

This policy brief is based on a study titled “Vegetables and fruits retailers in two urban areas of Bangladesh: Disruption due to COVID-19 and implications for NCDs” conducted by ARK Foundation, Bangladesh funded by the International Development Research Centre (IDRC), Canada

Vegetables and Fruits Retailers in Two Urban Areas of Bangladesh: Disruption due to COVID-19 and Implications for NCDs

WHAT'S AT STAKE

An estimated 5,80,000 deaths per year, reflecting more than 67% of all deaths in Bangladesh, are attributed to Non-Communicable Diseases (NCDs). The severity of these diseases is exacerbated by unhealthy lifestyles and poor diets. The lack of a healthy diet also causes childhood stunting, micronutrient deficiencies, and obesity. Compared to the recommended daily total requirement of 5 servings, 95.7% of people of Bangladesh do not consume enough fruit or vegetables daily.

The onset of the COVID-19 pandemic has created a further impediment to maintaining a healthy diet as the subsequent lockdown and social distancing regulation disrupted businesses throughout the country. It inevitably disrupted the production of fresh fruits and vegetable and their retailing. This interruption affected the dietary supply chain and hence has implications for NCD prevalence.

Against this backdrop, the current analysis aimed to scrutinize the impact of COVID-19 on the business practices and outcomes of vegetables and fruit retailers in Bangladesh.

RESEARCH APPROACH

The study was designed as primary research involving a survey of 1,319 vegetable and fruit retailers residing in two urban areas – Dhaka, a mega city, and Manikganj, a medium-sized city in Bangladesh. The survey was conducted on the retailers from Wet Market (WM), Street Shop (SS), and Mobile Vendors (MV) from 1st September 2021 to 30th October 2021.

In addition to the descriptive analysis, multivariate regression analysis was carried out to assess the impact of COVID-19 on the retailers’ profit margin and the percentage change in sales.

