

## Overcoming Poverty in Bangladesh: Search for a New Paradigm

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### INTRODUCTION

Bangladesh has been stereotyped as the archetypical theatre of poverty. It is the only country categorized as the least developed country with a population over 75 million. There is a great deal of suspicion about prospect for rapid poverty reduction in the country without which accelerated growth is impossible. The objectives of this paper are to examine the poverty trends in the country critically, reflect upon the author's recent experience of rapid poverty reduction in the countryside, flesh out the process of such reduction and suggest a more grounded strategy of poverty reduction in Bangladesh.

### POVERTY DISCOURSE IN BANGLADESH

Although poverty of this region was a subject of interest during the British colonial period (Jack, 1916; Siddiqui, 1982), there was only one research on this issue during the Pakistan period 1947–71, (Siddiqui, 1982). Poverty began to attract the attention of researchers after the famine of 1974 and the decade saw a number of studies mainly devoted to counting up the poor. Only Alamgir (1978) and Griffin (1977) tried to provide macro level analysis of the poverty process in the country. Alamgir had adumbrated a Marxist analysis of poverty. Griffin sought to understand the problem in terms of a high level of inequality and the dominance of the rich on the state machinery. Two ethnographic studies, however, were significant in exploring rural poverty. In Jhagrapur, Arens and Beurden (1977) provided a graphic account of the livelihoods of the poor and the process of exploitation in a village of Kushtia with special focus on women from a Marxist perspective. In 1977 Siddiqui (1982) mounted a meticulous study of poverty in a village of Narail again from a Marxist perspective, which tried to link micro level poverty with macro societal processes. Hartman and Boyce (1979; 1983) undertook an ethnographic study of a Rangpur village and underscored patron-clientelism and parochialism as the key instrument that kept the poor dependent, fearful and voiceless.

A particularly speculative but influential study on poverty of 1980s was undertaken by Maloney (1986) who sought to explore deep behavioural and cultural contours in Bangladesh that led to the perpetuation of poverty in the country. Central to his analysis is the fact that the 'overall socio-economic texture' of Bangladesh society was traditional. A particular drawback of this traditional society was his notion of atomistic individualism characteristic of the Gangetic delta that impedes crystallization of collective efforts and durable organizations and thus prevents modernization from taking place. The negative behavioural traits of Bangladeshis that he found as obstacles to development include: reliance on patronage and indulgence, personalization of authority, which causes weak institutions and policies, authoritarian administration, opportunistic individualism, low commitment to abstract ideologies, weak socialization that leads to low self-discipline and a lack of trust in modern institutions. The political institutions were not able to lift the country out of poverty. Politics was a mere contest for power without commitment to ideologies. Maloney did not rule out the possibility for development, but he clearly pointed out that the task of poverty alleviation was not easy either given the enormous burden of a traditional social structure embedded in an inhospitable ecological niche. Maloney did have some disclaimers, but there is no doubt that his analysis is highly dated and represented a crude form of orientalism.

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More detailed studies of poverty have become available from 1990s on ward. While there are five key data sources for understanding poverty in the country, the most important is the household expenditure survey (HES), which started in 1973-74, and so far 13 rounds of these surveys have been conducted (BBS, 2002). But HES data have been generally reliable from 1990s (Rahman, 2002). The second major data source is The Analysis of Poverty Trends (APT) undertaken by Bangladesh Institute of Development Studies and later on Power and Participation Research Centre (PPRC) since 1989. Under this programme four comprehensive surveys of poverty in 62 villages have been conducted in an attempt to capture the multi-dimensional nature deprivation of rural Bangladesh. The unique feature of this study is the use of panel data (Rahman, 2002). A third source is the information on the nutritional status of children collected by Helen Keller International from 1990. A fourth source is the nutritional data provided irregularly by the Institute of Nutrition and Food Sciences (Rahman, 2002). A fifth source is the survey of 32 villages conducted by IRRI in 1987-88 and 2000. Apart from these a number of specific surveys and qualitative studies have been carried out with a view to understanding poverty in specific circumstances and greater depth. One product of this type of study is 19 reports published by PROSHIKA under its *The Livelihoods of the Extreme Poor Study*.

Although most of these studies have been preoccupied with counting the poor, Rahman and Sen (Rahman, 1996; Sen, 1996; Sen and Rahman, 1999; Sen, 2003) have particularly moved towards an analysis of the dynamics of poverty – the process through which poverty is created and the social mechanism that generates upward mobility out of poverty and downward mobility into it.

#### **POVERTY TRENDS IN BANGLADESH**

There is considerable disagreement about the extent of income poverty in Bangladesh for the earlier period between 1960s and 1980s. As Table 1 in Appendix shows the estimated level of rural poverty of the country after its independence varied from 55.7 percent to as high as 82.9 percent, the latter being the official figure. According to one estimate, the period between 1963-64 and 1976-77 saw a major surge in poverty. During this period the number of hard core poor increased from a negligible figure to 45 million or 60 percent of the rural population. The hard-core poor made up over 40 percent of the urban population in the middle of 1970s, although they were rarely found in early 1960s. (I.B.R.D. cited in Vylder, 1982).

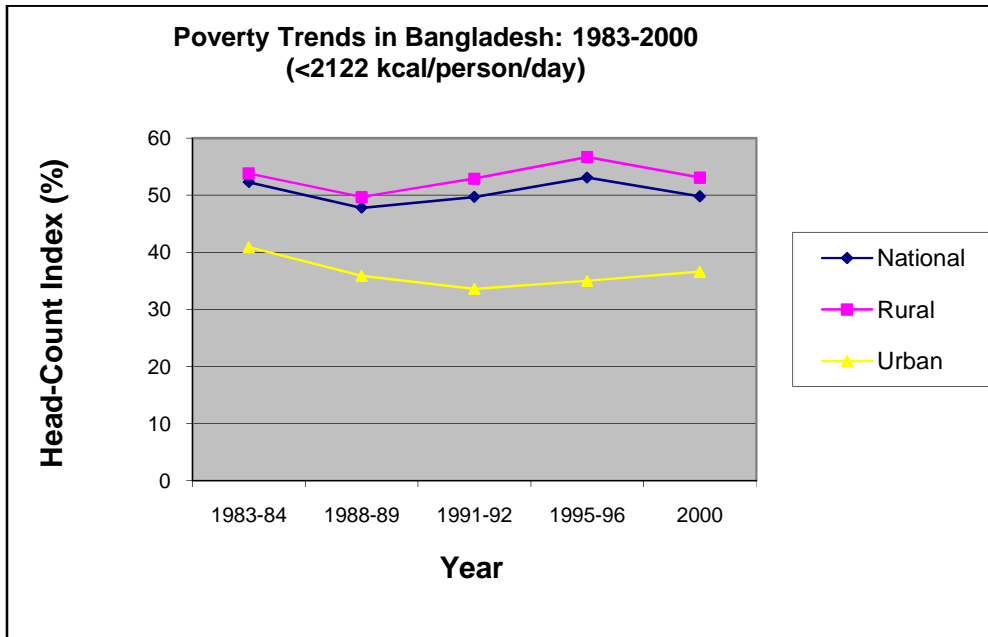


Figure 1: Poverty Trends in Bangladesh 1983- 2000  
 Source: Based on Sen 2003; BBS 2002

In 1980s there was greater consensus among various studies. But discrepancies among different estimates persisted. Wodon's figure was 13 percent higher than the official estimate of BBS. Figure 1 (Table2: Appendix), shows that there has been a slow reduction in income poverty, which could be as high as 83 percent, but most probably 74 percent (Sen, 2003) in 1973-74. The rural poverty, according to Sen (2003), appears to have declined more rapidly during 1970s and early 1980s when it went down to about 54 percent. There was a slight decrease of rural poverty during the second half of 1980s. But it went up to about 53 percent in 1991-92 – to the level of the first half of earlier decade. But BBS charts a steady decline of rural poverty from 61.2 percent in 1991-92 to 53 percent in 2000. The urban poverty fell from 44.9 percent to 29.4 percent in 1995-96 and then registered a slight increase to 36.6 percent at the dawn of a new millennium. The hard-core or extreme poverty showed a similarly slow decrease – it went down by only 3.4 percent over a decade from 1985-86. In 2000 it stood at 25 percent of the population (BBS, 2002).

