Economic Growth, Poverty and Inequality Trend in Bangladesh

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ABSTRACT
The incidence of poverty in Bangladesh is one of the highest in the world. Millions of people suffer from the hardship of poverty. Currently one-third (31.5 percent) of its population are living below the poverty line. Moreover, inequality afflicts the persistence of poverty. The average annual rate of poverty reduction in Bangladesh during 2000-2005 was the second highest among south Asian countries. The pace of poverty reduction in Bangladesh is, however, much lower than in faster-growing east Asian countries like China, Thailand, and Vietnam, which underscores the importance of higher growth for achieving even faster reduction in poverty. The present study is an attempt to focus on the poverty trends, economic growth and inequality in Bangladesh. This paper is also focused on to decompose inequality and poverty by rural, urban and national level households. The study is based on the analysis of secondary informations which have been collected from different sources. Since 1991-92, the incidence of poverty has decreased to 31.5 percent in 2010 from 56.7 percent in 1992. From the study, 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 (1.24 percent) than that of the urban areas (1.13 percent). Both general inflation and food inflation are responsible for raising the income inequality in Bangladesh. Despite steady growth of GDP in last one decade, the general people are suffering more due to higher growth in household expenditure and food inflation in compare with growth in income. The analysis shows a clear picture of the current trend of poverty and inequality in Bangladesh.

Keywords: Poverty, Income inequality, Economic growth, Bangladesh

INTRODUCTION
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 satisfaction. The incidence of poverty in Bangladesh is still one of the highest in the world. About one-third (31.5 percent) of its population are still living below the so-called poverty line (HIES, 2010). In this context, likewise many other countries, poverty is still a vital concern and challenge for Bangladesh. Despite the large numbers of people living in poverty, the definition of poverty has been the subject of debate. The mainstream emerging sees poverty as generally being characterized by inability of individuals, households, or entire communities, to have control over sufficient resources to satisfy a socially acceptable minimum standard of living. The alternative view understands poverty as a part of social property relations. Inequality is a term which is antonyms or opposite of equality, a state of social organization that enables or gives equal access to resources and opportunities to all members. Since last more than one decade Bangladesh has got a steady growth in its economy (more than 5 on average) but a large section of its population couldn’t be benefited enough from it because of the unequal growth in income, household expenditure and food inflation. Thus the number of total people has increased than before. As such the progress of
poverty reduction in Bangladesh requires an in-depth assessment. This paper is an attempt to sketch the current scenario of present poverty and inequality trends in Bangladesh so that we can have a clear image of poverty, growth and inequality situation of Bangladesh.

MATERIALS AND METHOD
This paper involved analysis of secondary information collected from different sources and analysis of published results and reports on poverty in Bangladesh. The study is prepared mainly based on the data of household income and expenditure survey (HIES) of 2000, 2005 and 2010 conducted by the Bangladesh bureau of statistics (BBS), World Bank data, world development reports, reports of WFP. Some tables are made to understand poverty scenarios using these data. A good number of pertinent journals, different statistical reports, periodicals, bulletins, books of abstracts, etc. were searched and reviewed for collecting relevant information. Analysis of the collected information has been done to assess the poverty situation (trends and inequality) of Bangladesh including the potential issues responsible for poverty reduction in Bangladesh.

RESULTS AND DISCUSSION
Bangladesh has a very small economy in terms of per capita gross domestic product (GDP) and gross national income (GNI). Since 1991-92, the incidence of poverty has decreased to 31.5 percent in 2010 at the national level with an annual average reduction rate of 1.32 percent. 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 (1.24 percent) than that of the urban areas (1.13 percent) (HIES, 2010). Gini co-efficient of income has increased from 0.451 to 0.458 at national level with a growth rate of 0.16 percent during the same period. Furthermore, general inflation and food inflation are positively associated with income inequality of population. This indicates an increase in both general inflation and food inflation which has been contributing to rising income inequality in Bangladesh. There is a strong argument that persistent and fair economic growth helps in poverty reduction. The poverty situation in Bangladesh has seen a little different scenario, as the country had a steady growth since 2000, but the poverty situation has not improved as it should be. In Bangladesh, the number of people living in poverty has increased due to rising disparities in the distribution of resources within the country. Unequal growth pattern has a weaker poverty alleviating effect and has been shown to be harmful to growth. Therefore, reduction of poverty is hard to pin down without addressing inequality.

