

History of jute industries

[Business](#), [Industries](#)



Introduction

Introduction Jute is a natural fiber with golden and silky shine and is known well as The Golden Fiber. It is the cheapest vegetable fiber procured from the skin of the plant's stem. Jute is the second most important vegetable fiber after cotton, in terms of usage, global consumption, production, and availability. It has high tensile strength, low extensibility, and ensures better breath ability of fabrics. Jute fiber is 100% bio-degradable and recyclable and thus environmentally friendly.

It is one of the most versatile natural fibers that have been used in raw materials for packaging, textiles, non-textile, construction, and agricultural sectors. It helps to make best quality industrial yarn, fabric, net, and sacks. Jute, the golden fiber, is the raw material for one of Bangladesh's oldest industries. The first jute mill started production in Bengal in 1856. After more than 150 years; the jute industry is now challenged by competition from alternative materials, by the recession in the international markets and by low awareness among consumers of the versatile, eco-friendly nature of jute fabric itself.

Yet this industry still provides a livelihood to more than 250, 000 mill workers and more than 4 million farmers' families. It is a golden bond with the Earth; its use is a statement about ecological awareness as it is a fully bio-degradable and eco-friendly fiber. It comes from the earth, it helps the earth and once its life is done it merges back into the earth. Advantages of jute include good insulating and antistatic properties, as well as having low thermal conductivity and moderate moisture regain.

It includes acoustic insulating properties and manufacture with no skin irritations. Jute has the ability to be blended with other fibers, both synthetic and natural, and accepts cellulosic dye classes such as natural, basic, vat, sulfur, reactive, and pigment dyes. While jute is being replaced by relatively cheap synthetic materials in many uses, but jute's biodegradable nature is suitable for the storage of food materials, where synthetics would be unsuitable. 1. Report Background One of the unavoidable aspects of modern business studies is exposure to the practical experiences.

As a part of the BBA program requirement, I was assigned by my honorable course instructor Prof. Dr. Nargis Akhter to prepare a Project Work on “ The History of Jute Industries” to fulfill the requirement of 3 credit course, Course Code: BUS 498. It endowed me with the opportunities to experience the real life exposure to the Jute sectors of Bangladesh. 2. Methodology In order to prepare the project report I use both secondary and primary data. For primary data I talked to some employees of BJMC and BJMA over phone and face to face.

I also crosschecked the information found over the internet by some people. For secondary data, I used the vast knowledge of internet, the websites of different research organizations, different news websites and different articles found in the internet.

Scope & Limitations For this report, I used graphs, charts, tables etc to show necessary information. Firstly, the history of jute industry in the Indian subcontinent has been described elaborately. The history is divided into four parts such as, Ancient Period, Pre-colonial period, post colonial period, after nationalization.

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The production, sales, contribution of jute industries in Bangladeshi economy, present condition, labor unrest, industrial relations situations etc. are discussed afterwards. Finally I have sum up by some recommendations and showing my findings and analysis.

Literature Review

Literature Review The paper titled “ Jute Manufacturing Sector of Bangladesh; Challenges, Opportunities and Policy Options”, written by Khondokar Golam Moazzem, MD. Tariqur Rahman, Abdus Sobhan, is all about production and sales of jute mills, prospects of jute mills features and challenges faced by the jute mills of Bangladesh [1].

News published in ‘ Financial Express” is about the demand fulfilled by the jute industries, the ill management of jute industries and the present management situation of jute industries in Bangladesh [2]. An article published in Business Standard in 31 December 2009 written by the staff reporter Bhubaneswar which says that Jute industries of India seeks ban on imports of Bangladeshi jute goods for positive success of their own jute goods[3]. The article says the news about 48 hour strike held in state owned jute mills.

The workers called the strike along with the trade union members for their right of increased wages and other arrears [4]. Information from the website gives a thorough idea about the earlier history of jute industries in Bangladesh [5]. The website provides jute related news about Bangladeshi jute industries. It consists of the news of 2009, 2010, 2011 and 2012[6]. On 18 March 2012, workers threaten to go on strike, a report by Arafat Ara

published in Financial express [7]. Government targets to double the production within 2011-12[8].

While writing on “ history of jute industries” some authentic information were found in the cited website [9]. Some valuable information about the history of jute industries in the Indian subcontinent were found in the website of ‘ jute industries’ [10]. “ Jute Dilemma” an article by Khalid Rab published in 20th Anniversary supplement of The Daily Star newspaper on March24, 2011 Thursday that talked about the dissatisfactory performance of the jute sector [11].