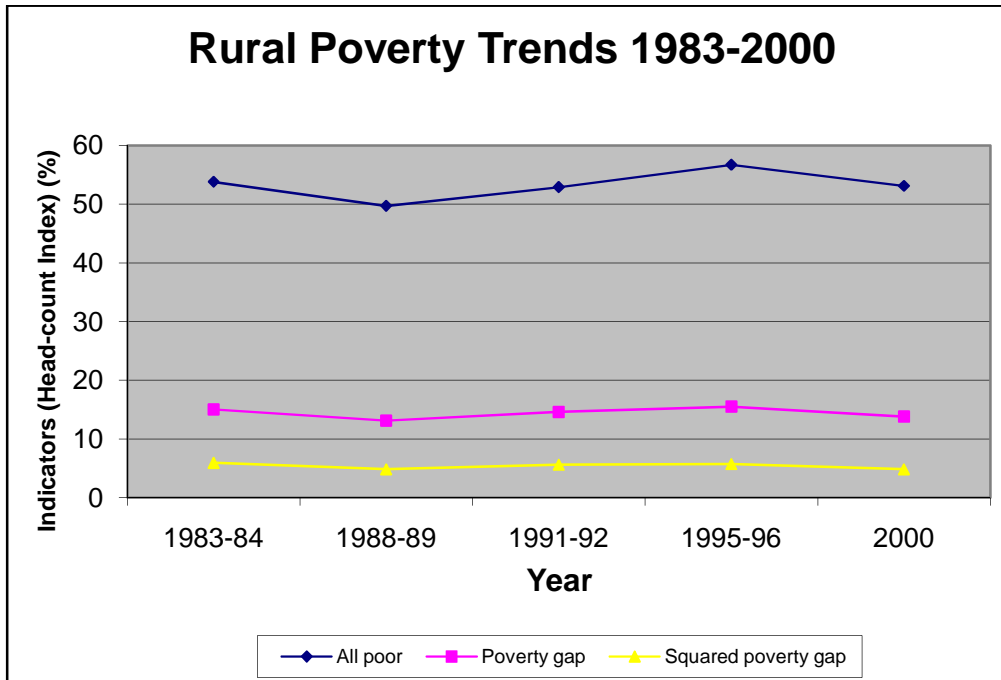


Figure 2: Rural Poverty Trends 1983 –2000  
 Source: Sen, 2003: 514; BBS, 2002:X.

The Figure 2 (Table3: Appendix) shows decline in rural poverty in terms of poverty gap and squared gap. Over the 1990s the poverty gap in the countryside declined by 2.8 percent, which was higher than urban areas. In the similar way the squared poverty gap also declined over the same period by 3.8 percent (GOB, 2002).

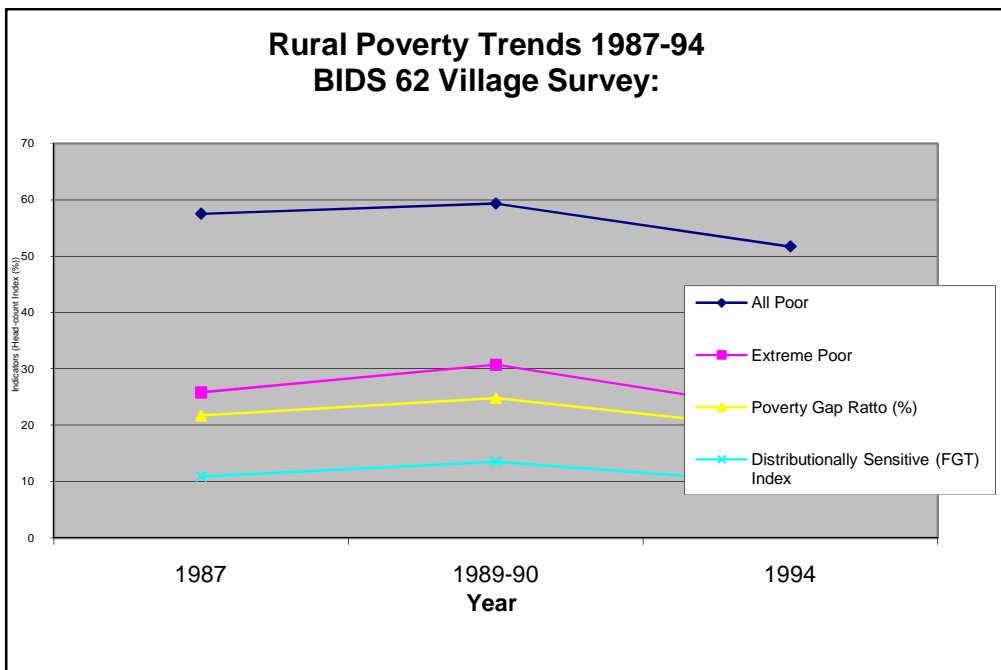


Figure 3: Rural Poverty Trends 1987 – 94 BIDS 62 Village survey  
 Source: Based on Rahman 2002.

The APT survey as shown in Figure3 (Table 4, Appendix) found that 57.5 percent of rural population in 1987 was poor and the figure fell to 51.7 percent in 1994.

