

Determinants of Internal Migration in Pakistan – Lessons from Existing Patterns

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Contents

1. Introduction..... 1

2. Literature Review..... 2

3. Data..... 3

4. Methodology 4

5. Flows..... 7

6. Empirical results 11

7. Conclusion and Policy implications..... 14

References..... 17

Abstract

This paper analyzes the impact of social sector development on internal migration with a view to ascertaining its importance when formulating fiscal decentralization policies. In order to do so, the study looks at the patterns of migration in Pakistan which reveal that about 63% of the people who have migrated in the last ten years have moved to an urban area. Out of these, the majority (56%) moved to the provincial or the federal capital. No obvious pattern emerges in terms of the largest receiving districts and their HDI ranks. These hint at primarily economic incentives for migration outweighing the consideration individuals give to the degree of social sector development in these urban districts. Also, in some cases, high human or social development might have played a dual role by increasing the mobility of the people of smaller districts allowing them to migrate to the larger cities. Finally, regression analysis identifies economic opportunities and the degree of urbanization of the destination district as the most important pull factors for rural migrants. The overall results of the study suggest that migration is affected more by the economic pull and dynamism of the receiving districts rather than the provision of social amenities, or lack thereof. Therefore, if the provincial capitals continue to receive a disproportionately higher allocation of the respective provincial funds, it could lead to further disparities in the level of economic development within the provinces. Following the recent development with respect to decentralization, it is therefore recommended that the government should work towards diverting migrants away from provincial capitals and towards other potential urban cities.

1. Introduction

Tiebout (1956) conceives a migrant as a consumer who aims to maximise his utility and in doing so weighs the benefits of moving to a district with better provision of public services against the costs. For this process to work there ought to be a spectrum of potential destination districts that the migrant can choose from. In the case of urban centers in Pakistan, there is not much diversity in the kind and quality of public service provision⁴. It is therefore unlikely that the Tiebout process alone explains the internal migration pattern in Pakistan. If, at all, any case has to be made for such a process we would expect it to take place in Punjab where a number of metropolitan cities exist at close proximity to each other providing a migrant with a range of possible choices. Therefore, this paper aims to analyze the historical patterns for clues behind the thinking process of a migrant. In doing so, a comparative analysis of the patterns in Punjab with the other provinces is carried out to ascertain if the above hypothesis actually holds true.

If Punjab is indeed the largest recipient of the federal funds, with the metropolitan cities receiving a disproportionate share within these provincial funds, we would expect the influx of migrants and their resulting problems to be exacerbated. This paper seeks to evaluate the internal migration patterns in Pakistan with a view to deriving workable policies to address issues that can arise with the unfolding of the 7th NFC awards.

Todaro (1976a) highlights two approaches to estimating the migration function – at the micro or macro level. Micro analysis focuses on personal and regional characteristics. Macro analysis, however, seeks to explain migration using data on aggregate flows. This analysis is largely macro level, though appeal is made to micro theory when deciding on the specification to estimate and the variables of interest.

We proceed by looking at existing literature in section 2, detailing the data and methodology employed in sections 3 and 4 respectively. The analysis in is divided into parts; section 5 aims to study the recent migration flows and attempts to tie it with the relative development of districts in Pakistan. The next section builds on the patterns observed with empirical findings. Finally, section 7 concludes the paper and gives policy recommendations.

⁴ For example, most of the districts have electricity provision for more than 70% of the households, with almost all districts having a provision of 50% and above.

2. Literature Review

The relationship between migration and development are multifaceted and not clear cut. Migration models either aim to explain historical trends or forecast possible migration patterns. Macro theory, in particular, seeks to study aggregate moves and is best suited to answer questions pertaining to socio-economic development and labor market concerns about the impact of migration on receiving and exporting regions in terms of jobs⁵. Within this perspective, the notion that rural-urban migration is effected by the differential in expected earnings between origin and destination put forward by Todaro (1969) and Harris-Todaro (1970), dominated theoretical research until recently⁶. Alternative theories claim rural-urban migration flows consist instead of distinct streams with distinct objectives. Therefore, migration need not necessarily cause unemployment in any meaningful sense. In fact, it is entirely plausible that it is economic growth and inequality that causes migration, and not vice versa⁷. Other macro economic variables of interest include health and education, marriage, infrastructure, informational and migrant networks at destination; and poverty, population density and landlessness at place of origin⁸. Cerutti & Bortencello (2003) draw attention to the pace of urbanization, and suggest the Human Development Index as a reasonable proxy for the level of socio-economic wellbeing.

