

Impact of Covid-19: Additional 23% people fall in poverty in April

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Low income people take position in Dhaka's major streets waiting for people to come and provide some relief for them during the nationwide shutdown because of coronavirus pandemic **Rajib Dhar/Dhaka Tribune**

'Beyond the 20.5% of the population officially recognized as poor, there was a group of 'new poor' representing an additional 22.9% of the population that needed to be brought within the discussion on poverty'

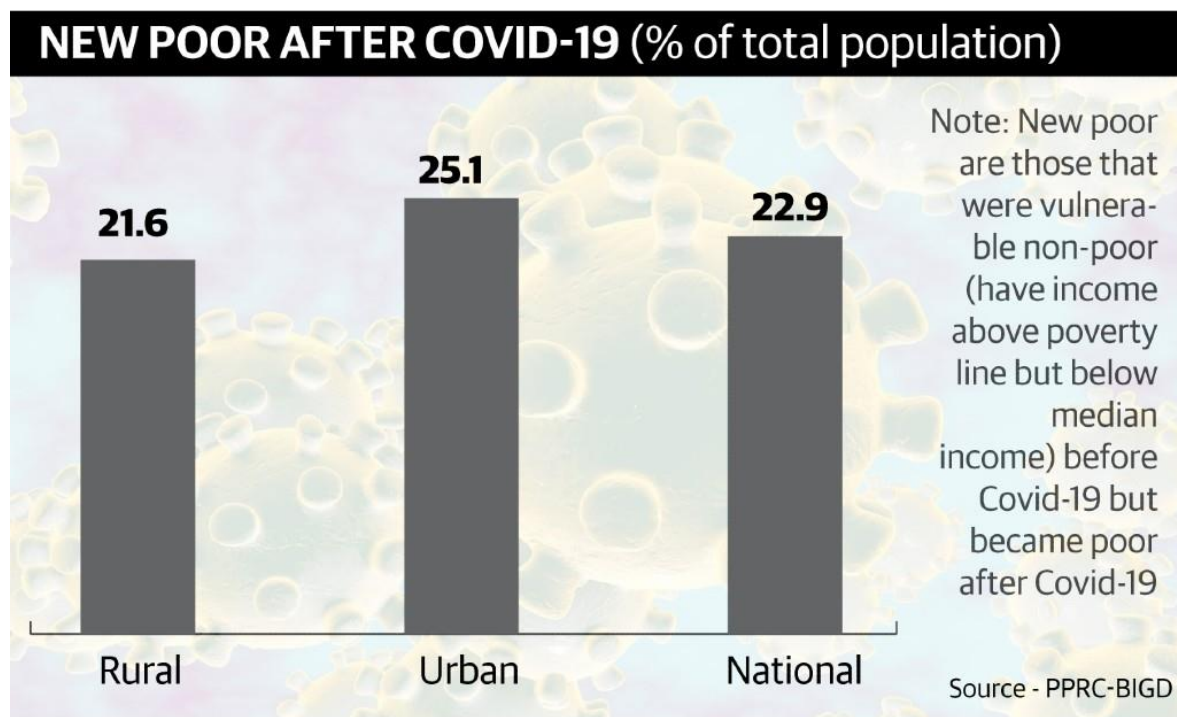
An additional 23% people fell in poverty in April in the country compared to the figure in February caused by steep decline in income due to the outbreak of Covid-19 that pushed the poverty rate to over 43%.

A research titled "PPRC-BIGD Rapid Response Research Livelihoods, Coping and Support During Covid-19 Crisis" revealed the findings on Wednesday.

The survey was conducted over phone on 12,000 households in both urban slums and rural areas from April 4 to April 12.

Power and Participation Research Centre (PPRC) and BRAC Institute of Governance and Development (BIGD) conducted the research.

"Due to the income shock occasioned by Covid-19, 77.2% of these vulnerable non-poor actually fell below the poverty line. Beyond the 20.5% of the population officially recognized as poor, there was a group of 'new poor' representing an additional 22.9% of the population that needed to be brought within the discussion on poverty," said Hossain Zillur Rahman, Chairman of PPRC, in his presentation.



New poor emerged due to dramatic and steep decline in income of all segments of the respondents. The extent of the income drop was 75% in urban slums and 62% for the rural respondents, says the survey.

Of the rural households, 73% dropped below the poverty line in April.

Intra-group dynamics also reveals that 54% of rural non-poor households dropped below the poverty line in April while the corresponding percentage for the urban non-poor in the sample was 80%, the report said

“Initial poverty impact of Covid-19 crisis has been more severe for the urban poor, which is a concern because social protection programs in Bangladesh has mainly focused on the rural poor. The Covid-19 experience need to be leveraged to jump-start urban social protection programs in Bangladesh,” said Rahman.

Emergence of a “new poor” class necessitates a rethinking of approaches to poverty and social protection measures, while the rise in urban poverty was a concern and magnified needs for focus on policy how to address it, he added.

“It would be critical for scaled-up social protection measures to mitigate the poverty impact of Covid-19 crisis. We have calculated a realistic fiscal package of Tk4,746.22 crores for a month’s support to 33 million poor and an additional package of Tk5,338.72 crore for a month’s support to 36.9 million of ‘new poor’, said Rahman .

Finding also showed drastic drop in income has led to a contraction in food expenditure. For rural households, average food expenditure contracted by 22% while the corresponding drop for the urban slum sample was 28%.

Beyond the immediate challenge of addressing the food security needs, this finding has implications to the precarious economic underpinnings of the informal sector, in which a vast majority of technically ‘non-poor’ households subsist, the survey adds.

Notwithstanding the prioritization of livelihood concerns, both rural and urban respondents have also prioritized the risk of Covid-19 infection. About 61% of rural respondents and 50% of urban respondents cited the infection risk as a priority concern, the report says further.

Clearly, such findings indicate that life or livelihood is a false choice for the respondents. Poverty-impacted urban and rural households emphasize the need for both food and cash support in nearly equal measure, it suggests.