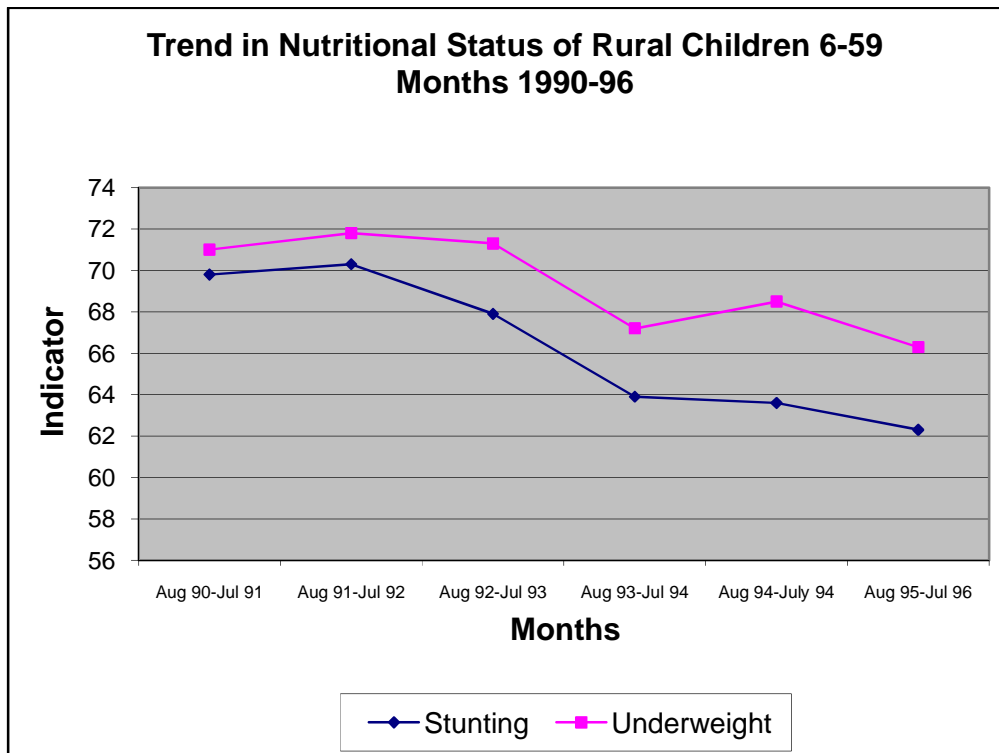


Figure 4: Trend in Nutritional Status of Rural Children, 6-59 months

Source: Based on Rahman. 2002: 55.

The Figure 4(Table5, Appendix) highlights the sharp decline in stunting and low weight among rural children in Bangladesh. This decline has been particularly sharp from early 1990s.

The Figures 5 and 6 (Table 6 and 7, Appendix) show the magnitude of poverty in terms of techniques of calculation deployed by the same agency-BBS. The differences are quite pronounced when different techniques like direct calorie intake and cost of basic need techniques. The BBS explains this anomaly by indicating better data quality for income sources in 2000 HIES.

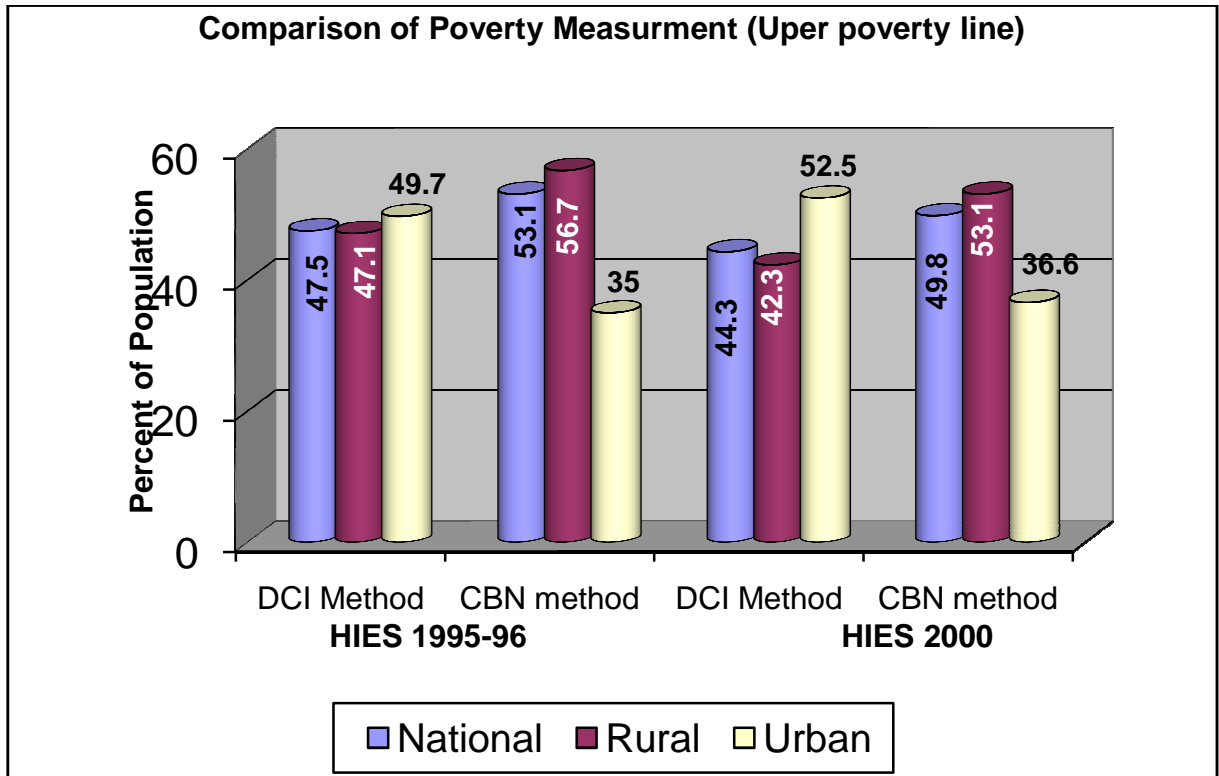


Figure 5: Comparison of Poverty Measurement (Upper Poverty Line)  
Source: Based on BBS 2002

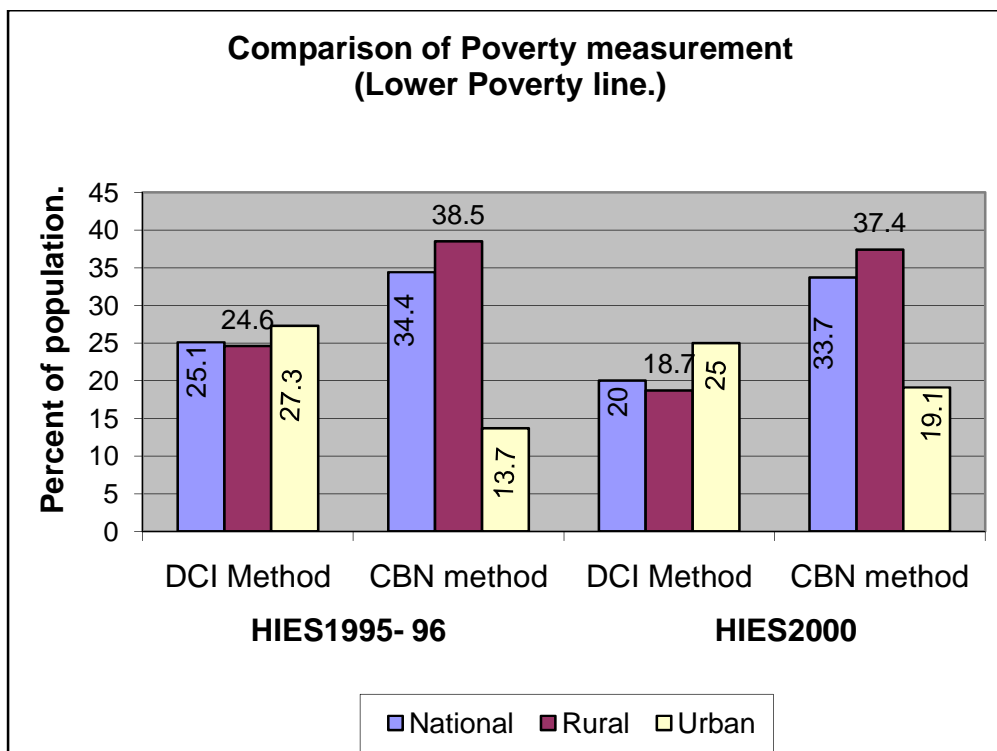


Figure 6: Comparison of Poverty Measurements (lower Poverty Line)  
Source: Based on BBS 2002

## **CHARACTERISTICS OF POVERTY IN BANGLADESH**

From these studies several broad characteristics of poverty have been identified (Rahman, 2002; BBS, 2001; BBS, 2002; Sen, 2003; Mujeri, 1997).

