



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*



Rural Development in Bangladesh since Independence: A Study on Progress and Performance

Mohammad Ismail Hossain (Ph.D candidate, Department of Agricultural Economics, School of Agriculture, Aristotle University of Thessaloniki Thessaloniki, Greece)

Mst. Esmat Ara Begum (Ph.D candidate, Department of Agricultural Economics, School of Agriculture, Aristotle University of Thessaloniki, Thessaloniki, Greece)

Eleni Papadopoulou (Assistant Professor, Department of Spatial Planning and Development, School of Engineering, Aristotle University of Thessaloniki, Greece)

Anastasios Semos (Professor, Department of Agricultural Economics, School of Agriculture, Aristotle University of Thessaloniki, Greece)

Citation: Mohammad Ismail Hossain., Mst. Esmat Ara Begum., Eleni Papadopoulou and Anastasios Semos (2012) “Rural Development in Bangladesh since Independence: A Study on Progress and Performance”, Asian Journal of Agriculture and Rural Development, Vol. 2, No. 3, pp. 452-464.



Author(s)

Mohammad Ismail Hossain

Ph. D candidate, Department of Agricultural Economics, School of Agriculture, Aristotle University of Thessaloniki Thessaloniki, Greece

Email: mhossain@agro.auth.gr

Mst. Esmat Ara Begum

Ph. D candidate, Department of Agricultural Economics, School of Agriculture, Aristotle University of Thessaloniki, Thessaloniki, Greece

Eleni Papadopoulou

Assistant Professor, Department of Spatial Planning and Development, School of Engineering, Aristotle University of Thessaloniki, Greece

Anastasios Semos,

Professor, Department of Agricultural Economics, School of Agriculture, Aristotle University of Thessaloniki, Greece

Rural Development in Bangladesh since Independence: A Study on Progress and Performance

Abstract

Rural development has been the core focus of the Bangladesh economic policies since her independence. The rural sector is pivotal to the country's economic, social and political development. This paper examines the Bangladesh rural development policies, strategies and programs since Independence in 1971. Secondary data were used and collected from various sources especially from BBS and HIES. Data were analyzed using descriptive statistical tools such as mean and percentage to reach the objectives. Results of this study show that the share of agricultural sector in the country's GDP has declined which is an indicator of a country's progress from an agriculture-based to an export-oriented economy. The success of the agricultural and rural programs in Bangladesh is reflected in the reduction in the poverty incidence in the rural sector from almost 54 percent in the 1983-84 to about 35 percent in 2009-10. Development efforts of Bangladesh are governed by the twin objectives of achieving growth with equity and reducing poverty. The government policy has to some extent achieved the intended results but poverty and inequality are still significant and apparent. Hence, rural development continues to be an important agenda to the country's development effort.

Keywords: Rural development, progress, performance, poverty reduction, Bangladesh

Introduction

One of the major thrusts of the economic development of Bangladesh since her Independence in 1971 has been and continues to be the rural development programs and policies. The rural sector plays a pivotal role in the country's economic growth, social and political development.

The economy of Bangladesh largely depended on the rural sector performance in the early development stage for agricultural input and output hence the country's export earnings and growth in the 1970s and 1980s. The rural sector before the 2000s was almost synonymous with agriculture as more than 70% of her population

was engaged in agricultural activities including livestock and fishing. Taking agriculture as a proxy for the rural sector, its importance as the engine for growth was 30.89 percent in 1980-81 and it went down to about 18.59 percent in 2009-2010 (BBS, 2010). Like any other developing economies, the growing economic importance of the manufacturing sector (as the contribution of this sector increased from 13.37 to 17.89 percent of the respective years) implies that the role of rural sector is as the supplier of labour, land and capital required for industrial development. Despite the declining trend of agricultural share in the GDP, it will remain an important sector to the country in terms of export earning, employment and food security.

One of the major social problems of the rural sector of the country is rural poverty. Although poverty is a universal problem and its higher occurrence and incidence in the rural sector makes it predominantly rural phenomenon (Hossain and Sen, 1992). The incidence of poverty in the country was very high in the 1990s, that is, more than half of the populations (56.70 percent in 1991-92) lived in poverty, with the rural sector suffered the highest which was 58.80 percent compared to the urban (42.80 percent) (HIES, 2010). The problem is further aggravated with the predominance of the north and ethnic groups in the rural areas and hence creating an economic imbalance of the country. This inequity was perceived as a potential seedbed for social unrest and political stability which might hinder the country's progress and development.

With the above premise, the Bangladesh government since her Independence has focused on various social and economic programs and strategies targeting to develop the rural people mainly through the agricultural policies. The success has been remarkable as reflected by the reduction of poverty incidence to 31.5 percent in 2010. Nevertheless, the benefits of the development strategies have not been equitable between the rural and urban sector as the former recorded 35.2 percent incidence of poverty compared to the latter which was about 21.3 percent in 2010 (HIES, 2010). Hence, the struggle to improve the rural sector is still an important agenda to the government in the next century.

This paper attempts to examine the evolution of the rural development policies in Bangladesh since her Independence that was responsible in improving somewhat the quality of life in the rural sector. The review would provide some understanding of the philosophies, rationales as well as the lessons that can be learned from the Bangladesh rural development experience.

This paper is organized as follows. The following section provides an overview of the progress made so far in agricultural, rural

development and poverty reduction. This is followed by discusses of the role of agriculture in poverty reduction in the Bangladesh context. A chronological review of the development planning and policy since 1971 is reviewed in the consequent paragraphs. The paper ends with conclusion and policy implication.

