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The Strategic Role of Bsfic in Bangladesh's Household Sugar Market Consumer Preference, Domestic Supply, and Price-Stabilisation Potential A Market-Segmentation and Policy-Analysis Paper

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Abstract **– Bangladesh's sugar market is structurally import-dependent. Recent industry reporting places annual sugar demand at approximately 20–22 lakh metric tonnes, while domestic sugar mills produce only around 30–35 thousand tonnes in aggregate. BSFIC's FY2023–24 production was reported at 46,197 tonnes, illustrating the large gap between national demand and state-sector production. This paper argues that the strategic significance of Bangladesh Sugar and Food Industries Corporation (BSFIC) should not be assessed solely by its share of national production. A separate household-consumer segment—covering tea, coffee, home-prepared sweets, traditional foods and other everyday uses—requires analysis because its purchasing behaviour differs from that of industrial bulk users. The paper develops a conceptual framework in which BSFIC can function as an alternative domestic supply channel and a potential price-disciplining participant. Historical evidence supports this institutional role: BSFIC has repeatedly used open-market and dealer sales, stockholding and Ramadan-oriented distribution to support price stability. BSFIC's own SDG reporting states that the corporation helps the government keep sugar prices stable. Recent market episodes also demonstrate the vulnerability of retail prices to import costs, refinery disruptions and supply concentration. The paper does not claim that BSFIC currently controls a specified percentage of household consumption. Rather, it proposes that household market presence, consumer preference for naturally processed/local sugar, strategic stocks and accessible retail distribution should be treated as measurable variables in future empirical research. The article concludes with a market-segmentation strategy built around household retail, institutional supply, industrial B2B sales and strategic reserve functions.**

Keywords **– BSFIC; Bangladesh sugar market; household consumption; tea and coffee; household sweets; naturally processed sugar; market segmentation; price stabilisation; import dependence; strategic stock.**

I. Introduction

Sugar is both a basic household food commodity and a critical industrial input. In Bangladesh it is used directly by households in tea, coffee, desserts and food preparation, while large volumes are also used by beverage, bakery, confectionery and food-processing businesses. These uses create different demand patterns and therefore require different market strategies.

Recent reporting estimates Bangladesh's annual sugar demand at approximately 20–22 lakh tonnes. The same reporting indicates that domestic sugar mills produce only about 30–35 thousand tonnes, with the balance supplied through imported raw sugar that is refined domestically and through imports of refined sugar. FY2025 imports of raw and refined sugar through Chattogram Port exceeded 12.17 lakh tonnes, up 35.84 percent from FY2024.

This structure creates a conventional market-level paradox: the state producer is small relative to national consumption, yet the state producer may still have strategic relevance. A market participant does not need to supply the majority of national volume to influence expectations, provide an alternative source, or moderate temporary supply pressure. The appropriate analytical question is therefore not simply how much sugar BSFIC produces, but which segments it serves and how its presence interacts with household prices and consumer choice.

Research Problem

Public discussion often evaluates BSFIC through production volume, financial losses and mill efficiency. Those are important measures, but they do not fully capture the corporation's possible consumer-market function. A household buyer choosing between imported/refined sugar and locally produced BSFIC sugar faces a different decision from an industrial buyer purchasing hundreds of tonnes under a supply contract.

The present paper therefore focuses on the household segment and asks whether BSFIC can have strategic market significance through consumer-facing sales, naturally processed/local-product positioning, stock availability and price-reference effects even when its national production share is small.

Research Questions

1. What is the appropriate segmentation of Bangladesh's sugar market for analysing BSFIC's consumer role?
2. How should the household segment—especially tea, coffee and household sweets—be distinguished from industrial demand?
3. What evidence exists that BSFIC has historically used its stocks and distribution channels to support sugar-price stability?

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4. How can growing consumer interest in naturally processed/local sugar be incorporated into BSFIC's market strategy?
5. What empirical data are required to test whether BSFIC's presence contributes to price stabilisation?

