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Poverty in Karachi: Incidence, Location, Characteristics, and Upward Mobility

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The paper examines the incidence and spatial distribution of poverty in Karachi, Pakistan. Based on a survey of 6000 households, it locates the clusters of poverty and presents a profile of the poor in the city. Just over one-third of the households in Karachi can be classified as poor, based on an absolute poverty line derived from standard consumption norms. Poverty is concentrated in six geographical clusters, which account for 60 percent of the sample households but 90 percent of the very poor households. Analysis of residential movement is used to derive some indirect evidence of socioeconomic mobility. This suggests that, historically, the incidence of upward mobility amongst the poor in Karachi, based partly on the acquisition of skills and education, has been quite high. Poverty in Karachi has not been endemic as a continuous influx of migrants at the bottom replaced those who moved up the economic ladder. The little evidence of downward mobility also identifies it as a more recent occurrence as compared to upward mobility. Data on education show that generational inequalities in educational attainments across different groups among the poor are not being perpetuated over time. At the same time, an analysis of investment in the education of children suggests some very tentative evidence of a possible loss of faith in education as a mechanism for upward mobility. Such indicative evidence is of considerable value given the absence of panel data for most cities in developing countries.

I. INTRODUCTION

Poverty continues to be major concern in Pakistan. According to the most recent evidence, despite rapid economic growth since the late 1970s, the conditions do not seem to have improved [World Bank (1990), p. 43]. As a result of a renewed concern over issues related to poverty, a substantial amount of analysis has been undertaken on various aspects of the problem [World Bank (1990a) and references cited therein]. These analyses have focused on the study of rural and urban poverty

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in general. This paper attempts a more detailed study of poverty in one large urban centre, Karachi.

Karachi is the largest city in Pakistan, with an estimated 1981 population of 5.4 million and an intercensal (1972–81) average annual growth rate of 5 percent. It accounts for 6 percent of the national population, 22 percent of the urban population of the country, and 63 percent of the urban population of Sindh province (1981 Census figures). Karachi has grown at a very rapid rate, first because of the influx of refugees following the partition of the subcontinent, and since then because of in-migration in search of work. It is the principal industrial, commercial, and financial centre of the country and contributes about one-fifth of national GDP. In recent years, the urban infrastructure has become overburdened and the city has been subjected to considerable urban strife.

The primary purpose of this paper is to establish the incidence of poverty in Karachi and to describe the characteristics of poor households in the city. The paper is not meant to yield an understanding of the reasons or causes of poverty, but it will help identify the questions which need to be asked, and answered, before such an understanding could be developed. As such, the paper makes no recommendation for an intervention to ameliorate poverty as this latter task requires going beyond the analysis of secondary data and finding out how poor people go about the business of ensuring their survival in concrete terms through their interaction with persons and things within the limits imposed by their internal motivations and external constraints.[1] However, the paper does provide indirect evidence of socioeconomic mobility among the poor in Karachi. The evidence is derived from an analysis of residential mobility. It suggests that the incidence of upward mobility amongst the poor in Karachi is quite high. At the same time, an analysis of investment in the education of children suggests some very tentative evidence of a possible loss of faith in education as a mechanism for upward mobility. Such indicative evidence is of considerable value given the absence of panel data for most cities in developing countries.

The paper is organised in five sections. Section II provides a brief description of the data set on which this study of poverty in Karachi is based. Section III presents a detailed spatial analysis of poverty in Karachi. Section IV addresses two special topics: economic mobility amongst poor households in Karachi and their investment in future human capital. Section V provides the concluding summary.

II. DATA USED AND THE IDENTIFICATION OF POOR HOUSEHOLDS

The analysis of poverty in Karachi is based on a socioeconomic Survey of

[1]For a convincing articulation of this caveat, see Fass (1988).

6500 households. Carried out in 1987, the Survey was conducted by the Karachi Development Authority (KDA) for the purpose of providing inputs into the city's urban planning process. As such, the methodology of data collection and the variables on which the information was collected reflect a bias towards physical planning as against the requirements of a study of poverty or income distribution. The survey covered the 241 Master Plan Development (MPD) Zones of the Karachi Metropolitan Region.

