



***International Journal of Humanities & Social Science Studies (IJHSSS)***

*A Peer-Reviewed Bi-monthly Bi-lingual Research Journal*

*ISSN: 2349-6959 (Online), ISSN: 2349-6711 (Print)*

*ISJN: A4372-3142 (Online) ISJN: A4372-3143 (Print)*

*Volume-VII, Issue-VI, November 2021, Page No. 29-46*

*Published by Scholar Publications, Karimganj, Assam, India, 788711*

*Website: <http://www.ijhsss.com>*

**DOI: 10.29032/ijhsss.v7.i6.2021.29-46**

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## **The Problems and Prospects of Bread and Biscuits Industry: A case study on its evaluation and future possibilities in the context of Bangladesh**

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### **Abstract**

The bread and biscuits industry has been successfully becoming a leading industry of Bangladesh. This industry can provide various opportunities to increase GDP growth rate plus equitable distribution through arranging food security as well as ensuring self-employment, creating purchasing power and reducing poverty at a large scale. The demand for biscuits is growing at a faster rate than supply because of the rapid increase in population, creating a widening imbalance between demand and supply. There is a need to have knowledge of the existing demand, its growth over time, and the existing supply possibilities. There are also many types of information needed for proper functioning of markets. In the light of such knowledge, it would be necessary to take policy measures for providing strong institutional support to increase domestic production and reduce the imbalance between supply and demand. To address the industry's problems effectively, sources of market failures and of government policies in contributing to its poor performance are discussed in this paper. Due to the fast populace rise, the rising remote impact, the development of a female working populace and the fluctuating eating propensities of individuals, they have picked up notoriety among individuals, contributing altogether to the development direction of the bread and biscuits. With respect to bread and biscuit items, customers are requesting more current alternatives, and the industry has been encountering fortress of bread and biscuits in arrange to satisfy the burgeoning craving of

the health-conscious Bangladesh. This article deals in detail about the prospects and problems faced by bread and biscuits industry in Bangladesh.

**Keywords: Bread & Biscuit, GDP, Food Security, Self-Employment, Health-Conscious.**

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**Introduction:** Bread and biscuits are popular sweet bakery products all over the world. Bread and biscuit items are available in an enormous variety of forms and recipes, making them popular among people of all ages and demographics around the world. The primary raw materials of bread and biscuits include flour, sugar, egg, shortening color, flavor, salt, and emulsifier, which are then processed into finished goods via various processing steps such as mixing, baking, cooling, and packaging. The bakery segment in Bangladesh can be classified into the three broad segments of bread, biscuits and cakes. Despite the fact that there are many automatic and semi-automatic bread and biscuit manufacturing units in Bangladesh, many people still prefer fresh bread and other products from the local bakery.

Bread and biscuit industry holds the largest share in the baking ingredients market, by application. This is one of the oldest basic food products of human beings. Biscuit products are widely consumed as part of traditional diets and are an important source of dietary energy. Bread and biscuit is also a source of carbohydrate, protein, and vitamin B and E, and is increasingly consumed worldwide. However, this demand is for whole wheat products. The reason is that the population having healthy eating awareness minimizes the carbohydrate, fat, and cholesterol income in their meals and maximizes the complex carbohydrates, dietary fibers, and vegetable protein income. There continues to be increased demand for greater varieties of bread than ever with increasing varieties of whole meal bread, where bread and biscuit are becoming more popular in Bangladesh. There is also a growing trend for increased production of sliced and wrapped bread and biscuit in several countries across Asia, including Saudi Arabia, Oman, Malaysia, UAE, and Somalia.

The bread and biscuit industry will naturally thrive within an enabling environment where the major elements include the availability of a regime of fiscal and industrial incentives; technical assistance; a number of preferential trade arrangements and a regulatory framework which addresses industry standards; food safety production regulations; infrastructure; as well as occupational health and safety.

The biscuit industry of Bangladesh faces challenges and opportunities. The challenges slow down the business activities and opportunities increase the expansion of business. Faced with environmental challenges, financial constraints and an increasingly global customer base, the food industry today need to constantly seek to limit waste and improve productivity; in short to do more with less.

This paper analyses the main challenges in the mass-production of biscuits. This paper presents some key prospects and challenges facing the biscuit industry and the baked goods sector in particular. Hereafter, it proposes what key challenges the baked goods sector faces.

**Review of Literature:** A number of literatures have been reviewed on the bread and biscuit manufacturing production and its market highlighting its overall business prospects and problems in Bangladesh. Several studies revealed that this industry has huge opportunities to expand and simultaneously it has huge challenges also. From the study, it is clear that the biscuit industry of Bangladesh is now facing enormous competition in the international market due to the higher cost comparing India, China, Kenya and Sri Lanka. Though Bangladesh produces quality biscuit branded with special aroma but the price war kills the opportunity to cover the large market share in global extent. Bread and biscuit industry of the country also has a substantial problem that, the government has no accurate estimation for the long term action plan. Although the government is friendly to this industry, has formulated several policies for the furtherance of the industry. However, there were some considerable factors identified which might be the reasons for the poor performance of Bangladesh in biscuit industry.

