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Wheat Milling in Bangladesh

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Report Highlights:

While Bangladesh is a predominantly rice-consuming country, wheat is the second-most important food staple, accounting for about 12 percent of total cereal consumption. Domestic wheat production has currently stabilized at around 1 million metric tons a year, but with an annual demand exceeding 4 million tons, the Bangladesh wheat market is reliant on imports. The private sector accounts for up to 75 percent of Bangladesh wheat imports. Modern roller mills are gradually replacing traditional “*chakki*” mills, and with a growing export-oriented food processing sector, Bangladesh is an emerging market for higher protein wheat.

General Information:

Bangladesh is a predominantly rice-consuming country. Prior to independence in 1971, wheat was virtually absent from the Bangladesh market. The Bengal Famine of 1943 encouraged a “grow-more-food” campaign, but wheat cultivation did not really begin to develop until after 1965, after Dr. Norman Borlaug and the [International Maize and Wheat Improvement Centre \(CIMMYT\)](#) successfully introduced two Mexican wheat varieties (Sonora 64 and Penjamo 62) into northern Bangladesh. The success of the CIMMYT program, however, was disrupted by the war with Pakistan. A severe drought in 1973, followed by major floods in 1974, also led to widespread food shortages, prompting a massive international emergency relief effort to meet the country’s basic food security needs.

With the influx of food aid shipments, wheat became a regular feature in the Bangladesh diet, particularly among urban consumers seeking to supplement their rice-based diet. But as wheat imports rose to 2.3 million metric tons in 1972/73, the Government of Bangladesh began to institute policies to encourage domestic wheat production. Wheat cultivation quickly expanded around Khulna and the generally less flood-prone areas of the northern and western districts. Harvested area rose from 105,000 hectares in 1974/75 to 591,000 hectares in 1980/81. Wheat yields also increased almost 70 percent, and domestic wheat production grew from 116,000 metric tons in 1974/75 to 1.093 million metric tons in 1980/81.

Bangladesh Wheat Production 1960-2013

1,000 MT



Source: <http://www.fas.usda.gov/psdonline/psdHome.aspx>

In 1998, the [Bangladesh Agricultural Research Institute \(BARI\)](#) released two heat and disease tolerant

wheat varieties (Sourav and Gourab), which increased average wheat yields by more than 20 percent. As harvested area grew to 805,000 hectares in 1999/00, Bangladesh wheat production reached a peak of almost 2 million metric tons. Since then, however, wheat harvested area has declined. In 2012/13, the wheat harvested area in Bangladesh is estimated at 410,000 hectares, or slightly below the 10-year average of 440,000 hectares. While the alluvial soils of Bangladesh are generally very favorable for wheat production, the wheat cropping calendar competes directly with rice, and also increasingly with other remunerative crops like winter vegetables and corn. Wheat is sown in November to mid-January, and is harvested from mid- March to late April.

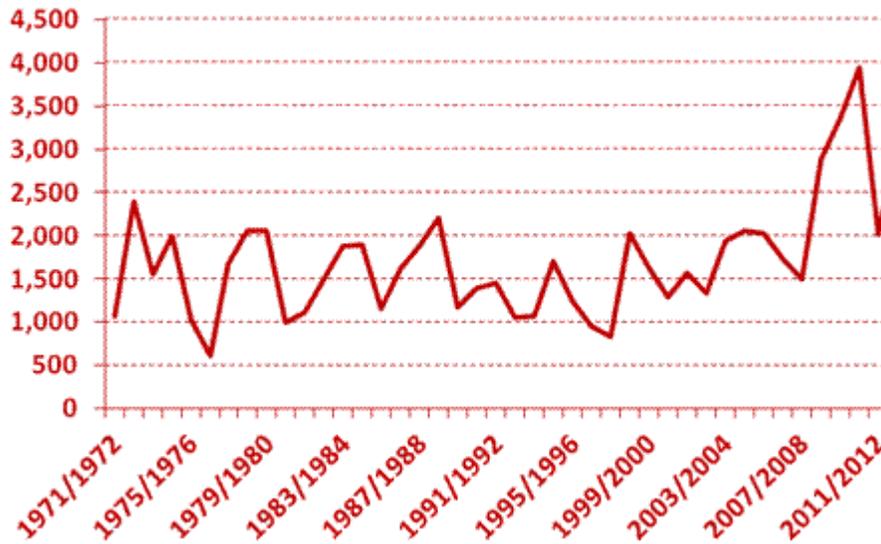


Competition for very scarce land resources will likely continue to constrain Bangladesh wheat production for the foreseeable future. Without a significant increase in wheat yields, domestic production is likely to remain stable at around 1 million metric tons a year. At the same time, domestic wheat demand in Bangladesh is clearly rising. According to the Bangladesh Bureau of Statistics (BBS), the national average per capita daily intake of wheat grew by almost 115 percent between 2005 and 2010. This growth was most pronounced among rural households, which increased their average daily intake of wheat from 8 grams in 2005 to 23.3 grams in 2010 (NOTE: this figure does not include consumption of bread and biscuits) ([Report of the Household Income & Expenditure Survey, 2010](#)). A 2012 survey by the [Bangladesh Institute of Development Studies](#) indicated that the national average per capita consumption of wheat flour is now 46 grams per day (83 grams among urban consumers and 25 grams for rural consumers). BBS estimates that wheat and wheat flour purchases account for about 1.5 percent of total food expenditures, significantly less than the 31.03 percent allocated to rice purchases. Still, wheat is the second-most important food staple in Bangladesh, accounting for about 12 percent of total cereal consumption.

