

# star BUSINESS



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## INGREDIENTS THAT SAW PRICE HIKE

Flour, sugar, milk, edible oil, energy

### PRICE SPIKE IN 6 MONTHS

- The prices of flour, sugar, edible oil and milk rose by 30-60%
- Price of packaging materials surged 20-30%

### PRICE ADJUSTMENTS OF BAKERY ITEMS

Bread, biscuits, cake, bun, ice cream, chips, chanachur

### WHAT FOOD PROCESSORS DOING:

- Some have cut pack sizes
- Some have raised prices
- Others are observing the situation



If we increase the price by keeping the weight unchanged, it will be difficult for consumers to buy the products under the current situation.

**Kamruzzaman Kamal**  
marketing director of Pran-RFL Group

# Food packs slim down, prices swell

Processors grapple with soaring costs of raw materials

SUKANTA HALDER

Food processors in Bangladesh have either cut the size of packs or increased prices to absorb the surging cost of raw materials, handing a blow to end customers already struggling amid higher inflation.

As a result, consumers are either getting less for the products whose prices have not been revised upwards or paying more for the products that have seen no change in weight.

Prices of the ingredients used in making bakery products, cakes, sweets, chips, Bombay mix and ice creams have gone up owing to demand recovery and supply chain disruptions globally, forcing both brands and non-brands in Bangladesh to opt for reducing pack sizes or revising prices.

The prices of flour, sugar, edible oil and milk have risen by 30-60 per cent in the last six months, industry people say.

This has prompted bakeries to cut the weight of items such

as cakes, biscuits and bread by as low as 5 per cent to as high as 60 per cent.

Pran-RFL Group has gone for weight reduction instead of raising prices and its products with a reduced size hit the markets three months ago, according to Kamruzzaman Kamal, marketing director of the largest food manufacturer in Bangladesh.

For example, the weight of its Honeycomb bread has been reduced to 65 grammes from 75g, bun from 50g to 45g, dry cake from 35g to 30g, slice cake from 40g to 35g, and Fruit Fun biscuits from 30g to 24g.

"If we increase the price by keeping the weight unchanged, it will be difficult for consumers to buy the products under the current situation," Kamal said.

Danish Foods Ltd, owned by Partex Star Group, enforced weight reduction seven months ago.

The size of the 350g toast biscuit pack has been brought down to 250g. Similarly, the family pack biscuits previously

weighing 210g to 240g are now available in 165g to 180g packs for the same price.

"We have reduced the size of the packs for both local and export markets," said Debasish Singha, head of export of Danish Foods Ltd, adding

challenge because of the rise in the price of raw materials," said Syed Nurul Islam, chairman and CEO of Well Group.

"Customers will not be able to afford if the price increases under the current circumstances."



that the price of packaging materials has surged by 20 to 30 per cent recently.

Well Group, which runs a food chain selling sweets, cakes, bread, buns, cookies, biscuits and snacks, reduced the size of the products by 10 to 25 grammes this month.

"There are no alternatives. We are now facing a major

Some companies have raised prices to cope with the rising cost of production.

Igloo, a popular ice cream brand, increased the price of its products on March 1. On average, prices have gone up by 10 to 25 per cent, said Shamim Ahmed, chief operating officer of the company.

For example, Igloo Vanilla

Cup Ice Cream was priced at Tk 20 before the latest price adjustment. It is now selling at Tk 25.

Bombay Sweets and Co Ltd, the owner of popular chip brands Potato Crackers, Mr. Twist, Alooz and Bombay mix brand Bombay Sweets, has resized the chips packs and increased the price of Bombay mix.

One and a half years ago, the weight of a pack of Potato Crackers was 25g. The pack size was first reduced to 22g and then again to 18g.

Likewise, a Mr. Twist chip pack weighed 25g and customers are now getting 5 grammes less products, albeit at the same price.

A packet of Bombay Sweets Chanachur used to contain 20 grammes of food items. The pack now weighs 15 grammes. The price has remained unchanged at Tk 5.

