

MANAGING THE EDIBLE OIL MARKET FOR CONSUMER BENEFIT IN BANGLADESH

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INTRODUCTION

Edible oil is an essential ingredient in any cuisine culture. Besides being cooking ingredient, edible oil also adds to calorie intake. Requirement of edible oil does not arise as a primary source of calorie, but to complete the process of protein intake from food. Although edible oil is important ingredient in cooking but its aggregate expenditure is less compared to spending on other food items like rice, meat, fish, vegetable, egg etc. The key difference is that meat, fish, vegetable, egg, etc. have substitutes/equivalents.

International supply market is the primary source of edible oil for Bangladesh. Private importers/producers are the suppliers to domestic market. From the government side, Trading Corporation of Bangladesh (TCB) has the responsibility to supply edible oil to domestic market. Such assignment comes as an effort to keep the edible oil market competitive and stable. Market instability becomes prominent ahead of occasions like Ramadan, Eid festivals etc and TCB consistently failed to perform its assigned role.

Consumers' expectation from the market is fair price and quality. Adulterated edible oil is hazardous to health and burdens household economy. It is government's obligation to ensure consumer access to this very essential commodity at a competitive price and in its right quality, all the time through regulatory management of market forces.

With this short introduction the paper aims to study the scope of improving the government's regulatory management of edible oil market for household consumer benefit in Bangladesh. The paper first differentiates between 'Managing the Market' and 'Marketing Management'. Then it examines consumer behavior. The paper also assesses industry capacity against market demand. It also identifies the nature of the market and reviews functional efficiency and effectiveness of government bodies playing regulatory roles. Finally, the paper recommends some measures for the improvement of market management system.

‘Managing the Market’ and ‘Marketing Management’: Brief Theoretical Discourse

‘Managing the edible oil market’ has two elements. *First* is the *edible oil market*; second is *managing the market for consumer benefit*. The second element has couple of components- the *market* and *its management in regulatory context*; *consumer* and *consumer benefiting from the market management*. FAO’s (2009) definition of *managing market in consumer benefit* states “... arranging food security for them. Food security is defined as ‘having access to safe and nutritional food for all people at all times’ to maintain a healthy and active life in the society.”¹

“Marketing management is the preparation and execution of objectives, strategies, and plans used in the development of products and services, and the efforts used in pushing or pulling these through channels of distribution into the hands of the customers or end users.”² Business enterprise’s *marketing management* has profit motivation and government’s endeavor in *managing the market* is to regulate market forces. *Regulatory management of the market forces* can be viewed as ‘*enacting law, preventing cartel, facilitating fair competition, setting product standard and facilitating logistics*’.

Consumers and Consumer Behavior

Consumer Segments. Consumers in the edible oil market can be divided into following segments:

- *Household consumers* represent people who maintain family.
- *Commercial consumer segment* include in hospitality businesses like restaurant/fast food shop/bakery/catering services etc and small food manufacturing factory.
- *Corporate consumer segment* comprises of large manufacturers of food products.

Household Consumers’ Perception. Household consumers have differing understanding about edible oil. Educated consumers have concern for cholesterol in body while poor consumers have no idea what cholesterol is. Educated consumers prefer ‘vegetable oil’ believing that it reduces cholesterol or it is cholesterol free. Consumers do not know that edible oil originating from plant is called vegetable oil and all are lipid material i.e. contain fat.

1. Pk. Md Motiur Rahman, Noriatsu Matsui and Yukio Ikemoto: London, 2009, p. 91.

2. Encyclopedia of Professional Management, Vol-2, 1988, P. 546.

Household Consumers' Preference

It was revealed through household consumer survey during this study that,

- 100% consumers buy Soya bean oil.
- 0 % buys Palm oil.
- 60.71% of the respondents occasionally use mustard oil to prepare very traditional delights.

Survey of commercial and corporate segment and also edible oil industry sources revealed that 100% consumers consume palm oil.

