

Manikganj Silk Reeling Centre

Analysis of financial performance and employment generation

**Presentation of study findings
30th December 1992
BRAC, Dhaka**

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Aims of the study

- Financial appraisal of the silk reeling centre
 - a) Profitability
 - b) Productivity

- Assessment of the nature and effects of employment generation:
 - a) Criteria for VO membership
 - b) Employment conditions at the centre
 - c) Effects on family and social life

Study methods

Financial analysis

- Study of all records maintained at the centre
- Interviews of various RDP personnel
- Study of BIDS reports on sericulture

Key drawbacks

- No records maintained before Dec 1991
Therefore, not possible to identify trends

Employment generation

- In depth interviews of all (14) workers
at the silk reeling centre

Key drawbacks

- Study based on "before and after" recollections
Therefore, interviewees may have misquoted
some facts

Introducing the Centre

History and location

- Largest and oldest silk reeling centre of BRAC
- Set up late 1980s
- Situated in Ayesha Abed Foundation, Manikganj
- Near cocoon rearers

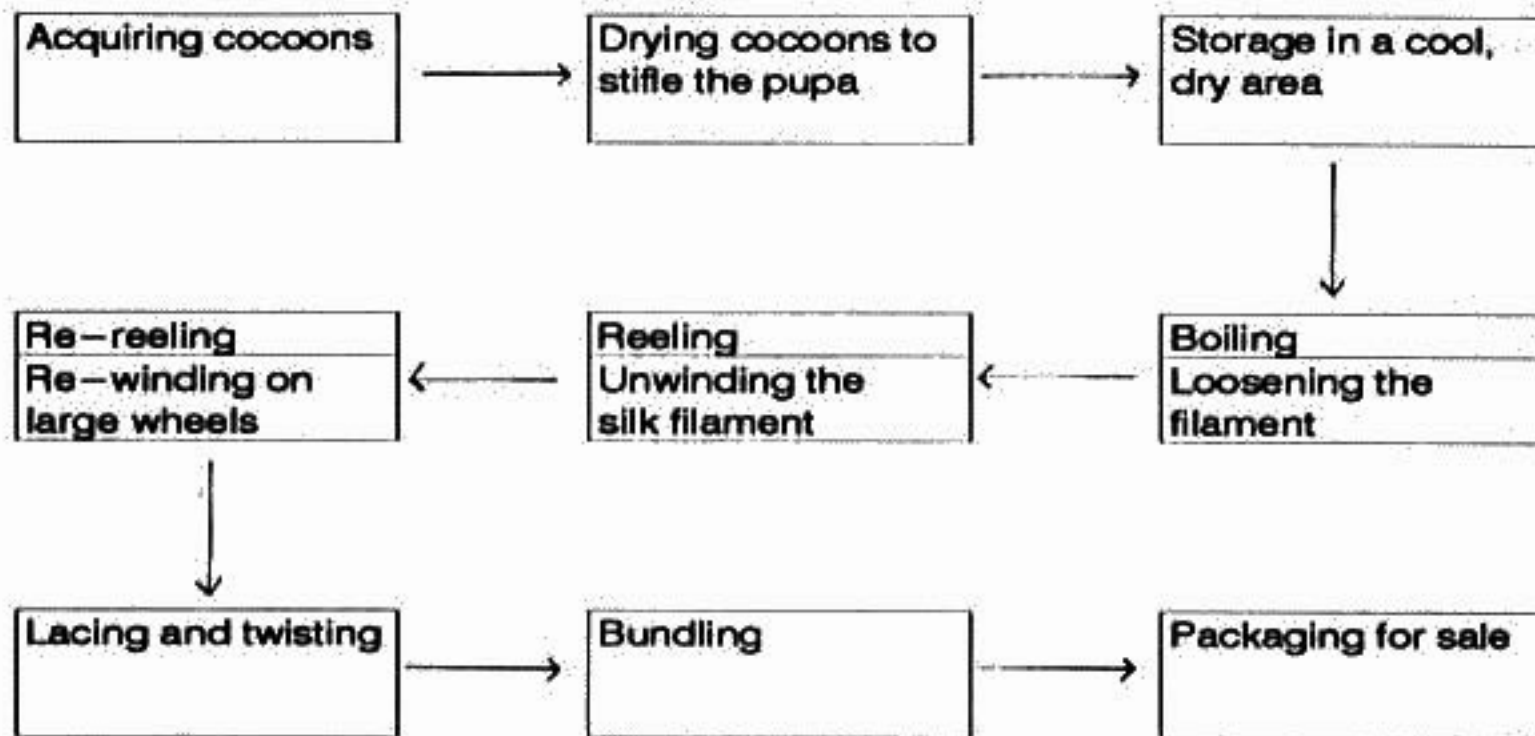
Resources

- gas, water, electricity supply
- labour from RDP
- land from AAF

Equipment

- 8 new machines of Sen Gupta design (bought in Jan 1992)
- Denier machine
- Booking apparatus
- Water heater
- Gas operated cocoon stifling chamber
- Storage room

