

HOW DETERMINANTS OF POVERTY CHANGE OVER TIME: A CASE STUDY OF  
PAKISTAN 1990-2015

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## **Abstract**

This study aims to explore how determinants of poverty changed over time in Pakistan in two time periods, i.e. 1990-2001 and 2001-2016. Specifically, this research investigates the major causes/factors that led to an increase in poverty in 1990-2001 and a decline in poverty during 2001-2016. The content analysis method is used to address the research questions whereby major determinants of poverty were identified to determine whether there was a significant change in these determinants to explain the change in poverty over the two different periods as mentioned above. The basic approach to this study is qualitative rather than quantitative however, some regression analysis is carried out to bring out the relative importance of determinants of poverty over the overall time period 1990-2015. The findings of study suggest that poverty increased during 1990-2001 due to poor governance, high political instability, limited sectoral growth, high unemployment, lack of human resource development, and reduced remittances. Factors that contributed to a decline in poverty in Pakistan after 2001 were good governance but confined to the Musharraf's regime (1999-2007), increased growth mainly in the service sector, low unemployment, increased remittance due to better employment opportunities in Middle East, high human capital development and introduction of the BISP post-2018 which served as a safety net for poor households through direct unconditional income transfer to female head of household. The overall findings of the study show that 1990s was a period of slow growth and poor economic and social conditions which led to a sharp increase in the incidence of poverty in Pakistan rural areas suffered more than urban areas as poverty rose more rapidly in the rural areas than in urban areas making a wide gap between the two populations. From 2001 onwards, the economic

conditions improved, and the incidence of poverty started declining in Pakistan. The poverty level in Pakistan has decreased overall since then.

*Keywords:* determinants of poverty, governance, GDP, economic growth.