Findings

Jute has been used since ancient times in Africa and Asia to provide cordage and weaving fiber from the stem and food from the leaves. In several historical documents (Ain-e-Akbari by Abul Fazal in 1590) during the era of the great Mughal Emperor Akbar (1542 -1605) states that the poor villagers of India used to wear clothes made of jute. Simple handlooms and hand spinning wheels were used by the weavers, who used to spin cotton yarns as well. History also states that Indians, especially Bengalis, used ropes and twines made of white jute from ancient times for household and other uses.

Chinese papermakers from very ancient times had selected almost all the kinds of plants as hemp, silk, jute, cotton etc. for papermaking. Qiu Shiyu, researcher of the Harbin Academy of Sciences and expert of Jin history, concluded that Jews used to take part in the work of designing “ jiaozi,” made of coarse jute paper. A small, piece of jute paper with Chinese characters written on it has been discovered in Dunhuang in Gansu Province,

in northwest China. It is believed it was produced during the Western Han Dynasty (206 BC--220 AD). 3. 2. Colonial Period

The British East India Company was the British Empire Authority delegated in India from the 17th century to the middle of 20th century. The company was the first Jute trader. The company traded mainly in raw jute during the 19th century. During the start of the 20th century, the company started trading raw jute with Dundee's Jute Industry. This company had monopolistic access to this trade during that time. In 1793, the East India Company exported the first consignment of jute. This first shipment, 100 tons, was followed by additional shipments at irregular intervals.

Eventually, a consignment found its way to Dundee, Scotland where the flax spinners were anxious to learn whether jute could be processed mechanically. During the same period, the Scotlanders were experimenting on whether jute fiber can be mechanically processed. 1830 is the year when the flax machines were used by Dundee spinners for spinning jute yarns. Since Dundee mill was the only supplier of jute, the use of flax machine ultimately led to increase in production and export of jute products in entire continent. Margaret Donnelly I was a jute mill landowner in Dundee in the 1800s.

She set up the first jute mills in India. The Entrepreneurs of the Dundee Jute Industry in Scotland were called The Jute Barons. Starting in the 1830's, the Dundee spinners learned how to spin jute yarn by modifying their power-driven flax machinery. The rise of the jute industry in Dundee saw a corresponding increase in the production and export of raw jute from the Indian sub-continent which was the sole supplier of this primary commodity.

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The major jute growing areas were mainly in Bengal at the Kolkata side. Calcutta (now Kolkata) had the raw material close by as the jute growing areas were mainly in Bengal.

There was an abundant supply of labor, ample coal for power, and the city was ideally situated for shipping to world markets. The first jute mill was established at Rishra, on the River Hooghly near Calcutta in 1855 when Mr. George Aucland brought jute spinning machinery from Dundee. Four years later, the first power driven weaving factory was set up. Although Bengal, particularly Eastern Bengal, was the main producer of quality raw jute, the first jute mill was established at Risraw near Calcutta on the bank of the Hughli only in 1855, after 20 years of mechanical spinning of jute in Dundee.

The delay was due to the non-availability of technical hands and power to drive machines. In 1854, coal mines were opened at Raniganj. Attracted by the easy availability of power, George Aucland, an Englishman established the first jute mill. But he could not make reasonable profits and left the business. In 1859, the Bornee Company founded the second mill with spinning and weaving facilities. Unlike the Aucland mill, it started prospering after its establishment. Figure 1 Dundee Jute Mill in Scotland. The Entrepreneurs of the Dundee

Jute Industry in Scotland were called The Jute Barons. Figure 2 Dundee Jute Mill in Scotland. In 1833, Jute fibre was spun mechanically in Dundee, Scotland. Within five years it doubled its plant size. By 1866, three new mills were established. Between 1868 and 1873, these mills made large profits. Five new companies started in 1874 and eight more in 1875. Thus Bengal experienced a real boom in jute industry towards the end of the nineteenth

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century. With the establishment of jute mills, Bengal became a major exporter of sacking bags.

Calcutta appeared to be a strong competitor of Dundee and successfully penetrated into Dundee's hessian market in many parts of the world, including America, primarily because Calcutta had the cost advantage in producing jute goods. Secondly, it was situated in close proximity to the jute growing districts of Eastern Bengal and Assam. Thirdly, it had cheap labour. Fourthly, the mills ran for 15 to 16 hours, and sometimes even for 22 hours daily. This led to a clear advantage of Calcutta manufacturers in monetary terms. Moreover, they could offer a finer quality of jute.

In sixty years between 1880 and 1940, the number of mills increased by 5 times, that of looms by about 14 times, of spindles by 19 times, and of persons employed by 11 times. The growth of the industry was significant during the 20 years between 1900 and 1920. During the Great Depression of 1929-33, the jute industry was severely hit since the demand for jute goods declined drastically throughout the world. In the following three decades, the jute industry in India enjoyed even more remarkable expansion, rising to commanding leadership by 1939 with a total of 68,377 looms, concentrated mainly on the River Hooghly near Calcutta.

