



Review Paper

Fulfillment of fundamental rights among Bangladeshi people: does income and expenditure matter?

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Abstract

There are some viable progresses have been made by Bangladesh in the socio-economic sectors during the past few decades. But the profits of those progresses are unequally distributed over the countryside. The inequality in income has risen during the past few years. The expenditure and consumption of the countrymen has increased at higher rate than that of the income. This has an adverse effect on the fulfillment of the basic rights of the country's population. It is the constitutional obligation of the state to ensure fundamental rights of population. It is believed that this study will helpful for the policy makers in identifying the main causes of rise in the price of essential commodities in design effective programs in the concerning matter. Results of this study will facilitate policy-makers and respected authorities in taking proper and practical steps and developing feasible strategies to address the issue of fundamental rights of people in Bangladesh.

Keywords: Income, expenditure, consumption, fundamental rights, price hike.

Introduction

Ensuring fundamental rights to the population is the constitutional obligations of the state. However, the Bangladeshi population is still struggling in managing their basic needs. Bangladesh is a populous and geographically a poverty prone country in the world. However, the country has made some noteworthy progresses in the economic development and reduction in the poverty from the early 1980s. There are some visible progresses in some of the social and other development indicators over the last few years however, the reality is some away different. People especially with low income or marginalized are struggling to manage their livelihood as the expenditure grows faster than the income. The most important is the current price hike of essential commodities especially food prices since late 2007 food crisis.

Despite the impressive progress of the domestic agriculture sector in Bangladesh, the country is still struggles to cope up with food price hike situation. In 2008, most of the countries in the world have affected by a rapid shock of food and fuel price. The reasons of such food and fuel price crisis in 2008 are still not understood and persist an essential area of research¹⁻⁵.

Rise in the food prices might predictably grind down the purchasing power of households especially the households with limited income are losing equity along with efficiency standards⁶. Particular, rising food costs may restrain the spending of household for other needed goods and services, like health care⁷. It is evident that the rise in the price of food commodities has reduced the consumption of main foods as

well as increase in the expenditure that leads to destruction of the savings of consumers⁸. In such situation, the poorest/marginalized households are more vulnerable to economic shocks due to their limited coping capacity with their lack of savings and assets. At that time, households with limited income are likely to use their own coping strategies e.g. taking off children from school, taking loans with unfavourable or high-interest which can have undesirable effects on people's access to essential items like food, education, a safe environment etc. for their wellbeing.

When the income has increased at slower rate than that of expenditure, it brings miserable situations to the population of a country especially for poor and marginalized section. They are bound to sacrifice their different services more specifically the basic needs. They cut their food baskets and make a limitation to the various components of basic necessities like health, education, clothing or housing. Lower income and rising price of essential commodities make it difficult for the people to sound survival. However, the effects of income are typically have stronger influence on the consumption patterns of the population than effects of price⁹⁻¹¹.

In such situation, different strategies are employed by the households to manage the difficulties related to the financial hardship. Under these circumstances, it is needed to improve our understanding about effects of lower income than expenditure in fulfilling the basic needs of population. However, the scope of study at this ground is wide but the existing research is limited. Thus, humble efforts are put in this paper to

present the effects of lower income than the expenditure on the fundamental right to the life of population in Bangladesh.

Methodology

The data of this paper mainly collected from the Report on Household Income and Expenditure Survey (HIES) of Bangladesh of different years published by Bangladesh Bureau of Statistics¹²⁻¹⁴ (BBS). Various statistical reports, related research papers along with books and some national and international journal articles have also been used for this study. In this study, arithmetic growth model is used to calculate required rate of increase or decrease of different variables.

