INTERNATIONAL DAY FOR THE ERADICATION OF POVERTY

Why is our economic growth failing to reduce poverty?



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Bangladesh presents a discomforting policy puzzle. The economy has continued to grow, yet poverty has been rising. According to the World Bank, the poverty rate has increased for four consecutive years, with around 80 lakh people falling below the poverty line over this period. At the same time, roughly 6.25 crore people remain vulnerable to poverty, meaning that even a modest loss of income or an unexpected expense could push them below the line. This is more than a reversal in one social indicator and raises a larger question about the quality of growth and the ability of the economy to protect earlier gains in poverty reduction.

A growth in GDP by itself does not tell us much about whether households are becoming more economically secure. If millions of people are falling back into poverty while many others remain one shock away, the issue is not simply about how fast the economy is growing. It is how income is being generated, how widely the gains are being shared, and whether households have enough resilience to withstand economic shocks.

For many years, Bangladesh's growth story was accompanied by falling poverty, rising exports and remittances, and improvements in several social indicators. However, that correlation has weakened. A growth in GDP by itself does not tell us much about whether households are becoming more economically secure. If millions of people are falling back into poverty while many others remain one shock away, the issue is not simply about how fast the economy is growing. It is how income is being generated, how widely the gains are being shared, and whether households have enough resilience to withstand economic shocks.

Persistent inflation has played a major role in this deterioration. Poorer households spend a large proportion of their income on food. Better-off households can respond to higher prices by reducing savings or cutting discretionary expenditure. The choices of poor households are harder. They reduce the quantity or quality of food, postpone medical treatment, cut education expenses, or borrow to meet basic needs. The effect accumulates when inflation remains high for several years. Therefore, even where nominal earnings increase, purchasing power can fall.

The labour market has offered little protection against this pressure. Most workers in Bangladesh remain in informal employment, where wages are generally low, contracts are weak or absent, and social insurance is limited. Nominal wage growth has frequently failed to compensate for rising living costs. At the same time, weak private investment has constrained the creation of productive, better-paid jobs. Many educated young people struggle to find employment suited to their skills; progress in women's employment remains inadequate; and small and medium enterprises face high borrowing costs, energy constraints, and uncertain demand.

An economy can expand without creating enough good jobs. But such growth will have a weaker effect on poverty because labour income remains the main source of livelihood for most households. When job creation is slow, wages are under pressure, and employment remains overwhelmingly informal; households that have only recently escaped poverty can easily fall back under.



People crowd in long queues to purchase subsidised essentials from trucks operated by the Trading Corporation of Bangladesh (TCB) in Dhaka on February 18, 2026.

FILE PHOTO: **REUTERS**

The 6.25 crore people classified as vulnerable, therefore, deserve at least as much policy attention as those already below the poverty line. Poverty statistics draw a line, but household welfare does not change abruptly on either side of it. A family just above the threshold may have little savings and no insurance. Illness, unemployment, crop loss, a flood, or another rise in food prices may be enough to reverse years of progress.

Yet Bangladesh's social protection system is poorly designed for this kind of vulnerability. It remains dominated by allowances and fragmented programmes. There is some support after people become poor, but far less protection against the risks that make them poor. Unemployment protection is absent. Financial protection against illness remains weak. Social insurance covers only a small fraction of workers, while the informal economy remains largely outside contributory protection.

In fact, the fall in subsidised food distribution in the first quarter of the current fiscal year indicates a lack of attention in this area. Cutting food distribution at such a time risks worsening food insecurity and indebtedness, while forcing households to spend less on health and education. With about half of the poorest households still outside social protection programmes, fiscal pressures should lead to better targeting, not weaker essential support.

The institutional weaknesses are well known: targeting errors, fragmentation across programmes, weak coordination, limited monitoring, and inadequate grievance mechanisms. Local political influence can also affect beneficiary selection. Some households with genuine need therefore remain excluded, while scarce resources do not always reach those for whom they are intended.

There is a broader political-economy problem behind this, as economic risks are not shared equally in Bangladesh. Organised and influential groups are often better able to obtain policy concessions, regulatory protection or financial relief. Large loan defaulters have repeatedly benefited from restructuring and other concessions. Some businesses enjoy tax exemptions or protection from competition. Regulatory enforcement becomes more difficult when powerful economic interests are involved.

The state and the financial system can absorb part of the cost when influential borrowers fail, but the losses of poorer households largely remain their own. This unequal distribution of risk is not merely an equity issue. It also undermines economic efficiency by directing resources and policy attention to those with more influence, rather than to the most productive or socially valuable uses.

Market governance has also compounded the pressure of inflation. Concerns about competition in food markets, imports, transport, fuel distribution, and wholesale trade have long been raised. International price rises are usually transmitted rapidly to domestic consumers, but international price declines are not always transmitted so rapidly. Administrative drives and occasional fines may address visible symptoms, but they cannot substitute for functioning competition policy, transparent market information, and credible regulation.

