

Government: size, growth, function

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There is a lot of speculation and very little solid information about the size, growth, functions and skill mix of the employees serving the government in Pakistan.

This article attempts to provide an updated overview of the civilian labour force employed by federal, provincial and state-owned enterprises and autonomous bodies. It traces the evolution of federal and provincial employment since the passage of the 18th Amendment and the 7th NFC Award. We also present the distribution of these employees according to the constitutionally enshrined functions of the executive branch and classification according to the skill intensity. The size of the armed forces in current employment paid out of the defence budget is not included. However, civilians working in the armed forces are included in the numbers presented here. Military pensioners paid out of the civilian budget are included in the pension data.

According to latest estimates, Pakistan has a civilian labour force of 66 million of which 62 million are employed or self-employed. The formal sector employs 10 million, the informal sector 30 million and the agriculture sector 23 million. The government employs 3.2 million or 5.1 percent of the total employed civilian labour force. Those who argue or plead that the government should directly provide jobs must realise that 95 percent of the jobs are generated in the private sector and the contribution of the government in absorbing new entrants will always remain insignificant. We have to create an enabling environment in which private firms, farms and businesses maximise employment while the government provides trained, educated, healthy and skilled human resources to meet their needs. The population served by each public servant is 63, 345 while it was 75,100 in 1972. Government employees form 1.57 percent of the total population of the country.

The total government expenditure is around 22 percent of GDP while the wages (salary and allowances) of the employees account for 3.6 percent of GDP and 19 percent of the combined current expenditure incurred by the federal and provincial governments. If the development expenditure is added, the ratio falls to 14 percent of the total government expenditure.

The strength of government employees in 2009-10 was 2.7 million – federal 0.9 million and provinces 1.8 million. In absolute terms, there has been an addition of 0.4 million over a decade – almost all of it in the provincial governments which now have 2.2 million employees or 70 percent of the total – up slightly from 66 percent a decade ago. More spectacular was the increase in the wage bill of the four provincial governments, which in 2009-10 was Rs350 billion and has escalated more than four times by 2019-20, and now accounts for 84 percent of the entire wage bill of the federal and provincial civilian employees.

The federal wage bill multiplied 2.9 times during the decade while the strength which had actually been on a declining path until 2016 remained unchanged at one million. In 2016/17, there was a big jump of additional 116,000 employees in the federal government mostly in the lower cadres. For the first time since then there has been a reduction in the number of employees in 2019/20 as a result of the restructuring of the federal government.

From a citizen's, and more critically a taxpayer's, perspective, the key question is what functions these 3.2 employees perform in the delivery of basic public goods and services for which they are paid. First, look at the federal government and its deployment according to its constitutional responsibilities. Thirty-five percent of federal employees were serving in security, and law and order agencies (civilian armed forces such as the Rangers, Frontier Constabulary, police, FIA, Intelligence Bureau, and civilians working at GHQ, PAF, PN headquarters and establishments), 20 percent were engaged in provision of infrastructure services such as Railways, Postal Services, Highways. Ports, Aviation. Power generation, transmission and distribution, oil and gas had 18 percent and the remaining 27 percent were engaged in social sectors, commercial and trade promotion, tax collection, regulatory, judicial and quasi-

judicial (tribunals), training and research, external relations, media relations, parliamentary support, and the Islamabad Capital Territory.

At the provincial level, the three sectors where 75 percent of total employees work are education (41 percent), police (19 percent) and health (15 percent). The remaining 25 percent is distributed among irrigation, works and housing, agriculture, industries, planning and development, food, water and sewerage, urban development, financial management, revenue collection, local governments, general administration etc.

Education, health and police claim 72 percent of the wage bill of the provincial governments. At the aggregate national level, education and health employees claim almost 50 percent of the total wage bill. The salaries of public-sector teachers are much higher than those in the private sector and have multiplied four times in the last ten years. Whether their performance and output are commensurate with the salaries paid to them is a question mark. The learning outcomes are weak – with more than 20 million children out of school – literacy rate and health indicators are lagging behind other countries in the region and the Human Development Index hasn't moved very much during the last three decades.

Our universities used to have teachers who got their degrees from Ivy League and other top leading schools of the world. While today the numbers have multiplied manifold, it is hard to find those who have been trained at top universities abroad. The situation at the school level is even more pathetic where some of the teachers can't spell ordinary common use words properly. Those who argue that the allocation for education should be raised to 4 percent of GDP, as if that is the panacea, should reflect dispassionately on whether the present level of expenditure is generating the expected social benefits. There were more teachers working in Punjab and Sindh when education up to matric was devolved to the district governments than there are today. A provincial department cannot well manage more than 36,000 primary schools scattered over 36 districts from Lahore.

Having dwelt upon the size, growth and functions the more interesting question is about the skill mix of these government employees. We classify

Grades 1-5 as unskilled, Grades 6 to 16 as semi-skilled and Grades 17-22 as skilled. In the federal government, 95 percent of the employees are in the first two categories and only 5 percent in the third category. The unskilled – naib qasid, qasid, gardener, messenger etc – form 50 percent of the workforce while 45 percent are semi-skilled, that is: drivers, clerks, assistants, superintendents etc.

Almost 85 percent of the wage bill is preempted by the unskilled and semi-skilled while 15 percent goes to the skilled. Comparator studies have shown that officers in Grades 17-22 are underpaid while those in Grades 1-16 are overpaid in relation to the private sector. As the government moves towards e-governance there is an urgent need to reconfigure the skill composition and bring in agriculture experts, scientists and technologists, economists, financial analysts, engineers, IT experts into the government. This should be done through the process of attrition where the posts in Grades 1-16 when they become vacant are abolished and the corresponding savings used to recruit and increase the salaries of specialists and skilled employees.

In a knowledge economy we have to rely upon domain experts in our decision-making process. The huge cost overruns and prolonged delays in completing our development projects and poor outcomes betray the absence of know-how in the design, preparation, appraisal, and execution of our development projects.