

Economic Transformation and Its Effects in Rural Areas

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Abstract

'Economic Transformation' refers to a long-term and irreversible change in the prevailing economic activity. As the global economic trend is changing swiftly, Bangladesh economy is struggling to renovate itself to endure the competition while continuing to arrange for employment opportunities, alleviate poverty and increase economic growth. Our objective was to find out whether Baneshwar union of Puthia Upazila, Rajshahi faced any economic transformation and if so, how this transformation affected their rural lifestyle. We also provided recommendation to further the economic transformation. This study helped us conclude that- Economic transformation is a dynamic process in Baneshwar and most people have transformed to business sector. No transformation occurred in traditional occupation (example, pottery, etc.). Jaigir Para is least transformed locality. Increased economic transformation improved infrastructural situation and upgraded social facilities. Based on above findings we suggested that, Jaigir Para needs investment to prosper economically. Traditional occupations need investment so that they can be sustained. Although Baneshwar is a small union in the backward nor-western region of Bangladesh, it has shown promises of transformation and development and with a little help from authorities and benevolent organizations this union can go a far way towards productive growth and economic freedom.

Introduction

Transformation is an inevitable part of human life. Through ages our society has faced economical, infrastructural and cultural transformation that has altered our living style for better or worse. Human economic systems may experience a number of deviations and departures in the form of Disturbance (temporary disorder), Perturbation (repeated divergence), Deformation (loss of self-sustainability), Transformation (revolution, conversion) or Renewal (rebirth, renaissance). Transformation in economics refers to a unidirectional and irrevocable change in prevailing economic activity.

Global economic environment is transforming at a brisk pace. To keep abreast with the world and to provide adequate employment opportunity, alleviate poverty situation as well as escalate economic growth, Bangladesh economy is struggling to reinvent and renovate itself.

Bangladesh is a developing country with an agriculture based economy. 76 % of her population lives in rural areas, hence it is important that we employ our resources to identify if they are facing changes in their economy and what are the outcome of these changes; if not, what are the causes that hinders the transformation process.

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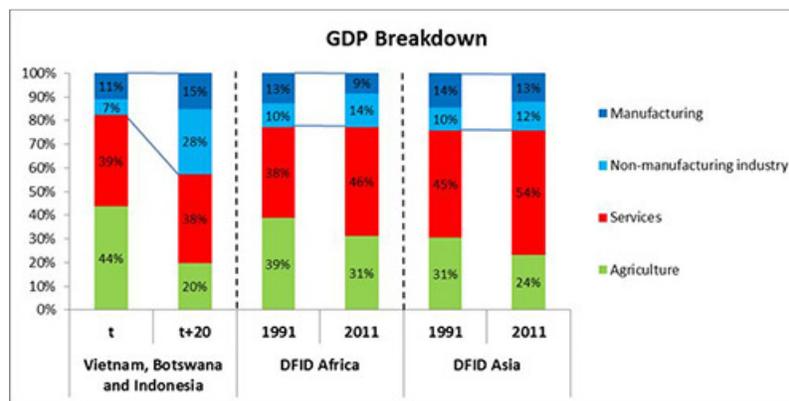
Rajshahi is one of the six metropolitan cities in Bangladesh. Puthia, one of the oldest upazila of Rajshahi zila, came into existence on the 12th march, 1869 as Thana. The upazila occupies an area of 192.63 Sq.km. It is located between 24^o20' and 24^o31' north latitudes and between 88^o42' and 88^o56' east longitudes. There are 6 Unions in Puthia. Among these, Baneshwar union has been selected as the study area.

Literature Review

In these days of urbanization and technological innovation our economy is undergoing a huge transformation. Once our economy was completely agriculture based, but now it has taken a turn towards industrialization and this whole process of economic transformation has left a profound impact on the life of the citizens.

According to Breisinger and Diao, "economic transformation, as part of development, can be defined as a dynamic process through which a country's economy, society and institutions modernize and move to more developed levels" (Breisinger and Diao, 2008). As Velde (2013) maintains the economic transformation simply implies to the movement of labor from low to high productive activities. This consists of between sector transformation (for example, from agriculture to manufacturing) and within sector transformation (for example, from subsistence farming to high-value crops).