The phenomenon of internal migration has not been comprehensively researched in Pakistan, primarily as a result of lack of data. The Population Census was conducted last in 1998, after a gap of 17 years. Oddly, it did not include information on the place of birth and so the direction of migration flows could only be measured with substantial errors. Therefore, Arif (2005) combines the information in the Census with the 2001 Pakistan Socio-Economic Survey and is able to show that roughly 40% of the migrants are rural to urban migrants and majority of the males (60%) cite economic reasons for migrating, whereas for females it is usually family issues like marriage. Rural-urban migrants were relatively younger and more educated than rural-rural migrants. Irfan, Demery and Arif (1983) base their study on the 1980 Population, Labor Force and Migration Survey and conclude that migration is

⁵ See Afser (2003), Banerjee and Kanbur (1981), Clark (1982), Dang, Goldstein and McNally (1997), Gazdar (2003), Oda (2007), Isserman, et al. (1985), McCormick and Wahba (2003), Mitchel and Pain (2003), Pingle (2007), Sato (2004), Stillwell and Congdon(1991), Vandsemb (2010).

⁶ The Todaro and Sjaastad (1962) models laid the framework for human capital theory. Todaro in particular, views the informal sector as stagnant centre for migrants on their way to the formal sector. Migration, if not controlled can be a major source of unemployment.

⁷ See in particular Bhattacharya (1998, 2000, 2002), Zhang and Song (2003), Deshingar (2006), McNiven and Quisumbing (2005)

⁸ See for example Frey, et al. (1996), Haas (2010), Kanbur and Venables (2005), Mitra and Murayama (2008), Vandsemb (2010), Zhua and Luob (2010), Mehta (1991)

predominantly rural-urban. Khan and Shenaz (2000) do the same using the 1996-7 Labor Force Survey (LFS) and a micro-level, human capital model to study the decision to migrate. They find that migration is mostly in the urban-urban direction, followed by rural-urban.

More recently Memon (2005) compares the LFS, Census and Pakistan Household Integrated Survey for a district level study. Approximately 20% of the migrants are economic migrants; while the majority migrate with family or for marriage.. Punjab was the main source of migration, with Sindh being the only province with a net inflow. A large number of people migrate from Khyber Pakhtunkhwa (KP) to Punjab. Earlier Khatak (2004) uses the 1998 census to explore migration in KP. The majority of migrants in KP moved from other areas within the province were young and migrated for non-economic reasons (with family or spouse). Only 8.4% migrated for business purposes. In another study of migration patterns based on the 1998 census, Chaudhry (2004) was able to ascertain that Balochistan has a net outflow of migrants. In the case of Punjab, Naeem (2004) found that the number of people moving from Punjab exceeded the number of people moving to Punjab. A starker figure however, was that 90.9% of the population of Punjab was listed as being within the same province and district of birth. Finally, using the 1998 census, Rukanuddin and Chaudhry (2004) observed that two-thirds of the internal migrants moved within Sindh and rest of its migrants moved out of the province for economic reasons.

In a more concentrated study, Farooq, Mateen & Cheema (2005) examine the determinants of internal migration in Faisalabad. 50% of the respondents migrated due to economic reasons, 80% and 13% of the respondents were 'pushed' out of their place of origin due to poor economic and educational opportunities, respectively. Landlessness was yet another significant 'push' factor. These findings are consistent with the Todaro model.

Apart from the above mentioned studies using the 1998 census and later surveys, a number of studies document internal migration during the 1970s and 1980s⁹. There is a paucity of papers that discuss policy implications, which is one of the objectives of this paper.

