



Inflation and Socioeconomic Challenges in the Chittagong Hill Tracts: Implications for Sustainable Development in the Post-LDC Bangladesh

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Abstract

Purpose: This study examines the effects of rising prices on households in the Chittagong Hill Tracts (CHT) of Bangladesh, focusing on indigenous communities. It investigates how inflation affects their ability to afford food, healthcare, education, housing, and transport, and how these challenges hinder progress toward the Sustainable Development Goals (SDGs) in the post-LDC context. *Methods:* In the study, the mixed-methods approach is used. Data were collected from 420 households in Rangamati, Bandarban, and Khagrachari through structured quantitative surveys and qualitative interviews, with participants selected via stratified random sampling. The research explains the income-level, access to basic commodities, household vulnerabilities, and coping strategies to tackle the struggle situation. The quantitative surveys and qualitative interviews insights help to analyze the real impact of inflation on local households in the CHT. *Findings:* Household's purchasing power has reduced drastically for inflation, compelling many to cut essential purchasing, diversify income sources, or incur debt. Low-level income and less-educated households are particularly vulnerable. Existing government and non-government support programs offer only limited relief and almost fail to meet the specific needs of communities in the areas. *Originality:* While most research focuses on urban areas, this study highlights the distinct challenges faced by indigenous communities in the CHT, showing how they cope with vulnerabilities in a post-LDC context. *Implications:* Community-based and locally guided initiatives can help households deal with inflation more effectively. Supporting small businesses, ensuring fair market pricing, improving access to education and healthcare, and encouraging home or community gardening can strengthen livelihoods, improve food security, and enhance resilience in these communities.

Keywords: CHT, SDG, Inflation

1. Introduction

Inflation is an issue that countries all over the world face, but for areas that are already economically vulnerable, it can have even more severe consequences. In Bangladesh, while moving beyond the LDC status has opened up some new doors, inflation still remains a tough challenge; especially in the more remote regions like the CHT (UNCTAD, 2021). In this area, where most people depend on farming and small businesses, the increasing cost of food, transportation, and daily necessities is making life more difficult. Since the region is already somewhat cut off from the major economic hubs, inflation adds an extra layer of hardship. CHT is already isolated from the rest of the country due to its mountainous terrain and underdeveloped road networks, which makes it particularly vulnerable to inflation. Even though inflation is a well-discussed issue, most studies, based on literature reviews, focus on its impact at the national level or in big cities. The CHT often goes unnoticed. This research focuses on how inflation is impacting daily life, the difficulties people and communities are facing, and what steps can be taken to manage these challenges.

Inflation has become a growing concern in the Chittagong Hill Tracts (CHT) and has affected almost every aspect of daily life for the indigenous communities living there. This study explores how rising prices are reducing purchasing power, restricting access to basic services such as education and healthcare, and threatening overall livelihoods. Using a qualitative approach, it examines why inflation impacts economic stability at both the household and community levels. The analysis is based on well-established economic frameworks, including the Consumer Price Index (CPI). Though some initiatives have been introduced by the government and non-governmental organizations, they often miss the mark when it comes to the specific needs of the people in the CHT (Rahman and Ali, 2019). Many families are having to make tough choices cutting down on daily essentials, borrowing from informal sources, or taking up extra work just to manage. This research emphasizes the urgent need for tailored, long-term strategies that go beyond short-term relief, helping these communities build resilience and regain some sense of economic stability in the face of ongoing inflationary pressures (Sen, 2014).

This study highlights the need for local policies that can reduce poverty (SDG 1) and promote economic growth (SDG 8), in line with the Sustainable Development Goals (SDGs). It suggests ways to improve economic stability, strengthen safety nets, and create strategies suited to the region to manage inflation, helping Bangladesh achieve sustainable development after leaving LDC status. Events like the COVID-19 pandemic and the Russia-Ukraine and Iran-Israel conflicts have caused oil and food prices to rise, making inflation worse and putting Bangladesh's economy under strain. As a result, food insecurity has worsened, particularly among low-income and nutritionally vulnerable groups. This research examines the socio-economic realities of the Chittagong Hill Tracts and proposes key government policies to reduce the effects of inflation and promote resilience in the post-LDC era.

The rest of the paper is arranged as follows. Section 2 gives a short overview of the existing literature. Section 3 explains what methods were used in the study and how the research was organized. Section 4 presents and analyzes the empirical results. Section 5 discusses the challenges facing the CHT people. Section 6 presents the concluding remarks including policy recommendations.

2. Literature Review

The Chittagong Hill Tracts (CHT) in southeastern Bangladesh are home to hills, remote valleys, and a variety of ethnic communities. Despite its rich culture, the region faces persistent inequalities and slow development. With Bangladesh set to graduate from LDC status in 2026, these problems need urgent attention. Rising inflation now puts the hard-won progress in this disadvantaged region at risk.

Inflation affects different groups in Bangladesh in very uneven ways. Rural families and low-income households feel the impact most sharply, since they spend a large portion of their limited earnings on essentials like food. According to (Hossain and Mujeri, 2020), even small price increases in these communities can force households into difficult choices, often cutting back on nutrition, healthcare, or education. Over time, these pressures further destabilize the fragile economic footing of such households.

People in the CHT are hit harder by inflation than those in many other parts of Bangladesh. The local economy is weak, most families rely on small-scale farming just to survive, and getting to markets can be difficult. On top of that, poor roads and remote villages make it expensive to bring in goods, which drives up prices for the things people need every day. (Badiuzzaman *et al.*, 2009)

1 report that more than 60% of ~~International Journal of Social Sciences~~ the poverty line, and inflation
2 further limits their ability to pay for food, healthcare, and education. (Golam Rasul *et al.*, 2016)
3 also note that these difficulties make it much harder for the region to reduce poverty and ensure
4 everyone has enough to eat.

