5

POLITICAL PARTIES, ELECTIONS, AND THE PARTY SYSTEM

Ali Riaz

Political parties, in the words of Max Weber, are 'the children of democracy' (Weber, 2008, pp.155–208). Despite a checkered history of democracy and faltering democratization, there has been no dearth of political parties in Bangladesh since its independence in 1971. There have been repeated attempts to create a dominant party system. Besides, the re-emergence of Islamist parties, fragmentation of parties, and building alliances characterize the past four decades of the party political landscape. Notwithstanding these changes, political parties across ideological differences demonstrate some similarities in regard to ethos and practices.

Parties: numbers and categories

Election Commission (EC) records show that the number of political parties contesting elections has grown significantly since 1973 when only 14 parties participated. In 1979, 29 parties participated in the election; the number reached 75 in 1991. Five years later the number had reached 81. In 2008, under the caretaker government, the EC again made registration a requirement for participation in the elections. A total of 117 parties submitted applications for registration, of which 39 received the commission's approval. In August 2013, the EC further approved the application of nine parties from a pool of 43 applicants (*Bangladesh Chronicle*, 2013). As of October 2015, 40 parties were registered with the EC (Bangladesh. Election Commission, n.d.).[1] These numbers only represent parties that have fielded at least one candidate in the parliamentary elections and/or sought the approval of the EC. It is worth mentioning that there are a host of parties that did not take part in the election and operate without formal approval. Therefore, the total number of parties in Bangladesh is much higher than these records show.

These political parties can be categorized into two groups based on their organizational strengths, efficacy, and relevance. The parties with well-developed electioneering organizations and well-articulated and long-standing grassroots affiliates belong to the first group (Bertocci, 1982, p.993). By this standard, and based on the results of the four elections held between 1991 and 2008, there are only a handful of political parties in Bangladesh. But, in a country where money and muscle power play a pivotal role in elections, caution must be exercised in judging

Table 5.1 Ideological orientations of political parties

Name of the party	*Ideological orientation*
Awami League (AL)	Centrist, believes in role of government in economy, considers limited role of religion in politics, espouses liberal social values, proponent of Bengali nationalism
Bangladesh Nationalist Party (BNP)	Center-right, proponent of open market economy, views Islam as a central element of social and political life, espouses liberal social values, proponent of Bangladeshi nationalism
Jatiya Party (JP)	Center-right, proponent of open market economy, believes in significant role of Islam in politics, espouses liberal social values, advocates Bangladeshi nationalism
Jamaat-e-Islami (JI)	Islamist, right-wing, supporter of open market economy with certain restrictions due to religious factors, espouses conservative social values, supports Muslim nationalism
Communist Party of Bangladesh	Socialist, secularist, believes in command economy, highly liberal on social issues
Islami Oikya Jote	Orthodox Islamist, supporter of restricted market economy, espouses highly conservative social values, supports Bangladeshi nationalism
Bangladesh Islami Andolon	Orthodox Islamist, supporter of restricted market economy, espouses highly conservative social values, supports Bangladeshi nationalism
Jatiya Samajtantrik Dal (JSD)	Center-left, secularist, believes in role of government in economy, espouses liberal social values, supports Bengali nationalism
Socialist Party of Bangladesh	Socialist, secularist, believes in command economy, highly liberal on social issues

Note: Three parties listed here have various factions; they are the JSD, the JP, and the IOJ. However, ideologically there are few variations among these factions.

the relevance of parties based solely on electioneering capabilities. The strengths of some parties may lie in their ability to articulate popular aspirations and their capacity to mobilize supporters and sympathizers at critical moments of political events, even if they do not do well in electoral politics. Therefore, the list of this group is bound to be different than the list of parties represented in the parliament.

The second group comprises parties with little or no support among the populace. These parties are often referred to as 'name-only' political parties (IDEA and Center for Alternatives, 2004, p.8). 'A president, a general secretary, a tiny office, and a telephone seem to be all the requirements for forming a party' (Baxter *et al.*, 2002, p.295). Some cannot even boast this basic set-up – their existence is limited to their own letterheads.

Notwithstanding the variations in size, organization, and influence, these parties represent a broad spectrum of ideologies: from radical left to radical right; from staunch secularists to hardcore Islamists; and all shades of political thought in between. Based on the party constitutions and election manifestos, Table 5.1 outlines the ideological orientations of the major parties.

Elections and party systems

The results of the elections held between 1973 and 2008 demonstrate the strength and appeal of parties to the larger population and their impact on politics. In this context we can divide the elections into three broad time frames: 1973, 1979–1986, 1991–2008. Elections in the second time frame were conducted under military regimes, and two parties were created under the direct patronage of the government. Although there are marked differences in political environment between the first two periods, from the party-system perspective there is a strong resemblance. The third period was a time when elections (except the February 1996 election) were conducted fairly under non-partisan caretaker regimes. The 2014 election is discussed as a separate issue.

The first election held under the newly framed constitution in 1973, less than 15 months after independence, provided a landslide victory to the Awami League (AL). The AL received 73 percent of the popular vote and 293 out of 300 seats. Despite the growing resentment against the government, and the emerging viable opposition (e.g., the Jatiya Samajtantrik Dal – JSD), the ruling AL was organizationally stronger than its opponents. Many have argued that the 1973 election results do not represent the extent of the popularity of the ruling party; however, for the sake of understanding the relative strength of the parties that participated in the election, it is necessary to underscore that the ruling AL was ahead of the others.

The constitutional stipulation of an election allowing participation of various parties implies the presence of a multi-party system. But election results, especially an allegation of manipulation by the ruling AL (Barua, 1978, p.168), revealed the proclivity for the creation of a dominant-party system. The crucial features of the dominant-party system are that it ensures the unbridled control of one party over state and politics, and turns the election into a formality to anoint the same party. In the words of Ware, in the dominant-party system one major party has the ability to obtain 'enough parliamentary seats to control a government on its own' (Ware, 1996, p.159). Suttner argues that in this system, the 'future defeat [of the dominant party] cannot be envisaged or is unlikely for the foreseeable future' (Suttner, 2006, pp.277–297). The effort to create a dominant-party system in 1973 in Bangladesh provided the momentum to create a one-party system in January 1975.

The military *coup d'état* in August 1975 and subsequent military rule between 1975 and 1990 brought back the multi-party system; but the desire to create a dominant-party system was palpable. Introduction of a 'Kings' Party (that is, launching parties by the military rulers using the state machinery) and manipulation of election results are testament to this tendency. Results of elections held between 1979 and 1988 show that the parties in power have secured decisive victories. The BNP secured 207 seats (41.2 percent of the vote) in 1979; the JP secured 153 seats (42.3 percent of the vote) in 1986 and 251 seats (68.4 percent of the vote) in 1988. While in power, both the BNP (Bangladesh Nationalist Party, established in 1978) and the JP (Jatiya Party, established in 1986) sought to create a system that would ensure their victory in subsequent elections. In the dominant-party system, the ruling party not only tries to manipulate elections and control the parliament, but also seeks to establish a monopoly over political agendas and public policy (Pempel, 1990, pp.3–4). The introduction of the concept of Bangladeshi nationalism vis-à-vis Bengali nationalism and religion vis-à-vis secularism as state principles by the BNP, and the institution of Islam as the state religion by the JP, have shaped the public discourse and were intended to provide them with a much-needed monopoly over the discourse in order to erect the edifice of the dominant-party system. Evidently, however, these efforts did not succeed.

The collapse of the General Ershad-led military government in 1990 marked the transition point. However, by then the party system had experienced three changes: intensification of division of parties or factionalism (especially after 1976); building alliances (particularly after 1982); and the re-emergence of Islamist parties (after 1976). Interestingly, despite the fragmentation of the major

parties and the creation of various alliances, the 1991 election demonstrated that the country was entering into a *de facto* two-party system. Almost 60 percent of the popular vote was secured by two parties, the AL and the BNP; the former received 30.1 percent while the latter received 30.8 percent.

But the election also brought to the fore the fact that about one-third of the electorate had yet to lend support to either of these two parties. The question was whether a single party could capture these votes and pose a challenge to the emerging party system. Both the Jatiya Party of General Ershad and the Islamist party Jamaat-e-Islami (JI) hoped that it would be able to capture these votes unilaterally. But, 'the 1996 election confirmed a voting pattern that emerged in 1991' (Choudhury, 2001). The vote share of the AL was 37.4 percent, while that of the BNP was 33.6 percent. The 1996 results also revealed that 'while the BNP and AL have a vote base throughout the country, the JP and JI have particular areas of strength and are less broadly represented in other areas' (Choudhury, 2001).

The 2001 election delivered a decisive victory to the BNP and its allies, yet the share of the popular vote of the AL and the BNP was closer than what the number of parliamentary seats won by respective parties revealed. A distinctive change was noticed in the 2008 election: the AL made significant headway in terms of share of the vote (49 percent). But the BNP's position as the second major political party remained unaffected (33.2 percent).

Notwithstanding the two-party system, two other parties – the JP and the JI – became visible and relevant in the electoral equation. Thus, from a party-system point of view, by 2008 the Bangladeshi political system witnessed a two-party system with two smaller significant parties – the JP (Ershad) and the JI – with a combined total share of at least 12 percent of the popular vote (7 percent and 4.6 percent, respectively).

Unfortunately, these developments did not persuade the major political parties, particularly the ruling AL between 2009 and 2013, to abandon the 'dominant-party system' mindset. The experience of alteration of power in the previous 22 years and the possibility of losing the forthcoming election, in conjunction with the dominant-party mindset, led to the annulment of the caretaker government proviso in 2010. It was evident that the AL was reluctant to have formidable opponents in the election; the BNP, on the other hand, made several strategic mistakes, leading to its boycott of the election held on January 5, 2014. The violence perpetrated by the opposition activists prior to the election that lessened the opposition's popular appeal, and the war crimes trials that had significant popular support, helped the regime to move ahead with the election. The election was contested by only 12 out of 40 registered parties and had about a 22 percent voter turnout (Barry, 2014, p.A14). The result was a foregone conclusion, particularly when 154 seats were uncontested. The AL's share was 79.14 percent, while the JP secured 11.31 percent of the popular vote. The AL, before and after the election, enticed and coerced the JP (Ershad) to act as the official opposition party for constitutional requirements and moral legitimacy. The recognition of the JP (Ershad) as the opposition party also stems from the fact that a dominant-party system requires an opposition, but one that does not pose an imminent threat to the ruling party; to reiterate Suttner, it is a system where 'future defeat [of the dominant party] cannot be envisaged or is unlikely for the foreseeable future' (Suttner, 2006, pp.277–297).

Therefore, as of late 2015, the central question regarding the party system is whether the effort to create a dominant-party system will succeed this time around or will it eventually return to the de facto two-party system?

Ethos and practices: similarities within parties

Notwithstanding the differences in ideological orientation and origin, and an acrimonious relationship between the two major parties, most of the political parties in Bangladesh share

some common characteristics and ethos. These features include the lack of internal democracy, concentration of power in the hands of the party chief, and predominance of 'dynastic succession'.

Evidence of the lack of accountability of the party leadership includes the absence of regular party conventions/conferences, and the continuation of the same leaders in party leadership for more than three decades. The constitutions of the BNP and the AL call for holding national councils every two and three years, respectively. But throughout the 1990s, none of these parties held their councils. The national council of the AL was not held between 2002 and 2009. The national council of the BNP, held in December 2009, was the first for 16 years. The National Executive Committee of the BNP, supposed to sit every three months, did not meet between 1996 and 2006. The National Standing Committee, the highest decision-making body of the party, is required to meet once a month, according to the party constitution. But no meeting was convened between 2002 and 2006, when the party was ruling the country. In the absence of functioning committees the decisions are made under the constitutional and extra-constitutional powers of the party chief. Party members, even those who hold memberships of the decision-making forums, do not have the freedom to express their opinions, because dissenting views are regarded as disobedience and disobedient members are 'disciplined' without judging the merit of their opinion (IDEA and Center for Alternatives, 2004, p.6). As for the continuation of leadership, except for a handful of parties (e.g., the Communist Party of Bangladesh (CPB), the JI), leaderships have been in the hands of the same individuals for the past three decades. Sheikh Hasina assumed the AL leadership in 1981, Khaleda Zia became the BNP chief in 1984, and General Ershad has been the chair of the JP since its founding in 1986. Besides, in 2009 General Ershad declared his intention to be the lifelong president (Saha, 2009).

The party secretary general positions of the AL and the BNP have also been in the hands of a small number of individuals. The AL had five individuals who held this position in either an acting or a full-time capacity between 1982 and 2014. As for the BNP, since 1979, six leaders have occupied this position (Jahan, 2014, pp.30–31). However, this phenomenon is not limited only to these large parties: Rashed Khan Menon has led the left-wing Workers Party since 1980, the year the party came into being. Hasanul Huq Inu of the JSD (Inu) became the party secretary general in 1986, and party president in 2002. Both are still in their positions as of late 2015, with very little prospect of stepping down. The familiar faces for more than three decades in the party leadership of almost all parties in Bangladesh provide the impression that leadership is a matter of perpetuity and that the party structures are only there to provide a stamp of validation to the decisions of these leaders.

The party constitutions provide enormous powers to the leaders. The constitutions of three parties, the BNP, the AL and the JP, are cases in point.

The party constitution of the BNP provides the following authority to the chairperson:

> (1) The chairman as the chief executive of party will control, monitor and coordinate all activities of the party and for this will have full authority over national council, national standing committee, national executive committee, subject committees and other committees nominated by the chairman and will control, monitor and coordinate their activities; (2) The chairman, if necessary, can take punitive measures against the members of above committees; (3) The chairman as the president of the national executive committee will determine responsibilities, power and duties of officials of the committee; (4) The chairman, if necessary, can cancel national executive committee, national standing committee, subject committees and other committees nominated

by the chairman; (5) The chairman will preside over the meetings of national council, national standing committee, national executive committee but if necessary he or she can hand over the responsibility to another member; (6) The chairman can fill up the vacancies in national standing committee and national executive committee.

(Bangladesh Nationalist Party, n.d.)

The chairperson can appoint up to 10 percent of the members of the National Council and 10 percent of the 351-member National Executive Committee.

Similarly, the AL constitution provides the party president the power to appoint 21 members in the 166-member National Committee (NC), and 26 members in the 73-member Executive Committee (EC). Interestingly, all EC members are *ex officio* members of the NC; therefore, essentially 47 members of the NC are handpicked by the president of the party. Granting membership to the 41-member advisory committee is entirely at the discretion of the party president (Bangladesh Awami League, n.d.).

However, these provisions pale in comparison to the power enjoyed by the president of the Jatiya Party (JP) headed by former military leader H. M. Ershad. The party constitution stipulates that the chairperson can suspend and/or dissolve any committees including the presidium and the central working committee elected at the party council by the council members. The 11-member parliamentary nomination board, which selects the nominee for elections, has two *ex officio* members: the president and the secretary general; the remainder are appointed by the chairperson. If the board fails to reach a consensus regarding any nominee, the chairperson's unilateral decision is to be considered final according to the constitution. If any dispute arises regarding the interpretation of the party constitution, the final authority rests with the party chairperson. As for the advisory committee, it is the sole discretion of the chair (Jatiya Party, n.d.).[2]

Succession to leadership positions is generally arranged to ensure it will remain within the family. In short, heredity is the only means of accession to power. The appointment of Tareq Rahman as the joint secretary general in 2002 and senior vice president in 2009 of the BNP sent a clear signal that he is the heir apparent. In the case of the AL, 'there is no clear dynastic successor to Sheikh Hasina, but speculation has centered around several family members including her sister Sheikh Rehana and son [Sajib] Wajed Joy' (Jahan, 2014, p.31). The latter has been introduced as an advisor to the prime minister. Two factions within the JP vying to succeed General Ershad are led by his wife Rawshan Ershad and his brother G. M. Qauder.

These characteristics together reflect and reproduce the culture of patrimonialism. Kochanek (2000, pp.530–550) and Bertocci (1982, p.993) view this as the key element in understanding the behavior of Bangladeshi elites. In their view, the relationship between the party loyalists and the leaders is unmistakably a patron–client relationship. Kochanek insists, 'leadership is highly personalized, based on patrimonial authority and loyalty, and maintained through a complex informal network of patron–client relations' (Kochanek, 2000, p.530). Ahmed shares this opinion and explains, 'Party leaders tend to attract members, supporters and voters through patronage, rather than by developing a group of supporters genuinely dedicated to the party goals' (Ahmed, 2003, p. 72). The patron–client relationship legitimizes hierarchy and the right or obligation of the superior to be superior and protect the lesser. Kochanek highlights this aspect: 'leaders are expected to be authoritarian and authority becomes highly personalized' (Kochanek, 2000, p.548).

Islamist parties: variations and influences

At independence, religion-based parties were proscribed in Bangladesh. This was due to their opposition to the Liberation War in 1971. Four political parties, including the Jamaat-e-Islami

(JI), and the Nezam-i-Islami (NI), were banned in December 1971 as they, particularly the JI leaders and activists, actively supported the Pakistani Army during the war. Many of the leaders of the JI committed war crimes at that time (see Chapter 4). The 1972 constitution adopted secularism as one of the state principles and banned the formation of any party based on religion. The ban was removed in 1976 as secularism was replaced with 'absolute faith in Allah'. The lack of clarity on the issue of secularism, and the active encouragement of the regime to bring religion into the political discourse, facilitated the re-emergence of Islamist parties. The JI initially re-emerged under the guise of the Islamic Democratic League in 1978. Islamist parties, in this context, are understood as the political parties that 'draw on Islamic referents – terms, symbols, and events taken from Islamic tradition – in order to articulate a distinct political agenda' (Denoeux, 2002, pp.56–81) and whose overall political agenda includes Islamization of society or transformation of the Bangladeshi state into an Islamic state.

Based on the principal traits, Islamist political parties can be divided into five categories: pragmatists, idealists, *pir* (preachers of Islam) and *mazar* (shrines)-centric, urban elite-centric, and 'jihadists'. Of the five categories of Islamist parties, those which fall within the first four operate within mainstream politics, while those in the fifth category are clandestine and some have been proscribed since 2005. Table 5.2 also looks at the support bases of the political parties included in each category.

It is also necessary to note that the results of four elections participated in by the Islamist parties show that support for JI dwindled over time – from 12.13 percent in 1991 to 8.61 percent in 1996 to 4.29 percent in 2001, and stagnated at that level as it secured 4.48 percent in 2008. The Islami Oikya Jote (IOJ) won one seat in both 1991 and 1996, but the percentage of the vote it received in both elections was 0.79 and 1.09 percent, respectively – a negligible rise of 0.33 percent. In 2008 the share of the popular vote slumped to 0.16 percent. The statistics compiled from the documents of the Election Commission reveal that the total share of the vote won by Islamist parties declined by 4 percent between the 1991 and 1996 elections. In the 1991 election 17 Islamist parties secured 14.87 percent of the vote, compared to 10 percent in June 1996. This took place against a 20 percent rise in voter turnout (Riaz and Ar-Raji, 2010, pp.60–63). In 2008, nine parties together garnered 6.27 percent of the popular vote (*Daily Star*, 2009) (Table 5.3).

Fragmentation of parties

One of the key characteristics of the party system in Bangladesh is the fragility of the parties; that is, the parties tend to fragment. Almost all parties – big and small, parties with little popular support and those with grassroots organization – have faced some kind of split in the past four decades. The tendency became significant from 1976, initially at the prodding of the military regime as it embarked on founding a political party, but the record has not been significantly different during the civilian regime, particularly after 1991. However, not all splits follow the same pattern, neither are they equally damaging to the party. The split faced by the two major parties, the AL and the BNP, are illustrative of this tendency.

The AL has experienced seven splits since independence. In some instances, leaders have left the party with a small number of followers and founded their own parties. The founding of the JSD in 1973 had a significant bearing on the party's organization. The most significant split took place in 1978 when the AL leaders Mizanur Rahman Chowdhury and Abdul Malek headed two separate factions bearing the same name. The factions continued to exist for quite some time and both participated in the 1979 election as the AL. This crisis was addressed by electing Sheikh Hasina, exiled

Table 5.2 Taxonomy of Islamist political parties

Distinguishable traits	*Support base*	*Name(s) of the organization(s)*
Pragmatist/opportunist		
Want to establish Islamic order in society through the state; participate in elections; believe in 'Islamic revolution'; committed to implementation of sharia; primacy of political goals and propagate politicized interpretation of Islam	Support within various strata of the society; organizational structures are geographically spread around the country; growing support within educated middle class with very active front organizations for students, youth, and women; have socio-cultural organizations	Bangladesh Jamaat-e-Islami (JI)
Idealist and orthodox		
Want a 'pure' sharia-based Islamic state; view Islam as primarily 'a way of life'; despise the 'secular' nature of the constitution and the social life; view militancy as a justifiable means to capture state power	Closely tied to quomi madrasas as leaders of the organizations come from quomi madrasas, support base is largely within quomi madrasas and in rural areas; each organization has small pockets of a support base in various parts of the country; support bases and organizations are weak	Jamaat-i-Ulema-e-Islam, Bangladesh Khilafat Andolon (Bangladesh Khilafat Movement), Bangladesh Khilafat Majlish, Nizam-e-Islam
Pir (preacher of Islam) centric and mazar (shrine) based		
Aim to establish a state based on traditional Islam and sharia; critical of the JI	Support is spread throughout the country as followers of the pir or mazar, lacks organizational structure; party is organized around individuals	Zaker Party, Bangladesh Islami Andolon, Bangladesh Tariqat Federation
Urban elite-centric		
Emphasize ideological struggle against the secular polity and system; want to establish Khilafat; internationally connected; underscore the global struggle	Highly educated middle-class leadership, young educated support base, particularly among higher learning institutions (e.g., university); proficient in usage of technology to spread the message	Hizb ut-Tahrir Bangladesh
'Jihadists'		
Militant Islamists who aim to establish an Islamic state in Bangladesh through 'jihad'	Support base is small; sparsely spread around the country, especially in rural areas; leadership and activists are primarily from quomi madrasa backgrounds	Harkat-ul-Jihad al Islami Bangladesh (HuJIB), Jamaat-ul-Mujahideen Bangladesh (JMB), Hijbut Tawheed, Shahadat-e-Al Hikma

Source: Riaz and Ar-Raji (2010, p.48).

daughter of Sheikh Mujibur Rahman, in 1981. One of the factions led by Mizan Chowdhury dissipated in 1984 when he joined the party founded by then military ruler H. M. Ershad. Two further major splits of the party took place after Hasina assumed the leadership: in 1983 under

Table 5.3 Islamists' share of the vote, 1991–2008

Party	1991			1996			2001			2008		
	Seats won	*Number of votes*	*%*	*Seats won*	*Number of votes*	*%*	*Seats won*	*Number of votes*	*%*	*Seats won*	*Number of votes*	*%*
Jamaat-e-Islami (JI)	18	4.13 million	12.13	3	3.64 million	8.61	17	2.38 million	4.29		3.16 million	4.48
Islami Oikya Jote (IOJ)	1	0.26 million	0.79	1	0.46 million	1.09	2	0.37 million	0.68		0.10 million	0.16
Khilafat Andolan	0	93,049	0.27	–	–		–	–			13,759	0.02
Zaker Party	0	417,737	1.22	–	–		–	–			129,289	0.19
Islami Andolan Bangladesh (Bangladesh Islamic Movement Bangladesh, BIM)											0.73 million	1.05
Jamaat-i-Ulema-e-Islam Bangladesh											173,633	0.25
Bangladesh Islami Front											31,450	0.05
Bangladesh Khilafat Majlish											28,546	0.04
Bangladesh Tarikat Federation											19,750	0.03

Source: Compiled from BEC data. For 2008 results, see *Daily Star* (2009).

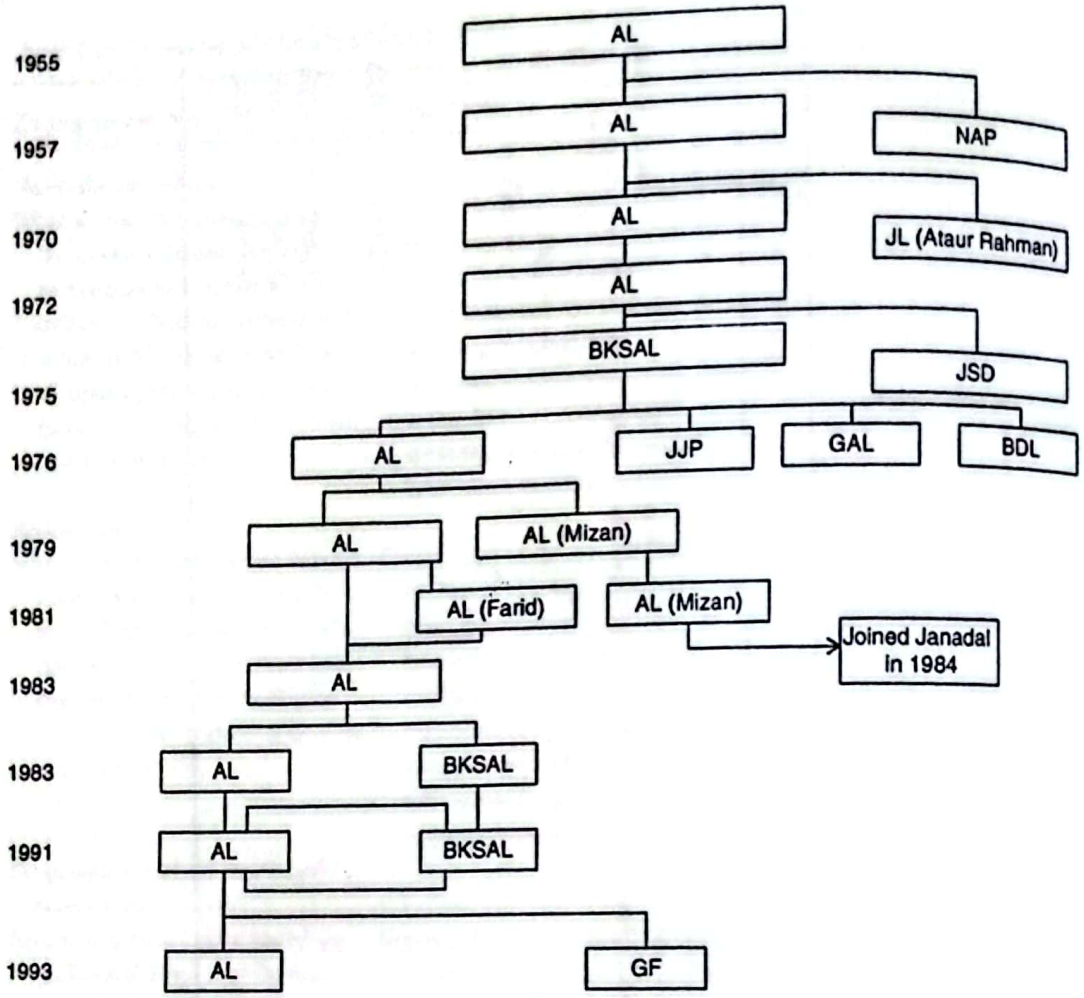

Figure 5.1 Bangladesh Awami League fragmentation

the leadership of Abdur Razzaq, who revived the BKSAL (Bangladesh Krishak Sramik Awami League), and then in 1993 under the leadership of Kamal Hossain, who founded the Gono Forum (Figure 5.1). The party was on the brink of formal division in mid-2007 when four party stalwarts, Abdur Razzaq, Tofail Ahmed, Suranjit Sengupta, and Amir Hossain Amu, proposed reforms to the structure of the party governance with the active encouragement of the military-backed caretaker government. The effort was rebuffed by Hasina and the reforms did not come to pass.

The BNP has faced several splits since its founding in 1978. In 1983, soon after the party was dislodged from power and the incumbent military ruler Ershad started the process of founding the JP, a number of senior leaders split from the party under the leadership of Shamsul Huda Chowdhury. The faction later joined the JP. The split was largely engineered by the intelligence agencies; interestingly, this was akin to what these agencies did during the formation of the BNP in 1978. Khaleda Zia assumed the party leadership in 1984. Since then, several small-scale splits have taken place. But a serious blow came after the military-backed caretaker government came to power in 2007. In June 2007, the BNP Secretary General Abdul Mannan Bhuyian announced a package of reform measures to 'democratize' the party. Ostensibly these measures were intended to oust Khaleda Zia from the party leadership. This led to the expulsion of the secretary general by Khaleda Zia who appointed Delwar Hossain as the acting secretary general immediately before her arrest. By October the division was formalized – Saifur

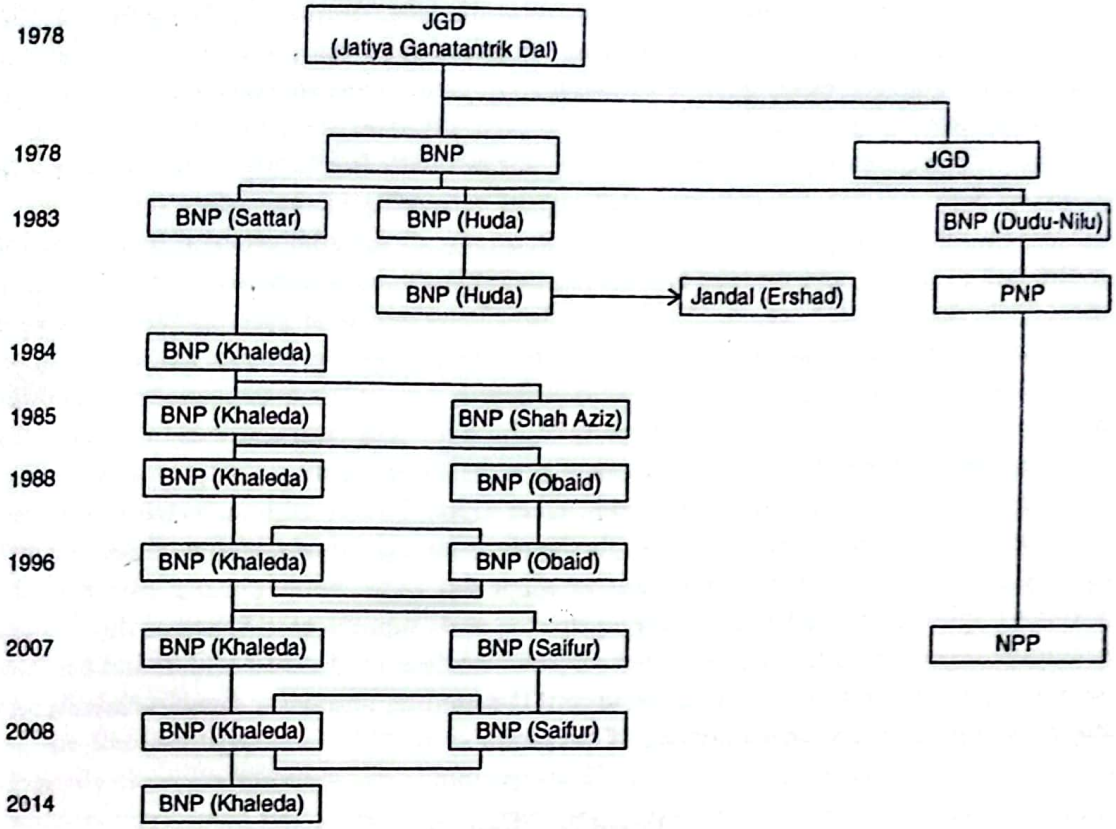

Figure 5.2 Bangladesh Nationalist Party fragmentation

Rahman, the former finance minister, claimed that he had assumed the party leadership and replaced Khaleda Zia's appointed secretary general with another leader. BNP leaders loyal to Khaleda Zia claimed that a 'shady force' was responsible for the split (*BDNews24*, 2007).[3] While the party did split at that time, by mid-2008, as the caretaker government began its negotiation for the election, the two factions came together with some trepidation (Figure 5.2).

The JP's journey, in this regard, is not different from the AL and the BNP. It faced splits in 1997, in 1998, in 2000, and in 2013. The latest split came on the issue of participating in the 2014 election. Angered by the party's decision to participate in the January 5, 2014 election, Kazi Zafar Ahmed split from Ershad in late 2013 and later joined the BNP-led alliance. Thus, as of December 2014, four different parties are in existence as JP, of which three are registered with the Election Commission.

These three parties serve as examples of the continuous disintegration of parties. Among the smaller left parties, the trend is far more pronounced. But there are striking exceptions to this trend; the CPB has faced a division only once since independence: in 1993, as a result of the demise of the Soviet Union and the changes in the policies of the Soviet Communist Party. The reformist group led by Saifuddin Ahmed Manik and Nurul Islam Nahid parted with the party, but their faction ceased to exist within a year as Manik joined the Gono Forum led by Kamal Hossain and Nahid joined the AL.

The other party that stands out as an exception to this pattern is the Jamaat-e-Islami. The JI came close to a split in 1983–1984 as a group of young activists raised concerns about party policies. Maulana Abdul Jabbar tried to launch a separate JI, and his supporters within the youth wing (Islami Jubo Shibir), led by Ahmed Abdul Kader (known as Abdul Kader Bachhu), formed

a new youth organization. However, within a short time they abandoned the effort and joined a new Islamist organization. This is not to say that Islamists are not prone to internal strife and division; instead closer observation of smaller Islamist parties show that they tread the same path as their secularist counterparts.

These disintegrations and subsequent trajectories of the breakaway factions reveal a few common features: first, the divisions originate in personality clashes rather than ideological differences within the party. Barring a few exceptions (e.g., the emergence of BKSAL in 1983 in the case of the AL, and the split of the CPB in 1993), these divisions are intended to assume party leadership. This is borne out by the fact that after several years party leaders return to the party, under the same leadership that they once criticized. This is true of all parties. Second, often these divisions are prompted by external factors, such as the machinations of the ruling party to split the opposition. The ruling party has both resources at its disposal to entice opposition leaders and the power to coerce them, if need be. Third, intelligence agencies seem to act as the instrument for division of the parties, either to lure leaders to the new party or to serve the interests of the regime. Although this phenomenon emerged during military rule post-1975, civilian regimes have not been reluctant to adopt this tactic. Fourth, major parties tend to withstand splits. They tend to maintain a grip over their support base. Whether this is due to grassroots organization or because parties are associated with individual leaders and families is an open question. But our observations suggest that to date, breakaway factions have failed to make a serious dent on the mainstream of the party.

Forging alliances

Despite the dominance of two political parties in Bangladeshi politics in recent decades and the extant fragmentation tendency, forging alliances has remained a significant feature of the party system of the country. In the past two decades we have witnessed a flurry of alliances. Alliances have taken two distinct forms: alliances of smaller parties and alliances centering on a large party. The former is often predicated on the necessity to gain strength and increase bargaining power, while the latter is mostly to dissuade parties from joining the rival camp. These alliances are not always based on ideological affinities; however, alliances of smaller parties are often ideology-driven. In addition to the issue-based alliances, which emerged and disappeared within a short span of time, we have also witnessed the emergence of demand-based broader alliances, and electoral alliances turning into ruling coalitions.

In post-independence Bangladesh, the first alliance was put together by octogenarian leader Maulana Bhasani in late 1972. Seven parties, including the Bangladesh Jatiya League (BJL) led by Ataur Rahman Khan, formed an alliance ahead of the first parliamentary election. The alliance faced the wrath of the government yet did not succeed in competing in the election as an alliance. In 1973, an unusual move in regard to forging alliances came from the ruling AL. In June, Prime Minister Sheikh Mujibur Rahman called for the unity of all 'patriotic forces'. The call was immediately reciprocated by the CPB and the National Awami Party (NAP, led by Muzaffar Ahmed). Although these three parties had ideological affinity for a long time, the call for an alliance came at a time of strained relations: the CPB and the NAP had launched an anti-government movement earlier that year and faced significant persecution at the hands of the government and the ruling party. By October, a three-party alliance emerged. This was the first instance where the ruling party took the initiative to forge an alliance, especially soon after an election that had delivered a thumping victory. Within less than two years, the alliance turned out to be the foundation of the only national party called the BKSAL and the one-party state.

The military regime of General Ziaur Rahman (1975–1981) went one step further when it set up the edifice of a new party called the Jagodal (Jatyitabadi Gonotantrik Dal, Nationalist Democratic Party) under the leadership of Vice President Abdus Sattar and then forged an alliance with five other parties in the wake of the presidential election in 1978. The 19-point program announced by Zia in 1977 became the basis of the six-party Nationalist Front (NF), which comprised Jagodal, the Muslim League (ML), the United People's Party (UPP), the Bhasani faction of the NAP, the Bangladesh Labor Party (BLP), and the Bangladesh Scheduled Caste Federation (BSCF). Leaders and activists of various parties were enticed to join the party, primarily through dispensation of patronage, bribes, and handouts. The NF was a mishmash of parties from the left and the right. It included a party that was banned until 1976 for its opposition to the Independence War and its leaders' collaboration with the Pakistani regime during the war. Protagonists argued that this configuration is a reflection of the politics of consensus, and an attempt to transcend the ideological boundaries that divide the nation. Within five months of launching the front, in October 1978 the constituent parties merged into a new party – the Bangladesh Nationalist Party (BNP).

The 1978 presidential election also engendered an opposition alliance: the Gono Oikyo Jote (GOJ, People's Unity Alliance). Five political parties, namely the AL, the Jatiya Janata Party (JJP), the NAP (Muzaffar), the Bangladesh People's League and the Gono Azadi League (GAL), founded the alliance and nominated retired General M. A. G. Osmani, the commander-in-chief of the freedom fighters in 1971, as its candidate. The constituents of the alliance were ideologically closer compared to their counterparts. Thus, it is not inaccurate to say that these two alliances represented two poles of the political spectrum: pro- and anti-AL. This provided the first indication of an emerging two-party system in the country, and to date, this dichotomous polarization continues to be a defining feature of the Bangladeshi political landscape.

While various efforts to bring opposition parties together to launch a popular movement against the Zia regime had little success, a movement against the Ershad regime (1982–1990) created alliances from the outset. Under intense pressure from student organizations of various political persuasions, who formed an alliance of their own by late 1982, 15 political parties came together in April 1983. The alliance, popularly known as 'the 15-party' alliance comprised the AL (Hasina), the JSD, the CPB, the Workers Party (WP), the Sramik Krishak Samajbadi Dal (SKSD), the AL (Mizan), the BSD, the AL (Farid), the Samyobadi Dal (SD, Toaha), the SD (Nagen), the NAP (Muzaffar), the NAP (Harun), the Ekata Party, the GAL, and the Majdoor Party. In August 1983, the BNP formed an alliance of seven like-minded parties: the UPP, the Jatiya League, the Jatiya Gonotantraik Mukti Union, the National Awami Party, the Communist League, and the Krishak Sramik Party (KSP). Among these alliances the 15-party combination was the most diverse in terms of ideological persuasions, while the two other alliances were more cohesive. The only major party that remained outside any alliance was the JI, but it soon began to liaise with both seven-party and 15-party alliances in regard to agitation programs.

The formation of the Jatiya Party (JP) by General Ershad followed the path trod by Ziaur Rahman: formulation of an alliance and then merger of the constituent parties into a single party. The Janadal, founded in November 1983 with defectors from various parties, followed by the formation of an alliance – Jatiya Front (National Front) – in August 1985. The UPP and the Gantantrik Party (led by Anwar Zahid and Serajul Hossain Khan), and splinter groups from the BNP, the Muslim League, the BKSAL, the JSD, and the Jatiya League, joined the alliance that was then turned into the Jatiya Party on January 1, 1986.

The 15-party alliance experienced a split in 1986 when the AL and seven of the parties within the alliance decided to join the parliamentary election held in May, reneging on their promise to boycott any election under the Ershad regime; the JI followed suit. But five left-leaning

parties of the alliance (the JSD led by Hasanul Huq Inu, two factions of the BSD, the WP, and the SKSD) formed a separate alliance and continued the movement along with the BNP-led seven-party alliance. Two years later, as another election approached due to the untimely demise of the third parliament (1996–1998), both alliances (and the JI) decided to boycott it, but a faction of the JSD led by A. S. M. Rob stitched together an alliance of 76 parties called the Combined Opposition Parties (COP). Evidently the COP was created with the help of the ruling party, and most of its constituents were 'name-only parties'. The fleeting existence of the COP demonstrated that it is not the number of parties that makes an alliance effective but the organizational strength of these parties, and the *raison d'être* that makes an alliance appealing to the citizens. It also reaffirmed that the Bangladeshi political scene was becoming bi-partisan.

The urge to build alliances among the political parties subsided in the early years of the new democratic era (1991–2006). The election was seen by the major parties, namely the AL and the BNP, as their opportunity to return to state power; they seem to have concluded that in the electoral equation these smaller parties, with whom they had aligned for almost eight years, could contribute little. Thus, although the AL shared a few seats with its time-tested allies (the NAP, the CPB, and the BKSAL), the BNP decided to participate alone. Within three years, some of the parliamentary opposition parties came together to demand the inclusion of the caretaker government proviso in the constitution. A four-month process culminated in a press conference on June 27, 1994 which marked the emergence of an alliance of the five parliamentary opposition parties, i.e., the AL, the JI, the JP, the National Democratic Party (led by Salahuddin Quader Chowdhury), and the Gonotontri Party. Other parties, i.e., the WP, the JSD (Siraj), the Gono Forum and the IOJ members, did not join the press conference and the alliance (*Dainik Bangla*, 1994, p.1). In subsequent months, these parties continued street agitations separately but maintained close contacts.

As the parliamentary opposition parties assembled under the leadership of the AL, left-wing parties outside the parliament rallied to form their own alliance. In 1994, nine left-wing parties, including the BSD, formed an alliance called the Left Democratic Front. The alliance expanded and adopted a political platform in 1996 when it became 'the 11-party alliance'. The parties that joined the alliance were the CPB, two factions of the BSD, the Gono Forum, the Gonotontri Party, the Samyobadi Dal (Marxist-Leninist), the SKSD, the Communist Center, the GAL, and the Gonotantrik Majdoor Party. The alliance vowed to break the stranglehold of the two parties and create a 'third force' in politics. The alliance participated in two elections as an alliance (1996 and 2001), but failed to secure any seats in the parliament. However, it managed to act as a pressure group.

After its defeat in the 1996 election, the BNP strove to mount street agitations against the AL regime. To strengthen its capacity to rattle the government it reached out to its allies and by 1998 it also created a schism within the regime. Accordingly, it lured a larger faction of the JP led by Ershad from the ruling coalition. In late 1998, a four-party alliance, comprising the BNP, the JI, the JP (Ershad) and the IOJ, emerged. The alliance secured victory in the 2001 election.

As for the left-leaning parties, they remained united as an alliance until 2005. The AL, on the other hand, with an eye on the scheduled election in 2006, began crafting a new alliance. Some of the left-leaning 11-party alliance responded to the AL's call for a larger grouping, and a new alliance called the '14-party alliance' emerged. The name, however, does not truly represent the number of parties included in the alliance. Three parties, the CPB, two factions of the BSD and the SKSD, remained outside the alliance. It was further broadened in late 2006 as the street agitation gained momentum against the BNP regime ahead of the scheduled election. The JP (Ershad) left the BNP-led ruling coalition alliance, while one faction remained. Soon the AL put together what it described as the 'Grand Alliance'.

It was a combination of 'the 14 parties', the Bikalpa Dhara (BD) led by former President Badruddoza Chowdhury, the JP led by former President Ershad, and the newly founded Liberal Democratic Party (LDP) led by Oli Ahmed (who defected from the BNP in 2006). Other smaller parties joined the bandwagon, and the AL was not hesitant in embracing an Islamist party with a checkered past. Opposition to the BNP regime was the sole criterion for joining the alliance. Only a handful of parties such as the CPB and two factions of the BSD remained outside these alliances, and the Gono Forum left the alliance as it was opposed to the inclusion of the JP (Ershad).

During the two years of political hiatus between 2007 and 2008, the Grand Alliance metamorphosed: some parties exited, some were silently shown the door. When the 2008 election approached, although the AL-led alliance still called itself the Grand Alliance, it was no longer as grand as in early 2007. In fact, it turned out to be an alliance of only nine parties, some of which were parties in name only. In the subsequent five years only two parties were represented in the Cabinet. Ahead of the election in early 2014, after the elimination of the caretaker government proviso, the AL formed on November 19, 2013 what it described as an 'all-party government' with only five other parties. It was, according to an analyst, 'all but an all-party government' (Mondal, 2013). In 2012, the BNP, on the other hand, expanded its alliance to a bloc of 18 parties that include the LDP (which was by then back in the BNP fold), the ML and a number of other smaller parties. The alliance picked up two more parties, one of which was a breakaway faction of the JP (Ershad), by mid-2014.

Alliance-making is not the exclusive preserve of the mainstream parties; smaller radical Islamist and left-leaning parties too have been engaged in this endeavor. The JI appeared on the political scene in 1976 through an alliance with the ML. But the party since then has created strategic alliances with the AL and the BNP, until it finally joined the four-party alliance in 1999. Smaller Islamist parties attempted to emulate the JI, but with a limited appeal and support base they had to come together first to secure a seat at the table of alliances. The first effort to build an alliance of the Islamist parties without the JI was initiated in 1984. Maulana Muhammadullah Hafezzi Huzur brought 11 parties to establish the Sommilita Sangram Parishad (Combined Action Committee). In the early 1990s, a group of smaller Islamist parties, under the auspices of the Khelafat-i-Majlish, formed the IOJ. The composition of the alliance changed over time and the alliance faced breakup as some parties of the alliance moved to create their own alliance with the same name. There has been a number of instances where the Islamists founded issue-based alliances: for example, to protest the Supreme Court verdict banning fatwa (religious edict) in 2001, to oppose the women's development policy in 2008 (*Daily Star*, 2008, p.1), and to oppose the education policy in 2010. In similar vein, a front named 'Islamic and like-minded 12 parties' came into being in early 2011. It is worth noting that, despite variations of the names, these Islamist alliances tend to include the same parties. Radical left-wing parties too founded coalitions in the past decade. One of these alliances, the Democratic Revolutionary Front, comprised four parties: Jatiya Mukti Council, Jatiya Gono Front, Naya Gonotantraik Gono Morcha, and Gonotantrik Gono Moncha.

This narrative shows that in the past four decades alliance-building has become an integral part of the party system of Bangladesh. This neither indicates the organizational weakening of major parties, nor does it imply the diminishing appeal of the major parties; instead it shows that both the AL and the BNP have felt that alliance offers an impression of consensual politics, i.e., these parties are trying to incorporate voices outside their traditional support base. Whether they are intended to mask the intra-party practices of consolidation of power is an open question, but what is beyond doubt is that the alliance-building trend does not represent a qualitative change in politics. In large measure, they serve utilitarian purposes.

For the two larger parties, alliance-building is beneficial on two counts: first, it weakens rivals. The incessant efforts of the AL and the BNP to bring the JP (Ershad) within its fold since 1991, and the JI until 1999, are testimonies to this intent. Second, it boosts the share of the popular vote. Three elections conducted between 1991 and 2001 revealed that the AL and the BNP each commands about 32 percent of the popular vote. Thus each would like to ensure that even the smallest share of the popular vote is drawn to their side (or at least taken away from the rival). The JP and the JI – combined – have about 12 percent of popular support, which has accorded them the king-maker role. Smaller left-leaning parties' efforts to build alliances have been predicated by their desire to break the bi-partisan control of politics – ideologically and organizationally. It is imperative for them in order to carve out a space. As the political landscape shifted rightward and left-leaning parties have faced fragmentation, alliance formation has become both an existential and strategic necessity. Notwithstanding the cleavages, smaller Islamist parties outside the JI's sphere intend to influence the public sphere and political discourse, and shrink the liberal space. Despite fragmentation and realignment, they regroup based on issues, and consequently influence policies.

Conclusion

Discussion on various trends and tendencies pertaining to political parties in Bangladesh, their strengths reflected in the elections, and changes in the party system demonstrates that although the presence of a large number of parties makes the political landscape vibrant, it cannot mask the fact that parties lack democracy and leadership is highly skewed toward familial connections, both of which are inimical to a healthy democratic system and should raise serious concerns among citizens. Voting patterns show that the Bangladeshi electorate favors a competitive election, although their choices have created a *de facto* two-party system. The presence of a large number of political parties of different ideological persuasions is a positive element of the system. This reveals Bangladeshis' aspiration for a pluralistic political culture. However, ruling elites have acted to the contrary at various junctures of the history of the nation by attempting to fashion a dominant party system. Since the flawed election in January 2014 one such moment has arrived, and the country stands at the crossroads as to what the future party system will look like.

Notes

1 The number of parties does not include the Bangladesh Jamaat-e-Islami, which lost its registration due to a court verdict on August 31, 2014.

2 While I have highlighted these practices within the three main political parties, they are not limited to these parties only. The familiar faces for almost three decades in the party leadership of almost all parties in Bangladesh provide the impression that the leadership is a matter of perpetuity and that the party structures are only to provide a stamp of validation to the decisions of these leaders.

3 Although the party leaders did not mention it, it later became evident that the intelligence agencies, especially the Directorate General of Forces Intelligence, were instrumental in this regard. See US Embassy cable, 08Dhaka721, July 3, 2007, http://wikileaks.org/cable/2008/07/08DHAKA721.html; also see US Embassy cable, 07Dhaka1061, June 28, 2007, http://wikileaks.org/cable/2007/06/07DHAKA1061.html.

References

Ahmed, N. (2003) From Monopoly to Competition: Party Politics in the Bangladesh Parliament. *Pacific Affairs*. 76 (1). p.72.

Bangladesh Awami League. (n.d.) Constitution. [Online] Available from: www.albd.org/index.php/en/party/constitution [Accessed: November 2, 2013].

Bangladesh Chronicle. (2013) EC Prepares Report on BNF Registration. [Online] Available from: www.bangladeshchronicle.net/index.php/2013/08/ec-prepares-report-on-bnf-registration [Accessed: August 20, 2013].

Bangladesh. Election Commission. (n.d.) *List of Registered Political Parties*. [Online] Available from: www.ecs.gov.bd/English/RegisteredPoliticalPartyEng.php [Accessed: October 11, 2014].

Bangladesh Nationalist Party. (n.d.) Constitution. (Amended up to December 8, 2009). [Online] Available from: http://bangladeshnationalistparty-bnp.org/content.aspx?tablename=webitem2&id=8&child=null&parentid=null [Accessed: November 2, 2013].

Barry, E. (2014) Low Turnout in Bangladesh Elections Amid Boycott and Violence. *New York Times*. January 6. p.A14.

Barua, T. K. (1978) *Political Elite in Bangladesh*. Bern: Peter Lang. p.168.

Baxter, C., Malik, Y. K., Kennedy, C. H. and Oberst, R. C. (2002) *Government and Politics in South Asia*. Boulder, CO: Westview. p.295.

BDNews24. (2007) 'Shady Force' Responsible for BNP Split: Gayeshwar. December 2. [Online] Available from: http://bdnews24.com/politics/2007/12/02/shady-force-responsible-for-bnp-split-gayeshwar [Accessed: August 18, 2014].

Bertocci, P. J. (1982) Bangladesh in the Early 1980s: Praetorian Politics in an Intermediate Regime. *Asian Survey*. 22 (10). p.993.

Choudhury, N. K. (2001) Jatiya Sangsad Elections: Past and Future. *Daily Star*. April 13.

Daily Star. (2008) Bigots Fight Fiercely With Cops to Protest Women Policy. April 11. p.1.

Daily Star. (2009) 25 Small Parties Get 2pc Votes in Total. January 2. [Online] Available from: www.thedailystar.net/story.php?nid=69670 [Accessed on August 17, 2014].

Dainik Bangla. (1994) Press Briefing of Awami League, JP, Jamaat: The Outline of the Caretaker Government Announced. June 28. p.1.

Denoeux, G. (2002) The Forgotten Swamp: Navigating Political Islam. *Journal of Middle East Policy*. 9 (2). pp.56–81.

IDEA and Center for Alternatives. (2004) *Bangladesh: Country Report*. Dhaka: Center for Alternatives, published in conjunction with the International Institute of Democracy and Electoral Assistance (IDEA). p.8.

Jahan, R. (2014) *Political Parties in Bangladesh*. CPD-CMI Working Paper Series, No. 8. Dhaka: Centre for Policy Dialogue. pp.30–31.

Jatiya Party. (n.d.) Constitution. [Online] Available from: http://shujanbd.files.wordpress.com/2013/04/constitution_jp.pdf [Accessed: November 2, 2013].

Kochanek, S. A. (2000) Governance, Patronage Politics and Democratic Transition in Bangladesh. *Asian Survey*. 40 (3). pp.530–550.

Mondal, M. A. L. (2013) All But an All-Party Government? *Dhaka Tribune*. November 27.

Pempel, T. J. (1990) *Uncommon Democracies: The One-Party Dominant Regimes*. Ithaca, NY: Cornell University Press. pp.3–4.

Riaz, A. and Ar-Raji, K. A. (2010) Who Are the Islamists? In: Riaz, A. and Fair, C. C. (eds.). *Political Islam and Governance in Bangladesh*. New York: Routledge. pp.60–63.

