

# **Changes in Economic Status of Rural Households in Bangladesh: A Case Study of Two Villages**

*by*

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## **I. INTRODUCTION**

Bangladesh in the post-independent period has witnessed significant changes in socio-economic conditions of people due to income growth, development of infrastructural facilities, urbanisation, etc. Changes in agriculture sector are also quite prominent in view of its structural change, resource base, and organisation of production. Social sectors have expanded fast especially in education and health facilities. The poverty situation has also improved. However, the economic gains attained overtime in the country are largely concentrated in urban centres and also among the upper income groups thus depriving the poor especially in the rural areas. Consequently, there has been a rise in income inequality in Bangladesh. Further, the level and quality of public services rendered to rural people is poor and highly inadequate.

Despite the existing problems of income distribution and limited service availability in the country, some positive changes are observed in rural life during the post-liberation period. It is, however, not clear which group of the poor has been actually benefited and what is the extent of such benefits. There are also controversies on the level of economic performance in micro context (Rahman 2004). Systematic and in-depth analytical studies are few. There are some reports such as Household Income Expenditure Survey, Labour Force Survey, Nutrition Study, Report of Sample Vital Registration Systems, MIS of Ministry of Health and Welfare, etc. The findings of all these reports enable us to compare socio-economic changes that have taken place over time both at national and regional

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levels. They unfortunately do not specify the exact levels of benefits accrued to different categories of people. Another weakness of these reports is that they do not clearly focus the future prospect of those poor people and sustainability of their economic status. The case study of two villages attempts to fill this gap as it has highlighted salient factors to income growth and economic benefits accrued to each category of rural household, particularly the landless, the most disadvantaged group of the society. Its findings, however, are not representative of the country and may not be replicable. The study has actually tried to pinpoint the factors that have over time affected the level of living of rural households living in two different socio-economic environments. In particular, the present study has the following specific objectives:

- (i) To compare the levels of poverty existed among the households in the pre-liberation period of end-1960s with that prevailing in the post-liberation year of 2004;
- (ii) To examine the extent of changes relating to housing and sanitary facilities; and
- (iii) To determine the factors affecting socio-economic changes of the rural households especially the landless and indicate the future prospect and sustainability of their economic status.

The paper has been organised into six sections. Section II has discussed the survey method followed in the study. Section III has discussed the principles of comparison of economic status of rural households for the two different periods besides analysing the changes in their status over time. It also reports the current improvements that have taken place in their housing and sanitation. Section IV has examined the changes of economic status of the land poor. The issue of sustainability of improved status, attained especially by the landless, has been analysed in Section V. The paper concludes with a summary and concluding remarks in section VI.

## **II. SURVEY METHODOLOGY AND THE SELECTION OF SAMPLE HOUSEHOLDS**

### **II.1 Selection of Villages and Their Accessibility**

The objectives of the study, stated above, indicate that it is to a large extent a historical socio-economic research covering a long period of 34 years. This needs collection of household information of the pre-liberation period of the end-1960s and those of the year of 2004. The collection of such information especially of the pre-liberation days is possible only when the households in a locality are well-

acquainted. With this end in view, the study has been carried out in two purposively selected villages of Gazipur district as an indicative exercise. Both these villages are well-known. These two villages are selected from one Upazila Kaliakoir, having differential levels of access to infrastructural facilities—physical as well as institutional. It can, therefore, help us to capture the impact of infrastructure as well. One of the selected villages is just adjacent to the Upazila centre and has easy access to all infrastructural facilities and can be termed accessible village which is known as Baraitali. Another selected village is called Kutamoni, northern part of the Baraibari Mouza, 10 km away from the Upazila centre, connected at present (2004) by a broken metalled road, constructed in the year 2000. Four years ago it had no road connection with the Upazila centre when river route was the only means of communication to the centre. We call it a remote village. Both these villages have, however, electricity connections.

As far as land topography is concerned, the villages are totally different. Baraitali is a flooded village while the other is flood free high land. In the former village, HYV-Boro is the single dry season crop, grown under irrigation. Housing plots are congested there but some vegetables are raised around the homesteads and the nearby plots. People are commercial minded and non-agricultural occupations are predominant there. In the remote village of Kutamoni, homesteads are a bit dispersed and the completely landless households are few. Transplanted Aman is the main rice crop, cultivated in the monsoon season. In the dry season HYV-Boro can also be grown in its low-lying areas with irrigation. Jackfruit is the principal fruit and almost every household has some fruit trees. Vegetables are cultivated mainly for household consumptions.