Trends of Poverty Incidence - National, Rural, and Urban
Since 2000 to 2010, the proportion of poor in the population declined considerably, but the incidence of poverty witnessed a slower pace during 2005-2010 than 2000-2005. According to the latest available national statistics on poverty, based on head count rate (cost of basic needs method, CBM) 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 (HIES, 2010). If this trend of decrease continues, the incidence of poverty might fall to 22.9 percent by 2021 (Rahman, 2012). The estimates of poverty based on head count rate since 1991-92 to 2010 for upper and lower poverty lines are given in table1.

Using the upper poverty line, in HIES 2010, head count rate (HCR) of incidence of poverty estimated at 31.5 percent at the national level, 35.2 percent in rural area and 21.3 percent in urban area. In HIES 2005, these rates were 40.0 percent at national level, 43.8 percent in rural area and 28.4 percent in urban area. The HCR recorded a reduction by 8.5 percent (1.7 percent per annum) at national level, 8.6 percent (1.72 percent per annum) in rural area and
7.1 percent (1.42 percent per annum) in urban area during 2005 to 2010. Using the lower poverty line, in HIES 2010, the HCR of incidence of poverty estimated at 17.6 percent at national level, 21.1 percent in rural area and 7.7 percent in urban area. In HIES 2005, these rates were 25.1 percent, 28.6 percent and 14.6 percent in national, rural and urban area respectively. Thus HCR recorded a reduction by 7.5 percent at national level, 7.5 percent in rural area and 6.9 percent in urban area during the period 2005 to 2010.

Table 1. Head count rates of incidence of poverty.

<table>
<thead>
<tr>
<th>Year</th>
<th>Upper Poverty Line</th>
<th>Lower Poverty Line</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>National</td>
<td>Rural</td>
</tr>
<tr>
<td>2010</td>
<td>31.5</td>
<td>35.2</td>
</tr>
<tr>
<td>2005</td>
<td>40.0</td>
<td>43.8</td>
</tr>
<tr>
<td>2000</td>
<td>48.9</td>
<td>52.3</td>
</tr>
<tr>
<td>1995-96</td>
<td>50.1</td>
<td>54.5</td>
</tr>
<tr>
<td>1991-92</td>
<td>56.7</td>
<td>58.8</td>
</tr>
</tbody>
</table>

Source: HIES data.

Despite progress in reduction of the overall incidence of poverty during the last two decades, the number of population living under poverty line is still increasing. Soaring food price and food inflation, climate change as well as the lack of balanced development throughout the country are attributed for 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 (Rahman et. al., 2012).

Regional Disparities in Poverty

In Bangladesh about 80 percent of her total population is living in rural areas and the incidence of poverty are mostly seen in rural areas. Although the poverty reduction has occurred for both rural and urban areas, but the reduction has not been even across regions. From the analysis of different reports, it is found that after 1990s, the regional disparities became apparent between the areas, which benefited from the rapid high economic growth. The highest decline in poverty incidence occurred for Dhaka division, followed by Chittagong and Sylhet. In contrast, poverty headcount stagnated in Barisal and increased slightly for Khulna. As a result of this unequal pattern of poverty reduction, regional differences are quite sharp. Figure 1 shows the division wise poverty trend in Bangladesh.

Figure 1. Division wise poverty trend in Bangladesh (Data source: HIES)
The analysis of different reports (World Bank and HIES) shows an estimate of head count rates by divisions using upper poverty line (figure 1) which 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). However, the incidence of poverty is the lowest in Chittagong division with 26.2 percent. Climate change might be a dominant factor responsible for the higher incidence of poverty in those areas (Barisal, Khulna and Rajshahi). Whereas the incidence of poverty in Chittagong division is lower than other divisions, which might be due to the business activities centring on the seaport and natural resources (Rahman et. al., 2012).