The arithmetic growth rate can be calculated by using the following mathematical equation:

$$P_l = P_b(1 + ry)$$

$$\Rightarrow r = \frac{1}{y} \left(\frac{P_l}{P_b} - 1 \right)$$

Where, P_l = Value of the launch year; P_b = Value of the base year; y = Number of years between launch year and base year; r = Rate of growth

Results and discussion

Average Monthly Income of the Household: The household income has increased during the 16 years as observed from Figure-1. However, Bangladesh in on the way to developing nations the real income was not increased at the satisfactory level. The average monthly household income was BDT 5842 in 2000 and it increased to BDT 15945 in 2016 with an increase rate of 10.8% per annum at national level. This figure at rural area has increase at a faster rate than that of the urban area. It is observed that the household monthly income has increased at 11.1% in rural area while it was 8.0% in urban area. Additionally, it is observed that during the last 16 years (i.e. from 2000 to 2016) the household income was increased at

faster rate between 2005 and 2010 than that of the other period at not only at the national level but also in the rural and urban level as well (Figure-1). Such increased was mainly occurred due to some prominent contributing factors like remittances, wide spread of social safety net programmes (SSNP), increased rural job opportunities, increased wage rates etc.

Average Monthly Expenditure of Household: Here the expenditure is different from the consumption where ‘consumption’ excludes lumpy expenditures like durable goods purchases and some other expenditures such as payment of tax, insurance, expenses of pilgrimage/hajj, marriage etc. but, ‘expenditure’ includes all those expenses¹². Like household monthly income, expenditure has also increased during the last 16 years but at a faster rate than that of income. The expenditure has increased from BDT 4886 to BDT 15715 between the period 2000 and 2016 with an annual rate of increase of 13.9% at national level. On the other hand, the increase rate of average monthly household expenditure was 14.5% and 10.5% per annum during the same period (i.e. 2000 to 2016) for the rural and urban area respectively (Figure-2).

Average Monthly Consumption of Household: Here the term ‘consumption’ excludes lumpy expenditures like durable goods purchases and some other expenditure such as payment of tax, insurance, expenses of pilgrimage/hajj, marriage, etc. Analysis shows that consumption has also increased since 2000 but the rate of increase was faster than that of the income and expenditure. It is observed that the average monthly household consumption has increased from BDT 4542 in 2000 to BDT 15420 in 2016 and the annual increase rate was 14.9% per year at national level. While in rural area it has increased from BDT 3879 in 2000 to BDT 13868 in 2016 with an increase rate of 16.1% per year and in urban area it has increased from BDT 7149 to BDT 19383 with an increase rate of 10.7% per year during the same period (Figure-3).

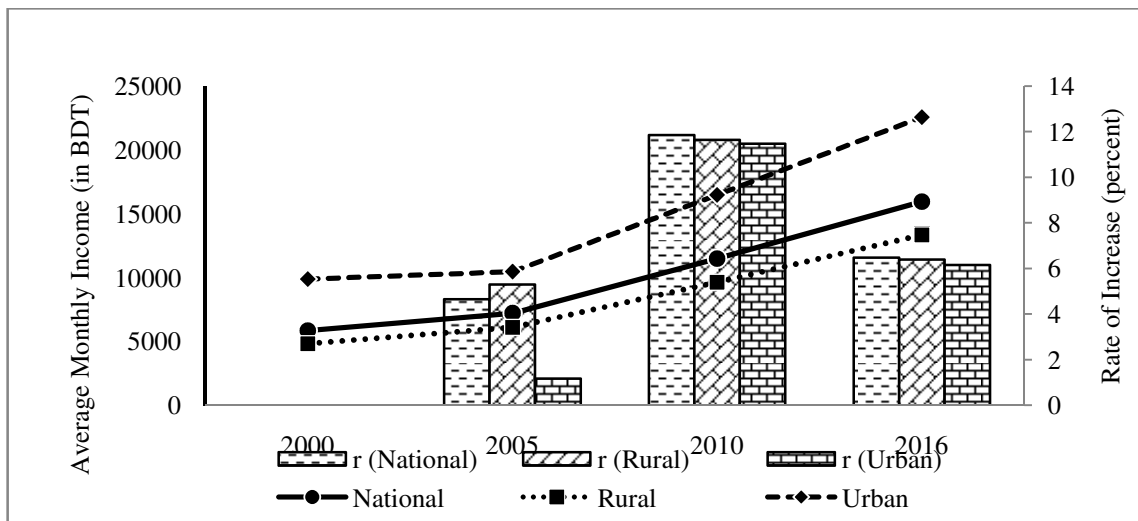


Figure-1: Average monthly household income (in BDT) and the rate of increase¹².

