

## Poverty Alleviation in Bangladesh: A Literature Revisit

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### ABSTRACT

*The alleviation of poverty and restructuring of society for ensuring sustainable livelihood are very important issues in Bangladesh now. Although the rate of poverty has been declining, it is declining at a very slow rate. The specific threat from poverty is quite noticeable among the certain groups and in certain areas. Therefore intensive research initiative is warranted to come out with some solid programs to improve this situation. This paper attempted to review related literatures to gauge the level of poverty, finding out failure of many initiatives taken so far and finally propose effective measures that can be initiated to overcome this phenomenon.*

*Keywords: Poverty alleviation and Bangladesh*

### 1. INTRODUCTION

Bangladesh is still a low income country with substantial poverty, inequality and deprivation with an estimated 47 million people living below the poverty line. Bangladesh has been successful in achieving significant reduction in poverty since 1990 (Group 2012). The admirable progress in respect of eradication of poverty was possible due to the relatively inclusive growth pattern and robust growth in GDP. However, using the more recent 2005-2010 poverty figures, the growth elasticity of poverty estimate becomes 0.89 (Group 2012). If this trend continues, the target to reduce by 50% the population living under the poverty line (from 56.6% in 1992 to 29% in 2015) would be achieved before 2015 (Group 2012).

Bangladesh with a land area of 1,43,570 sq. km. and a population of 157 million, is the world's eighth and Asia's sixth most populous country (Statistics 1998). Bangladesh is the 94th largest country in the world with a surface area of 147,570 square kilometers (56,977 square miles) but it certainly makes up for its size through its density statistics. For every square kilometer of land there is an average of 964.42 people here that converts to 2,497.4 per square mile and it makes the country the 9th largest in terms of density alone (BBS, 2012) (Statistics 1998). A large portion of the population (77 percent) lives in rural areas. Agriculture being main occupation employs 71 per cent of the labor force and contributes directly about 26 per cent of the GDP (BBS, 2012) (Statistics 1998). Other major contributions are manufacturing (15 per cent), wholesale and

retail trade (13 per cent) and transport (9 per cent). According to the recent estimate, total cultivated area is 7.195 million hectares and per capita cultivated area is 0.06 hectares. The percentage of irrigated area to cultivated areas is 48 per cent (Statistics 1998). Community Based Organizations (CBOs) are more active now in development activities. Bangladesh has been a pioneer in the microfinance movement since its inception in the early 1980s and today is home to the most extensive microfinance operations in the world. In Bangladesh and elsewhere around the world, microfinance operations support mainly the poor and women engaged in informal activities (Statistics 1998).

Poverty is a weapon of mass destruction. When people cannot fulfil five basic needs (food, clothing, housing, education and other basic human needs), they are called poor. In other words, when the people of society are unable to fulfil their basic necessities of life, they are called poor. Poverty is about renunciation of opportunities and fulfilment of human prospective. People who fail to reach a certain amount of consumption standard are considered as the poor. Poverty basically has two features, income and human poverty. Income poverty means the lack of necessities for wellbeing determined by the national poverty line. Human poverty is defined as the choice and opportunity for acceptable living in economic and social facets recognizing the problem. Moreover, the term, poverty, means sensible lack (i.e. food, shelter) and access to basic facilities (i.e. health, education). It now also inclines to cover a range of nonmaterial situations, such as the lack of human rights, uncertainty, powerlessness and humiliation. A more complete understanding of poverty provides the mixture of these two types of situations. The ILO shows that poverty is a “cruel circle of poor fitness, cheap working capacity, low output and reduced lifecycle expectancy” (ILO, 2003, p. 1). It is a vicious circle of poor health, reduced working capacity, low productivity and shortened life expectancy. For families, poverty is a trap. It leads to inadequate schooling, low skills, insecure income, early parenthood, ill health and early death. For societies, poverty is a curse. It hinders growth, fuels instability, and keeps Poor countries from advancing on the path to sustainable development (ILO, 2003).

Table 1: Attainment of MDGs at a glance

Attainment of MDGs at a glance Goals, Targets and Indicators (revised)	Base Year 1990/1991	Current Status	Target by 2015	Comment
<b>Goal 1: Eradicate Extreme Poverty and Hunger</b>				
<b>Target 1.A: Halve, between 1990 and 2015, the proportion of people below poverty line</b>				
1.1 Proportion of population below national upper poverty (2.122 k.cal.), percent	56.6	31.5(2010)	29.0	→
1.2 Poverty Gap Ratio, percent	17.0	9.0(2005 )	8.0	→
1.3 Share of poorest quintile in national consumption, percent	6.5	5.3(2005)	na	-
<b>Target 1.B: Achieve full and Productive employment and decent work</b>				
1.5 Employment to population ration, Percent	48.5	58.5(2005)		For all
<b>Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger</b>				
1.8 Prevalence of Underweight children under five years	66.0	47.8(2005)	33.0	↓
1.9 Proportion of population below minimum level of dietary energy consumption, percent	28.0	19.5(2005)	14.0	↓

Source: Bangladesh Bureau of Statistics, UNDP, 2010. = on track, = not possible to achieve by 2015

Extermination of life-threatening poverty and hunger by 2015 is one of the major goals as set out in the UNMDGs, the report titled- ‘Millennium Development Goals (MDGs) Bangladesh Improvement Report’ in terms of achieving the Goal1 along with some other important goals. Bangladesh has made consistent progress in some aspects.

