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## **Linking Socioeconomic Conditions and Willingness to Pay for Economic Development in Sindh, Pakistan**

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### **Abstract:-**

*This study was designed to investigate the socioeconomic situation of local population of district Tando Allahyar through basic facilities, housing, employment, and income indicators, because the social existence is directly proportional toward willingness to pay for socioeconomic development. Thus, primary data were randomly collected from 300 respondents based on multi-stage random sampling method from all three Talukas of the district. The results revealed that majority of respondents were literate (58.3 percent), married (91.7 percent), and residing in pacca houses (52 percent) with an average family size of seven persons. Majority of the respondents (51.76 percent) were engaged in farming activities followed by merchants, government servants, laborer, drivers, landlords, etc. The income of the respondents mostly spent on food (43 percent), transportation (14 percent), health (11 percent), etc. Results further show that about 89.3 percent of respondents were ready to pay for better education, for prayer halls (81 percent), for collective security guards (78 percent); where, Less than 66 percent of them were willing to pay for emergency health center, animal dispensary, street repair, social activities, dustbin placement, children park, construction of community center, etc. During the field survey, it was observed that roads, schools, and dispensaries were in poor conditions; thus, it is suggested that the infrastructure must be improved in order to link local population with city centers and to bring more children to the schools, which can't only increase the literacy, but their income and quality of life.*

**Keywords:** Socioeconomics; Willingness to pay; Development; Sindh; Pakistan

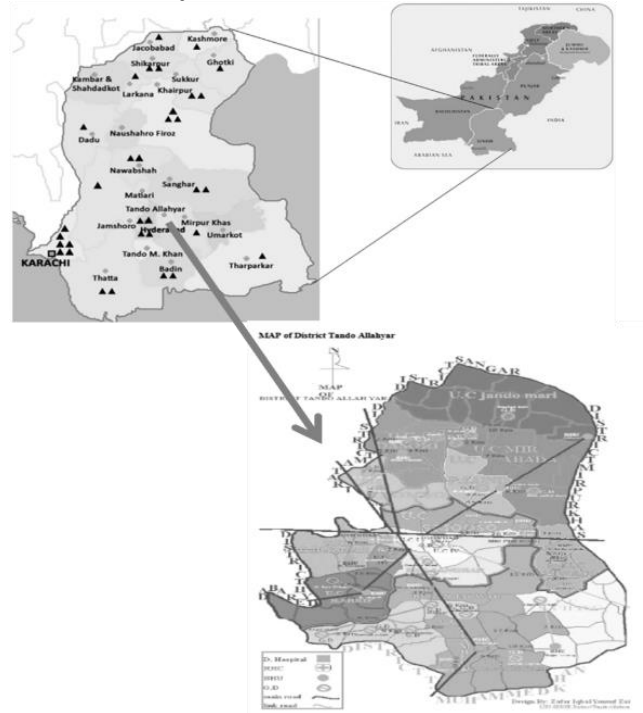
## 1. Introduction

Modern societies can be recognized through their socioeconomic conditions, their awareness regarding the basic amenities as well as through their spatial development. Socioeconomic analyses expose that how people are enjoying in possible choices regarding their possessions, belonging, entitlements and activities (Haq, 2004). The socioeconomic concepts may be learnt from characteristics of population, their housing system, from conditions of available infrastructure, and from their market systems (Sen, 1992). The socioeconomic conditions of people living in developing countries like Pakistan are mainly related with their agriculture and the agro based industries (Feinerman and Finkelshtain, 2003; Diana *et al.*, 2002). The agriculture contributes about 19.8 percent of the GDP, and hiring 42.3 percent of the labor force, where the contribution of this sector is decline since last four decades (GOP, 2018). Since the sector is backbone of the rural economy, where decline of the sector has greatly affected the rural income and ultimately the rural development (Magsi *et al.* 2015). In Pakistani rural settings, less development is mainly due to keeping local actors far away from basic amenities like clean potable water, health services, education, energy, and sanitation measures (Ahmed *et al.*, 2013). Thus, the condition is not only depriving local communities especially in the rural areas of Pakistan like other developing countries, but also lowering their incomes (Mulyanto and Magsi, 2014).

The situation of low income not only decreases the capacity local population towards their will for local development, but also leads to poverty. The willingness to pay (WTP) is influenced by economic, socio-demographic characteristics and the characteristics of the good itself (Whittington *et al.* 1990). Theoretically, WTP for any advancement depend on the awareness and civic sense of population (Gunatilake *et al.*, 2006). Hypothetically, the low income may lead to lesser willingness to pay as it is directly related to the law of demand.

