

**Report on**

**Distribution process of Navana LPG, challenges of distribution process and upcoming future prospects of LPG in the context of Bangladesh**

Prepared by

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An internship report submitted to the Brac Business School in partial fulfilment  
Of the requirements for the degree of  
Bachelor of Business Administration

Brac Business School

Brac University

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## **Declaration**

It is hereby declared that

1. The internship report submitted is my own original work while completing degree at Brac University.
2. The internship report submitted is my own original work while completing The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted or submitted for any other degree at a university or other institution.
- 4.I/We have acknowledged all main sources of help.

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## Letter of Transmittal

Riyashad Ahmed

Assistant Professor of Finance & Director of Research, BBS

Brac University

Subject: submission of internship report on “Distribution process of Navana LPG, challenges of distribution process and upcoming future prospects of LPG in the context of Bangladesh.”

Dear sir,

It is an extensive pleasure for me to submit you this internship report titled “Distribution process of Navana LPG, challenges and upcoming future prospects of LPG in the context of Bangladesh.” Currently I have been working as a finance intern at Navana LPG Bangladesh Ltd.

I have tried my level best to fulfill all my requirements for the course and try to follow all the instructions of my supervisor while preparing the reports. The report helps me to gain some clear idea regarding the sector in which I have been working.

It would be an earnest pleasure for me if the report obtains its objective. I, therefore, would like to request you to accept my report and obliged me thereby.

Sincerely yours

Syeda Rawnak Hossain

ID- 16104107

Bachelor of Business Administration

Brac University.

## **Acknowledgement**

At the very initiation, I would like to express my gratitude to almighty Allah. I earnestly thankful to my honorable supervisor Mr. Riyashad Ahmed, Assistant professor of Finance & Director of Research, BBS and Director of programs (MBA, EMBA). GSM, Brac University who helped me from the very beginning of my report. Though because of the global pandemic it was not possible for me to make a direct appointment with my honorable supervisor for my report but each and every time the response I get from him for any kind of help regarding my report is immeasurable. He provides every suggestion with proper illustration which actually help me to complete my report which is a partial requirement of BBA program.

I also sincerely thank Navana LPG ltd Bangladesh and our honorable senior deputy manager Muhammad Mahbub Islam and all my senior colleagues for their valuable time and supports which eventually helps me to gather adequate resources leading to a successful completion of the internship report.

## **Executive Summary**

Nanana group is one of the accelerated enlarging business entity in Bangladesh. The group invested in prospective business provinces and shows progressive expansion in a competitive market dynamics. Coordinate with this Navana group initiates its new business unit Navana LPG in 2017.

Navana LPG has a high-tech LPG plant in Mongla and Ashulia. The main areas of the business are LPG importing, cylinder manufacturing, storing, bottling and distribution of LPG around Bangladesh. They are devoted to assure distinguished product quality for their end-consumers as well as constant and continual product availability in every nook and corner of this country.

This report comprise six respective parts. In the first chapter, I deliberated the background of my report. I also interpreted the origin, objective of my report in respect of the broad and specific objectives. The second chapter covers the industry overview, company overview including company's vision, mission and goal in accompany with their product portfolio and business model of their distribution. The third chapter defines the methodology of study which focuses on data collection, sources of data, number and classification of respondent, questionnaire for collecting data, specific research instrument. Fourth chapter consists of interpretation and examination of collected data. In the fifth and sixth chapter I tried to discuss about the findings, upcoming future prospects of LP gas in the context of Bangladesh and finally concludes with recommendation and conclusion.

Moreover, the prime limitation of this report are limited timeframe, inadequate information and research experience and confidentiality of some organization's information. The main purpose of my report is to provide the major grounds which are mainly responsible or consider as a challenge of LP gas distribution of Navana LPG and discuss the future condition of LPG industry in the context of Bangladesh.

