

RARE

DISSERTATION



THE IMPACT OF MAJOR DEVELOPMENT POLICIES ON POVERTY

REDUCTION IN SOUTH ASIA

Submitted by

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Abstract

Poverty is a broad area of study, becoming popular due to its importance to today's world. There are many causes for the existence of poverty. Among them the most prominent and controversial is the development policy adopted by countries to ease poverty, which also has become the central problem in all governmental policy making areas.

The research problem found in this research is, prevailing poverty in South Asian countries, despite the attainment of higher economic growth rates. The main objective of this study is to understand the impact of major development approaches on reducing human-poverty in South Asia. Therefore Human Poverty Index was selected as the dependent variable for this study for the panel data regression analysis. Trade openness was selected as the proxy for representing growth based policies, mortality and education was selected as proxies for representing capability based development policies while employment and domestic credit was selected as proxies for representing asset based development policies. This study was carried out for the period 1995 to 2007 for South Asia, in which the human poverty index was available for Bangladesh, Nepal, India, Pakistan, Maldives and Sri Lanka.

This research carried out a panel data regression through a rationally specified model to achieve results in order to test different hypotheses. The findings of the study revealed that growth based development policies as measured by trade openness were statistically insignificant but capability based policies, as measured by development in health were in favor of reducing poverty though the educational development was statistically insignificant. On the other hand, asset based policies as measured by domestic credit provided by banking sector was statistically significant but in favor of expanding poverty. Further this study found that the impact of employment in the region was statistically insignificant in reducing poverty.

Key words: Human-Poverty, Development Policy, Health, Millennium Development Goals, South Asia