Payne (2003) in his paper shows energy cost is one of the important factors in baking firms. He says that most of the bakery products are baked in high temperature ovens and it causes energy cost with a huge amount which has an adverse effect on production. These problems reduce the production of baking firms. Marić et al. (2009) comment that a baking firm is generally related with production of different products that everyday find their place on the market. Haider (2010) urges raw materials help to build a strong relationship between suppliers and manufactures because manufactures have to collect raw materials from the supplier frequently. He also emphasizes about the distance between suppliers and manufactures of raw materials which also plays a great role in case of production. He comments that bakery and confectionery play a crucial role in the beginning stage of industrialization by their backward and forward linkage besides the direct impact on employment and supplying necessary foods in both urban area and rural area (Irfana, 2012). Onwumere et al. (2012) consider capital as a very important variable for enhancing the production of bakery firm. The bakery firm is one of the manufacturing firms in Bangladesh. It plays a dominant role for enhancement of economic growth, especially in case of employment generation, income generation and distribution of necessity foods (Rais et al., 2013). Michael et al. (2014) state that the Cobb-Douglas production function means a production function which is widely used to represent the relationship between the amounts of two or more inputs, particularly physical capital and labor and the amount of output that can be produced by those inputs. Mahboob and Islam (2014) in their study concluded that Bangladesh cannot sustain long-run economic progress without having a strong agricultural sector accompanied by a dynamic agribusiness sub-sector. At a general level, the paper recommends various structural, institutional, and market-friendly policy reforms accompanied by infrastructural developments in order to encourage entrepreneurship, innovation, and investments along with better and more effective strategic management of this sector. Such reforms are expected to promote better utilization of scarce resources to promote a strong, dynamic, and sustainable agribusiness sector that would be able to contribute substantially to industrialization and economic development of the country.

Olusada et al. (2018) examined the new trends in innovation and entrepreneurship for sustainable development. These trends were specifically examined using the Nigerian context. Also, the advantages and shortcomings of these new trends were looked at and solutions proffered were necessary. Entrepreneurship has come to stay and it is a great way of reducing poverty if not eradicating it; it is also a way of empowering young people and women and other people in the economy that are disadvantaged. Subscribing to entrepreneurship by any economy can improve greatly such economy.

**Objective of the study:** The prime objective of the study is to identify the challenges and opportunities faced by the bread and biscuit industry in Bangladesh. The secondary objectives are the following-

- To ascertain the evolution and the current scenario of the bread and biscuit industry in Bangladesh
- To study about the major problems and prospects of the bread and biscuit industry in Bangladesh
- To suggest some recommendations to overcome the problems to develop biscuit industry in Bangladesh

**Research Methodology:** The study followed a quantitative approach to achieve the objectives of this study, which is a descriptive, evaluative and analytical in nature on the situation and the current position of bread and biscuit industry in Bangladesh. Both primary and secondary data have been collected for the purpose of the study. So, the study has been conducted survey to collect the data. Though data is important, without proper guideline and expertise opinion using the data is impossible in a systematic way to justify the research objectives.

- **Primary sources:** The primary data have been collected through personal interview from the bread and biscuit industry entrepreneurs and workers. In this regard, one set of interview schedule prepared in the light of objectives of the study. The interview schedule has been filled up directly by the researcher.
- **Secondary sources:** Secondary data is the data that have been already collected by and readily available from other sources. The secondary data have been collected from published economic review of Bangladesh, related books, journals, articles, seminar paper, publications from national and international research institutions, report of different financial institutions, public records and statistics, different research reports, etc.

**Present Scenario of Bread and Biscuit Industry in Bangladesh:** Biscuits are one of the most common snacks in Bangladesh. It has always been perfect combination of tea during our morning and evening chat with friends, family and relatives. Therefore, over the years, the Bangladeshi biscuits industry has experienced a surge. Currently, it has been growing at a 15% rate annually, and the local biscuit industry worth Tk 5,000 crore to Tk 6,000 crore. However, well-known brands are dominating the market. Apart from the top brands, many area-based bakeries also supply a noticeable number of biscuits to the market. Today, 4,500 to 5,000 biscuits and bread manufacturers and/or organizations linked to them in this

industry. Among them, some 100 factories operate automatically. These include 10 to 15 mega factories, 35 large factories and 50 medium-sized factories. Around 15 to 17 lakh people are currently working in this sector. The size of the local market is worth roughly Tk. 4,000 crore. The biscuits demand in the domestic market has been growing exponentially. Over the past few years, the demand has grown by 30-40%, while the exports increased by 60%. There have mentioned earlier that giant companies are holding the largest portion of the market share. This means smaller companies may find it difficult to survive in the long run. However, if the large companies focus more on exports, there will be a good chance that smaller companies may see growth. These have picked 7 Bangladeshi bread and biscuit companies that meet the demand for local markets and exports as well. Besides, the bread and biscuits exports will definitely help boost Bangladesh's economy.

