. It has the lowest gross domestic product (GDP) among all Indian states, and its single most important source of income are remittances from migrants in the Persian Gulf. Despite the lowest GDP, Kerala ranks highest in India on Gender-related Development Index (GDI). In 2001, Kerala's women were living longer than the rest of the country by an average of nine years, with a life expectancy of 72 years. Their longevity is attrib-

uted to being highly health-conscious and having practiced *ayurvedic* (herbal) medicine for centuries. The state is a leader in primary healthcare provision in the country. Besides these achievements, Kerala's strength has been the service sector (particularly tourism, information technology, banking and financial services). Indeed, Kerala contributed the largest share (50.5 per cent) to national income in 2000. The expansion of the service sector led to an overall improvement in employment rates and in 2008, Kerala's employment generation was estimated at 67 per cent of the

total. The rates were more pronounced for female workers, where between 2005 and 2010 an increase of four and six percentage points was observed in female rural and urban regular employment respectively.

These favourable trends in employment however mask the potent threats the burgeoning workforce faces. The service sector may have benefitted Kerala's economy, but post-2005, stagnation has been observed putting a large number of young educated and trained work-force at risk.

Sources: Meyer and Brysac 2011, IDC, Kerala 2008, Ajayan 2007, Devi 2007 and Ramakumar 2011.

ernment regularisation. In spite of these demerits, the informal sector is important because it is a growing part of local and national economies, and it contributes significantly to employment. Nonetheless, reliable data on informal sector employment is very difficult to collect because these workers (mostly women) remain invisible and excluded from surveys because of a gender bias against enumerating their work share.

In South Asia, women in Bangladesh accounted for 87.7 per cent of informal sector employment, the highest in the region, followed by India at 83.0 per cent, and 78.4 per cent in Pakistan in 2010.³⁹ Further sub-divisions of the sector present a bleak picture. Women comprise well over 70 per cent of unpaid employment as 'contributing family workers' and 'own-account workers' (table 7.17) in each country. The former are workers who help another family member in a family business or farm, while the latter are self-employed in their own business, mostly in non-agricultural activities such as home-based manufacturing, employing a maximum of 10 workers.

Such activities constitute longer working hours and little to no earnings for women. Informal sector employees face exploitation in the form of low wages, arbitrary contracts, substandard labour conditions, and may be undeclared workers (as in the case of brick kiln workers in Pakistan

Table 7.17 Employment status of women in South Asia

	(%)		
	Contributing family workers	Own-account workers	Employees
India	42	47	10
Pakistan	55	16	29
Bangladesh	60	26	12

Source: ILO 2013b.

that remain unregistered with both the national database and local contractors).

The preponderance of women in urban, insecure, low-paying informal sector jobs is considered evidence of the 'feminisation of poverty'—a concept debated since the 1970s, implying a higher incidence of poverty and its severity among women (out of every 10 poor people in the world, 6 are women).⁴⁰ However, in view of the diversity in the informal sector, piecing an exact picture to explain the rise in female employment has been difficult. Furthermore, the standard income expenditure and consumption data provide little insight into the complexity of multi-faceted gender-related inequalities. Surmounting these shortcomings requires evidence on women's vulnerability at different levels. Wage differential, for example, is one characteristic that is often quoted to measure vulnerability. Two-thirds of the world's working hours are put in by women and yet they receive half or even less of what men earn.⁴¹ The gap is even larger for

Women either do not have the skills to find an adequately paying job or lack the confidence to leave the house due to patriarchal norms

the informal sector.⁴² Other indicators to measure female vulnerability include women's health, their ownership of and access to resources and the feminisation of poverty, elaborated in the following section.

Female asset ownership in South Asia

Rising poverty levels, fewer job opportunities and declining per capita resources in an increasingly populous South Asia have forced many to migrate to places other than their hometowns in search of better earnings. Migration, be it within-country or abroad, takes away the breadwinner (mostly male), leaving the family in the care of a female (wife or mother) to fend for themselves. Also, abandonment is becoming more common, where men leave their families if they are unable to feed them. Similarly, women face this fate if the male head passes away. For whatever reason, the responsibility of the entire household falls to women, and they either do not have the skills to find an adequately paying job or lack the confidence to leave the house due to patriarchal norms.

Data on female headship is sparse both at national and regional levels, but there is evidence of increasing FHHs. In view of the limitations of relevant data, an analysis of available indicators has been presented for each of the five countries. The focus is to show how women have fared in terms of asset ownership and decision-making in these countries over the period of study. One argument is that headship status may be seen as an added burden to women's share of household responsibilities. The other is that it gives them more power over income expenditure, intra-household decision-making and an expanded role in the employment sector, thereby empowering them. What remains a disadvantage for women in general is their limited access to land and property, and an inadequate implementation of inheritance laws has further compounded this situation.

This facet of feminisation of

poverty implies that with an increase in FHHs, poverty levels among women have also risen. Although, quantifying the well-being of FHHs is complex due to the heterogeneity of the concept (for it may include economically sound female heads also), it has generally been argued that the well-being and poverty levels of women are inversely related.⁴³ Studies on South Asia in particular suggest that with rising household poverty, women's well-being reduces as gender inequalities intensify, and women become economically and socially poor.⁴⁴ For instance, not only do women continue to face the challenges of inadequate health, education, employment and income, but also bear the 'triple burden of child-bearing, child-rearing and domestic unpaid labour'. Adding to it is the burden of cultural and social norms which complete the 'face' of women's poverty.⁴⁵

Inflation rates have also been cited as indirectly contributing to the feminisation of poverty. A decrease in inflation was observed between 1995 and 2000 in South Asia.⁴⁶ Post-2000, however, inflation rates have been on the rise, putting severe pressure on low-income earning households in general, and FHHs in particular, on account of their already meagre wages. Similarly, despite the feminisation of agriculture in South Asia—almost 70 per cent of women are employed in agriculture—Agarwal suggests that *"a likely 85 per cent of women from landed households are landless, if we extrapolate from small surveys."*⁴⁷

Data acquired from the Household Integrated Economic Surveys, Census documents and Demographic Health Surveys of the five countries indicated an increase in the proportion of FHHs in India, Nepal and Sri Lanka, especially the latter two, at 27 per cent and 22 per cent, respectively in 2011. A decline in FHHs was recorded between 2000 and 2012 for both Pakistan and Bangladesh (table 7.18). It is pertinent to mention here that a decrease in the number of FHHs may have been the result of sons or other male family members assuming the position of

household head as they grow up, pushing women back to subordinate roles.⁴⁸ Also, it is widely believed that the actual number of FHHs may be considerably higher than the reported ones. One reason for this may be an underestimation on the part of enumerators, who are unlikely to count women as household heads.⁴⁹

Trends in migration, discussed earlier in this section, have played a part in increasing female headship in rural areas. This is especially true for India (figure 7.4) and Bangladesh, where more rural women have been reported as household heads than urban ones. In rural India, the proportion of FHHs may be less than 10 per cent, but their share in household income-earnings has strengthened. Studies conducted in both rural and urban localities for the period between 1980 and 2003 indicate that women's participation as a family earner is equally important in male-headed household (MHH) as in FHHs. Moreover, female heads are more likely to spend earned income on child education and health, thereby improving their families' earning capability in the longer run.⁵⁰

A total of 17 per cent of rural FHHs were reported for Bangladesh in 2012, with a majority located in the Chittagong and Barisal divisions (table 7.19). Rural female household heads in Bangladesh have been largely categorised as widowed or married women (wives of migrants), and have varied socio-economic conditions, including income, asset ownership and child well-being. Abandonment by male head has also forced many Bangladeshi women to fend for themselves. While children of widowed household heads were more likely to work outside their homes during their studies, children of married/abandoned women are more likely to be in schools and less likely to work outside their homes.⁵¹ From the data, it may be seen that even though Chittagong had the highest percentage of FHHs in 2012, it lagged behind Barisal in women's empowerment. Chittagong's higher percentage of FHHs may be explained by the fact that it

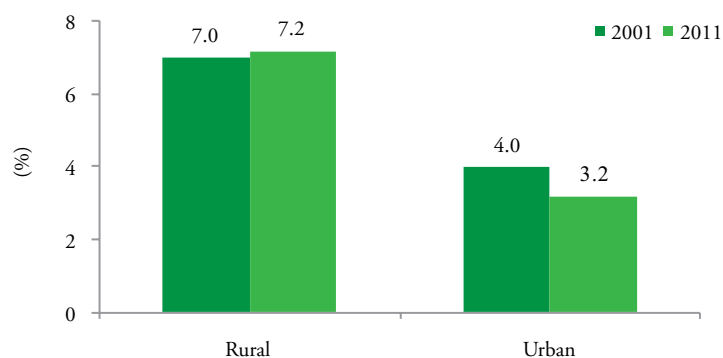
Table 7.18 Household heads by gender in South Asia, 2000-12

	(%)			
	2000-2007 ^a		2010-12 ^a	
	MHHs ^b	FHHs	MHHs	FHHs
India	90	10	89	11
Pakistan	52	9	55	8
Bangladesh	87	13	89	11
Nepal	80	20	73	27
Sri Lanka	80	20	78	22

Notes: a: Data refer to recent year available; b: MHHs means male-headed households and FHHs means female-headed households.

Sources: GOI 2015a, GOP 2007a and 2013c, GOB 2013a, USAID and IFPRI 2013, GON 2014d and GOS 2013c.

Figure 7.4 FHHs in India by region, 2001-11



Source: GOI 2015 a.

Table 7.19 Female-headed households (FHHs) in rural areas of Bangladesh, 2012

	% of FHHs
Bangladesh	17.0
Barisal	24.5
Chittagong	34.4
Dhaka	18.0
Khulna	10.2
Rajshahi	4.5
Rangpur	9.4
Sylhet	19.0

Source: GOB 2013a.

is the largest division and also a commercial seaport. It also has the longest history (three decades) of microfinance institutions working for women's socio-economic uplift. Despite these favourable factors, Barisal has outperformed Chittagong as having the largest share (46 per cent) of wom-

en who had gender parity in education with men in 2012. Women from Barisal likewise accounted for the highest proportion (30 per cent) who claimed empowerment in decision-making for issues such as health and family planning, household expenditures and chores. Moreover, these women were better able to resist domestic violence. Evidence suggests that education is better at empowering women—socially and economically.

Despite being the primary earner, female household heads in Bangladesh continue to be discriminated against due to strong patriarchal socio-cultural norms. Male dominance, restrictions on mobility, limited asset ownership and *purdah* (veil) prevent women from exercising complete control over their earned income or finding better paying jobs. In cases where women are the main breadwinner (household head or not), they do not have the freedom to spend their own earned income. For female household heads to be completely independent, ‘ownership and control’ over earned income is essential.⁵²

Contrary to India and Bangladesh, data for Sri Lanka estimated roughly equal percentage of FHHs in urban and rural localities—reporting 23 per cent in urban and 22 per cent FHHs in rural areas.⁵³

In Pakistan, the *Household Integrated Economic Surveys 2005-06* and *2011-12* contain interesting data on the ‘employment status’ of female heads. It has been found that a large majority of female household heads fell in the category of ‘em-

ployee’ followed by ‘self-employed’, the latter increasing significantly between 2006 and 2012 (table 7.20). The alarmingly high proportion of ‘not economically active’ FHHs (42 per cent) recorded in 2006 also decreased by 16 percentage points in 2012 (to 26 per cent) indicating an increase in women’s economic activity.

Economically active women have a better “*fall-back position*”⁵⁴: outside resources (employment) to rely on in case there is a change in their marital status like divorce, widowhood, abandonment, etc., that makes them the household head. Change in roles and responsibilities leads to a shift in choices and expectations. Micro-credit programmes like the Agha Khan Rural Support Programme (AKRSP) in rural northern Pakistan, the Benazir Income Support Programme (BISP) at the national level, and Akhuwat in Punjab are providing women with income-earning opportunities, regardless of marital or headship status. Such initiatives have given women a renewed sense of identity, control and value in society.⁵⁵ These empowered women have been reported to spend more on their children and are well-respected. The AKRSP experience has not only improved women’s income earning capabilities, but also their knowledge and skills, increasing the levels of their human and social capital. Besides such initiatives, women have increasingly resorted to managing their own issues and set up small self-help groups or associations to tackle socio-economic injustices (box 7.5).

Another key point is the mode of earning income. Employment or headship does not automatically guarantee improved circumstances—increased opportunities gained through enhanced capabilities are of greater value in this regard.⁵⁶ Thus female household heads employed in the formal sector (with better income and upward mobility) are better placed economically and socially than those in the exploitative and insecure informal sector. The prerequisite for this is ensuring female well-being from childhood, in the form of

Table 7.20 Household heads by employment status, Pakistan

	2006			2012			(%)
	% of MHHs ^a	% of FHHs	Gap	% of MHHs	% of FHHs	Gap	
Employer	2.8	0.1	2.7	1.1	0.3	0.9	
Self-employed	32.3	13.5	18.7	39.9	40.4	-0.6	
Unpaid family helpers	0.2	0.7	-0.5	0.2	3.1	-2.9	
Employee	58.7	43.8	14.9	55.5	39.2	16.3	
Not economically active	6.0	41.8	-35.8	3.3	26.3	-23.0	

Note: a: MHH means male-headed households and FHH means female-headed households.

Sources: GOP 2007a and 2013c.

Box 7.5 *Sabehi* (friend): Fighting domestic violence with economic independence

In the heart of Pakistan's rural Southern Punjab that is notorious for ill-treatment of women, female residents of a small village by the name of Pipalwala have stood up against domestic violence. The village streets echoed of stories of wives badly abused over petty issues. However, these abused women were brought together by a young widow to start a community group by the name of *sabehi*, literally meaning 'friend', and encouraged to take up embroidery as a source of income. *Sabehi* was

not merely about providing women with a source of income, they were also encouraged to talk about domestic violence and share their experiences. Group members were then trained to talk to other women in their community when and wherever possible—at weddings, funerals or other gatherings, and convince them to discourage violence against women in and around their houses. They were also meant to teach men to treat women with love and respect and show them the same. Gradual-

ly, the attitudes of men in the village began to change and soon the group members were receiving help from their male counterparts in talking to other men, creating a ripple effect. The chain *sabehi* started led to Pipalwala becoming free of domestic violence. The residents have even put up a sign outside the village that says, 'This village is free of domestic violence', with the hope that others would get inspired.

Source: Chinnoy 2014.

non-discriminatory treatment of girls.

Apart from income-earning status, women's role in household decision-making is also a significant determinant in gauging empowerment. Household surveys in South Asia traditionally record women's 'say' in various issues, ranging from 'purchase of food, clothes, jewellery, gifts for relatives' and 'number of children, their education and marriage and disciplining them' to 'seeking healthcare for children', 'wife working outside of home', 'visiting parents/friends/relatives' and 'sale/purchase of livestock, agricultural produce'. However, not all these indicators are indicative of empowerment, nor may such decisions have any 'consequential significance' for them. For women to be strong decision makers, their say in more 'strategic life choices' such as headship, asset ownership and acquiring life skills is imperative.⁵⁷

More effective means of determining the true power that women have pertains to their freedom of mobility and their opinion in their daughter's education, employment (before and after marriage) as well as equality in marriage (choice of husband, divorce rights). Similarly, control over earned income, age and educational difference between husband and wife, and financial autonomy are some other indicators for measuring the empowerment of women. It has been found that better education and employment of women be-

fore marriage had a positive impact on the health and well-being of their children and also increased women's confidence, competency and authority within and outside the home.⁵⁸

In Nepal, the gap between MHHs and FHHs has closed considerably between 1990 and 2010. Data on household decision-making for 2010 revealed that more than half of women were taking part in intra-household decisions at some level. For instance, 54 per cent of women had a say in deciding their children's education; of these 72 per cent made a combined decision with their husbands and 14 per cent took such a decision on their own. Seven women out of 10 were accessing healthcare for themselves, regardless of being located in cities or villages. Moreover, 61 per cent women made healthcare decisions for their children—including 56 per cent of urban and 62 per cent of rural residents.⁵⁹ Women's decision-making may have improved in Nepal, but their asset ownership levels remain extremely low. In 2002, less than 2.0 per cent FHHs had a house of their own, 3.0 per cent owned land while 4.6 per cent owned livestock (table 7.21). These figures may signal the changing role of women in Nepal to some extent, but they reveal little information on their well-being or improved status. Also the available data is not enough to draw comparisons on their enhanced capabilities over a period of time.⁶⁰

Further sub-divisions of household data collected during 2002 show little control by women over land and other assets (see figure 7.5). But data from pre- or post-2002 remains unavailable. There

	% of ownership		
	Female	Male	Total
House	2.0	3.5	5.5
Land	3.0	7.9	10.8
Livestock	4.6	3.0	7.6
Female asset ownership (%)			
Land, house and livestock	0.8		
House and land	3.9		
House and livestock	0.1		
Land and livestock	0.9		
House	0.8		
Land	5.3		
Livestock	5.4		

Source: Bhadra and Shah 2007.

is one conclusion, however, that has been drawn from the evidence available in micro-studies of the region: this predicament is not limited to Nepal. Women's access to land and property has persistently remained minimal across the South Asian region.⁶¹

Female-headed households (FHHs) and Sri Lanka's experience

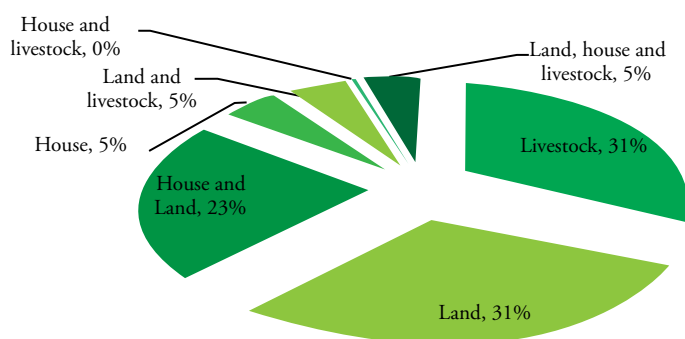
The aforementioned analysis elaborated the serious socio-economic challenges FHHs face, regardless of their location or income-earning status, in the traditionally male-dominated South Asia. There is lower economic productivity and higher incidence of poverty among FHHs. Sri Lanka's experience, where trends in educational attainment and marital status of FHHs show interesting outcomes, may, however, hold the key to changing the fate of FHHs in neighbouring countries. A majority of female heads had education up to the secondary level (10th grade) in 2010 and only seven per cent had never attended school. In terms of marital status, more than half the women assuming household headship acquired the status as a result of their husbands' demise, while four per cent of women were never married (table 7.22). Better educational attainment helped female heads earn a better livelihood for their dependants. In fact, no significant gender disparity in the earnings of MHHs and FHHs was recorded, and household surveys in Sri Lanka reveal a strong positive correlation between improved income and higher educational attainment for both sexes.

Institutional representation and justice for women in South Asia

Institutional representation for women

Despite improvements in the social sector since 1980, women's institutional representation in South Asia remains inadequate. Women are under-represented in all domains, be it in politics, judiciary or public administration. Countries like Nepal, Pa-

Figure 7.5 Female asset ownership in Nepal, 2002



Source: Bhadra and Shah 2007.

Table 7.22 Percentage of female-headed households (FHHs) in Sri Lanka by education and marital status, 2012

% of FHHs by level of education	
Primary	24
Secondary	44
General Certificate of Education or higher	25
No schooling	7
% of FHHs by marital status	
Married	31
Widowed	56
Never married	4
Divorced/separated	9

Source: GOS 2013c.

kistan and Bangladesh have taken affirmative action, while India continues to debate on reserving quotas for women, like it has done for the Scheduled Castes. And while Sri Lanka surpasses her regional counterparts in other areas, political representation for women remains a serious challenge for the state and women alike.

Internationally, women quotas are seen not merely as giving women a certain number of seats in institutions, but also as a mechanism of achieving balance and shunning exclusionary practices. Global commitments towards gender equity stress the need for at least one-third representation for women in politics, judiciary and public administration. The objective is to put the burden of women's candidature not on women, but on the institutions responsible for their inclusion and recruitment—governments, political parties, bureaucracy, etc.⁶² This section attempts to establish how far the region's women have come and what measures have been taken at the institutional level to ensure their maximum public representation and participation in key decision-making spheres.

An increase in women's institutional representation has led to the introduction of new laws and amendments to address biases against women in existing legislations in South Asia. Pakistani and Indian female parliamentarians have taken the lead in bringing about this change in their respective countries. The role of a female-dominated civil society in the region cannot be overlooked in this regard. From Pakistan to Sri Lanka and Nepal, efforts of women have resulted in the discussion of taboo issues and discriminatory laws. They have reached the ignored and marginalised sections of society and found ways to help them, despite threats to life, well-being and property.

Elected representation: Share in the parliament and local government

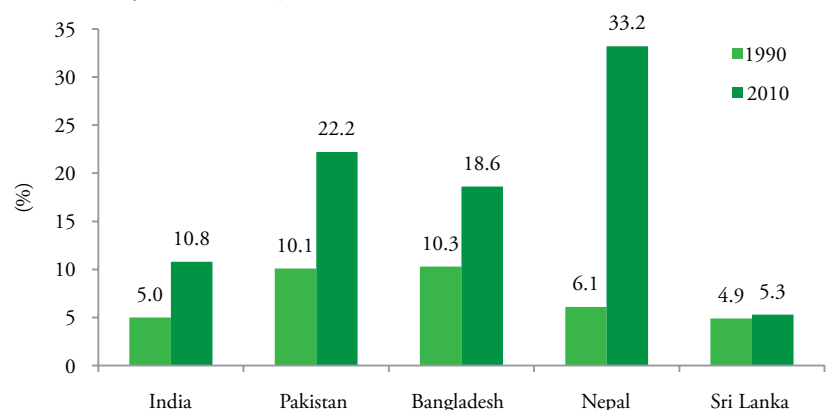
In order to utilise their decision-making capabilities more effectively, women need to become part of the national legislature.

More women policy makers means better representation of women's rights. However, despite being signatories to the Convention on Elimination of All forms of Discrimination against Women (CEDAW), and the Beijing Platform for Action 1995, none of the countries, except Nepal, have been able to give women a 33 per cent parliamentary representation (figure 7.6). Nepal formulated a special Gender Responsive Policy in 2007, under which its interim parliament passed a resolution to support 33 per cent seat reservation for women in all state mechanisms of decision-making.

In India, while women continued to get elected to the parliament, debate on the reservation of a quota for women was deferred till the 1980s. In 2010, after much delay and deliberation by the Upper House, the bill⁶³ that calls for at least one-third parliamentary representation for women was approved. However, for it to come into effect, it must be approved by a two-thirds majority in the Lower House as well. In the parliament elected in 2014, 11 per cent of the total 543 seats went to women as a result of direct election, clearly indicating room for progress. On the contrary, at the level of local government, female representation is quite encouraging and they enjoy a full 33 per cent quota as per provisions laid down in the Constitution.⁶⁴

In Pakistan, women have been

Figure 7.6 Seats in the parliament (Lower House) held by women (as a percentage of total seats) in South Asia, 1990-2010



Source: MHHDC 2015, *Human Development Indicators for South Asia*.

a part of national and provincial governments since the 1950s, when they had a mere five per cent quota. This was doubled to 10 per cent in the 1980s and was further amended in 2002, whereby women could now hold 17 per cent parliamentary seats. The parliament formed after the 2013 general elections comprised 20 per cent women, including candidates both directly elected and on reserved seats. The Devolution of Power Plan adopted in 2000 allowed for a 33 per cent representation for women at the local council level. The Plan expired in 2009. Post-2013, in view of the need for local bodies elections, all four provincial assemblies have been working on charting out an electoral law for their respective province.

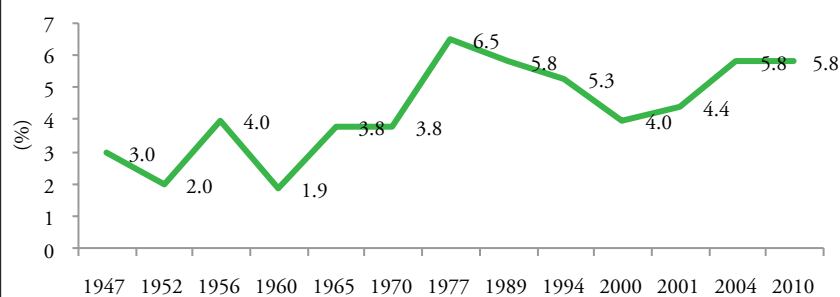
Bangladesh reserves 50 (out of 350) parliamentary seats for women. The latest available data reveal that women held 20 per cent of seats. At the local council level, the Local Government Act 1997 has reserved three directly elected seats for women in union *parishads* (1 from each of

the 3 wards).⁶⁵ Nepal has a 33 per cent parliamentary quota for women in place since the abolition of the monarchy in 2008. At the local government level, women must make up 40 per cent of all the elected candidates under the Local Self Government Act of 1999. Overall, women constituted 31 per cent of the 2013 parliament and 30 per cent of the constituent assembly.⁶⁶

Sri Lanka remains an exception—despite performing far better in the fields of education and health in narrowing gender gaps. The political arena has been a constant struggle for women's political and human rights activists to impress upon policy makers the significance of taking affirmative action to reserve a minimum quota for women in the parliament. However, despite being the oldest democracy in South Asia (having gained universal voting rights in 1931), women have not been able to hold a share of more than six per cent seats in the National Assembly. The first female representative was elected in 1931, but it was not until 1956 that a woman could hold a ministerial office. Women, who have been elected so far, including the popular figures of Sirimavo Bandaranaike and Chandrika Kumaratunga, were controversially said to have filled in places for a dead or absentee male relative (father or husband).⁶⁷ A total of 59 women have been elected to the parliament in Sri Lanka since 1959. The highest proportion of women, 6.5 per cent, were elected in 1977 (figure 7.7). Women's representation at the provincial or local level is no different. Following the Provincial Council elections in 2008-09, of the total 417 elected candidates, only 17 were female (4.1 per cent of total) while at the local government level, out of 4,466 elected members, women accounted for a mere 2.0 per cent (90 members).

