

CHAPTER 13

POVERTY ALLEVIATION

Although the intensity of poverty lessened in Bangladesh due to efforts made over the last three decades, its depth and severity still persists. Addressing this problem is a great challenge mainly due to resource constraint. Bangladesh has so far implemented five Five-Year Plans and one Two-Year Plan and a Three-year PRSP Rolling Plan. The overarching goals of these plans were to accelerate economic growth and poverty reduction. As an outcome of these development activities, Bangladesh has made commendable progress in terms of reduction of income and human poverty. Bangladesh has received universal appreciation for attaining success in reduction of human poverty in education, health and nutrition. Bangladesh has already achieved three targets of Millennium Development Goals (MDGs) such as (1) removing gender disparity in primary and secondary education; (2) ensuring almost universal access to primary education; and (3) ensuring access to safe drinking water. For the last five consecutive years (2003-2007), Bangladesh attained the HDI rank of “Medium Human Development,” according to the UNDP Human Development Reports. The recent report on Household Income and Expenditure Survey (HIES) 2005 published by the Bangladesh Bureau of Statistics (BBS) shows downward trend in income poverty. According to the Cost of Basic Needs (CBN) method used in the survey, the incidence of poverty at the national level declined from 48.9 percent in 2000 to 40.0 percent in 2005. By using lower poverty line, poverty declined to 25.1 percent in 2005 from 34.3 percent in 2000. According to direct calorie intake (DCI) method, poverty declined from 44.3 percent in 2000 to 40.4 percent in 2005. The incidence of hard-core poverty also showed a declining trend during the same period. Keeping the MDGs in vision, the government has approved the Poverty Reduction Strategy Paper (PRSP). To address the challenge of poverty reduction, the government has adopted a fundamental strategy of seeking collaboration from NGOs and private sector, especially by providing necessary support to the activities of NGOs.

Poverty Reduction Strategy

In the light of MDGs set by the United Nations in 2000, the government is implementing the Poverty Reduction Strategy Paper titled ‘*Unlocking the Potential: National Strategy for Accelerated Poverty Reduction*’. The government has been implementing the Three Year Rolling Plan as outlined in the PRSP. The vision, road map, strategy and monitoring and evaluation system identified in the PRSP have been discussed briefly below:

PRSP Vision: PRSP vision is to unveil the latent potentialities of the nation and to accelerate economic growth and reduce poverty by using economic and social strength and full initiative. An eight-point strategic agenda has been built on three policies of pro-poor economic growth, human development and governance for attaining this vision. The important activities are: employment generation, ensuring nutrition, quality education at primary, secondary and vocational levels, establishment of local governance and development of maternal health,

ensuring sanitation and safe water and ensuring criminal justice and monitoring. An action plan of PRSP has been designed on the basis of these activities.

Road Map for Accelerated Poverty Reduction: In order to attain the vision of poverty reduction, four strategic blocks and four supporting strategies have been identified in the PRSP. Four strategic blocks are (1) macroeconomic environment for pro-poor economic growth, (2) critical sectors for pro-poor economic growth, (3) effective social safety nets and targeted programmes and (4) human development. For proper implementation and monitoring of four strategic blocks, four supporting strategies have been mentioned, which are (1) ensuring participation, social inclusion and empowerment, (2) promoting good governance, (3) service delivery; and (4) caring for the environment and sustainable development.

- To create macroeconomic environment for pro-poor economic growth, important issues described in the PRSP are: accelerating growth for poverty reduction, economic growth, savings and investment, private sector investment; promoting foreign direct investment, macroeconomic stability; facilitating fair and competitive business; promoting employment; promoting trade and technological advancement.
- For attaining pro-poor economic growth, important sectors described in the PRSP are: agriculture and rural development; water resources development and management, small and medium size enterprises, informal sector, infrastructure development, tourism and development of ICT.
- Social safety nets (SSN) are based on the government's policy to (a) reduce income uncertainty and variability; (b) maintain a minimum standard of living; and (c) redistribute income from the rich to the poor. During the last two decades, the government has been pursuing a number of social safety net programmes.
- Education and health sectors have been accorded the highest priority for human development. Education sector consists of five sub-sectors: (1) early childhood development, pre-school and primary education; (2) secondary and higher secondary education; (3) technical and vocational education and training; (4) tertiary education; and (5) literacy and non-formal adult education. Health and related issues are presented under four headings. These are: (1) various categories of health including children's health and maternal and reproductive health; (2) nutrition; (3) food safety; and (4) water and sanitation.
- To ensure participation, social inclusion and empowerment, PRSP has identified women, children, indigenous people, physically and mentally challenged people and other disadvantaged people. Special policy, strategy and programmes have been taken for them.
- The broad agenda on good governance covers six areas: (1) reform of judicial system; (2) public administration reform; (3) anti-corruption; (4) decentralization; (5) strengthening accountability and participation; and (6) public expenditure management.

- For ensuring quality of services, PRSP underscores the need for GO-NGO and public-private partnerships. It also recognises the role of clients in effective service delivery through increasing their performances and involvement in service delivery.
- Major issues in sustainable development are conservation of natural resources and combating pollution.

Monitoring and Evaluation: For monitoring and evaluation of PRSP, three types of major indicators are identified: inputs, outputs and outcomes/impacts. These indicators are used for monitoring 19 policy matrices. Policy matrices include strategic goals, key targets, action taken/underway, PRSP policy agenda, future priorities and responsibilities.

Measurement of the Incidence of Poverty in Bangladesh

Household Expenditure Survey (HES) was carried out first in Bangladesh in FY1973-74. In subsequent years, a number of HESs were undertaken; the latest one was conducted by BBS in 2005. HESs carried out up to FY1991-92 were based on Food Energy Intake (FEI) and Direct Calorie Intake (DCI) methods in order to measure the incidence of income poverty. FEI method computes poverty lines by finding the value of per capita consumption at which a household can be expected to fulfil its calorie requirement. DCI method is used to calculate the incidence of absolute poverty where population or households fall below a threshold calorie intake (2122 kilocalories per person on a daily basis). Similarly, a person having daily calorie intake of less than 1805 kilocalories is considered to be in hard-core poverty. In Household Expenditure Survey (HES) conducted in FY1995-96, the BBS for the first time adopted the Cost of Basic Needs (CBN) method for constructing poverty lines. Similarly, in the Household Income and Expenditure Surveys (HIES) of 2000 and 2005, CBN method was used. With this method, an absolute poverty line is defined as the value of consumption needed to satisfy minimum subsistence needs (food as well as non-food consumption). These three methods are summarised in Table 13.1.

Table 13.1: Alternative Methods for Measuring Absolute Income Poverty in Bangladesh

	Direct Calorie Intake	Food Energy Intake	Cost of Basic Needs
Indicator	Calorie intake	Expenditure (or income)	Expenditure (or income)
Threshold	2,122 kilocalories/person-day	Expenditure level at which household members are expected to reach calorie intake threshold	Expenditure level at which household members are expected to meet basic needs (food and non-food)
Measure	Head-count or other	Head-count or other	Head-count or other
Strengths and weaknesses	Indicator not representative; threshold consistent (for monitoring calorie intake)	Indicator representative; threshold not consistent (for real expenditures)	Indicator representative; threshold consistent (for real expenditures)

Source: World Bank 2002, A Source Book for Poverty Reduction Strategies (Vol. 1)

Trends of Poverty

Poverty is divided into two categories, such as (1) income poverty and (2) human poverty. The report of HIES-2005 reveals that at the national level, incidence of poverty registered a

declining trend in 2005 as compared to 1991-92 based on CBN method. The incidence of poverty at the national level declined from 58.8 percent in 1991-92 to 40.0 percent in 2005 based on the upper poverty line (Table 13.2). During this period, the compound poverty reduction rate per year is recorded at 1.8%. But the rate of reduction in urban area (yearly compound rate 2.2 percent) is faster than that of the rural area. On the other hand, during 2000 to 2005, income poverty also reduced from 48.9 percent to 40.0 percent and the compound reduction rate is 3.9 percent. This time also reduction rate is faster in the urban area (yearly 4.2 percent) than that of the rural area (3.5 percent).

Between 2000 and 2005, the depth (measured by poverty gap) and severity (measured by squared poverty gap) of poverty declined simultaneously both in urban and rural areas. It is notable that between 1991-92 to 2000, reduction rate of poverty was faster in the rural area than that of the urban area.

Table 13.2: Trends of Poverty based on CBN Method

	2005 (%)	2000 (%)	Annual Change (%) (2000-2005)	1991-92 (%)	Annual Change (%) (1991/92-2005)
Head Count Index					
National	40.0	48.9	-3.9	58.8	-1.8
Urban	28.4	35.2	-4.2	44.9	-2.2
Rural	43.8	52.3	-3.5	61.2	-1.6
Poverty Gap					
National	9.0	12.8	-6.80	17.2	-2.9
Urban	6.5	9.1	-6.51	12.0	-2.5
Rural	9.8	13.7	-6.48	18.1	-2.8
Squared Poverty Gap					
National	2.9	4.6	-8.81	6.8	-3.8
Urban	2.1	3.3	-8.64	4.4	-2.7
Rural	3.1	4.9	-8.75	7.2	-3.8

Source: BBS, HIES-2005.

