



## Commercialization of Bangladeshi Jute and Jute goods: A Special Case Study

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### ABSTRACT

Due to new market entrants, marketing of raw jute and jute products is currently under intense competitive pressure. In Bangladesh, the production of diverse jute products has also picked up speed. This study tries to identify new markets for goods made of jute in Bangladesh. Fifteen target markets of five different continents are examined in this regard. To get a full idea about the market different factors, consumer behavior of some markets, supply chain analysis including industry analysis is done. Traders and product demand of those countries have also identified in this paper. After analysis this research gives us the idea that Bangladesh earns more by exporting value added products than raw jute. Also, it suggests some marketing strategies for the exporter and will give a easy way to commercialize their produced products to the International market. Keywords: Brightness level, FTIR, Shrinkage test, Diversified jute.

**Keywords:** *Commercialization, jute products, marketing, supply chain*

### Introduction

There may be a renaissance coming to the golden fiber. The marketing of raw jute and jute products is currently under intense competitive pressure due to the emergence of new market participants from other countries, the introduction of substitute products, and groundbreaking innovation in the cotton, synthetic, and plastic industries [1]. The situation continues to worsen. Growing globalization and free trade give businesses the opportunity to market and sell their goods to new, potentially lucrative markets. Bangladesh is a leader among the Least Developed Countries (LDC) and a quickly developing player in international trade [2]. By accessing the most recent technology, new product ideas, and manufacturing innovations that cater to consumers, international firms can identify and increase their competitiveness. As the jute industry is one of the most economically significant industries in Bangladesh, any issues affecting it must be researched thoroughly and resolved as soon as feasible. Currently, both the public and private sectors of the industry are confronted with major problems. Some of these problems include: an ever-increasing need for subsidies and a rise in the cost of production, an increase in the proportion of idle looms, a managerial vacuum, a lack of effective operating policies, alleged gross mismanagement in the procurement of raw jute, a shortage of orders with diverse specifications from buyers, an imbalance, and obsolete and worn-out equipment [3]. All these issues have rendered this industry highly unprofitable, necessitating substantial government subsidies. From the definition of commercialization of agricultural product like jute we mean production of agricultural crops for sale in the market rather than for family consumption. Jute is a cash crop that's why we have to emphasize on the "sale" aspect of jute. In this regard in this project, we try to find out the important target markets and product varieties, also marketing strategies with most modern promotional way to solve the problems regarding commercialization of jute goods [4].

### 2. Materials and Methods

This project warrants investigation. The data was obtained through secondary sources. Among the secondary sources of data were the annual reports of the Bangladesh Jute Mills Corporation and Bangladesh Jute Mills Association, the International Jute Study Group, the Statistical Yearbook, the Bangladesh

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Economic Review, the Bangladesh Agricultural Statistics, the Bangladesh Bank Economic Review, and articles from journals, newspapers, and websites. Data collection and analysis: To gather information regarding Bangladesh's jute business, a variety of secondary sources, including books, journals, websites, statistical reports, research reports, etc., are examined and studied

### 3. Results and Discussion

#### 3.1 Production capacity of jute in Bangladesh

Since the nation's independence, jute production has increased by about one hundred percent. The production of the most inexpensive natural fiber increased from more than 42 lakh bales in 1971-72 to more than 82 lakh bales in the most recent fiscal year (2016-17) [5]. More encouraging is the fact that the majority of the improvement in output resulted from improved breeds and farm management, as opposed to land expansion. While jute acreage has expanded modestly over the past four decades, its production has climbed extraordinarily significantly due to improved crop management, inputs, breeds, and seeds. In recent years, Bangladeshi scientists deciphered the genetic mapping of both tossa and deshi (local) jute, paving the way for the development of higher-quality fibers [6].

