

HUMAN RESOURCES AND ECONOMIC DEVELOPMENT

Introduction: In the previous chapters we have discussed the role of natural resources in economic development. We have stated that there is a correlation between the availability of natural resources and the level of development in a country. But the occurrence of these resources does not offer the principal explanation of the variation in the level of income. The human resources play dynamic role in the development of a country. We here briefly describe human resources and their importance in the economic development of Pakistan.

1. HUMAN RESOURCES

Meaning of Human Resources

Human resources refer to the size of population of a country along with its efficiency, educational qualities, productivity, organizational abilities and farsightedness.

The population of a country portrays a double faced phenomenon. It is on the one hand an asset and a vital factor in the development process of a country. On the other hand, its rapid growth has hampered development in many less developing countries of the world including Pakistan. The role of human resources to economic development can be better understood if it is studied from two different aspects. (a) Quantitative aspect and (b) Qualitative aspect

(a) Quantitative Aspect of Population in Pakistan:

The quantitative aspect of population includes the statistics of total population, growth of population, density of population, birth and death rates, migration etc. We now briefly examine the demographic structure or the human balance sheet of our country.

The 6th National Population and Housing Census was held after 19 years. The last census was held in 1998. The census was conducted in two phases (i) March 15 to April 15, 2017. (ii) April 25 to May 25, 2017. Its provisional results have been released which shows that total population is 207.77 million.

Table 12.1: Population Census-2017

Administrative Units	Households (million)	Population - 2017			Total Population (million)	1998-2017 Average annual Growth Rate
		Male (million)	Female (million)	Transgender		
Pakistan	32.20	106.45	101.32	10.418	207.77	2.40
Rural	20.01	67.30	64.89	2.767	132.19	2.23
Urban	12.19	39.15	36.43	7.651	75.58	2.70

Source: Pakistan Bureau of Statistics

Table 12.2: Province wise Population and Growth Rates

Area	Population 1998(million)	Population 2017(million)	Average annual Growth Rate % (1981-98)	Average annual Growth Rate % (1998- 2017)
Pakistan	132.35	207.77	2.6	2.40
Khyber Pakhtunkhwa	17.74	30.52	2.8	2.89
Punjab	73.62	110.01	2.6	2.13
Sindh	30.44	47.88	2.7	2.41
Balochistan	6.57	12.34	2.4	3.37
FATA	3.18	5.00	2.1	2.41
Islamabad	0.81	2.00	5.2	4.91

Source: Population Census 2017 (Pakistan Bureau of Statistics)

1. **Total Population.** Pakistan's current population in 2018 is estimated at 212.82 million.
2. **Population Growth.** Average annual population growth rate (1998-2017) at national level is 2.4 percent whereas growth in urban areas is 2.70 percent which is higher than the population growth rate in rural areas which is 2.23 percent.

There are three important variables which directly affect the population numbers (a) death (b) birth and (c) migration.

- (a) **Crude Death Rate.** For the last over three decades, there has been a rapid fall in the death rates due to progress in medical science. The diseases like cholera, malaria, small pox, typhoid, have been greatly controlled. They used to take a heavy toll of life. The provision of hospitals in villages and cities, the improved health environments and better nourishment have helped in lowering the death rates. The crude death rate has come down from 30 in 1947 to 7.3 per thousand population in July 2010-11 and 7.2 in July 2011-12, 7.0 in 2012-13, 6.9 in 2013-14, 6.8 in 2015, 6.7 in 2016, 6.6 in 2017, 6.4 in 2018 and 6.3 in 2018-2019 (P). A crude death rate of less than 10 per thousand is considered low and above 20 as high.
- (b) **Crude Birth Rate.** The average annual number of birth per thousand persons at mid-year is known as the crude birth rate. A CBR of more than 30 per thousand is considered high and less than 18 per thousand as low. In 2018 crude birth rate was in Pakistan was 25.4 per thousand. Since its creation Pakistan has experienced a high rate of population growth. In 1950 Pakistan was the 13th largest country in the world and in 2011 it has moved up to the 6th position. According to the World Bank projections it is likely to become the fifth largest country by 2050.

The increase in population in Pakistan is due to multiple factors. They, in brief, are:

1. Warm climate where puberty is attained at a comparatively early age.
2. The practice of early marriage.
3. Joint family system.
4. Polygamy.
5. Absence of recreational facilities.
6. Belief that God is 'Razik' i.e., the sustainer
7. Low standard of living. People are not afraid of a further fall as a result of large number of children.

8. General illiteracy. People are not aware of the economic distress caused by the higher birth rate.
9. Large family is regarded a power to influence and subdue the people around them.
10. Lack of consciousness for the adoption of family planning measures etc, etc.
11. Drop in death rate.
12. Illegal immigration in the country.

(c) **Migration to Pakistan.** The migration of Afghan refugees to Pakistan which has declined now is also adversely affecting the labour market and the economy of Pakistan.

3. **Population Density.** The term density of population refers to the average number of persons living per square kilometre. The density of population differs from country to country and even within country. The density of population varies from region to region. The density of population depends upon a number of factors such as climate, fertility of land, rain, irrigation system, soil, peace and security in the area, availability of means of communication and transport, development of trade and industry, mineral resources etc. etc. If in a region, the climate is healthy, the land is fertile, the means of communication and transport are developed, there is peace and security, the rain is timely etc, the region will have a high density of population. In case, the land is barren, rain scanty, mineral scarce, technology under-developed, and there is also no security of life and property, the number of people living per square kilometre will be small.

