



Vegetable shopping in a market in Dhaka, 2013. Photo: Shameem Reza Khan

BANGLADESH

Food prices and how people are eating, 2013

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This case study is one of several produced to accompany *Help Yourself!*, the second year synthesis report from the *Life in a Time of Food Price Volatility* research project. Other case studies, country reports, synthesis reports, and further information about the project can be found at www.oxfam.org.uk/foodprices

On food prices

The case studies on food prices and how people are eating in Bangladesh, Kenya, and Pakistan confirm that price changes, and the impacts of such changes on households, are far more varied in space and time than national average data reveal. In turn, national price movements can clearly diverge from global prices due to a variety of country-specific factors. The case studies also demonstrate that politics and policies have a significant impact on prices: governments can directly (for good or ill) influence the wellbeing of the poor through decisions on policy instruments such as taxation and levels of subsidies. Finally, there is some evidence that prices in rural agricultural areas are more influenced by seasonal supply and demand factors than are prices in urban areas. In principle, rural producers may benefit from higher prices, but that is not usually the case for small producers, who are still net consumers of basic food commodities.

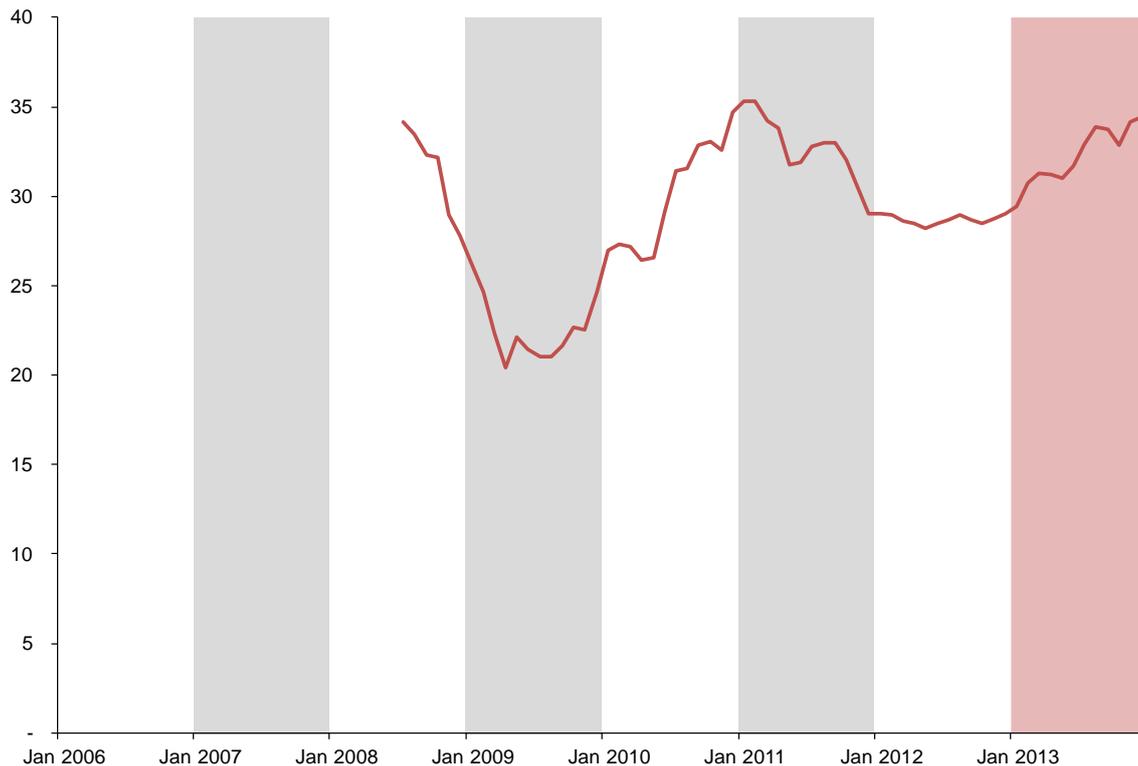
On how people are eating

The case studies portray an overall picture of households struggling to cope with increased prices, and, in most cases, having to adjust their food consumption downwards, both in quantity and quality. The fact that most other prices of essential goods and services – fuel, transport, education and health costs etc. – are increasing at the same time makes the situation worse. Households are particularly worried about the health and nutritional status of their children, which is put under severe threat from these multiple price increases. Mothers' health and nutritional status is also a major concern, not least because they are prepared to put their own consumption needs below those of their children (and often their husbands). Households with a number of family members in jobs or with a few different sources of income are better able to cope with increased prices, but the possibilities of having such sources of income vary widely. What these interviews indicate is that, despite a relatively stable international price environment, at national and local levels price increases are still occurring and are having significant negative impacts on nutrition and overall wellbeing.

NATIONAL AND LOCAL PRICES

Data in Tables 1 and 2 of the global synthesis report *Help Yourself!*¹, show that staple food prices in Bangladesh rose considerably during 2013. Figure 1 below shows trends in retail prices of rice in Dhaka, the location of one of the research sites, during 2013.

Figure 1: Retail price of rice, Dhaka, Jul 2008–Dec 2013 (PKR/kg)



Source: FAO GIEWS, 2014