But it is not only the small number of elected women that put South Asia at the bottom among different regions of the world (table 7.23). It is also the challenges facing these women. Factors that prevent women from entering the arena in-

Figure 7.7 Percentage of seats held by women in the National Assembly of Sri Lanka, 1947-2010



Source: Wickramasinghe and Kodikara 2013.

Table 7.23 Proportion of women in the parliament, 2010

	2010
South Asia ^a	13
East Asia and the Pacific	18
Sub-Saharan Africa	19
World	19

Note: a: Value is the weighted average of eight countries of South Asia.

Source: World Bank 2015g.

clude the existing socio-cultural structure, absence of family support, reluctance to invest funds in political campaigns, patriarchal political systems and party culture, voters' (male or female) bias against female candidates and the historically violent electoral process in South Asia.

Despite these barriers, South Asian women have reached the highest level of parliament. Except Nepal, all four countries have had a woman as President or Prime Minister. These women also took charge of political portfolios that included the ministries of Defence, Foreign Affairs and Finance, as well as chair of their respective political parties. More recently, Pakistan elected women for key government posts between 2008 and 2013 and the country had its first female Speaker of the National Assembly. The ministers for Information and Population Welfare, as well as the spokesperson for the party and head of the National Assembly's Public Accounts Committee were also women—as was the deputed Ambassador of Pakistan to the US. In Pakistan and her neighbours, women have been mostly given portfolios in the sectors of Health, Population Welfare, Women Affairs, Education and Social Services. They have yet to be appointed to traditionally male-dominated ministerial offices such as the Interior Ministry, Finance or Defence, where they can truly effect change. When given an opportunity, elected female representatives reinforce discriminatory laws against women, especially those pertaining to sexual harassment, rape, and inheritance (box 7.6).

Judiciary

Presence of women in judiciary is even more limited than in politics. Their presence can help invoke gender-sensitivity in an otherwise highly male-dominated sphere. While there is some form of quota for political representation of women in all South Asian countries except Sri Lanka, judicial quotas for women are non-existent (table 7.25). In India, for instance, there

is no reserved quota for women in judiciary. As of 2006, women constituted three per cent of superior judiciary i.e., out of 650 high court judges, 52 were female. In India, the demand by the female legal fraternity for a minimum quota of 20 per cent and a maximum of 33 per cent persists. What is encouraging, though, is the establishment of the first Women's Court in the history of the country (box 7.7).

Bangladesh had 345 female judges in 2011. The same year, the country got her first female Supreme Court judge. Here too the demand for a separate quota for women continues, despite resistance. Nepal, as of 2011, had 2.3 per cent women serving as superior courts judges. The Supreme Court of Nepal has only one female justice out of a total of 17.

Pakistan is the only state that has a reserved quota of 15 per cent for women, but at the lower courts' level. For superior courts, women do not have any quota on the justification that no one can be barred from becoming a judge on the basis of sex.⁶⁸ Women make up almost 2.9 per cent of the superior judiciary in Pakistan,⁶⁹ with Punjab and KPK having two each, Balochistan one, and Sindh and Islamabad zero female judges appointed at the High Court, as of 2014. No Pakistani woman has ever been appointed to the Supreme Court. On a positive note, in December 2013, the first ever female judge was appointed to the Federal Shariah Court (FSC), since its establishment 34 years ago. Justice Ashraf Jehan, before her post at the FSC, served as an additional judge of Sindh High Court.⁷⁰

Sri Lanka does not have any quota, but it stands out firstly for having the highest percentage of women in judiciary, and secondly for having appointed the country's (and region's) first ever female Chief Justice of the Supreme Court in 2011. Justice Shirani Bandranayake took the appointment of Chief Justice in 2011. Her appointment made Sri Lanka the focus of attention around the world. It was

While there is some form of quota for political representation of women in all South Asian countries except Sri Lanka, judicial quotas for women are non-existent

Box 7.6 The 12th National Assembly of Pakistan: Women in decision-making

A study conducted in 2009 by Aurat Foundation—an NGO working for the protection of women’s rights in Pakistan—analysed the performance of elected female representatives in shaping national policy and legislative discourse. This particular assembly was important because it was the first time that women received a quota of 17 per cent in the National and Provincial Assemblies, and 33 per cent seats in local government councils under the Legal Framework Order 2002. Table 7.24 shows the distribution of women in the National and Provincial Assemblies elected in 2002.

While the overall legislative performance remained below the mark, the five year performance of these elected women not only surpassed women’s previous participation record, but also out-

scored several of their male colleagues. Women members moved 27 per cent of total questions, 30 per cent of total calling attention notices, 24 per cent resolutions, and 42 per cent of total private bills. A breakdown of 3,698 interventions made by women members is presented in figure 7.8.

Of the bills presented in the National Assembly, the most significant and perhaps the most controversial was the ‘Women’s Protection Bill or the *Hudood* Laws (Repeal) Bill 2005’ that proposed amendments to two *Hudood* Ordinances i.e., the offences of *Zina* (adultery) and *Qazf* (false accusation of *zina*). Despite opposition from religious parties, the bill was moved by a female parliamentarian, debated on and introduced in 2006 as the

‘Protection of Women Act’.

While most of the bills tabled or resolutions moved by women members pertained to welfare and protection of women, issues related to constitutional and governance, public welfare and human rights were also raised. Of the total 101 bills tabled by the female parliamentarians, 42 per cent were introduced as legislation.

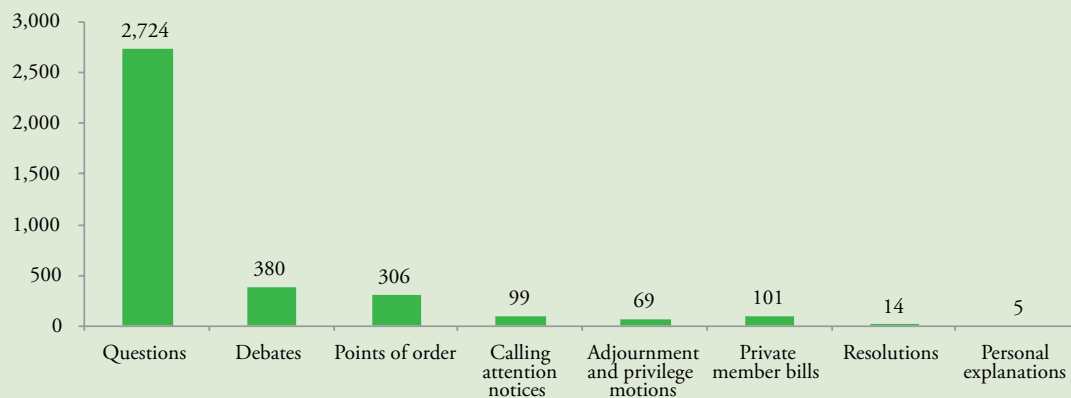
The bills related to women’s rights were not all passed; nevertheless, they set the tone for debating such issues in the national policy discourse. Women had found a way to raise their voice more effectively and what they proposed was becoming part of law. What the women parliamentarians of 12th National Assembly of Pakistan started was carried forward in the next elected parliament. Laws passed in 2008 and 2013 focussed on protection against sexual harassment of women at the workplace, anti-women practices and acid throwing. Data on the number of cases, verdicts and convictions under these laws is sparse, but human rights watch groups have estimated it as being ‘very rare’. They believe that as long as these laws remain unknown to the public and their implementation inadequate, they will continue to be ineffective in ending violations of basic human rights.

Table 7.24 Women’s seats in National and Provincial Assemblies, 2002-07

Assembly	General seats	Seats reserved for women	Seats reserved for minorities	Total number of seats
National Assembly	272	60	10	342
Senate	66	17	17	100
Punjab	297	66	8	371
Sindh	130	29	9	168
KPK	99	22	3	124
Balochistan	51	11	3	65

Sources: Mirza and Wagha 2009, HRCP 2014 and Lari 2011.

Figure 7.8 Number of interventions made by women parliamentarians, 2002-07



Sources: Mirza and Wagha 2009 and Lari 2011.

Sources: Mirza and Wagha 2009, HRCP 2014 and Lari 2011.

a great moment for Sri Lanka in particular, and for women in general. However, Justice Bandranayake was discharged of all duties on charges of financial embezzlement and official corruption—allegations she denied.

Except for Sri Lanka, female participation in judiciary has not improved in South Asia because of persistent male-dominance and gender bias against women. This is reflected in the judicial policies of each of the countries, where the advancement of the profession as a whole is discussed, but the welfare of serving and aspiring females is ignored. In Pakistan for instance, the judicial policy announced in 2009 stressed the provision of fair and speedy trials, but preventative steps against discrimination and belittling of female judges and women seeking justice were not addressed. Besides, the judiciary is not the profession of choice for most women in the region, as they are taught early on not to speak up and make decisions.

	Quota	Employed
India	...	3.0 per cent of superior judiciary (2006)
Pakistan	15 per cent (lower courts only)	2.9 per cent female judges of superior judiciary (2013)
Bangladesh	...	345 female judges both in superior and subordinate judiciary (2011)
Nepal	...	2.3 per cent female judges of superior judiciary (2011)
Sri Lanka	...	Less than 10 per cent

Sources: MHHDC 2000, Kovacs and Wadhawan 2008, Khakurel 2011, SPCBN, UNDP 2013 and CENWOR, Sri Lanka 2014.

Lawyers

As opposed to the 3.0 per cent judges in India, female lawyers make up an estimated 10.0 per cent of the legal fraternity.⁷¹ According to a survey conducted in three main urban centres in India, lack of flexible work hours compounded with pressures from family and the lack of good maternity policies and day-cares discourage women from becoming lawyers. Moreover, the overall absence of women from managerial roles inhibit women lawyers in India.⁷²

Box 7.7 Justice for women by women: India's first all-female court

The atrocious act of gang rape of a medical student on a bus in Delhi in December 2012 sent shock waves across India. Country-wide protests were held to condemn this incident in particular, and increasing cases of rape and other sexual abuses against women, in general. The incident saw the rise of the civil society, with women as vanguards, like never before in India. The pressure was greater than any of its kind seen or experienced by Indian parliamentarians. It pushed them to take genuine efforts for safety and security of women.

In view of the increasing violence against women and mounting civil society pressure, the first Women's Court was established in Madal, West Bengal in January 2013. The state was found to have the highest percentage of female human trafficking in India. It was the first in a se-

ries of such courts headed by two female judges; even the staff and lawyers were women. The main objective of setting-up an all-women court was to encourage female victims to come forward and seek justice, for it was observed that in cases of violence, especially sexual, women were intimidated or tended to shy away from narrating details to male investigators, lawyers and/or judges, thereby denying justice to themselves. Another all-women court was set up in Mumbai's Kala Ghoda Session Court in March 2013. These courts only deal with offences and crimes against women and are expected to speed up trials involving crimes against women.

March 2013 also saw the passage of a Bill for the first time in the country's history for greater protection of women. It included stiffer penalties for rapists and the death penalty in extreme rape cases or

if the rapist was found to be a repeat offender. Definition of rape was expanded to oral and/ or rape with an object. The Bill also included other sexual and physical offences against women, namely stalking, acid attacks, voyeurism and forcible stripping of women. It also encompassed punishments for inefficiency on the part of police officials who failed or delayed to record complaints against sexual offences, thereby further strengthening implementation of the law.

It is pertinent to mention here that the National Crime Records Bureau of India puts figures of rape at 24,923 for the year 2013, with 98 per cent being attempted by near relatives or neighbours of the victim. As stark as these figures are, stricter penalties were the need of the hour, and the Criminal Law (Amendment) Act of 2013 did exactly that.

Sources: Lum 2013, GOI 2013a and Deshpande 2013.

The estimated percentage of female lawyers in Pakistan is 3.1 per cent, who like their counterparts in India, face huge challenges. The most prominent and well-known amongst them is Asma Jehangir, of Aghs Legal Aid Cell, former and first female president of the Supreme Court Bar Association, and more recently holder of the prestigious Alternate Nobel Prize. She has also been awarded several national and international awards for her contribution to safeguarding human rights in Pakistan. Jehangir and her sister Hina Jilani are regarded as champions of human rights in the country. Another important platform for female lawyers in Pakistan is the Karachi-based Pakistan Women's Lawyers Association, working as an independent pressure group since 1980 for the reformation of discriminatory laws against women.

Data for female lawyers is unavailable for both Bangladesh and Nepal. Women lawyers have created committees and established platforms to safeguard both their rights and of women in general. The Bangladesh National Women Lawyers' Association has been working tirelessly since 1979 against acts of violence against women. Nepal, unfortunately does not have women lawyers' association. However, in 2011, a Canada-based initiative, Women Lawyers Joining Hands, realising the dearth of female lawyers in Nepal, started providing training in law for young graduates to encourage their participation in this profession. It also aims to strengthen women's capabilities through education

and technical know-how.⁷³

Sri Lanka has the highest proportion of female lawyers in South Asia. There are around 2,981 female lawyers, which account for a sizeable 40 per cent of the total number of lawyers in the country.⁷⁴ More and more Sri Lankan women are entering this profession as a result of the efforts made by the Sri Lanka Women Lawyers' Association, working since 1960. The association promotes the interests and progress of women lawyers in Sri Lanka.⁷⁵

Civil services

In the public administration domain, India has not reserved any quota for women, but as per data of December 2005, 8.4 per cent women were serving in the top bureaucracy (see table 7.26).⁷⁶ In contrast, both Pakistan and Bangladesh have reserved a 10 per cent quota for gazetted female officers. Bangladesh has gone a little further and has reserved 15 per cent seats for non-gazetted women officers as well. Pakistan previously had a quota of only five per cent for women entering this domain and a restriction was put on married women from entering Foreign Services during the 1980s. However post-1980, the restriction was lifted and more women entered the domain. Despite the 10.0 per cent quota, it is remarkable that women in Pakistan make up only 5.4 per cent of public servants, from whom only 8.0 per cent hold top bureaucratic positions. In Bangladesh, 6.4 per cent women are part of public administration. Although performing poorly in terms of including women in the judiciary, Nepal has gradually witnessed an increased number of women serving in the public sector. This is significant, especially considering the educational disadvantage and overwhelming male dominance of the profession. From an almost negligible 2.6 per cent in 1978, female participation rose to 7.7 per cent in 1999 and it stood at 14.0 per cent in 2013.⁷⁷ Of these 14.0 per cent, 2.0 per cent were secretaries,⁷⁸ 5.6 per cent were in the police force, and 1.2 per cent

Table 7.26 South Asian women in public administration (%)

	Quota	Employed
India	...	8.4 (2005)
Pakistan	10 (gazetted posts only)	5.4 (2005)
Bangladesh	10 (gazetted) 15 (non-gazetted)	...
Nepal	...	14.0 (2013)
Sri Lanka	...	35.4 (2007)

Sources: Ali 2013, MHHDC 2000, Kovacs and Wadhawan 2008, Khakurel 2011, SPCBN, UNDP 2013, DESA 2004 and CENWOR, Sri Lanka 2014.

each served in the armed police force and the army.⁷⁹

Sri Lanka, taking the lead here as well, has the highest number of serving gazetted and non-gazetted female officers. As of 2007, the figure stood at 35.4 per cent, up from 26.0 per cent in 1998. Out of these, 5.0 per cent held positions of secretaries to various ministries. There is no separate quota for women appointees, but Sri Lanka's Civil Services Administration makes special provisions to accommodate women.⁸⁰ Women accounted for 1.2 per cent of the naval force, 2.6 per cent of the army, and 6.0 per cent and 8.0 per cent of the air and police forces respectively in 2013.⁸¹

In each of these professions, all five South Asian countries are required to ensure a quota of 33 per cent for women—but in spite of their membership of and commitment to international and regional associations and conventions—the numbers for women are far from satisfactory. However, with the constant pressure to meet the MDGs and a call to end gender discrimination at all levels, women's participation has improved to some extent, if not significantly. It is expected that this gradual increase will continue and women's position may strengthen in these areas. Also there is a dire need for authentic and reliable data on female participation in these spheres, not only for drawing regional and international comparisons, but also to formulate effective gender-specific policies.

Justice for women in South Asia

Violence against women

UNIFEM estimates that one in every two women in South Asia experiences some form of violence on a daily basis. It may not necessarily be physical or sexual but verbal, emotional or psychological as well. Not only are South Asian countries bound by their international commitments, but national constitutions and legislatures also prohibit violence against women. They have vowed to discourage 'all forms

of discriminations against women' under CEDAW and other international commitments calling for equality and justice for women (tables 7.27 and 7.28). And yet women are faced with different forms of violence at every level throughout their life. The lifecycle of violence for many women starts even before their birth in the form of female foeticide. In later years, husbands or close relatives target women at home through domestic violence, emotional, verbal and sexual abuse, infanticide and son-preference. This continues at the community level, in the form of stalking, rape and sexual assault (mostly perpetrated by acquaintances of the victim), as well as the institutional or government level in the guise of discrimination, sexual harassment and delayed justice. These are examples of abuse that women, regardless of age, social status, region or religion, come across at some point in their lives. In South Asia, sexual and physical violence at home was as high as 76 per cent in 2007. In addition, more advanced forms of abuse have surfaced with emerging technological changes like cellular and internet stalking and sexual objectification of women in the media, etc.

Prevalence and prevention of violence against women in South Asia

As many as 8,093 women were victims of dowry-related deaths in India in 2007. The

Table 7.27 Ratifications of international gender-related conventions and covenants by South Asian countries

Country	Elimination of discrimination in respect of employment and occupation		International Covenant on Civil and Political Rights, 1996	Convention on Elimination of All forms of Discrimination against Women, 1979	Convention on the Rights of the Child, 1989
	ILO Convention 100	ILO Convention 111			
India	1958	1960	1979	1993	1992
Pakistan	2001	1961	2010	1996	1990
Bangladesh	1998	1972	2000	1984	1990
Nepal	1976	1974	1991	1991	1990
Sri Lanka	1993	1998	1980	1981	1991

Sources: MHHDC 2000, 2003 and 2004, ISST and UNIFEM 2007, Quota Project 2014, Lari 2011 and GOP 2011a.

Table 7.28 Proclamations: Reservations, declarations or statements

	International Covenant on Civil and Political Rights, 1996	Convention on Elimination of all forms of Discrimination against Women, 1979	Convention on the Rights of the Child, 1989
India	Reservation: Articles 1, 4, 7c, 8, 9, 13, 22 Statement: 'Provisions will be applied in conformity with Constitution of India.'	Reservation: Article 29 (1) Declaration: 5 (a), 16 (1), 16 (2) 'shall abide by and ensure these provisions in conformity with its policy of non-interference in the personal affairs of any community.'	Declaration: 'provisions to apply subject to extent of available resources...in accordance with its national legislation and relevant international instruments to which it is a State Party.'
Pakistan	Reservation: Articles 3, 6, 7, 18 and 19 Statement: 'shall be so applied to the extent that they are not repugnant to the Provisions of the Constitution of Pakistan and the <i>Sharia</i> laws' and 'shall use all appropriate means to the maximum of its available resources.'	Reservation: Article 29 (para-1) Declaration: 'subject to provisions of the Constitution of Islamic Republic of Pakistan.'	Reservation: Articles 21, 27 (Advised to reconsider reservations)
Bangladesh	Reservation: Right to people in absentia Declaration: cannot necessarily segregate prisons or provide counsel for accused persons	Reservation: Articles 2 and 16 (1c) Statement: 'does not consider as binding upon itself the provisions...as they conflict with <i>Sharia</i> law based on Holy Quran and <i>Sunna</i> .'	Reservation: Article 14 (para-1), 22 Declaration: 'shall apply subject to existing laws and practices.'
Nepal	...	Statement: 'If provisions of any Convention are inconsistent with national law, national law supercedes.'	...

Sources: MHHDC 2000, 2003 and 2004, ISST and UNIFEM 2007, Qouta Project 2014, Lari 2011 and GOP 2011a.

National Crime Records Bureau of India reported around 90,000 cases of domestic violence in 2008. More disturbingly, 39 per cent of wives thought physical abuse by the husband was justified. Nearly 25,000 women were raped in India in 2013, with the highest incidence in the country's capital, Delhi.⁸²

In Pakistan, according to the report on the *State of Human Rights in 2013*, 869 women were killed in the name of honour, 56 women were killed for giving birth to a female-child, and 150 were reported burnt in cases of acid throwing, gas leakages and stove burning. In addition,

800 women committed suicide due to domestic issues and 2,733 cases of rape and gang-rape were registered with the police. The Human Rights Commission of Pakistan (HRCP) asserts that actual numbers may be much higher than the reported or registered ones.⁸³

In Bangladesh, 87 per cent women had faced some form of domestic abuse. More shocking is the fact that only eight per cent reported never experiencing violence in marriage. One in every three beaten or abused women refused institutional medical aid for fear of retaliation from her husband. The Bangladesh chapter of *We can End Violence against Women Campaign* has vowed to address domestic violence that affects half of the households in the country. It involves community mobilisation, public awareness and calls for the rejection of domestic violence. Bangladesh Mahila Prashad, a non-profit organisation for women's rights, reported violence against women for 2011 as including 904 cases of rape, 900 murders, 662 cases of deaths as a result of stalking, 558 dowry deaths and 435 suicides.⁸⁴

Domestic violence was the predominant form of abuse in Nepal, constituting 80 per cent of all forms of violence experienced by women in 2011. The reasons behind abuse ranged from not enough dowry and polygamy to witch suspicion and financial or property disputes.⁸⁵ Similarly, cases reported to the police included 18 per cent of rape and sexual abuse, 11 per cent of murder, while 3 per cent pertained to trafficking in 2012.⁸⁶

Violence against women has been on the rise in Sri Lanka as well. Over 60 per cent of women experienced domestic violence in 2008.⁸⁷ Women rights groups provide shocking estimates that a woman was raped every 90 minutes in the country, while 95 per cent of women travelling via public transport faced sexual harassment.⁸⁸

The figures above show the kind of atrocities South Asian women are exposed to in their daily life. The vulnerability of women in their own homes is shocking as

most of the abuse occurs within the house. The problem however is not merely of the offence, but of delayed and denied justice, with perpetrators of such brutalities at large without any fear of penalty. Rising cases of domestic violence have forced legislative bodies in the region to recognise it as a crime and introduce new laws or amend existing ones to effectively prohibit and penalise it. Sri Lanka, Bangladesh and India introduced legislations in this regard in 2005.

Most legal structures in South Asia follow a 'protectionist' approach in dealing with women's issues, i.e., laws pertaining to women are there for the 'protection' of their rights. Many argue that the word 'protection' itself is discriminatory as it portrays women as the weaker and subordinate member of society, as opposed to the stronger and dominant male counterparts and/or protectors. It is these "*unquestioned attitudes and approaches*"⁸⁹ that have shaped the institutional, political and judicial legacies in patriarchal South Asia. Other factors limiting women's access to justice are embedded within the legislatures—treating them not as a separate identity but rather lumping them with other 'disadvantaged' or 'less represented' groups like the disabled, youth, minorities, and children. The 2000 Report on *Human Development in South Asia* has elaborated the lacunas in legal provisions in this regard.

Women's access to justice is further hindered by their lack of education and awareness about laws, social and institutional inaccessibility, and their own limited mobility. Moreover, the laws of each country are governed and superseded by religious interpretations and cultural practices. For instance, Sharia Laws in Pakistan fall above constitutional law; decisions of the *jirga* in Pakistan and the *panchayats* in India (community/tribal level parallel or quasi-courts) are given precedence over court judgements in cases of honour killing, land or blood dispute settlements; while the medieval practices of *wanni* and *wara* (blood feud settlement through

forced marriage of underage girls with opponents)—which have been criminalised under constitutional law in Pakistan—continue to be practiced even today.