The literature further suggests that there is need to investigate the magnitude of development, opportunities, and options for basic amenities to the local population as well as their self-help for local development in rural Sindh (Pakistan). Therefore, the TandoAllahyar district was selected for this study, which is located in the southern part of Sindh province near Hyderabad (see figure 1). The study is based on the following objectives, which are: (i) to explore household characteristics, sources of income and expenditure, available basic amenities; and (ii) the willingness to pay of respondents for local development in the study area. The finding of this study will help policy makers to develop strategies for improvement of living standards of the local population.

**Figure 1: Map of TandoAllahyar district of Sindh (Pakistan)**



## 2. Methodology

The study was conducted in the TandoAllahyar District of Sindh (Pakistan), because of its deprived socioeconomic conditions. The present study was carried out by descriptive research method; the survey was conducted by a multistage random sampling method. At first stage, the District TandoAllahyar was selected, because of its retarded socioeconomic development; the district is comprised over three sub-districts (Talukas) Chambar, Jhando Mari, TandoAllahyar. At the second stage, five villages from each Taluka were randomly selected; and on the third stage from each village twenty respondents were interviewed during field surveys. Thus, the sample size was 300 for this research.

To achieve the objectives of this research, a detailed questionnaire was designed. The questionnaire contained information on demographic characteristics of the respondents, their literacy rate, available basic amenities, infrastructure, economic activities, household income as well as expenditure on various food and non-food items and the willingness to pay (WTP) of the respondents towards local development. For WTP, the respondents were asked that are they ready to pay for communal development at their surroundings, once they said "YES", they were asked to pay in cash the of Rs.500 right now. Only those respondents were considered for their will of development that had paid the amount in cash, where the amount was returned to the person once interview was completed. The respondents were personally interviewed in their homes. Although the questionnaire was developed in English, but it was administered in the local language (Sindhi), to have maximum and more accurate information from the respondents. Once the data collected, were tabulated, and treated as frequency distribution, descriptive statistics, and exploratory analysis through Microsoft Excel.

**3. Results and discussion**

This section depends on the finding regarding socioeconomic indicators of the households their sources of income and expenditure, available basic amenities; as well as their willingness to pay for local development in the study area.

**3.1. Descriptive statistics of the respondents**

The inference from the results shows that about 92 percent of the respondents were married; where the average age of the sampled respondents was about 38 years; this indicates that they were experienced, and they could make any mature decision in their personal and professional lives. While their average family size was seven persons per family (including the parents, 3 boys and 2 girls); in fact, this family size is higher than the national family size, which is six persons per family (GoP, 2020). This has encouraged asking that what ages of parents at the time of marriage were. Where the average age at marriage time for male was 19 years and for female was 17 years. This seems that too early marriages were taken place in the study area. Almost similar results were also obtained by Haq (2007), where he has found that the early marriages are taken at greater extent in rural areas of the country.

Education plays an important role in the making of any nation, if people are literate, they can contribute efficiently and innovatively. Similarly, in the study area more than half (58.3 percent) of the respondents were literate, but only 8 percent of them had education up to university level, which indicates that they might be unaware of higher education. In the study area, pacca (cemented) and katcha (muddy) houses were mostly used for dwellings, where 52 presents of the respondents were living in Pacca houses, with on average 19 years old homes. On the other hand, about 20 percent of the respondents were living in rented houses, with average monthly rent of Rs. 4000. These results coincide with Morio (2006), who has found that 45.5 percent of the respondents had mix houses, whereas 35 and 19.5 percent had katcha and pacca houses, respectively. Details on the characteristics of households can be referred table-1.

**Table-1: Descriptive statistics of the respondents**

<i>Description</i>	<i>Statistics</i>
Age of the respondents (years)	38
Married (percentage)	91.7
Family Size (numbers)	7
Age at marriage (male) (years)	19
Age at marriage (female) (years)	17
Male children (number)	3
Female children (number)	2
Literate (percent)	58.3
Pacca houses (percent)	52
House age (years)	19
Rented houses (percent)	20
Rented/month (rupees)	4000

**3.2. Income sources and amenities**

The people of TandoAllahyar are mostly depending on cultivation of crops and raring the animals. Infect, in the study area the families were engaged as daily wage laborer, merchant, government employer, driver, landlord etc. It was also observed that 52