5 The issue is not just economic; it is deeply rooted in structural and historical factors as well. As
6 reported by (Badiuzzaman *et al.*, 2009), the CHT suffers from poor infrastructure, limited access
7 to markets, and a lack of basic services. (Roy, 2002) points out that indigenous communities have
8 often been left out of national development plans, which makes them particularly vulnerable to the
9 effects of rising prices. The CHT has long been shaped by historical injustices. (Adnan and
10 Dastidar, 2011) note that long-standing land disputes, along with the displacement of indigenous
11 communities by settlers and development projects, have hurt agricultural productivity and left
12 families struggling to stay economically secure. At the same time, poor access to schools and
13 healthcare keeps this cycle of disadvantage going. (Rasul, 2015) points out that low human
14 development in the region is tied to years of underinvestment and the lingering effects of past
15 insurgency, which the 1997 Peace Accord only partly addressed. Adding to these challenges,
16 (Badiuzzaman *et al.*, 2013) show that post-conflict insecurity affects how households make
17 choices, often pushing them toward risky livelihoods like shifting cultivation (Jhum).
18

19 Jhum farming used to be a sustainable way of cultivating crops, but it has become much harder to
20 maintain as the population grows and the environment suffers. (Borggaard *et al.*, 2003) caution
21 that it now contributes to soil erosion, deforestation, and lower crop yields. Inflation adds to these
22 challenges by making alternative food sources more expensive. (Hossen *et al.*, 2023) also point
23 out that rising medical costs and limited access to healthcare make it even harder for households
24 to manage economic stress.
25

26 Bangladesh has experienced steady economic growth, averaging over 6% per year for the past two
27 decades ("Finance Division, Ministry of Finance," n.d.), which has raised hopes of meeting the
28 SDGs by 2030. However, (Golam Rasul *et al.*, 2016) caution that regions like the CHT could
29 easily be left behind if policies don't specifically address their needs. Inflation makes this situation
30 even harder, as it pushes up the cost of development projects such as infrastructure, renewable
31 energy, and education, while at the same time reducing the real incomes of households. Because
32 of this, progress toward goals like affordable and clean energy (SDG 7) and quality education
33 (SDG 4) becomes much more difficult. The CHT faces many challenges, but there are still some
34 opportunities for sustainable development. (Ahammad *et al.*, 2023) point out that restoring forests
35 and practicing agroforestry could help people earn a living while protecting the environment.
36 However, (Muhammed *et al.*, 2008) note that rising costs for seeds, fertilizers, and labor can make
37 it hard to keep these projects going. Food security is another concern. (Haider, 2023) explains that
38 inflation cuts into what people can afford, and in remote areas, the long distances to markets make
39 prices even higher.
40

41 The post-LDC period is likely to bring some big changes. Bangladesh will no longer have the same
42 access to trade benefits and concessional aid, which could mean less public funding for remote
43 areas like the CHT. (Karim *et al.*, 2019) suggest that micro-hydropower could be a good way to
44 provide energy in the region, but (Rasul, 2015) points out that lack of funds and slow bureaucratic
45 procedures have held things back. Equity-focused policy reform will be crucial. However, it is a
46 warning that without deliberate measures to include marginalized communities, post-LDC
47 development could widen existing inequalities. Similar warnings come from the IGC (2025) and
48

Recent trends indicate that inflation in rural areas is rising faster than in urban centers. Problems with logistics and supply chains, as highlighted in ("Bangladesh's weak logistics undermining global trade competitiveness," n.d.)), have made rural costs higher, and this issue became even worse during the COVID-19 pandemic. (Ralph, 2022) describes how lockdown measures disrupted both livelihoods and access to basic necessities, pushing many rural families further into poverty. If inflation keeps rising unchecked in marginalized areas, progress toward Bangladesh's Sustainable Development Goals could slow down. (Nations, 2022) warns that higher prices may increase poverty, make it harder for people to access education and healthcare, and limit opportunities for upward mobility. (Faruque and Saleh, 2025) stress that inclusive policies need to be a key part of the post-LDC planning to prevent existing regional inequalities from getting worse.

Even though researchers have studied inflation extensively, there are still gaps in understanding its real impact. Very few studies have looked closely at how rising prices affect the daily lives and economic conditions of people in the Chittagong Hill Tracts (CHT). Similarly, little is known about how inflation interacts with economic policies introduced after Bangladesh graduated from LDC status. Most research looks at the country as a whole, ignoring indigenous communities. This study combines data analysis with insights from local residents to explore how inflation influences both livelihoods and development in the CHT, with the hope of informing planning that truly fits the local context.

3. Methodology

This study employs a descriptive but analytical research design to investigate the socioeconomic consequences of inflation on indigenous populations in the Chittagong Hill Tracts (CHT), Bangladesh. This research primarily focuses on assessing household vulnerability in terms of access to basic necessities or, the lack of the same, such as food, utilities, education and ancillary services, and the coping mechanisms in a high-inflation environment.

3.1 Study Area and Sample Size

This cross-sectional study was conducted in three districts in the CHT region, namely Rangamati, Bandarban, and Khagrachari, and covering three upazilas from Rangamati, and Bandarban and four upazilas from Khagrachari where every upazila is covered at least 6 to 7 wards of different unions. Moreover, we have ensured the validation of data in every local area. The target population comprises general households impacted by inflation-induced economic challenges.

The following formula (WHO 1991; Cochran 1977) was used to calculate the sample size of the study:

$$n = (Z^2 * p * (1-p)) / d^2$$

where n = size of the sample, Z = value of the standard normal variable, which is equal to 1.96 at a 5% level of significance, p = proportion of the inflation affected household, and d = the necessary level of precision or maximum acceptable error.

The sampling formula assumes the probability (p) value of 0.05 with a margin of relative error (d) set at 5% or 95% confidence level to ensure sufficient reliability of the estimate. Therefore, the initial sample of households was calculated, n = 384. It is common in the household surveys that

some households may choose to respond. That's why to maintain the accuracy of this study, we surveyed more than 400 households.

3.2 Data Collection and Sampling

This cross-sectional study was based on primary data collected through in-person interviews with different households, income earners, and employees living in the low-income settings in CHT. Data were collected from different locations in CHT, primarily focusing on remote areas. Data collection was done using a printed questionnaire, which was designed in such a way that it could reflect a household's economic situation, difficulty in affording basic necessities due to inflation, the effectiveness of coping mechanisms and government policies.

A total of 420 households were selected using a stratified random sampling technique. Stratification was based on ethnicity, income levels, and geographic distribution (urban, semi-urban, rural) to ensure a representative sample. A structured questionnaire was administered to collect data. The data collection took place between March 2025 to May 2025. The questionnaire was pre-tested to ensure it was comprehensible and included suggested modifications based on the needs of the study.