Adjustments were made to the data to make the key variables compatible for a standard analysis of poverty. These adjustments yielded a ranking of the households by monthly consumption expenditure per adult equivalent.[2]

Poverty lines (based on food and regular non-food expenditure) were derived using data from the 1984-85 Household Income and Expenditure Survey (HIES), and a household was classified as poor if its consumption expenditure per adult equivalent fell below the poverty line. The Pakistan City Poverty Line was estimated to be Rs 355 per adult equivalent per month.[3]

Applying this poverty line to the HIES 1984-85 sample for Karachi (about 1200 households) indicates that poor households represent about 35 percent of Karachi's population. For the purposes of drawing a poverty profile we enlarge this subset to include households at the margin. Therefore, the bottom 40 percent of the households ranked by consumption expenditure per adult equivalent are identified as poor households in Karachi; the bottom 20 percent are characterised as the very poor.

III. SPATIAL ANALYSIS OF POVERTY IN KARACHI

1. Affluent and Non-affluent Areas in the City

It would be rare to find poverty distributed uniformly over a metropolitan area and it is not so in Karachi. By identifying the areas where the concentration of poor households is high, the affluent and non-affluent areas of the city can be distinguished.[4] The non-affluent areas contain 59 percent of all the sample households but account for 85 percent of the poor households and 90 percent of the very poor households.

Table 1 shows the broad differences and similarities between the affluent and the non-affluent areas as measured by the mean values of a number of indicators.

[2]For details of the survey, sampling methodology, and data adjustments, see Altaf *et al.* (1991).

[3]The implied poverty lines per capita and per household are Rs 290 and Rs 2120 per month, respectively. For details of the estimation techniques used, adjustments for the lag between the HIES and the KDA Survey, and discussions of alternative poverty lines, see Altaf *et al.* (1991) and Ercelawn (1991).

[4]If more than 40 percent of the households in a MPD zone were poor, it was classified as part of the non-affluent area of the city.

Table 1

Comparative Values: Affluent and Non-affluent Areas

Variables	Non-affluent Areas	Affluent Areas	Sample Average
Houschold Expenditure per Capita per Month	393	779	551
Household Size	7.4	6.7	7.1
Number of Children (Age 5–14)	3.2	2.1	2.8
Housing Structure (%)			
Permanent	27	76	47
Semi-permanent	70	23	50
Impermanent	3	2	2
Access to Services (%)			
Piped Water	53	84	66
Electricity	80	93	84
Gas	41	76	56
Floor Space per Person (Sq. Yds.)	17.1	32.5	23.4
Rent per Sq. Yd. per Month (Rs)	2.9	2.8	–
Rent/Monthly Household Expenditure (%)	13	12	14
Education (%)			
Adult Males Formally Literate	56	86	70
Adult Females Formally Literate	34	68	49
Adult Males High School and Above	27	71	46
Adult Females High School and Above	14	52	31
Male Children (5–14) Enrolled	66	88	75
Female Children (5–14) Enrolled	59	83	67
Employment Sector (%)			
Industry	23	17	22
Services	70	81	73
Number of Earners per Household	1.7	1.7	1.7
% of Earners on Daily-wage	17	7	13
% of Adults Unemployed and Seeking Work	4.7	3.4	4.1
Daily-wage (Rs)	42	51	44
Monthly Income of Full-time Salary Earners	1460	3036	2153
Migrant Status (%)			
Non-migrant	27	25	26
Old Migrants (> 30 Years)	39	49	40
Recent Migrants (< 30 Years)	34	26	31

The mean values are calculated over *all* the households contained within each area. Overall sample averages are also indicated in the table.

The defining characteristic used to distinguish between poor and non-poor households is the monthly household expenditure per adult equivalent. The average value of household expenditure per capita in the non-affluent areas is half that in the affluent areas (Rs 393 vs Rs 779; the overall sample average is Rs 551).[5]

Visually, the non-affluent areas are characterised by a much poorer stock of housing. Only a quarter of the houses are permanent structures[6] as compared to three-quarters in the affluent areas. The remaining houses are of semi-permanent nature, the proportion of impermanent houses in both areas being negligible. At the same time, the density of housing is much higher in the non-affluent areas, with each resident having 17 square yards of floor space as compared with 33 square yards in the affluent areas.[7] The number of persons per room in the two areas is 3.8 and 2.4, respectively.

Concomitantly, the access to services is poorer in the non-affluent areas, although still quite high in absolute terms. Three-quarters of the households have access to electricity and about one-half to piped water and natural gas.