The population density is higher in the accessible village--Baraitali and several households are renting-out houses and to that end, Baraitali can perhaps be treated as sub-urban locality but the main bottleneck there is lack of internal road within the village; its low-lying land topography and regular flooding in the monsoon season. The village is expected to be economically better off than Kutamoni and enjoys improved housing amenities with the rapid growth of employment in and around Upazila centre due to active involvement of both government and non-government organisations in Baraitali.

## **II.2 Selection of Sample Households**

At the start of field survey, following the PRA (Participatory Rural Appraisal) method the number of total households currently living in the village has been estimated and simultaneously an attempt has also been made to figure out the households who lived in the end-1960s. Information collected find the current total

households of 177 and 260 in Kutamoni and Baraitali respectively and those lived in the end-1960s was only 68 and 91 respectively (henceforth called old households), as shown in Table I. Of these old household heads of the end-1960s as a whole, only 58 per cent are at present alive. It is higher in Baraitali (65 per cent). The overall increase in the number of existing families during the long 34 years is 260 and 286 per cent i.e. over two and half times which is quite fast. Such a faster rate of population growth is also affected by in-migration especially noticed in Baraitali, the accessible village where many households have settled coming from distant villages.

**TABLE I**  
**TOTAL CENSUS HOUSEHOLDS AT PRESENT AND THE OLD**  
**HOUSEHOLDS LIVING IN THE END-1960S AND THE SAMPLES**  
**SELECTED IN THE SURVEYED VILLAGES**

Study Village	Census Households (No.)		Number of Old Households (No.)		Sample Households (No.)	
	Current	In-1960s (old)	Alive	Deceased	Recent Households	Old Households
Kutamoni	177	68	33	35	39	20
Baraitali	260	91	59	32	51	20
Total	437	159	92	67	90	40

**Source:** Household Survey of 2005.

It may be noted that while selecting the sample households no such sampling technique has been strictly followed. In the beginning of field survey it was planned to select one-fifth or around 20 per cent of the existing resident households at random from each village. Finally, however, a total of 39 and 51 households from Kutamoni and Baraitali i.e. 22 and 20 per cent respectively<sup>1</sup> averaging 20 per cent could be selected at random. These households are henceforth identified as Bangladeshi households for easy comprehension of survey findings.

For the purpose of comparative study between the two periods (end-1960s and early 2000s i.e. 2004), another set of old households living in the end-1960s has been selected. In such selection initially all present living old households and those few who expired very recently were enlisted first, from where only 20 households, considering more cooperative, were selected from each village without following

<sup>1</sup> The difference in the sample households in the study villages was largely due to weak understanding of the data collectors.

any definite sampling techniques as there were few households available for interview. These households are termed here as old households for the sake of easy comparison. Consequently, the big landowners in higher proportion were found selected in Kutamoni because of their conspicuous presence in people's mind. Among these old households in the study areas, the landless overall accounted for 45 per cent and the medium 18 per cent; which was but 30 per cent in Kutamoni--the remote village. There the landless and the medium owners were respectively 30 and 40 per cent (Table II). In Baraitali, the landless ones are quite high (60 per cent).

TABLE II

**DISTRIBUTION OF SAMPLE HOUSEHOLDS BY LAND OWNERSHIP SIZE**

(Percentage)

Study Village	Bangladeshi Households			Old Households		
	Landless	Small	Medium	Landless	Small	Medium
Kutamoni	72	18	10	30	40	30
Baraitali	82	16	02	60	35	05
Total	78	16	06	45	38	18

**Note:** Landless – Households owning land upto 0.5 acre.

Small – Households owning land between 0.51 and 2.5 acres.

Medium – Households owning land above 2.5 acres.

The pattern of distribution of Bangladeshi sample households is, however, quite different. There landless households are as high as 78 per cent and the medium ones constituted to be only 6 per cent, against 45 and 18 per cent among the old households respectively (Table II). The small land owners among the Bangladeshi households are only 16 per cent. In Baraitali medium size owners were few in both the study periods. The average ownership size of land at present is very low in both the selected villages. It is only 83 decimals in Kutamoni and that in Baraitali is just 35 decimals per household. The average land ownership size in the selected villages is, thus, significantly lower than that owned elsewhere in Bangladesh.<sup>2</sup> It may also be noted that the present distribution of land in Kutamoni seems more skewed than that in Baraitali (Table III) which is largely due to higher proportion land (62.1 per cent) owned by medium size households (10 per cent) in Kutamoni.

<sup>2</sup> In the selected villages large landowners owning land of above 5.0 acres are almost absent at present and therefore, we have included such land owners in the medium group.

