

# Price Hike and Its Effect on The Living of Fixed-Income Earners: An Opinion-Based Survey in Trishal Upazila of Bangladesh

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## ABSTRACT

*Price Hike, the continual upward movement in prices, creates serious difficulties for household's dependent on fixed income; this is particularly troublesome in rural economies where incomes are less likely to be adjusted. This research paper examines the effects of price hikes on fixed-income households in Trishal Upazila, Bangladesh between 2023-24. This mixed-method study uses quantitative data from a survey of 150 households and 12 qualitative data from in-depth interviews to examine spending, savings, and debt changes. Results from the paired t-test show a spike in emergency household spending, a decline in savings, and reliance on loans to navigate economic shocks. Households reliant on fixed income, such as retirees, government employees, and low-wage workers experienced diminished purchasing power, lower quality of life, and increased financial vulnerability. It also highlights the wider costs of Price Hike for economic fairness, social cohesion, and effective policymaking. These results highlight the essentiality of specific interventions like the provision of subsidies on necessary commodities and low-cost credit availability and bolstered social safety programs to protect vulnerable groups from adversities due to Price Hike. This study enhances the global discourse on the socioeconomic effects of Price Hike by demonstrating the lived experiences among fixed-income households in Trishal and provides recommendations that policymakers can implement in order to bolster basal economic resilience and inclusiveness for developing regions.*

**Keywords:** Price, Income, Expenditure, Savings

## Introduction

In developing countries, the economic effects of Price Hike are particularly severe for poorer households. These families often lack access to social safety nets or financial protections, leaving them with no choice but to bear the full burden of rising costs, which worsens their

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financial struggles. Price Hike is an ongoing process that diminishes households' purchasing power (Blinder, 1980). The burden of Price Hike becomes increasingly burdensome for households with fixed incomes. Price Hike increases the cost of all essential commodities, including house rent, hospital bills, and utility bills, while their income remains constant. They endure Price Hike more severely than any other household (Friedman, 1977). Price Hike also reduces the saving capacity of households with fixed incomes. It is nearly impossible for them to accumulate funds, and their vulnerability to future financial crises is highest during Price Hikeary periods. Additionally, Price Hike's effects are not limited to households; it affects the entire economy. In such contexts, high Price Hike triggers economic welfare and tensions with social equity and stability. High instances of Price Hike have continued within the 12 months of 2023 in Bangladesh, which may be attributable to global Price Hike. Those, where most of the monthly Price Hike rates were recorded above 8% over the last year (2023) the highest being 9.94% in May 2023 and lingering near that figure in most of the subsequent months in this Upazila at Trishal, had far-reaching consequences on households, especially those on fixed incomes (Bangladesh Bureau of Statistics, 2023).

Bruno & Easterly (1998) examined the social cost of Price Hike, detailing how Price Hike erodes the economic value of fixed return assets, and how price rise decreases individuals' purchasing power if their incomes are based on non-adjustable components. They say this erosion creates economic hardship, especially for retirees and low-wage workers because the costs of goods and services are growing faster than wages are increasing. Expanding on this argument, Dornbusch (1997) pointed out that Price Hike forces people to dispose of savings sooner than they wish, undermining long-run stability, while retirees living on a fixed wage are made into what he termed a "precarious people" exposed to every economic wind. Boyd et al. (2001), in their analysis of the effects of Price Hike, made reference to a "threshold" level of Price Hike above which the adverse effects of Price Hike on overall economic performance and personal wealth are widespread. Their work highlights the idea that with this paradox, a low level of Price Hike is good for growth, but a high level of persistent Price Hike is bad for both income distribution and macroeconomic stability. The redistributive nature of Price Hike – how Price Hike hits hardest groups with fixed income was recognized by Bruno & Easterly (1998), advocating that stabilization policies are to be managed due to this fact.

Price Hike's effects vary greatly for those whose incomes are fixed: when households cannot adjust incomes up to account for rising prices, Price Hike behavior becomes central in economics and policy-making as such, households find themselves unpaid cases of a cost-of-living crisis. In theory, Price Hike is not a good word; it is primarily known as a value-destroyer, and a purchase-power diminishes that can open up economic and social gulfs. As explained by Bruno & Easterly (1998), Price Hike reduces the real value of real in-kind assets and fixed incomes, thereby imposing uneven economic costs on households that do not adjust. In the same line, Dornbusch (1997) argues that, when high Price Hike emerges, fixed-income consumers tend to spend savings based on limited financial resources earlier than planned to maintain their standard of living; thus, reaffirming the process of eradicating financial security and redistributing the economic burden within the reach of Price Hike.

Although a good amount of research has been carried out which has proved that Price Hike is harmful to income distribution and economy in general, but there has been a debate on how these effects work, this is why it has been organized to Trishal Upazila level as it was the project to find its effect at grass root level and a step forward to take. Most of the existing studies have explored Price Hike effects within the general economy on a national or urban level, ignoring smaller communities where economic structures are weaker and social safety nets non-existent. Though previous research like Bruno & Easterly (1998) suggests that high Price Hike negatively affects households depending on fixed income, the issue of monthly Price Hike changes and how granular changes affect short-term financial security remains understudied. The gap particularly matters for households in unprivileged regions with below minimum income-generating possibilities and where Price Hikeary pressures directly flow into basic consumption staples.

This study attempts to fill this gap with monthly Price Hike data for 2023 to see how it affects fixed-income families and households in Trishal Upazila. This study provides a new angle to the Price Hike literature on socioeconomic effects by examining qualitative Price Hike experiences in a rural community, shedding light on challenges specific to this context among retirees, pensioners, and other fixed-income earners. The significance of this research should be viewed in the context of the persistently high monthly Price Hike rates above 8% throughout the year that have increased the financial difficulties for these households (Bangladesh Bureau of Statistics, 2023). To address this issue, the study will bestow the following research objectives.

