

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

K. M. Mustafizur Rahman\*

*Department of Population Science, JatiyaKabi Kazi Nazrul Islam University, Trishal, Mymensingh, Bangladesh*  
nishan\_hrd@yahoo.com

## Abstract

**Objectives:** The study is to improve our understanding about effects of lower income than expenditure in fulfilling the fundamental rights of population in Bangladesh.

**Methods/Statistical analysis:** This study is based on the secondary data mainly collected from the Report on Household Income and Expenditure Survey (HIES) of Bangladesh of different years published by Bangladesh Bureau of Statistics. Arithmetic growth model is used to calculate required rate of increase or decrease of different variables for the various comparisons.

**Findings:** The study shows that income, expenditure and consumption has increased over the years but the income has increased at a slower rate than that of the expenditure and consumption. Price hike of essential commodities have resulted in such increase in the expenditure and consumption. When the expenditure has increased at faster rate than that of income, it brings miserable conditions 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. As a result, they are unable to fulfill their fundamental rights. It is believed that the results will facilitate policy-makers and respected authorities to take timely and viable steps and develop workable strategies to address the issue of fundamental rights of people in Bangladesh.

**Application/Improvements:** This study will help other researchers/policy makers to conduct more researches in this field which is still limited in the country.

**Keywords:** Fundamental rights, income, expenditure, consumption, price hike, Bangladesh

## 1. 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 growth and poverty reduction since 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, countries around the globe experienced a dramatic food and fuel price shock. The full implications of the 2008 food and fuel price crisis are yet to be fully understood and remain an important topic of research [1-5]. High food prices might inevitably erode the household's purchasing power, especially low-income households reducing equity and efficiency standards.

In [6] particular, high costs of food may curtail household spending for other essential goods and services, such as health care [7]. It is evident that the consumption quantities of major food commodities decrease due high prices and at the same time expenditure increases, which lead to erosion of some of the consumers' savings [8]. 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, poor households are likely to use coping strategies such as removing children from school, taking high-interest or unfavourable loans that can have negative effects on people's access to food, education, a safe environment, and items essential for their wellbeing. When the expenditure has increased at faster rate than that of income, it brings miserable conditions 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, income effects are typically found to have a much stronger impact on consumption patterns than price effects. In [9-11] such situation, households employ different strategies to cope with the associated 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.

## 2. Materials and Methods

This study is based on the data mainly collected from the Report on Household Income and Expenditure Survey (HIES) of Bangladesh of different years published by Bangladesh Bureau of Statistics [12-14] (BBS). Different statistical reports, relevant research papers, books and many national and international journals have also been reviewed for conducting this study. We have used arithmetic growth model 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;

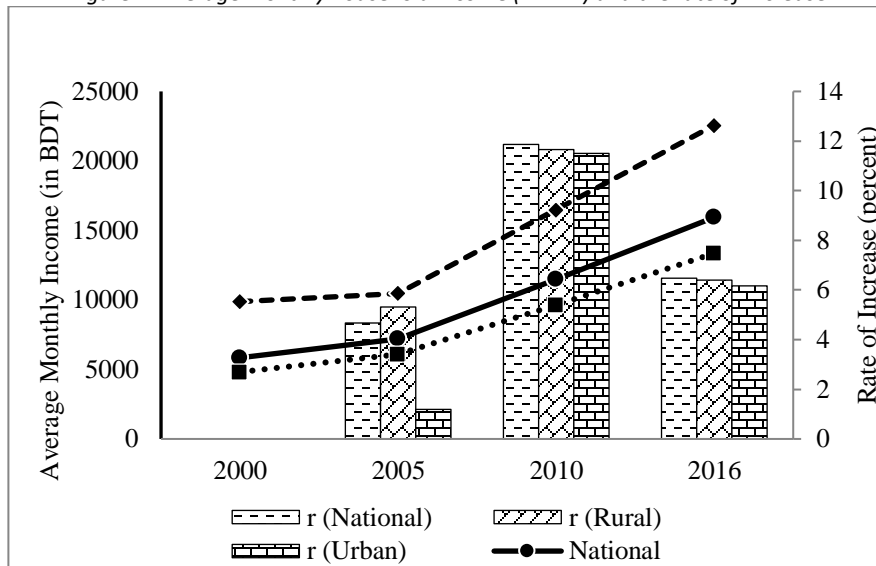
r = Rate of growth

## 3. Results and Discussions

### 1. 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 monthly household income has increase from BDT 5842 in 2000 to 15945 in 2016 with an increase rate of 10.8 % per annum at national level. The household income 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 found 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 national, rural and urban level (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.