**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.

<table>
<thead>
<tr>
<th>Year</th>
<th>Poverty Gap</th>
<th>Change</th>
<th>Squared Poverty Gap</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995-96</td>
<td>8.6</td>
<td>2.4</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>12.8</td>
<td>4.2</td>
<td>4.6</td>
<td>2.2</td>
</tr>
<tr>
<td>2005</td>
<td>9.0</td>
<td>3.8</td>
<td>2.9</td>
<td>2.3</td>
</tr>
<tr>
<td>2010</td>
<td>6.5</td>
<td>2.5</td>
<td>2.0</td>
<td>0.9</td>
</tr>
<tr>
<td>Rural</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995-96</td>
<td>9.2</td>
<td>2.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>13.7</td>
<td>4.5</td>
<td>4.90</td>
<td>2.7</td>
</tr>
<tr>
<td>2005</td>
<td>9.8</td>
<td>3.9</td>
<td>3.1</td>
<td>0.2</td>
</tr>
<tr>
<td>2010</td>
<td>7.4</td>
<td>2.2</td>
<td>2.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Urban</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995-96</td>
<td>7.7</td>
<td>2.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>9.1</td>
<td>1.4</td>
<td>3.3</td>
<td>0.6</td>
</tr>
<tr>
<td>2005</td>
<td>6.5</td>
<td>2.6</td>
<td>2.1</td>
<td>1.2</td>
</tr>
<tr>
<td>2010</td>
<td>4.3</td>
<td>2.2</td>
<td>1.3</td>
<td>0.8</td>
</tr>
</tbody>
</table>

**Source**: HIES data

In 1995-96 nationally the poverty gap was 8.6 which increased to 12.8 percent in 2000 and decreased to 9.0 percent in 2005, which further decreased to 6.5 percent by 2010 (Table 2). At national level the poverty gap started decreasing since 2000. The rate of decrease of poverty gap during 2005 to 2010 was lower than that of 2000 to 2005. Similar results were also found in case of squared poverty gap, which was 4.6 percent in 2000, decreased to 2.9 percent and 2.0 percent in 2005 and 2010 respectively (Table 2). In rural areas, poverty gap was estimated at 7.4 percent in 2010, which was 9.8 percent, 13.7 and 9.2 percent in 2005, 2000 and 1995-96 respectively. In this case it is also seen that the rate started decreasing from 2000. Here, also the rate of reduction during the last five years (i.e. from 2005 to 2010) is lower than that of the rate between 2000 and 2005. Comparable scenario was also found in case of urban area.
Household Income and Expenditure

It is evident that monthly household income, expenditure and food expenditure have increased between 1995-96 and 2010. However, food expenditure has increased at a faster rate than that of income. During the period of 1995-96 to 2010, the monthly household income has increased with a growth rate of 10.86 percent, 10.92 percent and 7.10 percent at national, rural and urban level. At the same time, the monthly household expenditure has risen with a growth rate of 11.58 percent at national level, 11.78 percent at rural level and 7.57 percent at urban area while food expenditure has increased with a growth rate of 10.64 percent, 10.63 percent and 8.32 percent at national, rural and urban area respectively (HIES, 2000, 2005 and 2010). Furthermore, it is found that during 2005 to 2010 the growth rate of monthly household income was 11.87 percent, 11.67 percent and 11.50 percent whereas, the growth rate of monthly household expenditure was 16.52 percent, 16.14 percent and 16.40 percent, of which the growth rate of food expenditure was 17.59 percent, 16.67 percent and 19.20 percent at national, rural and urban areas respectively. Higher growth rate of household expenditure than the income may indicate that more people are suffering to manage their livelihood in the recent times. An interesting finding is that the monthly household income in rural areas has increased at a higher rate than that of urban areas whereas the growth rate of monthly household expenditure in rural areas is lower than the urban areas. This is reflected in the percentage of population living under poverty line, where the reduction of poverty in rural areas occurred at a relative higher rate than that of the urban areas. Figure 2 shows the area wise different growth rate between 1995-96 and 2010, and figure 3 shows the growth rates between 2005 and 2010.

Figure 2. Area wise growth rate since 1995-96 to 2010 [Data source: HIES]

Figure 3. Area wise different growth rate since 2005 to 2010 [Data source: HIES]
Overview on Inequality in Bangladesh

The mainstream argues that sustained and equitable economic growth inevitably leads to poverty reduction. There is widespread concern that economic growth has not been shared fairly, and that the current economic crisis further widens the gap between the rich and poor. In Bangladesh, the number of people living in poverty has increased due to rising disparities in the distribution of resources within the country. Uneven growth pattern has been proved as an obstacle in reducing poverty at a faster rate and has been shown to be harmful to growth. As such it is important to address the inequality issues for effective and faster reduction of poverty.

