



# Decelerated Decline

State of Poverty in Bangladesh  
2012



উন্নয়ন অন্বেষণ  
Ummayan Onneshan  
The Innovators

Centre for Research and Policy on Development



# Decelerated Decline

## State of Poverty in Bangladesh

2012

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**Shrabon Prokashani**

132 Aziz Super Market (2<sup>nd</sup> floor)

Shahbag, Dhaka 1000

Bangladesh

Telephone: (88 02) 8651160 Mob: 01715751117

E-mail: [shrabongraphic@yahoo.com](mailto:shrabongraphic@yahoo.com)

[www.facebook/shrabon-books](http://www.facebook/shrabon-books)

[www.shrabonbd.com](http://www.shrabonbd.com)

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## **The SPB 2012 Team**

### **EDITOR**

**Rashed Al Mahmud Titumir**

### **COORDINATOR**

**K. M. Mustafizur Rahman**

### **Team Members**

**A. Z. M. Saleh**

**Md. Aslam Hossain**

**Shahid Md. Adnan**

**Suban Kumar Chowdhury**

**Tauhid Hossain Khan**



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## ***List of Abbreviations***

ASA	Association for Social Advancement
BBS	Bangladesh Bureau of Statistics
BDT	Bangladeshi Taka
BRAC	Bangladesh Rural Advancement Committee (now Building Resources Across Communities)
CBN	Cost of Basic Needs
CM	Capital Market imperfection model
CSLS	Centre for the Study of Living Standards
CUS	Centre for Urban Studies
DCC	Dhaka City Corporation
DCI	Direct Calorie Intake
FE	Fertility/Education issue model
FPL	Food Poverty Line
GDP	Gross Domestic Product
HIES	Household Income Expenditure Survey
IFAD	International Fund for Agricultural Development
INT	Integrated model
kcal	Kilo Calorie
LGED	Local Government Engineering Department
MDGs	Millennium Development Goals
NGOs	Non Governmental Organisations
PE	Political Economy model
PG	Poverty Gap
PI	Political Instability model
PRS	Poverty Reduction Strategies
SC	Social Comparisons model
SPG	Squared Poverty Gap
SPSS	Statistical Package for Social Science
SSC	Secondary School Certificate
SSNP	Social Safety Net Programmes
UNDP	United Nations Development Programme

<b>UNESCO</b>	<b>United Nations Educational, Scientific and Cultural Organization</b>
<b>UNHABITAT</b>	<b>United Nations Centre for Human Settlements</b>
<b>UO</b>	<b>Unnayan Onneshan</b>
<b>USD</b>	<b>United States Dollar</b>
<b>VAT</b>	<b>Value Added Tax</b>
<b>WDR</b>	<b>World Development Report</b>

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## PREFACE

This annual State of Poverty in Bangladesh, 2012 is a publication of Social Policy Unit of Unnayan Onneshan, an independent multidisciplinary think-tank in Bangladesh. The annual number, written by our own researchers, is open to heterodox perspectives as opposed to dogmatic orthodox persuasions.

Successive governments have taken several initiatives for reduction in poverty, yet the poverty persists and challenges continue to evolve. The problem arises in their failings to conceptualise that poverty is manifestation of social property relationship, embedded in institutions, structures, power, and reality and composition of the state.

The research finds a slowdown in reduction in poverty in recent years and reveals concerns, particularly if a forecast is made on the basis of current trend, suggesting that the rate of decline may further decelerate, leaving the target of poverty reduction of the government at bay. An attempt, thus, has been pursued towards analysing the causes of slower reduction in poverty in the recent years.

It is apparent that action on the trio – poverty reduction, growth and employment generation - requires analysis based on quantitative as well as qualitative information. The dearth of up-to-date information is always a challenge.

Any successful policy formulations must need to have an in-built process of questioning and challenging the effectiveness of interventions in operation in order to reflect and to devise feasible and appropriate approaches at multiple levels. Thus, a process of creative thinking and energy is required for development of new sets of strategies, combining policies and implementation mechanisms, to address the emerging challenges, outlined in the book.

This is a product of a team effort. We acknowledge valuable contribution from the young and energetic team members. Special thanks go to A. Z. M. Saleh and Shahid Md Adnan for their support in giving an excellent outlook to the final version. We would also like to record the significant support received from Kashmir Sultana and Tamima Sultana in collecting data and necessary information. We also acknowledge the valuable services provided by Md. Abu Hossain, Azmol Hossain, Nayeem Mohammad Firoz, Md. Rezaul Karim and Farhana Akhter. Our special appreciation to Dr. Syed Naimul Wadood for sharing ideas in the initial stage of the book.

The last but not the least, we would like to thank the staff of the Shrabon Prokashani, particularly its energetic publisher Robin Ahsan, for their excellent support and services.

## Chapter 1

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# Poverty in Bangladesh: Slowing Down in Decline

*Rashed Al Mahmud Titumir*

### 1.1 INTRODUCTION

Bangladesh has made progress in reduction in income-poverty since independence, yet the rate of decrease has slowed down in recent years. This poses a cause of concern, particularly if a forecast is made on the basis of current trend, suggesting that the rate of decline may further decelerate, leaving the target of poverty reduction of the government at bay. The poverty reduced by 8.9 percentage points during the five years of 2000-2005 while during the next five years (2005-2010), the total decline was 8.5 percentage points. The depth of poverty or poverty gap, a measure of the average income gap of the poor in relation to a certain threshold, and severity of poverty or squared poverty gap, a measure sensitive to the income distribution among the poor -- have also witnessed a slower rate of reduction in last few years. The rate of reduction in the depth of poverty was 5.94 percent between 2000 and 2005, whereas it was 5.56 percent between 2005 and 2010. Likewise, the severity of poverty has also reduced at a slower rate than before. The rate of decrease in severity of poverty was 7.39 percent between 2000 and 2005, while it was 6.21 percent between 2005 and 2010.



The reduction in poverty is a dynamic process, underlined by structure, history, interventions and institutions, to name a few. The poor is more vulnerable as they have less capacity to adjust with different socio-economic, cultural and environmental trajectories. Their endeavour to come out of poverty is also trapped in political process. Rather than economic consideration, political decisions also determine the reduction of poverty.

The poverty reduction rate in Bangladesh is an aggregate product of multiple factors. For example, there is an increased trend of flow of remittance (both internal and external) over the years and this has resulted in increased consumption. Remittance has increased from BDT 322.76 billion in FY 2005-06 to BDT 1018.83 billion in 2009-2010, whereas the consumption has increased from BDT 3315.52 billion to BDT 7376.30 billion during the same period. Remittance has remained stable and predictable as compared to other financial flows in the country and more importantly, these are counter-cyclical, providing buffer against economic shocks. The export has also increased, especially in the wake of Bangladesh becoming the second largest exporter of ready-made garment in the world, leaving a huge impact on the employment situation, particularly for rural female. The agriculture sector has witnessed a change in practices, with changes associated with seed-water-fertiliser technology and multiple cropping intensity in same piece of land in the recent years. The service sector, particularly the construction has also expanded and has created a job opportunity for the people. All these, amongst others, have positive impacts in reducing poverty and have resulted in change.

The government has taken several initiatives for reduction in poverty, yet the poverty persists and challenges continue to evolve. The problem arises in its failing to conceptualise that poverty is manifestation of social property relationship. The rate of decline in poverty is accelerated or decelerated, depending

upon the social property relations, rather than the neo-liberal articulation that an increase in the size of the “things-basket” reduces poverty. This happens as this “things-basket” operates under particular social relationships. The “things-basket” may reduce poverty up to a point, but it is reproduced due to social property relationship, embedded through institutions, structures, power, and reality and composition of the state.

### *Structure, Systems and Dogma*

In institutional sense, the major reasons for persistence of poverty are: absence of adequate state intervention for the expansion of production, deficiency of equalising income augmenting employment system, shortfalls in public expenditure for enhancements of capabilities, inadequacies in regulatory regimes, and lack of complementary policy structure and non-existence of enforceability of constitutional rights. The neo-liberal paradigm reduces the capacity of state through liberalisation, deregulation and privatisation, assuming that market will deliver the results. It further assumes that a part of the population will plunge into the poverty and they will be addressed through social safety nets. The failing of the paradigm is the failing to take cognisance of the endemic market failures and the need for the state to intervene with strategies, policies and incentives to enhance the productive capacity to ensure full employment, particularly addressing the disguised unemployment. When people do not have work, they cannot make any money; thus, unemployment leads to poverty. Poverty may also increase due to the lack of maintaining coherence and/or complementarity in policies and implementation. For example, tax system of the country is regressive and bias in favour of rich as the government continues to broaden the purview of across the income quintiles equal incidence bearing tax like value added tax (VAT) while there is hardly any concerted efforts in increasing income tax net and reduction in tax evasion and avoidance of corporate houses. The Constitution of the country, on the other hand, pledges to ensure

basic necessities to its citizens by the state. Since these rights are not legally enforceable, the state as a duty bearer to the rights holders could not be operationalised. It, therefore, remains difficult for the poor to enjoy the basic necessities and graduate out of poverty.

#### *Accumulation by Disposition*

Another manifestation of poverty is accumulation by disposition. The country's economy has been expanding and so is the dispossession in many forms. Reduction in income poverty has a limit, and the boundary of poverty is volatile. For example one may generate income at an increased rate but ought to remain at the same level inside the society due to the social stratification. People belonging to the lower class of the society are not allowed to enjoy other elements of life likes of expression, association etc. Hence, even if income poverty scenario may have changed, social poverty remains unchanged due to class differentiation.

#### *Informalisation*

The growth process in Bangladesh has not been matched with increases in jobs. Evidently, a considerable number of people have entered into labour market with wages below the poverty, creating a huge amount of people, who can be termed as "working poor." Moreover, a huge chunk of employed population is under-employed. Furthermore, typical incomes, adjusted for inflation, grew little while the cost of living increased and they feel difficulty to maintain their livelihood. Again, they are engaged in income generating activities, but formally remain jobless as they hardly enjoys the rights to be enjoyed by an employed. These have also resulted in augmentation of income inequality. The full employment is an essential way of achieving the sustainable livelihoods, which in turn is a crucial means of reducing poverty.

### *Ecological Poverty*

The deterioration of the natural environment, including the climate, bodies of water, soil, and forests — is an important cause of poverty. Environmental problems have led to shortages of food, clean water, materials for shelter, and other essential resources. For example, based upon ecological zones, Barisal and Khulna division are more poverty prone area (the incidence of poverty in Barisal division is 39.4 percent and it 32.1 percent in Khulna division, which is highest among other divisions except Rangpur division in 2010) due to the adverse effects (like sidr, aila etc) of climate change. More specifically, the rate of reduction in the percentage of population living below the poverty line in these two divisions is also lower as compared to other divisions.

### *Unequal Society*

Many economists argue that sustained and equitable economic growth inevitably leads to poverty reduction. There is, however, widespread concern that fruits of economic growth has not been shared fairly, and that the current economic crisis further widens the gap between the rich and poor. Moreover, the system of accumulation in Bangladesh is principally primitive in nature. Such accumulation is omnipresent, particularly in cases of access to, and control over, natural resources, common property resources, and subsidies of state resources. The bias created in favour of rich and powerful could be somewhat lessened by regulatory regimes, giving access to and control over, such resources to the poor. Absence of dynamic regulatory policies and enforcement reduces the poor's access to such resources, and hence poverty is reproduced or graduation becomes difficult. In Bangladesh, the number of people living in poverty has increased due to rising disparities in the distribution of resources within this country. Unequal pattern of growth has a weaker poverty alleviating effect and has also been shown to be harmful to growth. Moreover, inequality afflicts the persistence of poverty.

Therefore, reduction of poverty is hard to pin down without addressing inequality.

## 1.2 INCIDENCE AND SEVERITY OF POVERTY

The incidence of poverty in Bangladesh is one of the highest in the world. Millions of people are suffering from the hardship of poverty (Titumir and Rahman, 2011). Like many other developing countries, poverty is still a major concern and challenge for Bangladesh.

The present government has made a commitment to reduce the rate of poverty to 25 percent and 15 percent of population by 2013 and 2021 respectively. According to the latest available national statistics on poverty, based on head count rate (CBN) and using upper poverty line, the incidence of poverty decreased to 31.5 percent in 2010 at the national level with an annual decrease rate of 2.46 percent from 1991-92. If this trend of decrease continues without any radical shifts in policy and implementation, the incidence of poverty might slide down to 29.2 percent and 22.9 percent by 2013 and 2021, which are higher by 4.2 and 7.9 percent respectively than those of the targets of the present government. The incidence of poverty is decreasing such a rate that it warrants more time to achieve the targets of the current regime made in its election manifesto. A different result is also found in case of the incidence of poverty in terms of divisions. The estimates of head count rates (CBN) by divisions using upper poverty line reveal that the incidence of poverty is higher in Barisal division with 39.4 percent among all divisions followed by Rajshahi including Rangpur (35.7 percent), Khulna (32.1 percent), Dhaka (30.5 percent) and Sylhet (28.1 percent) (HIES, 2010).

The poverty gap was found 14.4 percent in 1995-96, but decreased to 12.8 percent and 9.0 percent in 2000 and 2005 respectively and further, decreased to 6.5 percent by 2010. The

decreased rate in the percentage of poverty gap during 2005 to 2010 was lower than that of 2000 to 2005 at national level. This rate was 5.94 percent between 2000 and 2005 whereas it was 5.56 percent between 2005 and 2010. Similar results were also found in case of the squared poverty gap, which was 5.9 percent in 1995-96 and decreased to 4.6 percent, 2.9 percent and 2.0 percent by 2000, 2005 and 2010 respectively. The rate of reduction in the percentage of squared poverty gap between 2000 and 2005 was 7.39 percent, which was higher than the rate of reduction (6.26 percent) of last five years (i.e. from 2005 to 2010) at national level.

The number of population living below the poverty line has increased from 51.6 million in 1991-92 to 56 million in 2005 with an annual average rate of 0.314 percent at national level. The number of population under poverty line is decreasing in the rural area, but it is increasing in urban area. This might be the result of rural-urban migration.

Although the government has taken several initiatives for reduction in poverty, yet the poverty persists. This is mainly due to the problems associated with the neo-liberal paradigm that the successive governments are pursuing in reducing poverty, including those of the poverty reduction strategies (PRS).

### **1.3 POVERTY AT HOUSEHOLD LEVEL**

Analyzing the poverty situation at household level is important not only for uncovering the nature of the problem but also for formulating effective poverty reduction (alleviation) strategy. Ascertaining the socio-economic characteristics of the poor, and the constraints they face, is a prerequisite for effective policy design as well as the achievement of development goals. Notwithstanding specific areas of progress, aggregate poverty rates remain dauntingly high.

The incidence of poverty is lower among the households having 1-2 members compared to others at national, rural and urban level. The annual rate of reduction in the incidence of poverty among the households having 1-2 members is 4.7 percent during the last ten years, which is higher compared to the other households having more than two members. Similar results are also found in case of the rural area. However, in urban area, the annual rate of decrease in the incidence of poverty is higher among the households having more than 10 members compared to others. This might be the result of engaging the higher family members in different income generating activities and earning more than those who have lower family members in the urban area.

Generally, the incidence of women-headed households is believed to have increased worldwide and, in both developed and developing countries, a high proportion of these households are found to suffer from poverty. However, in Bangladesh, an opposite result is there, where the incidence of poverty is lower in women-headed households than the male generated ones. More specifically, it is also observed that the incidence of poverty in women-headed households has reduced with a higher rate than that of male generated households during the last ten years at national level. The annual rate of reduction in the incidence of poverty was 3.4 percent at national level during 2000 to 2010 for the male-headed households whereas it was 4.4 percent for the female generated households during the same time period.

Poverty levels fall as the educational attainment of people rises. The tendency of reducing poverty among the more educated persons have occurred at an accelerated pace than those having no or little education. Additionally, it is found that the rate of reduction in the incidence of poverty among the illiterate has reduced from 63.1 percent in 2000 to 42.8 percent in 2010 with an annual decrease rate of 3.2 percent at the national level.

As the quantity of ownership of land rises, the incidence of poverty level falls and poverty is more pronounced among the landless. However, the incidence of poverty is the highest among the landless but the rate of reduction in the percentage of poverty is comparatively well. This is because, most of them are engaged in non-agricultural activities and managed to reduce their incidence of poverty by various non-agricultural economic activities.

During the period of 1991-92 to 2010, the monthly household income has increased with a rate of growth of 13.53 percent, 11.68 percent and 13.39 percent at national, rural and urban level respectively. At the same time, the monthly household expenditure has risen with a rate of growth of 15.58 percent at national level, 14.07 percent at rural level and 14.16 percent at urban level while food expenditure has increased with a rate of growth of 11.79 percent, 11.01 percent and 13.39 percent at national, rural and urban area respectively. Furthermore, it is found that during the last five years (i.e. from 2005 to 2010), the rate of growth of monthly household income was 11.87 percent, 11.67 percent and 11.50 percent whereas the rate of growth of monthly household expenditure was 16.52 percent, 16.14 percent and 16.40 percent, of which the rate of growth in food expenditure was 17.59 percent, 16.67 percent and 19.20 percent at national, rural and urban areas respectively. This indicates hardship to manage their livelihood due to the higher rate of growth in household expenditure over the income.

#### **1.4 THE POOR IN RURAL VULNERABLE AREAS**

The rate of poverty in the rural areas has declined over the last decade, but remains relatively high. A periodic survey conducted by the Unnayan Onneshan in hard to reach remote areas reveals that the percentage of the population living below the poverty



line (upper poverty) has more than doubled at the surveyed area compared to the national level. The rate is 82.67 percent at the surveyed area, while it is 35.2 percent in the national level. In case of the lower poverty, the percentage of population under the poverty line is about three times higher than that of the national level.

Considering food poverty line, the study found them close to the food poverty line (average calorie intake was 2137 kcal per person per day) compared to the national boundary of food poverty (2122 kcal per person per day).

## 1.5 POVERTY AND RURAL-URBAN MIGRATION

The poorest groups in any society are often bypassed by economic development and it is quite the same for the people in the rural areas. Without opportunities for an adequate livelihood in the rural areas, poverty increases and these force many rural poor to seek employment elsewhere, leading to a rural-urban migration.

Migration could not be generalized in to a single category, depending on demographic, socio-economic and cultural factors. Many factors such as poverty, lack of work availability, unemployment, natural disaster and socio cultural factors like marriage, family conflict, better educational opportunities etc. are contributing to migration. Recently, most of the cities in Bangladesh are experiencing rapid but unplanned urbanization and that has resulted in job opportunities in the urban areas. As a result, migration in the urban areas is on the rise, which simultaneously also increases the growth of urban population compared to the national population growth of Bangladesh.

A strong linkage, nevertheless, exists between migration and poverty. In Bangladesh, every year a large number of populations

migrate in search for options of their livelihood. There is a common perception that they can improve their lives by earning more in the urban areas, but in reality, they are facing multiple challenges. Migration creates the conditions that lead the people feeling themselves to be poor, which in turn lead to further migration.

## 1.6 THE URBAN POOR

The urban poor have migrated from different rural areas due to 'push' and 'pull' factors wherein 'push' factors are more frequent. However, after migration in the city, the poor migrants, in most occasions, fail to achieve their desired targets. A growing number of poor urban people are living with minimal or no social services or basic infrastructure, in pitiable housing along with inadequate provision of water, sanitation and drainage. As a result, their livelihoods are under continuous threat.

Livelihood strategies are undertaken and chosen by the people in order to achieve their goals. Results from a quick survey, conducted by Unnayan Onneshan, indicates that urban poor, mostly migrated from different rural areas, are facing difficulty in maintaining their livelihoods. This is further complicated in cities where there has been higher degree of concentration of migration. For example, the overall poverty situation in the country has improved over the years, though the situation of Dhaka city has become worse in terms of both upper and lower poverty lines. The slow expansion in the private sector in recent years due to infrastructural bottlenecks like supply of gas, electricity etc. has failed to absorb the unemployed and the increased labour force. In such circumstance, the poor migrants are being compelled to take up low-paid activities and forcing to reduce the wage in the midst of huge competition to support their livelihoods. They are further excluded from the formal sectors of the economy due to entry barriers such as lack of

education, skills and training. Without access to these jobs, the only options left to migrants are hard, dangerous physical labour, without occupational safety and associated rights for a decent work.

## 1.7 POVERTY, INEQUALITY AND GROWTH NEXUS

Conventionally, economic growth is considered as the main intervention to reduce poverty. It is thought that the relations between growth, inequality, and poverty are non-linear, complex, and path dependent in their dynamics. Inequality is non-linearly influenced by a host of institutional and social factors along with growth. The relationship between these two variables - inequality and growth - is not based upon a one-dimensional causality. Moreover, difficulties in operating the definitions of these variables and lack of time series data make the issue more complicated.

The rate of poverty reduction is following a slower trend in the recent and forecast to pursue the same, if radical shifts are not taken into practice in upcoming years. The country has witnessed a growth rate of GDP at 4.6 percent in 1995-96 while the incidence of poverty was 50.1 percent. In 2000, the growth rate of GDP was 5.94 percent; while the incidence of poverty reduced to 48.9, which further reduced to 40 percent in 2005 while growth rate of GDP was 5.96 percent. Continuation of current trend suggests that incidence of poverty might decreased to 29.18 percent against the government target of 25 percent while rate of growth in GDP attain at 6.46 percent by 2013. Under the business as usual scenario, the incidence of poverty, according to a trend analysis, might reduce further to 27.56 percent by 2015 while rate of growth in GDP might be witnessed at 6.73 percent.

The incremental rate of growth in GDP has already slowed down. In addition, the rate of reduction in poverty might slow down in

the upcoming years while inequality in income may increase. If inequality in income is not reduced by redistribution, the challenge of alleviating poverty would not be achieved despite the rate of growth in GDP.

## 1.8 TOWARDS A NEW DIRECTION

Despite considerable thrust on poverty reduction in all plan documents since the independence of Bangladesh, a significant number of people are still living below the poverty line. It is a constitutional obligation of the government to provide a decent living standard for the citizens by alleviating poverty. However, like in many other countries, poverty in Bangladesh is still a serious concern although the present government of Bangladesh is hopeful in achieving the target of Millennium Development Goals (MDGs) as well as the targets of Vision-2021 related to poverty and inequality. The Unnayan Onneshan research, however, suggests that Bangladesh is not well on the track en route to achieving those targets. Moreover, it might be quite difficult to achieve the targets, unless the government does not give top priorities on the issues outlined above.

The promotion of household income has been given importance in policy documents, but programmatic intervention is neither adequate nor implemented with vigour. Unless agrarian reforms are implemented and rapid industrialization are promoted, a few income promotion and safety net programmes can not contribute significantly towards promoting household income and reducing poverty as well.

It is true that despite having a modest economic growth in the country, all people cannot get benefit from growth equally due to the differentiation. To assist the people, the government may take special programmes. Furthermore, revamping of the policies in an effective manner to ensure equitable distribution of income

and wealth must precede embarking upon of those special programmes. Accelerating the rate of decline of poverty can be accomplished only by reducing poverty in source.

It must be stressed that any design and strategy to improve the urban condition must correspond with similar design and strategy to improve the rural areas in order to stamp out the prevalence of the rural-urban migration. In other words, tackling the issues of sustainable development, infrastructural distributions are crucial in improving the rural drift. Without ensuring a balanced development between rural and urban areas, reduction of poverty will remain a distant dream and therefore, the rural-urban migration will continue.

The employment opportunities in non-agricultural production are needed to increase in the rural areas, in addition to traditional agriculture enabling the poor to escape from poverty. With respect to policies, broader types of interventions are important: employment generating (including support for income generating activities which also include access to infrastructures and markets), capability enhancing (support for improvement of human resources including education, training and health services), and motivational (so that people aspire for good life, commit themselves for it and work hard to achieve it) as well as planned supportive activities during natural disaster.

The lives and livelihood of the urban poor people are mostly twisted by the policies on employment, housing and land use, and services of the urban government. The interests of the urban poor are, however, neglected in urban polices and planning as they remain politically marginalized and excluded from city politics. The urban poverty, therefore, needs to be understood in relation to urban government and urban policies.

The rate of growth only shows the percentage change in the level of consumption or income by ignoring the changes in distribution. Growth may not bring the intended improvements unless it is supported by policies that would reduce the initial level of inequality. In a country where reduction in poverty is the fundamental objective of development strategies, the goal of development should be balanced between growth and equity targets.

The government needs to be creative in renewing and revising strategies and approaches, including increased budgetary allocation for poverty alleviation. Therefore, provisions must be formulated for the evaluation of programmes and understanding of the impacts as well. Findings need to be scientifically utilised in developing suitable programmes addressing the causes of poverty and inequality in Bangladesh. Otherwise, the aim of reducing poverty and inequality may remain elusive and distant dreams, which the nation cannot afford.