II. LITERATURE AND INSTITUTIONAL CONTEXT

The institutional role of BSFIC is broader than simple production. BSFIC operates the state sugar-mill system and has historically undertaken domestic sales, dealer distribution and, when necessary, import or stock-management measures. A BSFIC SDG report states that the corporation helps the government keep sugar prices stable and identifies a production capacity of about 2.1 lakh tonnes per year, although actual recent output has been much lower.

Historical market evidence also illustrates the price-stabilisation logic. In 2012, contemporary reporting described BSFIC stocks as helping keep domestic prices stable and reducing the scope for businesses to profit from an artificially created supply crisis. In 2020, BSFIC sold sugar through its mills and supplied packaged sugar to major super shops at a government-linked price while monitoring market prices.

These examples establish institutional intent and historical practice, but they do not by themselves prove a causal effect on national retail prices. A rigorous journal article must distinguish between evidence that BSFIC was intended to stabilise prices and evidence that its actions actually changed price outcomes.

III. BANGLADESH SUGAR MARKET STRUCTURE

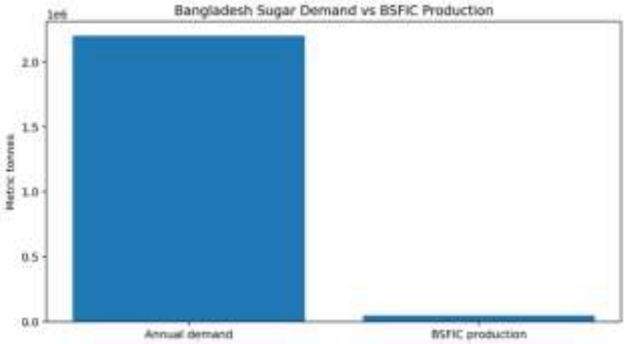

Figure 1. National sugar demand compared with FY2023–24 BSFIC production. The comparison demonstrates scale; it is not a measure of household market share.

The current market can be represented as a predominantly import-dependent system with multiple channels: international suppliers, local refiners, wholesalers, retailers, industrial users, households and state distribution. Private refiners import raw sugar and process it locally, while refined sugar may also enter through direct imports. BSFIC provides a comparatively small domestic production stream and has historically maintained stocks for distribution.

Market Segmentation

Segment	Main users	Purchase pattern	Strategic relevance
Household	Families; tea/coffee; home sweets	Small, frequent purchases	Consumer trust, availability, price
Retail/ institutional	Shops, restaurants, public institutions	Medium to bulk	Distribution reach and reliable supply
Industrial	Beverage, bakery, confectionery, food processing	Large, recurring contracts	Volume and supply certainty
Strategic reserve	Government/state channels	Stock-based	Crisis response and price discipline

IV. THE HOUSEHOLD SUGAR SEGMENT

The household segment is the core focus of this paper. Sugar used in tea and coffee is a recurring everyday purchase. Sugar used in homemade sweets, desserts and traditional foods is more seasonal and may rise during festivals and Ramadan. Household consumers generally purchase in small packaged or loose quantities and are more exposed to retail-price changes than industrial buyers.

This segment is strategically relevant to BSFIC for three reasons. First, household consumers can respond directly to changes in retail prices and availability. Second, consumer-facing brands can differentiate products through origin, processing method and perceived quality. Third, a visible alternative domestic supply channel can have a signalling effect: retailers and consumers know that a non-private source exists even if its total volume is limited.

Tea and Coffee Consumption

Tea and coffee are everyday consumption occasions rather than one-off industrial uses. This creates a stable baseline demand for household sugar. For BSFIC, a reliable retail presence in small packages can therefore create recurring consumer contact and reduce dependence on occasional bulk sales.

Household Sweets and Traditional Foods

Household sweet preparation, desserts and traditional foods create a second important consumption occasion. Demand may be particularly sensitive to seasonal events. A state supply channel that can expand availability before high-demand periods may therefore be more relevant than its annual production share would suggest.

Naturally Processed Sugar and Consumer Preference

Recent reporting states that BSFIC describes its sugar as naturally processed and positions it as a quality product. This can form the basis of a consumer-preference

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hypothesis. However, the phrase ‘chemical-free’ should not be treated as an established scientific fact unless supported by product specifications, laboratory testing or certification. In academic analysis, ‘naturally processed’, ‘locally produced’ and ‘consumer-perceived quality’ are safer constructs.

