



Comparative study of economic household and economic unit of Bangladesh from 1986 to 2013

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Abstract

Production, consumption and exchange are acknowledged by some basic economic units such as firm, household and government in an economy. Firms actually makes the decision about the production. Based on the consumer’s criteria and current demand of the market, the firms decide what goods to produce, how these goods need to be distributed and what should be the market price.

Household economics of Bangladesh covers the economic analysis of our consumption, savings, labor supply, health economics etc. while the methods of analyses may include market analyses, cost-benefit analyses and intra-household bargaining theories.

This article summaries a concept of the economic unit based on the economic unit, its characteristics and activities. The discussion focuses on seven divisions in Bangladesh. Quantitative measurement, the household characteristics and activities has been taken from Bangladesh Government Economic Census Report 2013. The model is therefore based primarily on the results of the data source. This paper describes the development of characteristics of the household economy as part of the observation of living conditions in the specific regions of the nation.

Keywords: intra-household bargaining theories, household economy, economic unit

1. Introduction

The market-based economy of Bangladesh is one of the fastest growing economies in the world. It is classified among the middle income beconomies. Dhaka and Chittagong are the principal financial centers of the country, being home to the Dhaka Stock Exchange and the Chittagong Stock Exchange. The financial sector of Bangladesh is the second largest in the subcontinent.

The country has pursued export-oriented industrialization, with its key export sectors include textiles, shipbuilding, fish and seafood, jute and leather goods. It has also developed self-sufficient industries in pharmaceuticals, steel and food processing. Bangladesh’s telecommunication

industry has observed rapid growth over the years, receiving high investment from foreign companies. Bangladesh also has substantial reserves of natural gas and is Asia's seventh largest gas producer. Offshore exploration activities are increasing in its maritime territory in the Bay of Bengal.

Bangladesh is strategically important for the economies of Northeast India, Nepal and Bhutan, since Bangladeshi seaports provide maritime access for these landlocked regions and countries.

The economy faces challenges of organization blockages, insufficient power and gas supplies, bureaucratic corruption, political instability, natural calamities and a lack of skilled workers.

2. Analysis

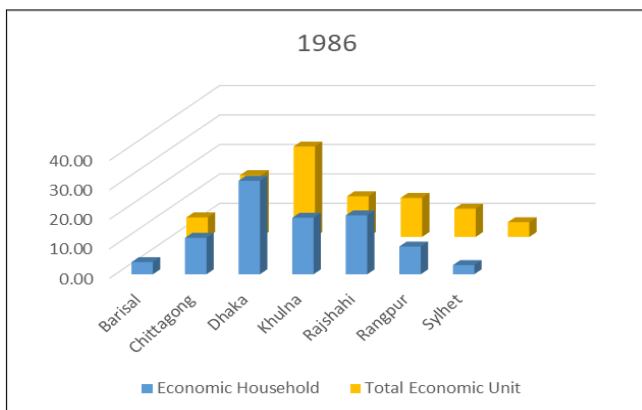


Fig 1: Economic Household and Economic Unit 1986

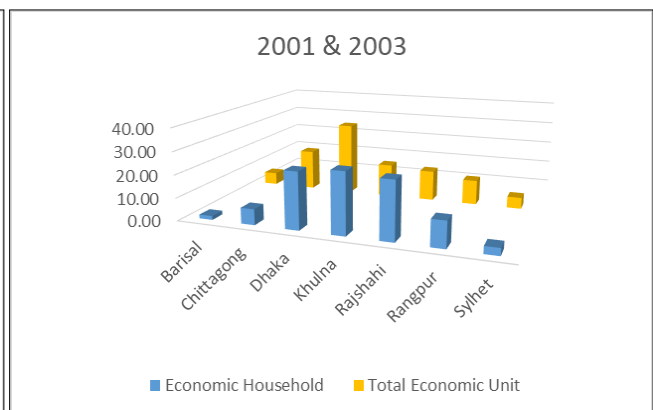


Fig 2: Economic Household and Economic Unit 2001 & 03

Observing the graph of 1986 and 2001-03, the gap between the economic unit and the economic household is large in Dhaka division. Next to Dhaka, it is Chittagong. This gap is

reducing for these two categories for the rest of the divisions. In Khulna and Rajshahi the economic household is ahead of total economic unit. While, the other divisions

explore the opposite situation. The level is symmetric in Rangpur division.

