



Inspiring Excellence

A CASE STUDY VALUE CHAIN ANALYSIS OF “DIVERSIFIED PRODUCTS OF JUTE”



A case study

Value Chain Analysis of “Diversified Products of Jute”

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Subject: Submission of Internship report.

Dear Sir,

I am pleased to submit the final report of “A case study - Value Chain Analysis of Diversified Products of Jute” to BRAC University, after the successful completion of the study.

The working experience with iDE to conduct the value chain analysis of JDP was an exclusive experience for me. I was placed in the program unit expected to carry out duties and responsibilities most of which is related to research, business modeling and strategy development. I would like to express my gratitude to Mr. F. Conor Riggs, Technical Director - Programs, Mr. Mazed Hossain, Private Sector Engagement Manager and his team members who provided valuable information. Their insights were the entry point to dig down the issues and make the pathway to realize the whole value chain.

I appreciate iDE’s collaboration and suggestive guidelines at every stage of the study.

I hope this report will be beneficial and provide important inputs in the process of designing the sector development project. I wish the report will meet your expectations and aid you in getting a clear idea about the topic.

Best Regards,

Md. Mohaymanul Hasnat Bhuiyan
ID: 13164146

Acknowledgement

First of all I would like to express my gratitude to the Almighty, the omnipresent and omnipotent, who helped me to accomplish this task on time. This is a great opportunity for me to write about the Value Chain Analysis of “Diversified Products of Jute”. At the time of preparing the report I’ve gone through many necessary and important documents (some of the documents are confidential and my organization were letting me to access with the condition of the information won’t publish in any of the media or to the outsiders), assistance of articles, primary data and websites.

I’m expressing my respect to Md. Tamzidul Islam, Asst. Professor, BBS, BRAC University my respective teacher who has always there for me to understand how to make a good report. From his vast experience and knowledge I was able to complete my tasks.

I’ve tried my best to gather all relevant documents, information regarding the issue. I don’t know how good I did. However I ain’t saying all the information in this research report is placed perfectly. There may be shortage of information, factual error, and decisions all are of my own and I’m responsible for that. I promise I’ll try to do a lot better in future.

Thank you.

Md. Mohaymanul Hasnat Bhuiyan

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EXECUTIVE SUMMARY

Jute diversified products industry of Bangladesh is an informal, unstructured and niche market compared to the competitive countries like India. Having the second position among jute production countries, the country's JDP industry is under privileged. The sector contributes about 5% to total foreign exchange earnings and 4% to country's GDP. Bangladesh produces the world's best quality jute, and for many years jute had been the largest contributor to the country's export earnings. However, in the 1980s/90s the emergence of cheaper synthetic substitutes caused the world market for jute to shrink. Domestic demand also declined because of the inefficiency of state-owned jute mills & the absence of government policies to encourage domestic consumption. In recent years, increasing concern with environmental issues and volatile price of petroleum based raw materials have opened up new market opportunities for jute products; consequently Bangladesh jute sector has seen a slight revival.

In spite of having low shares in JDP sales revenue, some diversified jute products are recently coming forth likely to be potentially high selling items in the near future. Those are jute fiber reinforced sheet, jute geo-textile such as nursery/plantation pot etc.

Constraints in this subsector are Lack of availability in smaller unit of inputs causes to lower quality JDP which is not competent enough to international market; Insufficient supply of large volume inputs, Higher input costs leading to high cost of JDP; Lack of knowledge on product development techniques leads to manufacturing limited variation of JDP products; Unavailability of skilled labor in JDP industry results in low quality products and leads to lower market price; Unavailability of dedicated training service providers in JDP industry results in unskilled workers and entrepreneurs to run their business efficiently; Infrequent orders for JDP products results in high cost for retaining workers round the year; JDP MSMEs get order sporadically as they have no established forward market from which they can get product order round the year.

The study identified opportunities to promote sub-contracting between large buyers and MSMEs. Few enterprises are practicing outsourcing especially when they have large product order. MSMEs are interested to be part of sub-contracting with large JDP buyers or exporters. The present out-sourcing model is informal and unstructured. So, there is opportunity to promote sustainable sub-contracting model between large buyers and MSMEs.

Organizational Overview

iDE

“There’s little doubt that the single most important step the poor can take to move out of poverty is to learn how to make money”- Paul Polak – Founder of iDE International. “iDE creates income and livelihood opportunities for poor rural households”. iDE believes that markets can be a powerful force for improving smallholders prosperity. iDE Bangladesh was established in 1984 as iDE’s first country program. iDE Bangladesh pioneered the development of private sector supply chains for manual irrigation pumps, recognizing the huge productivity constraints that a lack of steady access to water has on rural farmers. By 1989 iDE Bangladesh was promoting three different treadle pump options and had increased treadle pump sales to 60000 per year, increasing farmer’s productivity and income. To date, more than 1.5 million treadle pumps have been sold in Bangladesh.

iDE is a non-profit, non-governmental organization with over 30 years of experience in designing and delivering market based anti- poverty programs. iDE believes that markets can be a powerful force for improving the prosperity of rural communities. Throughout their programs they deploy business models, appropriate technologies, and agricultural science to facilitate market systems which work for the poor.

iDE is the longest established market development specialist NGO in Bangladesh. With head office in Denver, United States of America, iDE presently works in 15 countries across Africa, Asia and Latin America to create income and livelihood opportunities for 20 million poor rural households.

Success stories:

iDE have transformed the lives of over 19 million people through their large scale market intervention programs. Their success measured in real improvements in income and lifestyle amongst the poorest sections of society.

There’re many success stories of iDE which can’t be possible to writing down in a short form. Here’re some links included below:

1. iDE wins inaugural Humanitarian Engineering Award for Best Engineering Project of the year (iDE Product Development). This awards celebrates outstanding contributions to humanitarian engineering by individuals and organizations from around the world.
Link: http://sites.ieee.org/ghtc/global-humanitarian-engineering-award/?utm_sou
2. iDE Bangladesh’s early success with the Treadle Pump in the Guardian.

Link: http://www.theguardian.com/global-development-professionals-network/2013/oct/23/irrigation-systems-agriculture-farm?CMP=&et_cid=53936&et_rid=judith.neijzen@minbuza.nl&Linkid=Small-scale+agriculture+holds+big+promise+for+Africa

3. Big benefits in small spaces: IWMI news articles on iDE Bangladesh

Link: <http://www.iwmi.cgiar.org/2015/01/big-benefits-in-small-spaces/>

4. IFAD social reporting blog on how to build sustainable business links for smallholder farmers. Link: <http://ifad-un.blogspot.it/2013/05/how-to-build-sustainable-business-links.html>

5. BBC: Bug killing book pages clean murky drinking water

Link: <http://www.bbc.com/news/science-environment-33954763>

Vision, Mission and Values:

- Mission: iDE Bangladesh creates income and livelihood opportunities for poor rural households.
- Vision: Assists 20 million households to substantially increase income through increased production, better access to markets and improved water control.
- Values:
 - iDE believes in the right of the poor women and men to a secure livelihood.
 - iDE believes that increased households income in the context of freedom to make choice is the basis for improved livelihood.
 - iDE believes that market can be powerful force for enabling smallholders prosperity.
 - iDE regards the rural poor as potential customers, producers and entrepreneurs.
 - iDE listen to and learn from the people they work with.
 - iDE value innovation and entrepreneurship.
 - iDE is result oriented, aiming for significant impacts for large number of people.
 - iDE strives for economic, social, and environmental equity and sustainability.

iDE's officials:

- ❖ Mr. Deepak Dhoj Khadka – Country Director
- ❖ Md. Nurul Amin – Director Operations
- ❖ Mr. Richard Rose – Technical Director (Programs)
- ❖ Mr. F. Conor Riggs – Technical Director (Programs)

Service offering:

- ☞ Water: More than 70% of the world's poorest people are small scale farmers and many of them, access to irrigation water provides a substantial productivity gain and increase in food production. iDE views productive water as the entry point to creating income opportunities for more than 900 million people.
- ☞ Water, Sanitation and Hygiene: iDE is dedicated to preventing water related diseases and realizing the human right to clean water and sanitation.
- ☞ Rural marketing: iDE promotes affordable technologies to the rural poor through a variety of methods like – Printed promotions using Newspapers, Billboards, Posters, Pamphlets, Calendars, Radio, Television, Outdoor Video Presentations, and Live Theatre etc.
- ☞ Promoting Food Security
- ☞ Innovation of the products
- ☞ Environment friendly project etc.