The prosperity or adversity of a country cannot be judged from density of population. A country with high density of population may or may not be prosperous. Belgium and Bangla Desh, for instance, have nearly the same density of population but there is a vast difference in the per capita income of both the countries. Similarly, an area of low density of population may be finding it difficult to meet the bare necessities of life and the other enjoying all amenities of life. Egypt and Canada have low density of population. But there is much difference in the standard of living of the people in both the countries. The density of population in Pakistan according to the 1998 Census was 166 persons per sq. kilometer.

4. **Distribution of population:** The study of distribution of population between the urban and rural areas in a country is very essential for the planners. As a country develops, there is a shift of population from rural to urban areas because cities provide better job opportunities in the expanding industrial and commercial sector. A country like Pakistan whose economy is agrarian, cannot afford the shifting of large number of people from rural to urban areas as urbanization involves heavy expenditure which we cannot afford at present.

There is no doubt that sectorial mobility is an important characteristic of the development process, but we can devise other measures lessening the influx of rural population to urban areas. The villages should be connected with roads. The small scale industry should be encouraged and properly organized in the areas rural. The technical know-how education and health facilities should also be made available to them. The villagers should also share in building up the infrastructure.

5. **Distribution of population by Age:** (a) The study of population by age and sex is very important as it reveals the effective working population in a country. If a country has

large proportion of earning members, its income per capita will be high. Higher per capita income helps in breaking through the vicious circle of poverty. In Pakistan, about 40% of the population are dependents.

(B) Qualitative Aspect of Population:

We have briefly discussed the quantitative aspect of population in Pakistan. In the past, the sheer size of the population was receiving attention and the qualitative aspect was ignored by the economists. It was probably assumed that people living in tropical areas are of inferior types and not capable and willing to improve their standard of living. The above assumption is not true. The people living in tropical areas including Pakistan have physical and mental capacity to develop human skill and have positive attitude towards work. It is only the environments which affect the impulses to work. So in order to improve the ability and capability of the people to put in their best, changes shall have to be made in political, social and many other institutional frameworks. The factors influencing the ability and capability of human resources are as follows:

- (a) **Political Factor.** If there is political stability in the country, there is active participation of the people in the development process. The attitude towards work and the administrative ability improves under a stable government. In case, there are rapid change overs of the governments, it will lead to insecurity of service and builds up an incompetent administrative machinery. Bad administration frequently leads to corruption, delay in the execution of work etc. The spirit of enthusiasm and idealism vital to the expansion programmes get a set back under bad administration. Thus, the attitude, efficiency and human skill decline due to political turmoil and bad administration in the country.
- (b) **Social Factor.** If a society is sharply divided between two classes (1) the rich and the poor and there is a severe hatred and conflict between the two, the efficiency of the people will be at the lowest ebb. The ability and the capability of the people to work is also affected by the existence of joint family system, prejudices against manual work, the caste system etc., etc.
- (c) **Climate Factor.** It is sometimes pointed out that tropical climate creates laziness and inefficiency among the working people. This is true that severe hot or cold climate does affect the quality of manpower. But when people are brought up in such climate, they get used to it. There are many examples in history that advanced civilization existed in tropics like, Ceylon, Cambodia, Java, Egypt and India. We, therefore, do not attach much importance to the traditional idea of climate affecting the qualitative aspect of human resources.
- (d) **Poverty, Poor Diet, Diseases.** In Pakistan, like other developing countries, poverty, poor diet, hunger, diseases like malaria, bad food, typhoid etc are the important factors which adversely affected the mental and physical energies of man. The average span of life is only 65 years in Pakistan whereas it is 77 in U.S.A. and 76 in United Kingdom. The Government of Pakistan is doing its best to improve the health and living conditions of the people.
- (e) **Education.** The Government of Pakistan is quite aware of the contribution of education in improving the human capital. The total development expenditure for the education

sector is about 2.3% of GDP. Whereas it should be minimum of 4% of GDP as recommended by UNESCO for developing countries. The literacy percentage of population with all the efforts of Government is only 58% of the total population in Pakistan in 2016-2017.

2. POPULATION EXPLOSION

The growth of population is alarming in Pakistan. The population of 1951 has more than quadrupled in 2018. It stands at 212.82 million as in 2018.

Causes of increase in population

The main factors which have led to the great increase in population are as follows:

- (1) **Drop in death rate.** Due to advances in medical science, the death rate has sharply come down from 28 per thousand population in 1951 to 6.3 per thousand population in 2018.
- (2) **Low standard of living.** It is an established fact that people with low income have more children. The poor persons are not afraid of a further fall in their standard of living as a result of large number of children.
- (3) **Early marriages.** In Pakistan, the marriages take place usually between 15 to 22 years of age. The span for reproductivity is longer.
- (4) **Tropical climate.** The warm climate where puberty is attained at an early age.
- (5) **Belief that God is Raziq.** Muslims have a firm belief that God gives food to everyone even to an ant living in a stone. So why reduce the size of family?
- (6) **Source of power.** Large family is regarded as a power to influence people and subdue persons around them.
- (7) **Illiteracy.** Due to lack of education, people are not aware of the economic distress caused by high birth rate.
- (8) **Joint family system.** The joint family system, though on the decline, is also a cause for rapid bringing forth of children.
- (9) **Existence of polygamy.** The existence of polygamy also contribute to the increase in population.
- (10) **Resistance to population control drive.** The population control drive has not been pursued by the Government of Pakistan in right manner due to resistance on ethical grounds.
- (11) **The influx of refugees.** The influx of refugees from India, Afghanistan, is continuing unabated in Pakistan. Pakistan is now a refugee paradise.
- (12) **Universality of marriage.** All men and women of marriageable age enter into wedlock. As such the birth rate is higher in Pakistan.

