

## POVERTY ERADICATION

# We have come a long way



AVIA NAHREEN

Poverty is a multidimensional crisis encompassing social, economic and political components. In the last two decades, Bangladesh has shown tremendous progress in both absolute and social poverty alleviation. According to Asian Development Bank's Country Partnership Strategy, population below poverty line almost halved from 56.6 million in 1990 to 23.6 million in 2016. In the process, Bangladesh was able to meet one of the most crucial Millennium Development Goals of poverty alleviation. Other notable socioeconomic successes include increased primary school enrolment; gender parity in primary and secondary level education; lower infant and under-five mortality rate and maternal mortality ratio; improved immunisation coverage; and reduced incidence of communicable diseases.

Innovative social programmes and robust macroeconomic trends helped Bangladesh achieve such miraculous growth rates and socioeconomic progresses. Amongst many, the most important indicators contributing to the country's success with regards to poverty eradication have been listed below.

### Emergence of a market-driven economy

#### a. Employment generation in the manufacturing sector

Manufacturing industries started to rise in Bangladesh in the 1980s and have expanded ever since. Today, Bangladesh is second only to China, in terms of RMG export. Other sectors like leather

and footwear manufacturing, shipbreaking, processed food and pharmaceuticals are also gaining momentum. The rise in manufacturing has helped to absorb the country's burgeoning working age population and has increased the female labour participation ratio. Total export earnings in 1976 was USD 0.4 billion, which in fiscal year 2015-16, stood at a staggering USD 34 billion. Population living in poverty declined by almost a quarter between 2000 and 2005 in Bangladesh due to the collective effects of RMG export and remittance growth.

Manufacturing led growth was able to absorb labour force from rural areas and helped raise per capita income and reduce dependency on agriculture.

#### b. Remittance earnings

Workers, particularly from rural areas, who cannot manage to find well-paid work in their local communities, often go abroad, usually to the Middle East and Southeast Asia, as migrant workers. In 2015, migrant workers repatriated USD 15.3 billion to the country as remittance earnings, the highest ever recorded in Bangladesh's history. Successive governments' proactive

intervention in ensuring that workers are able to migrate, get employed and send money through formal channels has driven this massive growth. According to the World Bank, remittance inflow has helped to reduce poverty by 1.5 percent. Remittance earnings have even surpassed contributions from Foreign Direct Investment (FDI) and Overseas Development Assistance (ODA). In fact, in FY2014-2015, remittance earnings were nine times higher than FDI and four times higher than ODA. In 2014, remittance earnings accounted for eight percent of the coun-

try's GDP, turning out to be a major contributor in allaying poverty.

c. Embracing market economy principles and private sector development Post-1972, Bangladesh was keen on adopting policies and interventions based on the ideas of socialism and public ownership of institutions. Private enterprises were discouraged and almost all local industries and institutions were publicly owned and managed. Over time, Bangladesh moved towards market based economy and gradually the private sector flourished.

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Growth in Manufacturing Sector



Growth in Private Sector



Stable Food Production



Stable Political Climate



Role of NGOs



Affordable Technology



Remittance Earning

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