

# Impact of COVID-19 on Dhaka's Food Markets and Food Prices



Photo by Saikat Mojumder, Tuesday 28 April 2020

This (once indoor) market has moved to the Shahid Park playground from the Town Hall, Mohammadpur. In order to protect vendors and shoppers, the Market Association is searching for ways for all to maintain social distancing during the Covid-19 Pandemic. Each week, organizers are improving logistics, despite the difficult circumstances

The Weekly Situation report has been put together by the Dhaka Food Systems project, with support from the Kingdom of the Netherlands, through a network of respondents in Dhaka North and South, Gazipur and Narayanganj. This week's Situation Report features findings from the following 9 markets: DNCC: Karwan Kitchen Bazar, Townhall, Banani, Uttara Sector 12, Mohakhali; DSCC: Banalata, Shantinagar; Gazipur: Board Bazar; and Narayanganj: Digu Babur

## Key observations from the week of 20 - 27 April

Food prices remain elevated: different ones, for different reasons. During Ramadan, expect market hours to shift, and new supply and demand pressures to impact prices on fruits and other products popular for the iftar. In order to prevent traders from exploiting consumer demand for key ingredients with price hikes, the Rapid Action Battalion (RAB) raided Shyam Bazar and fined several wholesalers for overcharging for ginger, garlic and onion. The longer the lockdown lasts, the greater pressure increases for government support to ensure public safety in markets. The army announced that it will work with market associations to facilitate an orderly expansion into open spaces adjacent to public markets. The longer this period lasts, the greater the need to develop and communicate near- and long-term solutions for public safety.

## Key recommendations to the government:

- ✓ Learn from RAB price raids to understand which products are traders price gouging. If they are simply taking advantage, then penalize. If, however, there are deeper distribution constraints that can be alleviated, now is the time to find solutions with partners.
- ✓ Promote egg consumption. Prices are good and supply is ample.
- ✓ Utilize market association knowledge on how to best redesign market operations to diffuse crowds into smaller clusters of traders and buyers. The army's declaration to work with the market associations is a welcome start. However, since conditions are likely to last, lessons learned in one market should be shared with other associations.

*Defining Our Terms: Food travels through complex value chains, from field to feast. While this publication is particularly interested in the state of public markets, it is important to recognize the additional channels that deliver food to consumers.*



Online shopping is experiencing significant growth due to COVID-10



Public Markets include wet markets and informal street markets



Super Shops include all private grocery stores and super markets

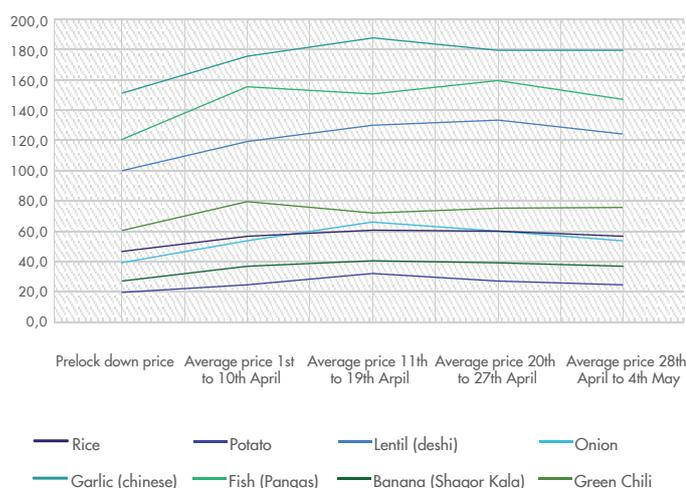
## Price and availability of food

**Prices are spinning faster than a Bambaram:** Prices continue to fluctuate, as a result of the COVID-19 disruptions and the dramatic ebb and flow of Ramadan shoppers. In a week, the price of eggs fell by 14% and potatoes by 15%. By contrast, the price of chickpeas and fruits (including lemons) have increased by 10-20%. As compared to pre-lockdown prices, fish has increased by 24% and bananas by 35%.

### Prices that have fallen since the lockdown



### Prices that have risen since the lockdown



## Other food and market observations

**OMG, what's with the OMS?** The Open Market Sales (OMS) system of selling rice and other essential commodities at a subsidized price to the very poor and needy is struggling to keep up with the rapidly evolving needs of the nation's poor during the COVID-19 lockdown. Intended to provide the most vulnerable with a safety net (so no one goes hungry), the OMS has faced disruptions before. However, the current crisis calls for original solutions to problems of social distancing and particularly dramatic declines in employment and wild price fluctuations. The Open Market Sales (OMS) system of selling rice and other essential commodities at a subsidized price to the very poor and needy is struggling to keep up with the rapidly evolving needs of the nation's poor during the COVID-19 lockdown. Intended to provide the

