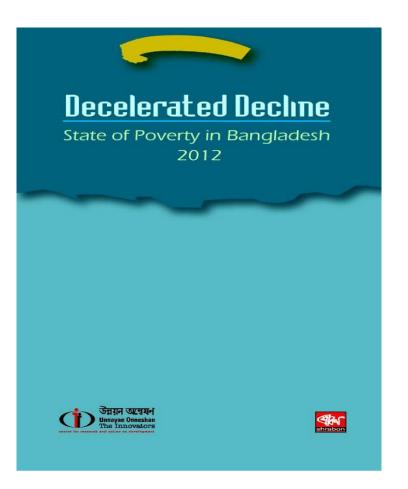
# STATE OF LIVELIHOOD OF THE RURAL POOR

K. M. Mustafizur Rahman





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# STATE OF LIVELIHOOD OF THE RURAL POOR

## K. M. Mustafizur Rahman

## **1 INTRODUCTION**

Over the last decade, the rate of poverty in rural areas has been found declining but considerably high. With an international poverty line of USD 2.15 a day, the rate of poverty in the rural areas declined from 78 percent in 1993 to 70 percent in 2002 in the entire world<sup>1</sup>. This similar situation is persisting in Bangladesh as well. However, there is a progress in reducing the incidence of poverty although the number of poor people in the rural areas has remained roughly constant at 41 to 42 million between 2000 and 2005. The rate of poverty declined from 53.1 percent in 2000 to 35.2 percent in 2010, but the number of poor people has decreased slightly from 42.6 million to 41.4 million during 2000 to 2005 (HIES, 2005) in the rural area of Bangladesh.

Some people are born into poverty and find it difficult to escape from it as they do not enjoy education, health or nutrition required to accumulate crucial physical stature and cognitive capacity in earlier life (Loury, 1981; Strauss and Thomas, 1998; Basu, 1999), because of not inheriting sufficient land or capital to add value to their human capital as well as not employing the assets effectively they own to generate income (Carter and May, 1999). This picture is quite frequent in the rural area rather than the urban area. They are poor from the beginning of their life<sup>2</sup>. Under these circumstances, it is very much essential to have a study on the state of livelihood of the rural poor. The state of livelihood is commonly about the living conditions which have been assessed in this survey on some certain households in Bangladesh. Living condition measurement has been an area of survey using the instruments that have mostly expressed in monetary terms where many non-monetised indicators of human well-being have not been used. This chapter is an attempt to collate information on five fundamental rights of human being (e.g. food, cloths, housing, education and health). The contribution of this chapter lies in the identification of different livelihood profiles for the rural households. An understanding of the variations in the characteristics of different livelihood profiles, and the institutional constraints they face, is a prerequisite for an effective rural policy making which is the aim of this paper.

## 2 MATERIALS AND METHODS

A total sample of 300 households, divided equally from each of the three different char areas of *Shariatpur, Gaibandha* and *Sirajgonj* districts has been selected to monitor the state of livelihood by using a pre-designed questionnaire. The households have been selected using the stratified sampling technique considering their position compared to

<sup>&</sup>lt;sup>1</sup> In 1993 PPP, and properly adjusted for difference in cost of living in urban and rural areas. Ravallion, Chen, and Sangraula (2007).

<sup>&</sup>lt;sup>2</sup> See Appendix B

the orthodox poverty line (Daily income is less than USD 1.25 according to World Bank poverty line criteria) to maintain the comparability with the national statistics. The data have been edited, compiled, computerised and processed by using SPSS 10.5 program.

## **3 HOUSEHOLDS INCOME**

This section of the study demonstrated the occupation and the level of income of the surveyed respondents.

# **3.1 Occupation of the Respondents**

The level of income is largely dependent on the type of occupation of the individuals. It is observed that most of the respondents (61.78 percent) are wage labourers and the second largest portion (21.89 percent) is engaged in subsistence farming as peasants (Figure 1). A little portion of the respondents are service holders that represents a real picture of rural Bangladesh where a huge lack of education and job opportunities is there compared to the urban area.

