

Food Price Inflation in Bangladesh:

Can Minimum Wage Workers Survive?

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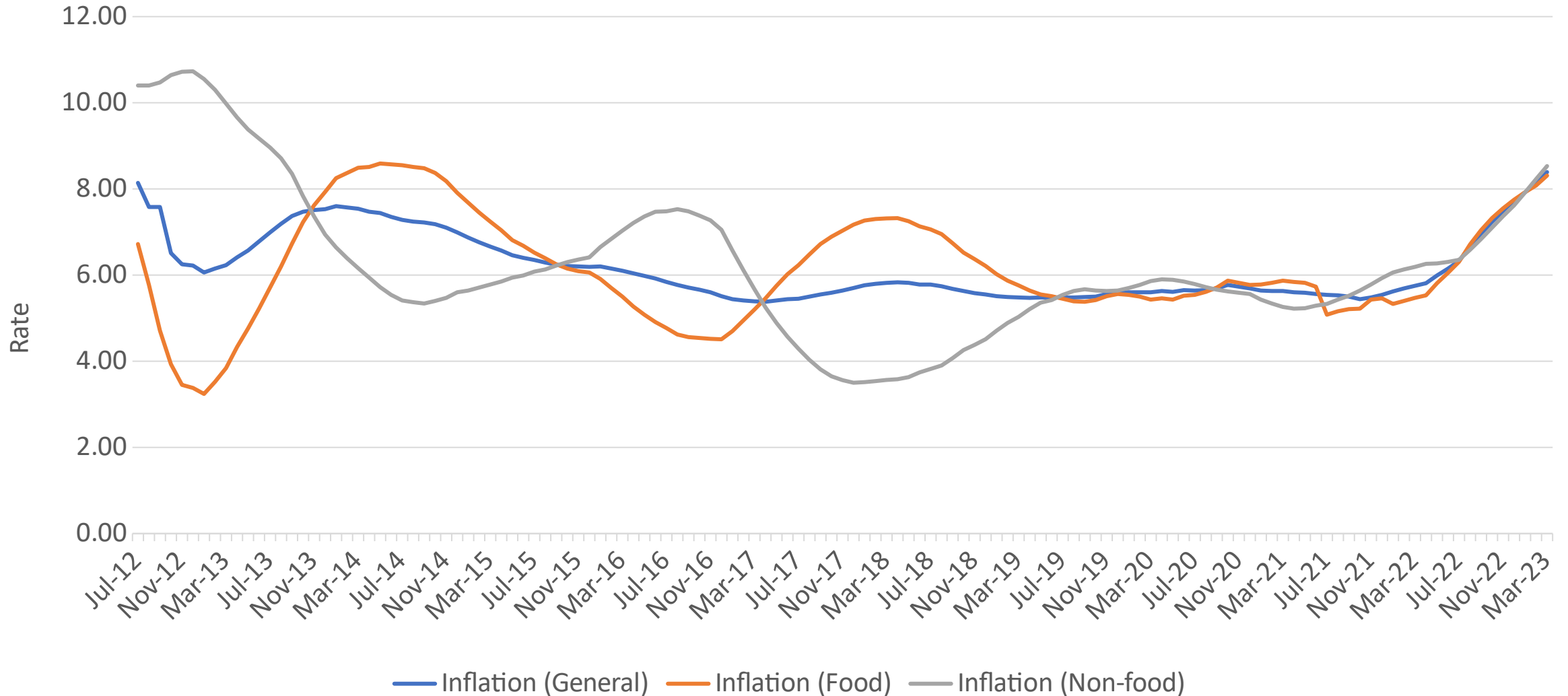