3. Data

The relevant data for the empirical part of the study is obtained from two different data sets: namely the Labour Force Survey of Pakistan and The Population Census of 1998.

⁹ See Shah (1986), Irfan, Demery and Arif (1983), Barkley (1991)

LFS has been conducted in Pakistan since 1963 every year by the Federal Bureau of Statistics. Detailed information on labour force characteristics is collected in the survey from a representative sample of households to produce gender disaggregated national and provincial level estimates with urban/rural breakdown. The total sample size is evenly distributed into four sub samples, each to be enumerated in a given quarter¹⁰. For the purpose of our study, we use a pooled cross sectional data by merging LFS data for the years 2005-06, 2006-07 and 2007-08. This data is then used to estimate the in and out migration rates for all districts of Pakistan.

The nature of the study necessitates the use of district level macroeconomic variables to serve as proxies for the pull factors in the destination district for migrants. Such district wise information is only available in the Population Census. The 1998 Census was the last Population Census conducted in Pakistan. Given that it takes some time for news of changes in the facilities or employment levels in a particular district to spread, it is reasonable to expect a recognition lag between the actual situation as presented by these macroeconomic variables and what people perceive the situation to be. This helps to control the simultaneity bias that could result if the dependant and independent variables were of the same time period. In addition, some variables have also been employed from the Pakistan Social and Living Standards Measurement Survey (PSLM) 2004-05. These are variables on perceptions rather than the actual availability of social sector facilities within the destination districts; and so it was pertinent to use recent figures.

For the descriptive study of flows, we also employ the data pertaining to district wise HDI for Pakistan that has been constructed both for 1998 and 2005 by Jamal and Khan (2007).

4. Methodology

4.1 Flows:

The first part of the study entails analyzing the patterns of internal migration in Pakistan. For this purpose we compute, from the LFS data, the number of people migrating to and from a district. We look at the people who migrated only within the last ten years and not before that since the relevant indicators behind a migration as back as more than ten years would not be available in the data sets employed. We look at the two kinds of migration, rural to urban and

¹⁰ Labour force survey report foreword

urban to urban, separately owing to the differences in the reasons and motivations behind the two kinds of migration. We also expect the characteristics of the people undertaking the two types of migration to be different.

Within the sample for each type of these migrations, we divide our analysis into two parts. We look separately at people migrating for both economic and noneconomic reasons and individuals that migrate solely for economic reasons. The latter would include migration only for business purposes, for search of jobs, due to job transfer, change of job or in search for better agriculture land¹¹.

4.2 HDI:

The second part of the study entails comparing the level of human development in a district to the migration into the district. The in-migration rates are the same as used in the earlier analysis and are compared to the HDI of the district which serves as a proxy for the level of human development in the district. Provinces with in migration are ranked according to their migration rates and the HDI values and an analysis is done to see whether or not a visible pattern emerges between the two variables. The a priori expectation is that the relationship can hold in either direction. On the one hand, we expect people to be attracted to the districts with high human development since it is indicative of better income, better level of education and health and hence an overall better standard of living. On the other hand, however, areas with good human development would make people in those districts more mobile and hence possibly increase out migration rather than in migration.

4.3 Empirical:

The last part of the study entails looking at the reasons behind migration using empirical techniques. Before moving on to the main methodology adopted, it would be worthwhile to look at the variables employed.

Using the pooled LFS, the dependent variable is constructed as the number of people migrating into a district as a proportion of total district population¹². The sample has been limited to the number of people who have migrated to urban areas in the last ten years for

¹¹ Categories defined in LFS

¹² It should be noted, that the total population here is the number of people from the district in the LFS sample.

both economic and noneconomic reasons, irrespective of their previous district of residence. This brings the total number of districts under consideration to 28.

The independent variables aim to capture the pull factors of the district. As this study makes the receiving district the point of analysis, the independent variables are restricted to just the pull factors. Within these factors, the analysis is divided between the economic factors (unemployment) and non-economic factors such as education, utility provision, urbanization and population characteristics.

