Estimated Regional Disparity for Northern Bangladesh

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Abstract: *Attaining economic development or economic growth is one of the major challenges developing countries facing. Additionally, closely tied to the challenge of attaining economic growth is to ensure equitable distribution of benefits among its citizens. But this does not happen and the benefit of development is not evenly distributed in all the regions. Some regions are relatively poor creating a scenario of regional imbalance. The disparity is observed in Northern Bangladesh and so is our concern. Analysis of regional disparities reveal that Dhaka division has developed remarkably in last ten years where Northern part of Bangladesh has not got that enough what it deserves. So, our main policy recommendation is to reduce disparity in Northern Bangladesh so that it can cope with the overall development process. For this we have suggested some policies. Among them special agricultural zone (SAZ) in Northern Bangladesh is the newest idea.*
Key words: *regions, regional disparity, Northern Bangladesh, development and growth.*

I. Introduction

People of Northern part of Bangladesh are the victims of development disparity because of various reasons. And this paper is mainly aimed to deliberate the regional disparity in Northern part of Bangladesh. Among them natural and elemental characteristics, such as population, under developed infrastructure, scarcity of resources and Government policy and establishment play dominant role.

Northern part indicates the sixteen districts of Rajshahi and Rangpur division. This larger part is mainly agriculture-based area, which is 23% of total area of Bangladesh and 24% of total population live here (Banglapedia, 2012).

The disparity represents general marking for inequalities or variances. Generally we can speak about inequalities or variances caused by basic tendencies of society evolution. These tendencies are characterized by significant level of variability. The unstable development is then the effect. Here the victim is Northern Bangladesh.

Bangladesh is a parliamentary democracy whose capital is located in Dhaka, a city centrally located in the country within the Dhaka Division. The mass population of Northern Bangladesh is under poverty line, struggling hard for a better living standard. The distribution of income dilemma statistics is unpredictable and uneven that forces the Northern people living lower living standard. Being blessed by natural resources and assets, the cheap labor force, great achievement in education, and ample land for cultivation of agriculture and agricultural based products, Northern Bangladesh is still recognized as a backward region, Northern people is frustrated with the poor infrastructure of the country. On the other hand the capital city of Bangladesh, Dhaka, is considered as the centre of all business and development activities. Dhaka is always chosen first in each sector of development. Regional disparity in Northern Bangladesh is a serious disease that should cure as soon as possible and thus the focus of the study is on regional disparity in Northern part of Bangladesh, where sixteen districts of Rajshahi and Rangpur division are taken in consideration.

II. Brief Literature Review

A number of scholars have explained the problem of regional imbalance as emanating from different aspects. According to Sachs (2005) with reference to Adam Smith points out the variation in physical geography in regards to climatic condition, physical and natural resources as the mechanism to determine a region's growth or poverty rate. Regions with arid climatic condition where Tsuma (2010) emphasized on the colonial legacy as the root cause of regional imbalance.

One influential approach in this trend is represented by geographic dualism that dates back to Myrdal's (1957) hypothesis of "cumulative causation ", which was advanced to account for the persistence of differences in a wide variety of development indices across nations and regions within nations. At the heart of such model lies the idea of increasing returns in the favored region. Instead of leading to equality, forces of supply and demand interact with each other to produce cumulative movements away from spatial equilibrium.

Deb et al. (2008) had relied upon the district-level GDP series of BBS and the HES/HIES data. Doubts remain on the inferences drawn upon comparing one GDP series with another. One of the series suggests that the level of agricultural growth and share of non-farm household in the district contribute significantly to the overall growth of the district. When it comes to income-based analysis, Deb et al. (2008) finds two results: (i)

higher the level of initial income, higher the level of current per capita income and higher the GDP growth, higher the per capita income in the district; and (ii) proportion of landless household had a significant negative effect on per capita income level.

The report from the Planning Commission (GED 2008) is a useful summary of information with a set of recommendations. The report clearly mentions of the concern the then caretaker government (2007-08) had with disproportionately higher incidence of poverty in divisions of Barisal, Khulna and Rajshahi.

