Draft circulated for comments

Chronic Poverty in Bangladesh: Tales of Ascent, Descent, Marginality and Persistence

The State of the Poorest 2004/2005

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May 2004

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Acknowledgement

The preparation of the Report would not have been possible without the support and contributions from a number of individuals and organizations. The study team is particularly grateful for the close collaboration of the Chronic Poverty Research Centre (CPRC), Institute of Development Policy and Management (IDPM), University of Manchester, UK. The team is also grateful to the Department for International Development (DFID) Bangladesh for providing funds for the study.

Contributors

A number of background papers were prepared on various thematic issues related to chronic poverty. The report drew upon the materials contained in these background papers. The report was prepared by a team consisting of Imtiaz Ahmed (input to chapter 6); Zulfiqar Ali (inputs to chapters 3, 4, 6 and 8); Sharifa Begum (inputs to chapters 6 and 7); Omar Haider Chowdhury (input to chapter 9); David Hulme (inputs to the "overview" and chapter 9); Naila Kabeer (input to chapter 5); Iqbal Alam Khan (input to chapter 6), Imran Matin (input to chapter 7), Binayak Sen (inputs to the most chapters of the report); and Quazi Shahabuddin (input to chapter 8). All the background papers have been placed in the PRCPB website www.prcpb-bids.org.

Binayak Sen was in charge for the coordination of the overall project. Editorial work was done by Binayak Sen and David Hulme.

Reviewers

The team benefited greatly from useful comments and suggestions of a number of reviewers and discussants too numerous to list. These included, among others, Bob Baulch, IDS, Sussex and Karen Moore, CPRC, University of Manchester, UK. In particular, the team would like to express its gratitude to the participants of the workshop held in September 2003 where the findings of the background papers were presented and discussed at a great length.

Research Assistance and Administrative Support

The team would like to thank Shanker Chandra Saha, Abdul Hakim, Manik Lal Bose, Ishtiuq Hossain, and Ashabul Hoque of BIDS for providing necessary research, computing and secretarial assistance for the preparation of the report. The team is especially grateful to Monoranjan Bagchi and Md. Golam Rabbani for collecting the life-histories of the poor. The team would also like to thank Karen Morgan Tallents of CPRC for her support to the study.

Disclaimer

While thanks go to all the contributors for their support, the team takes the full and sole responsibility of any errors and omissions. The team also assumes of full responsibility for the opinions expressed in the report.

Five Odes to Otherness

Here is thy footstool and there rest thy feet
where live the poorest, and lowliest, and lost.
When I try to bow to thee, my obeisance
cannot reach down to the depth where thy feet rest
among the poorest, and lowliest, and lost.
Pride can never approach to where
thou walkest in the close of the humble
among the poorest, and lowliest, and lost.
My heart can never find its way to where
thou keepest company with the companionless
among the poorest, and lowliest, and lost.

Rabindranath Tagore (1910): Gitanjali (Song Offerings)

The key question is how to get about regaining our lost position. What must we do to stand up and be counted as worthy daughters of our country? To start with, we need to take a firm resolve that in our daily life we shall be on an equal footing with men, and that we must have intense self-confidence not to feel a burden to any man. We will do whatever we have to do to gain equality with men. If the means to our attaining independence is through our ability to earn our living, then we must do so. From office workers to lawyers, and magistrates, even judges—we shall get entry to all jobs and professions, presently the privileged precincts of men. Perhaps fifty years down the road we may see a woman installed as Viceroy, thus elevating the status of all women. Why should we not have access to gainful employment? What do we lack? Are we not able-bodied, and endowed with intelligence? In fact, why should we not employ the labour and energy that we expend on domestic chores in our "husbands' homes" to run our own enterprises?

Rokeya Sakhawat Hossain (1904): Strijatir Abanati (Deterioration in the Situation of Women)
(Trans. by Bharati Ray 2002)

The space, at once empty and populated, of all those words without a language which allow the person who lends an ear to hear a muffled voice from below history, the stubborn murmuring of a language which seems to speak quite by itself, without a speaking subject and without an interlocutor, huddled in on itself, a lump in its throat, breaking down before it has achieved any formulation and lapsing back into the silence from which it was never separated.

Michel Foucault (1961): Madness and Civilization
(Trans. by D. Macey 1994)

The two principles of justice are as follows: Each person has an equal claim to a fully adequate scheme of equal basic rights and liberties…Social and economic inequalities are to satisfy two conditions: first, they are to be attached to positions and offices open to all under conditions of fair equality of opportunity; and second, they are to be to the greatest benefit of the least advantaged members of society.

John Rawls (1993): Political Liberalism

What is clearly left out of this un-historical historiography is the *politics of the people*. For parallel to the domain of elite politics there existed throughout the colonial period another domain of [South Asian] politics in which the principal actor were not the dominant groups of the indigenous society or the colonial authorities but the subaltern classes and groups constituting the mass of the labouring population and intermediate strata in town—that is, the people. This was an *autonomous* domain, for it neither originated from elite politics nor did its existence depend on the latter.

Ranajit Guha (1982): Subaltern Studies I. Writings on South Asian History and Society

Chapter 1

Contextualising the Poorest: Chronic and Extreme Poverty

> We have for over a century been dragged by the preposterous West behind its chariot, choked by dust, defeated by noise, humbled by our own helplessness, and overwhelmed by the speed…If we ever ventured to ask `progress towards what, and progress for whom', it was considered oriental to entertain such doubts about the absoluteness of progress.
>
> Rabindranath Tagore (1941): *On Rural Reconstruction*

1.1 Questions and Concerns

The aim of this introduction is simply to try to let a beginning disclose itself, if in no more than the barest outline. A beginning, true to itself, has to begin with questions.

The first set of questions concerns itself with "difference in development"--the unequal spread of (and access to) economic and social opportunity. Why development (indeed, "history" broadly speaking) provides opportunities for some not only to grow out of poverty but also to claim for themselves a share of sound progress, while it leads to exclusions for others as they slip deeper into poverty or continue to persist at the margin as outcasts without the power to claim, protest or even speak of their maladies? Why this has been the recurrent theme both in the best of the times and the worst of the times? A recent example typifies the nature of the problem. After decades of feeble economic progress punctuated by periodic shocks, upheavals and unrest, Bangladesh has been able to see some stability both in terms of democratic progress and reasonable economic growth. There was appreciable change in social indicators such as fertility, child mortality and malnutrition as well as rapid expansion of basic education, especially girl's education. Standard measures of income-poverty also started showing considerable decline.[1] Why is it that even in the favourable context of economic and social recovery with the added presence of democratic continuity a sizable segment of the poor could not get out of the long-duration poverty trap (whom the present report call the Chronic Poor)? What are the maintainers that drag them down when they aspire to escape? What are the interrupters that helped others in their respective ascent, but by-passed the chronic poor, and why? What are the conditions for knowledge about the conditions of the chronic poor that are needed to implement a social policy of affirmative action?

The second set of questions concern the entire range of issues relating to non-market access to basic social services, social entitlements and citizen rights. Even if some persons live in severe income-poverty in the present period, they should not be excluded from access to basic social services, or what Rawls (1971) would term "primary goods". Such access will have considerable favourable effects on their lives, work capacity and non-income dimensions of well-being in the current generation, but, more importantly, will make a decisive difference to the future of their children in terms of human capital and

[1] The rate of one-percentage point drop in poverty per year witnessed in Bangladesh—amounting to about 10 percentage decline in the poverty rate between 1991/92 and 2000—is often termed as modest. It is, however, instructive to note that only three countries in the ESCAP region--were ahead of Bangladesh in terms of annual change in national head-count rate of poverty are China, Vietnam and India (for this, see ESCAP 2003).

otherwise, with favourable implications for overcoming inter-generational poverty. Thus, on the first set of questions mentioned above, a possible reaction could be that actually nobody is purposefully excluded, everybody will have their day of success, and, sooner or later, the chronic poor will "catch up". According to this social trickle-down-cum-catching-up type of argument, the allegation that the chronic poor have been left-out is overblown, there are no left-outs, left-outs are actually laggers, and the laggers are actually future competitors, since they are bound to catch up with the rest of the local (or global) community (the day they do it that would be "the proudest day", as Macaulay would have put it in other contexts).[2] However, for such things to happen on a systematic basis, one needs the evidence that the chronic poor are already in the process of ascendancy, the early signs of which would show up at least in the sphere of their access to basic social services first and foremost. Why first and foremost? Because, the reduction of income poverty on a sustained basis through the enhancement of private purchasing power may take time, indeed usually takes time, but gaining access to public education and health or social protection services is more readily realisable as it depends on the commitment and actual ability of the state and civil society to provide that access to the chronically poor. Is it happening in Bangladesh?

Looking back at the country's average social progress--which was considerable especially over the 1990s--one nevertheless finds considerable spatial and social disparity in the spread of benefits. Of course, there are always winners and losers at a given point of time, but one would have expected no systematic biases in the matters of winning and losing, with changing fortunes and efforts everybody should have the chance to win, everybody irrespective of class, caste, community or regions. At least that is the promise of development, that at the end every body will catch up, more or less. But, that promise of development remains unfulfilled and it now seems that whether one catches up or not would depend on the initial conditions. The better one is located initially in terms of ancestry, social characteristics, assets, and power the higher is one's prospects. That is one of the insights of endogenous growth theories, showing that the past matters: inequality, growth and mobility are intergenerational processes, just improving the current allocational ratios would not necessarily improve intergenerational inequality.[3] For others who lack favourable initial social and economic conditions, it is "divergence, big time", as Lant Pritchet (2001) has put it. But, the most important gap in the discourse on average affluence matters is that it tends to generate a belief that the immediate beneficiaries of current growth, the so-called *avant garde* or the advanced sections or the class-in-ascendancy are also the natural leaders of the subsequent growth, which may be a huge generalization without an empirical basis, especially as the first-generation or second-generation educated and the wealthy classes in many low-income countries did not perform the role of socially responsible elites the way the global liberals would have liked them to see as the social engine of constant revolutionizing of productive forces, to

[2] In his speech on the East India Company charter in 1833, what Macaulay the historian said typifies the entire subsequent school of catching-up theorists both in the Third World and in the West: "It may be that the public mind of India may expand under our system until it has outgrown that system;..that, having become instructed in European knowledge, they may, in some future age, demand European institutions..it will be the proudest day in English history. To have found a great people sunk in the lowest depths of slavery and superstition, to have so ruled them as to have made them desirous and capable of all the privileges of citizens, would indeed be a title to a glory all our own" (Macaulay as cited in Kelly 2003).

[3] It is striking that in most developing countries "inheritance tax" is a missing category in the list of redistributive measures, which are needed to generate an equitable growth in the current generation.

develop others who are lagging behind "after its own image".[4] The thesis of the trickle down forces of growth silently assumes that such social classes already exist or are just waiting around the corner to take on the social responsibility of a leadership role, to govern with an eye on providing better opportunities for everybody and for generations to come. So we are back to the first question of conscience, as put by Nietzsche, in the beginning of this chapter: Are the principal beneficiaries of market reforms and growth in the 1990s in Bangladesh, those who are running on ahead, doing it as a shepherd, or as an exception, or perhaps as the runaway?

The third set of questions draws attention to the so-called non-quantifiable concerns of development encompassing social marginalisation, powerlessness, and the feeling of being insulted and humiliated. The poor themselves have many ways of expressing the different experiences of poverty. This is the familiar theme about developmental exclusions, people who represent livelihoods at the margins, living at the forgotten periphery of history, the downtrodden, toiling in the cold and toiling in the sun, toiling for generations, wherever life has not died out it staggers to its feet again, showing their backs to the world, persisting in the dark side of progress, a mockery of emptied abstractions such as being, citizenship, enlightenment, global village and modernity. Do they represent lives worthy of support from above? Do they represent forms of life worthy of *humanitarian* assistance? Do they represent lives not worthwhile to pursue, subjects of natural decay, subjects to be forgotten, like the forgotten space in global governance, as lives beyond our control, the ungovernable spaces where one could allow "killing without murder", where thousands or even millions can perish in six months or a year without a trace, whether it is in Bengal 1776 or 1873 or 1943 or 1974 or Ethiopia 1888-92 or 1972-74 or East Timor 1975-99 or Grenada 1979-83 or Nicaragua 1978-90 or El Salvador 1980-92 or Honduras 1980s or Chad 1981-82 or Haiti 1987-94 or Panama 1989 or Sudan 1991 or Rwanda 1994 or Somalia 1993 or Congo 1998 or Sierra Leone 1999, Colombia 1990s, Mexico 1995-98 or disintegrating former Yugoslavia 1995-99 or Afghanistan 1979-2004 or Iraq 1990s-present? Some of these crisis-points emerged because of the Cold War mentality, but in many places interventions occurred unnecessarily without any significant or trivial, real or imagined, *fait accomplit* or anticipated logic.[5] The amnesia about lives that persist in the ungoverned spaces—spaces where war economy is the only activities for the poor to earn their livelihoods before they die of the war itself, as classically foretold in Bertolt Brecht's *Mother*

[4] Marx talked about capitalism not as a society that breeds technological, organizational or ideational stagnation, but as a society with "constant revolutionalizing of productive forces" with permanent influx of new inventions and new ideas (as he metaphorically put it in the expression of "all that is solid melts into air") a process, however, marked by instability, uncertainty, with cycles of booms, busts, and crises, with all the "internal contradictions" save one—*stagnation*. On this re-reading of Marx's ideas on capitalism, there is a large literature (see, for instance, Foster-Carter 1993; Gray 1999). From this angle Marx could observe that the countries of the East suffer more from the lack of dynamic capitalism than from the assault of it. A dynamic capitalism can ensure a sustained progress in technological development leading to constant increase in labour productivity, but that can only happen if there is a class of technologically minded elite around to take on the responsibility of modernizing the state and the civil society from which the society as a whole (including the poor) can derive benefit indirectly or directly. This is the political sociology of a sustained trickle-down process under conditions of underdevelopment that can lead to uninterrupted poverty reduction required for overcoming chronic poverty. The argument here is that such a class of technologically minded elite committed to modernisation may often be missing in the low-income contexts, dictating alternative social, institutional and policy arrangements that is different, by compulsions, from the *laissez faire* type arrangements. This raises the important issue of choosing among the many variety of capitalisms (when it comes to accommodating capitalism in specific spheres of social organization) along with making choice over an entire range of arrangements that go beyond just market-capitalism, a point taken up in the concluding section of the study.

[5] For details of the unnecessary interventions motivated by the Cold War mentality with catastrophic humanitarian implications, see Blum (2003); Chomsky (2003).

Courage—is rising over the recent years, with dire consequences for chronic poverty and human security.[6]

The fourth set of questions draws attention to the *subaltern economy* of survival, areas of resistance, and creative agency of the chronic poor at the outskirts of the visible macroeconomy. Economic and social processes within the rubric of "citizen economics" have not been paid adequate attention in general, although some of the mysteries of resilience and coping capacity of the poor can be uncovered if discussion moves into that terrain. While paying attention to the subaltern economy, however, it is nevertheless important to point out that the subaltern economy is not a secluded territory altogether from mainstream development. There are important transgressions and exchanges between the two. Certainly the subaltern economy is influenced by mainstream development and amenable to changes triggered by it, although the type of response to such mainstream signals would differ depending on the circumstances. It needs to be underscored that in order for the thesis that the poor are a creative economic agent and not a burden on our social conscience to hold it must be also true that the poor are like any other economic agent except with some differentiating characteristics marked by specific forms of deprivations. It is the poor that would benefit most from the overcoming of dualisms in markets, institutions, policies, technological applications, and geographical spaces. Any opportunity that opens up for the poor to link themselves with upstream markets, connect themselves with modern and global institutions, access the most progressive and innovative technologies, or allow mobility to geographies with vast potentials to grow would be seized by them with mass enthusiasm, deep reasoning and indomitable initiatives. To deny the poor their right and capacity to articulate expressions of their modernity, as Partha Chatterjee (2000) would have termed it, to gloss over their own creative ways of engaging with globalisation and technological progress, is to deny them their agencies, their rights to oppose, negotiate, manipulate and choose.[7] One of the main ideas of this study is that Bangladesh's

[6] Under what conditions is de-emphasizing poverty as a social problem and growing violence against the poor are being socially reproduced? Rajni Kothari (1997) talks about "growing amnesia" about the poor amidst the rising tide of economic liberalisation and politics of reform in India, which tends to relegate poverty reduction to the category of secondary concern. Zygmunt Bauman (1997) speaks of the role of strangers, consumers, the parvenu, and the vagabond as the social archetypes of the postmodern world. From the angle of this study the process of estrangement of the poor from the development process is the more important issue at hand. Estrangement was an anticipated theme already in *The Outsider* by Albert Camus, but is animated by works by Georg Simmel (1950), Piotr Hoffman (1989), and Julia Kristeva (1991) on strangers, doubt, uncertainty and indeterminacy that produces social exclusion and social violence. These works have the intuition that given the growing multiplicity, contingency, and apparent fungibility of the identities available to persons in the contemporary world, there is a growing sense of social uncertainty about people, situations, events, norms, and even memories. The poor are particular victims of this growing process of social uncertainty among previous social intimates. Arjun Appadurai (2003) thinks that what is new about uncertainties has something to do with the forces of globalisation such as weakened state, refugees, economic deregulation, and systematic new forms of pauperization and criminalization. Mark Duffield (2004) defines exclusion of the poor in the context of the politics of global governance, which gives more weights to some life-forms worthy of more support than others, because that space is considered strategically unimportant and/or simply ungovernable. As a result, the poor living in the territories deemed unworthy of support risks uncared and unnoticed deaths, often in millions. This politics of global governance thus undermines the need for humanitarian assistance for the forgotten segment of the world humanity. Both kinds of exclusions, whether in the context of market reforms or in the context of global governance where assistance become linked to security importance, can be disastrous for attacking global chronic poverty.

[7] In recent years a number of writings on globalization have drawn attention to the subaltern moments, indicating the presence of a third variety of "subaltern globalization" which focuses on the people's response to globalization (Appadurai 1996; Meyer and Geschiere 2003; Ahmad 2003). The definition can include many different activities, however, involving both legal and illegal participation of people in the process of globalization, both as a passive victim and as an active agent. This includes, for instance, unofficial trade in goods and services, transit, cross-border migration, trafficking of women and children, exodus, stateless citizens, refugee formation, and asylum seeking, production, marketing and distribution of drugs, marketing of small arms. But, subaltern globalization can be a official entity, as in the case of seeking cross-country

noteworthy progress in poverty reduction and attaining social MDGs has taken place in the context of extremely adverse circumstances. That such progress has occurred in spite of persisting problems of developmental pitfalls and social ills including instability, inefficiency, indifference, leakage, mistargeting, and declining quality of regulatory standards. That it could only take place as such because of multi-agent reality in which resilience, progress and transformation in the *subaltern* spheres of our economy played the decisive role and ultimately made the critical difference. The study advances the idea of "subaltern economy" where citizens display their own development initiatives from below, in defying odds and in embracing innovations, even in the most trying of circumstances. However, most of the key actors operating in the space of subaltern economy remain vulnerable to a range of social, economic and environmental risks.

Subaltern economy refers to the "people's domain" in the economy and relates to the spheres of informal, unorganised, regional, local, and citizen's economy as the main areas of analytical focus and where mainly the poor and the vulnerable act as the key agents of economic development and social progress. The subaltern as social group include a range of actors at the bottom-end of the social spectrum, including the powerless citizen groups, poor peasants and the landless, small-scale rural and urban non-farm producers and providers, those engaged in informal transport, trade and services, disadvantaged women, especially poor working women, working children, various categories within the chronic income-poor and socially excluded, including marginalised ethnicities, occupations, and inhabitants of disadvantaged geographical areas, in short, sections struggling with *livelihoods at the margin*.[8]

These four sets of questions constitute the field of critical inquiry for the present report.

1.2 Persistent Themes

Experience of chronic poverty in Bangladesh has both external and internal dimensions. Externally, the country was seen as a chronically poor country, persisting in the "below-poverty level equilibrium trap" for decades, generations, and, given the successive famine, distress-migration, and abject poverty record

migration legally, or working in the low-paid sector of a legal economy as first-generation immigrant, or as grassroots producers back home in the lowest tier of the global export chain of the multinationals investing in agricultural and manufacturing sectors of the developing economies with or without fair-trade provisions. All of these examples can be found in case of Bangladesh, from tobacco growers under contract arrangements with a multinational, workers (and small producers) engaged in the ready-made garments, overseas workers who work under various conditions, different employment arrangements and sector characteristics in over 70 countries of the world, and cross-border traders who transfer goods in head-loads and who often slip through the borders for work in diverse cities of South Asia and can actually (though not always legally) have more than one citizenship. Some studies (Ahmad 2003; BISS 2002) even claimed the country being in the transit route for trafficking of the illegal arms, drugs and golds, involving the so-called "obnoxious economy" (Kanbur 2003). Protest movements on various global issues such as anti-war alliance for human security, protests against the violation of human rights, popular protests against the recent rounds of WTO negotiations on restructuring global trading arrangements, or popular critique of IFIs on the global financial or development issues, people's participation in various eco-movements are also to be regarded as part of subaltern globalization (Klein 2002). There is some debate about the degree of admissibility of NGO-led alliance and formations for they are often seen as yet another version of "sovereignty" like the state (see Duffield 2004). Nevertheless, given the diversity of activities listed above, the category of "subaltern globalization" clearly merits construction as an analytically separate concept from that of "globalization from below" (capturing the nation-state level response to globalization) and "globalization from above" (capturing the architecture of globalization erected by the developed North, the G-8, the IFIs, WTO and the like).

[8] For the initial idea, see Guha (1997); Escobar (2000).

over the last three centuries, such has been the case during what in South Asian historiography was termed as the "modern" period.[9] Labelled as a chronically poor country (in 1974 it shared with Rwanda the lowest position in the world according to per capita income) it signalled little promise for active agency in terms of coping, recovery, renewal, mobility and escape. Even after its independence three decades ago—"even" because acquiring independence, one would have thought, at least signifies the opposite of inertness, a proactive subjectivity and creative agency—the predominant image of Bangladesh was one of increasing state-insolvency. It was dubbed the ultimate "test case of development", a constant disaster in making, a "catalogue of woes" and a begging bowl to the rest of world.[10] Of course, there were genuine worries given the dire state of conditions on the ground. Willem van Schendel's (1981) study of the long-run dynamics of peasant mobility based on village surveys in the late 1970s is reminiscent of the doomsday mood of the time: "Under present conditions the future of the rural poor in Bangladesh is extremely gloomy, because unless they can improve their will on the village rich, the national bourgeoisie, and the Bangladesh government, there is no hope of reversing the relentless trend towards pauperization affecting them. This trend is bound to result increasingly in mass death in the villages of Bangladesh, either 'quietly' by general high mortality and continuous household extinction among the poorest, or 'violently' by widespread famines carrying them off in large numbers (p. 298)." Whether and to what extent this spectre of famine-centric characterisation of Bangladesh has changed over the past two decades needs to be addressed. Whether the overall situation with respect to the above characterization has changed for the better only on the average or remains still a valid description of the plight of a large section of the poor masses needs to be examined in this study. This is especially important as the aggregate level of analysis in one strands of literature, as in case of IFPRI (2002), would highlight progress in certain respects of food security deemphasizing others. The concept of the country being "out of the shadow of famine" has the potential risk of ignoring the difference within the general pattern, difference that is very critical to keep in mind, more important in the context of famine than others, because it is not the aggregate food production or food availability that drives the spectre of famine, but sudden fall of the purchasing power of certain sections of the poor below the critical level of sustenance that leads to famine, as established by the classical analysis of famine by Sen (1981) and others writing about it later (Ravallion 1996 for a review).

This brings us to the experience of chronic poverty in Bangladesh as seen from within. Internally, the society was not homogeneous even at overall very low per capita average affluence. Sharp differentiations existed among the various population sub-groups, based on land, income, status, and power across different segments, but, more importantly, within the poor community itself. The deep gradation within poverty with fissures and fractures along class, caste, religious belief, and ethnic lines made the rift between the moderate and the severe poor in the backdrop of a large band of vulnerable non-poor particularly striking. This differentiation is not attributable to the recent period, as there were historical processes at work. Writing about livelihood conditions in Faridpur, Bangladesh in 1910, J. C. Jack noted that the population seemed to be divided into four categories: in comfort, below comfort (but above hardship), above indigence and indigence. The first category roughly corresponds to the contemporary equivalent of 'non-poor' (those staying above the poverty line), this proportion stood at

[9] The term of "below-poverty level equilibrium trap" is from Alamgir (1978). For a historical account of successive famines in Bengal, see Dutt (1874), Sen (1981), Alamgir (1980).

[10] Faaland and Parkinson's (1975) otherwise well-intentioned book suggested the epithet of the "test case of development". The negative image of Bangladesh during that period was partly due to the short-term economic difficulties, but the fact that such image lingered even as late as nineties tends to suggest the independent role of the "politics of despair". For the review of these issues, see Sen (2001); BIDS (2001); Mujeri and Sen (2002); GoB (2003).

49 per cent in 1910. The other three categories capture successive gradations of poverty, the matched proportions being 28 per cent, 18 per cent, and 5 per cent, respectively. The gap between those living in extreme poverty and those who are not, is often difficult to quantify in the income dimension given the very nature of the former.[11] Jack noted that while on the average the statistical "figures of income probably represent correctly the facts", the income of the indigent families is "often so precarious and so largely made up of charity as to be impossible of exact calculation". Considerable differentiation among the poor was also visible in the external manifestations. Some of the latter displayed "poverty only in the quality of their houses and their clothes", while for others it was a clear case of undernourishment. In addition to this was the heterogeneity in occupation, which deserves attention in the subsequent examination of indicators. In Jack's study, the emphasis on the gender dimension to poverty and vulnerability also stand out: "With few exceptions, those families which will be found in chronic need in any Eastern Bengal village will on enquiry prove to be either widows left with a family of young children or old people who are past work and who have no relatives to support them".[12] The proportion of population in what J.C. Jack called as "chronic need"—and what is classified here as "chronic poverty"—has remained today as significant as was in the past. According to the most recent HIES the share of rural population living in severe poverty (those live below the cut-off point of 1800 kcal/day) in 2000 has been assessed at 24 per cent. According to a most recent survey studying a panel of rural households over the 1987-2000 period, the incidence of chronic poverty (defined as "long-duration poverty") for rural Bangladesh was estimated at 31 per cent.[13] While any comparison is not intended here, both the estimates of severe and chronic poverty for the present-day rural Bangladesh resemble those reported by Jack over 90 years ago. In short, the themes of differentiation, severity, chronicity, multiple and overlapping vulnerabilities is a part of the long-standing discourse on the livelihood struggles of the poor in Bangladesh.

1.3 Not by Growth Alone: Rethinking the Poverty Agenda

The progress in global poverty reduction during the 1990s was far from satisfactory, especially when a disaggregate analysis is carried out. In the aggregate the number of poor (by the $1/day standard) fell by about 100 million in the 1990s, representing a decline of about 0.7 points per year (Chen and Ravallion 2004). However, progress has been highly uneven. The progress was mainly restricted to East Asia (including China) and South Asia within the developing world. But there was significant within-region and within-country variations. A large part of the explanation for varying performances can be traced back to the difference in the average growth rate itself. Growth in the most populous countries (China and India) has clearly been important to bringing down the global headcount of poverty. By the same token, lack of growth in some of the poorest countries has dampened overall progress. In short, a large share of the variance in rates of poverty reduction can be attributed to differences in the rates of growth (Ravallion 2004). The second evidence in this regard is presented by Kraay (2003) estimating the

[11] It may be noted that in this study the terms "extreme poverty", "severe poverty", and "hard-core poverty" are changed inter-changeably.

[12] The discussion on J.C. Jack presented here is based on Sen and Begum (1998). The quotations from J. C.Jack (1975) are taken from his 1916 book, reprinted in 1975 from Oxford University Press (with a preface from Shahid Amin, later a notable member of the Subaltern Studies collective).

[13] See, Chapter 3 for the estimates of severe and chronic poverty as well as the definitional and conceptual issues.

decompositions of changes in "$1/day" poverty measures into growth and redistribution components for a large number of countries. The growth component is the product of the average growth rate and what can be termed a 'partial elasticity of poverty to growth'. Kraay finds that the variance in the growth component is largely attributable to the growth rate, rather than the partial elasticity or its covariance with growth. The question that springs up is: why one should be concerned with factors other than acceleration of the growth rate as a device of anti-poverty?

There are many possible answers to this question inviting digressions in our discussion on chronic poverty, which goes beyond the scope of the present study. Here we only summarise the key points. *First*, the above findings from the cross-country literature are perfectly consistent with the finding that poverty is relatively unresponsive to growth in specific countries. Kraay's results are based on averages formed from cross-country comparisons. There is, however, large variation in the growth-poverty relationship at the country level. Thus, Ravallion (2001) finds that a 2% annual growth rate in average household income will bring anything from a modest drop in the poverty rate of 1% to a more dramatic 7% annual decline. This is because apart from growth, the factor of contemporaneous change in inequality also mattered in these countries. Distribution worsened roughly half the time during spells of growth. A favourable change in the distribution dynamics can make substantial difference to the rate of poverty reduction. *Second*, even if we accept the thesis that it is only average growth that matters, one needs to consider the fact that growth experience was diverse and disparate across and within regions (see, **Box 1.1** which provides the Asian scenario for the 1990s). Differing growth performance will have different effects on the rate of poverty reduction. Clearly, in countries with modest growth prospects additional component of "social policy" will be required. *Third*, there is considerable "income turbulence" below the poverty line, and none of the measures of "pro-poor growth" currently in vogue takes into account the differences within the poor community. The growth can be beneficial for poverty reduction at the average cross-country level; it can be beneficial for the richer sections among the poor at the national level, but may not be equally (indeed, often can be only marginally) beneficial for those who remain at the "lower depths" of poverty, to use the expression of Maxim Gorky. Indeed, those who remain in poverty for a long duration spanning inter-generation (i.e. the strictest definition of the "chronically poor") represent still a sizable proportion of the global poor. The persistence of chronic poverty can be seen from Tables 1.1 and 1.2. *Fourth*, one cannot rebut the charge that the present "development regime" is unfair by showing that even the poor gain something from the growth process (and from embedded market and state, national and global arrangements) and are not necessarily made poorer. As Amartya Sen (2004) has pointed out, 'that answer may or may not be wrong, but the question certainly is. The critical issue is not whether the poor are getting marginally poorer or richer". The real issue is whether "the poor were getting a fair share of the potentially vast benefits of global economic interrelations". This observation of "fair share" equally applies to the benefits of national growth that are currently claimed by the chronically poor and the extreme poor (This issue of fair share has been discussed in some greater details in Chapter 9).

Box 1.1

Diverse Growth Experience: The Asian Example

Growth experience has been diverse and disparate in the Asian region. *First*, only a very few countries could register high growth (say, above 4%). Two out of four countries, which achieved this feat, belonged to East Asia (China, Korea), and South-East Asia (Malaysia and Vietnam). The absence of South Asia from this list is noteworthy, suggesting that the continued persistence of the performance gap among the sub-regions has been maintained even during what may be viewed otherwise as the "turbulent decade" for East and South-East Asia. *Second*, there has been growth deceleration in almost all the Miracle economies primarily because of the impact of Asian economic crisis in the late nineties. But, even after deceleration they managed to rebound towards the end of the decade, albeit partially, so that the net outcome places them in the "moderate growth" league (2.5-4%). Not all the countries in the South-East Asia sub-region could manage entry into this league as a result of crisis, however. The average annual growth was rather disappointing in Philippines (only 0.4 percent per year). Indonesia, a star performer in poverty reduction in the eighties, also had a low growth (2.4%).

Third, there has been a noticeable growth differentiation within the South Asia region. Sri Lanka (despite on-going civil war in the North), India (notwithstanding political regime shifts and sporadic outbursts of social unrest) and Bangladesh (amidst continued *hartalotics* and the shock of the 1998 flood) managed to accelerate growth and graduate into the moderate league. Pakistan, which was the fastest growing economy in South Asia between 1960-80, continued to decelerate. Nepal provided another example of frustrated take-off, amidst turbulent political regime shifts, with little progress over the record of the eighties. *Fourth*, the uncertainties and traumas of social transformation were vividly anticipated in the deep contraction in the so-called "transition economies" of Central Asia where the extent of severe growth collapse was in the order of 3-8 percent. Even the smaller Asian transition economies have done better in this respect with a fairly decent growth performance in Lao PDR (3.6%) and Cambodia (1.9%). *Fifth*, growth was in general extremely low in the Pacific Island economies (about less than 1%). Here the improved performance of PNG stands out (2.6%).

Source: ESCAP (2003)

Accordingly, a major focus of the present study will be on the issue of "income turbulence" below the poverty line. The study will give particular attention to the economic and social aspect of differentiation within the poor community. To give a pre-view of the major findings, it will be shown that while the poverty situation for the most has improved over the last two decades, there is still a significant divergence in the poverty escape rate among the different sub-groups of the poor. The escapees from poverty have mainly been those who persisted in the neighbourhood of the poverty line, while the situation of the extreme poor (those who lived way below the line) improved to a much lesser extent.

1.4 Structure of Report

Consistent with the objective of the study, the study is divided into nine chapters addressing three analytical clusters of issues. *First*, chapter one through three sets the context for the discussion on

chronic poverty. Chapter one discusses the key ideas and concerns. Chapter two presents the process of Bangladesh's ascent from the "test case of development". This chapter also highlights the major moments of this transition. Chapter 3 presents updates on the recent trends in poverty and social indicators. *Second*, chapter four through seven focuses on the incidence, characteristics, transformative structures and transmission mechanisms that underpin the survival algorithm of the poorest. Chapter 4 analyses the incidence and profile of chronic and extreme poverty based on quantitative survey data. Chapter 5 performs the similar analysis but based on the qualitative, life-history, approach. Chapter 6 focuses on the "insecurity" dimension of the transmission mechanism of chronic poverty with attention to aspects of extreme food insecurity, child malnutrition, shocks and unsustainable livelihood pattern, violence and insecurity. Chapter 7 discusses the "opportunity" dimension of the transmission mechanism of chronic poverty with focus on the dimensions of women's agency, human capital, financial services, and market access. *Third*, Chapter 8 analyses the spatial dimension of the spread of social and economic opportunities with particular attention to the aspects of unfavourable agricultural environments. Chapter nine presents the summary findings and the key strategic messages coming out of this study.

Table 1.1

Economic Growth, Chronic Poverty and Poverty Dynamics: Selected Country Examples

Country/period	Average change in standard of living measure, annualised (%)	% in chronic poverty	% in transitory poverty	Of whom:		National poverty headcount: first year (%)	National poverty headcount: final year (%)
				Escaping from poverty	Descending into poverty		
Bangladesh 1991-00	**-4.4**	**31.4**	**43.6**	**25.8**	**17.8**	**49.7**	**39.8**
Urban Egypt 1997 -99	-8.1	14.2	18.0	...	...	...	...
Rural Egypt 1997 –99	-3.3	42.6	22.6	...	...	...	...
National Egypt 1997-99	-5.9	19.0	20.4	6.3	14.1	...	...
Urban Ethiopia 1994-97	-8.9	25.2	27.1	17.9	9.2	34.4	42.9
Rural India 1968-70	6.3	33.3	36.7	24.0	12.7	...	...
Urban Uganda 1992-99	5.7	10.2	30.1	24.1	6.0	27.8	10.3
Rural Uganda 1992-99	4.0	20.5	41.8	30.7	11.1	59.7	39.1
National Uganda 1992-99	4.2	18.9	40.1	29.7	10.1	55.7	35.0
Urban Vietnam 1993-98	8.7	6.5	19.4	17.3	2.1	23.8	8.5
Rural Vietnam 1993-98	6.1	33.9	35.1	29.7	5.4	63.6	39.2
National Vietnam 1993-98	6.9	28.7	32.1	27.4	4.7	56.1	33.5

Source: CPRC (2004) and Present Study

Table 1.2

Preliminary Estimate of the World's Chronically Poor

Region	Population (millions)	Number of US $1/day poor for countries where this is available (millions)	Estimated US$/day poverty for entire region (millions)	Estimated chronic poverty for entire region (low estimate, millions)	Estimated chronic poverty for entire region (high estimate, millions)	Average percentage of poor assumed chronically poor over a five year period (low estimate)	Average percentage of poor assumed chronically poor over a five year period (high estimate)
Sub Saharan Africa	658.7	216.4	303.3	91.0	121.3	30.0%	40.0%
East Asia and Pacific	1807.8	277.0	312.8	53.7	84.9	17.2%	27.2%
South Asia	1355.1	524.7	535.6	133.9	187.5	25.0%	35.0%
Rest of world	1149.6	81.0	88.0	19.8	28.0	22.5%	31.8%
All	**4971.2**	**1099.1**	**1239.7**	**298.3**	**421.7**		

Source: CPRC (2004)

Chapter 2

A Passage to Modernity: From 'Test Case' to Growth and Democracy

> "If the problem of Bangladesh can be solved, there can be reasonable confidence that less difficult problems of development can also be solved. It is in this sense that Bangladesh is to be regarded as the test case".
>
> *Just Faaland and J.R. Parkinson: Bangladesh: A Test Case for Development*

> But doth suffer a sea-change
> Into something rich and strange
>
> *Shakespeare: The Tempest (I.2)*

Bangladesh achieved considerable success in several areas of development over the years since Independence. A complete account of this is beyond the scope of the present study. However, the entire range of progressive changes at the average national level is important to keep in view when we discuss the persistence of chronic poverty in the subsequent parts of the study. This is at least for two reasons. For arguably fighting chronic poverty in a losing context of overall development marked with decay and atrophy is much more difficult than to fight chronic poverty in the overall context of recovery and progress. The other reason is that globally Bangladesh was seen as a chronically poor country with seemingly no chance for escape or a new beginning. This imparted the country with a negative developmental image—and one important insight from the media studies is that image is crucially important in forming public opinion, including the premises and underlying value-judgments involved in policy-making--which may act as a barrier to a country's long-term battle for overcoming poverty and chronic poverty.

2.1 The Dark Side of Beginnings

Emergences are often accompanied by emergencies, for emergences are usually the product of ruptures, representing sudden breaks in time and space, a re-territorialization, a reconfiguration of selves, a redrawing of the border, that is what a birth of Nation is, produced under dislocations, transmigrations, chaos and traumas, but also a renewal, a new dawn and a new epoch, even if the divide is in the midnight, even if it is amidst tears and fires, it signals a new awakening, a birth into the unknown, a mark of distinct turn-around, a radical shift in the minds of its participants, at least that is what imagination is about, however insufficiently imagined community or nation that might be. But, the main point is emergencies are expected during emergences, for emergences cannot take place in situations other than emergencies. Every birth of life, or for that matter, birth of a nation carries the mark of an emergency (at least that reproductive risk is always there). And all life forms deserve to get emergency care, especially at times of its birth and initial days, though (as we shall see) not every entity was equally fortunate to gain the attention of the world in this regard.[14]

[14] While this is not a place to discuss the politics of Bangladesh' emergence and how it influenced development assistance and policy towards Bangladesh in the initial years, it would be important not to gloss over the underlying tensions. For a recent comprehensive account, see Nurul Islam (2003). The discussion presented in this section develops further the ideas articulated in Sen (2001), BIDS (2001), Mujeri and Sen (2002).

After Independence in 1971, Bangladesh started off with an extremely adverse and volatile situation. At the beginning of the growth process, it appeared to have combined the worst of all-possible disadvantages. With one of the most vulnerable economies of the world characterized by extremely high population density, low resource base, high incidence of natural disasters, and extremely adverse initial circumstances associated with the inheritance of a war-ravaged economy, the implications for long-term savings, investment, and growth were deemed extremely unfavourable for Bangladesh.[15] These defining characteristics of the economy impart certain uniqueness to Bangladesh's case study of development in one of the most trying of circumstances. Given these odds, it is not surprising that when the country was born in 1971, many development *pundits* questioned its long-run economic prospects and political viability as an independent "state".[16] The latter developments proved that the early pessimism glossed over the hidden dynamism and resilience capacities, forgetting that Bangladesh might have been a new and vulnerable *Nation* but it represented an old and flexible *Civilization*. Its intrinsic worth and right to free existence was defined by its past, both recent and old, a past which was to act as the most valuable source of "renewable resources" for the country in catalyzing development from below. Both the ecology (one of the largest and active delta region) and history (less susceptible to centralized despotic rule) of the country seemed to point to a hidden resilience in the face of adversities, often producing unexpected social renewals and economic recovery (Eaton 1994; Anisuzzaman 1995; Khan 1996). But, not many analysts kept this history-in-action view in perspective. Instead, they characterized the country's development prospects as extremely bleak. The predominant theme was one of negative images recycled through the print and electronic media. Bangladesh was defined as a model of possible extremities and odds of human existence, an example of a future without hope, a case of constant fear of some hidden disasters in the making and a permanent concern for liberal conscience and global welfarism.

Here are several points of departures from Faaland and Parkinson (1975) showing how the emergence of Bangladesh was interpreted in terms of a catastrophic beginning as humanitarian emergency:

- "It must be the fond hope of most educated people that man can control events and his own future. There is little to give credence to that view in the situation of Bangladesh. Nature, not man, is in charge of the situation in Bangladesh."
- "Nothing short of a continuing massive injection of aid is likely in present circumstances to get the economy off the ground sufficiently quickly to give real impetus to the development effort. It is not easy to see how donor-countries can be persuaded to maintain an effort on the scale needed. Bangladesh is not a country of strategic importance".

[15] The density of population in the country is the highest in the world excluding the city-state of Singapore. The estimated population of Bangladesh was about 130 million in 2000 living within a geographical area of around 148 thousand sq. km. which gives a population density of about 880 persons per sq. km.

[16] Adverse initial social and economic conditions prevailing at the time of Independence can be assessed from a range of sources (see, Khan 1972; Nicholas and Oldenburg 1972; Ali 1973; Islam 1977; Rahman 1993). The recent writings recognize the gaps between early negative predictions and subsequent positive outcomes (see, for example, Stern 2002). For a review of these moments of initial doubts, see Sen (2001).

- "Perhaps its only importance politically, lies in its availability as a possible test-bench of two opposing systems of development, collective and compulsive methods on the one hand, and a less fettered working of the private enterprise system on the other. It might be considered worthwhile by some countries to give aid to demonstrate the power of one or the other system, but it can scarcely be felt that large gains are likely to result from such an exercise, to Bangladesh or to potential contestants."

With the epithet of a "test case", they defined a development discourse that conditioned the mind-set of domestic policy makers as well as external donors for the subsequent two decades.[17] This negative image building was, in part, owing to the social difficulties, economic disarray and the political economy. With signs of recurrent disasters, systemic risks of famine and the absence of democratic governance, the country seemed permanently locked in a situation of disaster resisting any policy reform based solution short of radical restructuring.

The "negative image" of the country continued to persist under the gaze of the West. Whatever progressive gains were achieved during the post-Independence years were seen as temporary effects and were under-rated. As if the country existed outside of history, or at best at the margin of history, incapable of bringing any positive insights as to how to approach development in the most trying of circumstances. Bangladesh was considered as a site of struggle between contending ideologies preaching the dos and the don'ts of development. It was considered an outpost in "mainstream theory", a testing zone for the master discourse on development rooted originally in the historical experiences of the West.

2.2 From "Test Case" to "Medium Human Development" League

There has been a "sea-change" (to borrow the allegory from Shakespeare's *Tempest*) in the way the country is now viewed in the corridors of aid, power, and development discourse. A sea-change, because of long-standing spectre of international denial, allegedly voiced in 1973 by Henry Kissinger, the-then US Secretary of State, viewing the country as the "bottomless basket" endemically trapped in aid-dependence (as quoted in Ahmed 2000). Sea-change, because conceptually Bangladesh was never viewed as a post-conflict country where economic recovery, as in the case of natural healing, takes a while, but that conceding was not there. That injustice of denial did not escape the recent commentary. Perhaps recounting the steps in the past and remembering Allan Ginsberg's painful evocations in *September on the Jessore Road* and George Harrison's *Bangladesh*, both written in 1971 amidst the struggle for Independence to mobilize international support, President Clinton made it a point to mention during his visit in 2000 that when the country started its lonely struggle, it should have received support from many countries in the world which it did not then receive. The US President cited

[17] The pessimistic appraisals done by Faaland and Parkinson were shared by many, including those who wrote about the prospects for food self-sufficiency and democratic graduation. The school of "agrarian pessimism" highlighted the importance of traditional production relations constraining the future developments of productive forces (Jannuzi and Peach 1980; Willem Van Schendel 1981; Stephen de Vylder 1982; Betsy Hartmann and James Boyce 1983; James Boyce 1987; Eric Jansen 1987). The school of "persistent authoritarianism" as the ultimate political fate of Bangladesh was mooted in a number of writings (Marcus Franda 1982; Talukder Maniruzzaman 1982; Hossain 1988b; Ali 1993). The theme of "economic pessimism" as applied to Bangladesh's inability to make the transition to modernity persisted throughout the eighties, though often from diverse theoretical considerations (Rehman Sobhan 1991a; Abu Abdullah et. al. 1991).

Rabindranath Tagore's dream of seeing this "old civilization, but new nation" securing for itself a respectable place in the Assembly of Nations. Even in academia, the winds of change are noticeable, long-standing texts about Bangladesh as dark illustrations of floods and famines are being replaced by positive examples explaining complex theoretical issues of development. This include examples of Grameen Bank as an illustration of solving the problems of adverse selection and moral hazard through peer screening and monitoring, as in Hal Varian's (1997) *Intermediate Microeconomics*; the rapid growth of ready-made garments in illustrating spill-over effects and learning-by-doing, as in Easterly (2002), or of attaining the power to exercise choice and freedom in case of women workers, as in Naila Kabeer (2002), or in a broader context of development in discussing the success of population control in Bangladesh and the role women's empowerment has played therein, as in Amartya Sen (1999). Box 2.1 presents a short summary of Bangladesh's achievements during 1972-2003 and the potential lessons that can be drawn from this experience.

In 2003 Bangladesh, for the first time in its independent history, entered the "medium human development" league according to the UNDP's Human Development Report (UNDP 2003). Bangladesh was the only country in the LDC group to attain this status. This graduation was the result of the global recognition that Bangladesh has achieved in several areas of social and economic development. The list of success includes: lowering population growth, fostering women's empowerment, reducing aid dependence, achieving success in human development, dispelling growth-pessimism, maintaining a decent level of macroeconomic stability with pronounced outward orientation, overcoming the shadow of famine and achieving rice self-sufficiency, attaining effective disaster management capacity, promoting NGO as an alternative delivery mechanism, in keeping military out of politics, holding in regular five-year intervals free and fair elections to the Parliament (in last three elections parties in opposition came to power) and developing a vibrant pluralist democratic civil society marked by cultural activism, developmental debates, and a active and free press (see, Box 2.1 for a summary account of progress). Not many countries at the similar level of income (typical of least developing countries) can list these achievements. Bangladesh in this respect stands out among the low-income countries, especially in the context of widespread Afro-pessimism. Bangladesh also signposts a different possibility in the global cultural debate constructed around the theme of Islam and the West. With more than 85 per cent Muslims living on its territory it is also an attempt to seek itself as a role model of moderate and inclusive Muslim democracy, and, with a national will that draws inspiration from both the West and the East, continues to serve as a living commentary on the questionable theses such as Clash of Civilizations and terrorising grand narratives such as the incompatibility of Islam with the West.[18]

[18] The articulation of this thesis—a devastating exercise in essentialization--was due to Samuel Huntington (1993) which posed Islam as the biggest threat to the West after the end of the cold war and has assumed further significance later in the wake of campaign of War on Terror. For a theoretical critique of incompatibility of Islam with the West as a struggle between unreason and reason, see Amartya Sen (2002) drawing historical materials to the contrary. The "politics of clash" is initially exposed in Edward Said (1979), taken up later by Tariq Ali (2003), with post-modern expositions by Ziauddin Sardar (2004).

Box 2.1

Discovery of Bangladesh: Lessons for Renewal Elsewhere

The main message that comes through the performance of Bangladesh over the past three decades is that it points to a picture of social renewal. It appears that the initial pessimism about the prospects and potentials of the country have grossly down-played the role of incentives–that right incentives can create positive responses even under severe adverse circumstances. These responses can trigger the development of effective institutional changes that accompany development. The institutions that these responses lead to are often not the most ideal kind, but they are "right" in the sense of solvency; they can at least deliver development even if their services are delivered less efficiently. The most salient aspects of Bangladesh's poverty reduction achievements are highlighted below.

Lowering Population Growth

The doomsday hypothesis based on neo-Malthusianism of not being able to check the growth in population eventually dragging down the momentum of development--proved incorrect. The conventional wisdom that "development is the best contraceptive" is still important, but not binding. Bangladesh has achieved this success in the context of low income (and, of low adult literacy, if one goes by the current estimate of literacy based on HIES 2000). Although the level of fertility rate still needs to be reduced further—to reach the "replacement level" fertility would be a priority task not achievable without further deepening of the women's position in our society—gains are impressive.

Removing Famine Syndrome and Food Self-Sufficiency

Bangladesh has come out of the shadow of famine. It has overcome the phenomena of mass starvation and the famine syndrome in the backdrop of endemic vulnerability to natural disasters. The production-consumption balance sheet at the aggregate national level shows that since the 1998 flood the country has consistently maintained the target of self-sufficiency in rice production. This was mainly achieved through the expansion of rice areas under modern HYVs. This trend needs to be sustained and supported by bringing unfavourable rice environments into the fold of foodgrain production through a mix of research, extension and incentive policies, including the priority promotion of bio-technology based agricultural research. Although the overall issue of household food security remains on the next decade's agenda, increased disaster preparedness combined with expanded capacity to address the consumption shocks through various works and income transfer programs have reduced vulnerability of the poor during the times of crisis.

The Democratic Graduation

The literature of the 1970s and 1980s on the issue of authoritarianism in Bangladesh politics and economics, on balance, downplayed the prospects for a viable democratic transition. Bangladesh made some progress in being able to ensure the Military withdrawal from politics, thereby removing one of the major obstacles to democratic transition. There have also been important gains in terms of increased political and electoral participation of women, enhanced press freedom, and increasingly active civic movements.

Fostering Self-Reliance

The country's ability to foster self-reliance was underrated with the possibility for reducing dependence on foreign aid being assessed as extremely bleak. Aid was once seen as the lifeline vital to the country's survival efforts and as a permanent feature of its economic structure. This view is also challenged by the increasing role that endogenous initiatives now play in meeting the balance-of-payments deficit both by way of increased export earnings and remittances by overseas workers. Foreign aid is increasingly a side issue in the country's development plans.

Gathering Growth Momentum and Low Volatility

The long-term growth prospect of the economy of the 1970s dependent as it was on traditional agriculture was seen as being caught in what was termed a "below-poverty level equilibrium trap". Bangladesh's growth potential was assessed at best as modest with little scope for modernization and structural change. These negative growth assessments stemmed from neo-Malthusian considerations of extremely high population density and periodic occurrence of natural disasters, which were seen to discourage long-term private investments. The favourable growth record of the nineties, however, points out that a break-through is possible, and a growth rate of about 7 per cent per annum is potentially achievable in the medium-term provided both manufacturing and agricultural sectors perform well and governance improves. The other noteworthy feature in this area is the rather low volatility of growth (indeed one of the lowest in the world), a quite remarkable achievement given the risks and vulnerability in a natural disaster-prone predominantly agrarian economy.

Box 2.1 (Contd.)

Sustained Poverty Reduction

Even in areas such as income-poverty reduction where the overall progress has been far from satisfactory, the trends in the recent decade may be seen as signals for a larger turn-around in the future. All the relevant measures of income-poverty at the national level started showing for the first time consistent decline in the 1990s, registering a drop of "about 1 percentage point per year". While this pace of reduction was clearly modest, it was a noticeable departure from the past marked with instability in the poverty trends. Also, the overall pace of income-poverty reduction was faster in the nineties compared with the eighties. However, the current poverty rate in Bangladesh is still one of the highest in the world. The head-count index of income poverty in Bangladesh is 40 per cent using the 1983/84 national poverty line (44 per cent in rural and 26 per cent in urban areas), while nationally the proportion of children stunted (a measure of extreme deprivation) is 48 per cent (51 per cent rural and 41 per cent urban) and child underweight is 51 percent (54 per cent rural and 43 per cent urban).

The country is now considered to be one of the fastest reducers of infant mortality in the developing world (Stern 2002). It has been regarded as a successful case in the area of population control, a remarkable feat achieved in the context of low income and relatively low literacy through favorable public policy towards family planning, an emphasis on women's empowerment, and pro-active role of community (**Cleeland et al 1994**; Sen 2000; BIDS 2001; Dev, James, and Sen 2002). The removal of gender inequality in the enrolment rate up to the junior secondary level was a recurrent theme in recent evaluations (World Bank 2002). Although the country is yet to attain a sex ratio consistent with the expected biological advantage associated with higher female survival, it has already achieved gender parity in life expectancy. As a result of all these achievements, Bangladesh is no longer seen as the "test case of development" (Faaland and Parkinson 1975).

However, the level of social attainments is still modest compared to the historical standards set by the East Asian economies (or, for that matter, the standard set by neighbouring Sri Lanka, or the Indian state of Kerala). It is also true that the country faces severe problems in many areas, including settling the debate about the national identity shaped by the years of struggle for Independence. But, there is a serious danger of overemphasizing one particular aspect of deficiencies in the entire problematic of transition to modernity. Such an extremist position would lead us to a labyrinth of puzzles. For instance, one would have wondered why Bangladesh has progressed (and continues to progress) on a range of economic and social fronts if it were actually the "most corrupt country" (as maintained by Transparency International) or Asia's "most dysfunctional state" (as claimed by a recent commentary in *Time*)? This is not to deny the problems of corruption and misgovernance as two of the most pressing development challenges facing the country. But, more importantly, this also shows how the process of social transformation in Bangladesh can resist generalization based on the consideration of a particular aspect of development only. Inverting V.S. Naipal's "a million mutinies", it can be said that there are "a million futures" in Bangladesh—resilience and innovation in livelihood pursuits at people's level bringing about unforeseen changes and silently transforming the social and economic landscape. The

dysfunctionality in some aspects of the state has been more than compensated by the functionality of the *subaltern economy* and the agency of the poor.

Hence, to avoid extreme positions, a sensible approach would be to consider a balance-sheet of progress over a range of indicators and across a range of actors, and make judgment as to the broad direction of change. To identify the strength, the heart, the source, the spirit, the making, the leitmotif, to see the broad contour of things, what lies between the two extremes, to feel the middle-ground, the mood of the time past, time present and time future, to track how a journey to hope is carved out of despair amidst the most adverse initial conditions, the highest population density, the greatest vulnerability to disaster, the lowest amount of natural resources, is to turn back to the doomsday forecasts and imagine the unimaginable. For Bangladesh represents *livelihoods at the margin*: on one hand, it is a painful remainder of human existence under the most extreme of conditions, on the other hand, Bangladesh's progress also confirms that development is possible elsewhere (with lessons for slow-moving Sub-Saharan Africa). In that sense, Bangladesh's development problems and achievements have direct theoretical significance for the disciplinary branch of knowledge called development studies.

The rapid progress in key social indicators, as witnessed in the 1990s, provides a celebratory opening, especially against the backdrop of early doubts and attendant negative external image as a country of endemic aid-dependence under constant threats of floods and famines, ever-deteriorating poverty and misgovernance, and as a case of state-insolvency. The theme of social progress provided the much-needed antidote to the syndrome of aid-fatigue typified by what Hirschman (1991) termed as the "rhetoric of futility". Set against the early trial of the "test case of development" Bangladesh's recent performance appears to be a re-discovery for many.

