

THE NEWS Sindh: floods and rural economy - Part I

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Sindh has a population of around 50 million. There is an equal division – 52 per cent live in urban areas while 48 per cent in rural areas and around 38 per cent of them derive their livelihoods from agriculture, livestock, forestry and fishing.

The organized manufacturing sector and services have little presence in the rural areas and much of what exists primarily caters to the needs of the rural population. The agriculture sector, which is the main driver of the rural economy, has not performed well because of inequitable land distribution and poor resource management particularly that of water coupled with absence of new varieties. Inequality in access to land and water uses has exacerbated the differentials in incomes at the top and bottom quintiles. Sindh has the highest incidence of absolute landlessness, highest share of tenancy and the lowest share of land ownership in the country.

Before 1959, the wealthy landlords in Sindh, with holdings in excess of 100 acres, accounted for seven per cent of all farmers in the province but owned 45 per cent of total farmed land. Their farm holdings were twelve times more than those of the small farmers with land holdings of less than five acres. Although the farm area owned by the top decile has declined due to division among the second and third generations, the control of the patriarchs remains overwhelming as the younger owners are not interested in living in the rural areas. The composition of the provincial assembly shows dominance of large landowners and thus decision-making and allocation of resources more or less reflect their interests.

Per capita income in the rural areas is one half that of the urban population and income growth has stagnated during the last two decades at a rate of less than one per cent annually compared to the national average of 2.5 per cent. Rural Sindh experienced negative growth while urban Sindh enjoyed positive

growth. The poorest in rural Sindh experienced the worst growth rate of any category in that period, losing almost one per cent of their income.

The incidence of poverty in Sindh is far higher than that in urban Sindh and the rest of Pakistan. The social gap between urban men and rural women is wide. Almost half of the population is not a part of the labour force with 72 per cent of women being outside the workforce. The labour force participation rate on an aggregate basis for Sindh is only 43 per cent. Interpersonal income, gender, rural-urban, right Bank-left Bank inequalities have increased over time. The level of human development in rural Sindh is worse than many countries in Sub Saharan Africa – with 38 per cent literacy rate, 58 per cent Gross Enrolment Ratio (GER) at the primary level and 62 per cent of babies fully immunized. In contrast, the figures for urban area against the same indicators are 72 per cent, 99 per cent and 86 per cent, respectively.

Social indicators have either stagnated or have not improved. Inequity in the social indicators is unacceptably high. The inequity runs across three dimensions: gender (male vs female), geography (urban or rural), and income (top 10 per cent vs bottom 50 per cent).

For every 100 boys being immunized in urban Sindh, only 70 girls get immunized in the rural areas. For every 100 boys enrolling in primary school in Sindh, only 86 girls do so in the province. The disparity widens as one moves to higher education and finally to participation in the job market. Evidence demonstrates that the governance deficit has translated into a service delivery deficit in the province.

Private mafias openly operate drinking water tankers, forcibly occupy plots of land, organize cheating at examinations while private security companies, privately owned educational institutions and clinics, labs and health facilities have proliferated throughout the province. These non-state providers of services motivated by windfall profits are the prime movers behind the social gaps in Sindh.

Against this background, two exogenous shocks have hit the rural economy hard in the last three years. First was the pandemic Covid-19 and the second

more severe were the floods of August this year. While Pakistan was fortunate in tackling the Covid-19 pandemic by minimizing the losses and providing cash assistance to over half of the population, the worldwide effects were not favourable. Lockdowns in China and other countries resulted in supply bottlenecks and increase in price of commodities and shipping costs escalating the balance of payments problem of Pakistan.

Higher values of imported goods and services also translated into higher domestic inflation hurting the poor and fixed income groups. Elevated global food and energy prices as well as trade restrictions imposed in response have contributed to food insecurity. A slowdown in the global economy has reduced the momentum in export growth, falling and stagnating remittances through official channels. Heightened uncertainty in the global markets caused by monetary tightening in advanced economies have shifted investor sentiment and increased net capital outflows from developing countries.

In Pakistan, the economy in the post-Covid period grew at six per cent per annum for two years consecutively. In the first year the balance of payments situation remained under control but the upsurge in aggregate demand arising from higher growth, fiscal and monetary stimulus spilled over in the second year into increased imports. Escalation in global energy prices and depreciating exchange rate created huge deficits both on fiscal as well as current accounts.

The foreign exchange reserves of the SBP were depleted and the public debt-to-GDP ratio climbed up to 80 per cent. The suspense about the resumption of the IMF program, the contagion effect of Sri Lanka, the Russia-Ukraine war, the political instability after the vote of no confidence in April 2022, the change in the economic team leadership after six months and the rise in Fed Reserve rates further added to the problems facing the economy. Thus the macroeconomic environment for the rural economy of Sindh was not conducive to begin with.

We must recognize that global warming is no longer an event waiting to happen sometime in the future. It has already taken firm roots in the form of droughts, glacial melting, floods, torrential rains, heatwaves and rising sea

levels. The changing weather patterns will significantly affect the spatial and temporal distribution and availability of water in the coming decades. The evidence from other parts of the world – unprecedented rain and heatwaves in Australia, recent rainfall in Brazil, severe droughts in Brazil, Africa, record temperatures in Europe, heatwave in China – can be attributed to the climate change and climate variability. The accelerated melting of glaciers and the overloading of rivers are all likely to affect food, water and energy security and pose a grave threat to the living standards we have become accustomed to.

South Asian countries are among the most vulnerable. Rising sea levels will displace millions of people in Maldives and Bangladesh. At least one-third of Himalayan glaciers would melt by the end of the century. We in Pakistan will be confronted with problems of food insecurity, water, shortage, and energy deficit. This is a clarion call for the government, private sector, society and the political leadership to take some tough decisions which we in the past have either hesitated to take, postponed, delayed or reversed under pressure.

To be continued

The writer is the author of 'Governing the ungovernable'.