The trends of poverty on the basis of Head Count Ratio and DCI method is presented in Table 13.3

Table 13.3: Trends of Poverty based on Head Count Ratio and DCI Method

Survey year	People below poverty line					
	National		Rural		Urban	
	People (in million)	People (%)	People (in million)	People (%)	People (in million)	People (%)
Poverty line 1: Absolute Poverty, Daily less than 2122 kilocalorie food intake						
2005	56.0	40.4	41.2	39.5	14.8	43.2
2000	55.8	44.3	42.6	42.3	13.2	52.5
1995-96	55.3	47.5	45.7	47.1	9.6	49.7
1991-92	51.6	47.5	44.8	47.6	6.8	46.7
Poverty line 2: Hardcore Poverty, Daily less than 1805 kilocalorie food intake						
2005	27.0	19.5	18.7	17.9	8.3	24.4
2000	24.9	20.0	18.8	18.7	6.0	25.0
1995-96	29.1	25.1	23.9	24.6	5.2	27.3
1991-92	30.4	28.0	26.6	28.3	3.8	26.3

Source: BBS, HIES-2005.

According to Head Count Ratio using DCI method, in 2005, the incidences of absolute poverty were 40.4, 39.5 and 43.2 percent in national, rural and urban areas respectively. Under this method, a reduction of absolute poverty is recorded at 4.1 percent from 2000 to 2005. People living below poverty line in 2000 were 55.8 million, which increased to 56 million in 2005. Though the number of poor people increased by 0.2 million during this period, it increased at a slower rate than that of the previous period.

According to Head Count Ratio, using DCI method, the incidences of hardcore poverty were 19.5, 17.9 and 24.4 percent in national, rural and urban areas respectively in 2005. Under this method a reduction of hardcore poverty is recorded 0.5 percent at the national level, 0.8 percent in the rural area and 0.6 percent in the urban area. People living below hardcore poverty line in 2000 were 24.9 million, which increased to 27 million in 2005. Though the poor people increased during this period, it decreased as compared to 1991-92.

Head Count Ratio (HCR) on the basis of CBN method by Divisions

The Head Count Ratio of incidence of poverty in six administrative divisions with rural and urban breakdown is presented below:

Table 13.4: Division-wise Incidence of Poverty (HCR) by CBN Method (in percentage)

National/Division	2005			2000		
	Using the Lower Poverty Line					
	National	Rural	Urban	National	Rural	Urban
National	25.1	28.6	14.6	34.3	37.9	20.0
Barisal	35.6	37.2	26.4	34.7	35.9	21.7
Chittagong	16.1	18.7	8.1	27.5	30.1	17.1
Dhaka	19.9	26.1	9.6	34.5	43.6	15.8
Khulna	31.6	32.7	27.8	32.3	34.0	23.0
Rajshahi	34.5	35.6	28.4	42.7	43.9	34.5
Sylhet	20.8	22.3	11.0	26.7	26.1	35.2
Using the Upper Poverty Line						
National	40.0	43.8	28.4	48.9	52.3	35.2
Barisal	52.0	54.1	40.4	53.1	55.1	32.0
Chittagong	34.0	36.0	27.8	45.7	46.3	44.2
Dhaka	32.0	39.0	20.2	46.7	55.9	28.2
Khulna	45.7	46.5	43.2	45.1	46.4	38.5
Rajshahi	51.2	52.3	45.2	56.7	58.5	44.5
Sylhet	33.8	36.1	18.6	42.4	41.9	49.6

Source: BBS, HIES-2005.

The estimates of Head Count Ratio using the upper poverty line show that Barisal Division had the highest incidence of poverty followed by Rajshahi and Khulna Divisions. On the other hand, Dhaka Division recorded the lowest incidence of poverty followed by Sylhet and Chittagong Divisions.

The incidence of poverty in Dhaka Division declined to 32.0 percent in 2005 from 46.7 percent in 2000. Sharp reduction of HCR using the upper poverty line can be attributed to high poverty reduction in the rural area during this period. The incidence of poverty in the rural area of Dhaka Division came down to 39.0 percent in 2005 from 55.9 percent in 2000. The reduction of HCR is also significant in the urban area. It came down to 20.2 percent in 2005 from 28.2 percent in 2000. The incidence of poverty slightly increased in Khulna Division.

The estimates of HCR in 2005 using the lower poverty line showed that Chittagong Division recorded the lowest incidence of poverty followed by Dhaka and Sylhet Divisions. The highest reduction of incidence of poverty using the lower poverty line occurred in Dhaka Division followed by Chittagong Divisions. On the other hand, poverty incidence using the lower poverty line increased slightly in Barisal Division during the period.

Incidence of Poverty (CBN) by Size of Household

Estimates of incidence of poverty by size of household have been presented in Table 13.5.

Table 13.5: Incidence of Poverty (CBN) by Size of Household-2005 (in percentage)

Household Size (Number of Persons)	2005			2000		
	Using the Lower Poverty Line					
	National	Rural	Urban	National	Rural	Urban
All Size	25.1	28.6	14.6	34.3	37.9	20.0
1-2	8.8	10.2	4.2	15.0	17.0	5.9
3-4	20.0	23.8	10.5	27.5	31.1	14.4
5-6	28.3	32.1	16.5	37.8	42.5	19.6
7-8	29.9	31.7	23.1	38.4	41.0	27.1
9-10	31.4	35.9	12.4	38.2	40.1	30.1
11+	15.2	16.5	11.2	26.6	29.5	12.7
Using the Upper Poverty Line						
All Size	40.0	43.8	28.4	48.9	52.3	35.2
1-2	19.1	21.8	10.2	28.4	32.0	11.9
3-4	33.3	37.6	22.6	41.0	44.9	26.8
5-6	43.6	47.5	31.5	52.3	56.7	35.4
7-8	46.6	48.5	39.7	54.9	57.1	44.9
9-10	44.8	48.2	30.6	54.8	56.2	44.3
11+	35.5	41.5	17.7	37.6	40.1	25.5

Source: BBS, HIES-2005

The estimates of Head Count Ratio of incidence of poverty using the lower poverty line by household size (number of members) showed that households having 1-2 household members had the lowest HCR. It is estimated at 8.8 percent in 2005 against 15.0 percent in 2000. On the other hand, it appears from Table 13.4 that the HCR increases with the increase of household size up to 9-10 members. It falls down for the household size 11+. The estimates using the upper poverty line show the similar correlation of HCR with household size as shown by HCR estimates using the lower poverty line.

Poverty on the basis of Land Ownership

Estimates of incidence of poverty (CBN) by ownership of land using both lower and upper poverty lines have been presented in Table 13.6.

Table 13.6: Incidence of Poverty (CBN) by Ownership of Land -2005 (in percentage)

Size of Land Holding (Acres)	2005			2000		
	Using the Lower Poverty Line					
	National	Rural	Urban	National	Rural	Urban
All Size	25.1	28.6	14.6	34.3	37.9	20.0
No land	25.2	49.3	17.8	30.4	53.1	20.5
<0.05	39.2	47.8	23.7	43.3	48.8	22.3
0.05-0.49	28.2	33.3	11.4	40.0	41.7	12.6
0.50-1.49	20.8	22.8	9.1	29.6	30.6	15.4
1.50-2.49	11.2	12.8	2.7	21.9	22.9	1.4
2.50-7.49	7.0	7.7	3.0	11.5	12.4	0.0
7.50+	1.7	2.0	0.0	4.0	4.1	0.0
Using the Upper Poverty Line						
All Size	40.0	43.8	28.4	48.9	52.3	35.2
No land	46.3	66.6	40.1	46.6	69.7	36.6
<0.05	56.4	65.7	39.7	57.9	63.0	38.3
0.05-0.49	44.9	50.7	25.7	57.1	59.3	27.3
0.50-1.49	34.3	37.1	17.4	46.2	47.5	27.4
1.50-2.49	22.9	25.6	8.8	34.3	35.4	10.2
2.50-7.49	15.4	17.4	4.2	21.9	22.8	9.1
7.50+	3.1	3.6	0.0	9.5	9.7	0.0

Source: BBS, HIES-2005

In 2005, the estimates of incidence of poverty by ownership of land using the upper poverty line, were found to be 46.3 percent for landless households, 56.4 percent for owners of less than 0.05 acre land, 44.9 percent for owners of 0.05-0.49 acre land, 22.9 percent for 1.5-2.49 acre land, 15.4 percent for 2.50-7.49 acre land and 3.1 percent for owners of 7.5 acre or more land. In 2005, the estimates of HCR by ownership of land using the lower poverty line were found to be 39.2 percent for land size less than 0.05 acre, 28.2 percent for 0.05 to 0.49 acre, 20.8 percent for 0.05-.49 acre, 11.2 percent for 1.5-2.49 acre, 7.0 percent for 2.50-7.49 acre and 1.7 percent for 7.5 acre or more land.

Incidence of Poverty (CBN) by Main Occupation of Head of Household

Estimates of incidence of poverty (CBN) by occupation of head of household using both lower and upper poverty lines have been presented in Table 13.7.

