

The Role of Cash Grant Scheme of Benazir Income Support Programme in Poverty Alleviation in the Rural Areas of District Mardan

(A Case Study of Three Selected Villages of District Mardan)

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Abstract

The present study was attempted to assess the role of cash grant scheme of Benazir Income Support Programme (BISP) in poverty alleviation in the rural areas of district Mardan. For this purpose three villages of district Mardan were purposely selected. The total numbers of 70 respondents were randomly chosen from the lists provided by the BISP district office Mardan. Information about grant utilization and its effects on income, daily use expenses, health, education, food expenditure and other minor consumptions of beneficiaries in the study area were collected. A paired t-test has been used for comparative analysis. A significant increase of 3.11% in the overall expenditure, 16.50% increase in education expenditure, 18.50% in health expenditure and 15.61% increase in food consumption was witnessed. The scheme was also posing some shortcomings such as political interference in selection criteria, small amount of grant, problems in the disbursement through postal services for female beneficiaries and absence of awareness programs. It is recommended that increase in amount, availability of the grant will in time and awareness for proper utilization of grant will make this scheme more useful and it will help to reduce the poverty.

Keywords: Poverty, Benazir Income Support Programme (BISP), Cash Grant, Woman Empowerment.

INTRODUCTION

Worldwide one of the biggest challenge for development is eradication of poverty. This problem is as old as human history. There are many dimensions of poverty existence such as lack of capability to overcome violence, hunger, ignorance, illness, physical hardship, injustice and voiceless ness. Poverty often lies in the absence of opportunity, empowerment and security, and not just the nonexistence of food on the table (Wall 2006; World Bank, 2010).

Poverty is a complex and multidimensional concept. Poverty can be found in both developed as well as under developed countries with varying trends and nature, considerably from country to country. The world's poorest people many of whom are in developing areas of Africa, Asia, Latin American and Eastern Europe, working very hard for daily food intake, shelter and other basic needs. They frequently go through starvation, epidemics, diseases, famines and wars. In wealthy nations such as the USA, Canada, Japan and those in Europe, the effects of poverty may include poor nutrition, mental illness, drugs dependence, crime and high rate of diseases (WHO, 2002).

Poverty is mostly distinguished in two types i.e. absolute poverty and relative poverty. Absolute poverty refers to the position of an individual (or a household) in relation to a specified poverty line, the position of an individual (or a household) compared with the average levels of the income within a country refers as "relative poverty". Studies show that for a comparison over time, the absolute measure is more appropriate since it exhibits the extent to which deprivation of the poor is alleviated (Ziauddin, 2010).

Poverty in Pakistan

Poverty is increasing day by day in Pakistan. Though the middle-class has reached to 36 million in the country but nearly 40% of the whole population is classified as poor. In the history of Pakistan, the lowest figure of the people live below poverty line was 17.2% in 2008. The declining movement in poverty as seen in the country

during the 1970s and 1980s was reversed in the 1990s; this phenomenon has been referred to as the poverty bomb (Ziauddin, 2010).

In Pakistan 80 million (approximately 35% of the total population) people were getting less than 2720 caloric intake per day where as the country Multidimensional Poverty Index (MPI)¹ ranked at 0.246. The MPI value of Pakistan is comparatively better than the neighbors i.e. India and Bangladesh, which are 0.283 and 0.292 respectively. It means the country having close value to zero is in a better position. It is also reported that the head count ratio of poverty in Pakistan is 49.4% and 53.7% and 57.8% in India and Bangladesh respectively (UN, 2011).

Wealth distribution in Pakistan is very much uneven and 15% of the population getting more than 60% of total income, Pakistan's per capita income (PCI) which is \$1254 per year and other human development indicators drop significantly below those of nations with same levels of income. The infant mortality rate (88 per 1000) is also higher in Pakistan as compare to South Asian average (83 per 1000). In Pakistan the numbers of Poor is higher in rural areas as compare to the cities. Out of the total 40 million poor's, 30 million live in rural areas (UNDP, 2011).