Figure 1. Average monthly household income (in BDT) and the rate of increase

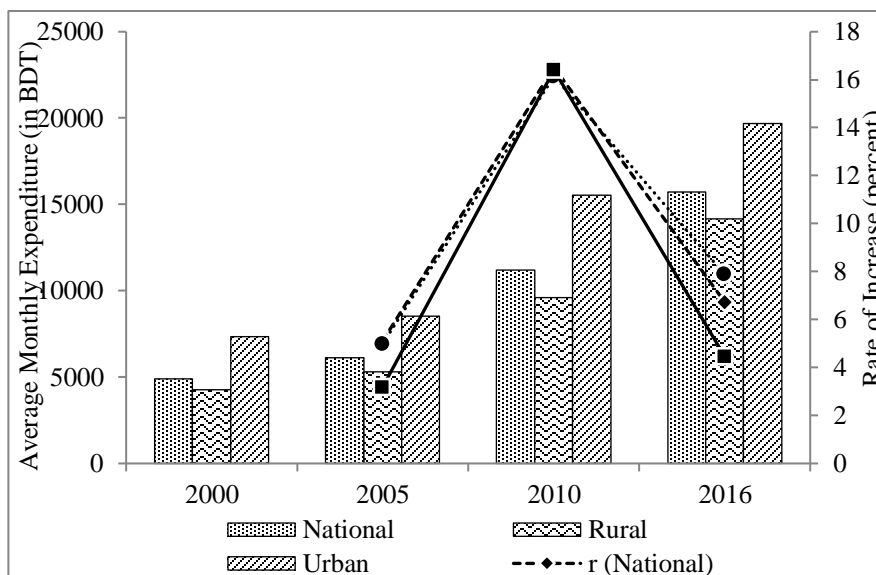


Source: Author's calculation based on the data from Bangladesh Bureau of Statistics (BBS)

### 2. 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 expenses. 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 2000-16 with an annual rate of increase of 13.9% at national level. On the other hand, the annual increase rate of average monthly household expenditure was 14.5% and 10.5% during the same period (i.e. 2000-16) for the rural and urban area respectively (Figure 2).

Figure 2. Average monthly household expenditure (in BDT) and the rate of increase

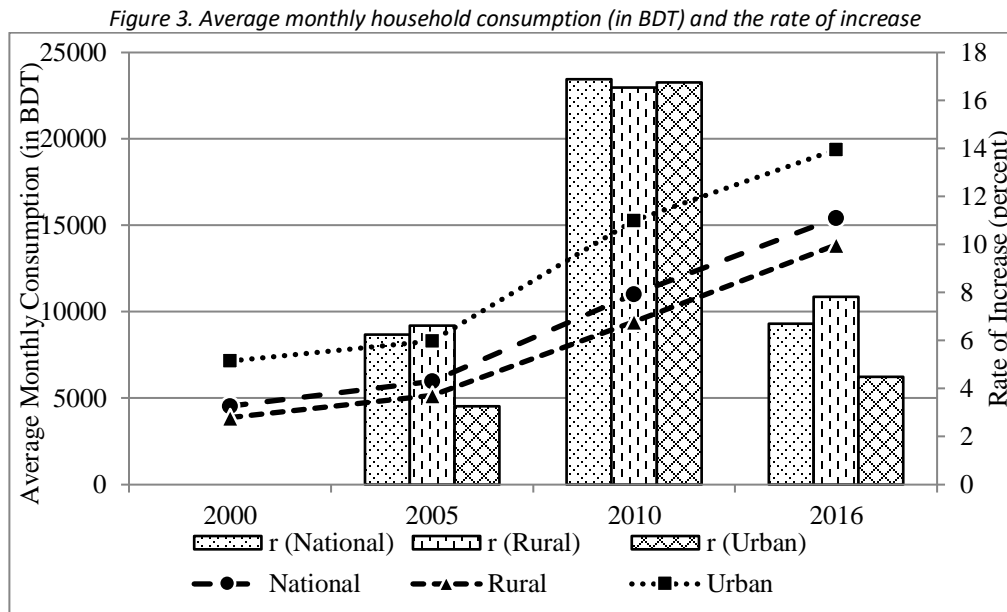


Source: Author's calculation based on the data from Bangladesh Bureau of Statistics (BBS)

### 3. 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 found that the average monthly household consumption has increased from BDT 4542 in 2000 to BDT 15420 in 2016 with a rate of increase of 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 annual rate of increase of 16.1% and in urban area it has increased from BDT 7149 to BDT 19383 with a rate of increase of 10.7% per year during the same period (Figure 3).