Progress and performance in agriculture, rural development and poverty reduction

Agriculture and rural development

Agriculture performed relatively well in the 2000s. The growth of agricultural incomes is estimated at 3.9 percent per year during 2000-01 to 2010-11 compared to 3.5 percent during 1989-90 to 2000-01. The acceleration of agricultural growth has contributed substantially to improved performance of the overall economy. The national income grew at 5.9 percent in the 2000s compared to 5.3 percent during the previous decade (Table 1).

The acceleration in the growth of agricultural incomes was on account of crop and non-crop agricultural sectors particularly from livestock and fisheries. Livestock and fisheries sub-sectors experienced substantial increase in physical output, as well as favorable prices compared to the crop sector in 1990s. The fisheries income grew by 7.8 percent per year in the 1990s and reached pick, substantial declined was observed in consequent year and was 3.1 percent during the 2000s. The income from livestock activities picked up in the 1980s and continued to grow at a robust rate of 7.3 percent in the 1990s and then fall in 2000s. Only the forestry sub-sector grew at a moderate rate of 4.0 percent per year. Thus, agriculture has become much more diversified than it was at the time of independence (Mandal, 2000; Ahmed and Chowdhury, 2000). The share of livestock, fisheries and forestry in agricultural incomes was only 20 percent during 1973-74; by 2009-10 they contributed more than 67 percent to agricultural incomes.

Table 1: Long-term growth (percent) of agriculture and economy, 1973-74 to 2010-11

| Sector | 1973-74 to 1989-90 | 1989-90 to 2000-01 | 2000-01 to 2010-11 | 1973-74 to 2010-11 |
|------------------------|--------------------|--------------------|--------------------|--------------------|
| Agriculture | 2.6 | 3.5 | 3.9 | 3.3 |
| Crop | 1.7 | 2.5 | 3.7 | 2.6 |
| Forestry | 3.8 | 3.8 | 4.3 | 4.0 |
| Livestock | 5.2 | 7.3 | 5.1 | 5.9 |
| Fisheries | 2.3 | 7.8 | 3.1 | 4.4 |
| Non-agriculture | 6.0 | 6.2 | 7.6 | 6.6 |
| Gross Domestic Product | 4.1 | 5.3 | 5.9 | 5.1 |

Source: GOB (2011)

However, the crop sector is still dominated by the production of rice. Although the area under rice increased marginally from 9.28 to 11.27 million ha, rice production increased from 9.77 million tons in 1971-72 to 32.36 million tons in 2009-10 (Table 2). It implies a rate of growth 2.78% per year, much faster than the growth of population. Development and diffusion of high-yielding rice varieties supported by the

development of minor irrigation through shallow tubewells and power pumps was the main driving force behind this growth (Hossain, 1988; Hossain et al. 1994). More than 62 percent of the land is now irrigated, and over 91 percent of the rice area has been brought under the cultivation of the high yielding modern rice varieties.

Table 2: Technological progress and its effect on the growth in rice production

| Indicator | 1971-72 | 1981-82 | 1991-92 | 2001-02 | 2009-10 |
|--|---------|---------|---------|---------|---------|
| Rice harvested area (million ha) | 9.28 | 10.46 | 10.24 | 10.66 | 11.27 |
| Coverage of modern varieties (%) | 6.73 | 22.22 | 47.41 | 64.57 | 79.77 |
| Rice yield (ton/ha) | 1.92 | 1.71 | 1.70 | 1.98 | 2.45 |
| Rice production (million tons) | 9.77 | 13.63 | 18.26 | 24.30 | 32.36 |
| Population (million persons) | 62.8 | 87.12 | 111.46 | 124.36 | 142.32 |
| Rice production per capita (kg of milled rice) | 155.57 | 156.45 | 163.83 | 195.40 | 227.37 |

Source: BBS (2010), HAS (2007)

The long-term trend in rice production however shows a cyclical pattern with a few years of rapid growth followed by a few years of stagnation. This pattern is partly due to depression in prices in seasons following consecutive good harvests that provides disincentives to farmers to further increase production, and partly due to occasional natural disasters – floods, droughts and cyclone.

Bangladesh has also experienced respectable growth in the production of wheat which turned it from a minor to a major crop during 1976-84. Wheat production increased from 0.14 million tons in 1976 to 1.4 million tons in 1984, but remained stagnant at that level during the next decade. The growth resumed again in the late 1990s in response to favorable prices, reaching a production level of nearly 2.0 million tons but

in 2000s falls again and reaching 0.9 million tons.

The rapid expansion of wheat in 1990s and the dry season Boro rice was however achieved partly through reduction in the area under jute, sugarcane, pulses, oilseeds and other minor crops. As a result Bangladesh has to spend scarce foreign exchange for import of non-cereal food products in increasing amounts. The reduction in the availability of pulses, which are important sources of protein and micronutrients, has adversely affected balanced nutrition, particularly for the poor (Jahan and Hossain, 1998).

Among other food crops, the growth was respectable only for potatoes and vegetables. Bangladesh has comparative advantage in the

production of these crops (Shahabuddin, 2000), and production can increase substantially if foreign markets can be tapped. Because of limitations of market, the prices of these high value crops collapse at harvest time, which is main constraint to the expansion of production. The growth of agricultural productivity has however promoted a healthy development in the rural non-farm sector by triggering what economists call “backward and forward linkages”. Agricultural growth has generated opportunities for employment and income in the rural non-farm sector through its effects on a) the demand for irrigation equipment and chemical fertilizers produced and transacted in the non-farm sectors, b) the demand for services for processing, storage and marketing of additional agricultural produce, and c) the demand for trade, transport, construction, education and health care services, as farm households spend a larger proportion of additional incomes for purchasing non-farm goods and services.

