Surviving the Ordeal of Poverty: A Study of Bangladesh

J. K. Goyal* and Deepti Kakar**

ABSTRACT

Bangladesh is categorized as a low income economy by the World Bank and faces a congenital problem of poverty. Its experience with this problem is noteworthy due to several reasons that include peculiarities of its economy, geography, demographics and culture. Once considered to be a country doomed to rely on foreign aid forever for its sustenance, Bangladesh has rewritten its fate. Despite unfavourable circumstances manifested in the above dimensions, the country is now being celebrated as an example of success over poverty, especially on account of commendable poverty reduction in the first decade of the 21st century. This paper explores the origins of poverty in Bangladesh, highlighting the reasons for the same and takes an account of the poverty estimates. A discussion on economic planning and poverty alleviation programmes as instruments for poverty reduction reveals the efforts made at the level of the Government to tackle the poverty problem. However, the impact of these measures has been limited. The paper discusses the reasons underlying Bangladesh’s success in reducing poverty.

Keywords: Poverty, Poverty alleviation programmes, Poverty reduction, Bangladesh

1.0 Introduction

Bangladesh has historically been a part of the Bengal region of India. When India attained freedom from the colonial rule of the British, Bangladesh was politically separated from India and attained a separate status but as the unconnected eastern part of the newly formed Pakistan. The spatial gap between the geographical location between the West Pakistan (present Pakistan) and the East Pakistan (present Bangladesh) put the latter into an odd situation. In 1970 the Awami League led by Sheikh Mujibur Rahman pulled a majority backed electoral victory but earned the ire and suspicion of West Pakistan who feared domination by Bengalis in the National Assembly. The West Pakistan with the help of the Army began restraining East Pakistan.

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Between 1958 and 1962, and from 1969 to 1971, East Pakistan was under martial law. Political instability, unrest and ideological conflict marred the Eastern arm of Pakistan. Political and economic neglect consequently plunged the economy into a crisis. Gradually, a liberation movement spread and in 1971 with the help of India, the war of liberation was won by the East Pakistan that rechristened itself as Bangladesh, an independent nation and thus a parliamentary democracy was born on January 11, 1972. The war for Independence in 1971 dealt a sharp blow to the already weak economic structure of the country. The challenges of economic restructuring after Independence were compounded by recurrence of natural calamities and high growth of population. Susceptibility to disasters and political instabilities made the path to development bumpy—famine in 1974 and military coups in 1975, 1982 and 2007 punctuated the good intentions and the policy measures whatsoever were set into motion got derailed before they could flourish their desired consequences. In 1970s, the economy had abysmally low earnings and ranked second last among the nations of the world. The officially estimated level of poverty immediately after Independence was a high 82.9 % in 1973–74. The country had to depend heavily on foreign aid for sustaining its population. Henry Kissinger’s state department even tagged Bangladesh as the “international basket case” - the humiliating label for countries that would always depend on aid. The country faced famines in 1943 and 1974 and military coups in 1975, 1982 and 2007. Thus, a ruthless colonial past, political instabilities, and geographical disadvantages have been primarily responsible for poverty in Bangladesh. Adverse movements in macro-economic variables and vulnerability to external shocks have led to transient growth in poverty in Bangladesh. Many international experts and thinkers were sceptical of its survival and sustenance as an independent nation after it emerged as a separate nation in 1971. However, Bangladesh has survived and over the years, experienced significant changes, many of which are worthy of being discussed and emulated elsewhere.

2.0 Poverty estimates

The Bangladesh Bureau of Statistics (BBS) of the Planning Division under the Ministry of Planning is responsible for collection, compilation and dissemination of statistics of economic and social significance for the economy. The Bureau has been conducting Household Expenditure Surveys since 1963-1964 and in 2000 these were expanded and rechristened to Household Income and Expenditure Survey (HES). In 1990s BBS started another survey called the Poverty Monitoring Survey with the focus on poverty.
Earlier, the official methodology involved the use of direct calorie intake method for measurement of the extent of poverty in the country but later it has moved on to adoption of the cost of basic needs method for estimating poverty incidence. Using primary data from successive rounds of the HES between 1983 and 1996, the poverty assessment estimates the incidence of poverty over time calculated according to the cost of basic needs method. Two sets of poverty lines identify the very poor (lower poverty line) and the poor (upper poverty line).