The 600g pack has been shrunk to 500gm and the price has increased from Tk 100 to Tk 110.

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## Inflation climbs to 16-month high

### BBS figure doesn't represent reality, say economists

STAR BUSINESS REPORT

Inflation in Bangladesh jumped to 6.17 per cent in February, the highest in 16 months, driven by soaring costs of foods, further eroding the purchasing capacity of consumers.

The higher prices are particularly painful for the low-income groups, many of whom are already being seen queuing for hours to get subsidised foods from the government's open market sales operations.

In February this year, consumers had to spend 6.22 per cent more than a year ago to buy foods, data from the Bangladesh Bureau of Statistics (BBS) showed yesterday.

Non-food inflation, which includes clothing, footwear, fuel, lighting, transport and healthcare, declined 16 basis points to 6.10 per cent in February from the prior month.

The previous high of inflation was reported in October 2020 when it stood at 6.44 per cent.

Economists are, however, sceptical about the BBS estimates of inflation, arguing that it is not reflective of the current prices levels and the rate of changes in prices of goods and services.

On Sunday, the Centre for Policy Dialogue (CPD) said the consumption basket used for calculating overall general inflation was created in 2005 and it does not reflect the current consumption pattern of consumers or the actual prices in the market in 2022.

"Inflation situation is more adverse than the BBS estimate," said Towfiqul Islam Khan, a senior research fellow of the CPD.

Based on the price levels of the fiscal year of 2005-06, the BBS computes the Consumer Price Index (CPI) and inflation for rural areas by taking into account the prices of 318 items and for urban inflation, it considers 422 commodities and services.

The South Asian Network on Economic Modeling (Sanem), another think-tank, earlier said the officially reported food inflation figures were grossly underestimating the actual food inflation faced by financially marginalised households in Bangladesh.

"I think that the BBS's non-food inflation figure is underestimated," Sanem Executive Director Selim Raihan told The Daily Star yesterday.

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## FBCCI for mandatory TIN submission for taking govt services

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) is expected to propose making it compulsory for people to submit their tax identification number (TIN) and tax payment documents for taking various government services.

The apex trade body will make this recommendation to the government in a bid to expand the country's tax base and bring everyone under the tax net.

The FBCCI may submit its proposals at the consultative committee meeting of the National Board of Revenue (NBR) today. The trade body will also propose allowing entrepreneurs to avail tax registration instead of a trade licence from the local government.

It may also recommend taking steps to raise contribution of the direct tax ratio in tax revenue.

To reduce business costs, time and hassles, the NBR should issue clarifications on the classification of Harmonised System (HS) Codes, a standardised numerical method of classifying traded products, and make its policies easy.

For the same reason, the FBCCI would recommend rejecting source and advance tax for exporters as it ultimately returns to the industries.

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## Broadband connections make steady rise in Jan

