Pro Poor Growth in Pakistan: An Assessment of the 1970s, 1980s, 1990s and 2000s

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Pro Poor Growth in Pakistan:
An Assessment of the 1970s, 1980s, 1990s and 2000s[*].

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Abstract: This study assesses the impact of economic growth on absolute poverty in Pakistan over the last four decades. The paper attempts to answer the question; is economic growth in Pakistan pro poor? In addition, an attempt is made to evaluate the distribution of income within the poor to determine the sensitivity of different income groups, below the poverty line, to economic growth. The assessments are conducted through Growth Incidence Curves, a calculation of the Rate of Pro-Poor Growth (RPPG) and the Ordinary Rate of Growth (ORG). it is found that the economic growth in Pakistan is not intrinsically pro poor. Although it was strongly pro poor in the 1980's and pro poor in the 2000s, growth in the 1970s was neutral for poverty whereas growth in the 1990s was anti poor. The analysis shows that the first decile is most sensitive to economic growth and most vulnerable to economic shocks as well. .

(**JEL:** D3, I32, I38, O4, O5)

Key Words: Pro Poor Growth, Pakistan, Growth Incidence Curve

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Introduction

Over the last four years Pakistan has witnessed a transformation in economic fortunes. At 6.55 per cent, the average Gross Domestic Product (GDP) growth for FY02–FY06 is significantly higher than the nineties' average of 4.509 per cent. A question often asked by researchers and critics is: what impact has this growth had on poverty? In other words, has Pakistan's economic growth been pro-poor?

Any attempt to answer this question is often marred by two problems, one of perception and another of measurement. Many still believe that economic growth essentially affects poverty through the trickle down effect. This is not entirely true. Economic growth takes place through a variety of means and accordingly has varying impacts. The challenge for a developing country lies not just in growing but growing in a way that favours the poor.

Apart from the lack of understanding of the growth–poverty relationship, there is a lack of a generally accepted poverty estimate. Of the existing poverty measures, the Headcount Index is the most popular one, but one of its key shortcomings is that it is not a distribution sensitive indicator. This means it does not account for changes in income distribution within the ranks of the poor. If a poor person becomes poorer, or transfer of income takes place from someone considered 'chronic poor' to someone who is 'near poor', the Head-count Index remains unaffected.[1] Therefore, it hardly satisfies the standards for a poverty measure as defined by Sen (1976).[2]

The sensitivity issue with a headcount measure aside, another significant problem is the lack of a consistent poverty series that extends over the last few decades. The slightest variation in the underlying assumption and methodology of a poverty line based measure produces considerable swings in the estimated poverty figures, making it difficult to track changes in poverty.[3] For example, Amjad and Kemal (1997) based on the Head count Index, reported a poverty series from 1963-64 to 1992-93, as did the Social Policy and Development Centre (SPDC). Both set of estimates adopted different procedures and the incidence of poverty recorded by each, differed as well.

Table 1, taken from Zaidi SA (1999), shows the different estimates of the incidence of poverty calculated by different researchers. Clearly, a wide fluctuation in these estimates makes it difficult to draw any definite conclusions. To illustrate, Amjad and Kemal (1997) for 1984-85 showed that 24.47% of the population was 'poor', while SPDC (1998) estimates show that the poor constituted 9.4% of the population in 1985.

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[1] Ginni Index, on the other hand, is sensitive to the distribution of income. However, it assigns equal weight to each group of population, i.e. chronic poor, near poor and the non-Poor's income, and hence less effective on focusing the income growth within poor.

[2] Sen (1976) proposed several axioms to assess a poverty measure. Of them, three referred frequently within the literature, are the Monotonicity Axiom, the Transfer Axiom and the Focus Axiom (Sen 1976). Simply put, the Monotonicity Axiom requires that a reduction in income of a person below the poverty line increase the poverty measure. The Transfer Axiom, states that a transfer of income from a person beneath the poverty line to anyone who is richer must increase the poverty measure. And finally, the Focus Axiom states that the measure is invariant to income changes for the non-poor. HCI clearly fails the monotonocity and transfer axiom (Ravellion & Chen, 2000).

[3] Even after counting the above discrepancies, any defined poverty line remains a rough estimate of poverty as it fails to capture the individuals, regional and geographical dynamics that affect the welfare of the poor living in a country (Grinspun A, 2004).

Year	Total	Rural	Urban
1A Proportion of poor (*headcount per cent*)			
1963-64	40.24	38.94	44.53
1966-67	44.5	45.62	40.96
1969-70	46.53	49.11	38.76
1979	30.68	32.51	25.94
1984-85	24.47	25.87	21.17
1987-88	17.32	18.32	14.99
1990-91	22.11	23.59	18.64
1992-93	22.4	23.35	15.5
1998-99	26	NA	NA
1B Incidence of poverty (*per cent*)			
1975	35.5	49.8	19
1980	27.7	36.2	11.8
1985	9.4	15.2	7.4
1990	12.4	19	4.8
1995	14.7	23.1	2.6
1C Proportion of poor (*headcount per cent*)			
1984-85	46	49.3	38.2
1987-88	37.4	40.2	30.7
1990-91	34	36.9	28
1D Proportion of poor (*headcount per cent*)			
1986-87	26.9	29.4	24.5
1987-88	26.4	29.9	22.7
1990-91	23.3	26.2	18
1992-93	20.3	22.5	16.8
1993-94	20.8	24.4	15.2

Source: 1A: Amjad and Kemal (1997), except for the year 1998-99, which is an estimate by the Planning Commission, Government of Pakistan (1999), which uses the same table as the original in Amjad and Kemal (1997) 1B: Social Policy and Development Centre (1998), 1C: Gazdar, Howes, and Zaidi (1994); 1D: MHCHD/UNDP (1999).

Adopted from Zaidi (1999)

Deviating significantly from the above two, Gazdar, Howes, and Zaidi (1994) reported that 46% of the population in 1984-85 could be considered poor. Therefore, assessing the impact of growth on poverty i.e. the 'pro poorness' of growth, requires a measure more comprehensive than the traditional poverty line. The Growth Incidence Curve is such a measure. Using GIC, we can calculate the growth rate in income or consumption over a set period at each percentile of the distribution. Using it we can assess the changes in income of and within the poor, an analysis which cannot be conducted through HCI. Thus, GIC satisfies the three key Sen (1976) axioms mentioned above (Monotonicity Axiom, the Transfer Axiom and the Focus Axiom), and could be seen as a more reliable measure.