TABLE III  
**PRESENT DISTRIBUTION OF LAND AMONG THE RECENTLY ESTABLISHED  
 HOUSEHOLDS IN THE SURVEYED VILLAGES BY LAND OWNERSHIP SIZE**

(Land in Decimals)

Land ownership size	Kutamoni			Baraitali		
	Per cent of Households	Per cent of Land owned	Per Household Land	Per cent of Households	Per cent of Land owned	Per Household Land
Landless	72.0	16.2	18.6	82.0	25.5	10.7
Small	18.0	21.7	100.0	16.0	51.8	114.4
Medium & Large	10.0	62.1	500.0	2.0	22.7	400.0
All Households	100.0	100.0	82.6	100.0	100.6	34.6

### III. ECONOMIC STATUS OF THE HOUSEHOLDS AND CHANGES OVERTIME

#### III.1 Economic Status

While enquiring into economic status of the households, their personal opinions, as perceived by them, are sought where some bias may exist as their individual levels of conceptions are not same and the economic considerations may also differ from family to family. To minimise such gaps or difference, questions have been made specific to their living conditions as usually expressed in terms of "poor", "average" and "surplus." The poor are defined to be the households who are generally deficit in food and live below poverty level. Average living status of a family means that he who can just manage the annual requirement of food and other basic needs of family from his own income. The surplus households, on the other hand, are those who are relatively affluent and can withstand the economic losses caused by disasters and other economic crises. Poverty terminologies used here are, thus, not based on actual income estimates and expenditures of the households or the Direct Calorie Intake method as generally followed by the Bangladesh Bureau of Statistics (BBS).

#### III.2 Principles of Comparison

To capture the changes in economic status of the households that have taken place over time, we compare the economic situations of two periods: (a) pre-liberation period of the end-1960s and (b) the current situation of 2004. The economic status experienced by two separate groups of households represents the two abovementioned periods. For the current economic situation, the status

enjoyed by the Bangladeshi households who started their families during the post-liberation period has been considered while the status availed of in the end-1960s by the old households is assumed to be the pre-liberation condition. Such comparison enables us to measure the degree of over time changes in household economic status. This although not an appropriate estimate but understandably can rightly indicate the direction of change.

Changes in economic condition have also been examined in another way by comparing the status enjoyed earlier in the end-1960s and that recorded at present by the same group of households-- the old who had family life in the end-1960s and also at present at a gap of 34 years including those who expired in recent years. The analytical weakness of this method of comparison is that many of these old households in the end-1960s had their beginning stage of family life and now they are more mature and experienced and thus, expected to be economically better-off now and the comparison may not be that much appropriate. Such weakness is also present among the Bangladeshi households who were inexperienced at the start of the family. Anyway, the conclusion on the over time trend in economic status of households in the selected villages seems to be acceptable.

### **III.3 Comparative Economic Situation (2004 and End-1960s)**

The survey findings show that in recent years economic conditions have improved significantly. At present only 29 per cent of the Bangladeshi households are poor<sup>3</sup> compared to 55 per cent in the 1960s as experienced by the old households. Proportion of surplus households has almost doubled now, more noticeable in accessible village (over three times). Improvement in economic condition is also noticed when compared the status of the same group of old households for the two selected periods. Of them only 22 per cent are poor now against 55 per cent in the end-1960s (Table IV). Number of surplus families has increased at present by 40 per cent (from 18 per cent to 25 per cent). Over time changes in economic condition experiencing at present are almost similar in both the villages, as clearly revealed from the rate of decline (half) of the poor group (Bangladeshis at present and the old households in the end-1960s). Average earning households have, however, progressed more in the remote village (from 20

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<sup>3</sup> According to BBS's Household Income and Expenditure Survey 2000, the proportion of total poor people (extreme and moderate) was estimated to be 42.3 per cent of rural population on the basis of 2122 K. cal. per person per day and that, according to Sen (2003), was observed to be 49.1 per cent in 2000.

per cent to 41 per cent), while the surplus households in the accessible village (from 10 per cent to 33 per cent).

The analysis of poverty situation by land ownership size reveals that at present the poverty-stricken households are overwhelmingly from the landless households. It is, however, noteworthy that there are a few surplus households now from among the landless in both the villages (18 per cent in Kutamoni and 29 per cent in Baraitali) which was non-existent in the 1960s. Over half of the small land owners are now surplus which was almost impossible in the 1960s, as at that time land was the main source of income and thus opportunities for increasing income were very limited.