Saha, M. (2009) Ershad Wishes to Hold JP Rudder until Death. SNNBD. July 26. [Online] Available from: www.snnbd.com/newsdetails.php?cat_id=0.02&id=13886#.UnVA70rD_WN [Accessed: August 19, 2013].

Suttner, R. (2006) Party Dominance 'Theory': Of What Value? *Politikon*. 33 (3). pp.277–297.

Ware, A. (1996) *Political Parties and Party Systems*. Oxford: Oxford University Press.

Weber, M. (2008) Politics as Vocation. In: Dreijmanis, J. (ed.). *Max Weber's Complete Writings on Academic and Political Vocation*. New York: Algora Publications. pp.155–208.

9

NON-GOVERNMENTAL ORGANIZATIONS AND CIVIL SOCIETY

David Lewis

Like many so-called developing countries, Bangladesh has attracted a wide range of international non-governmental organizations (NGOs), mainly from Western countries, that have worked on disaster relief, welfare and development issues. But what is perhaps unusual has been the scale and influence of the country's home-grown or indigenous NGO sector. This phenomenon is the result of a complex set of factors, including Bengal's long and varied traditions of community organization, religious charity and political resistance. This wider sphere of organized citizen action, which to some extent underpins the country's modern NGO sector, came during the 1990s to be characterized as civil society. As we shall see, both the NGO sector and the idea of civil society have been controversial subjects during the past 40 years of the country's history.

In the field of international development, two organizations in particular have come to loom large in both the local and the international public imaginations – BRAC and Grameen Bank. Now one of the world's largest NGOs, and having expanded in the past decade into an international relief and development agency, BRAC symbolizes the potential of the multi-dimensional NGO with its steady growth, comprehensive coverage, careful management, diverse impacts and international influence. Grameen, also very large and influential, is a completely different type of organization. With its pioneering work on group-based credit services provided to rural women, it has evolved over the years into a pioneering social business seeking to propagate the idea of enterprises that aim to meet social rather than for-profit needs. It has generated widespread interest within the development industry and among the Western (and particularly the US) public, and has helped to consolidate Bangladesh's position as the home of microfinance. These two organizations are, however, far from typical, with the vast majority of the country's NGOs small and local. By 2014, the government's NGO Affairs Bureau (NGOAB) website was listing a total of 2,203 registered NGOs.[1]

Despite the numbers, and the high level of attention NGOs have received, the sector in Bangladesh has not been particularly thoroughly researched or well understood. In this chapter we briefly trace the evolution of the NGO sector in Bangladesh, consider what has been achieved and also offer some grounded speculation on where the sector may be going.

Historical evolution of NGOs

Approached historically, the NGO sector can be understood as having two main types of roots. The first, as we have seen, is in local forms of voluntary organization and action. Villagers have long carried out public works to establish schools or maintain mosques, and undertaken relief work in times of natural disaster, to which Bangladesh has always been vulnerable. Each of the country's different religious communities has also engaged in forms of charitable work such as the Islamic duty of *zakat*, in which one-fortieth of one's income is given to the poor, or the Hindu tradition of giving food to *sadhus* and *faqeers* (Zaidi, 1970). Village-based self-help groups, such as the *Palli Mangal Samitis* (Village Welfare Societies) became common from the 1930s onwards, and were encouraged by local administrators to promote local good works and to build patronage relationships. Some of these over time took on more formal structures and grew into organizations that today would be termed NGOs. Christian missionaries too brought charitable education and health initiatives to some areas of the country, along with early forms of community development work that were later to characterize the work of many local development NGOs.

The second set of roots can be found in Bangladesh's relationship with the international aid system. While some NGO founders – or social entrepreneurs in today's parlance – were locally resourced, many others built productive relationships with foreign organizations with similar aims and values. Sometimes these were primarily resource-driven relationships where NGOs were established as vehicles for foreign assistance so that it could be utilized locally in effective, flexible and timely ways. But in most cases these relationships went further to include forms of international solidarity and the exchange of ideas and values. In the 1970s, for example, the ideas of Brazilian educator Paolo Freire became influential among a sub-group of Bangladeshi NGO leaders who favored working directly with disadvantaged people using alternative grass-roots political mobilization approaches to development. In these early years NGOs could access funding from international NGOs and foundations that were largely independent from the mainstream development establishment – including Canadian University Services Overseas, Oxfam, Ford Foundation and Diakonia (Kabeer *et al.*, 2010).

The need for humanitarian response was crucial in shaping the NGO sector, just as it has been in many other countries. The War of Liberation and the subsequent humanitarian disaster caused by a devastating cyclone were formative events in the evolution of the modern NGO sector. The year 1971 was the culmination of political struggles that had begun with Bengali mobilization against British colonial rule, and then after 1947 the growing opposition to West Pakistani rule. It reflected a long history of state/society struggles in the country. At the center of these struggles had been traditional forms of civil society organizations and movements that took the form of associations of students, lawyers, journalists and cultural activists united by the idea of Bengali nationalism, democracy and secularism (Hashemi and Hasan, 1999).

In the new country the large-scale nation-building effort that soon got under way did not just attract foreign aid organizations and funders but also mobilized Bangladeshi activists and social entrepreneurs locally and internationally. This trend toward local ingenuity and organizational innovation was also accelerated by the fact that the new government's development work, while committed and energetic, was limited in resources and imagination and by the scale of the problems it faced. There was an emphasis on the clientelistic extension of local government structures through which to funnel development resources into local communities, a reliance on trickle-down economics to improve rural livelihoods and innovative but ultimately half-hearted attempts to build village-level cooperatives for farmers. In practice the

state remained weak in terms of its capacities to provide social welfare, maintain an independent judiciary or collect taxes.

As a result, there was considerable space for NGO efforts to emerge alongside those of government. Nevertheless, relations between NGOs and government have been characterized by periods of turbulence as well as cooperation. They have perhaps tended to work better during the military era when government lacked legitimacy and sometimes sought out opportunities to send out a pro-people message (the *khas* land and essential drugs examples discussed below both date from the Ershad period) or when partnership has taken place in the context of donor-funded projects, as Alam (2011) has analyzed in the case of the Urban Primary Health Care Project. At other times, government has taken repressive action against NGOs, such as the case of the Bangladesh Center for Workers Solidarity that lost its registration in June 2010 (eventually regaining it after three years of legal action) after government unfairly accused it of inciting unrest among the workers of the country's highly lucrative export garment industry.[2]

NGOs were also attractive to activists who were inspired by progressive political or developmental agendas, but who did not wish to enter formal political institutions, especially as these gradually grew more bureaucratic and authoritarian during the 1970s. Political influence could also be achieved in other ways, such as challenging mainstream development models through grass-roots organizing and empowerment approaches, which began to attract some people from the country's fragmenting leftist political groups. For example, BRAC's influential research study *The Net* (1983) was a political economy analysis of rural power relations that focused on the persistence of semi-feudal village-level structures that, it argued, held back mainstream approaches to local development. It upheld a radical structural analysis of poverty that challenged political clientelism and trickle-down, and highlighted the predatory activities of local landowning elites who captured development resources at the expense of the poor.

NGOs were also the preferred vehicles for other types of activist: those with a less political and a more welfare-oriented approach who instead favored the prioritization of meeting people's needs by filling gaps in public services. As a result many NGOs took on the management of service delivery work as their main business. These organizations aimed to complement rudimentary provision or substitute for absent or inadequate government provision in health, family planning, education and agricultural services. Many NGOs did not see the idea of their services substituting for the services that government was expected by people to provide as a sustainable option, but instead viewed it as meeting a short-term need. They aimed to simultaneously build better government services through demonstrating possible approaches and stimulating public demand. In this way service delivery and policy influence and advocacy were often linked activities rather than separate spheres.

In the health sector, the work of Dr. Zafarullah Chowdhury in establishing GK as a people's health movement was particularly significant. This NGO promoted a cooperative approach to sustainable health services based on setting up village health centers staffed by paramedics. The organization also campaigned for an essential drugs policy, which brought it into conflict with the multinational pharmaceutical companies and with the Bangladesh Medical Association, a professional civil society organization funded in part by the companies. However, many of the mainstream service delivery NGOs were open to the criticism that rather than contributing to sustainable improvements they merely 'let the government off the hook'.

Civil society

The discourse of civil society provided a new rationale for NGOs. During the 1990s the concept of civil society, revived from its relative dormancy within political theory, began gaining

currency in the context of the NGO sector. This was in part linked to trends in development policy, where a new policy agenda began combining ideas about privatization of the state and a stronger role for private actors such as NGOs, and an interest in NGOs as agents of democratization with the potential to provide voter education and human rights training. The interest in civil society had connections with wider global democratic debates. For example, in the context of popular struggles against authoritarian regimes in Eastern Europe and Latin America there had been renewed interest in radical ideas about civil society influenced by Antonio Gramsci. By contrast, in the United States the work of political scientist Robert Putnam (1993) on the idea of 'social capital' emphasized its role in democratic functioning as well as reflecting anxieties about a perceived loss of community-level trust in communities in the United States. All this fed into the re-emerging idea that civil society was an associational space between market and state that was essential for building and sustaining liberal democracy (echoing Alexis de Tocqueville's classic *Democracy in America*), since it provided a countervailing force against state and corporate power, individual self-interest and primordial ties of patronage and kinship.

As indicated earlier, the history of civil society in Bangladesh requires us to distinguish between older and newer traditions of civil society in the form of longer histories of social movements and the newer modern NGOs (Lewis, 2004). At the same time, the actual and perceived boundaries between state and civil society have constantly shifted and blurred. For example, such blurring is apparent in the ways in which elements of 'old' civil society were absorbed into the post-1971 state, and in the ways in which many modern NGOs may remain linked to government and other institutions through family ties, contracting relationships and an often overlapping dependence on foreign donors (Lewis, 2011a).

In the development industry, agencies also began pushing the idea of civil society as part of 'good governance' agendas. These were also linked to the rise of neoliberal restructuring processes of developing country institutions that emphasized the private sector and the third sector as a balancing force against the state. The 'civil' in civil society also for a while took on meaning in the context of Bangladesh's post-military government era after 1990, when General Ershad had been removed from power, in part by a popular movement. The term 'civil society', sometimes translated into Bengali as *shushil shamaj*, which literally means 'gentle society', also gained some traction within public debates among NGOs and activists in Bangladesh, even though its meanings and emphases were continually debated and disputed. The term meant different things to different people, and this was no doubt also part of its attraction. Many within the NGO community embraced the idea of civil society as part of their own quest for credibility, because it offered a concept that embedded the idea of NGOs within established political theory and provided theoretical justification for their role, and further localized the NGO discourse by giving non-state actors legitimacy in relation to the state and downplaying their links with the international aid industry. The term also sat well with the more radical political agendas of certain NGO leaders, some of whom set about seeking to construct alliances between civil society groups in order to mobilize citizens around political or social objectives.

Organizations, activities and achievements

As we have seen, the NGO sector in Bangladesh is normally characterized as diverse. It encompasses both large and small entities, and contains organizations that undertake both service delivery and those working on social mobilization, policy advocacy or campaigning work. It is sometimes argued that this broad diversity makes it difficult to make general characterizations of the sector, but in this section we try to provide some of the broad brushstrokes of Bangladesh's NGO narrative. At the same time, many would also acknowledge that this diversity has declined

over the years. Although service delivery NGOs still remain active in health and family planning, primary education and agriculture, the majority have over time come to be involved in some form of credit provision. There are still NGOs that are involved in community-level social mobilization and wider advocacy and campaigning work. But there is widespread agreement among observers of the NGO sector that its diversity has significantly narrowed with the result that service delivery mainly dominates the sector, and that within service delivery the core business of most NGOs is now some form of microfinance provision.

Thumbnail sketches of the some of the key organizations that have stood out offer a sense of the dimensions and activities of the NGO sector in Bangladesh. As we have already seen, BRAC has become one of the world's best-known development organizations. It was established in 1972 by international oil company executive Sir F. H. Abed, an expatriate Bangladeshi eager to play a role in addressing the difficult challenges faced by the new country. BRAC was initially an organization that aimed to provide short-term disaster relief and rehabilitation responses to communities. Over time, it grew and evolved into a community development organization that provided a range of services. BRAC undertook innovative large-scale work in relation to immunization, oral rehydration, maternal health and non-formal education that has made a significant contribution to key areas of Bangladesh's human and social development. It also provided credit services, and it developed a strong emphasis on providing small loans to female borrowers (Smillie, 2009).

Muhammad Yunus's Grameen Bank began as an action research project in 1976 and lent small sums to rural people organized into joint liability groups, gradually focusing primarily on women as its main borrowers. It was transformed by government legislation into an independent not-for-profit bank in 1983. Like BRAC, it has grown steadily and over the years has changed and expanded its approach. It now offers a wide range of financial products to its six million borrowers, though it has these days abandoned its joint liability approach and compulsory savings (Yunus, 2010). Professor Yunus was awarded the Nobel Peace Prize in 2006.

In contrast to these internationally known organizations, another section of the NGO community placed a stronger emphasis on political and social mobilization at the center of their organizational identity and work. Proshika dates from 1976 when a group of student activists who had been working on building community-level social change among landless groups formalized it as a registered NGO, its name based on an amalgam of the Bengali words for training, education and action. At the height of its power and influence during the mid-2000s, the organization had around 2.8 million borrowers within a borrower-managed savings and loan program, combined with skills development and 'conscientization' efforts. However, in 2001 the NGO began encountering political problems with a newly elected government that alleged it had provided political support to the opposition and it has subsequently declined. Nijera Kori (NK) – which means 'by ourselves' – began life in the 1970s and was initially a small relief organization among many others at the time. It became more distinctive when it was revitalized in 1980 and given a new direction by dissident BRAC staff who were exploring ways to challenge what they saw as the creation of dependency by service delivery approaches. With a more radical agenda, the organizations eschewed the idea of microcredit altogether and focused instead on training and mobilization. In line with ideas about civil society and democratization, NK also emphasized democratic relationships with members of the community and within its own organizational structures. It established a system in which members elect representatives to make decisions at each level of the organization (Kabeer *et al.*, 2010). Another radical NGO, Samata, was first established as a youth organization in 1976 that aimed to organize landless people to claim ownership rights over unoccupied *khas* land. This is unowned but highly fertile farmland that becomes available due to changing river systems and coastlines and is immensely

valuable in a land-scarce environment. *Khas* land was seen as providing a potentially important asset for the country's large numbers of rural landless households.

The more progressive or alternative sources of international funding that had been available to NGOs began to decline by the end of the 1980s. In their place was a new neoliberal development agenda that quickly gained ground among mainstream bilateral and multilateral funders. This ideology supported the role of NGOs in development, but placed most of its emphasis on the priority of official donors providing funding to NGOs as private service delivery providers and alternatives to the state. The basic trajectory of the sector at this time is perhaps best epitomized by the Association for Social Advancement's (ASA) organizational journey, although this particular NGO was probably driven more by its own organizational imperatives rather than those of donors. ASA had been set up in 1978 as a social activist organization that was based on a structural analysis of poverty and an empowerment agenda. But when results proved slow to achieve, the organization moved away from the mobilization approach to a service delivery approach with credit at the center, adapted from the Grameen Bank model (Rutherford, 2010).

The availability of large-scale funding from bilateral donors did not altogether bypass the more radical NGOs. Agencies such as Proshika, Samata and Gono Shahajjo Sangstha (GSS) were each heavily funded by Britain's Department for International Development, for example. However, the shift toward an NGO contracting culture contributed to a proliferation of NGOs, many of which were inexperienced, small and opportunistic. There were 395 NGOs registered with the government's NGOAB in 1990, and 1,223 by 1999. By the end of the 1990s, almost three-quarters of all donor funds were going to just three NGOs: BRAC, Proshika and ASA (Devine, 2003). Today, Bangladesh's overall economic position has changed, with relatively high levels of economic growth and international remittances that have displaced the earlier centrality of aid to the economy. For NGOs to achieve sustainability, the most viable options have arguably become microfinance provision with its built-in management fees or the hybridization of NGOs into social businesses able to generate revenue from market-based activity and corporate philanthropy.

The contribution of NGOs to Bangladeshi society and the economy are difficult to assess but they are significant. As Amartya Sen has argued, women-focused service delivery, microcredit services and social mobilization work by both large and small NGOs in Bangladesh has made an important contribution – alongside major efforts by the government – to the country's achievements in reducing poverty and moving forward social indicators (Sen, 2013). This is one of the reasons why Bangladesh, considered a 'basket case' by some international observers during the 1970s, today boasts social indicators that are superior to Pakistan and some Indian states (Lewis, 2011b).

Beyond service delivery, NGOs have also played a role in influencing policy in some key areas. NGOs, alongside a range of national and international policy actors, played an important role in helping to ensure that the 2009 Right To Information Act was passed and implemented (such as Transparency International Bangladesh), in challenging the top-down approaches to climate change adaptation that has at times been pushed by some areas of government and donors (Action Aid Bangladesh), and supporting labor rights for garment workers (Bangladesh Center for Workers Solidarity) and laborers in the ship-breaking industry (Young Power in Social Action).

One of the best-known historical cases of shaping policy is in relation to land rights. NGOs have been instrumental in shaping a land reform policy that enshrined the right of landless households to *khas* land. As a result of a concerted NGO campaign in the latter stages of the military regime of General H. M. Ershad, a new land reform law was passed that required new *khas* land to be redistributed to landless households (Devine, 2002). Landless people need to be

able to formalize their rights over this land and begin cultivation, since local landowners often occupy it illegally and achieve de facto ownership in defiance of the reform. In 2008, a research report indicated that the total amount of *khas* land is around 1.3 million acres, of which about three-quarters of a million acres have been redistributed to poor households.

By the end of the 1990s, some organizations within Bangladesh's NGO community embraced the concept of civil society as part of social mobilization and policy influence agendas, as well as their own quests for identity and legitimacy. A few NGO leaders began trying to construct alliances between more diverse sections of civil society in order to mobilize citizens in support of political or social objectives. For example, another large NGO at this time, GSS, promoted some of its rural landless group members as candidates in local union *parishad* (sub-district) elections (Hashemi, 1995). In 2001, with the *Oikabaddo Nagorik Andolan* (United Civil Society Movement), Proshika and other civil society groups including trade unions mobilized more than half-a-million people with a comprehensive set of demands to government on democratization, poverty and human rights.

While international linkages and relationships have always helped to shape the NGO sector, more recent forms of globalization have arguably contributed to an intensification of local grass-roots action. The concept of 'global civil society', made possible by the growth of communications technology, has helped to facilitate international activist networks around the world. An environmental movement barely existed in the 1980s in Bangladesh, but gained momentum during the 1990s, partly through building alliances internationally and locally in relation to the popular opposition to the controversial Flood Action Plan (FAP), a donor-backed infrastructural megaproject that proposed a top-down solution to water control management (see Lewis, 2010).

The rise of NGOs has not been popular among all sections of the population. Critical voices have been raised in relation to many aspects of NGOs and their work. First, some see NGOs implicated in the rolling back of the state. Between 20 and 35 percent of the country's population is believed to receive some services, usually credit, health or education, from an NGO (World Bank, 2006). In line with the growth of neoliberalism, the state is seen by critics such as Wood (1997) as discarding its responsibilities for service provision and citizen accountability, then 'franchising out' key state functions to NGOs and private agencies. When the government outsources its responsibilities to non-state actors that have unclear lines of accountability to service users (and may often also be mainly foreign-funded), this weakens the state–society relationship.

Second, NGOs have been criticized by interest groups and members of local communities. For example, NGO work in rural areas has occasionally generated violent resistance, such as between local religious leaders and followers and NGO field staff. For example, BRAC field workers and schools have sometimes been attacked (Rahman, 1999). Some suggest that this is a sign that NGO programs that challenge local gender norms such as female literacy and education are gaining traction. For others, this is evidence of clashes between the forces of local religious conservatism and NGOs as purveyors of Western modernity. Such incidents may also relate to disputes over patron–client relations or land-related conflicts. NGOs are convenient targets, perhaps by threatening established interests or by positioning themselves as 'new patrons' (Devine, 1998). Some critics on the left also attacked NGOs engaging in social mobilization during the 1990s for weakening the efforts of political party-led forms of rural protest.

Third, the narrowing of NGO work to service delivery and to microfinance in particular – arguably the neoliberal development approach par excellence – has attracted criticism from those within and beyond the world of development who call for broader conceptions of poverty and disadvantage, and recognition of the need for forms of structural change. The reduction

of development from a complex set of structural problems around poverty and inequality to ones that simply required the provision of financial services serves as an example of what Schwittay (2011) has called the 'financialization of poverty' and has helped to create an NGO monoculture. Broader critics of neoliberal governmentality such as Karim (2014) also point to the role of microfinance in coercing households and particularly women into market relations of indebtedness.

There have also been those who criticize the idea of civil society, some because NGOs became equated with civil society and crowded out the wider range of other actors, and others because the concept itself lacks precision or contextual appropriateness. In particular, the liberal view of a 'good' civil society has often been contested, since relationships in contemporary civil society may reflect wider 'uncivil' social tensions. It is also generally unwise to assume – as liberal accounts of civil society tend to do – a simple dichotomy between civil society and the state, between kinship communities and civil society, or between vertical and horizontal ties (Chandhoke, 2002).

Wood (2009) has suggested that there was also an 'unstated secular consensus' in relation to civil society that began to change in the 1990s with the emergence of a new urban middle class. This new middle class (mainly in Dhaka, but also in other regional cities) has been influenced both by the growing economic and cultural influence of the Gulf states on Bangladesh and by the Bangladesh Nationalist Party's traditional leaning toward more Islamic definitions of what it means to be a Bangladeshi. The result has been a subtle shift in the secular–religious–nationalist composite that underpinned Bangladesh's cultural and political fabric. This new middle class is increasingly an oppositional formation that is distinct from more established, secular elites that originally underpinned key sections of the intelligentsia, civil service and NGO sector during the 1980s and the 1990s.

Conclusion

Looking back, we can highlight three distinct stages of evolution of the NGO sector. The first is the period of *emergence and early formalization* during the 1970s and much of the 1980s, which saw the crystallization of the modern NGO sector in the form of a wide range of organizations from service delivery to advocacy, run by both activists and individual social entrepreneurs. The second is the period of *opportunistic growth* during the 1990s that coincided with the discovery of NGOs by the wider development industry and the growth of funding availability. Many NGOs expanded their operations, hired more staff and built smart offices. This reflected a new-found confidence and importance, including in some cases closer links with government, but it also contributed to the organizational collapse of some key NGOs, revealing an overall lack of sustainability and vulnerability to institutionalization capture and patron–client structures. Finally, there has been in the twenty-first century a *marketization and hybridization* of the NGO sector. The dominance of credit-based approaches to development and government subcontracting reflect a financialization of development and an increased reliance on private-sector ideas and approaches.

As we have discussed in this brief overview, NGOs have been dynamic actors with important achievements in both service delivery and policy influence. However, despite the large numbers of NGOs that still operate today, the creative heyday of Bangladesh's development NGO movement has probably passed. The majority of organizations operating around the country are small contracting organizations. While many do important and useful work, these NGOs are variable in quality and sustainability, and most lack the dramatic organizational histories that characterized many of the large and influential NGO players that were active in the 1990s.

Radical organizations do still exist of course, but they are smaller and less powerful, even though many of them too achieve useful things. BRAC of course remains, but has these days evolved into a social business across many fields – including banking, tertiary education and retailing. Its leadership generally prefers to distance itself from – rather than embrace – the term NGO.

The reduced profile of the sector has also been hastened by the declining relative importance of foreign aid, a public loss of confidence in the organizational accountability and governance of NGOs after too many corruption scandals, and the increasing levels of organizational hybridity (which is symbolized by the example of BRAC) that characterizes the diverse emerging relationships between markets, the state and organized citizens in the early twenty-first century. NGOs, broadly defined and with all their strengths and weaknesses, remain important actors within any society. They reflect both the aspirations of citizens and the effects of global power structures as these intersect with national and international policies and ideologies.

Notes

1 See NGO Affairs Bureau. [Online] Available from: www.ngoab.gov.bd [Accessed: June 2, 2014].
2 See Clean Clothes Campaign. [Online] Available from: www.cleanclothes.org [Accessed: June 2, 2014].

References

Alam, S. M. N. (2011) Health Service Delivery: The State of Government Non-governmental Organization Relations in Bangladesh. *Public Administration and Development*. 31. pp.273–281.

Bangladesh Rural Advancement Committee (BRAC). (1983) *The Net: Power Structure in Ten Villages*. Rural Study Series 2. Dhaka: BRAC.

Chandhoke, N. (2002) The Limits of Global Civil Society. In: Glasius, M., Kaldor, M. and Anheier, H. K. (eds.). *Global Civil Society*. Oxford: Oxford University Press. pp.35–54.

cleanclothes.org. (2013) BCWS Wins Fight for Registration. Bangladesh Center for Workers Solidarity. September 2, 2013. [Online] Available from: www.cleanclothes.org/news/2013/09/02/bcws-wins-fight-for-registration [Accessed: June 2, 2014].

Devine, J. (1998) Empowerment and the Spiritual Economy of NGOs in Bangladesh. Paper presented to the European Network of Bangladesh Studies. University of Bath, Fifth Workshop. April 16–18.

Devine, J. (2002) Ethnography of a Policy Process: A Case Study of Land Redistribution in Bangladesh. *Public Administration and Development*. 22. pp.403–414.

Devine, J. (2003) The Paradox of Sustainability: Reflections on NGOs in Bangladesh. *Annals of the American Academy of Political and Social Science*. 590. pp.227–242.

Hashemi, S. M. (1995) NGO Accountability in Bangladesh: NGOs, State and Donors. In: Edwards, M. and Hulme, D. (eds.). *NGO Performance and Accountability: Beyond the Magic Bullet*. London: Earthscan. pp.103–110.

Hashemi, S. M. and Hasan, M. (1999) Building NGO Legitimacy in Bangladesh: The Contested Domain. In: Lewis, D. (ed.). *International Perspectives on Voluntary Action: Reshaping the Third Sector*. London: Earthscan. pp.124–131.

Kabeer, N., Mahmud, S. and Castro, J. G. I. (2010) *NGOs' Strategies and the Challenge of Development and Democracy*. IDS Working Paper 343. Brighton: Institute for Development Studies.

Karim, L. (2014) Demystifying Microcredit: The Grameen Bank, NGOs, and Neoliberalism in Bangladesh. In: Bernal, V. and Grewal, I. (eds.). *Theorizing NGOs: States, Feminisms and Neoliberalism*. Durham, NC: Duke University Press.

Lewis, D. (2004) On the Difficulty of Studying 'Civil Society': NGOs, State and Democracy in Bangladesh. *Contributions to Indian Sociology*. 38 (3). pp.299–322.

Lewis, D. (2010) The Strength of Weak Ideas? Human Security, Policy History and Climate Change in Bangladesh. *Critical Interventions: A Forum for Social Analysis*. 11. pp. 113–129.

Lewis, D. (2011a) Exchanges of Professionals between the Public and Non-Governmental Sectors: Life–Work Histories from Bangladesh. *Modern Asian Studies*. 45 (3). pp. 735–757.

Lewis, D. (2011b) *Bangladesh: Politics, Economy and Civil Society*. Cambridge: Cambridge University Press.

Putnam, R. D. (1993) *Making Democracy Work: Civic Tradition in Modern Italy*. Princeton, NJ: Princeton University Press.

Rahman, A. (1999) NGOs and Civil Society in Bangladesh. *Journal of Social Studies*. 84. pp.23–45.
Rutherford, S. (2010) *The Pledge: ASA, Peasant Politics and Microfinance in the Development of Bangladesh*. Oxford: Oxford University Press.
Schwittay, A. F. (2011) The Financial Inclusion Assemblage: Subjects, Technics, Rationalities. *Critique of Anthropology*. 31. pp.381–401.
Sen, A. (2013) What's Happening in Bangladesh? *The Lancet*. 382. pp.1966–1968.
Smillie, I. (2009) *Freedom from Want: The Remarkable Success Story of BRAC, the Global Grassroots Organization that's Winning the Fight against Poverty*. Stirling: Kumarian Press.
Wood, G. D. (1997) States without Citizens: The Problem of the Franchise State. In: Hulme, D. and Edwards, M. (eds.). *Too Close for Comfort: NGOs, States and Donors*. London: Macmillan. pp.79–92.
Wood, G. D. (2009) Clashing Values in Bangladesh: NGOs Secularism and the Umma. In: Khan, F. C., Ahmad, A. and Quddus, M. (eds.). *Recreating the Commons? NGOs in Bangladesh*. Dhaka: University Press Limited. pp.43–78.
World Bank. (2006) *Economics and Governance of Nongovernmental Organizations in Bangladesh*. Bangladesh Development Series, Paper No. 11. Dhaka: World Bank.
Yunus, M. (2010) *Building Social Business: The New Kind of Capitalism That Serves Humanity's Most Pressing Needs*. New York: Public Affairs.
Zaidi, S. M. H. (1970) *Village Culture in Transition: A Study of East Pakistan Rural Society*. Honolulu, HI: East West Centre Press.

10

DEVELOPMENT POLICIES SINCE INDEPENDENCE

Fahmida Khatun

Having embarked on independence in 1971 with a war-affected economy, Bangladesh began its journey with the objectives to achieve higher growth and fight poverty from the very beginning. The challenge, however, was to materialize such goals with limited resource and opportunities. The situation was termed a 'test case for development', fraught with abject poverty and a large population.[1] However, Bangladesh has been acclaimed for its achievements on economic and social fronts during the past few decades. The economy has been growing at around 6 per cent annually since the 2000s, which is higher than the average growth rate of all least developed countries together (UNCTAD, 2014).[2]

Impressive economic growth has been complemented by remarkable progress in a set of social indicators such as reduction of poverty, child and maternal mortality and school enrolment (Bangladesh Government, 2014). Contrary to the achievements in several areas, there are weaknesses that appear as formidable challenges for the country. These include large population size, vulnerability to the impact of climate change, lack of governance and political uncertainty.

Both the achievements and the challenges of Bangladesh's economic development can be attributed to policies that the government of the day has pursued since independence. Such policies have often been guided by the broad political philosophy of whichever party was ruling the state at any one time.

Development policy shifts: from a closed to a liberal economy

Historically, the people of Bangladesh (the then East Pakistan) were deprived of economic and political opportunities by West Pakistan for many years. Their demand for a larger share in economic opportunities, resource distribution and participation in the political decision-making process was given an organized footing through the 'Six Points Program of Autonomy'. This eventually was reflected in the subsequent independence movement and election manifesto of the Awami League, the political party that played a leading role during the Liberation War in 1971. Hence the post-liberation development policies of the ruling Awami League made a conscious attempt to accommodate the aspirations of the people of the country. The underlying objective of development policies of the new government was to emancipate the people of Bangladesh from economic exploitation by the then West Pakistan and eliminate poverty. Such

objectives were to be pursued under a socialist model of development that promoted nationalization of industries and financial institutions. Inspired by this philosophy and following the footsteps of India and Russia, close friends and supporters during the Independence War, the country prepared its First Five Year Plan in 1973 for the period FY1973–FY1978 that aimed to achieve a 'planned economic growth' (Bangladesh. Planning Commission, 1973).

The political landscape of Bangladesh radically changed following the assassination of the then Prime Minister Bangabandhu Sheikh Mujibur Rahman, who led the Liberation War of Bangladesh. Due to the move from a left-leaning political ideology to a right-wing political regime post-1975, there was a shift from 'socialist transformation' towards a 'market-oriented' one. However, objectives such as higher growth, equitable distribution of growth and poverty alleviation continued to be pursued. On the completion of the First Five Year Plan, a Two Year Plan during FY1978–FY1980 and subsequently three more Five Year Plans over the period from FY1980 to FY1995 spelt out similar goals such as accelerating economic growth, ensuring equitable growth, reaching self-sufficiency and reducing poverty. Development of the private sector through deregulation and denationalization was the major thrust of economic policies during this period. In doing so, reforms were undertaken in the areas of industry, trade, exchange rate, fiscal, monetary and budgetary policies. Market-orientated policies were further consolidated afterwards as privatization of the state-owned enterprises took place. Investment by the private sector was allowed in areas where traditionally the state would be responsible for providing services. These areas included power generation and distribution, telecommunications, airlines, railways, health care and education (Bangladesh. Planning Commission, 1980, 1985, 1990).

The ideological shift from a controlled economy to a market-orientated one took place predominantly while being advised by key donors such as the World Bank and the International Monetary Fund (IMF), also known as the Bretton Woods Institutions (BWIs). The introduction of the Structural Adjustment Program (SAP) in Bangladesh in the 1980s by the BWIs aimed at stabilizing the macroeconomic situation in the country through enforcing fiscal and monetary discipline and by opening up the economy. Bangladesh received support under IMF-initiated programmes such as the Structural Adjustment Facility (SAF) and the Enhanced Structural Adjustment Facility (ESAF) in 1986 and 1987 respectively. The country also had to follow the guidelines of the Policy Framework Paper (PFP) prepared by the BWIs and achieve the targets set in the PFP. Till the mid-1990s, donors were satisfied with the reform initiatives and the macroeconomic performance of the country. However, concerns were raised by the donors in the mid-1990s as macroeconomic indicators deteriorated. Despite the flow of foreign aid none of the Five Year Plans could achieve the targeted growth. Even after the privatization momentum, gross domestic product (GDP) growth during the Third Five Year Plan (FY1985–FY1990) was 3.8 per cent, against the target of 5.4 per cent. GDP growth was 4.2 per cent as opposed to the target of 5 per cent during the Fourth Five Year Plan (FY1990–FY1995) (BBS, various issues). Donors blamed the slow reform process for the slow growth, and emphasized reviving momentum in reform measures. Attention was drawn to the issue of governance in areas such as decentralization of the public administration and reform of the judiciary.

Some donors such as the BWIs also recognized that without any commitment of the domestic constituencies the reform process would not be successful. This realization originated from the shortcomings of the SAP in reducing poverty and achieving a long-term sustainable development of the aid-recipient poor countries (SAPRIN, 2004). Several countries remained in poverty and fell into the category of Heavily Indebted Poor Countries (HIPC) following the adoption of the SAP in their countries. They were unable to repay their debt to the creditors and needed a new modality for coming out of their indebtedness and poverty. Thus the BWIs

devised an alternative for nationally owned, participatory poverty reduction strategies that would be the basis of giving concessional loans. This was also considered for determining the eligibility for debt relief under the HIPC initiative. Bangladesh had been a better performer in terms of debt servicing compared to many African countries. The debt–GDP ratio and external debt servicing ratio as a percentage of GDP has been declining over the years in Bangladesh (BBS, various issues), which protected Bangladesh from dropping into the HIPC category. However, Bangladesh had to accept the conditionality of preparing a Poverty Reduction Strategy Paper (PRSP) to access the Poverty Reduction Grant Facility (PRGF) of the IMF.

The influence of donors on the development policies of the country continued to prevail, though the share of foreign aid in GDP has reduced over time. Development priorities were largely set in view of the availability of donors' funds. Additionally, the inadequacy of the policy makers of the country to spell out their own development agenda conspicuously was also a serious constraint. Liberalization policies consolidated in the 2000s as the country settled for a reorientation of the policy regime towards a market-based economy after the political change in the mid-1970s. Irrespective of political distance, the major political parties adopted economic policies almost on a similar ideological footing, which was to develop an open market and private-sector-led economy.

Sectoral policies

National Agricultural Policy

The government pursued an agriculture policy that promoted agriculture sector activities under state control after independence in 1971. The Bangladesh Agricultural Development Corporation (BADC) was the apex body that played a dominant role in the import, sale and distribution of agricultural inputs such as fertilizer, seeds and irrigation. Towards the end of the 1970s, the government adopted a policy of deregulation that opened up both input and output markets for the private sector to be involved in the distribution of irrigation equipment. The privatization policy enabled the government to phase out subsidies on irrigation equipment and fertilizer. The involvement of the private sector in fertilizer distribution curtailed the monopoly of BADC. Attempts were made to provide good prices to farmers for their produce and stabilize consumer prices through rationalization of domestic food grain procurement and distribution policies. The reforms also abolished the food rationing policy and the monopoly in food grains trade.

The agriculture sector benefited from technological innovation in the 1970s due to a breakthrough in rice production through the adoption of high-yielding varieties (HYVs). Technological innovation combined with reforms led to the popularization of HYVs that increased rice production (Hossain, 2012; Hossain *et al.*, 2007). It is claimed that one of the objectives of the market-orientated agriculture policy was to help farmers gain from technological innovation (Ahmed, 2004). In 1999, Bangladesh released its first National Agricultural Policy. This was followed up with the second National Agricultural Policy in 2013.

During the era of the SAP (1980s–1990s) the privatization of fertilizer businesses and distribution services was one of the major policies implemented. Except for urea, all other fertilizers were imported by the private sector. All fertilizers were distributed through the network of private-sector dealers. In 1995, the government issued the revised Fertilizer Control Ordinance for quality control and regulation of fertilizer prices. During this period production, processing, distribution and import of seeds and agri-machines, including power tillers, were liberalized. Measures such as Open Market Sale (OMS), procurement of food grains from farmers at market

prices and abolition of the rural rationing system were in place and import of food grains by the private sector was allowed. Procurement and distribution of minor irrigation equipment were taken out of the hands of the BADC in order to encourage the private sector to take over the supply of these items in the country.

Along with the privatization of the fertilizer industry, the government also liberalized trade in minor irrigation that had a tangible effect on increasing the demand for irrigation equipment, and consequently the expansion of area coverage under minor irrigation. Other noteworthy policies in the SAP era include the removal of trade restrictions on small diesel engines in FY1987 and the withdrawal of import duty on such imports in FY1989. In 1992, the government also removed its subsidy on deep tube wells.

The National Agricultural Policy of 1999 put emphasis on crop diversification and the growth of more wheat, maize and other crops, such as potato, pulses, oilseeds, vegetables, fruits and spices. The use of HYV seeds was encouraged in the policy. The policy also aimed to reduce imports of agricultural commodities and increase agro-exports. The private sector was allowed to produce, import and sell seeds along with the public sector. The most recent National Agricultural Policy 2013 has set its objectives as establishing a self-reliant and sustainable agriculture that can adapt to climate change. It encourages generation and promotion of eco-friendly technology and sustainable land and water management for different agro-ecological zones and regions. The policy also aims to rationalize import duties on raw materials of agricultural machinery to encourage local manufacturers, and to keep the price of local machinery competitive with imports.

Industrial policy

Bangladesh followed a public-sector-led industrial development plan from 1971 to 1975. This was largely attributed to the existence of a number of industrial units abandoned by non-Bangladeshis after independence. Industrial units with fixed assets exceeding taka (Tk) 15 million were, therefore, brought under state control. Small and cottage industries and foreign enterprises were kept outside the public sector.

The basic feature of industrial policies during the post-independence period was to promote inward-looking import substitution and discourage exports. Thus, a number of discriminatory measures such as an overvalued exchange rate and high tariff and non-tariff barriers were put in place. Such policies did not, however, bring any positive outcome. The performance of the public sector was dismal and there was no private investment. This led to measures that included: (1) enhancement of investment ceiling from Tk 2.5 million to Tk 30 million initially and later to Tk 100 million; (2) provision for additional fiscal and monetary incentives to the private sector; (3) enhancement of a moratorium for nationalization for up to 15 years; (4) provisions for tax holidays for less-developed areas; (5) huge devaluation of currency.

Revised Industrial Policies of 1974 and 1975 announced fair and equitable compensation for industries that were nationalized after the moratoriaum period. The revised Industrial Policy of 1975 also allowed both foreign and local private investors to set up industries in collaboration with public-sector corporations so that public enterprises would keep the major share.

Following a change in government in 1975, a process of denationalization was implemented using measures such as: (1) eliminating the ceiling on private investment; (2) relaxing investment sanctioning procedures; (3) amending the constitution to allow denationalization; (4) reviving the stock market; (5) replacing the fixed exchange rate with a floating exchange rate system. The major objective of the Industrial Policy during this period was the development of private-sector-led growth. So private investment was encouraged through liberal credit policies.

The Foreign Private Investment Act of 1980 assured foreign private investors that their investments would not be expropriated or nationalized.

The Industrial Policy of 1978 allowed the public sector to participate in joint investment with the private sector as a minor shareholder. Moreover, the private sector could be bestowed with the responsibility of managing investments in cases where the public-sector corporations had the major share in such investments.

The denationalization of industries gained further momentum in the following decades under the SAP policies. The New Industrial Policy of 1982 and the Revised Industrial Policy of 1986, as well as Industrial Policies during the trade liberalization phase from 1991 onwards, were crafted on the philosophy of a market-based competitive economy that emphasized export-orientated growth (Bangladesh. Ministry of Industries, 1982, 1986, 1991). The role of the public sector was downsized significantly, except for keeping its existence in a limited number of restricted areas.

The Industrial Policies of 1999, 2005 and 2010 devised action programs for stimulating the involvement of the private sector, both domestic and international (Bangladesh. Ministry of Industries, 1999, 2005, 2010). In addition, export orientation of the industrial sector, improved competitiveness of industries and effective utilization of resources for industrial development were emphasized so that the contribution of the manufacturing sector to overall GDP could be raised substantially. For example, the Industrial Policy of 2005 aimed to raise the contribution to GDP of the manufacturing sector from 30 to 35 per cent (Bangladesh. Ministry of Industries, 2005). The Industrial Policy of 2010 aimed to increase the share of the industries sector in GDP from 28 per cent in 2010 to 40 per cent by 2021. It also sought to employ 25 per cent of the total labour force by 2021, an increase of 9 per cent from the existing 16 per cent in 2010 (Bangladesh. Ministry of Industries, 2010).

Hence industrial policies in the 1990s and 2000s introduced a set of action programs to raise the productivity of the industrial sector. The list of the thrust sectors that would be promoted through policy measures and foreign investment were subsequently expanded. These sectors, in turn, were encouraged through special incentives. The agro-based and agro-processing industries, the small and medium enterprises and cottage industries received attention. Even the ready-made garments (RMG) sector, which contributes the highest share to the country's export income, was listed as a thrust sector in the Industrial Policy of 2005. Export processing zones were set up across Bangladesh, in response to the need to improve global production standards, market industrial goods at competitive prices and improve productivity in the industrial sector as dictated by the Industrial Policies of the 2000s. As a continuation of earlier policies, the Industrial Policy of 2010 also aimed to establish import-substitution industries to cater to local demand and promote export-orientated industries.

Trade policy

During 1972–1980, Bangladesh pursued an import-substituting industrialization strategy that aimed to safeguard the country's infant industries, reduce the balance-of-payments deficit and use scarce foreign exchange efficiently. The second regime of trade policy during 1980–1990 can be characterized by moderate reforms in all major aspects of economic policies. Restrictions on trade were relaxed, and various industrial policies were implemented to transform the inward-looking economy to an outward-looking one (Rahman *et al.*, 2008). Currently, thanks to the liberalization policy of the last few decades, 59 per cent of the economy of Bangladesh is integrated with the global economy through export, import, remittances, official development assistance (ODA) and foreign direct investment (FDI) (Table 10.1).

Table 10.1 Openness of economy, FY1981–FY2014

Indicator (million US$)	*FY1981*	*FY1991*	*FY2001*	*FY2011*	*FY2012*	*FY2013*	*FY2014*
1 Export (X)	725	1,718	6,467	22,928	24,302	27,027	30,177
2 Import (M)	1,954	3,472	9,335	33,658	35,516	37,290	40,616
3 Remittance (R)	379	764	1,882	11,650	12,843	14,461	14,228
4 ODA	1,146	1,733	1,369	1,777	2,033	2,786	3,000
5 FDI (net)	0	24	550	775	1,191	1,726	1,550
Total (1–5)	4,204	7,711	19,603	70,788	75,886	83,291	89,571
GDP (current price)	19,812	30,975	47,306	111,944	116,074	128,766	151,897
Degree of openness (export + import as % of GDP)	13.5	16.8	33.4	50.5	51.5	49.9	46.6
Extent of global integration (%)	21.2	24.9	41.4	63.2	65.4	64.7	59.0
X as % of M	37.1	49.5	69.3	68.1	68.4	72.5	74.3
(X + R) as % of M	56.5	71.5	89.4	102.7	104.6	111.3	109.3
ODA as % of GDP	5.8	5.6	2.9	1.6	1.8	2.2	2.0
ODA as % of export of goods	158.1	100.9	21.2	7.8	8.4	10.3	9.9
ODA as % of export of goods and services	103.8	69.8	16.4	5.1	5.5	6.7	6.8

Source: Bangladesh Ministry of Finance, *Bangladesh Economic Review* (various issues); websites of Export Processing Zone of Bangladesh (EPZ) and Bangladesh Bank.

Since 1985 several export policy reforms were implemented that included trade, exchange rate, monetary and fiscal policy incentives. Export promotion measures were designed to diversify the export market, improving the quality of exports, stimulating higher value-added exports and developing industries for backward linkages in the country (Raihan, 2007). Such reforms were beneficial to a number of sectors, including the RMG sector. These reforms provided exporters with unrestricted and duty-free access to imported inputs, financial incentives in the form of easy access to credit and credit subsidies and various forms of fiscal incentives such as rebates on income taxes and concessionary duties on imported capital machinery.

The speed of Trade Policy reforms intensified from 1991 onwards. More open than ever before, quantitative restrictions were removed and tariffs were reduced. Some of the specific measures of trade liberalization in the 1990s and afterwards can be mentioned here. The unweighted average protection rate declined from 36 per cent in FY1994 to 12.51 per cent in FY2006. The weighted average rate of protection also reduced from 24.1 per cent in FY1994 to 8.09 per cent in FY2006. The number of commodities (at four-digit level) that were subject to quantitative restrictions was reduced from 550 in 1987 to 63 under the Import Policy Order of 2003–2006. Similarly, the maximum tariff rate went down from 350 per cent in FY1991 to 37.5 per cent in FY2000. The number of tariff bands was decreased to five in FY2005 (0 per cent, 7.5 per cent, 15 per cent, 22.5 per cent and 30 per cent) from 15 in FY1993.

Bangladesh followed a fixed exchange rate after independence. In 1979, the fixed exchange rate system was replaced by a semi-flexible exchange rate system by pegging the value of the taka to a basket of currencies of Bangladesh's major trading partners. A dual market for foreign exchange existed in the country through the 1980s that included an official foreign exchange market and a secondary exchange market. Since 1985, with the aim of preventing the overvaluation of the exchange rate, the government has followed a policy of frequent adjustment of the nominal exchange rate to reflect changes in the currencies of the major trading partners relative to the US dollar. The government agreed to go for convertibility in the current account in 1994 as dictated by IMF Article VIII, with the expectation that this would create confidence in the local currency, improve the management of the economy, facilitate international trade and support the process of trade liberalization. The government introduced a floating exchange rate system in May 2003.

Financial sector policy

The financial sector in Bangladesh is dominated by banks. Commercial and specialized banks were under the control of the government until the 1980s. The government initiated liberalization of nationalized commercial banks (NCBs) through opening up the banking sector with the objective of creating competition. The initial reform process included denationalization of two of the six NCBs and providing licences to the private sector to establish banks. Under the auspices of the World Bank and the IMF, the reform process accelerated at the end of the 1980s and the beginning of the 1990s.

In the 1990s two initiatives, namely the Financial Sector Reform Program (FSRP) and Financial Sector Adjustment Credit (FSAC), implemented various reform measures in the financial sector. The objectives included liberalization of interest rates, improvement of the capacity of loan classification and provisioning, restructuring capital and risk analysis, strengthening the central bank and improving the legal system and developing a framework for loan recovery (Khatun, 2013). Reform measures in the financial sector continued even after the phase-out of the FSRP in 1996. The national parliament adopted a bill in 2003 to bring more reforms in the banking sector. Bangladesh Bank was given the autonomy to formulate monetary policy

through the Bangladesh Bank Amendment Bill 2003. A reform initiative called the Central Bank Strengthening Project (CBSP) was undertaken in 2003 by the World Bank and the government of Bangladesh in order to put in place a strong and effective regulatory and supervisory system for the banking sector. The focus of this project was on three broad areas such as (1) strengthening the legal framework; (2) reorganization and modernization of Bangladesh Bank; and (3) capacity building of Bangladesh Bank.

In 2007, three state-owned commercial banks (SCBs) were converted into limited companies with support from the World Bank. The reform initiative, monitored by Bangladesh Bank, included measures such as selection of the chief executive officer, deputy managing director and four general managers of the SCBs through a competitive process. Additionally, monitorable goals were set for cash recovery of non-performing loans (NPLs), limits on new NPLs, operations, computerization, income and profitability, increased net worth and disclosure in the reform package.

Human development policy

The relative success of human development in terms of access to education and health is the result of initiatives taken by both the government and non-governmental organizations. The objective is to provide universal access to education and health. The first Education Commission of the newly independent Bangladesh came into existence in 1972, headed by Dr Qudrat-e-Khuda. The commission emphasized secular education at all levels and uniform secondary education. The Compulsory Primary Education Act 1990 was passed to make it compulsory for all children between the ages of six and ten to receive free primary education. A comprehensive Education Policy was adopted in 2010 that had the following salient features: (1) a unified curriculum for general, madrasa (Islamic seminaries) and vocational education up to the secondary level; (2) pre-primary education for children older than five years of age; (3) compulsory primary education from Class I to VIII by 2018; (4) religious and ethics education for all faiths up to secondary level; (5) technical education institutions in every *upazila* (sub-district); (6) conversion of all three-year degree courses to four years; (7) formation of a permanent Education Commission; and (8) formulation of an integrated education law and making the secondary level from Class IX to XII (Bangladesh. Ministry of Education, 2010).

A population policy was in place as early as 1976 that incorporated population and family planning programmes as integral components of overall national development. National Drug Policies adopted in 1982 and 2005 aimed to provide access to essential drugs at affordable prices. The government also adopted a National Health Policy in 2011 to achieve sustainable improvement in health, nutrition and family welfare status of the people, particularly of poor and vulnerable groups, including women, children and the elderly.[3]

Development performance of Bangladesh

The present growth performance is the continuation of the growth momentum that has been created since the 1980s. The GDP of Bangladesh has risen by one percentage point on average; that is, from 2.8 per cent in the 1970s to 3.7 per cent in the 1980s, to 4.8 per cent a year in the 1990s, and to about 6 per cent per year in the 2000s and 2010s (BBS, various issues). Consistent high growth has contributed to the reduction of the country's income poverty. Thus the share of the population below the poverty line has been reduced from more than 80 per cent in the early 1970s to 31.5 per cent in 2010 (BBS, 2010). Population growth has declined from 2.7 per cent a year in the 1970s to 1.2 per cent in 2011 (BBS, 2011a). Due to the reduction in population growth, increased economic growth has resulted

in higher per capita income that reached US$1,115 in 2015 from a mere US$90 in 1973 (Table 10.2). The growth of the economy during the 1980s and the 1990s was a result of higher agricultural productivity and increased exports due to the opportunities provided by the major economies of the world such as the European Union through market access. Since the 2000s, remittances by the Bangladeshi labour force working abroad have contributed to the growth of the economy through bringing foreign exchange to the country. Higher remittances increased the national savings rate at a faster rate than the domestic savings rate. Higher exports and remittances have helped to boost investible resources of the country. Thus the investment–GDP ratio increased from a mere 10 per cent in the 1970s to 17 per cent in the 1980s, to 20 per cent in the 1990s, and 24 per cent in the 2000s (BBS, various issues). The investment–GDP ratio stagnated in the 2010s at around 26 per cent (BBS, various issues). The economy has been increasingly integrating into the global economy with higher exports, imports and remittances. At the same time, Bangladesh has reduced its dependence on foreign aid, indicating the ability of the country to pursue a more self-reliant growth through mobilization of resources from within the country. The share of foreign aid in GDP of the country has declined remarkably from 3.8 per cent in 1973 to 2 per cent in 2014 (Table 10.2).

One of the remarkable aspects of Bangladesh's growth is its resilience to various shocks. From very low economic growth in the 1970s and a fluctuating rate in the 1980s, the growth rate accelerated in the 1990s and continued afterwards. From 1980 to 2007 the per capita real GDP of Bangladesh was ahead of the average of all developing countries (Mahmud *et al.*, 2011). Higher economic growth resulted in higher per capita income. The slowdown in population growth contributed to higher per capita income that increased from an average of 1.7 per cent in the 1980s to 4.4 per cent in the 2000s. The growth has also been less volatile in Bangladesh. The stability of economic growth has helped the country to reduce poverty – Bangladesh has been able to bring 16 million people out of poverty in the last decade (Andrés *et al.*, 2013).

The economy has undergone structural change due to higher economic growth since the early 1990s. Bangladesh has made the transition from an agricultural country to an industrialized one, and industry began to make a higher contribution to GDP than agriculture during the 2000s. However, agriculture continues to absorb almost half (47.3 per cent in 2010) of the labour force (BBS, 2011b). A further structural change was observed in the 1990s when the share of services in GDP surpassed that of industry (BBS, various issues).

Improved economic performance led to significant changes in a number of non-economic aspects of development. Thus similar strides have been observed in social development. Along with reduced poverty, gender parity in both primary and secondary education has been achieved. Life expectancy at birth has increased with higher life expectancy for females. Improvements in primary school enrolment rates, immunization against early childhood diseases and reduction in infant mortality rates are commendable (BBS, various issues; Mahmud, 2008).

