

# Development trends and the tasks ahead

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Bangladesh is one of the most densely populated countries in the world with a population of around 160 million. The economy is rapidly transforming from agriculture-based to industry- and service-based. Despite achieving significant landmarks in the fight against poverty, especially through the transformation of agriculture (increased yield), micro-credit expansion and RMG export, poverty still remains a daunting problem

faster growth rate has been identified as one of the causes in reducing poverty. Graph 1 shows that the real GDP growth rate in 1990 was 5.94% and gradually increased to 6.12% in 2014. During the past two decades, the growth rate in some years was around 4%, but the overall trend was above 5% on the average.

Bangladesh experienced two devastating natural disasters (flood and cyclone) in 2007 and a subsequent food price shock in 2008. However, the country's real GDP growth was greater in the 2005-2010 period relative to previous periods. Poverty estimates based on the 2010 HIES show that the proportion of poor people declined from 48.9% in 2000 to 40% in 2005 and then to 31.5% in 2010. The decline in extremely poor people was from 34.3% in 2000, to 25.1% in 2005 and then to 17.6% in 2010 (World Bank, 2013). Around 12.4 million non-poor also remained highly vulnerable to poverty in 2010, so it is not just the poor but also those on the margins who are susceptible (World Bank, 2012).

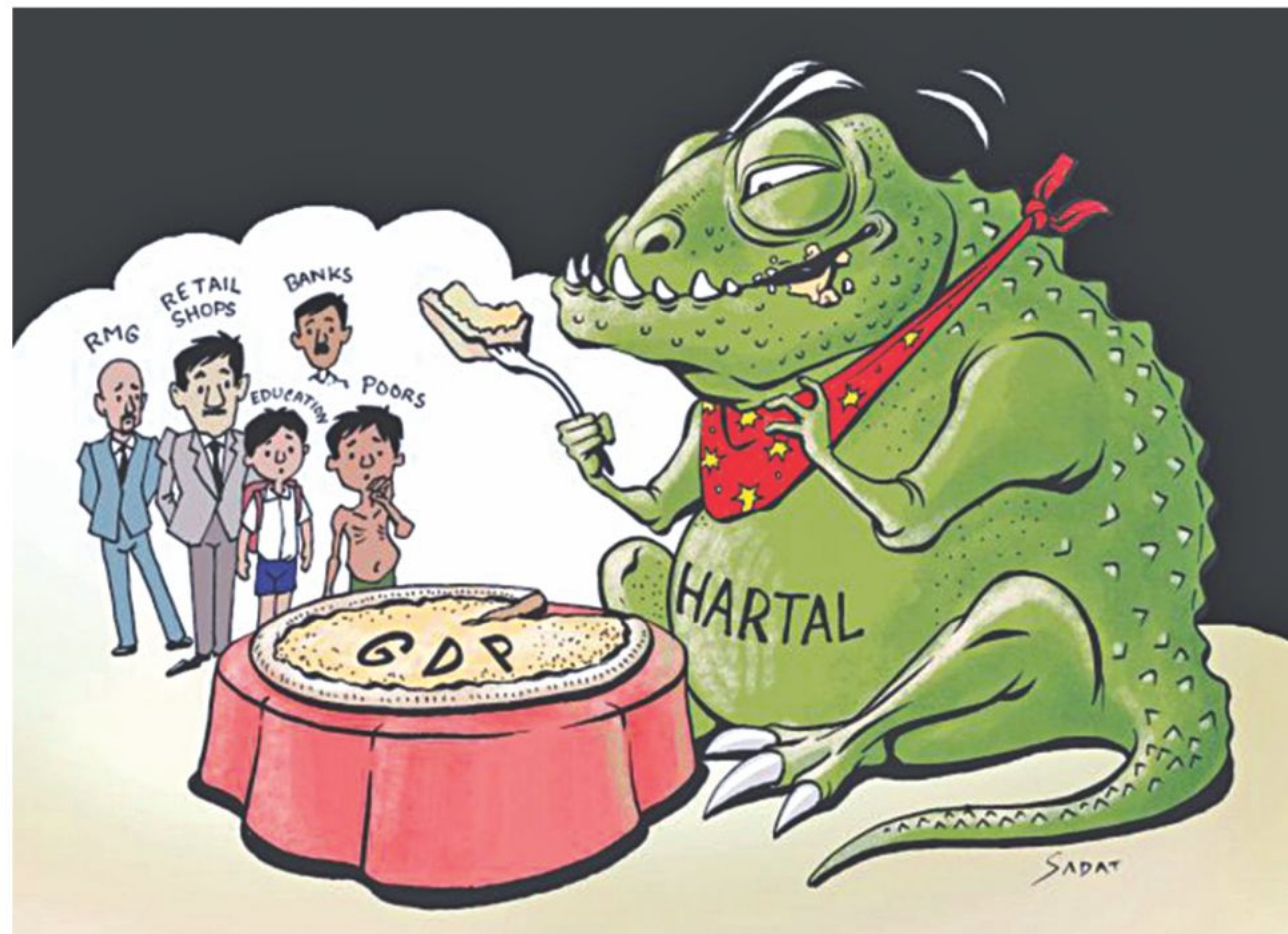
During this period, growths in income and consumption expenditure were the main drivers of poverty reduction. In fact, growth during the first part of the decade (2000-2010) was more significant than redistribution in reducing poverty. In the first half of the decade, the faster reduction of poverty due to growth only has been accompanied by a worsening of income distribution.

for a vast majority of the population.

This article deals with trends in the major fields of economic development and the challenges of faster growth and equitable development of the common people. The article does not include the most recent data and issues because it provides a historical perspective.

**POVERTY: GROWTH NEXUS**

During the decades since the 1990s,



Graph 1 also shows the condition of inflation and unemployment rates as well. With the shift of rural labour force from farming to non-farming activities, the predominance of non-tradable activities, especially outside agriculture,

and the increasing rate of informal sector employment, the full benefits of faster growth and economic transformation did not benefit a vast section of the poor. The official figures for the unemployment rate show an increasing

trend, but the labour force survey (LFS) data does not include the under-employed, self-employed, and unpaid family helpers

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