Acknowledgements

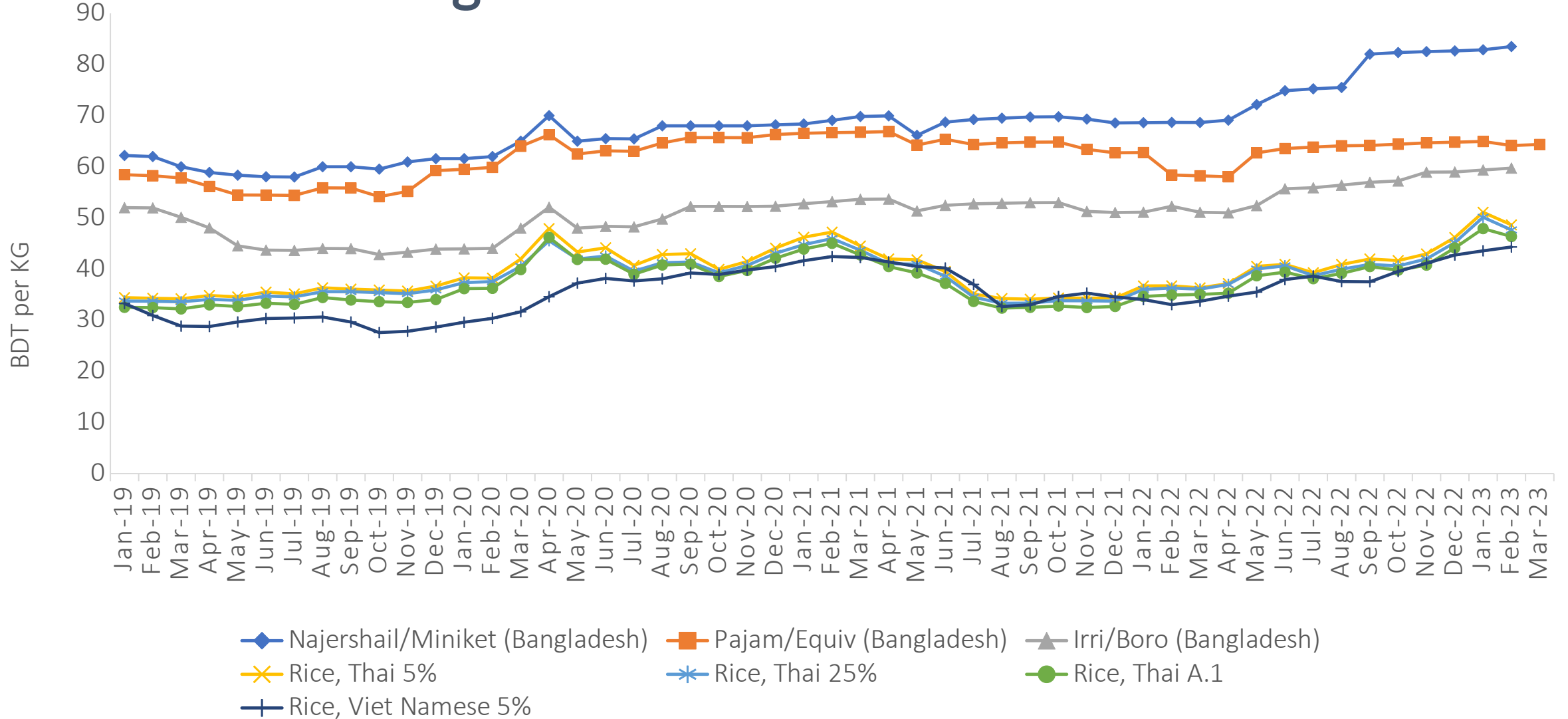
- This research was conducted at the Centre for Policy Dialogue (CPD), Bangladesh by
 - ***Dr Fahmida Khatun***, Executive Director, CPD,
 - and ***Mr Syed Yusuf Saadat***, Research Fellow, CPD.
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 - and Ms Zazeeba Waziha Saleh, Research Intern, CPD.