The proposed research construct is therefore Consumer Preference for Naturally Processed/Local Sugar (CPNLS). It can be measured through survey questions on perceived taste, processing, origin, trust, safety perception and willingness to pay.

V. BSFIC AND PRICE STABILISATION

BSFIC’s potential price-stabilisation function is central to the paper. The corporation’s own institutional reporting states that it helps the government keep sugar prices stable. Historical evidence also shows active use of stock and open-market sales for this purpose.

In 2012, BSFIC held large stocks and contemporary reporting specifically linked those stocks to domestic price stability and prevention of artificial supply crises. In 2010, the government built a sugar stock and reduced the BSFIC mill-gate price during Ramadan with the stated objective of keeping sugar affordable. In 2020, BSFIC sold sugar at a government-linked price and supplied packaged sugar through major super shops while monitoring market prices.

The mechanism can be conceptualised as follows:
Private supply disruption → reduced availability → upward price pressure → BSFIC alternative supply / strategic stock → increased available supply and credible alternative → reduced pressure on retail prices.

This is a mechanism, not proof of causality. To establish the effect statistically, researchers would need transaction-level or daily price and quantity data before and after BSFIC interventions, ideally with comparison markets or control periods.

VI. RECENT PRICE AND SUPPLY EVIDENCE

Recent market events illustrate why an alternative supply channel matters. In August 2026, The Daily Star reported that sugar prices rose as a gas crisis constrained local refinery production and as international conditions changed. Retail sugar prices rose to Tk110–120 per kg after remaining at Tk105–110 for at least a month, according to TCB data.
Earlier, in February 2024, BSFIC increased its maximum retail price to Tk160 per kg, while TCB market data cited in reporting placed Dhaka retail prices at approximately Tk135–140 per kg. The government subsequently reversed the proposed increase and BSFIC continued at Tk140 per kg. This episode shows both the importance of BSFIC’s price as a public reference and the need to align state pricing with market conditions.

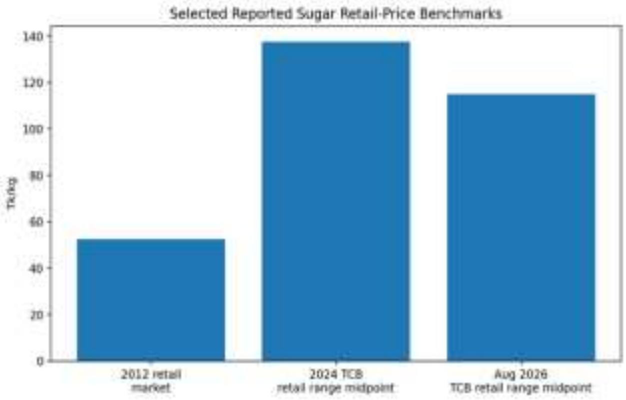

Figure 2. Selected reported retail-price benchmarks from different periods. These observations are not a continuous time series and should not be interpreted as a trend estimate.

Import Dependence
FY2025 raw and refined sugar imports through Chattogram Port exceeded 1.217 million tonnes, compared with more than 0.781 million tonnes in FY2024. This 35.84 percent increase underscores the scale of the import-dependent supply chain.

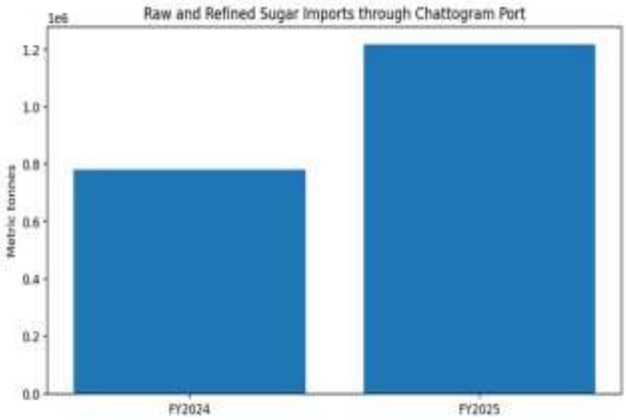

Figure 3. Sugar imports through Chattogram Port, FY2024–FY2025.

