

## Present Condition of Jute Sector in Bangladesh

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### Abstract

*Jute is a vital sector from economical, agricultural, industrial, and commercial point of view in Bangladesh. Once upon a time jute was called the 'Golden Fibre' of Bangladesh. But due to continuous loss every year, the present and future prosperity and growth of this industry is in a vulnerable condition. There are different causes behind this situation. This sector has a good potential to earn a lot of foreign currencies for Bangladesh. Because at present, people are very cautious about environment and jute is an environment friendly product. For this a good number of researches are needed in this area. From this research, the policy maker will get some idea about how to improve this sector. The aim of this paper is to highlight the present scenario of jute industry in Bangladesh and give some recommendations to improve this sector.*

### Introduction

The contribution of jute sector to economy of Bangladesh is enormous. This sector has been generating employment to a large segment of total population of the country, directly and indirectly over the years. Bangladesh produces 5.5-6.0 million (55-60 lakh) bales of raw jute every year of which some 3.2 million (32 lakh) bales are used in the existing 148 jute mills. The country exports 2.4 million (24 lakh) bales of jute. Some 1,60,000 employees of the country are directly employed in the jute mills.

The total demand for jute goods in the international market is 0.75 million (7.50 lakh) tonnes. Bangladesh exports 0.46 million (4.60 lakh) tonnes of jute goods while India enjoys a share of 0.285 million (2.85 lakh) tonnes in the international market. Dhaka controls 62 per cent share of the total jute goods market of the world and earn Taka 20.125 billion (2012.5 crore)

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by exporting jute goods. Bangladesh is the lone exporter of raw jute. In recent year the country exported 2.4 million (24 lakh) bales of raw jute valued at Taka 9.77 million (977 crore). In total Bangladesh fetched Taka 29.395 billion (2939.5 crore) by exporting raw jute and jute goods. (Yusuf, 2007)

As jute industry is economically an important industry of Bangladesh, any problem this industry faces should be studied carefully and should be removed as early as possible. At present, the industry faces some serious problem both in public and in private sector. Some of these problems are; ever-increasing need of subsidies and rise in cost of production, share increased in idle looms, managerial vacuum, lack of effective operating policies, alleged gross mismanagement in procurement of raw jute, shortage of varied nature of orders received from the buyer, imbalance, obsolete and worn out equipment's and some other problems like these. All these problems have converted this industry into a heavily loosing industry and hence needed generous subsidies from government. But it is being observed that recently different organizations organizing seminars, symposium etc. and publishing various articles in newspaper regarding present ailing situation on jute industries. All are concerned how to overcome this situation and salvage the jute industry (Yusuf, 2007). So the authors of this paper make a study on the jute industry of Bangladesh.

### **Objectives of the Study**

This study is made to fulfill the following special objectives:

1. To introduce the present scenario of jute industry in Bangladesh.
2. To identify local sales and foreign sales for both BJMC and BJMA.
3. To identify the number of employees in both BJMC and BJMA.
4. To identify production efficiency.
5. To conduct a comparative performance evaluation of public and private sector jute mills

### **Methodology of the study**

This study is made on the basis of secondary data. The authors did not find much difficulty to collect relevant data to conduct this secondary based study. Data are collected on the basis of production, employment, raw jute consumption, export earning, local sales of jute goods, annual reports of BJMC and BJMA, statistical year book, study on jute and cotton textile (Vol. 1) prepared by ministry of planning commission, various books and journals, etc.

### **Limitation of the Study**

This paper has some limitations. As we know that jute industry is a very large industrial sector, so it was not possible for the authors to discuss all of its area. For that reason, the authors discuss the main area of this sector. The main limitations are as follows:

- Lack of data: For comparative purposes, data is the main thing. Sometime data are available but the figure is given in different unit in BJMC (Bangladesh Jute Mill Corporation) and BJMA (Bangladesh Jute Mill Association), so conversion of data into one form to another become difficult.
- Lack of current data: Collection of recent data in jute sector is not an easy task. So the authors used some non recent data.