Poverty reduction

An accurate assessment of the trend in reduction of income poverty is difficult, in spite of a large number of studies conducted for Bangladesh on the subject (Muqtada 1986; Hossain and Sen 1992; Ravallion and Sen 1996; Sen 2003). The household income expenditure surveys (HIES) conducted by the Bangladesh Bureau of statistics that report the incidence of poverty and income inequality through periodic generation of household level data changed over time the method of data collection and the measurement of poverty line. Thus, while making a judgment about poverty trend one needs to be cautious about the interpretation of the information.

According to the World Bank estimate based on the HIES data, nearly 40 percent of the rural population in Bangladesh lived below the poverty line in 1995-96. A study by Ahmad and

Hossain (1983) estimated that the number of poor households in rural Bangladesh remained almost stagnant at 75 percent during 1963-64 to 1973-74, but increased to 84 percent in 1976-77, after the famine in 1974-75. According to the Bureau of Statistics the poverty ratio for rural areas declined from 74 percent in 1981-82 to 48 percent in 1988-89. The dramatic improvement in the poverty situation in the 1980s, as shown by the official figures, was however highly debated in the literature and was partly attributed to the change in the data collection method in the 1983-84. During 1983-84 to 1989-90 there was a decline in poverty ratio from 54% to 50% for rural areas and from 40 to 36% for urban areas. And during 1991-92 to 2010-11, the nation level poverty was declined from 56.7 to 31.5 percent but rural poverty is much dipper than urban poverty. It is now widely recognized that the poverty ratio has been declining by one percent per year which is very slow considering that over 35.2 percent of the rural population are still poor. The slow progress in poverty reduction in spite of the acceleration of economic growth in the 1990s and 2000s are attributed to growing inequality in the distribution of income for both rural and urban areas (Sen, 2003).

There are indications that Bangladesh has made moderate progress in other dimensions of poverty. The primary school enrolment ratio has improved from 43 to 89 percent, and the infant mortality rate declined from 99 to 38 per thousand live births during the 1990-2010. The access of the population to safe drinking water has increased from 78 to 98.1 percent, and to improved sanitation from 26 to 53 percent. The most impressive progress has been made in population control. The number of births per woman has declined from 6.1 to 2.2. The preliminary findings from the 2011 population Census show a decline in population growth from 2.2 percent in the 1980s to 1.3 percent in the 2000s (Table 3).

Table 3: Progress in non-economic indicators of well-being

| Indicator | 1990 | 2010 |
|--------------------------------------|-------------|-------------|
| Infant mortality rate (per 1000) | 99 | 38 |
| Under five mortality rate (per 1000) | 143 | 48 |
| Maternal mortality rate (per 1000) | 4.78 | 2.6 |
| Adult literacy rate (%) | 37 | 56 |

| | | |
|---|-------|-------|
| Children enrolled in primary school (%) | 43 | 89 |
| Primary school enrolment rate (%) | 60 | 108.8 |
| Fertility rate | 6.1 | 2.2 |
| Population growth rate | 2.2 | 1.3 |
| Access to an improved water sources (% of population) | 78 | 98.1 |
| Life expectancy at birth (years) | 59.15 | 69 |
| Population using improved sanitation facilities (%) | 26 | 53 |

Source: BBS (2010)

The extent of vulnerability to external shocks has also been reduced. People have become more resilience to natural disasters because of the change in the seasonal composition of food production. The area under pre-monsoon Aus rice which was highly susceptible to droughts has been reduced from 3.0 to 0.98 million ha from 1971-72 to 2009-10; the land has been diverted to growing dry season high-yielding and relatively safe Boro rice or the highly profitable vegetables and fruits. The risk of the loss of Aman rice from droughts has also been reduced due to large scale expansion of the shallow tubewells that could be used for supplementary irrigation. The percentage area under deep water broadcast Aman of total rice area has been reduced from 19 to 4 percent, substantially reducing the loss in rice output

from abnormal floods. In the deeply flooded area farmers now keep the land fallow during the monsoon season and grow Boro rice with irrigation during the dry season (Table 4). The Boro area has expanded from 0.9 to 4.71 million ha over the last four decades, which together with wheat brings nearly 55 percent of the cereal harvest during the May- June period. So the losses in the rice output from floods or droughts could be recovered within a few months. Earlier, farmers had to wait for the next Aman harvest to recover the loss. With the year round production of rice, the seasonality in employment and income for the landless workers is now much less pronounced than it was earlier. Needless to point out, the insecurity and vulnerability due to violence, lawlessness and lack of justice have substantially increased.

Table 4: The changes in rice cropping pattern in Bangladesh, 1971-72 to 2009-10

| Type of rice cultivation | 1971-72 | | 2009-10 | |
|--------------------------|-------------------|----------------|-------------------|----------------|
| | Area (Million ha) | % of rice area | Area (million ha) | % of rice area |
| Aus | 3.0 | 32.22 | 0.98 | 8.67 |
| Deepwater Aman | 1.77 | 19.01 | 0.47 | 4.19 |
| Transplanted Aman | 3.64 | 39.10 | 5.19 | 45.69 |
| Boro | 0.9 | 9.67 | 4.71 | 41.46 |
| Total | 9.31 | 100.00 | 11.35 | 100.00 |

Source: BBS (2010), HAS (2007)

In Bangladesh poverty is concentrated mostly in households who do not have assets. Manual labor is the only resource available to poor households. A self-assessment of poverty estimated by participatory rural appraisal method by the BIDS-IRRI survey revealed that 43 percent of the rural households considered themselves as poor. Almost the same as estimated by the World Bank for 1995-96 (Hossain, 2004). This result also supported through the Bangladesh land distribution data. According to the Agricultural Census of 2008, the most recent national level statistics on

landlessness (Table 5), more than 10 percent of the rural households own no land whatsoever, neither homestead nor arable. About one-third only owns homesteads but no arable land. According to a commonly used definition by Rahman (1996), holding upto 0.2 ha is considered as functionally landless. If this definition is approved, the total landlessness in rural areas of the country stands at 39 percent. The incidence of poverty was 81 percent among household with no cultivated land, 33 percent among those holding upto 0.5 ha (Table 6).