For demographic analysis, the population in the city was divided into three categories. Families which had always lived in Karachi were classified as non-migrants; families that had migrated to Karachi more than 30 years before the survey were classified as old migrants; and families that had migrated to Karachi less than 30 years before the survey were classified as recent migrants.[8]

The data in Table 1 shows that the non-migrants are distributed equally between the affluent and non-affluent areas. The old migrants have a higher proportion in the affluent areas while the recent migrants have a higher proportion in the non-affluent areas. The distribution of recent migrants is in keeping with migration theory which assumes that most economic migrants start at the bottom in urban areas.

[5]In order to identify the poor, households were ranked on the basis of expenditure per adult equivalent. However, descriptive statistics are reported in terms of expenditure per capita to allow for easy comparison with figures reported in other studies.

[6]The definition of permanent, semi-permanent, and impermanent housing structures is as follows:

Permanent	– House with RCC roof.
Semi-permanent	– House with cement walls and non-RCC roof.
Impermanent	– House with non-cement walls and non-RCC roof.

[7]Somewhat surprisingly, the monthly rent per square yard (computed over renters only) is identical in both areas, being Rs 2.8 approximately.

[8]The cut-off period was selected to separate the political migrants who came to Karachi mostly during the early 1950s following the partition of the Indian subcontinent from the economic migrants who came in search of work from the late 1950s onwards. The sample distribution is as follows: non-migrants (26 percent); old migrants (40 percent); recent migrants (31 percent).

As is to be expected, there are more industrial and daily-wage workers in the non-affluent areas as compared to the affluent areas. This is because the major industrial estates in the city lie within the non-affluent areas. The better jobs are clearly in the affluent commercial areas, where, on the average, a full-time salaried person earns Rs 3036 per month as compared to Rs 1460 in the non-affluent areas.

2. Poverty Clusters

The non-affluent areas of the city can be divided into six distinct clusters.[9] A brief description of the clusters is as follows:

(i) *The Old City.* The old city of Karachi is located by the harbour. This was the principal residential area of the non-migrants before the partition of the Indian subcontinent in 1947. Even today, when the sample-wide proportion of non-migrants is only 26 percent, the old city retains its distinct characteristic with the non-migrants comprising 50 percent of the population. Another 37 percent is made up of old migrants and 14 percent of recent migrants, who have settled in the old city as port activity has grown rapidly, generating a demand for labour. In keeping with the nature of work in the old city, the population of daily-wage earners is highest amongst the six clusters (23 percent).

(ii) *The Old Settlements* (or inner-city *Katchi Abadis*). These were originally villages (or *Goths*) surrounding the old city and were historically populated largely by the non-migrants. As a result of Partition, 600,000 refugees moved into Karachi between 1947 and 1951.[10] Most of these old migrants occupied places in the open spaces available in the old settlements. These open spaces in time became the inner-city *Katchi Abadis*. This settlement is reflected in the demographic composition of the cluster which has the highest percentage of old migrants across the six clusters (52 percent). Another 26 percent is accounted for by the original inhabitants, and 22 percent by later migrants from the north of the country.

(iii) *Korangi Industrial Area.* In 1958 the greater Karachi Resettlement Plan was initiated. As phase I of the plan, it was proposed to create new townships, complete with houses, 15 to 20 miles outside Karachi. One of these was Korangi township, which was specifically designed to resettle the refugees from the crowded old settlements. Again, this resettlement is

[9]This identification is based partly on discussions with Mr Arif Hasan, whose Urban Land Management Study of the Informal Sector in Karachi (1990) provides an excellent historical perspective on land development in the city. The following description is based partly on the above text.

[10]The population of Karachi reported in the 1951 Census (p.83) for the years 1941 and 1951 is 359,492 and 905,781 respectively.

reflected in the demographic composition of the cluster which has 49 percent of its population comprised of old migrants. Industrial activity picked up very slowly in the Korangi area but now 22 percent of the workers are employed in industry. This industrial activity attracted the later migrants, who now comprise 37 percent of the cluster population.