- Difference in figure: Difference in data of same type collected from different sources had created some hazardous situation and sometime it was confusing.
- Reliability of secondary sources: The reliability of the secondary data is not possible to test.
- Verifiability of data: There are some sources of data which are unreachable to be verified.

### **Reforms in the jute sector: a brief history**

After Bangladesh's independence in 1971, the government pursued a program of nationalization of large manufacturing enterprises. As part of this program it took over all the abandoned jute mills and nationalized those owned by Bangladeshi citizens. The operations of these nationalized mills were put under the Bangladesh Jute Mills Corporation (BJMC). In the early 80s, some rethinking led to a partial reversal of this policy and over 50 percent of the mills (35 out of 66) under BJMC were privatized. Notwithstanding this change, market forces were still not allowed to guide the operation of the mills and both public and private sector mills remained mired in large financial losses.

In the 90s, the government focused again on the jute sector problems through a restructuring program in order to create a commercially viable jute industry. Supported by the World Bank's Jute Sector Adjustment Credit (JSAC), the government put together a Jute Sector Restructuring Program (JSRP) in 1993 to rationalize the cost structure in the jute industry and to introduce mechanisms through which financial discipline and accountability could be established. The measures under the program included closing the worst performing mills (9 out of 29) and downsizing two large public mills, privatization of at least 18 of the remaining 20 public mills, retrenching 45 percent of labor force, and debt restructuring of about Tk.35 billion (roughly US\$900 million). For the retrenched workers the JSRP had a safety net program, which included separation benefits varying between \$2,600 and \$13,000 depending on the years of service, and re-training. All the 20,000 retrenched workers got the separation benefits, but the retraining program failed to attract their participation.

It was anticipated that at the completion of the reform program, most of the jute mills would be in private hands. However, political instability in the following years stalled the reforms. Debt restructuring, loss financing and labor retrenchment were implemented but closure and privatization of jute mills were put in abeyance. There was an unintended and adverse shift in production from the relatively more efficient private mills to less efficient public mills largely because of the creation of an uneven playing field for private mills. BJMC's access to budgetary funds as well as a guarantee of loss financing for several years allowed it to under-price its products, making it harder for private mills to compete.

The poor financial performance of jute mills continues to be a major concern. Today BJMC is the second largest loss maker among public sector manufacturing enterprises, with annual losses of Tk.2.3 billion, accounting for over 50 percent of total manufacturing SOE losses in FY2006. (<http://go.worldbank.org/5WSKFPXCFO>)

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**Recent reforms**

In 2002, jute sector reforms got a new lease of life with the closure of Adamjee Jute Mills (AJM). This alone led to a decrease in BJMC's losses from Tk.3.9 billion in FY2002 to Tk.2.1 billion in FY2003. It also led to an increase in BJMC's productivity, which jumped from roughly Tk. 25,000 per employee in FY2001 to Tk. 39,000 per employee in FY2003. The conversion of Adamjee into an Export Processing Zone (AEPZ) in 2006 is a landmark in the country's economic management and industrial development history. All developed plots have been allocated to both local and foreign companies and as of January 2007, industries in operation have created direct employment for 34,000 people. Once fully operational, AEPZ is estimated to employ 70,000 people. The closure of AJM resulted in loss of 25,000 permanent jobs and 5,000 temporary jobs.

Closure of public mills has resulted in growth of private mills, particularly in northern Bangladesh, a jute growing area, where industrialization is much needed. Five small mills have been set up in the Greater Rangpur area, mostly with old machinery of closed public mills. Investment in these five mills has been around Tk.1 billion (US\$14 million) and they provide employment for around 3,000 workers, producing about 40 tons of jute bags and fiber daily. Three more mills are also expected to be established in the northern districts shortly, which will provide employment for an additional 5,000 people.