3.3 Socio-Demographic Characteristics of Surveyed Households

Table 1 presents the socio-demographic characteristics of the surveyed households. Almost 96% of the household heads were male, with 74% aged between 18 and 45 years. Regarding educational qualification, 16% of household heads had no formal education, and only 13% completed Higher Secondary School (HSC) or above and 15% completed Bachelor's degree or above. Among the surveyed households, 49% had an income between BDT 10,000–20,000 and 31% had income between BDT 20,000–30,000. Almost 63% of the households had family members of five or more. In terms of earning members in the family, almost 63% of the households had earning members of one. The main sources of income for the surveyed households were business (24.23%), salaried employment (20.19%), farming (19.95%), and day labour (18.29%).

Table 1: The socio-economic characteristics of the surveyed households (HHs)

Socio-economic characteristics	Frequency	Percent
Gender of the household heads		
Male	406	96.4%
Female	15	3.6%
Age of the household heads (in years)		
18-25	64	15.2%
26-35	123	29.2%
36-45	126	29.9%
46+	108	25.7%
Educational qualification of household heads		
No formal education	69	16.4%
Primary school	140	33.3%

Monthly household income (in BDT)

5,000 -10,000	43	10.2%
10,000-20,000	205	48.7%
20,000-30,000	131	31.1%
Above 30,000	42	10%

Number of HH member

2	10	2.38%
3	34	8.08%
4	112	26.6%
5	131	31.12%
6+	134	31.82%

Number of earning member in HH

1	263	62.5%
2	129	30.6%
3 OR MORE	29	6.9%

The primary source of HH income

Day labor	77	18.29%
Farmer	84	19.95%
Salaried employees	85	20.19%
Businessman	102	24.23%
Others	73	17.34%

3.4 Data Analysis and Methods

We have only employed one kind of analysis: descriptive statistics. Descriptive statistics were used to explore the socioeconomic challenges of the respondents and the effects of high inflation on income, food and nutrition, and other basic necessities (education, healthcare etc.) and their coping mechanisms. Furthermore, quantitative data were analyzed using a theoretical approach based on both primary and secondary data for analytical purposes.

4. Empirical Analysis*4.1 Trend in Prices***Table 2: Trend in Consumer Price Index (CPI) Base year: 2021**

Year	Average CPI	Average Inflation rate (%)
2021	100.00	5.55
2022	104.33	7.70
2023	114.22	9.48
2024	120.73	9.90
2025* (June)	133.85 (June)	10.13(12-mon avg May)

Between 2021 and mid-2025, prices kept going up across Bangladesh. The Consumer Price Index, which was 100 in 2021, had risen to 133.85 by June 2025. Inflation jumped from 5.55% to more than 10%, and people felt the pinch in their daily lives as the cost of food, fuel, and other essentials kept rising. This ongoing inflation was mainly driven by higher production costs caused by rising fuel prices, transportation expenses, and supply chain disruptions, alongside strong consumer demand in certain sectors. The depreciation of the local currency made imports more expensive, while global market shocks and shortages of key food items further intensified food inflation, particularly affecting low-income families.

Since 2022, factors such as post-pandemic recovery, global market instability, and growing import bills have kept inflation pressures persistent. The year-on-year CPI data indicate that prices are unlikely to stabilize soon, leaving policymakers the difficult task of curbing inflation while maintaining economic growth. In the field survey, respondents reflected on how the costs of their basic necessities had changed over the past two years, aligning with the inflationary trend presented in Table 3.

Table 3: The Price Situation over the Past Two Years (2023, 2024) in the CHT

Scale	Response (percentage)
Increased	58
Significantly increased	39
Decreased	1
Significantly decreased	0.2
No change	3

Data sources: Field Survey

Around 39% of survey participants said that prices had jumped sharply, while another 58% noticed smaller but still steady increases. For the poorest families, about 15% of the population, these changes have been crushing. On top of that, almost half of the people surveyed said they were struggling badly to pay for even the basics. What's striking is how closely these personal accounts match the secondary data. It makes it clear that the problem is not isolated or exaggerated – it's affecting most households in some way. It's not only about what's in people's wallets. Prices creeping up all the time wear people down in other ways too – adding stress, sparking arguments at home, and chipping away at the closeness that used to hold neighborhoods together. If anything is to change, the response has to look beyond just stabilizing prices and tackle the social strain that comes with this kind of economic pressure.

4.2 The effect on Essential Goods and Services

In this section, we have attempted to determine the impact on vital commodities and services, notably food, non-food, and energy items as illustrated in Table 4.

Table 4: The effect on essential goods and services due to inflation in CHT

Essential goods/services	Response (percentage)
Food items (Rice, vegetables, meat etc.), Housing rent, Health service, Transportation, Education costs	20
Food items, Healthcare services, Transportation, Education costs	24
Food items	7
Food items, Healthcare services, Transportation	3
The rest of items	46

24 Data sources: Field Survey
25

26 People in the Chittagong Hill Tracts (CHT) are struggling to get essential food and non-food items,
27 such as rice, vegetables, meat, fish, eggs, clothing, energy, housing, healthcare, and education.
28 About one in five households face shortages in both food and services, nearly a quarter in food
29 and key services, 7% in food only, and 3% in food, medical care, and transport. Non-food items
30 like energy and clothing have been hit hardest, affecting almost half of the population.
31

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33 Over 53.5% of residents cannot afford basic goods, and 46% struggle to buy a midday meal.
34 Protein-rich foods caused over 50% of 2023 food inflation, pushing overall food inflation to around
35 10% by March 2024. Low-income households were disproportionately affected despite slight
36 cereal price declines. At the same time, everyday costs like rent, fuel, and lighting — which make
37 up nearly 17% of the CPI — have continued to rise. For many low-income families, this leaves far
38 less money to pay for basic necessities such as food, healthcare, and schooling.
39

43 The effect on sustainable development

44 SDG 7 is undermined by rising energy costs in CHT, which make things less affordable. Despite
45 Bangladesh's increased access to energy, the World Bank (2024) cautions that growing prices pose
46 a threat to equity, making poverty (SDG 1) and inequality (SDG 10) worse as lower-income
47 households face greater hardship. SDG 3 is harmed by limited access to healthcare, while slum
48 poverty exacerbates these effects. Additionally, by hastening environmental deterioration,
49 increased reliance on fossil fuels compromises SDG 13.
50

51 4.3 The Difficulties in Affording Basic Necessities

52 Respondents were asked to indicate whether they could afford basic services and necessities. Their
53 answers provide insight into socioeconomic conditions and vulnerability, as indicated in Table 5.
54 Since the prior data demonstrated that there was inflation in the region, we wanted to demonstrate
55 the extent to which inflation in CHT affected the ability to pay for the essentials that were specified
56

in the question that came just before ~~The second of Social Economics~~ concurrently matched the primary data.