3. HOW TO TACKLE THE PROBLEM OF POPULATION EXPLOSION IN PAKISTAN

The rapid increase of population in Pakistan which is already over-populated is adding sufferings to the people. There is mass unemployment or underemployment in the agrarian economy for a greater part of the year. The basic needs of the people are not being adequately met. The country with increasing growth of population is caught in the low income equilibrium trap. The problem of population explosion cannot be solved in a day. The Government of Pakistan shall have to chalk out and implement the following four fold measure to fight the problem of overpopulation (i) Economic measures (ii) Social measures (iii) Family planning measures and (iv) Administrative measures. These measures are now discussed in brief.

I. Economic Measures

The following economic measures, if adopted seriously, offer a long term solution to the problem of overpopulation.

- (a) **Modernization of agriculture.** The modernization of agriculture through farm mechanization, proper management of land and water resources, improved varieties of seeds, taking plant protection measures and use of fertilizers can increase the agricultural productivity manifold. The rise in the income of the farmers will raise their standard of living and help in reducing the birth rate indirectly.
- (b) **Expansion of the industrial sector.** The government should help and encourage the people living in rural and urban areas to set up small, medium and large scale industries. The setting up of industrial states, the provision of fiscal incentives etc., create conditions for rapid industrialization in the country. The engagement of surplus labour force in industries and other gainful employments raises their standard of living and motivates the workers to restrict the size of the family.
- (c) **Creation of employment opportunities in rural areas.** More than 60% of the people are living in rural areas. The government should provide credit and know how to the farmers for setting up cottage industry like poultry, fisheries, diary farming etc. The setting up these and other industries will discourage the migration of farmers from countryside to cities, provide them employment at home, raise their income level and will help in the reduction of birth rate indirectly.
- (d) **Fair distribution of income.** If the state guarantees a minimum living wage to workers, and the fair system of land and income distribution is ensured to them, the workers will be able to live a comfortable life. Fair distribution of income can thus help in slowing down the rate of growth of population.

II. Social Measures

Population explosion is as much a social problem as it is an economic problem. Many of the causes of population explosion are deep rooted in the social life of the country. For bringing down the birth rate, the following social measures should be undertaken.

- (i) **Spread of education.** The provision of education both in rural and urban areas can help in arresting the rapid growth of population.
- (ii) **Improving the status of women.** The improvement of the status of women at par with men, the provision of gainful employment in all sectors of the economy can effectively reduce the birth rate of population.
- (iii) **Restricting early marriages.** Restricting early marriages and raising the minimum age of marriages can also help in reducing population growth.

III. The Family Planning Programme

The family planning programme all over the world is considered an effective measure in controlling population explosion. The public information programmes arousing consciousness and explaining the usefulness of family planning among people have helped in restricting the rate of growth of population. The establishment of family planning centers, the research centers have played an effective role in limiting the size of family.

IV. Administrative Measures

The Government of Pakistan, being an Islamic State, is very conscious and careful in the enforcement of birth control measures. It has introduced population welfare programme under which a number of activities such as service delivery infrastructure, capacity building, information, education and communication etc. are carried out to control the size of families.

4. POPULATION GROWTH AND ECONOMIC DEVELOPMENT

Pakistan is the 5th most populous country in the world. The rate of population growth is around 2.4% per annum which is alarming. The total population of Pakistan is 212.82 million in 2018.

Effects of population growth

There is a close connection between rate of population growth and economic development. Infact, there exists a two way relationship between population growth and economic development. (a) Economic growth produces impact on population growth (b) Population growth produces effects on economic growth. These two aspects are now studied under separate heads:

(a) Effects of economic development on population growth.

According to the theory of demographic transition, when economic development takes place in a country, it passes through three stages of change in birth and death rates.

Stage-I. Before an economy undergoes development, both birth rates and death rates are high. Birth rates are high due to early marriages, social beliefs, customs etc. The death rates are high due to poor sanitary conditions, malnutrition, lack of medical facilities etc.

Stage-II. When economic development begins to take place in a country, the standard of living of the people gradually shows improvement. Better medical facilities become

available. There is a rapid decrease in the mortality rate. The fertility rates however, continue to be high due to deeply established customs.

Stage-III. When a country is developed, the quality of life improves. Prosperity takes the place of poverty, education, the place of ignorance, health, the place of illness etc. There is also a rapid fall in both birth and death rates. There is an improvement in old age mortality which increases the share of elderly people.

Pakistan at present is passing through the second stage of demographic transition as more resources are available for investment. Economic growth is rising. Per capita income is going up. Consumption demand for goods is increasing which is helping in the expansion of domestic markets.

(b) Effects of population growth on economic development.

Is higher population growth really the primary cause of low levels of living, gross inequalities, unemployment etc. is a controversial issue. In the Western Europe, the growth of population has led to rapid increase in productivity. However, the impact of population growth on the less developing countries (LDCs) is not the same. In many developing countries like Kuwait, Saudi Arabia, Brazil, Australia, higher population is in fact desirable. However, in overpopulated less developed countries like Pakistan, India, Bangladesh, excessive, population growth is not considered desirable. The rapidly growing population is retarding economic growth in the following ways.