## Table of Contents

<b>Content</b>		
	Executive Summary	V
<b>Chapter-1 : Overview of Internship</b>		
<b>1.1</b>	Student Information	8
<b>1.2</b>	Internship Information	8
<b>1.3</b>	Internship Outcome	8-9
<b>Chapter-2: Introduction to the report</b>		
<b>2.1</b>	Introduction	10
<b>2.2</b>	Origin of the report	10
<b>2.3</b>	Objective of the report	11
<b>2.4</b>	Scope of the study	11
<b>2.5</b>	Limitation of the study	11
<b>Chapter-3: Industry and Company Overview</b>		
<b>3.1</b>	Industry overview	12
<b>3.2</b>	Industry Analysis through Porters Forces	13-14
<b>3.3</b>	PESTAL Analysis	14
<b>3.4</b>	Uses of LPG	15
<b>3.5</b>	Company Overview	16
<b>3.6</b>	Vision	16
<b>3.7</b>	Mission	16
<b>3.8</b>	Values	16

3.9	Product Portfolio	17-18
3.10	SWOT Analysis	18
3.11	Business model	19-20
<b>Chapter-4: Methodology of the study</b>		
4.1	Methodology of the study	21
4.2	Primary source	21
4.3	Secondary source	21
4.4	Instrument	21
4.5	Likert scale	21
4.6	Questionnaire	22
4.7	Number and type of respondent	22
<b>Chapter- 5 : Analysis and Interpretation</b>		
5.1	Response	23
5.2	Interpretation of Data	24
<b>Chapter-6: Findings</b>		
6.1	Findings	25-26
6.2	Future Prospects	27
<b>Chapter-7: Recommendation</b>		
7.1	Recommendation	28
7.2	Conclusion	29
7.3	Reference	30

# Chapter-1

## Overview of Internship

### 1.1 Student Information

**Name:** Syeda Rawnak Hossain

**ID-** 16104107

**Program-** Bachelor of Business Administration

**Major-** Finance & Accounting

### 1.2 Internship Information

**12.1 Period-** 5<sup>th</sup> January 2021- 5<sup>th</sup> May 2021 (4 months)

**Company Name-** Navana LPG Limited

**Department-** Finance and Accounts Division

**Address-** Navana 3S center 205-207, Tejgaon, Dhaka- 1208

#### 1.2.2 Internship company's Supervisor Information

**Supervisor Name-** Muhammad Mahbub Islam

**Position-** Senior Deputy Manager

#### 1.2.3 Job Scope/ Responsibilities/Job Description

- ⇒ Preparing monthly Bank Reconciliation
- ⇒ Updating Oracle Entries in order to keep tracking day to day transaction
- ⇒ Preparing Final Settlement of resigned employees.

### 1.3 Internship Outcome

#### 1.3.1 Students Contribution to the Company

Internship is not a full time job and that is the reason we get to make less contribution to the company but as an intern I tried my level best from the first day to the last day of my internship



period to make some contribution to the company through my hard work and dedication. I directly assist my company's supervisor and my senior colleges in order to help them to prepare company's financial statement along with making party's check and keep tracking vouchers and invoices of the company.

### **1.3.2 Benefits to the Student**

- Gaining practical knowledge
- Having the opportunity to meet new people and build strong networking
- Obtaining real life experience of corporate world.

### **13.3 Problems/ Difficulties during Internship**

- Understanding the office culture
- Self-ice- breaking sessions

### **13.4 Recommendation (for and suggestion to the company on future internship)**

- ❖ Encourage positive relationship among co-worker
- ❖ Organize team Building Exercise.

## **Chapter-2**

### **Introduction to the Report**

#### **2.1 INTRODUCTION**

In Bangladesh there is a huge demand for LP gas where direct pipeline supply of natural gas is not available specially in western and northern region of the country. Due to the price affordability, technological advancement and rapidly changing of modern lifestyle, the necessity of LPG has become an indispensable product for the nook and corner of the country. Presently, many international and local brands are widely convenient and providing the need of customers regarding the fuel for cooking. Navana LPG, a sister concern of Navana group is one the brand was founded in 2017 in order to meet the spreading market demand of cooking gas with the aim of ensuring uninterrupted domestic requirement of LP gas for the end users. When there are already exists many international and local brands such as Bashundhara LPG, Total, Laugfs Gas, Jamuna Gas rule over the market there as a new comer in the market Navana LPG has already managed to grab a significant market demand in the LPG industry because of ensuring their commitment to the society. “Distribution process of LP gas, it’s challenges and future prospects of LPG in the context of Bangladesh” is the topic of my report. This research helps me to gain in depth analysis and practical knowledge of a distribution process of LPG company like Navana LPG as well as LPG industry in Bangladesh.