Using the GIC, this article tries to answer the question: was the economic growth in the seventies, eighties, nineties and 2000s pro-poor?[4] The answer to this question has

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[4] Whenever decade or period of 2000s is used it stands for the period from 1998-99 to 2004-05.

important policy making implications. For one, it would help policy makers to assign greater weight to the income of the poor in designing future policy interventions for the alleviation of poverty. For another, it would help to understand the varying nature of economic growth and its implications and would thus be important in guiding effective economic planning.

This article is divided into six sections. Section 2 further explains the concept of pro-poor growth and provides a review of existing literature on pro-poor growth in Pakistan. Section 3 goes on to elaborate upon the methodology used and Section 4 provides a brief description of the data used. Then Section 5 states and briefly discusses the results of the data analyses. Section 6 concludes by summarizing the implications of the study and identifying topics for further poverty research.

2. Pro Poor Growth – A Review

Pro-poor growth has been broadly defined by a number of international organizations as growth that leads to significant reductions in poverty (OECD [Organization for Economic Cooperation and Development] 2001). There are essentially two schools of thought on the subject: one that sees growth as 'pro-poor' if it decreases 'absolute poverty' and another considers it 'pro-poor' only if 'relative poverty' decreases. Absolute poverty measures looks at changes in incomes of the 'poor' independently of changes in incomes of non-poor (Kraay 2004; Ravallion and Chen 2001) whereas relative measures adopt a comparative approach in assessing changes in poverty and look at changes in incomes of the poor relative to the non-poor (Baulch and McCulloch 1998; Kakwani and Pernia 2000; Klasen 2003). Therefore, if during a period, the income of the poor increased but income inequality also increased then the relative measure will characterize growth as non-poor and the absolute measure will see it as pro-poor.

This study uses the concept of Absolute Pro-Poor Growth for the three reasons outlined by Ravallion and Chen (2001). First, in recessions, it is possible that both the poor and the non-poor see a drastic reduction in income but in relative terms, the income of the poor is less severely affected than that of the non-poor. Under a relative measure, this would mean growth would have been pro-poor even though the poor have seen an absolute decrease in income. Second, policy interventions targeted at reducing inequality alone may hurt economic growth and have a net negative effect on society. Last, in operational terms, absolute measures tend to provide assessments that are more easily understood than relative ones.

2.1 Pro-Poor Growth in Pakistan:An Assessment

Although researchers and the policy makers globally have given considerable attention to the concept of pro poor, no efforts has been made in Pakistan to estimate the pro poor growth. Instead, the poverty literatures that exists focuses largely on historical developments, policies and their impacts [Amjad and Kemal 1997; and CRPRID 2002, 2003[5]; Khan 2002; Easterly 2001; Kemal 2001; Zaidi 1999] or on the policy interventions needed to achieve pro poor growth.[6]

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[5] Pakistan Human Condition Report (2002, 2003).

[6] The reports of local and multilateral agencies have been the main source of suggestions regarding poverty alleviating strategies (SPDC's Annual Report (2004), World Bank's Poverty Assessments (2001, 2002) and

Where most of the literature can be divided into the two categories above, Pasha (2005) has estimated the pro poor growth for South Asia including Pakistan by using Growth Elasticity of Poverty (GEP). GEP although, an effective tool for the measurement of pro poor growth depends completely on the poverty measure adopted. Where the poverty measure is controversial, the estimates of GEP become controversial as well. Thus, there is no single consistent poverty measure estimated that meets the three Sen's key Axioms. Most of the current literature either makes use of the headcount index approach or focuses on qualitative analysis. Therefore, this paper adds to existing research by introducing much-needed statistical measures in the form of the Rate of Pro Poor Growth (RPPG) as derived from the Growth Incidence Curve.

3. Methodology

One of the poverty measures that satisfy the three important axioms proposed by Sen (1976) is the Watt Index;[7] however, the Watts Index is hardly readily available (Ravallion 2004). Therefore, Ravallion and Chen (2001) proposed Growth Incidence Curve, which meets the three basic criterions and is given by

$$g_t(p) = [L_t^{'}(p)/L_{t-1}^{'}(p)](\gamma_t + 1) - 1$$

Here 't' and 't-1' are the two dates in question, $g_t(p)$ is the growth rate in income of the p'th quintile and L'(p) is the slope of the Lorenz Curve drawn for a given time period. Allowing 'p' to vary from zero to one, one can derive the Growth Incidence Curve for that period.

The Growth Incidence Curve allows us to establish the pattern of income growth and assess whether it is pro poor or not. For example, if first order dominance holds and GIC is positive at each percentile then one can infer firstly, that growth is pro poor and secondly, that the inequality is increasing (decreasing) function of p. On the other hand, if second order dominance holds and GIC is positive up to pth percentile (up to a given poverty measure), one can safely conclude that growth is pro poor only. Therefore, the GIC directly measures absolute poverty while also illustrating inequality related growth shifts.

Once the GIC is derived, the next step is to calculate the RPPG. It is essentially the Ordinary Rate of Growth (ORG) adjusted for a distributional correction where: 'the distributional correction is the ratio of the actual change in poverty over time to the change that would have been observed under distribution neutrality' (Ravallion 2004). Relatively simple to calculate, it represents the area underneath the GIC from the initial starting point up to the Headcount Index. The area thus calculated corresponds to the total growth in the income of the poor over the relevant period. The rate of pro-poor growth or mean growth rate of poor can be found by normalizing the total growth rate with the Headcount Index for the initial period. Since the area under the GIC, as calculated earlier,

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Poverty in Pakistan in 1990s: An Interim Assessment, IMF's Poverty Reduction Strategy Paper (2004) and GoP's Interim Poverty Reduction Strategy Paper (2001)).