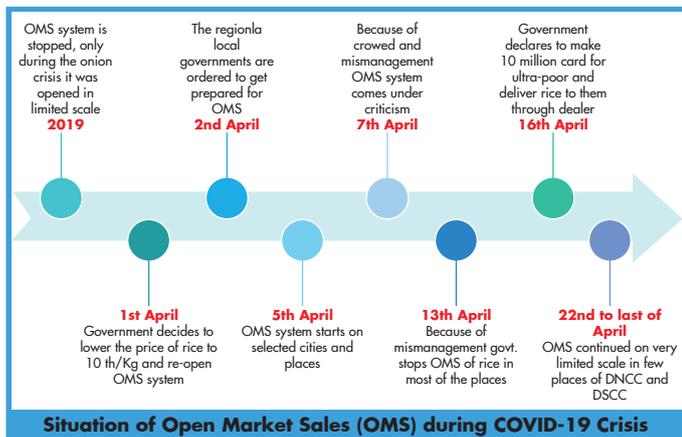
most vulnerable with a safety net (so no one goes hungry), the OMS has faced disruptions before. However, the current crisis calls for original solutions to problems of social distancing and particularly dramatic declines in employment and wild price fluctuations.

**The situation:** In normal times, the government sells essential foods at fixed prices, usually a cut below market rates. For some reason, prices were set extraordinarily low: rice (at 10 tk per kg, compared to the market rate of 30 tk) and wheat (at 18 tk per kg, compared to 42-50 tk). How does it work? You show your National Identification (NID) card, and you can buy up to 5kg of product each week. Unfortunately, the government moved too slowly to roll out the planned 24 distribution sites. They were meant to serve the 200,000 dwellers in Dhaka's 73 slums, in addition to the 100,000 additional low-income residents.

**The combination of low prices and insufficient distribution sites is a recipe for disaster:** Large crowds gather to stand in very long lines at each of the selling points. Here, organizers come in for legitimate criticism: How is it a good idea for 12,000 customers (queuing up in close proximity to one another) at each selling point for hours? In this scenario, OMS increases the poor's risk of contracting COVID-19. But there's cause for concern: The price differential between market and subsidized commodities is so great that it opens up opportunities for authorized dealers to embezzle cut-rate rice and sell it back to the market at higher prices. Since many authorized dealers are politically connected, the deployment of this system breeds cynicism and hunger among the poor.

**So, what are the solutions?** The prices were set by the government at the start of April, likely out of a genuine concern for the crisis. So, putting prices aside, should the government explore alternative methods to distribute food more safely? Smaller municipalities, like Kushtia, turned to mobile sales, in addition to back-of-truck sales. Why not go to the people, rather than have them come to you? Is this replicable? Strategic thinking can avert the kinds of problems experienced in Naryanganj and Gazipur City, where the Corporation decided to pause OMS sales by 9 April due to fear of crowds. On 13 April, they officially stopped the program, unable to manage distribution. The Government, has since, declared an alternative plan to get rice to the 5 million families in need. However, field offices had only until 4 May to complete the list of approved families to receive subsidized food. The list and allocation of foods is based upon poverty rates per region (with the DNCC and DSCC residents getting the lion's share). With plans to run this program until June 2020, those who are already participating in social safety and food programs will not be eligible.

Recognizing the unusual difficulty to deliver during the COVID-19 crisis, the government is not providing the nation's poor with clear and reliable relief. Partnerships with those who work in and with poor communities could likely provide insights to improve more effective delivery of goods.



**Small is the New Big:** As the nation's large and famous wet markets scurry to adapt to the age of social distancing, and a temporary but shrinking customer base, small-scale marketing experiments are creatively filling in gaps to manage the "new normal." An Apartment complex in the DSCC (housing 232 families) has launched a market in its garage complex to serve residents. A small number of vendors deliver the food to the association, who in turn staffs the market, and returns proceeds and excess goods to the vendors. Meanwhile, mobile vendors are beginning to fill needs in many neighborhoods. Offering vegetables, fish and chicken daily at reasonable prices, this decentralized approach enables residents to access fresh food, without venturing far. In Basabo, DSCC, the welfare association of two roads have set up an arrangement with two mobile vendors. They sell at a fixed time (10AM – 12PM). Similarly, in Uttara, DNCC, several residents' welfare associations are working with mobile vendors who knock on doors in specific streets at set times. Some orders are placed in advance. These new consumer opportunities point to how small-scale solutions contribute to food security.

**Food truck looted:** A truck carrying 7 tons of government rice was looted in Sylhet by a mob on 27 April. Another truck carrying 10 tons of rice was saved by the police and law enforcement. These were meant for OMS sales to the needy at three upzillas in Sylhet. Clearly, tensions are high.