## 2. POVERTY, GROWTH, AND INEQUALITY IN RECENT YEARS

Table 2 shows the Cost of Basic Needs (CBN), upper and lower poverty estimates for Bangladesh based on HIES data from 2000, 2005, and 2010. From 2000 to 2010, Bangladesh practiced a continuous and stable decline in poverty rates. Poverty rates verified remarkable and sound Development through this period, with a usual deterioration of 1.74 ratios per year. During the 2000-2005 periods, the average deterioration in poverty rates was 1.78 percent per year; it was 1.7 percent for the period of 2005-2010. In 2000, 49 percent of the population was poor; by 2010, this number dropped to 31.5 percent. This reduction in the national-level poverty rate suggests that the series of shockwaves painful Bangladesh in 2007-2008 did not meaningfully slow down the speed of poverty reduction.

Table 2: Percentage Change in Poverty Headcount Rates

	<i>Poverty</i>			<i>Extreme poverty</i>		
	2005-2000	2010-2005	2010-2000	2005-2000	2010-2005	2010-2000
National	-18%	-21%	-36%	-27%	-30%	-49%
Urban	-19%	-25%	-39%	-27%	-47%	-61%
Rural	-16%	-20%	-33%	-25%	-26%	-44%

Source: HIES 2000, 2005 and 2005

## 3. RESEARCH WORK RELATED TO POVERTY ALLEVIATION IN BANGLADESH

Notwithstanding the above boundaries, a number of Microfinance Institutions (MFIs) are supported and funded by the rural people who jointly undertake entrepreneurial wits. These institutions have sponsored to reduce levels of perilous poverty between the poor diagonally the country. By way of wellbeing, the MFIs have built some infrastructures, with schools, hospitals, research hubs and shelters, to keep people safe from tragedies. Md. Shahed Osman (2009) the MFIs pains, in many emerging countries which have been current for many years proposed specifically to progress the economic and social settings of the poor and

normally, they pursue to empower women. In Bangladesh, to alleviate poverty in many communities they have achieved considerable success. This work debates the main policies that the MFIs employ to allow self-employment for the poor, by providing finance by way of affordable loans in particular, to these poor persons who, otherwise, are usually denied access to predictable banking financial amenities. The MFIs also offer support, including training and contact to modern construction technologies, to the poor micro-entrepreneurs for their agrarian and other projects. Again, it also generates a relation between government and rural people, and obliges the government to effort on their difficulty. It is, therefore, the pains of the MFIs that are helping to attain the marks of the Millennium Development Goals (MDGs) in Bangladesh.

Ahmed and Chowdhury (2009) conducted a research in the context of Bangladesh. The author used qualitative data in order to find the relation between Small and Medium Enterprises (SMEs) and poverty alleviation. The authors have tried to identify the most significant challenges of SMEs of Bangladesh. The study found few factors that are below the international standard, which include; employee turnover rate, quality assurance, allocation of funds and marketing activities. The authors also determine that the SME sectors have received negligible support from government; as a result the rate of development of SME is below the expectation. Finally, the authors provided few suggestions for the development of SMEs.

Tambunan (2008) argues in the literature on the progress of small and medium enterprises (SMEs) in under developing countries on two matters: the existence of SMEs in the course of economic development and also the position of government upgrade drivers for SME development. Here the author shows wishes to detect those issues empirically with Indonesian data. For this purpose, it grows and assesses a set of hypotheses. It shows that both real gross domestic product per capita and government development expenditure (especially that used to finance SME development promotion programs) have positive impacts on SME growth. The research findings maintain that SMEs in LDCs can last, and even rise in the large period of time, for three main reasons: (a) a niche market created for themselves, (b) for the poor, they deed as a “preceding medication” and (c) large enterprises will grow by them (LEs) because of their gradually important construction links with LEs in the form of commissioning.

Uddin and Bose (2013) say that SMEs are crucial factors for countries where density of population is very high because it suggests not only huge employment opportunities but also generates income at low cost. This study has strived to identify the factors that lead to the success of SMEs using causal model. Here data were collected from SMEs owners of the Khulna city, divisional city of Bangladesh. Finally 195 plaintiffs were interviewed for the learning. Some

factors were certain typically affect the achievement of SMEs from permeable literature. Vital factors were identified first using replaced components matrix. Regression statistics were used to find out which factors are statistically important. In determining success of SMEs in Khulna City it required Business plan, channel of distribution, management services and government funding; all the factors were found to be statistically significant.