Development challenges and the way forward

Bangladesh has come a long way through hard work of its people backed by a number of enabling policies. While the country is now aiming to achieve middle-income status (Bangladesh. Planning Commission, 2012) through expediting its growth momentum, it is also struggling to deal with a number of challenges. The journey towards a higher growth path will need to address the following challenges.

1 *Maintaining growth momentum:* After a steady growth rate during the past two decades, GDP has now taken a downturn, primarily due to lower investment. The investment–GDP ratio

Table 10.2 Changes in economic and social indicators, 1973–2014

Macroeconomic indicators	*1973*	*1980*	*1990*	*2000*	*2010*	*2013*	*2014*
Real GDP growth (%)	3.3	3.8 (1981)	5.9	5.9	6.1	6.0[a]	6.1[a]
Per capita GDP (at current prices, in US$)	90	207	280	368	687	976[a]	1,115[a]
Sectoral share (%) in GDP							
Agriculture	-	32.3	28.7	24.6	19.6	16.1[a]	15.7[a]
Industry	-	16.6	20.2	24.7	28.9	27.8[a]	28.4[a]
Services	-	48.4	48.3	46.9	48.1	52.0[a]	51.9[a]
Export	-	4.1	5.0	12.2	16.1	20.8	19.9
Import	-	13.0	12.3	17.8	23.7	28.7	26.7
Remittances	-	1.3	2.5	4.1	10.9	11.1	9.4
Official development assistance (ODA)	3.8	6.7	5.9	3.4	2.2	2.1	2.0
Social indicators							
Life expectancy at birth (in years)	46.2 (1974)	54.8 (1981)	56.1	63.6	67.7	70.7	n.a.
Literacy rate (15 years and over)	-	29.2 (1981)	35.3 (1991)	52.8	58.6	57.7 (2012)	n.a.
Maternal mortality ratio (per 100,000 live birth)	-	648 (1986)	478	340	200	170	n.a.
Probability of dying by age of 5 (per 1,000 live birth)	-	212 (1982)	151	87.7	47.2	40.9 (2012)	n.a.
Poverty headcount ratio at US$1.25 a day (PPP) (% of population)	-	60.6 (1984)	66.7 (1989)	58.6	43.3	NA	n.a.
Poverty headcount ratio at national poverty lines (% of population)	-	-	56.6 (1992)	48.9	31.5	26.2	24.3

Source: BBS (various issues); *Bangladesh Economic Review* (various issues); World Development Indicators.
Note: [a]Base year 2005–2006; in all other cases base year is 1995–1996; different years are in parenthesis.

was 26.8 per cent in FY2013, far short of the target of the Sixth Five Year Plan which stipulated that investment–GDP ratio should be increased to 37.5 per cent to achieve an economic growth of 7 to 8 per cent.

2 *Improving the quality of growth:* Despite improvements of several economic and social indicators, income inequality is a growing concern for the country. Income inequality, measured in terms of the Gini Coefficient[4] for the distribution of income was 0.36 in 1973–1974 and in 1983–1984 (BBS, various issues of *Statistical Pocketbook*). Income inequality continued to rise afterwards. There was a sharp increase between 1991–1992 and 2000 when income inequality increased from 0.39 in 1991–1992 to 0.45 in 2000. It went up further to 0.47 in 2005 before declining slightly to 0.46 in 2010 (BBS, 2005, 2010). More glaring is the income distribution pattern. In 2010 the top 5 per cent of the population possessed almost 27 per cent of total household income while the bottom 5 per cent received only 0.78 per cent of total household income of the country (BBS, 2010).

3 *Creation of gainful employment:* Lack of opportunities for employment and income-generating activities and the resultant erosion in purchasing power has contributed to low success in reducing poverty and inequality. The labour force faces an unemployment rate of 4.55 per cent in 2011 (BBS, 2011b). Since major sources of employment are agriculture and informal-sector activities, a large number of people remain underemployed due to the seasonality of agricultural production and low income in the informal sector. Therefore, gainful employment with higher productivity is a major development challenge in Bangladesh.

4 *Sustainability of growth:* Bangladesh is vulnerable to the impact of climate change. The manifestation of climate change is apprehended to be observed through higher frequency of natural disasters such as drought, flood, cyclones, tidal surges and sea-level rise, which will severely impact the lives and livelihoods of a large number of people (IPCC, 2007; Khatun and Islam, 2010). Since the country is an insignificant contributor to greenhouse gas emissions, most of its efforts towards dealing with the impact of climate change are to be focused on adapting to such impacts. Hence higher investment is required for innovation of technologies for adaptation.

5 *Improving governance:* Improved quality of services requires transparency and accountability in the allocation of resources, implementation of development programmes and distribution of development outcomes. Bangladesh has so far achieved economic growth despite poor governance. This has been coined 'development surprise'.[5] However, the future progress of Bangladesh will largely be determined by the quality of governance. The objective of good governance should of course be to give the most deprived sections of society access to economic and political opportunities (Sobhan, 2010).

6 *Institutional reform:* The improvement in governance is contingent upon the functions of the institutions in charge of delivering services. Ironically, institutional performance has not been in tandem with the rapid economic growth of the country. This has led to lower implementation of development plans, poor quality of public investment and misuse of public resources. Institutional reforms towards establishing a strong public administration, efficient judiciary and law-enforcing agencies are necessary to untangle the unholy alliance in misappropriation of public resources.

Notes

1 Economists Just Faaland and J. R. Parkinson in their famous book termed Bangladesh a 'test case for development' (Faaland and Parkinson, 1976).

2 LDCs' average growth was 5.7 per cent in 2013 (UNCTAD, 2014).
3 The first draft National Health Policy was placed before the parliament in 1990, but did not see the light of the day. Later, in 2000, the parliament also approved the Health Policy, but the government in 2001 discarded this and started to reformulate it. It was almost finalized in 2006, but time did not allow the government to approve it. The non-party caretaker government constituted a panel of experts to formulate a National Health Policy to ensure 'health for all'. However, due to time constraints, the government could not finalize the same. When the Bangladesh Awami League came to power, it firmly expressed its commitments to finalize the policy within three months, but it came after three years (Nath, 2012).
4 The Gini Coefficient is a number between zero and one that measures the degree of inequality in the distribution of income in a given society. In the Gini Coefficient a value of zero expresses total equality and a value of one indicates maximum inequality.
5 Mahmud *et al.* (2011) has elaborated on the achievement of Bangladesh despite various challenges, including poor governance.

References

Ahmed, R. (2004) Rice Economy of Bangladesh: Progress and Prospects. *Economic & Political Weekly*. 39 (65). pp.4043–4052.

Andrés, L., Biller, D. and Dappe, M. H. (2013) *Reducing Poverty by Closing South Asia's Infrastructure Gap*. The World Bank and Australia Aid. [Online] Available from: www.worldbank.org/content/dam/Worldbank/document/SAR/Reducing%20Poverty%20by%20Closing%20South%20Asia's%20Infrastructure%20Gap_Web.pdf [Accessed: 15 December 2014].

Bangladesh Bureau of Statistics (BBS). (1974–1984) *Statistical Pocketbook of Bangladesh* [Annual publication]. Dhaka: Statistics and Informatics Division (SID), Ministry of Planning, Government of Bangladesh.

Bangladesh Government. (2014) *Millennium Development Goals: Bangladesh Progress Report 2013*. Dhaka: Government of Bangladesh (GoB).

Bangladesh. Ministry of Education. (2010) *National Education Policy 2010*. Dhaka: Government of Bangladesh (GoB).

Bangladesh. Ministry of Finance. (1984–2014) *Bangladesh Economic Survey* [Annual publication]. Dhaka: Finance Division, Ministry of Finance, Government of Bangladesh.

Bangladesh. Ministry of Industries. (1982) *New Industrial Policy*. Dhaka: Government of Bangladesh (GoB).

Bangladesh. Ministry of Industries. (1986) *Revised Industrial Policy of 1986*. Dhaka: Government of Bangladesh (GoB).

Bangladesh. Ministry of Industries. (1991) *Industrial Policy 1991*. Dhaka: Government of Bangladesh (GoB).

Bangladesh. Ministry of Industries. (1999) *Industrial Policy 1999*. Dhaka: Government of Bangladesh (GoB).

Bangladesh. Ministry of Industries. (2005) *Industrial Policy 2005*. Dhaka: Government of Bangladesh (GoB).

Bangladesh. Ministry of Industries. (2010) *Industrial Policy 2010*. Dhaka: Government of Bangladesh (GoB).

Bangladesh. Planning Commission. (1973) *First Five Year Plan*. Dhaka: Government of Bangladesh (GoB).

Bangladesh. Planning Commission. (1980) *Second Five Year Plan*. Dhaka: Government of Bangladesh (GoB).

Bangladesh. Planning Commission. (1985) *Third Five Year Plan*. Dhaka: Government of Bangladesh (GoB).

Bangladesh. Planning Commission. (1990) *Fourth Five Year Plan*. Dhaka: Government of Bangladesh (GoB).

Bangladesh. Planning Commission. (2011) *Accelerating Growth and Reducing Poverty, Part II: Sectoral Strategies, Programmes and Policies*. Sixth Five Year Plan FY2011–FY2015. Dhaka: Government of Bangladesh (GoB).

Bangladesh. Planning Commission. (2012) *Perspective Plan of Bangladesh 2010–2021*. Dhaka: Government of Bangladesh (GoB).

BBS. (2005) *Household Income and Expenditure Survey 2005*. Dhaka: Bangladesh Bureau of Statistics (BBS).

BBS. (2010) *Report on Household Income and Expenditure Survey 2010*. Dhaka: Bangladesh Bureau of Statistics (BBS).

BBS. (2011a) *Preliminary Results, Population and Housing Census 2011*. Dhaka: Bangladesh Bureau of Statistics (BBS).

BBS. (2011b) *Report on Labour Force Survey 2010*. Dhaka: Statistics Division, Bangladesh Bureau of Statistics (BBS).

BBS. (2013) *National Accounts Statistics (Provisional Estimates of GDP, 2012–2013 and Final Estimates of GDP, 2011–12)*. Dhaka: Statistics and Informatics Division, Bangladesh Bureau of Statistics (BBS).

Faaland, J. and Parkinson, J. R. (1976) *Bangladesh: The Test Case for Development*. London: C. Hurst & Co.

Hossain, M. (2012) Four Decades of Agricultural Development in Bangladesh. In: Bayes, A. (ed.). *Bangladesh at 40: Changes and Challenges*. Dhaka: A. H. Publishing House.

Hossain, M., Lewis, D., Bose, M. L. and Chowdhury, A. (2007) Rice Research, Technological Progress and Poverty. In: Michelle, A. and Meinzen-Dick, R. (eds.). *Agricultural Research, Livelihoods and Poverty: Studies of Economic and Social Impact in Six Countries*. Baltimore, MD: Johns Hopkins University Press.

IPCC. (2007) *Climate Change 2007: Synthesis Report*. Geneva: Intergovernmental Panel on Climate Change (IPCC). [Online] Available from: www.ipcc.ch/pdf/assessment-report/ar4/syr/ar4_syr.pdf [Accessed: 20 December 2014].

Khatun, F. (2013) State of Governance in the Banking Sector: Dealing with the Recent Shocks. In: *State of the Bangladesh Economy in FY2011–12 and Outlook for FY2012–13*. Dhaka: Centre for Policy Dialogue (CPD).

Khatun, F. and Islam, A. K. M. N. (2010) *Policy Agenda for Addressing Climate Change in Bangladesh: Copenhagen and Beyond*. CPD Occasional Paper No. 88. Dhaka: Centre for Policy Dialogue (CPD).

Mahmud, W. (2008) Social Development: Pathways, Surprises and Challenges. *Indian Journal of Human Development*. 2 (1). pp.79–92.

Mahmud, W., Asadullah, M. N. and Savoia, A. (2011) *Governance and Growth: Is Bangladesh an Outlier?* Policy Brief. London: International Growth Centre, London School of Economics.

Nath, D. K. (2012) *National Health Policy 2011: Challenges and Prospects*. [Online] Available from: www.daily-sun.com/details_yes_15-03-2012_National-Health-Policy-2011:-Challenges-and-prospects_85_2_5_1_0.html [Accessed: 12 December 2014.]

Rahman, M., Razzaque, M. A. and Raihan, S. (2008) Issues in Trade Policy in Bangladesh. In: Osmani, S. R. (ed.). *Emerging Issues in Bangladesh Economy: A Review of Bangladesh's Development 2005–06*. Dhaka: Centre for Policy Dialogue (CPD) and University Press Limited.

Raihan, S. (2007) *Dynamics of Trade Liberalization of Bangladesh: Analysis of Policies and Practices*. Dhaka: Pathak Shamabesh.

SAPRIN. (2004) *Structural Adjustment: The SAPRI Report – The Policy Roots of Economic Crisis, Poverty and Inequality*. New York: Zed Publishers: Structural Adjustment Participatory Review International Network (SAPRIN).

Sobhan, R. (2010) *Challenging the Injustice of Poverty: Agendas for Inclusive Development in South Asia*. New Delhi: Sage Publishers India Pvt Ltd.

UNCTAD. (2014) *Least Developed Countries Report 2014: Growth with Structural Transformation – A Post-2015 Development Agenda*. New York: United Nations Conference on Trade and Development (UNCTAD).

World Bank. (n.d.) *World Development Indicators*. [Online] Available from: http://data.worldbank.org/country/bangladesh [Accessed on: 7 February 2015].

12
INDUSTRIALIZATION

Rashed Al Mahmud Titumir

The process of industrialization has been taking place in Bangladesh with a dawdling rate of transition from agriculture to a sustainable manufacturing base. This level of performance of the industrial sector can be attributed to structural features of the economy such as an initial high dependence on agriculture, low labor absorption in industry, inadequate innovation and technological advancement, and insufficient capital deepening.

The process of industrialization generally takes place in an economy through the transformation of a traditional agrarian society into an industrial one that fosters the growth of a manufacturing sector (Sullivan and Sheffrin, 2003). The factors that facilitate industrial modernization are mainly accumulation of capital and investment, application of new technologies, large-scale value-adding production and formal employment of skilled labor (Lewis, 2003). Taking these determining factors of industrialization into account, this chapter attempts to understand the dynamic process by investigating a number of structural as well as functional challenges.

The chapter is mindful of the decades of debates along ideological lines on the industrial policy, particularly on the role of the state, with recent convergence toward pragmatic discussions on the design and implementation of industrial policy strategies.[1] Such convergence can be categorized into four areas. First, there are many types of market failures, beyond the mere conventional problem of 'externalities', like economies of agglomeration and coordination failures (Lin and Chang, 2009; Lin and Monga, 2012), which need to be addressed through industrial policy (Khan and Blankenburg, 2009). Second, the infant industry argument has been recently recast in new forms (Chang, 2002; Shaffaedin, 2005; Greenwald and Stiglitz, 2006; Dosi *et al.*, 2009), belying the erstwhile perspective that markets work well enough to render industrial policy unnecessary. Third, the evidence accumulating over the years also suggests that industrial policy is not an idiosyncratic practice found only in East Asian 'miracle' economies, but most of today's industrialized countries used at least some form of industrial policy, especially trade protectionism (Bairoch, 1993; Chang, 2002, 2007; Reinert, 2007). Fourth, successful design and enforcement of industrial policy strategies depend on the organization and structure of political power in that society, and that may or may not allow the effective opportunities and compulsions for rapid and effective technology acquisition and learning (Khan, 2013a).[2]

Understanding industrialization

A number of theoretical frameworks have been developed in order to comprehend and characterize the scope, determinants and process of industrial development, including factoring in the experiences of industrial development in the world. A brief account of the major theoretical understandings is sketched in order to construct a framework for explaining the process of industrial development in Bangladesh.

The concept of industrialization can be understood with regard to such ideas of classical political economy as the division of labor, which renders both organization and intellectual aid in the production process (Slichter, 1961).

Neoclassical growth theory postulates that output is a function of the stock of capital per capita (Solow, 1956). Increase in productivity, therefore, requires accumulation of capital at a pace faster than population growth (Swan, 1956). A natural and inexorable convergence of growth and productivity across countries has been assumed by taking the diminishing returns to capital into account. When the stage of zero growth by capital accumulation is reached, further development is determined by a rate of technical change that causes industry to expand and the economy to grow (Romer, 1996; Veloso and Soto, 2001). The postulate, however, attracted criticism since the expected paths of capital accumulation as well as anticipated convergence of growth across countries have not been observed (see Baumol *et al.*, 1994; Veloso and Soto, 2001).

In response to the consideration of technological change as an exogenous factor generated outside the economic process, the endogenous growth theory contends that technological change is a result of the allocative choices of economic agents, thereby affecting productivity and growth patterns from the inside (Romer, 1996; Aghion and Howitt, 1998). Emphasizing the significance of innovation and knowledge creation, the theory advocates the emergence of research and development as a new sector in the economy and the introduction of human capital as a factor of production (Lucas, 1998). While raw labor and physical capital are reckoned to be the critical inputs for production, skills and knowledge arise as the key factors that have to be accumulated to accelerate long-term growth and innovation (Veloso and Soto, 2001). The theory is, however, questioned since it lacks empirical verification (see Krugman, 2013).

As a part of a wider modernization process, industrialization is conceptualized in connection with social change and economic development, and has been related to technological innovation and the large-scale production base of manufacturing, beginning with the development of large-scale energy and metallurgy production (Sullivan and Sheffrin, 2003).

Against the backdrop of the emergence of modernization thought in development discourse, Rostow (1960), rendering a theory on the stages of growth, argues that development of more productive and commercial agriculture and cash crops not consumed by producers and/or largely exported together with enhanced investment in changes to the physical environment to expand production will lead to industrialization. Rostow's postulate is, however, challenged on the grounds of de-emphasizing the differences between sectors, i.e., capitalistic versus communistic societies and perceiving automatic growth by the time of maturity (e.g., Todaro and Smith, 2009).

Categorizing an economy into two sectors – the traditional sector characterized by an agricultural-based, overpopulated and subsistence sector with zero marginal productivity of labor, and the modern sector, which is highly productive, industrialized and capitalized – Lewis (1954) offered an exposition of how industrialization occurs in the underdeveloped countries. As land fertility is limited and productivity is low in underdeveloped regions, there exists surplus labor and a transformation of labor gradually occurs into the industrial sector. Production in the industrial sector thus increases, leading to higher profits made and reinvested by the

capitalist, causing the expansion of industry until the whole surplus labor in the subsistence sector is absorbed. However, the propositions of the two-sector model are challenged, among other things, on the grounds of reinvestment in labor-saving capital equipment rather than labor (see Todaro and Smith, 2009).

Import-substituting industrialization, which encourages the local production of industrial products, was advocated with a view to expanding infant industry and fostering industrialization at the national level (Salvator, 1976; Chang, 2002; Shaffaedin, 2005; Greenwald and Stiglitz, 2006; Dosi *et al.*, 2009). The infant industry argument was buttressed through tariff protection against the imported commodity in order to allow domestic producers enough time to learn the industry, to achieve economies of scale in production and external economies of learning, and by so doing lower the cost and prices, resulting in increased profit for domestic producers, which motivates the establishment of more industries. The postulates of import-substituting industrialization, however, draws several criticisms on the grounds of high economic and social costs, small and isolated domestic market, concentration of power in the hands of a few businesses, and insufficient internal demand for the import-substituting products (see Franko, 2007; Todaro and Smith, 2009).

Export promotion considered as an outward-looking concept of industrialization was billed as an alternative to import-substituting industrialization, and several countries, namely Hong Kong, Taiwan, Singapore and Korea, were offered as examples (Chacholiades, 1990). Export promotion, emphasizing the development of industries whose main market is overseas, is underpinned by the notion that industrialization depends on the availability of several factors that enable production and distribution to take place at comparatively low cost (Salvator, 1976; Belloc and Maio, 2011). The monolithic view that portrays the East Asian countries' success as only due to their export orientation has been replaced by a growing convergence that the particular variant of industrial policy that each of these countries tried was compatible with internal power balances that allowed the state to create incentives and compulsions in critical areas, rather than these countries' exceptional state capacities that are not achievable anywhere else nor the cause of outward orientation (Khan and Blankenburg, 2009).

From a political economic perspective, industrialization occurs through market mechanisms where three variables, namely incentive, infrastructure and institutions, which are popularly known as the three 'I's, play the crucial role. Incentives guide the allocation of resources and the effort to develop new knowledge; infrastructure generates desired capabilities through developing physical assets, human capital and general technical structure; and institutions facilitate the process of industrialization through efficacious policy responses (Lall, 1992).

It is also important to understand the stages of industrial development. In doing so a descriptive framework, with the following attributes, has been developed (shown in Figure 12.1). This is for the purpose of illustrating the stage at which Bangladesh now stands.

Non-existence stage: This stage, also termed the pre-industrial phase, consists of only one sector – agriculture – for survival. The phase is characterized by high birth and mortality rates, resulting in no surplus and no capital accumulation leading to no investment and industrialization. The labor force is engaged in agriculture where the wage rate is very low.

Seedling stage: The seedling stage of industrialization, referred to in the Figure 12.1 as seed stage, begins as the rate of growth in population increases and the demand for food, clothing and agricultural production increases due to the presence of increasing returns to scale in the sector. Surplus in production creates some opportunities for trade and increases wages a little.

Start-up phase: Being born, some small and medium-scale industries start their journey and a few large industries like textile mills and iron foundries emerge. The wage rate is comparatively higher in industry than in agriculture, resulting in transfer of labor from agriculture and the

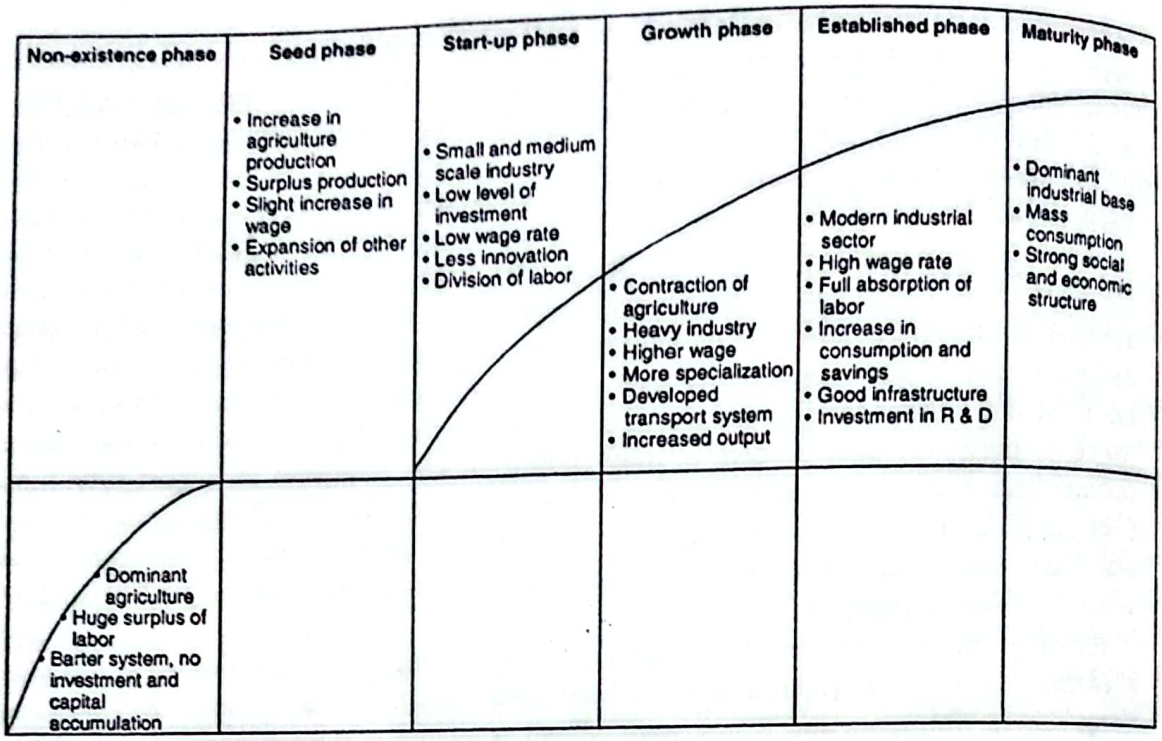

Figure 12.1 Diagrammatic representation of phases of industrial development (source: author)

absorption of labor by the industries. Industrial production increases through division of labor within the sector, leading to accumulation of capital, profits for owners and reinvestment of profits.

Growth phase: The growth phase of industrialization experiences replacement of small and medium industries with the expansion of large and heavy industries. The improvement of the transport system facilitates trade beyond the boundary of the nation, expanding the size of the market. More specialization, innovation and technological advancement cause diversification of production and increase in output per capita. The higher wage rate in industries attracts more people to urban areas causing urbanization.

Stabilization phase: The main feature of this stage (this phase is a combination of the Established and Maturity phases described in Figure 12.1) is that production and profits tend to be stable over the years, while competition remains fierce. The industrial base is more diversified. People have disposable income for consuming high-value consumer goods, while the government invests in infrastructure on a large scale resulting in rapid development of transportation, mass consumption and sustainable rate of economic growth.

Industrial production: changes in structural variables

Transformation of the Bangladesh economy from agriculture to industry has, however, been sluggish, causing the share of industry in the country's gross domestic product (GDP) to increase at a snail's pace. In addition, recent trends of different indicators that are considered for measuring the state of the industrial sector appear to be unsatisfactory, implying unsustainable growth in the economy.

Share in GDP

In spite of having been known as a predominantly agricultural economy, the share of the service sector dominates the economy of Bangladesh, with the growth in the industrial sector

mostly starting after the 1980s and the sectoral share of agriculture declining. In the fiscal year (FY) 1980–1981, the contribution of agriculture, industry and the service sector to GDP was 33.7, 17.31 and 49.62 percent respectively. In the period 1985–1990, the share of agriculture decreased to 31.15 percent and the share of industry increased to 19.13 percent, whereas the service sector contributed 49.31 percent. After two decades, the scenario has changed. In FY 2005–2006, the share of agriculture, industry and the service sector in GDP was 29.23, 21.04 and 49.73 percent respectively, whereas in FY 2000–2001, the contribution of agriculture, industry and the service sector stood at 25.03, 26.2 and 48.77 percent respectively. In FY 2012–2013, the share of agriculture, industry and the service sector in GDP was 16.78, 29 and 54.05 percent respectively, whereas the shares stood at 16.33, 29.61 and 54.05 percent respectively in FY 2013–2014.

The service sector contributes more to GDP than industry, but its rate of growth exhibits a lower and slower rate than industry. In 1980–1981, the rate of growth in agriculture, industry and the service sector was 3.31, 5.13 and 3.55 percent respectively, which stood at 2.23, 54.57 and 3.28 percent respectively during 1990–1991. In FY 2005–2006, the rate of growth in industry reached the peak and was calculated at 9.8 percent, whereas the rate of growth in agriculture and the service sector was 5.5 and 6.6 percent respectively. The rate of growth in industry, agriculture and the service sector fell to 8.39, 3.35 and 5.83 percent respectively in 2013–2014.

The industry sector in Bangladesh is officially categorized into four sub-sectors, namely (a) mining and quarry, (b) manufacturing, (c) electricity, gas and water supply and (d) construction.

Manufacturing is the leading sub-sector of industry, which contributes most to GDP. During FY 1990–1995, the average contribution of manufacturing was 10.52 percent, which reached more than 15 percent in FY 2000–2001. The contribution of this sub-sector to GDP has, however, increased at a slower rate of late and been calculated at 17.75, 18.28, 19 and 19.45 percent in FY 2010–2011, FY 2011–2012, FY 2012–2013 and FY 2013–2014 respectively, whereas the rate of growth has been calculated at 8.68, 10.31, 9.96 and 10.01 percent in FY 2013–2014, FY 2012–2013, FY 2011–2012 and FY 2010–2011 respectively.

Mining and quarrying always constitute a tiny share of GDP because of both the lack of natural resources and inefficiency in using the available ones. Less than 2 percent of total industrial contribution to GDP was supplied by the sub-sector during 1997–2002. The rate of growth in the mining and quarrying sector has, however, stood at 5.22 percent in FY 2013–2014, whereas the rate was calculated at 9.35, 6.93 and 3.62 percent in FY 2012–2013, FY 2011–2012 and FY 2010–2011 respectively.

The contribution of electricity, gas and water supply to GDP is negligible, although the sub-sector facilitates the process of industrialization. During 1990–2000, the contribution of this sub-sector to GDP was 1.3 percent, whereas the contribution increased to 1.3 percent in FY 2010–2011 and 1.46 in FY 2013–2014. The sub-sector, however, experienced a rate of growth of 2.1 percent in FY 1997–1998 and 7.68 percent in FY 2001–2002, indicating an increase of 5.58 percentage points. In FY 2010–2011, FY 2011–2012, FY 2012–2013 and FY 2013–2014, the rate of growth in the sector stood at 13.56, 10.58, 8.99 and 7.4 percent correspondingly.

Construction as an emerging sub-sector of industry grew by 4.5 percent in FY 1990–1991 and 7 percent in FY 1997–1998. Following the highest increase of 2.5 percentage points between FY 1990–1991 and FY 1997–1998, the rate of growth in the sub-sector stood at 7.21, 6.95, 8.42, 8.04 and 8.56 percent in FY 2009–2010, FY 2010–2011, FY 2011–2012, FY 2012–2013 and FY 2013–2014 respectively.

Table 12.1 State of sick industries

Name of the corporation	*Total number of established industries in the 1970s*	*Presently owned by the corporation*
Bangladesh Jute Mills Corp. (BJMC)	77	18
Bangladesh Sugar and Food Industries Corp. (BSFIC)	54	15
Bangladesh Steel & Engineering Corp. (BSEC)	54	9
Bangladesh Chemical Industries Corporation (BCIC)	13	13
Bangladesh Textile Mills Corp. (BTMC)	72	11

Source: Bangladesh Ministry of Finance (2014).

Table 12.2 Export of different goods, 2011–2013

Sector	*Export earnings (in million US$)*			*Share in total export earnings (in %)*		
	2011–2012	*2012–2013*	*2013–2014*	*2011–2012*	*2012–2013*	*2013–2014*
Frozen food	598	544	458	2.5	2	2.3
Tea	3	2	2	.00	0.0	0.0
Raw jute	266	230	80	1.1	0.9	0.4
Ready-made garments	9,603	1,104	8,228	39.5	40.8	41.5
Knitwear	9,486	10,476	7,910	39.0	38.8	39.9
Leather	330	400	333	1.4	1.5	1.7

Source: Bangladesh Ministry of Finance (2014).

Sick industries

An industry is considered sick if it cannot run its normal activities, suffers continuous losses or experiences gradual wiping out of its capital resulting in threatened financial viability (Bakshi, 2005). In both the public and private sectors in Bangladesh, a trend of an increasing number of sick industries has been noticed lately, which, if not addressed, presents an ominous situation for the country's industry sector in the near future (Table 12.1).

Sectoral concentration

Industry moves ahead when different types of products are produced and the economy does not depend on one or two goods. The industrial sector consists of four sub-sectors, although it has remained concentrated in terms of manufacturing. The export of a few goods like ready-made garments (RMG), frozen food and medicine is polarizing the industry and lack of diversification of products may adversely affect the situation if one or two lose their market (e.g., in the event of cancelation of the Generalised System of Preferences (GSP) or any shock to the global economy). Similarly, only six products (Table 12.2) contributed 86 percent of total manufactured export earnings. Out of these six products, RMG alone contributed 81.4 percent in FY 2013–2014.

Export market concentration

The industrial sector is concentrated not only in terms of products but also in terms of a smaller market. The destination of exported products is a few countries such as the United States and

some European countries. In FY 2013–2014, 57.32 percent of total export earnings came from six countries – the United States, Germany, the United Kingdom, France, Belgium and Italy.

Energy and power

Energy and power is considered a driving force for the industrialization of an economy, and development of the power sector is an urgent requirement for an economy to thrive efficiently. As discussed earlier, inadequacy of power supply can substantially hinder the growth of the industrial sector and the development of other sectors of the economy (such as agriculture), and the service sector is also challenged due to crises in power supply along with frequent power tariff hikes. The matter of balancing the power supply against the demand for it in industry has remained unresolved for years; in addition, the forecast for demand for power in the country is not considered credible and realistic.

To meet its demand for fuel, the industry sector depends on natural gas, which is not renewable and needs a huge amount of capital for extraction. The use of gas by industry was relatively low before the 1990s and started to increase after that period. In FY 1999–2000, the industry used 41.52 billion cubic feet of total gas, which increased to 63.44 billion cubic feet in FY 2005–2006 and stood at 68.9 billion cubic feet in FY 2013–2014.

Technology

Bangladesh is lagging behind in technological catch-up and there is no deliberate effort to steer the catching-up process. Share of technology in total manufactured export, per capita GDP and ranking in different indexes manifests the poor condition of technological advancement in the country and calls for more initiatives in this area. In 2007, of Bangladesh's total manufactured exports 1.15 percent were high-tech manufactured goods, while the figures were 6.4 percent for India, 25.96 percent for Thailand, 52.28 percent for Malaysia and 18.41 percent for Japan. With this lower share of high-tech exports, the government allocated Tk 3.67 billion as development and non-development expenditure for the Ministry of Science and Technology, which is 3 percent higher and 0.84 percent lower, respectively, than the revised and proposed budget of FY 2012–2013. India allocated Rs 62.75 billion to science and technology in 2013, which is 5 percent and 24.75 percent higher, respectively, than the proposed and revised budget of the previous year, although India exhibits good performances in technology (*Economic Times*, 2013).

Trade orientation

Bangladesh has been following the export-oriented strategy. External trade is currently dominated by exports and imports of manufacturing products. The situation differs from what prevailed in the early 1980s when jute and jute products were the principal export items. In 2003, manufacturing accounted for 92 percent of total merchandise exports, up from 77 percent in 1990. The share of food, on the other hand, fell from 14 percent in 1990 to 7 percent in 2002, and that of agricultural raw materials from 7 to 1 percent. Among exports of manufacturing products, textiles and clothing (RMG and knitwear) accounted for nearly 75 percent of total merchandise exports in 2003–2004, indicating a high export concentration in this sector. Further, export of RMG comprises mainly low-value items. Nevertheless, the country remains vulnerable in terms of concentration of fewer products, and fewer markets and related external shocks.

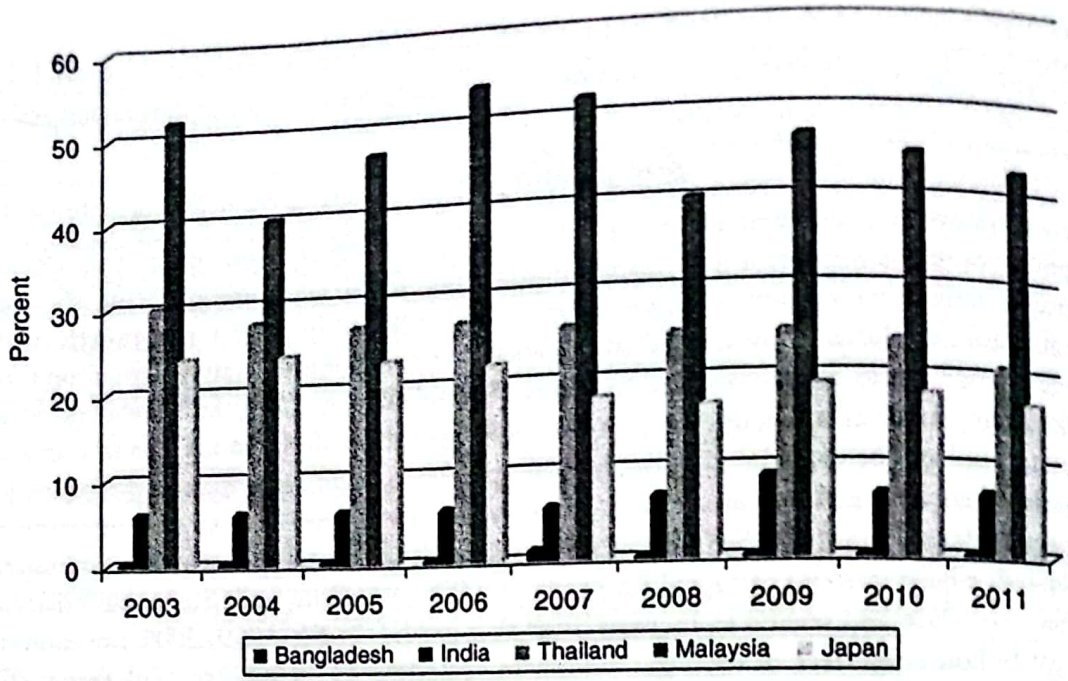

Figure 12.2 High-end technology export in total manufactured exports, 2003–2011 (source: World Bank, 2012b)

Value addition

Value addition is the net output of a sector after adding up all outputs and subtracting intermediate inputs, and is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources (*UNStats*, 2012). High value-added industry creates the opportunity to accelerate industrial growth in an economy. If the industry cannot add any value, the industrialization process does not progress and therefore hampers the economic growth. The lesser value addition is due to a combination of factors, including inadequate backward linkages, innovation and skills formation.

Locational concentration

In Bangladesh, the capital city Dhaka, which accommodates 9 percent of the total population, is the hub of most economic activities and contributes 36 percent of the total GDP (World Bank, 2012a). RMG industries, which contribute a major share of manufacturing products and export earning, are based either in Dhaka or around Dhaka where the infrastructure facilities are more widely available than in any other part of the country. Consequently, regional economic inequalities have been intensifying, and unplanned urbanization in Dhaka has been impeding the pace of growth and development. There are certain shifts that have taken place in the peripheries of Dhaka and Chittagong because of proximity of governmental and commercial organizations, availability of infrastructure and institutional transactions.

Labor

Industrialization in developing countries, which lack capital and technology, largely depends on adequate supply of labor. Despite the decreasing rate of employment in agriculture that has been observed of late, the size of the labor force employed in agriculture is still greater than that employed in industry in Bangladesh (Table 12.3). The Bangladesh Bureau of Statistics' *Labor Force*

Table 12.3 Percentage of employment by industry, 1995–2010

Sectors	*LFS 1995–1996*	*LFS 1999–2000*	*LFS 2002–2003*	*LFS 2005–2006*	*LFS 2010*
Agriculture, forestry and fishery	48.85	50.77	51.69	48.10	47.50
Mining and quarry	–	0.51	0.23	0.23	0.18
Manufacturing	10.06	9.49	9.71	10.97	12.34
Electricity, gas and water	0.29	0.26	0.23	0.21	0.18
Construction	2.87	2.82	3.39	3.16	4.79

Source: Bangladesh Ministry of Finance (2014).

Table 12.4 Consumer price index of labor in industry and real wage index (base year: 1969–1970)

Fiscal year	*Consumer price index of labor in industry*	*Real wage index*
1981–1991	998.4	100.5
1992–2001	1,702.4	127.1
2001–2002	2,024	150
2002–2003	2,068	169
2003–2004	2,129	177
2004–2005	2,216	181
2005–2006	2,351	183
2006–2007	2,524	184
2007–2008	2,740	206
2008–2009	2,885	243

Source: Bangladesh Ministry of Finance (2014).

Survey (LFS) of 1995–1996 shows that only 9.5 percent of the total labor force was employed in industry, compared to 63.2 percent in agriculture. According to the LFS 1999, only 13.22 percent of the total labor force was employed in industry, whereas 48.85 percent and 37.93 percent were employed in agriculture and the service sector respectively. The latest available LFS, which dates back to 2010, suggests that 47.5 percent of the total labor force works in agriculture compared to 17.49 percent in industry and 35.01 percent in the service sector (BBS, 2011).

The wage rate determines the cost of a firm, the living standard of labor and the savings and investment level of an economy (Table 12.4). The nominal wage in the industrial sector excluding construction was Tk 721 in FY 1983–1984 in Bangladesh, which increased to Tk 1,502 in FY 1989–1990 and to Tk 2,832 in FY 2000–2001. The Wage Index suggests that the wage was Tk 6,778 in FY 2010–2011, Tk 7,221 in FY 2011–2012 and Tk 7,978 in FY 2012–2013, resulting in a 3.96, 6.54 and 10.48 percent rate of growth in nominal wages in FY 2010–2011, FY 2011–2012 and FY 2012–2013, respectively.

The wages paid to workers need to be enough to allow them to live and support their families. If the wage is insufficient to meet the needs of workers, their productivity may go down, causing the cost of production to rise and the lowering of profits.

The informal labor force that receives a relatively lower wage is considered less efficient and less productive than the formal labor force that receives a relatively higher wage. In the manufacturing sector, the number of formal laborers is 1,975,000, whereas the number of informal

sector laborers is 2.29 times bigger than that of labor engaged in the formal sector and amounts to 4,517,000, according to the LFS of 2010. In the agriculture sector, the number of formal and informal laborer employed are 517,000 and 25,898,000, respectively.

Capital

In today's world, investment largely occurs through the accumulation of capital at the private level rather than the public. In the same vein, total investment in the economy of Bangladesh largely consists of private investment. In 1990–1995, the share of private investment was 7.51 percent (as opposed to public investment of 6.48 percent). In 1995–2000 the share of private investment increased to 14.59 percent, while public investment was 6.79 percent. Of late, however, the rate of growth in private investment has come down. It comprised 21.39 percent of GDP in FY 2013–2014, as compared to 21.75 percent in FY 2012–2013, whereas public investment increased to 7.3 percent in FY 2013–2014 from 6.64 percent in FY 2012–2013, implying that much public investment is going into unproductive sectors, causing inflationary pressure in the economy.

Market capitalization is an indicator of the ability of the capital market to mobilize capital and diversify risk in an economy. The market capitalization refers to the sum that derived from the current stock price per share times the total number of shares outstanding. The total market capitalization indicates the value of the companies of a country. In Bangladesh, most of the companies are not traded publicly. As of 2013, the total amount of market capitalization is a paltry Bangladeshi Tk 13,725.9744 crore.

After the War of Liberation in 1971, the flow of foreign direct investment (FDI) started to come to newly independent Bangladesh, which was insignificant at that time. Since then, Bangladesh has been trying to attract foreign investment to underwrite its savings–investment gap as well as to redress its export–import imbalance. FDI inflow in Bangladesh in each year shows a positive trend but cannot by any means be termed satisfactory. Moreover, almost 65 percent of FDI has been repatriated over the last ten years (Rayhan, 2009). Bangladesh received more than US$9,284 million of FDI over the last ten years, of which US$1,293 million was received in 2012, making it the highest amount of FDI inflow during a single year (Figure 12.3).

The total capital flight from Bangladesh over the past four decades alarmingly presents 30.4 percent of its total GDP (Halim, 2014). A high interest rate, ensnared banking system and lack of suitable policy are making the situation worse. Thus a study in 2013 of Global Financial Integrity estimated the annual average capital flight from Bangladesh at US$1,608 million between 2002 and 2011 (Kar and LeBlanc, 2013).

In FY 2013–2014, there was a transfer of US$553 million, from US$455 million in FY 2012–2013, implying a 21.54 percent increase in capital outflow (Bangladesh Bank, 2014). There has also been capital flight through illegal means such as *hundi*, money-laundering, etc.

Sectoral changes and stage of growth

This section attempts to locate the country's stage of industrialization on the basis of sectoral change (Figure 12.4). In 1947, the Indian subcontinent was divided into two, India and Pakistan – the latter comprised West Pakistan and the East Pakistan (now independent Bangladesh). The West Pakistan-based government dominated the people of East Pakistan who suffered from economic discrimination. Most of the profit from East Pakistan flowed to West Pakistan. Moreover, the economy was totally dependent on agriculture, which was traditional, labor-intensive and technologically backward, to meet the food needs of a vast population.

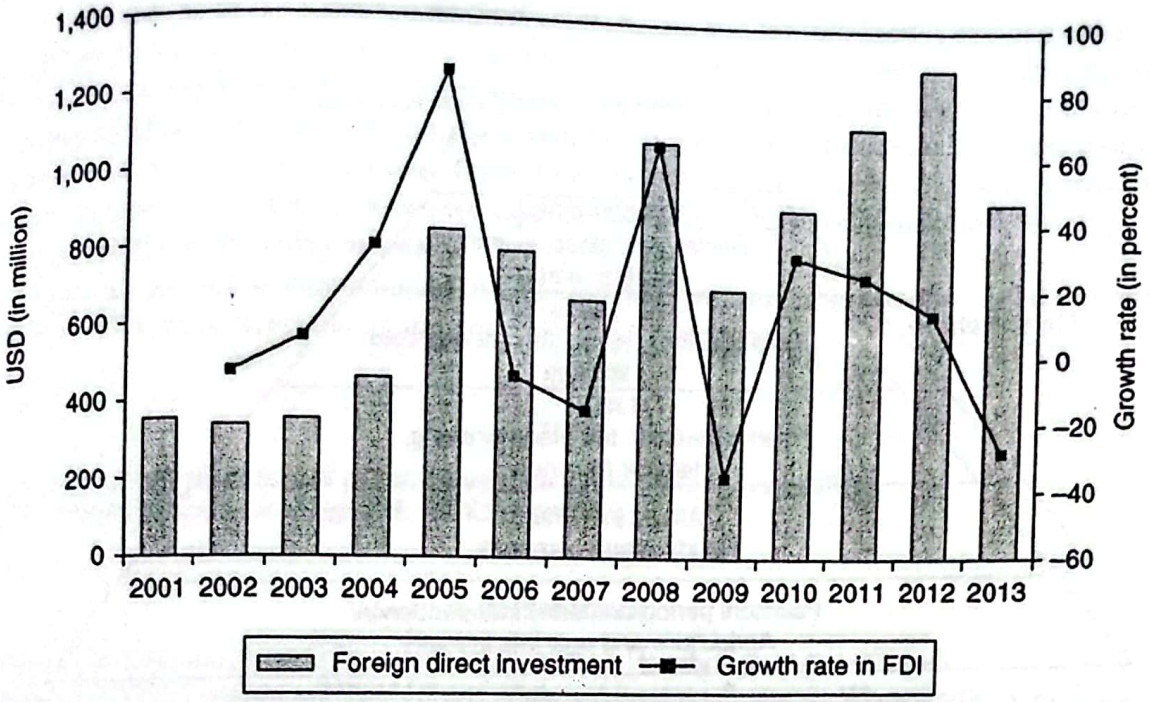

Figure 12.3 Flow of foreign direct investment, 2001–2013 (source: Bangladesh Ministry of Finance, 2014)

The only export-oriented good was jute. During the 1960s and 1970s, the major share of the manufacturing sector in national income and manufacturing employment was accounted for by jute.

Soon after the liberation, industrial development was very slow. RMG expanded heavily in the 1980s and boomed in the 1990s due to cheap labor, a large foreign market, foreign investment, and export quotas in the United States and European countries. The RMG sector has shown rapid rates of growth over recent decades.

According to the Export Promotion Bureau (EPB), the contribution of the RMG sector to national exports was 41.5 percent in FY 2013–2014. The contribution of RMG, mainly woven textiles and knitwear, to national exports was 39.9 percent or US$7,910 million whereas it was 38.8 percent or US$10,476 million in FY 2012–2013. Bangladesh has now become a significant RMG supplier to North America and Europe.

In the 1980s, the pharmaceutical sector made advances in Bangladesh to become one of the most developed hi-tech sectors contributing to the country's economy. The development of this sector accelerated after the Drug Control Ordinance of 1982, which provided protection to local products.

One of the other flourishing industries in Bangladesh is the food industry. It consists of processed, frozen and manufactured foods, which are exported abroad. One of the notable components of this industry is the export of frozen fish and shrimps. From the 1970s to the 1980s, this component contributed to 5.6 percent of Bangladesh's foreign exchange earnings, in the 1980s–1990s it grew to 8.3 percent and has doubled to 16.42 percent in the last decade.

During the 1980s, tea and leather, among other products, also gained in importance. In the 1990s, sectors like ship-breaking, steel, cement and cold storage developed and gained momentum.

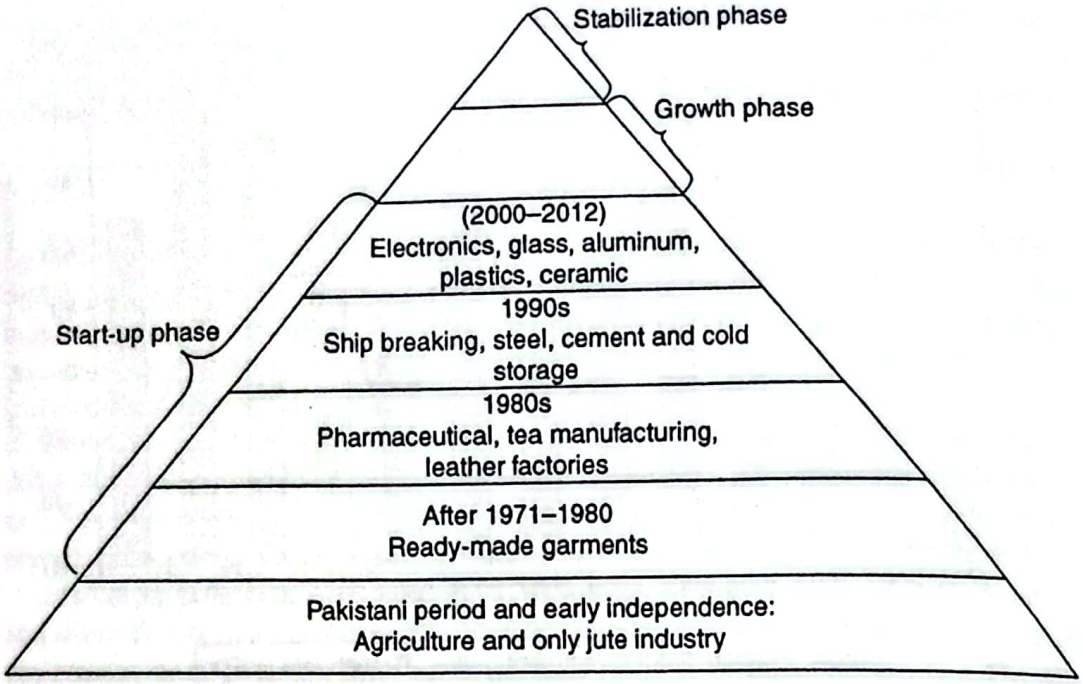

Figure 12.4 Sectoral phase industrialization, 1947–2012 (source: author)

Conclusions

The major indicators of industrial performance considered in this chapter present a picture of a slow rate of transition from agriculture to a sustainable manufacturing base, with a narrow product base, limited absorption of labor, inadequate innovation and technological advancement, and insufficient capital deepening.

Identification of the gaps and triggers of acceleration are, therefore, imperative for concentrated policy inducement to animate the industry. Policy making has to comprehend the fact that there is no alternative way to achieve sustainable development without increasing the rate of growth of industrialization.

Policy issues are the key factors to convincingly define performance of industry instead of incongruence. For example, the inconsistent monetary, infrastructural, fiscal, currency and interest rate policies are major causes of the struggling performance of industry. The contractionary monetary policy of the central bank to curb inflation and resolve the balance of payments is exerting pressure on the industrial sector. The cost of loans for the private sector is increasing due to such policies, and private-sector credit growth has been declining for several years. High interest rate spread is also an underlying characteristic of the financial market of Bangladesh. Budgetary expenditure frequently exceeds the proposed allocation in Bangladesh with non-development expenditure exceeding the allocation and the development expenditure falling short of the allocation. This structural bottleneck of budget implementation affects the economy by retarding long-term infrastructural development and capacity.

The infrastructural bottlenecks are hindering the process of achieving the desired level of industrialization. For example, the gap between peak demand and maximum generation of electricity is high, resulting from the substantial gap between capacity and maximum generation of power. Using the available funds, better solutions are required to reduce the current and inter-temporal costs of infrastructure, including road, rail and water transport, focusing on quality, quantity and security.

Concentration of industrial production in few regions and few products is one of the major impediments to achieving sustainable growth of industry. Products as well as markets need to be diversified. Such are to be explored by focusing on domestic capability, national and international prospects and the risks associated with future products and markets. There are several problems related to technology acquisition. Effective policies, instruments and fiscal incentives have to be put in place for much-needed support for research and development in technological catch-up to boost the industrial sector.

Above all, to achieve successful industrialization, the government has to play a proactive role in terms of regulation, incentives and entrepreneurial pathways.

Notes

1 For a review of the industrial policy debate since the 1980s, see Chang (2011).
2 For literature relating to Bangladesh, see Khan (2013b).

References

Aghion, P. and Howitt, P. (1998) *Endogenous Growth Theory*. Cambridge, MA: MIT Press.

Bairoch, P. (1993) *Economics and World History: Myths and Paradoxes*. Brighton: Wheatsheaf.

Bakshi, A. S. M. R. H. K. (2005) The Problems and Potentials of Industrialisation Process in a Transition Economy: Lessons from Bangladesh. *Pakistan Journal of Social Sciences*. 3 (4). pp.583–597.

Bangladesh Bank. (2014) *Major Economic Trends*. Dhaka: Bangladesh Bank. [Online] Available from: www.bb.org.bd [Accessed: September 2, 2014].

