

PPRC-BIGD 5TH ROUND SURVEY

INFLATION, COPING AND RECOVERY CHALLENGES

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PPRC

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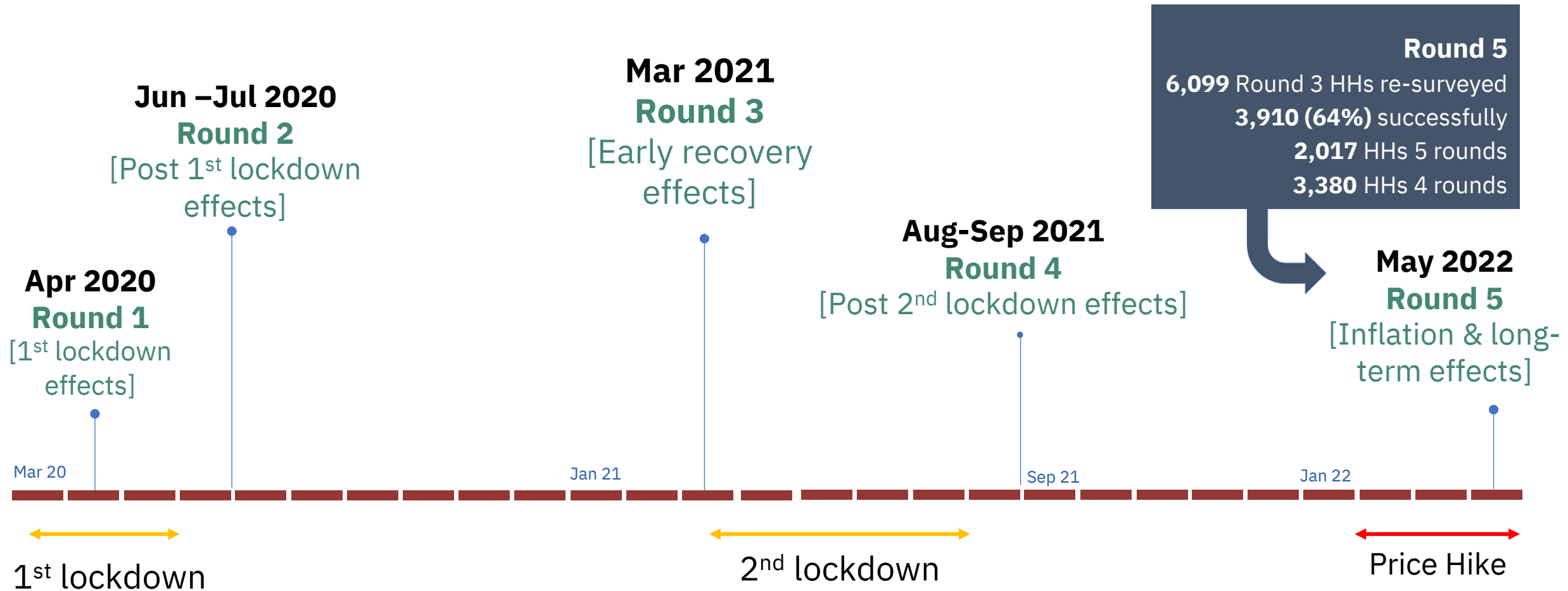
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Panel Design: Surveys at Crucial Moments



Sample Profile: Round 5

Total Sample Size: **3,910**

Average HH size: **4.87**

Average No. of Income Earners per HH: **1.37**

12% Female-Headed HHs

Geographic Distribution



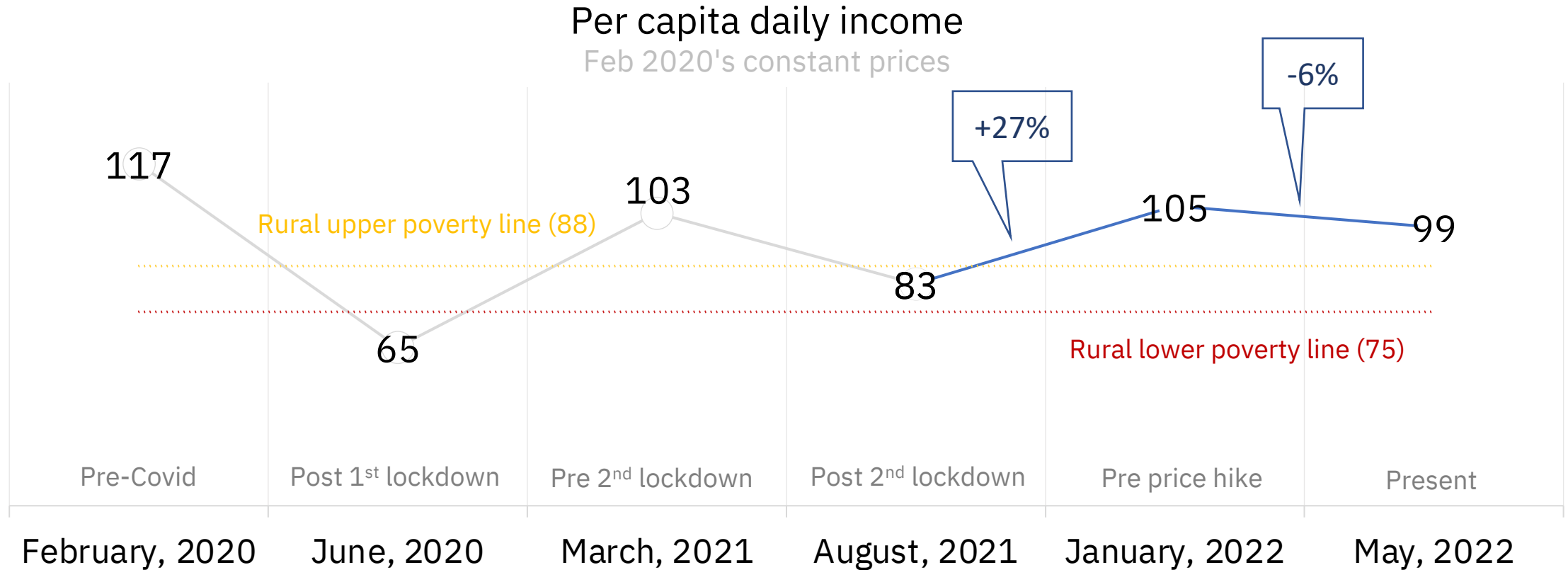
Outline

1. Near-term scenario: August 2021 – May 2022
 - Inflation and Distress
 - Price hike: People's perceptions
 - Coping on food and non-food expenditures
 - Social protection
2. Longer-term scenario: 2020 – 2022
 - Recovery trends
 - Poverty dynamics
3. Budget priorities from below
4. Policy messages