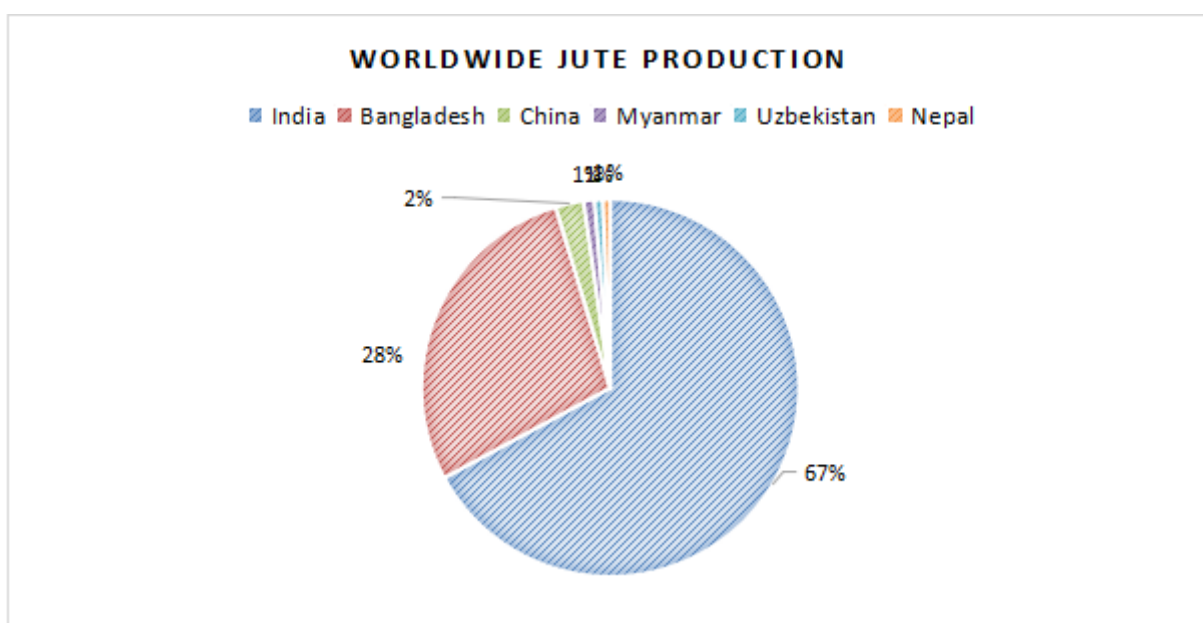


Figure 1. Country wise share of worlds Jute production

Jute is grown in various parts of the world; India, Bangladesh, China, Pakistan, Uzbekistan, Nepal and Myanmar are the major producers of raw jute. Jute cultivation began in this region nearly 3,000 years ago [7]. Following independence from Pakistan, Bangladesh turned jute into its primary cash crop. At present Bangladesh is the second biggest producer of raw jute in the world. Table 1 shows the world ranking in jute goods production. Figure 2 shows the jute products of Bangladesh in the rate of percentage.

Table 1: World ranking in jute goods production

Rank	Country	Production In MT	Rank	Country	Production In MT
1	India	1,900,000	10	Egypt	2,200
2	Bangladesh	800,000	11	Brazil	1,765
3	China	68,000	12	Zimbabwe	1,500
4	Myanmar	26,169	13	Cambodia	650
5	Uzbekistan	20,000	14	Bhutan	350
6	Nepal	17,661	15	Peru	215
7	Vietnam	15,000	16	Cameroon	100
8	Thailand	5,000	17	Pakistan	22
9	Sudan	3,350			

Source: www.worldjute.com

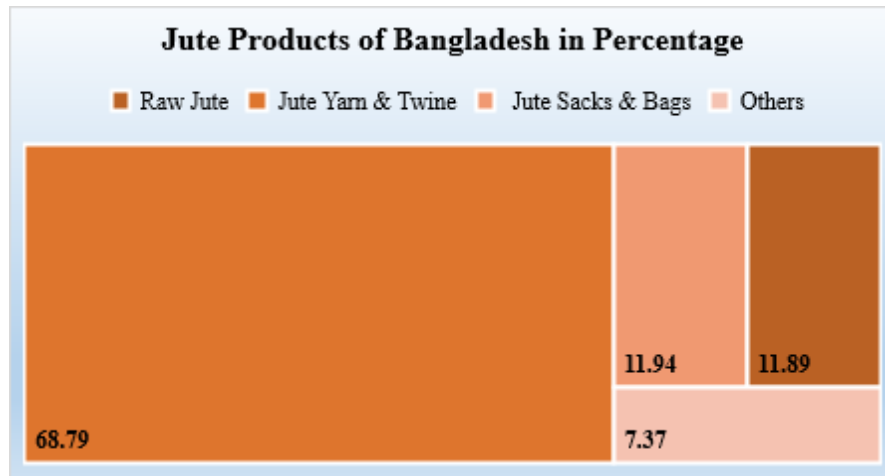


Figure 1. Jute Products of Bangladesh in Percentage

### 3.2 Jute industries in Bangladesh

Bangladesh is the biggest exporter of raw jute and jute twine, but India is the biggest producer of jute among the world's jute-producing nations. Historically, Bangladesh's biggest export was jute, and the country's agro-climatic conditions made jute cultivation its primary industry [8]. However, the development of rival products, high manufacturing costs, government inaction and subsequent legislative limitations, a lack of a marketing strategy, and advancements in technology caused a decline in export growth in the late 1980s. But as people became more aware of the benefits of using jute for environmental purposes, demand for various jute products increased, leading the government and producer to focus on this industry. The clusters of various jute goods created from jute plants are essential for the manufacturing of yarn and, consequently, of fabrics, particularly three types: handloom, power loom, and knitted fabrics. It can be used to make things of higher value [9].