- Whatever is the correct figure it is clear that poverty in Bangladesh has declined about one percent per year (Rahman, 2002) or at best 1.8 percent (GoB, 2002) during the 1990s, which is an extremely slow improvement. The decrease has been equally slow in the case of hard-core poverty.
- It also documents that extreme manifestations of poverty, such as, lack of minimum clothing or basic shelter or starvation have declined.
- There has been a faster reduction of poverty in urban areas.
- There has been an increasing concentration of poverty among the female-headed households. The incidence of female-headed households may be as high as 15 percent with a heavy concentration of poverty among them (Mannan, 2000). HIES data, however, provides a more complex scenario. The female-headed households were subject to extreme poverty much more than the male-headed households. But there was little difference in terms of absolute poverty among male and female-headed households. The absolute poverty was slightly higher among the male-headed households in rural areas while the opposite prevailed in urban areas (BBS, 2002).
- There are significant regional variations of poverty. Rajshahi has the highest rate of poverty – 61 percent in contrast to Barisal, which has 40 percent only (Sen, 2003). Poverty is more pronounced in some areas and regions of the country, which suffer from flooding, river erosion, mono cropping and similar disadvantages.
- The decline in absolute poverty has been accompanied by an increase in relative poverty. The BBS data show that inequality rose during 1990s, but at a higher rate in urban areas than the countryside.
- The non-economic dimensions of poverty have registered a dramatic change in contrast to slow reduction in income poverty. The human poverty index fell from 61.3 percent in 1981-83 to 34.8 percent in 1998-2000. The human development index had nearly doubled in three decades between 1960 and 1992. It increased from 0.166 to 0.309. The frontier of human development has expanded faster in 1990s. During 1992 and 1998/99 it increased by 8.8 percent per year. There has been significant progress in child nutrition since the independence of the country. The rate of stunting has been on decline from the middle of 1980s. One survey found that the rate of stunting fell from 54.6 in 1996/97 to 44.8 percent in 1999/2000. The literacy crossed 60 percent in 1999. The gross enrollment at primary level increased from 59 percent in 1982 to 96 percent in 1999. There has been impressive progress in the reduction of infant and child mortality. The life expectancy has increased. (BIDS, 2001).

## **POVERTY CORRELATES**

It is needless to reiterate that poverty is negatively correlated with land ownership in rural society. Poverty – both absolute and extreme were heavily concentrated among the landless and functionally landless. The HIES data show that the incidence of absolute poverty was twice among the illiterates and the figure increased to nearly threefold in case of extreme poverty. There was very little poverty among school graduates or people with higher education. Poverty was most concentrated among people with agriculture, forestry and fisheries mainly in rural areas.

## DYNAMICS OF POVERTY

Rahman (1996; 2002;) and Sen (1996; 2003; Sen and Rahaman, 1999a) have made particular contribution in understanding the dynamics of rural poverty in Bangladesh. The study of 62 villages by BIDS and later Power and Participation Research Centre undertaken periodically have yielded panel data which have been particularly valuable in mapping out the dynamics of poverty over time. This research has found that the poor does not constitute a simple homogenous population that can be neatly categorized into one or two groups. There are considerable variations and mobility among the poor. The poor and the vulnerable non-poor are subject to periodic shocks that propel them towards more miserable livelihoods and greater poverty. There are also factors that help them move out of poverty. Rahman (1996) particularly underscored the notion of crisis and vulnerability that continuously plague the rural livelihoods, such as natural disasters, illness and insecurity. The rural households deploy a variety of mechanisms to cope with life course crises and other shock events. Downward mobility occurs as dialectic between the impact of life course events, structural factors and crisis factors, and the failure of coping mechanisms.

Rahman (2002) categorizes the poor in terms of three distinct groups on the basis of APT data of 1994.

*Tomorrow's poor:* This group is mostly marginal peasants owning up to 1.5 decimals of land and an annual income of Taka 8368. They comprised 21 percent of the rural population.

*The moderate poor:* This group more or less corresponds with the upper poverty line of BBS. It made up 29.2 percent of villagers.

*The extreme poor:* It corresponds to the lower poverty line of BBS. This category made up 22.7 percent of rural people.

There is considerable upward and downward mobility among these groups. The group called tomorrow's poor are quite vulnerable and slips down the poverty line as a consequence of different crises that underlie peasant livelihoods in Bangladesh.

Sen (2003) has similarly made an attempt to explore the dynamics of poverty in terms of the panel data of 21 villages, which were part of the IRRI research. The study confirmed that mobility among the poor was considerable, although nearly one-third of the households were entrenched in chronic poverty. In analyzing the upward mobility of the poor Sen has particularly looked in to the increase in asset position of the households or favorable natural conditions or random factors. Thus the analysis is only partial and incomplete.

## INTERROGATING POVERTY DATA

This discourse of poverty has grown mainly on the basis of survey data. Even though it has been claimed that recent survey data on poverty are more refined and reliable, it merits deeper examination than mere technical aspects of it. It merits questioning of the epistemological basis of survey data.

Platt (1981) has shown that social scientists often use faulty data or data of dubious quality. Official data are not always reliable. Official statistics are rarely collected with the interests of science as their primary concern (Hindess, 1973:47). Often the data generated through survey methods – the so-called hard data are of questionable/doubtful quality.

The assault against survey methods has been launched again and again. In 1960s Blumer had mounted scathing attack against what he called variable analysis. It "was nothing more than a



snapshot taken from a misleading angle and frozen in time”(Silverman, 1972:185). The criticism was repeated in early 1970s. Silverman (1972) pointed out that most often data were collected mechanically from a sample through pre-coded questionnaires or interview schedules. Often the tedious task of coding was left to the graduate students. The task of the researcher was just to verify his hypotheses. But the statistical analysis itself is not value-free and tends to overpower sociological analysis (Philipson, 1972). But it was being increasingly felt that such an approach “yielded little” and had become bankrupt (Holbrook, 1977).

One study found that there is widespread skepticism among the public about surveys even in USA. “Almost half of Americans, for example, feel surveys are often too personal. Even more serious, it is still strongly believed that surveys are used to disguise a sales pitch” (O’Neill, 1998:26). In recent years there is a growing realization that survey is essentially an interactional process (Shaeffer, 1991).

In fact the criticism against survey method has been part of an increasingly broader attack against positivism. On the one hand this attack has been the demolition of the epistemological foundation of positivism brought about by Feyerabend (Ravetz, 1990). It has been claimed, on the other hand, that the certainty of all quantitative information is wrong and analysis must be able to represent both unreliability and uncertainty (Ravetz, 1990).