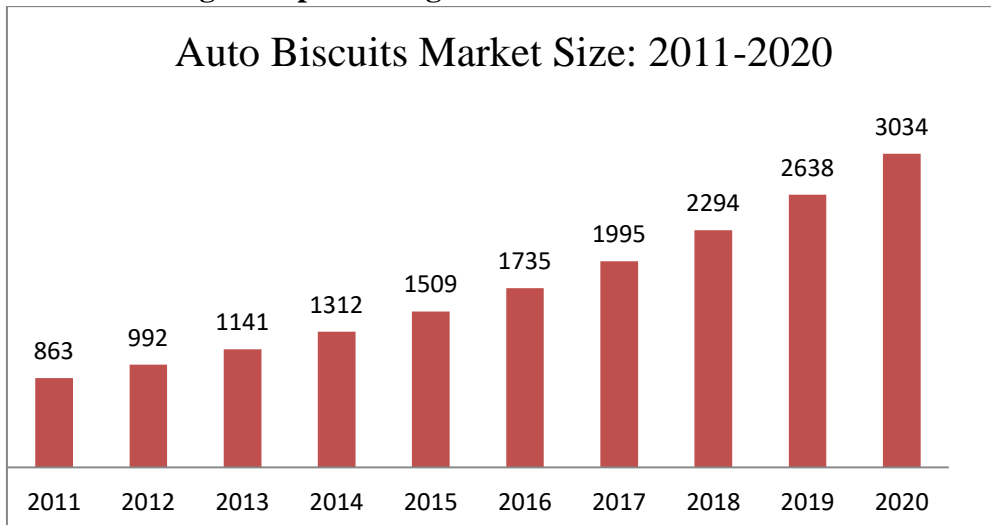
**Market Overview:** The biscuits industry in Bangladesh is worth more than BDT 6000 crore (USD 708 million) with an annual export volume worth BDT 330 Crore (USD 39 million) as the Export Promotion Bureau reports. The annual growth in the industry is as high as 10-12% and the growth is likely to expedite with a favorable export scenario. The annual overall confectioneries and snacks market revenue in Bangladesh amounts to \$8.6 billion, which is expected to grow at a CAGR of 5.36%.

One of the more apparent factors working behind the growth of this industry is the preference for packaged food over eating out during the pandemic. However, the curve was trending up long before the pandemic was in the picture. The success has been attributed to the quality of the products, higher level of investments, consumer preferences, use of better technology, and tapping the international market. Industry stakeholders opine that the growth should remain uninterrupted given the pandemic situation does not go out of hands.

**Geography Wise Market Size for Biscuit (Branded):** Geography wise market size for biscuit are 10 Metro 26% BDT: 780cr Urban 29% BDT: 870cr Semi Urban 34% BDT: 1020 cr Rural 11% BDT: 330cr Running Category: Tikki , Regular, Family Flavor: Glucose, Milk, Cream, Nuts Retail Universe: 4 lac+ Running Category: Regular, Family Flavor: Glucose, Milk, Cream, Nuts, Flavored Retail Universe: 2.39 lac+ Running Category: Regular, Family Flavor: Glucose, Milk, Cream, Nuts Retail Universe: 3.76 lac+ Running Category: Tikki , Regular, Bakery Flavor: Glucose, Milk, Cream Retail Universe: 2.93 lac+

**Market Size of Auto Biscuits:**

**Figure 1**  
The figure representing the marker Size of Auto Biscuits



Source: Bangladesh Auto Biscuit and Bread Manufacturers’ Association

**Market Share of Biscuit Industry:** The bread and biscuits industry in Bangladesh is dominated by a handful of companies. The market leader, Olympic Industries Ltd’s registered revenue was BDT 1600 crore (USD 189 million) in FY 2019-20 after experiencing a 15.7% YoY growth. Currently, Olympic can now utilize roughly 70% of its capacity. However, responding to the surge in demand, the company is investing an additional BDT 42 crore (USD 5 million) to upgrade its production capacity. Energy Plus, Tip, and Nutty: Olympics’ three popular brands alone control some 25-30% of the biscuits market as of January 2021. Other major players, Bangas, Pran, Haque, Fu Wang, and Danish (Partex) have been able to hold their fort as well with quality products in affordable price ranges. As per the annual reports of the publicly listed companies, all of them have registered substantial growth over the last few decades.

Table 1

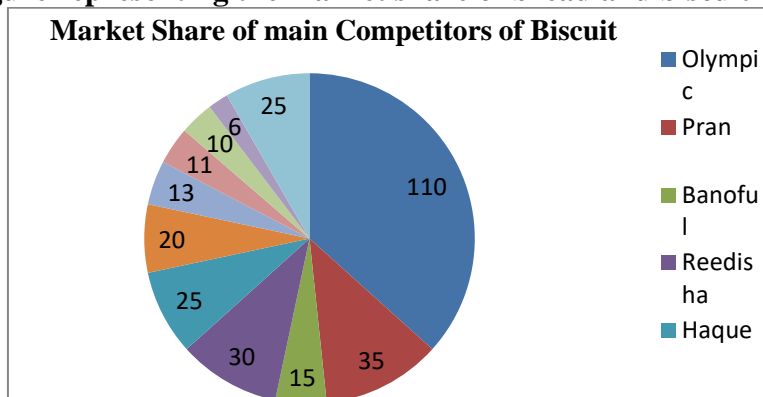
The table showing the market share of bread and biscuit Industry

Market Share of Bread and Biscuit Industries in BD			
S/L no	Brand Name	Monthly Sales (Cr.)	Market Share (%)
1	Olympic	110	37%
2	Pran	35	12%
3	Banoful	15	5%
4	Reedisha	30	10%
5	Haque	25	8%
6	Gold Mark	20	7%
7	Danish	13	4%
8	Romania	11	4%

