PRELIMINARY REPORT ON

POVERTY ESTIMATION

2024-25

FEBRUARY 2026

Government of Pakistan
Ministry of Planning, Development & Special Initiatives
Economic Policy Wing, Sustainable Development Goals Section

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Pakistan is ready to update its poverty picture as new data reshapes our understanding

Introduction

Poverty measurement is a standard practice undertaken by governments worldwide and serves as a fundamental tool for designing and targeting effective policies and programs aimed at poverty eradication. Beyond its statistical significance, poverty estimation is essential for assessing the distributional implications of macroeconomic policies. It provides an evidence-based framework to analyze how fiscal consolidation, stabilization measures, structural reforms, and external shocks affect household welfare.

While macroeconomic stabilization measures are necessary to restore economic balance and sustainability, their short-term adjustment costs can place pressure on vulnerable households. Over time, however, such measures lay the foundation for durable growth, improved price stability, and stronger household welfare. Rigorous poverty measurement is therefore essential to distinguish temporary welfare strains from medium-term gains and to ensure that stabilization efforts are complemented by targeted social protection.

Pakistan's national poverty estimates are derived by using the Cost of Basic Needs (CBN) approach, which establishes a national poverty line representing the minimum expenditure required to meet essential food and non-food needs. The Poverty Headcount is then calculated as the proportion of the population falling below the national poverty line.

In Pakistan, poverty was last estimated using the Household Integrated Economic Survey (HIES) 2018-19. Following the release of the HIES 2024–25 microdata by the Pakistan Bureau of Statistics (PBS), the Ministry of Planning, Development & Special Initiatives initiated the process of deriving updated poverty estimates for 2024–25.

Recognizing the policy significance of poverty estimation, the Ministry constituted a Technical Working Group (TWG) on 2nd July 2025, under the direction of the Chief Economist, to undertake preparatory technical work ahead of the HIES 2024–25 data release (Annex - I).

Subsequently, a Poverty Estimation Committee comprising representatives from academia, federal and provincial governments, research organizations, and development partners was notified on 7th November 2025 to provide oversight and validation (Annex – II). The Committee met in January and February 2026 and has endorsed the final poverty and inequality estimates.

Background of Poverty Estimation in Pakistan

The Planning Commission of Pakistan historically used the Food Energy Intake (FEI) approach for poverty estimation. Under this methodology, the first official poverty line was derived from the 1998–99 HIES, based on a minimum threshold of 2,350 calories per adult equivalent per day.

However, Pakistan formally discontinued the FEI approach after the HIES 2013–14 round. Beginning with the 2013–14 poverty estimates, the Planning Commission adopted the Cost of Basic Needs (CBN) methodology, which remains the official approach for national poverty estimation. Unlike FEI, the CBN method anchors the poverty line in the cost of a consumption basket that meets both essential food requirements and minimum non-food needs, thereby providing a more comprehensive and welfare-consistent measure of poverty.

Under the revised methodology, the national poverty line for 2013-14 was estimated at Rs. 3030 per adult equivalent per month. The poverty line has since been updated over time using Consumer Price Index (CPI) based inflation adjustments to maintain its real purchasing power.

Comparison of HIES Questionnaires

The Technical Working Group conducted a detailed comparison of the HIES questionnaires for 2013-14, 2018-19, and 2024-25. This analysis highlighted key differences in the survey instruments, including the addition and removal of certain items as well as the reallocation of items among expense categories.

The comparison reveals substantial changes between the 2013-14 and 2018-19 questionnaires in terms of items coverage and classification. In contrast, the review of the HIES 2018-19 and 2024-25 questionnaires shows only limited modifications (Details at Annex – III).

Methodological Approach to 2024-25 Poverty Estimation

The Cost of Basic Needs (CBN) methodology has been employed consistently with the official practice adopted in 2013-14. This approach involves the construction of a comprehensive consumption aggregate and the derivation of the national poverty line, but it also allows for region-specific poverty lines.

The consumption aggregate has three main components:

- Aggregate Nominal Consumption Expenditure, which includes all food and non-food expenditures of the household standardized to a common reference period (monthly expenditures)
- Spatial Price Index, used to adjust for differences in the cost of living across regions, and
- Equivalence Scale applied to account for variations in household size and age composition.

An adult equivalence scale assigns a weight of 0.8 to each individual below 18 years of age, and a weight of 1.0 to individuals aged 18 years and above.