Table 5: The effect on ability to afford basic necessities due to inflation

Ability to afford basic necessities	Respondents	Percent
Extremely difficult	66	15.68%
Very difficult	180	42.75%
Moderately difficult	105	24.94%
Slightly difficult	53	12.59%
Not difficult at all	17	4.04%

Data source: Field survey

People living in the Chittagong Hill Tracts (CHT) are now finding it really hard to manage their daily life. Many families said their income is not enough to buy food, pay rent, or cover other basic needs. Some mentioned that they have to borrow money or skip meals sometimes just to get by. Around 42.75% said it is extremely difficult for them, and 15.68% said their situation is very serious. About a quarter said they face some problems, and only a few, around 4%, said they are okay. Altogether, more than 83% of people are struggling to get essentials like food, housing, and utilities. The situation is worse in slum areas and among women, children, and informal workers. For many, even a small rise in prices or losing a job can make life much harder than before.

As the UNDP (2025) has mentioned, when inflation goes up, poor households usually focus on daily survival rather than spending on education or health. This situation clearly shows that poverty is still widespread in the CHT and it goes against the aim of Sustainable Development Goal 1. Nearly 58% of the people are living in severe or extreme hardship, which limits their social progress. Many families have also reduced spending on health, which counts for around 2.8% in the Consumer Price Index, as they simply cannot afford these costs anymore.

Table 6: Reduction in consumption of essential goods (food, healthcare, transportation etc.) due to inflation

Reduction in consumption of essential goods (food, healthcare, transportation etc.)	Respondents	Percent
Significantly increased	39	9.26%
Moderately increased	272	64.61%
No change	97	23.04%
Moderately reduced	13	3.09%

Data source: Field survey

According to table 6, the trend of decreasing the level of consumption of basic necessities (such as food, healthcare, transportation, and non-food items) has increased significantly by about 9% and moderately by about 64%. This indicates that their socioeconomic status is below average and that they are struggling to make ends meet while surviving on necessities. The government subsidies pale in comparison to the total amount of money their household spends each month. As

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2 **Table 7: Household income earner (person)**
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Income Earner	Number of Respondents
1	263
2	129
3	29

12 Data source: Field Survey
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19 The alternative scenario is that, as Table 8 illustrates, the majority of families in the area have five
20 to six family members each. However, their household to income earner ratio is more remote,
21 which further makes it difficult for them to pay for their basic necessities.
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20 **Table 8: Household size**
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Household size	Respondents	Percent
2	10	2.38%
3	34	8.08%
4	112	26.6%
5	131	31.12%
6 or more	134	31.82%

36 Data source: Field survey
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40 Most families in the area are quite large. About 31.82% of households have six or more members,
41 and another 31.12% include five. Altogether, over 60% of the families have at least five members,
42 showing that large households are the norm here. Families with four members make up 26.60%,
43 while only a small number have three (8.08%) or two (2.38%) members.
44

45 Most families here are big, and many people live together to share work, save money, and help
46 one another. Life in such households is lively and busy, with everyone pitching in for cooking,
47 childcare, and other chores. Smaller families, like young couples or older pairs, enjoy more privacy
48 but have to manage everything on their own. Household size shapes daily life and how family
49 members relate to each other.
50

51 *4.4 Budget Adjustments* 52

53 We have now attempted to determine the frequency with which the residents of CHT are compelled
54 to update their monthly budgets as a result of the consistently growing general price levels. The
55 purpose of the inquiry is to find out how much of their monthly income they can use to cover
56 household expenses and how low their income is in relation to the level of prices.
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Adjustments	Response(percentage)
Every month	52.3
Every 3 months	35.5
Every 6 months	6.7
Rarely	5.5

Data Sources: Field Survey

Based on available data, the table illustrates how the CHT's residents are compelled to adjust their monthly household spending budget as a result of inflation. In order to deal with the rising costs, 52.3% of people modify their monthly spending budget every month, 35.5% do so every three months, and 6.7% do so on a mandatory basis every six months. Lastly, 5.5% of respondents hardly ever adjust their spending plan to account for price increases. According to the research, their real income declines more quickly when the price level fluctuates. They become vulnerable and fall below the poverty line as a result. It is noteworthy that they had to modify their budget by obtaining funds from both official and informal sources, as indicated in Table 9. According to Table 10, over 78% of people borrow money from both formal and informal sources, such as banks, NGOs, and friends.

Table 10: Sources of borrowing

The source of borrowing	Percent
Informal sources	17.20%
Informal sources and NGOs	32.50%
Bank	6.00%
Informal sources, NGOs and Banks	3.80%
Informal sources and Banks	90%
Others	15.30%
No adjustment needed	21.30%

Data source: Field survey

Here, most people still borrow from family, friends, or local moneylenders. A good number also take small loans from NGOs when they need extra help. Around one-third of households use both informal lenders and NGOs, while about 17% borrow only from family or local lenders. That means nearly half of the people depend at least partly on informal credit. Banks are less popular — only 6% borrow solely from them, and very few combine bank loans with other sources. Strict rules, collateral, and limited access make formal banking difficult for most people.

Around 15.3% borrow from microfinance institutions, while 25.3% do not borrow at all because they have steady income or savings. Informal lending is popular for its easy access and social trust, with NGOs acting as extra support. Promoting financial inclusion, improving bank access, and raising financial literacy could help people borrow safely. Loans improved living standards for 17%, but 46% saw no change. High interest rates in informal lending often leading to financial and mental stress, a situation made worse by inflation and declining living conditions.