But forced marriages are not limited to Pakistan. Women across South Asia face this fate. Under secular and Islamic law, both men and women have an equal right to marriage, yet women marrying of their own choice face threats, torture and deaths at the hands of their kin. Nepal has the highest proportion of underage marriages in the region. As of 2013, 700,000 married females were child-brides, despite being banned in 1963. Sri Lanka has made polygamy illegal, yet it does not apply to the Muslim community in the country, as their cases are dealt under Muslim family and personal laws.

Like age and choice in marriage, laws pertaining to dowry and divorce are also blatantly violated. Women failing to bring a dowry have been reported to face physical and sexual abuse. Some other repercussions include abandonment, divorce and selling-off. Many even lose their lives in incidents of stove-burning. The Indian Penal Code has banned dowry under the Dowry Prohibition Act of 1961. Yet gift exchange at the time of weddings continues. However, to ensure its implementation in full letter and spirit, amendments have been proposed. Efforts are in place since 2009 to incorporate some clauses of the Domestic Violence Act to the Dowry Prohibition Act.

Divorce is mainly a male prerogative in the region, but under the law, men who divorce their wives are bound to provide for her well-being if there are children involved or until the time she re-marries. The chances of the latter are slim, as divorced women are socially ostracised and isolated. Women seeking divorce or separation from husbands face a difficult task. Not only is it socially discouraged, but there are legal barriers as well. In Nepal for instance, women have the right to seek separation or divorce, but not on the grounds that the union may be physically, emotion-

Women's access to justice is hindered by their lack of education and awareness about laws, social and institutional inaccessibility, and their own limited mobility

Positive developments on the legal front have taken place as a result of civil society interventions that forced governments to take affirmative action by amending or introducing laws, and checking malpractice

ally or psychologically detrimental to her. Similarly religious and contextual interpretations of the law have made it difficult for women to exercise their right to divorce in India, Sri Lanka, Bangladesh and Pakistan.

Inheritance and ownership of property is another area where women are discriminated against. Micro-level studies in India and Sri Lanka suggest that ownership of property has helped many women escape domestic violence. It has been observed that property ownership empowers women in more ways than one. They are better able to voice their opinions and make decisions; it gives them a freedom of mobility, enhanced social status and economic protection. In West Bengal for instance, the percentage of propertied women who faced physical, emotional, sexual or psychological abuse was half that of non-propertied women.⁹⁰ Nonetheless, ownership or access to property for women in the region is a challenge in itself. Laws in India, Sri Lanka and Nepal acknowledge the right of inheritance for women, but their regional and ethnic practices put women in a disadvantaged position. Islamic law provides daughters with half of what a son is to receive from his father's property, and an eighth part for a wife. But women are expected to forfeit their right to property in favour of their brothers or male relatives in adherence to tradition. There is however some hope, as post-2010 Amendments to the Pakistan Penal Code have resulted in the criminalisation of the act of depriving women of their right to property inheritance (table 7.29).

Access to justice for victims of sexual crimes is even more daunting. In the first instance, crimes of a sexual nature such as rape mostly go unpunished because they remain unreported. Women and their families fear social victimisation and isolation and hence hesitate in reporting sexual abuse. Criminal laws in each country have made proving rape very difficult. Uncorroborated evidence in the court of law and investigations into the incident are humiliating to women and stigmatise them as be-

ing sexually overt and provocative. There have, however, been positive initiatives in Sri Lanka, India and Pakistan during the past decade (table 7.30). All three countries have amended existing laws on rape and sexual offences against women, extending definitions of rape and increasing the penalty for perpetrators.

Positive developments on the legal front have taken place as a result of civil society interventions that forced governments to take affirmative action by amending or introducing laws, and checking malpractice. Activists across the region assert that violence against women has been trivialised simply because of the failure to recognise women's right to life, well-being and freedom of movement and expression. They feel that the change in women's predicament over the decades, however little it may have been, has occurred due to the tireless effort and pressure from civil society. Had women depended only on the courts, they would have faced disappointment. They also stress the need for women to become more aware of their rights and of the laws protecting them. Women can then exercise those rights to change the way regional societies have been functioning.

Apart from the active role played by civil society in safeguarding and raising awareness about women's rights and laws, state-level initiatives have also taken place. These include creating a National Commission on Women, Women Welfare Ministries, Departments, Action Committees and Advisory Boards to strengthen the role of women, ensure their rights and properly implement laws. These regional, national and local level bodies are also responsible for the collection of data related to women's social, legal, economic and institutional representation. In all these endeavours, governments are supported by civil society and international organisations working in each country. However, due to limited fund allocation and inadequate resources for women's uplift programmes, their coverage and implementation has been partial.

Table 7.29 Selected gender-related legislations in South Asia

India	Pakistan	Bangladesh	Nepal	Sri Lanka
Criminal Law (Amendment) Act 2013, extending definition of rape, stiffer penalties for rapist and negligent police officials	Criminal Law (3 rd Amendment) Act 2011—criminalising forced marriages (<i>wanni, swara</i> , marriage with Holy Quran), depriving women of property inheritance and prohibiting provincial governments from interfering in sentences of rape. Stricter penalties for violations also included	Suppression of Violence against Women and Children Act, 2000/2005	Trafficking Act 2007	Penal Code amended in 2005 to add sexual harassment and extend definition of rape
Protection of Women from Domestic Violence Act 2005	Protection against Harassment of Women at Workplace Act 2010	Speedy Trial Tribunal Act 2002	Education Act (8 th Amendment) 2004	Domestic Violence Act 2005
Women reservation Bill 2005	Protection of Women Bill, 2006	Acid Crime Control Act and Acid Control 2002	11 th Amendment to Country Code in 2002 for improved inheritance right for women and rape crimes	Domestic Violence Bill 2002
Constitution (86 th Amendment) Act 2002 for free and compulsory education to all children aged 6-14 years	Prevention of Domestic Violence Bill 2005	Free Legal Aid Act 2000	Marital rape recognised by Supreme Court in 2002	...
Prenatal Diagnostic Techniques (Prevention and Misuse) Act 2002	Honour killing recognised as intended murder under Penal Code (2005)	...	...	...
...	Prevention and Control of Human Trafficking Ordinance, 2002	...	...	...
...	Family Courts Act amendments in 1996/97	...	...	...
...	Women in Distress and Detention Fund Act 1996	...	...	...

Sources: MHHDC 2000, 2003 and 2004, ISST and UNIFEM 2007, Qouta Project 2014, Lari 2011 and GOP 2011a.

A further constraint is the absence of essential data required to assess women’s needs in order to address them.

South Asian women in conflict areas: Role and challenges

The South Asian region has historically been marred by conflicts of a civil, ethnic, sectarian/communal, inter-state and fundamentalist nature. These struggles have inflicted huge losses of life and property across the region, with women and children affected the most. Threats to women are multi-faceted. They become victims to atrocities and war-crimes like rape, with the intention of dishonouring the opposing side. They are forced to take responsibility for the livelihood of their family, regardless of whether they have the capabilities

Table 7.30 Number of laws pertaining to violence against women in South Asia

Country	Domestic violence	Rape and sexual assault	Sexual harassment	Marital rape
India	4	2	2	...
Pakistan	2	2	1	...
Bangladesh	2	1	1	...
Nepal	4	2	...	2
Sri Lanka	4	2	2	2

Sources: MHHDC 2000, 2003 and 2004, ISST and UNIFEM 2007, Qouta Project 2014, Lari 2011 and GOP 2011a.

for such a task, and quite often, they must migrate, re-establish their roots and adapt to the challenges of a new place. In some cases, they become part of armed conflicts as trained combatants.

As combatants, women have played an active part in ethnic strife in Nepal’s Maoist conflict; in India as members of the *Krantikari Adivasi Mahila Sangham*, female soldiers have been known to lead

Women in the fields of politics, judiciary and public administration must realise that they are responsible for well-being, for those who have remained 'invisible, exploited, and discriminated'

tribal women in rebellion; and as part of Sri Lanka's Liberation Tigers of Tamil Eelam (LTTE), the women's political wing actively participated in armed conflicts that was spread over three decades. Their reasons for joining were diverse, from avenging cruelties borne by their communities and loyalty to the cause to being at par with their male counterparts. However, the challenges for these female soldiers are monumental. Most women discontinue their participation in armed conflicts after 25 years of age. When they return, they are seldom taken back into their families and society. From soldiers they have to return to their traditional and 'expected' roles of care-giving—and unsurprisingly—the cycle of discrimination, neglect and invisibility starts again.⁹¹

As the surviving breadwinner, women who have been traditionally dependent on men are left to fend for themselves with little or no experience of dealing with the outside world. This limitation puts them directly in harm's way. Women have been reported as financially and sexually exploited; live in insecure internally displaced camps with inadequate food, clothing and shelter; and are deprived of proper healthcare facilities. Disease, death, physical abuse and sexual harassment become a constant feature of such refugee camps.⁹²

In spite of all these hardships, the role of women in conflicts and post-conflicts reconstruction has been commendable. Kashmiri women played an active role in the political struggle against the Indian government during the 1990s, through protest demonstrations to end armed conflicts and violations of human rights in the Kashmir Valley.⁹³ Women in India and Pakistan have been successfully signalling the significance of a peaceful settlement between the two states through cultural exchanges and people-to-people contact. Similarly, in the post-conflicts provinces of the Northeast and South in Sri Lanka, it is a women-based organisation that has been putting pressure on the government

to stop murders and address the issue of their missing men-folk (box 7.8).

Conclusion

An important aspect of empowerment is the inter-connected nature of the issues faced by women. Throughout the analysis, it has been observed that education stands at the core of women's empowerment. But for women to be educated they must be healthy and have a role in intra-household decision-making. They must have ownership of assets and contribute to national income. Studies of countries that have attained gender parity have shown how economically empowered women have strengthened their position at an institutional level.⁹⁴ South Asian women in particular, and countries in general, can learn from the experience of the gender developed countries of the world.

Women in the fields of politics, judiciary and public administration must realise that they are not only responsible for their own well-being, but also for those women in their respective countries who have remained 'invisible, exploited, and discriminated' for years. The efforts to hold governments and institutions accountable for violations of socio-economic and political rights by legal and constitutional frameworks are commendable. But there is a need to find ways to reach out to marginalised women by working with them at the grassroots levels where they experience the worst forms of exploitation.⁹⁵

Policy initiatives and way forward

The *Magna Carta* for debate on gender equity in the 20th century is the CEDAW put forth in 1979. Twenty years later, the *Beijing Platform for Action* reinforced and laid down policy recommendations for gender sensitisation and mainstreaming in order to provide women opportunities to enhance and utilise their capabilities. South Asia for all its patriarchal norms, religious influences, political instability,

Box 7.8 Women in post-conflict Sri Lanka: Women as Human Rights Defenders (WHRDs)

Sri Lanka was able to free itself from the clutches of ethnic armed conflicts in 2008 that ravaged and destroyed her North-east and Southern provinces. The loss of countless lives, displacement of many and destruction of public and private property did not however stop violations of human rights post-conflict. Disappearances and extra-judicial killings on suspicion of involvement in anti-state activities continued, while relatives of the missing await their return. Besides, women have been facing serious challenges in getting themselves registered as married, since marriage during the time of conflicts could not be registered. The situation is exacerbated if their spouse has deceased. Obtaining death certificates also became extremely difficult in absence of proof or record of death during the conflicts. On returning to their hometown from camps, in the

absence of a male-head, female-heads face problems in claiming land and property that their family owned.

In view of these challenges, affected women formed self-help groups, and became WHRDs to put pressure on the state to address their issues. Sandhya Ekanligoda is a WHRD, whose husband, a journalist, disappeared in 2010. Her struggle personifies the efforts of WHRDs in Sri Lanka. These women face threats to their life and well-being, including property, not to mention sexual harassment. A few have even gone missing but they remain undeterred, and are increasingly becoming a strong voice against human rights violations in the country.

The struggle against missing persons is underway in Pakistan as well, as alleged extra-judicial killings and disappearances continue in view of the on-going

‘war against terrorism’, the military operation in the northern tribal belt and separatist movements in Sindh and Balochistan. Led by Amna Masood Janjua, wife of a missing person, relatives of the disappeared have held protests to demand the return of their loved ones in the country’s capital Islamabad (outside the Supreme Court) and across the country to ask for accountability. They have been arrested and received threats to discontinue, but remain as determined as ever.

WHRDs’ struggle however, has not shielded them from the prevailing socio-cultural biases against women. They are activists as well as mothers, wives and care-givers—some even sole breadwinners. Not all are supported by their families or communities in this struggle and cannot help but feel guilty of neglecting their families.

Sources: Wijesiriwardena 2011, Sandamani 2012, DHR, Pakistan 2014, HRCP 2014 and Lari 2011.

conflicts and resistance to change has made slow progress. It lags on almost all indicators and is ranked only above Sub-Saharan Africa on human and gender development indices, as has been discussed throughout this Report.

The analysis in this chapter also points to the fact that this consistent neglect is exacerbating women’s vulnerability in the region. Their consequential economic input remains unrecognised and invisible. There is increased ‘feminisation of agriculture’, but earning and expenditure remains biased in favour of men.

To this grim situation, initiatives by government and non-government sectors have added a ray of hope, thereby leading to a gradual improvement in the conditions of women. International commitments and interventions have also forced developing South Asia to focus on gender-sensitive policies that are inclusive of women’s growth and encourage enhancement of their capabilities.

Way forward

For South Asia to progress and for women to have the freedom to exercise and enjoy their rights to the fullest, there is a need to realise the potential women hold and give them the right opportunities to utilise it. The key is to raise the collective consciousness of the region and find the will to take initiative. At the same time, each South Asian country is unique in terms of available resources, social and cultural norms and legal structure and hence needs to develop specific policies. With the right kind of policies, institutions and above all, attitudes, change is inevitable.

National, regional and international organisations, conventions and think tanks have proposed several ways in which gender parity may be achieved in order to make women more vibrant members of society.

Capabilities must be enhanced through in-

If women are given opportunities to improve their capabilities and are given adequate quota to exercise their potential, their overall condition may improve

vestments in education and health. Ensuring access to education and improving the quality of curriculum, incentives and assessment for girls are the first steps towards gender parity and women's empowerment. More efforts need to be directed towards technical and vocational education to produce trained and skilled young women to meet the ever-increasing demand for such labour. There is special emphasis on skill development and promotion of entrepreneurship among women in Nepal's 10th Plan. Life skills make women less dependent on men, giving them an opportunity to earn and exercise control over that income. At the same time, understanding the value of the girl-child and prioritising female health and well-being is essential for a healthier society. Besides adequate allocation of funds, women and their families need to be encouraged to access healthcare services.

Opportunities: Provision of decent work, training and safe mobility, along with an expansion of paid employment and access to asset ownership are some ways in which women's economic empowerment can be ensured. Also civil society advocacy for the recognition of women's unpaid work and its reduction and redistribution can help reduce the feminisation of poverty. Women need to have 'full-ownership rights' as opposed to 'use-rights' over earned income to discourage their structured dependence on men.

Legal justice: Implementation of existing laws is the first step that any government can take in ensuring that women's rights are not violated. For example, if the law criminalises depriving women of property inheritance, it is the responsibility of every individual and not just state institutions, to ensure this right is not violated. National and provincial level legislative bodies should initiate debate in areas where discrimination against women is taking

place and work towards making necessary changes to address the issue. Violence and discrimination against women at different levels needs to be checked and curtailed through community-level initiatives, especially where suffering women do not have direct access to justice. A good example is that of UN-led Joint Regional Programme, *Partners for Prevention: Working with Boys and Men to Prevent Gender-based Violence*.

Strengthening institutions: Positive discrimination, gender mainstreaming, gender budgeting, and female targeted benefits will be useful in achieving gender sensitisation and security for women against violation of their basic rights. In this regard, an inclusive approach needs to be adopted, where women become part of the management, budgeting, monitoring and policy-making committees. Affirmative action is key in this regard. If women are given opportunities to improve their capabilities and are given adequate quota to exercise their potential, their overall condition may improve.

UNDP's *Development of Gender Needs Assessment Programme* is a prototype of how regional governments can work to achieve gender parity in their respective countries. Under this programme, tools and training are provided to government officials and civil society to devise ways to create gender equality and women's empowerment.

Raising awareness: Most important is the need to raise awareness about women's rights at the family, community and institutional levels. Vigilance, monitoring and follow-up is a pre-requisite. This will also help in obtaining important gender-disaggregated data, the lack of which so far has made it difficult to design effective policies. For this, civil society and local councils can play a crucial role as they have greater access to the people than provincial or national governments.

Signs of Hope for South Asia*

In today's world where inequality reigns supreme, it is a challenge to create a just and fair system—a system that leaves no one behind; that promotes equality of opportunity irrespective of religion, gender, ethnicity, origin, background or income; that creates decent jobs for all and sustains the environment; and that promotes economic growth with poverty reduction. No policy makers in the world can afford to ignore this challenge. South Asia as a region has the ability and potential to address this challenge. The region has adequate knowledge, ability, resources, technology, political strength, and institutional capacity to make it possible to create a fairer society in a number of areas in which the region has shown progress over the last three decades.

In this last chapter seven areas are highlighted where South Asia has made progress during the past 30 years: high, sustained and broad-based economic growth; renewed attention to poverty reduction; improvement in human development; commitment to gender equality; restructuring and reform of institutions of governance; role of technology for people's empowerment; and strengthened role of civil society.

High, sustained and broad-based economic growth

Over the last three decades the most important positive trend in South Asia was a high, sustained and broad-based economic growth. Between 1980 and 2010, GDP increased at an annual rate of 5.9 per cent:

per capita income increased by 3.8 per cent, and population increased by 1.9 per cent.¹ South Asia's impressive economic performance was attributed to economic reforms. Sri Lanka was the first South Asian country to liberalise its trade and industrial policies in 1977. India, Pakistan, Bangladesh and Nepal also liberalised their economies in the 1990s. All three sectors, agriculture, industry and services, had witnessed reasonable economic growth, especially the service sector had expanded greatly in India. The share of the service sector in GDP had increased in all countries. The service sector now accounts for more than 50 per cent of GDP.

The region's economic performance during the three decades was impressive from a number of perspectives:²

- Sustained rise of GDP growth over the period. For South Asia, GDP increased from 5.5 per cent per annum in 1980-90 to 6.7 per cent in 2000-10. This trend was set by India and followed by Bangladesh and Sri Lanka. The rate of the growth of per capita GDP was even faster than GDP. In South Asia, per capita GDP increased from 3.1 per cent per year in 1980-90 to 5.1 per cent in 2000-10. This was possible due to both sustained increase of GDP growth and slowdown of population growth (from 2.3 per cent to 1.5 per cent).
- This growth was broad-based. Much of the growth was driven by India, Pakistan and Bangladesh which ac-

The region has adequate knowledge, ability, resources, technology, political strength, and institutional capacity to make it possible to create a fairer society

*: The arguments in this chapter are based on Khadija Haq's papers presented at the North South Institute of Canada in 2000, South Asia Forum in New York in 2002, and the launch ceremony of the 2007 Report on *Human Development in South Asia* in Islamabad in 2008.

Over the last three decades the prevalence of poverty has gone down in the region mainly due to the improvement and efficiency of poverty reduction programmes

counted for 82.3 per cent, 8.6 per cent and 5.3 per cent respectively of the region's GDP. Between 1980 and 2010, GDP increased at the highest annual rate in India (6.3 per cent). This was followed by Pakistan (5.0 per cent), Sri Lanka (4.9 per cent), Bangladesh (4.6 per cent) and Nepal (4.3 per cent). Economic growth was driven by services, private sector investments and foreign remittances.

- There was significant structural transformation in the region. The share of agriculture to GDP decreased, while the contribution of the industrial and the service sectors increased. This transformation of the economy towards services and industrialisation had been the main driver of the economy and had created employment opportunities for both men and women. This is evident from an increase in the share of urban areas in total employment and an increase in employment opportunities for women.
- Trade and foreign direct investment also increased. The region was one of the world's largest textile exporters and was able to compete in the global market with most other players. The region was also diversifying in high technology exports. For instance, India has become one of the largest exporters of information technology (IT) and IT-enabled services (ITES) in the world. Such initiatives have been driven by new and innovative entrepreneurs.

Renewed attention to poverty reduction

The magnitude of poverty in South Asia is staggering. The region is home to 495 million people (in 2010) who earn less than US\$1.25 a day. Although South Asia accounts for 23.5 per cent of the world's population, its share of the world's poor people is 44.0 per cent. However, over the last three decades the prevalence of poverty has

gone down in the region. The proportion of the poor people in South Asia had declined from 58 per cent in 1984 to 32 per cent in 2010.³ The highest decline in poverty occurred in the 2000s, mainly due to the improvement and efficiency of poverty reduction programmes. Also, the targeted approach has broadened the coverage of programmes to include health, nutrition, education, water and sanitation.

India's success in reducing poverty and malnutrition was due to its commitment to raise economic growth, implement poverty reduction programmes, and increase social sector spending. This is evident from the 11th and 12th Five Year Plans. The government has formulated a number of programmes for poverty reduction, especially in rural areas. The prominent among them are the Public Distribution System, and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). Under the Public Distribution System, the government is supplying 6 essential commodities at below market prices to 160 million families through 450,000 nation-wide fair price shops. The access to the system was near-universal until 1997. Targeting was introduced in 1997, and now the programme is known as the Targeted Public Distribution System.⁴ Other programmes include: self-employment programmes, wage employment programmes, and direct cash transfers to the targeted poor.

In the 1980s, Pakistan's 6th Five Year Plan focused on economic growth and reduction of poverty and hunger. The main focus of the programme was on agricultural and rural development, and improvement of social service delivery. However in the wake of the implementation of Social Action Programmes and Poverty Reduction Strategy Papers which though focused on poverty reduction and social development failed to improve such indicators. In Pakistan, between the 1980s and the 2000s, the share of development expenditures in total budget of the government decreased from 29.3 per cent to 17.9 per cent, while

the share of current expenditures (defence, debt servicing, administration) increased from 70.7 per cent to 82.1 per cent. Public expenditure on health also decreased from 0.8 per cent of GDP in the 1980s to 0.6 per cent of GDP in the 2000s.⁵ Public expenditure on education increased from 0.8 per cent of GNP in the 1980s to 2.1 per cent of GNP in the 2000s. Pro-poor expenditures, as categorised under the Poverty Reduction Strategy Framework, increased by 28 per cent per annum, over the last decade (2002-12).⁶ However, the share of education, health, water supply and sanitation, and population planning in total pro-poor expenditures declined. Recently, the government has started the Benazir Income Support Programme to reduce poverty and hunger, covering more than 5 million families in 2014. The government is also planning to increase financial allocations for the social sector under the Vision 2025.

Bangladesh's success is attributed to the focus of its economic policy towards increasing the pro-poor expenditures. As part of economic policy, the government has supported small and medium enterprises, promoted rural development, and encouraged the private sector to develop the non-farm sector. Also, the allocation for social sector has increased significantly. The share of social sector spending in the Annual Development Plan increased from 10 per cent to 26 per cent between 1990 and 2010. Similarly, the share of social expenditures in the recurrent expenditures also reached to 32 per cent in 2010.⁷ The government has also initiated the Public Food Distribution System, the focus of which has shifted from relief programmes to development programmes. Moreover, the country has also formulated a comprehensive social protection system to protect and empower the poor. Social sector investments, more employment opportunities, free birth control, improved access to health and education, and the availability of microfinance have empowered Bangladeshi women. In addition, non-governmental organisations

(NGOs) have also played a vital role in the uplift of the social sector and the reduction of poverty by promoting microfinance, and supporting education and health.

Poverty and malnutrition have decreased in Nepal due to government's strong commitment to people's well-being. The government has been focusing on sustained and broad-based economic growth, development of rural infrastructure and social sector, and specific targeted programmes. The main drivers of decrease in poverty and improvement in nutrition are social policy investments and civil society engagements.

The prevalence of poverty, hunger and malnutrition is lower in Sri Lanka compared to other countries of South Asia. This is remarkable achievement in the presence of conflicts. Such performance is attributed to the government's commitment to social sectors such as education, health, population welfare, and water and sanitation, and rural development. Sri Lanka's success shows that the political commitment is necessary to reduce poverty, hunger and malnutrition, and improve human development.