Economics and Private Sector Professional Evidence and Applied Knowledge Services (EPS-PEAKS) describe it as the continued dynamic reallocation of capitals from less productive to more productive sectors and activities. A study compared the breakdown of sector shares of GDP between DFID focus countries of Africa and Asia and three countries (Vietnam, Botswana and Indonesia) that transformed successfully starting from the year (1991) when their per capita GDP was similar to that of the DFID countries. Those three countries achieved annual per capita growth of 6% reinforced by a huge shift in GDP away from agriculture towards industry. The DFID countries are also transforming—there is a distinct alteration from agriculture to services—but this change did not result into arise in productivity sufficient for increased and sustained growth(EPS-PEAKS, 2013).



Source: DFID Growth Team

Fig. 1: Comparison between the Breakdown of Sector Shares of GDP between DFID-Focus Countries and Vietnam, Botswana and Indonesia

Through modernizing a country's economy, society and institutions, transformation can be attained. Economic transformation has vital influences on human life, and sociologists highlight how important a role changing values, norms, beliefs and customs play in the transformation from a traditional to a modernized society (Brohman, 1996). Kuznets called the crucial adjustments or changes society and institutions face during transformation as "controlled revolution" (Kuznets, 1973).

History verifies that diversification away from agriculture and traditional economy enables a country to alleviate poverty. The speed of structural transformation differentiates successful countries from unsuccessful ones. It also promotes productive employment and reduces the frequency of vulnerable employment and working poverty (EPS-PEAKS, 2013).

There are some social and political dividends of transformation too. Diversified economies diminish the prospect of monopoly by narrow interest groups and increases the opportunity of formal employment that provides access to workers' rights and benefits which includes social protection (EPS-PEAKS, 2013).

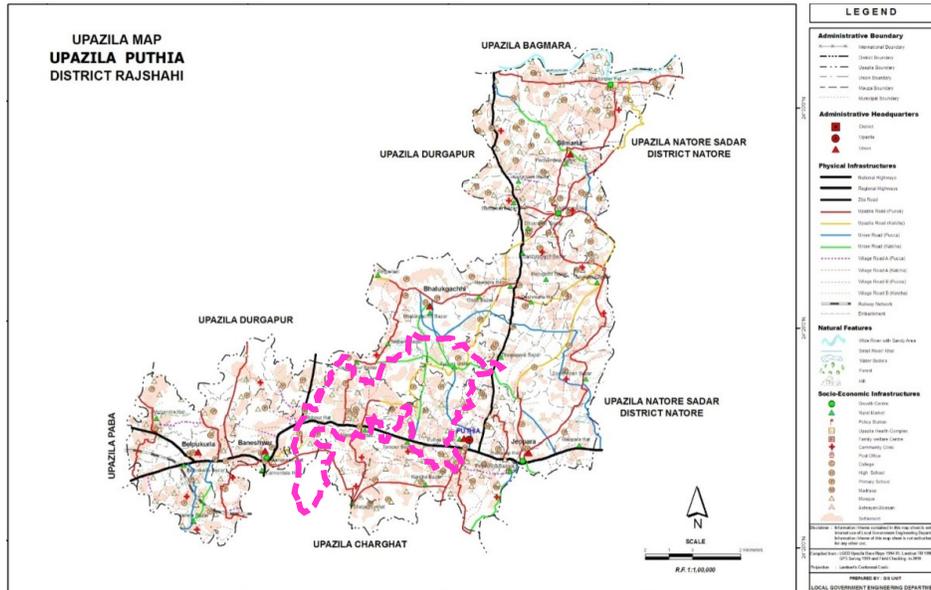
It is generally acknowledged that poverty alleviation and economic growth cannot be sustained without achieving economic transformation and productivity change but, despite this evident fact, the development community has pays fairly little consideration to these long-standing factors of development (Velde, 2013).

Objectives and Methodology

Objectives of this study were to find out whether the study area faced any economic transformation; if so, how this transformation affected their life; if not, what are the causes that hinder the transformation process. We also provided recommendations to further the economic transformation.

Baneshwar Union (marked area in Figure: 2) of Puthia Upazila in Rajshahi district was selected as the study area because of its proximity to Rajshahi City and its popularity as an economic hub. Besides presence of a growth center and several hats also influenced this decision. It has an area of 6361 acres and a population of 35452. Its population density is 1377/km² (BBS, 2012). Presently its Chairman is Kazi Sultan Ali. There are 13 villages in Baneshwar Union, and we collected our research data from 7 villages among them.