Since 2013-14, the poverty line has been updated by adjusting for inflation using the survey month-share-weighted CPI.

Over the decade from 2005–06 to 2015–16, Pakistan experienced a clear and sustained decline in poverty nationwide, with the national poverty rate falling by more than half. Urban areas consistently recorded lower poverty levels than rural regions; however, both exhibited notable improvements, reflecting rising living standards across the country. All provinces achieved the sustained reduction in poverty (Table – 1 at Annex - IV).

Over the same period, the Gini Coefficient indicates that income inequality in Pakistan remained broadly stable, with only modest fluctuations rather than sharp shifts. Urban areas consistently exhibited higher Gini values than rural regions, reflecting wider income disparities in cities. Punjab and Sindh experienced minor variations, with Sindh showing a noticeable uptick toward the end of the period, while Khyber Pakhtunkhwa maintained comparatively lower inequality levels. Balochistan recorded the lowest Gini coefficients overall, although with greater year-to-year variation. Taking together, these trends suggest that while inequality remains a structural feature of the economy, it did not intensify markedly during a period of significant poverty reduction, underscoring the influence of regional and structural differences (Table 2 at Annex - IV).

Poverty Estimation - 2024-25

The CPI-adjusted poverty line for 2024–25 is Rs. 8,484 per adult equivalent per month. The national poverty headcount stands at 28.9 percent of the population living below the poverty line, up from 21.9 percent in 2018–19. National, Regional, and Provincial poverty estimates are presented in Fig-1 & 2.

The dual bar charts depict the rise in poverty headcounts across Pakistan between 2018–19 and 2024–25, based on a consistent poverty line benchmark. National poverty increased from 21.9 percent to 28.9 percent, with rural areas disproportionately affected, rising from 28.2 percent to 36.2 percent. Urban poverty, though lower in level, also rose from 11.0 percent to 17.4 percent. The provincial poverty levels are mentioned in Fig-2.

Inequality is measured using Gini coefficients [1] weighted by population. Trends indicate a rise in income inequality across Pakistan between 2018–19 and 2024–25, with increases evident at the national, regional, and provincial levels. National inequality rises from 28.4 to 32.7, driven by sharper widening in both urban and rural areas, where Gini values climb from 31.0 to 34.4 and from 23.4 to 29.2, respectively. Provincial patterns also reflect this upward shift. Punjab increases from 28.4 to 32.0, Sindh records the rise from 29.7 to 35.9, Khyber Pakhtunkhwa moves from 24.8 to 29.4, and Balochistan, though starting from a lower base, rises from 21.0 to 26.5.

Poverty outcomes, however, must be assessed in the context of the multifaceted challenges Pakistan has faced since FY2019, arising from both external and domestic factors.

Fig-1: Poverty Headcounts (National, Urban & Rural)

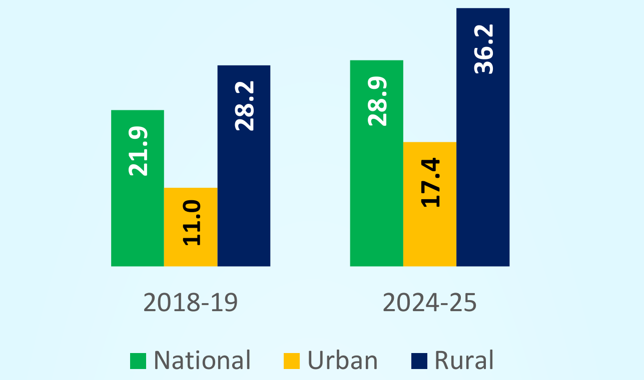


Fig-2: Poverty Headcounts (Provinces)

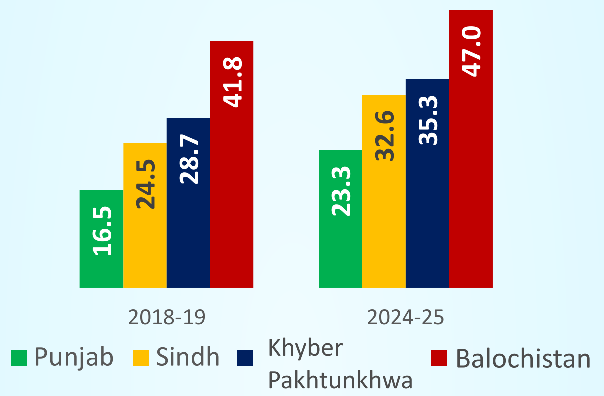


Fig-3: Gini Coefficients (National, Urban & Rural)