Bangladesh Bureau of Statistics. (1996) *Bangladesh Labour Force Survey, 1995–96*. Dhaka: Government of Bangladesh.

Bangladesh Bureau of Statistics. (1999) *Bangladesh Labour Force Survey, 1999*. Dhaka: Government of Bangladesh.

Bangladesh. Ministry of Finance (MoF). (2014) *Bangladesh Economic Review FY 2014*. Dhaka: Finance Division, Ministry of Finance, Government of Bangladesh.

Baumol, W., Nelson, R. and Wolf, E. (1994) Introduction: The Convergence of Productivity, Its Significance and Its Varied Connotations, in Convergence of Productivity. In: Baumol, W., Nelson, R. and Wolf, E. (eds.). *Convergence of Productivity, Cross-National studies and Historical Evidence*. Oxford: Oxford University Press.

BBS. (2011) *Labor Force Survey 2010*. Dhaka: Bangladesh Bureau of Statistics.

Belloc, M. and Maio, M. D. (2011) *Survey of the Literature on Successful Strategies and Practices for Export Promotion by Developing Countries*. Working Paper 11/0248. London: International Growth Centre, London School of Economics. [Online] Available from: http://ssrn.com/abstract=2001000 [Accessed: September 2, 2014].

Chacholiades, M. (1990) *International Economics*. New York: McGraw-Hill.

Chang, H.-J. (2002) *Kicking Away the Ladder: Development Strategy in Historical Perspective*. London: Anthem Press.

Chang, H.-J. (2007) *Bad Samaritans*. London: Random House.

Chang, H.-J. (2011) Industrial Policy: Can We Go Beyond an Unproductive Confrontation? In: Lin, J. Y. and Pleskovic, B. (eds.). *Annual World Bank Conference on Development Economics 2010: Lessons from East Asia and the Global Financial Crisis*. Washington, DC: World Bank.

Dosi, G., Cimoli, M. and Stiglitz, J. (eds.). (2009) *Industrial Policy and Development: The Political Economy of Capabilities Accumulation*. Oxford: Oxford University Press.

Economic Times. (2013) Finance Budget 2013: Rs 20,051 Crore for Science Related Ministries. February 28. [Online] Available from: http://economictimes.indiatimes.com/news/economy/finance/budget-2013-rs-20051-crore-for-science-related-ministries/articleshow/18734934.cms [Accessed: August 26, 2014].

Franko, P. M. (2007) *The Puzzle of Latin American Economic Development, 2007*. Lanham, MD: Rowman & Littlefield.

Greenwald, B. and Stiglitz, J. (2006) Helping Infant Economies Grow: Foundations of Trade Policies for Developing Countries. *American Economic Review*. 96 (2). pp.141–146.

14
FOREIGN TRADE

Selim Raihan[1]

Bangladesh pursued an import-substituting industrialization strategy in the 1970s, the key objectives of which were to safeguard the country's infant industries, reduce the balance of payments deficit, use the scarce foreign exchanges efficiently, ward off international capital market and exchange rate shocks, lessen fiscal imbalance and achieve higher economic growth and the self-sufficiency of the nation. However, in the face of the failure of such an inward-looking strategy to deliver the desired outcomes, along with rising internal and external imbalances, trade policy reforms were introduced in the early 1980s. Since then trade liberalization has become an integral part of Bangladesh's trade policy. Bangladesh has been able to reduce its protection for the domestic sectors quite significantly by undertaking substantial reductions in quantitative restrictions (QRs), drastic opening up of trade in many restricted items, significant rationalization and diminution of import tariffs, a move to a freely floating exchange rate system and considerable adjustments to monetary and fiscal policies. Another important element of trade policy reform was the introduction of generous promotional measures for exports. While import and exchange rate liberalization was intended to correct the domestic incentive structure in the form of reduced protection for import-substituting sectors, export-promotion schemes were undertaken to provide exporters with an environment in which the previous bias against export-oriented investment could be reduced significantly. The reform measures and export incentives have witnessed an impressive export performance.

However, one important concern is that the export growth has been overwhelmingly dominated by the ready-made garment (RMG) sector alone, which grew by taking advantage of the Multi Fiber Arrangement (MFA) quotas and preferential access in foreign markets. The export responses of all other major commodities have been rather weak. Therefore it is not clear to what extent the policy of liberalization benefited the diversification of the export sector. The government has introduced a number of incentives for export-oriented sectors. However, the RMG sector appears to be the prime beneficiary of these incentives, and for the non-RMG sectors such schemes have proven to be less effective. Therefore export diversification remains a critical challenge for Bangladesh.

This chapter analyzes the challenges and potential of the foreign trade of Bangladesh. The next section of this chapter provides an overview of the import policies and import regimes in Bangladesh, followed by an overview of the export policies and export regimes in Bangladesh

with an emphasis on the RMG industry. The fourth section highlights the importance of a comprehensive trade policy, and the final section offers some conclusions and policy implications.

Import policies and import regimes in Bangladesh

Trade policy between 1972 and 1980 consisted of significant import controls. Under the Import Policy Orders (IPOs), items were categorized as to whether their importation were allowed, prohibited or required special authorization. With the exception of a few cases, licenses were required for all other imports. The import-licensing system was subject to criticism for not being sufficiently flexible to ensure its smooth functioning under changing circumstances. Moreover, it was characterized by complexity, deficiency in administration, cumbersome foreign exchange budgeting procedures, poor inter-agency coordination, rigid allocation of licenses and time-consuming procedures (Bhuyan and Rashid, 1993).

In the early 1980s, import liberalization started to take place. The import-licensing system was abolished and imports were permitted against letters of credit (L/C). The long 'Positive List' in the IPOs of importables was replaced by two lists, namely the 'Negative List' (for banned items) and the 'Restricted List' (for items importable on fulfillment of certain prescribed conditions), and imports of any items outside the lists were allowed. Since 1990, the Negative and Restricted Lists have been consolidated into one list, namely the 'Consolidated List' (Raihan, 2007). The range of products subject to QRs was curtailed substantially during the 1980s, 1990s and 2000s. Whereas during the mid-1980s, about 40 percent of all import lines at the HS 4-digit level was subject to trade-related QRs, these restrictions had been drastically reduced to less than 2 percent toward the end of 2000s (Raihan and Razzaque, 2007).

Beginning from the late 1980s the tariff regime had become increasingly liberalized. In 1991–1992 the unweighted average rate of tariffs was around 70 percent (Raihan and Razzaque, 2007) and by 2013–2014 it had fallen to 13.2 percent (Sattar, 2014). Much of this reduced protection was achieved through the reduction in the maximum rate. In 1991–1992 the maximum tariff rate was 350 percent, which came down to only 25 percent in 2004–2005 (Raihan and Razzaque, 2007), and it has been kept at this rate in recent years. The number of tariff bands was 24 in the 1980s, 18 in the early 1990s and only four in recent years (Raihan and Razzaque, 2007). Bangladesh has no tariff quotas, seasonal tariffs or variable import levies (WTO, 2000). All these measures have greatly simplified the tariff regime and helped streamline customs administration procedures. A drastic reduction in unweighted tariff rates during the 1990s also resulted in the fall in import-weighted tariff rates. The import-weighted average tariff rate declined from 42.1 percent in 1990–1991 to around 13 percent toward the end of 2000s (Raihan and Razzaque, 2007).

One important aspect of the tariff structure in Bangladesh relates to the use of import taxes that have protective effects (also known as para-tariffs) over and above the protection provided by customs duties (World Bank, 2004). These taxes have been the infrastructure development surcharge (IDSC), supplementary duties (SD) and regulatory duties. One of the major reasons behind this is that although the VAT was instituted in the early 1990s as a revenue-replacing tax, it failed to achieve the desired success in early years. In 1991/92 customs duties were 70.6 and para-tariffs were 3.0; in 2001/02 customs duties were 21.0 and para-tariffs were 8.4; and in 2011/12 customs duties were 13.6 and para-tariffs were 12.9 (Table 14.1). Therefore, it appears that, despite the lowering of customs duties, the presence of para-tariffs did not significantly lower the total protection rate during the 2000s (Table 14.1).

The liberal import policies led to a large growth in imports into Bangladesh, as shown in Figure 14.1. In 1972, total imports were only US$836.5 million, which rose to US$9060.9 million in 2000 and increased further to US$43,854 million in 2014.

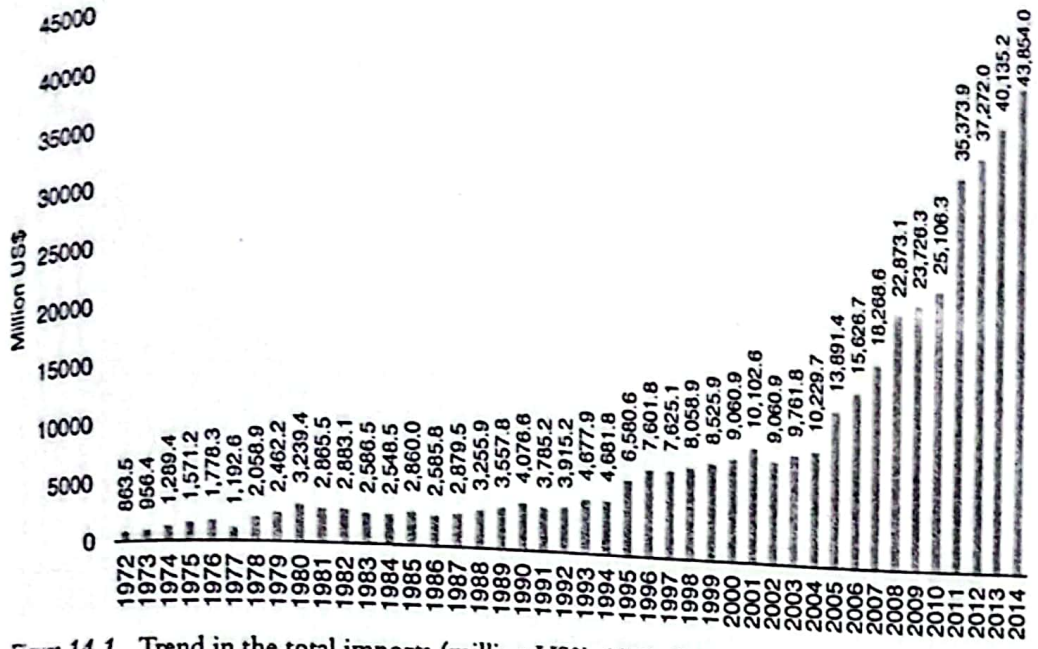

Figure 14.1 Trend in the total imports (million US$), 1972–2014 (source: World Bank, 2015)

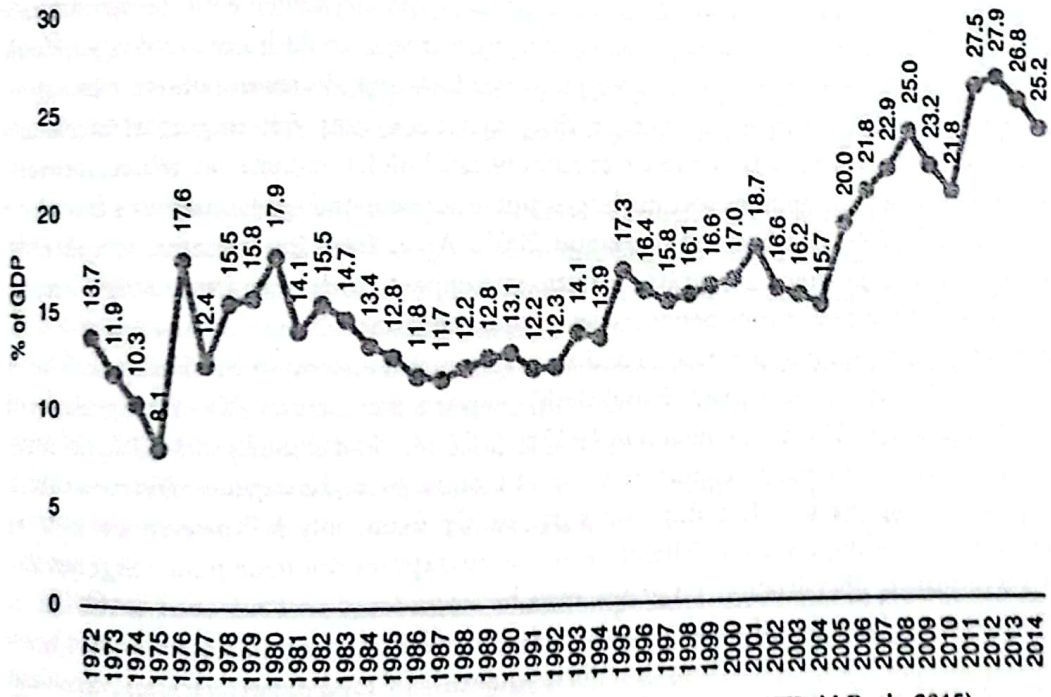

Figure 14.2 Trend in the total import–GDP ratio, 1972–2014 (source: World Bank, 2015)

The surge in imports also resulted in a rising import penetration ratio, defined as the share of total imports in GDP. Figure 14.2 shows that the import penetration ratio was only about 8 and 13.7 percent during the early 1970s, and has increased to more than 25 percent in recent years.

Export policies and export regimes in Bangladesh

An important element of trade policy reform has been the use of a set of generous support and promotional measures for exports. While import liberalization was meant to correct the

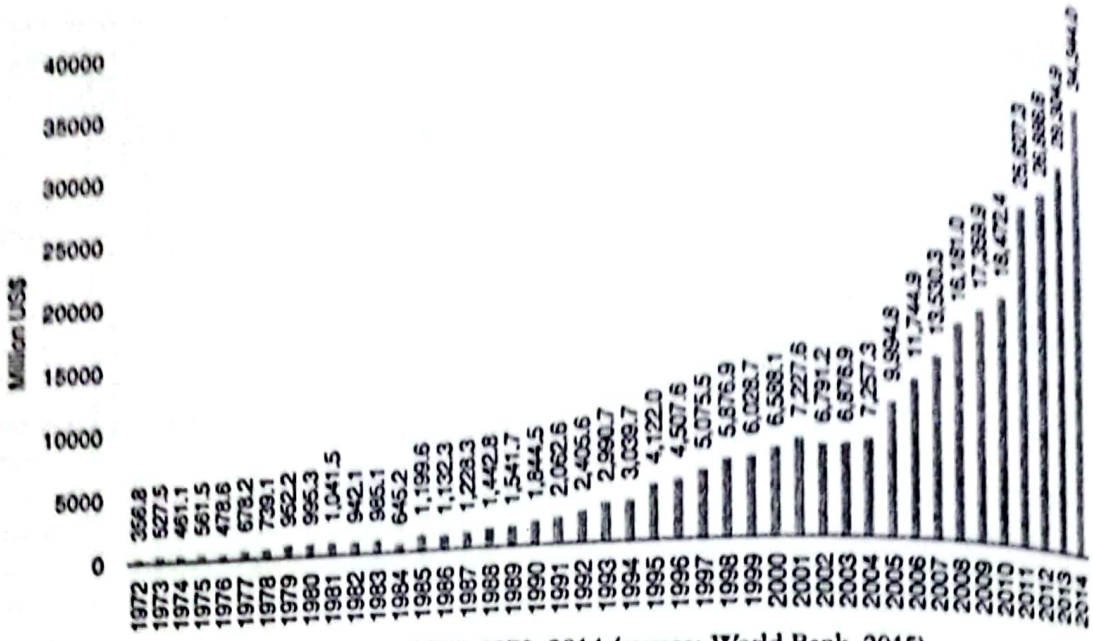

Figure 14.3 Trend in exports (million US$), 1972–2014 (source: World Bank, 2015)

domestic incentive structure in the form of reduced protection for import-substituting sectors, export-promotion schemes were undertaken to provide the exporters with an environment in which the previous bias against export-oriented investment could be reduced significantly. Important export incentive schemes available in Bangladesh include, among others, export performance benefit (XPB), bonded warehouse, duty drawback, duty-free import of machinery, back-to-back L/Cs, cash subsidy, interest rate subsidy, tax holiday, income tax rebate, retention of earnings in foreign currency, export credit guarantee scheme and special facilities for export processing zones (EPZs) (Raihan and Razzaque, 2007). Apart from the incentive schemes, the government has also provided generous institutional support to the exporters. A few sectors, especially RMG, have been major beneficiaries of these reforms.

Extensive export-promotion measures and favorable market access in the European Union and the United States have helped Bangladesh's exports rise remarkably during the past 40 years: from a meager US$356.8 million in 1972 to US$ 34,344 million by 2014 (Figure 14.3).

With the considerable rise in export earnings at a rapid pace, the export-orientation ratio, i.e., the ratio of exports to GDP, also rose significantly from only 5.7 percent in 1972 to 19.8 percent in 2014 (Figure 14.4). Therefore, if one juxtaposes the trade policy regimes and export performance, liberalization programs may be considered to have been successful in energizing exports. However, the export growth is overwhelmingly dominated by the dynamism in the RMG sector alone. More than three-quarters of total export earnings, since the late 1990s, have been due to woven and knitted RMG products, with the relative significance of all other sectors declining. The growth of Bangladesh's RMG exports had largely been attributable to the international trade regime in textiles and clothing, which, until 2004, was governed by the MFA quotas. The quota system restricted competition in the global market by providing reserved markets for a number of developing countries including Bangladesh, where textiles and clothing items have not been traditional exports. The duty-free access for Bangladesh's RMG products in the European Union has also greatly supported the growth of the sector. Therefore, the policy of trade liberalization is not the only reason for export success, since, apart from RMG, the export responses of all other major commodities such as raw jute, jute goods, tea, leather and leather products, and frozen food and shrimp have been very weak.

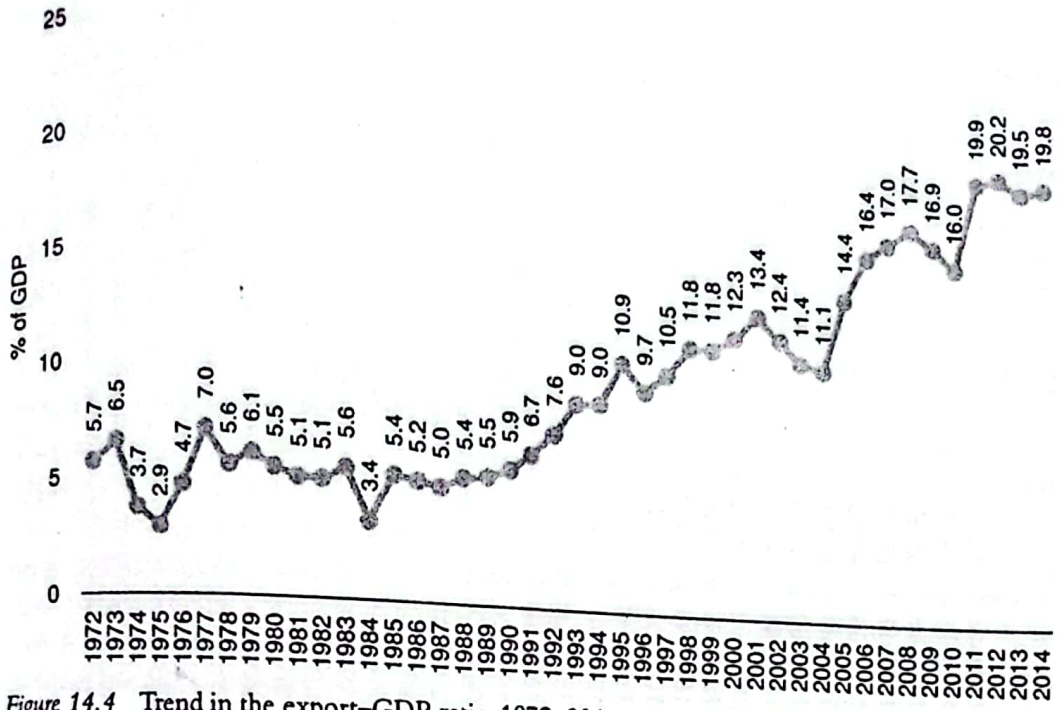

Figure 14.4 Trend in the export–GDP ratio, 1972–2014 (source: World Bank, 2015)

Therefore, while on the one hand there are other, more dominant reasons than liberalization for Bangladesh's export success in RMG, on the other hand the export performance of other sectors despite the considerable policy reforms has been disappointing. It is in this context that it is argued that mere liberalization of the trade regime does not necessarily guarantee export success.

It also important to note that export markets for Bangladesh have been highly concentrated, with North America and the European Union being the major destinations. In 2012–2013, around 54 percent of the country's total exports went to the European Union, while another 23.5 percent was destined for North America.

It then follows from the above that despite the impressive growth record, the export base and the export markets have remained rather narrow for Bangladesh, which is a matter of great concern. Undiversified exports both in terms of product range and markets are likely to be much more vulnerable to various shocks than well-diversified exports. Despite the policy reforms and various incentives offered, it seems that Bangladesh has failed to develop a diversified export structure.

RMG has been the key export sector, and an important contributor to growth and employment generation, in Bangladesh. Woven and knitwear products are the two main RMG export items. Over the past two-and-a-half decades RMGs have emerged as the flagship products of Bangladesh's export trade. Almost unknown in the late 1970s, RMG climbed to its current position of prominence within a short span of time. Figure 14.5 shows that from a small base of only US$31.6 million in 1983–1984, RMG exports have grown to more than US$21 billion in 2012–2013.

The highly labor-intensive nature of the production process characterizes the garment industry. As late as 1984, only around 0.1 million people were employed in the export-oriented garment sector, but the number grew to a million in 1994/95. By 2002/03, the sector employed two million workers, and surpassed the three million mark by 2008/09. In the two-and-a-half decades after its beginning, it employed 4.4 million in 2012–2013. Some 80 percent of the workers employed in the industry are women.

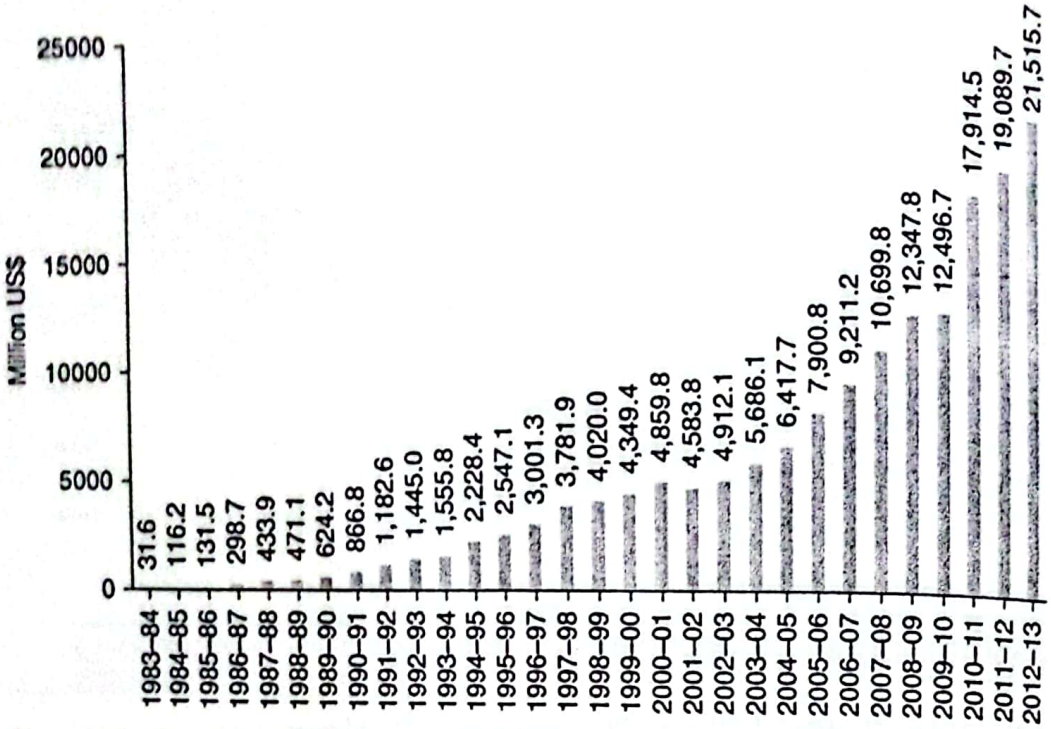

Figure 14.5 Bangladesh's RMG exports, 1983–2013 (source: Bangladesh Export Promotion Bureau, 2014)

The growth of RMG exports has had favorable effects on macroeconomic balances. It has helped maintain a sustainable trade deficit, which has declined from around 10 percent of GDP in the early 1980s to less than 5 percent in recent times. The current account balance (deficit) has also improved. This improvement has been accompanied by declining net external assistance flows. In fact, the reduced dependence on foreign aid has been a remarkable development for Bangladesh's economy, which is attributable to the RMG-led robust export growth and the recent surge in remittances. The rising shares of export trade and remittances in the economy starkly contrast with the declining significance of foreign aid. In recent times, the ratio of external assistance to GDP has been less than 1 percent as against 35 percent of exports and remittances taken together. It is in this context that the RMG-led export growth is argued to have transformed Bangladesh from a predominantly aid-dependent country to a largely trade-dependent nation.

Need for a comprehensive trade policy?

The need for a comprehensive trade policy can be justified in many accounts. The government has a long-term development strategy in the form of the five-year plan and the perspective plan. However, trade-related strategies, as currently followed under the three-year policy framework, particularly related to imports and exports, seem inadequate to meet the medium- and long-term development needs of the country. There are also strong debates over consistency between the objectives and strategies specified in the trade policy and various measures taken under the government's budgetary framework. As part of supporting domestic import-substituting industries, various budgetary initiatives should be devised in such a way that the country's export-led industrialization would not be adversely impacted. There should be a comprehensive trade policy under which a more realistic tariff rationalization program could be undertaken, keeping in view a long-term vision regarding international trade liberalization. The

regulatory framework directly encompassing international trade has close links with monetary, fiscal and industrial policies. Although concerned ministries/departments/agencies during the stage of policy formulation put their efforts into maintaining coherence with other policies by taking suggestions from relevant stakeholders, there is still concern regarding a lack of coherence in various policies. In view of the gradual rise of interlinkage between trade, investment and industry, there is a need for a comprehensive trade policy to ensure coherence of these policies. There are overlapping interests of manufacturers, exporters and importers regarding policies related to exports and imports – as such import policies need to take note of export policies and vice versa. A lack of coherence in these policies hampers potential export earnings as well as industrialization. Under a comprehensive trade policy, policies related to export-oriented industries need to be integrated, and the interests of import-substituting industries should be provided with adequate focus. During the last one-and-a-half decades, multilateral, bilateral and regional trade regimes have experienced a number of changes that have had different implications on production, trade, investment and employment in Bangladesh. There is also a growing importance of service industries and service trade, including the temporary movement of natural persons. A comprehensive policy for international trade will help to address these diverse sets of issues in a more meaningful way and bring larger gains from trade, while boosting industrialization and employment.

Conclusion and policy implications

One of the import issues in the import policy of Bangladesh is the further liberalization of the tariff regime. The main problem with further tariff rationalization is the concern related to the potential revenue shortfalls of the government. Although the loss in revenue could arguably be made up either by expanding the domestic tax base or by increasing the VAT net or a combination of both, the tax administration in a least developed country like Bangladesh is not as flexible as in developed countries for undertaking an increased revenue mobilization effort within a short period of time. Also, increasing the rates of revenue-generating tax measures such as VAT is difficult given the dominance of the informal economy.

One difficult alternative for the future is to consider a tariff structure with the highest duty rate lower than the current one, but with necessary adjustment in other slabs (both across tariff lines and rates) so that on aggregate it can be revenue neutral (or with a marginal effect on revenue) with respect to current collections from import taxes. This arrangement, however, may require considerable readjustment of tariffs rather than replacing the existing tiers with lower rates in a linear fashion. Also, the success in ensuring revenue neutrality will require information on the tariff elasticity of imports (and/or the price elasticity of imports), which might not be readily available. It is to be noted that revenue-neutral adjustments in the tariff structure will keep unchanged the average nominal protection given to the domestic import-substituting activities and consequently the resultant policy-induced anti-export bias may not be affected.

Nevertheless, it would be unwise to reverse the process of liberalization and thus the progress achieved in the previous decade. The use of para-tariffs in recent years has increased the total protection rates, which appears to be incompatible with the liberalization measures that Bangladesh undertook earlier. It is, therefore, important to ensure the neutrality of SD and VAT by applying them to the domestic industries in a non-discriminatory fashion, which could contribute to increased government revenue, on the one hand, and reduced anti-export bias, on the other.

Another scope for tariff liberalization is the mutual exchange of tariff preference under Regional Trading Arrangements (RTAs) and Free Trade Areas (FTAs) involving Bangladesh.

Such arrangements may result in significant trade creation with favorable effects on employment generation and poverty alleviation. While Bangladesh remains committed to a multilateral trading system, options of trade expansion through regional cooperation should be given serious consideration.

In future Bangladesh may opt for an analytical approach to tariff liberalization. Under this approach there may be scope to devise the tariff structure in such a way that it has limited effects on the revenue position of the government, but contributes to lowering the high rates of effective protection enjoyed by a number of sectors. Although the outcome may be diminished or unchanged nominal protection for the whole economy, the efficiency gains achieved through reduction in effective protection can be beneficial to resource allocation.

However, across-the-board tariff reduction may not be desirable not only because of the revenue concern of the government but also because of the need for providing some support to domestic industries with significant growth and poverty-alleviation effects. By adopting a proactive and analytical policy regime, effective support for the growth of small and informal-sector activities with significant poverty-alleviation effects can be provided. In fact, policies should be devised in such a way that trade can act as a tool for development.

Furthermore, the strategy and scope of future tariff liberalization need to be put in the context of intended policy objectives. Reduction in import tariffs is to reduce policy-induced anti-export bias, but this does not necessarily imply an improved export response. The existing level of policy bias against exports is relatively low and, even leaving aside the problem of potential revenue shortfall, it needs to be emphasized that while further reduction in anti-export bias through tariff cuts is one thing, generating export supply response is another matter. Given a weak performance of non-RMG sectors, in future policy options and/or support measures for exports would be much more difficult and involved than such simple measures as removal of QRs and reduction of tariffs.

Export policies and associated incentives are formulated to provide a predictable and secure environment for the exporters. It specifies objectives, designs strategies and sets up export targets to achieve. Given the constraints to supply response, the export policy can play a significant role in energizing export and bringing diversification into the export basket. However, one major problem has been not having the strategies well- and narrowly defined. Lack of clear guidelines as regards implementation or ways to provide support may result in ineffectiveness of the strategy. A policy of supporting or undertaking a program itself cannot ensure achievement of objectives.

Policy frameworks need institutions to become effective. In other words, it is institutions through which strategies are ultimately implemented. Besides, trade or export policies usually encompass a number of institutions or departments and coordination of their tasks has important implications for all eligible exporting firms benefiting from incentives. Therefore, strategies need to be outlined in detail and the roles and responsibilities of relevant institutions and departments should be articulated. Lack of coordination and integration in the various elements of export policy strategy has always been a problem in Bangladesh. Since strategies remain too broad, it is difficult to analyze whether they ultimately work or to identify the reasons for their non-implementation and thus the lessons to be learnt for similar future exercises.

For effective export promotion, in addition to the export policies, a set of other complementary policies and programs are critically required. Stability of the macroeconomic environment, effectiveness of the export-promoting and -supporting institutions and smooth functioning of the financial markets are necessities. Furthermore, the quality of governance should be improved through promoting transparency and accountability, and by reducing the extent of corruption. The government should also take an effective role in technology diffusion and in providing appropriate physical infrastructural facilities.

Table 14.1 Average custom duties and para-tariffs, 1991–2011

Year	*Customs duties*	*Para-tariffs*	*Total protection rate*
1991–1992	70.6	3.0	73.6
2001–2002	21.0	8.4	29.4
2011–2012	13.6	12.9	26.5

Source: World Bank (2004), Sattar (2014).

The export-led growth philosophy underscores the need for setting up an incentive structure that overcomes the problem of serious policy-induced anti-export bias. The notion of anti-export bias is related to the trade policy measures that act to favor the import-substituting sector and discriminate against export activities. The principal route to this 'bias' or discrimination is accomplished by altering domestic prices. While for exporters it is not possible to influence the world price, import tariffs and QRs allow the producers to raise the domestic price of their commodities above the world price. The resultant profitability (and thus relatively high price of import substitutes to export goods) under the shield of protective measures encourages reallocation of resources from the production of exportable goods to that of import substitutes. Also, policy-induced domestic protection may result in increased demand for non-tradable goods, diverting further resources into this sector at the cost of exportable goods. Bangladesh has liberalized its economy quite considerably now and, particularly in the 1990s, the pace of liberalization has been very rapid. Trade liberalization has managed to moderately reduce the policy-induced anti-export bias. Further liberalization and rationalization of the tariff regime could contribute to improving the incentive for exports.

Supporting the export sector by removing the anti-export bias is one of the most important reasons for undertaking liberalization. However, it is worthwhile enquiring whether the policy-induced anti-export bias is the only obstacle to expanding exports. While tariff rationalization and the liberalization of the trade regime is one thing, how far this will stimulate export response is another. In the 1990s, Bangladesh's export growth was mainly driven by RMG and thus it cannot be ascertained whether the liberalization measures or the peculiarities associated with the export markets contributed to the robust export performance. Export response to liberalization in other sectors has been either weak or non-existent. It may be that any significant export response in these sectors can only be stimulated by addressing other demand and supply-side problems.

The strategy of export-led growth is to be supported by a more neutral policy regime and accordingly one of the basic objectives of trade reform has been to remove the policy-induced anti-export bias in the domestic economy. The removal of the anti-export bias, therefore, will largely depend on correcting the price-incentive structure so that resources can be allocated between the export and non-export sector on the basis of comparative advantage. Liberalization of such trade-restricting measures as high tariffs and QRs contributes to the reduction of disincentives to export activities by curtailing the artificially maintained high domestic prices enjoyed by the import-substituting industries. It is important to note that a policy of subsidizing export production can mitigate the negative effects of protection. However, given the fiscal burden of the government such a strategy may not be a viable option, especially in the long run.

Bangladesh's major export markets are the European Union and North America, which account for about 90 percent of the country's exports. Until now, South–South trade has been rather negligible for Bangladesh, although overall the share of South–South trade has been on

the rise in the global context in recent years. In spite of the SAFTA and preferential treatment in India and China, Bangladesh has not been able to put in place an appropriate strategy to enhance its market access to China and India by taking advantage of the preferential treatment that has been offered and the bilateral trade deficits that have raised grave concerns in these two countries. There is a need to urgently address this task, along with identification of the areas of investments that will be required in this context.

Note

1 This chapter draws on the author's earlier works, especially Raihan (2007), Raihan and Razzaque (2007), Razzaque and Raihan (2007).

References

Bangladesh Bank. (2013) *Annual Review of Export Receipts (2012–2013)*. [Online] Available from: www.bangladesh-bank.org/econdata/openpdf.php?i=7 [Accessed: June 5, 2014].

Bangladesh. Export Promotion Bureau. (2014) *Export Promotion Bureau, Bangladesh*. [Online] Available from: www.epb.gov.bd/index.php [Accessed: June 5, 2014].

BGMEA. (2014) *Bangladesh Garment Manufacturers and Exports Association*. [Online] Available from: http://bgmea.com.bd/home/pages/TradeInformation#.U5MoSfmSy5J [Accessed: June 5, 2014].

Bhuyan, A. R. and Rashid, M. A. (1993) *Trade Regimes and Industrial Growth: A Case Study of Bangladesh*. Dhaka: Bureau of Economic Research, Dhaka University; San Francisco: International Centre for Economic Growth.

Raihan, S. (2007) *Dynamics of Trade Liberalisation in Bangladesh: Analyses of Policies and Practices*. Dhaka: Pathak Samabesh.

Raihan, S. and Razzaque, M. A. (2007) A Review of the Evolution of Trade and Industrial Policies in Bangladesh. In: Razzaque, M. A. and Raihan, S. (eds.). *Trade and Industrial Policy Environment in Bangladesh with Special Emphasis on Some Non-Traditional Export Sectors*. Dhaka: Pathak Samabesh.

Razzaque, M. A. and Raihan, S. (eds.). (2007) *Trade and Industrial Policy Environment in Bangladesh with Special Emphasis on Some Non-Traditional Export Sectors*. Dhaka: Pathak Samabesh.

Sattar, Z. (2014) *Is Trade Policy Losing Direction?* [Online] Available from: www.pri-bd.org/main/view_publication/is-trade-policy-losing-direction_67 [Accessed: October 1, 2014].

World Bank. (2004) *Trade Policies in South Asia*. Report No. 29949. Washington, DC: World Bank Poverty Reduction and Economic Management Unit South Asia Region.

World Bank. (2014) *World Development Indicators*. [Online] Available from: http://data.worldbank.org/data-catalog/world-development-indicators [Accessed: June 5, 2014].

WTO. (2000) *Trade Policy Review: Bangladesh*. Trade Policy Review Body. WT/TPR/S/68. Report by the WTO Secretariat. Geneva: World Trade Organization.

15

INTERNATIONAL LABOR MIGRATION AND REMITTANCE

Tasneem Siddiqui

Bangladesh has participated in the international short-term labor market as one of the major labor-sending countries since the mid-1970s. Gulf and other Arab countries and some of the Southeast Asian countries are major destinations of Bangladeshi workers. The total number of Bangladeshi workers who have participated in this labor market for short-term employment now stands at more than 90 million, with a steep increase in numbers since 2000. Remittances sent by the migrants, skills attained during migration and the growing interpersonal networks of migrants play a major role in reducing poverty and enhancing the development of Bangladesh. This chapter provides an understanding of the developmental outcomes of migration on the country's local and national economies.

In this chapter labor migrants are defined on the basis of the UN International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (1990). It defines a migrant worker as 'a person who had been employed, is employed or going to be employed in a country of which he or she is not a national'. International remittances are defined as the portion of migrant workers' earnings sent back from the country of employment to the country of origin (ILO, 2000).

Voluntary labor migration has been a significant factor in the growth and development of many countries. In 2013, 232 million people were living outside their countries of origin (United Nations, 2013). The World Bank estimates that remittances totaled $582 billion in 2014, $435 billion of which went to developing countries (World Bank, 2015). It is now generally understood that along with the financial flows, migration also leads to transfer of ideas, skills and knowledge; allows connectivity; creates interpersonal links; and contributes to the economic development of both destination and origin countries. Migration has been included as one of the important development tools in the post-2015 sustainable development agenda framed by the UN General Assembly in September 2014.

Nature and extent of labor migration

Bangladesh has a long history of labor migration. Migration linked to trade and spread of religion was a common experience of those residing in the territory that now constitutes Bangladesh. In the early 1940s, work on British merchant ships offered a new opportunity of

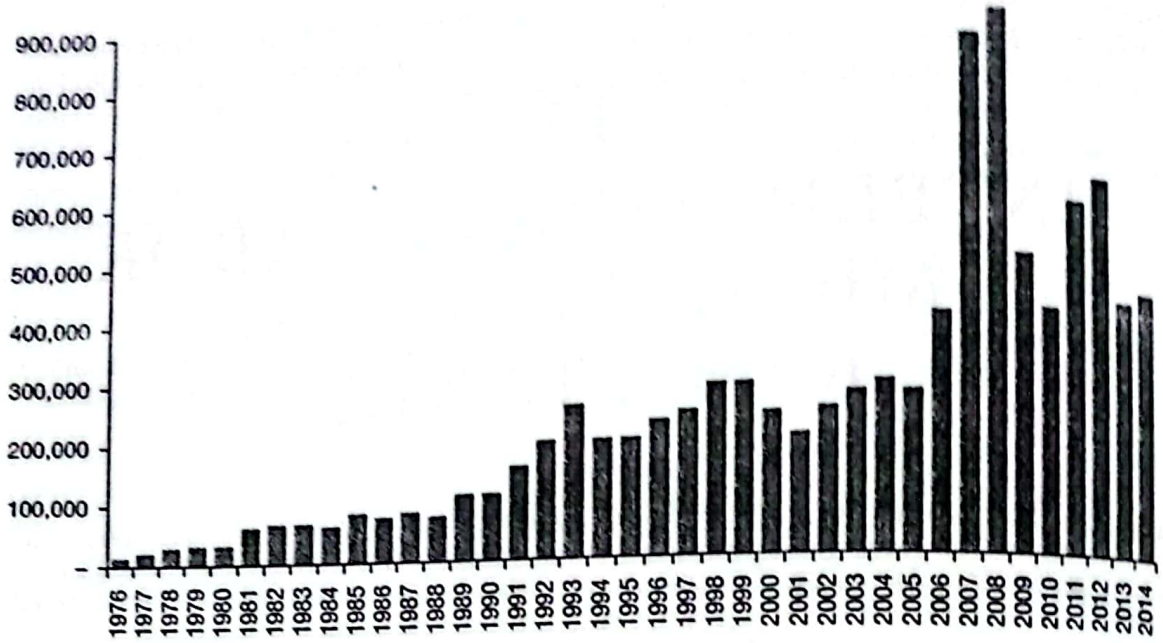

Figure 15.1 Labor migration, 1976–2014 (source: RMMRU, 2014)

migration for Bangladeshis. The migration route has taken various twists and turns since then, but voyages beyond borders in search of a better life and livelihood still continue to be a major feature of Bangladeshi society and economy.

The present form of contractual labor migration began in the 1970s to cater to the labor needs of the Gulf countries and later to the countries of Southeast Asia. The foremost characteristic of this type of migration is its short duration and presence of specific job contracts. Almost all of those who participate in this labor market have to return home on completion of their contracts.

According to the Bureau of Manpower Employment and Training (BMET), from 1976 to 2014, more than nine million Bangladeshis went abroad as short-term contract migrants. Figure 15.1 captures the growth of official labor migration over the last 38 years. The graph indicates that in 1976 the flow from Bangladesh was less than 10,000. By 2008 it reached its peak of 800,000. Since then the migration figure has not picked up in a major way. In 2011 a total of 568,062 people migrated. Compared to 2011, 2012 experienced 6.99 percent growth whereas in 2013 migration decreased 32.67 percent. In 2014, it increased slightly with 3.85 percent on the previous year. There is no figure on return migration.

For a long time Bangladeshi migrants were predominantly male. A handful of women did migrate, but they were predominantly professionals, holding positions as doctors, nurses and teachers. The migration of semi-skilled and less-skilled female workers is a new phenomenon in Bangladesh. Their share has risen consistently since the lifting of protective restrictions by the government in 2003. Between 1991 and 2000, female migrants made up less than 1 percent of the total flow. This contrasts sharply with 2014, when female migrants constituted 18 percent of total flows (Siddiqui and Anas, 2015). Growth of female migration reflects both the real increase in the number of female migrants and the decrease in the flow of male migration in that year.

Traditionally, labor migrants from Bangladesh have predominantly migrated to the Gulf and other Arab countries. Since the mid-1990s, Southeast Asia has also become an important destination for Bangladeshi migrants. From 1999 to 2004, Saudi Arabia received 60 to 70 percent

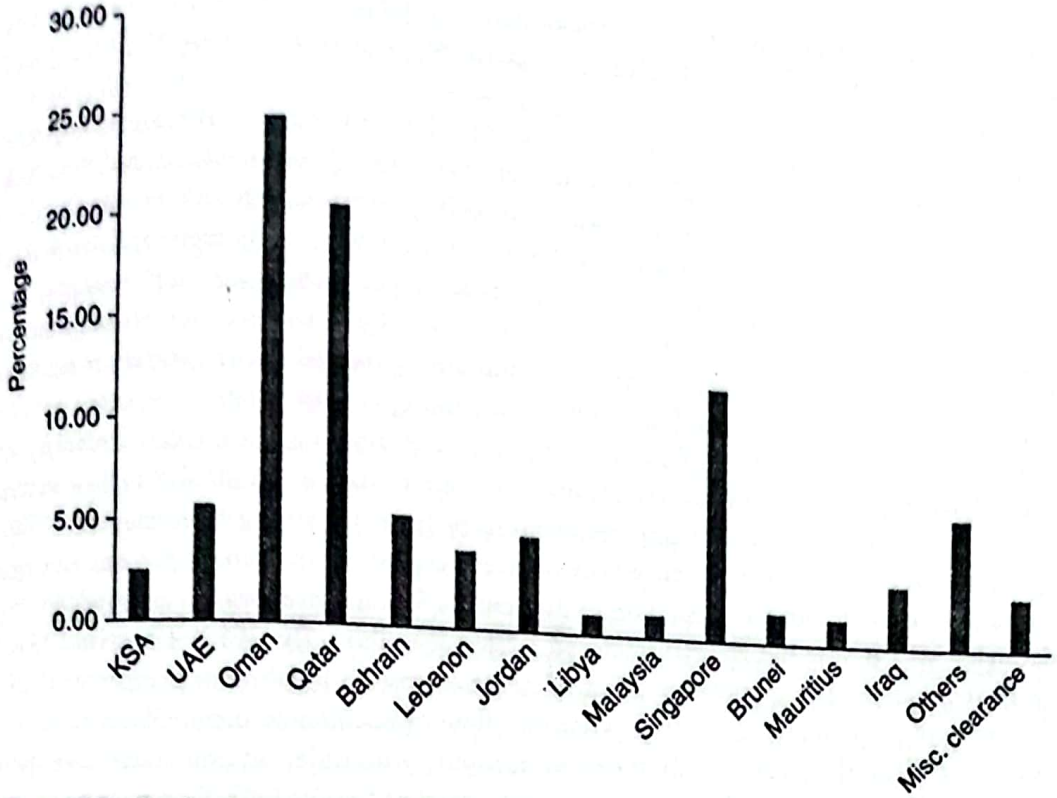

Figure 15.2 Destination countries of Bangladeshi migrant workers in 2014 (source: RMMRU, 2014)

of Bangladeshi migrants. Since then migration to Saudi Arabia has gradually fallen. For the last couple of years less than 2 percent of workers have migrated to that country. Migration to the United Arab Emirates (UAE) has constantly been growing since 2001. In 2011 49.77 percent of the total Bangladeshi workers went to the UAE. In September 2012, the UAE government placed a ban on the entry of further Bangladeshi workers to that country. In 2014, Oman attracted the highest number of Bangladeshi migrants (24.84 percent). Qatar was the second highest migrant-receiving country for Bangladesh in 2014, and 14 percent of the workers went to Singapore last year. Despite high expectations for increased flows to Malaysia under the government to government (G2G) accord, only a handful of people could migrate due to ensuing complications in the implementation of the accord. Singapore received the third highest number of labor migrants, with 54,750 workers in the same year. Figure 15.2 offers a breakdown of the distribution of migration from Bangladesh among receiving countries.

The Gulf and other Arab countries are also the major receivers of female migrants from Bangladesh. In 2014 the UAE was the single most important destination for Bangladeshi female migrant workers, receiving 30.54 percent of the total female migrant workers. Jordan (26.49 percent) is the second highest female migrant receiving country, followed by Lebanon (15.77 percent), Oman (15.24 percent), Qatar (8.43 percent) and Mauritius (2.39 percent). Female migrant workers have doubled in Oman and Qatar compared to the previous year. Since 2013, a good number of female workers have migrated to less frequent destination countries like Singapore, Hong Kong and Mauritius.

While Bangladesh is divided into 64 administrative districts, it is interesting to note that the majority of the migrants originate from only five districts. These are Comilla, Chittagong, Dhaka, Tangail and Bramanbaria. These districts account for 40 percent of the total migrants, of which Comilla tops the list at 11.48 percent. The Global Household Survey (Mahmood and Siddiqui, 2014) shows that there is a correlation between the destination and source areas. The majority of migrants from Chittagong and Comilla migrate to the Gulf. Migrants from

Dhaka and Tangail mostly migrate to Southeast Asian countries. It appears that social networks as well as the operation of informal *dalals* (sub-agents) result in chain migration from source to destination areas.

Migration from Bangladesh also varies according to skill composition. Breakdown of migration flows according to the categories of professional, skilled, semi-skilled and less-skilled between 1976 and 2014 shows that less-skilled workers constituted the largest percentage of migrants from Bangladesh at 50 percent, followed by skilled at 31.35 percent and semi-skilled at 15.07 percent. Only 2.42 percent were of the professional category. A continuing issue of concern is the falling percentage of skilled workers: in 2014, the share of skilled migrants was 45.43 percent. Bangladesh has not experienced the rise in skilled labor migration that took place in the case of other labor-sending countries operating in similar labor markets.

Over the years, the remittance flow to Bangladesh has grown significantly. Currently it is the seventh largest recipient of the international flow of remittances. In 2012 Bangladesh alone accounted for 44 percent of the remittances received by least-developed countries (UNCTAD, 2012). Up to 2011 the annual remittance flow on average grew more than 10 percent. In certain years its annual growth rate accelerated up to 30 percent. Remittance records are available from 1976, during which year the country received US$23.7 million. By 2012, it received US$14 billion in remittances. The cumulative effect of negative growth in labor migration resulted in negative growth of remittances in 2013, when the flow of remittance dropped 2.3 percent in comparison to 2012. But in 2014, it increased significantly with different policy initiatives taken by Bangladesh Bank. This year Bangladesh received a total of US$14.94 billion in remittances.

Traditionally, 50 to 60 percent of remittances came from Saudi Arabia. Since the fiscal year 2008–2009, however, this share has fallen to less than 30 percent. Saudi Arabia remains the single largest remittance source country for Bangladesh, followed by the UAE (19.22 percent), the United States (14.83 percent), Kuwait (8.21 percent), Malaysia (7.22 percent) and the United Kingdom (6.59 percent). Although remittance data places the United States as the third largest remittance-sending country, in actuality it is not. The third position of the United States is due to the fact that remittances are routed to Bangladesh from different countries by the central bank of Bangladesh via the United States. Gender-segregated data are not available.

The role of remittance in the national economy

A cross-country study of 71 developing countries found that a 10 percent increase in official international remittances per capita will lead to a 3.5 percent decline in the share of people living in poverty (Adams and Page, 2005). Evidence from Latin America, East, West and South Africa, South Asia and other regions suggests that remittances reduce the depth and severity of poverty (Ratha *et al.*, 2011). This section concentrates on identifying the role of migration and remittances on the national economy of Bangladesh. This is done by looking at the influence of remittances on macroeconomic indicators and employment generation.

Bangladesh is a small deltaic country of 147,570 km² with a population of 165 million. During the initial years of its independence the country was termed a 'bottomless basket' by its development partners. However, over the last four decades it has been successful in changing its image from the 'test case of development' to one of the new-wave economies of the world, or as one of the next 11 countries with the potential to become one of the world's largest economies in the twenty-first century. The country has demonstrated major success in reducing maternal death and child mortality, increasing school enrollment of girls, etc. In 2010, the World Bank and International Monetary Fund counted Bangladesh as one of the fastest GDP growth countries of the twenty-first century and JP Morgan termed it as one of the frontier five economies

It is expected to become a middle-income country by 2020, even at the current rate of 5 to 6 percent GDP growth. An important driver for positive changes is the vast reservoir of human resources for national and international markets.

Experts have identified three main economic sectors that have contributed to the economic and social development of Bangladesh. These are garment manufacturing, services and labor migration (Rahman, 2010). In 2010, flows of incoming remittances were almost 12 times higher than foreign direct investment to the country and six times higher than total foreign aid received. The remittances sent by the migrants are equivalent to 11 percent of the GDP of the country. As early as the mid-1980s the steady flow of remittances was identified as the external source of finance that would resolve the long-standing problem of foreign exchange constraints, negative balance of payments and poor supply of national savings (Quibria, 1986). For nine years in a row Bangladesh has been able to maintain a surplus current account balance mostly due to the steady inflow of remittances. The current reserve of the country is US$20 billion (Bangladesh Bank, 2014). More than half of this foreign exchange reserve is derived from migrants' remittances.

The creation of employment for its working-age population is a major task for successive governments. Each year around 1,700,000 youths reach working age. However, annually the formal sector can only create 200,000 new jobs within the country. The rest have to find jobs in the informal sector, become self-employed or remain underemployed. In comparison to local-level employment opportunities, around 600,000 to 700,000 jobs are secured through foreign employment. Therefore, foreign employment has a major role in relieving the pressure to create work at home for the working-age population (Siddiqui, 2006).

The migration of workers has also created jobs indirectly. A separate ministry, the BMET office, 48 district employment and manpower offices and 37 technical training centers are the major public-sector agencies whose job is to manage migration. The movement of migrants not only created jobs for line ministries and agencies, it also accelerated the working areas and size of a few other ministries, i.e., the Ministry of Civil Aviation, and the Customs and Immigration Department of the Home Ministry. To process recruitment, a powerful private sector has emerged. Currently there are more than 800 licensed recruiting agencies in Bangladesh. Travel agencies, medical centers and public and private inter-district transport companies all became viable because of migrant customers. The operation of various airlines has also increased.