These mills alone have proved able to supply the world demand. Several historical events were responsible for the growth of the jute industry. In 1838, the Dutch government specified bags made of jute instead of flax for carrying coffee from the East Indies. At that time flax was imported from Russia. But the Crimean War of 1854-56 led to the stoppage of supply of flax

from Russia and forced Dundee, the famous jute manufacturing centre of UK, to look for substitutes.

In Dundee the flax mills were converted into jute mills. The American Civil War (1861-65), on the other hand, gave further impetus to the jute trade, as supplies of American cotton were much restricted. Since then, the industry did not return to flax or cotton again. The main reason for this permanent shift had been its comparative cost advantage. The jute industry grew rapidly and jute mills were established in many countries, including USA, Germany, France, Belgium, Austria, Italy, Holland, Spain, Russia, Brazil and Bengal.

This led to a rapid increase in the demand for jute. The Bengali peasants responded quickly to [meet the world demand by increasing the area under jute cultivation. The outbreak of the First World War led to a rapid increase in the demand for raw jute, since it was used to manufacture sandbags to protect soldiers in trenches and to produce gunny bags for carrying food grain for the army.

Before it was put to industrial use, jute was used mostly for domestic purposes. With the conversion of the Dundee flax mills into jute processing mills, the demand for jute increased manifold in the world. Bengali peasants were highly experienced in jute cultivation and could respond quickly to meeting this increased demand. In 1872, when industrial use of jute had begun, it was mainly grown in the districts of pabna, bogra, darjeeling, dinajpur, rangpur and Hughli (West Bengal). The ratio of land under jute cultivation to total cropped land in these districts in 1872 was 14%, 11%, 9%, 7%, 6% and 5% respectively.

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Subsequently, jute cultivation spread to other districts. In 1914, leading districts in terms of the above ratio were Rangpur (28%), Bogra (25%), Tippera (comilla, 24%), Pabna (21%), Dhaka (18%), Faridpur (16%), Hughli (West Bengal, 13%), Rajshahi (11%), Jessore (10%), Nadia (10%), and Dinajpur (7%). After the end of the First World War in 1918, the world demand for raw jute decreased. This had a negative impact on the area under jute cultivation. The situation worsened for jute cultivation during the Great Depression of 1929-33. The prices sank so low that jute growing became unprofitable.

As a result, peasants greatly reduced their area under jute cultivation. By 1939, economic recovery took place. The breaking out of the Second World War caused an increase in the demand for jute and between 1939 and 1945; peasants put more areas under jute cultivation. The earliest goods woven of jute in Dundee were coarse bagging materials. With longer experience, however, finer fabrics called burlap, or hessian as it is known in India, were produced. This superior cloth met a ready sale and, eventually, the Indian Jute Mills began to turn out these fabrics.

The natural advantage these mills enjoyed soon gave Calcutta world leadership in burlap and bagging materials and the mills in Dundee and other countries turned to specialties, a great variety of which were developed. Post-Colonial Period After the fall of British Empire in India during 1947, it was found that all jute mills of the region fell in West Bengal, which became a part of India and all major jute growing districts became part of East Bengal, a province of Pakistan. Because it had no jute mills, East Bengal faced problems in marketing of raw jute.

The problem was, however, quickly overcome by establishing jute mills in East Bengal. During that time, most of the Jute Barons started to evacuate India, leaving behind the industrial setup of the Jute Industry. Most of the jute mills in India were taken over by the Marwaris businessmen. In East Pakistan after partition in 1947 lacked a Jute Industry but had the finest jute fiber stock. As the tension started to rise between Pakistan and India, the Pakistani felt the need to setup their own Jute Industry.

Several groups of Pakistani families (mainly from West Pakistan) came into the jute business by setting up several jute mills in Narayanganj of then East Pakistan, the most significant ones are: Bawanis, Adamjees, Ispahanis and Dauds. After Nationalization After the liberation of Bangladesh from Pakistan in 1971, most of the Pakistani owned Jute Mills were taken over by the government of Bangladesh. Pakistani mill owners (about 68% of the total loom strength) left the country, leaving the industry in disarray. Abandoned jute mills were subject to heavy looting.

The new government of Bangladesh had to take up the responsibility of rebuilding the industry. By a nationalization order, about 85% of industries, including all jute mills, were nationalized. Later, to control these Jute mills in Bangladesh, the government built up Bangladesh Jute Mills Corporation (BJMC). Bangladesh Jute Mills Corporation (BJMC) was formed to manage and look after all the 73 jute mills having 23, 836 looms at that time. At one stage the number of jute mills under the jurisdiction of BJMC went up to 78. BJMC had to resurrect the industry from a ruined position.