2.1 Incidence of poverty

In addition to the official estimation of poverty by BBS, various researchers, research organisations and international organisations have indulged in the measurement of the extent of poverty. There is lack of consensus amongst these due to differences in the methodology and difference in measurement parameters (calorie/energy intake/income/expenditure). Incidence of poverty as reflected by the estimates of poverty by HES-2000 and HIES-2005 are given in Tables 1-4.

Table 1: Percentage of population with daily calorie intake of 2122 calories

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Source: IMF, 2013

Table 2: Percentage of population with daily calorie intake of 1805 calories

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Source: IMF, 2013

Table 3: Head Count Ratio (Cost of Basic Needs Method) – 2122 calories

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Source: IMF, 2013
Table 4: Head Count Ratio (Cost of Basic Needs Method) - 1805 calories

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<td>National</td>
<td>56.6</td>
<td>50.1</td>
<td>48.9</td>
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Source: IMF, 2013

3.0 Focus on Poverty Alleviation via Economic Planning

Both the incidence of poverty and its painful consequences have been well recognised by Bangladesh - people, administration, NGOs and researchers alike. The country has been striving to improve the condition of its citizens through various direct and indirect means. Poverty alleviation has been a major thrust area in the planned development undertaken by the Government. Similar to India, Bangladesh put its faith on economic planning for achieving the desired goals of growth and prosperity. The Constitution of the country laid emphasis on the role and responsibility of the government to improve the standard of living of the people through planned economic growth. The Bangladesh Planning Commission was established in January 1972 and had the important tasks of formulating short term, medium term and long term plans, recommending policy decisions to the State and coordinating the execution of the plans among the various departments and ministries. The Five Year Plans executed via annual plans were set into motion in 1973.

First Five Year Plan (1973-78)

The first Five Year Plan had several objectives to ease the economy of the war inflicted wounds and drive it on to the path of development. The primary concern was to rehabilitate and rebuild the economy. Poverty alleviation was stressed among these main objectives. In addition to rehabilitation of the masses, the Plan wanted the economy to reduce its dependence on foreign aid. The first five year plan proposed a Social Welfare Policy for the poor in the rural areas wherein social support would be extended to the disadvantaged including women, children, disabled, aged, beggars and delinquents. (GOB, 1973) Also, the infrastructure requirements of the country requiring a rebuild were to be attended to mitigate destitution. Ahamed (1978) discusses the focus of the Plan to remove the capitalist system and therefore divert profit from the private sector to the state dominated activities. This clearly reflects the belief that a socialist format of decision making and pricing would be ideal for the nation.
The economy was not able to succeed in achieving the planned objectives and much remained unattained. There was a lot of political unrest following the assassination of President Mujibur Rahman in 1975. The country also experienced shortage of foreign aid. The growth of agriculture and GDP growth were below the targets set. The per capita income grew at a dismal rate of 1.1% per annum. Self-sufficiency in terms of food remained a far cry and approximately 17 lakh tons of food grains were imported annually during the first five year plan. Sadly, the income inequalities worsened on account of poor economic growth.

Two Year Plan (1978-80)

Uncertainties and inflation all over the world (partly due to the ‘oil shock’) led to formulation of a Two Years Plan (1978-80) in country. This plan gave greater emphasis on the economic growth of the economy as compared to poverty alleviation. Rural development was promoted and it was believed and hoped that increased agricultural output would bring economic progress which would in turn relieve the poor out of the throes of poverty. With surplus labour and land suitable for crop production as assets, agriculture was recognized as the possible driver of economic growth. In keeping with this opinion emphasis was laid on expansion of high yielding crop, extension of seed, water and fertilizer provision, extension of credit facilities to the needy cultivators and improvement in cropping intensity. (GOB, 1978)

The two year Plan also provided for the poorest through a social welfare policy and proposed educational, medical and cultural support for children, community development and services for youth, the physically handicapped, and women Two Year Plan, 1978 - 1980, Planning Commission, Government of Bangladesh.