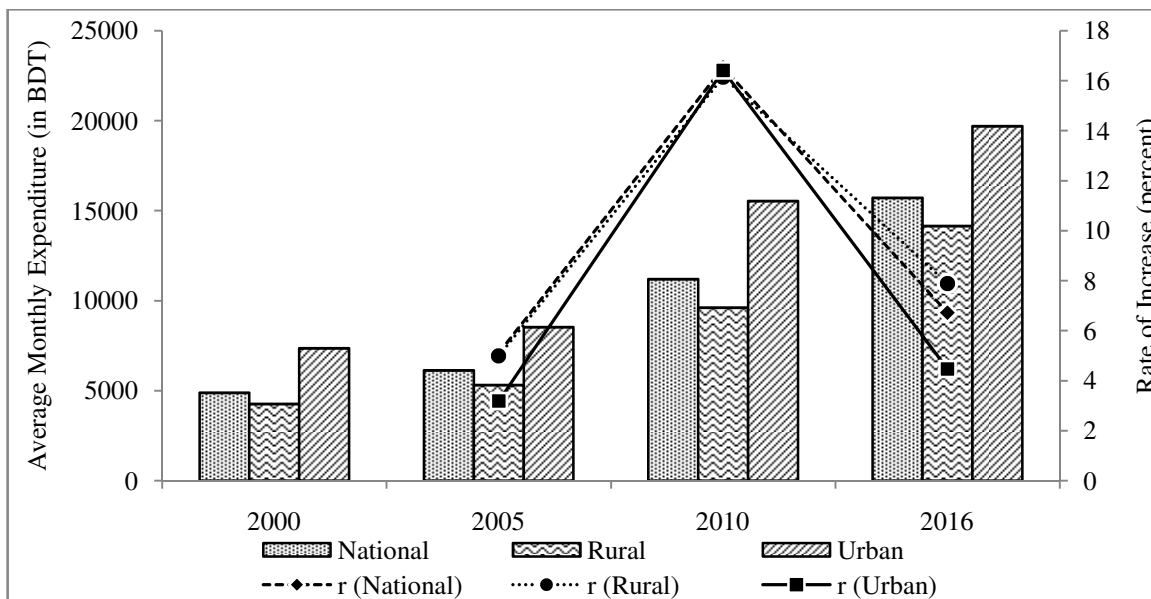


Figure-2: Average monthly household expenditure (in BDT) and the rate of increase¹².

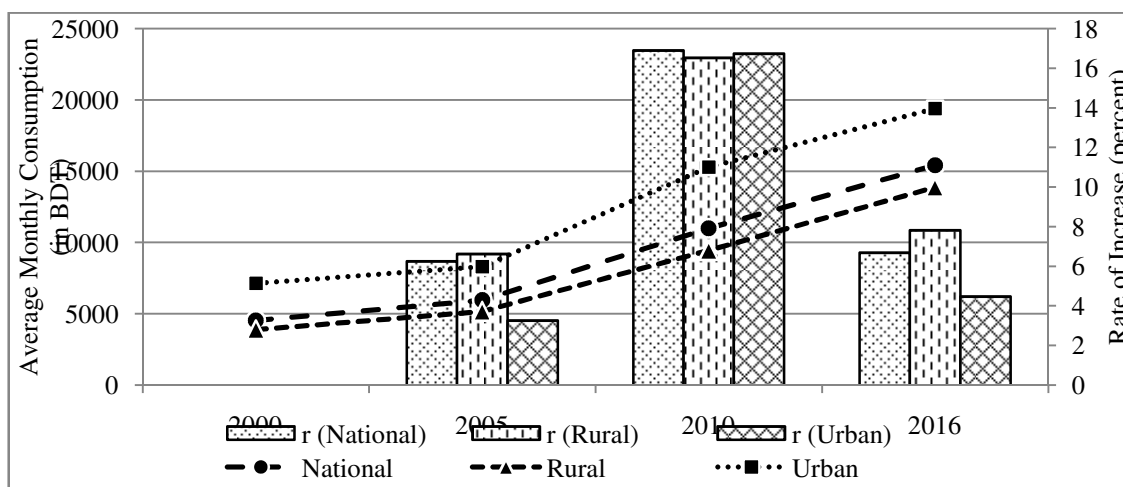


Figure-3: Average monthly household consumption (in BDT) and the rate of increase¹².