Impact of migration on migrants and their families

Most of the research conducted on the impact of migration concentrates on the economic and social gains of migrants and their families. A review of the recent literature (Siddiqui, 2012) on South Asia, Southeast Asia and eastern and southern Africa found that through migration, a large number of unemployed and underemployed workers found meaningful employment. Male migrants from Bangladesh mostly find jobs in the unskilled sector such as welding, construction, sales, driving and gardening, and as general laborers. Women mostly find jobs as domestic workers and a small number in garments and other manufacturing sectors. Migration has increased their income level. The World Bank (2012) finds that on average the earnings of international migrants are US$309 per month while the International Organization for Migration (IOM) and Bangladesh Bank (2009) found that the bottom half of migrants earned less than US$148 per month. Afsar (2009) compared the wage rate of Bangladeshi low-skilled workers with that of other labor-sending countries and found that Bangladeshis were earning the least. However, they earned more than what they would have earned in Bangladesh. Other studies, of course, have highlighted the fact that such earnings should be viewed in the context of fewer rights

in the workplace, poor work and living conditions as well as health risks (Siddiqui, 2006). In the case of female migrants, long working hours, restriction on movements, unprotected living arrangements, mistreatment and abuse also need to be factored in while assessing an individual's gains from migration.

A major beneficiary of overseas employment of workers is the family left behind. Migrant remittances are treated as one of the most valuable inputs to family income. Evidence is emerging that shows that migration of family members not only increases household income but also acts as insurance during unforeseen situations (Siddiqui and Mahmood, 2014). Sharma and Zaman's survey (2009) found the mean annual remittance size of international migrants to be US$1,500 annually. The IOM–Bangladesh Bank study (2009) found that household income increased 1.5 times due to flow of remittances. A few studies have found that the poverty level of migrant households is lower than non-migrant households. Sharma and Zaman's study, based on an analysis of the 2010 HIES survey, showed that poverty headcount rates of remittance-receiving households in Bangladesh are 61 percent lower than poverty headcount rates of households that do not receive remittances. Only 13 percent of the remittance-receiving households were in a below-poverty situation in 2010 compared to 33.6 percent of non-receiving households. Of course, remittance-receiving families may have been in less poor economic condition to begin with.

Siddiqui (2001) found that international migration created both positive and negative outcomes for children's education. In some cases it is associated with increased enrollment of children of migrant households, and in other cases the school performance of children deteriorated after the migration of a parent. Similarly, migration both empowered as well as disempowered wives in the absence of their male spouses. In the absence of the husband in some families, women became the head of the household and their decision-making autonomy increased (Akram and Karim, 2005). On the other hand, in cases of extended families with the presence of in-laws, wives' movements were restricted.

Impact of migration on local economies and communities

Siddiqui and Mahmood (2014) found that non-migrant members of migrant families and returned migrants contribute more compared to non-migrant families in modernizing agriculture by using mechanized equipment, high-quality seeds and insecticide and ensuring adequate irrigation. They have shown that compared to non-migrant families, the migrant families contribute more to the rejuvenation of rural economies through the production of cash crops, fisheries, etc. On top of this, through their improved purchasing power they directly influence the rural market place. A World Bank study (2012) found that both internal and international migration stimulates the local economy, even if remittances are not directly invested by families. It enhances development of the local market through consumption.

Migration also contributes to community development. The 'left behind community' constitutes an important part of the self-identity of migrants. Migrants individually or as a group organize support for community members experiencing misfortunes such as sudden death and illness. Siddiqui and Mahmood (2014) found that migrants contribute to their religious institutions, such as mosques, madrasas, temples and orphanages, and support Haj for elderly family members. Through formal and informal scholarship programs they support the education of poor students. They also donate books to school libraries, support the regular maintenance of graveyards and construction of link roads, etc. Such contributions have received institutional shape in the case of the Bangladeshi diaspora in the United Kingdom and United States. They mobilize support for their communities through their home town associations and professional bodies. Philanthropy and charity are extremely important as they target the poorest of the poor

in a community. Therefore in the absence of social security measures by the state, these support systems function as a safety net for the poor.

Governance challenges

Since the early 2000s successive governments in Bangladesh have undertaken various measures at the national and international levels to improve the governance of the migration sector. In 2001 the then government created the Ministry of Expatriates' Welfare and Overseas Employment. The new ministry lifted restrictions on female labor migration in 2003. In 2006 it enacted the Overseas Employment Policy. In order to reduce fraud in the labor-migration process, it institutionalized an online registration system for workers. To provide services in the destination countries it increased the number of labor attachés in various missions of the country. Most importantly, in 2013 it replaced the 1982 Emigration Ordinance by enacting a new law entitled the Overseas Employment and Migration Act 2013. Currently, it is in the process of reforming the 2006 Overseas Employment Policy. With the aim of reducing the cost of migration it successfully negotiated a G2G bilateral agreement with Malaysia on labor recruitment. The central bank of Bangladesh also initiated major reforms. Over the years, it has ensured speed in remittance transfer as well as access to services at the doorstep of migrants by engagement with money transfer agencies, non-governmental organizations and mobile networks.

Nonetheless, labor migration is an extremely complex process. Within the country it requires commitment and determination to offset the challenges posed by forces that are engaged in corruption and are opposed to policy change. It also requires efficient negotiation skills with the governments of receiving countries liaising with employers and private recruiting agencies in those countries. The following is a discussion of the major challenges that Bangladesh needs to resolve to protect its workers in destination countries.

The cost of migration is very high for South Asian countries in general, and is highest in the case of Bangladesh. Afsar's research (2009), based on 60 interviews with returnee workers, showed that the average cost of male migration was US$1,980, and for women it was US$857. The Household Remittance Survey 2009 of the IOM indicates that migrants on average spent US$2,738 when they migrated to the Middle East. RMMRU's survey of 10,000 Bangladeshi workers repatriated from Libya (2011) found that 74 percent of them paid between US$2,740 and US$4,110 in migration costs.

Siddiqui (2011) found that the cost of male migration to Saudi Arabia reached its peak in 2011 and ranged from US$4,000 to US$5,400. Migration costs for the UAE, Oman and Libya again ranges from US$2,700 to US$3,400. In Bahrain and Qatar it is around US$2,700. Compared to male migration, the cost for female migration is much less. According to a government functionary, in the UAE the cost for female migrants varies from US$270 to US$950; in Lebanon it varies from US$400 to US$1,000. The cost of migration varies significantly on the basis of skill category. Unskilled workers pay more compared to skilled workers. According to the Bangladesh Association for International Recruiting Agencies, a skilled migrant pays 30 percent less than an unskilled worker. In recent multilateral forums like the Global Forum on Migration and Development, the Abu Dhabi Process and the Colombo Process, the high cost of migration has been identified by some origin and destination countries as one of the major hindrances in ensuring protection for migrant workers.

One of the major problems of Bangladesh is that it sends workers to only a few countries. Traditionally, Saudi Arabia used to take more than 50 percent of Bangladeshi workers. After that Malaysia became the major destination, followed by the UAE. Currently, it is Oman. After a

certain point, these countries did not want to take workers from Bangladesh as they wanted to diversify their source countries. Kuwait, Saudi Arabia and the UAE have imposed restrictions on the migration of Bangladeshi workers to their respective countries. It was expected that a large number of migrants would find work in Malaysia after the signing of the G2G agreement. But over the last two years only 4,500 workers have been able to migrate to that country. However, restriction on formal migration creates scope for movements through irregular channels. In recent times, incidents of death en route and detention on arrival have registered an increase in the number of Bangladeshis. It is extremely difficult for the government of Bangladesh to address the problem of irregular migration as transnational crime syndicates are involved in such flows.

Since the 1950s labor migration has been managed in Gulf countries under the *Kafala* (sponsor) system. Individual countries use some variations on this system. The *Kafala* system derives from the Bedouin principle of hospitality that imposes obligations in the treatment and protection of foreign workers (Khan and Harroff-Tavel, 2011). *Kafils* are meant to pay the placement fee, if any, to the government, air ticket for the worker, commission to the recruiting agency if employed and the cost of a medical check-up. But large numbers of *Kafils* have transformed the system into an avenue to earn money. In Saudi Arabia, an Arab citizen can employ eight people in his house as driver, gardener, cook, etc. Sub-agents in Gulf countries buy or manage such visas from Arab citizens, then sell them back home.

In most of the Gulf countries, the Ministries of Labor issue employment permits. These permits issued by the governments are, on many occasions, illegally sold to different agents and sub-agents in that country. The recruiting agencies/large-scale brokers in the destination countries buy those employment permits with partial payment of placement fees. The recruiting agents or sub-agents immediately make a huge profit. The second tier of intermediary, who could be a local of another nationality, then sells those visas to the highest-bidding recruiting agencies in the country of origin. There is evidence of third and fourth tiers of intermediaries.

Shah (2008) provides some evidence of visa trading in some of the GCC countries. She quoted the Saudi Minister of Labor, who acknowledged that 70 percent of the visas issued by the government are sold on the black market and his government was determined to crack down on this. The Bahraini Minister of Labor and Social Affairs regretted that the practice of visa trading has plagued the Bahraini job market for the last 20 years. As early as 1997 the Kuwait Human Development Report identified the presence of visa trading as one of the factors that promoted the influx of foreign workers in Kuwait and advocated curbing the practice.

Contract substitution is another right-curtailing measure practiced by some employers. In this case the workers are made to sign a second contract with reduced wages and living and working conditions once they reach the country of destination. On some occasions, workers are given a different job than that stipulated in the contract. In Malaysia some of the workers end up working on plantations while their original contracts were to work in factories. In Saudi Arabia workers are often hired as cooks and security guards, and are then sent to work as agricultural laborers. Because of extreme hardship, a good number flee these jobs to seek other types of employment. As they desert the jobs for which they had obtained visas, they become undocumented workers, vulnerable to other forms of hardship including jail and deportation.

Although there exist country-wise wage differentials, there is a trend of paying less than minimum wage to the workers. Women are paid less than men in similar types of work in the garments sectors of the UAE, Kuwait, Qatar and Bahrain. Studies on Bahrain, Kuwait, Lebanon and the UAE show that the average working hours of domestic workers per week is over 100 hours, which is more than double the standard 40–48 hours per week (Esim and Smith, 2004). The

International Labour Organization highlights that 50 percent of domestic workers in Kuwait, Bahrain and the UAE alleged physical, verbal or sexual abuse (Esim and Smith, 2004).

To reduce the scope of job change, the employers withhold all forms of documentation such as job contracts, travel documents and passports from the migrant workers. In their negotiations with the origin countries, the receiving countries ensure that the occupational mobility of the laborers is minimal. Under such circumstances the workers' power to negotiate in the labor market becomes restricted. Workers who do not have documents have major problems seeking legal redress when the conditions of their contracts are not honored by employers.

The lack of possession of documents also curtails workers' rights to move freely in their places of employment. Particularly in Malaysia, workers are harassed routinely by law enforcement agencies. They are under pressure to produce identification documents whenever they are demanded. The movement of domestic workers in Bahrain, Kuwait, Lebanon and the UAE is strictly controlled. Restrictions include lack of access to telephone, receiving and sending correspondence, and social isolation from other domestic workers or friends.

Conclusion

International migration plays a key role in the development discourse of Bangladesh. At the macro level it supports the country by ensuring a steady supply of much-needed foreign exchange. It eases pressure on the government for employment creation. Although migration ensures better income and reduces the poverty level of migrant households, the economic and social costs of migration are heavily borne by migrants and their families. The contribution of migrants' remittance in agricultural and enterprise development as well as its influence on local markets through consumption has been highlighted. Migrants' support to disadvantaged members of the community in many instances works as social security for those who cannot access state support. However, robust data are required to understand the impact of migration on poverty and local-level development.

Successive governments have taken positive steps to establish good governance in this sector and identified challenges that the government and civil society have to meet to protect workers abroad. Incorporation of migration in the ten-year perspective plan of Bangladesh may further enhance the developmental potential of migration. Fraud within the country and irregular migration flows remain a significant challenge to ensuring better rights for those who migrate.

Protection of the increasing numbers of female migrants, particularly those who work as homebound domestic workers, is another challenge for the government of Bangladesh and its civil society. Collaboration with other labor-sending countries may help to establish common minimum standards, including costs of migration and wage rates, and ensure the safety of female workers.

References

Adams, R. H. and Page, J. (2005) Do International Migration and Remittances Reduce Poverty in Developing Countries? *World Development*. 33 (10). pp.1645–1669.

Afsar, R. (2009) *Unveiling the Viscous Cycle of Recruitment: Labor Migration from Bangladesh to the Gulf States*. ILO Working Chapter No. 63. Dhaka: International Labour Organization.

Akram, S. and Karim, R. (2005) *Impact of Migration on Left Behind Wives*. Dhaka: Bangladesh Freedom Foundation.

Bangladesh Bank. (2014) *International Reserve*. [Online] Available from: www.bb.org.bd/econdata/intreserve [Accessed: June 22, 2014].

16
URBANIZATION

A. K. M. Riaz Uddin

The role of cities in enhancing economic growth has inspired pro-urbanization policies in many less developed countries including Bangladesh. Major factors favoring the demographic shift toward rapid urbanization include economic efficiency due to the agglomeration benefits of cities, surplus labor due to the productivity rise in agriculture, enhanced value in urban industrial and service sectors vis-à-vis rural agriculture and people's preference for urban amenities. However, due to the diversity and magnitude of unaddressed social and environmental issues, urbanization falls short of being an adequate marker of progress by itself. Urban primacy with a disproportionately high concentration of population in Dhaka, market failure stemming from inadequate state mechanisms, pressures of the global economy, the disconnection of common citizens from urban management decisions and inadequate understanding of emerging urbanism top the chart of major obstacles in this regard. This chapter presents a brief overview of the history, current state and future potential and challenges of urbanization in Bangladesh.

In the global context, 3 out of 500 major urban agglomerations are in Bangladesh, namely Dhaka (16th with a population of 17.1 million), Chittagong (96th with 4.45 million) and Khulna (490th with 1.07 million). Notably, while the population of Chittagong and Khulna has grown by 16 and 17 times, respectively, since 1950, that of Dhaka has increased by 52 times (Based on Brinkhoff, 2015; World Urbanization Prospect, 2015). Thus Dhaka's emergence as a megacity and the magnitude of its growth occurred at the expense of small and medium-sized urban agglomerations, leading to a skewed urban system in Bangladesh. However, one has to note that part of the growth of Dhaka as a city is also attributable to the spatial expansion of city boundaries. This disproportionate growth has its ramifications and causal links with many aspects ranging from urban governance, poverty and planning to urban amenities, livability and social capital. The graphs in Figure 16.1 show the relative growth of the ten largest urban agglomerations (as at 2014) of Bangladesh since 1950,[1] which demonstrate the unattended shift toward urban primacy in this period.

Major historical determinants

The current urban landscape of Bangladesh bears the marks of notable historic events. Major events along the temporal trajectory in shaping the urban system of the region, now known as

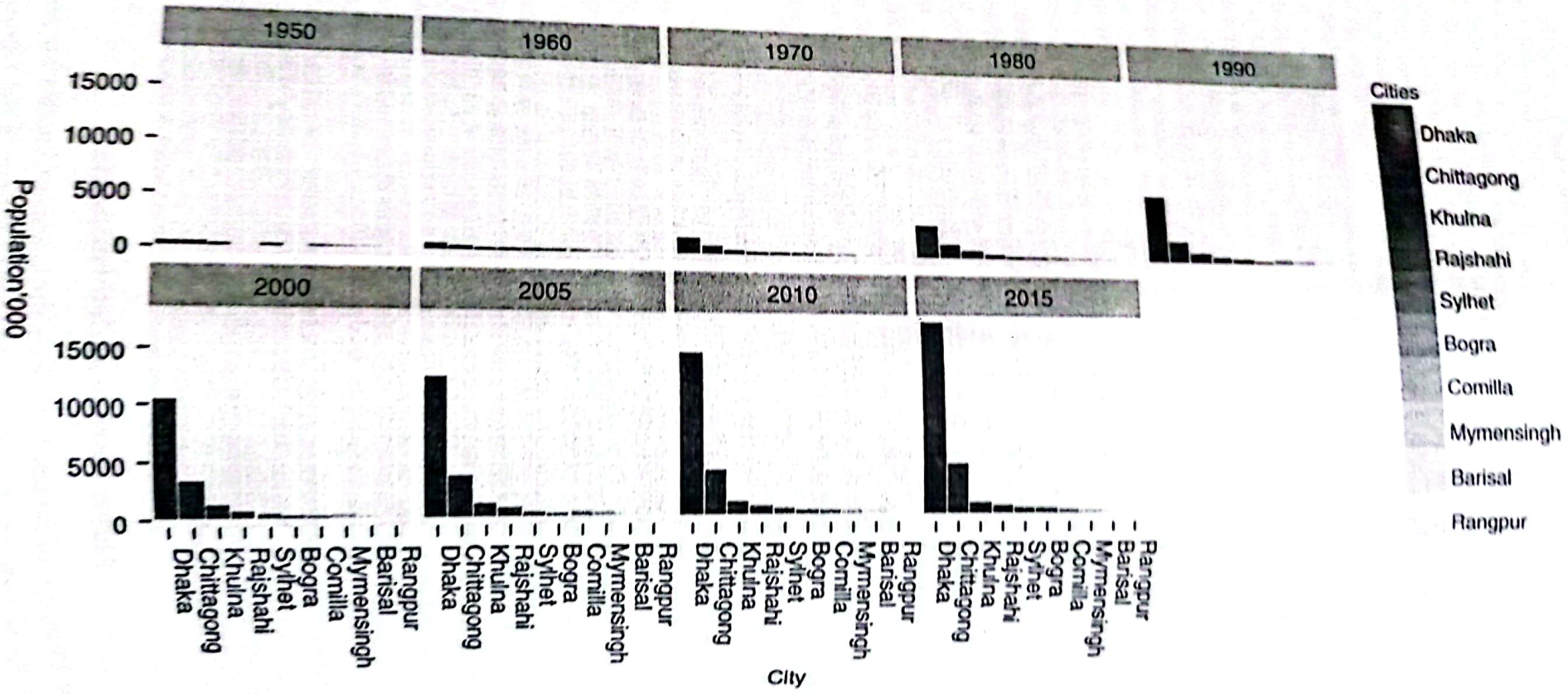

Figure 16.1 Comparative growth in the ten largest urban agglomerations, 1950–2015

Bangladesh, can be summarized in terms of the six phases described below (see Bagchi, 1976; Kemper, 1989; Ahmed, 2010).

Pre-Mughal period: The historic precursor of the urban settlement rested on the indigenous settlement on the Jamuna–Brahmaputra–Padma and Meghna rivers and later penetration by travelers and conquerors such as the Aryans, Mongolians, Arabs, Persians, Turks and Afghans.

Mughal period: The capture of Bengal by Mohammed Khilji in 1199 made way for the Mughal period and Bengal came under the control of the Delhi Sultanate. Bengal succeeded in retaining regional independence within the Mughal Empire. Later Akbar's son Jahangir founded the city of Dhaka in 1608, thus initiating a vibrant urban life in Bengal.

Foreign traders intervention: From the early sixteenth to the mid-seventeenth century, Portuguese and British traders' efforts to settle in Bengal were thwarted by Bengali opposition to foreign economic intervention, with the exception of a British trading 'factory' in Calcutta.

British colonial period (1757–1947): The British conquest in the battle of Plassey in 1757 started the 190-year British colonial period in this region. From the outset Bengali prominence gradually declined, and the loss of importance of Dhaka in favor of Calcutta converted Dhaka as well as the whole of Bangladesh into a hinterland of industrial commercial agglomeration around Calcutta. Despite British involvement, the advent of the industrial revolution did not reach Bengal.

From Partition to War of Liberation (1947–1971): The partition divided Bengal into two parts along religious lines. The Muslim-majority region fell into East Pakistan, administered through Dhaka but under the coercive and exploitative political and economic control of West Pakistan. The sequence of events that induced discriminatory controls led to a bloody war in 1971 that ended in the independence of Bangladesh on December 16, 1971.

Post-independence (1971–): The legacy of a long colonial past, the destruction of the 1971 War of Liberation and concomitant genocidal attacks produced a broken economy destined to external dependence. However, the unitary form of government, lack of spatially based policy and trade liberalization in a globalized economy gave rise to a Dhaka-oriented migration causing rapid urbanization and primacy in the subsequent period.

Important demographic trends and patterns

While the gradual growth of the urban population is well appreciated, the relative growth over time can reveal how it has fluctuated (Table 16.1). For a more detailed, regionally disaggregated trend of urbanization, see Rouf and Jahan (2007). It is evident in Table 16.1 that the rate of urbanization was highest during 1960s and 1970s, and slowed to modest rates in the 2000s.

The dominance of Dhaka as an urban agglomeration has grown very fast in recent decades and projections suggest that the dominance will continue to grow in the coming years, suggesting that Dhaka will continue to absorb and accommodate significant shares of the new urban population over the coming decades. Evidently, a major source of urbanization is through migration. Migration patterns suggest that the majority of migration is rural to urban migration (85 percent) followed by urban to urban (7 percent), rural to rural (6 percent) and urban to rural (2 percent).[2] Estimates of the composition of urban residents in major cities reveal that the share of the migrant population is 84.6 percent for Dhaka, 68 percent for Chittagong and 50 percent for secondary towns.[3] Among the major attractors of urban migration in terms of stated purposes are: (1) 71 percent in Dhaka and Chittagong cite employment and 21 percent business, with a similar ratio applicable to secondary towns; (2) 23.3 percent in two major metropolitan cities cite children's education as an important reason; (3) 15.3 percent of Dhaka

Table 16.1 Level of urbanization and urban growth, 1901–2011

Census year (A)	*Total population (B)*	*Annual growth rate (%) (C)*	*Total urban population (D)*	*Urbanization level (%) (E)*	*Inter-census variation (F)*	*Inter-census variation (%) (G)*	*Annual growth rate (%) (H)*
1901	28,927,786	1.61	702,035	2.43	165,035	30.73	2.72
1911	31,555,056	0.87	807,024	2.56	104,989	14.95	1.40
1921	33,254,096	0.53	878,480	2.64	71,456	8.85	0.85
1931	35,604,170	0.69	1,073,489	3.02	195,009	22.20	2.02
1941	41,997,297	1.67	1,537,244	3.66	463,755	43.20	3.66
1951	42,062,610	0.02	1,819,773	4.33	282,529	18.38	1.70
1961	50,840,235	1.91	2,640,726	5.19	820,953	45.11	3.79
1974	71,479,071	2.66	6,273,602	8.78	3,632,876	137.57	6.88
1981	87,120,119	2.87	13,535,963	15.54	7,262,361	115.76	11.61
1991	106,315,000	2.01	22,455,174	21.12	8,919,211	65.89	5.19
2001	124,355,000	1.58	28,605,200	23.00	6,150,026	27.39	2.45
2009	146,670,000	2.08	37,520,000	25.51	8,814,800	30.82	3.41

Source: Columns B and D from BBS as in Jahan (2012); others are calculated by the author.

and Chittagong residents are student migrants; (4) the lure of city life is strongest for Dhaka and Chittagong at 22.3 percent and weakest for smaller towns at 13 percent; (5) distress-induced migrants are 11 percent in metropolitan Dhaka and Chittagong and 8.3 and 6.6 percent in the larger and smaller district towns respectively (Rahman, 2011, p.7).

Local and regional economy

The key driver of the urban revolution is economic force. Hence a comprehensive view of the economic processes that produce the urban reality and the consequent feedback of urbanization itself needs to be examined carefully if not critically. Economic globalization and the consequent reshuffling of production activities across the globe found cheap labor in places like Bangladesh and gave rise to a new entrepreneurial culture that dominates the political economic reasoning and forces that shape migration and urbanization. This concomitant shift has found an unprepared urban governance structure in Bangladesh that is customary in a weak state, and the later crystallization of a profit-laden political dynamics made people-oriented planning difficult. The concentration of manufacturing (LQ = 1.5) and the construction industry (LQ = 2.19) in Dhaka, measured by the Location Quotient (LQ) method, is testimony to this pattern.[4] Using this measure, Choe and Roberts (2011) identify major high-concentration (LQ > 1) sectors to be public administration and defense (1.61) and electricity, gas and water supply (1.37).

The manufacturing sector, especially ready-made garments (RMG), caters to an international market. The real estate sector feeds the accentuated demand in the housing market that is presumably a ripple effect of manufacturing growth based in Dhaka, among other traditional factors of urbanization. As a result of export-led policy and the subsequent adaptation of the local market to global economic linkages, the trade to GDP ratio of Bangladesh's economy has increased from 14.5 percent in 1973–1975 to a phenomenal 55.9 percent during 2011–2013.[5] The productivity advantage of urban manufacturing in terms of economies of

Table 16.2 Incidence of poverty in the divisions of Bangladesh, 2005–2010 (headcount ratio, HCR)

Division	2005			2010		
	Total	*Urban*	*Rural*	*Total*	*Urban*	*Rural*
National	40	28.4	43.8	31.5	21.3	35.2
Barisal	52	40.4	54.1	39.4	39.9	39.2
Chittagong	34	27.8	36	26.2	11.8	31
Dhaka	32	20.2	39	30.5	18	38.8
Khulna	45.7	43.2	46.5	32.1	35.8	31
Rajshahi	51.2	45.2	52.3	35.7	30.7	36.6
Sylhet	33.8	18.6	36.1	28.1	15	30.5

Source: HIES (2005) and HIES (2010), as in Bangladesh. Planning Commission (2011).

scale is demonstrated in the distribution of firm sizes and employment in favor of large firms, with large firms employing 62 percent and small and micro firms 34.5 percent of the 1.17 million workers in Dhaka (Choe and Roberts, 2011, p.129). However, a detailed regionwide comparison shows that Dhaka is more competitive than any other city in Bangladesh but lags behind in international comparisons.

Urban poverty: the 'good', the 'bad' and the 'ugly'

Despite the productivity advantage of urban areas, the most significant driver of massive city-bound migration, urban economic growth is not commensurate with in-migration and urban poverty persists (Hossain, 2011, p.2). The distinctive character of urban poverty vis-à-vis rural poverty, the sustained trend of urban-bound migration and the threat of climate change-induced migration call for urban-specific poverty policies. Table 16.2 shows the regional distribution and temporal change of absolute urban poverty in comparison to its rural counterpart. As regards the relative measure, during the 1990s inequality in urban areas was on the rise and was also growing faster than its rural counterpart (Bangladesh. Planning Commission, 2005). However, the Sixth Five Year Plan (Bangladesh. Planning Commission, 2011) reported that rural inequality increased from 2000 to 2005 while urban inequality remained constant. The urban poor find their accommodation in slums and squatter settlements. The largest concentration of these settlements is found in Dhaka, where 30 percent of people live in slums, followed by Chittagong, Khulna and Rajshahi (see Jahan, 2012, for details).

Islam (2005) noted that the number of people migrating to Dhaka each year is around 550,000. The push factors, such as natural disaster, loss of employment and property and destitution, are fittingly supplemented by the powerful pull of a growing labor market associated with the industrial sector in Dhaka. Admittedly, this migration flow gives rise to Bangladesh's comparative advantage in international trade via cheap labor, a prime driver of export-oriented industrial development mostly in and around the capital and, to a much lesser extent, in other parts of Bangladesh. Starting with 12 members in 1978, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA, 2014) now has 4,222 member factories. Despite significant standardization in the manufacturing industry, job volatility and occasional wage insecurity is present. However, the relatively advantaged urban poor employed in the formal sector,[6] estimated at 10 percent of the urban population (Siddiqui *et al.*, 2010, p.211), get more political and media attention at the expense of their counterparts working in the volatile informal sector.

Other formal-sector constituents are hospital workers, hotel workers, salespersons, class-four employees, police and *ansars* (paramilitary). The major occupation in the productive 'informal sector' is rickshaw pullers, who significantly serve the demand for public transport in the cities. Beside them are *tokai* (street children), domestic servants and poor female household heads. This category is more prone to uncertainties, lack of recognition and humiliation in society. The third category is the 'underclass', comprising beggars, prostitutes and criminals who are mostly in the unproductive 'informal' section of the city. Both in society and in social science they are considered to be anathema. However, recently the definition of 'informal' has been contested and redefined (Roy, 2005). In Hall and Pfeiffer's (2000) view the informal sector is 'ungovernable', but as per De Soto (2000) it is 'people's spontaneous and creative response to the state's incapacity to satisfy the basic needs of the impoverished masses'. Hossain (2013) and Hackenbroch and Hossain (2012) are among notable studies on the political contestation for space and utilities in the context of Dhaka.

Governance, planning and institutions[7]

Since the inception of Bangladesh as an independent country, planning was exercised predominantly in a sector-based approach to suit the unitary form of government. Though the need for decentralization was repeatedly highlighted in policy documents such as the Five Year Plans and the PRSP, changes to the institutional frameworks in the subsequent decades favored the concentration of power. It is therefore not surprising that urbanization in Bangladesh over this period has happened at the expense of secondary and tertiary urban agglomerations as well as other major cities outside the capital Dhaka. Even for Dhaka, despite the recurrent outcry for a metropolitan government with adequate authority for decision making and integrating the activities of some 19 ministries and 51 government organizations that are directly involved in the administration and development of the city, the recent change conferred by the government divided the city into two jurisdictions such that the pre-existing power of the mayor has been further contracted (Liton and Hasan, 2011). Several factors act as deterrents to local-level economic development. In the case of major cities they are predominantly spatial and intuitional disintegration. In the case of smaller urban areas these include an array of issues such as power contestation between local government representatives and members of parliament, dependency on the national government for resources, limited reflection of local knowledge on needs and potentials in a sector-based national framework, and, due to ambiguity in the flow of resources, lack of interest among people in paying higher taxes.

During the British colonial period, East Bengal's decline in importance and the overarching commercial interest of the rulers precluded economic development and urbanization in this region. However, urban municipal management financed through municipal taxation, followed by contributions from government and urban elites, was carried out with the watchful contestation of educated urbanites and continuity of financial transparency (Ahmed, 2010). Two notable proposals, one by the Civil Surgeon of Dhaka, Dr. Cutcliffe, in 1968 and another by town planner Patrick Geddes in 1917 were not implemented.[8] However, the establishment of Dhaka Municipality in 1964 was a significant event that provided the institutional structure for the urban management of Dhaka. During the Pakistan era the first notable institutional measure was the formulation of the Building Construction Act 1952,[9] for prevention of the haphazard construction of buildings and excavation of tanks, the Town Improvement Act of 1953, which made way for the creation of the Dhaka Improvement Trust (DIT) in 1956 (to be later superseded by RAJUK), and the gradual creation of a number of development authorities for other major cities.[10] During the late 1950s, apart from local

political leaders, donor agencies, especially UNDP and the UNCHR, expressed an interest in assisting urban development in the Indian subcontinent. Consequently, master-plans were prepared for a number of big cities in India, erstwhile Pakistan and Sri Lanka during the late 1950s. Under this initiative the Dhaka (1959), Chittagong (1961) and Khulna (1966) Master-Plans came into existence.

As the disparate nature of the planning initiatives become more evident, the Urban Development Directorate (UDD) was formed in 1965 to fill the institutional void to address nationwide urban and regional planning. Decentralization of urban development attracted some attention during that period. The UDD later carried out a number of not-able master-plans, mostly outside Dhaka. After independence the emphasis on nationwide coordinated urban planning lost impetus. However, recently a draft Urban and Regional Planning Act 2014, proposed by the UDD, has been under consideration, which is expected to enhance a much-needed nationwide framework for planning.[11] Important master-plans prepared during the 1960s had attracted little attention and lost context after independence. Later the master-plans with a physical focus were replaced by a comprehensive three-tier structure plan following UK models, which resulted in a number of city plans including the Dhaka Metropolitan Development Plan (DMDP, 1995) for the period 1995–2015. The lowest tier of this plan, namely the Detailed Area Plan (DAP), offered an effective regulatory instrument for the government in development control. However, high land prices in Dhaka, the powerful interests of land developers and the large size of the construction industry based in Dhaka has made this a politically contested matter for Dhaka and also increasingly more so for other metropolitan areas.

Infrastructure and urban amenities

Dhaka, statistically the most popular destination of migration in Bangladesh, has occupied a deplorable position in noted quality of life comparisons.[12] If other cities and towns in Bangladesh fared better, people would 'vote with their feet' and concentrate elsewhere for a better life. This scorecard matches well with the institutional limitation described above. In view of the incredible pace at which urbanization happened after independence and the pressure it has created on pre-existing amenities, this is not surprising. Inadequacy in urban facilities persisted with some heterogeneity across different types of cities, despite significant improvements in technology, a steady increase in people's incomes and the increasing involvement of the private sector in urban service delivery. The steady growth of the partnership with the private sector over time to deal with the lack of public-sector resources led to a retreat of the state, on the one hand, and enhanced control of business interests in public goods provision, on the other. Table 16.3 summarizes the current status of housing, infrastructure and amenities in urban areas of Bangladesh.

Added to this is the heightened concern over the law and order situation related to urban living in the face of extrajudicial killings, enforced disappearances, political violence inflicted on common people and attacks on atheist writers that have claimed a number of lives in recent times.

Urban social transformation

In the historical time frame urban living is not new,[13] but the urbanization we are familiar with and the social reality produced by it is not old either. For Bangladesh, with delayed integration

Table 16.3 Status of major urban infrastructure and facilities

Type of service/infrastructure	*Status*
Housing	i NHP reported that the deficit of housing units was 3.1 million in 1993, 5 million in 2000, 6.2 million in 2010. For 2015 the number of required units for urban areas was estimated at 10 million (NHA, 2012). For a segment-wise analysis of urban housing market characteristics, see Ahmad (2015). ii As of 2001, 54.73% of urban houses had temporary structures, 23% had semi-permanent structures and 22% had permanent structures. However, these statistics have significantly improved in the subsequent years (Jahan, 2011). iii After the national adoption of export-led development strategy, public-sector investment in housing facilities for urban poor has diminished, and as such in Dhaka eviction, gentrification, densification have resulted in lower per capita floor space available for the urban poor (Ghafur, 2011).
Transportation	i The transportation network of Bangladesh has shown four major characteristics: namely (a) growth of road at the expense of rail and water transport, (b) increase of private automobile ownership due to favorable policies at the expense of public mass transit, (c) gradually higher dependence on private sector both in services, operation and infrastructure provision, (d) poor transportation safety, especially in road and inland water transport, reportedly claim an estimated 4,000 lives each year in these two modes.[a] ii In Dhaka, for instance, though strategic recommendation put more emphasis on traffic management, bus consolidation, mass rapid transit, safety improvement and pedestrian facility among other things (DTCB, 2005), public sector favors highway projects and flyovers that have had limited and mixed impacts on easing transport problem.
Water supply	According to various surveys, the majority of urban people in Bangladesh (70–80%) used tube well as the major source of drinking water, followed by supply water (20–30%). Three major metropolitan cities, namely Dhaka, Chittagong and Rajshahi, have daily water supply deficit of about 14%, 6% and 58% respectively (Jahan, 2011, pp.55–56).
Sanitation	The most common form of urban sanitation is simple latrine connected to septic tank system. Connection to the public sewage system is relatively rare. However, the basic service has increased from 32.4% in 1981 to 70.5% in 2002 (Jahan, 2011, p.56).
Solid waste management	An estimated 20,000 tons of solid and liquid waste is generated in 223 municipalities and towns per day with 0.5 kg/capita/day rate of waste generation (APO, 2007, p.25). As a city grows in prominence so does its proportion of uncollected solid waste. According to Bahauddin and Uddin (2012), waste collection efficiency in different urban areas varies from 37–70% with an average of 55%.
Electricity	Access to electricity in urban areas has increased from 75% in 1990 to 88% in 2010 (World Bank, 2015).

Note: [a]Estimated by the author based on Mahmud *et al.* (2013) and Azad (2009).

with industrial development owing to bottlenecks during colonial periods, the urban phenomenon created by mass rural to urban migration is more recent. Hence, urban social life in Bangladesh, with the strong influence of migrants' kinship and village network ties, cultural traditions and 'districtism', remains markedly underdeveloped (Siddiqui *et al.*, 2010). On the downside this has precluded the consolidation of a meritocracy, but on the other hand it has helped sustain the support systems needed for new migrants in the urban setting. Kuhn (2003) showed that migrants' social network capital in their destination has a significant role in reducing the uncertainties associated with migration and settling in new places. The gradual formation of urban social life and tensions across social classes have simultaneously created 'parallel cultures' and a class reflection in the artist community. Reflection of such crisis in the film industry is captured in the phrase the 'Manna factor' (Ahmed, 2008), and the spatial manifestation of this cultural middle space in the rural–urban continuum is termed by Hoek (2012) as the 'Mofussil Metropolis'. On the flipside, apart from urban-bound migration, historical events such as the long exodus of Hindus to India, Urdu-speakers to Pakistan and Anglo-Indians to Western countries have led to cultural and linguistic homogenization (Siddiqui *et al.*, 2010, p.343) at the expense of pre-existing diversity. Over time, urbanites, especially in the large cities like Dhaka, showed a decline of interest in participating in non-political organizations, which indicates erosion of social capital. However, the rate of such participation is higher among the educated and high-income groups. Thus, the working-class poor are not inclined to form organizations and trade unions, and show little promise of being agents of change for the future. Such social inequality and bottlenecks for future change is further bolstered by education opportunities differentiated by social privilege, namely faith-based madrasa education for the Muslim poor, Bengali-medium schools for low- and middle-income people and English-medium schooling for upper-middle- and high-income groups. This is supplemented by the gradual mushrooming of private universities, a relatively new phenomenon. Although after independence the agenda of the new leadership promised a strong role for the state, the role of the state in public welfare and social equality has gradually declined. This is particularly true for the urban poor. Hossain (2013) presents a detailed account of how slum dwellers survive and access basic services through fierce and contested negotiation with different intermediaries, political agents like ward commissioners and members of parliament and non-governmental organizations/community-based organizations, and local musclemen (*mastans*). Hence, one can readily conclude that although urban-bound migration is seen as a means of improving one's lot, the opportunities for upward mobility through merit and hard work are very limited and as such the prevalent urban social structure does not offer strong prospect for capability enhancement as a basis for social justice.

Urban future

The notion of 'urban' is constructed on the non-ubiquity of resources and economic activities across space, and as such most descriptions of urbanization focus on the economic growth potential associated with it. As far as the future is concerned, a change of perception needs to be in order in favor of envisioning the city as a living and growing place for people and their successive generations, as opposed to reducing cities to engines of growth and production relying on short term goals. Managing the urban future in Bangladesh entails recognizing that (1) the future of the country is largely an urban future, (2) many of the changes that urbanization brings in the physical and natural environment are irreversible and unsustainable, (3) the urban economy and society are inexorably meshed with both their rural counterparts and the national superstructure, (4) the urban system constitutes a closely connected system of agglomerations

that have a hierarchy of dependency and exchange, and (5) urban management has to come to terms with the emerging ambience and institutions spawned by globalization and market forces. Apart from mainstreaming spatiality in the planning approach at the national level, other local and regional planning exercises need to be in place which will engage with the emerging planning perspectives and adopt a reflexively contingent approach to urbanization in Bangladesh.

The pressure on existing urban facilities and natural amenities owing to the density rise in major cities and bourgeoning production interest is symptomatic of the negative economic externalities to the pre-existing population. The outgrowth of the real estate industry in response to the inflated demand for housing, for instance, is responsible for the disappearance of wetland and open spaces in Dhaka. Alam (2014) estimated that more than 100 km² of land in the Flood Flow Zone demarcated by the statutory Dhaka Metropolitan Development Plan has been converted into housing areas both via public and private developers at the expense of climatic and flood management risks.[14]

As far as public policies are concerned, the Sixth Five Year Plan (Bangladesh. Planning Commission, 2011) identifies unbalanced growth, the primacy of Dhaka and the ensuing pressure on the already fragile infrastructure and available land as problematic. The PRSP (Bangladesh. Planning Commission, 2005) has also highlighted the importance of 'balanced regional growth' and 'capturing spatiality in planning process' besides the traditional sector-based approach. These policies, though accommodative of civil society concerns about urban management, have a great deal of catching up to do in implementation. Meanwhile, suggestions to curb further urban degeneration have come in many forms, namely, residential regeneration by density (Zaman and Laing, 2013), green urbanism (Neema *et al.*, 2013), administrative and fiscal decentralization, regional metropolitan governance (Talukder, 2006) and sustainable and smart building (Bahauddin and Uddin, 2012), among others. However, considering the magnitude of the urban problem, one proposal that stands out in terms of its potential systemwide impact is that of Compact Township (CT) by Rashid (2013), which emphasizes compact urban development in rural settlements that 'economize on land by seeking profitable measures that compactify land use, beautify habitation, and utilize agglomeration economies'.

Conclusion

Third World urbanism in general, and that of Bangladesh in particular, is an intricate subject to conceptualize and a difficult issue to handle in a reality marked by the inadequate capacity of the state, crony capitalism, lack of reliability of formal institutions and absence of collective agencies for different levels of urban entities and vulnerability to external forces, among other things. Roy's (2009) articulation of the non-plannability of Indian cities due to ubiquitous informality closely resembles the reality in Bangladesh. Considering the empirical evidence of the shortcomings of a rational comprehensive planning doctrine and the limitation of the state on one hand, and the dire need to create efficient and just cities on the other, better knowledge of the contingent urbanism and searching for new solution spaces to create the necessary conditions have now become urgent.

Notes

1 Data source: United Nations (2014).
2 Estimates of migration patterns in 1991 census, in Rahman (2011).
3 Power and Participation Research Centre Urban resident survey 2009.

17

POVERTY, INEQUALITY AND ENTREPRENEURSHIP

Syed Akhtar Mahmood

Bangladesh has achieved significant reductions in the incidence of poverty since independence in 1971. This chapter documents this record and surveys the literature explaining this substantial achievement. It argues that the spread of entrepreneurship, both in the economic and social spheres, has played an important role, complemented by government actions on the policy side. While the role of the government, non-governmental organizations (NGOs) and the private sector in Bangladesh's development has been the subject of some discussion, less attention has been paid to the synergy between these players. Yet, this synergy is an important part of the story of poverty reduction in Bangladesh and will be even more important as the country strives to eradicate poverty.

At independence, Bangladesh was predominantly rural and agricultural. More than 70 percent of GDP originated in the rural sector (agriculture and rural non-farm activities) and more than 85 percent of people lived in villages. Poverty was widespread, with 74 percent being classified as living below the poverty line in 1973–1974. Agricultural productivity was low and many poor people had to seek employment as agricultural workers or in non-farm activities. They were landless or their farms, mostly very small, could not provide even subsistence income. Connectivity was poor and many villages in Bangladesh existed in isolation from all but their immediate neighbors.

Forty years later, there has been a significant, in some cases a dramatic, change in the scenario. The poverty headcount, i.e., the proportion of the population living below the poverty line, fell to 31.5 percent by 2010 (World Bank, 2013). Agriculture's share of GDP fell to 18 percent by 2012 (from 32 percent in 1980), with services (54 percent) and industry (28 percent) accounting for the remainder (World Bank, n.d.). The rural–urban divide has given way to a rural–urban continuum with more significant variations even among rural areas (Rahman, 2012).

Trends in poverty and inequality: 1972–2010

Poverty measurement

Although poverty is usually associated with low income, economists mostly base poverty measurements on consumption, recognizing that income is important because it enables people to

consume goods and services. Consumption does not depend solely on one's own income but also on cash or in-kind transfers from others – including relatives, friends and government.

The usual approach is to define a minimum basket of goods and services that a person needs to consume to be considered non-poor. This includes both food and non-food items with the minimum food bundle (for Bangladesh) being one that provides the minimum nutritional requirements for a diet corresponding to 2,122 kcal/day (World Bank, 2013). The monetary amount needed to consume such a basket defines the poverty line; people with incomes below that amount are considered poor.

Poverty lines are periodically updated. The latest update for Bangladesh was in 2010, which revised the 2005 food poverty line to adjust for rise in prices and to account for changes in non-food/food rates. The definition of poverty lines and estimates of poverty are based on the Household Income and Expenditure Surveys (HIES) carried out periodically by the Bangladesh Bureau of Statistics.

Poverty analysts commonly make a distinction between the *poverty headcount index*, which measures the proportion of the population that is poor, and the *poverty depth index*, which measures the extent to which individuals fall below the poverty line as a proportion of the poverty line. Thus, a national poverty headcount index of 30 percent indicates that 30 percent of the population in a country are poor based on that country's definition of the poverty line. However, it does not tell us if most people are living just below the poverty line or far below it. This information is provided by the poverty depth index. Also known as the poverty gap index, this measure is very useful for policy. For example, a government wanting to assess the fiscal implications of an income-transfer program designed to take people out of poverty needs to know not just how many people live below the poverty line, but how far below it they are.

Poverty trends

Poverty trends: 1972–1999

Poverty rates remained more or less unchanged during the 1980s (Ravallion and Sen, 1996) and started declining during the 1990s at a rate of about 1 percent per year (Sen, 2003). Low rice prices helped, particularly to bring down rural poverty, which fell at a slow pace in the 1980s but relatively faster in the 1990s. Urban poverty also declined slightly faster in the 1990s compared to the 1980s.

Poverty analysts look at poverty not only in terms of incomes and consumption but also in terms of human development indicators such as health status and educational attainments. Progress on this front was even faster during the 1980s and 1990s. Sen (2003) refers to a 2001 BIDS study that estimated a decline in the human poverty index from 61 percent in the early 1980s to 35 percent in the late 1990s (Sen, 2003).[1]

Poverty trends: 2000–2010

Many countries have experienced ups and down in their attempts to reduce poverty. Bangladesh's story is more consistent with progressively better performance over time. The pace of poverty reduction accelerated during 2000–2010 when roughly 16 million Bangladeshis escaped poverty; the number of people living below the poverty line dropping from 63 million to 47 million. In 2000, every other Bangladeshi was considered poor (the poverty count rate was 48.9 percent); ten years later, the proportion had fallen to one-third (31.5 percent)

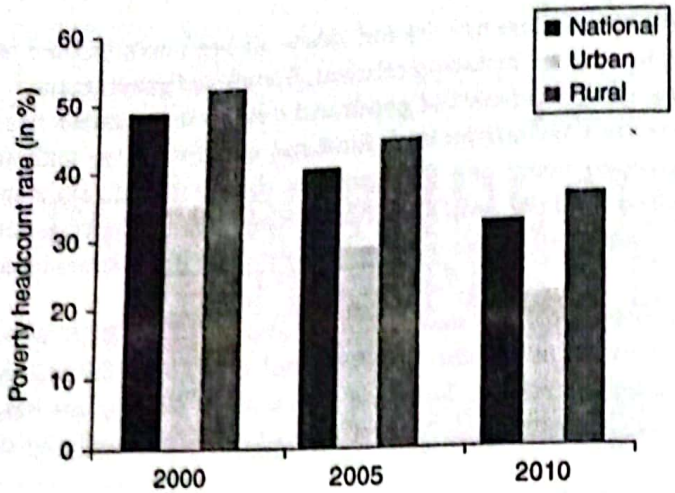

Figure 17.1 Poverty trends, 2000–2010 (source: World Bank, 2013)

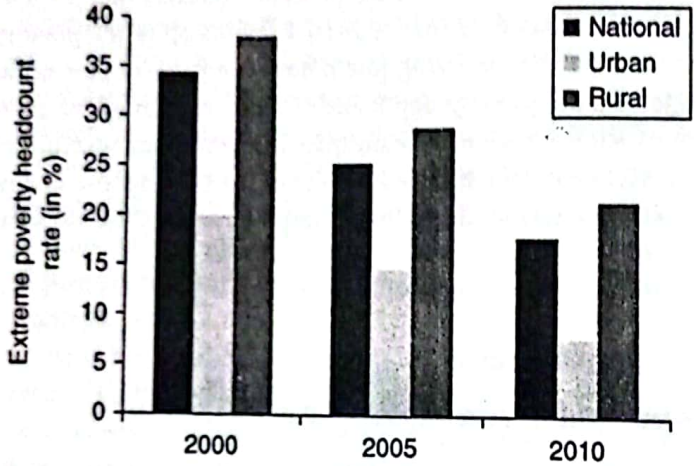

Figure 17.2 Extreme poverty trends, 2000–2010 (source: World Bank, 2013)

(Figure 17.1). The rate of poverty reduction increased to 1.74 percent per annum during this period, up from an average of 1 percent the previous decade (World Bank, 2013).

A noteworthy and reassuring feature of Bangladesh's recent poverty reduction experience is that even the extreme poor have not been left behind. The poverty headcount for the extreme poor dropped from 34.3 percent in 2000 to 17.6 percent in 2010, with the number of extreme poor falling from 44 million to 26 million (Figure 17.2). With such huge numbers still living in extreme poverty, the poverty challenge remains acute in Bangladesh. Nonetheless, the achievements of the last decade are remarkable.

As in the 1980s and 1990s, the reduction in income poverty helped improve other dimensions of people's lives. According to the World Bank (2013),

> between 2000 and 2005, a large number of households saw improvements in terms of the materials used in the constructions of their homes (that is, more households were in homes with walls and roofs made of corrugated iron, steel, and cement) as well as in their access to services (that is, more households in homes with sanitary latrines and electricity).

Beneath the macro picture: micro-level ups and downs

The macro data presented in the earlier sections, while illuminating, do hide an important part of the reality. They do not tell us that during a particular period, when many people escape poverty, many non-poor households may simultaneously descend into poverty. An escape from poverty today is no guarantee of a life free of poverty; reversals are part of the harsh reality for many Bangladeshis living at the margin.

Sen (2003) provides a fascinating portrait of such dynamics based on a panel data-set for two points in time, 1987–1988 and 2000. The 21-village study, covering 379 rural households, suggests a drop in the poverty headcount ratio from 57 to 49 percent over this period. This is consistent with the macro-level findings from the HIES data for the same period.

However, as Sen observes, 'While the incidence of poverty in general has declined there are winners, losers, and "break-even" households.' Some 119 households (about 31 percent of the sample) were poor in both time periods; this is the 'always-poor' category. At the other end of the spectrum, 95 households (25 percent) classified as 'never-poor' were above the poverty line in both periods. The two intermediate categories saw fluctuating fortunes, in one case for the better and in the other for the worse. Sen terms the first the 'ascending households'. The 98 households in this category (26 percent of the sample) escaped poverty during this time. The other group, the 'descending households', were non-poor in 1987–1988 but, by 2000, these 67 households (18 percent) had slipped below the poverty line. The net poverty reduction rate is thus 8 percent, roughly consistent with aggregate poverty measures for the same period.

The above findings are instructive. They suggest that higher rates of poverty reduction can be achieved if steps are taken to prevent vulnerable households' descent into poverty. In the above study, 28 percent of the households were able to escape poverty over a 12-year period. This gross rate of poverty reduction (28 percent) is significantly higher than the 8 percent net reduction in the poverty rate observed in the sample villages and the roughly similar rate of overall poverty reduction in the country during the same period.

The study provides important clues on how to prevent such declines. First, income growth obviously matters. The study found that the 'always-poor' group had an annual per capita income growth of only 0.4 percent, compared to 10.4 percent for the group that escaped poverty. In explaining these stark differences, Sen makes a distinction between 'capability' and 'opportunity'. The former is assessed in terms of initial levels of asset (land) ownership. The study found that in the low-wealth group (i.e., those owning up to 0.2 hectare of land), 53 percent of the non-poor households subsequently became poor, while only 39 percent of the poor households escaped poverty. In contrast, for the high-wealth group (owning 1.01 hectare of land or more), only 32 percent of the originally non-poor households slipped into poverty while 63 percent of the poor households went above the poverty line.

While initial asset levels matter, the ability of different households to make use of the assets and create income opportunities is also important. Even with the same level of initial asset holdings, some households may do better than others. The study revealed the importance of combining multiple exit routes out of poverty. Households that escaped poverty pursued multiple strategies, such as going for more agricultural diversification, off-farm activity and livelihood migration. Most ascending households adopted high-yield rice technology and diversified into high value-added non-rice crops. Many also went for non-crop agriculture, such as poultry, livestock and fisheries. Some saw family members migrating and sending back remittances. Not all households are able to pursue such multiple strategies because of their initial low asset holdings and/or mishaps in life, such as flooding and ill-health, thus remaining poor or descending

into poverty. For households with a stronger asset base, accidents in life often led to transient poverty, while for those with a low asset base, such mishaps made them chronically poor.

Trends in inequality: 1972–2012

Inequality has a bearing on poverty trends. Thus, unequal growth in income is likely to lead to a slower reduction in poverty than a more equitable growth pattern. During the 1980s, inequality, measured by the distribution of consumption expenditures, hardly changed in Bangladesh. In the 1990s, income growth was accompanied by rising inequality in both urban and rural areas. Consumption inequality (as measured by the Gini index of real per capita consumption) increased from 32 to 38 percent in urban areas and from 26 to 30 percent in rural areas during 1991–2000. This partly explains why poverty reduction in the 1990s was moderate, even though faster than in the 1980s. Growing inequality during this period was a matter of concern to poverty experts who believed that this posed a threat to both future growth and the speed of poverty reduction in Bangladesh.[2] While this concern was justified a priori, subsequent developments painted a different picture.