9	Dekko	10	3%
10	Ifad	6	2%
11	Others	25	8%
Total		300	100%

Figure 2

The figure representing the market share of bread and biscuit Industry



Source: EBLSL Research Publication June 2020-FMCG Industry Review of Bangladesh

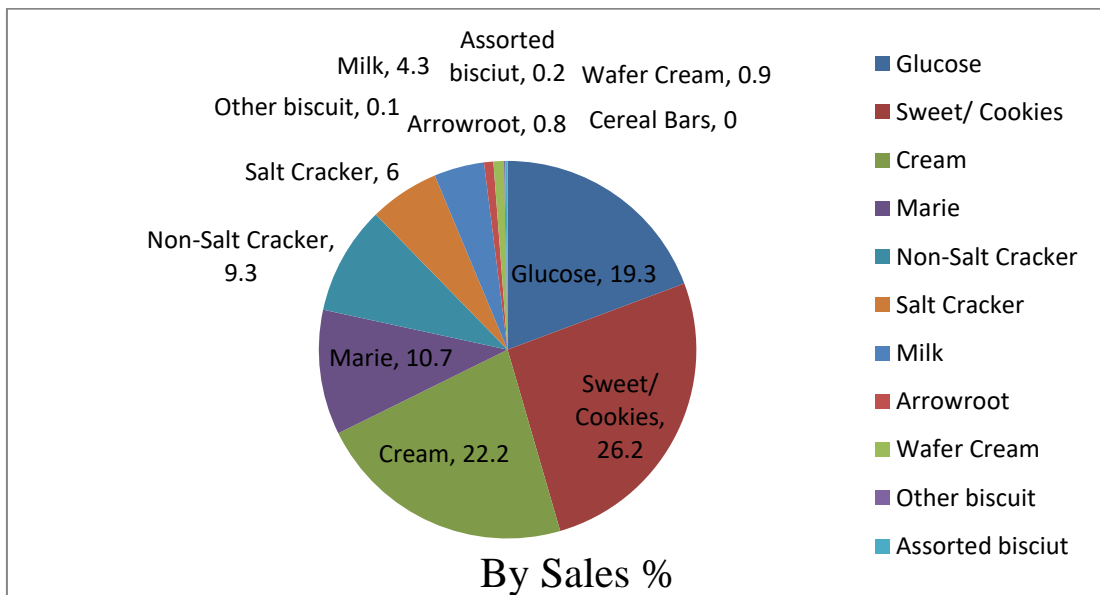
**Role of Bread and Biscuits Industry:** Bread and Biscuits items are considered as one of the preferable snacks of Bangladeshi consumers especially for the middle income class group who are driving the biscuits market to grow rapidly. The bread and biscuits industry in Bangladesh comprised of organized industrialized manufacturers and unorganized small and local producers throughout the country. Stimulated by growing demand, particularly from the lower middle and middle income groups, a large number of firms have joined the foray in the last several years. Some old players have also expanded their production capacity. The bread and biscuit market is growing mainly because of consumers' hunt for hygienically prepared foods. The market insiders believe that the biscuit & confectionary market will grow at a rate of 15% annually in the next 10-15 years where the organized segment is expected to grow at around 10%.

**Bangladeshi Biscuits in the Global Market:** The Export Promotion Bureau (EPB) of Bangladesh says Bangladesh exports six different types of bakery products, including bread, biscuit and cake, to the Middle East and some other countries. The export items are crisp bread, ginger bread, sweet biscuit, waffle and wafer, rusk and pastry. Of these, sweet biscuit and bread are exported the highest. In 2017-18 fiscal year, the total export earnings from these products were Tk458 crore. In the previous fiscal year, export earnings from bread, biscuit and cake were Tk422 crore.

**Value Contribution of Biscuit Categories (%):**

**Figure 3**

**The figure representing the value contribution of biscuit categories %**



Source: Bangladesh Auto Biscuit and Bread Manufacturers’ Association

**Category Wise Contribution of Biscuit Industry:** Category wise market contribution of bread and biscuit industry are as follows- 9 Tikki 12% Regular 53% Family Pack 35% Channel: Grocery & General Store, Modern Trade, Bakery Flavor: Glucose, Milk, Orange, Cream layers, Nuts Retail Universe: 5.5lac+ Channel: Tong and Tea Store Flavor: Glucose, Milk, Fruit flavors Retail Universe: 7.5lac+ Channel: Tong and Tea Store, General Store, Bakery, Modern Trade. Flavor: Glucose, Milk, Orange, Nuts Retail Universe: 13 lac+.

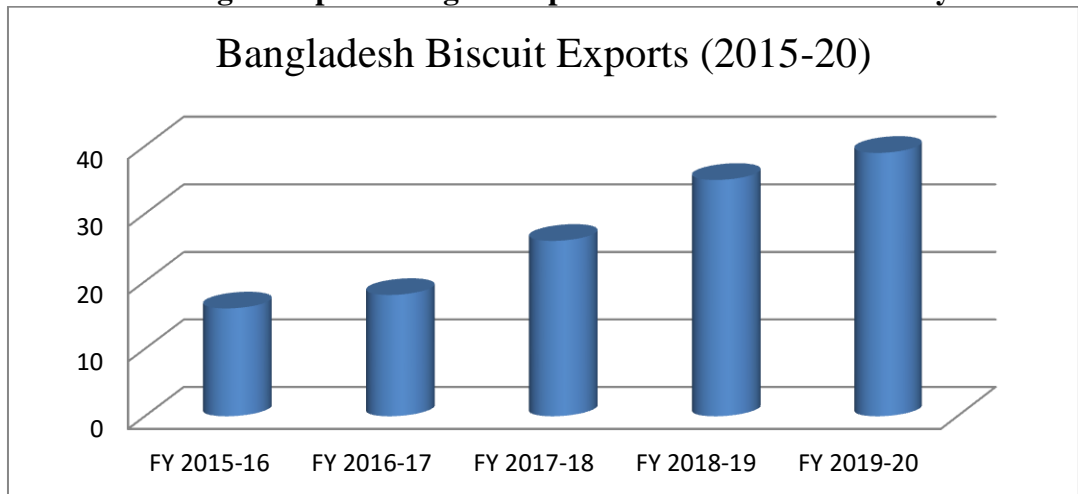
**Competitive Landscape:** Historically, the market was highly labor-intensive and dominated by small bakeries, but today it has grown to one filled with an estimated 5,000 bread and baked goods makers, and around 100 automated factories. Despite the many market players, it is mainly dominated by big brands due to their competitive advantage in being able to provide greater quality and lower prices through automation. This has also resulted in driving out imported biscuits from India, Malaysia, and Indonesia. Currently, domestic manufacturers meet 90-95% of demand for biscuits, while catering to a burgeoning export market.