Consumers Buying Pattern

Consumers' buying pattern revealed through consumer survey is given below. They buy from local grocery shops or wholesale bazaar.

- 14.00% consumers buy monthly
- 2.67% consumers buy fortnightly
- 0% consumers buy weekly
- 83.33% consumers buy daily or less than a week's requirement

Commercial consumers source their requirements in bulk from wholesale market or shops in the bazaar. Their buying pattern is spread over weekly requirements to monthly requirements. *Corporate consumers* procure oil from local manufacturers under contractual agreement.

Household Consumption Pattern. Different consumer groups have varying consumption patterns. Household consumers with good income have higher rate of consumption ranging between 4~7 ltr/month. Aggregate daily consumption of this consumer group is 0.159 ltr (159 ml)/day.

Household consumers with uncertain and variable income (daily laborer, for example) showed monthly consumption ranging between 2~3 ltr. Aggregate daily consumption of this group was found 0.087 liter (87 ml)/day. Combined aggregate consumption of all household consumers found during the study was 0.10 ltr (100 ml)/day.

Commercial and Corporate Consumers. It is difficult to draw consumption trend for the commercial and corporate consumers as it depends on market situation influencing sales.

Industry Analysis

Oil Seed Production in Bangladesh. Mustard seed is most cultivated oil seed in Bangladesh. In the 1960s mustard oil was most preferred cooking oil in less than 70 million populous Bangladesh with more arable land than now. Preference shifted to soya bean and palm oil over the years. Today, population is approximately 160 million and arable land has shrunk. Rolling back the situation is unlikely. It might be possible to use mustard oil as cooking oil in limited scale if the high yielding variety of mustard and other management practices of oil crop can be applied properly in the farmers' field³.

Soya bean production is limited to some parts of the coastal districts of Noakhali, Laxmipur, Bhola and Hatia⁴. Domestically grown Soya bean are not crushed to extract oil because there is no crushing unit in the country but are used in producing soya food, flour etc. Palm production requires (70-80)% moisture during fertilization and rainfall at regular interval. Palm may be grown in Bangladesh after the development of suitable varieties⁵. State of seed production in the country is given in table 1. The data transpires Bangladesh's dependence on import in the future.

Table 1. Oil Seed Production in Bangladesh						
Oil Seed Variety	Production (MT) by Year				Land Area (Lac Ha)	Districts
	2006-07	2007-08	2008-09	2009-10		
Ground nut	45,910	44,268	46,533	53,000	0.90 (DAE-2012)	Noakhali, Laxmipur, Kishorgonj, Sirajgonj, Pabna and different charland.
Linseed	8,180	7,810	7,050	7,000	Not known	No Statistics
Mustard	188,880	227,930	202,717	222,000	4.81 (DAE-2012)	Tangail, Manikgonj, Sirajgonj, B Baria, Comilla etc, more or less all over the country.
Soya bean seed	57,715	59,158	59,395	NA	0.60 (DAE-2012)	Noakhali, Laxmipur, Bhola, Hatia
Source: Chief Scientific Officer, Oilseed Research Division, BARI, 24 May 2012.						

3. Online Interview , Chief Scientific Officer, Oil Seed Research Division, Bangladesh Agricultural Research Institute (BARI), Gazipur, Bangladesh, 24 May 2012.
4. Online Interview , Chief Scientific Officer, Oil Seed Research Division, BARI, Gazipur, Bangladesh, 24 May 2012.
5. Online Interview , Chief Scientific Officer, Oil Seed Research Division, BARI, Gazipur, Bangladesh, 24 May 2012.

Domestic Production of Edible Oil. There 18 active refining units having about one million ton capacity of which about 65-70% is refined Palm Olein and Super Palm Olein and the rest refines soya bean oil; annual refining capacity of about 150,000 tons⁶.