Figure 4. Percentage share of household income by decile group (Data source: HIES)

Decile groups from the figure 4 shows the pattern of distribution of income from percentage share of income of households. It is clear from the figure that the gap between the poorest of the poor (bottom 5%) and the richest of the rich (top 5%) is extremely high. In HIES 2010, the income accruing to top 5% of the household was 24.61%, whereas, the same was 0.78% for the bottom 5% household. In 2005, income accruing to top 5 percent of the households was 26.93%, where the same was 0.77% for the bottom 5%. It slightly increased from 0.77% to 0.78% in 2010. On the contrary, the share of income of the top 5% decreased from 26.93% to 24.61% over the same period indicating redistribution of income in favour of the middle level. In 2000, income accruing to top 5 percent of the households was 28.34%, where the same was 0.93% for the bottom 5%. In 1995-96, income accruing to top 5 percent of the households was 23.62%, where the same was 0.88% for the bottom 5%. (HIES, 2010). Figure 4 provides a clear image of the overview of inequality situation in Bangladesh.

Inequality in Income

Gini co-efficient is an instrument to measure inequality. This is the most popular composite indicator that summarizes the extent of concentration (inequality) of household income. Gini co-efficient can vary between ‘0’ and ‘1’. The ‘1’ is the most unequal state and the ‘0’ is the most equal state. At national level, the Gini co-efficient of income has increased from 0.432 in 1995-96 to 0.451 in 2000, which has further increased to 0.467 in 2005 but decreased to 0.458 in 2010 from 0.467 in 2005.

Gini co-efficient of income has increased from 0.385 in 1995-96 to 0.428 in 2000 and further increased to 0.430 in 2010 at rural area, whereas for urban area it increases from 0.444 in 1995-96 to 0.497 in 2000 and remain same between 2000 and 2005 and again decreased from 0.497 to 0.452 in 2010 (HIES, 2000, 2005 and 2010). The Gini co-efficient of income has decreased at national and urban level over the last five years (2005 to 2010) while it has slightly increased
in rural areas during the same time. Table 3 provides the Gini co-efficient of income inequality data for Bangladesh since 19995-96 to 2010. The data shows that inequality situation is better in rural area than in urban and at national level.

Table 3. Gini co-efficient of income inequality in Bangladesh

<table>
<thead>
<tr>
<th>Year</th>
<th>National</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995-96</td>
<td>0.432</td>
<td>0.385</td>
<td>0.444</td>
</tr>
<tr>
<td>2000</td>
<td>0.451</td>
<td>0.393</td>
<td>0.497</td>
</tr>
<tr>
<td>2005</td>
<td>0.467</td>
<td>0.428</td>
<td>0.497</td>
</tr>
<tr>
<td>2010</td>
<td>0.458</td>
<td>0.430</td>
<td>0.452</td>
</tr>
</tbody>
</table>

Source: HIES data

The analysis of the income inequality and its sources can be summarized as rural areas achieved growth based on new income sources such as non-farm self-employment income, salaried wages and remittances from abroad in the 1990s, but the extremely poor could not be benefited from those new income sources. Therefore, inequalities have increased in rural areas throughout these years. In urban areas, the extremely poor are unable to fully access to new income sources such as non-farm self-employment income, salaried wage, and remittances from abroad and rental value of housing. Further, nearly all antipoverty programs including human capital development programs and essential health service packages have been targeting to rural areas only.

Economic Growth and Poverty

Bangladesh experienced low instability of growth over the past 15 years. In spite of the global food and fuel crisis and the global recession, Bangladesh shows a remarkable degree of stability in its growth path. A significant feature of economic growth in Bangladesh has been its broad-based nature, which means that all sectors i.e. agriculture, industry, and services are expanding and contributing to overall growth. However, over the longer term several trends are marked in terms of the relative performance of sectors. The share of the industry has been consistently increasing, while the agricultural sector is gradually shrinking. The contribution of industry increasing due to the growth of the manufacturing sector in particular led by the expansion of exports of the readymade garments (RMG) sector (currently 17 percent of GDP) and construction sector (currently 8 percent of GDP).