Table 11: The effect of loan on living status

Living Status	Response (percentage)
Significantly Improved	0.70
Moderately Improved	34.0
No Change	46.20
Moderately Worsened	17.70
Significantly Worsened	1.40

Data Source: Field Survey

Rising prices have forced most people to change their monthly budgets. To manage these changes, many end up borrowing money, which affects how they live. Still, most respondents say their living conditions have either improved or stayed the same, showing that they are coping fairly well. We asked a question like, "Have you or anyone in your household had to take extra work to handle loan repayments or budget changes?" Our survey found that almost 70% of people are looking for extra jobs to pay off debts or balance their budgets. This shows how inflation sets off a chain reaction, keeping people trapped in financial stress, increasing poverty, and directly affecting SDG 1 (Zero Poverty).

4.5. The Reasons behind Rising prices in Local Markets

In order to determine the causes of the local market's price increase, the respondents were asked to identify the factors that, in their opinion, are evident.

Table 12: The reason for inflation in local market

Reasons	Respondents	Percent
Influence of middlemen	310	73.6%
Increased transportation cost	303	72%
Supply shortages	284	67.5%
Global market fluctuations	197	46.8%
Artificial crisis	147	34.9%
Others	12	2.85%

Others include syndicate, Government's negligence, weak local economic system, lack of effective regulations, political instability, hilly terrain. Data source: Field survey.

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Most local buyers and sellers say rising prices are mainly due to middlemen (73.6%), higher transport costs (72%), and supply shortages (67.5%). Global market changes (46.8%) and artificial crises (34.9%) were also mentioned, while a small number (2.85%) blamed government inaction, political unrest, or poor terrain. Overall, locals view supply chain and transport issues as the main reasons for price hikes.

Public perception aligns with findings from the Centre for Policy Dialogue (CPD) and Bangladesh Bank, which highlight market imperfections, weak supply chains, and oligopolistic behaviors as key reasons for rising prices despite global price drops ("ICAB Publication," n.d.). In remote CHT areas, poor infrastructure and high logistics costs — driven by rising fuel prices — have worsened the situation. Fuel prices have increased by 40–50% since January 2022, raising production and transportation costs across industries ("ICAB Publication," n.d.). Respondents often mentioned a lack of goods, which was backed up by secondary data showing that domestic problems like floods, insufficient storage, and ineffective supply chains are driving up prices, as well as global supply chain disruptions (such as the war in Ukraine affecting wheat, oil, and fertilizer) ("ICAB Publication," n.d.; "Taming inflation in Bangladesh," n.d.). Secondary sources also identify the Taka's 25% depreciation since January 2022 and rising global commodity prices as major inflation drivers. The weaker Taka has made imports — especially fuel and raw materials — costlier. By January 2024, the exchange rate reached a record 110.0581 BDT per USD ("ICAB Publication," n.d.). In short, the survey confirms local perceptions of what drives inflation in Bangladesh and the CHT, while also reflecting broader economic challenges identified in secondary research, including global shocks, weak supply networks, and market distortions.

4.6 The Household Income and The Cost of Living

We made an effort to find out how much they currently make and how much it has increased in comparison to their cost of living. The following tables display their answers.

Table 13: Household on average monthly income

Average monthly income	Respondents	Percent
5,000 - 10,000 BDT	43	10.21%
10,000 - 20,000 BDT	205	48.69%
20,000 - 30,000 BDT	131	31.12%
Above 30,000 BDT	42	9.98%

Data source: Field survey

Table 13 shows that about half of the population earns between 10,000 and 20,000 taka per month, one-third earns 20,000–30,000, and around 10% earn less than 10,000, while another 10% earn 30,000 or more. This cross-sectional inquiry aligns with earlier findings on budget adjustments — about 52% previously had to alter their income usage, and now over 50% earn only 10,000–30,000 taka, which remains insufficient amid rising inflation.

According to Table 14, living costs have slightly increased, with 38% and 47% of people adjusting their monthly expenses through various means.

Cost of living relative to household income	Respondents	Percent
Significantly increased	6	1.43%
Moderately increased	160	38%
Moderately decreased	56	13.3%
Significantly decreased	1	0.24%
No change	198	47.03%

14 Data source: Field survey
15
16 According to the data, most respondents said that their cost of living compared to their income
17 has either increased slightly or stayed the same. A number of people reported a slight increase,
18 showing some financial pressure, but the majority said there was “no change,” suggesting a level
19 of stability. Only a few noticed a decrease in living costs. Overall, many people remain in
20 precarious financial situations, as income growth has not kept pace with rising expenses.
21
22

23 4.7 Employment Opportunities 24

25 As part of our focus on how inflation in the CHT area affects the sustainable development goals,
26 we were asked how inflation affected their employment opportunities by driving up the price of
27 commodities. Table 15 displays the scenario.
28
29

30 **Table 15: Employment opportunities**

Employment opportunities	Respondents	Percent
Significantly decreased	14	3.33%
Moderately decreased	180	42.75%
Significantly increased	5	1.19%
Moderately increased	64	15.2%
No change	158	37.53%

46 Data source: Field survey
47
48

49 SDG 8 (Decent work and economic growth) has directly hampered a larger portion of aggregate
50 employment opportunities, according to the data, which shows that while many employment
51 opportunities have moderately and significantly increased, opportunities have also moderately and
52 significantly decreased more than three times. However, certain of our human resources are unable
53 to support our economy and are instead unsuitable for long-term growth.
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56 4.8 Access to Traditional Occupations 57

58 **Table 16: Inflationary impact on traditional occupation**

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Inflationary Impact	International Journal of Social Economics Respondents	Percent
Significantly impacted	50	11.88%
Moderately impacted	201	47.74%
Slightly impacted	127	30.17%
No noticeable change	35	8.31%
Access has improved	8	1.9%

12 Data source: Field survey

13
14 In the Chittagong Hill Tracts (CHT), many people engage in traditional occupations such as
15 agriculture (seasonal crops, Jhum cultivation, livestock, fisheries, forestry, timber, and fruit
16 production), handicrafts, basketry, and weaving. Survey data (Table 17) shows that about 90% of
17 individuals are affected by inflation in continuing their usual work — 48% moderately and nearly
18 12% severely.