*Note: The sources and references used in this section can be found in the following chapters*



## Chapter 2

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# INCIDENCE AND SEVERITY OF POVERTY

*K. M. Mustafizur Rahman*

### 2.1 INTRODUCTION

The incidence of poverty in Bangladesh is one of the highest in the world. Millions of people here are suffering from the imprecation of poverty. Bangladesh has been stereotyped as the archetypical theatre of poverty and it was a subject of interest during the British colonial period (Jack, 1976; Siddqui, 1982). After that, it began to attract the attention of researchers after the famine of 1974 and the decade saw a number of studies mainly devoted in counting up the poor (Islam, 2010). Reduction of poverty is a fundamental challenge for Bangladesh. Although, Bangladesh has gained important achievements in fighting against poverty since the early 1990s but there is no room for complacency is there. The incidence of poverty in Bangladesh is one of the highest in the world. Millions of people are suffering from the hardship of poverty on the occasion (Titumir and Rahman, 2011). About one-third (31.5 percent) of its population is still living below the so-called poverty line (BBS, 2010). In this context, likewise many other countries, poverty is still a vital concern and challenge as well for Bangladesh.

Prioritising these, the Millennium Development Goals (MDGs) represent an international commitment to eradicate extreme



poverty and hunger and foster global collaboration for development by 2015, while Vision-2021 represents the commitments of the present government to reduce the rate of poverty at 25 percent and 15 percent by 2013 and 2021 respectively. These deadlines are looming and, soon it will be known whether these commitments have been achieved or not. The progress of poverty reduction in Bangladesh requires an in-depth assessment. In this connection, this chapter is an attempt to sketch the current scenario and to make future projection of poverty so that a clear image to generate evidence as well as insights is there that can be used to feed into poverty reduction.

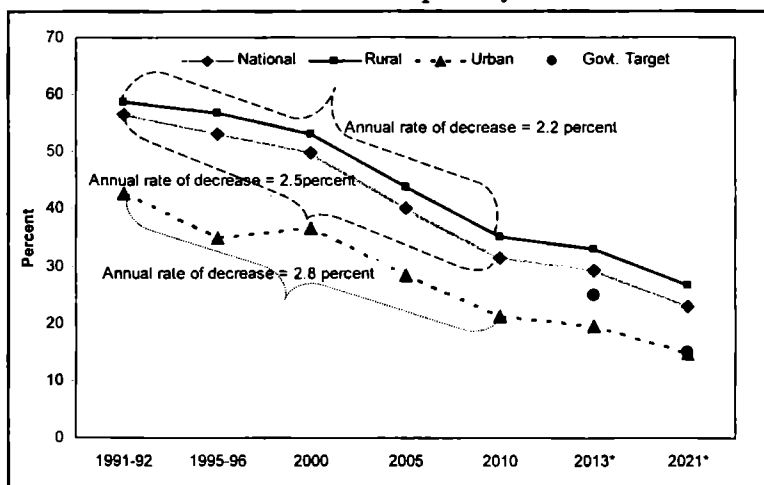
## **2.2 CURRENT SITUATION AND FUTURE PROJECTION OF POVERTY**

Bangladesh has got acceleration in the fight against poverty during the last two decades. The incidence of poverty has dropped down from 56.6 percent in 1991-92 to 31.5 percent in 2010 (Figure 2.1). However, decline in the aggregate poverty in the subsequent period was associated with decline in the urban poverty (Zohir, 2011).

The present government has made a commitment to reduce the rate of poverty at 25 percent and 15 percent by 2013 and 2021 respectively. According to the latest available national statistics on poverty, based on head count rate (CBN) and using upper poverty line, the incidence of poverty decreased at 31.5 percent in 2010 at the national level with an annual decrease rate of 2.46 percent from 1991-92. If this trend of decrease continues, the incidence of poverty might slide down to 29.2 percent and 22.9 percent by 2013 and 2021, which are higher by 4.2 and 7.9 percent respectively than those of the targets of the present government. To achieve the targets within the time limits (i.e. by 2013 and 2021), reducing the rate of poverty by 2.7 percent in 2013 and 2.5 percent in 2021 from 1991-92 is required. In the rural areas, the

incidence of poverty has decreased from 58.7 percent in 1991-92 to 35.2 percent in 2010 with an annual decrease rate of 2.22 percent. However, in the urban areas, the incidence of poverty has decreased from 42.7 percent in 1991-92 to 21.3 percent in 2010 with a decrease rate of 2.8 percent per annum. Under the business as scenario, with the current rate of decrease the incidence of poverty might be 32.9 percent and 26.6 percent at the rural level by 2013 and 2021 respectively. On the other hand, it might be 19.5 percent and 14.7 percent respectively in the urban area by the same period.

**Figure 2.1: Current situation and future projection of the incidence of poverty**



Source: Author's calculation based on Household Income & Expenditure Survey (1991-92, 1995-96, 2000, 2005 and 2010), Bangladesh Bureau of Statistics, 2012

It is evident that the incidence of poverty is higher in rural areas than that of the urban areas as well as the decrease rate of poverty is also lower in the rural areas than that of the urban areas (Figure 2.1). This is very much responsible for the rural-urban migration. Such movements are indicative either to general

improvements in the division, or outflow of labour, primarily from the poor households to a distant growth centre e.g. Dhaka (Zohir, 2011). More specifically, rural poverty results from lack of assets, limited economic opportunities and poor education and capabilities as well as disadvantages rooted in social and political inequalities (IFAD, 2010). However, decline in aggregate poverty in the subsequent period was associated with decline in the urban poverty<sup>1</sup>. The incidence of poverty is decreasing at such a rate which will need more time to achieve the desired targets of the present government made in its election manifesto (Figure 2.1).

### 2.3 INCIDENCE OF POVERTY AT DIVISIONAL LEVEL

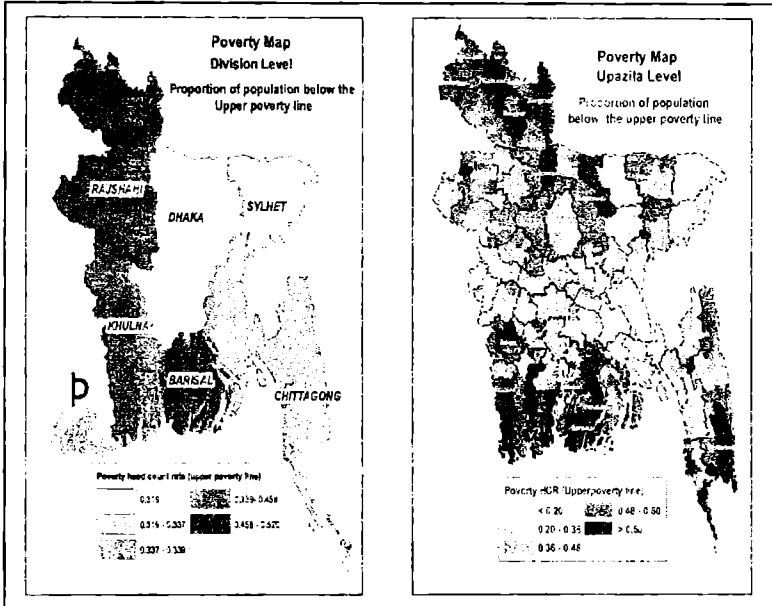
There is no denial that geography, culture and politics have been historically intertwined to result in differences across different regions. A great part of spatial differences in poverty can be attributed to differences in geographical indicators, such as, land use and productivity, infrastructure, electricity, distance to rivers, roads, urban areas (Ravallion and Wodon, 1997). Therefore, a different result is also found in case of the incidence of poverty according to the division. The estimation of head count rates (CBN) by divisions using upper poverty line reveals that the incidence of poverty is higher in Barisal division with 39.4 percent among all other divisions followed by Rajshahi including Rangpur (35.7 percent), Khulna (32.1 percent), Dhaka (30.5 percent) and Sylhet (28.1 percent) (BBS, 2011). However, the incidence of poverty is the lowest in Chittagong division with 26.2 percent. Climate change might be a dominant factor which is responsible for higher incidence of poverty in those areas (Barisal, Khulna and Rajshahi). Whereas the incidence of poverty

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<sup>1</sup> Comparisons with urban poverty lines would reveal further on the segments of the poor who may have moved out; which is not pursued further in the text.

in Chittagong division is lower than other divisions, which might be occurred due to the business activities centering on natural resources and the seaport.

**Figure 2.2: Poverty map of Bangladesh (Division and Upazilla Level)**

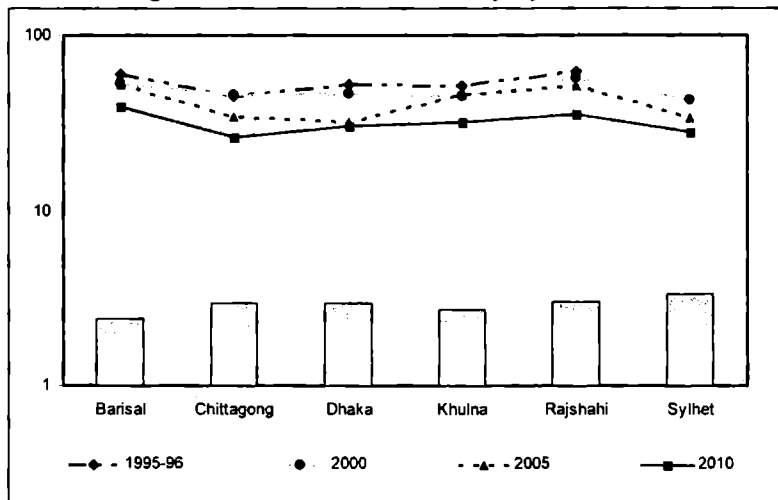


Source: Adopted from updating poverty maps of Bangladesh, Bangladesh Bureau of Statistics, 2012

The percentage of people living below the poverty line is decreasing in all divisions (Figure 2.3). The annual average rate of reduction in the percentage of population living under the poverty line in Rajshahi division was 3.04 percent between 1995-96 and 2010, which is higher compared to all other divisions. This might be due to increased connectivity, reducing transaction costs and more than national average transfer of cash or kind to population, afflicted by riverbank erosion, 'Monga' (the seasonal poverty). At the same time, this rate was 2.97 percent in

Chittagong, 2.95 percent in Dhaka, 2.44 percent in Barisal and 2.71 percent in Khulna division. In case of Sylhet division, the incidence of poverty is decreasing by 3.37 percent per annum from 2000 to 2010.

**Figure 2.3: Incidence of Poverty by Division**



*Note: The annual rate of decrease for Sylhet is calculated from 2000 to 2010;*

Source: Author's calculation based on Household Income & Expenditure Survey (1995-96, 2000, 2005 and 2010), Bangladesh Bureau of Statistics, 2012

## 2.4 DEPTH AND SEVERITY OF POVERTY

The poverty gap (PG) estimates the depth of poverty in the population. The head count rates give only the percentage value of poverty incidences, but it does not measure the distance of the poverty prone households from the poverty line whereas the squared poverty gap (SPG) measures the severity of poverty. A substantial fall in poverty gap and squared poverty gap indicates the improvement of consumption of those who are living below

the poverty line (upper). A drop in the poverty gap measurement indicates that the average distant of the poor from the poverty line has fallen and a decline in squared poverty gap indicates that the distribution of consumption among the poor has become more equitable. Moreover, these improvements have occurred at the similar rate not only at national level but also at rural and urban poor populations. The poverty gap was 14.4 percent in 1995-96, which decreased to 12.8 percent and 9.0 percent in 2000 and 2005 respectively as well as decreased further to 6.5 percent by 2010. The rate of decrease in the percentage of poverty gap during 2005 to 2010 was lower than that of 2000 to 2005 at national level. This rate was 5.94 percent between 2000 and 2005 whereas it was 5.56 percent between 2005 and 2010. Similar results have been also found in case of the squared poverty gap, which was 5.9 percent in 1995-96 and decreased to 4.6 percent, 2.9 percent and 2.0 percent by 2000, 2005 and 2010 respectively. The rate of reduction in the percentage of squared poverty gap between 2000 and 2005 was 7.39 percent, which was higher than the rate of reduction (6.26 percent) of last five years (i.e. from 2005 to 2010) at national level.

In rural areas, poverty gap was estimated at 7.4 percent in 2010, which was 9.8 percent, 13.7 percent and 15.4 percent in 2005, 2000 and 1995-96 respectively. Here, the rate of reduction (4.9 percent) during the last five years (i.e. from 2005 to 2010) has been found lower than that of the rate (5.7 percent) between 2000 and 2005. The severity of poverty in the rural area has decreased from 5.7 percent in 1995-96 to 2.2 percent in 2010. Additionally, the rate of reduction in the squared poverty gap during 2005 to 2010 (5.81 percent) was found lower than that of the rate between 2000 and 2005 (7.35 percent). On the other hand, a different scenario is found in the urban areas compared to the rural and national level (Table 2.1), where the rate of reduction in the percentage of both poverty gap and squared poverty gap have occurred at more accelerating pace between 2005 and 2010 than that of the rate

between 2000 and 2005. The poverty gap in the urban area was 9.2 percent in 1995-96 has reduced to 4.3 percent in 2010, whereas, the squared poverty gap has reduced from 3.4 percent in 1995-96 to 1.3 percent in 2010. This has been reflected in the incidence of poverty, which is lower in the urban areas compared to the rural and national level. More specifically, the locations of urban areas are initially considered as growth center in respective regions and the growth centre outside the country may influence the dynamics of regional differences within the country (Shilpi, 2007).

**Table 2.1: Depth and Severity of Poverty in Bangladesh**

Year	National			
	Poverty Gap (Percent)	Rate of Decrease (Percent)	Squared Poverty Gap (Percent)	Rate of Decrease (Percent)
1995-96	14.4	-	5.9	-
2000	12.8	2.78	4.6	5.51
2005	9.0	5.94	2.9	7.39
2010	6.5	5.56	2.0	6.21
	Rural			
1995-96	15.4	-	5.7	-
2000	13.7	2.76	4.9	3.51
2005	9.8	5.69	3.1	7.35
2010	7.4	4.90	2.2	5.81
	Urban			
1995-96	9.2	-	3.4	-
2000	9.1	0.27	3.3	0.74
2005	6.5	5.71	2.1	7.27
2010	4.3	6.77	1.3	7.62

Source: Author's calculation based on Household Income & Expenditure Survey (1995-96, 2000, 2005 and 2010), Bangladesh Bureau of Statistics, 2012

## 2.5 DIVISIONAL DISPARITY OF DEPTH AND SEVERITY OF POVERTY

Like incidence of poverty, the depth and severity of poverty also varies at divisional level. However, a decrease in the percentage related to depth and severity of poverty is there whereas, in most of the cases, the recent decrease has occurred at a slower rate than the previous years (Table 2.2). The depth of poverty, measured by the poverty gap has decreased from 18.0 percent in 1995-96 to 9.7 percent in 2010 in Barisal division. However, there is an increase in the percentage of poverty gap in 2005 compared to 2000 what is found decreasing after that. Although the percentage of poverty gap in Chittagong division has increased in 2000 compared to 1995-96 what was decreasing later on. However, the rate is much slower than the previous one. In case of Dhaka division, the poverty gap is gradually decreasing with the advancement of time but the rate of reduction in the last five year (2005 to 2010) is much slower than the previous five years (2000 to 2005). The poverty gap is also decreasing with the advancement of time except 2005 for Khulna division. The poverty gap is found as decreasing for both Rajshahi and Sylhet division over the years and the reduction has occurred with a more accelerated pace than the previous.

The severity of poverty as measured by the squared poverty gap is also decreasing over the years in all divisions. It is found that the severity of poverty is decreasing in the last five years (2005 to 2010) with a slower rate than that of the previous five years (2000 to 2005) for Chittagong and Dhaka division whereas, it rate was decreasing for Barisal, Khulna, Rajshahi, and Sylhet divisions with a much accelerated pace than the last five years.



**Table 2.2: Depth and severity of poverty by division**

Division	1995-96	2000	2005	2010
	Poverty Gap (Percent)			
Barisal	18.0	13.7	15.5	9.7
Rate of Decrease (%)	-	5.9	(+) 2.6	7.5
Chittagong	10.5	11.3	6.3	5.1
Rate of Decrease (%)	-	(+) 1.9	8.8	3.8
Dhaka	14.9	12.9	6.9	6.2
Rate of Decrease (%)	-	3.4	9.3	2.0
Khulna	12.4	10.0	10.8	6.4
Rate of Decrease (%)	-	4.8	(+) 1.6	8.1
Rajshahi	17.9	16.2	11.9	6.1
Rate of Decrease (%)	-	2.4	5.3	9.7
Sylhet	NA	9.2	7.2	4.7
Rate of Decrease (%)	-	-	4.3	6.9
Division	Squared Poverty Gap (Percent)			
Barisal	7.1	4.7	6.3	3.4
Rate of Decrease (%)	-	8.5	(+) 6.8	9.2
Chittagong	3.4	3.9	1.7	1.5
Rate of Decrease (%)	-	(+) 3.7	11.3	2.4
Dhaka	5.8	4.7	2.1	1.8
Rate of Decrease (%)	-	4.7	11.1	2.9
Khulna	4.3	3.0	3.5	2.0
Rate of Decrease (%)	-	7.6	(+) 3.3	8.6
Rajshahi	7.0	6.2	3.8	1.8
Rate of Decrease (%)	-	2.9	7.7	10.5
Sylhet	NA	2.8	2.1	1.3
Rate of Decrease (%)	-	-	5.0	12.4

Source: Author's calculation based on Household Income & Expenditure Survey (1995-96, 2000, 2005 and 2010), Bangladesh Bureau of Statistics, 2012

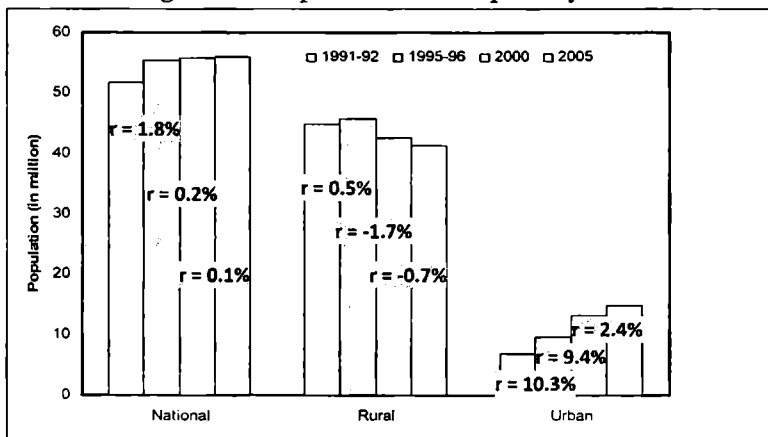
## 2.6 POPULATION UNDER POVERTY LINE

The number of people living below the poverty line is still increasing, however, a progress in reducing the overall incidence of poverty is there during the last two decades. Soaring food price and food inflation, climate change as well as the lack of balanced development throughout the country are attributed to such increase. The number of population living below the poverty line has increased from 51.6 million in 1991-92 to 56 million in 2005 with an annual average rate of 0.314 percent at national level. Furthermore, it is also observed that the annual rate of increase in the percentage of population under poverty line is increasing with a slower rate than that of the previous years (Figure 2.4). The annual rate of increase was 1.8 percent during 1991-92 to 1995-96 which was 0.2 percent and 0.1 percent during 1995-96 to 2000 and 2000 to 2005 respectively.

This number has decreased from 44.8 million to 41.2 million in the rural areas during 1991-92 to 2005 with an average decrease rate of 0.26 percent per annum. Additionally, it is also found that this number has increased from 44.8 million to 45.7 million during 1991-92 to 1995-96 with an annual increase rate of 0.5 percent and later on, it started to decline. The annual rate of decrease in the percentage of population under the poverty line was 1.7 percent and 0.7 percent during 1995-96 to 2000 and 2000 to 2005 respectively. A different scenario was found in case of the urban area where the number of population under the poverty line has increased from 6.8 million in 1991-92 to 14.8 million in 2005 along with the average increase rate of 0.57 percent per year. Although an increasing trend in the percentage of population living below the poverty line is there, such increase has occurred at a slower pace than before (Figure 2.4). An interesting finding here is that the number of population under poverty line is decreasing in the rural area whereas an increasing trend is there

in the urban area. The rural-urban migration might be the resultant for such rate on this occasion.

**Figure 2.4: Population under poverty Line**



Source: Author's calculation based on Household Income & Expenditure Survey (1995-96, 2000, 2005 and 2010), Bangladesh Bureau of Statistics, 2012

## 2.7 QUESTIONING THE POVERTY LINE

There is no denying the fact that poverty measurement is plagued with many problems particularly, due to its over emphasis on income. The official poverty measurement is determined through income and used an unrealistically low estimate of USD 1.25. For example, if a person has an income of USD 1 per day s/he is defined as poor. After one year, if his/her income increases to USD 1.3 s/he will be counted as non-poor. Nonetheless, in reality, s/he may face with more problems to maintain his/her livelihood compared to the previous year (though s/he is considered as non-poor). In this context, increase in his income is not adjusted with the inflation. Furthermore, considering the present circumstances, a conservative estimation suggests a minimum spending of about Tk. 50 (USD 0.71) to

obtain 2122 kcal per day. That person also needs non-food essentials including education, clothing, healthcare, accommodation, transportation etc. If a calculation is made based upon expenditure, it is very difficult to survive with the income of USD 1.25 per day per person considering these non-food essentials with food. Recently, according to a renowned Economist of the country, Abul Barakat, a contradiction is arisen about the number of poor people in the country as 83 percent negating the 32 percent as the government claims (The Daily Star, 9 October 2011). Furthermore, higher rate of growth in household expenditure than that of the income may indicate that more people are suffering to manage their livelihood in the recent time (Titumir and Rahman, 2011). Therefore, many households might be added to the poverty line. In this situation, it is high time to take consumption cost (considering inflation) while measuring poverty.

## **2.8 WHY POVERTY IS REDUCING AT A SLOWER RATE?**

The government has taken several initiatives for alleviating poverty, yet the poverty persists. This is mainly due to the problems associated with the neo-liberal paradigm that the successive governments are pursuing in reducing poverty including those of the poverty reduction strategies (PRS).

Different problems will be arisen if people fail to conceptualise that the poverty is the manifestation of social property relationship. The rate of decline in poverty is being accelerated or decelerated depending upon the social property relations. In this regard, the neo-liberal articulation, an increase in the size of the “things-basket” reduces poverty is not considerable as much. This happens as this “things-basket” is being operated under particular social relationships. The “things-basket” may reduce poverty up to a certain point, but mainly it could be reproduced due to social property relationship, embedded through

institutions, structures, power and reality as well as composition of the state.

In instrumental sense, the major reasons for persistence of poverty are: absence of adequate state intervention for the expansion of production, deficiency of equalising income augmenting employment system, shortfalls in public expenditure for enhancements of capabilities, inadequacies in regulatory regimes, lack of complementary policy structure and zero existence of enforceability of constitutional rights.

### ***Social Relationship***

Poverty is a part of social relationship. The poor are remaining as they are due to the structural reasons. Even reduction in income poverty has a limit, as it is contingent upon the structure. For example, one may generate income at an increased rate but ought to remain at the same level inside the society due to the social stratification. People belonging to the lower class of the society are not allowed to be associated with the upper class anyway. Hence, even if income poverty scenario changes somehow, social poverty remains unchanged due the structural reasons. Moreover, reduction in income poverty has a limit, as it is reliant to the structure. The social structure reproduces poverty.

### ***Intervention of State in Enhancing Productive Capacity***

The neo-liberal paradigm reduces the capacity of state through liberalisation, deregulation and privatisation assuming that the market will deliver the results. This further assumes that a part of the population will plunge into the poverty and they will be addressed through social safety nets. The failing of the paradigm means the failing to take cognisance of the endemic market failures and the need for the state to intervene with strategies, policies and incentives to enhance the productive capacity for ensuring full employment particularly, addressing the disguised unemployment. Lack of work of the people means lack of money

that suggests high unemployment leading towards high level of poverty.

### ***Deficiency of Equalizing Income Augmenting Employment System***

The growth process in Bangladesh has not been accelerating with the increase of job opportunity. Moreover, the people having entered into labour market with poor wages are only creating a huge amount of people termed as “working poor.” Furthermore, a huge chunk of employed population is under-employed. These have also resulted in augmentation of income inequality. However, typical incomes and adjustment of inflation grew little while the cost of living is increasing randomly making the livelihood of the people more struggling and hard as well. In this situation, only full time employment is an essential way of achieving the sustainable livelihood which in turn, is a crucial means of reducing poverty.

### ***Shortfalls in Public Expenditure for Capabilities Enhancements***

The public expenditure in capabilities has always been found less than the required level. This is particularly worsened when the budget deficit soars up. The public expenditure in education, health and housing has an impact on the poverty. Though Tk. 86,891 crore (53.12 percent of total budget) is proposed as poverty reducing expenditure in the FY 2011-12 (3.55 percent less than that of the revised budget of the previous FY 2010-11). The government has allocated 13.79 percent of the total budget and 2.51 percent of GDP in social safety net programmes (SSNP). This is, however, is not adequate considering the magnitude of the problems.

### ***Inadequacies in Regulatory Regimes***

The system of accumulation in Bangladesh is principally primitive in nature. Such accumulation is omnipresent, particularly in cases of accessing as well as controlling over

natural resources, common property resources, and subsidies of state resources. The biasness created in favour of rich and powerful could be somehow lessened by giving the poor access to such resources by the regulatory regimes. Absence of dynamic regulatory policies and enforcement reduces the poor's access to the existing resources and hence, poverty is reproduced or graduation becomes difficult.