Benazir Income Support Program (BISP)

The Government has initiated a program with the name of Benazir Income Support Program (BISP) for the poverty reduction in 2008-09. It is initiated with a huge allocation of Rs. 34 billion (US \$ 425 million approximately) for the monetary year 2008-09 and aimed at facilitating 3.5 million families in the same year. The allocation for 2009-10 was raised to Rs. 70 billion for the provision of cash assistance to 5 million families. Thus the program aims at covering almost 40% of the population below the poverty line, allocation for 2010-11 is Rs.50 Billion. A cash grant of Rs. 1000/ per month is paid to a selected beneficiary, which would enhance the monthly income of a family earning Rs. 5000 by 20 %. The schemes of BISP are being implemented throughout the country including tribal areas and Azad Jammue and Kashmir. (www.bisp.gov.pk).

BISP cash grant / Waseela –e-Haq is one of the major scheme launched by BISP. This scheme was initiated for alleviation of poverty and empowerment of women among the underprivileged population of Pakistan. The budget for BISP constitute 0.3 percent of the total GDP, due to this huge allocation it become the third largest allocation sector in the fiscal year 2009-10 and covered up to 15 percent of the population. At the time of grant delivery, the receiver woman has to establish her identity and show her CNIC. This mechanism is adopted for safe and transparent disbursement of grant at the door step of the women. (www.bisp.gov.com)

For families earning Rs. 5000-6000 per month can get Rs. 1000 under this scheme which will bring increase in purchasing power of the beneficiaries up to 16 to 20 percent. The BISP has planned to bring about real change in the life of the poor families through the provision of interest free loan and this initiative is known as Waseela-e-Haq. The selections of poor families from beneficiaries list are made through transparent balloting process. This step is basically planned to promote self-employment among women beneficiaries. It offers up to Rs. 300,000 long term interest free loan for selected beneficiaries (Asim, 2010).

MATERIALS AND METHODS

This study was conducted in district Mardan, the second largest city of Khyber Pakhtunkhwa. The total area of Mardan is 1632 square kilometer and its total population according to 2008 census is 1.96 million. About 77 percent of the total population is living in rural area where agriculture is the main source of income. Three villages namely Jori Banda, Char banda and Babini of Union Council Babini had been selected purposely for the study. In all these villages the number of beneficiaries was more than all of the other villages in the area. A total of seventy respondents were randomly selected from sampled villages for interviewed purpose. According to BISP data there were about 700 beneficiaries in selected villages. A sample of 10% beneficiaries from the selected villages was randomly selected. The detail can be seen in table 1 below;

Table 1 Selection of Sample respondents.

Villages	Total Number of Beneficiaries	Number of Respondents Selected
Babini	270	27
Char Banda	230	23
Jori Banda	200	20
Total	700	70

Source: (BISP Office Mardan, 2010)

This research study was based on primary data. The aims and objectives of the study were explained before each respondent at the beginning of interview for the purpose to collect reliable information. The collected data was tabulated and formulated through EXCEL and SPSS computer Programs. For the simplicity the data was also presented in percentage and averages. For comparison purpose paired sample t- test and was used.

The MPI identifies multiple deprivations in the same households in education, health and standard of living.

RESULTS AND DISCUSSION

Purpose of utilization of grant

Table 2 shows the respondents in different categories according to the purpose of utilization of grant. The findings indicate that majority (83%) of the beneficiaries utilized the purchase of the food, whereas 33% utilized the grant on the children education while 24% in health caring activities. Only 17% utilized it in other activities such as house hold condition, house structure improvement, business improvement, daily consumption and saving etc.

