

## CoverStory

# South Asia struggles to tackle poverty

NUMBER OF PEOPLE LIVING ON LESS THAN \$1.25 A DAY IN THE REGION IS STILL STAGGERING DESPITE ROBUST GROWTH

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From abject poverty, Atiur Rahman rose to one of the highest offices in Bangladesh's financial scene as governor of the country's central bank.

However, as the 62-year-old admits, his story is the exception rather than the rule in a country in South Asia that is teeming with millions eking out a living amid extreme poverty. "The real painful question is how many people are left behind to suffer," says the central banker.

The World Bank's latest poverty calculation says about 570 million people in South Asia still survive on less than \$1.25 a day. The poor in this region, comprising more than 44 percent of the developing world's poor, outnumber the combined population of the United States (316 million), the United Kingdom (64 million), Australia (23 million), Canada (35 million) and Germany (80 million).

The collective effort to tackle poverty in the region began way back in December 1985, when South Asian leaders met in Dhaka, the capital of Bangladesh, to sign the charter of the South Asian Association for Regional Cooperation, as they acknowledged the extent of poverty and underdevelopment engulfing the region.

The World Bank estimates that South Asia has experienced robust economic growth of 6 percent yearly over the past two decades. Growth in the region is predicted to rise 5.3 percent this year, and 6.3 percent by 2016.

"Development has taken place in various fields of economy, agriculture, industry, technology, but still the situation does not seem to have improved," Sanjay Kumar, director at a New Delhi-based think tank Centre for the Study of Developing Societies (CSDS), tells *China Daily Asia Weekly*. "The problem is of fair distribution of fruits of development. That's why we see this paradox of

economic growth with increasing poverty."

Policy reforms in Bangladesh, Pakistan and Sri Lanka, and the improving economic situation in India are helping the regional growth momentum, says the World Bank's *Global Economic Prospects 2014* report.

However, the number of people living in hardship across the region only declined from 61 percent to 36 percent between 1981 and 2008 while the population grew by 42 percent during the same period, says the World Bank, citing latest available figures.

India, which leads its neighbors in size and growth, is still home to 179.6 million of the total global poor of 872.3 million.

### Contrasting numbers

The Indian economy is worth \$2 trillion and has been clocking an average annual GDP growth of 5.8 percent over the past two decades, estimates the International Monetary Fund.

"The contrasting numbers clearly indicate that we haven't done enough on the ground," Iqbal Singh Dhaliwal, scientific director of Abdul Latif Jameel Poverty Action Lab at Massachusetts Institute of Technology (MIT), says.

Kumar from CSDS says "growth has not reached the bottom of the pyramid, mainly those living in remote corners of the country".

The widely reported increasing farmers' suicide rate in India is also linked to poverty. According to the latest census, nationwide the farmers' suicide rate was 16.3 per 100,000 farmers in 2011. It is higher than the corresponding rate of 15.8 per 100,000 in 2001.

The country's agriculture sector, which accounts for 18 percent of GDP, employs about 50 percent of the country's workforce.

"Poverty is much more acute in rural areas. Even now, 70 percent of India's population lives in villages. Addressing the issue of poverty amongst the rural poor would mean tackling the issue of poverty substan-



A Bangladeshi child sorts through bottles for recycling in Dhaka, Bangladesh. Nearly 40 years after the country signed a collective agreement with other South Asian countries to tackle poverty, millions of Bangladeshis remain abjectly poor.

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tially," points out Kumar.

In Pakistan, about 1,600 people committed suicide in 2011 due to abject poverty, according to the Human Rights Commission of Pakistan. About 21 percent of the population of more than 180 million people lives below the poverty line, based on the World Bank's definition of extreme poverty of \$1.25 income per day.

However, if the poverty line is raised to \$2 per day in tandem with international standards for middle-income countries, then more than 60 percent of the population in Pakistan falls below the poverty line.

"Rural poverty is acute," Muhammad Ali Kemal, research economist at Islamabad-based Pakistan Institute of Development Economics, says. "The nature of poverty is also different in the urban and rural areas."

Wealth distribution in Pakistan is highly uneven, with the top 10 percent of the population earning 27.6 percent and the bottom 10 percent earning only 4.1 percent of the income.

Ali adds that redistribution of resources and providing equal opportunities make it easier to achieve balanced growth.

Bangladesh has been posting an average growth rate of 6 percent per annum over the last decade. However, the country managed to trim poverty rates only from about 60 percent in the early 1990s to 31.5 percent in 2010, and to around 26 percent in 2014. At present, about 40 million people in the country live below the poverty line.

"Growth is not an achievement," says Mustafizur Rahman, executive director at the Dhaka-based

think tank Centre for Policy Dialogue. "Reducing hard-core poverty remains a major challenge; reducing income inequality is proving to be a difficult task."

Sri Lanka, too, has registered growth, from an average of 5.5 percent during 2000-2009 to 7.5 percent in the post-war period. And it is expected to continue its strong growth, at 8.2 percent in 2015 rising from 7.8 percent this year, says *Global Economic Prospects 2014*.

The poverty head count ratio in the island nation dipped from 28.8 percent in 1995 to 6.7 percent in 2013, according to a report this year by the Department of Census and Statistics-Sri Lanka. Of the total identified poor, the large majority — around 84 percent — live in rural areas.

"Poverty has been steadily reduced in urban areas by providing economic opportunities, but poverty in the rural area is huge," says Geetha Mayadunne, senior research professional at the Centre for Poverty Analysis in Sri Lanka.

"Expansion of income-earning opportunities and raising productivity at all levels are likely to be the best ways to eradicate poverty," she says.

### Policies and programs

Various poverty alleviation programs and income-earning opportunities have been running in the region. India, for instance, has introduced old age pension, family benefit and maternity benefit schemes, alongside free food programs for senior citizens, integrated rural development mechanism, rural housing and rural employment guarantee initiatives targeting the poor.

"All successive governments have

tried to design policies for reduction of poverty, but they failed in reducing (poverty) to great extent," says Kumar of CSDS.

Pakistan has also given a high priority to social welfare schemes, including the provision of basic facilities to the poor. A large number of different policies and programs have been introduced in the last few decades.

The Bangladesh government has a number of targeted social safety net programs, and administers specific policies in health, education and social development areas. These initiatives have helped raise standards of living, enhanced literacy rates, created jobs and augmented incomes.

"Major role in poverty reduction was played by micro-credit programs in support of the poor, particularly women," says Rahman from the Centre for Policy Dialogue.

However, the country still faces many challenges such as those relating to nutrition intake, decent pay and access to affordable and quality healthcare and education services.

"Bangladesh will need to address formidable challenges in continuing its track record of poverty reduction. Maintaining a high GDP growth rate will be a necessity but this will need to be broad-based by implementing developmental projects and ensuring good governance," says Rahman.

In terms of ratio, South Asia may have shown progress in poverty reduction. However, the actual number of people who cannot afford to feed themselves on a daily basis is still staggering.

"All the time we can't be looking at percentage. We have to be realistic about the total number," says Dhaliwal of MIT.