TABLE IV  
ECONOMIC STATUS OF SAMPLE HOUSEHOLDS IN 2004 AND THAT IN THE  
END-1960S EXPERIENCED BY THE OLD IN THE SURVEYED VILLAGES

Village	No. of Bangladeshi Households in 2004			No. of Old Households in					
				At Present (2004)			End-1960s		
	Poor	Average	Surplus	Poor	Average	Surplus	Poor	Average	Surplus
Kutamoni	11 (28)	16 (41)	12 (31)	2 (10)	12 (60)	6 (30)	11 (55)	4 (20)	5 (25)
Baraitali	15 (29)	19 (37)	17 (33)	7 (35)	9 (45)	4 (20)	11 (55)	7 (35)	2 (10)
Total	26 (29)	35 (39)	29 (32)	9 (22)	21 (52)	10 (25)	22 (55)	11 (28)	7 (18)

**Note:** Figures in parentheses indicate percentage of households in each village.

It may also be reported that the old households living in the 1960s could also improve their economic condition over time. Of these households, just over one-fifth (22 Per cent) are now poor while such households were over half (55 Per cent) in the end-1960s (Table IV) and the number of households experiencing average economic condition has nearly doubled at present (from 28 per cent to 52 per cent). The extent of improvement among the olds is more prominent among the landless and the small owners in the remote village of Kutamoni due to expanded trade opportunities in the village.

It is also satisfying that the Bangladeshi households as a whole could in general improve their condition at present over the previous economic situations they experienced at the start of their families, when over half (56 Per cent) of them were poor and only five per cent reported themselves surplus, as shown in Table V. At present (2004) surplus households account for 32 per cent i.e. an increase by six



times over time. The proportion of poor households reduced by half (from 56 per cent in the start to 29 per cent now, as shown in Table IV). The above observed improvement over time of both the old and the Bangladeshi households is not unusual, as they have passed several years after the establishment of their families. Most of the land-poor families actually record poor status at their start, as at that time they were young and little experienced in professional jobs. Over time they have acquired skill and become more efficient. Some of them have now extra working hands in the family who contributed to the household income.

**TABLE V**  
**ECONOMIC STATUS OF BANGLADESHI HOUSEHOLDS**  
**AT THE START OF THEIR FAMILIES**

Village	Bangladeshi Households at the Start of their Families (No.)		
	Poor	Average	Surplus
Kutamoni	22 (56)	14 (36)	3 (8)
Baraitali	28 (55)	21 (41)	2 (4)
Total	50 (56)	35 (39)	5 (5)

**Note:** Figures in parentheses indicate percentage of households in each village.

Indepth analysis carried out leads to the conclusion that over time economic status of the rural households has significantly improved and this is also noticed among the land poor (landless and small land owners) and more so, in the remote village. Along with the economic improvement, significant changes have also taken place in housing and sanitary facilities during the post-independent period.

### **III.4 Improvement in Housing and Sanitation**

In the post-liberation period remarkable progress has been achieved in housing and sanitary facilities in the surveyed villages. In these two villages thatched houses are absent now. Almost all families' own tin-roofed houses. In Baraitali there are a few households who have even buildings at present (Table VI). Furthermore, every family of these two villages has access to tubewells for drinking water. Two-thirds of the households own them and the remaining others share with the neighbours, more applicable to the landless. Earlier, in the end-1960s there were few tubewell owners. At that time residents of Baraitali—the accessible village—had access to government-supplied tubewells. In Kutamoni

earthen wells were the main source of water at that time. Higher land topography of the village constrained installation of hand tubewells.

TABLE VI  
ACCESSIBILITY OF HOUSING AND SANITARY FACILITIES TO  
BANGLADESHI HOUSEHOLDS

(Per cent of Households Owned)

Village	Building	Tin-roofed houses*	Tubewells		Sanitary Toilets	Pucca Toilets
			Owned	Shared		
Kutamoni	-	90	74	26	79	-
Baraitali	12	84	65	31	70	25
Total	7	87	69	29	73	14

**Note:** \*The remaining others own "Chapra" meaning that the roof of the house is made of a few tin sheets on a flat bamboo frame costing below Tk. 5,000 each.

About the toilet facilities, almost all have toilets in the accessible village and one-fourth of the families own pucca toilets now which were non-existent in the 1960s. There are some Kutcha toilets, owned mainly by the landless families, at present in Kutamoni where sanitary toilets are owned by four-fifths of the families. These are now built on earthen wells covered by slabs and a few cement built rings. In the 1960s such slab-covered toilets were not found. At that time big landowners in Kutamoni (5.0 acres and above) had tin-fencing wells and the remaining others used either kutcha toilets or open space protected by jungles near the homesteads. Significant improvement has taken place now in toilet facilities in both the villages.