**A CASE STUDY
VALUE CHAIN ANALYSIS OF “DIVERSIFIED
PRODUCTS OF JUTE”**



CHAPTER ONE: INTRODUCTION

1.1 OBJECTIVE OF THE STUDY

To conduct value chain study of diversified products of jute (products of combination of jute and leather; products of jute diversified fabrics etc.) with special focus on potential subcontracting and contract growing arrangement.

1.2 NATURE OF THE STUDY

This study was conducted following qualitative approaches based on empirical evidences and information. Information gathering approach was used to get perception about the value chain situation of jute diversified product (products of combination of jute and leather; products of jute diversified fabrics) with special focus on potential subcontracting and contract growing arrangement.

Both primary and secondary data were used to get insight of the jute diversified products produced in Bangladesh. Secondary data were collected from different books, journals, internet, website, study/survey reports, newspaper reports, jute policy, etc.

1.3 SCOPE OF THE STUDY

Primary data were collected from 11 MSME entrepreneurs of Dhaka, Gazipur and Rangpur. 17 different Government officials, jute professionals/experts, designers, and trainers were interviewed as key informant to learn service market and business enabling situation. An online survey was conducted to understand users' perspective on use, trend, demand for JDP products etc.

1.4 ORGANIZATION OF THE REPORT

The major value chain findings are presented in chapter 4. These include value chain dynamics, actors, their functions, profiling of the entrepreneurs and enterprises, driving factors, service market and policy environment etc. Additions to these, there are chapters to describe value additions, resources management of the enterprises, and environmental factors and women involvement in JDP value chain. Finally, the next steps for the project with constraints and interventions are presented as conclusion in Chapter 8.

CHAPTER TWO: METHODOLOGY

Table 1: Methodology and tools used in the study

Methodology	Tools	Sources/ Interviewees	Sample Size	Key Information Area
Primary data	Projects	Owners	8	Entrepreneurship, Profit, Challenges, Limitations
Desk Research	Literature Review	Published data in different books, journals, articles, government data different books, journal, internet, website, study/survey reports, newspaper reports, jute policy, etc.	Bibliography	Existing Secondary Information
Semi Structured Interview	Semi-Structured Questionnaire	Key Informants of government officials, jute professionals/experts, NGO Officials	17	Products, Sector Map, Value Chain, Entrepreneur, Policy, Production Facilities, Potential areas
		Sales person of JDP stalls/showroom	15	Entrepreneurship, Profit, Challenges, sales trend
Online Survey	Likert Scale, Structured and semi-structured questions by using Google Form	Information collected from different male and female JDP users (Randomly)	50	Type of used product, purchasing, availability, durability of product, satisfaction, expectation, suggestion
Observation	Observation Checklist and Behavior Observation	Different stalls of Dhaka International Trade Fair (DITF)	15	Types of products and buyers
		Buying Trend of Users (male and female)	25	Types of product, demand
		Factory	3	Production practice and technique, technology, facilities of workers, environmental issues
		Show Room	10	Location, Expenditure, Decoration, product

CHAPTER THREE: JUTE DIVERSIFIED PRODUCTS IN BANGLADESH

The market size for JDPs cannot be conclusively ascertained from available literature since distinction is not made between JDPs and jute goods: Since there is no specific HS code for JDPs it was not feasible to estimate the volume of export for JDPs from export statistics published by EPB. EPB directory provides list of exporters of jute bags, jute shoes etc. But the trade statistics does not provide any data on the export of these products. JDPC does not produce any annual estimate of the volume of domestic trade and export of JDPs. They reported that the domestic and export trade of JDPs roughly accounts for BDT 300crores. Domestic market accounts for 20% of the total trade. Most of the available literature does not make distinction between jute goods and jute diversified products. Thus it was not possible to derive any conclusive figure of the total worth of JDPs. In January 2011, EU stated that jute products account for USD 47 million in trade. Since there is no mention, we assume that this estimate is for jute goods which include both conventional and non-conventional (value added) products. However, JDPC regretted to validate this estimate. We thus had to depend on rough estimate and approximate figures that were shared by surveyed JDP manufacturers.

Extrapolation suggests that export and domestic sales of JDPs accounted for BDT 300crores in 2013. To calculate the market size we first needed to determine the number of enterprises that are currently manufacturing jute diversified products. JDPC reported that they have supported about 152 enterprises since its inception. Since, the services of JDPC are availed only by enterprises that are formally registered and engaged in formal trade we can assume that the number of active JDP manufacturers is higher than those receiving support from JDPC. Traidcraft Exchange estimated that the project could benefit about 300 JDP SMEs through its interventions. A value chain analysis conducted by GTZ Progress in 2010 provided an estimate of number of workers employed by different types of JDP producers or manufacturers. However, no account of number of enterprises was made. Since documented information on the total number of JDP manufacturers is not available, we took 152 as an estimated number of JDP manufacturers that are operational.

The sector recorded average growth of 25.52% per annum over the period 2009-2015.

Table 2: Market size and growth rate of JDP industry

FY	Market Size of JDP in BDT	Growth Rate per annum (in percentage)
2015	300Crore	30.43
2014	230Crore	19.17
2013	193Crore	33.10
2012	145Crore	42.16
2011	102Crore	39.73
2010	73Crore	14.06
2009	64Crore	--

CHAPTER FOUR: EXPLORING THE JDP VALUE CHAIN

The chapter describes major findings of JDP value chain that embrace core value chain functions, actors, service providers and business disabling players. Power relationships between the actors, actors' concentration and business status, supporting service dynamics, dominant channels in JDP value chain are also illustrated in this chapter. Chapter four also defines the channels dynamics, driving factors behind JDP industry and critical issues etc.

4.1 CORE VALUE CHAIN FUNCTIONS

The core value chain functions of JDP value chains have three major parts: input supply, manufacturing and trading/marketing. As JDP enterprises are at the heart of JDP value chain, hence this report considers only the inputs required for JDP enterprises such that jute fabrics, fibers/yarns, accessories, and machineries and the respective input suppliers instead of Jute growers or raw Jute traders.

Input supply:

JDP enterprises have four basic input components. Fabric, yarn, accessories and machineries are the primary and major inputs for JDP value chain. Design or product specification is also a vital input component for JDP enterprises though it has no visibility or skeletal form.

Manufacturing:

Manufacturing of Jute goods has two distinct streams—manufacturing of traditional jute goods i.e. sack, Jute bags etc. and manufacturing of diversified jute products i.e. handbags, shopping bags, handicraft items etc. While the first one is more formal industry and is ruled by large industrial Jute Composite & Spinning Mills, the second manufacturing industry of jute diversified products is relatively smaller, only 10-12 percent of the total market size of jute products.

Trading or marketing:

70 percent of the trading or marketing of Bangladeshi jute diversified products is targeted for foreign buyers. 15 percent are traded to institutional buyers positioned in the capital city of Bangladesh and the rest 15 percent are consumed by individual consumers. JDP industry is more of an informal, unstructured and niche industry.

4.2 CORE VALUE CHAIN ACTORS

As mentioned earlier, jute good market has two different streams- traditional jute goods and diversified jute products; this report illustrates the actors, their functions and numbers for both streams.

4.2.1 Value chain actors of traditional jute goods

Input suppliers:

Jute production mainly requires seed, pesticides and fertilizers as input. Out of these, seed is the most important factor in case of Bangladesh. In fact, production of jute and quality of jute fiber are very much dependent on the variety of the seed used. Bangladeshi jute growers largely depend on imported Indian seeds which occupy approximately 80-85% of the total market size. The rest 15-20% is supplied by BADC.