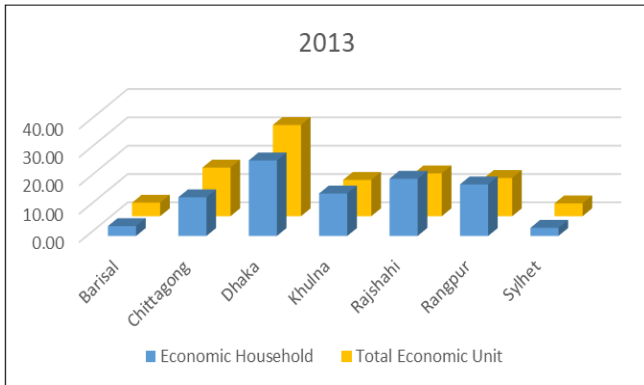


Fig 3: Economic Household and Economic Unit 2013

In 2013, there is a minor change in the condition of household economy. The gap between the economic unit and the economic household is large in Dhaka division. Next to Dhaka, it is Chittagong. This gap is reducing for these two categories for the rest of the divisions. In Khulna, Rajshahi and Rangpur the economic household is ahead of total economic unit. While, the other divisions explore the opposite situation.

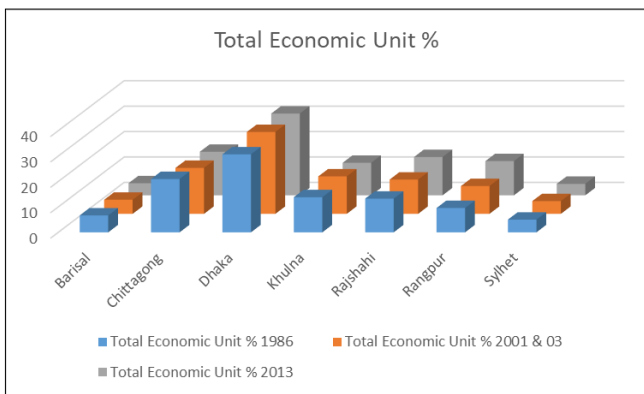


Fig 4: Total Economic Unit %

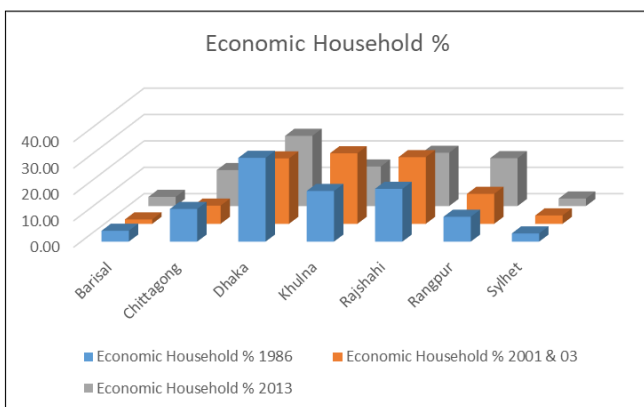


Fig 5: Economic Household %

Dhaka division is the most progressive division in terms of economic growth. The growth of economic household and economic unit is steady in Dhaka division as per observation since 1986. Though Chittagong is the port city and 2nd largest city of Bangladesh, the growth rate of economic household in Khulna and Rajshahi are ahead of Chittagong. On the other hand, Chittagong has the 2nd largest economic

unit.