During the 2000s, nationally, there was a modest decline in consumption inequality, as measured by the Gini index. During 2005–2010, for example, the largest increase in per capita consumption was experienced by the population below the 70th percentile of consumption distribution (World Bank, 2013). The pro-poor nature of growth during this period, particularly in the second half, is a major reason for the substantial reduction in poverty in this decade.

The substantial reduction in poverty during the 2000s was both a rural and an urban phenomenon. In urban areas, the poverty rate fell from 35 percent in 2000 to 21 percent in 2010. Rural Bangladesh continued to remain poorer than the cities but here too poverty dropped substantially. In 2000, one out of two people in rural areas (52 percent) was considered poor; by 2010, this ratio had fallen to one out of three (35 percent) (World Bank, 2013). Indeed, poverty reduction was faster in rural areas in this period: 39 percent compared to 33 percent in urban areas. These positive developments notwithstanding, much more remains to be done to reduce poverty in rural Bangladesh. Not only does a sizeable proportion of the rural population live below the poverty line, the bulk of the poor suffer from extreme poverty. While 36 percent of the poor in urban areas were extremely poor in 2010, the proportion was 60 percent for the rural poor. Nonetheless, it is reassuring that the poverty headcount ratio for the extreme poor also declined substantially during the 2000s, by about 17 percent. In 2010, only 8 percent of the urban population were considered extremely poor, while the figure was 21 percent in rural areas (World Bank, 2013).

Regional variations in poverty

Hidden underneath the overall poverty figures are significant variations in poverty levels and trends between regions. The World Bank's Poverty Assessment for 2000–2005 cautioned about an emerging 'East–West divide' in the country (World Bank, 2008). The report documented unequal progress in the rate of poverty reduction during the 1990s; the Dhaka division enjoyed a significant drop in poverty levels while poverty incidence changed little in the Chittagong and Sylhet divisions. In 2000, the western region of the country, i.e., Rajshahi division, had a poverty rate of 61 percent, much higher than in the eastern, central and southern regions (48 percent in Chittagong division, 45 percent in Dhaka division and 40 percent in Barisal division). The south-western division of Khulna was in between with a poverty rate of 51 percent (World Bank, 2008).

The situation worsened in the first half of the 2000s. During 2000–2005, poverty rates declined significantly in the eastern and central regions of Bangladesh, i.e., the Chittagong, Sylhet and Dhaka divisions, which had lower poverty rates to start with. Poverty reduction was much slower in the poorer divisions of Rajshahi, Khulna and Barisal in the west and the south. These differential trends further accentuated the disparity in poverty rates between the eastern/central and western/southern regions of Bangladesh, raising the specter of regional disparity. The report highlighted the need to create economic opportunities in the lagging regions so that they could catch up (World Bank, 2008).

That catch-up process seems to have begun in the second half of the 2000s. During this period, poverty reduction was faster in the western/southern divisions of Rajshahi, Khulna and Barisal. This reversal of fortunes helped lower disparity. By 2010, poverty rates in these divisions had come close to those in the eastern and central divisions of Chittagong, Sylhet and Dhaka (World Bank, 2013).

Explaining poverty and inequality trends

Poverty reduction in Bangladesh has been the result of a mix of factors: income generation as a result of economic growth; transfers of incomes from government, families and friends; and provision of social services by both government and non-governmental organizations that enabled the poor to take advantage of economic opportunities. Transfers and social services have also helped poor people cope with mishaps that, otherwise, would have eroded their capacity to take advantage of such opportunities and escape the clutches of poverty.

Overall economic growth

The Bangladesh economy has grown at a respectable rate during the past three decades; the real per capita GDP and real GDP grew at an annual rate of 2.7 percent and 4.8 percent respectively during 1980–2012 (World Bank, n.d.). This growth has created income-earning opportunities for poor people by generating jobs and increasing returns to their assets, mainly land. The decline in the rate of population growth over time (from 2.5 percent annually in the second half of the 1970s to 1.4 percent in the 2000s) has narrowed the divergence between growth rates of aggregate GDP and per capita GDP (World Bank, n.d.). Thus, an average Bangladeshi is benefiting more from the economy's growth now than 20 or 30 years ago.

Growth has also been stable, especially in the last two decades. During 1992–2012, GDP grew more than 4 percent in all years. Many developing countries have grown at similar or faster rates over long periods of time but not necessarily in a stable manner. Fluctuations in growth rate often affect the poor more than other income groups. Richer people can draw on savings during periods of income contraction and rebuild during better times. However, poor people live at the margin and periods of income slowdown may force them to sell assets, such as land, or forgo the accumulation of assets, such as schooling for their children. Both affect long-term incomes. Thus, not only GDP growth but also its relative stability has contributed to poverty reduction in Bangladesh.

For a long time, agriculture was the most important driver of growth in Bangladesh. As mentioned above, its share in the economy has steadily declined over time; so has its role as the major growth driver. In the 1980s and 1990s, growth was largely driven by agriculture with non-farm activity in rural areas also playing an important role. The paradigm has shifted with export-led industrialization and remittances now playing a leading role.

The story of this transformation has been eloquently and convincingly told by Hossain *et al.* (2013). A key actor in this story in the relatively unskilled labor who initially concentrated in the agricultural sector, then began to have a presence in rural non-farm activities and later participated in a big way in the construction and manufacturing export sectors. Most of these people came from poor families. By being able to participate in these activities, they and their families could benefit from growth in these sectors. This is a major reason why economic growth in Bangladesh has had a substantial trickle-down and poverty-reducing effect. As is well known, the growth of the female-labor-intensive garments industry, and its dominant role in manufacturing growth, meant that poor women also benefited directly from the growth of the manufacturing sector, especially from the mid-1990s onwards.

Growth in the rural economy

The story, however, begins in agriculture. The adoption of high-yielding varieties of rice (HYV rice) and the spread of irrigation led to an increase in agricultural growth rates and productivity in the 1980s. Rising productivity helped release surplus labor, which first sought income-earning opportunities in rural non-farm activities and later in urban areas, outside the comfort of their villages. Rural non-farm activities initially had low productivity, in some cases even lower than in agriculture. Over time, however, more productive activities were initiated as people moved from being subsistence-driven to becoming entrepreneurial. According to Hossain *et al.* (2013), this trend started in the 1990s.

The first boost to poverty reduction came through the spread of HYV rice that increased agricultural productivity and thereby returns to land. HYV rice was introduced to Bangladesh in the 1960s and, after a slow start, took off in the late 1970s. The spread of HYV rice cultivation, especially in the boro (winter) and aman (rain-fed) seasons, helped generate income for poor people in at least two ways. First, since most farmers are poor, an increase in the productivity of their land increased their incomes. Second, because HYV rice requires almost 50 percent more labor than traditional varieties, it created on-farm job opportunities that benefited landless people as well as very small landowners who needed supplementary income through wage employment. Thus, as HYV rice cultivation took off in the 1980s, rural agricultural incomes started increasing, leading to a decline in poverty. In the 1980s, this was mostly due to increases in the incomes of landowners and off-farm job creation. There was some increase in agricultural wages, but this was modest in the 1980s and started picking up only in the 1990s.[3]

Increased farm productivity engendered growth in non-farm activities in two ways. Rising agricultural income created demand for non-farm products and services, while rising productivity freed up agricultural workers who could engage in non-farm activities. However, much of the increase in rural non-farm employment was in low-productivity activities, suggesting that, during the 1980s, rural non-farm activity was largely a livelihood means for people who could not earn a subsistence income from agriculture due to little or no land holdings and/or insufficient wage income from agriculture (Osmani, 1990).

Rural Bangladesh started witnessing a paradigm shift in the 1990s. Several factors played a role, some originating in the villages of Bangladesh and some from beyond. Faster spread of HYV rice cultivation and increases in crop intensity, both helped by significant increase in irrigation coverage, further raised agricultural incomes. Agricultural wages started increasing, as did income from landownership. A more entrepreneurial class emerged in rural areas whose ambitions went beyond mere subsistence. In the more dynamic segment of rural non-farm activities, average earnings went above the average agricultural wage (Sen, 1996). A number of factors complemented the growth in agricultural output and productivity in creating income

opportunities for poor people: microfinance, remittances, rural infrastructure, especially the extensive rural roads network, spill-over impact of irrigation, manufacturing growth, especially in garments, construction and general urbanization.

Microfinance and remittances

Microfinance not only had an empowering effect on women, it also helped reduce poverty. Khalily and Osmani (2011) and Osmani and Sen (2010) have surveyed the huge body of literature that has accumulated on this subject over the past three decades. Although income from activities funded by microfinance has generally been modest, it has helped to supplement the incomes poor households receive from other activities, thus helping them come out of poverty. Equally important, they often serve as a safety net helping the vulnerable families deal with mishaps in life that otherwise would have led them back to poverty, as we learned from Sen's (2003) paper on the micro-level dynamics of movements in and out of poverty. Microfinance has helped many families take advantage of increasing demand for non-farm goods and services by providing them with the capital to set up micro-businesses. There is evidence that, while previously a substantial part of the microfinance provided to women was siphoned off to the male members of the household for investment in small businesses, in the 2000s women increasingly entered economic activities on their own.

Bangladesh is rapidly urbanizing. In 1974, only 8 percent of the population lived in areas classified as urban; by 2011, one out of three Bangladeshis (35 percent) lived in a city or town. Many of these urban 'residents' are people with close ties to the villages, where many of their family members, relatives and friends continue to live. A large part of the income of these people is sent back to rural or peri-urban Bangladesh as remittances that, in addition to supporting consumption, also provide capital for investment in both agriculture and non-farm activities. The increase in migration is the result of both pull and push factors, i.e., increased income-earning opportunities in the urban areas, landlessness and rising productivity in agriculture that freed labor from the farms.[4]

International migration has been an additional, and important, source of remittances. In 2011, these accounted for 10 percent of Bangladesh's GDP, up from 5 percent in the early 2000s. There is a pro-poor bias in international migration – more than half (58 percent) of all migrants abroad in 2008 came from households owning less than 0.4 hectares of land, including those who are landless. This is significantly higher than the 38 percent observed in 2000 (World Bank, 2013). However, Osmani and Sen (2010) have found an anti-poor bias in the share of income remitted; the share of the wealthier classes in rural Bangladesh is greater than that of the poorer households. They suggest that 70 percent of the increase in rural inequality is explained by international migration. Nonetheless, international migration has had a positive impact in other ways. For example, casual agricultural laborers have benefited from indirect effects of international migration through the rural labor market: wages have risen faster in villages with high growth in remittances from abroad (World Bank, 2013).

Manufacturing employment

Bangladesh has become increasingly export-oriented in the last three decades, with the share of export in GDP increasing from about 7 percent in the late 1970s to 18 percent by 2010. The bulk of exports come from the manufacturing sector whose share of GDP has increased from 21 percent in 1991 to 30 percent in 2010. Unlike in some developing countries, notably India, Bangladesh's manufacturing growth has been employment-intensive. This is particularly true

of the ready-made garments (RMG) industry, the fastest-growing part of the manufacturing sector, which accounted for 53 percent of manufacturing employment in 2005/06 compared to only 16 percent in 1990/91.[5] Labor productivity growth has been modest in manufacturing. Hence, manufacturing wages have grown at a slow pace but are, nonetheless, higher than agricultural wages. It is well known that the growth of the RMG industry has created large-scale job opportunities for women. Asfar (2000) found that 90 percent of them were migrants from rural areas and 75 percent came from poor households. The significant employment growth in manufacturing in the past two decades, dominated by RMG employment, has thus had a substantial positive impact on poverty reduction.

Another source of jobs for poor people is the significant growth in construction, fueled partly by remittances and partly by overall economic growth. One reflection of the growth of construction is the rapid increase in the number of real estate companies, from only 10 in 1994 to 1,200 in 2012. An estimated two million workers are employed in the construction sector, mostly recruited from villages (World Bank, 2013). Both RMG and construction growth have, in turn, generated spill-over growth in activities such as textiles, garment accessories, cement, bricks and tiles, and iron and steel re-rolling mills. In addition, several smaller industries catering to the domestic market have also been important job creators.

Connectivity

The processes discussed in earlier sections are underpinned by an important phenomenon, i.e., rising connectivity. A pioneering contribution here has been that of a public body, the Local Government Engineering Department, which, starting in the 1980s, has created a massive network of rural roads thus opening up the villages of Bangladesh. The construction of other infrastructure, such as roads linking smaller towns to larger cities, and large bridges such as the Jamuna Bridge, has also boosted connectivity. Rahman (2012) captures this well in the following comment:

> Thanks to this network stemming from the late 1980s, urban agglomerations have transformed the rural-urban divide into a rural-urban continuum stretching from metropolitan Dhaka and Chittagong to larger secondary towns to rural towns to market centres to villages.

The role of entrepreneurship

Poverty reduction strategies often focus on interventions that provide direct support to poor people such as cash transfers, subsidized provision of food and job-creation schemes (e.g., food-for-work programs). While these have a role in addressing poverty, Bangladesh's experience highlights the importance of economic growth and the ability of poor households to take advantage of that growth by participating in economic activities. The story of poverty reduction summarized in the previous section also underscores the critical role of entrepreneurship in both generating growth and creating opportunities for the poor to benefit from it.

Entrepreneurs see a problem, need or opportunity and take the initiative to mobilize a variety of resources, human, financial, organizational and others, to address the problem, meet the need and grab the opportunity. In doing so, they take risks. This broader definition of entrepreneurship goes beyond the world of business to encompass social entrepreneurship where the objective is to meet some social goal, such as providing primary health care. The pioneering farmers who adopted HYV rice growing in the 1960s and those who followed

them later were entrepreneurial in some ways since they saw an opportunity to increase yields on their farms and took the risk of going beyond their comfort zones of traditional rice cultivation. As the spread of HYV rice, aided by expansion of irrigation, boosted incomes in rural Bangladesh and created a demand for non-farm goods and services, a new set of entrepreneurs emerged to satisfy these needs. Taking advantage of a liberalized agricultural input market, one group of entrepreneurs ventured into the distribution of modern agricultural inputs, such as fertilizer and irrigation machinery. This, in turn, spawned newer businesses such as irrigation machine parts and servicing. This trend started in the 1980s and intensified in the 1990s.

While this story of entrepreneurship was unfolding in rural Bangladesh, another started in the cities, notably in Dhaka and Chittagong. This was the emergence of the garment industry in the mid-1980s. A combination of simple technology, huge supply of labor and some early innovations that eased the supply of credit (notably the back-to-back letter of credit system) enabled a wide range of entrepreneurs, many without prior business experience, to enter the industry. The practice of subcontracting further broadened the entrepreneurial reach of the industry. While the entry of a heterogeneous mix of entrepreneurs, especially the small subcontractors, has created problems such as poor working conditions (such as unsafe buildings and unethical treatment of workers), low productivity and environmental damage, this broad-based industrial entrepreneurship did help in spreading economic benefits more widely. This has been facilitated by the demonstrated ability of people to learn from others. Indeed, many garment entrepreneurs started as managers in garment factories and then, after learning the trade, set up their own businesses.

The entrepreneurial drive has further intensified in the last decade-and-a-half. As incomes rose in rural areas with remittance flows and further increases in agricultural output, and as the villages of Bangladesh became more connected with urban areas, demand for goods and services expanded and became more diversified. Both existing and new entrepreneurs have rushed in to respond to this demand. Farmers too have become more enterprising, a manifestation of which is the spread of high-value-added agriculture, such as vegetables and fruit cultivation, which cater to rising incomes in both rural and urban Bangladesh. The spill-over impact from one business to another continued. One large-scale example is the emergence of a large textile industry to serve the needs of the garments sector. At the smaller end of the spectrum, examples include a whole slew of businesses such as sale of mobile phones and SIM cards, stimulated by the growth of mobile telephony. The spread of such small businesses has helped raise the incomes of households below or just above the poverty line.

Finally, mention must be made of social entrepreneurship, as exemplified by the work of NGOs. Much has been written on the rich variety of NGO activity in Bangladesh.[6] It is not possible to do justice to this literature here. Instead, it is useful to highlight one phenomenon that promises to be a game-changer. This is the synergy between social and economic entrepreneurship. An example of this comes from the world of sanitation. Several years of NGO activism and awareness building is creating demand in rural areas for newer services, such as improved sanitation facilities, which is being transformed into effective demand due to inflow of money from remittances, financial inclusion activities and growth in general. This, in turn, is creating small business opportunities, such as supply of improved toilet facilities. The aggregation of these small businesses is creating demand for products and services that large investors can provide, such as manufacturing of the base material needed for the improved toilet facilities. Such synergies are now emerging and, as entrepreneurs exploit these, another major phase of transformation will be rolled out in Bangladesh with important implications for the reduction of poverty and inequality.

Conclusion

Bangladesh has achieved significant progress in reducing poverty, especially in the last decade. The incidence of extreme poverty has also gone down and, in the last decade, there has been a drop in inequality as well. A confluence of policy, provision of social services and entrepreneurship has contributed to this. Government policy has played an important role in modernizing agriculture, enhancing connectivity and promoting export-oriented manufacturing. Government and NGO programs, sometimes working separately and sometimes in tandem, have led to significant improvements in human development indicators. Finally, as argued in the previous section, an entrepreneurial spirit has been unleased that has responded to opportunities, both domestic and international, and thereby helped generate growth and created scope for poor people to participate in the growth.

But there is a large unfinished task. Some 26 million Bangladeshis are still classified as extreme poor and about 50 million non-poor people are still vulnerable given that their consumption is less than 1.5 times the poverty line. Child malnutrition remains high. The bulk of the labor force is unskilled and the quality of education remains poor. Entrepreneurship, while blossoming, is still constrained by inadequate infrastructure, unreliable utility services and myriad regulatory bottlenecks. These are some of the issues that will need to be tackled if Bangladesh is to make substantial progress in eradicating poverty and achieving human development in the coming years.

Notes

1 The Human Poverty Index, developed by the UNDP, measures the degree of deprivation of the population of a country along three essential elements of human life: longevity, knowledge and a decent standard of living. A decrease in the value of this index denotes improvement.

2 See, for example, Sen (2003).

3 Rice wage per day, i.e., amount of rice that can be bought by daily wages, stagnated for the most part in the 1980s and increased modestly from 3.5 kg in 1990/91 to 4.5 kg in 1999/2000.

4 Panel data reported in the World Bank's latest poverty assessment report for Bangladesh indicates that 16 percent of households reported having some member of the household who has migrated within the country, up from 13 percent in 2000. These figures do not reflect the full extent of domestic migration because these exclude seasonal migration of labor for the construction sector. The importance of landlessness as a driver of domestic migration is reflected in the statistic that 57 percent of the domestic migrants are landless or almost so (World Bank, 2013).

5 Hossain *et al.* (2013) cite an employment elasticity of 0.61 with regard to manufacturing value-added, for RMG, it is estimated to be 1.66 during 1990–2005. They compare this to employment elasticity in Indian manufacturing; 0.33 during 1986–1996 and 1.42 during 1996–2002.

6 See, for example, World Bank (2006).

References

Asfar, R. (2000) Female Labour Migration and Urban Adaptation. In: Sen, B. and Paul-Majumder, P (eds.). *Growth of Garment Industry in Bangladesh: Economic and Social Dimensions*. Proceedings of the National Seminar on Ready-Made Garment Industry. January 21–22. Dhaka: Bangladesh Institute of Development Studies and Oxfam GB Bangladesh.

Hossain, M., Sen, B. and Sawada, Y. (2013) *Jobs, Growth and Development: Making of the 'Other' Bangladesh*. Background paper for the World Development Report 2013.

Khalily, M. A. B. and Osmani, S. R. (eds.). (2011) *Readings in Microfinance: Reach and Impact*. Dhaka: University Press Ltd.

Osmani, S. R. (1990) Structural Change and Poverty in Bangladesh: The Case of False Turning Point. *Bangladesh Development Studies*. 18. pp.55–74.

23
THE STATE OF GENDER

Amena Mohsin

What constitutes the *state* of gender? Many social scientists in Bangladesh would argue that although numbers are important, the *state* is not about numbers; but to understand the state of gender or to make a situational analysis of women one needs to go beyond numbers. The critical issue on the debate surrounding quantity versus quality is whether the numbers add up to bring about a qualitative change in the lives of women. The latter indeed is not a homogeneous category. The category of woman cuts across class, ethnic and religious lines, with each dimension defining its own parameters. The association of gender with women *only* in the mainstream discourse is also interesting, though not surprising. It reveals the politics and power associated with the societal construction of man and woman. The gendered division of spaces, roles and attributes is about power relations. It is argued that despite much ado about women's empowerment, the continuation and often essentialization of the gender divides help to perpetuate and recreate a cycle of power where women continue to remain subordinate and marginalized. In other words, one needs to examine the structures and processes that build up the edifice of power, instead of attempting to look at numbers only. This is not to suggest that numbers are unimportant, but the argument around 'critical' mass often misses the point if the mass is making a critical dent in bringing about qualitative changes in the lives of women, or they remain mere numbers without having a trickle-down effect. In other words, both numbers and their approach to issues and problems surrounding women's lives and living are critical.

Situating women in post-independence Bangladesh

No one can deny that women constituted an integral part of the Bangladesh movement. But what needs to be interrogated is whether the women's participation was subsumed under the nationalist framework, which indeed is very much gendered, or as women in their own right. The discourse that emerged following the liberation of the country points to the former, i.e., it was well anchored within a nationalist framework.

Susan Brownmiller, who came to Bangladesh after the war, has referred that the Pakistani soldiers raped about 200,000 Bengali women in 1971 (Brownmiller, 1975). Yet the 14 volumes of officially documented history of the War of Independence carry only a few testimonies of rape. The government set up a rehabilitation center in each district for the affected

women. However, the centers did not keep any records of the affected women. It has been alleged that many documents were burnt on state directives, since such records could bring shame to the victims of rape.[1] The idea at that time was to rehabilitate these women in society as quickly as possible. Therefore at present no proper record of the rape victims is available, nor were they ever properly compensated. According to Maleka Khan, who was in charge of a rehabilitation center in Dhaka, a doctor at the center told her that during the first three months of 1972, 170,000 rape victims had abortions and more than 30,000 war babies were born. This list, however, is not an exhaustive one, and excludes the most marginalized women. Most of the war babies were given up for adoption despite protests and pleading from their mothers. In this context Neelima Ibrahim points out in her two volumes of *Ami Birangona Bolchi* (Ibrahim, 1998) that she called upon Sheikh Mujib to decide on the fate of these children; his response was: 'Send the children, who have no identity of their father abroad. Let the children of human beings grow up like proper humans. Besides I do not want to keep that polluted blood in this country.' The attitude of the 'father of the nation' epitomized the gendered attitude of the state and society. It reified the privileged position of men in society and, more importantly, over women.

Brownmiller further pointed out that the Bengali men were not prepared to accept these women; their own family members rejected some of them. In an attempt to elevate them and make them acceptable to society, they were given the title of *Birangona* (war heroines) by the father of the nation. The women activists, however, resented such a phrase at that time. It was resented because the title did not offer them anything; in other words there was nothing beyond the title. Moreover the expectation that the title Birangona would make them acceptable to society did not really work out. Instead the women became marked. Such exaltations therefore held no meaning for the affected women.

Ibrahim has detailed in her two volumes the frustrations and agonies of the Birangonas at the state and society. In the seven cases narrated in the two volumes, the Birangonas express their dismay at the state's role in silencing them. They point out that the sacrifices of the freedom fighters (mostly men) were properly recognized and acknowledged by the state. Roads were named after them. Martyrdoms have been established. They and their children still continue to enjoy many state benefits, and they are honored in many state functions. But the Birangonas are nowhere. There is no memorial or road to remind the people of their sacrifices. They cannot even come out and state with pride that they are the Birangonas. Hossain (2006) points out the support and hope given to the rape victims and war widows by female activists, Neelima Ibrahim, Bashonti Guhathakurta and Naushaba Sharafi, who toured the countryside and met these survivors. Many informal groups gave welfare assistance, but in a war-torn country there was little scope for bringing about institutional or cultural changes. The demand for justice and trials for war criminals came in the 1990s, with Jahanara Imam playing a leading role. By the mid-1990s a space was also being created for the Birangonas to add their voices. Researchers and scholars, both at home and abroad, began asking questions. In this context, Mookherjee (2006), apart from the domestic political context of the protests against the political rehabilitation of wartime collaborator, Ghulam Azam and, the movement led by Jahanara Imam, the *Gono Adalot* (people's tribunal), also pointed to the international recognition of rape as a war crime in the 1990s. Within this national and international political context, it became imperative for women and human rights activists to search for the stories of Birangonas, to provide evidence for the institution of war crimes trials. Female activists, at home and abroad, and the print media played a critical role in bringing these voices out in the public domain, and one must acknowledge that the taboo of shame surrounding the Birangonas is gradually giving way to them being accepted and acknowledged as 'joyita', the victorious.[2]

The above suggests the divergences that exist in the state versus societal discourses on women in Bangladesh. This also suggests the contradictions that later appeared in the political and societal landscape of Bangladesh. The state started its journey on the 'woman' question on a patriarchal note; women's movements and participation were active in the liberation movement of the country. Bangladesh inherited these legacies at its birth.

State obligations: national and international

One observes an interlocking of the national and international/global on the woman question, since apart from the state constitution, many of the laws regarding women, as will be seen below, are the consequence of women's rights movements. The movements are glocalized; they absorb and interrogate issues based on their domestic and international contexts.

State constitution

The constitution of Bangladesh gave equal status to women in the public sphere. It does not allow discrimination against any citizen on the basis of religion, race, sex, caste or place of birth (Article 28(1)); guarantees women equal rights with men in all spheres of the state and public life (Article 28(2)); entitles all citizens to equal protection of the law (Article 27); and endeavors to ensure participation of women in all spheres of national life (Article 10). It also mandates that nothing shall prevent the state from making special provision in favor of women or for the advancement of any backward section of the population (Article 28(4)).[3] Despite the constitutional pledge of non-discrimination and equality for women, the latter were substantially marginalized through the state retaining the personal laws. In Bangladesh there are two sets of laws, public and personal. This was codified during British colonial rule. The personal laws are based on religious edicts. It needs to be emphasized that each religion, as it evolved and spread through the geographical and temporal space, absorbed the material culture of its place. The text is often read out of context and given a patriarchal interpretation. The laws as they exist now are discriminatory toward women. They significantly impact upon women's lives, since the laws regulate women's property rights, marriage, divorce, child custody and guardianship rights. The women's movement in Bangladesh has consistently been demanding a uniform code of law for men and women, but the state has denied it on plea of religion. The constitution of 1972 had secularism as one of its state principles. The Proclamation of Order No. 1 replaced this in 1977 by the principles of absolute trust and faith in the Almighty Allah. Article 12, through which communal political parties were banned in Bangladesh, was also dropped. These changes were given effect through the Fifth Amendment to the constitution in 1977. The above changes took place in the wake of the military takeover of the state administration in August 1975. The entrance of the military into the political sphere itself is a highly masculine act that bolsters the masculine notions of state and power. The induction of religion into politics and the revival of religion-based political parties shrank the spaces for women.

National Women's Development Policy

The National Women's Development Policy (NWDP), announced on International Women's Day, March 8, 1997 was a big victory for women in Bangladesh. Under obligation to international conventions for legislating policies to do away with all kinds of discrimination against women, the state formulated its first policy on women. The policy was a landmark as it brought the private into the public, thereby seeking a break in the public–private divide, which is at the

root of many of women's maladies and their subordinate position. Consisting of 14 articles and the mechanisms for implementing them, the policy covered areas ranging from women's rights and fundamental freedom, laws to do away with discrimination against women, all forms of violence against women, women's location in armed conflict, education, sports, economic activities, poverty, economic and political empowerment, housing, environment, mass media and the plight of especially disadvantaged women. The NWDP addressed many societal and cultural/religious values that have resulted in the structural subordination of women; this subordination, it is argued, is a major cause of discrimination and violence against women and also a major tool of silencing women's voices.

The provisions for inclusion of the mother's name along with that of the father on official documents (Article 1(i)); recognition of women's household work and its reflection in national economic documents (Article 7.1); the need to ensure women's equal rights in formulating and implementing economic policies, trade policy, monetary policy, income tax policy and others (Article 7.1); women to be given equal opportunity and share in wealth, work, market and business (Article 7.1); for the economic empowerment of women, equal and full rights ought to be provided to women in (among other things) inheritance and acquired property including land and new laws to prepare for its implementation (Article 7.2) were all addressed. Article 8 dealt with the political empowerment of women through the provision for the increase in the number of reserved seats through direct elections and the appointment of women in the highest bodies of decision making including the Cabinet. Article 4 dealt with women's position in armed conflict, and called for increased participation of women in peace-making (Bangladesh. Ministry of Women's and Children's Affairs, 1997).

The above, if implemented, would indeed provide a broad space to women. It may be mentioned that the policy was formulated during the Awami League regime, which is widely regarded as a secular political party. But in 2004 the BNP Alliance government brought about critical changes in this policy that undermined the position of women and was a major setback for the cause of women. The provision of equality of women in all economic policies was replaced by women's economic rights, as provided in the constitution; the provision of equal rights to inherit property and land was dropped. The provision for direct elections to increased reserved seats was modified by dropping the clause of direct elections, and also the word 'Cabinet' was dropped from the provision concerning the appointment of women to higher decision-making bodies (Bangladesh. Ministry of Women's and Children's Affairs, 2004). One does not have to look very far to find answers to these changes. The BNP regime had introduced religious elements into Bangladeshi politics and Jamaat-e-Islami was an alliance partner in the government. According to Muslim law, as well as laws in other religions, women (discussed later) are not entitled to equal inheritance of property. Jamaat's ideology does not believe in female leadership either.

Apart from these two major documents, Bangladesh has also passed many laws that have a direct bearing on women's lives. These laws were a fallout of the long-drawn-out demands of women's movements, the rights discourse in the international arena, donor pressures and Bangladesh's treaty obligations at the international level.

The international arena

Bangladesh has ratified all the six core human rights documents including the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). The latter is regarded as a landmark in the women's movement, for it deals exclusively with women's rights and obligates states to transform the principles into reality. Bangladesh ratified the CEDAW in

1984, though with certain reservations to Articles 2, 13(a) and 16.1(c) and (f), which according to the government conflicted with sharia law based on the Holy Quran and Sunna. Later it removed its reservations from Articles 13(a) and 16.1(f). Bangladesh's failure to implement Article 2 – which is considered the heart and soul of the treaty, as it obligates the state to take measures to do away with all kinds of discrimination, including legal, customary and traditional ones, against women and to take policy measures in this regard – has weakened its position on women's rights. This reservation is also contradictory to the constitution of Bangladesh, which guarantees equality of rights and non-discrimination between men and women in all spheres of life.

Nonetheless, these international conventions have gone a long way in strengthening the national women's movements. Legal interventions and policy advocacy have been strengthened by references to international statutes and conventions. The Bangladesh women's movement has gradually familiarized itself with the international human rights framework, the UN system, the conventions and instruments of international law, the processes of international conferences and the national-level commitments to these international conventions or conferences. Various national and international rights groups have succeeded in familiarizing the government and various NGOs and interest groups with the various international conventions. The CEDAW has been used to increase awareness of the different kinds of discrimination, their interlinkages and the fact that the international community and the state have a commitment to eliminate these discriminations. Women have been able to articulate their demands and back these up using the language and weight of international human rights. The strength and significance of the CEDAW for the women's movement also lies in the fact that it was the force behind the formulation of the convention and it is also the international women's movement that participates, through the CEDAW committee, in making states accountable for their progress in conforming to its provisions.

Women's organizations and NGOs are also increasingly using the reporting mechanisms of the various conventions such as the CEDAW and CRC to engage with the state, critique its reports and submit alternative reports and analyses. However, often the organizations that participate in these processes are the national-level ones that are most comfortable and familiar with the international processes. The international conventions have gone a long way in creating awareness about women's issues and creating voices for women by addressing practical as well strategic gender needs; and thereby creating women-friendly spaces in the processes and institutions at the state and international levels. Through these conventions the local is linked to the global and women's alliances are forged across boundaries. It is argued that many of the domestic laws referred to above are the consequence of these international conventions, more specifically the CEDAW.

The public and private lives of women

Political participation

The issue of political participation is viewed in two ways: one is that of direct participation in the party political process and the other is that of bringing in women's issues as a political issue.

The political sphere

The concepts of mainstreaming, participation and empowerment are important components of current ideologies, initiatives and assessments of women's progress in political institutions (ADB,

2004). In addition, current discourse regarding gender stresses the importance of the equal provision of all human rights for both men and women, including political rights. Politics has long been a male-dominated field, for which women are thought to be unqualified and unfit, given their traditional place in the private sphere of the home. In Bangladesh, many women have themselves internalized norms that prohibit them from participating in political life (Gyasuddin and Rahman, 2003). In Bangladesh, women are constitutionally guaranteed the right to be able to participate in 'employment or office in the Service of the Republic' (Article 29(1)) and to be able to form associations or unions (subject to any reasonable restrictions imposed by law in the interests of morality or public order) (Article 38). They are, like men, allowed to stand for publicly elected office after the age of 25 (Article 66(1)). Articles 9, 10 and 28 prohibit any discrimination against women in any area of national life on the basis of their gender and proclaims the responsibility of the state to increase their participation in such matters.[4]

National politics

The constitution of Bangladesh provides for a 300-member parliament known as the *Jatiyo Sangsad*. Fifty seats are reserved for women who are nominated by the elected members of the parliament in proportion to their party's seats in the parliament. Women's participation in the electoral process has increased since 1979 and the scenarios have significantly improved. For instance, in 1986 only five women won through direct election, whereas during the general elections of 2014 20 women were elected through direct election. The overall percentage of women's seats in 1973 was only 4.8 percent, while in 2014 it increased to 20 percent. The recent increase in women's representation in the Cabinet is also noteworthy. For example, in the 1972–1975 period, of 50 Cabinet members only two were women. On the other hand, in 2008, of 32 Cabinet members five were women.

Women and personal law: a gendered legal system

As suggested earlier, although the constitution recognizes equality of all citizens irrespective of their sex, that does not guarantee that the women of Bangladesh enjoy their rights as equal citizens. Though Bangladesh is a Muslim-majority society, women of all castes, creeds and religions are subject to a common male-dominated culture, besides being subject to their respective restrictive religious customs. Personal law, as practiced in Bangladesh, is religion-specific. When it comes to decisive events and occurrences in women's lives, these religion-based and gender-biased laws restrict women from enjoying human rights as recognized globally.

In keeping with the famous feminist slogan 'Personal is Political', we need to look at the legal forces that govern women's personal lives in Bangladesh for a better understanding of their conditions:

Marriage

Marriage in Bangladesh is based partly on religion or customary law and partly on statutory laws, and contains procedural defects and lacks comprehensive coverage of human rights in terms of: (a) choice of partner; (b) free and full consent of the parties to the marriage; (c) same rights of partners to enter into marriage, implying (i) rights of both spouses during marriage and upon its dissolution, (ii) rights of both spouses with respect to ownership, and (iii) rights of both spouses with respect to ownership, enjoyment and disposition of property (Women for Women, 2005, p.55). Discrimination against women in marriage, in customary laws practiced by

the mainstream religious groups (Muslim, Hindu, Christian and Buddhist) as well as by some of the ethnic communities, exists in Bangladesh. The problem starts with the fact that most personal laws or religious laws are codified, and are based on the customary beliefs, tales and myths of different groups. Gender discrimination or inequality is taken for granted and often uncontested at the mainstream level; consequently even the most controversial and orthodox views are made into laws.

Consent

In Muslim personal laws, a marriage is essentially a contract between a man and a woman. The contract is civil in nature and therefore requires consent from both parties. It also prescribes the consent of the woman when she reaches puberty, and she cannot be compelled by her guardian to marry against her will; however, the possibility of this concept of free 'consent' can easily be violated and twisted within the reality of Bangladesh's culture, especially when the idea of guardianship is brought in. This compulsion of consent is absent in Hindu marriage as the woman is a 'subjective partner', and is given to the husband as a 'gift' for life by her father. Among the ethnic communities where there are no codified laws, the consent of the guardians of both parties is more important than the consent of the bride and the groom. In Christian law, the consent of the bride and the groom is taken through a lengthy process by the respective churches in a public manner (Khan, 2001; Women for Women, 2005, p.55).

Witness

Witness is mandatory in both Muslim and Christian law, but not in Hindu/Buddhist and ethnic laws/customs. In Muslim law, the criteria of witnesses is prejudicial and very gender-biased as it requires either two male witnesses or one male and two female witnesses, making women not only half the worth of a man, but also specifies that a man is mandatory to validate the witnessing of the two women. Women are thereby made subservient to men by law (Khan, 2001; Women for Women, 2005, p.55).

Divorce

Divorce is still a taboo and a divorced woman is looked down on not only because she is considered to be a 'failure' as a woman, but also because she is considered to be a burden for the family. Divorce is never an easy option for a woman in this society. Through divorce she not only enters a socially tabooed position, but also experiences the blatantly discriminatory and unjust divorce system or procedure.

Under Muslim law, the husband has the unilateral right to divorce his wife, but the wife must have the right delegated (*Talaq-e-tawfeez*) to her by recording it in clause 18 of her marriage contract (as per the Muslim Family Laws Ordinance 1961).

Under Hindu law, marriage is based on destiny and is indissoluble, and divorce is not allowed, thus compelling the woman to endure suffering in an abusive marriage. Under Christian law, section 11 of the Christian Divorce Act 1869 is discriminatory against women: a Christian man can obtain divorce on the ground of adultery alone, but a Christian woman must demonstrate adultery coupled with cruelty, desertion, incest, etc. This determines women's equal right to divorce and related matters. It also allows men to get compensation from the person who had illegal relations with his wife, but a woman can never claim such compensation. Moreover, a woman cannot intervene in a suit to clear her name where she is named as an 'adulteress'. This

is not only discriminatory, but also humiliating and denies women dignity (Women for Women, 2005, p.68).

Maintenance/alimony

Under the Muslim Family Laws Ordinance 1961 and consequent laws, 'a woman can claim maintenance up to a maximum of six years even if she has means to support herself' (Women for Women, 2005, pp.69–70). But in reality, it is very difficult for a woman to gain maintenance from her husband as the clauses that allow such benefits depend on complicated interpretations and explanations regarding the woman's place of residence, her moral behavior, etc.

In Hindu law the provision of maintenance (in a variety of situations) is obligatory on the part of the husband and/or his male relations, but it is actually an act of charity rather than a woman's right. In order to claim maintenance, a Hindu wife has to justify the reasons for living apart (as there is no divorce in Hindu marriage), and has to prove that she is 'chaste' and that she has not converted to another religion. The situation is equally difficult and discriminatory for a Christian woman, as she too has to prove her 'chastity' in order to claim alimony from the husband (Women for Women, 2005, p.71). In other words, the chastity and purity of a woman needs to be grounded by law and religion, and the burden of proof lies on the woman. The situation is better among the ethnic communities wherein these issues are settled by the community, and if a woman chooses to live separately from her husband, and remain single, the community makes sure that her dignity, personal space and security is looked after and respected by all community members (Women for Women, 2005, p.71).

Child custody

This is one arena that is most discriminatory toward women. Interestingly, this is a culture where all religions consider the 'mother' to be divine and 'motherhood' to be the most respected state of a woman; she is revered and worshipped, but ironically this same culture does not consider a mother as equal or on a par with the father in terms of capacity, ability and status to have the guardianship or custody of the child.

Under the classical Hanafi position for Muslims, the general rule is that after divorce the mother is entitled to custody of the child until the age of seven for boys and puberty for girls, subject to classical conditions, though there are some flexibilities as the ward's best interest is considered paramount under the terms of the Guardians and Wards Act 1890, and the mother's name must be included with the father's name in the child's documents. Under Christian law, the terms and conditions are better in many ways, though it does have its share of discriminatory conflicting issues, for example, regarding bringing up a child with a faith other than the biological father's faith (Women for Women, 2005, pp.71–72).

Hindu law declares the father the 'natural' guardian of his children but in the absence of the father, the mother can be the legal guardian of the child and his/her property. The loophole is that the mother can lose custody of her child if the father appoints (through a will, either orally or written) someone else as the guardian of the child. A mother will be the legal guardian of an 'illegitimate' child, even if she gets married to someone else later on (Women for Women, 2005, p.28). The reason behind this 'female guardianship' is very easy to understand: responsibility for a socially unrecognized child should be the liability of the 'unchaste' mother, and the valuable resources of a man should not be wasted on a child who has no legal father.

Inheritance

The Muslim Law of Inheritance has very specific prescriptions for defining a man's and a woman's share of property, and is governed by sharia law. Under Muslim law, the wife (or wives taken together) get one-eighth if there is a child, and one-fourth if there is no child from the estate of her husband, though the husband gets exactly double. The mother gets from the estate of her sons one-sixth when there is a child of her son or when there are two or more brothers or sisters or one brother and one sister of her son, and one-third when there is no child and not more than one brother or sister of her son. On the other hand, the father gets from the estate of his son one-sixth if there is a child of his son and in the absence of any child of his son, he gets the entire residue after satisfying other sharers' claims, and so on and so forth. It is significant that the Quran provides that daughter, mother and wife would under all circumstances be entitled to some share in the inheritance and are not liable to exclusion from inheritance, but they are not treated as on a par with their male counterparts, i.e., son, father and husband, and to this extent rules of inheritance are discriminatory. Women in fact were not given parity in the matter of their shares, and as a general rule the female is given one-half the share of the male. The case of a sister's inheritance is equally discriminatory. According to the rule of nearer in relationship excluding the remoter in relationship, children of a pre-deceased son or daughter would not inherit if a person died leaving another son. This often rendered the child or children of a pre-deceased child destitute. This inequity, however, has been removed by the Muslim Family Laws Ordinance 1961, which provides that the children of the predeceased child would inherit the share that the pre-deceased children would have inherited had he or she been alive. But the widow of a pre-deceased son remains as helpless as before as she does not inherit anything by this ordinance (Kamal, 1998).

According to Bangladeshi law Hindu women only get a limited share. They inherit life interest in the property. No other female relations but the widow, the daughter, the mother, the father's mother and the mother of the father's father are recognized as heirs. A daughter cannot receive any property; she cannot get a life interest in the presence of a son, grandson and great grandson. A wife's right to her husband's property is elaborately outlined in Article 8 of the Indian Succession Act. It is stated that if a Hindu man fails to distribute his property through a deed or testament, the inheritance will be determined based on Article 8 of the Hindu Inheritance Law and according to the list described in that law. In this way, a Hindu widow can demand the property of her husband under this law. Article 25 of the Hindu Marriage Law states that a Hindu divorcee will receive a subsistence allowance from her former husband. It is also stated that if the divorced woman does not marry again, does not engage herself in adultery and does not earn enough, she is entitled to receive a subsistence allowance for the rest of her life from her former husband. Women's limited estate has been abolished and whatever property has been or shall be inherited by a Hindu woman will be or shall be her absolute property (Baul and Akhi, 2006).

A Christian woman is comparatively in a better position than a Muslim or Hindu woman when it comes to the inheritance issue. She is protected under two Acts simultaneously: the Married Woman's Property Act 1874, which provides that the wages or earnings of any married woman remain her separate property; and the Succession Act 1925, which makes the mutual rights of husband and wife identical. Moreover, a Christian widow inherits, in the presence of a lineal descendant, one-third of her husband's property, and in the absence of a lineal descendant, half of the property. A daughter is entitled to two-thirds of the property in the presence of a widow and absence of siblings, or she can inherit all of the property in the absence of all (Women for Women, 2005, p.33).

The Buddhist wife or daughter does not inherit her husband's or father's property unless the father gives away some portion as a gift. The only exception is the Marma Buddhist women who inherit some property (Women for Women, 2005, p.74). Marriage and inheritance to a large extent determine women's location and positioning in the socio-economic and cultural milieu of Bangladesh. The above laws are also impediments to women's empowerment and equality as human beings in society.

Women and work

Despite much ado about women's empowerment through work, the relationship between women, work and empowerment is much more problematic and complex than it appears on the surface. The discourse on empowerment has overemphasized the visibility, mobility and decision-making criteria to measure empowerment. It is contended here that empowerment is a process. It is both tangible and intangible; in order for women to be empowered in a meaningful way, changes are required in the socio-cultural values of society. The visibility and mobility of women often implies more burdens for women, apart from their burden in the private sphere. Patriarchy and the existence of personal laws are strong impediments to women's empowerment. Personal laws, as discussed earlier, deny women their human rights as equal human beings; this denial strengthens and reinforces patriarchy. Women therefore have to constantly navigate and chart their existence through the locked system of patriarchy.

It cannot be denied, however, that despite the odds, women in Bangladesh have quite successfully carved out spaces for themselves. The ready-made garments (RMG) sector in Bangladesh is often looked upon as the epitome of women's empowerment in the country. There is no denying the exploitative nature of the work; women working in the garments sector in most instances are denied their minimal dignity as human beings. The garments industry in Bangladesh has flourished with the exploitation of a cheap labor force, and the majority of this force consists of women. Yet often women and girls have chosen this option for lack of a better one. It at least provides them with a window through which they can look out and aspire for a future. This *aspiration*, to take on the challenge to dream, for me constitutes the first step toward empowerment. Women in Bangladesh have begun to dream, the given is being challenged as a construct and attempts are being made to develop a new imagination favorable to and enabling for women.

The RMG sector, one of the dominant industries in Bangladesh, is a good site to examine women's location in work, since the majority of the employees come from the lowest strata of society. This sector has had a significant impact on women in Bangladesh, for about 85 percent of RMG-employed workers are women. This has led to the feminization of labor and tied them to the forces and dynamics of globalization, for the RMG industry, with its woven and knit sub-components, is predominantly an export-oriented sector with 95 percent of the woven and 90 percent of the knit exports being directed to foreign markets. On the surface, the employment of a large number of women in a vital employment sector is a positive trend; it has made the women visible in an otherwise traditional society where purdah (veil) is regarded as an important aspect of women's chastity and not only the women's but the family's honor is associated with it. But it needs to be emphasized that women belonging to the bottom strata of society have traditionally worked outside their homes, so there is a class dimension to it as well.

The Structural Adjustment Programs (SAP) uprooted many women from their traditional agricultural work, and made them migrate to urban sectors in search of work. The RMG provided them with a niche and a 'safety net' in which many of them were absorbed. Employers also prefer women because they are considered more reliable – they point out that while men

move from one factory to another within a span of three to six months, women prefer to stay on; in other words, they are less mobile. This raises the fundamental question about the much talked about notion of the linkage between economics and empowerment. Empowerment is not a material concept that can be measured, though it might be a contributory factor; on the other hand, empowerment is independence, autonomy, options and the freedom and capacity to make choices and decisions. Women's lack or slow pace of mobility from one workplace to another therefore needs to be examined within the paradigm of empowerment, if it is due to their lack of decision-making capacities or is motivated by social conditions. Through talking to a number of garment workers, this author found that they prefer to move and live in a group, and when they come to the cities in search of work it is normally through or with a known person from their locality, so they have a social network and they prefer the security of that network. The men are not constrained by such societal insecurities. In other words, the state has failed to provide security to the women, which impedes their empowerment process.

This is not to suggest, however, that women have not renegotiated their position in society. To take up the issue of purdah, when the female garments workers first started appearing 'unaccompanied' on the streets of Dhaka in the 1980s they had to face a lot of societal resistance. To quote from a newspaper:

> A group of girls ... with faces in cheap makeup, gaudy ribbons adorning their oily braids and draped in psychedelic coloured saris with tiffin carriers in their hands are a common sight [these] days during the morning and evening hours. These are the garment workers [a] new class of employees.
>
> *(New Nation, 1986, quoted in Kabeer, 2001, p.82)*

The workers, however, faced the challenges quite boldly and renegotiated the concept of purdah. They looked at their work as the means of their own and often their families' sustenance and survival. They argued that people were good at criticizing but nobody would come to their aid, so the criticisms had to be let go. Besides, they also believed that purdah is within one's eyes and mind; more importantly, they also considered that purdah is essential for men – in order to be respected and honored they have to veil their eyes and state of mind. Thus through different interpretations and even putting it across to men, they renegotiated the concept of purdah (Kabeer, 2001, pp.82–141). This is indeed a manifestation of their conceptual maturity and empowerment. It suggests that women are acquiring new and multiple identities as breadwinners and workers.

Despite the above, one may term this empowerment 'ambivalent'. The RMG sector is not only infested with human insecurities. On the issue of human insecurity, which includes the phytical and psychological, one may take up the following issues.

Psychological and physical insecurities

Job satisfaction is an important component of the psychological well-being of the workers. A study conducted by Pratima Paul-Majumder (2001, pp.172–207) found a wide gap between the female worker's expectations and actual realizations in the garments sector, with negative consequences on their mental health. Women are mostly employed in low-skilled and hazardous jobs like operators and helpers. The work is not contractual and they receive no appointment letters; only identity cards are issued to them that allow them entry and exit into the factories. Job insecurity is therefore a constant fear lingering with them. Her study found that 50 percent of the garment workers worked in the factory in a tense mood. Comparatively more

female workers suffer from stress than male workers. Some 61 percent of the female workers, as opposed to only 20 percent of the male workers, reported that while working they were always occupied with various worries, such as how to reach home at night safely, how to protect themselves from the supervisor's anger, how to save their job. In the absence of day-care facilities the mother workers also continually worried about their small children. It should be mentioned that the existing labor laws of the country allow for day-care provision, but there is none in these factories.

Psychological insecurity is indeed closely linked to physical insecurity. Most of the factories are badly designed and there is inadequate provision for air and ventilation; thus fatigue and tiredness is a common complaint of the factory workers. The extent of physical hazards varies according to job category. Employment in the garments sector, it is suggested here, may bring temporary relief or material well-being to the women and their families, but its long-term implications are quite dire. One may also suggest that they take on these jobs for the sake of survival rather than as a matter of choice, given the lack of options and closure of their traditional means of livelihood, which again is a consequence of globalization and lack of a proper development policy of the state. Women leave the jobs after three to four years with physical impairments and consequently little prospect of future jobs due to their physical condition. The notion of empowerment of women through employment in the RMG sector therefore needs critical examination within the matrix of its long-term implications and the options available to the women.

Women also suffer from extreme bodily insecurity. Fear of sexual harassment, rape, even teasing is common. The female garment workers normally commute together for security reasons. The fear of being raped always lurks at the back of their minds. Wage discrimination exists between men and women. Legal provisions exist for the protection of women against harassment, but since most of the workers are young and migrants from villages they are also unaware of their rights. The factories have mostly been built in unplanned ways, so very few have provision for fire exits. Often factory gates are locked during working hours and consequently deaths due to fire are on the increase in the factories; among the dead, women constitute the majority. There are gross violations of the labor laws; corruption within the government as well as the management is to be blamed for the situation. In most instances there is a close nexus between the management and the government; at times the latter even owns many of these industries. Trade unions are strongly discouraged by the private sector; besides, even where they do exist they have often been co-opted by the management. Allegations of wide-scale corruption among the union leaders are not uncommon.

As argued earlier, women are seen as the culture-bearers of the nation. This visibility of women is thus seen as a threat to the core cultural ethos of the nation by a large section of the population who believe that the proper place of women is within their homes, and in order to protect themselves they must keep themselves covered. The market is regarded as the men's domain; thus the public–private divide comes to the fore. The mobility of women and activities of NGOs in the rural sector has given vent to fundamentalist forces, which finds a resonance in urban sectors as well.

Concluding remarks

According to a UNICEF report (2014), Bangladesh has one of the highest numbers of under-15 child marriages in the world. Some 74 percent of girls under the age of 18 and 39 percent of girls aged under 15 are married off in Bangladesh. Over 20 percent of girls who are married off before the age of 15 become mothers of three children or more before

reaching 24. The critical question to be asked with these numbers is whether the girls were psychologically and physically ready to become women and carry the burdens of motherhood. In a country where the concept of 'child' is missing for the majority of its population, girls and women bear the heaviest burden. Bangladesh is making advances, but these advances need to be unpacked through the lenses of class, ethnicity and religion. The women's movement in Bangladesh is a robust one and has indeed successfully brought to the fore many issues critical to women's lives, but the movement is still limited in terms of its class base and often finds itself trapped within nationalist/national politics. The visibility of women is also remarkable, but the cost of this is also very high. Bangladesh has created new women, but not new men. Until this paradigm shift occurs, women's struggle for recognition as equal human beings with equal rights will go on.

Notes

1 Personal interview with Maleka Begum, women's activist on June 30, 2014. Currently she teaches at the Central Women's University in Dhaka and is also a part-time faculty member in the Department of Women and Gender Studies, Dhaka University.

2 The daily newspaper *Prothom Alo* used this terminology on the occasion of the observance of International Woman's Day in March 2014.

3 Constitution of the People's Republic of Bangladesh, as modified up to May 31, 2000.

4 Constitution of the People's Republic of Bangladesh, as modified up to May 31, 2000.

References

Asian Development Bank (ADB). (2004) *Gender and Governance Issues in Local Government: Regional Report of Technical Assistance in Bangladesh, Nepal and Pakistan*. Manila: ADB.

Bangladesh. Ministry of Women's and Children's Affairs. (1997) *Jatiyo Nari Unnayan Niti* [National Women's Development Policy]. Dhaka: Ministry of Women's and Children's Affairs, Government of Bangladesh. March 8.