- (1) **Low per capita income.** The rapidly growing population nullifies the increases made in the national income. It leads to sluggish growth in per capita income. The per capita income of Pakistan is about USD 1,497.3 in 2018-2019 (July – March) as compared to USD 45,470 in Japan and USD 90,570 in Singapore..
- (2) **Population growth and agricultural development.** The fast growing population with low income puts pressure on land, makes difficult the use of improved techniques of agriculture, increases the number of landless workers, creates problem of low productivity and causes food shortage.
- (3) **High proportion of unproductive population.** Rapid rise in population growth increases the dependency ratio of non workers to workers. In Pakistan 40% of the population above 10 years is in the labour force. About 46% (aged persons, women) are dependent.
- (4) **Unemployment and under employment.** A fast growing population increases the unemployment and under employment problems.
- (5) **Reduction in savings and investment.** The rapidly rising population increases the country's expenditure on consumption goods and lowers per capita income. It reduces people's capacity to save for investment. The reduction in saving and investment is a crucial factor of slowing down the rate of economic development in the country.
- (6) **Inflationary pressure.** The rapidly rising growth creates excess demand for goods and services over the supply of goods. It creates demand pull inflation in the country. The higher rate of inflation which has been double digit per annum is retarding capital formation in Pakistan.
- (7) **Population growth and environment.** The rapid population growth creates air, water, noise pollution in towns and cities.

- (8) **Effect on social infrastructure.** In a country having a rapid rate of increase in population, huge investment is required to provide education, health etc facilities for the masses. A backward country like Pakistan cannot provide these facilities on a large scale.
- (9) **Vicious circle of poverty.** The fast rate in increase of population lowers per capita income, reduces saving, results in low rate of capital formation and low productivity. A country is thus caught up in the vicious circle of poverty.

Summing up, we can say that rapid rate of population growth in a developing country like Pakistan is acting as a drag on economic progress. It is slowing down the pace of economic development. If we wish to achieve quality of life, prosperity in place of poverty, education in places of ignorance, health in place of illness and death etc., then one of the method and most effective way is to reduce the rapid birth rate and simultaneously increase capital formation in the country.

5. DIFFERENT APPROACHES TO TACKLE THE POPULATION PROBLEM

Since the day of Malthus and Ricardo, the topic of population and economic development has been the main concern of economists and politicians. Some of the economists are of the view that population growth is a big asset and a vital factor for the attainment of economic well-being. They advance the arguments that the rapid increase in population is beneficial for (1) applying labour intensive techniques of production where capital is scarce, (2) specialization of labour, (3) widening of markets and reaping the economies of large scale production.

The economists who disagree with the above approach advance their own set of arguments. According to them, the rapid increase in population in an already over-populated country adds to the sufferings of the masses. The gains made in different sectors of the economy during a year are used to support on the growth of population. There is, therefore, no increase in real GNP (2) The rapid growth of population increases the number of children who remain dependant upon the working population at-least upto 15 years (3) The increase of dependants on the labour force reduces their power and ability to save and invest (4) Due to high birth rates, a large number of problems of building up social infrastructure such as schools, dispensaries, health centres etc., arise to meet the basic needs of education and health of the growing number of dependants. The Government is left with less resources to build up the infrastructure, develop agriculture, industry, transport and other sectors of the economy. (5) The qualitative upgrading of the already existing population thus remains retarded. (6) The high mortality rate of children reduces the productive efficiency and affects the health of the parents. (7) The excessive growth of population necessitates the contraction of resources of food crops. The farmers with the average holding of 10 to 12 acres are thus left with a few acres to raise cash crops. (8) The rapid rise of population causes excessive pressure on land which results in sub-division and fragmentation of land. (9) There is mass un-employment and under employment in the agrarian economy for a greater part of the year. (1) There is massive waste of resources. The over-populated country with increasing growth of population is caught in the "Low income equilibrium trap".

6. ROLE OF EDUCATION IN ECONOMIC DEVELOPMENT

The development economists upto 1960's attached great importance to material capital such as machines, new factories, new buildings etc. in the development process of the country. The manpower was not regarded an important variable for increasing productivity and income. Since 60's, the emphasis has been gradually shifting to manpower as an important factor of development.

Education is considered as the cornerstone of broad based economic growth and the poverty reduction. Education is a key to change and progress. The consensus is that Pakistan economic growth can be achieved with higher emphasis on the quality of its manpower.

Manpower consists of all segments of a society which are engaged in one form or the other in development activities. If a country has a trained manpower, it makes economic activities highly productive both in quantitative and qualitative aspects. If the manpower is illiterate, unskilled, under-nourished and of poor health, the output per man is low. This eventually leads to low income, low investment and the country remains trapped in vicious circle of poverty.

The government of Pakistan is trying its best to improve human capital so that it should serve as a leading factor for the socio-economic development of the country. The literacy rate is estimated at 62.30% in the year 2017-18.

There is no doubt that in the last over three decades, the literacy ratio has increased to 62.30% and the quality of education has improved, yet the progress on the whole is not satisfactory. The mass failure of students in the examinations, the misdirected education is resulting in the waste of precious resources of the country. It is, therefore, suggested that to meet the present and future requirements of manpower in different sectors of the economy, it should be developed on the following levels:-

1. Manpower Oriented to the Industrial Requirements.
2. Manpower Oriented to Agricultural Requirements.
3. Manpower to Cater Services Requirements.

1-Manpower Oriented to Industrial Requirements.