(iv) *Sindh Industrial Trading Estate (SITE).* At about the same time, as the new townships were being planned, industrial activity expanded in a big way in the SITE area nearer to the city in the west, creating a demand for labour. Migrants from the north of the country along with the residents of inner-city slums, which were being demolished, moved in to fill this demand. Between 1962 and 1966 three new townships, Baldia, Orangi, and Qasba, were created in the proximity of SITE, with road links to the city and the port. Around 37 percent of the workers in SITE are engaged in industry and its dependence on migrant labour from the north of the country is reflected in the fact that 48 percent of the cluster population is comprised of such migrants. Old migrants account for 48 percent, and non-migrants 20 percent.

(v) *Service Areas.* This is a geographically non-contiguous cluster of a type somewhat unique to developing countries where almost every affluent area contains within it a pocket of poverty which provides the personnel to service its labour requirements. Large establishments, such as the airport or naval complexes, also give rise to adjoining areas which cater to the labour demand generated by such complexes. Of the population of the service cluster, 47 percent are old migrants, 41 percent are migrants, and 13 percent are non-migrants.

(vi) *The Rural Fringe.*[11] These are the peri-urban areas into which Karachi is expanding. The population is largely comprised of non-migrants (50 percent); but 33 percent are recent migrants, and 17 percent are old migrants.

Relative to the average for the non-affluent areas, the housing stock is quite good in the old city, the old settlements, and Korangi. In fact, Korangi is the most well-planned of the townships, with 57 percent of housing stock being of a permanent type and with virtually no impermanent housing. SITE, the service cluster, and the rural fringe have much poorer housing, with permanent structures being around 15 percent of the total. SITE has negligible impermanent housing, but the percentage in the service cluster (7 percent) and the rural fringe (10 percent) is quite high.

Access to services in the poverty clusters is of the same order as the average

[11]The survey covered only a part of the rural fringe of Karachi.

for the non-affluent areas. The only exceptions are the service cluster, which is poorly served in terms of both piped water and gas, and the rural fringe, which has well below average access to gas.

The old city, the old settlements, and the service cluster have a higher housing density than the other three clusters which are situated away from the main city.

The poor housing conditions in the rural fringe are as expected. The situation in the service cluster is perhaps a reflection of the fact that most of these habitations are illegal. This, in itself, is not unique in Karachi where officially unauthorised settlements are quite common. However, a majority of such settlements on the outskirts of the city have been developed under unofficial agreements between private developers and the city authorities see Arif Hasan (1990). As a result, although they are technically unauthorised, they are quite well-planned. Such agreements do not extend to the pockets in the service clusters.

Tables 2 and 3 include the information referred to above pertaining to the six clusters.

Table 2

POVERTY CLUSTERS
Distribution of Households and Concentration of Poverty

Clusters	Distribution of Sample Households across Clusters (%)			Concentration of Poverty within Clusters (%)	
	Total HHs	Poor HHs*	Very Poor HHs**	Poor HHs Total HHs	Very Poor HHs Total HHs
1. Old City	12	18	20	61	32
2. Old Settlements	7	10	10	56	28
3. Korangi	10	12	11	49	24
4. SITE	18	27	31	59	34
5. Service Areas	8	11	11	54	25
6. Rural Fringe	4	7	8	67	41
Total Non-affluent Areas	59	84	90	57	30
Total Affluent Areas	41	16	10	15	5

* Bottom two per adult equivalent expenditure quintiles.
** Bottom per adult equivalent expenditure quintile.

Table 3

Poverty Clusters: Salient Features (Over All Households)

Variables	Old City 1	Old Settle-ments 2	Korangi 3	SITE 4	Service Areas 5	Rural Fringe 6	Non-affluent Areas Average
Migrant Status (%)							
Non-migrant	50	26	14	20	13	50	27
Old Migrants (> 30 Years)	37	52	49	32	47	17	39
Recent Migrants (< 30 Years)	14	22	37	48	41	33	34
Housing Structure (%)							
Permanent	34	30	57	14	17	14	27
Semi-permanent	63	69	42	84	76	76	70
Impermanent	2	1	1	1	7	10	3
Access to Services (%)							
Piped Water	52	66	74	50	35	42	53
Electricity	92	89	79	74	72	46	80
Gas	56	51	59	37	14	15	41
Floor Space per Person (Sq. Yds.)	13.9	13.3	16.9	20.0	15.9	22.8	17.1
Employment Sector (%)							
Industry	16	24	33	37	19	9	23
Services	75	72	61	57	76	78	70
% of Earners on Daily-wage	23	11	18	12	22	17	17

3. Characteristics of Very Poor Households[12]

When the data pertaining to the very poor households is examined, it indicates a fair amount of variation in the characteristics of the households across clusters. However, most of this variation is accounted for by the distinct features of the clusters which extend across all income groups and are not specific to the very poor households. Amongst these distinct features are the demographic composition, the condition of the housing stock, and the nature of employment opportunities. These features of the clusters have been mentioned earlier.