Immediately after liberation, it became very difficult to solve the problem of financial hardship of the jute industry because financial institutions were not

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working well. Frequent power failures and power stoppages also compelled the industry to suffer heavy losses in terms of production and foreign exchange earnings. In addition to these problems, the short supply of spares, labor unrest, wastage in production etc. also shook the industry severely. For jute industry of Bangladesh, the first two years after liberation was the period of reorganization.

The government offered cash subsidy to the industry, which amounted to Tk 200 million annually. The annual cash subsidy was reduced to 100 million since 1976-77. Thanks to this policy and periodic devaluation of currency, Bangladesh could retain its position of a prime exporter of jute goods in the dollar areas of export. The industry earned profit in 1979-80, when the subsidy was withdrawn. By December 1979, BJMC had 77 jute mills, two carpet backing mills, and two spare parts producing units. In 1980, six twine mills were disinvested to the private sector.

In June 1981, BJMC had 74 mills under its administration. These mills had about 165, 000 workers and 27, 000 managerial and office staff. 3. 5. Denationalization Denationalization of jute mills started in July 1982. The government ordered BJMC to complete the process by 16 December 1982, but only 10 mills could be handed over to Bangladeshi owners by that time. The valuation process and settlement of other organizational matters relating to handing over of the mills took a long time.

Among the jute mills owned by BJMC, 46 had satisfactory financial performance in 1982-83, when their profit before contribution to national exchequer was about Tk 240 million. The same mills incurred total losses of about Tk 430 million in the previous year. Jute mills incurred losses regularly

over years and external donor agencies pressed hard for denationalization. More and more mills were put into the denationalization list. In 1999, BJMC had 33 mills. The World Bank continued to work closely with the government to restructure the jute sector, especially through denationalization, merger, dissolution, closure and setting up of new units.

By 1998, BJMC had an accumulated loss of more than Tk 28 billion and a debt of more than Tk 11 billion. Losses incurred by BJMC in 1997-98 were Tk 2.38 billion. Major features of the BJMC mills in that year were: total production capacity - 451,707 tons; looms in operation - 12,350; loom hours - 59.3 million; production per loom hour - 5.33 kg; baled production - 312,000 tons; consumption of raw jute - 319,306 tons; local sales - 29,000 tons; export 256,000 tons; value of total sales (including export bonus) - Tk 8.8 billion; production cost per ton - Tk 30,349; wages paid to workers - Tk 3.89 billion; and salary paid to employees and executives - Tk 881 million.

Performance of private sector The performance of the private sector jute industry is also not encouraging. Privatization itself has been a very problematic and slow process. Resistance from workers/employees of the mills and lengthy formalities forced the process to be slow. In 1998, out of forty jute mills in the private sector, three were closed and two laid off. The private sector jute mills run on a very low profile.

Up to December 1999, the private sector jute mills have accumulated losses of more than Tk 12 billion. The jute spinning mills in Bangladesh export nearly 100% of their production. In 1998, there were 41 spinning mills, which had an annual production capacity of about 195,000 tons. Products of these mills are yarn and twine, which are used the world over, for carpet weaving,

wall covering, jute webbing, fabrics for shopping bags, caps, handicrafts, canvas, decorative fabrics, laminated cloth, and safety fuse for explosives.

These mills employ about 25, 000 people and the employers have their own trade body named Bangladesh Jute Spinners Association. An overall trend of production and sales Trend of production Production trend of the jute manufacturing sector can be broadly categorized into four periods: first phase (1950-1970); second phase (1972-1981); third phase (1982-1990); and fourth phase (1991-onward) (Figure 1). During these four phases, jute manufacturing sector had experienced various changes in policies, and also in the pattern of utilization of jute and jute goods.

In the pre independence period, jute mills were owned by a small number of private entrepreneurs. During this phase, average hessian production was 155, 586 metric ton (MT) per year, of which 87 per cent was exported; the comparable figures for sacking were 267, 614 MT and 78 per cent respectively. Production reached its peak in 1969, with an output of 5. 74 lakh MT. Due to political instability and damages caused during the year of Liberation in 1971, operations of jute mills were interrupted. Consequently, production declined in 1971 and 1972. Thereafter, production started to increase.

