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## RECTOR'S MESSAGE



Congratulations Faculty of Business and Management of Universiti Teknologi MARA Cawangan Kedah, Kampus Sungai Petani on the publication of the 6<sup>th</sup> Volume of FBM Insights!

I am very pleased to know that there are more than 40 authors and more emerging issues are being presented in this latest volume of FBM Insights. This portrays that UiTM Kedah Branch is actively involved in disseminating business related information and knowledge to the public.

I hope this bulletin can provide an opportunity for the Faculty of Business and Management staff to produce more academic materials and develop their skills in academic and creative writing. Furthermore, more initiatives should be launched to support this life-long process.

Again, well done to the Faculty of Business and Management and those who were involved directly and indirectly with the publishing of FBM Insights Vol.6. I wish FBM Insights all the best and continue to grow and move rapidly forward in the future.

**Prof. Dr. Roshima Haji Said**  
Rector  
Universiti Teknologi MARA (UiTM)  
Cawangan Kedah



السلام عليكم ورحمة الله وبركاته

Assalamualaikum warahmatullahi wabarakatuh

Welcome to the 6<sup>th</sup> Edition of FBM Insights 2022. This edition boasts 40 articles by the academics of Faculty of Business and Management UiTM Kedah Campus. The topics involved a broad range of business and management knowledge. Congratulations to all authors for your endless support and valuable contribution to the newsletter.

FBM Insights was mooted in 2020 and it came about with the intention to encourage and improve research writing activities among the lecturers of UiTM Kedah's Business and Management Faculty. As the editions progressed, the support from the academics has not faltered. I hope the support continues in editions to come.

I would like to congratulate the editors and the committee for the hard work and perseverance in managing the newsletter. All the best to everyone and thank you again.

**Dr. Yanti Aspha Ameira Mustapha**  
FBM Insights Advisor

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# THE IMPACTS OF FOOD INFLATION ON POVERTY IN MALAYSIA

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## Introduction

Based on a report from the Department of Statistics Malaysia (DSM) released on 21, January 2022, Malaysia's inflation, which was measured by the Consumer Price Index (CPI), increased by 3.4 percent in June 2022, from a year earlier. This was driven by a 6.1 percent rise in food prices, which remained the main contributor to the rise in inflation. Moreover, the inflation was also contributed by the increase in the index of transport (5.4 percent), furnishing, household equipment, and routine household maintenance (3.4 percent), and housing, water, electricity, gas, and other fuels (2.2 percent). The issues of food inflation arise from various factors, such as sharp spikes in global commodities prices causing fluctuations in international terms of trade, rise in the price of animal feedstuff, as well as the closure of the national border due to the Movement Control Orders (MCOs) during the pandemic. All these have influenced the fluctuation of prices in the local market. This paper identified three impacts of food inflation in Malaysia as follows:

## The Impacts of Food Inflation

First, the issue of food inflation, impacted most low-income and poorer economies where this group of people spends a significant portion of their income on food and necessities compared to the other groups (Iddrisua, A.A., & Alagidede, I.P., 2020). The price pressure being driven by food will disproportionately affect the lower-income group, especially the B40 group, where they are more vulnerable to increasing cost of living, and thus impact economic growth (Siwar, et. al., 2015). Even in comparison by region, rural households are less vulnerable to increases in food prices than urban households (Tomoki, F., 2013).

Second, the food inflation impacted a reduction in purchasing power among lower income groups, resulting in higher prices of essential goods and relatively more expensive during inflation. People in group B40 households who rely on single sources of income have to spend the most money on food, because their income tends to be less saved (Nasir, S., 2019). They also have limited savings and depend heavily on debts to finance their consumption. Lowering purchasing power for spending would not be able to stimulate economic activities. Additionally, when inflation is expected to rise, thus encouraging consumers to increase their current consumption (Jane, M. R., 2022).

Third, rising prices of goods make some people forced to adjust their consumption and switch to cheaper and less nutritious foods. Based on a researcher from Khazanah Research Institute (KRI), Jarud Romadan Khalidi stated that if this upward trend continues, they would be affected by health problems such as obesity and undernourishment, especially in children. At the same time, adults would be exposed to non-communicable diseases (NCDs) such as obesity, hypertension, diabetes, and cardiovascular disease. Furthermore, rich households are able to adjust their consumption patterns due to higher food prices while the poorer tend to be exposed to the risk of malnutrition as spending on food takes a large proportion of their income (Umi, Z. N. et. al., 2018).

*There have many impacts of current food inflation in Malaysia where the lower income group is impacted most. Moreover, this common phenomenon in developing countries where the proportion of income spent on food is high compared to the developed economies.*

## **Conclusion**

This paper identified three impacts of food inflation in Malaysia consisting first, lower income especially B40 groups are impacted most by higher prices of food resulting in higher cost of living. Second, food inflation also resulted to reduce purchasing power among lower income groups, and lastly, poorer households are exposed to the risk of malnutrition when their spending on food takes a large proportion of income. In conclusion, the role in addressing food inflation issues is not entirely of the government. The group of B40 itself has played their role in changing lives for the better. Consumers have to be more selective in purchasing their essential goods, which are more affordable and substitute for cheaper ones. While urban farming can be practiced in urban areas and high-rise buildings as alternatives to reduce their higher cost of living. Additionally, the most important thing for the government is to immediately devise a short-term solution for the economy's growth. Encouragement for mega projects and small projects would attract more investment into the country, and workers would benefit with more income, to cope with the higher cost of living.

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