Table 5: Farm holdings and ownership of land (percent) and average farm size (acre) 1996 and 2005

| Size of farm (ha) | % of farms | | % of land occupied | | Average farm size (ha) | |
|----------------------|------------|-------|--------------------|-------|------------------------|------|
| | 1996 | 2005 | 1996 | 2005 | 1996 | 2005 |
| Marginal (0.02-0.2) | 28.45 | 38.62 | 4.48 | 11.20 | 0.11 | 0.17 |
| Small (0.21-1.0) | 51.42 | 49.88 | 36.69 | 48.48 | 0.49 | 0.58 |
| 0.21-0.40 | 20.66 | 23.55 | 8.51 | 15.49 | 0.28 | 0.39 |
| 0.41-0.60 | 14.89 | 13.99 | 10.31 | 14.22 | 0.47 | 0.61 |
| 0.61-1.0 | 15.87 | 12.31 | 17.88 | 18.79 | 0.77 | 0.91 |
| Medium (1.01-3.0) | 17.61 | 10.34 | 41.50 | 30.20 | 1.62 | 1.75 |
| Large (3.01 & above) | 2.52 | 1.17 | 17.32 | 10.10 | 4.70 | 5.16 |

Source: BBS (2010)

Table 6: Percentage of population below poverty line

| Land ownership (ha) | 2010 | | | 2005 | | |
|----------------------|-------|-------|----------|-------|-------|----------|
| | Rural | Urban | National | Rural | Urban | National |
| No cultivated land | 47.5 | 26.9 | 35.4 | 66.6 | 40.1 | 46.3 |
| <0.02 | 53.1 | 29.9 | 45.1 | 65.7 | 39.7 | 56.4 |
| Marginal (0.02-0.2) | 38.8 | 17.4 | 33.3 | 50.7 | 25.7 | 44.9 |
| Small (0.21-1.0) | 43.4 | 18.7 | 39.7 | 62.7 | 26.2 | 57.2 |
| 0.2-0.60 | 27.7 | 12.1 | 25.3 | 37.1 | 17.4 | 34.3 |
| 0.61-1.0 | 15.7 | 6.6 | 14.4 | 25.6 | 8.8 | 22.9 |
| Medium (1.01-3.0) | 11.6 | 5.5 | 10.8 | 17.4 | 4.2 | 15.4 |
| Large (3.01 & above) | 7.1 | 14.6 | 8.0 | 3.6 | 0.0 | 3.1 |
| All size | 35.2 | 21.3 | 31.5 | 43.8 | 28.4 | 40.0 |

Source: HIES (2010)

Role of agriculture in poverty reduction

Agriculture is an economic activity based on land. Agricultural development aims to increase the productivity of land resources. In Bangladesh more than one-third of the households do not own any cultivable land (Table 5). So how can agriculture improve the livelihood of the people of these households who do not own any land and constitute the vast majority of the poor.

One can argue that agriculture generates wage employment for the landless households, as medium and large farmers hire labor for conducting farm operations. But since the proportion of medium and large farmers is very small, the agricultural labor market can generate employment for only a small number of the vast landless and marginal land owning households in the country. When the modern high yielding rice varieties were introduced the demand for hired labor increased substantially. But overtime the labor use in rice cultivation

has declined with the spread of agricultural mechanization in land preparation, irrigation and post harvest processing. Even full employment in agricultural labor market cannot provide a poverty escaping income at the prevailing agricultural wage of about one and half dollar per day.

It is the expansion of the non-farm sector that has been contributing to the increase in incomes of the households who are poorly endowed with assets. Many landless households have migrated to rural towns and cities and found jobs as transport operators or construction laborers. The impressive development in the rural road network in the 1990s coupled with the increase in marketed surplus rice and vegetables and fruits have created employment opportunities in transport operation and petty trading. This is the main reason why the supply of agricultural labor has declined in recent years and farmers have been complaining regarding the scarcity of agricultural labor. The increase in the number of shallow tube wells, pumps, power tillers and

rickshaw and rickshaw vans has created jobs as in the operation and repair and maintenance. Last but not the least, many marginal landowning households with some skills for utilizing capital have been able to generate self-employment in livestock and poultry raising, petty trading, and various kinds of personal services with the vast increase in micro-credit supplied by the NGOs.

Agricultural development has contributed to poverty reduction in an indirect way. Agriculture produces food for the people. The increase in the supply of food faster than demand has helped keep food prices within affordable limits of the low-income people, and thereby has contributed to achieving food security. The amount of food the poor can access from the market with their limited income depends on the price of food. An analysis of the 2010 Household Income and Expenditure Surveys (HIES) conducted by the BBS reveals that rural landless and the urban laboring class spend 59 percent of their income on food and 35 percent on rice alone, compared to 44 percent and 10 percent respectively for the top 10 percent in the income scale. So a reduction in the price of food grains relative to

the industrial products benefits the poor relatively more than the non-poor households. In Bangladesh the poverty situation deteriorated in the early 1970s due mainly to the decline in the per capita availability of rice. The soaring price of rice caused tremendous hardship to the landless, marginal farmers and artisans in the rural areas, and industrial laborers and transport and construction workers in urban areas.