### 3.3 Export performance of Jute by Bangladesh

The government issued an indefinite export restriction on uncut Bangla Tosha Rejection and Bangla White Rejection raw jute. According to the Export Promotion Bureau, this is why Raw jute shipments decreased 18 percent year-over-year to \$95 million in the first seven months of the fiscal year. Jute goods is one of the major export earners for Bangladesh. According to the latest data from the Export Promotion Bureau (EPB) jute sector export earnings is 4.9% of all export earnings of Bangladesh. The export of jute goods reached \$116.14 crore in the FY2020-21 which is a 31% increase compared to last year.

Table 2: Export Earnings of Bangladesh from Jute Goods

Year	Export Million USD	Change from fiscal year to year (%)
2020-2021	1161.48	31.63
2019-2020	882.35	8.10
2018-2019	816.27	-20.41
2017-2018	1025.55	

According to the data from the Export Promotion Bureau (EPB) Bangladesh's exports of jute and jute-based goods have crossed 1 billion USD four times in the last 12 years. Earnings reached \$111.4 million for the first time in FY2010-11, then \$103.06 million in FY2012-13, \$1025.55 million in FY2017-18 and \$1161.48 million in FY2020-21. In FY20-21, Bangladesh's raw jute exports reached \$13.18 crore, which is 6% more compared year-on-year [10]. The exports of jute yarn and twine also increased compared to the last fiscal year and the annual target. Exports revenue from such goods reached \$79.90 crore showing a 42% increase when compared year-on-year. During the same period, exports of jute sacks and bags rose by 30%, other products by 5% and man-made filaments and staple fibres by 10%.

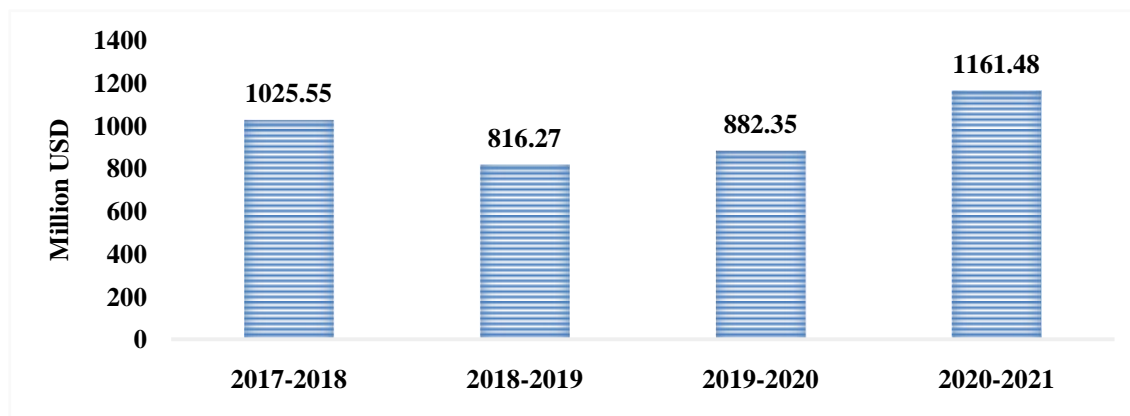


Figure 2. Export Earning of Bangladesh from Jute Goods

### 3.4 Production and export of jute product

Bangladesh's jute and jute products are in high demand in over 60 nations. As a result of our lagging production and diversification of jute and jute products, however, we are unable to fully exploit these vast export opportunities [11]. The current government has taken significant measures to increase jute quality and product diversity. The cash incentive for export-oriented varied jute products has been increased to 20%. Consequently, exports of diverse, high-quality jute goods have multiplied. Figure 4 illustrates the export earning of Bangladesh Jute good in a fiscal year. Figure 4 shows the exporting earning of jute goods yearly.