*Year after year economic theorists continue to produce scores of mathematical models and to explore in great detail their formal properties; and the econometricians fit algebraic functions of all possible shapes to essentially the same sets of data without being able to advance, in any perceptible way, a systematic understanding of the structure and the operations of a real economic system (Leontief, cited in Lawson, 1996:4).*

Again it has been pointed out that the certainty of a bus timetable may not be the most relevant thing for theoretical understanding. The more important thing may be to understand the “mechanisms and processes that keep the bus running” (Maki, 2000:386)

The use of survey method in poverty studies has been subject to similar criticism. Ravallion (1996; 200) has shown that often poverty data are faulty. Yet, “[S]urprisingly little effort has gone into assessing the performance of routine tools of poverty analysis”. There are, according to him, three generic problems with poverty data. First, the survey can be faulty. The questionnaire may be wrong or the sample biased and so on. Secondly, the existing surveys may be inadequate or incompatible for longitudinal analysis. Thirdly, the data set may lack many complementary data, which are required for a robust analysis of data. Thus the task of fighting poverty is undertaken without adequate information. “Little more than blind faith guides the policy maker’s interpretation of results” (Ravallion, 1996:216).

The current debate on the issue has led to three outcomes. First, there is preoccupation with technical problems of making the interview more adequate through refinement of the technique itself. Secondly, there is total emphasis on the interactional character of the interview and complete rejection of the survey methods in favour of capturing the depth of subjective meaning that the interaction of the interview represents (Hester and Francis, 1994). Thirdly, there is increasing emphasis on the use of mixed methods. The broad sweep of the survey method is coupled with qualitative techniques that probe the complex terrains of structuration – the dynamic interface of structure and agency (UNDP, 1998; Rahman and Islam, 2002).

## **LIMITATION OF SURVEY METHOD IN BANGLADESH: PERSONAL REFLECTIONS**

From my recent experience of both large-scale surveys and qualitative studies in rural Bangladesh, I have realized that survey technique has severe limitations in the context of the rural population of a transitional society. In the context of the rural society the interview is more interactional. It is opposite to the Western notion of interview as a simple encounter between an interviewer or a questionnaire with a single respondent. It is an interaction between two autonomous individuals. But in the rural society of Bangladesh *it is an encounter between an*

*interviewer and a social group.* The interview is most often conducted in the courtyard or verandah and mostly in the presence of other men or women. *The response is almost always a group response.*

The respondent has no interest in the interview. Often there is the protest that interview does not bring any good to interviewer – or relief or dole. So what is the use of the interview anyway! Thus it is a half-hearted effort of the respondent to pass through the uncomfortable ritual as well as he/she can.

Thus respondents use a variety of coping mechanisms to cope with the stressful situation of interview. The most difficult situation for the respondent is the kind of accuracy, which is demanded from him in terms of income, expenditure, and other items of personal economic history. The problem also emerges from attitudinal items, which lie beyond his/her mental horizon – the issues which have no relevance for the respondent. It finally leads to the situation in which the ill-trained field worker imposes his or her own interpretation of the facts and attitudes on the interview schedules, even if he/she does not resort to downright deception. The informal practice is two days of training with the questionnaire along with one or two days of preparation for going into the field.

In the larger survey it becomes very difficult to monitor and supervise the survey. The field team takes great freedom in conducting or not conducting the survey. It becomes difficult to know whose responses the interview schedules contain. The larger the sample, the larger becomes the non-sampling error. A lot of information is lost or gets modified in the process of data entry and data editing. The surveys thus inundate us with the volume of statistics that we distrust (Timberg, 2004).

In Bangladesh the major source of poverty data is the Household Expenditure Survey. Serious objections can be raised about the quality of HIES data. Just imagine interviewers descending upon poor people with 60 page questionnaire which the HIES 2000 used. It admits that some people were reluctant to give sufficient time for the interview. It also admits that there was some confusion over recall of expenditures as different reference periods were used for different items. Qualitative and in-depth studies can provide us with alternate data and greater insight. But the country has very few ethnographic studies of poverty as such.

Siddiqui (1982; 2000) has provided a valuable and quantitative account of poverty over time in a village in Narail that merits an extended discussion.

#### **THE STATE OF THE POOR IN JAGATPUR**

- Siddiqui's meticulous ethnographic re- study of a village in Narail shows that the poor have significantly improved their nutritional status.
- The landless households had increased calorie intake from 1848 in 1977 to 2232 in 1997.
- The near landless also increased their calorie intake from 1934 in 1977 to 2260 in 1997
- The lower middle category and middle category households which were below poverty line moved over the poverty line.
- Eggs are eaten more commonly by all classes in the village
- There has been significant improvement in the access of the poor to apparels
- Gender discrimination has largely disappeared in food intake
- There has been greater access of health services to the poor
- Access to sanitary latrines and safe drinking water increased significantly
- There was significant increase in enrolment and literacy.
- But in terms of income there was still 44.7 percent poor people in the village.

Another scholar of Bangladesh society (Timberg, 2004) in the course of his review of this book observes:

The book confirms, at least for one village, the common sense impression that Bangladesh including the rural areas and the poor is better off. People are certainly better dressed, living a little longer, getting around a little bit more easily in rural areas, and a little more linked by communications. I have just finished a couple of months on an assignment involving the rural areas of north Bangladesh for the first time in eight years and can see the difference.

Some village studies of earlier period also point towards a lesser incidence of poverty. Arens and Beurden (1977) found that in their Kushtia village 54.5 percent of the peasants belonged to the poor category in 1974-5.

My recent experiences is that poverty reduction has been much more rapid than the macro level data show. Although subjective experiences and qualitative studies are no substitute for quantitative data, it may be source for critical reassessment of the dominant consensus. The section below reports in nutshell my experiences of four villages.

### **RAPID APRAISAL OF POVERTY IN RURAL BANGLADESH**

A rapid appraisal study was carried out in early 2001 with a team of highly experienced researchers in four villages in four different regions of the country. Table 1 below shows the key characteristics of the research sites which spread over four agro-ecological zones of the country.

Table 1

Key Characteristics of the Research Sites

Categories	Haorpur Sunamgonj	Maniknagar Nawabgonj	Ratanpur Shariatpur	La 1 m a i Comilla
Location	Very remote	Remote	Remote with good river communication	Close to main road
Ecology	Haor basin	Low fertility area	Flood plain	High land
Agriculture	Mono crop with fish	Double-crop with mangos	Mono-crop	Green revolution wheat land
Vulnerability	High flash flood	High monsoon flood	Very high river bank erosion flood	Very little
Migration	Some international migration Some internal migration	Internal migration	High international/int ernal migration	High international/ no internal migration

### ***Key findings***

**This study found that rapid change was occurring in the rural economy and more rapid reduction of income poverty than normally acknowledged.**

- There has been significant decrease of income poverty much more than reported by the evidence available from the Household expenditure survey.
- Poverty was concentrated mainly among women-headed households, old, handicapped and the sick.
- Agriculture within its constraints was thriving. There was a high degree of mechanization. People were dynamic and enterprising.
- Labour mobility was very high. People went to distance places in search of work. The remarkable development of the infrastructure was crucial in increasing labour mobility and prices of local goods for sale
- Non-farm sector had developed significantly absorbing much of surplus rural labour.
- Remittance was playing a vital role in rural economy. Although it did not go into productive activities in any significant way, it created employment and led to the growth of non-farm activities.
- Traditional occupations were disappearing.
- Community support to the poor varied from village to village. But some community support was available.
- Three of the villages suffered from a great deal of risk and vulnerability.
- Thus poverty reduction should not be seen as unilinear process.
- Two of the villages did not have significant NGO penetration. Poverty reduction took place in spite of it.
- In one village community -based initiatives emerged that undertook the role of a micro-finance and development organization.
- The four villages showed four different modes of local governance that had significant impact upon poverty situation.
- Popular perception of poverty was not limited to income poverty.
- Direct calorie intake or cost of basic needs may not be adequate measure of poverty in Bangladesh anymore.
- The findings indicate the importance of a theory of poverty that is different from imposing western discourses and that treats poverty as a social process within the heterogeneity of the local.
- Such a theory should integrate causes, processes of poverty and poverty reduction not in the form of meta narratives, but in a way which is sensitive to the local situation.