#### IV. LAND OWNERSHIP SIZE AND CHANGES IN POVERTY SITUATION

In rural Bangladesh land ownership size is the principal determinant of poverty as it is the major source of income and employment to a household. A household's social status and access to public services is also largely determined by the land area owned by him. Some changes in this regard are being noticed now. Political patronage is gradually becoming an important influencing factor.

##### IV.1 Poverty Status by Land Ownership Size

The analysis carried out so far clearly shows that the poverty situation has improved significantly in both the villages. The improvement fortunately has occurred in all groups of households including the landless, of whom 39 per cent are now poverty stricken in Kutamoni contrary to 83 per cent reported by the old in

the end-1960s (Table VII). At present about one-fifth (18 per cent) of the landless is also surplus. Such category of households was absent in the end-1960s. In this village there is none among the small landowners who are below poverty level now, rather over two-thirds of them are surplus. In the second village of Baraitali, there has also been substantial improvement in both the landless and the small land owning groups as revealed from the comparative situation. About one-third of the landless is now surplus.

**TABLE VII**  
**ECONOMIC STATUS OF THE SAMPLE HOUSEHOLDS**  
**BY LAND OWNERSHIP SIZE**

(Percentage in each size group)

Land Ownership Size	Bangladeshi Households-2004			Old Households-End-1960s		
	Poor	Average	Surplus	Poor	Average	Surplus
<b>KUTAMONI</b>						
Landless	39	43	18	83	17	—
Small	—	28	71	75	25	—
Medium	—	50	50	—	17	83
All Households	28	41	31	55	20	25
<b>BARAITALI</b>						
Landless	33	38	29	75	25	—
Small	12	38	50	29	57	14
Medium	—	—	100	—	—	100
All Households	29	37	33	55	35	10

Indepth investigation into economic status of the medium landowners in Kutamoni reveals that their situations over time have unfortunately deteriorated (from 83 per cent to 50 per cent). This to some extent seems to be due to selection bias of covering big landowners of the end-1960s. Moreover, some of the inheritors of big landowners have already migrated to Dhaka, especially from Kutamoni. It may be recognised that in recent years the households dependent wholly on farming are not in a position to improve their economic condition, as net crop income has over time fallen with the rising costs of production besides inactive family workers and sickness in some family.

It may also be mentioned that over time almost all selected households, either Bangladeshi or the old, irrespective of their land ownership size could succeed to

improve their economic condition now over the previous situations, facilitated largely by wider expansion of the informal sector.

#### **IV.2 Factors Influencing Economic Upliftment of the Land Poor**

Economic upliftment of the households from poor to average/surplus status in a village is an outcome of several factors and thus it is difficult to isolate them. In many cases, positive impact is the result of simultaneous effects of many factors—family as well as environmental; as for example, may be the type of occupations of the household heads and their productivity levels, technical skill, number of working members in a family, etc. Their access of the households to infrastructural facilities is also important.

Investigations into major socio-economic factors facilitating economic improvement of the landless households living in Baraitali—the accessible village—reveal that the heads of the successful households are aged (47 years old) and their levels of schooling are higher (two-thirds have secondary education and above, and the remaining is, however, illiterate). Principal occupations of the successful cases are service (private/public organisations) and trading in furniture and crockeries in the Upazila market. Two of the landless surplus ones are found technically skill (one is a truck driver and another is a mechanics). The detailed occupational distribution of the Bangladeshi household heads may be seen in Table VIII. Some of the households have also diversified sources of income including house-rent there. On the contrary, the poverty stricken landless households there are younger, the average age being 33 years. Over half of them are illiterate and others are educated just up to primary level. Most of these poor heads are manual workers engaged in earth work and farmers by occupations, followed by street hawking and groceries which are very low remunerative. They also do not have diversified sources of income and thus are dependent on one job and consequently can hardly cope with disaster e.g. flood and illness. Some of them are also found indebted due to high marriage cost of their daughters.