Progress in human development

Over the last 30 years, South Asia's sustained and high economic growth has been complemented by progress in health, education, nutrition, and population welfare. Compared to 1980, there has been significant improvement in certain areas. Life expectancy, for instance, has increased by 11 years from 55 years in 1980 to 66 years in 2010. The highest increase in life expectancy has been in Nepal (19 years) and Bangladesh (14 years). Similarly, the region's average (adult) literacy rate has increased from 39 per cent to 61 per cent between 1981 and 2011. These improvements show enhancements in the quality of life for the majority of the people living in South Asia. Overall, South Asia's Human Development Index (HDI) has increased from 0.365 to 0.562 between 1980

Over the last 30 years, South Asia's sustained and high economic growth has been complemented by progress in health, education, nutrition, and population welfare

A number of gender related issues have been discussed in various SAARC Summits and Declarations

and 2010, increasing at an annual rate of 1.8 per cent.⁸ This is the highest increase in the HDI value in the world only after East Asia and the Pacific.⁹

As always, when discussing human development, Sri Lanka and the Maldives stand out due to their impressive initiatives in the social sector. Particularly, important has been the priority of these countries towards education. With over 90 per cent adult literacy rate, they have achieved one of the primary pre-requisites of long-term and sustained economic growth and human development. Other countries, though still far from having sufficient education facilities and attainment levels, have put substantial efforts to reduce illiteracy. Nepal, Bangladesh and Pakistan have more than doubled their adult literacy rates during the last 30 years.¹⁰

Health status has also improved in all countries of South Asia. Sri Lanka offers a great example of people-centred development. In Sri Lanka, a person is expected to live for 74 years, which is only 6 years less on average than those living in 'very high human development' countries.¹¹

Mortality rates have decreased as a result of access to basic preventable health-care. The region has made significant gains in immunisation coverage. Between 1980 and 2010, the South Asian average for one-year olds that had been fully immunised against tuberculosis and measles increased from about 6 per cent and 1 per cent respectively to 88 per cent and 75 per cent. South Asia has also succeeded in reducing infant mortality rate to 48 per 1,000 live births in 2010 compared to 117 in 1980.¹²

The following paragraph summarises some of the impressive gains that South Asia has made in advancing human development by the end of 2010.¹³

- Population growth rate has declined to 1.3 per cent (compared to 2.4 per cent in 1980).
- Life expectancy has risen to 66 years.
- Adult literacy rate is 61 per cent, with Sri Lanka having literacy rate of 91

per cent, and India, Pakistan, Bangladesh and Nepal of over 55 per cent.

- Female literacy rate is 50 per cent.
- Gross primary school enrolment rate is 111 per cent, with only Pakistan scoring 95 per cent.
- Infant mortality rate is 48 per 1,000 live births.

In South Asia, improvement in human development over the last three decades is the result of policies focusing towards achieving human development goals. As is evident from the statistics above, there has been better commitment in some countries than other countries. However, all the countries have started to initiate policies, programmes and initiatives with the objective of improvement in health, education, nutrition and human development.

Commitment to women's empowerment

The Beijing Conference of 1995 signaled a turning point in the global struggle for women's rights. Through bringing all previous agreements into a comprehensive document, and attaching specific and measurable policy goals, the Beijing Platform for Action became the definitive international agreement regarding the status of women. At the Conference, each country committed itself to developing a national plan of action. Five years after the Beijing Conference, South Asian countries made assessments of the progress made toward empowering women. The region showed significant improvement in policy and programme initiatives. At the regional level, a Technical Committee on Women in Development was formed in 1986 under the South Asian Association for Regional Cooperation (SAARC). A number of gender related issues have been discussed in various SAARC Summits and Declarations so far. They include: elimination of gender disparities in education and health, preventing trafficking among women and children, and expanding microfinance to

women.

Across South Asia, there have been formulation of plans and establishment of national machinery for women's advancement. There has also been greater interaction among NGOs and governments at various levels and increased awareness about women's issues. Institutional mechanisms are also in place to review and reform discriminating laws. There has been increasing number of microfinance, income-generation and self-employment programmes, specifically targeting poor women. Reservation of seats for women for local government elections has increased the number of women in local governance structures. Education and health indicators for girls and women have improved as well.

A broad-based political commitment to put gender concerns at the centre of political and economic decision-making has yet to happen, but the signs of hope are there as the social indicators of gender disparity have started to move in the right direction. In South Asia, the indicators of gender empowerment have improved over the last three decades: the rates of female literacy and school enrolment rates have increased, fertility rates have decreased, and female life expectancy has increased.¹⁴

- Female adult literacy rate as a percentage of male has gone up from 46 per cent in 1981 to 69 per cent in 2010.
- Female life expectancy as a percentage of male has increased from 100 to 105 between 1980 and 2010.
- The proportion of seats held by women in national parliaments has reached to 13 per cent in 2010.

All the countries in the region have increased their focus towards engendering the macroeconomic frameworks and sector specific policies.

In India, the 12th Five Year Plan envisages engendering development planning and calls for structural transformation not only in the direct policy and pro-

gramme interventions for women but also in the policies and programmes of different sectors that impact women. The key strategies for women identified are: economic empowerment, social and physical infrastructure, enabling legislations, women's participation in governance, inclusiveness of all categories of vulnerable women, and engendering national policies and programmes. The 11th Five Year Plan (2007-12) also planned to empower women by mainstreaming them in all sectors as well as by undertaking targeted interventions. During the plan period, inclusion and mainstreaming of women received special attention under programmes such as the MGNREGA, the Right to Free and Compulsory Education, National Rural Health Mission, National Rural Livelihood Mission, and National Skill Development Mission. In 2010, the National Mission for Empowerment of Women was formed for strengthening inter-sectoral convergence at the central, state, district and lower levels of governance making it possible for women to know about and access all schemes and programmes.

In Pakistan, the National Commission on the Status of Women 2000 and the National Policy for the Development and Empowerment of Women 2002 were key initiatives to ensure a gender sensitive approach to development planning and implementation. Other programmes and initiatives included the Gender Reforms Action Plan 2005, National Programme for Women's Political Participation 2002, Gender Mainstreaming in Planning and Development 2004-07, the Protection of Women Act 2006, and the Reproductive Healthcare and Rights Bill 2009.¹⁵ Benazir Income Support Programme has played an important role in empowerment of women. The recent macroeconomic framework, the Vision 2025, also emphasises on empowering women. It focuses to end the multifaceted exclusions and discriminations faced by women and provide an enabling environment to every woman to develop her full potential and share the

Social indicators of gender disparity have started to move in the right direction

The successful transitions of governments and high voter turnout in all countries shows positive sign for people's participation in decision-making

benefits of economic growth, prosperity and social development.

The Government of Bangladesh addresses the issues of gender equity and women development in the 6th Five Year Plan (2011-15) and National Policy for Women's Advancement 2011. The focus has been on providing equal opportunities to women in all sections of life. Other recent initiatives focusing on the development of women are Domestic Violence Protection and Preservation Rules 2013, and Early Childhood Care and Development Policy 2013.

Nepal's 10th Plan (2002-07) has been instrumental in recognising gender equality as one of the main pillars of poverty reduction. Subsequent three year plans—Three Year Interim Plan (2008-10), Three Year Plan (2011-13), and An Approach Paper to the 13th Plan (2014-16)—have introduced new programmes for women's empowerment. Also, they have focused on establishing and strengthening mechanisms for gender equality, and have intensified plans to eliminate all forms of violence against women.

Strengthening institutions of governance

Today, all the people in South Asia live within civilian led democracies. In all countries, democratic institutions are taking hold and giving people a voice in how they are governed. The successful transitions of governments in India, Bangladesh, Pakistan, Sri Lanka, Bhutan and Afghanistan and high voter turnout in all countries shows positive sign for people's participation in decision-making.

In 2013, Pakistan saw the first democratic transfer of power. In 2014, India saw the emergence of Bharatiya Janata Party over Congress that has dominated the country since independence. In January 2015, Sri Lanka's elections have seen the win of Maithripala Sirisena, a former member of President's cabinet, over ten-year serving President Mahinda Rajapaksa after a historical voter turnout of 82 per

cent. In 2008, Nepal followed general elections after abolishing its monarchy. In 2013, Nepal has peacefully conducted the elections and transferred powers to the democratic government again. In 2006, Bhutan's monarchy came to an end, vested political power to its elected parliament. In 2009, the Maldives' authorities allowed its first contested elections. Bangladesh is continuing with a democratic system.

Civil society along with media and the judiciary have been playing a vital role in the strengthening of democracy in South Asia. Similarly, the judiciary in India, Pakistan, Bangladesh and Nepal has been involved in judicial activism. They are making the elected governments accountable for their political decisions.

Institutions of governance in South Asia, as in many other regions, are plagued by inefficiency, corruption and huge bureaucracies. But serious efforts are now underway to restructure and reform public sector institutions. Many ineffective and inefficient public sector corporations are being restructured or sold. The privatisation process, though needs to be managed carefully and compassionately, is one of the effective ways to reduce the heavy public sector debt and expenditure. Deregulation of the economy from the stranglehold of the corrupt bureaucrats is another way of improving the efficiency of governance. In the political field too institutions are being set up to make corrupt politicians accountable. All countries are engaged in institutional reforms to ensure that the democratic process permeates at all levels from the federal to the state and provincial to local levels.

All South Asian countries have been witness to growth of institutions of governance that promise to articulate the demands of people from the grassroots. These include, for example, the *Panchayats* (local self-governments in villages) in India, and the elected provincial councils in Sri Lanka. These institutions are representative bodies at the local level that allow people to play active role in addressing their own

concerns. However, the main threat to the efficient working of these institutions is the pervasive inequalities that persist in South Asian societies, manifested through powerful elite groups which often use these institutions to serve their personal interests. But the great importance of these fledgling local level institutions of governance should not be understated—they are the critical link between the power structure and the people. However, the indicators of progress of decentralised governance are considerably different across South Asia and within each country.

Adoption and diffusion of technology

One important source of hope in South Asia is the use, adoption and diffusion of modern technology. Technology in the form of information and communications technology (ICT) offers unique opportunity for the region to accelerate the provision of education and skills, deliver low-cost healthcare, improve governance, enhance agricultural productivity, and increase competitiveness in trade and commerce.

The trade and market liberalisation in South Asia in the 1990s resulted in tremendous growth of ICT sector. ICT penetration in South Asia as reflected by the use of mobile phone, computers and internet has registered a massive increase. The mobile cellular subscription has increased from 4.6 million to 1,195 million between 2000 and 2013. Similarly, the internet users per 100 people increased to 13.7 in 2013 compared to 0.1 in 1997.¹⁶

This has contributed to economic growth of the region. In the agricultural sector, the adoption of Green Revolution technology, biotechnology and high-yield varieties have improved the yield and productivity. This has reduced poverty and hunger. The service sector has been the major beneficiary of this growth of ICT. India has become the leading destination of information technology-business process outsourcing (IT-BPO) services in the

world, accounting for 9.5 per cent of GDP and 38 per cent of services exports.¹⁷ ICT exports in South Asia have increased from US\$61 billion to US\$105 billion between 2007 and 2013, with India accounting for 95 per cent of total ICT exports.¹⁸

South Asia has also used the immense potential of technology to improve the access, availability and quality of public service by increasing efficiency and transparency of public service. In the area of healthcare, India and Bangladesh have used telemedicine to improve the provision of basic healthcare to people in remote areas. South Asian countries have also used ICT to fight against illiteracy. The governments along with civil society have used the ICT to improve the quantity and quality of learning. Bangladesh Rural Advancement Committee (BRAC) is providing primary and pre-primary schooling to a huge number of students from the poorest communities. Open universities in India, Pakistan, Bangladesh and Sri Lanka are effectively using ICT for distance learning to educate millions of people.

South Asian countries have used ICT to improve governance. Electronic media and internet are creating awareness among the citizens about their rights. The computerisation of land records in the state of Kerala has reduced the cost and time to maintain land records. The government of Punjab in Pakistan is also working to computerise land records.

The Grameen phone initiative in Bangladesh has been a groundbreaking contribution to use technology as a tool for poverty reduction. The programme facilitates rural poor, particularly women, to use micro-credit to acquire cellular phone to sell phone services to the poor.

Increased role of civil society

Another ray of hope in the region is the increasing role, power and acceptance of the civil society in creating awareness among people about their rights. They have played a crucial role in strengthening governance

ICT offers unique opportunity for the region to accelerate the provision of education and skills, deliver low-cost healthcare, improve governance, enhance agricultural productivity, and increase competitiveness in trade and commerce

The region has some of the best known NGOs in the world

and improving the well-being of people. The majority of the civil society organisations and NGOs are involved in the provision of services related to education, health, environment and rural development. The region has some of the best known NGOs in the world such as: BRAC, Grameen Bank and the Association for Social Advancement (ASA) in Bangladesh; Self-Employment Women's Association (SEWA), Swayam Krishi Sangam (SKS) and the Smile Foundation in India; Aga Khan Rural Support Programme (AKRSP) and the Orangi Pilot Project (OPP) in Pakistan; and Sarvodaya Shramadana Movement (SSM) in Sri Lanka.

South Asia's civil society has played an active role in raising issues of women's rights, human rights, and bringing democratic change.

In South Asia, the struggle for women's rights started in the 1970s with the rise of the women's movements: in India, women protested against dowry, rape law, and now for representation in the parliament; in Pakistan, women protested against *Sharia* laws; and in Sri Lanka, women's groups have taken up the question of militarisation and the plight of women caught in conflicts.

The Human Rights Movement is again one that is found everywhere in South Asia—and is directed against arbitrary detentions, extra-judicial killings, torture and so on. Some organisations, such as the Human Rights Commission of Pakistan (HRCP), have important standing in society.

Apart from social movements, there are also professional bodies which play a significant role in bringing about democratic change. These include the Lawyer's Movement in Pakistan, which protested against the removal of the Chief Justice; or journalist associations to protect press freedom. In Sri Lanka, journalists were in serious danger during the war. Civil society intermediaries often play a significant role during conflicts—for instance in Nepal, writers and elder statesmen helped to ne-

gotiate between the government and Maoists.

The number of civil society organisations in South Asia varies from 0.03-1.2 million in India to 45 thousand in Pakistan, 26 thousand in Bangladesh, 20-50 thousand in Sri Lanka, and 3 thousand in Nepal.¹⁹ The success of civil society in South Asia has been due to their ability to organise people at the local level and thereby filling the prevailing institutional gap.

In India, in recent years, civil society actors have registered a number of gains through mass mobilisation and lobbying with the government. These include the Right to Information Act 2005, the National Rural Employment Guarantee Act 2005, the Scheduled Tribes and Other Forest Dwellers Act 2006, the Right to Education Act 2009, and recently the Andhra Pradesh Scheduled Castes Sub-Plan and Tribal Sub-Plan Act 2013.²⁰ Most of these Acts are aimed to benefit the most marginalised sections of the society. The country has also seen the emergence of powerful *adivasi* women's self-help group federations. They are mobilising the voice of the poor as participants in extremely unfair and unequal, often oppressive markets. Recently Anna Hazare, a civil activist, has struggled hard to pressurise the Union Government to pass a strong Jan Lokpal Bill so that bureaucracy, courts and ministers including Prime Minister could be brought within the purview of such a strong law to check corruption in India.

Pakistan has a dynamic civil society involved in a number of activities ranging from education, health, poverty reduction to human rights and women's empowerment. AKRSP, based on the ideology of Akhtar Hameed Khan, has done excellent work for rural development in Gilgit Baltistan. In the 2000s, an NGO, Rural Support Programme Network (RSPN) was formed to formulate Rural Support Programmes in other parts of the country. RSPN, with the 12 partner RSPs, has an outreach to 110 districts of the country and two Agencies of Feder-

ally Administered Tribal Areas (FATA), to 313,144 Community Organisations with 5.2 million member households and covering a population of over 32 million.²¹ This model has also been successfully implemented in Andhra Pradesh in India as well as in other parts of the world.

In Bangladesh, the role of the civil society has been a great success. BRAC, founded by Sir Fazl-e-Abed in 1972, and the Grameen Bank, founded by Dr. Muhammed Younas have got international prominence in empowering the poor and marginalised. BRAC is world's largest NGO. Its activities range from micro-finance to education and health. Its micro-finance operation disburses about US\$1 billion a year.²² However, this is only part of its activities: it is also an internet-service provider; it has a university; its primary schools educate 11 per cent of Bangladesh's children (70 per cent of them are girls). It runs feed mills, chicken farms, tea plantations and packaging factories. Most importantly, BRAC earns 80 per cent of its money from its own operations.

Sri Lanka has a long history of civil society organisations. In the 1970s when the country followed the policies of liberalisation, the NGO sector saw rapid growth. The trend remained same in the 1980s

after the start of civil conflicts in 1983 in the Northern and Eastern provinces. In the 1990s, the government further facilitated the growth of NGOs to promote peace activities. After 2004 tsunami, again these organisations played an important role for rehabilitation. With the end of civil conflict in May 2009, NGOs are again contributing in rebuilding and rehabilitation activities.²³

In conclusion, accelerated progress in these seven areas will build a fairer world for over 1.6 billion South Asians. Compared to 1980, today the South Asia region is performing better economically, socially and politically: the standard of life has improved; the number and quality of educational institutions and health services has improved; the system of social protection has improved and expanded; infrastructure has improved; the use of technology and people to people contact has increased; the awareness of learning from each other's experience has gone up; and the desire for peace and regional cooperation has increased. All these point to signs of hope for South Asia's future.

Compared to 1980, today the South Asia region is performing better economically, socially and politically: this points to signs of hope for South Asia's future

Notes

Chapter 1

1. MHHDC 2015, *Human Development Indicators for South Asia*.
2. UNPD 2015 and MHHDC staff computations.
3. Ibid.
4. Friedman 2014.
5. Piketty 2014.
6. UN-ESCAP 2013.
7. World Bank 2012a.
8. Dreze and Sen 2013.
9. MHHDC 2015, *Human Development Indicators for South Asia*.
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11. UNDP 1990.
12. UNDP 2010.
13. MHHDC 2015, *Human Development Indicators for South Asia*.
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15. Ibid.
16. World Bank 2015a.
17. Mehrotra *et al.* 2012.
18. MHHDC 2015, *Human Development Indicators for South Asia*.
19. GOS 2011b.
20. World Bank 2012a.
21. MHHDC 2015, *Human Development Indicators for South Asia* and World Bank 2015a.
22. MHHDC 2015, *Human Development Indicators for South Asia* and MHHDC 2012.
9. tional sources and is mostly for fiscal years. This data may not be comparable with data from international sources which is computed for calendar years.
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10. Ibid.
11. GOI 2015b.
12. Tripathi and Prasad 2009.
13. GOI, *Economic Survey of India* (various issues).
14. GOI 2015b.
15. Jangili 2011.
16. Ibid.
17. GOI 2015b.
18. GOI 2011d.
19. GOI 2004.
20. GOI 2015b.
21. Ibid.
22. Ibid.
23. GOI 2014b.
24. GOI 2012b.
25. Ibid.
26. Amjad and Burki 2013.
27. GOP 2013b and 2014c.
28. GOP 2014c.
29. GOP 2014b.
30. More than 75 per cent of the pension amount goes to retired servants from the armed forces.
31. GOP 2014c.
32. GOB 2011 and 2014a and MHHDC staff computations.
33. Ibid.
34. GOB 2014a.
35. GOB 2014a and Mahmud *et al.* 2008.
36. GOB 2012a and Malik 2011.
37. GOB 2010a.
38. Ibid.
39. GON 2014a.
40. GON 2014b.
41. GON 2014c.
42. GOS 2014a and MHHDC staff computations.
43. UNDP and IPS, Sri Lanka 2012.
44. MHHDC 2004, GOS 2012 and MHHDC staff computations.
45. GOS 2012.

Chapter 2

1. World Bank 2015g and MHHDC staff computations.
2. MHHDC 2015, *Human Development Indicators for South Asia* 2015.
3. Ibid.
4. World Bank 2015e.
5. World Bank 2015g.
6. Ibid.
7. Ibid.
8. The data used in the section on country profiles (in chapters 2, 3 and 4) is from na-

46. GOS 2014a.
47. MHHDC 2004 and GOS 2012.
48. GOS 2012.
49. GOS 2014e.

Chapter 3

1. MHHDC 2004 and UNDP 1996.
2. MHHDC 2015, *Human Development Indicators for South Asia*.
3. Ibid.
4. ILO 2013b.
5. ILO 2012.
6. ILO 2012 and World Bank 2015g.
7. ILO 2014a.
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9. Bordoloi 2011.
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12. Ibid.
13. World Bank 2012a.
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18. Mehrotra *et al.* 2012.
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38. Ibid.
39. Ibid.
40. GOP, *Labour Force Survey* (various issues) and MHHDC staff computations.
41. GOP, *Labour Force Survey* (various issues) and MHHDC staff computations.
42. GOP 2014i.
43. See MHHDC 2004 for detailed discussion of all these conventions.
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46. Pasha 2014.
47. PTVETR 2014.
48. MHHDC and RECOUP 2007.
49. GOP 2011c.
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54. GOP 2014d and Mahmood and Nasir 2008.
55. Shaikh 2012.
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58. Rahman 2013.
59. Kapsos 2008.
60. ILO 2013a.
61. GOB 2014g.
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64. Mia 2010.
65. MHHDC 2008.
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67. Islam 2012.
68. Khondker *et al.* 2013 and GOB 2013b.
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72. GON 2009.
73. ILO, Nepal 2009.
74. GON 2011b.
75. GON 2009.
76. GON 2011b.
77. Sijapati 2014.
78. GON 2015b.
79. GEFONT 2013.
80. GON 2012a.
81. GON 2014b.
82. GON 2015a.
83. Sijapati 2014.
84. The labour Force statistics in this section exclude the Northern and Eastern provinces and include people aged 10 years and above in the labour force. Moreover, the data is for the fiscal year from 1 January to 31 December.
85. UNDP and IPS, Sri Lanka 2012.
86. World Bank 2012d.
87. Data for informal sector employment was collected in the *Labour Force Survey 2006* for the first time.
88. World Bank 2012c.
89. UNDP and IPS, Sri Lanka 2012.

90. UNDP, Sri Lanka 2014.
 91. LMPA 2012.
 92. GOS 2014f and Galappattige *et al.* 2012.
 93. News.lk 2014.
 94. GOS 2013a.
 95. GOS 2013b.
 96. UN-ESCAP 2013.
 97. ILO 2014b.
- Chapter 4**
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 21. Arnold *et al.* 2009.
 22. MHHDC 2011.
 23. GOI 2014b.
 24. MHHDC 2011.
 25. GOI 2014b and MHHDC staff computations.
 26. GOI 2014i.
 27. GOI 2014b.
 28. GOI 2014i.
 29. Ibid.
 30. GOI 2007b.
 31. GOI 2013d.
 32. Subbarao 2011.
 33. Ibid.
 34. GOI 2011e.
 35. GOI 2002b.
 36. Srivastava 2013.
 37. Ibid.
 38. GOI 2014f.
 39. Srivastava 2013.
 40. MHHDC 2011.
 41. GOI 2014e.
 42. Arnold *et al.* 2009.
 43. GOP 1988 and 2012d.
 44. Ibid.
 45. FAO 2015b and GOP 2012d.
 46. GOP 2012d and SDPI, SDC and WFP-P 2010.
 47. GOP, *Economic Survey of Pakistan* (various issues) and MHHDC staff computations.
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 49. Jamal 2009.
 50. GOP 2011d and 2012c.
 51. MHHDC 2006.
 52. GOP, *Economic Survey of Pakistan* (various issues) and MHHDC staff computations.
 53. Nasim 2014.
 54. GOP 2012e.
 55. GOP 2014a.
 56. Shirazi and Obaidullah 2014.
 57. GOP 2012e.
 58. World Bank 2013b.
 59. GOP 2009.
 60. MHHDC 2011.
 61. GOB 2011.
 62. GOB 2013a.
 63. Tahmeed *et al.* 2012.
 64. ICDDR, Bangladesh 2011 and GOB 2013a.
 65. FAO 2014 and GOB 2013a.
 66. MHHDC 2011.
 67. GOB 2011 and 2013b.
 68. Rokhsana *et al.* 2014.
 69. GOB 2011.
 70. GOB, *Bangladesh Economic Review* (various issues).
 71. MHHDC 2011 and GOB 2014b.
 72. GOB 2014f.
 73. GOB 2013c.
 74. GOB 2012c.
 75. UNOCHA 2008.
 76. In Nepal food insecurity has an ethnic dimension with 90 per cent of *Dalits* and around 80 per cent of *Janajati* food insecure. GON *et al.* 2009.
 77. GON *et al.* 2012.
 78. Ibid.
 79. Ibid.
 80. Macro International Inc. 2007.
 81. GON *et al.* 2012.
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83. FAO 2010a
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90. GOS 2009b.
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95. GOS and CIC Agri Businesses Lmd. 2012 and GOS 2014c.
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101. UNDP and IPS, Sri Lanka 2012.
102. GOS 2014a.
103. GOS 2010b.
104. Tilakaratna 2014.
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12. Ibid.
13. Ibid.
14. Ibid.
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16. Nambissan 2009.
17. GOI 2012d.
18. Ibid.
19. Dunder *et al.* 2014.
20. Ibid.
21. Ibid.
22. Ibid.
23. Andrabi *et al.* 2007.
24. UNICEF 2013a.
25. Hindman 2015.
26. Ildi.
27. Ildi.