The present day plants are becoming highly complex. There are rapid changes in the production patterns. In order to meet the changing requirements of the industrial sector, the education and training has to be carried on the following lines:-

1. Handling new production lines, innovations.
2. Handling of new sophisticated equipments.
3. Technological assistance in maintaining the plant and the machinery.
4. Expansion in plant facilities.
5. On job facilities for improving performance.
6. Training for managerial performance.

II-Manpower Oriented to Agricultural Activities:

Our economy is basically agricultural, employing about 38.5% of the total labour force. We can hardly boast of an existence of an effective manpower in this sector. In order to increase effective manpower for the sector, it is suggested that development should be made on the following lines:

1. Establishment of new rural academies and strengthening of the existing ones for imparting agricultural know-how at the levels of primary, secondary and higher education.
2. Compulsory enrollment of young people to these academies.
3. Development of experimental farms attached to academies for practical education and demonstration.
4. Establishment of rural based industries side by side and providing technical training.

III-Manpower to Cater Various Services Requirements:

Service sector's requirements are of a very wide range. The areas wherein manpower specially requires to be developed include skilled masons, technicians, electricians and electrical services, qualified workshop operators, steel reactors, machines, plumbers, foremen/supervisors and computer literates etc. The development of this intermediary manpower would be greatly rewarding to the entire society as the performance in the various sectors will be greatly improved. Secondly, the exportable manpower will be much more qualified to secure better jobs and earn more in and outside the country.

Summing up, we can say that developed manpower would be the greatest source for (1) promoting moral values (b) creating a national self respect, (c) promoting self reliance on domestic resources (d) providing link for coordinating all agents of economic forces and (e) creating a sense of confidence and security among the new generations.

7. HUMAN CAPITAL AND IT'S ROLE IN ECONOMIC DEVELOPMENT

The modern economists are of the view that natural resources i.e., forests, minerals, climate, water power etc., play an important role in the economic development of an country. A country which has abundant natural resources is in a position to develop more rapidly than a country which is deficient in such resources. They here, however, emphasize that the presence of abundant resources is not a sufficient condition of economic growth. Physical factors, they say, are passive factors of economic growth. They are to be combined with human resources of a country who are active factors of economic development.

Human resources of a country are the size of population, rate of growth of population, urban rural distribution of people and quality of population. The quality of population is measured by health standards, educational levels and technology is vitally important in influencing a nation's cultural and economic progress. A country which has developed the skills and knowledge of its people can exploit natural resources, build social economic and political organizations and can carry forward national development.

The less developed countries of the world are now making investment in human resources for increasing their skills, abilities, ideals, health, on the job training programmes. These productive investments have a strong bearing upon increasing human capabilities which is called human capital.

What is human capital? Its Role in Economic Development?

Human capital can be described as the skills, training and health acquired through on the job training and education Michael Parkin defines it as "The skill and knowledge of human beings". It is also defined as the endowment of abilities to produce that exists in each human being. It can be increased through formal education, on the job training and improved health and psychological well being. To be more precise. If the people of a country are well educated, well nourished, skilled and healthy, they are said to have more human capital.

Human capital formation

Human capital formation as described by Professor Harbinson as "the process of acquiring and increasing the number of person who have the skills, education and experience which are critical for the economic and political development of a country". Human capital formation is the act of increasing the productive qualities of labour force by providing more education and by increasing skills, health and nutrition level.

According to T. W. Schultz, there are five ways of developing human capital.

- (i) Provision of health facilities which affect the life expectancy, strength, vigour and vitality of the people.
- (ii) Provision of on the job training which enhances the skill of labour force.
- (iii) Arranging education at the primary, secondary and higher levels.
- (iv) Study and extension programme for the adults.
- (v) Provision of adequate migration facilities to families to adjust to changing job opportunities.

Importance of human capital

Human capital is the fundamental source of economic growth. It is a source of both increased productivity and technological advance. In fact the major difference between the developed and developing countries is the rate of progress in human capital. The under developed countries need human capital to staff new and expanding government services to introduce new system of land use and new methods of agriculture, to develop new means of communication to carry forward industrialization and to build the education system. Prof. Galbraith is right in saying that "we now get the larger part of economic growth from investment in men and improvements brought about by improved men".

Problems of human capital formation in LDC's

The main problems of human capital formation in less developed countries (LDC's) including Pakistan in brief are as under.

1. **Faster increase in population.** The population of almost all developing countries of world including Pakistan is increasing faster than rate of accumulation of human capital. As a result thereof, these countries are not making the satisfactory use of their natural resources and physical capital. In Pakistan, the public sector expenditure on education is about 2.4% of GDP for the fiscal year 2017-18.
2. **Defective pattern of investment in education.** In the developing countries of the world, the governments are giving priority to primary education for increasing literacy rate. Secondary education which provides critical skills needed for economic developed remains neglected. Another problem related to investment in education is that in the public and private sectors there is a mushroom growth of universities without trying to improve their standard of education. There are also mass failures at primary, secondary & higher levels of education resulting in wastage of the scarce resources of the countries.
3. **More stress on the provision of building and equipments.** Another major problem of investment in human capital in developing countries of the world is that politicians and administrator lay more stress on the construction of buildings and provision of equipments than on the provision of qualified staff. It has been observed that foreign qualified teachers and doctors are appointed in rural areas where there is little usefulness of them.
4. **Shortage of health and nutrition facilities.** In the less developed countries of the world, there is shortage of trained nurses, qualified doctors, medical equipment, medicines etc. The less availability of health facilities pose threat to the millions of the people living there. The people are faced with unsatisfactory sanitary conditions, polluted water, high fertility and high death rates, urban slums, illiteracy etc. All these deficiencies affect the health of the people and reduce their life expectancy.
5. **No facilities of on the job training.** On the job training or in service training is very essential for improving or acquiring of new skills to the persons employed in various occupations. In the underdeveloped countries of the world, least emphasis or importance is given on the job training for the employees. The result is that the efficiency and knowledge of the workers remains outdated and in most cases obsolete. In service training for the doctors, teachers, technicians etc. is therefore of utmost importance for the efficient use of human resources.
6. **Study programme for adults.** Study programme for adults can also be introduced for improving literacy rate. Programme for adults was introduced in many under developed countries of the world including Pakistan for providing basic education, increasing skills to farmers and small industrialists. The scheme has miserably failed as no interest was shown by the adults in getting such training.
7. **Half hearted measures for promotion of employment.** In most of the developing countries of the world, the ratio of unemployed or under employed persons is very large. For increasing employment and reducing under employment proper investment in human capital is required which is visibly lacking in LDC's. The govt. of Pakistan has taken a number of steps for increasing employment opportunities in the country such as establishment of SME Bank for the promotion of self employment at the grass root level.