### ***Policy Incoherence and Lack of Complementation***

Poverty may also increase due to the lack of maintaining coherence and/or complementation in policies and implementation. For example, the tax system of the country is regressive and bias in favour of rich as the government continues to broaden the purview of across the income quintiles equal incidence bearing tax like value added tax (VAT) while there is hardly any concerted efforts in increasing income tax net and reduction in tax evasion as well as avoidance of corporate houses. While the inflation is cropping up, no adequate policies are there to equalize the income erosion of the poor.

### ***Ensuring Constitutional Obligation***

The constitution of the country pledges to ensure basic necessities to its citizens by the state. Since these rights are not legally enforceable, the state as a duty bearer to the rights holders could not be operated. Therefore, difficulties for the poor people to enjoy the basic necessities and get rid of poverty exist in the long term.

### ***Expanding Population, Failing to Harness Population Dividend***

Excessive high population density is a stress on available resources. However, the bulkiness of the population of working age provides an ample opportunity to harness population dividend. The country's successive plans have not put people as the centre and employment at its heart. Therefore, additional

population without opportunities only adds number rather than being asset to the existing people living under poverty.

### ***Environmental Degradation and Climate Change***

Environmental degradation as like the deterioration of the natural environment including the atmosphere, bodies of water, soil, and forests plays a problematic role in accelerating poverty. Environmental disturbances led people to the shortages of food, clean water, materials for shelter, and other essential resources. As a result, the country has been further exacerbated being one of the worst victims of climate change in the world.

## **2.9 CONCLUSION**

Alleviating poverty and meeting up basic needs are the primary goals of the government. Nevertheless, achieving this goal is a fundamental challenge for the country without which the human development, economic and employment goals of the government may be hindered. Despite considerable trust on poverty alleviation in all planned documents since the independence of Bangladesh, a significant number of people are still living below the poverty line. It is constitutional obligation of the government to provide a decent living standard for the citizens by alleviating poverty. However, like many other countries, poverty in Bangladesh is still a serious concern. Although the present government of Bangladesh is very much hopeful in achieving the target of Millennium Development Goals (MDGs) as well as the targets of Vision-2021 related to poverty and inequality. This report shows that Bangladesh is not well on the track in achieving those targets as well as the percentage rate of reduction in poverty is slowing down compared to the previous year. Moreover, it might be quite difficult to achieve the targets, unless the top priorities are being given by the government on the issues outlined above.



Tackling structural barriers is important. For example, market failures, unresponsive public services or prejudice and discrimination are the hindrances for the people to access in opportunities available to others. Most of the initiatives taken by the government are short-term basis which might never be a sustainable solution in reducing poverty. While household income is seen importantly in policy documents, programmatic intervention is inadequate. Unless the reformation of land, agrarian and aquarian are being implemented and rapid industrialization is being promoted, only a few income promotions as well as safety net programmes will not enough to increase household incomes and reduce vulnerability.

Theoretically, some of the strategic documents and policy papers are seemed to be implementable. However, without proper monitoring and evaluation, the implementation of all these policies, strategies and programmes seems like mere window dressing. The government needs to be creative in renewing and revising strategies and approaches to control the rising food prices. Moreover, food inflation as well as increase in budgetary allocation for poverty alleviation should be implemented. Therefore, provisions must be formulated for the evaluation of programmes and understanding the impacts as well. Findings need to be scientifically utilised in developing suitable programmes addressing in the case of reducing poverty and inequality in Bangladesh. Otherwise, the aim of reducing poverty and inequality may remain as an elusive and distant dream which is never been expected from the nation.

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## Appendix A

**Table: Poverty trend**

Year	International Standard		National Standard	
	People living on less than USD 1.25 a day		People living below national poverty line	
	Millions of Poor	Poverty Headcount Ratio (Percentage)	Millions of Poor	Poverty Headcount Ratio (Percentage)
1992	75.7	70.2	62.4	56.6
1996	71.6	60.9	60.1	50.1
2000	75.9	58.6	63.4	48.9
2005	71	50.5	56.2	40
2010	64.3	43.3	46.9	31.5

Source: Poverty & Equity Data, The World Bank, 2012

### Mathematical Equation

$$P_l = P_b (1 + ry)$$

$$\Rightarrow r = \frac{1}{y} \left( \frac{P_l}{P_b} - 1 \right)$$

Where,

$P_l$  = Value of the launch year;

$P_b$  = Value of the base year;

y = Number of years between launch year and base year;

r = Rate of growth

Then, a projection using this method could be computed as:

$$P_t = P_l (1 + rz)$$

Where,

$P_t$  = Value of the target year;

$P_l$  = Value of the launch year;

z = Number of years between target year and launch year;

r = Rate of growth



## Chapter 3

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# POVERTY AT HOUSEHOLD LEVEL

*K. M. Mustafizur Rahman*

### 3.1.1 INTRODUCTION

Poverty is often a volatile condition in reality. Adverse shocks occur more often among the poor because they encounter greater risks in terms of different socio-economic, cultural and environmental angles. The constant state of deprivation of poor households with little change from year to year in a poor country like Bangladesh might be the result of slow poverty reduction. However, Bangladesh has made considerable progress in income-poverty reduction since independence<sup>2</sup> and this pace of poverty reduction is attributable to the accelerated growth in consumption expenditure (income)<sup>3</sup>.

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<sup>2</sup> Consumption expenditure data have been used to estimate trends in income-poverty at the national level since current consumption is considered to be a better indicator of permanent income status in the context of agrarian society subject to year-to-year fluctuations in output.

<sup>3</sup> Thus, annual per capita HIES consumption expenditure growth at national level, which was just 0.6 percent during the period between 1983/84 and 1991/92, rose to 2.7 percent between 1991/92 and 2000. It may be noted that the annual growth in per capita GDP was around 1.5 percent during the 1980s, but nearly doubled during the 1990s.

The poverty of a household is related to its resource endowments, its organisational capacity to manage and deploy its resources, its labour force position, the available coping mechanisms and external or family contingencies which affect it (Rakodi 1995; Rakodi and Llyod-Jones 2002). In general, however, poverty is higher in areas characterised by geographical isolation, low resource, low rainfall, and other inhospitable climatic conditions. Analysing the poverty situation at household level is very important not only for uncovering the nature of the problem but also for formulating effective poverty alleviation strategy. Ascertaining the socio-economic characteristics of the poor, and the constraints they are facing, is a prerequisite for effective policy design and the achievement of development goals. Evidence from many studies suggests that increased well being is linked to the increased human and social capital as well as improved institutions and better governance.<sup>4</sup> Thus, this chapter aims to describe the poverty situation in terms of different household characteristics using data of Household Income and Expenditure Survey (HIES) which is conducted by Bangladesh Bureau of Statistics (BBS).

### **3.2 INCIDENCE OF POVERTY (CBN) BY DIFFERENT HOUSEHOLD CHARACTERISTICS**

In spite of specific areas of progress, however, aggregate poverty rates remain dauntingly high. Despite more than forty years of

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<sup>4</sup> IFAD (2000) reveals that the rural poor typically have lower levels of assets, of all types, less access to technology and weaker access to markets and other institutions. The World Development Report (2007) emphasizes the role of good governance and transparency in providing a future of hope for all generations.

planned efforts since independence to abolish poverty, Bangladesh is still suffering from high incidence of poverty. Poverty could be relative as well as absolute. A number of households are suffering from the incidence of poverty. Nevertheless, there is an economic growth over the years but in the most cases, the growth are not able to cope up the situation of reducing poverty. The incidence of poverty is largely varies according to the household characteristics which are described below:

### 3.2.1 Incidence of Poverty (CBN) by Size of Household

Poverty is more pronounced among higher size household. The issue of sensitivity of poverty estimated to the treatment of household size has recently attracted considerable attention (Buhmann, et al., 1988; Coulter, et al., 1992; Lanjouw and Ravallion, 1995; Dreze and Srinivasan, 1997; Lancaster, et al., 1999). Large family size can be an important contributor to household poverty. The widely held view that larger families tend to be poorer in developing countries has been influenced by research and policy and there is considerable evidence of a strong negative correlation between household size and consumption (or income) per person in developing countries.<sup>5</sup> It is observed that the incidence of poverty is lower among the households having 1-2 members as compared to others at national, rural and urban level. The annual rate of reduction in the incidence of poverty among the households having 1-2 members is 4.7 percent during the last ten years, which is higher as compared to the other households having more than two members (Table 3.1). Similar results are also found in case of the rural area. However,

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<sup>5</sup> This pattern has been found in innumerable household surveys spanning Asia, Africa and Latin America; for surveys see Visaria (1980, section 4), Sundrum (1990, chapter 2) and Lipton and Ravallion (1994, section 4.2).



in the urban area, the annual rate of decrease in the incidence of poverty is higher (6.3 percent) among the households having more than 10 members as compared to others. This might be the result of much family members having engaged in different income generating activities and earn more than those having less family members in the urban area.

**Table 3.1: Incidence of poverty by size of household**

Size of Household	National			
	2000	2005	2010	Rate of Decrease from 2000-2010 (Percent)
1-2	28.4	19.1	15.1	4.7
3-4	41.0	33.3	24.4	4.0
5-6	52.3	43.6	35.1	3.3
7-8	54.9	46.6	44.0	1.9
9-10	54.8	44.8	37.2	3.2
11+	37.6	35.5	25.2	3.3
Size of Household	Rural			
1-2	32.0	21.8	18.0	4.4
3-4	44.9	37.6	27.5	3.9
5-6	56.7	47.5	38.8	3.2
7-8	57.1	48.5	47.0	1.8
9-10	56.2	48.2	41.8	2.6
11+	40.1	41.5	29.9	2.6
Size of Household	Urban			
1-2	11.9	10.2	7.6	3.6
3-4	26.8	22.6	16.9	3.7
5-6	35.4	31.5	24.4	3.1
7-8	44.9	39.7	33.0	2.7
9-10	49.3	30.6	24.4	5.1
11+	25.5	17.7	9.5	6.3

Source: Author's calculation based on Household Income & Expenditure Survey (2000, 2005 and 2010), Bangladesh Bureau of Statistics, 2012

### 3.2.2 Incidence of Poverty (CBN) by Sex of Household Head

Generally, the incidence of female headship is believed to have increased worldwide. In both developed and developing countries, a high proportion of these households are found to suffer from poverty (Chant 1997). However, in Bangladesh, an opposite result is there where the incidence of poverty is lower in female generated households than those are male generated (Table 3.2). One of the main reasons behind such seemingly contradictory conclusions appears to be the fact that female generated households constitute a heterogeneous group of households with different types of female generated households along with different reasons for becoming female generated. Thus, the compositions of different types of female generated households are likely to be different across countries and different areas within countries as well. As household-level data sets became increasingly available in many developing countries, validity of some of the empirical regularities claimed earlier such as the higher poverty among female generated households, have been somewhat questioned<sup>6</sup>, conventional definitions of 'household headship' have been criticised<sup>7</sup> and policy implications have been debated<sup>8</sup>.

More specifically, it is also observed that the incidence of poverty in female generated households has reduced with a more advanced rate than that of male generated households during the last ten years at national level. Similar scenarios are also found in case of the rural and urban area. The annual rate of reduction in the incidence of poverty was observed at 3.4 percent at national level during 2000 to 2010 for the male generated households. However, it was 4.4 percent for female generated households at

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<sup>6</sup> For example, see Quisumbing, et al. (1995) and Louat, et al, (1992).

<sup>7</sup> See Rosenhouse (1989).

<sup>8</sup> See, for example, Buvinic and Gupta (1997) and Bruce and Lloyd (1997).

the same period. In case of rural area, it was 3.2 percent and 4.2 percent for male and female generated households respectively. Considering the urban area, the rate of decrease was found at 3.8 percent and 5.3 percent respectively for male and female generated households during 2000 to 2010 (Table 3.2).

**Table 3.2: Incidence of poverty by sex of household head**

Sex of Household Head	National			
	2000	2005	2010	Rate of Decrease from 2000-2010 (Percent)
Male	49.0	40.8	32.1	3.4
Female	47.2	29.5	26.6	4.4
Sex of Household Head	Rural			
Male	52.5	44.9	35.9	3.2
Female	50.6	31.0	29.3	4.2
Sex of Household Head	Urban			
Male	35.1	28.7	21.7	3.8
Female	37.1	24.4	17.5	5.3

Source: Author's calculation based on Household Income & Expenditure Survey (2000, 2005 and 2010), Bangladesh Bureau of Statistics, 2012

### 3.2.3 Incidence of Poverty (CBN) by Level of Education

The role of education in poverty eradication is crucial in close co-operation with other social sectors. No country could be succeeded until properly educating its people. Education is not only important for reducing poverty but also a key to creation of wealth. Furthermore, nobody doubts that a better-educated workforce is more likely to enjoy higher earnings. The relationship between education and poverty is quite apparent. Educated people have higher earning potential and they are capable to improve the better quality of their lives, which means they are less likely to be marginalised largely within society. Education empowers a person and it helps them to become more proactive, gain control over their lives, and to broaden the range

of available options (UNESCO 1997). A recent report published by the United Nations Millennium Project Task Force, has emphasised that science, technology, and innovation have helped to lessen poverty, hunger and drive economic growth in much of South-East Asia (Juma and Lee, 2005).

**Table 3.3: Incidence of poverty by level of education**

Level of Education	National			Rate of Decrease from 2000-2010 (Percent)
	2000	2005	2010	
No education	63.1	54.7	42.8	3.2
Completed class I-IV	41.1	37.5	35.7	1.3
Completed class V-IX	35.8	29.0	22.6	3.7
Completed class SSC+	15.1	9.3	7.5	5.0
Level of Education	Rural			
No education	63.2	55.0	43.5	3.1
Completed class I-IV	41.8	39.2	38.1	0.9
Completed class V-IX	39.1	30.9	24.9	3.6
Completed class SSC+	21.4	12.2	11.2	4.8
Level of Education	Urban			
No education	62.3	52.8	39.4	3.7
Completed class I-IV	38.0	33.0	28.3	2.6
Completed class V-IX	25.4	23.8	16.7	3.4
Completed class SSC+	5.7	6.5	3.9	3.2

Source: Author's calculation based on Household Income & Expenditure Survey (2000, 2005 and 2010), Bangladesh Bureau of Statistics, 2012

It is observed that poverty levels fall as the educational attainment of people rises. The incidence of poverty is higher among those who are illiterate and lower among those who have completed SSC level and higher at national, rural and urban level (Table 3.3). The tendency of reducing poverty among the higher educated persons has occurred at an accelerated pace than those who have no or little education. Additionally, it is found that the rate of reduction in the incidence of poverty among the illiterate has reduced from 63.1 percent in 2000 to 42.8 percent in 2010 with an

annual decrease rate of 3.2 percent at the national level. Whereas, this annual rate of decrease was 3.1 percent and 3.7 percent at rural and urban level during the same period. On the other hand, the annual rate of decrease was 5.0 percent, 4.8 percent and 3.2 percent among those who have completed class SSC level and above during 2000 to 2010 at national, rural and urban level respectively, which is the highest among all other educational category except the urban area (Table 3.3).

### **3.2.4 Incidence of Poverty (CBN) by Ownership of Land**

Land ownership and/or access to occupational land in Bangladesh are often related to the poverty status of a household. Access to land has been advocated for many years as one of the potential and the most effective approaches to rural poverty reduction (Warriner, 1969; Thiesenhausen, 1989; Dorner, 1992; Binswanger et al., 1995). Historically, the poor people are land-poor i.e. poor people had less amount of land to support their family. It is quite evident that a negative correlation with the land ownership and incidence of poverty are there. Land is a critical asset, especially for the rural poor, because it provides a means of livelihood through the production and sale of crops and other products. Bangladesh is an agrarian country where still 48 percent people are living on agriculture (BBS, 2011).

It is observed that as the quantity of ownership of land raises, the incidence of poverty level falls where poverty is more pronounced among landless. The rate of decrease in the percentage of population living below the poverty line at national level was the highest for those having 1.50 – 2.49 acre land and similar result is also found for the rural area. On the other hand, this is the highest for those having land of 0.5 – 1.49 acre land at urban areas during 2000-2010 (Table 3.4). However, the incidence of poverty is the highest among the landless but the rate of reduction in the percentage of poverty is comparatively well as

most of them are engaged in non-agricultural activities and managed to reduce their incidence of poverty by various non-agricultural economic activities.

**Table 3.4: Incidence of poverty by ownership of land**

Ownership of Land (in acre)	National			
	2000	2005	2010	Rate of Decrease from 2000-2010 (Percent)
No Land	46.6	46.3	35.4	2.4
< 0.05	57.9	56.4	45.1	2.2
0.05 - 0.49	57.1	44.9	33.3	4.2
0.50 - 1.49	46.2	34.3	25.3	4.5
1.50 - 2.49	34.3	22.9	14.4	5.8
2.50 - 7.49	21.9	15.4	10.8	5.1
7.50+	9.5	3.1	8.0	1.6
Ownership of Land (in acre)	Rural			
No Land	69.7	66.6	47.5	3.2
< 0.05	63.0	65.7	53.1	1.6
0.05 - 0.49	59.3	50.7	38.8	3.5
0.50 - 1.49	47.5	37.1	27.7	4.2
1.50 - 2.49	35.4	25.6	15.7	5.6
2.50 - 7.49	22.8	17.4	11.6	4.9
7.50+	9.7	3.6	7.1	2.7
Ownership of Land (in acre)	Urban			
No Land	36.6	40.1	26.9	2.7
< 0.05	38.3	39.7	29.9	2.2
0.05 - 0.49	24.3	25.7	17.4	2.8
0.50 - 1.49	27.4	17.4	12.1	5.6
1.50 - 2.49	10.2	8.8	6.6	3.5
2.50 - 7.49	9.1	4.2	5.5	3.9
7.50+	0.0	0.0	14.6	NA

Source: Author's calculation based on Household Income & Expenditure Survey (2000, 2005 and 2010), Bangladesh Bureau of Statistics, 2012

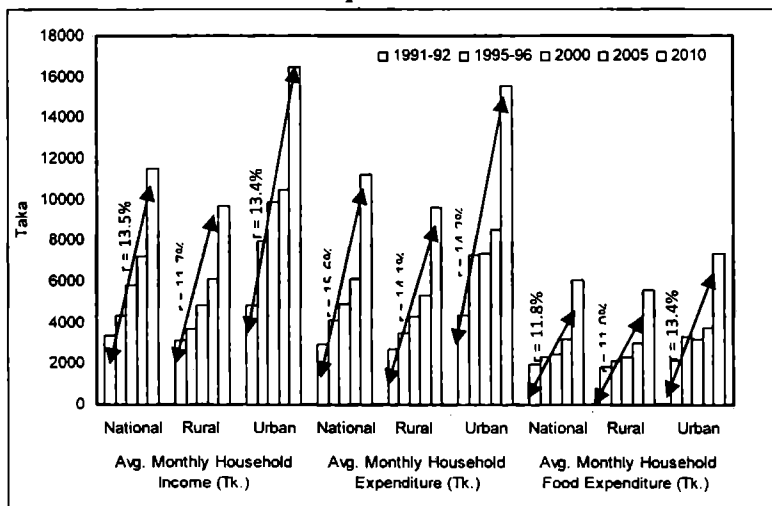
### 3.3 HOUSEHOLD INCOME, EXPENDITURE AND FOOD EXPENDITURE

Reduction in the percentage of population living below the poverty line is conventionally assumed as the result of increased monthly household income over the years (Titumir and Rahman, 2011). The monthly household income has increased from Tk. 3341 in 1991-92 to Tk. 11,480 in 2010 at national level whereas it has increased from Tk. 3109 to Tk. 9648 in rural areas and Tk. 4831 to Tk. 16,477 in the urban areas during the same period. Though a declining trend is there in the percentage of population living below the poverty line, the progress is not matched due to the increase in the monthly household expenditure. During the last twenty years (i.e. from 1991-92 to 2010), the monthly household expenditure has risen from Tk. 2944 in 1991-92 to Tk. 11,200 in 2010 at national level. In rural areas, this expenditure has increased from Tk. 2721 to Tk. 9612 and it has increased from Tk. 4377 to Tk. 15,531 during the same period in the urban areas (Figure 3.1). The household expenditure has scaled up mainly due to higher food expenditure. The food expenditure has climbed up from Tk. 1932 to Tk. 6031 at national level, Tk. 1859 to Tk. 5543 in the rural areas and Tk. 2159 to Tk. 7362 in the urban areas during the period of 1991-92 to 2010 (Figure 3.1).

It is evident that monthly household income, expenditure and food expenditure have increased between 1991-92 and 2010. However, food expenditure has increased at a faster rate than that of income. During the period of 1991-92 to 2010, the monthly household income has increased with a growth rate of 13.53 percent, 11.68 percent and 13.39 percent at national, rural and urban level respectively. At the same time, the monthly household expenditure has risen with a rate of growth at 15.58 percent at national level, 14.07 percent at rural level and 14.16 percent at urban level. In case of food expenditure, it has increased with a rate of growth at 11.79 percent, 11.01 percent

and 13.39 percent at national, rural and urban area respectively. Furthermore, during the last five years (i.e. from 2005 to 2010), the rate of growth of monthly household income was found 11.87 percent, 11.67 percent and 11.50 percent whereas, rate of growth of monthly household expenditure was 16.52 percent, 16.14 percent and 16.40 percent, of which the rate of growth of food expenditure was 17.59 percent, 16.67 percent and 19.20 percent at national, rural and urban areas respectively. An indication is there that recently more people are suffering to manage their livelihood due to higher rate of growth of household expenditure over the income<sup>9</sup>.

**Figure 3.1: Household monthly income, expenditure and food expenditure**



Source: Author's calculation based on Household Income & Expenditure Survey (2000, 2005 and 2010), Bangladesh Bureau of Statistics, 2012

<sup>9</sup> See Appendix C



### 3.4 CONCLUSION

The eradication of poverty has proven to be an elusive goal in spite of being centered to the international development agenda. Additionally, alleviating poverty is one of the key challenges for the new millennium. Meeting this challenge requires effective poverty reduction policies. Designing these policies, in turn, requires an understanding of the underlying welfare dynamics that determine how individuals and households escape or fall into poverty over time. Report suggests that the conventional approaches are not working<sup>10</sup>. The incidence of poverty in Bangladesh is one of the highest in the world. Millions of people are suffering from the hardship of poverty where about one-third (31.5 percent) of its population is living below the poverty line (HIES, 2010). Household poverty status is strongly associated with various household characteristics that are quite evident from the analysis as discussed in this chapter.

The promotion of household income has been given importance in policy documents but programmatic intervention is neither adequate nor implemented with vigour. Unless land, agrarian and agrarian reforms are being implemented and rapid industrialization is being promoted, a few income promotion and safety net programmes can not contribute significantly towards promoting household income and reducing poverty. Social transfer could be linked to education as the education (especially female education) appears to be a crucial contributing factor in alleviating poverty. Therefore, interventions to enhance education (especially female education) as well as the adult literacy programmes for them should be given a high priority. These findings suggest that land can indeed be an important

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<sup>10</sup> Rethinking Poverty: Report on the World Social Situation 2010 (United Nations, 2009). Also available at:  
<http://www/un.org/esa/socdev/rwss/docs/2010/fullreport.pdf>

element of a poverty reduction strategy where some specific conditions are there in this occasion calling on complementary interventions. Besides better access to land, it is important to improve control by households over complementary assets such as education, and to improve the provision of public goods such as infrastructure needed for them to make an effective use of the land. Proper monitoring should be required to implement the family planning system throughout the country to keep the household size small. The policies and programmes designed for reducing poverty to attain inclusive development have to make in such a way so that the poor people can have voice of their own and the benefits can be trickled to every nook and cranny. Findings are needed to be utilized significantly in developing suitable programs addressing the case of poverty of the developing countries including Bangladesh.

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## Appendix - B

### Mathematical Equation

$$P_l = P_b (1 + ry)$$
$$\Rightarrow r = \frac{1}{y} \left( \frac{P_l}{P_b} - 1 \right)$$

Where,

$P_l$  = Value of the launch year;

$P_b$  = Value of the base year;

$y$  = Number of years between launch year and base year;

$r$  = Rate of growth

Then, a projection using this method could be computed as:

$$P_t = P_l (1 + rz)$$

Where,

$P_t$  = Value of the target year;

$P_l$  = Value of the launch year;

$z$  = Number of years between target year and launch year;

$r$  = Rate of growth

## Appendix - C

Name: MD. Shahadat Hossain  
Age: 50  
Sex: Male  
Family Member: 3  
Earning Member: 2  
Place of Residence: Boubazar, Nabinagar.