#### **2.2 Origin of the Report**

This report is prepared as a part of completion for Bachelor of Business Administration (BBA) program.

#### **2.3 Objectives**

##### **Broad objective**

To ascertain the distribution process of LP gas, identifying it’s challenges and future prospects of LPG in the context of Bangladesh.

### **Specific objective**

- To give an introductory analysis of Navana LPG LTD Bangladesh, products and their business model.
- To review the performance of LPG Industry in Bangladesh.
- To analyze the distribution process of Navana LPG LTD.
- Find out the major distribution challenges through survey.
- Providing recommendation of the challenges and future prospects of LPG.

### **2.4 Scope of the Study**

This study is prepared for the academic purpose and the study is confined within the provincial edges of Bangladesh where Navana LPG runs their operation. The main purpose and focus of the study is to determine the distribution process of Navana LPG LTD, finding out the major challenges of their distribution process and upcoming future prospects of LPG industry in Bangladesh.

### **2.5 Limitation of the study**

- Lack of availability of data: Due to shortage of reliable sources the content of the research went through some constraints.
- Invisible Information: The study itself is not allowed to disclose some company's internal information which can give a clear view of some concept of the study.
- Sample size: Due to the arising of global pandemic it was not possible to make the sample size larger as the topic of the study itself demand more field work for the survey rather than focused group discussion.
- Limitation of using research instrument: As the study is prepared for only academic purpose there is some constraints to use more than one appropriate research instrument for the study.

## **Chapter-3**

### **Industry and Company Overview**

#### **3.1 Industry Overview**

LPG(Liquified Petroleum Gas) is one of the most proposed substitute fuel in Bangladesh in order to meet the household demand for cooking. From the past few years, the demand curve of LPG changes consequentially which brings further growth in consumption level in the present scenario. Bangladesh government has already connected 6 percent of total population through pipeline of natural gas for meet the household demand which absorb 12 percent of the total consumption. (Energy and power magazine, 2019). Now-a-days, the primary insufficiency of natural gas has become an burning issue and the government of Bangladesh has already proclaimed the fact that no new connection of natural gas will be available for meeting the recent household demands in the both urban and rural areas of the country.

Over the last two years, usage of LPG has seen 400 percent growth in Bangladesh. At the moment, LPG consumption is less than one million tons per annum but it is projected to cross two million metric tons by 2025. (Jakaria, 2019).

Bangladesh is a rapidly growing developing country which estimated their GDP growth around 6 percent for the upcoming years. Instead of being a developing country there still exists huge energy crisis. To reduce the crisis of natural gas supply, the households along with the remote corners of the country and industries are considering LPG as the proper suitable alternative of natural gas. The use of LPG has become a need rather than considering it as a choice lately.

## **3.2 Industry Analysis through Porters 5 Forces**

Porters Five forces model is used to measure the intensity of competition, attractiveness and profitability of an industry in order to analyze the causes of sustainability of a business in the long run.

**1. Bargaining power of suppliers-** Bargaining power of suppliers is relatively high because

- LPG industry considered as an import oriented business. So manufacturing companies mostly depends on their suppliers for raw materials and all kinds of operational machineries in order to operate their business.

- Moreover, in a competitive market suppliers can easily choose their partner company. They mostly prefer to work with top class LPG companies. In this case companies with lower turnover get less priority in comparison to the top ones because of their higher brand value.

**2 Bargaining power of buyers-** It is also considered high. Because

- Price sensitivity is an important factor. Customers can easily switch one brand over another if price competition exists among LPG industries for attracting new consumer.
- Brand loyalty is found less among the consumers because of inconsistency of price determination.

**3 Threads of New Entrants-** It is contemplated as low- medium

- LPG industry needs high amount of investment in order to run the business.
- Possibility of cost reduction is very demanding. Starting from importing charges to gas plant implementation cost, it is very difficult to minimize the expenditure.
- Existence of Monopolistic competition also discourage new comers to enter the market.

**4 Rivalry among existing players-** It is measured high because of

- Adapting rapid technological advancement, existence of price war competition, willingness of grabbing huge portion of market share lead to create rivalry.

**5 Threads of substitute product-** Relatively low cause

- Direct pipeline gas supply is getting decreased day by day.

