Understanding food poverty and food vulnerability situation

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There is no denying the fact that over time, Bangladesh has performed quite impressively in terms of alleviating poverty.

Based on the upper poverty line, from as high as 56.7 per cent during the early 90s, headcount poverty gradually declined to 48.9 per cent in 2010 and then 24.3 per cent in 2016.

This reduction in headcount rates can be observed both in urban and rural areas with urban poverty having been reduced from 42.8 per cent in the early 90s to 18.6 per cent in 2016.

Similarly, rural poverty dropped from 58.8 per cent to 26.4 per cent in the corresponding years.

While understanding the poverty scenario of the country, we should however keep in mind that households of a lower income strata spend more on food than on non-food items.

According to the 2016 Household Income and Expenditure Survey of Bangladesh, households at the bottom 5 per cent of the distribution spend 62.5 per cent of their expenses on food while food consumption constitutes only about 33.7 per cent of expenditure for those at the top 5 percent. It is therefore crucial to analyse food poverty separately from overall poverty.

Food poverty can be defined as a situation where a household cannot afford the minimum resources necessary to have a nutritionally sufficient diet on a daily basis.

In the context of Bangladesh, food poverty is conventionally calculated on the basis of the cost of consumption of a certain bundle of food items which meets the bare necessity of daily nutrition of 2,122 calories per person.

Based on such a food poverty line, as much as 35.49 per cent of households are found to be food poor with rural food poverty being 38.25 per cent and the corresponding figure for urban dwellers being 29.17 per cent.

Therefore, more than one-third households are unable to meet even the minimum daily caloric requirement and among these households, 11.07 per cent are found to be chronically food poor.

This implies that even in the absence of any shock or unforeseeable event, these households will not be able to upgrade themselves from food poverty and will remain food poor in the near future.

On the other hand, the remaining 24.42 per cent of households are transient food poor who, with favorable circumstances, might soon be able to graduate from food poverty.

Such high food poverty in contrast with the commendable performance of overall poverty reduction primarily indicates that poverty reduction in Bangladesh has been driven by the increase in non-food expenditures.

With the poorer households spending greater amounts on nourishment, the food poverty scenario could be worse than overall poverty.

STAR/FILE

Women from the low-income strata wait for relief amid economic hardships brought on by the pandemic. Food poverty can be defined as a situation where a household cannot afford the minimum resources necessary to have a nutritionally sufficient diet on a daily basis.

The 2019 Urban Socioeconomic Assessment Survey by the Bangladesh Bureau of Statistics also revealed a similar scenario where 21.25 per cent of urban households reported that they did not have enough food while 11.51 per cent said that they simply had no food in the house whatsoever.

While examining food poverty, it must however be kept in mind that the traditional poverty measure, which is an ex-post concept, might not be a comprehensive estimate for long-term welfare in households.

In this connection, vulnerability to food poverty captures the probability that, due to the presence of shocks, uncertainty or other unforeseen events, the food consumption of any household will lie below the predetermined food poverty threshold in the near future.

Amid the ongoing Covid-19 pandemic in particular, such an ex-ante concept can be considered as a crucial policy tool for analysing the state of welfare of households, especially at the bottom of the distribution.

In this connection, with the help of a vulnerability index, it can be shown that, in the presence of an economic shock like Covid-19, in addition to the existing food poor households, another 9.03 per cent of the previously food non-poor might find themselves unable to meet the minimum nutritional requirement.

Besides, around a quarter of households can be considered highly food vulnerable and according to our index of vulnerability, in normal circumstances, these households would be unable to get out of food poverty in the near future.

Based on such an analysis, certain household demographics, such as the presence of children and elderly members, not only increases the incidence of food poverty but also introduces a greater degree of food vulnerability.

In addition, employment status has also been found to play a crucial role in this regard. For example, those who are daily labourers or self-employed are found to be highly food vulnerable compared to those who are employers or employees.

With poor households spending a much larger amount of their income on food items compared to their expenditures on non-food items, especially in developing countries, it is often more appropriate to look at food poverty instead of general poverty.

Our food vulnerability analysis in this connection further emphasises the importance of incorporating the new food poor into related government programs.

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Third Dano milk powder brand offers 'double the nutrients'

STAR BUSINESS DESK

Danish dairy giant Arla Foods has launched a third brand of powdered milk targeting middle-income people, saying it would enable meeting vitamin and calcium needs.

Dano Growth Shakti is said to be fortified with double the vitamin D, calcium, minerals, protein and milk fat to enhance its taste.

Its market arrival coincides with mothers in the country having become overly cautious about the nutritional needs of their growing kids.

Dano Growth Shakti's 500gm packets are priced at Tk 280, falling midway that of the two existing products which have a ubiquitous market presence.

Dano Power of the same quantity is priced at Tk 300 while Dano Daily Pushti Tk 230.

"Before launching the product, Arla's nutritionists and food scientists carried out a one-year long research in a lab in Denmark to ensure proper nutrition for Bangladeshi consumers," said Galib Bin Mohammad, head of marketing at Arla Foods Bangladesh.

"The product is priced within the reach of mass people and we are very hopeful it will meet consumers' nutrition and taste," he added.

Like the other two of Arla's products, Dano Growth Shakti is also produced in Denmark and packaged at its factory in Gazipur. The factory employs over 200 people.

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Sanofi employees demand benefits before share sell-off

STAR BUSINESS REPORT

Sanofi Bangladesh's workers-employees' association has demanded that the multinational company provide the staff with their earned benefits before handing over shares of its Bangladesh unit to another company.

"Employees of all levels of Sanofi Bangladesh have been articulating their logical demands to the local and global management of Sanofi," said, Sanjib Kumar Chakraborty, general secretary of the association.