2.3 Themes of Ascent, Discovery and Transition

Discovery is not possible without imagination. Especially a nation does not emerge without collective imagination, as Benedict Anderson (1983) would have it. In this sense the idea of "discovery" is at the heart of nation-building and the attendant modernization project. The term was applied to Bangladesh by Khan's (1996) insightful inquiry as an exercise in capturing the dynamics of a hidden nation.[19] The Interim Poverty Reduction Strategy Paper mentions the country's "silent ascent". This indicated the "moment of arrival" of Bangladesh into the realm of modernity.

Here, we use the term "discovery" in the sense of re-thinking of its development image, indicating its re-emergence on the global map of development as a land of hope and promise rather than being seen (as was usually the case) as an arena for disaster and disarray. The theme of initial characterization of Bangladesh as a "test case" and its subsequent turn-around--if only unanticipated by many observers--for a better future in the nineties has been developed consistently in different directions and mainly

[19] On this more fully, see Sen 2000.

invoked here to provide the context to the subsequent discussion on the distribution dynamics in social MDGs. The genealogy (the trail) of this turn-around moved from the recognition of discourse-shifts about Bangladesh from being a case of pessimistic denial to one which signals promise as a democracy with considerable success in a number of areas of social development, food security, and macro-economy (though with notable failures in others). The summary expressions in successive reflections represent the gradual stepping stones in building an alternative discourse on least-development: from the bottom of the LDC league to the role of "champion performer among the LDCs" (Sen 2001), from "the margin of history to the whirlpool of the history" (BIDS 2001), the "quiet transition" to the stage of sustained and higher growth (Mujeri and Sen 2002), and the "silent ascent" to moderate Muslim democracy with progressive phase of social development (GoB 2003).

This begs the question: Transition to what? Ascent: to which league or level? Or, there is an even more difficult question: how did it happen? What were the factors that triggered such ascent? These are difficult questions yet to be provided with satisfactory answers, and this is not just the task of the close watchers of economic development of Bangladesh, as it demands broader coalition of disciplinary efforts. The broadest possible answer is that we know from where Bangladesh came, we also know that the knowledge of that journey may contain helpful lessons for others still in similar desperate situation (which is why Bangladesh is now a part of the mainstream development discourse), but we do not know where we are heading for: to a full blooded modernity? Or, just from the lowest in the least-developed countries (LDCs) to a lead role within the LDC league? Or, perhaps, a transition from the least-developed to less-developed club? Or, simply a movement towards slightly brighter prospects, towards a somewhat better life for all, especially for the poor and the poorest, though we are also at great risks of slippage? Who knows the future any way? Perhaps the greatest achievement in social progress in Bangladesh was not the amount of progress already achieved, after all the level of attainment is still very low, but the degree of visibility it now gets as a country having demonstrated some potentials and the promise that it now inspires almost impliedly imploring that with efforts and supports and understandings more successes to follow.

But, more importantly, the question that needs to be answered here is what this passage to modernity, in aggregate terms, implies for the livelihood struggles of the chronic poor, including the poorest of the poor? What new meanings are constructed by them to the modernist quests expressed in terms of democratic graduation, poverty alleviation, rural development, governance, globalisation, market reforms, inclusive citizenship and such "grand concepts" and discourses of development? Are the subaltern views "from below"—from the field and from the street--on such concepts of development different from the understandings that originate in the whirlpool of "development studies"? What is the meaning of "agency" for the chronic poor in a context dominated by the elite discourse of development? These questions will haunt us throughout the study.

Chapter 3

Trends in Poverty and Social Indicators: The 1990s and Beyond

> You are running on *ahead*?—Are you doing it as a shepherd? Or as an exception? A third case would be the runaway…First question for the conscience.
>
> Nietzsche (1888)*: Twilight of the Idols*

Four main messages emerge in this chapter through a review recent poverty trends. First, poverty (including the incidence of extreme poverty) continues to decline, but vulnerability still persists. Second, the problem of the poorest (especially the hungry-poor) must not be neglected in designing anti-poverty strategy. Third, inequality matters as a factor retarding the pace of economic growth and poverty reduction. Fourth, Bangladesh is "on track" in achieving most MDGs except income-poverty and maternal mortality. It is also lagging behind in reaching the national target of reducing the level of adult illiteracy by two-third from the benchmark of 1990. It is also slightly lagging behind in terms of progress made with respect to the under-five mortality rate (though it is "on track" in meeting the target of infant mortality rate). The assessment of whether the country is "on track" is done on the aggregative level consideration with little attention to what has happened to the relative access by the various groups of the poor and the non-poor. This is an important issue to be considered in full later.[20]

3.1 Trends in Income-Poverty

Even in areas where changes were much less impressive the overall shifts have been considerable. The trend in income-poverty is a case in point. When Bangladesh got Independence in 1971, the incidence of income-poverty was very high. The proportion of population living below the poverty line was 74 per cent in 1973/74 (Hossain and Sen 1992). The country has made considerable progress in reducing income-poverty since then, especially during the nineties.[21] The summary results presented in Table 3.1 reveal two aspects that are noteworthy.[22]

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[20] The inequality in social MDGs has been taken up in Section 4.6 (Fourth chapter) where an attempt is made to assess the reach of the new policy rhetoric of social MDGs in addressing the need of the chronic poor. The Chronic Poverty Report (2004) points out that the MDGs can lead to policies that focus on the `easy to reach' poor and miss the poorest.

[21] The consumption expenditure data have been used to estimate trends in income-poverty since consumption is considered to be a better indicator of permanent income status in a country like Bangladesh.

[22] The poverty estimates reported in the 2000 HIES Preliminary Report issued by the BBS cannot be used, however, for mapping the long-term changes in poverty and social development. This has necessitated the application of grouped distribution data available from the various HIES reports. For the similar reason the recent World Bank poverty assessment cannot be used to capture long-trends in income-poverty. The trends presented in Table 1 in this study and in the World Bank poverty assessment show similar declines. According to the latter, between 1991/92 and 2000, the incidence of national poverty declined from 58.8 to 49.8 per cent, indicating a modest reduction rate of 1 percentage point per year. The declining trend is robust to the choice of poverty measures. But, the results show that progress on reducing the head-count index of poverty was better in urban areas. However, rural areas displayed better progress in reducing the depth and severity of poverty, as captured by trends in poverty gap and squared poverty gap, respectively.

First, the results broadly indicate that the progress was faster during the nineties compared with the eighties. The faster pace of poverty reduction in the nineties is attributable to the accelerated growth in consumption expenditure (income). Thus, the annual per capita HIES consumption expenditure growth at national level, which was just 0.6 per cent during the period between 1983/84 and 1991/92, rose to 2.7 per cent between 1991/92 and 2000. It may be noted that the annual growth in per capita GDP was around 1.5 per cent during the eighties, but nearly doubled during the nineties.

Second, the comparative progress was uneven between rural and urban areas. The pace of rural poverty reduction was slow in the eighties, but became considerably faster in the nineties (only 0.2 per cent per year in the eighties as against 2.1 per cent per year in the nineties). The pace of urban poverty reduction was slightly higher in the nineties compared to the eighties (2.2 vs. 2.5 per cent per year).

3.2 Trends in Human-Poverty Index

The human poverty index (HPI), which was proposed first by the 1997 Human Development Report, is a synthetic expression of social and economic deprivations (UNDP 1997).[23] The latest available data has been used to construct the human poverty index for Bangladesh (Table 3.2). Two aspects are noteworthy from the aggregate data. *First*, the rate of progress in reducing human poverty was quite remarkable. The human poverty index has dropped from 61 per cent in 1981/83 to 47 per cent in 1993/94, i.e., at a time when the pace of income poverty reduction was virtually negligible (at least in rural areas where the most of the poor were concentrated). How was it achieved? Public action through government policies and interventions as well as a very active role for NGOs in the delivery of social services made the difference. This, in turn, probably played an important part in preparing the ground for faster income poverty reduction after 1993/94.

Second, the trends in HPI continued to show faster improvement in the nineties, as the matched indicator came down to about 36 per cent by 2000 (1.9 per cent per year during 1981-93 as compared to 3.5 per cent per year between 1993-2000). What is the reason for faster improvement of HPI in the nineties? The literature on human poverty in Bangladesh indicates the following. Progress in human-poverty depends on two main factors—through enhanced access of the poor to publicly provided social services via public (government and NGO) action and through greater purchasing power ability of the poor in respect of privately provided social services via the income-poverty reduction channel. Progress in human-poverty reduction in the eighties was mainly achieved through more effective public action. Private purchasing power played a limited role during that period as the total pace of income poverty reduction itself was inconsequential. The situation improved considerably in the nineties, as the relative strengths of both channels has increased. The quantum allocations through the public action channel for social development have gone up, while the pace of income poverty reduction has significantly

[23] The human poverty index is a mirror image of human development index, since it focuses on three aspects of deprivations in human development: deprivation in longevity, deprivation in knowledge, and deprivation in economic provisioning. The index is a weighted expression of these three dimensions (for technical derivation, see note to Table 3.2). The relationship of "human poverty" to "human development" is similar to the relationship of "income-poverty" to "economic growth" (for details on the conceptual discussion, see Anand and Sen 1997).

accelerated. As a result of the combined effects of these two avenues, it was possible to reduce the level of human poverty at a faster rate in the nineties compared to the eighties.[24] Human poverty situation by district is demonstrated in Map 1.

3.3 Poverty Trends after 2000

No HIES or DHS was carried out during the period between 2000 and 2003 barring any construction of trends in income-poverty or child malnutrition in the recent years.[25] In absence of these indicators a complete assessment of the poverty trends is not possible. However, there are other indicators for this period which can help us judge the changes in the well-being of the poor.

3.3.1 Wage Rates as an Indicator of Extreme Poverty: 1983-2003

One alternative is to consider wages as a proxy for poverty. Presently we limit our observation to the trends in rural poverty, as detailed district-level data are available for agricultural wages only. However, it must be remembered that trends in agricultural wage rates are sensitive to what is happening to the extreme poor, and cannot be taken to signal what is happening to moderate poor who are known to be engaged in more remunerative self-employment and non-agricultural wage-employment activities.[26] In this sense it can be said that by taking wages as the proxy for the assessment of overall poverty we are likely to *underestimate* the pace of progress.[27]

[24] The above trends based on national data are also vindicated by UNDP estimates available for the second half of the nineties. The pace of *annual progress* in reducing HPI has been one of the fastest in South and South-East Asia. It may be noted that Bangladesh's impressive progress in human poverty reduction was achieved in the context off much higher level of income-poverty compared to Pakistan and India in South Asia, not to mention the countries of South-East Asia. It is well-known that the level of income-poverty is an important determinant of private investment in human capital, which makes the progress in human poverty reduction in Bangladesh all the more remarkable.

[25] The absence of HIES type data is of particular concern as the country now moves into the stage of preparing the so-called "full" Poverty Reduction Strategy (PRS)—is a new instrument for channelling concessional aid from the Bretton Woods institutions, but also found to be as a convenient instrument by other bilateral donors as well for engaging with the policy formulation process in LDCs. In the Bangladesh context the initiative to develop PRS went a step further in the backdrop of gradual decay of the planning process in the nineties, as PRS is widely viewed as the potential substitute for the country's planning process, or at least, an effective entry-point to influence and restructure that process. From this angle, it is a pity that recent poverty data are not available crucial not only to monitoring the outcome of development over the last three years, but also for benchmarking of targets under the PRSP and making mid-course corrections to the MDG targets accordingly. The fact that the HIES was not carried out in due course is also a commentary on the lack of priority that such data-gathering initiative should get while setting out a road-map for reforming the planning process in the context of PRSP. In part, lack of information on poverty—especially not setting up a regular poverty monitoring unit in charge of assessing the data requirements and coordinating the timeliness of data availability—is a commentary on the PRSP itself.

[26] On the differing involvements of extreme and moderate poor households in terms of sector and mode of employment, see Osmani et al (2003).

[27] A bi-variate linear regression using district level data for 1995 with 'incidence of poverty' as dependent and 'male labour wage rate' as independent variable indicates a highly significant inverse relationship between the two. The following relationship has been obtained: H=63.24-0.63AW (T-ratio=6.43; adjusted R^2=0.39) where H is the headcount index of poverty and AW is the agricultural wage rate. However, variation in agricultural wage rate explains only about 40 per cent of the variation in the district level poverty.

Insert Map 1

There is a pronounced rising trend in real agricultural wages in recent years (Table 3.3). The real agricultural wage rate for male labourers (deflated to 1983/84 values) has increased from about 20 taka/day in 1983/84 to 24 taka/day in 1991 but stagnated in the first half of the nineties. A major breakthrough came in recent years, especially after the economy recovered from the adverse effects of the 1998 flood. Indeed, real agricultural wages rose from 23 taka/day in 1996 to 28 taka/day by 2003. Assessment of real wages is, however, sensitive to the choice of deflator. The trend after 2000 would have shown greater rise if a poverty-line deflator were used instead of rural CPI (which gives a higher inflation rate). Another alternative would have been to use the coarse rice price, which shows a higher pace of increase in real agricultural wages (Table 3.4). Thus, in 1983/84 the daily agricultural wage rate was equivalent of only 2.6 kg of coarse rice; in 1991 the matched figure is 3.6 kg; in 2000 it has gone up to 4.8 kg, rising further to 5.2 kg in 2003. It may be noted that improvements in real agricultural wages have taken place in most districts between 1995 and 2003 (see, Annex Tables 3.1 and 3.2 for the detailed results). The male-female gap in the wage rate has been persistent however during the nineties and this trend cuts across all administrative divisions (Tables 3.5 and 3.6).

The central message is worth emphasizing: the sustained gain in real agricultural wages in recent years indicates a turnaround over the fluctuating and stagnating trends observed in the eighties. Improvements in real agricultural wages is consistent with the picture of falling incidence of extreme poverty, suggesting welfare gains at the lower end of rural income distribution.

3.3.2 Trends in Self-Rated Poverty

Participatory and qualitative poverty assessments have emerged as important diagnostic tools in the recent literature on poverty. The trends observed in respect of HIES and wage data are triangulated by people's own perceptions about their poverty culled from a nationally representative rural panel data of 62-villages (Table 3.7). Three points are noteworthy. First, the incidence of self-rated poverty in rural areas has dropped from 73 per cent in 1990 to 50 per cent in 1994, declining further to 36 per cent in 2001. Second, the incidence of self-rated extreme poverty has dropped substantially from 23 to 10 per cent over the nineties. This drop has been faster during the second half of the nineties consistent with the story of faster rise in real agricultural wages during this period.

Third, there has been a considerable swelling of the rank of the "breakeven" households who are non-poor but lack surpluses. This is the vulnerable band of the non-poor who can descend into poverty in the event of any unforeseen shock such as ill-health, sudden natural disaster or unanticipated, large fluctuations in output prices. The latter has assumed particular importance in recent years with rapid crop and agricultural diversification taking place in various parts of the country, especially after 1999.[28] Many of these households live above the poverty line but are still below the "comfort line" (Jack 1916/ 1975).[29] The main point here is that while the increase in the share of breakeven households indicates graduation out of

[28] This point of greater market vulnerability in the backdrop of growing diversification over 1999-2004 is based on interviews with the farmers.

[29] The idea of a "comfort line" as distinguished from "the line of indigence" is attributable to J.C. Jack's pioneering work on poverty in Bengal, originally written in 1916, reprinted in 1975, with an introduction by Shahid Amin, later a noted historian of the Subaltern Studies. J.C. Jack carried out a large-scale survey in 1910 in the district of Faridpur where he served as the District Collector. He finished his book before his untimely death in 1916 during the First World War. The book is available from Oxford University Press and translated into Bengali from National Institute of Local Government (NILG). For some preliminary discussion on J.C. Jack's contribution to poverty-thinking, see Sen and Begum (1998).

poverty, it is success in a very limited sense as uncertainties challenge the sustainability of the progress in poverty reduction. A key channel to foster *permanent escape* from poverty would be not only to facilitate greater asset access for this segment of the entrepreneurial poor for claiming greater share in the emerging domestic (and, perhaps, in near future, foreign) markets but also to put in place an effective system of social protection, especially against the increasingly important *market-induced shocks*. Many of them will fall under marginal, small, and medium farmers in conventional land-based classification. In short, the face of poverty is fast changing: it is no longer a scenario of stagnation in traditional agriculture with accentuation of poverty (as was historically the case). The emerging scenario is of a largely commercial agriculture accompanied by faster progress in poverty reduction (as in the case of agricultural growth since the mid-nineties), but one increasingly marked with vulnerability to changing market signals and shocks. How to compensate the poor entrepreneurial producers engaged in agricultural diversification poses a distinct policy and institutional challenge, which cannot be subsumed under the conventional rubric of input subsidies or debt forgiveness.[30]

3.3.3 Recent Trends in Maternal and Child Malnutrition

Malnutrition is considered as an indicator of extreme deprivation. From this point of view trends in malnutrition can serve as an indirect monitor of poverty trends. Periodic data collected by the Nutrition Surveillance Project (NSP) of Helen Keller International (HKI) is an important source for monitoring trends in maternal and child malnutrition. The most recent data presently available show continued trends of improvement on both the indicators (Tables 3.8 and 3.9). Thus, the prevalence of maternal malnutrition has dropped from the national average of 52 per cent in 1996/97 to 42 per cent in 1999/00, decreasing further to 36 per cent in rural areas in 2002 (August-September). Similarly, the prevalence of child malnutrition has declined from the national average of 62 per cent in 1998 to 56 per cent in rural areas in 2000, dropping further to 53 per cent in 2002 (August-September).

3.3.4 Winners and Losers

The case of the poorest, as the priority category in public policy, merits attention also because of the unequal opportunities accessed by the different groups of the poor. There are statistics suggesting that there is rising unevenness, even polarization, in the way benefits are being distributed among the various segments of rural (and, as we shall see shortly, urban) society. As may be see from Table 3.10, while more people have reported improvements in their economic condition in recent years than in the early nineties (51 per cent as against 39 per cent), it is also true that more people have reported declines (27 as against 17 per cent). To check further on this we categorized this piece of information by the poverty status (Table 3.11). It is the extreme poor who self-reported the lowest incidence of improvement and the highest incidence of severe decline. As expected, the reverse is the case for households in the surplus category. Such a polar tendency in the behaviour of self-reporting is not just subjectivism, but reflects the rising inequality in the distribution of social and economic opportunities. One way of judging this is to consider the effect of rising income (consumption expenditure) inequality on the pace of poverty reduction. We now turn to this.

[30] The vibrancy of the local economy where these entrepreneurial segments operate can also be indirectly seen from the rapid growth of the market-centres, especially small markets, during the period between 1990 and 2001 (see, Annex Table 3).

3.4 Inequality Matters

3.4.1 Trends in Inequality

Income inequality can influence the pace of poverty reduction through two major channels. The first channel works through the mechanism of "initial inequality". The second channel operates through the mechanism of "contemporaneous changes in income inequality". Note that asset is used here in the broadest sense (as defined in the "livelihoods" framework) and captures the availability of physical, human, financial, natural, social and political assets. In most empirical practices, however, asset inequality is proxied by the level of income (consumption expenditure) inequality.

The first channel shows that lower initial asset (income) inequality is doubly beneficial for income poverty reduction. It not only increases the aggregate rate of subsequent income growth, but also enhances the poverty responsiveness of growth itself. The second channel shows that when economic growth is accompanied by rising income inequality, opportunities are missed for poverty reduction. This is captured by decomposing the changes in poverty measures into "growth" (often termed as the "growth elasticity") and "inequality" components (often termed as the "inequality elasticity"). The inequality component will capture the extent of poverty reduction not taken place because of the adverse effects of inequality. For example, had growth in Bangladesh been distributionally neutral, the head-count index of rural poverty would have declined by 2.4 percentage points per annum instead of 0.9 actually observed between 1983/84 and 1991/92. Similarly, the incidence of urban poverty would have dropped by additional 10.8 percentage points instead of 7.3 during that period (Ravallion and Sen 1996). Table 3.12 summarizes the earlier results and presents more recent data.

Several important findings emerge. *First*, income distribution continues to worsen during the 1990s. During the earlier surveys up to 1991/92, the level of consumption expenditure inequality did not vary much: the urban Gini hovered around 0.30-0.32, while the rural Gini fluctuated in and around 0.25-0.26 per cent (Ravallion and Sen 1996). The situation has changed in a major way since the early nineties. The increase in inequality was sharp on a scale not seen before. Thus, the Gini coefficient for urban areas has shot up to 0.41 in 2000, rising from 0.36 in 1991/92 (Table 3.12). Similarly, the rural Gini has increased to 0.31, up from 0.28 during the same period. While international comparison of Gini index is subject to many problems, it is fair to conclude that Bangladesh has entered the stage of relatively high income inequality which is increasing over time – it would appear that Bangladesh is currently on the rising part of the Kuznet's curve.[31]

It should be noted, however, that consumption data understates the degree of relative inequality prevailing in the society. One needs to consider the distribution of income and wealth as well. The wealth data are, however, difficult to come by, but we have access to information on current income distribution. What is observed in terms of trends in Gini ratio for consumption expenditure is doubly applicable in case of current income data. Thus, the Gini index for rural income inequality has risen sharply from 0.27 in 1991/92 to 0.31 in 1995/96, rising further to 0.36 in 2000. The corresponding rise

[31] Although the general validity of the Kuznets process has not been borne out by recent cross-country experience (Anand and Kanbur 1993; Deininger and Squire 1996), this does not mean that the process cannot be valid for a specific country for a specific period.

in urban income inequality during the nineties is even more striking, urban Gini having increased from 0.33 in 1991/92 to 0.39 in 1995/96, increasing subsequently to 0.44 per cent in 2000.[32]

Second, rising income (consumption expenditure) inequality has reduced the poverty reducing potentials of growth. Growing inequality emerges as an even more important concern for urban areas. Had the observed rate of urban growth during the period between 1991/92 and 2000 been distribution neutral, the incidence of urban poverty would have fallen by 13 percentage points instead of 7 percentage points, or almost twice the actual observed rate (Table 3.12). Similarly, the incidence of rural poverty would have dropped by 12 percentage points instead of 9 percentage points. In short, with lower inequality elasticity it is possible to achieve the same quantum reduction in poverty with lower aggregate growth rate in income. This is especially important to keep in view of the uncertainties in the growth scenario over the medium-term. Of course, a sharp rise in inequality possibly would not be worrying in the context of rapid economic growth and structural change about which Kuznets wrote decades earlier. Evidently, this has not been the Bangladesh experience during the early nineties, which witnessed a pronounced increase in inequality in the backdrop of a fairly modest rate of economic expansion.

3.4.2 Initial Inequality as a Constraint for Poverty Reduction

Another way of looking at the impact of inequality on poverty reduction is to estimate the "inequality elasticity of poverty" along with the "growth elasticity of poverty".[33] Growth elasticity measures the poverty responsiveness of growth, namely, the percentage change in poverty brought about by 1% increase in the average income. Inequality elasticity measures percentage change in poverty brought about by 1% increase in the Gini index of inequality. Table 3.13 presents these elasticities for the consumption expenditure data for 1983/84, 1991/92 and 2000. Two observations are noteworthy. *First*, inequality elasticity is rising with the increase in the Gini index of inequality over time, especially in the nineties, indicating its rising significance as a deterrent of poverty reduction. *Second*, inequality elasticity for the head-count is lower than the growth elasticity for the head-count in 2000. This indicates that the growth effects still predominate over inequality effects when it comes to reducing the incidence of poverty. But, this is no longer the case with the other two distributionally sensitive poverty measures such as poverty-gap index (measuring the "depth" of poverty) and squared poverty-gap index (measuring the "severity" of poverty). In respect of these two measures, the inequality elasticities are either *as important as* the growth elasticities (as in the case of rural areas) or even *more important* than the growth elasticities (as in the case of urban areas).

Another way of interpreting the above findings is that the position of the "moderate poor" (who are nearer to the poverty line) in both rural and urban areas would be more responsive to the growth policies

[32] The 1991/92 and 1995/96 figures are from Khan and Sen (2001) while the 2000 estimates are from Khan and Sen (2004) based on the same methodology. It may be noted that the BBS estimates differ from these estimates. Past BBS estimates of the income Gini index were based on the flawed "per household" income distribution rather than the preferred "per capita" income distribution. Besides, the BBS definition of "income" includes several kinds of non-income revenues, which need to be re-considered while computing the Gini index for relative income inequality. These items relate to capital receipts from the sale of assets, increase in financial assets, and receipts arising out of the repayment of loans made in the past. Excluding these items, Khan and Sen (2001) re-computed the Gini index for 1991/92 and 1995/96. The re-working gives lower figures for Gini in both rural and urban areas, though the underlying trend remains unaffected.

[33] For broader discussion on the properties of these elasticities, see Kakwani (2000).

vis-à-vis inequality-reducing policies. However, when it comes to improving the well-being of the "extreme poor" residing in rural areas (who are far below the poverty line) policies for reducing inequality have the potential of being quantitatively as important for poverty reduction as the growth policies. For the extreme poor residing in urban areas policies for reducing inequality would have much more poverty-reducing effects (judged by these elasticities) than the growth policies.

For a Bangladesh entering rapidly into a phase of rising inequality, the above results have strong implications for public policy, particularly for pro-poor targeting. Bangladesh stands to gain by paying attention to the inequality dimension of growth. Substantive benefits are to be gained by pursuing policies for reducing inequality. This is especially important when faced with the lurking uncertainties associated with globalization in the medium-term horizon.

This raises the question what are the inequality-reducing policies that the government could pursue without jeopardizing the incentives for growth? The decomposition results for identifying the sources of rising inequality show that the examples of the so-called win-win policies that maximize growth and poverty reduction at the same time are not plentiful.[34] This is because sectors that are found to be most growth-enhancing also happen to exhibit pronounced tendencies towards increasing inequality. It appears that there is a growth-inequality-poverty trade-off. The way out of this situation does not, however, lie in undermining the growth of the disequalising activities, but in ensuring that the poor people can effectively participate in them. The sources of rising inequality are linked with the uneven spread of economic and social opportunities, unequal distribution of assets especially in respect of human capital and financial capital, growing disparity between rural and urban areas as well as between developed and underdeveloped areas. Hence, these concerns need to be addressed for fostering inclusive and participatory growth. This requires prioritizing the access of the poor, especially the extreme poor, to human and financial capital, and other forms of assets. Bridging household capability, on the one hand, and policy and market opportunity, on the other, would be a central part of the strategic thinking in operationalizing the idea of 'pro-poor economic growth'.

A way-out from the existing dilemma between growth-inequality trade-off in poverty reduction—as typified by the emerging Bangladesh scenario of "high growth-high inequality-but-modest-poverty reduction"—is to ensure that the growth dividends of the previous high growth-high inequality phase are *re-directed* to support human capital development of the poor along with the broadening of their market participation through a pro-poor support package involving appropriate fiscal, financial, and technology, and institutional macro and micro-level interventions. This may sound like an abstract proposition, demanding more detail in terms of specific sectoral and sub-sectoral measures, but it provides a perspective that is both feasible and desirable. A break-through from what appears to be an impasse in the current policy discourse on "how to deal with inequality" lies not in undermining current incentives for growth, but in raising additional resources from the growth-dividends to finance the programs and projects for facilitating the inter-generational mobility of the poor.

[34] These findings are consistent with earlier results in the Bangladesh literature (Khan and Sen 2001; Hossain *et al.* 2002) as well as in the recent review of the international experience (see, Osmani 2000; ESCAP 2003).

It may be noted that policies that help to reduce the severity of poverty (such as "safety net" policies) do not necessarily have bearing on reducing income inequality.[35] This is because the safety net programs in low-income countries such as Bangladesh are generally of a small size (compared to the European equivalent of "social security" programs) and have little ability to influence the pattern of household (private) income distribution. Broad-based human development programs such as access to vocational and technical education, reducing the quality differentials in education and health between rural and urban areas, and between the rich and the poor can play an important re-distributive role. Providing the poor access to financial capital as well as access to *Khas* (state-owned) land and ponds can also help to reduce the inequality in the ownership of assets, which is an important factor of unequal income distribution, especially in rural areas. Access to new technology, including bio-technology and information technology at affordable price can also play an important role here by easing market access and raising productivity of the poor households. In short, productivity convergence can be an important vehicle for bringing about more egalitarian distribution of current income and assets, and lead to faster income-poverty reduction.

Although the above discussion is mainly centred on the question of inter-personal income distribution, the way-out from this sort of inequality trap is closely linked with overcoming what is often termed in the literature as the "spatial poverty traps". The latter is based on a high degree of regional inequalities in income and non-income indicators. Democratizing development along the line of more spatially balanced development targets—along the line of rural/urban, favourable/ unfavourable eco-systems, Bengali/ non-Bengali ethnic groups--can have important moderating influences on the inter-personal inequality of income (or consumption) measured at the national level.

3.5 Trends in Social MDGs by Poverty Status

3.5.1 Social Progress across Poverty Categories

It may be noted that many of the MDG indicators stand for services which fall under what Rawls (1971) terms "primary goods", or what Sen (1985) defines as "basic capabilities". In a well-ordered democratic society where there is overlapping consensus about the provisioning of primary goods, inequality in basic capabilities (or in the "index of primary goods") would be an exception rather than a norm. It is a stark pitfall of modern times that in both developed and developing countries considerable socio-economic inequalities in the primary goods are still noticeable. In the Bangladesh case even the non-poor appears to be suffering from the lack of basic capabilities in some of these dimensions. But, more importantly, the position of the asset-poorest appears to be extremely precarious in most of these indicators, much worse than the position of the moderate asset-poor. If in Bangladesh we envisaged something called the "diffusion of social progress"—diffusion that first captures the imagination of the rich and later spreads out to the poorest periphery--then it must have been progressing very slowly. This will continue to be so without a more conscious interventionist strategy to reach out to the poorest first and foremost. This is the main message that comes from the review attempted in this section. Several key MDG or closely related

[35] The "safety net" policies include a diverse set of programs and projects such as self-employment schemes like Vulnerable Group Development (VGD), wage-employment schemes such as Food-for-Work (FFW) and income transfer programs such as Old-Age Pension Schemes (OPS).

indicators are considered here, namely, child nutrition, maternal nutrition, infant and under-five mortality, maternal health care, and primary and secondary enrollment.

Trends in Child Nutrition

In Bangladesh, the prevalence of child malnutrition in anthropometric measures terms has gone down substantially over the last decade, with a faster decline recorded for the second half of the nineties (Table 3.14). According to the Child Nutrition Surveys (CNS) carried out by the Bangladesh Bureau of Statistics (BBS)—which provides the longest series in child malnutrition—the proportion of children (6-71 months) underweight has declined nationally from 72 per cent in 1985/86 to 51 per cent in 2000. The trend of decline has been also noted in case of the Bangladesh Demographic and Health Survey (BDHS): the proportion of children (0-59 months) underweight has dropped from 56 per cent to 48 per cent during the period between 1996/97 and 1999/00, the annual rate of decline being higher than in case of CNS data for the second half of the nineties (5.1 per cent per year compared to 2.4 per cent per year).[36]

Four main points should be noted from Table 3.14. *First*, for all the data points since the mid-eighties—1992, 1995/96, and 2000—there has been a secular drop both in the percentage of underweight and percentage of stunted children for both rural and urban areas. *Second*, there is considerable inter-period variation. The progress in reducing child malnutrition was slower in the second half of the eighties (with an annual drop of only 0.7 per cent), accelerated during the first half of the nineties (with decline at a rate of 4.6 per cent per year), but slowed down in the second half of the nineties (with an annual drop of 2.4 per cent per year). *Third*, both CNS and BDHS series show that the extent of improvement was not restricted to the category of moderate malnutrition alone, but also occurred at the level of severe malnutrition, though the progress was slightly slower in case of the latter (7.7 as against 8.6 percentage points over 1996/97-1999/2000 according to the BDHS series). *Fourth*, there is no direct way of presently assessing trends in child malnutrition by income-poverty groups. This can be indirectly judged by considering the trends in child malnutrition based on human capital access of the household (in case of BDHS the classifier available is mother's educational status). This shows contradictory tendencies depending on the choice of indicator. Thus, the poor-rich ratio for the percentage underweight according to a human capital based classification has gone up from 1.65 to 1.73 over 1997-2000; the matched ratio for severe underweight has gone up from 2.52 to 3.09. For the percentage stunted, the poor-rich ratio has gone down from 1.97 to 1.84, but the matched ratio for the severely stunted has gone up from 2.61 to 3.06. It appears, therefore, at least for the extreme poor group at the bottom of human asset ranking, that progress in reducing severe malnutrition has been *much slower* relative to the progress recorded for other groups with better endowments of human capital.

Trends in Maternal Nutrition

The proportion of malnourished mothers (with BMI less than 18.5) by asset quintile group can be calculated on BDHS 1996/97 and 1999/00. The results show that the poorest quintile has the largest proportion of malnourished mothers (53.3 per cent) as against the richest quintile where this figure is

[36] Note that the level of child malnutrition as estimated by BDHS for 1999/00 is not comparable to CNS for 2000 because of different definitions adopted by the two surveys. BDHS focuses on children in the age group of 0-59 months, while CNS considers only those in the age group of 6-71 months.

22.7 per cent. Disaggregating by household asset quintile groups, it can be further seen that the improvement has taken place in all quintile groups although it is higher for the richest quintile group. However, the pace of progress was uneven across the socio-economic groups. As a result, there has been a sharp rise in relative inequality in maternal malnutrition: the poor-rich ratio has increased from 1.98 in 1996/97 to 2.35 in 1999/2000.

Trends in Child Mortality

The historical trends in infant mortality assembled from different sources and surveys show a very high level of infant mortality prevailing in the 1950s and 1960s. The IMR barely dropped from 168 deaths per thousand live births to 161 deaths during the two decades between 1951 and 1971. After independence it rose to 173 in 1973. Since then the IMR started declining slowly and by 1985, it stood at 121. After 1989 things changed and one sees a much faster trend of decline.

To judge the trends in child mortality in the nineties two sets of data may be consulted. One is the vital registration survey (VRS) data of BBS and the other relates to the BDHS data. Both suggest dramatic improvements in child mortality in the nineties.[37] There was hardly any distinct trend of improvement during 1980-88. In 1988 the IMR still stood at 116; by 1995 it dropped to 75, decreasing at a faster rate to 57 by 1998; by 2000 it was down to 53. The recent figure for 2002 puts it at 51. This trend is confirmed by the BDHS data as well, though notably, it estimates the level of IMR much higher than in case of BBS. The IMR has dropped from 101 in 1993/94 to 80 in 1999/2000 according to BDHS. This data also reveals considerable improvement in the under-five mortality, as the matched figure dropped from 150 to 110 over 1994-2000.

There is more good news. The IMR is coming down for all levels of disaggregation: rural/urban, division, education, and gender (Table 3.15). The question is whether the relative inequality is also coming down across these categories? On this the results are less encouraging. Of course, the rural-urban divide has become less prominent over the years, as reflected in the declining ratio for both infant and under-five mortality. However, socio-economic classifiers show divergent trends. Thus, while the poor-rich ratio in IMR has gone down from 1.97 to 1.68, it has actually gone up for the under-five mortality rate—from 1.89 to 1.93. Female disadvantage in under-five mortality has also become sharper.[38] There was hardly any gap in 1993/94 (male 149, female 150); this continued until 1996/97 (125 for male, 124 for female); by 1999/00, however, there is an excess of average under-five mortality by 3 per cent for the female child (male 108, female 112).

The analysis of gender inequality at the average level may be misleading though. Note that even in 1996/97 when there was actually a slight edge for the female child at the average level, considerable

[37] For judging inequality in child mortality a third source would also be used later. This relates to the 1995 Health and Demographic Survey (HDS) carried by BBS (another round was carried out by BBS in 2000). Note HDS is different from DHS (termed here as BDHS) notwithstanding the similarity in the nomenclature. DHS is carried out by Mitra and Associates in partnership with Macro International, USA and (as in the case of Maternal Mortality Survey) NIPORT, Dhaka. In contrast, HDS is exclusively carried out by BBS.

[38] We are focusing here on the gender inequality in the under-five mortality rate because there is a natural biological advantage for greater survival in case of the female child up to 1 year even in the face of social discrimination. The latter begins to take its toll in the age-group of 1-4 years which is the relevant variable to look for capturing the hidden sex-based discrimination in any social formation.

divergences persisted at the disaggregated levels. Thus, the gender inequality was sharpest in the poorest asset quintile, but there is a considerable non-linearity, suggesting that there is no necessary link between the poverty level and gender inequality in child mortality. For instance, the female-male gap was as high as 12 per cent in the poorest quintile but drops to 6 per cent in the next asset quintile; the comparative situation becomes favorable for females in the middle quintile; in the fourth quintile some disadvantage re-appears (the gap being 2 per cent), but rises sharply in the richest quintile (the corresponding gap becomes about 10 per cent). Clearly, there is a complex set of factors underlying this pattern. Most probably, household behavior (including cultural norms) plays an important role here along side the influence of poverty and other service access factors. All in all this implies a persistence of social discrimination against the female child in the age-group of 1-4 years.

Trends in Schooling

Bangladesh has made considerable progress in expanding primary and secondary education over the nineties. This can be judged by three indicators, namely, primary school enrolment, primary school completion and secondary school enrolment. First, the rate of primary school enrolment has increased from 49 to 72 per cent in rural areas and from 62 to 75 per cent in urban areas. There has been an across the board improvement in primary enrolment for both poor and non-poor households, whether judged by human capital endowment, asset ownership such as land or by the income poverty status of the household.

Similar trends of improvement have been noted for the secondary enrolment rate. This has increased from 26 to 44 per cent in rural areas and from 47 to 52 per cent in urban areas. The only indicator which has not improved dramatically is the primary school completion rate for urban areas which stagnated at 27 per cent.

Inequality in schooling has been coming down over the years (Table 3.16). First, over the period between 1991/92 and 2000, the rural-urban divide has decreased from 1.26 to 1.03 for primary school enrolment, from 2.68 to 1.32 for primary school completion, and from 1.79 to 1.16 for secondary enrolment. Second, the declining polarization in schooling is confirmed by an asset based classification. For instance, in terms of human asset based grouping of households, the rich-poor ratio has gone down from 1.56 to 1.0 in primary enrolment, 6.7 to 2.5 in primary completion, and 3.4 to 1.6 in secondary enrolment. Third, even for the income-poverty based classification the rich-poor divide has become much narrower, the matched ratio has gone down from 2.3 to 1.5 in primary enrolment, from 5.6 to 2.0 in primary completion, and from 4.5 to 3.0 in secondary enrolment.[39]

Trends in Gender Equality in Schooling

Gender equality defined as "female advantage" (the female-male gap expressed as proportion of the level attained by the female) has increased during the nineties. This has been particularly prominent for schooling performance. Two particular findings are relevant here. *First*, the extent of gender equality (in the sense defined above) has improved in both rural and urban areas over 1991/92 and 2000. For rural

[39] World Bank (2002) also points to the same tendencies. While the quantitative indicators of enrolment and completion signal encouraging signs the quality of education remains an area of persisting concern. More on this aspect across poverty groups later (see, Section 6.2 in the Sixth Chapter)

primary enrolment, it has changed from -11.64 to 3.76, while in urban primary enrolment it has changed from -2.08 to 2.84 (note that a movement from 'minus' to 'plus' sign implies *gains* in favour of female advantage). The progress in gender equality was not restricted to primary enrolment alone. For secondary enrolment, the progress is also impressive: in rural areas, the matched ratio improved from -25.81 to 22.16, and for urban areas—from -4.72 to 11.80. *Second*, and most impressive, the matched ratio has improved irrespective of poverty and land-asset status (Table 3.17). In the case of primary enrolment, girls in the extreme poor group were disadvantaged vis-à-vis boys in the early nineties; the situation has changed since then distinctly in favour of girls, as the matched ratio has moved from -10.25 to 3.56. To the extent the extreme poor were able to participate in secondary education, the tendency for them was to encourage girl's education, as the matched ratio has shifted from highly unequal-69.66 to highly favourable 49.79. Similar trends of improvement can be noted for moderately poor households. Progress in gender equality (in the sense defined above), however, should not create the impression that the universal coverage has been nearly achieved for the poor and the poorest. Indeed, the overall secondary enrolment is still only around 50 per cent in rural areas. There is a very high degree of differentiation within this otherwise low enrolment standard, the enrolment rate at the secondary level being only 22 per cent for the extreme poor as against 66 per cent for the `top' non-poor.

3.5.2 Social MDGs: Targets and Achievements

Table 3.18 provides updates on the progress in key social indicators from the view-point of attaining MDG goals by 2015. Bangladesh at the end of the nineties appears to be "on track" for most MDG targets, including infant mortality, expansion of primary and secondary enrolment, and eradication of hunger, as proxied by the prevalence of child malnutrition. The rate of actual progress achieved by the country during 1990-2000 is consistent or even higher than the pace of annual progress required for achieving the social targets set by the MDGs by 2015 (set against the benchmark of 1990). The exercise also considers the target of reducing by half, by 2015, the proportion of people without access to safe drinking water (an explicit MDG target) and sanitation (an implied MDG target). For both of these targets the country appears to be "on track" at the present rate of progress, although concerns over arsenic contamination of drinking water raise doubts about the future rate of target achievement.

The indicators where the country is lagging behind are income-poverty, adult illiteracy, maternal mortality, and, to some degree, under-five mortality (which is a combination of infant mortality and child mortality in age group of 1-4 years). As is known, the MDGs do not explicitly set a target for adult literacy. Given the backlog of the illiterate population it would be reasonable to set a target of reducing the level of adult illiteracy by two-thirds by 2015. By this measure, the country is considerably lagging behind (the actual rate of progress is about half the rate required to reach the goal). The other two areas where the progress has been less than desired in overall consideration is under-five mortality rate and child immunization. In all of these areas Bangladesh needs to significantly step up its efforts. This is especially applicable in case of adult literacy and, most importantly, income-poverty reduction. Bangladesh will not be able to meet the MDG target of reducing the level of income-poverty by half by 2015 at the present level of progress. The relatively modest progress on the income-poverty reduction front along with the widespread concern over the quality and broad-based access to human capital (education, health) represents the key social challenge facing the country in the next decade.

3.5.3 The Non-linearity of Social Progress

One must be aware of the limitations of linear projections based on past historical trends. *First*, there is considerable non-linearity in matters of social progress, requiring inevitable historical path dependence. Experience of the European countries, for instance, shows that radical improvements in maternal mortality, or for that matter, in total fertility rate takes place long after transition to modern stages of growth marked by industrialism took place. Even the recent development experience of the Asian economies since 1960s shows that social parameters of progress tend to level out after a point. In recent years, China provides a vivid example of how non-income indicators can move rather slowly overriding the rules of economic engagements. Infant mortality rate in China, for instance, has tended to persist in the range of 30 to 40 deaths per thousand live births notwithstanding the very high economic growth rate experienced by the country over the last fifteen years. Indeed, very few countries could replicate the social success story of Sri Lanka (and the Indian state of Kerala) in moving fast to low mortality-low fertility-high literacy regime through pro-active public policy. Part of the explanations for such a limited replication of the social development model typified by Sri Lanka and Kerala in the context of developing countries lies with the particular historical antecedence in both contexts with long traditions (often going back to the late nineteenth century) of favourable cultural policy towards achieving broad-based access to basic education and health even at low level of income. In short, fertility or mortality transitions cannot be simply extrapolated based on past trends. These transitions often require deep-cutting structural changes in the society involving industrialization, women's active participation in all walks of life, developed private sector with major share of the work force engaged in the modern sector, greater openness to and closer integration with the forces of international trade and capital movements. To what extent Bangladesh will be able to modernize itself and reap the benefits of participation in the global market place would largely determine the shape of progress towards social MDGs.

Second, the anti-poverty literature on Bangladesh (including the I-PRSP) abounds with the claim that *all routes matter* for the development of social MDGs. These include economic growth, income poverty reduction, greater public allocation for social development, NGO's involvement in social development, social capital (enhanced community interaction), media intervention, political leadership and also the importance of bringing about favourable changes in culture and custom. But, surely, for any given country some routes are going to be more important than others at any given point of time from the perspective of meeting a particular social MDG? Factors that were important for explaining the success in the nineties may lose their significance now, and vice versa. This is hardly surprising, as the pathways of social progress adopted by the country in the past did not proceed through a linear and predictable path. By "non-linearity" we draw attention to the moment of the unexpected--and in terms of policy, largely unplanned--sequencing of social progress that has taken place in the last three decades. Fertility fell earlier than expected, as it started falling in the context of low income and low literacy in the mid-eighties until at least 1996/97 when the sign of plateauing first became apparent. Child mortality started coming down at a faster rate in the first half of the nineties and continued to do so in the remaining part of the decade. Changes in child malnutrition were rather slow up to the mid-nineties, but accelerated in the second half. But, then, decline in fertility, followed by a rapid drop in child mortality, and subsequent faster decline in child malnutrition are all inter-related processes, which create a platform for faster income-poverty reduction in the coming decade. But, persistent social inequality may act as a drag factor that constantly slows down the pace of progress in these indicators. The conventional model of the social diffusion of changed behaviours and innovations, starting with the non-poor and educated and then diffusing 'down' throughout society is clearly invalid. For many

people, the poorest, vulnerable groups and those in remote areas, 'new' behaviours will not be attractive or feasible.

Finally, there is a strong inter-dependence between income and non-income indicators. Previously, Bangladesh's limited but significant social success in improving education and health indicators (which form the bulk of the social MDGs) was largely achieved via favourable public allocations to primary education and primary health sectors and NGOs played an important supportive role. Overall, non-market access played an important part in the social development of members of poor families. This strategy paid off to a large extent, as Bangladesh graduated in 2003 from the "low human development" to the "medium human development" league in the UNDP's global HDR ranking. However, further improvements in education and health indicators will need substantial increases in the income earning ability of the poor, leading to faster progress in the reduction of income-poverty. From this angle, the target of income-poverty reduction by half within a reasonable timeframe (perhaps by 2020, if not by 2015) appears to be the ultimate precondition for achieving many of the social goals -- such as universal primary enrolment, reduction of child malnutrition by 50 per cent, decrease of child mortality by two-thirds, reducing MMR by three-quarters or ensuring reproductive health services are accessible for all eligible women.

The significance of income-poverty reduction can also be judged from another angle, that of the issue of the quality of choice in social access. As is known, the previous model of social progress where the main role was played by the public and NGO service channels has produced some good results in terms of delivering the "quantity" of social services. However, the poor (as well as many of the non-poor) are increasingly concerned nowadays about the "quality" of these services (as is evident from the deteriorating quality of primary and secondary schooling as well as unreliable and low-quality curative health care). There is a real danger that children in Bangladesh will attend schools but will not be 'educated' in terms of literacy and numeracy. But, meeting the "quality" will faster demands for greater choice in social services—competition among the providers with greater accountability to the clients. These are premised on the purchasing power ability of 'customers' i.e. the poor. In short, poverty is going to be a more important barrier in getting access to quality services than was the case in the nineties. The "quality" phase of social progress in Bangladesh would critically depend on the pace of income-growth of the poor (along with other factors such as citizen voice and rights). If this does not happen, like so many other unfulfilled promises of Independence, then merely increasing public allocations to social sectors will not produce the dividends: there would be a diminishing return on public investments in social progress. Here the crucial dilemma is the following. In order to have faster income poverty reduction, a higher rate of growth would be required. However, a modest rate of growth of 5-6%, as envisaged in the short to medium term, will have implications for slower income poverty reduction and consequently for slower progress in MDGs. Can Bangladesh achieve faster income poverty reduction even with slower per capita income growth rate? This is only possible (speaking strictly from the accounting point of view) if the growth path can be made more egalitarian (i.e. by reducing current income inequality or at least by making it distributionally neutral) through careful use of sectoral strategies and growth-agency choices. Given the sharply rising trends in income inequality witnessed in the nineties, a reversal appears to be an urgent though by no means easy task.

Table 3.1

Trends in Poverty: Consumption Expenditure Data, 1983/84 to 2000

	1983/84	1988/89	1991/92	2000
Rural				
Headcount	53.8	49.7	52.9	43.6
Proportionate Poverty Gap	15.0	13.1	14.6	11.3
Weighted Poverty Gap	5.9	4.8	5.6	4.0
Urban				
Headcount	40.9	35.9	33.6	26.4
Proportionate Poverty Gap	11.4	8.7	8.4	6.7
Weighted Poverty Gap	4.4	2.8	2.8	2.3
National				
Headcount	52.3	47.8	49.7	39.8
Proportionate Poverty Gap	14.5	12.5	13.6	10.3
Weighted Poverty Gap	5.7	4.6	5.1	3.6

Note: The estimates for 1983/84 through 1991/92 are taken from Ravallion and Sen (1996) while that of 2000 are author's estimates. National poverty estimates are population-weighted poverty measures obtained separately for rural and urban sectors. The rural population shares are 88.7% (1983/84), 86.6% (1988/89), 83.4% (1991/92) and 78% (2000). These measures use mean consumption expenditure as reported in Table 2.03 in successive HES reports, and are based on the suitable parameterized Lorenz curve as estimated from the grouped distribution data ranked by per capita consumption expenditure. The above estimates use the 1983/84 non-food poverty line as the base-year non-food poverty line.

Source: GoB (2003).

Table 3.2

Trends in the Human Poverty Index, 1981-2001

Variables	1981-83	1993-95	2001
Deprivation in Longevity (P_1)	**28.0**	**20.0**	**13.6**
- Probability of dying before age 40	28.0 (1983)	20.0 (1993)	13.6 (2000)
Deprivation in Knowledge (P_2)	**62.6**	**48.6**	**42.4**
- Adult illiteracy (weight: 2/3)	70.8 (1981)	61.1 (1995/96)	54.7
- Child aged 6-10 years not attending school (weight: 1/3)	46.3 (1982/83)	23.1 (1995/96)	17.4
Deprivation in Economic Provisioning (P_3)	**83.5**	**68.4**	**54.4**
Public Provisioning	95.5	72.6	61.1
Share of population without access to health services proxied by a composite indicator of:	97.8	65.8	51.7
- children not fully immunised	98.0 (1981/82)	41.1 (1993)	25.6 (2000)
- % of deliveries not in the institutions	97.6 (1983) 93.8 (1982)	90.5 (1993)	77.8
Percentage of population without access to sanitary toilet	95.0 (1981)	74.7 (1995/96) 77.3 (1994)	63.1
Percentage of population not living in electrified houses			68.6
Private Provisioning	71.5	64.2	
-Percentage of children under 5 years of age who were malnourished	(1985)	(1995)	47.7 (1999/00)
Human Poverty Index $[1/3 (P_1^3 + P_2^3 + P_3^3)]^{1/3}$	**65.7**	**52.8**	**43.1**

Technical Notes: - HPI Index is calculated as follows:
$HPI = [1/3 (P_1^3 + P_2^3 + P_3^3)]^{1/3}$
- Probability of dying before age 40 was derived as follows:
IMR in 1993 was 84 when probability of dying before age 40 was 20. Using this ratio and IMR for various years, we obtained the probability of dying before age 40.
- Child aged 6-10 years not attending school is considered only except for 2001 where 7-12 years is considered.
- Deliveries not by medically trained persons are considered.
- Access to sanitary toilet has been considered here instead of access to safe drinking water.

Sources of data: (a) 1981-83 and 1993-95 estimates are taken from the South Asia Poverty Monitor Report 1999/00 (SAPM) by Sen et al (2000) except for 'access to sanitary toilet' (SYB 1987 of BBS for 1982 and HES 1995/96 for 1995/96) and 'adult literacy' (HES 1995/96 for 1995/96). (b) 2000 figures are taken from the following sources. The estimate of Probability of dying before 40", non-enrolment figure is based on Statistical Pocket Book 2000 of BBS. Data on immunization is taken from *Progotir Pathay* 2000. Information on child malnutrition is from BDHS 1999/00. Adult literacy and access to sanitary toilet figures are taken from HIES 2000 of BBS. Data on deliveries not in the institutions is taken from SYB 2001 of BBS. (c) 2001 figures are taken from the following sources: Figures on adult literacy and access to sanitary toilet are taken from Population Census 2001 (provisional). Data on deliveries not in the institutions is taken from SYB 2001 of BBS.

Table 3.3

Trends in Real Agricultural Wages based on Poverty Line Deflator and Rural CPI, 1983/84 to 2003

(Taka/day)

Year	Nominal Wage	Real Wage**	Deflator (1983/84=100)
1983/84	19.58	19.58	100.00
1988/89	32.71	23.21	140.96
1991	41.77	23.94	174.45
1995/96	45.58	22.62	201.46
2000	63.60	26.95	235.94
2001	65.13	27.19	239.53
2003	72.23	28.02	257.78

Note: Daily agricultural cash wages for male labour (without food). **The series of 1983/84 through 2000 is based on poverty line deflator; the series of 2000 through 2003 is based on rural CPI.

Source: Calculated from the unpublished data of the Agricultural Statistics wing of BBS

Table 3.4

Trends in Real Agricultural Wages based on Coarse Price Deflator, 1983/84 to 2003

(Taka/day)

Year	Nominal Wage	Real Wage**	Deflator (1983/84=100)
1983/84	19.58	19.58	100.00
1988/89	32.71	24.57	133.11
1991	41.77	27.55	151.60
1995/96	45.58	24.95	188.71
2000	63.60	36.23	177.39
2001	65.13	36.31	179.39
2003	72.23	39.42	183.25

Note: Daily agricultural cash wages for male labour (without food). **The series of 1983/84 through 2003 is based on deflator constructed on the basis of coarse rice price.

Source: Calculated from the unpublished data of the Agricultural Statistics wing of BBS

Table 3.5
Trends in Nominal Agricultural Wages by Division (Male Labour), 1995-2002

Division code	Average daily male labour wage in cash (Taka/day)							
	1995	1996	1997	1998	1999	2000	2001	2002
Chittagong	54.48	58.11	62.95	65.12	69.97	75.70	76.55	82.98
Dhaka	43.90	49.70	57.03	61.72	60.82	68.98	67.48	73.17
Khulna	41.50	46.33	48.29	53.09	55.01	61.47	61.93	68.31
Rajshai	33.46	36.97	41.04	44.45	46.87	49.49	51.09	51.91
Barishal	46.63	50.68	55.33	61.51	65.72	69.60	72.03	74.87
Sylhet	49.05	52.45	56.57	62.39	62.50	67.80	67.71	74.96
Total	43.39	47.77	52.60	56.85	58.48	64.27	65.13	69.72

Source: Calculated from the unpublished data of the Agricultural Statistics wing of BBS

Table 3.6
Trends in Nominal Agricultural Wages by Division (Female Labour), 1995-2002

Division code	Average daily female labour wage in cash (Taka/day)							
	1995	1996	1997	1998	1999	2000	2001	2002
Chittagong	41.60	41.69	47.85	48.07	51.43	55.22	57.96	60.83
Dhaka	34.11	36.16	42.77	52.70	51.63	56.88	59.15	59.94
Khulna	29.31	33.17	33.26	39.49	42.10	41.70	45.22	48.45
Rajshai	25.20	27.89	32.27	37.25	40.04	42.56	43.68	46.72
Barishal	32.04	34.47	38.55	42.12	45.15	47.12	50.79	51.37
Sylhet	33.90	34.22	41.27	39.36	47.87	51.49	49.77	57.85
Total	32.32	33.94	38.11	42.61	45.67	48.48	51.36	53.85

Source: Calculated from the unpublished data of the Agricultural Statistics wing of BBS

Table 3.7

Trends in Self-Rated Poverty, 1990-2001

Self-Categorisation	**1990**	**1994**	**2001**
Extreme Poor	23.4	18.6	9.8
Moderate Poor	49.7	31.5	26.3
Non-poor:	27.4	49.9	63.9
Breakeven	17.2	30.9	41.0
Surplus	10.2	19.0	22.9

Source: 1990 & 1994 data from: Rahman et al (1996) based on the 62-village panel data of BIDS; 2001 data from: PPRC (2001a) based on the re-survey of the same set of villages.