- LPG is very convenient and useable to the consumers for the cooking purpose over other substitute products.

### 3.3 PESTEL Analysis

<p><b>Political Factor</b></p> <ul style="list-style-type: none"> <li>• Political instability</li> <li>• Geopolitical contention</li> <li>• Existence of extortion in utilities sector.</li> <li>• Constrained trade regulations.</li> </ul>	<p><b>Economic factor</b></p> <ul style="list-style-type: none"> <li>• Poor infrastructure</li> <li>• Uncertainty of Price fluctuation</li> <li>• Imbalanced between demand and supply.</li> <li>• Huge investment.</li> </ul>
<p><b>Social factor</b></p> <ul style="list-style-type: none"> <li>• Increasing global gas utilization due to escalating number of population.</li> <li>• Improving the standard of living causes betterment of health, creating job opportunity and consumer preference toward using gas cylinder.</li> </ul>	<p><b>Technological factors</b></p> <ul style="list-style-type: none"> <li>• Shortage of technical expertise</li> <li>• Insufficient technological Advancement in the market.</li> <li>• Poor energy infrastructure.</li> </ul>
<p><b>Environmental factor</b></p> <ul style="list-style-type: none"> <li>• Global climate change</li> <li>• Arising global pandemic due to imbalanced in natural environment</li> <li>• Recycling project management.</li> </ul>	<p><b>Legal factors</b></p> <ul style="list-style-type: none"> <li>• Labor law</li> <li>• Consumer law</li> <li>• Intellectual property law</li> <li>• Health and safety law.</li> </ul>

### **3.4 Uses of LPG**

#### **Food Industry:**

LPG is extensively used in food industry such as hotels, restaurants, bakeries in order to cooking and heating meals. LPG contains low sulphuric acid and manageable temperature which make it more convenient and favored fuel in food industry.

#### **Automotive Industry**

LPG ingested in vehicles are called auto gas. It is more efficacious and fuel friendly concerning to emissions. LPG is also considered as environment friendly fuel because of not releasing black smokes from the vehicles which protect environmental pollution.

#### **Aerosol Industry**

LPG is used in Aerosol industry because by nature it is eco and fuel friendly. It has replaced CFC gas which was used before in making aerosol in order to protect the environment from harmful disaster.

#### **Metal Industry**

It is one of the most useful and predominant consumers of power energy. In comparison with other fuel energy, LPG is considered relatively higher quality fuel over others in terms of cost efficiency of the operations such as cutting, melting and heating purpose.

#### **Farming Industry**

LPG has become an essential fuel energy in farming industry in order to drying crops, livestock farming, flame cultivation, soil conditioning and so on.

#### **Chemical Production**

LPG is used to produce paints, varnish, polymer and polish which are the segments of chemical Engineering because of its high quality and balanced temperature which ensures product quality.

### **3.5 Company Overview**

Navana group is one of the accelerated enlarging business entity founded by Shafiu Islam Kamal in Bangladesh. The group invested in prospective business provinces and shows progressive expansion in a competitive market dynamics. Coordinate with this Navana group initiates its new business unit Navana LPG in 2011.

Navana LPG has a high-tech LPG plant (4500MT Storage Capacity) in Mongla and Ashulia. The main areas of the business are LPG importing, cylinder manufacturing, storing, bottling and distribution of LPG around Bangladesh. The company not only supply LPG but also provides installation of LPG reticulated system for domestic, commercial and industrial consumers.

Navana LPG is an entirely owned supplementary of Navana group. They are devoted to assure distinguished product quality for their end customers as well as constant and continual product availability in every nook and corner of this country.

### **3.6 Vision**

To be the most favored and outstanding LPG company.

### **3.7 Mission**

Assuring distinguished and superior product quality in terms of safety for their customer by using modern energy.