In 2010-2011 259,589 MT crude Soya bean oil and 516,358 MT crude palm oil were imported (Table 3). Market survey reveals that the market has only Soya bean oil in consumer pack or PET bottle. Market size for consumer pack is approximately 200,000 MT. Edible oil industry's refining capacity will be exhausted to refine crude Soya bean oil leaving 61,589 MT as 'goods in process' or stock of crude Soya bean oil. Therefore, it is a question where 516,358 MT crude Palm oil is refined? This situation suggests that oils in the market should be laboratory tested to ascertain purity. Given the import volume of 2010-2011 (table-3), optimum productivity is presented in table-2.

Table-2: Edible Oil Production 2010-2011

Year	Soya bean Oil			Palm Oil			Mustard Oil		Total Production
	Crude	Refined	Production	Crude	Refined	Production	Mustard Seed	Production	
2010-2011	259,589	533	249,738	516,358	117,230	602,607	162,400	53,592	905,937
Crude and Refined Soya bean Oil Yield Ratio 1:0.96									
Crude and Refined Palm Oil Yield Ratio 1:0.94									
Mustard Seed and Mustard Oil Yield Ratio 1:0.33									
Source: Oil CSO, Oil seed Research Division, BARI, 2012.									

Market Analysis

Nature of the Market. Crude and refined Soya bean and Palm oil dominate edible oil import. Annual import from 2006-07 to 2010-11 is given in table 7. In 2010-2011 there were 49 importers for soya bean oil and 53 for palm oil. All importers are not regular in edible oil business. In this context edible oil market in Bangladesh is *oligopoly*.

6. Bangladesh: One of the Biggest Markets of Edible Oil; www.weeklyblitz.net, dt accessed 11 Jun 2012.

Table 3: Edible Oil Import in Bangladesh

Year	Soya bean Oil (MT)			Palm Oil (MT)			Grand Total Import	Degree of Import Dependence (%)	
	Crude	Refined	Total Import	Crude	Refined	Total Import		Soya bean oil	Palm oil
2006-07	232,566	147	232,713	706,636	811	707,447	940,160	24.75	75.25
2007-08	325,435	7,887	333,322	603,674	3,490	607,163	940,485	35.44	64.56
2008-09	202,720	1,259	203,979	737,631	161,003	898,635	1,102,614	18.50	81.50
2009-10	184,926	161	185,087	483,151	76,803	559,954	745,041	24.84	75.16
2010-11	259,589	533	260,122	516,358	117,230	633,588	893,710	29.11	70.89
Source: MIS, Custom House Chittagong									

Market Size by Consumer Segment.

Household Segment. There are 32,067,700 households⁷ in Bangladesh. According to the distribution of households and aggregate daily consumption, annual requirement of edible oil is 1,170,471 MT. Approximately 48.67% household consumers have irregular purchase of mustard oil. Irregular purchases indicate aggregate consumption is 0.01 ltr per household/day. At this rate of consumption annual requirement in the 48.67% of the household consumers is estimated at 56,967 MT. Annual demands/requirements of edible oil by divisional territories are presented in table-4.

Table-4: Annual Requirements by Divisional Territory

Division	No of Household	Edible oil (Soya bean oil etc) (0.10 Ltr/day)	Mustard oil (0.01 Ltr/day)
Barisal	1,837,700	67,076	3,265
Chittagong	5,604,700	204,572	9,956
Dhaka	10,802,100	394,277	19,189
Khulna	3,740,500	136,528	6,645
Rajshahi	4,481,900	163,589	7,962
Rangpur	3,815,500	139,266	6,778
Sylhet	1,785,300	65,163	3,172
Total	32,067,700	1,170,471	56,967
Source: Population and Housing Census 2011 and Author.			

7. 2011 Population & Housing Census: Preliminary Results, Bangladesh Bureau of Statistics.

Commercial and Corporate Segment. Corporate consumers have preference for palm oil only. Some of the corporate consumption trend is presented in the table-5. According to industry source, Palm oil market size in the commercial and corporate segment is approximately 200,000 MT.