**TABLE VIII**  
**PRESENT AND PREVIOUS (AT THE START) OCCUPATIONAL**  
**DISTRIBUTION OF HOUSEHOLD HEADS OF THE BANGLADESHI**  
**HOUSEHOLDS BY LAND OWNERSHIP SIZE**

(Percentage of Household Heads)

Land Ownership size	Wage Labour	Farming	Mecha nics	Service	Transport	Trading	Others	Total Households (No.)
<b>KUTAMONI</b>								
Landless	39.3	7.1	-	14.3	10.7	10.7	17.8	28
(Previously)	(39.3)	(3.6)		(10.7)	(10.7)	(10.7)	(25.0)	(28)
Small	-	-	-	42.8	14.3	28.6	-	7
(Previously)		(28.6)		(28.6)	-	(25.0)		(7)
Medium &	-	50.0	-	25.0	-	25.0	-	4
Large		(50.0)		(25.0)	-		(25.0)	(4)
(Previously)								
All	28.2	10.2	-	20.5	7.7	17.9	15.4	39
Households	(28.2)	(12.8)	-	(15.4)	(15.4)	(12.8)	(23.1)	(39)
(Previously)								
<b>BARAITALI</b>								
Landless	19.0	-	14.3	14.3	11.9	40.5	-	42
(Previously)	(31.0)	(2.4)	(14.3)	(14.3)	(2.4)	(23.8)	(11.9)	(42)
Small	-	37.5	-	12.5	-	50.0	-	8
(Previously)		(75.0)	-	(12.5)	-	(12.5)	-	(8)
Medium &	-	-	-	100.0	-	-	-	1
Large				(100.0)				(1)
(Previously)								
All Households	15.7	5.9	11.8	15.7	9.8	41.2	-	51
(Previously)	(25.5)	(13.7)	(11.8)	(15.4)	(2.0)	(21.6)	(9.8)	(51)

The households now reporting surplus status among the small landowners in Baraitali are either serviceholders and/or do trading in cements and jute. Besides, they have higher share of farm income. The poor household found in the group, headed by a housewife, has at present no earning member as her husband expired very recently.

In Kutamoni, the landless households enjoying surplus status now are also found more educated and employed as service holders. Two-thirds of these families have additional family workers who contributed substantial amount to household income. In addition, the remittances received enable them to mortgage-in rice land from the neighbours, which secures food needs of the family. Here diversifications of income sources, facilitated by additional family workers, have also significant

contributions to economic upliftment of the families. Contrarily, the family characteristics of the poverty stricken households reveal that they are overwhelmingly agricultural labourers by occupations and paid poorly. They also remain underemployed for quite sometime in the year. They being occupied with one single occupation cannot supplement their income from any other source. Almost all of them are also illiterate and cannot shift to new jobs. The illiterate households from the landless reporting surplus status at present are but engaged in wood trading financed by remittances received from their brothers. Age of the household head and family size appear to have little effect on economic improvement of the family, as the values of the variables estimated are almost equal in both the surplus and the poor families in the village.

Small landowners in Kutamoni could attain the surplus status through successful trading in wood lots, facilitated by easy availability of timber trees from both the private and the government reserve forests nearby. Besides, there are also four sawmills in the local market that facilitate easy sawing. Among others, successful cases in the group are found service holders and their land ownership size is also a bit high (one acre and above).

Incidentally, it may be noted that the economic upliftment of the landless households—both Bangladeshi and the old ones—over their previous starting situations has also been possible mainly through occupational shifts from wage work in agriculture to petty trading at least in the more accessible village of Baraitali (Table VIII). Trading experience in informal sector, gained over time by the households, also helps them increase their family income. In the less accessible village of Kutamoni, on the other hand, the upward mobility of the landless has been feasible from financial contributions of family workers other than the heads, besides enhancement of their own professional skill prominently noticed in timber trading. In that village there is a substantial increase in service sector and trading. There the existing system of land lease could help increase their bargaining power through food security, achieved from leased-in rice land.

The overall conclusion is that the present attainment of surplus status by the landless is largely an outcome of diversified sources of income and availability of remunerative employment like trading and services where formal education contributed most to acquiring professional skill. Financial supports needed in the establishment of private enterprises are, however, met from remittances received and adequate micro-credit supports by the NGOs and other public development agencies functioning in the villages. It may be of interest to report that very few households from these two villages take loan from informal credit market, which is very exploitative (interest rate is 8 to 10 per cent per month).

## **V. SUSTAINABILITY OF ECONOMIC STATUS OF HOUSEHOLDS**

### **V.1 Areas of Investment**

Households living in the study villages are economically better-off and it is expected that they can sustain the present improved level of living as they are found careful of future and accordingly investing their small surpluses for both short and long-term gains. The pattern of investment is, however, different depending on economic opportunities available in the area. Baraitali—the accessible village—has a lot of petty investments in trading including groceries and hawking which provide self-employment to the landless. Such individual enterprise roughly costs about Tk. 50,000. In that village about two-thirds of the families have some sort of investments which are quite promising for future. There trading entrepreneurs are 36 per cent among the landless and the average amount of investment stands at Tk. 56,000. The next area of investment is the construction of houses, used for rental purpose. Twenty-one per cent of them rent-out houses—partly or fully. Many household members working in the nearby Upazila markets and different offices rent in those houses mainly for living. There are also few cases of investment in rickshaw vans and dairy farms in the village. Among the remaining other land owner groups, the major investment areas are similar to the landless but their investment size is higher. For small owners, the average amount of investment stands at Tk. 375,000 for shops and Tk. 246,000 for other activities.