Ideally, human capital models such as the one proposed by Todaro (1969) suggest that variables such as wage differentials between the origin and destination district or GDP at the district level ought to be considered as economic pull factors. However, neither the Census, nor the LFS provides this information at the district level. The only relevant economic variable that can be used for our analysis is the district unemployment rate. We expect districts with low unemployment rate to be attractive to migrants since it indicates better job opportunities and a larger economic base. We employ the education satisfaction variable from PSLM 2004-05 which approximates the percentage of people in a district who are satisfied by the educational facilities available to them. If this is an important consideration for migrants, then higher the ratio, the greater the volume of migrants expected to be attracted to the district.

The provision of public utilities like gas, electricity and piped water ought to be an essential consideration in the decision to migrate. Districts that are relatively deficient in these, otherwise very necessary provisions, should have low in-migration rates. The census enumerates the percentage of households in each district that have these facilities. There is high likelihood that the level of provision of these services will be highly correlated with each other and therefore for the empirical part of the study it might be appropriate to use only one of these¹³.

It is also expected that level of urbanization of a district will impact the number of migrants. Higher levels of urbanization signal to the migrant's higher levels of development and therefore better economic opportunities. For the purpose of the study this is approximated by the percentage of population of a district residing in urban areas.

¹³ The correlation between the availability of water and that of gas is 0.82, correlation between electricity and gas is 0.66.

Next, we put in a control for the population density of a district in our analysis. It is not clear, a priori, what the relationship would be. On the one hand, areas with high density would discourage migrants to come to the area due to issues caused by overcrowding, or on the other hand areas with higher population density might also be perceived as having greater ability to absorb the influx of new migrants.

Factors pertaining to social sector services are controlled for by adding the education satisfaction variable that measures the percentage of people in a district who are satisfied by the educational facilities available in the districts. This serves to approximate what the perception of the migrants is regarding the social sector development of a district. We also use the HDI to account for the actual level of social sector development in a district.

Finally, differences in characteristics of provinces not owing to the above explanatory variables, is captured by employing dummies for Balochistan, KP and Sindh, with Punjab serving as the base case (reasons for choice discussed above). This allows us to specify the following model to determine the important characteristics of destination districts which result in varying levels of in migration:

$$\begin{aligned} &\% \text{ of migrants in the districts} \\ &= \alpha_1 + \beta_1 \text{Unemployment rate} \\ &+ \beta_2 \text{Population Density} + \beta_3 \text{Level of Urbanization} \\ &+ \beta_4 \text{Education Satisfaction} + \beta_5 \text{Utility availability} + \beta_6 \text{HDI} \\ &+ \beta_7 \text{Balochistan} + \beta_8 \text{Sindh} + \beta_9 \text{KP} \end{aligned}$$

The above model is estimated separately using Ordinary Least Squares for both rural-urban and urban-urban migrants.

5. Flows

Before carrying out an empirical analysis of the aforementioned determinants, we will discuss some of the trends and patterns observed at the provincial and district level, for both directions of migrations. Separate analysis of the flows to each province will be discussed, identifying the intra and inter-provincial patterns.

Based on the pooled sample, internal migration figure stands at 12% with about one-third of these having migrated in the past ten years. It is these individuals/families that are of interest

to us as they have the potential to explain the motivation behind both the decision to move and where to move. It is not possible to trace the motivations for those who migrated over ten years ago as significant changes in their individual characteristics as well as the characteristics of their destination district would have arisen. Over 60% of all internal migration in Pakistan flows in the direction of urban centers either from a rural district or from another urban district. The other direction flows (urban to rural and rural to rural) are relatively unimportant and therefore do not present any motivation for analysis. As mentioned earlier, the LFS details the primary motivation for migration. We will be carrying out a cumulative analysis with reference to specifics about economic migrants where appropriate.