Though the intention was to ensure completion of unfulfilled tasks of the first five year plan, the two year plan period saw an economic growth rate lower than that achieved in the first five year plan. This period saw little dent in the poverty situation. Actual economic growth below the desired level and population expanding more rapidly than desired only caused to widen the gap between the reality and the intentions on the income disparity end.

Second Five Year Plan (1980-85)

The second Five-Year Plan of Bangladesh continued to focus on economic development and poverty reduction. Growth of income and employment was expected to bring about increases in the purchasing power of the poor and alleviate them from poverty. Incentives were extended to the agro-based industries as they had the potential to indirectly boost the development of rural economy by creating demand for agricultural
products. The plan also supported comprehensive rural development programmes which were developed to involve the poor people in skill development activities which would enable in development of their socioeconomic potential. Also the plan extended the beneficiaries of the social welfare programme expanding the list of disadvantaged groups to include landless families and out of school children (GOB, 1983).

During the second Five Year Plan period, the GDP increased at the rate of 3.8 % per annum as compared to the target of 5.8 % per annum. The population on the other hand grew more than the target set. During this plan also the country faced political uncertainties arising due to the assassination of President Zia Rahman. As a result there was little progress with regard to poverty alleviation.

**Third Five Year Plan (1985-90)**

The third Five-Year Plan of Bangladesh did not seek to tackle the issue of poverty directly. Employment generation, satisfaction of basic needs through improved supply side dynamics and higher income ensuing out of rapid economic growth were altogether expected to take care of the issue of poverty reduction. The explicitly spelt objectives of this five year plan saw greater priority given to other issues and solution to poverty being sought as an indirect outcome of growth of the economy. The growth achieved was 3.8 % instead of the target of 5.4 %. Since the population grew at a rate more than the targeted and very little improvement was made in the development of social infrastructure, there was no appreciable reduction in poverty in the country.


Unlike the previous Plan, the fourth Five Year Plan saw the re-emergence of the emphasis on poverty alleviation. The broad objectives also included provision of basic needs of the people with particular focus on human resource development, women development and environmental sustainability. The main objectives of the Plan included accelerating economic growth to achieve an overall annual GDP growth rate of 5%; poverty alleviation and employment generation through human resources development; increased self-reliance. Through this Plan, the policymakers tried to combine sector-based planning with socioeconomic group-based planning to effect greater poverty reduction along with economic growth.

The fourth Plan period saw a growth of 4.15% per annum instead of the target of 5% per annum. Dismal growth in agricultural production (less than 1%) to a large extent contributed to the low economic growth. Ineffective pricing policy, inadequate food grain procurement by the State and poor fertilizer distribution were the primary culprits for low agricultural production. The manufacturing sector grew at a rate of 7.05 %
against the target of 9.02%. Education and healthcare were given more importance and safety provisions for the poor were strengthened.

Structural changes in the economy became visible in the fourth plan period and the contribution of manufacturing and the services rose while that of agriculture fell. But despite these structural shifts majority of the populations continued to rely on agriculture for its livelihood and therefore the dependence of the economy on agriculture did not decline. After completion of the fourth Five Year Plan, there was no Plan for the period 1995-97.

Fifth Five Year Plan (1997-2002)

The opening lines of the objectives in the Plan document for the fifth Five Year Plan recognise Bangladesh as one of the poorest countries of the world with high illiteracy, low life expectancy, high mortality and morbidity rates and rampant malnutrition among children. (GOB, 1998) As in all earlier Plans, economic growth was given immense importance per se and as a vehicle for solving the various issues - including poverty, troubling the country. A 7% per annum growth rate was set as the objective to achieve conspicuous change in the well-being of the people. Thus the Plan proposed a pro-poor growth strategy.