Household Consumption by Expenditure on Basic Needs:

People are facing difficulties in managing their livelihood with their lower income. It is found that at national level, the household consumption between 2000 and 2016 has decrease annually by 0.8% for food while increased by 0.8% for cloth and foot wear and 2.4% for housing during the same period (i.e. 2000 to 2016). The medical expense has increased by 3.1% during 2010 to 2016 while expense on education has decreased by 0.9% during the last six years (i.e. 2010 to 2016). Similar results have also found at urban area where expenses on food and education have decreased while expenses on cloth and foot wear, housing and medical have increased. While in rural area, all the expenses have increased except food and beverage (Table-1). These findings indicate that, the rise in the price of essential commodities makes it difficult for the people to fulfill their fundamental rights. Recent food price hike has bounded people to cut their food baskets both quantitatively and

qualitatively. People also drop their expenses on education to meet the other unavoidable needs like cloth, housing and medical.

Average Amount of Loan per household:

It is quite evident that, when income is limited as compared to expenditure and consumption people are in a difficult position to maintain their livelihood. They broke their saving and finally look for loan. Generally, when no income is coming in, people survive by taking loans from money lenders at high interest rates¹⁵. In such situation, people inter into the debt circle and almost unable to come out from that circle. It is found that the average amount of loan per reporting households has increased from BDT 28062 in 2010 to BDT 37743 in 2016 with an increase rate of 5.7% at national area. In rural area, this amount has raised from BDT 21804 to BDT 31332 with a rate of increase of 7.3% per year while it has increased from BDT 54122 to BDT 59728 and the

increase rate was 1.7% per year in urban area during the same time period (Figure-4). These results show the reality that as consumption and expenditure have increased at more accelerating pace than the income people are facing trouble to manage their livelihood and to do so they have engaged in the circle of debt.

Table-1: Household consumption by expenditure on basic needs and the rate of increase¹².

Year	Food and Beverage	r	Cloth and Foot Wear	R	Housing	r	Medical	r	Education	r
	National									
2000	54.6	-	6.3	-	9	-	NA	-	NA	-
2005	53.8	-0.3	5.5	-2.5	12.3	7.3	NA	-	NA	-
2010	54.8	0.4	5.0	-1.8	9.9	-3.9	3.8	-	5.7	-
2016	47.7	-2.2	7.1	7.0	12.4	4.2	4.5	3.1	5.4	-0.9
r	-0.8		0.8		2.4		3.1		-0.9	
Year	Rural									
	Food and Beverage	r	Cloth and Foot Wear	r	Housing	r	Medical	r	Education	r
2000	59.3	-	6.5	-	5.7	-	NA	-	NA	-
2005	58.4	-0.3	5.5	-3.1	9.8	14.4	NA	-	NA	-
2010	58.7	0.1	5.1	-1.5	7.3	-5.1	4.1	-	4.2	-
2016	50.5	-2.3	7.5	7.8	9.8	5.7	4.6	2.1	4.9	2.8
r	-0.9		1.0		4.5		2.1		2.8	
Year	Urban									
	Food and Beverage	r	Cloth and Foot Wear	r	Housing	r	Medical	r	Education	r
2000	44.6	-	5.7	-	16.1	-	NA	-	NA	-
2005	45.2	0.3	5.5	-0.7	16.8	0.9	NA	-	NA	-
2010	48.2	1.3	4.7	-2.9	14.4	-2.9	3.4	-	8.2	-
2016	42.6	-1.9	6.4	6.0	17.3	3.4	4.4	4.9	6.3	-3.9
r	-0.3		0.8		0.5		4.9		-3.9	

Note: r = Rate of Increase;