III.   Research Gap

The mentioned previous studies are failed to identify the exact disparity in Northern Bangladesh. Since most of the literature are based on basic concept of disparity. For example, Myrdal's model says, favored reasons enjoy higher increasing returns; Tsuma (2010) emphasized on the colonial legacy as the root cause of regional imbalance; here in this thesis we have used these literatures to extend our knowledge about disparity.

Surprisingly, no other research has done based on regional disparity in Northern Bangladesh, even it is known to all. Hence, I have initiated this work regarding to the unavailability of literature of regional disparity in Northern Bangladesh. This research has tried to find out exact disparity in Northern Bangladesh and also determine the disparity based on some well known development indicators. Moreover, some policy suggestions are given on the basis of findings. Nevertheless, there are many areas yet remained where the discussion of regional disparity regarding Northern Bangladesh is possible. So, there is a scope of further study.

IV.   Data for the Study

Here, the research is employed a survey kind of research design where data was collected from secondary sources for 2000 to 2013. We have used several books, research literatures, articles, journals and thesis, as secondary sources for our study. Data collection procedure was conducted for the seven divisions (Dhaka, Rajshahi, Rangpur, Khulna, Sylhet, Barisal, and Chittagong) of Bangladesh. Especially the details data were collected for 16 districts of Northern Bangladesh and 14 districts of Dhaka division.

V.   Methodology

A simple statistical procedure using mean, percentage, coefficient of variation is taken to show the disparity quantitatively in Northern Bangladesh. Regarding the topic of disparity the methodology seems appropriate for analyzing the regional disparity in Northern Bangladesh.

The various indicators used to prove regional disparity are as shown through a table.

Table 1   Various indicators used to prove regional disparity

Development indicators	Abbreviation form	Sector showing disparity	Used method
Agricultural labor daily wage rate	ALDWR	Northern Agriculture	————
Industry	-	Northern Bangladesh	No. of selected industry
Road and communication	-	Northern Bangladesh	Mean and CVs of length of metalled, semi-metalled and unmetalled road and no. of different stations.
Banking facility	-	Northern Bangladesh	Mean and CVs of branch and accounts of selected banks and total savings and debts of all banks
Foreign Employment	-	Northern districts	No. of foreign employment in different districts

Source: Own estimation

Estimated Regional Disparity

We can easily show the disparity in Northern Bangladesh using various development indicators as shown in methodology.

Table 2 Daily Average Wage Rate of Agricultural Labor Without and With food (in tk)

Region	2006(January)			2011 (November)		
	With food	Without food	Total	With food	Without food	Total
Rangpur	**156**	**163**	**319**	**298**	**340**	**638**
Rajshahi	**192**	**210**	**402**	**315**	**359**	**674**
Khulna	181	192	373	303	345	648
Barisal	245	294	539	364	484	848
Sylhet	190	235	425	315	385	700
Chittagong	257	236	493	446	541	987
Dhaka	**224**	**261**	**485**	**422**	**487**	**909**

Source: Own calculation data from Year book of Agricultural Statistics in Bangladesh of different years

From table 2 it is evident that, the daily wage rate is high in Dhaka than Rangpur and Rajshshi. In 2006 the total wage rate for Rajshahi and Rangpur division is respectively 319 tk and 402 tk where in Dhaka division it is 261 tk.

Table 3: Regional disparity based on Industry, Transport and Communication sector

Division	Industry				Road				Station			
	Mean	Rank	C.V	Rank	Mean	Rank	C.V	Rank	Mean	Rank	C.V	Rank
Rangpur	724	3	271	3	19571	2	77	1	101	2	105	3
Dhaka	2382	1	153	1	48042	1	111	3	244	1	91	1
Rajshahi	835	2	260	2	18926	3	84	2	85	3	101	2

(Mean values of indicators are ranked according to descending order of magnitude and CVs are ranked according to ascending order of magnitude)

Source: Own estimation

Table 3 show the regional disparity based on Industry, Transport and Communication sector. Dhaka division holds the first rank in case of Industry and Station. In case of length of road Dhaka division is again in first position considering the mean value. But Rangpur division is in first rank considering CV. Thus by measuring the mean value and coefficient of variation we can easily identify the disparity in Northern region as in Table 3.