Shahadat sells battle leaf, cigarette and chocolates on the footpath of National Monument, Savar, Dhaka. He had migrated to the Nabinagar from Bera Upazila under Pabna district thirteen years ago. From him, it is known that the erosion of Padma River had grasped his house three times. Due to the frequent natural disaster, he had decided to migrate here. He had chosen Nabinagar as one of his neighbours had already been staying here. Shahadat lives with his wife and one daughter at Boubazar, Nabinagar. He had three daughters. Two of his daughters had died in their infant age. When Shahadat had been asked about the cause of their death, he said that the first one has died only at five day after birth and the second one had died in pneumonia when she was 18 months old. He also added that he was unable to look after his pregnant wife and the newborn baby for extreme poverty. Due to incapability of buying good and nutritious food for her pregnant wife, an ill and weak child had given birth by her. Lack of medical treatment for economic crisis was the main cause of the death of her second daughter in Pabna town. He is now living in a room where every three family is sharing a common bath and kitchen in that house. The house rent for one room is Tk. 1000 per month. He is earning 300 to 500 Tk. per day. Another matter to be noted is that the footpath business in front of national monument is illegal. The hawkers like Shahadat are doing business here by giving money as bribe to the staffs in amount of Tk. 20-30 when they demand. Sometimes police and army evict them. When police conduct their eviction, Shahadat ran away with his products. In this situation, he couldn't earn money anymore. So, he needs to take loan from his neighbours. Sahadat's wife is working as a servant in the neighbour's house. She earns Tk. 1000 per month. His daughter is sixteen years old. Shahadat has dropped her from school as he has no interest to spent money for her daughter's education anymore. Moreover, he also said that some boys continuously tease his daughter on the way of her school. Every day they need 0.5 kg rice as their regular meal. Most of the times, they have to fast at night. Sahadat's wife has been suffering from severe a long term headache. They tried to treat this disease by traditional healing system as they don't prefer to visit a doctor for huge charge of visit there. In this situation, Shahadat and his family members are living far behind from the basic needs such as education, health, and sound housing facilities. Moreover, the higher expenditure of livelihood against income has made his simple life more difficult and struggling as well.

## Chapter 4

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# STATE OF LIVELIHOOD OF THE RURAL POOR

*K. M. Mustafizur Rahman*

### 4.1 INTRODUCTION

Over the last decade, the rate of poverty in rural areas has been found declining but considerably high. With an international poverty line of USD 2.15 a day, the rate of poverty in the rural areas declined from 78 percent in 1993 to 70 percent in 2002 in the entire world<sup>11</sup>. This similar situation is persisting in Bangladesh as well. However, there is a progress in reducing the incidence of poverty although the number of poor people in the rural areas has remained roughly constant at 41 to 42 million between 2000 and 2005. The rate of poverty declined from 53.1 percent in 2000 to 35.2 percent in 2010, but the number of poor people has decreased slightly from 42.6 million to 41.4 million during 2000 to 2005 (HIES, 2005) in the rural area of Bangladesh.

Some people are born into poverty and find it difficult to escape from it as they do not enjoy education, health or nutrition

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<sup>11</sup> In 1993 PPP, and properly adjusted for difference in cost of living in urban and rural areas. Ravallion, Chen, and Sangraula (2007).



required to accumulate crucial physical stature and cognitive capacity in earlier life (Loury, 1981; Strauss and Thomas, 1998; Basu, 1999), because of not inheriting sufficient land or capital to add value to their human capital as well as not employing the assets effectively they own to generate income (Carter and May, 1999). This picture is quite frequent in the rural area rather than the urban area. They are poor from the beginning of their life<sup>12</sup>. Under these circumstances, it is very much essential to have a study on the state of livelihood of the rural poor. The state of livelihood is commonly about the living conditions which have been assessed in this survey on some certain households in Bangladesh. Living condition measurement has been an area of survey using the instruments that have mostly expressed in monetary terms where many non-monetised indicators of human well-being have not been used. This chapter is an attempt to collate information on five fundamental rights of human being (e.g. food, cloths, housing, education and health). The contribution of this chapter lies in the identification of different livelihood profiles for the rural households. An understanding of the variations in the characteristics of different livelihood profiles, and the institutional constraints they face, is a prerequisite for an effective rural policy making which is the aim of this paper.

## 4.2 MATERIALS AND METHODS

A total sample of 300 households, divided equally from each of the three different char areas of *Shariatpur*, *Gaibandha* and *Sirajgonj* districts has been selected to monitor the state of livelihood by using a pre-designed questionnaire. The households have been selected using the stratified sampling technique considering their position compared to the orthodox poverty line (Daily income is less than USD 1.25 according to

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<sup>12</sup> See Appendix B

World Bank poverty line criteria) to maintain the comparability with the national statistics. The data have been edited, compiled, computerised and processed by using SPSS 10.5 program.

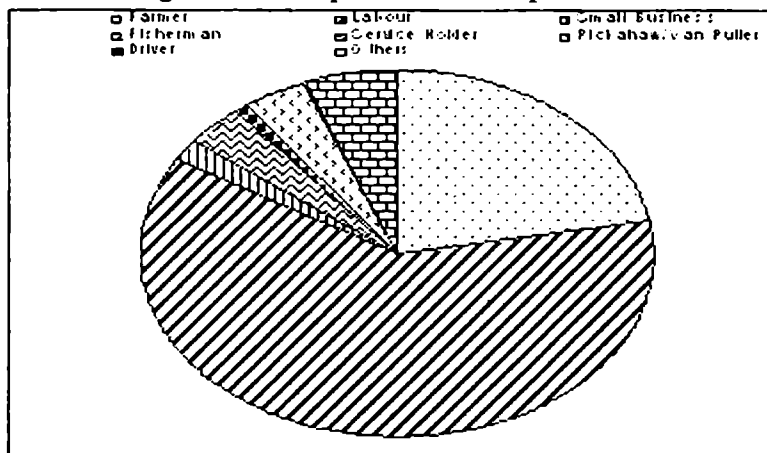
### 4.3 HOUSEHOLDS INCOME

This section of the study demonstrated the occupation and the level of income of the surveyed respondents.

#### 4.3.1 Occupation of the Respondents

The level of income is largely dependent on the type of occupation of the individuals. It is observed that most of the respondents (61.78 percent) are wage labourers and the second largest portion (21.89 percent) is engaged in subsistence farming as peasants (Figure 4.1). A little portion of the respondents are service holders that represents a real picture of rural Bangladesh where a huge lack of education and job opportunities is there compared to the urban area.

**Figure 4.1: Occupation of the respondents**



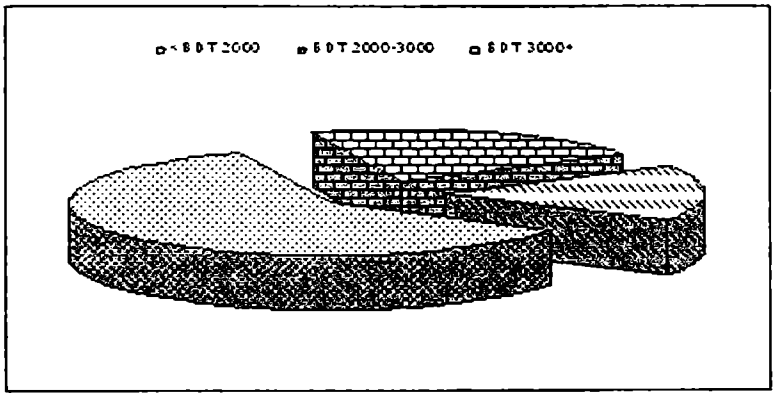
Source: Unnayan Onneshan (UO) Field Survey, 2012

The survey reveals that the marginalised people (approximately more than 80 percent) in the survey areas are dependent on agriculture as their main source of income. All the wage labourers are involved in agriculture in land owned by others and/or in the leased land due to unavailable off-farm activities in their localities.

### 4.3.2 Level of Income

The standard of living is ultimately dependent on the level of income of the people as the most powerful tool that strongly influences the satisfaction of life. With a closer diagnosis, it is found that the majority (60.89 percent) of the respondents' income in the surveyed areas is less than BDT 2000, which means that they have their income below USD 1.25 per person per day (suggested income poverty line by World Bank). Additionally, 21.78 percent of the respondents have their monthly income of BDT 2000-3000 followed by 17.33 percent whose monthly income is BDT 3000-4000 (Figure 4.2).

**Figure 4.2: Income level of the respondents**



Source: Unnayan Onneshan (UO) Field Survey, 2012

## 4.4 BASIC NEEDS CONSUMPTION

Recently, the soaring prices of essential commodities make it more difficult to maintain the minimum standard of life for the poor people especially, in the rural areas. This section will explore the expenditure situation of the rural people under the study.

### 4.4.1 Expenditure Situation

The current study considers six components of expenditure required for subsistence living, based on the Household Income and Expenditure Survey (HIES). Gradually, total expenditure for the poor is largely influenced by food expenditure. Expenditure on food remains almost unaltered with the time even when the cost is supposed to increase due to food inflation. However, the respondents have adjusted food inflation with their effort of growing own food through the exploitation of labour or through reduction in consumption. Among the various expenditure level, food expenditure is the highest compared to other expenditure categories. More specifically, it is found that 35.75 percent of the income of the respondents is gone for the food expenditure, which is 22.99 percent lower than that of the national level (Table 4.1). The significant reason behind this lower expenditure on food in the surveyed areas is that most of the respondents are getting food from their own homestead gardening and livestock farming. This supplementary consumption in every household does not add to any indirect cost in their own calculation of monthly income or expenditure.

In case of education, health and cloth of the respondents, it is found that they have to pay higher than the national level but have got lower access or lower quality services. On the other hand, the respondents have to pay comparatively little amount than the national level in case of housing and miscellaneous

purposes. One possible reason for this might be the higher expenditure on other sectors (e.g. food, cloth, education and health). Under these circumstances, they have found to pay a little attention on housing and miscellaneous sector that are quite ambitious to the respondents under the study.

**Table 4.1: Different types of expenditure situation of the respondents**

Expenditure	Comparison	
	Survey Area	National Level
Food	35.75	58.74
Cloth	8.32	5.12
Education	6.16	4.18
Health	4.71	4.05
Housing	3.10	7.27
Miscellaneous	0.23	12.61

Source: Unnayan Onneshan (UO) Field Survey, 2012

Note: National data were adopted from Household Income & Expenditure Survey 2010

The relevant findings in detail in the six areas of consumption are as follows:

#### 4.4.1.1 Food Expenditure

A considerable portion of the respondents (36.33 percent) has spent less than BDT 500 for food consumption, which illustrates their incapability in arranging food twice a day. The maximum food expenditure in the surveyed areas is BDT 1500 against the average total food expenditure in rural areas at the national level of BDT 3023 per month. Only 3.11 percent respondents are able to spend the amount equivalent to national average food expenditure. This might be happened as the surveyed areas are poverty prone and many of respondents produce their own food in their homestead garden.

#### *4.4.1.2 Clothing Expenditure*

The average expenditure on cloth in the surveyed areas is 8.32 percent which is 5.12 percent at the national level (HIES 2010). The survey also reveals that 62.11 percent households did not spend money for buying cloths for the previous three months when the survey has been taken place.

#### *4.4.1.3 Education Expenditure*

The average expenditure on education is 6.16 percent in the surveyed area which is 1.98 percent higher than that of the national level. Moreover, it is found that the average household expenditure on education at national level is BDT 568 in the rural areas (HIES, 2010), but only five percent households has been found to spend BDT 600 and majority of the respondents (57.56 percent) did not spend money on education during the last three months prior to the survey. Significantly, the survey reveals that they have little access (42.55 percent) to education. Moreover, 30 percent of the respondents in the survey area are involved in non-formal education like capacity building training by NGOs.

#### *4.4.1.4 Health Expenditure*

Average expenditure on health in the surveyed areas is higher than that of the national rural average of 4.71 percent. The higher distance for seeking medical assistance is the reason behind it . The survey also finds that an average of 62.11 percent respondents did not spend single amount for the healthcare during the period.

#### *4.4.1.5 Housing Expenditure*

The average expenditure on housing is 3.07 percent in the surveyed area which is 4.2 percent lower than that of the national rural level. The survey identifies that 88.89 percent of the households did not spend money for any types of housing related activities during that period.

#### 4.4.1.6 Miscellaneous Situation

The miscellaneous expenditure considers transportation, recreation and buying miscellaneous products like gold, television, furniture, radio, mobile etc. The survey observes that almost all of the people (98.67 percent) in the survey area have no ability to spend money for these purposes whereas the national average of expenditure for miscellaneous activities is 12.61 percent (HIES, 2010).

### 4.5 CONSUMPTION OF FOOD

The impact of price hike of essential commodities on high and low-income groups is different because of different consumption levels and patterns. The main cause of the high inflation today is cost push, fuelled by rise in prices of food, which accounts for the largest part of poor people's consumption. Increased trends of rice and wheat price have resulted in decreased consumption of these two staple food items, which in combined was 442.21 grams in 2010 and 451.72 grams in 2005, showing a decrease of 9.51 (2.13 percent) grams per capita per day during this period at national level (HIES, 2010). Sharp increases in food prices over the past few years have eroded the purchasing power of households and raised serious concerns about food insecurity and malnutrition in many countries, including Bangladesh. Rice and vegetable constitutes the main food-course for the poor people in char areas. The consumption pattern of other essential food items like pulse, fish, meat, milk, edible oil, fruits are very low in all the surveyed areas. This study has grouped different food items into four classes like carbohydrates, protein, fat and vitamins. The intake of food items has been measured in gram and calorie per person per day (Table 4.2).

According to the Household Income & Expenditure Survey (HIES),  $\leq 2122$  kcal,  $\leq 1805$  kcal and  $\leq 1600$  kcal per capita per day are considered for absolute, hardcore and ultra poverty

respectively. It is estimated that average per capita calorie intake per day per person in the surveyed areas is 2137.00 kcal, which is lower than the national average of 2344.6 kcal and approximately, closed to absolute food poverty line of 2122 kcal. (Table 4.2).

**Table 4.2: Food intake scenario of the respondents**

Food intake (in gm)	Comparison	
	Survey Area	National Level
Carbohydrates (Rice and other cereals)	452.7	426.6
Protein (Pulse, fish, meat, egg and milk)	45.6	62.7
Fat (Edible oil)	16.0	14.2
Vitamins (Fruits and vegetables)	185.3	241.4
Average Calorie Intake (kcal per capita per day)	2137.0	2084.6 for poor; 2344.6 for non-poor

Source: Unnayan Onneshan (UO) Field Survey, 2012

*Note: National data were adopted from Household Income & Expenditure Survey 2010*

## 4.6 SITUATION ON POVERTY

In this section, an attempt is made to find out the poverty situation in case of income and food intake of the respondents under study.

### 4.6.1 Income Poverty

The study observed the per capita income and expenditure of the respondents. In this study, it is found that the income of the respondents has remained unchanged in terms of expenditure. It is also observed that people in the study areas have to rely on credit and other facilities providing organisations to meet their basic necessities. Based upon income, the study reveals that the



percentage of the population living below the poverty line (upper poverty) remained more than double at the surveyed area as compared to the national level. It is found 82.67 percent at the surveyed area whereas it is 35.2 percent in the national level. In case of lower poverty, the percentage of population under poverty line is about three times higher than that of the national level. More specifically, it is 21.1 percent at national level whereas the surveyed areas contain 60.89 percent (Table 4.3).

**Table 4.3: Income poverty of the respondents**

Poverty Line, suggested by World Bank	Percentage of Poverty in Rural (HIES 2005)	Percentage of Poverty in Rural (HIES 2010)	Percentage of Poverty in Rural (Surveyed area)
Upper Poverty Line	43.8	35.2	82.67
Lower poverty	28.6	21.1	60.89

Source: Unnayan Onneshan (UO) Field Survey, 2012

Note: National data were adopted from Household Income & Expenditure Survey 2010

#### 4.6.2 Food Poverty (Direct Calorie Intake)

Considering food poverty line, the study explores the respondents as vulnerable. In the current study, the poverty level has also been measured by calorie intake per person per day. The respondents at the surveyed areas are closed to the food poverty line (average calorie intake was 2137 kcal per person per day) compared to the national boundary of food poverty (2122 kcal per person per day). All the respondents in the study areas are poor in terms of calorie deficiency, though, their calorie intake is little higher than the national average. Harvesting period of *Boro* rice results in their higher calorie intake during the survey period.

## 4.7 CONCLUSION

No doubt is there that the government of Bangladesh mounted a multi-faceted policy of poverty reduction. However, it has not been explained yet why poverty reduction is found slow. The missing link needs to be understood (Rahman, 2002). It is quite evident that without improving the life and livelihood status of the rural people, reduction of poverty will remain elusive. The dynamics of the rural poverty in Bangladesh is now grabbing attention from the researchers, social scientists and policy makers (Rahman, 1996; Sen and Rahman, 1999). This study is an attempt to explore a clear picture about the life and livelihood issues of the rural poor. The chapter explores the theme that the incidence of poverty in the rural area is actually very high; however, a progress is there in reducing poverty. Additionally, from the study, the average expenditure on various fundamental human rights of the respondents is found high compared to the national statistics. However, they have little access or lower quality services regarding those matter. The high incidence of lower poverty indicates structural bottleneckness faced by the inhabitants, coupled with shocks as well as emanating from disasters and climate-change induced vulnerabilities. This warrants a different public provisioning of public goods, besides addressing structural causes and climate-induced vulnerabilities. The non availability of basic service such as education and health infrastructure grasped income related to other areas because of costs associated with accessing those services due to remoteness. The food inflation has a significant impact on them either requiring them to excessive exploitation of labour or reduction in consumption due to lack of public food distribution system.

It is true that, despite having an economic growth in the country, all people cannot get benefit from growth equally due to the different standard of their capacity, intellectual ability etc. To assist those people, the government may take special programme

in this regard. However, before creating those, the policies should revamp in an effective manner to ensure equitable distribution of income and wealth. Accelerating the rate of decline in poverty can be accomplished only by reducing poverty in the rural areas. Without accelerating rural development, reduction of poverty might not possible as a whole.

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## Appendix - A

### Comparability with Conventional Mechanisms

Despite the shortcomings of the conventional mechanisms, particularly in relations to measurement of poverty and livelihood, the survey collects and reports data for making comparison with the findings of HIES 2005, HIES 2010 and other national and international reports. Accordingly, the collected data has been analysed using the cost of basic needs (CBN) method, articulated by World Bank, which is commonly used by the national statistical agency, the Bangladesh Bureau of Statistics (BBS). The CBN method captures the cost of a basic food basket where minimum nutritional requirement estimated as 2122 kcal per person per day, and the level is defined as poverty line. Considering BBS categories, the survey has categorised the poor into three groups based on their nutritional intake such as *Absolute Poor* ( $\leq 2122$  kcal), *Hardcore Poor* ( $\leq 1805$  kcal) and *Ultra Poor* ( $\leq 1600$  kcal). The survey further measures the poverty level of the samples based on daily income proposed by World Bank, where they set daily income of USD 1.25 as poverty line. Using the income method, the survey has categorised the poverty into upper poverty (USD 1.25 per person per day) and lower poverty (USD 1 per person per day).

**Income Poverty Line:** Since 1990, World Development Report (WDR) on poverty, World Bank has anchored its international poverty lines to the national poverty lines used in the poorest countries. The original "USD 1 a day" line was a typical line amongst the low-income countries in the data available at the time of making the WDR, 1990. This is acknowledged to be a frugal line; naturally, the richer countries have higher national poverty line. One could hardly argue that the people in the world who are poor by the standards of the poorest countries are not in fact, poor.

**The survey follows the World Bank's latest poverty line that is USD 1 and USD 1.25 per person per day income for the lower and upper poverty line respectively.**

**Food Poverty Line:** The cost of basic needs (CBN) method is the standard method for estimating the incidence of poverty. This is recommended by the World Bank and the estimation based on it is used

by the planners, policy makers and the international agencies. To measure the food poverty line, a basic food basket (eleven food items) and the cost has been selected. The quantities in the basket are scaled according to the nutritional requirement of 2122 kcal per person per day. The estimated cost is taken for 2122 kcal as Food Poverty Line (FPL).

Three steps have been followed for estimating what it costs a household to meet its basic needs in the base year 2005 by the HIES. First, the cost of a fixed food bundle was estimated. The bundle consists of eleven items; rice, wheat, pulses, milk, oil, meat, fish, potato, other vegetables, sugar and fruits. It provides minimal nutritional requirements corresponding to 2122 kcal per day per persons. The same threshold has been used to identify the absolute poor with the direct calorie intake (DCI) method. The price for each item in the bundle has been estimated as the mean of unit values (price per unit) of the item reported by a reference group of households, calculated separately for each of the 16 geographic areas or strata. The food poverty line has been computed by multiplying the prices with the quantities in the food bundle. The second step has been entitled computing two non-food allowances for non-food consumption. The first one has been obtained by taking the median amount spent for non-food items by a group of households whose per capita total expenditure is closed to the food poverty line, which is called the "lower no-food allowance". The second has been obtained by taking the median amount spent for non-food items by a group of household whose per capita food expenditure is closed to the food poverty line, which is called "upper non-food allowance". The third step has been consisted simply of adding to the food poverty lines-the lower and upper non-food allowances to yield the total lower and upper poverty lines for each of the 16 geographical areas.

**According to the BBS,  $\leq 2122$  kcal,  $\leq 1805$  kcal and  $\leq 1600$  kcal per capita per day are considered for absolute, hardcore and ultra poverty respectively.**

## Appendix – B

Nurzahan Bibi is a woman of 35 years engaged in agricultural work. She earns a little amount of money and tries to participate in maintaining her family. She lives with her husband in Gosaihat, Shariatpur. They have three children with ages of 18, 15 and 11 years respectively. Her husband is a van puller and he earns BDT 150-200 per day. Due to the soaring prices of essential goods, they are struggling to survive. They stop the formal school of their children for lack of some extra money as their regular fees while admitting them to a new class. Nurzahan Bibi has been suffering from severe headache for a long time. However, she could not go for better treatment due to the higher expense. According to her, "*Noon ante panta shurai, valo dakter dekhamu kmne?*" (*Living from hand to mouth does not allow me to be treated with good physician*) In case of sanitation, they have to use hanging latrine, however, they use tube well water for their regular drinking water purposes. All their family members are working hard to maintain their life and livelihood. Though they do not have to go without food but they enjoy less nutritious as well as low quality food having fewer clothes than the minimum requirement. According to Nurzahan Bibi, "*Gorib silam, gorib asi, ato kosto koreo vagger unnoti hossena*". (*We are poor and will remain so but we are not finding the good luck in spite of hard work*)





## Chapter 5

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# POVERTY AND RURAL-URBAN MIGRATION

*K. M. Mustafizur Rahman & Suban Kumar  
Chowdhury*

### 5.1 INTRODUCTION

The poorest groups in any society are often bypassed by economic development and it is quite true for the people of rural areas. However, there is a progress in reducing poverty since independence, still a huge number of rural people (35.2 percent) is living below the poverty line (HIES, 2010). Rural poverty results from lack of assets, limited economic opportunities and poor education and capabilities as well as disadvantages rooted in social and political inequalities (IFAD, 2010). Without opportunities for an adequate livelihood in the rural areas, poverty is being increased and this forced many rural poor to seek employment elsewhere, leading to a massive rural-urban migration.

Rural-urban migration reduces the pressure of population in the rural areas and, thereby, should improve economic conditions and reduce rural poverty. However, disparities between the urban and rural areas in terms of income and employment as

well as the unavailability of basic infrastructure and services persist. Urban areas offer more and better opportunities for socio-economic mobility of the poor and rural-urban migration, therefore, will continue. It is evident that the incidence of poverty is higher in the rural areas than that of the urban areas. Moreover, the rate of reduction in the rural areas of poverty is also higher in the rural areas than the urban areas. This might be occurred due to the accelerated pace of rural-urban migration (Titumir and Rahman, 2011).

Migration has been a long livelihood strategy in Bangladesh. Now-a-days, in Bangladesh, poverty is considered as one of the key drivers of the rural-urban migration. Rural life is changing fast now. This is because; they are far less dependent on agriculture. Moreover, a dependency on off-farming activities among the rural people is noticeable recently that often leads to migration into the urban areas for better income opportunities. Furthermore, the principle factor that attracts the rural poor people to the urban centre is the rapid expansion of non-agricultural sectors. Another intra-related factor that encourages the rural people in Bangladesh to migrate into urban areas is the frequent recurrence of natural disaster which severely damaged agricultural development and caused food crisis and unemployment, particularly for those who traditionally depends on farming activities as a means to earn their daily livelihood. So, it is very clear that the poorest portion, often cannot migrate since resources are needed to do so. This often led to a debate about the relationship between migration and development. Study on several literature related to rural-urban migration assess that, in comparison with the other least developed countries, a vast majority of rural-urban migration in Bangladesh is attributable to the strong pushing factors relatively on the one hand and strong pulling factors on the other hand. In this chapter, an attempt is made to explore the relationship between poverty and rural-urban migration in search of a clear scenario regarding this.

## 5.2 BASIC CONCEPT OF POVERTY AND MIGRATION: THEORETICAL PERSPECTIVE

People in different circumstances naturally have different levels of economic welfare at the same level of income. In this aspect, the poverty line of a given individual can be defined considering money. The individual needs to achieve the minimum level of welfare not to be deemed as 'poor', given its circumstances<sup>13</sup>. Everyone in the poverty line is taken to be equally badly off, and all those below the line are worse off than all above it. Often, the people who are living below the poverty line tend to migrate to the urban area with zeal to improve their livelihood. Although the evidence is limited and mixed (Waddington and Sabates-Wheeler, 2003), an acceptance of an "empirical regularity" appears to be there that the poorest and richest have lower migration propensities. The severe poor are believed to be almost unable to migrate, or migrate under such bad terms that migration does not improve their wellbeing or makes them worse off, for example, the bonded labour (Mosse et al., 2002).