19 Only about 10% of people have been able to adjust, keeping their access to traditional jobs the
20 same or even improving. Overall, rising prices have caused more harm than benefit. Many people
21 have had to change occupations, and productivity has often declined, which in turn affects the
22 wider economy.

23 4.9 The Status of Education

24 Since most of the educational institutions in the hill tracks area are centrally placed and
25 inaccessible to children from marginalized areas, there are often few well-known or reported
26 educational institutions in the area. Thus, parents send their kids to elementary or secondary
27 schools in the area. In this section, we attempt to ascertain whether inflation is impeding whatever
28 they have and are operating.

29
30 **Table 17: Inflationary effect on children education rate**

Children's Education	Respondents	Percent
Families spending less on education	168	39.9%
Increased dropout rates	165	39.2%
No impact	77	18.29%
Others	11	2.61%

51 Data source: field survey

52 The situation for children in the area is worrying. Around 40% of families have cut back on
53 education spending, and nearly 79% of children are affected by high dropout rates, which rose
54 during COVID-19 (2020–2022) and remain a concern today. Only about one in five guardians are
55 aware of their children's schooling. Even with free textbooks, rising household expenses make
56 education costly, as small daily costs quickly add up and become hard for families to manage.

57
58 **4.10 Access to Healthcare Services**

Table 18 outlines inflation's impact on the ~~International Journal of Social Economics~~ in the Chittagong division — health, transport and communication, recreation and culture, and education — using secondary data from October 2023 to December 2024. Although healthcare inflation rose for several months, it declined slightly in the last two months, with the CPI dropping from 0.67 to 0.15 in November and 7.63 to 0.38 in December. Despite improved access to medical services, data from March 2025 reveals that rising costs of medicines and consultation fees remain burdensome for residents with limited incomes.

Table 18: Chittagong Division's average Consumer Price Index (CPI); Base Index: 2021-22=100

CPI Classification	2021-22	2022-23	2023-24 (average Oct-Dec)	2024-25 (Average Oct-Dec)
1. Health	269.97	116.61	118.13	128.45
<i>Inflation (Point to point)</i>	2.25	16.61	-1.81	8.84
<i>Inflation (Over Previous Month)</i>	-	-	3.54	0.41
2. Transportation	274.69	108.62	118.77	126.23
<i>Inflation (Point to point)</i>	17.33	8.62	9.85	6.41
<i>Inflation (Over Previous Month)</i>	-	-	1.36	0.54
3. Communication	-	105.82	105.68	115.02
<i>Inflation (Point to point)</i>	-	-	-	9.08
<i>Inflation (Over Previous Month)</i>	-	-	0.84	1.09
4. Recreation and Culture	225.50	108.10	121.79	131.25
<i>Inflation (Point to point)</i>	5.12	8.10	13.96	8.29
<i>Inflation (Over Previous Month)</i>	-	-	1.46	0.74
5. Education	-	108.28	107.47	117.24
<i>Inflation (Point to point)</i>	-	-	-	9.35
<i>Inflation (Over Previous Month)</i>	-	-	0.22	1.01

Note: Figures in italics indicate inflation over previous year/month; Source: Bangladesh Bureau of Statistics (BBS)

International Journal of Social Economics, and our study examined the challenges people face beyond these services. About 91% of hill tract residents struggle to meet medical costs, severely affecting their socioeconomic well-being. Many low-income families borrow money for costly treatments and hospital care, while elderly members often require expensive medications that are hard to afford. As shown in Table 19, this situation directly hinders progress toward SDG 3 (Good Health and Well-Being).

Table 19: Impact on healthcare accessibility

Scale	Response (percentage)
Significantly impacted	10
Moderately impact	46
Slightly impacted	36.1
No noticeable change	8.4

Data Source: Field survey

4.11 Coping Strategies

Table 20: Coping strategies to deal with inflation

Most used strategies to deal with inflation	Respondents	Percent
Reducing non-essential expenses, Seeking additional employment, Relying on savings, Borrowing money, Receiving financial aid from government/NGOs	88	21.10%
Reducing non-essential expenses	66	15.8%
Reducing non-essential expenses, Seeking additional employment, Relying on savings, Borrowing money	31	7.4%
Reducing non-essential expenses, Seeking additional employment	16	3.8%
Reducing non-essential expenses, Borrowing money	15	3.6%
Reducing non-essential expenses, Relying on savings	13	3.1%

Data source: Field survey

People are struggling a lot because prices keep going up. Many have to cut back on things they normally buy just to make ends meet. Some are picking up extra work, using whatever savings they have, borrowing from family or friends, or getting help from NGOs and the government. Around 16 people mostly focus on trimming unnecessary spending, while others mix a few strategies. These steps help for a little while, but paying back loans later is still tough. For families, cutting extras and doing extra work seem to be the easiest way to manage, and it also helps the local economy.

Table 21: Challenges facing the CHT people

Challenge Area	Inflation Impact in CHT	SDG/ Post-LDC Risk
Affording essentials goods and services	83% struggles with basic necessities	SDG-1 and SDG 10
Food and energy cost	Up to 58% price increases	SDG-2 and SDG 7
Education	79% children impacted	SDG 4
Healthcare	91% face excess difficulties	SDG 3
Employment and income	Job loss and income stagnation	SDG 8
Traditional occupations	80% negatively impacted	SDG 8 and SDG 10
Cultural participation	70% struggle to celebrate	SDG 10
Budget adjustment/borrowing	78% borrow, 52% adjust monthly	Post- LDC vulnerability

28
29 Data source: Field survey
30

31 Inflation is hitting people in the Chittagong Hill Tracts really hard. Food, housing, healthcare, and
32 transport have become too expensive for most — 83% struggle, and more than half are having
33 extreme difficulties. Poverty is getting worse, and many families are borrowing to survive —
34 around 78% do this — trapping themselves in debt. About 73% have cut back on basic needs,
35 which affects food and health.
36

37
38 Traditional jobs like farming and handicrafts are disappearing, and finding new work has become
39 really hard for most people. This is making it tough for families to earn a living and keep up with
40 daily expenses. Healthcare and energy costs are high, making access difficult and increasing fossil
41 fuel use. Cultural activities are down, with 70% participating less, which worsens inequality.
42 Families keep adjusting budgets because incomes are low and there are many dependents. All this
43 adds economic instability and makes Bangladesh's Post-LDC transition in 2026 even harder.
44

45 6. Policy Recommendations and Conclusion

46 6.1 Policy Recommendations

47
48 *i) Economic Stability Measures:* People said essentials are getting too expensive. Wages should
49 rise, jobs should be created, and social support should reach everyone. Farming and small local
50 businesses need more investment. These steps show how people try to cope and can support SDG
51 1 and 8.