Table 13.7: Incidence of Poverty and Main Occupation of Head of Household (In percentage)

Residence and Occupation of Head	2005			2000		
	Using the Lower Poverty Line					
	National	Rural	Urban	National	Rural	Urban
Total	25.1	28.6	14.6	34.3	37.9	20.0
Professional, Technical and Related Work	16.1	18.5	11.7	22.2	22.2	15.1
Administration and Management Work	2.4	12.6	0.0	1.5	0.0	2.0
Clerical, Related Work & Govt. Executive.	29.4	36.6	18.0	34.2	42.6	22.0
Sales Workers	16.7	21.7	9.6	23.0	28.4	14.2
Service Workers	25.3	31.4	16.5	37.3	41.3	30.2
Agri., Forestry and Fisheries	31.5	32.0	24.7	40.8	41.2	29.8
Production, Transport and Related Workers	23.6	30.6	14.2	34.1	40.7	21.6
Head Not Working	17.0	18.5	12.1	25.6	29.7	13.0
	Using the Upper Poverty Line					
Total	40.0	43.8	28.4	48.9	52.3	35.2
Professional, Technical and Related Work	25.7	28.0	21.7	32.7	35.4	26.7
Administration and Management Work	9.8	38.4	3.0	8.5	27.9	2.0
Clerical, Related Work & Govt. Executive.	44.1	51.8	32.0	49.2	56.3	38.7
Sales Workers	30.5	36.5	22.2	38.4	47.0	24.4
Service Workers	40.7	48.3	29.7	56.9	57.7	55.6
Agri., Forestry and Fisheries	48.2	48.5	44.8	55.0	55.3	47.1
Production, Transport and Related Workers	42.2	49.2	32.7	47.4	53.6	35.6
Head Not Working	27.5	29.8	20.0	39.9	44.1	27.1

Source: BBS, HIES-2005

It is observed from Table 13.7 that at the national level, by using the lower poverty line, the highest incidence of poverty (31.5 percent) exists in the households where the occupation of the head relates to agriculture, forestry and fisheries. On the other hand, the lowest incidence of poverty (2.4 percent) was observed in the households with head in administrative and managerial work. Using the upper poverty line, the highest incidence (48.2 percent) of poverty was observed in the case of heads of households with their occupation relating to agriculture, forestry and the fisheries and the lowest (9.8 percent) for the households with head in administrative and managerial work. There also exists rural and urban variation in incidence of poverty by occupation. In the rural area (using the upper poverty line), the highest incidence of poverty (51.8 percent) was observed in the households with heads belonging to clerical, related work and government executive and the lowest in the households with head in professional, technical and related work (28.0 percent). On the other hand, using the same poverty line, the

highest incidence of poverty was observed in the case of households with head in agriculture, forestry and fisheries (44.8 percent) and the lowest for households with head in administrative and managerial work (3.0 percent) in the urban area.

Household Income, Expenditure and Consumption

Monthly household nominal income, expenditure and consumption expenditure from the surveys 1991-92 to 2005 have been presented in Table 13.8. The difference between expenditure and consumption expenditure is that expenditure includes purchase of durable goods which is not included in consumption expenditure.

Table 13.8: Monthly Household Nominal Income, Expenditure and Consumption Expenditure by Residence

Survey Year	Residence	Average Monthly (Taka)		
		Income	Expenditure	Consumption Expenditure
2005	National	7203	6134	5964
	Rural	6096	5319	5165
	Urban	10463	8533	8315
2000	National	5842	4886	4542
	Rural	4816	4257	3879
	Urban	9878	7360	7149
1995-96	National	4366	4096	4026
	Rural	3658	3473	3426
	Urban	7973	7274	7084
1991-92	National	3341	2944	2904
	Rural	3109	2721	2604
	Urban	4832	4377	4280

Source: BBS, HIES-2005

It appears from the above table that household nominal income; expenditure and consumption expenditure have increased gradually over the years. The monthly household nominal income was estimated at Tk.7203 at the national level, whereas it was estimated at Tk. 6096 in the rural area and Tk. 10463 in the urban area. Monthly household income was Tk. 5842 at the national level in 2000. It increased by 23.3 percent in 2005 over the year 2000 and by 115.59 percent over 1991-92 in nominal terms. The average monthly household expenditure was estimated at Tk. 6134 in 2005 at the national level, where as it was Tk. 5319 in the rural area and Tk. 8533 in the urban area. In 2000, it was Tk. 4886, Tk. 4257 and Tk. 7360 at the national, rural and urban levels respectively. The monthly average expenditure increased by 25.54 percent in 2005 over the year 2000 and increased by 108.36 percent over the year 1991-92. The monthly

average household consumption expenditure was estimated at Tk. 5964 in 2005 at the national level, while it was Tk. 5165 in the rural area and Tk. 8315 in the urban area. In 2000, it was Tk. 4542, Tk. 3879 and Tk. 7149 at the national, rural and urban levels respectively. The monthly average consumption expenditure increased by 31.3 percent over the year 2000 and by 105.37 percent over 1991-92. Table 13.9 provides monthly household income, expenditure and consumption expenditure by administrative divisions.

Table13.9: Monthly Household Nominal Income, Expenditure and Consumption Expenditure by Divisions

(In Tk.)

Division	Income	Expenditure	Consumption Expenditure
Total (National)	7203	6134	5964
Barisal	6094	5653	5511
Chittagong	8654	7526	7412
Dhaka	7949	7159	6931
Khulna	6006	4749	4637
Rajshahi	5864	4353	4186
Sylhet	8315	7503	7329

Source: BBS, HIES-2005

The highest average monthly household nominal income was recorded at Tk. 8654 in Chittagong Division followed by Sylhet Division at Tk. 8315 and Dhaka Division at Tk. 7949 and all of these exceed the national average of Tk. 7203. Three divisions which recorded monthly household income below the national average are Barisal Division Tk. 6094, Khulna Division Tk. 6006 and Rajshahi Division Tk. 5864.

The highest average monthly nominal expenditure was recorded in Chittagong Division at Tk. 7526 followed by Sylhet Division at Tk. 7503 and Dhaka Division at Tk. 7159 and all of these exceed the national average of monthly household expenditure at Tk. 6134. On the other hand, the average monthly household expenditures of Barisal Division, Khulna Division and Rajshahi Division fell well below the national average and were estimated at Tk. 5653, Tk. 4749 and Tk. 4353 respectively.

The highest monthly household nominal consumption expenditure was recorded at Tk. 7412 in Chittagong Division followed by Tk. 7329 in Sylhet Division and Tk. 6931 in Dhaka Division and all of these exceed the national average of monthly household consumption expenditure at Tk. 5964. The monthly household consumption expenditure of Rajshahi Division, Khulna Division and Barisal Division fell well below the national average and recorded at Tk. 4186, Tk. 4637 and Tk. 5511 respectively.

Decile Distribution of Income and Gini Coefficient

The percentage shares of income by decile groups and Gini coefficient with rural and urban break-down for the surveys conducted during 2000 and 2005 are presented in Table 13.10.

Table 13.10: Percentage Distribution of Income Accruing to Households in Groups (Deciles) and Gini Co-Efficient

Household Income Group	2005			2000		
	Total	Rural	Urban	Total	Rural	Urban
National	100.00	100.00	100.00	100.00	100.00	100.00
Lower 5%	0.77	0.88	0.67	0.93	1.07	0.79
Decile-1	2.00	2.25	1.80	2.41	2.80	2.02
Decile-2	3.26	3.63	3.02	3.76	4.31	3.07
Decile-3	4.10	4.54	3.87	4.57	5.25	3.84
Decile-4	5.00	5.42	4.61	5.22	5.95	4.68
Decile-5	5.96	6.43	5.66	6.10	6.84	5.60
Decile-6	7.17	7.63	6.78	7.09	7.88	6.74
Decile-7	8.73	9.27	8.53	8.45	9.09	8.24
Decile-8	11.06	11.49	10.18	10.39	10.97	10.46
Decile-9	15.07	15.43	14.48	14.00	14.09	14.04
Decile-10	37.64	33.92	41.08	38.01	32.81	41.32
Top 5%	26.93	23.03	30.37	28.34	23.52	31.32
Income Gini Co-Efficient	0.467	0.428	0.497	0.451	0.393	0.497

Source: BBS, HIES-2005

It is evident from Table 13.10 that income shares accruing to households belonging to Decile-1 to Decile-5 were recorded at 2.00 percent, 3.26 percent, 4.10 percent, 5.00 percent and 5.96 percent respectively at the national level. All these declined with respect to 2000 survey findings, which were 2.41 percent, 3.76 percent, 4.57 percent, 5.22 percent and 6.10 percent respectively. These five deciles jointly share only 20.32 percent of total income, although they comprise 50 percent of the population. The percentage share of income of the lowest 5 percent household decreased from 0.93 percent in 2000 to 0.77 percent in 2005. On the other hand, in 2005, the income share of the households belonging to Decile-6 to Decile-9 increased but that of Decile-10 decreased compared to that of 2000. The top 5 percent households were significantly losing their share of income and recorded at 26.93 in 2005, whereas the same was 28.34 percent in 2000. It may be mentioned that in the past surveys, the Decile-10 including top 5 percent households sharply gained their share of income but in 2005, their shares declined. This may be attributed to gain by Decile-6 to Decile-9 in 2005.

Per Capita Expenditure on Consumer Goods and Services

Per capita expenditure on consumer goods and services covering the period from FY1989-90 to FY2006-07 has been presented in Table 13.11. Per capita expenditure on consumer goods and services at market prices increased to Tk. 24600 in FY 2006-07 from Tk. 7,740 in FY 1989-90. The compound growth is 7.04 percent during 1990-2007. On the other hand, per capita expenditure on consumer goods and services (at 1995-96 prices) increased to Tk. 14231 from Tk. 10,800 during FY1989-90 through FY2006-07. The compound growth rate is 1.64 percent.

Table 13.11: Per capita Expenditure on Consumer Goods and Services (In Tk.)