Since the mid-1980s the food grain prices have increased at a much slower rate than the general price index, due to favorable growth in agriculture in general and the rice production in particular. The large farmers have been hurt by the decline in the real rice price, but the landless have gained. An agricultural wage-laborer could buy 2.4 kg of rice with their daily wage in 1980-81. The rice-equivalent wage was 5.4 kg in 2009-10, an increase of 4.16 percent per year during 1980-81-2009-10 (Table 7). So, agriculture's main role in poverty reduction lies in maintaining the supply of food at least at a rate at which the demand has been growing, thereby keeping the food prices stable and within affordable limits of low-income households.

Table 7: Changes in the real wage for agricultural workers, 1980-80 and 2009-10

| Indicators | 1980-81 | 2009-10 | Change (%/yr) |
|--|---------|---------|---------------|
| Wage rate (Tk/day) | 13.97 | 179.83 | 40.94 |
| Rice price (Tk/kg) | 5.74 | 33.48 | 16.66 |
| Real wage (Kg of rice) | 2.43 | 5.37 | 4.16 |
| Consumer Price Index (general 1995-96 = 100) | 32.62 | 221.53 | 19.97 |
| Real wage adjusted by cost of living | 42.83 | 81.18 | 3.09 |

Source: BBS (2010)

Review of Development Plans of Bangladesh

At the time of independence, the economic conditions in the war-ravaged country were deplorable. After a devastating war, the newly born country was preoccupied with a series of national problems that needed to be solved immediately, such as care and rehabilitation for the war victims, particularly the wounded and disabled, the windows and orphans, and restoration of law and order, including establishment of civil government in the country.

During the independence period, there was no national rural development (RD) program in Bangladesh. The Village Agricultural and Industrial Development Program and Rural Works Program lunched the late 1960s fallen into disrepute as viable models of RD after independence of the country. Both programs failed due to stringent central control and absence of people's participation in developmental activities at the grass roots (Khan, 1985).

In 1972, the Comilla model of RD was accepted by the new government as the basis of an integrated approach to RD on a nationwide

scale. A project-oriented organization-styled Integrated Rural Development Program (IRDP) was established to implement the policies of the government. In addition to the two-tier cooperatives, a comprehensive multidimensional Program was launched to develop over 1,500 *thanas* (the lowest administrative unit at that time) in four districts. The other important segment of IRDP was a Program for the underprivileged and the disadvantaged.

IRDP was extended in 1974 to include an intensive area-based Program funded by the World Bank. Rural works, small-scale irrigation, rural credit, strengthened cooperatives, increased agricultural inputs, improvement of extension services and livestock and fisheries development were incorporated into RD Project I coordinated and monitored by IRDP from the capital. However, as with most government-sponsored Programs elsewhere, IRDP failed to bring about significant changes in the pattern of rural life insofar as per capita income, employment and productivity were concerned. This was largely due to the investment and industry oriented strategy pursued in a “distorted market” economy that depended on foreign aid without mobilizing domestic resources and where many industries were heavily subsidized by the state.

The First Five Year Plan (FFYP, 1973-78) was formulated in 1973 within a socialistic economic framework according to the principles of the state policies (Hasnath, 1987). The plan was aimed at economic rehabilitation of the war damaged economy and accelerated economic growth public sector investment programs. The First FYP, was designed, among other things, to build a “sound institutional base” in the development process, the target being the rural population, that is, small farmers and the landless. This was to involve the restructuring of existing rural institutions, effective organization of the people, utilization of available resources and improvement of the local level planning process. Local institutions were to be utilized as the mechanism for effective plan formulation and implementation, coordination of the multitude of activities, and popular participation. The role of the existing two-tier cooperatives was to be broadened to serve the “interests” of the rural poor. Land

reform along with the Rural Works Program (RWP) was to be a major way to improve the conditions of the rural poor (GOB, 1973).

As a country of mixed economy with high dependence on foreign aid, most of the capital investment was made in the public sector, and the activity of the private sector was limited to agriculture, small and medium industrial enterprises and services only. Due to political upset and changeover of the government through the military coup in 1975, the First FYP was not implemented as originally planned. The number of projects was too many to finance. Only 50 percent of the necessary funds were realised (Table 8) and they were not completed. Nevertheless, the achieved annual growth of GDP was 4.0 percent.

However, an upshot of this strategy of “development from the top” was a realization among some people that it was futile to remain dependent on the government in the struggle towards alleviating poverty and in improving the conditions of the rural population. A new movement based on the idea of *swanirvar* or self-reliance and active and voluntary participation of the people in RD efforts gained momentum. Its goal was optimum utilization of local resources through Programs initiated, designed and implemented by the spontaneous participation of the local people with the cooperation of political representatives and agents of the central government (Khan, 1985). As early as 1973, *swanirvar* projects came to be organized in many parts of the country without significant governmental support. These isolated projects soon proved worthwhile and gradually self-reinforcing to the extent that they were within a couple of years integrated into regional development Programs.

In 1978, a Two Year plan (TYP, 1978-80) was formulated to complete the unfinished projects of the First FYP. The main objective of this plan was to attain higher economic growth of the country’s GDP (5.6 percent), by increasing agricultural productivity, reducing population. Due to unfavourable weather condition and rise of oil prices in the international market, the TYP resulted in considerable shortfall in realization of its set target (Ahmed, 1986).