The approach to achieve the above objectives involved expediting poverty alleviation and rural development measures, strengthening education programmes and creation of productive employment opportunities. The Plan also appreciated the role performed by the NGOs in participatory rural development and poverty alleviation through employment generation, provision of credit, imparting education and training and health and family welfare programmes. Public expenditures were increasingly made pro-poor. Non-formal education programmes were also started by the government in collaboration with NGOs and voluntary organisations.

Though the efforts of the State as well as the non-governmental organizations became more intense, their coverage and cost effectiveness was below satisfaction. Structural constraints of the village economy, vulnerability to natural disasters and the power of the poverty trapping made the specific provision of safety measures by the government a necessity. A decline in poverty from more than 62% in 1983 to about 45% in 1999 was reported by the Poverty Monitoring Survey conducted by the Bangladesh Bureau of Statistics. Spatial shift in the incidence of poverty was also experienced. A significant reason for the improvement in rural economic conditions was the reduction in growth of rural population due to rapid rural-urban migration along with reduction in natural growth of population.
After completion of the fifth Five Year Plan, there was a deviation from the ongoing five year planning to a different format involving relatively short term Poverty Reduction Strategy Papers that laid the strategy to economic development encompassing growth, reduction in poverty and improvement in other social indicators.

4.0 Renewal of Governmental Efforts at Poverty Reduction in Recent Times


The World Bank and the IMF in 1999 declared that poverty reduction strategies would be underlie all the lending done by them and would also define the eligibility for debt relief to the poor nations of the world. In line with this, the Government of Bangladesh adopted an Interim Poverty Reduction Strategy Paper (IMF, 2003) that was based on a pro-poor growth strategy that involved rural development, technological development and employment generation, with microcredit as an integral component. The strategy also laid stress on human development via wider coverage of healthcare facilities, nutritional support and education. The long term social targets outlining the development vision include removal of the ugly faces of poverty by eradicating hunger, chronic food security and extreme destitution and reduction of the number of people living below poverty line by 50%.


PRSP 2005 outlined an eight point agenda for struggle against poverty focusing on employment, nutrition, quality education (particularly in primary, secondary and vocational levels with strong emphasis on girls' education), local governance, maternal health, sanitation and safe water, and criminal justice.


The National Strategy for Accelerated Poverty Reduction relevant to the FY 2009-11 was approved by the caretaker Government in 2008 and when the new government came to power in 2009 aligned it with its vision for the economy. The poverty reduction strategy is based on the multidimensional reality of poverty and takes into account the socio-economic dynamics of the economy that perpetuate poverty in the nation. As per the PRSP 2009 (IMF, 2012) the major strategies include focus on creation of macroeconomic environment for pro-poor growth, critical areas for pro-poor growth, essential infrastructure for pro-poor growth, social protection for the vulnerable and human development.
In recognition of the long-term development challenges, the Government under the leadership of Prime Minister Sheikh Hasina adopted the Vision 2021. The Vision 2021 and the associated Perspective Plan 2010-2021 have development targets for Bangladesh by the end of 2021. The Vision is to be operationalized through an Outline Perspective Plan which provides a development plan for 2010-2021, implemented through the 6th and 7th five year plans.

**Sixth Five Year Plan (2011-15)**

The Government recognised that in a market economy like Bangladesh where the bulk of the economy is privately owned and managed, the role of planning is essentially indicative and strategic in nature. At the operational level the fundamental task of the Sixth Five Year Plan is to develop strategies, policies and institutions that allow Bangladesh to accelerate growth and reduce poverty. The Plan draft gives more attention to extreme poverty relative to the earlier plans. It has evolved from earlier strategies and hopes to generate employment address regional variation and extreme poverty in poorer regions. It targets a reduction in the incidence of poverty by 2% every year, and increase GDP growth to an unprecedented 8% per year through private sector growth while the role of the government would be largely regulatory in nature. On social protection - the primary area of targeted support for the poorest - the draft plan adopted four types of programmes. These were, cash transfers, conditional cash transfers, in kind transfers or public works programmes, and emergency or seasonal relief.