- Analyze the impact of price hike on fixed income households
- Analyze the change in household spending
- Analyze the impact of Price Hike on household spending on essentials
- how they save, and assess the growing burden of debt and hence the fiscal outflows for fixed-income households.

The study is performed focusing to some extent specific to Trishal Upazila as a rural-based area where household earners face economic limitations to some extent differ somehow from urban areas. Otherwise that reveals through some unique and individual economic limitations due to lack of diversity of exploring different types of income sources aside access to less economic mobility in available means. Price rises hurt in this context, where wages are fixed and welfare arrangements permeable.

## **Literature Review**

Price Hike hits income groups in widely different ways and often works to deepen inequality. As if on cue, Price Hike can hit the poor harder than it hits the rich, which is its regressive nature (Easterly & Fischer, 2001). Long-term Price Hike has a negative impact on low-income households (specifically in the US in 2017) while having zero effect, if not positive, on high-income ones, meaning it is basically a regressive tax against consumption (Kakar & Daniels, 2019). A broader economic perspective was offered by Lucas (2000), estimating that reducing the average Price Hike rate from 10 to zero percent raises real income by a total of less than 1%.

The recent rice price hike has pushed poverty levels much higher in Bangladesh, another example of how a rising Consumer Price Index (CPI) can take its toll on those with modest real household income (Khanam et al., 2015). With research predicting low rice prices until at least 2025, these households are already implementing a variety of coping options, and the researchers expect that as dry seasons become longer in continental Southeast Asia, this will continue to increase. Focusing on income distribution and economic growth, Li & Zou (2002) identify the effects of Price Hike tax directly via nominal wage and pension incomes through a cross-country study.

Camera & Chien (2014) provide a more nuanced analysis, looking at the distributional impact on income, wealth, and consumption of long-run Price Hike. In particular, Price Hike will decrease wealth inequality (a sum that offsets a future increase in Economics) but may, at the same time, work to enlarge consumption inequalities. This is a pattern reflected as well by Law & Soon (2020), who examined 65 countries from 1987 to 2014 and found that higher Price Hikeary pressures will mostly lead to greater inequalities in income unless institutional quality improves.

Price hike studies Siami-Namini & Hudson (2017) expanded that developing countries with developed countries' income inequality is caused by increased levels of Price Hike. Their examination of panel data from 66 developing and 24 developed countries concluded a nonlinear association between Price Hike rate and income inequality, which means that its idiosyncratic effect changes across diverse economic settings. Further public perceptions are considered by Shiller (2010), who states that people believe massive rising Price Hike, which is probably the result of high levels of confidence in some markets with this concern, has been believed to end up creating economic disaster and depression.

Price hike in Bangladesh has a marked impact on fixed-income households, who experience substantial declines in purchasing power when Price Hike rates rise. High percentage of expenditure on food and basic essentials means Price Hikeary pressures are no less painful to wage earners in low and middle income households, for most of whom wages do not rise with the price level in Bangladesh. Hossain et al. (2013) investigated the impact of Price Hike on the welfare of households and found that lower-income households are more affected by Price Hike than higher income households not too small food expenditures to their total expenditure.

Price Hike in Bangladesh is characterized by considerable variability over decades that leads to economic instability which affects fixed income households directly. Hossain (2015) studied Price Hike movements in Bangladesh and argued that exchange rate depreciation is the main cause of food price price hike while monetary policy impact on stabilizing prices have negative effects for economic stability. These fluctuations become a source of financial instability for households which depend on nominal incomes, as Price Hike reduces the real value of their wages and threatens their purchasing power stability.

It is the interplay between wage and price hike dynamics that holds the key to understanding their role in affecting household welfare. Although certain segments of the labor force in Bangladesh, specifically daily wage laborers, adjust wages to mitigate the effects of price hike, there has been very limited or no adjustment in nominal terms for fixed income earners

especially those in salaried positions. According to Hossain et al. (2013) informal workers are not fully defenseless in regard to the ability of wage increases to protect their real income. By contrast, salaried workers experience more significant drops in their real income because they characteristically do not see a wage increase keep pace with Price Hike.

Similarly, households on fixed incomes face the price hike hit in terms of broader household payment constraints—namely, a dwindling supply of inexpensive credit. Wahid et al. (2011) concluded that price hike trends are a major barrier in the financial development process because of their negative impact on liquidity by restricting the supply of funds thereby limiting financial access to those needing loans for short-term credit support.

One distinctive complicating factor in Bangladesh is high inflows of remittances, which have increased price hike rates in recent years. According to Khan & Islam (2013), a 1% growth in remittance inflows leads to an increase of 2.48% in the long run price hike, which creates burden on households with fixed income because they face overall price rise without any concomitant rise in income credits.

In more advanced econometric modeling studies, the nexus of price hike with interest rates or cost of living has been studied for both types of data. Kalyan Chowdhury, (2012) examined price hike and lending rates, with the conclusion that the relationship between bank interest rate and Price Hike affects affordable credit availability in case of fixed income household.

At the same time, plenty of researches focused on price hike as a determinant behind government spending which indirectly affects households in a fixed-income setting. Aktar et al., (2022) stated that the increased burden of government spending which is not managed properly, will eventually inflate prices and reduce social welfare, as well as financial assistance for fixed income groups.

