

## Advance Praise

Look no further for a comprehensive account of Bangladesh's rapid structural transformation against 'the odds' from a disaster-prone agrarian nation wrecked by conflict, exploited and dominated by outside interests, to an industrializing and exceptional 'flying goose' whose poverty has dramatically declined. Responding to the singularity of previous attempts to explain this remarkable trajectory, *The Odds Revisited* develops a holistic method in political economy grounded in transformations to the rural material base, their repercussions, and their spatial and sectoral multipliers. In so doing, it covers a range of theoretical arguments, debates and contentions in social science, mobilizes rich empirical detail, spans a wide range of institutions and does not flinch from tackling the international relations of development or domestic authoritarianism and corruption. Dr Murshid's fine history of the present is an essential text, one relevant not just to economists of Bangladesh but also to scholars, whatever their parent discipline and their regional focus, concerned with the surmounting of rooted and intransigent development problems from the past and the prospects for resolving present and future ones.

– **Barbara Harriss-White**, University of Oxford

Bangladesh is widely seen as a success story in economic and social development, making significant progress both in increasing the living standards of its citizens and in social outcomes such as in family planning, health, primary education and women's empowerment. What explains these remarkable achievements, given the large disadvantages that Bangladesh faced at independence in 1971? K. A. S. Murshid provides an insightful account of the factors that contributed to Bangladesh's success, weaving a historical reading of the country's experience, with in-depth data analysis. The book is a must-read for scholars and practitioners interested in understanding how a poor developing country could surmount the numerous challenges it faced at the beginning of its development path.

– **Kunal Sen**, University of Manchester

Captures the development puzzle of Bangladesh through a comprehensive, jargon-free account of its political economy over the last 50 years of its liberation from a near standing start in 1971. While acknowledging ongoing problems of governance, democracy and inequality, it tracks a broadly supportive state facilitating both agricultural and industrial growth, especially in the garments sector, alongside remittances from overseas. It compares this dynamically changing country favorably with its South Asian neighbours, while looking to inspiration from East Asian trajectories. Not only an insightful 'must-read' about Bangladesh but also a model for analyzing lower middle-income societies needing to move their economies to

the next level in pursuit of human and social needs. A well-evidenced, authoritative, interdisciplinary triumph which celebrates the agency of his people.

– **Geof Wood**, University of Bath

*The Odds Revisited* is an attempt to unravel Bangladesh's complex development story. The breadth, scope and analytical depth of the book provide the reader with an engaging, comprehensive treatment of a difficult journey. The book begins with the premise that interventions in food and family planning laid the foundation for future development, initially in social outcomes which subsequently prepared Bangladesh to tap into global opportunities in the form of export-led growth and remittance earnings. Where the book breaks new ground is in its reassessment of the social sector, as well as a fresh analysis of Bangladesh's industrialization experience that goes well beyond the RMG. The other important addition is its treatment of Dhaka's mega transformation. This is a comprehensive book to have on hand for occasional browsing, or serious diving into the subject, for development scholars and for anyone interested in Bangladesh and South Asia.

– **Muhammad Yunus**, founder, Grameen Bank

## The Odds Revisited

This book looks at Bangladesh at and beyond its 50 years since its formation in 1971. A comprehensive, holistic narrative is constructed to track key development dynamics at the sectoral, sub-sectoral and macro levels. This much-needed exercise dispels the notion that the ‘Bangladesh surprise’ can be reduced to singular dimensions such as the trauma of the 1971 war or women’s empowerment and micro-credit. The mixture of economic history, political economy, and institutional and actor analysis provide fresh insights to the themes addressed.

A well-argued case to view emerging Bangladesh as the newest member of the Flying Geese club, *The Odds Revisited* provides a detailed review of macro and sectoral developments over the last 50 years and provides new material and insights into the rise of Bangladesh’s capitalist class, a socio-economic perspective of the role of Dhaka-based urbanization and the rise of a new middle class.

**K. A. S. Murshid** is a Bangladeshi development economist with a distinguished career in academia and research leadership. He has made seminal contributions to development literature, particularly on agrarian markets and rural development, and published extensively in development journals. He retired as the director general of the Bangladesh Institute of Development Studies in early 2021. He has conducted policy research on diverse subjects, including rural electrification, solar homes, informal finance, mobile financial systems, cross-border trade and transit, food policy, adolescent violence and youth unemployment.

## SOUTH ASIA IN THE SOCIAL SCIENCES

South Asia has become a laboratory for devising new institutions and practices of modern social life. Forms of capitalist enterprise, providing welfare and social services, the public role of religion, the management of ethnic conflict, popular culture and mass democracy in the countries of the region have shown a marked divergence from known patterns in other parts of the world. South Asia is now being studied for its relevance to the general theoretical understanding of modernity itself.