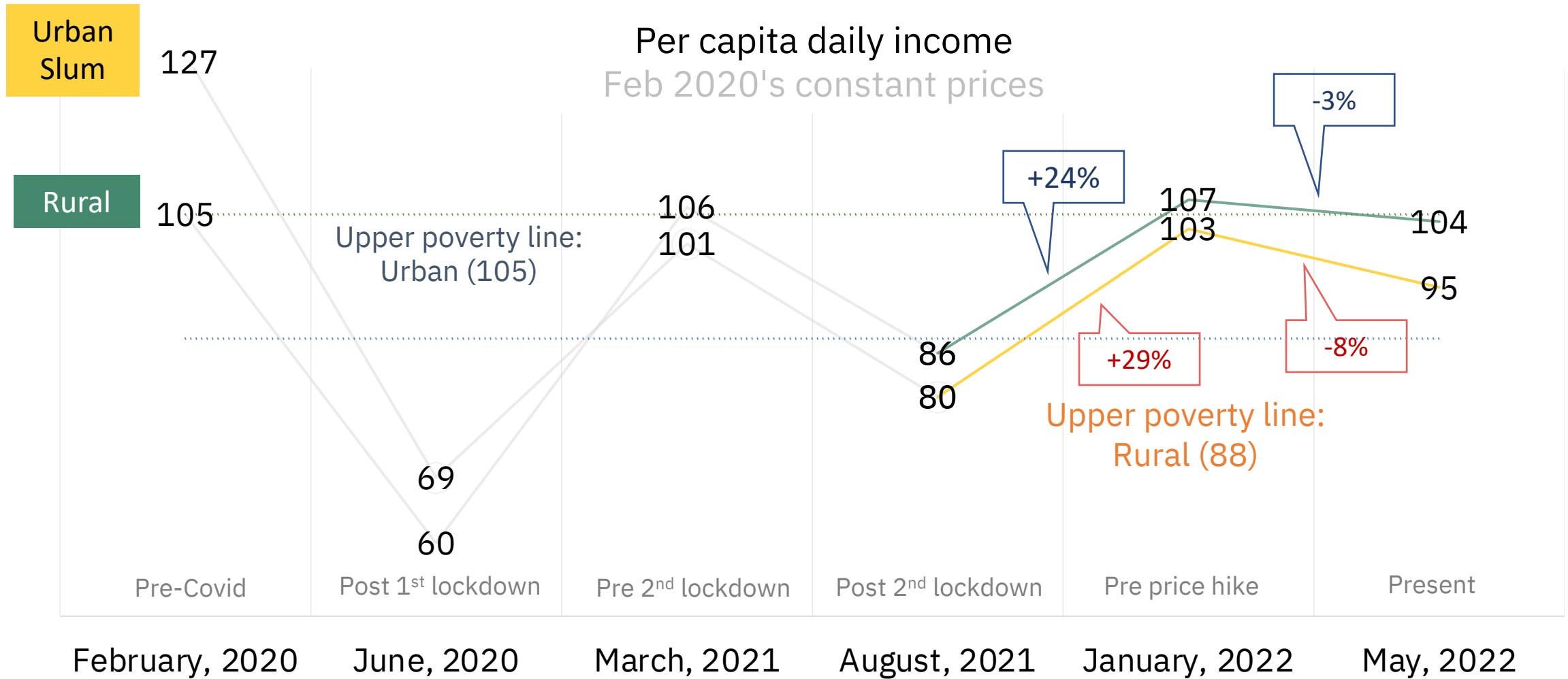
Near-term scenario

Inflation and Distress

January to May 2022: Disruption in Real Income Recovery



January to May 2022: Sharper Fall in Urban Slums

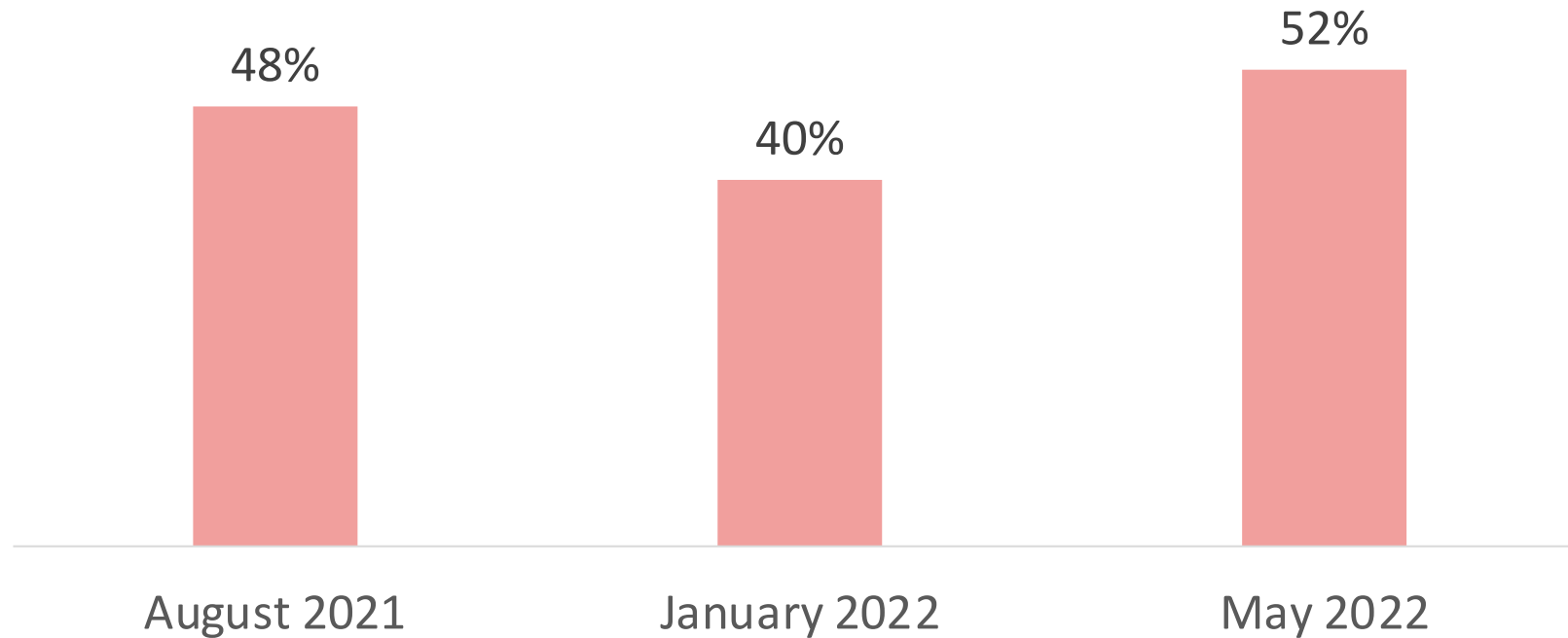


January to May 2022: variations in real income change of occupational groups

- Agricultural and transport workers' real income changed little
- Rickshaw pullers, factory workers, and housemaids have suffered the greatest loss in real income

January to May 2022: inflationary pressure seems to have compelled more women to find work

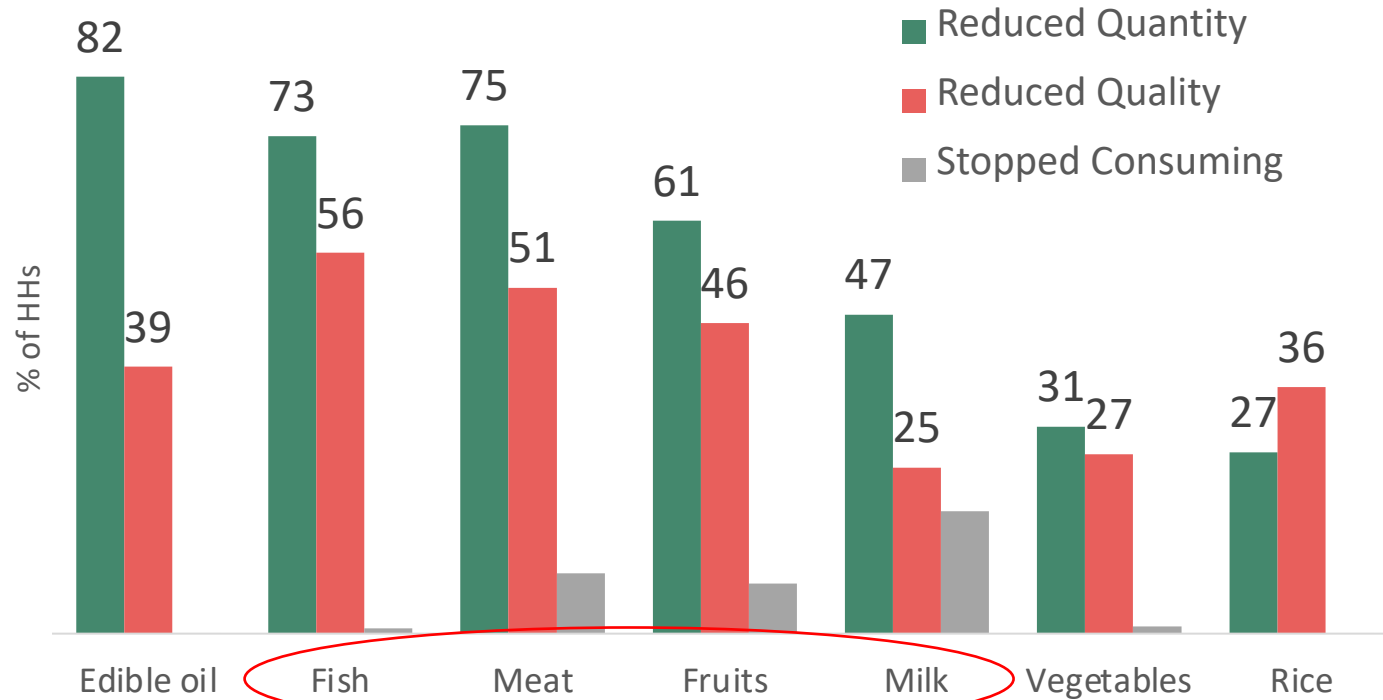
% of female respondents holding at least one job



Reported % rise in retail price from January to May 2022

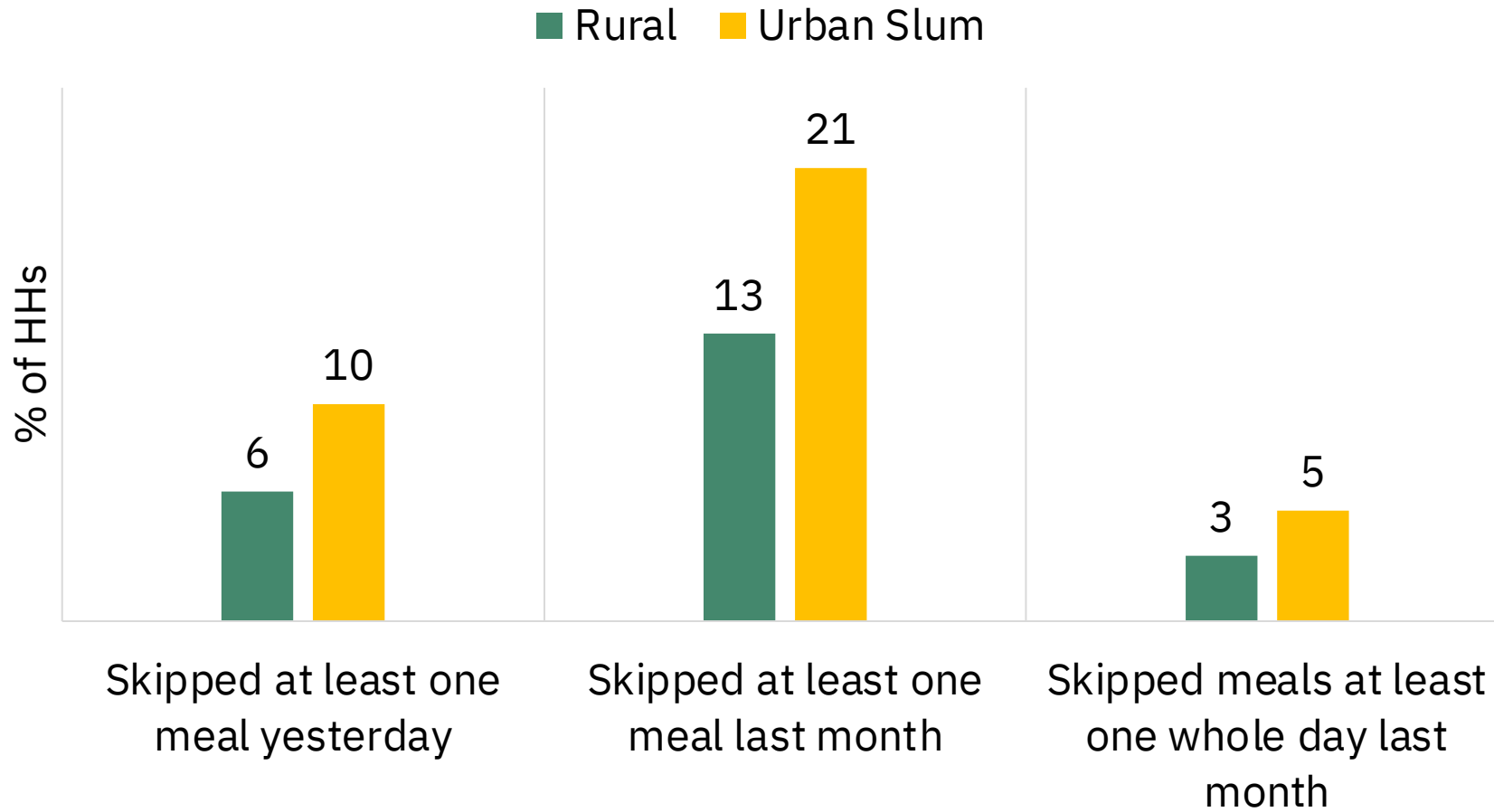
Food Item	Urban Slum	Rural
Edible Oil (Unpackaged, per L)	31	31
Edible Oil (Packaged, per L)	27	26
Broiler Chicken (per kg)	17	18
Deshi Chicken (per kg)	12	10
Beef (per kg)	13	13
Flour (Unpackaged, per kg)	9	13
Flour (Packaged, per kg)	14	11
Small Lentils (per kg)	10	11
Large Lentils (per kg)	12	13
Fine Rice (per kg)	7	5
Coarse Rice (per kg)	7	5

Most household reduced consumptions of major food items since February 2022



More severe reduction in quality and quantity of food consumption in urban slums than rural areas