More recently, the government has closed four jute mills. Given their dire financial position, these public jute mills have been unable to pay their workers. Having accrued arrears of six to nine months' wages, workers had resorted to all kinds of distress coping mechanisms, including borrowing and selling personal belongings for subsistence. Under the recently-initiated retrenchment program, arrears are now being paid. In the case of Adamjee Jute Mills closure, workers were given a "golden handshake" and gratuity payments, calculated by a formula based on service length. Furthermore, as part of a safety net program for the retrenched workers, BRAC is involved in a "Social Protection Package for Retrenched SOE Workers" (the Kallyan project), providing training to workers to adopt new skills which will allow them to gain employment elsewhere or set up their own businesses. Among other components, including microcredit, the project also provides education stipends for the children of retrenched workers so that they may continue with their schooling. (<http://go.worldbank.org/5WSKFPXCFO>)

**Production Efficiency**

Production efficiency of jute mills depends on efficient and optimum utilization of both spinning and weaving capacities of mills. The employees are all along pressed on the need to increase the production efficiency of the industry, which was estimated to be working at about 90% of the theoretical capacity. Among the principal factors, the poor state of equipment which had suffered from both inadequate supplies of spare parts and a virtual lack of appropriate maintenance programs, shortage of skilled personnel especially weaving and management personnel, major bottleneck is extremely insufficient and inadequate quantity of yarn to permit looms to operate at their efficient levels, lack of operating efficiency of spinning frames because of heavy dependence of spinning section on imported spares then it is the case of looms, which suffered most especially in their early years of independence because of inadequate supplies of spare parts and also lack of effective of BJMC and inadequate foreign exchange allocation for spare import made the problem very serious.

### Install Capacity and Looms in Operation

Year	BJMC			BJMA		
	Installed Capacity	Loom in Operation	Percentage	Installed Capacity	Loom in Operation	Percentage
2001-02	15808	13024	82.38%	10239	5955	58.15%
2002-03	15808	12451	78.76%	10239	5240	51.17%
2003-04	14026	12554	84.10%	10217	5148	50.38%
2004-05	14866	12302	82.75%	10207	4317	42.29%
2005-06	14866	12204	82.09%	10207	4063	39.81%

**Source:** BJMC & BJMA Reports.

From the above table no 8 it is easy to say that presentation of loom in respect to installed capacity of BJMC mills is much higher than the BJMA, it is on an average 48%. Detail of installed capacity of BJMC and BJMA mills are given:

### Export and Local Sales Performance

Output of jute mills are sold both in foreign sales of hessian in the year 2001-02 was 82,456 m.ton, in the year 2002-03 it increase to 10,000 but in the year 2003-04 it decreased to 87,178, after that there is a decreasing trend in case of foreign sales of hessian in the next two years, in the year 2004-05 it was 80,965 m.ton and in 2005-06 it was 50,865.

In case of hessian, we find bigger quantity sold (83306) than what was produced by BJMC's mill (73004) in 2001-02. Again in year 2002-03 the sales of hessian (103598) was higher than its production (86418). Some case was happening in 2003-04 and 2004-05 but in 2005-06 sales (53031) of hessian was less than its production (78768). In case of sacking sales was greater than its production in the year 2001-02, 2002-03 and 2004-05 but in the year 2002-03 and 2005-06 production was higher than sales. In case of C.B.C year 2001-02, 2004-04, 2004-05, 2005-06 have production higher than sales, only in the year 93-94 sales exceed production.

In case of BJMA, hessian sales was higher than production in the year 2001-02, 2002-03, 2003-04, 2004-05 but in the year 2005-06 the production is higher than sales. In case of sacking 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06 production was greater than sales, only in 2003-04 sales in the year 2001-02, 2003-04, 2004-05 sales is greater than production in 2002-03 and 2005-06.