encouraging domestic and foreign investment for increasing employment opening of technical and vocational training centers etc. etc.

8. **No manpower planning.** Due to non availability of reliable data, there is little manpower planning in less developed countries of the world including of course Pakistan. As a result thereof, there is no matching of demand and supply of different types of skills. The result is that large number of skilled and highly qualified persons remain underemployed. The frustration and discontentment among the unemployed or underemployed graduate and post graduates result in brain drain from the country. It is a huge loss to resources of developing countries.
9. **Neglect of agriculture education.** In LDC's, where agriculture is the major sector of the economy, very little attention is paid for educating the farmers to the use of modern agricultural practices. Unless the farmers are provided agricultural education and training on the fields, they will not be able to raise the agricultural production to the desired level. Agricultural education is necessary for changing the outlook of the farmers.

8. IMPORTANCE OF HUMAN CAPITAL FOR SOCIAL AND ECONOMIC DEVELOPMENT

In today's world, production of goods and services on large scale are knowledge intensive. Knowledge can be imported and increased by making investment in education and provision of better health services to man, which is called 'Investment in Man', or Human Capital Formation. The modern economists are of the view that a dollar invested on education brings a greater increase in national income than a dollar spent on dams, roads, bridges or other tangible capital goods. In the words of Professor, Galbraith, "We now get the larger part of our industrial growth not from more capital investment but from investment in men and improvement brought about by improved men."

The importance of human capital for economic and social development is now discussed in brief.

- (i) **Human Capital as a creative and productive resource.** In all the developing countries of the world physical capital is invested in the construction of roads, dams, light and heavy industries, schools, hospitals etc. For proper investment and operation of these projects at low cost, you need the services of technicians, engineers, administrators, etc. If priority is not given to human investment and adequate resources are not invested in a man, the physical capital cannot be properly used. It will remain unutilized, underutilized, and misutilized.
- (ii) **Rise in Marginal Efficiency of Capital.** Human capital is now regarded as the most potent source of economic growth. It is a way of increasing output by increasing not the quantity of labour but its quality. Investment in human capital improves the skills of work force and helps in raising marginal efficiency of capital.
- (iii) **Utilization of foreign loans.** The advanced countries of the world are assisting the developing countries by providing them grants, loans, food supplies and technical expertise etc. The better education, the provision of knowledge, skills, expertise helps in proper utilization of foreign loans.

- (iv) **Utilization of surplus manpower.** The underdeveloped countries in general have abundance unskilled and untrained manpower. There is widespread under-employment and disguised unemployment in the urban and rural areas. The investment in right type of education, training, skill, health and nutrition sound manpower planning, on the job training programs etc. can go a long way in absorbing the surplus labour force and developing job opportunities.
- (v) **Effect on Health and Nutrition.** Human capital formation also calls for investment in health and nutrition. It is a common knowledge that poverty, ill health, illiteracy, and low productivity constitutes a vicious circle of poverty. If proper investment is made in health, nutrition drinking water etc., there will be improvement in the health of the people. There will be a desire of the people to work and increase production. The improvement in health status of the people thus helps in reducing population growth, raising income and higher economic growth in the country.
- (vi) **Social Change.** Investment in human capital makes a positive contribution towards improving and bringing fast changes in the economic and social life of the people of developing countries. Investment in human capital raises the general living standard of the people in less developed countries, It improves the quality of population i.e., health and nutrition, literacy, skill, knowledge, desire to work. The surplus manpower is better mobilized and utilized for economic development. There is also a change in social climate of the people. The rate of social mobility increases. There is increased urbanization and industrialization.

9. UNEMPLOYMENT PROBLEM IN PAKISTAN

The population of Pakistan was estimated at **212.82 million in June 2018**. The total labour force was estimated at **65.50 Million in 2017-18** out of which **3.79 million** were unemployed. Unemployment is defined as the persons who are ten years of age and above and are (a) without work (b) are not in paid employment and (c) seeking work.

Classification of unemployment

The unemployment problem in Pakistan can be broadly classified into two parts (i) Rural unemployment and (ii) urban unemployment. These two categories are described in brief.