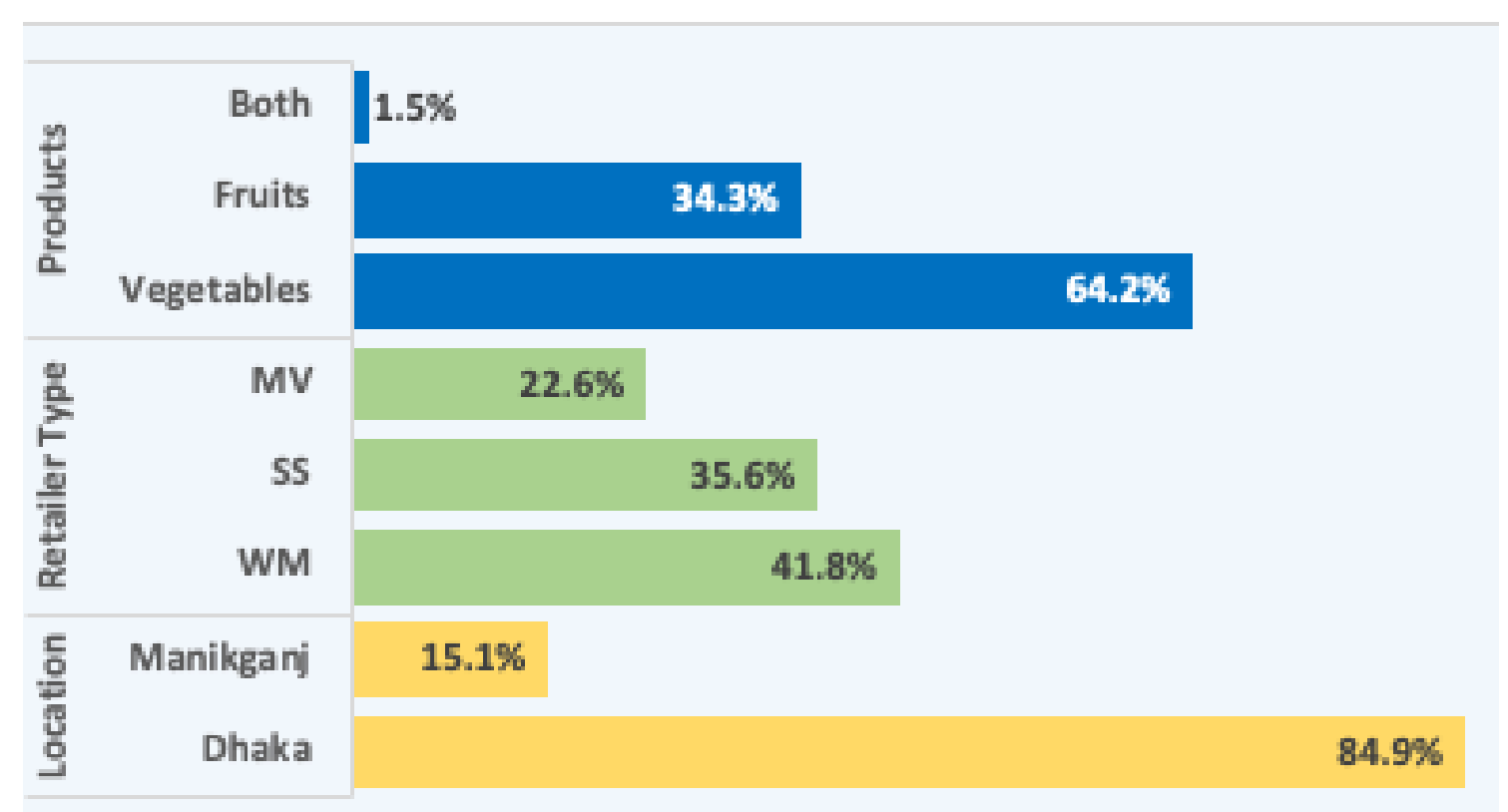
Sampling Description

Out of 1,319 surveyed retailers, 41.77% were from the WM, while 35.63% were from SS and the rest 22.59% were MV. 64.22% of the retailers were involved only in vegetable retailing while 34.34% were doing fruit retailing. Around 85% (1,121) of the retailers were from the six administrative thanas (Badda, Lalbagh, Pallabi, Tejgaon, Mohammadpur, and Uttara) in Dhaka and the rest 15% (198) were from the two administrative thanas (Manikganj Sadar and Singair) in Manikganj. (See figure 1)

KEY FINDINGS

- The COVID-19 lockdown caused a disruption in the retailing of fresh fruits and vegetables and the effect was disproportionate based on business location of retailers and the item they were retailing.
- Employment opportunities and business practices of fruits and vegetables retailers were disrupted while online business increased.
- Area-specific and product-specific interventions are required for the retailers of vegetables and fruits to minimize their vulnerability.
- Besides orthodox public procurement, fiscal support mechanism needs to be designed and implemented properly to make the supply chain actors resilient and keep the price volatility of these nutritional foods under control.

Figure 1: Surveyed retailers by district, business modality and product



Source: Authors' estimation from survey data

RESEARCH FINDINGS



Employment Opportunities and Business Practices Disrupted while Online Business Increased

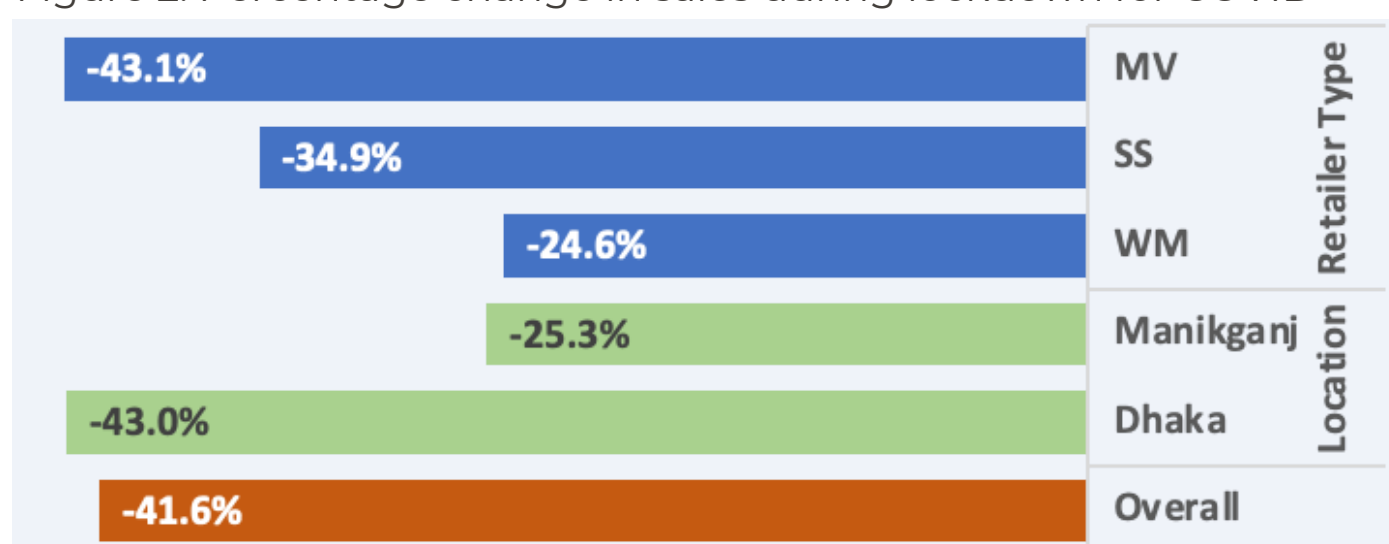
During the lockdown, there was a slight decrease in employment opportunities in the fruits and vegetable business. Additionally, the number of days that businesses were open on a weekly basis decreased from 92% of retailers operating 7 days a week prior to COVID to only 56% during the COVID period. The biggest fall, though, was observed in daily sales with a 42% average reduction during the pandemic. The daily profit margin also went through a decline from 21% in normal times to 17% in the lockdown time. However, there was an increase in the proportion of retailers selling fruits and vegetables online (via phone call) from 2.20% to 4.55 % post-COVID.