The import structure means domestic retail prices are exposed to international prices, exchange rates, freight costs, import duties, refinery capacity and local supply disruptions. A domestic state producer cannot eliminate these pressures, but a strategic supply channel can potentially reduce their short-term transmission.

VII. CONCEPTUAL FRAMEWORK

The proposed framework contains five linked variables:

- **Import Dependence (ID):** exposure of domestic supply to imported raw/refined sugar, exchange rates and global prices.
- **BSFIC Consumer Presence (BCP):** availability of BSFIC sugar through retail, super shops, dealers and institutional outlets.

- **Consumer Preference for Naturally Processed/Local Sugar (CPNLS):** perceived quality, origin, processing and trust.
- **Market Supply Pressure (MSP):** shortage, stock constraints, refinery disruptions and seasonal demand spikes.
- **Retail Sugar Price Stability (RSPS):** volatility and deviation of household sugar prices from a reference level.

The core proposition is that BCP can moderate the relationship between MSP and RSPS when sufficient stock is available and the distribution network is functional. CPNLS may strengthen BCP by increasing household willingness to purchase BSFIC sugar.

Hypotheses

• **H1:** Greater BSFIC consumer availability is associated with lower short-run retail sugar-price volatility, controlling for import and global-market factors.

• **H2:** Consumer preference for naturally processed/local sugar is positively associated with household willingness to purchase BSFIC sugar.

• **H3:** The price-stabilising effect of BSFIC is stronger during periods of supply disruption or seasonal demand spikes.

• **H4:** Retail accessibility mediates the relationship between BSFIC availability and household purchase intention.

VIII. PROPOSED EMPIRICAL METHODOLOGY

A future empirical study should combine secondary market-price data with household survey data. TCB provides daily, monthly and wholesale/retail market-price resources. The Department of Agricultural Marketing also maintains commodity-price databases and comparative reports.

Secondary Data

- Daily retail sugar prices from TCB.
- Wholesale sugar prices from TCB.
- BSFIC production by crushing season and financial year.
- BSFIC stock and sales volumes.
- Imported raw and refined sugar volumes.
- International sugar prices, exchange rates and import-duty changes.
- Dates and quantities of BSFIC open-market interventions.
- Seasonal indicators for Ramadan and major festivals.

Household Survey

A household survey could cover 600–1,000 households across Dhaka, Khulna, Rajshahi, Chattogram and selected district towns. Respondents should be asked about monthly sugar consumption, use in tea/coffee, homemade sweets, preferred brands, perceived processing quality, purchase price, availability and willingness to switch brands.

Econometric Model

A simple retail-price model may be specified as:

$RSPS\_t = \alpha + \beta 1\ BSFICSupply\_t + \beta 2\ ImportPrice\_t + \beta 3\ ExchangeRate\_t + \beta 4\ ImportVolume\_t + \beta 5\ Ramadan\_t + \beta 6\ RefineryDisruption\_t + \varepsilon\_t$

A negative and statistically significant β1, after appropriate controls and identification strategy, would be consistent with a stabilising association. Stronger causal inference would require an intervention-study design, instrumental variable, difference-in-differences approach or another defensible identification strategy.

IX. STRATEGIC MARKET-SEGMENTATION STRATEGY FOR BSFIC

The paper proposes four complementary segments rather than a single national market:

Segment	Product format	Channel	Objective	Key KPI
Household	500g/1kg/ 2kg packs	Super shops, dealers, e-commerce	Consumer presence	Retail availability; repeat purchase
Industrial B2B	25kg/50kg sacks	Direct contracts	Assured off-take	Contract volume; payment cycle
Institutional	Bulk/ packaged	Govt. agencies	Stable demand	Annual institutional sales
Strategic reserve	Bulk stock	State distribution	Crisis response	Days of strategic coverage

Household Strategy

The household strategy should focus on availability rather than simply increasing production. BSFIC can use a national dealer network, selected super shops and digital retail channels to ensure that consumers can find its product when private supply is disrupted. Small packages are important because they make the state product visible in the everyday consumption market.