In the second phase (1972-1981), government decided to nationalize the jute manufacturing sector, and took control of all the private sector jute mills. During the 1970s, average level of production of hessian was about 165, 000 MT, of which 94 percent was exported, while comparable figures for sacking were 225, 460 MT and 86 percent respectively. Growth in the production of jute goods between 1960 and 1980 can be attributed to the <https://assignbuster.com/history-of-jute-industries-research-paper-samples/>

growth in production of hessian, sacking and carpet backing cloth (CBC) products. Figure 3 Production of different kinds of jute goods, 1960-2006 (Source: BJMC, BJMA and BJSa)

Table 2 Periodic trend of jute goods production | Period | Hessian | Sacking | CBC | Yarn/ Twine | | Up to 1970 | 155, 586 | 267, 614 | 23, 929 | 0 | | |(86. 9) |(78. 2) |(96. 7) |(0. 0) | | 1972-80 | 165, 033 | 225, 458 | 63, 578 | 1, 953 | | | (93.) |(86. 3) |(95. 5) |(73. 3) | | 1981-91 | 219, 048 | 270, 556 | 80, 415 | 61, 090 | | |(94. 8) |(83. 7) |(97. 0) |(69. 1) | | 1992-05 | 87, 968 | 96, 839 | 39, 777 | 163, 830 | | |(99. 5) |(71. 7) |(89. 7) |(90.) |

Production of yarn/twine accounted for a small share of total production during the 1970s. During the 1980s (third phase), the then government decided to denationalize a number of jute mills in line with the initiative of economic liberalization. A mixed trend is observed in the production of jute goods during this phase, which reached its peak in 1990 with a production of 5. 96 lakh MT. Production of yarn gradually increased in the 1980s. Most importantly, production of hessian and sacking- two major traditional products gradually declined, especially since the late 1980s. Production of CBC declined as well.

In the fourth phase (1990-onward), following the suggestions of the World Bank, government started to denationalize a number of other public sector jute mills which resulted in the shutdown of many jute mills as well. However, production of jute goods has not picked up even after adoption of various policy measures. Indeed, production of traditional products such as hessian, sacking and CBC has continued to decline with the exception of growth in the production of yarn and twine. Yarn/twine now accounts for the

major portion of jute goods and over time, its production has also been on a steady rise.

During 2006, Bangladesh's share in the global production of jute goods was approximately 18 per cent. Trend of Sales Both public and private sector jute mills sell their products in either the domestic market or the international market. Although overseas export comprised major share of Bangladesh's jute goods production, domestic sale has been posting a rise, which now accounts for 38 per cent of the total production. Bangladesh is the leading exporter of jute goods in the world and her share in the global market is gradually increasing- which accounted for 60 percent of the global exports in 2006.

If export of raw jute is taken into account, total export would reach more than 75 per cent. According to Bangladesh Jute Association (BJA), Bangladesh exports about 25 lakh bales of jute goods which accounted for about 56 per cent of the total raw jute grown in the country. It is worth noting here that Bangladesh and India currently meet more than 90 per cent of the global export demand for jute and jute goods; to compare, this share was 79 per cent in 1970. [pic] Figure 4 Sales in Domestic and International market (%) 3. 8. Contribution in Economy The contribution of jute sector to economy of Bangladesh is enormous.

Bangladesh holds the 2nd position as a Jute producer in the world with the average production of Jute 1. 08 m ton/Year. More than 85% of world production of Jute is cultivated in the Ganges Delta & having the major portion of it; Bangladesh became the largest producer of Raw Jute or Jute Fiber in the world. For centuries, Bangladeshi Jute had and still has demand <https://assignbuster.com/history-of-jute-industries-research-paper-samples/>

in the international market for higher quality fibers. This fact makes Bangladesh the major exporter (80% + market share) of Jute Fiber in the world; while India has nominal dominance over export of Raw Jute Fiber.

Total average export earnings from jute and jute goods are US\$ 611 million (60 lakh bales)/Year. Average export value of raw jute is US\$ 140 million and the numbers of factories are 187. Earnings from jute and jute product exports hit the billion dollars mark for the first time in the country's history in 2010. Jute sector is contributing 4.68 percent in export earning last fiscal year and two per cent increase during 2009-10. This sector has been generating employment to a large segment of total population of the country, directly and indirectly over the years. Bangladesh produces 5.6 million (55-60 lakh) bales of raw jute every year of which some 3.2 million (32 lakh) bales are used in the existing 148 jute mills. The country exports 2.4 million (24 lakh). The total demand for jute goods in the international market is 0.75 million (7.50 lakh) tons. Bangladesh exports 0.46 million (4.60 lakh) tons of jute goods while India enjoys a share of 0.285 million (2.85 lakh) tons in the international market. Dhaka controls 62 per cent share of the total jute goods market of the world and earn Taka 20.125 billion (2012.5 crore) by exporting jute goods.