**5.0 Specific Governmental Efforts - Poverty Alleviation Programmes in Bangladesh**

The Government of Bangladesh - through its various departments or ministries or in collaboration with international agencies or NGOs has been running various specific interventions to alleviate poverty from the country.

**Vulnerable Group Development:** The programme aims at developing life skills for women through training, motivating savings and providing scope for availing credit. Secondly it also aims to build social awareness on disaster management and nutrition through training in groups. The scheme involves unconditional transfer of food (wheat) and training to the targeted segments.

**Community Nutrition Programme:** The programme aims to assist women and children for their nutrition needs in 168 upazillas. The target is poor women and children in community centres and the programme is run in assistance with the World Bank.
Honorarium Program for the Insolvent Freedom Fighters: The programme aims to extend livelihood support to the poor freedom fighters through cash transfers.

Food for Works: The programme effects employment generation for the poor in slack season and developing and maintaining rural infrastructure.

Primary Education Stipend Project: The programme aims at increasing the number of primary school enrolments from poor family, increasing school attendance and reducing dropouts, increasing primary school completion rate, reducing child labour and poverty.

Food for Education: This programme was started in 1992 to boost Universal Primary Education. It is designed to support poverty-stricken families to send their children to primary schools by giving income entitlement through food. The programme enables the poor families to ease their children from livelihood obligations to ensure regular primary school attendance.

Allowance to the Widowed, Deserted and Destitute Women: The programme involves cash transfer to needy widowed, deserted or destitute women so as to minimize the distress faced by them.

Old Age Allowance: The programme aims at providing livelihood support to the elderly. 50% of the beneficiaries of the scheme need to be women.

Test Relief (Rural Infrastructure Maintenance Programme): The programme involves employment generation for the poverty stricken people in rainy season and developing and maintaining rural infrastructure. Wheat is provided to the affected in the areas suffering from severe poverty for the entire period of heavy rains.

Rural Employment Opportunities for Public Assets: The programme aims at empowerment of women and maintenance of rural infrastructure. The scheme is operating in 387 union parishads.

Fund for Housing for the Distressed (GrihayanTahabil): The programme aims to mitigate housing problem of the homeless, poor and other low income groups. The scheme involves provision of funds as loans up to Tk. 20000. The beneficiaries include the rural poor, low income and homeless families and households affected by natural disaster or fire.
Rural Social Service: The Ministry of Social Welfare runs this programme that attempts to promote the local organizations, leadership and participation of rural people especially the disadvantaged groups in planning and execution of group specific programs. Micro credit, training and non-formal education are extended to the disadvantaged rural population including children, women unemployed youth and landless persons.

6.0 Impact of Economic Planning on Poverty

Ever since the formation of the country, Bangladesh government had always shown concern towards the issue of poverty and a keen desire to get rid of it but the policies designed to govern the nation emphasized on planned growth of the country, increase in the productive forces and rise in the standard of living of the citizens. The focus remained on economic growth which was assumed to not only take care of the basic necessities of life but also ensure a steady improvement in the living standards. The plans designed under the mechanism of economic planning were ambitious in terms of the number of objectives they sought and the qualitative changes they desired to bring about in the multiple dimensions of the life of the citizens.

Foreign aid though substantial, did not suffice to meet the planned investment requirements of the economy in various sectors. The occurrence of natural disasters put pressure on scarce resources, diverted resources and policies in the direction of relief and rehabilitation and washed away past savings and investment.