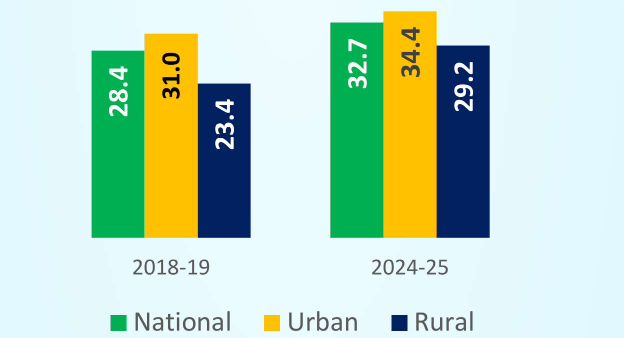
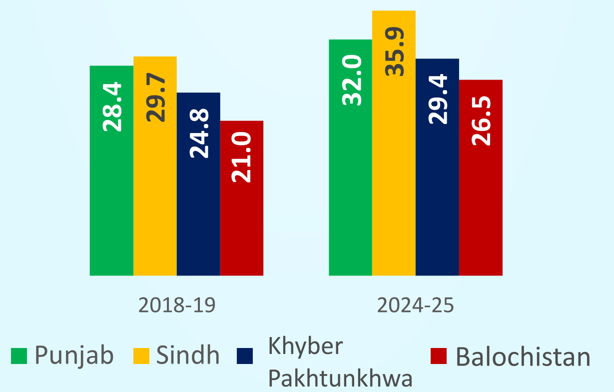


Fig-4: Gini Coefficients (Provinces)



Source: SDG Section

The Gini coefficient is a commonly used measure of income inequality, ranging from 0 (perfect equality, where everyone has the same income) to 1 (perfect inequality, where one individual receives all income). As per stand practice it is converted to 0 to 100 scale for ease of interpretation.

Poverty Determinants

The period between FY2019-FY2025 has been marked by an exceptionally challenging global and domestic economic environment shaped by multiple shocks. The COVID-19 crisis triggered a significant contraction in economic activity, followed by a global commodity super-cycle that translated into domestic inflation to multi-decade highs, eroding real incomes. Additionally, the geopolitical situation further disrupted supply chains. These pressures were further intensified by severe climate shocks, notably the devastating floods of 2022, which caused losses estimated at $ 30.1 billion, and then, in 2025, with losses of $ 2.9 billion, significantly affected the livelihoods, agricultural produce, and critical infrastructure, thus increasing the poverty risks.

Fig-5: Monthly Household Income (Rs.) (Real vs Nominal)

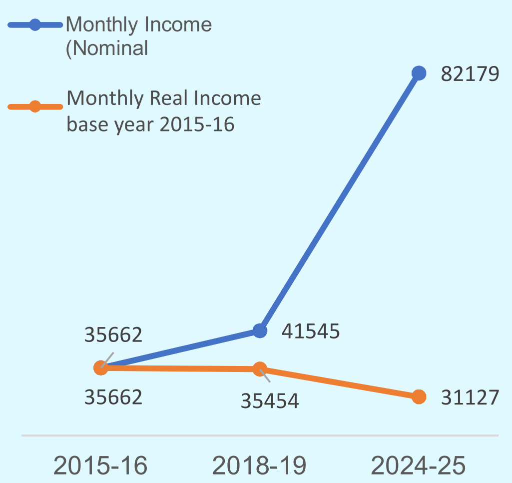
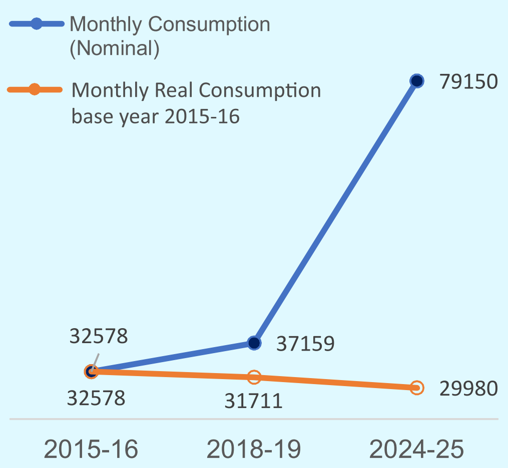


