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POLICY ACTION FOR JUTE SECTOR

‘Golden Fibre – Sustainable Livelihoods for Jute Growers and Producers in Bangladesh’ project

&

‘Jute: an eco-friendly alternative for a sustainable future’ project

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Policy Action for Jute Sector

Introduction: Jute is both used and cultivated in Bangladesh since the beginning. Over the last 200 years through many ups and downs jute has become the most well known cash crop for the people of this land. The Fibre of both deshi (local) and Tosha jute plant is known as jute, which is better known as Golden fibre in Bangladesh. During the industrial revolution jute replaced flux and hemp. Till the middle of the twentieth century 80% of world jute was produced in Bangladesh and even during the early 1980s, jute was the highest foreign exchange earning product for Bangladesh. Then synthetic came and became popular. Jute could not compete with that and started losing its market share rapidly. Though in the fiscal year 1980-81 the contribution of jute to the total export earning was 68%, it came down to only 6% in 1990-91.

The positive side is that jute is coming back. As in the developed countries awareness regarding environment friendliness is gradually increasing, so the demand for environment friendly jute is also increasing. Especially declaration of 2009 as the 'International Natural Fibre Year' has helped jute to turn around. This resulted in contribution of JDPs to reach 6% of total export earnings without considering raw jute and conventional jute products.

Jute is one of the main cash crops of Bangladesh. One fifth of total population is directly or indirectly connected to jute. Currently jute is cultivated in 12 to 14 lacs acre land of Bangladesh and 50 to 60 lacs bails of jute are produced each year. Contribution of jute in total GDP is around 5 percent and in employment generation also jute contributes around 10 to 15 percent. Moreover, jute not only contributes to the economic development but being a renewable/land replenishing crop it also help maintaining bio-diversity.

However, the farmers are not getting much benefit of the increasing demand for jute and jute products. For years they are deprived of fair price and deprived of any benefit from the revival of the jute sector. Again we are also unable to take full advantage of the possibilities created by increasing demand for JDPs. Govt. is also not doing much to revive this sector, which is creating a demoralizing effect on the whole jute sector. Now is the time to think what could be done to revitalize the jute sector leaving behind all negativities.

Some burning issues relating to jute sector

In different discussions relating to jute sector six key issues came up. These are—*Ensuring availability of quality jute seeds, expansion of Jute Diversified Products, Ensuring fair price of jute, Commercialization of innovative products of BJRI, BMRE of conventional jute mills, and solution to the water crisis for ensuring quality of jute.*

Methodology

To prepare this Keynote paper under '**Golden Fibre – Sustainable Livelihoods for Jute Growers and Producers in Bangladesh**' project and '**Jute: an eco-friendly alternative for a sustainable future**' project both primary and secondary information were used—research studies relating to jute and jute products and discussions with different stakeholders of this sector. On that basis first a preliminary position paper was prepared and was presented in the core group meetings as well as been shared with the Honourable Minister, State minister and Secretary of Textile and Jute ministry. After incorporating the discussion points it was finalized.

Issue 1: Farmers want Availability of Quality Jute Seeds

In our country there is a demand for 5 to 6 thousand ton seeds every year and only 35 to 40% of this is produced within the country. BADC (Bangladesh Agriculture Development Corporation) provides 15 to 20% and 20% is supplied by the farmers themselves. Rest 60-65% comes from India and most of it comes illegally through borders. Legally imported seeds are quality seeds certified by the Seed Board of India but the smuggled seeds are of low quality seeds and sometimes those are sold by mixing with good quality seeds. So the quality of jute is also deteriorating.

Bangladesh Jute Research Institute (BJRI) from the beginning has innovated and released 43 high yield variety of jute and jute related fibre. All these high yield varieties are now used by the farmers.

According to the experts, for good quality jute we need good quality seed. Good quality seed increases production by 10 to 15%. In one study of Centre for Policy Dialogue (CPD) it was found out that in the year 2005-06 the total land for jute cultivation decreased by 8.29 percent in comparison to the year 2001-02. Whereas, total production increased by 3.18 percent and average productivity increased by 12.50 percent. This increase is the result of the use of high yield varieties innovated by BJRI, modern technology and production method. The innovation/introduction of Tosha variety, which could be cultivated in advance with time demanded and popular crops, has changed the ratio of local and Tosha variety from 70:30 of 1970s to 20:80 at present.

As mentioned before for good quality jute we need good quality jute seeds. For that we need to increase seed production in our own country. But the question is whether seed production to fulfil our own demand would be economically viable or not? Jute seeds have to be cultivated in 'Robi season' (Oct-Feb). Will the farmers be willing to cultivate jute seeds foregoing cultivation of other more profitable cash crops? And whether the farmers would be able to sell those seeds?

Cultivating seed is time consuming and hazardous, so farmers are not very interested. In addition, during this season they are more interested in rice cultivation. Conventional seed cultivation takes 11 months, within this time they could cultivate vegetables three to four times. Again in one acre land only 200 to 300 kg seeds are produced. To fulfil total requirements of our needs the huge area of land is required, where would we find the land? In India in Maharashtra they produce seeds; they have huge area of land which they can use for seed cultivation. But we cannot do that, where would we find the huge area of land required?