To find out whether Baneshwar economy has faced any transformation, its inhabitants were questioned and their economic behavior was observed. Taking a period of 10 years (from 2005 to 2015), the respondents were inquired if they have changed their occupation or employment sector in this period. They were questioned about the effect their change in occupation had on their household. Key informants were interviewed to verify the result from questionnaire survey. Data collected from the field were cross-checked against the Community Report of Rajshahi Zila 2001 and 2011 prepared by Bangladesh Bureau of Statistics.



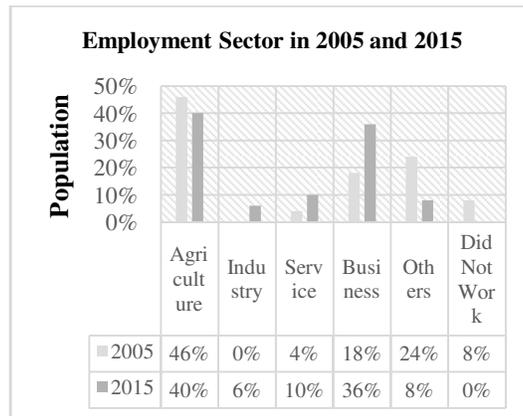
Source: LGED, nd
 Fig. 2: Map of Puthia Upazila, Rajshahi

Data Analysis and Discussion

Economic Transformation and Its Type

Primary data shows that about 66% people have faced economic transformation among which about 26% are In-sector and 40% are Inter-sector. Remaining 34% have not faced any economic transformation.

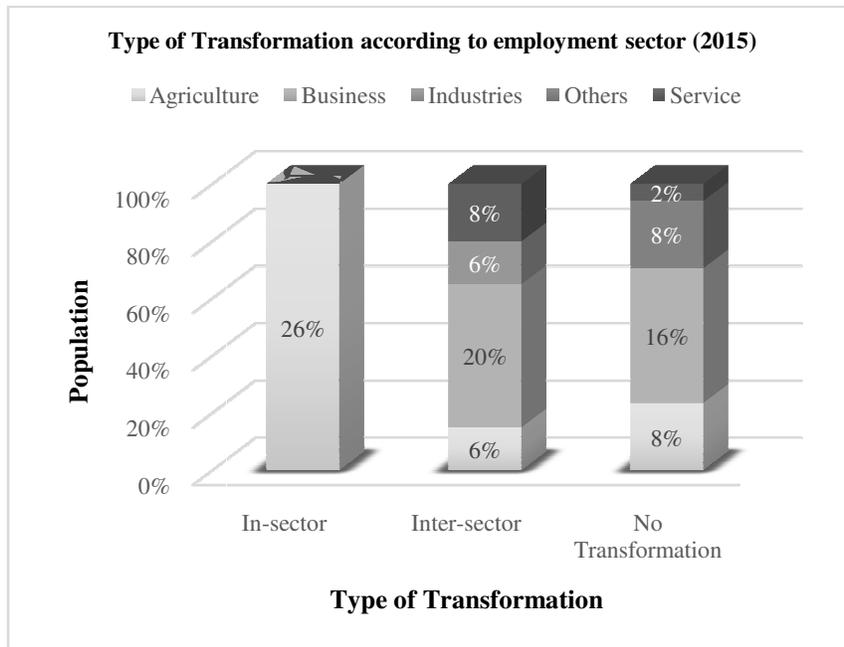
Field survey indicates that percentage of people occupied with business has doubled since 2005 (Figure 3). People have diversified away from agriculture because of lower rate of return. Industry has emerged as a new employment sector but has not flourished much. Good numbers of people have become engaged in services.



Source: Field Survey, 2015
 Fig. 3: Employment Sector in 2005 and 2015

Type of Transformation According to Employment Sector

About 26% people changed occupation within sector (In-sector Transformation). In-sector transformation has only occurred in Agriculture sector, mostly, from farming to agro-business. In last ten years few people have veered away from Business. According to Figure 4 most people have changed their occupation to Business or Service sector. As can be seen no transformation occurred in other employment sectors which comprises occupations such as pottery, loom, masonry, etc. These people did not change their occupation because of tradition and value.