Fiscal year	Per capita Expenditure on Consumer Goods and Services at Market Prices*	Per capita Real Expenditure on Consumer Goods and Services
1989-90	7740	10800
1990-91	8197	10560
1991-92	8672	10684
1992-93	9060	10865
1993-94	9516	11049
1994-95	10550	11252
1995-96	11108	11108
1996-97	11781	11332
1997-98	12529	11091
1998-99	13516	11176
1999-00	14353	11546
2000-01	15126	11937
2001-02	15952	12246
2002-03	17129	12598
2003-04	18456	12824
2004-05	20145	13147
2005-06	22241	13629
2006-07	24600	14231
Compound growth rate (1990-07)	7.04	1.64

Note: * Calculated from private consumption data under GDP new series.

Source: BBS, Statistical Yearbooks (Various issues) and calculated by Finance Division.

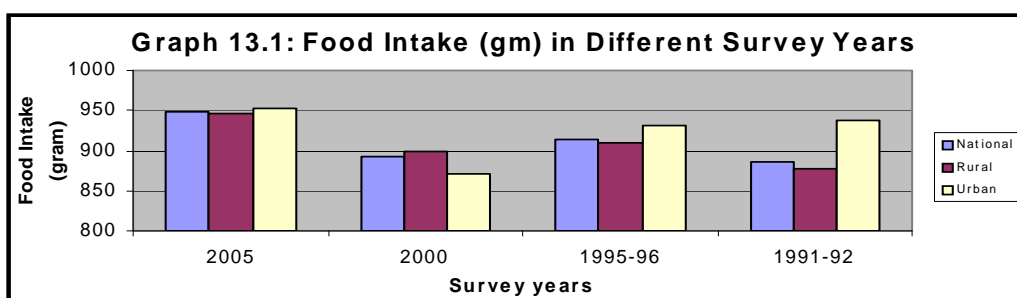
Consumption of Food

In 2005, the average quantity of food items consumed was estimated at 947.8 grams per capita per day. It was 893.1, 913.8 and 886.2 grams in the year 2000, 1995-96 and 1991-92 respectively. In the urban area, food intake shows more fluctuating trend during the period 1991-92 to 2005. The quantity of food intake per capita per day increased by 6.12 percent in 2005 over 2000. The average quantity (grams) per capita per day intake of food is presented in Table 13.12 and Graph 13.1.

Table 13.12: Food intakes (grams) in different survey years

Survey years	Residence		
	National	Rural	Urban
2005	947.8	946.3	952.1
2000	893.1	898.7	870.7
1995-96	913.8	910.5	930.8
1991-92	886.2	878.1	938.4

Source: BBS, HIES 2005.



Review of Selected Programmes for Poverty Alleviation

Both the government and non-government organisations have been implementing a number of programmes for employment and income generation and the upliftment of the poor. About 56.3 percent of development and non-development budget has been allocated for direct and indirect poverty reduction activities in FY2006-07. These programmes continue to enhance the entitlement of the poor and at the same time their empowerment and awareness building. Besides, food for works programme, VGD programme, construction and maintenance of rural infrastructure etc. are also generating employment for the poor. On the other hand, education expansion programmes like food for education, special stipend and financial assistance, free primary education are directly reducing the burden of educational expenses as well as playing an important role in human resource development.

Social Safety-Net Programmes

The government has significantly increased the amount and the number of beneficiaries of Old-Age Allowance Programme, Allowances Programme for Widowed, Deserted and Destitute Women and Honorarium Programme for Insolvent Freedom Fighters. While continuing with the on-going safety-net programmes, the government has also adopted new programmes that would contribute to the welfare of the poor and also the underprivileged community like Allowance for the Physically Handicapped and Seasonal Unemployment Reduction Allowance. Side by side, the government has also revitalised the micro-credit programmes to further expand the social safety-net programmes for poverty reduction.

Classification of Key Social Safety-Net Programmes in Bangladesh

- *Cash transfers programmes;*
- *Food transfers programmes;*
- *Special poverty alleviation programmes;*
- *Micro-credit programmes for self-employment; and*
- *Other special poverty alleviation activities.*

Cash Transfer Programmes

- Old-Age Allowance Programme;
- Allowances Programme for Widowed, Deserted and Destitute Women;
- Honorarium Programme for Insolvent Freedom Fighters;
- Training and Self-Employment Programme for Insolvent Freedom Fighters and their dependants;
- Fund for Rehabilitation of the Acid-Burnt and the Physically Handicapped;
- Allowance for the Fully Retarded;
- Cash transfer programmes for education;
 - Primary Education Stipend Project (PESP); and

- Female Secondary School Assistance Programme (FSSAP);
- Rural Maintenance Programme (RMP); and
- Food for Works Programme (Cash).

Old-Age Allowance Programme

The Ministry of Social Welfare is responsible for implementing this programme. In FY 2006-07, the budget allocation for this programme was Tk. 384 crore. Under this programme, 16 lakh old and destitute people are getting monthly allowance at the rate of Tk. 200.

Allowances Programme for Widowed, Deserted and Destitute Women

The Ministry of Women and Children Affairs has introduced this programme for widowed, deserted and destitute women. In FY 2006-07, the budget allocation for this programme was Tk. 156 crore. Under this programme, the rate of monthly allowance was enhanced from Tk. 180 to Tk. 200 and the beneficiary coverage stood at 6 lakh 50 thousand in FY 2006-07.

Honorarium Programme for Insolvent Freedom Fighters

In FY 2006-07, the number of beneficiaries increased to one lakh and per head allowance increased to Tk. 5000. In FY 2006-07, the budget allocation for this programme was Tk. 60 crore.

Training and Self-Employment Programme for Insolvent Freedom Fighters and Their Dependants

In order to bring solvency and to raise the social status of insolvent freedom fighters, the government, has adopted this programme. As many as 45417 insolvent freedom fighters or their dependants from 64 districts have been identified and included in the programme. All members of the target group are being provided with skills development training on different trades either individually or in groups to make them capable of being self-employed. The trained members of the target group are being provided with micro-credit to finance their self-employment and income generating projects.

Fund for Rehabilitation of the Acid-Burnt Women and the Physically Handicapped

The Ministry of Social Welfare has introduced a fund for rehabilitation of acid-burnt women. Under this fund every such woman receives Tk. 10,000. In FY 2006-07, the government allocated Tk. 10 crore for this fund.

Allowance for the Fully Retarded

The Ministry of Social Welfare is implementing this programme. To provide subsistence to 1 lakh 67 thousand fully retarded persons, a programme for paying monthly allowance of Tk. 200 has been introduced in FY2006-07.

Primary Education Stipend Project (PESP)

Under the Primary Education Stipend Project, poor children are given financial benefits. Over 55 lakh poor children derive benefits from this project per annum. Besides, the project lays emphasis on the need for expansion and qualitative improvement of primary education. The government has taken up, among others, 2 important projects with an outlay of Taka of about 5000 crore for "Second Primary Education Development Programme II-(PEDP-II)" and "Reaching out of School Children".

Female Secondary School Assistance Programme

This programme has been undertaken with a view to increasing the number of female students in secondary schools, increasing their prospect for future employment and self-employment and controlling their under-age marriage. Under this programme, financial assistance in the form of stipend, free tuition, and book allowance and examination fee is given to 25 lakh female students up to class-XII. In FY 2006-07, the number of scholarships at different levels was increased to one lakh and one thousand. Besides, other scholarship programmes are continuing.

Food Assistance Programme

- *Food for Works Programme;*
- *Vulnerable Group Development (VGD) Programme;*
- *Vulnerable Group Feeding (VGF) Programme; and*
- *Test Relief (TR) Programme.*

Food for Works Programme

The allocation of food grain for this programme was one lakh metric ton for FY 2006-07 and up to February 2007, food grain disbursed amounted to 18,876.84 metric ton.

Vulnerable Group Development (VGD) Programme

The Ministry of Woman and Child Affairs is implementing this programme. In FY 2006-07, there was an allocation of 2 lakh metric tons of food grain under this programme and up to December 2006, one lakh metric ton food grain was disbursed among 7.5 lakh women-VGD card holders.

Vulnerable Group Feeding (VGF) Programme

The Ministry of Food and Disaster Management is implementing this programme. In FY 2006-07, there was an allocation of 2.5 lakh metric tons of food grain under this programme and up to February 2007, 229160 metric ton food grain was disbursed among 7682434 beneficiaries.

Test Relief (TR) Programme

The Ministry of Food and Disaster Management is implementing this programme. In FY 2006-07, there was an allocation of 1.5 lakh metric tons of food grain under this programme and up to February 2007, 64108.49 metric ton food grain was distributed.

Special Poverty Alleviation Programmes

- Programmes under Poultry and Livestock Sector to alleviate poverty;
- Poverty Alleviation and Micro-Credit Programmes Undertaken by Department of Fisheries;
- Fund for Housing the Homeless;
- Programme for Generating Employment for the Unemployed Youth by the Karmasangsthan Bank;
- Abashan (Poverty Reduction and Rehabilitation) Project;
- Fund for Mitigating Risks due to Natural Disasters;
- Programme for Mitigating Economic Shocks;
- Programmes for Reducing Poverty and Generating Employment under the Ministry of Women and Children Affairs; and
- Fund to meet Temporary Unemployment.