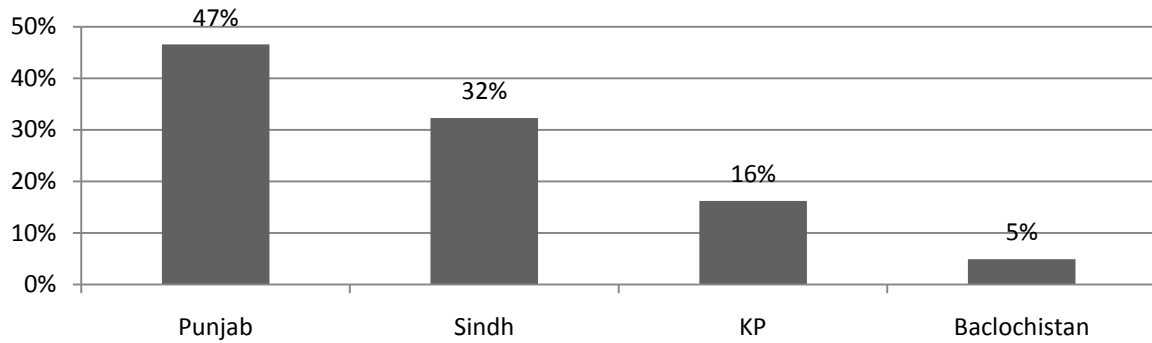
Both direction of migration, rural-urban (UR) and urban-urban (UU) are equally important for the case of Pakistan, each accounting for over 32% of the flows. It is expected, a priori that the determinants of the motivation as well as the district of interest will vary considerably across the two types of decisions. Along with it will vary the characteristics of each type of migrant. A common trend observed in both flows is the pull of the major cities of Pakistan (provincial and federal capitals). More than half of all migrants going to urban centers move to these cities highlighting the importance of these centers and thereby raises concerns of overcrowding.

5.1 Rural – Urban Flows

About half of all RU migrants move to an urban dwelling in Punjab (see Figure 1). Therefore, out of the top ten receiving districts in the country, 4 out of the 7 districts (other than the provincial capitals- Lahore, Karachi and Peshawar) are from within Punjab. This can be attributed to the status of the province as the most prosperous region within the country. An overriding majority (80%) are people moving from within the province for both the case of Punjab and Sindh pointing to the relatively lower mobility of rural migrants.

Karachi, the largest metropolitan centre of the country, has the highest number of in-migrants as a percentage of its population. We could postulate that is tied to the fact that it is also the highest ranked district according to the HDI (later we will test this hypothesis empirically and in separate analysis. At a disaggregated level, it also tops the list for migrants from rural areas motivated to move by economic reasons.

Figure : 1 Rural-Urban migration: Percentage of people migrating to each Province



The appearance of the Southern Punjab districts of Bahawalpur and Multan in the top ten for migration motivated by both economic as well as better social sector facilities is interesting. These districts seem to be forming a hub for people moving out of the rural areas with the overriding majority coming to these urban dwellings from the same region. Historically, South Punjab and North Sindh used to be characterized by low mobility of rural populace due to bonded labour structure which seems to have been broken in Southern Punjab.