### **3.8 Core Values**

Integrity: For honesty and prosperity

Commitment: Dedication toward activities

Ambitious: Innovation and growth

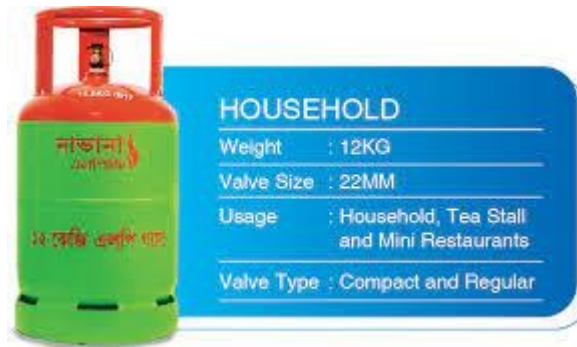
Safety: Ensuring ecofriendly environment



### **3.9 Product Portfolio**

#### **Domestic:**

12 kg storage capacity of LPG cylinder is generally used in domestic purpose in order to meeting household demands for LP gas. It provided high efficient of LPG stoves with single and double burners along with regulators in order to ensuring safety and convenience of the consumer.



#### **Commercial:**

33 kg capacity of cylinder is generally used in commercial restaurants, bakery shops delivering high speed pressure and premium quality of LPG. 33 kg weighted cylinder is constructed under international safety standard in order to ensure safety law.



#### **Industrial**

In order to meet the industrial demand of LPG, the company offer bulk of high quality LPG facilities for the industrial consumers with large proportion of necessity.



## Auto gas

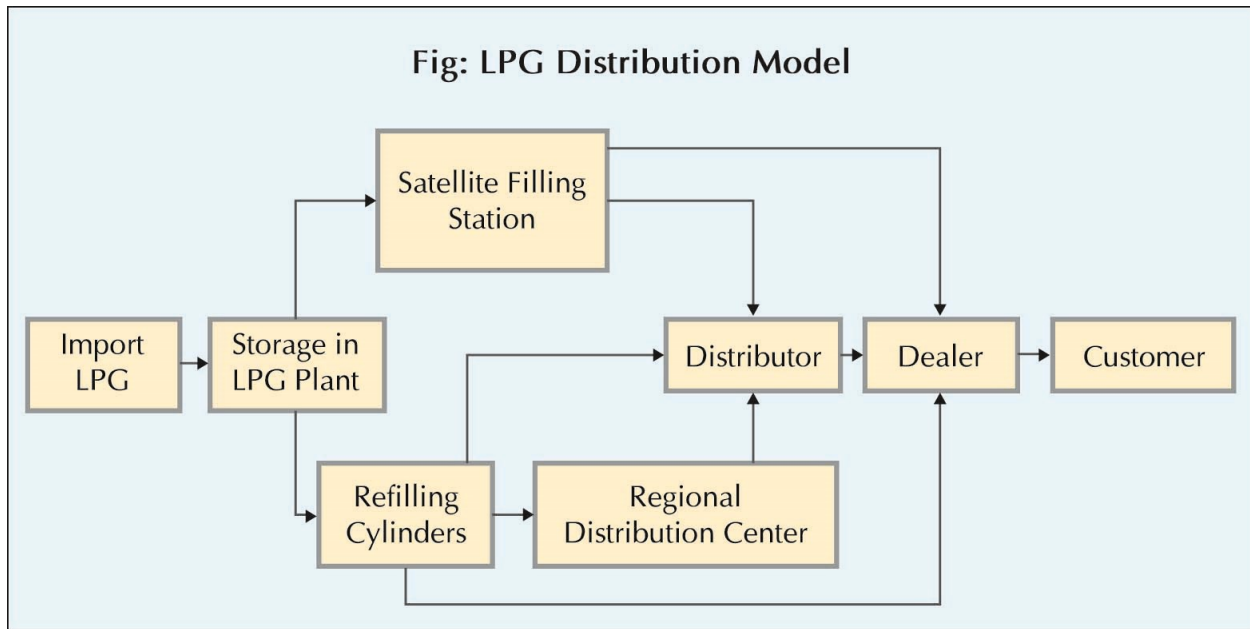
LPG is used to run octane/petrol driven vehicles by converted them into auto gas selling through LPG refueling station. Now a days many LPG has become a replacement of compact natural gas in order to run vehicles with cost efficiency.