Programmes under Poultry and Livestock Sector to alleviate poverty

In order to alleviate poverty and create self-employment through increasing production of goats, a programme titled “Poverty Alleviation through Increasing Goat Production” was implemented in 440 upazilas of 64 districts in FY2006-07. Under this programme, Tk. 32.97 crore was disbursed as micro-credit for purchasing goats to 50523 beneficiaries selected from 440 upazilas of 64 districts during FY 2006-07. Up to January 2007, training was provided to 99300 selected goat-farmers. Moreover, a programme has been taken-up to assist with grants those persons who are engaged with dairy production on cooperative basis. Besides, to reduce poverty through increasing sheep production in 158 upazilas of 22 districts, a programme has been taken-up to build up 39500 farms and 780 contact growing farms.

Poverty Alleviation and Micro-Credit Programmes of the Department of Fisheries

In order to strengthen cultivation of fisheries, the government has targeted to disburse Tk. 10 crore during FY2006-07. Beneficiaries during the last few years stood at 2.60 lakh from various government projects both in non-development and development budgets.

Fund for Housing the Homeless

In order to mitigate the housing problem of the homeless, poor and low-income people in the country, the government constituted a fund for housing (*Grihayan Tahbil*) with an allocation of Tk. 50 crore in FY 2006-07. The *Grihayan Tahbil* provides housing credit at 1 percent rate of interest to implementing agencies (NGOs) and the implementing agencies (NGOs) provide

housing credit to beneficiaries at 5 percent rate of interest with a long-term and easy repayment schedule. Up to February 2007, Tk. 93.54 crore was disbursed and 39500 houses were constructed out of the allocated amount of Tk. 182 crore under house building and women's hostel programmes. Besides, Tk.10.54 crore has already been released as grant. It is worth mentioning that Bangladesh Rural Advancement Committee (BRAC) has constructed one hostel with a safe, healthy and cheap housing facility for 2000 female workers working in garments or other industries at Askona, Uttara with Tk. 10.00 crore financing facility from the Grihayan Tabbil.

Programmes of the Karmasangsthan Bank for generating employment for the unemployed youth

Karmasangsthan Bank has undertaken special credit programmes to utilise the unemployed especially the educated unemployed youth of the country in different production-oriented and income-generating activities. In FY2006-07, Karmasangsthan Bank distributed Tk. 292.60 crore among 85504 borrowers and the recovery of loan stood at Tk. 221.94 crore against Tk. 263.19 crore as recoverable loans (recovery rate is 84 percent). Some special credit programmes of Karmasangsthan Bank are given below:

- **Eradication of Hazardous Child Labour in Bangladesh**

Under an agreement between the Ministry of Labour and Employment and Karmasangsthan Bank, an amount of Tk. 4.12 crore was disbursed among the parents of 5000 children. An amount of Tk. 2.65 crore was recovered against recoverable amount of Tk. 3.38 crore (recovery rate 78%). The project was completed in FY2004-05. A Memorandum of Understanding is going to be signed with the Ministry of Labour and Employment to continue the disbursement of loan from the recovered amount lying in the revolving fund with the Karmasangsthan Bank.

- **Micro-Credit Support for Employment of Voluntarily Retired/Retrenched Labour/ Employees of Mills and Industries**

Under an agreement between the Ministry of Labour and Employment and Karmasangsthan Bank, Karmasangsthan Bank is implementing the programme for alleviation of poverty of voluntarily retired/retrenched industrial workers by creating employment opportunities and retraining. Tk. 17.45 crore and Tk. 23.60 crore were allotted for FY2004-05 and FY2005-06 respectively. Under this programme, up to June 2007, Tk. 51.12 crore was disbursed among 9642 borrowers. During the same period, Tk. 19.08 crore was recovered against recoverable amount of Tk. 31.37 crore (recovery rate 61%). The fund is being used as revolving fund for this purpose as per agreement.

- **Assistance for Agro-based Industries**

Under an agreement between the Ministry of Finance and Karmasangsthan Bank, Karmasangsthan Bank is implementing this programme. In FY2005-06, an amount of Tk. 11.62 crore was disbursed among 780 entrepreneurs against the allocation of Tk. 10.00

crore and Tk. 7.28 crore was recovered against the recoverable amount of Tk. 8.79 (recovery rate 87 percent). An amount of Tk. 20 crore was allocated in favour of Karmasangsthan Bank for FY2006-07; the disbursement of this allocated fund is under process. This fund will be used as revolving fund for the purpose as per agreement.

Abashan (Poverty Alleviation and Rehabilitation) Project

This project is being implemented under the direct supervision of the Prime Minister/ Chief Adviser's Office. Entirely funded from domestic source, the project is being implemented over a period of seven years (July 2002- June 2009) at a cost of Tk. 657.20 crore. The project aims at reducing poverty by providing land, accommodation, training, credit, education, health service, family planning, income-generating activities, pure drinking water, electricity, improved transportation system and tree plantation facility to 65,000 landless, homeless and destitute families. Up to March 2007, 65 percent of this project objective was achieved.

Fund for Mitigating Risks due to Natural Disasters

The government has introduced the Fund for Mitigating Risks due to Natural Disasters. The fund received allocations of Tk. 25 crore in FY2002-03, Tk. 50 crore in FY2003-04, Tk. 75 crore in FY 2004-05, Tk. 70 crore in FY 2005-06. In FY2006-07, this fund received further allocation of Tk. 30 crore.

Programme for Mitigating Economic Shocks

In addition to the targeted poverty reduction programmes, the government has introduced the following two new programmes to enable employees/labourers to face sudden economic shocks and an amount of Tk. 50 crore allocated for these programmes in FY 2006-07:

- Special fund with an allocation of Tk. 30 crore for retraining and creation of employment opportunities for voluntarily retired, retrenched employees and labourers; and
- Special fund with an allocation of Tk. 20 crore for retraining and creation of employment opportunities for workers, employees of readymade garment industries.

Seasonal Unemployment Reduction Fund

The marginalised poor of some specific areas in Bangladesh remain unemployed for certain periods in a year owing to natural and geographical constraints. To mitigate their miseries and to create employment opportunities for them, an amount of Tk. 50 crore has been allocated in FY 2006-07.

Micro- Credit Programmes implemented by Government Departments/Agencies

The government has taken up a few special credit programmes under both revenue and development budgets for creation of employment for the poor. Up to December 2006, micro-credit amounting to Tk. 16072.45 crore was distributed through different ministries/divisions/departments. To expand the micro credit programme, the government allocated Tk. 148 crore in favour of the Rural Development and Cooperative Division, Ministry of Agriculture, Ministry of Fisheries and Livestock, Ministry of Youth and Sports, Ministry of

Liberation War Affairs and Ministry of Women and Children Affairs in FY2006-07. Besides, Tk. 217 crore was allocated for Palli Karma Shahayak Foundation (PKSF) to implement micro-credit programme through NGOs in FY 2006-07. To accelerate the pace of development of rural social sector, Tk. 25 crore was allocated in FY 2006-07 for Bangladesh NGO Foundation. Further, Tk.100 crore was allocated in FY2006-07 to the Special Fund for Employment Generation of the Hardcore Poor implemented by PKSF and an amount of Tk. 100 crore was allocated for development of micro-enterprises in the rural area.

Youth Development through Self-employment

Considering the importance of youth participation in the national development process, the Department of Youth Development trained 27 lakh 46 thousand 256 youths in different trades through ongoing and completed projects up to December 2006. Out of the trained youths, 15 lakh 27 thousand 884 youths engaged themselves in self-employment activities till December 2006. Up to February 2007, 65507 educated youths were trained in computer basic courses and graphics design training courses including internet and networking conducted across the country through 70 centres of 64 districts. Up to December 2006, an amount of Tk. 717.91 crore was distributed to 7 lakh 3 thousand 510 trained youths under revolving loan facility. To accelerate self-employment opportunities for the youth of different regions of the country, the Department leased out 11,972 ponds among youth co-operative societies till December 2006. Besides, 8137 youths were trained through national youth centre till February 2007.

Poverty Reduction and Employment Generation Activities under Ministry of Women and Children Affairs

Up to December 2006, under the “Development of Assetless Women (FSVGD-2nd Phase)” project, funded by EC (through WFP), 70,074 women were imparted training and Tk. 16.25 crore was distributed. A total of 2,79,999 VGD cardholder-women was given income generating training through this project. After completion of their training programmes, these women would be brought under the micro-credit programme. Under the project titled “Rural Women Employment Creation (2nd phase)”, 72,000 rural poor women have received training, credit and other assistance to develop their productivity, income and sustainable self employment. Through this project, Tk. 160.79 crore was disbursed as credit among 1,94,553 beneficiaries up to December 2006. Besides, the establishment of hostel for employed women, day care centre for children, sales and display centres for marketing of women entrepreneurs’ commodities, training centres with training facilities (training related to handicrafts, agriculture and computer) in various places is creating self-employment opportunities for women.

Activities of the Department of Cooperatives

The Department of Cooperatives is engaged with the formation of cooperatives along with helping people to become self-reliant and thus contribute to reduction of poverty. With the participation of different classes of people, 1,56,977 co-operative societies were registered till December 2006. These societies have created different types of fund amounting to Tk. 1,616 crore as working capital through collection of shares, savings deposits and other profitable

activities. It also provides training on various disciplines to the members of cooperative societies to utilise their capital and better management. Up to December 2006, these societies trained 2,53,490 members of cooperative societies in different trades. Up to December 2006, credit unions created capital amounting to Tk. 30.91 crore and disbursed about Tk. 107.33 crore among its members.

Specialised Activities for Poverty Alleviation

Information and Communications Technology (ICT) for Poverty Alleviation;
Rural Infrastructure Development Programme;
Palli Daridrya Bimochan Foundation (PDBF);
Bangladesh Academy for Rural Development (BARD), Comilla;
Rural Development Academy (Bogra); and
Department of Social Services.