The pattern of investment is totally different in remote village of Kutamoni where maximum number of investment cases (39 per cent of the landless) are jackfruit gardening in their homestead plots. The next important area of investment among the landless is leasing-in land (18 per cent of the families). Forty-three per cent of the small landowners have also cases of landlease. These lands are available from those who are largely in nearby rural towns and markets. Average amount of investment per investor is estimated to be Tk. 54,000 and Tk. 80,000 among the landless and the small landowners respectively. The landless gardeners have an annual income of Tk. 5,300 from jackfruits and it is significantly higher (Tk. 8,700) among the small owners; over half (54 per cent) of whom have jackfruit gardens. Another investment sector for the small landowners is timber trading where the investment amounts to Tk. 116,000 per investor. Timber traders among the landless are few as it is a costly investment. Surprisingly, no large landowner from the village invests either in timber trading or on landlease. All of them have, however, jackfruit gardening, quite common in the area. Their economic condition seems to be deteriorating over time due to their sole dependence on land income.

It may be noted that each land lessee in Kutamoni has leased-in land of about Tk. 54,000; costing about Tk. 1,000 per decimal. The landless prefers this system of landlease towards ensuring their food security. Besides, they consider it more profitable as they get such crop income against interest loss of money that remains deposited intact with the landowners. The lessee gets back full amount of their money when the owners want their land for their own use but not before one year of use by lessee. The lease contract may either be verbal or written as mutually decided by the parties.

## **V.2 Institutional Support**

Improvement in economic condition of the rural households, especially the landless, appears to be facilitated to a large extent by credit supports extended both by the NGOs and the government. Insignificant number of households now borrows from the informal credit market. The micro-credit supports, in establishing individual enterprises, by Grameen Bank, BRAC, PROSHIKA, BURO, etc. help expand self-employment for the landless, overwhelmingly in petty trading. The recent market expansions and easy access to road network have contributed to generation of new employment opportunities where participation of other family members is noticeable. In both the villages, working members other than the family heads contribute enough to household income. Women participation is also noticed, more prominently in Baraitali.

In Kutamoni, Grameen Bank's credit has a dominant role. Sixty-four per cent of the landless families received credit from them averaging Tk. 12,000 per recipient. Of the total landless households, such recipients irrespective of the credit sources account for 86 per cent and the amount of credit is estimated to be Tk. 14,750. Bangladesh Krishi Bank (BKB) also distributed credit to four landless households amounting to Tk. 31,250 per family. Credit participation in the accessible village-Baraitali—is a bit lower where half of the landless have access to micro-credit, particularly from Grameen Bank, amounting to Tk.17,476 per recipient. In that village several households get credit supports from their trading partners, of course, without interest. Most of the households interviewed are free from expensive informal credit which has become possible through NGOs credit. Two small landowners have received loan for trading purpose from the Janata Bank amounting to Tk. 600,000 on average.

The government programmes in health and education in the area have benefited the villagers by reducing the intensity of different contagious diseases and consequent high medical expenses, usually incurred elsewhere in Bangladesh. This has been feasible through distribution of sanitary toilets and drinking



tubewells where the Local Union Parishads (UPs) are also involved. Discussions with the people, furthermore, indicate that they have become conscious of health hazards as well as different other diseases whose intensity has over time declined in the village. Here their easy access to local medical centre, particularly in Kotamoni, is also considered quite useful in reducing cost of medical treatment.<sup>4</sup> In conscious raising efforts in sanitation and schooling of children, NGO's services are quite praiseworthy. Regular interactions with the NGO workers and public development agencies could make local people more conscious of their future.