## 2.10 SWOT Analysis

<p><b>Strength</b></p> <ul style="list-style-type: none"> <li>• Huge profitability</li> <li>• Brand locality through customer satisfaction</li> <li>• Good logistic support</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>• Price competition</li> <li>• Weak infrastructure</li> <li>• Lack of skilled manpower</li> <li>• Higher investment</li> </ul>
<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>• Expanding growth rate by entering new geographic market</li> <li>• Increasing demand can lead to make high amount if turnover.</li> </ul>	<p><b>Threads</b></p> <ul style="list-style-type: none"> <li>• Huge competition</li> <li>• Impositions of excessive rules and regulation create barrier.</li> </ul> <p>Lack of safety regarding cylinder maintenance issue.</p>

### 3.11 BUSINESS Model OF NAVANA LPG



#### 1. Importing LP gas

As LPG is import oriented business so such LP gas has initially imported from middle east countries. Internationally contract price of LPG is set by Saudi Arabia's state which is owned oil company named Saudi Aramco. Bangladesh's LPG market is import dominated as more than 60 percent of cylinder and 95 percent of country's total requirement are met with import. (Rahman, 2020)

#### 2. Storage

After importing from Middle East countries they store it in their mother plant named Mongla plant in order to preserve, process and distribute them according to the demand of LPG around the nook and corner of Bangladesh. Navana LPG has a high tech plant with a storage capacity of 4500 MT in both Mongla and Ashulia.

#### 3. Refilling Cylinder

In this stage, cylinders are refilled by the stored LP gas in order to supply them in accordance with the demand for LP gas.

#### 4. Distribution:

At the final stage, refill cylinder firstly hand over to the area wise local distributor as distributors are one of the main business partners of manufacturing LPG industries. They provide good logistic support in order to reach the products safely in the market. When products are finally reach in the market then consumers or end users are able to consume their desired need. Navana LPG has wide range of distribution network with more than 150 distributors who are continuously providing efficient and fast pace service to their consumers.



Figure: Current Supply Chain for Importing LPG

## **Chapter-4**

### **Methodology of the Study**

#### **4.1 Methodology of the study**

The data are accumulated from two sources such as primary and secondary source. Majority of the data are collected from secondary sources in order to analyze the research content accurately. Moreover, though the use of primary data are less compare to the secondary data due to global pandemic issues but still the collected primary data helped to find out most of the distribution challenges.

##### **4.1.1 Primary source**

- Personal observation
- Personal Interview
- Survey
- Focused Group Discussion

##### **4.1.2 Secondary Sources**

- Journal Articles
- News letters
- Different websites
- Various publications and reports

#### **4.2 Research Instrument**

Research instrument is a tool which is used to accumulate, examine and analyze the data according to the related subject. In this report I have used the following.

##### **4.2.1 Likert Scale**

Likert scale is a category of grading scale used to measure point of view or perspective of a respondent. With this scale respondents are asked to rate a statement based on a proportion of accordance. For example, agree-disagree, neutral, strongly agree- disagree.

## 4.2.2 Questionnaire

<b>Questionnaire/Statement</b>					
<b>Major Distribution Challenges of Navana LPG</b>					
<b>Scale</b>					
1= Strongly agree, 2= Agree, 3= Neutral					
4= Strongly disagree, 5= Agree					
<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
⇒ Selling price of cylinder is lower than the production cost					
⇒ Higher transportation cost hurdles the revenue outcome					
⇒ Poor infrastructure hamper distribution process					
⇒ Low ROI discourage the distributors associating with partner business for the long run.					
⇒ Concern of cylinder safety affects consumer decision					
⇒ Lack of safe and optimum distribution network create obstacles for the distribution activity					
⇒ International price fluctuation lead to holdback distribution process.					

## 4.3 Mechanical Instrument

Microsoft Excel is used to prepare the report.

## 4.4 Number of Respondents\_ - 10

**4.5 Type of Respondents-** - 3 distributor of Navana group and 7 office employees.

## Chapter-5

### Analysis and Interpretation of the Data

**5.1** Respondents response in a following way through the survey.

<b>Questionnaire/Statement</b>					
<b>Major Distribution Challenges of Navana LPG</b>					
<b>Scale</b>					
<b>1= Strongly agree, 2= Agree, 3= Neutral</b>					
<b>4= Strongly disagree, 5= Disagree</b>					
<b>Statement</b>	1	2	3	4	5
⇒ Selling price of cylinder is lower than the production cost	10				
⇒ Higher transportation cost hurdles the revenue outcome		6	4		
⇒ Poor infrastructure hamper distribution process	10				
⇒ Low ROI of Distributor discourage the distributors associating with the partner business for the long run		7			3
⇒ Concern of cylinder safety affects consumer decision		10			
⇒ Lack of safe and optimum distribution network create obstacles for the distribution activity.		5	5		
⇒ International price fluctuation lead to holdback distribution process	8	2			