Cost of seed production is another important factor. Production cost of 1 kg seed is around Tk. 250/- to 300/- and govt. sells this at a subsidized rate of Tk. 120/- only. The farmers cannot sell at this price and we lack the huge area of land.

It seems importing jute seeds is a better option. However, in that case, govt. will need to ensure that all the jute seeds imported are of high quality. Also we would need to increase proportion of our own seed through seed cultivation; otherwise, if for some reason India cannot supply jute seed in any year we would be in big trouble. So we need to produce 50 to 60% of our total need. Beside govt. organizations the private sector also need to be involved. The farmers have to be motivated to cultivate their own seed, if required they should be given incentives for seed cultivation. If proportion of our own seed increases then it will not only increase production but also save foreign currency.

Currently only Bangladesh Agricultural Development Corporation (BADC), a public sector organization is producing Jute seeds. Few other organizations including Jute Directorate also produce some seeds but in a very limited scale. With this domestic production of jute seeds cannot meet the total demand for seeds. Bangladesh Jute Research Institute is working under the Ministry of Agriculture, under its each research institute there are hundreds of acres of land. Government can take initiative to utilize these

lands on production of jute seeds. In that case, BJRI should only be responsible for producing seeds while BADC will buy these seeds from BJRI and be responsible for marketing these seeds through their authorized dealers. Consequently, domestic production of jute seeds will be increased that will reduce dependency significantly on imported seeds.

Things need to be done:

1. Govt. organization, BADC (Bangladesh Agriculture Development Corporation) needs to play a more determined role; it needs to produce at least 50% of total seed requirements of the country.
2. Govt. has to motivate private entrepreneurs to take up seed cultivation beside the govt. organizations. In this case, the govt. has to give 'Buy-back guarantee' for buying the seeds from the farmers. Have to provide technical and financial support to the seed growers. The farmers will produce the jute seeds; govt. will purchase those at a high price and sell those again to other farmers at a subsidized price. That is, if subsidies are given to farmers to cultivate jute seeds they will be motivated. This way we could ensure production of quality jute seeds.
3. There should be a monitoring system for assuring quality of both cultivated and imported jute seeds.
4. In case of jute seed cultivation high yield varieties have to be given importance. Due to climate change we need jute seeds which are tolerant to drought and flood. Only cultivation of jute seeds is not enough, we have to ensure supply of those seeds to the farmers at the right time at an affordable price.
5. To reduce scarcity of jute seeds in our country, BJRI (Bangladesh Jute Research Institute) invented a new technology to cultivate jute seeds called, 'Nabee jute seed cultivation'. In this method within only 3-4 months almost double quantity (around 700 kg/hectar) of seed production is possible. This method is becoming popular among the jute farmers and this will help reduce the scarcity. Using the slogan 'We grow our own seeds' the farmers could be motivated to cultivate jute seeds with proper training. Govt. need to ensure that each farmer at least cultivates jute seeds in 1 percent land.
6. In 'Robi season' at least in 10 percent land jute seed cultivation has to be ensured. During this season farmers have to be inspired to grow jute seeds along with other crops. BADC (Bangladesh Agriculture Development Corporation) and Department of Agriculture Extension have to take initiatives.
7. Besides the Central Office of Dhaka, BJRI has Central Agriculture Examination Station at Manikganj, four Regional Research Centres at Rangpur, Faridpur, Kishoreganj and Chandina (Comilla), three Jute Research Sub-stations at Tarabo (Narayanganj), Monirampur (Jessore) and Kalapara (Patuakhali) and one seed Germination farm at Nasirpur (Dinajpur). At all these centres there are hundreds of acres of land. In each centre cultivating jute seeds only in 5 acres of land and then distributing those among the farmers.
8. The main customer of the jute seed produced in Maharashtra is Bangladesh. BADC and private companies import these seeds; govt. has to ensure maintaining their quality.
9. During the jute season jute seeds from India come illegally through the border. The farmers cannot understand the quality of seeds, so there needs to be a system of testing quality of seeds at market level.
10. Surplus jute seeds are of no use to the farmers, so alternative uses of jute seeds (such as, medicinal purpose) have to be innovated.
11. Every year we need to set yearly target of jute production by determining the demand for jute within the country
12. Invention of early cultivable seed variety.

Issue 2: Jute Diversified Products with bright prospect

After liberation war carpet was the main diversified jute product. This industry sustained for about 15 years. For different reasons, including change of design, one after another carpet factory closed down. During the end of 1970s another diversified product yarn production started. This product ruled the market till 2000, now it is also declining.

From early 2000, expansion of JDP (Jute Diversified Product) sector started. However, large mills did not come to take diversification forward. Small and Medium enterprises came forward. Now JDPs are produced commercially in our country. New entrepreneurs are constantly entering this sector. Slowly this promising sector is growing. Currently from jute paper, travel bag, hand bag, cushion, lampshade, table cloth, garden products, designer jute bag, shopping bag, laundry basket, floor mat, decoration pieces, stationery products, dresses, many different things are produced. Some SMEs are even exporting quality JDPs to other countries.