The economic and demographic characteristics of the very poor households are fairly similar across the clusters. The monthly household expenditure per capita varies from a low of Rs 191 in the rural fringe to a high of Rs 213 in the old settlements (the lowest value in the purely urban clusters is Rs 203 in SITE). This level

[12]To avoid the possible inclusion of non-poor households at the margin, the description in this section is confined to households in the bottom per adult equivalent expenditure quintile.

of expenditure is approximately half of the average over all households in the non-affluent areas. The average household size varies from 8.4 in the rural areas to 10.2 in the old city while the average number of children varies from 4.0 in the rural areas to 4.9 in the old settlements. The respective overall averages in the non-affluent areas are 7.4 and 3.2.

The variables pertaining to education do show variations across clusters but these can be traced back to the demographic composition of the clusters. Thus, clusters with a preponderance of the old migrants show an edge in literacy, and especially in higher education. The old settlements and Korangi have the highest rate of formal literacy among adult men and women (57 percent and 40 percent, respectively, in both), and by far the highest rate of men and women with a high school education or better (about 27 percent and 15 percent, respectively, in both). For the latter indicator, the lowest values are in the old city, 14 percent and 6 percent, respectively.

The generational advantage that the old migrants had over the other groups (clearly manifested in the much higher proportion of adults with a high school level education or above) is being made up over time. The gap is narrowed if only formal literacy is considered among adults, and further narrowed if the pattern of enrolment among children is examined. Comparing the extreme cases among the urban clusters, it can be seen that the proportion of female adults with a high school education or above is 167 percent higher in the old settlements as compared to the old city (16 percent vs 6 percent, respectively). If formal literacy is compared for the same groups, the advantage is of the order of 82 percent (40 percent vs 22 percent, respectively). When the enrolment rates for female children are examined, the advantage drops to 45 percent (68 percent vs 47 percent, respectively). Thus, it does not seem that inequalities in educational attainments across different groups among the very poor are being perpetuated over time.

It must be noted that literacy levels for male and female adults do seem to be surprisingly high amongst the very poor households. Formal literacy rates of the order of 50 percent for males and 30 percent for females for the bottom expenditure quintile are much higher than urban averages in general. For example, the national urban formal literacy rate for women in the lowest quintile is reported to be 12 percent according to the HIES data for 1984-85 [World Bank (1990a)]. Table 4 reports the relevant information for the very poor households.

Table 4 also includes information on the characteristics of the very poor households residing in the affluent areas of the city. Their profile suggests an interpretation which is interesting though admittedly speculative at this stage. The monthly household expenditure per capita is slightly higher (by about Rs 10–15) than the other clusters and the housing structures and access to services is generally better than most of the other clusters. However, the striking difference is in the

Table 4

Characteristics of Very Poor Households across Poverty Clusters

Variables	Old City 1	Old Settle-ments 2	Korangi 3	SITE 4	Service Areas 5	Rural Fringe 6	Non-affluent Areas Average	Affluent Areas 7
Household Expenditure per Capita per Month	209	213	210	203	206	191	205	221
Household Size	10.2	9.7	9.7	9.2	9.0	8.4	9.4	9.6
No. of Children (Age 5–14)	4.5	4.9	4.4	4.6	4.4	4.0	4.5	4.3
Housing Structure (%)								
Permanent	33	23	36	12	9	5	20	40
Semi-permanent	62	74	60	86	77	83	74	54
Impermanent	5	3	3	3	14	13	7	5
Access to Services (%)								
Piped Water	45	63	59	43	27	27	44	63
Electricity	91	88	69	71	57	30	68	79
Gas	52	49	47	32	9	4	32	39
Floor Space per Person (Sq. Yds.)	8.6	7.7	11.1	13.1	8.8	16.7	11	10.5
Employment Sector (%)								
Industry	16	25	36	41	22	11	25	18
Services	73	69	56	51	73	78	67	78
% of Earners on Daily-wage	30	13	18	29	32	24	24	17
Education (%)								
Adult Males Formally Literate	47	56	57	54	47	26	48	64
Adult Females Formally Literate	22	40	40	29	32	8	29	43
Adult Males High School and Above	14	27	27	17	14	7	18	34
Adult Females High School and Above	6	16	14	9	9	1	9	21
Male Children (5–14) Enrolled	59	72	59	64	63	32	58	74
Female Children (5–14) Enrolled	47	68	57	47	53	17	48	61