**Status of Exports:** Overall, biscuit exports from Bangladesh have increased over the years in tandem with the increase in production. The figure stood at \$16 million in FY 2015-16, which has grown 2.4 times to reach \$39 million in 2019-20. The government has allowed 20% cash incentives on export products including biscuits and confectioneries. In addition to the expanding market, favorable export policies have contributed to the surging exports.



Saudi Arabia, Oman, Malaysia, UAE, and Somalia are among the top destinations for Bangladeshi products. The primary consumer groups of these products abroad are the Bangladeshi Diaspora in these countries.

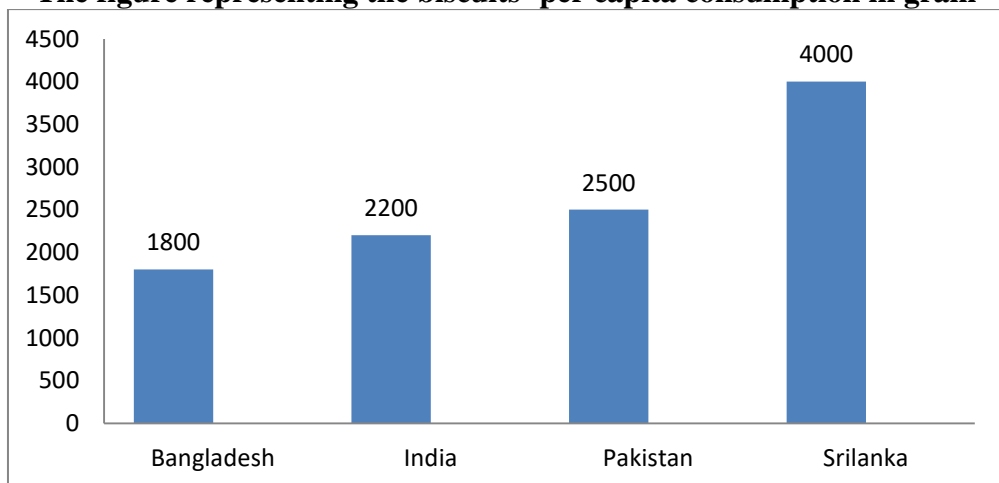
**Figure 4**  
**The figure representing the export status of biscuit industry**



Source: Bangladesh Auto Biscuit and Bread Manufacturers’ Association/ Bangladesh Biscuit Exports

**Biscuits -Per Capita Consumption in Gram:** The biscuit industry in Bangladesh has experienced rapid growth but per capita consumption of the snack is not very high. In fact, Bangladesh is behind all South Asian countries in terms of per capita biscuit consumption while Sri Lanka has the lead, according to IBIS World, a US-based industry research firm.

**Figure 5**  
**The figure representing the biscuits -per capita consumption in gram**



Source: IBIS World, a US-based industry research firm

The annual per capita biscuit consumption in Sri Lanka is 4kg while it is 1.8kg in Bangladesh. The amount is 2.2kg in India, and 2.5 kg in Pakistan. The highest per capita consumption of biscuit is in Japan, in the Asian region. However, in terms of industry growth, Bangladesh is keeping up with the rest of the world. The average global growth of the biscuit industry was 15.61 percent during the five-year period from 2015 to 2020. Bangladesh has an average growth rate of 15 percent annually.

**SWOT Analysis of Bread and Biscuit Industry**

Following table represents the SWOT analysis of the bread and biscuit industry of Bangladesh.

SWOT Analysis	
<p style="text-align: center;"><b>S-Strengths</b></p> <ul style="list-style-type: none"> <li>▪ Low operational costs</li> <li>▪ Presence of established distribution networks in both urban and rural areas</li> <li>▪ Presence of well-known brands in Bread and Biscuit industry</li> <li>▪ Limited start up risk</li> <li>▪ Ability to sell products online</li> </ul>	<p style="text-align: center;"><b>W-Weaknesses</b></p> <ul style="list-style-type: none"> <li>▪ Lower scope of investing in technology and achieving economies of scale, especially in small sectors</li> <li>▪ Low exports levels</li> <li>▪ Competitors can offer similar products quickly</li> <li>▪ Limited start up costs</li> <li>▪ Limited Flexibility in pricing</li> </ul>
<p style="text-align: center;"><b>O-Opportunities</b></p> <ul style="list-style-type: none"> <li>▪ Continued expansion for online sales</li> <li>▪ Ability to develop additional stores</li> <li>▪ Untapped rural market</li> <li>▪ Large domestic market</li> <li>▪ Export potential</li> <li>▪ High consumer goods spending</li> <li>▪ Affiliate relations with related vendors</li> <li>▪ Uncoverage cluster &amp; outlet</li> </ul>	<p style="text-align: center;"><b>T-Threats</b></p> <ul style="list-style-type: none"> <li>▪ Changes in regulations can impact the business</li> <li>▪ Products are already sold by major competitors</li> <li>▪ The unstable political condition</li> <li>▪ Fake products under different brand names</li> <li>▪ Insurance costs are continually increasing</li> </ul>

**Impact of the Pandemic on Biscuit Industry:** Despite the slowdown and expense-cut in the economy, the bread and biscuits industry has been rather unaffected in terms of sales and profitability during the pandemic. As the lockdowns were imposed, the country has seen a sharp spike in demands for FMCG goods due to uncertainty. Between July and September 2020, Olympic registered a profit of BDT 57 crore, a figure 2.2% higher than the previous year. The company’s management attributed this rise to the shift in consumer preference during COVID. As people drastically limited eating out, the demand for hygienic packaged food rose and the industry grabbed the opportunity.