With the help of modern technology jute products have become multi-dimensional. As a result, use of jute is not only limited to sack, hessian, rope and carpet; it is being used as raw material for fashion and luxurious products also. At present, from jute yarn, fibre and fabric more than 100 different types of products are produced. Among fibre products there are jute composites, paper, paper products, pulp, Medicare textiles, non-woven product wipes, cellulose, bonding materials, floor tiles, CMC, MCC, technical fibres, panels, sits, etc. Yarn products include dyed yarn, finer yarn, polished yarn, fancy yarn, core yarn, fused yarn, cable yarn, knitted bag, hammock, sandals, shoes, parts of shoe, etc. Jute fabric products include checked fabric, light fabric, designed fabric, treated fabric, laminated fabric, Union fabric, printed fabric, gift wrap, suitcase, briefcase, seminar bags, files, folder, etc.

At present JDP sector is one of the promising export sector of Bangladesh. The golden opportunity of jute is again becoming a possibility due to the prospect of JDPs. Due to harmful effect of plastic on environment, many European countries are reducing use of plastic. In some countries tax are imposed on use of plastic and some countries are planning to ban use of plastic altogether. All these increasing demand for jute bag and other jute products. There is a billion dollar market for only shopping bags in the world. As a result export earnings are increasing and within the country also demand for jute is increasing. Due to increase in awareness our people are also using different jute products, so like other countries demand for jute products in Bangladesh is also increasing. A huge possibility is created and if we could avail a part this market, exporting billions of dollars worth of jute products from Bangladesh will not be impossible.

This possibility of jute is increasing the number of small entrepreneurs in our country. The raw material for industry which is produced most in Bangladesh is jute. And for this reason, interests of new entrepreneurs are high in jute.

The main obstacle faced by the SMEs in making Jute Diversified Products is unavailability of raw materials. For making samples SMEs required small quantities of raw materials, however, the mills are not ready to sell fabrics or yarns in small quantities. That is why so many requests came for establishing Raw Material bank. In the Jute Policy also Raw Material bank is mentioned. In this bank raw materials in large quantities will be procured from mills and the SMEs will buy in small quantities from the bank as per their requirements.

JDPC has established six Raw Material banks in different districts and one of those is in the BJRI premise in Dhaka. The others are established in Tangail, Chittagong, Rangpur, Narshingdi and Jessore. These are functioning at full swing and SMEs are able to purchase raw materials as per requirements. Every month around Tk. 15 to 20 lacs worth of raw materials are sold from Dhaka Raw Material bank and from the other banks taka one to two lacs worth of raw materials are sold.

The Raw Material bank in Dhaka is known as the Service Centre for JDPs. Upon visiting the Service Centre it was found out that different types of raw materials are available there and raw materials are sold without profit from here. November to February is the peak time, though SMEs come year round but during this time they come more often. Every year around 100 to 150 organizations buy raw materials from here.

However, raw materials in large quantities are not available here. For big orders SMEs have to go to the mills and buy in queue. Also, after taking the material, sometimes SMEs find defects in the material in the middle. So for making high quality JDPs SMEs need ensuring availability of high quality raw materials.

Those who are providing the services at the centre observed that increasing numbers of new SMEs are coming to make JDPs now. Especially those who used to work with leather or synthetic materials are also coming to take jute materials. In addition, through local Buying Houses some local garments manufacturers also becoming interested in exporting jute products. Through properly utilizing this opportunity we could increase demand for JDPs in foreign markets.

To overcome the raw materials scarcity beside govt. the entrepreneurs need to come forward in establishing banks through their Associations. For that SME Association needs to be strengthened. An application for registration by the Jute Diversified Product Manufacturers & Exporters Association has been submitted to the Commerce Ministry, but the process is becoming lengthy. The Textile and Jute Ministry need to follow it up with the Commerce Ministry and solve the issues. Quick interception by the Commerce Ministry is required.

Government also declared establishing a Raw Material bank for the SMEs in the Karnaphuli Jute Mill of BJMC (Bangladesh Jute Mills Corporation), which needs to be materialized quickly.

The price of raw materials depends on the price of jute. If the price of raw materials is high then the SMEs will not be able to sell their product at the competitive market. The govt. could either provide subsidy on that price or provide incentive through backward linkages. At present, govt. is providing highest 20% incentive to promote JDPs. However, this cash incentive is not enough. The SMEs need supports for design development, quality assurance, market access, product promotion, etc. The govt. need to provide these supports and if for five to ten years these supports are provided then the SMEs will be able to avail the opportunities.

Now the question is why the government should help the JDP producing SMEs?

Govt. should provide support to the JDP producing SMEs, as both employment generation and value addition are very high in this sector. When we export 1 ton of raw jute we earn US\$ 700 and if we export 1 ton of jute yarn we earn US\$ 1,000, whereas, if we export 1 ton of Jute Diversified Products we earn US\$ 5,000.