Table 3.8

Trend in Maternal Malnutrition (BMI<18.5), 1996/97-2002

(Per cent)

Year	Moderate Malnutrition
1996-97	52.0 (national)
1999-00	41.7 (national)
2002 (August September)	36.0 (rural)

Source: HKI Nutritional Surveillance Project

Table 3.9

Trend in Child Malnutrition (underweight), 1998-2002

(Per cent)

Year	Moderate Malnutrition
1998	61.9 (national)
2000	56.1 (rural)
2002 (August September)	53.0 (rural)

Source: HKI Nutritional Surveillance Project

Table 3.10

A Comparison of Trends in Reported Household Economic Condition, 1990-94 and 1994-2001

(%)

	1990-1994	1994-2001
Decline	16.8	26.5
No Change	44.2	22.5
Improvement	39.0	51.0
Total	100.0	100.0

Source: 1990-94 figure from Rahman et al (1996); 1994-2001 figure from PPRC (2001a).

Table 3.11

Uneven Progress: Comparative Trends in Reported Household Economic Condition across Poverty Categories (2001)

(%)

Poverty Status in 2001	Severe Decline	Decline	No Change	Improvement
Extreme Poor	25.3	43.3	22.0	9.3
Moderate Poor	6.7	40.1	20.2	32.9
Non-poor	0.8	10.8	23.6	64.8
Breakeven	1.0	14.1	33.3	51.7
Surplus	0.6	4.9	6.3	88.3
Total	4.8	21.7	22.5	51.0

Source: Estimated from PPRC (2001a)

Table 3.12

Inequality Matters: Facts and a Counterfactual Based on Per Capita Expenditure Data, 1991/92 to 2000

	Rural			Urban		
Actual						
	1991/92	**1995/96**	**2000**	**1991/92**	**1995/96**	**2000**
Headcount	58.45	50.47	49.53	38.20	29.79	31.30
Proportionate Poverty Gap	16.73	14.01	13.84	11.40	7.62	9.02
Weighted Poverty Gap	6.43	5.42	5.16	4.54	2.58	3.47
Gini Index for Consumption	28.21	30.62	31.02	36.25	38.55	40.53
Per Capita Expenditure	504.71	652.65	779.96	817.48	1234.25	1389.04
Assuming 1991/92 Lorenz Distribution for All the Years (i.e. no change in inequality)						
Headcount	58.45	48.37	46.53	38.20	25.84	25.27
Proportionate Poverty Gap	16.73	12.32	11.61	11.40	6.32	6.12
Weighted Poverty Gap	6.43	4.37	4.05	4.54	2.18	2.09

Note: These estimates were made by combining the decile distribution data for income with the poverty lines used in the IPRSP. Computations were made by using a program developed at the World Bank which fits a parametric Lorenz distribution to the decile distribution data and finds the values of the three measures of poverty by juxtaposing the poverty line and average income against that distribution. The program also gives the Gini ratios from the fitted parametric Lorenz Distribution. Note that poverty estimates based on unit record data (as computed by the present study) and BBS grouped distribution data varies at level, though show similar trends in the nineties.

Source: Khan and Sen (2004)

Table 3.13

Growth and Inequality Elasticities of Poverty Measures, 1983/84 to 2000

	Growth Elasticity			***Inequality Elasticity***		
	Head-Count Index	**Poverty-Gap Index**	**Squared Poverty-Gap Index**	**Head-Count Index**	**Poverty-Gap Index**	**Squared Poverty-Gap Index**
Urban						
1983/84	-1.9	-2.6	-3.2	0.6	2.1	3.6
1991/92	-2.1	-3.0	-3.9	1.1	3.1	5.1
2000	-2.0	-2.9	-3.9	1.9	4.8	7.7
Rural						
1983/84	-1.8	-2.6	-3.1	0.1	1.2	2.3
1991/92	-1.8	-2.6	-3.2	0.2	1.3	2.5
2000	-1.9	-2.8	-3.7	0.6	2.1	3.7

Source: 1983/84 and 1991/92 estimates are from Ravallion and Sen (1996), while the estimates for 2000 are based on unit-record data.

Table 3.14

Trends in Child Nutritional Status by Socio-Economic Differentials, 1996/97-2000

Level of Disaggregation	**Child Stunted**				**Child Underweight**			
	% below -3 SD[1]		**% below -2 SD[2]**		**% below -3 SD[3]**		**% below -2 SD[4]**	
	1996-97	2000	96-97	2000	96-97	2000	96-97	2000
Residence								
Urban	16.9	13.0	39.4	35.0	14.2	9.0	41.9	39.8
Rural	29.2	19.3	56.2	46.6	21.3	13.6	57.8	49.2
Rural – Urban Ratio	1.73	1.48	1.43	1.33	1.50	1.51	1.38	1.24
Division								
Barisal	31.4	23.0	59.9	46.0	18.9	16.3	55.4	50.7
Chittagong	31.5	19.3	54.4	45.2	25.2	13.1	60.0	46.1
Dhaka	28.6	18.3	55.8	45.4	21.5	11.8	54.8	47.4
Khulna	19.4	11.3	46.5	37.8	15.7	9.5	49.8	41.8
Rajshahi	23.4	16.9	53.4	42.0	16.0	13.1	55.5	48.5
Sylhet	37.8	24.7	61.4	56.8	24.1	18.2	64.0	56.8
Mother's Education								
No education	33.2	23.9	60.8	52.4	25.0	17.3	63.2	55.5
Primary Incomplete	28.2	20.3	58.7	47.7	19.4	13.9	55.0	51.1
Primary Complete	24.5	14.1	52.5	42.6	16.6	8.5	50.9	43.6
Secondary & Higher	12.7	7.8	30.9	28.5	9.9	5.6	38.3	32.1
Poor – Rich Ratio	2.61	3.06	1.97	1.84	2.53	3.09	1.65	1.73

Note: 1. This is usually termed severe stunting.
2. This is usually termed moderate stunting.
3. This is usually termed severe underweight.
4. This is usually termed moderate underweight.

Source: BDHS 1996/97 and 2000

Table 3.15

Changes in Infant and Child Mortality
1993/94-1999/00

Level of Disaggregation	Infant Mortality		Under Five Mortality	
	1993/94	1999/2000	1993/94	1999/2000
Residence				
Urban	80.9	74.5	114.3	96.7
Rural	102.6	80.7	153.2	112.6
Rural – Urban Ratio	1.27	1.08	1.34	1.16
Division				
Barisal	102.0	75.7	146.5	108.7
Chittagong	103.2	69.4	166.7	109.9
Dhaka	105.6	83.9	157.1	115.1
Khulna	89.3	64.3	111.8	79.1
Rajshahi	94.8	76.2	134.7	100.9
Sylhet	-	126.9	-	161.9
Education				
No education	113.3	92.0	170.4	130.4
Primary Incomplete	92.6	79.1	133.9	104.8
Primary Complete	81.7	65.4	105.4	89.9
Secondary & Higher	57.5	54.7	90.2	67.4
Poor – Rich Ratio	1.97	1.68	1.89	1.93
Sex of Child				
Male	107.3	82.2	149.1	108.3
Female	93.4	76.9	149.9	111.7
Female – Male Ratio	0.87	0.94	1.01	1.03
Total	100.5	79.6	149.5	110.0

Source: BDHS 1993/94 & 1999/00

Table 3.16

Schooling Status of the Children in Bangladesh: Socio-economic Differentiation, 1991/92-2000

Levels of Disaggregation		Primary School Enrolment		Primary School Completion		Secondary School Enrolment	
		1991/92	2000	1991/92	2000	1991/92	2000
Area	Rural	49.29	72.4	10.04	20.1	26.28	43.6
	Urban	62.00	74.6	26.92	26.6	47.04	50.7
	Urban–Rural Ratio	1.26	1.03	2.68	1.32	1.79	1.16
Division	Chittagong	55.70	71.9	17.39	22.3	36.00	42.3
	Dhaka	54.36	67.8	21.43	20.9	34.69	43.9
	Khulna	59.74	82.0	14.47	25.2	35.55	51.5
	Rajshahi	45.32	73.3	11.27	20.0	28.02	47.0
	Barisal	52.25	79.5	14.29	26.3	33.73	54.8
HH Head's Education	Below Primary	45.24	82.1	7.27	19.4	20.54	46.1
	Primary	74.23	83.8	18.30	26.4	51.63	57.3
	Secondary & Higher Secondary	79.82	89.6	28.12	32.2	62.13	77.6
	Graduate & Above	70.76	82.1	48.72	48.1	69.86	72.7
	Rich – Poor Ratio	1.56	1.00	6.70	2.48	3.40	1.58
Land Owned	0-50 decimals	46.61	76.3	15.95	20.1	28.80	35.0
	51-100 decimals	56.20	76.9	12.24	25.8	30.50	48.6
	101-250 decimals	62.37	77.7	19.40	23.3	37.20	59.3
	251 decimals & above	66.75	83.5	18.68	21.7	44.84	64.1
	Rich – Poor Ratio	1.43	1.09	1.17	1.08	1.56	1.83
Poverty Status	Extreme Poor	31.25	58.8	4.44	15.1	12.00	22.2
	Moderate Poor	47.97	72.7	9.18	17.3	18.92	34.5
	Middle Non-Poor	62.25	80.9	19.08	26.3	37.31	53.3
	Top Non-Poor	71.80	85.8	24.79	30.4	53.74	65.8
	Rich – Poor Ratio	2.30	1.46	5.58	2.01	4.48	2.96

Source: Authors calculation based on data obtained from HIES 1991/92 & 2000.

Table 3.17

Gender Equality in Schooling in Bangladesh: Socio-economic Differentiation, 1991/92-2000

Levels of Disaggregation		Primary School enrolment		Secondary School enrolment	
		1991/92	2000	1991/92	2000
Area	Rural	-11.64	3.76	-25.81	22.16
	Urban	-2.08	2.84	-14.72	11.80
Division	Chittagong	-7.52	1.54	-15.67	13.01
	Dhaka	-12.79	3.70	-17.35	20.05
	Khulna	0.85	-1.25	-26.06	22.60
	Rajshahi	-5.17	8.64	-14.84	24.77
	Barisal	-11.85	0.82	-15.44	13.01
HH Head's Education	Below Primary	-9.66	0.54	-43.43	31.17
	Primary	-11.07	4.00	2.31	11.32
	Secondary & Higher Secondary	-5.40	-0.87	-14.07	6.28
	Graduate & Above	-0.79	-5.35	-22.09	-23.24
Land Owned	0-50 decimals	-7.51	3.66	-19.06	33.71
	51-100 decimals	-9.99	12.59	-8.21	17.84
	101-250 decimals	-7.65	0.57	-15.99	17.94
	251 decimals & above	-4.79	-6.17	-15.17	14.16
Poverty Status	Extreme Poor	-10.25	3.56	-69.66	49.79
	Moderate Poor	-6.44	4.84	-19.69	25.50
	Middle Non-Poor	-2.72	7.06	-4.77	14.61
	Top Non-Poor	-12.62	-4.32	-29.61	6.79

Note: 1. Gender equality is defined here as ((Girl-Boy)/Girl)*100.
Source: Authors calculation based on data obtained from HIES 1991/92 & 2000.

Table 3.18

Poverty and Social Indicators, 1990-2000

Indicator	1990	2000	Annual Reduction Rate as Required by MDG Target (%)	Actual Reduction per Year (%)
Income poverty	59*	50	-2.0	**-1.5**
Life Expectancy	5.6	6.1	N/A	N/A
Total Fertility Rate	4.3	3.0	N/A	N/A
Population Growth Rate	2.1	1.6	N/A	N/A
Under 5 Mortality Rate (per 1000)	108**	83	-2.7	**-2.3**
Infant Mortality Rate(per1000)	94**	68	-2.7	-2.8
Maternal Mortality Rate (per 100,000)	480**	370	-2.7	**-2.3**
Without Access to Safe Drinking Water	11	3	-2.0	-7.2
Without Access to Sanitary Toilet	79*	57	-2.0	-2.8
Adult Illiteracy Rate	65**	55	-2.7	**-1.5**
Net Primary Enrolment Rate	56	75	3.1	3.4
Primary School Completion Rate	43	70	5.3	6.3
Net Secondary Enrolment Rate	28	65	10.3	13.2
Contraceptive Prevalence Rate	40	52	N/A	N/A
Rate of Immunization (DPT 3):12-23 Months	62***	74	2.5	1.9
% Children Underweight	67*	51	-2.0	-2.4

*Reduce by half by 2015; ** Reduce by two-third by 2015; *** Achieve 100% coverage by 2015.
Source: GOB (2003) and compilation by the present study.

Chapter 4

Chronic Poverty in Bangladesh: Insights from Household Survey Data

> For easy comprehension—four classes were adopted, representing varying material conditions between comfort and actual want, to one of which each family was allocated. The classification was not made upon figures of income or expenditure, but always upon an inspection of the family and the family circumstances in its own homestead. Only such families as were well housed, well-fed, well-clothed according to the evidence of the eye were permitted to be classified as living in comfort. By such a safeguard it was intended that the method of enquiry should be thoroughly practical, avoiding anything academic or mechanical, but ensuring accuracy by concomitant statistical investigation.
>
> *J.C. Jack: A Bengal District in Transition (1916/1975:8)*

The present chapter deals with the individual and household characteristics of the chronic poor based on quantitative household panel survey data. Two sets of questions constitute the field of enquiry here.

The first set of concerns deal with the "incidence" of chronic poverty from a number of perspectives. The proportion of households living in chronic poverty is estimated by using the conventional, income/consumption poverty definition based on a representative and panel survey data. Following this a multidimensional assessment is conducted. A measure for defining chronic poverty in non-income terms is proposed, their characteristics mapped, and finally they are compared with the income-based measure to find out the degree of overlap and the extent of congruence in socio-economic characteristics among the different ways of measuring chronic poverty. Finally, while multidimensionality is to be upheld as an important well-being consideration in defining a broader concept of chronically disadvantaged, there is one operational result of this methodological exercise. Based on these results it appears that certain multidimensional ways of defining chronic poverty can be used to approximate, to a large extent, the incidence of chronic income-poverty. This may help to estimate the incidence of chronic income-poverty when only one-shot surveys are available, such as Demographic and Health Survey or Household Budget Surveys. Of course, the approximation is far from perfect, but it is still better than not having any estimate for chronic poverty at all for some periods or some countries.

The second set of concerns is related to the question of immobility that characterise a sizable, if not the overwhelming, segment of the chronic poor households. The bulk of the analysis is made through drawing parallels and contrasts with other categories of dynamic poverty groups such as the ascending poor (those who crossed the poverty line), descending non-poor (who were once above the line but now have slipped into poverty), and the never poor (who permanently stayed above the line). A variation on this theme is the question of agency of the chronic poor: whether they are to be seen as a passive category for social transfers, incapable of any upward movement of their own, or as active participants in the process of poverty reduction and growth, starting to improve their lives in highly vulnerable circumstances. The human cost of experiencing poverty for a protracted period of time is an important consideration, but cannot be described in numbers and is taken up as one of the subject matters in the next chapter.

4.1 Defining and Measuring Chronic Poverty

The shortest possible definition of chronic poverty is long-duration poverty, i.e., those who remain in poverty for a long-period of time, thus demarcating from the transient poor (going down into poverty in one period, but moving out of poverty in another). This, of course, raises the operational question as to how long a person should be in poverty to be deemed as chronically poor. A 'tight' definition could be a period corresponding to at least a generation (about 13-15 years to be taken as an empirically cut-off point).[40] This conveniently suits our purpose here, as the longest panel dataset that is available for Bangladesh is 13 years, spanning the period between 1987 and 2000.

Since poverty is multidimensional, irreducible to any one particular dimension such as income, education, health, or social exclusion or other, chronic poverty should be also assessed measured multidimensionally, involving both income and non-income dimensions of well-being (Hulme and Shepherd 2003). For instance, a typical measure of the incidence of chronic poverty is based on the income poverty line whereby the person is deemed chronic poor if she remains below that line during a particular poverty-spell. But, there can be alternative measures of chronic poverty based on non-income dimensions (Baulch 2003). Thus, the incidence of chronic poverty from an educational perspective could be the proportion of those who remained "educationally dark" during a particular poverty-spell. What should be the ideal definition of "educational darkness" is also an important empirical question? In our analysis, given the data availability, we suggest three measures: (i) proportion of household heads remaining illiterate during the poverty-spell, (ii) proportion of households where the household head remains illiterate, but in addition, all the remaining earning members of that household remain poorly educated (not exceeding primary level of education, which effectively takes into account previous non-enrolments, drop-outs and non-completions), and (iii) proportion of households where the head remained illiterate, but in addition none of the members have ever attended school. The third definition is the tightest one for identifying educational darkness, but less likely to be encountered in practice, given the spread of primary education in the 1990s. The first definition is the loosest one, as a household head may remain illiterate, but there may be investments in educating other household members, which is not captured here. It is the second definition, which appears to be a more regular category in terms of likelihood of occurrence from the perspective of capturing the educationally chronic poor. These would be tested with empirical data (see below).

Similarly, one can define chronic poverty from the perspective of health deprivation. Since information on morbidity is typically not available on a longitudinal basis, child and maternal nutrition data may be utilised to construct a chronic poverty profile from the health perspective.[41] The problem with nutritional data is that they are typically available from DHS-type of surveys which are (a) available for Bangladesh only for the nineties, and (b) which are not part of any panel data. Nevertheless, the proportion of households where children are stunted (a measure of long-term child malnutrition) can be taken as an indicator of "health-wise dark" households. A second indicator which can be considered here relates to the status of maternal nutrition. Taking BMI less than 18.5 as the cut-off point for adequate nutrition, one can estimate the incidence of households where women suffer from

[40] This exceeds the minimum period of five years, suggested by Hulme and Shepherd (2003).

[41] Child and maternal nutrition data are available from Child Nutrition Survey (CNS) of BBS and Demographic Health Survey (DHS) of Macro International have been used in this study.

malnutrition. This provides another way of defining "health-wise dark" household. We use 1996/97 and 2000 DHS and 2000 CNS data to compare these measures.

An additional item of interest in the analysis of multidimensional chronic poverty is to compare the incidence of chronic poverty as measured from the view-point of income and non-income dimensions of well-being. One expects a significant overlap between income and non-income measures of chronic poverty, but not a complete overlap, because the latter can occur even at a high level of income. This is because there are educationally dark households at relatively higher level of income in rural areas. Similarly, health determined darkness as measured by child malnourishment or maternal malnutrition is not necessarily restricted to income-poor households only.

4.2 Severity and Chronicity

As discussed in Chapter 1, the poorest can be defined from at least three perspectives: (i) the chronic poor as evident from the panel survey data; (ii) the extreme poor from cross-sectional data; and (iii) specific chronic poverty groups from qualitative surveys. This section attempts to make a comparison between different groups identified as being 'the poorest' by these different perspectives and using both panel survey and cross-sectional data. The comparison is made with regard to both incidences and characteristics between various poverty groups. Chronic poverty from multi-dimensional aspects has also been defined and estimated in this section and a comparison between multi-dimensional and uni-dimensional groups of the poorest has been made. In addition, a comparison between severe income poverty and various chronic poverty groups has also been made.

Four different types of chronic poor have been defined in this section. They include the following: chronic income poor; education-based chronic poor; child nutrition-based chronic poor; and maternal nutrition-based chronic poor[42]. Chronic income poverty has been estimated from the panel data only. Education-based chronic poor has been estimated from all three sources - Panel data, CNS data and DHS data. Child nutrition-based chronic poverty has been estimated from both CNS and DHS data. And, maternal nutrition-based chronic poverty has been estimated from DHS data only. Severe income poverty[43] has also been estimated from all the three sources. Estimates of the above have been done for both the entire sample and the households with less than 50 decimals of land.

Several important findings arise from this analysis. First, total numbers of the chronic poor households are considerable whichever definition and sources are used. It ranged from 32 percent to 60 percent (Table 4.1). The proportion of severely poor is around one-fifth in all cases. The corresponding figures

[42] The chronic income poor have been defined by comparing the poverty status of the households using objective poverty line in the panel survey data of 1987-88 and 2000. Chronic income poor are those who remains in poverty in both the years. Education-based chronic poverty has been defined as follows: households with an illiterate household head and no earning members above primary level of education (in the absence of appropriate identification of the earners in DHS data, all members are considered). Child nutrition-based chronic poverty has been defined as follows: households with all children moderately underweight. Maternal nutrition-based chronic poverty has been defined as follows: households with mother's BMI lass than 18 for all mothers.

[43] Severe income poverty has been defined by the households whose income is below 60% of the objective poverty line income. In the absence of income data in the DHS, we used subjective poverty line (as proxied by the 'whole year food deficit category') to estimate the severe poor.

for the households below 50 decimals of land are even higher (Table 4.2). This means a considerable number of households are either chronically poor or, severely poor or both.

Second, there is quite a range within these estimates of the poorest. As evident from Table 4.1, the proportion of chronic income poor is 32 percent; education-based chronic poor ranged from 28 percent to 60 percent; child nutrition-based chronic poor ranged between 41 and 46 percent; and maternal nutrition-based chronic poor is estimated at 32 per cent. This indicates that different definition captures different groups of chronically poor.

Third, while there are some overlaps between the severely poor and various chronic poor groups, not all chronic poor households are severely poor. The proportion of severe poor within chronic income poor is 52 percent. The matched figures for the other chronic poor categories ranged between 17 and 31 percent (Table 4.3). For the households below 50 decimals of land, the proportion of severe poor within chronic income poor is 62 per cent. The matched figures for the other chronic poor categories ranged between 23 and 37 per cent (Table 4.4). This indicates that the severely poor at a point in time and chronic poor are not necessarily the same households, rather, in half of the cases they are different.

Fourth, there are both similarities and dissimilarities between the various chronic poverty categories with regard to asset (land) ownership, household size, earners per household, educational score of the earners and per capita income (Tables 4.5 and 4.6). Even when they appear similar, the underlying social conditions can vary considerably. This needs to be taken into consideration when devising a targeted approach in order to help the chronically poor.

Fifth, assessing poverty in multi-dimensional terms provides much better insights to both understanding the dynamics of chronic poverty and formulating policies to attack chronic poverty. Table 4.7 presents multi-dimensional chronic poverty in various combinations while Table 4.8 and 4.9 present the characteristics. The incidence of multidimensional chronic poverty varies depending on which combination is used. It ranges between 1.3 per cent (combining all dimensions) and 17 per cent (severe and chronic income poor). The characteristics of multidimensional chronic poverty represent, as expected, poor asset holding, fewer earning members, poor human capital formation and lower level of income for these groups of the chronic poor.[44] As one would expect, this demonstrates that the multi-dimensional chronic poor is the poorest among all groups of the poor.

4.3 The Incidence of Chronic Income Poverty

Tracking the individual movements of households over time reveals considerable fluctuations in economic fortunes not revealed in the inter-temporal comparison of HIES data discussed earlier (Table 4.10). While the incidence of poverty in general has declined there are winners, losers, and "break-even" households. We could identify the presence of 4 distinct 'dynamic poverty' groups (Table 4.11).[45]

[44] The matched figures for these for the households below 50 decimals of land are presented in Annex Tables 4.1 to 4.3.

[45] Ideally, one would like to categorize the households into five 'dynamic poverty' groups as suggested by Hulme et al (2001). These are (a) chronic poor, (b) usually poor, (c) churning poor, (d) occasionally poor, and (e) never poor. With the two-period data we can identify easily the two polar categories of chronic poor and never poor. However, identification of other 'intermediate categories' requires multiple period observations. The discussion in this section draws heavily on Sen (2003).

The first category represents the 'chronic poor' households who remained in poverty in both the periods. There were 119 households in this category representing 31 per cent of the rural households.[46] The second category constitutes the other polar group, namely, the 'never poor' who stayed above poverty in both the periods. There were 95 households in this category constituting 25 per cent of the rural households. The other two categories indicate fluctuating household fortunes, one group escaping from poverty ('ascending poor'), while the other descending into poverty ('descending non-poor').[47] There were 98 households in the category of 'ascending poor', representing 26 per cent of the rural households. The category of 'descending non-poor' counts 67 households, constituting 18 per cent of the sample. The percentage difference between the share of these two groups of ascending and transitory poor yields the net poverty reduction rate of 8 percentage points, which is what one observes when changes in poverty are measured at the aggregate level with repeat cross-sections. Similar evidence is available from other sources using Bangladesh data.[48]

Two immediate observations follow from the above data. First, gross fluctuations in and out of poverty are much larger than net changes in poverty ratios. Second, it is important to study separately the drivers of change underlying such downward and upward movements to understand better the causes of poverty and anti-poverty, respectively. Studying these movements could give more insights into the mechanisms that reproduce chronic poverty--and avenues for attacking chronic poverty--than merely studying the characteristics of the chronic poor over time.

The slipping in and out of poverty does not take place in a random manner.[49] The likelihood of escape from poverty is found to be sensitive to the initial asset position, as proxied by the amount of land owned (Table 4.11). The proportion of households that escaped from poverty—the so-called exit ratio--was 63 per cent for the high-wealth category followed by 48 per cent for the medium-wealth category, and 39 per cent for the low-wealth category. An additional point of interest is to capture variation in downward movements. The vulnerability ratio—defined as the proportion of non-poor households who subsequently became poor—is found to be sensitive to the initial asset position as well. The matched ratio is the highest for the low-wealth group (53 per cent) and the lowest for the high-wealth group (32 per cent).

[46] Here chronic poverty is defined in the 'time' dimension focusing on the duration in poverty. The longer the duration the greater the chronicity. The long duration of poverty in itself can be viewed as an aspect of 'severity of poverty' as well. The tightest possible definition of chronic poverty would be intergenerationally transmitted poverty (Moore 2001). A generation could be set at 15 years. From this angle one can interpret the results of the 21-village survey with a span of about 13 years providing the basis for computing intergenerational poverty. Table 4.10 provides the upper bound value of the proportion of intergenerational poor around 31 per cent.

[47] The category of 'descending non-poor' should not be readily equated to the term 'transient poor'. This is because a descent into poverty in many cases can have longer-term implications, as temporary shocks can lead to permanent poverty traps (Morduch 1995).

[48] A panel of about 1,200 rural households in Bangladesh, studied by BIDS in 1990 and 1994, also revealed considerable movements in and out of income poverty. About 38 per cent of households stayed in poverty, while about 28 per cent stayed above the poverty line during 1990-94. The other 34 per cent of cases, however, involved movements in and out: 17 per cent of households became new poor, while 18 per cent escaped poverty (Sen 1996).

[49] This has been noted elsewhere. See, for instance, Carter and May (2001) suggesting a measurement approach integrating the 'asset poverty line' with the 'income poverty line'. Okidi and Mugambe (2002) also explored how poverty dynamics can differ depending on the "percentage deviation" of households from the income poverty line.

Before we proceed to analyze the characteristics of the dynamic poverty groups, one important methodological point needs to be clarified. The broad approach in this chapter is to identify the drivers of escape mainly by comparing the assets and occupational/ income structure of the chronically poor with those of the ascending poor (and to some extent, the "never poor" as well). Thus, for instance, if the ascending poor have engaged more in certain kinds of non-farm activities as compared with the chronically poor, then the inferences are drawn that those types of non-farm activities must have been conducive to escaping poverty. The problem with this mode of analysis is that it does not control for the initial situation. Suppose, the chronically poor did actually raise their income faster than the ascending poor by doing whatever they happened to be doing but still remained poor because they may have started from an abysmally low initial position. In that case, the conclusions regarding the sectoral driver would be wrong. In the actual empirical exercise, however, we have been careful about this problem. As would be evident from discussion later, the chronic poor registered a very modest rate of income growth compared to the ascending poor and never poor category. The annual growth in per capita income was only 0.4 per cent in case of the chronic poor, which is in sharp contrast with 10.4 per cent recorded for the ascending poor and 2.5 per cent for the never poor groups.[50] What have been the drivers (prime movers) behind this high growth rate of income in case of the ascending poor vis-à-vis the chronic poor? In the remaining part of this chapter we have tried to provide a first-cut answer to this question by comparing the observed 'capability' and 'opportunity' sets of the different poverty groups, proxied by household assets and occupational structures respectively, as they evolved between the two survey periods.

4.4 Drivers of Escape and Descent

By disentangling the relative success of the ascending poor group in being able to escape poverty we hope to indicate "drivers" that may be relevant for an anti-poverty strategy designed for the chronic poor as well.[51] This does not claim to be a causal story underlying the poverty dynamics. It may be however noted that the term "drivers" relates not just to exogenous factors but also to the endogenous factors critical in understanding the dynamics of transition. For instance, the placement of public assets such as financial institution or electricity can be an important exogenous trigger of upward mobility, but perhaps not for all at the same time. This is because the capacity to access these facilities and effectively manage the portfolio of household assets among diverse range of activities and choices would clearly vary among differing household capabilities. Some households respond better to the evolving market and non-market opportunity sets, resulting in divergent fortunes. In short, both exogenous and endogenous factors need to be considered in identifying the "drivers of escape and descent" in the context of poverty dynamics. It is in this sense the term "drivers" has been used throughout this section.

[50] These growth rates are calculated from Table 4.13.

[51] This, of course, does not imply advocacy for a generalized menu of anti-poverty for all. Even if we know the specific drivers that helped the ascending poor in their past success, still a case can be made for special (additional to the generalized menu) policy attention to the chronic poor. This may be required to ensure their inclusion in the very activities that helped the ascending poor earlier to climb out of poverty.

4.4.1 Explaining Escape from Poverty

What are the possible avenues for attacking chronic poverty? The answers to this question may lie in the pathways out of poverty, as typified by the real-life examples of the ascending households who actually escaped poverty during the inter-survey period. The results presented in Tables 4.12 and 4.13 for the group of ascending poor further confirms the importance of the maxim "all routes matter", though some routes clearly mattered more than others in the actual process of escape. The ascending households have been found to be faster accumulators of human, physical, and financial assets. They were better diversifiers: allocated more land to non-rice crops, and better adopters: within rice areas, cultivated more land under high-yielding modern variety. They in general displayed strong non-agricultural orientations with much higher proportion of earners engaging in activities such as trade, service, migration (remittance), non-agricultural labour (transport, construction, and industry).

This has been confirmed by household's own perceptions as well. Households were asked to self-report the causes of their improvement and deterioration, as the case may be, over the past decade. These self-perceived causes can be analysed in the livelihood framework to shed further light on the drivers of changes in the well-being during the inter-survey period. Table 4.14 presents results for all households reporting improvement as well as for the category of the ascending poor who actually moved out of poverty during the period. The results are broadly in line with the preceding discussion. In addition, the household perceptions about change can be used as weights to rank the importance of various factors influencing livelihood outcomes. Households themselves have singled out several factors as the major drivers of progress. Here we discuss the results for the ascending poor only.

First, improvements in physical assets and human assets have been identified as the two most important factors influencing escape from poverty. They account for 28 and 26 per cent of the multiple responses, respectively. The process of ascendancy has been facilitated by the favourable change in household demography leading to the increased number of workers and reduced number of dependents. The combined weight of these two factors is 24 per cent. Accumulation of natural assets such as land figured in 8 per cent of cases has also been cited as an important driver of upward mobility. Second, the results for all households who self-reported progress during the period broadly indicate the importance of human assets and financial assets.

4.4.2 What Triggers Descent into Poverty?

Using a panel data one can construct a statistical picture of the downfall of the descending non-poor category. First, changes in the household demography have been unfavourable for the group as a whole. Although the number of workers has increased, the average family size has expanded even more. As a result, the proportion of labour force has dropped during the period. Second, this group of rural households was less successful in diversifying into more productive non-agricultural activities. Although the share of non-farm workers has increased the resultant outcome was much less pronounced compared with the shifts recorded for the never poor and the ascending poor category. Third, the descending non-poor group also lagged behind in respect of fostering the development of human assets. Fourth, there was a general decline in the natural and financial asset base in this group. The average amount of physical assets registered only a marginal increase for this group, which turns pale, compared with the very sharp accumulation recorded for the ascending poor and never poor groups. Fifth, the shrinking asset base has led to declining income earning potentials, as evidenced from the comparison

of income by sources between the two periods for the descending non-poor group. Except for income from non-agricultural labour the average income derived from all other sources of household livelihood has declined in real terms.

What "triggers" the descent of these households into poverty? The main factors, as perceived by the households themselves, can be classified into three groups: 'crisis' factors, 'lifecycle' factors, and 'structural' factors. Crisis factors include those related to natural disasters, to health-hazards, to factors related to 'personal insecurity' and to factors related to isolated 'idiosyncratic' events such as social ceremonial expenses requiring lumpy expenditures. Lifecycle factors include an increase in the number of dependants and splitting up of families reducing the number of earners. Structural factors include, for example, erosion of the asset base such as alienation of land, lack of access to credit, loss in business, and deteriorating market conditions for employment or income. The results are presented in Table 4.15 for all households reporting deterioration over the last decade as well as for the descending non-poor group, which is our key interest here.

The key causes of downward mobility for the descending non-poor category were crisis (discrete shocks) related factors figured in 38 per cent of cases. The unfavourable lifecycle factors such as increase in the number of dependents and/or decrease in the number of earners were the second most important factor underlying the retrogression in household fortunes, being singled out in 35 per cent of cases. The structural factors are also not to be discounted, being relevant in 27 per cent of cases. A more disaggregated breakdown shows the importance of ill-health shocks as the second most important factor of downward mobility (right after the factor of unfavourable changes in household demography). Such shocks were reported in 18 per cent of cases. The loss of natural assets such as cultivable land—which was rated as important as the health shocks-- may be an outcome of adverse adjustments on the part of these households to changing economic and social circumstances. Shocks related to natural disaster came next in the order of importance, being present in 15 per cent of cases, implying the possible presence of spatial (village-level) dimension in the process of descent. These shocks include a range of vulnerabilities such as loss of land due to river erosion, bad yield due to drought and flooding, and damage of household assets.

4.4.3 Broad Implications

The story of the escape from poverty based on the panel data—as typified by the actual experience of the 'ascending poor' category—confirms the general findings in the literature about the importance of multiple routes to tackle poverty. What the panel data in addition point out is that *combining* different exit routes is critical for the escape from poverty and that not all poverty groups can afford to combine these routes. The failure to combine these routes is attributable to the high initial level of poverty itself (as in the case of chronic poor) or because of adverse turns and twists in the economic and social circumstances (as in the case of descending non-poor). In this chapter only the category of the ascending poor—considered as a group--demonstrated the ability to integrate various anti-poverty strategies, resulting in relatively high savings-investment and income growth rate. These strategies included relatively fast accumulation of different assets especially human and physical assets, diversification of the asset base favouring relatively higher income-yielding non-agricultural assets, a general re-orientation from agricultural activities to non-agricultural activities in the occupational choice and in the pooling of household incomes from different sources. This does not undermine the importance of agriculture as the source of livelihood. Indeed, within the generally declining share of

agricultural sector (broadly defined) the ascending poor group showed dynamism in terms of adopting MV rice technology combining this with greater emphasis on the cultivation of high value-added non-rice crops as well as non-crop agriculture such as poultry, livestock, and fisheries. Access to human capital and financial capital facilitated the transition from agricultural to non-agricultural activities, and within agriculture, encouraged diversification into non-rice agriculture. This group also actively used migration as a key livelihood strategy as remittance became an increasingly influential aid to their struggle to climb out of poverty. In short, the success of the ascending poor category lies in pursuing a strategy of combining multiple routes of anti-poverty and in exploiting the complementarities and synergies that exist among these diverse livelihood approaches.[52]

The results for the slipping into poverty are based on the analysis of the 'descending non-poor'. They do not represent the mirror image of the results derived for the upward movements out of poverty. Thus, 'structural' factors related to the asset base of the household and market conditions were seen as the drivers of change for the ascending poor group, being relevant in as high as 73 per cent of cases. In contrast, the causes of the downfall seem to have diverse origins where 'non-structural factors' played a much more pronounced role. It is the income shocks arising principally from ill-health and natural disaster that emerged prominently among the lead self-reported causes of declining household fortunes. Favourable and unfavourable confluence of life cycle factors rank second in both upward and downward movements, respectively, though their effects are stronger in the case of descent than in facilitating ascent from poverty.

The structural, life cycle, and crisis factors may provoke either transient poverty or chronic poverty– largely depending on the initial circumstances of the household. Thus for households that have sufficient assets the death of the principal earning member or a poor harvest may result in transient poverty, but for those with nothing to fall back the same events can lead to chronic poverty. Available data do not allow us however to isolate these two groups with differential poverty futures within the descending non-poor category.

What are the individual attributes of the ascending poor households that made the ultimate difference influencing them to pursue an evolutionary path exploiting the emerging rural opportunities better and earlier than the other poverty groups? Was it because of the relatively scarce 'entrepreneurship' factor, a certain 'thriftiness' in the character, or because of 'high aspirations to catch up with the rich', or some other unobserved individual aspects? Addressing these questions requires in-depth case studies and qualitative life-histories—a task worthy of further research.

4.5 Mobile and Immobile Chronic Poor

The main theme of this section is to look into whether the chronic poor group is totally a stagnant category or there is dynamism within it. This section also presents the characteristics of different chronic poverty groups and tries to explain the factors responsible for their mobility or immobility.

[52] This does not necessarily imply that all of these strategies have to be present in the representative household from the ascending poor group. From the evidence assembled in the present chapter it is clear that the ascending poor *as a group* employ a large range of livelihood strategies compared to the chronic poor and descending poor groups. Additional evidence not discussed in the chapter points out that the incidence of combination of multiple strategies is also more frequent in case of the ascending poor than in other groups. The dynamics of integration, especially with respect to the effective management of diverse portfolio of assets as well as the time-use pattern, however, requires further investigation.

The 21-village panel survey data has again been used here for the analysis[53]. Using the same data, Sen (2003) categorized four types of households - 'never poor', descending households' 'ascending households' and 'always poor'. This 'always poor' category is termed here as chronic poor who were in poverty in both 19987-88 and 2000. The present analysis concentrates on this chronic poor category only.

In this section, the chronic poor households have been categorized into two sub-groups comparing the average annual changes in household income over 1987/88-2000. The households whose income has increased over this period are considered here as 'dynamic chronic poor' group and the households whose income has either declined or remained unchanged are considered as 'stagnant chronic poor' group.

Surprisingly enough, 61 percent of the chronic poor households are found here as 'dynamic chronic poor' as against of the rest 39 percent who are found as 'stagnant chronic poor' (Table 4.16). This result has an important implication. There is a general perception among many that the chronic poor households are a stagnant category, they are insensitive to any development initiatives and there is hardly any mobility among this group. The result obtained here clearly indicates that the chronic poor are not a stagnant group lacking aspirations and unable to seize any opportunities. They also experience ups and downs in maintaining their livelihoods. As evident, a large proportion of them were able to improve their situation. Forty percent of them have even been able to raise their income at a rate of over 3 percent per annum over the period 1987/88-2000. This means that although they all still remain in poverty during the entire period, there is a noticeable upward movement within this group.

Three observations follow the abode result. First, not all the chronic poor households are immobile. Second, although the majority (61%) of them have been able to improve their situation, another section (39%) is unable to improve its situation. To use Bauman's term, these are 'wasted lives' (Bauman 2004). Third, it is important to study the factors responsible for both the upward mobility and stagnation to better understand the causes of poverty and poverty reduction with reference to the chronic poverty. Analyzing these factors provides deeper insights into the mechanisms that open up avenues for reducing chronic poverty.

Being in 'stagnation' or 'being able to move upward' is not a random event. Some objective factors play important role in order to helping some households to move upward and keeping others in stagnation. These are discussed through analyzing the characteristics of both the chronic poverty groups identified here.

Before proceeding to analyze the characteristics of the various chronic poverty groups, one important methodological point needs to be clarified. The approach here is to identify the factors of upward mobility by comparing the asset and occupational/income structure of the stagnant chronic poor households with those of the dynamic chronic poor households. Thus, for example, if the dynamic chronic poor households have engaged more in certain kinds of activities as compared with the stagnant

[53] These 21 villages are a subset of a 32-village survey conducted by IRRI in 1987-88 and 2000 (the latter with support from IFPRI). The results presented in this section are based on 325 'non-split' households. The inclusion of the 'split' households creates difficulties in estimating the asset base of the households. Exclusion of them, however, does not affect the main conclusion of the section.

households, then the conclusion is that those kinds of activities must have been conducive to upward mobility.

As observed, the dynamic chronic poor households registered considerable income growth (5.7 percent per annum) as against of the stagnant households (the matched figure for this group is -3.4 percent). What have been the factors behind this growth of income? The answer of this question is provided by comparing the observed "capability" and "opportunity" sets of both the categories of the chronic poor groups proxied by household asset and occupational structures respectively as they evolved between the two survey periods. By disentangling the relative success of the dynamic chronic poor households in being able to move upward, we expect to identify the "driving factors" that may be relevant for anti-poverty strategy particularly with regard to chronic poverty. These, however, does not claim to present a causal account of the processes underlying poverty dynamics. Also they are not only exogenous, but also endogenous and critical to understanding the dynamics of mobility.

We adopt here the "rural livelihoods approach" (Ellis, 2000) to map changes in the wellbeing of both types of chronic poverty identified above. In this approach, assets include natural, human, financial, physical and social/political assets. The chronic poor households are in a disadvantaged position to access and control these assets. This lack of access or control does not happen in isolation, as there is considerable overlap. The evidence presented in this section does not however cover all the above dimensions of asset holding but captures the differing patterns of change that have occurred in the livelihoods of the chronic poor households between 1987-88 and 2000.

Table 4.17 compares the changes in assets between the two survey periods for both dynamic and stagnant chronic poor households. Two important observations are noteworthy. First, dynamic chronic poor households have the higher mean value of assets as against of the stagnant chronic poor group. Second, the pace of progress in the asset base during the inter-survey period has been positive and noticeable (except for few assets) for the dynamic chronic poor group as opposed to the stagnant chronic poor group where the situation has either deteriorated or remained unchanged with few exceptions.

As observed from Table 4.17, average number of both male and female earners has increased significantly for the dynamic category as compared with the stagnant category. Of particular importance is the increase in female earners for the dynamic chronic poor group. While the number of female earners in the dynamic category has increased by more than 100 percent, it has remained unchanged for the stagnant category. The issue of female labour force participation is, thus, an important differentiating factor between the two groups which, as expected, has significant influenced over the income and livelihood dynamics of the dynamic chronic poor households. Also there is a compositional shift between agricultural and non-agricultural workers. Proportion of non-agricultural workers has increased as compared with the agricultural workers. This indicates the declining dependence of "daily agricultural wage labour" as a source of income for the dynamic chronic poor households. Thus, the share of household income earned from agricultural wage labour has dropped from 22% in 1987-88 to 14% in 2000 (Table 4.18) for the dynamic chronic poor households.

The inter-survey years also witnessed differential accumulation of assets between the two chronic poor groups. Average land holding, non-land fixed assets, agricultural assets and also non-agricultural assets have increased by a sizable proportion among the dynamic chronic poor households while all these

assets have declined among the stagnant chronic poor households. There is also measurable progress towards the adoption of modern agricultural practices with the increase of cultivated area under modern variety rice by 53% for the dynamic chronic poor households. The matched figure for the stagnant households is negative (-33%). Average years of schooling of the earners have also increased from 3 to 5 for the dynamic group as compared with 3 to 4 for the stagnant group between the survey years. Although overall credit amount accessed has declined for the dynamic group, there has been a favorable compositional shift with significant rise in institutional loan against drop in non-institutional loan. Although this is also true for stagnant category, both the amount and the rate of increase in institutional loan is much higher for the dynamic category as compared with the stagnant category.

Given the above discussion, several important observations can be made. *First*, not all the chronic poor households are immobile. They also experience up and downs in their lives. A majority of them are also able to improve their situation though they still remain within the poverty circle. *Second*, there is, however, another group who is totally stagnant and living in the bottom of poverty circle. They have "wasted lives", as they are not able to access the public employment and transfer schemes, or for that matter, NGO-operated conventional poverty alleviation interventions.[54] *Third*, women empowerment, adoption of modern technology in agriculture, moving from agricultural wage labourer to non-agricultural wage labourer, improved schooling and increased access to institutional credit are among the factors responsible for helping the chronic poor to be in the ladder for upward mobility. Fourth, for the stagnant group, separate targeted approach that takes into account their very vulnerable social conditions may be required.

4.6 Chronic Poverty and Social MDGs

In a well-ordered democratic society where there is a consensus about the provisioning of primary goods, inequality in basic capabilities (or in the "index of primary goods") would be an exception rather than a norm. It is a stark pitfall of our modern times that in both developed and developing countries considerable socio-economic inequalities in the primary goods are still noticeable. In the Bangladesh case even the non-poor appears to be suffering from the lack of basic capabilities in some of these dimensions. But, more importantly, the position of the asset-poorest appears to be extremely precarious in most of these indicators, much worse than the position of the moderate asset-poor. If in Bangladesh there is something called "diffusion of social progress"—diffusion that first captures the imagination of the rich and later spreads out to the poorest periphery--then it must have been progressing very slowly. This will continue to be so without a more conscious interventionist strategy to reach out to the poorest first and foremost. This is the main message that comes from the brief review attempted in this section.

Notwithstanding the progress in social MDGs (see Chapter 3) there are two emerging concerns. *First*, there appears a high degree of social inequality. This cuts across all the key social targets considered in the present paper (see, Tables 4.19 through 4.21). *Second*, the rich-poor divide (however measured) is striking, but more worrying the gap between the poorest and the rest of the society appears to be widening. The

[54] In recent years, some of the NGOs have responded to this situation with a new emphasis on the "ultra-poor programmes" (for a discussion of some of the key issues facing these programmes, see Chapter 7). The central point made here relates to substantial heterogeneity within the category of the chronic poor, which may need varying "designing and packaging" of interventions based on social conditions of reproduction of chronic poverty.

precarious position of the poorest and their relative gap with the richest in respect of health, nutrition, and schooling indicators remains extraordinarily and unacceptably high. MDG outcome differences between the poorest and the richest are measured on household physical asset, human asset, self-rated poverty, and income-poverty scale. Typically such differences between the poorest and the richest are in the range of 68-93 per cent in case of infant and under-five mortality, 72-89 per cent in case of maternal malnutrition (if one judges by the "height" yardstick) and 32-50 per cent in case of maternal malnutrition (if one judges by the yardstick of "body-mass index"), 71 per cent in case of total fertility rate, 64-104 per cent in case of child malnutrition, 46 per cent in case of primary enrolment and 196 per cent in case of secondary enrolment. Such a high degree of inequality in social MDGs is inconceivable with any citizen rights based approach to social development.

The extent of spatial inequality measured at the divisional as well as district level shows modest improvement over the recent years. Thus, the spatial variability of HPI estimated at the district level—as measured by the coefficient of variation to capture the degree of spatial inequality--has decreased slightly from 13.16 to 11.98 between 1995 and 2000 (Sen and Ali 2003). The spatial maps indicate that while there have been some positive changes in real agricultural wages during this period, there are large wage dispersions across districts **(Map 2 and Map 3** in Chapter 8**)**. Some of the districts have been able to improve their situation from low to medium or from medium to high wage categories, but many remained in less fortunate circumstances. The districts which remained persistently in the low-wage category over 1995-2000 are mostly in the North-West and Western zone: Thakurgaon, Panchagar, Nilphamari, Lalmonirhat, Kurigram, Rangpur, Gaibandha, Sirajganj, Natore, Naogaon, Jaypurhat and Meherpur. Out of these 6 are actually areas with strong river erosion effects (except Thakurgaon, Panchagar, Natore, Naogaon, Jaypurhat and Meherpur). High level of spatial inequality must be seen as a factor likely to cause divergence and, consequently, slow-down in the average pace of progress in social MDGs in the coming decade.

Table 4.1

Incidence of Chronic Poverty Using Monetary and Non-monetary Measures, 2000

(per cent: without restriction)

Type of Chronic Poverty	Panel Data	CNS Data	DHS Data
Chronic Income Poverty	32.3	-	-
Severe Income Poverty	21.8	19.6	16.8
Education-Based Chronic Poverty	36.4	59.7	28.3
Child Nutrition-Based Chronic Poverty	-	46.4	41.4
Maternal Nutrition-Based Chronic Poverty	-	-	32.9

Source: Panel Survey, CNS and DHS Data

Table 4.2

Incidence of Severe and Chronic Poverty, 2000

(per cent: below 50 decimals of land)

Type of Chronic Poverty	Panel Data	CNS Data	DHS Data
Chronic Income Poverty	47.1	-	-
Severe Income Poverty	34.8	21.5	23.5
Education-Based Chronic Poverty	35.1	68.9	37.1
Child Nutrition-Based Chronic Poverty	-	50.0	41.6
Maternal Nutrition-Based Chronic Poverty	-	-	32.3

Source: Panel Survey, CNS and DHS Data

Table 4.3

The Proportion of Severely Poor Households in Chronic Poverty, 2000

(per cent: without restriction)

Type of Chronic Poverty	Panel Data	CNS Data	DHS Data
Chronic Income Poverty	52.4	-	-
Education-Based Chronic Poverty	20.5	24.8	31.2
Child Nutrition-Based Chronic Poverty	-	22.2	17.2
Maternal Nutrition-Based Chronic Poverty	-	-	16.6

Source: Panel Survey, CNS and DHS Data

Table 4.4
The Proportion of Severely Poor Households in Chronic Poverty, 2000

(per cent: below 50 decimals of land)

Type of Chronic Poverty	Panel Data	CNS Data	DHS Data
Chronic Income Poverty	61.6	-	-
Education-Based Chronic Poverty	36.5	25.3	34.6
Child Nutrition-Based Chronic Poverty	-	22.5	24.1
Maternal Nutrition-Based Chronic Poverty	-	-	23.4

Source: Panel Survey, CNS and DHS Data

Table 4.5

Characteristics of Severe and Chronic Poverty, 2000

(mean value: without restriction)

Socio-economic Characteristics of the Households	Panel Survey			CNS			DHS			
	Severe Poor	Income CP	Education CP	Severe Poor	Education CP	Child Nut. CP	Severe Poor	Education CP	Child Nut. CP	Maternal Nut. CP
Land Owned (acre)	.45	.69	1.87	.48	.47	.77	.23	.29	1.31	1.25
HH Size	5.82	5.94	5.63	5.80	5.63	5.68	4.88	4.53	5.32	5.34
Number of Earners	1.52	1.63	1.82	1.23	1.37	1.44	1.71	1.59	1.68	1.70
Educational Score	1.82	2.25	.47	1.09	.61	1.84	1.97	.32	4.16	4.19
Per capita Income (Taka)	2991.57	4459.70	12546.68	3265.68	6963.31	7896.29	-	-	-	-

Source: Panel Survey, CNS and DHS Data

Table 4.6

Characteristics of Severe and Chronic Poverty, 2000

(mean value: below 50 decimals of land)

Socio-economic Characteristics	Panel Survey			CNS			DHS			
	Severe Poor	Income CP	Education CP	Severe Poor	Education CP	Child Nut. CP	Severe Poor	Education CP	Child Nut. CP	Maternal Nut. CP
Land Owned (acre)	.16	.17	.15	.07	.05	.06	.03	.04	.06	.06
HH Size	5.67	5.60	5.15	5.52	5.41	5.49	4.80	4.47	5.01	5.05
Number of Earners	1.41	1.47	1.63	1.21	1.34	1.39	1.71	1.61	1.68	1.69
Educational Score	1.45	1.63	.43	.79	.50	1.38	1.76	.30	3.25	3.23
Per capita Income (Taka)	3028.77	4107.21	8267.25	3304.54	6668.42	7314.39	-	-	-	-

Source: Panel Survey, CNS and DHS Data

Table 4.7

Incidence of Multi-dimensional Poverty, 2000

(per cent: without restriction)

Multi-dimensional Poverty	Panel Data	CNS Data	DHS Data
Severe & Chronic Income Poverty	16.9	-	-
Severe & Education-based Chronic Poverty	7.1	14.4	8.8
Income & Education-Based Chronic Poverty	11.1	-	-
Severe, Chronic Income & Education Based Chronic Poverty	5.8	-	-
Severe & Child Nutrition-Based Chronic Poverty	-	10.3	7.1
Education & Child Nutrition-Based Chronic Poverty	-	29.6	11.5
Severe, Education & Child Nutrition Based Chronic Poverty	-	7.7	-
Severe & Maternal Nutrition-Based Chronic Poverty	-	-	5.5
Education & Maternal Nutrition-Based Chronic Poverty	-	-	9.8
Child & Maternal Nutrition-Based Chronic Poverty	-	-	13.7
Severe, Education, Child & Maternal Nutrition-Based Chronic Poverty	-	-	1.3

Source: Panel Survey, CNS and DHS Data

Table 4.8

Characteristics of Multi-dimensional Poverty, 2000

(mean value: without restriction)

Socio-economic Characteristics	Panel Survey				CNS			
	Severe & Income CP	Income & Education CP	Severe & Education CP	Severe, Income & Edu. CP	Severe & Education CP	Education & Child Nut. CP	Severe & Child Nut. CP	Severe, Edu. & Child Nut. CP
Land Owned (acre)	.34	.57	.39	.18	.33	.35	.51	.34
HH Size	5.76	5.55	5.48	5.58	5.70	5.53	5.63	5.60
Number of Earners	1.53	1.39	1.30	1.32	1.28	1.40	1.26	1.32
Educational Score	1.58	.22	.51	.16	.38	.55	1.05	.39
Per capita Income	2964.44	4491.34	2899.38	2861.26	3331.72	6692.43	3202.98	3280.14

Source: Panel Survey and CNS Data

Table 4.9

Characteristics of Multi-dimensional Poverty, 2000

(mean value: without restriction)

Socio-economic Characteristics	DHS						
	Severe & Education CP	Severe & Child Nut. CP	Severe & Maternal Nut. CP	Education & Child Nut. CP	Education & Maternal Nut. CP	Child & Maternal Nut. CP	Severe, Edu., Child & Maternal Nut. CP
Land Owned (acre)	.13	.16	.21	.29	.32	1.12	.18
HH Size	4.48	5.07	4.88	4.57	4.58	5.30	4.41
Number of Earners	1.65	1.70	1.71	1.58	1.60	1.65	1.59
Educational Score	.31	2.14	1.91	.32	.34	4.18	.27
Per capita Income	-	-	-	-	-	-	-

Source: DHS Data

Table 4.10

Slipping in and out of Poverty by Objective and Subjective Poverty Lines, 1987/88 – 2000

	Objective Poverty Line			Subjective Poverty Line		
	Non-poor	**Poor**	**Total**	**Non-poor**	**Poor**	**Total**
	2000	2000		2000	2000	
Non-poor	95	67	162	112	66	178
1987/88	(25.1)	(17.7)	(42.8)	(30.0)	(17.4)	(47.4)
Poor	98	119	217	103	98	201
1987/88	(25.8)	(31.4)	(57.2)	(27.2)	(25.4)	(52.6)
Total	193	186	379	215	164	379
	(50.0)	(49.1)	(100)	(56.7)	(43.3)	(100)

Source: Estimated from 21-village panel data collected by IRRI-IFPRI project.