### Export of Jute Products by type from Bangladesh

in '000 tonnes (1 tonne = 1000 Kg)

Year	Manufactures				
	Yarn	Hessian	Sacking	Carpet Backing	Total
2008-2009	301.32	31.39	110.6	9.15	454.43
2007-2008	368.85	42.83	113.95	18.53	548.49
2006-2007	199.49	110.15	147.32	18.62	481.1
2005-2006	149.68	112.55	151.03	21.07	439.09

2004-2005	143.9	100.43	124.17	n.a	389.29
2003-2004	175.85	48.68	81.76	19.21	326.24
2002-2003	183.04	57.17	117.29	25.81	383.7
2001-2002	147.15	84.16	130.86	27.55	394.42
2000-2001	153.54	75.2	144.1	31.34	408.54
1999-2000	156.56	87	123.69	34.62	405.19
1998-1999	158.7	107.29	134.4	25.55	431.4
1997-1998	122.95	78.29	83.77	36.73	343.9
1996-1997	134.59	79.03	153.75	32.92	409.61
1995-1996	85.4	97.2	163.8	45.7	427.4
1994-1995	107.3	115.88	194.82	48.42	494.87
1993-1994	90.55	133.47	159.38	57.17	466.85
1992-1993	85.1	122.1	213.6	48.8	491.8
1991-1992	90.5	132.6	192.3	58.2	487

Source: International Jute Study Group, [http://www.jute.org/statistics\\_03.htm](http://www.jute.org/statistics_03.htm)

### Employment

Jute sector employees about 41% of total manpower employed in the major industrial sector of Bangladesh, of which jute sector employees about 23% and the rest by the cotton sector. Jute manufacturing industry is substantially labor incentive. The industry is one of the biggest employers of the industrial workers engage in industrial sector of the country. The following table no 23 show that in the year 2001-02 there was total 96586 employees in BJMC mills. In the year 2002-03 it decreased to 88087 and in 2003-04 it decreased to 83717. It again increases to 89416 in the year 2004-05 and then again in the year 2005-06 it fall to 87180 no of employee.

In case of BJMA mills total no of employee was 84325 in the year 2001-02 then it started declined and in the year 2002-03 it was at 77523, in the year 2003-04, then it was at 59691, the year 2004-05 it was 56414 and in the year 2005-06 it was 57046.

#### Total Number of Employee

Year	BJMC	BJMC
2001-02	96586	51326
2002-03	88087	48631
2003-04	83717	45883
2004-05	89416	38859
2005-06	87180	37339

Source: BJMC & BJMA Report

## Portrayal of Jute sector in Bangladesh

**1. Structure of Jute Industry in Bangladesh:** There are two types of jute mills in Bangladesh: a) 19 conventional/traditional jute mills are running under Bangladesh Jute Mills Corporation (BJMC) producing Hessian, CBC and sack and 42 conventional jute mills are under the Bangladesh Jute Mills Association (BJMA) in the private management. Out of these mills only seven to ten mills running well, five to seven are limping and the rest being closed. The reason is because of original entrepreneurs are burdened with heavy bad debts and banks are unable to finance them due to overdrawn position.

After closing down the largest jute mill in Asia, Adamjee Jute Mills at Narayanganj, the government handed over some of its good condition machineries to mills under Bangladesh Jute Mills Corporation (BJMC) and sold rest of almost useless machineries to the private entrepreneurs by which they set up having a capacity of 20-50 looms. Now, there are such 30 mills, producing traditional jute goods, they are also under Bangladesh Jute Mill Association (BJMA).

There are 50 private jute spinning mills producing jute yarn/twine under Bangladesh Jute Spinners Association (BJSa). The mills under jute spinning sector produce 0.29 million (2.90 lakh) tonnes of jute yarn/twine and export 0.261 million (2.61 lakh) m. tonnes of quality yarn/twine consuming 1.9 million (19 lakh) bales of high quality raw jute and earn foreign exchange worth Taka 12 million (1200 crore) per annum.

Before the independence, the country had six jute yarn mills. However, this sector had flourished during the '80s as the industry experienced a setback in the developed countries during the same period. The entrepreneurs of the country bought these second-hand jute mills machineries with a very low investment and started setting up these jute spinning mills.