To make things more problematic, most of the years saw political instabilities and fragile governance that failed to spark a truly developmental process in the economy. Weak institutions and absence of implementation guidelines disrupted implementation of policies and there was no monitoring mechanism at the local level to ensure correct targeting and fund utilization (Qayum and Samadder, 2013).

Every policy measure implicitly assumed that the governmental efforts would yield economic growth which would in actuality trickle down to the bottom of the economic pyramid and thus alleviate poverty of the masses. It was only in the later plans that specific social safety and welfare measures for the disadvantaged were implemented in a concerted manner.

Till the formulation of PRSP in 2003 at the behest of the World Bank, Bangladesh never designed a comprehensive plan to crackdown national poverty but implicitly tied the intention with the basic agenda of economic growth. For example, the fifth five year plan states among other things, the objective to be achieved as poverty alleviation via economic growth.
Bhattacharya and Titumir (2000) agree on this and clearly state that Bangladesh lacked an indigenous strategy to tackle poverty per se. According to them, the country’s war against poverty was largely directed by foreign aid and therefore the broad setup of poverty alleviation rested on foreign funded programmes and projects in combination with some domestically financed actions. The significant holistic approach to tackle poverty with clearly connected operational level plans and time schedule were not incorporated by the central government in Bangladesh.

Despite lack of clearly defined policy or a holistic plan of action against poverty, Bangladesh experienced significant success in poverty alleviation in the 1990s and economic growth of the nation has been credited for the same. (World Bank, 2013) The Poverty Reduction Strategy Papers - charted by the World Bank along with the country’s policy makers laid specific strategies to reduce poverty in a phased manner.

6.1 Impact of poverty alleviation programmes on poverty

According to the World Bank report on poverty in Bangladesh, 2013, the various poverty alleviation programmes run by the government cannot be credited for the reduction in poverty experienced by the country in the last decade. (World Bank, 2013) These programmes were designed with good intentions but lacked rigour as far as targeting of these schemes was concerned.

The statistics on assessment of these programmes reflects that over the five year period from 2005 to 2010, the proportion of poor participants (in at-least one safety net scheme) increased from one-fifth to about one-third of the total poor. At the same time, the proportion of non-poor beneficiaries increased from 44% to 60% of the total beneficiaries. The share of governmental spending accruing to the poor has declined from about 53% to 35% within this five year period (Table 5).

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<tr>
<th>Table 5: Assessment of Poverty Alleviation Programmes</th>
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<tr>
<td><strong>Participation</strong> of poor in at-least one safety net programme</td>
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<tr>
<td>Proportion of non-poor recipients</td>
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<td>Share of total program spending accruing to the poor</td>
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<td>Share of real value of transfers to the total consumption level of poor households</td>
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*Source: Bangladesh Poverty Assessment, World Bank, June 2013*
The various poverty alleviation programmes possess the potential to reduce poverty, however their potential is yet to be harnessed and the funds allocated to these programmes have the capacity to lower poverty by nearly 4.3%, if properly utilized (World Bank, 2013).

It has been observed and reported that assistance extended via these programmes needs to be better timed, better targeted, and customized to the needs of the needy poor. The World Bank report suggests consolidation of the various poverty alleviation programmes to make them more effective in achieving the targets.

6.2 What has led to poverty reduction in Bangladesh?

Considering the overall strategy and consequences of the planned development in Bangladesh, it can be stated that the planned efforts (augmented by large foreign aid) were not able to liberate the economy completely from the trappings of low growth and poverty. Economic planning lacked a focused action plan to tackle poverty but was instrumental in improving the state of domestic economy.

Poverty estimates for Bangladesh reveal a long term progress in poverty reduction. In 1973-74 the population below poverty line (DCI method, DCI < 2122 calories) was a shockingly high of 92% with the rural and urban shares being 83% and 81% respectively (Refer Table 1). This has come down over the years to reach a level of 40.4% in 2005. (IMF, 2013)

The reduction in poverty experienced by Bangladesh has been more due to the obvious changes that accompanied the growth history of the economy and less due to the targeted efforts by the State in reducing poverty amongst rural and urban masses. Inchauste, et. al (2012) in their background paper for WDR 2013, explore the reasons underlying poverty decline in Bangladesh (since 2000) make use of the standard Dutt-Ravallion (1992) decomposition, to conclude that more than 90% of the changes in poverty are explained by growth in mean income.

