

# Variability in Pre-Packaged Rice, Edible Oil, and Sugar Quantities: Implications for Consumer Welfare

## Abstract

Packaged edible products like rice, sugar, and edible oil are available in diverse weights and volumes to suit the needs of all types of consumers. However, in recent times, there has been a tendency to pack brands of products to be packed in unconventional measurements that diverge from the normal ones. This variability in packaging and pricing raises questions about underlying motivations and implications, thereby necessitating examination.

This study examines the extent of such unconventional packaging in the Bhutanese markets, determine possible reasons behind such a move by the manufacturers and explore likely influences on consumers.

The study revealed a significant trend of variations in packaged rice, sugar and edible oil.

## Background

In recent times, packaged food such as rice, sugar and edible oil have appeared in unconventional weights and volume; such 26 kg rice, 700g sugar, and 3.75 liters oil; which diverge from typical industry norms. This deviation from the norm raises intriguing questions about the underlying motivations and implications.

It is unclear if this is practiced by all manufacturers or only certain manufacturer and what kind of impact they have on consumers. Therefore, this study was carried out with the aim to determine the unknowns and also interventions if they have a negative impact on consumer's welfare.

## Methodology

Net weights or volumes of retail packs of all popular brands of rice, edible oil and sugar were checked and recorded. Possible reasons of such practices were gleaned from seven major wholesalers of these products. Finally, to comprehend the impact of these practices on consumer welfare, a random survey of 50 consumers (half of whom could read English and the other half who couldn't) was conducted among consumers in Thimphu.

## Results and Discussions

### (i) Rice

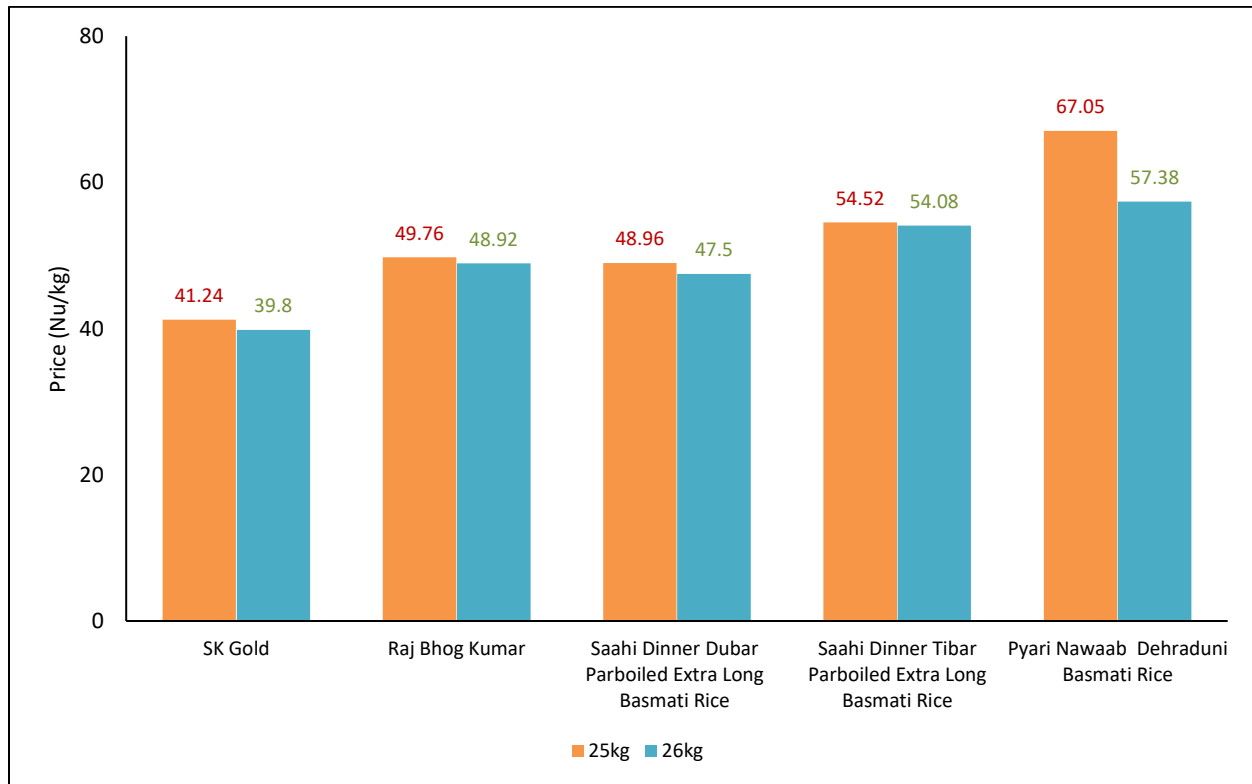
There are around 27 types of packaged rice available in the market of various brands. Some come in 10 kg, 20kg, 25 kg and 26 kg but some types come in multiple weights, i.e., 25 kg and 26 kg (Table I). This shift in packaging towards 26 kg net weight is, according to wholesalers and distributors in Bhutan, due to new tax structure in India; wherein rice packages of net weight higher than 25 kg are exempted from the Goods and Services Tax (GST).