Information and Communications Technology (ICT) for Poverty Alleviation

It is widely recognised that the use of information and communications technology (ICT) has the potential to make easier the process of achieving the MDG of poverty reduction by 2015. The government has, therefore, recognised ICT as the thrust sector.

Rural Infrastructure Development Programme

Local Government Engineering Department (LGED) under the Ministry of Local Government, Rural Development and Co-operatives, has been implementing various rural infrastructure development programmes, especially rural roads, bridges/culverts, growth centres, construction of embankments etc. in the rural area. In FY 2006-07 (up to February 2007), development programmes implemented by the LGED created employment of about 767.33 lakh person-days.

Palli Daridrya Bimochan Foundation (PDBF)

The objectives of the Palli Daridro Bimochan Foundation (PDBF) are to reduce poverty in the rural area and promote socio-economic development. PDBF has been implementing its programmes in 185 Upazilas of 28 districts. The coverage under PDBF is about one third of country's geographical location, where most of the poor people live. Ninety five percent of the beneficiaries of this Foundation are women. The Foundation made a cumulative disbursement of Tk. 2252.32 crore as micro-credit up to June 2007. The total amount of savings of beneficiaries is to the tune of Tk. 106.07 lakh and the recovery rate is 98 percent. To achieve PDBF's goals, training has been imparted for human resource development to 50 lakh person-days.

Bangladesh Academy for Rural Development (BARD), Comilla

Bangladesh Academy for Rural Development (BARD), Comilla organised 164 training courses/ workshops in which 4162 male and 2720 female participated up to June 2007. BARD also completed 9 research studies in different thematic areas. A total of 18798 households were covered in 300 village societies under the comprehensive village development programme (CVDP). Besides, an amount of Tk. 6.41 lakh was disbursed to the rural poor women as credit through women's education, income and nutrition improvement project up to June 2007.

Rural Development Academy (RDA), Bogra

Rural Development Academy (RDA), Bogra has been organising training and undertaking applied research programme in order to reduce poverty and to improve the socio-economic condition of the rural people. During FY 2006-07, 5421 participants were trained through 122 training courses. Of them 3442 persons were male and 1979 were female. In FY2006-07, a total of 19 research projects were initiated; up to June 2007, 6 projects were completed. To develop replicable model for rural development and poverty alleviation, RDA is implementing comprehensive rural development programme, expansion and modernisation of RDA demonstration farm, Arsenic Free Drinking Water Supply Project, Good Seed Initiative (GSI) etc. The cumulative disbursement and recovery of credit under the projects/programmes undertaken by RDA stood at Tk. 15.98 crore and Tk. 14.43 crore respectively up to June 2007.

Department of Social Welfare

Programmes under the Department of Social Welfare are as follows:

- Programmes for social unity development and poverty alleviation: At present, the Department of Social Welfare is functioning at all upazila and urban areas in the country. Some of its programmes are: Rural Social Service (RSS) programme, Urban Community Development (UCD) programme, poverty alleviation through Rural Maternal Centre (RMC), Rehabilitation programme for acid-burnt women and physically disabled etc. To alleviate poverty through these four programmes, new investment and reinvestment opportunities are created under this revolving fund. Up to December 2006, a total of 28,83,153 families derived benefits from these programmes. Besides, 2,27,732 persons have benefited from technical education, 2,92,558 from social services and 2,19,276 from literacy programme. Moreover, health services on first aid were given to 1878632 persons and 2,06,915 persons were motivated to keep family size small.
- Social Safety-net Programme: Old age and insolvent disabled allowance programmes are taken to assist distressed, negligent and financially insolvent old and disabled persons.
- Human Resource Development Programme: To assist 10,075 orphan children through 85 government children home, a programme is being implemented to maintain food and lodging, training and rehabilitation of orphan children. In FY2006-07, a capitation grant of Tk. 19 crore, at the rate of Tk. 400 per head, was disbursed among 39583 orphan children living in privately operated orphanage homes.

Micro-Credit Programmes of NGOs

According to Credit and Development Foundation (CDF) statistics, up to December 2006 as many as 611 NGOs were operating micro-credit programmes in Bangladesh. The total number of beneficiaries during this period was 3.08 crore of whom 0.38 crore were male and 2.69 crore were female. During the period the cumulative disbursement of micro-credit among members was Tk. 55,567.66 crore with the rate of recovery being 87.59 percent. Total savings was Tk. 8,145.80 crore. Of the total amount disbursed, 42.65 percent was invested in small business; 26.28 percent in agriculture, livestock and Poultry 13.12 percent; 3.71 percent in food processing and 1.87 percent in cottage industries; and 20.95 percent in miscellaneous sectors.

Nine NGOs namely BRAC, ASA, PROSHIKA, Swanirvar Bangladesh, TMSS, Caritas, RDRS, BURO and Shakti Foundation disbursed major share of the total micro-credit.

Major Activities of NGO's

BRAC: BRAC disbursed a cumulative of Tk. 23,829.92 crore and recovered Tk. 20,643.76 crore up to June 2007 and the total number of beneficiary was 55.70 lakh where female members were 53.60 lakh and male members were 2.11 lakh.

ASA: ASA started its activities as a specialised micro-finance service provider in 1991. At the end of June 2007, ASA had 70.94 lakh active members. At the same time, the number of borrowers stood at 54.9 lakh. From July 1992 to June 2007, total savings deposits stood at Tk. 3,138 crore and Tk. 2,729 crore was withdrawn and returned by the members. At the end of June 2007, the savings balance was Tk. 410 crore and cumulative total loan disbursed with service charge was Tk. 22,415.7 crore out of which Tk. 17,145.22 crore was realised. The rate of recovery was 86.88 percent.

Swanirvar Bangladesh: Swanirvar Bangladesh is promoting the spirit of self-reliance by providing credit from Nationalised Commercial Banks, PKSF and other sources. Since its inception to June 2007, Swanirvar Bangladesh disbursed a sum of Tk. 612.10 crore to 12,11,472 landless people of which 80 percent recipients were women. As a result, 60,57,360 members of the families were benefited directly or indirectly. In FY 2006-07, Tk. 100.29 crore was disbursed to 1,26,372 landless men and women for alleviation of poverty and self-employment. The rate of recovery of loan is 98.75 percent.

PROSHIKA: Established in 1976, PROSHIKA has so far helped more than 12 lakh 40 thousand poor households to overcome poverty. Currently, it is expanded in 24 thousand 139 villages and 2 thousand 108 slums in 59 districts. Now, it works with more than 28 lakh 02 thousand men and women members drawn from 21 lakh 44 thousand rural and urban poor households, and has organised them into 1 lakh 49 thousand 602 primary groups. It provides them with a broad range of programmes in education and training leading to income and employment generation, health education, building of health infrastructure, and environmental protection and regeneration, etc. So far, Tk. 3,664.04 crore against the total of 80.97 projects have been disbursed to the groups and created employment/self employment opportunities for more than one crore people.

TMSS: TMSS is a widely acclaimed women development organization. Up to June 2007, the amount of loan disbursed Tk. 1,891.43 crore, the amount recovered Tk. 1,619.73 crore and the number of beneficiaries stood 6,13,201. It was awarded gold medals in 1992 and 1997 for its services to different sectors.

Shakti Foundation: It already provided Tk. 76.84 crore to 1,49,276 destitute people up to June 2007 and its total disbursement stood at Tk. 716.76 crore. Table 13.12 presents the status of micro-credit programmes of major NGOs in Bangladesh.

Table 13.13: Status of Micro-Credit Programmes of Major NGOs

(Tk.in crore)