Another important factor influencing poverty reduction from Bangladesh is agricultural technology development. According to Alaln De Janvry and Elisabeth Sadoulet (2001) if we can develop agricultural technology, it will help to alleviate poverty over direct and indirect effects. Where direct effects increase for the adopters and indirect effects foremost to lesser food values. Highly multifarious is effected by conceptualizing and measuring, yet is needed for each area as an effective instrument for poverty lessening if technology is to be used. Results display that the central effect of technology on poverty is over direct effects in Bangladesh, indirect agricultural employment effects in Asia, and relation effects over the rest of the budget in Latin America. In each case, increasing the poverty reduction effect through the targeting of technology across crops and through complementary rural development programs is also explored.

The role of technological change in reducing aggregate poverty correspondingly evolves from direct to indirect effects. Yet, it is outstanding that the part of rural in total poverty remains very high. As for the countries with available evidence, rural poverty books on average for 68% of total poverty, reaching 93% in crowded countries such as Bangladesh and 76% in India. Moreover, new initiative that can alleviate poverty as: Government " One House One Farm " project to promote and spread " Bangladesh Smart Village " One House One Farm " project is to research more quickly to reach the door to the success of the project, but it is known to all aspects of cognition and two entrepreneurs - would boost investor „“ Bangladesh Smart Village " project will achieve this purpose. Today the project is done; there will be much to do in the future. Sad but true that the promotion of the project - Publishing lower. We reach out to people is through publicity could increase the project could proceed further. The project would be taken up for mistakes and move more. Where between 0 and 1 is not at all the target. Why is a farm with a house project targets to zero and zero to 01“are not? Vietnam brings it down to 5 percent of such poverty through long-term planning. Why cannot we bring it down to zero percent?

(Ahmed 2006) shows that the NGOs poverty opinion and poverty decrease programs do not contest with the genuine causes of poverty of their recipients. The accurate programs of the NGOs in Bangladesh can donate to poverty decrease. Micro-credit (MC) and Water and Sanitation (WatSan) programs of

Dustha Shasthya Kendro (Health Centre for the Poor)-DSK and Micro-credit and Governance & Human Rights (G&HR) of Jagroto Jubo Shongho (Juvenile Youth Centre)-JJS have individually been selected for practical records. The recipients and the policy level people of these NGOs and programs have enclosed in focus group method interview and therefore to collect data. The guidance of variables and the theoretical framework was administered under the focus group questionnaire. The theme of this study is to find out the answer of the questions: How do the NGOs in Bangladesh, consider the term poverty? And how do the NGOs select poverty decrease program?

The deviation, choice, preservation and struggle procedure of evolutionary, ecological and institutional approach of Howard E Aldrich is used in this research. Moreover, the poverty discourse is also used to get the answer of the research question. The reviewed literature shows how JJS and DSK have changed their strategy as well as programs. What are the factors which influence JJS and DSK to select programs? By the name of the resource constrain and survive in the population ecology, the funding agencies play a key role to select NGOs' poverty reduction programs rather to consider reality of the program field. The programs are influenced either by internal or by external factors or by internal and external factors. This is an unrealistic way of programme selection. The empirical data and information shows that JJS and DSK's selected programs do not match with the causes of poverty of the programmers' areas.

If we can export manpower then it is very crucial sector for alleviating poverty from Bangladesh. (Gupta, Pattillo et al. 2007) the study proved by the flow of remittances is significantly improving all three measures of financial progress, If the migrant workers to remit through formal financial system which can be imperious for the policymakers to express and implement policies to diverted to much needed creative investment ventures. The possible change effect of remittances and taken numerous procedures to network by the Bangladesh government inflow of remittances formally into the country. Government of Bangladesh introduced numerous savings, investment and tax initiatives included non-resident foreign currency deposit; US dollar premium bonds, wage earners development bond and full tax exemption for the remittances income .Still, along with these little term wits, government will have to address the extended time complex issues of managing the global request for Bangladeshi workers to the varying worldwide economic situations and globalization. There are some ways which initiatives are essential to minimize the unofficial trafficking of migrant workers, stronger institutional setups, Increasing awareness, education and accessibilities to the financial services and products can foster the transfer of the valuable foreign exchange earnings into the financial sector, which in turn can facilitate the economic growth of the country. In the following framework the main association of poverty Alleviation via an indirect link which are

Entrepreneur, agriculture, NGO and manpower export. The framework draws from SME as the independent variable.

#### **4. CONCLUSIONS**

Poverty is a serious problem for the people living at the improper of the pyramid decreasing only somewhat over time of the Globe. Few solutions such as entrepreneurship, agriculture, offer the best prospect to create considerable and meaningfully optimistic change within poverty situations. It is expected that entrepreneurs and agricultural projects can offer a strong foundation for fighting against poverty. Vibrant stream of investigation regarding poverty settings can create positive change—for their families, communities, and the broader society in which they are situated.

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