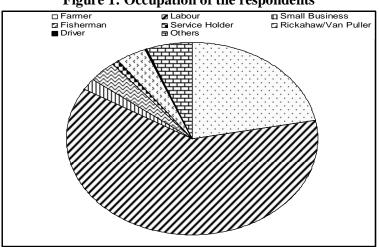


Figure 1: Occupation of the respondents

Source: Unnayan Onneshan (UO) Field Survey, 2012

The survey reveals that the marginalised people (approximately more than 80 percent) in the survey areas are dependent on agriculture as their main source of income. All the wage labourers are involved in agriculture in land owned by others and/or in the leased land due to unavailable off-farm activities in their localities.

# **3.2 Level of Income**

The standard of living is ultimately dependent on the level of income of the people as the most powerful tool that strongly influences the satisfaction of life. With a closer diagnosis, it is found that the majority (60.89 percent) of the respondents' income in the surveyed areas is less than BDT 2000, which means that they have their income below USD 1.25 per person per day (suggested income poverty line by World Bank).

Additionally, 21.78 percent of the respondents have their monthly income of BDT 2000-3000 followed by 17.33 percent whose monthly income is BDT 3000-4000 (Figure 2).

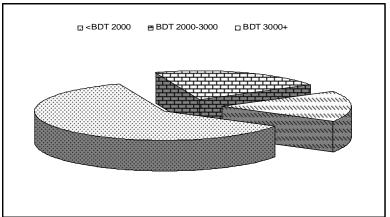


Figure 2: Income level of the respondents

Source: Unnayan Onneshan (UO) Field Survey, 2012

# **4 BASIC NEEDS CONSUMPTION**

Recently, the soaring prices of essential commodities make it more difficult to maintain the minimum standard of life for the poor people especially, in the rural areas. This section will explore the expenditure situation of the rural people under the study.

## 4.1 Expenditure Situation

The current study considers six components of expenditure required for subsistence living, based on the Household Income and Expenditure Survey (HIES). Gradually, total expenditure for the poor is largely influenced by food expenditure. Expenditure on food remains almost unaltered with the time even when the cost is supposed to increase due to food inflation. However, the respondents have adjusted food inflation with their effort of growing own food through the exploitation of labour or through reduction in consumption. Among the various expenditure level, food expenditure is the highest compared to other expenditure categories. More specifically, it is found that 35.75 percent of the income of the respondents is gone for the food expenditure, which is 22.99 percent lower than that of the national level (Table 1). The significant reason behind this lower expenditure on food in the surveyed areas is that most of the respondents are getting food from their own homestead gardening and livestock farming. This supplementary consumption in every household does not add to any indirect cost in their own calculation of monthly income or expenditure.

In case of education, health and cloth of the respondents, it is found that they have to pay higher than the national level but have got lower access or lower quality services. On the other hand, the respondents have to pay comparatively little amount than the national level in case of housing and miscellaneous purposes. One possible reason for this might be the higher expenditure on other sectors (e.g. food, cloth, education and health). Under these circumstances, they have found to pay a little attention on housing and miscellaneous sector that are quite ambitious to the respondents under the study.

	Comparison		
Expenditure	Survey Area	National Level	
Food	35.75	58.74	
Cloth	8.32	5.12	
Education	6.16	4.18	
Health	4.71	4.05	
Housing	3.10	7.27	
Miscellaneous	0.23	12.61	

 Table 1: Different types of expenditure situation of the respondents

Source: Unnayan Onneshan (UO) Field Survey, 2012

Note: National data were adopted from Household Income & Expenditure Survey 2010

The relevant findings in detail in the six areas of consumption are as follows:

#### 4.1.1 Food Expenditure

A considerable portion of the respondents (36.33 percent) has spent less than BDT 500 for food consumption, which illustrates their incapability in arranging food twice a day. The maximum food expenditure in the surveyed areas is BDT 1500 against the average total food expenditure in rural areas at the national level of BDT 3023 per month. Only 3.11 percent respondents are able to spend the amount equivalent to national average food expenditure. This might be happened as the surveyed areas are poverty prone and many of respondents produce their own food in their homestead garden.

## 4.1.2 Clothing Expenditure

The average expenditure on cloth in the surveyed areas is 8.32 percent which is 5.12 percent at the national level (HIES 2010). The survey also reveals that 62.11 percent households did not spend money for buying cloths for the previous three months when the survey has been taken place.