Quality and Processing Communication

BSFIC should publish clear product specifications, processing information and laboratory-quality indicators. If the corporation wishes to use claims such as ‘chemical-free’, those claims should be backed by a defined standard and certification. Transparent labelling would convert a vague quality perception into a verifiable consumer attribute.

Strategic Stock

A minimum strategic stock policy could be designed around seasonal demand and supply-risk indicators rather than arbitrary inventory targets. The stock should be released through transparent rules when price or supply thresholds are breached.

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X. DISCUSSION

The evidence supports a distinction between production dominance and strategic market relevance. BSFIC is not a dominant producer in the current national sugar market. Its FY2023–24 production was only about 2.1 percent of a 2.2-million-tonne demand benchmark. Yet the corporation has a documented history of using stocks, open-market sales and government-linked distribution to address price stability.

The household market is particularly suitable for a strategic role because consumer purchases are frequent, visible and sensitive to retail prices. A small but reliable state supply may create a reference point for consumers and retailers. However, the strength of this effect depends on distribution coverage, competitive pricing, adequate stocks and consumer acceptance.

The article therefore rejects a simplistic 'BSFIC controls the sugar market' proposition. Instead, it proposes a more testable proposition: BSFIC can contribute to market discipline when it maintains sufficient consumer-facing availability and uses strategic stocks during temporary supply pressure. This proposition can be empirically tested with TCB prices and BSFIC intervention data.

Policy Implications

- Create a transparent BSFIC sugar-market dashboard showing production, stocks, sales, dealer distribution and retail availability.
- Define a strategic household-sugar stock level linked to seasonal demand and import/refinery risk.
- Expand 500g–2kg consumer packages and retail points in major cities and district markets.
- Use institutional procurement as a complementary channel so that household-market stock is not burdened by unpredictable bulk demand.
- Publish verifiable product-quality and processing information instead of unsupported health or 'chemical-free' claims.
- Develop an intervention rule based on objective market indicators such as price deviation, stock days and supply disruption.
- Integrate BSFIC sales data with TCB and Department of Agricultural Marketing price data for continuous market monitoring.
- Conduct annual consumer surveys to measure household awareness, trust and willingness to buy BSFIC sugar.

Limitations

The paper has several limitations. First, current official data do not establish that BSFIC holds more than 30 percent of household sugar consumption. The 30 percent figure sometimes cited in discussions of Bangladesh's sugar market relates to historical estimates of corporate consumption, not BSFIC household market share. Second, available public data do not yet provide a sufficiently long and granular series linking BSFIC interventions directly to retail prices. Third, the term 'chemical-free sugar' requires a technical definition and laboratory evidence; this paper therefore uses the more cautious concept of naturally processed/local sugar and consumer perception.

These limitations do not weaken the research question. Instead, they identify the data required to turn the conceptual argument into a fully causal empirical study.

XI. CONCLUSION

Bangladesh's sugar market is large, import-dependent and exposed to international and domestic supply shocks. National demand is estimated at roughly 20–22 lakh tonnes, while BSFIC's recent production is only a small fraction of that requirement. Judging BSFIC solely by production share therefore understates the importance of its consumer-facing and stabilisation functions.

The household market—particularly sugar used in tea, coffee, homemade sweets and everyday food preparation—should be treated as a distinct analytical segment. Within this segment, BSFIC can potentially contribute through reliable retail availability, local/naturally processed product positioning, strategic stock and open-market distribution. Historical evidence confirms that price stabilisation has been an explicit institutional objective of BSFIC and the government.

The appropriate policy objective is not for BSFIC to dominate the national sugar market. It is to create a credible, efficient and transparent alternative supply channel that can operate alongside private refiners. The strongest future research contribution would be to measure whether BSFIC availability actually reduces retail-price volatility and whether consumer preference for naturally processed/local sugar increases household demand for BSFIC products.

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