Other studies have also tried to model or forecast price hike in the economy of Bangladesh with an aim to explain its nature and make provisions for guiding decisions. For instance, Rahman et al. (2020) found estimation price hike rate and stressed on developing well-igned forecasting tools for countering the results of price hike in the economy especially for unchanging revenue group.

Finally, evidence shows external market price hike pressures have a consequential effect on domestic price hike as well. In a study from 2021, external influences like exchange rate and Foreign Direct Investment (FDI) are studied by Khan (2021) and it is found that the rise in price hike outside Bangladesh along with the declining import prices affect Bangladeshis too at local level specially those households who have fixed income source and mostly get affected due to monitory tensions were also mentioned.

## **Theoretical Framework**

### **Quantity theory of money**

The price level is directly proportional to the supply of money, according to the quantity theory of money (Friedman, 1956). If the money supply expands, prices will also rise. The

income of those who are part of the fixed-income group, on the other hand, will not increase. As a consequence of this, the real purchasing power of the group of people with fixed incomes will drop. This particular set of people is required to spend more money in order to keep up with their current standard of living.

Within the scope of this investigation, the quantity theory of money was utilized to gain an understanding of the manner in which price hike raises the costs of food, shelter, healthcare, and education for individuals with steady incomes. Although this is the case, the gain in income is quite tiny, and in many cases, their income does not change at all.

**Hypothesis 1:** Price Hike increases the expenditure of fixed income group people of Trishal Upazilla

### **Fisher effect**

Irving Fisher postulated the Fisher effect, which explains how nominal interest rates and Price Hike are related (Fisher, 1930). This hypothesis states that interest rates will rise because lenders look for a positive return on their investment when Price Hike rises. As the cost of borrowing increases for fixed-income households, they are forced to borrow.

Research Application: This study applies the Fisher effect to explain how Price Hike increases households' borrowing. As prices of goods rise due to Price Hike, these households become dependent on credit to meet their financial needs, increasing their debt levels.

**Hypothesis 2:** Price Hike increases household debt among fixed-income households in Trishal Upazila.

### **Permanent Income Hypothesis**

According to Milton Friedman's Permanent Income Hypothesis, people base their long-term income plans on how much they will spend and save. When they anticipate future Price Hike, they decrease current savings and raise spending to offset current consumption (Friedman, 1957).

Application of the Study: This study uses the Permanent Income Hypothesis to explain how Price Hike impacts savings. Households prioritize spending now over future savings as Price Hike lowers purchasing power.

**Hypothesis 3:** Price Hike decreases savings among fixed-income households in Trishal Upazila.

## Conceptual Model

The theoretical framework of this research connects Price Hike (independent variable) with three key economic behaviors—household expenditure, debt levels, and savings rates (dependent variables). The theories mentioned above provide a structured explanation for how Price Hike leads to:

1. Higher household spending (Quantity theory of money)
2. Household debt on the rise (Fisher Effect)
3. Reduction in household savings (Permanent Income Hypothesis).

### Paired T-Test Model Specification

#### Variables

- **Dependent Variable (Y):** The difference in household expenditure, debt, or savings before and after the price hike.
- **Independent Variable (X):** Not explicitly defined in a traditional paired t-test, as the focus is on comparing two related groups rather than modeling a relationship between variables.

#### Model

The paired t-test can be thought of as a simple comparison of means, where the null hypothesis is that the mean difference between the two related groups is zero. Mathematically, this can be represented as:

$$H_0 : \mu_d = 0$$

$$H_1 : \mu_d \neq 0$$

Where:

- $\mu_d$  is the population mean of the differences between the two related measurements (e.g., expenditure before and after the price hike).

#### Formula

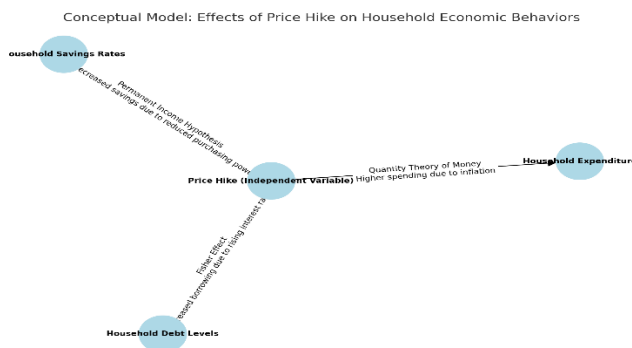
The paired t-test statistic is calculated using the formula:

$$t = \frac{\bar{d}}{sd/\sqrt{n}}$$

Where:

- $\bar{d}$  is the sample mean of the differences.
- $sd$  is the sample standard deviation of the differences.
- $n$  is the number of pairs.

## Diagrammatic Representation



This framework guides in the systematic understanding of the effects of Price Hike on fixed-income households in the case of Trishal Upazila. Using theories of economics like the Quantity Theory of Money (S. Kumar, 2020), the Fisher Effect (B.R. Stuart and K.K Phua, 2023), and the Permanent Income Hypothesis influences their underlying economic pressures as well as what behavioral response will be experienced by fixed-income households to Price Hike can be studied all amongst themselves. This model also serves to inform the hypotheses, which will test with the quantitative data collected through the household questionnaire.

## Methodology

### Research Design

This research will use a Mixed Method, which means obtaining and analyzing qualitative and quantitative data. The mixed methods approach gives the researcher access to an extensive variety of datasets, a benefit whenever one attempts to disentangle the effects of Price Hike on particular kinds of workers.

**Quantitative Approach:** The quantitative method used to collect primary data. A survey or questionnaire will be used to collect data on income, expenditure, savings, and Price Hike's financial and social effects on these aspects in order to accomplish this task.