Farmers:

Bangladesh has 3.5-4 million farm families engaged in jute production as part of their annual crop cycle. Although jute cultivation requires relatively high expenditures on inputs, farmers still appear to earn net margins from it. However, jute farmers are the key input suppliers for traditional jute goods industry as they produce and supply raw jute essential for processing into finished fiber, yarn and fabric.

Traders:

To establish bridge between jute farmers and the processors, a range of traders are continuously playing intermediary roles in jute market. Based on their business volume and nature of business activities, they are named as small trader (locally termed as Foria), collector, medium & large trader (locally termed as Bepari), stockiest (locally termed as Arotder) etc. Further than these intermediary actors, there are sales agents or commission agents designated by different jute mills who collect raw jute directly from farmers and small and large traders.

Processors/traditional jute goods manufacturers & exporters:

Traditional jute goods are manufactured in composite mills and in spinning mills. Composite mills process raw jute into yarns and fabrics and then manufacture traditional jute goods such as sacks, bags etc. as finished traditional jute goods. However, these mills perform several value added functions i.e. process raw jute into inputs like yarn and fabric for manufacturing traditional jute goods, manufacture traditional jute goods, trade the finished items in domestic market, and export to international buyers.

Traditional jute goods have four common forms.

1. Sacking
2. Hessian
3. CBC
4. Yarn & Twin

Below are jute goods production figures in Bangladesh for the financial year 2009-2010¹.

Table 3: Traditional jute goods production in Bangladesh

Type of Traditional Jute Goods	Production Amount (in Metric Ton)
a) Sacking	180,600 MT
b) Hessian	40,490 MT
c) CBC	11,130 MT
d) Yarn & Twine	327,970 MT
<i>Average production of jute goods</i>	<i>5,92,500 MT</i>

Buyers:

Traditional jute goods have two end markets – domestic market and international market. In national market, packaging industries are the largest buyers of traditional jute goods like sack, bag etc. They are used for packaging agro inputs like seed, and fertilizers and grocery items like sugar, wheat, rice, maize and the rest during long and short distance travel. In 2009-2010 FY, the

¹World Jute Profile- Bangladesh published in the website of International Jute Study Group.

country's average internal consumption of jute goods was 1, 00,000 MT and the export volume was 4, 87,000 MT(worth US \$471 million) which is nearly five times greater than national consumption. This depicts how large and prospective the international market of traditional jute goods are, five times bigger than the domestic market.

4.2.2 Value chain actors of diversified jute products

Input suppliers:

For diversified jute products, the primary input suppliers are the composite and spinning mills. Local accessories wholesalers and retailers are the secondary level input suppliers for jute diversified products. There are 156 active jute mills in Bangladesh working as primary input suppliers for JDP industry. These mills supply fiber, yarn, and fabric – the major parts of these emanated and processed from raw jute.

Local accessories wholesalers and retailers additive and functional inputs like drawstring, zipper, button etc. For jute and leather combined products, JDP enterprises source leather fabrics (furnished leather) from leather fabric wholesalers and retailers.

Apart from all the mentioned inputs required for jute diversified products, there are companies (Juki, Singer) who supply machineries mostly for sewing and cutting. JDP enterprises find these light machineries from the nearby distributors or dealers of the company. However, jute mills use heavy machineries for jute processing that were not covered by the scope of this study.

Apart from these, product design or product specification is also a vital input component for JDP enterprises though this has no visibility or skeletal form, as mentioned earlier. There are no dedicated designers in JDP industry; designs are being developed and practiced by either copying or learning by doing.

JDP enterprises:

JDP enterprise owners are the actors who convert the fabrics, yarns and leather along with other accessories to produce a jute diversified product. In JDP value chain they add most of the value to a final product. The whole processing task includes designing, pattern making, cutting, sewing, quality measuring, packaging and delivering the goods done by this actor. 152 MSMEs are found registered into the JDPC list.

Buyers:

Buyer groups for diversified jute products are domestic individual buyers, domestic institutional buyers and international buyers. Banks, NGOs, MNCs and other pharmaceuticals companies are the major domestic institutional buyers of JDP. They generally order for large amount of JDPs for their annual picnics, AGMs and to provide gifts to their stakeholders/clients. Approximately 90% of domestic demand is fulfilled by these institutional buyers in spite of the fact that they ask for JDPs once in a year.

Foreign buyers are the importers of different countries who orders JDP from different MSMEs or Exporters of Bangladesh. Japan, Europe and UK are the major foreign market buyers of JDP from Bangladesh.

4.3 MAJOR MANUFACTURING CLUSTERS

Major JDP enterprises are concentrated mostly in Dhaka followed by Rangpur. There are no unique databases of JDP enterprises in Bangladesh that can describe neither the exact number of JDP enterprises nor their location. However, following table shows the major concentrated areas of JDP enterprises. Data derived from the datasheet/contact list provided by JDPC.

Table 4: Cluster concentration of JDP MSMEs

Cluster of JDP enterprises	Number of MSMEs	Concentration in Percentage
Dhaka	96	63%
Rangpur	10	6.5%
Narayanganj	7	4.5%
Narshingdi	6	4%
Others	33	22%
Total	152	100.00

The other areas Faridpur, Rajshahi, Dinajpur, Gazipur etc. where number of JDP MSMEs is limited, ranging from 1 to 3 MSMEs at max.

4.4 BACKWARD MARKET SCENARIO

4.4.1 Input description

Jute fabrics (Hessian cloth and various other jute fabrics of different constructions) tops the list of the basic raw materials that also include jute yarn, rope, raw jute, jute papers, jute wastage, jute wool, jute stick, etc.

Besides jute, they use a range of other products starting from other textile materials (yarn/thread, cord, fabrics, lace/tape, etc.) to plastic, leather and metal to coral products as trimming and decorative component to JDPs. A series of secondary inputs being in use are dyes (direct colors, reactive, sulfur, basic, azo, vegetable dye, azo-free natural dye), chemicals (predominantly caustic soda, acid, alkali), detergent and various coating materials (glue, pigments past and laminating coat, etc.).

Nearly three-fourth of the enterprises use jute fabrics of different constructions/textures for manufacturing jute bags- the most common & largely produced JDP item. In addition to use of jute fabrics, some enterprises were found using jute yarn and raw jute as their raw materials. The pulp producers generally use waste jute fibers and yarns.

Table 5: Inputs for JDP enterprises

SL No.	Input Name	Average Volume needed per month by a single MSME	Average Price per unit (In BDT)	Sources	
01.	Yarn		145-160	Spinning mills	
02.	Fabric	1,000 Gauge	88-122	JESC, Composite Mills	
03.	Accessories(com	Drawstring	100 Pound	90-120	Local accessories

	monly used)	Zipper	500 Gauge	5-7	wholesalers and retailers
		Button	1,000 Pcs.	1-5	
		Cotton Tape	500 Gauge	10-20	
		Tread	300 Pcs.	30-35	
		Gum	2 KG	200-300	
		Covering	100 Pcs.	18-30	
		Linen	100 Gauge	25-45	
		Auto Nakka	500 Gauge	10-20	
04.	Leather Fabrics				
05.	Machineries	Sewing machine	NA		Private machinery import companies, machinery distributors and dealers
		Power machine			
		I-Let machine			
		Stitch machine			
		Tuni del machine			
		Overlock machine			
06.	Design		NA		Self or Replication

4.4.2 Availability, accessibility and quality of the inputs

Fabric and yarn are moderately available in the backward market, particularly in the jute mills' predominant districts. Nonetheless, MSMEs hardly access to the jute mills as their prerequisite volume of fabric and yarn is smaller. Jute mills do not retail fabric or yarn directly to the enterprises as this seems to be cost-ineffective; hence, JDP MSMEs are sometimes forced to buy wholesale amount at retail price.

Quality of fabric and yarn varies according to the prices. A chart showing the quality of different fiber and fabric and their respective retail price is annexed.

Accessories are usually procured from wholesale markets of Imamgonj, Chawkbazar, Babubazar, Nababgonj of Dhaka and some other pocket markets. MSMEs often purchase accessories from their nearest accessories retailers also. JDP enterprises outside of Dhaka often need to purchase the accessories from Dhaka as wide ranges of accessories are not available outside the capital city. Enterprises are satisfied with the quality of accessories, nonetheless the price is hiker than they expect.