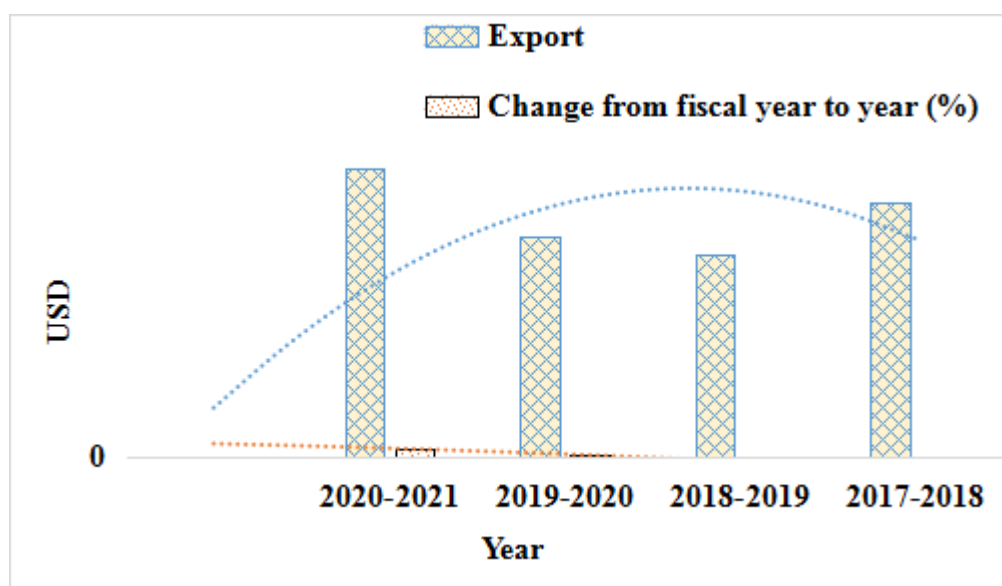


Figure 4. Export Earning of Bangladesh from Jute Goods (year wise)

### 3.5 Export of jute to different countries

The export value of jute in different countries of the world. It also shows the position of each country for exporting jute in comparison with other countries. The unique physical properties of jute are being explored in diverse sectors to produce environment friendly products [12]. To combat climate change scientists worldwide are finding ways to replace synthetic fibers with natural fibers. This has increased demand for jute in new industrial sectors with diverse range of jute products. Table 3 and Figure 5 shows the country wise export earnings from jute products.

Table 3: Country wise Export Earnings from Jute Products (2020-2021)

Countries	Amount in Million USD
China	145.53
Turkey	333.76
India	130.42
Russia	22.72