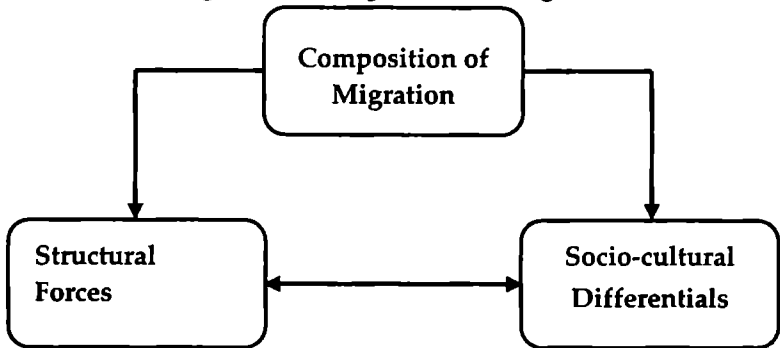
Basically, migration is a critical concept to define specifically. To be simple, this is occurred due to moving of the people for different reason across or within the country. A migrant could be a person who moves across or within the country to improve respective livelihood; a refuge who crosses the border due to political and religious suppression; or by a person who is displaced by natural disaster. Still, the demographer neither could nor reached to a consensus definition of migration. This is

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<sup>13</sup> Martin Ravallion, Poverty Lines across the World, The World Bank Development Research Group Director's Office April 2010, Policy Research Working Paper 5284, [http://www.wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2010/04/27/000158349\\_20100427143536/Rendered/PDF/WPS5284.pdf](http://www.wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2010/04/27/000158349_20100427143536/Rendered/PDF/WPS5284.pdf)

because migration does not occur under a common condition rather the causes of migration are related to specific context in which they take place.

**Figure 5.1: Composition of migration**



It remains a crucial task for the demographer to illustrate why people migrate from one place to another. A comprehensive theory of migration is required for this. This is because, only the theories of migration can best explain why people are migrating from one place to another within the wider political and economic context. As for example, if migration in Bangladesh is shown as the result of economic factor then, it could be solved through decentralisation of economy within the country. The fact is that often it is almost unattainable. Furthermore, migration was governed by a push-pull process; that is, unfavourable condition in one place (oppressive laws, heavy taxation etc) “push” people out and favourable conditions in an external location pull them out (Ravenstein, 1889). In the context of rural-urban migration in Bangladesh, the implication is found what Ravenstein (1889) told in his “laws of migration”.<sup>14</sup>

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<sup>14</sup> Ravenstein's laws stated that the primary cause for migration was better external economic opportunities; the volume of migration decreases as distance increases; migration occurs in stages instead of one

### 5.3 OBJECTIVES & FACTORS OF MIGRATION: AN ASSESSMENT ON THE ROLE OF POVERTY IN RURAL-URBAN MIGRATION

Migration could not be generalised into a single category depending on demographic, socio-economic and cultural factors. Poverty, lack of work availability, unemployment, natural disaster and socio-cultural factors like marriage, family conflict, better educational opportunities etc. are among the most dominating factors influencing the people to migrate. In Bangladesh, every year a large number of people are pursuing migration as their livelihood strategies. They believe that they can improve their lifestyle by earning more in the urban areas but in reality, they have failed to do so<sup>15</sup>. It is quite evident that, a strong linkage between migration and poverty exist there. However, in practice, they hardly can do this. In recent times, most of the cities in Bangladesh are experiencing rapid but unplanned urbanisation through the industrialisation and that has resulted in the higher job opportunities in the urban areas. As a result, migration in the urban areas is uprising day by day which simultaneously, increase the growth of urban population compared to national population growth of Bangladesh (Table 5.1). In the year of 1901, approximately 2.43 percent of the country's population lived in the urban areas.<sup>16</sup> During 1951-1961 due to political and socio-economic reasons, the urban population had increased at approximately 45.11 percent and this percentage is more than twice from the previous decades that was 18.4 percent. The urban population growth in Bangladesh

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long move; population movements are bilateral; and migration differentials (e.g., gender, social class, age) influence a person's mobility.

<sup>15</sup> See Annex A

<sup>16</sup> Bangladesh Bureau of Statistics, Bangladesh National Population Census Report - 1974 (Dhaka: Ministry of Planning, 1977).

was last reported at 2.85 in 2010<sup>17</sup>. Most of the cities in Bangladesh especially, Dhaka is now experiencing massive migration from the rural areas and this partially is causing the dramatic rise of poverty in the city areas including Dhaka<sup>18</sup>.

**Table 5.1: Urban Population growth in Bangladesh**

National population			Urban population			
Number (Million)	Rate of growth	Number (million)	Share (Percentage of total Population)	Decadal increase of urban population (Percentage)	Rate of growth	
01	28.2	0.70	2.43	-	-	-
11	31.65	0.94	0.80	2.54	14.96	1.2
21	33.25	0.60	0.87	2.61	8.85	0.8
31	35.60	0.74	1.07	3.01	22.20	2.0
41	41.99	1.66	1.54	3.67	43.20	3.2
51	44.17	0.51	1.83	4.14	18.38	1.2
61	55.22	2.26	2.64	4.74	45.11	3.2
74	76.37	2.53	6.00	7.86	137.57	6.2
81	81.91	2.56	13.56	15.08	110.68	10.2
91	111.45	2.17	22.45	20.15	69.75	5.2
01	129.25	1.54	28.60	23.1	37.05	3.2

Source: Centre for Urban Studies, Squatters in Bangladesh Cities: A Survey of Urban Squatters in Dhaka, Chittagong and Khulna- 1974 (Dhaka: CUS, 1976) & Bangladesh Bureau of Statistics, Bangladesh National Population Census Report -1974 (Dhaka: Ministry of Planning, 1977); Bangladesh Population Census 1991 Urban Area Report (Dhaka: Ministry of Planning, 1997); Population Census 2001, National Report (Provisional) (Dhaka: Ministry of Planning, 2003).

<sup>17</sup> For details visit <http://www.tradingeconomics.com/bangladesh/urban-population-growth-annual-percent-wb-data.html>

<sup>18</sup> Shahadat Hossain, Rapid Urban Growth and Poverty in Dhaka City, Bangladesh e-Journal of Sociology. Volume 5 Number 1. January ,2008

The state of infrastructures of Dhaka city is insufficient enough to shelter the extra migrated population. As a result, the rural people, who live below the poverty line are migrating, particularly, towards Dhaka city, and living in the slums, railway stations and streets. Moreover, they also have limited access to the social and economic system of the city<sup>19</sup>.

#### **5.4 LINKAGE BETWEEN POVERTY & MIGRATION**

A complexity exists in defining the linkage between poverty and migration. This is because, a variety of ways are there in which the relationship between migration and poverty is understood and explained reflecting both the diversity of definitions and understanding of migrants and migration as well as poverty and poverty analyses. In the development theory, the dominant representation of the poor as heterogeneous group is noticeable but in practice they are deprived of reflecting differential access to resource, power and control. In Bangladesh, the livelihood of poor people is shaped by particular set of vulnerabilities in different ways that they are experiencing. Thus, the repertoire of decisions, choices and options that they can pursue are similarly assorted. Although migration remains in centre to many household livelihood strategies, it represents one response to conditions of poverty for some people. Migration is often seen simply as a flight from poverty as no available opportunities are there locally and so, people migrate in order to survive (Skeldon, 2003). Lack of opportunities is a very much affecting factor responsible for migration (e.g. education, health, employment etc.) to lead a better life. This is how, migration creates the conditions that lead the people feeling themselves as poor, which in turn, leads to further migration as they move in order to improve their life and livelihood. The expectation that by moving they will find appropriate employment and enjoy a better

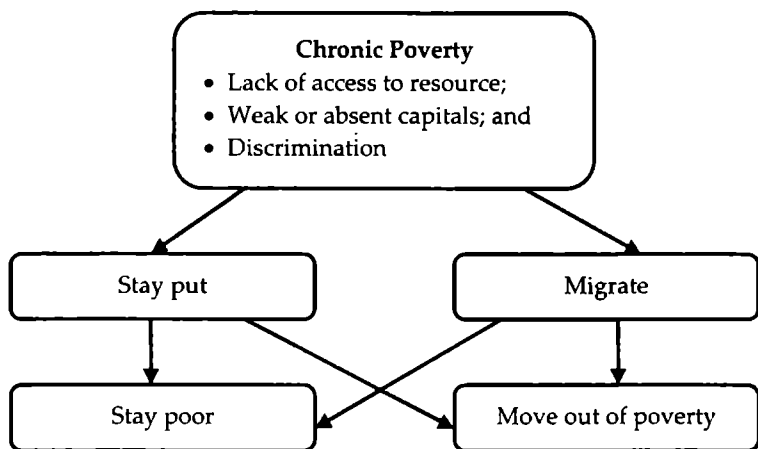
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<sup>19</sup> See Appendix B



standard of living does not always materialise and subsequently, those poor who are migrating can end up only in the category of the chronically poor. Here, it is very important to understand that the role of migration is in chronic poverty. So, to explore the role of migration in chronic poverty it is very crucial to clarify the characteristics of those who migrate and the seasons, process and consequences of migration for those who are excluded from adopting migration as a livelihood strategy as well as who are forced to migrate as a livelihood strategy.

**Figure 5.2: Migration and poverty dimension**



Source: Adopted from Afsar, 1999

In the most areas, migration appears on balance to bring an improved probability of survival and often an alleviation of poverty. At the same time, exploitation and disruption can be an integral part of the transformations associated with the population movement. Migrants have tendencies to contribute to poverty reduction just as they are susceptible to poverty (Moser, 1996). This process is perhaps, at the root the of most migration, giving the impression that poverty is the driving force but in reality, it is the product of a desire to better oneself against new

standards rather than the result of absolute deprivation. Migration is thus, both the creator and the product of poverty. This should have revealed the complexity of the relationship between migration and poverty.

The essence of the whole relationship between poverty and migration can be captured as:

*Migration is the oldest action against poverty. It selects those who most want help. It is good for the country to which they go; it helps to break the equilibrium of poverty in the country from which they come. What is the perversity in the human soul that causes people to resist so obvious a good? (Harris, 2002)*

## 5.5 MIGRATION AND DEVELOPMENT NEXUS

Internal migration is more prevalent in Bangladesh, apart from international migration. In most of the cases, migration had occurred to improve the economic conditions of the migrants. In most of the times, it does not seem as a successful story for the migrants, especially, for the poor who have migrated from rural to urban area<sup>20</sup>. Migration has been shown to be a significant component in the development of particular social and revolutionary movements, a theme that remains under-researched (Skeldon, 1987). Many links are there that exist between migration and development that are traditionally being treated as separate policy portfolios viewed increasingly today. While development-oriented actions can help tackling the root causes of migratory flows, migration can, in turn, contribute positively to the development, including economic growth, social empowerment and technological progress. On the other hand, migration can also pose challenges to countries' development efforts unless it is well managed. Such phenomenon as 'brain

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<sup>20</sup> See Appendix C

drain', experienced by a number of developing countries in the key development sectors, call for more cohesive and sustainable policies. Greater partnership between countries of origin, transit and destination as well as the full integration of the migratory dimension in development policies and dialogue on all levels are crucial steps in enhancing the development potential of migration.

Now, most of the people in rural villages are dependent upon off-firm livelihood which is caused by some form of migration. In the earlier periods, most of the migrants from rural areas are young men. However, now-a-days, due to the increasing demand in ready-made garment (RMG) industries in the metropolitan cities, the number of female worker is also increasing respectively. They are contributing greatly to increase to production of the ready-made garment (RMG) industries. This has a great impact on the development of Bangladesh economy. Rural-urban migration could also work as a positive factor to generate greater and diversified employment opportunities through multiplier effects, and can strengthen both material and human capital. While migration can be understood as a strategy out of poverty, no guarantee is there that the strategy will be successful. Immediate challenge remains as a requirement to incorporate an appreciation of the potentially positive role of migration in the poverty reduction programmes (De Haan, 2002; Kothari, 2002). Both low and high socio-economic strata are involved in the rural-urban migration in Bangladesh. For the rich people in the rural areas, migration is a strategy of better educational system, health and economic development whereas, for the poor and improvised people it is a strategy to elevate poverty. Therefore, the linkage between migration and development remains a complex and multidimensional phenomenon.

## 5.6 CONCLUSION

A combination of push-pull factors has influenced the propensity of migration in Bangladesh. The improvised rural people are being migrated into cities as they are attracted by livelihood opportunities here. In a sense, this has a positive implication. Regardless of their skill, the migrated people get diversified job opportunities at cities. It is very rational to assess here that, in the past three decades both international and internal migration has increased significantly in Bangladesh.<sup>21</sup> In 2007, approximately 4.5 million people have migrated internally, of which 75 percent have moved within rural or urban areas. Over 480000 people have moved from rural to urban areas in that year.

The inability to attain a “minimum” level of well-being of humanity is the poverty, the most fundamental economic and social problem. It is therefore, stating the obvious to declare that the reduction, and ultimately, the eradication of poverty must be an important goal for the people on this planet including Bangladesh. Increased attention to the reduction of poverty as the central goal of development has highlighted the requirement for an improved understanding of how policies affect the poor. However, government in the developing countries have an ‘urban bias’ in their development policies and the policies make benefited a small portion of the population, the city dwellers ignoring the majority of population in the rural areas (Lipton, 1977).

Improvements in mobility, skills, and productivity have helped substantial numbers of households to escape from poverty. However, those are remaining impoverished who are living in the remote areas and unfavourable agricultural environments

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<sup>21</sup> Bangladesh Bureau of Statistics, 2008. Report on sample Vital Registration System, 2007.

along with limited access to transport, power and other infrastructure, female-headed households being illiterate and agricultural wage labourer. Rural poor people tend to depend on volatile daily wage incomes, to hold liquid financial and livestock assets as they cannot easily access to land. The employment opportunities in non-agricultural production is needed to be increased in the rural areas which emerged during the diversification process of livelihoods, in addition to traditional agriculture, enabling the poor to escape from poverty.

With respect to policies, there broad types of interventions are important: employment generating (including support for income generating activities which also include access to infrastructures and markets), capability enhancing (support for improvement of human resources including education, training and health services), and motivational (so that people aspire for good life, commit themselves for it and work hard to achieve it) as well as planned supportive activities during natural disaster. An adequate understating of risk-poverty linkage is also 'beneficial' in identifying some of the key micro-level binding constraints to poverty reduction: identifying who are the most vulnerable, as well as what characteristics are correlated with movements in and out of poverty, can yield critical insights for policy makers' (Ajay and Rana, 2005). Thus, to address the reduction of poverty as a goal, public policies should not only highlight poverty alleviation interventions to support those who are identified as the poor ex post, but also the poverty 'prevention' interventions to help those who are poor ex ante, that is, prevent those who are vulnerable to shocks not to fall into poverty. The government should strive to provide social amenities and facilities in the rural areas and also provide jobs for the citizens in the rural areas. Considerable attention and resources should be focused on improving deteriorating condition of rural settlements with a view to alleviating poverty and reducing the spate of the rural-urban migration.

It must be stressed that any design and strategy to improve the urban condition must correspond with similar design and strategy to improve the rural areas as well in order to stamp out the prevalence of the rural-urban migration. In other words, tackling the issues of sustainable development, infrastructural distributions are crucial in improving the rural drift. Without ensuring a balanced development between the rural and urban areas, reduction of poverty will remain a distant dream therefore, the rural-urban migration will be continued. Under these circumstances, the government should be creative in redrawing and revising policies and programmes that could be helpful not only in reducing poverty but also in the rural-urban migration as well.

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## Appendix - A

Name : Rehana Akhter  
Age : 27  
Sex : Female  
Family Member : 6  
Residential Place : Roadside (Panthapath, Dhaka).  
Profession : Maid

Rehana Akhter is a woman of 27 years old. She lives on the roadside of Panthapath, Dhaka city. She has been living for five years in Dhaka city, migrated from Jamalpur district with her husband. They have 4 children. Rehana works as a maid in two houses and earns BDT 3000 per month. Her husband is a rickshaw puller who earns BDT 150 to 200 per day. Rehana has no home as well as no roof, over her head where she is living. In her home district, they had a home, but her husband was not able to afford them. So, they had decided to migrate here in Dhaka city.

Here, they found work but they lost their home. They have become the rootless and destitute people. Rehana and her husband are now able to feed their children. Nevertheless, now they are far away from the fulfilment of other fundamental requirements. In case of sanitation, they need to pay five taka in every term while using public toilet. In addition, the scarcity of water is very frequent affecting them even from disease propensity. Their children go to a free school of a non-government initiative where they have their primary level education. Their life is going on. As they have no savings, Rehana feels insecure about the future of her children. They are unable to provide them expenditure for higher education further. In the rainy season, they suffer most. Sometimes, in the rainy season, they have to pass the whole night without sleeping as heavy rainfall occurs. Rehana says that-'I am always poor; I have no home to live'. They spent all of their money for food and medicine. The price hiking and eviction are making their life more vulnerable day by day. If the expenditure of the daily life increases rapidly, they will stop the schooling of their children and engage themselves in any work for earning otherwise. There is no way for survival, they think. Though the amount of Rehana and her husband's income has been increasing but still, they are unable to fulfil the basic needs of their life. Rehana was born in a poor family where she did not get all her basic needs. Still again, she is poor and could not able to meet her basic needs. From begging to present, she is struggling with multidimensional poverty and she does not know that really she will overcome this situation someday or not.

## Appendix - B

Name : Sahadat Hossain  
Age : 50  
Sex : Male  
Family Member : 3  
Earning Member : 2  
Place of Residence: Boubazar, Nobinagar.

Sahadat sell battle leaf, cigarette and chocolates on the footpath of National Monument. Thirteen years ago, he had migrated to the Nabinagar from Bara, Pabna. Sahadat said that the erosion of Padma River had drowned his house three times. For this natural disaster, he had decided to migrate in any other place. He had chosen Nobinagar as one of his neighbours had already stayed here. Sahadat lives with his wife and one daughter at Boubazar, Nobinagar. Sahadat had three daughters. Two of his daughter had died in their infant age. When Sahadat had been asked about the cause of their death, he said that the eldest daughter died in her five day old, and the second one died in pneumonia when she was 18 months old. Sahadat says about his bad luck that he couldn't save his daughters from death. He also says that he was also unable to look after his pregnant wife and the newborn baby because of his poverty. He had no ability to buy good and nutritious food for her pregnant wife. As a result, she has given birth an ill and weak child. Lack of medical treatment was the cause of the death of her second daughter. He had no economic ability to visit a good physician. He lives in one room home at Boubajar, Nobinagar. There, every three family have to share a common bath and kitchen in that house. The house rent for one room is BDT 1000 per month. He earns BDT 300 to 500 per day. Another story is also there. The footpath business in front of national monument is illegal. The hawkers like Sahadat are doing business here by giving bribe to the staffs BDT 20-30 in amount when they demand. Sometimes, police and army have come to evict them. Sahadat's wife works as a servant in the neighbour's house. She earns BDT 1000 per month. His daughter is sixteen years old. Sahadat has dropped her from school as some boys have continuously teased his daughter on the way of her school. On the other hand, he has no interest to spent money for her daughter's education anymore. Sahadat's wife has been suffering from severe long-term headache. They tried to treat this disease by traditional healing system as they do not prefer to visit a doctor because of huge expense. Sahadat and his family members are living at far behind from the basic needs like education, health, healthy housing facilities like this.

## Appendix - C

Name : Manik Mia  
Age : 30  
Sex : Male  
Occupation : Rickshaw puller  
Family members : 5  
Earning members : 3  
Place of Residence: Panthapath

Manik Mia is a rickshaw puller. He is approximately 30 years old. Manik lives with his family on the roadside of Panthapath, Dhaka city. Long time ago, Manik had migrated from Mymensingh to Dhaka. Then, it was his young age, approximately, prior to his 20. River erosion in the banks of Brahmaputra had melted their agricultural land. So, he had decided to migrate here. At present, Manik is living with his family members. Manik's wife, Parveen works as servant in a house adjacent to this road. One of his daughters is selling chocolates near the Panthapath signal. The total income of this family is approximately BDT 8000 per month. They are living here hand to mouth. Manik spent most of his income for food. He also sends some money to his older parents at village. Rice, potato, and pulse are the common menu of meal of their family. Rarely, they eat meat, fish and egg. When he was asked about these foods he said that *'These are the food for the rich people, we are poor so we passed our days by eating rice and pulse'*. Manik has two children less than five years of age. It had been noticed that both of them are suffering from malnutrition. They drink water directly from WASA, without purifying it. He memorized about his illness for ten days in the last year. In his word, *'Due to my illness I was totally unable to drive rickshaw for ten days and in these days, I could not buy food for my family. My wife was also in her 8 month of pregnancy so she also had fired from work. It was a hard time; we had passed our days by taking food one or two times in a day.'* At present, government has banned rickshaw from some main roads. Manik feels scared about his future that if government banned rickshaw in all the roads, how he would collect food for his family. According to Manik, there is no guarantee of eating rice three times in a day for the poor people like him. As a citizen of Bangladesh, he has the rights for getting food with others fundamental rights from the state. Manik does not know this and he can't believe this as well. So, the dream with which they have migrated into Dhaka is still elusive.

## Chapter 6

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# ECONOMIC AND LIVELIHOOD ISSUES OF URBAN POOR

*K. M. Mustafizur Rahman*

### 6.1 INTRODUCTION

The eradication of poverty as well as meeting the basic needs of people is the primary goal of the government, however, it is not the only one that the government is trying to attain. Bangladesh is known as one of the poorest countries of the world. There has been an ongoing battle against challenging the living conditions of the poor especially, in the urban areas. Recently, the slow pace of the reduction of poverty in Bangladesh could be interpreted that poor Bangladeshi households are experiencing a constant state of deprivation with little change from year to year. There is quite general agreement among the social scientists that poverty is a multidimensional phenomenon with complex linkages (Figure 6.1). Poverty can be described as a physiological phenomenon more than denoting a lack of basic necessities like food, health, education, shelter and clothing. Poverty is also a state of deprivation and powerlessness, where the poor are being exploited and denied in the participation of decision-making, affecting them seriously.

Although poverty will likely remain disproportionately rural, it will nonetheless become predominantly an urban phenomenon as urban population growth outpaces in the rural areas (Ravallion, 2001b). In Bangladesh, the incidence of poverty as well as the rate of decrease of poverty is higher in the rural areas than that of the urban areas (Titumir and Rahman, 2011). The income generating activities with other opportunities like health, education, etc. in the urban areas are more influential factors, responsible for the rural-urban migration which have resulted in the rapid growth of city like Dhaka.

Like many other developing cities, Dhaka city is being overwhelmed in the last few decades, which is not commensurate with its existing urban facilities. As a result, a huge number of destitute poor are taking shelter in different slums and squatters (CUS, 1990; Islam, 1996; Huq-Hussain 1996; Hossain, 2001). The number of slum dwellers in the world has already crossed the one billion mark when one in the three city residents live in inadequate housing with no or few basic services and often face evictions forcedly from their settlements (UNHABITAT, 2006). The urban poor have migrated from different rural districts due to 'push' and 'pull' factors where push factors are more frequent. After migration towards the city, the poor migrants are failing to achieve their desired targets and sometimes, they have to consider their previous life better than the present one<sup>22</sup>.

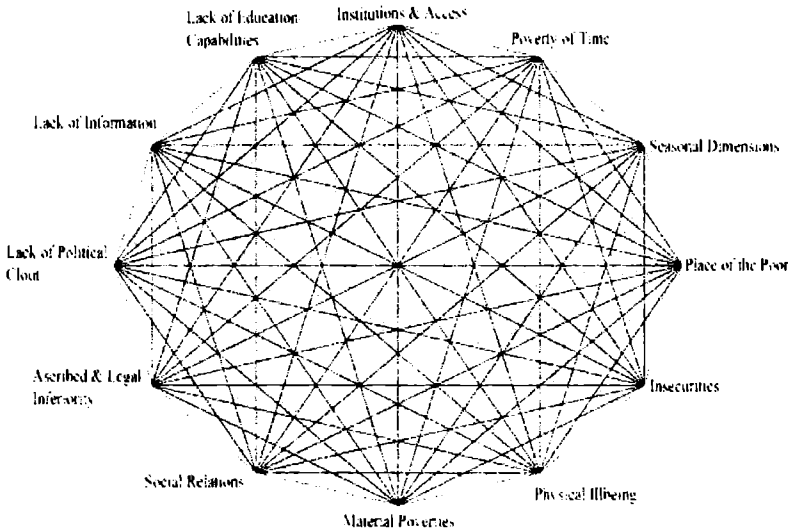
A growing number of poor urban people is living in poor quality housing with inadequate provision of water, sanitation and drainage along with minimal or no social services or basic infrastructure. As a result, their livelihoods are found under continuous threat. The increased attention is being paid to the urban livelihoods following from a wide recognition that significant portions of urban poor households in the developing

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<sup>22</sup> See Appendix A

countries are vulnerable in terms of their sustainable livelihood systems (Rakodi, 1995). Thus, in this chapter, an attempt is made to explore the economic and livelihood issues of urban poor that can be helpful in formulating effective policies and programmes regarding the issues.