Rationale and objective

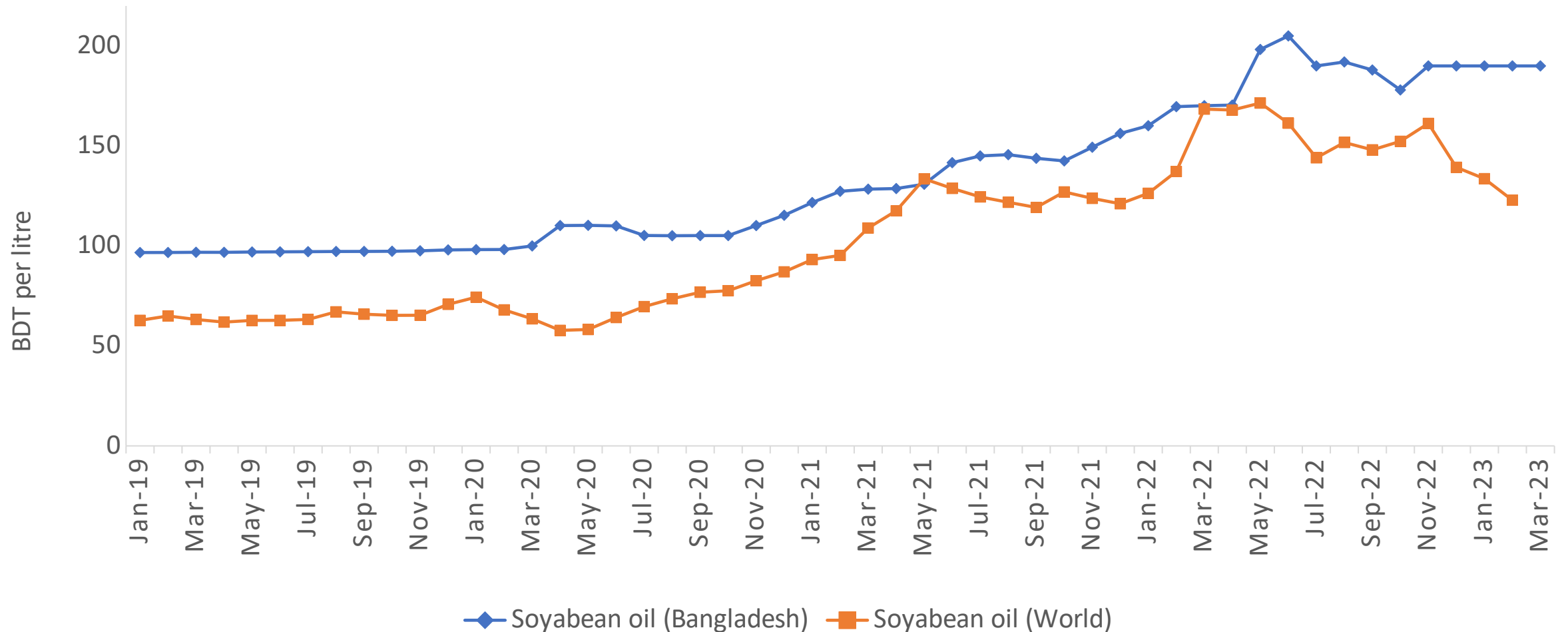
CPI inflation trends hide the rapidly rising prices