level of education. Fully 64 percent of the adult males are formally literate, with 34 percent having a high school education or better. The corresponding values for females are 43 percent and 21 percent, respectively. These figures are consistently higher than the corresponding mean values across *all* households in the non-affluent areas (not just households belonging to the lowest expenditure quintile). This information could be taken to suggest that, perhaps, for social reasons, the well-educated poor are incurring somewhat higher expenses to continue to reside in the better parts of the city. To some extent, this might capture the difference between the blue collar and white collar poor who might be similar in their level of economic deprivation but dissimilar in their sense of social status and aspirations.

IV. SOCIOECONOMIC MOBILITY WITHIN POOR HOUSEHOLDS

It is important to know the extent to which the conditions of living of poor households change over time; whether poverty is endemic or there is some degree of upward mobility, however limited. The KDA Survey was not designed to explore this issue but some sense can still be obtained by looking at the patterns of housing mobility and investment in the education of children.

Table 5 shows the variation in a number of indicators across expenditure quintiles. It can be seen that both the percentage of households residing in permanent housing and the average floor space per person increase rapidly as one moves

Table 5

Variation in Socioeconomic Indicators aross Expenditure Quintiles

Indicators	Per Adult Equivalent Expenditure Quintiles				
	< 20%	20–40%	40–60%	60–80%	80–100%
Housing					
Percentage of Households Residing in:					
Permanent Housing	21.7	30.0	44.6	59.0	80.2
Semi-permanent Housing	72.8	67.3	52.6	39.3	19.5
Impermanent Housing	5.2	2.6	2.5	1.8	0.0
Average Floor Space per Person (Sq. Yd.)	11.1	14.2	16.8	24.2	50.7
Education (Age 5–14)					
School Enrolment Rate	40.7	49.7	53.5	58.9	64.0
School Enrolment Rate–Male	61.2	73.2	60.1	88.8	93.9
School Enrolment Rate–Female	50.7	64.8	73.7	85.1	90.6

from the poor to the non-poor. This suggests that both indicators are good proxies for upward mobility.

The school enrolment rates for children (aged 5 to 14) also rise across expenditure quintiles. While no causality can be implied, it would be useful to determine the extent to which poor households consider the education of their children as a mechanism for mobility out of poverty.

1. Housing Mobility

Data is recorded on the last change of residence within the city and some characteristics of previous and current residences can be compared to establish whether the structure of the house has improved with the change. This can be taken as a crude proxy for economic mobility.

The two indicators used are the physical structure of the house, i.e., whether it is of permanent, semi-permanent or impermanent material, and the number of rooms in the house.[13] Table 6 displays the information on upward and downward mobility according to these indicators within households which continue to remain classified as poor.

The table indicates a strong pattern of upward mobility at the very bottom of the socioeconomic hierarchy. Thus, 21.5 percent of the households which still belong to the category of the poor indicated that their previous residence was of an impermanent type.[14] At the time of the survey only 4 percent of the poor households were in impermanent housing. Of the 448 households which reported their previous residence as impermanent, as many as 391 had moved up to semi-permanent or permanent housing. This represents an upward mobility of 87 percent. The corresponding figure for downward mobility is only 1.7 percent, i.e., of the 1637 households whose previous residence was not impermanent, only 28 were now living in impermanent housing.[15]

The indication of upward mobility is not as strong, though still quite high, when the number of rooms is used as a criterion. Thus, 42 percent of the households lived in a residence with one room only when the data on previous residence is examined. At the time of the survey only 25 percent of the households were in houses with just one room. By the same type of computation as used above, this transforms into an upward mobility of 51 percent. Downward mobility, on the other

[13]Floor space per capita would have been a much more suitable indicator. Unfortunately, no information is available on the family composition at the time of the last change of residence.

[14]17 percent of the sample (419 out of 2504 households) was not included in these computations because the location of the previous residence of the household was incorrectly or incompletely coded.

