

# Vulnerability of Poor Households in Lalmonirhat and Kurigram

M. A. Baqui Khalily  
Tariq M. Shahriar

Vulnerability is an *ex-ante* concept. The difference between vulnerability and poverty is risk. The objective of the paper is assessing vulnerability in Lalmonirhat and Kurigram districts using PKSF-InM Census Data of Poor Households in Lalmonirhat, 2006 and in Kurigram, 2007. Vulnerability is assessed here as the probability of having less than three full meals a day. For the purpose of assessing vulnerability, we have used ordered consumption – 1 for occasional starvation, 2 for consumption rationing and 3 for three full meals. We have used Generalized Ordered Logit to estimate vulnerability of poor households.

Household characteristics do explain the degree of vulnerability. Households with older head (over 50 years) are more vulnerable. This is also the case with large family size (over five members). Multiple employments do matter in stabilizing household income. This has been evident from the number of employments variable. When more than one day laborers work in a family, it increases income and reduces vulnerability. However, nature of occupation matters. Agriculture and day laboring are more risky occupations. They increase degree of vulnerability.

Micro finance institutions (MFIs) have limitedly expanded their operation in Lalmonirhat district. Before PRIME interventions, only around 38 percent of the poor households were members of MFIs. But despite the limited expansion, the MFIs have made positive impact on reducing vulnerability. However, the difference is only 2 percentage point. The reasons that MFIs have not been able to make very high impact on reducing vulnerability are several. First, although non-members do not have access to micro credit, they have higher access to external supports. Such supports put non-members at the comparable level in terms of access to resources for offsetting covariate risk. Second, the poor households in Lalmonirhat are less vulnerable. However, the effect of micro finance in reducing vulnerability is more pronounced in Kurigram. It contributes to reduction of probability of vulnerability by over 0.09. The extent of destituteness is such that even a small credit makes significant difference. It is quite interesting to observe that households with micro finance memberships and land owning of over 150 decimal are almost not vulnerable. This finding has a policy implication.

Vulnerability is more pronounced among the households with older head. Interestingly, demographic distribution in Lalmonirhat and Kurigram districts poses serious problem for adopting future vulnerability reduction strategy. Around one-fifth of the household heads in Lalmonirhat and around one-third in Kurigram are over 50 years of age. These households remain on their own for livelihood. In most cases, the adult sons do not live with the parents, and the parents do not receive any financial support from their children. Therefore, they find it extremely difficult to cope with any covariate shocks. During our recent field visits to Lalmonirhat and Kurigram districts, we observed that there is little employment opportunities for the older persons. The left out old parents are the most vulnerable. The situation aggravates further in Kurigram.

Lalmonirhat is perceived to be the least vulnerable district in the greater Rangpur region. It is mainly because of the existence of some off-farm economic activities and diversified employment opportunities. Lalmonirhat has five upazilas. The most vulnerable upazila is Aditmari, followed gradually by Patgram and Kaliganj. The least vulnerable upazilas are Hatibandha and Lalmonirhat. Unions and villages in the river belt are, as expected, the most vulnerable. This is because of landlessness and extreme dependency of the people on agriculture. Commonly they consume two meals or do consumption rationing of two full meals over three times. One example of such place is Mohishkhocha in Aditmari.

The safety net programs of the government include VGD and old age allowance, among others. Both these programs are year-round, and therefore, they are not linked to *monga* or any other covariate risks. VGD appears to be more effective than old age allowance. In both Lalmonirhat and Kurigram districts, VGD could make only marginal difference – the difference of vulnerability between VGD owners and non-owners is a little over 0.03. Old age allowance is not effective. This finding indeed poses the question on justification of old age allowance – the question can be raised from the perspective of size as well.

It is well documented that during flood time, the villages and the unions that are in the heart of river belt become the most vulnerable. The difference of vulnerability between river-belt areas and mainland areas is more than 0.25. This means that a household in the river belt area is four times more vulnerable than a household in the mainland area. This phenomenon is more pronounced in Kurigram.

The findings tend to raise the following policy questions for discussion:

- (1) While Kurigram is more vulnerable than Lalmonirhat, why is it that external supports are more dominating in Lalmonirhat? Is this a case of misallocation of resources?
- (2) Should there be a long-term policy decision for the households in river belt areas?
- (3) Should micro finance programs be packaged (with different products) effectively to reduce vulnerability of the households in addition to creating sustainable poverty reduction?
- (4) Should there be any long-term social safety net programs to reduce vulnerability and at the same time enable households to accumulate wealth for future?
- (5) How can migration be promoted to make it long-term for the most vulnerables?
- (6) What types of programs should be developed for the growing older poor population who are generally left out but are the most vulnerable?
- (7) How can there be transfer of real assets to the poor households, particularly the extreme poor?

Addressing these questions would contribute to formulation of meaningful policy sets for reducing vulnerability. Creation of wealth matters most. Policy options should lead to creation of assets; otherwise policies will prove to be *ad-hoc* and socially very costly.