## VI. SUMMARY AND CONCLUSIONS

The present study on the changes of economic status of rural households is an indicative exercise, carried out in only two villages of Gazipur district. The villages have differential levels of access to infrastructural facilities. Baraitali, the more accessible village, is very adjacent to the Upazila centre and can be treated as sub-urban. Another village called Kutamoni which is remotely located (10 km away from the Upazila centre). The analysis of information indicates that economic status of the households has over time improved significantly. In the year 2004, less than one-third (29 per cent) of the households are poor compared to over half (55 per cent) in the pre-liberation period at the end-1960s and the number of financially surplus households increased to 32 per cent in the current year from 18 per cent in the end-1960s. Significant improvements are recorded in housing and sanitation facilities. Thatched houses are absent in the villages; rather, there are a few building owners in the more accessible village. Every household has now access to tubewells for drinking water. Previously in the remote village of Kutamoni there were few rich landowners who could drink tubewell water. Dramatic changes are also observed in the case of sanitary toilets. At present almost all are using sanitary toilets, built on three cemented rings and a slab.

Improvement in economic status has been recorded at present in all categories of the households irrespective of their land ownership size. Among the landless, 18 per cent are surplus and 39 per cent are poor now; while during the pre-liberation period of the end-1960s, there were no surplus households and as high as 83 per cent were poor. No small landowners are now poverty stricken, although 75 per cent of them were poor in the end-1960s.

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<sup>4</sup> Also, see Krishna *et al.* 2005, "Why Growth is not Enough Household Poverty Dynamics in North-East Gujarat, India," *The Journal of Development Studies*, Vol. 41, No. 7.

It is also of interest to report that at present many of the sample households, either Bangladeshi (recently established families) or the olds (households living in end-1960s), could improve their economic condition over their earlier situations experienced at the start of their families, i.e. eight to ten years ago. Over time they have become more experienced and professionally skilled.

The principal determinants to the recent improvement of economic status of the households are identified to be the availability of remunerative employment in non-farm sectors and occupational skill attained by them besides formal education. In the more accessible village of Baraitali, market expansions in the Upazila centre and the road network help expand the scope of petty trading for the landless in the informal sector. Their technical skill also enables them to do mechanical jobs and help achieve their surplus status. In the remote village of Kutamoni, newly adopted timber trading by the landless contributes to the improvement of financial status. Easy access to private and public forest reserves and the establishment of sawmills in the local markets are considered to be the main factors to the upward mobility of the landless. In this village, remittances from other working members of the family facilitate the land-poor households in trading enterprises and also to lease-in rice land, which ensures their food security. Overall, opportunities created towards income diversification in the area lead to higher income and poverty alleviation. In the 1960s the landless landowners in both the villages were largely engaged in wage labour in agriculture, which was low remunerative and at that time many of them were reportedly indebted to non-institutional loan.

With respect to human resource development, the study areas are found to be advanced where the family size is lower (4.7 in more and 4.2 in less accessible village) and higher proportions of their children (upto 15 years) are students (70 per cent of boys and 80 per cent of girls in more accessible village and 52 per cent of boys and 83 per cent of girls in less accessible one). The landless households are unfortunately still far behind in this respect and several of their boys are involved as child labour. Women participation in income generation is quite prominent, especially in the more accessible village.

The residents of the surveyed villages are conscious of future prospects as evidenced from their currently undertaken investment activities. The pattern of investments is, however, different depending on economic opportunities available in the locality. In the more accessible village, two-thirds of the households made some sort of investment. Trading is more important and such enterprise has an average investment of Tk.50,000, followed by house-rent (part or full). In the remote village, on the other hand, the principal investment areas are jackfruit

gardening in the homestead plots (39 per cent of the landless) and the leasing-in rice land (18 per cent of them). Timber trading is also prominent particularly observed among the small landowners. Its wide-scale trading, however, seems to cause forest depletion and consequently land degradation in the area. Average amount of investment in the remote village is estimated to be Tk.54,000 and Tk.80,000 among the landless and the small landowners respectively which has been possible through liberal micro-credit supports by the NGOs and remittances received.

In recent years, rapid expansions of non-agricultural activities, especially petty trading in the nearby rural towns, enable the land poor earn higher income; more successfully by the technically skilled workers. The recent expansion of rural road network and the markets contribute greatly to the creation of self-employment opportunities. The government in this regard can further undertake infrastructural development programmes—physical as well as institutional, and establish more technical/vocational training schools keeping in view local demands and natural resources available in the area. In both the villages diversification of income sources and consequent upliftment of the level of living of the land poor households at present have been possible, to a great extent, through credit supports provided by the NGOs. The government in this regard may also be more prompt and expand its credit distribution programme at subsidised rates of interest. The contributions of NGOs and public development agencies are also well recognised in terms of provision of sanitary toilets and drinking tubewells in the villages. The existing public development programmes in health and education make people more aware of their future well-being. The effective involvement of the local government i.e. Union Parishad in this respect is also commendable. It can also help adopt appropriate measures for suitable institutional development for the land poor, may be in collaboration with the local NGOs.

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