[7] The Watts Index is Given By:

$$W_t = \int_0^{H_t} \log[z/y_t(p)]dp$$ Where Z is the poverty measure and $Y_t(p)$ is the income of the pth quintile.

is equivalent to the change in the Watts Index, the use of Headcount Index, despite its poverty-related insensitivities gives the desired result.[8]

Alternatively, RPPG can be defined as the ratio of change in poverty to the change that would have been observed under a distribution neutral growth times the ordinary rate of growth (ORG).

$$g_t^p = (dW_t / dW_t^*)\gamma_t$$

dW_t is the actual change in poverty according to the Watts Index and dW_t^* is the change that would have taken place under distribution neutral growth, and γ_t is the growth rate at time t. Where the Watts Index is unavailable (as is the case here), the former method is a better choice for calculating RPPG.

Easterly (2001) and Cord et al. (2003) have claimed that the rate of income growth for the bottom quintile is an adequate indicator for overall poverty reduction. It is partially to assess this claim that we disaggregate income growth within the poor into deciles.[9] Where their focus may have been on the bottom quintile alone, we extend and refine our analysis of the growth–poverty relationship by taking a closer look at the bottom four deciles. We do so for two reasons. Historically, the third and fourth decile (the second quintile) have come under the poverty line more often than over it. Therefore, an analysis that limits itself to the first two deciles (bottom quintile) is an incomplete one. Second, where the HCI fails to capture changes in income within the poor, the GIC is able to do so. This benefit of GIC helps us in conducting a more detailed analysis of the growth in income of different groups (deciles) within the poor. Given that poverty is not a uniform phenomenon, we feel strongly that effective policy making should be guided by a more complex understanding of poverty than afforded by Headcount Index alone.

4. Data

This study uses household income as the primary measure of poverty. This is done first to capture the impact of transitory income that reflects lately in the consumption behaviour, especially those at the end of the defined period. Second, consumption itself does not reflect the impact of dissavings in a period of economic contraction and thus could sometimes project a very smooth picture. Third, the Household Income and Expenditure Survey (HIES) data shows that the poorest decile consumption can sometime outstrip their income. Consumption increases in this particular group can be attributed to transfer payments, increased subsidies, etc., and are hence not as sustainable as sustained gains in income over the decade.[10]

In order to assess the pro-poorness of growth with respect to deciles, we use RPPG to measure income growth for the bottom four deciles even in decades where not

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[8] Pro Poor Growth Rate could be calculated using any poverty measure that could yield an equivalent value for "p" as a headcount index (Ravallion, 2004).

[9] In order to assess the pro-poorness of growth with respect to deciles, we use RPPG to measure income growth for the bottom four deciles even in decades where not all four deciles have qualified as 'poor'.

[10] The Groups (Decade) are constructed using the following HIES.

Group (Decade) of 1970's = 1968-69 to 1979,

Group (Decade) of 1980's = 1979 to 1987-88

Group (Decade) of 1990's = 1987-88 to 1998-99 and

Group (Decade) of 2000's = 1998-99 to 2004-05

all four deciles have qualified as 'poor'. The data used for this analysis comes from published the HIES of 1968–69, 1979, 1987–88 and 2004–05. Micro data is used for 1998–99 because income group reported in the published survey of 1998–99 is less helpful in percentile estimation. The years are chosen to provide an approximate interval of a decade. The choice of interval has much to do with the commonly held notion that poverty in Pakistan decreased from the seventies to the eighties and then increased again in the nineties. Therefore, the estimation results, as expected, will be sensitive to the choice of the time period. The measure of poverty used is the Headcount Index, which is the proportion of household below the national poverty line.[11] Instead of recalculating the Headcount Ratio, we take it from the Economic Survey (1999–2000 and 2005–06).[12] In order to take care of the impact of prices, the mean income growth has been adjusted with the Consumer Price Index (CPI) (base year = 2000–01) growth rates thereby making all growth rates reported in this study 'real', calculated on an annualised basis.

For the household income, HIES is used here because it is the only available survey conducted in a consistent manner over the required time period. However, this data source has its shortcomings and these have been discussed subsequently.

The Federal Bureau of Statistics has sporadically conducted the HIES since 1963–64. The purpose of the survey is 'to provide data on household income and expenditure in order to estimate savings and liabilities and supplement data on household income sources and expenditure items by different income groups and by provinces and rural/urban breakdown'.[13] These surveys are conducted in all parts of Pakistan except Federally Administered Tribal Areas, military restricted areas and the districts of Kohistan, Chitral and Malakand.[14] Worth noting is that in this survey a household does not refer to a family but a single person or any group of people that normally live and eat together.

This data set, like all others, is vulnerable to both sampling and non-sampling errors. Even though field officers are trained to diminish the effect of non-sampling errors, other problems remain. These include illiteracy, the fact that many households do not keep account of their transactions, variations in the mode of purchase of consumption goods and incorrect statements of expenditure by household members because of a 'memory bias'.

Another problem with the HIES is that it separates households by income/ consumption groups. However, because of inconsistencies in the patterns of grouping, extensive reworking of the data is required to make it comparable across the years. A key advantage of using the GIC is that the lack of consistency in sample size does not affect the construction and estimation process of GIC. This is because it is calculated on a percentile basis. One problem that arises especially in this regard is non-availability of micro data of every survey so far conducted, as it would have allowed to calculate easily and accurately the percentile share in income growth. Owing to this limitation, group data

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[11] The selection of the Headcount Index is due to its availability and the estimation could be done with the other measure (see note 7).

[12] In Pakistan, a consistent series of Headcount Index is not available (see Table 1). Kemal (1997) estimated a consistent series from 1963–34 to 1992–93, while the Planning Commission estimated for 1998–99.

[13] Household Income and Expenditure Survey (1987–88: vi).

[14] However, HIES 1998–99 includes in its sample FATA (Federally Administered Tribal Areas) and other mentioned areas.

has been used except for 1998–99 and this will undoubtedly affect the preciseness of the results. Despite its drawback, inequality estimates based on the group data are not only fairly consistent with the micro data but also less affected with the seasonal variation across provinces (CPRID 2003). Another caveat by way of HIES is that the questionnaire used in 2004–05, to gather information on income changed, adopted a broader definition of income than before (HIES 2004–05).