MAHMUDUL HASAN

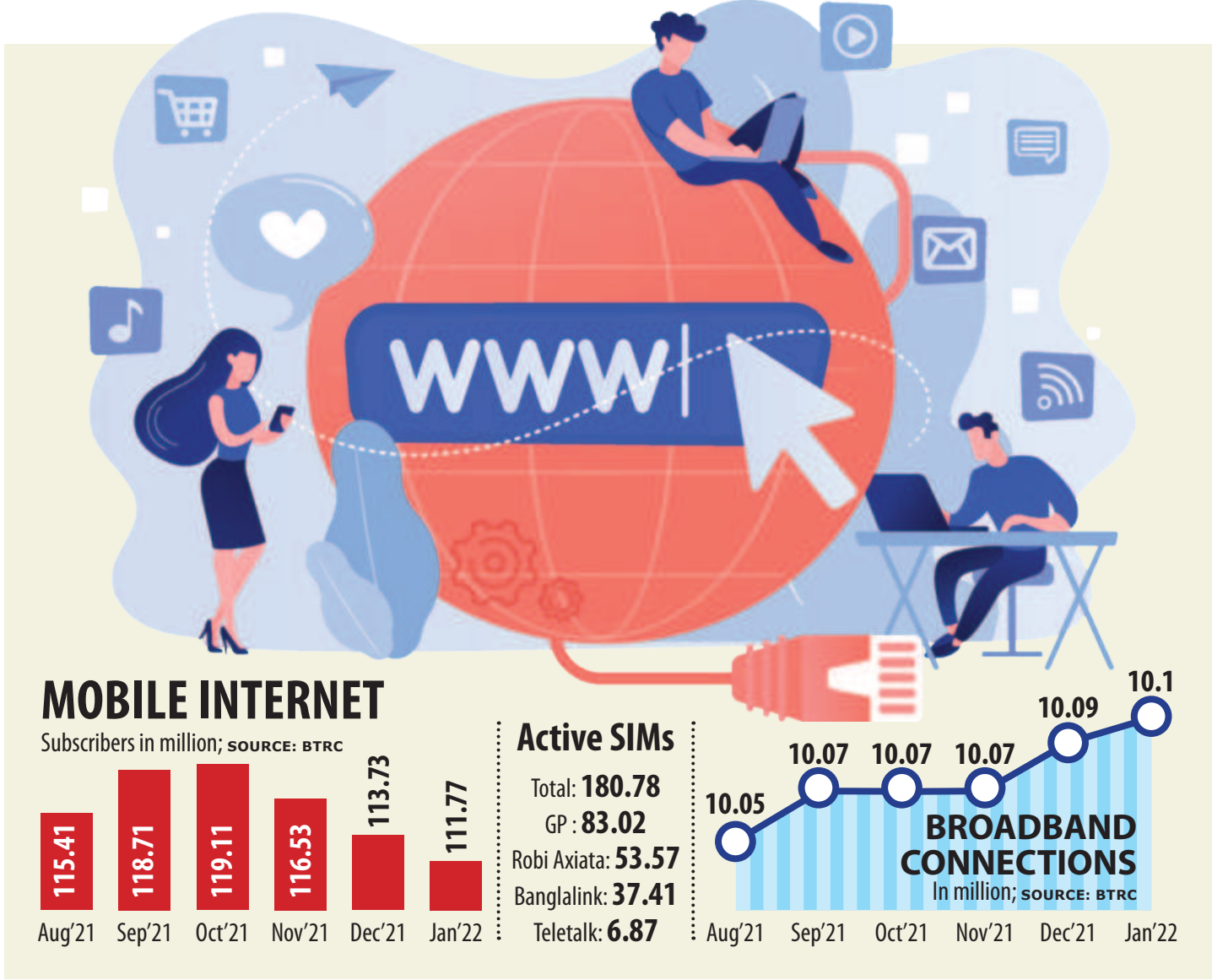
Bangladesh has continued to witness a rise in the number of broadband connections with the severity of the pandemic waning remarkably while mobile operators have been losing internet subscribers in recent months.

The number of mobile internet subscribers dropped 1.7 per cent month-on-month in January to 11.17 crore, according to the latest data of Bangladesh Telecommunication Regulatory Commission.

That means the operators lost 19.60 lakh customers in one month.

About 74 lakh customers have been lost by the operators since October last year when the number of mobile internet users reached an all-time high of 11.91 crore.

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	0.09% 6,691.77	0.19% 11,767.84

COMMODITIES		
	Gold ▲	Oil ▲
	\$1,934.87 (per ounce)	\$110.68 (per barrel)

CURRENCIES				
STANDARD CHARTERED BANK				
	\$ USD	€ EUR	£ GBP	¥ CNY
BUY TK	85.05	93.80	111.40	13.11
SELL TK	86.05	97.60	115.20	13.78

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▼ 0.99% 57,292.49	▲ 0.65% 26,827.43	▲ 0.75% 3,355.51	▲ 0.08% 3,253.69