Table-5: Corporate Consumer Consumption Data						
Year	Palm oil			Mustard Oil		
	PRAN	Square Ltd	ACI Ltd	PRAN	Square Ltd	ACI Ltd
2006-07	1,800	900	0	1,200	Negligible	0
2007-08	2,100	1,050	200	1,450	Negligible	550
2008-09	2,500	1,250	220	1,650	Negligible	560
2009-10	3,800	1,420	200	1,800	Negligible	540
2010-11	6,450	1,500	240	2,000	Negligible	600
Source: www.beol-bd.com, dt accessed 11 June 2012						

Annual Market Demand. Demand for edible oil is variable and depends on numbers of factors like consumer's purchasing power, preference, changes in dietary, commercial or corporate consumers' business expansion or reduction etc. Estimated annual demand for edible oil is summarized in table-6.

Table-6: Annual Demand for Edible Oil 2010-2011		
Market Segment	Soya bean Oil (MT)	Palm Oil (MT)
Household Consumers	1,170,471	
Commercial and Corporate Consumers		200,000
Total	1,370,471 MT	
Source: www.edibleoilreport.com, dt accessed 11 June 2012.		

According to Bangladesh Edible Oil Ltd (BEOL) edible oil market size is 1.4 million MT/Year and rural consumption is 70%⁸. Another estimate suggests that the market size is 1.3 million MT/Year approximately⁹.

8. www.beol-bd.com, dt accessed 11 June 2012

9. www.edibleoilreport.com, dt accessed 11 June 2012.

In rural area loose oil and brand sales ratio is 4:0.96¹⁰. Due to the poor communication infrastructure and low per capita income, rural mass people depend on cheaper priced loose edible oil. Due to the inability of the poor to afford branded quality products, loose oil became the ultimate solution which is not only harmful to health but also incurring extra costs for health hazards generated from using loose oil¹¹.

Retail Price Soya bean Oil and Palm Oil. Soya bean oil is sold at a higher price than Palm oil. TCB monitors retail price of edible in the Dhaka City markets and promulgates on its website. Significant difference is observed between TCB's information and price on ground. Detail is given in table 7.

Table 7: Retail Price Comparison-Soya bean Oil and Palm oil						
Date	Soya bean oil				Palm Oil Loose	
	TCB's Website		Retail Market Price Survey		TCB's Website	Retail Market Price Survey
	01 Ltr Bottle	Loose	01 Ltr Bottle	Loose		
31/5/2012	130.00~135.00	120.00~124.00	127.00~130.00	130.00	102.00~104.00	108.00
15/6/2012	130.00~135.00	118.00~120.00	134.00~135.00	130.00	95.00~96.00	103.00~105.00
30/6/2012	132.00~135.00	118.00~120.00	134.00~135.00	132.00	97.00~98.00	105.00~106.00
Source: Author.						

Packaging. Edible oil is marketed in consumer pack or PET bottle and in wholesale pack (drum made of plastic or tin). Oil in tin or plastic drum is marketed for the corporate customers and customers in loose oil market. Observation on retail market revealed that preservation or storage in drums or tins and oil handling during retail sale are very unhygienic. Further, there is open opportunity to adulterate loose oil. It was also found that there is hardly any price difference between Soya bean oil in PET bottle (1 ltr) and loose Soya bean oil (1 ltr) as can be seen in table 8. Price difference between Loose Soya bean oil and Palm oil is found to be Tk. 22.00~24.00 per liter.

Table 8: Retail Market Price Comparison-Oil in Pet Bottle and Loose Oil			
Date	Price Range		
	Soya bean Oil in PET Bottle	Soya bean oil (Loose)	Palm Oil (Loose)
31 May 2012	129.00~132	130.00	108.00
11 May 2012	134.00	127.00~130.00	103.00~105.00
30 June 2012	134~135.00	132.00	105.00~106.00
Source: Author.			