Fig-6: Monthly Household Consumption (Rs) (Real vs Nominal)



Source: PBS

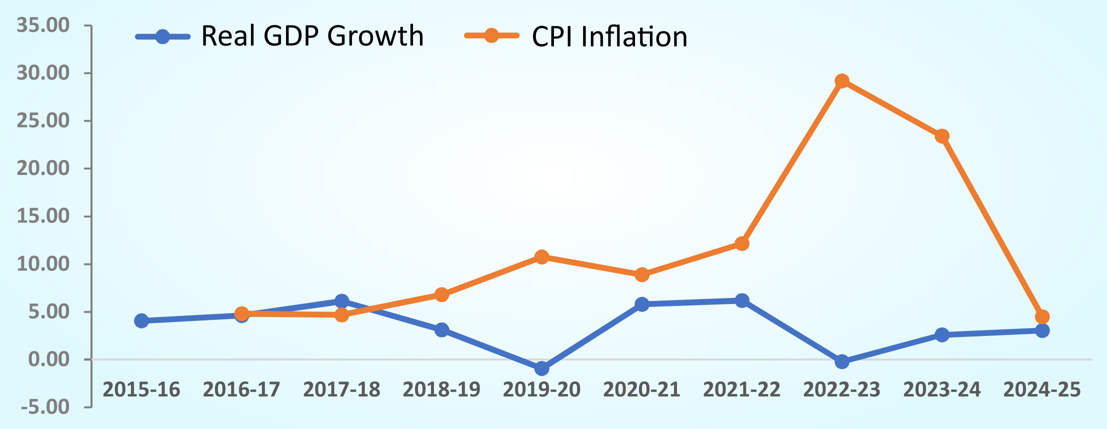
Before discussing the causes of poverty, it is important to note that both real household income and consumption have declined since 2018–19, as illustrated in Fig-5 & Fig-6. Although nominal household income increased from Rs. 35,662 in 2015–16 to Rs. 41,545 in 2018–19 and further to Rs. 82,179 in 2024–25, this rise was far outpaced by inflation, causing real incomes to fall. The poverty figures reflect various macroeconomic pressures, mainly low GDP growth, high inflation that eroded households' purchasing power, along with natural calamities and external shocks, which had adverse welfare implications in these years, resulting in a rise in poverty.

Macroeconomic Determinants

The economic landscape during this period was shaped by a sequence of severe shocks, beginning with the COVID-19 outbreak, which disrupted growth and triggered a global commodity supercycle that pushed food and energy prices to exceptionally high levels through FY2024. These pressures were compounded by the devastating floods, intensifying household vulnerability through real income losses, destruction of productive assets, labour market disruptions, fiscal tightening, and a persistently high cost of living.

Macroeconomic indicators reflect this turbulence. Real GDP growth turned negative in 2019-20 and again in 2022-23, while inflation surged to a peak of 29.2 percent in 2022-23 and 23.4 in 2023-24. The resulting erosion of purchasing power led to a sustained deterioration in welfare, with poverty rising through 2024-25 despite signs of macroeconomic recovery, including real GDP growth of 3.1 percent and a decline in inflation to around 4.5 percent.

Fig-7: Real GDP Growth and Inflation



Source: PBS

Prolonged Real Income Erosion

Despite recent macroeconomic improvement, households experienced prolonged real income compression due to historically high inflation, energy price adjustments, exchange rate depreciation, and higher taxation, especially indirect taxes. These factors increased the cost of essential consumption while eroding purchasing power.

Nominal income growth has lagged cumulative price increases, resulting in sustained real income declines, particularly for fixed-income earners, informal workers and farming community due to certain policy changes. Consequently, stabilization has not yet offset the income losses and welfare deterioration experienced during and after the COVID-19 shock.

Inflation Composition - Food and Energy Shock

Poverty dynamics were strongly influenced by the composition of inflation, notably sharp increases in food and utility prices. These dynamics disproportionately affected lower-income households, for whom food constitutes the largest expenditure share. Even as headline inflation moderated, relative prices of essential goods remained elevated, keeping consumption baskets under pressure.