**Qualitative Approach:** The qualitative procedure will be used to get qualitative information, which will involve conducting one-on-one interviews with specific participants. Such methods will enable a more in-depth analysis of their individual experiences, the economic statistics encountered, and how the psychological and social impacts of Price Hike have manifested in them.

### Sampling procedure

A purposive sampling technique is utilized in this investigation for both quantitative and qualitative methods. Based on our geographical location, his study chooses the Trishal

Upazila Under Mymensingh division. The analysis was conducted through a combination of in-person interviews and questionnaires. To ensure the integrity of the data, considerable care was taken before commencing the actual data collection in the design of the data collection instrument. Specifically, the questionnaire underwent pre-testing on 20 of the sample located outside the study area. Following pre-testing, additional modifications were implemented to enhance the data capture tool and optimize the messages' clarity, comprehensibility, and simplicity. Completeness and accuracy checks were performed on every questionnaire before, during, and after the data collection period. In this study, an appropriate sample size was selected that is so that the published data will suffice and yet remain within the limits of practical restrictions. As there was no official figure on the precise number of fixed-income people in Trishal Upazila, it was decided that a sample of approximately 150 respondents for quantitative and 12 respondents for qualitative will be taken to ensure a wide spectrum of population can be analyzed. Such a sample size allows meaningful descriptive statistics and even statistical tests (paired t-tests) while balancing limitations on feasibility and generalizability. Additionally, sample sizes in previous studies that found significant and generalizable results regarding economic impacts on population sectors have been similar to the sample sizes used herein in comparison populations that possessed similar characteristics.

### **Method of Data Collection**

The method of data collection is specific to the type of investigation. A variety of techniques exist for gathering primary data.

The following methods are utilized:

- a. observation,
- b. interviews,
- c. questionnaires, and

Among these processes, a direct consultation is conducted in this instance. To gather data, an approach involving personal interviews was adopted. This methodology entails the direct gathering of data from individuals with fixed monthly incomes. This study have endeavored to conduct private interviews with each respondent to protect their privacy in the majority of these situations. The information was purposefully collected from a total of 150 respondents.

### **Data Processing and Analyzing**

The data which had been coded and edited were entered into SPSS for analysis as it is software well-known in terms of social science and its usage. SPSS was used, and MS Word and Excel for additional tasks. This study used SPSS to perform both quantitative and qualitative analyses.

*Quantitative Analysis:* This study performed a paired t-test to compare variables and review for significance, providing insight into differences in the quantitative data.

*Qualitative Analysis:* For open-ended answers, this study performed thematic analysis to explore the qualitative data by identifying themes and patterns that helped me take the findings much deeper.

## Findings and Analysis

The findings of this study are divided into two parts: quantitative part and qualitative part. In the quantitative part, the findings show the demographic condition of the respondent as well as their responses toward Price Hike, which were analyzed by SPSS. The paired t-test was conducted using the data collected through a questionnaire. The results of the paired t-test are shown in this part. Moreover, in the qualitative part, all the interviews were formulated for thematic analysis.

### Quantitative Section:

#### Socio-demographic status of the respondent:

##### Age:

| <i>Range</i> | <i>Frequency</i> | <i>Percentage</i> | <i>Cumulative Percent</i> |
|--------------|------------------|-------------------|---------------------------|
| 25-29        | 24               | 16.0              | 16.0                      |
| 30-34        | 22               | 14.7              | 30.7                      |
| 35-39        | 28               | 18.7              | 49.3                      |
| 45-49        | 42               | 28.0              | 77.3                      |
| 55-59        | 34               | 22.7              | 100.0                     |
| <i>Total</i> | 150              | 100.0             |                           |

The table reveals the age of the respondents and total responses from fixed-income households within 150 sampled households within Trishal Upazila. 45-49 remains the largest single group (28%) as well as 55-59 at 22.7%. In summary, these two categories comprise more than half of the sample (50.7%). Younger age ranges, such as 25-29 (16%) and 30-34 (14.7%), are underrepresented.

##### Gender:

| <b>Gender</b> | <b>Frequency</b> | <b>Percentage</b> | <b>Cumulative Percent</b> |
|---------------|------------------|-------------------|---------------------------|
| <b>Male</b>   | 83               | 55.3              | 55.3                      |
| <b>Female</b> | 67               | 44.7              | 100.0                     |
| <b>Total</b>  | 150              | 100.0             |                           |

The above table shows the distribution of gender representation between males and females (N = 150). Out of the total, 55.3% are males while females count for 44.7%.

**Education Qualification:**

| <b>Education Qualification</b> | <b>Frequency</b> | <b>Percent</b> | <b>Cumulative Percent</b> |
|--------------------------------|------------------|----------------|---------------------------|
| <b>Bachelor's</b>              | 34               | 22.7           | 22.7                      |
| <b>Higher secondary</b>        | 45               | 30.0           | 52.7                      |
| <b>Master's</b>                | 12               | 8.0            | 60.7                      |
| <b>Primary</b>                 | 24               | 16.0           | 76.7                      |
| <b>Secondary</b>               | 35               | 23.3           | 100.0                     |
| <b>Total</b>                   | 150              | 100.0          |                           |

The above table describes the educational level of available 150 respondents. Educational level: at the highest 30% higher secondary education, followed by 23.3% Secondary education and 22.7%(Baseline characteristics) bachelor's degree People with primary education amount to 16%. The third largest group is people with a master's degree (only 8%).