## 4.1.3 Education Expenditure

The average expenditure on education is 6.16 percent in the surveyed area which is 1.98 percent higher than that of the national level. Moreover, it is found that the average household expenditure on education at national level is BDT 568 in the rural areas (HIES, 2010), but only five percent households has been found to spend BDT 600 and majority of the respondents (57.56 percent) did not spend money on education during the last three months prior to the survey. Significantly, the survey reveals that they have little access (42.55 percent) to education. Moreover, 30 percent of the respondents in the survey area are involved in non-formal education like capacity building training by NGOs.

## 4.1.4 Health Expenditure

Average expenditure on health in the surveyed areas is higher than that of the national rural average of 4.71 percent. The higher distance for seeking medical assistance is the reason behind it . The survey also finds that an average of 62.11 percent respondents did not spend single amount for the healthcare during the period.

#### 4.1.5 Housing Expenditure

The average expenditure on housing is 3.07 percent in the surveyed area which is 4.2 percent lower than that of the national rural level. The survey identifies that 88.89 percent of the households did not spend money for any types of housing related activities during that period.

## 4.1.6 Miscellaneous Situation

The miscellaneous expenditure considers transportation, recreation and buying miscellaneous products like gold, television, furniture, radio, mobile etc. The survey observes that almost all of the people (98.67 percent) in the survey area have no ability to spend money for these purposes whereas the national average of expenditure for miscellaneous activities is 12.61 percent (HIES, 2010).

# **5 CONSUMPTION OF FOOD**

The impact of price hike of essential commodities on high and low-income groups is different because of different consumption levels and patterns. The main cause of the high inflation today is cost push, fuelled by rise in prices of food, which accounts for the largest part of poor people's consumption. Increased trends of rice and wheat price have resulted in decreased consumption of these two staple food items, which in combined was 442.21 grams in 2010 and 451.72 grams in 2005, showing a decrease of 9.51 (2.13 percent) grams per capita per day during this period at national level (HIES, 2010). Sharp increases in food prices over the past few years have eroded the purchasing power of households and raised serious concerns about food insecurity and malnutrition in many countries, including Bangladesh. Rice and vegetable constitutes the main food-course for the poor people in char areas. The consumption pattern of other essential food items like pulse, fish, meat, milk, edible oil, fruits are very low in all the surveyed areas. This study has grouped different food items into four classes like carbohydrates, protein, fat and vitamins. The intake of food items has been measured in gram and calorie per person per day (Table 2).

According to the Household Income & Expenditure Survey (HIES),  $\leq 2122$  kcal,  $\leq 1805$  kcal and  $\leq 1600$  kcal per capita per day are considered for absolute, hardcore and ultra poverty respectively. It is estimated that average per capita calorie intake per day per person in the surveyed areas is 2137.00 kcal, which is lower than the national average of 2344.6 kcal and approximately, closed to absolute food poverty line of 2122 kcal. (Table 2).

	Com	parison
Food intake (in gm)	Survey Area	National Level
Carbohydrates (Rice and other	452.7	426.6
cereals)		
Protein (Pulse, fish, meat, egg and	45.6	62.7
milk)		
Fat (Edible oil)	16.0	14.2
Vitamins (Fruits and vegetables)	185.3	241.4
Average Calorie Intake	2137.0	2084.6 for poor;
(kcal per capita per day)		2344.6 for non-poor

#### Table 2: Food intake scenario of the respondents

Source: Unnayan Onneshan (UO) Field Survey, 2012

Note: National data were adopted from Household Income & Expenditure Survey 2010

## **6 SITUATION ON POVERTY**

In this section, an attempt is made to find out the poverty situation in case of income and food intake of the respondents under study.

#### 6.1 Income Poverty

The study observed the per capita income and expenditure of the respondents. In this study, it is found that the income of the respondents has remained unchanged in terms of expenditure. It is also observed that people in the study areas have to rely on credit and other facilities providing organisations to meet their basic necessities. Based upon income, the study reveals that the percentage of the population living below the poverty line (upper poverty) remained more than double at the surveyed area as compared to the national level. It is found 82.67 percent at the surveyed area whereas it is 35.2 percent in the national level. In case of lower poverty, the percentage of population under poverty line is about three times higher than that of the national level. More specifically, it is 21.1 percent at national level whereas the surveyed areas contain 60.89 percent (Table 3).