Bangladesh is the lone exporter of raw jute. In the year 2006, the country exported 2.4 million (24 lakh) bales of raw jute valued at Taka 9.77 million (977 crore). In total Bangladesh fetched Taka 29.395 billion (2939.5 crore) by exporting raw jute and jute goods. There are 50 private jute spinning mills producing jute yarn/twine under Bangladesh Jute Spinners Association (BJSAs). The mills under jute spinning sector produce 0.29 million (2.90 lakh)

tons of jute yarn/twine and export 0. 261 million (2. 61 lakh) m. tons of quality yarn/twine consuming 1. 9 million (19 lakh) bales of high quality raw jute and earn foreign exchange worth Taka 12 million (1200 crore) per annum. Present Situations It has been recognized that Jute and Allied fibers occupy a unique position as eco-friendly, bio degradable, renewable natural fiber. We should also understand that Jute sector of Bangladesh has made and continues to make significant contribution to the national economy. Apart from its versatile use from domestic area to industry, it protects environment from different ways. All the export earnings from the Jute Industry vis-a-vis Jute sector are net foreign currency earnings.

Domestic value additions are exceptionally high. So, a viable Jute Industry would be an ideal type of activity for the economic development of the country. We should always consider that Jute Industry is indigenous one. Jute, of the best quality in the world, is available in Bangladesh. It is one of the few natural resources that the country has and it has provided Bangladesh with a comparative edge in the world trade in jute goods. But, over the past decade, the jute industry has suffered more downs than ups for no fault of its own.

It has been allowed to suffer gradual decline mainly due to lack of appropriate policy actions. Jute industry in Bangladesh (erstwhile East Pakistan) was established as export oriented industry with the aim of rapid industrialization. It became the major source of foreign currency earnings. The industry was made viable and kept expanding with the Govt. financial assistance on export of jute goods through bonus voucher. After liberation of the country in 1971 and nationalization of the Industry in 1972, such

financial assistance to Jute Industry was withdrawn and the Industry started incurring losses.

On the other hand, the newly established BJMC had to concentrate mainly on rehabilitation of the war torn Jute Industry and expand the world export market share which was taken by the competitors during war of liberation. At the initial stage Bangladesh Jute Industry i. e. BJMC had to face serious problems to recover the lost market. By the untiring efforts to improve the management, production and export, the Industry i. e. BJMC started achieving positive results from 1973-74 with the production of 500 thousand tons and export of 445 thousand tons from 320 thousand tons and 225 thousand tons respectively of 1971-72.

With help of pie chart the result can be shown in the following. [pic] Figure 5 Bangladesh Export in Major Products during 1972-73 In 1977-78 BJMC could achieve an export of 531 thousand tons, mainly traditional products (hession, sacking & CBC) against the previous highest export of 506 thousand tons in 1969-70. In 1980-81 Jute Industry could achieve highest production of 590 thousand tons exceeding the production of 1969-70. In 1981-82, the Jute Industry again could break the export record of 1969-70, exporting around 537 thousand tons against production of 586 thousand tons.

Large scale denationalization started in 1982-83. But, private sector jute mills could not perform the way it was expected for many reasons. As a result, performance of the overall Jute industry started deteriorating gradually from 570 thousand tons (production) and 514 thousand tons (export) in 1982-83 to 286 thousand tons (production) and 192 thousand

tons (export) in 2003-04. It is seen in the figure below more clearly. [pic]
 Figure 6 Bangladesh Export in Major Products during 1993-94 During Eighties the new jute yarn/twine mills came into the picture and expanded gradually.

It could increase export of yarn/twine from 28 thousand tons in 1983-84 to around 380 thousand tons in 2009-10. The gradual increase in the production and export of yarn/twine could help increase of overall export of Jute products to nearly 600 thousand tons with the share of only around 200 thousand tons of traditional products i. e. Hessian, sacking & CBC. It may be seen from the figures given below that production and export of BJMC and BJMA mills (mainly traditional products) recorded gradual decline over the years.

Year	Production	Export
1981-82	587 thousand tons	537 thousand tons
1991-92	416 thousand tons	408 thousand tons
2001-02	321 thousand tons	257 thousand tons
2009-10	302 thousand tons	219 thousand tons

Position in current financial year is also not encouraging in BJMC & BJMA mills as may be seen from the table (6months/ July-Dec'10) below.

Types of Mills	Production	Export
BJMC	78 thousand tons	56 thousand tons
BJMA	60 thousand tons	37 thousand tons
Total	138 thousand tons	93 thousand tons

However, the production and export of yarn/twine mills mainly under BJSJA (Bangladesh Jute Spinners Association) recorded increase gradually from 50 thousand tons and 28 thousand tons in 1983-84 to 399 thousand tons and 380 thousand tons in 2009-10 respectively. It may be maintained during this financial year also on the basis of its production and export of 227 thousand tons and 193 thousand tons of July-Dec'10.