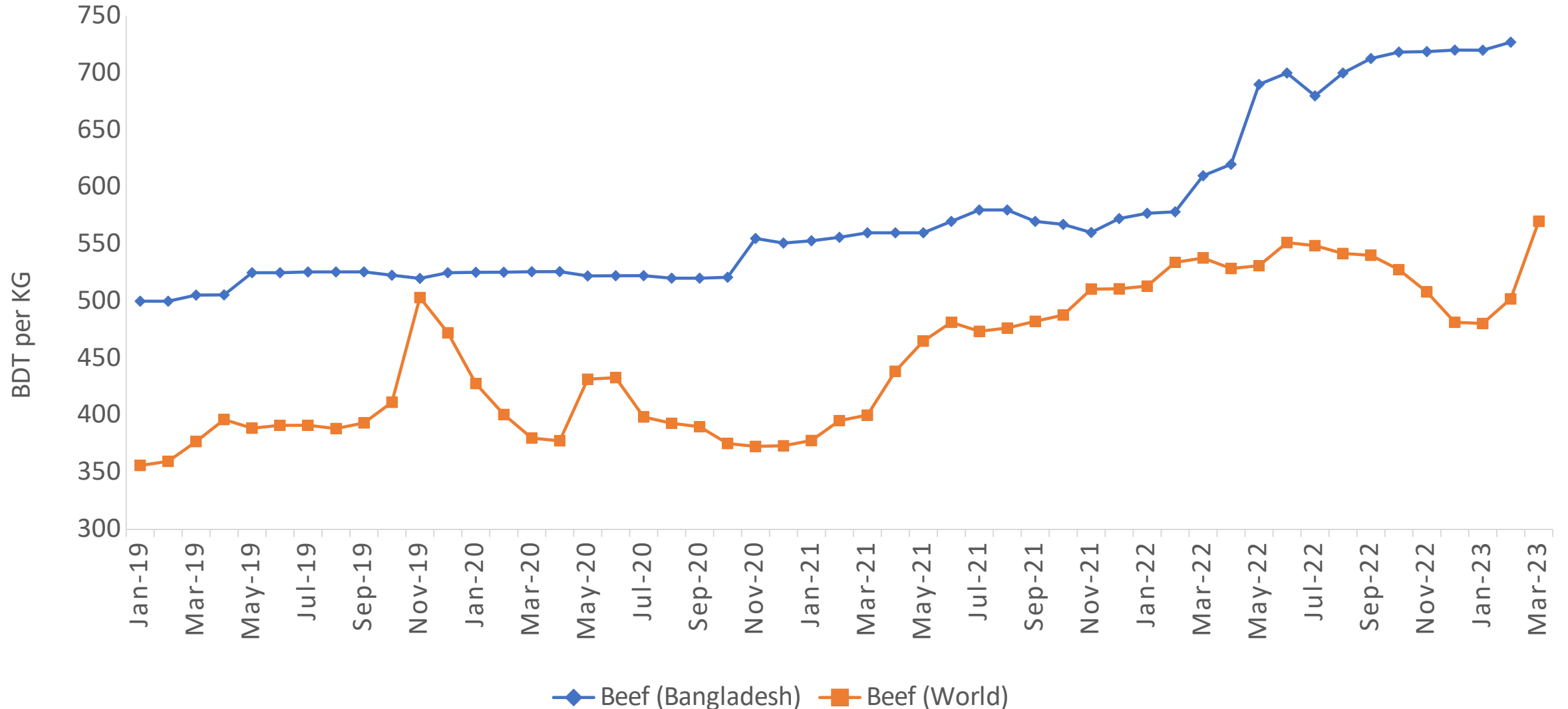
Price of rice in Bangladesh and international markets