52
53 *ii) Price Control During Festivals:* Festival goods get really expensive. The government should
54 make sure prices don't spike. This helps reduce inequality (SDG 10).
55

1
2 *iv) Reducing Dropout Rates:* The high dropout rate requires scholarships linked to attendance,
3 guardian consultations, and study incentives. Guardians can be held accountable if needed. This
4 supports SDG 4 (Quality Education).

5
6 *v) Market Monitoring and Fair Pricing:* Middlemen take advantage and farmers lose out. Stronger
7 market checks and better rural investment can make prices fairer and markets easier to reach.
8

9
10 *vi) Effective Subsidy Management:* Though existing subsidies like TCB and VGD help, their
11 coverage is limited. Implementing policies 1 and 3 will stabilize income and prices, reducing
12 dependency on subsidies and aiding post-LDC progress.
13

14
15 *vii) Public Health Strengthening:* Medicines are getting expensive. People need better clinics, run
16 by experts, and support for tests and medicines. Watching pharmacies keeps prices fair. This
17 supports SDG 3.
18

19
20 *viii) Food and Nutrition Security:* Growing food at home or in community gardens can help. Food
21 vouchers, better storage, and transport systems make food safe and affordable. This fights hunger
22 and supports SDG 2.
23

24
25 **6.2 Post-LDC Transition Roadmap for CHT**
26

27
28 If Bangladesh becomes a developing country in November 2026 without proper preparation, some
29 key sectors could take a big hit. Losing duty-free access and new tariffs up to 12% might cut exports
30 by 6–14%. Both the government and private sector may need more time—maybe until 2032—to
31 handle the change smoothly.
32

33
34 The Post-LDC Transition Roadmap for the CHT focuses on local plans. It suggests keeping trade
35 access through deals and GI labeling, protecting social spending, and boosting the economy with
36 agro-processing, eco-tourism, handicrafts, and renewable energy. Planning should be fair, include
37 indigenous voices, and push for global help in climate, food, and social protection.
38

39
40 Without these steps, the CHT could be left behind. A clear, targeted strategy is needed to ensure
41 everyone benefits and indigenous communities are protected.
42

43
44 **6.3 Conclusion**
45

46
47 As Bangladesh nears its Post-LDC graduation in 2026, the Chittagong Hill Tracts (CHT) are at a
48 critical point. Prices are rising, and long-standing social and economic problems are making life
49 harder. These challenges threaten both sustainable development and a smooth graduation. The study
50 points out the main vulnerabilities, why they exist, and how they affect the region.
51

52
53 To move forward, Bangladesh really needs to work with what CHT already has. Use local data, back
54 indigenous-led businesses, and put money into people's skills and education. Do it right, and the
55 region can handle rising prices, cut down inequality, and show how inclusive growth works.
56

57
58 Programs should consider family size so that education, health, and nutrition support reaches larger
59 households fairly. Microfinance and livelihood projects can make use of local labor to increase
60 income and stability. A successful transition will require strong political will, collaboration, and
empowering CHT communities to shape their own resilient and prosperous future.
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Table List

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2 **Table i: The socio-economic characteristics of the surveyed households (HHs)**
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Socio-economic characteristics	Frequency	Percent
Gender of the household heads		
Male	406	96.4%
Female	15	3.6%
Age of the household heads (in years)		
18-25	64	15.2%
26-35	123	29.2%
36-45	126	29.9%
46+	108	25.7%
Educational qualification of household heads		
No formal education	69	16.4%
Primary school	140	33.3%
Secondary education	93	22.1%
Higher Secondary education	56	13.3%
Bachelor's degree or above	63	15%
Monthly household income (in BDT)		
5,000 -10,000	43	10.2%
10,000-20,000	205	48.7%
20,000-30,000	131	31.1%
Above 30,000	42	10%
Number of HH member		
2	10	2.38%
3	34	8.08%
4	112	26.6%
5	131	31.12%
6+	134	31.82%
Number of earning member in HH		
1	263	62.5%
2	129	30.6%
3 OR MORE	29	6.9%
The primary source of HH income		
Day labour	77	18.29%
Farmer	84	19.95%
Salaried employees	85	20.19%
Businessman	102	24.23%
Others	73	17.34%

53 Data Source: Field survey.
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Table ii: Trend in Consumer Price Index (CPI) Base year: 2021

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Year	Average CPI	Average Inflation rate (%)
2021	100.00	5.55
2022	104.33	7.70
2023	114.22	9.48
2024	120.73	9.90
2025* (June)	133.85 (June)	10.13(12-mon avg May)

2025* is conditional, shows up to June 2025 for CPI and May 2025 for the 12- month average inflation rate. Data source: BBS

Table iii: The Price Situation over the Past Two Years (2023, 2024) in the CHT

Scale	Response (percentage)
Increased	58
Significantly increased	39
Decreased	1
Significantly decreased	0.2
No change	3

Data sources: Field Survey

Table iv: The effect on essential goods/services due to inflation in CHT

Essential goods/services	Response (percentage)
Food items (Rice, vegetables, meat etc.), Housing rent, Health service, Transportation, Education costs	20
Food items, Healthcare services, Transportation, Education costs	24
Food items	7
Food items, Healthcare services, Transportation	3
The rest of items	46

Data sources: Field Survey

Table v: The effect on ability to afford basic necessities due to inflation

Ability to afford basic necessities	Respondents	Percent
Extremely difficult	66	15.68%
Very difficult	180	42.75%
Moderately difficult	105	24.94%
Slightly difficult	53	12.59%
Not difficult at all	17	4.04%

18 Data source: Field survey
 19
 20
 21

Table vi: Reduction in consumption of essential goods (food, healthcare, transportation etc.) due to inflation