Energy tariff adjustments under fiscal and sectoral reforms further raised electricity, gas, and fuel costs. These inelastic expenditures reduced disposable income for other essentials, sustaining welfare stress and contributing to rising poverty.

Stabilization-Driven Adjustment and Weak Employment Transmission

Macroeconomic stabilization measures, such as fiscal consolidation, including higher taxation, adjustments in energy tariffs, and the rationalization of untargeted subsidies, together with the monetary tightening required to restore stability, compressed household disposable incomes, particularly among lower-middle and vulnerable groups not fully covered by social protection programs.

Labor market conditions remained weak. Large Scale Manufacturing stayed below pre-COVID levels, limiting formal employment recovery. Growth has been largely output-driven rather than employment-intensive. LFS 2025 shows unemployment rising to around 7.1 percent (from 6.3 percent in 2021), alongside declining real wages in informal and daily-wage segments. This jobless or low-quality growth constrained income recovery.

In the sectoral pattern of growth, recovery has been concentrated on services and post-flood agricultural rebound. Industrial and formal urban employment sectors

Fig-8: LSM Indices

remained subdued. Simultaneously, household budgets show rising shares devoted to utilities, fuel, transport, education, and health. These inelastic expenditures crowd out food and essential consumption.

Lag Between Macro Stability and Welfare Recovery

Beginning in FY2025 and continuing into H1 FY2025-26, macroeconomic performance improved, with stronger growth, moderating inflation, fiscal consolidation, rising remittances, and improved external buffers. Industrial activity rebounded, LSM growth strengthened, and investor confidence improved.

Macroeconomic stability usually occurs before poverty reduction, but there is often a delay between the two. While growth has resumed and inflation has declined, real wage recovery, employment expansion, and restoration of household balance sheets have not yet fully materialized. Thus, early stabilization can coexist with rising poverty as households continue adjusting to accumulated income losses and shocks.

Overall, the rise in poverty reflects the cumulative impact of inflationary shocks, fiscal adjustment, labor market weakness, and elevated living costs. The ongoing stabilization and reform process provides a foundation for future poverty reduction, but welfare gains will depend on sustained employment growth, real income recovery, and strengthened social protection coverage.

Remittances as Partial Shock Absorber

Although remittances increased, their poverty-reducing impact was limited. They are unevenly distributed and primarily benefit households already linked to migration networks. Remittances functioned mainly as a coping mechanism against macro stress rather than a driver of broad-based domestic income growth.

Successive shocks forced households to deplete savings, sell assets, and accumulate debt, weakening household balance sheets. Even during stabilization, many households remained financially fragile. Remittance growth mitigated distress but could not reverse cumulative real income losses

Social Determinants

Several social factors have contributed to the persistence and rise of poverty across Pakistan. Some of these are:

Security Challenges

Security Challenges disrupt livelihoods, limit access to markets and essential services, and increase household vulnerability. As a result, poverty has risen in

Khyber Pakhtunkhwa and Balochistan, disproportionately affecting the most vulnerable populations in these provinces.

Human Capital Constraints

Limited access to quality education and skill development reduces household resilience to economic and social shocks, particularly for vulnerable groups. High out-of-pocket expenditures on education, health and inadequate public provision often force households to prioritize immediate income over long-term skill acquisition, leading many individuals to take low-wage employment rather than invest in skill development. This perpetuates a cycle of low productivity and constrains earning potential, reinforcing poverty across generations.

Regional and Structural Disparities

Some regions, particularly those with challenging geographic terrain, along with rural areas, face inherent disadvantages including limited infrastructure, connectivity, and market access. Most people in these regions are often reluctant or unable to migrate or switch jobs, which further limits opportunities for income diversification and reinforces persistent regional patterns of poverty.

Social Protection and Household Resilience

Social Protection Programs such as BISP provide important support to vulnerable households. During FY2025, Rs. 592.4billion was disbursed under BISP, representing a 27.1 percent increase compared to the previous year to support underprivileged groups. This amount was distributed to approximately 10 million beneficiaries up to June 30, 2025. While BISP programs provide substantial and internationally recognized support to vulnerable households, the cumulative impact of economic pressures, natural calamities, and social shocks have exceeded what social transfers alone can fully offset. This underscores the importance of complementing strong social protection with sustained macroeconomic recovery to achieve durable poverty reduction.