### ***The changing profiles of poverty in four villages***

The nature of poverty varied in four villages. But the common pattern, which was visible, was reduction of poverty. The description provided here is partial and selective.

## Maniknagar

### *Poverty*

In Maniknagar the perception of poverty is high. The focus group discussion identified about 40 percent of the villagers as poor. But most people seem to get basic nutritional requirements most of the time of the year, although intake of fish/animal protein is low.

### *The Story of an Old Man*

Sarat Karmaker is a paralysed man of 75 years. He was a blacksmith. He lives with his wife and widowed daughter who has a son and a daughter. The wife and the daughter beg in the village. Both Sarat Karmaker and his daughter have received CI sheets for housing. His daughter gets 28 kg of wheat per month from the government. They do not have to go without food. But they enjoy less nutritious, low quality food and have fewer clothes than the minimum required.

### *Extreme Poverty*

Extreme poverty has increased. Over the last 5 years the number of extreme poor families have increased from 5 to 8. All the extreme poor families live upon government support or charities.

### *Vulnerable Groups:*

There are 16 families of oil-processing communities who are losing out; 5 families cannot even afford animals for pressing oil; they use their own labour. But many of the *moderate income poor* are probably poorer in the off-peak season when wage rate is low. Immunization is widespread. Medical services have expanded through chemists and paramedics.

### *Haorpur*

The focus group discussion in Haorpur identified extreme poor as those without land, without home or with dilapidated house, sick or handicapped, who are not hired in for work, without savings, who do not receive minimum healthcare, who do not have sufficient clothes, and who have no secure supply of food. In terms of the above criteria there are 40 families who are extremely poor.

### *The Profile of a Beggar*

Abu Molla was a carpenter. He used to earn Taka 125.00 to 150.00 per day. His 4 sons had set up separate households after marriage. During late 1980s he began to lose his eyesight. From 1991 he began to beg. Now he cannot beg more than 12-13 days a month due to sickness. He gets about 3 kg of rice and a few Takas by begging. His wife works as a maidservant. She gets 3 meals and half kg of rice per day. She gets sari from *jakat* and some money from *fitra* and charity. They do not suffer from hunger or go without meals. But Abu Molla does not get any medicine for his sickness.

- There is high international migration.
- Internal seasonal migration is high

## Ratanpur

- In Ratanpur non-farm activities are very high. A majority of households are engaged in non-farm activities. Petty trade, small businesses, and wage labour are the main forms of non-farm activities.
- International migration is very high.
- There is seasonal in-migration in the village.

- During 1960s the agricultural labourers had to work from 8 AM to evening. The wage rate was Taka 3.0 plus lunch. From 1996 the wage rate has increased very slowly and now stands also Taka 50.0 plus supplements.

In Ratanpur Focus Group Discussion identified 55 per cent as poor. The high incidence of poverty in the village is due to riverbank erosion, which has affected 40 per cent of the houses in the village. About 25 per cent of the families are now living in common land, other people's land or rented land. But it was also recognized that with 2 able-bodied people could support a family of 7-8 people with wage work.

### **Lalmai**

#### **Non-farm Activities**

- In Lalmai non-farm activities are quite developed in the form of mainly small business and in transport sector. Some people work in the brickfields.
- Lalmai provides a fascinating example of the interface of financial and social capital. The village has 14 informal credit societies. One of these credit societies has emerged as major civic institutions of the village. Led by a dynamic leader, it was established in 1985. It provides micro credit with an extremely good repayment rate. It has paid Taka one lakh towards the establishment of a high school in the village.
- It has provided interest free credit to buy ring slabs for the toilet to 100 people and another 25 trees of cost to poor people.
- It assists about 5 families every year towards the marriage expenses of their female members. It also assists the poor to meet their medical expenses.
- It is now trying to bring gas to the village.

Similar community spirit has been shown in setting up a kindergarten school which charges between Taka 60.0 and 75.0 as fee and provides high quality education.

- There is no unemployment in the village
- Nobody starves in the village. Even the 70-year-old beggar can eat three meals a day with occasional fish and feels proud for his old age pension. The worst meal is plain rice *fenbhat*, the extreme poor have to live on it occasionally.

### **THE PROCESS OF POVERTY REDUCTION**

The figure below describes the factors that have led to the accelerated reduction of poverty. It shows that the remarkable built-up of infrastructure in 1980s and 1990s have played critical role in poverty reduction as it has made labor mobility easy. It has led to an increase of agricultural wages. Remittances from abroad have been quite important in many villages and have led to greater work opportunity in rural society. The growth in agriculture, remittances in some cases and micro-finance have led to the growth of non-farm/off-farm sector within the rural economy expanding a little further the horizon of opportunity. Safety nets have helped cushion extreme poverty to a limited extent. In some areas, specially in villages of high foreign remittances community support to the poor has increased.

But it is to be emphasized that the process of poverty reduction is always fragile. The livelihoods of rural Bangladesh are fraught with vulnerability that stems from a variety of factors ranging from natural to social arenas and macro to micro levels. Floods, economic shocks, death and illness in the household, insecurity of life and property-all these and other factors can offset the gains in the poverty frontier (Islam, 2002).