Another significant study by Sen, Mujeri and Shahabuddin (World Bank, 2007) ratifies the finding. It hails the progress in poverty reduction made by Bangladesh which was faster in the decade of 1990s as compared to the decade of 1980s. The authors clearly point this out due to higher economic growth in the former as compared to the latter.

Inchauste (2012) attribute labour market related factors that accompanied economic growth as primarily responsible for the reduction in poverty in Bangladesh. An increase in labour incomes and increased productivity was largely a reason contributing to poverty reduction.
Such strong findings favouring the strong impact of economic growth on poverty statistics clearly overshadows the isolated attempts made by the state via poverty alleviation schemes. The various attempts by the Government of Bangladesh as discussed above in the course of planning and specific efforts nonetheless cannot be sidelined as they encouraged economic growth which in turn spurred poverty.

Bangladesh’s economy did not grow at commendable rates in the decade of 70s and 80s and economic growth gained momentum in the 1990s. Literature on poverty in Bangladesh has found this to substantially explain the success of the country in reducing poverty in the 90s. The focus on economic growth and globalization of the country brought forth wider opportunities for the people and caused to increase their incomes. A pro-globalization approach increased international trade linkages and growth of the ready-made garment industry strengthened these inter-linkages to the advantage of the poor. Though Bangladesh like India had been slow in internalizing the benefits of globalization but with time the competitiveness of the country due to its cheap labour has proved to be a boon for many. The poverty ridden Bangladeshis were able to improve their purchasing capacities via the new job avenues offered by this industry. Also the remittances by those who migrated to foreign nations in search of jobs helped improve the consumption levels and its composition.

Women participation in workforce, improvement in health and education facilities and reduction in fertility rates have together created a synergy to tackle poverty in a superior manner as compared to the early years of instability and turmoil in the country. In addition to these, contributions of NGOs offering various micro-finance schemes have helped empower millions of poor borrowers.

In the first decade of the 21st century, the country continued its success in poverty alleviation as poverty declined at the rate of 1.8% per year over 2000-2005 and 1.7% per year over 2005-2010. (World Bank, 2013) According to the researchers Jolliffe et al. of the World Bank report, the basic reasons underlying poverty reduction included improvement in labour incomes and a favourable change in country demographics. Increase in income of the labour class has been a very significant factor in improving the incomes of the poor and therefore improving their condition.

Significant structural shift in the employment of the workers was visible in this decade as people moved from agriculture to non-farm activities and from self-employment to salaried work. In the second half of the decade, poverty alleviation was witnessed in the farm sector, where the real wages rose. (World Bank, 2013) The favourable change in the demographic profile of the country was due to fall in the fertility rates as a result of intensive family planning programmes. Greater labour mobility, increased participation of women in labour market and shift from joint to
nuclear families - all led to a decline in the dependency ratio in Bangladesh. (World Bank, 2013)

7.0 Conclusion

Bangladesh’s ordeal with poverty spreads over its entire lifespan - beginning its origination as a poverty-stricken nation. Economic planning and concerted poverty alleviation programmes have not been able to make a mark in denting poverty rates. But economic growth largely led by involuntary driver of globalization has played a significant role in poverty reduction. A number of significant changes ensued economic growth in Bangladesh. These include conducive changes in labour market, structural shifts in employment, rise in women participation in workforce and decline in population growth. All these factors along with the important role of NGOs in extending microfinance to the borrowers at the bottom of the pyramid have been significant in helping Bangladesh survive the ordeal of poverty and etch a case study for itself as a good example of conquering poverty.

References