Table given below on the comparative position in production of traditional products reveal that while Bangladesh jute industry is sinking, Indian jute industry is booming. Table 5 Comparative Position of Bangladesh & India in Production of Traditional Products | Years | Bangladesh | India | | 1999-2000 | 3. 10 lac tons | 12. 45 lac tons | | 2005-2006 | 2. 43 lac tons | 13. 42 lac tons | | 2009-2010 | 2. 54 lac tons | 14. 50 lac tons |

The present govt. has taken some positive steps to revitalize the Jute Industry, particularly BJMC mills. But, piece meal action will not serve the purpose because, production and export of traditional products, both in BJMC and BJMA (private) mills recorded gradual decline to a frustrating level over the years. A recently-created demand for jute sacks in Thailand has come as a boon for the jute industry in Bangladesh, raising hopes for a recovery in exports that fell 13 percent during July-February of the current fiscal year. Also, India has recently increased import of jute and jute goods after its currency started to gain against the US dollar.

According to MD Shamsul Haque, director (marketing) of state-owned Bangladesh Jute Mills Corporation that has 21 jute mills running, “ Exports of jute goods to our traditional middle-eastern and African markets have fallen amid political unrest in Libya, Syria, Iraq and other countries. But our exports increased in the last three months as we got some new markets, Thailand have emerged as a new market for our jute sacks along with Vietnam. ” The market in Thailand has widened after the current Thai-government started buying a huge quantity of rice in jute sacks to fulfill its pledge of providing a guaranteed price to farmers. Bangladesh has received orders for supplying two crore (20 million) pieces of jute sacks from millers in Thailand. Thailand

has opened up a new opportunity for Bangladesh. It has come as a blessing as Bangladesh's stocks were piling up due to a fall in exports.

Private jute mills will also be benefited due to the decision of Thailand, which is the largest exporter of rice and forecasts to produce 30 million tons of rice in 2011-12. Thailand needs three million pieces of bags a month to package rice which means around 36 million pieces of sacks will be required a year. According to Mahmudul Haque, managing director of Janata Jute Mills Ltd, "Demand for jute sacks is high in Thailand." He said, as his mill alone could not meet the orders, he tied up with two other mills. Janata ships 3.2 lakh pieces of jute sacks a month to Thailand, he said. Exporters said the increased demand and higher prices of jute goods will allow them to narrow down the losses in export receipts in the first half of the year.

But it may not be possible to offset the past fall and post a positive growth in exports by the end of the fiscal year on June 30, 2012. Export receipts from the jute industry- the second biggest export earner- fell 13.66 percent to \$615 million in the July-February period of the current fiscal year, from \$712 million during the same period last year, according to Export Promotion Bureau. In the following figure, workers carry bundles of jute sacks at a factory in Bogra as, Thailand and Vietnam have emerged as new markets for jute sacks. [pic] Figure 6 Workers carry bundles of jute sacks at a factory in Bogra (source: STAR magazine, March 27, 2012).

Total figures are not available readily, it reveals from some of the available figures that export of BJMC in the major importing regions e. g. Australia, America, Middle East, Europe, Africa recorded sharp decline in recent years mainly because of decline in production and absence of effective marketing

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efforts. Present situation of the industry calls for immediate measures/actions in the following areas:

- The new challenges and opportunities presented by the changing global environment of integration in the development of natural fibers;
- Modernize the jute industry to improve efficiency in production and processing to reduce cost and enhance product quality.

With the rise of inescapable competition facing our jute sector, in the international field it should be our endeavor to facilitate upgrading the skills of the Workers, Supervisors and Managerial staff who are employed in the Jute Industry. Involve and ensure the active co-operation and partnership of Corporation, Financial Institutions, Energy supplying Agencies and Entrepreneurs in the fulfillment of these objectives. Power shortage should be reduced either by power supplying agencies or by setting up generators (gas or diesel) in such mills where it is required. The efforts need to be put with all earnestness to bring the efficiency level to at least 80%. So far management at the mill level is concerned; it should be linked to productivity and efficiency. Enable the jute industry to build world class state-of-the-art manufacturing capabilities in conformity with environmental standards, and for this purpose, to encourage Foreign Direct Investment as well as research and development in the sector. Aggressive marketing measures need to be undertaken internationally. Markets like Africa and Middle East should be given top priority to recover the lost market. Major drawbacks Major problems of the jute mills are as follows:

- Increase in the cost of production while the sales prices of jute goods remain at the same level or even decline;

- Accumulation of huge losses and consequently, of huge debts;
- Decline in exports of jute goods;
- Electricity failures;
- Excessive wastage;
- Labor unrest;
- Poor management that affects productivity and frequent changes in government policies;
- High cost of jute goods compared to synthetics led jute goods users to turn to synthetics.