Reduction in consumption of essential goods (food, healthcare, transportation etc.)	Respondents	Percent
Significantly increased	39	9.26%
Moderately increased	272	64.61%
No change	97	23.04%
Moderately reduced	13	3.09%

37 Data source: Field survey
 38
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Table vii: Household income earner (person)

Income Earner	Number of Respondents
1	263
2	129
3	29

56 Data source: Field Survey
 57
 58
 59
 60

1
2 **Table viii: Household size**
3

Household size	Respondents	Percent
2	10	2.38%
3	34	8.08%
4	112	26.6%
5	131	31.12%
6 or more	134	31.82%

17 Data source: Field survey
1819 **Table ix: Budget adjustment due to inflation**
20

Adjustments	Response(percentage)
Every month	52.3
Every 3 months	35.5
Every 6 months	6.7
Rarely	5.5

35 Data Sources: Field Survey
36
3738 **Table x: Sources of borrowing**
39

The source of borrowing	Percent
Informal sources	17.20%
Informal sources and NGOs	32.50%
Bank	6.00%
Informal sources, NGOs and Banks	3.80%
Informal sources and Banks	90%
Others	15.30%
No adjustment needed	21.30%

59 Data source: Field survey
60

Table xi: The effect of loan on living status

Living Status	Response (percentage)
Significantly Improved	0.70
Moderately Improved	34.0
No Change	46.20
Moderately Worsened	17.70
Significantly Worsened	1.40

13 Data Source: Field Survey

Table xii: The reason for inflation in local market

Reasons	Respondents	Percent
Influence of middlemen	310	73.6%
Increased transportation cost	303	72%
Supply shortages	284	67.5%
Global market fluctuations	197	46.8%
Artificial crisis	147	34.9%
Others	12	2.85%

32 Others include syndicate, Government's negligence, weak local economic system, lack of
 33 effective regulations, political instability, hilly terrain. Data source: Field survey.

Table xiii: Household on average monthly income

Average monthly income	Respondents	Percent
5,000 - 10,000 BDT	43	10.21%
10,000 - 20,000 BDT	205	48.69%
20,000 - 30,000 BDT	131	31.12%
Above 30,000 BDT	42	9.98%

50 Data source: Field survey

Table xiv: Cost of living relative to household income

Cost of living relative to household income	Respondents	Percent
Significantly increased	6	1.43%
Moderately increased	160	38%
Moderately decreased	56	13.3%
Significantly decreased	1	0.24%
No change	198	47.03%

15
16 Data source: Field survey
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Table xv: Employment opportunities

Employment opportunities	Respondents	Percent
Significantly decreased	14	3.33%
Moderately decreased	180	42.75%
Significantly increased	5	1.19%
Moderately increased	64	15.2%
No change	158	37.53%

36 Data source: Field survey
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38
39

Table xvi: Inflationary impact on traditional occupation

Inflationary Impact	Respondents	Percent
Significantly impacted	50	11.88%
Moderately impacted	201	47.74%
Slightly impacted	127	30.17%
No noticeable change	35	8.31%
Access has improved	8	1.9%

56 Data source: Field survey
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1
2 **Table xvii: Inflationary effect on children education rate**
3

Children's Education	Respondents	Percent
Families spending less on education	168	39.9%
Increased dropout rates	165	39.2%
No impact	77	18.29%
Others	11	2.61%

14 Data source: field survey
1516 **Table xviii: Chittagong Division's average Consumer Price Index(CPI); Base Index: 2021-
17 22=100**
18

CPI Classification	2021-22	2022-23	2023-24 (average Oct-Dec)	2024-25 (Average Oct- Dec)
1. Health	269.97	116.61	118.13	128.45
<i>Inflation (Point to point)</i>	2.25	16.61	-1.81	8.84
<i>Inflation (Over Previous Month)</i>	-	-	3.54	0.41
2. Transportation	274.69	108.62	118.77	126.23
<i>Inflation (Point to point)</i>	17.33	8.62	9.85	6.41
<i>Inflation (Over Previous Month)</i>	-	-	1.36	0.54
3. Communication	-	105.82	105.68	115.02
<i>Inflation (Point to point)</i>	-	-	-	9.08
<i>Inflation (Over Previous Month)</i>	-	-	0.84	1.09
4. Recreation and Culture	225.50	108.10	121.79	131.25
<i>Inflation (Point to point)</i>	5.12	8.10	13.96	8.29
<i>Inflation (Over Previous Month)</i>	-	-	1.46	0.74
5. Education	-	108.28	107.47	117.24

<i>Inflation (Point to point)</i>	International Journal of Social-Economics	-	9.35
<i>Inflation (Over Previous Month)</i>	-	-	0.22

Note: Figures in italics indicate inflation over previous year/month; Source: Bangladesh Bureau of Statistics (BBS)

Table xix: Impact on healthcare accessibility

Scale	Response (percentage)
Significantly impacted	10
Moderately impact	46
Slightly impacted	36.1
No noticeable change	8.4

Data Source: Field survey

Table xx: Coping strategies to deal with inflation

Most used strategies to deal with inflation	Respondents	Percent
Reducing non-essential expenses, Seeking additional employment, Relying on savings, Borrowing money, Receiving financial aid from government/NGOs	88	21.10%
Reducing non-essential expenses	66	15.8%
Reducing non-essential expenses, Seeking additional employment, Relying on savings, Borrowing money	31	7.4%
Reducing non-essential expenses, Seeking additional employment	16	3.8%
Reducing non-essential expenses, Borrowing money	15	3.6%
Reducing non-essential expenses, Relying on savings	13	3.1%

Data source: Field survey

Table xxi: Challenges facing the CHT people

Challenge Area	Inflation Impact in CHT	SDG/ Post-LDC Risk
Affording essentials goods and services	83% struggles with basic necessities	SDG-1 and SDG 10
Food and energy cost	Up to 58% price increases	SDG-2 and SDG 7
Education	79% children impacted	SDG 4
Healthcare	91% face excess difficulties	SDG 3
Employment and income	Job loss and income stagnation	SDG 8
Traditional occupations	80% negatively impacted	SDG 8 and SDG 10
Cultural participation	70% struggle to celebrate	SDG 10
Budget adjustment/borrowing	78% borrow, 52% adjust monthly	Post- LDC vulnerability

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29 Data source: Field survey
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