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# The Odds Revisited

*Political Economy of the Development of Bangladesh*

**K. A. S. Murshid**



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*To Amma, Abba and Shabab*



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## Acknowledgements

The economy of Bangladesh has emerged from a poor, agrarian economy to a vibrant industrializing one that has attracted the attention of the global development community. Bangladesh has notched up an impressive development record led by strong, sustained growth that was widely shared and driven by agriculture, industry and services. There were also parallel changes in rural institutions for which Bangladesh became famous, ushering in transformative change across a number of fronts, from the Green Revolution and the rural non-farm economy to micro-credit for the poor, women's empowerment, girls' education and fertility decline. These changes were accompanied by a strong macro-economic position that was sustained by ready-made garments (RMG) exports, international migrant remittances and good policy. Thus, as the country approached 50 years of its journey in 2021 as an independent country, the need to take stock and review the road traversed gained traction.

The Bangladesh development literature is rich, covering all major development debates. A component of this literature is also addressed to what has variously been described as the Bangladesh surprise, paradox or miracle. While interesting insights have emerged, these studies have tended to be too narrowly focused. In other words, a thorough, more comprehensive, well-integrated analysis of Bangladesh's development story remains to be told. I was determined to try and fill this gap as best as I could.

I began to work on this manuscript in mid-2016. Not much progress was made until 2019, although, by this time, I knew in what direction my story would need to go. It was really under the prolonged lockdown and stay-at-home mandates beginning in March 2020 that gave a big push to this study. In fact, the first draft was completed within a year of the pandemic, which under normal circumstances would not have been possible.

I was also fortunate that as a freedom fighter and a member of one of Bangladesh's leading intellectual-political families, I was well acquainted with the principal political, social and economic actors of my time, thus allowing for a rare and invaluable development perspective from a close range. It is my earnest hope that readers will enjoy reading this book, which I have felt compelled to write as the personal reflections of a Bangladeshi economist and a living witness to its unique, complex journey.

My interest in Bangladesh's development is attributable to a life-long desire to be relevant to a country that has seen more than its fair share of tragedy and turbulence. This desire has been instilled in me by my parents, my friends, and contemporaries in academia and outside.

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This book is dedicated to the memory of my parents and my son Shabab, whose faith in Bangladesh never wavered.

## Abbreviations

ACCORD	Accord on Fire and Building Safety in Bangladesh
ADB	Asian Development Bank
ADP	Annual Development Programme
AL	Awami League
API	active pharmaceutical ingredients
ASA	Association for Social Advancement
ASEAN	Association of Southeast Asian Nations
BADC	Bangladesh Agricultural Development Corporation
BAIRA	Bangladesh Association of International Recruiting Agencies
BANBEIS	Bangladesh Bureau of Educational Information and Statistics
BBS	Bangladesh Bureau of Statistics
BCIC	Bangladesh Chemical Industries Corporation
BCPS	Bangladesh Contraceptive Prevalence Survey
BDHS	Bangladesh Demographic and Health Surveys
BDT/Tk.	Bangladesh currency (Taka)
BEPZA	Bangladesh Export Processing Zones Authority
BEZA	Bangladesh Economic Zones Authority
BFIC	Bangladesh Forest Industries Development Corporation
BGMEA	Bangladesh Garments Manufacturers and Exporters Association
BIDS	Bangladesh Institute of Development Studies
BIHS	Bangladesh Integrated Household Survey
BINP	Bangladesh Integrated Nutrition Project
BJMC	Bangladesh Jute Mills Corporation
BMET	Bureau of Manpower Export and Training
BNP	Bangladesh Nationalist Party
BOESL	Bangladesh Overseas Employment Services Limited
BOP	balance of payments
BPDB	Bangladesh Power Development Board
BRAC	Bangladesh Rural Advancement Committee
BRDB	Bangladesh Rural Development Board

BSFIC	Bangladesh Sugar and Food Industries Corporation
BSCIC	Bangladesh Small and Cottage Industries Corporation
BSEC	Bangladesh Steel and Engineering Corporation
BSRS	Bangladesh Shilpa Rin Sangstha
BTMA	Bangladesh Textile Manufacturers Association
BTMC	Bangladesh Textile Mills Corporation
BWDB	Bangladesh Water Development Board
CAGR	compound annual growth rate
CAP	corrective action plan
CBN	cost of basic needs
CBO	community-based organization
CCT	conditional cash transfer
CDC	Centres for Disease Control and Prevention
CDF	Credit and Development Forum
CM	Crow and Murshid/Comilla Model
CMLA	chief martial law administrator
CO	contracting out
CPD	Centre for Policy Dialogue
CPI	Corruption Perception Index
CPR	contraceptive prevalence rate
CPS	contraceptive prevalence survey
DAC	Development Assistance Committee
DCI	direct calorie intake
DFI	development financial institution
DFID	Department of Foreign and International Development
DGHS	Directorate General of Health Services
DGNM	Directorate General of Nursing and Midwifery
DHS	Demographic and Health Survey
DPE	Directorate of Primary Education
DTW	deep tube well
EBA	Everything but Arms
EPZ	export processing zone
ERD	Economic Relations Division
ETDZ	economic and technological development zone
e-TIN	electronic tax identification numbers
EU	European Union
FAD	food availability decline
FBCCI	Federation of Bangladesh Chambers of Commerce and Industries
FDI	foreign direct investment
FEI	food energy intake