According to the Jute Diversified Manufacturers and Exporters Association, to produce one ton yarn on an average every month 5-7 workers are required and to manufacture one ton jute sacks in a mill on an average every month 10-12 workers are employed, on the other hand, to produce one ton JDPs every month 25 to 50 workers are employed. So on both accounts export earnings and employment generations, JDP sector offers unlimited possibilities.

Currently, different types of products are being made from jute and we are also receiving many export orders for JDPs. Due to lack of support many SMEs are unable to fulfil the orders. That is why govt. needs to provide support to the JDP producing SMEs and motivate new entrepreneurs to come to this sector through making policy changes.

Beside raw material problem the SMEs are facing critical problem in design development, in maintaining quality of products, and finding markets for their products. For these govt. intervention required at policy level. To solve these problems govt. needs to conduct market promotion for JDPs centrally, so that the SMEs would not have to sit with their products. The Bangladeshi missions abroad could help in this regard. Also to increase demand for JDPs in the domestic market fairs could be arranged at district level so that people are aware of what types of JDPs are produced in our country. In some cases, govt. could make use of jute products mandatory, especially in govt. offices use of JDPs could be made compulsory. If rightly promoted then we could create a huge demand for JDPs within the domestic market.

At present enough JDPs are produced in the country to arrange solo fair for Bangladeshi JDPs in foreign countries/export markets. JDPC (Jute Diversification Promotion Centre) proposed this two years ago to Export Promotion Bureau, but nothing has been done yet. The Commerce Ministry needs to intervene to arrange the solo Bangladeshi JDP fair.

Another problem faced by the JDP producing SMEs is lack of financing; SMEs need loan at low interest rate on an urgent basis.

Another obstacle in the growth of JDPs is lack of product promotion. The new entrepreneurs who are coming to this sector are not aware of this and people also are not aware of the different types of products available in jute. For that product display is arranged at the Raw Material bank in Dhaka, so that new SMEs could know what the possibilities are. Fairs need to be organized with SMEs who are making JDPs on a regular basis to promote JDPs. If demand for JDPs increases, then the mills will also produce more raw materials, which will in turn reduce the price of raw materials and also the price of JDPs. So the govt. needs to take separate programme and allocate separate budget for promoting JDPs.

In our country, all the raw materials and processes are available but these are scattered at different places, not available under one umbrella. For developing JDPs, SMEs need fabric, dyeing facility and lamination facility. These are available in our country, but not in one place. And also there is no initiative to centralize these. The large enterprises have dyeing facilities but the SMEs have to queue at a factory at Narshingdi for that.

SMEs also face problem of finding accessories for using in the JDPs, such as, button, chain, cables, etc. Availability and quality of these accessories need to be ensured. If all these could be brought under one roof that would help the SMEs a lot and it will also reduce the production cost. BJMC (Bangladesh Jute Mills Corporation) could play the lead role in this regard as it has the capacity.

Training is an essential part of developing new entrepreneurs; JDPC is regularly organizing trainings on JDP development. The problem is they do not have a recognized training manual or module. Unofficially they developed one. However, to develop skilled entrepreneurs govt. certified manuals are required. This needs to be done urgently.

The main problem of marketing JDPs is its price. As the price is higher than the synthetic products so people are not accepting JDPs on a large scale. Also, the JDPs need to be market oriented. To be competitive jute products have to be demand oriented.

Possibilities of Jute Geo Textiles

For large jute mills jute geo textiles opened up the possibilities of jute diversification. To increase the use of jute geo textiles under the finance of Common Fund for Commodities (CFC) an inter-country 5-

year project between India and Bangladesh is being implemented currently. The objective of this project is to promote market for jute geo textiles at home and abroad.

Under this project in both countries jute geo textiles is being produced and used. This is mainly used to combat mud erosion on the river banks, at slope of roads and mountains, etc. In Bangladesh, Bangladesh Army, Roads & Highways, Local Govt. Department of Engineering, Water Development Board are using jute geo textiles experimentally. Presently Janata Jute Mill is supplying the geo textiles.

It seems this is going to be successful. After the project is complete the doors for diversification for the jute mills will open up in both countries. The mills will be able to export after meeting the domestic needs.

SMEs want the Right for Association

The SMEs do not have any association for working for the improvement of their skill and market development. Presently, in jute sector five Associations are operating, but the SMEs are not able to fulfil the terms and conditions of becoming members of these Associations. In this situation an organization especially for JDP producing SMEs would help them to develop and market JDPs. For the last three years the SMEs are participating in Furniture Fair organized by the Export Promotion Bureau (EPB) and receiving positive response. However, as they do not have an Association, so they are unable to organize a Fair only for JDPs.