## Process of Poverty Alleviation

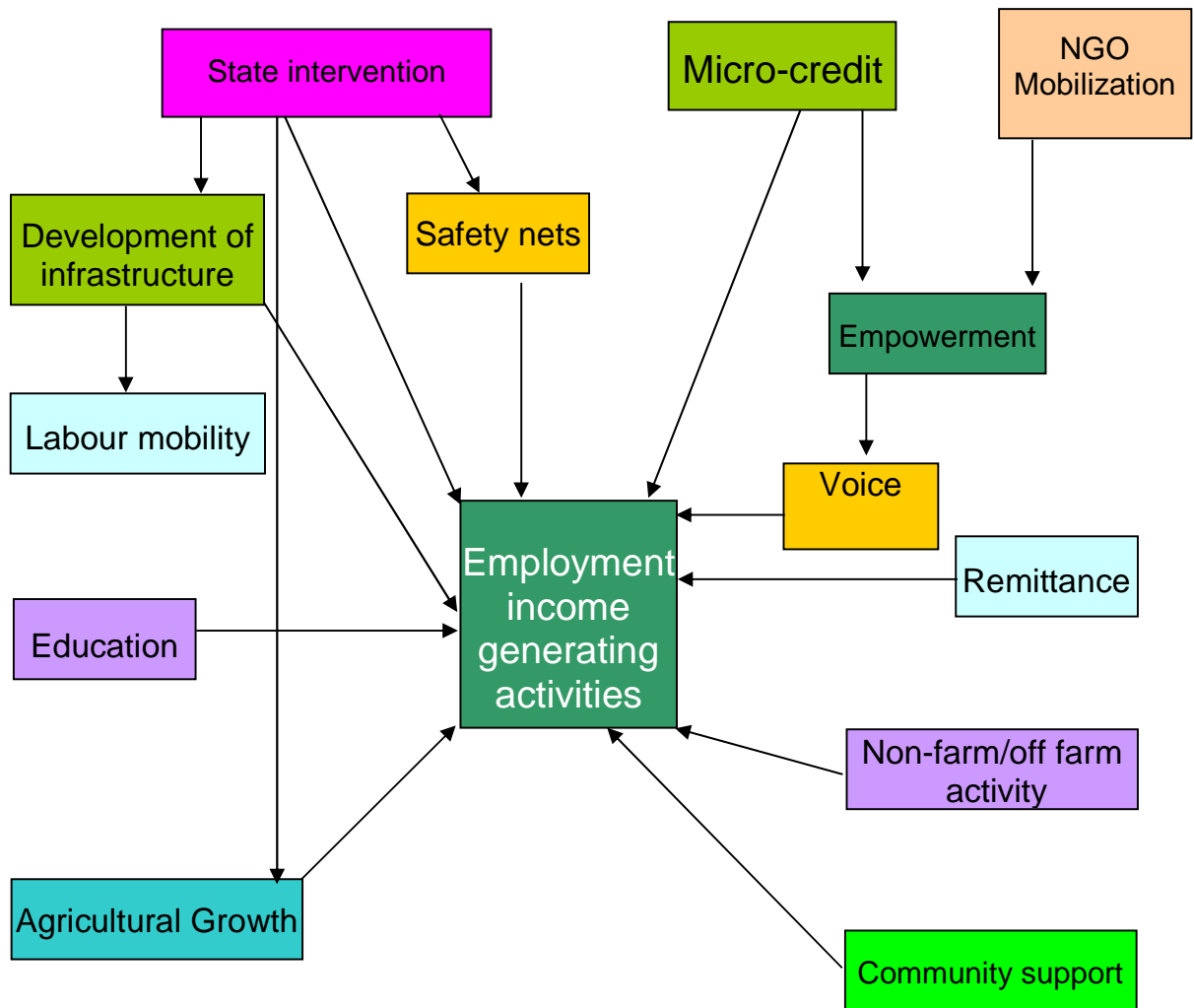


Figure 7: Process of Poverty Alleviation

### NEW PARADIGM OF POVERTY REDUCTION

The arguments and empirical examples point towards a new paradigm of poverty reduction. The discourse on poverty reduction strategy has most often been animated by a comprehensive wish list. The global agenda for poverty reduction was set by the World Bank in its report of 1990

(World Bank, 1990). It consisted of two elements. The first was productive use of labour through better market incentives and reforms in social institutions. A decade later the Bank devised a three-pronged strategy that focused on the creation of opportunity, empowerment and security (World Bank, 2000). The official poverty reduction strategy of each South Asian country has been more or less dictated by the Bank (Sen and Rahaman, 1999). This is ironically the ground reality, in spite of the fact that the Bank has emphasized for PRSP (Poverty Reduction Strategy Paper) to be driven and owned by each country (World Bank, 2000c). The Bank has in recent years particularly stressed on the social protection of the poor in south Asia in the face of vulnerability caused by globalization (World Bank, 2002a; World Bank, 2002b). This is again a wish list that does not take in to account the context of institutional weakness and policy failures that plague many developing countries.

GoB (2002), following largely the Bank policy, has outlined an anti-poverty strategy consisting of five core components.

- Pro-poor economic growth policy aimed at increasing income and employment opportunity of the poor.
- Human development targeted for enhancing the capabilities of the poor by providing them with more education, better health services and other necessary services.
- Focus on gender-sensitive development with a view to closing gender gaps between men and women.
- Provision and expansion of safety nets to the poor
- Expansion of participatory governance aimed at empowering the poor and reforming the service agencies and institutions.

#### *Challenges Of poverty reduction*

There is no doubt that GoB has mounted a multi-faceted policy of poverty reduction. Yet it does not explain why poverty reduction has been so slow (even if we take the optimistic view taken in this paper) in the country in spite of the fact that it devoted 30 to 50 percent of its development expenditure directly or indirectly to poverty reduction between early 1980s and early 1990s (Sen and Rahman, 1999).

The missing link needs to be understood, as Rahman (2002) argues, in terms of the sociology of poverty agenda. Within the electoral politics of the country the poor has no representation and voice. The poor figures only in the elite's agenda of crisis management. The poor has to be courted because it is an electoral constituency. The agenda of poverty is an instrument for generating legitimacy for the state. In concrete practice it is averted so far as it does not threaten the state.

The most critical factor here, as underscored by the UNDP (2000), is effective governance the absence of which has created a hiatus between anti-poverty policy and poverty reduction in many countries. But more broadly the greatest barrier to poverty reduction is politics – both national and international. What O'Connor (1992:232) writes about USA is equally valid for Bangladesh." But to think more expansively about policy requires facing up to another lesson gleaned from historical experience: the real barriers to meeting our antipoverty goals are not economic or cultural but political, and they are the hardest of all to break down."

There are three elements of the political barrier. Firstly, the neo-patrimonial state and dysfunctional political culture have serious negative consequences on economic growth and poverty reduction (Islam, 2004). It subverts the forces of democracy and representation of the poor. Secondly, the barrier consists of what, following Hood (2000), may be called fatalist syndrome of governance in which there is no effective checks on public officials and thus no incentive for public officials to be honest and efficient. As a consequence, people have great distrust of public officials and they reject participation in public sphere and do not engage in collective action. The poor is mostly denied access to public services. The state turns into an anti-



poor state. Thirdly, it entails surrender of policy making by the elite to the ever-changing fads of international experts (Mkandawire and Soludo, 1999).

Thus an appropriate policy for poverty reduction in Bangladesh has to be designed in the context of the existing neo-patrimonial political system, dysfunctional political culture and bureaucracy which are likely to be in place for quite some time to come.

It must also take into account the ground reality of the poverty reduction process. This process as has been mentioned before suggests that faster or even further reduction of poverty may not be possible as a consequence of agricultural growth. The growth of the non-farm sector may have reached a plateau and greater impetus is necessary for its faster development.

This situation calls for a new paradigm for poverty reduction, which can both overcome macro-structural dysfunctionality, agro-ecological limit and relative lack of donor fund. It entails a critical strategy that can build upon the gains at the micro level and signal new possibilities and rules of the game for the macro level.

#### *The question of space and agency*

What the existing paradigm needs is an appropriate entry point that can build thrust in the anti-poverty policy and an agency that can promote the agenda. It is not possible even for an efficient central government to administer anti-poverty programmes. The failure of anti-poverty programme in USA was that it was not possible for the federal state to deal with a programme that involved 30 million people (Rivlin, 1971). Thus the most effective entry point for poverty reduction is the meso level – district or *upazila* level and the development of meso economy (Rahman). The effort to focus on the meso economy should bring together new actors and groups. The local government should play a pivotal role here. The growth of the meso economy is likely to forge greater rural-urban linkage and faster growth of the rural economy. The local government can be a local model of good governance and effective in reaching out to the poor easily and quickly. More importantly it can signal a change in the rules of the game by providing an alternative example to rent seeking. It can demonstrate that both individual and collective gains can be achieved through the pursuit of efficiency and competitiveness. Thus the local government can be a critical partner and innovative agency in poverty reduction.