However, the sudden spike in demand left the distributors shorthanded for a while in the beginning. Coupled with the restrictions in movement, the surge affected the market players for a few weeks, according to an industry stakeholder. But, the industry quickly got up on its feet. Although the first half of 2020 came with significant challenges including supply chain disruptions, the industry has been resilient and is set to export products worth \$31 million in the second half of 2021.

### **Problems of Bread and Biscuits Industry in Bangladesh**

**Heavy Competition:** The competitors of the biscuits are huge and varied in numbers. Few decades back, the customers could buy the bakery products such as Buns, Breads, Biscuits, and Cake etc only through a Bakery. This is not a case in the recent times. There are Tea shops which sells Buns, Breads, Biscuits, Cake etc and there are street vendors too who sells the above said products at the door steps of the customers. This poses a biggest challenge in marketing the biscuits, as the customer would hesitate to visit the bread and biscuits due to the availability of bakery products nearby their locality itself. Other problems include the development of modern retailers in the cities, malls, supermarket shopping culture, food courts, bakery cafes etc.

**Fluctuation in Raw Material Prices:** Rising prices of flour (Maida), the major ingredient, and other raw materials such as oil, fat and eggs poses biggest challenge for biscuits industry in Bangladesh. Some entrepreneurs who were unable to cope up with the rise in the price of the raw materials would opt for compromising the quality aspects. This would in turn lead to other issues such as shift of customers, bad reputation, decrease in sale and profits.

**Price-Sensitivity:** To overcome the challenge of rising raw material costs, the owners of industries would in turn increase the price of the bread and biscuits. This would automatically affect the demand and supply of the biscuits adversely. There are price variation too between one product and the other for the same product. This would create a confusion and dissatisfaction in the minds of the potential customers.

**Commodity Prices on the Rise:** Moving forward, the rising prices of the key commodities required manufacturing biscuits and bread is a major challenge for the industry. The industry comes with the promise of affordably providing high-quality goods. However, the increasing cost is gradually squeezing the profit margin for the manufacturers. High dependence on imports for ingredients like wheat is a barrier for the industry. A 116% increase has been registered in wheat imports in the last six years. The wholesale price of wheat has increased by 0.41% in the last year. Following the rise in demand and prices, the government has removed the advance income tax (AIT) on wheat imports. Apart from wheat, prices of other key ingredients like sugar and oil have also increased over the years.

**Distribution Strategies:** Large Scale Bakers of bread and biscuits have taken Internet as a weapon for Marketing and delivering their products. They use online food delivery platforms such as Foodpanda, Uber Eats, Othoba.com etc. to deliver their products. This is

the biggest challenge for the local bakers of bread and biscuits who do not possess any knowledge about internet.

**Application of New Technology:** There are many types of biscuits industry in market which include large scale bread and biscuits, medium scale biscuits, cottage/home based biscuits. Large scale biscuits would use modern technologies and equipments for producing and delivering bread and biscuits products which will not be possible for the other too. For instance, Customers demand their favorite choice of puffs or samosa etc fresh from the oven. Large scale industries can afford to do the same, which will not be possible for the medium and cottage biscuits industries. This is an opportunity to large scale biscuits but a major challenge to medium and cottage biscuit industries in marketing their products.

**Sales Promotion Techniques:** Bread and biscuits would use attractive promotional strategies such as an advertisement to market their products, in which they would highlight about the taste, quality, hygiene aspects, and protein content of their product. There are two major issues connected to these aspects;

- 1) In reality there is always a Gap between what has been portrayed or communicated and what has actually been delivered to the customers. This would lead to dissatisfaction among the customers.
- 2) Every Baker of bread and biscuits could not afford to invest in promotional activity as it requires huge investments.

**Consumption Pattern:** Bread and biscuits were once bought by the customers only during certain occasions. But today its consumption pattern has been changed as it is purchased frequently. Cake and confectionaries of biscuits has become a vital and unavoidable food item in every function. This change has also changed the expectation and demand pattern of the customers and the bakers find it very hard to fulfill the growing customer expectations.

**High Freight Charges:** The bread and biscuits industry is largely dependent on imports for procuring the key ingredients. On the other hand, the rising export volume is a testament to its potential to become a major export industry. Naturally, freight costs are a major factor to consider in this high import-export-oriented industry. According to industry stakeholders, due to high freight charges, the industry is not being able to reap the benefits to the full extent. With demands booming, freight costs are a major headache for the exporters.

**Disruption in the Supply Chain:** Although the industry is seemingly unaffected by the pandemic, the distribution channels took a serious hit. Looking to curb the rise in infections, lockdowns were imposed several times starting from March 2020. According to Olympic, the country's largest biscuit manufacturer and distributor, lockdowns made their lives substantially difficult as they were trying to cater to the increased demand. During this time, the industry faced challenges in procuring raw materials from abroad as well. The initial turbulence gradually stabled as the players adapted to the added challenges of the supply chain. However, the industry fears further disruptions in procurement and distribution as the country prays to avoid another surge in COVID infections.