10. www.beol-bd.com, dt accessed 11 June 2012

11. www.beol-bd.com, dt accessed 11 June 2012

Companies' Distribution Channel. There are 6,926 distributors appointed by the companies across the country¹². Some companies use third party logistics to deliver *consumer pack* only to distributors' warehouses. According to the law, distributors cannot sell or hand over Supply Order (SO) to third party i.e. distributors are to take delivery of goods and transport to their respective sales territory.

Companies selling oil in drums generally do not have logistics arrangements. Distributors are to arrange collection from the mill and transport to designated sales territory. Following weaknesses appeared to exist in this system:

A distributor 'X' in territory 'T₁' for example, is authorized to collect 05 MT edible oil per month for his sales territory as fixed by the company 'Y'. Let's assume that the distributor is scheduled to collect 05 MT oil on 10 Apr 2012. If the distributor 'X' sells the SO for quick profit to a 'merchant' in territory 'T₂' then the 'merchant' can collect 05 MT oil on 10 Apr 2012 from mill gate presenting the SO. Neither the company nor the government's market monitoring committees can detect such diversionary sale. The scheduled goods do not go to territory 'X' and 'Short supply' is created in that territory.

Company's sales return to Tariff Commission will show that 05 MT oil was delivered to distributor 'X' in 'territory 'T₁'. But it does not have the mechanism to snap check sales to 6,926 distributors across the country.

Market Management Bodies: Functions, Efficiency and Effectiveness

A commodity market does not behave as desired by consumers. Market behavior is the resultant actions of market forces. To manage market forces there are different departments and laws. *The Essential Commodities Act 1956* is one such regulatory instrument which lists 23 classes of commodities. Power conferred by Section-3 of the act, the government formed three tier market monitoring committees namely National Committee, District Committee and Upozila Committee to regulate *edible oil* market (and also *sugar market*).¹³ Each committee has very complex composition¹⁴. To assemble all members on regular basis appeared extremely difficult. Article 16 of the gazette requires District Committee to evaluate distributor's activities related to drawl, stock, sale and price. But government orders have not been implemented in any district.¹⁵

12. The Daily Somokal, 27 Mar 2012.

13. S.R.O 63-Law/2011

14. National committee has 13 members from 11 different organizations and departments. A District Committee has 9 members from 9 different organizations and departments. All UNOs are also members of the committee. Upozila Monitoring Committee consists of 9 members from 9 different departments. All UP Chairman under the Upozila are also members of the committee

15. The Daily Somokal, 27 Mar 2012.

Trading Corporation of Bangladesh (TCB)

TCB's mission is "To run the organization commercially and sometimes intervening the market during sky rocketing of price of essential commodities or crisis period or during some special events (like the holy Ramadan or disaster) with a view to keeping it within the reach of general mass."¹⁶ To be effective in market stabilization, TCB should maintain continuous presence to meet at least 25% of market demand. But it does not do so. TCB's authorized capital was Tk. 50 million in 1972 and remained same in 2012. Government gives subsidy on TCB's sale which is objected by private entrepreneur. During the period between 2006-2007 and 2010-2011 TCB's procurement was less than 1% of country's annual import (table-9).

Table-9: TCB's Edible Oil Import 2006-2007 to 2010-2011					
Year	Soya Bean Oil (MT)		Palm Oil (MT)		% of National Import
	Crude	Refined	Crude	Refined	
2006-2007	Nil	100	Nil	Nil	0.04
2007-2008	Nil	500	Nil	Nil	0.15
2008-2009	Nil	500	Nil	Nil	0.24
2009-2010	Nil	Nil	5,896	Nil	1.05
2010-2011	1,250	Nil	Nil	Nil	0.48
Source: TCB, 2012					

Note: TCB does not have a refinery. Crude oil is refined in local refineries and then sold through dealers. Sometimes TCB buys oil from local producers and sell in the market at subsidized rate.