Table 4.11

Incidence of Chronic and Transitory Income Poverty by Land-Poverty Status: 21-Village Panel Data for 1987/88 and 2000

Land poverty status 1987/88	**Objective Poverty Line**					**Exit Ratio***	**Vulnerability Ratio****
	Never poor	**Ascending poor**	**Descending non-poor**	**Chronic poor**	**Total**		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Poor (up to 0.2 ha)	23 (14.4)	43 (27.0)	26 (16.4)	67 (42.2)	159 (100.0)	39.1	53.1
Vulnerable (0.21 to 1 ha)	30 (22.1)	41 (30.1)	21 (15.4)	44 (32.4)	136 (100.0)	48.2	41.2
Non-poor (1.01 and above)	42 (50.0	14 (16.7)	20 (23.8)	8 (9.5)	84 (100.0)	63.4	32.3
All	**95 (25.1)**	**98 (25.7)**	**67 (17.7)**	**119 (31.6)**	**379 (100.0)**	**45.2**	**41.4**

Note: * Col. 6= Col. 2/ (Col.2+Col.4). ** Col. 7= Col. 3/ (Col. 1+Col. 3).

Source: Estimated from 21-village panel data collected by IRRI-IFPRI project.

Table 4.12

Asset Base and Income by Dynamic Pov erty Groups, 1987-2000

Variables	Chronic poor		Ascending poor		Descending poor		Never poor	
	1987/88	2000	1987/88	2000	1987/88	2000	1987/88	2000
Labor Force								
Family size	5.66	6.05	6.50	6.40	4.88	6.97	5.94	6.39
Number of earners	1.54	1.77	1.70	2.31	1.75	1.87	1.75	2.18
No. of agricultural workers	1.19	1.10	1.05	1.01	1.30	1.22	1.12	0.84
No. of non-agricultural workers	0.35	0.67	0.65	1.30	0.45	0.65	0.63	1.34
Natural Asset								
Owned land (ha)	.27	.24	.42	.74	.60	.47	1.23	1.29
Cultivated land (ha)	.27	.21	.38	.54	.78	.31	1.06	.75
Rice area (ha)	.35	.29	.46	.78	1.01	.37	1.51	1.01
MV rice cultivated area (ha)	.10	.18	.19	.57	.31	.24	.57	.70
Human Asset								
Average years of schooling of all earners	3.16	5.90	5.18	12.60	4.08	7.45	8.09	15.98
Financial Asset ($)								
Amount of institutional loan taken	13	31	17	45	15	12	13	108
Amount of non-institutional loan taken	27	10	28	17	31	4	89	42
Total amount of loan taken	40	41	45	62	46	16	102	151
Physical Asset ($)								
Total non-land fixed assets	98	131	137	658	163	174	323	1242
Agricultural Assets	77	101	123	213	154	99	298	268
Non-agricultural Assets	20	30	14	445	9	75	25	974

Source: Estimated from 21-village panel data collected by IRRI-IFPRI project.

Table 4.13

Changes in Income by Dynamic Poverty Groups, 1987-2000

Household income ($)	Chronic poor				Ascending poor				Descending poor				Never poor			
	1987/88	%	2000	%	1987/88	%	2000	%	1987/88	%	2000	%	1987/88	%	2000	
Non-rice crop	31	6.42	43	7.98	45	8.12	219	10.99	78	6.06	66	10.09	117	8.02	256	11.86
Income from rice production	130	26.92	115	21.34	162	29.24	354	17.77	468	36.34	162	24.77	692	47.43	489	22.65
Income from non-crop agriculture	40	8.28	79	14.66	51	9.21	265	13.30	124	9.63	112	17.13	83	5.69	290	13.43
Income from agri-wage labor	141	29.19	83	15.40	88	15.88	22	1.10	108	8.39	76	11.62	53	3.63	18	0.83
Income from service	36	7.45	44	8.16	49	8.84	217	10.89	205	15.92	47	7.19	208	14.26	292	13.52
Income from trade & business	63	13.04	54	10.02	89	16.06	466	23.39	97	7.53	54	8.26	187	12.82	569	26.35
Income from remittance	2	0.41	23	4.27	29	5.23	334	16.77	143	11.10	61	9.33	63	4.32	167	7.74
Income from non-agriculture labor	40	8.28	98	18.18	41	7.40	115	5.77	65	5.05	76	11.62	56	3.84	78	3.61
Total income of the household	483	100.00	539	100.00	554	100.00	1992	100.00	1288	100.00	654	100.00	1459	100.00	2159	100.00
Per capita income of the household	85		89		85		311		264		94		246		338	

Source: Estimated from 21-village panel data collected by IRRI-IFPRI project.

Table 4.14

Self-Reported Reasons for 'Improvement in Economic Well-Being over the Last Decade', 1987/88-2000

(Per cent of multiple responses)

Reasons of improvement	Dynamic poverty groups					
	Ascending poor			All groups		
	Cases	%	Rank	*Cases*	%	Rank
Structural	**98**	**73.1**	**I**	**297**	**74.4**	**I**
Increase in natural assets	10	7.5	4	42	10.5	4
Increase in human assets	35	26.1	2	93	23.3	2
Increase in financial assets	6	4.5	6	27	6.8	6
Increase in physical assets	37	27.6	1	101	25.3	1
Increase in social assets	6	4.5	6	14	3.5	8
Favourable market conditions	4	3.0	7	20	5.0	7
Life Cycle	**32**	**23.9**	**II**	**89**	**22.3**	**II**
Increase in labour force	16	11.9	3	40	10.0	5
Positive change in household demography	16	6.0	5	49	12.2	3
Crisis	**4**	**3.0**	**III**	**13**	**3.3**	**III**
Positive shocks ('good luck')	4	3.0	7	13	3.3	9
Total Cases	**134**	**100**	**-**	**399**	**100**	**-**

Source: Estimated from 21-village panel data collected by IRRI-IFPRI project

Table 4.15

Self-Reported Reasons for 'Deterioration in Economic Well-Being over the Last Decade', 1987/88-2000

(Per cent of multiple responses)

Reasons of deterioration	**Dynamic poverty groups**					
	Descending non-poor			**All groups**		
	Cases	**%**	**Rank**	**Cases**	**%**	**Rank**
Structural	**25**	**26.6**	**III**	**92**	**31.4**	**III**
Loss of natural assets	17	18.1	2	58	19.7	2
Loss of human assets	-	-	-	3	1.0	9
Loss of financial assets	8	8.5	4	21	7.2	5
Loss of social assets	-	-	-	2	0.7	10
Adverse market conditions	-	-	-	8	2.7	8
Life cycle	**33**	**35.1**	**II**	**98**	**33.4**	**II**
Negative change in household demography	33	35.1	1	98	33.4	1
Crisis	**36**	**38.2**	**I**	**104**	**35.2**	**I**
Ill-health	17	18.1	2	54	18.4	3
Natural disaster	14	14.9	3	24	8.2	4
Personal insecurity	3	3.2	5	11	3.7	7
Social ceremony	2	2.0	6	15	5.1	6
Total cases	**94**	**100**	**-**	**293**	**100**	**-**

Source: Estimated from 21-village panel data collected by IRRI-IFPRI project.

Table 4.16

Dynamic and Stagnant Chronic Poverty Groups in Rural Bangladesh, 1987-2000

Category of Chronic Poor	No.	%
Dynamic Chronic Poor	64	61
Stagnant Chronic Poor	41	39

Source: Estimated from 21-village panel data collected by IRRI-IFPRI project.

Table 4.17

Asset Base Change by Dynamic Chronic Poverty Groups in Rural Bangladesh, 1987-2000

Variables	Dynamic Chronic Poor			Stagnant Chronic Poor		
	1987-88	2000	% change	1987-88	2000	% change
Labour Force						
Family size	5.20	6.44	23.80	6.95	5.17	-25.61
Average no. of male earners	1.37	1.92	40.05	1.51	1.56	3.31
Average no. of female earners	0.10	0.22	123.32	0.12	0.12	0.00
Average no. of agricultural workers	1.04	1.16	11.49	1.24	1.1	-11.29
Average no. of non-agricultural workers	0.35	0.53	53.78	0.32	0.41	28.13
Natural Assets						
Owned land (ha)	0.26	0.33	26.86	0.31	0.2	-35.48
Cultivated land (ha)	0.37	0.26	-28.05	0.4	0.17	-57.50
MV rice cultivated area (ha)	0.16	0.24	53.10	0.15	0.1	-33.33
Human Assets						
Average years of schooling of all earners	2.98	4.72	58.61	3.15	3.93	24.76
Financial Assets ($)						
Amount of institutional loan taken	7.20	17.92	148.91	9.44	14.78	56.58
Amount of non-institutional loan taken	37.40	5.28	-85.89	21.64	10.20	-52.84
Total amount of loan taken	44.60	35.15	-21.20	31.08	34.84	12.12
Physical Assets ($)						
Total non-land fixed assets	114.56	157.45	37.44	188.1	75.2	-60.0
Agricultural assets	82.60	108.43	31.27	94.5	69.7	-26.3
Non-agricultural assets	31.96	49.02	53.37	93.6	5.5	-94.2
N	**64**			**41**		

Source: Estimated from 21-village panel data collected by IRRI-IFPRI project

Table 4.18

Changes in Income by Dynamic Chronic Poverty Groups in Rural Bangladesh, 1987-2000

Household Income (US $)	Dynamic Chronic Poor				Stagnant Chronic Poor			
	1987-88	%	2000	%	1987-88	%	2000	%
Non-rice crop	28.75	7.00	57.42	8.26	36.65	6.52	33.14	9.98
Rice production	118.96	28.97	155.99	22.44	147.94	26.33	82.43	24.83
Non-crop agriculture	81.82	19.92	119.30	17.17	74.77	13.31	35.24	10.62
Agri. wage labour	91.32	22.24	100.73	14.49	152.16	27.08	81.51	24.55
Service	8.27	2.01	47.04	6.77	39.32	7.00	17.18	5.18
Trade and business	41.16	10.02	106.54	15.33	69.45	12.36	10.41	3.14
Remittance	1.23	0.30	14.52	2.09	0.00	0.00	23.31	7.02
Non-agri. wage labour	39.20	9.54	93.90	13.51	41.65	7.41	48.73	14.68
Total household income	410.70	100.00	695.44	100.06	561.94	100.0	331.96	100.0
Per capita income	79.94	-	107.81	-	96.16	-	65.43	-

Source: Estimated from 21-village panel data collected by IRRI-IFPRI project

Table 4.19

Nutritional Status of Children and Mothers in Bangladesh By Poverty Status, 2000

Poverty Status	**% Underweight**	**% Stunted**
For Children		
Extreme Poor	60.0	59.2
Moderate Poor	53.7	50.4
Middle Non-Poor	44.6	43.4
Top Non-Poor	36.8	29.0
Poor – Rich Ratio	1.64	2.04
For Mothers		
Poverty Status	**Average BMI**	**% below 18.5 BMI**
Always deficit	18.6	52.9
Sometimes deficit	19.1	45.9
Neither deficit nor surplus	20.0	35.3
Surplus	21.0	27.6
Poor – Rich Ratio	-	1.92

Note: Currently married women aged 10-49; BMI, the body mass index is defined as weight in kilogram divided by the square of height in meters (kg/m2). For the BMI a cut-off point of 18.5 is recommended for defining thinness, or acute malnutrition.
Source: Sen and Hulme (2004)

Table 4.20

Maternal Care (by Medically Trained Persons), Total Fertility Rate and Infant Mortality Rate by Different Background Characteristics

Household Wealth Index	Antenatal Care by Medically Trained Persons[1], 2001	Intended Assistance during Delivery by Medically Trained Persons[2], 2001
For Maternal Care by Medically Trained Persons		
1 (poorest)	28.0	5.3
2	34.6	5.8
3	42.3	8.3
4	53.5	10.3
5 (wealthiest)	77.2	27.2
Rich – Poor Ratio	2.76	5.13
For Total Fertility and Infant Mortality Rate		
Level of Education	**Total Fertility Rate, 1998-00**	**Infant Mortality Rate, 1999-00**
No education	4.12	92.0
Primary Incomplete	3.30	79.1
Primary Complete	3.42	65.4
Secondary and above	2.40	54.7
Poor - Rich Ratio	1.72	1.68

Note: 1. Percent distribution of births in the three years preceding the survey received antenatal care by medically trained persons during pregnancy, Bangladesh 2001.
2. Percent distribution of currently pregnant women intending to receive assistance by medically trained persons during delivery, Bangladesh 2001.

Source: Sen and Hulme (2004)

Table 4.21

Schooling Status of the Children in Bangladesh By Poverty Status, 2000

Poverty Status	Primary School Enrolment	Primary School Completion	Secondary School Enrolment
Extreme Poor	58.8	15.1	22.2
Moderate Poor	72.7	17.3	34.5
Middle Non-Poor	80.9	26.3	53.3
Top Non-Poor	85.8	30.4	65.8
Rich – Poor Ratio	1.46	2.01	2.96

Source: Sen and Hulme (2004)

Chapter 5

Social Marginalisation and Chronic Poverty: Voices and Silences

> Redundancy shares the semantic space with 'rejects', 'wastrels', 'garbage', 'refuse'—with *waste*. The destination of the *un*employed, of the reserve army labour, was to be called back into active service. The destination of waste is the waste-yard, the rubbish heap…The morbid consequences of industrial and household waste for the planet' s ecological balance and capacity for support have been a matter of intense concern for some time now (though not much action has followed the debates); we have not however arrived anywhere near to seeing clearly and grasping in full the far-reaching effects of the growing masses of 'wasted' humans on the political balance and social equilibrium of human planetary coexistence.
>
> Zygmunt Bauman (2004): *Wasted Lives. Modernity and its Outcasts*

5.1 Exploring Concerns of the Poorest: The Relevance of Life-Histories

This chapter focuses on the "process-dimension" of poverty using qualitative and life-history methods. In total, 47 in-depth life-histories on the chronic and extreme poor were carried out in different parts of the country focusing on their experiences, aspirations, and strategies of survival, coping and escape from poverty. All the interviews used in the present chapter were taken during May 2002-April 2003. Each of these interviews represents an incomplete and partial account of the ordinary life of an ordinary person. Each of these protagonists, in effect, narrates what Chekhov once termed "the story of a Nobody" and leaves a strange taste in the mouth, to be sure. One cannot read the interviews in a single sitting for reading the tales of chronic and extreme poverty in first persons can be a painful experience: as a reader you almost feel the helplessness of a researcher, any researcher, in the face of cluster of misfortunes within which these narrators announce their presence. Helplessness, because almost nothing can be done even individually for these peoples, although they illuminate our lost and retrieved selves, respond to our inner thoughts, appeal to our conscience, or even help us to strategise better in the global conquest of modernity, or for that matter, growth, democracy and anti-poverty. Nothing can be done, because as they help to clarify our research issues, as they illuminate the ignorant corners of the policy mind-sets, they fade away like the long-burning stars or fire-flies in the paddy-fields who continue to give light as they die. Many of them would have already faded away as one reads these lines, a few might be already dead, and those among the living in most likelihood have slipped even further down the poverty ladder, displaced and dislocated, like an uprooted migratory bird that left its home in search of better livelihood but ending up all the same in even greater distress, more "insulted and humiliated" than ever before, to use the words of Dostoevsky.

In selecting the interviewees we have given focus on those who have been left-out or left-behind in the severe competition for scarce resources, including those who were pushed to the margins, and those who find themselves increasingly trapped in social and spatial conditions that encourage little upward mobility. Three broad categories can be identified. The first group consists of people located in the remote rural areas such as distant *charlands*, *haor* areas, and borderlands, especially in the North. This group also includes people affected by unfavourable environments such as river erosion (a number of interviewees continue to live for months, even years, in the distressed, uncared for, conditions by taking refuge on the embankment constructed by Water Board). The second group focuses on the socially

heterogeneous category of the income poorest such as abandoned old-age woman, handicapped adolescent girl, rural beggar, people whose livelihood is dependent primarily on agricultural wage labour, especially as migratory labour (earning, typically, lower wages than the resident labour), "the lowliest and the lost", to use the words of Rabindranath Tagore. The third group includes marginalised identities though not necessarily from the poorest of the poor from the income point of view. This category relates to the socially excluded and/or adversely incorporated ethnic minorities, low-income religious minorities with a heightened sense of alienation, specific disadvantaged communities such as the hermaphrodites (*hijras*), people engaged in low-productivity and declining occupations and activities because of changing market demand, people operating in activities with very long work-hours, people taking up manual labour intensive jobs that are unsustainable all the same in the long-run physically or otherwise. The group also includes street-children with troubled childhood, the self-excluded mystics, and the stateless subjects of the borderlands (*Chitmahal*). This categorisation, however, does not exhaust the list of the possible social differences within the chronic and extreme poor group.

The case studies did not only document the various phases of life-trajectories of the poorest and the most subaltern, they also tried to understand the causes and triggers of slide into greater poverty in the broader social (family and community) context. At times they touched themes that go beyond just life-histories such as the soliciting of their opinions about other peoples, about the embedded class and power relations, and about the role of state and public bodies, even (ambitiously) tried to assess the hidden transcripts underlying their arts of resistance, complicity and individual plans for the future. At some point in conducting these interviews there was an instrumental attempt to understand what meanings they attach to such grand themes as development, social justice, quality of life and poverty reduction. In all of these attempts what strikes out is the sharp presence of an active, perceptive, and self-reflective mind of the poor quietly analysing the causes of personal or familial downfall with characteristic matter-of-fact narration of memorable events of a life passed in endemic deprivation punctuated by a series of shocks, traumas, and missed opportunities.

To provide glimpses of the presence of a critical and self-interrogating mind two examples (one from the field, while the other from the street) may be invoked here. As a 68-year old woman of the Mogolbasha Union of Kurigram in the North-West, who was abandoned by her three grown-up sons amidst pressures to survive under extreme conditions, remarked at the end of interview (this time by addressing the interviewer: the time was December with the period of seasonal distress—known as the *Monga* months—nearing the end, but a cold and bitter winter of January with the risks of new deaths still lied ahead): "The fact that you have come here to find out how I am doing, even the fact that you have come and sat beside me and asked me questions about my life is itself remarkable. I am grateful for that, for nobody came to me before and asked me how I am surviving. Even my sons do not come to this part for many months and ask about my whereabouts. I do not ask for any help; so long I shall live I want to live on my work ability alone. I understand that I have grown very old, but I can't complaint. A daily wage of just half kg of rice, with one to two meals, after a day's work at other people's house may appear low but I understand why it is so. Work of an old woman like me cannot fetch higher price. After all, a human being is priced according to the type of his work." The other example relates to the sharp remarks made by a number of street children in Dhaka city: "We don't want any assistance. We want jobs and want to be recognised by the government (*Sarkar*) as workers with due rights. We know that *Sarkar* can do many things for us, but we don't expect much now. Perhaps *Sarkar* can at least ensure that we can also work as porters in the rail-station like the other adult porters. Perhaps it can tell the

police not to obstruct us if we want to sleep in some corner of the station before the mid-night and not to wake us up before 5 in the morning. Perhaps it can tell the police not to round us up for no reason every now and then, and take us to the correction centre (*Bhovoghure Kendra*). Both the food and the treatment are extremely poor there."

A range of issues of development, modernisation, and livelihood strategy emerges from the close reading of these life-histories. The present discussion offered in this chapter is, however, limited to three main analytical objectives.[55] *First*, the preceding analysis of ascent and descent based on quantitative survey data has pointed to the importance of several factors. A reality-check through life-histories was an important motivation behind this exercise. In particular, we were interested to cross-check the validity of the thesis that the factors underlying descent were not, in most cases, the mirror-image of the factors that promote ascent from poverty. This can be assessed by examining the role of factors such as occurrence of and vulnerability to anticipated and unanticipated risks and shocks, demographic events, networking and social support mobilisation capacity (often, rather controversially, viewed as "social capital"), and political, economic and cultural factors underlying alienation of the chronic and extreme poor.

Second, deprivations are not only economic; they take place in non-economic spheres as well. Analysis of chronic and extreme income-poverty is still confined to the income space. What is, in addition, important is to explore why chronic social disadvantage persists even for people who are not otherwise rated among the income poorest. The probing can take us to a better formulation of what Gayatri Spivak defined as "the chronic marginality", which distinguishes systemic and severe deprivations as the priority concern even within the general progressive discourse on "otherness" (Harasym 1990). A special sub-set of issues arises when there is multiple and overlapping vulnerabilities due to both income and non-income deprivations. *Third*, many of the respondents voiced their expectations (though quite "minimalist" when it comes to expecting any favour from the state) about what needs to be done to help them in their fight against hunger, familial disintegration, and different types of shocks. This points to the possible avenues of policy interventions, extending social support and care, and institutional governance issues. Although most of the interviewees are from the chronic poor and descending poor categories (with few exceptions belonging to the category of ascending poor) the perspective on policy and institutional priorities from the perspective of "lowliest and lost" may provide as important perspective as may be extracted from the analysis of the ascending poor households.

[55] A fuller version of the analysis presented here is under preparation as a separate methodological exercise jointly with Naila Kabeer, who has provided key inputs in the preparation of this chapter. Very useful discussions with David Hulme, Colin Murrey and Deepa Narayan are also gratefully acknowledged. The analysis presented here is based on the "de-construction" of texts of life-histories collected through the enormous efforts of Rabbani and Manoj Bagchi, who actually tracked the respondents and took the interviews. At the outset permission was sought from the interviewees for the recording of the subsequent conversation. All the references to the interviewees made in the text have been suitably modified for the sake of maintaining privacy and anonymity.

5.2 Selected Findings from Life-Histories of the Poorest

5.2.1 Asset Access and Chronic Poverty: Causality Runs Both Ways

Life-histories suggest that limited asset access can be both cause and effect of poverty. From the "cause" point of view, case studies documented two types of possibilities. For some of the chronically poor access to social capital was an important "initial condition" for their mobility in two ways.[56] *First*, it provided them opportunities to "get connected" with the mainstream development process. Examples of the facilitating function of social capital include information about jobs, extending assistance in helping them to actually access the jobs, or providing initial working capital to start-off a business. In many cases it helped the children of the chronically poor families to continue with their education, thus helping them to accumulate human capital required for long-term mobility. *Second*, it played an important supportive role in preventing their further slippage into greater poverty during the time of crisis. The list of assistance usually range from emergency credit, giving food and shelter, looking after children of the victim's family, mobilising community support to lobby with the local government and the local elite for the allocation of government assistance such as relief/ VGD cards, inclusion in the stipend and pension schemes.

Unfortunately, in most cases the significance of social capital for the chronic and the extreme poor is highlighted by the absence of it. Lack of social asset was the cause of their poverty—this was starkly seen in the case of street children, but was also prominent in case of agricultural labourers who often descended into greater poverty because of they (or their parents) ran conflict with family members, other relatives and neighbours around the issue of command over land and other properties. But there are other more stark examples of deprivations in social relational terms **(see Box 5.1)**.

From the "effect" point of view, lack of social capital is often a consequence of being in greater desperation because of loss of parental land, homestead, and livelihood due to river erosion. This has been noticed especially in case of "sudden poor" families who were once rated among the "decent people" (*bhardraloks*). In all of those cases, there was favourable initial social capital when the individual or the household lived in better economic conditions. Social capital eroded *after* the struggles for survival became acute, as the bread-winner father or elder adult son permanently left the family for work elsewhere and did not maintain any connection with the family. As the household goes down the

[56] In the present study, the terms social capital, social asset and social solidarity networks have been used inter-changeably. The term "access to social capital", however, is used with a certain degree of imprecision, even with a sense of uneasiness, so to say. *First*, the operational definition can include diverse sets of things, ranging from individual connectivity with effective development/ power networks to collective social action for the local commons. This introduces certain fuzziness in the conceptual terrain. *Second*, the term "capital" or asset airs the sense of "stock"—the more one accumulates the better. This, however, may not be the case in actual outcomes. For instance, a large segment of the poorest silently suffer every year from seasonal hunger (as reportedly happened in October-November during 1998 and 2003) even in areas with dense NGO coverage with the multiple *samity*-networks. If the density of development organisations and the local self-help groups (Samities) associated with them is taken as an important indicator of the stock of local social capital (which is often claimed by at least one strand of literature on social capital) one would have expected some social initiatives on the part of these agencies and samities to prevent such severe distress from occurring every year. This implies that organisational translation of social capital merely in terms of density of local development agencies and NGO samities is problematic and at best can be seen as an imperfect indicator. *Third*, the epithet of "bowling alone" (to use the expression by Robert Putnam) suggests the importance of *embedded relational aspects*, which is missing in the "stock" concept. Clearly, gains in individual mobility for some may be at the expense of others, with little effects on the quality of social good. Seen from this angle, it is difficult to use "access" as applied to social capital in the same sense one use access to human capital or financial capital.

poverty spiral it enjoys much less command over networking resources; with accentuation of poverty the family had to take up odd jobs, often associated with stigma, leading to "erosion of respect" in the eyes of *bhadralok* community and gradually excluded from the core social network that inform the traditional social fabric of the community. In the context of severe competition over scarce resources breakdown of social trusts and bonds are common, can be observed in both intra-household and extra-household contexts. In these cases the break-down is rather the effect of chronic poverty rather than the cause of it.

Box 5.1

Chronic Poverty and Absence of Social Capital

- **Kalimuddin**, a 55-60 years old landless day-labourer, victim of river-erosion in South Sindhurna (Hatibandha, Lalmonirhat) describes his lack of social capital in the following terms: "Here (on the roadside) we live in hardship. We did collect water from the tube-well of the nearby Madrasa, but the authorities strictly forbade us to go to their tube-well…Who helps the poor? Who gives us? No body pays any regard to the poor. Suppose, if there would be a marriage ceremony in the neighbouring house, many relatives and neighbours would come and enjoy, but no body would invite me. The poor have no honour in the world…I never got myself enlisted for VGD, WFP or any other facilities. For Eid festival, Government distributes free rice, sugar, milk etc. but I did not get any relief. Only those who have powerful relatives may get it…Many persons (victim of river erosion) have started business with the help of their relatives. But there is no body to help me. Some times I think to start a small business like rice selling. But where would I get the capital? Can you tell me, which wholesaler would give me a sack of rice in arrears?…If we remain in fasting for all the day and night, no body here will come forward and will lend me even one kg of rice!

- **Al-Momin**, a 12-13 years old, fatherless boy in the village of Jhaugorah (Hajipur, Jamalpur) describes his lack of social capital in the following manner: "We have our own homestead and some crop-land, but after my father's death my cousins uprooted us from our homestead and misappropriated our lands…My mother went several times to the village-leaders and requested their help in reoccupying our lands. But they did not help us…I have a paternal uncle who is educated, who lives in town. But he never takes care of us…One day one NGO officer went to our home and interviewed my mother. He told us he would provide some assistance for our improvements. But my cousins told the officer with animosity that my two sisters are job-holders, so we don't have any necessity of aid. Then, the officer did nothing for us.

In some parts of these stories there is even hint that, at the lowest end of the income/asset spectrum, gains for some represent loss for the others. Ascent and descent are often mirror image in the context of chronic poverty. Some individuals can move up along the poverty ladder, while other members of the same family can go down the ladder precisely because of that upward movement. Of course, for the chronic poor households, the total escape by abandonment is rare, but it is true that many opt for this trajectory because they gain in the process, even if it is a limited pay-off in terms of bounded mobility.

5.2.2 When Things Fall Apart: Unequal Burden of Chronic Poverty

This has been a recurrent theme in these stories. Unequal burden of poverty-in-aggravation falls disproportionately on the non-working members, especially children and women. The issue is over and beyond the aspect of intra-household inequality in current consumption. With aggravation of chronic poverty it is the adult working members who are among the first to leave the family and often do not

return back at all to the origin. Gradually, the "mother household" falls apart; the remaining members, which typically include non-working mother and siblings (and in some cases older parents and grand-parents), initially try to pull up their limited resources, but those are found very inadequate to ensure coping. Neighbour's support even when it is present it is only temporary in nature, but the crisis is permanent, so the limited community support too dries up soon. The household further falls apart, children leave the house for unknown destinations, often ending up as working street children in cities, as rail-station porters or beggars. The very older members die of hunger and sickness, so does the lonely mother, often it all starts from some unusual happenings with signs of temporary insanity, but then one day she permanently goes insane, often followed by a suicide, or simply vanishes into the blue, with no trace for the community. Only in a few cases she gets a job in some distant places where she may take later some of her younger siblings, but in most others, she looses touch with most of her children, being simply incapacitated to save them from being lost. Thus, a household which was once a family withers away unprotected, unlamented, and uncared for, and ultimately is lost in the reference population. Perhaps, the only trace of it survives as fragment of a collective memory of an otherwise vulnerable community, as things unreal and things past.

5.2.3 Sporadic Hunger Persists

Bangladesh has come out of the shadow of famine, but hunger still poses an important problem for a large segment of the chronic and extreme poor. However, the situation for the most part has improved over time. Life-histories suggest that the situation with regard to food-intake was worse in the seventies and eighties. The trend of improvement is dated back to changes that took place in the 1990s. But a few still suffer throughout the year; many still suffer sporadically during some months of the year. This confirms the findings of the 2000 IRRI-IFPRI survey that about 19 per cent of rural households still cannot get "full three meals" a day. The improvement reported in these stories is expressed mainly in the transition from "one meal to two meals a day" and much less in the form of transition from "two to three meals a day". It appears even within the band of chronically poor and the severely poor there is still a distinct band of hungry poor, especially in the river-erosion and low-productivity Charlands, and among the floating population (see, Box 5.2). Tackling hunger should be regarded as a priority social policy. The problem, however, is that silent hunger does not generate any immediate policy response, or at least the same degree of response as famine (because of political underpinnings) or poverty (because of developmental "project" underpinnings). From this angle, the problem of seasonal starvation is always under-rated, perhaps also because it is more acceptable to a liberal conscience than famine.[57]

[57] The situation was vividly described in Bernard Shaw's Man and Superman, where Mr Malone refuses to describe the Irish famines of the 1840s as a "famine". He tells his daughter-in-law, Violet, that his father "died of starvation in the black 47". When Violet asks, "The famine?", Malone replies: "No, the starvation. When a country is full of food and exporting it, there can be no famine" (as cited in Amartya Sen 1996).

Box 5.2

Hunger and Chronic Poverty

- **Ishak Mia**, a 45-50 years old agricultural labourer in Charland (Aditmari, Lalmonirhat) describes what it means to be a victim of "seasonal hunger" during the *Mara Kartik*: "Complete starvation days were a few—something like two/three days in a month when we could not get any food. There were some days when we could not get any rice or atta in our meals. In those times we used boil wild vegetables. This happened especially during the month of Kartik when we used to take meal once a day. When we cannot get rice we get *Kaun* [an inferior and imperfect substitute oif rice/atta costing about 3 taka per kg]. The problem is that Kaun is the food of the poor; you cannot readily get it in the market. We have to process it ourselves in *dhenki* (indigenous processing technology) and eat. We could afford *Kaun* only once a day. Generally we cannot afford any vegetables. When we cannot buy salt from the market we have to borrow from others (if we borrow salt, we have to return it back later). Sometimes we collect leafy vegetables [from the common property resources]; if we can manage other [non-leafy] vegetables we eat them, otherwise we leave them out. During last Eid we could not get any piece of eat for my children [Ishak has 4 sons and 2 daughters; the eldest son is 16 years old and also works as day-labourer]. We cannot get fish even once a week…During the month of Ramadan we have taken fish about 2-3 days a month. I observed fast every day during the Ramadan".

- **Moyna**, belonging to the profession of household-worker in the rural area (Hajipur, Jamalpur) says, "Because of my father's illness we did not get food regularly. If we had our meal in the morning then we did not have it in the evening. After my father's death fish was hardly cooked in our house…In the house where I used to work as maid-servant, when I became hungry, they did not give me food. I was supposed to have my meal only after the other family members have eaten. The delay caused me to lose the taste of food. Though I became hungry sometimes, I never taken food on my own because of her (house wife) scolding. One day she gave me insufficient rice and I asked her for some more. But she slapped me and strictly forbade me to do so.

- **Ali**, a 13-14 years old street boy in the Kamalpur train station describes his scarcity of food during the aftermath of his father's death: "My aunt did not give me food properly. I was not given the same food as her children. After they had finished eating, I had to eat alone. I was given the remaining portion of only one curry which was not sufficient. I was used to being hungry. Whenever I asked for food, she chided me and threatened to leave the house.

5.2.4 Health Shocks and Unsustainable Livelihood: Two Expressions of Ill-Being

More often than not it all started from the death of the principal earning member, an event typically experienced by the household as severe shock and trauma. In most cases such event signalled the "sliding-point" in the life-trajectory of the chronically poor in their downward movement along the poverty ladder. Typically the discussion will include the following biographical statement somewhere hiding in the long narrative about the past misfortunes: "The situation started deteriorating markedly after the death of father with no one around to look after us. I was then very small." The ill-health factor is present in these narratives, however, both as an element of shock causing the downward movement in the poor and non-poor households alike, though not in the same magnitude. For the chronic poor the importance of health as the dragging factor comes more as a description of ill-being than as a shock (which is often the case with the "sudden poor"). It is better perceived as a slow erosion of work capacity, as gradual decay, approaching the dead certainty of eventual collapse. Again, the cause and effect stories are in interplay: as shock health is a cause (trigger) of descent into greater poverty (true for both chronic poor and other dynamic poverty categories). Gradual erosion of work capacity as a result

of the silent suffering under chronic illness may be seen as an effect of livelihood choice, recorded in a number of case-studies on street children, rickshaw pullers, and agricultural labourers (see, Box 5.3).

Box 5.3
Health Hazards and Chronic Poverty

- **Manikchan**, a 35 years old sweeper, working under the Dhaka City Corporation describes health hazards in the following terms: "After pulling rickshaw for about 4 years, I lost my physical fitness and became unable to continue rickshaw-pulling. So, I was searching a permanent light-work job…After getting a sweeper's job, one day during street cleaning I sustained a blow of garbage in my left eye and became sick with pain. Though I went to the doctor several times due to improper treatment my eye worsened day by day and I lost the sight in that eye. But I got no treatment, aid or compensation on behalf of the authority.

- **Suruzzaman**, a 60 years old rickshaw-puller in Dhaka recalls health hazards, "I have been pulling rickshaw for nearly 35 years. Rickshaw pulling is a heavy labour-intesive work. Rickshaw pullers become physically unwell in early ages. I suffer from fever every night. There is pain in the whole body. Hands and legs become paralysed (for a while). Few years back, I suffered for nearly two months. I had to expend a considerable amount of taka for my treatment. My wife sold all her four goats and also took a loan of some hundred taka…Now I can't pull rickshaw like before, but still I have to go on the street with my rickshaw to earn my livelihood everyday…One day I fell in a road accident. A truck pushed my rickshaw. My right leg was broken. After suffering for two months I got well with the assistance of my relatives and neighbours.

5.2.5 Other Shocks and Slippages

Health is but only one kind of shocks experienced by the chronically poor. For those living in the setting of ecological vulnerability, the threat of natural disaster such as river erosion appears to be single-most important cause of sudden poverty (on this more in Chapter 8). For others, there are emerging new vulnerabilities such as dowry-related shocks. In most areas of Bangladesh the dowry rate has gone up; it has become more prevalent among the poor and the poorest; in the context of the most economically depressed areas it is seen as the ultimate curse, perhaps, the most important social barrier to productive capital accumulation and growth possibilities (see, Box 5.4).

But, what appears to be the most endemic form of shock-experience is the negative imagery of the Police as a law-enforcing institution. It appears that the system of police administration currently exists outside of any effective civil-bureaucratic control; it is the most important sub-sector of civilian administration which appears to be least regulated. The activities of such unregulated sub-sector and its ability to get away with any violation of law and human rights appear truly amazing in the backdrop of the social and economic success stories of Bangladesh. Like the dark sides of the moon the system of police governance seen both from the effectiveness of overall internal administration and from the angle of installing in pace a strong oversight public body monitoring the activities of this sub-sector appears to be an urgent task. Needless to say, the adverse impact of the let-loose police-administration on the poorest and the most vulnerable is enormous both financially and psychologically (see, Box 5.5).

Box 5.4
Dowry and Chronic Poverty

Amzad Hossain, a 60 years old farmer/ day labourer, victim of river erosion in south Sindhasna (Hatibandha in Lalmonirhat) says: "When I gave one of my daughters in marriage I was supposed to pay fifteen thousands taka as dowry. But after the marriage I was unable to manage the big amount. So my son-in-law did not take my daughter to his house. However under their pressures seeing no other alternative, I sold my last productive assets: the two ploughing cows in exchange of ten thousands taka. Then he took my daughter to his house. Another five thousand taka is yet to be paid, for which I am still under pressure from my son-in-law and my daughter is being tortured. But I do not know how I shall pay rest of the dowry amount. After selling the cows, I lost my last earning source and now I am in trouble. My family is now very needy for food.

Kalimuddin, a 55/60 years old day-labourer, victim of river erosion in Jamalpur says: "I have four daughters. I have given two to marriage cheaply (with less dowry) few years back. I paid Tk. 7000 for one daughter and Tk. 5000 for another…Now I have to give another daughter to marriage. Primary mediation is going on for her marriage. The bridegroom party demands more or less fifteen to twenty thousand taka. Does my daughter look ugly? They like her, but think that, after marriage I will not be able to give them any more gifts. So they demand high dowry! …Now my only thought is how I will manage her marriage! I can not sleep at night or do any work, when I think about the future of my lovely daughter.

Box 5.5
Harassment and Chronic Poverty

Salam, a 13-14 years old street boy in the Kamalpur train station, describes his vulnerability and the police harassment in the following narrative: "During getting down of the passengers from the train, we usually run hurriedly in the platform to get luggage. At that time, if we excitedly collide with the passengers even slightly, they roughly scold us and sometimes even beat us… Our great danger lies in the police! They blow their whistles at us, chase us and beat us all the time. Often they do not allow us to enter the platform and we cannot work. When some high officials come to the station, we cannot stay even nearby to the station. The police arrest the street kids and send them to the jail/ shelter home. We cannot sleep at the train station before 12.00 at night. Moreover the policemen knock us with sticks to wake us up before 5.00 at dawn.

Shelly, a 13-14 years old street girl in the urban area describes her police harassment in the following manner: "Three years ago when I used to work at the Kamalapur train station, I slept on the platform. The policemen used to knock us with sticks to wake us up. I was beaten off and on by the police. Sometimes I asked them why they did that. They replied that they did not want to see the street children at the train station.

Luna, a 13 year old street girl in Aparajeo Bangladesh Boys and Girls Club, Dhaka describes the worst state of the juvenile correctional centres in the follow ing words: "I was taken first to the transient prison in Mirpur, after being caught by the police. I was confined there for fifteen days. They were so miserable! Water supply was too little in the mass-bathroom. The food was too low quality to eat. The leaders (the imprisoned women who were confined there for long time and supposed to act as caretakers of the imprisoned children) were very evil and cruel. They used to quarrel and fight with each other. One leader asked me to give her money. But I didn't have any money. Because I failed to give her money, she struck me and chided me using slang. If I cried, the leaders beat me severely! …After fifteen days I was sent to another children home. That was worse than the previous one. The men and women were too cruel. They had no sympathy for us at all. The food was inedible! They gave me two pieces of bread in the morning, rice at noon and three pieces of bread at night. The bread was thin and the rice was coarse, worm-eaten and smelly! Only one curry was given for each meal. But the curries cooked there were also inedible. Nevertheless under vexation of hunger I had to eat everything they gave. I had to collect my meal standing in the line in time. In case of any delay in standing in the line, they did not give me food and then I had to starve. Forty of us were in a single room and we slept on the same floor. The authority gave me one or two books to read, but who can read in such a bad place? The girls were always quarrelling and fighting. The older ones used to beat us inhumanly…Being imprisoned there for three long years in such a miserable condition, at last I escaped and came out of the prison.

Chapter 6

Transformative Structures and Transmission Mechanisms: The "Insecurity" Dimension of Chronic Poverty

> I was just a kid then. My father was a farmer in Burighat; [he used to] go to the jhum (shifting cultivation) field early in the morning and I [used to] stay back with my mother. One day my father told us, "the government is going to construct a big embankment here; we will get 'bulb light'…They will also give us job… [Subsequently] the dam was built. Where we had our house, our garden, our paddy land, you can see only water and water now. My father cried, my mother cried: "what would happen to us now! How will we live!"…My father did not get any job. He brought us to Panchari. Another 5 or 6 families also came with us to Panchari. My father built a small house here and started to do jhum [in agreement] with the kaarbari.
>
> *A Chakma school teacher in Khagrachari: Speaking about the adverse effects of the Kaptai Dam on the Hill People (as cited in Khan 2001)*

This chapter discusses the transformative structures and transmission mechanisms that underlie the social reproduction of chronic poverty. The idea of transformative structures draws on the insights of the rural livelihoods literature and captures the entire range of institutions within which livelihood assets are put to use and how the returns on those assets are determined (see, Ellis 2000). The idea of transmission mechanisms is used variously in the literature. Here we use to denote all the causal mechanisms that characterize the social reproduction of inter-generationally transmitted (IGT) chronic poverty (see, Hulme et al 2002). Within the set of transformative structures, it is important to distinguish between market and non-market structures (including central and local government agencies, NGOs, social institutions) and formal and informal structures. Within the transmission mechanisms it is particularly useful to distinguish channels that affect chronic poverty by reducing insecurity from channels that influence chronic poverty by constraining economic and social opportunities. The basic distinction between poverty as insecurity and poverty as deprivation is a key analytical point here (see, Banerjee 2000; WDR 2002). In this chapter we deal with the causal channels that deter the amelioration of chronic poverty by creating insecurity. Opportunities are dealt with in the following chapter. Here four channels of insecurity are specifically discussed: extreme food insecurity, child malnutrition, health shocks, and personal insecurity.[58]

6.1 Extreme Food Insecurity, Deprivation and Disparity

Food insecurity is an outcome of being poor. The main reason for its inclusion among the possible explanators of chronic poverty from the vulnerability point of view is its central importance in

[58] Insecurity can have manifold expressions and multiple roots. Here we discuss only those forms on which we could accumulate some degree of knowledge. Thus, dowry as economic and social insecurity, forms of insecurity experienced by ethnic, religious, caste and gender based minority groups and social formations, especially in the backdrop of general deterioration of law and order, economic and social-psychological consequences of such insecurity related exclusions have not been explicitly considered here. Similarly, insecurity created by environmental disasters whether they are created by the Farakka barrage or Kaptai dam, Beel Dakatia or GK projects has not been included in this chapter. However, the merit of these issues needs to be kept in view in discussing the "insecurity" dimension of chronic poverty. For some initial reviews, see Mohsin (1996); Samaddar (2001); Islam (2002); Ahmad (2004).

reproducing minimum physical functionality, reducing work ability below a certain critical minimum level, over and above the enormous physical and emotional distress of being in hunger and/or seeing family members hungry. From this perspective it can be said that the severe forms of adult malnutrition caused by acute food insecurity is an important *causal mechanism* for the persistence of poverty (see, Dasgupta 1993). Bangladesh may have come out from the shadow of famine, but extreme forms of food insecurity remain part of the day to day reality of millions of people.

Notwithstanding progress in poverty reduction (see Chapter 3), there is a large variation in the way different groups of the poor experience deprivations, even with such basic needs as food. Table 6.1 sheds some light into this question. Those who earlier self-rated themselves into the categories of extreme (corresponding to "always deficit") or moderate poor (corresponding to "occasional deficit") have been asked to reveal the frequency and quality of their food-intake. Several aspects are worth commenting here. *First*, the incidence of the *hungry poor* is about 10 per cent of the rural population, which shows that hunger remains significant a policy-problem. *Second*, disaggregating the category of the hungry poor reveals where the problem lies. That Bangladesh has come out of the "shadow of famine" (on this see, Ahmed et al 2000) is amply demonstrated in Table 6.1. Only 0.3 per cent reported one meal a day during some months; another 1.4 per cent reported living on two meals throughout the year. There may be still severely distressed social pockets, but the aggregate statistics shows that severe hunger is a thing of the past. However, about 8 per cent households reported having two meals a day during "some months of the year", indicating the importance of *seasonal distress*. Lack of seasonal security mechanism for this group of the hungry poor is consistent with the persistence of the *mara kartik* in the river erosion and char area belt of the North-Western Bangladesh. Such a seasonal problem does not merely create transient poverty. Ways of dealing with the problem – borrowing food or money from traders, mortgaging assets, bonding labour – can lock people into chronic poverty (Wood 2003). *Third*, about 15 per cent of rural households have adequate rice-intake but have a diet that is deficient in terms of protein intake. *Fourth*, about 11 per cent have adequate food intake, but reported a deficit of non-food basic needs. The lack of micronutrients (an important determinant of cognitive ability, mental and physical health and nutrition) is far more pervasive than is reported by this qualitative survey as such deficiencies require specialist assessment.

To explore the differential consumption pattern among the different groups in the society, we use the disaggregated consumption expenditure data recorded for 14 consecutive days in the HIES 2000. The results are presented for the four major categories across the rural-urban divide (Annex Tables 6.1 through 6.3). A staggering picture of disparities between the poor and non-poor emerges both between rural and urban area and within them.

6.2 Child Malnutrition and Chronic Poverty

Child malnutrition is a major cause of poverty (Dasgupta 1993) and is treated here as a major transmission mechanism for the persistence of chronic poverty[59]. Malnourished children are likely to achieve lower levels of physical and cognitive development, have more health shocks and have more health problems in later life.

[59] Data used in this analysis has been taken from the Child Nutrition Survey (CNS) 2000 and Household Income and Expenditure Survey 2000 of the Bangladesh Bureau of Statistics (BBS). Some district level data has also been used in the present analysis.

6.2.1 Nutritional Status of the Children in Bangladesh: A Bi-variate Analysis

The percentage of children underweight or stunted are considered here as dependent variables and a set of demographic, nutritional, labour force, asset, services, empowerment, income, occupation and district level indicators are considered as the independent variables (Table 6.2).

Demography of the Household

As it is found in the present analysis, nutritional status is better for boy child than that of girl child though the difference is very small. Children aged 13 to 24 months exhibit highest level of malnutrition compare to any other age groups. Ages less than 13 months exhibit lowest level of malnutrition among all age groups. The level of malnutrition increases along with the birth order of child's mother's life. Children born in the lower order are prone to higher malnutrition.

If the child is taken care of by someone else other than mother, then the nutritional status of the child is likely to deteriorate though the difference is not large. Age at mother's first marriage also has a significant influence on a child's nutrition. Children of women married before 15 years of age suffer worst in this regard. As the mother's marital age increases child nutritional status improves. Children of women married after 24 years exhibit better nutritional status compared to the children of those married at 24 or less. As one would expect, a similar pattern is also observed for mother's age at first pregnancy. Both the 'number of pregnancy' and the 'number of born alive children' also show that as the number of pregnancy and the number of born alive children increases, children's nutritional status deteriorates.

The gender of the household head also has some influence on child nutrition. As in most of the socio-economic aspects, female-headed households are lagging behind than that of male-headed households in this regard. Contrary to popular belief, household size doesn't indicate any significant impact on child nutrition. With regard to religion, nutritional status is better among ‘other religions’ than that of Muslims.

Awareness on Nutrition

Children's first food after birth has significant influence on child nutrition. While over 50% of the children who were given other than colostrums as the first food are underweight, this figure is 34.5% for those given colostrums. The same is also true for stunting. Hand washing material after defecation also is associated with better child nutrition. Using soap for hand wash after defecation significantly improves the status of child nutrition. Similarly, using iodized salt in cooking also improves child nutrition status. Vegetable garden in the homestead however do not present any noticeable difference in child nutrition in the present analysis.

Access to Services

Mother's education has strong influence on the nutritional status of the child. As the level of mother's education increases, child nutritional status also improves. If mother uses contraceptives (meaning birth control), nutritional status of already born child improves. Access to safe water is also positively related with child nutritional status. Similarly, access to sanitary toilet is also positively related with child nutrition. It is important to note here that sanitation has greater influence on child nutrition. While only

28.4% of the children are underweight with access to sanitation, it is 53.7 for others without having access to sanitary facilities.

Asset and Income of the Household

Household's total land holding has a relationship with child nutrition. Children of households who own more land are better nourished than the children of the households who own less land. Likewise, per capita income of the household also has strong influence on the child nutritional status of the household.

Infrastructure and Public Investment in Social Sectors

Infrastructure has a great influence on child nutrition. Households in districts that have higher proportion of paved road exhibit better child nutrition as compared with the households of other districts. No relationship is however observed between public investment in social sectors in the district and household's child nutrition.

6.2.2 Nutritional Status of the Children: A Rural-Urban and Income-Class Differentiation

An attempt has been made here to present the disparities exist between rural and urban (among different income groups as well) with regard to the nutritional status of children (Table 6.3). The status of child nutrition is better in urban areas than that of rural areas. What is observed here is that although it is true for all income groups in both rural and urban areas, the difference is smaller for the extreme poor households. This implies that the extreme poor households in urban areas are worse off than the extreme poor households in rural as compared with their well-off counterparts.

6.2.3 Determinants of Child Malnutrition: A Logistic Approach

Three alternate models have been estimated for each of the three nutritional indicators using a logistic approach. In the first model, only income has been taken into consideration as the explanatory variable. In the second model, income along with selected household and district level indicators has been considered. In the third model, a complete set of child, mother, household and district level indicators have been considered as explanatory variables.

The results present a significant inverse relationship between per capita expenditure and underweight children in the households (Model-1 of Table 6.4). This implies that as per capita household expenditure increases, child nutritional status improves. The same relationship is also observed in the other two specifications (Model 2 and 3). This indicates that rising incomes and economic growth factor has a significant bearing on child nutrition.

Several other observations are also noteworthy. First, women's empowerment acts as an important factor. Thus, ability of the mother to take decision for child's treatment tends to lead to better nutritional outcomes. Second, assets also matter. The prevalence of child malnutrition drops with increase in land ownership. In terms of quantitative effects on child nutrition, the greatest influence is associated with health knowledge (as proxied by hand washing practices), women's empowerment (as captured by participation in decision making over children's treatment), and asset ownership. Strikingly, the human capital endowment and road access do not have any statistically significant bearing on child nutrition in this

specification.[60] Similar pattern is also observed for other measures of malnutrition (i.e., stunted, as given in Table 6.5). The additional results influencing child nutrition that emerge from the analysis of stunting suggest the importance of age at first marriage.

6.3 Shocks, Traumas and Chronic Poverty

6.3.1 Economic Burden of Health Shocks in Rural Areas

The quantitative evidence presented in Chapter 4 suggested the causative role of health-shocks in 'driving' people into chronic poverty. The qualitative evidence presented in Chapter 5 further confirmed the role of health shocks. In addition, the life-histories pointed out the enormous psychological trauma associated with health shocks related to the death of the principal earner for the remaining members of the family. Such events are not only economic events of misfortune; even if the death related to a non-earner member but a caring figure in the family it can have disastrous psychological effects for the younger members of the family. In this section, the issue is explored further in terms of economic burden of health shocks, as experienced by the different categories of poor and non-poor households. Economic burden is captured here through three dimensions: loss of employment and income, financial costs, and household's coping with a sudden illness shock. Each is reviewed in turn.[61]

Loss of Employment and Income

Information on this aspect is particularly scanty.[62] Table 6.6 presents some information in this regard by income-poverty status, and provides an indirect idea about the possible magnitude of the loss of employment and income. Data show that rural sick people who are bedridden from acute illness would remain so, on average, for about a week and for little over one month from chronic illness. The gap between the poor and the non-poor is pronounced for chronic illness: 40 days for the extreme poor as opposed to 30 days for the non-poor. There is not much variation in the number of bedridden days for acute illness, however. This does not mean that the economic burden of acute illness is any lighter for the extreme poor than the non-poor. The potential loss of income for poor household needs to be weighed against the total income earning capacity. From this one can see that ill-health related shocks have a higher relative burden for the extreme poor than for the non-poor. Similarly, even though the average expenditure per episode of illness rises with income status a more relevant comparison would

[60] However, it may be noted that in other specification (not reported here), we got statistically significant result with regard to human capital endowment (proxied by both the education of the mother and the household head) though the odds-ratios were negligible.

[61] Economic burden of ill health can be many and analyzed at different levels. Economic effects of ill health are especially pronounced in areas where there is a serious endemic health problem such as AIDS, malaria, sleeping sickness or *onchocerciasis* (Bloom et al 2000). Gallup and Sachs (1998) show that countries with severe malaria in 1965 had 1.3 per cent lower economic growth per year even when one controls for the cross-country differences in initial income level, overall life expectancy and tropical location. Economic effects of AIDS would be still larger, as it represents a net reduction in the active labor force, inhibiting the future growth prospects of many African economies (Ainsworth and Over 1994). In this section the focus is made mainly on the effects of ill health on household economies of rural Bangladesh with particular reference to the differential effects on the poor and non-poor households.

[62] There is only one study for Bangladesh to date that has focused on the coping mechanisms of the poor in the event of illness, and that was for the *urban* poor (rickshaw pullers). See Carrin et al (1998).

be to express these treatment expenditures as proportions of total household income earned by the different groups of poor and non-poor.[63]

Another important consideration would be to examine the sources of meeting the treatment costs. Begum (1996) shows that, in cases of acute illnesses, extreme poor households are able to meet treatment costs out of current income in only 49 per cent of cases. For the rest, they have to resort to dissaving or asset sale except for 5 per cent of cases in which they secure kin assistance. As regards the non-poor households the situation is much more favourable, as expected. In 62 per cent of cases they are able to meet treatment costs out of current income. In case of major illnesses, the relative disadvantage between the two extreme groups considerably increases. In only 25 per cent of cases relating to chronic illnesses extreme poor households can meet treatment costs out of current income; the matched figure for the non-poor households is 60 per cent.

Financial Costs

The relative disadvantage of the poorer groups is revealed in greater details when one considers the private and public health expenditure incidence (Table 6.7). Sen (1997) indicates that the poorest of the poor corresponding to the two bottom deciles spend 7 to 10 per cent of their incomes on private health expenses as opposed to 2 to 3 per cent in the higher income brackets. In this respect they are only partly compensated by higher average transfers received on account of public health expenditures (representing 1-3 per cent of household incomes for the two bottom deciles compared with 0.2 per cent for the two top deciles). The latter, however, shows a progressive pattern, implying that the expansion of public health facilities would benefit the poorest more than the non-poor. Similar results follow through when more recent data is considered (World Bank 2002).

Differential Health Shocks Coping Strategies by Poverty Status

Severe of health shocks are generally associated with episodes of chronic or major illnesses. Although such shocks are rare they are costly. Health related shocks constitute about 40 per cent of all shocks experienced by rural households in 1994/95 according to the 62-village panel survey data (Table 6.8)**.** The burden of health and non-health shocks—as represented by two elements, namely, loss due to crisis and coping cost--is enormous (Table 6.9). It represents 27 per cent of the extreme poor's income in 1994/95 (Table 6.10)**.** Matched information for health-related shocks is currently not available. Assuming that all household shocks have similar cost implications one can figure out that the economic burden of coping with health shocks would be at least 13 per cent for the extreme poor, 11 per cent for the moderate poor, and 7 per cent for the non-poor.[64] Such health shocks represent one of the key reasons for downward mobility of the poor as well as non-poor. Design of effective health system with provisions for adequate risks insurance can reduce the vulnerability of the poor to such sudden and anticipated health shocks.

[63] Available evidence also suggests that price barriers delay mothers in prolonged labour seeking help at both public and private facilities.

[64] This, however, gives a lower bound value, as typically health shocks associated with major illnesses involve higher average coping costs than are observed in case of such non-health shocks such as personal insecurity. This issue, however, demands further scrutiny.

The Long-Term Burden of Unhealthy Practices

Health behavior is an important determinant of health status. In general, healthy behaviour is at very low levels in Bangladesh. Nevertheless, the gap between the poor and non-poor is specially striking. Three indicators are considered here: sanitation, smoking and HIV/AIDS.