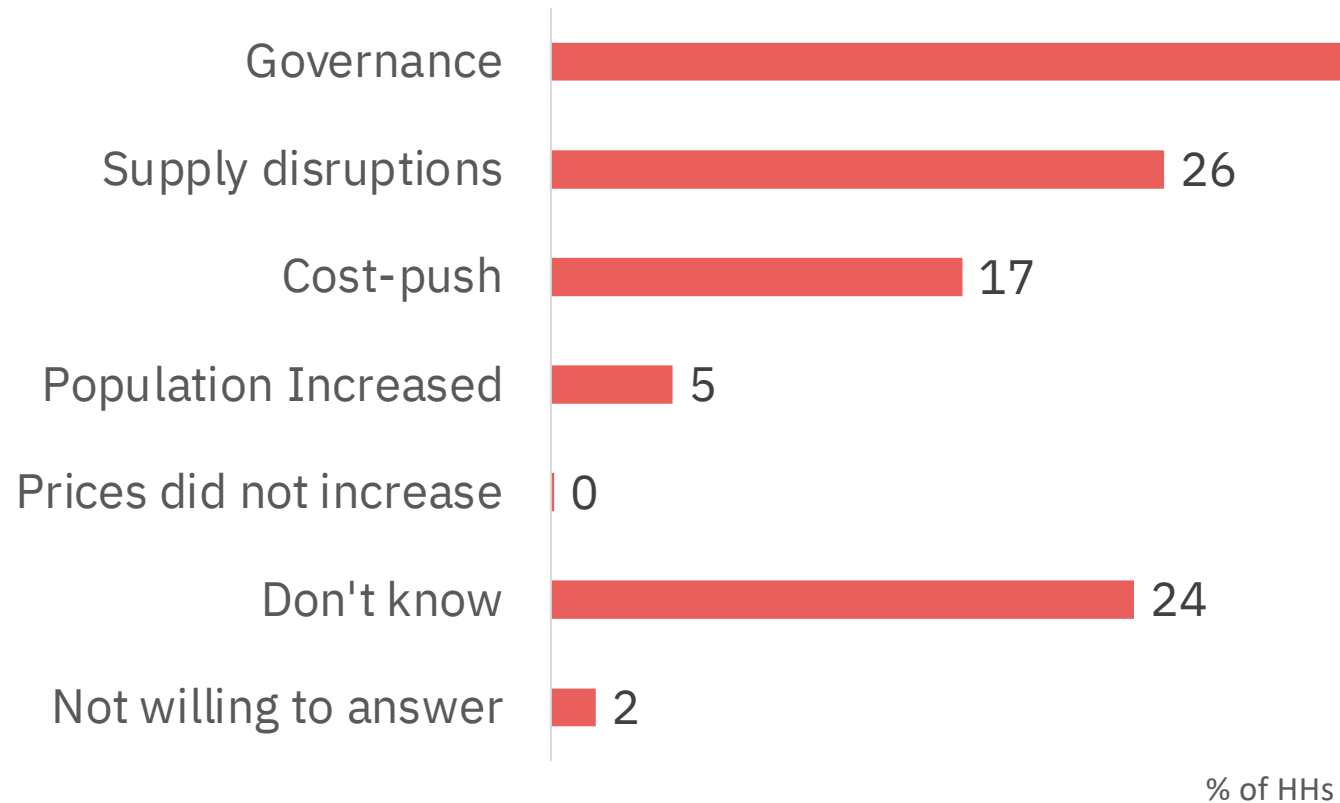
In May 2022, many HHs skipped meals, especially in urban slums



Price Hike

People's perceptions

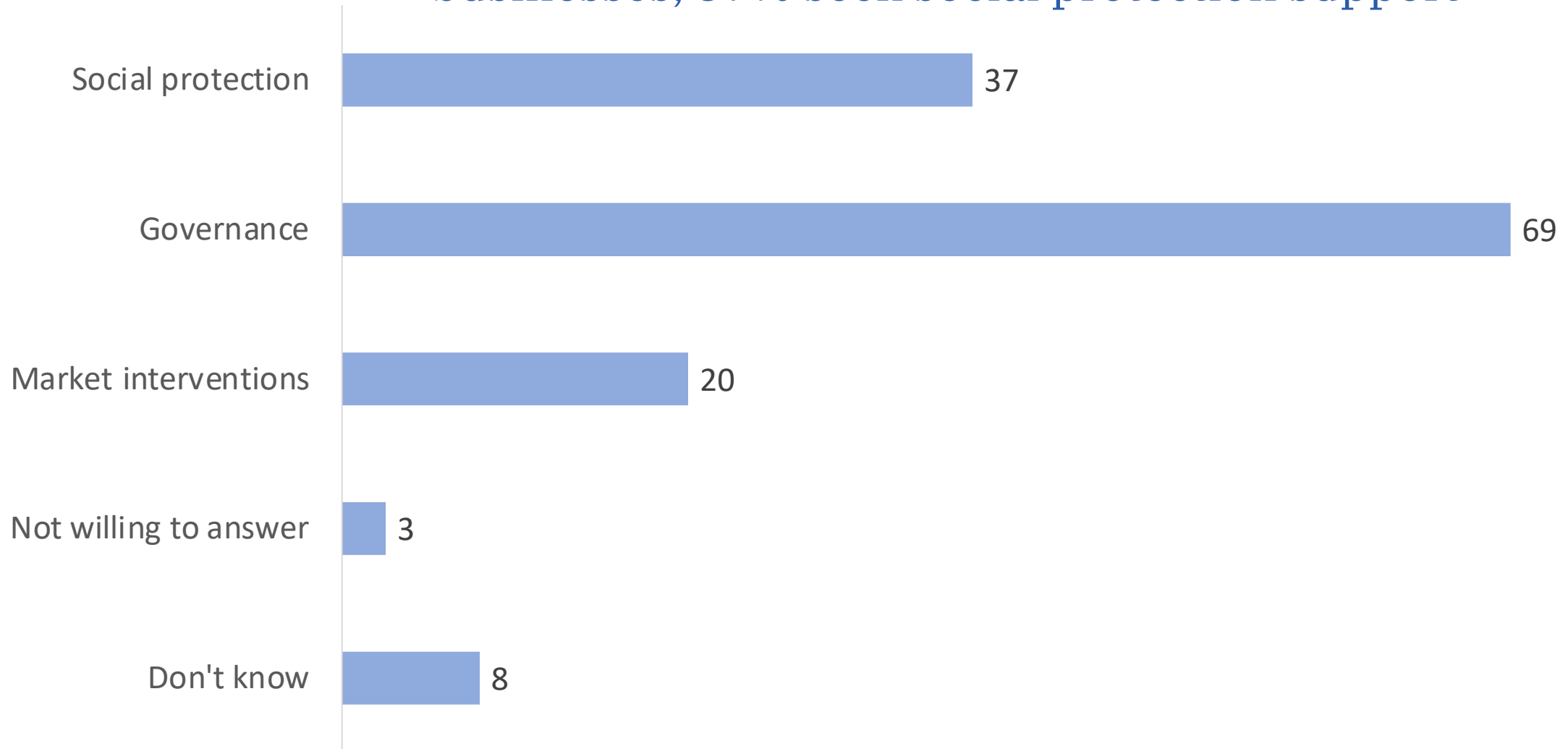
Overall, 57% believe that price hike is due to governance issues, 26% cite supply disruptions such as Ukraine war



Issues under Governance:

- Market syndicate/mismanagement
 - Government inaction
- Extortion from transportations

Dominant expectation from government on price hike – 69% - such as control/punishment of market manipulation by syndicates and corrupt businesses, 37% seek social protection support