The nineteen-point Program of the government, *inter alia*, proposed to build the country into a “self-reliant” nation by strengthening the rural economy by giving top priority to agriculture. This Program provided the basis of a Two Year Plan, 1978-80 (TYP) of the government and had as its target attainment of a higher rate of economic growth and development of the rural economy. Increasing productivity and creating employment opportunities were considered important ways to attack poverty, to distribute income equitably and promote social justice (GOB, 1978). The effective utilization of local resources and mass mobilization through institutional arrangements and revitalization of local government bodies with “wider power and responsibilities” were considered important strategies in RD.

The objectives of the TYP could not be fulfilled given the time constraints. However, by 1980 the idea of “self-reliance” had become a symbol of the time. The *swanirvar* movement had, by then, made inroads into almost every union in the country where functional groups found representation in local administration with villagers playing a vital role in formulating and implementing developmental plans and programs for their own areas. The administrative arrangements of this movement were provided by a micro-governmental institution - *gram sarker* (village government). Its declared intent was to mobilize development initiatives effectively at the grass roots through optimum utilization of existing resources (Khan and Zafarullah, 1986).

Keeping this in the mind the Second Five Year Plan (SFYP, 1980-85) was formulated with the major objectives of providing basic needs for the people, such as food, shelter, clothing and education, reducing population growth and expanding employment opportunities in rural areas (GOB, 1980). The targets of SFYP were not achieved due to natural calamities and resource constraints. The development impact of the public sector investment was diluted as the limited resources were spread over large number of development projects (Ahmed, 1986). A growth of 3.8 percent against the estimated target of 5.4 percent was achieved at the end of this plan (Table 8).

However, the Second FYP, recognized *gram sarkers* as a viable institutional arrangement to promote RD. Several far-reaching policy decisions were taken to integrate horizontal and vertical linkages between the centre and the periphery through local institutions and people's participation in planning and implementing development Programs (GOB, 1980). An important measure was to enhance the skills and expertise of both elected representatives and public servants through a re-oriented structure of developmental training within the existing format of the Training and Development Centre at the *thanas*.

The idea sent into oblivion when the abolished *gram sarkers* which had already gone into operation in many parts of the country. Although the time was not ripe to make a rational evaluation of its success or failure, indicators were already conspicuous about domination of rural elites in their affairs to serve their own interests as well as undue utilization of this institution to further the interests of the ruling political party.

The Third Five Year Plan (TFYP, 1985-90) was launched with the emphasis on reduction of population growth, expansion of productive employment, development of infrastructure, particularly in the rural sector, and inducement of private investment in both agriculture and industry (GOB, 1985). Alleviation of rural poverty being its principal target, the TFYP strived to: (1) prevent further deepen the poverty of people and to bring at least another 10 percent of the rural poor above the poverty line by means of increasing gainful employment and income opportunities on a sustained basis through expansion of the productive sectors; (2) ensure better access for the rural poor to means of production, farm and non-farm, through their organization for productive activities; (3) enable the rural poor to share local resources through their participation in the development process; and (4) improve the quality of the life of the rural people in respect of basic physical infrastructures and social service needs (GOB, 1985). Despite a considerable progress in decentralisation of administration achieved during this plan period, mobilization of domestic resources greatly suffered due to natural calamities like the devastating flood in

1988 and socio-political unrests during the late years of the TFYP period.

The Fourth Five Year Plan (FFYP, 1990-95) was formulated within the framework of perspective plan (1995-2010). The main objectives of the plan were accelerating economic growth, poverty alleviation and employment generation through human resource development and increased self-reliance.

The average annual growth rate during the fourth FYP period was 4.15 percent against the

planned target of 5 percent (Table 8). The low growth was due to almost stagnant agricultural production. The growth of the agriculture sector was only 0.98 percent compared with the plan's target of 3.42 percent. Agricultural growth suffered due to problem with distribution/marketing of fertilizer, HYV seeds and lack of adequate price support for produced food grain at the local market. The manufacturing sector showed a modest growth of 7.05 percent against the planned target of 9.02 percent (BBS, 2001).

Table 8: Summary of GDP growth during the past plans (At respective base year prices)

| Plan | Plan execution | Plan size (million Taka) | Fund realised (million Taka) | Plan growth rate % | Actual growth rate |
|---------------|----------------|--------------------------|------------------------------|--------------------|--------------------|
| First FYP | 1973-78 | 44,550 | 20,740 | 5.50 | 4.00 |
| Two Year Plan | 1978-80 | 38,600 | 33,590 | 5.60 | 3.50 |
| Second FYP | 1980-85 | 172,000 | 152,970 | 5.40 | 3.80 |
| Third FYP | 1985-90 | 386,000 | 270,110 | 5.40 | 3.80 |
| Fourth FYP | 1990-95 | 620,000 | 598,480 | 5.00 | 4.15 |
| Fifth FYP | 1997-2002 | 1959,521 | 1720,321 | 7.00 | 5.50 |
| Sixth FYP | 2010-15 | 1,3469,000 | - | 8.00 | 6.4* |

Source: GOB (2011), * Two years average, '-' data not found

After the expiry of the Fourth FYP (1990-95), no medium term development plan was formulated during 1995-97. In June 1997, the Fifth Five Year Plan (FFYP, 1997-2002) was launched. The targeted aims of Fifth FYP was to alleviate rural poverty through accelerated economic growth, employment generation, improvement in the quality of life of the rural population through mobilization of the rural masses and resources, transformation of the rural socio-economic structure into a more equitable, just and productive one and empowerment of the rural poor through ensuring their increased access to resources and putting in place effective local government institutions, at the union, thana and zilla levels, and vesting on them the power and responsibilities for design, formulation and implementation of local level development programs and projects, with active participation of people belonging to all strata of the rural society as well as through effective co-

operation between the local government institutions and non-government organizations (GOB, 1998).