Concluding Remarks Before the independence, the country had six jute yarn mills. However, this sector had flourished during the '80s as the industry experienced a setback in the developed countries during the same period. The entrepreneurs of the country bought these second-hand jute mills machineries with a very low investment and started setting up these jute spinning mills. Two types of opinion exist in Bangladesh over the management of existing mills under BJMC. One group is in favor of privatization of the existing state owned jute mills, where another group advocates reorganization/restructuring of BJMC mills. The mills under Bangladesh Jute Mills Corporation are exporting 0. 128 million (1. 28 lakh) m. tons of jute goods i. e. Hessian, Sacking and CBC. Mismanagement, corruption, inefficiency and lack of skilled manpower have gripped the BJMC mills. The mills should be run professionally to remain competitive in the open market but that are not practiced in case of BJMC, which is causing hundreds of millions of taka losses to the national exchequer. Time has come to put pragmatic/realistic thought on the jute sector to revive this promising

sector. The government should devise plans to bring back the glory of the golden fibre.

The demand for environmental friendly jute products are on the rise in the global market and Bangladesh should tap this opportunity by implementing some short-, mid- and long-term plans to rejuvenate the ailing jute sector of Bangladesh. At present it is useless to be nostalgic about old prime era of our jute industry. Now we must formulate a pragmatic short, mid and long-term plan keeping in mind about future needs of jute goods' demand. Instead of remembering past mistakes, we must take lessons out of that and look forward with practical solutions which will bring back viability to our ailing Jute sector. This should be our only prime object. Recommendations

Some recommendations are prescribed below to be considered by the government in the greater interest of the jute sector: To revive the glory of the jute industry, a high-powered committee should be constituted comprising the Finance Secretary under the direction of the Chief Adviser. The government should implement some short-, mid- and long-term proposals in a bid to revive the jute sector. The exiting jute mills of the Bangladesh Jute Mills Corporation should be converted into public limited companies keeping some shares in the hands of the government like that of the Bangladesh Biman. The government may create a "Regulatory Board" to run its existing corporations professionally and efficiently. The Regulatory Body will monitor every unit of the corporation and ensure their accountability. The government should arrange a 'special fund' to upgrade its existing jute mills to purchase necessary spares for machineries. Under this package the government will provide 50 per cent of the total

credit as grants and banks will give rest 50 percent on a long-term credit to jute mills. Irregular power supply is adversely affecting production of existing jute mills by cutting their competitiveness. The government may ask donor agencies like the World Bank (WB) and the Asian Development Bank (ADB) to arrange a 'special fund' to provide long term loans at 3.00 per cent interest to the existing jute mills to help them to procure "stand-by generators". The use of stand by generators by the jute mills will help to save electricity at our national grid. Government is giving 7.5 per cent cash incentives on jute goods exports. To expand the market and increase competitiveness, the rate of cash incentives should be raised to 15 per cent from present rate. The government should enact a law making mandatory or compulsory to use of jute bags for internal consumption in packaging. To meet requirement of local markets, an initiative is necessary to pack sugar, rice and pulse in 5-10 K. G. jute bags. The use of jute goods in the local market is limited. To increase the use, the government should also make law to use compulsory at least 20 per cent of total sugar and cement packaging with jute bags. The jute industries being an agro based and 100% export-oriented industry, the commercial banks are not implementing the Bangladesh Bank's order to provide export credit at lower interest rate (7%), commercial banks should provide "Export Cash Credit" to jute mills which they give to the leather sector. Crisis of quality jute seed is a regular phenomenon in the country every year. The total requirement of jute seeds are 4,000/5,000 tons against government supply of only 400-500 tons. To meet local demand, sub-standard Indian seeds enter the Bangladesh market through imports and smuggling. To improve the situation and ensure quality

seeds, the government should set up 'seed bank' to distribute seeds among planters at subsidized rate.

Government should also arrange to provide fertilizer at subsidized rate. Bangladesh Jute Research Institute (BJRI) should also take appropriate measures to familiarize their new invention " retting process" among the farmers. Lack of skilled manpower has put the industries in grave situation. To overcome the situation at least a 'jute college' may be arranged to set up at one of the closed BJMC jute mills. To address this situation promptly, government should introduce " Diploma Course" on jute in the six textile institutes as early as these are under the ministry of textile and jute. The significance of Mongla Port has increased as several hundred industrial units have been set in the southern part of the country recently. The government should initiate necessary steps to expand and develop the Mongla Port. The government should also take measures to promote and expand international trade of jute products by maintaining existing markets and by developing of new end users.

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