The HIES has also been accused of understating the incomes of the richest to the point of virtually excluding them from the data set. It is primarily due to this reason that the average household income derived from survey is substantially less than the household income derived from the National Income Accounts (CPRID 2003; Kemal 2001). However, this analysis primarily focuses on the Headcount Population to ascertain the absolute poverty and not on the changes between the richest and poorest segments and, hence, the exclusion will not affect the result significantly.

5. Results

Over the last three decades Pakistan experienced, on average, growth rates of 5.08 per cent, 6.59 per cent and 4.509 per cent for the seventies, the eighties and the nineties respectively. The average growth rate between FY99 and FY05 is 4.74 per cent, but the annual data shows a significant upward trend. The commonly held belief is that the growth of the seventies favoured those at the upper end of the income distribution, while that of the eighties favoured the poor.[15]

Table 2: Pro Poor Growth in Pakistan

	1970s	1980s	1990s	2000s*
Nature of Growth (GIC)	Pro Poor	Pro Poor	Anti Poor	Pro Poor
RPPG	6.33	8.98	-7.13	10.45
Growth in Initial Deciles				
1st Decile	7.54	10.62	-8.30	16.30
2nd Decile	5.66	8.84	-5.57	8.98
3rd Decile	5.96	7.40	-4.39	6.92
4th Decile	6.18	6.31	-3.57	6.14

*1998-99 to 2004-05

The nineties have inspired some debate but the majority opinion is that growth in the nineties was distinctly anti-poor. The experience of the fallout of the nineties has promoted scepticism about recent developments and government claims regarding the pro-poorness of the current growth process. These claims are now assessed via the GIC, the RPPG, ORG (growth in mean income) and the rate of income growth by deciles. By income growth in deciles, we mean distributionally corrected income growth of the deciles.

The result of the estimation of the GIC (see Table 2) shows that the growth in the seventies was pro-poor but distribution neutral. A distribution neutral growth takes place where every percentile grows equally, leaving inequality unchanged. The GIC is first,

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[15] Economic Survey (1999–2000: 46). Between 1968–69 and 1979 the ratio of the income of the highest 20 per cent to the income of the lowest 20 per cent went from 5.1 to 6.1, indicating an increase in income inequality.
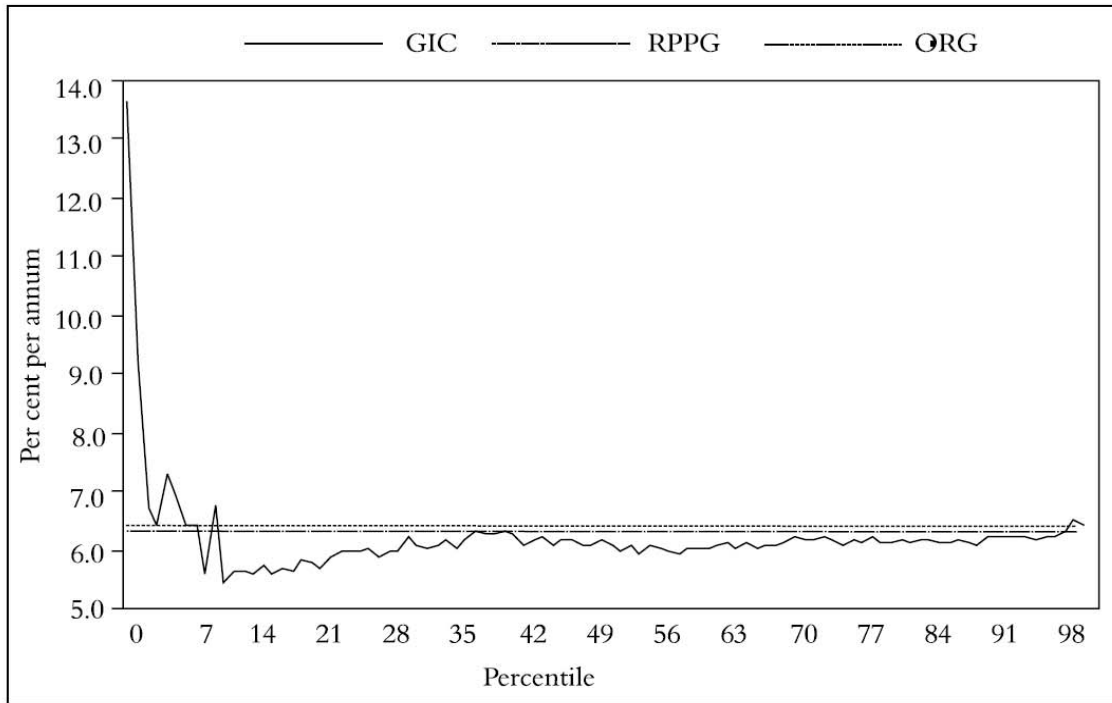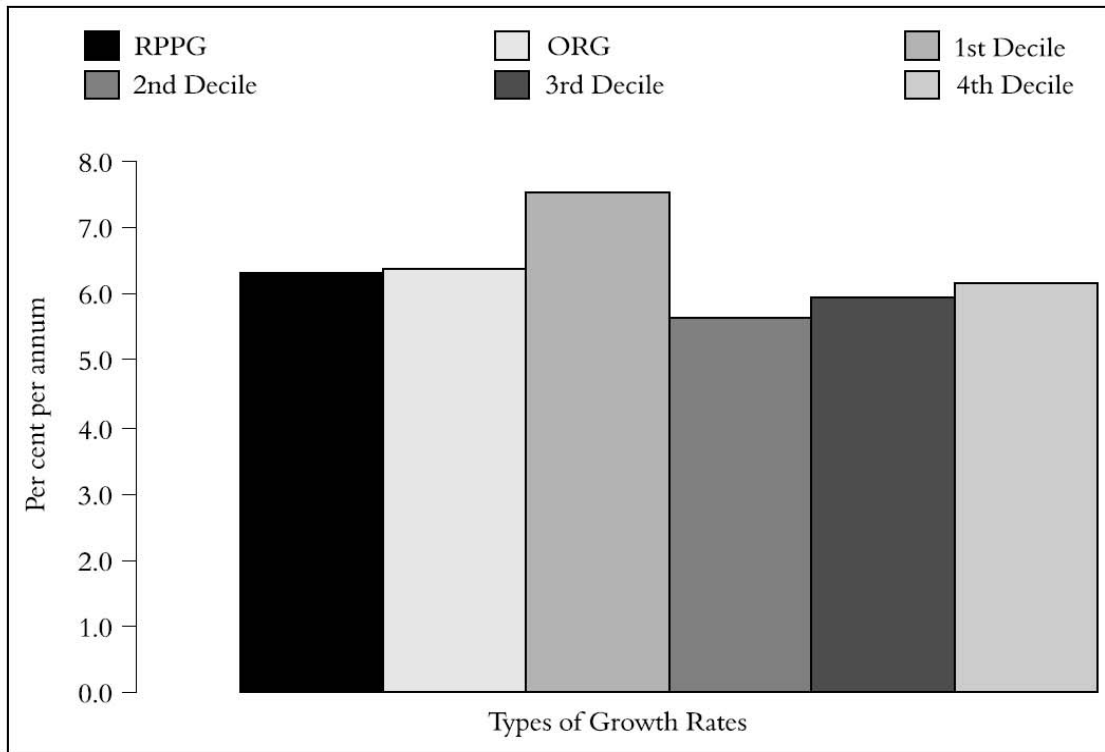
FIGURE 1
RPPG (1968–69 to 1979)