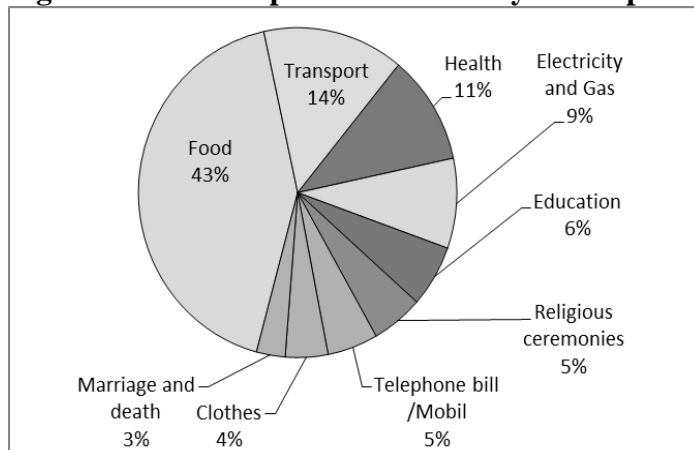
percent of the families were engaged directly or indirectly in agriculture and 45 percent had other occupations, while their average monthly income was about Rs.18415 (see table-2). Similarly, Bajkani (2007) had reported that in Sindh province the people are mostly engaged in agriculture followed by livestock herding, fishing, etc., with an average monthly income about Rs.17412. This poses a question that even after a decade, why there is no significant change in the income of rural communities? May be their expenditure on inputs has been increased or the price of the product has not been increased.

**Table-2. Income sources of the respondents**

<i>Occupation</i>	<i>Percentage of respondents</i>	<i>Average monthly income (Rs.)</i>
Farming	51.67	15,443
Labour	13.33	12,857
Government Servant	11.67	17,257
Driver	11.67	15,578
Merchant	8.33	16,857
Land-lord	3.33	32,500
Average total income	100.00	18,415

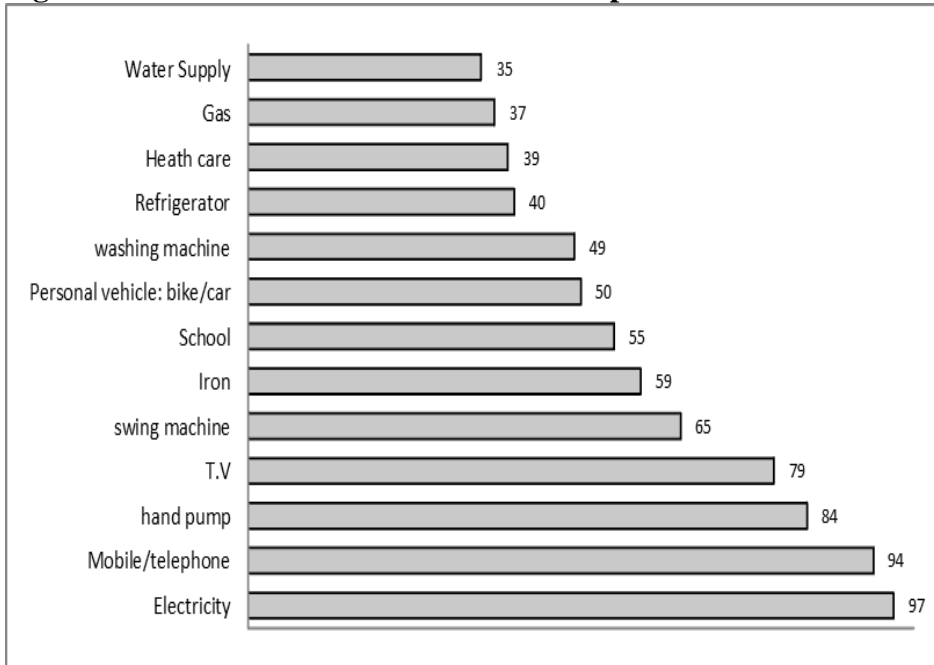
Household consumption expenditure refers to all capital spent by the household and personage members on goods and services anticipated for consumption. Further analysis shows the consumption guide among different income classes according to their desires and choices. In the study area, respondents spend 41 percent of their income on food annually, while 14 percent on transportation, 10.58 percent on health, on electricity and gas about 8.70 percent, on education about 5.99 percent, expenditure on religious ceremonies were 5.17 percent, about 5.06 percent on communication, 4.26 percent, etc. (see figure 2). In developing economies like Pakistan no progress could be achieved without maintaining basic infrastructure, literacy level, nutritional intake, and general health. Therefore, the planning regarding public health and schooling should be top priority of the country (Memon *et al.*, 2015).Majority of the respondents pointed out that sometimes they borrow money from family members, neighbors, and friends, to meet their expenditure on additional social and religious ceremonies, which is considered as the sources of their entertainment.

**Figure2. Annual expenditure made by the respondents**



Whereas the respondents in the study area were also asked about availability and accessibility of basic amenities; thus, their responses show that majority of them were satisfied for electricity, mobile, and hand pump, while they found unsatisfied for rest of the available facilities (figure-3). In fact, sanitary and poor infrastructure were found to be serious issue in developing countries like Pakistan (Mulyanto and Magsi, 2014; Gurung, 2005; Sangwan and Chauhan, 2002).

**Figure 3. Basic amenities available to the respondents**



### 3.3 Willingness to pay for development

This subsection gives emphasis over willingness to pay, and to expose that how much the local population was willing to pay for infrastructural development in the study area.

