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POPULATION BULLETIN

POPULATION RESEARCH CENTRE, IBA SESS

WHAT'S INSIDE THIS ISSUE:

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- Human Capital Stagnation and Youth Employment Challenges in Pakistan: Evidence from the Labour Force Survey 2024-25



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NEWS FROM THE OFFICE OF PRC

MICS Workshop

PRC conducted a workshop on the Multiple Indicator Cluster Surveys (MICS) on October 31st, 2025 at IBA as part of its Young Researchers Workshop Series. The session was attended by students and early-career researchers with an interest in population, health, and social data (from IBA, SZabist, AERC). MICS is a widely used and highly valuable dataset that provides robust, nationally representative indicators on maternal and child health, education, nutrition, and living standards, making it an essential resource for policy-relevant research. The workshop introduced participants to the scope, structure, and practical applications of MICS data, helping them understand how it can be used for evidence-based analysis. Facilitated by Muhammad Kazim Jafri, the session was highly interactive, and participants found it both informative and engaging. The workshop reflects PRC's ongoing commitment to capacity building and strengthening data-driven research skills among young scholars.



Media Engagement

- As part of its public outreach and knowledge dissemination efforts, the Centre's Director, Dr. Khadija Bari, took part in two televised media engagements. The discussions examined how Pakistan's expanding economy is influencing employment opportunities, labour market dynamics, and broader economic outcomes, particularly in the context of rapid population growth. They highlighted the growing pressures on job creation, skills development, and economic resources, while emphasizing the importance of evidence-based population and labour policies.
- Dr. Lalarukh Ejaz participated in an episode of Women Entrepreneurs of Asia, where she highlighted the structural barriers faced by women entrepreneurs in Pakistan. The discussion noted that despite women comprising nearly half the population, only about 1% engage in entrepreneurship, reflecting deep systemic constraints. She emphasized the need for more inclusive policies and institutional reforms to support women's economic participation.



<https://www.youtube.com/watch?v=oPAYtcxeIIA>

- Dr. Khadija Bari, in her article the Misogyny's Polite Face published in Dawn, argued that workplace discrimination against women often operates in subtle, socially accepted ways. She highlighted how women are symbolically included but excluded from real decision-making, with their contributions undervalued. The article emphasized that meaningful gender equality requires structural institutional change, not just surface-level inclusion.

<https://www.dawn.com/news/1966708>

Research Publication

- PRC research fellow Neelma Faraz's coauthored paper "From Buckets to Better Meals: Piped Water Access and Household Food Consumption in Pakistan" was published in the Asian Development Review. This research contributes significantly to the understanding of infrastructure development and its direct correlation with household welfare and nutritional outcomes.

<https://doi.org/10.1142/S0116110525500283>

- Members of the Population Research Centre contributed to a study now published as a working paper titled "Determinants of Fertility Behavior in Pakistan: A Meta-Analysis for Evidence-Based Policy." The paper applies a meta-analysis approach to identify key determinants of fertility behaviour in Pakistan. It is accompanied by a policy brief that translates the findings into actionable insights for evidence-based policymaking.

https://sdpi.org/determinants-of-fertility-behavior-in-pakistan-meta-analysis-for-evidence-based-policy/publication_detail

https://sdpi.org/what-derive-fertility-behaviors--policy-insights-from-a-meta-analysis/publication_detail

- A policy brief based on the first round of the Climate Dialogue Series titled "Climate, Health & Population Vulnerability," convened on May 27, 2025 was published. It synthesizes key discussions from the dialogue and highlights policy-relevant challenges and potential solutions at the intersection of climate change, health, and population vulnerability at

www.prc.iba.edu.pk/policybriefs.php



Network Engagements



Members of Team PRC remained actively engaged with research and policy networks through a number of interactions and events

- Informal interactions were held with members of the Population Research Centre IBA network to exchange ideas on ongoing research, emerging population issues, and potential collaborative initiatives.
- A research team from the Sustainable Development Policy Institute (Dr. Kashif Salik and Mr. Ahad Nazir) visited PRC, where the Centre hosted the delegation and facilitated aspects of their fieldwork, including support in conducting interviews, while also discussing possible avenues for collaboration.
- Representatives from PRC participated in the conference organized by the Pakistan Association for Population in Islamabad.



- Participation in the Sindh Mixed Data Gap Assessment Workshop organized by the Sindh Bureau of Statistics in collaboration with UNICEF, which focused on identifying key data gaps and strengthening data systems in Sindh.
- PRC working paper was presented by Mr. Masood Siddiqui at the D4D Symposium held in Islamabad.