FIGURE 2
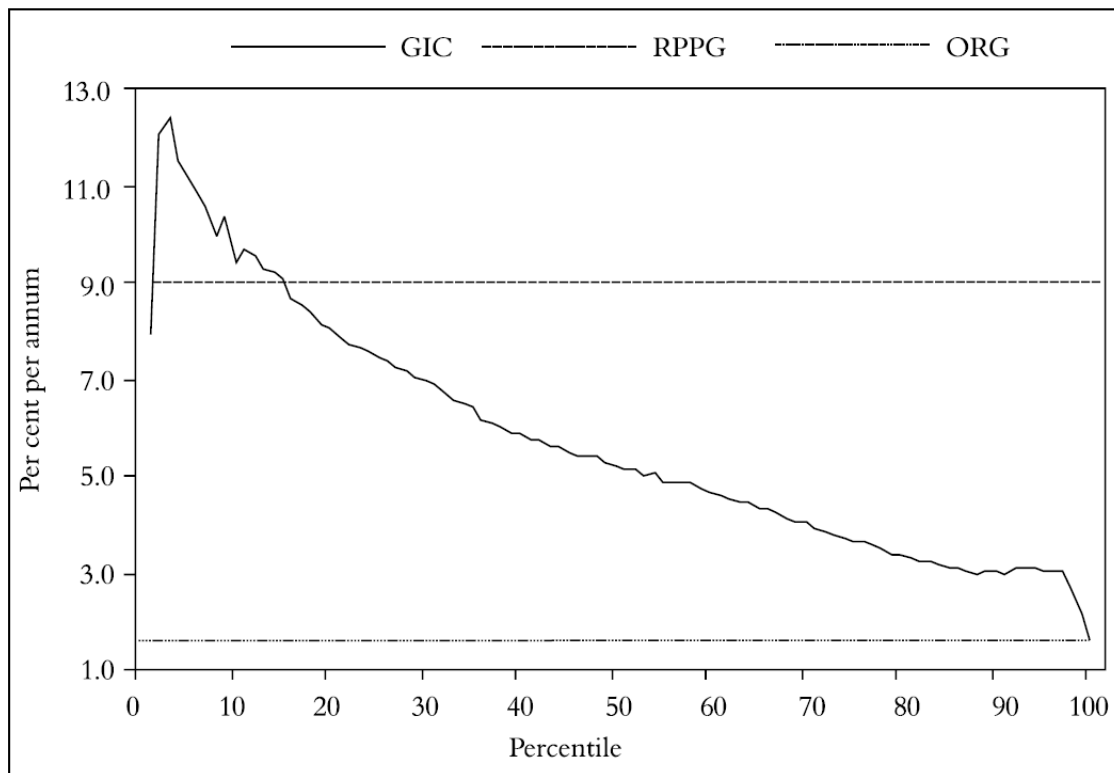**Pro-Poor Growth Pattern(1968–69 to 1979)**

positive at every point of 'p' (see Figure 1) giving rise to a pro-poor growth of 6.33 per cent while the ORG was 6.4 per cent. Second, it is almost flat, indicating that despite a pro-poor growth, inequality in this period remained unchanged. The non-correction of distribution in this period might have fuelled the notion that the seventies was an era of increasing income disparities.

A closer examination of the incomes of those beneath the poverty line reveals that the bottom decile experienced the sharpest growth in income (7.54 per cent) relative to subsequent deciles (5.66 per cent, 5.96 per cent and 6.18 per cent). This suggests that much of the growth in the income of the poor took place among the 'poorest of the poor' (see Figure 2).

In contrast to the seventies, growth in eighties was strongly pro-poor. The RPPG was 8.98 per cent while ORG was 1.61 per cent.[16] The GIC, despite its negative slope, remains positive at every point (see Figure 3) indicating that although every section of society benefited from growth, it was distinctly favour-able for the lower income groups. The poverty estimates show that the percentage of people living below the poverty line was lowest at the end of this period.[17]