Two types of opinion exist in Bangladesh over the management of existing mills under BJMC. One group is in favor of privatization of the existing state owned jute mills, where another group advocates reorganization/restructuring of BJMC mills. The mills under Bangladesh Jute Mills Corporation are exporting 0.128 million (1.28 lakh) m. tonnes of jute goods i.e Hessian, Sacking and CBC. (Yusuf, 2007)

Structure of Jute Manufacturing Industry: 2002-03 to 2009-10

### Production of Jute Goods in Bangladesh: 2003-04 to 2009-10

(Thousand Million Tonnes)

Year	Hessian	Sacking	Carpet backing	Others	Total
2003-04	60	179	26	279	544
2004-05	45	131	17	293	486
2005-06	53	164	25	302	544
2006-07	40	153	18	360	571
2007-08	48	173	21	48	290
2008-09	20	80	06	2	108
2009-10	25	102	10	7	154

Source: Statistical Pocket Book Bangladesh'2010-BBS

**Production of Jute Products by type in Bangladesh**  
in '000 Tonnes (1 tonne = 1000 Kg)

Year	Production (in '000 Tonnes)				
	Yarn	Hessian	Sacking	Carpet Backing	Total
2008-2009	359.09	40.49	180.6	11.13	594.42
2007-2008	377.3	48.49	173.22	21.4	628.41
2006-2007	228.26	118.82	197.92	19.4	571.99
2005-2006	200.28	127.92	206.12	23.87	565.93
2004-2005	201.47	120.24	175.57	18.93	521.77
2003-2004	187.8	49.4	145	19.8	404.7
2002-2003	228.4	71.6	187.1	27.3	515.9
2001-2002	188.3	72.5	183.8	29.4	479.0
2000-2001	179.2	85.6	180.5	32.6	483.4
1999-2000	176	99.1	178.1	27.3	486.3
1998-1999	192.9	89	198.8	37.7	526.5
1997-1998	160.6	89.9	231.1	40.4	551.4
1996-1997	144.8	91	218.9	43.6	510.7
1995-1996	110.4	100.5	210.9	48.1	502.3
1994-1995	114.3	117.3	212.7	49.9	536.0
1993-1994	109	114.3	223.1	51.5	529.3
1992-1993	130.7	116.6	244.2	55.8	577.2
1991-1992	109.6	132	202.8	60.8	521.9

Source: International Jute Study Group, [http://www.jute.org/statistics\\_03.htm](http://www.jute.org/statistics_03.htm)

**Prices of Jute at Grower Level in Bangladesh India & Thailand**

Note: 1 Maund = 37.32 Kg

1 Tonne = 1000 Kg

Year	Bangladesh			India			Thailand	
	Taka/ maund	US\$ / maund	US\$ / Tonne	Rupees/ maund	US\$ / maund	US\$ / Tonne	Baht / tonne	US\$ / Tonne
2009-2010				1009.4	21.39	573.25		
2008-2009	991.90	14.42	386.29	702	14.69	393.71		
2007-2008	727.50	10.60	284.12	452.9	11.22	300.64		
2006-2007	630.58	9.13	244.68	475	10.75	288.02		
2005-2006	684.83	10.20	273.22	537.9	12.02	322.15	7435	186.30
2004-2005	562.58	9.15	245.26	446.2	10.00	268.02	6027.5	150.59
2003-2004	343.9	5.84	156.60	299.9	6.60	176.97	7547	188.22
2002-2003	315.3	5.45	145.92	324.5	6.77	181.41	6997	164.31
2001-2002	450.1	7.90	211.59	402.1	8.44	226.16	7304	163.75
2000-2001	396.6	7.46	199.98	368.9	8.04	215.36	11415	272.23
1999-2000	339	6.73	180.46	360.1	8.25	221.10	8977	234.09
1998-1999	281.3	5.85	156.75	341.8	8.02	215.03	6330	166.30
1997-1998	212.9	4.69	125.67	235.2	6.13	164.15	5088	126.32



1996-1997	367.3	8.66	232.07	439.5	12.29	329.23	8720	343.17
1995-1996	510.8	12.50	334.97	515.4	15.03	402.75	10328	410.49
1994-1995	275.5	6.85	183.63	296.9	9.45	253.28	6070	243.87
1993-1994	304.8	7.65	204.86	271.5	8.65	231.91	6000	237.02
1992-1993	243.9	6.23	166.93	173.6	6.25	167.44	7016	276.97
1991-1992	273.19	7.16	191.79	181.79	7.04	188.69	7248	283.89