According to Indian law pertaining to “pre-packaged and labelled”, goods such as cereals, pulses, and flours exceeding 25 kg are not subject to GST. Historically, rice packaged in unit containers with a registered brand name attracted 5% GST. However, from July 18, 2022, only “pre-packed and labelled” rice quantities of 25 kg and below are subject to GST. Therefore, it is evident that manufactures and distributors of branded rice introduced the practice of packaging in 26 kg bags, so as to avoid paying GST. This would mean rice packed in 26 bags would be cheaper per kg basis as compared to rice packed in 25 kg or below; thereby benefiting final consumers (Fig. I).

**Table 1: Prevailing net weight and prices of some common rice brands**

Brand/ type	Available Net Wt. (kg)	Average Price (Nu.)
SK Gold	25	1031
	26	1035
Raj Bhog Kumar	25	1244
	26	1272
Saahi Dinner Dubar Parboiled Extra Long Basmati	25	1224
	26	1235
Saahi Dinner Tibar Parboiled Extra Long Basmati	25	1363
	26	1425
Pyari Nawaab Dehraduni Basmati Rice	20	1341
	26	1492

**Fig. I: Comparison of price of rice on per kg basis when packed in different weight packages**



(ii) Edible Oil

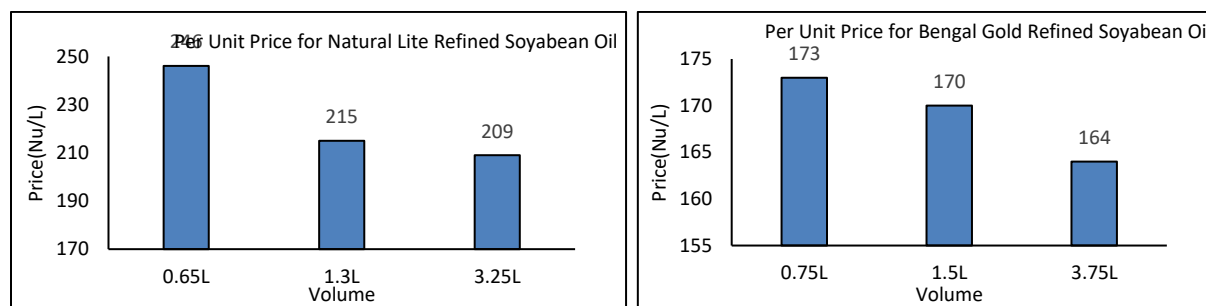
There are around 14 edible oil brands in the market and irregular and uncommon net volumes such as 3.75L, 0.825L, 0.65L and 1.6L are also evident. According to domestic edible oil packers/ manufacturers the primary reason for such packaging is to optimize their profitability, by way of adjusting volumes slightly to mitigate consumer perception of large increase in prices, as and when their cost of production increases for various reasons or when competitors specially from India lower their prices in the market for similar type of products. This adjustment allows them to strike a balance between their profitability and maintaining their market share.