FFE	Food for Education
FFW	Food for Work
FGP	flying geese paradigm
FM	frequency modulation
FSSAP	Female Secondary School Assistance Project
FWC	family welfare centre
FY	fiscal year
G2G	government-to-government
GDI	Gender Development Index
GDP	gross domestic product
GII	Gender Inequality Index
GNI	gross national income
GO	government organization
GR	Green Revolution
GSM	Global System for Mobile Communication
GSP	generalized system of preferences
HDI	Human Development Index
HES	household expenditure survey
HH	household
HIES	household income–expenditure survey
HMP	higher than market price
HSC	Higher Secondary Certificate
HYV	high-yielding variety
ICDDR	International Centre for Diarrhoeal Diseases Research, Bangladesh
ICT	information and communications technology
IFI	international financial institution
IFPRI	International Food Policy Research Institute
ILO	International Labour Office
IMF	International Monetary Fund
IMR	infant mortality rate
InM	Institute of Microfinance
IPRSP	Interim Poverty Reduction Strategy Paper
IR-8	high-yielding semi-dwarf rice variety
IRRI	International Rice Research Institute
IR-TES	Information Revolution and Information Technology Enabled Services
ISI	import substitution for industrialization
ITC	International Trade Centre

IUD	intrauterine device
JI	Jamat-i-Islami
JICA	Japan International Cooperation Agency
JP	Jatiya Party
KPI	key performance indicator
LB	line balancing
LC	letter of credit
LDC	least developed country
LFS	labour force survey
LGED	Local Government Engineering Department
LGRDC	Local Government, Rural Development and Cooperatives
LP	labour productivity
LPG	liquefied petroleum gas
MAC	middle and affluent class
MCH-FP	mother and child health and family planning
MDG	millennium development goal
MFA	Multi-fibre Arrangement
MFI	microfinance institution
MFS	mobile financial services
MIEZ	Meghna Industrial Economic Zone
MIS	management information system
MNC	multinational corporation
MOHFW	Ministry of Health and Family Welfare
MOP	Ministry of Planning
MOU	memorandum of understanding
MRA	Microfinance Regulatory Authority
MUAC	mid-upper arm circumference
NBR	National Board of Revenue
NER	nominal exchange rate
NGO	non-governmental organization
NNP	net national product/National Nutritional Programme
NPR	National Public Radio
NSAPR	National Strategy for Augmented Poverty Reduction
ODA	overseas development assistance
OECD	Organization of Economic Cooperation and Development
OMS	open market sale
ORT	oral rehydration therapy
PESP	Primary Education Stipend Programme

## Abbreviations

xxiii

PFDS	Public Food Distribution System
PHC	primary healthcare
PKB	Probashi Kalyan Bank
PL	poverty line
POW	prisoner of war
PPE	personal protective equipment
PPP	purchasing power parity/public–private partnership
PRC	People’s Republic of China
PTS	primary textiles sector
R&D	research and development
RCT	randomized control trial
RDRS	Rangpur–Dinajpur Rural Service
REER	real effective exchange rate
RMB	Chinese currency (Yuan)
RMG	ready-made garments
RMMRU	Refugee and Migratory Movements Research Unit
RNF	rural non-farm
RNFE	rural non-farm employment
ROO	rules of origin
SARC	South Asian Association for Regional Cooperation
SBW	special bonded warehouse
SDG	sustainable development goal
SEDP	Secondary Education Development Programme
SEZ	special economic zone
SME	small and medium enterprises
SOE	state-owned enterprise
SOI	state-owned industry
SSC	Secondary School Certificate
STW	shallow tube well
T&C	textile and clothing
TBA	traditional birth attendant
TCB	Trading Corporation of Bangladesh
TCCA	Thana Central Cooperative Association
TFR	total fertility rate
THC	<i>thana</i> health complex
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TSER	Transforming Secondary Education Results
TTDC	Thana Training and Development Centre
TV	television

UAE	United Arab Emirates
UMIC	upper middle-income country
UN	United Nations
UNESCO	United Nations Education Social and Cultural Organization
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNROD	United Nations Relief Operations in Dhaka
UPHCP	Urban Primary Health Care Project
USAID	United States Agency for International Development
USD	United States currency (US dollar)
UXO	unexploded ordnance
V-AID	Village Agricultural and Industrial Programme
VAT	value-added tax
VGD	vulnerable group development
VO	village organization
WASH	Water, Sanitation and Hygiene
WB	World Bank
WES	Wage Earners' Scheme
WEWF	Wage Earners' Welfare Fund
WGI	World Governance Index
WHO	World Health Organization
WIP	work in process
WITS	World Integrated Trade Solution
WTO	World Trade Organization
EPZ	export processing zone