MSMEs usually purchase the sewing machines or cutter machines from local dealers or distributors. Other than sewing machine, they need small equipment like needles, scissors which they buy from local stationary shops.

There is no defined design specification guideline or sources. MSMEs design the JDP items by themselves. As they copy the design specifications from others and imitate them, quality and actual specifications of the products sometimes get weaken. Dented product design reduces functional benefits of the product, reported by JDP entrepreneurs.

To summarize the findings on availability, accessibility and quality of inputs, this report draws the following matrix.

Table 6: JDP input market matrix

Inputs	Availability		Accessibility	Quality	MSMEs Satisfaction on Prices
Yarn	Moderate		Low	Low to High	Satisfied
Fabric	Moderate		Low	Low to High	Satisfied
Accessories	High in Dhaka market	Low in regional markets	High	High	Highly satisfied
Machineries	Moderate		High	High	Highly satisfied
Design	Not available		--	--	--

4.4.3 Post-sales service in backward market

No practice of post-sales service by the input suppliers in JDP value chain was found by the study. Practice of guarantee and warrantee also are not applicable on the input items. As jute and jute made yarns and fabrics have higher durability and the accessories supplied for JDP are also less perishable. So, the input suppliers do not feel the necessity of providing or practicing guarantee and warrantee for the inputs they sell.

4.5 JDP ENTREPRENEURS' PROFILE

4.5.1 Number of Entrepreneurs (Male and Female)

A list of MSMEs given by JDPC shows 31 females are entrepreneur and other 121 are male entrepreneurs. Male involvement is 79.61% and another 20.39% entrepreneurs are women, relatively lower than any other JDP developed countries.

4.5.2 Educational Background

Most of the entrepreneurs are educated enough to run the business both in national and international level. Some of them have fashion designing degree and designing their own product in a unique style. For example: accessories for women, blazer, Muppet are some of the innovative design of these entrepreneurs. It has been found that most of them are graduated from different background though the academic background which could be more helpful for this type of entrepreneurship is possessed by very few.

4.5.3 Professional Background

The entrepreneurs of JDP have come from different professional background. Previously their involvement in private jobs, MNCs, export – import and some other businesses was found in this particular study. They earned different types of skills like maintaining customer relationship, export processing, business communication etc. from their previous employment which became very handy while operating JDP MSMEs. Only a few were in JDP business since the commencement of their career.

4.5.4 Training

Some of the employees of many MSMEs were trained on JDP manufacturing and designing. JDPC and IJSG were the major training providers. Most of the trainings were free of cost. In some cases the trainees had to pay a small (20% - 30%) percentage of the training costs. In some cases, the trainees received allowances for attending the trainings. Apart from these BSCIC, BWCCI, Mohila Songstha, some other NGOs provide these types of training.

4.5.5 Motivation behind the enterprise

Business Potential

As jute industry is one of the oldest industries in Bangladesh and it sustained for a long term, it was assumed that the business potential of this industry is not lost. So, estimating its business potential and the position in the world market, many entrepreneurs entered into this industry.²

Regaining Past Reputation

Bangladesh was once the highest exporting country of jute and jute products in the world. Since Bangladesh had achieved that landmark once, so it is possible for Bangladesh to reach that height again. Having the belief in heart that Bangladesh can once again bring back the past glory of the industry, some of the entrepreneurs formed enterprises.³

Educational Background

Having an educational background on fashion designing, some entrepreneurs came into JDP business innovate unique JDP products and continue innovation to create markets for these unique products. Obviously business potential was there to attract the entrepreneurs. For example, blazer, quill, Muppet etc. from jute fabrics were some of the innovative designs from the entrepreneurs having fashion designing background like Mrs. Farzana Hoque Smrity, Hoimokanti Fashion Kutir.

Employment Generation

As most of the JDPs are handmade, it requires a large number of labors to manufacture large number of JDPs. Power looms are more productive than handlooms but using power looms will replace the labor with machines. To ensure more employment some of the entrepreneurs are not introducing power looms to their operations.⁴

4.5.6 Reasons for Staying in the Enterprise

Self-Employment

These Entrepreneurs have acquired on their own, especially from parents, relatives or friends, the skills and capacities to operate enterprises. Some have under-gone training and apprenticeship or worked as skilled laborers and obtained enough knowledge to start their own business. Self-employed women are lesser in urban areas in comparison to rural areas where greater opportunities lie with the income generating activities of NGOs, which provide credit.

Enterprise Ownership

These entrepreneurs are Owner/operators of existing micro-enterprises, and have proven management and technical skill in self-employment. They often wish to expand, upgrade or diversify their business. Many women working as skilled laborers have ventured to start their own business.

² Interview reference: Mrs. Monowara Khanom, Bina Handicrafts; Md. Kamal Hossain, Holy Crafts & Fashion.

³ Interview reference: Kazi Ashraful Hoque Sayem, Rozdale Biz.

⁴ Interview reference: Md. Shahjahan KabirBabu, Golden Handicrafts.

Profitability

Export-oriented JDP enterprises have the experience of both the direct and indirect export. On the other hand, local JDP sales revenue occupies a considerably smaller portion in the total JDP trade amounting to only BDT 233 million. The sales trend of JDPs has been of increasing nature over the last 3 years, with average growth of 20.4% per annum; although some of the enterprises have seen their individual growth curve going downward. JDPPs procure their raw materials domestically (mainly from Dhaka) and produce products according to the design specifications of the buyers.

Innovative Products and New Areas

With the introduction of new technology, development of innovative ideas or even demand for new products, a variety of new jute diversified products can be developed through entrepreneurship in JDP. Sometimes the educational background, sometimes the professional experience motivates these entrepreneurs to innovate new types of product with the golden fiber of this country.

4.6 ENTERPRISE PROFILING

4.6.1 Products

There are two mainstream markets for Jute products – ‘Traditional’ market and ‘Diversified’ market. The ‘traditional’ market describes the classical products i.e. sacking, hessian, jute yarns and CBC (Carpet Backing Cloth). When it comes to describing ‘diversified’ products the meaning is less clear, as many of the items so described, like rope-soled shoes or espadrilles and floor or wall coverings have been made from jute fiber. A more concise description of “the diversification efforts of the jute industry” could better be called ‘value added products.’⁵

4.6.2 Price

Price of JDPs varies significantly within a product category and between product categories: Price of shopping bags range from TK 50-300 while price of purse comes down to as low as TK 20. The price shown in Table 10 are the wholesale selling price or direct sales price to institutional buyers. The retail price of the same products will be two to three times higher.

4.6.3 Process

Order getting: For getting the orders the entrepreneurs basically don’t do huge amount of marketing activities. Sometimes they provide their brochures, samples to different institutional buyers and get the orders (RRF Jute Product). Average order size for MSME’s 12000-15000 Pc shopping bags for local market yearly. And for international market it’s only 2000 Pc without any exclusive items (Like ornaments, Blazer, quill etc.) yearly.

Input collecting: Sometimes collecting fabrics is a great problem. Micro and small enterprises need to buy smaller size of inputs for producing samples for potential buyers. They cannot buy the smaller amount of inputs from the jute mills. At least 10 yards need to be purchased from the jute mills whether the MSMEs need that much or not. But they have to order the raw materials minimum 5 – 7 days ago (Bina Handicrafts, Monowara Khanom). So, they have to rely on the

⁵ “A Road Map for Jute”, Technical Paper No. 44, Common Fund for Commodities (CFC) in association with International Jute Study Group (IJSJ), Dhaka, Bangladesh and International Trade Centre UNCTAD/WTO (ITC), Geneva, Switzerland.

subsidized inputs from BJMC where quality of inputs is generally lower than that of the jute mills. Other accessories are collected from Chawkbazaar, Bongshal etc.

For Jute and leather combination product the main problem is that the standard of lather is not up to the mark and they do not have standard machine for the lather standardization. It's tough for us to make the lather in USD3 but the price of the foreign lather starts from USD5 (Abu Nafea Khan, Catwalk).