The reeling process



Financial analysis

Dec 1991 - Oct 1992

Profitability

- Accounts maintained at the centre show an annual profit of Taka 54,000:
 - Profit was made in Agrahani, Chaitta and Joistha bondhs
 - Loss was made in Ashari bondh

- However, these accounts do not include some other expenses paid by various branches of BRAC. For example:
 - electricity
 - gas
 - PO's salary
 - transport costs
 - depreciation of machinery
 - land/rent

Taking actual costs into account, the centre does not generate any profits - the centre makes an annual loss, with some profit in Agrahani and Chaitta bondhs

Financial Accounts (Dec '91 to Oct '92)

Table 1: Expenditure.

BONDHS	Agrahani	Chaitra	Joistha	Ashari
Labour	44537	9460	8647	1846
Cost of cocoons	143730	48519	67084	33591
Other	531	400	100	134
Total	188792	58379	75831	35571

Table 2: Income and output (Dec '91 to Oct '92)

BONDHS	Agrahani	Chaitra	Joistha	Ashari
Yarn Produced(k g)	124	43	44	11
Sale of yarn(TK)	223200	77400	77000	19250
Sale of waste(TK)	1800	750	1200	5280
Sale of Cocoons(TK)	0	0	0	6575

Figure 1: Overall performance
Manikgarj Centre, 1991/2

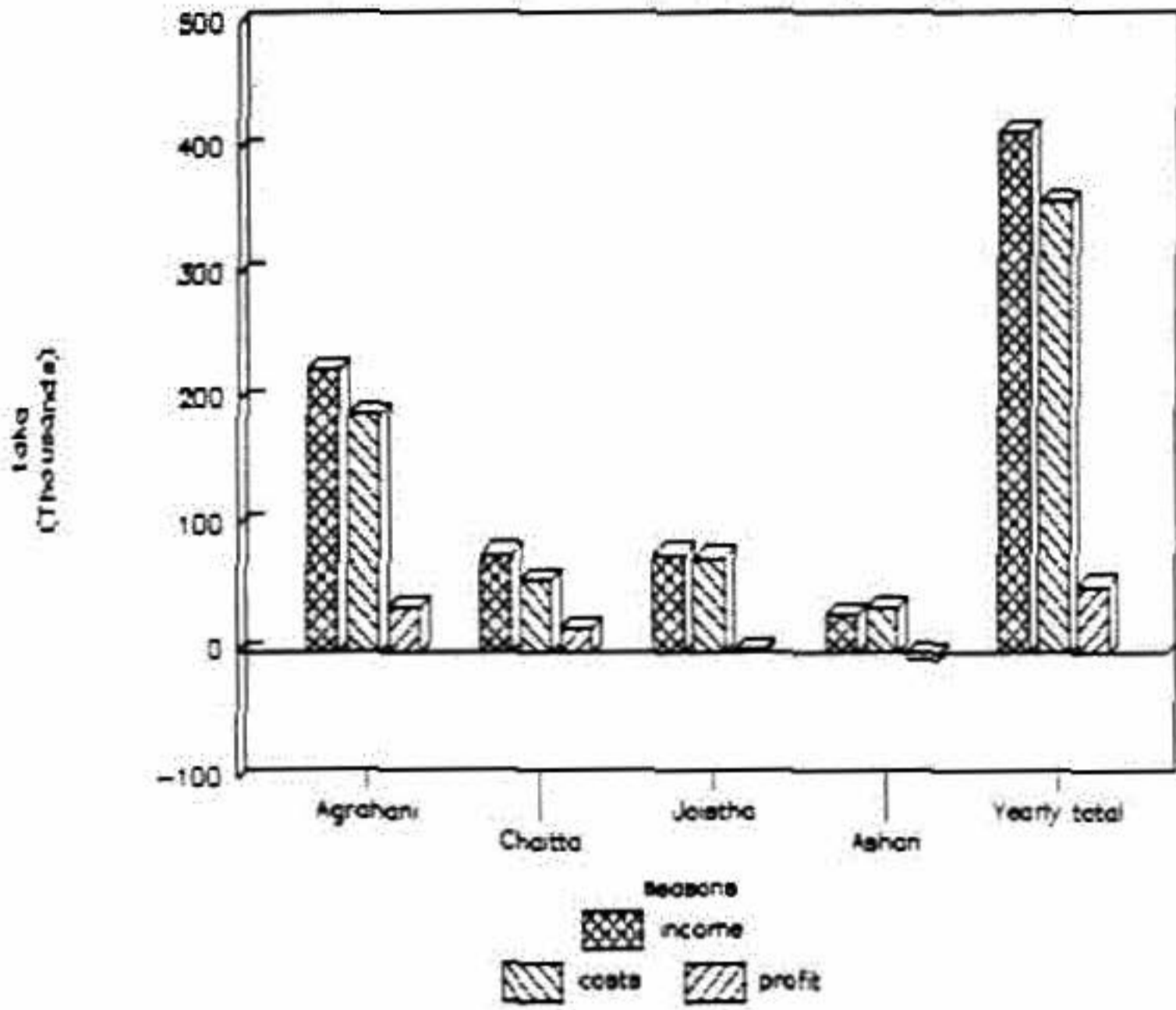


Figure 2

Recorded vs unaccounted costs

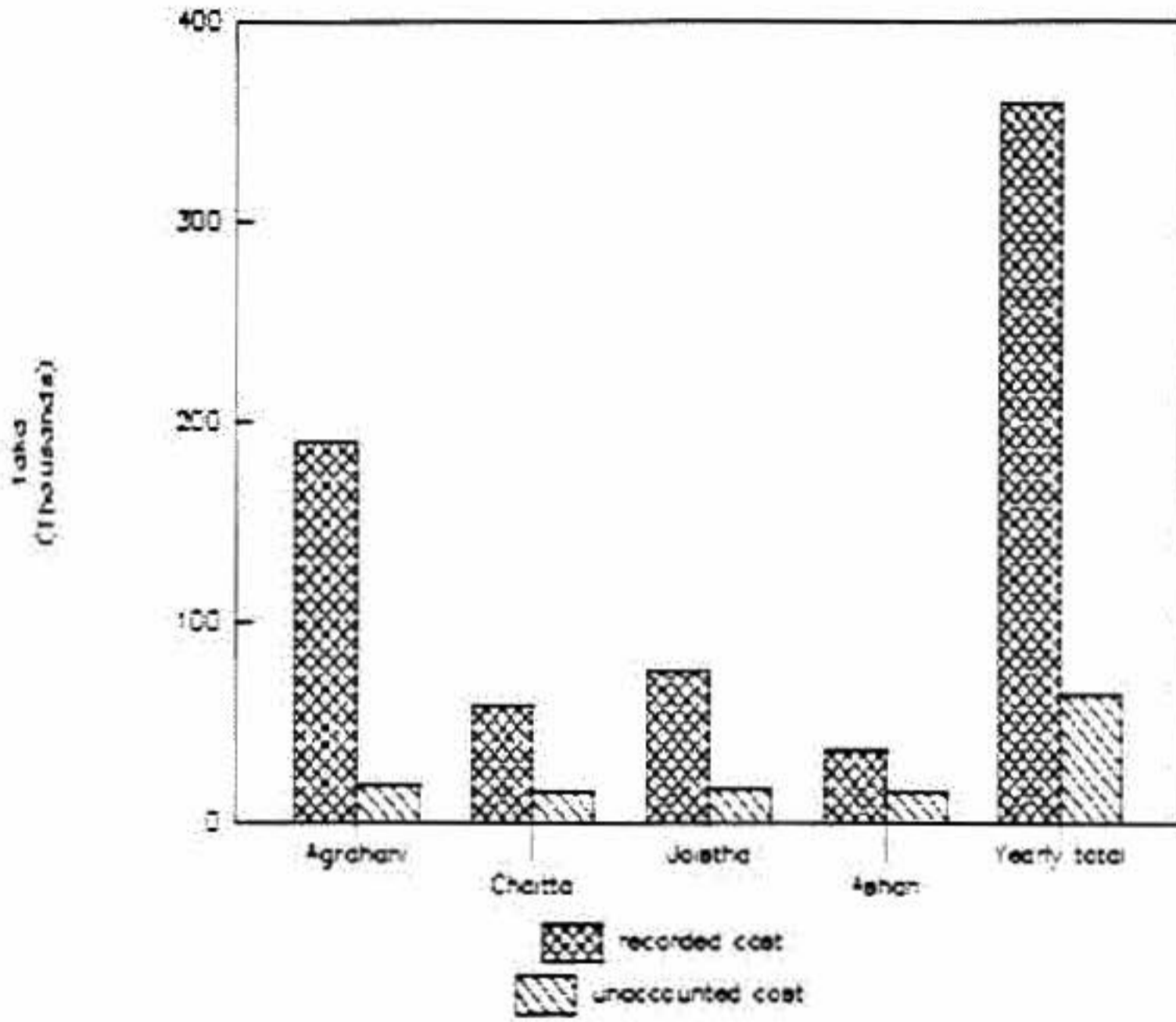
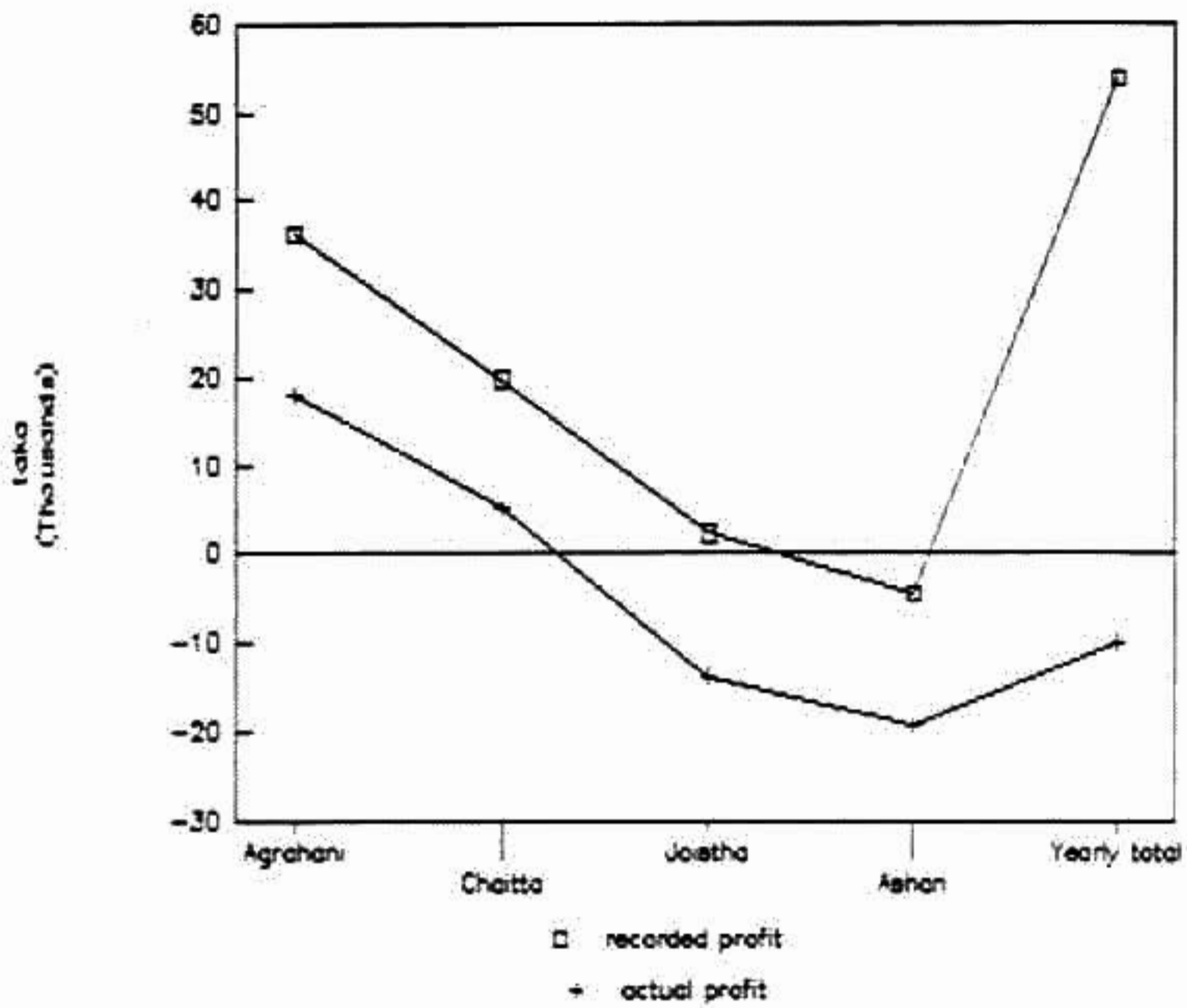