**Government Legislations:** The implementation of packaging standardization norms, prohibition of plastic usage etc. appears to be the big challenge. Also numerous laws have been stipulated by ministry of food and related ministry to check consumer interest and stop malpractices by manufacturers. Apart from above food related laws of biscuit industries in Bangladesh have to adhere and following laws for their smooth business. In addition to Commercial licenses and registration following are major laws to be followed by biscuits industries; Factories Act (Occupational related issues).

1. Gas and fire Safety.
2. Air and Water pollution Act ( Pollution Control ).
3. Food Act (Storage of LDO, HSD, and LPG in factory premises).

**Imported Ingredients & Duty:** Local manufacturers procure most ingredients for production locally. However, Bangladesh is not a major producer of wheat or palm oil, which is required for biscuit manufacturing. As a result, most ingredients are imported and exposed to foreign exchange risks which highly affect profitability. There is a 20% supplementary duty on powdered milk, butter and other dairy oils, and spreads, resulting in greater cost of goods sold, negatively impacting producers' bottom line.

**Lack of Research & Development Facility:** Recently the industry has seen a high positive growth in exports due to its ability to ensure better quality products, however, is limited by a lack of R&D facilities to develop new products/flavors and ensure quality to a greater degree. Unless this challenge is addressed, it may turn out to be a major obstacle in scaling production or meeting growing demands for exports.

**Inability to Market of Bread and Biscuits:** The present and future growth prospect of any product depends to a large extent upon marketing activity. This requires having a well-planned marketing strategy including advertisement campaign as well as resources for implementing that strategy. Unfortunately, bread and biscuits entrepreneurs are at the bitter end in this respect as they cannot make adequate investments in marketing and also lack necessary marketing skills.

**Inability to Maintain Product Quality:** A major constraint to the sustainability of bakery growth in Bangladesh is the inability to maintain the quality of bakery products. At present Bangladesh produces mostly common consumer goods which are labor-intensive and require relatively simple technology. But due to poor quality these products cannot stand competition from imported products. The challenge for Bangladesh today is not in competing with high-tech products of developed countries but to make biscuits survive competition from its rivals.

**Lack of Skilled Technicians and Workers:** Lack of skilled manpower is a perennial problem in Bangladesh. This problem is particularly acute for small and medium scale export oriented enterprises like biscuit industries. Bangladesh has made large inroads in the world's apparel market through commendable performance of RMG sector. However, the value addition of the products is low. Despite high demand, Bangladesh cannot make much

entry into high value biscuits exports due to dearth of trained workers and low quality products.

**Impact of COVID-19:** The novel corona virus/COVID-19 pandemic has significantly impacted the whole food and beverages industry among which bread and biscuits industry is one of them. This pandemic has resulted into mass production shutdowns and supply chain disruptions which has also affected the economy as well. This has made the marketing of bakery product very tougher.

**Poor Production Process:** It is the main problem of the bread and biscuit industries in Bangladesh and the buildings that are using for the production purposes of biscuits industry are out of date and some are rejected by laws of government. It is common in most of the bread and biscuit industries in Bangladesh.

**Poor Management Skills of Entrepreneurs:** In the modern day economy, managerial skills for undertaking planning, marketing, and cash flow management of biscuit industry are vital for survival of an industry, small or large. Bread and biscuit industry in Bangladesh are very much lacking in managerial skills and are not used to strategic planning. It is natural that they are unable to survive market failures. The concept of managerial training for bread and biscuit bakers is yet to take root in Bangladesh.

**Enabling environment for Trade and Business:** Although trade and business activities are carried out by the private sector independent of government control, existence of enabling environment like supportive regulatory framework, congenial tax regime, developed transport and communications infrastructure is vital for bread and biscuit factory development. Bangladesh has made some progress in this direction but it still falls short of present day needs.

Other constraints of a general nature are inefficient infrastructure support especially power, widespread tariff anomalies, low productivity of labor, low level of technology, lack of research and development and low level of education of biscuit factory entrepreneurs in general

### **Prospects of Bread and Biscuits Industry in Bangladesh**

**Food Safety Standards:** Although the biscuit products offer good value for money, compliance with the food safety standards remains questionable in the biscuit industry in Bangladesh. Bangladesh Auto Biscuits and Bread Manufacturers' Association (BABBMA) admits the inadequacy of research cells or laboratories to ensure food safety standards compliance by all manufacturers. To expedite the growth of the industry, the regulatory bodies in place, such as Bangladesh Food Safety Authority (BFSA), and Bangladesh Standards and Testing Institution, are required to take an active role. Their American and European counterparts 'proactive measures to ensure quality at source can be considered as a benchmark for food safety measures, which presently are a hurdle for Bangladeshi exporters.

**Creating Employment Opportunity:** The Bangladeshi employees who are working in the industry, more 80% are engaged in the manufacturing industrial sector. Most of the people in Bangladesh develop their career at this sector. Biscuit industry is one of the best suitable areas for creating employment opportunity for suitable manpower.

**Weapon of Industrial Development:** The bread and biscuit industry in Bangladesh is the great weapon for economic growth, reducing income discrimination and poverty eradication. This industry is given priority as the impetus for economic growth.

**Availability of raw materials:** Raw materials necessary for the production of bread and biscuit items those are available in Bangladesh.

**Helping in Economic Growth:** In industrial developed and developing country, the bakery industry plays an important role in growing the economy. According to Economic Review of Bangladesh 2019-20, the biscuit industry contributes 5.21% of GDP growth.