[15]In the latter group, a very large number of households (1609 out of 1637) continue to reside in semi-permanent or permanent housing. We do not have enough information to make any definitive statement as to whether their economic situation has improved or deteriorated according to other indicators.

Table 6

Housing Mobility Amongst Poor Households

I. Structure

	Previous Residence	Current Residence			Previous Residence	Current Residence		
	Permanent or Semi-permanent	Same as Previous Residence*	Permanent or Semi-permanent	Impermanent	Impermanent	Same as Previous Residence	Impermanent	Permanent or Semi-permanent
Number of Households	1637	861	748	28	448	37	20	391
% of Sample	78.5	–	–	1.3	21.5	1.8	1.0	–
	Downward Mobility = 28/1637 = 1.7%				Upward Mobility = 391/448 = 87.3%			

II. Number of Rooms

	Previous Residence	Current Residence			Previous Residence	Current Residence		
	More than One Room	Same as Previous Residence	More Than One Room	One Room	One Room	Same as Previous Residence	One Room	More Than One Room
Number of Households	1209	660	457	92	870	239	136	445
% of Sample	58.2	–	–	4.4	41.8	11.5	8.9	–
	Downward Mobility = 92/1209 = 7.6%				Upward Mobility = 445/870 = 51.1%			

*Households that did not change residence.

hand, is 7.6 percent.

The above analysis ignores those households which may have escaped poverty altogether and moved out of the bottom two expenditure quintiles. We can get an estimate of the numbers by examining the households which are currently in the third expenditure quintile from the bottom (40 percent–60 percent). We can reasonably assume that the households in this category, whose previous residence was of impermanent material or of just one room and whose current residence is better by either criterion, have moved up from the bottom two expenditure quintiles. Table 7 presents the results for such households.

Table 7

*Housing Mobility: From Poor to Non-poor**

No. of Non-poor Households	% now in Permanent or Semi-permanent Residence whose Previous Residence Was Impermanent	% now in Residence with More Than One Room whose Previous Residence Had One Room
1252	17.7	29.6

*From bottom two expenditure quintiles to third expenditure quintile from bottom.

The results suggest that of the households now belonging to the third expenditure quintile, fully 18 percent to 30 percent (depending on the criterion used) could have moved up from the category of poor households into the category of the non-poor. This, together with the data presented earlier, indicates a fair degree of upward mobility amongst the poor in Karachi.

We now examine the characteristics of upwardly and downwardly mobile households separately in order to determine whether the movement is random or attributable to some systematic features. Table 8 displays the available information.

It can be seen that downwardly mobile households have a significantly higher proportion of daily-wage earners amongst the earning members of the households. Also, the proportion of heads of households with a high school education or better is significantly lower as compared to upwardly mobile households. This would suggest that skills and education have historically had some role to play in the chances of upward mobility.

Downward mobility seems to be of a more recent occurrence as compared to upward mobility. Households belonging to the former category have been in their present residences only half as long as households belonging to the latter category.

Table 8

Characteristics of Upwardly and Downwardly Mobile Poor Households

Characteristics	Downwardly Mobile Households*		Upwardly Mobile Households			
	Permanent or Semi-permanent to Impermanent Housing	More Than One Room to One Room	Impermanent to Permanent or Semi-permanent Housing		One Room to More Than One Room	
			Within Poor	From Poor to Non-poor	Within Poor	From Poor to Non-poor
Household Size	7.9	7.2	9.2	7.2	9.2	7.1
Household Expenditure per Capita per Month	242	248	256	422	264	424
No. of Earners per Household	1.8	1.4	1.9	1.9	1.9	1.7
% of Earners on Daily-wage	48	25	16	18	16	15
Education Level of Head of Household (%)						
Some Formal Education	24	40	46	52	50	56
High School and Above	2	5	9	28	11	32
Age of Head of Household	45	42	48	49	49	49
No. of Years in Current House	9	10	15	16	15	14
No. of Years in City			30	31	30	30

*Only within poor households; does not include households which may have been non-poor earlier but are poor now.