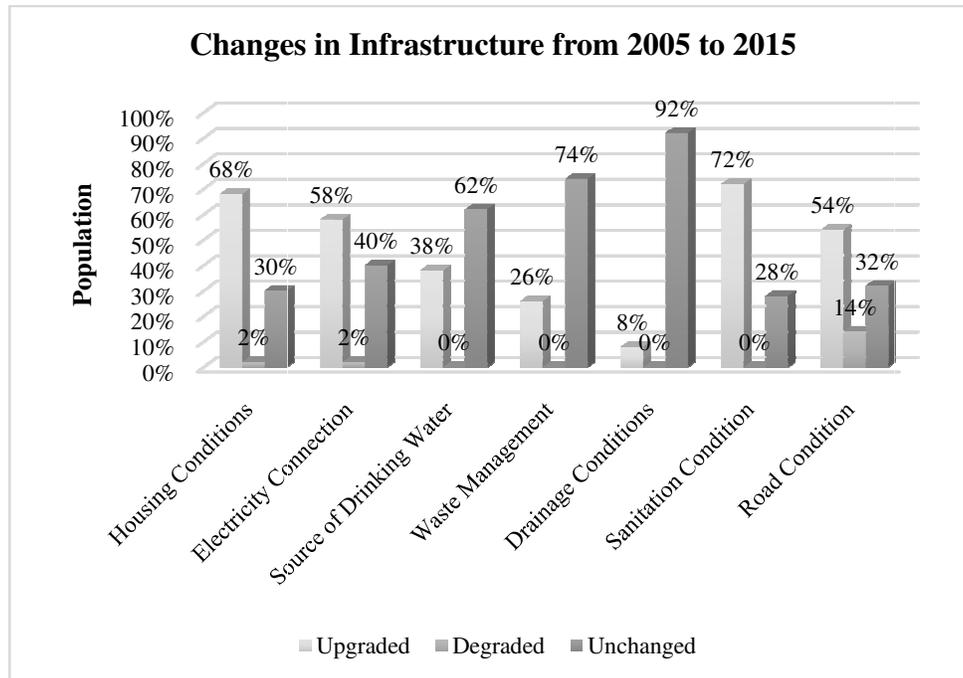


Source: Field Survey, 2015

Fig. 4: Type of Transformation according to Employment Sector

Transformation in Different Villages: We found out that highest economic transformation happened in Khutipara, Nomajgram, Shibpur hat, and Zaigir para. But there is no or little transformation in Jagirpara and Baneshwar Bazar. When we inquired the reason behind this fact, observation revealed that, being a market center, residents of Baneshwar Bazar were already occupied with business or service, so few had the urge to transfer from their current occupation and Jagirpara is a remote village where few external investment has occurred in the last decade.

Effects of Economic Transformation



Source: Field Survey, 2015

Fig. 5: Changes in Infrastructure from 2005 to 2015

Effects on Infrastructure: Second objective of the research was to determine the effect of economic transformation on the lives of residents of the study area. Figure 5 has been prepared from the data collected from field.

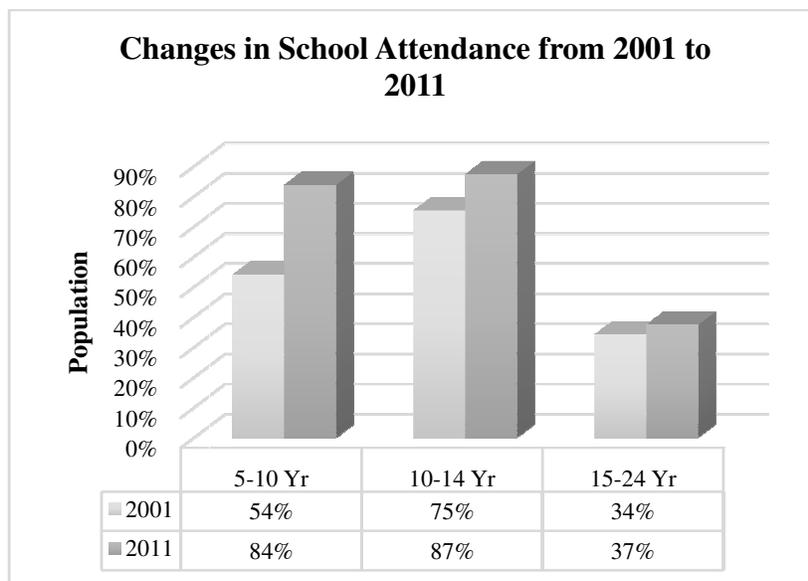
According to it, housing condition and electricity connection has improved with the changes in economy. Residents have using tube-well as source of drinking water for the last decade.