Bangladesh. Ministry of Women's and Children's Affairs. (2004) *Jatiyo Nari Unnayan Niti* [National Women's Development Policy]. Dhaka: Ministry of Women's and Children's Affairs, Government of Bangladesh. May.

Baul, T. K. and Akhi, K. F. R. (2006) Personal Rights of Women in Hindu Laws. *Daily Star*. [Online] Available from: www.thedailystar.net/law/2006/02/03/index.htm [Accessed: January 15, 2015].

Brownmiller, S. (1975) *Against our will: Men, Women and Rape*. New York: Ballantine Books.

Gyasuddin, M. and Rahman, L. (2003) Women's Political Empowerment through Union Parishad: A Case Study from Kushtia. *The Journal of Local Government*. 32 (1). Dhaka: National Institute for Local Government.

Hossain, H. (2006) Women's Movement in Bangladesh: The Struggle Within. *Daily Star*. February 5.

Ibrahim, N. (1998) *Ami Birangona Bolchi*. Dhaka: Jagriti Prokashoni.

Kabeer, N. (2001) *Labour Market Decisions: The Power to Choose*. Dhaka: University Press Ltd.

Kamal, S. (1998) *Law for Muslim Women in Bangladesh*. [Online] Available from: www.wluml.org/english/pubs/pdf/dossier4/D4-Bangladesh.pdf [Accessed: January 15, 2015].

Khan, S. (2001) *The Socio-legal Status of Bangali Women in Bangladesh*. Dhaka: University Press Limited.

Mookherjee, N. (2006) 'Remembering to Forget': Public Secrecy and Memory of Sexual Violence in Bangladesh War of 1971. *Journal of the Royal Anthropological Institute*. 12 (2). pp.433–450.

Paul-Majumdar, P. (2001) Occupational Hazards and Health Consequences of the Growth of Garment Industry in Bangladesh. In: Paul-Majumdar, P. and Sen, B. (eds.). *Growth of Garment Industry in Bangladesh: Economic and Social Dimensions*. Dhaka: Bangladesh Institute of Development Studies and Oxfam GB Bangladesh. pp.172–207.

UNICEF. (2014) *Ending Child Marriage: Problems and Prospects*. New York: United Nations Children's Fund.

Women for Women. (2005) *Marriage, Inheritance and Family Laws in Bangladesh: Towards a Common Family Code*. Dhaka: Women for Women and UNESCO. p.55.

28

PUBLIC HEALTH

Arafat Kabir

Bangladesh has experienced a silent revolution in public health. Maternal mortality has been cut by 75 percent since 1980, infant mortality has halved since 1990, and the total fertility rate has fallen to 2.2 in 2012 (UNICEF, n.d.a) from about 7 in the 1970s (United States. Department of Commerce Economics and Statistics Administration, 1993). Such a level of achievement in reducing child and maternal mortality has had barely any precedent in modern history, except that of the Japanese attainments during the nineteenth-century Meiji restoration (*The Economist*, 2012). In 2010, the United Nations recognized Bangladesh's extraordinary progress toward achieving the Millennium Development Goals (MDGs) in the reduction of child and maternal mortality (Chowdhury *et al.*, 2013).

In addition, Bangladesh has recently been applauded as an example of 'good health at low cost' (Koehlmoos *et al.*, 2011). It is noteworthy that these achievements have been made despite the fact that Bangladesh spends less on health care than several of its neighboring countries (World Bank, n.d.a). Many regard Bangladesh's high aschievement versus low input (Table 28.1) as 'one of the great mysteries of global health' (Das and Horton, 2013, p.1681).

But where does this mystery come from? Understandably, these intriguing achievements did not happen overnight. In fact, they have been the culmination of several complementary factors that have helped transform Bangladesh's public health system.

A social mobilization and civil dynamism ensued after the birth of the nation, thanks to the surge of nationalism that swept through the nation in the early 1970s (Chowdhury *et al.*, 2013, p.1734). Realizing its own limitation in delivering health services to a massive population, the government undertook a pro-equity and pluralistic approach that spurred the growth of non-governmental organizations (NGOs). A public–private partnership in health care ultimately led Bangladesh to experiment with innovative ideas in the delivery of health care that later proved not only highly successful but also a model for other countries. The spread of NGOs in turn facilitated female workers' inclusion in the health sector on a mass scale, which in fact boosted women's participation in an array of health-care programs: family planning, immunization, oral rehydration therapy, and others. Bangladesh nurtured a world-class research institution, the International Centre for Diarrhoeal Disease Research, Bangladesh (icddr,b) that continues to help shape the government's policy on health-related issues. Despite being an impoverished nation, Bangladesh continues to punch above its own weight. Bangladesh has developed a

Table 28.1 **Health system indicators in South Asia**

Country	*Total population (million)*	*Inputs*				*Health outputs*			
		Health expenditure (% GDP)	*Health expenditure per capita (US$)*	*Doctors/1,000 population*	*Nurses and midwives/1,000 population*	*Expanded Program on Immunization (EPI) (%)*	*Diarrheal episodes of children under 5 that received oral rehydration therapy (%)*	*Skilled attendance at delivery (%)*	*Facility delivery (%)*
Bangladesh	156.6	3.6	26	0.4	0.2	82	78	32	28.8
India	1,252	4	61	0.7	1.7	47.3	26	52	46.9
Nepal	27.8	5.5	36	n.a.	n.a.	82.8	39	36	35.3
Pakistan	182.1	3.1	39	0.8	0.6	44	38	43	41
Sri Lanka	20.48	3.1	89	0.7	1.6	64	50	99	98.2

Sources: Compiled by author. 'Skilled attendance', 'facility delivery' are extracted from UNICEF (n.d.a). 'Diarrheal episodes' from UNICEF (2014a). 'Health expenditure' from World Bank (n.d.b). 'Total population' is from World Bank (n.d.c). Physician data are from World Bank (n.d.d). Nurse data are from World Bank (n.d.e). 'EPI' from Chowdhury *et al.* (2013, p.1739).

Notes: Data for doctors/1,000 for Bangladesh and India are from 2011 and those of Nepal and Pakistan are from 2010. Data for nurses/midwives for Bangladesh and India are from 2011 and those of Pakistan and Sri Lanka are from 2010.

natural disaster intervention policy that has seen a substantial reduction of health consequences of floods and cyclones in the past four decades (Cash *et al.*, 2013, p.2094).

Bangladesh's remarkable success in public health can, therefore, be regarded as a product of four fundamental components: equity, pluralism, innovation, and resilience.

Equity

Equity gain in some of the health indicators stipulated in the MDGs has set Bangladesh apart from its neighbors. A somewhat pro-equity approach to address health issues – for example, child and maternal mortality rates, family planning, vaccination, and diseases like tuberculosis and dehydration – has significantly improved Bangladesh's overall health landscape. This achievement has been further complemented by the combined effort of the government and NGOs to improve the socio-economic conditions of Bangladesh.

Bangladesh's success has been driven by its flexible policy-making process that takes into account the lessons learned from what can be characterized as Bangladesh's 'trial-and-error' approach. Many of Bangladesh's highly successful projects have commenced as pilot programs encompassing a small sample population, which have later been developed into national-level programs. Child immunization is one such area where Bangladesh has gained absolute coverage over the years. Bangladesh started to implement its Expanded Program on Immunization (EPI) in the late 1970s (Khan and Yoder, 1998). Soon the country ramped up its effort to cover the entire population as part of Bangladesh's commitment to a UN-supported program (Khan and Yoder, 1998). At the same time, the government, in partnerships with the NGOs, donors, and other non-state actors, endeavored to build infrastructure, develop human resources, and launch educational and awareness campaign (Adams, Rabbani *et al.*, 2013, pp.2031). Dispatching a legion of health workers who visit door-to-door to increase people's participation, in particular, has been a game changer. These health workers generally work in the vicinity of their native place since people in a conservative society like Bangladesh tend to be more receptive to those they can associate with than to complete strangers. Thus the idea of deploying female health workers was mooted. Female workers can reach out to a large population who previously remained out of contact: women. These interventions in the achievement of a common target made Bangladesh post spectacular gains at the turn of the new century (Adams, Rabbani *et al.*, 2013, pp.2027–2037). In 2010, Bangladesh received a UN award (Bangladesh Planning Commission, 2013) for cutting the child mortality rate by two-thirds well before the time frame set by the MDGs. It has been possible chiefly because of Bangladesh's superior performance in immunization including polio vaccination (Figure 28.1) and vitamin A supplementation program (Bangladesh. Planning Commission, 2013). Bangladesh's success is not limited to devising and implementing action plans to mitigate health problems. Bangladesh has continued to sustain its achievement. On National Immunization Day in 2012, some 600,000 voluntary health workers were assembled at over 140,000 sites across the country with the aim to provide polio vaccines and vitamin A capsules to 24 million children (Adams, Rabbani *et al.*, 2013, p.2032). This has all been done with a hierarchy of agencies where different ministries, NGOs, and non-state actors assume their respective roles.

In a similar vein, Bangladesh's family planning program has produced remarkable success (ibid.). The fertility rate among women plunged to 2.5 in 2010 from the 6.3 that was the case in the early 1970s (ibid.). At one point, this program was so successful that nearly every woman was approached by a family welfare assistant (ibid.). Men were given family planning information, including the usage of contraceptives, by male workers. In short, Bangladesh has attempted to provide some of its health intervention programs in such a way that people regardless of sex, income, social background, etc. can enjoy access to it.

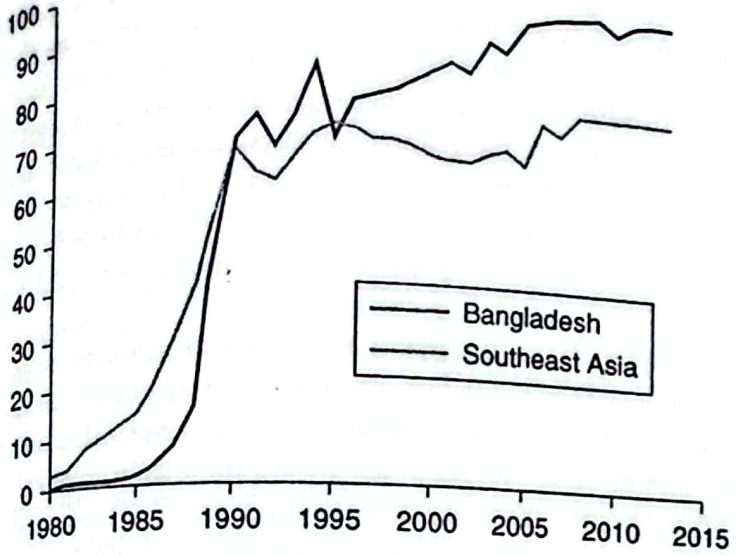

Figure 28.1 Bangladesh's immunization coverage (polio among one-year-olds) (source: WHO, n.d.a)
Note: Countries in Southeast Asia under WHO's classification are: Bangladesh, Bhutan, Democratic Republic of Korea, India, Indonesia, Maldives, Myanmar, Nepal, Sri Lanka, Thailand, and Timor Leste. See: www.who.int/about/regions/searo/en.

An equitable outcome in different health interventions has been complemented by Bangladesh's simultaneous improvement of its socio-economic indicators. Bangladesh has placed a premium on women's empowerment by extending free education, microfinance, and employment. Despite the fact that primary education was made free for children in 1990, girls were still lagging behind. With the objective of increasing girls' enrollment in primary education, the government introduced a Food for Education program targeting those from poor families. Contingent upon several conditions, a stipend program for secondary-level female students in rural areas was introduced. These measures progressively helped increase the rate of female primary and secondary school enrollment (World Bank, n.d.f). A non-formal education program spearheaded by NGOs and supported by donors has also helped spread education among disadvantaged groups. An increasing education rate among female students has helped curb early marriage rates. Women were thus given the opportunity to change their financial situation.

Following the success of the Grameen Bank, many NGOs started to distribute microfinance among eligible women. The government created quotas for women in jobs to guarantee a minimum representation of women across different sectors. A thriving ready-made garment industry also helped integrate them into the mainstream economic workforce. As a result, Bangladesh has significantly improved gender-based inequalities and women are gaining a voice in deciding their fate. The overall improvement in social and economic conditions can be traced to the equitable gain in the health sector, albeit the causal link between the two has yet to be demonstrated empirically (Sen, 2013, p.1966).

Pluralism

A pluralistic approach is the bedrock of Bangladesh's health care system. Realizing its limitation in providing state provisions, the government encouraged the private sector and NGOs to

come forward to serve disadvantaged people. Over the years, the activities of the public, private, and NGO sectors have converged, giving birth to a pluralistic health care system in Bangladesh.

In theory, pluralism in health means a presence of different stakeholders that work in different ways to fulfill one goal: providing health care. In practice, a pluralistic system recognizes different actors with their defined responsibilities. A pluralistic health system helps check overarching governmental policymaking as the non-state actors are given the authority to shape how the health sector will function. In short, a pluralistic health care system allows a coexistence of a moderate level of state-centricity and laissez-faire approach by the private sector (Ahmed *et al.*, 2013, p.1747).

The Bangladesh health care system displays both theoretical and practical characteristics of pluralism. A number of agencies overseen by of the central government are responsible for providing basic to tertiary-level health care. These agencies, in consultation with other stakeholders, craft and implement health policies. However, this process is not always smooth, partly due to bureaucratic constraints, and partly due to the inconsistency of pursuing a set of policies arising from a new government. Then come the private-sector actors, including for-profit hospitals, clinics, or even frontline providers. Recently, Bangladesh has seen a boost in investment in private medical care. Private clinics, diagnostic centers, and tertiary-level hospitals target the affluent class. Poor people can rarely afford the cost of high-end health care. With the aim of meeting the health care of extremely poor and disadvantaged people, NGOs in Bangladesh have made a significant contribution. Both government policies and a flow of foreign donations have helped spur the NGO sector in Bangladesh. Donors prefer NGOs to government to channel their investment to the poor people. Thanks to their efficiency, NGOs have become a critically important component of Bangladesh's health care systems. Lastly, the donor community plays an important role. They provide the technical know-how to help the government create its policy.

Harnessing pluralism, Bangladesh has achieved some of its remarkable successes in the health sector. The fight against tuberculosis is chief among them. In the mid-1980s BRAC started a community-based pilot program to detect and treat tuberculosis patients. Japan's Research Institute of Tuberculosis provided technical assistance. The government, under its National Tuberculosis Program, offered logistical support including laboratories, health centers, and doctors. The entire program was executed in a very systematic way. BRAC's legion of health workers made door-to-door visits and pre-screened and had those with suggestive symptoms like cough persisting more than three weeks to bring a sample of sputum to a nearby collection and smear center. If tested positive, the health workers communicated with the concerned parties to instruct them how to proceed with the six-month-long medication course. With a view to curbing the drop-out rates, BRAC introduced a novel measure requiring all intended recipients of treatment to pay a bond of US$3 that would be returned upon successful completion of the treatment. In addition, every health worker would receive a benefit of US$6 for their help in bringing a patient to complete the full course of treatment. This entire mechanism registered a soaring treatment completion rate that became one of the best-performing tuberculosis treatment programs in the world (Ahmed *et al.*, 2013, p.1752). The government adopted the World Health Organization (WHO) recommended Directly Observed Treatment, Short Course (DOTS) program in 1993. Together with BRAC, the government was able to scale up the community-based DOTS program to all sub-district areas by 1998 and to all metropolitan areas by 2007. Meanwhile, the Global Funds for Aids, Tuberculosis, and Malaria, created in 2003, replaced previous funding mechanisms for Bangladesh's tuberculosis program, which helped Bangladesh expand its existing program. Bangladesh has been able to maintain a 90 percent treatment completion rate since 2005 (Bangladesh. Directorate General of Health Services, 2013).

Table 28.2 Development and health system output index in South Asia

	Development index			Health output			
	Gross national product per capita (US$)	Poverty (% of population)	Enrollment in primary education (%)	Life expectancy at birth	Infant mortality/1,000 births	Under-5 mortality	Access to improved sanitation (% of population)
Bangladesh	1,010	31.5	114	70.3	33	41	57
India	1,570	21.9	113	66.2	44	56	36
Nepal	730	25.2	135	68	34	42	37
Pakistan	1,360	12.4	93	66.4	69	86	48
Sri Lanka	3,170	6.7	98	74.1	8	10	92

Sources: Compiled by author. 'Life expectancy', 'Infant mortality', 'Under-5 mortality' are extracted from UNICEF (n.d.a). Sanitation data are from World Bank (n.d.g). The rest of the data are extracted from World Bank (n.d.h).

Bangladesh's sustained pluralistic approach is not limited to fighting tuberculosis. NGOs and non-state actors have greatly collaborated with the government to achieve a collective gain in overall health coverage (Table 28.2).

For instance, NGOs have reached out to the rural people to help them access hygienic sanitation. On the other side, government agencies have launched a nationwide awareness campaign to educate people about the importance and ways to make the best use of a safe sanitary system. As a consequence, rural Bangladeshis have quickly turned to safe sanitation, which has helped decrease the incidence of water-borne diseases. A pluralistic approach has enabled private and non-state actors to shoulder burdens from the government, which has paved the way for a faster health transition for Bangladesh.

Innovation

Innovation in Bangladesh's health sector has come in two broad ways: institutional and operational. Bangladesh has nurtured some of the world's largest NGOs and most dynamic research institutions. These institutions have continued to produce bold solutions to some of the most intractable health puzzles for Bangladesh, which in turn paved the way for other countries to tackle their own problems. Together with these institutions, the Bangladeshi government has been able to ramp up its efforts to improve the overall public health scenario. For instance, the icddr,b has developed oral rehydration therapy that came to revolutionize the treatment of dehydration. However, it has been the close partnership between the government and BRAC – the world's largest NGO – that has helped mothers across the country learn how to make the therapeutic solution. This partnership has been so fruitful that today almost every Bangladeshi woman knows how to prepare oral rehydration saline (Abed, 2013, p.2048). One name that has come to represent development activities in Bangladesh is Grameen. Inspired by its tremendous success in pioneering microfinance, Grameen has instituted a number of sustainable solutions to shoulder the government's task of providing health care. Grameen in concert with a number of multinational companies have attempted to experiment in health-related social business in Bangladesh. With the aim of combating malnutrition in rural areas, Grameen and Danone undertook a joint venture producing and distributing a special yogurt, which the

producers named 'fortified yogurt', that is, full of nutritional ingredients. Yogurt is a popular dairy item among Bangladeshis. In a similar vein, Grameen's social business is experimenting with mosquito-repellent nets and water treatment in arsenic-contaminated regions (Yunus Center, n.d.). Like BRAC and Grameen, other institutions are contributing to the health sector of Bangladesh. Gonoshathya Kendra has been the pioneer in deploying village-based para-professionals and in developing Bangladesh's drug policy (Chowdhury *et al.*, 2013, p.1741). Bangladesh Diabetic Samity (BADAS) has become a trusted name among diabetes patients in Bangladesh. BADAS runs a chain of hospitals and clinics across Bangladesh that provide low-cost health care to people. In addition to these institutions, other NGOs like the Bangladesh Association for Voluntary Sterilization and the Family Planning Association of Bangladesh continue to contribute to their respective areas of work.

Apart from this, policy innovations have helped transform Bangladesh's health landscape. The National Drug Policy put into effect in 1982 is a testament to this. The policy allowed local pharmaceutical companies to acquire essential materials for producing drugs at home. Thanks to this, Bangladesh became the first low-income country to develop a domestic pharmaceutical industry. Today, it not only provides 95 percent (Bangladesh Pharmaceutical Society, n.d.) of the total local medical need, but also exports generic drugs to as many as 107 countries across the globe (*Dhaka Tribune*, 2015). Bangladesh has been prompt in adopting new policies too. The country has been one of the early respondents to a WHO-sponsored drug policy that the organization was encouraging other countries to adopt.

In case of operations, Bangladesh has developed and implemented a number of innovative health care delivery systems. Bangladesh has trialed and subsequently devised an efficacious community-based approach. Thanks to it, Bangladesh has been able to weather the likely adverse outcome of a dearth of health care professionals (Table 28.1) in the public sector, which is only 0.58 per 1,000 people, compared to the WHO-recommended 2.28. Bangladesh has become the first country to produce a cadre of frontline community health workers. The number of community health workers provided by the non-state organizations has long outmatched those of the public sector. Estimates show that Bangladesh had a total of 219,000 community health workers in 2011–2012, of which 56,000 came from the public sector (Arifeen *et al.*, 2013, p.2014). Community health workers have been the pillar of Bangladesh's outreach program to communities. Working as a bridge between poor households and facility-based care, these workers visit door-to-door on a regular basis to motivate, raise awareness and disseminate a wide range of health interventions such as oral rehydration therapy, immunization, and family planning. NGOs are taking the community health services to the next level by preparing the workers as direct providers of care. BRAC has ramped up its antenatal care through community health workers. Bangladesh's success is not limited to dispatching a troop of community-based workers. Rather it has targeted a specific group with specific needs. When it comes to family planning, female health workers reach women to help them understand the benefit of the program. Likewise, Bangladesh has been able to make tuberculosis history by targeting the affected people and then providing them with proper treatment. Bangladesh's success in community-based health care has been replicated by many countries. This has come to complement Bangladesh's commitment to a sustainable culture of innovation.

Resilience

Bangladesh is one of the world's most natural-disaster-prone countries. Since 1970 Bangladesh has experienced six major floods and five cyclones, two of which were among the worst in the twentieth century. The Great Bhola Cyclone in 1970, a category-3 storm (United States.

NASA, 2007a), claimed more than 500,000 lives (United States. NOAA, 2007). In contrast, only around 3,400 people died in the category-4 (United States. NASA, 2007b) Cyclone Sidr in 2007, one of the deadliest of its kind. Although it is not feasible to compare the effects of natural disasters, the significant reduction in the mortality rate portrays a quintessential feature of the Bangladeshi people: resilience.

Over the years, Bangladesh has developed a structured disaster management plan that specifically focuses on the greatest cause of fatality and morbidity. First, an improved communication system is crucial in ensuring people's best preparation during a natural phenomenon. Previously, people were left vulnerable to disasters like cyclones due to lack of communication. Bangladesh has displayed a high level of adaptability in incorporating existing technologies, such as radio, television, and telecommunications, to reach out to people. In 2007, Bangladesh utilized satellite imagery to learn the severity of the storm and cellphones to make people aware of the potential hazards (Cash *et al.*, 2013, p.2098).

Second, Bangladesh has developed new types of cyclone shelters in which people informed of an imminent natural disaster can take refuge. Recently, architects have been experimenting with a safe, low-cost house, labeled a 'Disaster Resilient Habitat', that can resist cyclones (Cash *et al.*, 2013, p.2097). Third, several innovative interventions like potable water, preserving dry foods dug into the ground so that people can use them later, help to mitigate the after-effects of floods and cyclones, such as diarrhea and cholera. In 2004, scientists at icddr,b developed a mixture of alum potash, bleaching powder, and lime, popularly known as Siraj mixture, to decontaminate water in a disaster-hit area to prevent water-borne diseases. A packet of Siraj mix that costs only US$0.05 is sufficient to purify a water container typically used in rural Bangladesh (Cash *et al.*, 2013, p.2098). Fourth, a combined intervention program by government agencies, NGOs, and local actors in the aftermath of a disaster aims at monitoring the overall health conditions of the affected people. They also provide medical and logistical assistance to people to help them get back to normalcy as soon as possible.

Over the course of time, Bangladeshi people have learned how to deal with the natural disasters that are inflicted upon them from time to time. A realistic approach to mitigate the health-related hazards has seen a 100-fold reduction in the death rate since 1970. Bangladesh's resilience has, hence, become the country's biggest strength.

Challenges

Despite successes, danger lies in the Bangladeshi health care system. Bangladesh's overall health care system is not built upon a strong foundation, although it serves a population of 160 million.

> A total of 536 public hospitals with 37,387 beds provide inpatient care services in Bangladesh for a population of 160 million ... Of 64 districts, 59 have a hospital with secondary level health care. However, these hospitals have limited specialists, diagnostic and laboratory services. In addition, there are nine general hospitals with 100–250 bed capacity each.
>
> *(Islam and Biswas, 2014, p.369)*

These statistics reveal that the country is far behind other countries. Researchers in public health have noted that 'while Bangladesh has only 0.4 bed per 1,000 population, Ghana has 0.9 bed per 1,000 population. Similarly Kenya at the same level of economic development as Bangladesh has 35% higher number of hospital beds than Bangladesh' (Islam and Biswas, 2014,

p.369). There is a dearth of credentialed health care professionals in Bangladesh – only 0.4 doctors and 0.2 nurses for every 1,000 people (Table 28.1), nowhere near what the WHO recommends. Additionally, the health care experts and doctors are largely concentrated in urban areas. The disparity, both in terms of region and economic strata, is striking.

> [The] poor and the disadvantaged groups still have significantly less access to health care services than the rich and the privileged. For example, only 8% of pregnant women from the poorest income quintile deliver their babies at any health centre or clinic compared to 53% pregnant women from the richest income quintile.
>
> *(Islam and Biswas, 2014, p.371)*

In a similar vein, despite the overall success in reducing the mortality rate, there is a wide variation by socio-economic status: a low of 43 per 1,000 live births among the richest income quintile, while over 85 per 1,000 live births among the poorest income quintile (Islam and Biswas, 2014, p.371). Rural people rushing to the cities with a view to receiving better treatment often find themselves in a predicament because of the widespread practice of dualism by the doctors (Ahmed *et al.*, 2013, p.2049). Dualism is when doctors moonlight in public hospitals in the morning and carry on their private practice in the afternoon. The increasing prevalence of such a practice is reducing equity of access. The same is caused by the mushrooming of private for-profit hospitals in Bangladesh, although they are shouldering the daunting tasks of the government to provide health care to the public. Estimates suggest that at present such hospitals comprise 80 percent of the more than 3,500 hospitals in Bangladesh and they are on the rise (Huque *et al.*, 2012, pp.25–32). On the contrary, growth in the public-sector services is lacklustre. The government's capability to extend its service is evidently restrained by limited resources. Bangladesh currently spends a mere US$32 per head on health and the share of GDP expenditure on public health is falling (World Bank, n.d.j). The privatization of health care financing, especially through out-of-pocket expenditure, is surging.[1] It is a matter of regret that approximately 4–5 million people are being reduced to poverty each year due to their inability to bear health care costs (Adams, Ahmed *et al.*, 2013, pp.2105).

In addition to these overarching challenges, the country is also facing a number of pressing sectorial challenges that warrant urgent attention lest these pose a greater threat to Bangladesh. Some of these are briefly outlined below.

Arsenic

Until the mid-twentieth century, the rural population in Bangladesh largely relied on surface water and shallow wells for water supply (Edmunds *et al.*, 2015). The dynamics have rapidly changed since the introduction of hand-pumped tube wells in the 1960s. Access to bacteria-free safe drinking water encouraged people to permanently switch to tube wells. Estimates show that only 10 percent of the tube wells were installed by government agencies as well as NGOs; the rest are privately owned. Heavy dependence on tube-well water helped Bangladesh curb the number of infant and neonatal deaths caused by water-borne diseases. An epidemic outbreak of cholera, too, was prevented. A UNICEF report shows that 97 percent of the population had access to safe drinking water in the late 1990s (UNICEF, 1998).

Unfortunately, that success was badly affected by the government's tardiness in addressing arsenic contamination of groundwater. Arsenic is a natural element found in the earth's crust. According to the WHO's standard for Bangladesh, one liter of water with a trace of 50 μg of arsenic is considered arsenic-contaminated. Chronic exposure to arsenic can lead

to adverse health effects including skin lesions, cardio-vascular diseases, hypertension, and diabetes. Worse, arsenic is a known carcinogen. According to one study, about 35–70 million people out of a population of 160 million have been exposed to arsenic through drinking water (Flanagan *et al.*, 2012). The government formulated a plan to mitigate the problem in 2004, but its lackluster implementation has left the problem largely untreated. Several studies conducted on arsenic have pointed to a lack of coordination between stakeholders as being one of the major setbacks. In addition, government agencies' reluctance to realize the scale of the problem and subsequently address it has been another setback. Since arsenic contamination is a public health issue, the government should hold itself responsible for mitigating the problem.

Arsenic-contaminated water is no new phenomenon. Countries like Taiwan, Argentina, and Chile have faced and solved it. Bangladesh could completely eliminate the problem by 2030 if the government were willing to invest a small portion of national GDP in providing pipeline water supplies as well as monitoring arsenic levels across the country (Flanagan *et al.*, 2012).

Poor health care for slum dwellers

In the past 40 years, Bangladesh has seen an exponential influx of people to urban areas with the increase of economic activities. The so-called 'arrival cities', already overwhelmed by a massive population, struggle to accommodate the new urbanites (Garner, 2011). As a result, many people find shelter in the slums mushrooming here and there, especially on the edges of big cities like Dhaka and Chittagong. A slum-mapping project in 2005 registered more than 9,048 slums across the nation, 55 percent of which are in Dhaka (CUS and NIPORT, 2006, p.11).

Basic amenities like housing, water, vaccination, sanitation, and electricity are rare in urban slums. Overcrowding, together with unhygienic living conditions, exacerbates overall health problems in slums. Reported cases of diseases like tuberculosis, dengue fever, and hepatitis B among slum dwellers are more prevalent than in rural areas (BRAC, n.d.; Joncker, 2009). Due to lack of proper care, many women living in slums die during pregnancy and childbirth (Afsana and Wahid, 2013, p.2050). In comparison with rural areas, the mortality rate of children under five years of age is almost double (ibid.).

The abysmal health conditions present in the slum areas can be significantly improved. Strategies should be crafted for specific target groups. For instance, primary health care clinics available in slums barely reach working women due to timing conflicts. The government should step in with a solid commitment to tackle these unresolved issues. Various NGOs have been working on devising innovative solutions to bring health care to the doorsteps of these people. A new model of sanitary latrines, a sewage system, and water supply has been introduced in many slums. In order to spread and sustain existing solutions like these and to encourage new ones to improve slum people's lives, the government should assume its leadership role. A health care strategy for the urban population formulated in 2011 has yet to be endorsed by the government (Afsana and Wahid, 2013, p.2050).

Changing demographic

The landscape of global and national demography and epidemiology is changing. Attention is being shifted from infectious to non-communicable diseases (Streatfield and Karar, 2008, pp.261–272). Progressive population aging too is a matter of concern. The consequences of apathy in regard to physical exercise, lack of balanced diet, and gradual shrinkage of green spaces in urbanized areas are becoming increasingly visible. Obesity among adults is on the rise. A study

conducted by the University of Washington shows that adult obesity or overweight (overweight is defined as having a body mass index (BMI), or weight-to-height ratio, greater than or equal to 25 and lower than 30, while obesity is defined as having a BMI equal to or greater than 30) has increased to 17 percent in 2013 from a mere 7 percent in the early 1980s, (icddr,b, n.d.). The obesity rate among children, however, remains the same at 4 percent (ibid.). But there is nothing to take pride in since among all the regions, South Asia has the lowest rate of child obesity prevalence, which is 6 percent (ibid.).

Rise of non-communicable diseases

High blood pressure is another concern for Bangladesh. A recent survey (Bangladesh. NIPORT, 2013) reveals that 46 percent of the male and 60 percent of the female population older than 35 have high blood pressure. One-third of the population has glucose intolerance – i.e., can be classified as either diabetic or pre-diabetic (ibid.). The reported level of chronic kidney disease (CKD) is alarmingly high. During the last ten years, the number of private clinics offering specialized treatment for kidney disease has multiplied. Yet this remains largely under-studied. One of the few studies (Anand *et al.*, 2014) suggests that roughly one in five urban middle-income Bangladeshis has CKD. Like the case of arsenic-contaminated drinking water, the government has yet to step up and adopt any combined initiatives to address this.

Unregulated drug market

The easy availability and widespread use of over-the-counter drugs are a common practice across Bangladesh (Babu, 2007). An unregulated drug market is further exacerbating the situation (Ahmed *et al.*, 2013, pp.1750–1751). Bangladesh has become a pharmaceutical products exporting country within a very short span of time, a significant accomplishment by any standards; but unfortunately, this has made low-cost, low-quality drugs easily available and often sold without any supervision. This, in turn, is giving rise to widespread substance abuse (WHO, n.d.b). Worse, the government's capability to oversee more than 70,000 unlicensed drugstores nationwide is frustratingly limited (Ahmed *et al.*, 2013, p.1751). People attempt to self-medicate by merely consulting with unqualified quacks or salespersons in any drugstore. The situation has worsened due to fierce marketing promotions by the pharmaceutical companies (ibid.).

Climate change

Some of the biggest threats that will continue to affect Bangladesh in the years ahead arise from climate change. Bangladesh is one of the countries most vulnerable to global warming. Most of Bangladesh's land-mass is within three meters of sea level. As a result, the entire country is extremely vulnerable to rising sea levels. As it is now, Bangladeshis living in the coastal areas are facing shortages of pure drinkable water as saltwater is slowly poisoning the groundwater aquifers (Adams, Ahmed *et al.*, 2013, p.2104) and the soil in which they grow vegetables (Harris, 2014). Worse, high salinity in drinking water is linked to pre-eclampsia and gestational hypertension (Uddin *et al.*, 2011, p.620). Among the other tolls that climate change has taken are reduced river flow, drying-up rivers, a marked shift in the timing of the monsoon season, and increase in the average temperature. This all has a detrimental impact on water supply and food security, and thus threatens public health (Khan *et al.*, 2011, pp.1328–1332).

Conclusion

Notwithstanding a host of impediments, Bangladesh has been able to address the first-generation health issues. In doing so, Bangladesh has not only outperformed many countries with similar socio-economic conditions, but also contravened a long-held notion that public health improvement is a binary function of reducing poverty and investments. Yet there is no room for complacency for a country with a frail health care system. Bangladesh's health care system has evolved, in principle, to tackle the wave of first-generation challenges that are largely the by-products of poverty: infectious, nutritional, and maternity-related diseases (Chowdhury *et al.*, 2013, p.1743). Bangladesh needs to turn its attention toward post-MDG agendas in order to sustain the achievements it has made in the health sector over the past four decades. This is no easy task. A comprehensive health policy needs to be crafted in close consultation with partners like NGOs, donors, and other actors. New parameters like climate change, industrial pollution, and food quality are to be incorporated in policymaking. Bangladesh is at high risk of earthquake as the country lies on two major tectonic faultlines. Much has been talked about, but no significant contingency plan has been made in case of a strong tremor. In addition, a comprehensive financial strategy is to be adopted since inequity is on the rise due to the unregulated health care costs in practice. At the same time, Bangladesh is required to concentrate on further improving its existing health system as it lays the premise on which Bangladesh can move forward. A recent survey conducted on the public, private, and NGO-run hospitals and clinics has revealed a frustrating situation. Of those surveyed, 74 percent of facilities lack some fundamental medical equipment. Very few facilities are committed to protect the privacy and safety of patient health information. Many analysts opine that the quality of health service has failed to catch up with overall infrastructural development in Bangladesh (*Prothom Alo*, 2015). Two reasons behind the deteriorating health service can be attributed to Bangladesh's rampant corruption and political volatility. Reports suggest that doctors and patients alike offer bribes to achieve their ends: promotion for public-sector doctors, and better services for patients (*Daily Star*, 2014). Worse, doctors often delay the treatment process and public-sector doctors refer patients to private diagnostic centers or clinics where the doctors can receive a commission as a token of gratitude. Persistent political instability further deepens the problems that exist in Bangladesh's health care system. The decision-making process is often clouded by competing political considerations. Even if one decision is taken, the chance of its materialization remains in question. Health experts believe that decentralization of the Health Ministry can be a good start. Needless to say, concerted efforts need to be initiated to revamp Bangladesh's health care system. Bangladesh has the leverage to make it happen should the country capitalize on its previous successes and lessons from the past.

Note

1 Definition: 'Out of pocket expenditure is any direct outlay by households, including gratuities and in-kind payments, to health practitioners and suppliers of pharmaceuticals, therapeutic appliances, and other goods and services whose primary intent is to contribute to the restoration or enhancement of the health status of individuals or population groups. It is a part of private health expenditure' (World Bank, n.d.k).

References

Abed, F. H. (2013) Bangladesh's Health Revolution. *The Lancet*. 382. pp.2048–2049.

Adams, A. M., Ahmed, T., El Arifeen, S., Evans, T. G., Huda, T. and Reichenbach, L. (2013) Innovation for Universal Health Coverage in Bangladesh: A Call to Action. *The Lancet*. 382. pp.2104–2111.

30

BANGLADESH AND ITS NEIGHBORS

Mohammad Sajjadur Rahman

Bangladesh is South Asia's youngest nation-state. This state has changed its political boundaries twice; over 40 years ago the area that is now Bangladesh was part of Pakistan. Around 68 years ago the same area belonged to the British Raj. It is therefore no surprise that Bangladesh's relations with its neighbors have been influenced by the nature of past events and interactions. Besides, the Indo-centric South Asian sub-system has significantly shaped the contemporary foreign policy behavior of Bangladesh. The country shares a 4,096-km-long international border with India, the fifth longest land border in the world. The only other bordering country is Myanmar, with which Bangladesh shares a 190-km-long south-eastern border. Bangladesh's southern oceanic frontier is also watched over by the powerful navy of her western neighbor. Therefore, while Dhaka maintains good neighborly relations with smaller South Asian states like Bhutan, Nepal, the Maldives and Sri Lanka, her diplomatic endeavors within and beyond South Asia have been affected by the so-called 'India factor' to such an extent that one observer even proclaimed that Dhaka's foreign policy of the last four decades can be broadly categorized into two types: 'pro-India' and 'anti-India' (Chakma, 2012).

Bangladesh and India

The honeymoon and afterwards

Considered one of the first cases of humanitarian intervention in world politics, India's military support in the 1971 Liberation War was crucial for the emergence of Bangladesh as an independent state. Moreover, India hosted about ten million refugees from East Pakistan during the war and also provided much-needed aid for post-war reconstruction efforts. Therefore, India was regarded as the 'natural ally' of Bangladesh. However, there is no denying that New Delhi's support for the Mukti Bahini (liberation forces) of East Pakistan was primarily dictated by 'specific *realpolitik* calculations' (Cordera, 2015). As a consequence of the 1971 war, while Pakistan's power and prestige was reduced considerably, India, on the other hand, appeared to have won the strategic battle, thus enabling itself to become the regional hegemon in South Asia. Quite understandably, on the Bangladeshi side, there was no dearth of gratitude for India. The first foreign minister, Abdus Samad Azad, stated:

> the frontiers between the independent sovereign People's Republic of Bangladesh and India are just healed scars of the events of 1947 and there do not exist any frontiers in the hearts of the people of Bangladesh and the greater people of India.
>
> *(Chowdhury, 1980)*

Few could imagine then how such euphoria would end up in profound distrust between these two nations within just a short span of time.

With hindsight, one may argue that the tragic and bloody experience of the 1971 war has essentially molded the framework through which Bangladesh has often determined the course of her relations with both India and Pakistan. Ardent observers of the 1970s would admit that anti-Indianism was not an uncommon phenomenon at that time, something that Bangladesh inherited from the Pakistan period. Even the nascent army of Bangladesh was not free from anti-Indian perceptions. But such perceptions surfaced largely because of the mishandling of certain sensitive issues. For instance, the Mukti Bahini strongly resented the way the Provisional Government of Bangladesh handled the surrender ceremony of the Pakistani Army. The latter was to surrender to the joint command of the Indo-Bangladesh Forces on December 16, 1971. However, the Commander of the Bangladesh Liberation Forces, Colonel Osmani, was absent from the ceremony and the media portrayed the entire conflict as a war between India and Pakistan. Many in Bangladesh still consider that although India intervened in the war at the eleventh hour, by dictating the surrender ceremony, India actually denied due credit to the Mukti Bahini's role in the nine-month-long war. Furthermore, it was reported that the Indian forces had taken away most of the surrendered arms and ammunitions to which Bangladesh's new army had the rightful claim. The strained situation worsened as it was contended that a number of Bangladeshi Army personnel were imprisoned by the 'pro-Indian regime' for contesting the looting. India eventually court-martialed a number of its military officers, confirming their guilt (Lifschultz, 1989). These incidents affected the Bangladeshi Army's perception of India from a very early stage. Anti-Indianism grew even stronger when a paramilitary force, Jatiya Rakhkhi Bahini (national militia), was created with active Indian support. This ostensibly led many officers to believe that Sheikh Mujibur Rahman was less interested in building an organized army capable of challenging potential threats emanating from India. In addition to this, repatriated Bengali army personnel from Pakistan were inducted into the Bangladeshi Army, some of whom purportedly carried the 'political values and ideology of Pakistan army' (Mohsin, 1992) and deemed India to be an eternal adversary.

Unsurprisingly, it is now widely believed that 'seeds of discord' were actually sown during the 'honeymoon period' of the Indo-Bangladeshi relationship and one of the very first issues of disputation was linked with the signing of the 'Treaty of Friendship, Co-operation and Peace' on March 19, 1972, which was based on the model of the Indo-Soviet treaty of 1971. Proponents argued that the treaty would provide a security umbrella for the infant state and, more importantly, it would demonstrate Bangladesh's treaty-making rights as a sovereign state. Critics, however, argued that the various clauses of the treaty effectively undermined Bangladesh's options vis-à-vis India and it was alleged that officials responsible for external relations in Dhaka had no prior knowledge of the signing of the treaty. Therefore, instead of fostering friendship, the treaty in fact came to be regarded as a symbol of Indian dominance and an embarrassment for the Awami League (AL). After 25 years, in 1996, when the treaty lapsed, there was a complete lack of interest from either Dhaka or Delhi in making any extension to the treaty.

The issues regarding demarcation of borders and exchange of enclaves also became contentious when India failed to ratify the Land Boundary Agreement (also known as the Indira–Mujib agreement) signed on May 16, 1974 between Indira Gandhi and Sheikh Mujibur Rahman.

India's border with northern Bangladesh has been seen as a classic example of cartographic anomaly. Ever since the Partition of 1947, there have been a total of 162 enclaves on either side of the border that belong to the other side. Interestingly, these territories also include the world's only 'counter-counter-enclave'. Historians claim that these parcels of land were carved out as a result of eighteenth-century treaties between the Maharajah of Cooch Behar and the Mughal Empire. The Indira–Mujib agreement envisaged that these enclaves should be exchanged expeditiously. In accordance with the agreement, Bangladesh ratified the agreement almost immediately and handed over the Berubari enclave to India. However, India suddenly changed its position and argued that the treaty could not be ratified without completing the demarcation of the boundary. Furthermore, India's internal legal battles also blocked the transfer of Tin Bigha to Bangladesh. As a consequence of India's non-reciprocal position, thousands of inhabitants of the 162 enclaves effectively remained 'stateless', living on patches of land without schools, hospitals or courts for decades.

The widening of the cracks

With the assassination of Sheikh Mujibur Rahman on August 15, 1975, Dhaka's foreign policy shift toward anti-Indianism became irreversible. The new regime in Dhaka actively began to establish extra-regional linkages, particularly with China and the Middle Eastern states, as a countervailing weight to ease New Delhi's 'domination'. President Zia made it quite clear that Bangladesh no longer belonged to the Indo-Soviet axis. When some pro-Mujib groups took shelter in India and frequently carried out cross-border raids, Zia's regime became convinced that India would not support any government in Dhaka other than that of the AL. New Delhi also refused to hand over those 'miscreants' to Dhaka. The rise of an informal Peking–Islamabad–Dhaka axis in this period (Nuruzzaman, 1991), on the other hand, raised serious concerns in New Delhi, which perceived such a development as inimical to its security interests.

The bilateral relations between India and Bangladesh also worsened in the post-Mujib period as a consequence of increasing tension over the sharing of Ganges water and the Farakka Barrage. Bangladesh had been complaining for several years that the disproportionate removal of water at the Farakka barrage for about 28 years had adversely impacted upon not only the agrarian economy, but also the environment at large. Besides, the quantity of Ganges water released from the barrage was not sufficient for Bangladesh's use during the dry season. The environmental impacts of the barrage or of not getting a proper share of the international river were devastating and Dhaka was ready to internationalize the disputed issues in an attempt to win global support. President Zia took the Farakka issue to the OIC Foreign Ministers' Conference in Istanbul in May 1976. The same issue was raised again in August and November 1976 at the Colombo Summit of the non-aligned countries and in the 31st Session of the UN General Assembly respectively. China's support toward Bangladesh's stance on the Ganges water issue also disappointed India.

It is during this post-1975 era that both the countries began to perceive each other primarily through a security lens and pursued policies that ultimately destabilized peace. For instance, while India began to assist Shanti Bahini guerillas in the Chittagong Hill Tracts (CHT), Bangladesh began to pool resources, with covert support from China and Pakistan, to transfer arms to insurgent groups of north-east India (Bhaumik, 1996). Although the two countries had signed a trade agreement in 1976 to improve economic relations and Prime Minister Morarji Desai of India had signed an interim agreement at Farakka in 1977 (Pattanaik, 2012), the overall relationship remained antagonistic. Apart from the land-boundary disputes, Bangladesh and

India also wrangled due to controversies over the sovereignty of the newly formed 'South Talpatty' island at the mouth of the Hariya Bangha river, which flows through the Sundarbans and forms the border between Bangladesh and India. India called it New Moore Island and the West Bengal government named it 'Purbasha'. India rejected Bangladesh's proposal to carry out a joint survey to determine ownership on the ground that the survey was intended to jeopardize India's claim over the island.

The second military regime of General H. M. Ershad followed a similar approach vis-à-vis India to that of his predecessor. Bilateral relations somewhat improved when the two countries signed a memorandum of understanding on water sharing at Farakka in 1982 and again in 1985. Another critical issue of this period was the Assam agitation against Bangladeshi immigrants. India had complained that illegal immigrants from Bangladesh had been responsible not only for socio-economic problems but also political tension among the Indian states bordering Bangladesh, and in 1986, New Delhi decided to erect barbed-wire fencing along the border of the two countries. However, the US$4 billion fence failed to curtail the illegal cross-border trade, a major issue that further strained the relations between Bangladesh and India. The mobilization of border forces on both sides and border killings became a regular occurrence.

Although the advent of democratic governance in Bangladesh ushered in new hope for a de-escalation in tension, the emergence of the 'India factor' in the electoral politics of Bangladesh became a major impediment to any breakthrough. The Bangladesh Nationalist Party (BNP) led by Begum Khaleda Zia formed the first democratic government in 1991 after 16 years of military and quasi-military rule. Although high-level visits took place during the BNP regime and the Tin Bigha Corridor was finally leased to Bangladesh on June 26, 1992, tension was mounting as New Delhi could not trust Begum Zia's proclamation that Dhaka would not allow its territory to be used against India. Dhaka raised the Ganges water issue again in 1993 at the Commonwealth Summit and later in 1995 at the UN General Assembly. The anti-Indian sentiment further intensified in Bangladesh when the Babri Mosque was demolished in India.

When the AL returned to power in 1996, Bangladesh–India relations improved considerably. After decades of mistrust and suspicion, the two nations recognized the need for reviving meaningful contacts in order to settle contentious issues. After years of negotiations the two countries finally signed the 30-year water-sharing agreement for the Ganges in December 1996. A peace accord was also signed in 1997 between the government of Bangladesh and the Parbatya Chattagram Jana Sanghati Samity (PCJSS), the political organization that controlled the Shanti Bahini militia in the CHT region. It was an open secret that the accord had New Delhi's blessing. It facilitated the return of the Chakma refugees to Bangladesh. Some scholars maintain that the 'positive' change in New Delhi's attitude was actually facilitated by the 'Gujral Doctrine', a policy based on non-reciprocity. However, since the AL was leading a fragile coalition government in Dhaka, there was little hope for any breakthrough in Bangladesh's relations with India. Furthermore, when the BJP (Bharatiya Jananata Party)-led government assumed power in 1998, the steady progress made in bilateral relations was somewhat thwarted as the ruling party in New Delhi took an avid interest in characterizing and turning the issue of Bangladeshi illegal migrants in India into a communal problem. The BJP vigorously propagated the claim that the influx of illegal 'Muslim' Bangladeshis into India was the result of the Congress party's 'vote bank' politics and argued that the phenomenon would fundamentally alter the demographics of the bordering states of 'Hindu' India (Singh, 2009). A major low in India–Bangladesh relations occurred in April 2001 when at least 19 Indian BSF (Border Security Force) personnel were killed in clashes between the border troops of both countries.

In the post-9/11 period, the BJP regime repeatedly alleged that the Pakistani ISI and al-Qaeda were using Bangladeshi territory for anti-Indian activities, thus adding new

dimensions to New Delhi's approach to understanding and dealing with Bangladesh (Jones, 2009). The BNP returned to power in Dhaka by winning the 2001 general elections and during this period, the two countries continued accusing each other of non-cooperation. However, bilateral relations began to transform substantially during the caretaker government regime in Dhaka in the 2006–2008 period. The Bangladesh military, for the first time in its history, invited Indian soldiers who participated in the 1971 war to jointly celebrate victory day in Dhaka. The 'Moitree Express' – the Dhaka–Kolkata train service – was revived during this period and the 'India–Bangladesh Chamber of Commerce and Industries' was also set up in 2007.

Post-2008: embracing India?

The landslide victory of the AL in the December 2008 elections was hailed by New Delhi as a historic opportunity to take bilateral relations to a higher plane. As prime minister, Sheikh Hasina clearly preferred the India-positive policy and signaled that the AL government would extend security cooperation to India. Dhaka took action against various Islamist groups and handed over two Laskar-e-Toiba members of Indian origin who had been operating from Bangladesh. For its part, the Bangladeshi authorities handed over ULFA (United Liberation Front of Assam) foreign secretary Sashadhar Choudhury and finance secretary Chitraban Hazarika to Indian security forces. Later, Dhaka also handed over Arabinda Rajkhowa, the ULFA chairman, along with his associates to the Assam police. Such gestures and actions from Dhaka enormously impacted New Delhi's counter-insurgency efforts in its north-east region. Sheikh Hasina's visit to New Delhi on January 10, 2010 resulted in the signing of a 51-point joint communiqué that envisioned future directions for the bilateral relationship. Three agreements on security cooperation were signed: (1) Mutual Legal Assistance in Criminal Matters; (2) Transfer of Sentenced Persons; and (3) Combating International Terrorism, Organized Crime, and Illicit Drug Trafficking. The new mood for security cooperation clearly demonstrated that Dhaka had effectively abandoned the equipoising strategy of the previous periods. The Indian government also announced a US$1 billion line of credit for the development of Bangladesh's road and rail infrastructure, and signed a memorandum of understanding on power imports.

In September 2011, Indian Prime Minister Manmohan Singh paid a return visit to Dhaka, prompting a tsunami of expectations. One of the most important outcomes of that visit was the signing of a protocol to the 1974 Land Boundary Agreement that aimed to address all outstanding land-boundary issues and provide a final settlement to the boundary disputes. However, the much-expected agreement on the sharing of Teesta water could not be signed at the time of Manmohan's visit due to the last-minute opposition of Mamata Banerjee, the chief minister of India's West Bengal state. Of late, Bangladesh has also acknowledged that Dhaka needs to engage more with the bordering Indian provinces in order to reach agreements on the sharing of common river waters and other border-related issues. In the last few years, Bangladesh has also expressed concerns over the Indian plan to build a dam at a point called Tipaimukh on the river Barak. Although Prime Minister Manmohan Singh asserted that India would not do anything to harm Bangladesh, environmental groups are still skeptical about India's true intentions. Dhaka is also very concerned about the Indian project for interlinking rivers that would transfer surplus water from the Brahmaputra–Ganga basin and divert it to rivers in the states of Uttar Pradesh, Rajasthan, Maharashtra, Gujarat, Orissa, Andhra Pradesh, Karnataka and Tamil Nadu through canals. If implemented, Dhaka claims, the project would have an adverse impact on Bangladesh's rivers, agriculture and ecology (Bhattacharjee, 2012).

India and Bangladesh had disputed maritime borders for decades, and in 2009, Dhaka decided to pursue international arbitration at the Permanent Court of Arbitration under the

terms of the United Nations Convention on the Law of the Sea (UNCLOS). The tribunal ruled in favor of Bangladesh and awarded it nearly 80 percent of an area sprawling over 25,000 km² (*The Diplomat*, 2014). By bringing to a close a long-pending issue, both countries are now expected to explore economic benefits in the Bay of Bengal region.

Another major sticking point for the Bangladesh–India relationship has been the enormous trade imbalance. The growing bilateral trade deficit with India has risen from US$774 million in FY 2000, to US$1,933 million in FY 2005 and US$2,910 million in FY 2010 (Rahman, 2011). If informal trade is taken into consideration, then the actual deficit would be significantly higher. The existence of non-tariff barriers on Bangladeshi imports is largely responsible for the imbalance and Dhaka has been consistently demanding from India the facilitation of wider market access and investment. However, apart from allowing duty-free access to 46 Bangladeshi textile items and extending credit lines, India has recently implemented a number of infrastructural projects to improve connectivity in the bordering states.