The overall ratio for the use of sanitary toilets (as defined by *pucca* and *slab* category) is still quite low in rural Bangladesh though rising rapidly in recent years. It was only 11 per cent according to the Health and Demographic Survey of 1995, which has risen to a little over 40% by 1999/2000, as reported in the Mid Term Review of the Fifth Five Year Plan. The disparity was quite prominent even at such a low level of coverage as monitored in 1995. Only 6 per cent of the households belonging to the lowest land-size group had access to sanitary toilets at that time compared with 28 per cent observed for the largest land-size group (Table 6.11). The low access to sanitary toilets in the richer land-size groups reflects the problem of raising health awareness over and above the problem of resource availability there are many households that can afford sanitation but do not make the investment. Improvement in sanitation needs to be singled out as one priority area for improving public health. Some vigorous efforts have already been undertaken in the recent years to address this problem—including health campaigns and cement and toilet ring credit programs in collaboration with NGOs—the pace of these needs to be sustained or even stepped up.

Smoking is an important indicator of public health awareness. The smoking rate appears to be about twice as high in the poor group compared with the non-poor (Table 6.12). The poor-rich gap is at its sharpest when educational level is considered as the classifier (difference being 146 per cent), followed by ranking by household income (difference being 80 per cent), and lowest for land-classification (difference being 69 per cent). The knowledge gap in respect of HIV/AIDS is equally staggering. For the male population the matched poor-rich gap is as high as 81 per cent (Table 6.13). The difference is less marked for the female population—only 20 per cent—but that signifies the in general dismal state of health awareness among the female population with little variation in respect of socioeconomic status.

6.3.2 Economic Burden of Shocks in Urban Areas: the Case of Rickshaw Pullers

Crisis (a major, unanticipated shock) typically triggers downward movements in poverty pushing the households and individuals along the poverty spiral. This is true of the chronic poor working in the urban areas as well. In this section we use a study of rickshaw-pullers in Dhaka to illustrate the types of shocks that poor and extreme poor people encounter.[65] Information on the crisis events has been collected with reference to the five-year period prior to survey. The data below indicate the significance of such costs and the ways in which they lead to asset depletion through dissaving or taking an additional debt. The probability of a crisis, and the cost of coping with a crisis, increase as the age, and responsibilities, of the rickshaw-puller increase. Unfortunately such increased costs usually coincide with a reducing capacity to work and diminishing income.

Incidence of Crisis

Three-fourth of the 400 pullers interviewed had experienced a crisis during the reference period (Table 6.14). The figure in reality may be even higher if an allowance is made for the recall lapse, which is not

[65] The evidence on the pullers presented here and in the next section has been culled from Begum and Sen (2004).

uncommon. Compared to the rickshaw pullers who joined the occupation recently (<5 years) the incidence of crisis has been found higher for long duration rickshaw pullers. In the latter group, 85 per cent experienced some crises during the last five years as against 64 per cent for those joined the occupation recently. The sample rickshaw pullers on average experienced about 2 crisis events over the last five years.

The most frequently encountered crisis has been health hazards affecting their own well-being as well as the wellbeing of family members. Out of the 75 per cent rickshaw pullers experiencing a crisis, 67 per cent encountered a health related crisis. The next frequent crisis were those relating to personal insecurity referring to incidents like theft/robbery, displacement from dwelling house, property snatching, experience of humiliation, involvement with police/court, or physical violence such as rape, abduction and threat. Some 52 per cent of the rickshaw pullers have encountered these crises. The most frequent ones have been the 'stealing of rickshaw' and 'hazards relating to police/court'. Crisis that arise out of social events such as sister's/daughter's marriage including dowry, assault by in-laws leading to divorce etc., have been experienced by 16 per cent. Around 9 per cent experienced various misfortunes like 'burning of house' damage of rickshaw due to accident, unnatural death of a household member etc., and 3 per cent had experienced natural disasters.

Except for natural disasters the incidence of all other types of crises is higher among the elderly, long duration rickshaw pullers. More than three-fourth of them reported health related crisis and 59 per cent experienced personal insecurity. A considerable number of them (23 percent) faced crisis relating to social phenomenon and other 'idiosyncratic' events (Table 6.14). The distribution of crisis conveys the same message viz., most outstanding sources of their crisis have been health hazards or those arising due to personal insecurity.

Cost of Crisis

An average rickshaw puller spends more than Tk.6000 to mitigate a crisis. The cost is highest for the long duration rickshaw pullers (15 years+). It is Tk. 7667 in the case of them as opposed to Tk. 4429 for the more recent pullers and Tk.6087 for the middle duration rickshaw pullers. Cost variation among them is due to differential costs by crisis types and their differing occurrence with them. Of different types of crisis events the "unit cost" is highest for those relating to social ceremonies and 'idiosyncratic' events which the elderly long duration rickshaw pullers face most as a result of life-cycle effects. The average cost estimated for them is around Tk.13,000. The next costly crisis type relates to natural disasters, the average cost being Tk. 10,000; in contrast, health hazards costs, on average, around Tk. 6000 and the same in case of personal insecurity is around Tk.5000 (Table 6.14).

The total financial costs imposed by a particular type of crisis depend not only on the unit cost per occurrence, but also on the overall prevalence of a particular crisis-type. Seen from this angle, the largest share of the crisis-triggered costs among the rickshaw puller families is accounted for by the health related crisis only. Such costs represent about 43 per cent of the crisis related expenses, 27 per cent is due to personal insecurity related crisis, 23 per cent is attributable to social events, 3 per cent is accountable to natural disasters and another 3 per cent to various misfortunes. Hence, in overall consideration, it is health hazards--and not the social ceremony/dowry events--that cost the rickshaw pullers most leading to severe resource depletion in the short-term with adverse long-term consequences for escaping the poverty trap.

6.4 Unsustainable Livelihood and Chronic Poverty

Earlier in this chapter we focused on rickshaw pullers to illustrate the adverse interface between ill-health, unsustainable livelihoods and chronic poverty. Our explorations point out evidence for several key concerns, summarized below. In the short term rickshaw pulling appears to be a way of increasing income. Over the longer term health problems and shocks mean that the work is unsustainable. In effect, rickshaw pullers survive today by mining their human capital.

Rickshaw Pulling: Exit Route for the Rural Chronic Poor?

Most of the sample of rickshaw-pullers originally came from a very poor background. Some 93 per cent of them are migrants from rural areas, 62 per cent having no agricultural land, 56 per cent previously worked as wage laborers, suggesting the predominance of the rural extreme poor. Once in city, rickshaw pulling appears to be the easiest option for many of them: for 79 per cent of them it was singled out as the "first occupation". Analysis of changing household fortunes over time (gathered through qualitative and quantitative recall) suggests that those who continue to stay in this occupation do attain some degree of modest upward mobility. To begin with, the incidence of "food-poverty" appears to be much less prominent compared to the rural extreme poor: about 82 per cent report three meals a day for their families. The average monthly income of a rickshaw-puller turns out to be about Tk. 4000, while the average income for the ever-married puller household is assessed at Tk. 4583. The main advantage of a rickshaw-puller over an agricultural laborer, however, is not so much the higher rate of disposable income (after meeting the rental costs) but the regularity of the income flows, which is missing in case of a rural laborer marked with long periods of seasonal unemployment. The other indicators include the proportion of positive savers (44 per cent), access to credit (43 per cent), and some degree of asset acquisition (48 per cent). On each of these counts an average rickshaw-puller has a much better chance to escape poverty than their rural counterparts. This also suggests why rickshaw pulling has emerged as the route to modest upward mobility for the migrants belonging to the rural extreme poor class.

Ill-Health as a Driver of Downward Mobility

Although the pulling provides an escape route from the clutches of rural extreme poverty, the high degree of susceptibility to crisis appears to be the most serious obstacle to their upward mobility. An extraordinarily high proportion (75 per cent) reported having encountered crisis in their lives over the previous five years, with an average incidence of 2 major crises per reporting household. Of these, 53 percent of crisis-events, on average, were related to health shocks. Health shocks constituted about 43 per cent of the financial costs incurred due to shocks experienced by the puller families. Average financial loss per episode of health crisis was 5838 taka much above the average amount of monthly income of a puller household. As a result, many have to take recourse to dissaving (36 per cent), borrowing (31 per cent), and disinvestment of assets (16 per cent), especially in mitigating episodes of major illnesses. Indeed, additional data reveals that 43 per cent of the pullers actually reported saving money for bad times in order to meet future contingencies. In short, ill-health related shocks persist as the single most important category of household misfortunes and as a factor of downward mobility. What is the most important item of health-shocks? Catastrophic illnesses such as road injury appears to be the single most important category (55 per cent), while the rest 45 per cent of cases are explained by the different forms of health sicknesses and diseases. Another notable disturbing finding is the very high

rate of child mortality in the puller families. About 29 per cent of the pullers have reported "death of children" (of these children 43per cent died before they reached one year).

Part of the problem of ill-health related problems originate from the nature of pulling work itself. This concerns the long-term health consequences of rickshaw-pulling. The proportion of reported morbidity and attendant work-day losses increases with the years of pulling. The younger ones take recourse to full-day pulling, while the older ones fall back on half-day pulling. In that sense, there is a predictable life-cycle based non-linearity in the duration of rickshaw-pulling. This makes even stronger case for health interventions to assist the pullers in meeting the health contingencies.

Unsustainable Livelihood of Rickshaw Pulling

The trend of "modest upward mobility", however, seems not sustainable in the long run. This is not just because the pullers are vulnerable to health hazards. Shocks create vulnerability, but not necessarily unsustainability of being in a particular occupation over the long-term. In the rickshaw pullers case shocks (especially high risks of road injuries), however, have a direct bearing on unsustainability. But health risk is not the only reason why we should be concerned with the unsustainability issue here. Apart from the health shocks dimension that often visit rickshaw pullers making them vulnerable to downward mobility from time to time, there is also an unredeemable dimension of long-term livelihood unsustainability associated with the pulling activity itself. Almost all economic and social indicators—including per capita income and income-poverty—appear to deteriorate with increase in the length of involvement in rickshaw pulling.

Unsustainable livelihood of rickshaw pullers is reflected in several dimensions. First, work effort declines with the length of involvement in rickshaw pulling. Since the longitudinal data on the pullers is lacking, the story is essentially inductive, based on the contrast between the recent and the old pullers (defined by age as well as by years of involvement in pulling) as well as by comparing the current vs. former pullers. Here are some summary results.

Comparing across the three categories of pullers i.e. recent entrants (those who are in the occupation for less than 5 years), old entrants (those active in this activity for more than 15 years), and middle-duration entrants (those falling between 5 and 15 years) the likely expressions of unsustainability can be assessed.[66] Proportion of half-day pullers increases from 12 per cent with the recent entrants to 39 per cent with the old entrants, while those who work for more than 10 hours a day drops from 88 per cent to 43 per cent. As a result, average income from rickshaw-pulling alone declines by 11 per cent. The impact at the household level is greater. The average per capita household income in rickshaw puller families drops by 16 per cent, while that for per capita household expenditure gets reduced by 17 per cent as pullers grow older. The adverse long-term effects on pulling on savings generating capacity are even higher: proportion able to generate surplus goes down from 67 to 39 per cent, while that for "positive savers" displays marked drop from 54 to 36 per cent. Poverty also increases among the pullers over time, as proportion of pullers living below the poverty line increases from 10 to 27 per cent, with proportion being able to "eat 3 times a day" drops from 82 to 72 per cent. As a consequence, indebtedness increases by 40 per cent.

[66] These results are based on additional tables not in the main text. The same results, however, follow through when the unsustainability effects are assessed across other possible classifications such as based on age of the pullers, as discussed in the main text and tables (see, for instance, section 4 of the paper on "household income, expenditure and other well-being").

These results were also confirmed through interviewing the former rickshaw pullers. Analysis of reasons for abandoning rickshaw pulling points that a large proportion of the pullers had to leave because they were not been able to continue in this profession because of health reasons. Nearly 85 per cent of them abandoned the occupation finding it not sustainable physically any more, having felt themselves physically depleted to continue the hard job required in rickshaw pulling. The reasons like sickness (10 per cent), accident (5 per cent), age (1 per cent) on the whole played small or minor role in motivating their decision. This suggests that it is not the health shocks or demographic factor such as ageing that are the maintainers of unsustainability. Exit for the better livelihood was registered in case of the fortunate few, as only in a small number of cases (16 per cent) left it to undertake more remunerative jobs. In fact, a break-down of those who left for better jobs show that they are predominantly belonged to the class of recent pullers belonging to the younger age category.

According to the engineers who have studied the problem of sustained involvement in the sector from the technical point of view, the pulling activity under “normal condition” is not deemed as a highly difficult job. An average fit man or woman can work for several hours without suffering fatigue to an extent from which reasonably rapid recovery is not possible”. But it becomes difficult as soon as the condition departs from normal. A 10 mph wind doubles the power requirement to maintain the same speed; a slight gradient of 2 per cent similarly doubles it. Worn tires, rough roads, and repeated stopping and starting in busy traffic each raise the power requirement by up to 100 per cent. A combination of adverse condition can therefore raise the power requirement by 3 to 4-fold. Considering a maximum power output a person can sustain over a long period being around 0.4 hp (the British cycling record for 100 miles involved an average output of 0.44 hp for 3.75 hours) it then becomes clear that in adverse condition rickshaw pullers have to work nearly as hard as Olympic athletes (Gallagher 1992, p-345-6). Being physically fit as the athletes is an absurd proposition for poor rickshaw pullers who are often malnourished and live a substandard level of living. The fatigue and exhaustion thus seems a natural outcome or consequences of this occupation.

The persistence of long-term unsustainability associated with the rickshaw pulling (in the sense defined above) needs to be taken into policy cognizance. Policies and institutional measures encouraging exit from the sector at a relatively early years of involvement in the pulling activities appears a desirable proposition. Younger/ recent rickshaw pullers need to be prioritized as the prime target group for the execution of exit policy for at least two reasons. First, it is they who have the chance to better succeed in finding alternative better jobs (as evidenced from the sample analysis of the former pullers as well). Second, the recent pullers who are coming from rural areas appear to be coming from a slightly better socio-economic background with higher human capital. The exit programmes—whether they relate to providing credit, training, information regarding alternative job—are, therefore, likely to succeed better in case of the recent pullers. The exit programmes need not be conceived only as incentive policies, but also may include measures that create disincentives for being involved in rickshaw pulling as a long-term occupational choice. However, they are easier said than done. Restrictions on the movement of rickshaws on several streets of Dhaka are a case in point. Many of the pullers have voiced their resentments citing growing loss of work-hours and loss of income as a results of this measure. In terms of sequencing of measures, creating viable alternatives should take place first before the measures for restrictions for entry.

Implications for Future Health Policy

If the savings and accumulation of the pullers could be raised while they were in their prime time (at the "peak of their activism") by reducing the health risks and attendant coping costs then the longer-term escape from poverty can become a realistic agenda. Whatever modest upward mobility experienced by the rural extreme poor after coming to the city through the route of rickshaw-pulling cannot be sustained without appropriate public health measures. The latter should range from enforcement of road safety, improved public provisioning for the emergency health care, and better coverage of the puller families by the much-needed expansion of urban primary health care. Easy accesses to credit as well as some forms of health insurance can vastly change the pace of capital accumulation for this group of urban hard-working poor. The proposed sector-wide programme for the health sector may consider these emerging issues under consideration.

Implications for the Broader Analysis

The case study on rickshaw pullers also carries a wider message for the theory and practice of so-called "pro-poor growth". As ideological formation, pro-poor growth can vary from being "anything that is good for the growth is pro-poor" to "anything that is good for the poor in present time and space is good for growth". The traditional emphasis was on growth acceleration by any means with the encouragement of labour-intensity as much as admissible and in good faith. This case study, however, shows that incorporation of the dynamic effects in judging the pro-poorness of the income growth process is crucial to designing more effective policy for the poor. In the early nineties, according to one estimate, the rickshaw sub-sector accounted for 34 per cent of the total transport sector value added; about 4.5 per cent of the national workforce depended on this sector for subsistence (Gallagher 1992). The importance of rickshaw pulling as livelihood activity has gone up since then. In short, at face value, the process of rickshaw sub-sector growth would have been termed (and, indeed, viewed in the past informal sector literature) as a major example of pro-poor growth, at least at the early stage of development in low-income countries. However, as has been implicitly argued throughout this study, such assessment is presumptuous and does not take into account the future prospects of long-duration pullers, who have to either abandon the pulling activity for health reasons or persist as a part-timer at the fringe of the sub-sector. Paradoxically, easy entry and exit, labour intensity, intense competition—all the welcome characteristics of the "rickshaw market" lead to sub-optimal welfare outcomes even from the consideration of private returns to labour invested in rickshaw pulling. From the social return point of view, the promotion of such activities beyond a point in time and space represents a colossal loss, with immense human suffering, and the perpetuation of chronic poverty.

Rickshaw pulling is by no means a unique profession within the informal sector — leather tanning, rag picking, working in brick kilns, sex work and many other activities all have similar characteristics. Exposing oneself to increased levels of health shocks, undertaking work that is likely to seriously damage one's health and having limited prospects of being able to pursue full-time employment in the activity after 15 or 20 years of involvement.

6.5 Violence and Insecurity

6.5.1 Rising Violence against Marginalised Women

Notwithstanding some considerable progress in the dimension of women's empowerment (see, Chapter 2 and 3), violence against women is on increase, especially over the recent years. The forms of violence range from domestic violence (accounting for 80 per cent of violence-related incidents) to organized assaults, including "acid-throwing" (Box 6.1). A large part of the domestic violence is related to dowry-related conflicts. The qualitative surveys carried out under the present study suggest that the incidence of dowry has emerged as a major problem in the recent years, yielding not only many dowry-related violence against women, but also having adverse effects on the saving and capital formation in the poor households (see, Chapter 5). While the scenario of rising domestic violence and social instability may be reflective in general of deteriorating law and order in the country, the gender-based nature of violence is a source of added concern over and above the issue of insecurity relating to property rights. Bangladesh is also increasingly exposed to the problems of girl-trafficking, cross-border migration and refugee influx, and child labour with significant gender dimension.

Box 6.1

Violence against Marginalised Women

Perhaps the most disturbing development of the recent years is the trend of increasing general crime rate, especially violence against women, in the backdrop of generally deteriorating law and order. The statistics on this score are telling.[67] First we shall consider the trends in the second half of the nineties. There is strong impression that insecurity against women, especially poor women, started visibly deteriorating since the mid-nineties, even after accounting for the reporting biases introduced by heightened media awareness and coverage of the issue. Second, we shall consider the trends over the recent years, especially after 2001.

The number of dacoities has increased from 834 in 1994 to 1018 in 1998, robbery from 1118 to 1959, murder from 2567 to 3710, common theft from 13590 to 15246. The highest quantum jump has been registered in case of violence against women whereby the matched figure has increased from 1705 to 8710 over the same period. It is quite possible that there has been a tendency of underreporting in the earlier years, which may explain part of the dramatic rise in the reported cases of violence against women. However, even controlling for that, a substantial part of it is in the nature of net addition.

A more disturbing feature emerges when types of violence against women are considered. The number of rape cases increased from 499 to 3504, acid-throwing from 65 to 122, and serious physical assaults from 153 to 239, and "other assaults" from 1206 to 4845 over 1994-99. The overwhelming share of rape as the dominant form of assault against women is amply borne out by these numbers.

The most recent trends show further deterioration in respect of law and order situation. Odhikar, a coalition for human rights, on the basis of news items published in the national dailies, revealed that as many as 3,309 women were raped across the country in the last three years of whom 351 were killed and 32 committed suicides. The report also mentioned that 575 women were killed, 54 committed suicide, 206 were tortured, 29 were acid-burnt and six got divorces for dowry during the same time. In 2003, 1,336 women were raped of whom 142 were killed and 17 committed suicide. In 2002, 1,350 women were raped of whom 114 were killed and 12 committed suicide. In 2001, 623 women were raped, while 95 of them were murdered and three committed suicide. The report went on to say that 870 women fell prey to dowry during the period. Of them, 261 were killed, 87 tortured, 15 acid-burnt and one was divorced in 2003, while 191 women were killed, 90 tortured, 14 acid-burnt and one was divorced in 2002. Another 123 women were murdered, 31 tortured, three divorced for dowry in 2001. All the divorcees committed suicide, the report added.

[67] Compiled from the unpublished data on crime rate provided by the Ministry of Home Affairs and The Daily Star, 8 March, 2004.

Box 6.1 (Contd.)

The embedded social pathology that informs the escalating crime rate and violence against women of on a larger scale warrants further scrutiny. After all, for many indicators such as poverty and human development the decade of the nineties represents a decade of considerable success for Bangladesh. A large part of the violence against women is in the nature of domestic violence, which may mean that mere law and order approach would not be adequate to deal with this problem. But, the standard of law and order solution was not even forthcoming, given the declining governance capacity in recent times in the face of growing *mastanocracy* (the rule of street gangs through terror). A pertinent issue is the spread of violence from what was earlier a pre-dominantly urban phenomenon to rural areas. Are the forces of tradition that wield moral authority declining in importance? Is criminalisation of politics part of the problem, at least in socially legitimising the power of the local *mastans* and the warlords? Is increasing violence against women is a reflection of conservative social reactions to greater women's empowerment? Is social bonding and bridging declining? It is difficult to escape these questions which have strong implications for policies and institutions for maintaining social peace and stability.

Source: Sen (2001) and the present study.

Violence against women cannot be addressed only as a "law and order" problem. While guaranteeing public safety is a necessary condition, it is not a sufficient condition. There is a need for interrogating and acting on the embedded cultural norms of patriarchy.

Changing Gender Roles and Rethinking Masculinity

Sustaining and deepening social progress in Bangladesh would require not only further women's advancement (and empowerment) but also need considerable re-defining of the traditional role model of men. Indeed, the terms "feminine" and "masculine" continue to be defined in a stereotyped manner in most South Asian societies, which stands in the way of promoting gender-balanced and gender-sensitive development.[68] Webster's New World Dictionary gives the following meaning of the word "masculine": "having qualities regarded as characteristic of men and boys, as *strength*, *vigor*, *boldness*, *virile*, etc". While the word "feminine" is defined as follows: "having qualities regarded as characteristic of women and girls, as *gentleness*, *weakness*, *delicacy*, *modesty*, etc". Masculine often stands for "coarse" and "animal" traits, while the feminine speaks for "tenderness" and "spiritual" qualities. This way of essentializing men and women leaves little room for recognizing the new role of both men and women in changing societies in South Asia at the beginning of 21st century.[69]

[68] Such essentialisation was a common feature in a range of Bengali literary writings of the Nineteenth and Twentieth centuries (of course, there was group of notable exceptions spearheaded by Rokeya Sakhawat Hossain and Sarala Devi Chaudhurani; on this see, Ray 2002). Bhudeb Mukhopadhyay's *Paribarik Prabandha* (Essays on the family) published in 1882 states the "essentialisation" problem in his characteristic matter-of-fact style: "In a society where men and women meet together, converse together at all times, eat and drink together, travel together, the manners of women are likely to be somewhat coarse, devoid of spiritual qualities and relatively prominent in animal traits. For this reason, I do not think the customs of such a society are free from all defect. Some argue that because of such close association with women, the characters of men acquire certain tender and spiritual qualities. Let me concede the point. But can the loss caused by coarseness and degeneration in the female character be compensated by the acquisition of a certain degree of tenderness in the male?" The implicit emphasis on recognising the changing gender roles in society and the attendant need for rethinking masculinity cannot be missed here.

[69] The problem of essentialising woman by restricting her role to the sphere of domesticity and projecting her only in the tender image of the care-giver lies at the heart of Tagore's play *Chitra* which was translated by the poet himself in 1913. In the play the central character *Chitrangada*, the daughter of the King of Manipur, speaks out her mind to her beloved *Arjuna*, the famously known warrior and a prince of the house of the Kurus, in unequivocal terms: I am not beautifully perfect as the

Lest one assumes that such rethinking has limited immediate use-value in developmental terms, it is instructive to re-visit some of the "burning issues" in the area of health and family planning. Thus, trends in the current use of contraceptive methods show that in recent years there has been very slow progress.[70] According to the Demographic and Health Survey (DHS) data, the rate of adoption of any modern method has increased from 36% to 42% between 1993/94 and 1996/97, but registered slow progress since then, increasing slowly to 43% by 1999/00 (DHS 2001, p. 53). The Health and Demographic Survey (HDS) shows a similar pattern: a considerable rise from 39 to 46 per cent over 1994-97, sliding down since then, reaching at 45 per cent in 2000 (GoB 2002). In short, both the independent sources agree on the trend of plateauing in the modern contraceptive use. Indeed, almost whole of the increase in contraceptive use by "any method" over the second half of the nineties as per both the sources was achieved through the recourse to "traditional method" which is unreliable. It is widely accepted that the adoption of modern method needs to reach a level of 70 per cent for the country to achieve zero population growth rate, and Bangladesh having the highest population density in the world (excluding the city states) needs to make a considerable "big push" towards that direction.[71] The question is: should the female population continue to be the prime target of population control? Clearly, the strategy of promoting contraceptive prevalence rate (CPR) with women being the prime targets of family planning campaign, especially through widespread use of oral contraceptives, paid-off up to a point. However, there are now signs of rejections, and alternative, with switch to more permanent, methods need to be explored. It is in this context the question of female and male sterilization as long-term methods becomes a relevant policy consideration. Recall that male sterilization constitutes only 0.9 per cent of all contraceptive use, and that too declining over the recent years. Even the share of female sterilization has dropped from 23 per cent of all contraceptive use in 1991 to 12 per cent in 1999/00 according to the DHS data. This decline in the share of long-term method of contraceptive use along with the very negligible role of male sterilization in Bangladesh stands in sharp contrast to the predominant role that permanent sterilization along with male sterilization plays in other comparable situations (as, for instance, in West Bengal). A transition from short-term to long-term method in the available method-mix for population control signals an important social dynamics requiring strong male support and male participation along with greater women's voice and agency.

Reduction of intra-household inequality in nutrition, health and education along the gender divide, promoting greater women's agency through work force participation, control over properties and freedom of household and personal decisions on the part of women also demands changes in the attitude of men. Add to these the growing domestic violence and street violence against women based on

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flowers…I have many flaws and blemishes. I am a traveller in the great world-path, my garments are dirty, and my feet are bleeding with thorns…The gift that I proudly bring you is the heart of a woman. Here have all pains and joys gathered, the hopes and fears and shames of a daughter of the dust…Herein lies an imperfection which yet is noble and grand…I am *Chitra*. No goddess to be worshipped, nor yet the object of common pity to be brushed aside like a moth with indifference. If you deign to keep me by your side in the path of danger and daring, if you allow me to share the great duties of your life, then you will know my true self. If your babe, whom I am nourishing in my womb be born a son, I shall myself teach him to be a second Arjuna, and send him to you when the time comes, and then at last you will truly know me." It may be mentioned that the English translation of the play created a stir among the conservative audience in USA during his trip in the 1920s (see, Pal 2002 on the details of conservative reactions to the "feminist" discourse in Tagore's play).

[70] The rate of adoption refers to the percentage of currently married women age 10-49, who are currently using specific family planning methods.

[71] It may be mentioned that only when the current use of contraceptive reaches 70 per cent, it is possible to achieve the net reproduction rate (NRR) equal to one, signalling the stabilization of the country's population.

traditional perceptions of manhood and norms of patriarchy. A truly feminist view-point thus of necessity must work with men as colleagues, comrades and partners. Only women-centric movement with women activists will not produce the desired social result in terms of faster progress in women's advancement, as is often the case. All these pre-require a certain critical positioning in relation to the traditional definition of masculinity based on patriarchy. As mentioned earlier, emphasis needs to be given to changing the mind-set, preferably at the early stages of life: social education especially gender sensitive education with focus on rethinking masculinity needs to play an important role in the curricula at appropriate levels. The aggressive nature of masculinity as the role model of men only breeds aggression and intolerance, terrorism and war, violence and conflict, dishonour and unfreedom. The platform of women's movement needs to be broadened across the gender, class, caste, and ethnicity divide in order to create the basis for a different world, different family, and different *man* and *woman*.[72]

6.6 Mastanocracy, Violence and Chronic Poverty: Issues and Concerns

6.6.1 Structure within Mastanocracy in Urban Landscape

Mastans are well known actors in the urban landscape of Bangladesh. The mastan is an ambiguous, even contradictory character. In the development discourse two terms are found- 'mastani' and 'mastanocracy'. 'Mastani' refers to criminal types of activities while 'mastanocracy' refers to an urban political economic culture where informal rights are prevalent. By informal rights, we refer to socially instituted claims which although lacking any legal status, are more than mere ad hoc arrangements. These informal rights are highly predictable and are often enforced through social norms. In short, therefore, mastani has clear negative contributions while 'mastanocracy' has at least some sort of legitimacy or acceptance. Thus, urban dwellers are both adversely affected by and benefit from the activities of mastans.

Mastans *a*re therefore virtually always considered in negative terms. They are almost synonymous with gangster criminals who are mainly responsible for urban social disorder. 'Mastani' refers to a package of activities carried out by mastans. Those activities mastans ensure their income. For example, extorting money in the name of raising toll in commercial areas and construction sites is an everyday feature in urban life (Siddiqui 1990). This image is prevalent from the legal frameworks guided by state machinery and generated by law enforcing agencies and formal state institutions. However, the terms mastan often confused with two other terms: *cadre* and *gunda*. In many cases it is difficult to separate these three but mastan has its own meaning and is somehow different from the rest. The term cadre is used to refer to the underground party members who own arms, while *gunda* refers to professional killers who can be hired for criminal activities. Although mastans are muscle-men they are also associated with important functions captured in the term 'mastanocracy'

'Mastanocracy' refers to an urban political economic culture which may produce informal rights that help urban dwellers manage risk, uncertainty and insecurity. Informal rights are essential in the case of risk management especially when there is a lack of sufficient formal rights offered by the state. The absence of adequate formal and legal rights creates a space for intermediaries like mastans to operate

[72] The study is grateful to Kamala Bhasin for pointing out the need of addressing the question of "rethinking masculinity".

between people and their imperfect institutions. From this perspective, building trust for the poor with these intermediaries is essential.

Gabetta (1993) demonstrates how the Mafia in Italy develop their interests by controlling access to both orderly and disorderly markets. The Mafia develop a business of providing protection services to keep the others' business running. In such a situation, people need to maintain strategic contacts with the Mafia. The contacts constitute social networks. In his analysis of how networks functions Boissevain (1968) distinguishes two orders of tangible and intangible resources. 'First order' resources include material assets such as land, house, employment and special knowledge like practical skills. 'Second order' resources puts emphasis on 'strategic contacts ' with others who own or control first order of resources and who help others access those resources. People who own 'first order' resources are known as patrons while those who rather have to seek brokered access to 'first order' resources are known as clients. The third group, which maintains 'strategic contacts' between patrons and clients, consists of brokers or intermediaries.

Mastan in the urban economy are strategic contact actors. In order to understand their 'strategic role' in the urban economy, I will look at two aspects: a) the structure through which *mustangs* operate and b) the level and importance of their services in the urban economy.

In order to fully understand the mastan structure, we need first to appreciate the factors associated with 'mastanocracy' that allow mastans to exist in the urban political economic culture of Bangladesh. The answer is related to the historical role of 'civil society' in Bangladesh since the colonial and semi-colonial period. However, there are in total three factors which make the mastan accepted actors in the urban landscape: (a) cultural perception as hero, (b) historical role within civil society, and (c) existing state power practice.

The first factor of cultural perception as hero is connected to a customary belief about *mustangs* which *is* reflected through Bangladeshi arts and cultural products like films, novels, drama, short stories and fairy tales. For example, there is a famous sub-continental song about *mustangs* recorded in Pakistan in the 1950s which starts with the word *'domadam mast Kalander'*. The term *mastan* comes from Turko-Persian word '*mast'* which is "possessed or one who is not in control of oneself and in a derivative sense one who is controlled by supernatural power" (Ahmed 1999). The sense of 'one who is controlled by supernatural power' expresses the heroic image in that it denotes that one can sacrifice oneself for others or for some betterment. For the betterment of an unjust and exploitative society, young people protest and sacrifice themselves and this makes them honourable icons among the common people living the same unjust society. All of this is reflected in the recent television drama series based on the popular Bangla novel '*Kothao Keu Nei'* written by Humayan Ahmed (1997). The central character of the story is a *mastan* called *Baker bhai'*. *'Baker bhai'* extends his helping hand to the oppressed people in the community and punishes oppressors. This, however, is considered a crime from a strictly legal point of view. Before the end of the last series, there was a huge demonstration and procession organised mostly by young people in different parts of Bangladesh to convince the director not to hang '*Baker bhai'*, as was the original '*Baker bhai'* in the novel. The question arises why '*Baker bhai'* became so popular given that he is a *mastan* convicted of being a killer. The answer may lie, at least in part, in the role the *mastan* performs in creating informal rights in the urban landscape.

The second factor alludes to the historical role played by *mustangs* in civil society. During the colonial rule under British and semi-colonial time under Pakistan, the civil society that struggled and fought against the British and Pakistan rulers was exposed to violence and polarization. This situation continued until the liberation war in 1971. Thus, violence was a well established and accepted part of the reality lived by civil society. The post independence phase is dominated by *mustangs* and "only *mustangs* could profit from the reproduction of violent and polarized civil society" (The Daily Star, 1999). In analysing the emergence of the *mastan* in Bangladesh Mohammad (1987) expresses the same opinion but in a slightly different manner. He argues that the emergence of mastans in Bangladesh arises from the political failure to use the resourceful youth of the country who had fought and sacrificed their lives for the independence of the country.

The third factor is that the existing political system itself makes the mastan an acceptable actor. Existing power relations are deeply connected to the present form of democratic practice geared to secure state power. "Politics is said to run on 'money' and 'muscle', both of them being the required tools of an infant democracy where politicians find it easier to express themselves with street violence than parliamentary debate" Another statement given by a mastan and recorded by Bearak states that "I am the senior vice president for Ward No 41. I organize the voters for the party. When they need a crowd, I can produce a crowd" (Bearak 2000: A4).). Mastans therefore work for 'big bosses' who are often political or public figures and *mastans* become mobsters in that they establish their right to do their business by providing and selling monopoly services with the blessing of their 'big boss'. In addition, the alliance between political actors and mastans create a wider influence in society, particularly the urban one.

A combination of factors is therefore responsible for the acceptance of mastans. Their alliance with other political and governmental actors ensures a structural shape guaranteeing the monopoly position of the mastans. The economic political culture generates a gap and creates an opportunity for establishing informal rights even through violence. The gap is filled by different 'intermediaries', including from mastans, political actors, corrupt officials and hired goons (the Daily Star, 1999). Therefore, mastans are not only armed men who extort money from people, they also represent an 'unarmed' intermediary group providing institutions and administration who extorts money through extra-legal operations. This implies a structure which makes the society and the economy functional in the urban political economy. We refer to this as the '*Mastan* Structure*'*. This structure will differ according to context, situation and level. For example, in the *bustee* context a micro-level structure can be observed.

6.6.2 Dispersed Realties: Insights from Case Studies of Mastans

There is first the obvious. Poverty reproduces violence, or as Mittelman (2000) pointed out, 'where poverty is severe, criminal gangs flourish'. In fact, in poverty prone Bangladesh, often in our leisure we hear some of the predictable queries: Why is there so much violence in the streets? What makes a person so intolerant and violent? How did the person become a *mastan* or a *shontrashi*?[73] Why is the state silent? Often the answers to such queries are also predictable, at times the answers even end up by censuring a whole class

[73] The Bangla word *shontrashi* is now translated as 'terrorist.' In the post-9/11 era this has become problematic for it is immediately taken to be part of international network. I have therefore deliberately used the Bangla word to make a distinction from the so-called international terrorist.

of people. The case of 'Tokai Sagar' – one of the top *shontrashi-mastans* of the country according to police report - falls into this category.

The name says it all! Anyone familiar with the Bangla word 'Tokai' would know that Sagar must have had a past bordering on poverty and hardship. The word caught the public imagination when the painter-cartoonist Ranabi (alias Rafiqunnabi) depicted a child scavenger named 'Tokai' babbling in philosophical and political discourses with a rare touch of remorseless humour! The real Tokai Sagar may not be in the like of Ranabi's 'Tokai' but his life is also no less eventful - it is readily worth a Bollywood movie to say the least.

Tokai Sagar hails from the southern island of Sandwip. His real name was Amir Hossain Babu. His father was a sea-faring fisherman, barely surviving by catching fish and selling them in the local market. Once in his youth Sagar moved to Chittagong, possibly to rid himself of the boredom and the hard life of the island. In Chittagong he succeeded in befriending the mastans of Karnaphuli market and making an income out of it. In fact, the market was known for the '*pocketmars*,'[74] and if we are to believe the police report, Sagar became a full-time member of this gang. But he was fated to become even greater and not lie low anonymously and vanish from the society as a petty thief. A person was killed while resisting the *pocketmars*, and Sagar and his accomplices were implicated in the murder. A police constable was also stabbed when trying to nab the gang. It is in the midst of these violent events that Sagar decided to leave Chittagong and come and settle in Dhaka.

Police report further tells us that once in Dhaka Amir Hossain Babu changed his name to Sagar, and initially started working in the cafeteria of Zahurul Haque Hall of Dhaka University as a 'tokai' (here more in the sense of an errand boy), hence his name 'Tokai Sagar.' His experience here proved propitious. Not only he came to know other powerful mastans then residing in the University dormitories but also got him connected to various political leaders and their parties. There are reports that in the early phase of his stay in the Zahurul Haque Hall Sagar used to carry weapons for the members of the student wing of Awami League. Sagar however knew very well how to make good use of his position as an 'arms keeper.' It is alleged that he switched his allegiance from the Awami League to BNP sometime in 1990 when the power of the latter at the national level became evident. But Sagar's mind was restive for other things.

In 1990 Sagar shifted his attention from the University area to a more lucrative business of international gold smuggling. He befriended the known smugglers of the airport and quickly rose to prominence. When he managed to free himself twice from the prison after getting arrested for gold smuggling, the rest of the smugglers, even the old ones, accepted his leadership in the trade. It is believed that Sagar made good use of his earlier 'political connections' to free himself from the police custody. There are also allegations that politicians, including members of the police force, benefited from the wealth that he had amassed from gold smuggling. It was only during the 'Operation Clean Heart' (October 2002 – January 2003)[75] under the military that Sagar's 'mastani' and smuggling came to a halt. Some say that he fled the country and is now residing in the United States following a quick intervention by a powerful section within the government.

[74] Petty thieves who cut men's pockets and rob their money.

[75] On 17 October 2002 the government decided to employ the military to restore the law and order situation in the country, which were deteriorating at a rapid pace at that point of time. The code name for the military action was 'Operation Clean Heart.' It was called off in January 2003 following public criticism of some of the excesses, including torture in custody, committed by the military while trying to nab the *mastans* and *shontrashis*.

There is also the story of 'Picchi Hannan',[76] not very much different from this. Like 'Tokai Sagar' he was also something of a 'tokai' or errand boy in the wholesale market of Kawran Bazaar. His father, Waziullah, used to sell vegetables in the same market. Hannan was first arrested in 1995 more as a petty thief and a budding *shontrashi*. In prison he met a well-known *shontrashi* in the name of 'Sweden Aslam'. Many say that after this encounter and his release from jail, Hannan became a top *shontrashi* and a mastan in that area. He was soon implicated in three murders and over 15 criminal offences. In 1997 when 'Sweden Aslam' was arrested again, Hannan literally took over the underworld activities of Aslam. It may be mentioned that like 'Tokai Sagar' Picchi Hannan also once resided in Zahurul Haque Hall of Dhaka University, and it was here that Hannan made friends with political cadres and *shontrashis* alike. Hannan's main income came from illegal toll collection, which amounted to Taka 1 million per month! He was again arrested in January 2000 but was released on bail only after seven days. Again in 2002 police arrested him, this time with weapons in his possession, but was immediately released. When this incident became public the police authority temporarily suspended four lower-level police officers for negligence of duty!

The trajectory in the life and living of both Tokai Sagar and Picchi Hannan is not only socially appealing but also, as an afterthought, somewhat predictable. Poverty, petty thievery, tokai-business, arms keeper, political cadre, smuggler, illegal toll-collector, and matched with them the corruption of the police, judicial system and governmental agencies, and the verdict is inevitable that the milieu is conducive for having the like of Tokai Sagars and Picchi Hannans in the country. But the reality is more dispersed and multiversed than what is otherwise evident here.

Sajedul Haque Eemon, if we are to believe some of his public statements, became a *shontrashi* for totally different reasons. Both his parents were medical doctors of some repute, but that made little difference to the life he later chose. For Eemon everything changed in 1991, when he resisted some local mastans who were trying to forcibly seize his Honda motorcycle. Eemon was severely beaten by the mastans. The police, however, on the pleading of the mastans, who were also members of the Jubo Dal (the youth wing of the ruling BNP), arrested Eemon the next day and put him in jail for a month or so. After his release Eemon entered into an alliance with some criminal groups and attacked the mastans who were responsible for his 'unjust' incarceration. In the process, as he later admitted in an interview to Kolkata journalists, he killed the leader of the said mastans. But the matter did not end there.

In 1995 the mastans took a deadly revenge. They killed his second brother. When Eemon's other two brothers saw the dead body they too became unconscious and are still mentally imbalanced from the shock. This changed Eemon completely. In his desperation for revenge Eemon entered the criminal world and became a 'killer' of some repute. Police has implicated him in several murder cases, including the murder of actor Sohel Chowdhury, Himel Masud, 'Foreign' Kamal, the double killing of Shamim-Masum in Agargaon, and many more. Currently he is facing a jail term in Kolkata not for his murderous deeds but for violating visa regulations!

'Kala Jahangir,'[77] another notorious *shontrashi-mastan* according to the police report, comes from an educated family; both his father and mother have been teachers of reputed schools in Bogra and Dhaka respectively. Jahangir was born and brought up in Bogra but when his mother moved to Dhaka to take up a better job in the school he joined his mother to live more regularly in Dhaka at a place called Ibrahimpur.

[76] 'Picchi' refers here to being 'small.'

[77] 'Kala' refers here to being 'black.'

Many who knew Jahangir from his childhood blamed the social environment of Ibrahimpur for the person he later became. As an area inhabited by a socially heterogeneous group of people, ranging from middle class to those who were on the lowest rung of the society, Ibrahimpur was known for harbouring dubious people and criminal activities. But there is no record that Jahangir's childhood was marred because of the place. Instead, he was quite well known as a meritorious student in the school, having passed the school secondary certificate examinations with star marks in 1992.

Things however began to change when he joined the college. Soon after he got admitted to Tejgaon College in 1993, Jahangir was arrested for stabbing two youths – Liton and Masum - in the vicinity of the same college. He was jailed for 21 days, and that changed everything. Jahangir was a thoroughly transformed person after his release from the prison. The gentle, mild spoken Jahangir became restless and dangerous, ready to attack anyone who opposed him. He quickly befriended the *shontrashis* of his locality and gradually built his own 'Bahini' (armed cadres), and became a top *shontrashi* of the city. Abandoned by his parents, Kala Jahangir, under the blessing of 'political godfathers,' entered the world of criminal activities. In 1994 Jahangir for the first time joined the 'student politics' of Dhaka University. He was recruited as a young cadre of the notorious Gopal Kaur gang and stayed with this gang until the fall of BNP in 1996. The members of this gang used to reside in Jashimuddin Hall of Dhaka University, and it was here that another gang member, Kislu, was murdered under the leadership of Kala Jahangir. Possibly this was his first murder, but very soon he was implicated in the killing of many others, including Kiron, advocate Habib Mondol and 'Murgi Milon.' When BNP lost the national elections in 1996 Jahangir fled from the University area. He returned to fame only in 1999 with the ward commissioners' election in the city.

Enmity between the candidates came to a peak in the ward commissioners' election, particularly in Ward No.16. A *shontrashi* in the name of 'Killer Abbas,' the latter also a member of the student wing of Awami League, became a candidate and his rival - Maqsud - was none other than the brother of another known *shontrashi*, 'Top Terror Bhuiyan Babu.' Sensing his immediate defeat, Abbas sought help from Kala Jahangir in the election. Babu was killed, but Abbas and Jahangir had to flee the area to save their lives. Later on with the support of some other *shontrashis* Kala Jahangir created a powerful crime syndicate and became its leader. According to some reports this group has the largest collection of illegal weapons in their possession. Their main income is from reward killing and also from illegal toll collection (monthly Taka 5 million). Many believe that their toll collection is a well co-coordinated one and is backed by some members of the police force! It may be mentioned that in his 13 years of criminal activities he was arrested only once and that again in relation to a stabbing incident, something which we have outlined before. Although the government has announced an award of Taka 100,000 for his capture, but till date he has succeeded in eluding the police.

'Shibir Nasir,' a well-known *shontrashi-mastan* of Chittagong, also comes from a socially reputable, well-earned family. His real name is Mohammed Nasiruddin. His political affiliation with the Islami Chattra Shibir, the student wing of Jamaat-e-Islam, however earned him the nickname, 'Shibir Nasir.' Nasir was brought up in a remote village called Mondakini in the Nazirhat area in the Chittagong district. His father was in transport business from the Pakistan time, and also a member of local Awami League. His schooling years was not that spectacular, although he managed to pass the higher secondary certificate examinations without much difficulty. In mid-1980s Nasir left for Dubai, but after two years he came back and started his own business in wood trade. A personal tragedy at that point of time changed him completely.

In 1988 Nasir's younger sister got married. He was given the responsibility of escorting her sister from her father-in-law's house to their home in Nazirhat. On the way, however, his sister was raped by members of a gang belonging to another well-know *shontrashi* of Chittagong called Tayeb. In the same year Nasir's cousin, who was then a member of Islami Chattra Shibir, was killed by mastans belonging to the student wing of Awami League. Both these incidents made Nasir seek revenge and this he managed to materialise by joining the criminal underworld and the militant wing of Islami Chattra Shibir. By 1990 he became a terror in Chittagong, and it is alleged that one-third of Chittagong city is under his hold, where he can kill, abduct, seek ransom, and collect tolls at will, that is, without being bothered by the police. It is widely believed that Shibir Nasir, like Kala Jahangir, is also involved in small arms business. In fact, many refer to Shibir Nasir as 'Chittagong Arms Depot'! His cadres carry M-16, AK-47, and Sten gun among other modern sophisticated weaponries.

There is an interesting side to Nasir's mastani, however. He is very popular in Mondakini-Nazirhat area. This is mainly because of his regular contribution towards building mosques, educational institutions, and also periodically feeding the poor people there. There are also reports that Bangladeshi businessmen based in the Middle East send donations directly to Shibir Nasir to carry out religious and developmental activities. His imprisonment, however, cancelled his plans for joining politics on a regular basis, including placing himself as a candidate in the Upazila elections.

If we take the examples of Eemon, Kala Jahangir, Shibir Nasir, and many more like them, it starts boggling our mind as to why these people who could have had a decent and prosperous life given their intellect and social interactions would give up all and end up as mastans and murderers. Table 6.15 is a further testimony to the fact that a higher percentage of 'educated people' made their entry into criminal activities compared to the illiterate.

This only tells us that one requires some amount of education and social interactions to enter into the complex network of mastanocracy. We are after all talking of people who must deal on a regular basis with the police, politicians, lawyers, financiers, custom officers, and other members of governmental agencies, and only with a creative intellect can one combine them all and assure oneself of the goodies! Here the chronic poor, devoid of education and social interactions, must otherwise remain at the margins of mastanocracy. The poorest often seek assistance from them because the services they need cannot be accessed otherwise directly from the public agencies. The top mastans can arrange the much demanded services for a fee by operating as the middlemen between the service-providers and the poorest informal sector clients who remain by and large outside the sphere of public services, especially in urban areas **(see, Box 6.2)**. In short, it is not the case that mastans only extort money at gun point, rather mastans are in a system where 'trust' is problematic and they develop 'trust' between third parties for monetary benefit. Therefore mastans are both the source of uncertainty and as well as offering a relationship for managing insecurity and risk.

This arrangement is far from satisfactory, however. *First*, a number of studies found that the poor pay higher prices for these mastanocracy-mediated services than in case of direct access to public agencies (see, for instance, Afsar 2004 for evidence on water, electricity, and gas). *Second*, the sustainability of accessing these services depends on the strength of collusion between the intermediaries and the service providers. If, for some reason or the other, these links are severed the poor consumers are immediately cut-off from these

services. Often the disruption of such links can be damaging with long-term consequences for the livelihoods of the chronic poor (as is often the case with slum eviction).[78]

The question, however, remains as to why such intellect, some even meritorious, would take recourse to *shontrashi* and *mastani*? The milieu could very well be the reason, as Saul (1993:208), albeit in a different context, remarked: "Genius, being free from moral value, comes on all sides of the spectrum. If you set out to destroy genius as something dangerous, then the more stable the society, the more successful that destruction will be. Only societies in disorder will be unable to do this. But stable societies are precisely those best able to guide genius onto safe moral ground. Unstable societies have always invited the worst in those with the genius to use power".

The other important consideration is the overall political circumstances within which these mastans operate. Table 6.16 provides an illustration of the extent of political violence in the country, and that again, the figures include only for one year. But the message is instructive. The prevailing milieu indicates the centrality of intolerance, terror and killing in our politics. This could also be referred to as the politicization of terrorism or the inverse of this, the terrorization of politics. Either way, the emerging picture leaves adequate space for the mastans to be an indispensable element in the country's political life. If such is the extent of violence, there is no reason for the mastans not to crop up and take advantage of the situation. Interesting in this respect is the political affiliation of the mastans, a representation of which is found in Table 6.17.

Put differently, the power of the mastans is reproduced not so much by the mastans as by the violent and polarized nature of politics. In the light of Table 6.17, the mainstream political parties, including the ones that have the most members in the Parliament, not only engage the mastans in violent activities (and that again, beyond beating up and resisting the rivals) but also shelter them to the point of making them invisible. Ironically, much of this has to do with the very practice of representative democracy in a demographically large Bangladesh.

Given the population growth and the number of voters in Bangladesh, one Member of Parliament (MP) represents, on an average, a little over 189,000 voters (1996 figure) (Thiagarajah, 1996:170). Incidentally, adding non-voting citizens (children and minors, in particular) would make this figure even higher. Such representation makes a mockery of democracy, since it is impossible for an MP to meet in person and represent all those who have voted him/her to power. Consequently, 'intermediaries' (ranging from godfathers, mastans, corrupt officials, hired goons, and the like) end up holding the *real power*, with both MPs and the people becoming dependent on them, albeit for different reasons. Bangladesh must face the fact that it is self-seeking intermediaries, and neither the MPs nor the people, who are involved in representation. Unless a way is found to correct this situation, governments will always suffer from *misrepresentation*. In this context, the chronically poor, as part of both enfranchised and disenfranchised people, are destined to remain not only marginalized but also and more importantly *misrepresented*. This is as much a violence of the structure (societal, governmental, state, etc.) as much as it is a violence of the intellect. Nothing can be more conducive to the task of sustaining and reproducing chronic poverty.

[78] Eviction of Agargaon slum (one of the oldest and the largest slums in Dhaka) is one recent example. The brutality with which the eviction was done is an indication of lawlessness and disorder prevailing in the country. However, the silence of the media and the civil society over this particular eviction is also a striking case in point.

Box 6.2

Slums, Mastans, and Urban Chronic Poverty

The legendary king of Corinth in the name of Sisyphus was condemned eternally to repeat the cycle of rolling a heavy rock up a hill in Hades only to have it roll down again as it nears the top. The fate of the chronically poor living in the slums of Dhaka is no different. This is because the slums are not merely the living space for the chronically poor but also for the dubious and shadowy groups, which end up profiting from the habitation through a complex network of mastans, *shontrashis*, police, local administration and political touts. It is more because of the conflict between and amongst the latter elements that the slum dwellers are periodically evicted only to regroup and start living afresh in yet another slum devoid however of their belongings accumulated during their stay in the evicted slum. In the end, they end up being poorer condemned to slum dwelling!

This is precisely what has happened to garment worker Rehana. She used to live in Dhaka's *TT-para* slum with her two daughters. Rehana, a divorcee, rented a 'jhupri' (a low hut built with tree-leaves, wicker, bamboo, etc.) for Taka 300 only. From her meagre savings she also bought a few essentials, including utensils for cooking and eating. It was not long before that she found out that she has to part with them and start living in the slum all over again. The reasons, though complex, are revealing as well.

The complex network that was mentioned earlier, one consisting of mastans, *shontrashis*, police, local administration and political touts, has a thriving business in the slums! It is estimated that from rent alone the mastans and the so-called homeowners earn Taka 200 million monthly. There is also a huge income from illegal electricity and water connections. Moreover, the slums have a thriving business in phensydl, heroin, alcohol, marijuana, even in the business of pornographic materials and small arms. One estimate puts the total income, including income from rents, to a staggering figure of Taka 1.25 billion. This income gets divided amongst the members making up the network.

Rehana became a victim of this network, but the problem interestingly did not begin in the slum she was residing. In April 2000 the police built a check post near the Gopibagh slum, allegedly to influence and increase the illegal toll collection there. This led to some tension between the police and the *shontrashis* as the latter saw a serious drop in its share. On 26 July 2000, a police sergeant shot and killed a rickshaw puller, which many believed was linked to the issue of illegal toll collection. On 6 August 2000 the police surrounded the Gopibagh slum and started arresting some *shontrashis* who took shelter in the slums. One constable was killed when the *shontrashis* fired back. This made the police authority desperate to teach the *shontrashis* hiding in the slums a lesson. On 7 August 2000 the police succeeded in convincing the Awami League government that the slums were actually under the control of BNP cadres, and it was from here that the opposition was carrying out all the heinous activities against the government. Furthermore, it was argued that since voter card was being issued there would be fewer voters residing in the slums. Electorally therefore the eviction of the slums would not pose a problem for the incumbent regime! The eviction was then approved at the highest levels.

The first slum that was bulldozed was none other than the *TT-para* slum. Soon the police brought down the slums in Gudaraghat, Balughat, Kamlapur, and the one that was called 'Sonar Bangla.' Four more slums were destroyed in Demra and Shyampur area on 10 August 2000. Finally, the eviction was brought to a halt on 11 August 2000 when the High Court ruled in favour of a writ challenging the legality of the eviction. By then, however, Rehana lost all her belongings and had to take shelter literally on the pavement of 'Biswa road.' She was back to square one, albeit in a poorer state of life and living!

Box 6.2 (Contd.)

There is a precise structure reproducing the power in the slums. Power, it must be understood, is not a static category. It is always dynamic, transforming from one thing to another. In 1993, when BNP was in power, some slums were evicted under the direct supervision of the pro-ruling party Mayor. The opposition party, Awami League, openly opposed that eviction. In 2000, however, the Awami League government went for eviction, but this time the BNP opposed it. Why do parties change their policy in line with their place in the government? Or, to put it slightly differently, why is it that the government supports eviction, but the opposition opposes it? Is it simply for the sake of oppositional politics? Or, is there something more fundamental that escapes our attention?

Regime change seriously disrupts the lucrative business of the dubious network in the slums. Since the business here is mostly illegal, even when the mastans and *shontrashis* do the bulk of the work, it must have the blessing of the police, ruling party members and the administration. This gets disrupted when a new regime takes hold of the office, and when the police and the administration start taking orders from it. The change is never peaceful, for the share gets affected, with the old guards refusing to part with the share and the new guards eager to take possession of the share. In the process, when violence is meted out to resolve the conflict, the slum dwellers get evicted, and in turn get poorer. The latter possibly could have transformed the slums even with their meagre income only if they had the slums under their control. This is indeed an irony of living: while the slum dwellers sleep, others do the dreaming!