There is considerable research evidence and specially examples from China and the rest of East Asia that the growth of small townships has instrumental in development of the rural economy. This situation has been described as the virtuous circle of rural-urban growth. The growth of small industries in towns has triggered better linkage with non-farm sector in rural areas and faster growth of both urban and rural areas. It has been a particular feature of development in China. It has been called a strategy of a dragon with its head in the town and body in the village. In this strategy the high-skill productive activities are carried out in the town. But the components of a product, such as, washing machine are outsourced to rural enterprises (Ahmed, 1995). Otsuka (2002) notes that garments, metal products and machinery industries have flourished in rural areas of East Asia. The new productive activities have taken advantage of social capital of rural society and has forged relational contracting or sub-contracting that leads to supply of capital, technology or materials to rural areas and results in cost cutting and greater competitiveness.

A second aspect of Chinese policy has been to give great deal of autonomy to local government in encouraging firms even foreign firms to set up production facilities and acting out an aggressive role in economic growth.

China's rapid industrial growth has been spearheaded by managers of public firms and, to some extent, even by local government officials acting as "market oriented agents" who compete fiercely on the regional, national, and even international product markets. While private industry grew at the much higher rate of 64.9%, it still constituted only 6.8% of output in 1992 and was not therefore a major force in industrial expansion....(Walder, 1995:267-68).

Initially the strategy can be developed in Bangladesh as an experimental model to be tried out in several locations through best practice local governments and networking with other towns, donors and local NGOs. There is a need to be extremely cautious about existing meso level targeting in the form of social funds such as the National Development Trust Fund of Sri Lanka, which most often gets politicized, and suffer from the inertia of political malaise (Hewavitharana, 1999).

*Tapping the local potential through Interventions based on local knowledge*

The rapid appraisal also found that rapid poverty alleviation could be achieved if specific local obstacles to development are removed through local knowledge. In many areas there are local resources that can be tapped for agro-industries. Canning of fruits, fish processing, metal works and even small scale garments can be started in many places. Even small things like timely repair of an embankment or setting up a small bridge can do a great deal in enhancing the income earning opportunities of the poor. In many villages there are remittances and return migrants capable of running small industries or even medium sized industries.

*Social Protection of the poor*

The World Bank (2000b) has laudably blueprinted the vision of the social protection of the poor or vulnerable so that they can manage risks better mainly through the mechanism of safety nets. But the fiscal crisis of the state and the absence of donor support undermine the realism of such vision. In fact Jeffery Sachs (2001) recently held that IMF and the World Bank were accomplices in "grossly under funded and insufficient strategies"(Sachs, 2001:44) of poverty reduction. But even under the existing constraints there are scopes for new and innovative programmes such as health insurance and disaster insurance for NGO clients, which can be funded from the savings of the poor themselves. There can be GO-NGO collaboration in protecting the poorest of the poor.

## CONCLUSION

This paper has called for a move towards a new direction, a new paradigm of poverty reduction, both on the basis of the author's personal experiences in rural Bangladesh and from an analysis of the current poverty discourse. It has been argued that in order to devise a better strategy for poverty reduction we need to focus on a sociological understanding of poverty as a process and the poverty agenda. The elite addresses the poverty agenda in terms of crisis management and for scaling up the fragile legitimacy of the state. It has a vested interest in poverty agenda. The question of agency is extremely important for poverty reduction in the context of the neo-patrimonial or predatory state, a dysfunctional bureaucracy and a predominantly rent-seeking elite in Bangladesh. More meaningful poverty reduction must search for appropriate agency, which can signal a change in the rules of the game- -a transformation of attitudes and values conducive to increasing human capability and efficiency. The poor have great resilience in Bangladesh, which sheer, even faulty headcounts do not show up. In scaling up the fight against poverty we need to harness the partial interests of many agents, gain more in-depth knowledge and dream up new ideas.

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## APPENDIX

Table 1  
Rural Poverty Measures in Bangladesh: Head-Count Ratios in Various Studies.

(%)

Year	Ahmad & Hossain (1984)	Islam & Khan (1986)	Muqtada (1986)	Rahman & Haque (1988)	Hossain (1989)	Hossain & Sen (1992)	Revallion & Sen (1996)	Official Estimates by BBS	Wodon (1996)
1973/74	55.7	47.7	55.9	65.3	77.3	71.3	-	82.9	-
1976/77	61.1	62.3	68.2	-	-	-	-	-	-
1977/78	67.9	-	-	-	-	-	-	-	-
1978/79	-	-	-	-	-	-	-	-	-
1981/82	-	-	-	79.1	77.8	65.3	-	59.0	-
1983/84	-	-	-	49.8	52.1	50.0	53.8	63.0	60.4
1985/86	-	-	-	47.1	49.9	41.3	45.9	51.0	48.7
1988/89	-	-	-	-	-	43.8	49.7	48.0	60.2
1991/92	-	-	-	-	-	-	52.9	50.0	63.0

Source: Sen and Rahman 1999: Appendix 2

Table 2 : Poverty Trends in Bangladesh: 1993-2000

Year	National	Rural	Urban
1983-84	52.3	53.8	40.9
1988-89	47.8	49.7	35.9
1991-92	49.7	52.9	33.6
1995-96	53.1	56.7	35
2000	49.8	53.1	36.6

Source: Sen 2003 & BBS 2000

Table 3: Rural Poverty Trends 1983-2000

Years	All poor	Poverty gap	Squared poverty gap
1983-84	53.8	15	5.9
1988-89	49.7	13.1	4.8
1991-92	52.9	14.6	5.6
1995-96	56.7	15.5	5.7
2000	53.1	13.8	4.8

Source: Sen, 2003: 514; BBS, 2002:X.

Table4: Rural Poverty Trends 1987-84: BIDS 62 Village Survey.

Indicator	1987	1989-90	1994
All Poor	57.5	59.3	51.7
Extreme Poor	25.8	30.7	22.5
Poverty Gap Ratio (%)	21.7	24.8	19.2
Distributionally Sensitive (FGT) Index	10.9	13.5	9.6

Source: Sen 2003

Table 5: Trends in Nutritional Status of Rural Children 6-59 Months 1990-96

Indicator	Aug 90- Jul 91	Aug 91- Jul 92	Aug 92- Jul 93	Aug 93- Jul 94	Aug 94- July 94	Aug 95- Jul 96
Stunting	69.8	70.3	67.9	63.9	63.6	62.3
Underweight	71	71.8	71.3	67.2	68.5	66.3

Source: Rahman 2002 : 55

Table 6: Comparison poverty measurement (Upper (2122k.cal) Poverty Line)

	HIES1995-96 (Percent of Population)		HIES 2000(Percent of Population)	
	DCI Method	CBN method	DCI Method	CBN method
National	47.5	53.1	44.3	49.8
Rural	47.1	56.7	42.3	53.1
Urban	49.7	35.0	52.5	36.6

Source: BBS 2002 :

Table 7: Comparison poverty measurement (Lower (1805k.cal) Poverty Line)

	HIES1995-96 (Percent of Population)		HIES 2000(Percent of Population)	
	DCI Method	CBN method	DCI Method	CBN method
National	25.1	34.4	20.0	33.7
Rural	24.6	38.5	18.7	37.4
Urban	27.3	13.7	25.0	19.1

Source: BBS 2002