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30. GOI 2012f.
31. EIU 2014.
32. ADB 2014a.
33. Ibid.
34. Ibid.
35. GOI 2012c.
36. GOP 2012b.
37. UNICEF 2014a.
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39. UNESCO 2005.
40. Parajuli 2007.
41. Ibid.
42. Kulkarni 2013.
43. UNESCO 2009.
44. IDFC, 2013.
45. UNESCO 2009.
46. Nabi 2013.
47. Ibid.
48. Jayaraman and Simroth 2011.
49. Dunder *et al.* 2014.
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51. UNESCO 2015a.
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66. Aser Centre 2015.
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3. Pose and Samuels 2010.
4. World Bank 2015g.
5. GOP 2013e.
6. GON 2013b.
7. GOI 2011b.
8. GOP 2013d.
9. GON 2012b.
10. GOB 2013a, GOI 2014g, GON 2012b

- and GOP 2013d.
11. GOB 2013a.
 12. WHO 2013 and GOI 2013a.
 13. GOI 2013a.
 14. GOI 2011a.
 15. WHO 2013.
 16. GOP 2013e.
 17. Ibid.
 18. GOB 2013d.
 19. GOI 2015c.
 20. GOB 2013d.
 21. GON 2012b.
 22. Umar and Bilal 2012.
 23. John *et al.* 2011.
 24. Ibid.
 25. GOI 2011a.
 26. GOB 2014c.
 27. A standard set of vaccines considered to provide full immunisation generally involves one dose of BCG vaccine against tuberculosis (TB), three doses of DPT against diphtheria, pertussis (whooping cough), and tetanus or of the pentavalent vaccine, three doses of polio vaccine (excluding the one given at birth) and one dose of a measles vaccine to be received within the first year of a child's life.
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 29. GOB 2013a.
 30. GON 2012b.
 31. IPS 2010.
 32. GOB 2013a, GOI 2007b, GON 2012b, GOP 2013d and GOS 2009a.
 33. GOI 2014g.
 34. Ibid.
 35. GOB 2014c.
 36. Shaikh *et al.* 2013.
 37. GON 2011a.
 38. UNDP, Sri Lanka and IPS 2012.
 39. UN-HABITAT 2015.
 40. World Bank 2015g.
 41. GOI 2007b, GOP 2013d and GOB 2013a.
 42. Rao *et al.* 2012.
 43. Kaur 2014.
 44. GOI 2010a.
 45. Chaudhury and Hammer 2003.
 46. Callen *et al.* 2013.
 47. Adams *et al.* 2013.
 48. Sengupta and Nundy 2005.
 49. Baru 2003.
 50. UNDP, Sri Lanka and IPS 2012.
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 55. Ibid.
 56. Ibid.
 57. Berman *et al.* 2010.
 58. World Bank 2015f.
 59. WHO 2012.
 60. GOI 2010b.
 61. Acharaya *et al.* 2011.
 62. TRF and GOP 2012f.
 63. GOB 2010b.
 64. BRAC 2012.
 65. IPS 2012.
 66. World Bank 2015f.
 67. There are no minimum thresholds for catastrophic health spending. Ghosh 2011. The study marks the catastrophic head count as the proportion of households spending between 5 to 25 per cent of total consumption spending on health. In other words, the study considers health spending to be catastrophic where it accounts for greater than 10 per cent of out-of-pocket expenditures.
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 70. BRAC 2012.
 71. WHO 2007.
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 73. GOP 2005b.
 74. Alwis *et al.* 2011.
 75. MHHDC 2004.
 76. WHO 2008.
 77. GOI 2009.
 78. GOP 2014f.
 79. Alwis *et al.* 2011.
 80. Shrestha *et al.* 2012.
 81. Data on utilisation rates was available for India, Pakistan and Bangladesh only.
 82. GOI 2010b.
 83. TRF and GOP 2012f.
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 86. The definition of 'external resources' includes funds from international organisations, funds from bilateral agreements or foreign NGOs. World Bank 2015b.
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98. GOI 2002a.
99. MHHDC 2004.
100. GOP 2014h.
101. Zhu *et al.* 2014
102. Ibid.
103. Nishtar 2006.
104. NRSP 2013.
105. BRAC 2012.
106. GOB 2009.
107. GOB 2012b.
108. GOB 2012d.
109. GOS 2007a.
110. Ibid.
111. Bandara 2011.
112. HEART 2013.
113. GON 2012b.
114. Perla *et al.* 2011.
115. Halstead *et al.* 1985.

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35. Discussed in length in MHHDC 2003.
36. ISST and UNIFEM 2007.
37. UN IANWGE 2011.
38. Ghani 2011.
39. ILO 2013b.
40. UN Women 2015.
41. World Bank 2012b.
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Human Development Indicators for South Asia

Contents

Note on Statistical Sources for Human Development Indicators

Table 1: Basic Human Development Indicators

- Total population
 - Annual population growth rate
 - Life expectancy at birth
 - Adult literacy rate
 - Female literacy rate
 - Gross combined 1st, 2nd and 3rd level enrolment ratio
 - Infant mortality rate
 - GDP growth
 - GDP per capita
 - Human Development Index (HDI)
 - Gender Inequality Index (GII)
-

Table 2: Education Profile

- Adult literacy rate
 - Male literacy rate
 - Female literacy rate
 - Youth literacy rate
 - Gross primary enrolment
 - Net primary enrolment
 - Gross secondary enrolment
 - Net secondary enrolment
 - Gross combined 1st, 2nd and 3rd level enrolment ratio
 - Enrolment in technical and vocational education
 - Pupil teacher ratio (primary level)
 - Percentage of children reaching grade 5
 - Children not in primary schools
 - School life expectancy
 - Researchers per million inhabitants
 - Research and development (R&D) expenditures
 - Public expenditure on education (% of GDP)
 - Public expenditure on education (% of total government expenditure)
-

Table 3: Health Profile

- Population with access to safe water
 - Population with access to sanitation
 - Child immunisation rate
 - Physicians
 - Maternal mortality ratio
 - Contraceptive prevalence rate
 - People with HIV/AIDS
 - Public expenditure on health (% of GDP)
 - Public expenditure on health (% of total government expenditure)
-

Table 4: Human Deprivation Profile

- Population below income poverty line
 - Population without access to safe water
 - Population without access to sanitation
 - Illiterate adults
 - Illiterate female adults
 - Malnourished children under age-five
 - Under-five mortality rate
 - People with HIV/AIDS
-

Table 5: Gender Disparities Profile

- Female population
 - Adult female literacy
 - Female youth literacy
 - Female primary school gross enrolment
 - Female primary school net enrolment
 - Female 1st, 2nd and 3rd level gross enrolment
 - Female life expectancy
 - Female economic activity rate
 - Female professional and technical workers
 - Seats in the parliament held by women
 - Women in ministerial level positions
 - Female legislators, senior officials and managers
 - Gender Inequality Index
 - Female unemployment rate
-

Table 6: Child Survival and Development Profile

- Population under-18
- Population under-five
- Infant mortality rate
- Under-five mortality rate
- One-year-olds fully immunised against tuberculosis
- One-year-olds fully immunised against measles
- One-year-olds fully immunised against polio
- Births attended by trained health personnel
- Low birth weight infants
- Children in the labour force

Table 7: Profile of Military Spending

- Defence expenditure
- Defence expenditure annual increase
- Defence expenditure (% of GDP)
- Defence expenditure (% of central government expenditure)
- Defence expenditure per capita
- Armed forces personnel
- Arms imports
- Global Militarisation Index (GMI)

Table 8: Profile of Wealth and Poverty

- Total GDP
- GDP per capita
- GNI per capita
- GDP per capita growth
- Gross capital formation
- Gross savings
- Sectoral composition of GDP
- Trade
- Tax revenue
- Exports of goods and services
- Total net official development assistance received
- Total (external) debt servicing (% of exports)
- Total external debt
- Total (external) debt servicing (% of GNI)
- Income share
- Population below US\$1.25 a day
- Population below income poverty line
- Public expenditure on education
- Public expenditure on health

Table 9: Demographic Profile

- Total population
- Annual population growth rate
- Rural population
- Urban population
- Annual growth rate of urban population
- Crude birth rate
- Crude death rate
- Total fertility rate
- Dependency ratio
- Total labour force
- Male labour force
- Female labour force
- Annual growth in labour force
- Unemployment rate

Table 10: Profile of Food Security and Natural Resources

- Food production per capita index
- Food exports
- Food imports
- Cereal production
- Cereal imports
- Cereal exports
- Forest production
- Crop production index
- Land area
- Land use
- Irrigated land
- Daily dietary consumption
- Undernourished people

Table 11: Energy and Environment

- Energy use per capita
 - Total electricity production
 - Motor vehicles per kilometre of road
 - Number of natural disaster-events
 - Number of deaths from natural disasters
 - Number of natural disaster-affected people
 - Economic losses from natural disasters
-

Table 12: Governance

- Average annual rate of inflation
 - Annual growth of food prices
 - Annual growth of money supply
 - Total revenue
 - Total expenditure
 - Budget deficit/surplus
 - Tax revenue
 - Tax revenue by type
 - Public expenditure per capita
 - Imports of goods and services
 - Net inflow of FDI
 - Total external debt (% of GNI)
 - Total external debt servicing (% of GNI)
-

Note on Statistical Sources for Human Development Indicators

The human development data presented in these tables have been collected with considerable effort from various international and national sources. For the most part, standardised international sources have been used, particularly the United Nations (UN) system and the World Bank data bank. The United Nations Development Programme (UNDP) and World Bank offices made their resources available to us for this Report.

Countries in the indicator tables are arranged in descending order according to population size. Data for South Asia is the total (T) or weighted average value of eight countries: India, Pakistan, Bangladesh, Afghanistan, Nepal, Sri Lanka, Bhutan and the Maldives. While most of the data have been taken from international sources, national sources have been used

where international data were not available. Such data have to be used with some caution as their international comparability is still to be tested.

Several limitations remain regarding coverage, consistency, and comparability of data across time and countries. The data series presented here will be refined over time, as more accurate and comparable data become available.

In certain critical areas, reliable data are extremely scarce: for instance, for employment, income distribution, public expenditure on social services, military debt, foreign assistance for human priority areas and so on. Information regarding the activities of non-governmental organisations (NGOs) in social sectors remains fairly sparse.

1. Basic Human Development Indicators

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Total estimated population (millions)										
1980	699	80	82	13	14.4	14.7	0.41	0.15	904T	3,378T
1990	869	111	107	12	18.1	17.0	0.54	0.22	1,135T	4,139T
2000	1,042	144	132	21	23.2	19.1	0.56	0.27	1,382T	4,891T
2010	1,206	173	151	28	26.8	20.7	0.72	0.33	1,609T	5,597T
2050	1,620	271	202	57	36.5	23.8	0.98	0.50	2,211T	8,248T
Annual population growth rate (%)										
1980-90	2.2	3.3	2.7	-1.2	2.3	1.4	2.6	3.4	2.3	2.1
1990-2000	1.8	2.6	2.1	5.8	2.5	1.2	0.5	2.4	2.0	1.7
2000-10	1.5	1.9	1.3	3.3	1.5	0.8	2.4	1.8	1.5	1.4
1980-2010	1.8	2.6	2.0	2.6	2.1	1.1	1.9	2.5	1.9	1.7
Life expectancy at birth (years)										
1980	55	58	55	41	48	68	45	52	55	60
1990	59	61	60	49	55	70	52	61	59	63
2000	62	64	65	55	62	71	60	69	63	66
2010	66	66	69	60	67	74	67	77	66	68
Adult literacy rate (% aged 15 years and above)										
1981	41	26	29	18 ^a	21	87	...	92 ^b	39	68 ^b
1991	48	43 ^c	35	...	33	...	...	96 ^d	46	68
2001	61	50 ^e	47	...	49	91	53 ^e	96 ^f	58	77
2011	63 ^g	55	59 ^h	32	57	91 ⁱ	...	98 ^g	61	80
Female literacy rate (% aged 15 years and above)										
1981	26	15	18	5 ^a	9	82	...	92 ^b	25	60 ^b
1991	34	29 ^c	26	...	17	...	...	96 ^d	32	60
2001	48	35 ^e	41	...	35	89	39 ^e	96 ^f	46	71
2011	51 ^g	42	55 ^h	18	47	90 ⁱ	...	98 ^g	50	75
Gross combined 1st, 2nd and 3rd level enrolment ratio (%)										
1980	40	24	33	20 ^j	28 ^j	57 ^k	30 ^l	...	38	...
1990	48 ^m	29	37	18	58	67 ⁿ	...	...	45	...
2000	52	34 ^o	51 ^e	46 ^o	59	...	43 ^p	79	50	58
2011	70	44	59	62	77	77	68	...	66	69
Infant mortality rate (per 1,000 live births)										
1980	114	122	134	170	141	39	135	107	117	89
1990	88	106	100	121	99	18	93	68	91	69
2000	67	88	64	95	60	14	59	35	68	58
2010	46	73	39	75	36	9	34	11	48	41
GDP growth (%)										
1980-90	5.7	6.6	3.5	...	4.1	4.4	10.1	...	5.5	3.4
1990-2000	5.6	4.0	4.9	...	5.0	5.3	5.5	...	5.3	4.0
2000-10	7.2	4.2	5.8	9.1	4.1	5.3	8.6	7.8	6.7	5.9
1980-2010	6.3	5.0	4.6	...	4.3	4.9	8.0	...	5.9	4.5

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
GDP per capita (PPP ^a , constant 2011 international US\$)										
1990	1,812	2,961	1,239	...	1,240	3,340	2,332	...	1,885	3,579
2000	2,600	3,366	1,606	1,053 ^r	1,577	4,946	3,596	6,577 ^s	2,578	4,562
2010	4,638	4,220	2,459	1,637	1,999	7,572	6,516	10,681	4,331	7,347
Human Development Index (HDI)										
1980	0.369	0.356	0.336	0.230	0.286	0.569	...	...	0.365	...
1990	0.431	0.402	0.382	0.296	0.388	0.620	...	...	0.424	...
2000	0.483	0.454	0.453	0.341	0.449	0.679	...	0.599	0.477	...
2010	0.570	0.526	0.539	0.453	0.527	0.736	0.569	0.688	0.562	...
Gender Inequality Index (GII)										
2005	0.621	0.613	0.587	0.743	0.630	0.445	...	0.424	0.616	...
2010	0.590	0.561	0.539	0.720	0.496	0.408	...	0.350	0.580	...

Notes: a: Data refer to 1979. b: Data refer to 1985. c: Data refer to 1998. d: Data refer to 1990. e: Data refer to 2005. f: Data refer to 2000. g: Data refer to 2006. h: Data refer to 2012. i: Data refer to 2010. j: Data refer to 1978. k: Data refer to 1981. l: Data refer to 1983. m: Data refer to 1989. n: Data refer to 1994. o: Data refer to 2003. p: Data refer to 1999. q: PPP means purchasing power parity. r: Data refer to 2002. s: Data refer to 2001.

Sources: Rows 1, 2: UNPD 2015 and MHHDC staff computations; Rows 3, 7: World Bank 2015f; Rows 4-6: World Bank 2015a; Rows 8, 9: World Bank 2015g; Rows 10, 11: UNDP 2015.

Highlights (as evidenced by statistics of 1980-2010)

Population growth rate has declined in all countries of the region over the last three decades. The growth rate of population has been the lowest in Sri Lanka and the highest in Pakistan. By the mid of 21st century, the growth rate of population will further decline.

Life expectancy has improved in all countries with the highest rate of increase in Bhutan and the Maldives respectively, and the lowest rate of increase in Sri Lanka and Pakistan respectively.

Literacy rates and gross combined enrolment ratios have increased in all

countries with the lowest latest values in Pakistan and Afghanistan.

Between 1980 and 2010, GDP growth rate has been the highest in Bhutan (8.0 per cent), followed by India (6.3 per cent) and Pakistan (5.0 per cent). GDP per capita value increased at the highest rate in India and the lowest in Pakistan between 1990 and 2010; only Sri Lanka and the Maldives have the higher recent values of per capita GDP compared to developing countries.

Human Development Index (HDI) value has improved for all countries with the highest rate of improvement in Afghanistan. However, the HDI value is still the lowest in Afghanistan and

the highest in Sri Lanka, followed by the Maldives, India and Bhutan. Moreover, recently only Sri Lanka is in the category of 'high human development', while the Maldives, India and Bhutan are in the category of 'medium human development'. The remaining four countries, Pakistan, Bangladesh, Afghanistan and Nepal, are in the classification of 'low human development'.

Gender inequality has decreased in all countries of the region with the highest rate of decline in Nepal followed by the Maldives, Bangladesh and Sri Lanka respectively. Currently, gender inequality is the highest in Afghanistan and the lowest in the Maldives.

2. Education Profile

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Adult literacy rate (% aged 15 years and above)										
1981	41	26	29	18 ^a	21	87	...	92 ^b	39	68 ^b
1991	48	43 ^c	35	...	33	...	...	96 ^d	46	68
2001	61	50 ^e	47	...	49	91	53 ^e	96 ^f	58	77
2011	63 ^g	55	59 ^h	32	57	91 ⁱ	...	98 ^g	61	80
Male literacy rate (% aged 15 years and above)										
1981	55	35	40	30 ^a	32	91	...	92 ^b	52	77 ^b
1991	62	55 ^c	44	...	49	...	...	96 ^d	59	77
2001	73	64 ^e	54	...	63	92	65 ^e	96 ^f	70	84
2011	75 ^g	67	62 ^h	45	71	93 ⁱ	...	98 ^g	73	86
Female literacy rate (% aged 15 years and above)										
1981	26	15	18	5 ^a	9	82	...	92 ^b	25	60 ^b
1991	34	29 ^c	26	...	17	...	...	96 ^d	32	60
2001	48	35 ^e	41	...	35	89	39 ^e	96 ^f	46	71
2011	51 ^g	42	55 ^h	18	47	90 ⁱ	...	98 ^g	50	75
Youth literacy rate (%)										
1981	54	35	36	30 ^a	30	91	...	96 ^b	51	80
1991	62	55	45	...	50	...	...	98 ^d	59	80
2001	76	65 ^c	64	...	70	96	74 ^e	98 ^f	73	85
2011	81 ^g	71	80 ^h	47	82	98 ⁱ	...	99 ^g	80	88
Gross primary enrolment (%)										
1980	82	48	70	44	94	99	47	139	78	96
1990	93	56	81	31	117	110	51 ^j	126 ^k	88	99
2000	96	70	99 ^c	21	126	107 ^l	78	134	93	98
2010	113	95	104	99	141	99	110	98 ^m	111	109
Net primary enrolment (%)										
2000	81	56 ⁿ	92 ^c	...	76	100 ⁿ	59	98	80	82
2010	94	74	92	...	97 ^o	94	88	94 ^m	92	88
Gross secondary enrolment (%)										
1980	29	17	19	17	22	54	10 ^p	4	27	38
1990	37 ^q	21	20	11	35	72	12 ^b	54 ^r	34	42
2000	46	22 ^s	48	13 ^l	37	77 ^t	30	54	43	53
2010	65	34	50	50	60	97	66	72 ^u	60	67
Net secondary enrolment (%)										
2010	...	35 ^o	46	27 ^v	52	84	52	...	42	59
Gross combined 1st, 2nd and 3rd level enrolment ratio (%)										
1980	40	24	33	20 ^w	28 ^w	57 ^x	30 ^y	...	38	...
1990	48 ^q	29	37	18	58	67 ^t	...	...	45	...
2000	52	34 ^s	51 ^c	46 ^s	59	...	43 ^z	79	50	58
2011	70	44	59	62	77	77	68	...	66	69

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Enrolment in technical and vocational education (% of students in secondary education)										
1980	1.8	1.5	1.0	4.2	7.7 ^{aa}	0.7	...	12.3	1.8	7.6
1990	1.6 ^q	2.9	0.9	...	...	...	...	...	1.7	10.1
2000	0.9	1.4 ^s	1.0	0.5 ^s	1.4	...	1.5 ^l	2.3	0.9	8.7
2010	0.8 ^{ab}	4.0	3.3	1.3 ^m	0.7 ^{ab}	5.3	1.8 ^g	...	1.5	9.6
Pupil teacher ratio (primary level)										
1980	43 ^a	37	54	...	38	32 ^w	25 ^a	...	43	32
1990	...	41	63	41	39	29 ^k	29 ^j	...	49	28
2000	40	33	47 ^e	33 ^z	38	26 ^l	41	23	40	29
2010	35 ^o	40	43	44	32	24	26	12	36	26
Percentage of children reaching grade 5 (% of grade 1 students)										
2010	61.4 ^l	52.2	66.2 ^m	...	61.7 ^v	97.3	95.5	90.4	61.3	...
Children not in primary schools (millions)										
1990	22.81	...	4.15	1.86 ^{ac}	0.683 ^{ad}	0.038 ^{ae}	...	...	29.5T	100.3T
2000	16.95	8.80 ⁿ	0.78 ^e	...	0.709	0.003 ^l	0.044	0.001	27.3T	96.8T
2010	0.88	5.15	0.62	...	0.106 ^o	0.097	0.011	0.002 ^m	6.9T	53.7T
School life expectancy (years), primary to secondary										
1980	6.1	3.5	4.8	1.7 ^p	4.6 ^x	9.9 ^x	4.0 ^y	...	5.7	7.3
1990	7.2 ^q	4.3	5.4	2.5	7.6	11.7	...	...	6.8	7.8
2000	8.0	5.2 ^s	8.1 ^e	6.4 ^s	9.1	...	7.1 ^z	12.3	7.7	8.4
2011	10.4	7.1	9.3	9.0	11.6	12.9	11.9	...	10.0	10.2
primary to tertiary										
1980	6.4	3.7	4.9	1.8 ^p	4.8 ^x	10.0 ^x	4.0 ^y	...	6.0	7.6
1990	7.5 ^q	4.4	5.6	2.6	7.8	11.8 ^f	...	...	7.1	8.2
2000	8.5	5.4 ^s	8.4 ^e	6.5 ^s	9.3	...	7.2 ^z	12.4	8.1	9.0
2011	11.7	7.5	10.0	9.3	12.4	13.7	12.4	...	11.1	11.3
Researchers per million inhabitants										
1996	153	75 ^{af}	...	...	...	188	...	...	145	...
2000	111	80 ^e	...	...	62 ⁿ	135	...	...	107	465 ^e
2010	160	162 ^m	...	...	...	103	...	...	159	528
R&D expenditures (% of GDP)										
1996	0.6	0.2 ^{af}	...	...	...	0.2	...	...	0.6	...
2000	0.7	0.4 ^e	...	...	...	0.1	...	...	0.7	0.8 ^e
2010	0.8	0.4 ^m	...	...	0.3	0.2	...	...	0.7	1.2
Public expenditure on education (% of GDP)										
1980	...	2.1	0.9	1.8	...	2.7	...	...	1.6	...
1990	...	2.6 ^f	1.6	...	...	2.4	...	...	2.1	...
2000	4.3	1.8	2.4	...	3.7 ^l	3.1 ^c	5.5	6.3 ⁿ	3.8	...
2010	3.3	2.3	2.2 ^m	...	4.7	2.0	4.0	7.6 ^m	3.1	...

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Public expenditure on education (% of total government expenditure)										
1990	...	9.6 ^f	11.6	...	...	7.8	...	...	10.4	...
2000	16.4	8.0	18.4	...	24.2 ^l	11.6 ^c	12.6	21.2 ⁿ	15.7	...
2010	10.5	10.9	13.8 ^m	...	22.7	8.6	10.0	17.5 ^m	11.1	...

Notes: a: Data refer to 1979. b: Data refer to 1985. c: Data refer to 1998. d: Data refer to 1990. e: Data refer to 2005. f: Data refer to 2000. g: Data refer to 2006. h: Data refer to 2012. i: Data refer to 2010. j: Data refer to 1991. k: Data refer to 1992. l: Data refer to 2001. m: Data refer to 2009. n: Data refer to 2002. o: Data refer to 2011. p: Data refer to 1982. q: Data refer to 1989. r: Data refer to 1994. s: Data refer to 2003. t: Data refer to 1995. u: Data refer to 2004. v: Data refer to 2007. w: Data refer to 1978. x: Data refer to 1981. y: Data refer to 1983. z: Data refer to 1999. aa: Data refer to 1977. ab: Data refer to 2008. ac: Data refer to 1993. ad: Data refer to 1988. ae: Data refer to 1986. af: Data refer to 1997.

Sources: Rows 1-15: World Bank 2015a and MHHDC staff computations; Rows 16-18: World Bank 2015g and MHHDC staff computations.

Highlights (as evidenced by statistics of 1980-2010)

South Asia has performed well in education indicators.

Literacy rates show a positive trend in all countries of the region over the last 30 years. However, Pakistan (with the exception of Afghanistan) has the lowest recent values, while the Maldives and Sri Lanka respectively have the highest recent values.

Enrolment ratios have increased in all countries of the region with few exceptions: *net primary enrolment ratio*

has decreased in Sri Lanka, while *technical and vocational enrolment ratio* has decreased in India, Afghanistan and Nepal. Like literacy rates, enrolment ratios are also the lowest in Pakistan with the exception of *net secondary enrolment* which is the lowest in Afghanistan, and technical and vocational enrolment which is the lowest in Nepal.