% of HHs

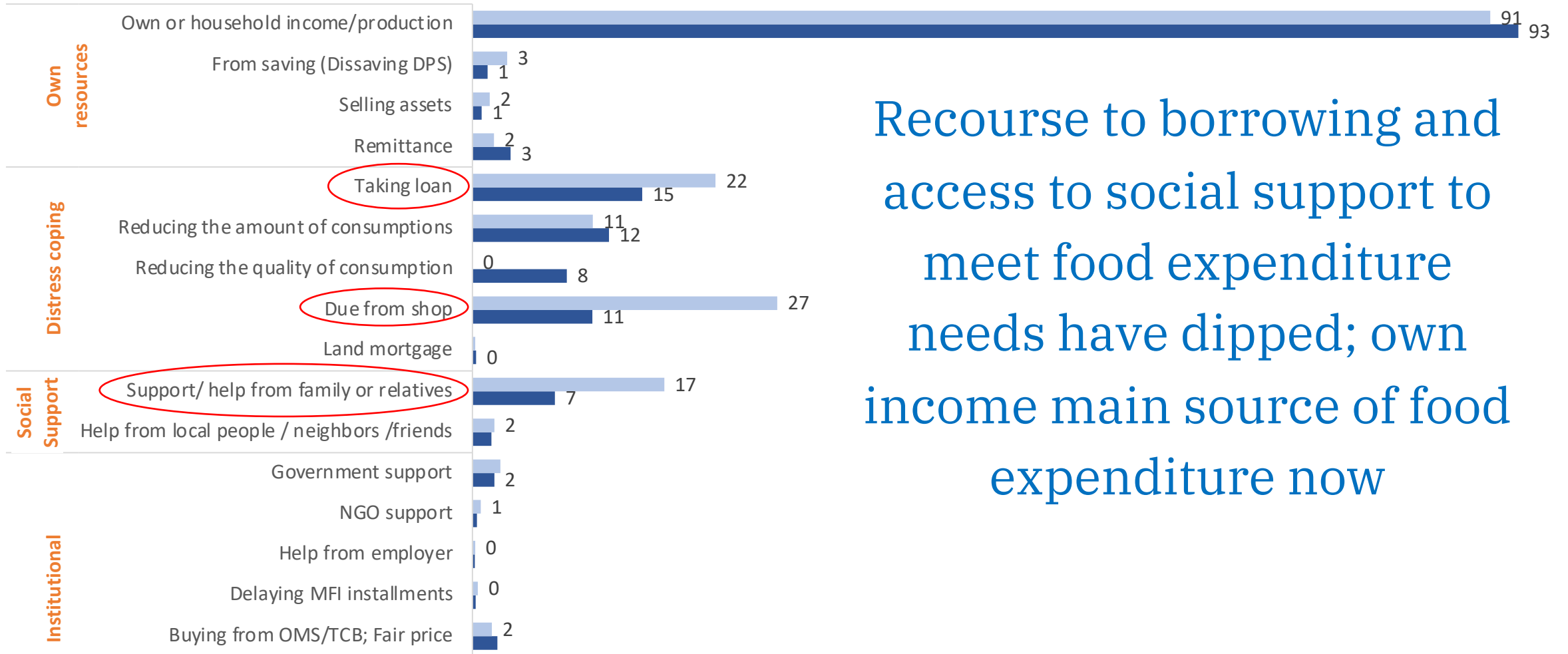
Near-term scenario

Coping on Food and Non-Food Expenditures



How households are meeting their food needs

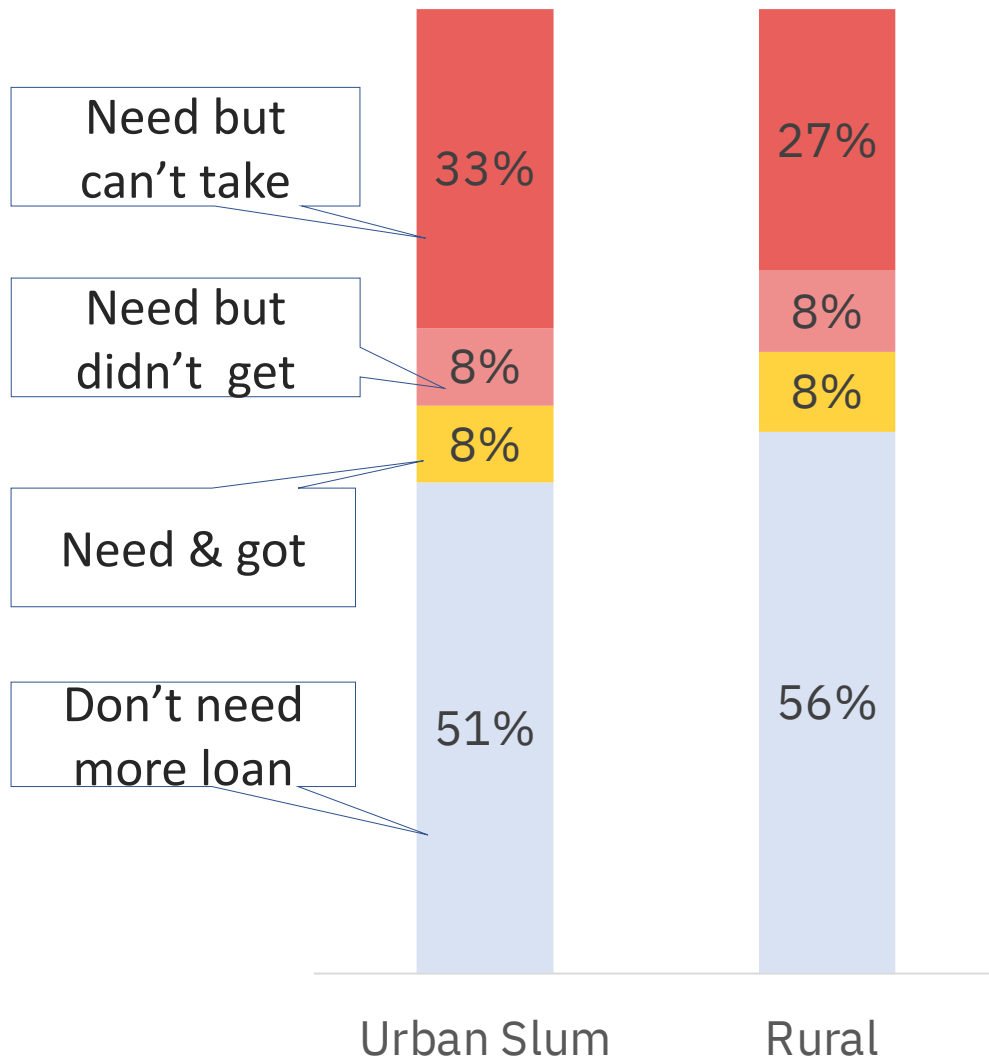
■ August, 2021 ■ May, 2022



Recourse to borrowing and access to social support to meet food expenditure needs have dipped; own income main source of food expenditure now

% of HHs

However



When asked, overall 38% said they need more loan, but most of them can't take it because:

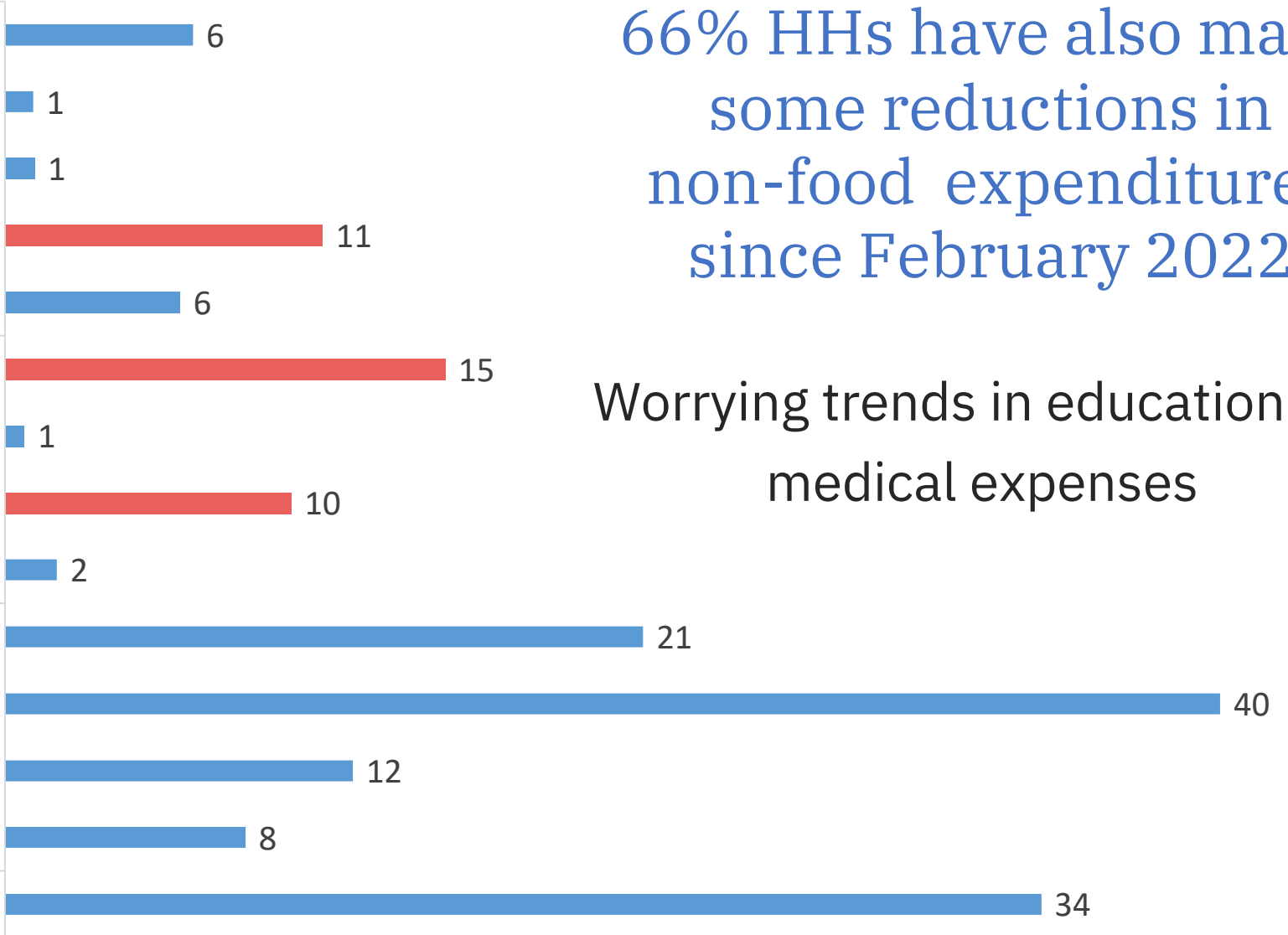
- Already have many loans (34%)
- Or are failing on existing loan payment (49%)
- Or are uncertain that they will be able to make payment (47%)

Spending on essentials

Children & youth's needs

Discretionary expenses

- Phone expenses
- Moved to cheaper rented house
- Housing rent (same house)
- Necessary medicine
- Transportation cost
- Children expenses
- Marriage expenses
- Private tuition
- Stopped sending children to school
- Luxury items
- Clothes
- Entertainment
- Social expenditures
- None



66% HHs have also made some reductions in non-food expenditures since February 2022

Worrying trends in education and medical expenses

% of HHs

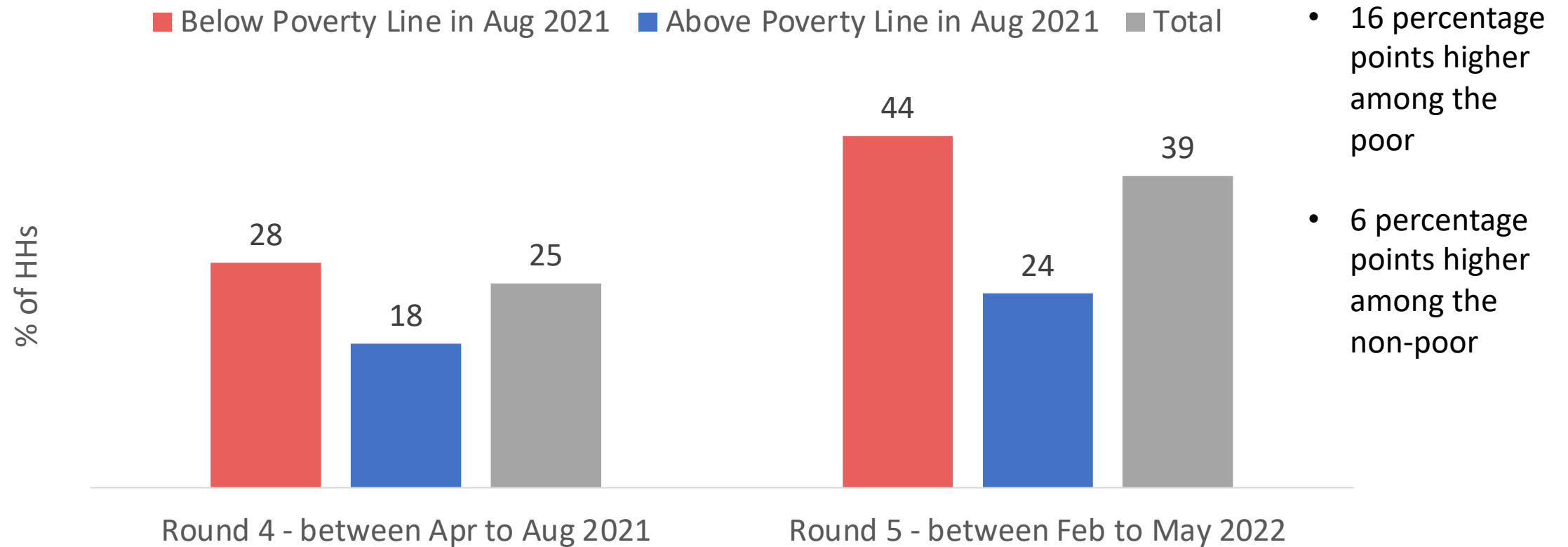
Changes in Purchasing Behavior since February 2022