- 1. Rural unemployment.** About **63.50%** of the people are living in rural areas. The unemployment is more visible in rural areas than in urban areas. Rural unemployment is again of two types (a) Seasonal unemployment (Farmers remain jobless for **5-6 months** a year) (b) Disguised unemployment (Farmers do not have full time work). Rural unemployment in Pakistan is **5%** in **2017-18**.
- 2. Urban unemployment.** Urban unemployment is again of two types (a) Industrial unemployment and (b) Educated unemployment. Urban unemployment in Pakistan is **7.2%** in **2017-18**.

Causes of unemployment. The main causes of unemployment of skilled and unskilled persons are as follows:-

- (1) **High rate of population growth of 2.4%** is the major factor of rising unemployment in the country.
- (2) **Low level of saving and investment** provides less opportunities for employment.
- (3) **Mismatch in demand for and supply of labour** in various sectors of the economy is also an important cause of unemployment. The rate of unemployed in rural areas is less than in urban areas.
- (4) **Declining employment opportunities** in agriculture, due to mechanization. The rate of unemployment, therefore has gone up.
- (5) **Absorption of persons in large scale industries**, due to the installation of improved automatic machinery, has gone down. This has also led to increase in the unemployed labour force.
- (6) **Rural urban migration.** People from rural areas come to the cities for seeking jobs. Many of them remain unemployed/under-employed due to lack of employment potential in the urban areas.
- (7) **Political instability in the country.** Political instability in the country has adversely affected all sectors of the economy. The industrial expansion has slowed down. The prolonged ethnic troubles in Karachi too have created unfavourable environments for employment. All these factors have led to increasing unemployment rate in the Country.
- (8) **Prevailing education system.** The present educational system is not job or skill oriented. In the absence of vocational and technical education, a large number of educated youth remain jobless.

Employment Promotion Policies:

The problem of unemployment is to be tackled on war footings in the Country. The following measures should be taken to minimise educated and uneducated unemployment in the country.

- (1) **Control over the population.** Government is making serious efforts to reduce the rapidly rising population growth. This will greatly help in lessening the pressure from the supply side on the labour market.
- (2) **Establishment of industries in backward areas.** Establishment of industries in backward areas by giving tax holidays, subsidy on industrial inputs will help in creating jobs in the backward areas.
- (3) **Focus on small scale industries.** The small scale industries are to be promoted by providing liberal credit facilities. This will increase employment potential.
- (4) **Introduction of self-employment schemes.** The introduction of self-employment schemes like VIPS (Youth Investment Promotion Society) will greatly reduce the unemployment of educated persons.
- (5) **Skill formation.** The vocational and technical institutions should be increased on larger scale to provide on the job training. The unemployment of the technical persons will be greatly minimized.

- (6) **Construction industry.** The construction of houses, roads should be encouraged in the private sector. This will create more jobs in the country.
- (7) **Purchase of locally manufactured goods.** WAPDA, T&T and other government departments should be encouraged to purchase as far as possible locally manufactured engineering goods. This step will also generate employment in the Country.
- (8) **Encouragement of agro industries.** The encouragement of agro industries by providing technical, credit facilities will create additional employment in rural areas.
- (9) **Rationalization of labour policy.** In order to ensure labour discipline, the labour policy shall have to be rationalized. The businessmen and industrialists will be attracted to establish industries and increase employment opportunities.
- (10) **Sanctioning of loans for projects.** The financial institutions should be directed to sanction loans for those projects which can create more job opportunities.
- (11) **Upgrading the quality of labour.** For upgrading the quality of labour, human resource development fund should be created. The skill creation programmes will help in reducing cost of production, increasing sales and expanding marketability employment in the Country.
- (12) **Appropriate monetary and fiscal policies.** Appropriate fiscal and monetary policies can go a long way in mobilizing resources for economic growth and creating opportunities for employment, thus solving the acute problem of unemployment.

10. MANPOWER AND ITS SALIENT FEATURES

Meaning of manpower

Manpower means the labour force. As we know, the whole of the population of a country cannot represent its labour force. Therefore, labour force is only that portion of a population which participates in some economic activity. Based on this definition, the employed labour force in Pakistan is estimated at 61.71 million persons in 2017-18. Of this, 40.75 million is in rural areas and 20.96 million in the urban areas. In rural areas the labour force participation rate is higher due to the life pattern and the nature of agricultural activity in which family members participate along with hired labour force. The female population participation rate is lower than the male participation rate owing to unfavourable socio economic conditions for female labour force and non availability of suitable job opportunities.

Characteristics of manpower

The employment of labour force by sector reveals that agriculture sector still continues to be the major employment generating sector (38.50% in 2017-18). Whereas in advanced countries of the world, a large proportion of working population is found engaged in manufacturing, trade and commerce.

- (2) The ratio of working population to total population 10 years above is about 30%, which means that about 70% are depending for their livelihood on the working people. The dependency ratio is very high.
- (3) The women's participation in labour force 22.5% which is also very low.

- (4) The large percentage of labour (38.50%) is dependent on agriculture which indicates the large scale disguised unemployment in this sector.
- (5) With the rapid rise in population, the job opportunities are not increasing at the same rate. This has led to low per capita income and prevalence of wide spread poverty.

11. NEED AND ROLE OF MANPOWER PLANNING IN PAKISTAN

What is manpower planning?

Many developing countries including Pakistan are facing wide spread and growing problem of unemployment and under employment. It is being increasingly realized that policies should be formulated to create employment opportunities in the country both in the rural and urban areas. The generation of employment, means more income for the people which in turn implies a greater demand for locally produced goods. Thus more jobs and higher incomes lead to higher growth rates. The assessment of manpower, both quantitative and qualitative and its effective and efficient use requires proper manpower planning. Manpower planning is concerned with better a production and efficient use of human resources. In the words of P. Todaro, "Manpower planning is the long range planning of skilled and unskilled manpower requirements and the attempt to gear educational priorities and investment in accordance with these future human resource needs".