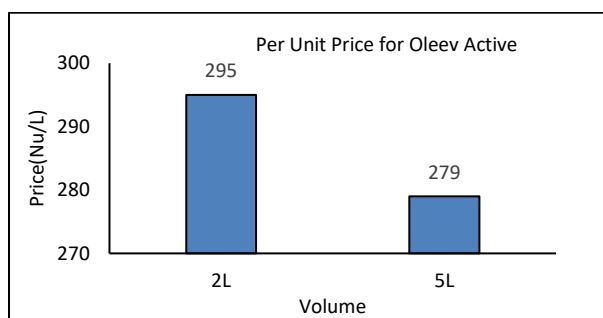
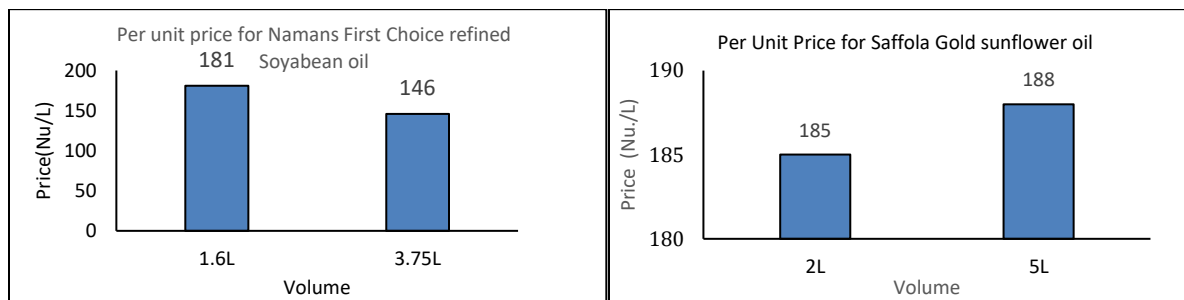
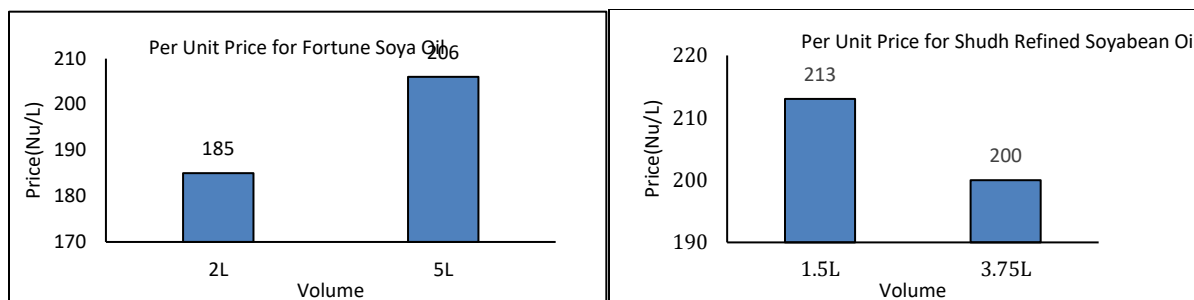
There is substantial difference in price per litre of oils packed in different volumes (Table II), making it economically wiser to invest in bigger packages (Fig. II – VIII).

**Table 2: Prevailing volume variations and prices of common edible oils**

Brand/ type	Origin	Volume Available (L)	Average Price (Nu.)
Natural Lite Refined Soyabean	Bhutan	0.65	160
		1.3	280
		3.25	680
Bengal Gold Refined Soyabean	India	0.75	130
		1.5	255
		3.75	615
Fortune Soya	India	2	370
		5	1030
Shudh Refined Soyabean	India	1.5	320
		3.75	750
Saffola Gold sunflower	India	2	370
		5	940
Namans First Choice Refined Soyabean	India	1.6	290
		3.75	550
Oleev Active	India	2	590
		5	1395

**Fig. II, III, IV, V, VI, VII & VIII: Comparison of price of different brand/ type of oil on per L basis when packed in different volume packages**





(iii) Sugar

Different brands of sugar come in different weights though 700g and 750g appear to be the dominant sizes. The difference in weight is small and cannot be easily perceived by consumers at the time of purchase.

**Table 3: Prevailing weight variations and prices of common sugar brands**

Brand	Net weight (g)	Average Price (Nu.)	Average Price/ g (Nu.)
Happy Crystals	700	50	0.07
Ganesh	700	45	0.064
Amrit Gold Sugar	700	50	0.07
Shankar Sugar	700	45	0.064
Krishna Gold	750	45	0.06
Mohan White Crystal Cane	750	45	0.06
Gobind Crystal Sugar	750	45	0.06
FCB Sugar	1000	55.44	0.055
Bhrigu Crystal Sugar	1000	45	0.045

There are no standing laws in country that requires goods to be packed in certain net weight or volumes and such laws may not even be desirable, since this would reduce choices for consumers. What is of paramount importance is that the labels correctly and clearly depict information about the content and the weight and volume within the package. However, constant changes in the weights and volumes in the market could create confusion leading to doubts about the trustworthiness of those brands.

The onus is therefore on the manufacturer and distributors to inform consumers of any changes in their product in a timely manner to gain consumer's trust and confidence in them and their product. Consumer too must be mindful of possible changes in the product characteristic anytime and be cautious during purchases.

Regulatory agencies such as CCAA must continuously surveil markets and inform consumers if the risk of being misinformed and being deceived are high. The Market Price Information (MPI) provided by the CCAA on a regular basis can also track such changes and inform consumers through public notification about such changes.

## **Conclusion**

The study reveals that while there is a pervasive trend of quantity variations in essential food commodities for various reasons. Though the intent may not be to mislead consumers and deceive them, constant changes in sizes and prices carry potential risks to consumers. Since these are legitimate market strategies, consumers need to practice caution when purchasing and regulatory agencies need to be proactive in case any deceptive practices emerge in the future.