India's decision to stand by the ruling AL during the controversial election of 2014 (Riaz, 2014a) has certainly baffled those analysts who maintain that India's foreign policy has gradually shifted from conflicting ideological stances toward pragmatism. Despite international calls for an inclusive election in Bangladesh, New Delhi emphatically defended its favored AL regime in an attempt to secure the continuance of the politico-security arrangements. It appeared that New Delhi felt uneasy about the possible regime change in Dhaka and a likely victory of the BNP-led coalition, which included Islamist parties like Jamaat-e-Islami. Moreover, India deemed international concerns over the election in Bangladesh as a challenge to its own version of the Monroe Doctrine (Riaz, 2014b). Ultimately, the general election was boycotted by the BNP and the rest of the opposition, and as a result the AL and its allies control all the seats of the current parliament. It is now generally accepted that the special relationship between the AL and the Congress Party has to some extent endangered the state-to-state relationship. Therefore, when the BJP came to power in 2014, there was speculation that Prime Minister Modi would emphasize the importance of bipartisan support in New Delhi's foreign policy. During his two-day state visit to Dhaka in June 2015, the new Indian prime minister scored a number of strategic triumphs. India secured its access to Bangladeshi seaports, which is very significant from a strategic point of view. It was during this visit that India agreed to increase its power export to 1,100 MW from the current 500 MW. India also granted a fresh US$2 billion soft loan to Bangladesh for use in connectivity projects. Dhaka also offered a special economic zone in Bangladesh exclusively to Indian investors. Agreements were signed covering bus routes across the border and investments in the energy sector. One of the most significant aspects of the visit was Prime Minister Modi's decision to meet with Begum Khaleda Zia amidst speculation that the meeting would not be scheduled. The leadership of the BNP even proclaimed that the party is not anti-India (*BDNews24*, 2015). This is arguably the very first time in the history of bilateral relations that both major parties in Bangladesh expressed unprecedented eagerness to be in New Delhi's good books. Although no deal was signed on the Teesta water sharing, the BJP leader said that such issues should be resolved from 'humanitarian perspectives'. It is speculated that Dhaka is willing to sign a transit treaty, a long-demanded facility that would enable mainland India to connect with its remote north-east region, if New Delhi can deliver a treaty on the sharing of Teesta water. However, apart from security concerns, there are also doubts as to whether Bangladesh's infrastructure would be able to handle such transit facilities.

After decades of dithering and drama, India and Bangladesh finally reached an agreement on the land boundary during Modi's visit that would enable a swap of the disputed enclaves. The 'stateless' inhabitants of the enclaves will now have the option to choose their citizenship for the first time. Although Modi declared that the agreement on the enclaves was comparable

in importance to the dismantling of the Berlin Wall, the reality is that India has been actively raising a fortified fence along much of the border in an attempt to contain the infiltration of Bangladeshi economic migrants and militant groups. About 1,000 Bangladeshi nationals have been killed by the Indian BSF over the last decade, many of them when they crossed into Indian territory for cattle rustling or other smuggling activities. Human Rights Watch (HRW), an international human rights organization, has repeatedly called upon the Indian government to investigate and prosecute those responsible in the security forces for human rights violations (HRW, 2010).

It can safely be said that New Delhi is not seen as neutral when it comes to designing Bangladesh policy and anti-Indian feeling has heightened in recent times due to India's overt prying into Bangladesh's domestic politics (Anik, 2014). On the other hand, Dhaka's regimes, over the years, have exploited the instruments of foreign policy for furthering group interests rather than the national interest. It is also worth mentioning that by employing the rhetoric of 'connectivity', India has effectively secured its strategic goals vis-à-vis north-east India.

Bangladesh and Pakistan: memory rules

It is quite interesting to note that even after the emergence of independent Bangladesh on December 16, 1971, Islamabad pretended that there was no war or no liberation of Bangladesh. On December 20, 1971, President Zulfiqar Ali Bhutto of Pakistan declared that: 'We will continue to fight for the honor and integrity of Pakistan. East Pakistan is an inseparable and unseverable part of Pakistan' (*Daily Star*, 2014). Remarkably, the 1973 constitution of Pakistan nonchalantly referred to Bangladesh as part of Pakistan by stating: 'The constitution shall be appropriately amended to so as to enable the people of the province of East Pakistan, as foreign aggression in that province and its effects are eliminated, to be represented in the affairs of the federation' (Ahmed, 2008). Predictably, the bilateral relationship between Bangladesh and Pakistan has been dictated by the legacy of 1971 war. In addition, Bangladesh was widely recognized to be affiliated with the Indo-Soviet axis up until 1975, whereas Pakistan was an undeviating ally of the United States.

Dhaka's preliminary challenges in regard to normalizing relations with Islamabad revolved around four particular issues: Pakistan's recognition of Bangladesh; resolving the prisoner of war (POW) impasse; repatriating the nationals of both sides stranded in each other's territory; and convincing Pakistan to reach an agreement on the sharing of assets and liabilities between the successor states. Pakistan demanded an unconditional release of all POWs, including those Dhaka wanted to try for war crimes. Bangladesh, on the other hand, declared that the issue of war crimes trial is non-negotiable and Dhaka even refused to be present in any meeting with Pakistan prior to recognition. However, the deadlock was broken when India and Pakistan signed a tripartite agreement regarding repatriation under which both New Delhi and Dhaka agreed to the release of all but 195 Pakistani POWs. Pakistan also agreed to the repatriation of the Bengalis and non-Bengalis and 'implicitly' recognized the sovereignty of Bangladesh. This agreement, however, is widely considered to be a diplomatic triumph of Islamabad since Dhaka had to make serious compromises on a number of issues (Jahan, 1973). For instance, both India and Bangladesh gave up their earlier 'recognition first' demand. In effect, they agreed to release the POWs even before Pakistan recognized Bangladesh. Moreover, instead of trying 1,500 POWs for war crimes, Bangladesh moderated its earlier stance and agreed to try only 195 POWs.

It is widely believed that the leaders of the Muslim countries persuaded both Bhutto and Mujib to come to terms, preferably before the Islamic Summit, which was scheduled to be

held in Lahore on February 22–24, 1974 (Maniruzzaman, 1975). Pakistan ultimately extended recognition to Bangladesh on February 22, 1974 and Mujib attended the summit conference. After mutual recognition, a tripartite conference involving Bangladesh, India and Pakistan was held in New Delhi on April 9, 1974 and an agreement was signed on the following day. This was a spectacular development because according to the agreement Bangladesh had decided to grant clemency to 195 POWs in the interest of reconciliation and durable peace in the subcontinent and Pakistan expressed its profound regret at any crimes that its forces might have committed. On June 28, Pakistani Prime Minister Zulfiqar Ali Bhutto paid an official visit to Dhaka. However, the talks between Bhutto and Mujib failed as Bhutto refused to discuss the division of assets between the two countries or repatriating 300,000 Biharis who had opted for Pakistan.

The bilateral relations between Pakistan and Bangladesh entered a new phase after the August coup of 1975. Pakistan was the first country to recognize the new government of Bangladesh and, as a goodwill gesture, decided to provide 50,000 tons of rice and 15 million yards of cloth. In April 1976, two formal agreements relating to trade and shipping were also signed between the two countries. During the military regimes of 1976–1990, Dhaka expressed its eagerness to develop both political and commercial relations with Islamabad. However, the high-level visits from both parties failed to address the outstanding disputes, particularly the demand for the repatriation of Biharis.

The Bangladeshi government, over the years, has repeatedly asked Pakistan to tender an apology for the crimes committed by its army during the Liberation War. Back in July 1972, the government of Pakistan set up a commission, chaired by the Chief Justice Hamoodur Rahman, to undertake a complete evaluation report of the circumstances surrounding the atrocities committed in the war of 1971. The report, declassified only in August 2000, clearly mentioned the senseless atrocities committed by army personnel and called for their trial. The issue of apology floated up during the Hasina regime of 1996–2000. The relationship reached an all-time low in September 2000 when President Pervez Musharraf canceled a planned meeting with the Bangladeshi leader in New York in response to the critical remarks by Sheikh Hasina at the UN General Assembly on taking action against undemocratic changes of government. Moreover, Dhaka threatened to expel Pakistan's deputy high commissioner for his 'derogatory remarks' on the Liberation War and, to ward off any crisis, Islamabad withdrew the diplomat (Gupta and Chanda, 2002).

It is generally accepted that Dhaka's relationship with Islamabad improves considerably whenever the BNP forms the government. The visit of President Musharraf to Dhaka at the end of July 2002 was considered an important event for improving the bilateral relationship. During his visit, Musharraf expressed his 'regret' over the '1971 events' (sic). Critics, however, characterized it as a cosmetic gesture aimed at distracting the scandalous crimes of 1971 and stressed that Bangladesh had been demanding an 'apology', not 'regret'. Nevertheless, the expression of regret by a Pakistani president, who also happened to be the chief of army staff, was quite a significant move. Prime Minister Khaleda Zia also thanked the president by saying that his 'candid expression' will help mitigate the old wounds (Habib, 2002). Noticeably, at about the same time, 51 civil society organizations in Pakistan voiced their apology for all the atrocities and excesses committed against civilians in East Pakistan during the war of 1971 (Noor, 2005). Although Begum Zia's official visit to Pakistan in February 2006 signaled a new beginning in establishing a viable relationship, the anti-Pakistan mood lingered on as an integral part of Bangladesh's political discourse.

The relationship between Dhaka and Islamabad entered yet another turbulent phase in the post-2008 period when the AL returned to power. The formation of the International Crimes

Tribunal by the government of Bangladesh to try to prosecute Bangladeshi individuals for crimes committed in the 1971 war stimulated public memory and the subsequent Shahbag Movement augmented anti-Pakistani feelings. On December 2013, Pakistan's national assembly passed a resolution (Chowdhury, 2013) that condemned the execution of Abdul Quader Mollah who was convicted by Dhaka's court for crimes against humanity. Mollah was the former assistant secretary general of Bangladesh's Jamaat-e-Islami. In response to Pakistan's unprecedented reaction, Bangladesh's Foreign Ministry summoned Pakistan's high commissioner and handed him a protest note against the resolution. Prime Minister Sheikh Hasina slammed Pakistan and said: 'By passing the resolution at the National Assembly, Pakistan has proved that it never accepted the victory of Bangladesh in the Liberation War of 1971' (*The Times of India*, 2013). Evidently, Bangladesh's relations with Pakistan continues to be affected by its historical legacy and it is therefore quite certain that without an unconditional public apology from Pakistan, the future of the bilateral relationship will remain bleak.

Bangladesh and Myanmar: new challenges

Myanmar accorded recognition to Bangladesh on January 13, 1972 and only three months later, in May 1972, the then Bangladesh foreign minister visited Myanmar. Following the visit, a joint communiqué was issued instantaneously from Dhaka and Yangon that affirmed serious intent to maintain close ties and develop bilateral relations on the basis of peaceful coexistence, non-alignment and mutual respect for sovereignty, territorial integrity and national dignity. Between 1972 and 1985, the two states signed three crucial agreements: (1) General Trade Agreement (1973), (2) Repatriation of Refugee Agreement (1978) and (3) Land Boundary Agreement (1979). In 1985, the two countries authenticated the formal demarcation of 123 miles of common land boundary, considered as a constructive step toward mutual cooperation. The visit of Prime Minister General Than Shaw to Bangladesh in December 2002 and the subsequent visit of Bangladeshi Prime Minister Begum Khaleda Zia to Myanmar in March 2003 were critical in diversifying the Bangladesh–Myanmar relationship. Trade and economic relations of the two countries have now become much stronger after the visit of Prime Minister Sheikh Hasina to Myanmar on December 2011. However, every so often, border tensions have flared between the neighbors and the Rohingya refugee crisis in particular has become a major irritant for Bangladesh. The Myanmar government alleges that the Muslim Rohingyas of the border state of Rakhine are in fact illegal Bangladeshi immigrants. Myanmar also accuses Bangladesh of harboring Rohingya separatists associated with radical Islamists. In response, Dhaka has consistently denied such claims. Apart from the refugee crisis, Bangladesh is also very concerned about the illicit trading of drugs and weapons along the border areas, which is creating serious security threats for both countries.

Despite the recent spate of unrest, both Bangladesh and Myanmar have been able to peacefully resolve age-old disputes over the maritime boundary. On March 14, 2012, the Hamburg-based ITLOS (Law of the Sea Tribunal) delivered a historic judgment on delimitation of all the maritime zones that Bangladesh and Myanmar are entitled to in a fair and equitable manner (Faruque, 2013). The judgment has been hailed by Dhaka as a victory for Bangladesh and a settled and demarcated zone has certainly opened up endless possibilities for exploring mineral resources in the Bay of Bengal. Bangladesh also acknowledges Myanmar's growing strategic importance as a gateway to China and Southeast Asia and as a future supplier of natural gas, and is willing to build a favorable relationship (Amin, 2014).

Concluding remarks

Bangladesh had an innovative vision regarding its neighboring countries manifested in its initiative toward the establishment of the South Asian Association of Regional Cooperation (SAARC) almost 30 years ago. Yet, despite holding several top-level summits and meetings, the organization has largely failed to materialize the dream of building a South Asian community. Nonetheless, Dhaka is rediscovering the geostrategic importance of Bangladesh and refocusing on the possibilities of emerging as a regional hub connecting South and Southeast Asia. Therefore, mutual cooperation between India and Bangladesh and other neighbors is essential for exploiting the current geopolitical realities.

References

Ahmed, U. K. (2008) *Bangladesh and Its Neighbours*. Dhaka: Asiatic Society of Bangladesh. p.73.

Amin, Z. (2014) Changing Dynamics in Myanmar Impact Bangladesh's Geopolitics. [Online] Available from: http://thediplomat.com/2014/06/changing-dynamics-in-myanmar-impact-bangladeshs-geopolitics [Accessed: July 1, 2015].

Anik, R. S. (2014) Why India Should Rethink Its Bangladesh Policy. *Dhaka Tribune*. January 9.

BDNews24. (2015) BNP Says It Never Pursued Anti-India Politics. [Online] Available from: http://bdnews24.com/politics/2015/05/27/bnp-says-it-never-pursued-anti-india-politics [Accessed: June 10, 2015].

Bhattacharjee, J. (2012) India–Bangladesh Relations: Finding a Way Forward. *ORF Issue Brief*. 43.

Bhaumik, S. (1996) *Insurgent Crossfire: North-East India*. New Delhi: Lancer Publishers.

Chakma, B. (2012) Bangladesh–India Relations: Sheikh Hasina's India-Positive Policy Approach. *RSIS Working Paper*. 252. p.7.

Chowdhury, A. I. (1980) Strategy of a Small Power in a Sub-system: Bangladesh's External Relations. *Australian Outlook*. 34 (1). pp.85–98.

Chowdhury, T. S. (2013) Pakistan–Bangladesh Relationship Strained. [Online] Available from: www.aljazeera.com/indepth/features/2013/12/pakistan-bangladesh-relationship-strained-2013122210285955448.html [Accessed: May 21, 2015].

Cordera, S. (2015) India's Response to the 1971 East Pakistan Crisis: Hidden and Open Reasons for Intervention. *Journal of Genocide Research*. 17 (1). pp.45–62.

Daily Star. (2014) In Their Words: Bhutto and Mujib, December, 1971. [Online] Available from: www.thedailystar.net/in-their-words-bhutto-and-mujib-december-1971-50468 [Accessed: June 20, 2015].

The Diplomat. (2014) International Court Rules in Favor of Bangladesh on Maritime Dispute With India. July 10. [Online] Available from: http://thediplomat.com/2014/07/international-court-rules-in-favor-of-bangladesh-on-maritime-dispute-with-india [Accessed: July 20, 2014].

Faruque, A. A. (2013) ITLOS' Judgement on Maritime Boundary between Bangladesh and Myanmar: A Critical Analysis. [Online]. Available from: www.culaw.ac.bd/files/maritime_delimitation_judgment_of_ITOLS.pdf [Accessed: April 1, 2015].

Gupta, K. A. and Chanda, S. (2002) Bangladesh–Pakistan Relations: The Dawn of a New Era. [Online] Available from: http://ipcs.org/article/bangladesh/bangladesh-pakistan-relations-the-dawn-of-a-new-era-826.html [Accessed: June 25, 2015].

Habib, H. (2002) Regret for 1971. *Frontline*. August 17–30. [Online] Available from: www.frontline.in/static/html/fl1917/19170630.htm [Accessed: June 12, 2015].

HRW (Human Rights Watch). (2010) *'Trigger Happy': Excessive Use of Force by Indian Troops at the Bangladesh Border*. New York: HRW.

Jahan, R. (1973) Bangladesh in 1973: Management of Factional Politics. *Asian Survey*. 14 (2). pp.125–135.

Jones, R. (2009) Geopolitical Boundary Narratives, the Global War on Terror and Border Fencing in India. *Transactions of the Institute of British Geographers*. 34 (3). pp.290–304.

Lifschultz, L. (1989) *Bangladesh: The Unfinished Revolution*. London: Zed Press. pp.36–37.

Maniruzzaman, T. (1975) Bangladesh in 1974: Economic Crisis and Political Polarization. *Asian Survey*. 15 (2). pp.117–128.

Mohsin, A. (1992) Bangladesh–India Relations: Limitations and Options in an Evolving Relationship. In: Ahamed, E. and Kalam, A. (eds.). *Bangladesh, South Asia and the World*. Dhaka: Academic Publishers.

31

BANGLADESH AND THE GREAT POWERS

Lailufar Yasmin

Bangladesh stands as the only 'successful case of secession' during the Cold War period, yet its liberation was hardly marked (Buchanan and Moore, 2003). Following the Kautilyan dictum, *my enemy's enemy is my friend*, both Pakistan and India were busy seeking alliances with the superpowers, the United States and the former Union of Soviet Socialist Republics (USSR), to create their own weight in the subcontinent and thereby control the course of the 'Bangladesh Crisis'.

In the last 44 years, Bangladesh has come a long way. Its relationship with the great powers has gone through major transformations, owing to the needs of the changing international reality. A country that was initially labeled as the 'basket case' of South Asia by an American policy maker (Wahid and Hannah, 2014), often wrongly attributed to the US Secretary of State Henry Kissinger, has emerged as a key player in its regional and extra-regional settings on its own strength. This chapter argues that Bangladesh's strategic importance is on the rise in an age that has seen the return of geopolitics. An analysis of Bangladesh's relationship with the United States, Russia (the successor state of the USSR), China and major economic powers such as Japan and the European Union would enumerate how Bangladesh is increasingly turning into a destination for big powers in its own right.

Bangladesh–US relations

Bangladesh stands as a key state in America's new Asia-Pacific vision. With Bangladesh's emerging strategic importance due to its connectivity with Southeast Asia via Myanmar, thereby closing the geographic proximity to China, US interest in Bangladesh has significantly increased in recent times, although bilateral relations remain strained.

Political relations

The beginning of Bangladesh–US relations can be viewed as a perfect manifestation of Bismarck's dictum – in politics, there are no permanent friends or foes, only permanent interests – as overt American support for Pakistan against the Liberation War of Bangladesh did not delay its according formal recognition to Bangladesh in April 1972. American recognition of Bangladesh, however, was contingent upon its relationship with Pakistan and China and the

withdrawal of Indian troops from Bangladesh (Nair, 2008, p.59). It has been contended that the American decision to support Pakistan during the Bangladesh crisis was motivated by global geopolitical calculations (Halim, 2002, p.583), while the early recognition was motivated by the desire to curb Soviet influence in the region (Chowdhury *et al.*, 1998, p.221). For Bangladesh, a country desperately needing economic assistance that could not be fulfilled sufficiently by the Indo-Soviet axis, the United States emerged as a durable source providing humanitarian assistance to Bangladesh before according formal recognition.

Political relations between the two countries have been marked by high-level bilateral visits, with Colin Powell being the first US Secretary of State to visit Bangladesh in 2003 and Secretary of State Hillary Clinton visiting in 2012. The first US president to visit Bangladesh was President Bill Clinton in 2000. On Bangladesh's side, all heads of the government have visited the United States.

Bangladesh–US political relations have been enriched by the convergence of mutual interests and benefits. While the US Naval Task Force assisted Bangladesh after the 1991 cyclone and Bangladesh often receives donations after being hit by natural calamities, Bangladesh offered donations and rescuers after the United States was hit by its third most-devastating hurricane, Katrina, owing to Bangladesh's long experience in dealing with natural disasters. Bilateral relations further solidified with Bangladesh's participation in the 1991 Gulf War and in UN Peacekeeping Operations (UNPKOs). As Bangladesh stands as the second largest troop-contributing country in UNPKOs, the United States actively supports Bangladesh's participation by providing economic assistance to the Bangladesh Institute of Peace Support Operations and Training (BIPSOT) and Bangladesh Armed Forces.

The outstanding issue affecting bilateral political relations surrounds the acceptability of the January 5 national poll. As Bangladesh went ahead with an apparent one-party national election, high-level diplomatic efforts were made by the United States to bring all the political stakeholders to participate in the election. While consecutive US Secretaries of State Hillary Clinton and John Kerry suggested resolving the internal political crisis amicably, as the election loomed Ambassador Dan Mozena took significant steps to mend the tense political situation and attempted to bring all the political parties back to the discussion for holding an all-inclusive national election. However, although these efforts did not succeed, the current American position supporting a fresh poll has been restated by the ambassador-designate Bernicat before the US Senate Committee on Foreign Relations in July 2014, calling the January 5 poll 'undeniably flawed' (*Daily Star*, 2014a).

Economic and trade relations

Bangladesh–US bilateral economic relations, which were marked by aid and remittances sent from the United States until the early 1990s, have traversed into trade relations where the American aid is tiny compared to Bangladeshi goods sold in the US market (United States. US Chamber of Commerce, 2013). Bangladesh stands as the fifty-eighth largest goods trading partner of the United States, with bilateral trade amounting to US$6.1 billion during calendar year 2013. US exports to Bangladesh in 2013 were US$712 million, up 41.9 percent (US$210 million) from that of 2012 (United States. US Embassy, 2014). However, the trade imbalance between the two countries stands at US$4,647 million in America's favor. US food aid to Bangladesh is provided under Titles I, II and III of PL 480 (congressional 'food-for-peace' legislation). The United States provided US$5.7 billion in food and development assistance to Bangladesh until 2011, and has decided to offer another US$1 billion for a period of five years

from 2012 to alleviate poverty and malnutrition as well as to carry out research on facing the challenges of climate change (*Reuters*, 2012).

The Rana Plaza disaster in April 2013 cast serious doubt on the safety network available for Bangladeshi workers in the ready-made garments (RMG) sector internationally. While the US Labor Department granted US$2.5 million as a safety grant to Bangladeshi factories (*BBC News*, 2013), America suspended Bangladesh's Generalised System of Preferences (GSP) benefits effective from July 1, 2013 due to the latter's failure to 'meet the statutory GSP country eligibility criterion related to workers rights' (United States. Office of the United States Trade Representative, 2013). Although the suspension affected only 1 percent of Bangladesh's five billion exports to the US market, it had a negative impact on its image as well as sending a negative message to the European market where Bangladesh enjoyed duty waivers in the case of certain products (Rafferty, 2013). As a result, restoring the GSP facility from the United States has emerged as a question of restoring Bangladesh's image and, consequently, stands as a thorny issue in bilateral relations.

Bangladesh and the United States signed a Trade and Investment Cooperation Forum Agreement (TICFA) in November 2013 to bolster economic relations through a formal mechanism (Hasib, 2013). However, the first meeting of the TICFA between the two countries, held in April 2014, failed to meet expectations. Bangladesh's major concern to ensure the duty-free access of its apparel to the US market was not heeded, while the US concern to form two committees on labor and women's issues was not conceded by Bangladesh (*New Age*, 2014a).

Strategic relations

Bangladesh's value to the United States centers on two aspects – its demography and location. 9/11 has redefined American relations with the Muslim-majority countries and so has had a profound impact on Bangladesh–US strategic relations. The American effort is demonstrated in providing economic assistance to curb Islamic extremism in Bangladesh and in fostering American aid in the education sector. The number of American programs facilitating knowledge about America and student exchange programs has increased significantly, specifically since 9/11. As a part of the American counter-terrorism effort, the US Agency for International Development (USAID) has been working with the British government development organization Department for International Development (DFID) on a 'curriculum development program' for madrasa education with the Bangladesh government. Similarly, the US embassy is actively assisting to modernize different features of madrasa education through educational assistance (connect-bangladesh.org, 2007).

Bangladesh and the United States have generally enjoyed a strong defense relationship in various areas such as providing training to the members of the Bangladeshi armed forces, joint military exercises, sending in the US voluntary Peace Corps, among others. Bilateral defense relations reached a new high with the initiation of the US–Bangladesh Partnership Dialogue in 2012 with an aim to advance bilateral, regional and global shared objectives and cooperative frameworks. The second Partnership Dialogue held in May 2013 concentrated on 'democracy and governance, trade and investment, security cooperation and regional integration' (United States. US Department of State, n.d.). The overture of the third Partnership Dialogue held in April 2014 concentrated principally on bilateral security issues including maritime security, counter-terrorism, disaster risk management, law enforcement, non-proliferation, peacekeeping, joint military exercises and exchanges (*Financial Express*, 2014). Bangladesh has not signed either the SOFA (Status of Forces Agreement) or the HANA (Humanitarian Assistance Need Assessment) with the United States. Defense cooperation between the two countries, however,

remains strong, which is demonstrated by carrying out US–Bangladesh joint military and naval exercises periodically. The United States has contributed to strengthening Bangladesh's maritime security by donating 16 vessels, the largest of its kind by the US Navy to any nation, which enhanced the Bangladeshi Navy's counter-terrorism capabilities, and transferring the US coast guard cutter *Xavier* to Bangladesh. America contributed US$2.5 million in defense assistance to Bangladesh in 2014 (*New Age*, 2014b). The two countries have also initiated security dialogue and military planning talks in 2012 to be held as regular annual events specifically to strengthen the growing defense relationship.

The US Principal Deputy Assistant Secretary Tom Kelly's much-quoted statement summarizes Bangladesh's emerging strategic importance to America:

> In a broader perspective US values Bangladesh's geographical location. It sees an important role for Bangladesh in the overall security context of the Middle East, and Indian-Pacific-Oceans region. This is why US wants Bangladesh by its side in its strategic pursuits.
>
> *(Imam, 2014)*

Bangladesh's possibility to offer an Indo-Pacific corridor has elevated its geostrategic significance to the United States that was underscored by important policy makers other than Tom Kelly. Bangladesh's elevated geostrategic importance to America became a cause for concern in India, aptly manifested in the media frenzy that ensued. Indian concerns were raised after Secretary of State Hillary Clinton's visit to Bangladesh regarding a possible American intention to set up a naval base at Chittagong to station its seventh fleet (Hussain, 2012). While this report proved to be untrue, American interest lies in the fact that with the Bangladesh–China–India–Myanmar (BCIM) corridor, the Bay of Bengal would emerge as a key geostrategic location providing easy access to Chinese goods in the Indian Ocean (Rahman, 2014).

Dissonance and convergence in bilateral relations

While Bangladesh's strategic importance is on the rise, Bangladesh–US relations have been significantly affected not only by the January 5 poll, but also by the handling of the Yunus affair. The present government's spat with the country's sole Nobel Laureate, Professor Muhammad Yunus, started in 2010 and subsequently led to the removal of Yunus from the post of managing director of the Grameen Bank. The United States has expressed its repeated concerns regarding the Bangladeshi government's dealing with the Grameen Bank and Professor Yunus, as articulated by top US officials such as Hillary Clinton and the US Assistant Secretary of State (South and Central Asia) Nisha Desai Biswal. The divergence in US–Bangladesh relations became explicit once again with Bangladesh's abstention from the UN General Assembly vote on the Crimea issue, which was not well received by America (*BDNews24*, 2014a).

In the wake of America's pivot to Asia, Bangladesh stands as a key strategic state for America despite lukewarm bilateral relations. It is Bangladesh's location that enhances the American effort to bring it within the Indo-American fold to counter China's influence in Asia (Bhadrakumar, 2012). However, as bilateral relations remain quite ambivalent at the moment, Bangladesh seems to be looking for non-Western partners in carrying forward its goals and objectives, as can be seen in developing stronger relations with China, Russia and Japan, discussed hereafter.

Bangladesh–China relations: pragmatism prevails

Prime Minister Sheikh Hasina's statement after her latest visit to China aptly summarizes the past and present of Bangladesh–China relations: 'China perhaps did not support Bangladesh's 1971 Liberation War due to the perspective of world politics at that time' (*Deccan Chronicle*, 2014). China, an ally of Pakistan, was not favorable to Bangladesh independence. However, the bilateral relationship has been transformed with the changing international reality where both the 'India factor' and Bangladesh's location significantly elevate Bangladesh's strategic importance to China's global power calculation – the 'Chinese Dream' (*Zhongguo meng*). China and Bangladesh are keen to promote bilateral relations from merely an 'economic partnership' to a 'strategic partnership' by defining the core principles of bilateralism – mutual respect, equality and non-interference in domestic affairs (*Prothom Alo*, 2014).

Historical overcast: the post-independence regime

China received P-5 status at the UN Security Council after remaining excluded from the UN body for 22 years. Within ten months, it had cast its first veto on the admission of Bangladesh to the United Nations on August 25, 1972 (*Time*, 1972). The deterioration of China–India relations and consequently the strengthening of China–Pakistan relations with China's reappearance on the international diplomatic scene had determined its Bangladesh policy at the very onset of the Bangladesh crisis (Farooq, 2010). China closed its embassy at Dhaka in the immediate aftermath of Bangladesh's independence and diplomatic relations were at a standstill. Diplomatic relations did not resume despite the Bangladeshi government's 'quiet diplomacy' (Ahmed, 1994, p.433) carried out through informal channels. Several developments in 1974 saw a thaw in China–Bangladesh relations: Pakistan's recognition of Bangladesh on February 22 and Sheikh Mujib's visit to Lahore to participate in the Organisation of Islamic Cooperation (OIC, formerly Organisation of Islamic Countries) summit (February 22–24) and the signing of the Tripartite Pact between India, Pakistan and Bangladesh on April 9. China–Bangladesh contacts began on an unofficial level and culminated in China's refraining from the use of veto in Bangladesh's acceptance as a UN member on September 17, 1974. China accorded formal recognition to Bangladesh on October 4, 1975, followed by a joint communiqué to establish diplomatic relations.

Bangladesh–China discover each other

The post-1975 military regimes sought to build strong ties with China to offset the influence of the 'India factor' in Bangladesh's internal and external relations. The Mujib regime's closer ties with the Indo-Soviet axis needed to be countered by finding new friends by successive regimes and relations with China were cultivated keeping this strategic need in mind. Bangladesh formally articulated a 'Look East' policy in 2002 to connect with its eastern neighbors, which has turned out to be a strong pillar of its foreign policy ever since. While India remains a constant irritant on its western border, more recently China has aimed for easy access to the Indian Ocean in its south where Bangladesh can provide much-needed connectivity through the Bay of Bengal. As China looks south and Bangladesh looks east, the strategic interest of both converges conveniently.

Economic ties: a comprehensive framework of relationship

As Bangladesh–China embarked upon solidifying bilateral relations, the initial strategy was to strengthen economic ties in the forms of economic and military assistance and trade relations.

The year 2005 was when China emerged as Bangladesh's top import source, surpassing India for the first time (Aneja, 2006, p.6) and overriding long Indian dominance in this area. While India's geographic contiguity accorded it a natural advantage in trade with Bangladesh, China's emergence as Bangladesh's biggest trading partner highlights both economic and strategic considerations on Bangladesh's part (Sahoo, 2013). Bangladesh's exports to China amounted to US$458.12 million and imports from China totaled US$6324 million in the 2012–2013 fiscal year (Bangladesh. Dhaka Chamber of Commerce and Industries, n.d.). Despite Bangladesh receiving duty-free access to the Chinese market for a number of goods under the Bangkok Agreement, known as the Asia Pacific Trade Agreement (APTA) at present, the trade imbalance weighs heavily in favor of China. To curb the huge trade deficit between the two countries, China is considering expanding its preferential trading arrangement with Bangladesh that would cover almost 95 percent of Bangladeshi products, including a visa simplification process to foster bilateral trade. The trade deficit with China has narrowed by 22.57 percent to US$3.56 billion in the first eight months of the current fiscal year (2013–2014) (China.org.cn, 2014). Although the two countries do not have a Free Trade Area (FTA), they have granted each other Most Favored Nation (MFN) status in 1984 (Sahoo and Taneja, 2010). China's Outward Direct Investment (ODI), often perceived as a 'mutually beneficial cooperation' scheme for both the donor and the receiver, has continued an upward flow (Brunjes *et al.*, 2013, p.9) that has contributed to infrastructural developments in Bangladesh. China has provided development assistance and project loans for six 'friendship' bridges and the Bangladesh–China Friendship Conference Center. A deal has been signed to construct a seventh 'friendship' bridge, while consultations are taking place for the construction of an eighth 'friendship' bridge. Foreign aid disbursement to Bangladesh is on the rise (Khatun, 2013), where China's accumulated aid to Bangladesh reached US$1 billion at the end of 2013 (Jun, 2014). Bangladesh–China's economic relationship has not only expanded to cover a wide range of areas over the years, but also has entered onto an irreversible course.

Strategic cogitations: ties that bind

China is set to revive the ancient 'silk route' where Bangladesh is strategically considered as an 'economic corridor' to South Asia. The new mantra of connectivity manifested by China's 'go out' (*zhouchuqu*) policy has taken bilateral relations to a new level. China is assisting Bangladesh in developing the container facility at the Chittagong Port, the Golden Gate of Bangladesh, a move termed as China's attempt to secure a 'pearl' in its 'string of pearls' strategy (*The Economist*, 2013). Talks are under way regarding possible Chinese assistance in building Bangladesh's first deep sea port at Sonadia, off the Kutubdia coast, that may emerge as the main economic hub for India's north-east, Nepal and Bhutan, along with providing access for China's land-locked Yunnan province to the Indian Ocean via the Bay of Bengal (*New Age*, 2014c).

Originally known as the 'Kunming Initiative', China's proposal to connect its Yunnan province with Bangladesh through Myanmar has the potential to connect Bangladesh with Southeast Asia through a road link. As China values Bangladesh as a strategic connecting point wedged between South and Southeast Asia, the proposed road link would provide Bangladesh with much-needed access to its Southeast Asian neighbors. Subsequently, in the form of a BCIM corridor, Bangladesh and Myanmar are advancing with the proposed road link.

Strategic partnership between the two countries initially began with the Soviet Union's refusal to supply spare parts to Bangladesh's Soviet purchases in the aftermath of political changes in August 1975. China quickly filled the vacuum and supplied 78 percent of Bangladesh's arms imports from 1975 to 1979 (Mishra, 2004, p.112). The China–Bangladesh

Defense Co-operation Agreement was signed in 2002. Since then, China has become the biggest source of arms in Bangladesh's defense sector and supplied 82 percent of Bangladesh's arms imports between 2009 to 2013, Bangladesh being the second largest country worldwide that receives Chinese weapons (*Asian Defence News*, 2014). The Chinese method of selling cheap arms through credit and soft loans has made it an easy source for Bangladesh to procure arms. Bangladesh has signed a deal with China to purchase two Ming-class submarines to be procured by 2019. Bangladesh has partaken in a naval exercise in April 2014 in China with Indian and Pakistani naval forces, the first of its kind.

On Bangladesh's initiative, China has joined as an observer in the South Asian Association for Regional Co-operation (SAARC) in 2005, supported by most of the member states, although much to India's consternation. China's bid to become a full member of SAARC, however, has been blocked by India (Kasturi, 2014).

Emerging Bangladesh–China axis

The strengthening of Bangladesh–China relations has started to draw attention in different quarters (Sitaraman, 2013). With China gaining strategic depth in South Asia via Bangladesh and thereby challenging India's 'sphere of influence', the worry is about the possibility of turning the Chittagong port into the 'Gwader East' and sealing China's strategic foothold in South Asia (Miller, 2014). Bangladesh, in turn, has downplayed its strategic partnership with the United States in an effort not to undermine its relationship with China. Bangladesh–China relations thus have solidified, keeping in mind contemporary strategic calculations.

Bangladesh–Russia relations: déjà vu?

The Russian ambassador to Bangladesh, Alexander A. Nikolaev, has recently declared, 'Russia is coming back to Bangladesh, "seriously" and "for long time"' (Hasib, 2014a). Nikolaev's ebullient comment once again reflects the increasing geostrategic significance of Bangladesh to the global powers. Although the bilateral relationship suffered a setback in the past, Russia needs Bangladesh more than ever in the contemporary global and regional power shifts.

Historical overtures: Bangladesh–USSR relations

The Soviet Union's support in Bangladesh's Liberation War was often construed as Bangladesh going to the fold of the Indo-Soviet sphere of influence (Chowdhury *et al.*, 1998) as part of the Soviet leader Leonid Brezhnev's 'system of collective security in Asia' declared in 1969 (Noorani, 1979–1980). Bangladesh was formally recognized by the Soviet Union on January 25, 1972. Bangladesh's gratitude for Soviet support was manifested in carrying out the first state visit of Bangladesh's prime minister to the Soviet Union in March 1972, albeit the promise of meager economic assistance on the trip limited Bangladesh's euphoria. The Soviet pledge of economic assistance proved to be insufficient for Bangladesh's war-ravaged economy (Chowdhury *et al.*, 1998, p.221), although it provided assistance in mine-sweeping activities in the two sea ports of Bangladesh in the immediate aftermath of independence (Rashid, 2013). Moreover, the Soviet attempts to bring Bangladesh into the socialist fold irked the Bangladeshi establishment and led to the recalling of Soviet ambassador V. F. Popov before the first general election in Bangladesh in March 1973 (Halim, 2002, p.585). The relationship deteriorated further after changes in the political scenario in Bangladesh in 1975. Bangladesh took a firm position regarding Soviet roles in two key international events that

took place in the late 1970s. Bangladesh condemned Soviet-supported Vietnam's occupation of Cambodia (1978–1992) (Marxists Internet Archive, n.d., 7). Similarly, Bangladesh joined hands with the Islamic countries to condemn the Soviet invasion of Afghanistan in 1979 (Rahman, 2010, p.6).

The 1980s saw bilateral relations reaching a low point with the Soviet Union attempting to open a consular office at Chittagong in December 1983 without appropriate permission from the Bangladesh government, which resulted in Bangladesh ousting several Soviet diplomats (Halim, 2002, p.585).

Bangladesh–Russia rapprochement

Bilateral relations started to warm between the two countries during the latter part of the 1990s when the Bangladesh government purchased eight MiG-29 jet fighters at a cost of US$124 million from Russia amidst much national and international controversy (*F-16.net*, 1999). A graft case was filed for the purchase of the MiG-29s and the next government in power decided to jettison the planes due to the high maintenance cost (*Moscow Times*, 2002), a situation that brought rancor to bilateral relations. Russia extended assistance in the energy sector offering modernization plans to the existing power plants, originally built by the Soviet Union, and constructing similar ones since 2008 (Nikolaev, 2013). Petrobangla and Russia's Gazprom company signed a US$193.5 million agreement in 2012 for drilling ten gas wells in Bangladesh (Rashid, 2013). Russia–Bangladesh trade has surpassed US$700 million in 2012, although the trade balance is tilted to Russia. Russia aims to increase bilateral trade to US$1 billion in a few years by increasing cooperation between the business communities of the two countries (*Financial Express*, 2013).

Bangladesh–Russia relations have reached at a new level since Prime Minister Sheikh Hasina's visit to Russia in January 2013, which was the first of its kind by a Bangladeshi head of government. During the visit, Bangladesh signed its largest arms deal to date with Russia in which the latter would provide Bangladesh US$1 billion to purchase Russian weapons and military technology (*Defense News*, 2013) and US$2 billion as a loan to construct Bangladesh's first nuclear power plant with a capacity of 1,000 MW. The Russian ambassador to Bangladesh confirmed that the stakeholders in Bangladesh's politics have broadly agreed on the Russian project (*BDNews24*, 2014b). It was a pragmatic effort keeping in mind the MiG-29 fiasco so that any political changes in Bangladesh do not derail the Rooppur power project. In an effort to strengthen bilateral relations further and facilitate a possible visit of Russian President Vladimir Putin to Bangladesh, the latter provided its initial support to the first-round voting for Russia over the United Arab Emirates at the World Expo 2020. Bangladesh is one of the 58 countries that abstained from voting on the Crimea referendum in the UN General Assembly (Kabir, 2014) and is thereby following a policy of appeasement toward Russia.

The changing geopolitical calculations and increasing Chinese collaboration with Bangladesh have attracted Russian attention. The historic relationship between Russia and Bangladesh is on the verge of a great revival owing to the changing geopolitical scenario. While Russia and China have a strategic partnership globally, Russia's regional policies with regard to the subcontinent aim at containing China (Upadhyay, 2013) as Russia has a clear tilt toward India. While some argue that Bangladesh perhaps is increasingly directing itself to the Russian fold (Rashid, 2014), comparable to the immediate post-independence scenario, Russia also needs a strategic foothold in the subcontinent that Bangladesh fulfills in its own right.

Bangladesh's relations with the major economic powers

Bangladesh–Japan relations: emerging strategic concerns

Japan and Bangladesh have developed deep ties since the recognition of Bangladesh by Japan on February 10, 1972. Over the years, Japan has emerged as the largest development partner of Bangladesh (Hasib, 2014b) and a key state in Bangladesh's 'Look East' policy. A culmination of this can be observed in the prime minister's visit to Japan, forgoing an invitation to the swearing-in ceremony of the newly elected Indian Prime Minister Narendra Modi in May 2014.

Japan, an 'aid great power' (Yasutomo, 1989–1990), is generally driven by its own national economic interest as well as the level of poverty in the recipient country in determining its Overseas Development Assistance (ODA) for Asian countries (Tuman and Strand, 2006). For Japan, Bangladesh's importance as an ODA recipient primarily rests on humanitarian and economic development grounds (Chowdhury, 2008, p.6). Bangladesh receives Japanese assistance in the forms of grant, aid, technical assistance and soft loans, where the total grants and aid reached US$11 billion in 2013 (Hasib, 2014b). While Japan's ODA to Bangladesh concentrated on rebuilding the war-ravaged country in the aftermath of independence, the very latest considerations of ODA prioritize economic and political goals of poverty reduction, decentralization and political stability in Bangladesh (Atahar, 2014, p.240). Japanese ODA is also considered an important part of Japan's 'soft diplomacy', a manifestation of which can be found in providing academic grants in Bangladesh and a growing number of Bangladeshi returnee scholars from Japan. While Bangladesh is an important source of raw materials for Japan, Bangladesh offers an important export market for Japanese goods (Rahman, 2005, p.42). Japan has granted US$1.18 billion in its thirty-fifth ODA loan package for Bangladesh (Zaman, 2013) to develop the latter's energy, natural gas, electricity and infrastructural purposes for a period of the next four to five years during the latest summit-level meeting in May 2014.

Japan–Bangladesh relations have strategic implications for the broader geopolitical scenario. Although Japan is reluctant to pursue a hegemonic role on the global stage, it is politically interested to contribute to establishing peace and stability in South Asia. For Japan, Bangladesh's 'lynchpin position' in the Bay of Bengal and possible land-route connectivity with Southeast Asia through Myanmar provides it with unique strategic value (Hasib, 2014b). Therefore, through the proposed land connectivity, Bangladesh has the potential to offer the Bay of Bengal as a gateway to the Indian Ocean to reduce dependency on the Pacific Ocean's vital sea lanes of communications. Moreover, it has been argued that given the nature of India's gigantism in South Asia and the 'ambivalent' Bangladesh–India relationship, Bangladesh should cultivate the maritime significance of the Bay of Bengal to counter purported Indian supremacy (Horimoto, 2011). Japan's increasing assertiveness in the South Asian region is manifested in its formulation of the Bay of Bengal Industrial Growth Belt (BIG-B) to explore the potential of the region. The bilateral relationship that started off in the economic field has thus diversified into other areas where Bangladesh no longer remains only on the receiving end. With the rise in Bangladesh's geopolitical significance, Japan cannot afford to ignore the strategic value that Bangladesh provides in the contemporary global setting.

Bangladesh and the European Union: democracy and trade issues

The European Community (EC) established diplomatic relations with Bangladesh in 1973, which was followed by sending food aid to Bangladesh on an immediate basis. With the signing

of the first formal agreement on the EC–Bangladesh Commercial Co-operation Agreement in 1976, the relationship between Bangladesh and the European Union solidified. For Bangladesh, the EU stands as its largest single export market with more than half of the total export going to EU markets. Bangladesh enjoys a trade surplus with the EU with exports of €8.5 billion as opposed to €1.7 billion imports from the EU in 2011.

The EU relationship with Bangladesh is defined by the twin pillars of democracy–human rights and trade and development (*New Age*, 2014d) with three focal areas of cooperation such as human and social development, good governance, and human rights and economic and trade development, and two non-focal areas such as environment and disaster management, and food security and nutrition (European Union, n.d.) The Rana Plaza incident impacted the EU's policy to review safety standards of RMG workers as 60 percent of Bangladesh's RMG exports go to the EU. As a result, the EU launched a 'sustainability compact pact', along with the International Labour Organization, to improve workers' conditions including promoting labor rights and factory safety issues (ILO Press Release, 2013). In a review of the progress made in a year, the EU has concluded that although Bangladesh has achieved significant progress to meet the criteria set by the sustainability pact, much work is needed in this respect (Europa.eu, 2014). Bangladesh's relationship with the EU was strained over the issue of the January 5 polls when the EU's high representative decided not to send observers, the election not being credible and participatory. The EU parliament held debates on fundamental rights, democracy and human rights in Bangladesh in the aftermath of the election. The EU reiterated its position in May 2014 by stating that the people of Bangladesh have not been offered an opportunity to express their opinion in a democratic manner (*Daily Star*, 2014b). Bangladesh has strong bilateral relations with the EU member countries. However, as the EU states do not have a common foreign policy, Bangladesh's relationship with the EU is centered on economic fields.

Conclusion

The preceding discussion on Bangladesh's relations with the great powers enumerates the key principles of its foreign policy – regional cooperation, bilateralism, the 'look East' policy with emphasis on economic diplomacy, to name a few. However, internal political instability has created scope for foreign diplomats to play a 'political' role since the 1990s. During each crisis surrounding the transfer of power of political governments, groups of diplomats such as the 'Friends of Bangladesh', comprising Australia, Canada, the EU, France, Italy, Germany, Japan, Netherlands, Norway, Spain, Sweden, the UK and the US, the 'Tuesday Group' and the 'Coffee Club' undertook activities to mediate political crisis. While the civil society condemned such actions, they also admitted that the political parties created an opportunity for outsiders to meddle in Bangladesh's internal issues. However, the *Wall Street Journal* has termed Bangladesh the 'standard bearer of South Asia', a country that has moved from being a 'basket case' to 'a country that can teach a lesson or two to all other regional actors' (Dhume, 2012). From being a 'victim of geography', Bangladesh's location acts now as a 'geographic gift', as Ambassador Dan Mozena terms it (Steinbock, 2014), to make it the center of attention in the Asian Century.

The present scenario quite resembles that of 1971 in the sense that Bangladesh is perhaps distancing itself from the United States while strengthening its relationship mostly with China (Chowdhury, 2014), along with Russia and Japan. As Asia is increasingly seen as an 'interdependent geopolitical whole' (Simón, 2013, p.345), Bangladesh's locational reality has gradually transformed it into a playing field of the global 'great game'.

References

Ahmed, F. (1994) Foreign Policy of Bangladesh: A Review of Past Two Decades. In: Ahmad, Q. K. (ed.). *Bangladesh: Past Two Decades and the Current Decade*. Dhaka: Bangladesh Unnayan Parishad (BUP).

Aneja, U. (2006) China–Bangladesh Relations: An Emerging Strategic Partnership? *IPCS Special Report 33*. November.

Asian Defence News. (2014) China Biggest Weapons Supplier to Bangladesh. [Online] Available from: www.asiandefencenews.com/2014/03/china-biggest-weapons-supplier-to.html [Accessed: July 30, 2014].

Atahar, S.A. (2014) An Assessment of Japan's ODA to Bangladesh: Changing to a New Height of Relations. *South Asian Studies*: 29 (1).

Bangladesh. Dhaka Chamber of Commerce and Industries. (n.d.) *Bangladesh and China Bilateral Trade Statistics*. [Online] Available from: www.dhakachamber.com/Bilateral/China-Bangladesh%20Bilateral%20Trade%20Statistics.pdf [Accessed: July 17, 2014].

BBC News. (2013) US Announces Safety Grant for Bangladesh Factories. June 14. [Online] Available from: www.bbc.com/news/business-22900886 [Accessed: July 29, 2014].

BDNews24. (2014a) US Ire over Dhaka's Crimea Role. March 31. [Online] Available from: http://bdnews24.com/bangladesh/2014/03/31/us-ire-over-dhaka-s-crimea-role [Accessed: July 29, 2014].

BDNews24. (2014b) 'Broad Consensus' on Rooppur Plant. May 6. [Online] Available from: http://bdnews24.com/bangladesh/2014/05/06/broad-consensus-on-rooppur-plant [Accessed: July 12, 2014].

Bhadrakumar, M. K. (2012) The Great Game Comes to Bangladesh. *Russia and India Report*. May 3. [Online] Available from: http://in.rbth.com/articles/2012/05/03/the_great_game_comes_to_bangladesh_15667.html [Accessed: July 21, 2014].

Brunjes, E., Levine, N., Palmer, M. and Smith, A. (2013) China's Increased Trade and Investment in South Asia (Spoiler Alert: It's the Economy). *Workshop in International Public Affairs*. Spring. Madison: The Robert M. La Follette School of Public Affairs, University of Wisconsin.

Buchanan, A. and Moore, M. (2003) Introduction: The Making and Unmaking of Boundaries. In: Buchanan, A. and Moore, M. (eds.). *States, Nations, and Borders: The Ethics of Making Boundaries*. New York: Cambridge University Press.

China.org.cn. (2014) Bangladesh Trade Deficit Narrows to 3.56 bln USD as Export Rises. April 17. [Online] Available from: www.china.org.cn/world/Off_the_Wire/2014-04/17/content_32128355.htm [Accessed: July 17, 2014].

Chowdhury, D., Hasanuzzaman, A. M. and Rahman, T. S. (1998) Foreign Policy of Bangladesh: 1972–1996. In: Bayes, A. and Mohammad, A. (eds.). *Bangladesh at 25: An Analytical Discourse on Development*. Dhaka: University Press Limited.

Chowdhury, M. H. (2008) Japan–Bangladesh Relations: A Review of Development Partnership. *International Studies*. 45 (1). pp.1–21.

Chowdhury, S. T. (2014) Bangladesh Woos China in Snub to West. *Al Jazeera*. June 23. [Online] Available from: www.aljazeera.com/indepth/features/2014/06/bangladesh-woos-china-snub-west-20146236549759339.html [Accessed: July 29, 2014].

connect-bangladesh.org. (2007) *US Ambassador Inaugurates Internet Learning Center at Islamic Religious School in Bangladesh*. [Online] Available from: www.connect-bangladesh.org/index2.php?option=com_content&do_pdf=1&id=425 [Accessed: July 29, 2014].

Daily Star. (2014a) Jan 5 Polls Undeniably Flawed. July 18.

Daily Star. (2014b) Abductions Worry EU. May 9.

Deccan Chronicle. (2014) World Politics Influenced China's Stance in 1971: Sheikh Hasina. June 14. [Online] Available from: www.deccanchronicle.com/140614/world-neighbours/article/world-politics-influenced-chinas-stance-1971-sheikh-hasina [Accessed: June 15, 2014].

Defense News. (2013) Russia, Bangladesh Seal $1 Billion Arms Deal. January 15. [Online] Available from: www.defensenews.com/article/20130115/DEFREG03/301150005/Russia-Bangladesh-Seal-1-Billion-Arms-Deal [Accessed: July 20, 2014].

Dhume, S. (2012) Bangladesh Is South Asia's Standard-Bearer. *Wall Street Journal*. May 4. [Online] Available from: http://online.wsj.com/news/articles/SB10001424052702304746604577381671411071762 [Accessed: July 30, 2014].

The Economist. (2013) China's Foreign Ports: The New Masters and Commanders. June 8.

Europa.eu. (2014) Staying Engaged: Bangladesh Sustainability Compact – One Year on. July 8. [Online] Available from: http://europa.eu/rapid/press-release_IP-14-802_en.htm [Accessed: July 30, 2014].

European Union. (n.d.) *Bangladesh–European Community Country Strategy Paper for the Period 2007–2013*. [Online] Available from: www.eeas.europa.eu/bangladesh/csp/csp_07_13_en.pdf [Accessed: September 15, 2014].

* Political Parties – pp. 65-81
* NGOs and Civil society – pp. 119-128
* Economy: Development Policies, pp. 131-143
* Industrialization,
* Foreign Trade.
* Int labor migration and Remittance
* Urbanization
* Poverty, Inequality and Entrepreneurship.
* The State of Gender
* Public Health
* Bangladesh and its neighbours
* Bangladesh and Great Powers.