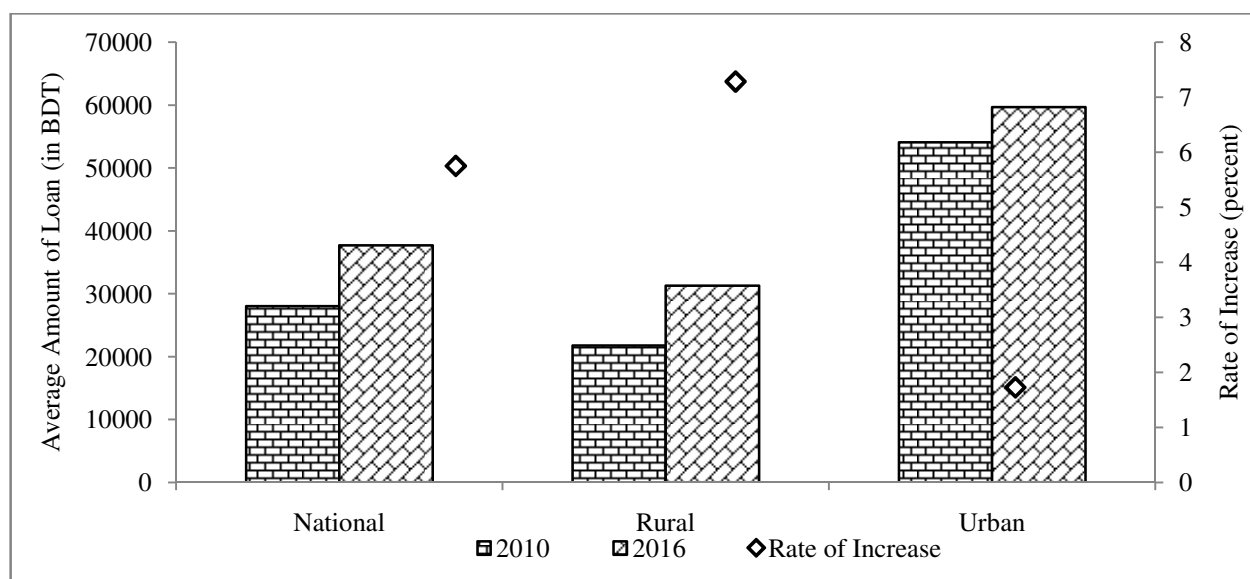


Figure-4: Average amount of loan per household (in BDT) and the rate of increase¹².

Conclusion

It is the constitutional obligation of the state is to ensure the fundamental rights of population. However, there is a change in ruling party since the independence of the country, the change the people's standard of living remaining elusive. The income inequality is on the rising trend¹². The rich are becoming richer and poor are becoming poorer. Despite several quantitative progresses in socio-economic sectors, qualitative progresses are still far away. It is quite evident that income inequality tends to widen as economies develop¹⁶. This study simple exerts the adverse effect of lower income than expenditure and consumption in fulfilling the fundamental rights of the population of Bangladesh.

The study shows that income, expenditure and consumption has increased over the few years but the rate of increase in income was slower than that of the expenditure and consumption. Hike in the price of essential commodities have resulted in such increase in the expenditure and consumption. People have employed their own strategies to cope the struggle situation in managing their livelihood. Additionally, the study also shows that food and education spending have declined due to the rising costs in cloth, housing and healthcare which may force the people to cut back their spending on food and education. It is also found from this study that the tendency of people to make loan has increased over the years. This is mainly due to their survival with a situation of rising prices of essential commodities.

Higher expenditure makes people especially for those in the low income group more crumbly and thoughtful for any increase in the future in essential commodities which might restrict their ability in providing their basic needs. Therefore, a government intervention policy is urgently needed in coping the market and especially by subsidizing the food prices of major food items as food policy mediations in order to justify on both equity and efficiency ground by considering the consumption of the poor. Economic strengthening programmes of the household including social protection and improved livelihood should be intended to capable households to earn necessary income to meet precise needs. It is need to develop the effective programming through well-planned sectoral approaches. Analysis from this study might bring a lot of helps to the policy makers to determine the main causes of price rise of indispensable commodities in design effective programs in the regarding matter. It is believed that the results will facilitate policy-makers and respected authorities to take well-timed and practical steps and develop effective approaches to address the issue of fundamental rights of people in Bangladesh.

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