TCB has other limitations too. Ministry of Finance approves budget and Ministry of Commerce dictates the goods to be procured, approves sales price and approves allocation to dealers. Commodity procurement under PPR 2008 is difficult. TCB neither analyzes international supply market nor domestic market. It has no idea about annual demand of edible oil. It cannot plan supply on the basis of household distribution by division or district. It does not have effective means to monitor and control dealers' unethical practices, if any. TCB's dealers are frustrated by its persistent casual business attitude¹⁷. TCB claims to have supplied following edible oils during the month of Ramadan from 2006-2007 to 2010-2011 (Table-9). However, data in table-10 does not corroborate the claim.

16. www.tcb.gov.bd.

17. The Daily Ittefaq, 13 Apr 2012, p.19.

Table-10: TCB's Supply during the Ramadan in 2006-2007 and 2010-2011

Year	Demand in Ramadan	TCB's Contribution		Remarks
		Qty (ltr)	% of Market Demand	
2006-2007	100,000 MT	1,00,000	0.10	
2007-2008	110,000 MT	500,000	0.45	
2008-2009	120,000 MT	500,000	0.42	
2009-2010	130,000 MT	5,896 MT	4.53	Crude oil was refined in local refineries
2010-2011	140,000 MT	7,180 MT	5.13	Purchased from local market and sold to distributors at subsidized rate.
Source: TCB, 2012				

Bangladesh Standards and Testing Institute (BSTI)

It is the only national standards body under the Ministry of Industry (MoI) with defined role to develop and promote industrial standardization. It prepares standards for all articles, products, methods and services. Following edible oils are under BSTI's 'mandatory certification marks' but there are other types of oil like olive oil, rice bran oil, corn oil etc traded in the market with BSTI's endorsement¹⁸.

- Soya bean Oil
- Edible Palm Oil
- Edible Sun Flower Oil
- Refined Palm Oil
- Fortified Soybean Oil

Among the products in the market BSTI has the capacity to test following edible oils¹⁹:

- Soya bean Oil
- Mustard Oil
- Palm Oil
- Palm Oil
- Sun Flower Oil

18. www.bsti.gov.bd

19. www.bsti.gov.bd

National Consumer Rights Protection Department (DNCRP)

DNCRP was established on 01 November 2009. Consumer Rights Protection Act provides necessary safeguards to protect a plaintiff. There is also provision of giving incentive to the complainant if the grievance is correct. After lodging the complaint the applicant has no other responsibility or expenditure to incur in settling the complaint. DNCRP does everything on behalf of the consumer. Only in March 2012 its existence was communicated to consumers through mobile operators' SMS and advertised in six national dailies.²⁰ Yet consumers are not aware about the department.

Consumer Association of Bangladesh (CAB)

Consumers Association of Bangladesh (CAB), a non-government organization was founded in February 1978. The vision of CAB is to contribute in the creation of an environment where both consumers and businesses will have a safe, fair and competitive marketplace....²¹ CAB aims to empower people with the knowledge and skills for protection of their rights and interests as consumers. But any visible activity is yet to be seen.

RECOMMENDATIONS

There is no quick fix to improve the regulatory management of the edible market. Measures to improve existing market management system can be spread over:

- **Short term**-where actions may be implemented within 2 year.
- **Midterm**-where actions may be implemented within 5 years.
- **Long term**-where actions may be implemented in 10 years.

Short term, midterm and long term measures can be undertaken simultaneously or in staggered time having consistency and linked with each of the actions.

Short Term Measures

Enacting Law. Government may enact law to ban loose oil sale in the retail market. Besides selling oil in PET bottle, the law may require manufacturers selling edible oil in 100 ml poly pack and other convenient sizes for the benefit of poor consumers. To prevent cartel government may enact Competition Act.

20. The Daily Prothom Alo, 29 April 2012

21. www.consumerbd.org, dt accessed 10 Mar 2012

DNCRP. DNCRP may undertake massive awareness program on radio, TV and news paper for the consumers about its functions and the benefit that the consumers can get from it. Then it may make periodic publicity as reminder to consumers. It should also use mobile operators SMS facility. For the purpose of publicity NGO Affairs Bureau may ask CAB to contribute or complement such program. DNCRP may immediately build a web site. The web site may contain information how the consumers can reach concerned authority.