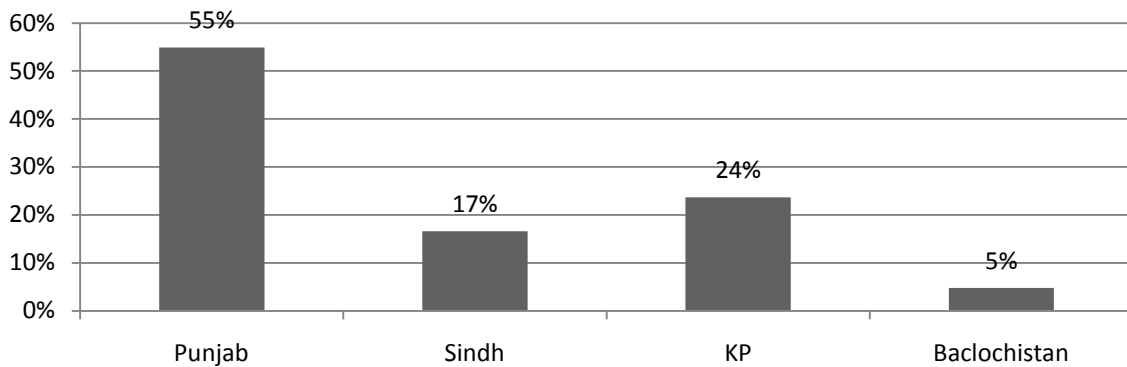
5.2 Urban – Urban Flows

The considerations and the pull factors for UU migrants vary considerably from that of RU migrants. The differences in the standard of living do not remain as obvious and the characteristics of the migrants are also different. Past studies point to the relatively greater mobility in terms of distance for these type of migrants. As with RU migrants, half of all UU migrants move to an urban centre within Punjab. However, KP trades place with Sindh to be the second largest recipient (see Figure 2). The dominance of districts of Punjab continues in the top ten districts with only Kohat and Hazara making it to the list other than the provincial capitals.

Peshawar tops the list as the district with the highest proportion of UU migrants in the country. However, nearly all migration to the urban centers of KP is from the same province (93%). This comes as no surprise given the low level of development of the province as evidenced by the highest HDI rank of any district from KP being 25 for Mardan and provincial capital appearing at a low of 48 amongst the 98 districts in the country. The problems in KP have been augmented by the serious security issues that have plagued the province recently. The migrants from the other provinces do not have any incentive to make the move to the province. They not only have to overcome the cultural but also the physical

distance to the province. They will not have any incentive unless there is some economic or infrastructure pull. This presents an interesting indicator of the kind of motivations that play a part in the migration decision

Figure: 2 Urban-Urban migration: Percentage of people migrating to each Province



5.3 HDI

Attempt to explain the pattern of migration in Pakistan based on the HDI rankings of the districts fails to provide any meaningful results. Karachi, the largest metropolis of the country, also has the highest HDI. Apart from this notable exception though, there appears to be no correspondence between the rank of the districts in terms of proportion of in-migration and the level of development as indicated by their HDI rank. This can be attributed to a multitude of factors, foremost being the simultaneous play of economic and social sector development motivations in the decision to migrate. The provincial capitals irrespective of their level of rankings are natural points of convergence due to their size and existence of social networks. For smaller districts, improvements in HDI might play a reverse role. It can contribute to increasing the mobility of the inhabitants through the increased educational levels, thereby resulting in net out migration from the district. This appears to have been the case in Pakistan where Jhelum, Haripur, Abottabad and Sheikhupura are four out of the five highest ranked districts (in descending order) according to HDI but none make an appearance as an important recipient of migrants in the country (for both type of flows)¹⁴. From this it is safe to infer that it is not the relative social sector development of districts that impacts a migrant's decision but rather other factors like employment opportunities, existence of social networks etc.

¹⁴ These districts have high out migration rates validating the earlier hypothesis of high HDI in fact increasing the mobility of inhabitants of smaller districts

6. Empirical results

In order to ascertain the important factors that contribute to a rural migrant's decision to migrate to a specific district, a range of demographic and economic factors are controlled for. These are used to explain the differences in in-migration rates of some of the important districts of the country. The results (see Table: 1) reveal that unemployment rate in the destination district has the largest impact as a choice variable for a migrant. The level of employment in the district reveals the possible economic opportunities that are available. Therefore, a lower unemployment rate in a district would send a positive signal to the migrant. The coefficient turns out to be significant and negative; implying that on average a one percentage point difference in the unemployment rates of districts are likely to lead to a 0.163 percentage point difference in in-migration rates. This establishes the importance of the relative economic opportunities available in districts as an important explanation for the choice of a rural inhabitant to migrate to a specific urban district.

In addition, the degree of urbanization turns out to be a significant factor in attracting migrants. This in turn can contribute to the even greater growth as compared to lesser urbanized districts as people converge towards these districts. Our result is consistent with the earlier findings of Barkley (1991) who found level of urbanization to impact migration rates positively. His findings suggest a much greater impact that may be attributable to differences in time period under consideration in both studies. Urbanization is likely to have been a stronger pulling factor in the 1970s than today owing to the relatively lower development of rural areas.