Sanitation condition in Baneshwar union has improved. Number of Sanitary toilet facility has increased from 20% to 60%. Waste management system and drainage condition has totally remained unchanged. Being a union, Baneshwar does not have utility services provided by authority and no volunteer organization has stepped up to take responsibility to dispose waste product.

Economic transformation also affected road condition. In general road condition has upgraded. But observation showed that, in some areas-namely Khutipara and Zaigir para- road condition has degraded comparatively because of lack of construction and improvement during the last decade.

"In some localities, roads have last been constructed in '90s. You (Researchers) yourself must have witnessed the critical condition of the roads in some places." - Key informant Md. Alamgir Hossain Alam, Member, Baneshwar Union

Effects on Education



Source: BBS 2001 & 2011

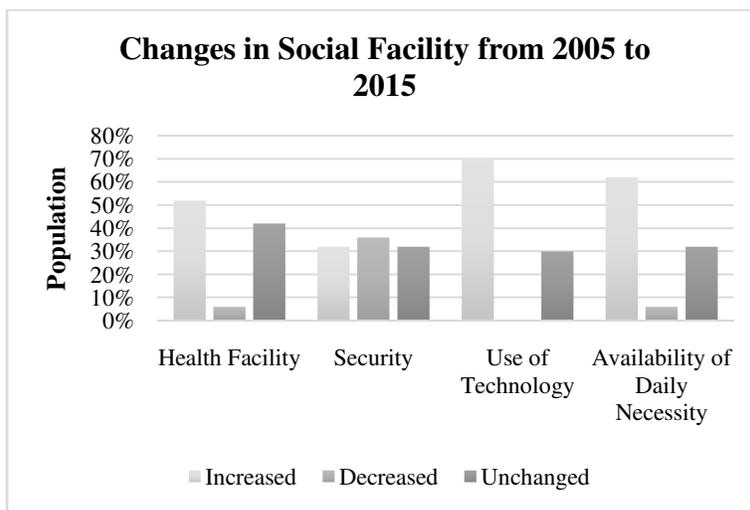
Fig. 6: Changes in School Attendance from 2001 to 2011

Chart depicts that the rate of school attendance of children according to age group. It shows that attendance for children of age 05-10 years has almost doubled whereas only 12% more children of 10-14 years age are attending school. It means that awareness about primary education has increased. But negligible change in attendance of 15-24 age groups-who usually attend higher education-shows that higher study is still the most neglected education level.

Effects on Social Facilities

Number of local health facility has increased according to the respondents. Use of technological gadget and availability of necessary products has also increased.

“Economic transformation has increased the community’s cumulative wealth and resources which has enabled the Authority to provide more social and health amenities.” - Key informant Md. Alamgir Hossain Alam, Member, Baneshwar Union.



Source: Field Survey, 2015

Fig. 7: Changes in Social Facility from 2005 to 2015

But security situation has comparatively deteriorated, especially in Baneshwar sadar. Some of the respondents expressed concern over this point.

“Poor security situation may be due to the fact that, the growth center is expanding every year because of economic growth, thus triggering urbanization and migration of people from villages who come to Baneshwar looking for job but fail to find one.” - Key informant Kazi Sultan Ali, Chairman, Baneshwar Union

Findings and Recommendation

Major Findings

It was observed that economic transformation is a dynamic process in Baneshwar. Highest number of people has transformed to business sector in the area. Inter sector transformation has occurred in agricultural sector only. No transformation occurred in traditional occupation (example, pottery, etc.). Jagirpara and Baneshwar Bazar have least percentage of transformation. Increased economic transformation positively affected infrastructural situation. Drainage and waste management system has not been improved significantly. Security situation is seemed to be poor. School attendance has been improved

Recommendations

Based on findings it can be suggested that Jaigir Para needs development and external investment. Traditional occupations needs investment so that they can be sustained. Security situation should be revised and more manpower should be employed. Drainage and waste disposal system should be improved

Conclusion

Transformation sustains productivity and economic growth. It helps alleviate poverty and brings prosperity and happiness. As a fledgling country, Bangladesh is still far behind in economic transformation. Especially the rural regions of the country have less privileged economic background. But this study shows that Baneshwar union, a small rural community of nor-western Bangladesh is already showing promise of economic transformation. With a little motivation from Government, private sector as well as national and international investors this union can go a far way towards productive growth and economic emancipation.

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