**Employment Type:**

| <b>Employment Type</b>           | <b>Frequency</b> | <b>Percent</b> | <b>Cumulative Percent</b> |
|----------------------------------|------------------|----------------|---------------------------|
| <b>Employed (govt. sector)</b>   | 55               | 36.7           | 36.7                      |
| <b>Employed (private sector)</b> | 23               | 15.3           | 52.0                      |
| <b>Retired</b>                   | 21               | 14.0           | 66.0                      |
| <b>Self-employed</b>             | 34               | 22.7           | 88.7                      |
| <b>Unemployed</b>                | 17               | 11.3           | 100.0                     |
| <b>Total</b>                     | 150              | 100.0          |                           |

The table shows the employment types of 150 respondents. Government sector employees are the largest group (36.7%) and self-employed are the second-largest group (22.7%). Fifteen point three percent of respondents work in the private sector, while 14 are retired. The unemployed account for the lowest share at 11.3 percent.

**Household Size:**

| Household Size | Frequency | Percent | Cumulative Percent |
|----------------|-----------|---------|--------------------|
| 3              | 14        | 9.3     | 9.3                |
| 4              | 27        | 18.0    | 27.3               |
| 5              | 62        | 41.3    | 68.7               |
| 6              | 47        | 31.3    | 100.0              |
| <b>Total</b>   | 150       | 100.0   |                    |

The Above table shows the number of households living in their respective household sizes, each response representing about 150 people. ee that 5-member households are the most common, accounting for 41.3% of the sample, followed by 6-member households (31.3%). 18% of all households are made up of 4 members, and the very smallest group, that is only 9.3%, only has 3.

**Descriptive Statistics:****Expenses:**

| Expenses                |     |         |         |          |                |
|-------------------------|-----|---------|---------|----------|----------------|
|                         | N   | Minimum | Maximum | Mean     | Std. Deviation |
| <b>Expenses Before</b>  | 150 | 12000   | 35000   | 22000.00 | 7745.967       |
| <b>Expenses Current</b> | 150 | 14000   | 43000   | 26200.00 | 8444.052       |

The substantial rise in average expenses (from 22,000 to 26,200 BDT) reflects the impact of Price Hike on household costs, reducing the purchasing power of fixed-income households. This increase suggests that Price Hike has directly affected their ability to maintain the same standard of living.

**Savings:**

| Savings                |     |         |         |         |                |
|------------------------|-----|---------|---------|---------|----------------|
|                        | N   | Minimum | Maximum | Mean    | Std. Deviation |
| <b>Savings Before</b>  | 150 | 2000    | 10000   | 5800    | 2866.141       |
| <b>Savings Current</b> | 150 | 0       | 9500    | 3426.67 | 2758.627       |

The significant reduction in average savings (from 5,800 to 3,426.67 BDT) underscores the difficulty fixed-income households face in maintaining their savings under Price Hikeary pressures. Some households now have zero savings, highlighting increased financial vulnerability.

**Debt:**

| <b>Debt</b>         |     |         |         |          |                |
|---------------------|-----|---------|---------|----------|----------------|
|                     | N   | Minimum | Maximum | Mean     | Std. Deviation |
| <b>Debt Before</b>  | 150 | 8000    | 15000   | 11000.00 | 2374.360       |
| <b>Debt Current</b> | 150 | 9000    | 21000   | 13833.33 | 3096.148       |

The increase in mean debt (from 11,000 to 13,833.33 BDT) indicates that households are taking on more debt to manage rising expenses, likely as a coping mechanism in response to Price Hike. The increased standard deviation suggests variability in how much debt households have accumulated, with some facing considerably higher levels of indebtedness.

The impact of the Price Hike on fixed-income households in Trishal Upazila was assessed by examining changes in household expenses, savings, and debt levels before and after the 2023 Price Hikeary period. The results of the paired samples test give an indication of how powerfully the Price Hike caused these households to recalibrate their finances.

**Paired t Test:**

| <b>Paired Samples Correlations</b> |                                      |     |             |       |
|------------------------------------|--------------------------------------|-----|-------------|-------|
|                                    |                                      | N   | Correlation | Sig.  |
| <b>Pair 1</b>                      | Expenses Before and Expenses Current | 150 | 0.961       | 0.000 |
| <b>Pair 2</b>                      | Savings Before and Saving Current    | 150 | 0.718       | 0.000 |
| <b>Pair 3</b>                      | Debt Before and Debt Current         | 150 | 0.781       | 0.000 |

**Paired Samples Correlations**

Paired sample correlations to assess whether households were consistent in their financial behavior across the two time periods, the correlations between each financial measure before and after 2023 were then examined.

1. **Expenses**

The correlation of Expenses before and after 2023 is **0.961** ( $p = .000$ ), demonstrating a highly statistically significant positive relationship. This is indicative of the high expenses households were running up prior to Price Hike, and which they have effectively maintained post-2023 simply at much higher levels due to Price Hike.

2. **Savings**

A moderate positive correlation of **0.718** ( $p = .000$ ) was observed between savings before and after Price Hike, showing a partial consistency in saving patterns, though the average savings amount has dropped substantially post-Price Hike.

3. **Debt**

Debt levels showed a strong positive correlation of **0.781** ( $p = .000$ ), indicating that households with higher debt levels before 2023 generally continue to carry high debt

levels currently. This correlation suggests a worsening of debt levels as households increasingly rely on borrowing to manage Price Hike-induced financial strain.

All correlations were significant at the  $p < .05$  level, underscoring a strong link between each financial measure before and after Price Hike.

