

# Rural livelihood transformation in Bangladesh

Humnath Bhandari<sup>1</sup>, Abdur Rouf Sarkar<sup>1</sup>, Samarendu Mohanty<sup>1</sup> and Alamgir Chowdhury<sup>2</sup>

<sup>1</sup>International Rice Research Institute and <sup>2</sup>Socioconsult Limited Bangladesh

## Introduction

Agriculture provides livelihood for over 60% of Bangladesh's population. It is pivotal to provide food and income for the rural poor. At the same time, it is also crucial to reduce agriculture's high population density. Powerful social, economic, and natural forces are driving changes in agricultural systems. The agriculture sector must respond to these forces to improve livelihoods by balancing farm and non-farm activities. This paper presents major changes in rural livelihoods in Bangladesh.

## Data and Methodology

We used longitudinal survey data from rural households located in 12 villages across 11 districts of Bangladesh. Data were collected in five rounds: 1988, 2000, 2004, 2008, and 2009–2014. Previous rounds of data were collected at certain year intervals, while the latest rounds of data were collected several times per year under the Village Dynamics in South Asia (VDSA) Project. The sample size, that ranges from 240 to 510 households depending on the survey round, increased over time. We also used qualitative data to complement quantitative data. Data were analyzed using descriptive statistics.

## Results

### A. Changes in primary occupation

Agriculture's share in total employment declined substantially over time, but still it provides 35% of the total employment (Figure 1). The growth of industries, the service sector, and migration boosted non-farm employment. Better education and rural non-farm jobs played big roles.

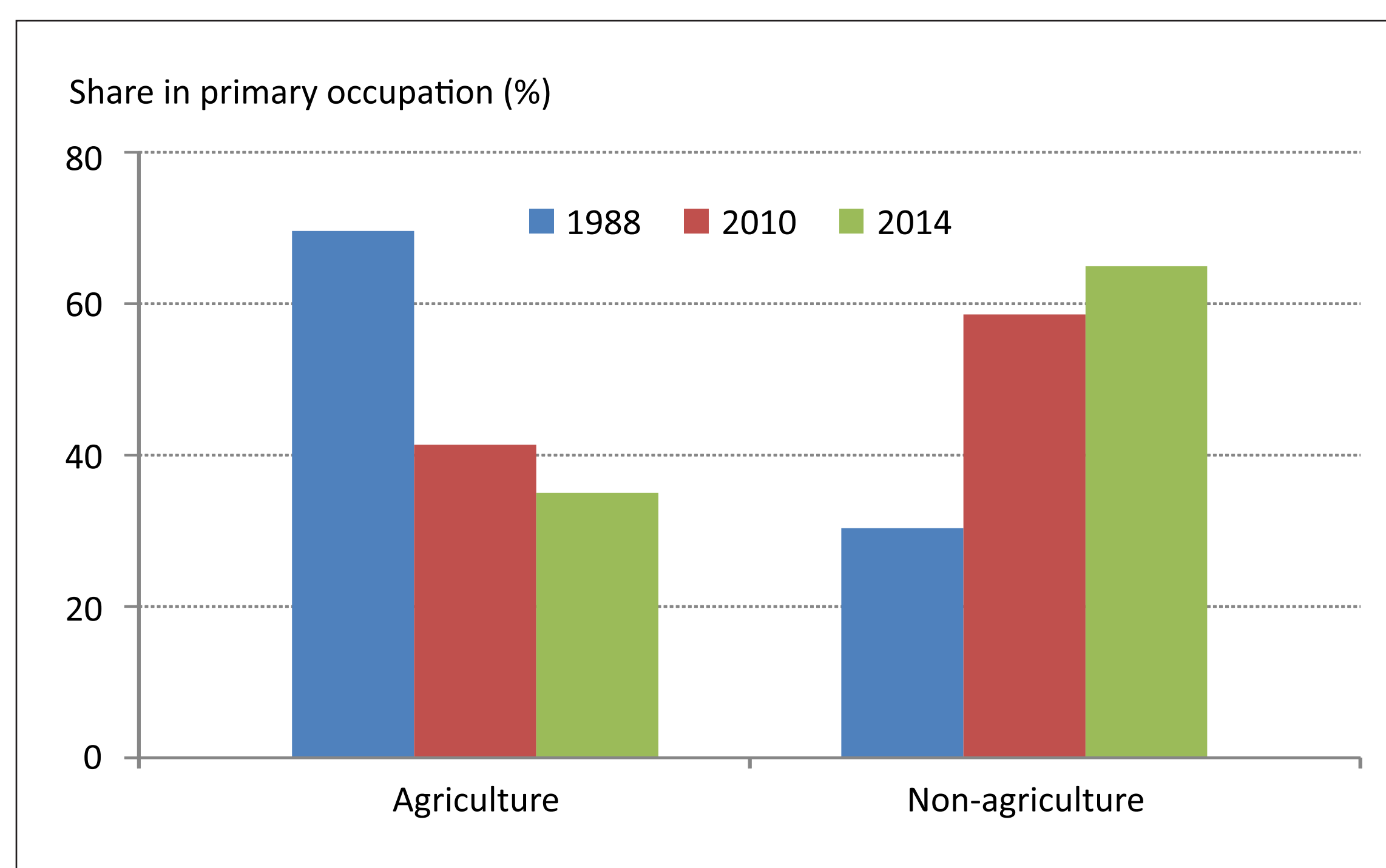


Figure 1. Primary occupation of employed people.

### B. Income diversification

- In the past 25 years, agricultural nominal income increased 2.5 times while non-agricultural nominal income increased 14 times
- Agriculture's share to rural income fell drastically, which was offset by massive increase in the share of non-agriculture (Table 1)
- Rapid growth of trade and businesses, the service sector, remittances, and casual labor increased non-agricultural income strikingly.

Table 1. Income diversification in Bangladesh.

Income source	1988	2013
<i>Agriculture</i>	73	32
Farming	63	27
Wage labor	10	5
<i>Non-agriculture</i>	27	68
Business	7	16
Services	10	19
Remittance	3	20
Wage labor	6	13
Per capita income (US\$)	198	439

Unit: % of total income.

### C. Rural poverty decline

Table 2. Households' perceived major reasons for rural poverty decline in the past 10 years.

Major reasons for rural poverty decline	% of sampled villages (multiple responses)
Increased employment opportunities in the farm and non-farm sectors	100
Adoption of improved agricultural technologies, higher yields, and higher prices	92
Increased farming of cash crops, fish, poultry, and livestock	92
Improved transport, communication and market access	83
Increased migration and remittance	83
Better access to NGO's loans and engaged in income generating activities	75
Crop intensification and diversification towards high-value crops	67
Increased access to farmland to the poor through the land rental market	67
Higher education and awareness increase employment	58
Government's and NGO's development programs	50

Source: Qualitative survey

## Conclusions

Agriculture's relative importance to rural livelihoods is declining. The non-agricultural sector is increasingly playing an important role in rural employment and income. Development of both agricultural and non-agricultural sectors is pivotal to rural poverty reduction.

The VDSA Project provides unique evidences about changes in rural livelihoods and factors reducing poverty. This information is useful to develop program that improve rural livelihoods.