Figure 5. Annual per capita GDP growth [Source: WDI, World Bank]
The service sector has grown to account for about half of the total GDP (World Bank, 2008). The long-term trend in GDP and annual per capita growth rates by years (2002-2012) are shown in figure 5. From the analysis of the figure, it is seen that, the growth rate expanded significantly from 2002 to 2012, shooting up to over 5 percent (5.27 percent) per annum on a 10 year average. The expansion of growth did face a shatter in the wake of the global food, fuel and financial crisis during 2008 to 2010.

The Economy of Bangladesh is growing one. It is basically divided into three basic sectors i.e. service, agriculture and industry. Among the economic sectors in Bangladesh, service sector is most important. The contribution of service sector to the GDP is about 50% (Bangladesh Economic Review, 2010). So, service sector influences the development of national economy. The enormous contribution of service sector and an increasing trend therein have played an important role in high growth of GDP. The analysis of last few years’ figure gives a clear idea on the phenomenon which is given in table 4.

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>0.01</td>
<td>3.08</td>
<td>4.09</td>
<td>2.21</td>
<td>4.94</td>
<td>4.56</td>
<td>3.21</td>
<td>4.12</td>
<td>4.39</td>
</tr>
<tr>
<td>Industry</td>
<td>6.53</td>
<td>7.26</td>
<td>7.60</td>
<td>8.28</td>
<td>9.74</td>
<td>8.38</td>
<td>6.78</td>
<td>6.46</td>
<td>6.42</td>
</tr>
<tr>
<td>Service</td>
<td>5.43</td>
<td>5.38</td>
<td>5.66</td>
<td>6.36</td>
<td>6.40</td>
<td>6.90</td>
<td>6.52</td>
<td>6.32</td>
<td>6.59</td>
</tr>
<tr>
<td>Total GDP</td>
<td>4.42</td>
<td>5.26</td>
<td>6.27</td>
<td>5.96</td>
<td>6.63</td>
<td>6.43</td>
<td>6.19</td>
<td>5.74</td>
<td>6.00</td>
</tr>
</tbody>
</table>

Source: Bangladesh Economic Survey, 2010

From the comparative presentation of the sectors, it is found that service sector is sustainable in terms of growth and contribution to total GDP (Table 4). Here, from the table 4, it is seen that the contribution of service sector is steady. Figure 6 shows the representation of average contribution of different sector to the GDP from 2002-2012. From the figure, it is seen that the average contribution of service sector, industry and agriculture sectors are 49.33%, 28.42%, and 22.25% respectively. So, the service sector is the half of total GDP. The growth rate of service sector, industry sector and agriculture sector are 6.17%, 7.49% and 3.21% respectively. The contribution of industry sector is increasing with the reducing trend of agriculture sector.

Figure 6. Sector wise contribution in GDP [Data source: Bangladesh economic review, 2010]
According to World Bank report, growth in consumption, fueled by robust GDP growth, was the dominant force in reducing poverty. Real per capita consumption expenditure increased at an average annual rate of 2.3 percent, with a higher increase for rural than urban areas. The national income accounts shows that the growth of private consumption per capita was the highest during 2000-2005. Decompositions of changes in poverty indicate that consumption growth (from HIES) accounted for nearly all the reduction in national poverty headcount.

**Inflation and Poverty**

Since early 2000, Bangladesh has been experiencing a high rate of inflation particularly in food grain at the backdrop of global price hike in food grains. The high prices of essential commodities, especially, food prices have imperiled the poor and worsened equity. Food inflation has a profound nexus with poverty and inequality. Food inflation hits hard the poor since their purchasing power decreases due to the erosion in real income. There is a relationship between food inflation and poverty. The upward trend of general inflation as well as food inflation has pulled more people into poverty. Figure 7 shows the change in food inflation in Bangladesh since 2000 to 2010. From the analysis of different data it is seen that, in 2000, the average food inflation was 2.68 percent for 12-month while 55.8 million people were living under poverty line. In 2005, the food inflation has increased to 7.91 percent (12-month average) when the number of total population living below the poverty line was 56 million. The food inflation has further increased by 10.8 percent in 2010 (WFP, 2010 and Bangladesh Economic Update, 2011).