The plan was also designed in view the changing structure of the global economy, and prepared within a flexible framework. In the context of increasing globalisation of the economy, the Plan placed markets at the centre but, at the same time, attaches due importance to the appropriate role of the government and the public sector, for raising the standards of living of all citizens of the country. In recognition of inevitable imperfections in information, competition and play of market forces in a developing country like Bangladesh, the Plan envisaged appropriate and effective interventions in the market to remedy well-identified problems emanating from these imperfections.

The Fifth FYP was another added dimension by recognizing departs from the concept of central planning. In tune with the government's thrust on strengthening local government institutions at all tiers and their developmental role, a major focus of the Fifth FYP was local level participatory planning and integration of the local level development programs/projects with those at the national level. Further, it envisaged an active coalition of the government and the NGOs on the development front so that the full potential of the NGOs in complementing the development efforts of the government can be tapped in a cost effective manner.

The Fifth FYP was unable to reached its targeted as achieved growth rate was 5.50 percent against 7 percent mainly due to shortfall of agricultural contribution. But a noticeable change in the structure of the Bangladesh economy occurred during the Third, Fourth and Fifth Plan period (Table 9). The share of all the major sectors increased except that of agriculture. The share of the industry went up more than in any other sector of the economy, from 9.86 percent in 1984-85 to 15.76 percent in 2001-02. Trade and services rose from 19.82 percent to 25.16 percent respectively. Only the share of agriculture went from 41.77 percent in 1984-85 to 23.98 percent in 2001-02.

Table 9: Structural change in Bangladesh economy (1984-2002)

| Sector | Contribution to GDP in present (at 1984-85 prices) | | | |
|-----------------------------|--|---------------|---------------|---------------|
| | 1984-85 | 1989-90 | 1994-95 | 2001-2002 |
| Agriculture | 41.44 | 38.27 | 32.77 | 23.98 |
| Construction | 5.53 | 5.98 | 6.33 | 8.41 |
| Energy | 0.56 | 1.12 | 1.86 | 1.51 |
| Housing | 7.97 | 7.64 | 7.45 | 8.63 |
| Industry | 9.86 | 9.91 | 11.36 | 15.76 |
| Public services | 3.25 | 4.09 | 5.08 | 6.93 |
| Trade and services | 19.82 | 21.13 | 22.98 | 25.16 |
| Transport and communication | 11.22 | 11.86 | 12.17 | 9.62 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 |

Source: BBS (2003)

After the Fifth FYP, there was no plan during the period of 2005-2007 and worked as plan holiday. During this period, poverty was the main target by diversifying agriculture and increasing people participation in the local government institutions. The interior period of 2007-2009, the caretaker government did not formulate long term and medium term plan and worked as short term one year plan.

The Sixth Five Year Plan was launched, (SFYP, 2010-2015) by targeting economic growth, employment, poverty reduction, human resources development, gender balance and environmental protection. If the targets are achieved, the socio- economic environment of the country will transform it from a low-income economy to the first stages of middle- income country.

Along with higher per capita income, a development scenario that is mentioned in the draft of the plan, where citizens will have a higher standard of living, better education, having social justice with more equitable socio-economic environment and the sustainability of development will be ensured through better protection from climate change and natural disasters. It aims to promote diversification in agriculture by emphasising incentives, research and extension, rural infrastructure and rural finance and to focus on promoting rural and urban manufacturing production based on domestic and export markets.

The formulation of development plans and implementation of projects in Bangladesh are traditionally a 'top-down' process. Participation of the local institutions and/or communities in project planning and management had not been

practised or felt necessary by development planners and policy makers in the past. For the first time of development planning history of the country, the Fifth FYP took development of the community and social groups as a development strategy. Participation of the local community, particularly in rural areas of the country has been felt necessary for the protection and preservation of the environment. The Fifth FYP for the first time recognised the need for a regulatory system with effective institutional infrastructure for regeneration, recycling and optimum exploitation of natural resources in consistence with the concept of sustainable development.

Conclusion

Rural development has been the core focus of the government policy, strategy and programs after Independence of Bangladesh. The rural sector was strategic to the country's economic growth, social and political development. The sector was crucial in providing the agricultural labour and output to the country; while the high incidence of poverty that characterised the sector posed a major threat to the social and political stability of the nation. The multifaceted significance of this sector provides the underlying rationales for all the development of Bangladesh and economic policies since 1971.

All the past agricultural and rural development programs failed to uplifted the condition of rural poor although contribution of agricultural sector to the economic development and wellbeing of the nation is highly satisfactory. In fact it can be said that the sector not only provide the engine for economic growth of the country and but also laid the foundation for the country's drive towards industrialisation in the 1990s and 2000s. The share of agricultural sector in the country's GDP has declined from its peak at 30 percent in 1980-81 to about 19 percent in 2009-10. The reduction of agricultural sector contribution to the economy is seen as an indicator of a country's progress from an agriculture-based to an export-oriented economy. Although the contribution of agriculture to the country's economy is declining but its absolute value is expected to increase and its economic and socio-political

significance in terms of export earning, employment and food security will remain strong.