Pupil teacher ratio has deteriorated in Pakistan, Afghanistan and Bhutan, and is the highest in Afghanistan (in 2010).

The percentage of *children reaching grade five* is also the lowest in Paki-

stan.

Over the last 20 years, the number of *out-of-school children* has decreased in South Asia by more than four times due to significant reduction in India, with the highest recent value in Pakistan in 2010.

School life expectancy has increased in all countries of the region, however, it is the lowest in Pakistan and the highest in Sri Lanka in the latest year. The share of *public expenditure on education* in GDP and total public expenditure is the highest in Nepal and the Maldives.

3. Health Profile

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Population with access to safe water (%)										
1990	70	85	68	5 ^a	67	68	86 ^b	93	71	70
2000	81	88	76	22	77	79	86	95	80	79
2010	91	91	83	57	86	91	96	98	89	86
Population with access to sanitation (%)										
1990	18	27	33	21 ^a	6	68	34 ^b	68	21	35
2000	26	37	45	23	21	79	35	79	29	47
2010	34	47	55	28	34	90	45	97	38	56
Child immunisation rate, one-year-olds fully immunised against measles (%)										
1981	1 ^c	2	1 ^d	8 ^d	2	3 ^e	21	39	1	45 ^f
1990	56	50	65	20	57	80	93	96	56	73
2000	59	59	74	27	71	99	78	99	61	71
2010	74	69	88	62	86	99	95	97	75	82
one-year-olds fully immunised against DPT (%)										
1981	6	3	1	3	16	45	13	1	6	33 ^f
1990	70	54	69	25	43	86	96	94	68	76
2000	60	62	82	24	74	99	92	98	63	71
2010	72	82	94	66	82	99	91	96	76	82
Physicians (per 1,000 people)										
1980	0.37	0.29	0.12	0.08 ^g	0.03	0.14	0.12 ^g	0.05 ^g	0.33	...
1990	0.48 ^h	0.46	0.18	0.11	0.05	0.15 ⁱ	0.33	0.07	0.43	0.94
2001	0.51 ^j	0.66	0.23	0.19	0.05	0.43 ^k	0.05 ^l	0.78 ^k	0.49	1.03 ^k
2010	0.65	0.83	0.30	0.19	0.21 ^m	0.68	0.02	1.42	0.62	1.18
Maternal mortality ratio (per 100,000 live births)										
1990	560	400	550	1,200	790	49	900	430	546	430
2000	370	280	340	1,100	430	55	390	110	365	370
2010	220	190	200	500	220	32	140	38	217	250
Contraceptive prevalence rate (% of women aged 15-49 years)										
1980	35.3	3.3	12.7	...	6.8 ^g	54.9 ^d	...	...	30.2	...
1991	40.7 ⁿ	11.8	39.9	...	24.1	66.1 ⁿ	18.8 ^o	29.0	37.9	55.9 ^p
2000	46.9	27.6 ^q	53.8	4.9	37.3	70.0	30.7	42.0 ^l	45.1	58.4
2008	54.8	27.0	52.6	22.8	48.0 ^r	68.4 ^s	35.4 ^s	34.7 ^r	51.1	61.9 ^u
People with HIV/AIDS, people living with HIV/AIDS (adults and children) (thousands)										
1990	94	1.0	0.1	0.5	0.2	0.2	0.1	0.1	96T	...
2000	2,200	4.8	1.9	1.6	33.0	1.0	0.2	0.1	2,243T	...
2010	2,100	39.0	7.5	3.7	45.0	1.9	1.0	0.1	2,198T	...
people with HIV/AIDS adults (% aged 15-49 years)										
1990	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	...
2000	0.4	0.1	0.1	0.1	0.3	0.1	0.1	0.1	0.3	...
2010	0.3	0.1	0.1	0.1	0.3	0.1	0.1	0.1	0.3	1.2 ^v

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Public expenditure on health (% of GDP)										
1995	1.0	0.9	1.3	...	1.3	1.6	2.7	3.3	1.1	2.4
2000	1.1	0.7	1.1	0.6 ^w	1.2	1.8	5.3	4.1	1.1	2.4
2010	1.0	1.0	1.3	1.8	2.4	1.6	3.5	3.7	1.1	2.9
Public expenditure on health (% total government expenditure)										
1995	7.6	3.8	8.8	...	7.9	5.3	7.2	9.2	7.2	...
2000	7.4	3.5	7.6	6.7 ^w	7.6	6.8	12.2	11.1	7.0	...
2010	6.8	4.7	8.9	3.5	11.6	6.8	8.3	9.3	6.8	...

Notes: a: Data refer to 1991. b: Data refer to 1979. c: Data refer to 1985. d: Data refer to 1982. e: Data refer to 1984. f: Data refer to 1983. g: Data refer to 1981. h: Data refer to 1992. i: Data refer to 1989. j: Data refer to 1998. k: Data refer to 2000. l: Data refer to 1999. m: Data refer to 2004. n: Data refer to 1993. o: Data refer to 1994. p: Data refer to 1990. q: Data refer to 2001. r: Data refer to 2006. s: Data refer to 2007. t: Data refer to 2009. u: Data refer to 2010. v: Data refer to 2013. w: Data refer to 2002.

Sources: Rows 1-7: World Bank 2015f and MHHDC staff computations; Rows 8, 9: World Bank 2015g and MHHDC staff computations.

Highlights (as evidenced by statistics of 1980-2010)

The percentage of *population with access to safe water* increased to more than 80 per cent (in 2010) in all countries of the region with the exception of Afghanistan. However, the ratio of *population with access to improved sanitation* remained in the range of 28-55 per cent (in 2010) in the region by excluding Sri Lanka and the

Maldives. Child *immunisation rates* have increased at the highest rate in Bangladesh, with almost universal rates (in 2010) in Sri Lanka. The level and the rate of increase in *physicians per 1,000 people* is the highest in the Maldives, followed by Sri Lanka. *Maternal mortality ratio* has decreased in all countries with the lowest recent value in Sri Lanka (32) and the highest in Afghanistan (500), followed by India (220).

Contraceptive prevalence rate has increased in the region with the highest rate of increase in Pakistan, followed by Nepal. The number of *people with HIV/AIDS* has also increased with the highest rate of increase in Nepal, followed by Bangladesh and Pakistan respectively. *Public expenditure on health* is one of the lowest in India and Pakistan (in 2010) and has decreased in India only (between 1995 and 2010).

4. Human Deprivation Profile

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Population below income poverty line (%),										
. Population below US\$1.25 a day (PPP) (%),										
number (millions)										
1984	415.2 ^a	67.3 ^b	63.8	...	12.6 ^c	3.2 ^c	...	...	562.1T	1,743.9T
1996	463.6 ^d	64.3 ^c	74.6	...	14.4	3.0	...	0.067 ^f	619.9T	1,648.1T
2002	469.3 ^e	53.7	77.6 ^h	...	13.0 ⁱ	2.6	0.1 ⁱ	...	616.4T	1,540.6T
2010	394.0	28.6 ^j	65.4	...	6.4	0.8	0.1 ^k	...	495.3T	1,071.9T
%										
1984	55.5 ^a	66.5 ^b	69.6	...	78.2 ^c	20.0 ^c	...	...	57.6	47.6
1996	49.4 ^d	48.1 ^c	60.9	...	68.0	16.3	...	25.6 ^f	50.2	35.9
2002	41.6 ^e	35.9	58.6 ^h	...	53.1 ⁱ	14.0	24.0 ⁱ	...	42.5	30.6
2010	32.7	17.2 ^j	43.3	...	23.7	4.1	10.2 ^k	...	31.5	19.2
. Population below US\$2 a day (PPP) (%),										
number (millions)										
1984	634.2 ^a	90.3 ^b	85.5	...	15.1 ^c	8.2 ^c	...	...	833.3T	2,502.2T
1996	767.0 ^d	111.2 ^c	104.7	...	18.8	8.6	...	0.097 ^f	1,010.4T	2,729.3T
2002	852.3 ^e	110.6	111.7 ^h	...	19.0 ⁱ	7.5	0.3 ⁱ	...	1,101.5T	2,679.7T
2010	829.0	93.2 ^j	115.7	...	15.0	4.9	0.2 ^k	...	1,058.0T	2,184.1T
%										
1984	84.8 ^a	89.2 ^b	93.1	...	93.6 ^c	51.7 ^c	...	...	85.5	68.3
1996	81.7 ^d	83.3 ^c	85.5	...	89.0	46.7	...	37.0 ^f	81.8	59.4
2002	75.6 ^e	73.9	84.4 ^h	...	77.3 ⁱ	39.7	46.9 ⁱ	...	75.8	53.2
2010	68.8	55.8 ^j	76.5	...	56.0	23.9	29.8 ^k	...	67.3	39.0
. Population below national poverty line (%),										
number (millions)										
1996	425.1 ^d	43.0 ^l	61.3	...	...	5.3	...	...	534.7T	...
2002	419.3 ^e	51.6	57.3 ^e	...	...	4.3	...	...	532.5T	...
2010	359.3	35.9 ^m	47.6	9.8 ^j	6.8	1.8	0.2	...	461.4T	...
%										
1996	45.3 ^d	30.6 ^l	50.1	...	...	28.8	...	...	44.0	...
2002	37.2 ^e	34.5	40.0 ^e	...	...	22.7	...	...	37.0	...
2010	29.8	22.3 ^m	31.5	36.3 ^j	25.2	8.9	23.2	...	28.9	...

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Population without access to safe water, number (millions)										
1990	258.1	16.3	34.4	12.0 ⁿ	6.1	5.5	0.075 ^c	0.015	331.8T	1,233.3T
2000	202.2	16.8	31.8	16.0	5.3	4.0	0.078	0.013	276.2T	1,042.9T
2010	112.1	15.2	25.1	12.2	3.7	1.8	0.027	0.006	170.1T	7,72.3T
% of total population										
1990	29.7	14.7	32.0	95.2 ⁿ	33.5	32.4	14.4 ^c	6.8	29.2	29.8
2000	19.4	11.7	24.0	77.9	22.9	20.7	13.9	4.8	20.0	21.3
2010	9.3	8.8	16.6	42.9	13.6	8.6	3.8	1.7	10.6	13.8
Population without access to sanitation, number (millions)										
1990	715.1	81.3	71.5	10.0 ⁿ	17.0	5.5	0.345 ^c	0.069	900.8T	2,694.1T
2000	776.5	90.0	73.5	15.8	18.4	4.1	0.367	0.056	978.7T	2,612.4T
2010	793.3	91.2	68.0	20.4	17.7	2.1	0.395	0.009	993.2T	2,458.7T
% of total population										
1990	82.3	73.2	66.6	79.1 ⁿ	93.8	32.4	66.2 ^c	32.0	79.3	65.1
2000	74.5	62.6	55.5	76.8	79.4	21.3	65.0	20.6	70.8	53.4
2010	65.8	52.7	45.0	72.0	65.9	10.0	55.1	2.7	61.8	43.9
Illiterate adults, number (millions)										
1981	257.3	34.9	33.3	5.8 ^o	6.8	1.3	...	0.0078 ^c	339.5T	...
1991	287.8	45.3 ^f	41.3	...	7.2	...	...	0.0046 ^q	381.6T	865.0T
2001	273.1	48.8 ^g	44.9	...	7.3	1.3	0.2 ^g	0.0059	375.5T	771.2T
2011	285.5 ^m	51.8	44.3 ^f	10.3	7.2	1.4 ^s	...	0.0032 ^m	400.6T	768.3T
% of total adult population										
1981	59.2	74.3	70.8	81.8 ^o	79.4	13.2	...	7.8 ^c	61.5	...
1991	51.8	57.3 ^f	64.7	...	67.0	...	...	4.0 ^q	53.8	31.5
2001	39.0	50.1 ^g	52.5	...	51.4	9.3	47.2 ^g	3.7	41.3	22.9
2011	37.2 ^m	45.3	41.2 ^f	68.3	42.6	8.8 ^s	...	1.6 ^m	38.7	19.6
Illiterate female adults, number (millions)										
1981	155.3	18.9	18.4	3.3 ^o	3.9	0.9	...	0.0035 ^c	200.6T	...
1991	177.3	27.0 ^f	22.6	...	4.4	...	...	0.0021 ^q	231.4T	547.2T
2001	177.0	30.7 ^g	24.4	...	4.7	0.8	0.119 ^g	0.0028	237.8T	493.1T
2011	186.1 ^m	32.5	23.9 ^f	6.2	4.9	0.8 ^s	...	0.0016 ^m	254.4T	488.5T
% of total adult female population										
1981	74.3	85.2	82.0	95.0 ^o	90.8	18.0	...	7.6 ^c	75.6	...
1991	66.3	71.0 ^f	74.2	...	82.6	...	...	3.9 ^q	67.8	40.3
2001	52.2	64.6	59.2	...	65.1	10.9	61.3 ^g	3.6	53.8	29.4
2011	49.2 ^m	58.0	44.9 ^f	82.4	53.3	10.0 ^s	...	1.6 ^m	49.9	24.8

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Malnourished children (weight for age) (% of children under age-five)										
1977	67.3	48.3	63.8 ^a	...	60.8 ^t	49.8 ^u	...	...	64.9	...
1991	50.7 ^v	39.0	64.3	...	44.1 ^w	33.8 ^x	34.0 ^b	32.5 ^d	50.5	27.9 ^a
2001	44.4 ^l	31.3	45.4	44.9 ^c	43.0	22.8 ^h	14.1 ^l	25.7	42.8	23.4 ^h
2011	43.5 ^m	30.9	36.8	32.9 ^y	29.1	21.6 ^z	12.8 ^s	17.8 ^z	40.8	18.4 ^s
Under-five mortality rate (per 1,000 live births)										
1980	168	162	198	255	211	50	200	156	170	131
1990	126	139	144	179	142	21	134	94	128	100
2000	91	113	88	136	82	16	79	44	93	84
2010	60	92	49	105	45	11	43	13	62	57
People with HIV/AIDS adults (% aged 15-49 years)										
1990	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	...
2000	0.4	0.1	0.1	0.1	0.3	0.1	0.1	0.1	0.3	...
2010	0.3	0.1	0.1	0.1	0.3	0.1	0.1	0.1	0.3	1.2 ^{aa}

Notes: a: Data refer to 1983. b: Data refer to 1987. c: Data refer to 1985. d: Data refer to 1994. e: Data refer to 1997. f: Data refer to 1998. g: Data refer to 2005. h: Data refer to 2000. i: Data refer to 2003. j: Data refer to 2008. k: Data refer to 2007. l: Data refer to 1999. m: Data refer to 2006. n: Data refer to 1991. o: Data refer to 1979. p: Data refer to 1998. q: Data refer to 1990. r: Data refer to 2012. s: Data refer to 2010. t: Data refer to 1975. u: Data refer to 1978. v: Data refer to 1992. w: Data refer to 1995. x: Data refer to 1993. y: Data refer to 2004. z: Data refer to 2009. aa: Data refer to 2013.

Sources: Row 1: UNPD 2015, World Bank 2015g and MHHDC staff computations; Rows 2, 3: UNPD 2015, World Bank 2015f and MHHDC staff computations; Rows 4, 5: World Bank 2015a and MHHDC staff computations; Rows 6-8: World Bank 2015f.

Highlights (as evidenced by statistics of 1980-2010)

Over the last three decades, population living *below US\$1.25 a day, US\$2 a day and national poverty line* has decreased in most countries of South Asia, with the highest rate of decline in Sri Lanka. However, the number of poor people has gone up in India, Pakistan and Bangladesh under the criteria of US\$2 a day, and in Bangladesh only under US\$1.25

a day classification.

Between 1990 and 2010, *people without access to safe water* decreased in the region with the highest rate of decline in Sri Lanka and the lowest in Pakistan. However, the *number of people without access to improved sanitation* has increased in India, Pakistan, Afghanistan and Nepal.

The number of *illiterate female adults* has decreased in Sri Lanka and the Maldives only, while the number of *total illiterates* has decreased in the Maldives

only.

The proportion of *malnourished children* has decreased in all countries with the highest rate of decline in Nepal and Sri Lanka and the lowest in India and Pakistan.

Under-five mortality rate has decreased in all countries of the region over the last 30 years with the highest rate of decrease in the Maldives and the lowest in Pakistan.

5. Gender Disparities Profile

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Female population, number (millions)										
1980	336	38	40	6.5	7.1	7.2	0.20	0.07	435T	1,661T
1990	418	54	52	5.7	9.0	8.4	0.26	0.10	547T	2,036T
2000	502	70	64	10.1	11.6	9.6	0.27	0.13	667T	2,409T
2010	582	84	74	14.0	13.8	10.5	0.33	0.16	779T	2,760T
% of male										
1980	93	91	93	97	96	96	92	89	93	97
1990	93	93	93	95	99	98	93	93	93	97
2000	93	94	94	97	101	101	95	96	93	97
2010	93	95	97	97	105	104	86	98	94	97
Adult female literacy (% of male)										
1981	47	42	45	16 ^a	29	90	...	100 ^b	46	77 ^b
1991	55	52 ^c	58	...	35	...	...	100 ^d	55	77
2001	65	55 ^e	76	...	56	97	59 ^e	100 ^f	65	84
2011	68 ^g	63	88 ^h	39	66	97 ⁱ	...	100 ^g	69	87
Youth literacy rate (% of male)										
1981	61	54	61	24 ^a	33	98	...	101 ^b	60	87 ^b
1991	67	64 ^c	73	...	48	...	...	100 ^d	67	87
2001	80	69 ^e	90	...	75	101	85 ^e	100 ^f	80	91
2011	84 ^g	81	105 ^h	52	87	101 ⁱ	...	100 ^g	85	93
Female primary school gross enrolment ratio (% of male)										
1980	67	50	61	23	41	95	42 ^a	...	65	83
1990	74	53	84	55	59	97	60 ^j	100 ^k	73	86
2000	84	68	105 ^c	44 ^l	78	99 ^m	87	100	83	91
2010	101	85	107	68	107	99	102	97 ⁿ	100	97
Female primary school net enrolment ratio (% of male)										
2000	84	68 ^l	106 ^c	...	81	100 ^l	90	101	85	92
2010	99 ^o	85	104	...	99 ^p	100	104	99 ⁿ	95	98
Female 1st, 2nd and 3rd level gross enrolment ratio (% of male)										
1980	61	46	53	20 ^q	30 ^q	100 ^r	45 ^s	...	58	...
1990	67 ^t	49	74	...	54	102 ^u	...	...	66	...
2000	78	78 ^g	103 ^c	53 ^v	71	...	83 ^w	100	80	90
2011	94	82	105	65	99	104	101	...	93	96
Female life expectancy (% of male)										
1980	100	101	98	104	101	106	99	95	100	105
1990	101	102	99	104	102	110	100	98	101	106
2000	104	102	101	104	103	111	100	102	103	105
2010	105	103	102	104	103	109	101	103	105	106

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Female economic activity rate (aged 15 years and over) (% of male)										
1990	42	16	69	19	90	48	64	26	43	66
2000	42	19	64	17	92	50	67	52	42	66
2010	36	29	69	20	93	47	87	73	39	65
Female professional and technical workers (% of total)										
2006	...	26	22	...	20	48	...	...	...	...
Seats in the parliament (Lower House) held by women (% of total)										
1990	5.0	10.1	10.3	3.7	6.1	4.9	2.0	6.3	6.0	12.8
2000	9.0	21.1 ¹	9.1	27.3 ^e	5.9	4.4 ¹	9.3	6.0	10.4	13.7
2010	10.8	22.2	18.6	27.7	33.2	5.3	8.5	6.5	13.4	17.9
Women in ministerial level positions (% of total)										
2005	3.4	5.6	8.3	10.0	7.4	10.3	...	11.8	4.4	13.1
2010	10.0	7.5	16.0	7.4	7.7	5.9	...	6.7	10.2	14.2
Female legislators, senior officials and managers (% of total)										
2010	13.8	3.0 ^o	23.4 ^v	...	13.8 ^m	23.9 ^o	49.2	14.3 ^g	13.6	...
Gender Inequality Index (GII)										
2005	0.621	0.613	0.587	0.743	0.630	0.445	...	0.424	0.616	...
2010	0.590	0.561	0.539	0.720	0.496	0.408	...	0.350	0.580	...
Female unemployment rate (%)										
1991	5.0	16.7	3.8	10.7	1.8	22.9	2.4	20.0	6.3	6.1
2000	4.2	16.1	3.3	10.6	2.4	11.6	2.1	19.1	5.5	6.4
2010	4.4	8.8	5.2	12.0	2.4	7.6	4.3	18.5	5.1	6.0

Notes: a: Data refer to 1979. b: Data refer to 1985. c: Data refer to 1998. d: Data refer to 1990. e: Data refer to 2005. f: Data refer to 2000. g: Data refer to 2006. h: Data refer to 2012. i: Data refer to 2010. j: Data refer to 1991. k: Data refer to 1992. l: Data refer to 2002. m: Data refer to 2001. n: Data refer to 2009. o: Data refer to 2008. p: Data refer to 2011. q: Data refer to 1978. r: Data refer to 1981. s: Data refer to 1983. t: Data refer to 1989. u: Data refer to 1994. v: Data refer to 2003. w: Data refer to 1999. Sources: Row 1: UNPD 2015 and MHHDC staff computations; Rows 2-6: World Bank 2015a and MHHDC staff computations; Rows 7-12, 14: World Bank 2015f. Row 13: UNDP 2015.

Highlights (as evidenced by statistics of 1980-2010)

Female population has increased in all countries of the region during the last 30 years with the highest rate of increase in Pakistan and the Maldives and the lowest in Sri Lanka. The ratio of female to male population has also improved, but it is still less than 100 in most of the countries.

Gender gaps in terms of *literacy rates* and *enrolment ratios* have decreased in all South Asian countries over the last three decade; however they still remain in most countries with the highest gender

gaps in Afghanistan and Pakistan.

Female life expectancy as a percentage of male has increased at the highest rate in India, Bangladesh and the Maldives and at the lowest rate in Pakistan and Afghanistan.

Female economic activity rate as a percentage of male has increased in Pakistan, Nepal, Bhutan and the Maldives, however, it is still the lowest in Afghanistan and Pakistan.

The ratio of *seats in the parliament held by women* has increased in South Asia, with the highest recent value in Nepal (33.2 per cent) and the lowest in Sri Lanka (5.3 per cent).

The share of *female legislators, senior officials and managers* is the lowest in Sri Lanka (5.9 per cent) and the highest in Bangladesh (16.0 per cent), while the ratio of *women in ministerial level positions* is the lowest in Pakistan (3.0 per cent) and the highest in Bangladesh (23.4 per cent).

Gender Inequality Index (GII) shows the highest inequality in Afghanistan, India and Pakistan respectively, and the lowest in the Maldives.

Female unemployment rate has decreased in most countries of South Asia, but remains very high in Pakistan, Afghanistan and the Maldives.

6. Child Survival and Development Profile

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Population under-18, number (millions)										
1980	319	40	42	7.0	6.9	6.4	0.20	0.71	422T	1,548T
1990	379	55	52	6.5	8.8	6.6	0.27	0.12	509T	1,777T
2000	422	69	58	11.5	10.9	6.2	0.27	0.13	578T	1,930T
2010	434	73	57	15.8	11.7	6.2	0.26	0.12	599T	1,955T
% of total population										
1980	46	50	51	55	48	42	49	91	47	46
1990	44	50	49	55	49	38	50	53	45	43
2000	40	48	44	56	47	33	48	49	42	39
2010	36	42	38	56	44	30	36	37	37	34
Population under-five, number (millions)										
1980	103	14	14	2.5	2.3	1.9	0.07	0.03	138T	468T
1990	119	19	17	2.3	2.9	1.8	0.09	0.04	162T	567T
2000	123	21	17	4.3	3.5	1.7	0.08	0.04	170T	539T
2010	121	21	15	5.0	3.2	1.9	0.07	0.03	168T	573T
% of total population										
1980	15	17	17	20	16	13	18	3	15	14
1990	14	17	15	20	16	10	17	19	14	14
2000	12	15	13	21	15	9	13	13	12	11
2010	10	12	10	18	12	9	10	10	10	10
Infant mortality rate (per 1,000 live births)										
1980	114	122	134	170	141	39	135	107	117	89
1990	88	106	100	121	99	18	93	68	91	69
2000	67	88	64	95	60	14	59	35	68	58
2010	46	73	39	75	36	9	34	11	48	41
Under-five mortality rate (per 1,000 live births)										
1980	168	162	198	255	211	50	200	156	170	131
1990	126	139	144	179	142	21	134	94	128	100
2000	91	113	88	136	82	16	79	44	93	84
2010	60	92	49	105	45	11	43	13	62	57
One-year-olds fully immunised against tuberculosis (%)										
1981	4	11	1	10 ^a	32	58	44	8	6	34
1990	66	80	86	30	74	84	99	99	69	82
2000	74	74	94	30	84	98	97	99	76	80
2010	87	90	98	68	94	99	96	97	88	90
One-year-olds fully immunised against measles (%)										
1981	1 ^b	2	1 ^a	8 ^a	2	3 ^c	21	39	1	45 ^d
1990	56	50	65	20	57	80	93	96	56	73
2000	59	59	74	27	71	99	78	99	61	71
2010	74	69	88	62	86	99	95	97	75	82

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
One-year-olds fully immunised against polio (%)										
1981	2	3	1	3	1	45	11	1	3	37 ^a
1990	66	54	69	25	42	86	96	94	65	75
2000	59	65	83	24	74	99	98	98	62	72
2010	70	82	94	66	83	99	92	97	74	83
Births attended by trained health personnel (%)										
1991	34 ^c	19	10 ^f	...	7	94 ^c	15 ^f	90 ^f	31	...
2000	43	23 ^g	12	12	12	96	24	70 ^g	37	59
2010	52 ^h	38 ^h	27	39 ⁱ	36 ⁱ	99 ^j	65	95 ^k	48	66
Low birth weight infants (%)										
1999	30	19 ^l	30 ^m	...	21 ^g	22 ⁿ	15	22 ^g	29	16 ⁿ
2006	28	32 ^j	22	...	21	17 ^j	9 ^h	11 ^k	28	...
Children in the labour force (% aged group 5-14 years)										
2002-11 ^o	12	...	13	10	34	...	3	...	12	...