Figure 3
Recorded vs actual profit



Financial Analysis

(Dec 1991 – Oct 1992)

Time usage

- | | |
|-----------------|--|
| Problems | a) Centre open for 194 out of 280 working days
b) Therefore no work for 86 days
c) Out of 194 days 34 spent on producing spun silk |
|-----------------|--|

Why?	Lack of cocoons
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Effects of 86 days closure	- production loss: 97.52 kg yarn - income loss: Taka 170670 - spun silk is inferior - workers' incentive is reduced as they are paid less for producing spun silk
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Table 3: Time Usage (Dec '91 to Oct '92)

Months	Dates of work (silk)	Dates of (spun silk)	Total of working days	Total hours or work	Hours per worker
December	1- 31	-	27	3024	216
January	1 - 31	-	27	3024	216
February	1 - 24	-	21	2352	168
March	C L O S E D				
April	1 - 2 11 - 30	-	19	2128	152
May	1 - 17 (14)	18 - 31* (12)	26	2912 silk 1344 spun silk	112
June	-	1 - 25	22	2464	176
July	1 - 31	-	26	2912	208
August	1 - 31	-	27	3027	216
September	1 - 3	-	3	336	24
October	12 - 31	-	16	1792	128
Total		34	194	24084	1865

Productivity

Three key factors affect productivity at the reeling centre....