**Figure 6.1: The web of poverty's disadvantages**



Source: Adopted from Chambers, 2006

## 6.2 DATA SOURCES AND METHODS

The study is based on a sample of 105 respondents from different slum areas in different places (Panthapath, High Court Area, Malibag and Agargaon) of Dhaka city. A stratified sample has been drawn randomly to ensure the inclusion of people of all categories. The data for the present study have been obtained through a survey in July–August, 2012. The main instruments for

data collection were well-structured questionnaires administered on respondents by the trained enumerators under the supervision of Unnayan Onneshan. Secondary data have also been collected from different sources like Bangladesh Bureau of Statistics (BBS), related journals and books to explain the current scenario of urban poverty in Bangladesh.

## **6.3 RESULTS AND DISCUSSION: EMPIRICAL EVIDENCE FROM DHAKA CITY**

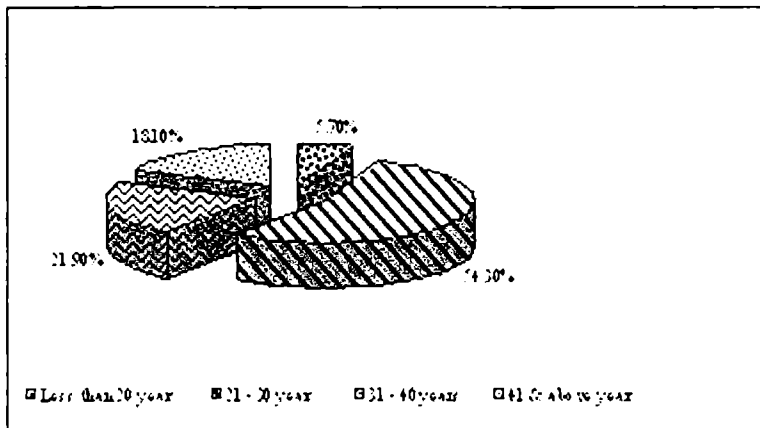
A number of characteristics of respondents are there which influence the socio-economic performance considering as the subject matter of analysis and identification of the issue of poverty in Bangladesh. Under these circumstances, this section of the study aims at eliciting information on the basic and household characteristics, health status and other livelihood issues of the urban poor.

### **6.3.1 Socio-Demographic Characteristics of the Respondents**

Socio-demographic characteristics of the respondents include age, sex and marital status of the respondents under the study.

*Age of the Respondents:* Considering the age of the respondents, more than half of the respondents (54.3 percent) are in the age group of 20-30 years followed by the age group 31-40 years that is 21.9 percent. Moreover, 18.1 percent of the respondents of the study are in the age group 41 years and above. Whereas, only a little portion of the respondents (5.7 percent) are found in aged less than 20 years (Figure 6.2). It indicates that most of the poor respondents have come from the rural other areas to Dhaka city with a younger age. The average age of the respondents is 32.7 years. Therefore, it might be conclude that they are more energetic being young compared to their older counterparts.

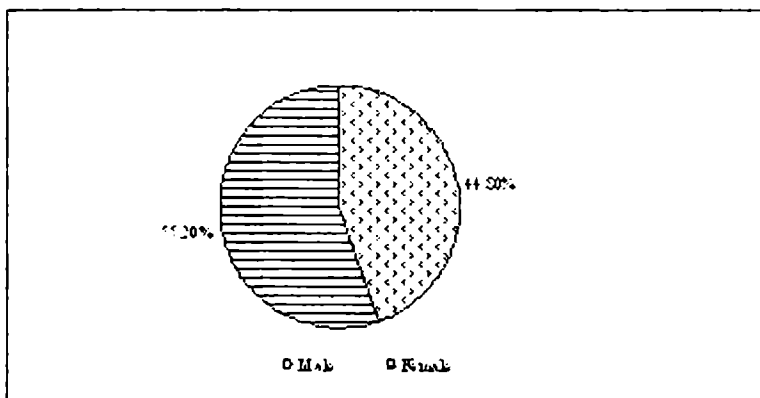
**Figure 6.2: Age composition of the respondents**



Source: Unnayan Onneshan Field Survey, 2012

**Sex of the Respondents:** Among the total respondents, 55.2 percent (58) respondents are female whereas 47 respondents (44.8 percent) are male (Figure 6.3). The survey might be influenced as most of the male were outside their home for work during the survey time. So, at that time, it might be more difficult to reach them than their female counterparts stayed in home.

**Figure 6.3: Sex of the respondents**

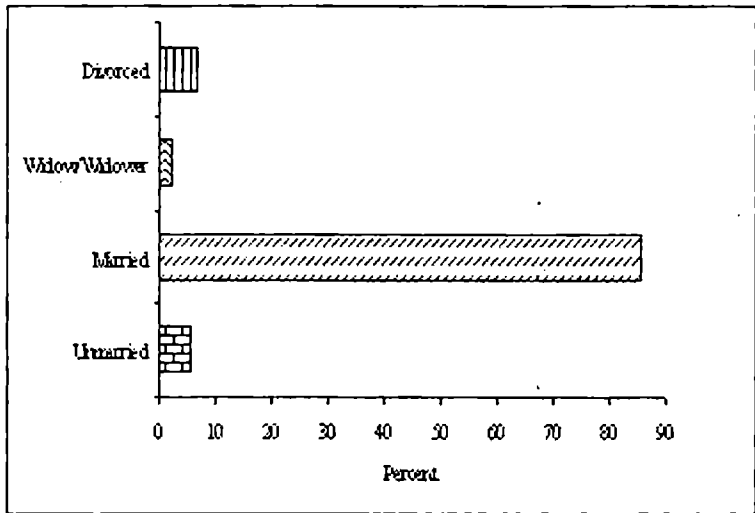


Source: Unnayan Onneshan Field Survey, 2012



**Marital Status of the Respondents:** Based upon the survey data, most of the respondents are married (85.7 percent) followed by divorced and unmarried category that contains 6.7 percent and 5.7 percent respectively. Only 1.9 percent respondents are widow/widower (Figure 6.4).

**Figure 6.4: Marital status of the respondents**



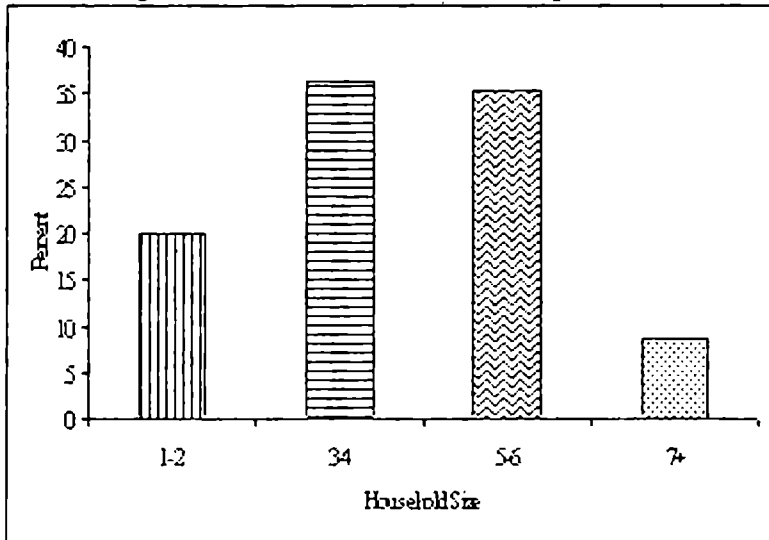
Source: Unnayan Onneshan Field Survey, 2012

**Household Size of the Respondents:** Poverty is more pronounced among higher size household (HIES, 2010). Large family size can be an important contributor to household poverty. The widely held view is that larger families tend to be poorer in the developing countries influencing research and policy and considerable evidence is there of a strong negative correlation between household size and consumption (or income) per person in the developing countries.<sup>23</sup> The average household size of the

<sup>23</sup> This pattern has been found in innumerable household surveys spanning Asia, Africa and Latin America; for surveys see Visaria (1980,

study respondents is 4.2. More specifically, majority of the respondents (36.2 percent) have their household size 3-4 whereas 35.2 percent have their household size 5-6 followed by household size 1-2 and 7+ that contains 20.0 percent and 8.6 percent respectively (Figure 6.5).

**Figure 6.5: Household size of the respondents**



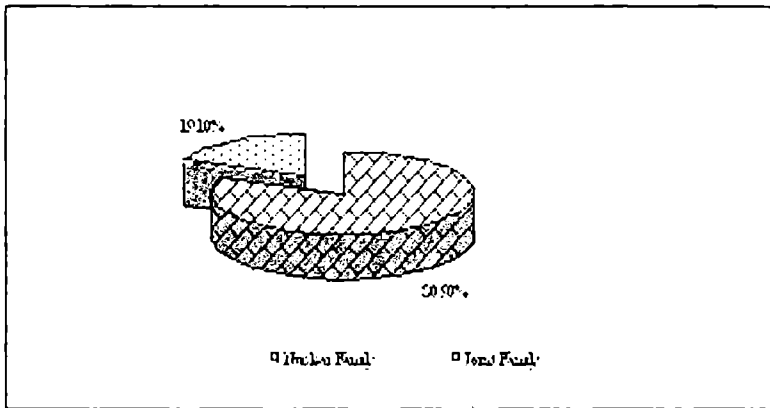
Source: Unnayan Onneshan field Survey, 2012

**Types of Family of the Respondents:** Types of family represents one of the important social characteristics of the respondents. The traditional joint family system is now breaking down to nuclear family system due to the rapid socio-economic transformation, poverty etc. Among the study respondents, 80.9 percent respondents are living in a nuclear family whereas 19.1 percent are living in a joint family (Figure 6.6).

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section 4), Sundrum (1990, chapter 2). and Lipton and Ravallion (1994, section 4.2).

**Figure 6.6: Family composition of the respondents**



Source: Unnayan Onneshan Field Survey, 2012

### 6.3.2 Educational Backdrops of the Respondents

Purposeful education enables the individuals to understand and to study the real life situation as well as to develop an opportunity for creating confidence within younger generation along with providing a strong value oriented base for rational and nation-building progress (Myers and Harbison, 1965; Mingat and Tan, 1986). In this section of the study, educational status of the respondents is broadly explained (Table 6.1). More than half of the respondents of the study (53.3 percent) have no education. On the other hand, 21.9 percent and 23.8 percent of the respondents have completed class I-IV and class V-IX respectively. Only one percent of the respondents have completed SSC and above. This is an indication that most of the poor respondents in the urban area are illiterate or have lower educational status having engaged in informal sectors for earning. While considering the educational status of the children of the respondents, 27.6 percent of them are found not to go to school due to poverty. They believe that if their children would engage in income generating activities, it might be quite helpful for maintaining their family. Poverty has significant positive

impact on the probability that a child is engaged in paid employment. On the other hand, from the school going parts, most of them are going to the government school (21.0 percent) followed by NGO, private and other types of school (Table 6.1).

**Table 6.1: Educational status of the respondents**

Variables	Frequency	Percent
<b>Educational Status of the Respondent</b>		
No education	56	53.3
Completed class I-IV	23	21.9
Completed class V-IX	25	23.8
Completed class SSC+	1	1.0
<b>Each and every children goes to school</b>		
Yes	36	34.3
No	29	27.6
Not applicable	40	38.1
<b>Types of School</b>		
Government school	22	21.0
Private school	3	2.9
NGO school	10	9.5
Others	1	1.0
Not applicable	69	65.7

Source: Unnayan Onneshan Field Survey, 2012

### 6.3.3 Economic Characteristics of the Respondents

The economic characteristics are generally related to income, expenditure, savings and occupation of the respondents. Considering household income, 43.8 percent income of the respondents' household is BDT 5001-10000 followed by 40.0 percent whose income BDT 10001 and above. Furthermore, 4.8 percent respondents' monthly household income is BDT 4001-5000 and 11.4 percent have their monthly household income of less than BDT 4000 and the average monthly household income of the respondents is BDT 9935. On the other hand, majority of the respondents' (55.2 percent) monthly household expenditure is BDT 5001-10000 while, 27.6 percent, 4.8 percent and 12.4 percent

have their monthly household income BDT 10001 and above, BDT 4000-5000 and less than BDT 4000 respectively. Additionally, their average monthly household expenditure is BDT 8866 (Table 6.2).

**Table 6.2: Economic profile of the respondents**

<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
Monthly household income (in BDT)		
Less than 4000	12	11.4
4000-5000	5	4.8
5001-10000	46	43.8
10000+	42	40.0
<b>Average Income (in BDT)</b>		<b>9935</b>
Monthly household expenditure (in BDT)		
Less than 4000	13	12.4
4000-5000	5	4.8
5001-10000	58	55.2
10000+	29	27.6
<b>Average expenditure (in BDT)</b>		<b>8866</b>
Do you have savings?		
Yes	35	33.3
No	70	66.7
<b>Average monthly savings</b>		<b>931</b>
Number of earning members		
1	51	48.6
2 +	54	51.4
<b>Average number of earning member</b>		<b>1.6</b>
Have you received any loan?		
Yes	38	36.2
No	67	63.8
Sources of loans		
NGO	23	21.9
Bank	5	4.8
Land lord	2	1.9
Co-operative society	8	7.6
Not applicable	67	63.8

Source: Unnayan Onneshan Field Survey, 2012

However, it is difficult to bear the expenditure as the monthly income and expenditure of the respondents' households are almost equal due to the increasing prices of all commodities. Again, a tendency of saving is there from some households and it is found that 33.3 percent respondents' households have their monthly saving. The average monthly savings of the respondents is BDT 931. Engaging more household members into the workforce is the main survival strategy of the urban poor. The average earning member of the household is 1.6. Furthermore, it is found that more than half of the respondents' households (51.4 percent) have two and more earning members whereas 48.6 percent have only one earning member. In case of loan, 36.2 percent respondents have received loan during the last one year especially from different NGOs (ASA, BRAC), bank (Grameen Bank) and co-operative society (Table 6.2).

**Occupation of the Respondents:** The urban poor are mostly employed in self-managed jobs (low paid) in the informal sectors like rickshaw pulling, street selling and vending, construction work, driving and transport etc. Majority of the respondents (31.4 percent) are doing street business/vendor whereas 16.2 percent are engaged in day labour. Most of the female respondents are maid servant (18.1 percent), 9.5 percent are rickshaw/van puller and the same result is found for those who are engaged themselves in construction work followed by other categories (Table 6.3).

**Table 6.3: Occupation of the respondents**

Occupation	Frequency	Percent
Rickshaw/van puller	10	9.5
Maid servant	19	18.1
Street business/vendor	33	31.4
Day labour	17	16.2
Construction worker	10	9.5
Garments worker	7	6.7
Driver	3	2.9
Begging	6	5.7

Source: Unnayan Onneshan Field Survey, 2012

### 6.3.4 Household Characteristics of the Respondents

Household characteristic is an important component not only in poverty analysis but also in livelihood analysis as well. Majority of the respondents' (49.5 percent) are living in houses made of tin and 37.2 percent respondents are living in a house made of fence. Most of the respondents (94.3 percent) are living in one room with their other family members. More specifically, 37.1 percent respondents are living in one room with 5 and above members and 40.9 percent are living in one room with 3-4 members. Only 22.0 percent are living with 1-2 members in one room (Table 6.4).

**Table 6.4 Household characteristics of the respondents**

Variables	Frequency	Percent
<b>Condition of house</b>		
Fence	39	37.2
Tin	52	49.5
Others	14	13.3
<b>Number of room</b>		
No room	2	1.9
1	99	94.3
2	4	3.8
<b>Number of person in a room</b>		
1-2	23	22.0
3-4	43	40.9
5+	39	37.1
<b>Average house rent (in BDT)</b>		<b>1026</b>
<b>Source of drinking water</b>		
Supply and tube-well	102	97.1
Others	3	2.9
<b>Do you have sanitary latrine?</b>		
Yes	19	18.1
No	86	81.9
<b>Condition of latrine</b>		
Sanitary	19	18.1
Hanging	63	60.0
Half-pucca	10	9.5
Others	13	12.3
<b>Monthly average expenditure for firewood (in BDT)</b>		<b>815</b>

Source: Unnayan Onneshan Field Survey, 2012

The average members for per room are 4. This is really unfavourable to a sound health status of a population. However, 30.5 percent respondents have their own house (room) and the remaining is living in the rent houses. The average monthly expenditure per room of the respondents is BDT 1026. Almost all the respondents (97.1 percent) are using supply water as well as tube-well water for their drinking and daily uses very often. More than eight of every ten respondents have no sanitary latrine. Additionally, six of every ten respondents are using hanging latrine and only 18.1 percent has sanitary latrine (Table 6.4). It is also relevant that all the respondents are collecting firewood and straw for cooking due to disconnection of gas supply. These results indicate that the poor in the urban area are leading a poorer life in terms of household characteristics.

### **6.3.5 Health Status of the Respondents**

Self-perceived health status may be better indicator of potential service have been used than that of actual health condition (Fillenbaum, 1984). To assess the health status of the respondents a question has been asked, "What is your current health status?" The answer was recorded on a three-point scale: Healthy; Fairly Healthy; and Unhealthy. However, 50.5 percent respondents are found fairly healthy whereas a significant number (42.9 percent) are found unhealthy. Only 6.7 percent respondents are healthy. Majority of the respondents (45.7 percent) are suffering from fever/cough followed by gastric (19.0 percent), migraine/headache (11.4 percent) and in other diseases (Table 6.5). The urban poor have very limited access to the existing health care facilities. Only 38.1 percent is using services from government hospital whereas 47.6 percent respondents is taking treatment from pharmacies without the consultation of trained physicians. The major reasons for not using government hospitals are by the urban poor are less attention from physicians, keeping



the patients long waiting, lack of medicine in the hospitals, high fees and charges as well as far travelling etc.

**Table 6.5: Health status of the respondents**

Variables	Frequency	Percent
<b>Health status of the respondents</b>		
Healthy	7	6.7
Unhealthy	45	42.9
Fairly healthy	53	50.5
<b>Type of illness</b>		
Fever/cough	48	45.7
Gastric	20	19.0
Migraine/headache	12	11.4
Asthma	7	6.7
Back pain	8	7.6
Blood pressure	2	1.9
Heart disease	5	4.8
Eye problem	3	2.9
<b>Source of treatment</b>		
Government hospital	40	38.1
Private clinic	5	4.8
Pharmacy	50	47.6
Kabiraj	5	4.8
Others	5	4.8

Source: Unnayan Onneshan Field Survey, 2012

### 6.3.6 Other Characteristics of the Respondents

Urban poor are facing a lot of complexities to survive. They have also been facing a number of shocks like chronic illness (19.0 percent), robbery (14.3 percent), extortionist (11.4 percent) of households etc. which are the most prominent during the last one year. Among the total respondents, 42.9 percent has been abused physically (17.3 percent) and mentally (29.0 percent) during last one year. Majority of the abused (16.2 percent) has been occurred by other family members (husband, relatives etc.) followed by the

police (14.7 percent) and extortionists (11.3 percent). The respondents (22.9 percent) have also paid extortion (bribe) to police (17.6 percent), terrorist (8.7 percent), area leader (8.2 percent) for different reasons like maintaining illegal stall in foot path, using wrong way of rickshaw/van drive, quarrels etc.

## 6.4 CONCLUSION

Livelihood strategies are chosen and undertaken as well by the people in order to achieve their livelihood goals. Results from this study indicate that the urban poor (mostly migrated from different rural areas) are facing difficulty in order to maintain their livelihoods. However, the overall poverty situation in the country has improved over the years although the situation of Dhaka city has become worse in terms of both upper and lower poverty lines through the accelerating rate of rural-urban migration of the rural poor. While mass unemployment has been caused by the industrial restructuring, slow expansion in the private sector failed to absorb the unemployed as well as to increase the labour force. In fact, the poor migrants have to be involved in low-paid activities to support their livelihoods as they are excluded from the formal sectors of the economy through lack of education, skills and employment training. Without access to these jobs, the only thing left for migrants is hard, dangerous and dirty physical labour and intensive work as the study have showed.

The lives and livelihood of the urban poor people are mostly twisted by the policies on employment, housing and land use, and services of the urban government. The interests of the urban poor are neglected in the urban polices and planning often as they remain politically marginalised and excluded from city politics. Therefore, the urban poverty needs to be understood in relation to the urban government and urban polices. Several new social security systems had been established. No doubt is there

that these new social support systems and policies had played a very positive role in reducing the scale and extent of poverty in cities. Without revising and redrawing creative policies and programmes, the lives and livelihood of the urban poor will remain vulnerable as well as the reduction of poverty will remain a distant dream. Thus, the result of this study should be scientifically utilized in formulating policies and programmes that can be used for improving and fostering sustainable livelihoods of the poor people in urban areas especially, in Dhaka city.

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Sobiron Bibi is a woman of 45, has been working as a cook in a house. Sobiron earns BDT 2,000 per month from this work. Sobiron lives with her husband in Gulbagh slum, Malibag and they have five children. Sobiron's husband is a rickshaw puller. Sobiron is the mother of one son and four daughters. The eldest daughter had been married to a small entrepreneur in Mymensingh. Her three younger daughters are 10, 8 and 5 years old respectively. Her son is twenty years old and working as a provisional worker in a computer compose and printing shop. From there, he gets BDT 1500 per month. Sobiron's husband is not physically fit as his tumour operation has been done only a few days ago. That is why, he cannot pull rickshaw for the whole day now. Therefore, his net income is only BDT 200-250 per day. All household members are living in a room. Their house rent is BDT 3000 per month for a room. Sobiron Bibi has been suffering from severe headache for a long time and cannot visit to a good physician due to the huge expense. Sobiron stops the formal school of her three younger children due to poverty. At the time of interview, it was observed that Sobiron's eight years old daughter had sat for lunch, the menu was rice (panta vat) and mass of potato. She doesn't know about the balanced diet. She stated – *'we had tried to eat three times a day but we can not manage. Here, (Dhaka city) we have come to lead a better life but so far we are fighting to manage our food in three times in a day!'*

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**POVERTY AND PUBLIC SERVICES:  
SOCIAL EXCLUSION OF URBAN POOR**

*Md. Aslam Hossian & Tauhid Hossain Khan*

**7.1 INTRODUCTION**

In Bangladesh, urban poverty is found to be neglected in reducing poverty discourses such as research, policy and action. The impact of unbridled urbanisation deepens the scale and severity of urban poverty. Urban poverty reduction will be subsequently important to the ability to meet national goals for poverty reduction that means policy and action must pay more attention to the urban poor. An interesting relationship is there between exclusion and poverty in the urban areas over the world. In this case, no anomaly with Bangladesh is that the urban poor are being trapped by poverty as they are socially excluded. On the contrary, the excluded groups are in vicious cycle of poverty beyond the reach of employment, health facilities, livelihood, education and other socio-political privileges that are supposed to provide by the government. The issues of poverty and social organisation in the urban Bangladesh have been identified as an important area of research, and more sociological and anthropological studies are expected by the turn of the century (Arefeen, 1994).



The nature of the third world urbanisation ushers a culture of poverty. Roberts (1995) explains how poor households involved in 'informal' sectors of the economy are mostly dependent on their household strategies, defined as implicit principles that guide household members when seeking household goods for coping up with the urban life. This suggests that people can choose, and the choices make a difference despite the economic or social constraints they face. By pooling resources, by working in both the formal and informal economies, by the self-construction of shelter, by self-provisioning, and by the skilful use of social networks, poor households avoid entrapment in a self-perpetuating 'culture of poverty' (Roberts, 1994). Many scholarly writings argued that the culture of poverty perpetuates social exclusion. As a result, excluded groups fall into 'vicious cycle of exclusion' and again, they reproduce more exclusion. This chapter aims to analyse poverty vis-à-vis qualitative analysis looking into social exclusion in relation with urbanisation focusing on Dhaka city.

## 7.2 SOCIAL EXCLUSION AND POVERTY

The measurement and analysis of poverty, inequality, and vulnerability are crucial for cognitive, analytical, policymaking as well as for monitoring and evaluation purposes. Although poverty has been traditionally measured in monetary terms, it has many other dimensions. Poverty is associated not only with insufficient income or consumption but also with insufficient outcomes with respect to health, nutrition, literacy along with deficient social relations, insecurity, and low self-esteem and powerlessness which gives a new dimension of social exclusion. Different components of social exclusion influence each other creating a spiral of insecurity, which ends in multiple deprivations. Deprivation usually begins with different types of

exclusion, which in turn leads to a significant degradation in living standards that is, increasing risk of poverty.

Living in poverty creates additional difficulties in search of employment and contributes to a long-term unemployment trap for many individuals (UNDP, 2006). At the same time, unemployment and poverty inhibit participation in social activities. Due to the lack of money and for the stigmatization that can be caused by unemployment, social ties are being weakened, increasing the probability of social isolation. Different types of economic shocks make lower living standards of the poor. Structural reforms could be associated with increased short-term vulnerability for certain groups. Declines in income are more devastating for the poor than for the better off because the poor are less likely to have the assets they need or to have access to insurance or credit to hedge against income shocks. In addition, even a small change is likely to have a substantial impact on their ability to meet their basic needs (UNDP, 2006). Vulnerability is the probability or risk today of being in poverty or of falling into deeper poverty in the future. It is a key dimension of welfare, since a risk of large changes in income may constrain households to lower investments in productive assets when households need to hold some reserves in liquid assets and in human capital. The poor people living in slum are mostly found in vulnerable condition.