Table 6.1

Disaggregating "Deficit"
The Continued Importance of Hunger and Food-Poverty in Rural Areas (2001)

Status in 2001	% of total poor	% of total households
Hunger	**27.4**	**9.8**
One meal a day during some months	0.9	0.3
Two meals a day throughout the year	4.0	1.4
Two meals a day during some months	22.5	8.1
Food-poverty	**42.3**	**15.3**
Adequate rice intake, but deficit in protein most of the year	27.9	10.1
Adequate rice intake, but deficit in protein during some months of the year	14.3	5.2
Non-Food Poverty		
Adequate food intake, but deficit in basic non-food	**30.3**	**10.9**
Total Poor	**100.0**	**36.1**

Source: Estimated from PPRC (2001a)

Table 6.2

Nutritional Status of the Children in Bangladesh: A Disaggregated Analysis, 2000

Variables		% Underweight	% Stunted
Demography			
Sex of the child	Male	50.78	47.70
	Female	50.82	48.40
	Both	50.80	48.00
Present age of the child	<13	35.06	26.40
	13-24	55.38	52.40
	25-36	53.73	47.30
	37-48	50.67	51.50
	49-60	50.27	50.70
	>60	52.94	50.80
	Total	50.8	48.00
Birth order of child's mother's life	1	49.29	4.40
	2	48.14	46.00
	3	50.39	44.90
	4	51.54	50.70
	5 & above	55.85	56.40
	Total	50.79	48.00
Mother: Relationship with the child	Mother	50.73	47.90
	Others	52.99	52.10
	Total	50.8	48.00
Mother: Age (years) at first marriage	<15	56.05	53.30
	15-18	49.28	47.30
	19-24	45.45	38.90
	>24	35	20.00
	Total	50.8	48.00
Mother: Age (year) at first pregnancy	<15	53.79	50.80
	15-18	52.96	49.90
	19-24	47.47	45.70
	>24	34.12	25.90
	Total	50.8	48.00
Mother: No. of pregnancy	1	46.69	40.60
	2	48.68	44.60
	3	48.66	44.00
	4	52.30	48.40
	4+	55.60	57.80
	Total	50.73	47.90
Mother: No. of born alive children	1	46.41	41.40
	2	49.17	45.30
	3	48.16	43.70
	4	54.13	50.60
	4+	55.70	57.30
	Total	50.73	47.90
Sex of HH head	Female	54.65	48.10
	Male	50.62	48.00
	Both	50.8	48.00

Table 6.2 (Contd.)

Variables		% Underweight	% Stunted
Religion	Islam	51.27	48.70
	Others	45.10	39.50
	Total	50.80	48.00
No. of members in the HH	1-2	57.14	42.90
	3	56.99	49.30
	4	51.77	48.50
	5	48.45	45.80
	6	51.38	47.70
	6+	50.07	49.10
	Total	50.80	48.00
Nutrition			
Children's first food after born	Others	51.54	48.80
	Colostrums	34.48	31.00
	Total	50.80	48.00
Mother: Wash hand separately after defecation	Yes	50.76	48.00
	No	56.67	46.70
	Total	50.8	48.00
Mother: Hand Washing Material after defecation	Soap	37.72	35.10
	Others	55.41	52.60
	Total	50.8	48.00
Salt use in meal/ table	Iodine not present	55.01	51.90
	Iodine present	49.36	46.70
	Total	50.8	48.00
Vegetable garden within homestead	Yes	51.22	47.90
	No	50.36	48.20
	Total	50.80	48.00
Labour force			
District Level: Male labour wage (Taka) per day, 1999	0- 50	58.00	49.70
	50.01- 60	49.80	49.30
	60.01- 70	50.22	48.20
	70.01- 80	42.97	37.60
	80.01 & above	52.41	49.30
	Total	50.72	47.90
Asset			
Total land holdings (acre) of the HH	<0.30	52.15	49.50
	0.30- 0.49	55.11	55.70
	0.50- 1.49	50.21	46.40
	1.50- 2.49	42.63	40.60
	2.50- 4.99	41.10	38.00
	5.00 & above	42.22	32.20
	Total	50.76	48.00
Access to Service			
Child received vaccination (any)	Yes	54.09	51.80
	No	50.15	47.30
	Total	50.80	48.00
Mother: Educational qualification of mother	Illiterate	57.72	39.10
	Below primary	51.97	55.60
	Primary	44.51	-
	Junior secondary	34.93	-
	Secondary & above	34.55	-
	Total	50.8	48.00
Mother: Using any Method of Contraceptive	Yes	46.85	42.40
	No	54.01	52.40
	Total	50.80	48.00

Table 6.2 (Contd.)

Variables		% Underweight	% Stunted
Mother: Member of any group/ society	Yes	51.84	48.80
	No	50.49	47.80
	Total	50.80	48.00
Sources of the main drinking water	Not safe	58.33	58.30
	Safe drinking water	50.59	47.70
	Total	50.8	48.00
Main sources of water for washing utensil, plates, glass	Not safe	55.67	53.90
	Safe water	47.48	44.00
	Total	50.8	48.00
Toilet facilities in the HH	Sanitary	28.41	28.20
	Others	53.66	50.60
	Total	50.8	48.00
Empowerment			
Mother: How do you spend your earnings?	Own/ Consult with my husband	53.70	49.00
	Others	50.51	47.90
	Total	50.80	48.00
Mother: Decision for taking children's treatment	Self or husband and wife together	50.31	47.80
	Others	51.91	48.40
	Total	50.80	48.00
Income			
Mother: Earn money during last three months	Yes	53.10	49.40
	No	50.52	47.90
	Total	50.80	48.00
Per capita income (Taka), 2000	0- 4569	61.62	58.90
	4569.01- 7614	57.86	54.70
	7614.10- 15228	49.52	48.10
	1522801 & above	31.50	26.90
	Total	50.75	48.00
Occupation			
Mother: Major Occupation of mother	Housewife	50.72	48.00
	Others	51.88	48.50
	Total	50.8	48.00
District			
District Level: Paved road as % of total road	0- 10	53.60	51.40
	10.01- 20	49.92	46.70
	20.01- 30	45.61	44.60
	30.01 & above	43.28	37.30
	Total	50.72	47.90
District Level: Total expenditure on education (million Taka)	0- 253.01	51.08	47.30
	253.011- 426.69	48.50	44.90
	426.691- 843.38	52.57	60.10
	843.381 & above	51.34	50.00
	Total	51.15	48.10
District Level: Total expenditure on women and children (million Taka)	0- 1.46	51.79	47.90
	1.461- 2.44	52.38	48.10
	2.441- 4.88	48.94	48.40
	4.881 & above	49.55	48.50
	Total	51.15	48.10

Source: Based on CNS 2000

Table 6.3

Rural-Urban Differences in Selected Nutritional and Educational Indicators, 2000

		% Underweight	% Stunted	Net primary enrollment	Net secondary enrollment	Primary completion	Average monthly per capital income
Rural	Extreme poor	61.6	59.7	62.0	31.5	15.9	278.09
	Moderate poor	59.0	54.9	69.0	30.4	16.8	511.14
	All poor	59.9	56.5	66.8	30.7	16.5	438.20
	Non-poor	46.7	44.7	79.3	52.5	23.4	1236.86
	All rural	53.9	51.1	72.4	43.6	20.1	878.41
Urban	Extreme poor	58.4	55.1	59.3	27.6	11.1	315.72
	Moderate poor	51.9	50.2	63.7	24.6	19.8	589.05
	All poor	53.5	51.3	62.7	25.2	18.0	526.10
	Non- poor	37.8	35.0	80.6	57.3	29.4	221.69
	All urban	43.1	40.4	74.6	50.7	26.6	1841.46

Source: Based on CNS 2000 and HIES 2000

Table 6.4

Determinants of Child Malnutrition (Underweight) in Bangladesh: An Analysis of Child, Mother, Household and District Level Data, 2000

Variables	Model-1			Model-2			Model-3		
	Regression co-efficient	Sig. level	Exp (B)	Regression co-efficient	Sig. level	Exp (B)	Regression co-efficient	Sig. level	Exp (B)
Sex of the child (male=1)							-.2336	.1189	.7917
Birth order of child's mother's life							-.0140	.4743	.9861
Children's first food after born (colostrum=1)							-.3492	.2638	.7052
Mother's Educational qualification							-.0044	.3078	.9956
Hand washing material after defection (soap=1)							-.3400	.0516	.7118
Age of the mother when first married							-.0309	.1106	.9695
No. of born alive children of the mother							.0379	.3827	1.0386
Decision for taking children's treatment (self or with husband=1)							-.3258	.0506	.7220
Sex of HH head (male=1)							-.3724	.2618	.6891
Religion (Islam=1)							.3507	.1733	1,4201
Sources of the main drinking water (safe sources=1)							.7991	.1267	2.2236
Main sources of water for washing utensils, plates, glass (safe sources=1)							-.2695	.1306	.7637
Salt use in meal/ table (iodized salt=1)							.0133	.9484	1.0134
Toilet facilities in the HH (sanitary=1)							-.1749	.4068	.8396
Vegetable garden within homestead (yes=1)							.2160	.1886	1.2411
Total owned land holdings of this HH							-.1828	.0112	.8329
Education (years of schooling) of hh head							-.0453	.1486	.9557
Per capita yearly expenditure, 2000	-7.1E-05	.0000	0.9999	-7.4E-05	.0000	.9999	-2.5E-05	.0245	1.0000
Male labour wage per day, 1999				0.0117	.0441	1.0118	.0028	.7683	1.0028
Paved road as % of total road in the district				-0.0081	.2945	.9919	-.0175	.1560	.9826
Constant	0.6800	.0000		0.0407	.9187		.7706	.4490	
-2 log likelihood	5363.252			2482.459			1041.352		
Goodness fit	4021.141			1887.353			836.086		

Source: Based on CNS 2000, HIES 2000 and PRCPB database

Table 6.5

Determinants of Child Malnutrition (Stunted) in Bangladesh: An Analysis of Child, Mother, Household and District Level Data, 2000

Variables	Model-1			Model-2			Model-3		
	Regression co-efficient	Sig. level	Exp (B)	Regression co-efficient	Sig. level	Exp (B)	Regression co-efficient	Sig. level	Exp (B)
Sex of the child (male=1)							-.1175	.4368	.8891
Birth order of child's mother's life							-.0058	.7628	.9942
Children's first food after born (colostrum=1)							-.4184	.1848	.6581
Mother's Educational qualification							.0067	.1194	1.0067
Hand washing material after defection (soap=1)							-.1828	.3018	.8329
Age of the mother when first married							-.0442	.0236	.9568
No. of born alive children of the mother							.0106	.8083	1.0106
Decision for taking children's treatment (self or with husband=1)							.0106	.9503	1.0106
Sex of HH head (male=1)							-.2196	.5065	.8028
Religion (Islam=1)							.0694	.7858	1.0719
Sources of the main drinking water (safe sources=1)							-.3005	.5560	.7405
Main sources of water for washing utensils, plates, glass (safe sources=1)							-.2185	.2232	.8037
Salt use in meal/ table (iodized salt=1)							-.0038	.9854	.9962
Toilet facilities in the HH (sanitary=1)							-.3031	.1618	.7385
Vegetable garden within homestead (yes=1)							-.1235	.4564	.8838
Total owned land holdings of this HH							-.2135	.0065	.8078
Education (years of schooling) of hh head							5.09E-05	.9987	1.0001
Per capita yearly expenditure, 2000	-8.6E-05	.0000	.9999	-8.5E-05	.0000	.9999	-4.5E-05	.0010	1.0000
Male labour wage per day, 1999				.0071	.2226	1.0072	-.0021	.8274	.9979
Paved road as % of total road in the district				-.0080	.3081	.9920	-.0180	.1486	.9821
Constant	.6978	.0000		.3444	.3903		2.1014	.0391	
-2 log likelihood	5310.324			2454.540			1028.819		
Goodness fit	4117.527			1886.049			837.235		

Source: Based on CNS 2000, HIES 2000 and PRCPB database

Table 6.6

Economic Burdens of Ill Health: Acute and Chronic Sickness (1994/95)

Self-Rated Poverty	How many days remained bedridden per episode		Average expenditure on treatment per episode	
	Acute	Chronic	Acute	Chronic
Extreme Poor	7.7	39.7	167	1553
Moderate Poor	6.5	35.0	220	2531
Non-poor	7.8	29.7	511	3412
Total	7.4	33.6	342	2680

Source: 62-Village Survey of BIDS. Compiled from Begum (1996).

Table 6.7

Public and Private Health Expenditure Incidence by Per Capita Income Decile in Rural Bangladesh: 1994

Decile	Per Capita Income	Per Capita Private Health Expenditure	(3) as % of (2)	Per Capita Public Health Expenditure	(5) as % of (2)
(1)	(2)	(3)	(4)	(5)	(6)
1	1693.58	173.50	10.2	48.71	2.9
2	2911.38	202.19	6.9	33.51	1.2
3	3678.96	208.29	5.7	46.20	1.3
4	4457.10	170.80	3.8	13.87	0.3
5	5361.35	187.40	3.5	67.46	1.3
6	6352.07	205.56	3.2	30.75	0.5
7	7930.18	194.14	2.4	32.59	0.4
8	9986.57	251.23	2.5	25.97	0.3
9	14291.59	297.74	2.1	57.50	0.2
10	26915.58	626.57	2.3	51.66	0.2
All	8317.66	251.11	3.0	37.82	0.5

Source: Macro Budgetary and 62 Village Survey Data of BIDS. Compiled from Sen (1997).
Note: Public health spending includes only current expenditures

Table 6.8

Trends in the Incidence of "Crisis", 1989-94

	1989/90	**1994/95**
No Crisis	24	36
Natural Disaster	66	29
Illness Expenditure/Loss	44	41
Insecurity	17	16
Dowry	1	5
Life-cycle	2	2

Source: Analysis of Poverty Trends Project 62 Village Re-survey 1995. Compiled from Rahman (1996).

Table 6.9

Magnitude of Income-Erosion by Income–Poverty Groups (1994/95)

	Annual Mean Per Household (Taka)		
	Crisis Loss	**Coping Cost**	**Total Income Erosion**
Extreme Poor	2150	1789	3939
Moderate Poor	3414	2960	6374
Non-poor	6064	4942	11006

Source: Analysis of Poverty Trends Project 62 Village Re-survey 1995. Compiled from Rahman (1996).

Table 6.10

Income Erosion as Proportion of Household Income by Income-Poverty Groups (1994/95)

Income-Poverty	**Mean Annual Income Erosion as % of Mean Annual Household Income**
Extreme Poor	26.9
Moderate Poor	22.2
Non-poor	13

Source: Analysis of Poverty Trends Project 62 Village Re-survey 1995. Compiled from Rahman (1996).

Table 6.11

Access to Safe Water and Sanitation Linked with Environmental Health by Size of Land Owned (1995)

Size of Land Owned (acres)	**Safe Drinking Water**	**Safe Water for Household Work**	**Sanitary Latrine**
0.00-0.04	84.6	22.5	6.3
0.05-0.49	95.1	27.8	8.3
0.50-2.49	96.4	28.1	12.1
2.50-4.99	96.8	29.0	20.5
5.00+	98.5	63.7	28.1
Total	**96.1**	**28.9**	**11.1**

Source: Health and Demographic Survey 1995 carried out by BBS, Compiled from BBS (1996).

Table 6.12

Current Male Smoking Rates by Social Position

Selected Variable	%
Education	
Never read	61.4
Class I-V	40.7
Class VI-IX	31.3
SSC and above	25.0
Poor-Rich Ratio	2.46
Monthly household income groups (TK)	
< 1000	58.2
1000-1249	56.7
1250-1499	54.4
1500-1999	53.7
2000-2499	45.6
2500-2999	46.1
3000-3999	38.4
4000-4999	36.3
5000+	32.3
Poor-Rich Ratio	1.80
Ownership of land (Rural, Acres)	
Landless	57.8
0.01-0.04	52.0
0.05-0.49	53.0
0.50-2.49	42.8
2.50-4.99	27.8
5.00+	34.2
Poor-Rich Ratio	1.69

Source: Health and Demographic Survey 1995. Compiled and estimated from BBS (1996).

Table 6.13

Lack of Knowledge of HIV/AIDS Prevention by Wealth Quintile and by Gender as per DHS 1996/97

Quintiles	**Lack of Knowledge of HIV/AIDS Prevention**	
	Male	**Female**
Poorest	77.1	77.4
Second	78.3	77.5
Middle	78.8	78.2
Fourth	68.7	76.3
Richest	42.5	64.5
Poor-Rich Ratio	1.81	1.20

Source: Demographic and Health Survey 1996/97. Compiled and estimated from Wagstaff et al (1999).

Table 6.14

Crisis Faced by Rickshaw Pullers during the Last Five Years

	Duration of Pulling			
	< 5	5-14	15+	Total
Per cent experienced crisis	64.0	74.7	85.2	74.6
Average number of crisis encountered @	2.1	1.7	1.9	1.8
Type of crisis	**Per cent reporting specific crisis**			
Heath related	73.0	61.8	76.1	67.4
Social	9.0	16.9	22.7	16.4
Misfortunes	-	9.3	15.9	8.7
Natural	3.4	3.1	2.3	3.0
Personal insecurity	53.9	48.4	59.1	52.0
	Distribution of crisis			
Heath related	52.4	44.3	43.2	45.7
Social	6.5	12.1	12.9	11.1
Misfortunes	-	6.7	9.0	5.9
Natural	2.4	2.2	1.3	2.0
Personal insecurity	38.7	34.7	33.5	35.2
	Cost per crisis			
Heath related	4147	6785	5513	5838
Social	13875	9739	18245	12818
Misfortunes	-	2731	3169	2906
Natural	9000	5214	27500	9875
Personal insecurity	2950	4625	6821	4787
All types	**4429**	**6087**	**7667**	**6153**
	Distribution of cost			
Heath related	49.1	49.3	31.1	43.3
Social	20.2	19.4	30.7	23.2
Misfoutunes	-	3.0	3.7	2.8
Natural	4.9	1.9	4.6	3.2
Personal insecurity	25.8	26.4	29.8	27.4
All types	100.0 (549160)	100.0 (1911290)	100.0 (1188320)	100.0 (3648770)

@ in relation to all rickshaw pullers

Table 6.15

Educational Profile of the Mastans Arrested During the Operation Clean Heart October 2002-January 2003

Type	Number	Percentage
Illiterate	6	8.10
Educated	21	28.37
SSC	4	5.40
HSC	3	4.05
Graduate	1	1.35
MBBS	1	1.35
MBA	1	1.35
Not Identified	37	50.00
Total	74	100

Source: *The Daily Star*, *Bhorer Kagoj, Manab Jamin* and *Prothom Alo*.

Table 6.16

Profile of Political Violence 2001

Month	Death	Injured	Arrest
January	33	672	226
February	38	816	421
March	22	717	124
April	32	2173	1536
May	25	801	142
June	52	800	198
July	49	2656	430
August	61	3351	379
September	137	8463	224
October	122	2430	505
November	50	1743	437
December	35	1148	242
Total	656	25770	3464

Source: *Odhikar Report*. Cited from *Natun Dhara*, Vol.1, No.1, January 2003, p.1.

Table 6.17

Political Affiliation of the Mastans Arrested During the Operation Clean Heart October 2002-January 2003

Party	Number	Percentage
BNP	24	32.43
Awami League	16	21.62
Others	4	5.40
Unknown	30	40.54
Total	74	100

Source: *The Daily Star*, *Bhorer Kagoj, Manab Jamin* and *Prothom Alo*.

Chapter 7

Transformative Structures and Transmission Mechanisms: The "Opportunity" Dimension of Chronic Poverty

> When the standard of living of large mass of people falls below a certain subsistence level—a level regulated automatically as the one necessary for a member of the society…The result is the creation of a rabble of paupers. At the same time this brings with it, at the other end of the social scale, the conditions which greatly facilitate the concentration of disproportionate wealth in a few hands.
>
> *Hegel (1825): The Philosophy of Rights as cited in Harvey (2000)*

7.1 Women's Agency and Chronic Poverty

Lack of women's agency is considered here as a major cause of poverty. The pathways through which women's agency can influence anti-poverty work through four different channels. First, greater women's agency play an important role in improving women's own well-being, as reflected in reduced female disadvantage in mortality and malnutrition as well as improved reproductive health (Murthi et al 1995; Sen 1999). Second, greater women's agency can have an important instrumental role in the process of household income growth by influencing greater control over fertility decisions. Reduced family size means less dependency, lesser amount of resources are spent on consumption, and hence improve the rate of capital accumulation for a given level of income. Reduced family size in the presence of women's agency within the household context also has an important indirect bearing on raising the quality of children by being able to release more resources for investing in child health and education (Osmani and Bhargava 1998; Eastwood and Lipton 1998). As we have seen in Chapter 2, the ascending poor households have been able to reduce its family size much more successfully than the chronic poor and the descending non-poor. In fact, one of the major aggravating factors of descent appears to be associated with increase in the family size. Third, greater women's agency can influence directly the nutritional status of children, as better nourished mothers can produce better nourished child, which, in turn, helps to raise the schooling performance, future occupational choice and productivity. Recent works show that the "foetal connection" can have long-term effects on child percolating up to the adolescent years (Osmani and Sen 2003). Fourth, several qualitative studies in recent years show that at the early stage of efforts to grow out of poverty, women's earnings can play an important role in generating additional savings/ collateralizable assets for the poor households who may be otherwise constrained to raise the required start-off capital. Given the variation in women's work force participation among the poor households women's agency can make a difference to the freedom to participate in the labour market and play an important role in the household's strategy for moving out of poverty through savings and investment.

In this section we discuss the importance of women's agency in the context of improvement of women's own well-being as well as in favourably influencing the well-being of the children and present them in the context of intergenerationally transmitted chronic poverty. Specifically, it tests three inter-related propositions. *First*, it examines whether mother's nutritional status is systematically linked with

child's nutritional status both in general and across household poverty status. *Second*, if such links are indeed found to be cross-cutting moment, then what factors influence the health status of mothers becomes an important area of policy concern. The section, therefore, explores the factors underlying the variation in mother's nutritional status. *Third*, while household poverty is an important explanator of mother's and child nutritional status, income-poverty is not the absolute determinant. As people grow out of poverty they exercise considerable choice (invariably hard) to opt out for strategies for investment which may be welfare-reducing in the short-term but is needed for curving out escape from poverty in the long-term. Women's agency can play an important role in this process by encouraging strategic investments on the part of poor households, including greater spending on child's health, nutrition and education irrespective of gender of the child and economic position of the household. Such agency also brings favourable effects on the well-being of women themselves.[79]

What follows in the rest of the section is an attempt to tell an integrated story along this line.[80] The section uses the 2000 round of the demographic and health survey (DHS) data for the purpose. The advantage of using this round of DHS was that the survey contained not only standard nutritional information on the surviving children and the mothers and household information on education, land and other assets, but also useful qualitative information on household poverty status.[81]

7.1.1 Links between Poverty, Women's Agency, Maternal Health and Child Nutrition: Descriptive Findings

It is well-known from a large body of evidence that the status of maternal and child malnutrition is closely affected by household poverty status. This has been documented by a series of World Bank publications on inequalities in health as well as a number of publications from WHO documenting the impact of household poverty on health (Wagstaff et al 1999; Gawatkin 2003; WHO 2001). The same has been observed in the context of Bangladesh (Begum 1996; Sen 1998; Sen 2001). In this section, the indicator used for capturing maternal nutrition is based on the body mass index (BMI). The prevalence of maternal malnutrition is defined as the proportion of mothers below 18.5 BMI. As can be seen from Tables 7.1 and 7.2 that both maternal and child malnutrition varies significantly with household poverty status. Given the focus of the present section on the transmission mechanisms for chronic poverty, we start our inquiry from the other end of this relationship. To what extent women's health and nutritional status can be considered as a causative factor of child nutritional status even within the context of similar economic resource position of the household, and what role women's agency can play in making a difference to it?

[79] How women's agency is to be suitably defined is an important operational issue though (to be elaborated upon later in the empirical part of the section).

[80] This section draws heavily on Begum and Sen (2004).

[81] While DHS typically lacked information on income-poverty, the 2000 round of DHS for Bangladesh included a qualitative assessment of household poverty based on self-categorisation. Base on self-categorisation, the households could be distinguished into four categories: always in deficit (corresponding to severe poor), occasionally deficit (moderate poor), breakeven (middle non-poor or vulnerable non-poor), and surplus (rich non-poor). For the correspondence between the subjective and objective poverty classifications, see Pradhan and Ravallion (2000), and Sen and Begum (1998).

There is clear evidence that mother's nutritional status is directly correlated with the nutritional status of the children (Table 7.3). This is true even when one controls for the variation in the household poverty status (Table 7.4). Child health—as measured by standard anthropometry gets noticeably better for those mothers who have good health (with a BMI above cut-off point) than for those who have malnourished mothers. Thus, in case of "always deficit" group, proportion of children underweight for severely malnourished mothers (those with BMI less than 16) is 76 per cent while the matched figure for the well-nourished mothers is 53 per cent. Similarly, in case of "break-even group", the matched figure for the severely malnourished mothers is 56 per cent as opposed to 33 per cent for the well-nourished mothers. The sharp contrast in the child nutritional status between the two polar groups of severely malnourished and well-nourished mothers largely holds true for all the three child anthropometric measures and all four household poverty categories.[82] The key message, therefore, is that even under similar socio-economic condition mother's health is able to contribute significantly towards child's health. Alternatively, a worse health condition of the mother in otherwise similar circumstances can depress the child health significantly.

Other well-being measures are also indicative of the favourable effects of nutritional status of mothers on child well-being. For example, proportion of children dead is much higher for severely malnourished mothers; a higher proportion of them encounter premature termination of pregnancy due to still birth and miscarriage; and a higher ratio among them tend to deliver smaller size babies (Tables 7.5 and 7.6). Also, a greater proportion of their children remain more susceptible to sickness. Indeed one finds that they also use much less contraception than their healthier counterparts and produce, on average, more number of children. Presumably, the motivation and need to replace the dead child act as a barrier to contraception use and fertility control among the severely malnourished group. In the event that such links are indeed found to be cross-cutting moment, then what factors determine the health status of mothers becomes an important area of policy concern.

Women's health status also varies, for a given level of income/ asset group, with changes in women's empowerment. The latter is captured through using different "proxy" indicators such as woman's education, her exposure to media, her present work status, and her role in decision-making in the household context. Each of these adds certain irreducible dimension to defining women's agency, although some may be less unambiguous than others.[83]

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[82] The only exception being rather modest contrast between the two polar categories of maternal malnutrition in case of the "surplus" category when the proportion of children stunted is taken into consideration for which we do not have sufficient explanation. The other more interesting (and intriguing) pattern is the presence of considerable non-linearity in the middle range of maternal malnutrition. Thus, for both breakeven and surplus categories, the proportion of children stunted as well as underweight increases as one proceeds from severely malnourished (BMI less than 16) to moderately malnourished (BMI in the range of 16-18.49) declining only in case of well-nourished mothers (BMI more than 18.5). Whether this is due to the effects of rather arbitrary cut-off point in defining severe and moderate maternal malnutrition remains a topic for further research.

[83] Women's agency can be defined in several ways. There is no single indicator which can capture the extent of embodied women's agency, nor any cluster of multidimensional indicators which can be satisfactorily summarised into one single index of women's empowerment. UNDP's gender development indicators (GDI) and gender empowerment measures (GEM) were developed in the backdrop of imperatives to compare progress in advancing the cause of women across countries, but the same rule cannot be applied in judging the progress across households. Given the information available in the DHS type of data sets, the present exercise considers the following empowerment moments separately. These include women's education (whether illiterate or not, and if illiterate, then the years of schooling completed), work-status (whether currently working in outside jobs), exposure to media (whether have any exposure to media such as radio, TV or news section), membership in NGO (any NGO). We also tried to explore the independent influence of women's decision-making role in the household context. The latter, in turn, was assessed on 6 items i.e. on (1) own health care, (2) child's health care, (3) large

The difference measured on various empowerment scales is particularly marked in case of BMI. Thus, for the "always deficit" group, proportion of malnourished women in terms of BMI ranges from 53 per cent in case of "no education" compared with 48 per cent in case of those who have completed their primary education (Table 7.7). Similarly, for those among the always deficit category have some exposure to media the matched figure is lower than those without such exposure (46 per cent vis-à-vis 55 per cent). Working status of women for the poorer households does not have any favourable agency effects on maternal malnutrition: indeed the results are in the opposite direction. Working women from the poor households tend to be more malnourished than their non-working counterparts, which is merely reflective of the fact that workforce participation in the rural context in general and in case of the poor households is largely a poverty-driven process.[84] Given the nature of employment arrangements, work status in the rural context signals greater women's agency mostly in case of richer households. Thus, in case of the breakeven and surplus households, working women tend to have lower prevalence of malnutrition (34 vs. 36 per cent in case of breakeven and 25 vs. 28 per cent in case of surplus categories).[85] The impact of decision-making role of women—at least the way it has been empirically defined in the present exercise—appears to have little bearing on women's own well-being. But, perhaps, such role has more practical bearing on the status of children's well-being (more on this later).

Greater woman's agency matters not only for her own well-being, but also for the well-being of her children. Again, it is important to assess the independent effects of women's agency on child health. This can be assessed by controlling for the difference in maternal nutrition conditions which as noted earlier is, in turn, very much influenced by the level of household poverty. This exercise is based on establishing connections between mother's agency (as defined by education, decision-making role and exposure to media) and child nutritional status (Tables 7.8). What transpires through these data is the inescapable conclusion that controlling for the variation in the current nutritional status of mothers the prevalence of child malnutrition—as measured by standard anthropometric measures—can differ considerably by the presence, absence, or gradation of women's agency. Even for the severely malnourished category of mothers, the difference in child nutritional status is quite prominent according to the agency status. Thus, for the group of severe maternal malnutrition, the proportion of underweight children is 70 per cent for illiterate women compared with 65 per cent for those have primary and 56 per cent who have secondary education (Table 7.8). The matched difference is also very pronounced in case

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household purchases, (4) household purchases of daily needs, (5) visits to relatives and friends, (6) what food should be cooked everyday. In order to assess women's overall decision-making role covering all 6 items, responses of the women were assigned values as follows: decision by women alone=3, decision taken by the women with their husbands or with someone else in the family=2, decision taken by husband alone or someone else in the family=1. Then individual scores on all the listed items were added together to get a single score for a woman, which ranges between 6 to 18 to represent their overall decision-making role. Women with extreme low decision-making role scored 6 only, those with low decision making scored 7-11 and those with high decision-making power scored 12 or more. The results show that a more pronounced decision making role on the part of women does not have any favourable effects on women's well-being, but have favourable effects on the child nutritional status (more on this later).

[84] On that there is a large body of evidence. The rural labour force participation rate is higher for the poorer households, where poverty is defined by land, or income, or self-categorisation. See, for instance, Rahman and Hossain (1995), BIDS (2001), Mahmud (2003).

[85] This is not to say that work force participation in case of poorer households is always characterised by lower agency (defined as the "ability to take control over one's life"). Much would depend on the choice of employment arrangements (Kabeer 2002; Sen 1999). Besides, the work status of women in the poor households while may not be associated with the improvement in their current nutritional status, it may carry other positive externalities in terms of greater freedom of outward mobility as well as greater informational access and decision making role in the household context, which may have positive effects on child nutrition and schooling (more on this later).

of other proxy agency indicator of exposure to media, which is interpreted as proxy for women's access to information. For the severe maternal malnutrition category, the proportion of children underweight is 61 per cent for the "some exposure" category as opposed to 71 percent for "no exposure" category. The corresponding difference is persistently pronounced for all three child anthropometric measures (and for all categories of maternal malnutrition). The role of decision-making role of women is somewhat ambiguous. Decision-making role of women although does not have impact on women's well-being (as discussed before) seem to have some positive effects on child nutrition, though the results are not uniform across all categories of maternal malnutrition and all measures of child anthropometry. For the severely malnourished group of mothers, the proportion of stunted children is 59 per cent for the extremely low decision making role compared with 49 per cent observed for the high decision making role of mothers in the household context. However, the difference is not statistically significant for the indicator of underweight. The problem here may lie in the particular way the aggregate index of decision-making role of women has been constructed, as some decision-making role may be more important than others to have a consistent agency effect on child malnutrition.

7.1.2 Determinants of Child and Maternal Malnutrition: Results of the Multivariate Analysis

The preceding section presented descriptive results on the causal role of maternal well-being in shaping child well-being and the possible independent role that women's agency can play in making a difference to both maternal and child well-being. The nutritional status has been taken as indicator of the latter for the purpose of empirical exercise. However, the confounding influence of household income-poverty status as well as various individual characteristics of mother and child. Addressing this problem requires a consideration within a multivariate framework. This is done here in two levels. Since maternal nutritional status is seen here as a causal determinant of child nutritional status influencing child's future schooling performance, occupational choice and the likelihood of escape from chronic poverty first we try to cross-check its central importance in explaining child nutrition (Table 7.9). As a second step, we then focus on the determinants of maternal malnutrition itself (Table 7.10). In both the cases, women's agency is considered as important sub-plot in shaping women's own and her children's well-being.

For the child-level regression, the stunting measure is considered and z-score for height for age is used as the dependent variable. Mother's empowerment characteristics such as education, work status, decision-making role, exposure to media along with the household poverty status and mother's nutritional status are considered as the explanatory variables. Along with them few more variables often considered important for child nutrition in Bangladesh such as, religion, mother's age, number of children ever born to the mother, toilet facility in the house, mother's access to health care, region and sex of the child are also introduced into the analysis as explanatory variables in order to control their effect so that net effect of the variables of interest can be assessed. The results suggest that controlling for the effects of all other variables among empowerment variables only mother's education beyond secondary level significantly influence the children's health in terms of nutritional status. Mother's exposure to media and her decision-making role in the household are of little significance for this. Interestingly, mother's income earning activities influences the child nutritional status negatively. But as noted before, such a relationship may be more an outcome of household poverty than mother's economic activity as working mother's in Bangladesh particularly in rural area are generated often by the poverty stricken households. Controlling the effects of all other variables surprisingly household consumption level measuring the economic condition except for extreme poor category has no

statistically significant influence on child nutrition although it does affect the latter negatively. Compared to the children of surplus category the nutritional status of the 'always deficit category' is significantly worse at less than 10 percent level. The illuminating observation is controlling for all the variables put into the analysis as explanatory variables including economic condition the net influence of mother's health or nutritional status as measured by body mass index (BMI) has been found statistically highly significant (p value less than 0.0001). In other words, it is a strong predictor of the nutritional status of the children in Bangladesh (Table 7.9).

Now the question remains what determines the mother's health in Bangladesh? In order to understand the determinants of maternal nutritional status the required multivariate analysis is done using mother's body mass index as the dependent variable and all the above mentioned household poverty and women's agency indicators are considered as the likely explanatory variables. The regression results of this second round multivariate analysis are presented in Table 7.10. Among women's agency indicators again education play an important role in determining women's health but their education up to primary level has little role in this regard. It matters only when it crosses the primary level and plays a highly significant role after secondary level of education. Women's exposure to media also renders significant positive influence on women's health but work status has marginal negative influence which is consistent with the poverty driven economic activity. Women's health and wellbeing is affected by their decision-making role also. Lack of such role influences negatively their health and wellbeing and latter gets significantly worse when women's role is extremely low in the household dominated by husband or others. Household income position measured by the consumption level is a highly significant predictor of mother's nutritional status. Women's nutritional status gets adversely affected statistically even when a household moves slightly along economic scale from 'surplus' category 'break even' one. The present exercise also considered the geographical effects. The nutritional status of all urban women except those living in Sylhet and Rajshahi urban area is significantly better than their counterparts living in Rajshahi rural area (considered here as the "control").[86]

7.1.3 Discussion of Results

The above analyses clearly indicate that the maternal nutritional status independent of all other factors is a strong predictor of the nutritional status of the children in Bangladesh, and working through this channel, chronic poverty can transmit itself across generation. As the results suggest, besides being direct victim of household poverty the children under chronic poverty condition remain additionally disadvantaged for nutrition for malnutrition of the mother which gets affected in a significant manner by household economic condition. Indeed, according to multivariate analysis mother's nutritional status is far stronger a predictor of child nutrition than the household economic condition is. Thus, in the context of chronic poverty mother's health and wellbeing seem to possess special importance and can prove well an intervention point for poverty alleviation.

Women's agency defined in terms of women's education appears to be a significant moment in this story and can make considerable difference to women's own well-being (as captured by women's nutritional status) and, perhaps more importantly, child wellbeing (as captured by child anthropometry).

[86] Additional regression with slightly altered specification shows maternal malnutrition to be better in Chittagong, Dhaka and Khulna divisions compared to the Sylhet division in the North-East, which is believed to be at the lowest in the regional human development league (BIDS 2001).

However, from policy point of view it is to note that mother's education up to primary level makes notable difference neither for the women nor for the children. Hence, any intervention through women's education should think of above primary level education and design accordingly. Besides mother's education, other indicators of women's agency such as, exposure to media and domestic decision making role although showed to have no direct effect on child nutrition, render an indirect effect on it through mother's nutrition. Thus, enhancing women's agency role however, it is defined, seems to have some positive impact on child nutrition.

Although mother's nutritional status and agency role both have important bearings on the child health and wellbeing, they are not to deny the role of income-poverty reduction in the process of overcoming chronic poverty. Combining income-poverty reducing policies and women's empowerment enhancing policies focussing on mother's health would be a welcome policy stance both in the areas of gender and poverty concerns.

7.1.4 Implications for Policy

Maternal malnutrition appears to be a significant causative factor of child malnutrition and, working though this channel, can be viewed as an important conduit for transmitting chronic poverty across generations. Women's agency (suitably defined) appears to be a significant moment in this story and can make considerable difference to women's own well-being (as captured by women's nutritional status) and, perhaps more importantly, child wellbeing (as captured by child anthropometry). This is not to deny the role of income-poverty reduction in the process of overcoming chronic poverty. Combining income-poverty reducing policies and women's empowerment enhancing policies would be a welcome policy stance both in the areas of gender and poverty concerns.

7.2 Human Capital and Chronic Poverty

Access to human capital is a well-recognised vehicle for inter-generational mobility for the chronic poor. As witnessed from the discussion in Chapter 3, the chronic poor has not only much lower level of initial human capital than the ascending poor, the pace of accumulation of human capital (as measured by changes in the average educational score of the currently earners) is also much slower. Given the paucity of income in the chronic poverty group, much would depend on the degree of access to public education enjoyed on their part. In recent years a number of targeting schemes have tried to bring the left-out chronic poor into the fold of public education and health. The main contention of this section is that these schemes tend to by-pass the chronic poor, thus warranting a major re-orientation of these otherwise well-intended programmes. Empirically, we pick up the two most important public education programmes of the recent years i.e. primary level stipend schemes for boys and girls (also known as "cash-for-education" schemes—a recent replacement of the previously known "food-for-education" schemes) and secondary level stipend schemes for girls. Based on a recent field survey in six divisions carried out at school, student and household levels, we conclude that these programmes have failed to prioritize to the need of the severe poor (which here we take as a proxy for chronicity), although both re-distributive and anti-poverty considerations should have influenced the design of these programmes

to the contrary.[87] This striking indifference to these aspects has adverse implications for the pace of human capital accumulation in the severe/ chronic poor group.

One recent cross-country finding which may help us to illuminate why chronic poor has lagged behind in basic education and basic health, *especially when the quality differentials are taken into consideration*. The latter emphasis assumes more importance in the South Asian context, where the quantitative enrolment rate at the level of primary education remains quite high, which is not the case with Sub-Saharan Africa. But implications for resources spent on "basic education for all" vs. "unproductive lines of spending favouring the few" strikes out strong parallels with the African situation once the quality dimension is taken into consideration. Measuring inequality in education as the ratio of primary spending to tertiary spending, Addison and Rahman (2003) finds that a high level of initial income inequality, conflict (as measured by three different measures--the proportion of minorities at risk, an index of racial tensions, and an index of the intensity of conflict), and ethnic diversity (as measured by ethnolinguistic fragmentation, especially in absence of democratization) are statistically significant factors in skewing public spending away from primary education. The results suggest the plausibility of the interest group model (where the elite acts as the strong pressure group favouring diversion of resources from primary education) over the median voter model (which would have suggested that in the poorer country since the poorer would have been the median voter, public spending tends to be more redistributive in favour of the poor). Note that both the interest group and median voter models are political economy models, but they entail different kinds of political economy. The predominance of the interest group model over the median voter model also explains why high level of inequality in itself may not encourage redistribution (which may have decrease growth in the short-run, but would have reduced future inequality and long-run prospects for growth). [88]These results draw attention to some difficult policy issues. First, initiatives to provide quality primary education for the chronic poor (which is necessary for reaching the universal primary education and health target under the MDGs) may be thwarted by the political resistance from the rich, and such resistance may only be counteracted if other type of redistributive measures curtailing the economic/ lobbying power of the rich does not take place simultaneously (for instance through land reform, redistributive taxation, empowering the poor through microfinance or otherwise). In short, this shows not only the importance of combining access to different assets, but also to have in place policies that curtail the lobbying power of the affluent class. Second, this is not just the issue of improving distribution within the fold of education sector, but also about releasing resources for primary education and health for the poor from the inter-sectoral re-distribution of overall public spending. Third, if the implications of the interest group model are severe in deciding the composition of pubic spending it is going to be even more severe when it comes to generating tax revenues, as reflected in the relative lack of better tax institutions as well as inequitable tax measures with the net burden of tax incidence being disproportionately higher for the poor.

[87] The survey was supported by Action Aid Bangladesh and carried out by BIDS for the Public Expenditure Review Commission.

[88] As a result, high initial inequality has a consistent long-run negative effect on growth and poverty reduction in developing countries (Mbabazi et al 2003). However, the authors conclude that inequality per se is not a bar on reducing poverty. It is the policy distortions that tend to be associated with high levels of inequality that retard growth. The study also pints to a complex pattern: the type of policies that promote growth may not reduce inequality or poverty. However, the type of policies that reduce inequality are likely to be conducive to growth. Furthermore, policies that promote growth and reduce inequality are the most likely to reduce poverty. The results suggest that two such policies, education and trade openness (the latter because it reduces distortions rather than because trade per se is good for the poor), though the evidence on the importance of trade openness over the eighties and nineties is rather mixed. But, there are likely to be others in this group.

The Bangladesh evidence also supports the story. The participation of the chronic poor has been less than satisfactory in case of the primary stipend schemes. Their participation is extremely limited in case of the secondary stipend schemes for girls (Tables 7.11 and 7.12).

It may be mentioned that the chronic poor may be illiterate but are not devoid of knowledge. This is specifically true of the indigenous knowledge system which needs to be adequately recognized, protected and suitably integrated with the scientific system of developmental knowledge (Box 7.1).

7.3 Financial Services for the Chronic Poor

7.3.1 Access of the Chronic Poor to Microfinance

Previously in Chapter 4 it was noted that chronic poor were not completely cut-off from the institutional credit market, though their overall access is very limited compared to the categories of ascending poor and never poor group. The term "institutional credit market" is used to denote both NGOs and public financial institutions. In case of the chronic poor, the access to public financial institutions is however very limited. Hence, the evidence on the institutional loan access on the part of the poor (as presented in Table 4.12 of Chapter 4) mainly reflects their access to microcredit provided by NGOs. From that piece of evidence it can be seen that the chronic poor is not altogether excluded from microfinance. Indeed, during the period between 1987 and 2000 the average amount of credit received from the institutional sources has increased by 2.4 times for the chronic poor, 2.6 times for the ascending non-poor, and about 8 times for the never poor.

With introduction of ultra-poor programmes since the mid-nineties it is expected that the access of the chronic poor would rise. A number of microfinance programmes are currently in existence with considerable variation in client selection, product choice and price regime (see, Matrix 7.1 in Annex). While it is still premature to judge the programme success in terms of development impact, it is important to assess the targeting success at the early stage. From this angle an attempt is made here to judge the profile of the clients of the ultra-poor programmes implemented by several NGOs in 12 programme areas in different parts of Bangladesh with support from PKSF.

7.3.2 Are the Extreme Poor "Excluded" from Microfinance?

'A bank for the poorest of the poor'—this was the slogan Grameen Bank, the pioneering experiment in microfinance as we know it today, described itself. This had important influence in shaping the microfinance discourse, especially in Bangladesh. On the one hand, this was a clear positioning of microfinance as a tool that the poor can use to fight poverty. On the other hand, such positioning also created a difficult environment constraining critical and analytical discussion about microfinance, the poor and poverty alleviation. A few examples can illustrate this.

Despite several important studies during the early 1990s showing that almost quarter of those who join microfinance programmes are not from the intended target group, it took quite a few years before this

Box 7.1

Science, Indigenous Knowledge and Chronic Poverty: Value of Traditional Fisher's Knowledge

One way-out from chronic poverty is to recognise the legitimacy of indigenous knowledge held by the poor and supplement it by favourable policy intervention from outside, including the pro-poor use of scientific knowledge. At the least their role as change agent of their own fate needs to be recognised and barriers on the way of their upward mobility need to be removed. A recent study compared and contrasted some aspects of fisheries scientists' knowledge of fish with that of the poor traditional fishers living on the floodplains of the Charan region of Tangail District in central Bangladesh. The study interviewed some of the scientists working at the Fisheries Research Institute (FRI).

Some of the scientists stated that the fishermen in our country might not have formal education but they hold certain knowledge, which needs to be adequately considered and evaluated in fisheries research. Interview with the fishery scientists indicates the particular aspects where it becomes a relevant consideration even inmatters of scientific research. Thus, the fishers' knowledge of fish breeding sites is found excellent in some respects. The fishers know that fishes like *taki, shoil gazar, khalisha, koi shing, magur*, even the boal fish spawn in the beel while other fishes like *mrigel, kalibaushbacha, ghaina* spawn in the river. The fisher knows that certain fishes such as *koi* and *air* make house on the bed for breeding. One of the scientists stated that the fishermen are more advanced as far as their knowledge is concerned about the breeding season. Where do fishes stay? What do they eat? How efficiently are they caught? Which net is effective to catch certain fish? Which type of boat is useful in catching a particular breed of fish? These questions can be better answered with the aid of indigenous knowledge.

One of the scientists stated that the farmers are very innovative. For example, the scientists were not initially concerned regarding the effects of increase in the depth of the pond when they introduced poly culture. During the on-farm trial farmers informed them the beneficial effects on breeding if the depth is increased. Farmers always try to invent something when they get any idea from scientists. The scientist confessed that they give up things as soon as the official duty is finished, but the farmers carry on with certain practices for an unlimited time. Many of the scientists acknowledged that local fishers have been very much successful in identifying fish when scientists failed. In the context of fish classification, most of the scientists acknowledged that farmers hold certain special knowledge, which is often very useful. They can classify the fish from the mere appearance of it. This they do from the inter-generationally transmitted (IGT) knowledge. The difference of such classification from the formal taxonomic categorisation is that farmers do not analyze fish in the laboratory.

Other differences from the scientific way of classifying fish have also been noted clearly. For instance, usually the farmer classifies the fish into two broad categories such as *boro mach* ('big fish') and *choto mach* ('small fish'). The academicians in the scientific area usually call carp, or mud's keeper. The local people do not classify in this way. They do not call catfish; rather, they call it as *jeol mach*. They have their own way of classifying fish, identifying fish into different categories, which is quite different from what scientists do in the laboratory. In universities, scientists need to do their traditional way of identifying fish. For example, there are many different orders of fish; different family, genus and species, even sub-species, even varieties. For instance, common carp, which has been imported from China, is called silver carp. Thus, while the scientists usually go further down to the variety of sub-species level, the fishermen stop at their own broad classifications.

The example provided above shows that the chronic poor are not "poor in knowledge". What they need is some degree of policy support to their livelihood of their own choice. There are many more of such examples indicating the importance and active use of indigenous knowledge in the diverse spheres of the livelihood struggle within poverty. The main point to note here is that although they often fail in this struggle to grow out of poverty they never give up and always ready to adopt modern scientific ideas and realistically blend these with their traditional knowledge system to improve their economic situation.

Source: Adopted from: BARCIK (Bangladesh Resource Centre for Indigenous Knowledge). 2004. Study Report of the Peasants versus Ichthyologists: A Comparison of Indigenous with Scientific Fish Knowledge in Charan (Tangail) Bangladesh. March

finding was accepted by the practitioners[89]. Today, 'mistargeting' is almost a non-issue and this has allowed the space for much richer and more useful discussion about differentiated products, market segmentation, cross subsidization, etc. to take place.

During the mid-90s several studies were beginning to show that despite the expansion of microfinance, the extreme poor, mostly defined as female headed and landless households were not being reached. There was a period of defensive response from the major practitioners, but by the end of the 90s, this finding became quite widely accepted by the practitioner community to the extent that the extreme poor was being defined as microfinance left outs—as the poor who are not, to coin a term, microfinanced.

This way of defining the extreme poor as a residual category of the poor in relation to microfinance took on an institutional shape in BRAC's new programme targeted at the ultra poor, called 'Challenging the Frontiers of Poverty Reduction/Targeting the Ultra Poor' or CFPR/TUP for short[90]. My close involvement with the targeting process of this programme at the various stages and at various levels allowed me to explore critically the complexities of the relationship between microfinance and the extreme poor.

The targeting followed a two-stage process—the first was a Participatory Wealth Ranking (PWR) exercise and the second stage was a household survey of all the households that were ranked in the bottom two wealth categories. The household survey used a simple questionnaire that collected information on the targeting variables consisting of five inclusion and three exclusion indicators[91]. A preliminarily selected household had to qualify through all the three exclusion indicators and at least three of the five inclusion indicators.

Among the three exclusion indicators was one pertaining to borrowing from microfinance institution, i.e. if the household is a current borrower of any microfinance institution, the household would not qualify. We thought that given the widely held assumption that the extreme poor are not reached by microfinance, there would not be many among the extreme poor who would be excluded due to the microfinance exclusion indicator.

We were surprised: among the households who were categorized as extreme poor in the PWR sessions almost a quarter had current microfinance borrowing. Of them, more than three quarters fulfilled at least three of the inclusion criteria. Thus, had we not had microfinance as an exclusion criteria, a large proportion of these households would have been included. This of course varied across space, and at times, even between villages within a union. In one region, we had to stop the targeting process, as we could not find adequate number of the desired type of the extreme poor mainly due to the microfinance exclusion criterion.

[89] The fact that almost all microfinance institutions in Bangladesh had defined eligibility criteria to target the poor is a good example of the poor-focussed nature of the microfinance discourse in Bangladesh.

[90] For a comparative overview of this program, see Matin and Hulme, 2003.

[91] The five inclusion criteria of which at least three had to be satisfied were: (1) No physically able adult male in the household, (2) The household owns less than 10 decimals of land including homestead, (3) The household has no productive asset beside the homestead land, (4) The household has to send children of school-going age for labour instead of school, and (5) Women works outside homestead. The three exclusion criteria of which all were binding were: (1) No current loan from microfinance institutions, (2) Not receiving benefits from Government programmes, such as RMP, FFW, VGD, Asrayan, etc. Old Age Pension and Widow Allowance were exempted, (3) At least one physically able women in household.

This experience from the TUP programme targeting is one reason for being suspicious of the conventional assumption of microfinance outreach to the extreme poor. In another study on IGVGD, a nationwide programme that also targets the very vulnerable and the poorest, I also found a significant proportion of VGD cardholders were borrowing from microfinance institutions prior to obtaining a VGD card (Matin, 2003; Matin and Hulme, 2003). This also suggests that the microfinance participation of the extreme poor is quite significant and probably underestimated.

7.3.3 Do the Extreme Poor Engage in Microfinance?

The experiences from the two BRAC programmes that target the extreme poor suggest that the extreme poor do join microfinance programmes. But to what extent and how does it differ from other poverty groups? What is the microfinance participation rate of the extreme poor?

The focus on assessing the extent of microfinance participation by various poverty groups is relatively new—the traditional focus had been assessing 'mistargeting' by dividing the membership pool into poor (target group, TG) and non-poor (non target group, NTG)[92]. This shift in focus is not only due to the greater attention being paid in the development literature on the fact that the poor are not homogeneous. It also reflects the change in the size of the microfinance sector. The focus on assessing 'mistargeting' made sense when the sector was small and scaling it up was still the big issue. However, with the large-scale expansion of the sector during the mid 90s, the important issue became one of assessing exclusion.

The general finding from several studies is that the extreme poor on average participate much less than their share in the population. It is the households clustered around the poverty line, that tend to have a much higher level of microfinance participation than their share in the population (Zohir, et al, 2001; Matin and Cortijo, 2003).

It is possible that the rate of microfinance participation of the extreme poor has increased much faster than it has for other poverty groups in recent times. For instance, it may be argued that the rapid growth of the sector during the second half of the 90s may have lead to saturation of the more lucrative and creditworthy market segment. Direct evidence on this hypothesis is not available but smaller, more local NGO-MFIs, which have generally been late entrants into the market, have been found to be serving poorer population compared to large NGO-MFIs which generally tend to be earlier entrants into the market (Sen, 2001). This trend of the players having to move into riskier market segments, such as the extreme poor population is likely to continue. A study that models willingness to participate in microfinance programmes among the current non participating households finds that a household is more likely to participate if it is landless, in occasional deficit, engaged in wage labour, and female headed, i.e. poorer (Zohir, 2001).

However, the fact that the very poor do participate in microfinance programmes more than assumed tells only a part of the story of microfinance participation of the extreme poor. The key issue is about

[92] The terminology, 'target group' (TG)/ 'non target group' (NTG) has entered the NGO vocabulary in a major way. Better-than-normal food served for some special occasion, for instance, is often referred to as 'NTG *khabar*' (food) by NGO programme staff.

quality of participation and how it differs from other poverty groups. It is not only mere participation, but also the nature of participation that ultimately creates positive impacts.

Earlier literature on microfinance is mostly focused on a binary notion of participation and has not been very attentive to exploring the shades of participation and how it differs across poverty groups. Most surveys while asking questions about NGO participation equate it with microfinance participation and do not ask explicit questions about borrowing from NGOs. It may be argued that given that the extreme poor may be more interested in participating in a NGO for availing other non-financial services, equating NGO participation with microfinance participation may overestimate the microfinance participation of the extreme poor.

The motives leading up to the decision to microfinance for the extreme poor may be very different than it is for other poverty groups. Whereas the desire to invest and 'promote' existing livelihood to a higher level drives the moderate poor households, 'protecting' livelihood from further decline or using such participation to avail other resources, such as VGD cards or RMP employment, etc. becomes important considerations for the extreme poor. Most of such resources tend to be tied to NGO (read NGO credit) participation to ensure that the resources last longer and contribute towards building sustainable livelihoods (Matin and Hulme, 2003). Though the official criteria clearly states that these resources are meant for the extreme poor who are not NGO members, the extreme poor often perceive or made to be perceived by NGOs that joining one could increase the chances of getting resources such as VGD cards, RMP employment, etc.

The borrowing pattern may also be different for the extreme poor. They may borrow less frequently and remain as 'inactive' members. They may also be much more likely to have long-term NGO debts which they cannot clear. The member to borrower ratio, a simple measure of borrowing intensity of the members, according to one study, is 1:0.60 for the extreme poor, while the average Bangladesh microfinance standard is about 1:0.80 i.e. the extreme poor tend to be less intensive borrowers (RED, 2003).

This means that assessing current MFI participation through a question such as, 'do you or anyone in your household currently borrow from a NGO?' can yield incomplete and incomparable estimates of MFI participation rates for different poverty groups unless accompanied by additional information on quality of participation.