Table 3: Income poverty of the respondents					
Poverty Line, suggested by World Bank	Percentage of Poverty in Rural (HIES 2005)	Percentage of Poverty in Rural (HIES 2010)	Percentage of Poverty in Rural (Surveyed area)		
Upper Poverty Line	43.8	35.2	82.67		
Lower poverty	28.6	21.1	60.89		

Source: Unnayan Onneshan (UO) Field Survey, 2012

Note: National data were adopted from Household Income & Expenditure Survey 2010

#### 6.2 Food Poverty (Direct Calorie Intake)

Considering food poverty line, the study explores the respondents as vulnerable. In the current study, the poverty level has also been measured by calorie intake per person per day. The respondents at the surveyed areas are closed to the food poverty line (average calorie intake was 2137 kcal per person per day) compared to the national boundary of food poverty (2122 kcal per person per day). All the respondents in the study areas are poor in terms of calorie deficiency, though, their calorie intake is little higher than the

national average. Harvesting period of *Boro* rice results in their higher calorie intake during the survey period.

## 7 CONCLUSION

No doubt is there that the government of Bangladesh mounted a multi-faceted policy of poverty reduction. However, it has not been explained yet why poverty reduction is found slow. The missing link needs to be understood (Rahman, 2002). It is quite evident that without improving the life and livelihood status of the rural people, reduction of poverty will remain elusive. The dynamics of the rural poverty in Bangladesh is now grabbing attention from the researchers, social scientists and policy makers (Rahman, 1996; Sen and Rahman, 1999). This study is an attempt to explore a clear picture about the life and livelihood issues of the rural poor. The chapter explores the theme that the incidence of poverty in the rural area is actually very high; however, a progress is there in reducing poverty. Additionally, from the study, the average expenditure on various fundamental human rights of the respondents is found high compared to the national statistics. However, they have little access or lower quality services regarding those matter. The high incidence of lower poverty indicates structural bottleneckness faced by the inhabitants, coupled with shocks as well as emanating from disasters and climate-change induced vulnerabilities. This warrants a different public provisioning of public goods, besides addressing structural causes and climate-induced vulnerabilities. The non availability of basic service such as education and health infrastructure grasped income related to other areas because of costs associated with accessing those services due to remoteness. The food inflation has a significant impact on them either requiring them to excessive exploitation of labour or reduction in consumption due to lack of public food distribution system.

It is true that, despite having an economic growth in the country, all people cannot get benefit from growth equally due to the different standard of their capacity, intellectual ability etc. To assist those people, the government may take special programme in this regard. However, before creating those, the policies should revamp in an effective manner to ensure equitable distribution of income and wealth. Accelerating the rate of decline in poverty can be accomplished only by reducing poverty in the rural areas. Without accelerating rural development, reduction of poverty might not possible as a whole.

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#### Appendix - A

#### **Comparability with Conventional Mechanisms**

Despite the shortcomings of the conventional mechanisms, particularly in relations to measurement of poverty and livelihood, the survey collects and reports data for making comparison with the findings of HIES 2005, HIES 2010 and other national and international reports. Accordingly, the collected data has been analysed using the cost of basic needs (CBN) method, articulated by World Bank, which is commonly used by the national statistical agency, the Bangladesh Bureau of Statistics (BBS). The CBN method captures the cost of a basic food basket where minimum nutritional requirement estimated as 2122 kcal per person per day, and the level is defined as poverty line. Considering BBS categories, the survey has categorised the poor into three groups based on their nutritional intake such as *Absolute Poor* ( $\leq$  2122 kcal), *Hardcore Poor* ( $\leq$  1805 kcal) and Ultra Poor ( $\leq$  1600 kcal). The survey further measures the poverty level of the samples based on daily income proposed by World Bank, where they set daily income of USD 1.25 as poverty line. Using the income method, the survey has categorised the poverty into upper poverty (USD 1 per person per day).

**Income Poverty Line:** Since 1990, World Development Report (WDR) on poverty, World Bank has anchored its international poverty lines to the national poverty lines used in the poorest countries. The original "USD 1 a day" line was a typical line amongst the low-income countries in the data available at the time of making the WDR, 1990. This is acknowledged to be a frugal line; naturally, the richer countries

have higher national poverty line. One could hardly argue that the people in the world who are poor by the standards of the poorest countries are not in fact, poor.

The survey follows the World Bank's latest poverty line that is USD 1 and USD 1.25 per person per day income for the lower and upper poverty line respectively.