### Paired Samples Test

| Paired Samples Test |                           |           |          |         |           |           |         |     |                 |
|---------------------|---------------------------|-----------|----------|---------|-----------|-----------|---------|-----|-----------------|
|                     |                           |           |          |         | Lower     | Upper     | t       | df  | Sig. (2-tailed) |
| <b>Pair 1</b>       | Expenses Before & Current | -4200.000 | 2351.638 | 192.010 | -4579.415 | -3820.585 | -21.874 | 149 | 0.000           |
| <b>Pair 2</b>       | Saving Before & Current   | 2373.333  | 2114.655 | 172.661 | 2032.153  | 2714.514  | 13.746  | 149 | 0.000           |
| <b>Pair 3</b>       | Debt Before & Current     | -2833.333 | 1935.770 | 158.055 | -3145.652 | -2521.015 | -17.926 | 149 | 0.000           |

### Paired Samples Test

The paired t-test results further illustrate the specific changes in household finances due to Price Hike:

#### 1. Expenses

- **Mean Difference:** There was an average increase in household expenses of **4,200 BDT**. The mean expense before 2023 was significantly lower than current expenses, demonstrating a substantial rise.
- **Statistical Significance:** The t-statistic for expenses was -21.874 ( $p = .000$ ), confirming that this increase is statistically significant.
- **Confidence Interval:** The 95% confidence interval of the difference ranged from **-4579.415** to **-3820.585** BDT.
- **Interpretation:** These results indicate that Price Hike has directly impacted the cost of living, forcing households to spend more to maintain the same standard of living. This increase suggests that Price Hike has placed a financial burden on fixed-income households.

#### 2. Savings

- **Mean Difference:** The average difference in savings was **2,373.33 BDT**, indicating a significant reduction in household savings.
- **Statistical Significance:** The paired t-test produced a t-value of 13.746 ( $p = .000$ ), indicating a statistically significant decrease in savings.

- **Confidence Interval:** The confidence interval for the difference was 2,032.153 to 2,714.514 BDT at 95% level.
- **Interpretation:** The observed drop in real average savings implies that there is less household savings accumulation due to higher cost of living. The erosion of savings illustrates the negative influence of Price Hike on financial stability, reducing households' buffer against further economic shocks.

### 3. Debt

- **Mean Difference:** The increase in household debt averaged **2,833.33 BDT**, signifying that debt levels have risen notably post-Price Hike.
- **Statistical Significance:** The t-statistic for debt was -17.926 ( $p < .001$ ); 000, all statistically significant.
- **Confidence Interval:** The Confidence Interval for debt was [ -3145.652, -2521.015] BDT at 95% Confidence Interval.
- **Interpretation:** The increase in debt levels indicates that households have been relying on debt more as a way to deal with rising costs of living. A growing need to rely on debt suggests that financial pressures are building—indicators of long-run potential economic insecurity—among fixed-income households, whose income adjustments have not been enough to keep pace with rising costs.

### Summary of Findings

The paired t-test results highlight how Price Hike adversely influences the financial well-being of the fixed-income households of Trishal Upazila. Higher expenses, meanwhile, and savings and debt levels alike show the effects of Price Hike pressure. The results underscore strain among fixed-income households as they attempt to stretch dollars with fixed-income sources and allude to the need for targeted economic relief to lessen the negative impacts of Price Hike on vulnerable groups.

### Qualitative Section:

The qualitative interviews showed how Price Hike has impacted the household economy, especially among feather families in Trishal Upazila. Structured by the categories of Expenses, Debt, and Savings, these interviews show how Price Hike has been changing the lifestyles, financial plans, and well-being of these households.

### Theme 1: Expenses

It became the most notable impact of Price Hike as all respondents were unanimous about the spike in household costs especially for basic requirements such as food, travelling, and constitution.

Most participants noted a rise in the prices of staple foods, like rice, lentils, cooking oil, and vegetables, which has stretched their monthly budgets. Quoting a government school teacher who supports a family of five, he said:

*“Our grocery bill is monthly has become outrageous. Back then, we used to spend 8,000 BDT on food and other essentials, which has now 2024 crossed 12,000 BDT. Otherwise, I either buy less of everything or settle for lower quality. We eat less meat, fewer fruits and we have no extras, only to enable us to make that money last*

In addition to food, survey takers also saw higher utility bills and transportation costs. An employee in the private sector said:

*We could have managed last summer, But the electricity bill was a huge headache now. I have cut down everywhere possible, but still the bill increases every month. Not only have bus fares shot up, for my commute I am now paying nearly double what I did last year.’*

For instance, numerous folks interviewed stated they have been scaling back on non-essential expenses like clothing, social outings, and personal grooming, to offset rising core bills. An ex-pensioner said:

*“I would sometimes buy something for my grandkids or take them out. These days, spending on anything other than essentials comes with guilt. It has turned our life into survival, surviving every month without going overboard.”*

Parents complained that Price Hike is hitting health and education, too. A factory worker, who has two school-aged children, said:

*Taking my children to the doctor for something trivial. And school fees and school supplies have also been getting really high. I worried I might not be able to afford to have my kids in school if this trend of rising prices continues.*

## **Theme 2: Debt**

For many families, debt is a necessary evil to make ends meet given that their income remains fixed but their expenses continue to rise, so they have no choice but to borrow money simply to keep afloat.

Families were taking loans for emergencies, education home repairs, and such big purchases. At this point, numerous respondents admitted to borrowing money to pay for everyday monthly bills. One retired person explained:

*Now, however, I do not only borrow when necessary but take out small loans every month or so just to afford basic daily expenses. And that means next month starts off worse, because now I have to pay it back with interest.”*

In response to limited formal access to credit, some respondents borrowed from an informal agency lender at predatory interest rates. These are informal debts which mean payment of debts is cyclical and the interest continues to grow. A factory worker shared:

*The banks are refusing to lend me money because they say I don’t earn enough. That’s why I took out a loan from a local lender, but I’m getting a high interest tag. I hardly can make the*

entire payment every month, and the debt just continues to accumulate. It weighs on my heart a lot.