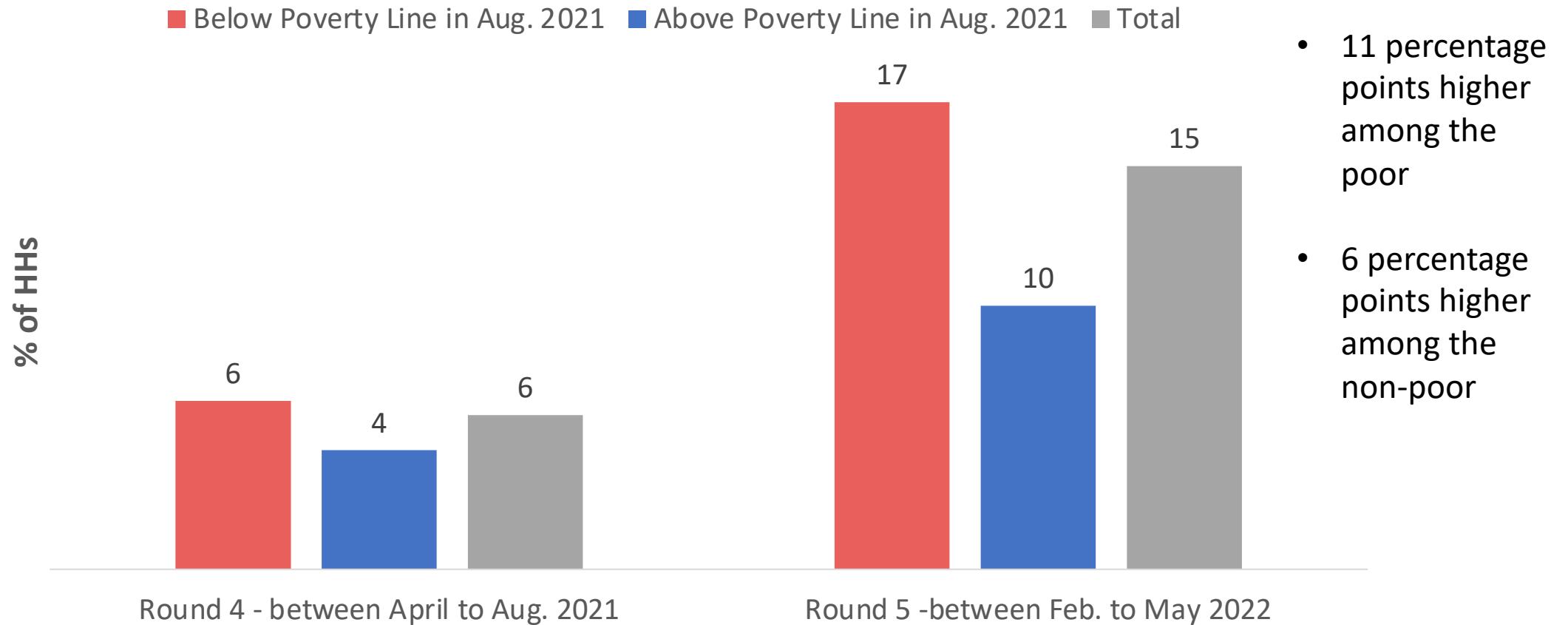
Near-term scenario

Social Protection

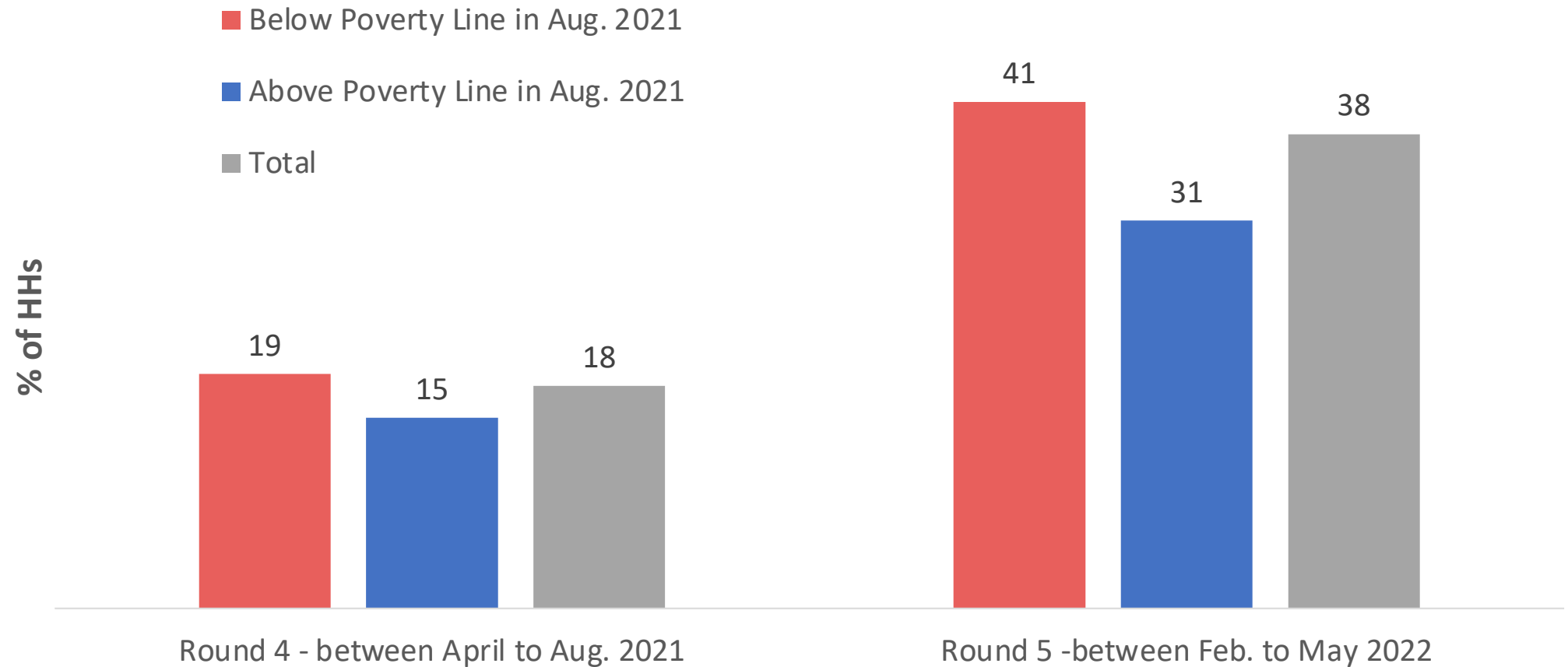
Fair price rice (ন্যায় মূল্যে চাল) purchase in urban slums increased from last year among both people below and above poverty line



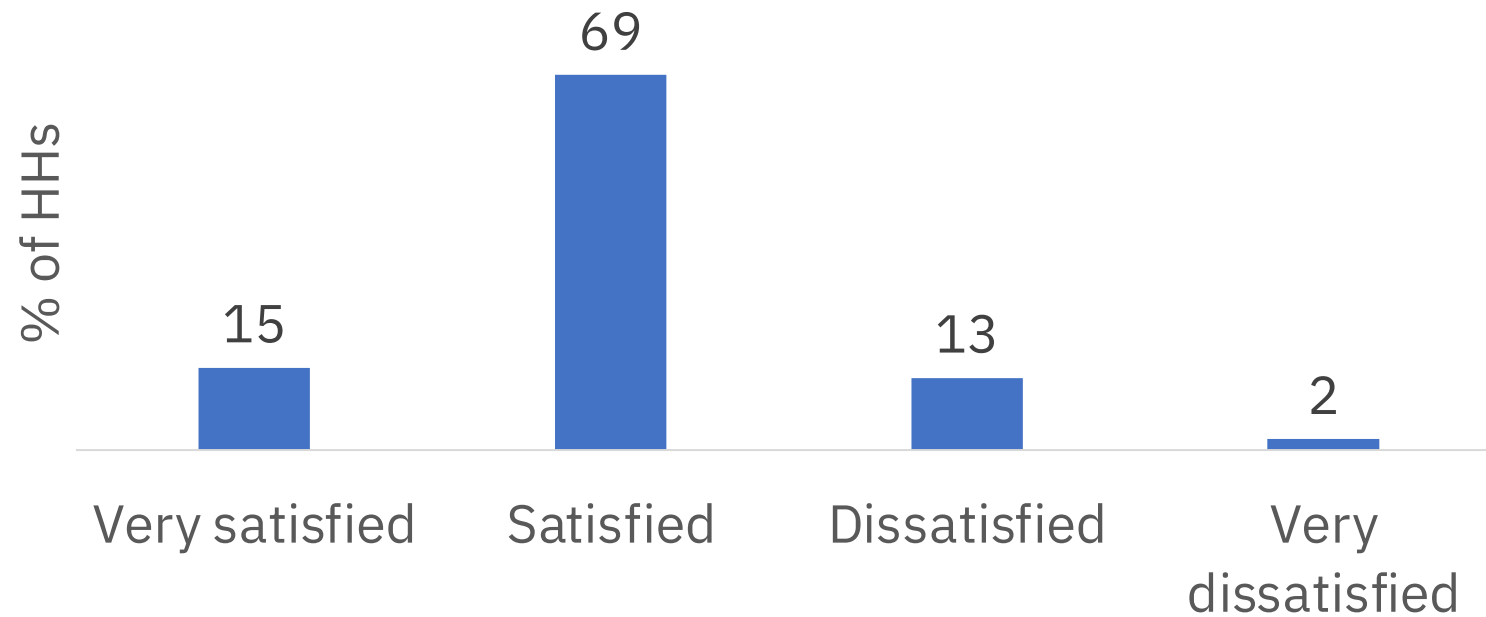
10 tk. rice purchase doubled from last year in rural areas, among both people below and above poverty line