A disaggregation of 'within poor GIC' by deciles as shown in Figure 4 provides some interesting insights into this pro-poor growth. The growth in income of the bottom
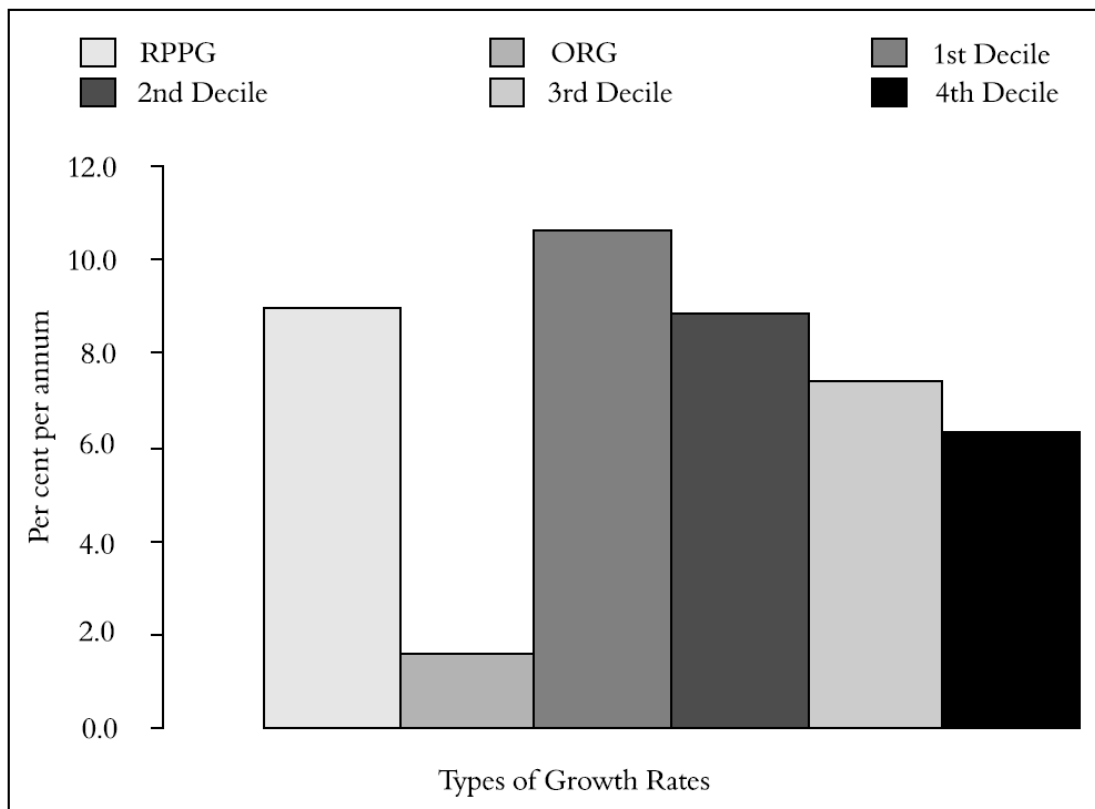
FIGURE 3
RPPG (1979 to 1987–88)

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[16] As discussed in the last paragraph of the 'Data' section, ORG or Ordinary Rate of Growth in eighties, nineties and 2000s remained depressed compared to the National Income Accounts data largely due to low number of higher income group.

[17] Headcount Index declined to 17.32 per cent in 1987–88 from 30.68 per cent in 1979.

decile at 10.62 per cent supersedes the growth in income of subsequent deciles. In fact, much like the seventies, it is only the bottom decile for which income growth exceeded RPPG. As we move along higher income groups, income growth takes place at an almost proportionately decreasing rate. Interestingly, in real terms there is a pronounced difference in income gains between the first and second decile while subsequent deciles make similar real marginal gains in income.

FIGURE 4
Pro-Poor Growth Pattern (1979 to 1987–88)

Although the performance of the eighties with regards to poverty reduction may have inspired optimism in Pakistan's ability to follow a pattern of pro-poor growth, the experience of the nineties obliterated any such sentiment, as growth in this period was markedly anti-poor. The GIC of the nineties (see Figure 5) stands apart from its predecessors, as growth was negative for almost all centiles except a few. That is, although society in general experienced a contraction in income, a small proportion of the population made disproportionate gains from growth. The 'anti-poor' (negative pro-poor) growth rate in the nineties was 7.13 per cent while the ORG was positive at 1.14 per cent (see Table 2). Unlike the others, the GIC of nineties slopes upward, indicating that it was poor who felt most severely the burnt of the income contraction and especially poorest within the poor.