The retail price of rice in Dhaka rose evenly over the year, increasing by 17 per cent during the period. There was no sign in our research of a reduction in prices immediately following major harvests, as might be expected, although national average data do show such a trend. The overall increases in rice prices occurred despite the fact that overall rice production was about the same as in the previous year (almost 34 million tonnes). Supply disruptions due to hartals,² linked to adversarial political protests in the pre-election period, and increases in transport costs due to a fuel price hike in January 2013, are cited as some of the reasons for food price increases in the early part of 2013 (WFP, 2013a). In nominal terms, retail rice prices in Dhaka were about the same at the end of 2013 as they were at the period of peak prices in 2008, although national average prices are about 7 per cent below 2008 peak levels. In Dhaka prices of lentils (a key source of protein) were about 11 per cent higher in late 2013 than at their 2008 peak (WFP, 2013a).

There was a 5 per cent decline in retail wheat flour prices in Dhaka during 2013. This partially reflects a 26 per cent increase in wheat production compared with 2012 levels (WFP, 2013a).

During the third quarter of 2013 while the in-depth qualitative field research was being undertaken in Bangladesh, food prices generally (as indicated by the food CPI) were 8 per cent higher than the same quarter in 2012, while coarse rice prices were 31 per cent higher (WFP, 2013a). WFP surveys show the cost of a basic food basket has increased by 9 per cent compared to the average for the 2008–12 quarter (WFP, 2013b). Low-income households in Dhaka spend 60–90 per cent of their

income on purchasing food (WFP, 2013a), making them highly vulnerable to price increases. An IFPRI report (IFPRI 2013a), based on an extensive household sample survey, similarly finds that for most rural households, food items comprise 60 per cent or more of overall consumption expenditure. For the bottom quintile, rice comprises 46.7 per cent of total food expenditure, further underlining the extent to which low income households are vulnerable to increased rice prices.

How have wages responded to these price movements? WFP surveys indicate that the average rice purchasing capacity for a male agricultural day labourer in June 2013 was about 10kg of rice, which is 4 per cent less than in June 2012. There remains a gender inequality in wage rates: on average (based on the last two years) female labourers receive about 25 per cent less than their male counterparts (WFP, 2013a).

Minimum wages of readymade garment workers remained at BDT 3,000 per month for most of the year, unchanged since November 2010 (WFP, 2013a), although in December 2013 the rate was raised to BDT 5,300, following workers' protests and in the wake of the Rana Plaza disaster.

Over the longer term wages have adjusted to increasing prices, but did so to varying extents, depending on the time period measured. IFPRI (2013b), using national published data, suggest that over the period 2005–2010 rural real wages have increased substantially³ whereas urban real wages have seen little increase or have declined in real terms (if deflated by a CPI measuring basic needs goods, which is more representative of the position of poor households). The increase in rural real wages appears to be related both to increased female employment in the garment industry, and to the effect of overseas remittances. The wages of female workers in both urban and rural areas generally increased faster than male workers, but there is still a significant gender gap in wage levels (*ibid.*).