Source: Source: International Jute Study Group, [http://www.jute.org/statistics\\_03.htm](http://www.jute.org/statistics_03.htm)

**2. BJMC makes profit after 29 years:** The state-run Bangladesh Jute Mills Corporation (BJMC) made a net profit after 29 years as both of its production and sale have increased significantly. The corporation has started making operating profit as the production and sale of jute goods have increased simultaneously in local and overseas markets. Besides, the prices of raw jute and jute goods have also marked rise by 33 per cent in the international market, because of its environment-friendly quality. From this April the jute mills under the corporation made operating profit and gradually covering the losses and going to be a profitable concern. The BJMC earned operating profit of Tk 69 million (Tk 6.92 crore) in May this year while the profit during the July- May period of FY 2010-11 was Tk 77 million.

At present some 19 jute mills are in operation under the BJMC management. Of the mills, 15 made operating profit in May this year but the corporation officials were hopeful that all the mills will make profit. The Latif Bawani Jute Mills made profit worth Tk 35.2 million, the highest among the BJMC mills. Bangladesh Jute Mills has earned Tk 12.4 million, while Karim Jute Mills Tk 7.8 million, Rajshahi Jute Mills Tk 4.3 million, Gul Ahmed Jute Mills Tk 6.58 million, and Hafiz Jute Mills Tk 5.09 million. The BJMC-run mills could not make profit since 1982. The corporation for the last time made profit worth of Tk 175 million in 1982. After that it was always in the red. The BJMC exported 89,391 tonnes of jute products in FY 2008-09. However, the corporation is expecting to increase it to 150,000 tonnes in present fiscal. The demand of jute products will increase in the domestic markets in the near future due to introduction of the mandatory jute packaging act-2010.

**3. Seven Khulna jute mills earn Tk. 22.8m in the month of June:** Seven out of eight state run jute mills of Khulna industrial area under BJMC have profited Tk. 22.8 million (2 crore 28 lakh 25 thousand) during the month of June. However, Carpeting Jute Mills has lost Tk. 0.75 million during the period for poor selling of its production. BJMC Khulna zone has achieved its success in June due to proper finance in the jute sector. Seven jute mills produced 7202.63 metric tonnes of jute goods during the month of June.

Of them, Khalishpur Jute mill has profited Tk. 5.89 million by producing 960.43 metric tonnes jute of goods, Crescent Jute Mill earned Tk. 5.26 million against the production of 1896.882 metric tonnes, JJI mill Tk. 4.54 million against the production of 714.11 metric tonnes, Star Jute Mill 2.69 million against the production of 922.86 metric tonnes, Alim Jute Mill 1.62 million against the production of 416.78 metric tonnes, Eastern Jute Mill 1.51 million against the production of 572.82 metric tonnes and Platinum Jute Mill Tk. 1.29 million against the production of 1458.08 metric tonnes. Only Carpeting Jute Mill has lost Tk 0.76 million by producing 260.62 metric tonnes during the period (source: [www.worldjute.com](http://www.worldjute.com)).

**4. Success of the private sector: the rarely heard story:** Contrary to the performance of the public mills, there has been a private resurgence in the jute sector represented in the Bangladesh Jute Spinners Association. Their members are engaged in the production of profitable yarn and twine. With the growth of the wholly private spinning sub-sector, there are now 118 privately-owned mills in the jute sector.

The deteriorating performance of BJMC mills did not have an unfavorable effect on the total production of jute, which has remained relatively stable between 500,000 to 600,000 metric tons. Instead, there has been major product re-orientation: from traditional products such as hessian, sacking and CBC, to yarn and twine. The share of traditional products in total production has fallen from 80 percent in the early 90s to 45 percent in FY2006, with yarn/twine now making up more than half of total production. Since FY2000, export earnings of the spinning sector have grown at an average 12 percent annually and account for 60 percent of export earnings (US\$180 million) from jute goods.