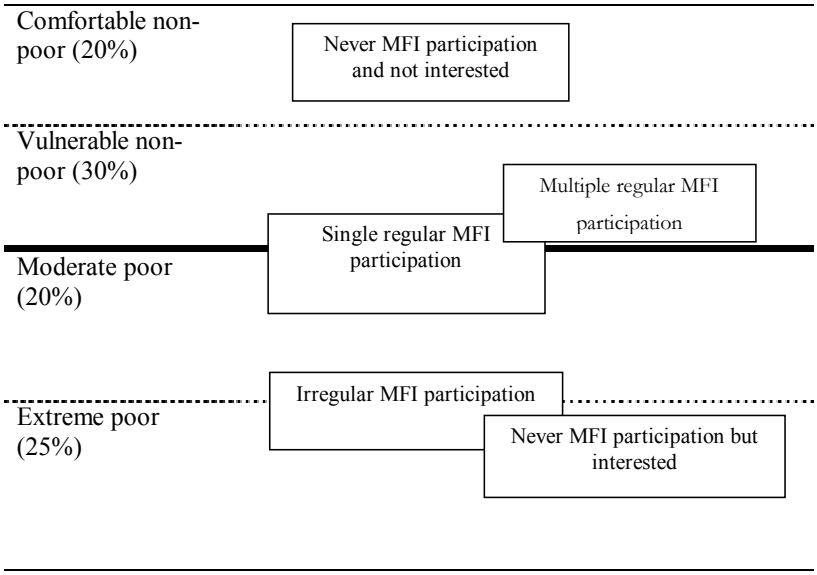
The loan use pattern reveals the complexity of their microfinance engagements. On-lending mostly on interest, and participating as pure intermediaries often for close family members in order to secure support, are some of the more complex investments that the extreme poor make with micro-loans. Monetary returns on these investments are often in the form of the savings installments that accumulate in the name of the member.

With the expansion of microfinance, MFI participation is also becoming increasingly complex and dynamic and the ways in which a household participates is to a large extent driven by its underlying resource base and expectations for the future (Zohir, et al., 2001). Thus, instead of long-term single or multiple MFI participation, the extreme poor tend to change membership much more frequently. Another characteristic is long-term dropouts who have participated but have not rejoined. Such a participation pattern makes point estimation difficult.

Table 7.13 is from another study (Matin and Cortijo, 2003) that used a relative poverty assessment tool developed by IFPRI for CGAP. This tool is based on a poverty score for each household obtained using principal component analysis. If we compare various MFI participation categories, we get a picture like the one shown below.

The pattern that emerges suggest that for the poorer population (lower poverty self assessment (PSA) or average poverty score), (1) participating in the past but not currently, and (2) never participated before but interested in participating, are the predominant forms of microfinance engagements. We can map the conclusion emerging about broad MFI participation dynamics and poverty groups into a diagram.

MFI participation dynamics across poverty groups



7.3.4 Need for More Nuance

Based on the assumption that the extreme poor are largely excluded from microfinance, it seemed quite obvious to lay down the condition of not including any household that has active microfinance participation into the CFPR/TUP programme. The reality of microfinance engagements of the extreme poor however was much more complex (see Box 7.2).

For instance, how to categorize someone who borrowed three years ago upon the insistence of the landowner of the land she is living on, to whom she passed on the loan and who subsequently, defaulted? How to categorize someone who claims that she has dropped out from a NGO-MFI while the NGO-MFI records show that she is still a member owing a small amount of money? How to categorize someone who is a long-term defaulter and does not seem that she would be able to repay in the foreseeable future? How to deal with someone who is a irregular borrower and borrowing mostly to maintain her credit lines open so that she can use it when in trouble?

Box 7.2
Exclusion due to Microfinance: Operationalizing Targeting the Extreme Poor

Microfinance was the single most significant reason for exclusion during targeting in BRAC's CFPR/TUP program. During implementation of microfinance as an exclusion criterion, the field staff soon found out that there are different types of microfinance participation. Frequently, households are excluded because they have some outstanding loans or a small amount of savings accumulated at a microfinance institution. There are also instances when the household took the loan but did not use it: it either made some money through on-lending or as took it as a favour to relatives, friends or patrons.

BRAC's field level staff and the field researchers report that, "truly ultra poor households" may also use microfinance; hence, microfinance is not a good exclusion indicator. However, for various programmatic reasons, the microfinance exclusion criterion is desirable. In spite of this, BRAC's field level staff express considerable regret when a "truly ultra poor" household could not be included because of this criterion. Here is a story:

"What Have We Been Doing All These Years?"

The field officer came back from the field and sat with everyone and expressed immense regret and repeatedly said: "What have we actually done all these years?'

Monohar Biswas, was a very old and very sick man unable to leave his bed. He has two unmarried daughters. The daughter had gone to work in the fields. They had taken a loan from ASA, but it was not for them, it was for the person on whose land they live. Yet, as the loan was in their names they could not be selected for CFPR/TUP.

There are very few microfinance impact studies that specifically look at the impact on the extreme poor and how it differs from that of other poverty groups. Ultimately, from a poverty alleviation policy perspective this is what the key issue is: if microfinance is benefiting the extreme poor, it makes sense to focus on those who are not being microfinanced. If this is not the case, then excluding microfinance participants from a programme targeted at the extreme poor, such as CFPR/TUP, then becomes less clear and justifiable as a policy.

A study by Sen (2001) uses a three-year panel data to examine the changes that have taken place for some key variables in the extreme poor microfinanced households. This study uses very useful microfinance participation categories: regular participants, occasional participants and non-participants. The general finding is that among the extreme poor, the regular participating households do register important improvements, while the change is negligible for the occasionally participating households and not significantly different between them and non-participating households.

Based on a panel data, Halder (2003) constructs a matrix showing movement in and out of poverty for both programme households and comparable non-programme households. The findings suggest that microfinance acts more as a promotional mechanism, helping households make slow movements up the poverty ladder (from extreme poverty to moderate poverty rather than from extreme poverty to escaping poverty), rather than as a protectional mechanism, i.e. helping people prevent sliding down. What is important to note however is that, this is the result from panel data covering a five-year period. This means that only programme participants who managed to stay on during the spell were included. Thus, the extreme poor microfinance participants who can manage to be regular tend to benefit, but very little information and knowledge exists on what happens to those who cannot.

Managing to be a regular microfinance participant then appears to be an important indicator for identifying the microfinanced extreme poor households who are possibly benefiting from the intervention. Yet, in Sen's (2001) study, about 43% of the microfinance participating households among the extreme poor are occasional participants who are not benefiting much from their microfinance participation.

For the sake of operational simplicity anyone who has any relationship with any NGO-MFI has been excluded in the BRAC program for the extreme poor. But, the complexities in MFI engagement of this category of people will need to be explored well and understood rather than assumed, if we are to critically understand and define the role and scope of microfinance in the overall development strategy for addressing extreme poverty. This is also important for the conversation about alternative mix of strategies needed for the extreme poor.

7.4 Markets, Mobility and Chronic Poverty

Three messages constitute the central message of this section. First, there have been dramatic changes over the recent years in the institutional arrangements for different markets. Second, the chronic poor have not been able to reap the benefit from these favourable changes in the market. They have been largely excluded from the "progressive segment" of the market. They are still restricted to the most traditional segment of the market with most conservative terms of conditions and more exploitative relations of production. Third, barriers to entry to these markets on the part of chronic poor have been largely influenced by their ex-ante limited access to livelihood assets. This is particularly true of human asset, constricting diversification and entry to high-productivity activities. In actual empirical investigation we have taken severe poor as the proxy for the chronic poor given the lack of employment data on the latter disaggregated by activities.

In order to explore the nature of impediments a bit more deeply, we made further comparison between the severe poor and the moderate non-poor in terms of their employment pattern.[93] We noted the activities in which the moderate non-poor were mostly engaged and tried to find out whether the poor had any problems in engaging in those activities. They seem to confront two kinds of problems.

First, there appears to exist some kind of entry barriers for the poor, especially the severe poor, for the activities in which the moderate non-poor are mostly engaged. Thus in Table 7.14, we list the activities that together account for ninety per cent of the time devoted by the moderate non-poor to productive activities and find that the severe poor are able to devote only half as much time to such activities. Second, to the extent that the poor do engage in these activities, the return to labour per unit of time is distinctly lower for them compared to the moderate non-poor.

Thus the poor are twice disadvantaged – they are unable access fully the activities that have the potential to raise them above the poverty line and even when they do gain access to such activities they

[93] The discussion in this section is based on Osmani et al (2003). The reason for taking the moderate non-poor as the comparator group is that in the short to medium term it is this group that the poor can aspire to join at best, if they are able to escape the poverty trap. As such, it is this group rather than the very rich that should be taken as the relevant comparator group for the purposes of policy-making.

are unable to earn as much as the moderate non-poor do from the same activities. Both these disadvantages surely have a lot to do the poor's relative lack of ability to access salaried jobs in the non-farm sector or to earn high rates of return from self-employment.

We next tried to identify the differences in the characteristics of the poor and the moderate non-poor that might account for these disadvantages. The objective is to locate more precisely the impediments that prevent the poor from gaining access to activities and modes of employment that offer a high rate of return to labour. For this purpose, we selected those rural households among the moderate non-poor that enjoyed a relatively high return to labour and compared them with the poor in terms of various types of endowments – viz. human capital, physical assets (both personal and collective) and support from social network. The poor have distinctly lower endowments of all these types – indeed there is a clear downward gradation from the moderate non-poor to the moderate poor and to the severe poor (Table 7.15).

In terms of human capital, the poor are endowed with a smaller labour force– especially, male labour – and burdened with a higher dependency ratio. Crucially, they have much lower educational achievement – for both male and female labour. Thus, compared to the moderate non-poor, the average education of workers among the 'severe poor' households is less than half and that of 'moderate poor' workers is only just over half. As expected, the poor have much less physical assets – both land and non-land assets. They also have less access to collective assets such as physical infrastructure – proxied in our case by access to electricity. Thus, while nearly a quarter of moderate non-poor households in rural areas have access to electricity, only 3 per cent of the severe poor and twelve per cent of the moderate poor do so. And finally the poor also receive less support from social network in the form of remittances sent by relatives working elsewhere.[94]

These disadvantages in terms of endowments of various kinds can go a long way to explain why the poor are unable to escape poverty by raising the return to their labour. Thus the shortage of workers per household can dissuade them from looking for salaried jobs because poor households would tend to maintain a minimum level of subsistence production in order to minimise the risk of food insecurity. High dependency ratio can also act as a barrier even if they wanted to take up salaried jobs. More importantly, lack of education can act as a serious impediment to moving up the hierarchy of salaried employment.

Lack of education, coupled with shortage of physical assets and lack of access to physical infrastructure, can also prevent the poor from moving into highly rewarding types of self-employed activities that are capable of emancipating them from the clutches of poverty. Such activities would typically involve a somewhat larger scale of operation than the kind of microenterprises in which the majoritiy of the self-employed poor are engaged. But, as a recent survey shows, no more than 10 per cent of members of the Microfinance II project of PKSF – the apex body of microfinance institutions in Bangladesh – are even willing to take much larger loans for scaling up their operations. The possible entry barriers include poor managerial capability related to lack of education, inability to provide own equity participation

[94] These contrasts between the poor and the moderate non-poor also hold for urban areas, with just one exception – the poor in the urban areas have a slightly higher number of workers per household, primarily because their female members participate a lot more in the labour force.

needed in view of high interest cost of microcredit, and low expectations of rates of return due to poor access to infrastructural facilities.

If these barriers to scaling up the operations of small enterprises can be removed, it will be possible both to enable the more enterprising among the poor to upgrade to highly rewarding self-employed activities and to enable the less enterprising among them to escape poverty by taking up adequately remunerative salaried jobs in such enterprises.

Table 7.1

Mother's Nutritional Status by Household Consumption Level

Household consumption level	Mother's height		Mother's BMI *		
	Average height	Per cent <145 cm	Average BMI	Percent below 18.5	Percent below 16
Always deficit	149.9	18.5	18.7	52.9	9.1
Sometimes deficit	150.2	16.6	19.1	45.9	5.9
Neither deficit nor surplus	150.6	14.8	20.0	35.3	4.5
Surplus	151.5	8.7	21.0	27.6	2.4

* BMI, the body mass index is defined as weight in kilogram divided by the square of height in meters (kg/m2). For the BMI a cut-off point of 18.5 is recommended for defining thinness, or acute malnutrition.

Table 7.2

Nutritional status of the children by household consumption level

Household consumption level	Per cent children malnourished (<2SD)		
	Underweight (W/A)	Wasted (W/H)	Stunted (H/A)
Always deficit	59.2	12.8	54.8
Sometimes deficit	49.8	10.6	46.7
Neither deficit nor surplus	40.9	10.0	39.5
Surplus	34.8	7.8	28.9
	Per cent children severely malnourished (<3SD)		
Always deficit	19.9	1.5	26.4
Sometimes deficit	14.4	1.0	19.4
Neither deficit nor surplus	9.1	0.9	13.6
Surplus	5.8	1.0	10.2

Table 7.3

Nutritional Status of the Children by Mother's Nutritional Status

Mother's Nutritional Status (BMI)	Per cent children malnourished (<2SD)		
	Underweight (W/A)	Wasted (W/H)	Stunted (H/A)
< 16	66.7	22.8	53.7
16- 16.99	61.6	13.7	53.9
17-18.49	55.4	12.1	47.8
18.50+	38.6	7.9	39.2
	Per cent children severely malnourished (<3SD)		
< 16	27.9	2.7	24.8
16- 16.99	19.7	1.9	23.8
17-18.49	15.9	1.4	20.7
18.50+	8.6	0.6	14.7

Table 7.4

Per cent Children Malnourished (<2SD) by Mother's Nutritional Status (Measured by BMI) and Household Consumption Level: DHS-2000

	Mother's BMI			
	< 16	16.16.99	17-18.49	18.50+
	Per cent stunted (H/A)			
Always deficit	63.4	54.0	55.3	53.1
Sometimes deficit	57.4	53.5	49.9	42.1
Neither deficit nor surplus	41.7	55.4	42.7	35.9
Surplus	26.7	50.0	35.3	25.3
	Percent wasted (W/H)			
Always deficit	24.4	11.9	13.6	10.3
Sometimes deficit	22.4	12.8	10.7	8.7
Neither deficit nor surplus	23.6	16.9	12.8	7.0
Surplus	13.3	13.9	13.4	5.5
	Percent underweight (W/A)			
Always deficit	75.6	64.3	61.4	53.3
Sometimes deficit	70.4	59.7	56.2	41.7
Neither deficit nor surplus	55.6	62.2	53.0	32.6
Surplus	40.0	63.9	445.4	29.1

Table 7.5

Other Welfare Indicators of the children by Nutritional Status of the Mother

Mothers' BMI	Children ever born	% use contra-ception	% children died	% had premature termination of pregnancy	still birth & miscarriage as percent of prematurely terminated pregnancy	% with less than average size baby
< 16	3.5	45.6	18.7	23.0	77.7	25.1
16-16.99	3.2*	49.9*	13.7	18.4	71.1	17.9
17-18.49			13.5	20.8	68.3	24.1
> 18.50	2.8	55.8	11.4	21.1	60.3	18.0

* relates to women of BMI of 16-18.49

Table 7.6

Per cent Children Suffered from Specific Health Problems during Last 14 Days

Mothers' BMI	% suffered fever	% suffered cough	% suffered diarrhoea
< 16	43.0	51.1	9.4
16-16.99	47.9	49.4	8.9
17-18.49	40.6	47.2	8.6
> 18.50	37.4	45.0	5.9
All	**39.6**	**46.3**	**7.1**

Table 7.7

Per cent Mother below 18.5 BMI by Empowerment Characteristics and Consumption Level

Empowerment indicator	Consumption level			
	Always deficit	Sometimes deficit	Neither deficit nor surplus	Surplus
Women's education				
No education	53.1	49.5	43.9	47.7
Primary	47.7	47.4	41.7	33.6
Secondary	49.0	34.4	29.0	26.3
Higher	-	13.0	7.6	9.6
Work status				
Working	53.8	49.3	33.7	25.3
Non-working	51.3	45.3	35.6	28.4
Decision-making role				
Extreme low	55.6	55.0	40.7	33.3
Low	48.3	43.2	36.3	31.4
High	51.5	44.3	30.0	20.6
Exposure to media				
Some exposure	46.3	41.4	31.1	22.8
No exposure	54.5	50.6	45.2	50.0

Table 7.8

Child Nutritional Status (<2SD) by Mother's Nutritional Status and Empowerment Characteristics

	Mother's BMI			
	< 16	16-16.99	17-18.49	> 18.50
	Per cent stunted			
Mother's Education				
No education	58.9	57.9	52.0	50.6
Primary	48.6	55.4	48.3	42.8
Secondary	41.5	40.6	35.0	26.8
Higher	-	-	23.1	12.0
Work-status				
Working	54.0	60.6	50.5	42.8
Non-working	53.7	52.5	47.3	38.6
Domestic decision making role				
Extreme low	58.9	51.9	49.1	40.7
Low	52.0	52.4	48.5	40.4
High	48.8	58.0	45.7	36.7
Exposure to media				
Some exposure	46.6	50.0	42.5	32.6
No exposure	59.5	56.7	52.6	49.8
	Percent underweight			
Mother's Education				
No education	70.3	61.9	60.1	48.8
Primary	64.9	67.5	53.5	41.3
Secondary	56.1	51.0	47.1	27.4
Higher	-	-	23.1	15.4
Work-status				
Working	66.7	73.7	55.3	42.5
Non-working	66.7	59.1	55.5	37.8
Domestic decision making role				
Extreme low	65.2	64.6	54.7	40.4
Low	68.0	61.1	58.6	37.2
High	67.1	59.2	52.7	38.4
Exposure to media				
Some exposure	61.1	59.5	52.4	32.7
No exposure	71.2	63.2	58.2	47.9

Table 7.9

Determinants of Child Nutritional Status in Bangladesh

Explanatory variables	Regression coefficient
Region	
Barisal Urban	.113
Barisal rural	-.003
Chittagong urban	-.006
Chittagong rural	-.005
Dhaka Urban	-.105
Dhaka rural	-.003
Khulna urban	-.0002
Khulna rural	-.008
Sylhet urban	.009
Sylhet rural	-.010 @
Rajshahi urban	.007
Rajshahi rural (RC)	-
Sex of the Child	
Male	-.0007
Female (RC)	-
Mother's Education	
No education (RC)	-
Primary	.0006
Secondary	.117**
Higher	.349****
Exposure to Media	
No exposure (RC)	-
Some exposure	.004
Work Status	
Not-working (RC)	-
Currently working	-.007*
Mother's Decision Making Role	
Extreme low	-.002
Low	-.001
High (RC)	-
Household Consumption Level	
Always deficit	-.106 @
Sometime deficit	-.001
Neither deficit nor surplus	-.0007
Surplus (RC)	
Mother's Nutritional Status	
Mother's BMI	.004****

@ Significant at < .10 level
* Significant at < .05 level
** Significant at < .01 level

**** Significant at < .0001 level

Table 7.10

Determinants of Mother's Nutritional Status in Bangladesh

Explanatory variables	Regression coefficient
Region	
Barisal Urban	.508 @
Barisal rural	-.256
Chittagong urban	.660 ***
Chittagong rural	.147
Dhaka Urban	.659***
Dhaka rural	-.126
Khulna urban	.669**
Khulna rural	.162
Sylhet urban	.224
Sylhet rural	-.235
Rajshahi urban	.188
Rajshahi rural (RC)	-
Education of Mother	
No education (RC)	-
Primary	-.116
Secondary	.375**
Higher	1.264****
Exposure to Media	
No exposure (RC)	-
Some exposure	.315***
Work Status	
Not-working (RC)	-
Currently working	-.172
Mother's Decision Making Role	
Extreme low	-.312**
Low	-.152
High (RC)	-
Household Consumption Level	
Always deficit	-.666****
Sometime deficit	-.560****
Neither deficit nor surplus	-.410**
Surplus (RC)	

@ Significant at < .10 level
* Significant at < .05 level
** Significant at < .01 level
*** significant at < .001 level
**** Significant at < .0001 level

Table 7.11

Poverty Focus of the Stipend Programmes: Summary of Poverty Indicator

Poverty Indicators	Primary Dropout	Primary Stipend	Secondary Girl Stipend	Secondary Dropout
Land ownership				
No land	77.8	67.0	32.5	48.0
Less than 50 decimals	11.1	22.9	22.3	28.0
50-249 decimals	11.1	10.1	27.3	20.0
250 decimals & above	-	-	17.9	4.0
Education of household head				
No education	63.0	50.5	7.7	40.0
Primary (1-5)	33.3	27.5	13.7	16.0
Secondary (6-9)	-	13.8	24.8	32.0
SSC & above (10+)	-	3.7	47.8	8.0
Others*	3.7	4.6	6.0	4.0
Occupation of household head				
Agricultural labourer/Fisherman	18.5	24.8	3.5	16.0
Non-agri labourer/Rickshaw Puller	22.2	21.1	3.4	16.0
Business	29.6	21.1	34.2	36.0
Service-holder	-	0.9	32.5	8.0
Farmer	18.5	16.5	14.5	20.0
Others	11.2	15.6	12.0	4.0
Self-Rated Poverty				
Always in deficit	48.1	29.4	9.4	20.0
Sometimes in deficit	40.7	53.2	24.8	52.0
Breakeven	7.4	15.6	36.8	24.0
Surplus	3.7	1.8	29.1	4.0
Poverty Status				
Extreme Poor	48.1	22.9	3.4	20.0
Moderate Poor	37.0	50.5	15.4	40.0
Lower Middle class	11.1	22.9	36.8	32.0
Middle class	3.7	3.7	35.9	8.0
Rich	-	-	8.5	-
Any members of the household working in urban areas?				
Yes	3.7	2.8	26.5	12.0
No	96.3	97.2	73.5	88.0
Being able to have three Meals a day?				
Yes	33.3	56.0	89.7	76.0
No	66.7	44.0	10.3	24.0

Source: Estimated from the BIDS/ Action Aid primary survey of stipend beneficiaries.

Table 7.12

Examination Results of the Girls at Secondary Level by Stipend Holding Status

Examination/Results	Secondary Level	
Bengali	**Stipend**	**Non-Stipend**
Did not pass	39.8	43.2
Third Division (33-44)	24.4	24.7
Second Division (45-59)	20.1	20.0
First Division (60+)	14.8	12.1
English		
Did not pass	64.7	77.4
Third Division (33-44)	12.5	10.5
Second Division (45-59)	8.4	7.4
First Division (60+)	14.5	4.7
Mathematics		
Did not pass	54.8	57.9
Third Division (33-44)	14.1	16.8
Second Division (45-59)	7.9	8.9
First Division (60+)	23.3	16.3
Science		
Did not pass	70.0	68.4
Third Division (33-44)	19.4	22.6
Second Division (45-59)	7.5	7.9
First Division (60+)	3.0	1.1
Social Science		
Did not pass	28.0	30.5
Third Division (33-44)	28.7	25.3
Second Division (45-59)	21.0	24.2
First Division (60+)	22.4	20.0

Source: Estimated from the BIDS/ Action Aid primary survey of stipend beneficiaries.

Table 7.13

Comparison between Various Microfinance Participation Groups

	Current Single	Current Multiple	Past but not Current	Never but Interested	Never and not Interested
% in the target group	74%	60%	71%	72%	54%
PSA	2.79	2.86	2.6	2.49	2.96
Average Poverty Score	-0.09	0.08	-0.15	-0.15	0.30

Table 7.14

Returns to Labour and the Extent of Involvement in High-Productivity Activities by Different Income Groups: Rural Areas 1999/00

Description of Activities	Productivity of Time (Tk/hour)			Fraction of Time Allocated to Each Activity (%)		
	Moderate Non-Poor	Moderate Poor	Severe poor	Moderate Non-Poor	Moderate Poor	Severe poor
Other Trade	12.22	10.09	7.28	26.79	25.34	8.58
Road Transport	10.34	8.54	7.40	10.13	17.87	10.64
Fishery	18.12	9.60	8.84	6.71	8.52	2.42
Food Processing	10.36	7.80	4.28	5.50	3.89	2.02
Construction	10.27	8.99	8.93	5.40	6.45	3.57
Educational Services	13.65	13.72	8.71	5.23	2.75	1.00
Cloth Production	8.50	7.55	6.52	5.05	5.09	4.40
Health & Social Welfare	9.90	6.91	4.31	4.71	1.84	1.51
Furniture & Misc. Mfg	13.21	10.34	6.95	4.48	1.09	2.80
Hotel/Restaurant	7.21	6.75	5.77	4.08	2.49	1.71
Ready-Made Garments	10.53	7.90	7.40	3.95	4.17	1.64
Public Administration	13.22	11.98	8.60	2.99	2.56	0.95
Marine Transport	10.20	6.83	7.34	1.73	1.23	1.67
Petty Trading & Repair S	9.77	11.01	6.51	1.54	0.87	0.56
Wood Products	14.01	11.83	10.40	1.42	1.15	0.77

Source: Osmani et al (2003). Original: Estimated from the unit records of Household Income and Expenditure Survey, 2000.

Table 7.15

Comparison of Endowments among Different Income Groups: Rural Areas, 1999/00

Endowments	Moderate Non-Poor	Moderate Poor	Severe Poor
A. Human Capital			
A.1 Labour Force per household			
Total no. of workers	1.70	1.60	1.59
No. of male workers	1.53	1.44	1.35
No. of female workers	0.17	0.16	0.24
Dependency ratio	2.74	2.90	3.11
A.2 Education (for average household)			
Average educational score of workers	5.86	3.28	2.68
Highest education of any worker	5.45	3.88	3.22
Highest education of any male worker	4.87	3.15	2.54
Highest education of any female worker	3.54	2.30	1.70
B. Physical Assets			
B.1 Personal Assets per household			
Present value of land assets (Tk)	12038	6858	3061
Present value of non-farm enterprises	23497	8964	1921
Market value of house	44176	23435	15035
All other non-land assets	2727	1265	477
B.2 Collective Assets (Infrastructure)			
Percentage of households with access to Electricity	25.2	11.8	3.0
C. Network Support			
Percentage of households receiving remittance from abroad	5.3	2.3	1.4
Percentage of households receiving remittance from within country	15.7	11.8	8.9

Source: Osmani et al (2003). Original--Estimated from the unit records of Household Income and Expenditure Survey, 2000.

Chapter 8

The Heart of Remoteness: Spatial Disparity, Adverse Geography and Chronic Poverty

> Examination of the world at any one particular scale immediately reveals a whole series of effects and processes producing geographical differences in ways of life, standards of living, resource uses, relations to the environment, and cultural and political forms. The long historical geography of human occupancy of the earth's surface and the distinctive evolution of social forms (languages, political institutions, and religious values and beliefs) embedded in places with distinctive qualities has produced an extraordinary geographical mosaic of socio-ecological environments and ways of life….This geographical mosaic is a time-deepened creation of multiple human activities.
>
> David Harvey (2000): *Spaces of Hope*

The central message of this chapter is -- *space matters*. The previous chapters have focused mainly on the individual and household contexts and determinants of chronic poverty. It is, however, important to highlight the larger extra-household (community and region-level) factors and processes that underpin the social reproduction of chronic poverty. From this perspective the discussion presented in this chapter is organised into three distinct groups of issues. *First*, attention is drawn to possible spatial differences at the level of social and economic development, which may account for the relatively high level of chronic poverty and social disadvantages in some regions compared to others. The question of spatial difference assumes greater significance in the contemporary context of national target-setting to reach the MDGs by 2015. A high and persistent degree of spatial inequality can considerably slow the pace of social progress on average at the national level. But, more importantly, if the MDGs are met at the national level while bypassing the needs of the poorest and most remote geographical areas, it is an unsatisfactory outcome from the viewpoint of chronic poverty. This is because the outcome violates the MaxiMin Principle (Rawls 1971), which defines the bottom-line condition for accepting fairness in development as the maximum benefits to the minimally-advantaged.

Second, within the context of spatially-differentiated reality, the issue of unfavourable agricultural environment occupies a special place. There is a widely held view that a strong association between an unfavourable agricultural environment and the incidence of chronic and severe poverty poses the greatest barrier to national success in poverty reduction. *Third*, people living in the most trying of geographical circumstances are not without their own agency, although often the presence of agency alone is not enough to allow them to graduate into a stage of self-sustaining development. As seen in Chapter 4, agency can help the poor survive and seek out new methods of struggle to climb out of poverty; this is doubly true in the case of adversely-incorporated poor households who find themselves in what is termed elsewhere as 'spatial poverty traps' (Ravallion and Jalan 1995). The extent to which initial livelihood disadvantages, conditioned by locational factors, can explain long-term divergence in poverty is an important sub-plot of this narrative.

8.1 Spatial Disparity in Social Progress

The section is organised into five sub-sections. The first describes the extent of spatial differences in social development (focusing on non-income dimensions of poverty and related social indicators) using

district- and division-level data. The second sub-section analyses the factors influencing the cross-district variation in social progress by pooling 1995 and 2000 district-level data. The third sub-section identifies the districts which stand out as social 'over-achievers' and 'under-achievers', compared to the social outcomes predicted by the average level of affluence. The fourth sub-section suggests possible 'deeper interventions' that may help to explain the performance of over-achievers. The fifth sub-section summarises the main results and suggests implications for policy.

8.1.1 Spatial Variations in Social Progress

Spatial Trends in Human Poverty

Consistent with the theme of spatial inequality in 'social progress', the focus of the chapter is on deprivations in the non-income dimensions of well-being.[95] Among indicators of non-income dimensions of well-being, the favoured candidate is the UNDP-proposed human poverty index (HPI), which is based on three aspects of human deprivation: deprivation in longevity, deprivation in knowledge, and deprivation in economic provisioning.[96] These dimensions are given equal weights in the construction of the HPI. Consistent with standard practice, the HPI measure is confined to the deprived segments of the population. The methodology for constructing the HPI is provided in Table 3.2 of Chapter 3, along with the trends in human poverty in Bangladesh. The results show that the country has achieved notable progress in reducing human poverty over the past two decades: the incidence of human poverty fell from 61.3 in 1981/83 to 47.2 in 1993/94, and dropped further to 41.8 in 1995/97 and 35.5 in 2000, according to the latest available data.

However, a significant variation has been observed in terms of the value of HPI at the district-level, for both 1995 and 2000 (Table 8.1 and Map 1). While the value of national HPI was 41.8 in 1995/97, it ranged between 26.87 and 51.6 at the district-level. Similarly in 2000, it ranged between 25.40 and 42.98. It is noteworthy that <u>all</u> districts have been able to improve their human poverty situation during the period; however, the rate of annual progress varies significantly (ranging from a negligible 0.1 per cent for Cox's Bazaar, to 4.6 per cent for Bandarban).

Exclusive focus on the aggregate index alone is inadequate for at least two reasons. *First*, an aggregate index may not be a reliable guide to judge a change in the individual constituents of the index. For instance, there may be considerable improvements in the aggregate human poverty index while registering little progress in the nutritional status of under-five children, which is only one of the variables that enter the HPI.

Second, some dimensions of the well-being may not be reflected in the aggregate index because of their non-inclusion in the index itself (either because they are perceived as less important than the competing others, or simply because there is not adequate quantitative data on that particular indicator). Thus, some important social indicators of human poverty, such as fertility or access to sanitation, are not directly included in the HPI, although they clearly deserve separate attention. Analysis of the aggregate

[95] The term 'non-income' is, however, not synonymous to 'non-economic'. Thus, the human poverty index (HPI) considers 'economic provisioning' (including public and private provisioning) as its constitutive element, which is not reducible to income. See Sen (1997) for the importance of distinguishing income inequality from economic inequality. Social indicators also can have important economic (as well as income growth) implications (as with basic education and reproductive health).

[96] For discussion of the underlying concept, see Anand and Sen (1996).

measures, therefore, needs to be supplemented by an approach that takes a more disaggregated look at individual poverty and social indicators. In the following sections, we shall focus on three dimensions of well-being (or ill-being) that deserve separate analytical focus in their own right: under-five mortality rate, total fertility rate and net enrolment rate at the primary level.

Spatial Trends in Social Indicators

Table 8.2 presents the disaggregated profile of other social indicators by administrative divisions and sectors. Evidence available at division-level confirms considerable differentiation in human development across regions. Three aspects are noteworthy. *First*, there is some correspondence between the level of income and non-income poverty, suggesting the role of private income in human development. In the mid-1990s, Rajshahi division had the highest incidence of income poverty. Predictably, it also had the lowest level of adult literacy (35 vis-à-vis the peak point of 56 per cent in Barisal), life expectancy at birth (56.5 vis-à-vis 58.4 years in Khulna), and child immunization rate (54.5 vis-à-vis 72.2 per cent in Chittagong). Rajshahi also had the second highest infant mortality rate (79.9 vis-à-vis 72.4 per 1000 live births in Khulna).

However*, second*, there is no one-to-one matching. Chittagong division had the lowest incidence of income poverty (45 per cent as against the peak point of 62 per cent in Rajshahi), but displayed the second highest level of infant mortality, second lowest level of adult literacy, and the second lowest level of life expectancy. This suggests that the level of income alone cannot account for variations in social progress. *Third*, there is also considerable diversity in the ranking of various social indicators implying a complex pattern of linkages between growth, income poverty and social indicators.

Table 8.3 brings out a few additional aspects. Regional variability appears considerably higher for some human development indicators than others. As captured by the coefficient of variation, variability appears to be higher in terms of access to sanitation and child malnutrition, compared to child mortality and net enrolment at the primary level. A very high degree of variability is observed with respect to arsenic contamination of the drinking water. This suggests that there is a greater need for developing a spatial focus in designing policies when it comes to tackling the issues of public health, with a focus on primary health and nutrition, and poverty reduction.

This divisional picture, however, conceals deeper regional variations. Thus, significant differentiation in poverty may be observed even within Rajshahi division.[97] This explains why, in the remaining sections of this chapter, we investigate district-level performance in various poverty and social indicators. However, it should be explicitly noted that even district-based poverty mapping is *not adequate* to locate the most vulnerable pockets. One needs to go beyond division and district to identify the pockets of severe distress, i.e. areas that are highly vulnerable to widespread starvation and intensified destitution during bad agricultural years and/or the routine lean period, even during a normal agricultural year. This is especially true in case of Bangladesh, characterised by the highest population density in the world (excluding city-

[97] Variations in male labour wage across districts for both 1995 and 2000 are depicted in Maps 2 and 3 respectively. The maps indicate that while there are variations in wage rate in both years, the situation with regards to changes in real wage has improved between these two periods. Some districts have been able to improve their situation from low to medium or medium to high wage categories.

states), implying that even small thanas or unions with pockets of severe distress can affect a very large number of people.

Trends in Spatial Inequality

The extent of spatial inequality measured at both the divisional- and district-levels shows modest improvement over recent years. Two measures of inequality are used here. One relates to the coefficient of variation capturing the degree of spatial variability. The other relates to the polarisation index, comparing the rich-poor ratio over time. Both measures show improvement. Thus, the spatial variability of HPI estimated at the district-level has decreased from 13.16 to 11.98 between 1995 and 2000 (Table 8.1). Similar progress has been noted in respect of social indicators measured at the divisional-level (Table 8.3) and district-level.

8.1.2 Factors Influencing Social Progress

Above, the considerable variation across districts that exists for both poverty and other social indicators was noted. This section attempts to determine the factors that are responsible for the observed variation. This requires establishing an analytical link between human poverty (and other social indicators) and economic development.[98]

Bivariate Regression using District-Level Data for 2000

Five sets of regression analyses have been carried out in order to establish these links. The explanatory variable is per capita expenditure. The dependent variables represent the Human Poverty Index (HPI), total fertility rate (TFR), under-five mortality rate (U5MR), proportion of households with access to a sanitary toilet, and proportion of children (aged 12-59 months) suffering severe malnutrition (i.e. having a mid-upper arm circumference of less than 12.5 cm). Both linear and log-linear specifications have been taken into consideration.

A bivariate regression of all poverty and social indicators with per capita expenditure, as presented in Table 8.4, reveals that the level of aggregate affluence matters for social development, but not always. There is a significant inverse relationship at the district-level between the incidence of human poverty and the level of per capita expenditure.[99] There is also a significant inverse relationship between U5MR and per capita expenditure. However, the matched relationships with TFR, severe child malnutrition and access to sanitation are not statistically significant. This suggests that growth matters for social development only in some respects, leaving considerable room for the non-growth factors.

Multivariate Regression using Pooled District-Level Data for 1995 and 2000

Even in the case of those social indicators for which economic growth matters, it is often the *indirect* effects of growth (such as via reduction in income poverty or public spending on social and physical

[98] In this section, only the analysis carried out for the pooled 1995 and 2000 district-level data have been presented. The important question of what determines the pace of annual progress (with special attention to the role of 'initial conditions') will be explored in the revised version of this chapter.

[99] Per capita expenditure as estimated from HES data has been used as a proxy for per capita income of a district as no direct estimate of per capita GDP is currently available at the district-level.

infrastructure) that eventually turn out to be the factors making the ultimate difference.[100] This can be tested in a multivariate framework, representing a set of explanatory variables including the following: per capita expenditure, average daily male wage rate, population per school, paved road as percentage of total road, dummies for hilly and flood-prone districts. In this model, 'wage rate' is considered as a proxy measure for the incidence of income poverty,[101] while 'population per school' and 'paved road as proportion of total road' capture the indirect growth effects percolating through the public expenditure channel. In this regression, the dependent variables represent the value of HPI, TFR, U5MR, proportion of households with access to a sanitary toilet, proportion of children (aged 12-59 months) suffering severe malnutrition, and secondary enrolment rate. Both linear and log-linear specifications have been taken into consideration.

Several results of this statistical exercise are noteworthy (see Table 8.6). *First*, the independent effect of aggregate affluence (or, by implication, its growth expression) appears to be significant in two cases: human poverty index and access to a sanitary toilet. With respect to other chosen social indicators, the indirect effects of growth via reduction in income poverty and public spending channels appear to be the more relevant immediate explanators of social progress.

Second, the level of income poverty appears to be a consistently important factor influencing social progress, both when the aggregate measure such as HPI is taken into account and when specific aspects of social deprivation are considered. Districts that have lower income poverty levels also tend to have lower HPI scores, reduced TFR, lower child mortality, and higher access to sanitation.

Third, various types of public expenditure impact differently on social development. Investments in education infrastructure tends to reduce TFR, decrease child mortality, increase access to sanitation and increase secondary enrolment, but appears to be uncorrelated with severe child malnutrition. Building all-weather paved roads must be considered an important social investment, acting favourably on child mortality, access to sanitation, prevalence of severe child malnutrition and secondary enrolment, although it appears uncorrelated with TFR.

Fourth, even controlling for possible differences attributable to growth, income poverty and public spending, there appears to be strong region-specific effects, captured by the significant presence of the politically long-neglected Chittagong Hill Tracts (CHT), and districts that are ecologically vulnerable to river erosion and thus flood-prone. Being in CHT increases the likelihood of facing human poverty (as measured by HPI), as well as having high TFR and U5MR. Similarly, being located in flood-prone districts can magnify the incidence of overall HPI poverty, although this factor is not a barrier to the attainment of other social goals.

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[100] See Anand and Ravallion (1993) for pioneering results.

[101] BIDS (2001) reports income poverty head-count measure for each district based on the 1995 Basic Needs Survey data generated by BBS. Regressing the agricultural wage rate for male labour on the district-level head-count measure (see Table 8.5), one gets a correlation coefficient of 0.63 (statistically significant at 0.01 level). Hence, agricultural wage rate can be considered as a reasonably good proxy for mapping district-level income poverty.

Multivariate Regression with Male Wage Rate as the Dependent Variable, using Pooled District-Level Data for 1995 and 2000

As mentioned above, male wage rate has been considered here as a proxy measure for the incidence of income poverty. Therefore, an attempt has been made to analyse the variations in male wage rate at the district-level through a multivariate framework (Table 8.7). Results show that the effect of aggregate affluence is significant in reducing income poverty at the district-level. Investments in infrastructure also contribute significantly to reducing income poverty at the district-level. Controlling for variations attributable to growth and public spending, there appear to be region-specific effects of the male wage rate, which is relatively high in CHT and low in the flood-prone districts.

Multivariate Regression with Changes in Social Progress, using District-Level Data for the period 1991-2000

In the previous sub-sections, the factors responsible for social progress at the district-level are analysed. In this section, an attempt has been made to analyse the 'initial condition variables' that have positively influenced social progress at the district-level during 1995-2000. This has also been done in a multivariate framework with changes in social progress during 1995-2000[102] as the dependent variables and the initial conditions of these variables, as well as initial growth performance at the district-level, as the explanatory variables (Table 8.8). Thus, the dependent variables here include the change in HPI, TFR, U5MR, access to a sanitary toilet, severe malnutrition and secondary enrolment between 1995 and 2000. The set of explanatory variables here include the initial (1991) condition variables for the rate of urbanisation (considered here as a proxy measure for growth), as well as each of the dependent variables.[103] A double log specification has been used to estimate the model.

Results show the following. *First*, the districts that had poor initial growth performance have been able to progress faster in terms of human poverty and secondary enrolment. *Second*, the districts that had a relatively good initial condition in terms of a given dependent variable have been able to progress faster than the others in terms of that variable. Both these points suggest the presence of 'social convergence', implying that poorer districts have made faster progress than richer districts during the 1990s.

8.1.3 The 'Instructive Outliers'

The determinants of average social progress measured at the district-level suggest some factors with important implications for growth and social policy. 'Over-' and 'under-achieving' districts have been identified by comparing district performance for each of five selected indicators to the predicted per capita expenditure for 2000. The five indicators selected are HPI, TFR, U5MR, access to a sanitary

[102] Changes here refer to percentage changes, and have been calculated by subtracting the value for 2000 from that of 1995 for each of the variables. Hence, for HPI, TFR, U5MR and severe malnutrition, higher *negative* values of the difference indicate higher levels of progress, while for sanitary toilet and secondary enrolment higher *positive* values indicate higher progress.

[103] An exception is the literacy rate, which has been considered here as the initial condition variables for three dependent variables – human poverty, severe malnutrition and secondary enrolment.

latrine, and prevalence of severe malnutrition. These indicators are considered to be the most important in terms of influence on the overall poverty situation and social differentiation in the country.[104]

Human Poverty Index (HPI)

With regard to improvements in human poverty, the districts that have emerged as over-achievers are Narail, Gopalganj, Jessore, Khulna, Barisal, Barguna, Jhalokathi and Pirojpur, all lying in the south-western and south-central part of the country. On the other hand, the districts that have emerged as under-achievers are found in the north-central, central, north-eastern and south-eastern (hill districts) parts of the country. These are Jamalpur, Sherpur, Narshindi, Shunamganj, Sylhet and Rangamati (Table 8.9). Among these districts, Jamalpur, Sherpur and Rangamati have pockets of severe distress, linked to either river erosion or the presence of ethnic minorities. The results clearly show the relevance of adopting a more spatially-disaggregated approach to human poverty reduction.

Total Fertility Rate (TFR)

The set of districts that have emerged as over-achievers for TFR do not coincide with the over-achieving districts in terms of human poverty, except Narail. Other over-achievers for TFR include Gaibandha, Thakurgaon, Natore, Munshiganj and Gazipur, lying in the north-western, central-western and central parts of the country. It is evident that TFR does not necessarily depend on the level of income of the region, as the northern part of the country is otherwise known as relatively poverty-stricken. On the other hand, two districts are found to be under-achievers for both HPI and TFR: Narshindi and Rangamati. Other under-achieving districts for TFR include Feni, Khagrachari and Chittagong, all of which are found in the south-eastern part of the country (Table 8.9).

Under Five Mortality Rate (U5MR)

Over-achieving districts in terms of U5MR are found in central and northern Bangladesh. None of the districts included in this set – Tangail, Rajshahi and Manikganj – coincides with those in the previous two sets. However, in the set of under-achievers, some districts are found common to those in the TFR under-achievers set. These include Feni and Chittagong, both of which belong to the south-eastern part of the country. Others include Patuakhali, Moulvibazar and Chandpur, found in the southern and north-eastern parts of the country (Table 8.9).

Access to Sanitary Toilet

Districts of over- and under-achievement in terms of household access to a sanitary toilet are largely the same as the over- and under-achievers in terms of HPI, with few exceptions. Districts of over-achievers, in this case, belong to the south-western part of the country except Lalmonirhat, found in the north-western part of the country. Districts of under-achievers are in central-northern and north-eastern parts

[104] Although also considered as among the most important factors, indicators of income poverty have not been included in this analysis due to a lack of district-level income poverty data.

of the country, except Bhola, Cox's Bazaar and Narayanganj, in the southern and central parts of the country (Table 8.9).

Prevalence of Severe Malnutrition

Districts of over-achievers in this case belong largely to the central and northern parts of the country, except Satkhira in the south-west. Districts of under-achievers fall in the south-western, southern and north-eastern areas. Surprisingly, Jhalokathi, which has emerged as an over-achiever in terms of human poverty, has come out as an under-achiever in this case. There is, however, broad commonality of regions in terms of over- and under-achievers for severe malnutrition with that of TFR and U5MR with only a few exceptions. Exceptions include Satkhira for over-achievers and Jhalokathi and Bhola for under-achievers (Table 8.9).

8.1.4 'Deeper Interventions' for Overcoming Spatial Traps

It is apparent from the preceding discussion that there are 'instructive outliers' that stand out from the rest. The north-western (Rajshahi) and south-western (Khulna and part of Barisal) regions appear to have done better in terms of promoting social development than the north-eastern (Sylhet) and south-eastern (Chittagong) regions. The Central region (covering Dhaka division) has also fared well (Table 8.10). Two factors appear to be associated with the better performance of the over-achievers. *First*, construction of the Jamuna Bridge (representing a massive public investment) helped to integrate the long-neglected northern and south-western regions with the rest of the country. This has contributed to the strengthening of a 'spread' effect, emanating from the more advanced districts, especially in Dhaka and Chittagong divisions.[105] *Second*, several districts of Chittagong division that were historically backward have showed considerable progress in terms of annual rates of change, although they still lag behind other districts in terms of level of attainment. Districts in the CHT seem to have benefited from the 'peace process' initiated during the period under consideration.

8.1.5 Implications for Policy

Considerable regional and social variation in poverty exists in Bangladesh. Over- and under-achieving districts on various poverty and social indicators do not necessarily coincide with each other. A district that has performed relatively well on one indicators is not necessarily a well-performing district on another. This is also true in the cases of under-achievers.

The analysis above shows that spatial inequality in social development, measured by the spatial trends in HPI and key social indicators, has declined by a modest extent over the second half of the 1990s. South-western and north-western districts that historically lagged behind have done relatively well during this period, while there is scope for north-eastern and south-western districts to do more to accelerate the pace of social development, as compared to that predicted by district affluence.[106]

[105] Sen and Ali (2003) argue that market integration facilitated by the construction of the Jamuna bridge, the peace process in the CHT, and, perhaps, fairly intense political competition for public allocations for social and physical infrastructures may have contributed to declining spatial inequality. Geographical proximity to West Bengal may also partly explain the superior performance in Rajshahi and Khulna divisions in terms of reducing TFR (see Amin and Basu 2001). Such 'diffusion' effects, however, can provide only part explanations for fertility decline (see Dev et al 2002). In any case, the strength of the diffusion effects may arguably have been increased following greater market integration signalled by the Jamuna bridge.

For future policy research, two aspects may be highlighted here. *First*, the district-level variation needs to be better understood. While the analysis based on spatial data collected at the 64-district-level shows clear signs of progress in reducing poverty, there is considerable disparity in the extent of progress. A standard regression approach to analysing these data can give only a 'first-cut' identification of the proximate factors in fairly aggregative terms (e.g. the relative role of growth, public policy, income poverty or natural disaster in the "making" of social progress). This story is too generic; it needs to be probed further in order to understand the concrete policy and social dynamics underlying the processes characterising the over- and under-achievers. Did the peace process play an important role in the reversal of fortunes for the CHT? Did the construction of the Jamuna Bridge contribute to a silent social ascent of northern and western districts? Are there strong cross-border 'neighbourhood effects' that explain the better social results in Rajshahi (and Khulna) divisions, which border West Bengal in India, particularly in terms of reductions in fertility? Does 'geographic diffusion' also explain the relative underdevelopment of Sylhet division – which neighbours Meghalaya and Assam, two states of north-eastern India known for their relative backwardness – in terms of nearly all the social indicators, notwithstanding the fact that Sylhet has a better income status and relatively high agricultural wage rate compared to Rajshahi?[107] Or, are the observed differences in human poverty are mostly the results of pro-active (or the lack of it) public policy in some district's context, if so, why?

Second, it is difficult to identify 'gainers' and 'losers' from the processes of economic growth and social progress witnessed in the 1990s. This is because most of the 'losers' are not concentrated in particular districts. The district-level data can conceal significant variation in poverty and social indicators across sub-districts (*thana* or *upazila*). The progress made during the 1990s may not have been shared by all *thanas* of a given district. The agricultural wage data at the *thana* level, for instance, often shows dispersion of the order of 200-300 per cent, suggesting the possibility of persistent poverty pockets. However, other indicators relevant for the more disaggregated spatial analysis at the *thana* level are currently not available.

It is clear that the poverty literature must move towards the direction of *thana* as the unit of analysis. Overall, these results show the relevance of adopting a more spatially-disaggregated approach to poverty reduction, with implications for decentralisation and local-level planning. High levels of spatial inequality need to be seen as a factor likely to undermine progress in the social MDGs in the coming decade.

8.2 Mapping Distress Pockets

Mapping Income Poverty

Since income poverty estimates are not available at the 64-district-level, agricultural wage rate for male labour has been taken as a proxy for the income poverty level (see footnote 102 for details). Maps 2 and 3 illustrate male wage rate data at the district level to capture poverty status in 1995 and 2000, respectively. The spatial maps indicate that while there have been some positive changes in real agricultural wages during this period, there are large wage dispersions across districts. This is consistent with the observation of large differences in income poverty levels across districts, as suggested by BIDS

[106] These factors need to be explored further through case studies and focus group discussions.
[107] See Dev, James and Sen 2002 for further development of this argument.

(2001) based on the 1995 Basic Needs Survey data and BIDS (2003) based on the 1999 Poverty Monitoring Survey data. Some districts have been able to improve their situation, from low to medium or from medium to high wage categories, but many have not. The districts that have persistently remained in the low-wage category over 1995-2000 are predominantly in the north-west and western regions: Thakurgaon, Panchaghar, Nilphamari, Lalmonirhat, Kurigram, Rangpur, Gaibandha, Sirajganj, Natore, Naogaon, Joypurhat and Meherpur. Of these, six districts are areas with strong river erosion effects (Nilphamari, Lalmonirhat, Kurigram, Rangpur, Gaibandha and Sirajganj). More recent wage data for 2003 continue to show improvement. However, eleven out of 64 districts have seen a deterioration in the wage rate over the period (Annex Table 3.2 to Chapter 3).

Insert Map 2

Insert Map 3

Chittagong Hill Tracts: A Reality-Check on Statistics

It is difficult to comment on progress and its outcomes in the Chittagong Hill Tracts (CHT). Not only are statistics sparse and fragmented, they are also often misleading. To date, there has been no official survey by BBS capturing the socio-economic conditions of CHT. There are some surveys where a few sample households from CHT are included, but not enough to provide a sound basis for analysis. For instance, the BBS' Child Nutrition Survey does not include Bandarban (the poorest among the CHT districts) in the sample, while only 10 households from Khagrachari and 21 households from Rangamati were surveyed. As a result, the estimated proportion of under-five children who are underweight in CHT is absurdly low at 35.5 per cent, compared with 51 per cent as the national average. Similarly, access to sanitary latrine (*pucca* and pit considered together) was assessed at 55 per cent for CHT as opposed to 43 per cent nationally. These figures appear highly unlikely, as CHT is expected to have much lower attainment compared to national averages, perhaps even compared to the national rural average.

The comparability problem persists in case of *Progotir Pathey 2000.*[108] Under-five mortality appears to be lower than both the national average (86 vs. 92 per 1000 live births), and than the matched average for each of the six divisions considered separately. Similarly, the prevalence of severe malnutrition among 12-59 month-old children is assessed at 3.4 per cent compared to 4.6 per cent nationally, again lower than average of any of the six divisions. It is difficult to place confidence in these comparative statistics.[109]

An alternative option is large-scale micro-surveys on CHT carried out by agencies other than BBS. Fortunately, BRAC carried out one such survey in 1998 (Rafi and Chowdhury 2001), which gave very detailed breakdown of social development by ethnic status.[110] The results show that the CHT average for all health and education indicators[111] are lower than the national or rural average, indicating the especially disadvantageous situation of the region. The other important finding is that there is considerable *inter-ethnic variation*, demanding that this aspect be carefully factored into the sampling procedure in any further official survey of CHT, whether by BBS, UNICEF or another agency. The Bengali population typically enjoys higher levels of social development than non-Bengali populations.[112] High levels of differentiation are also found both within and across the Pahari (hill) ethnicities. The community of Mro appears to be better off than other ethnic groups in terms of food

[108] 'Progotir Pathey' (Path to Progress) is an annual publication that presents findings from the BBS-UNICEF multiple indicator cluster survey of a sample pf 60,000 households, intended to be nationally-representative.

[109] The only indicator from the *Progotir Pathey* data which appears to be reliable on closer scrutiny relates to the rate of child immunization. Thus, the vaccination rate for DPT is assessed at 65.6 per cent for CHT compared with the national average of 74 per cent. It is lower than the average for each of the divisions except Sylhet, the figure for which is similar to that of CHT.

[110] The survey lists over 2500 households, comprising roughly 500 households sampled for each ethnicity, namely, Bengali, Chakma, Marma, Mro, and Tripura.

[111] Health indicators include access to sanitation, child immunization, maternal immunization, and contraceptive prevalence. Education indicators include adult (15+) literacy rate and net enrolment at primary (6-10 years) and secondary levels (11-15 years).

[112] The survey did not, however, take into account the possible socio-economic difference between Bengali *settlers* (those who settled in CHT before 1971) and the Bengali *non-settler* population (those who migrated to CHT after 1971).

poverty. However, they lag behind in all other respects.[113] Chakmas appear to be better educated in terms of adult literacy and schooling for both boys and girls; they have better access to sanitation; and contraceptive use is higher than in the other Pahari communities. But they tend to lag behind others in terms of child immunization and food poverty. In short, the emerging picture is one of highly differentiated hill populations, with uneven development within and across ethnicities as well as between income and non-income dimensions.

Several clear policy messages emerge. *First*, the development needs of CHT continue to persist, although perhaps not so acutely as was the case before the peace accord. *Second*, targeting the non-Bengali community is not enough. Targeting the poorest ethnic group, and the poorest households within that community, for a given income or non-income indicator needs to be viewed as best practice in terms of allocating resources within CHT. *Third,* since the status of the poorest varies from one indicator to another, the matched sectoral allocations to a particular community must also vary. A composite indicator based on overall deprivation (e.g. HDI or HPI) may also be developed to guide the overall allocation of resources, channelled though government agencies and/or NGOs. *Fourth*, given the overall poor social development performance of the region compared to other divisions, the magnitude of budgetary resources currently allocated for the region needs to be increased. The problem of balanced ethnic development demands priority attention. This is not just the question of good economics, but also of good politics.

8.3 Unfavourable Agricultural Environments

Unfavourable agricultural environments include those that are salinity-prone, flood-prone, drought-prone and susceptible to river erosions. Three messages constitute the main findings of this section. *First*, the conventional wisdom underscores the adverse interface between chronic poverty, remote rural areas and unfavourable agricultural environments. This is especially true for population groups whose livelihood is primarily dependent on crop agriculture. This argument is applicable to areas affected by river erosion, especially in the north-west.