Table 2 Utilization of grant by sample respondents

Village name								
	Education		Health		Food consumption		*Other consumption	
	Yes (%)	No (%)	Yes (%)	No (%)	Yes (%)	No (%)	Yes (%)	No (%)
Babini	13 (48)	14 (52)	7 (26)	20 (76)	24 (89)	3 (11)	5 (19)	22 (81)
Charbanda	3 (13)	20 (87)	7 (30)	16 (70)	21 (91)	2 (09)	3 (13)	20 (87)
Joribanda	7 (35)	13 (65)	3 (15)	17 (85)	15 (75)	7 (25)	4 (20)	16 (80)
Total	23 (33)	47 (67)	17 (24)	53 (76)	58 (83)	12 (17)	12 (17)	61 (83)

Source: Field survey 2011

It has been observed that the rural people have no budgeting plans consumption and saving. The rural poor were always facing the shortage of food and therefore the use of grant on the purchase of food is major utilization.

Increase in income

There was an increase of 5% to 20% and above in the income of the respondents. For analysis purpose income has been divided in to four groups as 5-10%, 11-15%, 16-20%, and above 20%. These groups were made on the basis of their financial positions. Those who had comparatively good financial position were placed in the first group (5-10%) and they were 16% of the total. As there income was comparatively good so the effect was on the lowest side. The second group (11-15%) was 13% of the total and the third group (16-20%) was 44% of the total, whereas the last group was more than 20% and they were 27% of the total respondents. As shown in the table 3.

Table 3 Distribution of sample respondents according to their increase in income.

Village name	Increase in income of respondents in percent (%)									
	5-10%		11-15%		16-20%		More than 20%		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Babini	2	7	2	7	13	48	10	38	27	100
Charbanda	4	17	4	17	10	44	5	22	23	100
Joribanda	5	25	3	15	8	40	4	20	20	100
Total	11	16	9	13	31	44	19	27	70	100

Source: Field survey 2011

As can be seen in the table that majority(44%) of the respondents are in the group (16-20%), which means that the small amount of BISP cash grant was of great help for them, which launched their income 16-20%. Shoaib (2010) has also findout similar observations.

Perception of the respondents about the living standard

According to table 4 all the respondents reported and a change in their living standards, However majority (71%) of the sample respondents reported that the grant had brought significant changes in their living standard. The remaining 29% were of the views that the grant brought negligible changes in their lives.

Table 4 Distribution of sample respondents on their views about the grant effects on their living standard.

Village name	Views of respondents					
	Good		Fair		Total	
	No.	%	No.	%	No.	%
Babini	20	74	7	26	27	100
Charbanda	16	70	7	30	23	100
Joribanda	14	70	6	30	20	100
Total	50	71	20	29	70	100

Source: Field survey 2012

Ishaq,(2010) also support our observations that although the grant improved the monthly income of the respondents and brought changes in their living standard, but this improvement is marginal and not in the desired range. Our finding are not inline with the findings of Mahmood (2009), according to which the government expenditure does not play an important role in poverty alleviation.

Comparison of monthly expenditure before and after utilizing the grant

The expansion in the expenditure of beneficiaries rose due to the grant. According to the survey there is a significant increase of 3.11% occurred in the study area. As can be seen in table 5, all the villages (except Babini) have a significant change.

Table 5 Comparison of monthly expenditure before and after utilizing the grant

Village name	Monthly Expenditure			
	After	Before	Percent change	t-value
Babini	6240.74	6148.15	1.50	1.727
Charbanda	10913.04	10652.17	2.45	2.787*
Joribanda	10475	9950	5.27	4.702*
Total	8985.71	8714.28	3.11	

Source: Field survey 2011

*= Significant at 95%

The village Babini showing insignificant results because there were large number of respondents who belongs to poor families and they consumed most of the grant in debt payments. Therefore, their monthly expenses remain low. Also widows and educated beneficiaries were more in number in this village who preferred to save rather consuming it. As it can be seen that the t-value for the entire study area is very significant, this shows that increase in income status results increase in expenditure. The finding of Zakir (2001) and Shaheen (2009) also support our views.

The grant utilization effects on education

It is presented in the data table 6 that 16.50% significant change in education expenditure was recorded in the study area.

Table 6 Comparison of expenditure on education before and after utilizing the Grant.