During these years, changes in inflation have not followed any monotonic pattern. 12-month average food inflation increased to 10.8 percent in 2010 from 2.68 percent in 2000 with an annual rate of increase of 22.24 (WFP, 2010). If other things remain the same, this may indicate that, 0.04 million people might be newly gone under poverty line due to one percent increase in the food inflation. Therefore, in January 2011, 11.73 percent food inflation indicates that more people are newly added to the population who are living below the poverty line (Bangladesh Economic Update, 2011).

![Food Inflation in Bangladesh since 2000 to 2010 (Data source: WFP, 2010)](image)

Higher food inflation shrinks the expenditure on basic non-food items which has an adverse impact on the poor, not only on their current quality of life and human welfare but also on future human development. It becomes a challenge to control such rising inflation. The expenditure as a percentage of total expenditure increased from 50.75 percent in 2000 to 53.85 percent in 2010 (Saleh et al., 2011). Increase in food inflation drags down additional number of people under the poverty line. Therefore, with the increase in food prices, they
have the least ability to cut non-food expenditure for compensating the increased cost of food. Price hike of food commodities over the past few years have eroded the purchasing power of the marginalized section of the population and let them go down under the poverty line.

Factors Influencing Reduction of Poverty

Since 90es Bangladesh has gained some achievements in the fight against poverty. The reduction on poverty incidence, however, witnessed a slower pace during 2005-2010 than that of first half of the decade. Unrealistic intervention strategies and policies are more responsible for this lower reduction in poverty. From the analysis of different report it is evident that lack of adequate state intervention for the expansion of production, deficiency of equalizing income augmenting employment system, shortfalls in public expenditure for enhancements of capabilities, inadequacies in regulatory regimes, lack of complementary policy structure and non-existence of enforceability of constitutional rights, climate change are the major reasons for persistence of poverty in Bangladesh. In the study it is also found that there is a growing gap between income and expenditure over the years that hamper the standard of living of people. Additionally, the standard of living is hindered due to higher rate of increase in monthly household expenditure, higher rate of food inflation and lowered rate of growth in monthly household income.

CONCLUSION

The eradication of poverty and inequality and meeting of basic needs are the primary goals for any government. However, achieving a reduction in poverty and inequality is a fundamental challenge in Bangladesh. Despite considerable trust on poverty alleviation in all plan documents since the independence of Bangladesh, a significant number of people are still living below the poverty line. Bangladesh is still a low income country with substantial poverty, inequality and deprivation. Most of the labor force is engaged in informal low productivity and low income jobs. The access to secondary and tertiary education is limited and the quality of education at all levels is deficient. The poor group of the population is severely disadvantaged in terms of ownership of assets and has inadequate access to institutional finance as well as to basic services including quality education, healthcare, water and sanitation. Over the years, the rate of increase in the monthly household income is lower than that of the expenditure, which makes the poor more difficult to sustain and drags down more people into poverty. This is also reflected in the increasing trend of inequality over the years. High price of food and high food inflation bring miserable sufferings to its population specially those who have no or little income. Along with focus on economic growth and employment, substantial attention needs to be given to reduce the growth of population. Inequality emerges from a combination of greatly unequal distribution of physical assets as well as human capital. There is considerable concern in Bangladesh about the growing income inequality. Results show that the distribution of income is much more unequal than the distribution of consumption. Bangladesh development experience also shows considerable spatial differences. Broadly speaking, the Divisions of Barisal, Khulna and Rajshahi show higher poverty and lower income growth than the Divisions of Chittagong, Dhaka and Sylhet. Bangladesh needs adequate state intervention programmes and strategic policies to improve the current poverty situation. Theoretically, there are some of the strategic documents and policy papers are seemed to be implementable to reduce the poverty situation in Bangladesh. However, without proper monitoring and evaluation, the implementation of all these policies, strategies and programmes seems useless. Building on the lessons of the past experience, the poverty reduction strategy should emphasize girl’s education, female reproductive health, population control service delivery based on public-
private partnership, and social mobilization. The government needs to be creative in renewing
and revising strategies and approaches to control the rising food prices and sequentially food
inflation as well as should increase budgetary allocation in poverty alleviation programme.

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