The tax system has similar distributional weaknesses. Bangladesh is heavily dependent on indirect taxes, which puts a relatively heavier burden on low- and middle-income consumers. At the same time, revenue mobilisation from higher incomes, wealth, and other potential tax bases remains weak. Tax exemptions, evasion, and preferential treatment further narrow the fiscal space available for health, education, and social protection. The problem is therefore not simply that Bangladesh collects too little tax. It is also about who pays, who receives exemptions, and how public resources are subsequently allocated.

These choices reflect political incentives. Large infrastructure projects are visible and easy to present as evidence of development. Income security, effective primary healthcare, unemployment protection, or improvements in school quality are less visible. Yet these are precisely the investments that determine whether households can withstand a shock without falling into poverty. Development policy becomes unbalanced when what is politically visible consistently receives greater attention than what improves household resilience.

The policy response should, therefore, start from the causes rather than the symptoms. Bringing inflation down remains essential, but monetary policy alone cannot do it. Food supply, import management, market competition, energy pricing, and transport costs also matter. Social protection needs to move gradually from fragmented allowances towards lifecycle-based protection and social insurance, including mechanisms for health shocks, workplace injury and income loss. Targeting and administrative coordination must improve at the same time.

Above all, productive employment has to return to the centre of the poverty-reduction strategy. That requires stronger private investment, a healthier banking system, better conditions for small and medium enterprises, skills that match labour demand, and greater opportunities for women and young people. None of these reforms is easy, because each confronts institutional weaknesses and, in some cases, established interests.

Eighty lakh people falling into poverty in four years should not be treated simply as a demand for more poverty programmes. Nor should the vulnerability of more than six crore people be seen as a temporary consequence of inflation. Both point to a deeper weakness: Bangladesh isn't as good at converting economic growth into secure livelihoods. The priority now is not merely to push households above a statistical poverty line. It is to build an economy in which they have a reasonable chance of staying there.

An active Information Commission is vital to democracy

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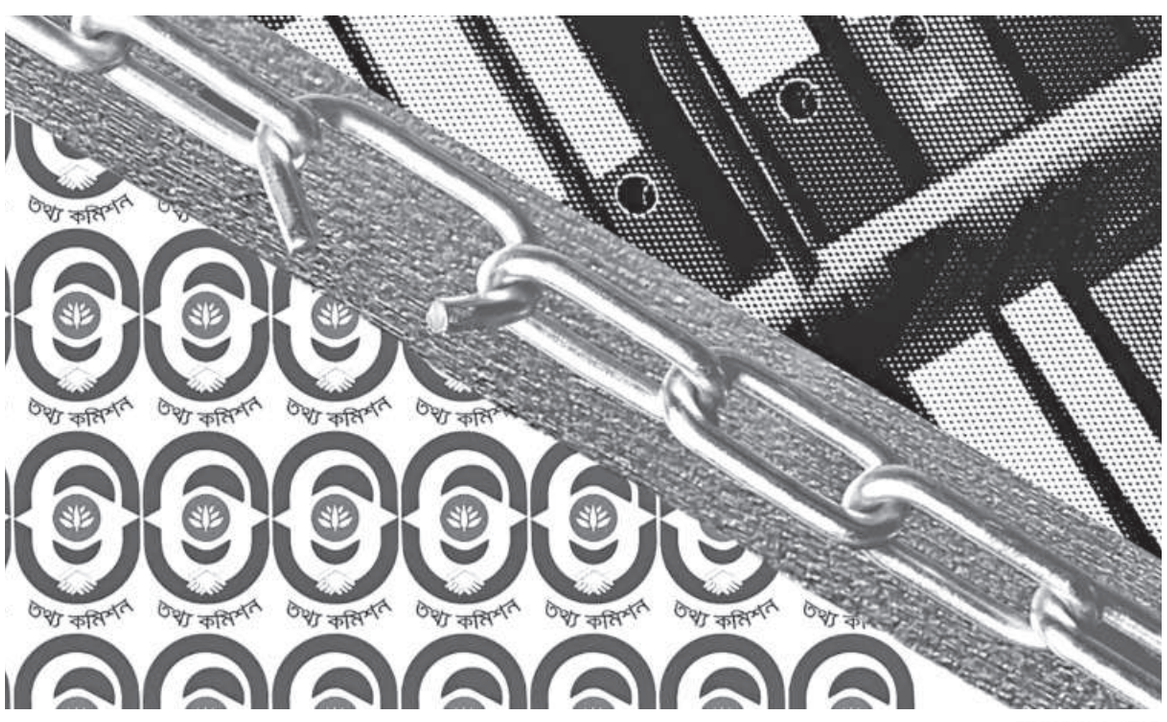
■ **SHAMSUL BARI** *and* **RUHI NAZ**

The Right to Information (RTI) is widely regarded as a tool for promoting transparency and exposing corruption. But its democratic significance goes far beyond that. It enables citizens to question arbitrary decisions, challenge unfair treatment, scrutinise public expenditure, and determine whether public institutions are fulfilling their responsibilities. RTI is not simply about obtaining documents; it also ensures that those exercising public power remain accountable to the people.