Interestingly, we see that in an 'anti-poor' era, the poorest of the poor, the decile which had benefited most from growth in past, is now most severely hurt by the adverse nature of the growth. The bottom decile grew by –8.30 per cent compared to a RPPG of –7.13
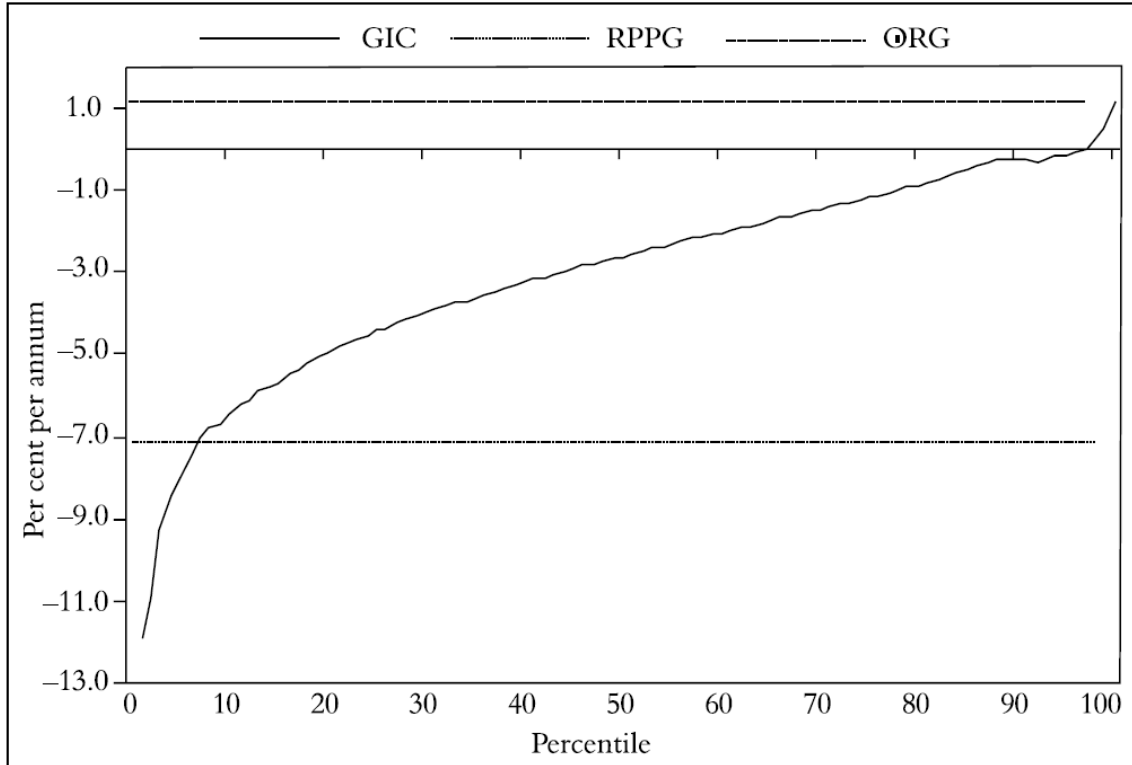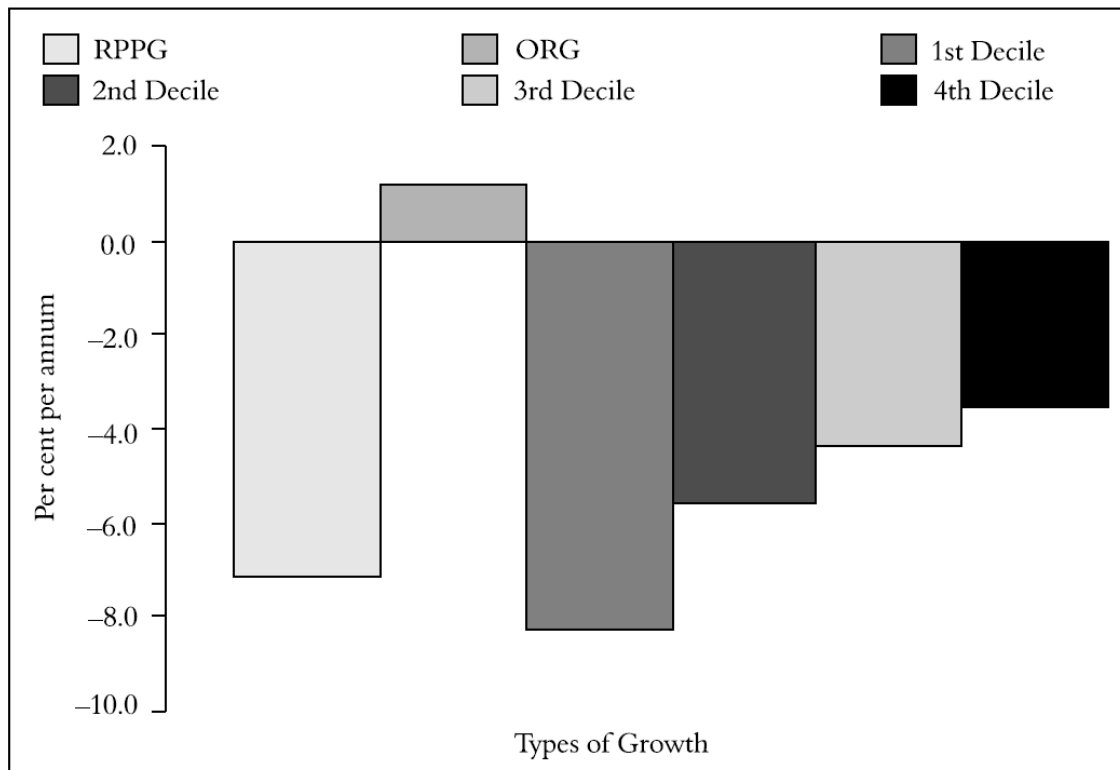
FIGURE 5
RPPG (1987–88 to 1998–99)

FIGURE 6
Pro-Poor Growth Pattern (1987–88 to 1998–99)

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per cent. Where we once saw, in eighties, income increasing at a decreasing rate as we move along the income distribution, we now see income decreasing at a decreasing rate (see Figure 6). However, in real rupee terms, the bottom decile lost much less than subsequent deciles, which found themselves losing roughly similar amounts.

After the 'lost decade' of the nineties, when growth became anti-poor for the first time, Pakistan in the 2000s is again witnessing pro-poor growth. The GIC, like seventies and eighties, is negatively sloped but positive at every point and hyperbolic in shape (see Figure 7). Interestingly, the pro-poor growth rate in this period remains highest at 10.45 per cent among the decades considered, while the ORG is 1.38 per cent.

A disaggregated figure (see Figure 8) offers an interesting insight into the hyperbolic nature of GIC. The pattern of growth in times where it is pro-poor continues to be the same, that is, bottom decile makes the biggest gains, subsequent deciles makes smaller gains. However, what stands out is the enormous gap between the growth in income of the bottom decile (16.30 per cent) and the next decile (8.98 per cent). Therefore, it seems that the recent growth streak witnessed in Pakistan has done more to dampen chronic poverty than actually enable the poor to escape poverty as defined by the poverty line.[18]

6. **Conclusion**

Overall, we saw that growth in Pakistan was pro-poor in seventies, eighties and 2000s, with varying degrees, and anti-poor in the nineties. A detailed analysis of the socio-political developments that brought about this pattern of growth could be found in Amjad and Kemal (1997), Kemal (2001), Khan (2002), Qureishi and Arif (2001), Zaidi (1999) and in various published reports of the World Bank, IMF and other public and private sector organizations.

There are three main lessons to be drawn from this study. First, growth is not necessarily pro-poor and, if remains unguided, it could become anti-poor as well, as we have seen in the nineties. Second, growth does not equitably affect those classified as the poor. Third, the Easterly (2001) and Cord et al. (2003) claim that changes in income of the bottom quintile are strongly reflective of changes in poverty seems to hold, but we do not advocate focusing on this quintile alone.

There is a need for more studies on poverty that can offer fuller and consistent accounts of the pro-poorness of growth and the determinants for what makes growth pro-poor. This study offers one perspective on the measurement of pro-poor growth and given the data limitations, its results for 2000s (1998–99 to 2004–05) could be weak. What it does seek to provide is a launching pad for further research. Topics of future research could include a GIC analysis that is based on consumption as well as a GIC analysis that focuses on the rural–urban dynamics of the 'pro-poorness' of growth and not just the aggregate effect.