## **5.2 Analysis and Interpretation of the Data**

1. 10 respondents are strongly agree with the statement that selling price of cylinder is lower than the production cost which is considered a major challenge for the distribution process of LP gas.
2. 6 respondents are agree and 4 respondents are neutral about the assertion that high transportation cost hurdles the revenue outcome of distribution proceedings.
3. 10 respondents are strongly agree with the statement that poor infrastructure hamper the distribution activities.
4. 7 respondents are agree and 3 respondents are disagree with the assertion that lower ROI of distributors discourage the distributors associating with their partner business for the long run.
5. 10 respondents are agree with the statement that concern of using cylinder safety affects consumer decision.
6. 5 respondents are agree and 5 respondents are neutral about the statement that lack of safe and optimum distribution network create obstacles for the distribution activity.
7. 8 respondent are strongly agree and 2 respondents are agree with the assertion that international price fluctuation lead to hold back the entire distribution procedure.



## **Chapter-6**

### **Findings**

#### **1. Selling price of Cylinder is lower than the production cost**

It is one of the prime challenges of distribution process where selling price of a cylinder is determined lower than the production cost of per gas cylinder. Industry insiders profess that they sponsor the sale of cylinders from the turnover they yield by selling LPG. The production cost of 12 kg cylinder is around TK 1800- TK2200 but they are selling them in the market for TK 750-TK 1200 in order to grab the new customer. (LPG business walks a tightrope, 2019)

#### **2. Higher transportation cost hurdles the revenue outcome**

As the sector of LPG is considered as import oriented business so higher importing cost create hurdles the revenue outcome of the sector. Importing cost includes shipping charges, custom duty, Letter of Credit which cost the sector more than generating sufficient turnover. Moreover, Manufacturing companies like Navana LPG Ltd are charged high amount for the distribution cost by the distributors or dealers in order to whole sell their products in the market. Generally when distributors buy products from the manufacturing companies they use their own transportation in order to carry their products. So manufacturing companies has to bear the transportation cost of the distributors which leads to decrease the stream of original revenue outcome.

#### **3. Poor infrastructure hamper Distribution process**

Inadequate infrastructure is one of the main challenges faced by the LPG manufacturing companies in order to expand their business in the market. We often can see substantial trails of trucks stuck hours after hours in the Dhaka-Chittagong road way or both side of the Padma and Ashulia/Gajipur road way with loaded of products due to poor infrastructure. Unless the road network are progressed to carry bulk amount of LPH cylinder there will be high chances of shortage of supply which lead to hamper the distribution process wretchedly.

#### **4. Low ROI of Distributor discourage the distributors associating with the partner business for the long run**

In the LPG sector return on investment of a distributor is comparatively lower than the other sectors of distributors because distributors have to share their earned commission with their other dealers and channel partners according to their business policy. So in order to earn higher ROI, they keep on switching different brands specially prefer to work with the major players in the market to expect grossing high amount of ROI which matches their actual investment level in this sector.

#### **5. Concern of cylinder safety affects consumer decision**

Safety has been considered a vital challenge of the distribution process. Customer suffers at the end point because of the carelessness of government regarding cylinder safety regulations. Providing low quality valves, unauthorized cross filling service causes leakage which threads human life at its worst.

#### **6. Lack of safe and optimum distribution network create obstacles for the distribution activity**

As we are a densely colonized country with limited knowledge and experience of handing LPG cylinders it is seen that the structure of distribution process is very incapacitated and frail. Lack of trained manpower, shortage of warehouses to store and insufficient transportation to load and unload the cylinders create obstacles for the whole distribution process.

#### **7. International price fluctuation lead to holdback distribution process**

As LPG sector is import oriented to Bangladesh so the prime challenge is international price fluctuations on monthly basis. If the price changes is low to moderate then the LPG operators of our country manage the gape and cover the loss within themselves but if the sensitivity of price change drastically get high then it is difficult for the operators to bear the loss because they are forced to increase the price for the market according to the international pricing policy but market is not willing to pay the extra charges for their consumption.