The industrial development has been largely observed in Dhaka division. Next to Dhaka, Chittagong has been able to establish its identity as a developing city. Currently Rajshahi and Khulna divisions are providing job opportunities as well. Dhaka provides the highest job opportunities out of all other divisions. People are intend to settle in Dhaka for job opportunities, better school facilities and other miscellaneous reasons, such as health care, judicial facilities, all sorts of government bureaus. While these sectors are not rather developed in other divisions. The population and the social economic diversity has grown extremely in Dhaka, and it has become the financial, commercial and entertainment capital of Bangladesh. It is the most densely industrialized regions in the country. The city hosts many diplomatic missions and the headquarters. The culture of the city is known for its cycle-rickshaws, cuisine, art festivals and religious diversity. The old city is home to numerous buildings from the Mughal and British periods.

3. Statistical Analysis

3.1 The percentage of total economic unit

Table 1: % of Total Economic Unit

	Total Economic Unit %		
	1986	2001 - 03	2013
Barisal	6.65	5.54	4.77
Chittagong	20.98	18.08	17.15
Dhaka	30.69	32.22	32.19
Khulna	13.82	14.72	12.81
Rajshahi	13.26	13.48	15.08
Rangpur	9.59	10.94	13.48
Sylhet	5	5.02	4.53

Table 2: Correlation of Table 1

	1986	2001-03	2013
1986	1		
2001-03	0.985631	1	
2013	0.960479	0.986064	1

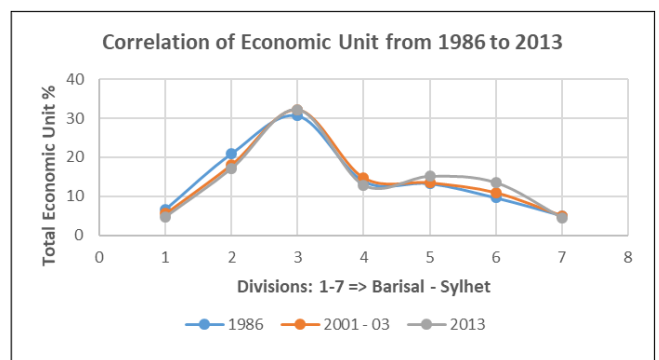


Fig 6: The percentage of total economic unit is positively corelated from 1986 to 2013.

Table 3A: Statistical Summary of Table 1

Anova: Single Factor				
Summary				
Groups	Count	Sum	Average	Variance
1986	7	99.99	14.28429	80.2935619
2001-03	7	100	14.28571	85.0679619
2013	7	100.01	14.28714	86.32469048

Table 3B

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	2.86E-05	2	1.43E-05	1.7028E-07	1	3.554557
Within Groups	1510.117	18	83.8954			
Total	1510.117	20				

Using Excel’s data analysis tool we see that $p\text{-value} = 1 > .05$.
 Also $F_{crit} = 3.55 > 1.7028E = F$
 So we conclude there is no significant difference between

the means of the three groups.
 The economic unit of the 7 divisions are correlated from 1986 to 2013.

3.2 The percentage of economic household

Table 4: Economic Household %

	Economic Household %		
	1986	2001 & 03	2013
Barisal	4.13	1.68	3.48
Chittagong	12.39	6.91	13.64
Dhaka	31.75	24.8	26.65
Khulna	19.19	26.77	14.99
Rajshahi	20.01	25.29	20.21
Rangpur	9.42	11.37	18.17
Sylhet	3.12	3.19	2.86