Tariff Commission. Tariff Commission may be organized with personnel trained and educated on market management or people having knowledge on the subject.

Midterm Measures

Reforming TCB. To make TCB operationally effective and efficient following steps may be considered:

- MINCOM may consider making TCB autonomous in its true sense.
- TCB's paid up capital may be increased to Tk. 2,500 million. Government may give this amount to TCB as interest free loan in perpetuity.
- Due to fluctuating character of international commodity market TCB's procurement rule may be separated from PPR 2008. It may also have detail operating procedure.
- TCB may have 'professional officers and personnel' as required by President Order No. 68/1972. Personnel in managerial positions must be educated on Supply Chain Management.
- TCB may undertake international and domestic market research.
- TCB may be empowered to prepare and approve its annual budget.
- TCB's BoD may be given full financial power to incur expenditure on commodity procurement without any reference to MINCOM or MoF.
- TCB's Chairman may have full financial power to incur expenditure on administrative matters without any reference to MINCOM or MoF or BoD.
- MINCOM may devise effective way to monitor TCB's functional effectiveness and efficiency that it is present in the market with edible oil and other essential commodity round the year.
- MINCOM may set Key Performance Indicators (KPI) to evaluate TCB's performance.

Establishing Crushing Unit. Government may encourage establishment of Soya bean and Palm crushing plant and also persuade Soya bean and Palm kernel import.

Entrepreneur Development. Government may encourage facilitate entrepreneur development in the edible oil industry.

Foreign Investment. Government may take measures to attract foreign investment in the edible oil industry.

Long Term Measures

Research Program.

- Ministry of Agriculture may undertake research to develop a variant of Palm suitable for Bangladesh climate.
- A research may also be undertaken to invent hybrid variety of Soya bean for cultivation in coastal areas.
- A research program may also be undertaken to develop high yield variety of mustard.

CONCLUSION

Bangladesh's edible oil market is import dependent. Couples of regular importers and manufacturers import crude or refined oil. In this context edible oil market is oligopoly. Soya bean oil and Palm oil are the two principal commodities in the market. The government has the obligation to do the regulatory management of the market forces. To manage the market forces Government enacts law and applies through its apparatus created at different times. Government created TCB to maintain presence in the market with edible oil. Neither government apparatus nor TCB were found effective and efficient.

Apart from government managing the market, consumers' wrong perception does not contribute in managing the market. Household consumers, the largest segment has rigid preference for Soya bean oil. Although huge quantity Palm oil is traded in the market but due to consumers' liking for Soya bean oil or vegetable oil business enterprises sell Palm oil in different brand names like Super oil/Super Vegetable Oil/Vegetable Oil etc at the price of Soya bean oil. Consumers are ultimate losers because they do not get benefit of price difference between Soya bean oil and Palm oil.

Palm oil is vegetable oil. But due to lack of awareness, there is demand pressure for Soya bean oil and business enterprises exploit market demand. Palm oil supplied in the market is consumed by household consumers directly or indirectly. Household consumers' awareness can benefit them in terms of price.

On the quality issue, the problem mainly lies in the loose oil. Edible oil is prone to adulteration in the loose oil market. Another problem in the loose oil market is unhygienic storage and sale. BSTI is unlikely to be able to trace the origin of adulterated oil. To prevent adulteration, rule stopping loose oil sale needs to be enacted. Quality verification of oil is convenient while in traded in 'pack'.

Edible oil market being oligopoly, mere market monitoring cannot encourage fair competition. To make the market more competitive, government needs to ensure that TCB maintains presence round the year in the market with 25% of consumer demand for edible oil. TCB should not make subsidized sale and not be a part of cartel and it should not aim profit maximization. To be functionally effective and efficient TCB needs thorough restructuring. Last but not the least, edible oil sector being capital intensive, government should encourage and facilitate entrepreneurship development and also attract foreign investment into the edible oil industry.

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