Processing: Processing task is maintained by the technicians and workers of the factory under the supervision of the entrepreneur. The processing task includes the designing of the product, pattern making for measuring the product and cutting, sewing and quality measuring to ensure the predefined quality. Designing is basically done by the entrepreneurs and it takes at least 3 days to develop a new design and at least 1 day to modify a design. Other tasks of production are done by the labors.

Packaging: Packaging is also done by the labors according to the buyer's requirement. For 200 bags it takes about 30 minutes to package. Most of the cases the producers use paper carton box for packaging the products. For ornaments they use small jute bags for packaging it. There is no other packaging practice for JDP.

Delivery: Most of the time the JDP is delivered within 2-3 days within the order. Actually local buyers don't give too much time for delivering the product. But for international buyer the processors get enough time to delivery. In most case the buyer took the responsibility for the transportation and if the processor takes this responsibility then the cost is adjusted with the price of the product.

4.6.4 Tools and technologies

The surveyed enterprises mainly use cutter and sewing machines for manufacturing of JDP bags from Hessian, sacking, and fine jute yarn based fabrics (including embroidered jute fabrics). They predominantly use heavy scissors (except for few using skiving machine or obsolete grade garments cutter) for cutting purpose. For the purpose of sewing, they use sewing machines of different grades starting from old Singer machine suitable for domestic stitching to old versions of JUKI, Pfaff and Brother sewing machines. The units using leather & plastic attachments with jute bags use some high performance heavy sewing machines. The bag manufacturers sometimes use domestic electric iron for calendaring of the bags. Replica, appliqué, stone or "Jhinuk" setting, or embroidery works on the bags or other JDPs are generally done manually. No sophisticated surface finishing machines were found in the use; obsolete machines analogous to sandblasting machines are used by very few enterprises. For some products, they additionally use beater or finishing grinders of different forms.

JD handicrafts are generally made in hand or hand crochet needles by jute twine/woolen, which are mostly done by carding, drawing & twisting jute fibers or jute twines (at raw, bleached dyed or woolen form) at hands.

JD papers are produced locally with the help of rudimentary tools and machineries: window screening (mold), wood frame, calendar machine, basin (large enough for immersing frames), blender/cutter/processor for making paper pulp, white felt or flannel fabric, staples or tacks (for tacking screen on frame). A range of chemicals starting from caustic soda to liquid starch to dyes (including toxic colorants/pigments) are used.

Jute fabrics, cotton-jute blended fabrics and jute rugs (different types of mats) are mostly produced by handlooms while a very few enterprises were found to use old brand power looms for attaining more efficient lead-time.

Among the surveyed enterprises a few consistently or discretely conduct wet processing (dyeing-printing/finishing) operations and dry finishing. Often plastic (acrylic) paints are used to produce coloration/printing on bags and other jute items. However, different classes of dyes/colors namely reactive, basic, sulphur, vat, and Azo are frequently used for dyeing of jute fibers, twines, Hessian/fabrics/sacking; besides, direct dyes including vegetable grade dyes (less harmful to ecology) are used. Mild wet processing such as bleaching or whitening process, mainly with detergent grade chemicals, is also applied for a number of products. The wet processing- starting from scouring (boiling with caustic soda to drive out oily substances and a part of lignin) to coloring to finishing- is mostly carried out in rudimentary equipment of utensil types by the concerned JDP enterprises. Application of dry finishing such as stone wasting or sand blasting effect are also given in manual processes.

4.6.5 Promotion

Promotional Tools

Enterprises exporting to the foreign buyers generally have their own websites. After communicating the buyers they ask them to visit their websites where product categories, samples and other relevant information regarding the enterprises are generally given. The recent trend of the enterprises is they maintain a Facebook page of their enterprises and communicate the buyers through Facebook.

Promotional Agencies

The existence of promotional agencies was not found in the JDP forward market. Besides, the very few MSMEs have the capability of hiring promotional agencies.

Packaging Materials

Packaging of JDPs does not get that much importance in the forward market as the quality of packaging has a low impact on the longevity of the JDPs. Generally other jute products like rope and jute fabric. For some fancy products like trinkets, small jute fabric bag having few accessories are used. Sometimes paper is used to pack JDPs in the local market. (Find the packaging process of export)

Longevity

Packaging does not affect the longevity of the JDPs that much. JDPs generally have higher longevity as the raw materials used in producing JDPs are long-lasting.

Costing

The cost of the packaging of JDPs is generally very low. Generally the left over from cutting department is used for the packaging of the JDPs. So, the cost incurred in packaging is insignificant and could not be determined.

4.6.6 Post-sales services

Service Availability/Existence

Post sale service practice is not in existence in the JDP forward market. The major portion of the market is export market where the MSMEs usually do not have further communication after the products are delivered. MSMEs do not provide any post sale service in the local market too.

Service Component i.e. guarantees and warrantee

Usually JDPs have higher longevity. So, the practice of guarantee or warrantee was not found in the JDP forward market.

4.7 FORWARD MARKET SCENARIO

4.7.1 Types of buyers

There are three major types of buyers in the JDP market. They are:

- i. Individual buyers
- ii. Institutional buyers
- iii. International buyers

4.7.2 Purchase nature of the buyers

Most frequently purchased JDPs	Existing and Potential Buyers
Jute Merchandizing Bags	Financial institutions, telecommunication companies, pharmaceuticals, educational institutions and training service providers, tour operators, real estate companies, FMCG companies
Jute shopping bags/ Grocer bags	Super markets and retail stores
Convention/Conference/Seminar Bags	Education and training service providers, event management companies and tour operators (targeting corporate day-outs, retreat)
Visiting cards, invitation cards, greeting cards, envelopes,	Financial institutions, telecommunication companies, pharmaceuticals, real-estate companies, print and broadcasting media, media agencies
Gift items	Pharmaceutical companies, financial institutions, event management companies and tour operators (targeting corporate events, retreats, promotions)
Handicrafts	Retail stores, supermarkets, home furnishing and lifestyle stores
Furnishing and housekeepin (laundry bags, slippers)	Hotels, supermarkets, home furnishing and lifestyle stores

4.8 ANALYSIS OF SERVICE FUNCTIONS

Services in JDP value chain in Bangladesh calls for attention as they are very much evident and playing vital roles in value chain productivity of JDPs of jute sub-sector. JDP MSMEs in Bangladesh receive different services from different actors. The existing services in the study areas are not equally in practice and insufficient throughout Bangladesh.

Dynamics of service market were analyzed around the value chain actors of the sector, since services need and demand varies from actor to actor; this variability is evident in terms of their nature, availability, optimality and so on so forth. Therefore, this segment describes, first of all different services each value chain actors need to grow and then existing suppliers of these services were analyzed in terms of their capacity, quality and availability to gauge the efficiency of the service market around the JDP value chain in Bangladesh.

4.8.1 Support services and service providers in JDP Value chain

Jute diversified product enterprises require various services from different service providers. Services providers are therefore segregated into three broad categories depending on the type of service they provide –

(a) Embedded Service: service providers who provide services along with the products

(b) Transactional Service: profit making service providers provide services against service charge

(c) Public Benefit Service: knowledge-driven service providers i.e. government institutions, NGOs, local or regional authorities and associations etc.

Table 7: Services in JDP value chain

Service Types	Services	Service Providers	Service Nature
Embedded Service	Information on design and product development	Buyers	Free
		NGOs	Free
		JDPC	Free
	Input Supply Management	Input suppliers	Embedded
		JESC	Embedded
		JDPC	Embedded
		Jute Mills Machine Dealer or Distributor	Embedded
Market information	JDPC, BSCIC	Free	
Transactional Service	Design and product development	Fine Arts Faculty, Dhaka University	Fee Based (Charge)
		BSDI, IIDT, NIFT and RDI	Fee Based (Charge)
		BSDI	Fee Based (Charge)
	JDP workers' skill development	BSCIC	Fee Based (Charge)
		JDPC	Fee Based (Charge)
	Tools and Technology Development	BJRI	Free
		JDPC	Free
		DTC	Fee Based (Charge)
	Marketing	JDPC	Free
		BSCIC	Free
	Transportation & Logistics	Van puller, Pick-up driver	Fee based (Fare)
LC Opening	Bank	Fee Based (Charge)	
Public Benefit Service	Organizational Strengthening	NGOs like Traidcraft, Corr - The Jute Works	Free
		Government institutions i.e. JDPC	Free
	Financial	MFIs, SME sections of Banks	Fee based (Interest)
	Market Information	EPB	Free
	Research and Development	BJRI	Free

4.8.2 Service matrix of JDP industry

Service Matrix describes the service dynamics provided by different services in terms of ‘*Availability of Services*’, ‘*Accessibility to Services*’ and ‘*Quality of Services*’. This matrix helps in determining the service efficiency of different service providers at a glance and draws out scope for service oriented interventions along with JDP value chain.