Training and Capacity Building

Members of team PRC had the opportunity to attend two significant training sessions aimed at enhancing the skills in data interpretation visualization and application to policy making



- **Advanced Demographic Research Workshop by Population Council** – this two-day training workshop aimed to strengthen researchers' capacity by introducing emerging global trends, new data sources, and advanced analytical approaches in demographic research. The sessions covered themes such as population growth and resource constraints, demographic transitions, migration and economic dynamics, spatial demography, and social determinants of health.



- **Demographic Analysis using R (17–21 November 2025, Lahore)** – Organized by Sustainable Development Policy Institute (SDPI), this training workshop provided hands-on exposure to using R for demographic data analysis, including population indicators, data management, and visualization techniques.

The sessions strengthened participants' analytical skills in working with demographic datasets while also creating opportunities for knowledge exchange and networking with researchers and practitioners working in population and development research.

HUMAN CAPITAL STAGNATION AND YOUTH EMPLOYMENT CHALLENGES' IN PAKISTAN: EVIDENCE FROM THE LABOUR FORCE SURVEY 2024-25

By: Team PRC

Introduction

Pakistan currently stands at a decisive demographic precipice. With a youth population of 46.3 million individuals aged 15-24, constituting 18.5% of the total population, the country possesses a potential demographic dividend of monumental proportions. This youth bulge theoretically offers a window of opportunity to accelerate economic growth. However, evidence from the newly released Labour Force Survey (LFS) 2024-25 suggests that this window is rapidly closing.

Human capital is the foundational bedrock for sustained economic development. While regional peers have leveraged their populations to climb the value chain, Pakistan's human capital development has stagnated, with 80% learning poverty and a Human Capital Index of 0.41. This translates into poor labour market outcomes: youth unemployment has climbed to 12.5%, the informal sector dominates with 80.8% of employment, and wage growth has failed to keep pace with inflation. This essay analyzes Pakistan's human capital landscape using LFS microdata, and relevant development indicators, examining the employment crisis, skills mismatch, and urgent policy imperatives.

Pakistan's Human Capital in Regional Context

To understand the current crisis, one must look at the historical trajectory of human capital accumulation. Data from the Penn World Table 11.0 depicts a widening divergence between Pakistan and its neighbors. In 1970, Pakistan's Human Capital Index (HCI) stood at approximately 1.2, comparable to other developing Asian nations. By 2025, Pakistan's HCI is estimated at 1.75, representing a stagnation that contrasts starkly with regional growth.

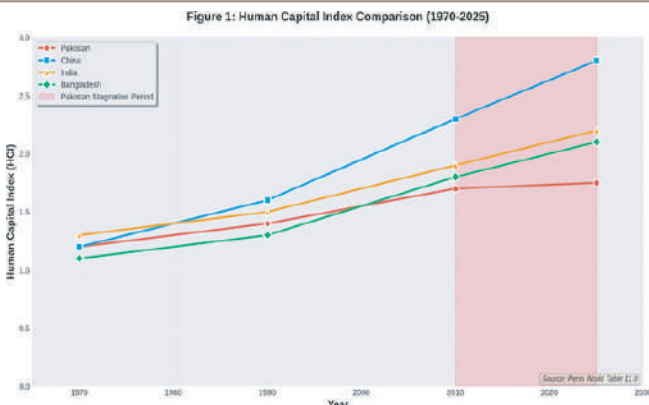


Figure 1: Human Capital Index Comparison (1970-2025) - Pakistan, China, India, Bangladesh Source: Penn World Table 11.0

China surged to an index of over 2.8 by 2025, prioritizing human capital as a central development pillar. India (2.2) and Bangladesh (2.1) have also steadily outpaced Pakistan. This gap represents a fundamental difference in productive capacity. The stagnation is underpinned by critical failures in human development. World Bank data shows "learning poverty" at 80%—nearly four out of five children unable to read a simple text by age 10, compared to 55% in India and 52% in Bangladesh. Pakistan's score on the 2024 Human Capital Index (0.41) ranks among the lowest in South Asia. Health indicators compound the crisis: life expectancy (68 years) lags regional averages, and neonatal mortality (38 per 1,000) remains stubbornly high. IMF estimates suggest this human capital deficit costs Pakistan 1-2 percentage points of potential GDP growth annually.

Youth Labour Market Crisis

The LFS 2024-25 estimates the youth population (15-24) at 46.3 million, an increase of 4.5 million since 2020-21. This expansion exerts immense pressure on the labor market. While employed youth increased from 16.2 million to 18.4 million, the youth unemployment rate worsened, rising from 11.1% to 12.5%. The economy is creating only 3.1 million jobs annually against 3.5 million new labor force entrants (entrants across all age groups), leaving a structural deficit.