## SAFETY

**Markets seek safety in the fields and streets:** With increasing concern that wet markets are serving as hubs that spread coronavirus, the government and stakeholders have introduced initiatives to ensure social distancing within the markets; and provide logistical assistance to move part or entire markets into the outdoors. Expect more of this. DNCC and DSCC have decided to move 28 markets to open spaces: In the DNCC, Already, Mirpur I and II Market, Banini Market, Kalyanpur Market, Townhall Market (partially) and Karwan Bazar Retail Market have moved. Gulshan I and 2 Wet Markets will move to Wonderland Field; Mohammadpur Krishi Market will move to Tajmahal-Road Field; Mohammadpur TownHall Market to Shahid Park Field,

Mahakhali Wet Market to South Point Field. In the DSCC, already Noyabazar Wet Market has moved to Armanitola Field. Khilgaon Wet Market is moving to a nearby open field, and Mailibah and New Market are operating in adjacent streets.

**World Economic Forum:** States the obvious, yet attention is welcome: Vendors point out that the lack of money is the reason for low sales in the markets. While reliable supply may play a role, the biggest issue is that there is no work (and no income). Most people do not have enough money to buy food. Vendors also confirmed that middle- and low-income shoppers are buying less (and mostly only essential) items. (April 2020) low-income residents.

## WASTE PROBLEMS

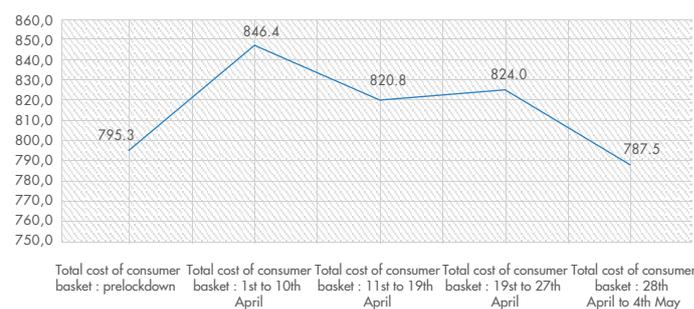
**Good news to share:** In all of the markets that moved to open field and streets, City Corporation cleaners are rising to the waste collection occasion. Even markets, not served by the City Corporation's cleaners directly, are being cleaned regularly.

**Day labor not getting paid regularly:** Meanwhile, most of the cleaners who are paid by market vendors, on a daily wage basis, are not getting paid regularly. Aware of this concern, market associations are attempting to provide food and money for them.

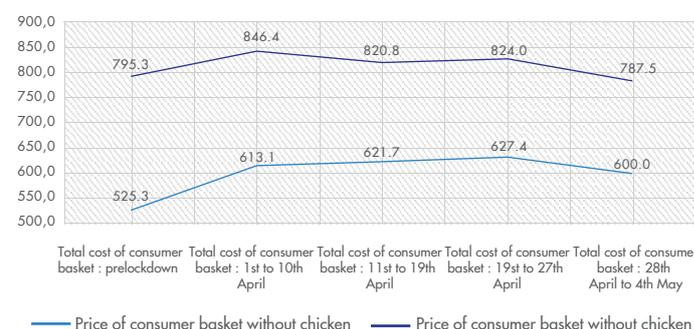
## CHANGES IN THE COST OF THE CONSUMER BASKET

**1% lower!** The cost of the consumer basket is lower than the pre-lockdown cost for the first time (by 1%).

### Change in total cost of consumer basket (pre lockdown to 4th May)



### Change of the cost of the consumer basket with and without chicken



## Price of essential foods in different public markets (27th April to 4th May)

Food item	Amount	DNCC					GCC	NCC	DSCC	
		Uttara bazar	Karwan kitchen market price ( 29th march )	Mahakhali bazar	Townhall bazar	Banani bazar	Joydevpur bazar	Digu babur bazar	Shantinagar bazar	New market bazar
Rice	1kg	58	56-58	54-55	58	58	48-56	55	58	57
Potato	1kg	26	22	22	30	25	20	25	25	23
Lentil ( deshi )	1kg	130	115-120	125	125	135	120	125	110-120	120
Onion	1kg	55	45-50	42-45	50-55	50-55	50	55	55-60	50
Garlic (Chinese)	1kg	200	165	140	170-180	190	220	180	160-170	150
Soybean Oil	1 L	110	110	110	110	105	110	110	110	110
Powder milk (marks brand)	1kg	590	560	590	560-570	600	600	590	550-560	550
Sugar	1kg	65	60-65	65	65	70	60	65	70	60-62
Egg	4pcs	30	26	26	28	28	24	30	27	28
Broiler Meat	1kg	130	120	130	130	125	110	130	120	120-130
Fish (Pangas)	1kg	160	130-150	140	140	150	120-130	150	120-150	140-150
Banana ( sagor kala)	4pcs	40	35-40	30	40	40	30	40	40	40
Green chili	1kg	80	65	60	65-70	70	60	60	100-120	70