TCB food purchase also doubled from last year



And overall satisfaction is high among those who bought from TCB





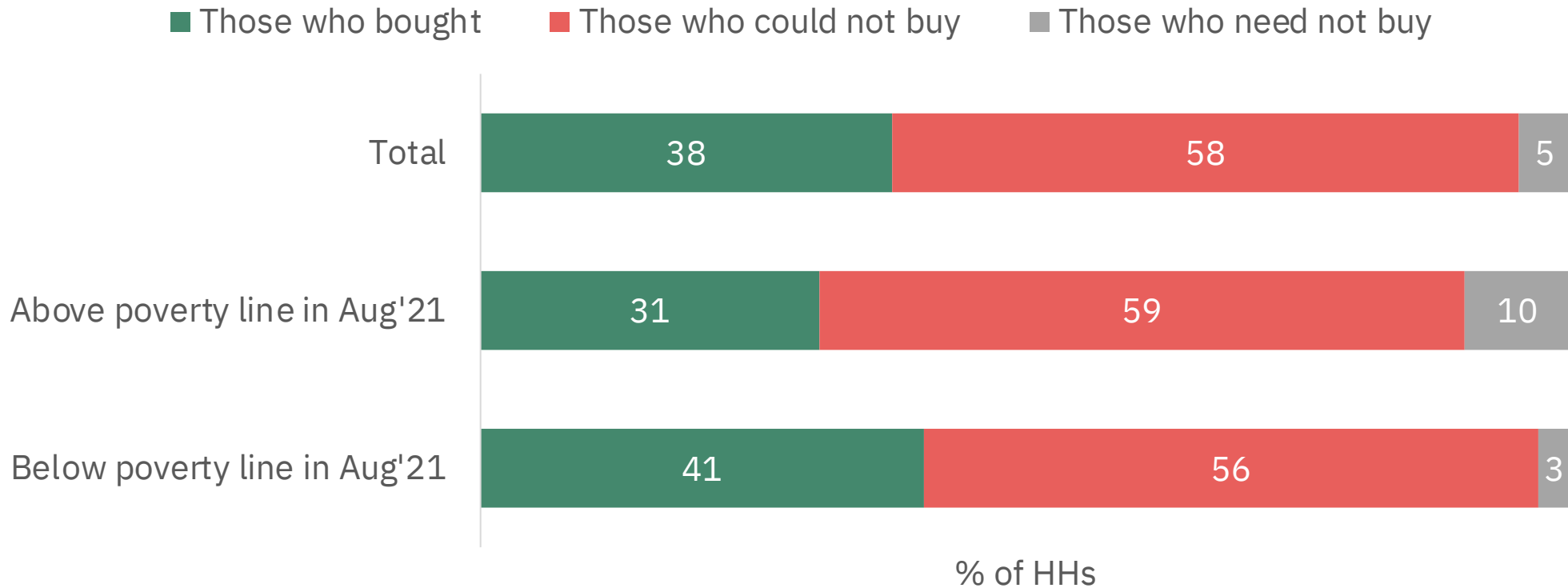
But two-thirds of those purchasing from TCB mentioned long-queue as a problem

A fifth said they couldn't buy even after standing for a long time

% of HHs

Yet, there is large unmet demand
for TCB food

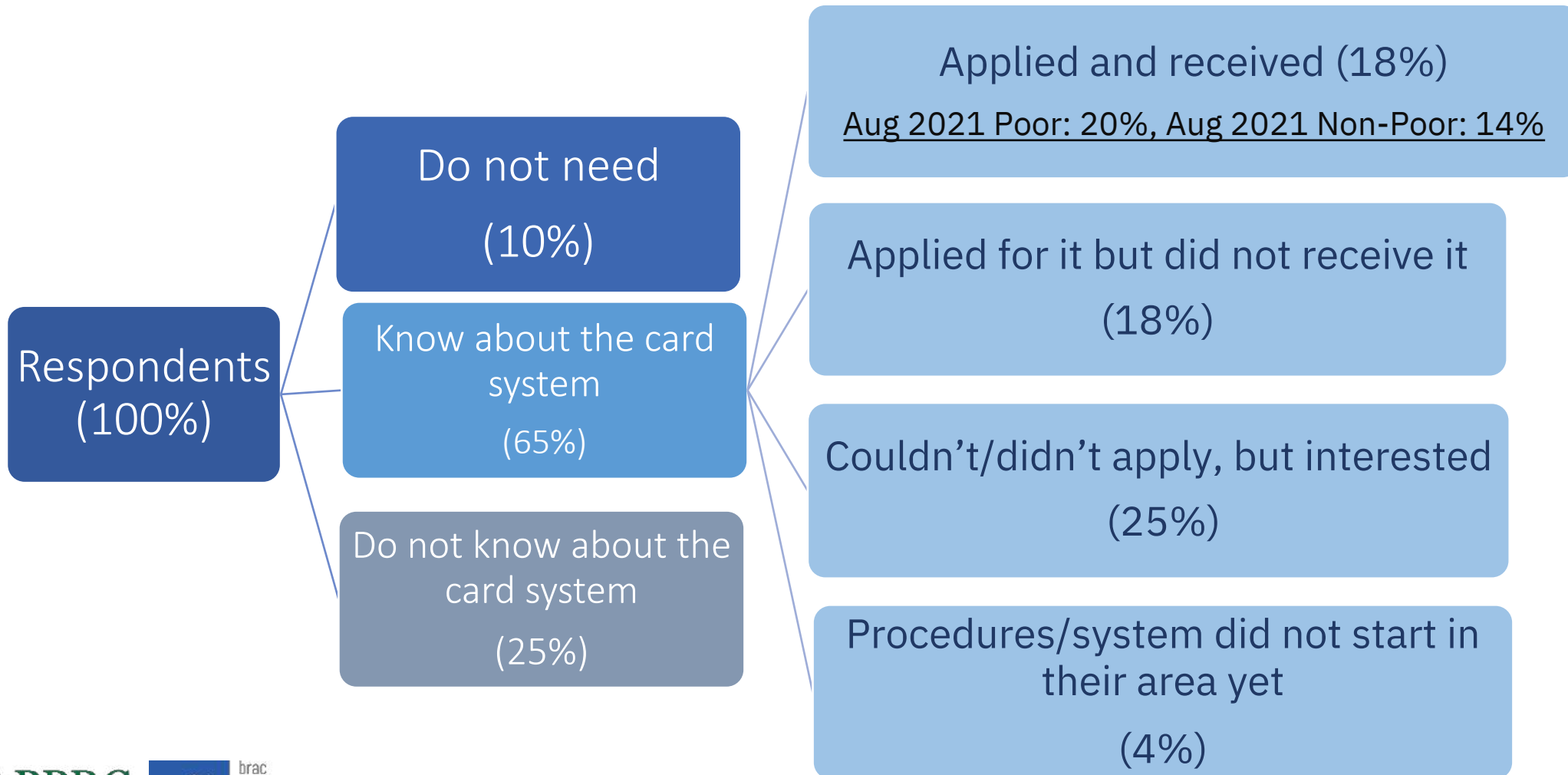
Over 50% said they needed but couldn't buy from TCB, only 5% said they didn't need it



Those who needed but could not buy from TCB because...

- 61% did not get the opportunity to buy
- 21% did not have TCB Family Card
- 20% cited the long waiting time in the queue as the reason

Less than a fifth applied and received the TCB Family Card



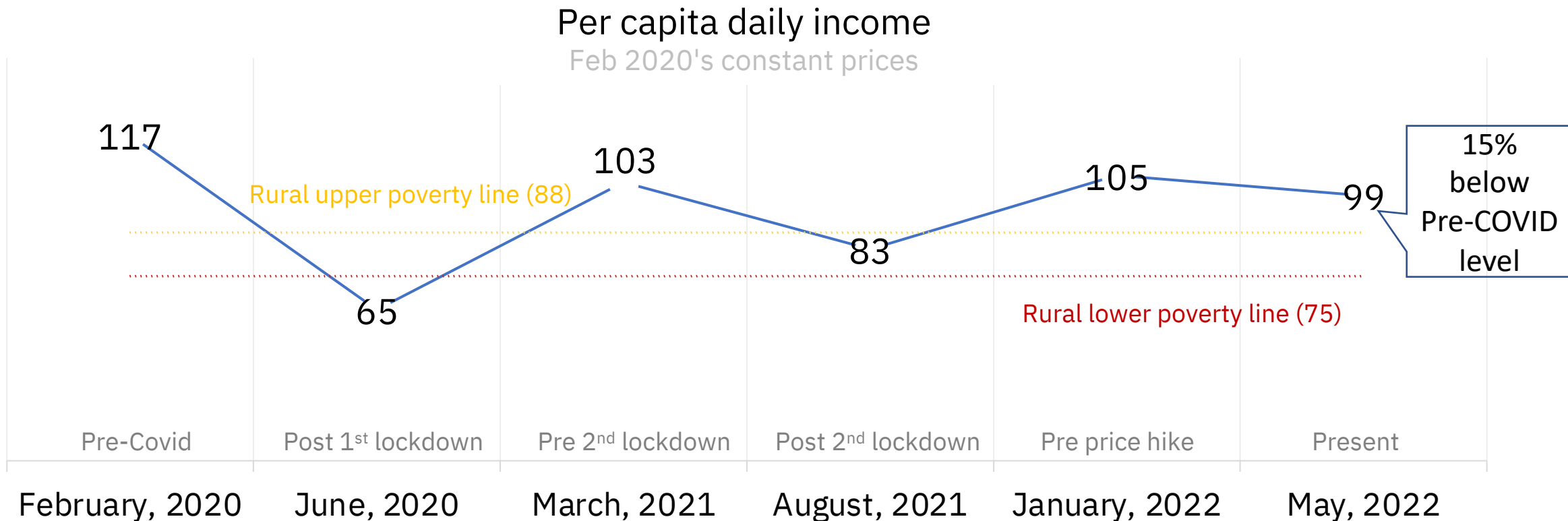
Most suggestions on improving TCB are around expanding the service

- 41% felt that the amount of food provided must increase
- 36% felt that the number of spots must increase
- 36% felt that the area of TCB operation must be further expanded to areas where poor people live