New entrepreneurs are very much interested in making jute products, as the raw materials are easily available locally. Also investment requirement is low. To utilize this interest also an Association is very much required. Many international NGOs and organizations are also providing fund for development of this sector. They are not interested in helping regular jute mills; they consider the fund provided to the mills will not be fruitful. They want to help the SMEs. However, due to the absence of an Association SMEs are not able to receive these funds. If these funds could be availed it would have helped the new SMEs improve their skill level, product design development, obtaining market access, etc.

One word of caution for the new SMEs is that they have to develop market oriented jute products. If the products are not market oriented then no amount of support will benefit them. They should produce only those products which are competitive, that is, which will be able to fight both in the domestic and international market.

One cannot be forced to use jute products, for that we need to make people aware. We need to run promotion for using jute products at district level. Govt. should organize jute fairs at district level to promote jute products. For this govt. need to change the mindset, especially the ministers should refrain from giving statements against jute.

Issue 3: Only Fair Price of Jute Can Protect the Farmers

'If farmers survive, jute will survive' this should be the slogan of reviving the jute sector. To bring back the golden days of jute we have to support the farmers. For the farmers most important thing is to get fair price for their jute. For the last two years (2012-13 and 2013-14) the farmers are not getting fair price for their jute. They are barely surviving, to save them we need to ensure fair price of jute. We have to remember that 'If farmers survive, jute will survive'.

So how do we ensure fair price for jute? One simple way could be govt. intervention in the market. Fixing the minimum price for jute before every season, as govt. does for rice and wheat. During the

current 'Boro season' govt. will purchase paddy at Tk. 20/- per KG, rice at Tk. 31/- and wheat at Tk. 27/- per kg. In this way govt. could also fix the minimum price for jute.

To motivate the farmers in India every year the govt. set the minimum price for jute. This year (2014) in India for each quintal of jute price is set at Rs. 2300/-. To set the minimum price of jute in Bangladesh a Farmers' Advisory Council could be formed. In this way the govt. set minimum price will have an effect on the market, which will help the farmers to get fair price for their jute.

According to the farmers if the price of jute is Tk. 1500-1600/- then they can cover their costs, otherwise they incur losses. So the farmers are demanding for setting minimum price of jute. They asked for Tk. 2000/- for low quality jute. The reason is the production cost of low and high quality are almost the same; the quality differs only due to availability of water. The price needs to be set at the beginning of the season, so that the farmers are motivated to grow jute.

The question is who will set the price? The simple answer could be National Price Commission. Many countries have this system. If Price Commission is formed not only jute but farmers will get benefit for all types of crops. So to set fair and profitable price, protecting producer-consumer interest and to save the farmers from the middlemen formation of National Price Commission is a must. This is more important for the small and medium farmers, because they are more vulnerable than the large farmers.

But there is debate regarding setting price for jute. Mill owners are against the price setting. They say that there is no scope for setting price in free market economy. Depending on the quality of jute the market will decide the price. But considering the farmers' interest and depending on quality the price of jute could be fixed between Tk. 1,000 to 2,000. The mill owners are blaming the middlemen for the deprivation of the farmers. Tricking the farmers the middlemen stock jute at low prices, in one season some of the middlemen even stock 2 lacs to 3 lacs ton of jute. If this could be stopped then the farmers will get fair price.

However, if suddenly the middlemen are banned then it may create problem and it will not also be possible in this free market economy. The mills are not able to buy jute during the harvest period, as the govt. or the banks do not provide the fund at the right time, so someone else has to come forward. If the middlemen suddenly stop purchasing jute then the farmers will be in trouble with their jute.

Another reason for farmers not getting the fair price is the mills do not buy jute directly from the market. On their behalf the middlemen buy jute. As a result the benefit of price increase goes to the middlemen. The govt. has to take policy decision in this regard.

The biggest buyer of jute is BJMC. That's why Government should give instruction to BJMC to buy jute at a fair price. Beside this, BJMC can buy jute when the price is low at the beginning of harvesting season and can sell it when the price increases. That way both BJMC and jute farmers can make profit.

What are the alternatives of price fixing?

1. For purchasing jute the mills do not get the loan from banks in time. So if the mills get loan in time then they would be able to buy jute from the jute farmers at the time of harvest and farmers will receive fair price. For that financing at the right time needs to be ensured.
2. Another alternative could be Commodity Exchange. This is a new concept in Bangladesh. Though it is working in developed countries but how effective it will be in our country is not clear yet. Only time will tell. It seems under this system the mill managers will buy jute in advance from the field before the harvesting period. This could be beneficial for both the producer and the consumer. The main thing is how the price will be set in this system and if it works then it could solve the problems of the farmers.

3. To ensure fair price of jute the farmers need to be organized. An Association need to be formed with the farmers where jute grows. The Association could be local or regional. With this the farmers will have more say and power of negotiation for setting price and other demands. These Associations will stock jute by purchasing at the harvesting period and when price increases sell those. And the govt. needs to arrange loans at low interest rate for purchasing jute and building storage facilities. On behalf of the govt. Palli Karma Shahaok Foundation (PKSF) could facilitate these Associations. At the same time govt. should take initiative so that the mills purchase jute timely. As a result, the farmers won't have to make distress sale (sell jute at low prices).