The burden of increasing debt has caused strain on families and had an impact on mental health. One healthcare worker noted:

*With us, my husband and I fight more about money I always have the debt — it sits as a shadow in my life. When you are stuck, it can be hard to focus on anything else. We always have that fear of what if we default on a payment."*

Participants worried that their spiraling debt is a precursor to losing long-term financial stability. The response of a pensioner who is retired

*"Life is not what I thought it would be, I never imagined I would be in debt at this point. If every month I feel this worry that I am building a debt mountain that is going to be unpayable? It is making me uncomfortable and slowly seems to be taking control over my financials."*

### **Theme 3: Savings**

Interviews with people showed Price Hike had wiped out their household savings which once offered a cushion against bad times and complicate future financial plans.

Several respondents noted that they drew down their nest eggs to cope with escalating expenses and had little or nothing left for a rainy day. Said one retired schoolteacher:

*I scraped together a reasonable sum over the years but it has almost disappeared by now. Each time I take money out of savings, I get anxious because less savings equals less security in the future. I have no idea what we'll do in case of an emergency"*

A majority of the respondents said that due to the increased expenses they are not able to save any portion of their income now. According to a private sector employee:

*We would save a bit each month, even it meant, only a couple of hundred takas. But now, this has left nothing for us after our expenses. Each month, I am wishing it to be better, but it hasn't yet."*

This fear of not being able to save has resulted in respondents feeling uncertain about their financial future — especially older respondents who were depending on their savings to weather retirement. Retired man worried:

*I was expecting to be able to retire comfortably on my savings. Well not only is it declining, but I can no longer supplement it. I just wonder how I will do in the future when prices soar."*

Less money in the bank has also translated to a psychological hit, with respondents reporting stronger feelings of financial insecurity and anxiety. A schoolteacher noted:

*"I am nervous every moment because we have nothing in store to fall back on. The savings that I had worked hard to cultivate were my safety net. My lack of savings makes me feel like any surprise cost could wipe me out."*

## Results and Discussion

Price Hike Effects on Fixed-Income Households: A Study in Trishal Upazila, Mymensingh, Bangladesh Changes in Expense, Loan, and Saving Section securities economic impact economy rising finance household values Quantitative and qualitative analyses serve together to demonstrate the extent at which Price Hike has destabilized financial security relating to household budgeting, the need for debt, and the capability to save.

### Quantitative Result

The quantitative results show that, in 2023, a relevant period of increased Price Hike vs the previous year, household expenditures grew, savings decreased and debt levels rose. This makes sense within the framework of one strand of economic theory concerning Price Hike: Price Hike rises, real purchasing power decreases, and those on a fixed income are hit the hardest since they are unable to adjust to the increase in Price Hike without losing ground in purchasing power as their wages are not rising to keep pace with Price Hike.

### Increased Household Expenses

Using the paired t-test, average household expenditure significantly increased from 22,000 BDT to 26,200 BDT,  $p = 0.000$ . That 47% hike alone is a clear sign Price Hike has made food, electricity, and gas more expensive than ever. Households with fixed income, with no wage adjustment, are indicatively a lower standard of living: and in the middle, is who has paid during this between the two. This result is in line with prior work showing that Price Hike disproportionately harms the least able to manage rising costs, as they lack the income flexibility to hedge against those rising costs.

### Depletion of Savings

It also dropped by 60% from a mean of 5,800 BDT to 3,426.67 BDT, where  $t(42) = 13.746$ ,  $p = .000$ ). A decrease in savings indicates that these households must expend current income to meet expenses, and as such, are less secure and resilient financially. Common sense, as well as prior research has shown that the depletion of savings is often an immediate response to Price Hike among fixed-income earners, who simply do not have more funds to cover the income-expenditure gap and are left with no alternative but to rely on their financial buffers. But over time this drains their capacity to handle new shocks to their finances.

### Increased Debt Levels

Household debt was statistically significant ( $p = 0.00$ ) increasing from 11,000 BDT to 13,833.33 BDT. 000). This rising trend indicates that a significant number of households have taken up debt to cover the costs of day-to-day living, and this has occurred due to income levels not rising in line with price Price Hike. As households load up on debt, a pattern that creates financial volatility and strain when Price Hike remains too high, this reliance on debt increases fragility. This phenomenon is consistent with research showing that fixed-income households resort to greater levels of debt as a coping strategy which can manifest is a cycle of debt and fragility.

## **Qualitative Findings**

These qualitative dimensions provide additional context to the quantitative insights, by capturing lived experiences, as well as the cumulative pressures and coping strategies among households amid the Price Hike. These key themes spending more, borrowing more, saving less speak to how Price Hike affects the financial and emotional well-being of families that depend on fixed incomes.

There qualitative aspects complement the quantitative findings, by detailing experiences as well as the burden of household pressures and coping behavior through the Price Hike. Spending more, borrowing more, saving less these are the major themes that highlight how Price Hike hits working families with fixed incomes financially and psychologically.

### **Confronted with Scalability Costs & Lifestyle**

They said the cost of essentials has risen to such an extent that they can no longer afford their former lifestyle. Some respondents experienced reductions in consumption of nutritious foods, high-quality household goods and deferrals in non-essential spending that resulted in a noticeable lifestyle quality trade-off as they considered basic needs first [sub-category example quote: "I think the price is increased for most things. We are eating fewer vegetables because we cannot afford fresh ones in our area, which means something had to be sacrificed"]. Implying that this study have shifted from an equilibrium household budget to one of survival, where much of our income will be expended on subsistence. This is consistent with findings from earlier studies which acknowledged that Price Hike has decreased the discretionary spending of households, creating lower living standards and higher stress (Zeballos & Cote, 2022).