Notes: a: Data refer to 1982. b: Data refer to 1985. c: Data refer 1984. d: Data refer 1983. e: Data refer 1993. f: Data refer 1994. g: Data refer 2001. h: Data refer 2008. i: Data refer 2011. j: Data refer 2007. k: Data refer 2009. l: Data refer 1991. m: Data refer 1998. n: Data refer 2000. o: Data refer to most recent year available.

Sources: Rows 1, 2: UNPD 2015 and MHHDC staff computations; Rows 3-9: World Bank 2015f; Row 10: UNICEF 2013b.

Highlights (as evidenced by statistics of 1980-2010)

Over the last three decades, the *number of population under-five* has increased in all countries of South Asia with the exception of Sri Lanka and Bhutan; however its *share in total population* has increased in the Maldives only. Similarly, the *number of population under-18* has decreased

in Sri Lanka and the Maldives; its *share in total population* has increased in Afghanistan only.

Infant and under-five mortality rates have also decreased in all countries with the highest rate of decline in the Maldives and the lowest in Pakistan.

Child immunisation rates have improved in all countries of the region; the recent values of immunisation rates

are the lowest in Afghanistan and the highest in Sri Lanka.

The percentage of *births attended by trained health personnel* has improved in the region with the highest recent value for Sri Lanka (99 per cent). The ratio of *low birth weight infants*, one of the main factors of child mortality rates, is the highest in India, Pakistan and Bangladesh.

7. Profile of Military Spending

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Defence expenditure (at 2011 prices) (US\$ millions)										
1990	18,807	4,430	516	...	74	499	...	...	24,326T	...
2000	27,653	4,802	924	198 ^a	103	1,675	...	...	35,355T	...
2010	49,159	6,597	1,469	631	276	1,672	...	...	59,804T	...
Defence expenditure annual increase (%)										
1990-2000	3.9	0.8	6.0	...	3.8	12.9	...	...	3.9	...
2000-10	5.9	3.2	4.7	18.0	5.7	0.0	...	...	5.7	...
1990-2010	4.9	2.0	5.4	...	6.8	6.2	...	...	4.7	...
Defence expenditure (% of GDP)										
1990	3.2	7.1	1.1	...	1.1	2.3	...	...	3.3	3.2
2000	3.0	4.2	1.4	2.5 ^a	1.0	5.0	...	...	2.9	2.0
2010	2.7	3.4	1.2	3.7	1.6	3.1	...	...	2.6	1.9
Defence expenditure (% of central government expenditure)										
1990	21.1	35.9	...	...	...	9.5	...	...	22.5	...
2000	19.6	24.3	14.9 ^b	8.7 ^c	12.3 ^d	21.9	...	...	19.4	11.5 ^e
2010	16.7	19.6	13.3	7.2	10.0	16.0	...	...	16.4	11.0 ^f
Defence expenditure per capita (US\$)										
1990	12.1	25.3	3.0	...	2.1	11.0	...	...	12.4	...
2000	13.7	20.7	4.8	4.2 ^a	2.2	43.0	...	...	13.7	...
2010	38.2	34.5	9.3	20.3	9.5	74.2	...	...	34.8	...
Armed forces personnel, number (thousands)										
1990	1,260	550	103	58	35	22	...	...	2,028T	16,420T
2000	2,372	900	137	400	90	204	...	...	4,103T	21,438T
2010	2,626	946	221	307	158	223	...	...	4,480T	20,826T
% of total labour force										
1990	0.4	1.7	0.2	2.0	0.4	0.3	...	...	0.5	1.0
2000	0.6	2.1	0.2	8.1	0.8	2.6	2.7	5.7	0.9	1.0
2010	0.6	1.6	0.3	4.4	1.1	2.6	...	...	0.7	0.8
Arms imports (at 1990 prices) (US\$ millions)										
1980	1,814	865	58	372	1	18	...	...	3,128T	23,413T
1990	2,834	635	187	1,975	1	19	...	...	5,651T	14,779T
2000	972	176	203	34	11	298	...	...	1,694T	8,935T
2010	2,897	2,201	35	377	3	5	...	5	5,523T	13,512T

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Global Militarisation Index (GMI) ^g , 1990 Rank (Out of 151 countries)	90	31	98	...	101	37	...	...	...	...
2000 Rank (Out of 154 countries)	95	45	123	87 ^h	127	61	...	...	...	...
2010 Rank (Out of 154 countries)	89	66	128	82	117	43	...	...	...	...

Notes: a: Data refer to 2003. b: Data refer to 2001. c: Data refer to 2006. d: Data refer to 2004. e: Data refer to 2005. f: Data refer to 2008. g: The GMI represents the relative weight and importance of the military apparatus of a state in relation to society as a whole. Militarisation is defined, in a narrow sense, as the resources (expenditure, personnel, heavy weapons) available to a state's armed forces. For further information please see www.bicc.de. h: Data refer to 2003 and rank is out of 147 countries.

Sources: Rows 1, 2: SIPRI 2015 and MHHDC staff computations; Rows 3, 4, 6, 7: World Bank 2015g; Row 5: SIPRI 2015, UNPD 2015 and MHHDC staff computations; Row 8: BICC 2015.

Highlights (as evidenced by statistics of 1980-2010)

Between 1990 and 2010, *defence expenditure* as a percentage of GDP and government expenditure decreased in most countries of the region. However, defence expenditure *per capita* as well as *total* has increased in all countries of the region with the highest rate of increase in Nepal and Sri Lanka. Over the last two decades,

the rate of increase in total defence expenditure has increased in India, Pakistan and Nepal.

Armed forces personnel have increased in all countries with the highest rate of increase in Sri Lanka and the lowest in Pakistan.

Over the last three decades, *arms imports* have increased in all countries of South Asia with the exception of Bangladesh and Sri Lanka; in Sri Lanka they

increased between 1980 and 2000, but decreased in the 2000s.

Global Militarisation Index (GMI) shows that in 1990 Pakistan was the top militarised country and Nepal the least militarised; however, in 2010 Sri Lanka was the top militarised country, followed by Pakistan while Bangladesh was the least militarised country in South Asia.

8. Profile of Wealth and Poverty

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Total GDP (US\$ billions)										
1980	204.0	31.7	20.1	...	2.7	8.0	0.13	...	266.6T	3,372.0T
1990	350.2	58.3	29.0	...	4.2	12.1	0.34	...	454.2T	4,618.9T
2000	602.7	85.8	46.3	5.2 ^a	6.9	20.1	0.56	0.85 ^a	768.3T	6,917.9T
2010	1,243.7	129.5	80.9	10.2	10.1	33.3	1.29	1.52	1,510.5T	12,373.4T
GDP per capita (PPP^b, constant 2011 international US\$)										
1990	1,812	2,961	1,239	...	1,240	3,340	2,332	...	1,885	3,579
2000	2,600	3,366	1,606	1,053 ^a	1,577	4,946	3,596	6,577 ^c	2,578	4,562
2010	4,638	4,220	2,459	1,637	1,999	7,572	6,516	10,681	4,331	7,347
GNI per capita (US\$)										
1980	292	432	244	...	...	604 ^d	...	...	306	937 ^e
1990	398	548	275	...	...	705	...	...	406	1,071
2000	572	589	363	...	...	1,033	991	...	560	1,379
2010	1,021	776	578	253 ^f	379	1,590	1,697	3,231 ^f	936	2,194
GDP per capita growth (%)										
1980-90	3.4	3.2	0.8	...	1.8	2.8	7.3	...	3.1	1.3
1990-2000	3.7	1.3	2.7	...	2.4	4.1	4.9	...	3.3	2.3
2000-10	5.6	2.3	4.3	5.8	2.6	4.5	6.0	5.9	5.1	4.5
1980-2010	4.2	2.3	2.6	...	2.2	3.8	6.1	...	3.8	2.7
Gross capital formation (% of GDP)										
1980	18.0	18.5	14.4	...	18.3	33.8	29.9	...	18.0	27.3
1990	24.9	18.9	17.1	...	18.1	22.2	30.4	31.3 ^g	23.4	26.9
2000	24.1	17.2	23.0	...	24.3	28.0	48.2	26.3	23.3	24.9
2010	36.5	15.8	26.2	17.9	38.3	27.2	61.7	...	32.9	31.1
Gross savings (% of GDP)										
1980	17.0	25.6	5.4	...	17.3	19.1	...	...	16.7	24.7 ^e
1990	23.1	22.4	17.1	...	10.3	20.3	...	40.9 ^g	22.2	26.8
2000	25.0	20.4	26.6	...	21.7	21.5	...	35.0	24.6	25.8
2010	34.2	21.6	38.5	-15.9	37.8	25.1	33.8	...	32.3	32.1

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Sectoral composition of GDP (% of GDP),										
agriculture value added										
1980	35.4	29.5	31.6	...	61.8	27.6	43.6	...	34.8	22.7
1990	29.0	26.0	30.3	...	51.6	26.3	35.3	11.5 ^g	29.2	20.1
2000	23.0	25.9	25.5	38.5 ^a	40.8	19.9	27.4	8.8	24.0	13.2
2010	18.2	24.3	17.8	27.1	36.5	12.8	17.5	4.3	19.2	10.5
industry value added										
1980	24.3	24.9	20.6	...	11.9	29.6	11.7	...	23.9	38.2
1990	26.5	25.2	21.5	...	16.2	26.0	24.9	13.5 ^g	25.7	35.7
2000	26.0	23.3	25.3	23.7 ^a	22.1	27.3	36.0	15.0	25.6	36.4
2010	27.2	20.6	26.1	21.9	15.6	29.4	44.5	15.5	26.1	36.3
services value added										
1980	40.3	45.6	47.8	...	26.3	42.8	44.6	...	41.3	39.3
1990	44.5	48.8	48.3	...	32.1	47.7	39.9	75.0 ^g	45.1	44.3
2000	51.0	50.7	49.2	37.8 ^a	37.0	52.8	36.6	76.2	50.4	50.4
2010	54.6	55.1	56.0	51.0	47.8	57.8	38.0	80.1	54.7	53.2
Trade (% of GDP)										
1980	15.1	36.6	23.4	...	30.3	87.0	51.3	358.7	19.3	29.0 ^e
1990	15.2	38.9	19.7	...	32.2	68.2	57.5	168.1	19.1	37.1
2000	26.4	28.1	33.2	97.7 ^a	55.7	88.6	82.5	161.1	29.7	53.0
2010	48.3	32.9	37.8	55.0	46.0	53.1	113.2	173.4	45.9	58.9
Tax revenue (% of GDP)										
1990	9.8	13.3	...	...	7.0	19.0	4.4	14.0	10.3	...
2000	8.7	10.1	7.6 ^c	...	8.7	14.5	10.0	13.8	8.8	12.4 ^f
2010	10.2	10.0	7.8	9.1	13.4	12.9	9.2 ^h	10.7	10.0	13.0
Exports of goods and services (% of GDP)										
1980	6.0	12.5	5.5	...	11.5	32.2	13.6	153.5	7.1	14.1 ^e
1990	6.9	15.5	6.1	...	10.5	30.2	26.8	85.5	8.1	18.4
2000	12.8	13.4	14.0	32.4 ^a	23.3	39.0	29.0	89.5	13.8	27.1
2010	22.0	13.5	16.0	10.0	9.6	22.4	42.5	94.1	20.1	29.4
Total net official development assistance received, amount (US\$ millions)										
1980	2,186	1,181	1,287	33	160	387	8	21	5,262T	32,317T
1990	1,399	1,127	2,093	122	423	728	46	21	5,958T	55,663T
2000	1,373	703	1,173	136	386	275	53	19	4,118T	49,254T
2010	2,806	3,013	1,415	6,426	818	580	131	111	15,301T	130,568T
% of GNI										
1980	1.2	4.6	7.3	0.9	8.2	9.5	7.3	7.7 ⁱ	2.3	1.6
1990	0.4	2.7	6.8	...	11.6	9.1	16.4	10.8	1.6	1.8
2000	0.3	1.0	2.4	...	7.0	1.7	12.1	3.2	0.7	0.9
2010	0.2	1.6	1.1	40.2	5.1	1.2	8.7	6.1	1.2	0.7

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Total (external) debt servicing (% of exports of goods, services and income)										
1980	11.6	26.2	22.1	...	2.9	13.4	...	0.8	13.8	...
1990	34.9	27.4	34.6	...	15.2	16.1	...	4.8	33.5	21.9
2000	17.5	28.0	10.5	...	7.5	12.1	...	4.2	17.7	21.1
2010	6.8	14.9	4.3	0.3	10.6	12.2	13.9	4.0	7.5	11.1
Total external debt (US\$ billions)										
1980	21.1	9.8	3.8	...	0.2	1.8	0.0003 ^j	0.03	37T	510T
1990	85.7	20.6	12.3	...	1.6	5.9	0.08	0.08	126T	1,193T
2000	101.1	33.0	15.6	...	2.9	9.2	0.21	0.21	162T	1,964T
2010	291.7	62.0	25.8	2.4	3.8	19.9	0.87	0.99	407T	4,109T
Total (external) debt servicing (% of GNI)										
1980	0.8	3.4	1.4	...	0.4	4.4	...	...	1.1	4.7
1990	2.5	4.6	2.4	...	1.9	4.8	1.9	4.6	2.7	4.4
2000	2.3	3.9	1.6	...	1.9	4.9	1.6	3.3	2.4	5.9
2010	1.4	2.3	0.8	0.1	1.2	2.9	5.6	4.4	1.5	3.3
Income share (ratio of highest 20% to lowest 20%)										
1985	4.6 ^k	5.0 ^l	3.7 ^m	...	4.3	5.0	...	...	4.6	...
1996	4.4 ⁿ	3.9 ^o	4.9	...	5.5	5.5	...	46.6 ^p	4.5	...
2002	4.9 ^f	4.3	4.8 ^f	...	7.8 ^q	7.2	9.9 ^q	6.8 ^r	4.9	...
2010	5.0	4.1 ^s	4.7	...	5.0	5.8	6.8 ^t	...	4.9	...
Population below US\$1.25 a day (PPP) (%)										
1984	55.5 ^v	66.5 ^l	69.6	...	78.2 ⁱ	20.0 ⁱ	...	...	57.6	47.6
1996	49.4 ⁿ	48.1 ^o	60.9	...	68.0	16.3	...	25.6 ^p	50.2	35.9
2002	41.6 ^f	35.9	58.6 ^v	...	53.1 ^q	14.0	24.0 ^q	...	42.5	30.6
2010	32.7	17.2 ^w	43.3	...	23.7	4.1	10.2 ^x	...	31.5	19.2
Population below income poverty line (%), urban population below income poverty line (%)										
1996	31.8 ⁿ	20.9 ^v	27.8	...	...	14.0	...	...	30.0	...
2002	25.7 ^f	22.7	28.4 ^f	...	...	7.9	...	...	25.4	...
2010	20.9	13.1 ^z	21.3	28.9 ^w	15.5	5.3	1.7 ^x	...	19.9	...
rural population below income poverty line (%)										
1996	50.1 ⁿ	34.7 ^v	54.5	...	...	30.9	...	...	48.7	...
2002	41.8 ^f	39.3	43.8 ^f	...	...	24.7	...	...	41.5	...
2010	33.8	27.0 ^z	35.2	38.2 ^w	27.4	9.4	30.9 ^x	...	32.8	...
Public expenditure on education (% of GDP)										
1980	...	2.1	0.9	1.8	...	2.7	...	...	1.6	...
1990	...	2.6 ⁿ	1.6	...	...	2.4	...	...	2.1	...
2000	4.3	1.8	2.4	...	3.7 ^c	3.1 ^p	5.5	6.3 ^a	3.8	...
2010	3.3	2.3	2.2 ^h	...	4.7	2.0	4.0	7.6 ^h	3.1	...

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Public expenditure on health (% of GDP)										
1995	1.0	0.9	1.3	...	1.3	1.6	2.7	3.3	1.1	2.4
2000	1.1	0.7	1.1	0.6 ^a	1.2	1.8	5.3	4.1	1.1	2.4
2010	1.0	1.0	1.3	1.8	2.4	1.6	3.5	3.7	1.1	2.9

Notes: a: Data refer to 2002. b: PPP means purchasing power parity. c: Data refer to 2001. d: Data refer to 1984. e: Data refer to 1982. f: Data refer to 2005. g: Data refer to 1995. h: Data refer to 2009. i: Data refer to 1985. j: Data refer to 1981. k: Data refer to 1988. l: Data refer to 1987. m: Data refer to 1986. n: Data refer to 1994. o: Data refer to 1997. p: Data refer to 1998. q: Data refer to 2003. r: Data refer to 2004. s: Data refer to 2011. t: Data refer to 2012. u: Data refer to 1983. v: Data refer to 2000. w: Data refer to 2008. x: Data refer to 2007. y: Data refer to 1999. z: Data refer to 2006.

Sources: Rows 1-10, 15-19: World Bank 2015g and MHHDC staff computations; Row 11: World Bank 2015d and g; Rows 12-14: World Bank 2015d and MHHDC staff computations.

Highlights (as evidenced by statistics of 1980-2010)

Over the last three decades, *GDP total* as well as *per capita* have increased in all countries of the region with the highest rate of increase in Bhutan followed by India. The growth rate of *GNI per capita* has been the highest in Sri Lanka and the lowest in Pakistan.

Gross capital formation decreased in Pakistan and Sri Lanka, whereas, *gross savings* decreased in Pakistan only.

With regard to *sectoral shares of GDP*, the share of *agriculture* has de-

creased in all countries of the region, while that of *services* has decreased in Sri Lanka, and that of *industry* decreased in Pakistan and Sri Lanka.

Merchandise trade as a percentage of GDP has decreased in Pakistan, Sri Lanka and the Maldives, while *exports of goods and services* as a percentage of GDP have decreased in Nepal, Sri Lanka and the Maldives.

Tax to GDP ratio has decreased in Pakistan, Sri Lanka and the Maldives with the highest recent value in Nepal and the lowest in Bangladesh.

Total net official development as-

sistance has increased in all countries of the region with the highest rate of increase in Afghanistan and the lowest in Bangladesh; however its share in GNI has increased in Afghanistan and Bhutan only.

External debt in absolute terms has increased in all countries with the highest rate of increase in the Maldives followed by Nepal and India respectively. However, *external debt servicing* as a percentage of exports and GNI has decreased in most of the countries.

9. Demographic Profile

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Total population (millions)										
1980	699	80	82	13.2	14.4	14.7	0.41	0.15	904T	3,378T
1990	869	111	107	11.7	18.1	17.0	0.54	0.22	1,135T	4,139T
2000	1,042	144	132	20.6	23.2	19.1	0.56	0.27	1,382T	4,891T
2010	1,206	173	151	28.4	26.8	20.7	0.72	0.33	1,607T	5,597T
Annual population growth rate (%)										
1980-90	2.2	3.3	2.7	-1.2	2.3	1.4	2.6	3.4	2.3	2.1
1990-2000	1.8	2.6	2.1	5.8	2.5	1.2	0.5	2.4	2.0	1.7
2000-10	1.5	1.9	1.3	3.3	1.5	0.8	2.4	1.8	1.5	1.4
1980-2010	1.8	2.6	2.0	2.6	2.1	1.1	1.9	2.5	1.9	1.7
Rural population (millions)										
1980	538	58	70	11.1	13.5	12.0	0.37	0.12	702T	2,391T
1990	647	77	86	9.6	16.5	13.9	0.45	0.16	851T	2,715T
2000	754	96	101	16.2	20.1	15.6	0.42	0.20	1,004T	2,970T
2010	833	110	105	21.4	22.3	16.9	0.47	0.20	1,109T	3,064T
Urban population (millions)										
1980	161	22	12	2.1	0.9	2.8	0.04	0.03	202T	987T
1990	222	34	21	2.1	1.6	3.2	0.09	0.06	284T	1,424T
2000	288	48	31	4.4	3.1	3.5	0.14	0.08	379T	1,921T
2010	373	63	46	7.0	4.5	3.8	0.25	0.13	498T	2,534T
Annual growth rate of urban population (%)										
1980-90	3.2	4.2	5.7	0.4	6.2	1.3	7.7	5.0	3.5	3.7
1990-2000	2.7	3.5	3.9	7.4	6.9	1.1	5.0	3.1	2.9	3.0
2000-10	2.6	2.9	4.0	4.8	3.8	0.7	5.7	5.6	2.8	2.8
1980-2010	2.8	3.5	4.5	4.2	5.6	1.0	6.1	4.5	3.1	3.2
Crude birth rate (per 1,000 live births)										
1980	35	42	43	52	41	27	44	46	37	31
1990	31	40	35	50	38	21	38	41	32	29
2000	26	31	27	50	33	18	28	25	27	24
2010	21	27	21	38	23	18	21	22	22	21
Crude death rate (per 1,000 live births)										
1980	12	12	14	23	17	6	19	14	13	10
1990	11	10	10	16	12	6	13	9	10	9
2000	9	8	7	12	9	7	9	5	9	8
2010	8	7	6	9	7	7	7	3	8	8
Total fertility rate										
1980	4.7	6.5	6.4	7.7	5.8	3.4	6.6	7.1	5.0	4.3
1990	3.9	6.0	4.6	7.7	5.2	2.5	5.6	6.1	4.2	3.7
2000	3.1	4.5	3.1	7.7	4.1	2.2	3.6	3.3	3.4	2.9
2010	2.6	3.4	2.3	5.7	2.6	2.3	2.4	2.3	2.7	2.7

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Dependency ratio (dependents to working-age population)										
1980	75	89	92	96	81	67	83	91	78	77
1990	71	90	85	102	84	60	87	99	74	70
2000	63	83	70	106	79	50	80	82	66	63
2010	54	66	57	103	73	49	52	54	57	55
Total labour force (millions)										
1990	331	32	47	3.0	8.9	6.6	0.19	0.06	428T	1,792T
2000	405	43	59	5.0	11.9	7.9	0.22	0.09	532T	2,184T
2010	466	60	73	7.0	14.1	8.5	0.36	0.15	630T	2,548T
Male labour force (millions)										
1990	240	28	29	2.5	4.7	4.5	0.12	0.05	308T	1,104T
2000	293	36	37	4.3	6.1	5.3	0.14	0.06	382T	1,336T
2010	349	47	44	5.9	7.0	5.7	0.21	0.09	459T	1,566T
Female labour force (millions)										
1990	91	4	18	0.5	4.2	2.1	0.07	0.01	120T	688T
2000	112	7	22	0.7	5.8	2.6	0.09	0.03	150T	848T
2010	117	13	29	1.1	7.1	2.8	0.15	0.06	170T	982T
Annual growth in labour force (%)										
1990-2000	2.1	3.1	2.3	5.3	2.9	1.8	1.4	4.3	2.2	2.0
2000-10	1.4	3.5	2.2	3.5	1.7	0.7	4.9	5.5	1.7	1.6
1990-2010	1.7	3.3	2.2	4.4	2.3	1.3	3.1	4.9	2.0	1.8
Unemployment rate (%)										
1991	4.3	5.9	3.6	4.9	2.1	14.7	1.9	9.8	4.5	5.8
2000	4.3	7.2	3.3	4.7	2.7	7.7	1.7	10.8	4.5	6.1
2010	3.5	5.0	4.5	8.5	2.7	4.9	3.3	11.7	3.9	5.5

Sources: Rows 1-5: UNPD 2015 and MHHDC staff computations; Rows 6-8: World Bank 2015f; Rows 9-13: World Bank 2015f and MHHDC staff computations; Row 14: World Bank 2015g.