### **7.3 URBANIZATION AND URBAN POVERTY IN BANGLADESH: AN OVERVIEW**

The issue of urban poverty is an important area of sociological empirical research in the early twentieth century. Rowntree (1901) and Booth (1902) have explored social questions of poverty which were often ignored in the poverty analysis from the orthodox economists. During that period the Chicago School also focused on behavioral and cultural characteristics of the urban

poor. Park (1928) provided a social-psychological explanation of urban marginality based on Simmel's seminal work on metropolis and mental life.

Rapid urbanisation is a key feature of the recent development Bangladesh, and has led to an increasing proportion of urban population of Bangladesh. From the mid-1960s to the mid-1990s, the urban rate of growth in population of Bangladesh has been found over six percent per annum, much higher than the national rate of growth in population of 2.5 percent per annum over this period (Islam et al 1997). Its urban population continues to grow at over 3.5 percent annually (CUS et al 2006). Consequently, Bangladesh experienced a 23 percent increase in the urban share of the population during 2000 to 2005 (Yoshida et al. 2007; World Bank 2007). By 2005, Bangladesh had an urban population of around 35 million, just over 25 percent of its total population (CUS et al 2006). While rural growth of population is expected to stagnate by 2010, population growth will continue in the urban areas. While urban areas are evenly distributed spatially across Bangladesh, regional imbalance is there in the concentration and level of urbanisation. Dhaka, the capital city, has the highest level of urbanisation by far considering the size, which is expected to be the world's second largest urban agglomeration by 2020 (World Bank 2007).

Bangladesh has been distinguished between the large and smaller urban areas. The country's six largest cities have been denominated with the status of city corporations, and are governed by their own municipal authorities. There are an additional 271 smaller municipalities, or *pourashavas*, that are also classified as urban areas. With the exception of Chittagong, Bangladesh's second biggest city, however, the other four city corporations are not large urban agglomerations. This means that the other districts of Bangladesh display much lower levels of urbanisation. The least urbanised districts displayed

levels of urbanisation below 10 percent in 1995, for example (Islam et al 1997).

Many of the smaller municipalities are little more than rural towns: in the late 1990s, for example, nearly 70 percent of municipalities did not meet the criteria necessary for being considered a municipality (CGS et al 2006). In recent years, discrepancies in district levels of urbanization have widened, with patterns of urbanisation moving gradually from a system of four-city primacy to a system of two-city primacy. In 1991, the four largest metropolitan cities (Dhaka, Chittagong, Khulna and Rajshahi), held 46 percent of the urban population Bangladesh. This polarisation has increased dramatically: in 2001, Dhaka held just over 58 percent of Bangladesh's total urban population, and the country has witnessed the emergence of a two-city primacy, with Dhaka and Chittagong holding just over 85 percent of the country's urban population (calculations from CUS et al 2006).

Dhaka is growing rapidly between 1995 and 2000 with population and now, the city is growing at an average rate of 4.24 percent per year. Much of its growth stems from migration, 46 percent of its 1991 population born outside the metro area. Rural to urban migration is attributed to extreme rural poverty and landlessness, and large urban-rural wage differentials (Ullah, 2004). From the World Bank (2007) report, the human development situation in urban areas is found either stagnating or actively deteriorating. In 2005, nearly 35 percent of the urban population of Bangladesh illustrated the absolute number of the urban poor which has risen dramatically. That urban poverty rates have decreased, therefore, have not reduced the absolute number of urban poor in Bangladesh (Islam, Shafi et al 2007). It is widely recognised that urban poverty is underestimated in developing countries, and research suggests that the same case is also found in Bangladesh. One reason for this is that national poverty lines

are unlikely to meet the costs of basic necessities in the urban areas (Satterthwaite 1997; Bapat 2009).

#### **7.4 POVERTY SCENARIO OF BANGLADESH: URBAN POVERTY AS AN IGNORED DISCOURSE**

Poverty is considered as one of the biggest challenges for Bangladesh. In five-year plans, poverty alleviation has been considered with a very high priority. Despite considerable thrust on poverty alleviation in all plan documents since the independence of Bangladesh, a significant number of people are still living below the poverty line. In its election manifesto, the present government has therefore, given special emphasis on poverty alleviation and pledged to reduce poverty. The threats to social security in the context of Bangladesh have come from both internal and external sources. The internal insecurity in the economic domain has come mainly from massive poverty.

Bangladesh Household Income and Expenditure Surveys (HIES) constitute the main source of information for most of the available studies on urban poverty. These surveys have limitations due to diversity in the method of imputation, lack of data at the household level, uniform methods of recording the data flow and of time sampling, faulty memory recall method and the problems of missing cases. Despite the limitations of data of HIES, these are nonetheless mainly relied on measuring the extent of urban poverty. In fact, these surveys are the only existing source of macro level data on poverty which explain the partial scenario of urban poverty in Bangladesh. Two methods – the Direct Calorie Intake (DCI) and the Cost of Basic Need (CBN) methods are currently used for measuring urban poverty by the Bangladesh Bureau of Statistics (BBS).

The rate of income poverty measured by Cost of Basic Need (CBN) method, the upper poverty line is declined from 58.8

percent to 48.9 percent during the period from 1991 to 2000. Based on the upper poverty line, in Household Income Expenditure Survey (HIES)-2010, the incidence of poverty is estimated at 31.5 percent at the national level, 35.2 percent in the rural area and 21.3 percent in the urban area. In contrast in 2005, these rates were 40.0 percent at the national level, 43.8 percent in the rural area and 28.4 percent in the urban area. Poverty has declined by 8.5 percent that is on average approximately 1.7 percent per annum at national level, 8.6 percent in the rural area and 7.1 percent in the urban area during 2005 to 2010.

Based on the lower poverty line in 2010, the incidence of poverty is estimated at 17.6 percent at national level, 21.1 percent in the rural area and 7.7 percent in the urban area. In contrast to 2005, these rates were 25.1 percent at national level, 28.6 percent in the rural area and 14.6 percent in the urban area. Hard core poverty declined by 7.5 percent at national level as well as in the rural area and 6.9 percent points in the urban area during 2005 to 2010. The depth and severity of poverty have also declined. Poverty gap that is the depth of the poverty has declined from 4.6 percent in 2005 to 3.1 percent in 2010 and the squared poverty gap that is the severity of the poverty has declined from 1.3 percent in 2005 to 0.8 percent in 2010.

The rate of change of poverty measured by different criteria-head count index, poverty gap and squared poverty gap with three categories- national, urban and rural on different time horizon are shown here (Table 7.1). The per capita calorie intake in a day is increased by 3.6 percent to 2,318.3 kcal in 2010 from 2,238.5 kcal in 2005. It went up by 4.1 percent in the rural areas and 2.3 percent in the urban areas.

**Table 7.1: The trend of change of poverty**

	2000	2005	2010	Annual change (percent) [2000- 2005]	Annual change (percent) [2005- 2010]	Annual change (percent) [2000- 2010]
<b>Head Count Index</b>						
<b>National</b>	48.9	40	31.5	-3.64	-4.25	-3.55
<b>Urban</b>	35.2	28.4	21.3	-3.86	-5.00	-3.94
<b>Rural</b>	52.3	43.8	35.2	-3.31	-3.93	-3.27
<b>Poverty Gap</b>						
<b>National</b>	12.8	9	6.5	-5.93	-5.55	-4.92
<b>Urban</b>	9.1	6.5	4.3	-5.71	-6.77	-5.27
<b>Rural</b>	13.7	9.8	7.4	-5.69	-4.89	-4.59
<b>Squared Poverty Gap</b>						
<b>National</b>	4.6	2.9	2	-7.39	-6.20	-5.65
<b>Urban</b>	3.3	2.1	1.3	-7.27	-7.61	-6.06
<b>Rural</b>	4.9	3.1	2.2	-7.35	-5.80	-5.51

Source: Author's calculation based on Household Income and Expenditure Survey (HIES)-2010, Bangladesh Bureau of Statistics (BBS)

**Table 7.2: Per capita per day calorie (kcal) intake by residence  
HIES 1991-92 to 2010**

Year	Residence		
	National	Rural	Urban
<b>2010</b>	2318.3	2344.6	2244.5
<b>2005</b>	2238.5	2253.2	2193.8
<b>2000</b>	2240.3	2263.2	2150.0
<b>1995-96</b>	2244	2251.1	2209.1
<b>1991-92</b>	2266.6	2267.8	2258.1

Source: Household Income and Expenditure Survey (HIES)-2010, Bangladesh Bureau of Statistics (BBS)

However, according to Household Income and Expenditure Survey (HIES) 2010, the country did not perform well in redressing inequality during the period as wealth remain trapped

to some particular people. Inequality (Gini) of per capita income stood at 0.458 in 2010, which was 0.467 in 2005. The overall calorie intake per capita per day increased by 3.6 percent to 2318.3 kcal in 2010 from 2238.5 kcal in 2005. It increased by 4.1 percent in the rural areas and 2.3 percent in the urban areas. Per capita per day protein intake (in grams) has significantly increased in 2010, although it did not change in the last two surveys (2005 and 2000). At national level, it has increased to 66.26 grams per capita per day in 2010 from 62.52 grams per capita per day in 2005. Per capita per day protein intake has increased to 65.24 grams in 2010 from 61.74 in 2005 in the rural areas. In urban areas, the same amount increased at 69.11 grams in 2010 from 64.88 grams in 2005.

The concentration of income has slightly decreased. The Gini coefficient of income has decreased at 0.458 from 0.467 in 2005. Income accruing to households belonging to Decile-1 to Decile-5 is recorded at 2.00 percent, 3.22 percent, 4.10 percent, 5.00 percent and 6.01 percent respectively at national level in 2010. These shares have not changed relative to 2005. These five deciles have continued to share only 20.33 percent of total income, although they comprised 50 percent of the population.

## **7.5 RURAL -URBAN MIGRATION: THE MAIN CAUSE OF URBAN POVERTY**

Dhaka is the fastest growing mega-city in the world, with an estimated 300,000 to 400,000 new migrants, mostly poor, arriving to the city annually (BBS). Most migrants are coming from the rural areas in search of different opportunities offered by the city for improved living standards. In turn, the new migrants are contributing significantly to economic growth of Dhaka as much labour for manufacturing, services and other sectors are being provided here.



This migration, however, also adds tremendous strain on an already crowded city with limited inhabitable land due to the city's topography, limited infrastructure, and a low level of public services. This city has experienced massive migration from the rural population of Bangladesh in recent decades but a critical downside to this has been the dramatic rise in poverty. The major problems faced by rural to urban migrants in Bangladesh are including physical insecurity, poor housing, poor access to basic services, and discrimination by government officials. Poor living conditions are also adding various health problems, particularly, due to the combination of mud floors, flimsy walls, heat and humidity, torrential monsoon rains, and poor access to water and sanitation services.

Survey on SSNP, HIES data also shows that the migration rate of rural area is comparatively higher than the migration rate of urban area.

**Table 7.3: Migration scenario in Bangladesh**

Percent of household reporting migration	HIES 2010		
	Total	Rural	Urban
Total	12.28	13.72	8.33
Within country	3.97	4.84	1.62
Abroad	8.60	9.25	6.85

Source: Survey on Social Safety Net Programme (SSNP), Household Income and Expenditure Survey (HIES)-2010, Bangladesh Bureau of Statistics (BBS)

### 7.5.1 Slums and Urban Poor

The city is increasingly characterised by large slums, poor housing, excessively high land prices, traffic congestion, water shortages, poor sanitation and drainage, irregular electric supply, unplanned construction, increasing air pollution and poor urban governance which result in growing problems of law and order.

Many migrants are coming to Dhaka and living in the slum area in a miserable condition. New migrants cite a number of major drawbacks once they arrive to urban areas: overpopulation, polluted environment, lack of jobs, and deteriorating law and order (Bhuyan et al., 2001). However, in spite of these negative factors, migrants do not express a desire to go back to their villages in most of the surveys. In fact, evidence shows that on average, after migration monthly household expenditures of migrant households have increased by 40 percent. (Bhuyan et al., 2001). This substantial increase in earnings seems to compensate for most of the drawbacks of life in Dhaka. For city managers, the dramatic growth of Dhaka has generated a number of problems including providing adequate water-supply, sanitation and basic services, the management of garbage, the increasing risk of crime and violence, and the deterioration of environmental conditions.

*We lost our house by the river bank erosion; I had to come in Dhaka with my three children for a shelter. For 10 years we have been living in this slum. Now, I with my two children can earn here. We can have at least three meals in a day [Rahima (28 years), migrated from Sahraitpur : Agargaon Slum].*

Afsar (2003) found that 53 percent of poor migrants are living in private slums and 44 percent squat on public land. Significant portions of the city's population are living in the slums and squatter settlements experiencing extremely low living standards, low productivity and unemployment. Moreover, despite having lived in the city for a long period of time the urban poor have limited access to the economic and social systems of the city. The poor mainly live in the slums scattered throughout the city where closed to 80 percent of slums are located on privately owned land creating considerable institutional challenges in terms of basic service provision. Housing structures tend to be of poor quality, and access to basic infrastructure services is low. For the poorest quintile, only 9 percent of households have a sewage line, and 27

percent obtain water through piped supply compared with 83 percent of the wealthiest. Spatial mapping shows that only 43 of the 1925 identified slums have a public toilet within 100 meters. An estimated 7,600 households live in the slum area that are within 50 meters of the river with frequent risk of being flooded (LGED, 2005). Due to an acute demand for land and high land prices, especially in the central zones and in upper class residential areas, the slums and squatter communities have moved or are moving towards the city's peripheries in the search for cheap shelter. Slum populations in Dhaka City are 'vulnerable' in terms of their access to urban land. Slum dwellers have mostly settled temporarily on public or private land and they are often evicted from their settlements.

*When I came in Dhaka with my family member, we lived in a privately owned slum. Once I could not pay the rent because the room rent was increased two times albeit my income remained the same. That's why, I had to leave the room and took shelter on the footpath of high court. [Kader Mia (45 years) : High Court Foot path]*

In the overwhelming majority of house construction, the roof is made of tin and the wall beams are of bamboo. A study conducted by Islam (1996) reveals that about 68 percent of slum families in Dhaka City have a single room unit, 20 percent have two small rooms and at least 5 percent have to share a room with other families. The average floor spaces of poor urban households are only 125 sq. ft where it is only 100 sq. ft in Dhaka city. Very often, slum and squatter settlements in these areas are prone to annual flooding as well as they are environmentally unsuitable for housing being located in the low-lying areas along with risky canals and railway tracts.

## 7.6 SOCIAL EXCLUSION: PRODUCT OF URBAN POVERTY

The socially excluded groups are the most one in the city having very limited access to the existing educational opportunities. This situation is true for both primary education and general and technical education for adults. It has been evident from the official statistics that although enrolment in primary school in the urban areas is higher than that of the rural areas, the enrollment of the slum population is very low (Islam, 1996).

*Among four children, all of my children started to go to school, but all of them were compelled to drop out from school because of poverty. My two sons are street vendors, another one works in a factory, only daughter works in a garments. They are earning for our family albeit it is not sufficient for our family comprising six members.[Abdul Quddos (39 years): Mirpur]*

In Dhaka, much labour is needed to be involved in the formal sectors of the city. Much of the employment is found in the informal sector. Poor male workers are mainly employed as production workers including rickshaw pullers and other transport workers, trade workers, street vendors, retail traders etc.

### 7.6.1 Sex Workers as Socially Excluded Groups

Human Rights Watch, (2003) focused on the violence perpetrated towards the sex workers by the police and powerful thugs termed 'Mastans' in Bangladesh. The important findings of violence to these groups are including regular abduction, rape, gang-rape, beaten, and subject to extortion by the police and 'Mastans' as well as detested by their families and communities. Furthermore, they are denied to access in education, employment, housing, and health care. Homosexual groups like

women sex workers are stigmatized in many aspects of their lives excluded from employment with great suffering.

*We are deprived of from both sides -economically and socially. Client and income are not certain; thereby I have to be very concerned about my next day's meals. Moreover, Sarderni or Dalal often deceives with us .Even many powerful clients do not pay .Suppose, when a man fraud with you, you can complain against him or her but it is not possible for me .We are not human being at the eye of society, We are hatred and underestimated .Instead, we have to be beaten if we complain against the cheat. Even we cannot mix with relatives and other people. [Sanu(25 years): Kakrile , Dhaka]*

### **7.6.2 Socially Excluded Urban Dweller: Dalits**

*Dalits* are playing a significant role in the country's economic, environmental and social development but these communities are considered as economically marginalised and socially excluded groups in Bangladesh. Dyrhagen and Islam (2006) described how *Dalits* are excluded from public and social spheres. It argues that basic provisions like shelter, food and water are not adequately provided for them where they live, and they have inadequate access to health care facilities, education along with the lack of housing, unemployment opportunity and access to political spheres. Like *Dalits*, the traditional *Bede* community is also socially excluded in Bangladesh .In *Bede* community, some are economically solvent but still out of social inclusion:

*With our income our living standard has been improved...I have two children... both go to school .There is no discrimination in school when they sit in the class room and play in school ground. But outside the school, no people want to mix with them as they are Bede and their life style and gesture is different from any other common people. [ Duluni Begum(30 years)from Bede Palli of Savar]*

### 7.6.3 State Policy and Urban Poverty: The Case of Bihari Camp, Dhaka

A group of people has been living in the territory of Bangladesh since its independence without having their identity as Bangladeshi. They are being deprived in terms of national identity by the state and even by the mass people. These sorts of deprivation have made them not only infrastructural vulnerable or excluded but also culturally excluded from the mainstream society. These excluded groups living in Geneva (Bihari) camp can be defined by three types of exclusion –social, cultural and political.

*'I have had national identity (ID)card , I wish I would tear my own ID card' ... If government recognize us as a Bangladeshi then why we don't get the same facilities like others outside this camp...For getting passport, I went to the nearest police station. The Sub Inspector of police of this area told that the department of the Ministry of State would not order them to accept the address of the camp for passport...Government of Bangladesh never keeps their promise to the Biharis. They don't help the camp dwellers. Most of the reliefs come from the international organizations, NGOs etc. But they are not sufficient at all. We don't need the help which perpetuates our poor condition; we need the permanent assistance which will really develop our situation. When we go to have loan from bank, we are being refused. We have to go to the various NGOs for micro-loan but their rate of interest is very high ....So, our condition remain as it is .In this country, we have no existence, no recognition and no identity as well. I had born in Bangladesh but people treated me as Pakistani. We don't know what will be happened to our children in future, what will be their identity, God may know. [Md. Javed Ali (40 years): Geneva Bihari Camp, Mohammedpur, Dhaka]*

## 7.6.4 Public Services and Social Exclusion: An Assessment on Urban Poverty

Afsar (2003b) found that nearly three-quarters of the slum dwellers depend largely on outside water taps, which are shared by five to six families. To fetch water for drinking and cooking, a female slum resident must travel an average distance of 69 meter daily. Nearly, 90 percent of the slum dwellers use hanging latrines and other types of non-sanitary toilets whereas 90 percent of the non-slum residents have modern toilets and 25 percent of the households in small and medium towns have septic tanks in Dhaka city. These migrants consequently, have poorer health and greater vulnerability compared to the general urban population.

Access to basic services such as water, sanitation, electricity, health and education by the poor is limited. Furthermore, most of the slums are not recognised as legal lands. The government, NGOs and the donors generally do not provide services in these areas. Consequently, the public service that is provided by the government cannot make them benefited efficiently.

*To make a new building for city cleaner (Methors), government destroyed our previous colony. After two years, we get nothing living with uncertainty. People consider us not as human being but as Sweepers. [Jotsna (36), City Corporation Sweeper Colony, Chouddotuli, Hajaribagh, Dhaka.]*

Bangladesh stays on a range of informal and formal instruments to mitigate the risk of falling into poverty and to cope up with the poverty. The government has taken numerous safety net programs that have had some beneficial impacts but with the consistency in Bangladeshi level of income, the programs are limited in scale and coverage. For an example, Old Age Allowance has increased more than four times in ten years in nominal terms. The value for such programs however, has not

increased much in real terms. The amount of allowances for these programs is small, for example, which does not reflect the required minimum cost of living . The real allocation which is calculated by using price level is not increasing smoothly. Most of the urban old aged people are not concern about this program.

Public services are delivered by a mix of central and local agencies, with limited resources, weak administrative capacity and little coordination. Dhaka City Corporation (DCC), which is responsible for a wide range of services, cannot perform their functions adequately due to severe resource constraints and limited authority. This, together with inefficiencies within programs, means that these programs are not adequate for addressing poverty or for mitigating vulnerability to poverty.

As a result, an intermediate class (*Dalal*) with parallel structure emerged with *Mastans* providing services for this excluded group with a view to gaining their own profits. *Dalals* are self-appointed leaders who are setting up committees, maintaining links and having patronage from local and national political leaders, government official and local law- enforcing agencies.

## 7.7 CONCLUSION

The percentage of the urban population in Bangladesh below the poverty line has been increasing over the years in which the excluded groups are mostly responsible for this rapid growth of urban poverty. Consequently, the city has had a massive growth in the slums and squatter settlements in recent decades. The fact is, the socio-political and economic structures of the country are generally responsible for the urban poverty with an inherited process of reproducing the social exclusion.

The formation of slums is closely associated with rural-urban migration. Poor people living in the city slums have mostly migrated there from the rural areas rather than other cities or



towns. The poor excluded from the society are mostly involved in informal activities as they are beyond the formal sectors of the economy with lack of education and employment training as well as basic needs. They always face high level of vulnerability in terms of risk and harassment due to their involvement in informal sector activities. Although these excluded groups of society always make a robust contribution in the socio-economic development of Bangladesh, they are mostly deprived of the society as well as the public services.

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## Appendix – A

**Table : Old age allocation, per head allocation and number of beneficiaries.**

<b>Fiscal Year</b>	<b>Allocation (million Tk.)</b>	<b>Per head allocation (Tk.)</b>	<b>Number of beneficiaries(million)</b>
1997-98	125	100	0.4
1998-99	485	100	0.4
1999-00	500	100	0.41
2000-01	500	100	0.41
2001-02	500	100	0.41
2002-03	750	125	0.5
2003-04	1800	150	1
2004-05	2603.7	165	1.31
2005-06	3240	180	1.5
2006-07	3840	200	1.6
2007-08	4488	220	1.7
2008-09	6000	250	2
2009-10	8100	300	2.25
2010-11	8910	300	2.475

Source: Ministry of Social Welfare, Government of Bangladesh

## POVERTY, INEQUALITY & GROWTH NEXUS

A. Z. M. Saleh

### 8.1 INTRODUCTION

Economic growth is considered as the main course to reduce poverty along with the prerequisites that is ensuring availability to education, health, and social services to all. It is thought that the relations between growth, inequality, and poverty are non-linear, complex, and path dependent in their dynamics. The chapter aims to explore the relationship of subsequent economic growth with initial inequality and rate of reduction in poverty.

During 1950s, researchers tried to develop a relationship between inequality and growth<sup>24</sup>. They also urged that inequality would

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<sup>24</sup> Lewis (1954) and Kuznets (1955) were primarily interested in the distributional consequences of economic development. Kuznets (1955) made an important point in this context that the relationship between growth and inequality is an inverted U (arch) shape curve. One of the earlier studies to question the automaticity of the relationship between economic growth and benefits to the poor was Adelman and Morris (1973). Chenery, et al. (1974) had the influential contribution by focusing on the importance of redistribution alongside economic growth.

increase with growth in the beginning, but it will decline at higher levels of growth as the benefits of growth trickle down to lower income people. In recent years, the reinvigorated interest in the endogenous growth theory has fuelled substantial research into the exploration of the impact of inequality on growth.

The chapter also emphasises on the incidence of poverty, population living below the poverty line, inequality in income and consumption expenditure along with the decomposition of growth, poverty and inequality. In the concluding part of the chapter, the incidence of poverty might slow down in the upcoming years, while inequality in income would increase as well as inequality in consumption would decrease with the declining incremental rate of growth in GDP.

## **8.2 THEORETICAL APPROACH: POVERTY, INEQUALITY & GROWTH**

Kuznets's work attempted to analyse the relationships between inequality and growth and recently economists include poverty with it. Bourguignon (2004) argued that poverty reduction is fully determined by the rate of growth of the mean income of the population in a given country and at a given point in time as well as in the distribution of income.

In recent years, a number of theoretical studies have tried to examine the links between inequality and growth. Almost all the studies undertaken on the topic show a negative effect of inequality on growth. Le (2008) has pointed out six main families of models which explore the links between growth and inequality: the political economy model (PE), the capital market imperfection model (CM), the integrated model (INT), the socio-political instability model (PI), the fertility/education issue model (FE), and the social comparisons model (SC).

Rate of growth only shows the percentage change in mean level of consumption or income by ignoring the changes in the rest of the distribution. Growth may not bring the intended improvements unless it is supported by policies that would reduce the initial inequality level. In a country like Bangladesh where reduction of poverty is the fundamental objective of development strategies, the goal of development should be balanced between growth and equity targets.