Despite the improvements, particularly in rural wages, there remain severe problems of under-nutrition. UNICEF (2014) state that 36 per cent of children under five years of age are underweight, and 41 per cent are stunted.⁴ IFPRI (2013a) find from the National Household Survey that 35.3 per cent of rural Bangladeshi households were food-energy deficient, and 16.5 per cent severely food-energy deficient.

The community-level field research provided more detailed insights into price changes and their possible causes. In the Kalyanpur slum in Dhaka, almost all respondents (from focus groups, household interviews and key informant interviews) stated that prices of essential commodities and services had increased compared with 2012 prices. Rice prices had increased by about 15 per cent, the price of fish (the main source of animal protein in Bangladesh) had increased by 20–50 per cent, the price of pulses had increased by about 25 per cent, prices of onions, turmeric and ginger had all more than doubled, prices of chicken had increased by about 25 per cent and the price of beef by about 10 per cent. Prices of most vegetables had increased, with the exception of potatoes, where the price had dropped. In addition, transport costs had increased significantly, as had the cost of electricity and education. Most of the

price increases for food commodities are attributed to falls in production and the rising cost of inputs (labour and non-labour) and animal feed; increased onion prices are attributed to a ban on exports from India.

The Naogaon research site in north west Bangladesh is an agricultural area and price fluctuations appear to be more varied and linked to agricultural production conditions here compared with those in the Dhaka site. Respondents agree that rice prices have risen compared to 2012, on average by about 15 per cent. Many other commodity prices have also risen, including salt (by about 10 per cent), fish (by up to 50 per cent), onions, ginger and garlic (by about 100 per cent) and transport and education costs have also risen significantly. However, some prices have also fallen, including for potatoes, other vegetables, pulses, and palm oil.

The Khulna research site was hit by Cyclone Aila in 2009, which caused huge destruction and resulted in high levels of salinity in the soil. Rice production is only now being resumed. There was briefly an abundance of fish after the cyclone, but fish populations have now reduced and better quality fish are sold in Dhaka and other external markets, leaving lower quality fish at high prices in local markets. Vegetable production has recently increased due largely to promotion by NGOs. Due to the impact of Cyclone Aila, there are relatively few income-earning opportunities in the area: some men have gone to work in the Sunderbans (a large tidal mangrove forest) but this is a dangerous location, with threats posed by both wild animals and dacoits,⁵ and the current trend, according to the community respondents, is for out-migration by men in search of work. Under these conditions, incomes are low, and the prices of most essential commodities have also risen compared with 2012: rice prices on average by 15 per cent, fish by 20–100 per cent, oil by about 20 per cent, onions, garlic and green chilli by about 100 per cent, and chicken by 15–25 per cent. Green vegetable prices are lower due to an increase in the volume of their production. Education costs, health costs, kerosene and fuel wood costs have all increased.

It is clear from these examples that prices of most essential commodities were on the rise in the research sites during 2013, for a variety of reasons. Although the impact of such increases varies by location and by individual household, the overall impression is of households under pressure and having to adopt various coping strategies, such as out-migration in Khulna, in order to deal with these conditions.

HOW PEOPLE ARE EATING

As noted in the previous sections, both national data and our field research indicate that food prices in most cases have risen during 2013. Retail rice prices were on average 31 per cent higher in September 2013 than a year earlier (WFP 2013a). Given this large increase in the price of the predominant staple crop, how have people coped, and what effects have price increases had on what people are eating and their nutrition status?

The field research reveals a picture of significant variability: a key determinant of how people are coping is whether they have work, what type of work it is, and how many members of the household are in paid work. Comparing the sites in Dhaka and Khulna there are very clear differences in how people have fared during 2013.