Table 1: Youth Labour Market Indicators Comparison (2020-21 vs 2024-25)

Indicator	2020-21	2024-25	Change
Youth Population (15-24)	41.8 million	46.3 million	+4.5m
Employed Youth	16.2 million	18.4 million	+2.2m
Unemployment Rate (%)	11.1%	12.5%	+1.4 pp
NEET Rate (%)	32.5%	28.4%	-4.1 pp

Source: Labour Force Survey 2020-21 & 2024-25, Pakistan Bureau of Statistics

Gender dynamics reveal concerning trends: male youth unemployment surged from 10.0% to 12.3% as formal jobs disappear, while female unemployment declined from 14.4% to 13.2%—but this reflects absorption into informal, low-wage work rather than genuine progress. With female labour force participation at only 23.3% (versus 65.7% for males), most young women remain economically excluded. Regional disparities are acute: Khyber Pakhtunkhwa faces the highest youth unemployment (15.4%), followed by Punjab (12.9%), Balochistan (11.6%), and Sindh (11.0%). The NEET crisis is even more severe, with Balochistan at 36%, followed by KP (32.7%), Sindh (32.0%), and Punjab (24.8%), reflecting deep structural exclusion across provinces.

Youth Labour Market Snapshot



Figure 2: Youth Labour Market Snapshot - Key Indicators Comparison
Source: LFS 2024-25, Pakistan Bureau of Statistics

Structural transformation remains anemic. Agriculture's employment share declined marginally to 35.1%, while services expanded to 39.9%—but this shift reflects "premature deindustrialization" rather than productivity growth. Most critically, 80.8% of all employment is informal. This informal trap means no social protection, volatile incomes, and limited human capital accumulation. Average monthly wages rose nominally from PKR 24,028 to PKR 39,042 (62%), yet with average inflation exceeding 20% annually, real wage growth was effectively negative over this period. Youth are working more but earning less in actual purchasing power terms.

Provincial Youth Unemployment Rates (2024-25)

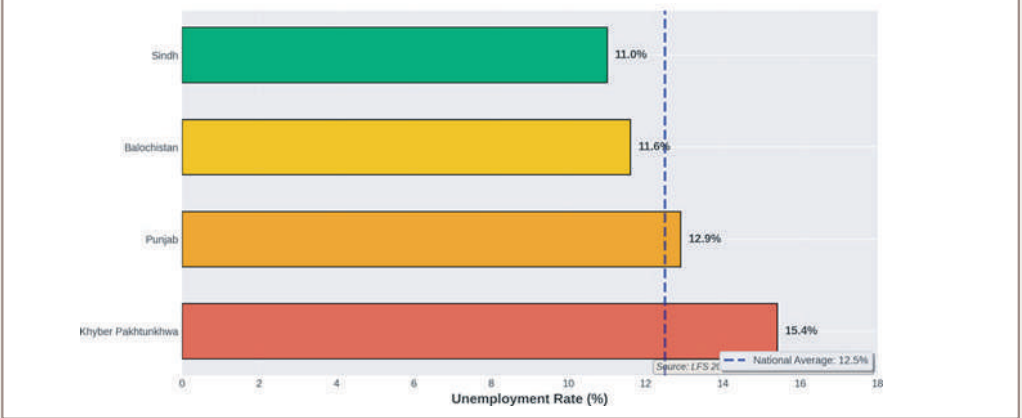


Figure 3: Provincial Youth Unemployment Rates (2024-25)
Source: LFS 2024-25, Pakistan Bureau of Statistics