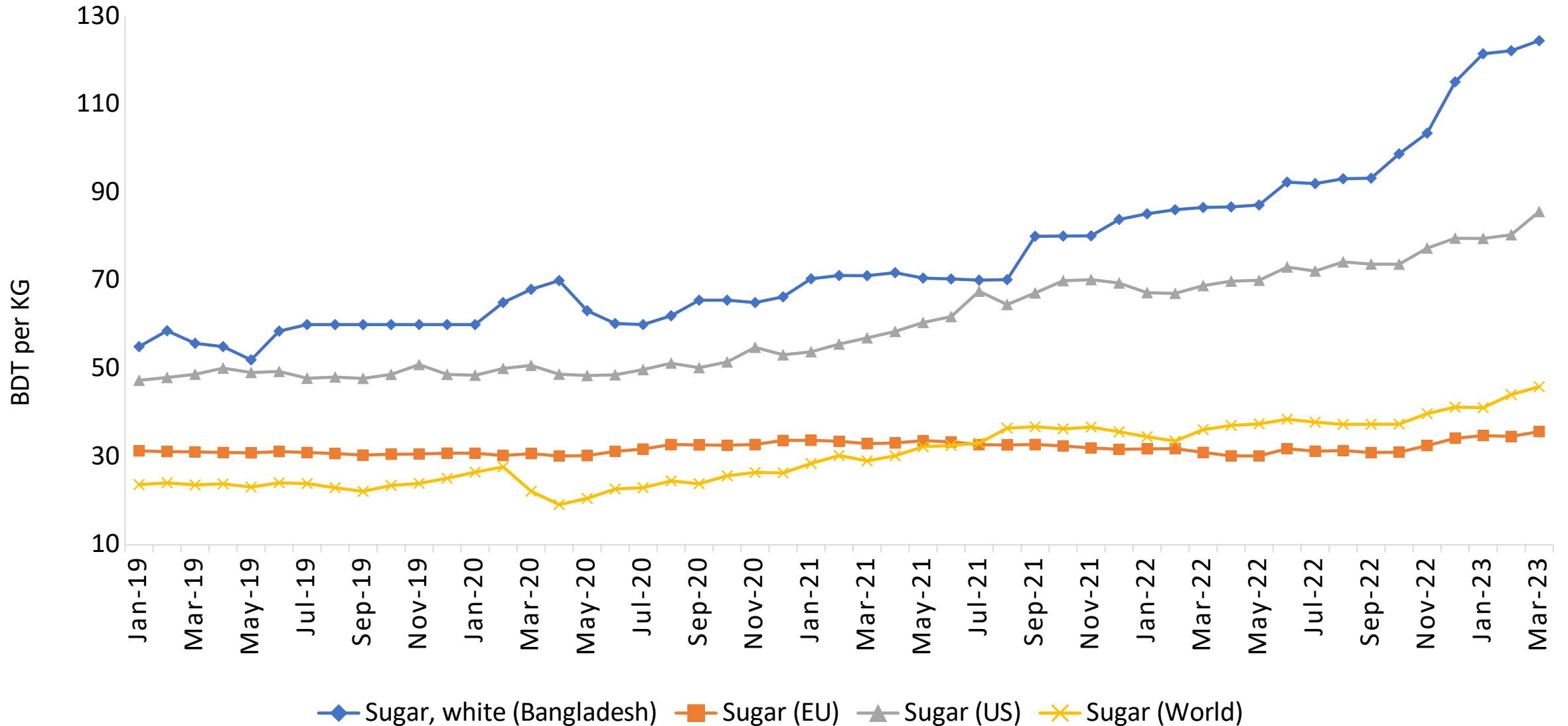
Price of soyabean oil in Bangladesh and international markets



Price of beef in Bangladesh and international markets



Price of sugar in Bangladesh and international markets



Soaring food prices and stagnating wages

- The price of essential food items in Bangladesh has been increasing exponentially for the past few years
- At the same time, wages of most workers are stagnant or increasing too slowly to prevent fall in real income
- **The general people of Bangladesh are going through a period of serious *struggle* and *compromise* due to the high price of food**
- The objective of this research is to investigate *whether workers earning minimum wages in Bangladesh can afford food for their families*

Methods

Data sources

- Data on minimum wages of workers is collected from the Minimum Wage Board of Bangladesh
 - Board mandated wage refers to the wage set by the minimum wage board
- Data on prices of food items is collected from the Trading Corporation of Bangladesh which provides highest and lowest daily retail prices of food items in Dhaka city
 - The average price of food items is used and is calculated as the average of the highest and lowest price
- Data on daily food consumption is collected from the Bangladesh Urban Socioeconomic Assessment Survey

Regular vs. compromised diets

- We assume that a regular diet consists of: Pijam rice, loose aata (unprocessed flour), loose soybean oil, big Moshuri daal (lentils), local onion, local garlic, dried chillies, tumeric powder, ginger, Rui fish, beef, mutton, broiler chicken, (Marks; cheapest brand) milk powder, sugar, eggs, and salt
- We assume that a compromised diet consists of all items in the regular diet except Rui fish, beef, mutton, and broiler chicken
- These diet definitions are based on the typical Bangladeshi diet and also partly driven by data availability