Table 4 Comparison among divisions using banking facility indicator

Division	Nationalized bank		Private commercial Bank		Specialized bank		Cooperative society	
	Saving A/C	Current A/C	Saving A/C	Current A/C	Saving A/C	Current A/C	employee	Client
Rangpur	2378496	186664	313355	153076	566884	59415	4304	621328
Dhaka	4686194	386621	1474281	535602	1591039	34258	15724	1636056
Rajshahi	2722306	342446	752908	170789	287655	10621	25025	736755
First Rank	Dhaka	Dhaka	Dhaka	Dhaka	Dhaka	Dhaka	Rajshahi	Dhaka

Source: Own calculation

Table 4 shows that Dhaka division has highest savings account (4686194) and current account (386621) in nationalized bank and thus in first rank. In case of private commercial bank the no. of savings account (1474281) and current account (535602) is again highest in Dhaka division and thus possess first rank again. Dhaka division has highest no. of savings account (1591039) and current account (34258) in specialized bank and also in first rank. Surprisingly, no. of employee in cooperative society is highest in Rajshahi division (25025) and thus in rank one but again Dhaka is in first rank in case of no. of client in cooperative society.

Table 5 Comparison among districts using foreign employment

Dhaka division	Foreign employment	Northern Bangladesh	Foreign employment
Tangail	238178	Bogra	55578
Dhaka	215767	Pabna	51754
Munsiganj	147459	Nawabganj	47437
Narsingdi	132982	Sirajganj	32748
Narayanganj	116262	Naogaon	29549
Gazipur	109408	Natore	20985
Kishoreganj	101568	Rajshahi	20651
Mymensingh	98214	Gaibandha	17972
Manikganj	97768	Rangpur	15705
Faridpur	89413	Dinajpur	10756
Shariatpur	64747	Joypurhat	9420
Madaripur	61576	Kurigram	8216
Sherpur	8470	Nilphamari	6539
Jamalpur	37218	Thakurgaon	5180
Rajbari	30432	Lalmonirhat	3328
Netrokona	17175	Panchagarh	2086
Gopalgonj	28429	**Total**	**337904**
Total	**1595066**		

Source: Own calculation

Table 5 shows that, in seventeen districts of Dhaka division the total no. of foreign employment is 1595066 which is more than four times of Northern Bangladesh (337904). It is evident from the table that Northern Bangladesh is in great disparity in case of foreign employment. The lowest no. of foreign employment is in Panchagarh district (2086) which is included in Northern area and the highest no. of foreign employment is in Tangail district (238178) which is included in Dhaka division.

VI. Policy Suggestions

This paper has examined the regional unequal distribution in different sectors in Bangladesh. The study carried out shows that regional disparity exists in Northern Bangladesh. This means that, in Bangladesh, all regions are not equally considered in space, and therefore, regional disparity in Northern Bangladesh has become acute.

As necessary, we can recommend the following policy suggestions

♦ Poverty rate is high in Northern Bangladesh. The reason is most of the people are only depend on agriculture. Thus they mostly suffer from seasonal deprivation since northern regions are closely affected by flood and cold wave. Moreover, they have low access on microcredit facility. So, the first policy is to divert the direction of occupation of flood-affected Northern people to the industry and service sector. Another reason of high poverty is the low income and expenditure of Northern people. The main reason behind this is low agricultural wage rate and dependence on agriculture. So, the policy is to make industrial sector develop in Northern Bangladesh.

♦ As we know regional development depends on three external relationships: trade, migration of labor/people and migration of capital. So, our most important policy suggestion regarding Northern Bangladesh's economic development is to establish a Special Agricultural Zone (SAZ) in Rajshahi division and here the main inputs may be mango and silk. It can easily solve the problem of unemployment and go for large extension of trade. For this we have to develop our transport and communication sector and banking facility. Moreover, public expenditure in Northern Bangladesh needs to increase to overcome disparity.

VII. Conclusion

In our paper we have analyzed the disparity in Northern Bangladesh and suggested some policy measures to reduce this disparity. The issue of disparity being a matter of great concern, we hope that our analysis and policy suggestions will be of interest to the academicians and policy makers.

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