Youth Unemployment by Gender - The Gender Paradox

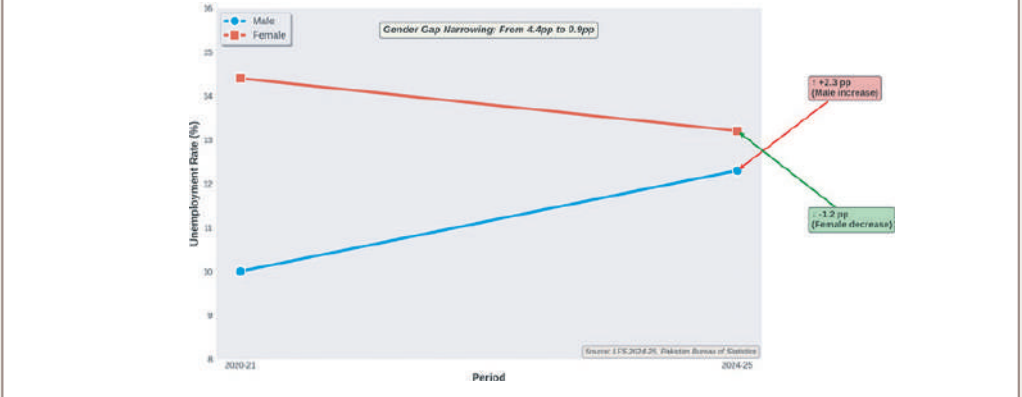
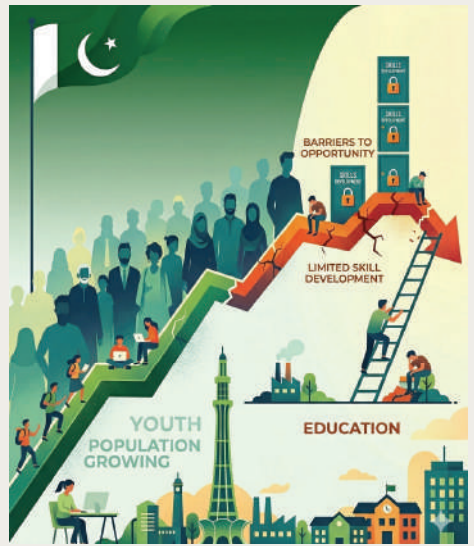


Figure 4: Youth Unemployment by Gender - Divergent Trends
Source: LFS 2024-25, Pakistan Bureau of Statistics

Education–Employment Mismatch

Youth enrollment in formal education institutions surged 45% to 17.1 million, driving the decline in NEET rates from 32.5% to 28.4%. Yet this quantitative expansion masks a severe quality crisis. The "schooling without learning" phenomenon is stark: World Bank assessments show 80% of children cannot read a simple text by age 10, and Pakistan ranks 161st out of 191 countries on the 2024 Education Index. The educational infrastructure absorbs millions without quality improvements, creating credential inflation where degrees lose market value. Graduate unemployment exceeds overall unemployment, suggesting education no longer guarantees employability.



Technical and Vocational Education and Training (TVET) remains marginalized. Only 4.9 million youth (10.6%) received skills training—compared to 35% in China and 28% in Vietnam (UNESCO 2023). This skills deficit costs an estimated 2–3% of GDP annually. Employer surveys consistently report graduates lack basic workplace competencies: critical thinking, digital literacy, and problem-solving. The curriculum–market disconnect perpetuates a vicious cycle: employers hire reluctantly, youth unemployment rises, and human capital deteriorates further.

Comparative Lessons

Regional peers offer critical lessons on how human capital investment translates into better employment outcomes. Bangladesh reduced youth unemployment and NEET rates by focusing aggressively on female education and health, which powered its garment export sector—creating millions of formal jobs for young women. This demonstrates how targeted human capital development directly addresses labour market exclusion. India's "Skill India" mission and National Skills Qualification Framework (NSQF) tackled the education–employment mismatch by institutionalizing skills development through public–private partnerships, reducing graduate unemployment by aligning training with market needs.

China's transformation proves that human capital investment precedes employment generation; its HCI surge to 2.8—built on massive pre-reform investments in basic education and health—enabled the manufacturing boom that absorbed hundreds of millions into productive employment. Pakistan must recognize that sustainable job creation requires addressing human capital deficits first: without solving the 80% learning poverty and 10.6% TVET coverage, youth unemployment will persist regardless of economic growth rates.

Policy Recommendations

To avert a demographic disaster, Pakistan requires a paradigm shift:

- **Education Quality:** Shift focus from only enrollment to learning outcomes too. Implement standardized testing, invest in teacher training, and modernize curricula to include digital literacy. Address the 80% learning poverty crisis immediately.
- **TVET Transformation:** Expand TVET capacity from 4.9 million to at least 8 million youth. Establish industry-led skills councils to design curricula ensuring training matches market demand.
- **Labour Market Interventions:** Launch wage subsidy programs to encourage hiring young graduates and expand apprenticeship schemes to provide practical experience.
- **Entrepreneurship Support:** Support youth entrepreneurship through micro-finance access, incubation centers, and simplified regulations to bypass the limited formal job market.
- **Regional & Gender Focus:** Declare an educational emergency in Balochistan to tackle the 36% NEET rate. Implement specific strategies to increase female labour force participation and formalize women's work.
- **Institutional Reforms:** Create a national coordination body for youth employment and provincial labour market observatories for data-driven policymaking.

Conclusion

The Labour Force Survey 2024-25 is a wake-up call. Pakistan stands at a crossroads between demographic dividend and disaster. With human capital stagnation acting as a binding constraint, the window of opportunity is closing rapidly. Comprehensive, sustained investment in the country's 46.3 million youth is not just an economic necessity but an urgent national priority.

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