Reduced Sales and Profit Margin Due to COVID

Regardless of the product they sell, about 87% of the retailers said that the COVID pandemic had an impact on their sales. Overall, sales dropped by around 41% but the wet market sellers's sales dropped by only 25% where as moving vendors' sales was dropped by 43% (figure 2).

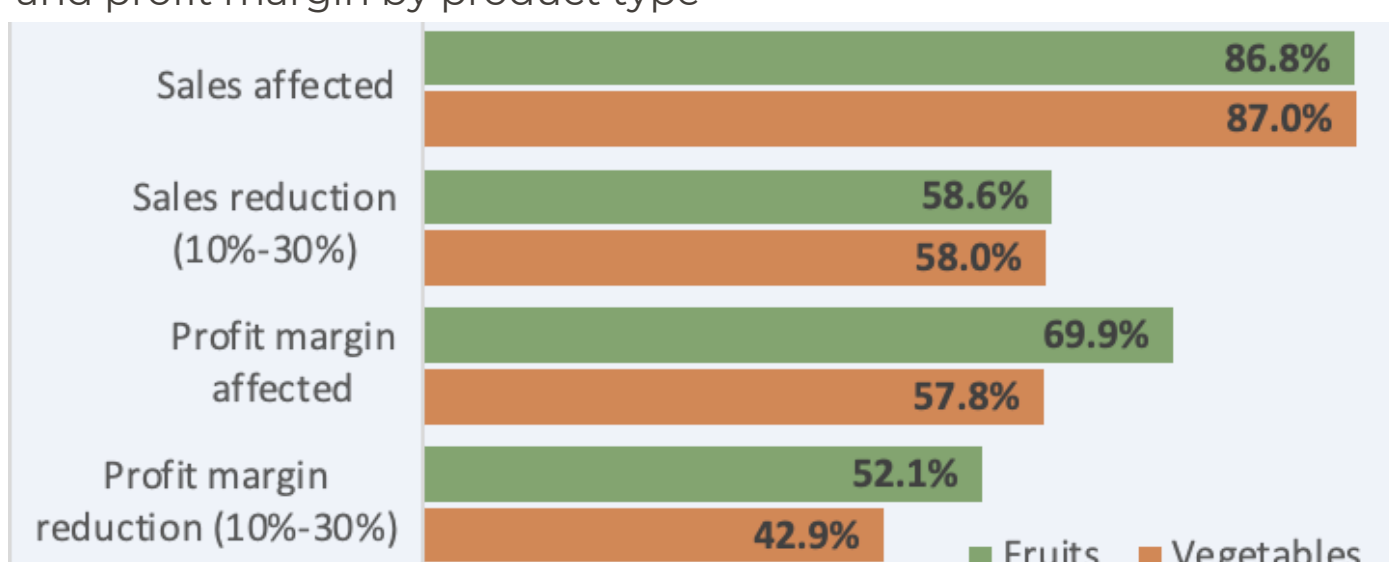
Figure 2: Percentage change in sales during lockdown for COVID



Source: Authors' estimation from survey data

Around 95% of all sellers cited that the pandemic as the primary cause of the shift in sales. In terms of profit margin changes, 58% of vegetable retailers reported that their profit margin had changed during lockdown, while 70% of fruit retailers reported a similar response. 43% of vegetable retailers noted a moderate change in profit margin, compared to 52% of fruit retailers who also experienced a moderate fall in profit margin.

Figure 3: Percentage of retailers who faced impact of COVID on sales and profit margin by product type



Retailers in Large City were Relatively Hardly Hit than those in Small City

This study found that holding all other factors constant, the retailers located in Manikganj faced on average 19 percentage points less reduction in their sales in comparison to their counterpart's doing business in Dhaka. This is also evident from figure 2. This might happened due to the difference in the rigidity of lockdown between megacities and medium-sized cities, the impact on the vegetables and fruits retailers of Dhaka was more significant than that on their counterparts in Manikganj.



Fruit Retailing was Relatively Hardly Hit than Vegetable Retailing

This study found that the likelihood of experiencing a decrease in profit margin was higher for sellers of fruits than for sellers of vegetables. The finding is plausible given that while fruits are frequently regarded as luxury items, vegetables are essential commodities.

CONCLUSION AND POLICY RECOMMENDATIONS

While the country is experiencing an upward trend in NCDs, any factors affecting the supply chain actors of healthy food will further degrade the situation. The following recommendations could assist in preventing that:

- Government should design and implement support programs for the vegetables and fruit retailers and make them resilient against unforeseen business shocks.
- Besides conventional public procurement programs, supply chain actor-specific support mechanism needs to be undertaken for better stability of prices.
- In addition to general intervention, area-specific, and product-specific policy interventions are required for minimizing the vulnerability of retailers of vegetables and fruits and ensuring a smooth supply of these nutritional foods.