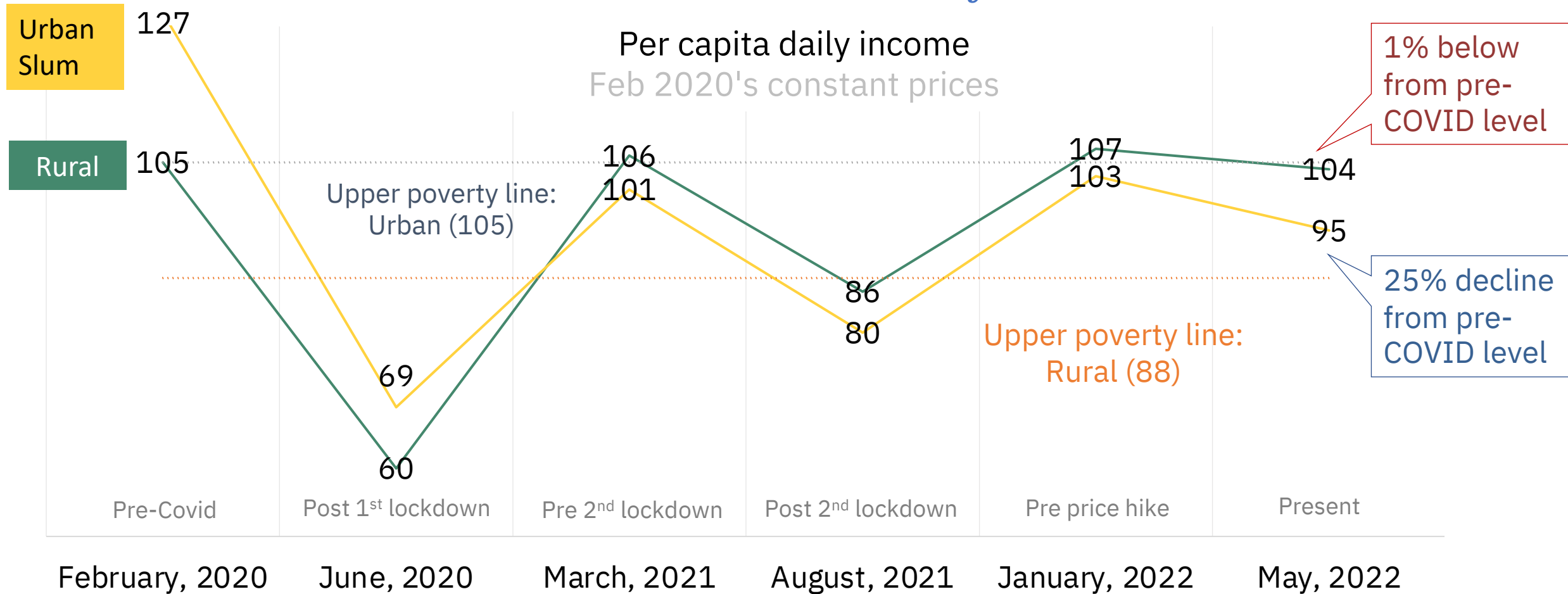
Longer-term scenario

Recovery trends 2020-2022

Overall, income still much below pre-COVID level, even during the recovery period

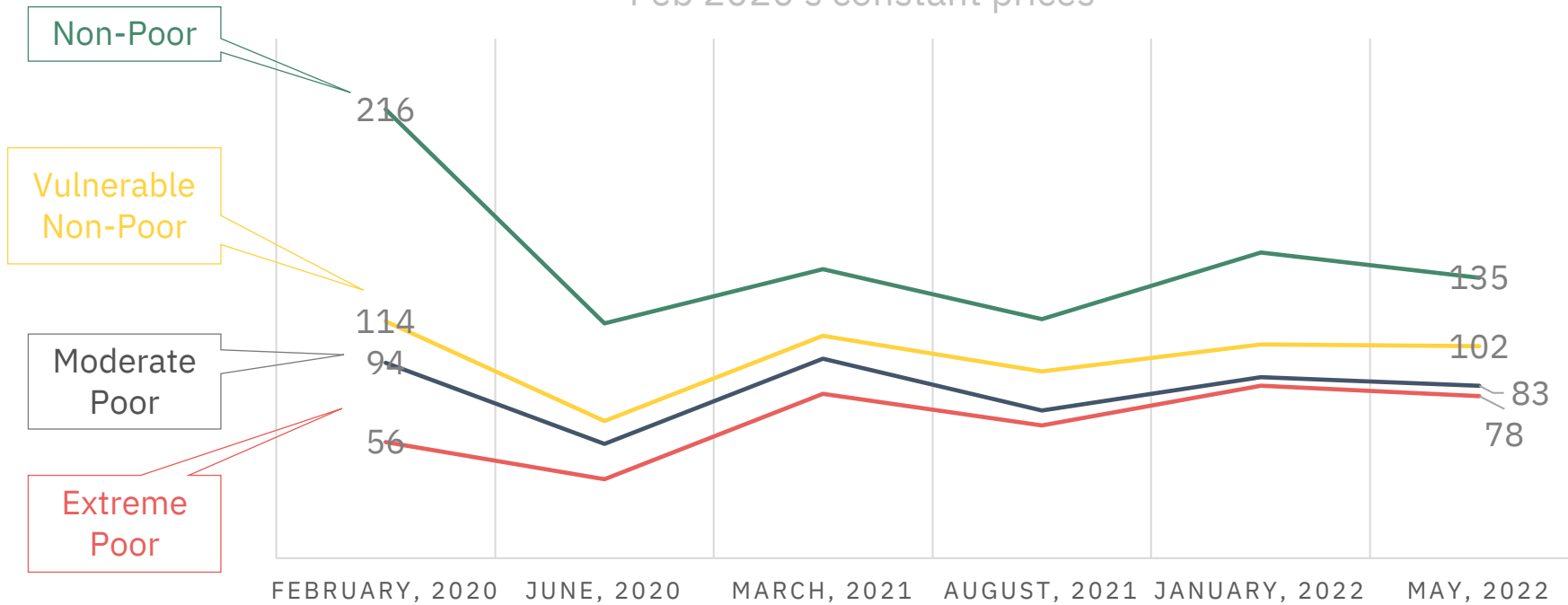


Again, urban slum HHs are in harder time in terms of income recovery



An undesirable convergence: pre-COVID poor groups are closing in on their pre-COVID income levels, despite recent dip, but pre-COVID non-poor groups are far from pre-COVID income

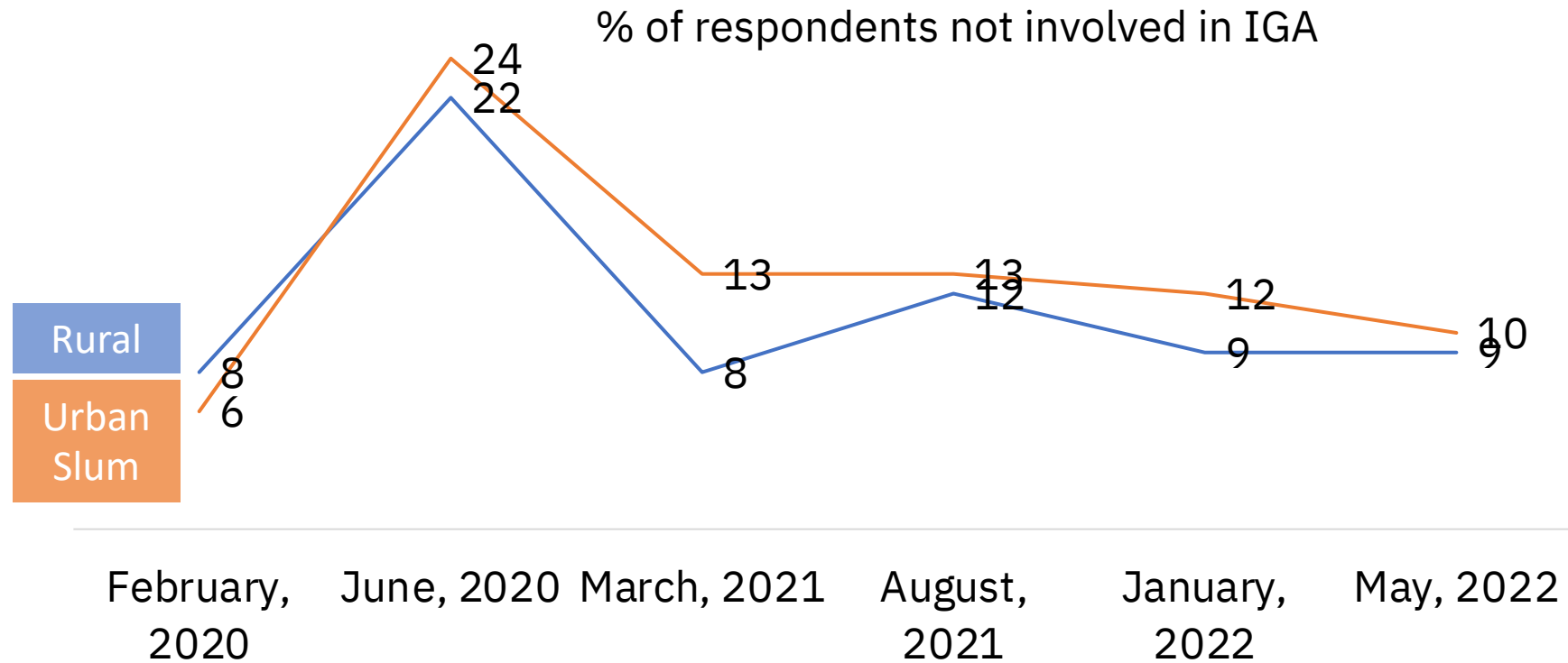
Per capita daily income
Feb 2020's constant prices



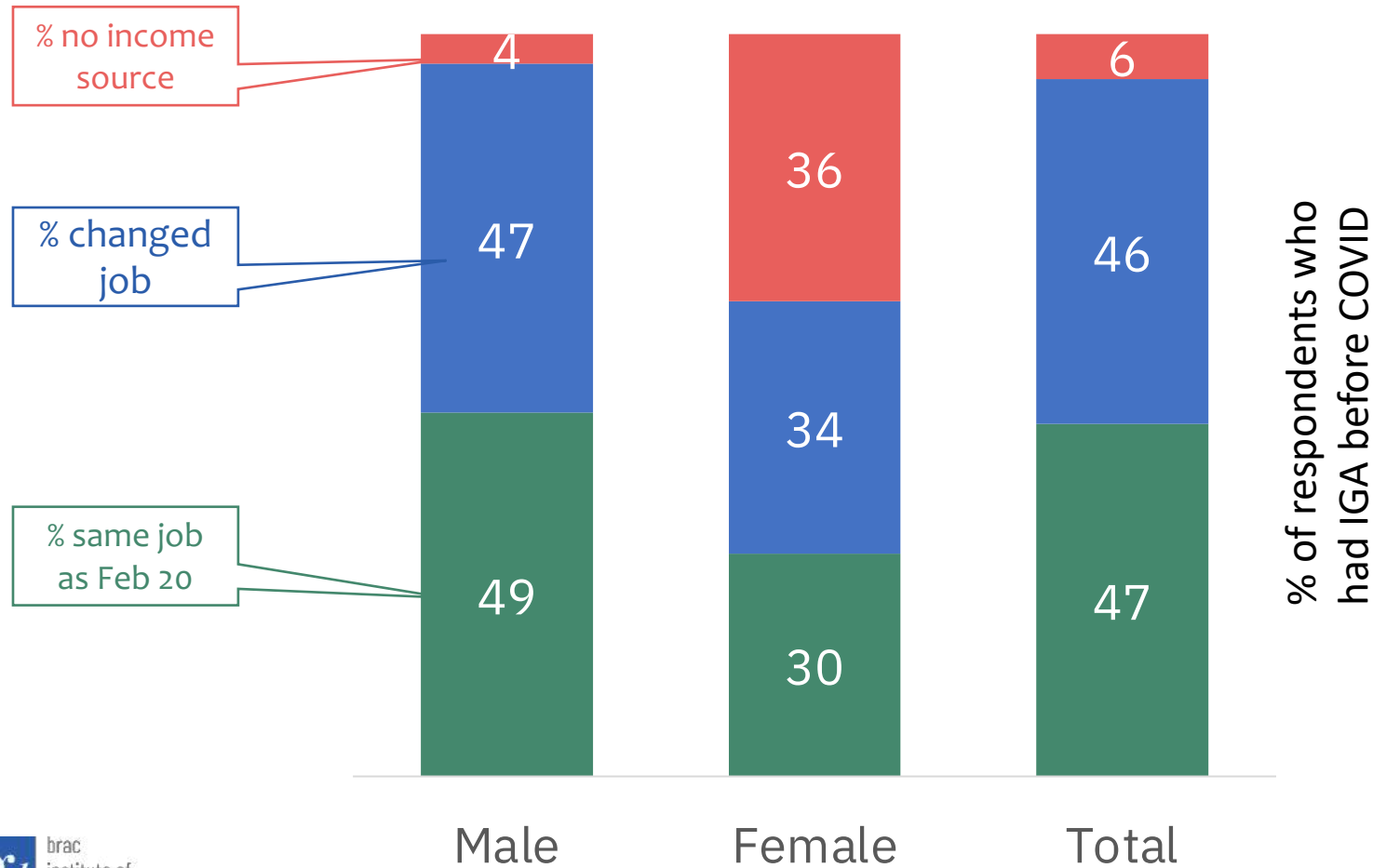
Rural upper poverty line:
BDT 88 per day