The Good News is

In the meantime, an association of Jute farmers has been formed. Not only this after forming the association, the condition of the farmers is changing. Previously the farmers were at the mercy of the middlemen. Farmers had to sell jute at a very minimal price. But after forming the association, the farmers became stronger and self dependent. So they are now less dependent on the middlemen.

The 'Bangladesh Jute Producers Association' has been formed in Faridpur and Gopalganj. This association has four branches in four Upazilas of these two districts. From these district associations one Regional Association is also formed. At present, there are 172 village societies in these two districts under the associations. Every jute grower's society has a savings of Taka one to three lacs. Helpless jute farmers can take loan at a very minimum interest rate from their societies when they are in real need and can overcome distress time. Farmers are storing jute when price is really low and selling it when the price increases. The farmers are becoming self reliant. If associations like these can be formed all over Bangladesh, then the chain of Middlemen will be broken and the farmers won't have to sell jute at a low price.

Issue 4: Whether Commercialization of the Innovations of BJRI (Bangladesh Jute Research Institute) is Possible?

BJRI is the only institute in our country where jute diversification is explored. So far they have innovated 40 different techniques through research and among these 23 are being used in different industries. The recent achievement of this institute is innovation of a technique to produce fine quality yarn for making jute textile to meet both domestic and export demand. This is made by blending jute with cotton and there are 8, 10, 15 and 20 count yarns. BJRI has been successful to make this by blending 50% jute with 50% cotton.

Now-a-days, in our country denim, shirt piece, curtains, bed sheet, saree, etc. are produced by blending jute and cotton. Even the honourable Prime Minister wears a special type of jamdani saree which is also being made of jute textile. The important innovations of jute are fire proof jute fabric, wrought proof jute nursery pot, jute wool and jute derived absorbent cotton and sanitary napkin. These new techniques are shared with different organizations through signing MOU. Beside these, BJRI also improved quality of low graded jute, developed value added jute products, micro-crystalline cellulose used as low cost carrier for medicine, and many other important derivatives, production techniques and also modernized machineries used for product development.

But the main problem is there is no model for commercializing the innovations of BJRI, even though they have signed a number of MOUs with many organizations for transferring technology, production and marketing new innovations. A number of organizations already started production and marketing of these products, which will in turn open up new horizons for jute.

There is no possibility of commercially producing of these products by BJRI and also there is no guideline about how commercial production of these innovations will be done. As a result, the scientists have to wait after each innovation. The mills are also unable to move out of the traditional thinking/mindset. They think the innovations made at BJRI are expensive, not economically profitable. So they are not interested in taking risk of production. Therefore a Guideline is required for how the new techniques/products will be commercially produced.

Recommendations:

1. BJRI is under Agriculture Ministry but the innovations are under the Textile Ministry. So the govt. has to take coordinated initiative to link their innovations with different textile mills. Jute has to be used in the cotton mills as substitute of cotton, which will reduce cotton import and we will be able to save foreign currencies.
2. To make the innovations commercially viable the private sector has to come forward. However, as at initial stage the products will be costly, so the private sector may not be very positive about it, so more work will be required to better the technology. In this regard govt. support is required. The production cost will reduce at the second level of technology development and then the private sector may come forward. For example, BJRI invented a jute-cotton mix fabric for suit, which costs Tk. 250/- per yard. It is being sold at Tk. 500/-, that means it has demand but there is not enough production.
3. The new entrepreneurs are more interested in making diversified jute products, but for manufacturing diversified jute fabrics commercially large investment is required. Due to the past bitter experience with jute mills banks are not very interested in providing loan for manufacturing jute fabrics. Govt. intervention is required and govt. has to come forward. If required govt. should subsidize Jute Diversified Product manufacturing and then the private entrepreneurs will come forward.
4. Design and product development has to be in conformity with the international market. The products developed by BJRI have to be cost effective and made with available technology. If expensive products are developed then it will be difficult to get market access and also be competitive in the international market.
5. The entrepreneurs are not aware of the products innovated by BJRI. For that every year BJRI could organize exhibition of their innovated products. SMEs entrepreneurs could visit the exhibition and select the product they find inspiring for commercial production.
6. BJRI is still working with machineries of fifties, for the last sixty years there was no modernization of these. For research work modern machineries are required.
7. Research required fund and in Bangladesh research has always got neglected. The present govt. is providing fund for research, but that is not adequate. Sufficient funds need to be allocated in the jute sector, declaring it a priority sector.
8. For research manpower is also a very important factor. So far BJRI was conducting research with jute under a project. After the project was completed, for 4 to 5 years no research was done. In 2008, the research activity was brought under the Revenue Budget. By that time many types of machinery became obsolete and also many researchers left. For continuing the research work young and talented researchers are needed to be recruited urgently.