**Food Poverty Line:** The cost of basic needs (CBN) method is the standard method for estimating the incidence of poverty. This is recommended by the World Bank and the estimation based on it is used by the planners, policy makers and the international agencies. To measure the food poverty line, a basic food basket (eleven food items) and the cost has been selected. The quantities in the basket are scaled according to the nutritional requirement of 2122 kcal per person per day. The estimated cost is taken for 2122 kcal as Food Poverty Line (FPL).

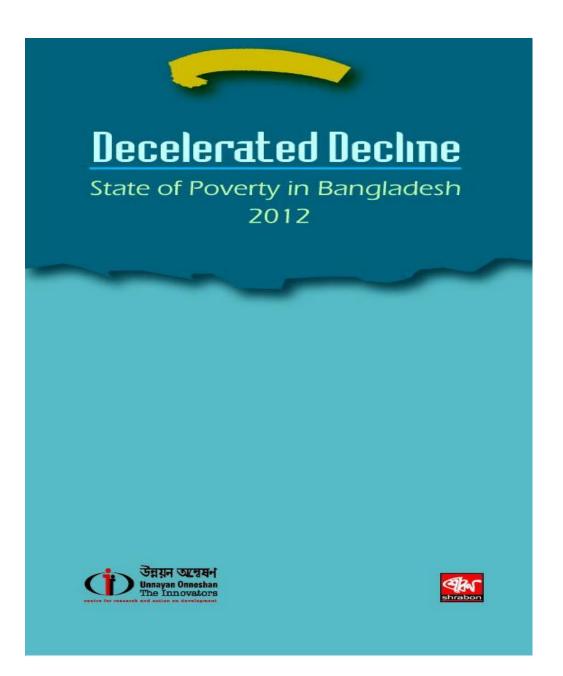
Three steps have been followed for estimating what it costs a household to meet its basic needs in the base year 2005 by the HIES. First, the cost of a fixed food bundle was estimated. The bundle consists of eleven items; rice, wheat, pulses, milk, oil, meat, fish, potato, other vegetables, sugar and fruits. It provides minimal nutritional requirements corresponding to 2122 kcal per day per persons. The same threshold has been used to identify the absolute poor with the direct calorie intake (DCI) method. The price for each item in the bundle has been estimated as the mean of unit values (price per unit) of the item reported by a reference group of households, calculated separately for each of the 16 geographic areas or strata. The food poverty line has been computed by multiplying the prices with the quantities in the food bundle. The second step has been entitled computing two non-food allowances for non-food consumption. The first one has been obtained by taking the median amount spent for non-food items by a group of households whose per capita total expenditure is closed to the food poverty line, which is called the "lower no-food allowance". The second has been obtained by taking the median amount spent for non-food items by a group of household whose per capita food expenditure is closed to the food poverty line, which is called "upper non-food allowance". The third step has been consisted simply of adding to the food poverty linesthe lower and upper non-food allowances to yield the total lower and upper poverty lines for each of the 16 geographical areas.

According to the BBS, <=2122 kcal, <=1805 kcal and <=1600 kcal per capita per day are considered for absolute, hardcore and ultra poverty respectively.

#### Appendix – B

Nurzahan Bibi is a woman of 35 years engaged in agricultural work. She earns a little amount of money and tries to participate in maintaining her family. She lives with her husband in Gosaihat, Shariatpur. They have three children with ages of 18, 15 and 11 years respectively. Her husband is a van puller and he earns BDT 150-200 per day. Due to the soaring prices of essential goods, they are struggling to survive. They stop the formal school of their children for lack of some extra money as their regular fees while admitting them to a new class. Nurzahan Bibi has been suffering from severe headache for a long time. However, she could not go for better treatment due to the higher expense. According to her, "Noon ante panta fhurai, valo dakter dekhamu kmne?" (Living from hand to mouth does not allow me to be treated with good physician)In case of sanitation, they have to use hanging latrine, however, they use tube well water for their regular drinking water purposes. All their family members are working hard to maintain their life and livelihood. Though they do not have to go without food but they enjoy less nutritious as well as low quality food having fewer clothes than the minimum requirement. According to Nurzahan Bibi, "Gorib silam, gorib asi, ato kosto koreo vagger unnoti hossena". (We are poor and will remain so but we are not finding the good luck in spite of hard work)





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