## **6.2 Future Prospects of LPG in Bangladesh**

LPG demand in Bangladesh is anticipated to surge in a significant manner in a couple of years from now. Utilization of LP gas conventionally used for cooking purpose in both urban and rural areas of Bangladesh. According to industry players, the yearly stipulation for LPG is 10 lack tons which is anticipated to increase around 27 lack tons by 2025 as LPG consumption grows 10%-14% per annum. (Energy and power magazine, 2019).

LPG sector is expanding mainly due to stop providing the new connection of gases to households by the government because of rapid shortage of natural gas reservation. Moreover, standard of living is rising by using LPG in rural areas which increase health consciousness and create employment opportunities in rural and urban areas of Bangladesh.

Another future prospects of LPG would be in the transport sector in Bangladesh whereby it would replace LNG(Liquid Natural Gas) and CNG(Compact Natural Gas) by the end of 2025. By the end of 2025, government has visualized to convert 2.3 million natural gas domestic end user and 0.18 million existing CNG driven vehicles to using LPG. (Murshed, 2018)

Moreover, Bangladesh has started to export LPG in her neighboring country India is another achievement for Bangladeshi LPG industries to open another source of earning foreign currency in the competitive world. Bangladeshi Prime minister Sheikh Hasina and Indian Prime minister Narendra Modi jointly inaugurated three bilateral development project from which one of them is Exporting LPG in India from Bangladesh while our prime minister attended the India Economic Summit 2019 of the world Economic Forum in India. (Energy and power magazine, 2019).According to Financial Times 2020, Bangladesh has started commercial exporting LPG to Indian state of Tripura with initial shipment of around 1000 tons per month. In addition, Bangladesh plans to build its first refrigerated LPG base terminal with around 30,000 mt of storage capacity to enable the bulk import of propane and butane in bigger refrigerated LPG vessels as it strives to cut retail prices and further boost imports, a senior BPC official told S&P Global Platts. (Rahman A. , 2021).

## Chapter-7

### 7.1 Recommendation

- ❖ International Safety policy should be formulated and executed to expedite and accompany the predicted development of LP gas.
- ❖ Illegal cross filling service should be banned under the supervision of strict government rules and regulations policy where unauthorized distributor would not be able to provide cylinder refilling service of other authorized brand without their consent.
- ❖ Logistic capacity, operational activity, supply management capability, customer focused capabilities, refilling infrastructure such as tech savvy and modernized plants, storage houses requires significant amount of investment.
- ❖ Dual pricing system should be abandoned considering the majority of economic condition of the lower-middle income earning people.
- ❖ Government should provide subsidy to the private sector in order to minimize the importing costs which ultimately help to reduce the cost of tax, tariff, custom duty on raw materials of cylinder production.
- ❖ Public sector should endorse Public Private Partnership due to the expansion of LPG sector in Bangladesh.
- ❖ No expired LPG cylinder should be available in the open market under the strict rules and regulation of government policy.
- ❖ Effective distribution network, proper planning of LPG marketing, constructive communication to the public regarding the storage and usage of LP gas have to be ensured by government and brand operators.

## **Conclusion**

LPG sector in Bangladesh is getting highly competitive progressively. Many well reputed local and international brands such as Bashundhara LPG, Omera, Jamuna, Total, Lagfs Gas already captured a significant amount of market share in Bangladesh. In Compare to their market share Navana LPG Ltd is considered as a new comer in the LPG industry. Though Navana LPG is new in the market compare to the other established existing brands but it has already created a distinctive place in their customer and distributors mind. Since its inception, the brand is committed to ensure customer safety, providing premium quality of LP gas service around every nook and corner of Bangladesh in order to meet the vast consumer demand for LPG in absence of sufficient pipeline natural gas service. Navana LPG is endlessly making efforts to upgrade its standard quality to create a distinctive feature in the industry.

In this report I mainly focus on the distribution challenges of Navana LPG Ltd which includes poor infrastructure, lack of safe and optimal distribution network, high transportation cost and international price fluctuation, low ROI, lack of government safety policy are the main obstacles or challenges for the LPG distribution process. Against such challenges I have recommended some suggestion and anticipate the future prospects of LPG industry in Bangladesh.

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