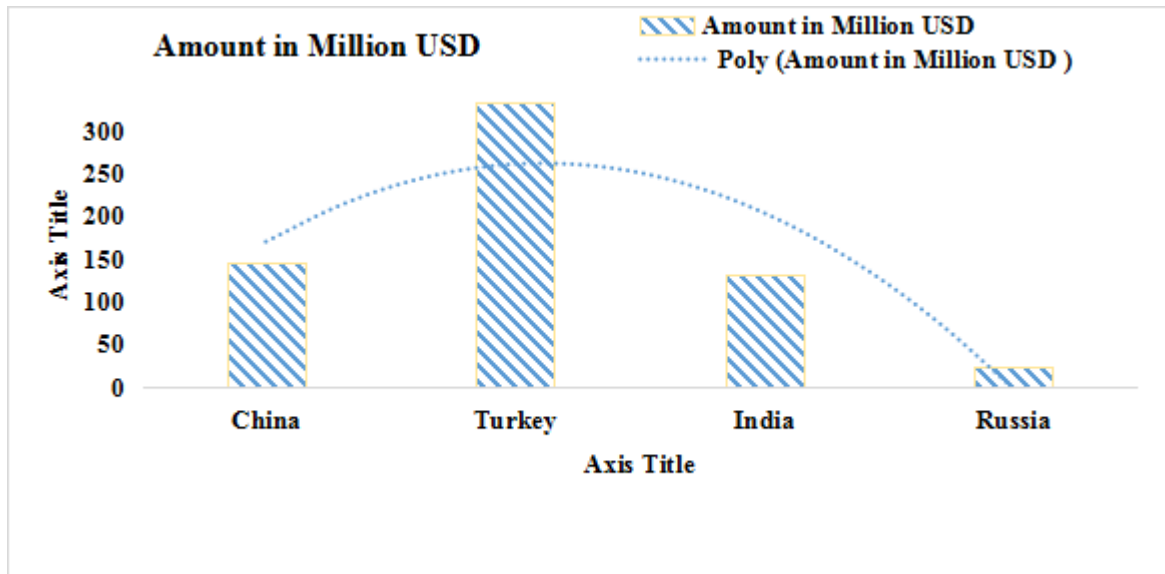


Figure 5. Country wise Export Earnings from Jute Products

### 3.6 Jute Industries and Traders

Synergetics, Kicks Limited, Wearnmax Inc, Sonee Inc, Bright Star Global Trading LLC, Kenaf USA, LLC, KenafSeed.Com etc. Following table shows the export of raw jute and jute products to USA and also it shows the percentage of total export to USA. AGNELLA Rugs & Carpets, AGRO-JUMAL SP ZOO, Mandallin, PPH PASSAN, PPHU Stampa are some prominent industries for jute goods production. From the graph we observe that Bangladesh earns 28 million in 2019 (Oct-Dec) by exporting different products. Again, in October-December 2020 it became 29 million takas for jute products which was 18% of overall export to Poland and only .01% for raw jute. In 2022 up to March jute product of BDT 33 million has already been exported and also 19 million takas has been earned by exporting raw jute which is .01% of total export to Poland [13].

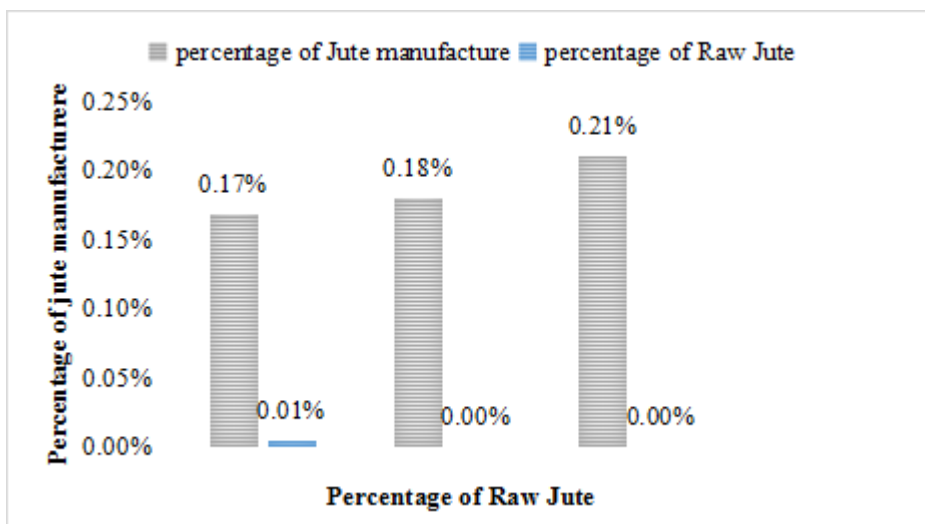


Figure 6. Jute Industries and Traders relationship in percentages

### 3.7 Jute Product and Price

Several essential tactics for adjusting prices are discussed below; they are typically implemented for products that are in decline due to intense competition pressure or alternative products. Adjusting the cost of jute in real time so that it better suits the unique traits and circumstances of each consumer is an example of "dynamic pricing" [14]. A jute marketer can increase short-term sales volume and market demand using a temporary price reduction approach known as promotional pricing. Psychological Pricing: Jute merchants may occasionally alter prices for purely psychological impacts on consumers.

Reduction and compensation Pricing can take the form of a cash discount, a quantity discount, a functional discount, or a promotional allowance. International pricing refers to modifying prices for use in foreign markets [15].

From above graphs, figures, and discussion it is clear that Bangladesh earns lot of foreign currency by exporting Jute diversified product rather than raw jute to different countries. Country wise findings are already discussed. Again, earning from INDIA (one of the major jute exporting destination) has been reduced from 17 crore dollar to 16crore 61lac dollar in 2017-18 economic year. Again, production of export quality product should also be the prime aim of JDPs [16-19]. New products such as jute charcoal and jute tea, jute Geo-Textile, food grade bags, home textile, modern packaging items will let the industry explore new markets, and more traditional products such as jute bags will find a new generation of consumers [20]. Again, by following most modern marketing strategies, marketing become easier and time consuming. All will make a fruitful result in future.

#### 4. Conclusion

Through a market screening model, some nations were chosen as potential markets for Bangladeshi jute products due to their economic growth, ongoing multi-cultural immigration (who are potential customers for their home country products), consumer purchasing power, geographical proximity to Bangladeshi jute exporters, and cultural familiarity. Due to imposition of antidumping tax on Bangladeshi Jute exporters by India, it will continue for next five years. So, it's the high time to identify the perfect target like USA, Australia, Brazil, Netherland etc. to export Jute products. Also, Government plans BDT10,000cr fund for jute sector and will scrutinize new policy. At the end of this analysis, a decision can be taken that those 15 countries would be a promising destination for Bangladeshi JDPs

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