Recent experiences in India and Sri Lanka illustrate these wider possibilities. They also offer important lessons for Bangladesh, where the RTI Act provides citizens with similar legal rights. Unfortunately, the law's effectiveness has been seriously undermined by the prolonged absence of the three information commissioners for over two years.

An instructive example comes from India, where RTI applications have examined whether the Election Commission of India (ECI) and government departments have complied with Supreme Court directives to revise electoral rolls, a subject that has roiled the nation recently.

In an article published in The Wire on October 9, 2026, prominent RTI activist Venkatesh Nayak described how he sought information from the ECI and the Union Ministry of Home Affairs (MHA) regarding action taken following the court's directives concerning individuals whose citizenship had been questioned during the Special Intensive Revision (SIR) of electoral rolls.



FILE VISUAL: **STAR**

The Supreme Court distinguished between determining eligibility for voter registration and formally deciding citizenship. It directed the ECI to refer relevant cases to the competent authority under the Citizenship Act for adjudication. The distinction is crucial: exclusion from an electoral roll does not automatically determine a person's citizenship.

Nayak sought details of cases referred for adjudication, the authorities responsible, and communications exchanged between the ECI and the government. The responses raised troubling questions. The ECI initially said it did not hold the requested information, but later transferred the applications between departments. Responses also exceeded the statutory 30-day deadline.

The fundamental question is straightforward: how can citizens determine whether judicial directives are being implemented when responsible authorities cannot provide clear information about the action taken?

This case's significance extends beyond India's electoral system. Nayak used RTI to seek documentary evidence of compliance with a legal obligation, rather than relying on official assurances. Although the responses don't conclusively establish that the directives were ignored, they expose weaknesses in administrative accountability.

This illustrates an essential democratic function of RTI: enabling citizens to compare what the law requires with what public authorities actually do.

Sri Lanka offers another example of RTI's importance in protecting individual rights. In one case, its Right to Information Commission directed its health ministry to disclose two complaint letters a doctor facing disciplinary proceedings had sought. The ministry refused disclosure, arguing that an investigation was in progress. The commission found that the ministry had failed to show how releasing the letters would prejudice the investigation.

The principle is important. A person facing disciplinary proceedings must have a fair opportunity to know and respond to the allegations. An ongoing investigation cannot automatically justify withholding relevant information. Access to documents may be indispensable to securing a fair hearing.

Sri Lankan citizens have also used RTI to establish whether police acted on complaints and to obtain records explaining administrative decisions. Such cases demonstrate how access to information can help identify official failures, challenge arbitrary decisions, and seek remedies. They also reinforce the principle that secrecy must be justified under specific legal exemptions rather than treated as the normal practice of government.

India's experience highlights another obstacle: delay. In *Shailesh Gandhi vs Maharashtra State Information Commission* (2025), the Bombay High Court emphasised that second appeals, equivalent to Bangladesh's complaint mechanism, should be decided expeditiously, even where the law prescribes no specific deadline. The lesson applies equally to Bangladesh. A right that takes years to enforce may become meaningless to someone seeking information to challenge an injustice.

These examples show that RTI can protect individual rights, expose administrative shortcomings, and help determine whether public authorities are complying with their legal responsibilities. Access to information by itself does not guarantee justice, but it provides the evidence citizens need to pursue accountability through administrative or judicial channels.

For Bangladesh, these lessons are particularly relevant. Citizens can use the RTI Act to scrutinise public procurement, development expenditure, recruitment, delivery of essential services, and implementation of government policies. Journalists and civil society organisations can use it to verify official claims, trace public expenditure, and examine whether promised measures have actually been implemented.

RTI can also transform individual grievances into matters of wider public concern. Information on a delayed development project, an unexplained recruitment decision, or the failure to deliver public services can provide the factual basis for public debate and corrective action.

However, these rights depend on a functioning enforcement mechanism. The Information Commission in Bangladesh has remained without its three commissioners for over two years, depriving citizens of the statutory body responsible for adjudicating complaints and enforcing compliance. This institutional paralysis threatens to undermine the law's very purpose.

The government must, therefore, act without further delay to restore the commission to full functionality. Citizens must also be encouraged to exercise their rights, while public authorities must recognise that providing information is a legal obligation, not an administrative favour.

Democracy cannot be sustained by elections alone. Citizens must be able to examine how decisions are made, how public money is spent, and whether those entrusted with authority are performing their duties.

India's experience demonstrates how RTI can test compliance with judicial directions. Sri Lanka's experience shows its value in protecting individual rights and challenging unjustified secrecy. Both underline a fundamental truth: democracy requires not just the right to vote but also the continuing right to question those who govern.

Ultimately, RTI enables citizens to move from suspicion to evidence, from unanswered questions to documented facts, and from passive acceptance to informed participation. Its true democratic value emerges when citizens can use information to demand accountability and seek remedies. Hence, for Bangladesh, restoring a fully functioning Information Commission is a test of the government's commitment to democratic accountability and the people's right to know.