### **8.2.1 Linkage between Growth and Poverty**

Poverty with its multidimensional aspects reflects the failures of human capabilities. Due to poverty, people fail to live a long and healthy life and a decent standard of living as well. The linkage lies in two channels. Firstly, society uses growth-generated resources for providing services to poor people to enhance their capabilities. Secondly, growth of the economy ensures translating higher personal income of marginalised people and utilises their income to improve their capabilities. (Saleh, 2012)

### **8.2.2 Linkage between Economic Growth and Inequality**

Inequality is non-linearly influenced by a host of institutional and social factors along with growth. The relationship between these two variables (inequality and growth) is not based upon only causality: growth thereby causing inequality. Moreover, difficulties in functioning the definitions of these variables and lack of information on the time lags with which these variables affect each other making the matter more complicated. (Ali and Tahir, 1999)



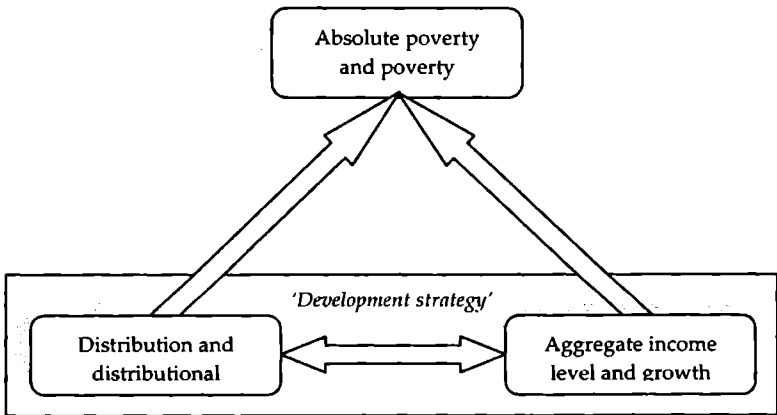
### 8.2.3 Linkage between Inequality and Poverty Reduction

Poverty-inequality elasticity can depend importantly on the initial distribution of incomes. A consequence is that these elasticity will likely change as the distribution of income evolves with time. The elasticity of poverty along with the changes in inequality can be very much context specific. This also implies that the response of poverty to growth may also be very much context specific. (Araar and Duclos, 2007)

### 8.2.4 Linkage between Economic Growth, Inequality and Poverty Reduction

A change in the distribution of income has two effects. Firstly, there is the effect of a proportional change in all incomes that leaves the distribution of relative income unchanged, i.e. a growth effect. Secondly, another one is the effect of a change in the distribution of relative incomes which, by definition, is independent of the mean, i.e. a distributional effect.

**Figure 8.1: Linkage between Growth, Inequality and Poverty**



Source: Adopted from the Poverty-Growth-Inequality Triangle (Bourguignon, 2004)

The following definitions are helpful to clarify these linkages:

- *“Poverty”* is measured by the poverty headcount index *i.e. the proportion of the population below a particular poverty line (e.g. USD 1.5 a day) or calorie intake per day (e.g. 2122 kcal) as derived from household survey data.*
- *“Inequality”* (or *“distribution”*) refers to disparities in relative income across the whole population *i.e., disparities in income after normalising all observations by the population mean so as to make them independent of the scale of incomes.*
- *“Growth”* is the percentage change in terms of welfare level (e.g. income or consumption)

A change in poverty can then be shown as a function of growth, distribution and the change in distribution. The poverty headcount is simply the area under the density curve at the left of the poverty line (here set at USD 1.5 a day). This figure shows the density of the distribution of income as well as the number of individuals at each level of income.

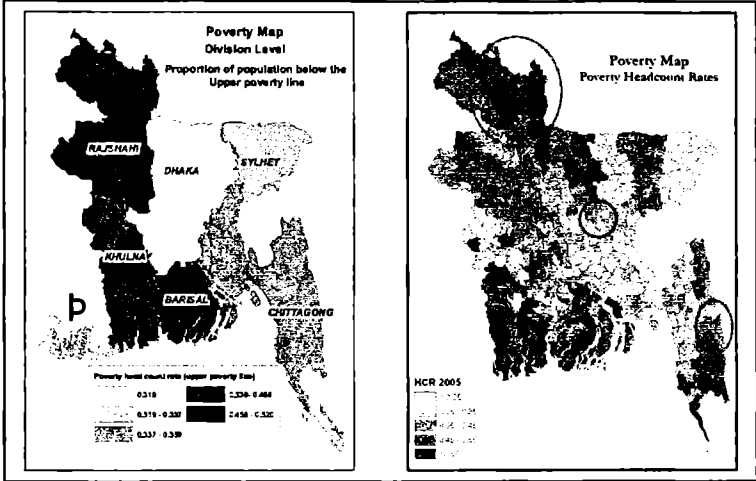
For sufficiently small changes in mean income and in the distribution, the preceding decomposition corresponds to an identity which expresses the change in poverty as a function of the growth in mean income and changes in the distribution of relative income. (Bourguignon, 2004)

### **8.3 INCIDENCE OF POVERTY AND TRENDS**

Household Income & Expenditure Surveys (HIES) have been conducting on household level by Bangladesh Bureau of Statistics (BBS) since FY 1973-74. The discussion on determinants, trends and incidence of poverty in Bangladesh is based on HIES. Poverty estimates, patterns and trends are determined by analysing data on household consumption expenditures and poverty lines are compared to separate the poor from the non-

poor as well as to estimate the extent of poverty. Poverty situation is better in the central region, moderate in north-eastern and south-eastern region while the rest, north-west and south-west, is the most poverty prone (Saleh, 2012).

**Figure 8.2: Poverty map of Bangladesh (division and upazila level)**



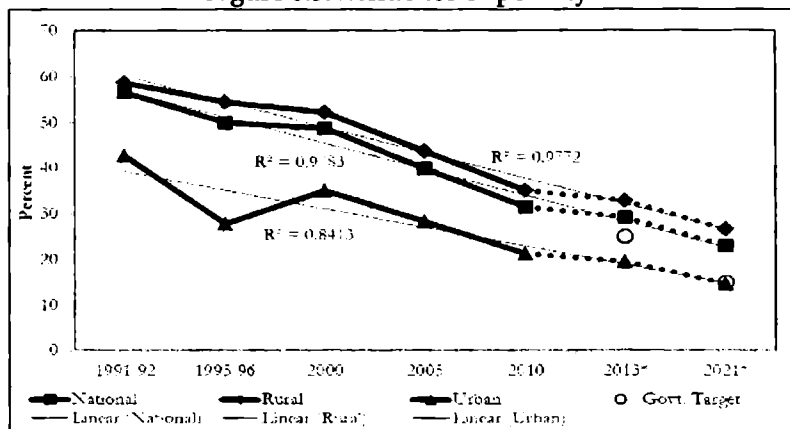
Source: Adopted from Updating Poverty Maps of Bangladesh, Bangladesh Bureau of Statistics, 2012

For struggling against poverty, Bangladesh has made remarkable development during the last two decades. The incidence of poverty has come down to 31.5 percent in 2010 with respect to 56.6 percent in 1991-92 (Figure 8.3). The frequency of poverty has dropped down by 17.4 percent during 2000 to 2010, whereas it was only 7.7 percent in the last decade (1991-92 to 2010). Decline in the aggregate poverty, however, in the subsequent period was associated with decline in the urban poverty (Zohir, 2011).

The current government of Bangladesh has a commitment to reduce the rate of poverty to 25 percent by 2013 and 15 percent by 2021. According to head count rate (CBN) (using upper poverty

line of the latest available national statistics on poverty), the incidence of poverty in Bangladesh decreased to 31.5 percent in 2010 at the national level with an annual average rate of decrease at 1.32 percent from 1991-92. If this trend of decline persists, the incidence of poverty might slide down to 29.18 percent and 22.98 percent by 2013 and 2021, which are higher by 4.18 and 7.98 percent respectively than those of the targets of the present government (Figure 8.3).

**Figure 8.3: Incidence of poverty**



Source: Author's calculation based on Household Income & Expenditure Survey (1991-92, 1995-96, 2000, 2005, 2010), Bangladesh Bureau of Statistics, 2012

The incidence of poverty at national level has decreased from 50.2 percent in 1995-96 to 48.9 percent in 2000 with a declining rate of 0.60 percent. The incidence of poverty has decreased by 3.64 percent to 40 percent in 2015. Between 2005 and 2010, the incidence of poverty has reduced by 4.25 percent at national level. The business as usual scenario, however, suggests that the rate of reduction of poverty might dip down to 2.45 and 2.65 percent in 2013 and 2021 respectively.

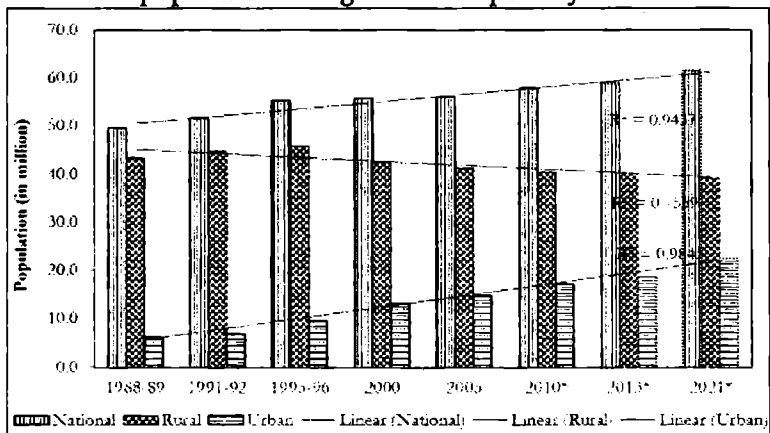
It is evident that the incidence of poverty is higher in rural areas than that of the urban areas and the rate of decrease of poverty is also higher in rural areas than that of the urban areas. The accelerated pace of rural-urban migration might be a possible reason (Titumir & Rahman, 2011). Lack of assets, limited economic opportunities, poor education and inadequate capabilities has resulted into rural poverty (IFAD, 2010).

#### 8.4 POPULATION UNDER POVERTY LINE

The number of population living below the poverty line in the country is still increasing despite progress in reducing the overall incidence of poverty during the last two decades. Soaring food price and food inflation, climate change as well as the lack of balanced development throughout the country are attributed for such increase. With an annual average rate of 0.35 percent at national level, the number of population living below the poverty line in 2005 has increased to 56 million than that of 49.7 million in 1988-89. Continuation of the rate might witness the number of population living below the poverty line at 58.8 million by 2013 and 61.6 million by 2021.

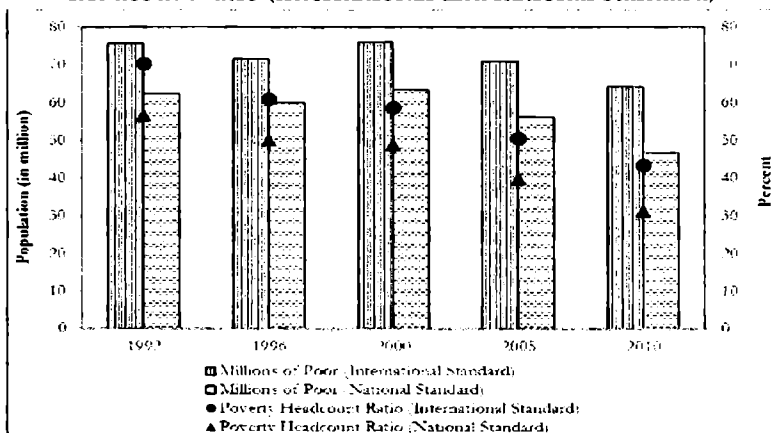
This number has decreased from 43.4 million to 41.2 million in rural areas during 1988-89 to 2005, with an average decreasing rate of 0.12 percent per annum. Under the business as usual scenario, the number of population living below the poverty line in rural areas might decrease to 40.2 million and 39.3 million by 2013 and 2021 respectively. Whereas the number of population under poverty line has increased from 6.3 million in 1988-89 to 14.8 million in 2005 in the urban areas with the average increase rate of 0.47 percent per year. Continuation of the current rate may witness an increased population of 18.6 million and 22.4 million by 2013 and 2021 respectively living below the poverty line in the urban areas (Figure 8.4).

**Figure 8.4: Current situation and future projection of population living below the poverty line**



Source: Author's calculation based on Household Income & Expenditure Survey (1991-92, 1995-96, 2000, 2005, 2010), Bangladesh Bureau of Statistics, 2012

**Figure 8.5: Population living below poverty line and poverty headcount ratio (international and national standard)**



Source: Poverty & Equity Data, the World Bank, 2012

An inconsistency is seen between the data from BBS and the World Bank on the amount of people living below the poverty

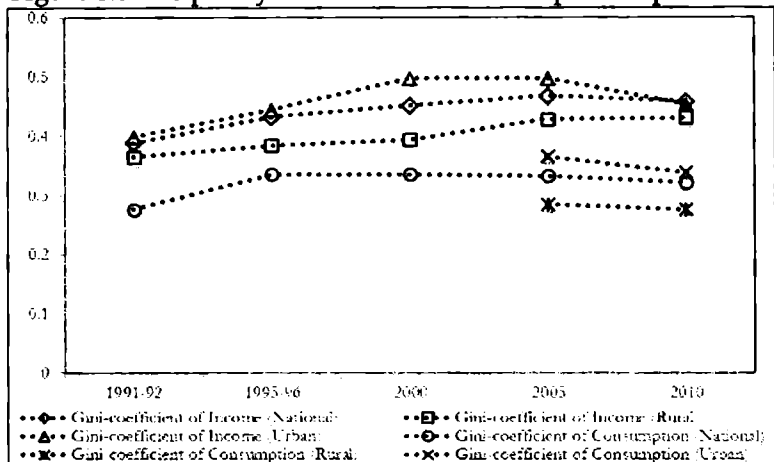
line as well as poverty headcount ratio. In 1992, the population living below the poverty line by international standard was 75.7 million and by national standard 62.4 million while according to BBS the population living below the poverty line is 51.6 million. BBS recorded population in 2005 was respectively 15.0 and 0.2 million which is less than those of international and national standard recorded by the World Bank (Figure 8.5). The difference between the population living below the poverty line by international and national standard in 2010 was 17.4 million. Moreover, poverty headcount ratio by international standard in 2010 was 43.3 percent against 31.5 percent by the national standard.

## 8.5 INEQUALITY IN INCOME AND CONSUMPTION EXPENDITURE

Inequality is measured by the method, Gini co-efficient which is widely used. The composite indicator of Gini co-efficient analyses the extent of inequality in household income and expenditure. Gini co-efficient can vary between '0' and '1'. While the value is equal or close to '1', inequality is said to be severe whereas equal or near to zero symbolises to equality. Gini co-efficient of income has increased from 0.384 in 1995-96 to 0.458 in 2010 with a rate of growth of one percent. Gini-coefficient of consumption has increased with a rate of growth of 0.75 percent from 0.276 in 1991-92 to 0.321 in 2010. Income inequality (Gini-coefficient of income) increased to 0.393 at rural level and 0.497 at urban level in 2000 than that of 0.364 and 0.398 in 1991-92. The scenario of income inequality in the urban areas is improving after 2005. Gini co-efficient of income at urban areas has dropped down to 0.452 while it has increased to 0.430 at rural areas in 2010 (Figure 8.6). Consumption inequality has declined with a rate of 1.48 percent in the urban areas while in the rural areas, the declining rate is 0.63. Inequality in income and consumption is following a

declining trend after 2005, however, the pace at which these are declining are very sluggish.

**Figure 8.6: Inequality in income and consumption expenditure**



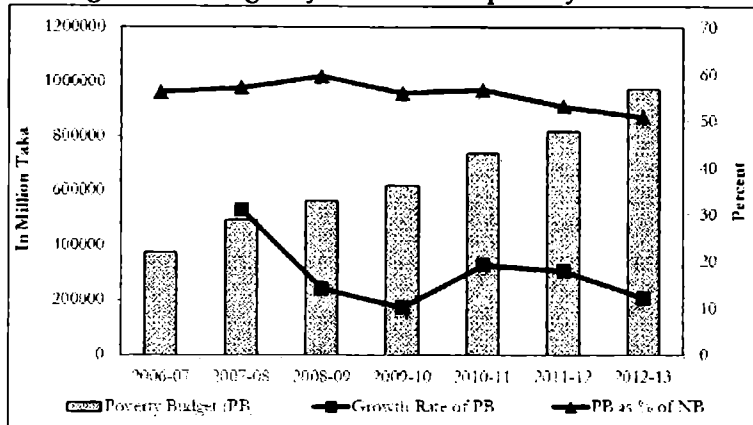
Source: Household Income & Expenditure Survey (1991-92, 1995-96, 2000, 2005, 2010), Bangladesh Bureau of Statistics, 2012

## 8.6 POVERTY REDUCTION BUDGET

The governments has been allocating around 55-60 percent of its national budget as poverty budget in each fiscal year, with the broader perspective of alleviating poverty and achieving the targets of Millennium Development Goals (MDGs). In FY 2012-13, Tk. 974400 million has been allocated as poverty budget that is Tk. 158640 million more than that of the revised poverty budget of FY 2011-12. Poverty budget of the current fiscal year (FY 2012-13) is 50.82 percent of the national budget and 9.36 percent of Gross Domestic Product (GDP). The government allocated 56.10 percent in FY 2006-07, 57.07 percent in FY 2007-08, 59.59 percent in FY 2008-09, 55.92 percent in FY 2009-10 and 56.67 percent in FY 2010-11 of total budget outlay. This proposed allocation of FY 2012-13 as a percentage of total budget is the lowest since FY 2006-07 (Figure 8.7).



**Figure 8.7: Budgetary allocation in poverty reduction**

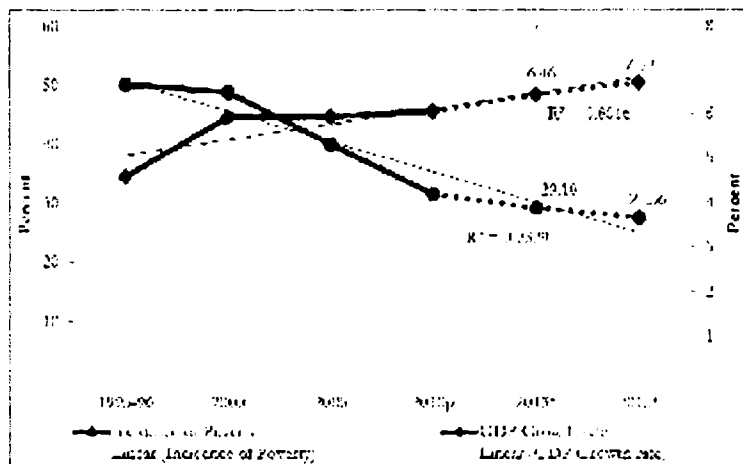


Source: Author's calculation based on Ministry of Finance, Finance Division, GoB, 2012

## 8.7 POVERTY, INEQUALITY AND GROWTH

In case of Bangladesh, it seems to be true that a negative relationship exists between growth of poverty reduction and economic growth as incidence of poverty declines with the rise in economic growth (CSLS, 2003). The rate of poverty reduction however, is following a slower trend in the recent and upcoming year as well. The country has witnessed a rate of growth of GDP at 4.6 percent in 1995-96 while incidence of poverty was 50.1 percent. In 2000, the rate of growth in GDP was 5.94 percent; while incidence of poverty reduced to 48.9 which further reduced to 40 percent in 2005 while the rate of growth in GDP was 5.96 percent. Continuation of current trend suggests that incidence of poverty might decrease to 29.18 percent against the target of the government at 25 percent while the rate of growth in GDP attain at 6.46 percent by 2013. The incidence of poverty might reduce further to 27.56 percent by 2015 while the rate of growth in GDP might witness at 6.73 percent (Figure 8.8).

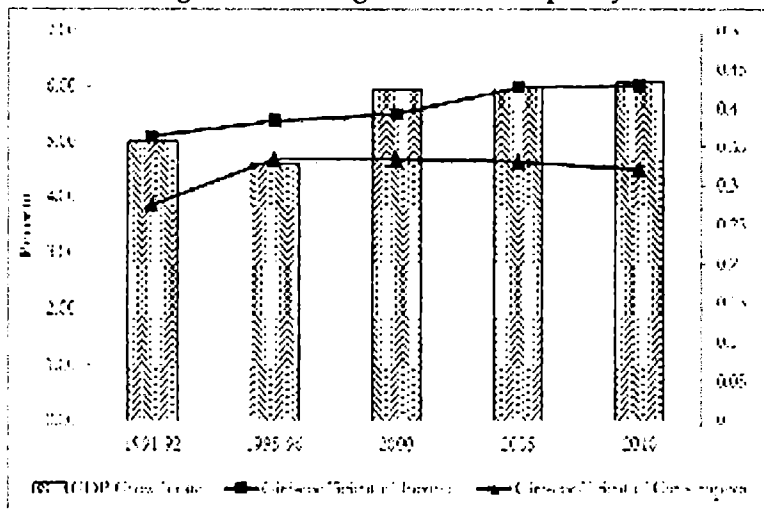
**Figure 8.8: GDP growth and incidence of poverty**



Source: Author's calculation based on Household Income & Expenditure Survey (1991-92, 1995-96, 2000, 2005 and 2010), Bangladesh Bureau of Statistics and Bangladesh Bank, 2012

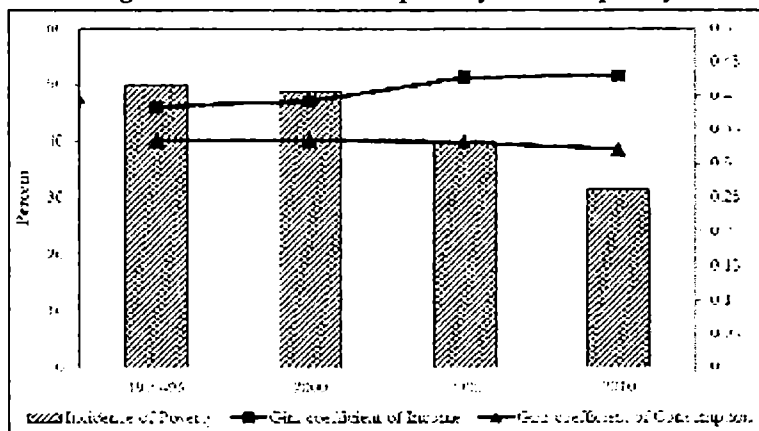
The rate of growth in GDP in the Bangladesh economy is increasing at a decreasing rate while the rate of income inequality is increasing and consumption inequality is decreasing. The rate of growth in GDP was 5.94 and 5.96 percent in 2000 and 2005, while the rate of income inequality upsurge by 1.78 percent and consumption inequality was dropped by 0.18 percent. Between 2005 and 2010, income inequality only increased by 0.09 percent and consumption inequality declined by 0.66 percent, while the rate of growth in GDP in 2010 increased to 6.07 percent (Figure 8.9).

**Figure 8.9: GDP growth and inequality**



Source: Household Income & Expenditure Survey (1991-92, 1995-96, 2000, 2005 and 2010), Bangladesh Bureau of Statistics and Bangladesh Bank, 2012

**Figure 8.10: Incidence of poverty and inequality**



Source: Author's calculation based on Household Income & Expenditure Survey (1991-92, 1995-96, 2000, 2005 and 2010), Bangladesh Bureau of Statistics and Bangladesh Bank, 2012

A common concept is that inequality declines with the reduction in the rate of poverty. It is evident that with the decline of incidence of poverty, income inequality is increasing while consumption inequality is following a declining trend (Figure 8.10) in Bangladesh. The incidence of poverty is declining; however, continuation of the current trend suggests that it might slow down in the upcoming years leaving beyond the target of the government.

## 8.8 CONCLUSION

Despite considerable trust on poverty alleviation in all planned documents since the independence of Bangladesh, a significant number of people are still living below the poverty line. Achieving a reduction in poverty and inequality is a fundamental challenge in the country without which the human development, economic and employment goals of the government may be hindered.

Moreover, the basic problem of poverty lies in its concept that poverty is the manifestation of social property relationship. Poverty reduction or increase depends upon the social property relations rather than the neo-liberal enunciation that an increase in the size of the “things-basket” reduces poverty. The “things-basket” may accelerate the reduction of poverty up to a point; however, it is reproduced due to social property relationship through institutions, structures, power, and reality as well as composition of the state.

The incremental rate of growth in GDP has already slowed down. In addition, the rate of reduction in poverty might slow down in the upcoming years while inequality in income would increase and inequality in consumption would decline. If inequality in income is not reduced by income redistribution, the challenge of alleviating poverty would not be achieved despite the rate of growth in GDP.

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## Appendix

### Mathematical Equation

$$P_i = P_b (1 + r)^y$$

$$\Rightarrow r = \frac{1}{y} \left( \frac{P_i}{P_b} - 1 \right)$$

Where,

$P_i$  = Value of the launch year;

$P_b$  = Value of the base year;

$y$  = Number of years between launch year and base year;

$r$  = Rate of growth.

Then, a projection using this method could be computed as:

$$P_i = P_l (1 + r)^z$$

Where,

$P_i$  = Value of the target year;

$P_l$  = Value of the launch year;

$z$  = Number of years between target year and launch year;

$r$  = Rate of growth

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