

*This study, to operationalize the concept of economic inclusiveness, follow the UNDP approach proposed by Ramos, Ranieri, and Lammens (2013) by using inequality, poverty, and the inverse of employment to population ratio. These three indicators capture the benefit-sharing and participation dimensions of a growth process. In this study, the growth process is defined as inclusive if it "leads to a reduction in poverty and in inequality and to an increase in employment" (Ramos et al. 2013, p.33). This idea (of economic inclusiveness) is made operational by means of a composite index of given three indicators, constructed on the 0-1 scale. In this context, the lower value of the index represents better performance while the higher value of the index shows poor performance in term of economic inclusiveness. The proposed methodology is applied to the districts of Punjab (Pakistan) by using its micro-unit record household survey (i.e., PSLM). By observing the absolute change in the indices, this thesis makes a comparison for the given two periods (2008 and 2012) and found no visible pattern of the change in economic inclusiveness. To evaluate the effectiveness of policies that were already in place and also for the refinement of existing policies or devising new ones, this thesis, by using a change in inclusiveness indices, investigates the electoral dividends of inclusiveness and then studies the impact of public expenditures on indices of inclusiveness. The first part of the study failed to find the expected relationship between change in economic inclusiveness and electoral results most possibly because of factors that are specific to certain types of constituencies. To control such unknown factors, we group the districts into four clusters and see the relationship between them. Except for the last group, the obtained results are consistent with our presumption that improvement in economic inclusiveness impacts electoral results. The second part of the thesis finds a positive effect of government expenditures on economic inclusiveness. The findings suggest that the politicians should adopt such policies that focus to improve the benefit-sharing and participation dimensions which in turn result in greater economic inclusiveness. The adoption of proper policies increases not only the level of economic inclusiveness but also the chance of being re-elected.*