A) Cocoon Supply	
Quality	Quantity
<ul style="list-style-type: none">• Bad cocoons lead to large waste production, low yarn production• At present over 500 kg waste and 220 kg of yarn.• Underutilisation of machines. Capable of producing 4,800 grams yarn per day per basin but produce 1,470 grams yarn.• More work for reelers and boilers.• Can result in low quality yarn.	<ul style="list-style-type: none">• Varies in the year so production varies too.• Determines the number of working days.

B) Skill level
<ul style="list-style-type: none">• Need skill upgrading. Produce 206 grams yarn per day per basin in Agrahani bondh. (India - 600 grams produced per day)

C) Electricity
<ul style="list-style-type: none">• Often interrupted. Reduces production.

Figure 4: Seasonal output
Manikganj Centre, 1991/2

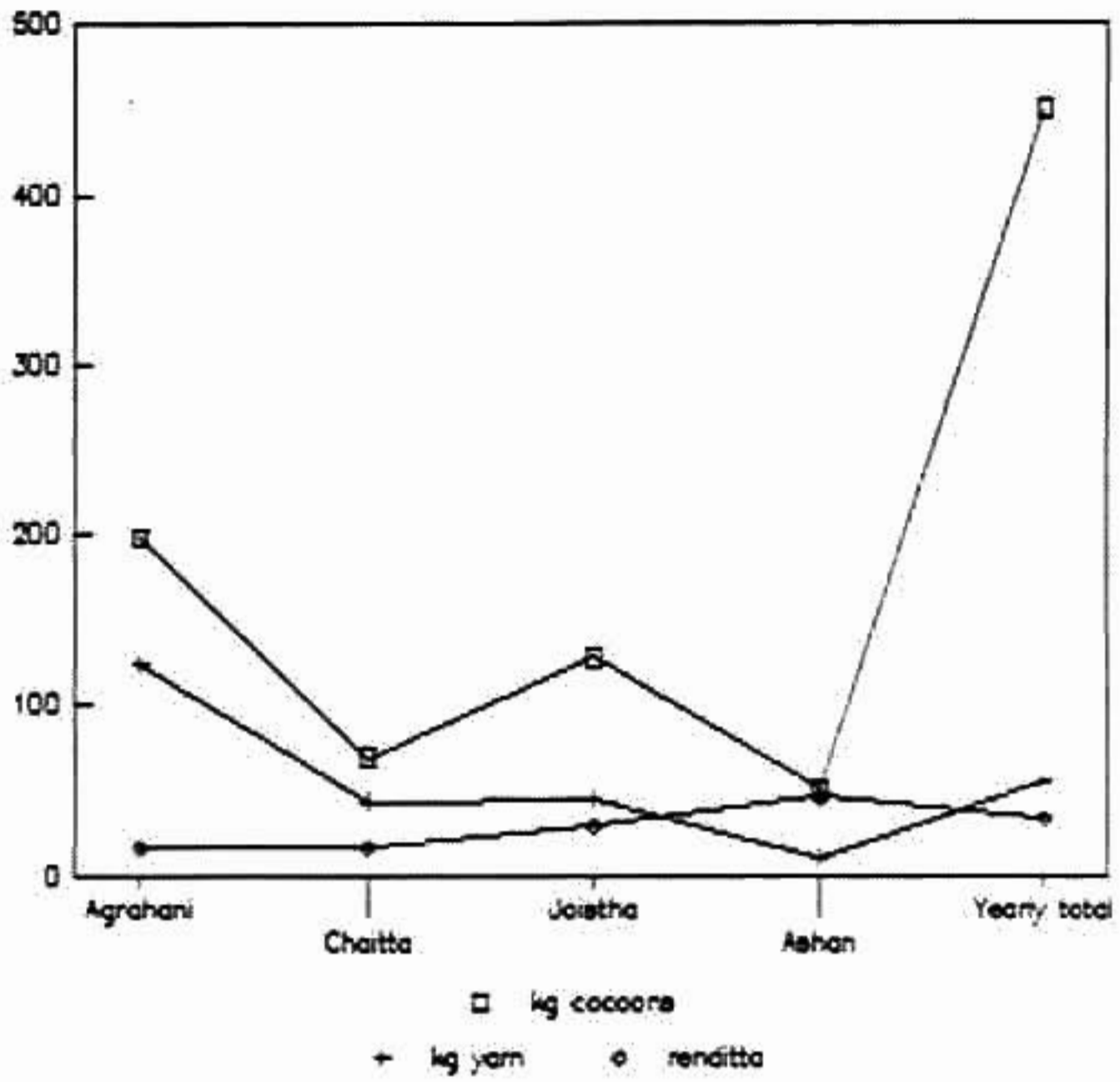