Table 8: Service market matrix of JDP value chain

Services	Service Providers	Availability	Accessibility	Quality
Information on design and product development	Buyers	Not Available	--	--
	NGOs	Available (limited)	Hard to get	Moderate
	JDPC	Not Available	--	--
Input Supply Management	Input suppliers	Not Available	--	--
	JESC	Not Available	--	--
	JDPC	Not Available	--	--
	Jute Mills	Not Available	--	--
	Machine Dealer or Distributor	Not Available	--	--
Market information	JDPC,BSCIC	Available (insufficient)	Hard to get	Low
Design and product development	Fine Arts Faculty, Dhaka University	Available	Hard to get	High
	BSDI, IIDT, NIFT and RDI	Available	Hard to get	High
	BSDI	Available	Hard to get	High
JDP workers’ skill development	BSCIC	Available	Hard to get	High
	JDPC	Available	Hard to get	High
Tools and Technology Development	BJRI	Available (limited)	Hard to get	Moderate
	JDPC	Available (limited)	Hard to get	Moderate
	DTC	Available (limited)	Hard to get	Moderate
Marketing	JDPC	Available (limited)	Hard to get	Low
	BSCIC	Available (limited)	Hard to get	Low
Transportation& Logistics	Van puller, Pick-up driver	Available	Easy to get	Moderate
LC Opening	Bank	Available	Hard to get	Moderate
Financial	MFIs, SME sections of Banks	Available	Hard to get	Moderate

4.8.3 Competition and consumer trends

Availability of substitute items:

Competition in JDP value chain value chain is affected by a monopoly market situation. It is the *synthetic product value chain* that demonstrates major competition against JDP value chain in Bangladesh. Consumers purchase synthetic bags or synthetic items more than they do purchase diversified jute products. This behavior is due to the fact that consumers are more familiar with

synthetic product items and availability of synthetic items. Consumers also mentioned about relatively higher prices of JDP items over substitute synthetic items. Nature of the consumers tells that they tend to purchase low priced synthetic products that derive the same benefits from a high priced diversified jute item.

High incentives of Indian government make the international market competitive:

Government of India subsidies 25 percent on all exported jute-good products (JDPs are inclusive) whereas Bangladesh government subsidies 7.50 per cent for jute yarn and 10 per cent for jute goods (JDPs are inclusive). This makes the international JDP market highly competitive for Bangladeshi JDP exporters. They often are reluctant to export more rather choose either to switch their business or reduce their business size.

4.8.4 Formal and informal groups

It is the NGO who is playing major role in mainstreaming MSMEs of diversified jute products, as the key formal social and business enabling player. Mainstreaming of women (participation in social economic and right based activities) through this formal network has been strengthened in JDP value chain, now a day. Karitas, Care, Core-The Jute Workers, Traidcraft Exchange, BRACare the leading NGOs who are continuously to develop JDP clusters, women-led JDP enterprises, train them and link them to forward market. However, awareness raising campaigns at consumers' end to promote and intensify usage of diversified jute products are still not active and vigilant by these NGOs.

JDP industry lack any informal network through which everyone can find assistance (financial and other supports) from their neighbor and other community members. Therefore, resolution to industry needs and disputes within informal channels do not come to light in JDP value chain and results in inefficiency in the chain.

CHAPTER FIVE: VALUE ADDITION IN THE CHAIN AND PROFITABILITY ANALYSIS

5.1 VALUE ADDITION IN THE CHAIN

Value addition for different JDP items takes different numbers and figures. To make the process simple, this study consider the most frequently purchased JDP (one is jute and fabric combined and other is jute and leather combined) to calculate value addition in the sector.

For a single handbag, the value addition in domestic market is given below:

Name of the Actors	No of Actors	Average End Price (in BDT)	Average Value Addition (in BDT)	Average Value Addition (in percentage)	Reasons for value Addition	Value Addition Factors
Input Supplier (Composite and spinning Mills)	115	100	40	25.00%	To convert the raw jute into yarn and fabrics	- Salary expense to factory workers - Cost of running machineries for conversion - Profit
MSME's	152	600	120	75.00%	To convert the fabrics into handbag and to add accessories	- Salary expense to factory workers - Cost of running machineries for conversion - Profit
Domestic Individual Buyers	NA	--	--	--	NA	NA
Total value addition			160	100.00%		

For a single handbag, the value addition in international market is given below:

Name of the Actors	No of Actors	Average End Price (in BDT)	Average Value Addition (in BDT)	Average Value Addition (in percentage)	Reasons for Value Addition	Value Addition Factors
Input Supplier (Composite and Spinning Mills)	115	100	40	20.00%	To convert the raw jute into yarn and fabrics	- Salary expense to factory workers - Cost of

						running machineries for conversion - Profit
MSME's	152	400	120	50.00%	To convert the fabrics into handbag and to add accessories	- Salary expense to factory workers - Cost of running machineries for conversion - Profit
Buying House/Exporters	63	480	60	30.00%	Product procurement and international sales	- Sourcing from the supplier MSMEs - Buyer searching - L/C or export process
International Buyers	NA	--	--	--	NA	NA
Total value addition			200	100.00%		

For a single jute and leather combination handbag, the value addition in domestic market is like following.

Name of the Actors	Average End Price (in BDT)	Average Value Addition (in BDT)	Average Value Addition (in percentage)	Reasons for value Addition	Value Addition Factors
Input Supplier (Composite and Spinning Mill, leather supplier)	600	60	21.74%	To convert the raw jute into yarn and fabrics and for dyeing	- Salary expense to factory workers - Cost of running machineries for conversion - Profit
MSME's	1800	216	78.26%	To convert the fabrics and leather into jute and leather combination good	- Salary expense to factory workers - Cost of running machineries for conversion - Raw materials processing - Profit
Domestic Individual Buyers	--	--	--	NA	NA
Total value addition		276	100.00%		

For a single jute and leather combination handbag, the value addition in domestic market is like following:

Name of the Actors	Average End Price (in BDT)	Average Value Addition (in BDT)	Average Value Addition (in percentage)	Reasons for value Addition	Value Addition Factors
Input Supplier (Composite and Spinning Mills leather supplier)	600	60	17.24%	To convert the raw jute into yarn and fabrics and for dyeing	- Salary expense to factory workers - Cost of running machineries for conversion - Profit
MSME's (Exporter)	1925	288	82.76%	To convert the fabrics and leather into jute and leather combination good	- Salary expense to factory workers - Cost of running machineries for conversion - Raw materials processing - Profit
International Buyers	--	--	--	NA	NA
Total value addition		348	100.00%		

5.2 ANALYSIS OF PROFITABILITY BY JDP ENTERPRISES

Return on Investment and Return on Equity is same for the enterprises because all the enterprises operate their businesses by the equity they could've managed. None of the enterprises mentioned above has any debt in their capital structure. No prominent trend was observed in the net profit margin. Net profit margin is more or less similar for all the levels of enterprises because cost pattern is similar.