Conclusion

Poverty rates increased in 2024–25 compared to 2018–19, reflecting the cumulative impact of severe domestic and external shocks during this period. Since FY2019, Pakistan's poverty trends have been shaped by an exceptionally challenging economic environment marked by overlapping global and domestic crises. The COVID-19 pandemic triggered a sharp economic contraction, followed by a Global Commodity Supercycle that pushed domestic inflation to multi-decade highs and eroded real incomes. Geopolitical disruptions further strained supply chains and amplified inflationary pressures. All these events significantly affected livelihoods, agricultural output, and infrastructure, heightening poverty risks.

Pakistan's economic trajectory in 2025, however, reflects a notable turnaround, with improving growth and moderating inflation. While these gains signal a transition toward macroeconomic stability, poverty reduction typically lags stabilization, as improvements in household welfare take time to materialize. Sustained progress will therefore depend on maintaining growth-supportive policies alongside robust social protection to ensure that macroeconomic recovery translates into broad-based improvements in living standards.

The Government of Pakistan remains committed to reversing these trends and advancing inclusive, sustainable growth through a comprehensive reform agenda, with poverty reduction and growth-enhancing measures at its core. In this regard, the URAAN Pakistan framework emphasizes sustainable, export-led growth, with equity and empowerment as core pillars to ensure that the benefits of economic progress are widely shared and no segment of society is left behind.

Annex-I

COMPOSTION OF TECHNICAL WORKING GROUP (TWG)

1.	**Dr. Haroon Sarwar**, Economic Consultant, M/o NFS&R	**Head of the Group**
2.	**Mr. Muhammad Shuaib Malik**, Deputy Chief, Macroeconomics Section	**Member**
3.	**Mr. Shahid Sandhu**, Assistant Chief, PIP Section	**Member**
4.	**Ms. Aiman Amjad,** Assistant Chief, SDGs Section	**Member**
5.	**Ms. Sarosh Sikander,** Assistant Chief, SDGs Section	**Member**
6.	**Ms. Rabia Awan,** DDG(PSLM/CP&C/CMPU), PBS	**Co-opted Member**
7.	**Mr. Ali Raza,** Poverty Assessment Consultant, UNICEF	**Co-opted Member**

The Technical Working Group worked under the supervision of Dr. Muhammad Ali Talpur, Joint Chief Economist (EP), M/o PD&SI and Ms. Ambrina Bakhtiar, Chief (SDGs), M/o PD&SI.

Annex-II

NOTIFICATION OF POVERTY ESTIMATION COMMITTEE

(TO BE PUBLISHED IN PART-I OF GAZETTE OF PAKISTAN)

GOVERNMENT OF PAKISTAN
MINISTRY OF PLANNING, DEVELOPMENT & SPECIAL INITIATIVES
*****

Islamabad, the 07th November, 2025

NOTIFICATION

F. No. 4(1)/2025-HRM-IV. In light of conclusion of Household Integrated Economic Survey (HIES) 2024-25 and in line with the mandate of the Ministry of Planning, Development & Special Initiatives (MoPDSI) to estimate national/provincial poverty and inequality figures, the Honourable Minister for PD&SI has been pleased to constitute the Poverty Estimation Committee. The composition and Terms of Reference (ToRs) of the Committee are as follows:

A. Composition

i.	Dr. G. M. Arif, Former Joint Director, PIDE, Islamabad	(Convener/Chairperson)
ii.	Dr. Nadeem Javaid, Vice Chancellor, PIDE or representative	Member
iii.	Dr. Aliya H. Khan, Professor (Rtd), School of Economics, QAU, Islamabad	Member
iv.	Dr. Abid Qaiyum Suleri, Executive Director, SDPI, Islamabad	Member
v.	Dr. Rashid Bajwa, CEO National Rural Support Program, Islamabad.	Member
vi.	Dr. Hadia Majid, Chair of the Economics Department LUMS, Lahore.	Member
vii.	Dr. Asma Hyder, Dean School of Economics and SS, IBA, Karachi.	Member
viii.	Dr. Akhtar Hussain Shah, Former Member, PSD (PC)/ independent consultant, Peshawar	Member
ix.	Secretary or representative, M/o Finance*	Member
x.	Secretary or representative, M/o PASS*	Member
xi.	Secretary or representative, M/o National Food Security & Research*	Member
xii.	Representative of PBS*	Member
xiii.	Chief Economist, All Provinces	Member
xiv.	Mr. Ali Raza, Poverty Assessment Consultant, UNICEF Pakistan	Member
xv.	Dr. Babur Wasim, Senior Economist (Consultant), ADB, Pakistan	Member
xvi.	Ms. Christina Wieser, Senior Economist, World Bank Pakistan	Member
xvii.	Joint Chief Economist (EP), M/o PD&SI	Member/Secretary