Need of manpower planning in Pakistan

- (1) All the four provinces of Pakistan are not equally developed. There is a dire need to assess the demand for and supply of manpower in each sector of the country. This can only be done through proper manpower planning.
- (2) After manpower planning, the Government can take steps to provide technical and vocational training schemes to improve education and skill of the workers. This will increase the marketability as labour force both in side and outside the country.
- (3) Manpowers planning helps in devising the educational system which should meet the shortage of highly skilled professional manpower in the country such as scientist, doctors, engineers etc.
- (4) It is through manpower planning that government can take measures to reduce the inflow of rural unemployed and under employed persons to big cities. The government can set up industries, provide electricity, roads, hospitals etc in the rural areas to provide employment at home or near their homes.
- (5) It is the manpower planning which throws light on the actual number of women working for wages in the country. The Government can then launch effective programme to boost employment opportunities.
- (6) The size and rate of growth of population directly affect the available labour force. The higher the size and rate of population growth, the larger is the number of workers and vice versa. The Government can take effective measure to have the most desired size of the population. Manpower planning thus helps in checking population growth.

Manpower planning in Pakistan

The Government of Pakistan is giving priority to solve the surplus problem of manpower. It is tackling this problem from three different sides. **First**, through economic development. **Secondly** through efforts to reduce the population growth. **Thirdly** through comprehensive technical and vocational training schemes.

1. Pace of economic development. The pace of economic growth is being accelerated by mobilizing domestic resources through appropriate fiscal and monetary policies, following policies of liberalization and privatization, providing liberal investment opportunities to foreign investors. These measures are expected to create new job opportunities on a growing scale.

2. Reducing population growth. The population welfare programme is being followed by opening family welfare centres in the rural and urban areas. The family planning workers are providing family planning services at the doorsteps of the people. The fall in the population growth will reduce pressure from the supply side on the labour market.

3. Technical and vocational training schemes. The Government has implemented various training programmes to increase the literacy rate as well as skills of the labour. Technical and vocational training facilities are also being expanded. The labour intensive technologies are encouraged to increase employment in the country. The Resource Human Committee has also been set up to assess the human resources requirements of the country and to formulate policies and programmes for their optimal use.

4. Information technology industry. The Ministry of Science and Technology has started a large number of projects aimed at promoting IT in the country. This industry has a large potential to generate employment for educated manpower inside and outside the country.

QUESTIONS

1. "Discuss in brief the effects of population on economic development of a country.
2. "Population growth is desirable". Do you agree with this statement? Give reasons.
3. What is population explosion? Discuss its main causes in Pakistan.
4. "Population growth is an asset and a vital factor for the attainment of economic well-being of the people in Pakistan". Do you agree with this statement?
5. "Pakistan is an over populated country and is caught in the low income equilibrium trap. Comment on this statement.
6. Population growth is a source or retarding factor of economic development in Pakistan. Give arguments in favour or against this statement.
7. What is the contribution of education to growth and development in Pakistan.
8. Discuss the role of education in the economic development of Pakistan.
9. Define human capital. Why is investment in human capital needed in Pakistan?
10. What is the role of human capital formation in Pakistan?

11. Describe in brief the role of social sector in the development of Pakistan.
12. Discuss in brief the Social Action Programme of the Government.
13. What are the main causes of unemployment in Pakistan? Suggest solution to overcome this acute problem.
14. What is meant by manpower. Explain its salient features.
15. Explain the need and role of manpower planning in Pakistan.

Short Answer Questions

Q.1. What is the growth rate and total population in Pakistan.

Ans. (i) The growth rate is 2.4% per annum.

(ii) The total population is 212.82 million in 2018.

Q.2. Is the fertility and mortality rate on the increase or declining over the recent years in Pakistan.

Ans. The crude birth rate (CBR) is 25.2 per thousand and crude death rate (CDR) 6.3 per thousand in 2018. Both CBR and CDR are declining over the years.

Q.3. What is the life expectancy in Pakistan for the year 2018.

Ans. it is estimated at 66.6 years

Q.4. What is labour force employed and unemployed in Pakistan in 2018.

Ans. (i) Total civilian labour force is = 65.50 million

(ii) Total labour force employed is = 61.71 million

(iii) Total unemployed labour force is = 3.79 million

Q.5. What is the proportion of employed persons involved in agricultural sector and industrial sector in 2017-18.

Ans. (i) Employment in rural sector = 38.50%

(ii) Employment in industrial sector = 23.89%

Q.6. Name four important causes of rapid growth of population.

Ans. (i) poverty (ii) elimination of famines, (iii) control of epidemics (iv) lack of education.

Q.7. Name three remedies for population explosion.

Ans. (1) Creation of employment opportunities in the rural and urban sectors (ii) Spread of education (iii) Wide spread family planning programme.

Q.8. Write down three indicators of human resource development.

Ans. (i) Provision of health facilities (ii) On the job training and (iii) Organized education at the primary, secondary and higher levels.

Q.9. Is the expenditure on education a consumption expenditure?

Ans. No. It is now considered an investment.

Q.10. Does the human capital help in increasing the marginal efficiency of capital?

Ans. Yes. If people are well educated, well nourished, skilled and healthy, they do help in raising the marginal efficiency of capital.