	Cumulative up to 2000	2001	Cumulative up to 2001	2002	2003	2004	2005	2006	2007	Cumulative up to June' 07
BRAC										
Disbursement	5444.45	1509.98	6954.43	1706.59	2070	2590.15	3258.21	4261.54	2989.00	23829.92
Recovery	4671.42	1457.47	6128.89	1614.78	1838.03	2290.32	2926.84	3626.39	2218.5	20643.75
Beneficiaries	3737193	4138133	4138133	3531513	3402475	4858763	4837099	5310317	5570403	5570403
Female	3656904	2934485	2934485	2906994	3392976	3872110	4029265	5140494	5358954	5358954
Male	80289	53847	53847	11347	9499	121415	134939	169823	211449	211449
ASA										
Disbursement	2609.27	995.04	3604.31	1595.22	2001.54	2403.92	3317.92	4131.61	2538.38	19592.90
Recovery	2210.74	857.16	3067.9	1322.19	1807.93	2208.4	2822.82	3712.00	2203.98	17145.22
Beneficiaries	1204938	1579372	1579372	2136165	2341819	2996660	5988134	6455979	7094321	7094321
Female	1136908	1511561	1511561	2055628	225818	2897503	3917566	4303787	4832135	4832135
Male	68030	67811	67811	80537	83701	99157	2070568	2152192	2262186	2262186
PROSHIKA										
Disbursement	1458.59	394.1	1852.69	406.76	357.4	277.07	288.13	316.50	2538.38	6036.93
Recovery	1249.38	360.07	1609.45	428.4	371.21	350.61	330.70	343.09	2203.98	5637.44
Beneficiaries			0		2700953		2770106		2802129	2802129
Female			0		1667802		1719342		1726731	1726731
Male			0		1033151		1050764		1039398	1039398
Swanirvar Bangladesh										
Disbursement	214.00	39.86	253.86	39.46	40.66	60.75	75.91	91.36	50.1	612.10
Recovery	162.26	31.72	193.98	33.32	34.58	43.38	61.54	70.94	41.64	479.38
Beneficiaries	704383	47482	751865	54763	54217	62915	94945	129894	62873	1211472
Female	516530	43731	560261	49681	50420	59775	90565	126332	61533	998567
Male	187853	3751	191604	5082	3797	3140	4380	3562	1340	212905
Caritas										
Disbursement	182.77	62.94	245.71	51.41	90.13	60.43	106.18	118.24	61.80	733.90
Recovery	129.23	52.17	181.4	54.89	82.69	58.76	94.97	111.85	60.06	644.62
Beneficiaries	52994	(477)	52517	4961	33727	(18657)	14936	4227	709	367729
TMSS										
Disbursement	214.35	72.02	286.37	90.14	129.91	168.32	292.11	409.79	514.80	1891.44
Recovery	179.94	66.67	246.61	77.44	109.23	148.75	220.02	359.99	457.69	1619.73
Beneficiaries	97840	118999	216839	33600	54942	23937	115470	68587	99826	613201
Shakti Foundation										
Disbursement	106.43	50.65	157.08	61.11	84.28	102.41	150.42	179.98	76.84	812.12
Recovery	83.06	44.39	127.45	56.40	70.71	84.96	124.46	165.16	87.64	716.76
Beneficiaries	56890	63100	63100	75137	100464	114701	157517	167113	149276	149276
BURO, Bangladesh										
Disbursement	78.72	46.46	125.18	69.57	108.27	152.80	236.84	318.03	168.64	1179.32
Recovery	87.11	38.80	125.91	58.25	93.78	132.52	196.00	277.45	165.16	1049.06
No. of beneficiaries	73265	96537	96537	124446	184609	221366	273286	331329	344275	344275
RDRS										
Disbursement	210.47	38.85	249.32	36.61	39.33	50.94	89.61	52.84	0	518.65
Recovery	200.29	36.68	236.97	38.54	42.25	53.09	80.21	59.08	0	510.14
Beneficiaries	268610	278289	278289	295190	286495	307897	375132	375132	0	348536
TOTAL										
Disbursement	10519.05	3209.90	13728.95	4056.87	4921.52	5866.79	7815.33	9879.89	8937.94	55207.28
Recovery	8973.43	2945.13	11918.56	3684.21	4450.41	5370.79	6857.56	8725.94	7438.64	48446.10

Source: Concerned NGOs.

Grameen Bank

Grameen Bank started its activities in 1976 by organising the assetless people and providing them credit support for income generation and capital and asset building. Up to June 2007, it expanded its activities to 72.08 lakh members living at 470 upazilas and 64 districts through 2431 branches. An amount of Tk. 33,114.91 crore was disbursed as credit by June 2007 and the amount of recovery was Tk. 29,729.62 crore. Grameen Bank provides collateral and interest-free loan through “struggling members programme” to the poorest segment of the society regarded as beggars.

Bangladesh Rural Development Board (BRDB)

During the period up to June 2007, 46.58 lakh members under 1,69,446 cooperative societies borrowed Tk. 5,993.01 crore, of which an amount of Tk. 5,356.88 crore was recovered. In FY 2006-07, BRDB implemented Rural Livelihood Project in 152 upazilas, Minor Crop Production, Preservation, Processing & Marketing Programme in 204 upazilas, Integrated Poverty Alleviation Programme (IPAP) in 446 upazilas, Palli Progati Prakalpa in 477 unions under 465 upazilas and Women Development (W/D) Programme in 100 upazilas of Bangladesh. The first three programmes are supported from ADP and the later two from the revenue budget of the government. Besides, BRDB has been effectively continuing the implementation of the recently completed Rural Poverty Alleviation Programme (RPAP) in 123 upazilas and the former RD-5 project now called Productive Employment Programme (PEP) in greater Faridpur.

Palli Karma-Sahayak Foundation (PKSF)

PKSF was established in 1990 by the government to alleviate poverty by its partner organizations (PO) through the provision of micro-credit. As of June 2007, PKSF disbursed a cumulative amount of loan of Tk. 4,256.84 crore to its 248 partner organisations. Serving this period, the number of borrowers at the field level was 77,23,029 where more than 91 percent were women. PKSF has been able to maintain a loan recovery rate above 98 percent. Currently, five categories of micro-credit programmes are being implemented with mainstream micro-credit activities like (a) rural micro-credit (b) urban micro-credit (c) micro-credit for the poorest of the poor (d) micro-enterprise and (e) seasonal credit. Up to June 2007 Tk.. 4,256.84 crore (cumulative) was distributed under its micro-credit programme. Apart from mainstream programme, PKSF is implementing some other programmes for the poorest of the poor, which are: Financial Services for the Poorest Project, Micro Finance and Technical Support (MFTS) Project, Training, Employment and Income Generating Programme (TEIGP) in Jamuna Multipurpose Bridge Area” project, South-West Rehabilitation Loan Programme (SRLP), Integrated Food Assisted Development Project (IFADEP), Participatory Livestock Development Project (PLDP 11), Micro-credit project for the poorest, Micro-enterprise Loan project, Micro-finance for Marginal and Small Farmers project, Food security for Vulnerable Group Development and Ultra-Poor beneficiaries (FSVGD & UP) project, Livelihood Restoration Programme (LRP), Rehabilitation of Non-Motorized Transport Pullers and Poor

Owners' (RNPPPOP), Rural Electrification Development Project (REDP) and Promoting Financial Services for Poverty Reduction (PROSPER) project.

13.14: Micro-Credit Programmes of Three Specialised Institutions

(In crore Tk)

Institution	Cumulative up to June'00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Cumulative (Up to June'07)
Grameen Bank									
Disbursement	13104.08	1600.79	143625	1879.81	2335.62	3148.37	4590.55	5019.44	33114.91
Recovery	11788.48	1601.22	1529.55	1676.33	1980.16	2581.54	3769.82	4802.52	29729.62
Rate of recovery (%)	89.96	89.18	98.29	99.00	99.96	98.95	98.49	98.61	98.61
No. of Branches	1151	19	5	7	76	279	648	246	2431
No. of villages	40066	271	356	1918	3298	8113	15118	9519	78659
No. of beneficiaries (cum.)	2377872	2389387	2367641	2786748	3626937	4764216	6390148	7208455	7208455
Female (cum.)	2254936	2266751	2251040	2657105	3468147	4573681	6161452	6972351	6972351
Male (cum.)	122936	122636	116601	129643	158790	190535	228696	236104	236104
PKSF									
Disbursement	826.89	119.72	254.74	304.10	340.56	366.00	692.62	1350.70	4256.84
Recovery	214.52	78.75	104.15	160.39	243.00	342.13	437.58	638.94	2220.76
Rate of recovery (%)	98.22	98.40	98.41	98.17	97.40	96.96	96.71	98.60	98.60
Partner Organizations	189	199	205	213	219	231	243	248	248
Beneficiaries	2314378	2629174	3857357	4485832	5104940	5522406	6778262	7723029	7723029
Female	2090638	2398082	3389566	3999332	4621260	5033129	6207971	7067455	7067455
Male	223740	231092	467791	486500	483680	489277	570291	655574	655574
BRDB									
Disbursement	2444.13	248.93	324.41	354.74	419.44	654.86	683.77	862.73	5993.01
Recovery	2056.08	235.61	290.01	312.54	319.66	474.18	720.04	887.07	5356.88
Recovery rate (%)	84.12	95	91	90	94	89	94	93	96
Groups		-							
Beneficiaries		-							
Female		-							
Male		-							

Source: Concerned Institutions

Micro-Credit Programmes of NCBs and Public Specialised Banks

The status of credit disbursement of 4 NCBs and 2 public specialised banks is shown in Table 13.14. Up to June 2006, the cumulative credit disbursement and recovery stood at Tk.11511.61 crore and Tk.10,983.98 crore respectively. The recovery rate was 95.42 percent.