Table 5: Correlation of Table 4

	1986	2001-03	2013
1986	1		
2001-03	0.874645	1	
2013	0.896341	0.800834	1

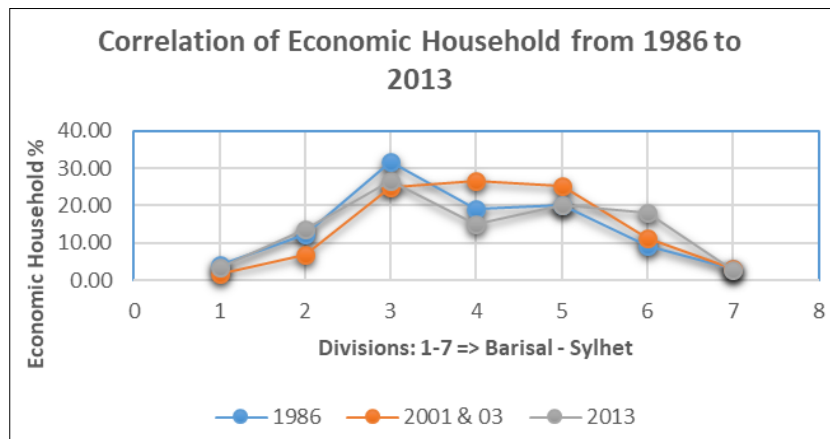


Fig 7: The percentage of economic household is positively correlated from 1986 to 2013.

Table 6: Statistical Summary of Table 4

Anova: Single Factor						
Summary						
Groups	Count	Sum	Average	Variance		
1986	7	100.01	14.28714	102.8169		
2001-03	7	100.01	14.28714	122.0706		
2013	7	100	14.28571	75.21396		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	9.52E-06	2	4.76E-06	4.76E-08	1	3.554557
Within Groups	1800.608	18	100.0338			
Total	1800.608	20				

Using Excel’s data analysis tool we see that $p\text{-value} = 1 > .05$, and so we conclude there is no significant difference between the means of the three groups. The economic

household of the 7 divisions are correlated from 1986 to 2013.

4. Conclusion

In Bangladesh, the household economists are concern about the effects of policies that may have been introduced by the basic economic unit such as firm, household and government.

Firms make the decisions about their production, which include what goods to produce, how to produce them and make a decision about the market price. Firms hire numerous aspects of production and sell the products to the households and the government.

Households make the decision about their consumption and hence controls the market price which is leaded by the firms.

The taxes of households are collected by the government and purchases products from the firms. The government also distributes goods to the market where ever households can avail access to the products. It also reallocates purchasing influence between households.

In current days, the household economics of Bangladesh are showing interest in the analysis of various sections of our consumptions that we are exploring. It covers mainly the economic analysis in family economics such as fertility and parental investments in children’s wellbeing, household formation via marriage or independent living, marriage related transfer payment such as dowry, alimony and child support, financial relations among spouses etc.

5. Appendix

Table 7A

2013	Economic Household		Total Economic Unit	
	Unit	%	Unit	%
Barisal	105901	3.48	385233	4.77
Chittagong	414531	13.64	1384757	17.15
Dhaka	809955	26.65	2599372	32.19
Khulna	455610	14.99	1034581	12.81
Rajshahi	614255	20.21	1217633	15.08
Rangpur	552129	18.17	1088255	13.48
Sylhet	87017	2.86	365873	4.53
Bangladesh	3039398	100.00	8075704	100.00

Table 7B

2001-03	Economic Household		Total Economic Unit	
	Unit	%	Unit	%
Barisal	6401	1.68	205263	5.54
Chittagong	26331	6.91	670544	18.08
Dhaka	94490	24.80	1194638	32.22
Khulna	101990	26.77	545918	14.72
Rajshahi	96350	25.29	499873	13.48
Rangpur	43345	11.37	405583	10.94
Sylhet	12148	3.19	186325	5.02
Bangladesh	381055	100.00	3708144	100.00

Table 7C

1986	Economic Household		Total Economic Unit	
	Unit	%	Unit	%
Barisal	22499	4.13	144299	6.65
Chittagong	67565	12.39	455141	20.98
Dhaka	173164	31.75	665799	30.69
Khulna	104683	19.19	299903	13.82
Rajshahi	109135	20.01	287699	13.26
Rangpur	51364	9.42	208135	9.59
Sylhet	17019	3.12	108443	5.00
Bangladesh	545429	100.00	2169419	100.00

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