#### **Suggested Policy Measures**

**Cost control:** The need for cost control has been felt comparatively much more severely and urgently in case of jute industry than any other industries of Bangladesh. Adequate and effective process cost control measures can only let this industry survive. Installation of standard costing would bring about a revolutionary change by identifying imperfections, inefficiencies, and causes of leakage of profits.

#### **Effective production Planning**

For effective production planning the line of demand of jute goods, buyers preferences, needs and accordingly the market strategies should be fixed from time to time for various jute goods and also various regional markets.

#### **Employments**

Rationalization of employment, by removing surplus workers, considering operable installed capacities of mills both under public and private sectors and also by providing sufficient incentives, especially to the Line Sardars, who contribute more to the productivity efforts of the jute mills. A rational wage policy should immediately be adopted and restored as quickly as possible, so as to increase the productivity which is now extremely low.

#### **Raw jute pricing policy**

The raw jute pricing policy should be guided with twin objectives of providing fair price to growers and reasonable procurement price for mills. Raw jute inputs be supplied to growers through BKB and Grameen Bank, as there should be short-term finance for raw jute buying mills.

#### **Revamp the capital structure**

Steps should be taken to revamp the capital structure of jute mills by reassessing the value of assets and providing them with loans and equity. If necessary the burden of previous loans and interests should be written off for putting relevant units on sound financial footing and farmers in hand and to putting relevant units on sound financial footing and farmers in hand and to enable the processing units themselves to remain competitive in the world market.

**Pricing policy**

BJMC and BJMA mills should adopt aggressive marketing and pricing policies by keeping low the cost of jute goods produced, ensuring better quality of jute goods for buyers by enforcing strict quality control measures and by managing men, machines, materials [especially raw jute] and money effectively, with a view to controlling cost as far as possible.

**Training program**

BJMC can play an important role in imparting technical knowledge in the industries producing spare and machinery. Government should set up a training programme for the existing entrepreneurs for the development of technical knowledge in producing jute mills machinery and spare parts.

**Research and development**

Measures need to be undertaken for necessary programmes including product Research and Development in order to diversify product line in the area of developing new products from jute viz., making of paper pump, hull making for boats, etc and improve quality of jute goods and also alluring the consumers regarding safety of using raw jute, a natural produce, in comparison to danger of excessive use of synthetic fabric.

**Closely monitoring of performance**

Performance and efficiency of jute mills should be improved by closely monitoring the performance of jute mills and analyzing cost of each individual mill through a monitoring cell and gradually eliminating the sick mills from the public and private sector.

**Moving forward**

One possible direction the jute sector in Bangladesh could take is to consolidate production capacity in the more efficient mills and to create a market-responsive and cost-competitive industry. The government's new jute policy is expected to focus on enhancement of the country's production capacity, diversification of the product base and growth of export earnings. It would be good if it is complemented with good corporate governance practices within the remaining BJMC mills to ensure that both public and private mills can compete on equal footing. BJMC's financial losses continue to be a significant fiscal burden. This has arisen not only from BJMC's nearly automatic access to loans from the nationalized commercial banks (NCBs) for many years, but also BJMC's greater control over the purchase price of raw jute and export price for jute goods. These conditions do not create a level playing field for the private mills. Addressing these issues would enhance efficiency and competitiveness of the sector and may help Bangladesh regain its past glory in the jute market.

## Conclusion

Jute industry is beset with certain very serious problems, it is depend on heavy subsidies from the Government, there is growing feeling in the mind of the people that this industry which fed with locally produced indigenous raw materials should be able to stand on its own legs by effective and efficient husbanding of human and material resources. The failures of JSAC program tell us that privatization cannot be solution of situation. What we need to reestablish our jute industry is sincere effort from the side of employee as well as from the side of Government. This is, of course, beyond doubt that the first problem to be tackled is to formulate and affective and well-balanced jute policy. Because if we want to exercise controls over the industry of bring out operational efficiency we must have a workable jute policy. Above all sincerity, honesty, and integrity of the employee are the best panacea of the lot of management ills.



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