Figure 2
Light Water Output

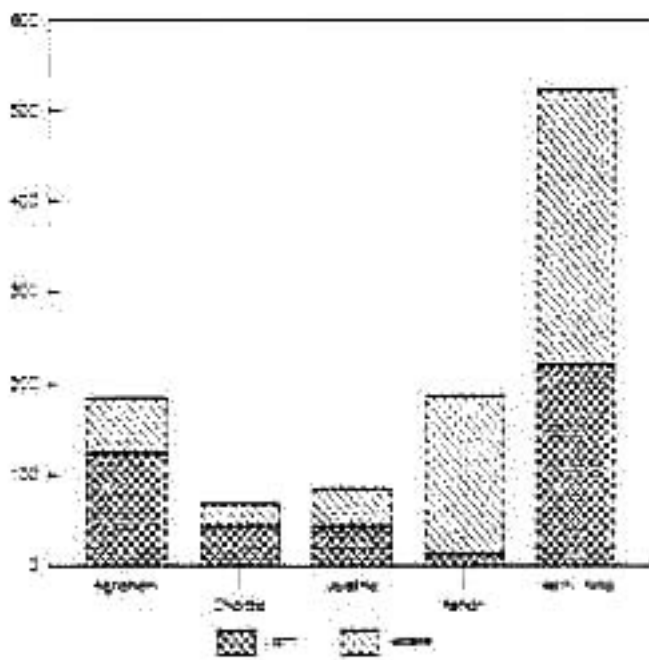


Table 5: Unavailability of yarn 1989

Area	% of requirement unavailable
Shibganj	51
Deludar	50
Mirpur	18
Rupganj	30

Employment generation

Criteria for VO membership

- less than 50 decimals land
- no implements of production
- must sell at least 100 days of labour per annum to subsist

Of the 14 reelers families...

-2 families count reeling income as primary, and 1 counts it as important as the other income source

However...

- 6 own more than 50 decimals of land
- 9 own implements of production
- 9 families are not dependent on reeling income in a major way
- 5 workers said their mothers are VO committee leaders

TRENDS

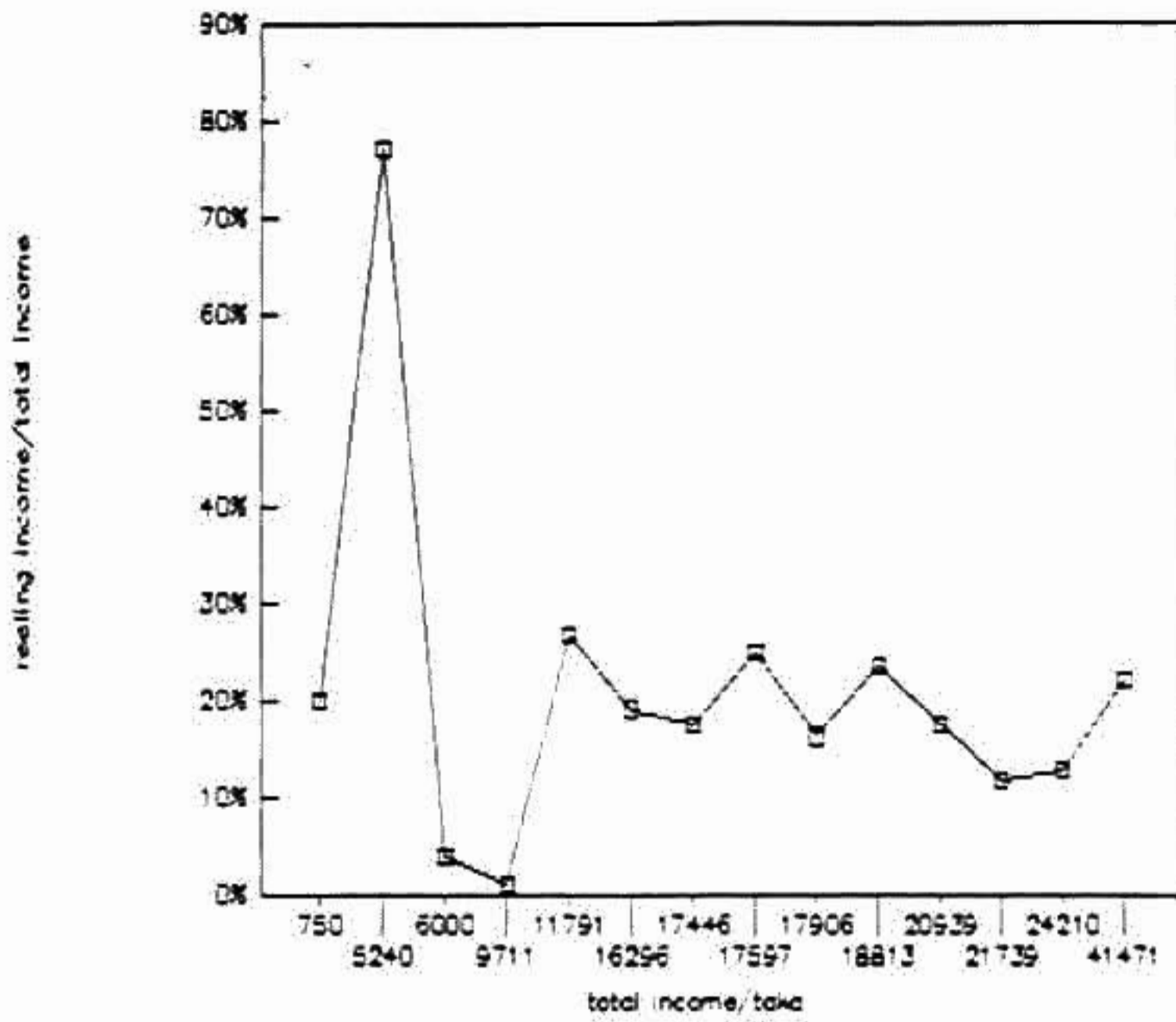
There is evidence to suggest that household income increases with size of landholding.