Table 9: Summary table of profitability and return

Type of Enterprises	Annual Net Profit (BDT)	Annual Revenue (BDT)	Net Profit Margin	ROI	ROE
Combination of Jute & Leather	600,000	6,000,000	10.00%	40.00%	40.00%
Jute Fabrics	Small	813324	3232124	25.16%	49.55%
	Medium	1425000	5700000	25.00%	28.5%
	Large	3000000	15000000	20.00%	15%

ROE changes according to the enterprise size. Small enterprises generally have very small amount of assets which requires small amount of capital. They usually purchase machineries but pay rent for land and building. Larger enterprises usually have their own production facility. So, they need a large amount of capital for purchasing land, building and equipment. That is why larger enterprises requires comparatively larger amount of capital. But the profit margin is similar for all types of enterprises. That is why the ROE varies significantly and decreases for larger enterprises.

CHAPTER SIX: EXPLORING WOMEN IN JDP VALUE CHAIN

Women's entrepreneurship is not an easy task. *Becoming an entrepreneur is an evolution of encountering, assessing, and reacting to a series of experiences, situations, and events produced by political, economic, social and cultural changes.*⁶ Given the complexities in the social environment and administrative structure, women's entrepreneurship in Bangladesh is more challenging. Many social and operational constraints continue to restrict women from starting and running economic enterprises. Apart from the family and social barriers against the mobility of women, the operational barriers such as lack of access to capital, lack of training facilities for skills development, lack of business services, lack of business data, complex banking procedures and collateral requirements, etc. continue to critically limit their progress. Apart from these women are disproportionately less likely to have education in business skills and their tolerance for risk compared to men is lower which reduces their participation in entrepreneur's level.

6.1 NUMBER OF WOMEN INVOLVED

In entrepreneur level the women participation is lower than male. There is a list of MSME's given by JDPC, where 31 females are working as an entrepreneur and other 121 is male entrepreneur. It means the male involvement is 79.61% and another 20.39% entrepreneurs are women which is really lower than any other developed country.

But in processing level as a worker the women participation is higher than male. Other than delivery, packaging and carrying the inputs as well as final JDP the women participation is about 90% in other works of this industry. Male workers basically work for transporting the products as well as to run the heavy machineries. For these male involvement is about 60% and female involvement is about 40%.

6.2 IS WOMEN PARTICIPATION HIGH OR LOW?

Women participation is high enough in the Jute Diversified Product industry as a worker but in entrepreneur level the participation is still needs to improve. In processing level the women involvement is high because:

- Their bargaining power is lower than males.
- Their docility compared to male workers
- Turnover rate is lower than males
- Less educated, less trained than males so females can only work as a labor.
- As most of the cases females have no prior experiences of work so they have no choice rather than working as a worker in JDP industry.

In entrepreneurs level the participation of women is lower than men. Because of

- Social and operational constraints continue to restrict women from starting and running economic enterprises.
- The family and social barriers against the mobility of women, the operational barriers such as lack of access to capital, lack of training facilities for skills development, lack of business services, lack of business data, complex banking procedures and collateral requirements, etc. continue to critically limit their progress.

⁶(2012, 12). Challenges of Women Entrepreneurs in Bangladesh. StudyMode.com.

- Apart from these women are disproportionately less likely to have education in business skills and their tolerance for risk compared to men is lower which reduces their participation in entrepreneur's level.

6.3 FACILITIES FOR WOMEN WORKERS

Apart from wages the women workers get flexibility working facilities (RRF Jute Products). Some organization gives the medical expenses for their employees (Hoimonti Fashion Kutir). Some enterprise only hires female workers to provide them a better working environment. If there is no male worker in an enterprise then the family allows them to work in overtime and get surety about their safety in workplace. For example in Bina Handicrafts all the works are done by the females. So the working environment is really soothing and friendly and tension free for the workers family member. Apart from this there is no other facility available especially for women workers.

As an entrepreneur:

Entrepreneurs work time is not limited within 8 hours. Her duty is not to design the products but in JDP industry the entrepreneurs herself designs the products and they don't charge the price. Sometimes they also involved in processing JDP and providing training to her employees but don't charge the price to keep minimum cost of the products (Monowara Khanom, Bina Handicrafts). From the beginning to end the entrepreneurs need to observe the whole activities in her organization. But apart from that for some activities she doesn't get payment.

6.4 KEY PROBLEMS/DRAWBACKS WITH WOMEN IN JDP VALUE CHAIN

- ☞ Lack of Sex disaggregated data
- ☞ Social and Family obstacles Social obstacles
- ☞ Lack of financial support / resources
- ☞ Lack of skills and training
- ☞ Absence of institutional capacity building efforts
- ☞ Low income from jute goods making activities.

CHAPTER SEVEN: ENVIRONMENTAL ISSUES

Enterprises producing jute bags, slippers, mats, handicraft by using finished fabrics or twines generally generate solid waste. The larger part of which is sold as fuel, home furnishing filler etc. while some portion is recycled as additional/decorative parts of different JD products and as raw material of pulp based production. The rest part is disposed into nearest municipal waste carriage. In cutting, sewing, dry finishing process, some dusts and little volatile emissions being mixed in the air can be inhaled through breathing, which can be mitigated by using masks.

The factories chemically treating (i.e., bleaching/dyeing or finishing) jute yarn, fabrics or products discharge untreated polluted water (with harmful effluents) in the nearest ditches. Among those the papers/pulps manufacturing units are discharging polluted water in enhanced volume polluting the land and lives. In production of jute paper/pulp, workers' hands and feet come in frequent contact with chemical mixed water of bath/tank and remain vulnerable to serious skin diseases including cancer at final stage. While the issue was noticed to owners, some of them seemed to pass the bugs on workers' heads replying that the workers are reluctant to use the masks and gloves they supply while some others remained indifferent to address issue as a concern.

Fire extinguishers were not found in the surveyed enterprises. In many of the factories electrical control panels were found blocked with various articles. None seem conduct alarming drills (trial/dummy run) to make workers aware of safe evacuation in the case of fire hazard or earthquake.

In most cases, toilet facilities on/around the production floor are inadequate to serve healthy sanitation for the workers and other staffs.

CHAPTER EIGHT: STRATEGIC CONSTRAINTS, OPPORTUNITIES AND INTERVENTIONS

8.1 INTERVENTIONS TO ADDRESS CONSTRAINTS

Constraint 1A: Lack of availability in smaller unit of inputs causes to lower quality JDP which is not competent enough to international market

Micro and small enterprises need to buy smaller size of inputs for producing samples for potential buyers. They cannot buy the smaller amount of inputs from the jute mills. At least 10 yards need to be purchased from the jute mills whether the MSMEs need that much or not. But they have to order the raw materials minimum 5 – 7 days ago. So, they have to rely on the subsidized inputs from JESC (Jute Entrepreneurs' Service Center,) where quality of inputs is generally lower than that of the jute mills. So, quality of inputs must be sacrificed as well as cost of inputs gets higher only for not being able to order a larger quantity. There is no private sector initiative to provide small volume input to the MSMEs. Besides, MSMEs can never enjoy the advantages of economies of scale.

Constraint 1B: Insufficient supply of large volume inputs, Higher input costs leading to high cost of JDP

For larger quantity like 100 – 300 yards of fabrics, jute mills take 15 days to 1 month to supply them. Often the jute mills are unable to supply if the amount is equal or greater than 500 yards. And 95 yards are given instead of 100 yards for the cost of 100 yards. JDPC is supplying inputs as a government initiative. But it provides maximum of 300 yards of jute fabrics to a single MSME. So if the enterprises get larger order then first they have to make sure that the raw material is available or not, after that they can take the order. So this whole procedure consumes time which sometimes turns down the order.

Intervention 1 (Constraint 1A+1B): Promote availability of required volume of quality inputs for MSMEs through potential suppliers

Proposed Activities:

- Identify Supplier who are interested in input supply business
- Capacity building on Business Management, inventory, financial management, quality, procurement and entrepreneurship etc.
- Establishing linkage between suppliers and buyers

Intervention 2 (Constraint 1A+1B): Establish JESC in new areas and strengthen linkage between existing JESCs and MSMEs

Proposed Activities:

- Identify Supplier who are interested to establish JESC
- Capacity building on Business Management, inventory, financial management, quality, procurement and entrepreneurship etc.
- Establishing linkage between existing JESCs and MSMEs

Constraint 2: Lack of knowledge on product development techniques leads to manufacturing limited variation of JDP products

In garments industry, the firms hire fashion designers to develop new products to penetrate market as well as to meet new demands of the customers. But in JDP industry, there is no practice of hiring fashion designers. Even, there is no dedicated fashion designer or any association/center for research and development to improve the design and specification of jute diversified products. Most of the time, entrepreneurs copy the products from others. The situation leads to manufacturing limited variety of jute diversified product items.