9. There is no marketing department in BJRI for marketing the innovated products. To commercialize the innovated products among the private sector a marketing department needs to be started at BJRI.
10. To encourage researchers the Prime Minister has declared an Incentive Package, this should be implemented as early as possible.
11. Also to motivate the scientists timely promotions have to be arranged. To retain the scientists in our country attractive benefit packages have to be fixed for them.
12. Another problem in jute sector is lack of coordination among Textile & Jute and Agriculture Ministries. If we want to develop jute sector then improving the coordination among these ministries is a must.

Issue 5: There is no other alternative to BMRE (Balancing, Modernization, Rehabilitation, and Expansion)

At present, there are 247 jute mills in the country, combining both private and public sector mills. The govt. mills are operating under Bangladesh Jute Mills Corporation (BJMC). There are 27 mills under BJMC. In the private sector there are two types of mills—some are conventional jute mills and some are producing jute yarns. There are 126 conventional jute mills and these are operating under Bangladesh Jute Mills Association. The yarn producing 94 factories are under Bangladesh Jute Spinners Association.

Both govt. and private conventional mills are facing same problems—old machineries, lack of efficiency, inefficient management, lack of market access and lack of finance. Most of the mills are 50 to 60 years old and lost working conditions many years back. Also the financial conditions of all the mills are not the same. The demand for traditional jute products are continuously decreasing worldwide. So the countdown for the conventional jute mills has started and new doors have opened up for the Jute Diversified Products.

However, the jute yarn producing mills are making profit. During the eighties these mills started operation, so these are relatively modern and also the entrepreneurs upgraded their mills from time to time. These mills do not have BMRE (Balancing, Modernization, Rehabilitation, and Expansion) problem, they have problem with the subsidy provided on yarn. Govt. has decreased the subsidy from 10% to 7.5%. On the other hand, around Taka 500 cr as subsidy is lying in the govt. exchequer and the mill owners are suffering from fund crisis. If this fund is released then their crisis will be subsided.

Govt. Jute Mills: The main problems faced by the govt. mills under BJMC are, they lack skilled manpower, efficient management and also the machineries are almost fifty years old. As a result, on one hand their productivity is decreasing and on the other hand the quality of their product is not up to the mark.

Doing only BMRE of the BJMC mills will not be much fruitful, to increase efficiency level these mills will require extensive BMRE. The BMRE should be based on present condition and demand oriented. Demand for conventional jute products are going down, so producing only sacks will not be fruitful, the mills would need BMRE to make them effective to produce market oriented JDPs.

BJMC authorities have already got Karnaphuli Jute Mill back from the private lessee and turning it ready for producing JDPs. In this mill raw materials will be produced for small entrepreneurs. With this objective BJMC asked for Tk. 1,084 crore from govt. The objective of this BMRE is to turn the present mills effective for producing JDPs. However, the govt. has returned the proposal and asked BJMC to BMRE few mills at a time. According to that BJMC has sent a new proposal of Tk. 194 crore. With that

fund 5-7 mills could have BMRE for making JDPs. The world is turning towards JDPs and BJMC is also following that path.

To achieve this govt. can create a fund for BJMC. Whenever any mill needs upgraded it could be financed from that fund. An Expertise Committee could be formed to determine which mill will require how much fund for upgrading. However, only BMRE will not solve the problem the mills will also need efficient management.

Private Jute Mills: The condition of the old BJMC mills which are now under private owners is also pathetic. The new generations are unable to run the mills efficiently and most of the mills are in financial difficulties. Those who have financial capabilities they are upgrading from time to time own maintenance system. So to ensure that all private mills could upgrade timely govt. could arrange loans at 5-6% interest. The private mills will get this loan on the basis of performance and have to ensure that fund utilization is proper in both cases.

BJMA believes that to revive jute sector we need to take four steps immediately.

1. Block all old private loans of private sector jute mills, including interests, release all fund of previous export subsidies
2. Implementation of the mandatory use of jute sacks for food (Mandatory Packaging Act) packaging without any delay
3. Lowering the interest rate for the whole jute sector considering a part of Current Asset loan as Export loan.

The private mills are overwhelmed by defaulted loans. Govt. has written off the old loans of all BJMC mills. It should also write off the old loans of the private mills so that the mills could start with new vigour. Because without subsidy the jute sector will not be able to survive and the jute sector is vital as three and a half crore (35 million) people are involved in this sector. Huge employment is generated by this sector. If subsidy is provided there are possibilities of earning considerable amount of foreign exchange from this sector. However, how much subsidy and how the subsidy will be provided could be decided through discussion with the stakeholders.

The private mills are mainly producing conventional jute products; however, some are trying to diversify their products according to the demand. For example, some jute mills are producing jute turf with discarded jute and exporting those. Due to environment consciousness in the developed countries use of synthetic turf is decreasing, they are demanding jute turf which is made of natural fibre. However, in the large mills the diversification is very limited. For survival of the jute sector the private mills have to produce diversified jute products side by side the conventional products. To achieve that large scale BMRE will be required and for that the mills will require loans at low interest rate. The govt. could finance it from the EDF fund of Bangladesh Bank at 7% interest. The excess interest could be borne by the govt. The mills will get the fund as and when required for upgrading. A technical committee could be formed to decide which mill will get how much loan for upgrading.