Interestingly, rural migrants seem to be attracted more towards districts with higher levels of population densities. While a more densely populated district would have a lower capacity to absorb more people, they might also have stronger network linkages for migrants which outweigh the overcrowding consideration. Past literature has emphasized on the crucial role played by kinship and ethnic groups, extended families and informal social networks¹⁵.

Owing to considerable inter provincial differences in the country, it was important to control for the province in which a district is located as a likely factor in a migrant's decision making process. As discussed earlier, Punjab the most populated and prosperous province in the country is the largest recipient of migrants and therefore serves as our base case. Results reveal that districts in both Sindh and Balochistan have, on average, lower migrants coming

¹⁵See Haas (2010) and Gazdar (2003)

Table 1: Results for OLS estimation

| | (1) % of urban migrants in the district | (2) % of rural migrants in the district |
|------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Unemployment rate | -0.24 (0.050)* | -0.16 (0.081)* |
| Education Satisfaction | -0.02 (0.494) | -0.03 (0.156) |
| Urbanization | 0.0006 (0.003)** | 0.0003 (0.063)* |
| Population density | - | 1.63e-06 (0.072)* |
| HDI | -0.06 (0.284) | - |
| Electricity provision ⁺ | -0.0324312 (0.233) | - |
| Balochsitan | -0.03 (0.011)** | -0.017 (0.019)** |
| Sindh | -0.02 (0.006)** | -0.014 (0.05)* |
| KP | 0.01 (0.087)* | 0.006 (0.96) |
| Constant | 0.09 (0.048)** | 0.037 (0.026)** |
| Sample Size | 28 | 28 |
| Adjusted R squared | 0.4190 | 0.4917 |

p-values in parentheses, *Significant at 10%, ** Significant at 5%

+ Electricity provision was included for RU migration as well but due to inconsistent results was dropped out of estimation. A rural inhabitant would be assured of a better state of public utilities in all urban districts and therefore the variable does not have explanatory power in explaining the choice of urban district to migrate to.

HDI of the lowest ranked district in Punjab¹⁶), thereby making them less attractive than districts in the rest of the country. The case of Sindh presents a conundrum given the in as compared to Punjab. For the case of Balochistan, this is highly expected given the low level of development of the districts (Quetta itself has an HDI of 0.5397 which is lower than presence of the largest urban centre of the country (Karachi) in the province. A possible explanation is the absence of other large dynamic urban centers in the province as compared to Punjab. Also, an overriding majority of rural migrants move within the same province in Sindh but the numbers are small possibly due the internal dynamics of rural Sindh. There are no significant differences between Punjab and KP which is surprising as districts within KP are much less developed both economically and in terms of social sector facilities.

Controlling for social sector development differences in the districts showed insignificant contribution of these factors in a migrant's decision. One possible explanation is that most migration out of rural areas in the country is motivated by economic considerations rather than a desire to seek improved access to these facilities. The other explanation is that the relative differences in the social sector development are not important to a rural inhabitant who would be improving upon his/her existing situation no matter which district s/he chooses to move to.

Motivated by the discussion earlier which established the differences in the factors that will impact an UU migrant as compared to a RU migrant, a separate analysis is carried out. As before Balochistan and Sindh attract fewer migrants than Punjab. However, now the migrants into districts of KP are greater in number than those migrating to Punjab. It could be just that the migration rate is high owing to the smaller populations of these districts, rather than a strictly greater absolute number of migrants. As before, unemployment rates and the proportion of people living in urban areas continue to play a significant role in the differences in the in-migration rates of districts. Once again, the controls for differences in social sector development/satisfaction of districts turn out to be insignificant. This is particularly surprising given the a priori expectation that a mobile urban migrant is likely to factor this into his/her decision.