Intervention 2: Promote improved design services in JDP industry

Proposed Activities:

- Market feasibility study about the demand of (market size, design, new trained local and export
- Dissemination work shop for stakeholders (Which includes design) or study findings.
- Identify and finalize potential designers.
- Capacity building of the designers (potential and existing)
- Establish linkage between designers and SME.

Constraint 3A: Unavailability of skilled labor in JDP industry results in low quality products and leads to lower market price

To produce the JDP, labors need some unique skills in processing the fabrics, fibers and other input accessories and make the final product. The industry has no training providers for developing JDP-centric labor skills. Very few MSMEs (the study found only four MSMEs who provided skill development training to their workers) provide skill development training that is not industry standard.

In addition to that, once the worker gets the skilled required, he or she switches to other enterprises because of higher salary. This makes unavailability of skilled labors in the market.

Constraint 3B: Unavailability of dedicated training service providers in JDP industry results in unskilled workers and entrepreneurs to run their business efficiently

The study found no dedicated training service providers available in JDP industry. Only a handful NGOs like Karitas, Care, Traidcraft Exchange facilitate skill development training for JDP entrepreneurs as part of their project. The results of these trainings are not sustainable as well as not justified by any training needs assessment for JDP enterprises.

Intervention 3 (3A+3B): Promote training service provisions through public and private sector to improve knowledge and skills of entrepreneurs and factory workers

Proposed Activities:

- Training Need assessment
- Develop training module
- TOT for the trainers
- Facilitate training for the entrepreneurs and factory workers

Constraint 4: Infrequent orders for JDP products results in high cost for retaining workers round the year

JDP MSMEs get order sporadically as they have no established forward market from which they can get product order round the year. This forward market actors are mostly foreign buyers (approximately 70%), national institutional buyers (approximately 15%) and individual customers (approximately 15%). These buyers do not have round the year demand for jute diversified products. For example, different private organizations and financial institutions order for jute diversified products during their AGMs (Annual General Meetings) or yearly retreats. Other than these occasions, there are fairs like DITF (Dhaka International Trade fair) when demand for these products are higher.

The situation makes MSMEs to retain the workers round the year at a high cost.

Intervention 4: Promote awareness and linkage activities in forward market to ensure consistent or regular demand of JDP throughout the year

Proposed Activities:

- Creating awareness for increased demand of JDP at customer end
- Increased product line
- Look for outsourcing opportunity between large enterprises and MSMEs

Constraint 5A: Lack of promotional strategies results in poor market linkage with export, national and local market and leads to lower demand for JDPs

JDP MSMEs lack appropriate skills to promote their products to the existing and potential buyers. Therefore, the industry has poor market linkage between the JDP enterprises and the JDP buyers. Buyers do not know about the products and the situation leads to lower demand for JDP items.

Constraint 5B: Lack of promotion by JDP enterprises results in poor knowledge of the buyers on jute diversified product and allow them to use substitute products

As Bangladeshi JDP MSMEs have no promotional efforts to promote their products and to increase usage for JDP items, buyers are not acknowledged about the products and their usage benefits. Therefore, buyers, most of the time, choose substitute product item over jute diversified products.

Intervention 5 (5A+5B): Improve market knowledge on potential & existing markets and promote linkage activities

Proposed Activities:

- Market assessment to identify existing and potential buyers and location market of JDP
- Dissemination of the study finding among the stakeholders
- Motivational meeting on entrepreneurship
- Facilitate linkage building meeting/ workshop
- Facilitate promotional campaign on use and benefits of JDP items

Constraint 6: Lack of access to finance forces MSMEs to remain smaller and restricts business expansion

No dedicated financial service is available for Jute and JDP enterprises. However, some enterprises were found taken loan for business expansion as they situate in urban periphery and have strong access to financial institutions. In addition to this, MSMEs lack sufficient collaterals to tack loans from FIs/MFIs. This restricts them to expand their business as they lack enough working capital required for business expansion and promotion.

Intervention 6: Promote access to finance

Proposed Activities:

- Develop suitable loan product for the SME and other JDP value chain actors
- Facilitate in accessing to finance with FIs/MFIs/NBFIs
- Training on financial management
- Monitor appropriate uses of loan product and improvement

Constraint 7: Insufficient Government subsidies for JDP export results in lower competency for JDP enterprises in International market

Bangladesh government provides 10 percent subsidy to the JDP exporters while the country next to Bangladesh, Indian Government has 25 percent subsidy for their JDP exporters. This increases market competition in the international JDP market. Bangladeshi JDP MSMEs thus are discouraged to remain in the competition as their cost for exporting goes up due to insufficient government subsidies.

Intervention 7: Strengthen advocacy in government level to promote suitable policy for JDP industry

Proposed Activities:

- Prepare policy paper through association
- Policy level dialogue through exporter association meeting
- Facilitate dialog workshop

Constraint 8: Higher level of risk, social barriers cause less women participation in entrepreneur level

Many social and functional constraints restrict women from starting and running business enterprises. Apart from the family and social barriers against the mobility of women, the functional barriers such as lack of access to capital, lack of training facilities for skills development, lack of business services for women, continue to critically limit their progress. Female participation is higher in labor level because of less education, less training and less capital.

Intervention 8: Promote women economic leadership in JDP industry

Proposed Activities:

- Arrange awareness raising campaign on women economic leadership
- Arrange awareness raising campaign on women social roles
- Facilitate dialog workshop
- Establish women-friendly working environment in JDP enterprises

Constraint 9: Insecurity of entrepreneurs regarding their buyers results less coordination to the industry

There is no association of JDP MSMES to coordinate the industry. For example, BGMEA is the coordinating association that promotes garment items and enterprises and is dedicated to solve their problems under one umbrella. JDP MSMEs are therefore, reluctant to coordinate under one umbrella as they think competitor enterprises may take his buyer and market share. So this insecurity of sustaining buyer results in less coordination between different market actors of JDP sector.

Intervention 9: Promote and establish coordination among JDP stakeholders

Proposed Activities:

- Formation of association for MSME's
- Linkage between exporter association and newly formed MSME association through meeting/ workshop
- Facilitate Stakeholders workshop
- Arrange vision workshop for stakeholders

8.2 INTERVENTIONS TO GRAB OPPORTUNITIES

Intervention 10: Promoting sub-contracting between large buyers and MSMEs

Few enterprises are practicing outsourcing especially when they have large product order. MSMEs are interested to be part of sub-contracting with large JDP buyers or exporters. The present outsourcing model is informal and unstructured. So, there is opportunity to promote sustainable sub-contracting model between large buyers and MSMEs.

Proposed Activities:

- Need Assessment of Products for exporters
- Disseminate/ share need assessment training to the MSME's
- Identify potential large enterprise interested in sub-contracting
- Identify potential MSMEs interested in sub-contracting
- Develop and promote subcontracting model (input supply, finance, skill, monitoring ensure buy back.)
- Capacity building of MSME's on i.e. Suppliers about required product standard

8.3 Additional Recommendations:

To achieve the potential growth in this subsector, the recommended actions are:

- ☞ Promote availability of required volume of quality inputs for MSMEs through potential suppliers
- ☞ Establish JESC in new areas and strengthen linkage between existing JESCs and MSMEs
- ☞ Promote improved design services in JDP industry
- ☞ Promote training service provisions through public and private sector to improve knowledge and skills of entrepreneurs and factory workers
- ☞ Promote awareness and linkage activities in forward market to ensure consistent or regular demand of JDP throughout the year
- ☞ Improve market knowledge on potential & existing markets and promote linkage activities

- ☞ Promote access to finance
- ☞ Strengthen advocacy in government level to promote suitable policy for JDP industry
- ☞ Promote women economic leadership in JDP industry
- ☞ Promote and establish coordination among JDP stakeholders