#### 3.3.1 Theoretical perspective

Usually, the economists focus on income and goods' consumption to evaluate the wiliness to pay. When people think to pay for infrastructural development on self-help basis, their choices and options can be constrained by their disposable income. Accordingly, it might be correlated to the money which the people might be spending for the development of their surrounded infrastructure to argument the quality of life. Where people enjoy using public goods can be considered as another contributing factor related to the economic concept of its value.

For example, any landscape or scenery is being visited by number of people having instrumental value that is also called an ecosystem valuation. The reason people enjoy that landscape means it is augmenting their wellbeing. There exist a "use values" of the good, because it is directly proportionate to the individual's happiness and the landscape. On the other hand, it will remain only "knowledge", if the good is not being used or enjoyed by the individual, in this case it will be expressed as "non-use values". Thus, the link between wellbeing and use values can only be stronger when willing to pay for use of the good is more than its non-users (Carson *et al.*, 2001)

Asian economist Sen (1992) has argued that an ideal society would provide individuals with both the freedom and the opportunity to choose a lifestyle they

valued. Furthermore, Pritchett et al. (2013) were in opinion that public organizations, which function according to meritocracy standards and professional norms would lead to social transformation or quality of life. As such economic growth and development presumes that local institutions are in place and are well functioning. It can be said that without these institutions the community could not be ready to undertake economic development initiatives, so that the people could contribute to the activities on self-help basis for tangible and intangible development.

### 3.3.2 Willingness of local people for their development

In fact, the study area was lacking overall economic development including health, education, sanitation, and transportation facilities. In this regard, when the respondents were asked that “are they ready to develop their surroundings or not”? At first instance, all of them agreed that they are willing to contribute for development of their territory. But, when they were asked to pay “Rs.500 right now”, their responses have been changed, as only 268 out of 300 respondents were really willing to pay for better education. On the other hand, where only 243 respondents were agreed for the construction of Mosque (prayer hall). About 234 respondents were willing to pay for security guards, since they were long disturbed by the bribe and theft. In rural areas of the country, the health issues either related to human or animals are normally reported by the literature (Memon *et al.* 2015); therefore, near about 200 respondents were willing to pay for opening of an emergency health center and animal dispensary. While less than 50 percent of the respondents were willing to pay for street construction, social activities, dustbin placement on the streets, Children Park, etc., (see table-3). This all shows the level of communal civic sense and sincerity of local population towards collective efforts for their territorial development. According to Magsi *et al.*,(2016) the people of rural Sindh are lacking civic sense, but they are really thinking of better livelihood standards, where they need a proper counseling in this process.

**Table 3: Willingness to pay for economic development of the respondents**

<i>Willing to pay Rs. 500 for...</i>	<i>Agree</i>	<i>Disagree</i>
Better education and schooling (hiring of teachers and common transportation for schooling and religious education)	268	32
Construction of Mosque/Masjid	243	57
Collective Security guards	234	65
Emergency Health Centre (ambulance service)	198	102
Animal dispensary	182	118
Street construction (street electricity, street water sewerage)	149	143
Social activities (parties, function ceremonies)	128	172
Dustbin placement at the street	54	246
Children Park	47	253
Construction of community center	32	268

## 4. Conclusion and suggestions

Socioeconomic conditions of any community/society can play vital role to determine the awareness level of people regarding their personal and communal sense of

development. From present study, it is concluded that majority of the respondents were depending on agriculture, living in low socioeconomic conditions, and lacking in spirit of volunteerism or sense of local development based on self-help.

It was evaluated that the family size was seven persons per family, which is larger than national family size, which is six, this might be due to early marriages were taken place in the study area. During field visits it was also observed that infrastructure (roads and schools) was in poor condition in the region; it is suggested that conditions of roads and schools must be improved, in order to link local population with city centers and to bring more children to the schools. It was also observed that more than half of the income spent on food and transportation (41 percent +14 percent), and almost half of the population (48%) were living in kacha houses, due to lower sources of income. Hence, they need help from government through income support programs not only to construct pacca houses, but also to boost their income and livelihood. From the results it was observed that local population is not as motivated as it was expected, towards infrastructural development, it might be the cause of their lower income and higher expenditure. Theoretically, it is also proved that the disposable income of local community leads them to pay for their comforts. In fact, majority of the respondents were willing to contribute for education (89.3 percent), for prayer halls (81 percent), collective security guards (78 percent), health centre (66 percent) and animal dispensary (61 percent). It seems that they were willing to pay for necessities rather comforts; where, while less than 50 percent of the respondents were agreed to contribute about quality life, which shows that their disposable income does not allow them to contribute. Therefore, it is suggested that government should not only develop infrastructure, which is its prime responsibility to safeguard the citizens, but also play a vital role to augment their income through job creation that they may go for quality of life.

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