Clearly, migrants going towards urban districts of the country are motivated by the greater access to economic opportunities available rather than the degree of access to education and health facilities. For a deeper understanding of this, we would require a disaggregated

¹⁶ Jamal and Khan (2006)

analysis based on the income levels of migrants. The majority of low income migrants would give a greater consideration to improving their economic status rather than give weight to the availability of these facilities. On the other hand, higher income groups who give weight to these consideration would in most likelihood be unaffected by public sector provision of these facilities. Their primary concern would be the relative differences in quality of these provisions by the private sectors. Therefore, for both groups of migrants we find little or no evidence of the differences across districts in quality or quantity of these services motivating migration.

7. Conclusion and Policy implications

In light of the recent 7th NFC awards, the move towards greater decentralization raises concerns regarding the migration patterns that might emerge as a result. It is expected that people will vote by their feet, moving to districts that receive a disproportionately higher share of social sector funds. In deciding to move, the migrant would consider the tax implications of such a move¹⁷. This part of the Tiebout process becomes relevant if differing tax structures are prevalent across districts or jurisdictions.

This study indicates that individuals are not considering the social amenities when they decide to migrate. Instead migration seems to be led by the motivation of improving the economic status as opposed to easy access to public utilities. One possible explanation that stems from this paper is that for the low-income migrants the possibility of a higher income outweighs social considerations. The higher income groups, while having a higher consumption of services like health and education have a greater propensity to rely on the active private sector for such services. Hence, overall migration patterns highlight the importance of economic, and not the social, considerations in the decision.

Among the other characteristics that can contribute to such migration patterns are size and the cultural diversity of Pakistan which makes it hard for individuals to have homogenous utility functions. Cultural and linguistic barriers can play just an important part in inhibiting migration as taxes would in the Tiebout process in providing migration incentives.

The migration patterns also suggest heavy concentration towards the provincial capitals. If Punjab is indeed the largest recipient of the federal funds, with the metropolitan cities

¹⁷ Oates (1969)

receiving a disproportionately high share within these provincial funds, we expect the influx of migrants and their resulting problems to be exacerbated.

With fiscal decentralization, provinces now have the right to undertake resource generating projects. If, sometime in the future, provinces do engage in such projects they are likely to generate revenues through the imposition of province-specific taxation structures, for example, distinct tourism, horticulture and road maintenance and entertainment taxes. This would result in more choice being made available to migrants as far as the costs of migration in the Tiebout process go. On the plus side we also see that economic pull is the primary determinant and, therefore, one natural conclusion to draw would be to enhance the economic opportunities and absorption abilities of other districts to prevent further polarization, and perhaps, reverse it..

Policies to deal with migration can be generally classified as negative, manipulative and preventive. Negative policies seek to actively limit the internal migration rate through actions such as enforced resettlement from urban to rural areas, bulldozing of squatter settlements and closing off of cities to new migrants. China has had a strict control on urban migration and growth through forced movement of urban developers to the countryside.¹⁸ In the 1970s, Venezuela followed a more manipulative approach through policies facilitating urban, industrial and administrative decentralization. Proponents of the manipulative approach consider migration to be inevitable and even desirable in some cases; hence there is potential of value addition from the redirection of migration flows. Malaysia, on the other hand, tried its hand at a preventive approach through its rural urbanization scheme. Preventive approach involves an expansion of the rural labor market and land available for tenancy to reduce the 'push' factors at home and the appeal of the 'pull' factors at the destination area.¹⁹

In establishing the new capital city of Islamabad in the 1960s, Pakistan did manage to create a new growth pole; thereby, effectively diverting migration flows towards it. However, it was not a policy geared towards managing internal migration in the country and any effects it did have on the redirecting of migration flows have now been neutralized. In wake of recent developments (7th NFC award), the management of internal migration has become pertinent. It would be perhaps be suitable for Pakistan to attempt to divert migrants away from provincial capitals towards other potential urban centers or a possible polarization reversal

¹⁸ Parnwell (1993)

¹⁹ Afser (2003), Farooq and Cheema (2005)

through land reforms. With greater control at the provincial level on the kind and quality of social sector provisions, it is now possible and easier to implement a policy tailored to district, specific needs.

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