Second, the association between the incidence of chronic poverty (or, for that matter, severe poverty) and unfavourable agricultural environments has, however, weakened over time, as a large segment of the population has adopted alternative non-farm (both agricultural non-crop and non-agricultural) livelihood strategies. Indeed, as the name itself suggests, environments may be unfavourable for agriculture but not necessarily for non-agricultural activities. Indeed, there is micro-level evidence that some environments unfavourable from an agricultural point of view may in fact display relatively high levels of income, as in the case of drought- and salinity-prone areas. This, however, is not valid for the river-erosion areas where alternative non-farm opportunities are still severely limited. Both quantitative and qualitative evidence underscore the need for according priority to meeting the needs of extremely distressed populations residing in river-erosion belts, including remote charlands. Areas such as the *haor* belts that are flood-prone areas and dependent on one crop also need attention, although the problem is much less severe than in charlands.

[113] This is an intriguing finding, demanding further scrutiny.

Third, even in otherwise 'relatively less disadvantaged' drought- and salinity-prone environments the indicator of average affluence is misleading, as the benefits of diversification outside of crop agriculture have not been widely shared across income groups. It is the severely poor who have benefited the least.

8.3.1 Conventional Wisdom

The adverse interface between chronic poverty, remote rural areas and unfavourable agricultural environments is well known. Analysis of the 1974 famine, as well as experience of major flood events in 1988 and 1998, highlights these environments as being highly vulnerable to extreme shocks and severe entitlement failures. In fact, more than two decades ago Sen (1981) pointed out that chronic poverty in South Asia is to a very large extent related to adverse ecological processes. The most persistent poverty in Bangladesh has historically been found in the river erosion areas, which in years of severe flooding have been susceptible to widespread hunger and even famine. The 1974 famine, for example, was particularly severe in the river erosion belts along both sides of the Brahmaputra. These form the most economically depressed thanas and unions of what are now Kurigram, Lalmonirhat, Gaibandha and Jamalpur districts. These were also the areas hardest hit during the massive floods of 1988 and 1998. In these later years, however, the damage was not so great.[114]

In addition to the immediate impact of a crisis, those living in ecologically-vulnerable areas also find it more difficult to recover. This is because as well as having few savings or other assets, they tend to have more limited access to non-farm employment and microcredit than richer areas. They also find it difficult to borrow money in order to migrate. And since everyone is affected simultaneously, markets for assets and credit tend to collapse – a consequence of "covariate risk". While all households in these areas are exposed to ecological risk, those most vulnerable are small landowners and agricultural labourers (Sen and Rahman, 2000).

8.3.2 Regional Growth Patterns, and the Interface with Adverse Agro-ecological Environments

A disaggregated, district-level analysis of the pattern of growth not only highlights geographical differences in growth performance but also sheds considerable light on their interface with adverse agro-ecological conditions. Some recent evidence on this topic (Ahmed 2000) is presented here. The distribution of growth category across different districts is summarised in Table 8.11.

The table includes three growth categories: *fast-growth districts* with annual growth rates ranging from 3 to 7 per cent; *modestly fast-growth districts* with rates varying from 2 to 3 per cent; and *slow-growth* districts with a growth rate of less than 2 per cent. The slow-growth category is further split into two sub-groups: *technologically progressive but slow-growth,* and *technologically stagnant*. The fast-growth districts are almost all located in the western region of the country. The only geographical outlier is Comilla, which has a growth rate of just over 3 per cent, as compared to Rajshahi, Bogra, Kushtia and Jessore with growth rates ranging from about 5 to 7 per cent. Only three districts – Khulna, Faridpur

[114] In 1998 both the government and NGOs were very active in large-scale distribution of foodgrains via the Vulnerable Groups Feeding Programme, the Cash-for-Works Programme, and a variety of lean-season food-assistance programmes essentially aimed at preventing the potential entitlement failure that can lead to famine. Also, compared to 1974, the rural economy itself was more resilient, and the international aid climate was more favourable.

and Rangpur – are in the moderate-growth group, and two of these three districts are also in the western region of the country, which is relatively flood-free but prone to drought.

The slow-growth districts, in which growth rates are lower than population growth, are all located in the areas characterised by low elevation and subject to flooding, salinity and cyclones. These areas are located in the (a) central and north-eastern regions, and (b) coastal districts. The exception is CHT – a hilly area, plagued by political disturbance for a long period. The fact that all other slow-growth districts are located in the coastal, central and north-eastern region of the country is indicative of the locational constraints affecting rice production (Ahmed, 2000).[115]

8.3.3 Economic Conditions and Livelihoods in Unfavourable Environments

More significant and perhaps more relevant for our purpose is an examination of the economic conditions and livelihoods of households living in unfavourable environments. Some empirical evidence based on field survey data is available (Hossain et al 2003, Quasem 1992).

Quasem (1992) attempted to assess the extent to which households in ecologically unfavourable areas are worse-off (as generally perceived), and the adjustment mechanisms pursued to compensate for the lower crop income due to the adverse ecological environment. The general perception is that rural households in the unfavourable ecological zones are financially worse-off, particularly in terms of income from crop-production activities. However, the estimated household income disaggregated by source and ecological zone indicate that average household income in the unfavourable ecologies in 1988 was not lower, in fact, but higher (by about 18 per cent). Thus, in terms of average household income, ecologically unfavourable areas are not as badly off as generally perceived. To what can this counterintuitive performance be attributed?

A closer look at the sources of household income provides an answer (Table 8.12). In favourable ecological zones, crop and non-farm income (inclusive of remittances) accounts for 41 and 30 per cent of income respectively, as compared to 34 and 50 per cent in unfavourable ecological zones. The difference is also noticeable in the case of wage income – about 17 per cent of income is made up by wages in favourable areas, compared to about 10 per cent in unfavourable areas. Households living in unfavourable agricultural environments have diversified their economic activities, depending less on crop income and more on income derived from non-farm activities. This is particularly true for households living in flood-prone and salinity-affected areas. People from these two areas also tend to migrate out more than from other areas, as evidenced from the significant amount of remittances received.

The empirical evidence presented in the Quasem study thus indicates that households in ecologically-unfavourable areas are *not* financially worse off than those in favourable areas. Households in unfavourable ecologies earned a significant amount from non-farm sources, especially in the salinity-affected region. Remittances also contributed significantly in augmenting income for households in the unfavourable areas. However, it must be emphasized that this provides an average picture of those living in the unfavourable areas. A more disaggregated analysis of different groups, especially those at

[115] These areas were once considered to be natural habitats for rice under traditional technology. Conditions for modern technology are, however, different from those suitable for traditional technology. As modern technology has spread, these traditional rice growth areas have fallen behind.

the lower end of the socio-economic spectrum, is warranted in order to throw light on the incidence of chronic poverty in unfavourable ecological areas. While Quasem does not explicitly deal with this phenomenon, his study, however, provides some information on wage employment which may be useful to consider.

The labour market is tight in both favourable and unfavourable ecological zones, but more so in unfavourable areas. Only 30 per cent of total workers are employed in agriculture in unfavourable areas, compared to 38 per cent in favourable areas. In the case of the non-agricultural labour market, the difference is more pronounced — only 15 per cent of total workers are employed in non-agricultural work in unfavourable areas, as compared to about 30 per cent in favourable areas (Table 8.13). This is particularly true in flood-prone areas where there are hardly any opportunities for work in the non-agricultural market because of poorly-developed infrastructure.

Even more interesting is the information on the extent of employment and the wage rates by sectors and by ecological zone, presented in Table 8.14. There is negligible difference between total man days of employment for a wage worker in favourable and unfavourable ecological environments (about 89 man days in a year). Greater numbers of man days of agricultural wage employment are available in favourable areas, while the level of employment remains roughly the same in the case of non-agricultural labour in both ecological zones. However, agricultural wage rates are substantially lower (by about 20 per cent) in ecologically unfavourable areas, although there is hardly any difference in non-agricultural wage rates. The average wage earnings in unfavourable ecological areas was found to be lower than that earned in favourable areas, which may be attributed to the higher agricultural wage rates in the latter.[116] This suggests that the favourable ecology provides greater wage earning opportunities.

The study also indicates that migration was practised as an income-compensatory mechanism in both the ecological zones, but that the incidence of out-migration was observed to be more pronounced in unfavourable areas – about 20 per cent of households in unfavourable areas had a migrant member as compared to 15 per cent in the favourable areas. The incidence of out-migration was observed to be the highest in drought-prone villages.

More recently, Hossain et al (2003) assessed the changes in agriculture and livelihoods in unfavourable rice-growing environments, using field survey data. The study explored, in particular, whether people overcame the limitations to increasing rice production through increasing incomes from other means. It is worthwhile to summarise the major findings. *First*, households in unfavourable ecosystems have substantially higher endowments of land compared to their counterparts in favourable ecosystems. The lower productivity of land in unfavourable areas is thus compensated by higher endowments of land, leading to little variation in rice production per household across ecosystems.

Second, rural households accumulate physical and human capital to compensate for negative pressures on livelihoods imposed by the small size and declining availability of land. Accumulation of capital in

[116] The study estimated that a household, on average, earned Tk. 3180 through wage labour in favourable areas compared to Tk. 2018 in unfavourable areas.

order to organise rural non-farm activities was particularly notable. Households are also moving labour from agriculture to rural non-farm activities.

Third, the coastal ecosystem has the most favourable endowment in terms of both non-agricultural assets and education. The number of workers engaged in rural non-farm activities was also the highest in this ecosystem. The flood-prone ecosystem also has a relatively good endowment of non-agricultural capital, but it is disadvantaged in terms of human capital. The movement of resources from agriculture to non-farm activities was less pronounced in the drought-prone ecosystem, presumably because of generally favourable conditions for agricultural growth.

Fourth, although income from rice cultivation has declined, economic progress in recent years has been satisfactory, thanks to the performance of non-rice farming and non-agricultural activities. Increase in income between 1987 and 2000 was highest for coastal areas, followed by flood- and drought-prone areas. Growth performance was less impressive in the more favourable ecosystems (Table 8.15).

Fifth, the differing rate of income growth has been mirrored in the divergent pace of poverty reduction (Table 8.16). The drought-prone ecosystem had the highest incidence of poverty in 1987, but made good progress during the 1987-2000 period such that the head-count ratio dropped from 64 to 45 per cent. The coastal areas had the lowest incidence of poverty in 1987 and also made the most gains compared to other ecosystems. In 2000, only 32 per cent of the total population in coastal areas was classified as poor, compared to about 45 per cent for the other ecosystems. The least progress in poverty reduction is observed in the favourable ecosystems.

8.3.4 Chronic Poverty and Unfavourable Ecosystems – Some Further Evidence

Both Quasem (1992) and Hossain et al (2003) support the general perception that the farm-household tends to compensate for the loss of crop income in unfavourable agricultural environments through expansion of non-farm activities. However, as mentioned earlier, this provides a picture for the average household, irrespective of what happens to households belonging to different income groups in a particular unfavourable environment. A more disaggregated analysis is required. Panel data from 16 flood-prone villages consisting of 273 households selected through multi-stage stratified random sampling can be used for such an analysis.

The results suggest that there is no such compensating mechanism in force, especially for the extreme poor. The share of income from non-agricultural activities for this group is quite small – only 8 per cent (excluding non-agricultural labour income) in 1987, which increased to 13 per cent in 2000. This is presumably due to a lack of access to financial assets and/or human capital. The corresponding shares of the moderate poor and non poor households are 26 and 49 per cent respectively in 1987, which increased to 39 and 52 per cent in 2000. This provides some explanation as to why chronic poverty persists in unfavourable agricultural environments.

In order to better understand poverty dynamics, it is necessary to track changes in household poverty status over time. An attempt has been made to capture such movements into and out of poverty in the sample of 273 households living in flood-prone areas. Of the 78 households that were extremely poor in 1987, 25 of them remained extremely poor in 2000 – these are the chronically poor. The sources of income for these households are shown in Table 8.17. Most of these households' income is derived

from agriculture, particularly from agricultural wage labour. In 1987, only one-fourth of income was derived from non-agricultural activities (trade/business, services and remittances as well as non-agricultural labour); this declined to one-fifth by 2000. These households could not supplement the meagre income derived from agricultural activities with income generated from non-agricultural activities. The factors and processes – social, demographic, economic and political – that have prevented them from escaping extreme poverty, while other households have done so, merit further investigation.[117]

[117] Individual case studies that include qualitative information can throw some light in this respect. The speed of recovery is another unexplored consideration.

Table 8.1

Value of Human Poverty Index (HPI) by District

District Name	HPI 1995	HPI 2000	Average Annual % Change in HPI During 1995-2000
Bandarban	51.6	39.77	-4.59
Rangamati	46.24	35.74	-4.54
Jhalokati	31.54	25.4	-3.89
Jamalpur	51.06	41.87	-3.6
Nilphamari	46.86	38.5	-3.57
Tangail	39.33	32.48	-3.48
Pirojpur	31.16	25.82	-3.42
Comilla	31.88	26.72	-3.24
Barguna	33.79	28.43	-3.17
Patuakhali	35.76	30.56	-2.91
Khagrachhari	43.86	37.58	-2.87
Khulna	32.51	27.95	-2.81
Mymensingh	40.3	34.7	-2.78
Moulvibazar	37.77	32.69	-2.69
Bogra	37.72	32.75	-2.64
Rajbari	43.75	38.03	-2.61
Shariatpur	42.28	36.76	-2.61
Naogaon	36.91	32.32	-2.48
Lalmonirhat	40.67	35.63	-2.48
Gaibandha	39.95	35.08	-2.44
Thakurgaon	40.32	35.87	-2.21
Satkhira	35.53	31.74	-2.13
Chandpur	33.28	29.76	-2.11
Pabna	40.36	36.11	-2.11
Sylhet	39.11	35.08	-2.06
Madaripur	38.59	34.64	-2.05
Narayanganj	31.58	28.45	-1.98
Kishoreganj	39.35	35.59	-1.91
Chittagong	32.29	29.21	-1.91
Panchagarh	38.71	35.03	-1.9
Jhenaidaha	35.74	32.37	-1.89
Magura	36.34	33.04	-1.81
Noakhali	36.33	33.05	-1.8
Manikganj	38.93	35.44	-1.79
Sirajganj	42.59	38.83	-1.77
Bagerhat	32.58	29.72	-1.76
Barisal	31.8	29.03	-1.74
Feni	30.83	28.15	-1.74
Kurigram	43.14	39.42	-1.73
Gopalganj	32.51	29.77	-1.69

Table 8.1 (Contd.)

District Name	HPI 1995	HPI 2000	Average Annual % Change in HPI During 1995-2000
Jessore	30.77	28.2	-1.67
Sunamganj	43.01	39.44	-1.66
Rangpur	41.7	38.26	-1.65
Dinajpur	36.24	33.31	-1.62
Habiganj	37.23	34.45	-1.49
Narsinghdi	37.93	35.25	-1.42
Gazipur	34.93	32.49	-1.4
Lakshmipur	34.8	32.39	-1.39
Rajshahi	35.98	33.57	-1.34
Chuadanga	34.02	32.11	-1.12
Netrokona	39.04	37.06	-1.01
Nwabganj	41.68	39.66	-0.97
Sherpur	45.15	42.98	-0.96
Natore	36.02	34.42	-0.89
Joypurhat	37.23	35.7	-0.82
Brahmanbaria	39.26	37.65	-0.82
Narail	32.41	31.26	-0.71
Bhola	37.48	36.32	-0.62
Kushtia	36.79	35.78	-0.55
Meherpur	36.91	36.01	-0.49
Munshiganj	29.68	29.07	-0.41
Faridpur	35.26	34.59	-0.38
Dhaka	26.87	26.51	-0.27
Cox's Bazaar	38.68	38.44	-0.13
National	**41.8**	**35.5**	**-3.01**
Coefficient of Variation	**13.16**	**11.98**	**-**

Table 8.2

Human Development Profile at Disaggregated Level in Bangladesh

Area	Adult Literacy Rate	IMR (per 1000 live births)	Life Expectancy at Birth	Immunization (12-23 months)	Child Death Rate 1-4 Years	Head-Count Index of Poverty
	1995	1995	1995	1995	1995	1995/96
Division:						
Barisal	56.4	76.6	57.2	64.6	10.8	59.9
Chittagong	41.2	81.9	57.0	72.2	8.9	44.9
Dhaka	43.0	78.3	58.3	52.7	10.8	52.0
Khulna	47.2	72.4	58.4	81.3	9.5	51.7
Rajshahi	35.2	79.9	56.5	54.5	8.6	62.2
Sector:						
Rural	36.6	83.3	57.1	61.3	10.2	56.7
Urban	60.0	60.8	60.6	76.3	7.7	35.0
National	42.6	77.7	57.9	65.4	9.7	53.1

Source: Bangladesh Human development Report 2000, BIDS, Dhaka.

Table 8.3

Human Development Profile at Disaggregate Level in Bangladesh, 2000 (By Divisions and Sectors)

Area	Under 5 Mortality		Rate of Immunization (DPT) (12-23 months)		Malnutrition (12-59 months)		Net Enrolment (6-10 years)		Access to Safe Drinking Water		Arsenic Contamination in Drinking Water Reported		Access to Sanitary Latrine	
	1995	2000	1995	2000	1995	2000	1995	2000	1995	2000	1995	2000	1995	2000
Division:														
Barisal	106	92	80.5	71.2	9.1	7.75	86.65	84.95	93.2	95.4	-	0.2	51.7	50.1
Chittagong	149	92	66.5	78.7	8.95	4.60	84.3	81	93.79	96.3	-	5.1	41.1	41.9
Dhaka	137	91	69.3	71.7	10.0	4.35	76.85	79.35	99.8	99.6	-	3.1	35.0	38.0
Khulna	108	91	92.1	82.3	4.05	4.25	87.65	87.2	91.3	91.4	-	5.3	41.8	63.2
Rajshahi	129	94	84.1	74.2	6.8	4.20	77.4	82.6	99.2	99.9	-	2.4	27.0	39.6
Sylhet	-	93	-	64.9	-	4.50	-	79.25	-	95.0	-	0.0	-	47.0
Coefficient of Variation (Dist. Level Data)	*27.44*	*5.78*	*21.90*	*16.83*	*60.87*	*47.37*	*10.60*	*7.13*	*18.09*	*9.07*	-	*220.89*	*40.57*	*41.93*
Sector:														
Rural	-	-	76.0	73.5	8.15	4.75	80.85	81.85	96.7	97.3	-	3.4	36.4	41.3
Urban	-	-	80.0	82.7	6.15	3.95	86.0	80.75	99.3	99.5	-	1.1	79.1	61.2
National	**125**	**92**	**76.4**	**74.4**	**7.75**	**4.65**	**81.4**	**81.75**	**96.9**	**96.7**	**-**	**3.1**	**40.7**	**43.4**

Source: PRCPB Database.

Table 8.4

Summary Table of Bivariate Regression for Selected Poverty and Social Indicators for 2000

Explanatory Variable	Types of Model	Dependent Variables				
		HPI	TFR	U5MR	Sanitary Toilet	Severe Malnutrition
Per capita expenditure	Linear	-.29**	-.14	-.26**	.16	-.17
	t-ratio	-2.38	-1.08	-2.09	1.25	-1.35
	Adj. R^2	.07	.003	.05	.01	.01
	F-ratio	5.67	1.16	4.35	1.57	1.81
	N	63	63	63	63	63
Per capita expenditure	Log-Linear	-.30**	-.13	-.27**	.17	-.17
	t-ratio	-2.50	-.99	-2.17	1.32	-1.31
	Adj. R^2	.08	.00	.06	.01	.01
	F-ratio	6.23	.97	4.69	1.73	1.71
	N	63	63	63	63	63

** Significant at 5% level.

Table 8.5

Exploring the Relationship between the Incidence of Poverty and Wage Rate: A Bivariate Linear Regression Using District-level Data for 1995

Dependent Variable	Explanatory Variable (Male Wage Rate)	Adjusted R^2	F-Ratio	N
Head-count Index	-.63***	.39	41.31	64

*** Significant at less than 1% level.

Table 8.6

Summary of the Results Obtained Based on both Linear and Log-linear (double log) Pooled Regression, with District-level Data for 1995 & 2000

Explanatory Variables	Dependent Variables											
	HPI		TFR		U5MR		Sanitary Toilet		Severe Malnutrition		Secondary Enrolment	
	Lin	Log	Lin	Log	Lin	Log	Lin	Log	Lin	Log	Lin	Log
Average per capita expenditure	-.40**	-.41**	-.20*	-.13	-.16	-.10	.28**	.23**	-.06	-.06	.10	.01
Male labour wage	-.22**	-.20**	-.24**	-.30**	-.15	-.23**	.25**	.26**	-.10	.03	-.19	-.17
Population per school	.12	.15*	.23**	.30**	.15	.20**	-.24**	-.21**	-.03	-.12	-.27**	-.32**
Paved road as % of total road	-.15**	-.20**	-.32**	-.40**	-.34**	-.44**	.34**	.40**	-.28**	-.32**	.12	.17**
Dummy for CHT	.48**	.45**	.31**	.34**	.26**	.25**	-.08	-.12	-.14	-.21**	-.07	-.11
Dummy for flood-prone districts	.21**	.18**	-.08	-.09	-.03	-.03	-.08	-.12	.09	.10	.04	.03
Adjusted R^2	.47	.48	.26	.32	.21	.30	.34	.37	.13	.14	.04	.06
F-ratio	19.91	20.12	8.33	11.06	6.52	9.97	11.81	13.34	4.19	4.33	1.87	2.41
N	127	127	127	127	127	127	127	127	127	127	126	126

** Significant at 5% level. * Significant at 10% level.

Table 8.7

Results Obtained Based on both Linear and Log-linear (double log) Pooled Regression with Male Wage Rate as the Dependent Variable with District-level Data for 1995 & 2000

Dependent Variables	Model Specification	Explanatory Variables					Adjusted R^2	F-Ratio	N
		Average per capita expenditure	Population per school	Paved road as % of total road	Dummy for CHT	Dummy for flood-prone districts			
Male Wage Rate	Linear	.52**	-.04	.31**	.15**	-.14**	.50	26.44	127
	Log-linear	.55**	-.02	.26**	.15**	-.15**	.50	26.64	127

** Significant at 5% level.

Table 8.8

Summary of the Results Obtained Based on Log-Linear (double log) Change Regression with District-level Data for 1991-2000

Explanatory Variables (1991)	Dependent Variables (Change between 1995 & 2000: 2000-1995)					
	HPI	**TFR**	**U5MR**	**Sanitary Toilet**	**Severe Malnutrition**	**Secondary Enrolment**
Rate of urbanization	.26**	-.03	-.06	-.14	.20	-.23*
Literacy rate	-.32**	-	-	-	.01	-.15
Total fertility rate	-	-.31**	-.21	-	-	-
Infant mortality rate	-	-	-.31**	-	-	-
Access to sanitary toilet	-	-	-	.01	-	-
Dummy for CHT	-.60**	-.14	-.35**	.27*	-.02	.22*
Dummy for flood-prone districts	-.20*	-.18	-.05	.07	-.07	.01
Adjusted R^2	.29	.11	.27	.01	.00	.06
F-ratio	7.48	2.94	5.72	1.06	.73	1.95
N	64	64	64	64	64	63

** Significant at 5% level. * Significant at 10% level.

Table 8.9

Districts of Over- and Under-Achievers for Various Social and Poverty Indicators Compared to the Predicted Level of Income/Expenditure, 2000

Indicators	Over-Achievers	Under-Achievers
Human Poverty Index (HPI)	Narail Gopalganj Jessore Khulna Barisal Barguna Jhalokathi Pirojpur	Jamalpur Sunamganj Sherpur Sylhet Narshindi Rangamati
Total Fertility Rate (TFR)	Narail Gaibandha Thakurgaon Natore Munshiganj Gazipur	Feni Khagrachari Chittagong Narshindi Rangamati
Under Five Mortality Rate (U5MR)	Tangail Rajshahi Manikganj	Patuakhali Feni Chittagong Moulvibazar Chandpur
Access to Sanitary Toilet	Narail Kushtia Magura Lalmonirhat Meherpur Satkhira Pirojpur	Netrokona Jamalpur Sunamganj Sherpur Bhola Cox's Bazaar Narayanganj
Prevalence of Severe Malnutrition	Tangail Joypurhat Pabna Lalmonirhat Manikganj Munshiganj Satkhira	Sunamganj Noakhali Jhalokathi Bhola

Table 8.10

Regions of Over- and Under-Achievers for Various Social and Poverty Indicators Compared to the Predicted Level of Income/Expenditure, 2000

Indicators	Over-Achievers	Under-Achievers
Human Poverty Index (HPI)	South-West	Central-North North-East South-East
Total Fertility Rate (TFR)	North Central South-West	South-East
Under Five Mortality Rate (U5MR)	North Central	South South-East North-East
Access to Sanitary Toilet	South-West North	Central-North North-East South South-East
Prevalence of Severe Malnutrition	Central North South-West	North-East South (Exception: Jhalokathi)

Table 8.11

Distribution of Districts by Rate of Growth in Rice Production

Fast Growth (3% to 7%)	Moderate Growth (2% to less than 3%)	Slow Growth (less than 2%)	
(1)	(2)	(3)	(4)
Rajshahi	Khulna	Chittagong	Mymensingh
Dinajpur	Rangpur	Dhaka	Chittagong HT
Bogra	Faridpur	Kishoreganj	Noakhali
Kushtia	–	Tangail	Sylhet
Jessore	–	Pabna	Barisal
Comilla	–	–	Patuakhali

Note: Col. 3 represents slow-growth but technologically progressive districts; Col. 4 represents slow-growth but technologically stagnant districts.
Source: Ahmed (2000)

Table 8.12

Source of Income by Ecological Zone

(Tk. Per Household)

Ecological Zone	Crop	Household	Wages	Non-farm	Remittances	Total
Unfavourable Areas	7016	2352	2018	9446	851	21683
	(33.7)	(11.3)	(9.7)	(45.4)	(3.7)	(100.0)
1. Drought-prone	8528	2516	2910	4890	315	19158
	(44.5)	(13.1)	(15.2)	(25.5)	(1.6)	(100.0)
2. Flood-prone	5739	1331	1559	9913	935	19478
	(29.5)	(6.8)	(8.0)	(50.9)	(4.8)	(100.0)
3. Salinity Affected	6751	3184	1573	13545	1302	26355
	(25.6)	(12.1)	(6.0)	(51.4)	(4.9)	(100.0)
Favourable Areas	7463	2162	3180	5465	68	18338
	(40.7)	(11.8)	(17.3)	(29.8)	(0.4)	(100.0)
All Areas	**7129**	**2302**	**2310**	**8444**	**653**	**20841**
	(34.2)	**(11.0)**	**(11.1)**	**(40.5)**	**(3.1)**	**(100.0)**

Source: Quasem (1992).

Table 8.13

Wage Employment by Sectors and by Ecological Zone

(per cent of total workers engaged in)

Ecological Zone	Agricultural Wage Market	Non-Agricultural Wage Market
Unfavourable Area	30.3	14.9
1. Drought-prone	38.5	24.6
2. Flood-prone	30.6	1.6
3. Salinity Affected	21.3	18.0
Favourable Area	37.8	29.5
All Areas	32.1	18.5

Source: Quasem (1992)

Table 8.14

Man days of Employment and the Wage Rates by Ecological Zone and by Sectors

Ecological Zone	Agriculture		Non-Agriculture		Total	
	Man days	Wages	Man days	Wages	Man days	Wages
Unfavourable Area	111	26	44	42	89	28
1. Drought-prone	95	28	46	42	76	31
2. Flood-prone	143	22	28	35	138	22
3. Salinity Affected	96	28	43	42	72	33
Favourable Area	123	31	41	40	88	32
All Areas	**114**	**27**	**44**	**40**	**89**	**30**

Source: Quasem (1992)

Table 8.15

Growth of Household and Per Capita Income by Ecological Zone

Ecological zone	Household Income (US$)			Per Capita Income (US$)		
	1987	2000	Growth Rate	1987	2000	Growth Rate
Flood-prone	966	1350	2.6	156	242	3.5
Coastal	942	1396	3.1	150	267	4.5
Drought-prone	872	1065	1.6	146	223	3.3
Favourable	926	1159	1.7	157	226	2.8
All Areas	**931**	**1232**	**2.2**	**154**	**239**	**3.4**

Source: Hossain et al (2003)

Table 8.16

Changes in Head-Count Ratio of Poverty, Poverty-Gap Ratio And Squared Poverty-Gap Ratio by Ecological Zone

Ecological zone	Head-Count Ratio (% of poor people)			Poverty-Gap Ratio (%)			Squared Poverty-Gap Ratio (%)		
	1987	2000	Change	1987	2000	Change	1987	2000	Change
Flood-prone	60.0	45.4	14.6	24.4	18.2	6.2	13.0	10.0	3.0
Coastal	54.8	31.9	22.9	20.3	9.4	10.9	9.5	4.3	5.2
Drought-prone	64.4	44.7	19.7	27.3	14.6	12.7	14.3	6.8	7.5
Favourable	57.3	43.9	13.9	21.4	17.2	4.2	11.2	9.3	1.9
All Areas	**59.2**	**43.0**	**16.2**	**23.4**	**16.0**	**7.4**	**12.1**	**8.4**	**3.7**

Source: Hossain et al. (2003)

Table 8.17

Sources of Household Income for Chronically Poor Households

Sources of income		**1987**	**2000**
Agricultural income	Crop income	1818.82 (17.90)	3655.11 (21.51)
	Non-crop income	1348.60 (13.27)	2877 (16.93)
	Total agricultural income	3167.42 (31.18)	6532.11 (38.44)
Labour income	Agri-wage labour	4280.61 (42.14)	7209.48 (42.42)
	Non-agricultural labour	1042.00 (10.26)	1200 (7.06)
	Total labour income	5322.61 (52.39)	8409.48 (49.48)
Non-agricultural income	Trade and Business	816.00 (8.03)	288 (1.69)
	Services	549.00 (5.40)	1024.96 (6.03)
	Remittance	304.00 (2.99)	740 (4.35)
	Total non-agricultural income	1669 (16.43)	2052.96 (12.08)
Total income		**10159.03 (100)**	**16994.55 (100)**

Note: Figures within parentheses indicate percentage
Source: Author's calculation.

Chapter 9

Policies and Institutions for Attacking Chronic Poverty

> The point is not that the market is an evil influence, but rather that it is so alienated a process of allocation, that it can do good in fulfilling needs only to the extent that there is a congruence of needs with the ability to pay for what you want…As an alienated institution, the market is neither hostile nor friendly, simply detached and cold. It could feed the process of a famine, but it could also assist the prevention of one. Since the market does not care which of the two it does, somebody else has to care.
>
> Amartya Sen (1996): *Famine as Alienation*

> The main reason why it has become so difficult to locate utopia in a future credibly linked to the present by a feasible transformation is that our images of the present do not identify agencies and processes of change. The result is that utopia moves further into the realms of fantasy. Although this has the advantage of liberating the imagination from the constraint of what it is possible to imagine as possible—and encouraging utopia to demand the impossible—it has the disadvantage of severing utopia from the process of social change and severing social change from the stimulus of competing images of utopia.
>
> R. Levitas (1993): *The Future of Thinking about the Future*

The central message of the study relates to the importance of according adequate attention to the issue of "income turbulence" below the poverty line. The study has attempted to shed light on the economic and social aspect of differentiation within the poor community with special focus on the poorest—the chronically poor and the extreme poor. It is shown further that while the poverty situation for the most has improved over the last two decades, there is a significant divergence in the poverty escape rate among the different sub-groups of the poor. The escapees from poverty were mainly those who persisted in the neighbourhood of the poverty line, while the situation of the poorest (those who lived way below the line) improved to a much lesser extent. This calls for adopting policies and institutional measures and concerted actions involving multiple actors emphasizing multiple routes out of chronic poverty.

In a seminal piece on development ideas, Albert Hirschman (1991) noted the three intellectual pillars in the reactionary rhetoric that stand in the way of adopting more pro-active stance on policies and institutional interventions for the less advantaged and least advantaged. They are mainly reactive theses; 'reactive' to the central idea of pro-active and pro-poor public action to address the problem of ensuring equal opportunity, consistent with the United Nations Declaration of Human Rights of 1948 (see Box 9.1). Hirschman listed them as theses of Perversity, Futility, and Jeopardy. According to the perversity thesis, any purposive action to improve some feature of the political, social, or economic order only serves to exacerbate the condition one wishes to remedy. The futility thesis holds that attempts at social transformation will be unavailing, that they will simply fail to "make a dent". Finally, the jeopardy

thesis argues that the cost of the processed change or reform is too high as it as it endangers some previous, precious accomplishment. These arguments are not, of course, the exclusive property of "reactionaries". They can be invoked by any group that opposes or criticizes new policy proposals or newly enacted polices. This is especially true in the context of present discourse on chronic poverty where all three moments are present in the policy thought. A key argument underlying all the analyses offered in the present study has been that the poorest are not to be seen merely as the recipients of the safety net programmes (a marginal category in the budget anyway), but as an active agent of economic development and social transformation. The poorest, like any other economic agents, do respond to the system of incentives, and should be viewed as such, with all the attributes of creative human agency.

Box 9.1

Past as Renewable Resource for the Future:
The Continued Relevance of 1948 United Nations Declaration of Human Rights

Articles 22 to 25 of the United Nations Declaration of Rights (UNDR) are of special significance in the context of present discussion. These articles constitute the basis for the whole generation of works on social justice, citizen rights, and basic entitlements. Many of the contemporary developmental concerns such as fair share, poverty reduction based on Rawlsian type primary goods and Sen's basic capabilities, human development, social protection, social inclusion, sustainable livelihoods, inclusive citizenship, and security can be traced back to the UNDR, as outlined below. Thus, operating within the conceptual framework of "progressive realization" of economic, social and and cultural rights indispensable for one's dignity and the free development of one's personality (Article 22), they stipulate the following rights and entitlements. The list includes right to social security, right to work, to free choice of employment, to just and favourable conditions of work, right to equal pay for equal work, right for just and favourable remuneration ensuring life of human dignity and supplemented by other means of social protection, right to collective action for the protection of citizen's interests (Article 23); right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay (Article 24); right to a standard of living adequate for the health and well-being of the individual and of his family, including food, clothing, housing and medical care and necessary services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control. Motherhood and childhood are entitled to special care and assistance.

The conceptual problem in the UNDR lied in the inadequate treatment of the rights of women, especially within the familial context, including issues of the subservience of women within the family, rights of women to control their own bodies or resist domestic violence. The result has been an intense gender bias within the concept of human rights. The same can be said about the lack of according any priority to the cause of the poorest and the most vulnerable, as the rights were formulated in fairly aggregative terms, with little attention to the special case of the subaltern classes forming an almost autonomous domain with the system of global and national governance. The other problem has been practical applications of human rights, which typically distinguished between rights in the public and private spheres. In subsequent developments many earlier distinctions between private and public were swept away with privatization of many formerly public functions and, conversely, the bringing of many supposedly private issues (over, say, reproductive rights and personal health) into the public domain, which has made it harder and harder to preserve the distinction.

What is striking, however, about these articles is the degree to which hardly any attention has been paid over the last fifty years to their implementation or application and how almost all counties that were signatories to the Universal Declaration are in gross violation of these articles. For greater details on these issues, see Harvey (2000); Osmani (2002).

9.1 Discussion of the Major Findings

A number of findings emerge from the preceding review. They are summarised below.

9.1.1 Fact-Sheet on Incidence and Trends

Bangladesh has addressed the first-generation development challenges in being able to graduate from 'test case' to 'medium human development' more rapidly than most thought possible. The overall national poverty head-count is dropping by one-percentage point per year. However, the country now faces the problem of sustaining and accelerating this rate of poverty reduction. Of particular importance among the second-generation problems is the issue of the fair share to the poorest—those who persist in chronic and extreme poverty. The analysis carried out in the present study shows that the incidence of the poorest (as defined above) is considerable. This can be seen from several pieces of evidence.

First, the incidence of chronic poverty defined in the income-space and in the strictest sense of long-duration (inter-generational transmitted or IGT) poverty based on the longest panel appears high, being in the order of 31 per cent.

Second, the incidence of severe poverty defined by both subjective and objective indicators—the group that is likely to remain longer in poverty than any other cross-sectional poverty group—is also considerable. However, the range of estimates of severe poverty can vary quite considerably depending on the surveys (HIES/ DHS/ large-scale panel), methods (objective/ subjective poverty line), and definitions (calory, income, self-categorisation as per food, self-categorisation as per general household deficit).

Third, for the year 2000, the diverse estimates based on differing definitions emerge as follows. Defined as per the conventional calorie yard-stick of 1800 kcal/person/day, the proportion of severe poverty comes to about 19 per cent as per the 2000 HIES. Defined as "very poor" (as per the so-called 'lower poverty line') the incidence of severe poverty as per the 2000 HIES is 34 per cent ranging from 23 per cent Based on self-categorisation with respect to acute food-deprivations, the proportion comes to about 10 per cent, as per the large-scale micro-survey of 62-villages. Based on self-categorisation but focusing on the general aspect of household deficit, the matched estimate as per the 2000 DHS comes to 23 per cent. This shows considerable heterogeneity within the category of severe poor, which needs to be kept in view in designing programme intervention.

Fourth, alternative definition based on child nutrition, maternal nutrition and adult literacy criteria also shows that the incidence of chronic poverty is not inconsequential (the estimates ranges from 33 to 60 per cent. The results also show that Assessing poverty in multidimensional terms is much better than merely looking at severe income poverty.

Fifth, there is also further gradation among the poorest. Even the chronic poor experience some up and down mobility, but for those persisting right at the bottom it is 'wasted lives'. They cannot even access VGD or IGVGD.

Sixth, analysis also suggests that social reproduction of chronic poverty is a complex process of multi-dimensional nature. Its impact on human conditions appears in diverse forms of material and non-material deprivations. The causes of chronic poverty are multiple, overlapping, and asymmetric. The severity dimension of chronic poverty also varies in the context of geographic location, seasonal and natural factors and man made calamities and within households the burden of poverty falls disproportionately heavily on female members and younger children.

9.1.2 Mainstreaming the Poorest in Development thought

First, the centrality of "unevenness in development" needs to be recognised and measures need to be taken to reduce the extent of inequality in the distribution of economic and social opportunities. From this angle it is important not gloss over the "differences in development". The "trickle down" does not operate well in structurally highly unequal circumstances; and there is a clear tendency towards increasing polarisation.

Second, there is need for a strategy to stop inter-generational transmission (IGT) of poverty. Even though the human development averages of the poor have improved the bottom 10% remain in extreme deprivation – high IMR, no education, stunting etc. If one could ensure that basic services (food, health, education) are available then IGT would dramatically reduce.

Third, history of anti-poverty shows changing priorities to different poverty groups with inclusion of some and exclusion of the others. The question of who is worthy of support remains at the heart of anti-poverty policy both in North and in South. This indicates the importance of "images of the poor" that close off other possibilities beyond the traditional social safety nets.

Fourth, the subaltern economy is not recognised by the state and, when it is, it is criminalized. The work in it is casual, irregular, insecure, and offers few life chances for improvement. Many/ most jobs are unsustainable livelihoods – rickshaw pullers, head-loaders and smugglers, leather workers, sex workers, rag-pickers. This economy is not autonomous from main economy however, so it is affected by policy.

Fifth, policy needs to recognise that the globalisation the poorest are engaged in is often illegal – trade, labour, citizenships. This shows the importance and permeability of borderlands.

Sixth, all routes matter and some routes are more important than others in a particular phase of development. The key policy message is: "Not by growth alone". Success in anti-poverty needs other policies highlighting broader opportunities, reducing insecurities, ensuring social inclusiveness and safeguarding developmental rights. It requires jobs that are not unsustainable nor labour extensive.

9.2 "Fair Share" of Benefits: The Centrality of the Distribution Question

Chronic poverty by its very nature cannot be eliminated with ad-hoc measures, such as "social safety nets". One must look for long term economic measures for addressing the problem. Providing the chronically poor with necessary support services to develop their human resources so as to improve their capacity to deal with the adverse circumstances independently will require time and patience. Only

asset the chronically poor have is their labour power. Hence, critical interventions in the field of health, education, nutrition, etc. will have to be provided, provision of these basic human needs work as an incentive for the poor to participate in community organizations and fulfilling these needs improve their capability to participate in a more meaningful way in the process of development. But these services are of the public good type and have externalities. Hence, they are not usually provided through the market and by the private sector. On the other hand high incidence of poverty in the developing countries indicates that the governments also do not provide these services to the extent needed. In other words, the poor are victims of both market failure and government failure. In fact, increased expenditure for providing education, health, nutrition, and in such other areas to improve human capital should be considered as investment. Return on such investment opportunity available in these countries when the long term consequences of the return in terms of growth and equity are concerned.

9.2.1 Poverty as Expression of Market Failure and Government Failure

It is often argued that the market is not an appropriate institution for fulfilling the requirements of the chronically poor or the people whose needs are not adequately backed by purchasing power (effective demand).[118] It follows that poverty is essentially a problem of market failure and as a consequence the problem of reducing poverty falls in the realm of public policy. However, the category of public policy (that is government policy undertaken in the interests of greater public interests) needs analytical broadening. This category should include "all routes and all actors" (as noted earlier) with various combinations depending on the specific sector and activity. It must not mean only governmental action, but anticipate (especially in the Bangladesh context) an effective combination of the initiatives unleashed by the state, private sector, local government, NGOs, community and the self-help groups of the poor. The central message is: combination of routes and actors matters, and there is no single package. There can be range of possible alternative arrangements making difference to the poverty outcome. Amartya Sen's recent commentary on the topic further clarifies the nature of possible arrangements where he made several inter-related statements of larger methodological significance in the setting the terms of debate today **(see, Box 9.2)**.

Box 9.2

Altering Global and National Arrangements

However, can hose less-well-off groups get a better deal from globalized economic and social relations without dispensing with the market economy itself? They certainly can. The use of the market economy is consistent with many different ownership patterns, resource availabilities, Social opportunities, and rules of operation (such as patent laws and antitrust regulations). And depending on those conditions, the market economy would generate different prices, terms of trade income distribution, and, more generally, diverse overall outcomes. The arrangements for social security and other public interventions can make further modifications to the outcomes of the market processes, and together they can yield varying levels of inequality and poverty.

[118] Moreover, the history of the idea of "invisible hand" shows considerable divergences of opinions on what issues, spheres, commodities, and services to be served by the market (see, Rothschild 2001 for the history of the idea; Cullenberg and Pattanaik 2004 on the limits of the market).

Box 9.2 (Contd.)

The central question is not whether to use the market economy. That shallow question is easy to answer, because it is hard achieve economic prosperity without making extensive use of the opportunities of exchange and specialization that market relations offer. Even though the operation of a given market economy can be significantly defective, there is no way of dispensing with the institution of markets on general as a powerful engine of economic progress.

But this recognition does not end the discussion about globalized market relations. The market economy does not work by itself in global relations – indeed, it cannot operate alone even within a given country. It is not only the case that a market-inclusive system can generate very distinct results depending on various enabling conditions (such as how physical distinct resources are distributed, how human resources are developed, what rules of business relations prevail, what social-security arrangements are in place, and so no). These enabling conditions themselves depend critically on economic, social, and political institutions that operate nationally and globally.

The crucial rule of the markets does not make the other institutions insignificant, even in terms of the results that the market economy can produce. As has been amply established in empirical studies, market outcomes are massively influenced by public policies in education, epidemiology, land reform, microcredit facilities, appropriate legal protections, et cetera; and in each of thee fields, there is work to be done through public action that can radically alter the outcome of local and global economic relations.

Source: Sen (2004)

As part of a process of globalization comprehensive programmes of macroeconomic reforms were initiated by late eighties in Bangladesh. It envisaged an open competitive economy where the primary role of the government would be to maintain macroeconomic stability while reducing direct interventionist programmes. But it is being increasingly realized that even in a globalized market oriented economy the government will have to play a pro-active role particularly in a poor economy such as Bangladesh for the reasons discussed above where the primary objective of economic development is to reduce poverty. Here we confront with another aspect of the systemic failure, that of the economic governance. Nowhere the government failure is more acute than in the sphere of domestic resource mobilisation, which has direct relevance for the success in tackling poverty in general and chronic poverty in particular.

9.2.2 Financing Anti-poverty Programmes

It is interesting to note that the size of the government defined as total public expenditure (revenue plus development) as a share of GDP increased from around 13 percent in FY96 to around 15 percent by FY02 (Chowdhury, 2002) while privatization and orientation towards market was also being pursued. Further, the share of social sector (health, education, social welfare) in total public expenditure was also increasing during the nineties (Chowdhury, 2001). Hence, it is obvious that though direct intervention by the government and its ownership of the means of production has decreased dramatically, the use of resources by the government in general and its ability to use resources according to non-market criteria was not hindered by the adoption of market oriented economic policies. However, it should be noted that growth of public expenditure in the long run is constrained by the potential of increasing revenues from domestic sources.

Increasing public expenditure with stagnating domestic revenue yield forced the government to borrow ever larger amounts in absolute nominal terms both from domestic and foreign sources over time during the late nineties. As a result total outstanding debt as a share of GDP increased from 45 percent in FY96 to around 48 percent by FY01 (Chowdhury, 2002). Thus, over the years Bangladesh has accumulated a large stock of domestic and more importantly foreign debt. Once the stock of debt reaches a given share GDP, the net flow of resources is likely to change direction. The higher the rate of interest and the more reluctant are lenders to keep lending, the more quickly will this change occur. In fact, net inflow of foreign aid to Bangladesh has declined from around 20 percent of GDP in FY96 to around 13 percent by FY01. The share of concessionary aid in total foreign aid has also been declining in recent years. Therefore, it is imperative that the government of Bangladesh strengthen its domestic resource mobilization effort to meet the increasing financial requirements of implementing anti-poverty programmes.

Unfortunately, the past record in this area has been dismal. As is known, tax and non-tax revenues comprise total domestic revenue of Bangladesh. Taxes account for around 80 percent of total revenue yield of the country. Tax effort of a country may be defined as the share of tax yield in GDP. Tax effort of Bangladesh is around 10 percent in FY03 which is one of the lowest in the world and it is lower than even its neighbours India, Pakistan and Sri Lanka (Chowdhury, 2002). Moreover, the composition of taxes indicates that direct taxes comprising of income and taxes on companies account for only around a fifth of total tax yield. Direct taxes are assessed primarily on the basis of ability to pay and hence conform with the notion of equity. However, less than one percent of population pay income tax and only a small number of companies account for almost the entire amount of taxes on companies. Hence, it is obvious that one of the major reasons of low tax effort of Bangladesh is that the majority of the people who can afford to contribute towards domestic revenue generation of the country and hence help the government in strengthening its efforts to reduce poverty avoid paying taxes.

In short, while poverty is largely an expression of market failure, the low allocations to anti-poverty is an expression of the government failure. The latter is manifest in the inability to tax the rich, expand the tax base, raise the level of domestic resource mobilisation and initiate an effective and large-scale anti-poverty programmes for eradication of chronic and extreme poverty in the shortest possible time.

9.3 Outlining a Framework for Assault on Chronic Poverty

The poorest are not like the poor but a ‘little bit poorer’. They may benefit from policies to help the poor, but will need other policies. There are many specific policy recommendations in the specific chapters: here, we try to bring these together into an overarching strategic framework. There are four main elements to this framework.

Firstly, growth is essential if the poorest are to be helped out of poverty. But, the quality of growth is as important as the quantity of growth. If economic growth in Bangladesh continues to be so unequal, and it the degree of inequality associated with growth continues to accelerate, then growth will have few opportunities to the poorest. Broad-based growth that is not highly unequal must be the strategy.

Secondly, growth alone will not be sufficient for the poorest to escape their poverty. Public action, by the state, NGOs, communities and private citizens, is needed to reduce the livelihood insecurity that

keeps the poor people poor and drives the vulnerable into extreme poverty. The accessibility and quality of better health and education services must be upgraded and innovative schemes designed to help the poorest manage vulnerability and then proceed to seizing opportunities.

Thirdly, infrastructural support would be necessary for both rural and urban areas. This includes not only the traditional infrastructures such as road (where Bangladesh has done well) but also electricity and port (where it has significantly lagged behind). Other new forms of infrastructures such as access to ICT, adequate urban services for the growing the number of the urban chronically poor, risks management system in the ecologically vulnerable areas are also under-developed requiring critical attention.

Fourthly, efforts must be made to raise the poorest to achieve some minimum level of citizenship. Empowerment is perhaps too grand a term for this, but better governance that improves law and order and strengthens the public accountability of state, market and civil initiatives is an essential component.

Historically, the poorest have always been a major component of humanity in Bangladesh. Through their personal agency and struggles many have improved their lives--but the progress on this front has been too slow. With greater resource mobilization and prioritization to the needs of the poorest by the country, and its development partners, today an assault on chronic and extreme poverty is feasible.

Helping the poorest to seize opportunities, manage the insecurity of their livelihoods and gradually claim their rights as citizens, demands actions on many fronts. Unfortunately, for the poorest and for policymakers there is no single solution or magic bullet. As the case of Maymana and Mofizul **(see, Box 9.3)** illustrates even for the simplest of households—a two person family—the causes of chronic poverty are several and interact and action must reflect this.

Box 9.3

Left-Out or Left Behind? Maymana and Mofizul's Story

Maymana and Mofizul recounted their life story during a number of long conversations over a period of 12 months from October 1999. Maymana and Mofizul were selected as one of 42 poor households interviewed as part of a study on financial behaviours and preferences of the poor. For a year, Bangladeshi researchers visited them every fortnight and collected information about their financial and economic activities, as well as gathering their life history and exploring their perceptions as to how and why they had declined into poverty, their strategies for addressing the difficulties they face, and the persistent nature of their poverty.

Maymana and Mofizul live in a village about 30 kilometres outside the city of Mymensingh. It is relatively favoured in Bangladeshi terms. The area is flat, fertile and densely populated, and it does not experience severe flooding. Agricultural productivity has been rising with the spread of 'green revolution' and fish farming technologies. The village is near a main road, so the economy is fairly diversified and services are relatively accessible. In addition, a high density of NGOs operates in the area, including the mega-NGOs BRAC and Proshika, as well as several smaller ones. The widely acclaimed Grameen Bank also has a large presence in the area.

Box 9.3 (Contd.)

Sliding into Poverty

In the early 1990s, the household was made up of Maymana, her husband Hafeez, two daughters and a son. Hafeez owned three rickshaws that he hired out on a daily basis and an acre of paddy land, thus the household had a reasonably secure income and an asset base to fall back on in hard times. In Maymana's words, life was *balo* (all right/OK). However, as the two daughters approached their teens there were the expense of dowry to consider, and the son Mofizul had a growth on his back and was often unwell.

At this time Hafeez developed a cough and complained of a painful throat. After purchasing ineffective medicines from a 'pharmacist' in the bazaar, he visited the nearby government-run health centre, where staff asked for bribes and were generally uninterested in his illness. Next he went to a private 'doctor' in a nearby town, who recommended costly medicines. When these also failed to work, he referred Hafeez to a colleague in Mymensingh. In order to meet these medical bills, a rickshaw was sold. As Hafeez's condition worsened and further X-rays and tests were required, a second rickshaw had to be sold. The weekly income plummeted, the family reduced its consumption levels, and old clothes and utensils were no longer replaced.

As Hafeez got sicker the elder daughter, concerned that her family would not be able to provide for her dowry, acquired a kid, fattened it, sold it and repeated this cycle. In this way she saved for her own dowry. Her younger sister adopted the same strategy. Much to Maymana's relief, male family members arranged marriages for the girls, with some involvement from Hafeez.

By now Hafeez was confined to the house and there were no more rickshaws to hire out. The household was dependent on rice produced from its small plot of land and on Maymana finding occasional work as domestic help. When Hafeez died in 1998, Maymana was in despair. She was now a widow with a tiny and irregular income and a sickly child. Although Mofizul was only 12 and often sick, he sometimes found casual employment at a local timber mill. At a daily rate of 10 taka (US$0.20), however, his income did not make a significant difference.

The situation declined further when Maymana's father-in-law took control of the household's agricultural plot. Maymana began to borrow, glean and beg for food. Fortunately her married daughters, wider family, neighbours and the mosque committee provided some support so she and Mofizul survived. At the end of 1999, despite threats and warnings against doing so, Maymana took her father-in-law to the village court *(shalish)* for the return of Hafeez's land to her and her son. Under Bangladeshi law she has rights to the land, but the *shalish* ruled against her. Following the spirit of compromise that often guides the *shalish,* her father-in-law told the court that he would pay for any medical expenses arising from Mofizul having his back treated. He has only partly honoured this promise.

Enduring Poverty

In October 1999, Maymana and Mofizul occupied a one room house with mud walls and an old iron roof. They also had a small kitchen hut with mud walls and plastic sheeting on the roof. These huts and 0.06 acres of homestead land were their only assets. They had no furniture, equipment or livestock, not even chickens, and only a few cooking utensils. Their huts stood at the back of a number of better-constructed buildings belonging to an uncle.

The household of two met its livelihood needs from a variety of sources including casual work, gleaning, borrowing, begging and receiving charity, but it was unable to acquire or accumulate any significant financial or physical capital. Their human capital remain low, with poor health and no new skills acquired, and, having angered Maymana's father-in-law and taken loans of grain and cash that she was unable to repay, their social networks were weakening.

Maymana sought paid work in others' homes, but found it increasingly difficult as she was ageing, nearly deaf and often unwell. Maymana did not know her age but was probably in her late 40s. She had only two years schooling and was illiterate. Whenever possible Maymana gleaned rice.

Box 9.3 (Contd.)

Mofizul was 13 with no education, as is the norm for children with an impairment in Bangladesh, and being 'disabled' was part of his social identity. But despite his youth, disability, ill-health and lack of education Mofizul was determined to find employment. As he got older his daily rate for casual labour rose to 30 taka/day - half the adult male rate. ‘However, employment was irregular. Once the police shut down the mill for a month, claiming that it was sawing logs taken from a protected area.

Sometimes the household received gifts or charity. During Eid the mosque committee gave them 150 taka (four days' pay for Mofizul), a sari and meat. Maymana also borrowed and begged for food and money. Distinguishing between these strategies is not easy: during the year Maymana arranged several loans from family and neighbours that she was unable to repay - loans gradually converted into 'gifts'. By October 2000 she had borrowed 500 taka from one daughter and 36 kg of rice from the other daughter, a son-in-law, and a neighbour. It was unclear how this could be paid back.

In October 1999, Maymana held a Vulnerable Groups Development (VGD) card entitling her to 30 kg of wheat each month. This is World Food Programme grain provided to female headed households identified by local government as being vulnerable to hunger. However, Maymana only ever received 7.5 kg and subsequently had to return the card to the councillor. The reasons for this were complicated, but were related to the councillor belonging to a different political party than the uncle in whose compound she lives. The uncle suspected that the councillor had ulterior motives and was trying to get wider family members to change their political allegiances.

Despite these difficulties, Maymana reported that 2000 had been much better than the previous year, as her son's

earnings meant that they could more often substitute borrowing for begging.

Explaining Poverty

Maymana identified three main factors to explain her poverty. At the heart of the explanation was the prolonged illness and eventual death of her husband, which led to a dramatic decline in income, a rise in expenditure and the sale of productive assets. Second, the seizure of her husband's land by her father-in-law, undermined the household's ability to at least produce some food each year. Finally, there was the composition of her household - two daughters needing dowries and a disabled son. These explanations, however, were more broadly understood and explained by her as *Allah'r ichcha* - God's will.

Maymana and Mofizul are not poor because of any lack of action on their part. Their agency may be severely constrained by a host of structural factors but they are constantly seeking out ways of improving their position - they may be down but they refuse to be out.

Source: Global Chronic Poverty Report

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