Table 13.15: Status of Micro-Credit Disbursement of Nationalised Scheduled Banks

(Tk in crore)

Banks	Cumulative up to June 2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Cumulative up to June, 2007
Sonali Bank									
Disbursement	3531.78	330.43	307.57	361.57	460.18	485.90	456.62	410.02	6542.35
Recovery	3132.41	345.5	434.36	434.7	547.79	425.06	486.37	677.00	6972.52
Rate of recovery (%)	88.69	104.56	141.22	120.23	119.04	87.48	106.52	165.11	106.58
No. of beneficiaries		-	-	-	-	189560	201841	199190	5051947
Agrani Bank									
Disbursement	1061.75	91.34	102.39	45.89	44.08	100.34	182.07	210.60	1838.46
Recovery	999.2	113.74	112.77	43.72	51.65	97.47	212.09	268.39	1899.03
Rate of recovery (%)	94.11	124.52	110.14	95.27	117.17	97.14	116.49	127.44	103.29
No. of beneficiaries	2787424	75485	76616	22160	23099	42435	104387		
Janata Bank									
Disbursement	1370.13	131.93	113.29	126.1	227.47	193.75	193.75	290.16	2644.65
Recovery	1194.8	127.31	119.53	120.9	163.52	106.54	106.54	249.81	2189.4
Rate of recovery (%)	87.20	96.50	105.51	95.88	71.89	54.99	54.99	86.09	82.79
No. of beneficiaries	430591	89500	88400	97000	129908	101220	100073	145080	1181772
Bangladesh Krishi Bank									
Disbursement	609.36	120.36	90.92	93.58	68.16	58.86	57.02	54.51	1152.77
Recovery	464	118.18	101.44	98	46.6	37.27	43.24	51.84	960.57
Rate of recovery (%)	76.15	98.19	111.57	104.72	68.37	63.32	75.83	95.10	83.33
No. of beneficiaries	1186473	120882	87274	80289	60987	59117	50083	52028	1685747
Rajshahi Krishi Unnayan Bank									
Disbursement	106.97	21.81	18.00	13.64	17.97	30.73	29.23	15.01	253.36
Recovery	74.42	17.06	17.84	13.47	12.47	14.53	21.25	12.85	183.89
Rate of recovery (%)	69.57	78.22	99.11	98.75	69.39	47.28	72.70	85.61	72.58
No. of beneficiaries	116607	22950	25287	11234	18597	47834	30033	16634	289176
Rupali Bank Ltd.									
Disbursement	19.43	1.05	1.06	2.24	5.17	15.28	16.09	11.02	71.34
Recovery	17.98	1.1	1.09	0.82	2.05	5.27	10.15	11.95	50.41
Rate of recovery (%)	92.54	104.76	102.83	36.61	39.65	34.49	63.08	108.44	70.66
No. of beneficiaries	26497	1189	1676	2188	2427	5402	5431	2804	47614
Total									
Disbursement	6699.42	696.92	633.23	643.02	823.03	884.86	934.78	991.32	12502.93
Recovery	5882.81	722.89	787.03	711.61	824.08	686.14	879.64	1271.8	12255.82
Recovery rate (%)	87.81	103.73	124.29	110.67	100.13	77.54	94.10	128.30	98.02
No. of beneficiaries	4547592	310006	279253	212871	235018	445568	491848	415736	8256256

Source: Related Banks

* Rate of recovery has been calculated in Tables 13.13 and 13.15 as follows: Rate of recovery = (Recovery/Disbursement) x100.

Micro-Credit Programmes of Other Commercial and Specialised Banks

Other commercial and specialised banks are also continuing micro-credit programmes to alleviate poverty and create self-employment side by side with nationalised commercial banks. Up to June 2006, the total number of beneficiaries' was 11,60,3,97 and the cumulative disbursement of credit was Tk.1667.57 crore. The status of micro-credit disbursement programme of other commercial and specialised banks is shown in Table 13.15:

Table 13.16: Micro-Credit Programmes of other Commercial and Specialised Banks

(Taka in Crore)

Commercial and Specialised Banks	Number of Beneficiaries			Disbursement up to June' 07	Rate of Recovery (%)
	Female	Male	Total		
Ansar-VDP Development Bank	446380	147827	594207	662.93	95.20
Social Investment Bank Limited	23818	6332	30150	66.36	97.00
National Bank Limited	1085	42536	43621	55.11	96.00
Islami Bank Limited	429778	37372	467150	1158.08	99.00
The Trust Bank Limited	11	10353	10364	208.75	89.50
BASIC Bank Limited	243828	43505	287333	130.68	100.00
Pubali Bank	11640	-	11640	8.60	100.00
Total	1156540	287925	1444465	2290.51	-

Source: Related Banks

Micro Credit Programmes of Administrative Ministries/Divisions

The government has been allocating funds through non-development budget for undertaking micro-credit programmes for poverty alleviation by different administrative Ministries/ Divisions/Departments. The cumulative credit disbursement and recovery till Dec. 2006 stood at Tk. 8,668.99 crore and Tk. 7,333.4 crore respectively. In order to sustain the micro-credit programme for poverty reduction, the government has underscored the need for developing small entrepreneurs. The Ministry of Finance along with other ministries are working together in this direction.

Table 13.17: Status of Micro-Credit of Administrative Ministries/Divisions

(Tk.in crore)

Ministry/Division	Agency	Cumm. June 2002	2002-03	2003-04	2004-05	2005-06	2006-07 (Dec,06)	Cumm. (Dec.,06)
Ministry of Finance	Banking division							
	Disbursement	101.73	22.65	23.23	9.94	4.9	5.47	167.92
	Recovery	72.21	23.92	25.56	4.67	4.23	3.97	134.56
	Rate (%)	70.98	105.61	124.89	46.79	86.33	94	80.13
Rural Development & Cooperative Division	BRDB							
	Disbursement	3017.47	354.74	419.44	654.86	683.77	441.14	5571.42
	Recovery	2582.7	312.54	380.35	474.18	720.04	403.49	4873.30
	Rate (%)	85.59	94	91	89	94	93	93
	BARD							
	Disbursement	69.67	8.08	7.07	3.11	1.45	0.051	89.43
	Recovery	64.97	8.39	9.00	5.25	1.77	0.049	90.25
	Rate (%)	93.25	103.84	127.3	168.01	122.3	96.1	101
	RDA							
	Disbursement	6.96	1.30	1.43	1.94	1.99	1.39	15.00
Recovery	6.66	1.20	1.22	1.39	1.98	1.04	13.48	
Rate (%)	95.69	92.31	85.31	71.62	99.58	74.46	89.81	
Ministry of Women and Children Affairs	Dept. of Women							
	Disbursement	195.47	12.86	11.13	23.99	27.65	17.38	271.10
	Recovery	120.76	11.59	10.34	13.30	25.08	17.28	181.07
	Rate (%)	61.78	90.12	92.93	55.43	90.71	99.38	66.79
	Jatiyo Mohila Sangstha							
	Disbursement	19.22	1.25	0.66	5.26	3.58	0.17	30.14
	Recovery	14.67	5.56	1.04	4.22	3.33	0.52	29.34
Rate (%)	76.33	444.80	157.58	80.26	93	303.57	42	
Ministry of Social Welfare	Social Welfare							
	Disbursement	473.17	44.39	54.88	44.59	72.49	22.40	663.47
	Recovery	432.07	40.49	49.60	40.30	63.94	15.36	594.74
	Rate (%)	91.31	90	90	90	88	70	90
Ministry of Fisheries and Livestock	Dept of Fisheries							
	Disbursement	15.33	9.74	17.45	19.05	3.86	00.00	65.44
	Recovery	13.79	8.93	15.67	16.84	1.86	0.69	57.78
	Rate (%)	89.95	91.7	89.77	88.40	100%	79%	85.24
	Dept of Livestock							
	Disbursement	14.33	6.70	32.95	31.61	13.37	4.04	103.00
	Recovery	10.48	3.57	8.33	9.64	10.16	12.06	55.05
Rate (%)	73.13	53.27	25.30	30.51	81.96	298.63	53.54	
Ministry of Industries	BSCIC							
	Disbursement	128.68	28.99	29.22	25.94	22.07	4.54	241.95
	Recovery	104.18	22.57	27.46	23.26	22.71	9.23	209.43
	Rate (%)	80.96	92	89	89	85	79	88
	SERWTCI							
	Disbursement	13.07	0.93	7.64	9.75	9.41	5.06	45.86
	Recovery	10.99	1.10	4.11	6.36	8.33	4.24	34.09
Rate (%)	74.71	66.27	53.80	64.96	87.22	83.79	74.33	
Ministry of Agriculture	Tula Unnavan							
	Disbursement	3.13	0.17	0.26	0.25	0.21	0.29	4.32
	Recovery	3.31	0.18	0.28	0.25	0.12	0	4.23
	Rate (%)	105.75	104.71	105.7	101.63	101.6	0	97.90
	Dept of Agr Ex							
	Disbursement	84.12	74.95	147.46	69.77	27.82	35.38	439.5
	Recovery	60.38	56.08	99.53	52.25	20.38	34.00	322.62
Rate (%)	71.78	74.82	67.53	75	73	96	73.41	
Ministry of Land	Disbursement	58.86	9.60	0.00	8.70	10.14	5.49	92.79
	Recovery	47.23	8.20	0.00	7.22	6.37	3.74	72.76
	Rate (%)	80.24	96	0.00	83	62.82	68.12	78.41
Local Govt. Division	Local Govt.							
	Disbursement	41.87	12.98	1.33	3.37	6.00	3.32	68.87
	Recovery	15.15	7.57	1.03	2.66	3.31	2.12	31.84
	Rate (%)	36.18	58.32	77.44	96.00	88.89	66.90	70.63
Ministry of Youth and Sports	Dept. of Youth							
	Disbursement	459.41	52.22	34.65	62.87	77.77	30.99	717.91
	Recovery	377.66	50.31	33.27	44.98	57.37	34.95	598.54
Rate (%)	82.21	96.34	96.01	71.54	73.77	112.77	83.37	
Ministry of Textiles	Handloom							
	Disbursement	15.97	5.61	8.07	9.16	4.68	2.16	45.64
	Recovery	4.06	2.95	3.62	3.12	3.60	1.79	19.15
Rate (%)	25.42	52.58	44.86	34.06	55.11	47.31	50.80	
Ministry of Liberation War Affairs	Disbursement	0.00	0	0	10.53	14.47	10.23	35.23
	Recovery	0.00	0	0	2.39	5.17	3.61	11.17
	Rate (%)	0.00	0	0	22.67	35.73	35.29	31.71
Total	Disbursement	4718.46	647.16	796.87	994.69	985.63	589.501	8668.99
	Recovery	3941.27	565.15	670.41	712.28	959.75	548.139	7333.4

Source: Concerned Ministries and Divisions