Source: Author's calculation based on the data from Bangladesh Bureau of Statistics (BBS)

**4. 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.

**5. 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 rates. In [15] 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 level. In rural area, this amount has increased from BDT 21804 to BDT 31332 with an annual rate of increase of 7.3% while it has increased from BDT 54122 to BDT 59728 with the increase rate of 1.7% per annum in urban area during the same time period (Figure 4). These results show the reality that as consumption and expenditure have increased at faster rate than the income people are facing trouble to manage their livelihood and to do so they have engaged in the circle of debt.

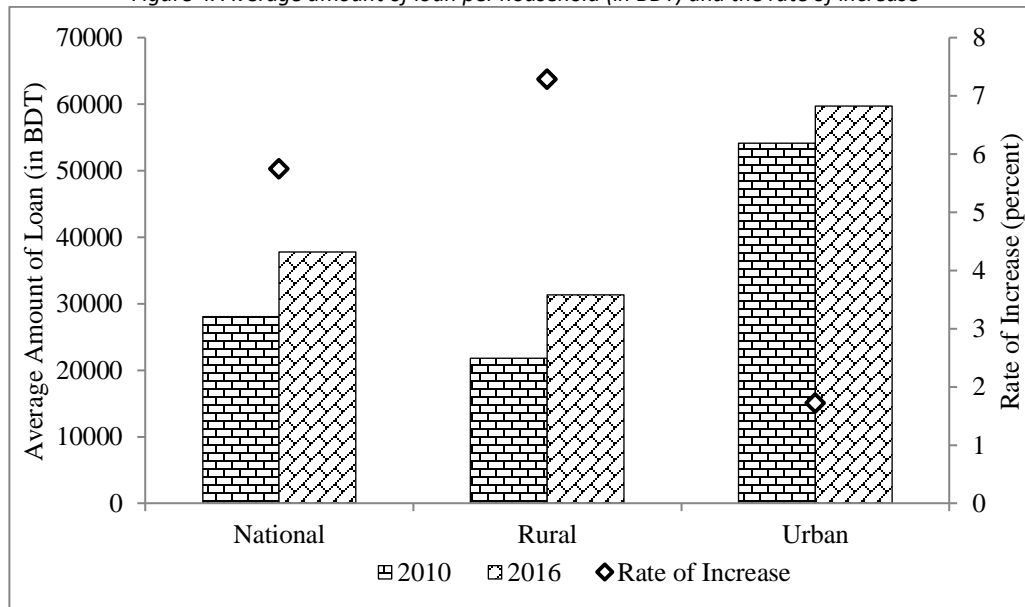
Table 1. Household consumption by expenditure on basic needs and the rate of increase

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	
Rural										
Year	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	
Urban										
Year	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;

Source: Author's calculation based on the data from Bangladesh Bureau of Statistics (BBS)

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



Source: Author's calculation based on the data from Bangladesh Bureau of Statistics (BBS) [16]

## 4. Conclusions

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 trend. 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 develop. 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 years but the income has increased at a slower rate than that of the expenditure and consumption. Price hike 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 in the face of rising prices seems to suggest that rising costs in cloth, housing and healthcare may be forcing people to cut back 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 lower income group more fragile and sensitive for any future increase in essential commodities which might curtail their ability to provide their basic needs. Therefore, there is a need for government intervention policy to control the market and especially to subsidize food prices of major food items as food policy interventions aimed at protecting the consumption of the poor can be justified on both equity and efficiency grounds. Economic strengthening programmes of the household including social protection and improved livelihood should be designed to enable households to earn sufficient income to meet specific needs. It is need to develop the effective programming through well-planned sectoral approaches. Findings from this study will help the policy makers to identify the root causes of price hike of essential commodities in design effective programs in the regarding matter. It is believed that the results will facilitate policy-makers and respected authorities to take timely and viable steps and develop workable strategies to address the issue of fundamental rights of people in Bangladesh.

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