### **Dependence on Debt**

Many participants described growing dependence on formal and informal debt or loans to cover daily expenses. The respondents explained that building such a debt entered them into a lifestyle of burden and felt as if they were in bondage to the guitar associated enabling that the debt brings with it. Borrowing against independence. The reliance on debt and the fact that families cannot get out of this cycle, even if they wanted to, because they do not have earning power. This finding aligns with evidence that although reliance on household debt serves as a coping mechanism for households affected by Price Hike, it also has the potential to create longer-run financial instability.

### **Reduced Savings and Absence of Financial Stability**

The draining of savings was at the forefront in a lot comments from respondents, with many indicating that they were worried that they had no financial cushion created by savings. Households that once saved up cash for upcoming events or tougher times declare themselves near-destitute or destitute. Reducing financial security, in turn, makes more households less able to absorb a one-off expense like medical bills without incurring additional debt. And losses linger as obvious psychological wounds from dwindling savings — anxiety and doubt about the future — mirror research showing Price Hike robs not only the financial but also the mental resilience of low-income groups.

## Discussion

The results of the current study corroborate existing literature which hints at Price Hike being regressive and affecting households with fixed income more negatively. In a fashion similar to those of Easterly & Fischer (2001), and Kakar & Daniels (2019) this paper shows how Price Hike diminishes purchasing power, increases the cost of household spending, decreases savings, and raises debt ratios. Our results regarding household expenditures were true among 47% compared with Khanam et al. (2015) and M. Hossain et al. (2013) who pointed to the pressures of rising commodity prices. Further, the reducing savings which this study also suggests is consistent with Shiller (2010) and Wahid et al. (2011), who argue that Price Hike may undermine the resilience of financial buffers, which means that households become unprotected against shocks in the economy and therefore more sensitive. The growing dependence on debt aligns with Law & Soon (2020), who show that Price Hike pushes people who receive fixed money flows into borrowing traps, increasing financial fragility. Qualitative evidence also suggests reductions in consumption and postponement of non-essential spending (Camera & Chien, 2014). Although some of the previous works including Z. S. Khan & Islam (2013) talk about external determinants, such as remittance, this is a case study based on research in Trishal Upazila to provide extensive understanding on the impact of Price Hike brought up over the rural part of Bangladesh.

Quantitative findings coupled with qualitative findings provide a complete narrative of Price Hike-related economic consequences of Price Hike on fixed-income households in Trishal Upazila. The quantitative 1000% increase in expenses and debt, and an approximately 80% reduction in savings, is terrifying evidence of how Price Hike has eroded the economy. The qualitative sections provide personal narratives that describe coping mechanisms and sacrifices, aligning with the results from the dataset. All these findings combined give a picture of how fixed-income households are getting increasingly susceptible to Price Hike pressures, particularly along with the income growth rate remaining stagnant.

More broadly, the analysis illustrates the direct, indirect, and widespread effects of Price Hike on households constrained to low fixed income. This mixed-methods results highlight that Price Hike creates not only a fiscal burden but also a drag on household security and well-being. This reveals the essential need for targeted policies and programs to help fixed-income households in sensitive economic areas such as Trishal Upazila. Being proactive, we must avoid falling prey to the 'Price Hike' filling the bank accounts of the rich and eventually spreading a state of deprivation amongst the poor, if this was to achieve a motto of a financially stronger population.

## Conclusion

The Effects of Price Hike on Fixed Income Households in Trishal Upazila: Changes in Expenditure, Debt, and Saving by employing both quantitative and qualitative analysis, the report demonstrates that Price Hike has exerted a severe financial burden, especially on families with little disposable income, compelling many to alter their spending patterns, exhaust savings, and depend on debt to afford basic needs.

Quantitative analysis illustrates that they have high debt levels, as well as savings plummeting and household costs increasing to significant levels. Evidence from these results can suggest how these households cannot easily change their income as prices go up which makes them vulnerable to be burdened by Price Hike. When basic needs become expensive, the purchasing power of these households have gotten restricted; meanwhile, savings the essential economic buffer have been quickly consumed. Based on the statistics and indeed the responses from the interviews, the unfortunate reliance on credit created a vicious cycle of vulnerability with households (as reported) bound to debt repayment for a long time to come resulting in its own burden along with the financial and emotional cost.

Qualitative findings offer closer-in views, illuminating lived experiences that go along with these financial transformations. Almost every respondents report a significant drop in quality of life and the stress and anxiety associated with financial insecurity. Adjusting to a lifestyle without 100% entertainment or luxury purchases has harmed their finances and state of mind. The implications of these findings are glaring about how Price Hike beyond figures impacts lives on the ground with a sense of insecurity and loss of belief in economic future.

These results suggest that there is an important need for more targeted economic policy in order to assist households reliant on fixed income in periods of Price Hike. Recommendations encompass subsidies for basic products, access to loans at affordable rates for low-income families, and savings initiatives geared toward that able to absorb a loss of income. Those could quickly alleviate Price Hike pressures and provide a foundation for this subsection of the population to thrive over time.

Future studies may examine how long-term Price Hike affects the mental health of fixed-income households, and the effect of various policy interventions on limiting these effects. In addition, studies could look to how households in other countries with similar demographic and economic profiles to the people are responding to rising Price Hike, providing comparative evidence that might better inform policy recommendations.

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