The higher the total household income, the lower is the dependency on reeling income.

OBSERVATIONS

Reeling income is being provided to rich and poor alike. There does not appear to be effective positive discrimination for providing employment to women from the poorest households.

Figure 7
Reeling vs family income



	FIRST INCOME	REELING INCOME	TOTAL INCOME	LOAN	SAVINGS	LENDING	HUNGER	EDUCATION	LAND SIZE	OWN IMPLEMENTS	ASSETS	WEALTH RATING
	TK	TK	TK									
1. Akleema (Reeler)	21120	3090	24210	None	480 TK (BRAC)	None	No	NFPE	60 dec	Yes (Rickshaw)	Goat	High
2. Shahana (Reeler)	17280	3659	20937	Yes	TK 2 per week	None	No	Jullerate	20 dec	Yes (Van)	No	High
3. Maryina (Reeler)	8640	3151	11791	None	100 TK per month (bank)	None	No	NFPE	33 dec	No	No	Low
4. Reba (reeler)	14400	4413	18813	No	100 TK per month (bank)	None	No	NFPE	33 dec	Yes (shop)	No	High
5. Jahana (reeler)	1200	4040	5240	No	1000 TK (Home)	Yes	Yes	Govt sch (class 5)	10 dec	No	Poultry	Low
6. Sufia (reeler)	13200	4397	17597	Yes	TK 2 per week (BRAC)	No	No	NFPE	33 dec	No	Poultry	High
7. Rina (reeler)	14400	3046	17446	Yes	No	No	No	Jullerate	80 dec (66 dec)	No	Poultry	Medium
8. Aliya (reeler)	15000	2906	17906	No	100 TK per month	None	No	NFPE	25 dec (66 dec)	No	Poultry	High
9. Rotiya (superior)	32,300	9171	41471	Yes BRAC MAHIZAN	TK 2 per week (BRAC)	None	Yes Sept/Oct	Now goes to NFPE	33 dec (59 dec)	No	Poultry chickens	Medium
10. Ruby (reeler)	13200	3096	16296	Yes	No	No	No	NFPE	33 dec (99 dec)	No	No	Medium
11. Parul (border)	600	150	750	Yes	No	No	No	NFPE	5 dec	No	No	Low
12. Najma (border)	5760	240	6000	Yes	No answer	No	Yes	Jullerate	33 dec	Yes (Boat)	No	Low
13. Parween (helper)	9600	111	9711	Yes	Yes (BRAC)	No	No	NFPE	30 dec	No	Poultry Cows	Medium
14. Billbuli (helper)	19200	2539	21739	None	Yes 20 TK BRAC	No	No	NFPE + Jangra School	50 dec	Yes (shop)	Poultry Goat Puffed	High

(*) indicates agricultural land

Employment conditions

I Wage Rate

- Wages paid monthly according to amount of yarn reeled
- Pay rates are higher for silk yarn than for spun silk
- Closure
- Inferior cocoon quality yields less yarn and needs more work
- Workers consider themselves well paid, but are dissatisfied with the erratic nature of the work.

II Drop out rate

- Principal drop out cause is marriage
- There is no dropout due to dissatisfaction with pay rates
- There are few other perceived employment opportunities

III NFPE school and para legal programmes

- Available to reeling centre employees

IV Medical facilities

- Basic medical attention is available
- 8 of the present workers have suffered burns and infections
3 remain uncured

Effects of employment generation: I

Has there been an uplift in the quality of life of these families?

A) Expenditure

- Food, clothing, medicines, house repairs.
- generate another income.
- Assets - jewelry, furniture, utensils
- Education

B) Borrowing/lending

5 workers have no borrowing
9 workers have borrowings, 2 repaying from reeling income.
1 worker is lending

C) Savings

- All save with BRAC
- 3 save with Banks, 1 at home.