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[18] One caveat that must be mentioned here is that the result of the analysis for this period depends on the HCI of 1998–99, which is not consistent with the earlier calculated HCI and the income reported in the HIES (2004–05), which is also more broadly defined than that in the earlier HIES.
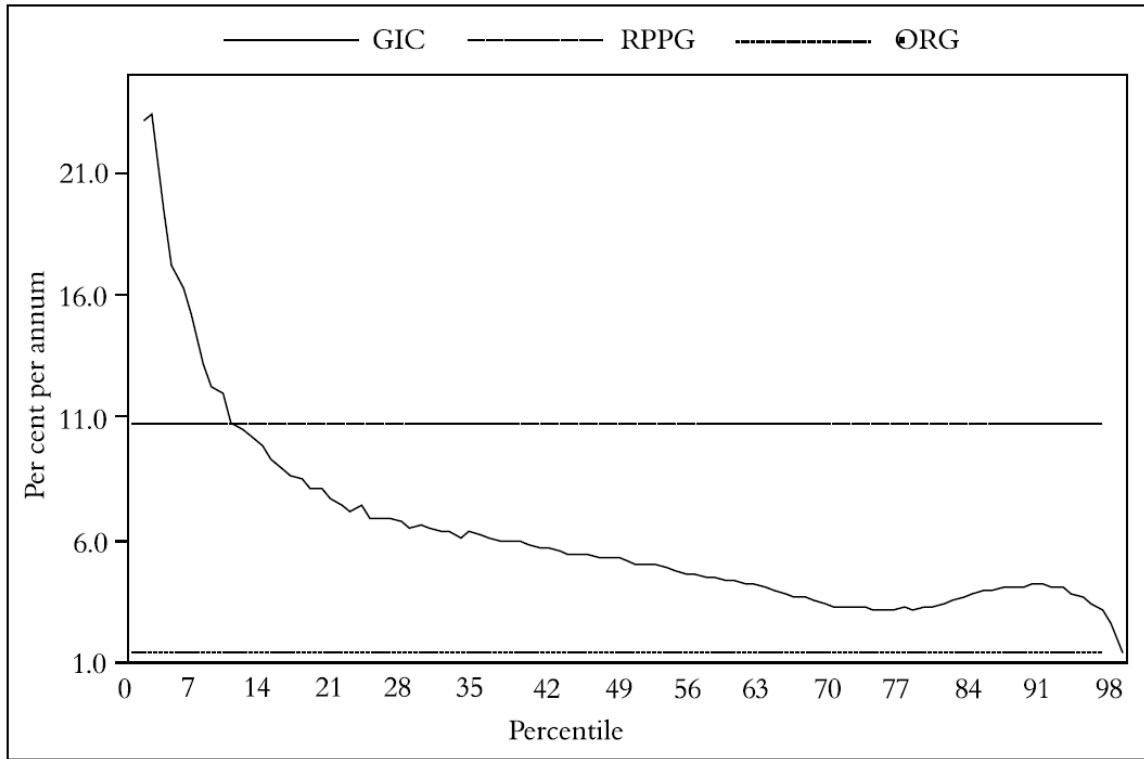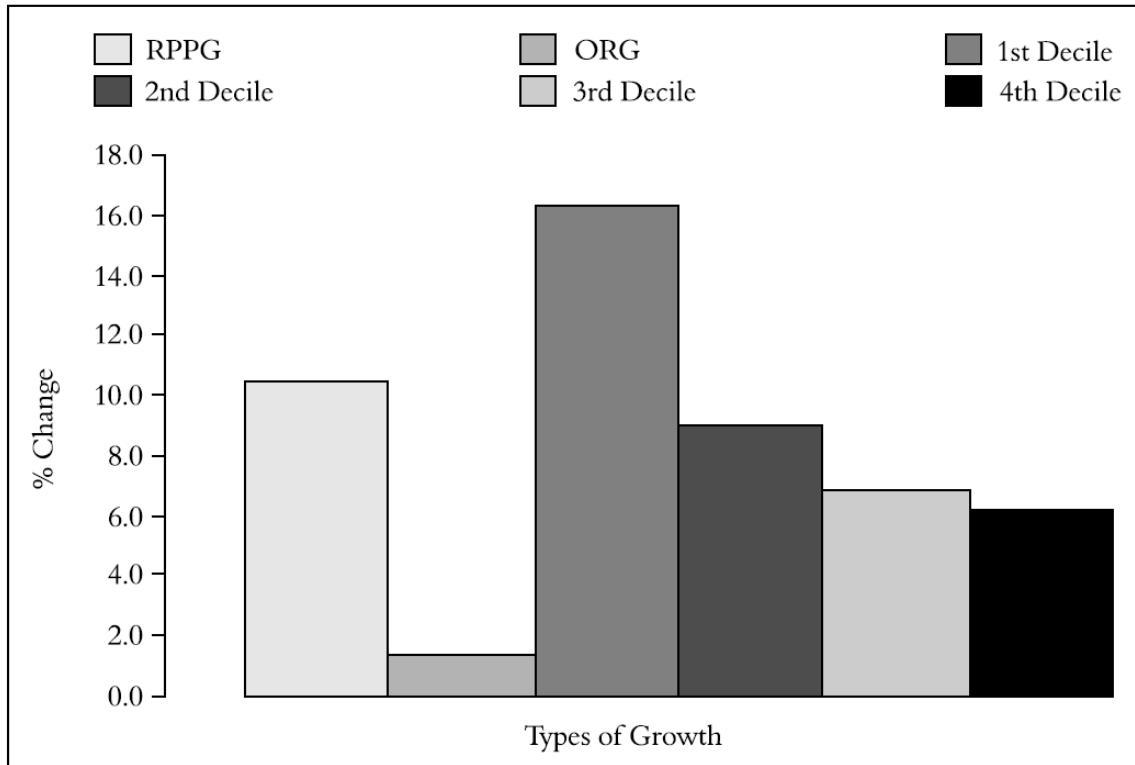
FIGURE 7
RPPG (1998–99 to 2004–05)

FIGURE 8
Pro-Poor Growth Pattern (1998–99 to 2004–05)

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