Village name	Expenditure on education			
	After	Before	Percent change	t-value
Babini	596.30	492.60	21.05	4.348*
Charbanda	1030.45	865.20	19.18	2.105*
Joribanda	1295.00	1160.00	11.63	3.008*
Total	938.60	805.70	16.50	

Source: Field survey 2011

*= Significant at 95%

The observations in the table above show that a significant change in the expenditure on education has occurred. If there was no grant the respondents would have found it difficult to meet the education expenditure. Our results support the observations of Ali (2007), that the income increases of a house hold cause increase in their children education expenditure.

The grant utilization effects on health

As can be seen in the data table 7 that there is a significant change in health expenditure;

Table 7 Comparison of expenditure on health before and after utilizing the grant

village name	Expenditure on health			
	After	Before	Percent change	t-value
Babini	1462.15	1292.62	13.11	3.195*
Charbanda	2600.00	2200.00	15.38	3.060*
Joribanda	1920.00	1700.00	11.45	2.179*
Total	1967.15	1820.00	18.50	

Source: Field survey 2011

*= Significant at 95%

The data in the table above explain that a good portion of the grant has been spent on health. If there was no grant the respondents would have been without medical facilities. The t-test value shows the significant change in the expenditure on health services after utilizing the grant. These findings support the observation of (Arshid, 2006) that poor people can not afford the high expenses on health; poor health is also due to poor income. When income arises expenses on health services also arise.

The grant utilization effects on food expenditure

The table 8 narrates that 15.61% significant increases occur in food consumption after the grant utilization in the study area.

Table 8 Comparison of expenditure on food before and after utilizing the grant

village name	Expenditure on food			
	After	Before	Percent change	t-value
Babini	3866.75	3192.60	21.11	10.060*
Charbanda	5413.13	4673.10	15.83	10.655*
Joribanda	5140.00	4625.00	11.13	05.393*
Total	4727.15	4088.57	15.61	

Source: Field survey 2011

*= Significant at 95%

The table above shows that the grant has increased the food expenditure of the respondents. The high increase may be due to the fact that their food intake before the grant was small enough and the grant has made an increase in the food consumptions. Our finding support the results of Sara (2009) according to which when income of a house hold increases the expenditure of food consumption also increases, because food is a basic need of human's life.

Comparison of other expenditure before and after utilizing the grant

The grant also affected the other consumption pattern of the beneficiaries. According to the data there is 2.90% increase in other expenditure in the study area after the utilizing of the grant.

Table 9 comparison of other expenditure before and after utilizing the grant

village name	Other expenditure **			
	After	Before	Percent change	t-value
Babini	1074.16	1044.45	2.85	1.396*
Charbanda	2630.43	2608.70	0.83	1.000*
Joribanda	2235.00	2120.00	5.42	1.782*
Total	1957.15	1865.72	2.90	

Source: Field survey 2011

*= Not Significant at 95%,

Other** = House structure improvement, business improvement, debt payments and saving.

The t-value is not significant, so the grant does not bring significant change in other consumption of respondents. As the amount is mainly spend on food, health and educations etc, and there is hardly any surplus left over to be spent on house structure consumption, business improvement, and saving. The low income group has low potential for saving. Similar observation was observed by Sadiq (2006).

CONCLUSIONS

The BISP cash grant scheme has the potential to help low income people and empowering the women in the families. From the findings of the study it has been concluded that a positive change has been witnessed in the living standard of the beneficiaries through this cash grant scheme of Benazir Income Support Program (BISP). The amount of grant was small and it was difficult to be used for productive purposes. It should be increased in accordance to increase in the inflation rate. It was found that utilization of the grant has positively affected the average monthly income, daily use expenses, health, education, food expenditure. The house structure consumption, business improvement, and saving of beneficiaries were also changed insignificantly. The political interference and non availability of the grant at proper time can adversely affect the scheme.

RECOMMENDATIONS

The following recommendations are suggested based on the findings of the study.
 The amount of grant should be increased to meet the requirements of beneficiaries.
 The provision of the grant to the beneficiaries should be well in time.
 There is a need to arrange the awareness programs for effective utilization of the grant.
 The program should initiate some training programs to be given to the un skilled poor people. As a result this will help them to enhance their income.

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