In Kalyanpur in Dhaka, some respondents say life has improved during 2013. Households with more than one adult in employment are more likely to have been able to cope with price rises. A 43-year-old carpenter participating in a male focus group stated that: *'People are now solvent enough to buy nutritious food for babies, vegetables etc. The children and the grown up are eating well. Last year the condition was not so good but this year everyone is much better so far as their financial condition is concerned.'* Another respondent from this group reckoned that the number of households in 'good' and 'average' condition, who could have three meals per day and make some savings, had increased from 40 per cent in 2010 to 50 per cent in 2013. Increased work for day labourers and in garments factories has contributed to this improvement, and the work of an NGO, Dushtha Shastya Kendra (DSK), has also improved health conditions through investments in water supply and sanitation in the slum area.

Respondents in a female focus group reflected on changes in incomes. Mrs A., a 28-year-old woman, explained: *'Wage has increased more compared to price hike. When my husband started working as driver, his salary was BDT 5,000 and his present salary is BDT 8,000. Seven years ago, when I entered into this job my salary was BDT 700 and now it is BDT 2,000. At that time rice price was BDT 28/kg, which is now BDT 38/kg.'*

Mrs P., a 25-year-old housewife, added: *'Now the working opportunity has increased. In garment factory, a helper was usually paid BDT 1,500–2,000. Now the minimum wage for helper is BDT 3,000 and including overtime this is around BDT 4,000–4,500.'*

But increased wages haven't translated into improved food security for everyone in Kalyanpur. Housewives in a female focus group said: *'We used to eat better food before. Now we eat less. We used to eat meat three days in a week, now we eat only once in a week, sometimes no meat in a week. We give pain to our soul. We cannot take our children to bazaar, they used to look at meat and fish.'*

Mrs S., a 23-year-old female respondent, said: *'To adjust with income I buy stale vegetable at cheap price. I buy rotten fish. These are not nutritious. Our children are not healthy eating those unhealthy foods day after day. Our 8 year old child seems 5 years old...'*

Mrs R., a 35-year-old domestic worker, has a sick husband. As a result she is the sole income earner but she earns only BDT 2,700 per month, of which BDT 1,500 is spent on food.

‘When my husband was active, I would cook two/three times a day. But he has been lying idle at home after being paralyzed for the last 2 years. It’s too difficult for me to run my family in a decent way. We can eat 1 or 2 meals a day. My children cry for food. Sometimes I borrow from my neighbours... We have to give food to our children ignoring our own meal. I never took loan from others before but now it has been a regular feature.’ While some households measure their improved status by their ability to buy *hilsha* fish, Mrs A. said *‘Hilsha is a far cry for the people like us and it is wrong to have a look at it. We just see them in the market but never can afford to buy them.’*

Most respondents spend about 50–70 per cent of their household budgets on food. Table 1 provides an example for a household with two income earners, with a combined monthly income of BDT 14,200. ⁶

Table 1: Mrs H’s monthly food expenditure

Ingredient	Amount	BDT
Rice	50kg	2,200
Lentil	2kg	220
Sugar	1kg	48
Onion	3kg	225
Garlic	500g	56
Ginger	-----	20
Soya bean	3l	360
Kerosene	7l	560
Salt	1kg	24
Chilli powder	250g	50
Turmeric	100g	20
Milk	250g (20 days/month)	360
Daily green grocery	BDT 80/day on average	2,400
Total expense for food per month		6,543 (approx.)

While there are some signs of improved living conditions in Kalyanpur (although not for everyone), this is not the case in Khulna, where the area is still suffering from the impact of Cyclone Aila. The resultant salinity severely affected rice production and has contributed, according to respondents, to increased rice prices. Mrs B., a 30-year-old participant in a focus group with housewives, stated: *'If our local rice production is possible then every household could at least manage their basic food. Otherwise, we have to buy from other areas. Therefore, the price is increasing day by day. Another reason is transportation and labour cost. For this, mohajans [wholesalers] claim more prices.'*