He was addressing a press conference at the Economic Reporters' Forum in the capital's Paltan yesterday, when the association also demanded protecting the future and upholding the reasonable rights of about 1,000 employees working in Sanofi Bangladesh.

He said the management was yet to ensure their earned benefits despite giving assurances

to provide it all.

"We are in doubt whether we will get the benefit or not," he said.

He further said they did not know whether they would be able to retain their jobs once Sanofi lets go of its share.

However, he did not disclose the identity of the entity which they said would acquire the 55 per cent stake of Sanofi.

"We formed a trade union under the provisions of the Bangladesh Labour Act 2006 and Bangladesh Labour Rules 2015 under the Ministry of Labour," he said.

Ever since the share sale announcement was made on October 14, 2019, employees have been voicing their demands.

Meanwhile, all employees have been working tirelessly and sincerely for the past 15 months to keep the company's business running as usual, Chakraborty added.

Md Nurujjaman Raju, president of the association, said they would launch tougher movements if the benefits were not provided in due time.

"We have put in our effort to establish the reputation of the company and ensure quality of the products," he said.

GLOBAL BUSINESS

UK economy hits reverse on virus curbs

AFP, *London*

Britain's economy slumped 2.6 per cent in November on coronavirus restrictions, official data showed Friday, stoking fears that the current virus lockdown could spark a double-dip recession.

Gross domestic product hit reverse after 0.6-per cent growth in October, the Office for National Statistics said in a statement, adding the economy was 8.5 per cent smaller than its pre-pandemic level in February.

England was placed in partial lockdown in November as the government raced to curb spiking Covid-19 infections, while there were also restrictions in Wales, Scotland and Northern Ireland. Curbs were then eased in the run-up to Christmas. "The economy took a hit from restrictions put in place to contain the pandemic during November," said Darren Morgan, ONS director for economic statistics.

"However, many businesses adjusted to the new working conditions during the pandemic, such as widespread use of click-and-collect as well as the move online. "Manufacturing and construction generally continued to operate, while schools also stayed open, meaning the impact on the economy was significantly

REUTERS/FILE

A man looks towards skyscrapers of the City of London financial district as he crosses Waterloo Bridge amid the coronavirus disease pandemic in London.

smaller in November than during the first lockdown. "The downturn also came ahead of Britain's final divorce from the European Union at the end of December when it formally left the EU's single market and customs union.

England and Scotland went back into a weeks-long lockdown this month, similar to the first national coronavirus curbs in place from March to June, as the UK government sought to halt a variant Covid-19 strain that is said to be more transmissible.

Economists warn that current restrictions could spark a double-dip recession, after the economy slumped into a historic downturn last year on the back of the initial strict lockdown. "With lockdowns across the UK back in place and set to last until at least mid-February... the economy will have a challenging start to 2021 and will experience clear contraction in the first quarter," EY economist Howard Archer said. "The forecast is for a first quarter decline in GDP in the region of 3.0-4.0 per cent quarter-on-quarter. This would result in a double dip recession," he added.

British finance minister Rishi Sunak meanwhile echoed his remarks from last week when he declared that the economy would worsen before any recovery takes hold.Sunak also expressed optimism due to the rollout of vaccines and the government's virus stimulus policies, including its furlough jobs support scheme that pays the bulk of private sector wages until April.

"It's clear things will get harder before they get better and today's (GDP) figures highlight the scale of the challenge we face," Sunak said on Friday. "But there are reasons to be hopeful -- our vaccine rollout is well underway and through our Plan for Jobs we're creating new opportunities for those most in need. "With this support, and the resilience and enterprise of the British people, we will get through this. "Britain has been the European nation worst hit by the devastating pandemic with a death toll of more than 86,000.The government is pinning its hopes on a mass vaccination drive, which has so far seen around three million people inoculated.

RBI may propose stricter rules for shadow banks

REUTERS, *New Delhi/Mumbai*

The Reserve Bank of India is likely to propose stricter regulatory norms for shadow banks in a bid to strengthen solvency and sustainability of a sector that has been showing signs of stress in recent years, two sources said.

RBI began trying to move towards tighter norms for the sector after Infrastructure Leasing & Financial Services, the largest NBFC, went bankrupt in 2018, and Dewan Housing Finance Corp and Altico Capital defaulted on payments in 2019.

The RBI is expected to set out its proposals in a discussion paper next week and recommend that bigger non-banking finance companies (NBFCs), or shadow banks, maintain a statutory liquidity ratio (SLR), the sources said.

Neither officials wished to be named as the discussions on the proposals have not been made public.

Currently, banks are mandated to maintain SLR or the minimum percentage of deposits that they must hold in the form of liquid cash, gold or government securities at 18 per cent.

The RBI could also suggest large NBFCs be required maintain a cash reserve ratio. CRR currently stands at 3 per cent, below the usual 4 per cent level, after a temporary reduction by RBI due to the ongoing pandemic that will be reversed after March 31.

"As a security, to ensure sustainability and also to ensure liquidity for NBFCs, SLR and other steps, like CRR are being contemplated," one of the officials said.

The move could be a huge cash drain for the sector which is currently free from maintaining these reserve ratios, which allows them to give loans to sub prime lenders as well.

The proposal, however, is expected to recommend a phased implementation of the reserve ratios, ensuring NBFCs are given time to adhere to the norms, the official said.

"Cost of compliance to rules and regulations should be perceived as an investment as any inadequacy in this regard will prove to be detrimental," RBI Governor Shaktikanta Das said in a speech on Saturday referring to increased regulation in recent years for banks and shadow banks.

REUTERS/FILE

A Reserve Bank of India logo is seen at the gate of its office in New Delhi.