**Flourishing of the Rural Economy:** In a rural area, per capita and standard life leading is low. As there are available of raw materials of bread and biscuit items at village areas, so if biscuit industry can be developed, it can flourish the rural economy. This factory can properly utilize capital and other resources.

**Starting at Minimum Capital:** Sometimes the entrepreneurs cannot start large industry due to capital shortage. So, if the entrepreneurs start bread and biscuit factory with minimum capital, it will be possible to use the minimum capital properly and opportunity will be open to the large industry.

**Proper Utilization of Local Resources:** There are available raw materials in our country that can be used at industrial sector. The natural resources can be properly utilized by establishing biscuit factory. It increases local and foreign earning opportunity which makes the national economy more powerful.

**Foreign Currency Earning Opportunity:** Biscuit industry can help to earn foreign currency by export. Biscuit exports from Bangladesh have increased over the years in tandem with the increase in production. Quality bread and Biscuits are the blessing for a sustainable economy.

**Tapping Opportunities in the International Arena:** As discussed earlier, the biscuit products of Bangladesh have not been able to capture the foreign markets in the true sense as they are mostly consumed by Bangladeshis living abroad. However, through ensuring quality, and compliance with safety standards, the industry should focus on building a 'Made in Bangladesh' brand to tap the immense opportunities in the international markets. Building a solid national brand as a top manufacturer can go a long way in terms of gaining the trust of the consumers abroad. Recently, Pran's Potata has won the Indian market with a customer-centric approach. Such success needs to be replicated to lay the groundwork for the national brand. From a policy perspective, overseas production can be encouraged by easing up on existing outgoing foreign direct investment restrictions so that biscuit factories

(being a heavy item, near shoring can be a better alternative to exports of biscuits), which can contribute to incoming dividends, can be set up abroad.

**Focusing on Healthy Products:** Bringing diversity in the product lineup can be a way forward for the biscuit manufacturers in Bangladesh, which can act as a major import substitution strategy. A strategy of introducing products catering to the niche but emerging customer health-conscious customer segments should help the brands expand their customer base both home and abroad. But in order to do so, there should be a long-term plan to introduce healthy ingredients (such as oats and quinoa) into local farming to establish backward linkage and reduce costs of production.

**Development of Infrastructure of Biscuit Industry:** Infrastructure development is a prerequisite to efficient development and financing of biscuit industry. Currently, the most severe constraint that hinders the development of bread and biscuit industries is the lack of infrastructure (e.g., roads, gas and electricity), limited access to market opportunities, technology, expertise and business information and communication. Providing appropriate infrastructure for biscuit industry growth should be given priority.

**Training Facilities for the workers and Entrepreneurship:** Bangladeshi workers are very good at learning production skills and copying them. However, training facilities for biscuit industry workers and development of entrepreneurial skills are not adequate in our country. Some training institutes like the Training Institute of BSCIC impart training but it is not utilized properly. Special programs are to be undertaken for the establishment of training institutes regarding entrepreneurship development.

**Available Customer:** The bread and biscuit has a lot of customer to sell their products locally and globally.

**Balanced Development:** Most of the large industries and factories are established in the urban area. That is why; the urban areas are financially benefited. Biscuit industries are not only established in the rural area but also these can be established at village area. As a result, the villagers will get benefit from the sector.

**Surviving in the Long Term:** Due to a lack of facilities to ensure cheaper and quality goods, it is unlikely that smaller market players will be able to compete with larger name brands given their higher costs of production as most of them still use labor-intensive production processes. Their purchasing power is lower further adding to costs. However, they may be able to find a space in meeting local market demands if they are able to produce unique products in the market. In the near future we may see less biscuit brands hosted by large market players in order to achieve greater operational efficiency and cater to a growing export market with varying tastes.

## **Recommendations**

Bread and biscuits plays an important role in Bangladesh. This biscuit industry has some problems in Bangladesh also that is stated before. According to those problems a want to recommend the following:-



- Raw materials should be bought from wholesale dealers who give reasonable discount on bulk purchases, buying goods from the same dealer will be better in that case.
- Bread and biscuit industry need to upgrade their production procedure. It is important for the matching with present ongoing technologies.
- Management should be smarter in their operation. So, this industry needs more efficient management team to run the industry properly.
- Technological up gradation is also very important. To give the customer more quality products the biscuit industries need more upgraded technology.
- Quality improvement is must for the biscuit industries. These industries need to improve their quality of production.
- Pricing should be made after a proper cost study. In some cases the price is too high. Besides improving the quality they have to keep the price level liberal.
- Factory environment should be developed. While visiting the bread and biscuit industries, we found those very unhygienic so these need to develop.
- Workers should be more knowledgeable. More knowledgeable workers should be employed in this sector.

**Conclusion:** Biscuit plays an important role and is very essential in our daily life. Bread and biscuit products fulfill important portion of daily food demand. There is a high potential for business growth in selling bakery products. Bread and biscuits are innovating and adapting their production process and trade every year by diversification of products and services to meet the customer's needs and demands. With a rich history that spans centuries of existence, biscuits attract consumers of different ages, genders, social classes and cultures so far. The existing competition in the biscuit market, along with society's demands for healthy and varied food poses a greatest issue to them. By tackling these issues and problems effectively would lead to the success of Bakery Business in the study area. This industry also creates employment facilities for a large number of people. The bread and biscuit industry of Bangladesh is known all over the world for its aroma and distinctive quality yet the growth of the biscuit industry is not very satisfactory. The government of Bangladesh directly or indirectly receives huge taxes from this sector. The government and the related authorities should provide support to improve the current situation by removing the challenges.

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