**Not below the rank of BS-20 and well-versed in the subject.*

B. ToRs of the Committee:

1. To estimate national and provincial poverty and inequality figures using the Cost of Basic Needs (CBN) approach based on the Household Integrated Economic Survey (HIES) 2024-25.
2. To update the national poverty line for Pakistan after establishing a justification for its revision, taking into account the social and economic changes that have occurred since 2013-14.
3. To prepare a draft report presenting national and provincial estimates of poverty and inequality derived from the HIES 2024-25.
4. To conduct a comprehensive analysis of poverty and inequality data, including their dynamics, underlying causes, and contributing factors.

2. SDGs Section at Ministry of PD&SI will act as Secretariat for the Committee.

(Maria Asif Dar)
Section Officer (HRM-IV)

The Manager,
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University Road, Karachi.

Annex-III

CHANGES IN HIES QUESTIONNAIRES 2018-19 AND 2024-25

i. In 2018-19 questionnaire school/college fees were bifurcated into government and private whereas in 2024-25 questionnaire bifurcation is both by government/private and school/college/university.

ii. In 2018-19 questionnaire expenditure on vocational education is included under 'other educational expenses' whereas in the 2024-25 questionnaire it is included as a separate category.

iii. In the durable goods section UPS/generator/solar panels were included in 2024-25 questionnaire but not in 2018-19 questionnaire.

iv. In 2024-25 questionnaire readymade food included under monthly consumption expenditure and included multiple items bifurcated into breakfast, lunch/dinner, snacks/fast food, drinks/juices, buffet, high tea, food at marriage, festival, birthday etc. In 2018-19 questionnaire readymade food included under fortnightly food expenditures and included multiple items bifurcated into food eaten out of home and food eaten at home.

Annex-IV

Table 1: Poverty Headcounts at the National, Regional and Provincial Levels (Poverty Line base 2013-14)

Year	Poverty Line PKRs	National	Urban	Rural	Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan
		Percentage (%) of the population living below the poverty line						
2005-06	1,277.74	50.4	36.6	57.4	45.2	50.9	60.1	76.5
2007-08	1,543.51	44.1	32.7	49.7	39.1	48.3	47.4	75.1
2010-11	2,333.35	36.8	26.2	42.1	34.0	37.6	42.3	48.9
2011-12	2,600.15	36.3	22.8	43.1	32.8	38.1	41.4	57.3
2013-14	3,030.32	29.5	18.2	35.6	25.3	34.2	27.6	56.8
2015-16	3,250.28	24.3	12.5	30.7	20.8	32.2	18.1	42.2
2018-19	3,757.85	21.9	11.0	28.2	16.5	24.5	28.7	41.8
2018-19 (Exc FATA)	3,757.85	21.3	10.9	27.5	-	-	26.0	-
2024-25	**8,483.80**	**28.9**	**17.4**	**36.2**	**23.3**	**32.6**	**35.3**	**47.0**

Source: SDG Section

Table 2: Gini Coefficients[2] at the National, Regional, and Provincial Levels

Year	National	Urban	Rural	Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan
2005-06	30.2	35.0	24.7	30.1	31.6	26.3	24.5
2007-08	29.0	32.5	25.3	29.0	29.8	25.2	23.1
2010-11	27.7	31.3	23.9	28.5	28.3	23.8	18.9
2011-12	28.5	32.6	23.6	28.6	30.1	24.9	20.7
2013-14	28.4	31.0	24.9	29.7	25.9	24.6	24.0
2015-16	30.3	33.4	25.1	29.8	34.1	25.0	23.1
2018-19	28.4	31.0	23.4	28.4	29.7	24.8	21.0
2024-25	**32.7**	**34.4**	**29.2**	**32.0**	**35.9**	**29.4**	**26.5**

Source: SDG Section

[2] These numbers represent the Gini Index, a standard measure of income inequality. It ranges from 0 to 100 in this dataset. Implying, 0 = perfect equality and 100 = perfect inequality. For the purpose of this report Gini coefficient is reported in percentage terms

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