

‘Inflationary pressure higher than what official figure suggests’

Hossain Zillur Rahman, executive chairman of the Power and Participation Research Centre (PPRC), talks about inflation and the discrepancy between official and real data in a conversation with Eresh Omar Jamal of The Daily Star.

Bangladeshi consumers have been facing inflationary pressure for months now. Yet, some experts suggest that, in reality, inflation is even higher than the official figure. What is your take on it?

There are very plausible reasons why real inflation may be higher than the official figure. Prices have been rising faster in recent months, but if we look at the price of rice, for example, it has remained high throughout the Covid pandemic. So yes, the recent inflation is substantial, but the trend of rising prices has been there for some time. The official inflation figure is around five or six percent, whereas the inflation rate suggested by analysts such as Sanem after actual fieldwork is around 11-12 percent. The discrepancy exists not because the officials are looking at one reality and the experts are looking at another—there is only one reality. The issue here is the method of calculation.

The official approach to calculation has two major drawbacks. One is the use of outdated baseline. Despite the availability of the recent baseline of the 2015-16 Household Income and Expenditure Survey (HIES), the official calculation of inflation rate is still done using the baseline of 2005-06 HIES. The second issue is how accurately consumption baskets of the poor are being assessed, and how the corresponding weights in the calculation process are being set. Household expenditure on food is an important issue here. The official figure on the ratio of expenditure on food by the poor appears to be an underestimate. So, in a way, inflationary pressure, particularly on the poorer households, is more severe than what the official figure suggests. And this is clearly hurting the poor and even segments of the middle class, because incomes have not increased in line with such price hikes.

Why would the government use data from 2005-06 when more recent data is available?

At one level, this is a matter of bureaucratic inefficiency. But there is another angle, too. There is a tendency in the official circles—both the technical and the political components—to rely on data that presents a more benign picture for themselves. This problem of data hesitancy—not using the government’s own data if it does not conform to a rosier picture than is actually the case—has become very pronounced in recent times. This results in the government not looking at the critical challenges that the data may be pointing to. It’s not just the data on inflation. Data on other critical areas—educational performance, healthcare cost burdens, employment—are neither being collected nor being released.

What are the main reasons behind the current inflation?

No comprehensive studies have been done to find the answer to this, unfortunately. But by connecting the dots, we can identify some very immediate factors and some medium-term factors. Inflation can happen when



▲
Hossain Zillur Rahman

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imperfections and misgovernance. I will also add that while discussing inflation, we also have to focus on non-food inflation. A PPRC-BIGD survey conducted last year brought out starkly how both food and non-food inflation were hurting the poor, a trend which has become worse this year.

control the market. Rather, the issue is how effectively it is prioritising market monitoring and designing adequate safety net interventions to minimise the sufferings of the millions of poor and the new poor.

On the question of safety net intervention, there is an additional problem. The government does not appear interested in seeing this as a national issue, but sees it narrowly from a bureaucratic and ruling party lens. They are reluctant to engage social actors in meaningful ways, particularly in the challenging task of listing. Last year, the government announced that it would give Tk 2,500 to five million people. Eventually, they could only cover up to 3.4 million—that, too, with many allegations of corruption in the listing. Finding out who needs support most urgently is not an impossible task. But the government has been very reluctant to involve social, non-governmental actors in the process beyond some token approaches. The issue is national, and the government needs to use all capacities available within the nation.

When prices in Bangladesh rise, often the external factors are blamed. Yet, when the international prices decline, we hardly see our consumers benefit from it. How do you explain the double standard?

There is, of course, a double standard at play here. International factors do play a part in the rise of costs. For example, the price of consumable oil has risen recently because it is almost all imported. But you are right. Once prices go up, they never come down in our country. And the issue here, again, is market monitoring. By market monitoring, I do not mean a group of bureaucrats going to the market every once in a while, with a bunch of television cameras for PR purposes. What we need are specialised cells following and scrutinising local and international prices, and then deciding where to intervene as necessary.

There is also a bit of psychology involved in regards to prices never coming down. Sometimes, people become accustomed to these new prices which, in the absence of proper government interventions, allow influential market players to exploit the consumers. Lack of necessary information being available to the consumers further allows for this exploitation. Consumers don’t know how much supply there really is, how much more the traders have stored in their warehouses, etc. But the government is supposed to monitor this on behalf of the consumers, share this information with the people, and use it to keep the prices down. That has not been happening, unfortunately.



North-West Power Generation Company Ltd
ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018 Certified
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Office of the Plant Manager (Superintending Engineer)
Sirajganj 225 MW Combined Cycle Power Plant (Unit-2)
Soydabad, Sirajganj.

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Date: 22/03/2022

e-Tender Notice

The following e-Tender is invited in the National e-GP System Portal (www.eprocure.gov.bd):

Sl. No.	Tender ID	Brief Description of Tender	Publication Date	Last Selling Date & Time	Opening Date
1	674639	Procurement of WTP Filters and Accessories and Related Service	20-Mar-2022	11-Apr-2022 15:00 PM	12-Apr-2022
2	675984	Supply of Cooling Tower Dosing Chemical for Water Treatment Plant under Framework Agreement.	22-Mar-2022	11-Apr-2022 15:00 PM	12-Apr-2022


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GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH
MINISTRY OF HEALTH & FAMILY WELFARE
HEALTH SERVICES DIVISION
CENTRAL MEDICAL STORES DEPOT
TEJGAON DHAKA-1208.




Corrigendum

IFT No.CMSD/HSM-2113/ICT/2021-2022/Proc.-4/37 dated 13/02/2022

Procurement of Blood Irradiator

The relevant portion of the Tender documents under above mentioned IFT no. is hereby amended. Please read as under :-

Tender Reference	Existing Entries	Amended Entries.
Section 2. Tender Data Sheet (TDS): ITT 36.1, ITT 42.2 & Row no. of IFT 9, 10 & 11.		
Tender Last Selling Date :	30/03/2022 (During Office hours)	06/04/2022 (During Office hours)
Tender submission date & time :	11: 00 Hours Bangladesh Standard Time (BST=GMT+ 6 hrs.) on 31/03/2022	11: 00 Hours Bangladesh Standard Time (BST=GMT+ 6 hrs.) on 07/04/2022
Tender Opening date & time :	11: 50 Hours Bangladesh Standard Time (BST=GMT+6 hrs.) on 31/03/2022	11: 30 Hours Bangladesh Standard Time (BST=GMT+6 hrs.) on 07/04/2022



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