D) Hunger

2 cases of hunger in the past year, affecting those who are dependent on reeling income.

Cases occurred during the period when the centre was closed down.

Effects of employment generation: II

Is gainful employment associated with increased participation in family and social life?

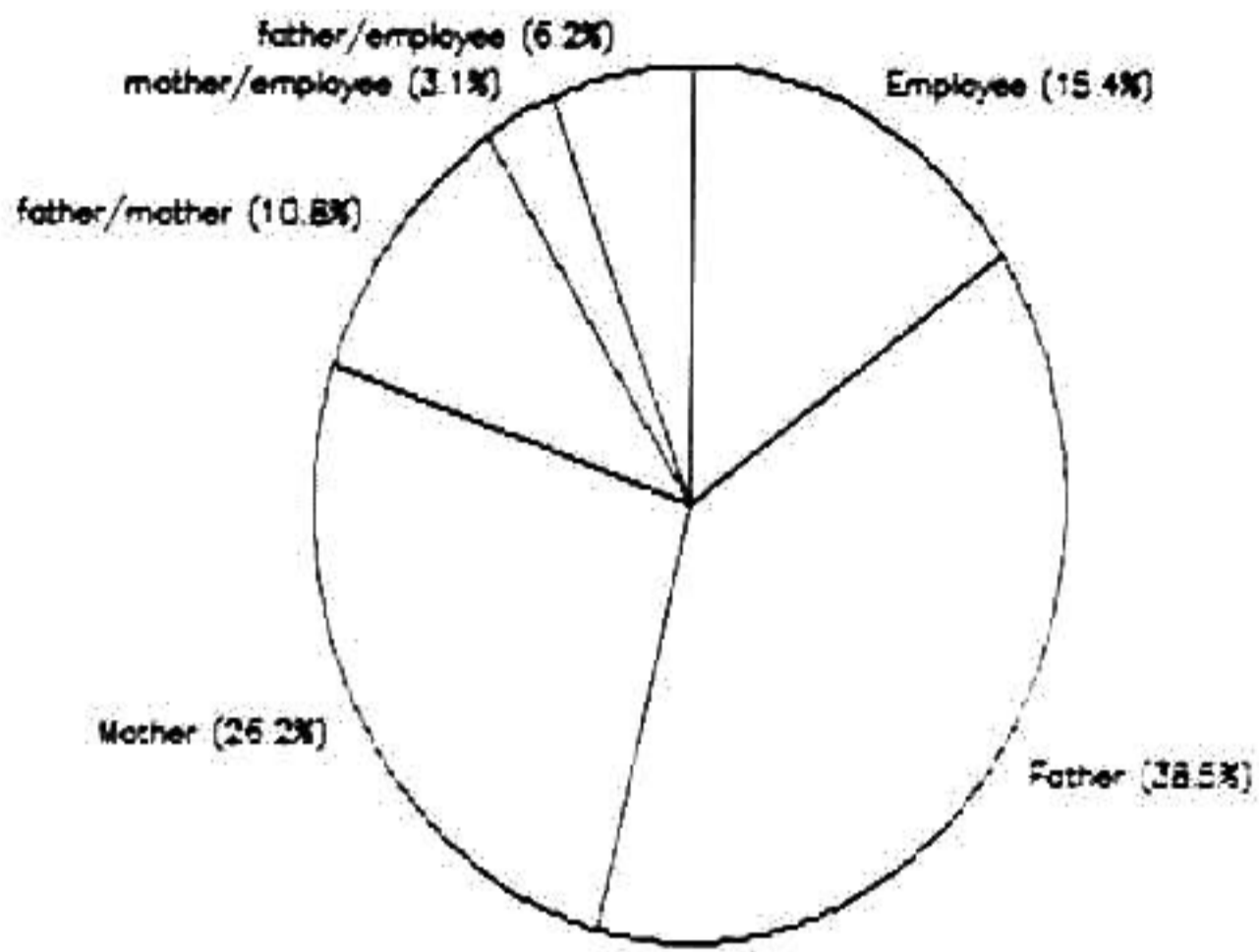
A) Family life

- Low participation in decision making.
- No male family member leads to increase in decision making but workers said it would not be so if they had a male family member.
- Most (9) give all income to their family.
- No hostility from family towards employment.

B) Community life

- Appreciation from friends.
- 5 have been asked to lend money.
- 9 have been asked by friends to find them employment.

Figure 8: Household decision-making



Issues for management

Financial performance

- maintain accurate records
- increase cocoon supply (cut disease, improve storage, purchase from outside)
- regulate electricity supply
- skill upgrading
- develop strategic marketing

Employment generation

- Priority access to poorest groups
- Upgrade on-site medical provisions
- Introduce workplace healthcare policy