With growing wheat demand, Bangladesh is an increasingly active participant in the international market. Over the last decade, wheat imports have doubled, now reaching about 3 million tons a year. Until the early 1990s, virtually all wheat imports were classified as food aid or as government procurement under the Bangladesh Public Food Distribution System. However, since 1991/92, the volume of private sector commercial imports has steadily increased, and now accounts for up to 75 percent of total imports.

Bangladesh Wheat Imports 1971-2013

1,000 MT



Source: <http://www.fas.usda.gov/psdonline/psdHome.aspx>

Bangladesh Wheat Imports by Origin

	MY 2009-10	MY 2010-11	MY 2011-12
Australia	405,629	1,091,133	259,083
Argentina	0	143,792	0
Canada	966,236	972,963	804,880
Russia	378,045	0	109,651
Ukraine	1,383,127	301,797	118,044
United States	0	134,072	117,365
Other	248,381	599,970	437,486
TOTAL	3,381,418	3,243,727	1,846,509

Source: [Global Trade Atlas](#)

Bangladesh Wheat Imports by Type

	FY 2009-10	FY 2010-11	FY 2011-12
Public Sector	444	776	540
Food Aid	56	158	46
Private Sector	2862	2818	1181
Total Imports	3362	3752	1767

Source: [Ministry of Food and Disaster Management](#) and [Bangladesh Bureau of Statistics](#)

Wheat Milling in Bangladesh

The Bangladesh wheat milling sector consists of two basic types of flour mills: traditional “*chakki*” mills and roller mills. “*Chakki*” mills, often imported from India, are traditional stone-mills powered by a small diesel engine with a milling capacity of 300 to 800 kg per day. These mills generally operate in areas with poor or no access to electricity, providing small quantities of whole-wheat (“*atta*”) flour on demand to single customers. Traditional “*chakki*” mills are gradually disappearing, but there are still an estimated 2,000 such mills currently operating in Bangladesh.

Today, most wheat flour produced in Bangladesh (approximately 93 percent) comes from roller mills that are located in or close to urban centers like Dhaka (the industrial area of Narayanganj), Chittagong, Khulna and Rajshahi city. Until the mid-1980s, local roller mills tended to be small with a milling capacity of 10 to 20 metric tons a day. However, today, many of these smaller scale roller mills are no longer operational. The current capacity of most roller mills is now at least 50 tons a day, with several of the more recently constructed facilities capable of milling 300 to 500 tons a day, or more.

The Structure of the Bangladesh Wheat Milling Industry

Types of Flour mills	No. of Plants	Milling Capacity (Per Day)	Average Production (Per Day)
Roller			
Large	±20	100-500 MT	±150 MT
Medium	±120	40-100 MT	±60 MT
Small	±200	10-40 MT	±15 MT
Chakki	±2000	0.3-0.8 MT	±0.5 MT

Source: USDA and industry estimates

Bangladesh wheat mills typically produce one or two grades of “*atta*,” a semi-hard whole wheat flour that is commonly used to make flat breads like “*chapati*” and “*roti*,” and also traditional snacks like “*singara*” and “*puri*.” Mills with more sophisticated equipment can produce two or three grades of “*maida*,” a white all-purpose wheat flour that is used for pastries and loaf-style breads. Depending on the specific technical

characteristics of a mill, wheat procurement is increasingly oriented toward optimizing specific end-use objectives. The expansion of fast food restaurants, and a growing export-oriented food processing sector (manufacturing noodles, breads, biscuits, crackers and other snacks), suggests that Bangladesh is an emerging market for higher protein wheat.

A Select List of Bangladesh Wheat Mills

ACI Pure Flour Limited, established in 2008, is based in Narayanganj. It has an estimated milling capacity of 300 metric tons a day.

<http://aciflour.com/>

Rabeya Flour Mills Limited, established in 1978, is based in Sonapukur. It was one of the first major automatic flourmills in the country producing fine flour, coarse flour, vitamin fortified flour, whole wheat flour, semolina and bran.

http://www.ejabgroup.com/rabeya_flour_mill.php

Fauji Flour Mills, established in 1965, is based near Chittagong. Fauji produces flour, atta, shuji and bran, and has an estimated milling capacity of 180 metric tons a day.

<http://senakalyan.org/pbp.aspx?qsPPId=6007>

Hasan Flour Mills and **Shampa Flour Mills**, established in 1998 and 2009 respectively, have a combined estimated milling capacity of 750 metric tons a day. They produce flour, atta, and semolina.

<http://citygroup.com.bd/index.php?pageType=Home>

IFAD Multiproducts Limited, established in 2003, has an estimated milling capacity of 150 metric tons a day.

<http://www.ifadgroup.com/>

T.K Group, established in 1972, has an estimated milling capacity of 300 metric tons a day.

<http://www.tkgrouppbd.com>

Bashundhara Food and Beverage Industries Limited (BFBIL) recently completed construction of an integrated flour mill facility with a combined estimated milling capacity of 1,200 metric tons per day.

<http://www.bashundharagroup.com/>

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