Rural lower poverty line: BDT
75 per day

Around one-tenth still not in income-earning: Out-of-work 4 percentage points higher now than in pre-covid period in urban slum



A third of female responded employed before COVID are still out of work

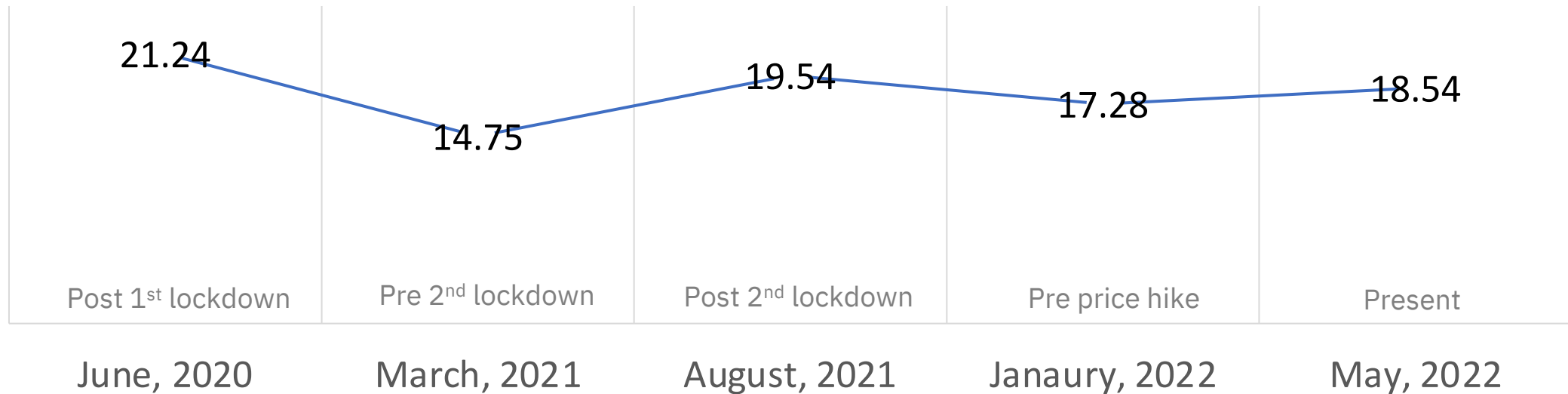


Longer term scenario

Poverty dynamics 2020-2022

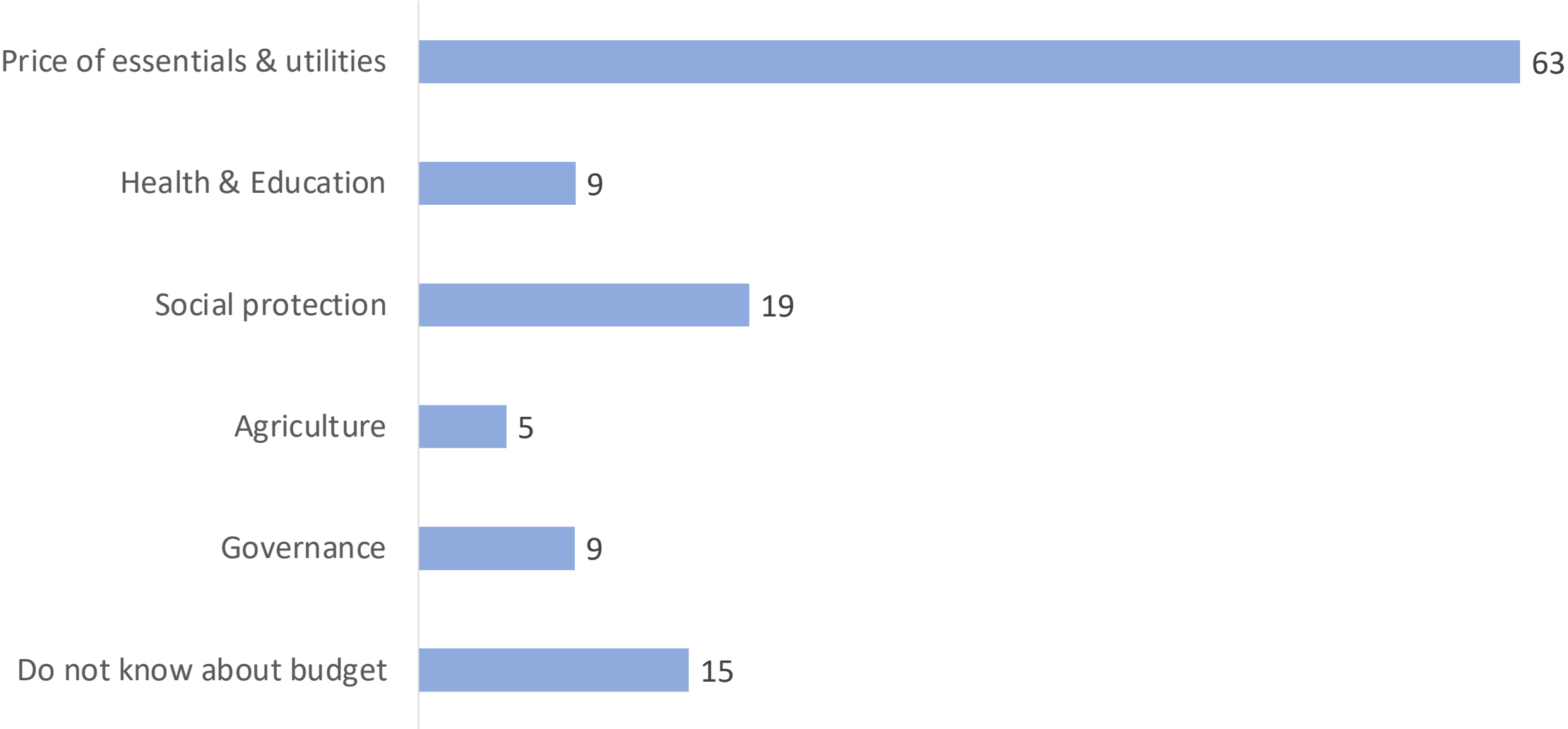
Due to slow-recovery among vulnerable-non-poor, national estimation of “new-poor” remains high and inflation has newly impacted the recovery

NEW POOR AS A % OF POPULATION



Budget Priorities

Controlling price hike top budget expectation: reducing price of necessities top priority for budget



% of HHs



Policy Messages



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How do the economic and household realities of the poor and middle classes stand 2 years from COVID?

Recovery Balance-sheet, May 2022

- Average income of poor and vulnerable non-poor still **15.4%** below pre-COVID levels
- Urban distress continues to be higher with average income still **25%** below pre-covid levels
 - **36%** of pre-covid employed women still out of work
 - Overall, **10%** remain outside income-earning

Recent inflation has reversed gains of recovery, adding **2.1 million** to the ranks of the 'new poor' between January and May 2022

Sluggish and disrupted recovery has meant % of 'new poor' still stands at 18.54% which translates into **30.9 million** in May 2022

Depleted Coping Capacity

Forced absence from credit market (borrowing): **38%** reported need for taking loans but not doing so to avoid further indebtedness and due to loss of credit-worthiness

SDG Reversals

- Silent intensification of food insecurity: **5%** of urban respondents without any meal at least one day in last one month, **10%** skipped a meal yesterday
- Severe nutritional reversal: A significant proportion of both below and above poverty line households have reduced quantity of food purchase and switched to poorer quality items in all food groups. Since February, **22%** urban and **14%** rural have stopped milk purchase, **9%** have stopped meat purchase altogether
- **66%** of households have reduced some non-food expenditures covering both essential and discretionary purchases. **11%** have reduced purchase of necessary medicine, **15%** children expenses and **10%** private tuition.

Where are the Solutions?

- Respondents (**57%**) prioritize governance solutions – action against market manipulators, supply chain extortions and pro-active mind-set – to redress the top concern of uncontrolled price hike
- This budget priority: Significant budgetary attention to two proven and effective social protection programs: TCB and Primary Stipends
 - Unmet demand for TCB is 58% of respondents. Major expansion of service can be an immediate social protection boost to counter inflation impact
 - Primary stipend program has data-base, scale (78 lakh students) and low-leakage transfer through MFS but benefit amount frozen at Taka 100 per month since launch in 2004. Can be scaled up to monthly Taka 500 for an immediate boost to the registered households.

Policy implications

Current policy approach to growth and COVID recovery is failing to address the twin problems of very large burden of 'new poor' and intensified risk of SDG reversal at household level.

The poor are being 'resilient' only through severe self-exploitation while the state is surprisingly passive in dealing with the governance challenges of market management.

3 Policy Priorities

1. A sharper sectoral economic strategy focused on jobs
2. Targeted scaling up of social protection programs prioritizing proven programs and addressing the new priority of urban social protection
3. Targeted governance reforms focused on market management to contain price hike, reduce project-level wastage and inefficient costing to bring down non-expenditure burdens on the poor and the vulnerable, and, policy support to revitalizing local economies, SMEs and the meso-economy.

Thank you