The duration in the case of upward mobility is biased on the higher side by the inclusion of the old migrants and needs to be examined separately for the recent migrants from the north of the country.[16]

2. Investment in Human Capital

As discussed earlier, the proportion of children between 5 and 14 years of age who are enrolled in school amongst the bottom two expenditure quintiles is high, varying across clusters from 59 percent to 72 percent for males and from 47 percent to 68 percent for females. This enrolment rate is higher than the overall average enrolment ratio for urban Pakistan for the same two quintiles.

We now examine the characteristics of the poor households which differ in their degree of investment in future human capital–to determine if some explanatory factors are suggested. Table 9 presents the relevant data.

It can be noted that mean per capita household expenditure per month is approximately the same for households with either no children enrolled or only some of the children enrolled. However, the expenditure for households with all their children enrolled is about 15 percent higher. While it is difficult to separate cause and effect, if expenditure is taken as a proxy for income, the evidence would be consistent with that reported by [Fass (1988), p. 246] for Haiti, which suggests that the total costs of schooling appear heavy from the perspective of low-income households.

Households with partially enrolled children have more children on the average than households with complete enrolment (5.5 vs 4). This indicates that the costs of education may be a factor in limiting the number of children who can be sent to school.

The correspondence with the education level of parents indicates that there is little difference between those with no formal education and those with education below the high school level. It is only when the parents have a high school education or more that the proportion of households with no enrolment drops significantly. This could suggest that parents with less than a high school education do not view the returns to education any differently than parents without any education. If corroborated by other evidence, this could be a significant finding, indicating that less educated parents could be less inclined to consider the education of their children as a way out of poverty in the future. This would mark a critical, and negative, departure from past experience when education was looked upon as an important

[16]The results on upward mobility show that recent migrants from the north have been in their current residences for only 11 years on the average as compared to about 18 years for the old migrants and the non-migrants. The recent migrants have moved into the improved residences at the average age, for the head of household, of about 36 years, i.e., not very late in their life-cycles. It has taken them 12 years of stay in the city, on the average, to make the transition.

Table 9

Characteristics of Poor Households with Differential Enrolment of Children (Age 5–14)

Variables	Enrolment of Children		
	Complete	Partial	None
Household Expenditure per Capita per Month	275	245	239
Number of Children (Age 5–14)	3.8	5.4	3.9
Father's Education (%)			
No Formal Education	31	38	31
Less Than High School	36	39	26
High School or Above	63	32	6
Mother's Education (%)			
No Formal Education	36	39	25
Less Than High School	39	38	23
High School or Above	67	24	9
Head of Household Worked Abroad (%)			
No	40	37	23
Yes	46	41	13
Head of Household Daily-wage Earner (%)			
No	42	37	21
Yes	27	40	33
Household with Working Women (%)			
No	41	37	23
Yes	32	45	23
% of Children Employed	0	1	3

vehicle for upward mobility.

The correspondence with employment does not reveal any surprises in general. Where the head of the household is a daily-wage earner, the proportion of households without any children enrolled is higher. Similarly, if the head of the

household has not worked abroad, the proportion of no enrolment is higher as compared to those households where the head has worked abroad. In both cases, the correlation with income is probably instrumental to the outcome.

Households with and without a working woman present a more interesting result. While both have the same proportion of households with no enrolment, the former have a higher proportion of partially enrolled children (45 percent vs 37 percent). This is perhaps because working women need an older sibling to look after younger children while the woman is engaged in work outside the house.

V. CONCLUSION AND SUMMARY

Just over one-third of the households in Karachi can be classified as poor, based on an absolute poverty line derived from standard consumption norms.

Poverty in Karachi is concentrated in six geographical clusters which account for only 59 percent of the total sample households but 90 percent of the very poor households. These clusters have distinct characteristics related to their demographic composition, employment opportunities, and housing typology. Once these differences are accounted for, the characteristics of the very poor households are quite similar across clusters.

A noteworthy aspect of urban poverty in Karachi is the extent of upward mobility as measured by the improvement in housing conditions at the very bottom of the socioeconomic hierarchy. Poverty does not seem endemic as a continuous influx of migrants at the bottom replaces those who move up the economic ladder.

Investment in human capital amongst the poor, as measured by the enrolment of children in school, is quite high, as are the literacy rates for males and females. However, it seems that households with parents having formal education below the high school level do not attribute much higher returns to education than households where the parents are without any formal education. It is only when the parents have a high school education or better that enrolment rates for children are significantly higher. If the above development is of a recent origin, it could signal a phenomenon of some concern.

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