The success of the agricultural and rural programs in Bangladesh is reflected in the reduction in the poverty incidence in the rural sector from almost 54 percent in the 1983-84 to about 35 percent in 2009-10. However, despite various policies and programs to improve the life in the rural sector, poverty and income inequality still remain grave concerns when the economic being of this sector is compared to the non-agricultural or non-rural sectors. It cannot be denied that some progress have been achieved in poverty reduction along with improvements in socio-economic indicators such as population growth, life expectancy, infant mortality rates, literacy rate, proportion of population supplied with safe drinking water and improved sanitation facilities. But the fact remains that there exists a disparity of income between the sectors and poverty incidence is still high in the rural sector. Hence, rural development is still an important agenda to the country's future development plan.

References

- Ahmad, Q. K. and M. Hossain (1983)** "Alleviation of rural poverty in Bangladesh: an overview of strategies and policies", A report prepared for FAO. Dhaka: Bangladesh Institute of Development Studies.
- Ahmed R. and T.E. Chowdhury (ed.) (2000)** "Out of shadow of famine: Evolving food markets and food policy in Bangladesh", Baltimore USA: Johns Hopkins University Press.
- Ahmed, S. (1986)** "Implementation of second five year plan and an outline of third plan of Bangladesh", Ministry of Planning, Government of Bangladesh, Dhaka.
- Bangladesh Bureau of Statistics (BBS) (2001)** "Statistical Yearbook of Bangladesh", Statistics Division, Dhaka: Ministry of Planning.
- Bangladesh Bureau of Statistics (BBS) (2003)** "Statistical Yearbook of Bangladesh", Statistics Division, Dhaka: Ministry of Planning.
- Bangladesh Bureau of Statistics (BBS) (2010)** "Statistical Yearbook of Bangladesh", Statistics Division, Dhaka: Ministry of Planning.

- Government of the Peoples' Republic of Bangladesh (GOB) (1973)** "First Five Year Plan, 1973-78", p. 226, Ministry of Planning, Dhaka.
- Government of the Peoples' Republic of Bangladesh (GOB) (1978)** "Two Year Plan, 1978-80", p. 29, Ministry of Planning, Dhaka.
- Government of the Peoples' Republic of Bangladesh (GOB) (1980)** "Second Five Year Plan, 1980-85", Chapter VII, p. 6, Ministry of Planning, Dhaka.
- Government of the Peoples' Republic of Bangladesh (GOB) (1985)** "Third Five Year Plan 1 985-90", Page, 216, Ministry of Planning, Dhaka.
- Government of the Peoples' Republic of Bangladesh (GOB) (1998)** "The Fifth Five Year Plan, 1997-02", Ministry of Planning, Dhaka.
- Government of the Peoples' Republic of Bangladesh (GOB) (2011)** "The Sixth Five Year Plan, 2011-15", Part-3, Ministry of Planning, Dhaka.
- Handbook of Agriculture Statistics (2007)** Ministry of Agriculture
<http://www.moa.gov.bd/statistics/statistics.htm>
- Hasnath, S. A. (1987)** "The practice and effect of development planning in Bangladesh", *Public Administration and Development*, Vol. 7(1), pp. 59-75.
- Hossain, M. (1988)** "Nature and impact of green revolution in Bangladesh", Research report No. 67. Washington DC: International Food Policy Research Institute.
- Hossain, M. (2004)** "Poverty alleviation through agriculture and rural development in Bangladesh", Research report no. 39, Centre for policy Dialogue, Dhaka.
- Hossain, M. and B. Sen (1992)** "Rural poverty in Bangladesh: Trends and determinants", Vol. *Asian Development Review*, Vol. 10(1), pp. 1-34.
- Hossain, M., M. A. Quasem, M. A. Jabbar and M. M. Akash (1994)** "Production environments, modern variety adoption and income distribution in Bangladesh", In. C.C. David and K. Otsuka (eds.) *Modern Rice Technology and Income Distribution in Asia*. Boulder and London: Lynne Rienner Publishers.
- Household Income and Expenditure Survey (HIES) (2010)** Bangladesh Bureau of Statistics, Statistics Division, Dhaka: Ministry of Planning.
- Jahan, K. and M. Hossain (1998)** "Nature and extent of malnutrition in Bangladesh: Bangladesh National Nutrition Survey 1995-96", Institute of Food and Nutrition Science, University of Dhaka.
- Khan, M. M. (1985)** "Rural development programs in Bangladesh" in J.C. Garcia-Zamor, ed., *Public Participation in Development Planning and Management*, Boulder, Colorado: Westview Press, pp.188-89.
- Khan, M. M. and H. M. Zafarullah (1986)** "The 1978 presidential election", A review in S.R. Chakravarty and V. Narain, eds., *Bangladesh: Domestic Politics*. p. 109, South Asia, New Delhi.
- Mandal M. A. S. (ed.) (2000)** "Changing Rural Economy of Bangladesh", Dhaka: Bangladesh Economic Association.
- Muqtada, M. (1986)** "Poverty and inequality: trends and causes", In. R. Islam (ed.) *Bangladesh selected issues in employment and development*. New Delhi: International Labor Organization.
- Rahman, S. (1996)** "Energy demand forecast in Bangladesh", *Grassroots*, pp. 5-16., Vol. April-June 1996.
- Ravallion M. and B. Sen (1996)** "When methods matter: Monitoring poverty in Bangladesh", *Economic Development and Cultural Change*, Vol. 44, pp. 761-792.
- Sen, B. (2003)** "Drivers of Escape and Descent: Changing household fortunes in rural Bangladesh", *World Development*, Vol. 31(3), pp. 513-534.
- Shahabuddin, Q. (2000)** "Assessment of comparative advantage in Bangladesh agriculture in Bangladesh", *The Bangladesh Development Studies*, Vol. 26(1), pp. 39-75.