Assumptions and limitations

- We assume that each month has 30 days
- We assume that each household consists of 4 individuals
- We assume that there is only one earning member in each household
- We assume that each individual consumes the average amount of each food item, as per the Bangladesh Urban Socioeconomic Assessment Survey

Results

Ability to afford monthly cost of food

Name of Industry	Board Mandated Minimum Wage (in BDT)	Compromised Diet BDT 7,249 16 Oct 2023	Regular Diet BDT 23,013 16 Oct 2023
Type Foundry	2,347	×	×
Petrol Pump	3,321	×	×
Herbal Medicine Factory	6,564	×	×
Iron Foundry and Engineering Workshop	6,309	×	×
Tea Garden	8,143	✓	×
Oil Mills and Vegetable Products	11,240	✓	×
Printing Press	8,150	✓	×
Homioopathy Factory	11,214	✓	×
Cold Storage	8,251	×	×
Unskilled adult workers and juvenile workers employed in all privately owned low-income organisations in Bangladesh, except those engaged in agricultural and domestic work	4,163	×	×
Private Jute Mills	8,000	✓	×
Rubber Industries	12,596	✓	×

Ability to afford monthly cost of food

Name of Industry	Board Mandated Minimum Wage (in BDT)	Compromised Diet BDT 7,249 16 Oct 2023	Regular Diet BDT 23,013 16 Oct 2023
Cinema Hall	3,409	X	X
Match-stick Industry	6,104	X	X
Jute Press	6,187	X	X
Saw Mills	17,900	✓	X
Shrimp	5,616	X	X
Fishing and Trawler Boat Industry	8,504	✓	X
Hotels and Restaurants	4,304	X	X
Hosiery	5,479	X	X
Soap and Cosmetics	6,496	X	X
Pharmaceuticals	9,293	✓	X
Tea Packaging	8,240	X	X
Ship Breaking	17,724	✓	X
Tannery	14,309	✓	X
Tailoring Factory	5,497	X	X
Cotton Textile Industries	6,486	X	X

Ability to afford monthly cost of food

Name of Industry	Board Mandated Minimum Wage (in BDT)	Compromised Diet BDT 7,249 16 Oct 2023	Regular Diet BDT 23,013 16 Oct 2023
Bakery, Biscuit and Confectionary	6,716	✗	✗
Automobile Workshop	6,673	✗	✗
Aluminium and Enamel	9,778	✓	✗
Garments	8,884	✓	✗
Glass And Silicate	9,288	✓	✗
Plastic	8,513	✓	✗
Re-rolling Mills	11,255	✓	✗
Private Road Vehicles	10,766	✓	✗
Rice Mills	8,287	✓	✗
Leather and Footwear Factory	7,459	✗	✗
Construction and Timber	16,830	✓	✗
Security Service	14,740	✓	✗

Number of industries (out of 39) where minimum wage workers can afford food

Year	Can afford average price of compromised diet	Can afford average price of regular diet
2019	28	2
2020	28	1
2021	28	1
2022	23	0
2023	21	0

Implications and Recommendations

Implications

- High inflation is directly threatening the food security of workers earning a minimum wage
- **Workers earning minimum wage in any industry cannot afford a regular diet**
- Workers earning minimum wage in several industries cannot even afford a compromised diet
- In most industries, minimum wage is so low that even if two individuals earn minimum wage in a household, they still cannot afford a regular diet for their family
- Hence, it is urgent to revisit and revise the minimum wages of workers in all industries immediately

Policy recommendations

- The role of the Bangladesh Competition Commission needs to be strengthened, particularly in the case of the essential consumer goods market.
 - The Commission should develop a database, regularly monitor the dominant market players' operations, examine the market control and manipulation (if any), and take proper measures.
- **The Bangladesh Competition Commission should adopt a strong stance against cartels and a zero tolerance policy towards collusive practices.**
- The Competition Act 2012 should be revised to directly address monopolies and include specific anti-trust clauses, along with concrete penalties for violators.
- **The Minimum Wage Board should consider increasing the minimum wages in all industries** so that workers earning minimum wages may be able to at least afford basic food.

Thank you