In both cases, upgrading and BMRE, providing loan or fund there should be absolute transparency in distribution. Strict monitoring will be required so that the fund is not diverted to other sectors.

Mandatory use of Jute sacks: Depending on only export market will not be fruitful. We have huge market potential in our country. We need to utilize this and increase use of jute in our country internally. Mandatory use of jute sacks for food grains has to be implemented. India in 1987 has made using jute sacks mandatory of for paddy, rice, wheat, corn storing. As a result, in India a huge internal market developed for jute. In Bangladesh also Mandatory Packaging Act has been passed and an

ordinance is also issued for its implementation. If mandatory use of jute sacks is enforced then 20-30% of total sacks produced will be utilized internally. Though export will decrease as a result but it will be helpful for the jute sector.

Issue 6: Solving Water Crises for improving quality of jute is urgent

Traditionally, jute was cultivated during boro season (Boishakh/April) but as jute became less profitable, so farmers started cultivating rice in jute fields. Lands where jute is cultivated came down to 50%. Later scientist developed a high yield variety of jute which could be cultivated during dry season (Chaitra month/March) and also irrigation facility increased. So farmers again became interested in jute and the cultivated land doubled. This jute is cultivated in Chaitra and harvested in rainy season. However, as due to climate change, rivers, canals, ponds dried up and also filled up by men, there is a crisis of water for both irrigation and retting of jute after harvesting. If retting is not done in adequate and clear water then the quality of jute declines. Also, if jute has to be taken a long way for retting then it increases production cost.

Water crisis during jute cultivation and retting is an additional problem. BJRI (Bangladesh Jute Research Institute) has invented Ribbon retting system in which in small quantity of water or in water tank jute could be retted. However, this is not popular. Due to retting in bad quality water quality of jute is deteriorating continuously. If this situation continues then it would be difficult to produce quality jute in our country. And if quality jute is not available then it will be difficult to revive the old glory of jute.

Conventional or ribbon retting whichever is used water will be required and govt. has to arrange it. Farmers used to say that price of jute depends on water, where water is available there quality of jute is good and price of jute is also high. Labour charge is low and profit for farmer is high. Where water is not available there quality of jute declines and price is low but the production cost remains almost the same.

The recommendations came up to overcome these:

1. We need to re-excavate the canals beside the railway lines and roads and maintain those. Also by re-excavating the filled up canals govt. could increase the water flow. 'Food for Works', '100-days work' under these schemes govt. could arrange re-excavation of canals. These will not only help jute but also irrigate other crops and increase traffic in water ways.
2. Ribbon retting is a modern technique for retting jute. It helps achieve good quality of jute and it is a scientific method. However, it needs wide publicity and farmers are also need to be inspired to use this method. Through Department of Agriculture Extension immediately programmes should be taken to motivate farmers to adopt this method.
3. There are many govt. khas land in different parts of the country. Ponds need to be dug in these lands for creating water sources for the farmers, so that farmers are able to soak their jute here centrally. This will on the one hand reduce cost of production for the farmers and on the hand enhance the quality of jute. As mentioned before, govt. could dig these ponds under 'Food for Works' or '100-days work' schemes.

End note:

Jute is not only playing an important role in our economy, but it is also helping fight climate change and protecting bio-diversity. Due to industrial development in the developed countries, too much emission of carbon has caused global warming; jute is also playing a vital role in reducing this global warming.

The carbon-di-oxide absorption power of jute is from 0.23 to 0.44 mg/sq.mt/s. In a research it was found out that in 100 days, jute of one hectare land can absorb 14.66 tons of carbon-di-oxide from air at a rate of 0.34 mg/sq.mt/s. So jute is purifying the air and helping to keep our world liveable. Again in 100 days, jute of one hectare land releases 10.66 ton oxygen in the atmosphere. At this rate in Bangladesh in total area where jute is cultivated each year in 100 days in total jute absorbs 81 lacs 15 thousand tons of CO₂ and releases 59 lacs tons of O₂.

Beside the positive effect of jute on climate, the jute leaves are also used as vegetable and medicinal herb from the very beginning. Also, jute leaves increases fertility of the soil as manure. However, climate change is also hampering jute cultivation. Now-a-days, during July and August there are too much rain, which affects the land, as a result, farmers delay the cultivation. Also seed cultivation is getting delayed. Usually for seed cultivation the jute plants have to be kept in the land for 4 to 5 months more. As a result, cultivation of jute seeds goes up to January/February. So when jute seeds mature it comes under severe cold waves and seeds get damaged. So the climate change is affecting jute seeds negatively

Overall we can say that jute and jute fibre are interrelated with the climate and the socio-economic condition of our country. However, to make jute cultivation and jute industry profitable there is no alternative to efficient management. Among many frustrations about jute sector there is a new light showing and that is demand for Jute Diversified Products is increasing at home and abroad. The JDPs could bring back the golden opportunity for Bangladesh. For that govt. needs to make appropriate policy changes.