Compared with Kalyanpur, a greater proportion of total expenditure in Khulna is spent on food, making these households yet more vulnerable: many households state that at least 70 per cent of total expenditure goes on food. Unlike Kalyanpur, there are limited work opportunities: agricultural labour has decreased since the drop in rice production, and there are relatively few other options. A number of men work in the forest, but this is dangerous work and many prefer not to go there. The main option for men is to migrate. In a focus group with men, Mr S., a 54-year-old day labourer, noted that: *'Most of the people of our village work in agri-fields as daily wagers. However, they leave for other places and work as labourers because they cannot work in agri-fields all the year round in their locality. The number of this type of male persons covers 90 per cent. It happens because the crop is cultivated in our area once in a year. For this reason, the male members live in their locality for 3 months and stay outside of their village for nine months ... women in the area are engaged in very less economic earning. Most of the women do the household chores. But women in the families where there is not any male member for earning or the widows usually work as daily wagers in their local area.'*

The limited income opportunities, combined with lack of rice production in the Khulna area (as a result of the cyclone) and increasing food prices, have resulted in a deterioration in household nutrition. Participants in a female focus group stated that: *'90 per cent of the population in their area are poorer who actually live with hands to mouth. They cannot afford nutritious food. Therefore they are weak, having sight problem and suffering from gastric [problems]... Women are suffering more due to malnutrition and headache, weakness, low sight at evening.'* One participant added that: *'women in this village eat only rice or starving sometimes because if there is any better food available they give it to their husbands or children.'*

This theme of weakness and ill-health from lack of adequate nutrition was repeated by a number of the Khulna respondents. Members of a male focus group noted the efforts of an NGO to promote increased homestead production of vegetables which could grow in saline conditions. This was all very well, but:

'How long can you take ridged gourd, sponge gourd? We need plenty of nutrition for our body. Eating only sponge gourd and snake gourd cannot provide sufficient amount of nutrition to the body. Due to the lack of nutrition, we do not get energy in our body. We cannot work now as long

as we used to before. Very frequently we catch cold, fever, have pressure problems and mucous diarrhoea. As a result, we work less and sometimes we need to see doctor for medicine. Hence, expense of money again.'

Mr G., a 70-year-old man, stated that: *'male members face no problems in eating less or, starving. They have got habituated to that. But, the female members and the children suffer. For example, they can't afford eating milk, eggs, and fruits and for this the females feel dizzy, become weak, suffer from headache, face problems during their normal delivery. The female folks eat less to give more to feed the male members more.'*

These struggles affect health, relationships and family finances. Mr I., a 21-year-old migrant labourer, said: *'We feel nervous while going to market. Suppose, I am thinking I'll buy some fish from the market today, but when I arrive [at] the market I find the prices of fish and other commodities are too high. Then I feel mentally weak. I buy less. ... Moreover, I buy things from shops on credit ... Last year, the credit amount used to be around BDT 2,500 per month while it's BDT 3,000–3,500 per month this year. When the credit amount goes high the shopkeeper keeps forcing for money. This is an extra tension.'*

Lack of household finance has also forced some families to take their children out of school. One respondent stated that the government had sanctioned a stipend of BDT 100 to encourage school attendance, but with incomes squeezed and prices rising, families were more inclined to spend the stipend money on food. Respondents suggested it would be better to provide food in school to encourage attendance, rather than the cash stipend.

NOTES

¹ King, R., A. Kelbert, N. Chisholm and N Hossain., 'Help Yourself! Food Rights and Responsibilities: Year 2 findings from Life in a Time of Food Price Volatility', Oxfam International: Oxford, <http://www.oxfam.org.uk/helpyourself> (last accessed 22 July 2014).

² Strikes.

³ Male nominal rural wage rates approximately doubled between 2005 and 2010; in real terms there was an increase of 45 per cent if the general CPI is used as a deflator, and about 19 per cent if wages are deflated by coarse rice prices. However, male urban real wages increased by just 10 per cent over the same time period if the general CPI is applied, and fell by 13 per cent if deflated by the basic needs price index (IFPRI, 2013b).

⁴ This compares with overall rates for South Asia of 32 per cent and 38 per cent respectively, and rates for Least Developed Countries of 23 per cent and 37 per cent respectively (UNICEF 2014).

⁵ Armed bandits.

⁶ Approx. \$183, or £107.

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