Highlights (as evidenced by statistics of 1980-2010)

Population growth rate has declined in all countries of the region. The growth rate of population has been the lowest in Sri Lanka and the highest in Pakistan: it has decreased over the last three decades due to decline in *fertility rates* which is still

very high in Afghanistan and Pakistan. There has been more population growth in urban areas and less in rural areas except in Sri Lanka, indicating an increase in the level of urbanisation in South Asia.

A decline in fertility rate and an increase in the proportion of young age population across South Asia have resulted in a decrease in *dependency ratio* except

in Afghanistan.

Labour force including male and female has increased in the region. The average regional growth of *male labour force* has been higher than the average value for developing countries and of *female labour force* has been lower than that of developing countries.

10. Profile of Food Security and Natural Resources

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Food production net per capita index (2004-06 = 100)										
1980	77	78	89	150	71	116	83	179	80	...
1990	91	86	86	146	90	99	84	105	91	...
2000	99	97	97	103	94	101	79	97	99	...
2010	116	104	123	101	107	120	86	74	115	...
Food exports (% of merchandise exports)										
1980	28.2	23.5	12.5	36.1 ^a	21.4	47.0	...	...	26.6	20.8 ^b
1990	15.6	9.3	14.3	...	13.2	34.3	19.9 ^c	73.8 ^d	15.1	16.6
2000	12.8	10.5	7.6	...	9.9	20.3	13.3 ^e	53.7	12.1	10.0
2010	8.3	16.8	4.0	40.0	20.2	26.9	7.2	96.2	9.8	10.2
Food imports (% of merchandise imports)										
1980	9.0	13.0	23.6	15.4 ^a	4.3	20.4	...	...	10.9	10.7 ^b
1990	3.2	17.4	19.0	...	14.8	19.1	25.3 ^c	24.0 ^d	6.6	9.7
2000	4.7	14.1	16.5	...	12.6	13.3	17.9 ^e	23.6	7.1	7.1
2010	4.0	13.1	17.4	13.7	14.2	15.4	11.5	22.4	6.7	7.4
Cereal production (thousand metric tons)										
1980	140,491	17,074	21,698	4,072	3,792	2,170	158	0.02	189,455T	...
1990	193,919	20,957	27,747	2,705	5,847	2,579	121	0.01	253,875T	...
2000	234,931	30,461	39,503	1,940	7,116	2,896	107	0.11	316,953T	...
2010	267,838	34,812	51,863	5,957	7,763	4,470	145	0.16	372,847T	...
Cereal imports (thousand metric tons)										
1980	424	613	2,194	17	56	884	5	17	4,211T	...
1990	131	2,048	1,538	322	14	945	40	27	5,064T	...
2000	55	1,054	2,496	1,178	203	1,029	57	35	6,107T	...
2010	207	261	4,591	1,435	254	1,137	68	48	8,001T	...
Cereal exports (thousand metric tons)										
1980	711	1,156	0.0	0.0	9.6	1.4	0.0	0.0	1,877T	...
1990	652	744	0.0	0.0	0.4	0.3	0.0	0.0	1,397T	...
2000	2,822	2,087	0.7	0.0	0.0	2.0	9.3	0.0	4,921T	...
2010	4,909	4,422	3.9	0.1	6.0	397.8	1.1	0.0	9,740T	...
Forest production [thousand cubic metres (cu. m)],										
roundwood (thousand cu. m)										
1980	251,560	17,722	26,431	2,248	12,625	6,835	3,894	9.2	321,325T	...
1990	311,293	23,661	28,383	2,155	12,967	7,007	3,904	10.3	389,381T	...
2000	318,553	33,560	28,459	3,039	14,023	6,583	4,355	13.2	408,584T	...
2010	358,066	32,650	27,569	3,401	13,786	5,823	5,035	15.4	446,344T	...
fuelwood (thousand cu. m)										
1980	231,876	17,096	25,549	730	12,065	6,161	3,616	9.2	297,103T	...
1990	276,239	21,043	27,742	691	12,397	6,349	3,855	10.3	348,327T	...
2000	277,380	30,880	27,836	1,279	12,763	5,907	4,221	13.2	360,278T	...
2010	309,307	29,660	27,287	1,641	12,526	5,212	4,845	15.4	390,492T	...

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Crop production index (2004-06 = 100)										
1980	51.6	45.2	54.4	90.2	37.6	90.2	48.6	94.1	52.2	...
1990	73.2	68.0	66.4	68.2	63.2	87.8	62.1	73.8	72.0	...
2000	92.4	89.9	90.8	68.2	85.3	96.5	61.1	86.8	91.5	...
2010	124.8	100.1	130.9	124.8	113.7	124.8	94.4	78.8	122.5	...
Land area (thousand hectares)										
1980	297,319	77,088	13,017	65,286	14,300	6,271	4,672	30	477,983T	...
1990	297,319	77,088	13,017	65,286	14,300	6,271	4,672	30	477,983T	...
2000	297,319	77,088	13,017	65,286	14,335	6,271	3,980	30	477,326T	...
2010	297,319	77,088	13,017	65,286	14,335	6,271	3,812	30	477,158T	...
Land use, arable land (% of land area)										
1980	54.8	25.9	70.1	12.1	15.9	14.4	2.8	10.0	51.7	...
1990	55.0	26.6	72.6	12.1	16.2	14.4	2.9	10.0	52.2	...
2000	54.1	27.6	64.1	11.8	16.4	14.6	2.7	10.0	50.5	...
2010	52.8	26.5	59.9	11.9	15.2	19.1	2.6	10.0	48.8	...
permanent cropped area (% of land area)										
1980	1.8	0.4	2.0	0.2	0.2	16.1	0.4	10.0	1.9	...
1990	2.2	0.6	2.5	0.2	0.2	15.9	0.4	13.3	2.3	...
2000	3.1	0.9	3.5	0.1	0.8	15.9	0.5	16.7	3.0	...
2010	4.1	1.1	6.5	0.2	1.1	15.6	0.3	10.0	4.0	...
Irrigated land (% of cropland)										
2001	32.2	65.6	51.3 ^f	5.7	24.6 ^g	...	...	...	37.1	...
2010	34.5	76.4	52.6 ^g	5.0	29.7	...	...	...	40.2	...
Daily dietary energy supply (kcal/person/day)										
1991	2,278	2,297	2,113	2,071	2,214	2,169	...	2,342	2,259	2,413
2000	2,368	2,377	2,285	1,792	2,286	2,356	...	2,465	2,351	2,567
2010	2,440	2,431	2,431	2,097	2,553	2,469	...	2,669	2,434	2,721
Undernourished people, number (millions)										
1991	210.8	28.7	36.0	3.8	4.2	5.4	...	<0.1	289T	994T
2000	177.5	32.2	30.5	9.3	5.1	5.6	...	<0.1	260T	903T
2010	190.4	37.6	26.0	7.1	3.3	5.4	...	<0.1	270T	825T
% of total population										
1991	23.8	25.1	32.8	29.5	22.6	30.6	...	12.3	24.9	23.4
2000	17.0	22.4	23.1	45.2	22.1	29.8	...	11.8	18.8	18.3
2010	15.8	21.7	17.2	24.8	12.4	25.9	...	9.8	16.8	14.5

Notes: a: Data refer to 1977. b: Data refer to 1984. c: Data refer to 1991. d: Data refer to 1995. e: Data refer to 1999. f: Data refer to 2004. g: Data refer to 2006.
Sources: Rows 1, 4-11: FAO 2015a and MHHDC staff computations; Rows 2, 3: World Bank 2015g; Rows 12, 13: FAO 2015b.

Highlights (as evidenced by statistics of 1980-2010)

Food production has increased in most countries of the region with the highest rate of increase in Nepal, followed by India and Bangladesh. *Food exports* as a percentage of merchandise exports have decreased in most countries of the region with the highest rate of decline in India followed by Bangladesh, while *food imports* as a percentage of merchandise imports have increased in Pakistan and Nepal only.

Cereal production has increased in most countries of South Asia, with the highest rate of increase in the Maldives, Bangladesh, Sri Lanka, Nepal and Pakistan respectively. *Cereal exports* have decreased in Nepal only, while *cereal imports* have increased in all countries with the exception of India and Pakistan.

Forest production has decreased in Sri Lanka only. While *crop production* increased in all countries except in Bhutan, with the highest rate of increase in Nepal, India and Bangladesh respectively.

With regard to *land use*, the

share of *arable land* has increased in Pakistan and Sri Lanka, while the share of *permanent cropped area* has decreased in Afghanistan, Bhutan and Sri Lanka respectively. *Irrigated crop* as a percentage of cropland has increased in all countries of the region with the exception of Afghanistan.

Daily dietary energy supply has increased in all countries of the region. The *proportion of undernourished* population has decreased in all countries; however the *number of undernourished* people has increased in Pakistan and Afghanistan.

11. Energy and Environment

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Energy use per capita (kilogrammes of oil equivalent)										
1980	294	310	102	...	317	308	...	...	278	587
1990	365	386	119	...	320	324	104	236	342	780
2000	439	445	140	...	350	436	284 ^a	855 ^a	409	796
2010	600	487	204	...	381	477	359 ^b	970 ^b	544	1,141
Total electricity production (billion kilowatt hours)										
1980	119.3	15.0	2.4	...	0.2	1.7	...	...	138T	1,606T
1990	289.4	37.7	7.7	...	0.9	3.2	...	...	339T	2,999T
2000	561.2	68.1	15.8	...	1.7	7.0	...	...	654T	4,652T
2010	959.9	94.5	41.7	...	3.2	10.8	...	...	1,110T	9,252T
Motor vehicles per kilometre of road										
2000	3	6	1	...	...	9 ^c	4 ^d	...	3	12
2010	5 ^e	12	22	...	8 ^b	9	6	50 ^f	7	17 ^e
Annual average number of natural disaster-events										
1980-90	12	2	6	1	2	2	...	...	24T	...
1990-2000	13	4	10	4	3	2	...	...	35T	...
2000-10	19	7	8	8	3	2	...	...	47T	...
Annual average number of deaths from natural disasters										
1980-90	3,162	111	3,021	104	250	52	...	...	6,700T	...
1990-2000	4,791	617	13,653	1,028	613	20	...	...	20,722T	...
2000-10	5,541	7,212	881	760	263	3,295	...	...	17,952T	...
Annual average number of natural disaster-affected people (thousands)										
1980-90	54,294	132	15,313	38	107	727	...	...	70,610T	...
1990-2000	37,774	1,920	7,870	287	102	374	...	...	48,327T	...
2000-10	55,956	3,447	6,672	544	276	646	...	...	67,540T	...
Annual average economic losses from natural disasters (US\$ millions)										
1980-90	801	1	311	38	95	4	...	...	1,249T	...
1990-2000	1,809	124	753	8	24	26	...	...	2,744T	...
2000-10	2,353	1,558	535	2	6	132	...	...	4,587T	...

Notes: a: Data refer to 2004. b: Data refer to 2007. c: Data refer to 2002. d: Data refer to 2003. e: Data refer to 2009. f: Data refer to 2005.

Sources: Rows 1-3: World Bank 2015g; Rows 4-7: CRED 2015 and MHHDC staff computations.

Highlights (as evidenced by statistics of 1980-2010)

Total electricity production has increased in all countries of the region with the highest rate of increase in Bangladesh and the lowest in Pakistan. In comparison, the increase in *energy use per capita* has

been lower.

During the last two decades, annual average *number of natural disaster-events* has increased in all countries of South Asia, however *natural disasters related deaths* decreased in Bangladesh only. Annual average *number of natural disaster-affected people* has increased in most

countries of South Asia with the highest rate of increase in Pakistan; however it decreased in Bangladesh and Sri Lanka. Similarly, the increase in annual average *economic losses from natural disasters* has been the highest in Pakistan and Sri Lanka.

12. Governance

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Average annual rate of inflation (%)										
1980-90	8.8	7.4	7.4	...	10.6	13.6	9.2	...	8.7	...
1990-2000	9.0	9.2	5.4	...	9.0	10.8	9.3	...	8.7	...
2000-10	6.1	8.5	6.0	8.6	6.0	10.3	2.6	6.7	6.5	...
Annual growth of food prices (%)										
1990	12.4	4.5	2.5	...	10.9	23.3	...	-4.7	10.8	...
2000	1.6	2.2	2.6	...	0.5	4.5	...	...	1.8	...
2010	9.9	12.9	8.5	...	15.1	6.9	8.8	7.6	10.1	...
Annual growth of money supply (%)										
1980	15.9	15.7	21.0	16.9	17.5	28.7	13.1 ^a	58.0	16.6	...
1990	15.1	11.6	10.4	40.6	18.7	19.9	10.5	18.6	14.7	...
2000	15.2	12.1	19.3	...	18.8	12.9	17.4	4.2	15.3	...
2010	17.8	15.1	21.1	26.9	9.6	15.8	16.6	14.6	17.8	...
Total revenue (% of GDP)										
1990	12.2	19.1	...	...	8.4	21.0	17.0	22.1	13.1	...
2000	11.5	13.9	9.8 ^b	...	10.6	16.8	22.9	30.0	11.7	...
2010	12.9	13.8	9.7	11.0	14.9	14.6	22.9 ^c	23.2	12.8	19
Total expenditure (% of GDP)										
1990	15.2	19.8	...	...	...	24.6	20.6	16.6	15.9	...
2000	15.1	17.2	9.0 ^b	...	...	23.0	19.2	25.5	14.9	...
2010	16.2	17.5	9.3	50.6	15.6	19.3	23.3 ^c	30.9	16.3	...
Budget deficit/surplus (% of GDP)										
1990	-3.3	-2.5	...	...	...	-5.2	-5.8	-7.5	-3.3	...
2000	-3.7	-4.1	-0.7	...	...	-8.4	-2.4	-5.0	-3.5	...
2010	-3.4	-5.0	-0.8	1.5	-1.4	-7.2	0.5 ^c	-16.3	-3.3	...
Tax revenue (% of GDP)										
1990	9.8	13.3	...	...	7.0	19.0	4.4	14.0	10.3	...
2000	8.7	10.1	7.6 ^b	...	8.7	14.5	10.0	13.8	8.8	12.4
2010	10.2	10.0	7.8	9.1	13.4	12.9	9.2 ^c	10.7	10.0	13.0

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Tax revenue by type (% of total taxes),										
taxes on international trade										
1990	35.9	44.4	...	...	37.4	31.6	1.3	61.6	36.7	...
2000	25.2	16.0	43.2 ^b	...	32.6	13.1	3.6	64.4	25.9	...
2010	17.1	11.1	31.5	41.6	22.0	18.0	...	70.1	18.4	...
taxes on income, profits and capital gains										
1990	18.6	12.8	...	...	13.0	12.0	30.7	2.4	17.8	...
2000	36.0	28.1	16.0 ^b	...	21.0	15.1	53.4	4.6	32.7	...
2010	55.2	36.1	26.0	27.4	21.2	18.7	...	6.9	48.9	...
taxes on goods and services										
1990	44.9	42.5	...	...	43.1	51.3	65.6	34.8	44.7	...
2000	38.5	44.7	34.6 ^b	...	41.6	67.3	42.6	29.7	39.3	...
2010	27.6	45.5	38.5	27.3	52.7	49.0	...	21.7	31.2	...
other taxes										
1990	0.6	0.3	...	...	6.5	5.1	2.3	1.2	0.8	...
2000	0.2	11.3	6.2 ^b	...	4.8	4.5	0.4	1.3	2.1	...
2010	0.1	7.2	4.0	3.7	4.1	14.2	...	1.3	1.6	...
Public expenditure per capita (US\$),										
defence										
1990	12.1	25.3	3.0	...	2.1	11.0	...	...	12.4	...
2000	13.7	20.7	4.8	4.2 ^d	2.2	43.0	...	...	13.7	...
2010	38.2	34.5	9.3	20.3	9.5	74.2	...	...	34.8	...
interest payments (debt servicing on external debt)										
1980	2.0	10.9	2.9	...	0.5	12.2	...	3.5	3.1	23.5
1990	9.4	17.1	6.8	...	3.7	22.6	9.7	40.9	10.0	31.1
2000	10.5	19.9	5.8	...	4.4	41.4	12.5	72.7	11.4	66.4
2010	20.2	24.7	6.8	0.4	7.1	67.6	117.5	248.9	19.6	104.8
education										
1980	...	6.3	2.1	5.1	...	7.4	...	...	4.4	...
1990	...	11.0 ^e	4.4	...	...	11.4	...	...	8.0	...
2000	19.4	9.4	8.5	...	9.4 ^b	25.7 ^f	42.9	183.8 ^g	17.3	...
2010	47.0	23.4	15.3 ^c	...	28.1	47.2	89.0	474.7 ^c	40.6	...
health										
1995	4.0	4.1	4.0	...	2.8	11.2	15.8	54.5	4.1	24.2
2000	5.1	3.4	3.9	1.1 ^g	2.9	15.1	41.4	93.2	4.8	27.9
2010	14.7	9.8	10.3	10.1	14.6	37.3	76.3	241.3	14.3	98.4
Imports of goods and services (% of GDP)										
1980	9.1	24.1	17.9	...	18.7	54.8	37.7	205.1	12.2	14.9 ^h
1990	8.3	23.4	13.5	...	21.7	38.1	30.7	82.6	11.0	18.7
2000	13.7	14.7	19.2	65.3 ^g	32.4	49.6	53.5	71.6	15.9	25.8
2010	26.3	19.4	21.8	44.9	36.4	30.7	70.7	79.3	25.7	29.5

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Net inflow of FDI (US\$ millions)										
1980	79	64	8.5	9.0	0.3	43.0	...	-0.1	203T	7,561T
1990	237	245	3.2	-0.3	5.9	43.4	1.6 ^g	5.6	541T	21,466T
2000	3,584	308	280.4	0.2	-0.5	172.9	2.4	22.3	4,370T	142,794T
2010	27,397	2,018	861.7	75.6	87.8	477.6	75.3	216.5	31,209T	542,952T
Total external debt (% of GNI)										
1980	11.1	38.2	21.6	...	10.4	45.5	0.3 ^j	72.8 ^k	15.1	26.1
1990	26.6	49.3	39.9	...	44.7	73.6	29.7	40.2	31.1	39.8
2000	21.4	45.1	31.9	...	52.2	57.3	48.2	34.7	26.0	35.6
2010	17.3	33.7	23.5	15.1	23.5	40.6	57.3	54.5	20.0	22.5
Total external debt servicing (% of GNI)										
1980	0.8	3.4	1.4	...	0.4	4.4	...	...	1.1	4.7
1990	2.5	4.6	2.4	...	1.9	4.8	1.9	4.6	2.7	4.4
2000	2.3	3.9	1.6	...	1.9	4.9	1.6	3.3	2.4	5.9
2010	1.4	2.3	0.8	0.1	1.2	2.9	5.6	4.4	1.5	3.3

Notes: a: Data refer to 1984. b: Data refer to 2001. c: Data refer to 2009. d: Data refer to 2003. e: Data refer to 1994. f: Data refer to 1998. g: Data refer to 2002. h: Data refer to 1982. i: Data refer to 1991. j: Data refer to 1981. k: Data refer to 1985.

Sources: Rows 1, 3-8, 9b, 10, 11: World Bank 2015g; Row 2: ADB 2014b; Row 9a: SIPRI 2015, UNPD 2015, World Bank 2015g and MHHDC staff computations; Row 9c: UNPD 2015, World Bank 2015a, g and MHHDC staff computations; Row 9d: World Bank 2015f, g and MHHDC staff computations; Rows 12, 13: World Bank 2015d.

Highlights (as evidenced by statistics of 1980-2010)

Over the last three decades, average annual rate of *inflation* increased in Pakistan only. However, *food inflation* has decreased in India, Sri Lanka and the Maldives.

Between 1980 and 2010, the growth rate of *money supply* decreased in Pakistan, Nepal, Sri Lanka and the Maldives.

Over the last two decades, *total revenue* as a percentage of GDP has

increased in all countries except in Pakistan and Sri Lanka while *tax revenues* as a percentage of GDP has decreased in Pakistan, Sri Lanka and the Maldives. *Total expenditure* as a percentage of GDP has decreased in Pakistan and Sri Lanka. Overall, *budget deficit* as a percentage of GDP has decreased in Bhutan only.

The share of *taxes on international trade* in total taxes has decreased in the region with the exception of the Maldives. While the share of *taxes on income, profits and capital gains* has increased in all countries with the highest rate of increase

in India and Pakistan. The share of *taxes on goods and services* has also increased in Pakistan, Bangladesh and Nepal.

Public expenditure per capita on defence, interest payments on external debt, education and health has increased in all countries.

Imports of goods and services as a percentage of GDP have decreased in Pakistan, Sri Lanka and the Maldives.

Foreign direct investment has increased in the region with the highest rate of increase in India and the lowest in Afghanistan.

Indicator	Indicator table	Indicator	Indicator table
Gross savings, % of GDP	8	female	1,5
		female, % of male	5
		male	2
		total	1,2
H, I, J		youth,	
Health expenditure, public,		female, % of male	5
per capita	12	total	2
% of GDP	3,8	Legislators, senior officials and managers, female	5
% of government expenditure	3		
HIV/AIDS, affected,		M, N, O	
adult population, % aged 15-49 years	3,4	Malnourished, weight for age (children under-five)	4
population, total	3	Money supply, average annual growth	12
Human Development Index	1	Mortality rate,	
Illiterate adults,		infant	1,6
total,		maternal	3
number	4	under-five	4,6
% of adult population	4	Motor vehicles, per km of road	11
females,		Official development assistance (ODA) received, net,	
number	4	% of GNI	8
% of adult (female) population	4	total	8
Immunisation, one-year-olds fully immunised,			
against DPT	3	P, Q, R	
against measles	3,6	Parliament, seats held by women	5
against polio	6	Physicians, per 1,000 people	3
against tuberculosis	6	Population,	
Imports,		annual growth rate	1,9
arms	7	female,	
goods and services	12	number	5
Inequality,		% of male	5
ratio of top 20% to bottom 20%	8	rural,	
Inflation, average annual rate,		annual growth rate	9
consumer prices	12	number	9
food prices	12	total	1,9
		under-five,	
K, L		number	6
Labour force,		% of total	6
annual growth rate	9	under-18,	
child	6	number	6
female	9	% of total	6
male	9	urban,	
total	9	annual growth rate	9
Land,		number	9
area	10	Poverty, income,	
irrigated, % of cropland	10	population below national poverty line,	
Land use,		rural	8
arable, % of land area	10	total	4
permanent cropped area, % of land area	10	urban	8
Life expectancy at birth,		population below US\$1.25 a day,	
female	5	number	4
total	1	%	4,8
Literacy rate,			
adult,			

Indicator	Indicator table	Indicator	Indicator table
population below US\$2 a day, number	4	by, goods and services	12
%	4,8	income, profits and capital gain	12
Professional and technical workers, female	5	international trade	12
Pupil teacher ratio	2	other taxes	12
R&D expenditures, % of GDP	2	% of GDP	8,12
Researchers, per million inhabitants	2	Trade, % of GDP	8
S		Undernourishment, number	10
Sanitation, population using improved, with access	3	% of total population	10
without access, number	4	Unemployment rate, female	5
%	4	total, %	5,9
School life expectancy, primary to secondary	2	W, X, Y, Z	
primary to tertiary	2	Water, population using improved, with access	3
Women in ministerial level positions	4	without access, number	4
T, U, V		%	4
Tax revenue,		Women in ministerial level positions	4

Theme of the Reports on *Human Development in South Asia*

1997	The Challenge of Human Development
1998	The Education Challenge
1999	The Crisis of Governance
2000	The Gender Question
2001	Globalization and Human Development
2002	Agriculture and Rural Development
2003	The Employment Challenge
2004	The Health Challenge
2005	Human Security in South Asia
2006	Poverty in South Asia: Challenges and Responses
2007	A Ten-year Review
2008	Technology and Human Development in South Asia
2009	Trade and Human Development
2010/11	Food Security in South Asia
2012	Governance for People's Empowerment
2013	Water for Human Development
2014	Urbanization: Challenges and Opportunities

Other publications

1999	Profile of Poverty in Pakistan
2000	First Mahbub ul Haq Memorial Lecture

Mahub ul Haq Centre's Report on *The Economy and the People* addresses the issue of connection between economic growth and people's lives. The Report analyses the record of economic growth and human development in South Asia for the last three decades from 1980 to 2010. Besides providing an overall South Asia profile, the Report presents a detailed record of economic growth and social development in five countries: India, Pakistan Bangladesh, Nepal and Sri Lanka.

The Report critically analyses economic policies, policies for employment, food security, education, health and women's empowerment and concludes that to sustain economic growth and advance human development, South Asia needs high level political commitment to achieve its economic and social goals. The high quality of analytical work and the wealth of data on economic growth and human development indicators collected for this Report will be valuable for policy makers and the academic community.

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